Annual Report 2003

For the year ended March 31, 2003

Successfully Creating New Sources of Earnings Growth

A taste of the future.

AJINOMOTO

Fiscal 2002 Highlights

DOMESTIC FOOD PRODUCTS

New *Ajiamen* Asian Type Instant Noodles a Hit with Consumers

Created with noodle varieties and unique flavors from Thailand, Vietnam, Singapore and Taiwan, *Ajiamen* has received an enthusiastic response as a healthy, low-calorie product in the instant noodle market. Sales for fiscal 2003 are projected at ¥2.5 billion on a consumer purchase basis.

J-OIL MILLS Begins Operations

In April 2002, Ajinomoto Oil Mills Co., Inc. and HONEN Corporation integrated their respective edible oils operations. In April 2003, Yoshihara Oil Mill, Ltd. joined the holding company. The resulting firm, known as J-OIL MILLS, INC., will have annual sales of ¥190 billion and a 33 percent share of the domestic edible oils market.

Frozen Food Subsidiary of Nippon Sanso Acquired

In February 2003, Ajinomoto acquired Frec Corporation, the frozen food subsidiary of Nippon Sanso Corporation. The acquisition is projected to increase the net sales of Group company Ajinomoto Frozen Foods Co., Inc. by approximately ¥20 billion in the year ending March 2004.

Popularity of *Amino Vital* Continues to Grow

Ajinomoto's development of the *Amino Vital* sports supplement brand has generated exceptional results. The next phase in marketing this hit product will involve positioning new varieties of *Amino Vital* in mass retail channels.

OVERSEAS FOOD PRODUCTS

SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. Begins Sales of Curry in Retort Pouches

This venture has achieved a positive response in Shanghai, and is following clearly delineated strategies that include line extensions and steady expansion of sales to other urban areas in China.

Nucleotides Production Facility Nearing Completion in Thailand

This ultra-modern production facility with an annual production capacity of approximately 3,000 tons will enhance Ajinomoto's ability to supply a growing market. It will begin operations in mid-2003.

AMINO ACIDS

Feed-Grade Threonine Production Begins in U.S., Increases in Europe

Ajinomoto is rapidly developing its feed-use Threonine business. A new plant began operating in June 2002 at Ajinomoto Heartland LLC in the United States, and a capacity expansion was completed at AJINOMOTO EUROLYSINE S.A.S. in France in November 2002.

Expansion of Feed-Grade Lysine Production Facilities

Ajinomoto has completed the expansion of production facilities for feed-grade Lysine in the United States, Italy and Thailand to provide a stable supply in the markets of North America, Europe and Asia/Oceania, where demand is expected to continue to grow.

Growth in Sales of Electrochemical Materials

Ajinomoto Build-Up Film, an insulation film for buildup, is the world's first film-type insulation layer formation material. Used in substrates of chip packages, this product has received solid customer support for its effectiveness.

PHARMACEUTICALS

Launch of Osteoporosis Treatment *Actonel*

Actonel (risedronate sodium hydrate) is a third-generation bisphosphonate that has demonstrated effectiveness in treating osteoporosis. Ajinomoto developed it in Japan jointly with Takeda Chemical Industries, Ltd. and Aventis Pharma Ltd.

Acquisition of Shimizu Pharmaceutical and Shimizu Medical

Ajinomoto acquired Shimizu Pharmaceutical Co., Ltd., in December 2002, and its subsidiary Shimizu Medical Co., Ltd. to reinforce the competitiveness of its Total Nutrition Care concept in the pharmaceuticals business, particularly in the infusions and clinical nutrition fields.

Profile

Corporate Philosophy

Ajinomoto Co., Inc. aims to be a unique and distinctive company trusted by people around the world. To achieve this aim, our management philosophy is to contribute to significant advances in food and health on a global basis, and ultimately to create a better life for all. We emphasize leadership, innovation and foresight in providing safe and reliable products of the highest quality, and we continuously improve our rigorous systems of quality assurance. Ajinomoto is also committed to environmental preservation, and works toward continuous reduction in the impact of operations on the environment.

A Focus on Profitable Growth and Responsible Management

Ajinomoto's current three-year management plan emphasizes consistently profitable growth. As we develop into a truly global corporation, we are emphasizing the five key areas of expanding business in growth sectors, shifting toward a high-earnings structure, strengthening corporate governance, nurturing personnel capable of working in the global arena, and operating in harmony with society as a good corporate citizen. The objectives of our current three-year management plan, which we will complete in March 2005, include net sales of ¥1.1 trillion, operating income of ¥75 billion, net income of ¥45 billion, and return on equity of at least 10 percent. Ajinomoto is on track to achieve these objectives, and has taken a number of steps to refine its system of corporate governance to enhance management efficiency and ensure high ethical standards.

The Ajinomoto Way

Ajinomoto has concentrated resources in selected core markets to build a broadly based product portfolio of number-one and strong number-two brands in their respective segments. We are deploying our technological strengths to differentiate our well-known brands and create new ones, while selectively acquiring businesses that exhibit strong synergy with existing operations to accelerate profitable growth. Ajinomoto operates globally, with 103 factories in 14 countries and regions including Japan that support operations in 22 countries and regions. The Ajinomoto Way is developing the people, products and strategies required to differentiate Ajinomoto from competitors, and generate benefits for shareholders.

Contents

Forward-Looking Statements

This annual report contains forward-looking statements regarding the Company's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgments derived from the information available to the Company at the time of publication.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's businesses; competitive pressures; related laws and regulations; product development programs; and changes in exchange rates.

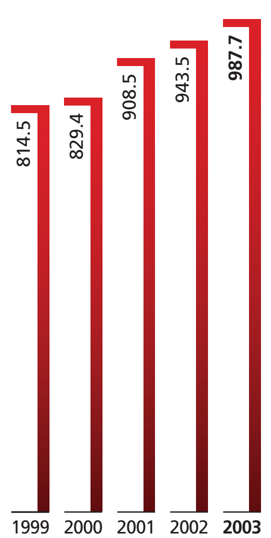
Financial Highlights

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2003 and 2002

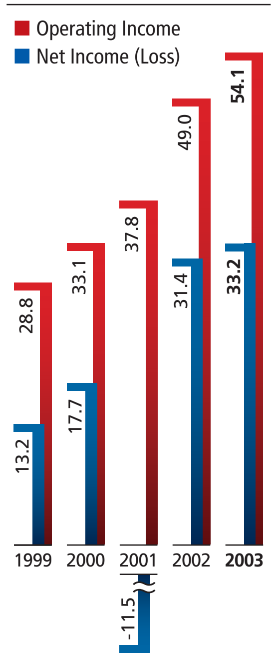
	Millions of yen		Thousands of U.S. dollars	Percent change
	2003	2002	**2003**	**2003**/2002
For the year:				
Net sales	**¥987,727**	¥943,540	**$8,231,058**	4.7%
Gross profit	**270,727**	263,536	**2,256,058**	2.7
Operating income	**54,059**	49,015	**450,492**	10.3
Income before income taxes and minority interests	**65,466**	58,464	**545,550**	12.0
Net income	**33,178**	31,442	**276,483**	5.5
At year-end:				
Shareholders' equity	**¥391,154**	¥381,017	**$3,259,617**	2.7%
Total assets	**864,588**	840,152	**7,204,900**	2.9
Per share (yen and U.S. dollars)				
Net income	**¥ 50.7**	¥ 48.4	**$ 0.42**	4.8%
Shareholders' equity	**602.7**	586.3	**5.02**	2.8
Cash dividends	**11.0**	10.0	**0.09**	10.0

Note: U.S. dollar amounts represent translations of yen, for convenience only, at ¥120=US$1, the approximate rate prevailing on March 31, 2003. All figures are rounded to the nearest whole number.

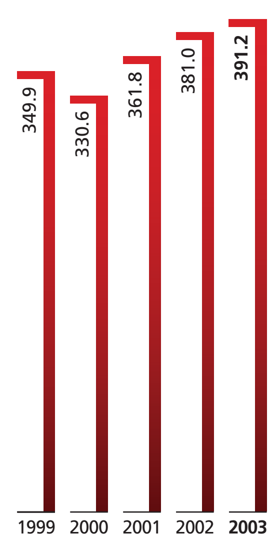
Net Sales
(Billions of yen)



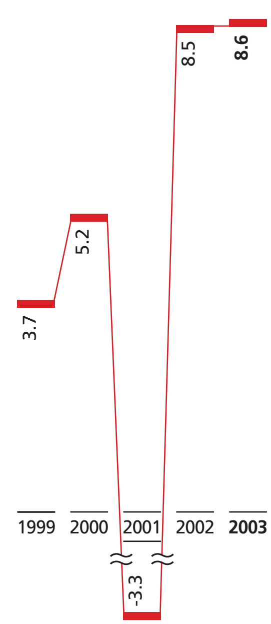
Operating Income/ Net Income (Loss)
(Billions of yen)



Shareholders' Equity
(Billions of yen)



Return on Equity
(%)



Note: In connection with the implementation of new accounting standards for retirement benefits in Japan, Ajinomoto opted to accrue ¥52.3 billion in net retirement benefit obligations as a one-time charge during the fiscal year ended March 31, 2001. As a result, the Company posted a loss before income taxes and minority interests, net loss and net loss per share, and return on equity was a negative number.

To Our Shareholders

Ajinomoto has begun a new three-year management plan with aggressive objectives. Performance gains during the past fiscal year put the Company on track to achieve these objectives and deliver solid value for stakeholders.

Kunio Egashira
President & Chief
Executive Officer

Net sales for the year ended March 31, 2003 increased 4.7 percent to ¥987.7 billion. Supported by ongoing programs to reduce costs, raise efficiency and concentrate on areas in which Ajinomoto has a strong competitive advantage, operating income increased 10.3 percent to ¥54.1 billion. Net income increased 5.5 percent to ¥33.2 billion, and net income per share increased 4.8 percent to ¥50.7. Reflecting the steady improvement in performance, Ajinomoto increased cash dividends per share for the year 10.0 percent to ¥11.0.

Management Plan Supports Growth

During the year to March 2003, the first year of our new three-year management plan, Ajinomoto made steady progress in the five key strategies of the plan — expanding business in growth sectors; shifting toward a high-earnings structure; strengthening corporate governance; nurturing personnel capable of working in the global arena; and operating in harmony with society as a good corporate citizen — as well as in promoting the swift decision-making and execution capabilities required to implement these strategies.

Three primary factors drove growth in sales and earnings during the initial year of the plan. The first is our emphasis on selection, concentration and expansion. We have chosen the markets we are best able to serve, concentrated our capabilities in them, and are now expanding our presence. This approach has increased the speed at which we can adapt and innovate, and it has supported our drive to achieve and maintain a strong number-one position in our markets. Ajinomoto generates the strongest operating earnings and cash flow from its number-one market positions — market leadership drives growth. Our efforts to be number one in each of our chosen markets have resulted in measurable gains in competitiveness through cost reductions. In addition, mergers and acquisitions during the past fiscal year include the acquisition of Frec Corporation, formerly a subsidiary of Nippon Sanso Corporation, that enhances Ajinomoto's market position by significantly strengthening its presence in commercial frozen food marketing channels; the acquisition of Shimizu Pharmaceuticals Co., Ltd., which strengthened our pharmaceuticals business; and the completion of an alliance in the edible oils business that enables the Ajinomoto Group to become a market leader in Japan.

Technology is the second key factor. Our global cost leadership in product segments including feed-use Lysine and Threonine is in large part the result of superior technological capabilities. Technology also makes us better able to develop new products that stand out in the marketplace and allow us to compete on the basis of quality and added value instead of simply price.

The final factor is the progress we have made in raising the effectiveness of Group management. At every Ajinomoto location I visited during the past fiscal year in the course of my work, I found more enthusiasm than ever and an even clearer sense of shared purpose. Consolidated management has caused each Group member to operate more effectively as a part of the whole rather than as a discrete unit. Our people are aware of the Company's strategies and objectives, and the solid results for the past fiscal year are in large part a reflection of the commitment that has grown from that awareness.

The Strong Number One Strategy

Strong number-one positions support results in the challenging Japanese market. Competition in Japan has grown increasingly stringent, particularly at the retail level. Prices continue to decrease, and that exposes weaknesses very quickly. As a result, only strong participants are able to thrive, while marginal participants feel

The Three-Year Management Plan (April 2002-March 2005)

March 2005 Objectives:

Net Sales	**¥1.1 trillion**	**Net Income**	**¥45 billion**
Operating Income	**¥75 billion**	**ROE**	**≥ 10%**

Strategy	Areas of Focus
Expanding Business in Growth Sectors	• Nutritional health-related foods • Overseas retail markets, particularly Southeast Asia, Central and South America, and China • Enhanced leadership in global bulk ingredients • Pharmaceuticals • Synergistic acquisitions and alliances
Shifting toward a High-Earnings Structure	• Further cost reduction and enhanced brand leadership in the domestic food business • Global cost competitiveness for bulk ingredients • Improved management efficiency at the corporate level
Strengthening Corporate Governance	• Full benefit from the internal company system • Inclusion of an outside member of the Board • Introduction of corporate executive officer system
Nurturing Personnel Capable of Working in the Global Arena	• Enhanced performance-based personnel system • Training on a group-wide basis • Strong awareness of the "Ajinomoto Way"
Operating in Harmony with Society as a Good Corporate Citizen	• Stronger quality assurance • Global environmental preservation • Contribution to the communities we serve

Fiscal 2002 Acquisitions and Alliances

Domestic Food Products: Capital participation in and business alliance with GABAN Co., Ltd.

Frozen Foods: Business integration with Frec Corporation to strengthen position in commercial marketing channels.

Edible Oils: HONEN AJINOMOTO OIL MILLS, INC. established, renamed J-OIL MILLS, INC. in April 2003 following management integration with Yoshihara Oil Mill, Ltd.

Overseas Food Products: SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. begins production and sales; Ajinomoto Korea, Inc. established.

Pharmaceuticals: Acquisition of Shimizu Pharmaceutical Co., Ltd. Number-two share of clinical nutrition market.

increasing pressure to exit. At the same time, global competitors have established themselves in Japan and clearly intend to increase their market share.

Occupying the top position in our chosen markets allows us to compete effectively and profitably in any operating environment. We have achieved leadership in many segments of the seasoning and processed food markets through clearly defined strategies, and this leadership has given our people the confidence that Ajinomoto can achieve its objectives. The new three-year management plan we implemented during the past fiscal year has gotten off to a good start, and we intend to maintain this momentum.

Focused Global Operations

Overseas, Ajinomoto is focusing its resources on growing areas, and has also achieved strong number-one positions in markets such as feed-use amino acids. A major theme during the current fiscal year and beyond is "2 in 5," meaning we intend to double sales and earnings from overseas retail markets by the end of fiscal 2005, compared with fiscal 2000 levels. A concentrated focus on business expansion through internal growth, alliances and acquisitions is how we intend to achieve this ambitious goal. This was the rationale behind our joint venture with House Foods Corporation of Japan in China's retort pouch food market. The sale of our interest in the CPC/AJI group of companies, which was a joint venture with the Unilever Group, during the past fiscal year is a typical example of our strategic response to the ongoing structural changes in our industry. We will use cash generated from the sale to strengthen our presence in growing business areas around the world.

As in Japan, we will maintain our emphasis on using technology to attain and preserve cost competitiveness and offer the highest levels of quality and value. In the end, that's what a strong number-one position is all about: consistently outstanding customer satisfaction.

The Ajinomoto Brand Is Key

Brands are central to Ajinomoto's success in every market. In enhancing the value of our brand portfolio, however, we are not thinking primarily in terms of individual brands, but in terms of the Ajinomoto corporate brand. When customers and the public at large know and trust the Ajinomoto name, they will trust the numerous brands we offer. Certainly, we want consumers to recognize and appreciate the quality and value of each of the individual brands we offer, but first and foremost, we want the overall Ajinomoto corporate brand to represent these ideals. The success of individual brands will then surely follow.

Our efforts to build the *Amino Vital* brand exemplify our approach. An agreement with the Seattle Mariners, a U.S. Major League Baseball team, places the Ajinomoto corporate logo on prominent display at their home field. The team also selected *Amino Vital* as its official amino acid performance drink, and this brand logo will be visible on jugs, towels and cups in the dugouts. Millions of viewers in Japan and the United States will become more aware of the Ajinomoto corporate brand during every Mariners home game, and this will have a powerful carry-on effect on *Amino Vital*.

Environmental Responsibility

Environmental responsibility is crucial to retaining the trust of society. In addition to emphasizing compliance with national and local environmental regulations, Ajinomoto voluntarily promotes further environmental preservation measures with its Group-wide international environmental preservation standards. At the same time, Ajinomoto pursues corporate growth that also reduces impact on the environment, both globally and in the regions in which we operate. In fiscal 2002, Ajinomoto strengthened its implementation of a Group-wide environmental management system that encompasses subsidiaries in Japan and overseas. Moreover, the ISO 14001 environmental management standards serve as the basis for Ajinomoto Group environmental management. In March 2003, all research laboratories and centers of Ajinomoto Co., Inc. obtained ISO 14001 certification, followed by headquarters, which is the core of Group management, and branch offices in April 2003. As a result, the entire Ajinomoto Co., Inc. organization has acquired ISO 14001 certification. Moreover, 14 Group companies in Japan and overseas have acquired ISO 14001 certification, demonstrating Ajinomoto's resolute progress in this area.

Global Quality and Safety Standards

Quality, safety and customer trust are absolutely critical to our brand strength and operating performance because we supply so many products that have a direct effect on human health, including food, beverages, animal

feed supplements and pharmaceuticals. Our internal standards, known as the Ajinomoto System of Quality Assurance, incorporate a Hazard Analysis and Critical Control Point (HACCP) system and the ISO 9000 quality standards, and we are implementing this rigorous system throughout our global operations. A key feature of our system is that each Group company leader is directly and clearly responsible for maintaining the highest quality standards, from raw materials to final products. A core component of Ajinomoto's approach to quality is supply chain quality control and accountability. Our system therefore encompasses auditing supplier quality as well. This is an increasingly important issue as we work to stay in close touch with markets and control costs through in-market production and sourcing of raw materials. Consequently, we further strengthen our quality commitment with regular and thorough quality audits, just as we do in defending and enhancing our commitment to environmental protection.

Effective Corporate Governance

Ajinomoto is further strengthening its corporate governance to bring the unique features of its management more in line with the needs of a global company. The introduction of an internal company system in April 2002 clarified authority and responsibilities for greater autonomy of each business area, and the resulting healthy competition between internal companies promotes synergies. In addition, linking all steps from production to sales will increase the speed of decision-making while raising Ajinomoto's value in the eyes of its customers. Even more important, the new system has made more apparent than ever the importance of nurturing personnel who can carry out work from the viewpoint of managers, and thus contribute to competitiveness.

During the current fiscal year, we have altered the composition of the Board to include an outside member and to implement a corporate executive officer system. The corporate executive officer system will define authority and accountability more clearly, and therefore further focus the energies of each company. Several managers from operations outside of Japan will also participate as corporate executive officers, and this will enhance our ability to anticipate and lead our markets worldwide. A particularly beneficial result will be greater speed in making decisions and managing for growth.

Commitment to Shareholders

Shareholders can expect to benefit from the performance gains that Ajinomoto has been steadily achieving. In keeping with our longstanding commitment to investors, we undertook a survey of shareholders during the past fiscal year, and received more than 7,800 replies. Not surprisingly, shareholders' two main concerns were an increase in cash dividends and a higher stock price. Stable dividends are a cornerstone of Ajinomoto management. For each of the past 40 years, the Company has paid annual cash dividends of ¥10.0 per share, supplemented in some years by special dividends marking milestones in the Company's development. Given clearly expressed shareholder sentiment and the Company's steady achievement of goals, management has adopted a policy of increasing dividends by maintaining a specified payout ratio for each three-year period, set at 20 percent or higher from fiscal 2002 to fiscal 2004, and linking dividends to achievement of management objectives. As a result, we increased the dividend for the year ended March 31, 2003 by 10.0 percent to ¥11.0 per share. We believe that these policies will allow us both to maintain stable dividends and increase shareholder returns.

Stock price, of course, is different from dividends. The only tried and true way we can induce capital markets to increase the price assigned to our stock is to generate higher earnings. Hence our emphasis on achieving the challenging objectives of our management plans. We have specifically chosen three-year periods because they represent a balance between short- and long-term viewpoints. Overemphasis on short-term performance can interfere with understanding strategic issues, while five-year plans may fail to give the Company sufficient motivation to act swiftly. With a sound balance in place, we are better positioned to deliver the earnings that enhance shareholder value. The feature section that follows provides detailed insight into how Ajinomoto will work to enhance earnings in high-potential markets.

I would like to take this opportunity to thank our customers, shareholders, business associates and employees for their continuing support. Ajinomoto intends to continue its tradition of using its distinctive strengths to build rewarding relationships with stakeholders.

July 2003

Kunio Egashira

Kunio Egashira
President & Chief Executive Officer

Successfully Creating New Sources of Earnings Growth

Expanding Presence in the
Nutritional Health Market

Expansion of
Overseas Retail Business

Accelerated Growth in
Global Bulk Ingredients

Emphasis on the
Pharmaceuticals Business

Promotion of *Mergers, Acquisitions and Alliances*

Expanding Presence in the *Nutritional Health Market*

Interdisciplinary cooperation among the Health Services Development Department, the Research Institute for Health Fundamentals, and Group companies is supporting profitable market share growth.

The *Kenko Sarara* production line (Kumazawa Plant of Ajinomoto Oil Mills Co., Inc.).

Kenko Sarara, which reduces cholesterol deposits, is made from 100 percent natural ingredients.

An Effective Organization for Global Expansion

The global market for nutritional health-related foods is growing. While Ajinomoto is not alone in this market, we have a unique competitive advantage: unmatched expertise in amino acids, the building blocks of most of the foods we eat, and indeed of life itself. Our strategy is geared to fostering efficient global expansion through carefully orchestrated cooperation among targeted research by the Research Institute for Health Fundamentals, interdisciplinary product development supported by the Health Services Development Department, and marketing. A key goal is to add physiological health benefits to products in order to leverage product development costs over as many brands as possible.

Amino Vital Exceeds Expectations

Ajinomoto's carefully staged development of the *Amino Vital* supplement brand has generated results that have exceeded expectations. We began with a focus on professional athletes, most recently represented by Ajinomoto's role as an official partner of the Japan Olympic Committee and the selection by the Seattle Mariners, a U.S. Major League Baseball team, of *Amino Vital* as its official amino acid sports performance drink in March 2003. We then built the brand in fitness clubs through means including agreements with operators. Strong results in this channel have supported efforts to more broadly penetrate the consumer market, and the three main sales channels for *Amino Vital* now encompass drugstores, supermarkets and convenience stores, and the sports-related channel. Ajinomoto is well prepared to generate strong sales growth in Japan with an expanded product lineup that broadens its targeted customer group to include the health-conscious as well as those who participate in sports. At each stage, Ajinomoto has maintained a brand image based on science through clear communication with consumers that has made the benefits of a complex product easy to understand.

The *Amino Vital* brand is expanding beyond its original customer base of athletes, represented by Ajinomoto's selection as an official partner of the Japan Olympic Committee, to reach all health-conscious consumers.

Kenko Sarara Cooking Oil: Market Leader

Kenko Sarara matches growing health awareness among consumers because of its ability to reduce cholesterol deposits. Its designation as a "Food for Specified Health Use" by the Ministry of Health, Labour and Welfare has helped it vitalize the mature cooking oil market in Japan. During fiscal 2002, *Kenko Sarara* took the top share by weight of the cholesterol-reducing cooking oil market, with retail sales of ¥2.3 billion. Ajinomoto has also launched a new healthy oil product made from rice, *Genmai Oil*, to build its presence in this growing segment.

Takuji Yui
Manager, R&D Group, *Amino Vital* Dept.
Global Foods & Amino Acids Company

"Science drives the *Amino Vital* brand. Our marketing strategy revolves around experience, understanding and communication. We have sponsored events such as the Honolulu Marathon to let people experience the benefits of *Amino Vital*. Understanding among specialists such as health care providers differentiates the brand through sophistication. And communication means disseminating intelligent analysis of the well-documented ability of *Amino Vital* to contribute to a healthy, active life."

Expansion of Overseas Retail Business

Ajinomoto is opening new markets and diversifying its existing presence in growth areas worldwide, with a strategic focus on Southeast Asia, Central and South America, and China.

Over the long history of *AJI-NO-MOTO* umami seasoning in markets worldwide, Ajinomoto has built the distribution networks and consumer trust that support continued overseas growth.

Working Toward “2 in 5”

Ajinomoto’s objective is to double its fiscal 2000 sales and income from overseas retail markets by the end of fiscal 2005. To meet this goal of “2 in 5,” Group companies are working together to profitably meet specific market needs. Southeast Asia, Central and South America, and China are particularly important because of their scale and growth rates and our ability to serve them with high-quality, volume products. While continuing to strengthen the market positions of existing brands, Ajinomoto will enhance distribution and sales channels to expand the number of products we offer and the segments in which we participate.

