

# Kewpie Corporation



1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331

(Translation)

Security Code of Japan: 2809  
February 13, 2012

To the Shareholders:

## NOTICE OF THE 99TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Please take notice that the 99th 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 Reference Document for the General Meeting of Shareholders below 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 5:30 p.m. on February 27 (Monday), 2012.

Yours very truly,

Minesaburo Miyake  
President and  
Representative Director

Kewpie Corporation  
4-13, Shibuya 1-chome,  
Shibuya-ku, Tokyo

### Description

1. Date and hour of meeting:

February 28 (Tuesday), 2012, at 10:00 a.m.

2. Place of meeting:

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

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## 3. Objects of the meeting:

### Matters to be reported:

1. Report on the business report and consolidated financial statements for the 99th fiscal year (from December 1, 2010 to November 30, 2011) 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 99th fiscal year (from December 1, 2010 to November 30, 2011)

### Matters to be resolved:

- Proposition No. 1: Election of 14 Directors
- Proposition No. 2: Election of two Corporate Auditors
- Proposition No. 3: Payment of bonuses to Directors

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Shareholders are requested to arrive in good time as the reception counter will be congested just before the meeting starts. (Reception will start on 9:00 a.m.)

When attending the meeting, please present the enclosed voting form to the receptionists at the meeting. Only the shareholders having voting rights are entitled to attend the meeting in person or by proxy (who shall be a shareholder having voting rights).

With regard to the documents attached to the Notice of the General Meeting of Shareholders, the notes to the consolidated financial statements and the notes to the non-consolidated financial statements are made available for inspection on the Internet website of the Company ([http://www.kewpie.co.jp/company/ir/stocks\\_information03.html](http://www.kewpie.co.jp/company/ir/stocks_information03.html)) pursuant to laws and ordinances and the Articles of Incorporation of the Company.

If any amendment is made to the Reference Document for the General Meeting of Shareholders, business report, consolidated financial statements and non-consolidated financial statements, it will be publicized on the Internet website of the Company ([http://www.kewpie.co.jp/company/ir/stocks\\_information03.html](http://www.kewpie.co.jp/company/ir/stocks_information03.html)).

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(Attached document)

## BUSINESS REPORT

(December 1, 2010 to November 30, 2011)

### 1. Matters concerning the situation of the Kewpie Group:

#### (1) Development and results of business activities:

During the fiscal year under review, the Japanese economy showed a tone of recovery in the beginning with corporate earnings picking up but since the Great East Japan Earthquake, has suffered enormous damage from the quake. Consumer spending has begun to pick up in line with the rehabilitation processes but the economy still has remained in a difficult condition due to the prolonged appreciation of the yen and concern about the future of the U.S. and European economy, among other things.

In the food industry, while a self-restrain atmosphere due to the quake and power-saving attitudes have made consumers eat at home more often, costs of raw materials have increased.

In the food distribution industry, reconstruction of the distribution networks lost by the quake has continued but the industry has been affected by the restructuring of clients' distribution systems.

#### ◇ Conditions of the Group (comprised of the Company and its consolidated subsidiaries and equity-method affiliates)

The Group has exerted its combined efforts to carry out three fundamental policies: "Strengthening of Operating Base" and "Challenge to New Developments" on the basis of "Promotion of Development of Human Resources and Improvement of the Quality of the Group" as instituted in its medium-term business plan for three years, commencing in the fiscal year ended November 30, 2010, as well as "Full-Fledged Execution of Food Service Strategy" characterized as a powerful drive to advance these fundamental policies, to further enhance its corporate value.

#### • Net sales

The Group's five major operations, with Salads and Prepared Foods atop the list, have counteracted the effect of the quake. Net sales increased by ¥15,425 million (3.3%) from the previous year to ¥486,435 million.

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## • Profits

Under unfavorable conditions, including the quake and rising prices of major raw materials, operations other than Condiments and Processed Foods have performed steadily. However, operating income decreased by ¥1,303 million (5.9%) from the previous year to ¥20,816 million. Ordinary income decreased by ¥850 million (3.7%) from the previous year to ¥21,912 million. Net income decreased by ¥1,164 million (11.0%) from the previous year to ¥9,449 million due to losses, including an extraordinary loss (¥1,635 million) arising from the quake.

## Condiments and Processed Foods:

- Sales of salad condiments in Japan and overseas sales expanded favorably.
- Net income decreased due to the rising costs of raw materials and the quake, while increased revenues of salad condiments and cost rationalizations contributed to an increase in net income.

## Health Function Products:

- Sales of baby foods, foods for the aged and EPA (an ingredient of pharmaceuticals for hyperlipidemia) increased steadily.
- Hyaluronic acid, EPA and foods for the aged contributed to an increase in net income.

## Egg Products:

- Net sales increased due to a steep rise in egg prices in the first half of the fiscal year under review and favorable sales of raw materials for convenience stores.
- Net income decreased due to a steep rise in egg prices, while income from the operations in the United States improved.

## Salads and Prepared Foods:

- Sales of prepared foods, packaged salads and rice for mass sales stores and convenience stores expanded.
- Net income increased due to the constitutional improvement by changing the business category and an increase in net sales.

## Common Business Operations:

- Net sales decreased due to a decrease in sales of raw materials to external clients, while net income was not affected.

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## Distribution Systems:

- Net sales increased due to the development of new clients in dedicated distribution services and the expansion of operations with its existing clients.
- Net income increased as a result of the development of new clients and cost improvement though the existing business decreased.

## [Breakdown of net sales]

(millions of yen)

Business category	98th fiscal year (December 1, 2009 to November 30, 2010)	99th fiscal year (December 1, 2010 to November 30, 2011)	Increase (decrease) from the previous year (consolidated)	Ratio of increase (decrease) from the previous year (consolidated) (%)
Condiments and Processed Foods	171,695	173,488	1,793	1.0
Health Function Products	17,753	18,462	709	4.0
Egg Products	83,149	85,743	2,594	3.1
Salads and Prepared Foods	78,052	85,801	7,749	9.9
Common Business Operations	6,694	5,818	(876)	(13.1)
Distribution Systems	113,664	117,122	3,458	3.0
Total	471,010	486,435	15,425	3.3

## [Breakdown of operating income]

(millions of yen)

Business category	98th fiscal year (December 1, 2009 to November 30, 2010)	99th fiscal year (December 1, 2010 to November 30, 2011)	Increase (decrease) from the previous year (consolidated)	Ratio of increase (decrease) from the previous year (consolidated) (%)
Condiments and Processed Foods	16,648	14,370	(2,278)	(13.7)
Health Function Products	1,400	1,510	110	7.9
Egg Products	3,904	3,786	(118)	(3.0)
Salads and Prepared Foods	1,551	2,217	666	42.9
Common Business Operations	510	667	157	30.8
Distribution Systems	2,753	3,020	267	9.7
Adjustment	(4,649)	(4,756)	(107)	-
Total	22,119	20,816	(1,303)	(5.9)

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- (Notes) 1. As from the fiscal year under review, the "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (Accounting Standards Board of Japan (ASBJ) Corporate Accounting Standard No.17, March 27, 2009) and the "Implementation Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Implementation Guidance No. 20, March 21, 2008) are applicable. The amounts for the 98th fiscal year are calculated in accordance with the standard.
2. The "adjustment" includes unallocatable operating expenses which principally are comprised of the expenses related to the administration division of the Company and its consolidated subsidiaries K System Co., Ltd. and Kewpie Ai Co., Ltd.

