Summary of Financial Statements for the First Quarter of Fiscal 2015 [Japanese Standards]

July 29, 2014

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange
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Date to submit the Quarterly Securities Report: August 13, 2014
Date to start distributing dividends: —
Supplementary documents for this summary of financial statements: Yes
Results briefing for financial results: None

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the First Quarter of Fiscal 2015 (April 1, 2014 to June 30, 2014)

(1) Consolidated Business Results

(The percentages indicate the rates of increase or decrease compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months of Fiscal 2015	120,975	2.5	3,980	(27.3)	5,697	(14.7)	3,231	(23.4)
First three months of Fiscal 2014	118,078	6.6	5,474	6.2	6,677	6.3	4,221	9.0

(Note) Comprehensive income: First three months of Fiscal 2015: ¥6,526 million (down 7.6%)
First three months of Fiscal 2014: ¥7,064 million (up 492.9%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
First three months of Fiscal 2015	11.82	11.81
First three months of Fiscal 2014	15.44	15.44

(Note) On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. Net income per share and fully diluted net income per share are calculated by deeming the stock split to have occurred at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2014	469,986	335,891	69.5
March 31, 2014	471,039	334,092	68.9

(Reference) Equity capital: June 30, 2014: ¥326,574 million March 31, 2014: ¥324,775 million

2. Dividends

	Dividend per share				
	1Q End	2Q End	3Q End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2014	—	10.00	—	10.00	—
Fiscal 2015	—				
Fiscal 2015 (forecast)		10.00	—	10.00	20.00

(Note) Revision to the latest forecast of dividends: None
On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. The figure listed for the cash dividend at the end of the interim period for the fiscal year ended March 31, 2014, is the figure prior to the stock split.

3. Forecast of Consolidated Business Results for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(The full-year percentages indicate the rates of increase or decrease compared with the previous fiscal year, the percentages for the first half are comparisons with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	253,000	5.7	9,900	(3.9)	11,400	(3.8)	7,700	8.2	28.16
Full year	540,000	8.9	22,500	1.0	25,800	0.9	16,500	9.3	60.35

(Note) Revision to the latest forecast of business results: None

* Notes

(1) Changes in important subsidiaries during the period under review (changes in specified subsidiaries involving a change in the scope of consolidation): Yes

New: 1 company Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S.

Excluded: —

Note: For details, please refer to “Matters Concerning Summary Information (Notes)” on page 6 of the Attachment.

(2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “Matters Concerning Summary Information (Notes)” on page 6 of the Attachment.

(3) Changes in accounting policies, changes in accounting estimates and revisions restated

1) Changes in accounting policies associated with the revisions of accounting standards, etc.: Yes
2) Changes in accounting policies other than the above: None
3) Changes in accounting estimates: None
4) Revisions restated: None

Note: For details, please refer to “Matters Concerning Summary Information (Notes)” on page 6 of the Attachment.

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	As of June 30, 2014	276,688,992	As of March 31, 2014	276,688,992
2) Number of treasury shares	As of June 30, 2014	3,170,659	As of March 31, 2014	3,264,335
3) Average number of shares outstanding	First three months of Fiscal 2015	273,485,252	First three months of Fiscal 2014	273,325,680

Note: On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. Number of shares issued and outstanding (common stock) is calculated as if the stock split occurred at the beginning of the previous consolidated fiscal year.

* Status of execution of the quarterly review of financial statements

Because this Summary of Financial Statements is not subject to the review of quarterly financial statements under the Financial Instruments and Exchange Act, the procedures for said review are not completed at the time of disclosing this summary.

* Statement regarding the proper use of financial forecasts and other special remarks

The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance or related business policies will actually be realized. For details of assumptions for financial forecasts and other related matters, please refer to “Forecast of Consolidated Business Results and Other Forward-looking Information” on page 4 of the Attachment.

