

ANNUAL REPORT
2000
FOR THE YEAR ENDED MARCH 31, 2000

A taste of the future.
AJINOMOTO



A MESSAGE FROM THE PRESIDENT

Overview of Fiscal 1999

Fiscal 1999, the year ended March 31, 2000 was marked by an increasingly competitive and challenging business environment. As the first year of our new medium-term management plan, it was a crucial year for Ajinomoto.

Net sales for the period increased 1.8 percent year-on-year to ¥829.4 billion, while operating income grew 14.9 percent to ¥33.1 billion and net income expanded 33.3 percent to ¥17.7 billion. These results were close to our original targets.

Due to overall weak consumer spending, as well as the maturing of the domestic foodstuffs market caused by the aging population, we do not anticipate strong market growth in the near future. Ajinomoto will therefore place priority on strengthening its brands and bringing new health-oriented products to the market to boost profitability and competitiveness.

Overseas, sales of seasonings are favorable in Southeast Asia and Latin America, and we expect further market expansion to take place in tandem with the economic development of these

From its Beginnings in Japan, Aiming to be a Global Corporation in Food and Amino Acid Products

regions. The economies of Southeast Asia are well on the way toward recovery, and Ajinomoto is posting solid sales growth in countries such as Thailand, Indonesia, the Philippines, Malaysia and Vietnam. In China, seasoning production and sales in Henan Province and the frozen foods business in Jiangsu Province near Shanghai are trending upward, and we are considering further business expansion to capitalize on the huge potential of this market. Future growth prospects are also bright in Poland and other countries in central and eastern Europe. The bulk ingredients business remains the largest portion of our business in Europe and the United States, and is performing well.

The fine chemicals business is a field in which we excel in fermentation technologies, centered on amino acids, and synthesis technologies. The performance of this business is thus insulated from changes in the business environment. To reinforce this competitive edge, we will continue ongoing efforts to lower costs. As a new dimension, we are branching out into pharmaceuticals, where we will concentrate on areas in which we can leverage our technological strengths. We intend to launch new pharmaceutical products globally in cooperation with suitable partners. The pharmaceuticals business offers tremendous potential for Ajinomoto, and I expect it to become a cornerstone of

the Company's profits in the future.

Investments during the past fiscal year included the purchase of the clinical nutrition and infusion business of Hoechst Marion Roussel Japan and the subsequent establishment of Ajinomoto Pharma Co., Ltd. While capital investments in fiscal 1998 focused on infrastructure, in fiscal 1999 we concentrated on investments to meet market growth in our core pharmaceutical and seasonings businesses. These investments totaled about ¥55 billion.

Strengths and Management Issues

Ajinomoto has many food products that hold either the number one or a strong number two share in the domestic market. Examples include the seasonings *Hon-Dashi* and *Cook Do*, premium cooking oil, soup stock and frozen foods. These products are stable profit producers. We also have highly competitive global products such as monosodium glutamate, feed-use amino acids including lysine, sweeteners and pharmaceutical-use amino acids.

These are our core businesses in which we apply our expertise in amino acid-related technology; we maintain our excellence on a global scale through superior production and development technologies. Another strength is the collective power of our global network. At present, our business operations cover 23 countries and regions, and we produce our products in 108 factories in 15 countries and regions including Japan. Moreover, the Ajinomoto Group consists of 129 companies in Japan and overseas.

Although we are deploying our strengths for products that are number one or two in their categories, products with lower market shares are facing stringent competition. To improve the profitability of these products, we must achieve the competitive pricing and marketing power needed to win at the global level. It is imperative that we practice efficient management from a consolidated perspective and speedily implement strategies that will reinforce our competitive edge.

Management Strategies

In March 1999, we launched a three-year management plan aimed at making Ajinomoto a global food and amino acid products company. The plan encompasses five main strategic measures: promoting consolidation of operations; strengthening our

brand strategy; establishing world-leading cost competitiveness; enhancing our R&D system; and contributing to society. Numerical targets include consolidated net sales of ¥1 trillion, net income of ¥30 billion and return on equity of at least 6 percent in fiscal 2001. We made solid progress toward these targets during fiscal 1999.

• Promoting Consolidation of Operations

In April 2000, three distribution companies were merged to create a unified national distribution system and expand logistics information functions for greater efficiency. Moreover, to centralize information management, an online information system was launched in April 2000 linking about 120 consolidated companies. Through this system, the head office collects accounting data and issues an internal monthly operations report by the twentieth of each following month. We are considering further speeding up this process beginning in April 2001 to facilitate management and enable public reporting of quarterly results. In addition, we are beginning organizational reforms across the Ajinomoto Group, such as instituting performance-based personnel policies and revising the compensation system for senior executives.

• Strengthening our Brand Strategy

A new corporate logo was introduced in 1999 and is being phased in on most of our products, both domestically and overseas, and at major subsidiaries. We are also conducting an aggressive corporate advertising campaign to shape an image as a company that contributes to food and health through amino acid technology. Reflecting the success of these efforts, Ajinomoto was ranked fourth in a survey of brand power among major Japanese companies this year in the influential *Nihon Keizai Shimbun* newspaper, whereas last year we were seventh. Communication strategies will continue to focus on promoting a brand image of high quality and reliability through various media, and communicate a new corporate image of innovation, leadership and foresight.



Kunio Egashira, President

• Establishing World-Leading Cost Competitiveness

Ajinomoto is launching its “WIN” plan, short for World Number 1 Network, to realize world-leading cost competitiveness in its core businesses.

• Enhancing our R&D System

To enhance our R&D system, we opened a biotechnology research center in Russia last year, and are conducting research aimed at bolstering the efficiency and cost competitiveness of technology development for amino acid fermentation. In the pharmaceutical business, we have now instituted development systems in Europe and

the United States that complement our system in Japan to promote speedy research and development. Our domestic R&D system was restructured for greater efficiency, and we also established an incentive program for all researchers, as well as a compensation scheme that rewards them for outstanding research results.

• Contributing to Society

Social responsibility activities help to enhance Ajinomoto’s corporate image while fulfilling its responsibilities as a corporate citizen. A key focus is programs that promote better nutrition and health in developing countries. We are also active in education and disaster assistance programs. Our basic policy is to return profits to the communities in the countries where we do business, which helps to earn the trust and support of the people in those countries.

I strongly believe the activities being implemented under our current management plan will further distinguish us from our competitors and expedite our pursuit of the Ajinomoto Way.

July 2000

A handwritten signature in black ink that reads "Kunio Egashira". The signature is written in a cursive, flowing style.

Kunio Egashira
President

Ajinomoto Group Philosophy

**Our philosophy
is to contribute significant advances
in Food and Health on a global basis
and ultimately to create a better life for all.**

Ajinomoto Group Management Policies

[Business Objectives]

We aim to be a global corporation, which contributes to the general well-being of all people in the world, through our business domains of food and food-related products, amino acid-based fine chemicals and pharmaceuticals.

[Business Ethos]

By always putting customers first, synergizing our vast pool of creative resources and employing only superior technologies, we offer innovative products and services of the highest standards and quality.

[Management Principle]

We continue to respect all interested parties, including shareholders, customers, local communities, trading partners and employees, and manage operations on the basis of quick and concise decision-making that is fair and open, so realizing an appropriate return of profits to our shareholders and continually increasing our business value.

[Social Responsibility]

As an outstanding and socially aware corporate citizen, we endeavor to contribute to the harmony and progress of society.

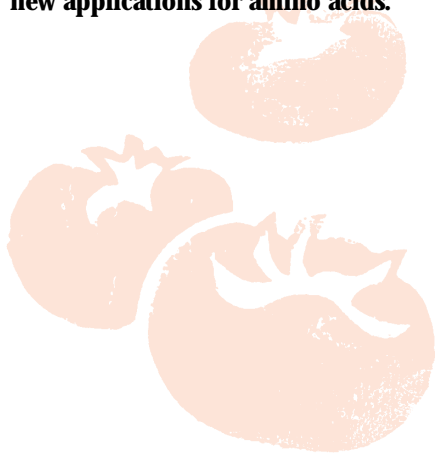
[Corporate Culture]

We strive to maintain a creative, open, spirited, and confident atmosphere in which employees can strive for self-fulfillment and career advancement.

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The sources of Ajinomoto's strength include comprehensive production technology covering amino acids and related products, highly cost competitive production capabilities, and the ability to extend its technologies into new businesses and new applications for amino acids.



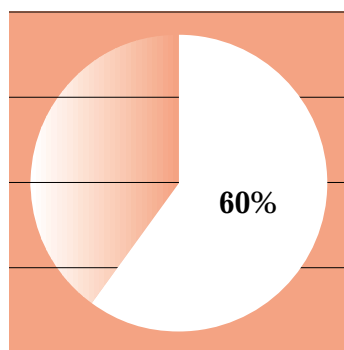
Production Technology and Cost Competitiveness

Ajinomoto's strengths in production technology are rooted in the Company's extensive technology portfolio and the ability to apply it creatively to new fields such as biotechnology. Moreover, Ajinomoto excels at optimizing production technology for a broad array of different amino acid-based products, which gives the Company a stable, comprehensive structure for producing at competitive cost.

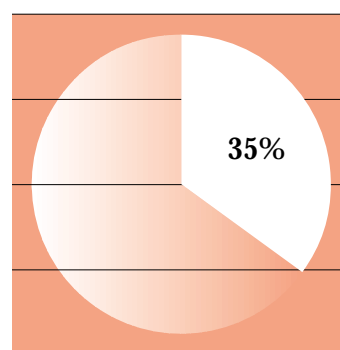
The Company has focused on developing amino acid-based products throughout its history, beginning with the namesake *AJI-NO-MOTO*, or monosodium glutamate (MSG), known as *umami*. Research into new methods for manufacturing MSG began around 1950, which gave Ajinomoto potent technology in the fields of extraction, fermentation and synthesis. The Company began employing fermentation-based production in 1960, and subsequently developed products for each major category in the field of amino and nucleic acids. As a result, Ajinomoto is the world's leading manufacturer of amino acids.

Ajinomoto has also created a global pharmaceutical-use amino acids production network encompassing plants in Japan, the United States, Europe and China that contribute to the Company's ability to provide a stable supply to customers. Aspartame plants in Japan and Europe support supply of this product, and Ajinomoto has also demonstrated its production strengths in mass-producing peptides on a scale as large as aspartame operations. These solid production capabilities allow Ajinomoto to comprehensively, stably and competitively supply its chosen markets, which has resulted in a 60 percent share of the market for pharmaceutical-use amino acids and a 35 percent share of the market for feed-use lysine.

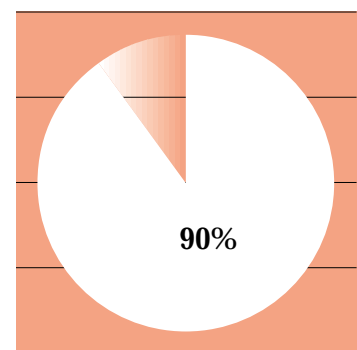
World Market Share of Ajinomoto Products



Pharmaceutical-use amino acids



Feed-use lysine



AJI-NO-MOTO
(in the Japanese retail market)



The Fermentation & Biotechnology Laboratories are committed to studying new processes for ensuring the stable supply of high-quality fermented products at lower cost, by making the most of extensive technical information on the generating mechanism of amino acids and nucleic acids.



Ajinomoto Group domestic plants mainly produce seasoning mixtures, fats and oils, processed foods and beverages, while overseas plants produce seasoning mixtures, feed-use amino acids, pharmaceutical amino acids and sweeteners.



Technology for Using Amino Acids

After identifying glutamic acid as the source of the flavor known as *umami* in 1908, Ajinomoto found that adding nucleic acid had a synergistic effect, and commercialized the mixture. From then on, throughout its history Ajinomoto has unlocked the potential uses of amino acids and built businesses around them. This has given Ajinomoto the superior technology and know-how that is the basis of the Company's position of global leadership in its chosen fields. Moreover, Ajinomoto established the AminoScience Laboratories to extend its expertise in amino acids into fields such as pharmaceuticals and chemical products by developing high-level technologies for using amino acids and contributing to potent R&D.

Amino acids are used in applications ranging from nutrition to physiology, flavorings and catalysts, in a broad array of products including intravenous solutions, enteral nutrition, functional foods, health foods, cosmetics, and toiletries. A substance found in the human body, amino acids are highly safe and environmentally friendly, indicating that their use will expand in the future. One area in which amino acids will find increasing application is health and nutrition. Ajinomoto has put its extensive amino acid technology to work in creating the *Amino Vital* line of functional nutritional products, and has a specialized team of researchers working to discover other new applications that can be turned into health and nutrition products.

Division Strengths

The Company's core strength in the food business is the mainstay flavor enhancer *AJI-NO-MOTO*, which is one of the most powerful brands in Japan. *AJI-NO-MOTO* has a 90 percent share of the domestic retail market for MSG, making this brand name synonymous with MSG among consumers. The strength of the *AJI-NO-MOTO* brand lends solid support to new product introductions and expansion into new markets. *AJI-NO-MOTO* also ranks as a leading brand in flavor enhancer markets outside Japan, with a share of approximately 60 percent of the retail markets of Southeast Asia and South America. These markets will become even more important as their economic recoveries continue.



In the fine chemicals business, Ajinomoto's technology for producing and using amino acids enables the Company to stably supply customers and provide technological support. Moreover, close cooperation among sales, production and research divisions gives Ajinomoto the responsiveness to customers that is key to earning their trust. This strength supports relatively new businesses such as pharmaceutical intermediates, where Ajinomoto's highly evaluated process development skills and manufacturing capabilities have helped the Company earn the business of major global pharmaceutical manufacturers.

In the field of feed-use amino acids demand has grown in the United States and Europe for feeds that use amino acids to control livestock effluence. In Asia, particularly China, increasing consumption of meat has led to expanded demand for animal feed, with the market growing in double digits. Ajinomoto has invested in feed-use amino acid plants in Brazil, Thailand and other locations, and expects to supply 200,000 metric tons in 2000. This world-leading production capacity demonstrates Ajinomoto's reliability as a supplier of feed-use amino acid.

Ajinomoto's strength in the pharmaceutical business lies in its outstanding amino acid technology and ability to pursue promising markets with unrivaled strategies. Today, the Company has new drugs for the global market and a solid niche with domestic subsidiary Ajinomoto Pharma Co., Ltd. emphasizing the infusion, gastrointestinal and clinical nutrition fields. These favorable developments indicate that this business will generate strong earnings in the future.



Laying the Groundwork for Growth in Pharmaceuticals

The pharmaceutical business is expected to become a major source of growth for Ajinomoto. Building upon its proprietary amino acid technology and position as the world's leading supplier of amino acids, the Company is focusing on the fields of diabetes, infusions, clinical nutrition, gastrointestinal conditions and cardiovascular diseases. *Nateglinide* (brand names: *Fastic*, *Starsis*) was launched in the domestic market during 1999, and has been highly evaluated. *Nateglinide* will be launched by Novartis Pharma A.G. worldwide, excluding Japan and Korea. In addition, Ajinomoto established development companies in the United States and Europe, thus creating a tripartite development system that can accelerate the development of new global products, after the launch of *Nateglinide*. Ajinomoto also purchased the infusion and clinical nutrition business of Hoechst Marion Roussel Japan (now named Aventis Pharma) in 1999 and founded Ajinomoto Pharma Co., Ltd. thus creating a fully functional organization spanning research to marketing. As a result, the pharmaceutical business has become a stable earnings generator, and as society ages, Ajinomoto will be positioned to provide total nutrition care to people. The Company has set a goal for fiscal 2004 of doubling consolidated net sales of the pharmaceutical business to ¥100 billion on a drug price basis.

Strengthening Consolidated Management

Ajinomoto is advancing toward its objectives for fiscal 2001 of consolidated net sales of ¥1 trillion, net income of ¥30 billion and ROE above 6 percent. The Company is also moving forward with initiatives to selectively concentrate management resources by streamlining consolidated companies and making strategic acquisitions. Moreover, Ajinomoto is engendering greater unity among its Group of companies, having established a Group corporate philosophy, fundamental management policies and standards of conduct, and a program of restructuring and strengthening Group companies continues apace.

Selectivity and Concentration

Ajinomoto's three-year management plan calls for heightening unity among Group companies to achieve the number one or a strong number two position in its chosen markets. In the food and amino acid businesses, the Company is concentrating on core businesses by clarifying business domains and strengthening its operating structure. Efforts entail delineating the responsibilities of companies to improve accountability and earnings management. This also has a positive influence on sales and makes Ajinomoto more speedy and responsive in answering market needs. In addition, Ajinomoto plans to create a separate company for its frozen food business in October 2000.

On the other hand, Ajinomoto is aggressively investing in the businesses it expects to generate growth in the future — pharmaceuticals and amino acids. Investment is focusing on overseas markets and includes mergers and acquisitions with the objective of expanding and strengthening these core operations.

Restructuring and Reorganizing Group Companies

Ajinomoto is streamlining and restructuring Group companies, and also investing in or acquiring businesses with potential. The reorganization of Group companies also includes giving division general managers clear responsibility and decision-making authority. The program has focused on Japan, where 11 subsidiaries and one factory have been consolidated into five companies. The resulting companies include chemical manufacturing and sales company Ajinomoto Fine-Techno Co., Inc., oils and fats producer Ajinomoto Oil Mills Co., Inc., insurance and temporary staffing concern Ajinomoto Communications Inc., and production equipment design and production company Ajinomoto Engineering Co., Inc. With the goal of making a top-notch internal food logistics company, in April 2000 three companies were consolidated to form Ajinomoto Logistics Corporation.

