

April 25, 2007

## Press Release

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| Representative:   | Takashi Ushiku<br>President and Chief<br>Operating Officer                            |
| Stock Code:       | 2801  |
| Stock Exchanges:  | Tokyo and Osaka, 1 <sup>st</sup> section  |
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### Notice on Policy Regarding a Large-Scale Purchase of Kikkoman Shares

The Board of Directors of Kikkoman Corporation (hereinafter referred to as "Kikkoman") has decided, at its meeting held on October 26, 2006, to introduce the measures (hereinafter referred to as the "Original Plan") to respond against the purchase of Kikkoman's Share Certificates or Other Equity Securities with an intent to obtain 20% or more of the total issued and outstanding shares of Kikkoman, or any act of purchase of Kikkoman's Share Certificates or Other Equity Securities which may result in acquisition of 20% or more of the total issued and outstanding shares of Kikkoman, regardless of the method of purchase, including purchase through the stock market or through the tender offer (A purchase of Kikkoman's share certificates and other equity securities as provided above shall be hereinafter referred to as a "Large-Scale Purchase", and any person or any entity conducting such Large-Scale Purchase shall be hereinafter referred to as a "Large-Scale Purchaser"), and published the same through Kikkoman's Press Release as of the same date. Thereafter, Kikkoman, based on the revision of the Securities and Exchange Law, etc., has further examined what the Original Plan should be for the purpose of protection and enhancement of Kikkoman's corporate value and its shareholders' common interests, and the details are as provided below.

As a result of such examination, Kikkoman hereby announces that the Board of Directors of Kikkoman has decided, at its meeting held today, to submit an agenda to Kikkoman's next Ordinary General Shareholders' Meeting, scheduled to be held on June 26, 2007 (hereinafter referred to as the "Next Ordinary General Shareholders' Meeting"), to the effect that as new measures to respond against the Large-Scale Purchase of Kikkoman's Share Certificates or Other Equity Securities to replace the Original Plan (hereinafter referred to as the "Plan"), the matters concerning the allotment of new share subscription rights may be decided by a resolution of the General Shareholders' Meeting or a resolution of the Board of Directors of Kikkoman delegated to by the General Shareholders' Meeting, and has also decided to adopt the Plan on condition that an agenda to decide the Plan is submitted to the Next Ordinary General Shareholders' Meeting in accordance with the amended Articles of Incorporation, that the Original Plan is abolished at the end of the Next Ordinary General Shareholders' Meeting, and that the approval of the shareholders is obtained at such General Shareholders' Meeting.

(Note) "Large-Scale Purchase" provided in the Plan shall mean a purchase as provided in (1) or (2) below.  
Both (1) and (2) exclude a case where there has been an approval of the Board of Directors of

Kikkoman.

- (1) A purchase or any acquisition of Share Certificate or Other Equity Securities where the Shareholding Ratio<sup>1</sup> of the Kikkoman Share Certificates or Other Equity Securities<sup>2</sup> obtained by the Shareholder<sup>3</sup> shall be no less than 20% of the total issued and outstanding Share Certificate or Other Equity Securities of Kikkoman.
- (2) Any Tender Offer<sup>4</sup> of Share Certificates or Other Equity Securities<sup>5</sup> issued by Kikkoman which, as a result, the Shareholding Ratio<sup>6</sup> of the Tender Offer and that of Special Affiliate<sup>7</sup> in total shall be no less than 20% of the total issued and outstanding Share Certificate or Other Equity Securities of Kikkoman.

## **1. Amendment of the Articles of Incorporation and Purpose and Underlying Policy of the Plan**

### **(1) Kikkoman's Actions for Protection and Enhancement of its Corporate Value and its Shareholders' Common Interest.**

#### 1) The Origin of Kikkoman's Corporate Value

Kikkoman has been operating for over 90 years with our management spirit based both on our tradition since the 17th Century and an innovative vision for modern generations. From the domestic perspective, Kikkoman has been providing a variety of delicious and healthy products, such as Japanese seasonings, Del Monte products, Manjo products and Manns Wines, as well as the top brand Kikkoman Soy Sauce. From the worldwide perspective, Kikkoman has put continuous effort into promoting the Japanese seasoning "Soy Sauce" to be the World's seasoning and the "KIKKOMAN" brand has been shipped to over 100 countries from factories worldwide, enriching the food culture in each country.