Building on Strong Brands

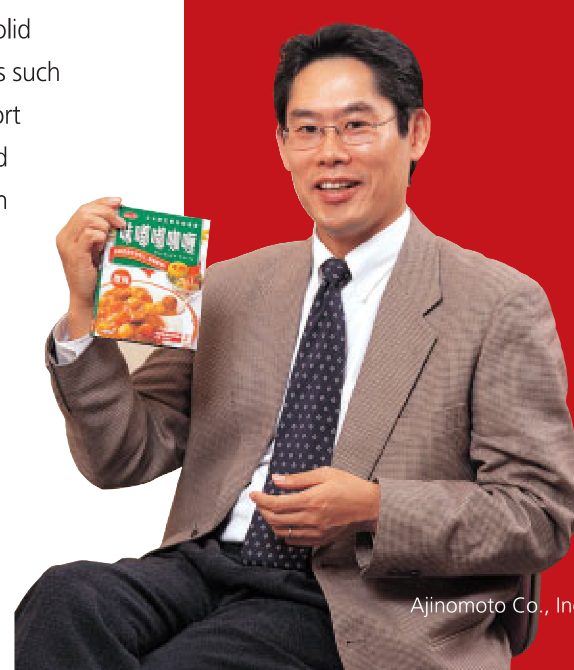
Ajinomoto has a long history of serving markets in Southeast Asia and Central and South America, and *AJI-NO-MOTO* umami seasoning is the core of a lineup of trusted brands. As a result, we have well-established distribution channels through which to expand our presence into profitable new markets. These include sweeteners, processed foods such as instant noodles, and beverages. Our objective is to enhance our brands at the retail level to capture the full benefit of the rapid growth rate in markets such as Brazil, Peru and the ASEAN countries. Solid progress during the past fiscal year indicates that consumer recognition of Ajinomoto brands will support further expansion.

New Consumer Proposals in China

As in other regions, *AJI-NO-MOTO* seasoning has earned the trust of Chinese consumers. Ajinomoto is therefore working to expand from a solid product position to offer value-added processed food products. Alliances such as our joint venture with House Foods Corporation of Japan to offer retort pouch curry products will play a key role in accelerating sales growth and enhancing profitability. Retort pouch curry, previously relatively unknown in China, has received a positive response from the Shanghai market. The venture is following carefully defined strategies that include line extensions and thorough test marketing in building outward to other urban areas. Efficient supply and low-cost, high-quality in-market sourcing are also key themes for achieving rapid growth.

Yuji Koide
Marketing Manager, Shanghai Branch
Ajinomoto (China) Co., Ltd.

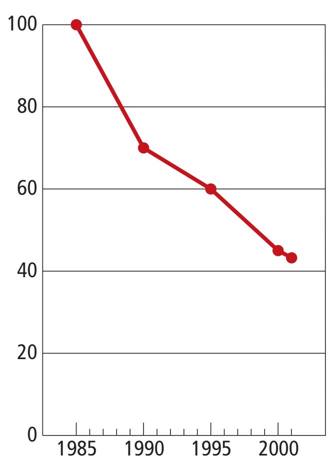
"The Chinese market has great potential. Consumers there trust Ajinomoto quality, and the initial target for our retort pouch curry products is mothers of young children. Our prices are in line with the market. The products are in some 3,000 supermarkets and convenience stores in Shanghai, many of which we attracted by taking the unorthodox approach of holding a seminar for interested retailers. We're also expanding distribution to six other areas including Beijing and Guangzhou, while broadening product variety."



Accelerated Growth in *Global Bulk Ingredients*

Reinforcing overseas production bases is part of a global strategy of concentrating resources in strong number-one businesses. Enhanced competitiveness will further increase global market share leadership in various segments of the bulk ingredients market.

Cost Reductions for Feed-Grade Lysine
(Unit: 1985=100)



Translating Cost Competitiveness into Leadership

Under the "WIN" (World Number 1 Network) plan from fiscal 1999 to fiscal 2001, Ajinomoto achieved global cost leadership in the bulk ingredients business. As a result, we have built strong number-one positions in the segments we serve in terms of sales and market share, and have enhanced them with significant capacity expansions in key businesses including feed-use amino acids, nucleotides, pharmaceutical-use amino acids and amino acid-based sweeteners. Our focus is now deploying the flexibility and competitive advantages we have created to accelerate growth in global bulk ingredients while simultaneously increasing the profitability of this business.

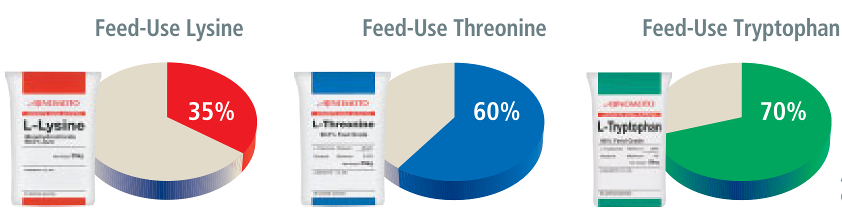
AJINOMOTO ANIMAL NUTRITION group

Ajinomoto Animal Nutrition Strategy Meeting

Number One in Feed-Use Amino Acids

Cost competitiveness and capacity expansion position Ajinomoto to profitably increase market share for feed-use Lysine, Threonine and Tryptophan, the three primary products in the global feed-use amino acid market. Backed by superior fermentation technologies related to amino acids, Ajinomoto is continuing efforts to reduce production costs. As a result, our intense price competitiveness serves as a barrier to entry for competitors. By the end of the current management plan in March 2005, we therefore expect to maintain our share of the feed-use Lysine market at 35 percent or higher, maintain our share of the feed-use Tryptophan market at 70 percent or higher, and raise our share of the feed-use Threonine market from 60 percent to 70 percent.

Global Market Share for Feed-Use Amino Acids (Fiscal 2002)



Ajinomoto estimates

Continued Leadership in Seasonings and Other Segments

Concentrating resources allows Ajinomoto to maintain leadership in other bulk ingredient businesses while enhancing profitability. The summer 2003 completion of a highly cost-competitive nucleotides plant in Thailand will allow us to build on our leading position in the global nucleotide seasonings market. Ajinomoto currently has a share of about 50 percent of the global umami seasoning market excluding China, and we expect that programs to improve our supply capabilities and develop efficient new technologies will support improved profitability and market penetration. The critical mass created through acquisitions supports our drive to build on our 40 percent share of the global amino acid-based sweetener market to become the world's leading supplier in this segment as well.

Jean Falgoux
President,
AJINOMOTO EUROLYSINE S.A.S.

"Our top priority is to achieve substantial gains in sales by leveraging the competitive advantage we get from coupling superior technology with increased production capacity. We intend to aggressively expand the feed-use Threonine and Tryptophan markets, and starting the registration process for complementary products to ensure the future growth of our product lineup is a key means of maintaining market leadership. We're strong in all the markets of Europe — west, central and east — so we have a sound operating base on which to grow."

Emphasis on the *Pharmaceuticals Business*

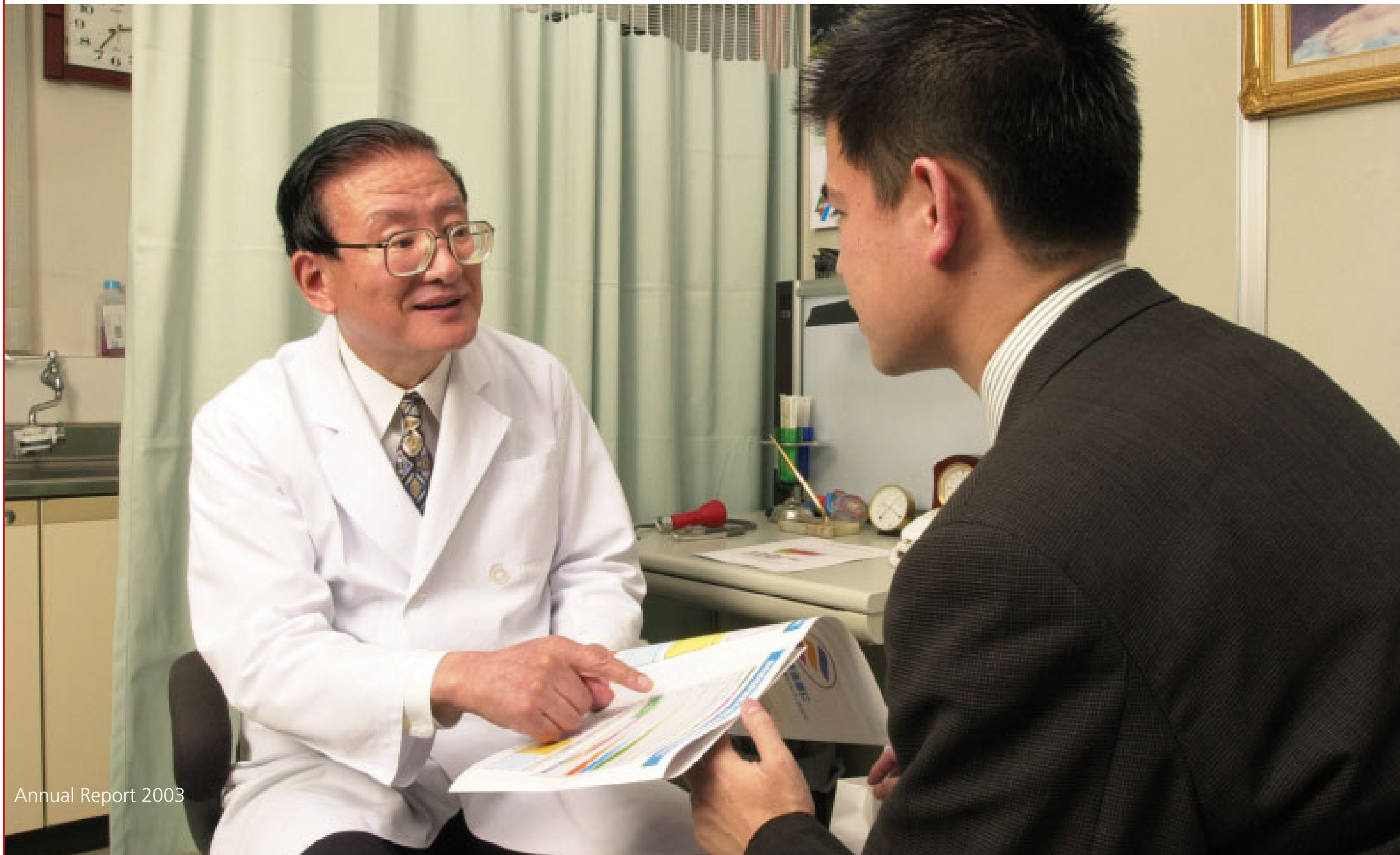
Ajinomoto's core competence in amino acid technology fosters innovation in creating pharmaceuticals and is helping to build market share in the areas of infusions, clinical nutrition, dialysis products, and gastrointestinal and lifestyle-related diseases.

Ajinomoto's Pharmaceutical Research Laboratories outfitted with cutting-edge facilities near Tokyo.

The acquisition of Shimizu Pharmaceutical further strengthens the R&D capabilities of Ajinomoto and Ajinomoto Pharma, particularly in the areas of infusions and dialysis.

An Efficient Business Built on Expertise

Rather than competing directly with large and well-established companies in the global pharmaceuticals industry, Ajinomoto is using its proprietary expertise to build strong positions in niche markets and to develop innovative products that will engender profitable alliances with other companies. As a result, Ajinomoto is limiting the risks of the pharmaceuticals business while accelerating returns on investment. Moreover, our R&D organization is extensive, covering Japan, the United States and Europe, yet represents an incremental investment given our global position in numerous other businesses. Ajinomoto is emphasizing infusions, clinical nutrition, dialysis products, and gastrointestinal and lifestyle-related diseases, areas in which our unique competencies can quickly have an impact.



Total Nutrition Care: Working toward Number One

Group company Ajinomoto Pharma Co., Ltd. heads our drive to be a leader in Total Nutrition Care in Japan. This business centers on infusions and clinical nutrition products (including prescription drugs and medical foods), which have become increasingly important at healthcare facilities. Core products include high-calorie infusions, electrolyte solutions, dialysis drugs and the *ELENTAL* line of prescription enteral formulas, all of which exhibit strong synergy with Ajinomoto's core competency in amino acids, physiological science and food products. The solid performance of the *MEDI-F* line of medical foods is also supporting our drive to achieve a number-one position in the clinical nutrition market. The highly synergistic acquisition of Shimizu Pharmaceutical Co., Ltd. in December 2002 has measurably strengthened Ajinomoto's drive to attain the leading share of the infusions and clinical nutrition markets in Japan. The acquisition has led the Pharmaceutical Company of Ajinomoto to increase its sales projections for the year ending March 2005 from ¥71 billion to ¥96 billion, and its operating income projection from ¥9 billion to ¥13 billion.

The product lineup of Ajinomoto Pharma Co., Ltd. builds on Ajinomoto's expertise in amino acids and food products to offer infusions and clinical nutrition products under the concept of Total Nutrition Care.

Pharmaceuticals Based on Amino Acids

The "Ajinomoto Way" of the pharmaceuticals business employs the two approaches of creating unique and effective products based on its expertise in amino acids and forming strategic alliances with strong partners that can accelerate development, distribution and market penetration. The results have increased Ajinomoto's revenue and earnings, thus generating value for shareholders, as evidenced by the success of the antidiabetic agent nateglinide, a derivative of an amino acid. This product is marketed in Japan under the brand names *FASTIC* by Ajinomoto and *STARSIS* by Yamanouchi Pharmaceutical Co., Ltd., and in more than 70 countries globally under the brand name *STARLIX* by Novartis Pharma AG.

Sonoko Ishizaki

Amino Acid Pharmacology,
Drug Discovery Dept. II
Pharmaceutical Research Laboratories,
Pharmaceutical Company

"I am proud that Ajinomoto really appreciates the intelligence and creativity of its scientists. When I set research themes, I concentrate on projects that other companies cannot replicate with a focus on the power of amino acids. Right now, I am investigating methods of treating hepatitis. Other examples of our work include examining the direct use of amino acids in pharmaceuticals, developing methods to strengthen the pharmacological functions of amino acids in the body, and even modifying the structure of amino acids to improve their ability to help people lead healthy lives."

Promotion of *Mergers, Acquisitions and Alliances*

Acquisitions, consolidation and business tie-ups have strengthened Ajinomoto's domestic operations, including edible oils, frozen foods and pharmaceuticals, and the food business outside Japan.

GABAN Co., Ltd. is a comprehensive seasonings company integrated from production to marketing. Its brand of seasonings is well known in Japan's commercial market.

Synergy and Critical Mass

Size for the sake of size is not Ajinomoto's objective. We work to achieve operating synergies and critical mass in building our market presence through merging Group companies, acquiring external companies, and initiating strategic alliances at several levels. The benefits to shareholders of these activities have materialized quickly. For example, Ajinomoto has accelerated growth in the pharmaceuticals business through the acquisition of Shimizu Pharmaceutical Co., Ltd. and Shimizu Medical Co., Ltd.; raised market share and profitability by consolidation of domestic food operations; added to its strength in seasonings through a strategic alliance with GABAN Co., Ltd.; and enhanced its presence in China through joint ventures, most recently SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD.. Additional progress in building relationships in edible oils and frozen foods is therefore projected to provide a similarly beneficial impact on performance.

Ajinomoto's strategic acquisition of Shimizu Pharmaceutical has reinforced the competitiveness of the Total Nutrition Care concept in the pharmaceuticals business.

Top Share in the Domestic Edible Oil Market

A holding company-based alliance structure has propelled Ajinomoto and its partners to the top of the domestic edible oil market. In April 2002, Ajinomoto Oil Mills Co., Inc. joined with HONEN Corporation in integrating their respective edible oils operations. In April 2003, Yoshihara Oil Mill, Ltd. joined the holding company. The new firm that has resulted, known as J-OIL MILLS, INC., will have annual sales of ¥190 billion and a 33 percent share of the domestic edible oils market. Moreover, the integration of production, logistics and raw material sourcing will provide strong support for improved profitability on a significantly larger sales base.

Frec Corporation's strong presence in the commercial frozen foods market complements Ajinomoto's strength in the household market. Frec also has strong household brands, such as this frozen hamburg steak product.

Reorganizing the Frozen Foods Business

In April 2003, Group company Ajinomoto Frozen Foods Co., Inc. completed the acquisition of Frec Corporation, the frozen foods subsidiary of Nippon Sanso Corporation. The acquisition is projected to increase its net sales by approximately ¥20 billion for the year ending March 2004. The acquisition is highly complementary, as Frec's strong presence in the commercial market expands on Ajinomoto's traditional strength in the household market. Moreover, cost efficiencies in administration and purchasing of ingredients and packaging materials will enhance profitability and cost competitiveness. The acquisition provides a strong foundation for Ajinomoto to continue with its program of building critical mass in the frozen foods business as the Company works to attain the number-two market share in the overall domestic market.

Masatoshi Ito
President,
Ajinomoto Frozen Foods Co., Inc.

"The integration of Ajinomoto Frozen Foods and Frec is truly complementary. Ajinomoto is strong in the household market, Frec emphasized the commercial market. Together, we're number one in Japan in prepared frozen foods in the household market, and a strong number two in the commercial market. Ajinomoto can now reduce some costs and allocate others over more products and customers to lower unit costs — integration is not just about higher sales, it's also about higher earnings."

Research and Development

Purification of enzymes

Research and Development for Technology-Driven Growth

Amino acids, beginning with glutamic acid, are the origin of Ajinomoto's businesses and R&D. The principal component of the Company's first product, *AJI-NO-MOTO*, is monosodium glutamate, and Ajinomoto has energetically built outward from this base to expand into various food categories including seasonings, edible oils, processed foods and frozen foods. Based on many years of experience in amino acid production technology and application research, Ajinomoto has also developed a presence in diverse markets ranging from feed-use amino acids, chemical products and sweeteners to pharmaceuticals and pharmaceutical intermediates.

Test cooking and evaluation of food products

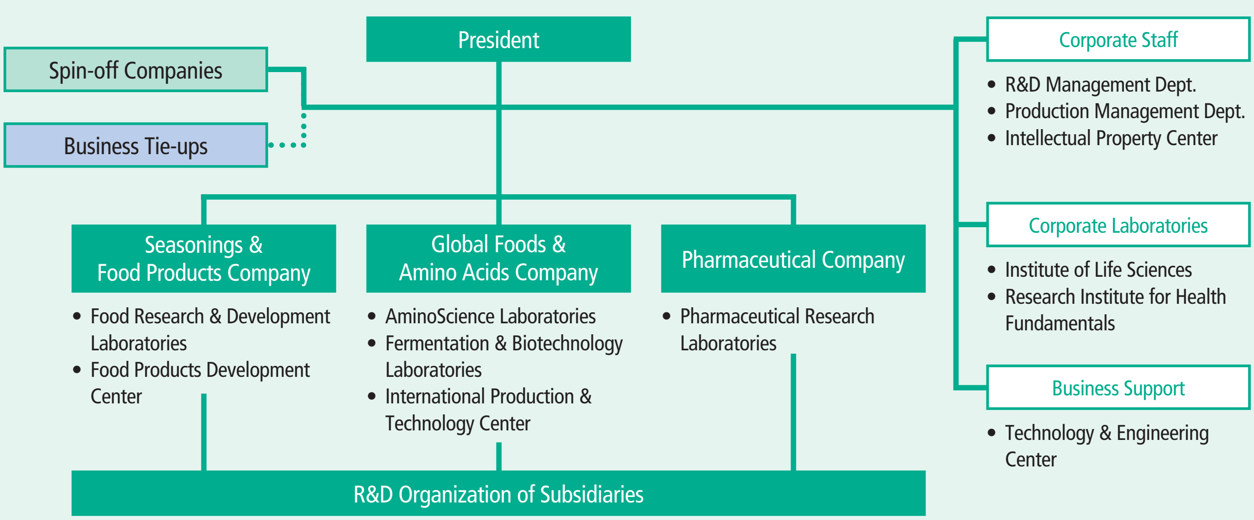
Synergy & Creativity

Ajinomoto is strengthening its new R&D system to support efforts to further expand its technological capabilities and raise their potential. In Japan, Ajinomoto employs state-of-the-art science and technologies at corporate laboratories to create and expand business opportunities, and at laboratories belonging to in-house companies to enhance specialization in their business domains. Ajinomoto works to balance autonomous self-reliance and synergistic cooperation within its research system.

People want both good health and great taste. The Food Research & Development Laboratories and the Food Products Development Center concentrate on creating products that meet both needs. The AminoScience Laboratories study how amino acids function within the body, supporting the development of hit products such as *Amino Vital* and cosmetics that help clean and moisturize the skin. Ajinomoto also devotes significant R&D resources to fermentation and biotechnology, which lowers production costs and raises efficiency, thus helping the Company meet price requirements in markets such as feed-use amino acids. In the field of pharmaceuticals, R&D is focused on new treatments for gastrointestinal and lifestyle-related diseases, and also infusion products.

Overseas, the Company established Ajinomoto-Genetika Research Institute (AGRI) in Russia to conduct research into fermentation microorganisms in the field of amino acids. Next, Ajinomoto established companies in the United States and the United

R&D Organization in Japan



Kingdom to conduct pharmaceutical clinical development, thus building a system covering Japan, North America and Europe that speeds the creation of new pharmaceuticals. Ajinomoto has also established food research centers in the United States and China in addition to Japan, expanding food R&D on raw materials, ingredients and processed foods to a higher level.

Fermentation tank and culture control system

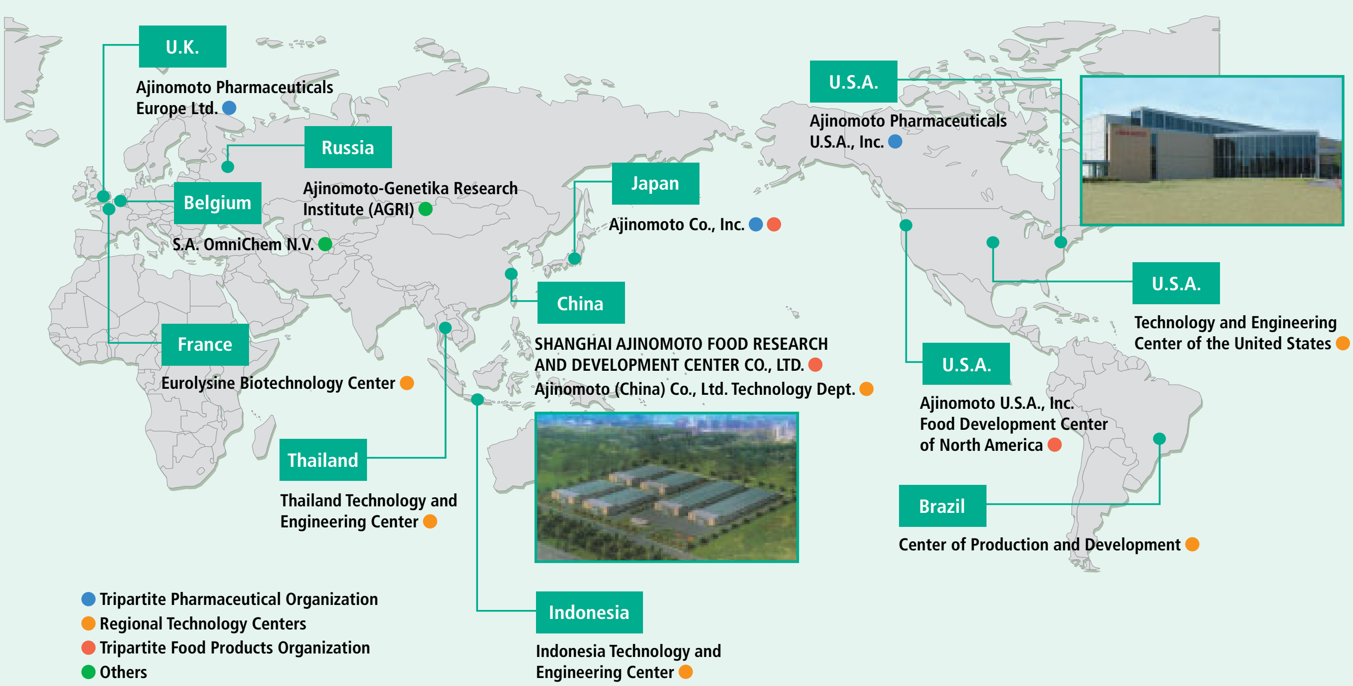
Establishing a Base in Growth Fields

Health science is an area of great interest for people, and excellent potential for Ajinomoto. In the domain of functional foods, Ajinomoto is creating next-generation businesses that are based on the physiological benefits of amino acids or natural products. *Kenko Sarara* is an edible oil that has been proven effective in lowering cholesterol. In December 2001, Japan's Ministry of Health, Labour and Welfare approved this product as a Food for Specified Health Use. Moreover, Ajinomoto's Research Institute for Health Fundamentals is investigating how amino acids and new materials contribute to human health, and is making progress based on original hypotheses regarding mechanisms of action. Building on the scientific results of each of these investigations, Ajinomoto is moving ahead with the global development of food products and ingredients that help maintain and improve physical health.

At the Institute of Life Sciences, the Pharmaceutical Research Laboratories, and the Fermentation & Biotechnology Laboratories, genome and post-genome research are the key fields of Ajinomoto's involvement in life science. Ajinomoto is conducting basic research into the structure of proteins and other areas, with the objective of applying this knowledge to research of pharmaceuticals and fermentation.

Using its core amino acid-based life science technology and working under the themes of food and health, Ajinomoto will work to generate growth in creative new business domains.

Global R&D Network



Commitment to Society and the Environment

Quality assurance activities at the Iowa Plant of Ajinomoto Food Ingredients LLC in the United States

Quality Assurance at a Global Level

Consumers have become increasingly concerned about food quality, and more than ever are basing purchases on their evaluation of the quality and reliability of the company that produces the food. Quality assurance (QA) is therefore an issue of central importance as Ajinomoto develops its global presence. In February 2002, Ajinomoto implemented a three-year plan to further improve the Ajinomoto System of Quality Assurance (ASQUA) to ensure that we meet or exceed quality standards anywhere in the world. The plan covers the entire Ajinomoto Group, and each Group company, including Ajinomoto, has made a senior manager directly responsible for guaranteeing product quality. Measures such as meetings of all quality managers and communication between the Quality Assurance & External Scientific Affairs Department and the quality managers will support the effectiveness of the new QA drive. In addition, Ajinomoto is implementing quality audits that encompass the entire supply chain, including each Group company, outsourced production, purchasers and material suppliers.

