Annual Report 2002

For the year ended March 31, 2002

Objectives Achieved:
New Benchmarks for Growth

A taste of the future.
AJINOMOTO

Profile

Corporate Philosophy

Our philosophy is to contribute to significant advances in food and health on a global basis and ultimately to create a better life for all. We emphasize leadership, innovation and foresight in providing safe and reliable products of the highest quality. Staunchly committed to environmental preservation, Ajinomoto is also globally active in promoting better health and nutrition and in education and disaster assistance programs.

Clearly Defined Strategies for Growth

Ajinomoto has begun a new three-year management plan designed to promote further development as a truly global corporation. The plan encompasses five key areas: expanding business in growth sectors, shifting toward a high-earnings structure, strengthening corporate governance, nurturing personnel capable of working in the global arena, and operating in harmony with society as a good corporate citizen. Our objectives under the new three-year management plan, which will be completed in March 2005, include sales of ¥1.1 trillion, operating income of ¥75 billion, net income of ¥45 billion and return on equity of at least 10 percent.

The Ajinomoto Way

Ajinomoto has numerous number one and strong number two brands in its chosen markets, both in Japan and around the world. Programs to concentrate resources in selected core markets implemented under our recently accomplished management plan will support our brands, while our technological expertise is a core strength with which we can differentiate existing products and develop new ones. Ajinomoto's 106 factories in 15 countries and regions including Japan support operations that span 22 countries and regions. We will continue to grow by emphasizing the Ajinomoto Way: developing the people, products and strategies required to differentiate Ajinomoto from competitors and provide the means to succeed in global markets.

Contents

Forward-Looking Statements

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

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

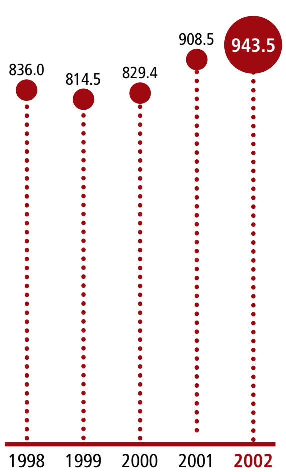
Financial Highlights

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

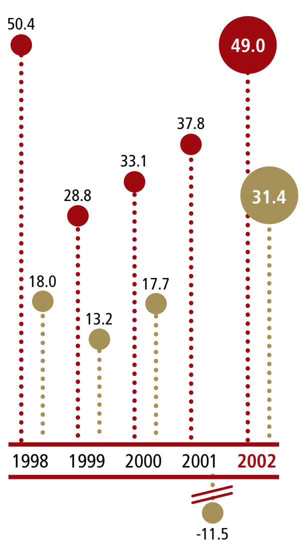
	Millions of yen		Thousands of U.S. dollars	Percent change
	2002	2001	**2002**	**2002**/2001
For the year:				
Net sales	**¥943,540**	¥908,528	**$7,094,286**	3.9%
Gross profit	**263,536**	242,672	**1,981,474**	8.6
Operating income	**49,015**	37,805	**368,534**	29.7
Income (loss) before income taxes and minority interests	**58,464**	(12,995)	**439,579**	—
Net income (loss)	**31,442**	(11,547)	**236,406**	—
At year-end:				
Shareholders' equity	**¥381,017**	¥361,771	**$2,864,789**	5.3%
Total assets	**840,152**	828,945	**6,316,932**	1.4
Per share (yen and U.S. dollars)				
Net income (loss)	**¥ 48.4**	¥ (17.8)	**$ 0.36**	—
Shareholders' equity	**586.3**	556.6	**4.41**	5.3%
Cash dividends	**10.0**	10.0	**0.08**	0.0

Notes: 1. U.S. dollar amounts represent translations of yen, for convenience only, at ¥133=US$1, the approximate rate prevailing on March 31, 2002.
2. In connection with the implementation of new accounting standards for retirement benefits in Japan, Ajinomoto opted to accrue ¥52.3 billion in net retirement benefit obligations as a one-time charge during the fiscal year ended March 31, 2001. As a result, the Company posted a loss before income taxes and minority interests, net loss and net loss per share, and return on equity was a negative number.

Net Sales
(Billions of yen)

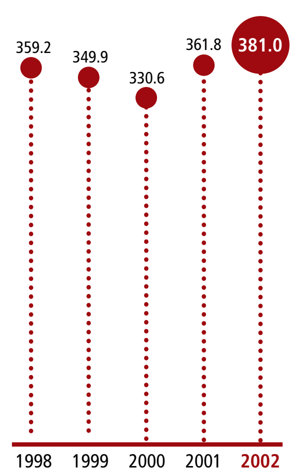


Operating Income/ Net Income (Loss)
(Billions of yen)

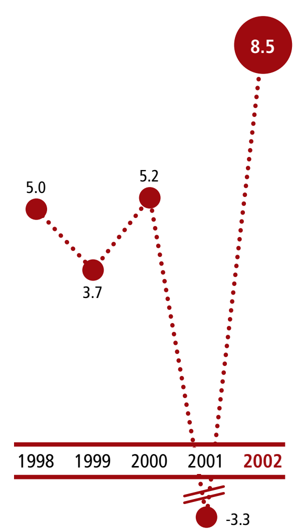


■ Operating Income
■ Net Income (Loss)

Shareholders' Equity
(Billions of yen)



Return on Equity
(%)



Kunio Egashira, President

To Our Shareholders

Over the past three fiscal years, Ajinomoto executed a management plan designed to solidify the Company's position as a global corporation in food and amino acid products. I am proud to report to shareholders that your company achieved almost all of the plan's objectives.

During fiscal 2001, ended March 31, 2002, a global economic slowdown was exacerbated by the terrorist attacks on the United States, while the economic recession in Japan worsened due to deflation and continued weakness in consumer spending. The operating environment in the domestic food market, Ajinomoto's main business area, remained challenging as this market's maturity and the diversification of consumer tastes have led to increasingly stringent competition. Our drive under the recently accomplished management plan to reduce costs and improve global business development capabilities, however, resulted in gains in both sales and income for the fiscal year. Consolidated net sales increased 3.9 percent to ¥943.5 billion, and operating income expanded 29.7 percent to ¥49.0 billion. Net income totaled ¥31.4 billion, a gain of ¥42.9 billion compared to the net loss of the previous fiscal year that resulted from a one-time charge to income due to the implementation of new accounting standards for retirement benefits. Return on equity (ROE) was 8.5 percent for the fiscal year. The cash dividend for the year was ¥10.0 per share.

PROGRESS IN FISCAL 2001

Over the three years since Ajinomoto set goals under its management plan that ended in March 2002, our operating environment deteriorated rapidly due to factors such as the economic recession and deflation in Japan, slow growth worldwide and intensifying global competition. Consequently, Ajinomoto just missed achieving its target of sales of ¥1 trillion, but the Company achieved its targets of net income of ¥30.0 billion and ROE of at least 6.0 percent despite these factors.

Ajinomoto was also successful in implementing the five main initiatives of the recently accomplished management plan: improving consolidated management; strengthening our brands; establishing world-leading cost competitiveness; enhancing our R&D system; and contributing to society. As discussed in last year's annual report, Ajinomoto has made outstanding progress in consolidating Group operations and logistics for greater efficiency, restructuring and strengthening the domestic food business, and aggressively executing acquisitions and alliances.

The World Number 1 Network (WIN) plan continued to reduce costs, particularly in our global amino acids and nucleotides businesses. At the same time, Ajinomoto prepared to meet growing demand and expand market share through carefully targeted investments in production capacity for monosodium glutamate in Brazil, nucleotides in Thailand, feed-grade Lysine in the United States, Italy and Thailand, and feed-grade Threonine in the United States and France.

We also worked to expand our participation in global food products markets and build a foundation for further growth, exemplified by the creation of SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. in China in cooperation with House Foods Corporation of Japan. The new company will meet the needs of the high-potential Chinese market, with a focus on production and marketing of retort pouch meals such as curry-based products.

In our pharmaceuticals business, we concluded an agreement to license development, production and marketing rights for an anti-cancer agent in Ajinomoto's R&D pipeline to global pharmaceutical industry leader Aventis Pharma S.A. In addition, we obtained approval to manufacture a treatment for osteoporosis that we have developed jointly with Aventis Pharma Ltd. and Takeda Chemical Industries, Ltd. Our progress in working with strong partners has strengthened Ajinomoto's foundation for achieving its objectives in building its pharmaceuticals business.

A NEW THREE-YEAR MANAGEMENT PLAN BEGINS

Throughout the Ajinomoto Group, our people are enthusiastically embracing change and working toward our shared objectives. We intend to increase our momentum under our new three-year management plan. By the end of fiscal 2004 in March 2005, Ajinomoto has targeted net sales of ¥1.1 trillion, operating income of ¥75 billion, net income of ¥45 billion and ROE of at least 10 percent. These are ambitious targets, and we intend to achieve them through the following five management strategies.

• Expanding business in growth sectors

The global nutritional health business is growing. It will be a primary area of focus, and programs are under way throughout the Ajinomoto Group to create products for this market segment. The retail food markets of Southeast Asia, Central and South America and China offer Ajinomoto excellent potential, and in our global bulk ingredients business, we will further reinforce our strong number one position through capacity expansion, optimum plant location and continued cost reductions. In the pharmaceuticals business, we will strengthen our programs covering clinical nutrition, gastrointestinal diseases and lifestyle-related diseases such as diabetes, while building on alliances with global pharmaceutical leaders. Ajinomoto has also created a team to aggressively investigate acquisitions and alliances that will help the Company expand operations in growth sectors.

• Shifting toward a high-earnings structure

We will continue to focus on the themes of selection, concentration and expansion in strengthening our domestic food business. Key initiatives include concentrating resources on brands with number one or strong number two market shares and further reducing costs. We also intend to restructure the Corporate Division into a small, select group to contribute to improved profitability.

• Strengthening corporate governance

The implementation of our internal company system as of April 1, 2002 builds on the progress we have made in consolidating Group operations and building critical mass. Ajinomoto is now structured as three internal companies, one company that has been spun off, four business tie-ups, subsidiaries and affiliates and the

Corporate Division. The new internal companies are vertically integrated to facilitate decision making, allocate capital and responsibilities more effectively, and support Ajinomoto's total returns.

• Nurturing personnel capable of working in the global arena

Ajinomoto needs employees who are able to succeed globally, and we intend to make employees even better able to maximize their potential — and their contribution. We plan to harness our corporate culture more closely to merit, and create the flexibility necessary to support the achievement of our goals. Moreover, we plan to construct a training center where we will train and develop personnel on a Groupwide basis both domestically and overseas, while disseminating the "Ajinomoto Way" policy throughout the Group.

• Operating in harmony with society as a good corporate citizen

In response to incidents involving food quality at Japanese manufacturers and the worldwide problem of bovine spongiform encephalopathy (BSE), Ajinomoto has strengthened its intragroup auditing functions, and is further improving upon its thorough, high-level quality standards. The Company is also responding to environmental issues under its exhaustive, global environmental protection standards. Ajinomoto supports a wide range of activities ranging from research into food culture to promoting better health and education. A commitment to broadly based contribution to the communities we serve in regions worldwide permeates the attitudes and philosophy of the Ajinomoto Group.

THREE-YEAR OUTLOOK: INCREASE OUR MOMENTUM

Ajinomoto's brands are one of the Company's greatest strengths. Over the past three years, we measurably strengthened both our corporate and individual brands, and intend to continue doing so. Our corporate brand strategy has added the theme of amino acids to our "From the field, *AJI-NO-MOTO"* campaign. New product *Amino Vital* has become a major hit because of effective communication that created strong awareness of the goodness of amino acids among consumers. Our efforts to further build the *Amino Vital* brand should therefore benefit from the consistent implementation of our corporate brand strategy.

The management plan we have just accomplished brought Ajinomoto to the threshold of being a truly global company. We believe that being a global company means more than simply having operating bases around the world or a certain level of sales and earnings. We must also be a unique and distinctive company trusted by people around the world, and consider the following to be essential for us to become such a company:

- Products loved by people worldwide
- An Ajinomoto brand that assures reliability and safety
- Creative and individual personnel who take an active role in the global arena
- Innovative technologies with a primary focus on amino acids derived from the field of life science

I firmly believe that the Ajinomoto Group can become a truly global company by achieving the goals contained in our new three-year management plan.

Until now, the Japanese food industry has been relatively uninvolved in global competition, and so has been slow to develop a global perspective. Yet this industry has recently begun to be affected by globalization, and has therefore gradually become more internationally aware. I believe that only companies that can create high-value-added products based on technology will survive, and that all of us at Ajinomoto must use our unique strengths to deliver value to the peoples of the world. The goals of our new three-year management plan are designed to increase corporate value, and we are devoting maximum effort to meeting the expectations of our shareholders.

July 2002

Kunio Egashira

Kunio Egashira
President

New Benchmarks for Growth

1

Expanding Business in Growth Sectors

2

Shifting toward a High-Earnings Structure

3

Strengthening Corporate Governance

4

Nurturing Personnel Capable of Working in the Global Arena

5

Operating in Harmony with Society as a Good Corporate Citizen

1

New Benchmarks for Growth:

Expanding Business in Growth Sectors

Strategic Overview:

- Aggressively expand in the nutritional health-related food market.
- Increase presence in high-potential retail markets overseas.
- Build on global leadership in bulk ingredients.
- Expand pharmaceutical business through R&D and alliances.

In developing *Kenko Sarara*, Ajinomoto conducted applications research concurrently with basic research to make sure the product would meet consumer requirements.

Nutritional Health-Related Food Products Are Growth Drivers

The overall retail market for nutritional health-related food products in Japan is estimated at ¥4 trillion. Within it, the retail market for products that carry the Ministry of Health, Labour and Welfare designation "Food for Specified Health Use" is estimated at ¥400 billion. During the course of the new three-year management plan, Ajinomoto expects to capture a significant share of this market with functional foods. *Amino Vital* sports supplement and *Kenko Sarara* cooking oil are representative of successful new products we have introduced in the nutritional health-related food market and we are aggressively developing additional products to complement them.

Amino Vital: A Brand Built on Science

Amino Vital, a scientifically engineered amino acid-based sports supplement, exemplifies Ajinomoto's approach in the nutritional health-related food product segment. Our brands in this market are built around science, rather than image. Using the scientific approach to promote consumers' understanding of the benefits of amino acids has resulted in swift consumer acceptance, with sales of *Amino Vital* expanding approximately 70 percent during fiscal 2001.

New varieties of hit product *Amino Vital* and the development of new distribution channels are projected to drive solid sales growth for this scientifically engineered sports supplement drink.

During fiscal 2002, Ajinomoto has targeted additional growth of 40 to 50 percent in sales of *Amino Vital*. In support of this objective, we will introduce new varieties and expand distribution channels. The existing drugstore channel has proven very effective, and will remain a primary conduit. Ajinomoto will also devote additional effort to sales at sports and health clubs. Supermarkets and convenience stores present excellent potential as a means of broadening *Amino Vital*'s customer base. Ajinomoto is carefully preparing to market *Amino Vital* in these channels using methods that deepen understanding among general consumers, thus emphasizing the scientific background of this exciting product.

Kenko Sarara Cooking Oil Poised for Growth

Kenko Sarara, an edible oil that substantially reduces cholesterol deposits, received designation as a "Food for Specified Health Use" from the Ministry of Health, Labour and Welfare in December 2001. The Japanese market for healthy oils is estimated at ¥19 billion in fiscal 2001, and Ajinomoto expects to generate sales of ¥2.5 billion of this product in fiscal 2002.

Kenko Sarara has moved quickly from laboratory concept to commercialization, exemplifying Ajinomoto's drive to accelerate time to market. Applications development took place even while basic research was still in progress to ensure strong market linkage.

A Framework to Support Expansion

The creation of the Health Services Development Department in March 2002 will support achievement of our objectives by promoting the development and effective management of

Science and new ideas drive health-related product development.

The Health Services Development Department and the Research Institute for Health Fundamentals will work with Ajinomoto's internal and Group companies as well as outside organizations to support rapid development of new health-related products. These organizations will help ensure that Ajinomoto creates new, interdisciplinary product concepts based on thorough science that will excite consumer interest.

nutritional health-related brands. Established within the Corporate Division, the department will work with Group companies to create new materials and products based on a clear scientific foundation, thus strengthening Ajinomoto's overall presence in nutritional health-related segments.

Created in 2000, The Nutritional Health Science Research Project Department was reorganized into the Research Institute for Health Fundamentals and became part of Ajinomoto's Corporate Laboratories in March 2002. It will serve as the Group's primary research organization in the field of nutritional health-related products. Its staff plays a key role in generating product ideas by undertaking applications research in cooperation with Ajinomoto's internal and Group companies and outside organizations.

Ajinomoto aims to generate new health-related products every year. Dietary approaches to good health and appropriate responses to changes in the body over the life cycle are key development themes in working to develop popular products.

Growing Presence in Retail Markets outside Japan

The market for food products in Japan is mature, making growth challenging. Ajinomoto is therefore expanding the presence of its powerful food product brands in high-potential markets outside Japan, with emphasis on Southeast Asia, Central and South America, and China. Moreover, during the new three-year management plan Ajinomoto will strengthen its regional product development capabilities to support increased sales in target regions. This effort will be particularly important in determining the best processed food product candidates for each region.

Ajinomoto has a potent brand lineup in Southeast Asia, anchored by *AJI-NO-MOTO*. With a solid presence in Southeast Asian food and seasoning mix markets as well, Ajinomoto is well positioned to succeed in broadening its product offerings and increasing market penetration. Channel development and building on our strong brand awareness among consumers will be core themes.

Central and South America offer solid potential. Having built *AJI-NO-MOTO* into a respected brand in this region, Ajinomoto has targeted products such as seasoning mixes and aspartame as core growth drivers, and is also further strengthening its number one position in the instant noodle market of Brazil.

In China, Ajinomoto's overall objective is to build strong food product brands that are well suited to the sensibilities of the Chinese market. A larger share for *AJI-NO-MOTO* flavor enhancer in the umami seasoning market is a priority. Seasoning mixes represent another segment in which Ajinomoto intends to expand sales, and we will also promote diversification into the retort pouch curry market through an alliance with House Foods Corporation of Japan.

STRATEGIES IN ACTION

Establishment of SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. strengthens the Company's position in China.

SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. will begin production of retort food products for the Chinese market around the end of 2002, with an emphasis on high-quality, convenient retort curry products.

Aggressively Generating Growth in Global Bulk Ingredients

Ajinomoto is a global leader in bulk ingredients, including feed-use amino acids, monosodium glutamate (MSG), nucleotides and pharmaceutical-use amino acids. Under the new three-year management plan, we are focusing on re-orienting and expanding existing plants and equipment to manufacture the most profitable products with optimum efficiency. We are also emphasizing efficiency gains in sales organizations.

• *Expansion in the Growing Feed-Use Amino Acid Market*

The feed-use amino acid market is expected to grow strongly in coming years, but the intense competition among manufacturers makes cost competitiveness an essential factor in maintaining market share. Ajinomoto bases its continuous efforts to reduce costs on its superior fermentation and production technologies. As a result, in 2001 we were successful in reducing production costs of feed-grade Lysine to 43 percent of 1985 levels.

Feed-use Lysine is a 600,000-ton annual market of which Ajinomoto currently holds a 35 percent share. We expect this market to expand 7 to 8 percent annually to reach 800,000 tons by 2005, and are investing to increase production capacity from the current level of 200,000 tons to 300,000 tons annually by fiscal 2005. Capacity expansion in the United States to increase production from 40,000 tons to 50,000 tons annually was completed in July 2002, while capacity expansion in Italy from 20,000 tons to 30,000 tons will be completed in January 2003. Another program to increase production in Thailand from 30,000 tons to 50,000 tons will be completed in early 2003, rounding out Ajinomoto's ability to stably meet growing demand.

In the feed-use Threonine market, AJINOMOTO EUROLYSINE S.A.S. currently has production capacity of 19,000 tons annually and a market share of 60 percent. Completed in June 2002, our new feed-grade Threonine plant at Ajinomoto Heartland, Inc. in the United States is an integral part of our program of increasing the Group's total production capacity to 45,000 tons annually and raising market share to 70 percent.

