



Kikkoman Corporation

Listed company name: **Kikkoman Corporation**  
Code No.: 2801  
Shares listed: Tokyo (1st Section), Osaka (1st Section)  
Head office: 250 Noda, Noda City, Chiba  
Contact: Takaharu Nakamura, General Manager, Public Relations and Investor Relations,  
E-mail: [ir@mail.kikkoman.co.jp](mailto:ir@mail.kikkoman.co.jp)

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## **Kikkoman, Kibun Foods, Kibun Food Chemifa and Kibun Fresh System Announce Equity-Based Business Alliance**

Kikkoman Corporation, Kibun Foods Inc., Kibun Food Chemifa Co., Ltd. and Kibun Fresh System Inc., a chilled products distribution subsidiary of Kibun Foods, today agreed to form an equity-based business alliance. The four companies will cooperate as strategic partners in chilled foods, overseas sales, soft drinks and logistics, among other areas.

### **1. Details of the Equity Tie-up**

Kibun Foods plans to issue and allot to Kikkoman in July 2004 participatory non-cumulative preference shares with conversion rights into ordinary shares, subject to approval by shareholders at its ordinary annual general meeting of a proposal to issue preference shares.

#### Details of the Preference Shares

- (1) Class of share and number  
Preference shares 1,000,000 shares
- (2) Issue price  
¥1,000 per share
- (3) Preferred dividend  
¥50 non-cumulative dividend, participation in ordinary dividends
- (4) Preferred allotment of residual claim  
¥1,000
- (5) Voting rights  
Yes
- (6) Conversion rights  
The initial conversion price will be lowered under certain conditions
- (7) Right to request redemption  
Redemption at the request of preference shareholders  
Following the sale of these shares, Kikkoman will hold approximately 5% of the voting rights of Kibun Foods Inc.



## **1. Details of the Equity Tie-up (continued)**

In March 2004, Kikkoman will also acquire from the Kibun Foods Group 4,347,000 shares, or approximately 15.4%, of the outstanding shares of Kibun Food Chemifa, and, in June 2004, 15% of Kibun Fresh System's shares. The cost of these acquisitions is expected to be approximately ¥6.0 billion and approximately ¥0.5 billion, respectively.

To facilitate cooperation following the announcement of this tie-up, Kikkoman is holding discussions to send some of its senior management and other employees to Kibun Food Chemifa and Kibun Fresh System.

## **2. Effect of Alliance on Business Activities and Operating Results**

Details of the business alliances between Kikkoman and Kibun Foods and Kibun Fresh System are still under discussion. However, the alliance will mainly involve utilizing Kikkoman's overseas network to distribute Kibun Group products and utilizing the Kibun Group's nationwide chilled foods distribution channels in Japan to launch new chilled food products from Kikkoman. It will also draw on the Kibun Group's expertise in distributing a wide variety of products in small lots to cut inventory and logistics costs.

Regarding the equity-based business alliance between Kikkoman and Kibun Food Chemifa, the two parties will examine ways to improve efficiency and expand business jointly in the following fields. This alliance will have a slight effect on the operating results of Kikkoman and Kibun Food Chemifa in the current fiscal year.

- Utilization of Kikkoman's vegetable and fruit juice product expertise in its Del Monte operations and Kibun Food Chemifa's expertise in soy milk beverages to develop and sell new products
- Utilization of Kikkoman's overseas network by the Kibun Group
- Acceleration of Kikkoman's efforts to grow its soymilk business in the U.S.
- Establishment of a system for cooperation in the biotechnology field
- Cooperation in R&D and technology related to the extraction of soy isoflavones from fermented soy beans



### 3. Business Activities

Kikkoman produces and supplies products globally backed by strong brand equity based on the concept of good food and good health. Its brand portfolio extends from Kikkoman-brand soy sauce and soy sauce derivative products, including dipping and marinade sauces and soy sauce soup bases, to Del Monte products, Manjo and the Manns wine brand. Kikkoman-brand soy sauce, which is produced at factories around the world, is sold in more than 100 countries and has earned an international reputation as a seasoning.

Kibun Foods is broadly and actively developing businesses centered on chilled food products, including industry-leading branded processed fish products. With production and sales bases in every region of Japan, Kibun Foods delivers fresh, high-quality products daily using a pioneering nationwide chilled foods distribution network. The company is famous for bringing to Japanese dinner tables *osechi* and other traditional Japanese foods with a modern flavor.

Kibun Food Chemifa operates a beverage business, which includes Japan's leading brand of soymilk, and a chemical business with products such as hyaluronic acid and other products. Its activities are underpinned by a dedication to "researching, developing and producing products for health and beauty based on using extraction technology."

Kibun Fresh System distributes chilled products for the Kibun Foods Group and other companies on a consignment basis. It is one of only a handful of companies in its industry in Japan to have a nationwide network.

### 4. Schedule

February 26, 2004

- Approval by the boards of directors of Kikkoman and Kibun Foods of a basic agreement
- Approval by the boards of directors of Kikkoman and Kibun Food Chemifa of an equity-based business alliance

March 2004

- Kikkoman acquires Kibun Food Chemifa shares (tentative)

May 2004

- Equity-based business alliance between Kikkoman and Kibun Fresh System (tentative)

June 2004

- Kikkoman acquires Kibun Fresh System shares (tentative)

July 2004

- Kikkoman acquires preference shares issued by Kibun Foods (tentative)