Ajinomoto Pharma Co., Ltd. is mainly engaged in the production of agents for use in nutritional supplements administered orally or intravenously to patients with serious illnesses, as well as clinical nutrition products. This company plans to enter the medical diet market and targets net sales of ¥48 billion on a drug price basis in fiscal 2002 and ¥100 billion in fiscal 2010.



Efforts to upgrade the current distribution system, build an integrated, nationwide system and improve management efficiency include the establishment of a new logistics company, called Ajinomoto Logistics Corporation.



Moving to strengthen its position in the market for amino acid-based nutrition and pharmaceutical products, in December 1999 Ajinomoto acquired from Hoechst Marion Roussel Japan relevant research, development, production and marketing assets, and incorporated them into the newly created Ajinomoto Pharma Co., Ltd. In addition, in May 2000 the Company acquired 100 percent ownership of a European sweetener joint venture with U.S. company Monsanto, and intends to incorporate these production and marketing assets into subsidiaries Ajinomoto Euro-Aspartame S.A. and Ajinomoto Switzerland A.G.

Consolidated Administrative Information System

One initiative to strengthen the management of consolidated operations has been the implementation of an Internet-based system for settling the accounts of the approximately 120 Ajinomoto Group companies in Japan and overseas. The system allows simultaneous presentation of management data including the income statement, balance sheet and other financial statements, ROE, ROA, and free cash flow for each division. Also, it speeds the collation of segment information, allowing quicker understanding of management conditions and speeding the creation and implementation of appropriate strategies. Ajinomoto plans to begin using this system for settling parent company and consolidated accounts in each quarter beginning in fiscal 2001, and plans to disclose operational results quarterly.



Production Technology Transfer to Overseas Subsidiaries

The International Production Technology & Engineering Center is playing a key role in the formation of a global network, part of Ajinomoto's effort to broadly disseminate amino acid production technology throughout the Ajinomoto Group.

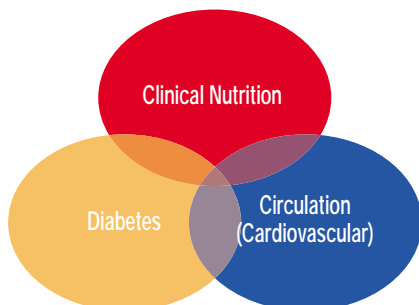
Regional Technical Centers at key overseas production subsidiaries bring Japanese and in-market engineers together so that they can raise each subsidiary's technological capabilities. In addition, Ajinomoto is also working to speedily put new technology from Japan to work at subsidiaries.

With the objective of becoming a leading company in the high-quality sweetener market in Europe, Ajinomoto has established distribution and production systems for direct sweetener marketing by converting two European joint ventures into wholly owned subsidiaries Ajinomoto Euro-Aspartame S.A. and Ajinomoto Switzerland A.G.



World-Class R&D Capabilities

Ajinomoto's excellence in amino and nucleic acid technologies is based on its outstanding fermentation and synthesis technologies. In addition, our effective evaluation functions allow us to discover new applications that support business expansion.



In the pharmaceutical business, Ajinomoto creates new drugs intended for introduction in the global market, specializing in three clinical fields.

Developing Amino and Nucleic Acid Businesses Using Our Core Technologies

Ajinomoto developed glutamic acid and other amino acid products, which have served as the base for creating a broad variety of products. In addition to making seasonings from glutamic acid, we also apply our know-how to the processed foods business. Ajinomoto's other major amino acid application is in the animal nutrition area. We use lysine and threonine as animal feed additives, which are known to promote rapid growth in swine and poultry. Currently, Ajinomoto is the world leader in the feed-additive amino acid business.

Another example of the diverse applications of amino acid application is in the field of pharmacology. Ajinomoto has entered the field of pharmaceuticals by developing products for intravenous and gastrointestinal nutrition applications. The Company also supplies intermediate chemicals and amino acid derivatives to pharmaceutical companies worldwide, and has recently developed a hypoglycemic agent called *Fastic*, which uses an amino acid derivative for the treatment of diabetes. This product has been introduced globally, and has been highly evaluated.

Moreover, Ajinomoto deployed its synthesis ability to develop a sweetener 200 times sweeter than sugar that has almost no calories. This product is now widely used around the world.

Ajinomoto's operations are now broadly diversified in the fields of amino acids, animal nutrition, pharmaceuticals, foods, sweeteners and cosmetics, and health and nutrition. The Company's strength in R&D has been essential to the development of each of these businesses and an important competitive advantage.

From its Beginnings in Japan, Aiming to be a Global Corporation in Food and Amino Acid Products

Outstanding production technology provides solid support for Ajinomoto's operations. We have world-leading technology that enables us to produce virtually all of the 20 types of naturally occurring amino acids, and have the leading global market share. Ajinomoto's unmatched advantage in global markets for amino acids is based upon the use of biotechnology to ensure the reliable production of each amino acid. The cost advantage and premium quality of our products is enabled by the Company's superior manufacturing technology.



The AminoScience Laboratories develop new pharmaceuticals using amino acid and nucleic acid, as well as production methods for new amino acid- and nucleic acid-based materials, using sophisticated synthesis technology and biochemical technology.



R&D Organization to Support Unique and Original Technologies

An efficient R&D organization supports our business competitiveness. The laboratories consist of the Central Research Laboratories and four business-specific research laboratories. The Central Research Laboratories conduct over-all corporate research, exploring business development through the study of new technological means to investigate novel functions for amino acids and other natural substances. In addition, in April 2000, Ajinomoto began the Nutritional Health Science Research Project to strengthen studies on the science of health and nutrition.

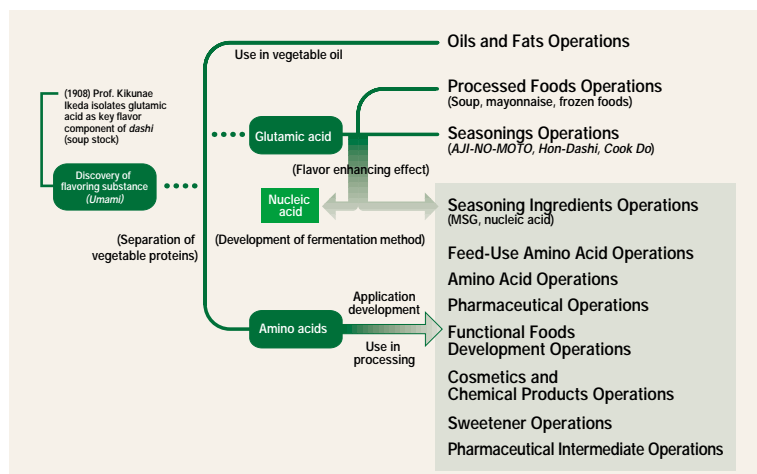
The business-specific laboratories focus on contributing to particular businesses through applied research on amino science, pharmaceuticals, foods and fermentation. Ajinomoto's R&D operations employ approximately 1,000 researchers.

One notable project undertaken, which began in 1998, is the collaboration with Russia's Genetika Research Laboratory to establish a joint-stock company, Ajinomoto-Genetika Research Institute (AGRI), under the umbrella of the Company's research organization. The Institute is staffed by approximately 80 world-class researchers engaged in high-level biotechnology research.

Domestically, new incentive plans will give additional motivation to our researchers to create next-generation technologies. The plans include employment of the "super specialist" system, which promotes researchers with technical expertise. Also, in October 1999, Ajinomoto began a program to reward researchers for outstanding patents, where they earn a portion of profits when their technologies develop into actual businesses.

Collaborative research with world-renowned institutions and companies fortifies our position as a strong global competitor. The themes of food and health will lead Ajinomoto's core life science technologies to develop new businesses and generate growth over the medium to long term.

Business Expansion Based on Amino and Nucleic Acids



Quality Control System

Ajinomoto develops and markets products that are directly connected with human health. Our integrated, world-class quality control system is therefore a top management priority. Quality control throughout the Ajinomoto Group is organized into a unified system that guarantees safety and compliance with regulations at each discrete stage, from raw materials and production to sales and new product development. Maintaining the effectiveness of the Ajinomoto Quality Control System will remain a primary corporate objective.

Through joint research with Russia's Genetika Research Laboratory, the world's top-ranked amino acid research institute, Ajinomoto has fortified its responsive and efficient global research system.



Environmental and Social Responsibility Activities

As a global corporation, Ajinomoto works to protect the environment in numerous regions and countries and contributes to the many local communities it serves. Social responsibility activities are one of the five core initiatives contained in the Company's three-year management plan. Ajinomoto recognizes its duty to be a good corporate citizen in the many regions where it operates around the world, and believes that it can serve as a bridge between Japan and the world in the areas of food and health.

Environmental Preservation

Ajinomoto's four domestic plants have achieved a recycling rate exceeding 80 percent by turning waste into fertilizer or recovering the energy generated by incineration. Moreover, Ajinomoto's domestic plants have voluntarily terminated all dumping of waste into the ocean, even though dumping of certain classes of waste is legally permitted. Examination of the entire process from product development to consumption helps to determine manufacturing methods and materials that contribute to achieving zero emissions (zero waste). The Company's lysine plant in Brazil practices bio-recycling, burning sugarcane waste as a source of fuel and using by-products from the lysine manufacturing process as fertilizer.

The Eco Index provides benchmarks for evaluating the environmental impact of packaging and containers and determining ways to save resources and facilitate recycling. Ajinomoto employs only packaging and containers that satisfy the various evaluations required for the benchmarks. The Eco Index is also useful in evaluating existing products for improvement and designing new products. Numerous concrete changes have resulted from the use of the Eco Index, including a change in the packaging of a cooking oil gift set to eliminate the external wrapping and reduce overall packaging volume, and a switch from aluminum-lined fiber drums with a steel rim to all-fiber drums for shipping amino acids. Ajinomoto is also marketing refill products and reducing the weight of packaging for all products. In addition, the Company has terminated its use of chlorinated packaging to fight the emission of harmful gases into the environment. In another important initiative to promote environmental protection, Ajinomoto will provide timely information to help make its performance of environmental management policies easy to understand.

Ajinomoto's lysine plant in Brazil is an optimum environmental management model for zero waste emissions, and other Group plants are carefully studying the applicability of this environmental standard.



The *Ajinomoto KK Salad Oil* standing refill pouch is a unique container developed for easy recycling that responds to the need to protect the Earth's environment. It received a Ministry of International Trade and Industry prize for its excellent packaging functions.

Social Responsibility Activities

Ajinomoto celebrated its ninetieth anniversary in 1999 by further expanding its social responsibility activities. A core activity is contributing to developing countries by conducting a global program extending cooperation in the areas of food, nutrition and health. Another program is tailored to meeting unique regional needs, while the third offers support for each employee to voluntarily participate in social contribution activities.

One of Ajinomoto's global programs is the Philippine Integration Project, a three-year program, conducted in cooperation with JOICFP (Japanese Organization for International Cooperation in Family Planning) in the state of Batangas. This program aims to raise the quality of life in Batangas by working at the household level to improve reproductive health and nutrition.

In Japan, since 1975 Ajinomoto has been cooperating with the Future Homemakers of Japan (FHI) in sponsoring the FHI-Ajinomoto Home Project Essay contest covering culture- and diet-related themes. The Ajinomoto Foundation for Dietary Culture, established in 1989, manages the Dietary Culture Library, which supports dietary research and disseminates a broad array of dietary information. Beginning in 1999, Ajinomoto has also been supporting nonprofit organizations that deliver meals to seniors. The Company's foundations in Thailand, Indonesia and Brazil conduct a variety of activities that contribute to society, and in Peru, Ajinomoto contributes to the construction of elementary schools.

Furthermore, Ajinomoto has implemented a system that helps employees contribute to society through volunteer activities, and provides information on volunteering via the Company intranet.

Philosophy of Corporate Citizenship

As a good corporate citizen, we will promote our social responsibility activities, principally in the areas of food and health, in order to offer a better quality of life for people around the world.

Principles of Our Activities

- Symbiosis:** We will attempt to think and work together in communities, as partners.
- Resources:** We will effectively utilize the human, technological and material resources that we have cultivated.
- Continuity:** We will tackle our programs continuously for the long term.
- Corporate Culture:** We will endeavor to establish a corporate culture that helps each one of us serve society as a good corporate citizen.

Slogan

Live among the people. Learn from the people.



ISO Certification for All Domestic Plants by 2001

The Kyushu Plant received ISO 14001 certification of its environmental management system in 1998. Following this lead, other domestic and overseas plants have formed special project teams to implement the certified systems. The ultimate goal is for all Group companies to obtain ISO certification. Ajinomoto's commitment to ISO 14001 extends far beyond the evaluation period for certification to disseminating environmental awareness to all employees throughout the Ajinomoto Group so that they recognize the importance the Company places on environmental preservation.



Ajinomoto donated weighing machines to support a nutritional improvement program in the Philippines.



Ajinomoto del Perú S.A. has provided funds to construct an elementary school near its Callao facility, under the Peruvian government's initiative to improve education in economically deprived areas.

Food Products

Seasoning, edible oils, processed foods, beverages and dairy products

In 1908, Professor Kikunae Ikeda identified the source of the flavor of kelp, a common ingredient in Japanese food, as glutamic acid. The next year, his discovery was introduced to the market in the form of the flavor enhancer *AJI-NO-MOTO*.

From this start, Ajinomoto Co., Inc. diversified its food business and expanded it internationally. Today, *AJI-NO-MOTO* (monosodium glutamate) is sold in more than 100 countries, and the Ajinomoto Group's 15 factories supply about one-third of the 1.5 million-ton global market for monosodium glutamate.

The Company's food business in Japan revolves around four main product segments – seasoning, edible oils, processed foods, and beverages and dairy products – which are marketed primarily to the retail sector. With a strong brand image and superior product development capabilities, Ajinomoto has created many products that have captured the number one or number two shares in their respective markets. While growth in the domestic food market has been stable in recent years, overseas markets, particularly in Southeast Asia, have been expanding at a rapid pace.

The food business, which generates about 70 percent of Ajinomoto's total sales, is a steady source of earnings that provides resources for building the Company's other businesses.

< Japan >

In the food business, fiscal 1999 marks the ninetieth year since the market launch of *AJI-NO-MOTO*, the world's first flavor enhancer. Since that time, Ajinomoto has steadily expanded its product lineup to meet the changing tastes of Japanese consumers. Popular products today include such items as the *Hon-Dashi* series of seasoning mixes, *Cook Do* liquid seasoning mixes for Chinese foods, and *Gohan Ga Susumu Kun*, a series of seasoning mixes for side dish menus. This last product has been well received by consumers because it enables them to easily prepare delicious side dishes at home, and further growth in demand is expected.

In the edible oils business, Ajinomoto has gained the top market share for premium oils. In recent years, the Company has been focusing its efforts on pure, single ingredient oils that make the most of their own distinctive characteristics. These include *Pure Light Oil*, which largely eliminates the unpleasant odor often associated with cooking oil. In response to environmental concerns, Ajinomoto began selling salad

oil in standing pouches and refillable bottles, an innovation that won a prize in the 1999 Packaging Contest of the Ministry of International Trade and Industry.

Ajinomoto is also a leader in the market for processed foods, with a broad product lineup. *Knorr* has been a leading brand in the soup market since its launch 36 years ago. In the frozen food category, Ajinomoto has actively used technical innovation to enhance both quality and convenience. With top-selling products such as the *Chanto* series of Chinese, Japanese and Western-style prepared dishes and the *Hot!1* line of pilaf and gratin dishes, Ajinomoto offers an array of options to suit any culinary need, whether as a snack, side dish or main course. The market for frozen foods in Japan is growing by about 5 percent a year, and Ajinomoto is aggressively building its business in this expanding segment.

In the beverages and dairy products business, the coffee segment is operated by joint venture Ajinomoto General Foods, Inc. (AGF). Backed by expansion of the coffee market and a diverse lineup of brands, centered on *Blendy* and *Maxim*, the company has generated strong sales growth. The beverage segment is operated by Calpis Co., Ltd. A broad array of distinctive products include *CALPIS*, a lactose-based drink that was launched 80 years ago and remains a favorite today; *CALPIS Water*, introduced 10 years ago; and *Calpis Cultured Milk AMEAL S*, which has been approved by Japan's Health and Welfare Ministry as a Food for Specified Health Use. Vigorous marketing activities are supporting steady sales growth. Dairy product operations are handled by Calpis Ajinomoto Danone Co., Ltd. Complementing popular products such as *Petit Danone* and *Danone Yogurt*, a new yogurt line, *Fruit Selection*, was introduced in the past fiscal year, and has shown favorable sales growth.

< Overseas >

With monosodium glutamate as its core product, Ajinomoto has expanded its business internationally since the Company's founding in 1917. At present, the MSG market is growing by about 6 percent a year on a worldwide basis, and Ajinomoto has the largest share of this market. Products enjoying particularly impressive growth overseas include flavorings and mixes such as *Ros Dee* in Thailand, *Masako* in Indonesia, *Ginisa* in the Philippines, and *Sazon* in Brazil.

Ajinomoto carries out production and marketing of instant noodles in Brazil, Thailand and other countries, contributing to the food culture of each country. We also manufacture beverages overseas in a joint venture with Calpis Co., Ltd., producing such drinks as *Birdy* canned cof-



fee, *Calpico Soda* and *Calpico Water*. Our joint venture with Best Foods Corporation of the United States produces soup, mayonnaise and other processed foods in six countries and regions in Asia, and is posting steadily improving results.