Feed-use Tryptophan, the newest addition to our feed-use amino acid portfolio, is a rapidly growing market. With the goal of building a 70 percent market share, we intend to raise production to 1,500 tons annually by 2005.

• *Growth in Core Products MSG and Nucleotides*

The creator of the 1.5-million-ton MSG market, Ajinomoto now holds a global market share of 30 percent with annual sales of approximately 450,000 tons. Moreover, excluding the Chinese market, Ajinomoto controls a 48 percent global market share. Projecting annual market growth in the 3 percent range, Ajinomoto is strengthening its operating base in this market by

Capacity Expansion to Meet Global Demand Growth in Core Markets

Moving to cost-competitively meet growth in worldwide demand for nucleotides used in seasonings, Ajinomoto is expanding capacity by constructing a nucleotide plant in Thailand. Existing capacity for feed-grade Lysine is also being increased.

Tightly focused pharmaceutical research generates new opportunities for growth.

Ajinomoto is leveraging its strengths in amino acid technology to develop a distinctive pharmaceutical business, with a focus on post-genomic research to analyze the functions of proteins linked to development of new drugs. These activities both support the creation of new products and make the Company an attractive alliance partner for leading global pharmaceutical companies.

further integration for efficiency and even greater emphasis on quality. In the closely related nucleotides market, Ajinomoto holds a leading share and is working to complete a new plant in Thailand by 2003 with annual production capacity of 3,000 tons.

- ***Realizing Additional Opportunities for Expansion***

The market for pharmaceutical-use amino acids is expanding at about 3 percent annually. Ajinomoto manufactures 20 varieties at eight locations globally, and holds a leading market share of 60 percent.

Ajinomoto has built a strong number two position in the global aspartame sweetener market, with a share of 40 percent. Supported by the creation of a strong European operating base through acquisitions and consolidation, Ajinomoto is working to take the number one position in this strategic business area. Ajinomoto supplies aspartame to manufacturers in the beverage, candy and other markets, and products containing aspartame are available in more than 120 countries. Under the new three-year management plan, Ajinomoto will continue to support this business through cost-reduction and streamlining programs.

Pharmaceuticals Fit Ajinomoto's Skills Portfolio

The pharmaceutical business is well suited to Ajinomoto's strengths in amino acid technology. We are emphasizing amino-acid-related approaches to maintaining health, and strengthening overall efforts in the areas of clinical nutrition, gastrointestinal diseases and lifestyle-related diseases such as diabetes.

Ajinomoto complements its own research and development with alliances with leading companies in the pharmaceutical business, including a marketing agreement with Novartis Pharma AG covering the antidiabetic agent nateglinide. Ajinomoto also cooperates with Novartis Consumer Health S.A., and in January 2002, concluded an exclusive license to manufacture and market a leading critical care and immune system-enhancing nutrition product, *Impact*, in Japan. Sales began in July 2002 following studies to collect evidence of *Impact*'s ability to reduce risk of infection and shorten hospital stays.

Joint development with Takeda Chemical Industries, Ltd. and Aventis Pharma Ltd. has also yielded results. In January 2002, both Takeda and Ajinomoto received approval from the Ministry of Health, Labour and Welfare of Japan to manufacture risedronate sodium hydrate, an osteoporosis treatment. Ajinomoto supplies the product to Aventis Pharma for sale under the brand name *Actonel*.

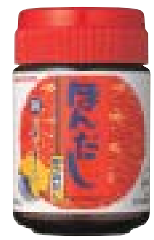
2

New Benchmarks for Growth:

Shifting toward a High-Earnings Structure

Strategic Overview:

- Further reduce the cost structure of domestic food operations.
- Capture the full benefit of newly created economies of scale.
- Centralize and streamline corporate administration.
- Raise the strength of powerful Ajinomoto brands.



***Hon-Dashi*, a leading brand in Japan for more than 30 years, remains the top brand in its category and has benefited strongly from Ajinomoto's success at reinforcing communication with consumers.**

Continuous Improvement in Operating Profitability

The domestic food products market is mature and consumer tastes and needs have become highly diverse, resulting in heightened competition. Ajinomoto has therefore implemented a comprehensive program to improve operating profitability in its existing food products businesses with the goal of maintaining leadership in its chosen market segments.

Maximizing the Benefits of Cost Reductions

Ajinomoto's ongoing program of reducing the cost of nucleotides and amino acids has generated significant gains in competitiveness in each of its global bulk ingredients businesses. Moreover, the program has raised the competitiveness of retail consumer brands, such as *Hon-Dashi* and *Cook Do*, that use them as ingredients. Logistics has been another core focus in reducing costs. Distribution companies work in conjunction to consolidate shipments to obtain the maximum volume discounts, and are using the same systems when advantageous to do so.

The highest levels of quality, however, are essential to maintaining strong brands. Ajinomoto has therefore been careful not to implement cost reductions that reduce quality. Moreover, Ajinomoto will continue to invest to expand businesses in areas where its technological strengths give it a strong competitive advantage, and will use acquisitions and alliances when favorable.

A Focused, Effective Presence in Seasonings and Foods

The consolidation of related domestic operations into the Seasonings and Food Products Company will allow Ajinomoto to build on the popularity and market share of its many number one brands, which include *AJI-NO-MOTO*, *Hon-Dashi*, *Cook Do* and *Knorr* soups. Enhanced synergy among seasoning and processed food production and marketing operations in areas such as gifts and institutional segments will be another beneficial result of concentration. We also expect consolidation to yield manufacturing efficiencies that will support the competitiveness of our brands in the marketplace.

Externally, consistent and effective communication with customers is critical to maintaining a solid position in the seasonings and food markets we serve. Continuing corporate advertising campaigns since the 1999 introduction of Ajinomoto's new logo and slogan are helping to reinforce a consistent brand image among Group companies.

A Force in Frozen Foods

In October 2000, Ajinomoto Fresh Foods Co., Ltd. and the Company's frozen food-related divisions were consolidated to form Ajinomoto Frozen Foods Co., Inc., thus vertically integrating all stages of frozen foods operations from development to production and marketing. Frozen foods is a challenging market, but Ajinomoto plans to reduce costs through several management initiatives such as increasing overseas procurement. As in the edible oils business discussed below, the

Greater administrative efficiency supports cost competitiveness.

The Personnel Affairs Service Center, created in July 2001, unifies salary administration, employee training, and personnel system administration for the Ajinomoto Group. Representative of the success of Ajinomoto's strategic focus on concentrating and streamlining operations, the Center is contributing to reduced costs and heightened efficiency.

domestic frozen food market as a whole is consolidating, and Ajinomoto is now prepared to emerge as one of its leaders.

Critical Mass in the Edible Oils Business

The Japanese market for edible oils is consolidating because there are too many producers given the market size. This understanding formed the rationale for the April 2002 formation of a joint holding company by Ajinomoto Oil Mills Co., Inc. and HONEN Corporation covering each company's edible oils business. In addition, Yoshihara Oil Mill, Ltd. will join the holding company in April 2003, thus creating Japan's largest producer of cooking oil, with a 30 percent share of the domestic market. The joint holding company will raise operating efficiency by eliminating resource duplication in production, logistics and sales, and will reduce personnel by approximately 20 percent. Production lines will be reoriented to specific products to raise operating rates and economies of scale.

Organizational Changes Strengthen Profitability

Selection and concentration of administrative functions are also supporting improved earnings throughout the Ajinomoto Group. Accounting systems have been unified through the Group information system and centralized at the Accounting Service Center in Kawasaki, Japan. A corporate function, Ajinomoto's accounting activities undergo a continuous improvement process to ensure proper financial controls throughout the Group as operations evolve. In addition, the implementation of an enterprise resource planning (ERP) system is under consideration. Ajinomoto is also serving shareholder interests by further strengthening its ability to ensure regulatory compliance.

Treasury management is another area in which corporate management will maintain control over Group functions for greater efficiency and clarity. Ajinomoto Treasury Management, Inc. was established in July 2000 to make best use of the parent company's financial strength in support of subsidiaries and affiliates. Internal loans and cash pooling are key areas of focus, and foreign exchange control is being added in support of Ajinomoto's drive to expand internationally. A new treasury management system that improves financial risk management worldwide is now being developed.

STRATEGIES IN ACTION

HONEN AJINOMOTO OIL MILLS, INC. supports expansion in the edible oils market.

The agreement to integrate the edible oils operations of Ajinomoto and HONEN Corporation will help the two companies counter the maturity of the Japanese market while strengthening product development, streamlining production and distribution, and enhancing sales capabilities.

3

New Benchmarks for Growth:

Strengthening Corporate Governance

Strategic Overview:

- **Manage R&D, production, marketing and sales vertically under an internal company system.**
- **Speed decision-making and responsiveness by clarifying responsibility and authority.**
- **Balance operating independence and central control.**

Internal Company System Will Support Performance

Along with the introduction of an internal company system in April 2002, the Company organization underwent a transition to a structure comprising three internal companies, one company that has been spun off, four business tie-ups, subsidiaries and affiliates and the Corporate Division. This new structure will vertically integrate R&D, production, marketing and sales resources by business to enhance efficiency and focus, giving each business the tools it will need to succeed. At the same time, vertical integration is expected to improve accountability and support Ajinomoto's drive to increase return on equity.

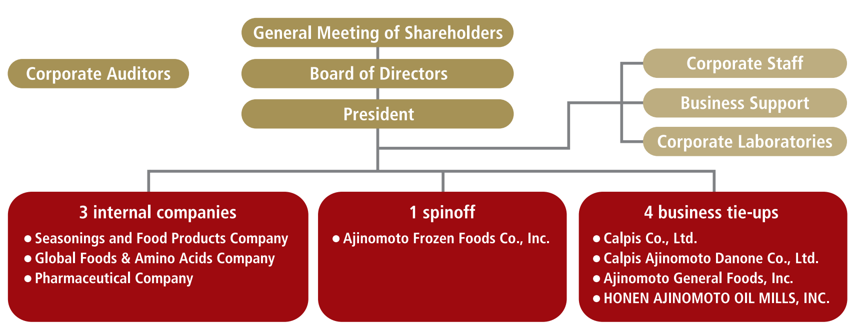
Ajinomoto's new organization will have a strongly beneficial effect on returns on capital. Each company will have responsibility for its financial performance, with the result that each company will have a clearly defined interest in managing its capital effectively. The Corporate Division will be available to support the operations of each company, but will bill for services rendered. Thus each company will carefully consider its requirements for support services, while the Corporate Division will be required to provide services of the highest levels of quality and effectiveness. The result will be elimination of duplicated effort and decreased costs. In April 2003, the Corporate Division is scheduled to undergo an additional reorganization to reduce personnel and further clarify its support roles.

Strong Corporate Governance

Ajinomoto's internal company system has been designed to achieve a good balance between operating independence and central control of issues that are fundamental to sound corporate governance. Strategic brand building will remain a primary corporate responsibility, while each internal company will take responsibility for brand strategies for its own products. Managing return on equity (ROE) will be a corporate responsibility, while internal companies will be responsible for increasing the efficiency with which they deploy assets as measured by return on assets, which will in turn improve Group ROE.

Accelerated decisions and greater managerial accountability are essential to the success of the internal company system. In response to changes in the Commercial Code of Japan, Ajinomoto is evaluating the most appropriate structure for its board of directors. The Company is also evaluating measures to reinforce its corporate auditor system.

Introduction of an Internal Company System



4

New Benchmarks for Growth:

Nurturing Personnel Capable of Working in the Global Arena

Strategic Overview:

- **Emphasize performance over seniority in assignments and compensation.**
- **Use training to give employees skills necessary for global success.**
- **Diversify management to enhance global competitiveness.**

Ajinomoto requires employees who are able to succeed internationally if the Group is to meet its performance objectives. We have therefore implemented a new personnel system designed to move away from the conventional Japanese seniority-based system toward a greater emphasis on performance. We believe that this approach will permit Ajinomoto to attract new, mid-career employees with desirable experience and skill sets, while also allowing us to better match skills to responsibilities in allocating assignments and in implementing performance-based compensation systems.

Training is critical to the success of the new system, and to our global competitiveness. We need to support our performance-based system by giving people the tools they need, and are therefore planning to create a dedicated training center that will cover Group employees in Japan and overseas.

We also intend to increase representation of non-Japanese personnel in management positions. We believe that diversifying our management ranks further will enhance our ability to compete globally.

STRATEGIES IN ACTION

Management seminar series provides opportunities for professional development.

In September 2001, the fifth annual Ajinomoto International Management Seminar (AIMS) was held in Tokyo. AIMS gives in-market management personnel the opportunity to accelerate understanding of Ajinomoto and its business strategies, and the chance to network with Ajinomoto managers from around the world.

5

New Benchmarks for Growth:

Operating in Harmony with Society as a Good Corporate Citizen

Strategic Overview:

- **Broaden the scope of global corporate citizenship.**
- **Ensure the highest levels of quality and safety.**
- **Continually improve sound environmental performance.**
- **Promote our social responsibility activities principally in the areas of food and health.**

We are aware that what customers and stakeholders expect most from a food company is a reliable brand that they can trust. In order to strengthen its corporate governance and continue to fulfill its social responsibilities, Ajinomoto works to further improve quality assurance and deals proactively with environmental problems. Measures include Groupwide product quality and environmental audits. By publicizing its corporate stance and philosophy and contributing to society, Ajinomoto strives to promote better communication while enhancing its transparency and credibility with the public.

Comprehensive Implementation of Groupwide Quality Assurance

As consumer concerns about food companies rise to greater levels than ever before, quality assurance (QA) must be conducted on a global level for Ajinomoto to be a truly global company. The Ajinomoto System of Quality Assurance (ASQUA), based on the concepts outlined in the ISO standards, specifies the quality standards that all Group companies must follow, and their proper implementation will be constantly monitored by corporate management. These initiatives have been codified in the Ajinomoto Group Quality Policies established in October 2000.

Under the new three-year management plan, these standards and policies will be thoroughly implemented throughout the Ajinomoto Group to further strengthen product quality assurance. Specific targets and plans for achieving them will be decided at regular meetings of top management and managers directly responsible for QA. In addition, the Corporate Division will carry out annual product quality audits at all parts of the organization involved with QA. QA targets will be set for pharmaceuticals and amino acids, with the aim of compliance with good manufacturing practice (GMP) standards at all Group production bases by the end of March 2004.

Ajinomoto strives at all times to ensure a world-class level of QA in keeping with its aim of being a global corporation in food and amino acid products, with its beginnings in Japan.

Reconciling Environmental Preservation and Corporate Growth

Under the current three-year management plan, the Ajinomoto Group's environmental management system will be restructured to adapt to the new internal company system, so that every business area is involved in environmental preservation efforts. Measures will include strengthening environmental audits and environmental impact evaluations/assessments. Specifically, we have set the goal of obtaining ISO 14001 accreditation for the environmental management systems of approximately 70 major operating sites of the Ajinomoto Group worldwide by March 2005, including the Company's head office in fiscal 2002. As of April 1, 2002, twelve of the Group's facilities in Japan and overseas had obtained ISO 14001 accreditation.

Ajinomoto sponsors a program in Cambodia, implemented by the nonprofit Japan International Volunteer Center (JVC), that helps people with their household gardens in order to add vegetables and calories to their diet, therefore supporting both better nutrition and self-reliance.

In addition to strict, full compliance with all regulatory requirements, Ajinomoto has established its own voluntary standards for environmental activities. For example, the Company's self-imposed limit for dioxin emissions is one-tenth of the amount allowed by law in Japan.

The Ajinomoto Group is also dealing with issues such as conserving energy, using resources more effectively, preventing global warming, further reducing waste generation and disposal, and promoting effective utilization of by-products and wastes. Efforts in these areas at four of Ajinomoto's plants in Japan have resulted in reduction of unit energy consumption by 22 percent and reduction of CO_2 emissions by 14 percent, both compared to fiscal 1990 levels. In addition, the entire Ajinomoto Group in Japan has achieved a zero emissions* achievement ratio of 88 percent and a resource recovery ratio of 82 percent.

Through these initiatives, the Ajinomoto Group aims to realize its corporate philosophy, "to contribute to significant advances in food and health on a global basis and ultimately to create a better life for all," and to achieve sustainable development that reconciles environmental preservation and corporate growth.

Promotion of Improved Communications with Society as a Whole

As a company that is integrally involved with food and health, Ajinomoto has always placed strong emphasis on open communication with society and sound corporate citizenship. We intend to further deepen this commitment under the new management plan by heightening public awareness of our position and corporate philosophy.

Ajinomoto believes that its policies centered on sound regulatory compliance, transparency, health, safety and environmental preservation are sincere and beneficial forms of corporate citizenship that serve as concrete evidence of our commitment to society.

As one specific example of the Company's corporate citizenship activities, Ajinomoto published its second annual report on the Ajinomoto Group's environmental activities in autumn 2001. The report can also be accessed from the Company's homepage for easy reference. The scope of the report was widened and deepened to offer more detailed coverage.

In Japan, Ajinomoto has been cooperating with the Future Homemakers of Japan (FHJ) since 1975 in sponsoring the FHJ-Ajinomoto Home Project Contest for essays covering culture- and diet-related themes. The Ajinomoto Foundation for Dietary Culture supports research and disseminates a broad array of dietary information. Ajinomoto also participates in a service that delivers meals to senior citizens.

Overseas, the activities of the Thai Ajinomoto Foundation have included donations to elementary schools to cover rebuilding expenses, and support for gifts of artificial limbs for the needy. In Indonesia, Ajinomoto's activities have included scholarships for graduate students at each of Indonesia's 23 universities. In Brazil, the Instituto Assistencial Ajinomoto (IAA) donates medical equipment and carrier vehicles to local medical organizations. Social contributions in Peru have included gifts to cover new school construction. In the Philippines, Ajinomoto provides joint support with the Japanese Organization for International Cooperation in Family Planning (JOICFP) for a project administered by Batangas Province to improve reproductive health and nutritional status at the household level.

*Zero emissions: To eliminate the outsourcing of waste disposal to an external waste-processing dealer.

Ajinomoto supports FHJ group visit to New Zealand.

A long-time sponsor of the Future Homemakers of Japan, Ajinomoto also supported the opportunity for members to travel to New Zealand in 2001. A group took part in an international exchange program with high school students there, to expand their horizons.

Ajinomoto at a Glance

Food Products

SEASONINGS

OVERVIEW:

In the 93 years since its establishment, Ajinomoto's seasonings business has grown from *AJI-NO-MOTO* (monosodium glutamate), the world's first umami seasoning, to encompass core products such as basic seasonings *Hi-Me*, *Aji-Shio* and *Seto no Honjio*, the *Hon-Dashi* series of Japanese seasoning mixes, and retort pouch products such as *Cook Do* and *Gohan Ga Susumu Kun*. These brands are well known for their safety and reliability. Ajinomoto responds to diverse consumer needs through proactive product development, and continues its emphasis on the restaurant market.

STRENGTHS:

• Leading brand in the household and commercial markets in the categories of umami seasonings and seasoning mixes for Japanese and Chinese dishes.
• Solidifying leadership in the area of liquid Japanese seasonings for the commercial market.

EDIBLE OILS

OVERVIEW:

In April 2001, Ajinomoto's edible oil operations were spun off and consolidated into Ajinomoto Oil Mills Co., Inc. To establish a solid presence in the cooking oil industry and strengthen the competitiveness of its operations, the company's management was integrated with HONEN Corporation in April 2002 through a joint stock holding company, HONEN AJINOMOTO OIL MILLS, INC. Moreover, a strategic alliance was formed between HONEN AJINOMOTO OIL MILLS, INC. and Yoshihara Oil Mill, Ltd.

STRENGTHS:

• Household market: *Kenko Sarara* extremely well received for ability to block absorption of cholesterol, became first product from an edible oil manufacturer to be certified as Food for Specified Health Use.
• Commercial market: Support for developing products with quality and functions required by commercial market. Acclaimed for innovative new ideas.

