

(Translation)

Security Code of Japan: 2809
February 5, 2009

To the Shareholders:

NOTICE OF THE 96TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Please take notice that the 96th Ordinary General Meeting of Shareholders of the Company will be held as described below and you are cordially requested to be present at such meeting.

Since you can exercise your voting rights in writing even if you are not present at the meeting, please review the accompanying information and send us by return mail the enclosed voting form indicating your approval or disapproval, which must be received by the Company no later than 5:45 p.m. on February 19 (Thursday), 2009.

Yours very truly,

Yutaka Suzuki
President and
Representative Director

Q. P. Corporation
4-13, Shibuya 1-chome,
Shibuya-ku, Tokyo

Description

1. Date and hour of meeting:

February 20 (Friday), 2009, at 10:00 a.m.

2. Place of meeting:

Hall A, Tokyo International Forum
5-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

3. Objects of the meeting:

Matters to be reported:

1. Report on the business report and consolidated financial statements for the 96th fiscal year (from December 1, 2007 to November 30, 2008) and the results of audit of the consolidated financial statements by the account auditors and the Board of Corporate Auditors
2. Report on the non-consolidated financial statements for the 96th fiscal year (from December 1, 2007 to November 30, 2008)

Matters to be resolved:

Proposition No. 1: Amendment to the Articles of Incorporation

Proposition No. 2: Election of 15 Directors

Proposition No. 3: Payment of bonuses to Directors

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When attending the meeting, please present the enclosed voting form to the receptionist at the meeting.

If any amendment is made to the Reference Document for the General Meeting of Shareholders, business report, consolidate financial statements and non-consolidated financial statements, it will be publicized on the website of the Company (<http://www.kewpie.co.jp/company/ir/index.html>).

(Attached document)

BUSINESS REPORT

(December 1, 2007 to November 30, 2008)

1. Matters concerning the situation of the Q.P. Group:

(1) Development and results of business activities:

During the fiscal year under review, the Japanese economy was decelerating due to continued hikes in the prices of raw materials arising from higher prices of crude oil, as well as the financial crisis originating in the United States and Europe in September. Consequently, corporate earnings and consumer spending remained in a very adverse environment.

Under these circumstances, the Group (comprised of the Company and its consolidated subsidiaries and equity-method affiliates), in the second year of its medium-term management plan, exerted its efforts to spur development of high value-added products by utilizing its proprietary technologies, propose new variations of diets, such as the making of salads main dishes, and reduce costs of the entire Group.

Net sales increased by ¥5,945 million (1.3%) from the previous year to ¥473,951 million.

As for profits for the fiscal year under review, the Group endeavored to promote central purchasing and boost production yield and promoted reductions of sales promotion expenses. However, sharp rises in cost, especially, edible oil, were not offset. Consequently, operating income decreased by ¥1,788 million (11.3%) from the previous year to ¥14,036 million. Ordinary income decreased by ¥1,652 million (10.4%) from the previous year to ¥14,184 million. Net income increased by ¥393 million (5.4%) from the previous year to ¥7,721 million, due to the sale of overseas dried meat business, among others.

The outline of business activities by segment is shown below:

<Food Business>

In the food industry, while its attitudes toward safety and security have been come under consumers' scrutiny, the prices of raw materials have continued to remain high.

Under these circumstances, in the food business, the Group has made a concerted effort to further promote its strategy of making salads main dishes and focused its efforts on expanding products to meet healthcare needs and high value added products.

In relation to purchases of major raw materials, the market of edible oil has risen sharply in the second half of the fiscal year under review due to the soaring grain market and

the market of eggs also has remained at a higher level than expected.

As a result, in the food business, net sales increased by ¥2,068 million (0.6%) from the previous year to ¥377,909 million. Operating income decreased by ¥1,664 million (9.4%) from the previous year to ¥16,005 million.

Operating results by product category in the food business are as follows:

(i) Condiments and Processed Foods:

Sales volume of mayonnaise and dressings decreased due to revised prices of the shipments as of August 2008. However, sales of mayonnaise, especially, health-appeal products, increased favorably. The Group made efforts to expand demand by the strategy of making salads main dishes and a fuller line of moderately-priced small-size products. Additionally, against the background of concerns over imported foods, sales of domestically-produced "Aohata Tokachi Corn" and other products increased. Furthermore, while its dressings marked the 50th anniversary of their appearance in the market, "Surioroshi Onion Dressings" launched in August gained popularity.

Net sales increased by ¥368 million (0.2%) from the previous year to ¥177,645 million.

(ii) Health Function Products:

Sales of hyaluronic acid with its functions differentiated increased sharply, specifically for use in foods and pharmaceuticals. In addition, to respond to healthcare needs of various age groups, the Group made efforts to bring in new customers by a fuller line of allergy-conscious baby foods (free of five major allergens) and catalog sales of foods for care receivers.

Net sales increased by ¥677 million (3.9%) from the previous year to ¥18,172 million.

(iii) Egg Products:

Sales of functional liquid eggs, such as *excel eggs* (pasteurized liquid eggs with functions similar to those of raw eggs), increased favorably. The Group also launched new products, such as "Meringue Base" by utilizing its proprietary technologies. Sales of high value-added products utilizing emulsification and baking technologies (meltingly soft and fluffy texturing technologies) increased favorably.

Net sales increased by ¥3,476 million (4.1%) from the previous year to ¥88,315 million.

(iv) Salads and Prepared Foods:

Cut vegetables, for which the Group has established a production system nationwide, are available at more than 10,000 stores and sales of health-appeal salads (low-calorie salads

using "Half" and salads mixing various vegetables) have continued to increase favorably. However, the reduction in the line of products to be purchased for sale had a negative impact.

Net sales decreased by ¥2,453 million (2.5%) from the previous year to ¥93,775 million.

<Distribution Systems Business>

In the food physical distribution industry, due to higher fuel costs and stagnant shipments of processed foods, the business conditions have continued to remain difficult.

In these situations, in the Group's distribution systems business, sales of customized logistics solutions, principally for consumer distributors, and Kyuso Suru-Bin (a nationwide small distribution system) increased favorably as a result of the winning of new customers, while shared distribution, principally for food manufacturers, grew at a sluggish pace.

As a result, in the distribution systems business, net sales increased by ¥3,877 million (4.2%) from the previous year to ¥96,041 million. However, due to higher fuel costs than expected and a delay in rationalization and improvement measures while the Group reduced transshipment costs and improved operational efficiencies by warehouse operations support systems, operating income decreased by ¥264 million (12.1%) from the previous year to ¥1,925 million.

(millions of yen)

Fiscal year Item	95th (December 1, 2006 to November 30, 2007)	96th (December 1, 2007 to November 30, 2008)	Increase (decrease) from the previous year (consolidated)	Ratio of increase (decrease) from the previous year (consolidated)
Food Business	375,841	377,909	2,068	(%) 0.6
Condiments and Processed Foods	177,277	177,645	368	0.2
Health Function Products	17,495	18,172	677	3.9
Egg Products	84,839	88,315	3,476	4.1
Salads and Prepared Foods	96,228	93,775	(2,453)	(2.5)
Distribution Systems Business	92,164	96,041	3,877	4.2
Total	468,006	473,951	5,945	1.3

(2) State of equipment investment:

Equipment investment for the fiscal year under review totaled ¥13,091 million.

Equipment investment in the food business, which accounted for ¥9,780 million, was comprised principally of the acquisition of manufacturing facilities (by Q.P. Corporation).

Equipment investment in the distribution systems business, which accounted for ¥3,151 million, was comprised principally of the construction of new warehouses (by K.R.S. Corporation).

(3) State of financing:

In the food business, there is nothing to be specially stated.

In the distribution systems business, K.R.S. Corporation has entered into a commitment line agreement with its main financing bank, totaling ¥6 billion, for the purpose of efficient procurement of working capital.

(4) Medium- and long-term business plan and challenges ahead of the Q.P. Group:

The Group has instituted a medium-term business plan for three years from December 1, 2006 to November 30, 2009. The medium-term business plan aims at "reinforcing profitable business constitution and shifting to growth areas" as its fundamental strategy. The Group will exert its combined efforts to pursue the strategy to further enhance its corporate value.

(i) Fundamental strategy of the medium-term business plan:

Reinforce Profitable Business Constitution	Shift to Growth Areas
(1) Reform profit structure and establish healthcare product functions business	(1) Respond to healthcare needs
(2) Promote positioning of Q.P. as a technology-oriented company	(2) Strengthen business development in food service market
(3) Reduce overall costs as a Group	(3) Promote expansion in overseas markets

(ii) Strategy by business category to attain the targets

Business category	Business strategy
Condiments and Processed Foods	<p>Respond to healthcare needs and accelerate shift to food service market:</p> <ul style="list-style-type: none"> i) Upgrade and expand products responding to healthcare needs ii) Strengthen business development in food service market iii) Expand overall condiments for salads
Health Functions Products	<p>Provide healthcare products based on our proprietary technologies and scientific reasoning to customers in Japan and overseas:</p> <ul style="list-style-type: none"> i) Expand sales channels: <ul style="list-style-type: none"> ▪ Full-fledged implementation of mail-order services dedicated to healthcare foods for home care ▪ Starting export business to Asian markets ▪ Expand exports to the U.S. and Europe ii) Reinforce product capabilities: <ul style="list-style-type: none"> ▪ Expand business of foods for nephropathy and diabetes patients ▪ Expand high-functional hyaluronic acid and plant sterol compounds ▪ Put priority on "attentive to allergies" with baby foods
Egg Products	<p>Expand sales channels and enrich product capabilities based on reinforced standing:</p> <ul style="list-style-type: none"> i) Expand sales channels ii) Accelerate differentiation through technologies iii) Endeavor to meet healthcare needs
Salad and Prepared Foods	<p>Expand profit through strengthened proposal capabilities and rationalization:</p> <ul style="list-style-type: none"> i) Strengthen recipe and presentation development ability ii) Promote responding to healthcare needs iii) Endeavor into new domains iv) Promote improvement in productivity
Distribution Systems	<p>Expand sales and profits through improved functions and quality:</p> <ul style="list-style-type: none"> i) Expand functions and quality ii) Promote low-cost operations iii) Develop business information system for coordinating delivery requirements and vacant vehicles iv) Enter new areas

(5) Assets and incomes for the most recent fiscal years:

Fiscal year Item	93rd (December 1, 2004 to November 30, 2005)	94th (December 1, 2005 to November 30, 2006)	95th (December 1, 2006 to November 30, 2008)	96th (December 1, 2007 to November 30, 2008)
Net sales (millions of yen)	455,007	456,067	468,006	473,951
Ordinary income (millions of yen)	12,829	14,262	15,836	14,184
Net income (millions of yen)	5,465	6,071	7,328	7,721
Net income per share (yen)	35.25	39.66	47.96	50.77
Total assets (millions of yen)	265,724	290,186	292,823	291,792
Net assets (millions of yen)	132,412	156,217	161,140	163,580
Net assets per share (yen)	865.32	896.69	925.46	941.79

(Note) Effective in the 94th fiscal year, the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Corporate Accounting Standard No. 5 (December 9, 2005, the Accounting Standards Board of Japan (ASBJ))) and the "Implementation Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Implementation Guidance No. 8 (December 9, 2005)) are applicable.

(6) Important parent company and subsidiaries

1) Relationship with parent company

Not applicable

2) Important subsidiaries:

Company name	Capitalization	Ratio of voting rights of the Company	Description of business
Deria Foods Co., Ltd.	¥50 million	100.0%	Manufacture and sale of salads, delicatessen items, etc.
Kewpie Jyozo Co., Ltd.	¥450 million	88.0%	Manufacture and sale of vinegar, etc.
Q.P. Egg Corporation	¥350 million	88.0%	Manufacture and sale of liquid eggs, frozen eggs, boiled eggs, etc.
Kanae Foods Co., Ltd.	¥50 million	88.0%	Manufacture and sale of processed egg products, such as egg spread, <i>atsuyaki-tamago</i> and <i>kinshi-tamago</i>
Zenno Q.P. Egg Station Co., Ltd.	¥105 million	51.4%	Manufacture and sale of dried eggs, liquid eggs, etc.
Co-op Food Products Co., Ltd.	¥250 million	51.0%	Manufacture and sale of bottled products, canned products, <i>retort</i> pouch foods, etc.
K.R.S. Corporation	¥4,063 million	44.8% (5.8)	Transportation and storage of foods
Kifuki U.S.A. Co., Inc.	US\$7.1	100.0%	Holding shares of and general control over affiliated companies in the United States

(Note) The ratios of voting rights are calculated on the basis of both direct and indirect ownerships. The ratio of voting rights shown in the parentheses represents those of the Company's closely related parties and those who have granted consent, which is not included in the relevant ratio of voting rights calculated on the basis of both direct and indirect ownerships.

