KIKKOMAN CORPORATION

ANNUAL REPORT 2000

Year ended December 31, 2000

KIKKOMAN CORPORATION takes pride in enriching the lives of consumers throughout the world with the distinctive qualities of its food seasonings. The No. 1 producer of soy sauce in the world, Kikkoman has grown from humble beginnings in the 17th century to become a company that provides a comprehensive range of foodstuffs, fine wines, superb dining, and effective biotechnology. We are constantly searching for new recipes to enhance the flavors of Western and Oriental cuisines, drawing on more than 350 years of natural brewing experience. Superseding these activities is a higher goal of contributing to the health and happiness of the communities in the almost 100 countries in which we operate.

FINANCIAL HIGHLIGHTS

Kikkoman Corporation and Consolidated Subsidiaries   Years ended December 31, 2000 and 1999

	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS (NOTE 1)
	2000 (NOTE 2)	1999	**2000**
FOR THE YEAR:			
Net sales	**¥326,708**	¥221,724	**$2,840,939**
Operating income	**14,686**	11,046	**127,704**
Net income	**6,150**	5,286	**53,478**
AT YEAR-END:			
Total assets	**¥282,110**	¥228,023	**$2,453,130**
Interest-bearing debt	**51,142**	42,831	**444,713**
Shareholders' equity, net	**119,503**	112,639	**1,039,157**
	YEN		U.S. DOLLARS (NOTE 1)
PER SHARE DATA:			
Net income	**¥31.45**	¥26.80	**$0.27**
Cash dividends applicable to the year	**7.00**	7.00	**0.06**

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥115=US$1.00.
2. The scope of consolidation was changed for fiscal 2000. For more details, see the Financial Review section of this annual report.

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For all your cooking questions,
there is one simple answer...

Kikkoman soy sauce, blended together with ethnic flare and fresh ingredients, creates an infinite number of possibilities. Soy sauce can be used alone for dips, or used as the fundamental base for many soups, dressings and sauces. A seasoning that has an aroma, a complexity, and an array of distinctive flavors, our soy sauce always enhances but never overwhelms the natural flavor of different foods.

Perhaps the most perfect companion to the world's finest dishes.

Fiscal 2000, which ended on December 31, 2000, was a year of action and progress for Kikkoman. We set the stage for further growth on several key fronts.

Overseas, we are benefiting from the growing popularity of soy sauce. The numbers bear this out. Over the last 26 years, our overseas soy sauce sales have grown by an average of more than 10% and last year's total overseas sales topped the 120,000-kiloliter mark for the first time. Overseas sales accounted for approximately 30% of consolidated net sales, and roughly 50% of operating income, excluding the Coca-Cola Business. Thus overseas sales represented a significant source of earnings. Sales volume in the U.S., our largest overseas market, came to 95,000 kiloliters and we are currently ramping up production capacity at our California Plant to meet an expected increase in demand there. Last year, our share of the U.S. home-use soy sauce market hit an all-time high of 55%. In other overseas news, we are constructing a plant in China with a view to responding to anticipated growth in that market. Shipments are slated to start in the spring of 2002. The China Plant will be our third one in Asia, joining plants in Singapore and Taiwan.

In soy sauce operations in Japan, we focused on high-value-added products and the foodservice and industrial-use markets. These actions were designed to put a halt to the downward trend in soy sauce shipments in the domestic market. In addition, we took steps to enhance our production systems, and to improve logistics in soy sauce and other areas with the aim of increasing productivity and the efficiency of our operations.

We also channeled resources into, and made further strides in positioning, soy sauce derivative products as a growth driver alongside our mainstay soy sauce business. Rising demand in the former, driven particularly by an increasing number of women in the workforce who find themselves with less time to prepare meals, is more than compensating for mature market conditions in the latter. Combined sales of soy sauce and soy sauce derivative products are thus increasing.

The Fiscal Year in Review:

The world economy on the whole lost momentum in fiscal 2000. This was the result of a slowdown in the bellwether U.S. economy, plummeting stock prices, and other factors in the year's second half.

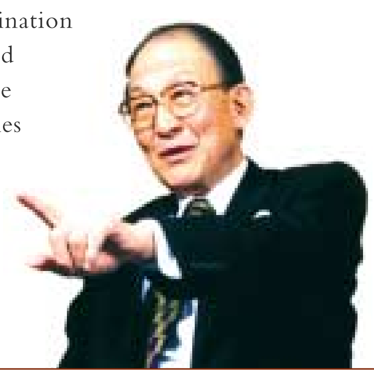
The Japanese economy largely mirrored the overall downturn. Despite increased capital expenditures, particularly in IT-related industries, and improving corporate results, no significant improvements were evident in unemployment and household income levels. As such, personal consumption lacked an instigator for recovery. In the domestic food and alcoholic beverage industries, operating conditions remained severe. These industries had to grapple with several issues stifling growth. Apathetic consumption, consumer inclination toward low-priced products, product safety and quality issues all shaped the market. Against this backdrop, we worked aggressively to introduce new products and to strengthen our sales capabilities. We also continued our cost-cutting efforts, focusing mainly on trimming raw material and distribution costs.

Operating Results:

Effective from fiscal 2000, the results of Tone Coca-Cola Bottling Co., Ltd. and two other companies previously accounted for by the equity method have been included within the scope of consolidation, following the introduction of new accounting standards based on the Securities and Exchange Law of Japan. In fiscal 2000, under previous standards which excluded these newly consolidated subsidiaries, consolidated net sales amounted to ¥218.6 billion, down 1.4% year on year. Net income, however, climbed 39.6% to ¥5.7 billion, resulting in a 0.8 percentage point increase in the net income ratio to 2.6%. Excluding the effects of foreign currency fluctuations, net sales rose 0.5% and net income soared 45.5% over the previous year.

If the results of Tone Coca-Cola Bottling and the two other companies were included, consolidated net sales would have jumped 47.3% to ¥326.7 billion. Net income would have been ¥6.2 billion, up 16.3% year over year, representing a net income ratio of 1.9%.

Kikkoman's domestic soy sauce shipments in 2000 totaled 279,000 kiloliters, punctuating the slight downward slide through the previous fiscal year. Foodservice and industrial-use sales volumes increased, while volumes for home use slipped due in part to consumer inclination toward low-priced goods. Responding to these market conditions, we executed a strategy to expand sales in foodservice and industrial-use markets and to raise our market share in the home-use market. Overseas, our soy sauce sales volumes grew steadily in the period ended December 31, 2000, surpassing the 120,000-kiloliter mark for the first time.



YUZABURO MOGI
PRESIDENT AND CHIEF EXECUTIVE OFFICER

The mature soy sauce market in Japan has been counterbalanced by upward-trending sales of soy sauce derivative products, notably *tare* (dipping and marinade sauces) and *tsuyu* (soy sauce soup bases). Combined sales of soy sauce and soy sauce derivative products are expected to rise as demand for these items from the increasing number of women entering the workforce triggers new growth. One of the core components of our mid-term business strategy is to concentrate on expanding sales in the growing soy sauce derivative products arena.

In the Del Monte Division, we were unable to achieve a sales increase in either seasonings or beverages, despite active efforts to develop new products and to promote sales. Sales in the Sake and Wine Division decreased in line with sluggish sales of wines and of *shochu*, a clear Japanese spirit. Meanwhile, sales of *mirin*, a sweet sake used in cooking, were steady.

Strengthening the Competitiveness of Businesses:

Kikkoman pushed ahead in fiscal 2000 with a plan to boost the competitiveness of our domestic businesses, encompassing three main elements:

1. RESTRUCTURING THE SOY SAUCE PRODUCTION SYSTEM

We plan to invest a total of ¥10.5 billion in the period from 1999 through 2003 to achieve this goal. By the end of 2000, we had invested ¥3.3 billion. At the 1st Noda Factory, we started work to consolidate cooking and culturing equipment. This is scheduled for completion at the end of 2003. At the Takasago Plant, we have already fully completed new cooking facilities, and half of the new culturing equipment. These facilities came on line in February 2001. We are on schedule to finish all work at the Takasago Plant by the end of 2001, marking an end to investments to renew those facilities.

In other news, on April 2 this year, we spun off the Soy Sauce Derivative Products Plant, which is part of the 1st Noda Factory. We expect this action to contribute about ¥200 million to earnings annually.

2. TRIMMING PERSONNEL NUMBERS IN THE DOMESTIC PRODUCTION DIVISION

As of December 31, 2000, the number of employees in the Domestic Production Division had decreased from the previous year by 30 to 1,170. We plan to further reduce these numbers to 1,060 by 2002, 1,000 by 2004 and 850 by 2010. This would represent decreases of 140, 200 and 350 compared with 1999 numbers, respectively.

The planned decrease in personnel numbers will be made possible mainly by the investment of ¥15.0 billion for rebuilding domestic production facilities by 2010.

3. REFORMING THE DOMESTIC LOGISTICS SYSTEM

In 2000, we succeeded in trimming costs by closing warehouses in the Tokyo area and implementing direct-from-the-factory delivery in Western Japan. Logistics costs in 2000 were ¥518 million lower than in 1998, underscoring our steady progress toward the ultimate goal of decreasing costs by ¥800 million, compared with 1998 levels, by 2001. This will be achieved, in part, by concentrating logistics in seven centers and warehouses capable of servicing the whole country.

Summary of Business Policy:

BUSINESS PRINCIPLES

The business principles of Kikkoman Group in the "Food and Health" area include:

- To pursue the fundamental principle "consumer-oriented"
- To provide high-quality products and services and to promote the international exchange of food culture
- To become a company whose existence is meaningful to the global society

As Kikkoman Group's future performance and prosperity are based on customer satisfaction, the Group constantly develops products that address the ever-changing needs of consumers and provides opportunities for new culinary experiences. As a manufacturer, Kikkoman Group's fundamental function is to produce high-quality products and services at a lower cost than its competitors in a safe and hygienic manner. Kikkoman believes that the interests of shareholders and investors are best served through the execution of this function.