PROCESSED FOODS

OVERVIEW:

Ajinomoto's processed food business encompasses soups, consommé and mayonnaise. The *Knorr* brand has led the Japanese soup market since its introduction 39 years ago. Popular products include breakfast favorite *Knorr Cup Soup. Ajinomoto kk Consommé* has occupied an important position in Japanese households for 40 years, not only as an essential ingredient in homemade soups, but also as a seasoning for a variety of dishes. In the mayonnaise segment, core product *Pure Select Mayonnaise* is complemented by healthy, low-calorie *Pure Select Half*. In the commercial market, Ajinomoto is expanding its product lineup of soups, mayonnaise, high-quality sauces and dressings, while entering new categories.

STRENGTHS:

• Household market: Working to enhance core product values of good taste and nutrition and communicate these qualities to customers. Market-leading *Knorr* soups have strong brand power. Mayonnaise products clearly differentiated by their high quality. Key ingredients manufactured by Ajinomoto Group members.
• Commercial market: Products differentiated on the basis of their ingredients. Product development system makes use of *Knorr* brand assets and an expanded global network. Organized to provide products quickly and reliably to commercial users.

FROZEN FOODS

OVERVIEW:

Ajinomoto Frozen Foods Co., Inc., created in October 2000 through the consolidation of Ajinomoto Fresh Foods Co., Ltd. with Ajinomoto's frozen food-related divisions, is a full-function company that encompasses product development, production and marketing. In the year and a half since its establishment, Ajinomoto Frozen Foods has made substantial progress toward its objectives of improving the speed of management decision-making and product development while strengthening cost competitiveness. In addition, the company is developing its global operations at its five overseas production bases – two in Thailand, two in China and one in the U.S. – from which it supplies high-quality and economical products using carefully selected ingredients.

2002 marks the 30th anniversary of the start of Ajinomoto's frozen food operations. The Company remains committed to earning the trust of consumers by continuing to emphasize product quality and reliability along with great taste.

STRENGTHS:

• Household market: Top brand for Chinese dishes such as dumplings, chicken products, pilaf and gratin products. Many long-selling products that have earned market support and customer trust.
• Commercial market: Top brand for homestyle vegetable dishes, in addition to core Chinese dumplings and rice dishes. Rapidly expanding sales in the growing market for chicken products. Support from commercial users for high-quality ingredients and superior production techniques established by analyzing chefs' skills.

BEVERAGES AND DAIRY PRODUCTS

OVERVIEW:

Ajinomoto's beverages and dairy product operations comprise Ajinomoto General Foods, Inc., which operates the coffee segment; Calpis Co., Ltd., which is responsible for the beverage business; and Calpis Ajinomoto Danone Co., Ltd., which handles dairy products. In each field, Ajinomoto pursues strong brand power and product development capabilities through a global network of alliances.

STRENGTHS:

• Ajinomoto General Foods, Inc.: Brand power and technology of Kraft Foods, Inc.
• Calpis Co., Ltd.: More than eighty years of experience in the market; proprietary milk fermentation technology; products that are delicious, healthy, reliable and economical.
• Calpis Ajinomoto Danone Co., Ltd.: Brand power and technology of the Danone Group.

INTERNATIONAL OPERATIONS

OVERVIEW:

Ajinomoto's international operations began more than 90 years ago, shortly after the Company's foundation, with the start of sales of *AJI-NO-MOTO. AJI-NO-MOTO* is now sold in more than 100 countries worldwide and is the leading brand in its category in most of those markets. Ajinomoto tailors product development to specific market tastes, and has developed solid positions in the seasoning mix markets in Thailand, Indonesia and Brazil. Ajinomoto has also been developing operations in the areas of instant noodles in Brazil, Thailand and Poland; frozen foods in North America; beverages in Thailand and Indonesia; and processed foods through joint ventures in six Southeast Asian countries and regions.

STRENGTHS:

• Number one brand identity in the global monosodium glutamate market.
• Experience in localizing management, sales and product development.
• Reputation for product quality and reliability.

Fine Chemicals

AMINOSCIENCE

OVERVIEW:

Focusing on amino acid-based products, the AminoScience business helps realize Ajinomoto's fundamental philosophy of contributing to better food, health and lifestyles. The business comprises the fields of amino acids, specialty chemicals, sweeteners, pharmaceutical intermediates and functional nutritional foods.

Amino Acids: Amino acids are used as ingredients for pharmaceuticals in the area of clinical nutrition, including infusions and enteral formulas. They are also used in food products such as supplements and flavorings, as well as cosmetics and pharmaceutical intermediates. Two key features of the amino acid business are its applications in diverse industries and its global scale. As the world's largest manufacturer of amino acids, Ajinomoto produces primarily the 20 basic amino acids in bulk at eight locations in Japan and overseas, and sells them all over the world. Ajinomoto also works to expand the market through activities such as research on the usefulness of amino acids and development of new materials and applications.

Specialty Chemicals: Ajinomoto develops amino acid-based cosmetic ingredients that are comfortable for human skin as well as environmentally friendly functional chemicals and electrochemicals.

Sweeteners: Changing diets and greater health-consciousness among consumers have helped to expand the market for amino acid-based sweetener aspartame worldwide.

Pharmaceutical Intermediates: Ajinomoto manufactures and supplies amino acid and nucleotide derivatives for use as intermediates in pharmaceuticals such as antiviral agents. Together with Belgian subsidiary S.A. OmniChem N.V., which has developed a specialized manufacturing process based on synthesis technology and possesses facilities equipped to handle difficult or sensitive chemical reactions, Ajinomoto engages in joint projects to manufacture optically active compounds for pharmaceutical intermediates.

Functional Nutritional Foods: Ajinomoto has expanded sales of the *Amino Vital* series, a line of nutritional supplements incorporating the physiological properties of amino acids, by actively introducing new products and promoting the benefits of amino acids to a wide group of people, from professional athletes to everyday consumers.

STRENGTHS:

• Original technology and cost competitiveness.

Amino Acids: Ability to provide a stable supply of high-quality amino acids and diversified technology for their use.

Specialty Chemicals:
Cosmetic and toiletry ingredients: Materials that are highly friendly to both human skin and the environment; excellent product reputation.
Electrochemicals: World's first film-type insulation material.

Sweeteners: Two aspartame production bases, in Japan and Europe; global cost competitiveness and superior quality.

Pharmaceutical Intermediates: Extensive product lineup and industry-leading capabilities in process research and development.

Functional Nutritional Foods: Product development with a firm scientific base.

PHARMACEUTICALS

OVERVIEW:

The Pharmaceuticals Business has repositioned its strategy to focus primarily on clinical nutrition and gastrointestinal and lifestyle-related diseases. Ajinomoto's tripolar R&D network in Japan, the United States and Europe works to create innovative drugs for the global market as well as clinical nutrition and gastrointestinal drugs for the Japanese market. The antidiabetic agent nateglinide, launched in Japan in 1999, became available in the U.S. and many European countries during 2001, and has been favorably received. In the clinical nutrition segment, by employing the concept of "Total Nutrition Care," Ajinomoto has gained a high market share for products that employ amino acid technology, such as infusions, enteral nutrition products, and drugs for hepatic and renal diseases.

STRENGTHS:

• Unique technology as the world's leading manufacturer of amino acid products.
• Superior strategy-building capabilities in areas of core competence.

FEED-USE AMINO ACIDS

OVERVIEW:

Since 1960, amino acids have been added to swine and poultry feed as a means of improving growth. These amino acids also reduce the cost and increase the efficiency of feed, while helping to save valuable natural protein resources and prevent livestock waste pollution. Ajinomoto commenced production of feed-grade Lysine in 1965.

Today, feed-use amino acids are a core business for Ajinomoto, which has become an industry leader with its global production and supply network. Ajinomoto's share of the 600,000-ton global market for feed-use Lysine is 35 percent. In addition, the Company supplies more than 60 percent of the rapidly growing market for feed-use Threonine, currently estimated at 33,000 tons per year. Ajinomoto is developing the market for feed-use Tryptophan as the third pillar of its feed-use amino acid product lineup, and has already gained a market share of more than 60 percent. In summer 2000, production of feed-grade Tryptophan was transferred to a manufacturing facility in Europe and production capacity has been increased.

STRENGTHS:

• Ajinomoto's emphasis on the development of amino acid fermentation technology is the fundamental strength to support its leadership in the industry.
• Six production facilities worldwide (France, Italy, U.S., Thailand, China and Brazil), operating globally as the AJINOMOTO ANIMAL NUTRITION group.

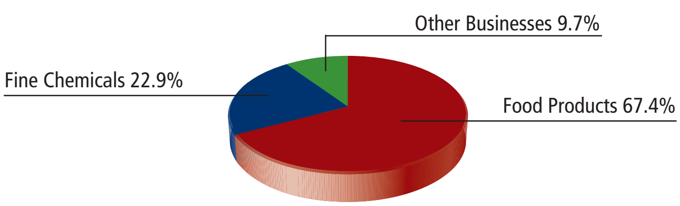
Review of Operations

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

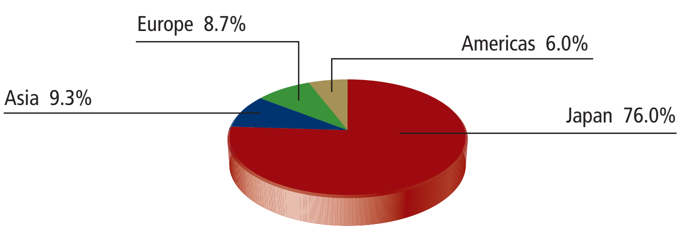
	Millions of yen		Thousands of U.S. dollars	Percent change
	2002	2001	**2002**	**2002**/2001
Business Segments				
Net Sales				
Food Products	**¥636,201**	¥622,001	**$4,783,466**	2.3%
Fine Chemicals	**215,708**	188,421	**1,621,865**	14.5
Other Businesses	**91,629**	98,106	**688,940**	(6.6)
Operating Income				
Food Products	**¥ 21,485**	¥ 23,629	**$ 161,541**	(9.1)%
Fine Chemicals	**22,491**	10,998	**169,105**	104.5
Other Businesses	**4,827**	3,405	**36,293**	41.8
Eliminations	**210**	(227)	**1,579**	N.A.
Geographical Segments				
Net Sales				
Japan	**¥716,774**	¥716,294	**$5,389,278**	0.1%
Asia	**87,836**	70,527	**660,421**	24.5
Americas	**56,598**	50,224	**425,549**	12.7
Europe	**82,329**	71,482	**619,015**	15.2
Operating Income				
Japan	**¥ 26,606**	¥ 25,096	**$ 200,045**	6.0%
Asia	**11,209**	8,822	**84,278**	27.1
Americas	**3,077**	1,252	**23,135**	145.8
Europe	**8,120**	2,634	**61,053**	208.3

Note: U.S. dollar amounts represent translations of yen, for convenience only, at ¥133=US$1, the approximate rate prevailing on March 31, 2002.

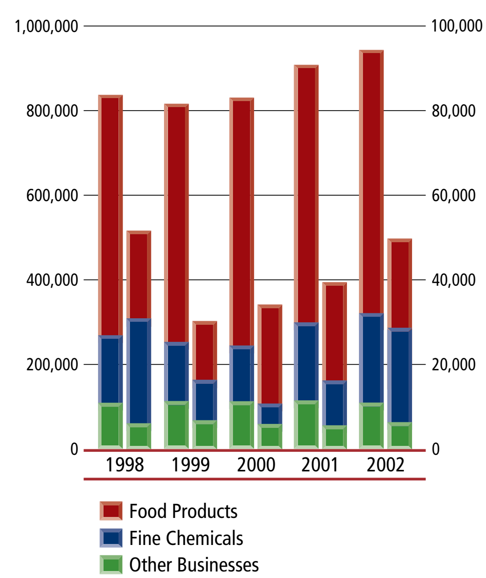
Composition of Net Sales by Business
(Year ended March 31, 2002)



Composition of Net Sales by Region
(Year ended March 31, 2002)



Net Sales (left)/Operating Income (right)
(Years ended March 31) (Millions of yen)



Food Products

Food Products sales increased 2.3 percent year-on-year to ¥636.2 billion, while operating income fell to ¥21.5 billion. Programs to improve group management, consolidate subsidiaries for greater efficiency and heighten responsiveness to market needs supported sales and enabled Ajinomoto to maintain its market position during a difficult year.

MAIN PRODUCTS

- *AJI-NO-MOTO*
- *Umami Dashi Hi-Me*
- *Hon-Dashi Katsuodashi*
- *Hon-Dashi Katsuo Kiwami*
- *Hon-Dashi Udon Oden Dashi*
- *Cook Do* series
- *Chuka Aji*
- *Seto no Honjio*
- *Ajinomoto kk Marutori shiyo Garasoup*
- *Cook Do Oyster Sauce*
- *Cook Do Tobanjan*
- *Cook Do Korea!*
- *Gohan Ga Susumu Kun*

SEASONINGS

Strategic Initiatives and Results

Sales in the household market remained strong during fiscal 2001. In particular, the popularity of *Cook Do Korea!*, a seasoning mix for Korean dishes, resulted in higher revenues from the *Cook Do* line. *Cook Do* also benefited from the success of a new ad campaign based on the concept of enjoying Chinese dishes at home, as well as an expanded lineup. These gains helped to offset lower sales of *Hon-Dashi* due to declining retail prices, although prices began to stabilize during the fiscal year. In addition, Ajinomoto expanded its presence in the field of powdered Japanese seasonings for specific dishes with the introduction of *Umai Chanko no Tsukurikata Oshiemasu*, a seasoning mix for hot pot.

Sales also rose in the commercial market. Although sales of *AJI-NO-MOTO* and *Umami Dashi Hi-Me* to restaurants were lower compared to the previous fiscal year, overall sales grew, driven by substantial growth in sales of liquid Japanese seasonings for restaurant use, an increase in domestic sales volume of nucleotide seasonings, and growth in sales of savory seasoning products to major customers.

Outlook

During fiscal 2002, Ajinomoto will implement its Strong No. 1 Strategy in the seasoning mixes category, expand into the field of powdered Japanese seasonings for specific dishes, and enhance promotional and advertising activities designed to promote the delicious taste of home cooking. Ajinomoto will work to achieve new growth by strengthening existing operations and expanding into new fields, particularly Chinese and Korean seasonings.

Fiscal 2001 Highlights

Building Product Loyalty in Families with Young Children

Since its launch in 1999, *Gohan Ga Susumu Kun* has been popular for the cute and playful cartoon character Susumu-kun, who appears on the product package and in advertisements. The character particularly appeals to families with young children, who are the target audience of this product. Ajinomoto will continue to offer delicious, easy-to-cook rice dishes using the familiar ingredients that children love.

EDIBLE OILS

MAIN PRODUCTS

- *Corn Germ Oil*
- *Safflower Oil*
- *Pure Light Oil*
- *Kenko Sarara*
- *Kenko Canola E*
- *Canola Oil* (standing pouch)
- *Salad Oil* (standing pouch)
- *Olive Oil*
- *Olive Oil Extra Virgin*
- *Gomaaburazukino Goma Abura* (sesame oil)

Strategic Initiatives and Results

Sales rose somewhat during the first few months of the fiscal year but declined during the second half due to factors such as the weaker yen and escalating prices in the rapeseed market. In addition, stronger demand for soybean meal was offset by increased imports from China, keeping prices low. Market conditions prevented prices from rising, so that the high cost of production was not reflected in oil prices, making fiscal 2001 an extremely difficult year throughout the industry.

Kenko Sarara has been certified by the Ministry of Health, Labour and Welfare as a Food for Specified Health Use. Products with this certification clearly marked on the label were introduced in February 2002, adding to *Kenko Sarara's* competitive edge in the healthy cooking oil market.

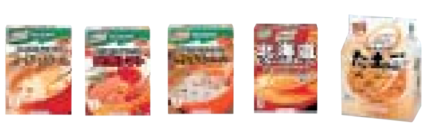
Outlook

In April 2002, Ajinomoto Oil Mills Co., Inc. and HONEN Corporation established and integrated their management through HONEN AJINOMOTO OIL MILLS, INC., a joint stock holding company. In addition, a strategic alliance with Yoshihara Oil Mill, Ltd. is aimed toward a management integration in April 2003. The three companies and their affiliates will work together to increase production efficiency, quickly establish a distribution network and implement substantial cost reductions under the current sales structure, with the aim of spurring market growth.

PROCESSED FOODS

MAIN PRODUCTS

- *Knorr Cup Soup*
- *Knorr Cup Soup Shin Yasai no Potage* series
- *Knorr Hokkaido Torori Potage* series
- *Knorr Funwari Tamago Soup*
- *Knorr Soup Do*
- *Knorr Soup Pasta*
- *Ajinomoto kk Consommé*
- *Knorr Chicken Consommé*
- *Pure Select Mayonnaise*
- *Pure Select Half*
- *Korezero* mayonnaise type
- *Pure Select Super Low Calorie 70% Cut*
- *Pasta Do*
- *Okayusan*
- *Kellogg's Bran Flakes*
- *Kellogg's Corn Flakes*



Strategic Initiatives and Results

Building on the core product values of good taste and nutrition, Ajinomoto worked to strengthen brand equity and enhance marketing activities in order to increase demand, while actively launching new products in the snack category. As a result, sales of soup products grew steadily. Sales of mayonnaise products were largely flat, but sales of consommé fell due to the outbreak of bovine spongiform encephalopathy (BSE). Consequently, overall sales in the processed foods business remained the same as the previous year.

Outlook

During fiscal 2002, Ajinomoto will work to enhance brand value throughout its operations and establish strong number-one or number-two products. In addition, Ajinomoto aims to achieve growth by expanding the new *Knorr Soup Pasta* line, and strengthen profitability by improving cost competitiveness.

Fiscal 2001 Highlights

Expanding into the Snack Foods Market

In fall 2001, Ajinomoto expanded further into the area of snack foods with the launch of *Knorr Soup Pasta* in Tokyo and the surrounding Kanto area. The area of availability was thereafter expanded to include Osaka and Nagoya, with a full nationwide launch in February 2002. Available in tomato and cream of mushroom flavors, the brand is being built around such new occasions for enjoying soup as an afternoon or late-night snack, in addition to light lunch as the main occasion, and is already the sales leader in the convenience store soup category.

MAIN PRODUCTS

- *Ajinomoto Reito Shokuhin*
- *Hot! 1*
- *Obentou-ni* series
- *Yasaioendan* series

FROZEN FOODS

Strategic Initiatives and Results

In the household market, sales of side dishes substantially exceeded the rest of the market. A successful cross-merchandising campaign combining Chinese dumplings with beer and other foods resulted in sales growth. Also contributing significantly to sales were new products launched in fall 2001 such as *Obento Arabiki Hamburg*, one of Ajinomoto's new series of frozen foods with a strict focus on safe, reliable ingredients. In the commercial market, sales of homestyle vegetable dishes made with fresh ingredients processed in China, such as *Yamaimo Tanzaku Age*, rose despite the challenging business environment.

Outlook

During fiscal 2002, the first year of the new three-year management plan, the Company as a whole will strive to generate substantial growth and stable earnings by making products more competitive while minimizing costs. To improve competitiveness, Ajinomoto will work to further increase trust in the Ajinomoto brand by emphasizing product quality and reliability in all stages of operations, from raw materials procurement to production and sales. Specifically, while focusing on core areas such as Chinese dumplings, chicken and rice, and growth areas such as functional nutritional foods, Ajinomoto is developing products with high-quality ingredients as well as enhancing communication activities. In addition, Ajinomoto will work to further strengthen its business foundation by building a global network through partnerships with Japanese and foreign companies.

MAIN PRODUCTS

- *Blendy*
- *Maxim*
- *Maxim Handy Drip*
- *Marim*
- *CALPIS*
- *CALPIS Water*
- *CALPIS Cultured Milk AMEAL S*
- *Evian*
- *Welch's*
- *CALPIS Kids*
- *Petite Danone*
- *Baby Danone*
- *Danone Yogurt*
- *Fruit Selection*
- *BIO*

BEVERAGES AND DAIRY PRODUCTS

Strategic Initiatives and Results

In the coffee segment, sales of regular coffee and coffee drinks rose following aggressive promotional campaigns. In the beverages segment, sales of mainstay products *CALPIS Water*, *CALPIS Cultured Milk AMEAL S* and *Evian* were substantially higher than the previous year. In the dairy products segment, higher sales of *Fruit Selection* yogurt and *Petite Danone* and *Baby Danone* cheese-based desserts contributed significantly to results.