(7) Description of main businesses (as of November 30, 2008):

Business Segment	Category	Principal products or services
Food Business	Condiments and Processed Foods	Mayonnaise, dressings, vinegar, jam, pasta sauce, <i>okayu</i> , sweet corn and others
	Health Function Products	Baby foods, health foods, foods for the sick and aged, fine chemical products (hyaluronic acid, etc.) and others
	Egg Products	Liquid eggs, frozen eggs, boiled eggs, dried eggs, egg spread, <i>atsuyaki-tamago</i> , <i>kinshi-tamago</i> and others
	Salads and Prepared Foods	Fresh salads, long-life salads, cut vegetables, frozen vegetables, delicatessen items, fried foods and others
Distribution Systems Business		Transportation and storage of foods, and others

(8) Principal places of business (as of November 30, 2008):

1) Places of business of the Company:

Head office: Shibuya-ku, Tokyo

Branch offices: Sapporo, Sendai, Kanto (Tokyo), Tokyo, Yokohama, Nagoya, Osaka, Takamatsu, Hiroshima and Fukuoka.

Sales offices: Aomori, Morioka, Yamagata, Koriyama, Utsunomiya, Mito, Maebashi, Niigata, Matsumoto, Higashi-Tokyo (Chiba Prefecture), Nishi-Tokyo (Tokyo), Saitama, Shizuoka, Kanazawa, Kyoto, Kobe, Matsuyama, Kochi, Okayama, Minami-Kyushu (Kagoshima Prefecture) and Naha.

Plants: Hashikami (Aomori Prefecture), Goka (Ibaraki Prefecture), Senkawa (Tokyo), Nakagawara (Tokyo), Fujiyoshida (Yamanashi Prefecture), Koromo (Aichi Prefecture), Itami (Hyogo Prefecture), Izumi-Sano (Osaka Prefecture) and Tosu (Saga Prefecture).

2) Places of business of main subsidiaries:

Company name	Location of head office	Place of business
Deria Foods Co., Ltd.	Fuchu-shi, Tokyo	Head office, one business division, 6 branches
Kewpie Jyozo Co., Ltd.	Fuchu-shi, Tokyo	Head office, 9 sales offices, 3 plants
Q.P. Egg Corporation	Chofu-shi, Tokyo	Head office, 16 sales offices, 17 plants, 2 business offices
Kanae Foods Co., Ltd.	Fuchu-shi, Tokyo	Head office, 9 plants
Zenno Q.P. Egg Station Co., Ltd.	Goka-cho, Ibaraki	Head office, 5 plants
Co-op Food Products Co., Ltd.	Shibuya-ku, Tokyo	Head office, 2 plants
K.R.S. Corporation	Chofu-shi, Tokyo	Head office, 10 business departments, 65 sales offices, 8 representative offices

(9) State of employees (as of November 30, 2008):

1) State of employees of the Q.P. Group:

Business segment	Number of employees (persons)	Increase/decrease as compared with the end of previous year (persons)
Food Business	6,987	279
Distribution Systems Business	2,296	119
Total	9,283	398

(Notes) 1. The number of employees represents the number of persons engaged (such number excludes employees of the Group seconded to any non-group company but includes employees of any non-group company seconded to the Group and employees on a short-term contract).

2. Additionally, the Group had 8,295 temporary employees (Food business: 7,500 distribution systems business: 795) on average during the year.

2) State of employees of the Company:

Classification	Number of employees (persons)	Increase/decrease as compared with the end of previous year (persons)	Average age (years)	Average length of service (years)
Male	1,472	26 (+)	40.9	15.6
Female	1,137	65 (+)	29.1	6.2
Total or average	2,609	91 (+)	35.8	11.5

- (Notes) 1. The number of employees represents the number of persons engaged (such number excludes employees of the Company seconded to any other company but includes employees of any other company seconded to the Company and employees on a short-term contract).
2. Additionally, the Company had 866 (male: 267; female: 599) temporary employees (part-timers, just-in-time employees and seasonal employees) on average during the year.

(10) Principal lenders and amount of loans (as of November 30, 2008):

Name of lender	Amount of loans (millions of yen)
Sumitomo Mitsui Banking Corporation	8,030
Mizuho Corporate Bank, Ltd.	4,750
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,200
The Norinchukin Bank	784

2. Matters concerning shares of the Company (as of November 30, 2008):
- (1) Total number of issuable shares: 500,000,000 shares
- (2) Total number of issued and outstanding shares: 155,464,515 shares
- (3) Number of shareholders: 89,286 persons
(Down 591 persons from November 30, 2007)
- (4) State of leading shareholders:

Name of shareholder	Equity participation in the Company	
	Number of shares held (thousand shares)	Ratio of voting rights (%)
Nakashimato Co., Ltd.	26,371	17.4
Touka Co., Ltd.	4,872	3.2
Mizuho Trust & Banking Co., Ltd., Employee Retirement Benefit Trust Account for Mizuho Bank, Ltd., Trust for Asset Management Service for Trustee of Sub-Trust	4,585	3.0
Kieikai Research Foundation	4,251	2.8
The National Mutual Insurance Federation of Agricultural Cooperatives	4,224	2.7
Japan Trustee Service Bank, Ltd. (Trust account)	4,040	2.6
Japan Trustee Service Bank, Ltd. (Trust account 4G)	3,927	2.5
The Master Trust Bank of Japan, Ltd. (Trust account)	3,408	2.2
Sumitomo Mitsui Banking Corporation	3,208	2.1
Nippon Life Insurance Company	3,132	2.0

- (Notes) 1. 4,585,000 shares held by Mizuho Trust & Banking Co., Ltd., Employee Retirement Benefit Trust Account for Mizuho Bank, Ltd., Trust for Asset Management Service for Trustee of Sub-Trust were those of the Company held by Mizuho Bank, Ltd. contributed to its employee retirement benefit trust.
2. Additionally, the Company had 3,677,000 shares of treasury shares.

3. Officers of the Company:

(1) Directors and Corporate Auditors (as of November 30, 2008):

Title	Name	Assignment, representation of other companies, etc.
President and Representative Director:	Yutaka Suzuki	
Executive Managing Director:	Amane Nakashima	General Manager, Social and Environment Promotion Office, in charge of CSR, Compliance and Audit Office
Executive Managing Director:	Katsuhiko Sasaki	General Manager, Division of Administration, in charge of Corporate Planning Dept. and Legal and Intellectual Property Dept.; President and Director, Kifuki U.S.A. Co., Ltd.
Executive Managing Director:	Akio Okumura	In charge of Condiments and Processed Food Business, Sales, Overseas Business and China
Executive Managing Director:	Mitsugu Ozawa	In charge of Egg Products Business
Director:	Ietoki Shima	General Manager, Public Relations Dept.
Director:	Mineo Hasegawa	General Manager, Laboratory, in charge of Division of Quality Assurance
Director:	Mitsugu Endo	General Manager, Division of Product Development
Director:	Minesaburo Miyake	General Manager, Division of Wide-Area Sales
Director:	Hidefumi Tachibana	General Manager, Division of Personnel Affairs
Director:	Juro Sato	In charge of Salad and Prepared Foods Business
Director:	Hiroshi Yoshimura	Generally responsible for Sales and General Manager, Division of Household Products
Director:	Shigeki Takemura	In charge of Health Function Products Business and Division of Fine Chemical Products
Director:	Tadaaki Katsuyama	General Manager, Division of Production and in charge of production
Director:	Kuniaki Ishikawa	President and Director of Nakashimato Co., Ltd.; Chairman and Director of Q&B Foods, Inc.
Corporate Auditor:	Yasuo Hirakuri	Full-time
Corporate Auditor:	Norio Ikeda	Full-time
Corporate Auditor:	Shunichiro Ishiguro	Director of Nakashimato Co., Ltd.

Title	Name	Assignment, representation of other companies, etc.
Corporate Auditor:	Ichiro Sakai	Attorney at law
Corporate Auditor:	Michisato Sakamoto	

- (Notes)
1. At the close of the 95th Ordinary General Meeting of Shareholders held on February 22, 2008, Messrs. Shizuo Hatanaka, Toshimasa Tatebe and Hidenobu Yamagami, three in all, retired upon expiration of the term of office of Directors and Messrs. Juro Sato, Hiroshi Yoshimura, Shigeki Takemura and Tadaaki Katsuyama, four in all, newly assumed the office of Directors, respectively.
Additionally, as of the same day, Director Mr. Mitsugu Ozawa assumed the office of Executive Managing Director.
 2. At the close of the 95th Ordinary General Meeting of Shareholders held on February 22, 2008, Mr. Osamu Muranaka retired upon expiration of the term of office of Corporate Auditor and Messrs. Norio Ikeda and Michisato Sakamoto newly assumed the office of Corporate Auditors.
 3. Corporate Auditors Messrs. Shunichiro Ishiguro, Ichiro Sakai and Michisato Sakamoto are outside corporate auditors as provided for in Article 2, item 16 of the Corporation Law of Japan.
 4. Full-time Corporate Auditor Mr. Norio Ikeda, who has built up his experience as an officer responsible for the accounting of the Company and its consolidated subsidiaries, has considerable knowledge of financing and accounting.
Corporate Auditor Mr. Shunichiro Ishiguro, who has built up his experience as an officer responsible for the accounting of Nakashimato Co., Ltd., has considerable knowledge of financing and accounting.
Corporate Auditor Mr. Ichiro Sakai has considerable knowledge of legal affairs and financing as an attorney at law.
Corporate Auditor Mr. Michisato Sakamoto, who has built up his experience as an officer at the Ministry of Finance, has considerable knowledge of financing and accounting.

(2) Amount of remuneration, etc. of Directors and Corporate Auditors:

Classification	Directors		Corporate Auditors	
	Number	Amount of payment (millions of yen)	Number	Amount of payment (millions of yen)
Remuneration pursuant to the resolution of the General Meeting of Shareholders (Outside Corporate Auditors)	18	261	6 (3)	67 (22)
Bonuses for officers for the fiscal year under review	14	37	-	-
Total	-	298	-	67

- (Notes)
1. The maximum amount of remuneration of Directors was determined to be ¥35 million (excluding the portions of salaries and wages of employees concurrently serving as Directors) per month by resolution of the 82nd Ordinary General Meeting of Shareholders held on February 24, 1995.
 2. The maximum amount of remuneration of Corporate Auditors was determined to be ¥8 million per month by resolution of the 81st Ordinary General Meeting of Shareholders held on February 25, 1994.
 3. The above-listed remuneration pursuant to the resolution of the General Meeting of Shareholders includes the payments made to three Directors and one Corporate Auditor who retired at the close of the 95th Ordinary General Meeting of Shareholders
 4. The amount of the above-listed bonuses for officers for the fiscal year under review is expected to be paid subject to the approval of Proposition No. 3 "Payment of bonuses to Directors" at this Ordinary General Meeting of Shareholders.
 5. In addition, the amount of the portions of salaries and wages (including bonuses) of employees concurrently serving as Directors was ¥119 million.

