



**Part I: Outline of FY2009 Financial Results and Outlook for FY2010
Financial Results**

Part II: Review of the First Year of Integration and Management Policy for FY2010

May 26, 2010

Meiji Holdings Co., Ltd.



**Outline of FY2009 Financial
Results and Outlook for FY2010
Financial Results**

May 26, 2010

Meiji Holdings Co., Ltd.

Member of the Board and Executive Officer

Tsuyoshi Nagata

- 1.FY2009: Consolidated Financial Results
(Plan)**
- 2.FY2009: Outline of Consolidated Financial Results**
- 3.FY2009: <Subsidiary Companies> Outline of
Consolidated Financial Results**
- 4.FY2010: Outlook for Consolidated Financial
Results**
- 5.FY2010: <Subsidiary Companies> Outlook for
Consolidated Financial Results**

**1.FY2009: Consolidated Financial
Results (Plan)**

(1)Details of Business Plan for FY2009 (May 27, 2009)



(1) Business Environment for Mid-Term Business Plan

■ Changes in market environments

- Diversification and complexity in consumer needs; heightened awareness for standard of living
- Declining population due to low birthrate and aging population in Japan
- Heightened awareness of food safety

■ Trends in industries

- Milk and dairy industry in the vortex of change
- Reform of the medical care system
- Increased business alliances and M&A

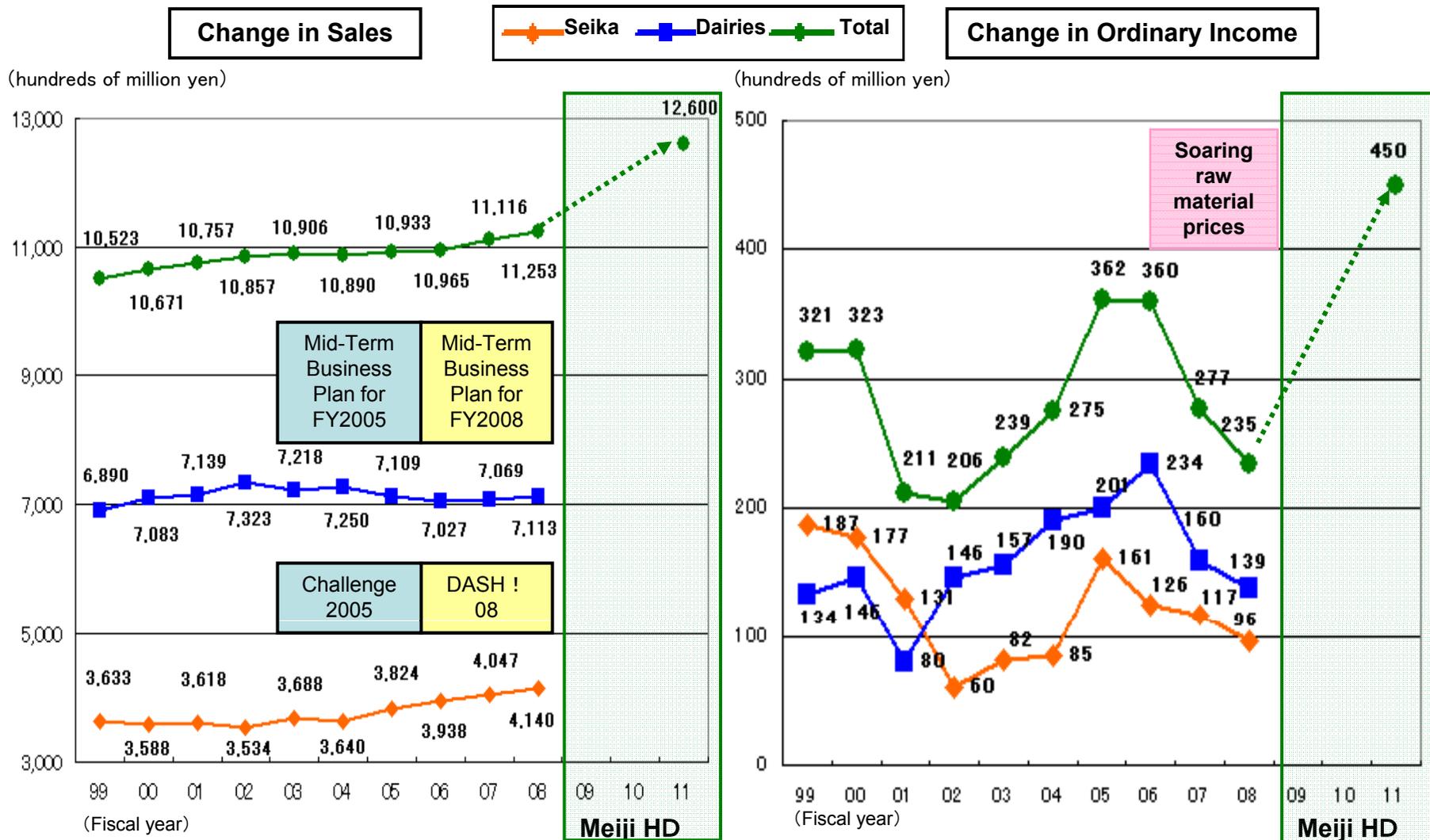


Strengthening competitiveness through management integration and providing new value for customers

(1) Details of Business Plan for FY2009 (May 27, 2009)



(2) Background of Mid-Term Business Plan and Management Targets



(2)Plans for FY2009

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(billions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Revised plan	1,124.0	26.0	26.0	12.0
Initial plan	1,143.0	25.0	25.0	11.5
Difference	(19.0)	+1.0	+1.0	+0.5

* Initial plan: Announced on May 14, 2009

* Revised plan: Announced on November 12, 2009

(3) Plans by Segment for FY2009



(billions of yen)

		Total	Dairy Products	Confectionary and Healthcare	Pharmaceuticals	Services and Other	HD elimination
Net Sales	Revised plan	1,124.0	598.1	312.0	126.7	140.0	(52.8)
	Initial plan	1,143.0	599.3	312.0	126.7	148.7	(43.7)
	Difference	(19.0)	(1.2)	+0	+0	(8.7)	(9.1)
Operating Income	Revised plan	26.0	11.4	5.0	8.3	2.8	(1.5)
	Initial plan	25.0	11.1	5.0	8.2	2.1	(1.5)
	Difference	+1.0	+0.3	+0	+0	+0.7	—

* Initial plan: Announced on May 14, 2009

* Revised plan: Announced on November 12, 2009

**2.FY2009: Outline of Consolidated
Financial Results**

(1) Consolidated Balance Sheets (March 31, 2010)



(billions of yen)

	Consolidated			Consolidated	
	Results	Compared to beginning of period		Results	Compared to beginning of period
Current assets	309.5	+14.5	Current liabilities	300.7	(1.4)
Cash and time deposits	16.6	+2.2	Debts (trade)	95.1	(0.7)
Notes and accounts receivable	154.5	+0.1	Debts (finance)	105.8	(9.3)
Inventories	111.2	+12.1	Others	99.7	+8.6
Others	27.0	+0	Long-term liabilities	131.5	+3.5
Fixed assets	420.4	+2.5	Debts (finance)	96.9	+1.0
Property, plant and equipment	332.8	(1.7)	Others	34.5	+2.5
Non-current assets	10.4	(0.8)	Total liabilities	432.2	+2.1
Investments and other assets	77.1	+5.1	Shareholders' equity	289.3	+10.9
			Others	8.4	+4.0
			Total net assets	297.7	+14.9
Total assets	730.0	+17.0	Total liabilities and net assets	730.0	+17.0

* The balance of interest-bearing debt includes discount bills.

