



A Branding Corporation

The world is changing, and of course, so is Nissin Foods. We have always believed that high value attracts success better than low price—especially in a world of rising raw-material costs that squeeze margins. Nissin Foods has a talent for cultivating attractive brands over decades. We do it by knowing our customers and constantly updating ourselves and our products. That is our strength and the key to developing new brands that customers will steadfastly respect and desire.

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**REVIEW OF BUSINESS
PERFORMANCE**

In the year ended March 31, 2008, Nissin Foods achieved consolidated net sales of ¥385,470 million (U.S.\$3,847 million), an increase of ¥27,232 million (U.S.\$272 million) over the previous year. MYOJO FOODS, a consolidated subsidiary for the full year, contributed to the sales increase, more than offsetting a decrease in sales caused by a price adjustment for instant noodles we implemented in Japan in January 2008. Operating income decreased by ¥6,063 million (U.S.\$61 million) year on year to ¥27,672 million (U.S.\$276 million). This is attributable to factors including a decrease in the negative actuarial difference in retirement ben-

efit expenses and increases in raw materials prices.

**A MANAGEMENT POSITION
APPROPRIATE FOR AN
ERA OF HIGH COSTS**

Prices not only of cereal grains, but also of all raw materials and fuel, have risen to unprecedented levels worldwide, and midway through 2007 the Japanese economy shifted from deflation to inflation. Sales recovered quickly after Nissin Foods last implemented a price adjustment 17 years ago, at a time when discretionary income was rising. Today, wages are stagnant, economic growth is lackluster, and only prices are increasing.

As a food manufacturer, Nissin Foods must shift to a management position that enables us to cope with the current era of high costs. Accordingly, we could not avoid passing along the cost increases in our retail prices. Although this is not a desirable situation from the perspective of consumers, a company must earn an appropriate profit to survive, and we were compelled to adjust selling prices.

**COMPETING MORE EFFECTIVELY
—AS A BRANDING CORPORATION**

However, our goal is to increase product value, not merely increase our prices. For instance, in April of this year we switched from the familiar polystyrene foam container of our mainstay product *Cup Noodle* to a paper container that we call the ECO cup. The tremendous benefits to be had from using a paper container prompted the change: for instance, the ability to reduce CO₂ emissions by about 22%, clearer printing that makes it possible to use large, easy-to-read text and increase information content, such as a list of allergenic substances, and improved quality under long-

MAJOR BRANDS

Nissin Foods has a number of long-selling products that customers continue to favor decades after their introduction. We maintain brands that people love year after year because we change our products with the times.



Chicken Ramen

This year, the 50th anniversary of the introduction of *Chicken Ramen*, we commenced sales of *Chicken Ramen* in six countries: the U.S., Brazil, Hungary, China, Indonesia and India.



U.F.O.

To meet customer demand for products that are both genuine and easy to prepare, we have added to the *U.F.O.* series a new category of product that can be prepared in microwave ovens.

term storage thanks to improved sealing performance.

However, the feel of the new cup was an issue. Switching to a paper cup would necessarily entail a change in how the package feels to the touch, and some long-time customers would be unhappy that the package had changed. Accordingly, we retained the familiar feel of the package by using a thin layer of polystyrene foam only on the cup's surface. That shows the degree of importance we place on the feel of the cup, which we consider as much a part of the brand as the flavor of the noodles. We aspire to be a company that can continue to create as many brands loved by customers for as many years as possible. At the beginning of 2008 we introduced our vision of competing more effectively as a "Branding Corporation."

SHIFT TO A PURE HOLDING COMPANY STRUCTURE

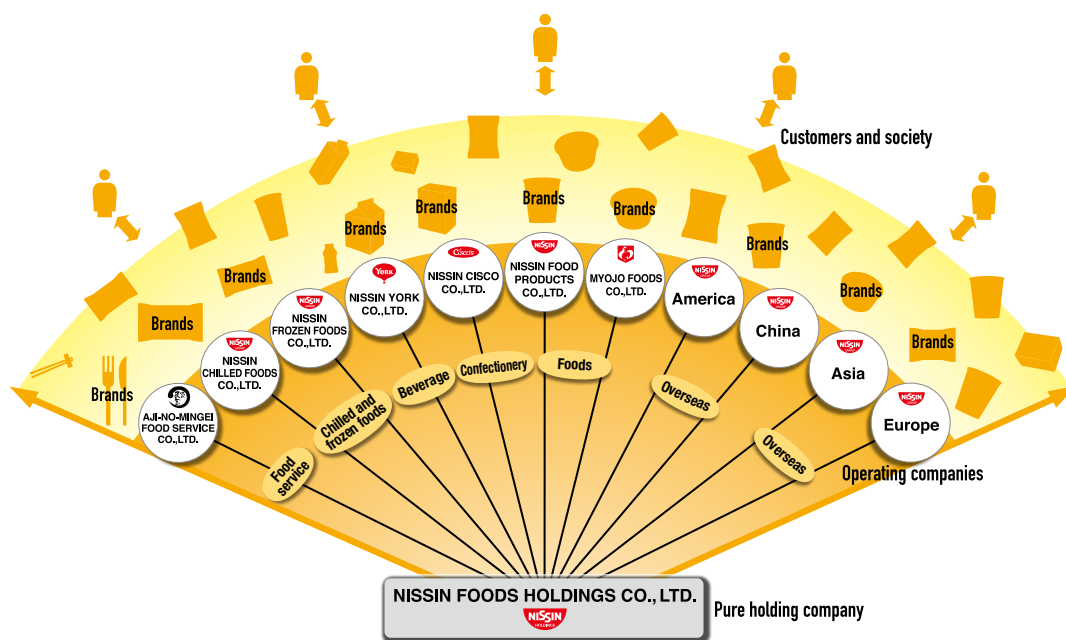
To realize the vision of a Branding Corporation, it is essential to develop a more flexible, efficient management

structure. Accordingly, in October 2008 the Nissin Group will shift to a holding company structure including seven domestic business companies and four overseas business regions and the Group will start anew as the Nissin Food Group, consisting of eleven business areas. The new organization will differ from conventional holding company organizations in that the holding company will be positioned at the bottom of the organizational structure—to emphasize its role of supporting all companies. The important components of the Group will be the eleven operating companies with profit center respon-

sibility and their presidents; the holding company will be positioned as a back-office organization to assist the operating companies.