Also, Kikkoman has developed various new seeds in our innovative biotechnology field, with the help of microorganism control brewing technology, and these new seeds have been applied to, among others, medicine, enzyme and health foods.

Through such activities, Kikkoman Group has constructed a distinctive business model formed by combining the 5 corporate values described below:

#### a) Soy Sauce Business Model Overseas

Kikkoman has been keeping its high profit as a top brand of a seasoning "Soy Sauce", which is rooted in the Japanese food culture, by expanding its market worldwide, merging with the various food cultures and establishing manufacturing and sales bases all around the world with competitiveness including its quality.

#### b) Worldwide Network

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<sup>1</sup> As defined in Article 27-23, Clause 4 of the Securities and Exchange Law (*Shoken-Torihiki Hou*)

<sup>2</sup> As defined in Article 27-23, Clause 1 of the Securities and Exchange Law

<sup>3</sup> The Shareholder includes "shareholders" as defined in Article 27-23, Clause 3 of the Securities and Exchange Law

<sup>4</sup> As defined in Article 27-2, Clause 6 of the Securities and Exchange Law

<sup>5</sup> As defined in Article 27-2, Clause 1 of the Securities and Exchange Law

<sup>6</sup> As defined in Article 27-2, Clause 8 of the Securities and Exchange Law

<sup>7</sup> As defined in Article 27-2, Clause 7 of the Securities and Exchange Law. Provided that, with respect to those listed in Article 3, Clause 1 of the Cabinet Office Order concerning a Tender Offer of Shares By Parties Other than the Issuer (*Hakkosha-igai no mono ni yoru kabuken-tou no koukai-kaitusuke no kaiji ni kansuru naikakufu-rei*) shall be excluded.

Kikkoman has established an oriental food distribution network throughout the world, as well as manufacturing and sales bases for soy sauce. Our expanding market is boosted by the permeation of Japanese food throughout the world and we are also accumulating our know-how.

c) Research and Development / Technology Development

Kikkoman Group is enhancing its developing ability through our brewing technology and microorganism technology gained from soy sauce brewing, as well as obtaining technologies from the development departments of both domestic and overseas group companies and also outside technologies obtained through capital tie-ups.

d) Brand Power

As shown in the various brand survey results, Kikkoman is widely known among distributors and consumers as a safe and reliable brand backed up by its tradition.

e) Social Responsibility as a Company

To be a good corporate citizen that people hope will continuously exist as a company, Kikkoman is carrying out our social responsibilities as well as being involved in local communities and international food and young people's cultural exchanges.

2) Enhancement of Corporate Value by Kikkoman Middle-Term Business Plan

Kikkoman Group has decided a middle-term business plan from JFY 2007 through JFY 2010 in order to take advantage of the aforementioned origin of Kikkoman's corporate value and to further enhance the corporate value.

In the new middle-term business plan, Kikkoman Group is moving toward JPY480,000,000,000 of the sales proceeds, JPY32,000,000,000 of the operating profit, 7% of the ratio of operating profit to sales and 8% of return on equity (ROE) in the last year, JFY 2010.

The most important task for the middle-term business plan is the growth in overseas markets. In North America, the soy sauce market has entered a period of stable growth, and Kikkoman will make a shift from current products to products of high value and will aim to diversify. In Europe, Kikkoman has achieved double-digit growth over the last ten (10) years, and will continue to aim at double-digit growth. For that purpose, Kikkoman will cultivate the markets in Central and Eastern Europe and Russia as well as deep cultivation of major markets. In Asia, Kikkoman will penetrate local markets with authentically-brewed soy sauce and will advance the development of its products for Chinese markets by use of the research and development center established in Singapore.

With respect to the Del Monte business, Kikkoman established Siam Del Monte Company Ltd. in Thailand as a production center, and will fully develop the business in Asia-Oceania region. The food supply business will expand the development region and will also achieve high growth thanks to the expansion of Japanese foods overseas.