Balance of interest-bearing debt	203.2	(8.2)
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(2) Consolidated Statements of Cash Flows



(billions of yen)

Cash flows	Results
Cash flows from operating activities()	+47.7
Cash flows from investing activities()	(33.6)
Cash flows from financing activities()	(12.6)
Cash and Cash Equivalents at End of Year	16.0

*** Free cash flow(+) 14.0**

(3) Consolidated Financial Results



(billions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Results	1,106.6	28.7	28.3	13.0
Revised plan	1,124.0	26.0	26.0	12.0
Increase/ decrease	(17.3)	+2.7	+2.3	+1.0
Achievement rate(%)	98.5	110.7	108.9	109.1

(Note) Figures of Meiji Holdings Company (consolidated) are presented in the figures after consolidation adjustments for Meiji Seika and Meiji Dairies.

(4) Financial Results by Segment



(billions of yen)

	Net Sales	Achievement rate(%)	Operating Income	Achievement rate(%)
Dairy Products	600.0	100.3	13.4	121.2
Confectionary and Healthcare	293.0	93.9	4.4	88.1
Pharmaceuticals	127.6	100.7	8.4	101.5
Services and Other	140.8	100.6	3.4	120.6
Total	1,161.6	98.7	29.7	109.0
Elimination or corporate	(55.0)	—	(0.9)	—
Consolidated	1,106.6	98.5	28.7	110.7

I (5) Definition of Each Segment



(Dairy Products Segment)

This segment corresponds to the traditional, consolidated “Food” segment of Meiji Dairies, and it includes the manufacturing and distribution of the following: fresh dairy (drinking milk/yogurt, etc.), powdered milk (milk for infants, etc.), condensed milk, butter, cheese, ice cream, beverages, nutraceuticals (enteral formula/VAAM, etc.), livestock products, etc.

(Confectionary and Healthcare Segment)

This segment corresponds to the traditional “Food & Healthcare” segment of Meiji Seika, and it includes the manufacturing and distribution of confectionary (chocolate, chewing gum, candy), sugar, glycated flour, healthcare products (Amino Collagen, etc.), over-the-counter (OTC) drugs (ISODINE® UGAIGUSURI, etc.), as well as management of sports clubs.

(Pharmaceuticals Segment)

This segment is the traditional “Pharmaceuticals” segment of Meiji Seika, plus the pharmaceuticals business (Ohkura Pharmaceutical Co., Ltd., etc.) in the “Others” segment of Meiji Dairies, and it includes the manufacturing and distribution of ethical drugs, agricultural chemicals, veterinary drugs, etc.

(Services and Other Segment)

This segment is the traditional non-pharmaceuticals business in the “Others” segment of Meiji Dairies, plus the “Office building leasing and others” segment of Meiji Seika, and it includes the following: real estate, feed stuff, transportation, storage, mechanical engineering services, foodservice producers, insurance agencies, and leasing, etc.

(6)Dividends



(Basic date)	Cash dividends per share			Payout ratio (Consolidated)
	Interim	Fiscal year-end	Annual	
Year ending March 2010	Yen 80.00	Yen 80.00	Yen 80.00	% 45.0

(Note) For the year ending March 2010, the first fiscal year in which the integration took place, the board of directors adopted a resolution in the board meeting held on May 13, 2010, to distribute an 80 yen per share year-end dividend to shareholders at the end of the period. Dividend payment commencement date is June 9, 2010.

For years ending March 2011 and thereafter, we plan dividends with the interim-end closing date as the basic date (“interim dividends”).

(Dividends were increased in real terms)

(Former) Meiji Seika share: 7 yen per share ▶ 8 yen per share

(Former) Meiji Dairies share: 1 share ▶ 1.17 shares

*** Calculated for reference on the basis of the former Meiji Seika and Meiji Dairies shares**

(7)Capital Expenditures, etc.



(billions of yen)

	Results for FY2009		Note
	(Meiji Seika)	(Meiji Dairies)	
Capital expenditures	30.5	18.0	Cash basis (FY2009, approval basis: 63.8 billion yen)
Depreciation expenses	37.6	18.1	Property, plant and equipment Including leases
R&D expenses	22.7	15.7	
Number of employees	14,168	6,937	The number of employees (14,168) includes 35 employees of Meiji Holdings Company.

(Note) Capital expenditures, depreciation expenses and R&D expenses are presented in the combined figures of Meiji Seika and Meiji Dairies (consolidated-basis).

(8) Outline of Subsidiary Companies (Compared to Revised Plans)



(Meiji Seika)

(billions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Results	411.0	10.8	11.0	4.7
Revised plan	430.0	11.0	11.0	4.5
Increase/decrease	(18.9)	(0.1)	+0	+0.2
Achievement rate(%)	95.6	98.5	100.5	106.4

(Meiji Dairies)

(billions of yen)

	Net Sales	Operating income	Ordinary Income	Net Income
Results	704.4	17.5	17.2	8.3
Revised plan	702.0	15.0	15.0	7.5
Increase/decrease	+2.4	+2.5	+2.2	+0.8
Achievement rate(%)	100.4	117.2	115.2	111.8

(Note) Figures of Meiji Seika (consolidated-basis) and Meiji Dairies (consolidated-basis) are presented in figures before consolidation elimination for transactions between both the companies.

3.FY2009: <Subsidiary Companies>
Outline of Consolidated Financial Results

◆ **Meiji Seika**

◆ **Meiji Dairies**

(1)(Meiji Seika) Outline of Financial Results (Consolidated)



(billions of yen)

	Results	Increase/decrease from the previous period	Change from the previous period(%)
Net Sales	411.0	(3.0)	99.3
Operating Income	10.8	+0	100.3
Ordinary Income	11.0	+1.4	115.1
Net Income	4.7	+2.2	187.4

(2)(Meiji Seika) Net Sales by Division (Consolidated)



(billions of yen)

	Figures	Increase/dec rease from the previous period	Change from the previous period (%)
Food & Healthcare	292.6	(5.1)	98.2
Confectionary	140.8	(5.2)	96.3
Healthcare	50.2	+2.9	106.3
Institutional Food Products	78.1	+0.8	101.1
Overseas (Import and Export)	23.3	(3.7)	86.1
Pharmaceuticals	115.3	+2.3	102.0
Ethical Pharmaceuticals	94.0	+3.9	104.3
Agriculture & Veterinary (Agricultural Chemicals and Veterinary Drugs)	21.2	(1.5)	93.2
Others	3.0	(0.2)	92.4
Total	411.0	(3.0)	99.3

(3)(Meiji Seika) Segment Information (Consolidated)



(billions of yen)