## (2) State of equipment investment:

Equipment investment for the fiscal year under review totaled ¥13,418 million.

(millions of yen)

Business category	Equipment investment amount	Principal investment
Condiments and Processed Foods	5,910	Equipment for manufacture of mayonnaise, dressings and others
Health Function Products	460	Equipment for manufacture of baby foods, medical diets, foods for the sick and aged, hyaluronic acid and others
Egg Products	3,376	Equipment for manufacture of liquid eggs, frozen eggs, dried eggs and others
Salads and Prepared Foods	463	Equipment for manufacture of salads, prepared foods and others
Common Business Operations	704	Software and others
Distribution Systems	2,501	Warehouse equipment, motor vehicles and transport equipment and others
Total	13,418	

## (3) State of financing:

For the purpose of efficient procurement of working capital, the Company has entered into a commitment line agreement with its main financing bank, totaling ¥10 billion and K.R.S. Corporation has entered into a commitment line agreement with its main financing bank, totaling ¥6billion.

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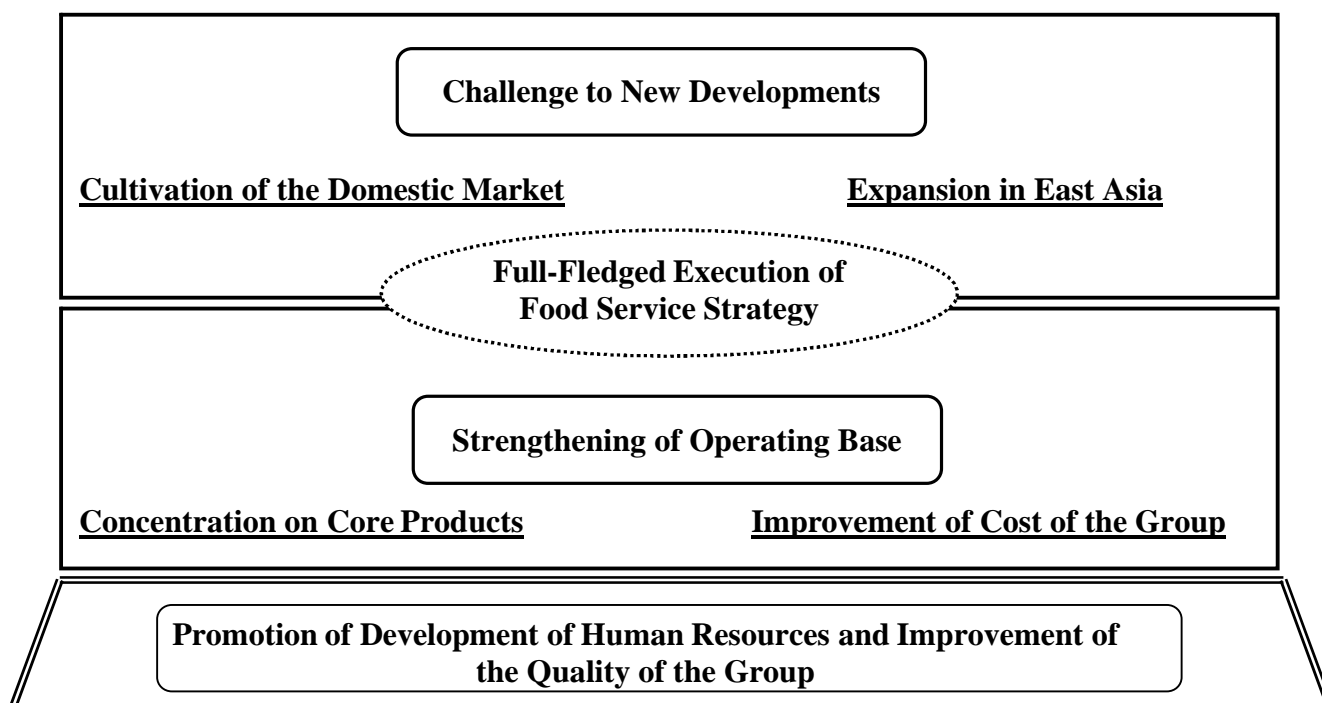


## (4) Medium- and long-term business strategies and challenges ahead of the Kewpie Group:

In its medium-term business plan for three years, commencing in the fiscal year ended November 30, 2010, the Group has instituted three fundamental policies: "Strengthening of Operating Base" and "Challenge to New Developments" on the basis of "Promotion of Development of Human Resources and Improvement of the Quality of the Group". In addition, as a drive to powerfully advance these fundamental policies, the Group has advocated "Full-Fledged Execution of Food Service Strategy".

The Group will exert its combined efforts to fulfill the medium-term business plan to further enhance its corporate value.

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



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(ii) Strategy by business category to attain the targets:

Business category	Business strategy	
	Challenge to New Developments	Strengthening of Operating Base
Condiments and Processed Foods	Creation of a unique variety of recipes by promotion of products and marketing activities that integrate the Group's strengths	
	<u>Expansion of the area by deploying its new "sauce world"</u> ◇ Promotion of products that combine "technologies and products" and "information" at which we excel ◇ Promotion of expansion into growth business categories by making use of the Group's marketing channels <u>Expansion of condiments in East Asia</u>	<u>Further strengthening of core products</u> ◇ Increase in profitability of salad condiments
Health Functions Products	Provision of our proprietary products and services with the value of health functions to contribute to society	
	<u>Development by integration of our proprietary materials and technologies at which we excel</u> ◇ Application of micro emulsification technology by intensive use of egg-yolk lecithin to pharmaceutical use ◇ Expansion of our original liquid foods with efficient digestibility and unique supplementary foods to liquid foods	◇ Creation of a new market for hyaluronic acid ◇ Expansion of the market for home nursing care foods