Kikkoman Group also promotes the international exchange of food culture by introducing "Soy Sauce," known as the essence of Japanese flavoring, and also by establishing the Kikkoman brand as a reliable symbol of quality throughout the world. Moreover, to build a reputation as a company that is indispensable to the global community, the Kikkoman Group values natural resources, emphasizes the need to coexist with the environment, and actively contributes to society.

MID-TERM BUSINESS STRATEGY

Our mid-term business strategy is geared toward achieving two goals in the domestic soy sauce market. One is to grow sales of high-value-added products such as *Tokusen Yuki Shoyu* (certified organic soy sauce) and *Tokusen Marudaizu Shoyu* (premium soy sauce). The other is to carve out a higher market share in the foodservice and industrial markets. In soy sauce derivative products, our main thrust is to increase sales of dipping and marinade sauces, *tare*, and soy sauce soup bases, *tsuyu*. In Del Monte operations, we are leveraging ownership of perpetual and exclusive marketing licenses for the Del Monte trademark in the Asia-Pacific region, excluding the Philippines, in order to grow this business into the pillar of our Western condiment operations—and as a complementary force to the Kikkoman brand. In the Sake and Wine Division, the key themes are capturing a higher market share in *Hon Mirin* and developing distinctive wines.

Overseas, we are ramping up production capacity at our California Plant in response to rising soy sauce demand in the U.S. market. Annual capacity is presently being raised from 15,000 kiloliters to 20,000 kiloliters. But if sales continue to expand at their present rate, we must soon explore the possibility of constructing a third U.S. manufacturing facility. We are also boosting annual production capacity at our plant in the Netherlands, from 6,000 kiloliters to 7,000 kiloliters, to support our strategy to both cultivate new demand and spur existing demand in European markets. In Asia, plants in Singapore and Taiwan have underpinned our activities. In the near future, shipments will start from a new plant under construction in China, where we aim to tap enormous latent demand.

Our mid-term business strategy runs through to the end of fiscal 2002. Under the strategy, we are aiming at consolidated net sales for the year ending March 31, 2003 of ¥252 billion, with ¥174 billion in sales in Japan and ¥78 billion overseas, and operating income of ¥14.2 billion, consisting of ¥6.8 billion in Japan and ¥7.4 billion from overseas operations. This would translate into operating income ratios of 5.6%, 3.9% and 9.5%, respectively. These targets exclude the Coca-Cola Business and assume an exchange rate of ¥110 to US$1.

In the Coca-Cola Business, we are targeting net sales for the same period of ¥115 billion, operating income of ¥3.3 billion and an operating income ratio of 2.9%. Including the Coca-Cola Business, we will aim for a return on equity (ROE) of 7%.

BUSINESS ORGANIZATION

Our company's ability to respond in a timely manner to changes in the operating environment in the 21st century hinges partly on enhancing corporate governance and clarifying decision-making and operational responsibilities. With this in mind, the annual general meeting of shareholders in March 2001 approved a reduction in the size of the Board of Directors and the introduction of the corporate executive officer system. The meeting also approved an amendment to our articles of incorporation to permit the retirement of treasury stock. These and other moves are designed to create more corporate value. The introduction of a stock option system in April 2000 illustrates our intentions.

BASIC POLICY ON DISTRIBUTION OF PROFITS

The Kikkoman Group's basic policy is to reward shareholders with a stable distribution of profits, backed by a strong financial performance, while using funds to strengthen its corporate foundation and expand its core business. Over the long term, we will deploy internal reserves in ways that create corporate value. Our future plans include investment for growth overseas, for streamlining soy sauce production facilities, for research and development targeting new businesses, and for cultivating new demand.

<Note>
Effective from the current fiscal year, Kikkoman has decided to change its fiscal year from January-December to April-March.

TASKS FOR THE COMING YEARS

To make major strides as a global corporation and reach our goals, we are selectively channeling resources into key areas. We are concentrating on six main themes:

- Expanding sales of high-value-added soy sauce products and carving out a higher share of the industrial-use market
- Stimulating strong growth in *tare* and *tsuyu* sales
- Growing and opening up overseas markets
- Pursuing R&D focused on new product development
- Practicing responsible environmental stewardship and corporate citizenship
- Championing the use of IT throughout our businesses

IN CLOSING

So far in 2001, we have witnessed a dramatic slowdown in both the global and Japanese economies. Tumbling stock prices, the disposal of non-performing loans, flaccid consumption and falling prices have conspicuously hamstrung growth. The outlook for the beleaguered economies is cloudy and defies accurate prediction. In the domestic food and alcoholic beverage industries, an influx of foreign capital and other factors are accelerating the reform in the retail industry and fanning fierce competition.

Even in the face of these challenges, we are determined to grow in stature as a company recognized around the world—and to hit our targets through the careful selection and concentration of resources.

APRIL 2001

YUZABURO MOGI
PRESIDENT
AND CHIEF EXECUTIVE OFFICER


in the united states

FOR HOT GARLIC SAUCE
VEGETABLES
WATER
PRESSED GARLIC CLOVES
KIKKOMAN SOY SAUCE
SUGAR
DISTILLED WHITE VINEGAR
LIME JUICE
CRUSHED RED PEPPER FLAKES

FOR FIERY SKEWERED BEEF
BONELESS BEEF SIRLOIN STEAK
KIKKOMAN SOY SAUCE
CRUSHED RED PEPPER FLAKES
VEGETABLE OIL
LIME JUICE
PRESSED GARLIC CLOVES
FRESH GINGER ROOT

…the answer for marinades,

Sales in the U.S. grew steadily in fiscal 2000 accounting for 80% of Kikkoman's total overseas sales of soy sauce. Both manufacturing and sales activities in the U.S. are on solid footings with the two plants of Kikkoman Foods, Inc. (KFI), and the six branches of sales company Kikkoman International Inc. (KII).

Strong sales of foodservice-use products are being supported by more people dining out. And sharply rising demand in the industrial-use market is being spurred by growth in the HMR (Home Meal Replacement) market. This combined momentum enabled Kikkoman to post a record-high share of sales in the U.S. home-use soy sauce market last year.

Kikkoman is presently ramping up annual production capacity at its California Plant to accommodate increasing demand for soy sauce in the home-use, industrial-use and foodservice markets. With U.S. soy sauce consumption expected to rise further moving forward, Kikkoman will soon begin studying the feasibility of constructing a third U.S. plant to join ones already operating in Wisconsin and California.

FOR VEAL
OLIVE OIL
FRESHLY CHOPPED CILANTRO
KIKKOMAN SOY SAUCE
RED PEPPERS

FOR BEEF
BEEF SIRLOIN,
TRIMMED OF EXCESS FAT,
SILVERSKIN AND BONES
FRESHLY GROUND BLACK PEPPER
KIKKOMAN SOY SAUCE
OLIVE OIL
UNSALTED BUTTER
CRUSHED GARLIC CLOVES
DRIED PARSLEY FLAKES

...for sauces,

Kikkoman's soy sauce sales in the European market increased by over 20% last year. Higher sales are linked to a growing appreciation for the quality of Kikkoman's naturally brewed soy sauce, as well as to reforms of sales channels and increased transactions with major retailing chains. In the foodservice and industrial-use sectors, increased demand was attributable to the wider recognition of soy sauce as a global-standard seasoning. The European Plant has posted double-digit growth in every year since beginning operations in 1997. The plant shipped over 5,000 kiloliters of soy sauce during the year. As at the California plant, production capacity at this European Plant in the Netherlands is presently being raised from 6,000 kiloliters to 7,000 kiloliters to meet rising demand.


VEAU
in europe


in asia

FOR CHINESE CHICKEN BROTH
WHOLE BLACK PEPPERCORNS
SMALL ONIONS, DICED
FRESH FLAT-LEAF PARSLEY
KIKKOMAN SOY SAUCE
DRIED BAY LEAVES
CARROTS, CUT INTO THIRDS
SHIITAKE MUSHROOMS
SLICED DAIKON OR BEAN SPROUTS
CHICKEN BROTH
SLICED FRESH GINGER

...for soups, and broths,

Kikkoman posted higher soy sauce sales in Asia, as demand for small bottles remained robust and the company worked to revamp distribution channels and win over new customers in the foodservice and industrial-use markets. Indeed, sales are now back on a steady growth path. In a noteworthy development, construction started on a joint-venture plant in China in August 2000. Work is proceeding on schedule toward the commencement of shipments in 2002. The plant is being built in response to rising demand for industrial-use soy sauce accompanying the entry into China of Japanese food products manufacturers. Rising income levels and diversification of the food culture in China are expected to support a growing market for naturally brewed soy sauce.

FOR SUSHI
NORI SHEETS
SUSHI RICE
KIKKOMAN SOY SAUCE
CHOPPED SHISO LEAVES
BONITO FLAKES
FISH AND OTHER SEAFOOD
WASABI

14.

…and the answer for dips.

In fiscal 2000, Kikkoman maintained a high market share of 28% in the Japanese soy sauce market, owing in part to increasing industrial-use demand. Kikkoman has three domestic plants—Chiba, Noda and Takasago. At the Noda Factory, Kikkoman's birthplace, work is underway to raise production efficiency.