On the other hand, with respect to the domestic market, Kikkoman is under difficult circumstances, however Kikkoman will aim to improve profitability. For that purpose, Kikkoman will make a shift from current soy sauce to high-value added soy sauce, and will develop products with a higher degree of processing such as soy sauce-related seasoning including soup (*tsuyu*) and sauce (*tare*), and the "Uchino Gohan" series. With respect to the Del Monte business, Kikkoman will release a product to propose new values to the market,

and will activate its brand by proceeding with the development in the frozen foods market.

Furthermore, Kikkoman will continue to form a capital alliance and business alliance in order to strengthen and stabilize Kikkoman Group's management and aim to enhance its corporate value. Kikkoman will deepen its cooperation with Higeta Shoyu Co. Ltd. with respect to raw procurement, production and sales. Also, Kikkoman will work for the realization of a further synergy effect with Kibun Foods Group and Country Life, LLC in North America, and will promote change in its business structure.

## **(2) Our Policy on Large-Scale Purchase**

Kikkoman is sincerely working on protection and enhancement of its corporate value and shareholders' common interests as provided above. However, abrupt and forceful large-scale purchases, which are conducted at a stage where not enough information has been provided to the shareholders and without any appropriate process such as discussion or agreement with the management of the target company, are becoming increasingly prominent in the recent Japanese capital market. Also, judging from the goals of such purchase and other factors, some large-scale purchases are apparently harmful to the corporate value and shareholders' common interests and there also may be such purchaser who may force the shareholders to accept its proposal by forceful measures.

Our members of the Board of Directors fully understand and believe that it is the shareholders, owning the Kikkoman's Share Certificates or Other Equity Securities, who shall make the final decision of whether or not to accept the proposal made by the Large-Scale Purchaser and to sell the Share Certificates or Other Equity Securities, and therefore, our Board of Directors does not unconditionally deny the act of large-scale purchase.

However, as mentioned above, the business model that has been developed by Kikkoman and our group companies has its core in the domestic and international expansion of soy sauce, which plays a key role in Japanese food culture. Also, the business model is obtained through the succession and the development of various technologies for safe and quality products, as well as understanding food culture in each region. We believe that it is difficult to enhance the value of Kikkoman and its group companies without fully understanding such business model.

Therefore, the Board of Directors of Kikkoman believes that it is essentially important to provide the shareholders with adequate and correct information at the right time, which includes not only the information from the Large-Scale Purchaser which is unilaterally provided, but also the information and opinions of the Board of Directors of Kikkoman, who fully understand the Kikkoman's business character.

## **(3) Amendment of the Articles of Incorporation and Purpose of Introducing the Plan and Its Basic Framework**

Based on the basic policy mentioned above, the Board of Directors of Kikkoman has decided that certain reasonable rules are required to provide its shareholders with adequate information and time and also with opportunities to have alternative proposals made by the Board of Directors of the Kikkoman, when any action of large-scale purchase is conducted. The Board of Directors of Kikkoman believes that a Large-Scale Purchase conducted in compliance with such rules (hereinafter referred to as "Large Scale Purchase Rules", which details are provided in "4. Details of the Large-Scale Purchase Rules" below) shall contribute to the protection and enhancement of the Kikkoman's corporate value and its shareholders' common interests.

Thereafter, Kikkoman has decided, after obtaining the approval by a resolution of the Next Ordinary General Shareholders' Meeting with respect to the agenda for amendment of the

Articles of Incorporation including new establishment of the provisions for the matters concerning the allotment of new share subscription rights (the concrete content of the amendment is provided in "2. Agenda for Amendment of the Articles of Incorporation at the Next Ordinary General Shareholders' Meeting" below), to submit the decision of the details concerning the allotment of new share subscription rights in accordance with the Plan (the concrete context thereof is provided in 4. through 9. below) to the Next Ordinary General Shareholders' Meeting in accordance with the provisions of such amended Articles of Incorporation.