Outlook

In the coffee segment, Ajinomoto General Foods will continue to strengthen and develop core brands *Blendy* and *Maxim*. Efforts to further build brand strength will focus on products in individual servings and sizes suited to smaller households, as well as more environmentally friendly product manufacturing.

In the beverage segment, competition is expected to intensify with the development of an oligopoly among major manufacturers. In response, Calpis plans to fortify its business foundation by raising the value of the Calpis brand and promoting functional healthy products such as *CALPIS Cultured Milk AMEAL S*.

To respond to increased demand for yogurt products, Calpis Ajinomoto Danone Co., Ltd., in cooperation with Calpis Co., Ltd., is building a new yogurt production facility in Tatebayashi, Gunma Prefecture. The facility is scheduled to begin operations in October 2002.

Fiscal 2001 Highlights

Delicious Taste Begins with Ingredients

In spring 2002, Ajinomoto launched a campaign for its frozen food products entitled "Delicious Taste Begins with Ingredients" to highlight the Company's use of safe ingredients, including high-quality chicken raised on vegetable feed such as corn and soybeans, potatoes grown in Hokkaido, and specific pathogen-free (SPF) pork. The package design of these products features a standardized, easily recognizable mark. The campaign represents one example of how Ajinomoto's companywide plan to emphasize product quality and reliability in all stages of operations will be reflected in its frozen foods for the household market.

MAIN PRODUCTS

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

INTERNATIONAL OPERATIONS

ASIA

In Asia, Ajinomoto's primary market for food products outside Japan, Ajinomoto markets seasonings (including *AJI-NO-MOTO*), instant noodles and beverages, as well as processed foods through joint ventures with Unilever Bestfoods. In fiscal 2001, mainstay brands *AJI-NO-MOTO*, *Ros Dee*, *Masako* and *Birdy* all recorded growth in sales. Ajinomoto is aiming to expand sales of other product lines with stronger marketing strategies in addition to product renewals and variations.

In October 2001, Ajinomoto and House Foods Corporation established the joint venture SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. to manufacture curry-based foods in retort pouches. Ajinomoto aims to be one of the first companies to introduce the most up-to-date processed foods from Japan to China's rapidly expanding processed food market by building a local manufacturing plant.

Throughout the high-potential Asian region, core themes for fiscal 2002 will be promoting development and sales of new products in the areas of seasonings, instant noodles, beverages and processed foods, as well as expansion into new markets.

THE AMERICAS

In North America, sales of frozen foods at Ajinomoto Frozen Foods U.S.A., Inc. continued to grow, although the terrorist attacks in September and the subsequent economic downturn had a negative impact on total food sales in the region. In South America, new seasonings were launched in Brazil and Peru. In addition, sales were strong in Brazil's steadily expanding market for instant noodles. During fiscal 2002, Ajinomoto plans to continue building the frozen foods business in North America and the seasonings and instant noodle businesses in South America.

EUROPE AND AFRICA

In Europe, new instant noodle products were launched in Poland during the second half of fiscal 2001. In Africa, sales of umami seasonings rose significantly, primarily in West Africa. During fiscal 2002, Ajinomoto plans to continue building the instant noodles and seasonings businesses in Europe and the seasonings business in Africa, particularly West Africa.

Fiscal 2001 Highlights

Ajinomoto's First Overseas Plant for Nucleotides

Nucleotides, when combined with monosodium glutamate (MSG), produce a synergistic effect that results in a rich umami flavor. Demand for nucleotides has increased rapidly in recent years in tandem with the expanding processed food market, and continued stable growth is expected. Although Ajinomoto already maintains the leading share of the global markets for both nucleotides and MSG, in order to strengthen cost competitiveness and meet increasing global demand, a manufacturing plant for nucleotides is under construction in Thailand. Ajinomoto will invest ¥6 billion and install its state-of-the-art technology in the plant, which will be its first production facility for nucleotides outside Japan. Completion is scheduled for mid-2003.

Fine Chemicals

Fine Chemicals sales increased 14.5 percent year-on-year to ¥215.7 billion, and operating income increased 104.5 percent to ¥22.5 billion. Ajinomoto continued to promote public awareness of the benefits of amino acids, leading to increased sales, while a strategic focus on strong niche products and global new drugs supported growth in pharmaceuticals.

AMINOSCIENCE

MAIN PRODUCTS

- Amino Acids and Related Compounds
  - As active pharmaceutical ingredients
  - As food/food additives

Amino Acids

→ Strategic Initiatives and Results

Although measures to reduce medical care costs continued around the world, sales of pharmaceutical-use amino acids during fiscal 2001 remained strong due to the continued implementation of sales strategies based on market trends such as the impact of the bovine spongiform encephalopathy (BSE) outbreak. While working to increase public perception about the benefits of amino acids, Ajinomoto is actively expanding sales in the areas of food and beverages.

→→ Outlook

Research breakthroughs such as genomic drug creation are likely to bring about major changes in the pharmaceutical and biotechnology industries. Growth can therefore be expected in applications for amino acids as a culture medium or as a nutrient. Food applications are another area with excellent growth potential, supported by increasing recognition of the health and nutritional benefits of amino acids. As the leading company in this field, Ajinomoto aims to contribute to society and expand its business by vigorously developing new materials and new applications, with a focus on fields such as pharmaceuticals and foods that are deeply rooted in human life.

MAIN PRODUCTS

- Cosmetic Ingredients
  - *Amisoft* and *Amilite* surfactants
  - *PCANa* moisturizing agent
  - *CAE* and *Amisafe* conditioning agents
  - *Eldew* emollient
- *JINO* Series of Cosmetics
- Functional Chemicals
  - *Empara* and *Reofos* flame retardants
  - *Ajicure* resin curing agent
- Electrochemicals
  - *ABF* (Ajinomoto Build-Up Film) insulation film for build-up

Specialty Chemicals

→ Strategic Initiatives and Results

Cosmetic and toiletry ingredients and electrochemicals, Ajinomoto's mainstay products in this field, performed well despite the depressed state of the chemical industry. Sales of the *JINO* line of cosmetics, including new product *Amino Wrinkle Essence*, steadily increased. *ABF* (Ajinomoto Build-Up Film) has been well received as the world's first film-type insulation layer formulation material, and Ajinomoto has obtained a basic patent in Taiwan.

→→ Outlook

Although prices of cosmetic ingredients declined due to intense competition caused by the market entry of several major domestic and foreign surfactant manufacturers, Ajinomoto's efforts to strengthen its production system are expected to support higher overall sales both in Japan and abroad. In the field of electrochemicals, Ajinomoto is focusing on customer-tailored product development as a means of keeping up with the accelerating pace of technological development.

Fiscal 2001 Highlights

New Flavors Add Value to *Slim-Up Sugar*

In February 2002, Ajinomoto launched flavored versions of *Slim-Up Sugar* in Japan. The three new flavors – caramel, café mocha and Irish cream – are an ideal match for the popular flavored coffee drinks sold at gourmet coffee shops. The explosive popularity of gourmet coffee shops in Japan has created a new market for flavored coffees, and the new versions of *Slim-Up Sugar* allow consumers to enjoy their delicious flavors at home.

MAIN PRODUCTS

- Sweeteners
  - *Pal Sweet*
  - *Pal Sweet Calorie Zero*
  - *Slim-Up Sugar*
  - *Slim-Up Sugar Flavor Sugar*

Sweeteners

➔ Strategic Initiatives and Results

In the bulk sweetener business, sales volume remained largely flat but net sales declined due to a decrease in sales prices. Initiatives are under way to broaden the use of aspartame in beverages. In the retail sweetener business, sales were strong, due primarily to a substantial increase in overseas sales.

➔ ➔ Outlook

In the bulk sweetener business, areas of focus will include expanding existing markets while generating new demand, pursuing cost reductions and strengthening business support. In the retail sweetener business, Ajinomoto will work to stimulate growth by expanding business domains in Japan, and overseas it will develop new markets and products while bolstering earnings in existing markets. A key R&D theme will be the development of new materials.

MAIN PRODUCTS

- Pharmaceutical Intermediates
  - Amino acid derivatives
  - Nucleic acid derivatives
  - Optically active compounds
- Pharmaceutical Active Ingredients

Pharmaceutical Intermediates

➔ Strategic Initiatives and Results

Sales of pharmaceutical intermediates declined due to lower demand, which reflected a decline in sales of end products and the termination of development projects at customers. However, sales of intermediates for antiviral agents, a mainstay product, were supported by stabilized production. Research and development was focused on core technologies to make process development more competitive. Ajinomoto has also strengthened marketing strategies and launched several promising new projects.

➔ ➔ Outlook

In fiscal 2002, Ajinomoto will concentrate on strengthening core technologies and launching new projects in order to increase growth and earnings.

MAIN PRODUCTS

- *Amino Vital* series

Functional Nutritional Foods

➔ Strategic Initiatives and Results

During fiscal 2001, sales of the *Amino Vital* series exceeded ¥10 billion on a consumption basis due to heightened awareness of the benefits of amino acids among consumers, as well as Ajinomoto’s efforts to make the product available in retail stores. Also contributing to sales were efforts to expand the consumer base by promoting *Amino Vital* as a healthy everyday drink as well as a sports drink.

➔ ➔ Outlook

Objectives for fiscal 2002 include further expanding distribution of the amino acid supplement *Amino Vital* and actively developing new products in the growing daily care segment. To further increase sales, Ajinomoto will continue to improve product quality while spreading knowledge of amino acids using the phrase “The twentieth century was the age of vitamins and the twenty-first century is the age of amino acids.”

Fiscal 2001 Highlights

Amino Vital Gaining Recognition as a Sports Supplement

The *Amino Vital* series received a prize for 2001 at the 20th Great Hit Food Product Awards, sponsored by the *Japan Foods Journal*. In addition, since 1999 the product has been the official sports supplement drink of the JAL Honolulu Marathon. Since 2000, Amino Vital has also won recognition from sports organizations including the Japan Association of Athletics Federations, the Professional Golfers’ Association of Japan and the Japan Paralympic Committee, and was named the official nutrition drink of the Japan Tennis Association National Team.

MAIN PRODUCTS

- Diabetes: Nateglinide *(FASTIC)*
- Infusions, Clinical Nutrition and Gastrointestinal: *LIVACT Granules, HEPAN ED, ELENTAL, PNTWIN, ELEMENMIC, NIFLEC*
- Cardiovascular: *ATELEC*
- Medical Foods: *Impact, MEDI-F Bag, MEDI-F Amino Plus, Healsh Calcium, Healsh Fiber*
- Others: Risedronate *(Actonel)*

Ajinomoto is developing global markets for its expanding portfolio of successful pharmaceuticals.

Medical foods represent an excellent opportunity for Ajinomoto to profit from its expertise in using amino acids to contribute to good health.

PHARMACEUTICALS

Strategic Initiatives and Results

During fiscal 2001, sales of the antidiabetic agent nateglinide increased. Ajinomoto is the licensor and supplier of nateglinide marketed in Japan under the brand names *FASTIC* by Sankyo Co., Ltd., which began sales in March 2002, and *STARSIS* by Yamanouchi Pharmaceutical Co., Ltd. As the licensee of the marketing rights outside Japan, Novartis Pharma AG has launched the drug in more than 60 countries. Other major products, such as *LIVACT Granules*, *ELENTAL* and *ATELEC* also performed well. Ajinomoto commenced sales of four new products during fiscal 2001: *MEDI-F Bag* and *MEDI-F Amino Plus* medical foods in April, and *Harmonic M* and *Harmonic F* defined enteral formulas, developed by SSP Co., Ltd., in October. Ajinomoto also licensed to Aventis Pharma S.A. the worldwide manufacturing and marketing rights for AC-7700, an anti-cancer agent created by Ajinomoto.

As a result, based on National Health Insurance prices, consolidated sales increased 11 percent from the previous fiscal year to ¥71.4 billion.

Outlook

In May 2002, Ajinomoto launched the osteoporosis treatment *Actonel* (risedronate) in Japan. *Actonel* has proved effective in clinical trials overseas by Procter & Gamble Pharmaceuticals Company and is expected to contribute to effective treatment of osteoporosis in Japan.

Impact is a liquid immunonutrition diet that has been clinically proven with data on more than

NEW DRUG PIPELINE

(As of March 31, 2002)

Area	Development Theme	Pre-Clinical Tests	Stage			Application/ Approval
			Phase I	Phase II	Phase III	
Clinical nutrition	Trace element mixture *ELEMENMIC Kit*					○ (Approved March 2002)
	Intestinal cleaning solution *NIFLEC* (additional indications)	○				
	New infusion	○				
Gastrointestinal	Irritable bowel syndrome (IBS) treatment	○				
	Crohn's disease treatment	○				
Lifestyle-related diseases	Antidiabetic drug *FASTIC* (additional indications – Japan)				○	
	Antidiabetic drug *STARLIX* [1] (additional indications – overseas) [2]				○	
	Osteoporosis treatment Risedronate					○ (Approved January 2002)
	Anti-hypertensive drug *ATELEC*				○	
	Antiplatelet drug AJW200		○			
Others	Immunosuppressant	○				
	Neuropathic pain treatment	○				
	Anti-cancer drug AC-7700 (AVE-8062) [3]		○			

Notes:
1. Novartis Pharma AG brand name.
2. Tests are being conducted by Novartis Pharma AG, which holds the license for the rights to develop, manufacture and sell the drug outside Japan.
3. Under development by Aventis Pharma S.A., which holds the license for the rights to develop, manufacture and sell the drug worldwide, and currently in Phase I in the United States and Europe.

Fiscal 2001 Highlights

Launch of Risedronate in Japan

Risedronate, a new treatment for post-menopausal osteoporosis, was launched in Japan in May 2002. Risedronate is a third-generation bisphosphonate with fewer gastrointestinal side effects than other bisphosphonates that significantly reduces vertebral fractures, as proven in clinical trials. Ajinomoto has obtained the exclusive license for Japan from Procter & Gamble Pharmaceuticals, Inc., and carried out development in collaboration with Takeda Chemical Industries, Ltd. and Aventis Pharma Ltd. Ajinomoto is the licensor and supplier of risedronate marketed under the brand names *Actonel* by Aventis and *BENET* by Takeda. Expectations are high for risedronate's ability to improve the quality of life of patients with osteoporosis.

2,500 patients to lower the risk of infection and shorten hospitalization time. Ajinomoto has obtained exclusive production and marketing rights in Japan from Novartis Consumer Health S.A. and launched a Japanese version of *Impact* in July 2002. The product is expected to increase the cost-effectiveness of medical treatment and improve quality of life for patients with critical illnesses with accelerated metabolisms in the ICU or surgery, or for those with high risk of infection.

In R&D, Ajinomoto strives to create innovative drugs in the three main fields of clinical nutrition, gastrointestinal diseases and lifestyle-related diseases. In particular, Ajinomoto's strategic focus is to enhance its presence and expertise in hepatic diseases, inflammatory bowel disease (IBD) and diabetes, based on its core competence in amino acid technology.

MAIN PRODUCTS

- Feed-Grade Lysine
- Feed-Grade Threonine
- Feed-Grade Tryptophan

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

FEED-USE AMINO ACIDS

➔ Strategic Initiatives and Results

In the feed-use Lysine segment, after the large spread (price difference between soybean meal and corn) due to strong demand for soybean meal in summer 2001, an estimated bumper crop in South America led to a contraction in the spread in early 2002. As a result, the market price of feed-use Lysine fluctuated between US$1.30 and US$1.80/kg, averaging US$1.60/kg for the fiscal year. In the feed-use Threonine segment, the second pillar of Ajinomoto's feed-use amino acids business, the Company maintained its market position, although sales prices dropped precipitously during the second half of the fiscal year due to increased competition triggered by newcomers. Supply of feed-use Tryptophan became tight, as a number of companies appear to have ceased production due to the intense competition. Ajinomoto remained committed to maintaining a stable supply for its main customers, and continued to steadily develop the feed-use Tryptophan market.

Ajinomoto reached earnings targets despite a stagnant market during fiscal 2001. Factors included efforts to manage a more flexible pricing system for feed-use Lysine according to the commodity price and the competitive situation, steadily expand sales of feed-use Threonine and feed-use Tryptophan, and reduce costs.

➔➔ Outlook

Working toward its annual production target for feed-grade Lysine of 300,000 tons by fiscal 2005, Ajinomoto will expand the production capacity of facilities in the U.S., Italy and Thailand by a total of 40,000 tons per year during fiscal 2002, bringing overall annual production capacity to 240,000 tons. Construction of a new plant in the U.S. and expansion of an existing facility in France during fiscal 2002 are expected to raise total annual production capacity for feed-grade Threonine from 19,000 tons to 45,000 tons, thus accelerating the development of new markets.

By 2005, Ajinomoto expects to hold a more than 35 percent share of the feed-use Lysine market and a more than 70 percent share of the feed-use Threonine and feed-use Tryptophan markets, for a strong number-one position in all three markets.

Fiscal 2001 Highlights

Threonine: A New and Growing Market

Threonine is now Ajinomoto's second major feed-use amino acid, and AJINOMOTO EUROLYSINE S.A.S. in France produces 19,000 tons annually for a 60 percent share of the global market. During fiscal 2001, Ajinomoto plans to establish a new Threonine plant with an annual production capacity of 10,000 tons at Ajinomoto Heartland, Inc. in the United States and raise production capacity at AJINOMOTO EUROLYSINE S.A.S. to 35,000 tons. By the end of 2002, Ajinomoto's total Threonine supply capability will be 45,000 tons, putting the Company in an excellent position to meet rapidly growing demand in various regions.

Financial Section

Six-Year Summary of Selected Financial Data

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

	Millions of yen					
	2002	2001	2000	1999	1998	1997
For the year:						
Net sales	**¥943,540**	¥908,528	¥829,422	¥814,538	¥835,965	¥788,400
Cost of sales	**680,003**	665,856	613,751	612,401	616,777	588,174
Gross profit	**263,536**	242,672	215,670	202,136	219,187	200,225
Selling, general and administrative expenses	**214,521**	204,867	182,620	173,374	168,765	161,099
Operating income	**49,015**	37,805	33,050	28,762	50,422	39,125
Other income (expenses)	**9,449**	(50,800)	1,286	113	(8,141)	(2,420)
Income (loss) before income taxes and minority interests	**58,464**	(12,995)	34,336	28,875	42,281	36,705
Net income (loss)	**31,442**	(11,547)	17,658	13,242	17,975	15,332
Capital expenditures	**45,277**	46,914	55,765	53,395	50,077	45,692
Depreciation and amortization	**37,222**	38,640	37,334	33,365	32,029	31,725
At year-end:						
Shareholders' equity [1]	**¥381,017**	¥361,771	¥330,557	¥349,939	¥359,245	¥354,748
Total assets [1]	**840,152**	828,945	732,980	762,173	796,149	774,150
Long-term debt	**94,435**	98,511	139,821	137,999	118,572	74,372
Per share (yen):						
Net income (loss)	**¥ 48.4**	¥ (17.8)	¥ 27.2	¥ 20.4	¥ 27.7	¥ 23.6
Shareholders' equity [1]	**586.3**	556.6	509.0	538.8	553.2	546.6
Cash dividends	**10.0**	10.0	10.0	12.0	10.0	10.0
Value indicators:						
Liquidity ratios:						
Debt/equity ratio (%) [1,2]	**41.0**	52.0	59.0	54.7	57.0	62.6
Interest coverage ratio (times) [3]	**10.9**	7.4	6.8	6.5	9.6	7.9
Investment indicators:						
Price/earnings ratio (times) [4]	**24.4**	—	46.0	69.1	41.9	41.9
Price/book value (times) [1,5]	**2.0**	2.2	2.5	2.6	2.1	1.8
Return indicators:						
Return on assets (%) [1,6]	**3.8**	(1.5)	2.4	1.7	2.3	2.0
Return on equity (%) [1,7]	**8.5**	(3.3)	5.2	3.7	5.0	4.4
Number of employees	**24,326**	23,739	22,373	17,365	16,991	13,663

Notes: 1. Shareholders' equity, total assets, shareholders' equity per share and the related indicators for each of the five years in the period ended March 31, 2000 have been restated due to a change in the regulations relating to the presentation of translation adjustments. See accompanying note 1-c on page 39.
2. Debt = Short-term borrowings and current portion of long-term debt + Long-term debt
3. Interest coverage ratio = (Operating income + Interest and dividend income)/Interest expense
4. PER = Year-end share price/Net income per share
5. PBR = Year-end share price/Shareholders' equity per share
6. ROA = Net income (or loss)/Average total assets
7. ROE = Net income (or loss)/Average total shareholders' equity

Management's Discussion and Analysis

Ajinomoto Co., Inc. and Consolidated Subsidiaries
For fiscal 2001, ended March 31, 2002

Overview of Financial Strategy

The Ajinomoto Group's financial strategy is based on increasing cash flow as a means to provide both appropriate returns to shareholders and flexibility in funding research and development, capital expenditures and growth through acquisitions. Consolidated management of businesses in each segment has been strengthened to increase profitability and cash provided by operations, and Ajinomoto has been liquidating securities and underutilized land to generate cash for investment in income-producing assets. Capital investments will focus on health-related food products, global expansion, strengthening businesses in which Ajinomoto is number one or a strong number two, and high-potential new businesses.