Contents of the Attachment

1. Qualitative Information for the Period under Review

(1) Business Performance

[Overview of the Period under Review]

During the first three months of the fiscal year ending March 31, 2015, corporate performance in Japan continued to improve against a backdrop of government-backed measures designed to lift the country quickly out of deflation and revitalize the economy. Nevertheless, the environment surrounding the Company remained adverse, reflecting factors that included volatility in demand following Japan's recent consumption tax increase, rising prices for imported raw materials mainly due to the yen's depreciation, and an entrenched preference for lower-priced options among consumers. Under these conditions, the Company moved to accelerate measures outlined in "NNI-120, Speed, Growth and Expansion," a medium-term management plan which positions top-line (net sales) and overseas business expansion as priority strategies. In Japan, the Company took steps to aggressively launch and expand sales of new products in each business area in a bid to energize markets, and marked progress in building both domestically and abroad a profit structure that will enable further growth. In the Flour Milling Segment, along with full-scale operations at the Fukuoka Plant located near Hakata Bay, we completed the concentration of production formerly conducted by the inland Chikugo and Tosu plants. In overseas business development, U.S. subsidiary Miller Milling Company, LLC acquired four U.S.-based flour milling plants in May 2014 to expand its business scope, giving it the fourth largest production capacity for wheat flour in the United States. In the Processed Food Segment, steady progress continues on construction of a production plant in Vietnam for cooked and processed foods scheduled to begin operating in fall 2014, as well as work to increase production capacity set to become available by year's end at a prepared mix plant in Thailand. In June 2014, the Company established a joint venture, Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S, and launched construction of a pasta plant, which is set to commence operations in April 2015 in Turkey. In conjunction with this move, progress continues on a new frozen food production site at the Kobe Plant of Ma•Ma-Macaroni Co., Ltd. set to launch operations in May 2015. This new site is designed to strengthen the Company's production and supply framework for frozen pasta.

As a result, despite a challenging domestic sales environment, consolidated net sales for the first three months of the fiscal year ending March 31, 2015, increased 2.5% year on year to ¥120,975 million, mainly atop expansion in the overseas business. In terms of profits, operating income was ¥3,980 million, down 27.3% year on year. Ordinary income decreased by 14.7% to ¥5,697 million, and net income declined by 23.4% to ¥3,231 million. The decline in profits largely reflected rising costs for raw materials in the Processed Food Segment, along with higher depreciation expenses for the flour milling plant in Fukuoka.

[Business Overview by Segment]

1) Flour Milling Segment

In the flour milling business, we continued to promote value-added services that provide total solutions to enhance relationships with customers in a bid to increase market share. However, shipments of commercial wheat flour in Japan were lower than the previous year due mainly to volatility in demand caused by the recent consumption tax increase.

From the perspectives of production and distribution, we continued to carry out measures to enhance productivity and reduce fixed and other costs. In tandem, we are moving ahead with efforts to bolster cost competiveness by concentrating production at large-scale plants located near ports in Japan. In the Kyushu region, such concentration of production has been completed with full-scale operations underway at the Fukuoka Plant near Hakata Bay taking over production formerly conducted by the inland Chikugo and Tosu plants prior to their closure. In the Chubu region, construction work that began in October 2013 on the addition of a new production line at the Chita Plant in Aichi, scheduled to start operations in May 2015, is progressing smoothly. Furthermore, in the Kansai region, construction began in May 2014 to increase holding capacity by 25% at a wheat silo operated by Hanshin Silo Co., Ltd., located adjacent to the Higashinada Plant. The expansion is scheduled for completion in April 2015.

The price of bran, a byproduct of the milling process, remained favorable throughout the period.

In the overseas business, sales increased year on year, reflecting effects from the consolidation of subsidiaries acquired via M&A activity and by growth in shipments at Miller Milling Company, LLC, where we increased production capacity. To expand its business scope, in May 2014, Miller Milling Company, LLC acquired four flour milling plants in the United States, giving it a network of six production sites and propelling it into the position of fourth largest flour milling company in the country. Together with operations in New Zealand, Canada, and Thailand, this move has expanded the proportion of overseas production capacity in the Flour Milling Segment to roughly 50%.

As a result, net sales of the Flour Milling Segment increased 10.0% from the same period of the previous fiscal year to ¥53,131 million. Operating income, meanwhile, fell 22.4% to ¥1,900 million, primarily due to higher depreciation expenses for the Fukuoka Plant.

2) Processed Food Segment

In the processed food business, for household-use products, we leveraged the Company's proprietary technology to launch new products to address needs arising from an increase in eating alone and demand for meals that are easy to prepare. In tandem, we used television commercials and other means to propose new meal ideas to consumers and developed sales promotions tailored to targeted consumers for products. In commercial-use products, we conducted aggressive proposal efforts aimed at garnering new customers. While sales in household-use products were lower year on year mainly due to demand volatility accompanying Japan's recent consumption tax increase, sales of commercial-use products were higher than the previous year. Sales in the prepared dishes and other prepared foods business rose year on year, as stronger product development capabilities attracted new customers, coupled with progress on measures to expand shipments of prepared foods to volume retailers. In the overseas business, we launched aggressive product proposals aimed at obtaining new customers, mainly in the ever-growing Chinese and Southeast Asian markets, however the sales environment was volatile, and sales remained on par with those of the same period of the previous fiscal year.