(3) Matters concerning outside officers:

- 1) State of important concurrent offices (such as executive officers or outside officers of other companies)

Classification	Name	Company name/concurrent office
Outside Corporate Auditor	Shunichiro Ishiguro	Director, Nakashimato Co., Ltd.
Outside Corporate Auditor	Ichiro Sakai	Outside Corporate Auditor, Toray Industries, Inc. Outside Corporate Auditor, Mazda Motor Corporation

2) Major activities during the fiscal year under review:

Classification	Name	Major activities
Outside Corporate Auditor	Shunichiro Ishiguro	Mr. Ishiguro attended 9 of the 12 meetings of the Board of Directors held during the fiscal year under review and 9 of the 12 meetings of the Board of Corporate Auditors held during the fiscal year under review. He acted to ensure the objectivity and neutrality of his management supervision functions and offered advice and opinions on management in general, principally from the perspective of a representative of the shareholders.
Outside Corporate Auditor	Ichiro Sakai	Mr. Sakai attended 11 of the 12 meetings of the Board of Directors held during the fiscal year under review and 11 of the 12 meetings of the Board of Corporate Auditors held during the fiscal year under review. He also visited the principal places of business to ensure the objectivity and neutrality of his management supervision functions and offered advice and opinions on management in general, principally from the professional perspective of an attorney at law.
Outside Corporate Auditor	Michisato Sakamoto	Mr. Sakamoto attended all (10) of the meetings of the Board of Directors and all (10) of the meetings of the Board of Corporate Auditors held after his assumption of office in February 2008. He also visited the principal places of business to ensure the objectivity and neutrality of his management supervision functions and offered advice and opinions on management in general, based on his highly specialized knowledge and wide-ranging views.

3) Summary of the agreements to limit liabilities

The Company and each of the three outside Corporate Auditors have entered into an agreement to limit his liabilities for damages pursuant to Article 427, paragraph 1 of the Corporation Law of Japan and Article 39 of the Articles of Incorporation of the Company. The maximum amount of the liabilities for damages under the agreement is as provided for in each item of paragraph 1 of Article 425 of the Corporation Law.

4. Account auditors:

(1) Name: Ernst & Young ShinNihon LLC

(Note) Ernst & Young ShinNihon changed its name to Ernst & Young ShinNihon LLC as of July 1, 2008 as a result of the change of types of audit corporations under the Certified Public Accountant Law of Japan.

(2) Amount of remuneration, etc.:

Amount of remuneration, etc. payable for the fiscal year under review:	¥52 million
Total amount of money and other proprietary benefits payable to the account auditors by the Company and its consolidated subsidiaries:	¥63 million

- (Notes)
1. Among the important subsidiaries of the Company, K.R.S. Corporation is subject to statutory audits (pursuant to the provisions of the Corporation Law and the Financial Instruments and Exchange Law of Japan) by the audit firm other than the account auditors of the Company.
 2. The amount of auditing remuneration, etc. for audits under the Corporation Law of Japan and audits under the Securities and Exchange Law of Japan are not specifically separated in the audit contracts between the Company and Ernst & Young ShinNihon LLC and cannot be separated practically. Hence, the aggregate of the amounts are set forth in item (2) above.
 3. The Board of Corporate Auditors has agreed to the amount of remuneration, etc.
 4. The amounts include no consumption taxes, etc.

(3) Content of services of the account auditors to the Company other than auditing that involve remuneration:

The Company has retained, and paid remuneration to, the account auditors for advisory services on the establishment, operation and evaluation of the systems for internal control over financial reporting, as services (non-auditing services) not covered by Article 2, paragraph 1 of the Certified Public Accountant Law of Japan.

(4) Policy on determination of dismissal and non-reappointment of the account auditors:

In the event that it is considered difficult for the account auditors to perform their duties properly, the Board of Directors of the Company shall, upon consent or by request from the Board of Corporate Auditors, submit to the General Meeting of Shareholders a proposition to dismiss or not to reappoint the account auditors, in principle.

In addition, in the event that the account auditors are found to fall under any item of paragraph 1 of Article 340 of the Corporation Law of Japan, the Company shall dismiss the account auditors upon unanimous consent by the Corporate Auditors. In that event, the Corporate Auditor appointed by the Board of Corporate Auditors shall report the fact of the dismissal of the account auditors and the reasons therefor at the first General Meeting of Shareholders to be convened after the dismissal.

5. Systems to secure the properness of business activities:

The Company has adopted a resolution with regard to its fundamental policy on the establishment of internal control systems, as described below:

(1) General introduction

The resolution provides for the fundamental policy of the Company on its internal control systems as adopted by its Board of Directors pursuant to Article 362, paragraph 5 of the Corporation Law of Japan, as well as an outline for the provisions required for establishing such systems as stipulated in Article 100 of the Regulations for the Enforcement of the Corporation Law of Japan.

The internal control systems pursuant to the resolution are contemplated to be implemented swiftly and improved by periodic and timely reviews, whereby establishing efficient and lawful corporate systems.

(2) Systems to secure the execution by the Directors of their duties to comply with laws or ordinances and the Articles of Incorporation

- (i) The Company has advocated the following motto and precepts as its spirit of foundation and cultivated its corporate culture through its continued efforts to educate its officers and employees about the spirit and develop awareness thereof among them for years. The Directors must pay serious attention to the corporate culture in making management decisions.

The Company's motto: Share the joy of endeavors.

The Company's precepts: Value moral;
Endeavor to innovate; and
Respect your parents.

- (ii) The Company has stipulated compliance rules so that its Directors and employees can act in compliance with laws or ordinances, the Articles of Incorporation and the spirit of foundation and management philosophy of the Company. The Company also has stipulated and publicized a code of ethics and conduct for the Group, with which its Directors shall be obligated to comply.

(3) Systems concerning storage and management of information on the execution by the Directors of their duties

- (i) Pursuant to the document management rules, corporate information handling rules, basic personal information protection rules and respective management manuals relating thereto, the Director in charge of the Administration Division shall properly store and manage (and destroy) documents concerning the execution by the Directors of their duties and other information, written or

electronic. The situations of management shall be verified and such rules and manuals shall be revised, whenever necessary.

- (ii) The Directors and Corporate Auditors shall have access to such information, written or electronic, at all times.
- (4) Regulations concerning management of exposure to the risk of loss and other systems
- (i) In accordance with the risk management regulations of the Company, individual risks shall be continuously monitored by its relevant divisions and with regard to risks to the Company as a whole, information shall be collected unilaterally by the Risk Management Committee chaired by the Representative Director, which shall generally manage such risks, including the evaluation and prioritization thereof.
 - (ii) The Auditing Office shall, in cooperation with self-audit staff in charge of qualities, environments, safety, etc., audit the situations of daily risk management by each division and department and periodically report to the Risk Management Committee, the Board of Directors and the Board of Corporate Auditors matters concerning risk management, as well as the current status of development of the risk management systems of the Company.
 - (iii) In accordance with the risk management regulations, the Company shall prepare risk management manuals and establish systems to convey information quickly and properly and take swift action in case of an emergency, by assuming and categorizing specific risks in advance.
- (5) Systems to secure efficient execution by the Directors of their duties
- (i) The Company will set up a company-wide target to be shared by the Directors and employees and get it across among them and also formulate an optimal system to achieve the business target and the President and Representative Director shall appoint personnel responsible for each business sector in accordance with resolutions of the Board of Directors. By delegating authorities to such personnel, the Company will pursue efficient and swift execution of business.
 - (ii) With regard to execution of business in accordance with the resolutions of the Board of Directors, the scope of responsibilities of Directors and personnel and procedures for making final decisions shall be established in a schedule of procedures for making final decisions and filing reports.
 - (iii) Specific measures to promote management activities shall, in accordance with the fundamental policy on execution of business determined by the Board of Directors, be left to discussions on ordinary and extraordinary bases by the Management Council, an advisory organ to the President and Representative

Director, to ensure decision-making and expedient execution of business.

- (6) Systems to secure the execution by the employees of their duties to comply with laws or ordinances and the Articles of Incorporation
- (i) The Company will establish provisions for compliance systems and set up a code of conduct so that all officers and employees can act in compliance with laws or ordinances and the Articles of Incorporation, as well as the Company's motto and precepts. In addition, to ensure their strict compliance, the Company will appoint an officer responsible for compliance to preside over the Compliance Committee. Thus, the Company will exert its efforts to improve its company-wide compliance systems and grasp any problems involved therein and make the committee, among others, set up compliance manuals and train employees. These activities shall be reported periodically by the officer responsible for compliance to the Board of Directors and the Board of Corporate Auditors.
 - (ii) As a whistle blower system under the control of the Compliance Committee to protect whistle blowers, the Company will set up a "helpline" with independent attorneys and third-party institutions as information recipients. Whenever the Compliance Committee receives a report or notice from the information recipients, it shall investigate the same. If any violation is found, it shall, upon consultation with the relevant division, decide on a preventive measure and disclose the same, as well as the result of punishment, within the Company and implement such preventive measure company-wide.
- (7) Systems to secure the properness of business activities of the corporate group comprising the Company and its parent company and subsidiaries
- (i) To secure the properness of business activities of the group companies, the Company will institute a management creed of the Group "We aim to be a most trusted and loved food manufacturing group by each of our customers." as its goal, and set up a common code of ethics and conduct for the Group and share consolidated management targets and business management policies as a corporate group through the Group Management Promotion Council. With regard to execution of business, business of the subsidiaries shall be managed in accordance with a "group schedule of procedures for making final decisions".
 - (ii) Each subsidiary of the Company shall file with the Directors of the Company a report on operating results and managerial risks on a monthly basis. In addition, any director of a subsidiary appointed by the Company who has attended a meeting of the board of directors of such subsidiary shall file a report on the situations of discussions thereat and managerial problems with the officers and employees designated by the President and Representative Director of the Company.

- (iii) The Risk Management Committee of the Company shall include representatives of its subsidiaries as its members and manage risks of the subsidiaries. The Company's Compliance Committee, internal-audit divisions and helpline shall also cover the subsidiaries.
 - (iv) The Company and its subsidiaries, as members of society, shall enter into no connection with any antisocial force that poses any threat to the social order and safety, and definitely reject any undue demand.
 - (v) To establish systems to secure the properness of financial reporting, the Group shall stipulate relevant rules and regulations and give education and awareness for the compliance with accounting standards and other relevant laws or ordinances to enhance internal control over financial reporting. In addition, the relevant departments and divisions and the corporate auditors of the group companies shall cooperate with each other to establish a scheme to periodically evaluate the developments of the improvement and operation of the systems thereof and improve them.
 - (vi) With K.R.S. Corporation, a subsidiary of the Company, the Company shall share consolidated management targets and closely exchange information on risk management and compliance. Simultaneously, as the subsidiary is a company listed on the first section of Tokyo Stock Exchange and belong to the different industry from the Company, it shall institute a system of its own to secure the properness of business activities.
- (8) Matters concerning the assignment of employees to assist the Corporate Auditors to execute their duties

The Auditing Office shall conduct internal audits of such matters as requested by the Corporate Auditors upon consultation with the Board of Corporate Auditors and file a report on the results thereof with the Board of Corporate Auditors. In addition, in the event that the Board of Corporate Auditors requests the Company to assign its employees to assist the Corporate Auditors to execute their duties, the Company shall accommodate such request promptly.

- (9) Matters concerning the independence from the Directors of employees to assist the Corporate Auditors to execute their duties

Any employee in the Auditing Office who is requested by the Corporate Auditors to conduct required internal audits shall not be instructed or ordered with regard to such internal audits by any Director other than the Director in charge of the Audit Office. In the event that the Board of Corporate Auditors requests the Company to appoint an employee to assist them to execute their duties, such any employee shall not be instructed or ordered by any Director to remain independent.

- (10) System for reports by Directors and employees to the Corporate Auditors and other systems for reporting to the Corporate Auditors

- (i) The Directors and employees shall, in accordance as provided for by the Board of Corporate Auditors, give necessary reports upon request from each Corporate Auditor.
 - (ii) The matters to be reported under item (i) above principally include:
 - Details of propositions to be submitted to the General Meeting of Shareholders for resolution;
 - State of activities of divisions responsible for establishing internal control systems of the Company;
 - State of activities of the corporate auditors, auditing offices and self-audit staff of the subsidiaries and affiliated companies of the Company;
 - Important accounting policies and accounting standards of the Company and amendment thereto;
 - Details of publications of operating results and forecasts thereof and the details of important disclosure documents; and
 - Management of the whistle blower system and the details of notices.
- (11) Other systems to assure effective audits by the Corporate Auditors
- (i) The Board of Corporate Auditors shall have opportunities to have talks with the executive Directors and important employees and also have opportunities to exchange opinions with the President and Representative Director and the Account Auditors, respectively, on a regular basis.
 - (ii) The Risk Management Committee, Compliance Committee and other committees involved in internal control, the Auditing Office and self-audit staff shall give their fullest attention to the opinions of each Corporate Auditor on assuring the effectiveness of audits by the Corporate Auditors.