Ajinomoto's program to improve cash flow included the objective of reducing interest-bearing liabilities from ¥172.3 billion at March 31, 2001. Investment activities, particularly better discipline in making capital expenditures, and working capital were two key areas targeted for improvement. By March 2002, Ajinomoto had reduced interest-bearing liabilities to ¥154.8 billion. Increased profits were a key factor in the achievement of this objective. Moreover, all employees were made more aware of the importance of cash flow, and each division worked to improve cash flow by reducing receivables and inventories.

Similar efforts will continue under the new three-year management plan, although interest-bearing liabilities may increase above ¥155 billion as a result of the Company's strategies for growth.

Exchange Rate Fluctuations

Ajinomoto is subject to the influence of changes in exchange rates because it operates in global markets. The Company's financial statements are prepared in Japanese yen, and are subject to the effect of fluctuations in foreign exchange rates. In general, operating income and net income increase when the yen weakens relative to principal global currencies, and decrease when the yen strengthens relative to principal global currencies. In the past fiscal year, the yen weakened compared to the previous fiscal year. As of March 31, 2002, exchange rates for principal global currencies were ¥133.25 to US$1.00 and ¥116.14 to 1.00 euro, compared to ¥123.90 to US$1.00 and ¥109.33 to 1.00 euro at March 31, 2001.

Operating Environment

During the past fiscal year, the domestic food industry was impacted by the outbreak of bovine spongiform encephalopathy (BSE) and widespread concern about false labeling practices. Continued corporate bankruptcies in the retail industry and the trend toward lower prices made the operating environment even more challenging. The global economy was affected by contraction in the U.S. economy and the terrorist attacks of September 11, 2001, creating generally unfavorable conditions.

In this operating environment, the Ajinomoto Group accomplished a management plan covering the three years ended March 31, 2002. We successfully executed the five management strategies of improving consolidated management, strengthening our brands, establishing world-leading cost competitiveness, enhancing our research and development system, and contributing to society. Moreover, Ajinomoto designed a new three-year management plan to generate growth, and has begun aggressively implementing it.

Analysis of Statements of Operations

Overview

For the fiscal year ended March 31, 2002, consolidated net sales were impacted by a slight year-on-year decrease in domestic food product sales. Fine chemical sales in Japan were firm, supported by sales of pharmaceutical products and amino acid sports supplement *Amino Vital*. Overseas, food product sales increased, particularly in Asia, and sales of feed-use amino acids were favorable in each region, especially Europe. As a result, consolidated net sales increased 3.9 percent year-on-year, or ¥35.0 billion, to ¥943.5 billion. Successful efforts to reduce cost of sales supported an increase of 29.7 percent, or ¥11.2 billion, in operating income to ¥49.0 billion. Net income totaled ¥31.4 billion, compared to a net loss of ¥11.5 billion for the previous fiscal year. Return on average total shareholders' equity stood at 8.5 percent for the fiscal year. Ajinomoto therefore achieved every objective of the recently accomplished management plan with the exception of the objective for net sales, which the Company missed by a narrow margin.

Sales by Segment

Ajinomoto has introduced an internal company system as part of the new three-year management plan initiated in April 2002. Prior to this change, Ajinomoto classified results in the three segments of food products, fine chemicals and others. Under the new system, Ajinomoto will classify results into the five segments of domestic food products, overseas food products, amino acids, pharmaceuticals and others. Ajinomoto has also changed its accounting methods with the implementation of a system under which each internal company will pay corporate headquarters royalty commissions that they will record as corporate expenses. Products including soybean hydrolyzate and enzymes with sales totaling approximately ¥10 billion, formerly classified under others, will now be classified under domestic food products.

The following discussion is based on the three-segment classification Ajinomoto used prior to April 2002.

Food Products

The food products business includes seasonings, edible oils, processed foods, frozen foods, beverages and dairy products.

Ajinomoto operates in this business in the domestic market, and is expanding business centered on seasonings in Asia, North and South America and Europe. Sales of food products for the fiscal year ended March 31, 2002 increased 2.3 percent, or ¥14.2 billion, to ¥636.2 billion. Successful efforts to increase overseas sales offset the effect of increasingly intense competition in the domestic market.

Seasonings: Sales of the retail seasoning line *Hon-Dashi* decreased even though the trend toward lower prices in this product sector slowed. The *Cook Do* line of liquid seasoning mixes performed well due to an enhanced lineup and a successful advertising campaign based on the concept of enjoying Chinese dishes at home. Sales increased in the commercial market, although sales of *AJI-NO-MOTO* and *Umami-Dashi Hi-Me* for restaurants were down year-on-year. Sales of savory seasonings to food processing companies decreased compared with the previous fiscal year.

Sales in Asia increased year-on-year. Sales of *AJI-NO-MOTO* and flavored and mixed seasonings for consumer and general restaurant use rose over the previous fiscal year, and sales of *AJI-NO-MOTO* to food processing companies increased as well.

Sales in the Americas and Europe increased year-on-year. Sales of *AJI-NO-MOTO* and flavored and mixed seasonings for consumer and general restaurant use increased in both North and South America. Sales of *AJI-NO-MOTO* to food processing companies also increased year-on-year, due in part to the depreciation of the yen. Overall sales in Europe increased, supported by higher sales of *AJI-NO-MOTO* for consumer and general restaurant use and for use by food processing companies.

Edible Oils: Retail sales of the *Kenko Sarara* oil series, which is approved as a Food for Specified Health Use, increased year-on-year, although overall sales of household and commercial oils decreased due to reduced prices. Sales of meal products grew as the depreciation of the yen led to rising market prices.

Processed Foods: Sales of soups increased, supported by product line renewals emphasizing basic value, the introduction of new products, and the launch of *Knorr Soup Pasta*. A “keep-fresh bottle” that helps to maintain product quality was introduced for major retail mayonnaise products, which boosted consumer confidence. Sales of *Kellogg’s* brand products were essentially unchanged year-on-year due to effective marketing to targeted demographic segments. Sales of frozen bread dough continued to increase.

Frozen Foods: Sales increased year-on-year due to steady growth in sales of *gyoza* Chinese meat dumplings and *Ebi Shumai* in the household market. New product launches including the *Kappu Ni Haitta Gohan Ga Susumu-kun* series also supported the gain in sales. Sales decreased in the commercial sector because of weakness in the restaurant market.

Beverages and Dairy Products: Sales rose year-on-year because of the solid performance of regular coffee products coupled with steady growth in sales of *Blendy* bottled coffee and other liquid coffee products. Sales of *CALPIS Cultured Milk AMEAL-S* increased due to health-oriented consumer demand, and *CALPIS Water* and *Evian* also performed well.

Sales of chilled dairy products increased year-on-year, supported by the strong performance of the *Fruit Selection* line and *Danone Yogurt*.

Fine Chemicals

Fine chemicals include the aminoscience business, pharmaceuticals and feed-use amino acids. Sales of fine chemicals increased 14.5 percent year-on-year, or ¥27.3 billion, to ¥215.7 billion.

In the domestic market, sales of pharmaceutical products increased substantially, supported by the solid performance of nateglinide (brand name: *FASTIC*), a hypoglycemic agent for the treatment of diabetes. In addition, sales of *LIVACT Granules*, a branched chain amino acid product for treating liver cirrhosis, continued to increase.

Overall domestic sales in the aminoscience business were favorable. Sales of pharmaceutical-use amino acids increased because of greater sales volume in the domestic market. Sales of pharmaceutical intermediates increased substantially due to growth in sales of antiviral applications. The amino acid-based sports supplement *Amino Vital* continued to generate strong sales growth, supported by aggressive promotion and frequent exposure in a variety of media. Overall sales of amino acid-based sweeteners decreased. Sales of *Pal Sweet* were strong in the domestic market, but overall aspartame sales declined. Sales of specialty chemicals grew as multilayer insulation film for use in the manufacture of computer equipment and liquid crystal displays continued to perform well.

Overseas sales expanded in Asia, the Americas and Europe. In Asia, a key factor in the growth was higher prices and expanded sales volume for feed-use amino acids.

In the Americas, prices and sales volume for feed-use amino acids increased. The depreciation of the yen supported increased sales of both feed-use amino acids and pharmaceutical-use amino acids. Sales of amino acid-based sweeteners also increased, supported by expansion in sales to major customers.

In Europe, sales prices for feed-use amino acids increased, and the depreciation of the yen contributed to higher sales as well. Sales of pharmaceutical-use amino acids rose due to increased sales volume and the depreciation of the yen. Sales of pharmaceutical intermediates expanded because of the strong performance of core product lines. Sales of amino acid-based sweeteners declined as increasingly intense competition put downward pressure on market prices.

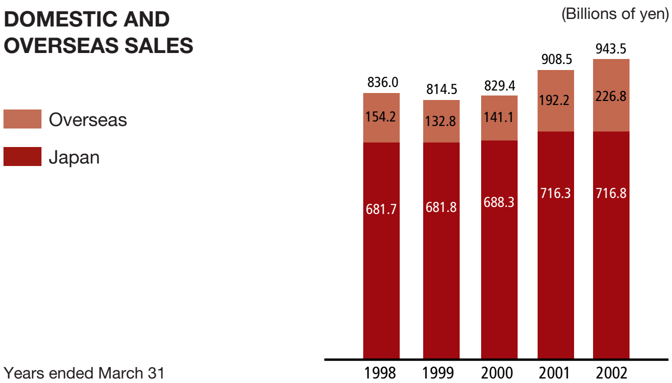
Others

Sales of other operations decreased by 6.6 percent year-on-year, or ¥6.5 billion, to ¥91.6 billion.

Sales by Geographic Segment

Domestic sales increased marginally year-on-year to ¥716.8 billion. Sales increased 24.5 percent to ¥87.8 billion in Asia, 12.7 percent to ¥56.6 billion in the Americas, and 15.2 percent to ¥82.3 billion in Europe.

DOMESTIC AND OVERSEAS SALES



Cost of Sales and Selling, General and Administrative Expenses

Cost of sales increased 2.1 percent year-on-year, approximately half the rate of increase in net sales, to ¥680.0 billion, and improved to 72.1 percent of net sales from 73.3 percent of net sales for the previous fiscal year.

Selling, general and administrative (SG&A) expenses increased 4.7 percent year-on-year, or ¥9.7 billion, to ¥214.5 billion. Research and development expenses increased 2.8 percent to ¥27.0 billion.

Costs, Expenses and Income as Percentages of Net Sales

Years ended March 31	**2002**		2001		2000
Cost of sales	**72.1%**	**(-1.2)**	73.3%	(-0.7)	74.0%
Gross profit	**27.9**	**(+1.2)**	26.7	(+0.7)	26.0
SG&A expenses	**22.7**	**(+0.2)**	22.5	(+0.5)	22.0
Operating income	**5.2**	**(+1.0)**	4.2	(+0.2)	4.0
Income before income taxes & minority interests	**6.2**		—		4.1
Net income	**3.3**		—		2.1

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

Operating Income

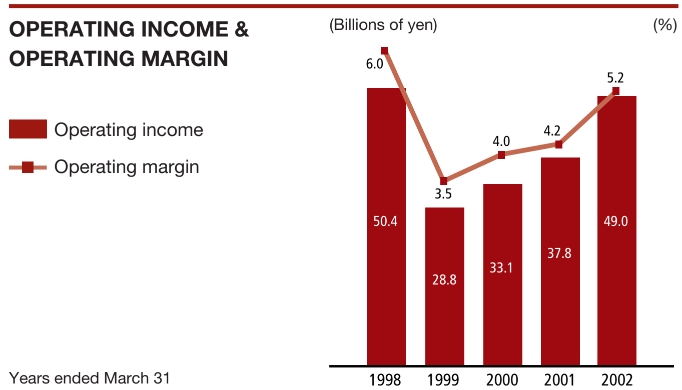
Operating income for the year ended March 31, 2002 increased 29.7 percent year-on-year, or ¥11.2 billion, to ¥49.0 billion. Operating income represented 5.2 percent of net sales, compared to 4.2 percent for the previous fiscal year.

Operating income in the food products business decreased 9.1 percent, or ¥2.1 billion, to ¥21.5 billion. Domestic sales decreased, primarily because of lower sales of frozen foods, edible oils, seasonings and processed foods due to falling retail prices and the impact of BSE. The depreciation of the yen also affected the operating income of the domestic food products business. Sales of food products overseas increased, but operating income was unable to compensate for the decrease in the profitability of the domestic food business due to factors including higher expenses in connection with brand building in Indonesia and start-up costs at Ajinomoto Frozen Foods U.S.A., Inc., which became a consolidated subsidiary during the fiscal year.

Operating income for the fine chemicals business increased 104.5 percent year-on-year, or ¥11.5 billion, to ¥22.5 billion. Operating income in Japan increased due to increased sales of pharmaceuticals, amino acids including *Amino Vital*, sweeteners and other high-value-added products such as specialty chemicals. Operating income from overseas operations also increased due to higher sales of feed-use amino acids and the absence of amortization expenses in connection with the consolidation of two sweetener companies in Europe in the previous fiscal year.

Operating income of other businesses increased 41.8 percent, or ¥1.4 billion, to ¥4.8 billion due to efficiency gains from consolidation of three distribution subsidiaries.

OPERATING INCOME & OPERATING MARGIN



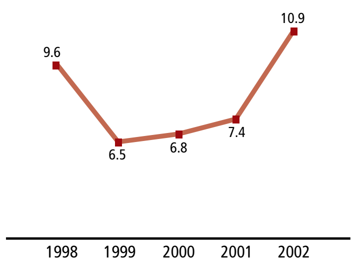
Other Income (Expenses)

Other income, net totaled ¥9.4 billion, compared to other expenses, net of ¥50.8 billion for the previous fiscal year. Primary factors in the change were the absence of one-time charge incurred in the previous year in connection with the amortization of net retirement benefit obligations arising from the implementation in Japan of a new accounting standard. Interest and dividend income decreased 9.6 percent to ¥2.1 billion due to continued low interest rates in Japan, while interest expense decreased ¥0.7 billion to ¥4.7 billion. The interest coverage ratio, defined as the sum of operating income and interest and dividend income divided by interest expense, improved to 10.9 times from 7.4 times in the previous fiscal year.

During the fiscal year ended March 2002, Ajinomoto withdrew from the soy protein business and closed subsidiary Asahi Yushi Co., Ltd. Overall equity in earnings of affiliates decreased by approximately ¥0.9 billion.

INTEREST COVERAGE RATIO

(Times)



Net Income

As a result of the performance discussed above, income before income taxes and minority interests totaled ¥58.5 billion, compared to a loss of ¥13.0 billion for the previous fiscal year. Income taxes totaled ¥23.4 billion, compared to net deferred income taxes of ¥4.1 billion for the previous fiscal year. The effective tax rate was 40.0 percent. Minority interests increased ¥1.0 billion year-on-year to ¥3.7 billion. Net income totaled ¥31.4 billion, compared to a net loss of ¥11.5 billion for the previous fiscal year. Return on average total shareholders' equity was 8.5 percent, and net income per share of common stock was ¥48.4.

Dividends

Ajinomoto considers appropriate returns to shareholders a primary management task. The Company structures its operating base to support continued growth, and considers overall profitability in determining an appropriate level of dividends that meet the demands of shareholders and investors. Based on these principles, cash dividends per share of common stock applicable to the fiscal year were set at ¥10.0, unchanged from the previous fiscal year.

Liquidity and Financial Condition

Cash Flows

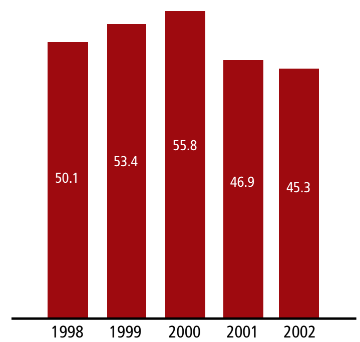
Net cash provided by operating activities increased ¥20.4 billion over the previous fiscal year to ¥58.3 billion. Operating cash flow, defined as the sum of income before income taxes and minority interests and depreciation and amortization, increased to ¥95.7 billion from ¥25.6 billion for the previous fiscal year. Primary factors included the increase in income before income taxes and minority interests and efforts to limit increases in working capital.

Net cash used in investing activities increased to ¥36.8 billion from ¥23.4 billion for the previous fiscal year. Ajinomoto decreased the use of cash for purposes such as the acquisition of shares of affiliates, but generated substantially less cash through proceeds from sales of investments in securities and sales of property, plant and equipment.

Acquisition of property, plant and equipment decreased to ¥45.8 billion from ¥46.3 billion for the previous fiscal year. Capital expenditures by the parent company and domestic subsidiaries decreased ¥7.3 billion year-on-year, while capital expenditures by overseas subsidiaries increased ¥5.5 billion to ¥21.7 billion. Principal investments included expansion in production capacity for feed-grade amino acids and nucleotides. Free cash flow increased to ¥21.5 billion from ¥14.6 billion for the previous fiscal year.

CAPITAL EXPENDITURES

(Billions of yen)



Net cash used in financing activities increased ¥6.2 billion to ¥26.4 billion, reflecting increased short-term borrowings and repayment of bonds and long-term debt. Ajinomoto redeemed ¥10.0 billion in straight bonds in September 2001 using internal capital resources, and redeemed ¥18.3 billion in convertible bonds in March 2002 using capital procured through an issue of commercial paper.

As a result of the above, cash and cash equivalents at the end of the fiscal year decreased ¥2.8 billion from a year earlier to ¥56.6 billion.

Cash Flow Highlights (Millions of yen)

Years ended March 31	2002	2001	2000
Net cash provided by operating activities	**¥ 58,306**	¥ 37,955	¥ 72,130
Net cash used in investing activities	**(36,812)**	(23,360)	(29,219)
Net cash used in financing activities	**(26,376)**	(20,205)	(37,156)
Cash and cash equivalents at end of year	**56,550**	59,389	60,309

Assets, Liabilities and Shareholders' Equity

As of March 31, 2002, total assets stood at ¥840.2 billion, an increase of ¥11.2 billion from a year earlier. Return on average total assets was 3.8 percent.

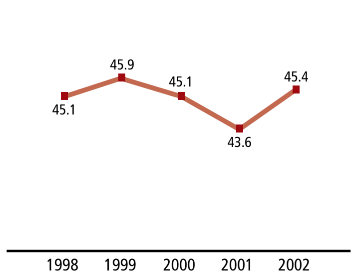
Current assets increased ¥13.6 billion from a year earlier to ¥357.4 billion. Notes and accounts receivable - trade increased ¥8.7 billion and inventories increased ¥7.6 billion as a result of the increase in net sales.

Investment securities included in investments and long-term advances decreased ¥22.4 billion from a year earlier. Property, plant and equipment, net increased ¥9.3 billion. Land, buildings and structures, and machinery and equipment all increased as a result of expansion in production capacity for feed-grade amino acids and nucleotides. Deferred tax assets increased ¥11.1 billion from March 31, 2001.

