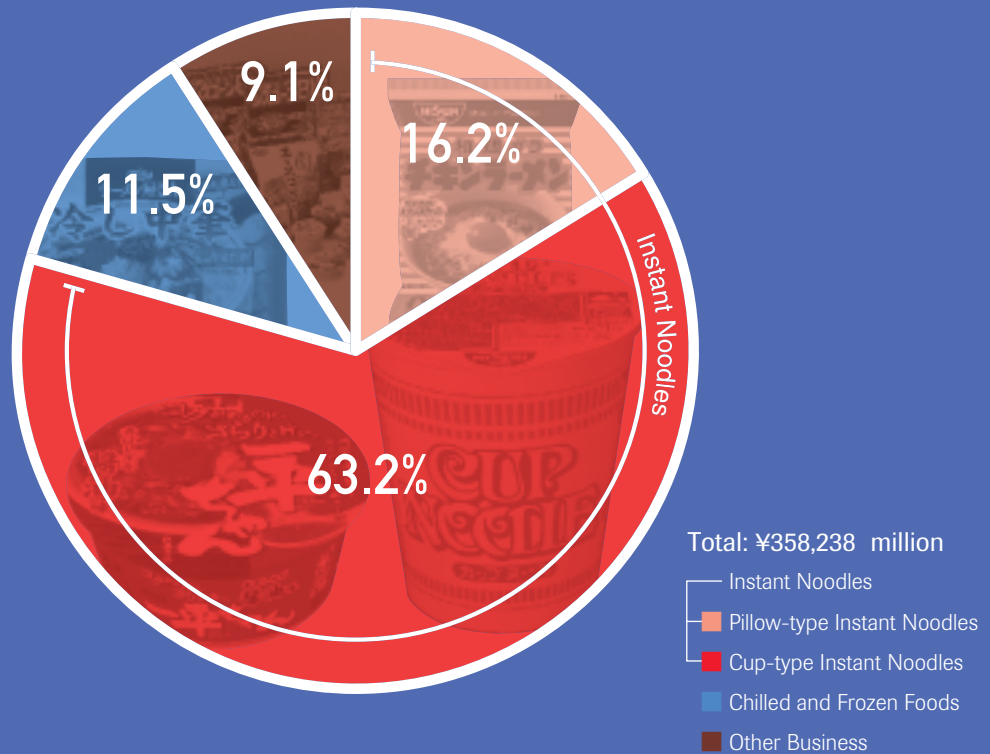


## REVIEW OF OPERATIONS

Nissin Foods' Consolidated Sales by Category  
(Year ended March 31, 2007)



In the year ended March 31, 2007, net sales increased by 11.4% year on year to ¥358,238 million (US\$3,035 million). This substantial growth resulted in part from the addition of MYOJO FOODS to the consolidation. A reduction in retirement benefit expenses helped to lift operating income by 5.5% to ¥33,735 million (US\$286 million). Net income increased by 23.3% to ¥18,969 million (US\$161 million), thanks to a reduction in extraordinary losses.

The Group's instant noodle category, comprising pillow-type and cup-type products, brought in 79.4% of net sales. While strengthening its other lines, Nissin Foods continues to develop and supply instant noodle products that reflect consumer preferences and needs.

# INSTANT NOODLES

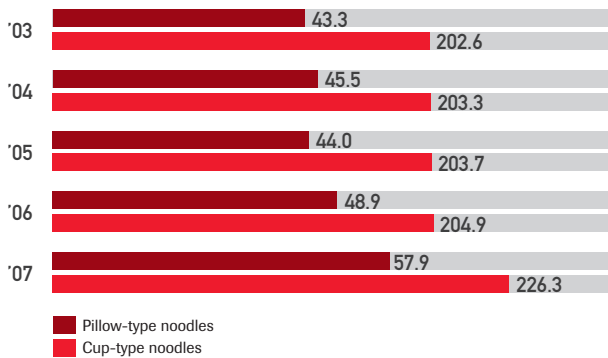
Pillow-type and cup-type instant noodles are Nissin Foods' mainstay product categories and account for around 80% of its consolidated net sales. Products supplied to consumers by Nissin Foods today include long-selling lines, such as *Chicken Ramen* (a favorite for almost half-a-century), *Cup Noodle* (the world's first cup-type product), *Nissin-no-Donbei* and *Nissin Yakisoba U.F.O.*