The major objectives in adopting a holding company structure are to reinforce the Group's strategic capabilities, realize benefits from synergy creation and develop management personnel. We aim to establish a business structure that maximizes corporate value by enabling each operating company to contribute to the growth of the Group as a whole by focusing on its own business activities and achieving individual growth.

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“ There can be no brand trust without safety. After safety, the most important priorities are wholesomeness and environmental issues. And, of course, food products must be tasty.”

THE “EARTH FOOD CREATOR”

The Group’s corporate philosophy from the time of the shift to a holding company structure in October will be “EARTH FOOD CREATOR.” Nissin Food’s current corporate philosophy is “Peace will come to the world when the people have enough to eat.” The expression EARTH FOOD CREATOR represents an evolution from the current philosophy.

The word “earth” refers to soil as well as to our planet. Wheat and other cereal grains are born from the soil. The fish, pigs, chickens and cattle that we consume feed on cereal grains. That is to say, cereal grains are the starting point of food-stuffs. The instant noodles we make at Nissin use almost no synthetic

substances, only safe materials born from the soil. In other words, we are a food creator that produces products born from the earth and its soil.

SAFETY, HEALTH, THE ENVIRONMENT AND THE NEXT STAGE

In recent years, food safety has increasingly become an issue world-wide. This is probably because the world has learned that foods and ingredients previously thought of as safe can no longer be considered so. For instance, margarine, which is made from vegetable fat, has long held an image as being safer than butter. Rather, the trans-fatty acid contained in margarine has attracted attention and become an issue of debate in the U.S. as a possible

health hazard. In addition, analysis equipment has advanced remarkably in recent years, and it has become possible to track previously unrevealed carcinogenic substances at the PPT (parts per trillion) level. For these reasons, food manufacturers must pursue greater safety. Nissin Foods uses materials procured from around the world, and it has become necessary for us to develop a rapid inspection system that begins at the raw-materials stage.

The most important priority for food companies is safety. There can be no brand trust without safety. After safety, the most important priorities are wholesomeness and environmental issues. And, of course, food products must be tasty. They must also be enjoyable. When Nissin TV commercials are uninteresting, we receive reminders from consumers that our past TV commercials were more fun to watch.

INSTANT NOODLE MARKET PROFILE
(Calendar year 2007)

	Annual demand for instant noodles total *1 (100 millions of servings)	Population *2 (Millions)	Units per capita (Servings)
Asia	864.0	3,281	26.3
North America *3	44.4	349	12.7
Europe	24.9	454	5.5
Latin America	23.5	329	7.1
Others	21.9	2,210	1.0
Total	978.7	6,623	14.8

Notes:
 1. Source: April 8, 2008, WINA
 2. Source: 2007, World Economic Information Services
 3. U.S.A., Canada



HOSTING THE 6TH WORLD INSTANT NOODLES SUMMIT IN OSAKA

Ten leading manufacturers representing ten countries, along with 50 other companies and two organizations from 21 countries and regions around the world participated in the summit to discuss how to develop the instant noodles industry and contribute to society.

THE 6TH WORLD INSTANT NOODLES SUMMIT

Chicken Ramen, the world's first instant noodle product, invented by the late Momofuku Ando in 1958, created a new culinary culture by offering an innovative proposal for a new style of eating: easily prepared, delicious food that people can enjoy with confidence anytime. This spawned an industry that delivered 97.9 billion servings of instant noodles worldwide in calendar year 2007.

This April, the 6th World Instant Noodles Summit was held in Osaka, the birthplace of instant noodles. Noodle manufacturers from around the world gathered for the summit and engaged in earnest discussions on the theme "What role should instant noodles play in 50 years time?"

Issues discussed at the summit included the global food safety problem, the diversion of food grains for use as fuel, soaring prices of cereal grains and other raw materials that have become a target of speculation, and food support for natural disaster victims. With regard to disaster assistance, through the World Instant Noodles Association (WINA), we

provided one million servings of instant noodles in urgent support for victims of the cyclone in Myanmar and the Sichuan Earthquake.

GROWING AND PROFITING TOGETHER WITH STAKEHOLDERS

The Company constantly strives to boost the Group's earning potential. It recognizes that the enhancement of corporate value and appropriate shareholder returns are the most important management priorities, and it has formulated a basic policy of providing continuous, stable shareholder returns. In accordance with this policy, we will continue to aim for a consolidated dividend payout ratio of 30% and plan to pay an annual dividend per

share of ¥50 (U.S.\$0.5) in the coming years.

Nissin Foods will continue to reward the expectations and confidence of our stakeholders by pursuing global business development centered on our brand business. At the same time, we will continue to fulfill our social responsibility. In these endeavors, I ask your continued support and encouragement in the years to come.



President Koki Ando

“ Through the World Instant Noodles Association, we provided one million servings of instant noodles in urgent support for victims of the cyclone in Myanmar and the Sichuan Earthquake. ”

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