Current liabilities decreased ¥6.3 billion from a year earlier to ¥266.3 billion. Although short-term borrowings increased ¥6.6 billion and accrued expenses and other current liabilities increased ¥20.6 billion from a year earlier due mainly to an issue of commercial paper, the current portion of long-term debt decreased ¥34.0 billion from a year earlier to ¥8.9 billion. Working capital increased to ¥91.2 billion from ¥71.2 billion a year earlier, and the current ratio increased to 1.34 times from 1.26 times from a year earlier.

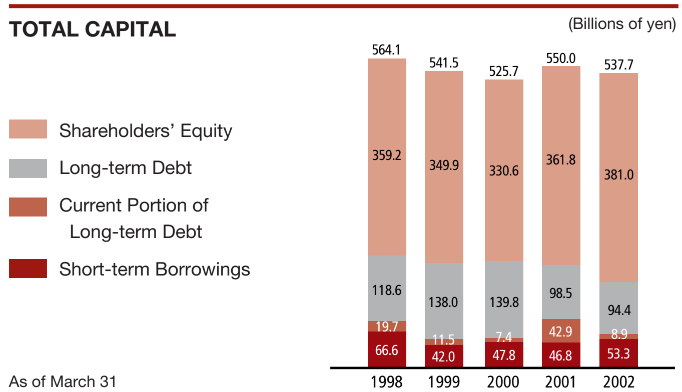
Long-term liabilities decreased ¥6.5 billion from a year earlier to ¥169.7 billion, primarily because of a ¥2.1 billion decrease in deferred tax liabilities and a reduction in long-term debt totaling ¥4.1 billion. Ajinomoto's long-term debt is rated AA- by Standard & Poor's Ratings Group and AA by Rating and Investment Information, Inc. (R&I).

SHAREHOLDERS' EQUITY RATIO



Shareholders' equity increased ¥19.2 billion from a year earlier to ¥381.0 billion. Retained earnings increased ¥24.3 billion and translation adjustments were ¥42.4 billion, compared with ¥49.3 billion for the previous fiscal year. Unrealized holding gains on securities, however, decreased ¥11.7 billion. Total capital, the sum of short-term borrowings, long-term debt including the current portion and shareholders' equity, was ¥537.7 billion, of which shareholders' equity accounted for 70.9 percent. Return on average total shareholders' equity was 8.5 percent compared to negative 3.3 percent for the previous fiscal year because Ajinomoto generated net income for the fiscal year under review. The ratio of shareholders' equity to total assets was 45.4 percent, compared to 43.6 percent a year earlier.

TOTAL CAPITAL



Outlook for the Year Ending March 31, 2003

Economic conditions in Japan do not indicate that unemployment or personal income will improve, and the current harsh business environment is expected to continue.

Ajinomoto projects an increase in domestic sales of food products as we intend to introduce new products that meet consumer demand. In the domestic fine chemicals business, continued strong performance is projected for the amino acid-based sports supplement *Amino Vital*, driven by health consciousness among consumers. In pharmaceuticals, sales are projected to rise for Ajinomoto products for treating diabetes and osteoporosis. We expect greater maneuverability in implementing marketing strategies, with a particular focus on responding to the growth in the market for feed-use amino acids.

As a result, net sales are projected to increase 4.9 percent to ¥990.0 billion. Net income is projected to increase 1.8 percent to ¥32.0 billion.

Note: These forecasts are based on an exchange rate of ¥130 to US$1.

	Millions of yen (Percentage of total assets)				Thousands of U.S. dollars
As of March 31	**2002**		2001		**2002**
Total assets	**¥840,152**	**(100.0%)**	¥828,945	(100.0%)	**$6,316,932**
Notes and accounts receivable	**168,017**	**(20.0)**	157,416	(19.0)	**1,263,286**
Cash and cash equivalents	**56,550**	**(6.7)**	59,389	(7.2)	**425,188**
Inventories	**104,008**	**(12.4)**	96,449	(11.6)	**782,015**
Investments and long-term advances	**125,681**	**(15.0)**	144,953	(17.5)	**944,970**
Property, plant and equipment	**293,414**	**(34.9)**	284,156	(34.3)	**2,206,120**
Total liabilities	**435,973**	**(51.9)**	448,798	(54.1)	**3,277,992**
Notes and accounts payable	**106,529**	**(12.7)**	106,067	(12.8)	**800,970**
Short-term borrowings	**53,348**	**(6.3)**	46,755	(5.6)	**401,113**
Current portion of long-term debt	**8,925**	**(1.1)**	42,922	(5.2)	**67,105**
Accrued income taxes	**14,105**	**(1.7)**	14,066	(1.7)	**106,053**
Long-term debt	**94,435**	**(11.2)**	98,511	(11.9)	**710,038**
Shareholders' equity	**381,017**	**(45.4)**	361,771	(43.6)	**2,864,789**

Consolidated Balance Sheets

Ajinomoto Co., Inc. and Consolidated Subsidiaries
As of March 31, 2002 and 2001

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	**2002**	2001	**2002**
Current assets:			
Cash and cash equivalents	**¥ 56,550**	¥ 59,389	**$ 425,188**
Time deposits and short-term investments (Note 15)	**434**	1,470	**3,263**
Notes and accounts receivable:			
Trade	**161,996**	153,316	**1,218,015**
Unconsolidated subsidiaries and affiliates	**6,684**	6,479	**50,256**
Allowance for doubtful receivables	**(663)**	(2,379)	**(4,985)**
Inventories (Note 3)	**104,008**	96,449	**782,015**
Deferred tax assets (Note 7)	**8,302**	7,952	**62,421**
Prepaid expenses and other current assets	**20,123**	21,136	**151,301**
Total current assets	**357,436**	343,814	**2,687,489**
Investments and long-term advances (Notes 6 and 15)**:**			
Investments in and advances to unconsolidated subsidiaries and affiliates	**44,544**	42,809	**334,917**
Investment securities	**70,804**	93,177	**532,361**
Other advances	**10,332**	8,966	**77,684**
Total investments and long-term advances	**125,681**	144,953	**944,970**
Property, plant and equipment (Notes 4 and 6)**:**			
Land	**65,717**	65,290	**494,113**
Buildings and structures	**234,314**	224,728	**1,761,759**
Machinery and equipment	**444,976**	416,646	**3,345,684**
	745,008	706,665	**5,601,564**
Accumulated depreciation	**(451,594)**	(422,509)	**(3,395,444)**
Property, plant and equipment, net	**293,414**	284,156	**2,206,120**
Other assets:			
Deferred tax assets (Note 7)	**28,438**	17,327	**213,820**
Other (Note 6)	**35,181**	38,694	**264,519**
Total other assets	**63,619**	56,021	**478,338**
Total assets	**¥840,152**	¥828,945	**$6,316,932**

See accompanying notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen 2002	Millions of yen 2001	Thousands of U.S. dollars (Note 2) 2002
Current liabilities:			
Short-term borrowings (Notes 5 and 6)	**¥ 53,348**	¥ 46,755	**$ 401,113**
Current portion of long-term debt (Notes 5 and 6)	**8,925**	42,922	**67,105**
Notes and accounts payable (Note 6):			
Trade	**68,132**	69,065	**512,271**
Unconsolidated subsidiaries and affiliates	**37,278**	36,409	**280,286**
Construction	**1,119**	593	**8,414**
Accrued income taxes (Note 7)	**14,105**	14,066	**106,053**
Deferred tax liabilities (Note 7)	**33**	13	**248**
Accrued expenses and other current liabilities	**83,315**	62,747	**626,429**
Total current liabilities	**266,258**	272,574	**2,001,940**
Long-term liabilities:			
Long-term debt (Notes 5 and 6)	**94,435**	98,511	**710,038**
Accrued employees' retirement benefits (Note 8)	**70,672**	70,687	**531,368**
Accrued officers' severance benefits	**1,449**	1,754	**10,895**
Deferred tax liabilities (Note 7)	**3,158**	5,271	**23,744**
Total long-term liabilities	**169,715**	176,224	**1,276,053**
Minority interests	**23,160**	18,374	**174,135**
Shareholders' equity (Notes 9 and 18)**:**			
Common stock:			
Authorized: 2002 and 2001 — 1,000,000,000 shares			
Issued: 2002 — 649,981,740 shares	**79,863**	—	**600,474**
2001 — 649,981,182 shares	**—**	79,863	**—**
Capital surplus	**111,579**	111,578	**838,940**
Retained earnings	**222,565**	198,282	**1,673,421**
Unrealized holding gains on securities	**9,583**	21,313	**72,053**
Translation adjustments	**(42,441)**	(49,262)	**(319,105)**
Treasury common stock, at cost:			
108,610 shares in 2002 and 3,733 shares in 2001	**(132)**	(4)	**(992)**
Total shareholders' equity	**381,017**	361,771	**2,864,789**
Commitments and contingent liabilities (Note 12)			
Total liabilities and shareholders' equity	**¥840,152**	¥828,945	**$6,316,932**

Consolidated Statements of Operations

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2002	2001	2000	**2002**
Net sales	**¥943,540**	¥908,528	¥829,422	**$7,094,286**
Cost of sales (Note 10)	**680,003**	665,856	613,751	**5,112,805**
Gross profit	**263,536**	242,672	215,670	**1,981,474**
Selling, general and administrative expenses (Note 10)	**214,521**	204,867	182,620	**1,612,940**
Operating income	**49,015**	37,805	33,050	**368,534**
Other income (expenses):				
Interest expense	**(4,675)**	(5,398)	(5,298)	**(35,150)**
Interest and dividend income	**2,105**	2,329	2,827	**15,827**
Amortization of prior service cost relating to additional pension benefits	**—**	—	(5,008)	**—**
Amortization of net retirement benefit obligation at transition	**—**	(52,293)	—	**—**
Reversal to income of accrued retirement benefits	**323**	12	451	**2,429**
Unrealized loss on securities	**(239)**	(1,329)	(1,291)	**(1,797)**
Gain (loss) on sales of securities	**403**	7,125	(473)	**3,030**
Loss on liquidation of affiliates	**(11)**	(12,161)	(109)	**(83)**
Equity in earnings of affiliates	**3,713**	4,617	5,976	**27,917**
Provision for loss on guarantees	**—**	—	(1,167)	**—**
Other, net	**7,830**	6,295	5,380	**58,872**
	9,449	(50,800)	1,286	**71,045**
Income (loss) before income taxes and minority interests	**58,464**	(12,995)	34,336	**439,579**
Income taxes (Note 7):				
Current	**26,448**	22,689	15,183	**198,857**
Deferred	**(3,089)**	(26,798)	(1,148)	**(23,226)**
	23,359	(4,109)	14,035	**175,632**
Minority interests	**(3,662)**	(2,661)	(2,642)	**(27,534)**
Net income (loss) (Note 13)	**¥ 31,442**	¥ (11,547)	¥ 17,658	**$ 236,406**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2002	2001	2000	**2002**
Common stock				
Beginning of year	**¥ 79,863**	¥ 79,836	¥ 79,836	**$ 600,474**
Add:				
New shares issued in exchange for subsidiary's stock (2001 — 535, 590 shares)	**—**	26	—	**—**
Conversion of convertible bonds (2002 — 558 shares, 2001 — 558 shares)	**0**	0	—	**0**
End of year	**¥ 79,863**	¥ 79,863	¥ 79,836	**$ 600,474**
Capital surplus				
Beginning of year	**¥111,578**	¥111,123	¥111,123	**$ 838,932**
Add:				
New shares issued in exchange for subsidiary's stock	**—**	455	—	**—**
Portion of principal of bonds converted but not transferred to common stock	**0**	0	—	**0**
End of year	**¥111,579**	¥111,578	¥111,123	**$ 838,940**
Retained earnings				
Opening balance	**¥198,282**	¥214,673	¥204,488	**$1,490,842**
Adjustments to retained earnings for inclusion in or exclusion from consolidation or equity method of accounting and other	**(430)**	1,836	505	**(3,233)**
Beginning of year	**197,852**	216,510	204,994	**1,487,609**
Add:				
Net income (loss)	**31,442**	(11,547)	17,658	**236,406**
Deduct:				
Cash dividends paid	**(6,499)**	(6,494)	(7,793)	**(48,865)**
Bonuses to directors and statutory auditors	**(228)**	(185)	(185)	**(1,714)**
End of year	**¥222,565**	¥198,282	¥214,673	**$1,673,421**
Unrealized holding gains on securities				
Balance at beginning of the year	**¥21,313**	¥ —	¥ —	**$160,248**
Net change during the year	**(11,730)**	21,313	—	**(88,195)**
Balance at end of the year	**¥ 9,583**	¥ 21,313	¥ —	**$ 72,053**
Translation adjustments				
Balance at beginning of the year	**¥ (49,262)**	¥ (75,065)	¥ (45,498)	**$ (370,391)**
Net change during the year	**6,821**	25,803	(29,567)	**51,286**
Balance at end of the year	**¥ (42,441)**	¥ (49,262)	¥ (75,065)	**$ (319,105)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Ajinomoto Co., Inc. and Consolidated Subsidiaries
Years ended March 31, 2002, 2001 and 2000

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2002	2001	2000	**2002**
Cash flows from operating activities				
Income (loss) before income taxes and minority interests	**¥ 58,464**	¥(12,995)	¥34,336	**$ 439,579**
Depreciation and amortization	**37,222**	38,640	37,334	**279,865**
Amortization of excess of cost over net assets acquired	**2,790**	4,415	2,639	**20,977**
Accrued employees' retirement benefits	**(68)**	50,156	1,333	**(511)**
Accrued officers' severance benefits	**(305)**	406	(42)	**(2,293)**
Provision for loss on guarantees	**—**	(1,167)	1,167	**—**
Interest and dividend income	**(2,105)**	(2,329)	(2,827)	**(15,827)**
Interest expense	**4,675**	5,398	5,298	**35,150**
Equity in earnings of affiliates	**(3,713)**	(4,617)	(5,976)	**(27,917)**
Loss on liquidation of affiliates	**—**	12,161	109	**—**
(Gain) loss on sales of securities	**(242)**	(6,953)	528	**(1,820)**
Loss on revaluation of securities	**232**	1,177	1,291	**1,744**
Notes and accounts receivable	**(6,655)**	(33,764)	9,836	**(50,038)**
Notes and accounts payable	**(1,951)**	18,805	(8,376)	**(14,669)**
Gain on compensation received for damages	**(3,176)**	—	—	**(23,880)**
Penalty paid	**728**	2,636	—	**5,474**
Other	**(4,462)**	(10,689)	10,826	**(33,549)**
Subtotal	**81,433**	61,279	87,476	**612,278**
Interest and dividends received	**5,986**	2,165	2,867	**45,008**
Interest paid	**(4,981)**	(5,494)	(5,471)	**(37,451)**
Compensation received for damages	**3,176**	—	—	**23,880**
Penalty paid	**(728)**	(2,636)	—	**(5,474)**
Income taxes paid	**(26,579)**	(17,358)	(12,742)	**(199,842)**
Net cash provided by operating activities	**58,306**	37,955	72,130	**438,391**
Cash flows from investing activities				
Increase (decrease) in marketable securities	**1,017**	4,897	(2,257)	**7,647**
Acquisition of property, plant and equipment	**(45,821)**	(46,277)	(46,381)	**(344,519)**
Proceeds from sales of property, plant and equipment	**8,135**	20,561	5,389	**61,165**
Acquisition of intangible assets, net of proceeds	**(3,564)**	(1,867)	(8,511)	**(26,797)**
Acquisition of investments in securities	**(607)**	(2,945)	(5,869)	**(4,564)**
Proceeds from sales of investments in securities	**2,157**	12,432	25,630	**16,218**
Losses on guarantees for liabilities	**—**	(1,256)	—	**—**
Acquisition of subsidiaries' stock resulting from changes in the scope of consolidation	**—**	(9,555)	—	**—**
Acquisition of shares of affiliates	**(418)**	(3,089)	(838)	**(3,143)**
Other	**2,290**	3,741	3,618	**17,218**
Net cash used in investing activities	**(36,812)**	(23,360)	(29,219)	**(276,782)**
Cash flows from financing activities				
Increase (decrease) in short-term borrowings	**21,667**	(6,357)	(27,830)	**162,910**
Proceeds from long-term debt	**3,336**	3,373	10,357	**25,083**
Repayments of long-term debt	**(16,572)**	(10,053)	(11,485)	**(124,602)**
Repayment of bonds and convertible bonds	**(28,303)**	—	—	**(212,805)**
Cash dividends paid	**(6,499)**	(6,495)	(7,793)	**(48,865)**
Other	**(4)**	(673)	(404)	**(30)**
Net cash used in financing activities	**(26,376)**	(20,205)	(37,156)	**(198,316)**
Effect of exchange rate changes on cash and cash equivalents	**1,888**	2,208	(2,672)	**14,195**
(Decrease) increase in cash and cash equivalents	**(2,992)**	(3,401)	3,080	**(22,496)**
Cash and cash equivalents at beginning of year	**59,389**	60,309	47,854	**446,534**
Increase due to inclusion of subsidiaries in consolidation	**154**	1,260	5,493	**1,158**
Increase arising from change in fiscal year end of consolidated subsidiaries	**—**	1,220	3,880	**—**
Cash and cash equivalents at end of year	**¥ 56,550**	¥ 59,389	¥60,309	**$ 425,188**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Ajinomoto Co., Inc. and Consolidated Subsidiaries March 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

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

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

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

b. Basis of Consolidation

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

In accordance with the revised accounting standard for consolidation, the accompanying consolidated financial statements for the years ended March 31, 2002, 2001 and 2000 include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies 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 are translated into yen at the current rates.

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

A revised accounting standard for foreign currency translation became effective April 1, 2000. The effect of the adoption of the revised standard on the consolidated financial statements was immaterial for the year ended March 31, 2001.

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

Until the year ended March 31, 2000, marketable securities had been valued principally at the lower of cost or market, cost being determined by the moving average method, and investment securities other than marketable securities had been stated at cost determined by the moving average method.

A new accounting standard for financial instruments, which became effective April 1, 2000, requires that securities be classified into three categories: trading, held-to-maturity or other securities. Under the new standard, trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders’ equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

As of April 1, 2000, the Company and its consolidated subsidiaries assessed their intent to hold their investments in securities and classified their investments as “other securities” and have accounted for the securities at March 31, 2002 and 2001 in accordance with the new standard referred to above. However, the adoption of this new standard had no material effect on the consolidated statement of operations for the year ended March 31, 2001.

g. Property, Plant and Equipment and Depreciation

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

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

h. Leases

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

i. Bond Issuance Expenses

Bond issuance expenses are charged to income as incurred.

j. Retirement Benefits

Until the year ended March 31, 2000, accrued employees' retirement benefits were stated at the amount which would be required to be paid if all employees covered by the retirement benefit plans voluntarily terminated their employment at 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 accordance with a new accounting standard for retirement benefits which became effective April 1, 2000, accrued employees' retirement benefits at March 31, 2002 and 2001 have been provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the years of service. The net retirement benefit obligation at transition was charged to operations as incurred.

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

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

The effect of the adoption of the new standard for retirement benefits was to increase loss before income taxes and minority interests by ¥48,358 million for the year ended March 31, 2001.

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

k. Income Taxes

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

l. Research and Development Expenses

Research and development expenses are charged to income when incurred.

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

m. Derivative Financial Instruments

The Company and certain consolidated subsidiaries have entered into derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates, interest rates and commodity prices. In accordance with a new accounting standard for financial instruments which became effective April 1, 2000, derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or a liability. Receivables and payables hedged by qualified forward foreign exchange contracts are translated at the corresponding foreign exchange contract rates.

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 ¥133 = U.S.$1.00, the approximate rate of exchange on March 31, 2002.

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, 2002 and 2001 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Finished goods	**¥ 54,426**	¥48,569	**$409,218**
Work in process	**24,511**	24,278	**184,293**
Raw materials and supplies	**25,071**	23,600	**188,504**
	¥104,008	¥96,449	**$782,015**

4. DEPRECIATION

Depreciation expense for the years ended March 31, 2002, 2001 and 2000 was ¥33,496 million ($251,850 thousand), ¥35,630 million and ¥34,472 million, respectively.

