

02/04 Three-Year Management Plan

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President



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I-1. Ajinomoto in Three-Years – Becoming a Truly Global Corporation –

A Unique and Distinctive Company
Trusted by People Around the World

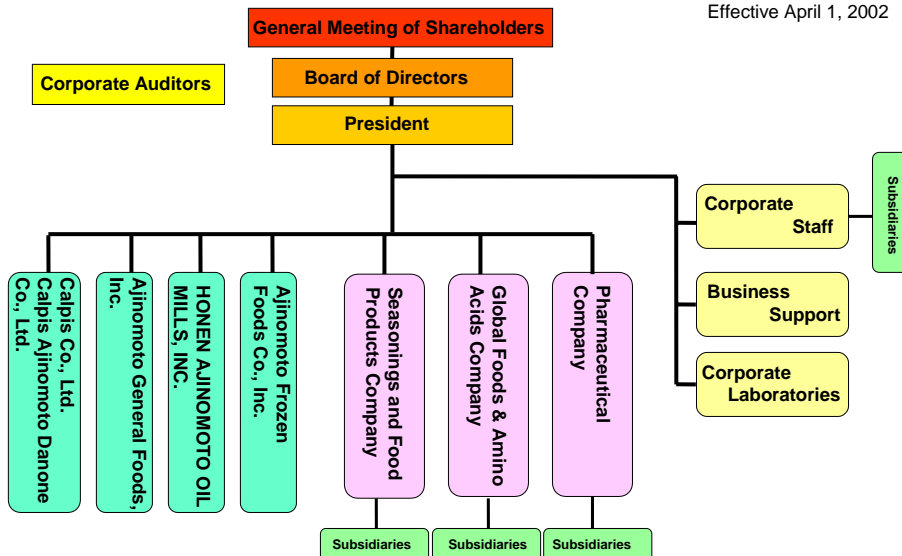
1. Products loved by people worldwide
2. **AJINOMOTO** brand assures reliability and safety
3. Creative and individual personnel
4. Innovative technologies

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I-2. Group Organization Chart – April 2002

Effective April 1, 2002



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II. Overview of 02/04 Three-Year Management Plan

Management Strategies

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

Targets

Targets for Fiscal 2004

Sales:	¥1.1 trillion
Operating Income :	¥75 billion
Net Income:	¥45 billion
ROE:	10% or higher



III-1. Expanding Business in Growth Sectors

- (1) Active Development of the Nutritional Health Business (Functional Health Development Department established)
 - Nutritional Health Science Research Project Department → Research Institute for Health Fundamentals
 - Development of products based on clear scientific foundation to follow *Amino Vital* and *Kenko Sarara* (received "Food For Specified Health Use" designation)
- (2) Focus on Highly Profitable Next-Generation Businesses
 - Overseas retail markets (seasoning mixes business, etc.)
 - Global bulk ingredients business (nucleotides, feed-use amino acids, sweeteners, others)
- (3) Emphasis on Pharmaceuticals Business
Focus on developing unique, new drugs based on pharmaceutical-use amino acids
- (4) Promotion of M&As and business alliances
Target areas in the Company's technological matrix and peripheral sectors



III-2. Shifting toward a High-Earnings Structure

Selection, Concentration and Expansion

1. Creating a highly profitable structure based on number-one and strong number-two brands (number-one niche brands) in each business



Drastic business restructuring required to achieve #1 above (including alliances, M&As and divestitures)

2. Restructuring of domestic food products business (frozen foods, etc.)
3. Restructuring of Corporate Division
Further reduction in headcount to create a small, select group



III-3. Strengthening Corporate Governance

Introduction of Internal Company System (Effective April 2002)

1. Group management structure in accordance with revisions to the Commercial Code
2. Creation of Risk Management Committee
3. Corporate ethics /Group Standards of Business Conduct
4. Quality assurance /Environmental preservation