In the home-use sector, where demand was generally sluggish, efficient sales activities enabled the mainstay *Koikuchi Shoyu* (regular soy sauce) to stage a slight recovery, a welcome step up from a downward trend through the previous year. However, sales of *Tokusen Marudaizu Shoyu* (premium soy sauce) and other high-value-added products leveled out as home-use demand waned and consumers opted for cheaper products. Nevertheless, Kikkoman's *Marudaizu Shoyu* (premium soy sauce) held on to its top spot in the *marudaizu* soy sauce (premium soy sauce) market, with a dominant share of 60%, far ahead of the second- and third-ranked brands.

A household expenditure survey carried out by the Ministry of Public Management, Home Affairs, Posts and Telecommunications revealed that per household expenditure on soy sauce and soy sauce derivative products was similar to previous years—soy sauce expenditure is falling as demand for *tare*, *tsuyu* and other soy sauce derivative products continues to rise. Growth in soy sauce derivative products is being spurred by the increasing number of women in the workforce who find themselves with less time to prepare meals at home. This is why Kikkoman is concentrating on this area.


in japan

COMMEMORATIVE EVENTS HELD TO MARK MILESTONES AT SINGAPORE AND TAIWAN PLANTS

Kikkoman Singapore Pte. Ltd. (KSP) celebrated its 15th anniversary with "A Gift of Songs' Charity Concert," held at the National University of Singapore. The concert, featuring popular local artists, was held with Singapore President S. R. Nathan and his wife among the guests in attendance. Kikkoman donated proceeds from the event to the President's Star Charity 2000.

This year also marks the 10th anniversary of President Kikkoman Inc. (PKI), a joint venture between Kikkoman Corporation and Uni-President Enterprises Corp. To commemorate the occasion, a video screening looking back at the plant's 10-year history and offering a glimpse of the future was held in Taiwan. The company also presented the keys to a new car to the winner of a 10th anniversary competition.

KIKKOMAN TAKES PART IN DUTCH WATER RESOURCE PRESERVATION PROJECT

An inauguration ceremony was held for a water resource preservation project in the city of Hoogezand-Sappemeer, the Netherlands, in September 2000, which marked the 400th anniversary of friendly relations between Japan and the Netherlands. Promoted by a local non-governmental organization and the city of Hoogezand-Sappemeer, and supported by Kikkoman Foods Europe B.V. (KFE), the project has two aims: to preserve the environment in the Wolfsbarge region, which is close to KFE's plant; and to improve the water quality in Lake Zuidlaarder. The project is notable for employing a method to restore the local ecology that uses the inherent regeneration power of nature itself. This new natural environmental recovery method has attracted the attention of people throughout the Netherlands.

The grand opening and ceremonial ribbon cutting was attended by a number of dignitaries, including the Governor of the Province of Groningen, J. G. M. Alders and Hoogezand-Sappemeer Mayor, J. L. D. van der Linde. The symbol of this project is Molen Kikkoman (*molen* means windmill in Dutch), which stands majestically against the backdrop of Lake Zuidlaarder. The start of this windmill as it slowly cranked into gear was greeted with warm applause by the assembled onlookers.

Subsequent to the opening, a water resource management symposium was held at which experts from Japan and the Netherlands engaged in a fruitful exchange of views and ideas.

"A Gift of Songs' Charity Concert:"
The proceeds of a 15th anniversary event for KSP's Singapore plant were donated to charity.

Taiwan Plant Commemorative Event:
A new car was presented to the winner of a PKI 10-year anniversary competition.

Inauguration Ceremony in the Netherlands:
Kikkoman is participating in a unique Dutch water resource preservation project.

Kikkoman is engaged in wide-ranging R&D activities extending from fundamental to applied research of soy sauce. Activities are centered on the company's Research and Development Division. To respond to consumer needs in the "Food and Health" area, the company is developing unique products and working assiduously to develop new technologies to raise product quality. The following is a summary of R&D activities, by company division, during fiscal 2000.

R&D expenditures for fiscal 2000 were ¥3,703 million. The bulk of this expense was on R&D for soy sauce and derivative products in food operations.

In the Soy Sauce Division, key themes were improving microorganisms for brewing, developing of enzymatically hydrolyzed vegetable protein, gathering information using a computerized sensory evaluation facility, and improving the management of soy sauce mash (*moromi*). These efforts yielded enhanced product quality and greater production efficiency. In new products, Kikkoman brought to market *Umasahitoshio*, a soy sauce with a reduced salt content. Furthermore, the company pushed ahead with work to raise the quality of soy sauce for industrial use and to lower costs, as well as to respond to diversifying customer needs. In equipment and facility development, Kikkoman continued work on membrane processing technologies used in the soy sauce production process and on improving separation and refining technologies.

In the Soy Sauce Derivatives Division, research focused on food sauce composition and viscosity, as well as the development of technologies that shorten the time required for aging.

In the Del Monte Division, R&D centered on processing and production technologies, and growing and cultivation technologies for tomatoes.

In the Sake and Wine Division, Kikkoman concentrated on developing technologies to refine raw materials, cultivation techniques for certain varieties of grapes for wine, and on extractive techniques of anti-oxidized substances. All proved useful in raising quality and developing new products.

In other operations, Kikkoman developed a clinical diagnostic reagent and a food hygiene examination kit, and carried out R&D on ingredients for nutritional supplements.

Effective from fiscal 2000, ended December 31, 2000, Kikkoman has included Tone Coca-Cola Bottling Co., Ltd. and two other companies, previously accounted for by the equity method, within the scope of consolidation. However, to provide meaningful and consistent year-on-year comparisons and analysis of operating results and financial position, this financial review uses the former scope of consolidation, which excluded Tone Coca-Cola Bottling Co., Ltd.

Operating Results:

NET SALES (UNDER THE FORMER SCOPE OF CONSOLIDATION)

The world economy on the whole lost momentum in fiscal 2000 as a result of a slowdown in the bellwether U.S. economy, and plummeting stock prices and other factors in the year's second half.

The Japanese economy largely mirrored the overall downturn. Personal consumption lacked an instigator for recovery and consumer sentiment was dampened by the fact that there were no significant improvements in unemployment and household income levels. On a brighter note, capital expenditures, particularly in IT-related industries, increased and corporate results improved.

In the domestic food and alcoholic beverage industries, operating conditions remained severe. The industry had to grapple with several issues stifling growth. Lackluster consumption, consumer inclination toward low-priced products, and product safety and quality issues all shaped the market.

Overseas, sales in the U.S. increased approximately 8.3% year over year. The U.S. home-use, industrial-use and foodservice-use markets for soy sauce all continued their steady expansion. In particular, demand for products for foodservice use remained strong, supported by a rise in people dining out. And demand from the industrial-use market increased sharply, fueled by growth in the HMR (Home Meal Replacement) market. The strong support for Kikkoman's products helped it to win a record market share in soy sauce in the U.S. market. Kikkoman made steady progress in opening up sales channels for *Q&E Marinade Sauce*, buoyed by its strong performance. Moreover, sales of Oriental foods continued to trend upward.

In European soy sauce markets, sales soared due in particular to brisk demand. This result reflects growing appreciation of the quality of Kikkoman's naturally brewed soy sauce, as well as restructuring of sales channels and increased transactions with major retail chains.

SOY SAUCE

Original Kikkoman Shoyu:
Healthy all-purpose seasoning sold and used in more than 100 countries worldwide.

Tokusen Marudaizu Shoyu:
Premium *marudaizu* soy sauce is widely accepted in Japan.

Gen-en Shoyu:
"Light" soy sauce with 50% less sodium than regular Kikkoman soy sauce.

Yuki Shoyu:
Organic soy sauce certified by Japanese Agricultural Standards (JAS).

Kikkoman also achieved significant growth in soy sauce in Asian markets, excluding Japan, with sales rebounding to pre-currency crisis levels. This reflected continuing robust demand for soy sauce packaged in small bottles and efforts to reform sales channels in the foodservice and industrial-use sectors, as well as to capture new customers.

Overseas sales as a whole, excluding exports from Japan, rose 8.3% year over year on a foreign currency basis. On a yen basis, overseas sales increased 1.4% to ¥61.5 billion owing to a stronger yen.

In the Soy Sauce Division in Japan, the mainstay *Koikuchi Shoyu* (regular soy sauce) in the home-use sector put the brakes on a downward trend in sales volumes through the end of the previous year owing to efficient sales promotion activities. Sales of *Tokusen Marudaizu Shoyu* (premium soy sauce) and other high-value-added products, however, dropped off as home-use demand waned and consumers opted for low-priced products. In the industrial-use and foodservice-use sectors, sales of large bottles remained strong due to aggressive sales activities. This result was achieved even as sales of soy sauce derivatives increased and ready-made meals grew in popularity.

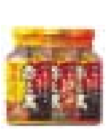
In the Soy Sauce Derivatives Division, which includes *tare* (dipping and marinade sauces) and *tsuyu* (soy sauce soup bases), sales of *tsuyu* products jumped on account of three main factors. One was the growing market stature of the *Hon Tsuyu* brand, which benefited from a heat wave during the summer in Japan—*Hon Tsuyu* is a perfect match for foods commonly eaten during the summer. The second factor was concerted efforts to promote sales of 1-liter bottles of *Hon Tsuyu*. Thirdly, the company launched a series of products under the *Nabe Tsuyu* brand. In derivative products for meat, Kikkoman re-launched *Aka-to-Kuro*, a soy sauce-based steak dipping sauce, and brought *Yakiniku Shoyu* and other products to market. These actions drove a steady increase in sales in the face of fierce competition.

In the Del Monte Division, sales of *Tomato Juice* and *Vegetable Juice* retreated from the previous year as the "tomato boom" subsided, despite aggressive new product development and sales promotion activities. On a more positive note, sales volumes of the *Cranberry Juice* series increased. Sales of *Tomato Ketchup*, a mainstay product, decreased as it encountered intense competition.