## CONSOLIDATED SALES



79.4%

## CONSOLIDATED SALES (Billions of yen)



■ Pillow-type noodles  
■ Cup-type noodles

## > REVIEW OF PERFORMANCE

The Japanese instant noodle market faces structural change from such factors as a shrinking youth market caused by a falling birthrate and demographic aging. Diversification of the retail sector, the growth of cut-price selling, and growing competition from non-noodle convenience food products are also changing the market. As the originator of instant noodles, Nissin Foods is adapting to this environment by emphasizing food safety and reliability. Our goal is to provide great taste and a solid assurance of safety, reliability and dependability.

The noodle industry is affected by the continuing diversification of consumer needs. In the year under review, we enhanced our ability to satisfy these changing needs by acquiring MYOJO FOODS Co., Ltd. as a consolidated subsidiary. This move gives us an even better ability to supply attractive products to meet the needs of a wide spectrum of consumers in Japan and overseas.

Sales promotion efforts for the year ended March 2007 centered on mainstay products. Marketing events included summer and spring launches of limited-edition commemorative products to mark the 35th anniversary of *Cup Noodle* and the 30th anniversaries of *Nissin-no-Donbei* and *Nissin Yakisoba U.F.O.* We also launched the new *Cup Noodle Refill* series of environment-friendly products and began to promote ideas for new food enjoyment styles and scenarios. At the same time, we implemented aggressive marketing strategies designed to maintain and enhance the value of our brands. Despite the negative impact of mild winter weather, these initiatives, combined with the contribution made by MYOJO FOODS' acquisition, allowed us to achieve increased sales of noodles in both the pillow-type and cup-type categories.

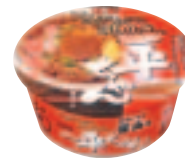
## PILLOW-TYPE INSTANT NOODLES

To boost sales of our mainstay *Chicken Ramen* range, we launched a limited-edition set consisting of *Chicken Ramen* and a



Cup Noodle

IPPEI-CHAN



Nissin-no-Donbei  
Niku Udon



CHUKAZANMAI



white bowl with a lid by ceramics maker Tachikichi. Unfortunately, the hoped for sales recovery did not materialize, and sales were below the previous year's level. However, with the addition of products manufactured by MYOJO FOODS, including CHARUMERA and CHUKAZANMAI, sales of pillow-type products rose by 18.3% year on year to ¥57,871 million (US\$490 million).

### CUP-TYPE INSTANT NOODLES

We adjusted sales promotion expenditure with the aim of enhancing the value of the Cup Noodle brand. Sales were marginally lower year on year. In the Nissin-no-Donbei category, we extended sales of Nissin-no-Donbei Niku Udon into eastern Japan from its original launch in the western region. Also popular were 30th anniversary versions of Nissin-no-Donbei Natsu no Karakuchi Umakara Chanpon Udon and Nissin-no-Donbei Dokkan Kitsune Udon Yuzukosho Fumi and an updated version of Nissin-no-Donbei Kakiage Tempura Udon. Sales were similar to the previous year's level. Sales growth came from a 30th anniversary edition of Nissin Yakisoba U.F.O. Gochujang Sauce and Nissin Yakisoba U.F.O. Amakara Garlic Sauce Kyabetsu Oiri. Overall sales were moderately higher than the previous year's total.

Nissin Menshokunin, a non-fried noodle product developed in response to consumer demand, and Nissin Deka-O, which features an extra-large portion, were popular throughout the year. Health-conscious consumers flocked to low-calorie Nissin Yasai Soup Noodle, introduced in the current year. This segment gained additional domestic market revenues from the addition of MYOJO FOODS products, including IPPEI-CHAN, IPPEI-CHAN YOMISE NO YAKISOBA and MOCHI! TO WAN-TAN MEN.