6. Policy on determination of the distribution of retained earnings, etc.:

It is the Company's important management policy to distribute profits to its shareholders adequately and the Company has continued paying dividends on a consistent basis, while conducting stock splits and the cancellation of shares of treasury stock on a timely basis.

With regard to the distribution of profits to its shareholders, the Company has given top priority to cash dividends and intends to increase dividends steadily on a long-term basis

while making it a principle to maintain the consistent payment of dividends.

The Company shall determine cash dividends based on the rate of dividends on equity (DOE) while taking into consideration the dividend payout ratio and future funding requirements. The Company shall maintain a DOE of no less than 1.5% and a dividend payout ratio of no less than 25% (both on a consolidated basis), in principle.

The Company has exerted its efforts to increase the internal reserve to strengthen its financial position and prepare for future business developments. The Company intends to make use of the internal reserve as capital for investments in plant and equipment and research and development from medium- and long-term perspectives, as well as cost-cutting improvements to enhance competitiveness, among others.

Management proposes to pay a year-end dividend of ¥8 per share for the fiscal year under review. The Company paid an interim dividend of ¥7 per share in August 2008. As a result, the annual dividend will amount to ¥15 per share.

Thus, the DOE and dividend payout ratio will be 1.6% and 29.5%, respectively.

7. Fundamental policy on control of joint-stock corporation:

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

The Company considers that in the event that its shares are to be purchased for the purpose of mass acquisition, 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 mass acquisition 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 mass acquisition 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 mass acquisition 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 mass acquisition 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 mass acquisition (or any proposed purchase), it is necessary to carefully investigate and judge the effect of such purchase (or such proposed purchase) that may have on the corporate value of the Company and the common interests of its shareholders, in consideration of the nature of business, future business plans and past investing activities of the purchaser, among other factors.

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

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

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

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

i) Institution of the Group's medium-term business plan

The Group has instituted a medium-term business plan for three years commencing December 1, 2006 to further enhance its corporate value.

In the medium-term business plan, the Group aims at "reinforcing profitable business constitution and shifting to growth areas" as its fundamental strategy. To reinforce profitable business constitution, the Group aims specifically to (i) reform profit structure and establish healthcare product functions business, (ii) promote positioning of Q.P. as a technology-oriented company and (iii) reduce overall costs as a Group. To shift to growth area, the Group aims specifically to (i) respond to healthcare needs, (ii) strengthen business development in service market and (iii) promote expansion in overseas markets. To put the fundamental strategy into action, the Group will make aggressive business and equipment investment to strengthen its revenue-generating base and enhance asset efficiency in each business division, which we believe will facilitate the enhancement of its corporate value and the common interests of its shareholders.

ii) Upgrading of corporate governance

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

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

(B) Judgment of the Board of Directors of the Company on the measures mentioned in section (2) (A) above and the reasons therefor

The measures mentioned in section (2)(A)1 and 2 above are intended to enhance the corporate value of the Group and the common interests of its shareholders and consequently, reduce the risk of the emergence of a large purchaser that may materially injure the corporate value of the Company and the common interests of its shareholders. Hence, the Board of Directors believes that the measures comply with the Fundamental Policy. In addition, the Board of Directors believes that the measures, which are intended to enhance the value of the Group, apparently do not injure the common interests of the shareholders of the Company or are not contemplated to maintain the position of the officers of the Company.

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

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

The Defense Plan is summarized as follows:

- i) Purchase actions covered by the Defense Plan

Any 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 TOB or otherwise, excepting any purchase agreed to by the Board of Directors in advance)

- ii) 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) it provides the Board of Directors of the Company with necessary and sufficient information on the large purchase action in advance and (ii) 60 days (in case of a purchase of all of the shares of the Company by a TOB the consideration for which is only cash (in the yen)) or 90 days (in cases of other large purchase actions), which should be allowed to the Board of Directors as a period for the Board of Directors' evaluation, deliberation, negotiation, formulation of an opinion, preparation of an alternative proposal, determination of the necessity to follow procedures for confirming the intention of the shareholders and determination of whether or not to trigger the Defense Measure (the "Directors' Evaluation Period"), elapses in principle.

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.

iii) 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) Vehicles for the Defense Measure

For the Defense Measure, the Board of Directors will select the most appropriate vehicle from among the free allocation of stock acquisition rights and other vehicles authorized by the Corporation Law of Japan and the Articles of Incorporation of the Company, in its judgment when it triggers the Defense Measure, by taking into consideration the necessity and adequacy thereof. For that purpose, in the event that the Board of Directors selects the free allocation of stock acquisition rights as a vehicle for the Defense Measure, the terms and conditions thereof, including the denial of exercise of the stock acquisition rights by the Large Purchaser shall be stipulated.

(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.

iv) 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 will give public notice of the record date for the free allocation thereof. The stock acquisition rights will be allocated to the shareholders recorded in the final register of shareholders of the Company as of the record date in proportion to the numbers of their respective shares. Hence, to have the stock acquisition rights allocated, any shareholder shall be required to be recorded in the final register of shareholders as of such 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.

- v) Commencement of the application of the Defense Plan and the effective period

The Defense Plan has come into effect as from February 22, 2008, the date of the approval thereof at the 95th Ordinary General Meeting of Shareholders and shall expire at the close of the 98th Ordinary General Meeting of Shareholders to be held no later than February 28, 2011.

- (B) Judgment of the Board of Directors of the Company on the measures mentioned in section (3) (A) above and the reasons therefor

- i) The Defense Plan's compliance with the Fundamental Policy

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

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

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

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

- ii) The Defense Plan's not injuring the common interests of the shareholders of the Company

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

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

- iii) The Defense Plan's not contemplated to maintain the position of the officers of the Company

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

In addition, to trigger a defense measure, the Board of Directors shall seek advice from third-party experts whenever necessary in making any important decision on the Defense Policy, and consult with the Independent Committee consisting of the members independent of the management responsible for execution of business and respect recommendations from the Independent Committee to the maximum extent possible. Furthermore, the Board of Directors can follow procedures for confirming

the intention of the shareholders as the necessity arises from the perspective of respecting their intention. The Defense Plan contains procedures to ensure the proper operation thereof by the Board of Directors.

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

(Note) All amounts, the number of shares and ratios of voting rights described in this business report are stated by discarding any fraction of their respective units thereof.

CONSOLIDATED BALANCE SHEET

(As of November 30, 2008)

(millions of yen)

ASSETS:

Current assets:	125,607
Cash and deposits	25,260
Trade notes and accounts receivable	71,476
Securities	5,000
Inventories	18,432
Deferred tax assets	1,595
Other current assets	4,307
Allowance for doubtful accounts	(464)
Fixed assets:	166,184
Tangible fixed assets:	118,170
Buildings and structures	121,303
Machinery, equipment and transportation equipment	121,966
Land	40,305
Construction in progress	2,280
Other tangible fixed assets	8,178
Accumulated depreciation	(175,864)
Intangible fixed assets:	2,246
Software	1,827
Other intangible fixed assets	418
Investments and other assets:	45,768
Investment securities	17,683
Prepaid pension expense	17,673
Deferred tax assets	596
Other investments and other assets	9,982
Allowance for doubtful accounts	(166)
TOTAL ASSETS:	291,792

LIABILITIES:

Current liabilities:	101,431
Trade notes and accounts payable	49,160
Short-term borrowings	16,067
Current portion of bonds	10,000
Accounts payable - other	15,022
Accrued income taxes	1,744
Deferred tax liabilities	16
Reserve for sales rebates	692
Reserve for bonuses	764
Reserve for officers' bonuses	53
Other current liabilities	7,908
Long-term liabilities:	26,779
Bonds	500
Long-term borrowings	13,977
Deferred tax liabilities	7,527
Reserve for employee retirement benefits	2,304
Reserve for officers' retirement allowances	147
Other long-term liabilities	2,322
TOTAL LIABILITIES:	128,211

NET ASSETS

Shareholders' equity:	144,212
Capital stock	24,104
Capital surplus	29,432
Earned surplus	94,480
Treasury stock	(3,804)
Revaluation and exchange differences, etc.:	(1,307)
Revaluation difference of other securities, etc.	1,288
Deferred hedge income (loss)	(74)
Foreign exchange translation adjustment	(2,522)
Minority interests	20,675
TOTAL NET ASSETS:	163,580
TOTAL LIABILITIES AND NET ASSETS:	291,792

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

CONSOLIDATED STATEMENT OF INCOME

(From December 1, 2007 to November 30, 2008)

(millions of yen)

Net sales	473,951
Cost of sales	367,285
Gross profit	106,665
Selling, general and administrative expenses	92,629
Operating income	14,036
Non-operating income:	1,310
Interest income and dividends received	713
Equity income	89
Others	508
Non-operating expenses:	1,162
Interest expenses	685
Others	476
Ordinary income	14,184
Extraordinary income:	1,488
Gain on sale of fixed assets	230
Gain on sale of investment securities	174
Gain on sale of shares of affiliated companies	985
Others	98
Extraordinary losses:	1,795
Loss on sale and disposition of fixed assets	774
Loss on revaluation of investment securities	404
Others	616
Net income before income taxes and minority interests	13,876
Corporate, municipality and enterprise taxes	3,680
Adjustment to corporate taxes, etc.	1,607
Minority interests	867
Net income	7,721

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(From December 1, 2007 to November 30, 2008)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance as of November 30, 2007	24,104	29,432	88,786	(2,655)	139,667
Changes during the year:					
Increase in retained earnings due to increase of consolidated subsidiary			104		104
Distribution of surplus			(2,132)		(2,132)
Net income			7,721		7,721
Acquisition of treasury stock				(1,148)	(1,148)
Changes in items other than shareholders' equity during the year (net)					
Total changes during the year	-	-	5,693	(1,148)	4,544
Balance as of November 30, 2008	24,104	29,432	94,480	(3,804)	144,212

	Revaluation and exchange differences, etc.				Minority interests	Total net assets
	Revaluation difference of other securities, etc.	Deferred hedge income (loss)	Foreign exchange translation adjustment	Total revaluation and exchange differences, etc.		
Balance as of November 30, 2007	3,416	105	(1,790)	1,731	19,741	161,140
Changes during the year:						
Increase in retained earnings due to increase of consolidated subsidiary						104
Distribution of surplus						(2,132)
Net income						7,721
Acquisition of treasury stock						(1,148)
Changes in items other than shareholders' equity during the year (net)	(2,127)	(179)	(731)	(3,038)	934	(2,104)
Total changes during the year	(2,127)	(179)	(731)	(3,038)	934	2,440
Balance as of November 30, 2008	1,288	(74)	(2,522)	(1,307)	20,675	163,580

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

(Consolidated notes)

I. Basis of preparation of consolidated financial statements

1. Scope of consolidation

The Company has 46 consolidated subsidiaries. The significant consolidated subsidiaries are K.R.S. Corporation, Q.P. Egg Corporation, Deria Foods Co., Ltd., Kanae Foods Co., Ltd. and Zenno Q.P. Egg Station Co., Ltd. During the fiscal year under review, two subsidiaries Kyuso Service Co., Ltd. and K Logistics Co., Ltd. were included in consolidation as a result of their increased importance. Henningsen Nederland B.V. was excluded from consolidation as a result of the sale of all of its shares.

The Company has 19 non-consolidated subsidiaries. The significant non-consolidated subsidiaries are Kyuso L-Plan Corporation and Osaka San-ei Logistics Corporation. These companies are excluded from the consolidation, because their aggregate amounts of total assets, net sales, net income or loss and earned surplus, equal to the equity share, do not have a significant effect on the aggregate consolidated amounts of total assets, net sales, net income or loss and earned surplus.