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Business category	Business strategy	
	Challenge to New Developments	Strengthening of Operating Base
Egg Products	Enhancement of competitiveness in the existing area and the establishment of an "egg world" by expanding new areas	
	<ul style="list-style-type: none"> <li>◇ Expansion of a new egg area</li> <li>◇ Acceleration of the marketing of chilled egg products</li> <li>◇ Promotion of value addition to egg albumen</li> </ul>	<p><u>Concentration on core products</u></p> <ul style="list-style-type: none"> <li>◇ Increase in capability to supply, and value addition to, eggs materials</li> <li>◇ Enhancement of competitiveness of main egg products</li> </ul> <p><u>Improvement of cost of the Group</u></p> <ul style="list-style-type: none"> <li>◇ Optimum production allocation of raw materials and products</li> <li>◇ Reduction in manufacturing cost and operating cost</li> </ul>
Salads and Prepared Foods	Promotion of the development of new markets by our nationwide network and maneuverability by area	
	<ul style="list-style-type: none"> <li>◇ Promotion of product development by utilizing the Group's resources</li> <li>◇ Challenge to the creation of new categories</li> <li>◇ Strengthening of the development of new marketing channels</li> </ul>	<ul style="list-style-type: none"> <li>◇ Enhancement of competitiveness of salads and cut vegetables to increase market share</li> <li>◇ Promotion of optimum production allocation by area</li> <li>◇ Promotion of the sharing of operating infrastructures</li> </ul>

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Business category	Business strategy	
	Challenge to New Developments	Strengthening of Operating Base
Distribution Systems	Creation of new food distribution by improving the quality, and strengthening the functions, of physical distribution	
	<ul style="list-style-type: none"> <li>◇ Strengthening of the capability to provide dedicated distributionservices</li> <li>◇ Improvement of infrastructures to handle import cargo</li> </ul>	<ul style="list-style-type: none"> <li>◇ Establishment of standardization of operations</li> <li>◇ Restructuring of distribution functions</li> <li>◇ Establishment of IT systems</li> </ul>

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

Item	96th fiscal year (December 1, 2007 to November 30, 2008)	97th fiscal year (December 1, 2008 to November 30, 2009)	98th fiscal year (December 1, 2009 to November 30, 2010)	99th fiscal year (Fiscal year under review) (December 1, 2010 to November 30, 2011)
Net sales (millions of yen)	473,951	452,239	471,010	486,435
Ordinary income (millions of yen)	14,184	18,414	22,762	21,912
Net income (millions of yen)	7,721	9,036	10,613	9,449
Net income per share (yen)	50.77	59.56	69.97	62.63
Total assets (millions of yen)	291,792	275,650	287,957	275,790
Net assets (millions of yen)	163,580	170,804	180,901	185,293
Net assets per share (yen)	941.79	978.33	1,029.26	1,068.67

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## (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 main businesses
Deria Foods Co., Ltd.	¥50 million	100.0%	Sale of salads, prepared foods, etc.
Kewpie Jyozo Co., Ltd.	¥450 million	88.0%	Manufacture and sale of vinegar, etc.
Kewpie 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 Kewpie 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

(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.

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## (7) Description of main businesses (as of November 30, 2011):

Business Category	Principal products or services
Condiments and Processed Foods	Mayonnaise, dressings, vinegar, jam, pasta sauce, sweet corn and others
Health Function Products	Baby foods, medical diets, foods for the sick and aged, hyaluronic acid and others
Egg Products	Liquid eggs, frozen eggs, dried eggs, boiled eggs, egg spread, <i>atsuyaki-tamago</i> , <i>kinshi-tamago</i> and others
Salads and Prepared Foods	Salads, prepared foods, packed lunches, rice balls, packaged salads and others
Common Business Operations	Sale of foods and others
Distribution Systems	Transportation and storage of foods, and others

## (8) Principal places of business (as of November 30, 2011):

### 1) Places of business of the Company:

Head office: Shibuya-ku, Tokyo

Laboratory: Fuchu-shi, Tokyo

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

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

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

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## 2) Places of business of main subsidiaries:

	<u>Location of head office</u>	<u>Place of business</u>
Deria Foods Co., Ltd.	Fuchu-shi, Tokyo	Head office, one business division, 6 branches
Kewpie Jyozo Co., Ltd.	Fuchu-shi, Tokyo	Head office, laboratory, one business division, 8 sales offices, one representative office, 4 plants
Kewpie 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 Kewpie Egg Station Co., Ltd.	Goka-cho, Ibaraki	Head office, 6 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, 69 sales offices, 7 representative offices

## (9) State of employees (as of November 30, 2011):

### 1) State of employees of the Kewpie Group:

Number of employees (persons)	Increase/decrease as compared with the end of previous year (persons)
12,028	296 (+)

(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 10,830 temporary employees on average during the year.

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## 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	1,448	8 (-)	41.0	15.7
Female	1,137	7 (-)	30.9	7.3
Total or average	2,585	15 (-)	36.6	12.0

- (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 793 (male: 265; female: 528) temporary employees (part-timers, just-in-time employees and seasonal employees) on average during the year.

## (10) Principallenders and the amounts of loans (as of November 30, 2011):

Name of lender	Amount of loans (millions of yen)
Sumitomo Mitsui Banking Corporation	1,000
Mizuho Corporate Bank, Ltd.	850
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	600
The Norinchukin Bank	530

## 2. Matters concerning the shares of the Company (as of November 30, 2011):

(1) Total number of issuable shares: 500,000,000 shares

(2) Total number of issued and outstanding shares: 153,000,000 shares

(Note) The Company, at the meeting of its Board of Directors held on June 30, 2011, adopted a resolution to cancel its own shares and canceled 2,464,515 shares as of July 29, 2011.

(3) Number of shareholders: 108,656 persons  
(Decrease of 1,898 persons from November 30, 2010)

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(4) State of leading shareholders:

Name	Number of shares held (thousand shares)	Ratio of the shares held to the total number of issued shares (%)
Nakashimato Co., Ltd.	26,371	17.6
Touka Co., Ltd.	4,872	3.2
Trust & Custody Services Bank, Ltd.: trustee of sub-trust of Mizuho Trust & Banking Co., Ltd. Employee Retirement Benefit Trust Account for Mizuho Bank, Ltd.	4,585	3.0
Japan Trustee Service Bank, Ltd. (Trust account)	4,426	2.9
Kieikai Research Foundation	4,251	2.8
The National Mutual Insurance Federation of Agricultural Cooperatives	4,224	2.8
The Master Trust Bank of Japan, Ltd. (Trust account)	3,609	2.4
Sumitomo Mitsui Banking Corporation	3,208	2.1
Nippon Life Insurance Company	3,132	2.0
The Dai-ichi Life Insurance Company, Limited	3,012	2.0

- (Notes) 1. 4,585,000 shares held by Trust & Custody Services Bank, Ltd.: trustee of sub-trust of Mizuho Trust & Banking Co., Ltd. Employee Retirement Benefit Trust Account for Mizuho Bank, Ltd. were those of the Company held by Mizuho Bank, Ltd. contributed to its employee retirement benefit trust.
2. The ratios of voting rights are calculated by excluding the Company's 3,257,552 shares of treasury stock.