MAIN PRODUCTS

JAPAN

Seasonings

AJI-NO-MOTO, Umami-Dashi Hi-Me, Hon-Dashi Katsudashi, Hon-Dashi Nimono-Jozu, Hon-Dashi Udon Oden Dashi, Cook Do series, Ajinomoto KK Marutori Shiyogara Soup, Gohan Ga Susumu Kun series

Edible Oils

Salad Oil, Na-no-Hanayu (canola oil), Pure Light Oil, Corn Oil, Safflower Oil, Rakkaseiyu, Koromo Hanasaku Ageabura, Olive Oil, Gomaaburazuki no Gomaabura (sesame oil)

Processed Foods

Ajinomoto KK Consomme, Knorr Cup Soup, Knorr Hokkaido Potage, Knorr Gudakusan Tamago Soup, Knorr Soup Do, Pure Select Mayonnaise, Pasta Do, Chanto Chuka/Chanto Washoku series, MotherSelects series, Hot!1 series

Beverages and Dairy Products

Coffee: *Blendy, Maxim*; Beverages: *CALPIS, CALPIS Water, Calpis Cultured Milk AMEAL S*; Dairy Products: *Petit Danone, Danone Yogurt, Fruit Selection, Vitalina Yogurt*

OVERSEAS

AJI-NO-MOTO, Ros Dee, Birdy (Thailand), Masako (Indonesia), Sazon (Brazil)

into fields such as sweeteners, pharmaceutical intermediates, functional nutritional foods and ingredients for cosmetics and toiletries. The Company is making full use of its technological expertise to remain the leader in the global amino acid market. With demand in this market projected to continue expanding, Ajinomoto aims to further solidify its position by improving its cost competitiveness through productivity gains driven by technological innovation.

AminoScience

A particular focus is on amino acids for use as raw materials in clinical nutrition products, gastrointestinal medicines and hypertension medications. In March 2000, an amino-acid production system encompassing every stage from fermentation to refining began operations in China. This new addition will strengthen our supply network that includes three plants in Japan and the North Carolina plant in the United States, and will give us the capacity to meet expected growth in demand. In the field of pharmaceutical-use amino acids, our ability to provide a stable supply of high-quality products has led to a global market share of 60 percent.

Aspartame, an amino-acid-based sweetener, is a product that is well suited to changes in eating habits and increasing health consciousness. As a result, demand for this product is expanding not only in the major markets of North America, Europe and Japan, but also in Southeast Asia and South America, and sales are growing steadily. Our international production and marketing network for aspartame was further strengthened in May 2000 when two EU joint ventures became fully owned subsidiaries of Ajinomoto under the names Ajinomoto Switzerland A.G. and Ajinomoto Euro-Aspartame S.A.

In the pharmaceutical intermediates business, we combine our amino acid and nucleic acid technology with the superior production technology of S.A. OmniChem N.V., our European operating base, to supply high-quality pharmaceutical intermediates at competitive prices. We have received positive evaluations from major U.S. and European pharmaceutical firms, which are increasing their use of outsourcing, and we therefore expect this to be a high-growth business area.

Our business in the functional nutritional products segment is growing steadily. The main product in this area, *Amino Vital*, was designated as an official food/beverage of the Honolulu Marathon. In addition, new products introduced recently are gaining popularity among sports enthusiasts and general consumers alike. Ajinomoto will continue developing new products in this business segment that take advantage

Fine Chemicals

AminoScience, feed-use amino acids, pharmaceuticals

Ajinomoto has leveraged its world-leading amino acid production technology to branch out into a variety of businesses. In addition to pharmaceutical-use and feed-use amino acids, Ajinomoto has diversified



of the unique properties of amino acids.

In tandem with rising consumer concern for the environment, demand is also expected to increase for materials that are gentle both to the skin and to the environment. Ajinomoto is responding with amino-acid based products for cleansing agents and other cosmetic products. International recognition of our materials is growing, and we are organizing our production network to effectively meet the needs of multinational users.

In the specialty chemicals business, we are developing technologies for functional chemicals and electrochemicals. Our subsidiary, Ajinomoto Fine-Techno Co., Inc., develops insulating materials as well as flame retardants, curing agents and dispersing agents for resins. Our technology has been well received by customers in basic industries including automobiles, electrical machinery, and construction, as well as high-tech fields such as computer components.

Feed-use amino acids

Ajinomoto has parlayed its world-leading fermentation and production technologies into a 35 percent share of the global market for feed-use lysine. With six plants around the world, we are able to handle a wide variety of raw materials through a production and marketing network that is closely attuned to market needs. We have thus established a business structure that is largely insulated from the effects of changes in the market environment, and are building a competitive cost structure that is unmatched by any other company. Growth prospects are bright in this market, and Ajinomoto will continue making active financial investments to efficiently increase production capacity.

Pharmaceuticals

In pharmaceutical research and development, Ajinomoto focuses on the fields of diabetes, infusions, clinical nutrition, gastrointestinal diseases and cardiovascular diseases. In 1998, Ajinomoto began operating a state-of-the-art pharmaceutical research and development facility. In 1999, Ajinomoto founded development facilities in New Jersey, U.S.A. and in Surrey, England, and established a tripartite development system. Through this network and research organization, using up-to-date technology, Ajinomoto is working to develop breakthrough drugs that can be marketed globally. One drug that we expect to make a strong contribution to results in the twenty-first century is *Nateglinide*, an antidiabetic agent. Launched in Japan in August 1999 under the brand names *Fastic* and *Starsis*, it has gained a favorable

evaluation from the market. This drug will be launched by Novartis Pharma AG in markets around the world, except Japan and South Korea, after the end of 2000.

In the clinical nutrition and gastrointestinal-related fields, Ajinomoto Pharma Co., Ltd. was established in December 1999 as the first company in Japan aimed at supporting total nutrition care. The company has gotten off to an excellent start, gaining high market shares for infusions, enteral formulations and clinical nutrients for hepatic and renal diseases that are supported by Ajinomoto's amino acid-related technology.

In China, South Korea and countries in Southeast Asia, Ajinomoto is expanding its pharmaceutical business by introducing products already on the market in Japan. Furthermore, we are the exclusive supplier of dideoxyinosine (DDI) to Bristol-Myers Squibb Company. DDI was recommended by the U.S. Food and Drug Administration as a first-line therapy for AIDS.

MAIN PRODUCTS

Sweeteners: Aspartame, *Pal Sweet Diet*, *Pal Sweet*, *Slim-up Sugar*

Functional nutritional foods: *Amino Vital* series

Cosmetics ingredients: Surfactants *Amisoft* and *Amilite*, moisturizing agent

PCA Soda; conditioning agents *CAE* and *Amisafe*; emollient *Eldew*

Specialty chemicals: Flame retardants *Empara*, *Leofos*, resin curing agent *Amicure*

Electronic materials: Insulation film for buildup *ABF (Ajinomoto Buildup Film)*

Feed-use amino acids: Lysine, threonine, triptophan

Amino acid nutritional pharmaceuticals: *Livact Granule*, *PN Twin*, *Elental*, *Niflec*, *Hepan ED*

New drugs for the global market: *Fastic*, *ATELEC*, DDI, DDA

Medical foods: *Medi-F*, *Amino Plus*

Other Businesses

Other businesses primarily consist of domestic distribution, packaging, information processing, engineering and staffing services.

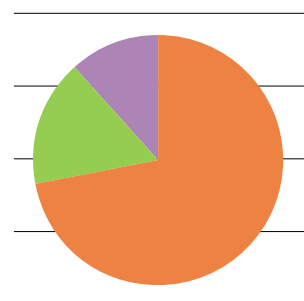


SUMMARY OF OPERATIONS

Ajinomoto Co., Inc., and Consolidated Subsidiaries
Years ended March 31, 2000 and 1999

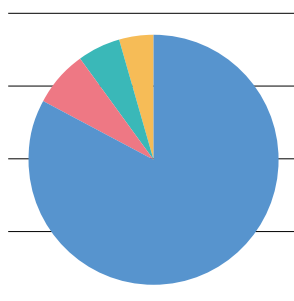
	Millions of yen		Thousands of	% Change
	2000	1999	U.S. dollars	
Business Segments				
Net sales				
Food Products	¥598,841	¥575,179	\$5,649,443	4.1%
Fine Chemicals.....	134,573	142,905	1,269,557	(5.8)
Other Businesses	96,006	96,453	905,717	(0.5)
Operating Income				
Food Products	¥ 23,913	¥ 14,178	\$ 225,594	68.7%
Fine Chemicals.....	5,010	9,852	47,264	(49.1)
Other Businesses	4,128	4,908	38,943	(15.9)
Eliminations.....	(1)	(177)	(9)	N.A.
Geographical Segments				
Net Sales				
Japan.....	¥688,276	¥681,772	\$6,493,170	1.0%
Asia	60,136	35,432	567,321	69.7
Americas.....	35,490	35,982	334,811	(1.4)
Europe	45,518	61,351	429,415	(25.8)
Operating Income				
Japan.....	¥ 24,521	¥ 19,942	\$ 231,330	23.0%
Asia	7,451	3,255	70,292	128.9
Americas.....	726	1,666	6,849	(56.4)
Europe	350	3,897	3,302	(91.0)

Composition of Net Sales by Business
(as of March 31, 2000)



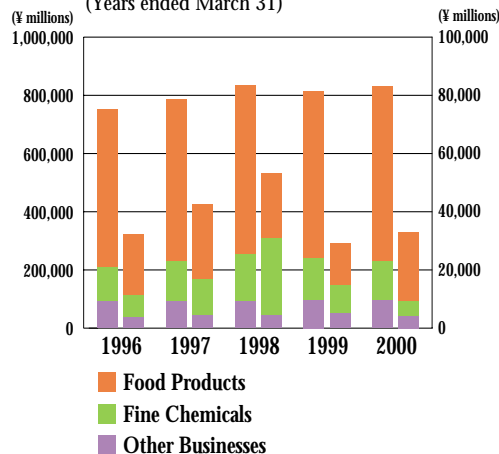
72.2% Food Products
16.2% Fine Chemicals
11.6% Other Businesses

Composition of Net Sales by Region
(as of March 31, 2000)



83.0% Japan
7.2% Asia
5.5% Europe
4.3% Americas

Net Sales (left) Operating Income (right)
(Years ended March 31)



Food Products
Fine Chemicals
Other Businesses

Food Products

Food product sales increased 4.1 percent to ¥598.8 billion, and operating income increased 68.7 percent to ¥23.9 billion for fiscal 1999, the year ended March 31, 2000. The consolidation of additional subsidiaries and reduced raw material prices compensated for the negative effect of the appreciation of the yen on sales and operating income. Food product operations comprise 72 companies: 26 seasoning companies, 4 edible oil companies, 34 processed foods companies, and 8 beverage and dairy product companies

JAPAN

Seasonings and processed foods were a primary emphasis in the domestic market during fiscal 1999. Ajinomoto continued to generate growth in the mature domestic market by adhering to a strategy of developing new products that offer consumers added value. The Company also reoriented the strategic positioning of operations in line with its policy of focusing on markets and products for which it can be the number one or a strong number two competitor. During the current fiscal year, the Company intends to consolidate the Seasonings & Edible Oil Division and the Food Product Division, and to form the Food Service Department as part of a sales structure reform effort.



The *Hon-Dashi* (right) brand line is a series of seasoning mixes with bonito flavor added to *AJI-NO-MOTO* (left). As high-quality, high-value seasoning products have been supported recently by natural foods-oriented consumers, Ajinomoto launched an upgraded bonito-based seasoning with a high dried bonito content in fiscal 1999. It is performing very well.

SEASONINGS AND EDIBLE OILS

SEASONINGS

Strategies and Initiatives

Seasonings have been a core Ajinomoto business since the Company's establishment. *AJI-NO-MOTO* has a share of the domestic retail market exceeding 90 percent, and *Hon-Dashi* is also the number one brand in its segment. Although the domestic market is mature, culinary habits continue to evolve and change. Ajinomoto focuses on providing safe, high-quality brands that earn the trust of consumers. While focusing on the *AJI-NO-MOTO* brand, we develop innovative new products and strengthen existing ones. In the seasoning mix market, *Hon-Dashi* is our core brand. Moving to further improve the quality of this broad product lineup, we introduced *Hon-Dashi Katsuo Kiwami*. The *Cook Do* line of liquid Chinese seasoning mixes has been on the market for 22 years, becoming the representative brand in the segment. Ajinomoto is now countering heightened competition in the segment through product development.

Results

The household seasoning lineup *Hon-Dashi* continued to perform well and sales of the recently introduced *Gohan Ga Susumu Kun* expanded strongly, supporting an overall increase in sales. In the restaurant and food service sectors, sales of seasonings expanded, while sales of seasonings to food processing companies were flat and exports of nucleic acids decreased. As a result, overall sales decreased marginally year-on-year.



The *Gohan Ga Susumu Kun* series includes prepared daily Chinese dishes such as *kanitama* (sauteed crabs and scrambled eggs in soup), which are easily served by adding only eggs or meat. This prepared food with selected ingredients is selling well, supported by increasing demand for easy-to-prepare meals.



EDIBLE OILS

Strategies and Initiatives

The Ajinomoto brand of edible oils enjoys strong consumer recognition in Japan. Our marketing strategy revolves around added value, good taste, health and environmental friendliness. Concentrating on pure, single-ingredient premium oils, Ajinomoto markets corn oil, safflower oil, olive oil, sesame oil and *Pure Light Oil*.

A key management objective is ensuring low-cost operations. The Yokohama Plant, an oil production facility, has been consolidated with Toyo Oils Co., Ltd. to form a new company that will work to improve results by reducing overhead and streamlining operations.

Results

Sales of household oils decreased, due mainly to contraction in this market segment. Sales in the commercial-use segment rose, fueled by increased sales of food service products and processed oils, although a drop in the number of meals negatively impacted sales.



Japanese consumers believe that olive oil is good for health, but its strong taste makes it difficult to use with some dishes. In 1999, Ajinomoto introduced a new, less characteristic type of olive oil to the market, which can be used in harmony with any cuisine.

PROCESSED FOODS, FROZEN FOODS, BEVERAGES AND DAIRY PRODUCTS

Strategies and Initiatives

In the mature domestic market, Ajinomoto is restructuring processed food operations to reorient them toward businesses that support earnings and growth. The frozen food business is projected to continue growing, and Ajinomoto will move to meet market needs, reduce production and sales costs, and improve marketing by creating an independent frozen food company in October 2000. This company, to be named Ajinomoto Frozen Foods Co., Ltd., will be created by merging Ajinomoto Fresh Foods Co., Ltd. with divisions now engaged in frozen food marketing and sales.

Results

Sales of soups increased, supported by an emphasis on marketing products that offer value because they are delicious and nutritious. Sales of mayonnaise increased over the prior fiscal year despite a softer market, supported by effective marketing and the popularity of *Pure Select Mayonnaise* in the consumer segment. Sales of *Kellogg's* brand products decreased.

Despite increasingly intense competition in the household frozen food segment, sales increased over the prior fiscal year due to the success of product introductions including *Kaoriage Chicken*. In the commercial-use segment, sales of *gyouza* were favorable and restaurants increased purchases of frozen foods, leading to a year-on-year gain in sales. Also, sales of frozen bread dough continued to increase.

In the coffee category, sales of *Blendy* bottled coffee and other products increased, leading to a year-on-year gain in sales. Sales by Calpis Co., Ltd. remained at the same level as the prior fiscal year.

Sales of dairy products were essentially unchanged year-on-year. Ajinomoto reduced the number of product offerings to raise efficiency, and sales of *Danone Vitalina Yogurt* and other products increased.



Japan's frozen food market is projected to expand at a rate of 5 percent annually as improvements in quality and taste have complemented convenience, supporting popularity among consumers. Ajinomoto is strengthening its frozen food operations to benefit from this projected growth.

ASIA

Strategies and Initiatives

Ajinomoto focuses on the retail business in Asia, which accounts for a major part of Ajinomoto's total overseas sales in the retail sector. Ajinomoto has been serving Asian markets for some 90 years, since it started exports of the newly developed *AJI-NO-MOTO* to neighboring Asian countries. Today, Ajinomoto produces and markets in the Philippines, Thailand, Malaysia, Indonesia, Vietnam and China. With a strong marketing organization in place, Ajinomoto has built solid brand equity, holding the number one share in its product categories in each of the countries in which the Company operates, with the exceptions of Vietnam and China. Ajinomoto is now working to build seasoning mixes, instant noodles and beverages into food product categories to complement the established *AJI-NO-MOTO* brand. Ajinomoto is also developing new markets, including Cambodia, Laos and Nepal.

Results

AJI-NO-MOTO sales volume increased in each country, and sales rose on a local currency basis. Sales growth was particularly strong for seasoning mixes in Thailand, Indonesia and the Philippines. In addition, lower raw material costs and efforts to reduce expenses resulted in increased operating income. A focus on urban markets supported an increase in beverage sales. In the food business, the appreciation of the yen led to lower sales at existing companies, although the consolidation of additional companies resulted in a significant expansion in sales and earnings.

THE AMERICAS

Strategies and Initiatives

Ajinomoto has steadily strengthened North American frozen food operations, and in the current fiscal year plans to create Ajinomoto Frozen Foods U.S.A., Inc. from a subsidiary acquired from Showa Industries Co., Ltd. This company has a production facility near Portland, Oregon, and will serve as a base for expanding U.S. operations and for supplying the Japanese market. In South America, Ajinomoto expanded business by introducing new household seasonings.

Results

Household seasoning sales in Peru expanded, but decreased in Brazil due to the currency devaluation. Lower prices for industrial-use products in the United States led to a year-on-year drop in sales. Overall sales in the Americas decreased due to the effect of exchange rates. In the food product business, operating income increased as stable prices and lower operating costs in South America compensated for lower prices and the effect of exchange rates in North America.

EUROPE

Strategies and Initiatives

The European monetary union has created significant change in the region's markets,



In Southeast Asia, *AJI-NO-MOTO* is sold directly at retail shops in small pouches and is widely used as a daily seasoning for a variety of dishes.