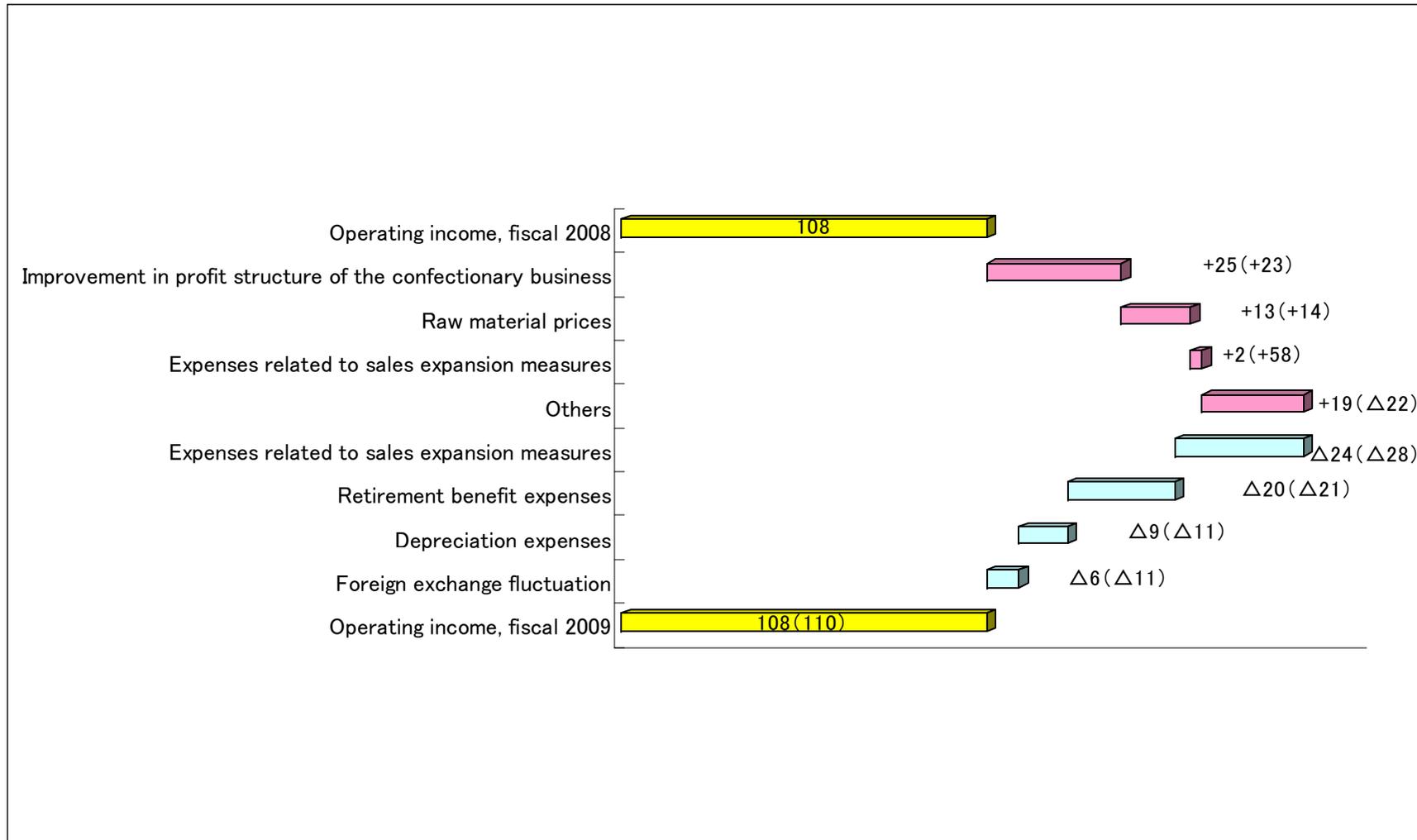
	Food & Healthcare			Pharmaceuticals		
	Results	Previous period	Increase/decrease	Results	Previous period	Increase/decrease
Net Sales	292.6	297.7	(5.1)	115.3	112.9	+2.3
Operating income	4.4	3.0	+1.3	7.2	7.2	(0)
	Office Building Leasing and Others			Total		
	Results	Previous period	Increase/decrease	Results	Previous period	Increase/decrease
Net Sales	3.0	3.3	(0.2)	411.0	414.0	(3.0)
Operating income	0.6	0.7	(0.1)	12.2	11.0	+1.2

(Note) Net sales are presented in figures after consolidation elimination for transactions within the Meiji Seika Group. Operating incomes are presented in figures before consolidation elimination for transactions within the Meiji Seika Group.

(4)(Meiji Seika) Factors in Increase/Decrease of Operating Income



(hundred of millions yen)



* Operating incomes are presented in figures after elimination

* Figures in parentheses represent plans at the beginning of the period

(5)(Meiji Dairies) Outline of Financial Results (Consolidated)



(billions of yen)

	Results	Increase/decrease from the previous period	Change from the previous period(%)
Net Sales	704.4	(6.8)	99.0
Operating Income	17.5	+3.5	125.2
Ordinary Income	17.2	+3.3	124.1
Net Income	8.3	+2.4	141.3

(6) (Meiji Dairies) Net Sales by Division (Consolidated)



(billions of yen)

	Figures	Increase/decrease from the previous period	Change from the previous period(%)	Change in volume from the previous period(%)
Meiji Dairies Total (non-consolidated-basis) (1)	492.3	+10.9	102.3	-
Fresh dairy	288.9	+6.4	102.3	98.9
Drinking milk (Note 1)	114.1	(0.4)	99.6	96.4
Yogurt	110.8	+8.7	108.5	104.7
Others	63.9	(1.8)	97.2	97.9
Processed milk products	83.1	+5.6	107.4	103.0
Powdered milk	38.5	+4.6	113.6	101.4
Condensed milk	0.9	(0)	95.6	95.3
Butter	15.5	(0.1)	98.8	98.0
Cheese	28.1	+1.3	104.9	109.6
Ice cream	40.3	(1.2)	97.1	97.3
Beverages	22.9	(0.9)	95.9	96.9
Others (Note 2)	56.9	+0.9	101.7	-
Sales of consolidated subsidiaries (2)	354.3	(19.5)	94.8	-
Consolidation elimination (3)	(142.2)	+1.7	98.8	-
Total (1)+(2)+(3)	704.4	(6.8)	99.0	-

(Note 1) Figures of drinking milk represent the total of milk, processed milk and milk beverages.

(Note 2) Others include nutraceuticals, frozen food, margarine, etc.

(7)(Meiji Dairies) Segment Information (Consolidated)



(billions of yen)

	Food			Services and other			Total		
	Results	Previous period	Increase/decrease	Results	Previous period	Increase/decrease	Results	Previous period	Increase/decrease
Net Sales	600.0	597.4	+2.6	146.6	156.4	(9.7)	746.7	753.9	(7.1)
Operating Income	13.4	10.9	+2.4	4.0	2.8	+1.1	17.4	13.8	+3.5

(Note) The above figures are presented in figures before consolidation elimination for transactions within the Meiji Dairies Group.

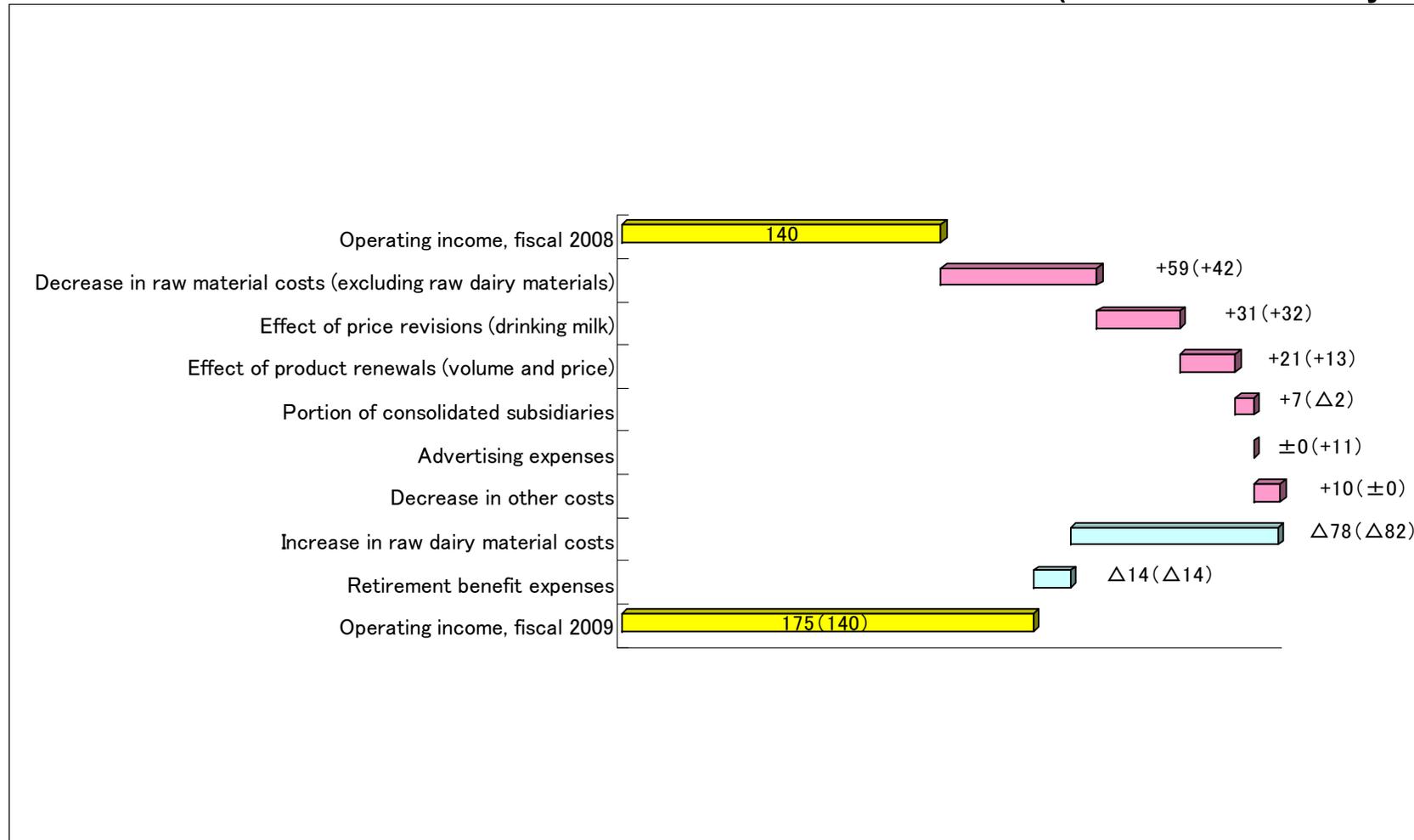
Food business: Manufacturing and sale of milk, dairy products, ice cream and other food products.