2. Application of the equity method

The equity method is applied to the investments in six affiliated companies. The significant equity-method affiliates are Aohata Corporation and Summit Oil Mill Co., Ltd. The investments in Kyuso L-Plan Corporation and 18 other non-consolidated subsidiaries, and Thai Q.P. Co., Ltd. and seven other affiliated companies, which are not accounted for by the equity method, are stated at cost, because the aggregate amounts of net income or loss and earned surplus, equal to the equity share, do not have a significant effect on the consolidated net income or loss and earned surplus.

3. Fiscal years of consolidated subsidiaries

The date of the closing of accounts of Beijing Q.P. Foods Co., Ltd. and Hangzhou Q.P. Foods Co., Ltd. is December 31 of each year. The date of the closing of accounts of Kifuki U.S.A. Co., Inc., Q&B Foods Inc., Henningsen Foods, Inc. and Henningsen Foods, Netherlands Inc. is September 30 of each year.

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

4. Accounting policies

(1) Basis and method of valuation of significant assets

(a) Securities

- i) Held-to-maturity bonds are stated at amortized cost (by the straight-line method).
- ii) Capital stocks of subsidiaries and affiliated companies not subject to the equity method are stated at cost, determined by the moving average method.
- iii) Other securities with market value are stated at market value, determined by market prices, etc. as of the closing of the fiscal year (Revaluation differences are all transferred directly to capital. Selling costs are determined by the moving average method.). Those without market value are stated at cost, determined by the moving average method.

(b) Derivatives

Stated at market value.

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

(c) Inventories

Merchandise, finished goods, raw materials, work-in-process and supplies are principally valued at cost, by the monthly moving average method. Certain co-products are valued at cost, by the retail inventory periodic average method.

(2) Depreciation of significant depreciable assets

(a) Tangible fixed assets

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

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

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

(Additional information)

In accordance with the amendment to the Corporate Tax Law of Japan, the method of depreciation under the Corporate Tax Law prior to such amendment is applicable to the tangible fixed assets acquired on or before March 31, 2007: the difference between 5% of the acquisition cost and the nominal value will be evenly allocated to the period of five years from the year next following the year when the net book value thereof reaches 5% of the original acquisition cost.

As a result, operating income decreased by ¥619 million and ordinary income and net income before income taxes and minority interests decreased by ¥620 million, respectively.

(b) Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method. The bases for periods of useful life are mostly identical with those stipulated in the Corporate Tax Law of Japan.

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

(c) Long-term prepaid expenses

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

(3) Accounting standards for significant allowances

(a) Allowance for doubtful accounts

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

(b) Reserve for sales rebates

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

(c) Reserve for bonuses

To provide for the payment of bonuses to employees, a reserve for bonuses is provided with the maximum amount allowed by the tax regulations based on the specific computation period.

(d) Reserve for officers' bonuses

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

(e) Reserve for employee retirement benefits

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

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

(f) Reserve for officers' retirement allowances

Reserve for officers' retirement allowances is fully accrued, if all directors and corporate auditors terminate their services with Kanae Foods Co., Ltd. and 13 other consolidated subsidiaries of the Company at year-end.

(Additional information)

Each of the Company and its consolidated subsidiaries Q.P. Egg Corporation, Deria Foods Co., Ltd., K pack Co., Ltd., Salad Club Co., Ltd. and Saika Co., Ltd. had provided an amount for the payment of officers' retirement allowances as a reserve for officers' retirement allowances, if all directors and corporate auditors terminated their services with the Company or each subsidiary at year-end. However, the Company and those subsidiaries, at the respective meetings of their boards of directors held in November 2007 and thereafter, adopted resolutions to abolish their directors and corporate auditors' retirement allowance policies at the close of their respective ordinary (or extraordinary) general meetings of shareholders to be held in February 2008 and thereafter, as well as resolutions to pay officers' retirement allowances accruing as of the dates of the abolition of the policies upon retirement of the relevant officers in the future at their respective ordinary (or extraordinary) general meetings of shareholders held in February 2008 and thereafter. Consequently, the total balance of ¥451 million of the officers' retirement allowances at the end of the fiscal year under review,

equivalent to those accruing up to such general meetings of shareholders, was transferred to "other long-term liabilities" in the section of long-term liabilities for the fiscal year under review.

(4) Accounting treatment of significant deferred assets

The equal amortization period of business commencement cost is five years.

(5) Accounting treatment of significant lease transactions

With regard to the treatment of financial lease transactions other than those in which ownership of leased property is considered to be transferred to borrowers, a similar method for regular lease transactions applies.

(6) Significant methods of hedge accounting

(a) Deferral hedge is adopted in hedge accounting. Designation transactions are applied to debts and credits in foreign currencies which conform to the requirements of hedge accounting. The exceptional accounting method is applicable to the interest swap agreements which conform to the special regulated terms.

(b) Hedging instruments are forward exchange contracts, crude oil price swap agreements, crude oil price collar option contracts and interest swap contracts.

(c) Hedged items are purchase transactions in foreign currencies, planned purchase transactions of light and heavy oil, and interest on loans.

(d) The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rates, crude oil price swap agreements and crude oil price collar option contracts to hedge risks from fluctuations in light and heavy oil prices, and interest swap agreements to hedge risks from fluctuations in interest rates in the future.

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

(e) Assessment of the effectiveness of hedge accounting

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

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

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

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

- (8) Change of presentation methods

(Balance sheet)

"Prepaid pension expense", included in "other investments and other assets" in the section of investments and other assets as of the end of the previous fiscal year, is presented separately as of the end of the fiscal year under review due to its increased importance. The amount of "prepaid pension expense" as of the end of the previous fiscal year was ¥14,107 million.

5. Evaluation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are evaluated by the full-scale mark-to-market method.

6. Amortization of goodwill and negative goodwill

Insignificant goodwill and negative goodwill are treated as an income or loss upon occurrence. Significant goodwill and negative goodwill are amortized equally for five years.

II. Notes to consolidated balance sheet

1. Pledged assets and secured obligations

Amount of pledged assets (book value):	Tangible fixed assets	¥8,991 million
	Total	¥8,991 million
Obligations secured by such pledged assets:	Short-term borrowings	¥1,489 million
	Long-term borrowings	¥2,762 million
	Total	¥4,252 million

2. Contingent liabilities

Guarantee obligations	¥807 million
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III. Notes to consolidated statement of changes in shareholders' equity, etc.

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

	Class of shares issued and outstanding	Class of shares of treasury stock
	Shares of common stock	Shares of common stock
Number of shares as of November 30, 2007	155,464,515 shares	2,676,952 shares
Increase in the number of shares during the year	-	1,049,499 shares
Decrease in the number of shares during the year	-	-
Number of shares as of November 30, 2008	155,464,515 shares	3,726,451 shares

(Note) The increase in the number of shares of common stock in treasury stock resulted from the acquisition by the Company of 1,042,100 shares pursuant to Article 156 of the Corporation Law applicable by Article 165, paragraph 3 of the said law and the acquisition by the Company of 7,399 less-than-one-unit shares.

2. Distribution of surplus

(1) Amount of dividends paid

(a) At the meeting of the Board of Directors held on January 11, 2008, a resolution was adopted as follows:

- Matters concerning dividends on shares of common stock
 - 1) Total amount of dividends ¥1,069,858,972
 - 2) Amount of dividend per share ¥7.00
 - 3) Record date November 30, 2007
 - 4) Effective date February 25, 2008

(b) At the meeting of the Board of Directors held on July 9, 2008, a resolution was adopted as follows:

- Matters concerning dividends on shares of common stock
 - 1) Total amount of dividends ¥1,062,548,900
 - 2) Amount of dividend per share ¥7.00
 - 3) Record date May 31, 2008
 - 4) Effective date August 11, 2008

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

A proposition was adopted at the meeting of the Board of Directors held on January 13, 2009 as follows:

- Matters concerning dividends on shares of common stock

1) Total amount of dividends	¥1,214,299,976
2) Fund of dividends	Earned surplus
3) Amount of dividend per share	¥8.00
4) Record date	November 30, 2008
5) Effective date	February 23, 2009

IV. Notes on information per share

Amount of net assets per share	¥941.79
Net income per share (basic)	¥50.77

V. Notes on material subsequent events

None.

NON-CONSOLIDATED BALANCE SHEET

(As of November 30, 2008)

(millions of yen)

ASSETS:

Current assets:	92,365
Cash and deposits	19,224
Trade notes receivable	576
Trade accounts receivable	40,717
Securities	5,000
Merchandise	2,735
Finished goods	3,915
Raw materials	2,401
Work-in-process and supplies	313
Short-term loans receivable	15,463
Deferred tax assets	698
Other current assets	3,101
Allowance for doubtful accounts	(1,784)
Fixed assets:	112,184
Tangible fixed assets:	61,268
Buildings	25,690
Structures	1,853
Machinery and equipment	13,603
Vehicles and transportation equipment	8
Tools, furniture and fixtures	575
Land	17,301
Construction in progress	2,235
Intangible fixed assets:	1,170
Telephone subscription rights	87
Software	987
Other intangible fixed assets	96
Investments and other assets:	49,745
Investment securities	11,290
Capital stocks and investments in related companies	20,965
Long-term loans receivable	63
Prepaid pension expense	13,768
Long-term prepaid expenses	359
Guaranty money deposited / leasehold deposits	1,480
Other investments and other assets	1,882
Allowance for doubtful accounts	(65)
TOTAL ASSETS:	204,549

(millions of yen)

LIABILITIES:

Current liabilities:	64,366
Trade accounts payable	28,002
Short-term borrowings	11,430
Current portion of bonds	10,000
Accounts payable – other	9,945
Corporate taxes, etc. payable	18
Accrued expenses	3,708
Reserve for sales rebates	692
Reserve for bonuses	315
Reserve for officers' bonuses	37
Other current liabilities	215
Long-term liabilities:	22,063
Long-term borrowings	10,520
Deferred tax liabilities	6,176
Guarantee money received	4,799
Other long-term liabilities	566
TOTAL LIABILITIES:	86,429

NET ASSETS

SHAREHOLDERS' EQUITY:	117,158
Capital stock	24,104
Capital surplus:	29,432
Capital reserve	29,418
Other capital surplus	14
Earned surplus:	67,412
Earned surplus reserve	3,115
Other earned surplus	64,297
Reserve for special depreciation	20
Reserve for deferred tax on replacement assets	2,300
General reserve	58,400
Unappropriated retained earnings	3,576
Treasury stock	(3,791)
Revaluation and exchange differences, etc.:	961
Revaluation difference of other securities, etc.	1,019
Deferred hedge income (loss)	(57)
TOTAL NET ASSETS:	118,120
TOTAL LIABILITIES AND NET ASSETS:	204,549

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

NON-CONSOLIDATED STATEMENT OF INCOME
(From December 1, 2007 to November 30, 2008)

(millions of yen)

Net sales	235,383
Cost of sales	167,604
Gross profit	67,779
Selling, general and administrative expenses	62,355
Operating income	5,424
Non-operating income:	1,766
Interest income and dividends received	1,361
Others	404
Non-operating expenses:	704
Interest expenses	316
Others	388
Ordinary income	6,485
Extraordinary income:	321
Gain on sale of fixed assets	206
Others	115
Extraordinary losses:	1,612
Losses on disposition of fixed assets	655
Loss on revaluation of investment securities	355
Others	601
Net income before income taxes	5,193
Corporate, municipality and enterprise taxes	417
Adjustment to corporate taxes, etc.	1,216
Net income	3,560

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

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.