The market for frozen rice products in the United States is expanding at a double-digit annual rate, and will soon reach US\$300 million. Ajinomoto Frozen Foods U.S.A., Inc., a primary U.S. production subsidiary, is building Ajinomoto's presence in the U.S. frozen food business.

and Ajinomoto is working to expand product sales using a system of having one marketing base in each country. Eastern Europe is a particular focus, and a marketing company was established in Poland during the past fiscal year.

Results

Sales of seasonings declined, due largely to increased competition in the industrial-use market.

Fine chemical sales decreased ¥8.3 billion to ¥134.6 billion, and operating income decreased ¥4.8 billion to ¥5.0 billion. Sales of pharmaceutical products increased strongly, supported by the development of new products and the creation of a company to handle intravenous and nutrition products. However, lower prices for feed-use amino acids and the effect of the yen's appreciation on sales of pharmaceutical-use amino acids, sweeteners, pharmaceutical intermediates and feed-use amino acids led to a decrease in sales and earnings. Group companies involved in amino science, including pharmaceutical-use amino acids, pharmaceutical intermediates, functional nutrition products, sweeteners and chemical products, feed-use amino acids, and pharmaceutical products increased to 36.

JAPAN

AMINOSCIENCE

- Pharmaceutical-use Amino Acids
- Pharmaceutical Intermediates
- Functional Nutritional Products
- Sweeteners
- Specialty Chemical Products

Strategies and Initiatives

In the AminoScience business, Ajinomoto develops products based on amino acids that contribute to people's health and lifestyles. People have become more concerned with health, and Ajinomoto's expertise in employing the biological functions of amino acids in developing new products has been highly evaluated. Our presence in the market for pharmaceutical-use amino acids builds upon the Company's long history of commercializing amino acid products. We have coined the term AminoScience to express this expertise, and are actively deploying our proprietary technologies to develop new applications. Our high-value-added pharmaceutical intermediate operations are a result of our amino and nucleic acid technologies, and we are undertaking projects with several of the world's leading pharmaceutical corporations.

In the functional nutritional business, Ajinomoto had been emphasizing specialized sports-related products, but expanded its focus in the past fiscal year by introducing the *Amino Vital* line of products for the general consumer market. Active public relations and marketing programs are supporting our presence in health and beauty product markets.

Demand has expanded significantly in the sweetener business, centered on soft drink manufacturers. Ajinomoto has also aggressively developed the household market, capturing a large market share.



Consumers are increasingly aware of the important role of amino acids in good health, which is expanding the appeal of *Amino Vital*, a functional nutritional product, from sports enthusiasts to the general public.

In specialty chemical products, Ajinomoto is becoming the global leader in supplying ingredients for cosmetics and has increased the number of joint projects with numerous multinational users. In Japan, Ajinomoto has been steadily reorganizing operations, creating a comprehensive sales and management company in Ajinomoto-Takara Corporation that has raised sales capabilities and market responsiveness. Specialty chemical operations also include strong-selling electronic materials created using the Company's technologies that have been well received by global markets.

Results

Domestic sales of pharmaceutical-use amino acids increased, although exports decreased due to the effect of the yen's appreciation, leading to an overall decrease in sales in this category. Sales of pharmaceutical intermediates were also affected by the yen's appreciation, but overall sales in this category continued to increase strongly. Sales in the functional nutritional food category increased by a large margin, driven by the introduction of the *Amino Vital* series. Sales of the sweetener aspartame decreased; sales to domestic beverage manufacturers were favorable, but exports to Asia and Central and South America decreased. In the specialty chemical products segment, sales of ingredients for cosmetics increased, as did sales of insulation film for buildup.



In cooperation with affiliate Ajinomoto Fine-Techno Co., Inc., Ajinomoto is developing and producing electronic materials.

PHARMACEUTICALS

Strategies and Initiatives

Diabetes is one of three core areas of emphasis in the pharmaceuticals business. In August 1999, Ajinomoto launched the diabetes mellitus type II treatment *Nateglinide* under the brand name *Fastic*. In the clinical nutrition and gastrointestinal segment, Ajinomoto has launched the amino acid for treatment of liver cirrhosis, *Livact*, and the gastrointestinal treatment *Elental*. Sales have increased steadily. In addition, in December 1999, Ajinomoto Pharma Co., Ltd. was established to handle enteral and clinical nutrition products.



Fastic, which is derived from an amino acid, is the brand name used in Japan for an innovative hypoglycemic agent used to treat diabetes. Ajinomoto has transferred its distribution rights to Novartis Pharma AG, which plans to launch this product under the brand name *Starlix* worldwide, except in Japan and Korea, during fiscal 2000.

Results

The launch of the diabetes treatment *Fastic* supported a significant increase in sales.

ASIA, NORTH AMERICA AND EUROPE

AMINOSCIENCE

- Pharmaceutical-use Amino Acids
- Functional Nutritional Products
- Specialty Chemical Products
- Pharmaceutical Intermediates
- Sweeteners

Strategies and Initiatives

Pharmaceutical-use amino acids are a global product and Ajinomoto continues to build its international presence in this business. In the past fiscal year, the Shanghai plant began operating, adding a production base in China that further strengthens Ajinomoto's global presence. In the pharmaceutical intermediates business, increased capital investment has strengthened supply capabilities, and Ajinomoto is working closely with OmniChem in



The Shanghai Plant is Ajinomoto's fifth amino acid plant, joining three domestic plants and one U.S. plant. The largest plant of its type in China, it is positioned to meet the increasing need for amino acids in China, and also supplies pharmaceutical companies worldwide.

undertaking new themes. In the sweeteners business, Ajinomoto has implemented several initiatives including strengthening its commercial sales network in North America and entering the household market in Brazil, giving the Company coverage of the commercial and consumer markets that will support expansion in sales.

Results

Sales of pharmaceutical-use amino acids and pharmaceutical intermediates decreased because of the yen's appreciation. Sales of sweeteners increased due to the favorable effect of changes in the Company's North American marketing structure.

FEED-USE AMINO ACIDS

Strategies and Initiatives

The field of feed-use amino acids is one of Ajinomoto's core businesses. In the year 2000, we will expand the production capacity of feed-use lysine to 200,000 metric tons per year, roughly 35 percent of the world market share. Responding to the strong and growing demand, the Animal Nutrition Department, as a pioneer and market leader, will continue to commit to this business and will increase production capacity to 300,000 metric tons per year in 2005.

Global demand for feed-use threonine has tripled since 1995 to 25,000 metric tons per year. AJINOMOTO EUROLYSINE, a leading company in the Group, increased its production capacity to 15,000 metric tons per year to meet the demand.

For feed-use tryptophan, we will complete the transfer of production to AJINOMOTO EUROLYSINE from the Kyushu plant in Japan by the summer of 2000 and will start producing several hundred metric tons, increasing the level to more than 1,000 metric tons in 2001.

Results

Sales and operating income both decreased due to lower sales prices for lysine affected by the unprecedented difficult commodity environment and strong competition.



S.A. OmniChem N.V. in Belgium has advanced, general-purpose equipment and synthesis technology for dangerous or low-temperature reactions. Its customized synthesis capabilities have an excellent reputation among leading European and U.S. pharmaceutical companies, and its total annual production capacity for bulk and intermediate pharmaceutical products is now 576,000 liters.



The market for feed-use amino acids is growing at a double-digit rate, competition is strong, making cost competitiveness essential. Ajinomoto is reinforcing its R&D systems and improving operating efficiency in order to produce high-quality amino acids at lower cost.

OTHER BUSINESSES

The Ajinomoto Group includes 69 companies involved in businesses such as packaging, logistics and services. In the past fiscal year, sales from other businesses decreased ¥0.4 billion, or 0.5 percent, to ¥96.0 billion, and operating income decreased ¥0.8 billion, or 15.9 percent, to ¥4.1 billion. In April 2000, Ajinomoto moved to raise efficiency in its logistics business by merging three logistics subsidiaries into a single company, Ajinomoto Logistics Corporation.

Results

In Japan, sales of *Mieki* decreased marginally. Transglutaminase generated new demand, supporting an increase in sales. Sales from packaging businesses increased, but sales from engineering businesses dropped. In Asia, sales rose, supported by an emphasis on soft packaging operations.

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Keiichiro Aihara

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General Manager, Pharmaceutical Research Laboratories

Tsuyoshi Miura

President, Ajinomoto Co., (Thailand) Ltd.

Seishiro Takenobu

General Manager, Kyushu Plant

Shinji Sasaki

General Manager, Oil & Fat Dept., Food Products Div.

Masatoshi Ito

General Manager, Processed Food Dept., Food Products Div.

Daiji Shindo

General Manager, Osaka Branch

STANDING CORPORATE AUDITORS

Takanao Sato

Yutaka Naito

Toshikatsu Saito

CORPORATE AUDITOR

Tadao Suzuki

President, Mercian Corporation

(As of July 1, 2000)

SIX-YEAR SUMMARY OF SELECTED FINANCIAL DATA

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

	Millions of yen					
	2000	1999	1998	1997	1996	1995
For the year:						
Net sales.....	¥829,422	¥814,538	¥835,965	¥788,400	¥750,844	¥725,716
Cost of sales	613,751	612,401	616,777	588,174	569,443	549,851
Gross profit	215,670	202,136	219,187	200,225	181,400	175,865
Selling, general and administrative expenses	182,620	173,374	168,765	161,099	149,234	146,320
Operating income.....	33,050	28,762	50,422	39,125	32,166	29,544
Other income (expenses).....	1,286	113	(8,141)	(2,420)	(11,993)	(5,224)
Income before income taxes, and minority interests	34,336	28,875	42,281	36,705	20,172	24,319
Net income.....	17,658	13,242	17,975	15,332	10,487	11,700
Additions to property, plant and equipment.....	55,765	53,395	50,077	45,692	30,785	36,734
Depreciation and amortization.....	37,334	33,365	32,029	31,725	30,506	31,073
At year-end:						
Shareholders' equity.....	¥405,622	¥395,437	¥391,617	¥380,724	¥373,521	¥367,938
Total assets.....	808,045	807,671	828,521	800,126	777,550	762,660
Long-term debt.....	139,821	137,999	118,572	74,372	145,871	130,040
Per share (yen):						
Net income	¥ 27.2	¥ 20.4	¥ 27.7	¥ 23.6	¥ 16.2	¥ 18.0
Shareholders' equity.....	624.6	608.9	603.0	586.7	575.6	567.1
Cash dividends.....	10.0	12.0	10.0	10.0	10.0	10.0
Value indicators:						
<i>Liquidity ratio:</i>						
Debt/equity ratio (%) ^{*1}	48.1	48.4	52.3	58.4	57.9	58.6
Interest coverage ratio (times) ^{*2}	6.8	6.5	10.4	8.4	5.8	4.4
<i>Investment indicators:</i>						
Price/earnings ratio (times) ^{*3}	46.0	69.1	41.9	41.9	75.3	54.7
Price/book value (times) ^{*4}	2.0	2.3	1.9	1.7	2.1	1.7
<i>Return indicators:</i>						
Return on assets (%) ^{*5}	2.2	1.6	2.2	1.9	1.3	1.5
Return on equity (%) ^{*6}	4.4	3.4	4.7	4.1	2.8	3.2
Number of employees	22,373	17,365	16,991	13,663	13,344	13,259

Notes: 1. Debt = Short-term borrowings and current portion of long-term debt + Long-term debt
2. Interest coverage ratio = (Operating income + Interest and dividend income)/Interest expense
3. PER = Year-end share price/Net income per share (diluted)
4. PBR = Year-end share price/Shareholders' equity per share
5. ROA = Net income/Average total assets
6. ROE = Net income/Average total shareholders' equity

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For Fiscal 1999, ended March 31, 2000

Financial Policy

The Ajinomoto Group strives to raise the efficiency of capital deployment and thus increase cash flow throughout the Group. Consolidated management of businesses in each segment is being strengthened to increase profitability and cash provided by operations. In addition, effective capital expenditures and mergers and acquisitions, and clear targets for capital costs and returns on capital are the means to efficiently deploy cash flow. The Group will continue to strengthen its financial base by improving its systems for deploying capital and managing foreign currency.

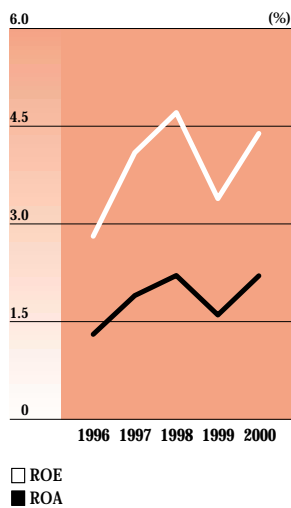
Operational Results

During the fiscal year ended March 31, 2000, net sales increased 1.8 percent to ¥829.4 billion. In spite of the influ-

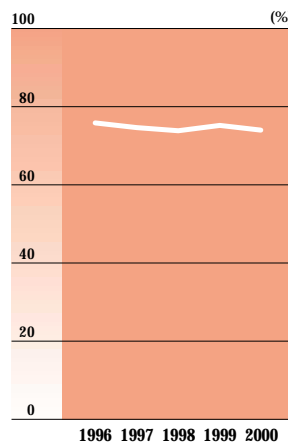
ence of yen appreciation, revenue increased, principally due to the higher sales of seasonings and new pharmaceutical products, and the increase in the number of consolidated subsidiaries under new accounting standards. Cost of sales increased slightly to ¥613.8 billion due to lower raw material prices and ongoing efforts to reduce cost of sales. As a result, gross profit increased 6.7 percent to ¥215.7 billion. Selling, general and administrative expenses rose 5.3 percent to ¥182.6 billion, principally because of the increase in consolidated subsidiaries, while operating income increased 14.9 percent to ¥33.1 billion, because of the increase in gross profit. The ratio of operating income to net sales rose to 4.0 percent from 3.5 percent for the previous fiscal year, reflecting the effectiveness of managerial efforts to improve the profit ratio.

Net of other income and expenses rose to ¥1.3 billion, compared to ¥0.1 billion for the previous fiscal year. Interest and dividend income totaled ¥2.8 billion, and the interest coverage ratio was 6.8 times. Income before income taxes and

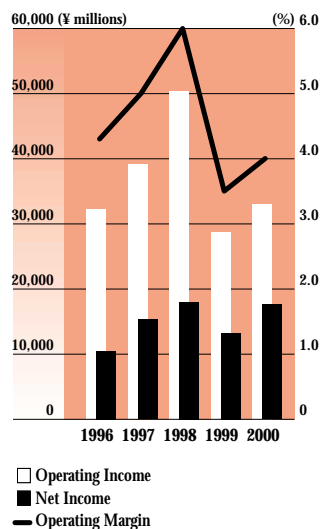
ROE & ROA



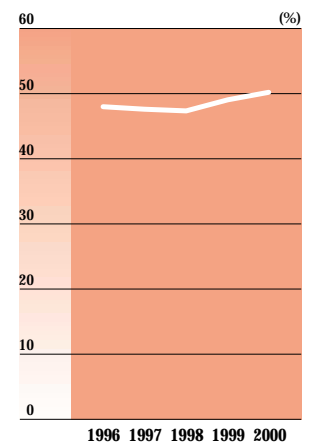
Cost of Sales Ratio



Profitability



Shareholders' Equity Ratio



Note: All graphs represent fiscal years ended March 31.

minority interests increased 18.9 percent to ¥34.3 billion. Net income increased 33.3 percent to ¥17.7 billion. Net income per share rose to ¥27.19 from ¥20.39 for the prior fiscal year. Cash dividends per share totaled ¥10.00.

Liquidity and Financial Position

Net cash provided by operating activities more than doubled to ¥72.1 billion from ¥30.1 billion for the previous fiscal year, due to higher net income and improved efficiency in asset deployment. Net cash used in investing activities amounted to ¥29.2 billion. Purchases of property, plant and equipment on a cash basis amounted to ¥46.4 billion, 64.3 percent of net cash provided by operating activities. Net cash used in financing activities totaled ¥37.2 billion, which was principally used for repayment of borrowings, except for cash dividends paid totaling ¥7.8 billion. As a result, interest-bearing liabilities

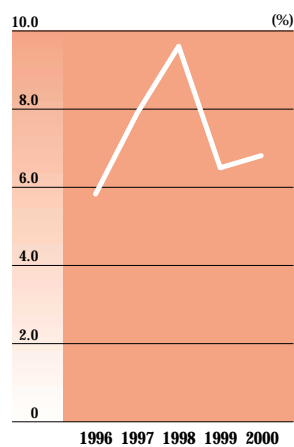
decreased 11.1 percent, to ¥183.3 billion from ¥206.1 billion a year earlier. Cash and cash equivalents at the end of the year increased 26.0 percent year-on-year to ¥60.3 billion.

Total assets increased slightly to ¥808.0 billion, while return on assets improved to 2.2 percent from 1.6 percent. Shareholders' equity increased 2.6 percent to ¥405.6 billion. Return on shareholders' equity improved to 4.4 percent from 3.4 percent, and the ratio of shareholders' equity to total assets increased to 50.2 percent from 49.0 percent. Shareholders' equity per share increased to ¥624.58 from ¥608.89.

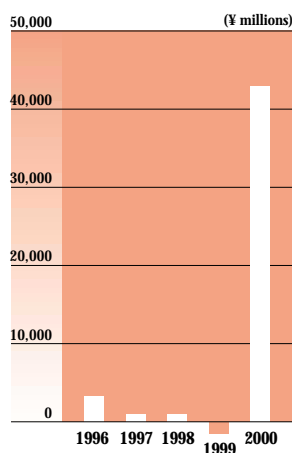
Forward-Looking Statements

This report contains forward-looking statements that are based on the management's estimates, assumptions and projection at the time of publication. A number of factors could cause actual results to differ materially from expectations.