Service and others business: Distribution business, feed business and other businesses.

(8)(Meiji Dairies) Factors in Increase/Decrease of Operating Income



(hundred of millions yen)



* Operating incomes are presented in figures after elimination.

* Figures in parentheses represent plans at the beginning of the period.

4. FY2010: Outlook for Consolidated Financial Results

(1) Outlook for Consolidated Financial Results



(billions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Plan for FY2010	1,131.0	29.0	29.0	15.0
Results for FY2009	1,106.6	28.7	28.3	13.0
Increase/decrease	+24.3	+0.2	+0.6	+1.9
Change from the previous period(%)	102.2	100.7	102.4	114.6

(2) Outlook for Financial Results by Segment



(billions of yen)

	Net Sales			Operating Income	
	For the year	Increase/ decrease	Change from the previous period(%)	For the year	Increase/ decrease
Dairy Products	608.5	+8.4	101.4	14.7	+1.2
Confectionary and Healthcare	302.0	+8.9	103.0	5.5	+1.0
Pharmaceuticals	131.2	+3.5	102.8	7.1	(1.3)
Services and Other	144.9	+4.0	102.9	2.6	(0.8)
Total	1,186.6	+24.9	102.1	29.9	+0.1
Elimination or Corporate	(55.6)	—	—	(0.9)	—
Consolidated	1,131.0	+24.3	102.2	29.0	+0.2

(3)Capital Expenditures, etc.



(billions of yen)

	Plan for FY2010			Note
		(Meiji Seika)	(Meiji Dairies)	
Capital expenditures	37.1	12.1	25.0	Approval basis Including leases
Depreciation expenses	39.5	19.2	20.3	Property, plant and equipment Including leases
R&D expenses	23.3	16.0	7.3	

(Note) Capital expenditures, depreciation expenses and R&D expenses are presented in the combined figures of Meiji Seika and Meiji Dairies (consolidated-basis).

5.FY2010: <Subsidiary Companies> Outlook for Consolidated Financial Results

◆ **Meiji Seika**

◆ **Meiji Dairies**

(1) Outlook for Financial Results by Subsidiary Company



(Meiji Seika)

(billions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Plan for FY2010	430.0	11.5	11.5	6.0
Results for FY2009	411.0	10.8	11.0	4.7
Change from the previous period(%)	104.6	106.1	104.0	125.3

(Meiji Dairies)

(billions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Plan for FY2010	711.0	17.5	17.5	9.0
Results for FY2009	704.4	17.5	17.2	8.3
Change from the previous period(%)	100.9	100.0	101.3	107.4

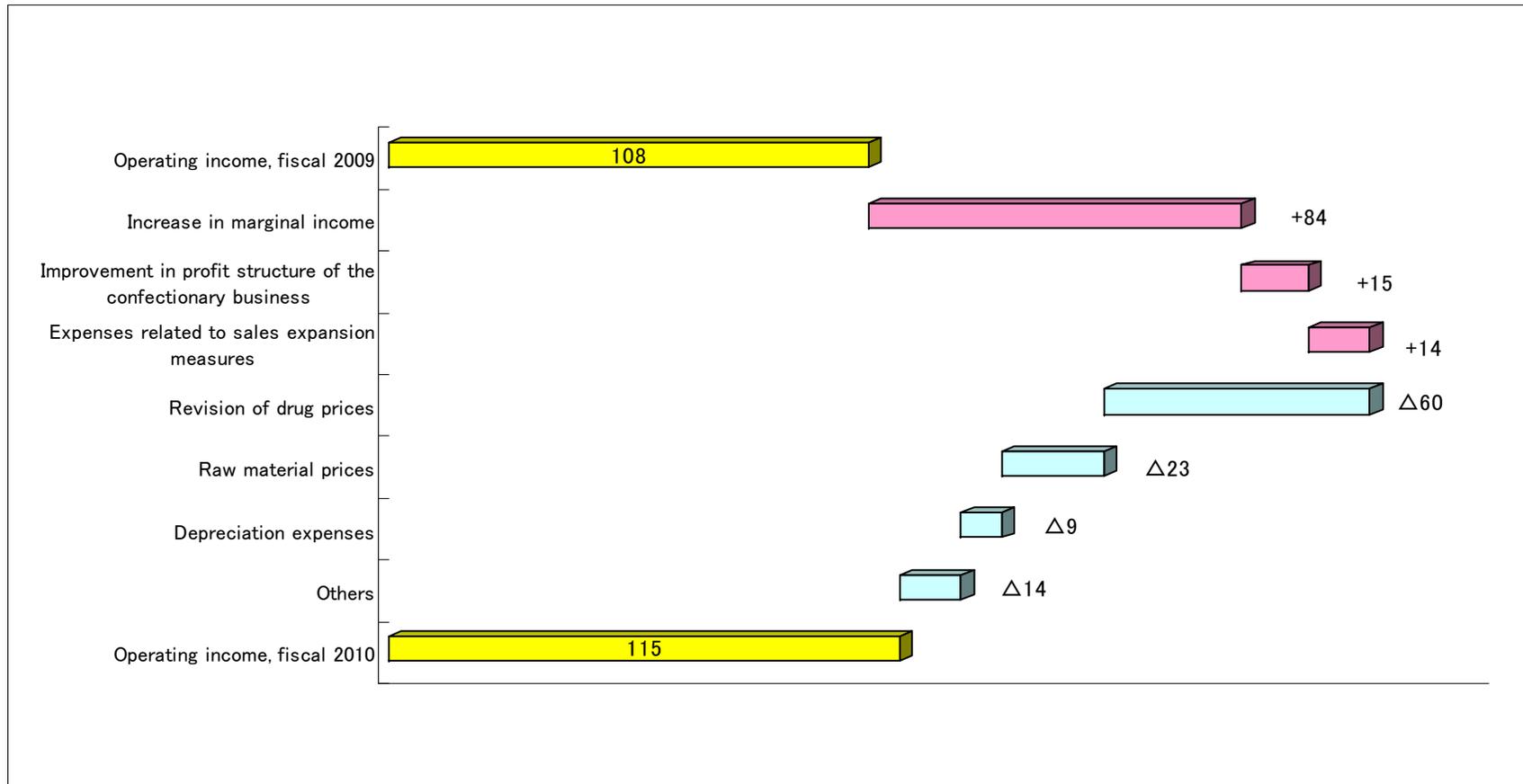
(Note) Figures of Meiji Seika (consolidated-basis) and Meiji Dairies (consolidated-basis) are presented in figures before consolidation elimination for transactions between both the companies.