Total sales of cup-type instant noodle products reached ¥226,315 million (US\$1,917 million), a year-on-year increase of 10.5%.



Nissin Deka-O



MOCHI! TO WAN-TAN MEN

### > FUTURE DIRECTION

Our business environment will continue to be heavily influenced by demographic changes and the diversification of consumer preferences. One of our key strengths in this situation is a full product line-up, which is now largely complete, following the addition of the MYOJO FOODS range, but we must not become complacent. We will continue to introduce high-value added products and products with a health emphasis. Specifically, we will push for higher sales of our mainstay products, including Chicken Ramen, Cup Noodle and CHARUMERA, while using our technology to develop attractive, high-value products that appeal to consumers. Our aim is to create new demand, build a reliable long-term growth track, and generate stable, long-term cash flows.

We are strengthening our marketing potential with "category top management" that establishes order-made categories based on comprehensive collaboration between marketing and distribution for rapid adaptation to changes in consumer values.

### > NEW PRODUCTS

In March 2007, we launched the Cup Noodle Refill series of environment-friendly products, based on an original concept combining the fun of eating with consideration for the environment. We are now selling the Cup-Noodle Seafood Noodle Refill and the Cup Noodle Refill Starter Pack that includes an original Refill series cup and two refills, in Tokyo and nine Kanto region cities, and by mail order.

In May 2007, we introduced Nissin Chin, a box-type microwavable noodle product that does not require hot water. Designed to combine great taste, fashionability, fun and convenience, Nissin Chin was developed as a new concept in cup-type instant noodles aimed at the growing preference for gourmet foods and a trend toward solo eating. Though it can be cooked simply by placing it in a microwave oven, Nissin Chin provides the satisfying texture of fresh noodles. Based on advanced Nissin Foods' technology, this new concept in take-out food allows consumers to enjoy real noodle flavor anytime, anywhere.

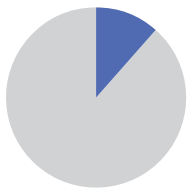


Nissin Chin

# CHILLED AND FROZEN FOODS

Nissin Foods develops and sells both chilled and frozen foods. Our products are based on clearly defined concepts and are designed to combine simplicity of preparation with excellent taste. Our products offer superior cost performance and are enjoyed by consumers in a wide spectrum of age groups.

## CONSOLIDATED SALES



11.5%

## CONSOLIDATED SALES (Billions of yen)



## > REVIEW OF PERFORMANCE

During fiscal 2007, ending March 2007, abnormal weather patterns caused a decline in total demand for chilled noodles in the domestic market. Despite this, Nissin Foods was able to increase its sales of chilled foods by 16.8% to ¥16,130 million (US\$137 million), thanks to robust sales of the mainstay *Nissin Yakisoba* range, strong contributions from Japanese-style products that included *Nissin Yakiudon* and *Nissin-no-Donbei*, and the addition of products manufactured by MYOJO FOODS.

In the frozen food segment, we exploited our advanced freezing technology to create products with high added value, such as *Reito Nissin Spa-O*, which can be prepared simply in a microwave oven, and *Reito Nissin GooTa*, a noodle product with premium toppings. While these products sold strongly throughout the year, overall results were affected by the sale of a North American subsidiary. As a consequence, total sales of frozen foods declined by 6.6% to ¥25,152 million (US\$213 million).

Total sales of chilled and frozen foods were 1.4% above the previous year's level at ¥41,282 million (US\$350 million).

## > FUTURE DIRECTION CHILLED FOODS

In fiscal 2007, we aim to enhance the added value and competitiveness of our products by focusing on quality and cost reductions at all stages, from development and production through to distribution. In our marketing activities, we will aim for a good balance between sales and income.

## FROZEN FOODS

Our goal for fiscal 2007 is to strengthen our positioning in the frozen noodle market, including *Reito Nissin Spa-O* and *Reito Nissin GooTa*, by making effective use of brand assets based on our core competences.