Ajinomoto has set QA goals for each business area:

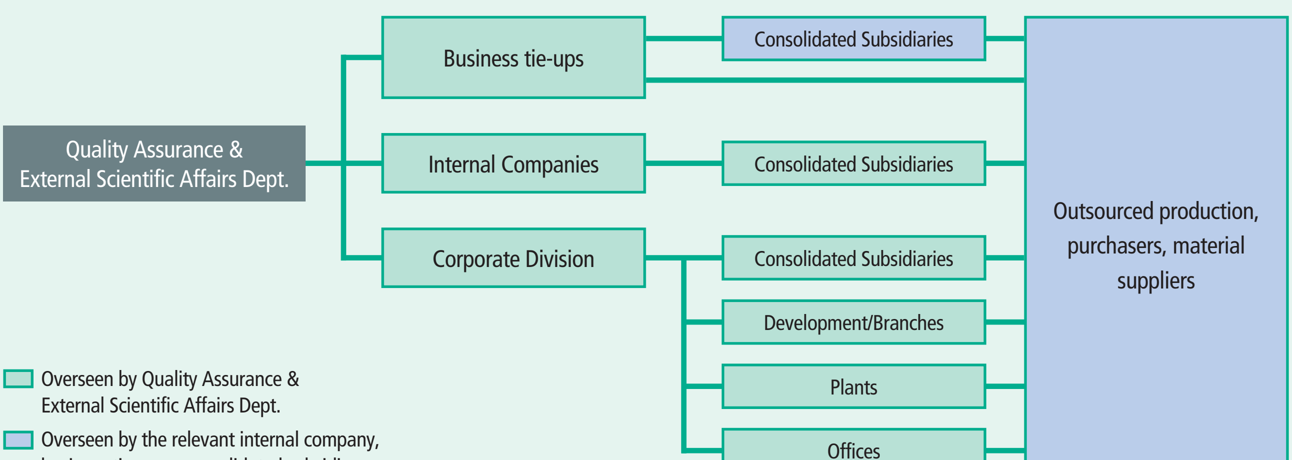
Food

- Each Group company must obtain ISO 9001 certification of its quality management system.
- Manufacturing operations must implement HACCP.
- All purchasers, contract manufacturers and material suppliers must meet Ajinomoto Group quality standards.

Pharmaceuticals

- Operations in Japan, the United States and Europe must all comply with the good manufacturing practice (GMP) standards.

Strengthening Quality Assurance

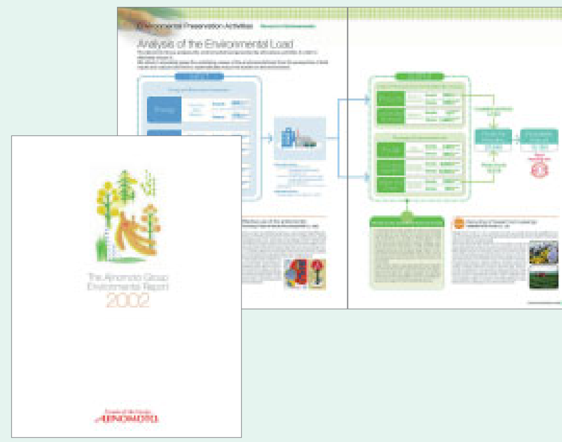


Seven employees of the Quality Assurance & External Scientific Affairs Department have begun quality audits of Ajinomoto and 40 organizations within the Ajinomoto Group. The purpose of these audits is to confirm compliance with Ajinomoto Group quality policies, the scale of QA activities and compliance with standards. The audits also evaluate each organization's plan and activities for their ability to contribute to the achievement of the objectives of the three-year quality improvement program.

A New Environmental Preservation Plan Begins

In the past fiscal year, Ajinomoto implemented a new three-year environmental preservation plan that is designed to build on the successes of the plan that preceded it. The new plan emphasizes environmentally oriented management, sets strict limits for environmental loading, and seeks to promote the Ajinomoto corporate brand from the perspective of environmental preservation. By March 2003, all research laboratories and centers had obtained ISO 14001 certification, followed by headquarters and branch offices in April 2003. The entire Ajinomoto Co., Inc. organization has now acquired ISO 14001 certification. Moreover, 14 Group companies in Japan and overseas have acquired ISO 14001 certification, and Ajinomoto has set the goal of obtaining certification of the environmental management systems of approximately 100 major operating sites of the Ajinomoto Group worldwide by March 2006. Currently, the Group has achieved approximately 40 percent of this goal.

The Ajinomoto Group is also dealing with issues such as conserving energy, using resources more effectively, preventing global warming, further reducing waste generation and disposal, and promoting effective utilization of by-products and wastes. Efforts in these areas at three of Ajinomoto’s plants in Japan have resulted in reduction of unit energy consumption by 24 percent compared to fiscal 1990 levels, as well as both a zero emissions achievement ratio and a resource recovery ratio of 92 percent.



The Environmental Report is available to read or download at the Ajinomoto website: http://www.ajinomoto.com/

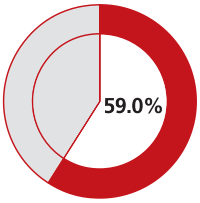
Contributing to Society

Ajinomoto has always emphasized open communication with society and sound corporate citizenship, and policies centered on sound regulatory compliance, transparency, health, safety and environmental preservation are a sincere and beneficial form of corporate citizenship. In Japan, Ajinomoto has been working with the Future Homemakers of Japan (FHJ) since 1975 in sponsoring the FHJ-Ajinomoto Home Project Contest for essays covering culture- and diet-related themes. The Ajinomoto Foundation for Dietary Culture supports research and provides a wide range of dietary information. Ajinomoto also participates in a service that delivers meals to senior citizens. Overseas, the activities of the Thai Ajinomoto Foundation have included donations to elementary schools to cover rebuilding expenses, and support for gifts of eye-glasses for the visually impaired. In Indonesia, Yayasan Aji Dharma Bhakti has extended scholarships to master’s degree students. In Brazil, the Instituto Assistencial Ajinomoto (IAA) makes donations to a community center to remodel the building and support volunteer activities. To commemorate the 35th anniversary of Ajinomoto del Perú S.A., Fundacion Ajinomoto para el desarrollo de la comunidad was established for community development in February 2003. In the Philippines, Ajinomoto provides joint support with the Japanese Organization for International Cooperation in Family Planning (JOICFP) for a project administered by Batangas Province to improve reproductive health and nutritional status at the household level.

On May 17 2003, IAA joined forces with Acao Comunitaria do Brasil (Brazilian Community Action) to hold a “Day of Volunteer Action” in the city slums. The event, previously held in November 2002, was once again a great success with the adults and children of the area.

Ajinomoto at a Glance

DOMESTIC FOOD PRODUCTS



Seasonings

- *AJI-NO-MOTO*
- *Umami Dashi Hi-Me*
- *Aji-Shio*
- *Hon-Dashi Katsuodashi*
- *Seto no Honjio*
- *Cook Do*
- *Cook Do Oyster Sauce*
- *Cook Do Tobanjan*
- *Gohan Ga Susumu Kun*
- *Umai Ajishimi Oden no Tsukurikata Oshiemasu*

Processed Foods

- *Knorr Cup Soup*
- *Knorr Hokkaido Torori Potage* series
- *Knorr Funwari Tamago Soup*
- *Knorr Soup Pasta*
- *Pure Select Mayonnaise*
- *Pure Select Half*
- *Pure Select Super Low Calorie 70% Cut*
- *Ajinomoto kk Consommé*
- *Let's QUIQ* pasta
- *Pasta Do*
- *Okayusan*
- *Ajinomoto kk Ajiamen*
- *Kellogg's Corn Flakes*

Frozen Foods

- *Ebi Shumai*
- *Hot! 1 Ebi Pilaf*
- *Obentou Arabiki Hamburg*
- *Yawaraka Wakadori Kara-Age*
- *Gyoza*
- *Yoshokutei Hamburg*

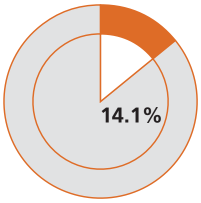
Edible Oils

- *Kenko Sarara*
- *Kenko Canola E*
- *Haiga No Megumi Gemmai Oil*
- *Oleic Acid Tappuri Safflower Oil*
- *Healthy Pure Light*
- *Olive Oil*
- *Olive Oil Extra Virgin*
- *Gomaaburazukino Goma Abura*
- *Canola Oil*
- *Salad Oil* (standing pouch)

Beverages and Dairy Products

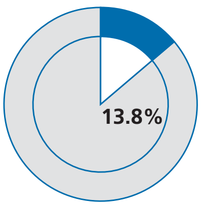
- *Blendy*
- *Maxim*
- *Maxim Handy Drip*
- *Blendy Portion Coffee*
- *Marim*
- *CALPIS*
- *CALPIS Water*
- *CALPIS Cultured Milk AMEAL S*
- *Evian*
- *Petite Danone*
- *Danone Yogurt*
- *Fruit Selection*
- *Danette*
- *BIO*

OVERSEAS FOOD PRODUCTS



- *AJI-NO-MOTO*
- *Ros Dee* (Thailand)
- *Sazon* (Brazil)
- *Masako* (Indonesia)
- *Birdy* (Thailand)
- *3 in 1* (Thailand)
- *Wei-Du-Du* (China)
- *Aji-no-men* (Peru)
- *Sticky Rice* (U.S.A.)

AMINO ACIDS



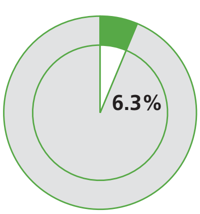
Feed-Use Amino Acids

- Feed-Use Lysine
- Feed-Use Threonine
- Feed-Use Tryptophan

Amino Acids for Pharmaceuticals and Foods/Cosmetics/Specialty Chemicals

- Sweeteners
  - *Pal Sweet*
  - *Pal Sweet Calorie Zero*
  - *Slim-Up Sugar*
  - *Slim-Up Sugar Flavor Sugar*
  - *Slim-Up Sugar Hachimitsu Syrup*
  - *Slim-Up Sugar Syrup*
  - *MID SUGAR*
- Cosmetic Ingredients
  - Surfactants: *Amisoft, Amilite*
  - Moisturizing agent: *Ajidew*
  - Conditioning agents: *CAE, Amisafe*
  - Emollient: *Eldew*
- Cosmetics
  - *JINO* series
- Electrochemicals
  - *ABF* (Ajinomoto Build-Up Film)
- *Amino Vital Mainichi Iki-Iki*
- *Amino Vital Kanpai Iki-Iki*
- *Amino Vital Jelly* series
- *Amino Vital Pro*

PHARMACEUTICALS



- Infusions and Clinical Nutrition: *ELENTAL, PNTWIN, HEPAN ED, SOLITA T*
- Gastrointestinal: *LIVACT Granules, NIFLEC*
- Lifestyle-Related Diseases: *FASTIC* (nateglinide), *ATELEC* (cilnidipine), *Actonel* (risedronate)
- Medical Foods: *Impact, MEDI-F Bag, MEDI-F Amino Plus, Healsh Fiber*

Review of Operations

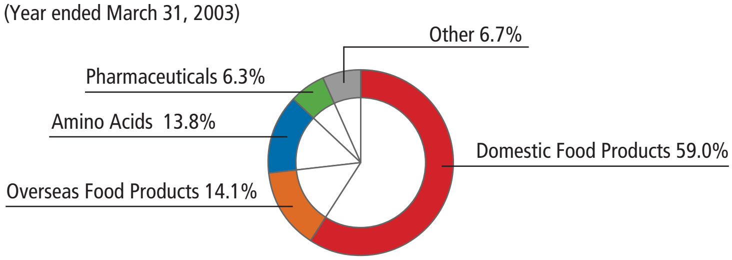
Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars	Percent change
	2003	2002	**2003**	**2003**/2002
Business Segments				
Net Sales				
Domestic Food Products	**¥583,243**	¥563,096	**$4,860,358**	3.6%
Overseas Food Products	**139,236**	138,607	**1,160,300**	0.5
Amino Acids	**135,933**	129,991	**1,132,775**	4.6
Pharmaceuticals	**62,693**	53,509	**522,442**	17.2
Other	**66,621**	58,334	**555,175**	14.2
Operating Income				
Domestic Food Products	**¥ 26,805**	¥ 25,106	**$ 223,375**	6.8%
Overseas Food Products	**9,250**	6,999	**77,083**	32.2
Amino Acids	**13,558**	14,186	**112,983**	(4.4)
Pharmaceuticals	**8,883**	6,540	**74,025**	35.8
Other	**3,849**	4,349	**32,075**	(11.5)
Geographical Segments				
Net Sales				
Japan	**¥758,337**	¥716,774	**$6,319,475**	5.8%
Asia	**88,661**	87,836	**738,842**	0.9
Americas	**52,150**	56,598	**434,583**	(7.9)
Europe	**88,577**	82,329	**738,142**	7.6
Operating Income				
Japan	**¥ 31,330**	¥ 26,606	**$ 261,083**	17.8%
Asia	**9,387**	11,209	**78,225**	(16.3)
Americas	**7,372**	3,077	**61,433**	139.6
Europe	**5,969**	8,120	**49,742**	(26.5)

Notes: 1. U.S. dollar amounts represent translations of yen, for convenience only, at ¥120=US$1, the approximate rate prevailing on March 31, 2003.
2. Following the introduction of the internal company system in the year ended March 31, 2003, the Company reclassified its former business segments (Foods, Fine Chemicals and Other) as presented above. Segment information for the year ended March 31, 2002 has been restated to reflect the change.

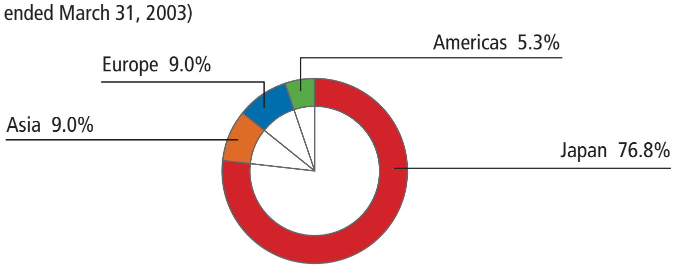
Composition of Net Sales by Business

(Year ended March 31, 2003)



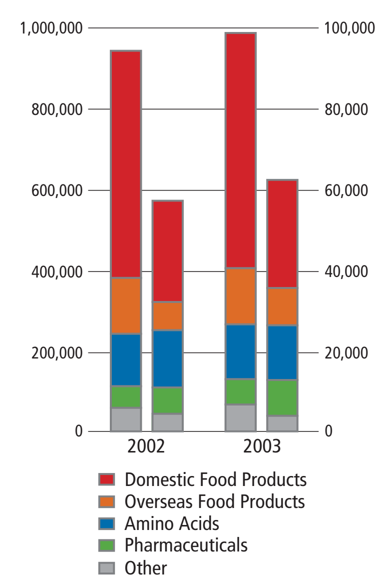
Composition of Net Sales by Region

(Year ended March 31, 2003)



Net Sales (left)/Operating Income (right)

(Years ended March 31) (Millions of yen)



Note: Segment information for operating income is shown prior to eliminations.

DOMESTIC FOOD PRODUCTS

Domestic Food Products sales increased 3.6 percent year-on-year to ¥583.2 billion, and operating income increased 6.8 percent to ¥26.8 billion. A solid reputation for quality and safety supports Ajinomoto brands, as does expertise in developing new products that keep Ajinomoto at the forefront of diversifying consumer needs.

Seasonings

Strategic Initiatives and Results

Among core products, sales volume for *AJI-NO-MOTO* and *Hon-Dashi* was essentially unchanged from the previous fiscal year. Mainstay *AJI-NO-MOTO* underwent its first package design change in 18 years. Household market sales were steady year-on-year. Although sales of umami seasonings trended downward, sales of the *Hon-Dashi* line increased, due largely to the contribution of new product launches in western Japan. On a sales basis, *Hon-Dashi* has a market share of 55 percent in households and an estimated 66 percent share in restaurants.

In the commercial market, the launch of *Honzukuri Ichiban Dashi* lent strength to sales in the liquid Japanese seasoning category, which supported steady gains in Ajinomoto's market position. In addition, sales and market share of *Seto no Honjio* increased significantly. Sales of savory seasonings such as *Ajimate* and *Koji-Aji* to food processing companies rebounded as public concern about bovine spongiform encephalopathy (BSE) dissipated. Moreover, sales of *ACTIVA* transglutaminase increased, led by varieties for use in texture improvement of processed foods such as ham, sausage, and tofu. An enzyme that improves food texture and is widely applicable in the food-processing market, *ACTIVA* is projected to make an increasing contribution to sales.

Outlook

During fiscal 2003, the Seasonings business will continue to focus on the strong number-one brand strategy. In addition, Ajinomoto will strengthen existing brands while building on them using proprietary technologies to create new products and markets. The Seasonings business will also develop export sales of products including *Hon-Dashi*. Strong in the household market, Ajinomoto will continue to expand its presence in the commercial market as well.

Hon-Dashi Katsuodashi

Hon-Dashi Katsuo to Konbu no Awasedashi

Cook Do Qingjiao Rousi

Honzukuri Ichiban Dashi

Customers have responded enthusiastically to the convenience of *Let's QUIQ* pasta, which can be prepared in just five minutes with only a frying pan.

Knorr Soup Harusame, Knorr Soup Pasta

Ajinomoto kk Ajiamen Vietnam Pho

Let's QUIQ pasta

Gyoza

Pro no Ebi Pilaf

Processed Foods

Strategic Initiatives and Results

The *Knorr* brand of soup products, a favorite in Japan for nearly 40 years, remained the overwhelming market leader and a primary contributor to Processed Foods results. *Knorr Soup Pasta*, added to the lineup in 2001 on a regional basis, performed strongly following a nationwide rollout in 2002. The leader in the convenience store soup category, this brand has proven highly popular among a growing segment of consumers who enjoy soup with a light lunch or as a snack. Sales of core brand *Knorr Cup Soup* also increased, driven by improvements to existing products and the introduction of new ones. Reduced public concern about BSE supported a rebound in sales of consommé. Moving to stay in tune with increased consumer health consciousness, Ajinomoto improved the *Pure Select Half* brand reduced-calorie mayonnaise type product by emphasizing the quality of ingredients. Overall mayonnaise sales were essentially unchanged from the previous fiscal year. The use of low-calorie, non-fried Asian noodles in the *Ajiamen* series of instant noodles, launched in August 2002, supported rapid customer acceptance. Sales of the *Kellogg's* cereal lineup increased, with newly launched products supporting results.

Outlook

During fiscal 2003, Ajinomoto will continue to emphasize strong number-one or number-two brand positions in taking a comprehensive approach to further increasing the value of its brands. We will expand the *Knorr Soup Pasta* lineup with new products, which we project will make a solid contribution to sales growth. Ajinomoto will also implement measures in areas such as production and distribution to increase cost competitiveness and raise profitability.

Frozen Foods

Strategic Initiatives and Results

Successful efforts to build critical mass in the Frozen Foods business have resulted in powerful market positions, including approximately 40 percent of the Chinese dumpling market, 43 percent of the gratin market, and 28 percent of the Japanese-style fried chicken (*kara-age*) market. During the past fiscal year, household market sales increased due to a focus on safe, reliable ingredients such as chicken raised on additive-free diets and specific pathogen-free (SPF) pork. In addition, products such as *Pro no Ebi Pilaf*, made with methods developed by professional chefs, exemplify Ajinomoto's strategy of using its production technology strengths to offer products with professional-grade flavor. Sales in the commercial market trended downward due to weakness in the restaurant sector.

Outlook

Ajinomoto will continue to work toward attaining the number-one position in the domestic frozen food market during fiscal 2003. The acquisition of Frec Corporation, formerly a subsidiary of Nippon Sanso Corporation, has added to Ajinomoto's presence in frozen foods, particularly in the commercial market. We will continue to emphasize the highest levels of flavor, value and product quality from ingredients to end products to expand sales of proprietary core product lines. Cost reductions to enhance competitiveness will remain a key operating objective, as will integrating and strengthening quality control systems.

Beverages and Dairy Products

Strategic Initiatives and Results

In the coffee segment, *Blendy* and *Maxim* have broadly expanded their lineups to include liquid, regular and instant coffee. Sales growth in the past fiscal year was firm. In the beverage segment, sales of *Evian* and *Calpis Water* also increased, contributing to improved earnings. *CALPIS Cultured Milk AMEAL S* and *Kenchao*, a healthy tea product introduced in September 2002, both carry the Food for Specified Health Use designation. *Amino Calpis,* introduced in March 2003, is expected to record solid performance in the current fiscal year. In the chilled dairy product segment, new product *Danette* performed well, complementing good performance by other brands including *Danone Fruit Selection* and *Danone Yogurt*.

Outlook

Health and added value will be the two themes guiding operations in the current fiscal year. Ajinomoto General Foods, Inc. in the coffee segment, Calpis Co., Ltd., in the beverage segment, and Calpis Ajinomoto Danone Co., Ltd. in the dairy product segment will focus on them in innovating existing products and launching new consumer proposals in order to build category-leading brands.

Maxim instant coffee

CALPIS Cultured Milk AMEAL S

Danone Fruit Selection

Edible Oils

Strategic Initiatives and Results

The cost of primary raw materials rose sharply during the past fiscal year, while deflation restrained market prices. The operating environment was therefore challenging. Ajinomoto has targeted number-one status in the domestic edible oils market through a holding company-based alliance with HONEN Corporation. Healthy functional oils are a growing product segment, and sales of Ajinomoto's flagship product *Kenko Sarara*, which has been certified as a Food for Specified Health Use by the Ministry of Health, Labour and Welfare, have grown vigorously since its launch in 2000. Ajinomoto also maintained its leadership of the olive oil segment during the past fiscal year, and sales of *Canola Oil* were strong. Sales increased in the gift market, driven by the popularity of *Kenko Sarara*. Sales of commercial-use oils drew support from Ajinomoto's emphasis on added value.

Outlook

Following the management integration with Yoshihara Oil Mill, Ltd. and change of the holding company's name to J-OIL MILLS, INC. in April 2003, Ajinomoto and its alliance partners are positioned to lead the edible oil market in Japan. Key themes during fiscal 2003 include greater efficiency and continued emphasis on cost reductions to increase competitiveness and profitability. Strength in the healthy, functional oil segment will support margins by inhibiting price competition.

Kenko Canola E, Corn Oil and *Safflower Oil*

Kenko Sarara

OVERSEAS FOOD PRODUCTS

Overseas Food Products sales increased 0.5 percent to ¥139.2 billion during fiscal 2002, and operating income rose 32.2 percent to ¥9.3 billion. Ajinomoto has a number of powerful brands, and is placing particular emphasis on expanding its presence in the retail markets of Southeast Asia, South America and China.

Ros Dee (Thailand)

Masako (Indonesia)

Sazon (Brazil)

Seasonings

Strategic Initiatives and Results

Outside Japan, Ajinomoto deploys its core expertise in product development that meets the needs of particular markets to offer a wide range of unique seasonings that delight customers in the household and restaurant sectors. Sold in more than 100 countries, *AJI-NO-MOTO* umami seasoning is a well-known brand that holds the leading share in its category in numerous markets worldwide. In Asia, sales of *AJI-NO-MOTO* and seasoning mixes were firm in the household, restaurant and food-processing sectors during fiscal 2002. In South America, increased sales of *AJI-NO-MOTO* for home and restaurant use and substantial expansion of seasoning mixes supported year-on-year sales growth, while *AJI-NO-MOTO* also performed strongly in many West African countries.

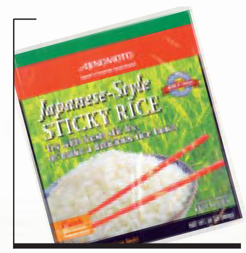
Outlook

In the ASEAN economies, Ajinomoto will concentrate on building up its existing operating base by strengthening its presence in its primary categories. Business development in China will be another key theme. Initiatives will center on expanding sales of fish-based soup stocks that originated in Japan, and on expanding Ajinomoto's presence in the consumer foods market. The new nucleotides plant in Thailand will be highly efficient and operate under the highest quality control standards, which will help Ajinomoto to profitably meet expanded demand and customer requirements for quality and price.

AJI-NO-MOTO umami seasoning

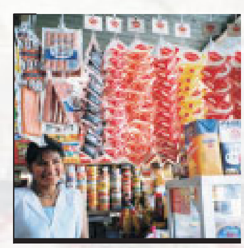
Ajinomoto's overseas food products operations are building a powerful presence in the retail markets of Southeast Asia, South America and China.

Birdy (Thailand)



Sticky Rice (U.S.A.)

Aji-no-men (Peru)



A market in Peru

Processed Foods

Strategic Initiatives and Results

Ajinomoto is involved in several growing segments of the processed food business. Our presence in every market we serve is based on the highest levels of quality and safety, supported by effective marketing and product development capabilities. During fiscal 2002, Ajinomoto began to market retort pouch curry products in China. This business should benefit from the strength in distribution that Ajinomoto has developed as a result of the Company's extensive participation in other markets such as seasonings. Aggressive marketing programs supported firm sales of instant noodle products in Brazil, Thailand and Poland, and Ajinomoto began selling this product line in Peru as well. Moving to focus more intently on proprietary product lines in Asia, Ajinomoto divested its stake in CPC/AJI, which had been a joint venture with the Unilever Group. Ajinomoto will deploy the proceeds from the divestiture to strengthen operations worldwide. Beverage sales in Asia were firm, led by the *Birdy* lineup.