(Note) Ohkura Pharmaceutical Co., Ltd. became a consolidated subsidiary company of Meiji Seika on April 1 of this year as a result of the realignment of the Group.

(2)(Meiji Seika) Factors in Increase/Decrease of Operating Income (Annual Plan)



(hundred of millions yen)

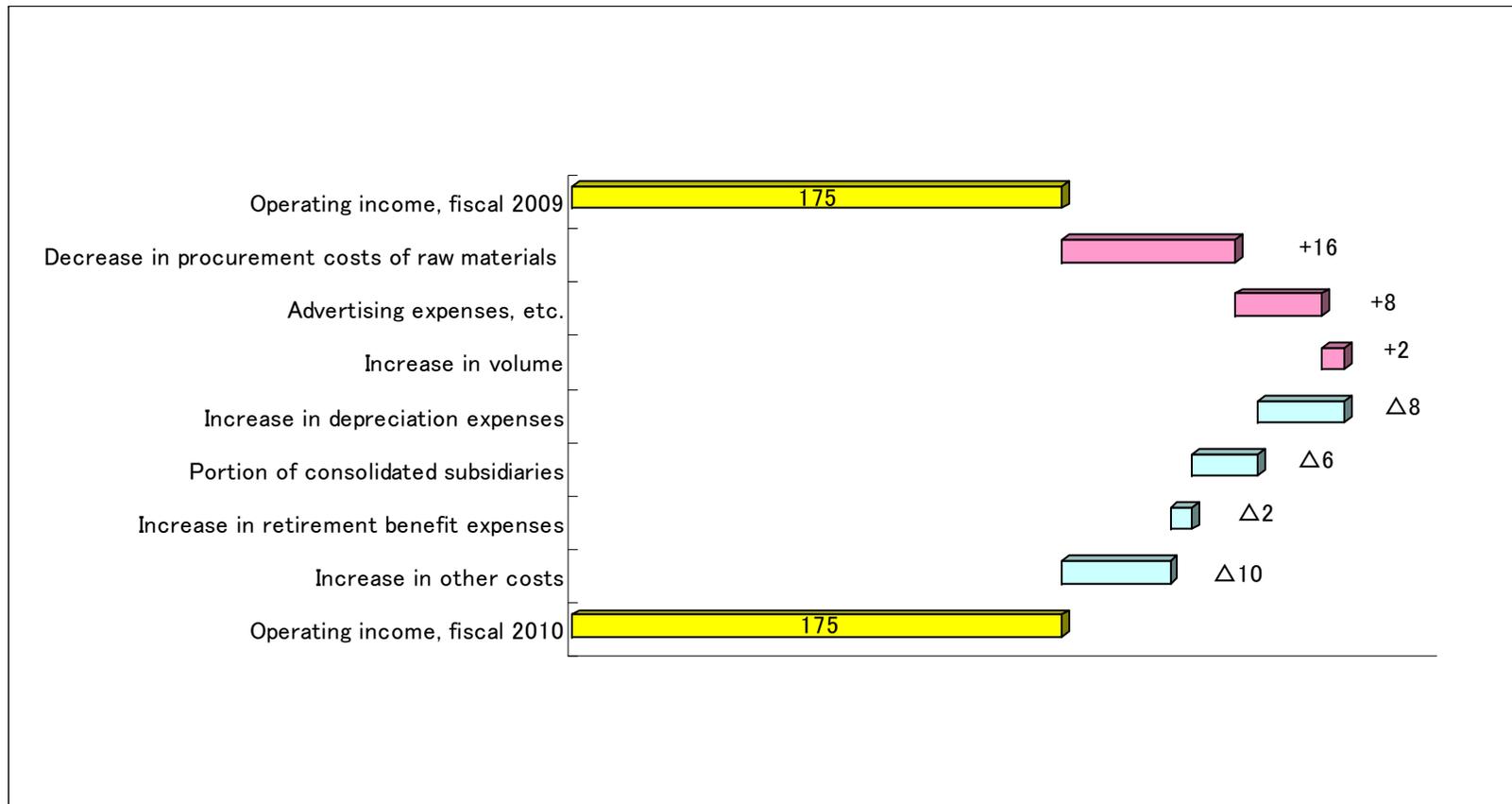


* Operating incomes are presented in the figures after elimination.

(3)(Meiji Dairies) Factors in Increase/Decrease of Operating Income (Annual Plan)



(hundred of millions yen)



* Operating incomes are presented in the figures after elimination.

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“Review of the First Year of Integration and Management Policy for FY2010”

May 26, 2010

Meiji Holdings Co., Ltd.

President and Representative Director

Naotada Sato

Overall Review of FY2009

- 1. Objectives of Management Integration**
- 2. Outline of FY2009 Financial Results**
- 3. The Meiji Group's Activities in FY2009**

Management Policy for FY2010

- 1. Background of Formulation**
- 2. Management Policy for FY2010**
 - (1) Sharing and realizing the framework for group philosophy and enhancing the “Meiji” brand**
 - (2) Expanding businesses and improving profitability**
 - (3) Determining new business structures and making preparations related thereto**

1. Objectives of Management Integration

Changes in business environments such as rapid changes in population trends and diversification of consumer needs

Effective utilization of management resources (brands, technological capability, marketing capability, etc.) through integration

- Strengthening the existing businesses in areas of specialty
- Creating new demand by combining the group's knowledge, etc.
- Spreading the business portfolio



Developing into a leading global “Food and Health” company

2. Outline of FY2009 Financial Results



<Meiji Holdings Company> Fell just short of the sales plan, but achieved the profit plan

<Subsidiary companies> Decreased sales and increased profits from the previous period both in Meiji Seika and Meiji Dairies

Meiji HD Consolidated Financial Summary (Compared to the plan)

	Results for FY2009	Plan for FY2009	Achievement rate
Net Sales	1,106.6	1,124.0	98.5%
Operating Income	28.7	26.0	110.7%
Ordinary Income	28.3	26.0	108.9%
Net Income	13.0	12.0	109.1%