Meanwhile, our newly established company in Vietnam, Vietnam Nisshin Seifun Co., Ltd., is constructing a plant to produce cooked and processed foods, set to commence operation in the fall of 2014. Thai Nisshin Technomic Co., Ltd has made progress with work to boost production capacity for commercial prepared mix by 25% scheduled to come on-line by the end of this year. To bolster the production capacity for pasta and realize further business expansion, the Company established a joint venture, Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. in June 2014, and launched construction of a pasta plant, which is set to commence operations in April 2015 in Turkey. In conjunction with this move, progress continues on a new frozen food production site at the Kobe Plant of Ma•Ma-Macaroni Co., Ltd. set to launch operations in May 2015. This new site is designed to strengthen the Company's production and supply framework for frozen pasta.

In the yeast business section of the yeast and biotechnology business, we sought to expand sales of yeast and other products, with similar sales expansion efforts in the biotechnology business section targeting coenzymes and other diagnostic reagents. However, weak demand resulted in lower sales in this business year on year.

In the healthcare foods business, sales declined year on year despite brisk sales of consumer products driven by aggressive sales promotion measures, due to weak demand for raw materials for pharmaceuticals and other products.

As a result, net sales of the Processed Food Segment decreased 2.0% from the same period of the previous fiscal year to ¥59,161 million, and operating income fell 30.2% to ¥1,793 million.

3) Others Segment

In the pet food business, shipments of premium pet food were up due to measures including the aggressive launch of new products, however more intense sales competition and continued severity in the market environment led to lower overall sales compared to the same period of the previous fiscal year.

In the engineering business, sales decreased year on year, mainly due to a decline in orders for large-scale projects in the mainstay plant engineering business.

In the mesh cloths business, sales surpassed the previous fiscal year's level, stimulated by brisk sales of materials for screen-printing applications and forming filters mainly for automobile parts.

As a result, net sales of the Others Segment decreased 7.7% to ¥8,681 million, and operating income declined 31.7% to ¥306 million.

(2) Financial Position

The status of assets, liabilities and net assets on a consolidated basis at the end of the period under review was as follows.

Current assets decreased ¥7,187 million from the previous fiscal year-end to ¥209,221 million, as an increase in short-term investment securities was more than offset by a decrease in cash and deposits, etc. Noncurrent assets increased ¥6,133 million to ¥260,764 million, primarily due to an increase in investment securities. As a result, total assets decreased ¥1,053 million from the previous fiscal year-end to ¥469,986 million. Meanwhile, current liabilities shrank ¥6,212 million to ¥84,221 million, mainly reflecting decreases in accrued expenses and income taxes payable. Noncurrent liabilities increased ¥3,360 million to ¥49,874 million, primarily due to an increase in net defined benefit liability. As a result, total liabilities declined ¥2,852 million from the previous fiscal year-end to ¥134,095 million. Net assets increased ¥1,798 million to ¥335,891 million, chiefly due to an increase in accumulated other comprehensive income.

(3) Forecast of Consolidated Business Results and Other Forward-looking Information

The Japanese economy is showing modest signs of recovery, as evidenced by a rebound in corporate performance and an improved employment landscape. The environment surrounding the Company, however, is projected to remain severe, reflecting factors such as the impact on consumer spending of a national consumption tax increase instituted in April 2014, higher prices for imported raw materials due to the yen's depreciation, and a continued preference for lower-priced options among consumers. Under these circumstances, we will continue to fulfill our mission of securing stable supplies of wheat flour for the people, and will strive to provide customers with safe and reliable products.

Furthermore, we will continue to actively pursue strategic measures in all of our businesses formulated in line with "NNI-120, Speed, Growth and Expansion," our medium-term management plan for pursuing both top-line (net sales) and overseas businesses expansion as priority strategies, marking steady progress as we enter the third year of this plan.