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## 3. Officers of the Company:

### (1) Directors and Corporate Auditors (as of November 30, 2011):

Title	Name	Assignment and important concurrent office
President and Representative Director:	Minesaburo Miyake	
Senior Executive Managing Director:	Akio Okumura	In charge of overseas business in general, General Manager, Overseas Division and in charge of Group Sales
Executive Managing Director:	Amane Nakashima	General Manager, CSR Promote Department and in charge of Compliance and Internal Auditing Department President and Director of Nakashimato Co., Ltd.
Executive Managing Director:	Mitsugu Endo	General Manager, Product Development Department
Executive Managing Director:	Juro Sato	In charge of Salads and Prepared Foods Business and Group Sales
Executive Managing Director:	Hiroshi Yoshimura	In charge of Condiments and Processed Foods Business and generally responsible for Sales
Director:	Hidefumi Tachibana	General Manager, Personnel Affairs Department
Director:	Shigeki Takemura	In charge of Health Function Products Business and Fine Chemical Products Department
Director:	Tadaaki Katsuyama	General Manager, Production Department and in charge of Production
Director:	Yoshiaki Wada	General Manager, Laboratory; General Manager, Intellectual Property Office, and in charge of Quality Assurance Department
Director:	Hideaki Nishio	General Manager, Food Service Department
Director:	Nobuo Inoue	General Manager, Operation Promote Department
Director:	Shigehiro Suda	In charge of Egg Products Business and Group Sales
Director:	Masafumi Furutachi	General Manager, Public Relations Office
Corporate Auditor:	Norio Ikeda	Full-time
Corporate Auditor:	Hiroaki Kanzawa	Full-time
Corporate Auditor:	Shunichiro Ishiguro	Full-time, Director of Nakashimato Co., Ltd.
Corporate Auditor:	Ichiro Sakai	Attorney at law, outside Corporate Auditor of Mazda Motor Corporation
Corporate Auditor:	Michisato Sakamoto	

(Notes) 1. At the close of the 98th Ordinary General Meeting of Shareholders held on February 23,



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2011, Messrs. Yutaka Suzuki and Ietoki Shima retired upon expiration of the term of office of Directors and Messrs. Shigehiro Suda and Masafumi Furutachi newly assumed the office of Directors.

Additionally, as of the same day, Director Mr. Hiroshi Yoshimura assumed the office of Executive Managing Director.

2. As of February 23, 2011, Mr. Yasuo Hiraguri resigned as Corporate Auditor and Mr. Hiroaki Kanzawa newly assumed the office of Corporate Auditor.
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 (persons)	Amount of payment (millions of yen)	Number (persons)	Amount of payment (millions of yen)
Remuneration pursuant to the resolution of the General Meeting of Shareholders (Remuneration to outside Corporate Auditors)	16	326	6 (3)	84 (33)
Bonuses for officers for the fiscal year under review	14	74	-	-
Total	-	400	-	84

- (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 two Directors and one Corporate Auditor who retired as such at the close of the 98th 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 ¥105 million.

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(3) Matters concerning outside officers:

(i) State of important concurrent offices and the relationships thereof with the Company:

Classification	Name	Company name/concurrent office	Relationship with the Company
Outside Corporate Auditor	Shunichiro Ishiguro	Director, Nakashimato Co., Ltd.	Nakashimato Co., Ltd. is a leading shareholder of the Company having 17.6% of the voting rights of the Company.
Outside Corporate Auditor	Ichiro Sakai	Outside Corporate Auditor, Mazda Motor Corporation	Not applicable

(ii) Major activities during the fiscal year under review:

Classification	Name	Major activities
Outside Corporate Auditor	Shunichiro Ishiguro	Mr. Ishiguro attended all 12 meetings of the Board of Directors held during the fiscal year under review and all 13 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 shareholder.
Outside Corporate Auditor	Ichiro Sakai	Mr. Sakai attended all 12 meetings of the Board of Directors held during the fiscal year under review and all 13 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 12 meetings of the Board of Directors held during the fiscal year under review and all 13 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, based on his highly specialized knowledge and wide-ranging views.

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## (iii) 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 38 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

(2) Amount of remuneration, etc.:

Amount of remuneration, etc. as account auditors payable for the fiscal year under review:	¥89 million
Total amount of money and other proprietary benefits payable to the account auditors by the Company and its consolidated subsidiaries:	¥141 million

- (Notes)
1. The amounts of auditing remuneration, etc. for audits under the Corporation Law of Japan and audits under the Financial Instruments 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 included in the amount of remuneration, etc. as account auditors payable for the fiscal year set forth above.
  2. The Board of Corporate Auditors has agreed to the amount of remuneration, etc.
  3. 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 transition to the International Financial Reporting Standards (IFRS), etc., 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

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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.

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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 Operation Promote Department 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 Internal Auditing Department 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.

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- (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.

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- (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 belongs to the different industry from the Company, it shall institute a system of its own to secure the properness of business activities.

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- (8) Matters concerning the assignment of employees to assist the Corporate Auditors to execute their duties

The Internal Auditing Department 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 Internal Auditing Department 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 Internal Auditing Department. 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, the internal auditing departments 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



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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 Internal Auditing Department 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 acquiring its own shares 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) on a consolidated basis while taking into consideration future funding requirements. The Company shall maintain a DOE of no less than 1.5%, in principle. The Company shall aim to maintain a dividend payout ratio of 25% on a consolidated basis.

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.

The Company is a company adopting consolidated dividend rules.

Management plans to pay a year-end dividend of ¥9 per share for the fiscal year under review. Together with the interim dividend of ¥9 per share paid in August 2011, the annual dividend will amount to ¥18 per share. Thus, the DOE and dividend payout ratio both on a consolidated basis will be 1.7% and 28.7%, respectively.

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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 policies 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

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

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

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

The Group has instituted a medium-term business plan for three years commencing December 1, 2009 to further enhance its corporate value.

In the medium-term business plan, the Group has instituted basic policies of "strengthening of operating base" and "challenge to new developments" on the basis of "promotion of development of human resources and improvement of the quality of the Group." Also, we have set "full-fledged execution of food service strategy" as a driving force to further promote these policies. To put the medium-term business plan into action, the Group will make aggressive business and equipment investment to strengthen its revenue-generating base and enhance asset efficiency in each business division, which we believe will facilitate the enhancement of its corporate value and the common interests of its shareholders.

- (B) Upgrading of corporate governance

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

To more clearly define the management responsibility for each fiscal year and

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establish a management structure that can respond to changes in the business environments with agility, the Company has set the term of office of Directors to one year. Additionally, to further strengthen its audit system, the Company has employed a system of three outside Corporate Auditors.