Considering external directors and corporate executive officer system

Strengthening corporate auditor system



III-4. Nurturing Personnel Capable of Working in the Global Arena

Cultivating Management Personnel

1. Introduction of multi-track personnel system
 - Implement a system effective for dealing with highly capable employees, revise system for managerial-level personnel
2. Performance-based System
 - Managers: link authority and responsibility to performance evaluations
 - General employees: Revise personnel system (April 2002)
 - Employees in their 20s can be managers / Cultivate core personnel
3. Diversify management personnel
 - Includes increasing non-Japanese personnel in management positions
4. Establishment of training center to support human resource development
 - Develop human resources from a global group perspective



III-5. Operating in Harmony with Society as a Good Corporate Citizen

1. Promote further communication with society
 - Communicate corporate position and philosophy
 - Social responsibility activities
2. Proactive response to environmental issues
 - Environmental Report for entire Group
 - Work toward ISO 14001 certification
3. Further strengthen quality control
 - Execute Groupwide quality auditing



Targets for Fiscal Year Ending March 2005

Net sales	¥1.1 trillion
Operating income	¥75 billion
Net income	¥45 billion
R O E	10%

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1. Exchange Rates/ Oil Prices

	FY02	FY03-04
US\$	¥130	¥115
EURO	¥115	¥110
Crude oil /barrel	US\$25	

2. Capital Expenditures/Depreciation (Three-Year Total)

- Capex: ¥145.0 billion
- Depreciation: ¥110.0 billion

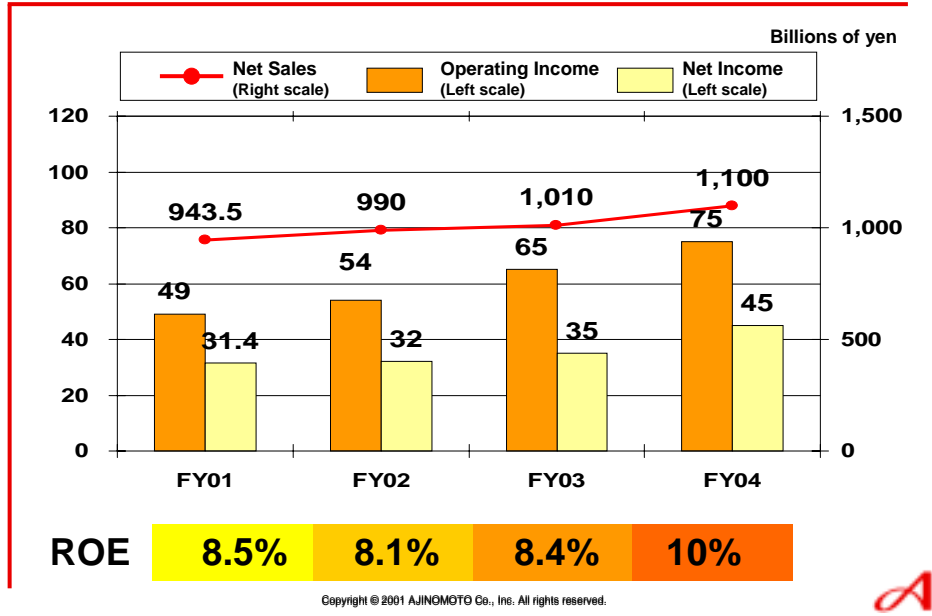
3. Headcount Plan of Parent Company (including employees assigned to subsidiaries & affiliates)

2001: 4,776 employees
 → 2004: Approx. 3,800 employees
 (Reduction of approx. 1,000)

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IV-2. Fiscal Year Targets



IV-3-(1) Sales Targets of New Business Segments

(Billions of yen)

	FY01**	FY02	FY04
1.Domestic Food Products*	565	585	650
2.Global Food Products	151	159	171
3.Amino Acids	148	155	174
4.Pharmaceuticals	53.5	58	71
5.Others	123	125	128
6.Intragroup sales and transfers	(97)	(92)	(94)
Total	943.5	990	1,100

* Includes spin-off company and business tie-ups (edible oils, beverages, frozen foods)

** • Based on unaudited figures that are subject to change.
 • Sales of soy bean hydrolyzate, enzymes, starch and sorbates had been included in the "Others" category, but are now included in the "Domestic Food Products" segment.