Outlook

In the instant noodle business, Ajinomoto intends to increase share in existing marketing areas while creating new brands that will delight consumers. During fiscal 2003, Ajinomoto will also be evaluating potential demand for other types of processed foods in China and Asia with the objective of building a presence in new markets. For other processed food categories, a core theme will be developing products that appeal to consumer awareness of the high quality standards of Japan. In the United States, Ajinomoto will also move to develop new sources of revenue.

AMINO ACIDS

Sales of Amino Acids increased 4.6 percent to ¥135.9 billion during fiscal 2002, and operating income decreased 4.4 percent to ¥13.6 billion. Ajinomoto has the leading market share in various global amino acid markets. Superior productivity and technological expertise contribute to efficiency and earnings.

Feed-Use Amino Acids

Strategic Initiatives and Results

Ajinomoto's leading position in the markets for its three core feed-use amino acids, Lysine, Threonine and Tryptophan, is based on a commitment to quality and safety in contributing to the world's food supply. During fiscal 2002, sales in China expanded significantly, but heightened competition resulted in a decrease in overall sales in Asia. Sales increased in the Americas, with strong growth in North America compensating for the adverse effect of exchange rate fluctuations on South American sales. Sales in Europe were firm.

Feed-use Lysine prices weakened at the start of fiscal 2002, but recovered as demand and supply moved into a more favorable balance. In the feed-use Threonine market, Ajinomoto implemented a strategic price reduction to increase demand in North America and Europe while bringing new supply capacity online. As expected, prices increased somewhat toward the end of the fiscal year in line with the large increase in demand. Improved operating efficiency achieved through the use of advanced technology offset the increase in energy prices during fiscal 2002, allowing the Company to achieve projected profitability.

Feed-grade Lysine capacity expansion projects were completed in the United States, Italy and Thailand during the fiscal year, raising annual feed-grade Lysine production capacity to 240,000 metric tons. In addition, a new plant for feed-grade Threonine was built at Ajinomoto Heartland LLC in the United States in May 2002 and AJINOMOTO EUROLYSINE S.A.S. in France completed a project to increase feed-grade Threonine production capacity to 35,000 metric tons annually in October 2002.

Outlook

Ajinomoto's sales volume of feed-use Lysine is projected to increase by 10 percent and feed-use Threonine by 50 percent during fiscal 2003, while prices are expected to rise from fiscal 2002 levels. In both markets, the Company's industry-leading productivity is projected to support higher earnings. Feed-use Tryptophan sales volume is projected to increase steadily, creating a stable third pillar of the feed-use amino acid business.

Ajinomoto Heartland LLC in the United States

Global brand-building programs include the feed-use amino acids business.

Amino Acids for Pharmaceuticals and Foods

Strategic Initiatives and Results

Domestic demand centered on infusions was firm. Increasing recognition of the benefits of amino acids among beverage manufacturers resulted in significantly higher sales. Overseas, sales of pharmaceutical-use amino acids for infusions were strong. In addition, concerns about bovine spongiform encephalopathy (BSE) supported demand for Ajinomoto's amino acids that are not made from animal-origin raw materials. As a result, sales in the food and cosmetics segments increased substantially over the previous fiscal year. Sales in North America also increased, supported by rising interest in amino acids among biotechnology-related customers. Competition increased in some market segments, however, which put downward pressure on sales prices.

Outlook

Growing understanding of the benefits of amino acids among beverage manufacturers will provide steady growth of amino acid sales. The biotechnology market is positioned as another source of future growth. Ajinomoto will concentrate on expanding the market by steadily supplying high-quality amino acids and developing new functions and applications for customers.

North Carolina Plant of Ajinomoto AminoScience LLC

Ajinomoto Euro-Aspartame S.A.S.

Amino Acid-based Sweeteners

Demand for aspartame centered on use in carbonated diet beverages was firm. Although heightened competition placed downward pressure on prices, sales volume increased worldwide. Ajinomoto will maximize the benefits of its highly efficient, leading-edge production technology and production bases in Japan and Europe to further improve competitiveness, while continuing to reduce costs and expand sales.

Ajinomoto is the leader in the domestic low-calorie sweetener market, with more than 50 percent share of retail sales. Sales of the *Pal Sweet* and *Pal Sweet Calorie Zero* brands of amino acid-based sweeteners were firm in both the household and restaurant markets. New launches in Japan in 2002 included a honey-flavored syrup line extension of *Slim-Up Sugar*, which also contributed to sales growth. In South America and other overseas retail markets Ajinomoto is developing, year-on-year sales growth was strong.

Pal Sweet Calorie Zero

Slim-Up Sugar Hachimitsu Syrup

Amisoft, Amihope, Aminosoap and *Eldew*

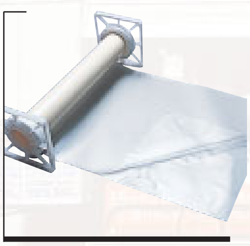
Pharmaceutical Intermediates

Ajinomoto has developed its own technology based on amino acids and nucleotides to respond to the needs of the pharmaceutical industry. Sales in Europe increased significantly as a result of demand for intermediates designed for new drugs. Increased emphasis in the pharmaceuticals industry on creating genome-based drugs is projected to support demand for the high-quality pharmaceutical intermediates that Ajinomoto produces. The Company will continue to implement new projects that anticipate customer needs while deploying its technological expertise to raise cost competitiveness and profitability in this business.

JINO series of cosmetics

Specialty Chemicals

Sales of specialty chemicals increased year-on-year. Sales of ingredients for cosmetics rose, due in part to strong demand for use in facial cleansing products. Sales of the *JINO* line of amino acid-based cosmetics increased year-on-year, supported by aggressive promotional activities. Sales of *ABF* (Ajinomoto Build-Up Film) multilayer insulation film used in computer equipment and sales of electronic materials for liquid crystal displays also rose over the previous fiscal year.



ABF (Ajinomoto Build-Up Film)

Nutritional Foods

Strategic Initiatives and Results

In nutritional foods, sales of amino acid supplement *Amino Vital* continued to increase significantly. Effective programs to expand sales channels were supported by advertisements and television programs that enhanced awareness of the benefits of amino acids and expanded penetration from pro athletes to the general public. Ajinomoto has built market shares of 50 percent for functional foods containing amino acids, and 40 percent for amino acid jelly drinks.

Outlook

Moves to continue generating strong sales growth for the *Amino Vital* line in fiscal 2003 include becoming an official partner of the Japan Olympic Committee and an agreement with the Seattle Mariners, a team millions of Japanese enjoy watching, to make *Amino Vital* their official amino acid sports performance drink.

Amino Vital

Amino Vital Mainichi Iki-Iki

PHARMACEUTICALS

Sales of Pharmaceuticals increased 17.2 percent to ¥62.7 billion during fiscal 2002, and operating income rose 35.8 percent to ¥8.9 billion. Ajinomoto is building a profitable presence in the pharmaceuticals industry by generating value from innovative thinking and expertise in amino acids.

Strategic Initiatives and Results

Sales of existing Ajinomoto products were solid during fiscal 2002 as focused sales programs in Japan contributed to increased revenue. In the gastrointestinal, infusion and clinical nutrition sectors, *LIVACT Granules*, a branched chain amino acid formula for treatment of liver cirrhosis, *PNTWIN* total parenteral nutrition infusion and *ELENTAL* elemental diet recorded steady sales. *Impact*, a liquid immunonutrition diet launched in July 2002, was among the new products that also contributed to performance gains. Ajinomoto also strengthened its ability to execute its Total Nutrition Care strategy with the acquisition of Shimizu Pharmaceutical Co., Ltd. in December 2002. Products added to Ajinomoto's portfolio as a result of the acquisition include the *SOLITA* series of electrolyte infusions, which is the top brand in Japan, as well as other infusions and dialysis agents, all of which are in rising demand at healthcare facilities.

Sales increased year-on-year of the antidiabetic agent nateglinide, marketed in Japan under the brand names *FASTIC* by Ajinomoto and *STARSIS* by Yamanouchi Pharmaceutical Co., Ltd., and in more than 70 countries around the world by Novartis Pharma AG as Ajinomoto's licensee. Sales began in May 2002 of risedronate, an osteoporosis treatment developed and now marketed in cooperation with Aventis Pharma Ltd. under the brand name *Actonel* and with Takeda Chemical Industries, Ltd. under the brand name *BENET*.

Outlook

A key theme during fiscal 2003 will be fully integrating the operating capabilities of Shimizu Pharmaceutical with those of Ajinomoto and Ajinomoto Pharma Co., Ltd. and raising organizational efficiency to maximize the benefits of the acquisition. As the first step of the integration, Shimizu Pharmaceutical's medical representatives have joined Ajinomoto Pharma to build an unified marketing organization to enhance marketing capabilities. Six plants, including Shimizu Pharmaceutical's three, now support pharmaceutical operations, and Ajinomoto will reorganize them to lower manufacturing costs. The development of innovative products based on Ajinomoto's core competency in amino acids that meet the needs of patients and healthcare professionals will be another core initiative.

LIVACT Granules

PNTWIN

SOLITA

Actonel

AJINOMOTO GROUP'S PIPELINE

(As of March 31, 2003)

Field	Name	Stage	Indication	Note
Infusions, clinical nutrition and dialysis	*LIVACT Granules*	Approved (March 2003)	Cirrhosis	New formulation
	HF-SOLITA BW Kit	Approved (March 2003)	Replacement solution for artificial kidneys	Double bag kit
	SOLITA-T1 1L Bag	NDA filed	Intravenous electrolyte solution	
	SOLITA-T3 1L Bag	NDA filed	Intravenous electrolyte solution	
	SOLITAX H 500mL Bag	NDA filed	Intravenous electrolyte solution	
	BICARBON inj.	NDA filed	Sodium bicarbonated Ringer's solution	
	Dehydrated ethanol inj. "Shimizu"	NDA filed	Hepatocellular carcinoma	
	levocarnitine	Phase II	EPO-resistant anemia in blood dialysis patients	Orphan designation
	Argi-U Granule	Preclinical	Mitochondrial encephalomyopathy	Orphan designation/Additional indication
Gastrointestinal	AJM300	Phase I	Inflammatory bowel disease	
Lifestyle-related diseases	*FASTIC* (nateglinide)	Phase II	Diabetes	Additional indication
	nateglinide*	Phase III*	Diabetes	Additional indication
	Actonel (risedronate)	Phase III	Osteoporosis	Additional indication/ Once a week administration
	AJW200	Phase I	Antiplatelet	
Others	AC-7700 (AVE-8062)**	Phase I**	Solid tumor	

Notes:
* Clinical studies are being conducted by Novartis Pharma AG (exclusive licensee outside Japan).
** Clinical studies are being conducted by Aventis Pharma S.A. (worldwide exclusive licensee).

Board of Directors and Auditors

(As of July 1, 2003)

Seated, from left: Sohei Ishiwata, Keiichiro Aihara, Hisaya Ushioda, Takeshi Suzuki, Kunio Egashira, Shozo Hashimoto, Takuzo Kitamura, Tohru Nishiyama, Norio Yamaguchi
Standing, from left: Osamu Tosaka, Kinzo Iitani, Yutaka Naito, Tadao Suzuki, Ichiro Ohashi, Toshikatsu Saito, Tsuyoshi Miura

PRESIDENT & CHIEF EXECUTIVE OFFICER

Kunio Egashira

MEMBERS OF THE BOARD & CORPORATE EXECUTIVE DEPUTY PRESIDENTS

Takeshi Suzuki

Internal Auditing Dept.; Environment Dept.

Takuzo Kitamura

President, Global Foods & Amino Acids Company

MEMBERS OF THE BOARD & CORPORATE SENIOR VICE PRESIDENTS

Hisaya Ushioda

Secretarial Office; General Affairs & Risk Management Dept.; Finance Dept.; Legal Dept.; Affiliates Management Dept.

Tohru Nishiyama

Quality Assurance & External Scientific Affairs Dept.; R&D Management Dept.; Health Services Development Dept.; Intellectual Property Center; Institute of Life Sciences; Research Institute for Health Fundamentals

Keiichiro Aihara

President, Pharmaceutical Company; Purchasing Dept.

Norio Yamaguchi

Corporate Planning Dept.; Human Resources Dept.; Public Relations Dept.; Information Systems Strategy Planning Dept.

Sohei Ishiwata

President, Seasonings & Food Products Company; Advertising Dept.

Kinzo Iitani

Production Management Dept.; Tokai Administration & Coordination Office; Kyushu Administration & Coordination Office; Technology & Engineering Center

MEMBERS OF THE BOARD & CORPORATE VICE PRESIDENTS

Tsuyoshi Miura

Vice President, Global Foods & Amino Acids Company

Osamu Tosaka

Kawasaki Administration & Coordination Office; General Manager, Kawasaki Plant I, Global Foods & Amino Acids Company

OUTSIDE MEMBER OF THE BOARD

Shozo Hashimoto

Chairman, Nomura Research Institute, Ltd.

STANDING CORPORATE AUDITORS

Ichiro Ohashi

Yutaka Naito

Toshikatsu Saito

CORPORATE AUDITOR

Tadao Suzuki

President, Mercian Corporation

Effective Corporate Governance

Ajinomoto places the highest priority on stakeholder-oriented corporate governance that contributes to enhanced competitiveness and the Company's ability to fulfill its social responsibilities. Based on an understanding of examples and lessons from Japan and overseas, Ajinomoto takes an approach to corporate governance that incorporates best practices from around the world and that also retains the positive aspects of Japanese-style management.

In an effort to improve competitiveness by speeding up decision making, Ajinomoto implemented a number of changes to the Board and the relationship between management oversight and business execution. Following approval of the General Meeting of Shareholders in June 2003, Ajinomoto reduced the number of members of the Board from 30 to 12, which includes one outside member of the Board. The inclusion of an outside member adds an external perspective that enhances the objectivity of the Board, and this outside member of the Board is uniquely qualified to provide advice regarding the Company's optimum response to its changing business environment.

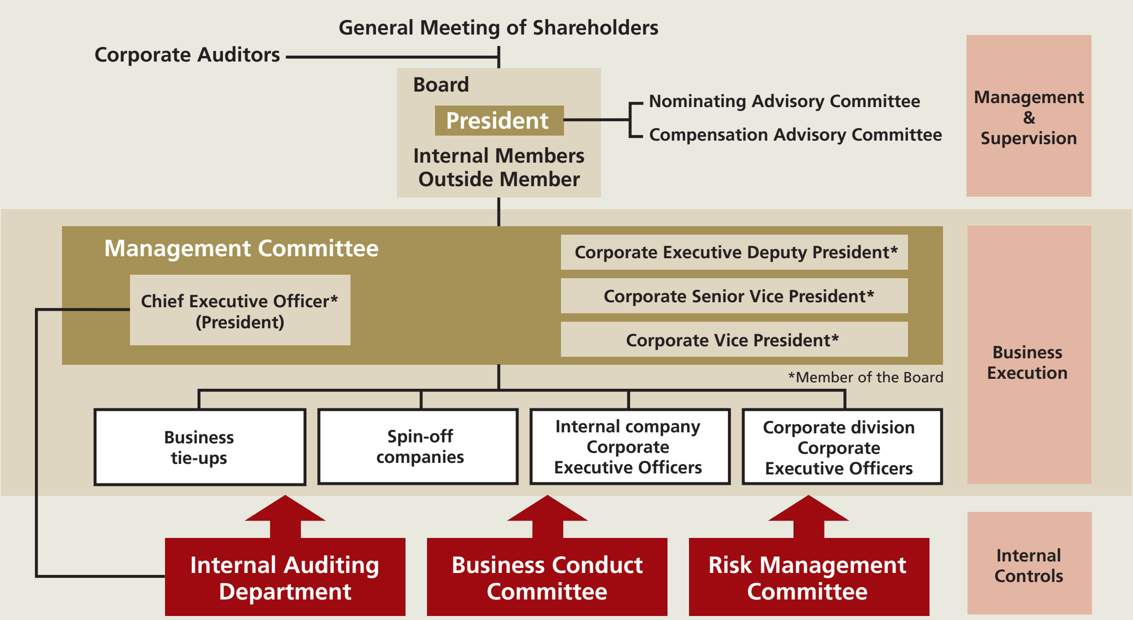
Introduced last year to strengthen business operations and competitiveness, Ajinomoto's internal company system is a key feature of its corporate governance system. The internal company system clearly defines both responsibility and accountability. The operating results of each internal company are not distorted by aggregation, while managers have the autonomy to make the most of their close relationships with customers and markets. The result is improved accountability and responsiveness, as well as enhanced corporate value for all Group businesses.

Ajinomoto will initiate a corporate executive officer system that separates management oversight and business execution, with the expected results of accelerating decision making and improving monitoring and accountability. Corporate executive officers will have the authority formerly held by directors and will specialize in implementing the Company's initiatives. The Board will monitor and assess operational implementation. Internal members of the Board will also serve as corporate executive officers. In order to make accurate management decisions in response to risks in line with actual business conditions, the Board judges the appropriateness of business execution as part of its operating oversight function.

Changes in Ajinomoto's approach to auditing will also enhance corporate governance. While maintaining its current auditing structure, Ajinomoto established a Nominating Advisory Committee to advise the President on the appointment of members of the Board and corporate executive officers. Ajinomoto also set up a Compensation Advisory Committee. The purpose of these changes is enhancing the transparency of Board personnel affairs and contributing to sound management. The Internal Auditing Department reports directly to the CEO, providing systematic oversight of the Company and its subsidiaries and affiliates to support operational integrity.

Ajinomoto's Business Conduct Committee is responsible for overseeing the legal compliance and corporate citizenship of all operations. The committee also checks that all Group operations are fully aware of the Ajinomoto Group Principles and that all Group companies and employees act in accordance with them. Ajinomoto's Risk Management Committee swiftly and accurately assesses corporate risks, reporting directly to senior management and dealing with issues in accordance with management instructions.

New Corporate Structure (adopted in June 2003)



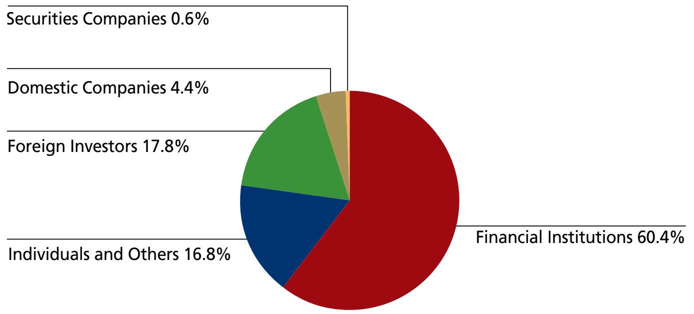
Investor Information

(as of March 31, 2003)

Ajinomoto Co., Inc.

Established:	May 20, 1909
Number of Employees:	24,793 (consolidated basis) 3,549 (non-consolidated basis)
Fiscal Year:	April 1 — March 31 Annual meeting held in June
Common Stock	
Authorized:	1,000,000,000 shares
Issued:	649,981,740 shares
Paid-in Capital:	¥79,863 million
Listings:	The Tokyo Stock Exchange and the four other domestic stock exchanges (Ticker Code: 2802)
Transfer Agent:	The Mitsubishi Trust and Banking Corporation
Independent Auditor:	Shin Nihon & Co.

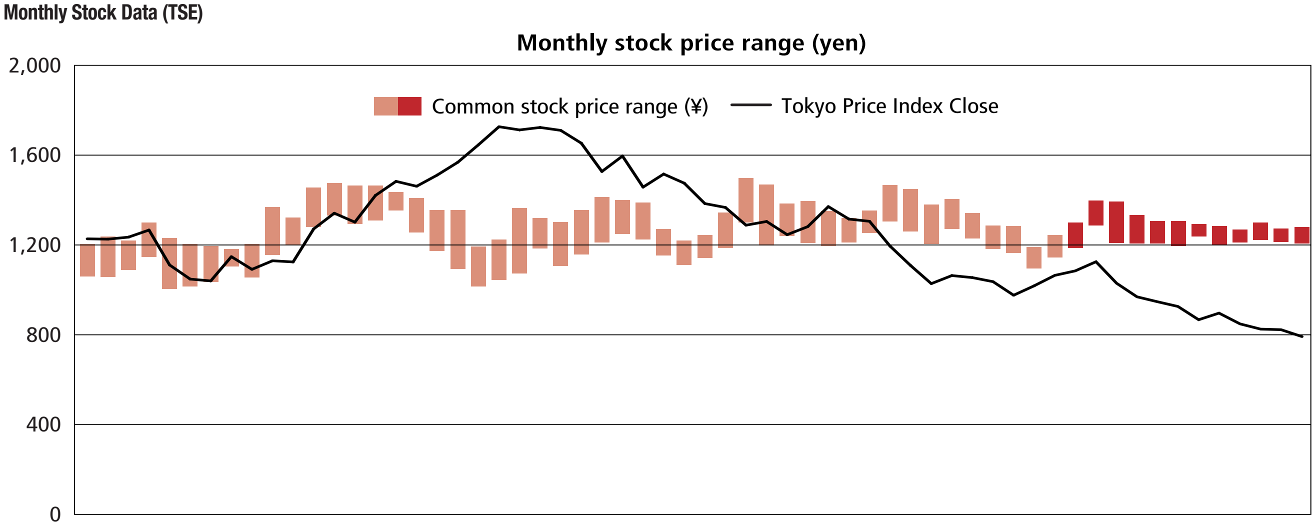
Distribution of Shareholders

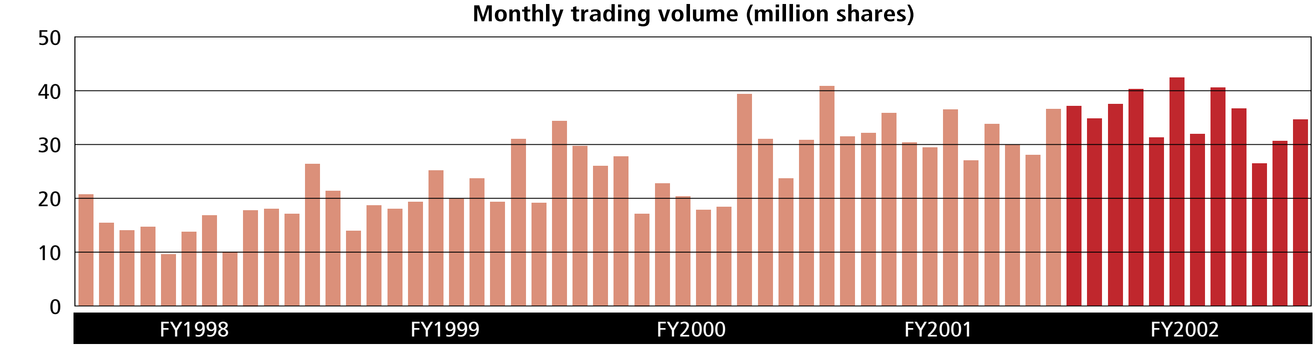


Major Shareholders

Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	60,279	9.27%
Japan Trustee Services Bank, Ltd. (trust account)	44,994	6.92
The Dai-Ichi Mutual Life Insurance Company	35,550	5.47
Nippon Life Insurance Company	34,770	5.35
The Bank of Tokyo-Mitsubishi, Ltd.	20,624	3.17
Mizuho Corporate Bank, Ltd.	17,036	2.62
NIPPONKOA Insurance Co., Ltd.	16,097	2.48
The Mitsubishi Trust and Banking Corporation	15,121	2.33
Meiji Life Insurance Company	12,156	1.87
Sompo Japan Insurance Inc.	11,810	1.82

Monthly Stock Data (TSE)





Note: Fiscal years beginning April and ending March the following calendar year.

Financial Section

Six-Year Summary of Selected Financial Data

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen					
	2003	2002	2001	2000	1999	1998
For the year:						
Net sales	**¥987,727**	¥943,540	¥908,528	¥829,422	¥814,538	¥835,965
Cost of sales	**716,999**	680,003	665,856	613,751	612,401	616,777
Gross profit	**270,727**	263,536	242,672	215,670	202,136	219,187
Selling, general and administrative expenses	**216,668**	214,521	204,867	182,620	173,374	168,765
Operating income	**54,059**	49,015	37,805	33,050	28,762	50,422
Other income (expenses)	**11,407**	9,449	(50,800)	1,286	113	(8,141)
Income (loss) before income taxes and minority interests	**65,466**	58,464	(12,995)	34,336	28,875	42,281
Net income (loss)	**33,178**	31,442	(11,547)	17,658	13,242	17,975
Capital expenditures	**57,403**	45,277	46,914	55,765	53,395	50,077
Depreciation and amortization	**38,969**	37,222	38,640	37,334	33,365	32,029
At year-end:						
Shareholders' equity [1]	**¥391,154**	¥381,017	¥361,771	¥330,557	¥349,939	¥359,245
Total assets [1]	**864,588**	840,152	828,945	732,980	762,173	796,149
Long-term debt	**71,523**	94,435	98,511	139,821	137,999	118,572
Per share (yen):						
Net income (loss)	**¥ 50.7**	¥ 48.4	¥ (17.8)	¥ 27.2	¥ 20.4	¥ 27.7
Shareholders' equity [1]	**602.7**	586.3	556.6	509.0	538.8	553.2
Cash dividends	**11.0**	10.0	10.0	10.0	12.0	10.0
Value indicators:						
Liquidity ratios:						
Debt/equity ratio (%) [1,2]	**40.7**	41.0	52.0	59.0	54.7	57.0
Interest coverage ratio (times) [3]	**16.6**	10.9	7.4	6.8	6.5	9.6
Investment indicators:						
Price/earnings ratio (times) [4]	**24.0**	24.4	—	46.0	69.1	41.9
Price/book value (times) [1,5]	**2.0**	2.0	2.2	2.5	2.6	2.1
Return indicators:						
Return on assets (%) [1,6]	**3.9**	3.8	(1.5)	2.4	1.7	2.3
Return on equity (%) [1,7]	**8.6**	8.5	(3.3)	5.2	3.7	5.0
Number of employees	**24,793**	24,326	23,739	22,373	17,365	16,991

Notes: 1. Shareholders' equity, total assets, shareholders' equity per share and the related indicators for each of the five years in the period ended March 31, 2000 have been restated due to a change in the regulations relating to the presentation of translation adjustments.
2. Debt = Short-term borrowings and current portion of long-term debt + Long-term debt
3. Interest coverage ratio = (Operating income + Interest and dividend income)/Interest expense
4. PER = Year-end share price/Net income per share
5. PBR = Year-end share price/Shareholders' equity per share
6. ROA = Net income (or loss)/Average total assets
7. ROE = Net income (or loss)/Average total shareholders' equity

Management's Discussion and Analysis

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2002, ended March 31, 2003

Overview of Financial Strategy

In view of recent global economic and financial conditions, Ajinomoto's financial strategy focuses on three main points:

1. Reduction of interest-bearing liabilities

Ajinomoto implemented its internal company system in April 2002 and reformed its management structure in July 2003. The reduced number of members of the Board will contribute to an even greater emphasis on selection, concentration and expansion to improve cash flow.

