

## A New Year's Greeting

("Selection & Focusing" and "Overseas Development Acceleration")

I would like to wish you all a Happy New Year and express my sincere appreciation for your invaluable support to us during the last year.

Last year was a year in which, amid the stagnant consumption due to undesirable socio-economic circumstances including low birthrates, we faced a record-breaking rise in the costs of crude oil and agri-produce. These created a situation in which we were forced to ask our customers to accept a price increase. Moreover, in the latter half of the year, triggered by sub-prime loan issues in the United States, a worldwide slump in the economy became prevalent. Meanwhile, numerous scandals, including product misleading labeling, which occurred within our food industries, led to the loss of the consumers' trust. Thus looking back, it was indeed a rough year and an ordeal.

Now, this year is the year we start our triennial mid-term management plan. From FY 2008 through to the end of FY 2010, our company will propel our corporate measures under a banner of "Selection & Focusing." In order to turn around the trend of declining profitability experienced over the past years into an upward trend, we will forge solid footings through tangibly choosing measures for strengthening our business structure. Simultaneously, we will concentrate on stimulating the growth of our core businesses. Amid the current circumstances of growing supply shortages of various raw materials for food processing, I certainly believe that many excellent opportunities lie ahead for our company to contribute to the markets with our range of products of vegetable oils/fats and protein ingredients. We see this circumstantial change as an enormous opportunity that will steadily recover our profitability.

In unison, we will also accelerate our development overseas. Major tasks include the global development of hard butters for chocolate and chocolate ingredients for industrial use, and further excavate market opportunities in China. With regard to the former task, I sense that the wind is favorable to us, as there are some promising factors such as the penetration of global usage standards of hard butters for chocolate (the CODEX ARIMENTARIUS) and the consumption increase among BRICs arising as a result of their recent economic development. Facing such world-wide trends, we are constructing a new plant in Singapore with the utmost urgency in order to double the production capacity at the beginning of 2009 for hard butters for chocolate targeting overseas markets.

Moreover, we see that the Chinese market still maintains a two-digit growth and that the Chinese dietary life-style will be westernizing rapidly as ever. We will establish our oils/fats, confectionery/baking ingredients and soy protein products in this highly promising market with high potential. Our company has always been known for our 'proposal-oriented marketing,' which is our marketing tactics of unifying product development and sales. We will fully establish our methodology within the Chinese market, also.

In order to proceed with our business development more effectively and swifter than ever before, we will progress the alliance strategy. We have already made an announcement regarding this strategic projection, but to quickly reiterate, we would like to produce tangible results in forming the partnership with J-OIL MILLS, Inc, who has the strength in liquid oils, and with the Cheng I Group of Taiwan, who has the strength in sales & marketing in the Chinese mainland. In any event, this year could well be an equally harsh year for us, as was the last year. We now sincerely look forward to your continued support and patronage together with thoughtful encouragement as ever.

Yoshitaka Ebihara  
President and CEO  
FUJI OIL CO., LTD.