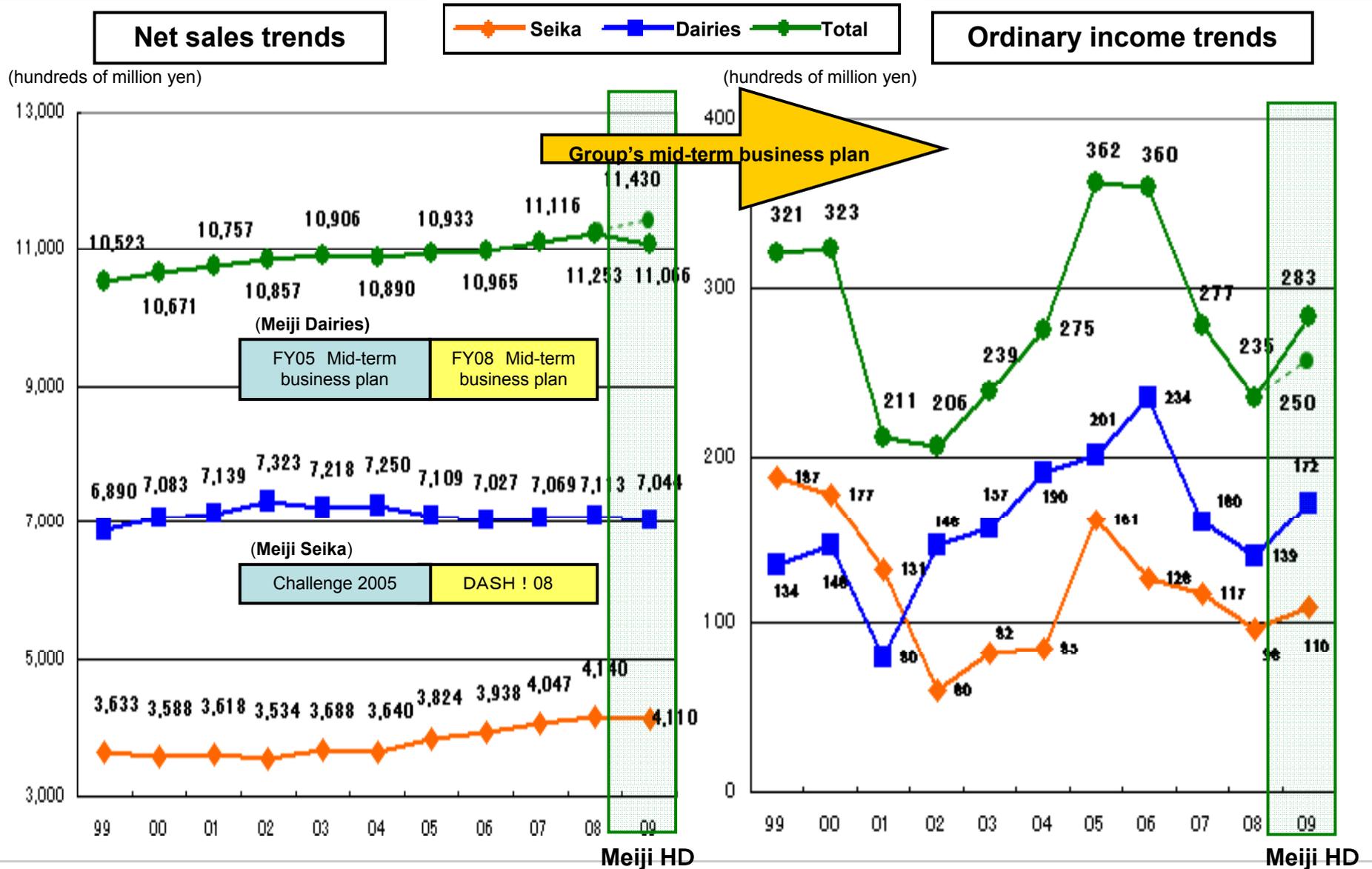
(billions of yen)

Subsidiary Companies Financial Summary (Compared to the previous period)

		Results for FY2009	Results for FY2008	Change from the previous period(%)
Meiji Seika	Net Sales	411.0	414.0	99.3%
	Operating income	10.8	10.7	100.3%
	Ordinary Income	11.0	9.6	115.1%
Meiji Dairies	Net Sales	704.4	711.3	99.0%
	Operating income	17.5	14.0	125.2%
	Ordinary Income	17.2	13.9	124.1%

(billions of yen, eliminations not included)

Net Sales and Ordinary Income Trends of the Meiji Group



3. The Meiji Group's Activities in FY2009



(1) Establishing Meiji Holdings Company

- Formulating a framework for group philosophy
- Determining a brandmark and slogan

(2) Starting the Meiji Group's FY2009-2011 Mid-Term Business Plan

- Strengthening and expanding existing businesses
- Expediting integrated synergies

(3) Enhancing the value of Meiji brands

- Conducting marketing activities using a new brandmark and renewing product packages
- Launching new products characterized by "Tastiness, Enjoyment, Health and Reassurance"
- Launching two new drug products

(1) Establishing Meiji Holdings Company



Formulating a framework for group philosophy

Meiji Group's System of Principles



Group Philosophy

Our mission is to widen the world of “Tastiness and Enjoyment” and meet all expectations regarding “Health and Reassurance.”

Our wish is to be closely in tune with our customers’ feelings and to always be there to brighten their daily lives.

Our responsibility as “Food and Health” professionals is to continue finding innovative ways to meet our customers’ needs, today and tomorrow.

Management Attitude

Five Fundamentals

1. Commit ourselves to customer-based ideas and behaviors
2. Provide safe and reassuring high-quality products
3. Strive to always produce new value
4. Foster the development of the synergies and capabilities of the organization and each individual
5. Be a transparent, wholesome company trusted by the society

Action Guidelines

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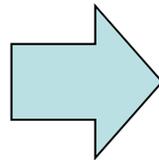
In order to be an essential part of our customers, partners and colleagues’ daily lives, we must:

1. Listen to and learn from our customers
2. Find ways to identify tomorrow’s trends and be prepared to lead the way
3. Make our work exciting, and create exciting work
4. Have the strength and courage to confront any issues, rather than to avoid them
5. Always believe in our team’s potential, and make the most of its abilities

(1) Establishing Meiji Holdings Company

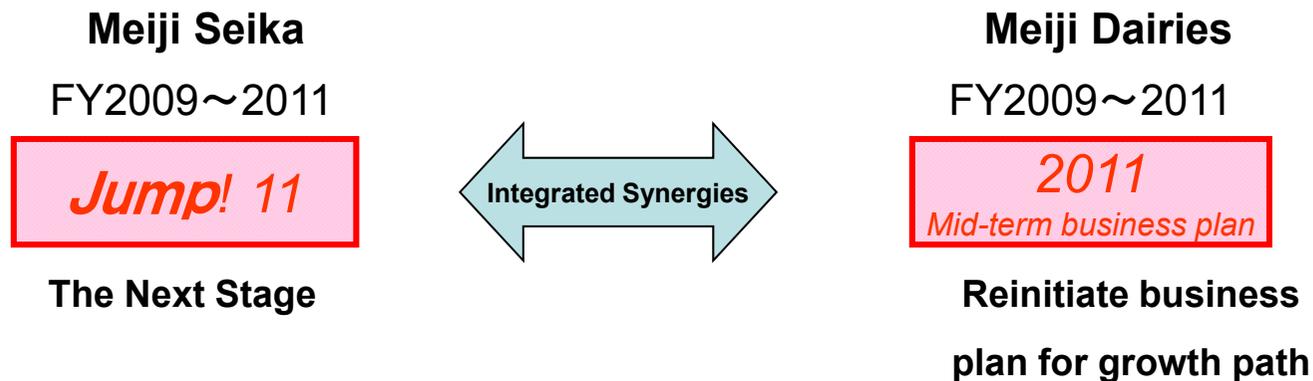
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Determining a new brandmark and slogan



(2) Starting FY2009-2011 Mid-Term Business Plan of the Group

Structures of FY2009-2011 Mid-Term Business Plan



Basic principles of Mid-Term Business Plan

“Maximizing Meiji Group’s competitive edge, and achieving growth of its existing businesses and expediting integrated synergies”

Meiji Group business targets

Net Sales: 1,260 billions yen Ordinary Income: 45 billions yen

(2) Starting FY2009-2011 Mid-Term Business Plan of the Group



Strengthening and expanding existing businesses

Dairy Products segment

■ Constructing a new ice cream plant building (9.2 billion yen)

Utilizing the confectionary business's product brands, processing technology, capability of procuring raw materials, etc.

▶Generating high synergy effects



Rendering of a building in Kansai Plant of Meiji Dairies

■ Constructing a new margarine plant (4.8 billion yen)

Improving productivity by utilizing technology and know-how

Producing high-value-added products that meet consumer needs



Rendering of the building of Meiji Oil and Fats Co., Ltd.

(2) Starting FY2009-2011 Mid-Term Business Plan of the Group



Strengthening and expanding existing businesses

Confectionary and Healthcare segment

■ Renovating Building No.1 of Osaka Plant (5.0 billion yen)

Increasing production capacity significantly



Rendering of new Building No.1 of Osaka Plant of Meiji Seika

(2) Starting FY2009-2011 Mid-Term Business Plan of the Group



Strengthening and expanding existing businesses

Pharmaceuticals segment

■ Conducting capital investment in PT. Meiji Indonesian Pharmaceutical Industries (about 4 billion yen)

Production bases of penicillin

- Ensuring high quality
- Enhancing production capacity
- Reinforcing cost competitiveness



<PT. Meiji Indonesian Pharmaceutical Industries>

■ Group realignment for Ohkura Pharmaceutical Co., Ltd.