2. Securing liquidity

The recent financial conditions in Japan have made securing liquidity more important than ever. On June 10, 2003, Ajinomoto issued a total of ¥50.0 billion in straight bonds as part of the shift of interest-bearing liabilities from short-term to long-term maturities. Ajinomoto expects the recent bond issue to change the ratio of long-term borrowings to short-term debt to 7:3 for fiscal 2003, from 4:6 for fiscal 2002.

3. Maintaining or improving credit ratings

Ajinomoto will need to directly access capital markets for future mergers and acquisitions and global business development. The Company therefore intends to maintain or improve its current credit ratings.

The Ajinomoto Group's financial strategy is based on increasing cash flow as a means to provide flexibility in funding capital expenditures, research and development, and growth through acquisitions. Ajinomoto's program to improve cash flow has included the objective of reducing interest-bearing liabilities from ¥172.3 billion at March 31, 2001. Investment activities, particularly better discipline in making capital expenditures, and working capital were two key areas targeted for improvement. By March 2003, Ajinomoto had reduced interest-bearing liabilities to ¥151.1 billion. Increased profits were a key factor in the achievement of this objective. Under a strategy of expanding by concentrating resources in selected markets, Ajinomoto has strengthened consolidated management of businesses in each segment to build strong number-one brands, increase profitability and enhance cash provided by operations. Moreover, all divisions have been made more aware of the importance of cash flow, and worked to improve cash flow by reducing receivables and inventories.

Ajinomoto has also been liquidating securities and underutilized land to generate cash for investment in income-producing assets. In addition, Ajinomoto is currently replacing short-term debt with longer-term funding to secure a framework for solid capital liquidity. The issue of straight bonds in June 2003 is one component of this financial strategy.

Looking forward, capital investments will focus on health-related products, global expansion, strengthening businesses in which Ajinomoto is number one or a strong number two, and high-potential new businesses. Ajinomoto intends to access capital markets as one means of funding global growth. The Company is therefore focused on maintaining its solid credit ratings to ensure favorable access to external sources of capital.

Exchange Rate Fluctuations

Ajinomoto is subject to the influence of changes in foreign exchange rates because it operates in global markets. The Company's financial statements are prepared in Japanese yen using current foreign exchange rates as of the balance sheet date. In general, sales, operating income and net income increase when the yen weakens relative to principal global currencies, and decrease when the yen strengthens relative to principal global currencies. As of March 31, 2003, exchange rates for principal global currencies were ¥120.20 to US$1.00 and ¥129.83 to 1.00 euro, compared to ¥133.25 to US$1.00 and ¥116.14 to 1.00 euro at March 31, 2002.

During the year ended March 31, 2003, changes in the value of Asian currencies that are linked to the U.S. dollar, South American and other currencies exerted a material impact on Ajinomoto's results.

Operating Environment

During the past fiscal year, economic conditions in Japan remained weak. Persistent deflationary pricing pressure caused competition in the domestic food industry to intensify. Moreover, the lingering effect of the outbreak of bovine spongiform encephalopathy (BSE) in Japan during 2001 continued to affect the food industry. This impact was most apparent in the commercial sector. Moreover, concern about unapproved ingredients and chemical residues on imported vegetables affected consumer confidence. The global economy was affected by the slowdown of the U.S. and European economies.

In this operating environment, the Ajinomoto Group completed the first year of a three-year management plan to generate profitable growth. The food products and amino acids businesses performed well in Japan, and pharmaceutical sales increased as well. Overseas, sales of food products were level year-on-year, and sales of amino acids increased. The Group placed particular emphasis on focusing its resources on selected markets, supporting this emphasis with acquisitions and initiatives to concentrate operations for greater efficiency and market share gains.

Analysis of Statements of Operations

Overview

For the fiscal year ended March 31, 2003, consolidated net sales drew support from year-on-year sales growth in each of Ajinomoto's four main operating segments. Domestic food product sales increased, supported by solid sales of soups and beverages. Overseas sales increased steadily in local currency terms, but were reduced by translation into yen. Sales of amino acids rose, partly in reflection of Ajinomoto's aggressive pricing of feed-use amino acids to expand the market. Pharmaceutical sales rose strongly, supported by growth in sales of *ATELEC* and *LIVACT Granules*, and the effect of the acquisition of Shimizu Pharmaceutical Co., Ltd. As a result, consolidated net sales increased 4.7 percent, or ¥44.2 billion, year-on-year to ¥987.7 billion. Successful efforts to control selling, general and administrative (SG&A) expenses supported an increase of 10.3 percent, or ¥5.0 billion, in operating income to ¥54.1 billion. Net income increased 5.5 percent, or ¥1.7 billion, to ¥33.2 billion. Return on average total shareholders' equity was 8.6 percent, compared to 8.5 percent for the previous fiscal year.

Segment Information

Ajinomoto has introduced an internal company system as part of the three-year management plan initiated in April 2002. Prior to this change, Ajinomoto classified results in the three segments of foods, fine chemicals and other. Under the new system, Ajinomoto classifies results into the five segments of domestic food products, overseas food products, amino acids, pharmaceuticals and other. Ajinomoto has also changed its accounting methods with the implementation of a system under which each internal company will pay corporate headquarters royalty commissions that they will record as corporate expenses.

In addition, Ajinomoto has implemented a number of reclassifications of sales and operating income as a result of the new internal company system and other issues. Sales of *Amino Vital* and domestic sales of *Pal Sweet*, an amino acid-based sweetener, were formerly part of fine chemicals sales, but are now in large part included in domestic food products. However, operating income for these products is reported in amino acids, and they are presented in the amino acids section of the review of operations. Formerly the operating expenses of the administration division and research facilities were allocated to each business segment. From fiscal 2002, the operating expenses of the administration division and part of the operating expenses of the research facilities are included in Eliminations. These changes reflect the introduction of the internal company system and the resulting need to manage operating expenses more clearly on a segmental basis. These changes had the effect of increasing operating income for the segments as follows: domestic food products, ¥4.3 billion; overseas food products, ¥1.7 billion; amino acids, ¥1.9 billion; pharmaceuticals, ¥1.5 billion; and other, ¥0.7 billion. Consequently, Eliminations decreased by ¥10.2 billion. New accounting methods adopted during the fiscal year also affected net sales in pharmaceuticals. The change resulted in a one-time addition to net sales of ¥2.4 billion representing payments received for transfers of pharmaceutical products sales rights, and those received at the time of patent licensing, signing joint development contracts, etc., which were previously handled as non-operating income.

The following discussion is based on the new five-segment classification Ajinomoto introduced in April 2002. Figures for the previous fiscal year have been restated to conform with the new segment classification.

Domestic Food Products

Sales of the domestic food products business include seasonings; processed foods such as soups; sweeteners and nutritional foods; delicatessen and bakery products; frozen foods; edible oils; and coffee, beverages and dairy products. Sales of domestic food products for the fiscal year ended March 31, 2003 increased 3.6 percent, or ¥20.1 billion, year-on-year to ¥583.2 billion. Increased sales of beverages and dairy products supported overall sales growth, as did expanded sales of processed foods, particularly soups. The inclusion of sales of *Amino Vital*, a growing product line, also contributed to the increase.

Seasonings: Sales of the retail seasoning line *Hon-Dashi* increased marginally year-on-year, while sales of the *Cook Do* line of liquid seasoning mixes performed well due to the introduction of seasonal products and promotional activities including Chinese cooking fairs. In the commercial market, Ajinomoto continued to introduce products targeting major convenience store chains. Sales of *ACTIVA* transglutaminase, an enzyme that improves food texture, increased as its range of applications expanded.

Processed Foods: Sales of soups increased, supported by the growing popularity of the *Knorr Soup Pasta* line. Mayonnaise sales were essentially unchanged year-on-year, as Ajinomoto based marketing efforts on promoting the ingredient quality and fresh taste of the *Pure Select* line. Sales of *Kellogg's* brand products increased steadily.

Sweeteners and Nutritional Foods: Revenue from sales of amino acid-based sweeteners for home and restaurant use increased because of strong sales of *Slim-Up Sugar* and *Pal Sweet Calorie Zero*. Sales of amino acid supplement *Amino Vital* continued to increase significantly, boosted by marketing efforts to increase awareness of amino acids and by an increase in the number of outlets, particularly drugstores, stocking the product.

Frozen Foods: Sales increased year-on-year due to steady growth in sales of core products *Gyoza* Chinese meat dumplings and *Ebi Shumai* in the household market. New product launches including *Jidori no Chicken Rice* also supported the gain in sales. Sales decreased in the commercial sector because of weakness in the restaurant market.

Edible Oils: Overall sales of edible oils increased, supported by continued growth in retail sales of the premium *Kenko Sarara* oil series, which is approved as a Food for Specified Health Use. Sales of commercial oils decreased marginally. Sales of meal products were also down.

Coffee, Beverages and Dairy Products: Sales rose year-on-year because of the solid performance of regular coffee products coupled with steady growth in sales of *Blendy* bottled coffee and other liquid coffee products. Sales of instant coffee were also strong, driven by effective marketing campaigns and new product introductions. Sales of beverages increased, drawing strength from the solid performance of *Calpis Water* and *Evian*. *Kenchao*, a new product that is approved as a Food for Specified Health Use, performed well and contributed to the gain in overall sales. Sales of chilled dairy products increased substantially, with continued strong sales of existing products such as *Danone Fruit Selection* and *Danone Yogurt* complemented by new products *BIO* and *Danette*.

Overseas Food Products

The overseas food products business includes sales of seasonings and processed foods outside Japan, as well as worldwide sales of *AJI-NO-MOTO* and nucleotides to the food processing industry. Overseas food products sales increased 0.5 percent, or ¥0.6 billion, over the previous fiscal year to ¥139.2 billion. Sales of flavored and mixed seasonings increased steadily. Sales of *AJI-NO-MOTO* and nucleotides to the food processing industry rose strongly.

Seasonings: In Asia, strong sales of *AJI-NO-MOTO* on a local currency basis in both the retail and commercial markets were adversely impacted by the appreciation of the yen. Sales of *AJI-NO-MOTO* and nucleotides to the food processing industry also gained steadily. In the Americas, sales of *AJI-NO-MOTO* to the food processing industry decreased, but sales of nucleotides increased. In Europe, the situation was similar, and sales of *AJI-NO-MOTO* for home use increased in the West African nations. Domestic sales of *AJI-NO-MOTO* and nucleotides to the food processing industry increased year-on-year.

Processed Foods: Sales of instant noodle products decreased in Asia as competition intensified. Sales of *Birdy* canned coffee increased year-on-year.

Amino Acids

Amino acids sales include global sales of feed-use amino acids; amino acids for pharmaceuticals and foods; amino acid-based sweeteners; pharmaceutical intermediates; and specialty chemicals. Sales of amino acids increased 4.6 percent, or ¥5.9 billion, year-on-year to ¥135.9 billion, supported by factors including higher sales of feed-use amino acids.

Feed-use amino acids: Sales in Asia were lower than in the previous fiscal year, due in part to reduced production in Thailand during plant capacity expansion. In the Americas, North American sales increased steadily, although the impact of exchange rates reduced South American sales slightly. Sales in Europe increased.

Amino acids for pharmaceuticals and foods: Sales in Japan for infusion applications increased, but the transfer overseas of production of some former export products was a factor causing domestic sales to decline. Lower unit prices in the Americas reduced sales. Sales in Europe increased, driven by growing demand for use in infusions.

Amino acid-based sweeteners: Sales volume was steady year-on-year. Lower unit prices and the effect of exchange rates, however, resulted in a substantial year-on-year decrease in sales.

Pharmaceutical intermediates: Sales increased significantly year-on-year, supported by steady growth in European sales.

Specialty chemicals: Sales were substantially higher compared with the previous fiscal year, supported by steady growth in sales of facial cleansing materials and aggressive marketing of *JINO*, a line of amino acid-based cosmetics. Sales of multilayer insulation film for use in manufacturing computer components and electronic materials for liquid crystal displays continued to expand steadily.

Pharmaceuticals

Pharmaceuticals sales encompass sales of Ajinomoto's pharmaceutical products, including worldwide revenue from licensing and sales rights. Sales for the year ended March 31, 2003 increased 17.2 percent, or ¥9.2 billion, over the previous fiscal year to ¥62.7 billion. Factors included increased sales of pharmaceuticals and the contribution of the one-time increase in sales resulting from the change in accounting methods discussed above. Calculated under the previously used accounting methods, net sales of pharmaceuticals would have been ¥60.3 billion, a year-on-year increase of 12.7 percent. In addition, sales include the addition of approximately four months of the results of Shimizu Pharmaceutical Co., Ltd., which Ajinomoto acquired in December 2002. Export sales of nateglinide, an active ingredient for treating diabetes, decreased because of inventory adjustments at an overseas licensee. Sales of *Actonel*, a treatment for osteoporosis launched in May 2002, contributed to the overall increase in sales. In addition, sales increased of both *ATELEC*, an antihypertensive, and *LIVACT Granules*, a branched-chain amino acid used to treat liver cirrhosis.

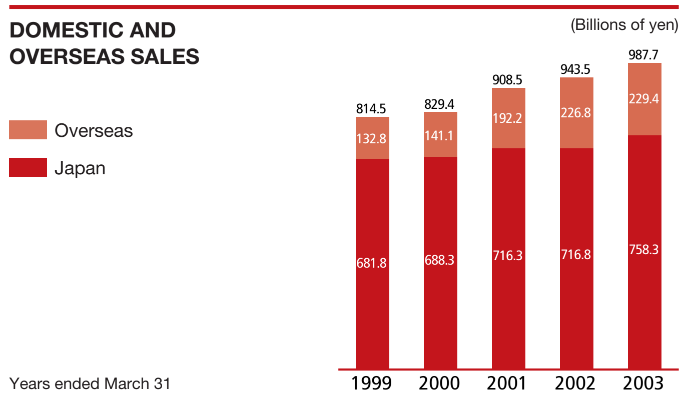
Other

Other includes sales from logistics, packaging materials, real estate leasing, engineering and research services, and other activities. Other sales increased by 14.2 percent, or ¥8.3 billion, year-on-year to ¥66.6 billion.

Sales by Geographical Segment

Domestic sales increased 5.8 percent, or ¥41.6 billion, year-on-year to ¥758.3 billion. Overseas sales increased 1.2 percent, or ¥2.6 billion, to ¥229.4 billion. Sales increased 0.9 percent to ¥88.7 billion in Asia, decreased 7.9 percent to ¥52.2 billion in the Americas, and increased 7.6 percent to ¥88.6 billion in Europe.

DOMESTIC AND OVERSEAS SALES



Note: Excludes interarea sales and transfers

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales increased 5.4 percent, or ¥37.0 billion, year-on-year to ¥717.0 billion, and represented 72.6 percent of net sales, compared to 72.1 percent of net sales for the previous fiscal year. Selling, general and administrative (SG&A) expenses increased 1.0 percent, or ¥2.1 billion, year-on-year to ¥216.7 billion, well below the rate of increase in net sales. In addition, research and development expenses, which are a component of both cost of sales and SG&A expenses, decreased 1.8 percent to ¥26.5 billion.

Costs, Expenses and Income as Percentages of Net Sales

Years ended March 31	2003		2002		2001
Cost of sales	**72.6%**	**(+0.5)**	72.1%	(-1.2)	73.3%
Gross profit	**27.4**	**(-0.5)**	27.9	(+1.2)	26.7
SG&A expenses	**21.9**	**(-0.8)**	22.7	(+0.2)	22.5
Operating income	**5.5**	**(+0.3)**	5.2	(+1.0)	4.2
Income before income taxes & minority interests	**6.6**	**(+0.4)**	6.2		—
Net income	**3.4**	**(+0.1)**	3.3		—

Note: Figures in parentheses represent change in percentage points from the previous year.

Operating Income

Operating income for the year ended March 31, 2003 increased 10.3 percent, or ¥5.0 billion, year-on-year to ¥54.1 billion. Operating income represented 5.5 percent of net sales, compared to 5.2 percent for the previous fiscal year.

Operating income in the domestic food products business increased 6.8 percent, or ¥1.7 billion, year-on-year to ¥26.8 billion. The change in the treatment of operating expenses due to the implementation of the internal company system, discussed above, increased operating income in this segment by ¥4.3 billion. Another positive factor was the change of the edible oils business, which recorded an operating loss in the previous fiscal year, from a consolidated subsidiary to an affiliate accounted for by the equity method. In addition, domestic sales increased, primarily because of higher sales of processed foods, beverages and dairy products. Deflationary conditions in Japan, however, and stringent competition coupled with lingering concerns about BSE impacted operating profitability.

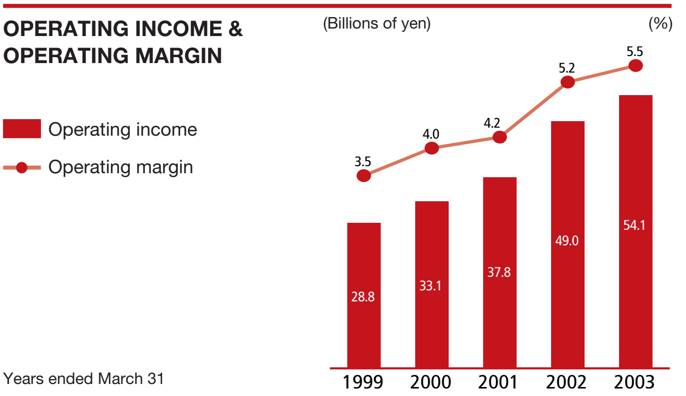
Operating income in the overseas food products segment increased 32.2 percent, or ¥2.3 billion, year-on-year to ¥9.3 billion. The change in the treatment of operating expenses due to the implementation of the internal company system, discussed above, increased operating income in this segment by ¥1.7 billion. Despite Ajinomoto's success at enhancing its presence in global seasoning and processed food markets, the effect of currency exchange rates restrained growth in operating income when translated into yen. However, higher unit prices and cost reductions for umami seasonings for processed food manufacturers contributed to the increase.

Operating income for the amino acids segment decreased 4.4 percent, or ¥0.6 billion, year-on-year to ¥13.6 billion. The change in the treatment of operating expenses due to the implementation of the internal company system, discussed above, increased operating income in this segment by ¥1.9 billion. Several factors contributed to the overall decline in operating income. Ajinomoto lowered unit prices for feed-use Threonine to expand the market, and lower sales prices for bulk sweeteners due to stringent competition also reduced operating income. The effect of currency exchange rates also reduced operating income from overseas sales.

Operating income for the pharmaceuticals segment increased 35.8 percent, or ¥2.3 billion, year-on-year to ¥8.9 billion. Sales in the pharmaceuticals segment increased, but factors such as amortization of goodwill in connection with the acquisition of Shimizu Pharmaceutical offset increased operating income from product sales. Accounting changes also affected reported operating income. The change in the treatment of operating expenses due to the implementation of the internal company system, discussed above, increased operating income in this segment by ¥1.5 billion. In addition, the new accounting methods adopted for payments received for transfers of pharmaceutical products sales rights, and those received at the time of patent licensing, signing joint development contracts, etc., which were previously handled as non-operating income, resulted in a one-time increase in pharmaceuticals segment operating income totaling ¥2.4 billion. Calculated under the previously used accounting methods, pharmaceuticals segment operating income would have decreased 0.3 percent year-on-year to ¥6.5 billion.

Operating income in the other segment decreased 11.5 percent, or ¥0.5 billion, year-on-year to ¥3.8 billion.

OPERATING INCOME & OPERATING MARGIN



Other Income (Expenses)

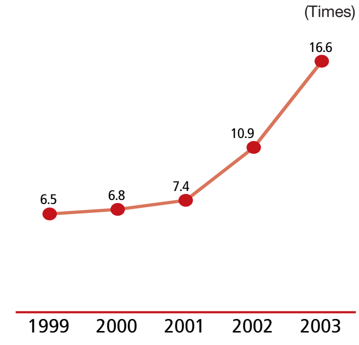
Other income, net totaled ¥11.4 billion, compared to other income, net of ¥9.4 billion for the previous fiscal year. Interest and dividend income decreased 8.7 percent, or ¥0.2 billion, to ¥1.9 billion due to continued low interest rates in Japan. Interest expense decreased 27.8 percent, or ¥1.3 billion, to ¥3.4 billion, reflecting Ajinomoto's emphasis on efficiently deploying capital, reducing interest-bearing liabilities and reducing fixed interest expenses. The interest coverage ratio, defined as the sum of operating income and interest and dividend income divided by interest expense, improved to 16.6 times from 10.9 times in the previous fiscal year.

During the fiscal year ended March 2003, Ajinomoto newly added four companies accounted for by the equity method. These included GABAN Co., Ltd., a seasonings company in which Ajinomoto acquired a minority stake to create a strategic alliance. In addition, following a transfer of shares on April 1, 2002, Ajinomoto Oil Mills Co., Inc. together with HONEN Corporation established a joint holding company, HONEN AJINOMOTO OIL MILLS, INC., and became a wholly owned subsidiary. Thereafter, all three companies became affiliates accounted for by the equity method.

On February 18, 2003, Ajinomoto reached an agreement with Unilever PLC/Unilever NV to terminate joint venture operations involving seven companies in six Asian countries and regions, and to sell its stake in those companies to the Unilever Group. In March 2003, Ajinomoto sold to the Unilever Group its 50 percent stakes in CPC/AJI (Asia) Ltd., CPC/AJI (Malaysia) Sdn. Bhd., CPC/AJI (Singapore) Pte. Ltd., and CPC/AJI (Thailand) Ltd., and removed them from the scope of companies accounted for by the equity method. Ajinomoto also sold to the Unilever Group its respective 30 percent and 25 percent stakes in CPC/AJI (Hong Kong) Ltd. and CPC/AJI (Taiwan) Ltd. The transaction will be completed during the year to March 31, 2004, during which time Ajinomoto will sell to Unilever Group its 50 percent stake in California Manufacturing Co., Inc. and its remaining respective 20 percent and 25 percent stakes in CPC/AJI (Hong Kong) Ltd. and CPC/AJI (Taiwan) Ltd., which will then be removed from the scope of companies accounted for using the equity method. For the year ended March 31, 2003, the transaction added ¥22.3 billion to other income. Moreover, the transaction is projected to add ¥23.2 billion to other income in the year to March 31, 2004. Ajinomoto intends to deploy the proceeds from the sale in expanding international operations within the scope of the Ajinomoto Group.

Despite the net decrease of four companies accounted for using the equity method, the addition of GABAN Co., Ltd. and the exclusion of Asahi Yushi Co., Ltd. increased equity in earnings of affiliates by 76.4 percent, or ¥2.8 billion, to ¥6.5 billion. Ajinomoto liquidated securities held as part of its cash management program to use internal capital resources in tandem with external borrowings in acquiring Shimizu Pharmaceutical and executing other strategic initiatives. This gain was offset by loss on sale of investment securities, principally shares of financial institutions that Ajinomoto sold as part of its program of liquidating underutilized and underperforming assets for redeployment in growth opportunities. Other, net totaled expenses of ¥14.1 billion, compared with income of ¥7.8 billion in the previous fiscal year. The change was partly the result of the reclassification to net sales, discussed above, of payments received for transfers of pharmaceutical products sales rights, and those received at the time of patent licensing, signing joint development contracts, etc. In addition, Ajinomoto paid penalties and settlement payments totaling ¥8.9 billion in connection with the nucleotides business.

INTEREST COVERAGE RATIO



Net Income

As a result of the performance discussed above, income before income taxes and minority interests increased 12.0 percent, or ¥7.0 billion, year-on-year to ¥65.5 billion. Income taxes net of deferrals increased 24.8 percent, or ¥5.8 billion, year-on-year to ¥29.1 billion, reflecting the increase in income before income taxes. The effective tax rate was 44.5 percent. Minority interests decreased ¥0.5 billion year-on-year to ¥3.1 billion. Net income increased 5.5 percent, or ¥1.7 billion, year-on-year to ¥33.2 billion. Return on average total shareholders' equity was 8.6 percent, and net income per share of common stock was ¥50.7.

Dividends

Ajinomoto has made a stable dividend payment of ¥10.0 per share since 1962. The Company plans to make future decisions on dividend payments based on a policy of making stable and sustainable payments that take into account progress toward achieving medium-term management plan goals and consolidated performance for the relevant period.

Ajinomoto considers appropriate returns to shareholders a primary management task and intends to increase dividends to reflect improvement in operating performance. The Company structures its operating base to support continued growth, and considers overall profitability in determining an appropriate level of dividends that meet the demands of shareholders.

