

Message From the Management

The Fiscal Year in Review

Although the global economy showed signs of picking up during the fiscal year ended March 31, 2010, much uncertainty remained. The Japanese economy is also on a recovery track, but domestic demand remains low and the outlook is not optimistic.

Given this environment and as a result of the elimination of the Coca-Cola business from the scope of consolidation, the Kikkoman Group in Japan saw net sales fall significantly. Within foods—manufacturing and sales, food products performed well, although soy sauce and *sake* and wine struggled, and in beverages, soy milk performed strongly, leading to increased sales. Overseas, our business started to recover in the second half of the year, despite the global recession that began in the previous year. Although overall sales rose on a local-currency basis, currency translation effects from the strong yen resulted in lower sales year on year.

On the other hand, operating income rose year on year as a result of higher sales within Foods—Manufacturing and Sales, and the effects of changes in inventory accounting methods, which offset the impact of a strong yen and the elimination of the Coca-Cola business.



Left:
Yuzaburo Mogi
Chairman of the Board and
Chief Executive Officer

Right:
Mitsuo Someya
President and Chief Operating Officer

As a result, consolidated net sales decreased 30.8% to ¥285,690 million, while operating income rose 3.5% to ¥21,085 million. Net income rose 213.2% to ¥8,602 million, due in part to a loss recorded in the previous year on the partial sale of our investment in Tone Coca-Cola Bottling Co., Ltd. and an increase in corporate tax paid.

Management Principles and Business Areas

The management principles of the Kikkoman Group are based on the following three pillars:

1. To pursue the fundamental principle “consumer-oriented”
2. To promote the international exchange of food culture
3. To become a company whose existence is meaningful to the global society

We believe that the future performance and prosperity of the Group are direct results of customer satisfaction. Based on this conviction, the Kikkoman Group pays keen attention to the opinions of consumers and observes the market in order to offer products and services that will be of value to them.

Moreover, as a manufacturer of food products, our fundamental mission is to offer consumers a stable supply of safe and high-quality products at a reasonable price. Moving forward, we will continue our efforts in this area.

Business Areas of the Kikkoman Group

The Kikkoman Group will pursue global operations in the following fields:

1. Manufacturing and marketing food products
2. Providing products and services related to food and health

Medium-Term Management Plan

We have adopted a medium-term management plan covering the period from fiscal 2011 to fiscal 2013.

Consolidated Targets for Fiscal 2013:

Net sales:	320,000 million yen (Average annual growth of 3.9% from fiscal 2009)
Operating income:	26,000 million yen
Operating income ratio to net sales:	8.1%
Return on assets (ROA):	7.4%

Key Issues for the Kikkoman Group's Medium-Term Management Plan

1. Cultivate existing markets and develop new markets overseas
2. Increase earnings in domestic business
3. Capture synergies through capital and business alliances
4. Fulfill our social responsibilities

Long-Term Management Strategy and Key Topics

Kikkoman Corporation established “Global Vision 2020” in April 2008. This plan expresses our vision for the future of the Kikkoman Group and the basic strategy for reaching our goals by 2020.

Vision for the Future:

1. Make Kikkoman soy sauce a truly global seasoning
2. Be a company that supports healthy lifestyles through food
3. Be a company whose existence is meaningful to the global society

Basic Strategy

1. Global soy sauce strategy
2. Global strategy for oriental food wholesale
3. Del Monte business strategy
4. Health-related business strategy

Basic Approach to Corporate Governance

Kikkoman believes that responding to changes in the business environment, and bolstering management of the Group as a whole to raise corporate value, are fundamental to the success of managing a company that meets the demands of its shareholders.

At the same time, one of our most important priorities is executing sound governance to fulfill our corporate responsibility to all stakeholders.

Corporate Governance Framework

Kikkoman is organized as a “company with auditors” as defined under Japanese corporate law. We have taken steps to improve and enhance our corporate governance framework with the aims of realizing greater management transparency, clarifying responsibilities, accelerating decision-making, and strengthening management oversight.