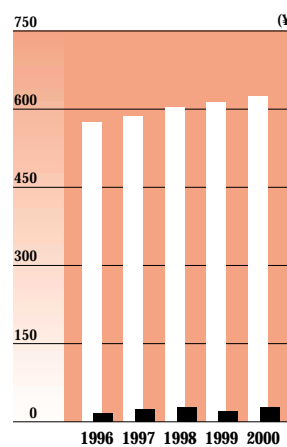
Interest Coverage Ratio



Free Cash Flows

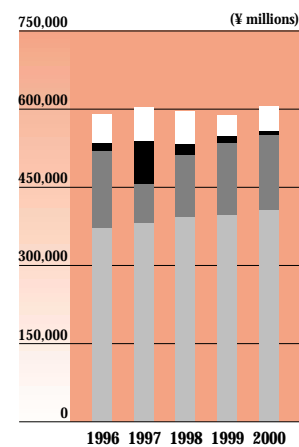


EPS & BPS



□ BPS
■ EPS

Total Capital



□ Shareholders' Equity
■ Long-term Debt
■ Current Portion of Long-term Debt
□ Short-term Borrowings

CONSOLIDATED BALANCE SHEETS

Ajinomoto Co., Inc., and Consolidated Subsidiaries
As of March 31, 2000 and 1999

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2000	1999	2000
Current assets:			
Cash and cash equivalents (Notes 6 and 15)	¥ 60,309	¥ 47,854	\$ 568,953
Time deposits and short-term investments.....	5,088	12,118	48,000
Marketable securities (Note 15)	751	2,605	7,085
Notes and accounts receivable:			
Trade	115,648	124,153	1,091,019
Unconsolidated subsidiaries and affiliates	6,984	8,857	65,887
Allowance for doubtful receivables.....	(1,713)	(1,305)	(16,160)
Inventories (Note 3)	85,399	86,341	805,651
Deferred tax assets (Note 7)	6,186	6,769	58,358
Prepaid expenses and other current assets.....	17,564	21,115	165,698
Total current assets	296,220	308,511	2,794,528
Investments and long-term advances (Notes 6 and 15):			
Investments in and advances to unconsolidated subsidiaries and affiliates	41,705	67,004	393,443
Other investments in securities	60,450	64,358	570,283
Other advances	12,759	15,828	120,368
Total investments and long-term advances.....	114,916	147,192	1,084,113
Property, plant and equipment (Notes 4 and 6):			
Land	67,624	62,395	637,962
Buildings and structures.....	296,253	211,774	2,794,840
Machinery and equipment.....	385,104	387,169	3,633,057
	658,983	661,339	6,216,821
Accumulated depreciation.....	(379,731)	(382,738)	(3,582,368)
Property, plant and equipment, net.....	279,251	278,600	2,634,443
Other assets:			
Deferred tax assets (Note 7)	7,473	934	70,500
Other.....	35,118	26,934	331,302
Total other assets	42,591	27,868	401,802
Translation adjustments.....	75,065	45,498	708,160
Total assets.....	¥808,045	¥807,671	\$7,623,066

See accompanying notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S. dollars (Note 2)
	2000	1999	2000
Current liabilities:			
Short-term borrowings (Notes 5 and 6)	¥ 47,837	¥ 42,036	\$ 451,292
Current portion of long-term debt (Notes 5 and 6)	7,448	11,526	70,264
Notes and accounts payable (Note 6):			
Trade	52,501	58,757	495,292
Unconsolidated subsidiaries and affiliates	28,715	31,786	270,896
Construction	898	289	8,472
Accrued income taxes (Note 7)	9,719	7,144	91,689
Deferred tax liabilities (Note 7)	10	—	94
Accrued expenses and other current liabilities	65,516	88,161	618,075
Total current liabilities	212,647	239,702	2,006,104
Long-term liabilities:			
Long-term debt (Notes 5 and 6)	139,821	137,999	1,319,066
Accrued severance benefits (Note 8)	21,462	19,970	202,472
Deferred tax liabilities (Note 7)	4,336	—	40,906
Reserve for loss on guarantees	1,167	—	11,009
Total long-term liabilities	166,787	157,970	1,573,462
Minority interests	22,987	14,561	216,858
Shareholders' equity (Notes 9 and 18):			
Common stock, ¥50 par value:			
Authorized: 2000 and 1999 — 1,000,000,000 shares			
Issued: 2000 — 649,445,034 shares	79,836	—	753,170
1999 — 649,445,034 shares	—	79,836	—
Capital surplus	111,123	111,123	1,048,330
Retained earnings	214,673	204,488	2,025,217
Treasury common stock, at cost:			
8,577 shares in 2000 and 7,724 shares in 1999	(10)	(10)	(94)
Total shareholders' equity	405,622	395,437	3,826,623
Commitments and contingent liabilities (Note 12)			
Total liabilities and shareholders' equity	¥808,045	¥807,671	\$7,623,066

CONSOLIDATED STATEMENTS OF INCOME

Ajinomoto Co., Inc., and Consolidated Subsidiaries
Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2000	1999	1998	2000
Net sales	¥829,422	¥814,538	¥835,965	\$7,824,736
Cost of sales (Note 10)	613,751	612,401	616,777	5,790,104
Gross profit	215,670	202,136	219,187	2,034,623
Selling, general and administrative expenses (Note 10)	182,620	173,374	168,765	1,722,830
Operating income	33,050	28,762	50,422	311,792
Other income (expenses):				
Interest expense	(5,298)	(5,010)	(5,736)	(49,981)
Interest and dividend income	2,827	3,792	4,685	26,670
Amortization of prior service cost relating to additional pension benefits	(5,008)	(4,333)	(3,208)	(47,245)
Reversal to income of accrued severance benefits	451	309	170	4,255
Unrealized loss on securities	(1,291)	(397)	(8,881)	(12,179)
(Loss) gain on sales of securities	(473)	26,269	989	(4,462)
Loss on liquidation of affiliates	(109)	(27,447)	(93)	(1,028)
Equity in earnings of affiliates	5,976	6,966	3,402	56,377
Provision for loss on guarantees	(1,167)	—	—	(11,009)
Other, net	5,380	(35)	533	50,755
	1,286	113	(8,141)	12,132
Income before income taxes and minority interests	34,336	28,875	42,281	323,925
Income taxes (Note 7):				
Current	15,183	15,175	20,558	143,236
Deferred	(1,148)	(417)	2,100	(10,830)
	14,035	14,757	22,659	132,406
Minority interests	(2,642)	(874)	(1,647)	(24,925)
Net income (Note 13)	¥ 17,658	¥ 13,242	¥ 17,975	\$ 166,585

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Ajinomoto Co., Inc., and Consolidated Subsidiaries
 Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2000	1999	1998	2000
Common stock:				
Beginning of year	¥ 79,836	¥ 79,836	¥ 79,585	\$ 753,170
Add:				
Conversion of convertible bonds (2000 — shares; 1999 — shares; 1998 — 482,013 shares)	—	—	250	—
End of year.....	<u>¥ 79,836</u>	<u>¥ 79,836</u>	<u>¥ 79,836</u>	<u>\$ 753,170</u>
Capital surplus:				
Beginning of year	¥111,123	¥111,123	¥110,873	\$1,048,330
Add:				
Portion of principal of bonds converted but not transferred to common stock.....	—	—	250	—
End of year.....	<u>¥111,123</u>	<u>¥111,123</u>	<u>¥111,123</u>	<u>\$1,048,330</u>
Retained earnings:				
Opening balance	¥204,488	¥200,664	¥190,271	\$1,929,132
Adjustments to retained earnings for inclusion in or exclusion from consolidation or equity method of accounting and other	505	(2,730)	(967)	4,764
Beginning of year	204,994	197,934	189,304	1,933,906
Add:				
Net income.....	17,658	13,242	17,975	166,585
Deduct:				
Cash dividends paid.....	(7,793)	(6,494)	(6,491)	(73,518)
Bonuses to directors and statutory auditors.....	(185)	(193)	(123)	(1,745)
End of year.....	<u>¥214,673</u>	<u>¥204,488</u>	<u>¥200,664</u>	<u>\$2,025,217</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Ajinomoto Co., Inc., and Consolidated Subsidiaries
Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2000	1999	1998	2000
Cash flows from operating activities:				
Income before income taxes and minority interests	¥34,336	¥28,875	¥42,281	\$323,925
Depreciation and amortization.....	37,334	33,365	32,029	352,208
Amortization of excess of cost over net assets acquired.....	2,639	1,987	2,420	24,896
Provision for accrued severance benefits, net of reversal.....	1,291	1,433	183	12,179
Provision for loss on guarantees.....	1,167	—	—	11,009
Interest and dividend income	(2,827)	(3,792)	(4,685)	(26,670)
Interest expense.....	5,298	4,920	5,531	49,981
Equity in earnings of affiliates	(5,976)	(6,966)	(3,402)	(56,377)
Loss on liquidation of affiliates.....	109	27,447	93	1,028
Loss (gain) on sales or revaluation of securities	1,819	(25,871)	7,893	17,160
Notes and accounts receivable	9,836	1,771	(4,687)	92,792
Notes and accounts payable.....	(8,376)	(3,197)	2,116	(79,019)
Other	10,826	(10,751)	3,211	102,132
Subtotal.....	87,476	49,221	82,983	825,245
Interest and dividends received.....	2,867	3,783	4,682	27,047
Interest paid	(5,471)	(5,003)	(5,534)	(51,613)
Income taxes paid.....	(12,742)	(17,891)	(24,081)	(120,207)
Net cash provided by operating activities.....	72,130	30,110	58,050	680,472
Cash flows from investing activities:				
(Increase) decrease in marketable securities.....	(2,257)	19,333	(1,603)	(21,292)
Acquisition of property, plant and equipment.....	(46,381)	(53,395)	(50,077)	(437,557)
Proceeds from sales of property, plant and equipment.....	5,389	2,623	2,232	50,840
Acquisition of intangible assets, net of proceeds	(8,511)	(2,593)	735	(80,292)
Acquisition of investments in securities	(5,869)	(38,986)	(2,598)	(55,368)
Proceeds from sales of investments in securities.....	25,630	15,906	80	241,792
Other	2,780	23,572	(5,918)	26,226
Net cash used in investing activities.....	(29,219)	(33,539)	(57,151)	(275,651)
Cash flows from financing activities:				
(Decrease) increase in short-term borrowings.....	(27,830)	(509)	26,989	(262,547)
Proceeds from long-term debt	10,357	36,778	67,419	97,708
Repayments of long-term debt	(11,485)	(13,719)	(85,130)	(108,349)
Cash dividends paid	(7,793)	(6,494)	(6,491)	(73,519)
Other	(404)	(319)	(432)	(3,811)
Net cash (used in) provided by financing activities	(37,156)	15,734	2,355	(350,528)
Effect of exchange rate changes on cash and cash equivalents	(2,672)	(412)	(526)	(25,208)
Increase in cash and cash equivalents.....	3,080	11,893	2,728	29,057
Cash and cash equivalents at beginning of year.....	47,854	33,956	31,119	451,453
Increase due to inclusion of subsidiaries in consolidation	5,493	2,005	109	51,821
Increase arising from change in fiscal year end of a consolidated subsidiary.....	3,880	—	—	36,604
Cash and cash equivalents at end of year.....	¥60,309	¥47,854	¥33,956	\$568,953

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Ajinomoto Co., Inc., and Consolidated Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

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.

Effective the year ended March 31, 2000, the Company was required to prepare a consolidated statement of cash flows as part of its consolidated financial statements for the first time under the Securities and Exchange Law of Japan. Accordingly, the Company prepared its 2000 consolidated statement of cash flows in accordance with "Accounting Standards for Consolidated Statements of Cash Flows" and restated the previously reported consolidated statements of cash flows for 1999 and 1998.

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

Until the year ended March 31, 1999, the consolidated financial statements included the accounts of the Company and its significant subsidiaries, and investments in significant affiliates (owned 20% to 50%) were accounted for by the equity method.

In accordance with the revised accounting standards for consolidation, the accompanying consolidated financial statements for the year ended March 31, 2000 include the accounts of the Company and its significant companies controlled directly or indirectly by the Company and companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis. All significant intercompany balances and transactions have been eliminated in consolidation.

The minor differences arising from the cost of the Companies' 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, 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 of the Company and its domestic consolidated subsidiaries are translated into yen at the current and historical rates, respectively.

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.

Differences arising from translation are presented as "Translation adjustments" in the accompanying consolidated financial statements.

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

(1) Marketable securities are valued at the lower of cost or market, cost being determined by the moving average method, and securities other than marketable securities are stated at cost determined by the moving average method.

(2) Marketable securities of the Company held as trust assets in specified money trusts (whose purpose is primarily investment in securities), which are included in "Time deposits and short-term investments," are stated on the same basis as that described in (1) above. The Company did not have any trust assets in specified money trusts as of March 31, 2000.

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. Accrued Severance Indemnities and Pension Costs

The Company has a pension plan covering employees whose years of service with the Company exceed three years and who are over 25 years of age. The plan provides for annuity payments or lump-sum payments to employees who terminate employment after age 45. Certain consolidated subsidiaries also have similar employee pension plans. In addition, the Company and certain consolidated subsidiaries have unfunded severance benefit plans for employees which provide for lump-sum payments of severance benefits upon termination of employment. The amounts of the lump-sum payments are determined on the basis of length of service, basic salary at the time of severance and certain other factors.

Accrued severance indemnities are stated at the amount which would be required to be paid if all employees covered by the severance benefit plans terminated their employment voluntarily as of the balance sheet date.

Costs with respect to the pension plans are funded as accrued at an amount determined actuarially. Prior service cost is being funded over a period of seven years.

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.

1. Research and Development Expenses

Research and development expenses are charged to income when incurred.

A new accounting standard for research and development expenses became effective the fiscal year ended March 31, 2000. However, the adoption of this new standard had no material effect on the consolidated statement of income for the year ended March 31, 2000.

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 ¥106=US\$1.00, the approximate rate of exchange on March 31, 2000.

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, 2000 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Finished goods.....	¥41,553	¥42,753	\$392,009
Work in process.....	22,965	22,219	216,651
Raw materials and supplies	20,881	21,369	196,991
	¥85,399	¥86,341	\$805,651

4. DEPRECIATION

Depreciation expense for the years ended March 31, 2000, 1999 and 1998 was ¥37,334 million (\$352,208 thousand), ¥33,101 million and ¥32,029 million, respectively.

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings are, with minor exceptions, unsecured and represented generally by overdrafts.

The annual interest rates applicable to the borrowings at March 31, 2000 and 1999 ranged from 0.22% to 29.00% and from 0.71% to 13.31%, respectively.

Long-term debt at March 31, 2000 and 1999 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Bonds without collateral:			
1.9% convertible bonds due 2002.....	¥ 18,304	¥ 18,304	\$ 172,679
2.675% bonds due 2007.....	15,000	15,000	141,509
2.425% bonds due 2005.....	10,000	10,000	94,340
2.075% bonds due 2003.....	15,000	15,000	141,509
1.600% bonds due 2001.....	10,000	10,000	94,340
2.050% bonds due 2008.....	20,000	20,000	188,679
Loans from banks, insurance companies and government-sponsored agencies:			
With collateral.....	8,584	8,680	80,981
Without collateral.....	34,611	37,147	326,519
Customers' deposits.....	14,472	14,468	136,528
Other.....	1,297	925	12,236
	147,270	149,526	1,389,340
Current portion.....	(7,448)	(11,526)	(70,264)
	¥139,821	¥137,999	\$1,319,066

The conversion price of the convertible bonds and the prices at which they are redeemable at the option of the issuer are as follows:

	Conversion Price per Share at March 31, 2000 (yen)	Redemption at the Option of the Issuer
1.9% convertible bonds due 2002	¥1,790.70	At 106% to 100% of the principal after April 1, 1995, decreasing by 1% annually

At March 31, 2000, if all outstanding convertible bonds had been converted at the then-current conversion price, 10,221 thousand new shares would have been issuable.

Under the provisions of the issue, the conversion price is subject to adjustment in certain cases which include stock splits. The cumulative amount of cash dividends declared may not exceed ¥10,000 million (\$94,340 thousand) plus the aggregate amount of net income (as defined) of the Company subsequent to March 31, 1987. A sufficient number of shares of common stock is reserved for the conversion of all outstanding convertible bonds.

The annual maturities of long-term debt subsequent to March 31, 2000 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2001.....	¥ 7,448	\$ 70,264
2002.....	31,391	296,142
2003.....	18,239	172,066
2004.....	21,612	203,887
2005 and thereafter.....	68,577	646,953
	¥147,270	\$1,389,340

6. PLEDGED ASSETS

The assets pledged as collateral for short-term borrowings, notes and accounts payable and long-term debt at March 31, 2000 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash on hand and in banks.....	¥ 225	\$ 2,123
Property, plant and equipment, at net book value.....	21,847	206,104
Other investments in securities.....	3	28
	¥22,076	\$208,264

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 statutory tax rates of approximately 42% in 2000, 48% in 1999 and 51% in 1998. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation. The effective tax rate in the accompanying consolidated statement of income for the year ended March 31, 1998 differs from the statutory rate primarily because of the effect of permanently non-deductible expenses and the effect of the different tax rates applied to the income of the foreign consolidated subsidiaries. The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2000 and 1999 differ from the statutory tax rates for the following reasons:

	2000	1999
Statutory tax rate.....	42.0%	47.7%
Effect of:		
Tax rate changes on deferred taxes	—	5.6
Expenses not deductible for income tax purposes	4.3	5.1
Dividend income deductible for income tax purposes	(2.5)	(5.1)
Other, net	(2.9)	(2.2)
Effective tax rate	40.9%	51.1%

The significant components of deferred tax assets and liabilities as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Deferred tax assets:			
Inventories	¥ 1,390	¥ 1,387	\$ 13,113
Securities.....	2,086	1,446	19,679
Property, plant and equipment	757	669	7,142
Accrued severance benefits	6,206	5,515	58,547
Accrued expenses	1,342	1,626	12,660
Accrued bonuses	1,693	589	15,972
Unrealized profit.....	4,018	2,140	37,906
Accrued enterprise tax.....	739	776	6,972
Other	1,701	315	16,047
Total deferred tax assets	19,938	14,464	188,094
Deferred tax liabilities:			
Depreciation	6,504	3,523	61,358
Unrealized gain on land	2,470	2,470	23,302
Other	1,651	768	15,575
Total deferred tax liabilities.....	10,625	6,761	100,236
Net deferred tax assets.....	¥ 9,312	¥ 7,703	\$ 87,849

8. ACCRUED SEVERANCE BENEFITS AND PENSION COSTS

The amounts charged to income for the years ended March 31, 2000, 1999 and 1998 with respect to severance benefits and pension plans were ¥6,270 million (\$59,151 thousand), ¥5,477 million and ¥5,212 million, respectively.