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings are, with minor exceptions, unsecured and generally represented overdrafts. The annual interest rates applicable to the borrowings at March 31, 2002 and 2001 ranged from 0.38% to 28.00% and from 0.33% to 20.00%, respectively.

Long-term debt at March 31, 2002 and 2001 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Bonds without collateral:			
1.9% convertible bonds due 2002	**¥ —**	¥ 18,303	**$ —**
2.675% bonds due 2007	**15,000**	15,000	**112,782**
2.425% bonds due 2005	**10,000**	10,000	**75,188**
2.075% bonds due 2003	**15,000**	15,000	**112,782**
1.600% bonds due 2001	**—**	10,000	**—**
2.050% bonds due 2008	**20,000**	20,000	**150,376**
Loans from banks, insurance companies and government-sponsored agencies:			
With collateral	**8,705**	10,835	**65,451**
Without collateral	**15,459**	26,391	**116,233**
Customers' deposits	**14,370**	14,770	**108,045**
Other	**4,826**	1,134	**36,286**
	103,360	141,433	**777,143**
Current portion	**(8,925)**	(42,922)	**(67,105)**
	¥ 94,435	¥ 98,511	**$710,038**

The annual maturities of long-term debt subsequent to March 31, 2002 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥ 8,925	$ 67,105
2004	23,008	172,992
2005	2,131	16,023
2006	11,552	86,857
2007 and thereafter	57,744	434,165
	¥103,360	$777,143

6. PLEDGED ASSETS

The assets pledged as collateral for short-term borrowings, notes and accounts payable and long-term debt at March 31, 2002 were as follows:

	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment, at net book value	**¥18,583**	**$139,722**
Investment securities	**38**	**286**
Other assets	**271**	**2,038**
	¥18,893	**$142,053**

7. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 42% in 2002, 2001 and 2000. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statements of operations for the years ended March 31, 2002, 2001 and 2000 differ from the statutory tax rate for the following reasons:

	2002	2001	2000
Statutory tax rate	**42.0%**	(42.0)%	42.0%
Effect of:			
Expenses not deductible for income tax purposes	**6.2**	17.2	4.3
Dividend income deductible for income tax purposes	**(6.2)**	(4.4)	(2.5)
Other, net	**(2.0)**	(2.4)	(2.9)
Effective tax rate	**40.0%**	(31.6)%	40.9%

The significant components of deferred tax assets and liabilities as of March 31, 2002 and 2001 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Deferred tax assets:			
Inventories	**¥ 984**	¥ 990	**$ 7,398**
Securities	**4,443**	4,540	**33,406**
Property, plant and equipment	**1,100**	907	**8,271**
Accrued retirement benefits	**28,899**	28,896	**217,286**
Accrued expenses	**1,916**	2,516	**14,406**
Accrued bonuses	**2,804**	2,181	**21,083**
Unrealized profit	**3,847**	4,323	**28,925**
Accrued enterprise tax	**969**	968	**7,286**
Other	**4,835**	1,428	**36,353**
Total deferred tax assets	**49,801**	46,753	**374,444**
Deferred tax liabilities:			
Depreciation	**6,163**	8,135	**46,338**
Unrealized gain on land	**2,470**	2,470	**18,571**
Other	**7,619**	16,152	**57,286**
Total deferred tax liabilities	**16,253**	26,758	**122,203**
Net deferred tax assets	**¥33,548**	¥19,994	**$252,241**

8. RETIREMENT BENEFIT PLANS

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

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of March 31, 2002 and 2001 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Retirement benefit obligation	**¥(269,581)**	¥(236,964)	**$(2,026,925)**
Plan assets at fair value	**155,670**	155,258	**1,170,451**
Unfunded retirement benefit obligation	**(113,910)**	(81,705)	**(856,466)**
Unrecognized actuarial gain or loss	**46,288**	11,018	**348,030**
Unrecognized prior service cost	**(3,049)**	—	**(22,925)**
Accrued retirement benefits	**¥ (70,672)**	¥ (70,687)	**$ (531,368)**

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

The components of retirement benefit expenses for the years ended March 31, 2002 and 2001 are outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2002	2001	**2002**
Service cost	**¥ 6,713**	¥ 6,900	**$ 50,474**
Interest cost	**8,095**	7,869	**60,865**
Expected return on plan assets	**(5,432)**	(5,505)	**(40,842)**
Amortization of prior service cost	**(48)**	—	**(361)**
Amortization of net retirement benefit obligation at transition	**—**	52,293	**—**
Amortization of actuarial gain or loss	**1,089**	—	**8,188**
Other	**362**	—	**2,722**
Total	**¥10,779**	¥61,557	**$ 81,045**

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

	As of March 31,	
	2002	2001
Discount rates	**Mainly 2.5%**	Mainly 3.5%
Expected return on assets	**Mainly 3.5%**	Mainly 3.5%

9. SHAREHOLDERS' EQUITY

Retained earnings include a legal reserve provided in accordance with the 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. On October 1, 2001, an amendment (the "Amendment") to the Code became effective. The Amendment provides that if the total amount of capital surplus and the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. In addition, the Amendment eliminates the stated par value of the Company's outstanding shares, which resulted in all outstanding shares having no par value as of October 1, 2001. The Amendment also provides that all share issuances after September 30, 2001 will be of shares with no par value. Prior to the date on which the Amendment came into effect, the Company's shares had a par value of ¥50.

10. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in manufacturing costs and selling, general and administrative expenses for the years ended March 31, 2002, 2001 and 2000 were ¥27,000 million ($203,008 thousand), ¥26,261 million and ¥24,087 million, respectively.

11. LEASE TRANSACTIONS

a) Lessees' Accounting

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of March 31, 2002 and 2001, 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		
March 31, 2002	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	**¥1,509**	**¥ 28**	**¥1,481**	**$11,346**	**$ 211**	**$11,135**
Machinery and equipment	**7,363**	**4,256**	**3,106**	**55,361**	**32,000**	**23,353**
Total	**¥8,873**	**¥4,284**	**¥4,588**	**$66,714**	**$32,211**	**$34,496**

	Millions of yen		
March 31, 2001	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	¥7,024	¥4,145	¥2,879

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,507 million ($11,331 thousand), ¥1,316 million and ¥1,221 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, 2002, 2001 and 2000, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2002 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥1,207	$ 9,075
2004 and thereafter	3,381	25,421
Total	¥4,588	$34,496

Future minimum lease payments subsequent to March 31, 2002 for operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥163	$1,226
2004 and thereafter	630	4,737
Total	¥794	$5,970

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, 2002 and 2001:

	Millions of yen			Thousands of U.S. dollars		
March 31, 2002	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	**¥1,436**	**¥865**	**¥570**	**$10,797**	**$6,504**	**$4,286**

	Millions of yen		
March 31, 2001	Acquisition costs	Accumulated depreciation	Net book value
Machinery and equipment	¥1,057	¥320	¥737

Lease income relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥623 million ($4,684 thousand), ¥193 million and ¥82 million for the years ended March 31, 2002, 2001 and 2000, respectively. Depreciation of the assets leased under finance leases accounted for as operating leases amounted to ¥256 million ($1,925 thousand), ¥174 million and ¥74 million for the years ended March 31, 2002, 2001 and 2000, respectively.

Future minimum lease income (including the interest portion thereon) subsequent to March 31, 2002 for the finance leases accounted for as operating leases are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2003	¥304	$2,286
2004 and thereafter	652	4,902
Total	¥957	$7,195

12. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for capital expenditures outstanding at March 31, 2002 aggregated approximately ¥10,587 million ($79,602 thousand).

At March 31, 2002, 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	**¥ 388**	**$ 2,917**
As guarantor of indebtedness of unconsolidated subsidiaries, affiliates and employees	**3,754**	**28,226**
	¥4,142	**$31,143**

13. AMOUNTS PER SHARE

	Yen			U.S. dollars
	2002	2001	2000	**2002**
Net income (loss):				
Basic	**¥ 48.4**	¥ (17.8)	¥ 27.2	**$0.364**
Diluted	**—**	—	27.1	**—**
Cash dividends	**10.0**	10.0	10.0	**0.075**
Net assets	**586.3**	556.6	624.6	**4.408**

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, 2002 was presented because there were no convertible bonds outstanding.

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 ¥183,938 million ($1,382,992 thousand), ¥176,468 million and ¥168,433 million from its affiliates, which were accounted for by the equity method, for the years ended March 31, 2002, 2001 and 2000, respectively. Purchase prices were negotiated on an arm's-length basis based on the final retail prices of the Company.

15. SECURITIES

a) Information regarding marketable securities classified as other securities as of March 31, 2002 and 2001 is as follows:

	Millions of yen			Thousands of U.S. dollars		
March 31, 2002	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:						
Stock	**¥33,048**	**¥52,615**	**¥19,567**	**$248,481**	**$395,602**	**$147,120**
Debt securities	**1**	**1**	**—**	**8**	**8**	**—**
Other	**—**	**—**	**—**	**—**	**—**	**—**
Subtotal	**33,049**	**52,616**	**19,567**	**248,489**	**395,609**	**147,120**
Securities whose acquisition cost exceeds their carrying value:						
Stock	**15,157**	**11,818**	**(3,338)**	**113,962**	**88,857**	**(25,098)**
Debt securities	**3**	**2**	**(0)**	**23**	**15**	**(0)**
Other	**355**	**335**	**(19)**	**2,669**	**2,519**	**(143)**
Subtotal	**15,515**	**12,156**	**(3,358)**	**116,654**	**91,398**	**(25,248)**
Total	**¥48,564**	**¥64,773**	**¥16,208**	**$365,143**	**$487,015**	**$121,865**

	Millions of yen		
March 31, 2001	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:			
Stock	¥44,294	¥81,886	¥37,592
Debt securities	24	25	1
Other	200	201	1
Subtotal	44,518	82,112	37,594
Securities whose acquisition cost exceeds their carrying value:			
Stock	5,019	4,030	(988)
Debt securities	—	—	—
Other	355	343	(11)
Subtotal	5,374	4,374	(999)
Total	¥49,892	¥86,486	¥36,594

b) Sales of securities classified as other securities amounted to ¥2,976 million ($22,376 thousand) with an aggregate gain of ¥694 million ($5,218 thousand) and an aggregate loss of ¥452 million ($3,398 thousand) for the year ended March 31, 2002. For the year ended March 31, 2001, sales of securities classified as other securities amounted to ¥29,262 million with an aggregate gain of ¥7,212 million and an aggregate loss of ¥309 million.

c) The redemption schedule for securities with maturity dates classified as other securities as of March 31, 2002 is summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due in one year or less	Due after one year through five years	Due after five years through ten years
Government bonds	**¥ 0**	**¥103**	**¥ —**	**$ 0**	**$ 774**	**$ —**
Corporate bonds	**2**	**—**	**—**	**15**	**—**	**—**
Other	**—**	**298**	**—**	**—**	**2,241**	**—**
Total	**¥ 3**	**¥401**	**¥ —**	**$23**	**$3,015**	**$ —**

16. DERIVATIVE TRANSACTIONS

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

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.

a) Summarized below are the notional amounts and the estimated fair value of the derivative transactions outstanding at March 31, 2002 and 2001:

1) Currency-related transactions

	Millions of yen			Thousands of U.S. dollars		
March 31, 2002	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Sell:						
US$	**¥879**	**¥885**	**¥ (5)**	**$6,609**	**$6,654**	**$ (38)**
Others	**235**	**236**	**(0)**	**1,767**	**1,774**	**(0)**
Buy:						
US$	**913**	**950**	**36**	**6,865**	**7,143**	**271**
Others	**44**	**44**	**0**	**331**	**331**	**0**
Options:						
Put options, purchased:						
US$	**926**	**24**	**8**	**6,962**	**180**	**60**
Premium	**15**			**113**		
Total			**¥38**			**$286**

	Millions of yen		
March 31, 2001	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:			
Sell:			
US$	¥6,968	¥7,030	¥(61)
Others	839	815	24
Buy:			
US$	111	120	8
Others	64	58	(6)
Options:			
Put options, purchased:			
US$	926	50	37
Premium	12		
Total			¥ 3

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

2) Interest-related transactions

	Millions of yen			Thousands of U.S. dollars		
March 31, 2002	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Interest rate swaps:						
Receive/floating and pay/fixed	**¥900**	**¥(16)**	**¥(16)**	**$6,767**	**$(120)**	**$(120)**
Total			**¥(16)**			**$(120)**

	Millions of yen		
March 31, 2001	Notional amount	Fair value	Unrealized gain (loss)
Interest rate swaps:			
Receive/floating and pay/fixed	¥1,350	¥1,342	¥ (7)
Receive/fixed and pay/floating	124	269	35
Total			¥28

3) Commodity-related transactions

March 31, 2002	Millions of yen			Thousands of U.S. dollars		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Options:						
Call options, purchased	**¥17**	**¥17**	**¥(0)**	**$128**	**$128**	**$(0)**
Total			**¥(0)**			**$(0)**

March 31, 2001	Millions of yen		
	Notional amount	Fair value	Unrealized gain (loss)
Options:			
Call options, purchased	¥88	¥87	¥(0)
Total			¥(0)

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, 2002, 2001 and 2000 are outlined as follows:

Business Segments

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

Year ended March 31, 2002	Thousands of U.S. dollars					
	Foods	Fine Chemicals	Other	Total	Eliminations	Consolidated
I. Sales and operating income:						
Sales to third parties	**$4,783,466**	**$1,621,865**	**$ 688,940**	**$7,094,286**	**$ —**	**$7,094,286**
Intragroup sales and transfers	**80,278**	**20,947**	**521,241**	**622,474**	**(622,474)**	**—**
Total sales	**4,863,752**	**1,642,820**	**1,210,188**	**7,716,767**	**(622,474)**	**7,094,286**
Operating expenses	**4,702,203**	**1,473,714**	**1,173,895**	**7,349,812**	**(624,060)**	**6,725,752**
Operating income	**$ 161,541**	**$ 169,105**	**$ 36,293**	**$ 366,947**	**$ 1,579**	**$ 368,534**
II. Assets, depreciation and capital expenditures:						
Total assets	**$2,847,173**	**$1,725,353**	**$ 862,474**	**$5,435,000**	**$ 881,925**	**$6,316,932**
Depreciation and amortization	**148,481**	**118,489**	**20,338**	**287,316**	**(7,444)**	**279,865**
Capital expenditures	**171,850**	**151,940**	**20,481**	**344,271**	**(3,842)**	**340,429**

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

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

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	¥106,791	¥732,980
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

Geographical Segments

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

Year ended March 31, 2002	Thousands of U.S. dollars Japan	 Asia	 America	 Europe	 Total	 Eliminations	 Consolidated
Sales to third parties	**$5,389,278**	**$660,421**	**$425,549**	**$619,015**	**$7,094,286**	**$ —**	**$7,094,286**
Interarea sales and transfers	**252,383**	**86,451**	**73,571**	**31,707**	**444,120**	**(444,120)**	**—**
Total sales	**5,641,669**	**746,880**	**499,128**	**650,722**	**7,538,406**	**(444,120)**	**7,094,286**
Operating expenses	**5,441,617**	**662,594**	**475,985**	**589,669**	**7,169,872**	**(444,120)**	**6,725,752**
Operating income	**$ 200,045**	**$ 84,278**	**$ 23,135**	**$ 61,053**	**$ 368,534**	**$ —**	**$ 368,534**
Total assets	**$3,824,820**	**$541,609**	**$440,940**	**$464,308**	**$5,271,692**	**$1,045,241**	**$6,316,932**

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

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

	Millions of yen						
Year ended March 31, 2000	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	¥629,864	¥103,116	¥732,980

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, 2002, 2001 and 2000, are summarized as follows:

	Millions of yen			
Year ended March 31, 2002	Asia	America	Europe	Total
Overseas sales	**¥97,863**	**¥63,161**	**¥82,744**	**¥243,769**
Consolidated net sales				**943,540**

	Thousands of U.S. dollars			
Year ended March 31, 2002	Asia	America	Europe	Total
Overseas sales	**$735,812**	**$474,895**	**$622,135**	**$1,832,850**
Consolidated net sales				**7,094,286**
Overseas sales as a percentage of consolidated net sales	**10.4%**	**6.7%**	**8.8%**	**25.8%**

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

	Millions of yen			
Year ended March 31, 2000	Asia	America	Europe	Total
Overseas sales	¥65,312	¥40,692	¥44,820	¥150,825
Consolidated net sales				829,422
Overseas sales as a percentage of consolidated net sales	7.9%	4.9%	5.4%	18.2%

18. SUBSEQUENT EVENTS

1) On April 1, 2002, all shares of Ajinomoto Oil Mills Co., Inc. a wholly-owned consolidated subsidiary of the Company, were transferred in exchange for a 33.4% interest in HONEN AJINOMOTO OIL MILLS, INC. ("HONEN AJINOMOTO"), a joint holding company newly established by the Company and the shareholders of HONEN Corporation. As a result, Ajinomoto Oil Mills Co., Inc. and HONEN Corporation became wholly-owned subsidiaries of HONEN AJINOMOTO.

Summarized balance sheets of Ajinomoto Oil Mills Co., Inc. and HONEN Corporation as of March 31, 2002 are as follows:

	Ajinomoto Oil Mills Co., Inc.		HONEN Corporation	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
Assets:				
Current assets	¥20,257	$152,308	¥34,593	$260,098
Fixed assets	14,660	110,226	35,158	264,346
Total assets	¥34,917	$262,534	¥69,752	$524,451
Liabilities:				
Current liabilities	¥18,113	$136,188	¥28,161	$211,737
Non-current liabilities	642	4,827	10,054	75,594
Total liabilities	18,756	141,023	38,215	287,331
Shareholders' equity	16,161	121,511	31,536	237,113
Total liabilities and shareholders' equity	¥34,917	$262,534	¥69,752	$524,451

2) 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, 2002, were approved by the shareholders at a meeting held on June 27, 2002:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends (¥5=US$0.038 per share)	¥3,249	$24,429
Bonuses to directors and statutory auditors	186	1,398

Report of Certified Public Accountants

Shin Nihon & Co.

Certified Public Accountants
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Chiyoda-ku, Tokyo 100-0011
C.P.O. Box 1196, Tokyo 100-8641

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

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, 2002 and 2001, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2002, 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, 2002 and 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2002 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 research and development expenses effective the year ended March 31, 2000 and for employees' retirement benefits, financial instruments and foreign currency translations effective the year ended March 31, 2001 in the preparation of their consolidated financial statements.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 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 27, 2002

Shin Nihon & 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.

Board of Directors and Auditors

(As of July 1, 2002)

Kunio Egashira

Takeshi Suzuki

Takuzo Kitamura

Hisaya Ushioda

Tohru Nishiyama

Keiichiro Aihara

Tadao Toki

Norio Yamaguchi

Sohei Ishiwata

Takao Ikeda

Kinzo Iitani

PRESIDENT

Kunio Egashira

EXECUTIVE VICE PRESIDENT

Takeshi Suzuki

Environment Dept.; Public Relations Dept.

EXECUTIVE MANAGING DIRECTORS

Takuzo Kitamura

President, Global Foods & Amino Acids Company

Hisaya Ushioda

Secretarial Office; General Affairs Dept.; Finance Dept.; Legal Dept.; Administration Office for Calpis Co., Ltd.; Administration Office for Ajinomoto General Foods, Inc.; Administration Office for HONEN AJINOMOTO OIL MILLS, INC.

Tohru Nishiyama

Quality Assurance & External Scientific Affairs Dept.; R&D Management Dept.; Intellectual Property Center; Institute of Life Sciences

Keiichiro Aihara

President, Pharmaceutical Company; Purchasing Dept.

MANAGING DIRECTORS

Tadao Toki

Health Services Development Dept.; Research Institute for Health Fundamentals

Norio Yamaguchi

Corporate Planning & Information Systems Dept.; Human Resources Dept.; Logistics & Service Business Strategy Dept.

Sohei Ishiwata

President, Seasonings & Food Products Company; Advertising Dept.

Takao Ikeda

Vice President, Seasonings & Food Products Company

Kinzo Iitani

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

DIRECTORS

Yoichi Kobayashi

General Manager, North America Div., Global Foods & Amino Acids Company; President, Ajinomoto U.S.A., Inc.