In March 2001, Kikkoman introduced a corporate officer system and delegated authority to the officers with a view to clarifying responsibilities and accelerating the decision-making processes. In June 2002, we elected outside directors and outside corporate auditors, and established the Nominating Committee and Remuneration Committee. These actions were designed to achieve greater management transparency and strengthen management oversight.

The Kikkoman Group shifted to a holding company structure in October 2009. By enhancing value creation in each of the operating companies, and through their rights and responsibilities of those companies under the newly formulated management strategy, we will maximize the corporate value of the entire Group.

Enhancing Internal Control Systems

Establishing an internal control system that ensures proper implementation of operations is an important compliance issue. Based on this belief, we are making Group-wide efforts to reinforce a framework that ensures effective and efficient operations in line with laws and regulations.

In order to enhance internal control systems, we have been making necessary revisions to the basic policy determined by the Board of Directors in May 2006. In response to rules regarding the evaluation and supervision of internal control reporting under the Financial Instruments and Exchange Act that went into effect in April 2008, we established a new Internal Control Department in November 2008. Additionally, we formulated another basic policy regarding internal controls over financial reporting and created a framework for enhancing such controls.

Basic Policy on Distribution of Profits

Kikkoman considers its shareholder dividends policy to be a key management issue. Our basic policy is to reward shareholders with a distribution of profits, backed by strong financial performance on a consolidated basis, while using funds to strengthen the company's corporate foundation, and future businesses.

On a long-term basis, we will deploy internal reserves in ways that create robust corporate value. Our future plans include market and strategic investments to expand our international operations, streamline production facilities, conduct research and development targeting new businesses, and cultivate new demand.

In fiscal 2010, we paid an annual dividend of ¥15 per share of common stock, and we forecast a dividend of ¥15 per share in the next fiscal year as well.

Outlook for the Current Fiscal Year

In North America, we believe it is important to maintain growth in soy sauce, and are strengthening efforts to develop new markets targeting new users in the home-use sector. In addition, we will focus on health foods to foster new business beyond the soy sauce segment.

In Europe, we are expanding the soy sauce market with the goal of maintaining double-digit growth. Alongside cultivating existing key markets, we will also develop new markets, including Central and Eastern Europe and Russia.

In Asia, we aim to grow our soy sauce and Del Monte businesses. In China, we will leverage our participation in Expo 2010 Shanghai China to lead to further growth. At our R&D base in Singapore, we will advance the development of new products for Asian markets.

In the foods-wholesale business, we will continue to take advantage of the increasing interest in Japanese food overseas to achieve strong growth in every operating region.

In the soy sauce market in Japan, we will work to stimulate home-use demand by using television commercials and making proposals for 750ml bottles of select products introduced last year. In foodservice and industrial-use sectors, in addition to continuing to provide safe, high-quality products, we will also further our efforts to leverage

the company's collective strengths by providing technical support and other services.

In food products, we will strive to extend our market share by further expanding sales of *tsuyu* (soy sauce soup base) and *tare* (dipping and marinade sauces). In addition, we will work to expand the market for the *Uchi-no-Gohan* (a handy Japanese-style seasoning mix) as we continue to target strong growth.

Within beverages, we will work to achieve growth centered on soy milk, the pillar of this business segment, and strive to establish the Del Monte brand in the chilled products market.

Our *sake* and wine business will focus on increasing market share in home-use *mirin* (sweet *sake* for cooking), while developing high-value-added wine products to exert a competitive advantage in the premium wine market.

In the biochemical business, we will pursue growth through sales of clinical diagnostic reagents and hygiene-monitoring systems, along with other products.

In June 2008, we commenced full-scale use and active promotion of a new corporate brand logo and slogan "seasoning your life." We intend to continue pursuing active communications while focusing on consumers' perspectives to fulfill their expectations and thereby enhance our corporate value.

The Kikkoman Group is determined to make every effort to tackle these issues aggressively. Moving forward, we will work wholeheartedly to raise Kikkoman's corporate value and increase our presence as a company.

July 2010



Yuzaburo Mogi
Chairman of the Board and Chief Executive Officer



Mitsuo Someya
President and Chief Operating Officer