AJINOMOTO IV-4-(1) Operating Income Targets

(Billions of yen)

	FY01**	FY02	FY04
1.Domestic Food Products*	25.9	30.8	38.9
2.Global Food Products	7.4	8.3	11.0
3.Amino Acids	13.9	13.1	20.9
4.Pharmaceuticals	5.8	7.9	9.0
5.Others	4.1	2.6	3.0
6.Corporate Cost	(8.1)	(8.7)	(7.8)
Total	49.0	54.0	75.0

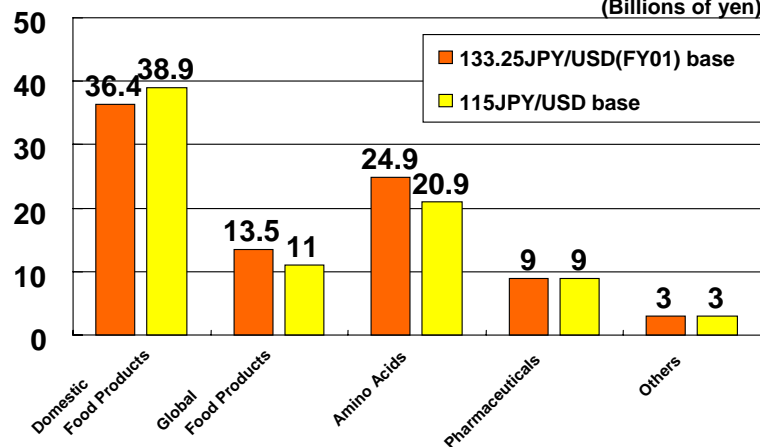
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AJINOMOTO IV-4-(2) Operating Income (FY04)

(Billions of yen)



Total Operating Income using FY01 Ex. Rate : 79 billion yen
 using 115JPY/USD : 75 billion yen

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V. Internal Company Business Strategies

1. Seasonings and Food Products Company

2. Global Foods & Amino Acids Company

3. Pharmaceutical Company

4. Spin-off company / businesses tie-ups



V-1-(1) Seasonings and Food Products Company

Slogan

A Thorough Consciousness of the Food Business
Simple, Speed & Sympathy

Targets for
Fiscal Year Ending
March 2005

Net Sales ¥275.0 billion

Operating
Income ¥31.9 billion



AJINOMOTO V-1- (2) Business Strategies

Return to Growth by Thoroughly Strengthening Core Businesses and Creating New Businesses

1. Strengthen foundation of core businesses and create a low-cost structure
 - ❖ Move forward with cost reductions
 - ❖ Brand selection and concentration (number-one and strong number-two brands)
2. Business expansion (enter new business sectors)
 - ❖ Enter sectors contiguous with core businesses
 - ❖ Adopt a global perspective
3. Health, safety and reliability
 - ❖ Reinforce and expand quality assurance system

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AJINOMOTO V-2-(1) Global Foods & Amino Acids Company

Slogan
Innovation & Globalization

Targets for
Fiscal Year Ending
March 2005

Net Sales	¥333.0 billion
Operating Income	¥31.9 billion

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V-2- (2) Business Strategies

Global Foods

1. Strengthen business foundation for umami seasonings for industrial use and stably expand this business
2. Carry out selection and concentration in consumer foods

Amino Acids

3. Maintain dominant position in feed-use amino acids
4. Achieve world-leading cost competitiveness in bulk ingredients businesses - pharmaceutical-use amino acids, sweeteners, pharmaceutical intermediates
5. Expand earnings by strengthening retail businesses — amino acids, cosmetics and sweeteners (*Amino Vital, JINO, Pal Sweet, others*)



V-2-(3) Strategy for Expansion in Consumer Foods

2 in 5

(Double Sales and Earnings over FY2000 Levels by FY2005)