- (ii) Opinion of the Board of Directors of the Company about the measures set forth in (2) (i) above and the reason for the opinion

We are of the opinion that the measures set forth in (2) (i) (A) and (B) above will enhance the corporate value of the Group and the common interests of its shareholders and as a result, reduce the risk of the emergence of a large purchaser who may materially injure the corporate value of the Company and the common interests of its shareholders and that therefore, the measures comply with the Fundamental Policy. Furthermore, we consider that the measures, which are contemplated to enhance the corporate value of the Group, will not injure the common interests of the shareholders of the Company and that it is clear that the measures are not contemplated to maintain the positions of the officers of the Company.

- (3) Measures to prevent the determination of the financial and business policies of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy (a defense plan against large purchase actions of the shares of the Company (takeover defense plan))
  - (i) Measures under the 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 20, 2011, determined to continue to implement the defense plan against large purchase actions of the shares of the Company (takeover defense plan) (the "Defense Plan") as measures to prevent the determination of the financial and business policies of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy, subject to approval of the shareholders at the 98th Ordinary General Meeting of Shareholders to be held on February 23, 2011, which approved the continued adoption of the Defense Plan.

The summary of the Defense Plan is as described below:

## (A) Coverage of the Defense Plan

The Defense Plan covers (i) a purchase of shares and other securities of the Company to make the ratio of voting rights of any specified shareholder group 20% or more, or (ii) 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 but excepting any purchase agreed to by the Board of Directors in advance).

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## (B) Particulars of the Large Purchase Rules

The Company will institute Large Purchase Rules under which any Large Purchaser can commence a large purchase action only after (i) 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) elapses 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").

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. In addition, to confirm the intention of the shareholders, a resolution shall be adopted at a General Meeting of Shareholders under the Corporation Law of Japan (the "General Meeting of Shareholders"). In the event that such General Meeting of Shareholders is held, the Board of Directors shall, pursuant to the resolution adopted thereat, trigger, or not trigger, the Defense Measure against the proposed large purchase action as the case may be. The date of the General Meeting of Shareholders shall be fixed within the initially fixed Directors' Evaluation Period, in principle. However, in any unavoidable circumstance where it takes time procedurally to convene a General Meeting of Shareholders or otherwise, the Board of Directors may extend the Directors' Evaluation Period for 30 days upon recommendation from the Independent Committee.

## (C) Defense Measure when a large purchase action is taken

### a. 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

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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.

b. 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.

c. Vehicles of the Defense Measure

For the Defense Measure, the Board of Directors will select the most appropriate vehicle, including a free allocation of stock acquisition rights and other vehicles authorized under 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 of the stock acquisitions shall include the provision of not allowing large purchasers to exercise the stock acquisition rights.

d. 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.

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## (D) Impacts on the shareholders and investors

### a. 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 of the Company make appropriate investment judgments, will benefit the shareholders and investors of the Company.

### b. 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 under 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 Purchasers 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 acquires 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.

### c. 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 stock acquisition rights will be allocated free of charge to the shareholders recorded in the register of shareholders of the Company as of the record date for the free allocation thereof of which the Company will give public notice. Hence, the shareholders will have to be recorded in the final register of shareholders as of the record date. For further details of the methods of allocation, the exercise of stock acquisition rights and the acquisition thereof by the Company, information will be disclosed or notified to the shareholders after the determination of the Board of Directors with regard to the Defense Measure.

## (E) Effective period of the Defense Plan

The effective period of the Defense Plan shall expire at the close of the 101st

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Ordinary General Meeting of Shareholders to be held no later than February 28, 2014.

- (ii) Opinions of the Board of Directors of the Company about the measures set forth in (3) (i) above and the reasons for the opinions

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

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

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

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

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

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

As described above in "(1) Fundamental policy on what the person(s) should be like to control the determination of the financial and business policy of the Company," the Fundamental Policy is based on respect for the common interests of the shareholders of the Company. 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.



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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 the removal of 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 the removal of a takeover defense measure for a specified period even if a majority of the members of the board of directors that adopted the measure are replaced) and consequently, the shareholders of the Company can abolish the Defense Plan whenever they wish to do. Thus, we believe that the Defense Plan gives assurance that the common interests of the shareholders of the Company will not be injured.

- (C) The Defense Plan's not contemplated to maintain the positions 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 positions of the officers of the Company.

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



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

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## CONSOLIDATED BALANCE SHEET

(As of November 30, 2011)

(millions of yen)

### ASSETS:

<b>Current assets:</b>	111,110
Cash and deposits	19,553
Trade notes and accounts receivable	64,875
Securities	5,000
Goods and products	10,936
Work in process	650
Materials and stocks	5,291
Deferred tax assets	2,249
Other current assets	2,813
Allowance for doubtful accounts	(260)
<b>Fixed assets:</b>	<b>164,680</b>
<b>Tangible fixed assets:</b>	<b>116,072</b>
Buildings and structures	126,175
Machinery, equipment and transportation equipment	125,481
Land	40,759
Lease assets	3,418
Construction in progress	2,146
Other tangible fixed assets	8,599
Accumulated depreciation	(190,508)
<b>Intangible fixed assets:</b>	<b>2,301</b>
Software	1,805
Other intangible fixed assets	496
<b>Investments and other assets:</b>	<b>46,306</b>
Investment securities	19,796
Prepaid pension expense	16,745
Deferred tax assets	805
Other investments and other assets	9,702
Allowance for doubtful accounts	(742)
<b>TOTAL ASSETS:</b>	<b>275,790</b>

# Kewpie Corporation

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## LIABILITIES:

<b>Current liabilities:</b>	<b>76,019</b>
Trade notes and accounts payable	39,259
Short-term borrowings	7,237
Accounts payable - other	13,401
Accrued income taxes	3,192
Deferred tax liabilities	14
Reserve for sales rebates	943
Reserve for bonuses	1,060
Reserve for officers' bonuses	123
Reserves for losses on disaster	54
Other current liabilities	10,733
<b>Long-term liabilities:</b>	<b>14,477</b>
Bonds	500
Long-term borrowings	663
Deferred tax liabilities	6,801
Reserve for employee retirement benefits	2,421
Other long-term liabilities	4,091
<b>TOTAL LIABILITIES:</b>	<b>90,497</b>

## NET ASSETS

<b>Shareholders' equity:</b>	<b>163,774</b>
Capital stock	24,104
Capital surplus	29,434
Earned surplus	113,622
Treasury stock	(3,386)
<b>Accumulated other comprehensive income:</b>	<b>(3,766)</b>
Revaluation difference of other securities, etc.	1,210
Deferred hedge income (loss)	(2)
Foreign exchange translation adjustment	(4,973)
<b>Minority interests</b>	<b>25,284</b>
<b>TOTAL NET ASSETS:</b>	<b>185,293</b>
<b>TOTAL LIABILITIES AND NET ASSETS:</b>	<b>275,790</b>