Hiroshi Sakaguchi

General Manager, Kawasaki Administration & Coordination Office

Toshihide Yukawa

General Manager, Tokai Administration & Coordination Office and Tokai Plant I

Shigetoshi Suzuki

President, Ajinomoto Takara Corporation, Inc.

Chikahiko Eguchi

Vice President, Pharmaceutical Company; General Manager, Pharmaceutical Research Laboratories, Pharmaceutical Company

Tsuyoshi Miura

Vice President, Global Foods & Amino Acids Company

Shinji Sasaki

Executive Vice President, HONEN AJINOMOTO OIL MILLS, INC.; President, Ajinomoto Oil Mills Co., Inc.

Masatoshi Ito

Executive Vice President, Ajinomoto Frozen Foods Co., Inc.

Daiji Shindo

General Manager, Tokyo Branch, Marketing Div., Seasonings & Food Products Company

Yukimichi Tamura

General Manager, Europe & Africa Div., Global Foods & Amino Acids Company

Yasunori Yoshioka

General Manager, Finance Dept.

Takashi Kurematsu

General Manager, Corporate Planning & Information Systems Dept.

Osamu Tosaka

General Manager, Kyushu Administration & Coordination Office and Kyushu Plant

Toshio Takahashi

General Manager, Sweetener Dept., Global Foods & Amino Acids Company

Takashi Utagawa

General Manager, Fermentation & Biotechnology Laboratories, Global Foods & Amino Acids Company

Namio Terashi

General Manager, Human Resources Dept.

Keiichi Yokoyama

General Manager, Osaka Branch, Marketing Div., Seasonings & Food Products Company

Yutaka Kunimoto

Vice President, Global Foods & Amino Acids Company

Hirozumi Eto

General Manager, R&D Management Dept.

STANDING CORPORATE AUDITORS

Ichiro Ohashi

Yutaka Naito

Toshikatsu Saito

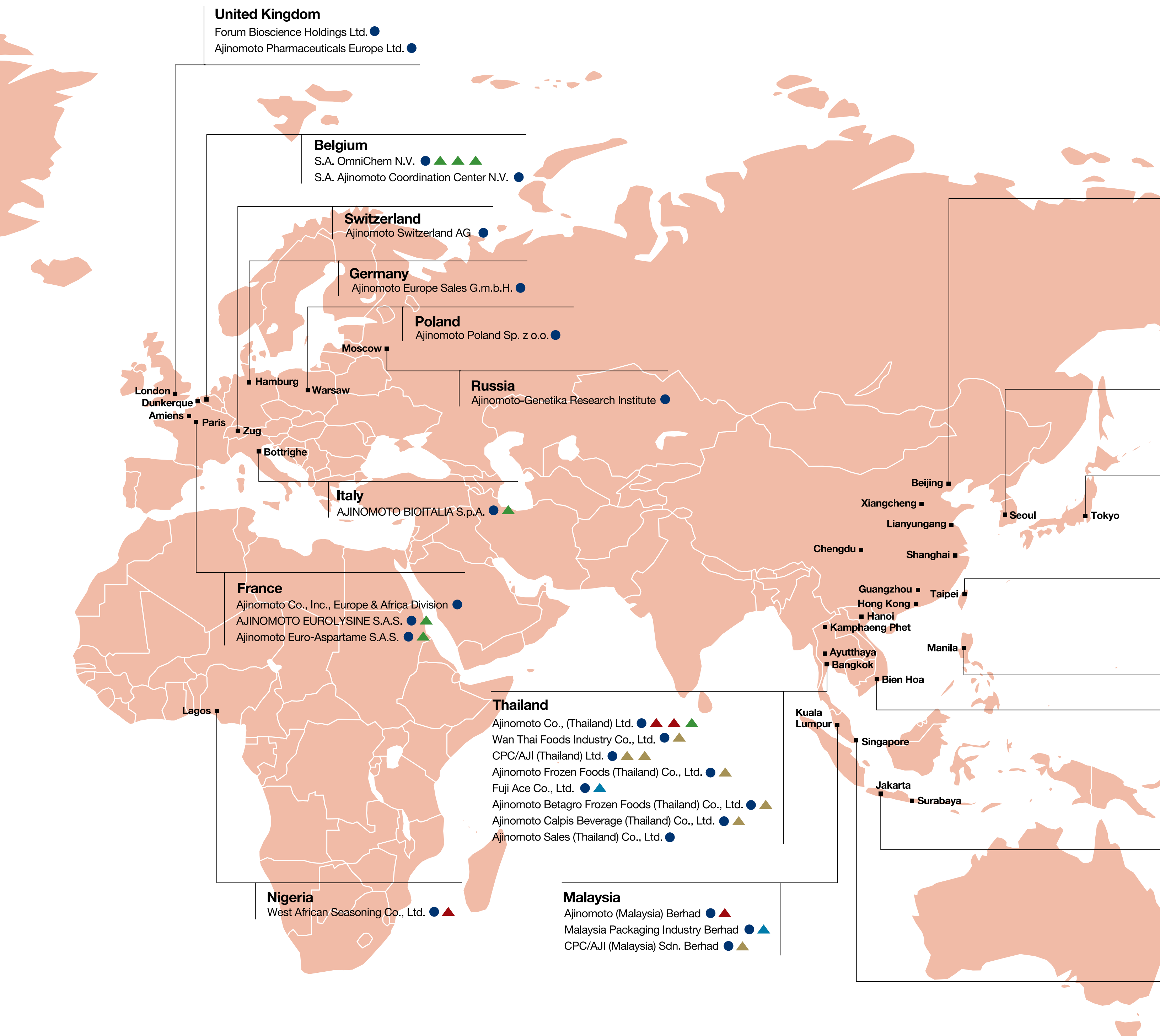
CORPORATE AUDITOR

Tadao Suzuki

President, Mercian Corporation

Global Network

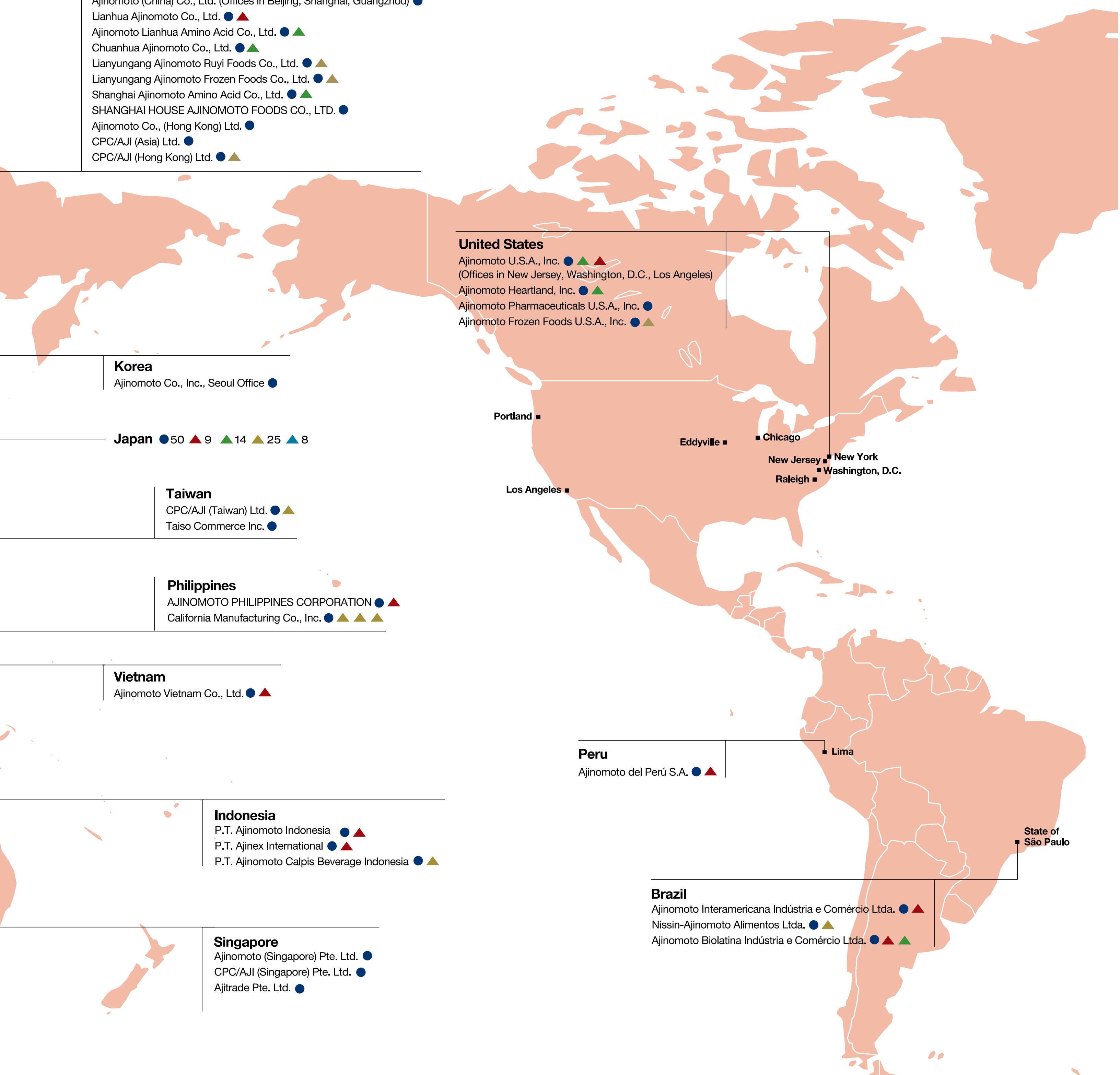
(As of April 1, 2002)



Global network: 22 countries and regions
(including 106 manufacturing plants* in 15 countries and regions)
(Japan: 56; Other Countries: 50)

- ● Subsidiaries, affiliates and offices of the Parent Company
- ▲ Seasonings Plants (25)
- ▲ Amino Acids and Specialty Chemicals Plants (27)
- ▲ Processed Foods Plants (42)
- ▲ Other Plants (12)

*Includes packaging plants



China
Ajinomoto (China) Co., Ltd. (Offices in Beijing, Shanghai, Guangzhou) ●
Lianhua Ajinomoto Co., Ltd. ● ▲
Ajinomoto Lianhua Amino Acid Co., Ltd. ● ▲
Chuanhua Ajinomoto Co., Ltd. ● ▲
Lianyungang Ajinomoto Ruyi Foods Co., Ltd. ● ▲
Lianyungang Ajinomoto Frozen Foods Co., Ltd. ● ▲
Shanghai Ajinomoto Amino Acid Co., Ltd. ● ▲
SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD. ●
Ajinomoto Co., (Hong Kong) Ltd. ●
CPC/AJI (Asia) Ltd. ●
CPC/AJI (Hong Kong) Ltd. ● ▲

Korea
Ajinomoto Co., Inc., Seoul Office ●

Japan ●50 ▲9 ▲14 ▲25 ▲8

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

Philippines
AJINOMOTO PHILIPPINES CORPORATION ● ▲
California Manufacturing Co., Inc. ● ▲ ▲ ▲

Vietnam
Ajinomoto Vietnam Co., Ltd. ● ▲

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

Singapore
Ajinomoto (Singapore) Pte. Ltd. ●
CPC/AJI (Singapore) Pte. Ltd. ●
Ajitrade Pte. Ltd. ●

United States
Ajinomoto U.S.A., Inc. ● ▲ ▲
(Offices in New Jersey, Washington, D.C., Los Angeles)
Ajinomoto Heartland, Inc. ● ▲
Ajinomoto Pharmaceuticals U.S.A., Inc. ●
Ajinomoto Frozen Foods U.S.A., Inc. ● ▲

Peru
Ajinomoto del Perú S.A. ● ▲

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

Major Subsidiaries and Affiliates

(As of April 1, 2002)

Ajinomoto Group (International)

COMPANY NAME

Food Products

Seasonings

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

Frozen Foods

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

Processed Foods

- CPC/AJI (Asia) Ltd.
- CPC/AJI (Hong Kong) Ltd.
- CPC/AJI (Malaysia) Sdn. Berhad
- CPC/AJI (Singapore) Pte. Ltd.
- California Manufacturing Co., Inc.
- CPC/AJI (Taiwan) Ltd.
- CPC/AJI (Thailand) Ltd.
- Nissin-Ajinomoto Alimentos Ltda.
- Wan Thai Foods Industry Co., Ltd.
- Ajinomoto Poland Sp. z o. o.
- SHANGHAI HOUSE AJINOMOTO FOODS CO., LTD.

Beverages

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

Amino Acids

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

Pharmaceuticals

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

Other Businesses

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

Ajinomoto Group (Japan)

COMPANY NAME

Food Products

Seasonings and Processed Foods

- Knorr Foods Co., Ltd.
- Ajinomoto Packaging Inc.
- Delica Ace Co., Ltd.
- Shimadaya Corporation
- Ajinomoto Frozen Bakery Product Co., Ltd.

Frozen Foods

- Ajinomoto Frozen Foods Co., Inc.

Edible Oils

- HONEN AJINOMOTO OIL MILLS, INC.

Beverages and Dairy Products

- Ajinomoto General Foods, Inc.
- Calpis Co., Ltd.
- Calpis Ajinomoto Danone Co., Ltd.

Amino Acids

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

Pharmaceuticals

- Ajinomoto Pharma Co., Ltd.
- Showa Yakuhin Kako Co., Ltd.

Other Businesses

- Ajinomoto Communications Inc.
- AJINOMOTO LOGISTICS CORPORATION
- Ajinomoto Engineering Co., Ltd.
- Acepackage Co., Ltd.
- Ajinomoto System Techno Corporation
- Ajinomoto Treasury Management Inc.
- Aji-Estates Co., Inc.
- Shin-Nippon Commerce, Inc.
- Chiyoda Bussan Co., Ltd.
- Takara-Daimi Co., Ltd.
- Okinawa Ajinomoto Co., Inc.
- Ajitsu Corporation
- Charles River Japan, Inc.

Directory

(As of April 1, 2002)

OVERSEAS SUBSIDIARIES AND AFFILIATES

BELGIUM

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Fax: +32 (10) 45-6227

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S.A. OmniChem N.V., Wetteren Plant
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Fax: +32 (9) 369-8264

BRAZIL

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Fax: +55 (15) 283-9010

Ajinomoto Biolatina Indústria e Comércio Ltda., Valparaíso Plant
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Investor Information

(as of March 31, 2002)

Ajinomoto Co., Inc.

Established: May 20, 1909

Number of Employees: 24,326 (consolidated basis)
3,789 (non-consolidated basis)

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

Common Stock

Authorized: 1,000,000,000 shares

Issued: 649,981,740 shares

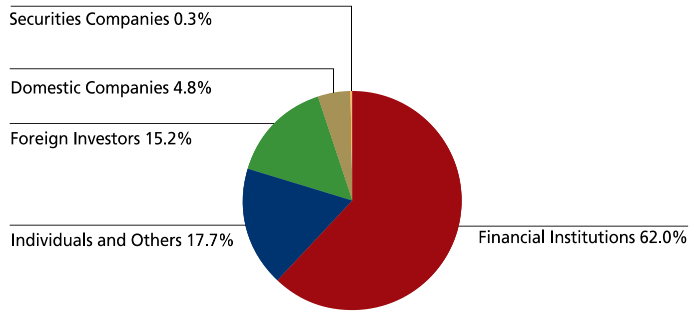
Paid-in Capital: ¥79,863 million

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

Transfer Agent: The Mitsubishi Trust and Banking Corporation

Independent Auditor: Shin Nihon & Co.

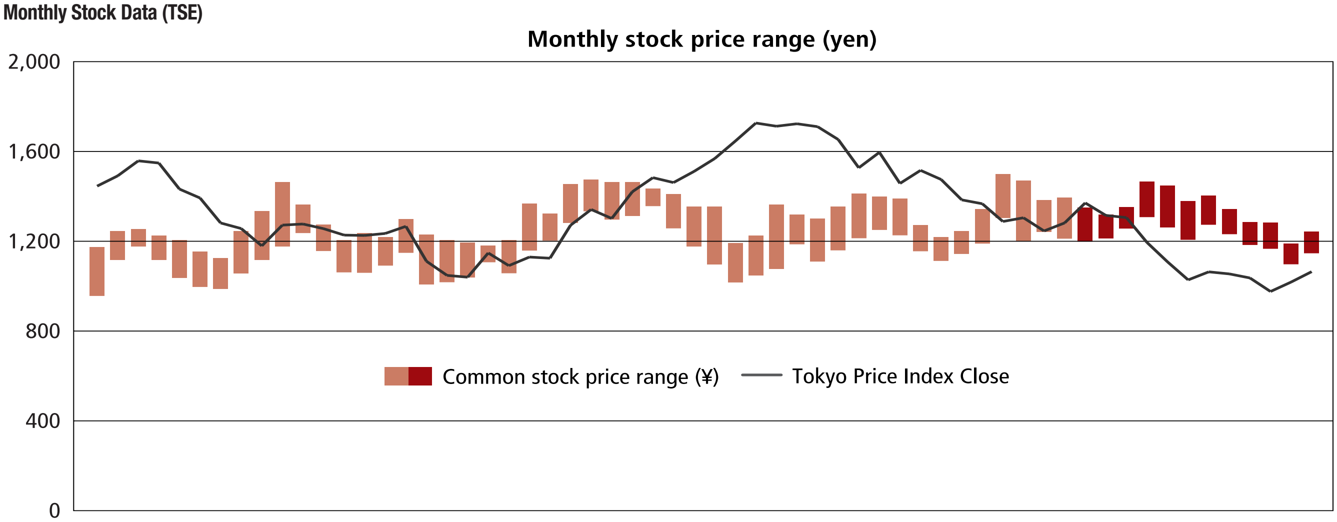
Distribution of Shareholders

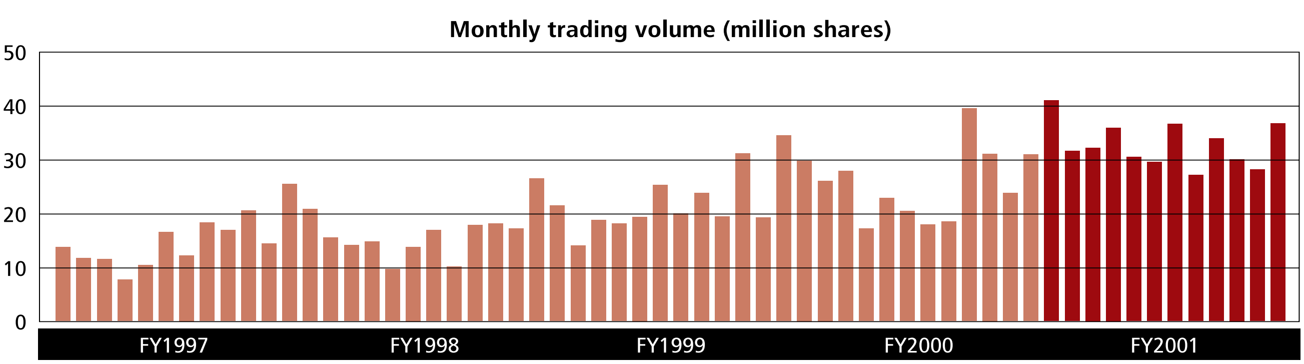


Major Shareholders

Name of Shareholders	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
The Dai-Ichi Mutual Life Insurance Company	39,501	6.08%
Nippon Life Insurance Company	35,523	5.47
Japan Trustee Services Bank, Ltd. (trust account)	33,182	5.11
The Bank of Tokyo-Mitsubishi, Ltd.	31,285	4.81
The Mitsubishi Trust & Banking Corp. (trust account)	30,747	4.73
The Dai-Ichi Kangyo Bank, Limited	27,454	4.22
The Mitsubishi Trust & Banking Corp.	20,655	3.18
NIPPONKOA Insurance Company, Limited	16,097	2.48
Meiji Life Insurance Company	15,156	2.33
Fukoku Mutual Life Insurance Company	13,194	2.03

Monthly Stock Data (TSE)





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

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