In the Sake and Wine Division, sales of *Houjun Hon Mirin* for home use and large bottles for foodservice use saw steady growth. In *Shochu*, sales of stalwart *Triangle Shochu* declined due to higher taxes on spirits and increased

SOY SAUCE DERIVATIVE PRODUCTS

Aka-to-Kuro:
Soy sauce-based steak dipping sauce enriched with vegetable ingredients to create a refreshing, light flavor.



Steak Shoyu:
Having a deep soy sauce aroma and mellow flavor, this steak sauce highlights the true taste of meats.

Hon Tsuyu:
Natural bonito and seaweed *dashi* (broth), *marudaizu* soy sauce, and *hon mirin* are blended to create this *mentsuyu* (noodle soup).

Zarusoba Tsuyu:
A straight soba *tsuyu* that blends natural bonito *dashi*, *marudaizu* soy sauce, and *hon mirin.*

demand for lower-priced products. In wine, sales in both volume and monetary terms dropped sharply below the previous year against a backdrop of consumer inclination toward low-priced products and stock overhang. The 2000 vintage of *Beaujolais Nouveau*, however, outperformed its predecessor.

Overall, consolidated net sales decreased 1.4% year over year to ¥218.6 billion. Net sales increased 0.5%, however, when the effect of exchange rate fluctuations is taken into consideration. The net sales result for fiscal 2000 reflects the difficulties faced by domestic operations tempered by a strong overseas performance.

INCOME, COSTS, AND EXPENSES (UNDER THE FORMER SCOPE OF CONSOLIDATION)

The cost of sales decreased 2.3% year over year to ¥127.1 billion due to lower raw materials costs, labor saving and lower depreciation expenses. The cost of sales ratio improved by 0.6 of a percentage point from 58.7% to 58.1%.

Selling, general and administrative expenses decreased 0.8% to ¥79.9 billion. This was attributable to more efficient use of sales promotion expenses and lower distribution expenses resulting from the rationalization of logistics. Actions in respect of the latter included implementing direct-from-the-factory delivery from plants to retailers and consolidating distribution centers.

As a result, operating income increased 5.7% to ¥11.7 billion and the operating income ratio improved by 0.3 of a percentage point to 5.3%.

Other expenses increased to ¥2.0 billion from ¥1.7 billion. This mainly reflected a transfer to the reserve for retirement allowances in preparation for the adoption of new accounting standards effective from fiscal 2001; a charge for losses on the disposal of property and plant and equipment relating to factory restructuring; and restructuring charges associated with related companies. On the other hand, gains on the sale of investment securities were recorded.

Net income increased 39.6% year on year to ¥5.7 billion after taking into account the effect of the adoption of tax-effect accounting in Japan during the year. The net income ratio increased by 0.8 of a percentage point to 2.6%.

DEL MONTE

Tomato Ketchup:
The mainstay item in the Del Monte product lineup (contains pineapple vinegar).

Whole Peeled Tomatoes:
Delicious, high-quality tomatoes of consistent size suitable for use with any ingredient.

Tomato Juice and Vegetable Juice:
100% tomato juice and vegetable juice.

Cranberry Juice:
The perfect blend of sweet and sour, Del Monte Cranberry Juice delivers a refreshing new taste sensation drawing on the unique natural sourness of cranberries.

FINANCIAL POSITION (UNDER THE FORMER SCOPE OF CONSOLIDATION)

Total assets as of December 31, 2000 stood at ¥216.9 billion, up ¥7.2 billion from a year ago. Current assets decreased ¥0.5 billion to ¥95.2 billion, primarily reflecting a decrease in inventories. Investments and other assets increased ¥7.7 billion to ¥33.8 billion, mainly on account of an increase in investments in securities.

Current liabilities decreased ¥13.3 billion to ¥51.6 billion. This was chiefly the result of the redemption of convertible bonds and repayment of short-term bank loans. Long-term liabilities increased ¥14.8 billion to ¥64.8 billion, largely due to the issue of bonds amounting to ¥12.0 billion. Shareholders' equity, net, increased ¥5.9 billion to ¥100.2 billion. The shareholders' equity ratio was 46.2%, a 1.2 percentage point improvement on the previous year.

Working capital increased ¥12.9 billion to ¥43.5 billion and the current ratio increased from 147.2% to 184.3%.

CASH FLOWS

Effective from the fiscal year under review, Kikkoman started preparing a consolidated statement of cash flows. Operating activities provided net cash of ¥22.1 billion. The major components of this were ¥11.2 billion in income before income taxes and ¥15.9 billion in depreciation expenses.

Investing activities used net cash of ¥16.3 billion. This primarily reflected an outflow of ¥16.0 billion for the purchase of property, plant and equipment.

Financing activities used net cash of ¥6.4 billion. This chiefly represents the decrease in short-term bank loans and redemption of convertible bonds, and ¥12.0 billion in funds procured from the issuance of bonds in November 2000.

Cash and cash equivalents at the end of the year increased ¥78 million to ¥25.4 billion.

NET INCOME PER SHARE

Net income per share increased 17.3% year on year to ¥31.45. Kikkoman paid cash dividends of ¥7.00 per share for the year, thereby maintaining its policy of providing shareholders with stable returns.

SAKE AND WINE

Houjun Hon Mirin:
A variety of rice ingredients, including glutinous rice, plain rice, and malted rice are used to create this unique *mirin* sake.

Triangle Shochu:
This has an incisive taste that is appreciated by *shochu* connoisseurs. Sold in a distinctive black bottle.

Triangle Indigo Shochu:
The stylish indigo-blue bottle reflects the refreshing, yet mellow taste of this clear Japanese spirit.

Manns Mon Frère:
Inexpensive fine wines under the *Manns Mon Frère* label offer excellent consumer value.

CONSOLIDATED BALANCE SHEETS (Unaudited)

December 31

	2000 (INCLUDING TONE COCA-COLA BOTTLING)	2000 (EXCLUDING TONE COCA-COLA BOTTLING)	1999 (EXCLUDING TONE COCA-COLA BOTTLING)
			MILLIONS OF YEN
Total current assets	**¥114,278**	**¥ 95,155**	¥ 95,643
Property, plant and equipment, net	**125,441**	**84,900**	82,111
Total investments and other assets	**39,317**	**33,766**	26,076
Translation adjustments	**¥3,073**	**¥3,073**	5,907
Total assets	**¥282,110**	**¥216,897**	¥209,739
Total current liabilities	**¥ 70,045**	**¥ 51,633**	¥ 64,980
Total long-term liabilities	**72,338**	**64,846**	50,039
Minority interests	**20,223**	**170**	363
Shareholders' equity, net	**119,503**	**100,246**	94,356
Total liabilities and shareholders' equity	**¥282,110**	**¥216,897**	¥209,739

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Years ended December 31

	2000 (INCLUDING TONE COCA-COLA BOTTLING)	2000 (EXCLUDING TONE COCA-COLA BOTTLING)	1999 (EXCLUDING TONE COCA-COLA BOTTLING)
			MILLIONS OF YEN
Net sales	**¥326,708**	**¥218,645**	¥221,724
Cost of sales	**187,818**	**127,066**	130,122
Gross profit	**138,890**	**91,578**	91,602
Selling, general and administrative expenses	**124,203**	**79,902**	80,556
Operating income	**14,686**	**11,676**	11,046
Other income (expenses):	**(3,461)**	**(2,011)**	(1,679)
Income before income taxes and minority interests	**11,225**	**9,664**	9,367
Net income	**¥ 6,150**	**¥ 5,713**	¥ 4,093

CONSOLIDATED FIVE-YEAR SUMMARY

Kikkoman Corporation and Consolidated Subsidiaries Years ended December 31, 2000, 1999, 1998, 1997 and 1996

	MILLIONS OF YEN					THOUSANDS OF U.S. DOLLARS (NOTE 2)
	2000 (NOTE 3)	1999	1998	1997	1996	**2000**
FOR THE YEAR:						
Net sales	**¥326,708**	¥221,724	¥229,476	¥214,338	¥206,001	**$2,840,939**
Operating income	**14,686**	11,046	10,601	9,366	9,877	**127,704**
Net income	**6,150**	5,286	5,219	5,711	7,287	**53,478**
AT YEAR-END:						
Total assets	**¥282,110**	¥228,023	¥221,179	¥230,295	¥217,842	**$2,453,130**
Property, plant and equipment, net	**125,441**	82,111	84,155	85,231	74,713	**1,090,791**
Shareholders' equity, net	**119,503**	112,639	108,790	105,005	100,758	**1,039,157**
	YEN					U.S. DOLLARS (NOTE 2)
PER SHARE DATA:						
Net income (Note 1)	**¥31.45**	¥26.80	¥26.46	¥28.95	¥36.95	**$0.27**
Diluted net income	**29.37**	25.00	24.62	26.47	32.60	**0.26**
Cash dividends applicable to the year	**7.00**	7.00	7.00	7.00	7.00	**0.06**

Notes: 1. Net income per share is computed based on the weighted average number of shares outstanding during the year.
2. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥115=US$1.00.
3. The scope of consolidation was changed for fiscal 2000. For more details, see the Financial Review section of this annual report.