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

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



## CONSOLIDATED STATEMENT OF INCOME

(From December 1, 2010 to November 30, 2011)

	(millions of yen)
Net sales	486,435
Cost of sales	369,347
<b>Gross profit</b>	<b>117,088</b>
Selling, general and administrative expenses	96,271
<b>Operating income</b>	<b>20,816</b>
Non-operating income:	1,409
Interest income and dividends received	526
Equity income	146
Others	736
Non-operating expenses:	313
Interest expenses	152
Others	161
<b>Ordinary income</b>	<b>21,912</b>
Extraordinary income:	399
Gains on sales of fixed assets	59
Reversal of allowance for doubtful accounts	246
Others	94
Extraordinary losses:	4,687
Losses on sales and disposition of fixed assets	1,145
Losses on impairment of fixed assets	746
Losses on disaster	1,635
Others	1,159
Income before income taxes and minority interests	17,624
Corporate, municipality and enterprise taxes	7,617
Adjustment to corporate taxes, etc.	(381)
Income before minority interests	10,388
Minority interests	939
<b>Net income</b>	<b>9,449</b>

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

# Kewpie Corporation

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## **CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, ETC.**

(From December 1, 2010 to November 30, 2011)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance as of November 30, 2010	24,104	29,432	109,600	(3,847)	159,290
Changes during the year:					
Distribution of surplus			(2,883)		(2,883)
Net income			9,449		9,449
Acquisition of treasury stock				(2,105)	(2,105)
Disposition of treasury stock		15		8	23
Cancellation of treasury stock		(14)	(2,544)	2,558	-
Changes in items other than shareholders' equity during the year (net)					
Total changes during the year	-	1	4,021	461	4,484
Balance as of November 30, 2011	24,104	29,434	113,622	(3,386)	163,774

	Accumulated other comprehensive income				Minority interests	Total net assets
	Revaluation difference of other securities, etc.	Deferred hedge income (loss)	Foreign exchange translation adjustment	Total accumulated other comprehensive income		
Balance as of November 30, 2010	1,111	(20)	(4,247)	(3,156)	24,767	180,901
Changes during the year:						
Distribution of surplus						(2,883)
Net income						9,449
Acquisition of treasury stock						(2,105)
Disposition of treasury stock						23
Cancellation of treasury stock						-
Changes in items other than shareholders' equity during the year (net)	99	17	(726)	(610)	517	(92)
Total changes during the year	99	17	(726)	(610)	517	4,391
Balance as of November 30, 2011	1,210	(2)	(4,973)	(3,766)	25,284	185,293

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

# Kewpie Corporation

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## NON-CONSOLIDATED BALANCE SHEET

(As of November 30, 2011)

(millions of yen)

### ASSETS:

#### Current assets:

Cash and deposits	15,348
Trade notes receivable	462
Trade accounts receivable	34,719
Securities	5,000
Merchandise and products	6,084
Work-in-process	73
Materials and stocks	2,569
Short-term loans receivable	6,341
Deferred tax assets	974
Other current assets	2,673
Allowance for doubtful accounts	(1,815)

#### Fixed assets:

**109,773**

#### Tangible fixed assets:

**56,351**

Buildings	24,696
Structures	1,763
Machinery and equipment	10,182
Vehicles and transportation equipment	18
Tools, furniture and fixtures	544
Land	17,599
Lease assets	178
Construction in progress	1,370

#### Intangible fixed assets:

**1,219**

Telephone subscription rights, etc.	87
Software	1,002
Other intangible fixed assets	129

#### Investments and other assets:

**52,202**

Investment securities	14,031
Capital stocks and investments in related companies	22,062
Long-term loans receivable	475
Prepaid pension expense	13,452
Long-term prepaid expenses	394
Guaranty money deposited / leasehold deposits	1,510
Other investments and other assets	812
Allowance for doubtful accounts	(536)

#### TOTAL ASSETS:

**182,206**

# Kewpie Corporation

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(millions of yen)

## LIABILITIES:

<b>Current liabilities:</b>	<b>45,241</b>
Trade accounts payable	21,558
Short-term borrowings	9,342
Accounts payable – other	8,047
Corporate taxes, etc. payable	838
Accrued expenses	4,049
Reserve for sales rebates	848
Reserve for bonuses	177
Reserve for officers' bonuses	74
Other current liabilities	303
<b>Long-term liabilities:</b>	<b>9,856</b>
Deferred tax liabilities	5,618
Guarantee money received	3,869
Other long-term liabilities	368
<b>TOTAL LIABILITIES:</b>	<b>55,097</b>

## NET ASSETS

<b>Shareholders' equity:</b>	<b>126,157</b>
<b>Capital stock</b>	<b>24,104</b>
<b>Capital surplus:</b>	<b>29,418</b>
Capital reserve	29,418
<b>Earned surplus:</b>	<b>76,016</b>
Earned surplus reserve	3,115
Other earned surplus	72,900
Reserve for special depreciation	8
Reserve for deferred tax on replacement assets	2,168
General reserve	67,200
Earned surplus carried forward	3,523
Treasury stock	(3,381)
Revaluation and exchange differences, etc.:	951
Revaluation difference of other securities, etc.	954
Deferred hedge income (loss)	(2)
<b>TOTAL NET ASSETS:</b>	<b>127,108</b>
<b>TOTAL LIABILITIES AND NET ASSETS:</b>	<b>182,206</b>

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



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## NON-CONSOLIDATED STATEMENT OF INCOME

(From December 1, 2010 to November 30, 2011)

(millions of yen)

Net sales	223,467
Cost of sales	149,339
<b>Gross profit</b>	<b>74,127</b>
Selling, general and administrative expenses	64,255
<b>Operating income</b>	<b>9,871</b>
<b>Non-operating income:</b>	<b>2,544</b>
Interest income and dividends received	1,497
Others	1,046
<b>Non-operating expenses:</b>	<b>189</b>
Interest expenses	104
Others	85
<b>Ordinary income</b>	<b>12,226</b>
<b>Extraordinary income:</b>	<b>36</b>
Reversal of allowance for doubtful accounts	20
Others	15
<b>Extraordinary losses:</b>	<b>2,918</b>
Losses on disposition of fixed assets	1,072
Losses on impairment of fixed assets	472
Losses on disaster	909
Others	463
<b>Net income before income taxes</b>	<b>9,344</b>
Corporate, municipality and enterprise taxes	3,405
Adjustment to corporate taxes, etc.	(15)
<b>Net income</b>	<b>5,954</b>

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

# Kewpie Corporation

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

(from December 1, 2010 to November 30, 2011)

(millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Earned surplus				Treasury stock	Total shareholder's equity
		Capital reserve	Other capital surplus	Earned surplus reserve	Other earned surplus					
					Reserve for special depreciation	Reserve for deferred tax on replacement assets	General reserve	Earned surplus carried forward		
Balance as of November 30, 2010	24,104	29,418	14	3,115	13	2,211	62,200	7,948	(3,834)	125,191
Changes during the year										
Reserve of other earned surplus							5,000	(5,000)		-
Reversal of other earned surplus					(5)	(42)		47		-
Distribution of surplus								(2,883)		(2,883)
Net income								5,954		5,954
Acquisition of treasury stock									(2,105)	(2,105)
Cancellation of treasury stock			(14)					(2,544)	2,558	-
Changes in items other than shareholders' equity during the year (net)										
Total changes during the year	-	-	(14)	-	(5)	(42)	5,000	(4,424)	452	965
Balance as of November 30, 2011	24,104	29,418	-	3,115	8	2,168	67,200	3,523	(3,381)	126,157

	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, 2010	838	(20)	818	126,009
Changes during the year				
Reserve of other earned surplus				-
Reversal of other earned surplus				-
Distribution of surplus				(2,883)
Net income				5,954
Acquisition of treasury stock				(2,105)
Cancellation of treasury stock				-
Changes in items other than shareholders' equity during the year (net)	115	17	133	133
Total changes during the year	115	17	133	1,098
Balance as of November 30, 2011	954	(2)	951	127,108

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

# Kewpie Corporation

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## Account Auditors' Audit Report Relating to Consolidated Financial Statements

### INDEPENDENT AUDITORS' AUDIT REPORT

January 18, 2012

To: The Board of Directors  
Kewpie Corporation

Ernst & Young ShinNihon LLC

By Hitoshi Sakurai (seal)  
Certified Public Accountant  
Specified Limited Liability Partner and  
Engagement Partner

By Junya Abe (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 Kewpie Corporation (the "Company") for the fiscal year covering the period from December 1, 2010 to November 30, 2011. 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 Kewpie 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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# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



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

### INDEPENDENT AUDITORS' AUDIT REPORT

January 18, 2012

To: The Board of Directors  
Kewpie Corporation

Ernst & Young ShinNihon LLC

By Hitoshi Sakurai (seal)  
Certified Public Accountant  
Specified Limited Liability Partner and  
Engagement Partner

By Junya Abe (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 Kewpie Corporation (the "Company"), as well as their accompanying detailed statements, for the 99th fiscal year, covering the period from December 1, 2010 to November 30, 2011. 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 -

# Kewpie Corporation

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## 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 99th fiscal year covering the period from December 1, 2010 to November 30, 2011, 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 internal control of financial reporting, we received from the Directors and others and Ernst & Young ShinNihon LLC reports on the state of evaluations and audits of such internal control and demanded explanations whenever necessary. With regard to the fundamental policy and the measures therefor, described in the business report, pursuant to Article 118, item 3(A) and (B) 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

# Kewpie Corporation

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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 131 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 their duties concerning such internal control systems, including internal control of financial reporting, 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 118, item 3(B) 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.

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(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 ShinNihonLLC, 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 ShinNihonLLC, are proper.

January 24, 2012

Board of Corporate Auditors  
Kewpie Corporation

Norio Ikeda (seal)  
Full-time Corporate Auditor

Hiroaki Kanzawa (seal)  
Full-time Corporate Auditor

Shunichiro Ishiguro (seal)  
Outside Full-time Corporate Auditor

Ichiro Sakai (seal)  
Outside Corporate Auditor

Michisato Sakamoto (seal)  
Outside Corporate Auditor

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# Kewpie Corporation

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## REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposition No.1: Election of 14 Directors

The term of office of all Directors currently in office (Messrs. Minesaburo Miyake, Akio Okumura, Amane Nakashima, Mitsugu Endo, Juro Sato, Hiroshi Yoshimura, Hidefumi Tachibana, Shigeki Takemura, Tadaaki Katsuyama, Yoshiaki Wada, Hideaki Nishio, Nobuo Inoue, Shigehiro Suda and Masafumi Furutachi (14 in all)) will expire at the close of this General Meeting of Shareholders. It is therefore proposed that 14 Directors be elected.

The candidates for Directors are as follows:

Candidate No.	Name (Date of birth)	Brief history, title, assignment and important concurrent office		Number of shares of the Company held by Candidate
1	Minesaburo Miyake (July 22, 1952)	April 1976	Joined the Company	13,033 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	
		July 2004	Generally responsible for sales of the Company	
		February 2005	General Manager, Tokyo Branch of the Company	
		September 2008	General Manager, Division of Wide-Area Sales of the Company	
		October 2009	In charge of Egg Products Business of the Company as deputy	
		December 2009	In charge of Egg Products Business of the Company	
		February 2010	Executive Managing Director of the Company	
		February 2011	President and Representative Director of the Company (present post)	



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Candidate No.	Name (Date of birth)	Brief history, title, assignment and important concurrent office		Number of shares of the Company held by Candidate
2	Akio Okumura (January 14, 1951)	March 1973	Joined the Company	10,600 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	Jointed 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	Executive Managing Director of the Company In charge of Condiments and Processed Foods Business of the Company	
		February 2010	Senior Executive Managing Director of the Company (present post)	
		February 2011	Generally responsible for overseas business of the Company	
		July 2011	In charge of overseas business in general, General Manager, Overseas Division of the Company (present post)	
3	Amane Nakashima (September 26, 1959)	April 1983	Joined The Industrial Bank of Japan, Limited	331,181 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. Executive Managing Director of the Company (present post) General Manager, Environment Office of the Company	
		July 2005	General Manager, Social and Environment Promotion Office of the Company	
		October 2009	General Manager, CSR Promote Department of the Company (present post)	
February 2010	President and Director of Nakashimato Co., Ltd.			