Advantage of technology for jelly formulation

- Application to generic drugs
- Life cycle management of new drugs



< Jelly formulation >

(2) Starting FY2009-2011 Mid-Term Business Plan of the Group



Expediting integrated synergies

- Sharing product brands and raw materials
- Establishing organizations and projects and promoting measures to generate synergy effects
- Hosting Meiji product joint in-store promotions



Seika: Chocolate

Dairies: Yogurt



<Examples of collaboration products>

<Example of joint promotion>

(3) Enhancing the Value of Meiji Brands



Marketing activities using a new brandmark

Commercial sponsor logos



Commercial scene



Marketing and sales promotion for Milk Chocolate



“Milchi-Train” on the Yamanote Line



The package for “Meiji Oishii Gyunyu(=milk)” was used as an advertising instrument for the new brand mark of “Meiji Milk Chocolate.”



Bus posters on a community bus in Chuo-ku, Tokyo

(3) Enhancing the Value of Meiji Brands



Renewing product packages

Renewing product packages by changing brandmarks



(3) Enhancing the Value of Meiji Brands



Launching new products characterized by “Tastiness, Enjoyment, Health and Reassurance”

(Dairy products)



■ Meiji Yogurt R-1

(Confectionary and Healthcare)



■ Chip! Chop

(Pharmaceuticals)



■ REFLEX®



■ Meiji Yoplait



■ Amino Collagen Bothe



■ ORAPENEM®

■ Penetrating a new unified brandmark and making it well-established

- Launching new products providing “Tastiness, Enjoyment, Health and Reassurance”
- Promoting marketing activities including commercials and campaigns

■ Promoting measures to strengthen businesses across the Group and generate synergy effects

- Developing products and hosting joint sales promotions by utilizing management resources of the Group
- Promoting joint efforts for ideas, technology, research, etc.

■ Achieving profit plans for the first year of integration

Overall Review of FY2009

- 1.Objectives of Management Integration**
- 2.Outline of FY2009 Financial Results**
- 3.The Meiji Group's Activities in FY2009**

Management Policy for FY2010

- 1.Background of Formulation**
- 2. Management Policy for FY2010**
 - (1) Sharing and realizing the framework for group philosophy and enhancing the “Meiji” brand**
 - (2) Expanding businesses and improving profitability**
 - (3) Determining new business structures and making preparations related thereto**

1. Background of Formulation



■ Business environments

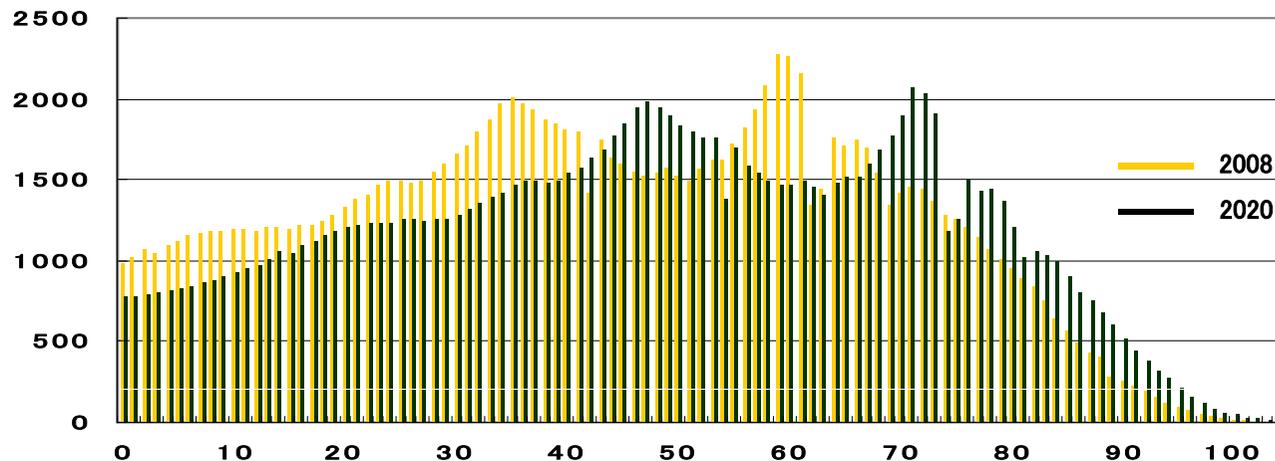
Changes in management environments

Falling prices caused by progressive deflation
Contraction of domestic markets and development of the Chinese economy, etc.
Soaring raw material prices
Intensifying competition between companies, including competition across industries

Changes in food and healthcare needs

Changes in food and healthcare needs
Growing health consciousness
Rising awareness for food safety

Demographic comparison between 2008 and 2020



* Aging society with falling birthrate accompanied by population structure changes

Population aged 0 to 40

▲ 11.4million

▲ 19.6%

Population aged 70 and over

+7.64million

+37.9%

2. Management Policy for FY2010



Policy 1: Sharing and realizing the framework for group philosophy and enhancing the “Meiji” brand

- (1) Understanding the “Meiji Group’s System of Principles” and putting it into practice**
- (2) Promoting various measures to enhance the value of the “Meiji” brand**
- (3) Ensuring compliance, safety and health, and quality assurance**

Policy 2: Expanding businesses and improving profitability

- (1) Developing core businesses by enhancing competitiveness in the markets**
- (2) Promoting measures to create new demand**
- (3) Reviewing all kinds of costs and strengthening the management foundation of the Group**

Policy 3: Determining new business structures and making preparations related thereto

2. Management Policy for FY2010



Expanding businesses and improving profitability

Management environments that are expected to be increasingly difficult

- Stagnant demand
- Increasing consumer demand for low-priced products
- Raw material prices remaining at high levels
- Lowering of drug prices

Direction of the mid-term business plan should be maintained

- Strengthening the existing businesses in areas of specialty
- Creating new demand by combining the group's knowledge, etc.

Target achievement is essential in FY2010, as it was in FY2009

Plan for FY2010

		Plan for FY2010	Results for FY2009
Meiji HD	Net Sales	1,131.0	1,106.6
	Operating Income	29.0	28.7
	Ordinary Income	29.0	28.3
Dairy Products	Net Sales	608.5	600.0
	Operating Income	14.7	13.4
Confectionary and Healthcare	Net Sales	302.0	293.0
	Operating Income	5.5	4.4
Pharmaceuticals	Net Sales	131.2	127.6
	Operating Income	7.1	8.4
Services and Other	Net Sales	144.9	140.8
	Operating Income	2.6	3.4

(billions of yen, eliminations not included)

Expanding Businesses and Improving Profitability

Dairy Products Segment



◆ Plan for FY2010

(billions of yen)

	Results for FY2009	Plan for FY2010	Increase/decrease
Net Sales	600.0	608.5	+8.4
Operating income	13.4	14.7	+1.2

◆ Important points for FY2010

“Building and enhancing a competitive edge to become a new general dairy company”

- (1) Reinforcing the implementation of growth strategy in a deflationary environment
- (2) Promoting cost reforms
- (3) Promoting overseas expansion

Expanding Businesses and Improving Profitability

Dairy Products Segment



Promoting growth strategy by segment



Baby & Mother

Encouraging the use of “Raku Raku Cube”

Fresh dairy

Disseminating new products that were developed along the lines of mainstay products

Medical nutrition

Strengthening the development and sales promotion of products in response to an aging society



Food

Expanding the sales of “Meiji Hokkaido Tokachi” series, particularly smart cheese



Ice cream

Expanding the sales of “Essel” and confectionary products

Food and commercial-use products

Promoting measures to achieve No.1 position in cheese business



Nutraceuticals

Expanding the sales of “VAAM”