(from December 1, 2007 to November 30, 2008)

(millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus		Earned surplus reserve	Earned surplus				Treasury stock	Total shareholders' equity
		Capital reserve	Other capital surplus		Other earned surplus			Unappropriated retained earnings		
					Reserve for special depreciation	Reserve for deferred tax on replacement assets	General reserve			
Balance as of November 30, 2007	24,104	29,418	14	3,115	26	2,257	57,300	3,285	(2,642)	116,879
Changes during the year										
Reserve of other earned surplus					5	97	1,100	(1,202)		-
Reversal of other earned surplus					(11)	(54)		65		-
Distribution of surplus								(2,132)		(2,132)
Net income								3,560		3,560
Acquisition of treasury stock									(1,148)	(1,148)
Changes in items other than shareholders' equity during the year (net)										
Total changes during the year	-	-	-	-	(6)	43	1,100	290	(1,148)	279
Balance as of November 30, 2008	24,104	29,418	14	3,115	20	2,300	58,400	3,576	(3,791)	117,158

	Revaluation and exchange differences, etc.			Total net assets
	Revaluation difference of other securities, etc.	Deferred hedge income (loss)	Total revaluation and exchange differences, etc.	
Balance as of November 30, 2007	3,019	(28)	2,991	119,870
Changes during the year				
Reserve of other earned surplus				-
Reversal of other earned surplus				-
Distribution of surplus				(2,132)
Net income				3,560
Acquisition of treasury stock				(1,148)
Changes in items other than shareholders' equity during the year (net)	(2,000)	(28)	(2,029)	(2,029)
Total changes during the year	(2,000)	(28)	(2,029)	(1,749)
Balance as of November 30, 2008	1,019	(57)	961	118,120

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

(Non-consolidated notes)

I. Matters concerning significant accounting policies:

1. Basis and method of valuation of marketable securities:

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

(2) Capital stocks of subsidiaries and affiliated companies:

At cost, determined by the moving average method

(3) Other securities:

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

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

2. Basis and method of valuation of derivatives:

At market value.

Hedge accounting is applicable to hedge transactions.

3. Inventories:

(1) Basis of valuation:

Merchandise, finished goods, raw materials, work-in-process and supplies are valued at cost.

(2) Method of valuation:

Merchandise, finished goods, raw materials, work-in-process and supplies are valued by the monthly moving average method.

4. Method of depreciation of fixed assets:

(1) Tangible fixed assets:

Tangible fixed assets, other than those described below, are depreciated using the declining-balance method. The buildings (excluding the improvements thereof) acquired on or after April 1, 1998 are depreciated using the straight-line method.

The bases for periods of useful life and residual values are identical with those

stipulated in the Corporate Tax Law of Japan.

(Additional information)

In accordance with the amendment to the Corporate Tax Law of Japan, the method of depreciation under the Corporate Tax Law prior to such amendment is applicable to the tangible fixed assets acquired on or before March 31, 2007: the difference between 5% of the acquisition cost and the nominal value will be evenly allocated to the period of five years from the year next following the year when the net book value thereof reaches 5% of the original acquisition cost.

As a result, operating income, ordinary income and net income before income taxes decreased by ¥393 million, respectively.

- (2) Intangible fixed assets are depreciated using the straight-line method. The bases for periods of useful life are identical with those stipulated in the Corporate Tax Law of Japan.

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

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

5. Accounting for allowances:

- (1) Allowance for doubtful accounts:

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

- (2) Reserve for sales rebates:

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

- (3) Reserve for bonuses:

To provide for the payment of bonuses to employees, a reserve for bonuses is provided with the maximum amount allowed by the tax regulations based on the specific computation period.

(4) Reserve for officers' bonuses:

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

(5) Reserve for employee retirement benefits:

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

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

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

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

(6) Reserve for officers' retirement allowances:

(Additional information)

The Company had provided an amount for the payment of officers' retirement allowances as a reserve for officers' retirement allowances, if all Directors and Corporate Auditors terminated their services with the Company at year-end. However, the Company, at the meeting of its Board of Directors held on November 20, 2007, adopted a resolution to abolish its Directors and Corporate Auditors' retirement allowance policies at the close of its Ordinary General Meeting of Shareholders to be held on February 22, 2008, as well as a resolution to pay officers' retirement allowances accruing as of the date of the abolition of the policies upon retirement of the relevant officers in the future at its Ordinary General Meeting of Shareholders held on February 22, 2008.

Consequently, the total balance of ¥446 million of the officers' retirement allowances at the end of the fiscal year under review, equivalent to those accruing up to such General Meeting of Shareholders, was transferred to "other long-term liabilities" in the section of long-term liabilities for the fiscal year under review.

6. Accounting treatment of lease transactions:

With regard to the treatment of financial lease transactions other than those in which ownership of leased property is considered to be transferred to borrowers, the method for regular lease transactions applies.

7. Method of hedge accounting:

(1) Deferral hedge is adopted in hedge accounting. Designation transactions are applied to debts and credits in foreign currencies which conform to the requirements of hedge accounting.

(2) Hedging instruments and hedged items:

Hedging instruments:	Forward exchange contracts and interest rate swaps
Hedged items:	Purchase transactions in foreign currencies and interest on borrowings

(3) Hedging policy:

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

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

(4) Assessment of the effectiveness of hedge accounting:

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

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

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

II.	Notes to the balance sheet:		(millions of yen)
1.	Accumulated depreciation of tangible fixed assets:		105,185
2.	Contingent liabilities		
	Guarantee obligations:		2,198
3.	Accounts receivable from related companies:	Current assets	23,602
4.	Accounts payable to related companies:	Current liabilities	18,495
		Long-term liabilities	3
5.	Accounts payable to Directors and Corporate Auditors:	Long-term liabilities	446

III.	Notes to the statement of income		(millions of yen)
1.	Operating of income from related companies:		23,222
2.	Operating expenses to related companies:		101,410
3.	Amount of transactions other than operating transactions with related companies:		410

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

Class and total numbers of shares of treasury stock

	Class of shares of treasury stock
	Shares of common stock
Number of shares as of November 30, 2007	2,627,519 shares
Increase in the number of shares during the year	1,049,499 shares
Decrease in the number of shares during the year	0 share
Number of shares as of November 30, 2008	3,677,018 shares

(Note) An increase in the number of shares during the year resulted from the acquisition by the Company of 1,042,100 shares pursuant to Article 156 of the Corporation Law applicable by Article 165, paragraph 3 of the said law and the acquisition by the Company of 7,399 less-than-one-unit shares.

V. Notes on tax effect accounting

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

(millions of yen)

Deferred tax assets (current)	
Reserve for sales rebates	281
Reserve for bonuses	128
Accrued social security premiums	102
Others	852
Subtotal of deferred tax assets (current)	1,365
Valuation reserve	(666)
Total deferred tax assets (current)	698
Deferred tax assets (fixed)	
Trust of employee retirement benefits	1,442
Long-term accounts payable	181
Write-off of golf club membership	98
Others	325
Subtotal of deferred tax assets (fixed)	2,048
Valuation reserve	(332)
Total deferred tax assets (fixed)	1,715
Total deferred tax assets	2,414
Deferred tax liabilities (long-term)	
Prepaid pension expense	(5,603)
Reserve for deferred tax on replacement assets	(1,579)
Reserve for special depreciation	(13)
Revaluation difference of other securities, etc.	(696)
Total of deferred tax liabilities (long-term)	(7,892)
Total deferred tax liabilities	(7,892)
Net deferred tax income (liabilities)	(5,478)

VI. Notes on fixed assets used on lease

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

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

	(millions of yen)		
	Amount equivalent to acquisition prices	Amount equivalent to accumulated depreciation	Amount equivalent to balance at the end of the year
Tools, furniture and fixtures	893	471	421
Vehicles and transportation equipment	594	285	309
Software	38	24	13
Machinery and equipment	244	52	191
Total	1,770	834	935

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

Lease within one year:	¥412 million
Lease exceeding one year:	¥537million
Total:	¥949 million

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

Rent paid:	¥551 million
Amount equivalent to depreciation costs:	¥525 million
Amount of interest paid:	¥26 million

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

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

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

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

VII. Notes on transactions with related parties

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

(millions of yen)

Attribute	Corporate name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Relationship		Transaction	Amount	Account	End of year
						Number of interlocking officers	Business relationship				
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Nakashimoto Co., Ltd. (Note 3)	Shibuya-ku, Tokyo	50	Sales of various processed foods	Direct 11.6% Direct 17.4% Indirect 3.2%	Director 4 persons	Purchase of products	Purchase of products Sales of products Expense	21,744 180 424	Accounts payable - trade Accounts receivable - trade Other current assets Accounts payable - other	152 47 55 24
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Touka Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	1,800	Business of renting property/ Leasing business	Direct 3.2%	Director 1 person	Rent of the office	Rental expense, etc.	488	Guarantee money deposited Accounts payable - other Other long-term liabilities	408 4 1
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Tou Kewpie Co., Ltd. (Note 5)	Shibuya-ku, Tokyo	10	Mail-order business	Direct 40.0%	Director 2 persons Employee 1 person	Expense transaction and sales of products	Sale of products Expense	1,025 6	Accounts receivable - trade Other current assets Accounts payable - other	185 5 1
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Tou Ad Kewpie Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	4	Service business	None	Employee 1 person	Expense transaction and sales of products	Expense Sale of products	7,966 59	Other current assets Accounts payable - trade Accounts receivable - trade	2 1,604 15

Attribute	Corporate name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Relationship		Transaction	Amount	Account	End of year
						Number of interlocking officers	Business relationship				
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Minato Shokai, Co., Ltd. (Note 4)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	Director 1 person	Sales of products, purchase of raw materials and expense transaction	Sale of products Purchase of raw materials Expense	135 2 2	Accounts receivable - trade Accounts payable - trade Accounts payable - other	27 0 1
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	To Solutions Co., Ltd. (Note 6)	Shinjuku-ku, Tokyo	90	Plan, development, sale, maintenance and operations support of computer systems	Direct 20%	Director 2 persons	Outsourcing of computing work	Expense	2,216	Accounts payable - other Other long-term liabilities	172 3
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Yu Shokai Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	10	Nonlife insurance agent	None	None	Rent of the office and expense transaction	Rental expense Expense	99 134	Guarantee money deposited Accounts payable - other	108 0
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	T&A Co., Ltd. (Note 8)	Shibuya-ku, Tokyo	100	Business of renting property	[Direct 1.3%]	Director 1 person	Rent of the dormitory	Welfare expense	65	Accounts payable - other	-

Terms of transactions and the policy on determination thereof:

(Note 1) The terms of all transactions are determined in similar manners to those of general transactions, in consideration of market prices.

- (Note 2) With regard to the above-listed transaction amounts, the amount of ending balance includes consumption taxes but the transaction amount does not include consumption taxes.
- (Note 3) Amane Nakashima, Managing Director of the Company, and his close relatives and the company in which they own a majority of voting rights directly owns 82.9% of the voting rights of the relevant company.
- (Note 4) The company in which Amane Nakashima, Managing Director of the Company, and his close relatives own a majority of voting rights directly owns 100% of the voting rights of the relevant company.
- (Note 5) The company in which Amane Nakashima, Managing Director of the Company, and his close relatives own a majority of voting rights directly owns 60.0% of the voting rights of the relevant company.
- (Note 6) The company in which Amane Nakashima, Managing Director of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the relevant company.
- (Note 7) Amane Nakashima, Managing Director of the Company, and his close relatives directly own 100.0% of the voting rights of the relevant company.
- (Note 8) Amane Nakashima, Managing Director of the Company, and his close relatives directly own 89.5% of the voting rights of the relevant company.

2. Subsidiaries, etc.:

(millions of yen)

Attribute	Trade name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Interlocking directors	Operating transactions	Transactions	Amount	Account	End of year
Subsidiary	Q.P. Egg Corporation	Chofu, Tokyo	350	Production and sale of liquid egg, frozen egg, etc.	Direct 88.0%	Director 1 person Employee 11 persons	Purchase of products and raw materials	Sale of products	10,423	Accounts receivable - Trade	3,376
Subsidiary	Kanae Foods Co., Ltd.	Fuchu, Tokyo	50	Production and sale of processed egg, including egg spread, <i>atsuyak -itamago</i> and <i>kinshi-tamago</i>	Direct 88.0%	Director 3 persons Employee 6 persons	Purchase of products	Purchase of products	7,928	Accounts payable - Trade	2,928
Subsidiary	Saika Co., Ltd.	Ome, Tokyo	50	Production and sale of pickles	Direct 100.0%	Director 1 person Employee 4 persons	Purchase of products	Loan of fund Interest received	2,547 35	Short-term loans	2,847
Affiliated company	Aohata Corporation	Takehara, Hiroshima	644	Production and sale of canned foods	Direct 15.7% Indirect 0.4% [Direct 0.0%]	Director 2 persons	Purchase of products	Purchase of products	10,524	Accounts payable - trade	2,440

Terms of transactions and the policy on determination thereof:

(Note 1) The terms of sales and purchases of products are determined in similar manners to those of general transactions, in consideration of market prices.