GEOGRAPHICAL SALES AND OPERATING INCOME INFORMATION

(Excluding Coca-Cola Business)

MILLIONS OF YEN

OPERATIONS		CONSOLIDATED	% SHARE	SEGMENT TOTAL	% SHARE	JAPAN	% SHARE	OVERSEAS	% SHARE
Soy Sauce	Sales	85,478	39.1	88,204	38.7	64,140	39.1	24,063	37.8
	Operating Income	24,391	64.5	24,395	64.5	15,029	57.6	9,365	80.1
	Operating Income Ratio (%)	(28.5)		(27.7)		(23.4)		(38.9)	
Soy Sauce Derivative Products	Sales	19,980	9.2	19,980	8.8	19,980	12.2		
	Operating Income	2,793	7.4	2,793	7.4	2,793	10.7		
	Operating Income Ratio (%)	(14.0)		(14.0)		(14.0)			
Del Monte	Sales	25,417	11.6	25,420	11.1	20,575	12.5	4,845	7.6
	Operating Income	2,836	7.5	2,836	7.5	2,590	9.9	246	2.1
	Operating Income Ratio (%)	(11.2)		(11.2)		(12.6)		(5.1)	
Sake & Wine	Sales	28,269	12.9	28,273	12.4	28,269	17.2	4	0.0
	Operating Income	3,874	10.3	3,874	10.3	3,874	14.8	0	0.0
	Operating Income Ratio (%)	(13.7)		(13.7)		(13.7)		(9.9)	
Other Foods	Sales	52,676	24.1	58,900	25.9	26,261	16.0	32,639	51.4
	Operating Income	2,693	7.1	2,680	7.1	797	3.1	1,883	16.1
	Operating Income Ratio (%)	(5.1)		(4.6)		(3.0)		(5.8)	
Others	Sales	6,823	3.1	6,975	3.1	4,945	3.0	2,030	3.2
	Operating Income	1,218	3.2	1,218	3.2	1,023	3.9	195	1.7
	Operating Income Ratio (%)	(17.9)		(17.5)		(20.7)		(9.6)	
Total	Sales	218,645	100.0	227,755	100.0	164,172	100.0	63,583	100.0
	Operating Income	37,808	100.0	37,799	100.0	26,107	100.0	11,691	100.0
	Operating Income Ratio (%)	(17.3)		(16.6)		(15.9)		(18.4)	
Advertising expenses		9,474		9,477		6,589		2,887	
(% of sales)		(4.4)		(4.2)		(4.0)		(4.5)	
Headquarter operating expenses		16,657		16,657		13,625		3,031	
(% of sales)		(7.6)		(7.3)		(8.3)		(4.8)	
Operating Income		11,676		11,664		5,892		5,772	
(% of sales)		(5.3)		(5.1)		(3.6)		(9.1)	

Note: Operating Income = Income before deducting advertising and headquarter operating expenses.

CONSOLIDATED BALANCE SHEETS

Kikkoman Corporation and Consolidated Subsidiaries December 31, 2000 and 1999

ASSETS	MILLIONS OF YEN 2000	MILLIONS OF YEN 1999	THOUSANDS OF U.S. DOLLARS (NOTE 3) 2000
CURRENT ASSETS:			
Cash and time deposits (Note 4)	**¥ 27,925**	¥ 21,501	**$ 242,826**
Marketable securities (Note 5)	**1,062**	2,052	**9,235**
Trade notes and accounts receivable (Note 8)	**50,863**	45,159	**442,287**
Allowance for doubtful receivables	**(729)**	(644)	**(6,339)**
	50,133	44,515	**435,939**
Inventories (Notes 6 and 8)	**27,915**	23,592	**242,739**
Deferred tax assets (Note 10)	**2,712**	942	**23,583**
Other current assets	**4,528**	3,039	**39,374**
Total current assets	**114,278**	95,643	**993,722**
PROPERTY, PLANT AND EQUIPMENT, AT COST (Note 8):			
Land	**32,854**	16,475	**285,687**
Buildings and structures	**87,146**	63,001	**757,791**
Machinery, equipment and vehicles	**147,046**	119,405	**1,278,661**
Other	**60,552**	11,868	**526,539**
Construction in progress	**3,911**	1,809	**34,009**
	331,512	212,560	**2,882,713**
Accumulated depreciation	**(206,070)**	(130,449)	**(1,791,913)**
Property, plant and equipment, net	**125,441**	82,111	**1,090,791**
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Note 5)	**13,590**	7,578	**118,174**
Investments in and advances to unconsolidated subsidiaries and affiliates	**7,456**	24,449	**64,835**
Intangible assets	**8,336**	8,367	**72,487**
Deferred tax assets (Note 10)	**5,170**	—	**44,957**
Other assets	**4,763**	3,964	**41,417**
Total investments and other assets	**39,317**	44,360	**341,887**
TRANSLATION ADJUSTMENTS	**3,073**	5,907	**26,722**
TOTAL ASSETS	**¥282,110**	¥228,023	**$2,453,130**

See accompanying notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	MILLIONS OF YEN 2000	1999	THOUSANDS OF U.S. DOLLARS (NOTE 3) 2000
CURRENT LIABILITIES:			
Short-term bank loans (Note 8)	**¥ 23,948**	¥ 18,916	**$ 208,243**
Current portion of long-term debt (Notes 7 and 8)	**2,534**	12,427	**22,035**
Trade notes and accounts payable	**14,832**	12,841	**128,974**
Other accounts payable	**18,678**	14,146	**162,417**
Accrued expenses	**887**	618	**7,713**
Accrued income taxes (Note 10)	**4,651**	2,881	**40,443**
Other current liabilities	**4,511**	3,148	**39,226**
Total current liabilities	**70,045**	64,980	**609,087**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7 and 8)	**24,660**	11,486	**214,435**
Retirement allowances	**31,592**	23,427	**274,713**
Deposits received	**13,476**	13,706	**117,183**
Deferred tax liabilities (Note 10)	**1,713**	937	**14,896**
Other long-term liabilities	**895**	482	**7,783**
Total long-term liabilities	**72,338**	50,039	**629,026**
MINORITY INTERESTS	**20,223**	363	**175,852**
SHAREHOLDERS' EQUITY:			
Common stock, ¥50 par value:			
Authorized: 300,000,000 shares			
Issued: 197,202,300 shares in 2000 and 1999	**11,599**	11,599	**100,861**
Additional paid-in capital (Note 9)	**5,768**	5,768	**50,157**
Retained earnings (Notes 9 and 18)	**102,345**	95,273	**889,957**
	119,712	112,640	**1,040,974**
Treasury stock, at cost:			
2000—1,657,245 shares	**(209)**	—	**(1,817)**
1999— 1,414 shares	**—**	(0)	**—**
Shareholders' equity, net	**119,503**	112,639	**1,039,157**
CONTINGENT LIABILITIES (Note 14)			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**¥282,110**	¥228,023	**$2,453,130**

CONSOLIDATED STATEMENTS OF INCOME

Kikkoman Corporation and Consolidated Subsidiaries Years ended December 31, 2000 and 1999

	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS (NOTE 3)
	2000	1999	**2000**
NET SALES	**¥326,708**	¥221,724	**$2,840,939**
COST OF SALES	**187,818**	130,122	**1,633,200**
Gross profit	**138,890**	91,602	**1,207,739**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 11)	**124,203**	80,556	**1,080,026**
Operating income	**14,686**	11,046	**127,704**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**1,087**	838	**9,452**
Equity in earnings of unconsolidated subsidiaries and affiliates	**177**	1,252	**1,539**
Interest expense	**(1,395)**	(1,199)	**(12,130)**
Gain on sales of securities	**4,742**	403	**41,235**
Special provision for retirement allowances (Note 12)	**(4,072)**	—	**(35,409)**
Gain on sales of property, plant and equipment	**698**	20	**6,070**
Loss on disposal of property, plant and equipment	**(1,073)**	(62)	**(9,330)**
Loss on liquidation of affiliates	**(800)**	—	**(6,957)**
Other, net	**(2,825)**	(1,738)	**(24,565)**
	(3,461)	(486)	**(30,096)**
Income before income taxes and minority interests	**11,225**	10,559	**97,609**
INCOME TAXES (Note 10):			
Current	**7,565**	5,271	**65,783**
Deferred	**(2,951)**	(19)	**(25,661)**
	4,614	5,252	**40,122**
Income before minority interests	**6,611**	5,307	**57,486**
MINORITY INTERESTS IN EARNINGS OF CONSOLIDATED SUBSIDIARIES	**(461)**	(21)	**(4,009)**
Net income (Note 15)	**¥ 6,150**	¥ 5,286	**$ 53,478**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Kikkoman Corporation and Consolidated Subsidiaries Years ended December 31, 2000 and 1999

	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS (NOTE 3)
	2000	1999	**2000**
COMMON STOCK			
Balance at beginning and end of year (2000 -197,202,300 shares; 1999 -197,202,300 shares)	**¥ 11,599**	¥11,599	**$100,861**
ADDITIONAL PAID-IN CAPITAL (Note 9)			
Balance at beginning and end of year	**¥ 5,768**	¥ 5,768	**$ 50,157**
RETAINED EARNINGS (Notes 9 and 18)			
Balance at beginning of year	**¥ 95,273**	¥91,423	**$828,461**
Add:			
Net income	**6,150**	5,286	**53,478**
Cumulative effect of adoption of deferred tax accounting	**2,375**	—	**20,652**
Deduct:			
Cash dividends paid	**(1,368)**	(1,380)	**(11,896)**
Bonuses to directors and statutory auditors	**(85)**	(56)	**(739)**
Balance at end of year	**¥102,345**	¥95,273	**$889,957**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Kikkoman Corporation and Consolidated Subsidiaries Year ended December 31, 2000