Frozen food

Focusing exclusively on pizza and gratin



Commercial-use products

Expanding sales by creating new customers



Promoting cost reforms

◆Objective of cost reforms

Acquiring resources for growth in an era of low growth

◆Specific subject matters

1. Improving the operating rate of fresh dairy plants
2. Improving the profitability of sales companies
3. Conducting a zero-based review in cost reforms

Expanding Businesses and Improving Profitability

Dairy Products Segment



Promoting overseas expansion

Direction of overseas expansion

Promoting overseas expansion across the Meiji Group

- Developing businesses mainly in fast-growing Asia by utilizing technology and advantages
- Launching the products suitable for the markets in each area

Area

Developing businesses mainly in Asia, such as China and Thailand

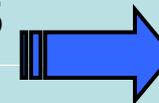
Products for sale

Fresh dairy Yogurt Enteral formula
Milk for infants Processed cheese
Ice cream

*Selecting items suitable for the relevant countries

Targets

Present situation: Net sales of 15 billion yen, profit of 1 billion yen



Expansion of sales and profit

Expanding Businesses and Improving Profitability

Confectionary and Healthcare Segment



◆ Plan for FY2010

(billions of yen)

	Results for FY2009	Plan for FY2010	Increase/decrease
Net Sales	293.0	302.0	+8.9
Operating Income	4.4	5.5	+1.0

◆ Important points for FY2010

- (1) Promoting the development of new products and sales strategy in response to the market environment
- (2) Reviewing costs thoroughly, including sales and marketing expenses
- (3) Strengthening the foundation of China business and promoting business development in Asia and the USA
- (4) Expanding the business of commercial-use products and promoting the development of the sweets business

Expanding Businesses and Improving Profitability

Confectionary and Healthcare Segment



Aiming to be the No. 1 confectionary manufacturer

◆Chocolate

Pursuing the expansion of sales of “Milk Chocolate”
Developing the “Galbo” series and “Chip! Chop” into enduring brands



◆Chewing gum

Expanding sales of “Xylish” and increasing market shares of “Sweets Gum” and “MINTZ” by making them well-established in the market



Implementing strategy for sales and profit increase in the healthcare business

◆Expanding sales and strengthening high-profitability structure through brand strategies

“Amino Collagen” “Savas” “ISODINE® UGAIGUSURI”
“Cocoa” “Perfect Plus” “Curry”



◆Seeking integration effects in the areas of healthcare and nutraceuticals

Expanding Businesses and Improving Profitability

Confectionary and Healthcare Segment



Enhancing China business and promoting business development in Asia and the USA

◆ Further expanding USA business

- Expanding sales through the launch of Meiji products



<D.F. Stauffer Biscuit Co., Inc.>

◆ Implementing China business development plans in a stable manner

- Expanding sales continuously and moving the business into the black



<Products handled by Shanghai Meiji>

◆ Expanding businesses in Asian markets

- Building strong sales networks of confectionary and healthcare products



<Singapore Meiji>



<PT Ceres Meiji Indotama>

Expanding Businesses and Improving Profitability

Confectionary and Healthcare Segment

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Expanding the business of commercial-use products and promoting the development of the sweets business

◆ Business of commercial-use products

- Strengthening strategy for main customers
- Creating new customers



◆ Solidifying the foundation of the sweets business and creating a market for it



Expanding Businesses and Improving Profitability

Confectionary and Healthcare Segment



Implementing measures to capture profits

* **Main raw material prices surging and remaining at high levels**

▶ **Factor in the decrease of profits in FY2010**

* **Weakening of markets caused by sluggish consumer spending and progressive deflation**

◆ **Generating profits by thorough implementation of sales and production measures**
(Including reduction in returned goods and nonperforming assets)

◆ **Reducing various expenses, mainly advertising expenses**

Expanding Businesses and Improving Profitability

Pharmaceuticals Segment



◆ Plan for FY2010

(billions of yen)

	Results for FY2009	Plan for FY2010	Increase/decrease
Net Sales	127.6	131.2	+3.5
Operating Income	8.4	7.1	(1.3)

◆ Important points for FY2010

- (1) Expanding sales of new products and generic drugs and conducting thorough cost reduction (Overcoming the damage incurred by the lowering of drug prices)
- (2) Improving profitability of the agricultural chemicals and veterinary drugs businesses at an early date and maximizing the sales of new products
- (3) Promoting the development of new markets overseas
- (4) Promoting R&D, reinforcing a portfolio and promoting alliances

Expanding Businesses and Improving Profitability

Pharmaceuticals Segment

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Expanding sales of new products and generic drugs

◆ Expanding the sales of REFLEX® in a speedy manner

- Reinforcing sales activities by increasing the number of medical representatives exclusively promoting the product

◆ Continuing to expand the sales of generic drugs

- Advantages in injectable drugs and hospitable markets
- Technology for formula preparations (high-level convenience)
- High quality, stable production and information provision capability

◆ Enhancing product line-up for main customers and increasing customer satisfaction in areas of specialty

(Customer priority areas: internal medicine; psychosomatic treatments; pediatric; otorhinolaryngologic (ear, nose, and throat); psychiatric; and treatments used at acute care hospitals and mental institutions)



<Antidepressant drug “REFLEX®”>



< Calcium channel blocker “AMLODIPINE”>

Expanding Businesses and Improving Profitability

Pharmaceuticals Segment

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Improving profitability of the agricultural chemicals and veterinary drugs businesses at an early date

◆ Promoting the registration and approval of new products and quickly establishing them in the market

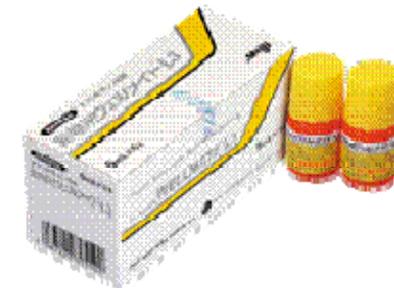
- ZAXA liquid-formula (agricultural chemicals)
- MARBOCYL injectable drug (veterinary drugs)

◆ Realizing the improvement of profit structure

- Reducing the costs of drug ingredients (ORYZEMATE)
- Narrowing down the number of items of veterinary drugs

◆ Promoting the development of structure for overseas business expansion

- Preparing for the global operation of development items



Promoting R&D to strengthen business foundation

◆ Expediting the development of self-developed products

- “ME3738”
- Quickly building an overseas development structure ▶ Establishing an USA office

◆ Reinforcing a product portfolio and promoting alliances

- Introducing at an early date the items with established POC (proof-of-concept) and realizing sales alliances
- Promoting drug discovery, technical tie-ups and alliance structure with universities and venture companies

Expanding Businesses and Improving Profitability

Pharmaceuticals Segment

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Overcoming the impact of the lowering of drug prices by thorough cost reduction

Impact of the revision of drug prices: -6 billion yen

- ◆ Developing the procurement structure of drug ingredients, including shifting to self-manufacturing, and realizing reduction in direct costs through the procurement of low-priced materials
- ◆ Building an optimal production structure including overseas bases
- ◆ Improving the efficiency of R&D, sales and production expenses

Expanding Businesses and Improving Profitability

Pharmaceuticals Segment



Formulating global strategy and developing a structure to create new markets

◆ Developing businesses in emerging countries with expanding drug markets (Russia, Vietnam, China and South Korea)



◆ Strengthening the sales power of overseas group companies



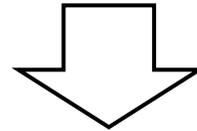
◆ Expanding sales of MEIACT, ADANT and generic drugs (Creating new markets, expanding the scope of indications, and obtaining GE approval)



< Overseas products of "MEIACT">

Developing into one of the world's leading "Food and Health" companies!

30th place in the world sales ranking of food manufacturers (2008)



Making a further leap by demonstrating the integration effect

明日をもっとおいしく





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