In the Plan, in case where a Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules or in case where it is determined by the Special Committee (please refer to "6. Establishment of the Special Committee" below) and the Board of Directors of Kikkoman that such Large-Scale Purchase shall, even if Large-Scale Purchase Rules are complied with, significantly damage Kikkoman's corporate value or its shareholders' common interests, the Board of Directors of Kikkoman may, upon full and serious consideration of the recommendation made by the Special Committee, adopt a board resolution to effect allotment of new share subscription rights (hereinafter referred to as "Countermeasures", please refer to "5. Policy When a Large-Scale Purchase is Attempted" and "Outline of Allotment of New Share Subscription Rights to Shareholders" in the Exhibit 1 for the details).

## **2. Agenda for Amendment of the Articles of Incorporation at the Next Ordinary General Shareholders' Meeting**

The body text of Article 278, Paragraph 3 of the Company Act provides that a Company with a Board of Directors may decide the matters concerning the allotment of new share subscription rights only by a resolution of the Board of Directors. However, the Board of Directors of Kikkoman considers that it is more desirable to effect the allotment of new share subscription rights as part of the takeover defense based on the wishes of the shareholders than only by a resolution of the Board of Directors, and wishes to adopt one of the following measures:

- a) to decide the matters concerning the allotment of new share subscription rights by a resolution of the General Shareholders' Meeting; or
- b) to have the General Shareholders' Meeting delegate the decision of the matters concerning the allotment of new share subscription rights to the Board of Directors.

In accordance with the proviso of Article 278, Paragraph 3 of the Company Act, with respect to the decision of the matters concerning the allotment of new share subscription rights, the Board of Directors of Kikkoman submits the following agenda for amendment of the Articles of Incorporation to newly establish Article 14 in the Articles of Incorporation as a governing provision in order to adopt either of the measures a) or b) above.

### Description

Article 14 of the Articles of Incorporation (Decision-making Body for Allotment of New Share Subscription Rights)

The matters concerning the allotment of new share subscription rights shall be decided by a resolution of the General Shareholders' Meeting or a resolution of the Board of Directors based on the delegation by a resolution of the General Shareholders' Meeting, as well as by a resolution of the Board of Directors.

## **3. Agenda concerning Allotment of New Share Subscription Rights as the Plan at the Next Ordinary General Shareholders' Meeting**

On condition that the approval with respect to the agenda for amendment of the Articles of Incorporation as set forth in 2. above is obtained at the Next Ordinary General Shareholders' Meeting, in accordance with the provision of Article 14 of the amended Articles of Incorporation of Kikkoman, Kikkoman submits an agenda to the Next Ordinary General Shareholders' Meeting, to the effect that the decision of the matters concerning the allotment of new share subscription

rights is to be delegated to the Board of Directors of Kikkoman in the method of 4. through 9. below, in order to use it for the Plan.

#### **4. Details of the Large-Scale Purchase Rules**

Large-Scale Purchase Rules require Large-Scale Purchaser to provide necessary and adequate information to the Board of Directors of Kikkoman in advance, whereupon the Large-Scale Purchase shall be commenced after elapse of a certain period for the Special Committee to appraise the same and for the Board of Directors of Kikkoman to make a final decision regarding implementation of the Countermeasures at the end of such period.

The outline of Large-Scale Purchase Rules is as provided below:

##### **(1) Provision of Large-Scale Purchase Information**

When a Large-Scale Purchaser intends to commence a Large-Scale Purchase, a Large-Scale Purchaser is required to provide necessary and adequate information as provided below (hereinafter referred to as the "Large-Scale Purchase Information") to the Board of Directors of Kikkoman, as well as to submit a statement which promises to comply with the Large-Scale Purchase Rules in a format designated by Kikkoman (collectively with the information, hereinafter referred to as the "Purchase Statement"):