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS (NOTE 3)
	2000	**2000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income taxes and minority interests	**¥11,225**	**$ 97,609**
Depreciation and amortization	**15,919**	**138,426**
Provision for retirement allowances (Note 12)	**3,070**	**26,696**
Interest and dividend income	**(1,087)**	**(9,452)**
Interest expense	**1,395**	**12,130**
Equity in earnings of unconsolidated subsidiaries and affiliates	**(177)**	**(1,539)**
Gain on sales of property, plant and equipment	**(698)**	**(6,070)**
Loss on disposal of property, plant and equipment	**345**	**3,000**
Gain on sales of securities	**(4,742)**	**(41,235)**
Loss on liquidation of affiliates	**800**	**6,957**
Notes and accounts receivable	**1,955**	**17,000**
Inventories (Note 6)	**4,081**	**35,487**
Notes and accounts payable	**(3,030)**	**(26,348)**
Other	**1,423**	**12,374**
Subtotal	**30,480**	**265,043**
Interest and dividends received	**1,074**	**9,339**
Interest paid	**(1,353)**	**(11,765)**
Income taxes paid	**(8,074)**	**(70,209)**
Net cash provided by operating activities	**22,125**	**192,391**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(15,982)**	**(138,974)**
Proceeds from sales of property, plant and equipment	**1,653**	**14,374**
Acquisition of investments in securities	**(6,466)**	**(56,226)**
Proceeds from sales of investments in securities	**5,556**	**48,313**
Other	**(1,084)**	**(9,426)**
Net cash used in investing activities	**(16,323)**	**(141,939)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	**(8,226)**	**(71,530)**
Proceeds from long-term debt (Note 7)	**13,457**	**117,017**
Repayment of long-term debt (Note 7)	**(10,000)**	**(86,957)**
Cash dividends paid	**(1,570)**	**(13,652)**
Other	**(46)**	**(400)**
Net cash provided by financing activities	**(6,385)**	**(55,522)**
Effect of exchange rate changes on cash and cash equivalents	**661**	**5,748**
Increase in cash and cash equivalents	**78**	**678**
Cash and cash equivalents at beginning of the year	**21,644**	**188,209**
Increase arising from inclusion of subsidiaries in consolidation	**3,647**	**31,713**
Cash and cash equivalents at end of the year (Note 4)	**¥25,371**	**$220,617**

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Kikkoman Corporation and Consolidated Subsidiaries   Years ended December 31, 2000 and 1999

1. BASIS OF PREPARATION

KIKKOMAN CORPORATION (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles and practices generally accepted and applied in Japan, and its foreign subsidiaries maintain their books of account in conformity with those of the countries of their domicile. The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan and have been prepared in accordance with accounting principles generally accepted in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

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

In accordance with the revised accounting standards for consolidation, the accompanying consolidated financial statements for the year ended December 31, 2000 include the accounts of the Company and all significant companies controlled directly or indirectly by the Company. In addition, 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.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost.

Differences, not significant in amount, between the cost and the underlying net equity in investments in consolidated subsidiaries and unconsolidated subsidiaries and affiliates accounted for by the equity method are charged or credited to income in the year of acquisition.

(b) Foreign currency translation

Revenue and expense accounts of foreign consolidated subsidiaries are translated at the average exchange rates in effect during the year. Except for shareholders' equity, the balance sheet accounts are translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates.

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

(c) Cash equivalents

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

(d) Marketable and investment securities

Listed securities are stated at the lower of cost or market, cost being determined by the moving average method. Securities other than listed securities are stated at cost determined by the moving average method.

(e) Inventories

Inventories are mainly stated at the lower of cost or market, cost being determined by the average method, except for finished products, work in process and soybean-related ingredients of the Company which are stated at the lower of cost or market, cost being determined by the last-in, first-out method.

(f) Depreciation and amortization

Depreciation of property, plant and equipment of the Company and its domestic consolidated subsidiaries is determined primarily by the declining-balance method, except for buildings and two of the Company's factories on which depreciation is computed by the straight-line method at rates based on the estimated useful lives of the respective assets. Depreciation of property, plant and equipment of the foreign consolidated subsidiaries is computed principally by the straight-line method.

Intangible assets are amortized by the straight-line method over their estimated useful lives.

(g) Leases

Noncancelable lease transactions 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, lease transactions of foreign consolidated subsidiaries are generally accounted for as either finance leases or operating leases according to their classification.

(h) Bond issuance expenses

Bond issuance expenses are charged to income as incurred.

(i) Retirement allowances and pension plans

The Company's employees are covered by an employee retirement allowances plan and an employee pension plan. The employee retirement allowances plan provides for a lump-sum payment, payable upon mandatory retirement or earlier termination of employment, based on the approximate rate of pay at the time of termination, years of service and certain other factors. The employee pension plan, which is noncontributory and funded, was introduced to cover one-half of the benefits under the retirement allowances plan for employees who retire at the mandatory retirement age with 20 or more years of service. The assets of the pension plan of the Company at July 31, 2000, the most recent valuation date, were ¥16,214 million ($140,991 thousand). The past service cost of the Company's pension plan is being funded at an annual rate of 50%.

The liability for retirement allowances of the Company is stated at the present value of the amount which would be required to be paid if all eligible employees involuntarily terminated their employment at the balance sheet date, less the amounts expected to be covered by the pension plan, plus the unamortized balance of the prior service cost. See Note 12.

All employees of the consolidated subsidiaries are covered by pension plans.

The liability for retirement allowances of one of the newly consolidated subsidiaries is stated at the amount which would be required to be paid if all employees covered by the plan terminated their employment voluntarily as of the balance sheet date, less the amount expected to be covered by the pension plan, plus the unamortized balance of the prior service cost as a result of a revaluation of the pension fund.

In addition, directors and statutory auditors of the Company and certain consolidated subsidiaries are customarily entitled to lump-sum payments under their respective unfunded retirement allowances plans. Provision for retirement allowances for these officers has been made at estimated amounts.

(j) Income taxes

Effective January 1, 2000, the Company and domestic consolidated subsidiaries adopted deferred tax accounting for income taxes in accordance with a new accounting standard issued by the Business Accounting Deliberation Council. This standard requires recognition of income taxes by the liability method. Under the liability method, deferred tax assets and liabilities are determined based on the difference between the 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. The cumulative effect of this change is reported as "cumulative effect of adoption of deferred tax accounting" in the accompanying consolidated statements of shareholders' equity.

Prior to the adoption of accounting for deferred taxes, income taxes were principally calculated on taxable income and charged to income on an accrual basis. Deferred income taxes were not provided by the Company and the domestic consolidated subsidiaries for timing differences between financial and tax reporting, except for those with respect to the elimination of unrealized inter-company profits and other adjustments for consolidation purposes. The foreign consolidated subsidiaries, however, generally recognized deferred income taxes for such timing differences.

(k) Research and development costs

Research and development costs are charged to income when incurred.

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

(l) Appropriation of retained earnings

Under the Commercial Code of Japan (the "Code"), the appropriation of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial period. The accounts for that period do not, therefore, reflect such appropriations. See Note 18.

3. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥115 = U.S.$1.00, the approximate rate of exchange on December 31, 2000. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents at December 31, 2000 were as follows:

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
Cash and time deposits	¥27,925	$242,826
Time deposits with maturities of more than three months	(2,553)	(22,200)
	¥25,371	$220,617

5. MARKETABLE AND INVESTMENT SECURITIES

The book and related aggregate market value of the current and noncurrent marketable securities at December 31, 2000 are summarized as follows:

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
Current:		
Carrying value	¥ 1,038	$ 9,026
Aggregate market value	6,401	55,661
Net unrealized gain	¥ 5,363	$ 46,635
Noncurrent:		
Carrying value	¥ 9,592	$ 83,409
Aggregate market value	24,686	214,661
Net unrealized gain	¥15,093	$131,243

6. INVENTORIES

Inventories at December 31, 2000 and 1999 were as follows:

	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS
	2000	1999	**2000**
Merchandise	**¥10,809**	¥ 8,860	**$ 93,991**
Finished products	**7,004**	4,603	**60,904**
Work in process	**6,559**	6,362	**57,035**
Ingredients and supplies	**3,541**	3,766	**30,791**
	¥27,915	¥23,592	**$242,739**

7. LONG-TERM DEBT

Long-term debt at December 31, 2000 and 1999 comprised the following:

	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS
	2000	1999	**2000**
1.6% unsecured convertible bonds, payable in yen, due 2000	**¥ —**	¥10,000	**$ —**
1.7% unsecured convertible bonds, payable in yen, due 2002	**10,000**	10,000	**86,957**
1.33% unsecured bonds, payable in yen, due 2005	**7,000**	—	**60,870**
1.77% unsecured bonds, payable in yen, due 2007	**5,000**	—	**43,478**
Loans from banks	**5,195**	3,914	**45,174**
	27,195	23,914	**236,478**
Less: Current portion	**2,534**	12,427	**22,035**
	¥24,660	¥11,486	**$214,435**

The conversion price of the 1.7% unsecured convertible bonds due 2002 is ¥969.5 per share for the period up to and including December 26, 2002. The indenture of the 1.7% unsecured convertible bonds provide that the cumulative amount of cash dividends which can be paid subsequent to December 1993 may not exceed the aggregate amount of the Company's net income reported during that period, as defined, plus ¥6,500 million ($56,522 thousand), so long as any of the convertible bonds remain outstanding.

The conversion price of the convertible bonds is subject to adjustment in certain cases which include stock splits. A sufficient number of shares of common stock is reserved for the conversion of all the outstanding convertible bonds.

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

Year ending December 31,	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
2001	¥ 2,534	$ 22,035
2002	10,052	87,409
2003	2,417	21,017
2004	—	—
2005 and thereafter	12,191	106,009
	¥27,195	$236,478

8. PLEDGED ASSETS

The assets pledged as collateral for short-term bank loans and long-term debt at December 31, 2000 were as follows:

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
Accounts receivable	¥ 4,644	$ 40,383
Inventories	5,172	44,974
Property, plant and equipment, at net book value	8,314	72,296
Other	161	1,400
	¥18,292	$159,061

9. ADDITIONAL PAID-IN CAPITAL AND RETAINED EARNINGS

In accordance with the Commercial Code of Japan, the Company has provided a legal reserve, which is included in retained earnings. This reserve amounted to ¥2,899 million ($25,209 thousand) at December 31, 2000 and 1999, as appropriations of retained earnings. The Code provides that neither additional paid-in capital nor the legal reserve is available for dividends, but both may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to common stock by resolution of the Board of Directors.