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Candidate No.	Name (Date of birth)	Brief history, title, assignment and important concurrent office		Number of shares of the Company held by Candidate
			(present post) (Note 1)	
4	Juro Sato (March 7, 1949)	March 1967	Joined the Company	8,000 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 In charge of Salads and Prepared Foods Business of the Company (present post)	
		February 2010	Executive Managing Director of the Company (present post)	
5	Hiroshi Yoshimura (January 1, 1951)	March 1973	Joined the Company	7,000 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 Generally responsible for sales of the Company (present post)	
		February 2011	Executive Managing Director of the Company (present post) In charge of Condiments and Processed Foods Business of the Company (present post)	
6	Hidefumi Tachibana (February 15, 1951)	March 1974	Joined the Company	13,400 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, Personnel Affairs Department of the Company (present post)	
		February 2005	Director of the Company (present post)	

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Candidate No.	Name (Date of birth)	Brief history, title, assignment and important concurrent office		Number of shares of the Company held by Candidate
7	Shigeki Takemura (September 15, 1956)	April 1980	Joined the Company	6,100 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 Kewpie. Co., Ltd.	
		November 2006	Deputy General Manager, Division of Production of the Company	
		October 2007	In charge of Health Function Products Business of the Company as deputy	
		February 2008	Director of the Company (present post) In charge of Health Function Products Business of the Company (present post)	
8	Tadaaki Katsuyama (December 1, 1957)	April 1980	Joined the Company	10,300 shares
		July 2002	General Manager, Sengawa 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)	
9	Yoshiaki Wada (August 14, 1953)	April 1978	Joined the Company	12,300 shares
		July 2000	General Manager, Research Dept. II of the Company	
		July 2001	General Manager, Research Dept. I 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	
		February 2009	Director of the Company (present post) General Manger, Laboratory of the Company (present post)	
		November 2010	General Manager, Intellectual Property Office of the Company (present post)	

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Candidate No.	Name (Date of birth)	Brief history, title, assignment and important concurrent office		Number of shares of the Company held by Candidate
10	Hideaki Nishio (February 5, 1957)	April 1979	Joined Sanei Food Sales Co., Ltd.	7,900 shares
		December 1990	Joined the Company	
		July 2000	Deputy General Manager, Product-for-Business Department, Osaka Branch of the Company	
		July 2004	General Manager, Division of Sales for Business of the Company	
		September 2008	General Manager, Division of Food Service of the Company (present post)	
		February 2010	Director of the Company (present post)	
11	Nobuo Inoue (May 16, 1960)	April 1983	Joined the Company	6,500 shares
		July 2004	General Manager, Corporate Planning Dept. of the Company	
		October 2009	Deputy General Manager, Operation Promote Department of the Company	
		December 2009	General Manager, Operation Promote Department of the Company (present post)	
		February 2010	Director of the Company (present post)	
12	Shigehiro Suda (August 30, 1951)	April 1975	Joined the Company	3,900 shares
		October 2003	General Manager, Sales Dept. I of Kewpie Egg Corporation	
		December 2003	Director of Kewpie Egg Corporation	
		January 2005	General Manager, Division of Sales of Kewpie Egg Corporation	
		December 2005	Executive Managing Director of Kewpie Egg Corporation	
		February 2008	President and Representative Director of Kewpie Egg Corporation	
		February 2011	Director of the Company (present post) In charge of Egg Products Business of the Company (present post)	

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Candidate No.	Name (Date of birth)	Brief history, title, assignment and important concurrent office		Number of shares of the Company held by Candidate
13	Masafumi Furutachi (August 19, 1953)	April 1977	Joined the Company	3,800 shares
		October 1996	General Manager, Takamatsu Branch of the Company	
		August 1999	Group Leader, Home Sales, Wide-Area Sales Dept. of the Company	
		July 2002	General Manager, Wide-Area Home Sales Dept. of the Company	
		July 2003	General Manager, Home Sales Dept., Division of Home Sales of the Company	
		July 2004	General Manager, Division of Home Sales of the Company	
		October 2006	General Manager, Nagoya Branch of the Company	
		February 2011	Director of the Company (present post) General Manager, Public Relations Office of the Company (present post)	
14	Nobutaka Goto (November 9, 1954)	March 1973	Joined the Company	2,000 shares
		July 2004	General Manager, Sengawa Plant of the Company	
		November 2006	Deputy General Manager, Production Division of Kanae Foods Co., Ltd.	
		February 2007	Director of Kanae Foods Co., Ltd.	
		September 2007	General Manager, Production Division of Kanae Foods Co., Ltd.	
		February 2008	Managing Director of Kanae Foods Co., Ltd.	
		February 2009	President and Representative Director of Kanae Foods Co., Ltd. (present post) (Note 2)	

(Notes) 1. The Company has business relationships, including purchase of products, sales of products and expense transactions, with Nakashimato Co., Ltd.

2. The Company has business relationships, including product manufacturing contracts, with its consolidated subsidiary Kanae Foods Co., Ltd.

## Proposition No.2: Election of two Corporate Auditors

The term of office of three Corporate Auditors currently in office, Messrs. Norio Ikeda, Shunichiro Ishiguro and Michisato Sakamoto, will expire at the close of this General Meeting of Shareholders. It is therefore proposed that two Corporate Auditors be elected.

The candidates for Corporate Auditors are as follows.

The Board of Corporate Auditors has consented to this proposition.

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Candidate No.	Name (Date of birth)	Brief history, title and important concurrent office		Number of shares of the Company held by Candidate
1	Shunichiro Ishiguro (June 22, 1954)	April 1977	Joined Nakashimato Co., Ltd.	2,100 shares
		October 1997	General Manager, Corporate Planning Dept. of Nakashimato Co., Ltd.	
		October 2002	General Manager, Division of Administration of Nakashimato Co., Ltd.	
		February 2003	Director of Nakashimato Co., Ltd. (present post)	
		February 2004	Corporate Auditor of the Company	
		February 2011	Corporate Auditor (full-time) of the Company (present post)	
2	Kazunari Uchida (October 31, 1951)	January 1985	Joined The Boston Consulting Group ("BCG")	0 share
		November 1999	Senior Vice President of BCG	
		June 2000	Representative in Japan of BCG	
		March 2006	Corporate Auditor of Suntory Ltd.	
		April 2006	Professor, Graduate School of Commerce, Waseda University (present post)	

- (Notes) 1. There is no special conflict of interest between each candidate and the Company.
2. Messrs. Shunichiro Ishiguro and Kazunari Uchida are candidates for outside corporate auditors as provided for in Article 2, item 16 of the Corporation Law of Japan.
3. The reason for electing Mr. Shunichiro Ishiguro as a candidate for an outside corporate auditor is to ensure the appropriate audit of the Company backed with his accumulated experience and wide knowledge as a corporate manager.
- The reason for electing Mr. Kazunari Uchida as a candidate for an outside corporate auditor is to ensure the appropriate audit of the Company backed with his highly professional knowledge and wide knowledge.
4. The term since the assumption of office of Mr. Shunichiro Ishiguro as outside Corporate Auditor will have been eight (8) years at the closing of this General Meeting of Shareholders.
5. The Company and outside Corporate Auditor Mr. Shunichiro Ishiguro 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 38 of the Articles of Incorporation of the Company. When his reappointment is approved and adopted as proposed, the Company intends to maintain such agreement. In addition, when the appointment of Mr. Kazunari Uchida is approved and adopted as proposed, the Company intends to enter into such agreement. The summary of the agreement to limit their liabilities is described on page 19 of the attached document.

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## Proposition No.3 Payment of bonuses to Directors

It is hereby proposed that the aggregate of ¥74,200,000 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.

- END -