Gyoetsu-no-Dekiru-Mise-no-Ramen



Frozen version of Nissin GooTa



Nissin Yakiudon



Frozen version of Nissin Spa-O



Nissin Yakisoba

# OTHER BUSINESS

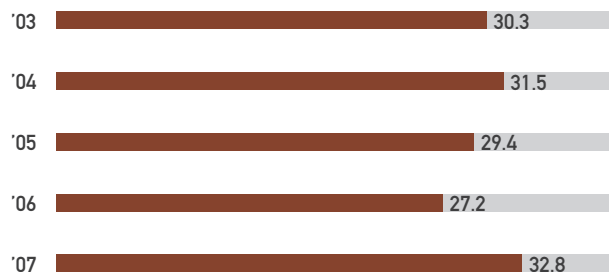
In this segment, Nissin Foods manufactures and sells cereal foods, confectionery and dairy products through group companies. We are also diversifying into related business areas, such as the manufacture and sale of containers, and distribution.

## CONSOLIDATED SALES



9.1%

## CONSOLIDATED SALES (Billions of yen)



## > REVIEW OF PERFORMANCE

Our marketing strategy was based on the development of a richly varied range of products for health-conscious consumers. Core products, such as the lactobacillus beverage *Pilkul*, which has been approved as a Food for Specified Health Use, and *Tokachi Nomu Yogurt*, continued to sell well. New products included *Pilkul Calorie 1/2* (not classed as a Food for Specified Health Use), which combines good taste with reduced calories, and *Shokubutsusei Nyusankin Ringo*, a lactobacillus beverage. We also expanded our range of soft drinks and other products for sale in convenience stores.

In the confectionery category, the launch of a grape-flavored version of the *Ciscorn Big* cereal range for a limited period was reflected in sustained growth and a double-digit year-on-year increase in sales. Other successful new products included sable cookies in coconut, butter and sesame flavors. The addition of the restaurant operations of MYOJO FOODS to this segment also contributed. Sales in this segment increased by 20.5% year on year to ¥32,770 million (US\$278 million).

## > FUTURE DIRECTION

Our product strategy for this segment focuses on the enjoyment of food under the concept of "food and health." We aim to meet consumer expectations by creating new value based on enhanced competitiveness and collaboration across all of our value chains. Within the Nissin Group, we have strengthened collaboration among our product development, manufacturing and marketing organizations. The result is a highly competitive business structure capable of achieving revolutionary advances in product development and marketing activities. We have identified health foods as a priority area, and we have established a new Health Food Marketing Department to strengthen our business base in this market.



Tokachi Nomu Yogurt



Pilkul Calorie 1/2



Shokubutsusei Nyusankin Ringo

Cereal, confectionery and dairy products



# OVERSEAS OPERATIONS

Since the establishment of Nissin Foods (U.S.A.) Co., Inc. in 1970, Nissin Foods has continually worked to popularize instant noodles in international markets. Overseas, the Nissin Foods Group includes 30 companies in 10 countries.

In fiscal 2007, our overseas sales increased by 5.0% year on year to ¥54,520 million (US\$462 million), excluding inter-segment sales (see "Information by geographic area." P.52). Factors contributing to the increase included higher sales volumes in North America, sales expansion in Hong Kong, and the effects of a weaker yen.

## > THE AMERICAS

### U.S.A.

In volume terms, sales increased by 13% year on year, reflecting robust sales of our mainstay *Top Ramen* and *Cup Noodles* series, as well as the contribution from the high-added-value lines *CHOW MEIN* and *Souper Meal* series. We anticipate continuing challenges in our business environment, including substantial increases in the prices of raw materials and distribution costs. Our strategy in this environment calls for the ongoing development of products that offer enhanced added-value and for further improvement in our income structure through changes to our production, procurement, and distribution systems.

### MEXICO

Our income structure improved dramatically following the start of full-scale local production by Nissin Foods de Mexico S.A. de C.V., which eliminated the risk of exchange rate fluctuations and brought substantial reductions in distribution costs. We will continue to strengthen our income structure through further improvements in the efficiency of production and sales operations. Market expansion strategies include the expected sales of our mainstay *Cup Noodles* series and the introduction of products offering new ideas.