10. INCOME TAXES

Income taxes applicable to the Company and its domestic consolidated subsidiaries comprise corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in statutory tax rates of approximately 41.8% and 47.5% for 2000 and 1999, respectively. Income taxes of foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

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

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
Deferred tax assets:		
Inventories	¥ 936	$ 8,139
Allowance for doubtful receivables	461	4,009
Accrued retirement allowances	7,004	60,904
Accrued expenses	453	3,939
Unrealized profit	330	2,870
Accrued enterprise tax	442	3,843
Tax loss carryforward	514	4,470
Other	847	7,365
Valuation allowance	(39)	(339)
Total deferred tax assets	10,952	95,235
Deferred tax liabilities:		
Deferred capital gain	(3,343)	(29,070)
Depreciation	(1,233)	(10,722)
Other	(219)	(1,904)
Total deferred tax liabilities	(4,797)	(41,713)
Deferred tax assets, net	¥6,154	$53,513

11. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in selling, general and administrative expenses for the years ended December 31, 2000 and 1999 were ¥3,703 million ($32,200 thousand) and ¥2,064 million, respectively.

12. SPECIAL PROVISION FOR RETIREMENT ALLOWANCES

The effect of a change in the expected interest rates for annuity payment and for return relating to the Company's pension plan, a change in the discount rate relating to the Company's retirement allowances and a change in accounting policy for retirement allowances of a newly consolidated subsidiary have been reflected in the aggregate as "special provision for retirement allowances" in the accompanying consolidated statement of income for the year ended December 31, 2000.

13. LEASES

(a) Finance leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets as of December 31, 2000 and 1999, which would have been reflected in the consolidated balance sheet if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	2000					
	MILLIONS OF YEN			THOUSANDS OF U.S. DOLLARS		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	**¥ 415**	**¥ 216**	**¥ 199**	**$ 3,609**	**$ 1,878**	**$ 1,730**
Other	**2,397**	**1,060**	**1,337**	**20,843**	**9,217**	**11,626**
Total	**¥2,813**	**¥1,276**	**¥1,537**	**$24,461**	**$11,096**	**$13,365**

	1999		
	MILLIONS OF YEN		
	Acquisition costs	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 337	¥ 176	¥ 161
Other	2,097	949	1,147
Total	¥2,434	¥1,125	¥1,309

Lease payments relating to finance leases accounted for as operating leases amounted to ¥640 million ($5,565 thousand) and ¥490 million, which were equal to the depreciation expense of the leased assets computed by the straight-line method over the respective lease terms for the years ended December 31, 2000 and 1999, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to December 31, 2000 and 1999 for finance leases accounted for as operating leases are summarized as follows:

	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS
Year ending December 31,	**2000**	1999	**2000**
2001	**¥ 528**	¥ 477	**$ 4,591**
2002 and thereafter	**1,008**	831	**8,765**
Total	**¥1,537**	¥1,309	**$13,365**

(b) Operating leases

1) Lessees' accounting

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

Year ending December 31,	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
2001	¥ 568	$ 4,939
2002 and thereafter	994	8,643
Total	¥1,563	$13,591

2) Lessors' accounting

Year ending December 31,	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
2001	¥ 48	$ 417
2002 and thereafter	163	1,417
Total	¥212	$1,843

14. CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries had the following contingent liabilities at December 31, 2000 and 1999:

	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS
	2000	1999	**2000**
Trade notes discounted with banks	**¥ 10**	¥ 9	**$ 87**
As guarantor of indebtedness of:			
Unconsolidated subsidiaries	**1,724**	232	**14,991**
Employees	**74**	93	**643**
	¥1,809	¥336	**$15,730**

In addition to the above, the Company provided letters of awareness to financial institutions regarding the indebtedness of an unconsolidated subsidiary which amounted to ¥22 million ($191 thousand) and ¥35 million at December 31, 2000 and 1999, respectively.

15. AMOUNTS PER SHARE

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 during each year after giving effect to the dilutive potential of the common stock to be issued upon the conversion of convertible bonds.

Net assets per share are based on the number of shares outstanding at the respective balance sheet dates.

Cash dividends per share represent the cash dividends declared as applicable to the respective years.

	MILLIONS OF YEN		THOUSANDS OF U.S. DOLLARS
	2000	1999	**2000**
Net income:			
Basic	**¥ 31.45**	¥ 26.80	**$0.27**
Diluted	**29.37**	25.00	**0.26**
Net assets	**611.12**	571.19	**5.31**
Cash dividends applicable to the year	**7.00**	7.00	**0.06**

16. DERIVATIVES

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

The Company and its consolidated subsidiaries are exposed to credit risk in the event of nonperformance by the counterparties to the derivatives, but any such loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings. The notional amounts of the derivatives 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 derivatives.

Summarized below are the notional amounts and the estimated fair value of the open derivative positions at December 31, 2000:

1) Currency related transactions

	MILLIONS OF YEN			THOUSANDS OF U.S. DOLLARS		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts:						
Sell:						
US$	¥ 21	¥ 22	¥ (0)	$ 183	$ 191	$ (0)
Buy:						
US$	481	497	15	4,183	4,322	130
Yen	45	40	(4)	391	348	(35)
FFr	4	4	(0)	35	35	(0)
Total			¥10			$87

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

2) Interest-related transactions

	MILLIONS OF YEN			THOUSANDS OF U.S. DOLLARS		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Interest rate swaps:						
Receive/floating, pay/fixed	¥1,721	¥(15)	¥(15)	$14,965	$(130)	$(130)
Options (caps):						
Receive/floating, pay/fixed	1,147	0	0	9,974	0	0
	¥2,868	¥(14)	¥(14)	$24,939	$(122)	$(122)

17. SEGMENT INFORMATION

The Company and its consolidated subsidiaries are primarily engaged in the manufacture and sales of products in the foods segment, which include soy sauce and other processed seasonings, sauces, Del Monte processed fruit and vegetables, and Coca-Cola and other beverage products, in Japan and abroad. As net sales, operating income and total assets from the foods segment constituted more than 90% of the consolidated totals for both the years ended December 31, 2000 and 1999, the disclosure of business segment information has been omitted.

Geographical segment information for the Company and its consolidated subsidiaries for the years ended December 31, 2000 and 1999 is summarized as follows:

						MILLIONS OF YEN
Year ended December 31, 2000	Japan	North America	Other	Total	Eliminations and other	Consolidated
Sales to third parties	**¥265,227**	**¥52,651**	**¥ 8,830**	**¥326,708**	**¥ —**	**¥326,708**
Interarea sales and transfers	**7,008**	**871**	**1,229**	**9,110**	**(9,110)**	**—**
Total sales	**272,236**	**53,522**	**10,060**	**335,819**	**(9,110)**	**326,708**
Operating expenses	**263,333**	**48,226**	**9,584**	**321,143**	**(9,121)**	**312,022**
Operating income	**¥ 8,903**	**¥ 5,296**	**¥ 475**	**¥ 14,675**	**¥ 11**	**¥ 14,686**
Total assets	**¥238,836**	**¥39,060**	**¥ 9,128**	**¥287,025**	**¥(4,914)**	**¥282,110**
						THOUSANDS OF U.S. DOLLARS
Sales to third parties	**$2,306,322**	**$457,835**	**$76,783**	**$2,840,939**	**$ —**	**$2,840,939**
Interarea sales and transfers	**60,939**	**7,574**	**10,687**	**79,217**	**(79,217)**	**—**
Total sales	**2,367,270**	**465,409**	**87,478**	**2,920,165**	**(79,217)**	**2,840,939**
Operating expenses	**2,289,852**	**419,357**	**83,339**	**2,792,548**	**(79,313)**	**2,713,235**
Operating income	**$ 77,417**	**$ 46,052**	**$ 4,130**	**$ 127,609**	**$ 96**	**$ 127,704**
Total assets	**$2,076,835**	**$339,652**	**$79,374**	**$2,495,870**	**$(42,730)**	**$2,453,130**

						MILLIONS OF YEN
Year ended December 31, 1999	Japan	North America	Other	Total	Eliminations and other	Consolidated
Sales to third parties	¥161,091	¥51,224	¥ 9,408	¥221,724	¥ —	¥221,724
Interarea sales and transfers	6,482	958	1,177	8,619	(8,619)	—
Total sales	167,573	52,183	10,586	230,343	(8,619)	221,724
Operating expenses	161,929	47,144	10,205	219,279	(8,601)	210,678
Operating income	¥ 5,643	¥ 5,038	¥ 381	¥ 11,063	¥ (17)	¥ 11,046
Total assets	¥189,670	¥32,582	¥ 8,157	¥230,410	¥(2,387)	¥228,023

Corporate assets included under the column heading "Eliminations and other" represent translation adjustments and amounted to ¥3,073 million ($26,722 thousand) and ¥5,907 million at December 31, 2000 and 1999, respectively.