Management has adopted a policy of increasing dividends by maintaining a specified payout ratio for each three-year period, set at 20 percent or higher from fiscal 2002 to fiscal 2004, and linking dividends to the achievement of management objectives. As a result, Ajinomoto increased the dividend for the year ended March 31, 2003 by 10.0 percent to ¥11.0 per share.

Liquidity and Financial Condition

Cash Flows

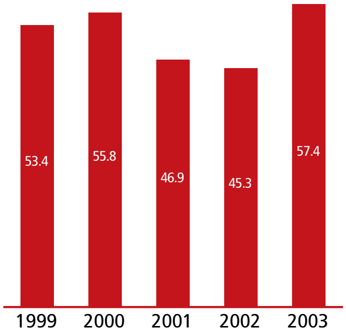
Cash provided by operating activities decreased ¥1.1 billion compared with the previous fiscal year to ¥57.2 billion. Core cash flow, however, increased in reflection of the increases in income before income taxes and minority interests, and depreciation and amortization. Operating cash flow, defined as the sum of income before income taxes and minority interests and depreciation and amortization, increased to ¥104.4 billion from ¥95.7 billion for the previous fiscal year. This offset the impact of adjustments to working capital, supporting the stable year-on-year availability of cash flow to fund capital requirements.

Net cash used in investing activities increased to ¥49.5 billion from ¥36.8 billion for the previous fiscal year. Ajinomoto supplemented internal capital resources in executing strategic initiatives by generating net proceeds from sales of investment securities of ¥10.1 billion. Ajinomoto's sale of its interest in the CPC/AJI companies discussed above offset the use of cash in the creation of J-OIL MILLS, INC. and the acquisition of shares in GABAN Co., Ltd., among other activities. Consequently, net acquisition of shares of subsidiaries and affiliates totaled ¥12.6 billion, compared to ¥0.4 billion for the previous fiscal year.

Acquisition of property, plant and equipment increased to ¥54.8 billion from ¥45.8 billion for the previous fiscal year. Capital expenditures by the parent company and domestic subsidiaries increased ¥8.1 billion year-on-year to ¥32.0 billion, while capital expenditures by overseas subsidiaries increased ¥4.2 billion to ¥26.0 billion. Principal investments included expansion in production capacity for feed-grade amino acids and nucleotides, and the acquisition of Shimizu Pharmaceutical Co., Ltd. and Frec Corporation. Free cash flow, defined as net cash provided by operating activities minus net cash used in investing activities, decreased to ¥7.7 billion from ¥21.5 billion for the previous fiscal year.

CAPITAL EXPENDITURES

(Billions of yen)



Years ended March 31

Net cash used in financing activities decreased ¥19.7 billion to ¥6.6 billion, reflecting the absence of repayment of bonds and convertible bonds totaling ¥28.3 billion in the previous fiscal year. Ajinomoto intends to reduce the increase in short-term borrowings as part of its financial strategy of reducing interest-bearing liabilities and lengthening their maturities to take advantage of low interest rates. Net repayments of long-term debt totaled ¥7.0 billion, compared to ¥13.2 billion in the previous fiscal year. The Company maintains excellent access to external short-term funding and committed lines of credit, and may access them as necessary to support business growth.

As a result of the above, cash and cash equivalents at the end of the fiscal year decreased ¥0.8 billion from a year earlier to ¥55.7 billion.

On April 25, 2003, the Board resolved to issue straight bonds in Japan to meet long-term funding needs and to maintain liquidity. Ajinomoto issued bonds in the amount of ¥50.0 billion in June 2003, as follows: ¥15.0 billion with a maturity of 7 years; ¥20.0 billion with a maturity of 10 years; and ¥15.0 billion with a maturity of 12 years. The Company intends to use the funds to redeem corporate bonds coming due during the current fiscal year, repay commercial paper outstanding, repay loans and fund capital expenditures and investments.

Cash Flow Highlights (Millions of yen)

Years ended March 31	**2003**	2002	2001
Net cash provided by operating activities	**¥ 57,236**	¥ 58,306	¥ 37,955
Net cash used in investing activities	**(49,516)**	(36,812)	(23,360)
Net cash used in financing activities	**(6,628)**	(26,376)	(20,205)
Cash and cash equivalents at end of year	**55,722**	56,550	59,389

Assets, Liabilities and Shareholders' Equity

As of March 31, 2003, total assets stood at ¥864.6 billion, an increase of ¥24.4 billion from a year earlier. Return on average total assets was 3.9 percent.

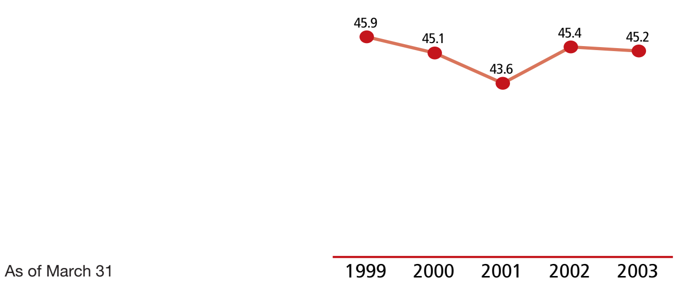
Current assets increased ¥7.5 billion from a year earlier to ¥364.9 billion. Notes and accounts receivable - trade increased ¥9.1 billion, in large part because of receivables added to the balance sheets as a result of acquisitions during the fiscal year. Inventories decreased ¥5.3 billion as a result of the change in classification of Ajinomoto Oil Mills Co., Inc. from a consolidated subsidiary to an affiliate accounted for by the equity method.

Investment securities included in investments and long-term advances decreased ¥23.8 billion from a year earlier, reflecting the use of internal capital resources to fund capital requirements, including acquisitions, and the effect of revaluation under fair value accounting standards. Property, plant and equipment, net increased ¥3.2 billion. Buildings and structures decreased by approximately ¥4.8 billion due in part to the removal of assets from the balance sheets resulting from the creation of J-OIL MILLS and the change to the use of the equity method in accounting for this company. Deferred tax assets increased ¥6.5 billion from March 31, 2002, primarily because of the difference between the tax treatment and the accounting treatment of the CPC/AJI share sale.

Current liabilities increased ¥39.5 billion from a year earlier to ¥305.7 billion. The current portion of corporate bonds, totaling ¥15.0 billion, accounted for a substantial portion of the increase. Short-term borrowings increased ¥12.8 billion, in part reflecting the consolidation of the obligations of newly acquired subsidiaries. This increase was offset by a decrease of ¥7.0 billion in commercial paper, which is accounted for under accrued expenses and other current liabilities. As discussed above, Ajinomoto issued long-term straight bonds in June 2003 to reduce current liabilities. Reflecting Ajinomoto's emphasis on efficient capital deployment and the use of internal resources to fund capital requirements, working capital decreased to ¥59.2 billion from ¥91.2 billion a year earlier, and the current ratio decreased to 1.19 times from 1.34 times from a year earlier.

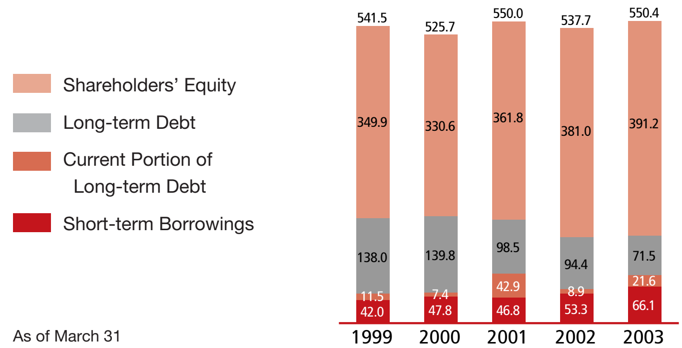
Long-term liabilities decreased ¥25.1 billion from a year earlier to ¥144.6 billion, primarily because of a ¥22.9 billion decrease in long-term debt due largely to the pending redemption of bonds totaling ¥15.0 billion now accounted for under current liabilities. Interest-bearing liabilities decreased ¥4.4 billion from a year earlier to ¥151.1 billion. The change to accounting for Ajinomoto Oil Mills using the equity method reduced interest-bearing liabilities by approximately ¥8.0 billion. Absent this accounting change, interest-bearing liabilities would have increased approximately ¥4.0 billion from a year earlier. Ajinomoto's long-term debt is rated AA- by Standard & Poor's Ratings Group and AA by Rating and Investment Information, Inc. (R&I).

SHAREHOLDERS' EQUITY RATIO (%)



Shareholders' equity increased ¥10.1 billion from a year earlier to ¥391.2 billion. Retained earnings increased ¥28.4 billion. Unrealized holding gains on securities decreased ¥7.9 billion, due to factors including the liquidation of investment securities to supplement cash flow from operations during the fiscal year and the decline in Japan's stock market. Total capital, the sum of short-term borrowings, long-term debt including the current portion and shareholders' equity, was ¥550.4 billion, of which shareholders' equity accounted for 71.1 percent. Return on average total shareholders' equity was 8.6 percent compared to 8.5 percent for the previous fiscal year. The ratio of shareholders' equity to total assets was 45.2 percent, compared to 45.4 percent a year earlier.

TOTAL CAPITAL (Billions of yen)



Outlook for the Year Ending March 31, 2004

Economic conditions in Japan do not indicate that unemployment or personal income will improve, and the current harsh business environment is expected to continue. Nonetheless, Ajinomoto projects a 6.3 percent increase in net sales to ¥1,050.0 billion, a 20.2 percent increase in operating income to ¥65.0 billion, and a 5.5 percent increase in net income to ¥35.0 billion. These projections are based on an exchange rate forecast of ¥120 to US$1 and ¥120 to 1 euro. In light of this performance forecast, Ajinomoto also expects to increase cash dividends per share by ¥1.0 to ¥12.0.

Ajinomoto projects an increase in sales in the domestic food products segment as it intends to further strengthen its portfolio of leading brands while introducing new products that meet consumer demand. Sales in the overseas food products segment should benefit from ongoing efforts to increase participation in growing markets, with a particular focus on Southeast Asia and South America. In the amino acids segment, Ajinomoto intends to leverage its global cost competitiveness in amino acids to further boost profitability. Growing interest in the use of amino acids in health-related applications is also expected to generate sales growth. Sales in the pharmaceuticals segment should draw support from growing recognition of Ajinomoto's pharmaceuticals and the synergies and expanded product lineup available from the acquisition of Shimizu Pharmaceutical.

	Millions of yen (Percentage of respective total)				Thousands of U.S. dollars
As of March 31	**2003**		2002		**2003**
Total assets	**¥864,588**	**(100.0%)**	¥840,152	(100.0%)	**$7,204,900**
Notes and accounts receivable	**179,643**	**(20.8)**	168,017	(20.0)	**1,497,025**
Cash and cash equivalents	**55,722**	**(6.4)**	56,550	(6.7)	**464,350**
Inventories	**98,754**	**(11.4)**	104,008	(12.4)	**822,950**
Investments and long-term advances	**116,236**	**(13.4)**	125,681	(15.0)	**968,633**
Property, plant and equipment	**296,579**	**(34.3)**	293,414	(34.9)	**2,471,492**
Total liabilities	**450,314**	**(52.1)**	435,973	(51.9)	**3,752,616**
Notes and accounts payable	**119,833**	**(26.6)**	106,529	(24.4)	**998,608**
Short-term borrowings	**66,118**	**(14.7)**	53,348	(12.2)	**550,983**
Current portion of long-term debt	**21,577**	**(4.8)**	8,925	(2.0)	**179,808**
Accrued income taxes	**19,706**	**(4.4)**	14,105	(3.2)	**164,217**
Long-term debt	**71,523**	**(15.9)**	94,435	(21.7)	**596,025**
Shareholders' equity	**391,154**	**(45.2)**	381,017	(45.4)	**3,259,617**

Consolidated Balance Sheets

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2003 and 2002

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	**2003**	2002	**2003**
Current assets:			
Cash and cash equivalents	**¥ 55,722**	¥ 56,550	**$ 464,350**
Time deposits and short-term investments (Note 15)	**—**	434	**—**
Notes and accounts receivable:			
Trade	**171,081**	161,996	**1,425,675**
Unconsolidated subsidiaries and affiliates	**9,302**	6,684	**77,517**
Allowance for doubtful receivables	**(740)**	(663)	**(6,167)**
Inventories (Note 3)	**98,754**	104,008	**822,950**
Deferred tax assets (Note 7)	**11,405**	8,302	**95,042**
Prepaid expenses and other current assets	**19,409**	20,123	**161,742**
Total current assets	**364,936**	357,436	**3,041,133**
Investments and long-term advances (Notes 6 and 15)**:**			
Investments in and advances to unconsolidated subsidiaries and affiliates	**62,216**	44,544	**518,467**
Investment securities	**46,969**	70,804	**391,408**
Other advances	**7,049**	10,332	**58,742**
Total investments and long-term advances	**116,236**	125,681	**968,633**
Property, plant and equipment (Notes 4 and 6)**:**			
Land	**69,119**	65,717	**575,992**
Buildings and structures	**229,474**	234,314	**1,912,283**
Machinery and equipment	**447,871**	444,976	**3,732,258**
	746,465	745,008	**6,220,542**
Accumulated depreciation	**(449,886)**	(451,594)	**(3,749,050)**
Property, plant and equipment, net	**296,579**	293,414	**2,471,492**
Other assets:			
Deferred tax assets (Note 7)	**34,940**	28,438	**291,167**
Other (Note 6)	**51,896**	35,181	**432,467**
Total other assets	**86,837**	63,619	**723,642**
Total assets	**¥ 864,588**	¥ 840,152	**$ 7,204,900**

See accompanying notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2003	Millions of yen 2002	Thousands of U.S. dollars (Note 2) 2003
Current liabilities:			
Short-term borrowings (Notes 5 and 6)	**¥ 66,118**	¥ 53,348	**$ 550,983**
Current portion of long-term debt (Notes 5 and 6)	**21,577**	8,925	**179,808**
Notes and accounts payable (Note 6):			
Trade	**76,711**	68,132	**639,258**
Unconsolidated subsidiaries and affiliates	**40,240**	37,278	**335,333**
Construction	**2,882**	1,119	**24,017**
Accrued income taxes (Note 7)	**19,706**	14,105	**164,217**
Deferred tax liabilities (Note 7)	**25**	33	**208**
Accrued expenses and other current liabilities	**78,475**	83,315	**653,958**
Total current liabilities	**305,737**	266,258	**2,547,808**
Long-term liabilities:			
Long-term debt (Notes 5 and 6)	**71,523**	94,435	**596,025**
Accrued employees' retirement benefits (Note 8)	**68,560**	70,672	**571,333**
Accrued officers' severance benefits	**1,769**	1,449	**14,742**
Deferred tax liabilities (Note 7)	**2,724**	3,158	**22,700**
Total long-term liabilities	**144,577**	169,715	**1,204,808**
Minority interests	**23,118**	23,160	**192,650**
Shareholders' equity (Notes 9 and 20)**:**			
Common stock:			
Authorized: 2003 and 2002 — 1,000,000,000 shares			
Issued: 2003 — 649,981,740 shares	**79,863**	—	**665,525**
2002 — 649,981,740 shares	**—**	79,863	**—**
Capital surplus	**111,579**	111,579	**929,825**
Retained earnings	**250,973**	222,565	**2,091,442**
Unrealized holding gains on securities	**1,727**	9,583	**14,392**
Translation adjustments	**(51,349)**	(42,441)	**(427,908)**
Treasury common stock, at cost:			
1,326,617 shares in 2003 and 108,610 shares in 2002	**(1,639)**	(132)	**(13,658)**
Total shareholders' equity	**391,154**	381,017	**3,259,617**
Commitments and contingent liabilities (Note 12)			
Total liabilities and shareholders' equity	**¥864,588**	¥840,152	**$7,204,900**

Consolidated Statements of Operations

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2003	2002	2001	**2003**
Net sales	**¥987,727**	¥943,540	¥908,528	**$8,231,058**
Cost of sales (Note 10)	**716,999**	680,003	665,856	**5,974,992**
Gross profit	**270,727**	263,536	242,672	**2,256,058**
Selling, general and administrative expenses (Note 10)	**216,668**	214,521	204,867	**1,805,567**
Operating income	**54,059**	49,015	37,805	**450,492**
Other income (expenses):				
Interest expense	**(3,377)**	(4,675)	(5,398)	**(28,142)**
Interest and dividend income	**1,921**	2,105	2,329	**16,008**
Amortization of net retirement benefit obligation at transition	**—**	—	(52,293)	**—**
Reversal to income of accrued retirement benefits	**3**	323	12	**25**
Unrealized loss on securities	**(237)**	(239)	(1,329)	**(1,975)**
Gain (loss) on sales of securities	**20,687**	403	7,125	**172,392**
Loss on liquidation of affiliates	**—**	(11)	(12,161)	**—**
Equity in earnings of affiliates	**6,549**	3,713	4,617	**54,575**
Other, net	**(14,138)**	7,830	6,295	**(117,817)**
	11,407	9,449	(50,800)	**95,058**
Income (loss) before income taxes and minority interests	**65,466**	58,464	(12,995)	**545,550**
Income taxes (Note 7):				
Current	**33,834**	26,448	22,689	**281,950**
Deferred	**(4,685)**	(3,089)	(26,798)	**(39,042)**
	29,149	23,359	(4,109)	**242,908**
Minority interests	**(3,138)**	(3,662)	(2,661)	**(26,150)**
Net income (loss) (Note 13)	**¥ 33,178**	¥ 31,442	¥ (11,547)	**$ 276,483**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2003	2002	2001	**2003**
Common stock				
Beginning of year	**¥ 79,863**	¥ 79,863	¥ 79,836	**$ 665,525**
Add:				
New shares issued in exchange for subsidiary's stock (2001 — 535, 590 shares)	**—**	—	26	**—**
Conversion of convertible bonds (2002 — 558 shares, 2001 — 558 shares)	**—**	0	0	**—**
End of year	**¥ 79,863**	¥ 79,863	¥ 79,863	**$ 665,525**
Capital surplus				
Beginning of year	**¥111,579**	¥111,578	¥111,123	**$ 929,825**
Add:				
New shares issued in exchange for subsidiary's stock	**—**	—	455	**—**
Portion of principal of bonds converted but not transferred to common stock	**—**	0	0	**—**
End of year	**¥111,579**	¥111,579	¥111,578	**$ 929,825**
Retained earnings				
Opening balance	**¥222,565**	¥198,282	¥214,673	**$1,854,708**
Adjustments to retained earnings for inclusion in or exclusion from consolidation or equity method of accounting and other	**1,968**	(430)	1,836	**16,400**
Beginning of year	**224,533**	197,852	216,510	**1,871,108**
Add:				
Net income (loss)	**33,178**	31,442	(11,547)	**276,483**
Deduct:				
Cash dividends paid	**(6,497)**	(6,499)	(6,494)	**(54,142)**
Bonuses to directors and statutory auditors	**(241)**	(228)	(185)	**(2,008)**
End of year	**¥250,973**	¥222,565	¥198,282	**$2,091,442**
Unrealized holding gains on securities				
Balance at beginning of the year	**¥ 9,583**	¥ 21,313	¥ —	**$ 79,858**
Net change during the year	**(7,855)**	(11,730)	21,313	**(65,458)**
Balance at end of the year	**¥ 1,727**	¥ 9,583	¥ 21,313	**$ 14,392**
Translation adjustments				
Balance at beginning of the year	**¥ (42,441)**	¥ (49,262)	¥ (75,065)	**$ (353,675)**
Net change during the year	**(8,907)**	6,821	25,803	**(74,225)**
Balance at end of the year	**¥ (51,349)**	¥ (42,441)	¥ (49,262)	**$ (427,908)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2003, 2002 and 2001

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2003	2002	2001	**2003**
Cash flows from operating activities				
Income (loss) before income taxes and minority interests	**¥ 65,466**	¥ 58,464	¥(12,995)	**$ 545,550**
Depreciation and amortization	**38,969**	37,222	38,640	**324,742**
Amortization of excess of cost over net assets acquired	**3,257**	2,790	4,415	**27,142**
Accrued employees' retirement benefits	**(1,608)**	(68)	50,156	**(13,400)**
Accrued officers' severance benefits	**154**	(305)	406	**1,283**
Provision for loss on guarantees	**—**	—	(1,167)	**—**
Interest and dividend income	**(1,921)**	(2,105)	(2,329)	**(16,008)**
Interest expense	**3,377**	4,675	5,398	**28,142**
Equity in earnings of affiliates	**(6,549)**	(3,713)	(4,617)	**(54,575)**
Loss on liquidation of affiliates	**—**	—	12,161	**—**
(Gain) loss on sales of securities	**(613)**	(242)	(6,953)	**(5,108)**
Loss on revaluation of securities	**237**	232	1,177	**1,975**
Gain (loss) on sales of affiliates	**(19,983)**	—	—	**(166,525)**
Notes and accounts receivable	**(1,585)**	(6,655)	(33,764)	**(13,208)**
Notes and accounts payable	**1,983**	(1,951)	18,805	**16,525**
Gain on compensation received for damages	**—**	(3,176)	—	**—**
Settlement package	**6,894**	—	—	**57,450**
Penalty paid	**1,977**	728	2,636	**16,475**
Other	**(702)**	(4,462)	(10,689)	**(5,850)**
Subtotal	**89,355**	81,433	61,279	**744,625**
Interest and dividends received	**6,536**	5,986	2,165	**54,467**
Interest paid	**(3,367)**	(4,981)	(5,494)	**(28,058)**
Compensation received for damages	**—**	3,176	—	**—**
Settlement package	**(6,816)**	—	—	**(56,800)**
Penalty paid	**(1,977)**	(728)	(2,636)	**(16,475)**
Income taxes paid	**(26,494)**	(26,579)	(17,358)	**(220,783)**
Net cash provided by operating activities	**57,236**	58,306	37,955	**476,967**
Cash flows from investing activities				
Increase (decrease) in marketable securities	**—**	1,017	4,897	**—**
Acquisition of property, plant and equipment	**(54,753)**	(45,821)	(46,277)	**(456,275)**
Proceeds from sales of property, plant and equipment	**9,473**	8,135	20,561	**78,942**
Acquisition of intangible assets, net of proceeds	**(3,812)**	(3,564)	(1,867)	**(31,767)**
Acquisition of investments in securities	**(14,986)**	(607)	(2,945)	**(124,883)**
Proceeds from sales of investments in securities	**25,054**	2,157	12,432	**208,783**
Proceeds from sales of affiliates	**22,536**	—	—	**187,800**
Losses on guarantees for liabilities	**—**	—	(1,256)	**—**
Acquisition of subsidiaries' stock resulting from changes in the scope of consolidation	**(32,671)**	—	(9,555)	**(272,258)**
Proceeds from sales of subsidiaries' stock resulting from change in the scope of consolidation	**650**	—	—	**5,417**
Acquisition of shares of affiliates	**(3,136)**	(418)	(3,089)	**(26,133)**
Other	**2,128**	2,290	3,741	**17,733**
Net cash used in investing activities	**(49,516)**	(36,812)	(23,360)	**(412,633)**
Cash flows from financing activities				
Increase (decrease) in short-term borrowings	**15,719**	21,667	(6,357)	**130,992**
Decrease (increase) in commercial paper	**(7,000)**	—	—	**(58,333)**
Proceeds from long-term debt	**3,503**	3,336	3,373	**29,192**
Repayments of long-term debt	**(10,493)**	(16,572)	(10,053)	**(87,442)**
Repayment of bonds and convertible bonds	**—**	(28,303)	—	**—**
Acquisition of shares of treasury common stock	**(1,506)**	—	—	**(12,550)**
Cash dividends paid	**(6,500)**	(6,499)	(6,495)	**(54,167)**
Other	**(351)**	(4)	(673)	**(2,925)**
Net cash used in financing activities	**(6,628)**	(26,376)	(20,205)	**(55,233)**
Effect of exchange rate changes on cash and cash equivalents	**(1,750)**	1,888	2,208	**(14,583)**
(Decrease) increase in cash and cash equivalents	**(659)**	(2,992)	(3,401)	**(5,492)**
Cash and cash equivalents at beginning of year	**56,550**	59,389	60,309	**471,250**
Increase due to inclusion of subsidiaries in consolidation	**718**	154	1,260	**5,983**
Increase arising from change in fiscal year end of consolidated subsidiaries	**—**	—	1,220	**—**
Decrease due to inclusion of subsidiaries in consolidation	**(887)**	—	—	**(7,392)**
Cash and cash equivalents at end of year	**¥ 55,722**	¥ 56,550	¥ 59,389	**$ 464,350**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Ajinomoto Co., Inc. and Consolidated Subsidiaries   March 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying consolidated financial statements of Ajinomoto Co., Inc. (the “Company”) and its consolidated subsidiaries are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan and are prepared on the basis of accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

As permitted by the Securities and Exchange Law, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

Certain amounts in the prior years’ financial statements have been reclassified to conform to the current year’s presentation.

b. Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies are included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions are eliminated in consolidation.

The minor differences arising from the cost of the investments in subsidiaries and affiliates over the equity in their net assets at fair value are charged or credited to income in the year of acquisition. Significant differences are, as a rule, amortized over periods of 5,10,15, 20 or 25 years.

Investments in other affiliates and unconsolidated subsidiaries, not significant in amount, are carried at cost or less. Where there has been permanent impairment in the value of its investments, the Company has written down such investments.

c. Foreign Currency Translation

Current and non-current monetary accounts denominated in foreign currencies are translated into yen at the current rates.