European  
Cup Noodles



Indian  
Cup Noodles and  
Top Ramen



Thai  
Cup Noodles and  
YAKISOBA



Philippine  
Cup Noodles and  
Pancit Canton

## BRAZIL

We are actively expanding into new product areas in Brazil, and in fiscal 2007, we launched the three-product *Pasta Pronta* series, with the aim of displaying and selling our products in the pasta sections of stores as well as the noodle sections. Annual demand in the Brazilian market is 1.4 billion servings. Though competition continues to intensify, Nissin-Ajinomoto Alimentos Ltda., a joint venture between Nissin Foods and Ajinomoto Co., Inc., has a market share of approximately 60%.

## > EUROPE

The start-up of full-scale production operations by Nissin Foods Kft. in Hungary has strengthened our capacity to achieve full coverage of Europe by expanding our presence in the rapidly growing markets of Eastern and Central Europe. We plan to expand our business base in readiness for this new era by aggressively introducing new products.



**U.S. Cup Noodles  
and CHOW MEIN**



**Mexican  
Cup Noodles**



**Brazilian  
Cup Noodles**



**Indonesian  
Cup Noodles and  
Top Ramen**



**Hong Kong  
Cup Noodles**

## > ASIA

### PEOPLE'S REPUBLIC OF CHINA

The Chinese market for instant noodles continues to show steady growth, with demand expanding from 21.2 billion servings in 2001 to 44.3 billion in 2005 (source: WINA [formerly IRMA]).

Nissin Foods supplies products mainly to northern and north-eastern China through a Chinese joint venture, Nissin Hualong Foods Co., Ltd. (Jinmailang Foods Co., Ltd. until January 2007). In fiscal 2007, Nissin Hualong Foods sold a total of 7.2 billion servings in China.

Also with subsidiaries in Shanghai and Guangdong, we are working to raise our profile and market share in China through marketing and R&D, and by supplying high-quality foods, including new products. China is our most important market, and a priority for business structure development. The Nissin and Winner Groups have a 75% share of the instant noodle market in Hong Kong, and both sales and income from this business continue to show strong growth.

## INDIA

Noodles are a relatively new addition to the diets of Indians. However, the use of processed foods is expanding in this nation of 1.1 billion people, and there is potential for major expansion of the instant noodle market. Indo Nissin Foods Ltd. has already achieved substantial sales growth through marketing strategies designed to expand the range of purchasers. It has focused in particular on low-priced instant noodles costing 5 rupees (around ¥14) per serving, as well as pillow-type *MUG SMOODLES*, which can be prepared simply by adding hot water.

## INDONESIA

Indonesia is a major market with yearly instant noodle demand of 14.0 billion servings. Though competition is extremely fierce, PT. NISSINMAS was able to expand its sales by 10% year on year. Its mainstay is a low-priced instant noodle flavored with *baso sapi* (beef ball soup). As a manufacturer of *halal* products, NISSINMAS is developing export markets among the Muslim populations of many countries, including Singapore, in addition to its sales in Indonesia.

## THAILAND

Demand for cup noodles has expanded dramatically in Thailand due to convenience stores. Nissin Foods (Thailand) Co., Ltd. is differentiating itself through new products such as the *YAKISOBA* series in Japanese sauce and Thai curry flavors, and an extra-large *KING CUP* version with a creamy seafood flavor.

THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED, Thailand's leading manufacturer of instant noodles, became an affiliated company, with 20% Nissin Foods ownership. Its "*Mama*" brand holds over a 50% market share, or 1.2 billion servings in 2006. PRESIDENT FOODS' version of *tom yam kung* (spicy shrimp) noodles is the most popular in Thailand.

## THE PHILIPPINES

The *Cup Noodle* seafood flavors developed in Japan have been extremely popular in the Philippines, and products based on these flavors account for over 30% of the total sales of Nissin-Universal Robina Corporation. Pillow-type products make up 94% of the Philippine instant noodle market. Nissin has expanded its market share by introducing new products. These include *Nissin Sotanghon*, a pillow-type version of *harusame* (bean-starch vermicelli), in response to a growing consumer preference for healthy foods, and *Nissin Pancit Canton*, a new *yakisoba* product.