- a) Details of the Large-Scale Purchaser and its group, including details of co-owners<sup>8</sup>, special affiliated person<sup>9</sup> (which includes partners and other members if the Large-Scale Purchaser is an investment fund), such as their specific name, capital structure and financial information;
- b) The purpose, method, and details of the Large-Scale Purchase, including the type and price of purchase consideration, the timing of the purchase, source of funds for the purchase, existing pledge upon currently owned Kikkoman shares, plans and timing of placing pledge on Kikkoman's assets or shares to be acquired and other terms and structures of transactions for funding);
- c) Basis of the calculation of the purchase price, including the calculation method, numeric information used in the calculation and the amount of the synergy created by the Large-Scale Purchase and other related transactions and their calculation basis;
- d) Whether or not there has been any communication between the Large-Scale Purchaser and any other third party regarding the Large-Scale Purchase and its detail in case such communication exists;
- e) Description of the fund provider to the Large-Scale Purchaser, including its name and capital structures;
- f) Management policies and business plans of Kikkoman and its group companies which the Large-Scale Purchaser intends to adopt after completion of the Large-Scale Purchase;
- g) Policies for steady and stable enhancement of the Kikkoman and its group companies' corporate value which the Large-Scale Purchaser intends to adopt after completion of the Large-Scale Purchase, and its basis for the enhancement;

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<sup>8</sup> "co-owners" shall mean those defined in Article 27-23, Clause 5 of the Securities and Exchange Law and those who are regarded as "co-owners" according to Article 27-23, Clause 6 of the same.

<sup>9</sup> "special affiliated person" shall mean those defined in Article 27-2, Clause 7 of the Securities and Exchange Law. Provided that, with respect to those listed in Article 3, Clause 1 of the Cabinet Office Order concerning a Tender Offer of Shares By Parties Other than the Issuer (Hakkosha-igai no mono ni yoru kabuken-tou no koukai-kaittsuke no kaiji ni kansuru naikakufu-rei) shall be excluded.

- h) Policies regarding relationship with the employees, business partners, consumers, regional communities and other interested parties of Kikkoman and its group companies after completion of the Large-Scale Purchase, including a plan for reform and its detail if there is any such plan; and
- i) Any other information deemed necessary by the Special Committee.

The Board of Directors of Kikkoman will promptly give notice to the Special Committee of the fact that a Large-Scale Purchase has been offered and provide the submitted Purchase Statement to the Special Committee. The Special Committee will then promptly examine the Purchase Document and may require Large-Scale Purchaser to provide additional information, directly or through the Board of Directors of Kikkoman, within a suitable answer period (in principle, within maximum of 60 days from the date Purchase Statement were received by the Board of Directors of Kikkoman), if the Special Committee determines the information initially provided by the Large-Scale Purchaser was insufficient.

Also, the Board of Directors of Kikkoman shall publicly disclose, in whole or in part, the receipt of the Large Scale-Purchase proposal and the Large-Scale Purchase Information submitted to the Board at such point of time as the Board deems appropriate for the shareholders' decision making, upon consideration of opinions from the Special Committee and in compliance with the rules and regulations of the stock exchanges where Kikkoman stock is listed.

## **(2) Examination and Evaluation of the Large-Scale Purchase Information by the Special Committee**

The Special Committee will promptly make a public announcement, directly or through the Board of Directors of Kikkoman, when the Special Committee acknowledges that they have received all of the sufficient Large-Scale Purchase Information from the Large-Scale Purchaser. The Special Committee shall examine, evaluate and form its opinion upon the Large-Scale Purchase Information within the "Special Committee's Evaluation Period", which period shall be 60 days from the date of announcement made by the Special Committee as provided above in case the Large-Scale Purchase is a purchase of all of the Kikkoman shares by way of tender offer that limits purchase consideration paid in cash (Japanese Yen), and 90 days from the same in cases other than the foregoing.

The Special Committee may, when deemed necessary by the Special Committee for examination and comparison of the Large-Scale Purchase Information, irrespective of before or after the Special Committee's Evaluation Period, request the Board of Directors of Kikkoman for its opinion, supporting materials, alternative proposal for enhancement of corporate value and other information and materials deemed necessary by the Special Committee. Also, when deemed necessary for examination, evaluation and formation of the opinion and improvement of the terms and conditions of the Large-Scale Purchase, the Special Committee or the Board of Directors of Kikkoman may discuss and negotiate with the Large-Scale Purchaser, or the Board of Directors of Kikkoman may offer the shareholders an alternative suggestion.

The Special Committee shall fully examine and evaluate the submitted Large-Scale Purchase Information and materials, including alternative proposal for enhancement of the corporate value proposed by the Board of Directors of Kikkoman, with independent third parties including financial advisors, attorneys, tax accountants, certified public accountants, consultants and other professionals hired at Kikkoman's cost to enable it to make decisions which contribute to the protection and enhancement of its corporate value and its shareholders' common interests, and shall carefully prepare the Special Committee's opinion, including recommendation for whether or not to trigger Countermeasures.