Overseas sales

Overseas sales, which include export sales of the Company and its domestic consolidated subsidiaries and sales (other than exports to Japan) of its foreign consolidated subsidiaries, for the years ended December 31, 2000 and 1999 are summarized as follows:

			MILLIONS OF YEN
Year ended December 31, 2000	North America	Other	Total
Overseas sales	**¥52,749**	**¥13,053**	**¥ 65,803**
Consolidated net sales			**326,708**
			THOUSANDS OF U.S. DOLLARS
Overseas sales	**$458,687**	**$113,504**	**$ 572,200**
Consolidated net sales			**2,840,939**
Ratio of overseas sales to consolidated net sales	**16.1%**	**4.0%**	**20.1%**

			MILLIONS OF YEN
Year ended December 31, 1999	North America	Other	Total
Overseas sales	¥51,400	¥13,387	¥ 64,788
Consolidated net sales			221,724
Ratio of overseas sales to consolidated net sales	23.2%	6.0%	29.2%

18. SUBSEQUENT EVENT

The following appropriations of retained earnings of the Company, which have not been reflected in the consolidated financial statements for the year ended December 31, 2000, were approved at a shareholders' meeting held on March 29, 2001:

	MILLIONS OF YEN	THOUSANDS OF U.S. DOLLARS
Cash dividends (¥7.00 = $0.06 per share)	¥1,380	$12,000
Bonuses to directors and statutory auditors	53	461
	¥1,433	$12,461

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
KIKKOMAN CORPORATION

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

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of KIKKOMAN CORPORATION and consolidated subsidiaries at December 31, 2000 and 1999, the consolidated results of their operations for the years then ended, and their cash flows for the year ended December 31, 2000 in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period.

As described in Notes 1 and 2 to the consolidated financial statements, KIKKOMAN CORPORATION has adopted new accounting standards for consolidation, for deferred tax accounting and for research and development expenses in the preparation of its consolidated financial statements for the year ended December 31, 2000.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2000 are presented solely for convenience. Our examination also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Century Ota Showa & Co.

March 29, 2001

See Note 1 which explains the basis of preparation of the consolidated financial statements of KIKKOMAN CORPORATION under Japanese accounting principles and practices.

CORPORATE HISTORY

Ideally situated close to soybean-growing regions as well as the Edo River, which provided a convenient transportation route for consumers in or near Edo, or present-day Tokyo, Noda has been well-known for its soy sauce production since the Edo period. In December 1917, eight family companies merged to form Noda Shoyu Co., Ltd., a company with capital of ¥7 million and the predecessor of Kikkoman Corporation.

1925 April	Noda Shoyu Co., Ltd., absorbs Noda Shoyu Jozo Co., Ltd., Manjo Mirin Co., Ltd., and Nippon Shoyu Co., Ltd., through a merger.
1930 August	The Takasago soy sauce production plant (formerly the Kansai Plant) is constructed near Osaka.
1957 June	Kikkoman International Inc. is established in San Francisco, California, in the United States.
1961 July	Kikko Food Industries Co., Ltd., is established. In July 1991, the company becomes Nippon Del Monte Corporation.
1962 February	Tone Beverage Co., Ltd., is established. In February 1963, the company becomes Tone Coca-Cola Bottling Co., Ltd.
1962 October	Katsunuma Yoshu Co., Ltd., is established. In March 1964, the company becomes Mann's Wine Co., Ltd.
1964 October	Noda Shoyu Co., Ltd., is renamed Kikkoman Shoyu Co., Ltd.
1969 June	Kikkoman invests in Japan Food Corporation, of the United States. In June 1978, the company becomes JFC International Inc.
1970 March	Kikkoman invests in Pacific Trading Co., Ltd.
1972 March	Kikkoman Foods, Inc., is established in Walworth, Wisconsin, in the United States.
1979 March	Kikkoman Trading Europe GmbH is established in Neuss, in Germany.
1980 October	The Company takes on its present name, Kikkoman Corporation.
1983 June	Kikkoman (S) Pte. Ltd., a production facility, is established in Singapore.
1983 October	Kikkoman Business Development Inc. is established.
1986 August	New soy sauce production facilities come onstream at Kikkoman's Chitose Plant, in Hokkaido.
1990 January	Kikkoman buys perpetual marketing rights for the Del Monte brand in the Asian-Pacific region, excluding the Philippines.
1990 February	A joint venture company, President Kikkoman Inc., is established to produce soy sauce in Tainan, in Taiwan.
1996 April	Kikkoman establishes Kikkoman Foods Europe B.V., Europe's first soy sauce manufacturer, located in Hoogezand-Sappemeer, in the Netherlands.
1996 May	Production of *shochu*, a clear Japanese spirit, commences at a new facility of the Ojima Plant.
1997 March	Kikkoman holds a ground-breaking ceremony for its second U.S. soy sauce production plant, in Folsom, California, in the United States.
1997 October	Kikkoman Foods Europe B.V. begins operations at its plant.
1998 October	The second manufacturing plant of Kikkoman Foods, Inc., in Folsom, California, begins shipments.
1999 July	Kikkoman opens its new headquarters in Noda, Chiba Prefecture, to commemorate the Company's 80th anniversary.
1999 October	Kikkoman Institute for International Food Culture is opened at the Company's new headquarters.
1999 November	Kikkoman announces a joint venture with its partner in Taiwan to build a soy sauce plant in China.
2000 August	Construction starts on soy sauce plant in China.

(As of April 2001)

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Fax: +65-758-3016

Del Monte Asia Pte. Ltd.
290 Orchard Road #17-08 Paragon, Singapore 238859
Tel: +65-235-1926
Fax: +65-235-3044

Kikkoman Trading Asia Pte. Ltd.
290 Orchard Road #17-08 Paragon, Singapore 238859
Tel: +65 (235) 6022
Fax: +65 (235) 2237

JFC Hong Kong Limited*
5th Floor, Ever Gain Centre 43-57, Wang Wo Tsai Street, Tsuen Wan, N.T., Hong Kong, S.A.R., China
Tel: +852-2428-6431
Fax: +852-2480-4762

President Kikkoman Inc.
7, Ta Ying Village, Hsin Shih Hsiang, Tainan, Taiwan
Tel: +886 (6) 5997995
Fax: +886 (6) 5990123

Oceania

Kikkoman Australia Pty. Limited
Suite 2, 10th Floor 80 Arthur St., North Sydney, N.S.W. 2060, Australia
Tel: +61 (2) 9923-2533
Fax: +61 (2) 9923-2050

Japan Food Corp. (Aust.) Pty. Limited*
Unit 10, 175 Gibbes St., Chatswood, N.S.W. 2067, Australia
Tel: +61 (2) 9417-7566
Fax: +61 (2) 9417-5972

*Consolidated subsidiary
Note: Numbers preceded by "+" are country codes.

Home page address: http://www.kikkoman.com/

(As of April 2001)

BOARD OF DIRECTORS AND OFFICERS

Board of Directors and Corporate Auditors

President and Representative Director
Yuzaburo Mogi

Deputy President and Representative Director
Kenzaburo Mogi

Representative Directors
Nobuyuki Enokido
Michio Miyaji

Directors
Kaichiro Someya
Kiyoshi Omori
Noboru Miki
Takashi Ushiku
Mitsuo Someya

Corporate Auditors
Tsuneo Iida
Kiyochika Fukushima
Reiichi Hisamoto
Asao Kawamura

Corporate Officers

President and Chief Executive Officer
Yuzaburo Mogi

Deputy President
Kenzaburo Mogi

Senior Executive Corporate Officers
Nobuyuki Enokido
Michio Miyaji

Executive Corporate Officers
Kaichiro Someya
Kiyoshi Omori
Noboru Miki
Takashi Ushiku
Mitsuo Someya

Corporate Officers
Shigetaka Ishii
Toru Kumagai
Hideaki Imanari
Kenzaburo Mogi
Teruo Taniguchi
Hiroshi Yanagimoto
Hiroshi Takamatsu
Tadao Kondo
Kakuji Nishiyama
Akio Kumakiri
Masatoshi Noguchi
Yukio Sato
Yasufumi Kataoka
Kuniki Hatayama
Koji Negishi
Kenichi Saito

(As of March 29, 2001)

CORPORATE DATA

Name
Kikkoman Corporation

Head Office
250 Noda, Noda-shi, Chiba 278-8601, Japan

Date of Establishment
December 7, 1917

Paid-in Capital
¥11,599,398,094

Number of Shares
Authorized: 300,000,000
Issued and outstanding: 197,202,300

Number of Employees
2,640

Stock Exchange Listings
Tokyo, Osaka

Transfer Agent
Mitsubishi Trust & Banking Corp.
11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo 100-8212

Stock Price Range on the Tokyo Stock Exchange

Fiscal 2000:	High:	¥892	Low:	¥618
Fiscal 1999:	High:	¥1,075	Low:	¥661
Fiscal 1998:	High:	¥855	Low:	¥620

Business Activities
- Production and marketing of soy sauces, sauces, tomato ketchup, and related food seasonings and flavorings
- Production and marketing of *mirin* (sweet sake for cooking), fruit liquor, *shochu* (a clear Japanese spirit), and other sake and wine
- Production and marketing of carbonated drinks, juices, and other beverages
- Production and marketing of delicatessen items, rice, noodles, and processed soy bean products
- Production and marketing of processed agricultural and marine food products and livestock feed
- Production and marketing of medicines, medical reagents, industrial-use enzymes, and other chemicals
- Development and marketing of production machinery and automated systems for food, medicines, and livestock feed
- Management of restaurants and coffee shops
- Administration of athletic clubs, swimming schools, and other sports facilities
- Leasing and management of real estate and car parking centers
- Operation of delivery trucks and warehouse facilities
- Production and marketing of plant seedlings, compost, and garden fertilizers and provision of gardening advisory services
- Environmental health monitoring, testing activities, and certification

(As of April 2001)

Kikkoman Corporation
Head Office
250 Noda, Noda-shi, Chiba 278-8601, Japan
Tokyo Head Office
1-1, Nishi-Shinbashi 2-chome,
Minato-ku, Tokyo 105-8428, Japan

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