1. Expand core products: *AJI-NO-MOTO*, seasoning mixes, others

{	Emphasize <i>AJI-NO-MOTO</i> in China			}
	Seasoning mixes	ex.	Thailand: <i>Ros Dee</i>	
			Indonesia: <i>MASAKO</i>	
			Brazil: <i>SAZON</i>	

2. Aggressively introduce new products and invest in marketing in low-market-share regions
3. Aggressively introduce Japanese seasoning mixes in China, Taiwan, Korea and to market of Asian consumers living in North America



V-2-(4) Feed-Use Amino Acid Business

Create a high-return, stable earnings structure and maintain Ajinomoto's predominance as the global leader in the feed-use amino acids market, where high growth is projected to continue.

Fiscal 2005	Project Market Size (Tons)	Targets		Market Price Assumptions(US\$/kg)		
		Sales Volume (Tons)	Market Share	FY02	FY03	FY04
Lysine	850,000	300,000	35% or more	1.6	1.5	1.5
Threonine	70,000	50,000	70% or more	2.7	2.7	2.7
Tryptophan	3,000	2,000	70% or more	27.0	27.0	25.0

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V-3-(1) Pharmaceutical Company

Slogan

“Create Innovative Pharmaceuticals That Contribute to Health and Improved Quality of Life through Ajinomoto's Unique Capabilities”

Targets for Fiscal Year Ending March 2005

Net Sales ¥71.0 billion
Operating Income ¥9.0 billion

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Trends in the Global Pharmaceuticals Industry

- Ongoing corporate restructuring and M&A
- Industry structure is changing, restructuring is accelerating
Era of megacompetition is beginning

Management policies of each company are being polarized

- ❖ Success or failure of scale based on factors including M&A and development of blockbuster drugs
- ❖ Emphasis on areas of specialization makes quality, not quantity, the key factor determining success or failure

Success based on quality rather than increased scale

- ◆ Pursuit of the **Ajinomoto Way** in the pharmaceuticals business
- ◆ Focus investment of resources on areas of specialization



Putting the **Ajinomoto Way** into Practice at the Pharmaceutical Company

1. Fundamental objectives of the Pharmaceutical Company
 - Aiming for number-one position in areas of specialization (IBD, hepatic diseases)
 - Creation of unique pharmaceutical products based on Ajinomoto's strength in amino acids
2. Business development based on strong niche presence and global new product introductions
 - Secure stable earnings from clinical nutritional pharmaceuticals, centered on Ajinomoto Pharma Co., Ltd.
 - Continue to launch new products and expand earnings in the areas of gastrointestinal and lifestyle-related diseases



V-4. Rapid Advances at Spin-Off Company/ Business Tie-Ups

1. Frozen Foods Business

2. Business Tie-Ups



V-4-(1) Frozen Foods Business

- ❖ Targets: Sales of ¥104 billion and operating margin of 4.0 percent or more by the end of FY04
- ❖ Demonstrate market leadership by accelerating product development and strengthening cost competitiveness

Seek out M&As and alliances
to acquire a number-one position
and achieve a global corporation level



Rebuild into profit-generating businesses in response to industry restructuring and changing market structure.

Ajinomoto General Foods, Inc.
Coffee business

Sales at Ajinomoto:
¥92.0 billion
by FY04

Calpis Co., Ltd./Calpis Ajinomoto Danone Co., Ltd.

Sales at Ajinomoto:
¥131.0 billion by FY04
Create value-added corporate group through business development based on the theme of health.

Edible Oils Business

- Management integration of HONEN AJINOMOTO OIL MILLS, INC. and Yoshihara Oil Mill, Ltd. (April 2003)
- Projected sales of approximately ¥175 billion for FY03 (Sales at Ajinomoto: ¥54 billion)



AJINOMOTO WAY

1. Create new value
2. A company based on technology
3. Put people first

Pursuit of a uniquely Ajinomoto approach