The Special Committee will, upon achieving a convergence of the Special Committee's opinion, give notice of the opinion to the Large-Scale Purchaser directly or through the Board of Directors of Kikkoman and will make a proper and appropriate public announcement.

Special Committee's Evaluation Period may be extended for necessary period if the Special Committee does not make a decision regarding the announcement of its opinion or recommendation of whether or not to trigger the Countermeasures within the Special Committee's Evaluation Period. In such case, the Special Committee shall, promptly after the decision of such extension, disclose the reasons for such extension, the period to be extended and any other information deemed necessary by the Special Committee directly or through the Board of Directors of Kikkoman. The same shall apply in case where period is additionally extended with reasonable necessity.

The Large-Scale Purchase shall be implemented after the Special Committee's Evaluation Period and decision by the Board of Directors of Kikkoman regarding the Countermeasures.

## **5. Policy When a Large-Scale Purchase is Attempted**

### **(1) In case Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules**

In case when a Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules, including cases when information submitted to the Special Committee for decision making of the Kikkoman's shareholders and for examination and evaluation by the Special Committee is insufficient to qualify as Large-Scale Purchase Information and when additional information was not submitted, the Special Committee may, regardless of the specific method of purchase thereof, recommend to the Board of Directors of Kikkoman to trigger the implementation of Countermeasures to protect Kikkoman's corporate value and its shareholders' common interests. The Board of Directors of Kikkoman shall fully and seriously consider such recommendation and promptly make a final resolution whether or not to trigger the Countermeasures and publicly announce the decision as well as its reasons.

The Board of Directors of Kikkoman plans to allot new share subscription rights without consideration as the Countermeasure based on this policy. In such case, new share subscription rights, with exercise condition that Large-Scale Purchaser and its group (hereinafter referred to as the "Large-Scale Purchasers") may not exercise the rights, and with repurchase condition that Kikkoman shall acquire the new share subscription rights from anyone other than the Large-Scale Purchasers in exchange for Kikkoman shares, shall be allotted to all of Kikkoman's shareholders at the time of allotment. The method for allotment of new share subscription rights shall be as provided in Article 277 and thereafter of Japanese Corporation Law. Details of the new share subscription rights are provided in Exhibit 1, "Outline of Allotment of New Share Subscription Rights to Shareholders" below.

### **(2) In case Large-Scale Purchaser complies with the Large-Scale Purchase Rules**

In case when a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Board of Directors of Kikkoman may express its opposition, present an alternate proposal, or persuade the shareholders of its opinion. However, the Board of Directors of Kikkoman shall not, in principle, take any Countermeasures against the Large-Scale Purchase, even if it opposes such Large-Scale Purchase. The shareholders of Kikkoman shall determine whether or not to accept the proposal from the Large-Scale Purchaser upon consideration of the details of such proposal and opinions and alternate proposals from the Board of Directors of Kikkoman.

However, even if the said Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Special Committee may recommend to the Board of Directors of Kikkoman to trigger the Countermeasures, if it is determined by the Special Committee that such Large-Scale Purchase will significantly damage Kikkoman's corporate value or its shareholders' common interests. Specifically, if the Large-Scale Purchase falls under any of the (i) through (viii) below, such Large-Scale Purchase will, in principal, be an act which significantly damages Kikkoman's corporate value or its shareholders' common interests:

- (i) When Large-Scale Purchase of Kikkoman shares and other equity securities is being carried out without any true intention of participating in the management of Kikkoman, but for the purpose of boosting the share price and thereafter causing Kikkoman's related parties to acquire the shares at an overstated price, namely, cases of so-called "green mailer";
- (ii) When Large-Scale Purchase of Kikkoman shares and other equity securities is being carried out for the purpose of temporarily controlling the management of Kikkoman and thereby transferring intellectual property rights, know-how, trade secrets, key business partners, customers and the like necessary for Kikkoman's business to the Large-Scale Purchaser and its group companies or the like;
- (iii) When Large-Scale Purchase of Kikkoman shares and other equity securities is being carried out under plans to divert the assets of Kikkoman as collateral or repayment resources for obligations of the Large-Scale Purchaser or its group companies and the like, after controlling the management of Kikkoman;
- (iv) When Large-Scale Purchase of Kikkoman shares and other equity securities is being carried out for the purpose of temporarily controlling the management of Kikkoman and thereby causing Kikkoman to sell or otherwise dispose of highly-valued assets, such as real estate or securities, which are not currently related to Kikkoman's business and to distribute temporarily higher dividends with the gains from such disposal, or sell Kikkoman shares at an inflated price caused by such temporarily higher dividends;
- (v) When it is determined that the method of purchase proposed by the Large-Scale Purchaser would restrict the shareholder's opportunity or liberty to make decisions, such as an oppressive two-stage purchase structure, namely, a structure for share purchase, such as tender offers, whereby no solicitations for purchasing all of the shares are made at the initial stage, and disadvantageous purchase terms are set or the purchase terms are not made explicitly clear for the second stage, whereby shareholders may effectively be forced to sell their Kikkoman shares; provided, however, that partial tender offer shall not automatically be considered as such structure;
- (vi) When it is determined on a reasonable basis that conditions of the Large-Scale Purchase, including, but not limited to, the type and price of consideration, its particulars, timing, manner and feasibility, are extremely inadequate or inappropriate in light of Kikkoman's corporate value;
- (vii) When it is determined on a reasonable basis that acquisition of management control by the Large-Scale Purchaser will significantly damage Kikkoman's corporate value and its shareholders' common interests by damaging Kikkoman's brand value and Kikkoman's relations not only with its shareholders but also with its employees, suppliers, customers and local communities; or
- (viii) When it is determined on a reasonable basis that the Large-Scale Purchaser is inappropriate as a controlling shareholder of Kikkoman from a public order point of view.

Notwithstanding the above, however, in case where the purchase proposal is withdrawn, or in case where there are changes in the facts on which the above recommendation is based and it is so determined that Large-Scale Purchasers' act no longer falls under (i) through (viii) above, the

Special Committee may, even after its recommendation to the Board of Directors of Kikkoman to trigger the Countermeasures, reconsider and decide to cease the triggering of the Countermeasures or withdraw the previous recommendation, and may make a new recommendation to the Board of Directors.

## **6. Establishment of the Special Committee**

In accordance with the directors' duty of loyalty and duty of due care, the Board of Directors of Kikkoman shall make the final decision on whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, or whether the Countermeasures should be triggered for the reason that such Large-Scale Purchase will significantly damage Kikkoman's corporate value or its shareholders' common interests. In order to prevent any arbitrary decision-making by the Board of Directors of Kikkoman, a Special Committee will be established independently from the Board of Directors.

Special Committee shall be comprised of 3 to 5 members appointed from outside directors, outside statutory auditors and outside experts (attorneys, tax accountants, certified public accountants, academics, those who are well versed in investment banking, or other equivalent experts) who are independent from the management of Kikkoman and have no specific interests with Kikkoman or its management, to make a fair and indifferent decision.

The members of the Special Committee in introducing the Plan are currently expected to be those as provided in Exhibit 2, "Summarized Biography of the Special Committee Members" following the Original Plan.

## **7. Procedures to Trigger the Countermeasures**

Procedures provided below shall be taken to make sure of the fairness of the decision made by the Board of Directors of Kikkoman to trigger the Countermeasures:

- (1) The Board of Directors of Kikkoman shall present the Purchase Statement to the Special Committee, request for its examination and evaluation and inquire whether or not to trigger the Countermeasures;
- (2) Upon such request, the Special Committee shall decide whether or not to trigger the Countermeasures, following the "Policy When a Large-Scale Purchase is Attempted" as provided in 5. above, and make a recommendation to the Board of Directors of Kikkoman; and
- (3) The Board of Directors of Kikkoman shall fully and seriously consider the recommendation from the Special Committee upon deciding whether or not to trigger the Countermeasures.