In terms of the consolidated business outlook for the fiscal year ending March 31, 2015, while the market environment is expected to remain adverse, we will steadily implement the above-stated measures to spur a recovery in business performance. Consequently, consolidated net sales for the fiscal year ending March 31, 2015 are forecast to rise 8.9% year on year to ¥540,000 million, operating income is projected to climb 1.0% to ¥22,500 million, ordinary income is expected to rise 0.9% to ¥25,800 million, and net income is expected to increase 9.3% from the previous fiscal year to ¥16,500 million. These forecasts remain in line with initial projections.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Important Subsidiaries during the Period under Review

[Changes in specified subsidiaries involving a change in the scope of consolidation]

Newly established Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. is included within the scope of consolidation from the first quarter of the current fiscal year.

(2) Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements

Tax expenses are calculated in accordance with Paragraph 12, "Method for Using the Statutory Effective Tax Rate," of the Practical Guidelines on Tax-Effect Accounting for Preparation of Interim Financial Statements, pursuant to the provision of Paragraph 19 of the Guidance on the Accounting Standard for Quarterly Financial Reporting.

The amount of "Income taxes – deferred" is included in "Total income taxes."

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Revisions Restated

[Changes in accounting policies]

From the first quarter of the fiscal year ending March 31, 2015, the Company has applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; herein, "the retirement benefit accounting standard") and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; herein, "the retirement benefit guidance"), specifically content stipulated in paragraph 35 of the retirement benefit accounting standard and stipulated in paragraph 67 of the retirement benefit guidance. Consequently, the Company has revised its method for calculating its retirement benefit liability and service costs. The method for imputing the time period for estimated retirement benefits has been changed from a straight-line attribution method standard to a benefit calculation formula standard. In tandem, the methodology for deciding the discount rate has also been changed, from a discount rate based on the average remaining period of service to a method that employs a single weighted average discount rate that reflects the estimated period and payment of retirement benefits.

For the application of the retirement benefit accounting standard, pursuant to past adjustments stipulated in paragraph 37 of the retirement benefit accounting standard, monetary effects accompanying changes in the method for calculating retirement benefit liability and service costs are adjusted with retained earnings at the beginning of the period starting from the first quarter of the consolidated fiscal year ending March 31, 2015.

As a result, net retirement benefit asset at the beginning of the period for the first quarter of the fiscal year ending March 31, 2015 declined by ¥487 million, while net retirement benefit liability increased by ¥2,568 million. In parallel, retained earnings declined by ¥1,950 million. These monetary effects had a negligible impact on financial performance for the first quarter of the fiscal year ending March 31, 2015.

(4) Additional Information

On May 25, 2014, consolidated subsidiary Miller Milling Company, LLC acquired four flour milling plants from Cargill, Inc., Horizon Milling, LLC and ConAgra Foods Food Ingredients Company, Inc.

In preparing the quarterly consolidated financial statements, assets and liabilities gained as a result of this acquisition are not reflected in the Company's first-quarter financial statements. This is because the first-quarter financial statements of Miller Milling Company, LLC, based on its own settlement date for the first quarter (March 31, 2014), are currently used.

Furthermore, since distribution of the cost of the acquisition is currently underway, a detailed breakdown by line item and monetary value of the assets and liabilities received in the transfer has not yet been decided.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2014 (As of March 31, 2014)	Fiscal 2015 First Quarter (As of June 30, 2014)
Assets		
Current assets		
Cash and deposits	49,104	39,990
Notes and accounts receivable – trade	67,486	63,865
Short-term investment securities	28,869	32,854
Inventories	58,484	58,311
Other	12,686	14,415
Allowance for doubtful accounts	(222)	(216)
Total current assets	216,409	209,221
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,187	48,599
Machinery, equipment and vehicles, net	35,089	33,864
Land	38,143	38,167
Other, net	6,519	8,319
Total property, plant and equipment	128,939	128,951
Intangible assets		
Goodwill	5,008	4,774
Other	7,990	7,544
Total intangible assets	12,998	12,319
Investments and other assets		
Investment securities	105,975	112,568
Net defined benefit asset	487	–
Other	6,361	7,057
Allowance for doubtful accounts	(132)	(131)
Total investments and other assets	112,692	119,493
Total noncurrent assets	254,630	260,764
Total assets	471,039	469,986

(Millions of yen)