Interest on loans is determined reasonably in consideration of market interest rates.

(Note 2) Loans are associated with fund management under the cash management system.

The transaction amounts thereof are shown by the average outstanding loans.

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

VIII. Note on information per share

Net assets per share: ¥778.20

Net income per share: ¥23.40

IX. Notes on material subsequent events

None.

Account Auditors' Audit Report Relating to Consolidated Financial Statements

INDEPENDENT AUDITORS' AUDIT REPORT

January 9, 2009

To: The Board of Directors
Q. P. Corporation

Ernst & Young ShinNihon LLC

By Hidenori Takahashi (seal)
Certified Public Accountant
Specified Limited Liability Partner and
Engagement Partner

By Keisuke Takemoto (seal)
Certified Public Accountant
Specified Limited Liability Partner and
Engagement Partner

By Masato Nakagawa (seal)
Certified Public Accountant
Specified Limited Liability Partner and
Engagement Partner

In accordance with the provision of Article 444, paragraph 4 of the Corporation Law of Japan, we, the oversigned auditing firm, audited the consolidated financial statements, or consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, etc. and consolidated notes of Q. P. Corporation (the "Company") for the fiscal year covering the period from December 1, 2007 to November 30, 2008. Management of the Company is responsible for preparing such consolidated financial statements and our responsibility is to express our opinions thereon from an independent standpoint.

We made such audit in compliance with generally accepted fair and reasonable auditing standards in Japan. The auditing standards require us to have a reasonable assurance whether any material misrepresentation exists in the consolidated financial statements or not. Our audit was made on a test basis and included the examination of the presentations in their entirety in the consolidated financial statements, including the evaluation of the accounting policies and methods of application thereof employed by management and estimates made by management. We consider that as a result of our audit, we have obtained a reasonable basis for expressing our opinions.

We are of the opinion that such consolidated financial statements properly present the state of the property and profit and loss of the corporate group consisting of Q. P. Corporation and its consolidated subsidiaries for the period related to the consolidated financial statements in all material respects in compliance with generally accepted fair and reasonable corporate accounting standards in Japan.

There is no such relation of interests between the Company and the oversigned auditing firm or any engagement partner thereof as is required to be stated under the Certified Public Accountant Law of Japan.

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Account Auditors' Audit Report Relating to Non-Consolidated Financial Statements

INDEPENDENT AUDITORS' AUDIT REPORT

January 9, 2009

To: The Board of Directors
Q. P. Corporation

Ernst & Young ShinNihon LLC

By Hidenori Takahashi (seal)
Certified Public Accountant
Specified Limited Liability Partner and
Engagement Partner

By Keisuke Takemoto (seal)
Certified Public Accountant
Specified Limited Liability Partner and
Engagement Partner

By Masato Nakagawa (seal)
Certified Public Accountant
Specified Limited Liability Partner and
Engagement Partner

In accordance with the provision of Article 436, paragraph 2, item 1 of the Corporation Law of Japan, we, the oversigned auditing firm, audited the non-consolidated financial statements, or non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity, etc. and non-consolidated notes of Q. P. Corporation (the "Company"), as well as their accompanying detailed statements, for the 96th fiscal year, covering the period from December 1, 2007 to November 30, 2008. Management of the Company is responsible for preparing such non-consolidated financial statements and their accompanying detailed statements and our responsibility is to express our opinions thereon from an independent standpoint.

We made such audit in compliance with generally accepted fair and reasonable auditing standards in Japan. The auditing standards require us to have a reasonable assurance whether any material misrepresentation exists in the non-consolidated financial statements and their accompanying detailed statements or not. Our audit was made on a test basis and included the examination of the presentations in their entirety in the non-consolidated financial statements and their accompanying detailed statements, including the evaluation of the accounting policies and methods of application thereof employed by management and estimates made by management. We consider that as a result of our audit, we have obtained a reasonable basis for expressing our opinions.

We are of the opinion that such non-consolidated financial statements and their accompanying detailed statements properly present the state of the property and profit and loss for the period related to the non-consolidated financial statements and their accompanying detailed statements in all material respects in compliance with generally accepted fair and reasonable corporate accounting standards in Japan.

There is no such relation of interests between the Company and the oversigned auditing firm or any engagement partner thereof as is required to be stated under the Certified Public Accountant Law of Japan.

- E N D -

Audit Report of the Board of Corporate Auditors

AUDIT REPORT

We, the Board of Corporate Auditors of the Company, upon deliberation based on the audit report prepared by each Corporate Auditor on the performance by the Directors of their duties during the 96th fiscal year covering the period from December 1, 2007 to November 30, 2008, have prepared this audit report as an unanimous opinion of the Corporate Auditors and hereby report as follows:

1. Methods of Audits by Corporate Auditors and the Board of Corporate Auditors and the Particulars thereof:

The Board of Corporate Auditors determined the audit policy, audit plans, etc. for the fiscal year under review, received from each Corporate Auditor reports on the state of his performance of audits and the results thereof, received from the Directors, etc. and Account Auditors reports on the state of performance of their duties and demanded explanations whenever necessary.

Each Corporate Auditor, pursuant to the rules of audits by Corporate Auditors determined by the Board of Corporate Auditors and in accordance with the audit policy, assignment of duties, etc., maintained constant communications with the Directors, internal audit divisions and other employees, etc. in an effort to collect information and improve the environment for auditing, attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc., reports on the state of performance of their duties, demanded explanations whenever necessary, inspected important decision documents, etc. and made investigation into the state of activities and property at the head office and principal business offices of the Company. We also monitored and verified the details of the resolutions of the Board of Directors for establishing systems to secure that the performance by the Directors of their duties will comply with laws or ordinances and the Articles of Incorporation and such systems as provided for in Article 100, paragraphs 1 and 3 of the Regulations to Enforce the Corporation Law of Japan as necessary to secure the adequacy of business of joint-stock corporations, and the status of the systems (internal control systems) established pursuant to such resolutions. With regard to the fundamental policy and the measures therefor, described in the business report, pursuant to Article 127, item 1 and item 2 of the Law to Enforce the Corporation Law of Japan, respectively, we investigated the details thereof in consideration of the situations of discussions by the Board of Directors, etc. With regard to its subsidiaries, we maintained constant communications and exchanged information with the directors, corporate auditors, etc. thereof and requested any of the subsidiaries to render reports on the business operations whenever necessary. In accordance with such methods, we investigated the business report for the fiscal year under review.

We also monitored and verified whether the Account Auditors had maintained an independent position and conducted adequate audits and received from the Account Auditors reports on the state of performance of their duties and demanded explanations whenever

necessary. In addition, we received from the Account Auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 159 of the Corporate Accounting Regulations) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded explanations whenever necessary. In accordance with such methods, we investigated the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity, etc. and non-consolidated notes) and their accompanying detailed statements for the fiscal year under review, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity, etc. and consolidated notes).

2. Results of Audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

- (i) That the business report and the accompanying detailed statements fairly present the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;
- (ii) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists;
- (iii) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the performance by the Directors of duties concerning such internal control systems contains nothing to be pointed out; and
- (iv) That the fundamental policy, described in the business report, on the way of being persons who shall control the determination of financial and business policies of the Company contains nothing to be pointed out and that the measures, described in the business report, pursuant to Article 127, item 1 and item 2 of the Law to Enforce the Corporation Law of Japan comply with such fundamental policy and do not prejudice the common interests of the shareholders of the Company and are not contemplated to keep the positions of the officers of the Company.

(2) Results of audit of the non-consolidated financial statements and their accompanying detailed statements:

We are of the opinion that the method and results of the audit made by the Company's Account Auditors, Ernst & Young ShinNihon LLC, are proper.

(3) Results of audit of the consolidated financial statements:

We are of the opinion that the method and results of the audit made by the Company's Account Auditors, Ernst & Young ShinNihon LLC, are proper.

January 13, 2009

Board of Corporate Auditors
Q.P. Corporation

Yasuo Hirakuri (seal)
Full-time Corporate Auditor

Norio Ikeda (seal)
Full-time Corporate Auditor

Shunichiro Ishiguro (seal)
Outside Corporate Auditor

Ichiro Sakai (seal)
Outside Corporate Auditor

Michisato Sakamoto (seal)
Outside Corporate Auditor

- E N D -

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposition No.1: Amendment to the Articles of Incorporation

1. Reasons for the amendment:

Upon the enforcement of the "Law to Amend Part of the Law Concerning Book-Entry Transfer of Bonds, Etc. to Streamline Settlements for Trading in Stocks, Etc." (2004 Law No. 88) as of January 5, 2009, the shares of common stock issued by the Company are handled through a share certificate computerized management system. Accordingly, the Company intends to delete Article 8 of the existing Articles of Incorporation, a provision for the issuance of share certificates, and bring forward Article 9 and subsequent Articles of the existing Articles of Incorporation and make required amendment to the words and phrases of Article 9 through Article 12, Article 14 and Article 45 of the existing Articles of Incorporation.

In addition, as the affairs relating to the register of loss of share certificates shall remain in force for only one year, the Company intends to establish required provisions therefor as supplementary provisions.

2. Particulars of the amendment:

The Company intends to make amendment to part of the existing Articles of Incorporation as proposed below:

(The underlines show amendments)

Existing Articles	Proposed amendment
<p><u>(Issuance of share certificates)</u></p> <p><u>Article 8. The Company shall issue certificates representing its shares.</u></p>	<p>(To be deleted)</p>
<p>(Number of shares constituting one unit of shares <u>and non-issuance of certificates for less-than-one-unit shares</u>)</p> <p>Article <u>9</u>. The number of shares constituting one unit of shares of the Company shall be 100 shares.</p> <p><u>2. Notwithstanding the provision of Article 8 hereof, the Company shall not issue any certificate representing less-than-one-unit shares except as otherwise stipulated in the Share Handling Regulations.</u></p>	<p>Article <u>8</u>. The number of shares constituting one unit of shares of the Company shall be 100 shares.</p> <p>(To be deleted)</p>

Existing Articles	Proposed amendment
<p>(Rights in respect of less-than-one-unit shares)</p> <p>Article <u>10</u>. Any shareholder <u>(including beneficial shareholder; the same applies hereinafter)</u> of the Company cannot exercise any right other than those listed below, in respect of their less-than-one-unit shares:</p> <p>(1) The rights as provided for in the items of Article 189, paragraph 2 of the Corporation Law of Japan;</p> <p>(2) The rights to the allocation of shares and stock acquisition rights offered to shareholders, in proportion to the numbers of their respective shares; and</p> <p>(3) The rights to request the acquisition of shares with rights to subscribe for new shares pursuant to Article 166, paragraph 1 of the Corporation Law of Japan.</p>	<p>(Rights in respect of less-than-one-unit shares)</p> <p>Article <u>9</u>. Any shareholder of the Company cannot exercise any right other than those listed below, in respect of their less-than-one-unit shares:</p> <p>(1) The rights as provided for in the items of Article 189, paragraph 2 of the Corporation Law of Japan;</p> <p>(2) The rights to the allocation of shares and stock acquisition rights offered to shareholders, in proportion to the numbers of their respective shares; and</p> <p>(3) The rights to request the acquisition of shares with rights to subscribe for new shares pursuant to Article 166, paragraph 1 of the Corporation Law of Japan.</p>
<p>(Share Handling Regulations)</p> <p>Article <u>11</u>. The handling of shares of the Company <u>and the fees therefor</u> shall be governed by the Share Handling Regulations to be established by the Board of Directors as well as laws or ordinances or these Articles of Incorporation.</p>	<p>(Share Handling Regulations)</p> <p>Article <u>10</u>. The handling of shares of the Company shall be governed by the Share Handling Regulations to be established by the Board of Directors as well as laws or ordinances or these Articles of Incorporation.</p>
<p>(Share registrar)</p> <p>Article <u>12</u>. The Company shall have a share registrar.</p> <p>2. The share registrar and its place of business shall be selected by resolution of the Board of Directors and public notice shall be given thereof.</p> <p>3. The preparation and keeping of the register of shareholders</p>	<p>(Share registrar)</p> <p>Article <u>11</u>. The Company shall have a share registrar.</p> <p>2. The share registrar and its place of business shall be selected by resolution of the Board of Directors and public notice shall be given thereof.</p> <p>3. The preparation and keeping of the register of shareholders and</p>