The assets of the pension plans of the Company and certain consolidated subsidiaries amounted to ¥151,903 million (\$1,433,047 thousand) at March 31, 2000.

9. SHAREHOLDERS' EQUITY

Retained earnings include a legal reserve provided in accordance with the provisions of 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.

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, 2000, 1999 and 1998 were ¥24,087 million (\$227,236 thousand), ¥24,908 million and ¥23,548 million, respectively.

11. LEASES TRANSACTIONS

a) Lessees' Accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of March 31, 2000 and 1999, 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:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
March 31, 2000						
Machinery and equipment.....	¥6,421	¥3,394	¥3,026	\$60,575	\$32,019	\$28,547

	Millions of yen		
	Acquisition costs	Accumulated depreciation	Net book value
March 31, 1999			
Machinery and equipment.....	¥3,301	¥1,636	¥1,665

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,221 million (\$11,519 thousand), ¥745 million and ¥871 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, 2000, 1999 and 1998, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2000 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2001	¥1,101	\$10,387
2002 and thereafter.....	1,924	18,151
Total.....	<u>¥3,026</u>	<u>\$28,547</u>

Future minimum lease payments subsequent to March 31, 2000 for operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2001	¥120	\$1,132
2002 and thereafter.....	191	1,802
Total.....	<u>¥312</u>	<u>\$2,943</u>

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, 2000 and 1999:

	Millions of yen			Thousands of U.S. dollars		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
March 31, 2000						
Machinery and equipment.....	¥563	¥98	¥464	\$5,311	\$925	\$4,377

	Millions of yen		
	Acquisition costs	Accumulated depreciation	Net book value
March 31, 1999			
Machinery and equipment.....	¥264	¥152	¥112

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥82 million (\$774 thousand), ¥53 million and ¥84 million for the years ended March 31, 2000, 1999 and 1998, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥74 million (\$698 thousand) and ¥47 million for the years ended March 31, 2000 and 1999, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2000 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2001	¥124	\$1,170
2002 and thereafter.....	390	3,679
Total.....	<u>¥514</u>	<u>\$4,849</u>

12. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for capital expenditures outstanding at March 31, 2000 aggregated approximately ¥4,826 million (\$45,528 thousand).

At March 31, 2000, 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.....	¥ 663	\$ 6,255
As guarantor of indebtedness of unconsolidated subsidiaries, affiliates and employees	2,771	26,142
	<u>¥3,434</u>	<u>\$32,396</u>

13. AMOUNTS PER SHARE

	Yen			U.S. dollars
	2000	1999	1998	2000
Net income—basic	¥27.2	¥ 20.4	¥ 27.7	\$0.257
Net income—diluted.....	27.1	—	27.3	0.256
Cash dividends.....	10.0	12.0	10.0	0.094
Net assets.....	624.6	608.9	603.0	5.892

The computation of basic net income per share is based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the weighted average number of shares of common stock outstanding each year after giving effect to the dilutive potential of common stock to be issued upon the conversion of convertible bonds. No dilutive net income per share for the year ended March 31, 1999 was presented because the effect of such conversion was anti-dilutive.

Cash dividends per share represent the cash dividends declared as applicable to the respective years together with the interim cash dividends paid. Net assets per share are based on the number of shares outstanding at the respective balance sheet dates.

14. RELATED PARTY TRANSACTIONS

The Company purchased goods for resale in the amount of ¥168,433 million (\$1,588,991 thousand) from its affiliates, which were accounted for by the equity method for the year ended March 31, 2000. Purchase prices were negotiated on an arm's-length basis based on the final retail prices of the Company.

15. FAIR VALUE OF MARKETABLE SECURITIES

The carrying and related fair values of current and noncurrent marketable securities at March 31, 2000 were as follows:

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Estimated fair value	Net unrealized gain	Carrying value	Estimated fair value	Net unrealized gain
(1) Current:						
Stock.....	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
Bonds.....	—	—	—	—	—	—
Others.....	5,469	5,558	89	51,594	52,434	840
Subtotal	<u>¥ 5,469</u>	<u>¥ 5,558</u>	<u>¥ 89</u>	<u>\$ 51,594</u>	<u>\$ 52,434</u>	<u>\$ 840</u>
(2) Noncurrent:						
Stock.....	¥72,083	¥107,217	¥35,134	\$680,028	\$1,011,481	\$331,453
Bonds.....	98	114	15	925	1,075	142
Others.....	—	—	—	—	—	—
Subtotal	<u>¥72,181</u>	<u>¥107,331</u>	<u>¥35,149</u>	<u>\$680,953</u>	<u>\$1,012,557</u>	<u>\$331,594</u>
Total	<u>¥77,650</u>	<u>¥112,890</u>	<u>¥35,239</u>	<u>\$732,547</u>	<u>\$1,065,000</u>	<u>\$332,443</u>

The aggregate market value of the marketable equity securities included in "Other investments in securities" at March 31, 1999 was ¥96,019. At March 31, 1999, net unrealized gain pertaining to such securities amounted to ¥48,769.

16. DERIVATIVE TRANSACTIONS

The Company utilizes derivative financial instruments for the purpose of hedging its exposure to adverse fluctuations in foreign currency exchange rates but does not enter into such transactions for speculation purposes.

The Company is exposed to credit risk in the event of nonperformance by the counterparties to the derivative financial instruments, but any such loss would not be material because the Company enters into transactions only with financial institutions with high credit ratings. The notional amounts of the derivative financial instruments 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 transactions outstanding at March 31, 2000:

	Millions of yen			Thousands of U.S. dollars		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Sell:						
US\$.....	¥2,194	¥2,158	¥36	\$20,698	\$20,358	\$340
Others.....	1,069	1,063	5	10,085	10,019	47
Buy:						
US\$.....	1,353	1,366	12	12,764	12,887	113
Others.....	196	196	—	1,849	1,849	—
Options:						
Put options, purchased:						
US\$.....	791			7,462		
Premium.....	12	7	(5)	113	66	(47)
Total.....			¥48			\$453

Note: The notional amounts of the forward foreign exchange contracts and currency swaps presented above exclude those entered into in order to hedge receivables and payables denominated in foreign currencies, which have been translated and are reflected at the corresponding contracted rates in the accompanying consolidated balance sheets.

17. SEGMENT INFORMATION

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sale of products in Japan and overseas in three major segments: foods which include *AJI-NO-MOTO* and other seasonings, edible oils, processed foods, beverages and dairy products; fine chemicals which include pharmaceuticals, amino acids and specialty chemicals; and other which includes distribution and other products.

The business and geographical segments of the Company and its consolidated subsidiaries for the years ended March 31, 2000, 1999 and 1998 are outlined as follows:

Business Segments

Year ended March 31, 2000	Millions of yen					
	Foods	Fine Chemicals	Other	Total	Eliminations	Consolidated
I. Sales and operating income						
Sales to third parties.....	¥598,841	¥134,573	¥96,006	¥829,422	¥ —	¥829,422
Intragroup sales and transfers.....	16,047	2,856	47,563	66,467	(66,467)	—
Total sales.....	614,889	137,430	143,570	895,889	(66,467)	829,422
Operating expenses.....	590,976	132,419	139,441	862,838	(66,465)	796,372
Operating income.....	¥ 23,913	¥ 5,010	¥ 4,128	¥ 33,051	¥ (1)	¥ 33,050
II. Assets, depreciation and capital expenditures						
Total assets.....	¥349,774	¥180,864	¥95,550	¥626,189	¥181,856	¥808,045
Depreciation and amortization.....	20,389	14,642	3,081	38,112	(778)	37,334
Capital expenditures.....	21,256	30,693	4,605	56,555	(790)	55,765
Thousands of U.S. dollars						
I. Sales and operating income.....						
Sales to third parties.....	\$5,649,443	\$1,269,557	\$905,717	\$7,824,736	\$ —	\$7,824,736
Intragroup sales and transfers.....	151,387	26,943	448,708	627,047	(627,047)	—
Total sales.....	5,800,840	1,296,509	1,354,434	8,451,783	(627,047)	7,824,736
Operating expenses.....	5,575,245	1,249,236	1,315,481	8,139,981	(627,028)	7,512,943
Operating income.....	\$ 225,594	\$ 47,264	\$ 38,943	\$ 311,802	\$ (9)	\$ 311,792
II. Assets, depreciation and capital expenditures						
Total assets.....	\$3,299,755	\$1,706,264	\$901,415	\$5,907,443	\$1,715,623	\$7,623,066
Depreciation and amortization.....	192,349	138,132	29,066	359,547	(7,340)	352,208
Capital expenditures.....	200,528	289,557	43,443	533,538	(7,453)	526,085

Year ended March 31, 1999	Millions of yen					
	Foods	Fine Chemicals	Other	Total	Eliminations	Consolidated
I. Sales and operating income						
Sales to third parties	¥575,179	¥142,905	¥ 96,453	¥814,538	¥ —	¥814,538
Intragroup sales and transfers.....	12,312	938	46,867	60,117	(60,117)	—
Total sales.....	587,492	143,843	143,320	874,656	(60,117)	814,538
Operating expenses.....	573,313	133,991	138,411	845,716	(59,940)	785,776
Operating income.....	¥ 14,178	¥ 9,852	¥ 4,908	¥ 28,939	¥ (177)	¥ 28,762
II. Assets, depreciation and capital expenditures						
Total assets	¥361,600	¥174,023	¥106,794	¥642,418	¥165,253	¥807,671
Depreciation and amortization	17,182	13,824	2,902	33,909	(543)	33,365
Capital expenditures	27,997	19,708	6,530	54,236	(841)	53,395

Year ended March 31, 1998	Millions of yen					
	Foods	Fine Chemicals	Other	Total	Eliminations	Consolidated
I. Sales and operating income						
Sales to third parties	¥580,589	¥163,034	¥ 92,340	¥835,965	¥ —	¥835,965
Intragroup sales and transfers.....	212	670	43,234	44,117	(44,117)	—
Total sales.....	580,802	163,704	135,575	880,082	(44,117)	835,965
Operating expenses.....	559,632	138,413	131,251	829,297	(43,754)	785,543
Operating income.....	¥ 21,169	¥ 25,291	¥ 4,323	¥ 50,785	¥ (363)	¥ 50,422
II. Assets, depreciation and capital expenditures						
Total assets	¥355,273	¥180,922	¥161,740	¥697,936	¥130,585	¥828,521
Depreciation and amortization	18,087	10,534	3,410	32,032	(3)	32,029
Capital expenditures	25,955	19,728	5,075	50,759	(681)	50,077

Geographical Segments

Year ended March 31, 2000	Millions of yen						
	Japan	Asia	America	Europe	Total	Eliminations	Consolidated
Sales to third parties	¥ 688,276	¥60,136	¥35,490	¥45,518	¥829,422	¥ —	¥829,422
Interarea sales and transfers.....	31,070	5,617	6,236	2,288	45,213	(45,213)	—
Total sales.....	719,347	65,754	41,726	47,807	874,635	(45,213)	829,422
Operating expenses.....	694,826	58,302	41,000	47,456	841,585	(45,213)	796,372
Operating income	¥ 24,521	¥ 7,451	¥ 726	¥ 350	¥ 33,050	¥ —	¥ 33,050
Total assets	¥ 493,245	¥63,662	¥38,702	¥34,252	¥629,863	¥ 178,181	¥808,045

	Thousands of U.S. dollars						
	Japan	Asia	America	Europe	Total	Eliminations	Consolidated
Sales to third parties	\$6,493,170	\$567,321	\$334,811	\$429,415	\$7,824,736	\$ —	\$7,824,736
Interarea sales and transfers.....	293,113	52,991	58,830	21,585	426,538	(426,538)	—
Total sales.....	6,786,292	620,321	393,642	451,009	8,251,274	(426,538)	7,824,736
Operating expenses.....	6,554,962	550,019	386,792	447,698	7,939,481	(426,538)	7,512,943
Operating income	\$ 231,330	\$ 70,292	\$ 6,849	\$ 3,302	\$ 311,792	\$ —	\$ 311,792
Total assets	\$4,653,255	\$600,585	\$365,113	\$323,132	\$5,942,104	\$1,680,953	\$7,623,066

Year ended March 31, 1999	Millions of yen						
	Japan	Asia	America	Europe	Total	Eliminations	Consolidated
Sales to third parties	¥681,772	¥35,432	¥35,982	¥61,351	¥814,538	¥ —	¥814,538
Interarea sales and transfers	20,120	4,519	8,794	1,472	34,907	(34,907)	—
Total sales	701,893	39,951	44,776	62,824	849,445	(34,907)	814,538
Operating expenses.....	681,950	36,696	43,109	58,927	820,683	(34,907)	785,776
Operating income	¥ 19,942	¥ 3,255	¥ 1,666	¥ 3,897	¥ 28,762	¥ —	¥ 28,762
Total assets	¥485,405	¥50,622	¥48,437	¥50,224	¥634,689	¥172,982	¥807,671

Year ended March 31, 1998	Millions of yen						
	Japan	Asia	America	Europe	Total	Eliminations	Consolidated
Sales to third parties	¥681,746	¥34,155	¥44,611	¥75,452	¥835,965	¥ —	¥835,965
Interarea sales and transfers	20,435	3,114	9,870	921	34,340	(34,340)	—
Total sales	702,181	37,269	54,481	76,373	870,305	(34,340)	835,965
Operating expenses.....	674,508	31,669	48,405	65,300	819,883	(34,340)	785,543
Operating income	¥ 27,672	¥ 5,600	¥ 6,075	¥11,073	¥ 50,422	¥ —	¥ 50,422
Total assets	¥539,737	¥48,108	¥53,125	¥55,212	¥696,184	¥132,337	¥828,521

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, 2000, 1999 and 1998, are summarized as follows:

Year ended March 31, 2000	Millions of yen			
	Asia	America	Europe	Total
Overseas sales.....	¥65,312	¥40,692	¥44,820	¥150,825
Consolidated net sales.....				829,422

	Thousands of U.S. dollars			
	Asia	America	Europe	Total
Overseas sales.....	\$616,151	\$383,887	\$422,830	\$1,422,877
Consolidated net sales.....				7,824,736
Overseas sales as a percentage of consolidated net sales	7.9%	4.9%	5.4%	18.2%

Year ended March 31, 1999	Millions of yen			
	Asia	America	Europe	Total
Overseas sales.....	¥47,332	¥46,683	¥58,791	¥152,807
Consolidated net sales.....				814,538
Overseas sales as a percentage of consolidated net sales	5.8%	5.7%	7.2%	18.8%

Year ended March 31, 1998	Millions of yen			
	Asia	America	Europe	Total
Overseas sales.....	¥50,974	¥50,380	¥67,817	¥169,172
Consolidated net sales.....				835,965
Overseas sales as a percentage of consolidated net sales	6.1%	6.0%	8.1%	20.2%

18. SUBSEQUENT EVENTS

- On June 7, 2000, the Company and EUROLYSINE, its wholly-owned subsidiary, received an order to pay a penalty of 28,300 thousand Euro, or approximately ¥2,900 million (\$27,358 thousand) from the European Committee. This penalty was imposed because the European Committee determined that the Company and its subsidiary were involved in certain activities to restrict competition regarding sales of lysine for feed use. The Company is currently considering the appropriate action to be taken.
- 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, 2000, were approved by the shareholders at a meeting held on June 29, 2000:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥5=US\$0.047 per share)	¥3,247	\$30,632
Bonuses to directors and statutory auditors.....	185	1,745

Century Ota Showa & Co.

Certified Public Accountants

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

We have examined the consolidated balance sheets of Ajinomoto Co., Inc. and consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2000, all expressed in yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Ajinomoto Co., Inc. and consolidated subsidiaries at March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2000 in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

As described in Note 1 to the consolidated financial statements, Ajinomoto Co., Inc. and consolidated subsidiaries have adopted new accounting standards for consolidation and for research and development expenses in the preparation of their consolidated financial statements for the year ended March 31, 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our examination 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 to the consolidated financial statements.

June 29, 2000

Century Ota Showa & Co.