	Fiscal 2014 (As of March 31, 2014)	Fiscal 2015 First Quarter (As of June 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	45,785	43,586
Short-term loans payable	6,607	6,162
Income taxes payable	4,481	1,523
Provision	228	69
Accrued expenses	17,725	14,500
Other	15,605	18,378
Total current liabilities	90,433	84,221
Noncurrent liabilities		
Long-term loans payable	3,367	3,105
Provision	1,655	1,653
Net defined benefit liability	19,073	21,499
Deferred tax liabilities	15,828	17,215
Other	6,588	6,400
Total noncurrent liabilities	46,514	49,874
Total liabilities	136,947	134,095
Net assets		
Shareholders' equity		
Capital stock	17,117	17,117
Capital surplus	9,483	9,504
Retained earnings	266,581	265,127
Treasury stock	(3,088)	(2,997)
Total shareholders' equity	290,094	288,751
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,253	35,624
Deferred gains or losses on hedges	21	(68)
Foreign currency translation adjustment	4,237	4,001
Remeasurements of defined benefit plans	(1,831)	(1,734)
Total accumulated other comprehensive income	34,680	37,822
Subscription rights to shares	260	235
Minority interests	9,057	9,081
Total net assets	334,092	335,891
Total liabilities and net assets	471,039	469,986

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

[Quarterly Consolidated Statements of Income]

(Millions of yen)

	First three months of Fiscal 2014 (April 1, 2013 to June 30, 2013)	First three months of Fiscal 2015 (April 1, 2014 to June 30, 2014)
Net sales	118,078	120,975
Cost of sales	81,966	85,477
Gross profit	36,111	35,497
Selling, general and administrative expenses	30,637	31,517
Operating income	5,474	3,980
Non-operating income		
Interest income	46	52
Dividends income	806	891
Equity in earnings of affiliates	135	522
Other	272	319
Total non-operating income	1,261	1,785
Non-operating expenses		
Interest expenses	33	43
Other	25	23
Total non-operating expenses	58	67
Ordinary income	6,677	5,697
Extraordinary income		
Gain on sales of noncurrent assets	3	–
Gain on sales of investment securities	–	3
Gain on negative goodwill	263	–
Total extraordinary income	267	3
Extraordinary losses		
Loss on retirement of noncurrent assets	108	97
Litigation settlement	–	732
Acquisition related expenses	83	–
Litigation expenses	77	–
Total extraordinary losses	270	830
Income before income taxes and minority interests	6,674	4,870
Total income taxes	2,232	1,443
Income before minority interests	4,442	3,426
Minority interests in income	220	194
Net income	4,221	3,231

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	First three months of Fiscal 2014 (April 1, 2013 to June 30, 2013)	First three months of Fiscal 2015 (April 1, 2014 to June 30, 2014)
Income before minority interests	4,442	3,426
Other comprehensive income		
Valuation difference on available-for-sale securities	(731)	3,364
Deferred gains or losses on hedges	(31)	(60)
Foreign currency translation adjustment	3,269	(256)
Remeasurements of defined benefit plans	–	64
Share of other comprehensive income of affiliates accounted for by the equity method	115	(12)
Total other comprehensive income	2,622	3,099
Comprehensive income	7,064	6,526
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,227	6,374
Comprehensive income attributable to minority interests	837	152

(3) Notes on Quarterly Consolidated Financial Statements

[Notes on the Premise of a Going Concern]

There are no applicable matters to be reported.

[Notes on a Significant Change in Shareholders' Equity]

There are no applicable matters to be reported.

[Segment Information, etc.]

[Segment information]

I. First three months of Fiscal 2014 (April 1, 2013 to June 30, 2013)

Information about net sales, profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	48,296	60,374	108,671	9,407	118,078	–	118,078
Intersegment sales and transfers	5,003	123	5,126	1,179	6,306	(6,306)	–
Total	53,299	60,498	113,798	10,586	124,384	(6,306)	118,078
Segment income	2,450	2,567	5,017	448	5,466	7	5,474

Notes: 1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.

2. Segment income adjustment refers to intersegment transaction eliminations and other.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

II. First three months of Fiscal 2015 (April 1, 2014 to June 30, 2014)

Information about net sales, profit (loss) for each reportable segment

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment (Note 2)	Carried on quarterly consolidated statements of income (Note 3)
	Flour Milling	Processed Food	Total				
Net sales							
Sales to external customers	53,131	59,161	112,293	8,681	120,975	–	120,975
Intersegment sales and transfers	5,022	122	5,144	956	6,101	(6,101)	–
Total	58,154	59,284	117,438	9,638	127,076	(6,101)	120,975
Segment income	1,900	1,793	3,694	306	4,000	(20)	3,980

Notes: 1. Business segment of "Others" is excluded from reportable segment, which includes pet food, engineering, mesh cloths, handling and storage businesses.

2. Segment income adjustment refers to intersegment transaction eliminations and other.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.