Existing Articles	Proposed amendment
<u>(including the register of beneficial shareholders; the same applies hereinafter), the register of loss of share certificates</u> and the register of stock acquisition rights of the Company and other affairs relating thereto shall be delegated to the share registrar and shall not be handled by the Company.	the register of stock acquisition rights of the Company and other affairs relating thereto shall be delegated to the share registrar and shall not be handled by the Company.
Article <u>13</u> . (Descriptions omitted)	Article <u>12</u> . (Same as existing)
(Record date of ordinary general meeting of shareholders) Article <u>14</u> . The Company shall treat the shareholders having voting rights and <u>appearing or recorded</u> in the register of shareholders as of November 30 of each year as shareholders entitled to exercise their rights at the ordinary general meeting of shareholders relating to the relevant fiscal year.	(Record date of ordinary general meeting of shareholders) Article 13. The Company shall treat the shareholders having voting rights and recorded in the register of shareholders as of November 30 of each year as shareholders entitled to exercise their rights at the ordinary general meeting of shareholders relating to the relevant fiscal year.
Article <u>15</u> to Article <u>44</u> (Descriptions omitted)	Article <u>14</u> to Article <u>43</u> (Same as existing)
(Record date for distribution of surplus) Article <u>45</u> . The Company shall pay year-end dividends as the distribution of surplus and interim dividends to the shareholders or registered pledgees on shares <u>appearing or recorded</u> in the register of shareholders as of November 30 of each year and May 31 of each year, respectively.	(Record date for distribution of surplus) Article <u>44</u> . The Company shall pay year-end dividends as the distribution of surplus and interim dividends to the shareholders or registered pledgees on shares recorded in the register of shareholders as of November 30 of each year and May 31 of each year, respectively.
Article <u>46</u> to Article <u>48</u> (Descriptions omitted)	Article <u>45</u> to Article <u>47</u> (Same as existing)
(To be newly established)	<u>Supplementary Provisions</u>
(To be newly established)	<u>Article 1. The preparation and keeping of the register of loss of share certificates of the Company and other affairs relating thereto shall be delegated to the share registrar and shall not be handled by the Company.</u>
(To be newly established)	<u>Article 2. The preceding Article and this Article shall remain in force up to January 5, 2010 and shall be deleted upon</u>

Existing Articles	Proposed amendment
	<u>the lapse of the day.</u>

Proposition No.2: Election of 15 Directors

The term of office of all (15) Directors currently in office, (Messrs. Yutaka Suzuki, Amane Nakashima, Katsuhiko Sasaki, Akio Okumura, Mitsugu Ozawa, Ietoki Shima, Mineo Hasegawa, Mitsugu Endo, Minesaburo Miyake, Hidefumi Tachibana, Juro Sato, Hiroshi Yoshimura, Shigeki Takemura, Tadaaki Katsuyama and Kuniaki Ishikawa) will expire at the close of this General Meeting of Shareholders. It is therefore proposed that 15 Directors be elected.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth)	Brief history, assignment, representation of other companies, etc.		Number of shares of the Company held by Candidate
1	Yutaka Suzuki (December 6, 1949)	March 1973	Joined the Company	24,700 shares
		November 1994	General Manager, Kanto Branch of the Company	
		September 1998	General Manager, Household Condiments Department of the Company	
		July 2000	Deputy General Manager, Household Product Department, Osaka Branch of the Company	
		February 2001	Director of the Company General Manager of Osaka Branch of the Company	
		July 2002	In charge of Corporate Planning Department of the Company	
		February 2003	Managing Director of the Company	
		February 2004	President and Representative Director of the Company (present post)	
2	Amane Nakashima (September 26, 1959)	April 1983	Joined The Industrial Bank of Japan, Limited	30,600 shares
		October 1993	Joined Nakashimato Co., Ltd. General Manager, Accounting Department of Nakashimato Co., Ltd.	
		February 1995	Director of Nakashimato Co., Ltd.	
		February 1997	Director of the Company	
		July 2000	General Manager, Legal Department of the Company	
		February 2003	Vice President and Director of Nakashimato Co., Ltd.	
		February 2005	Director of Nakashimato Co., Ltd. (present post) Managing Director of the Company (present post) General Manager, Environment Office of the Company	

Candidate No.	Name (Date of birth)	Brief history, assignment, representation of other companies, etc.		Number of shares of the Company held by Candidate
		July 2005	General Manager, Social and Environment Promotion Office of the Company (present post)	

3	Katsuhiko Sasaki (March 8, 1946)	March 1964	Joined the Company	14,100 shares
		November 1988	Corporate Planning Manager, President's Office of the Company	
		December 1995	Corporate Planning Manager, Corporate Planning Dept. (changed from President's Office) of the Company	
		August 1999	General Manager, Corporate Planning Dept. of the Company	
		July 2000	President and Representative Director of K System Co., Ltd.	
		February 2003	General Manager, Division of Administration of the Company (present post)	
		February 2004	Director of the Company	
		January 2005	President and Director of Kifuki U.S.A. Co., Inc. (present post)	
		February 2007	Managing Director of the Company (present post)	
4	Akio Okumura (January 14, 1951)	March 1973	Joined the Company	7,000 shares
		August 1994	General Manager, Yokohama Branch of the Company	
		October 1996	Deputy General Manager, Household Product Department, Tokyo Branch of the Company	
		September 1997	Joint Nakashimato Co., Ltd.	
		October 2002	General Manager, Division of Food of Nakashimato Co., Ltd.	
		February 2003	Director of Nakashimato Co., Ltd.	
		February 2005	Director of the Company Generally responsible for sales of the Company	
		February 2007	Managing Director of the Company (present post)	
5	Mitsugu Ozawa (March 18, 1946)	March 1964	Joined the Company	6,900 shares
		August 1999	General Manager in charge of group production, Corporate Planning Dept. of the Company	
		October 2001	Director of Kanae Foods Co., Ltd.	
		January 2003	President and Representative Director of Kanae Foods Co., Ltd.	

Candidate No.	Name (Date of birth)	Brief history, assignment, representation of other companies, etc.		Number of shares of the Company held by Candidate
		February 2007	Director of the Company	
		February 2008	Managing Director of the Company (present post)	
6	Ietoki Shima (March 22, 1947)	March 1972	Joined the Nakashimato Co., Ltd.	15,800 shares
		December 1972	Joined the Company	
		December 1997	General Manager, Fukuoka Branch of the Company	
		September 1997	Deputy General Manager, Household Product Department, Tokyo Branch of the Company	
		February 2001	Director of the Company (present post) General Manager, Tokyo Branch of the Company	
		February 2005	General Manager, Public Relations Dept. of the Company (present post)	
7	Mitsugu Endo (March 19, 1948)	January 1972	Joined Sanei Food Sales Co., Ltd.	17,174 shares
		February 1987	Director of Sanei Food Sales Co., Ltd.	
		December 1990	Joined the Company General Manager, Restaurant Sales Dept. of the Company	
		July 2000	General Manager, Wide-Area Sales Dept. of the Company	
		February 2001	Director of the Company (present post)	
		July 2002	General Manager, Division of Sales for Business of the Company	
		July 2004	General Manager, Division of Marketing of the Company	
		July 2005	General Manager, Division of Product Development of the Company (present post)	
8	Minesaburo Miyake (July 22, 1952)	April 1976	Joined the Company	9,233 shares
		September 1996	General Manager, Yokohama Branch of the Company	
		September 1998	General Manager, Kanto Branch of the Company	
		July 2001	General Manager, Household Sales Dept. of the Company	
		July 2002	General Manager, Division of Household Sales of the Company	
		February 2003	Director of the Company (present post)	
		July 2004	Generally responsible for sales of the Company	
		February 2005	General Manager, Tokyo Branch of the Company	

Candidate No.	Name (Date of birth)	Brief history, assignment, representation of other companies, etc.		Number of shares of the Company held by Candidate
		September 2008	General Manager, Division of Wide-Area Sales of the Company (present post)	
9	Hidefumi Tachibana (February 15, 1951)	March 1974	Joined the Company	8,600 shares
		August 1999	Corporate Planning Manager, Corporate Planning Dept. of the Company	
		July 2000	General Manager, Corporate Planning Dept. of the Company	
		July 2002	General Manager, Business Planning Dept. of the Company	
		July 2004	General Manager, Division of Personnel Affairs of the Company (present post)	
		February 2005	Director of the Company (present post)	
10	Juro Sato (March 7, 1949)	March 1967	Joined the Company	4,200 shares
		November 1994	President and Representative Director of Daily Mate Co., Ltd.	
		October 2002	Director of Daily Mate Co., Ltd. Senior Managing Director and General Manager, Division of Sales of Delia Foods Co., Ltd.	
		July 2005	President and Representative Director of Delia Foods Co., Ltd.	
		February 2008	Director of the Company (present post)	
11	Hiroshi Yoshimura (January 1, 1951)	March 1973	Joined the Company	3,200 shares
		July 2000	General Manager, Nagoya Branch of the Company	
		November 2006	General Manager, Division of Household Sales of the Company	
		February 2008	Director of the Company (present post) Generally responsible for sales of the Company (present post)	
		September 2008	General Manager, Division of Household Products of the Company (present post)	
12	Shigeki Takemura (September 15, 1956)	April 1980	Joined the Company	2,300 shares
		July 2001	Group Leader, Jam and Prepared Food Group, Product Dept., Division of Sales of the Company	
		July 2002	General Manager, Izumi-Sano Plant of the Company	
		November 2004	President and Representative Director of Tosu Q.P. Co., Ltd.	

Candidate No.	Name (Date of birth)	Brief history, assignment, representation of other companies, etc.		Number of shares of the Company held by Candidate
		November 2006	Deputy General Manager, Division of Production of the Company	
		February 2008	Director of the Company (present post)	
13	Tadaaki Katsuyama (December 1, 1957)	April 1980	Joined the Company	3,500 shares
		July 2002	General Manager, Senkawa Plant of the Company	
		July 2004	Deputy General Manager, Division of Production of the Company	
		July 2005	General Manager, Division of Production of the Company (present post)	
		February 2008	Director of the Company (present post)	
14	Kuniaki Ishikawa (June 6, 1946)	March 1970	Joined Nakashimato Co., Ltd.	18,243 shares
		December 1972	Joined the Company	
		March 1982	President and Director of Q&B Foods, Inc.	
		November 1995	U.S. Team Leader, Overseas Business Dept. of the Company	
		September 1998	Deputy General Manager, Division of Overseas Business of the Company	
		February 1999	Director of the Company (present post)	
		July 2004	General Manager, Division of Overseas Business of the Company	
		October 2004	Chairman and Director of Q&B Foods, Inc. (present post)	
		February 2005	Managing Director of Nakashimato Co., Ltd.	
		February 2007	Senior Managing Director of Nakashimato Co., Ltd.	
		November 2008	President and Director of Nakashimato Co., Ltd. (present post)	
15	Yoshiaki Wada (August 14, 1953)	April 1978	Joined the Company	2,500 shares
		July 2000	General Manager, Research II Dept. of the Company	
		July 2001	General Manager, Research I Dept. of the Company	
		July 2003	General Manger, Product Development Center, Laboratory of the Company	
		March 2006	General Manager, Division of Quality Assurance of the Company (present post)	

Proposition No.3: Payment of bonuses to Directors

It is hereby proposed that the aggregate of ¥37,200,000 as Directors' bonuses be paid to 14 Directors in office as at the end of the fiscal under review in consideration of the operating results and other factors for the year and that the determination of the actual amounts for the respective Directors be left to the Board of Directors.

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