The revenue and expense accounts of the foreign consolidated subsidiaries are translated at the rates of exchange in effect at the balance sheet date. Except for shareholders’ equity, the balance sheet accounts are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders’ equity are translated at their historical exchange rates.

d. Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

e. Inventories

Inventories are stated at the lower of cost or market, cost being determined by the average method.

f. Securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders’ equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

g. Property, Plant and Equipment and Depreciation

Property, plant and equipment is stated at cost. Depreciation is computed primarily by the declining-balance method at rates based on the estimated useful lives of the respective assets, ranging from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery and equipment.

Maintenance and minor repairs are charged to income as incurred; major renewals and improvements are capitalized.

h. Leases

Noncancelable leases of the Company and its domestic consolidated subsidiaries are accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases. However, leases of the foreign consolidated subsidiaries are generally classified as either finance or operating leases and accounted for accordingly.

i. Bond Issuance Expenses

Bond issuance expenses are charged to income as incurred.

j. Retirement Benefits

Accrued employees’ retirement benefits are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the employees. The net retirement benefit obligation at transition was charged to operations as incurred.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over the period of mainly 10 years which are shorter than the average remaining years of service of the employees.

Prior service cost is being amortized as incurred by the straight-line method over the period of principally 10 years which are shorter than the average remaining years of service of the employees.

In addition, subject to the shareholders' approval, directors and corporate auditors of the Company and certain consolidated subsidiaries are customarily entitled to lump-sum payments under their respective unfunded severance benefit plans. Provision for the indemnity for severance benefits for those officers has been made at an estimated amount.

k. Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

l. Research and Development Expenses

Research and development expenses are charged to income when incurred.

m. Derivatives

The Company and certain consolidated subsidiaries have entered into derivatives transactions in order to manage certain risks arising from adverse fluctuation in foreign currency exchange rates, interest rates, and commodity and stock prices. Derivatives are carried at fair value with any changes in unrealized gain or loss charged or credited to operations.

n. Treasury Stock and Reduction of Legal Reserves

Effective April 1, 2002, the Company and its domestic consolidated subsidiaries adopted a new accounting standard for treasury stock and reduction of legal reserves. The effect of the adoption of this new standard was immaterial for the year ended March 31, 2003.

2. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made, as a matter of arithmetic computation only, at ¥120 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003.

The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

3. INVENTORIES

Inventories at March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Finished goods	**¥53,376**	¥ 54,426	**$444,800**
Work in process	**22,120**	24,511	**184,333**
Raw materials and supplies	**23,257**	25,071	**193,808**
	¥98,754	¥104,008	**$822,950**

4. DEPRECIATION

Depreciation expense for the years ended March 31, 2003, 2002 and 2001 amounted to ¥34,894 million ($290,783 thousand), ¥33,496 million and ¥35,630 million, respectively.

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings are, with minor exceptions, unsecured and generally represented overdrafts. The annual interest rates applicable to the borrowings at March 31, 2003 and 2002 ranged from 0.07% to 20.50% and from 0.38% to 28.00%, respectively.

Long-term debt at March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Bonds without collateral:			
2.675% bonds due 2007	**¥ 15,000**	¥ 15,000	**$ 125,000**
2.425% bonds due 2005	**10,000**	10,000	**83,333**
2.075% bonds due 2003	**15,000**	15,000	**125,000**
2.050% bonds due 2008	**20,000**	20,000	**166,667**
Loans from banks, insurance companies and government-sponsored agencies:			
With collateral	**4,524**	8,705	**37,700**
Without collateral	**9,447**	15,459	**78,725**
Customers' deposits	**14,139**	14,370	**117,825**
Other	**4,990**	4,826	**41,583**
	93,100	103,360	**775,833**
Current portion	**(21,577)**	(8,925)	**(179,808)**
	¥ 71,523	¥ 94,435	**$ 596,025**

The annual maturities of long-term debt subsequent to March 31, 2003 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥21,577	$179,808
2005	2,968	24,733
2006	11,214	93,450
2007	975	8,125
2008 and thereafter	56,365	469,708
	¥93,100	$775,833

6. PLEDGED ASSETS

The assets pledged as collateral for short-term borrowings, notes and accounts payable and long-term debt at March 31, 2003 were as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment, at net book value	¥19,248	$160,400
Investment securities	8	67
Other assets	244	2,033
	¥19,501	$162,508

7. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 42% in 2003, 2002 and 2001. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statements of operations for the years ended March 31, 2003, 2002 and 2001 differ from the statutory tax rate for the following reasons:

	2003	2002	2001
Statutory tax rate	**42.0%**	42.0%	(42.0)%
Effect of:			
Expenses not deductible for income tax purposes	**2.6**	6.2	17.2
Dividend income deductible for income tax purposes	**1.7**	(6.2)	(4.4)
Other, net	**(1.8)**	(2.0)	(2.4)
Effective tax rate	**44.5%**	40.0%	(31.6)%

New legislation was enacted in March 2003 which will change the aggregate statutory tax rate from 42.0% to 40.6% effective for fiscal years beginning after March 31, 2004. The effect of this tax rate change was to decrease deferred tax assets (net of deferred tax liabilities) by ¥350 million ($2,917 thousand) at March 31, 2003 and to increase income taxes – deferred by ¥390 million ($3,250 thousand) for the year ended March 31, 2003.

The significant components of deferred tax assets and liabilities at March 31, 2003 and 2002 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Deferred tax assets:			
Inventories	**¥ 254**	¥ 984	**$ 2,117**
Securities	**3,701**	4,443	**30,842**
Property, plant and equipment	**873**	1,100	**7,275**
Accrued retirement benefits	**27,130**	28,899	**226,083**
Accrued expenses	**2,264**	1,916	**18,867**
Accrued bonuses	**3,573**	2,804	**29,775**
Unrealized profit	**4,221**	3,847	**35,175**
Accrued enterprise tax	**1,848**	969	**15,400**
Other	**11,423**	4,835	**95,192**
Total deferred tax assets	**55,290**	49,801	**460,750**
Deferred tax liabilities:			
Depreciation	**6,805**	6,163	**56,708**
Unrealized gain on land	**2,889**	2,470	**24,075**
Other	**1,998**	7,619	**16,650**
Total deferred tax liabilities	**11,693**	16,253	**97,442**
Net deferred tax assets	**¥ 43,596**	¥33,548	**$363,300**

8. RETIREMENT BENEFIT PLANS

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. Certain foreign consolidated subsidiaries have defined contribution plans in addition to defined benefit plans.

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2003 and 2002 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Retirement benefit obligation	**¥(274,916)**	¥(269,581)	**$(2,290,967)**
Plan assets at fair value	**148,832**	155,670	**1,240,267**
Unfunded retirement benefit obligation	**(126,083)**	(113,910)	**(1,050,692)**
Unrecognized actuarial gain or loss	**58,838**	46,288	**490,317**
Unrecognized prior service cost	**(1,259)**	(3,049)	**(10,492)**
Prepaid pension cost	**(55)**	—	**(458)**
Accrued retirement benefits	**¥ (68,560)**	¥ (70,672)	**$ (571,333)**

The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

The components of retirement benefit expenses for the years ended March 31, 2003 and 2002 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Service cost	**¥ 7,698**	¥ 6,713	**$ 64,150**
Interest cost	**6,649**	8,095	**55,408**
Expected return on plan assets	**(5,345)**	(5,432)	**(44,542)**
Amortization of prior service cost	**(264)**	(48)	**(2,200)**
Amortization of actuarial gain or loss	**4,780**	1,089	**39,833**
Other	**674**	362	**5,617**
Total	**¥14,194**	¥10,779	**$118,283**

The assumptions used in accounting for the above plans were as follows:

	As of March 31,	
	2003	2002
Discount rates	**Mainly 2.5%**	Mainly 2.5%
Expected return on assets	**Mainly 3.5%**	Mainly 3.5%

9. SHAREHOLDERS' EQUITY

Retained earnings include a legal reserve provided in accordance with the Commercial Code of Japan. The Code provides that neither capital surplus nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors. On October 1, 2001, an amendment (the "Amendment") to the Code became effective. The Amendment provides that if the total amount of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. In addition, the Amendment eliminates the stated par value of the Company's outstanding shares, which resulted in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that all share issuances after September 30, 2001 will be of shares with no par value. Prior to the date on which the Amendment came into effect, the Company's shares had a par value of ¥50.

10. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2003, 2002 and 2001 were ¥26,526 million ($221,050 thousand), ¥27,000 million and ¥26,261 million, respectively.

11. LEASE TRANSACTIONS

a) Lessees' Accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2003 and 2002, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

March 31, 2003	Millions of yen Acquisition costs	Millions of yen Accumulated depreciation	Millions of yen Net book value	Thousands of U.S. dollars Acquisition costs	Thousands of U.S. dollars Accumulated depreciation	Thousands of U.S. dollars Net book value
Buildings and structures	**¥1,509**	**¥ 46**	**¥1,463**	**$12,575**	**$ 383**	**$12,192**
Machinery and equipment	**7,842**	**4,562**	**3,279**	**65,350**	**38,017**	**27,325**
Total	**¥9,352**	**¥4,609**	**¥4,743**	**$77,933**	**$38,408**	**$39,525**

March 31, 2002	Millions of yen Acquisition costs	Millions of yen Accumulated depreciation	Millions of yen Net book value
Buildings and structures	¥1,509	¥ 28	¥1,481
Machinery and equipment	7,363	4,256	3,106
Total	¥8,873	¥4,284	¥4,588

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,550 million ($12,917 thousand), ¥1,507 million and ¥1,316 million, which were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms, for the years ended March 31, 2003, 2002 and 2001, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2003 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥1,237	$10,308
2005 and thereafter	3,505	29,208
Total	¥4,743	$39,525

Future minimum lease payments subsequent to March 31, 2003 for operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥ 901	$ 7,508
2005 and thereafter	5,793	48,275
Total	¥6,695	$55,792

b) Lessors' Accounting

The following amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets relating to finance leases accounted for as operating leases at March 31, 2003 and 2002:

March 31, 2003	Millions of yen Acquisition costs	Millions of yen Accumulated depreciation	Millions of yen Net book value	Thousands of U.S. dollars Acquisition costs	Thousands of U.S. dollars Accumulated depreciation	Thousands of U.S. dollars Net book value
Machinery and equipment	**¥1,741**	**¥782**	**¥959**	**$14,508**	**$6,517**	**$7,992**

March 31, 2002	Millions of yen Acquisition costs	Millions of yen Accumulated depreciation	Millions of yen Net book value
Machinery and equipment	¥1,436	¥865	¥570

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥349 million ($2,908 thousand), ¥623 million and ¥193 million for the years ended March 31, 2003, 2002 and 2001, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥315 million ($2,625 thousand), ¥256 million and ¥174 million for the years ended March 31, 2003, 2002 and 2001, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2003 for the finance leases accounted for as operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2004	¥ 376	$3,133
2005 and thereafter	699	5,825
Total	¥1,075	$8,958

112. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for capital expenditures outstanding at March 31, 2003 aggregated approximately ¥11,050 million ($92,083 thousand).

At March 31, 2003, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
As endorser of documentary export bills and trade notes receivable discounted with banks	¥ 340	$ 2,833
As guarantor of indebtedness of unconsolidated subsidiaries, affiliates and employees	2,089	17,408
	¥2,429	$20,242

13. AMOUNTS PER SHARE

	Yen			U.S. dollars
	2003	2002	2001	**2003**
Net income (loss):				
Basic	**¥ 50.7**	¥ 48.4	¥ (17.8)	**$0.423**
Cash dividends	**11.0**	10.0	10.0	**0.092**
Net assets	**602.7**	586.3	556.6	**5.023**

Until the year ended March 31, 2002, net income (loss) per share was computed based on the net income (loss) reported in the consolidated statements of operations and the weighted average number of shares of common stock outstanding during each year, and amounts per share of net assets were computed based on the net assets reported in the consolidated balance sheets and the number of shares of common stock outstanding at each balance sheet date.

In accordance with a new accounting standard for earnings per share which became effective April 1, 2002, net income per share for the year ended March 31, 2003 was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and amounts per share of net assets at March 31, 2003 was computed based on the net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end. If the previous method of computation had been followed for the year ended March 31, 2003, net income per share and amounts per share of net assets would have been ¥51.0 ($0.425) and ¥603.0 ($5.025), respectively.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

14. RELATED PARTY TRANSACTIONS

The Company purchased goods for resale in the amount of ¥190,360 million ($1,586,333 thousand), ¥183,938 million and ¥176,468 million from its affiliates which were accounted for by the equity method for the years ended March 31, 2003, 2002 and 2001, respectively. Purchase prices were negotiated on an arm's-length basis based on the final retail prices of the Company.

15. SECURITIES

a) Information regarding marketable securities classified as other securities at March 31, 2003 and 2002 is as follows:

	Millions of yen			Thousands of U.S. dollars		
March 31, 2003	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock	**¥11,687**	**¥21,933**	**¥10,245**	**$ 97,392**	**$182,775**	**$ 85,375**
Debt securities	**—**	**—**	**—**	**—**	**—**	**—**
Subtotal	**11,687**	**21,933**	**10,245**	**97,392**	**182,775**	**85,375**
Securities whose acquisition cost exceeds their carrying value:						
Stock	**22,482**	**15,414**	**(7,068)**	**187,350**	**128,450**	**(58,900)**
Debt securities	**—**	**—**	**—**	**—**	**—**	**—**
Other	**355**	**336**	**(18)**	**2,958**	**2,800**	**(150)**
Subtotal	**22,837**	**15,751**	**(7,086)**	**190,308**	**131,258**	**(59,050)**
Total	**¥34,525**	**¥37,684**	**¥ 3,158**	**$287,708**	**$314,033**	**$ 26,317**

March 31, 2002	Millions of yen Acquisition cost	 Carrying value	 Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥33,048	¥52,615	¥19,567
Debt securities	1	1	—
Other	—	—	—
Subtotal	33,049	52,616	19,567
Securities whose acquisition cost exceeds their carrying value:			
Stock	15,157	11,818	(3,338)
Debt securities	3	2	(0)
Other	355	335	(19)
Subtotal	15,515	12,156	(3,358)
Total	¥48,564	¥64,773	¥16,208

b) Sales of securities classified as other securities amounted to ¥25,054 million ($208,783 thousand) with an aggregate gain of ¥4,204 million ($35,033 thousand) and an aggregate loss of ¥4,817 million ($40,142 thousand) for the year ended March 31, 2003. For the year ended March 31, 2002, sales of securities classified as other securities amounted to ¥2,976 million with an aggregate gain of ¥694 million and an aggregate loss of ¥452 million.

c) The redemption schedule for securities with maturity dates classified as other securities at March 31, 2003 is summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years
Government bonds	**¥ 0**	**¥ 1**	**¥ —**	**$ 0**	**$ 8**	**$ —**
Corporate bonds	**—**	**—**	**—**	**—**	**—**	**—**
Other	**—**	**309**	**—**	**—**	**2,575**	**—**
Total	**¥ 0**	**¥311**	**¥ —**	**$ 0**	**$2,592**	**$ —**

16. DERIVATIVE TRANSACTIONS

The Company and certain consolidated subsidiaries have entered into derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates, interest rates, and commodity and stock prices.

The Company is exposed to credit risk in the event of nonperformance by the counterparties to its derivative positions, but any such loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings. The notional amounts of the derivatives presented below do not necessarily represent the amounts exchanged by the parties and, therefore, are not a direct measure of the Company's risk exposure in connection with derivative financial instruments.

Summarized below are the notional amounts and the estimated fair value of the derivative positions outstanding at March 31, 2003 and 2002:

a) Currency-related transactions

	Millions of yen			Thousands of U.S. dollars		
March 31, 2003	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Sell:						
US$	**¥7,432**	**¥7,417**	**¥ 14**	**$61,933**	**$61,808**	**$ 117**
EUR	**4,228**	**4,327**	**(98)**	**35,233**	**36,058**	**(817)**
Others	**17**	**17**	**(0)**	**142**	**142**	**(0)**
Buy:						
US$	**1,438**	**1,462**	**23**	**11,983**	**12,183**	**192**
EUR	**—**	**—**	**—**	**—**	**—**	**—**
Others	**49**	**47**	**(2)**	**408**	**392**	**(17)**
Total			**¥(62)**			**$(517)**

March 31, 2002	Millions of yen Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:			
Sell:			
US$	¥879	¥885	¥ (5)
EUR	0	0	(0)
Others	235	236	(0)
Buy:			
US$	913	950	36
EUR	11	11	0
Others	32	32	(0)
Options:			
Put options, purchased:			
US$	926	24	8
Premium	15		
Total			¥38

b) Interest-related transactions

	Millions of yen			Thousands of U.S. dollars		
March 31, 2003	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Interest rate swaps:						
Receive/floating and pay/fixed	**¥ 760**	**¥ (8)**	**¥ (8)**	**$6,333**	**$ (67)**	**$ (67)**
Currency swaps:						
Receive/THB and pay/JPY	**1,057**	**14**	**14**	**8,808**	**117**	**117**
Total			**¥ 6**			**$ 50**

March 31, 2002	Millions of yen Notional amount	Fair value	Unrealized gain (loss)
Interest rate swaps:			
Receive/floating and pay/fixed	¥900	¥(16)	¥(16)
Total			¥(16)

c) Commodity-related transactions

March 31, 2002	Millions of yen Notional amount	Fair value	Unrealized gain (loss)
Options:			
Call options, purchased	¥17	¥17	¥(0)
Total			¥(0)

d) Stock-related transactions

	Millions of yen			Thousands of U.S. dollars		
March 31, 2003	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward agreement:						
Sell	**¥23,220**	**¥ —**	**¥ —**	**$193,500**	**$ —**	**$ —**
Total			**¥ —**			**$ —**

17. SUPPLEMENTARY CASH FLOW INFORMATION

The following is a summary of the assets and liabilities of subsidiaries which were included in consolidation upon acquisition of their stock for the year ended March 31, 2003 as follows:

	Millions of yen		Thousands of U.S. dollars
	2003	2002	**2003**
Current assets	**¥20,896**	¥—	**$174,133**
Non-current assets	**17,304**	—	**144,200**
Total assets	**¥38,200**	¥—	**$318,333**
Current liabilities	**¥21,417**	¥—	**$178,475**
Non-current liabilities	**1,953**	—	**16,275**
Total liabilities	**¥23,370**	¥—	**$194,750**

18. SEGMENT INFORMATION

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of products in Japan and overseas. Until the year ended March 31, 2002, the operations of the Company and its consolidated subsidiaries had been classified into three major segments: foods which included AJI-NO-MOTO and other seasonings, edible oils, processed foods, beverages and dairy products; fine chemicals which included pharmaceuticals, amino acids and specialty chemicals; and other which included distribution and other products.

Effective the year ended March 31, 2003, the Company has redefined its business segments in line with the introduction of an in-house company system and has commenced disclosure of its business segment information in the following five segments. This change was made in order to achieve a better presentation of the operations of the Company and its consolidated subsidiaries based on management's responsibility.

- Domestic foods segment which includes "AJI-NO-MOTO," "Hon-Dashi," "Cook Do," soups, mayonnaise, "Pal Sweet" (domestic market), "Amino Vital," "Mieki" (soy bean hydrolyzate), frozen foods, coffee, domestic beverages, dairy products, domestic food wholesale, etc.;
- Overseas foods segment which includes "AJI-NO-MOTO," nucleotides, overseas instant noodles, overseas beverages, overseas services, etc.;
- Amino acids segment which includes various kinds of amino acids, aspartame, specialty chemicals, etc.;
- Pharmaceuticals segment which includes pharmaceuticals, medical foods; and
- Other segment which includes distribution, various services, etc.

In addition, the Company has changed the scope of its corporate assets and has begun including all assets of the Administration Division and certain assets of its research facilities in "Corporate and eliminations" instead of allocating these assets to each segment, as well as including cash and short-term and long-term investments held by certain subsidiaries in the respective segments instead of under "Corporate and eliminations" in order to define the assets which should be managed by each segment in line with the introduction of the in-house company system.

Based on the new segmentation and the revised scope of its corporate assets, the Company has restated the previously reported business segment information for the year ended March 31, 2002.

The business and geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2003, 2002 and 2001 are outlined as follows:

Business Segments

	Millions of yen							
Year ended March 31, 2003	Domestic Foods Products	Overseas Foods Products	Amino Acids	Pharmaceuticals	Others	Total	Eliminations	Consolidated
I. Sales and operating income:								
Sales to third parties	**¥583,243**	**¥139,236**	**¥135,933**	**¥62,693**	**¥ 66,621**	**¥ 987,727**	**¥ —**	**¥987,727**
Intragroup sales and transfers	**2,735**	**12,749**	**22,267**	**7**	**60,336**	**98,096**	**(98,096)**	**—**
Total sales	**585,979**	**151,985**	**158,200**	**62,700**	**126,957**	**1,085,823**	**(98,096)**	**987,727**
Operating expenses	**559,173**	**142,735**	**144,641**	**53,817**	**123,108**	**1,023,476**	**(89,808)**	**933,667**
Operating income	**¥ 26,805**	**¥ 9,250**	**¥ 13,558**	**¥ 8,883**	**¥ 3,849**	**¥ 62,346**	**¥ (8,287)**	**¥ 54,059**
II. Assets, depreciation and capital expenditures:								
Total assets	**¥261,720**	**¥119,903**	**¥152,142**	**¥95,725**	**¥ 67,910**	**¥ 697,402**	**¥167,186**	**¥864,588**
Depreciation and amortization	**7,358**	**7,172**	**12,497**	**3,625**	**2,514**	**33,167**	**5,801**	**38,969**
Capital expenditures	**6,993**	**11,778**	**18,404**	**7,733**	**2,322**	**47,232**	**10,170**	**57,403**

Year ended March 31, 2003	Domestic Foods Products	Overseas Foods Products	Amino Acids	Pharmaceuticals	Others	Total	Eliminations	Consolidated
	Thousands of U.S. dollars							
I. Sales and operating income:								
Sales to third parties	**$4,860,358**	**$1,160,300**	**$1,132,775**	**$522,442**	**$ 555,175**	**$8,231,058**	**$ —**	**$8,231,058**
Intragroup sales and transfers	**22,792**	**106,242**	**185,558**	**58**	**502,800**	**817,467**	**(817,467)**	**—**
Total sales	**4,883,158**	**1,266,542**	**1,318,333**	**522,500**	**1,057,975**	**9,048,525**	**(817,467)**	**8,231,058**
Operating expenses	**4,659,775**	**1,189,458**	**1,205,342**	**448,475**	**1,025,900**	**8,528,967**	**(748,400)**	**7,780,558**
Operating income	**$ 223,375**	**$ 77,083**	**$ 112,983**	**$ 74,025**	**$ 32,075**	**$ 519,550**	**$ (69,058)**	**$ 450,492**
II. Assets, depreciation and capital expenditures:								
Total assets	**$2,181,000**	**$ 999,192**	**$1,267,850**	**$797,708**	**$ 565,917**	**$5,811,683**	**$1,393,217**	**$7,204,900**
Depreciation and amortization	**61,317**	**59,767**	**104,142**	**30,208**	**20,950**	**276,392**	**48,342**	**324,742**
Capital expenditures	**58,275**	**98,150**	**153,367**	**64,442**	**19,350**	**393,600**	**84,750**	**478,358**

Year ended March 31, 2002	Domestic Foods Products	Overseas Foods Products	Amino Acids	Pharmaceuticals	Others	Total	Eliminations	Consolidated
	Millions of yen							
I. Sales and operating income:								
Sales to third parties	¥563,096	¥138,607	¥129,991	¥53,509	¥ 58,334	¥ 943,540	¥ —	¥943,540
Intragroup sales and transfers	2,494	11,654	20,632	1	65,057	99,841	(99,841)	—
Total sales	565,591	150,262	150,624	53,510	123,391	1,043,381	(99,841)	943,540
Operating expenses	540,485	143,262	136,438	46,970	119,042	986,199	(91,674)	894,525
Operating income	¥ 25,106	¥ 6,999	¥ 14,186	¥ 6,540	¥ 4,349	¥ 57,181	¥ (8,166)	¥ 49,015
II. Assets, depreciation and capital expenditures:								
Total assets	¥258,354	¥134,421	¥156,405	¥52,791	¥ 82,355	¥ 684,328	¥155,823	¥840,152
Depreciation and amortization	11,611	6,207	11,535	2,938	1,801	34,093	3,128	37,222
Capital expenditures	10,064	8,790	15,115	2,439	1,567	37,976	7,301	45,277

Year ended March 31, 2002	Domestic Foods Products	Overseas Foods Products	Amino Acids	Pharmaceuticals	Others	Total	Eliminations	Consolidated
	Thousands of U.S. dollars							
I. Sales and operating income:								
Sales to third parties	$4,233,805	$1,042,158	$ 977,376	$402,323	$438,602	$7,094,286	$ —	$7,094,286
Intragroup sales and transfers	18,752	87,624	155,128	8	489,150	750,684	(750,684)	—
Total sales	4,252,564	1,129,789	1,132,511	402,331	927,752	7,844,970	(750,684)	7,094,286
Operating expenses	4,063,797	1,077,158	1,025,850	353,158	895,053	7,415,030	(689,278)	6,725,752
Operating income	$ 188,767	$ 52,624	$ 106,662	$ 49,173	$ 32,699	$ 429,932	$ (61,398)	$ 368,534
II. Assets, depreciation and capital expenditures:								
Total assets	$1,942,511	$1,010,684	$1,175,977	$396,925	$619,211	$5,145,323	$1,171,602	$6,316,932
Depreciation and amortization	87,301	46,669	86,729	22,090	13,541	256,338	23,519	279,865
Capital expenditures	75,669	66,090	113,647	18,338	11,782	285,534	54,895	340,429

Year ended March 31, 2002	Foods	Fine Chemicals	Other	Total	Eliminations	Consolidated
	Millions of yen					
I. Sales and operating income:						
Sales to third parties	¥636,201	¥215,708	¥ 91,629	¥ 943,540	¥ —	¥943,540
Intragroup sales and transfers	10,677	2,786	69,325	82,789	(82,789)	—
Total sales	646,879	218,495	160,955	1,026,330	(82,789)	943,540
Operating expenses	625,393	196,004	156,128	977,525	(83,000)	894,525
Operating income	¥ 21,485	¥ 22,491	¥ 4,827	¥ 48,804	¥ 210	¥ 49,015
II. Assets, depreciation and capital expenditures:						
Total assets	¥378,674	¥229,472	¥114,709	¥ 722,855	¥117,296	¥840,152
Depreciation and amortization	19,748	15,759	2,705	38,213	(990)	37,222
Capital expenditures	22,856	20,208	2,724	45,788	(511)	45,277

Year ended March 31, 2001	Foods	Fine Chemicals	Other	Total	Eliminations	Consolidated
	Millions of yen					
I. Sales and operating income:						
Sales to third parties	¥622,001	¥188,421	¥ 98,106	¥908,528	¥ —	¥908,528
Intragroup sales and transfers	11,618	2,050	62,618	76,287	(76,287)	—
Total sales	633,620	190,472	160,724	984,816	(76,287)	908,528
Operating expenses	609,991	179,474	157,318	946,784	(76,060)	870,723
Operating income	¥ 23,629	¥ 10,998	¥ 3,405	¥ 38,032	¥ (227)	¥ 37,805
II. Assets, depreciation and capital expenditures:						
Total assets	¥371,626	¥219,752	¥100,604	¥691,984	¥136,960	¥828,945
Depreciation and amortization	19,433	17,732	2,456	39,621	(981)	38,640
Capital expenditures	25,306	16,708	5,455	47,469	(555)	46,914

As a result of an adoption of a new accounting standard for retirement benefits as explained in Note 1.j., operating income for “Foods,” “Fine Chemicals” and “Other” decreased by ¥1,933 million, ¥1,199 million and ¥89 million for the year ended March 31, 2001 over the corresponding amounts for the previous year.