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

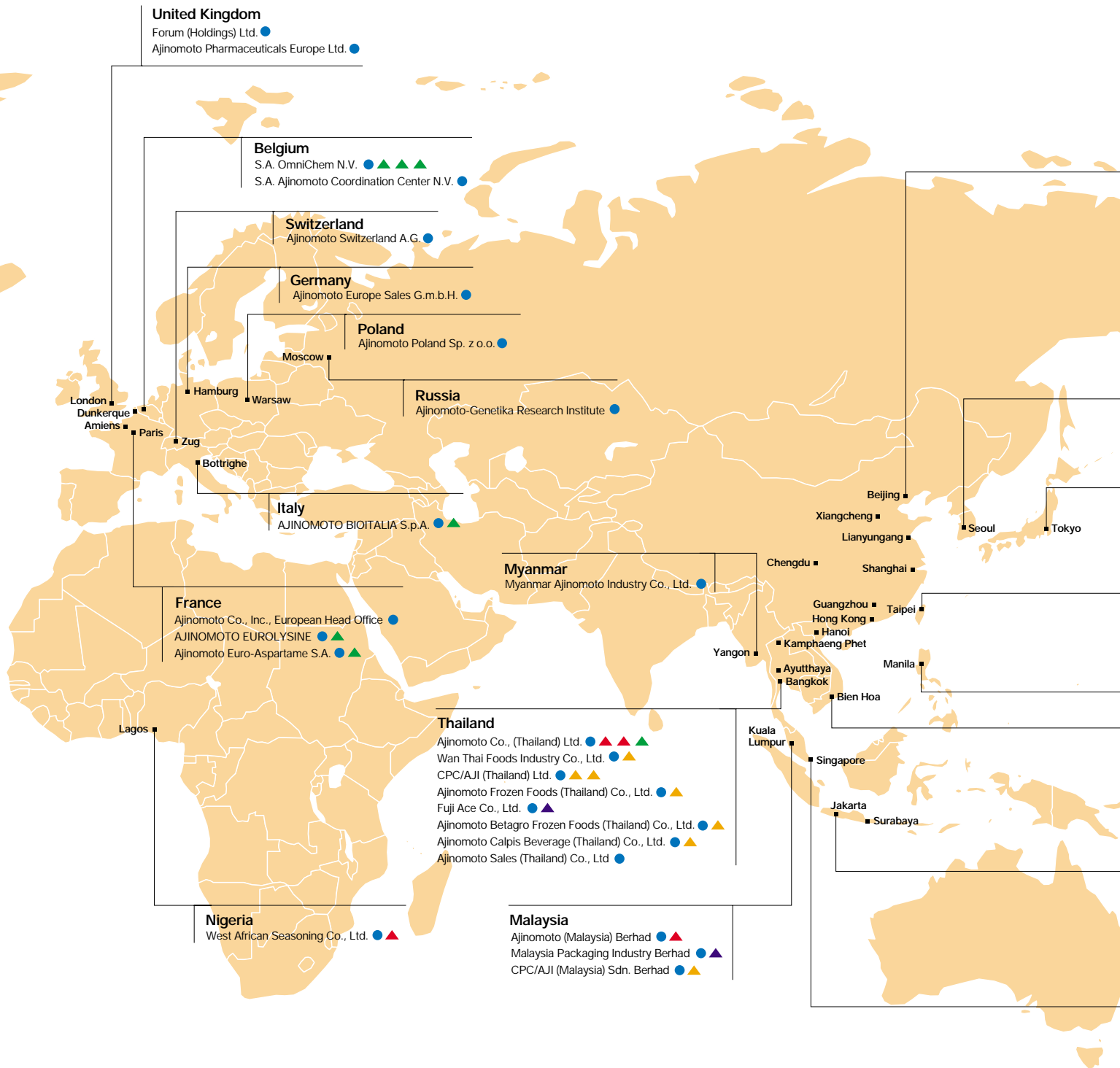
THE HISTORY OF AJINOMOTO

1888	FALL	At a facility in Hayama, Kanagawa Prefecture, Naka Suzuki, mother of Company founder Saburosuke Suzuki II, starts production of iodine from seaweed	1983	OCT NOV	NutraSweet AG (now Ajinomoto Switzerland A.G.) established Ajinomoto Co., Inc. sponsors the musical <i>Cats</i>
1907	MAY	Saburosuke Suzuki II establishes S. Suzuki Pharmaceutical Co.	1984	OCT OCT	Ajinomoto Co., Inc., Beijing Office established Heartland Lysine, Inc., established in the United States
1908	JUL	Professor Kikunae Ikeda attains patent to produce monosodium glutamate	1987	JUN SEP	P.T. Ajinex International established in Indonesia Ajinomoto acquires all outstanding shares of Knorr Foods Co., Ltd., of Japan, from CPC International Inc., and a 50% equity stake in CPC International's seven Asian subsidiaries located in six countries
1909	MAY	AJI-NO-MOTO first marketed	1988	MAR	Kashima Plant completed in Ibaraki Prefecture
1912	APR	S. Suzuki Pharmaceutical Co. renamed S. Suzuki and Co.	1989	APR JUN SEP	Ajinomoto Foundation for Dietary Culture established Tadasu Toba becomes president Ajinomoto acquires S.A. OmniChem N.V., of Belgium
1914	SEP	Kawasaki Plant completed	1990	JAN OCT	Ajinomoto System Techno Corporation established Ajinomoto becomes exclusive sales agent for The Calpis Food Industry Co., Ltd.
1917	JUN	S. Suzuki and Co., Ltd., founded; Saburosuke Suzuki II becomes the first president	1991	FEB APR APR JUN NOV	Ajinomoto Vietnam Co., Ltd., established Ajinomoto acquires Forum (Holdings) Ltd., of the United Kingdom Ajinomoto's West Japan Distribution Center established Construction of new head office completed Euro-Aspartame S.A. (now Ajinomoto Euro-Aspartame S.A.) established in France
	JUL	First overseas office opens in New York	1992	MAR APR APR SEP	Bio-Polymer Research Co., Ltd., established Ajinomoto's East Japan Distribution Center established Roussel Morishita Co., Ltd. established Calpis Ajinomoto Danone Co., Ltd., established
1925	DEC	S. Suzuki and Co. merged with S. Suzuki and Co., Ltd.; the new company incorporated as S. Suzuki & Co., Ltd.	1993	SEP DEC	Ajinomoto Co., Inc., Shanghai Office opened Lianhua Ajinomoto Co., Ltd., established in the People's Republic of China
1931	APR	Chuji Suzuki becomes president	1994	JUL AUG	P.T. Ajinomoto Calpis Beverage Indonesia established Chuanhua Ajinomoto Co., Ltd., established in the People's Republic of China
1932	JUN	Completion of the Ajinomoto Building in Tokyo	1995	MAR JUN DEC DEC	Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd., established Shunsuke Inamori becomes president Lianyungang Ajinomoto Ruyi Foods Co., Ltd., established in the People's Republic of China Ajinomoto (China) Co., Ltd., established
1935	MAR	Takara Oil Refining Co., Ltd., established in Kanagawa Prefecture (the present Ajinomoto Oil Mills Co., Inc.)	1996	JUL	Roussel Morishita Co., Ltd., merges with Nippon Roussel K.K.
1940	AUG	Saburosuke Suzuki III becomes president of S. Suzuki & Co., Ltd.	1997	FEB MAR APR JUN	Myanmar Ajinomoto Industry Co., Ltd., established Ajinomoto Lianhua Amino Acid Co., Ltd., established Ajinomoto Fresh Foods Co., Ltd., established Kunio Egashira becomes president
1943	MAY DEC	S. Suzuki & Co., Ltd., renamed Dai Nippon Chemical Co. New plant established in Saga Prefecture (the present Kyushu Plant)	1998	FEB SEP	Shanghai Ajinomoto Amino Acid Co., Ltd., established Ajinomoto Calpis Beverage (Thailand) Co., Ltd., plant begins operations
1946	FEB MAY	Dai Nippon Chemical Co. renamed Ajinomoto Co., Inc. Production of <i>AJI-NO-MOTO</i> recommenced		OCT NOV	Ajinomoto Fine-Techno Co., Inc., begins operations New R&D facility completed
1948	MAY	Toyonobu Domen becomes president		DEC	Metropolitan Frozen Center completed Ajinomoto-Genetika Research Institute established in Russia
1956	JUL DEC	Ajinomoto U.S.A., Inc., established Central Research Laboratories established	1999	APR	New corporate logo introduced Ajinomoto Oil Mills Co., Ltd., established Ajinomoto Communications Inc., established Ajinomoto Pharmaceuticals U.S.A., Inc., established
1958	MAY	Union Ajinomoto, Inc., established in the Philippines		JUL	Slogan "A taste of the future" introduced Ajinomoto Engineering Co., Ltd. established
1960	APR	Ajinomoto Co., (Thailand) Ltd., established		SEP DEC	Ajinomoto Pharmaceuticals Europe Ltd. established Ajinomoto Pharma Co., Ltd. established Shanghai Ajinomoto Amino Acid Co., Ltd., medical-use amino acid plant completed
1961	MAR	New plant begins production in Yokkaichi, Mie Prefecture (the present Tokai Plant)	2000	APR JUN	AJINOMOTO LOGISTICS CORPORATION established Ajinomoto Frozen Foods U.S.A., Inc., established
	JUL OCT	Ajinomoto (Malaysia) Berhad established Ajinomoto Europe Sales G.m.b.H. established in Germany			
1962	SEP	Ajinomoto concludes tie-up with Kellogg Company of the United States			
1963	MAR	Ajinomoto concludes tie-up with CPC International Inc. (the present Best Foods Corporation), of the United States, for marketing CPC products in Japan			
1965	MAY MAY	Kyoji Suzuki becomes president Nihon Shokuhin Kogyo K.K. renamed Knorr Foods Co., Ltd.			
1968	FEB	Ajinomoto del Perú S.A. established			
1969	JUL	P.T. Ajinomoto Indonesia established			
1970	DEC	Ajinomoto Frozen Foods Co., Ltd., established			
1973	MAY JUL AUG	Bunzo Watanabe becomes president Ajinomoto (Singapore) Pte. Ltd., established Ajinomoto concludes tie-up with General Foods Corporation of the United States; General Foods, Ltd., in Japan reincorporated as Ajinomoto General Foods, Inc.			
1974	AUG	EUROLYSINE (now AJINOMOTO EUROLYSINE) established in France			
	DEC	Ajinomoto Interamericana Indústria e Comércio Ltda. established in Brazil			
1980	APR	Ajinomoto Danone Co., Ltd., established			
1981	JUN	Katsuhiko Utada becomes president			
1982	MAY	Exports of aspartame to the United States begin			

Note: Overseas subsidiaries and affiliates are listed throughout under their present company names.

NETWORK

(Major subsidiaries, affiliates and plants)



Global network: 23 countries and regions
 (including 108 manufacturing plants in 15 countries and regions)
 (Japan: 58, Other Countries: 50)

- Subsidiaries and Affiliates
- ▲ Seasonings Plants (26)
- ▲ Amino Acids and Speciality Chemicals Plants (26)
- ▲ Processed Foods Plants (43)
- ▲ Other Plants (13)

China

- Ajinomoto (China) Co., Ltd. (Beijing, Shanghai, Guangzhou) ●●●●
- Lianhua Ajinomoto Co., Ltd. ●▲
- Ajinomoto Lianhua Amino Acid Co., Ltd. ●▲
- Chuanhua Ajinomoto Co., Ltd. ●▲
- Lianyungang Ajinomoto Ruyi Foods Co., Ltd. ●▲
- Shanghai Ajinomoto Amino Acid Co., Ltd. ●▲
- Ajinomoto Co., (Hong Kong) Ltd. ●
- CPC/AJI (Asia) Ltd. ●
- CPC/AJI (Hong Kong) Ltd. ●▲

United States

- Ajinomoto U.S.A., Inc. ●●●●●▲▲
- (New York, New Jersey, Washington, D.C., Los Angeles)
- Heartland Lysine, Inc. ●▲
- Ajinomoto Pharmaceuticals U.S.A., Inc. ●
- Ajinomoto Frozen Foods U.S.A., Inc. ●▲

- Portland ■
- Los Angeles ■
- Eddyville ■
- Chicago ■
- New Jersey ■
- New York ■
- Washington, D.C. ■
- Raleigh ■

Korea

- Ajinomoto Co., Inc., Seoul Office ●

Japan ●57 ▲10 ▲13 ▲26 ▲9

Taiwan

- CPC/AJI (Taiwan) Ltd. ●▲
- Taiso Commerce Inc. ●

■ Honolulu

Philippines

- Union Ajinomoto, Inc. ●▲
- California Manufacturing Co., Inc. ●▲▲▲▲

Vietnam

- Ajinomoto Vietnam Co., Ltd. ●▲

Indonesia

- P.T. Ajinomoto Indonesia ●▲
- P.T. Ajinex International ●▲
- P.T. Ajinomoto Calpis Beverage Indonesia ●▲
- P.T. Sasa Inti ●▲

Singapore

- Ajinomoto (Singapore) Pte. Ltd. ●
- A.I.F. Investment Pte. Ltd. ●
- CPC/AJI (Singapore) Pte. Ltd. ●
- Ajitrade Pte. Ltd. ●

Peru

- Ajinomoto del Perú S.A. ●▲

■ Lima

Brazil

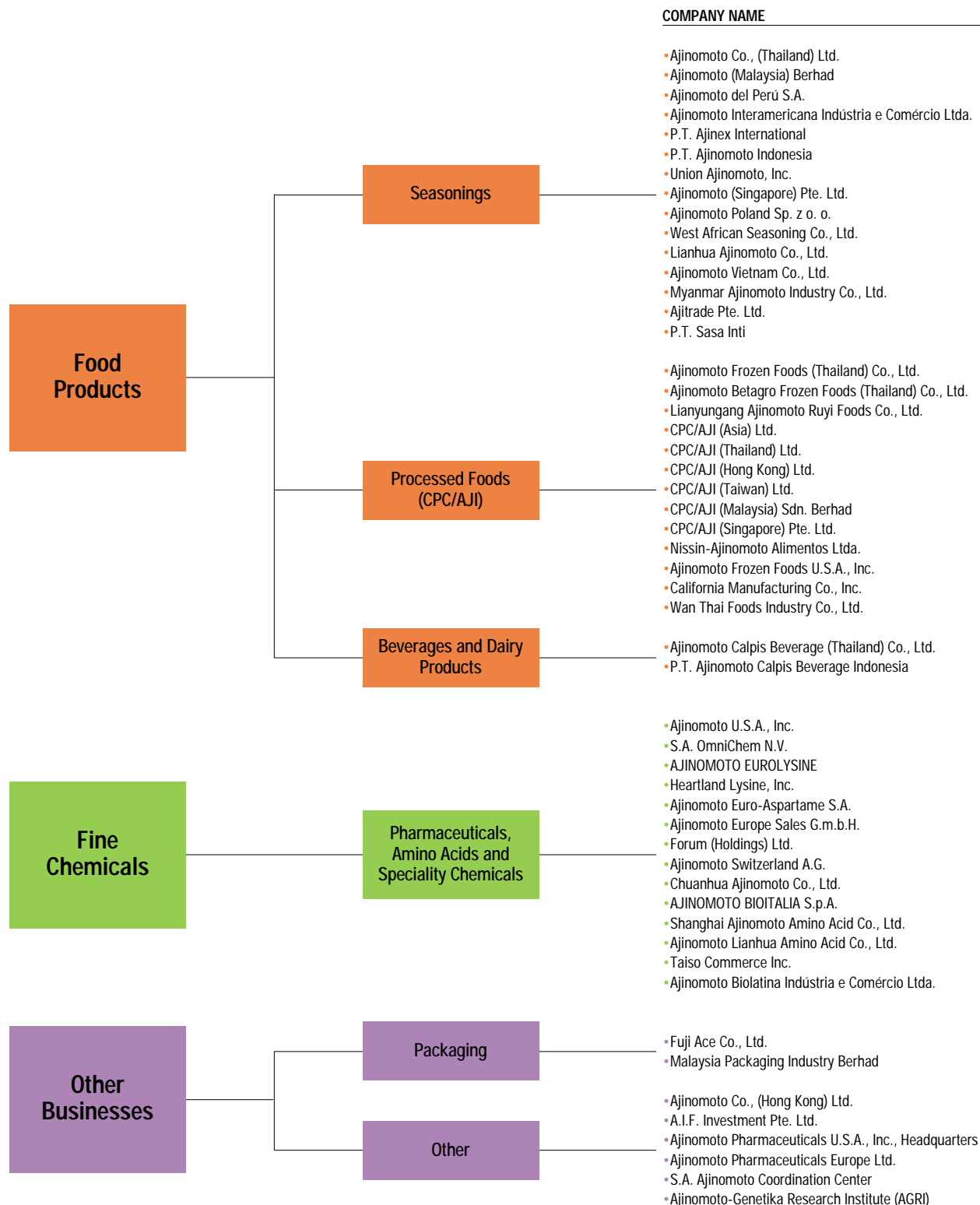
- Ajinomoto Interamericana Indústria e Comércio Ltda. ●▲
- Nissin-Ajinomoto Alimentos Ltda. ●▲
- Ajinomoto Biolatina Indústria e Comércio Ltda. ●▲▲

■ State of São Paulo

as of July 1, 2000
(revised version as of August 25, 2000)

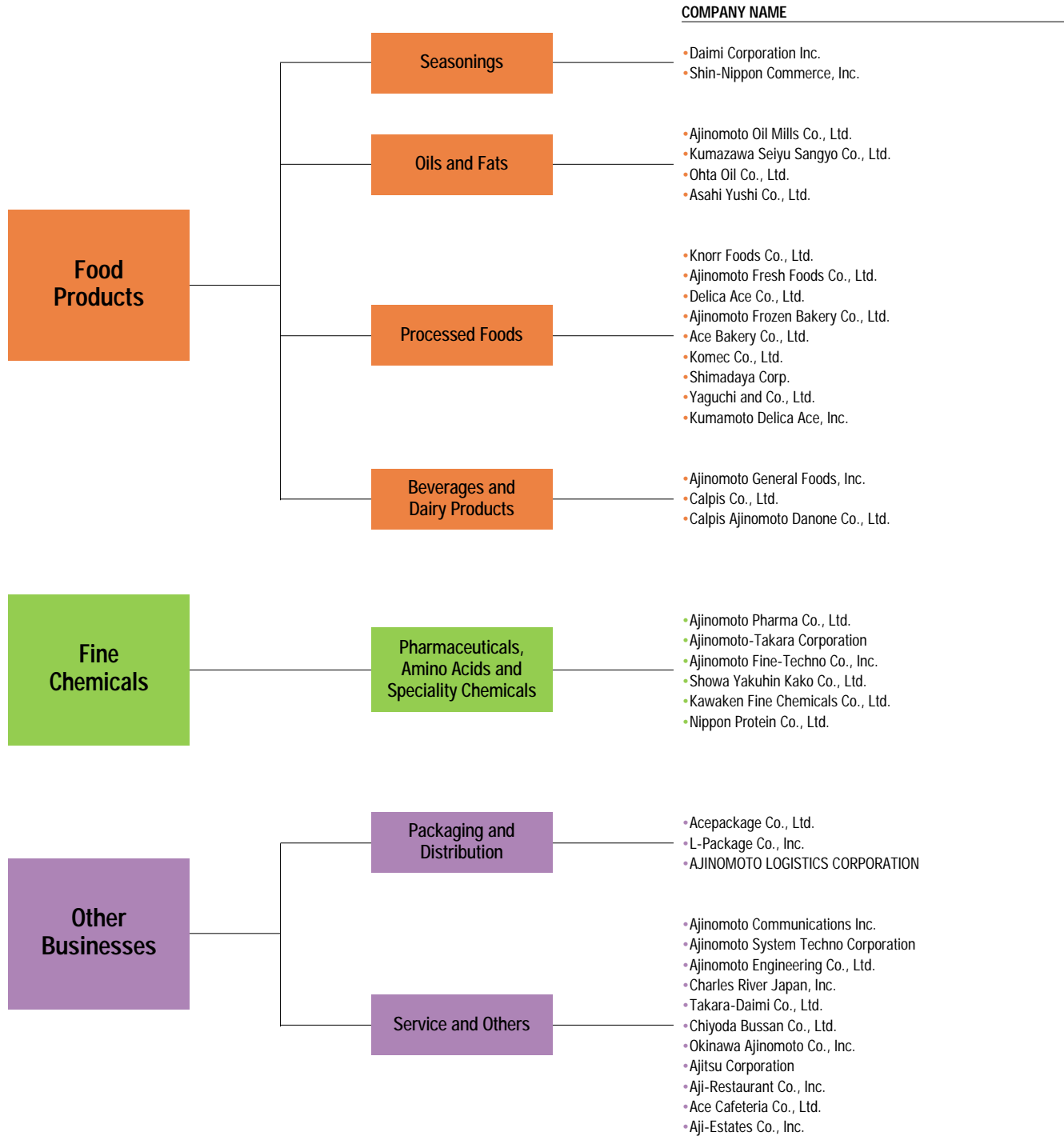
MAJOR SUBSIDIARIES AND AFFILIATES

Ajinomoto Group (International)



(as of July 1, 2000)

Ajinomoto Group (Japan)



(as of July 1, 2000)

THE PHILIPPINES

California Manufacturing Co., Inc.

Km. 18, East Service Road, South Superhighway City 1702, Paranaque, Metro Manila, The Philippines
P.O. Box 1955, Makati Central Post Office 1299 Makati City
Tel: 63-(2) 823-8021-6
Fax: 63-(2) 823-8676

California Manufacturing Co., Inc., Cavite Plant

Gateway Business Park, General Trias, Cavite, The Philippines
Tel: 63-(46) 433-0058
Fax: 63-(46) 433-0059

California Manufacturing Co., Inc., Las Piñas Plant

Alabama Zapote Road, Barrio Talon, Las Piñas City 1747, The Philippines
Tel: 63-(2) 800-9756
Fax: 63-(2) 805-0993

California Manufacturing Co., Inc., Paranaque Plant

Km. 18, East Service Road, South Superhighway, Paranaque City 1702, Metro Manila, The Philippines
Tel: 63-(2) 823-8021-6
Fax: 63-(2) 823-8676

Union Ajinomoto, Inc.

Union Ajinomoto Bldg., 331, Sen. Gil J. Puyat Avenue, Makati City, Metro Manila, The Philippines
Tel: 63-(2) 895-6081-9
Fax: 63-(2) 890-6328

Union Ajinomoto, Inc., Plant

Eulogio Rodriguez, Jr. Avenue, Bo. Ugong, Pasig City, Metro Manila, The Philippines
Tel: 63-(2) 671-2801/2803/2805
Fax: 63-(2) 671-6086

POLAND

Ajinomoto Poland Sp. z o.o.

Al. Krakowska 213, 02-180 Warsaw, Poland
Tel: 48-(0) 22-868-81-21/8131
Fax: 48-(0) 22-868-81-41

RUSSIA

Ajinomoto-Genetika Research Institute (AGRI)

1st Dorozhny pr., 1, 113545, Moscow, Russia
Tel: 7-(095) 315-3765
Fax: 7-(095) 315-0001

SINGAPORE

A.I.F. Investment Pte. Ltd.

10 Collyer Quay, #19-08 Ocean Building, Republic of Singapore 049315
Tel: 65-536-5355
Fax: 65-536-1360

Ajinomoto (Singapore) Pte. Ltd.

No. 6, Senoko Avenue, Republic of Singapore 758299
Tel: 65-257-2022
Fax: 65-257-6866

Ajitrade Pte. Ltd.

No. 6, Senoko Avenue, Republic of Singapore 758299
Tel: 65-257-1922
Fax: 65-257-1622

CPC/AJI (Singapore) Pte. Ltd.

No. 6, Senoko Avenue, Republic of Singapore 758299
Tel: 65-257-6388
Fax: 65-257-7322

SWITZERLAND

Ajinomoto Switzerland A.G.

Innere Güterstrasse 2-4, P.O. Box 4559, 6304, Zug, Switzerland
Tel: 41-(41) 728-6666
Fax: 41-(41) 728-6565

TAIWAN

Ajinomoto Co., Inc., Taipei Office

4th Floor, 148 Sung-Chiang Road, Taipei, Taiwan, R.O.C.
Tel: 886-(2) 2521-0150/0190/0194
Fax: 886-(2) 2521-5904

CPC/AJI (Taiwan) Ltd.

10th Floor, No.35 Lane 11, Kuang Fu, North Road, Taipei 105, Taiwan, R.O.C.
Tel: 886-(2) 2764-1833
Fax: 886-(2) 2764-1933

CPC/AJI (Taiwan) Ltd., Hsin Chu Plant

150 Hsin Ho Road, Hsin Feng Hsiang, Hsin Chu Hsien, Taiwan, R.O.C.
Tel: 886-(3) 568-8311-6
Fax: 886-(3) 568-8317

Taiso Commerce Inc.

4th Floor, 148 Sung-Chiang Road, Taipei, Taiwan, R.O.C.
Tel: 886-(2) 2521-0150/0180/0194
Fax: 886-(2) 2521-5904

THAILAND

Ajinomoto Betagro Frozen Foods (Thailand) Co., Ltd.

Betagro Tower (North Park) 323 Vibhavadi Rangsit Road, Don Muang, Bangkok 10210, Thailand
Tel: 66-(2) 955-0555
Fax: 66-(2) 955-0350

Ajinomoto Calpis Beverage (Thailand) Co., Ltd.

Saha Rattana Nakorn Industrial Estate, 117/6 Mu 4, Tambon Bang Phrakhrue, Amphoe Nakhon, Luang Ayutthaya 13260, Thailand
Tel: 66-(35) 716460-4
Fax: 66-(35) 716466

Ajinomoto Co., (Thailand) Ltd.

487/1 Si Ayutthaya Road, Khwaeng Thanon Phaya Thai, Khet Ratchathewi, Bangkok 10400, Thailand
Tel: 66-(2) 245-1614
Fax: 66-(2) 246-3887

Ajinomoto Co., (Thailand) Ltd., Kamphaeng Phet Factory

No. 369, Mu 3 Ban Tha Saliang, Tambon Khonthee Amphoe Muang, Kamphaeng Phet 62000, Thailand
Tel: 66-(55) 715-996-8
Fax: 66-(55) 714-210

Ajinomoto Co., (Thailand) Ltd., Pathum Thani Factory

99 Mu 1, Wat Daowadoeng Pathum Thani Road, Tambon Bangkadi, Amphoe Muang, Pathum Thani 12000, Thailand
Tel: 66-(2) 501-2475-9
Fax: 66-(2) 501-2440

Ajinomoto Co., (Thailand) Ltd., Phra Pradaeng Factory

6 Mu 2, Suk Sawat Road, Tambon Bangkhru, Amphoe Phra Pradaeng, Samut Prakan 10130, Thailand
Tel: 66-(2) 462-6331-3/7471-3
Fax: 66-(2) 463-0721

Ajinomoto Frozen Foods (Thailand) Co., Ltd., Ayutthaya Factory

Hi-Tech Industrial Estate, 59 Moo 2, Tambol Banpo, Amphoe Bang Pa-in, Ayutthaya 13160, Thailand
Tel: 66-(035) 350-001-004
Fax: 66-(035) 350-005

CPC/AJI (Thailand) Ltd.

84 Soi Samarnmitr, Ramkhamhaeng Road, Suanlueng, Bangkok 10250, Thailand
P.O. Box 10-1122, Phetchaburi Tat Mai, Bangkok 10311, Thailand
Tel: 66-(2) 314-4111-3
Fax: 66-(2) 318-6394

CPC/AJI (Thailand) Ltd., Bangpoo Plant

470 Bangpoo Mai, Samputprakan 10280, Thailand
Tel: 66-(2) 323-9085-6
Fax: 66-(2) 323-9940

CPC/AJI (Thailand) Ltd., Gateway Plant

Gateway City, 181 Moo 7, KM. 10, Highway No. 331 Tambol Huasamong, Plangyao District, Chachoengsao 24190, Thailand
Tel: 66-(38) 575-022-5
Fax: 66-(38) 575-026

Fuji Ace Co., Ltd.

487/1 Si Ayutahaya Road Khwaeng Thanon Phayathai Khet Ratchathewi, Bangkok 10400
Tel: 66-(2) 246-0828
Fax: 66-(2) 246-0829

Wan Thai Foods Industry Co., Ltd.

Bangchan Industrial Estate Plan No. B-1, Mu 14, Amphoe Minburi, Bangkok 10510, Thailand
Tel: 66-(2) 517-0875-6/0944-6
Fax: 66-(2) 518-1885

UNITED KINGDOM

Forum (Holdings) Ltd.

41-51 Brighton Road, Redhill, Surrey RH1 6YS, United Kingdom
Tel: 44-(1) 737-773711
Fax: 44-(1) 737-773116

Ajinomoto Pharmaceuticals Europe Ltd.

Bridge Gate House, 55 High Street, Redhill, Surrey, RH1 1RX, United Kingdom
Tel: 44-(1737) 378-400
Fax: 44-(1737) 378-430

UNITED STATES

Ajinomoto Pharmaceuticals U.S.A., Inc., Headquarters

West 115 Century Road, Paramus, NJ 07652 U.S.A.
Tel: 1-(201) 225-7187
Fax: 1-(201) 261-7654

Ajinomoto U.S.A., Inc., Headquarters

1251 Avenue of the Americas, Suite 2320 New York, NY 10020
Tel: 1-(212) 899-4765
Fax: 1-(212) 899-4794

Ajinomoto U.S.A., Inc., New Jersey Office

West 115 Century Rd., Paramus NJ 07652
Tel: 1-(201)261-1789
Fax: 1-(201)261-6871

Ajinomoto U.S.A., Inc., Iowa Plant

1 Ajinomoto Drive, Eddyville, IA 52553, U.S.A.
Tel: 1-(515) 969-4561
Fax: 1-(515) 969-4409

Ajinomoto U.S.A., Inc., Los Angeles Branch

19675 Mariner Avenue, Torrance, CA 90503, U.S.A.
Tel: 1-(310) 370-2500
Fax: 1-(310) 370-3350

Ajinomoto U.S.A., Inc., North Carolina Plant

4020 Ajinomoto Drive, Raleigh, NC 27610, U.S.A.
Tel: 1-(919) 231-0100
Fax: 1-(919) 231-6275

Ajinomoto U.S.A., Inc., Washington, D.C. Office

1120 Connecticut Avenue, N.W., Suite 416, Washington, DC 20036, U.S.A.
Tel: 1-(202) 457-0284
Fax: 1-(202) 457-0107

Heartland Lysine, Inc.

8430 West Bryn Mawr Avenue, Suite 650, Chicago, IL 60631, U.S.A.
Tel: 1-(773) 380-7000
Fax: 1-(773) 380-7006

Heartland Lysine, Inc., Plant

Heartland Drive, Eddyville, IA 52553, U.S.A.
Tel: 1-(515) 969-4551
Fax: 1-(515) 969-4717

Ajinomoto Frozen Foods U.S.A., Inc.

7124 N. Marine Drive, Portland, OR 97203, U.S.A.
Tel: 1-(503) 286-6548
Fax: 1-(503) 286-7089

VIETNAM

Ajinomoto Vietnam Co., Ltd.

Bien Hoa Industrial Zone, An Binh Village, Dong Nai Province, Socialist Republic of Viet Nam
Tel: 84-61-831289/831384
Fax: 84-61-831288

INVESTOR INFORMATION

Ajinomoto Co., Inc.

Established May 20, 1909

Number of Employees 22,373 (consolidated basis)
4,421 (non-consolidated basis)

Fiscal Year April 1 — March 31
Annual meeting held in June

Common Stock

Authorized: 1,000,000,000 shares

Issued: 649,445,034 shares

Paid-in Capital: ¥79,836 million

Listings: The Tokyo Stock Exchange and the five other domestic stock exchanges (Ticker Code: 2802)

Transfer Agent: The Mitsubishi Trust and Banking Corporation

Independent Auditor: Century Ota Showa & Co. (new company name as of April 1, 2000)

Major Shareholders

Name of Shareholders	Thousands of Shares
The Dai-Ichi Mutual Life Insurance Company	39,504
Nippon Life Insurance Company	39,472
The Bank of Tokyo-Mitsubishi, Ltd.	32,444
The Mitsubishi Trust & Banking Corp.	29,504
The Dai-Ichi Kangyo Bank, Ltd.	27,396
Fukoku Mutual Life Insurance Company	17,351
Meiji Life Insurance Company	16,151
The Yasuda Fire And Marine Insurance Company, Limited	15,809
The Nippon Fire And Marine Insurance Company, Limited	15,259
The Sumitomo Trust and Banking Company, Limited	15,097

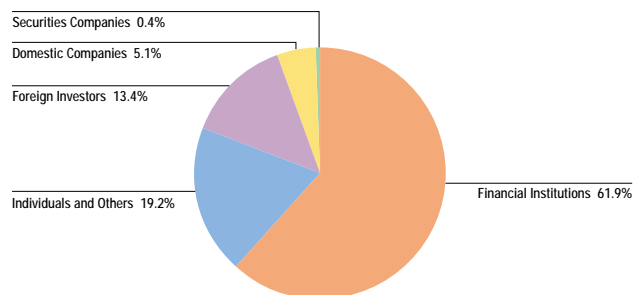
Offices

Head Office: 15-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-8315, Japan
Tel: 81 (3) 5250-8111
Fax: 81 (3) 5250-8293
URL: <http://www.ajinomoto.com/>

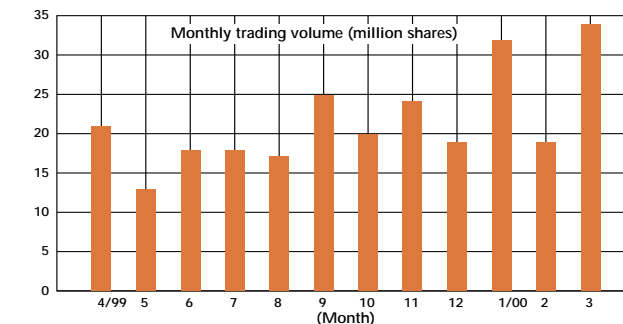
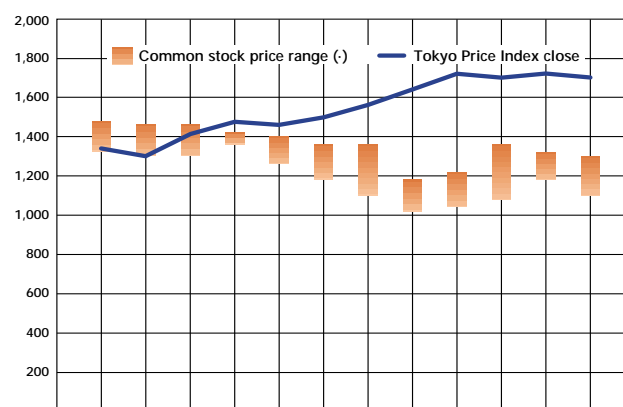
Domestic Offices: 10 branch offices (Tokyo, Osaka, Fukuoka, Nagoya, Sapporo, Chugoku, Tohoku, Kanto, Shikoku, Hokuriku), Sales Logistics Center, and 17 sales offices

Investor Relations Securities analysts and investment professionals should direct inquiries to:
Investor Relations
15-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-8315, Japan
Tel: 81 (3) 5250-8291
Fax: 81 (3) 5250-8378

Distribution of Shareholders



Monthly Stock Price Range (TSE)



(as of March 31, 2000)

AJINOMOTO

15-1, Kyobashi 1-chome, Chuo-ku, Tokyo 104-8315, Japan

Tel: 81 (3) 5250-8111 Fax: 81 (3) 5250-8293

URL: <http://www.ajinomoto.com/>

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