Geographical Segments

Year ended March 31, 2003	Japan	Asia	America	Europe	Total	Eliminations	Consolidated
	Millions of yen						
Sales to third parties	**¥758,337**	**¥88,661**	**¥52,150**	**¥88,577**	**¥ 987,727**	**¥ —**	**¥987,727**
Interarea sales and transfers	**34,502**	**9,605**	**10,320**	**3,051**	**57,480**	**(57,480)**	**—**
Total sales	**792,839**	**98,267**	**62,471**	**91,629**	**1,045,207**	**(57,480)**	**987,727**
Operating expenses	**761,509**	**88,879**	**55,098**	**85,660**	**991,148**	**(57,480)**	**933,667**
Operating income	**¥ 31,330**	**¥ 9,387**	**¥ 7,372**	**¥ 5,969**	**¥ 54,059**	**¥ —**	**¥ 54,059**
Total assets	**¥431,182**	**¥97,513**	**¥51,413**	**¥67,950**	**¥ 648,060**	**¥216,528**	**¥864,588**

Year ended March 31, 2003	Japan	Asia	America	Europe	Total	Eliminations	Consolidated
	Thousands of U.S. dollars						
Sales to third parties	**$6,319,475**	**$738,842**	**$434,583**	**$738,142**	**$8,231,058**	**$ —**	**$8,231,058**
Interarea sales and transfers	**287,517**	**80,042**	**86,000**	**25,425**	**479,000**	**(479,000)**	**—**
Total sales	**6,606,992**	**818,892**	**520,592**	**763,575**	**8,710,058**	**(479,000)**	**8,231,058**
Operating expenses	**6,345,908**	**740,658**	**459,150**	**713,833**	**8,259,567**	**(479,000)**	**7,780,558**
Operating income	**$ 261,083**	**$ 78,225**	**$ 61,433**	**$ 49,742**	**$ 450,492**	**$ —**	**$ 450,492**
Total assets	**$3,593,183**	**$812,608**	**$428,442**	**$566,250**	**$5,400,500**	**$1,804,400**	**$7,204,900**

Year ended March 31, 2002	Japan	Asia	America	Europe	Total	Eliminations	Consolidated
	Millions of yen						
Sales to third parties	¥716,774	¥87,836	¥56,598	¥82,329	¥ 943,540	¥ —	¥943,540
Interarea sales and transfers	33,567	11,498	9,785	4,217	59,068	(59,068)	—
Total sales	750,342	99,335	66,384	86,546	1,002,608	(59,068)	943,540
Operating expenses	723,735	88,125	63,306	78,426	953,593	(59,068)	894,525
Operating income	¥ 26,606	¥11,209	¥ 3,077	¥ 8,120	¥ 49,015	¥ —	¥ 49,015
Total assets	¥508,701	¥72,034	¥58,645	¥61,753	¥ 701,135	¥139,017	¥840,152

Year ended March 31, 2001	Japan	Asia	America	Europe	Total	Eliminations	Consolidated
	Millions of yen						
Sales to third parties	¥716,294	¥70,527	¥50,224	¥71,482	¥908,528	¥ —	¥908,528
Interarea sales and transfers	30,489	6,233	6,912	2,029	45,665	(45,665)	—
Total sales	746,784	76,760	57,136	73,512	954,194	(45,665)	908,528
Operating expenses	721,688	67,938	55,883	70,878	916,388	(45,665)	870,723
Operating income	¥ 25,096	¥ 8,822	¥ 1,252	¥ 2,634	¥ 37,805	¥ —	¥ 37,805
Total assets	¥515,798	¥59,540	¥48,740	¥54,285	¥678,364	¥150,580	¥828,945

As a result of an adoption of a new accounting standard for retirement benefits as explained in Note 1.j., operating income for “Japan” decreased by ¥3,222 million for the year ended March 31, 2001 over the corresponding amount for the previous year.

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of the foreign consolidated subsidiaries for the years ended March 31, 2003, 2002 and 2001, are summarized as follows:

Year ended March 31, 2003	Millions of yen Asia	America	Europe	Total
Overseas sales	**¥99,395**	**¥57,835**	**¥87,762**	**¥244,993**
Consolidated net sales				**987,727**

Year ended March 31, 2003	Thousands of U.S. dollars Asia	America	Europe	Total
Overseas sales	**$828,292**	**$481,958**	**$731,350**	**$2,041,608**
Consolidated net sales				**8,231,058**
Overseas sales as a percentage of consolidated net sales	**10.0%**	**5.9%**	**8.9%**	**24.8%**

Year ended March 31, 2002	Millions of yen Asia	America	Europe	Total
Overseas sales	¥97,863	¥63,161	¥82,744	¥243,769
Consolidated net sales				943,540
Overseas sales as a percentage of consolidated net sales	10.4%	6.7%	8.8%	25.8%

Year ended March 31, 2001	Millions of yen Asia	America	Europe	Total
Overseas sales	¥79,182	¥56,798	¥70,701	¥206,682
Consolidated net sales				908,528
Overseas sales as a percentage of consolidated net sales	8.7%	6.3%	7.8%	22.8%

19. ADDITIONAL FINANCIAL INFORMATION

a) In accordance with an agreement between the Company and Unilever NV (“Unilever”) dated February 18, 2003 with respect to sales of the Company’s shares in their seven joint ventures in six Asian countries/regions to Unilever group companies, the Company sold part of its shares in the joint ventures for ¥22,278 million ($185,650 thousand) which resulted in recognition of a gain of ¥19,865 million ($165,542 thousand) for the year ended March 31, 2003. It is anticipated that the remaining shares will be sold for ¥23,220 million ($193,500 thousand) at a gain of ¥19,987 million ($166,558 thousand) during the year ending March 31, 2004, although these amounts are subject to change.

b) On November 21, 2002, the Company entered into an agreement with Amylum France SAS to acquire all shares of Orsan SA (“Orsan”) for Euro 60 million (approximately ¥7.7 billion). Orsan is a French company which is engaged in the manufacture and sales of MSG and other seasonings. Orsan’s capital at March 31, 2003 and net sales for the year ended March 31, 2003 were Euro 49.6 million (approximately ¥6.4 billion) and Euro 68.9 million (approximately ¥8.9 billion), respectively. The proposed acquisition is currently under consideration for regulatory approval by the authorities. The Company recently obtained approval from the German regulators, who are the principal regulators. The Company will continue to pursue the formalities related to this matter and, upon approval, will acquire all the shares of Orsan. The acquisition is expected to be completed by the end of July 2003.

20. SUBSEQUENT EVENTS

a) On June 10, 2003, the Company issued 0.36% unsecured bonds due June 10, 2010 in the amount of ¥15,000 million ($125,000 thousand), 0.62% unsecured bonds due June 10, 2013 in the amount of ¥20,000 million ($166,667 thousand) and 0.71% unsecured bonds due June 10, 2015 in the amount of ¥15,000 million ($125,000 thousand).

b) In accordance with a share exchange contract dated November 15, 2002 among HONEN Corporation, AJINOMOTO OIL MILLS, INC. and Yoshihara Oil Mill, Ltd., shares were mutually exchanged on April 1, 2003 whereby HONEN AJINOMOTO OIL MILLS, INC. became a joint holding company of HONEN Corporation, AJINOMOTO OIL MILLS, INC. and Yoshihara Oil Mill, Ltd., and changed its name to J-OIL MILLS, INC. As a result, the Company acquired a 27.02% interest in J-OIL MILLS.

c) The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2003, were approved by the shareholders at a meeting held on June 27, 2003:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥6=U.S.$0.05 per share)	¥3,891	$32,425
Bonuses to directors and statutory auditors	186	1,550

Report of Independent Auditors

Shin Nihon & Co.

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Phone:03 3503-1100
Fax: 03 3503-1197

The Board of Directors and Shareholders
Ajinomoto Co., Inc.

We have audited the accompanying consolidated balance sheets of Ajinomoto Co., Inc. and consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2003, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion independently on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ajinomoto Co., Inc. and consolidated subsidiaries at March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2003 in conformity with accounting principles and practices generally accepted in Japan.

Supplemental Information

1. As described in Note 18, the Company has changed the classification of its business segments to domestic foods, overseas foods, amino acids, pharmaceuticals and other, from foods, fine chemicals and other. The Company has also changed the scope of corporate assets.

2. As described in Note 20, the Company issued bonds on June 10, 2003.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

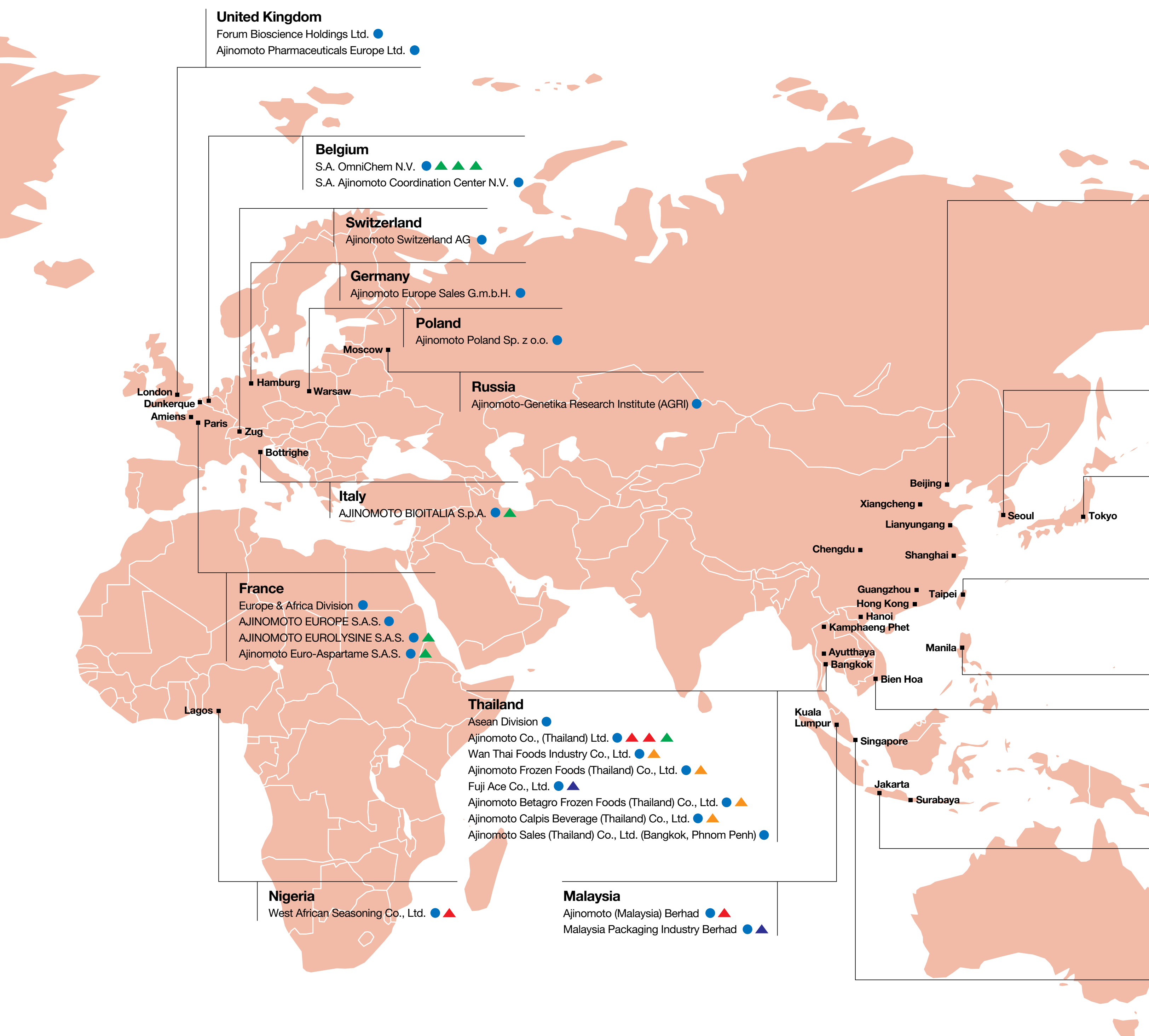
Shin Nihon & Co.

June 27, 2003

See Note 1 which explains the basis of preparation of the consolidated financial statements of Ajinomoto Co., Inc. and consolidated subsidiaries under Japanese accounting principles and practices.

Global Network

(As of April 1, 2003)

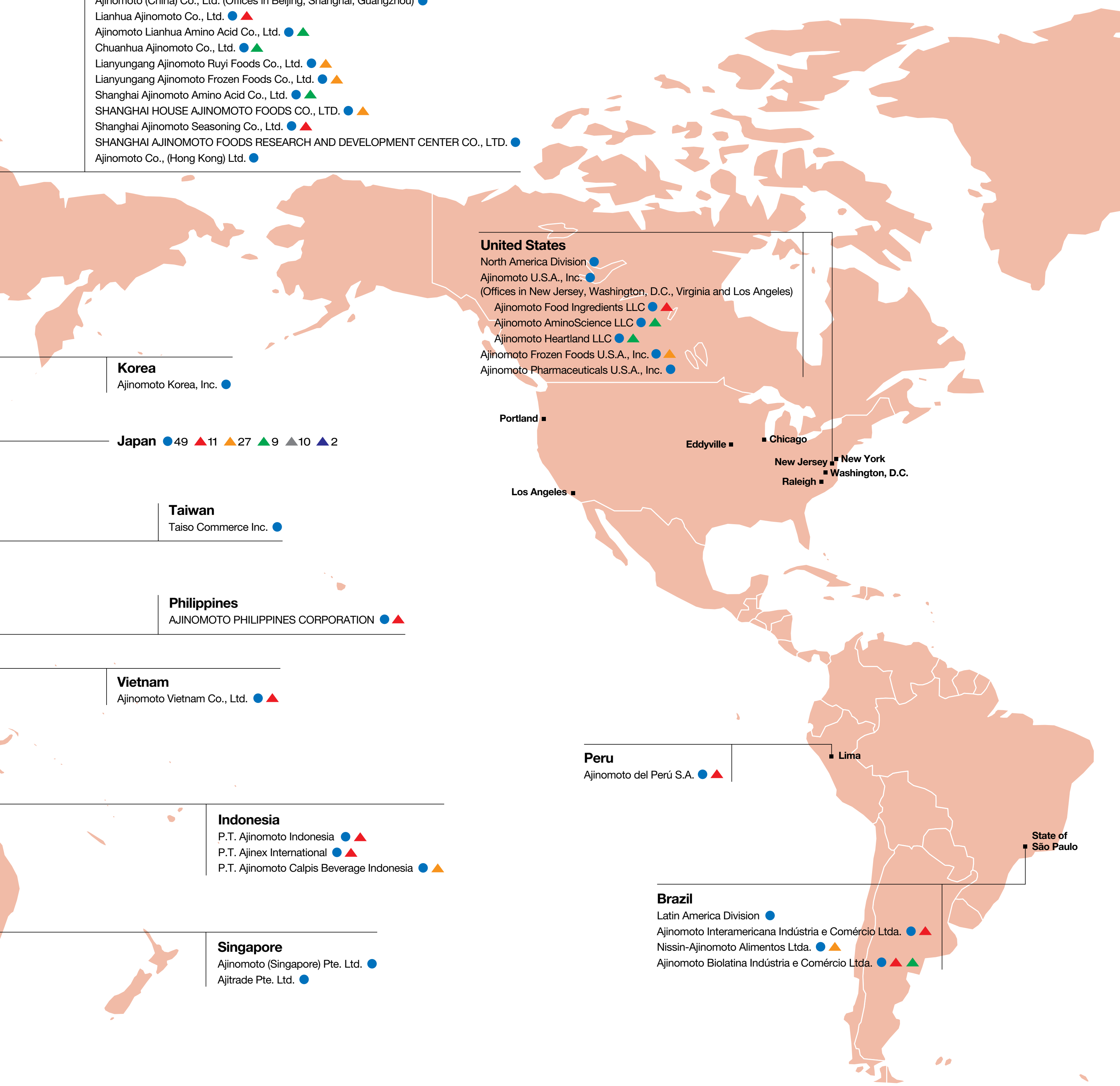


Global network: 22 countries and regions
(including 103 manufacturing plants* in 14 countries and regions)
(Japan: 59; Other Countries: 44)

- Subsidiaries, affiliates and offices of the Parent Company
- Seasonings Plants (28)
- Processed Foods Plants (37)
- Amino Acids and Specialty Chemicals Plants (22)
- Pharmaceuticals Plants (10)
- Other Plants (6)

*Includes packaging plants

China
China Division ●
Ajinomoto (China) Co., Ltd. (Offices in Beijing, Shanghai, Guangzhou) ●
Lianhua Ajinomoto Co., Ltd. ● ▲
Ajinomoto Lianhua Amino Acid Co., Ltd. ● ▲
Chuanhua Ajinomoto Co., Ltd. ● ▲
Lianyungang Ajinomoto Ruyi Foods Co., Ltd. ● ▲
Lianyungang Ajinomoto Frozen Foods Co., Ltd. ● ▲
Shanghai Ajinomoto Amino Acid Co., Ltd. ● ▲
SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. ● ▲
Shanghai Ajinomoto Seasoning Co., Ltd. ● ▲
SHANGHAI AJINOMOTO FOODS RESEARCH AND DEVELOPMENT CENTER CO., LTD. ●
Ajinomoto Co., (Hong Kong) Ltd. ●



United States
North America Division ●
Ajinomoto U.S.A., Inc. ●
(Offices in New Jersey, Washington, D.C., Virginia and Los Angeles)
Ajinomoto Food Ingredients LLC ● ▲
Ajinomoto AminoScience LLC ● ▲
Ajinomoto Heartland LLC ● ▲
Ajinomoto Frozen Foods U.S.A., Inc. ● ▲
Ajinomoto Pharmaceuticals U.S.A., Inc. ●

Korea
Ajinomoto Korea, Inc. ●

Japan ●49 ▲11 ▲27 ▲9 ▲10 ▲2

Taiwan
Taiso Commerce Inc. ●

Philippines
AJINOMOTO PHILIPPINES CORPORATION ● ▲

Vietnam
Ajinomoto Vietnam Co., Ltd. ● ▲

Peru
Ajinomoto del Perú S.A. ● ▲

Indonesia
P.T. Ajinomoto Indonesia ● ▲
P.T. Ajinex International ● ▲
P.T. Ajinomoto Calpis Beverage Indonesia ● ▲

Brazil
Latin America Division ●
Ajinomoto Interamericana Indústria e Comércio Ltda. ● ▲
Nissin-Ajinomoto Alimentos Ltda. ● ▲
Ajinomoto Biolatina Indústria e Comércio Ltda. ● ▲ ▲

Singapore
Ajinomoto (Singapore) Pte. Ltd. ●
Ajitrade Pte. Ltd. ●

Major Subsidiaries and Affiliates

(As of April 1, 2003)

Ajinomoto Group (International)

COMPANY NAME

Food Products

Seasonings

- Ajinomoto Co., (Thailand) Ltd.
- Ajinomoto Sales (Thailand) Co., Ltd.
- AJINOMOTO PHILIPPINES CORPORATION
- Ajinomoto (Malaysia) Berhad
- Ajinomoto (Singapore) Pte. Ltd.
- Ajitrade Pte. Ltd.
- P.T. Ajinomoto Indonesia
- P.T. Ajinex International
- Ajinomoto Vietnam Co., Ltd.
- Ajinomoto Co., (Hong Kong) Ltd.
- Lianhua Ajinomoto Co., Ltd.
- Shanghai Ajinomoto Seasoning Co., Ltd.
- Ajinomoto Korea, Inc.
- Ajinomoto U.S.A., Inc.
  - Ajinomoto Food Ingredients LLC
- Ajinomoto Interamericana Indústria e Comércio Ltda.
- Ajinomoto Biolatina Indústria e Comércio Ltda.
- Ajinomoto del Perú S.A.
- Ajinomoto Europe Sales G.m.b.H.
- West African Seasoning Co., Ltd.

Frozen Foods

- Ajinomoto Frozen Foods (Thailand) Co., Ltd.
- Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd.
- Lianyungang Ajinomoto Ruyi Foods Co., Ltd.
- Lianyungang Ajinomoto Frozen Foods Co., Ltd.
- Ajinomoto Frozen Foods U.S.A., Inc.

Processed Foods

- Wan Thai Foods Industry Co., Ltd.
- SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD.
- SHANGHAI AJINOMOTO FOODS RESEARCH AND DEVELOPMENT CENTER CO., LTD.
- Nissin-Ajinomoto Alimentos Ltda.
- Ajinomoto del Perú S.A.
- Ajinomoto Poland Sp. z o. o.

Beverages

- Ajinomoto Calpis Beverage (Thailand) Co., Ltd.
- P.T. Ajinomoto Calpis Beverage Indonesia

Amino Acids

- Ajinomoto Co., (Thailand) Ltd.
- Ajinomoto Lianhua Amino Acid Co., Ltd.
- Shanghai Ajinomoto Amino Acid Co., Ltd.
- Chuanhua Ajinomoto Co., Ltd.
- Taiso Commerce Inc.
- Ajinomoto U.S.A., Inc.
  - Ajinomoto Heartland LLC
  - Ajinomoto AminoScience LLC
- Ajinomoto Biolatina Indústria e Comércio Ltda.
- AJINOMOTO EUROLYSINE S.A.S.
- Ajinomoto Euro-Aspartame S.A.S.
- Ajinomoto Switzerland AG
- Ajinomoto Europe Sales G.m.b.H.
- S.A. OmniChem N.V.
- AJINOMOTO BIOITALIA S.p.A.

Pharmaceuticals

- Ajinomoto Pharmaceuticals U.S.A., Inc.
- Ajinomoto Pharmaceuticals Europe Ltd.
- Forum Bioscience Holdings Ltd.

Other Businesses

- Fuji Ace Co., Ltd.
- Malaysia Packaging Industry Berhad
- Ajinomoto (China) Co., Ltd.
- AJINOMOTO EUROPE S.A.S.
- S.A. Ajinomoto Coordination Center N.V.
- Ajinomoto-Genetika Research Institute (AGRI)

Ajinomoto Group (Japan)

COMPANY NAME

Food Products

Seasonings and Processed Foods
- Knorr Foods Co., Ltd.
- Delica Ace Co., Ltd.
- Shimadaya Corporation
- AJINOMOTO BAKERY PRODUCT CO., LTD.
- GABAN Co., Ltd.

Frozen Foods
- Ajinomoto Frozen Foods Co., Inc.

Edible Oils
- J-OIL MILLS, INC.

Beverages and Dairy Products
- Ajinomoto General Foods, Inc.
- Calpis Co., Ltd.
- Calpis Ajinomoto Danone Co., Ltd.

Amino Acids
- Ajinomoto Takara Corporation, Inc.
- Nippon Protein Co., Ltd.
- Ajinomoto Fine-Techno Co., Inc.
- Kawaken Fine Chemicals Co., Ltd.

Pharmaceuticals
- Ajinomoto Pharma Co., Ltd.
- Shimizu Pharmaceutical Co., Ltd..
- Showa Yakuhin Kako Co., Ltd.

Other Businesses
- AJINOMOTO LOGISTICS CORPORATION
- Ajinomoto Packaging Inc.
- Ajinomoto Engineering Co., Ltd.
- Ajinomoto System Techno Corporation
- Ajinomoto Communications Inc.
- Shin-Nippon Commerce, Inc.
- Ajinomoto Treasury Management Inc.
- Aji-Estates Co., Inc.
- Okinawa Ajinomoto Co., Inc.
- Hokkaido Ajinomoto Co., Ltd.

Directory

(As of April 1, 2003)

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Fax: +62 (21) 65304443

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Fax: +62 (321) 361708

P.T. Ajinomoto Calpis Beverage Indonesia
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Tel: +62 (21) 8970240
Fax: +62 (21) 8970241

P.T. Ajinomoto Indonesia
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