## **8. Effect upon Shareholders and Investors**

### **(1) Effect upon Shareholders and Investors When Introducing the Plan**

At the time of introduction of the Plan, new share subscription rights without consideration will not be allotted. Accordingly, introduction of the Plan will not have any direct effect upon legal rights or economic interests of the shareholders and investors of Kikkoman.

## **(2) Effect upon Shareholders and Investors When Activating the Countermeasures**

The Board of Directors may allot new share subscription rights as the Countermeasures provided in "3. Policy When a Large-Scale Purchase is Attempted" above, for the purpose of protection and enhancement of Kikkoman's corporate value and its shareholders' common interests. The decisions will be made public pursuant to relevant laws and regulations of the stock exchanges where Kikkoman stock is listed, when the Board of Directors of Kikkoman has made a decision to activate specific Countermeasures.

We do not expect any case where Kikkoman shareholders, specifically excluding the Large-Scale Purchasers, will suffer any particular losses with regard to the shareholders' legal rights or economic interests, upon activation of the Countermeasures. When new share subscription rights without consideration are allotted as the Countermeasure, Kikkoman will repurchase the rights thereafter and the shareholders of Kikkoman, specifically excluding the Large-Scale Purchaser, will receive the shares of Kikkoman as repurchase compensation.

The shareholders will not be required to make any payment for exercising the new share subscription rights, and accordingly, will not be expected to suffer any particular losses. However, (a) those shareholders who have not been entered or been recorded in the shareholders' registry at the time of allotment, excluding shareholders who have deposited their share certificates to the Japan Securities Depository Center, Inc., and (b) those who have failed to submit a written statement, a document in the form prescribed by Kikkoman which convenes that the shareholder himself or herself is not the Large-Scale Purchasers, by the date of repurchase of the new share subscription rights by Kikkoman (only if submission of such document was requested by Kikkoman), may consequently suffer legal or economic losses when compared to those who receive the allotment of the new share subscription rights which will be exchanged for the shares of Kikkoman.

In case when the Board of Directors of Kikkoman, upon recommendation from the Special Committee, cancels the issuance of the new share subscription rights or repurchases the issued new share subscription rights, in which case shareholders will lose the allotted new share subscription rights, there will be no dilution per share value, and therefore, those shareholders or investors who acquire the Kikkoman shares, after fixation of the shareholders entitled to receive the new share subscription rights allotment, with expectation for the dilution may suffer unexpected losses from fluctuation of the share price.

Large-Scale Purchasers may consequently suffer loss of legal rights or economic losses by the Countermeasures, if the Large-Scale Purchase Rules are not complied with, or such Large-Scale Purchase is determined to significantly damage Kikkoman's corporate value or its shareholders' common interests even if the Large-Scale Purchase Rules are complied with.

This announcement of the Plan is to provide prior caution to the Large-Scale Purchasers not to violate the Large-Scale Purchase Rules.

## **(3) Procedures that will be Required to be Taken by the Kikkoman Shareholders Upon Activation of the Countermeasures**

When new share subscription rights are allotted as the Countermeasure, new share subscription rights will be allotted without any subscription from the shareholders. Also, when repurchase procedures are taken by Kikkoman, shareholders will receive Kikkoman shares as repurchase compensation, and there will be no need for shareholders to take payment procedures.

However, in such case, Kikkoman may separately request the shareholders who receive the new share subscription rights to submit a document in the form prescribed by Kikkoman which

convenes that the shareholder himself or herself is not the Large-Scale Purchaser.

Also, those shareholders who are not entered or recorded in the shareholders' registry will be required to complete the registration by the new share subscription allotment date which will separately be decided and announced by the Board of Directors of Kikkoman, in order to receive the allotment. Such registration procedure is not required for shareholders who have deposited their share certificates with the Japan Securities Depository Center, Inc.

Kikkoman will separately announce the details of these procedures pursuant to the relevant laws and regulations of the stock exchanges where Kikkoman stock is listed, when the new share subscription rights will actually be allotted.

## **9. Effective Term and Abrogation of the Plan**

Upon approval of the shareholders at the Next Ordinary General Shareholders' Meeting, the Plan shall take effect from the date of such approval, and is planned to be until the end of such ordinary general shareholders' meeting that will be held with respect to the last fiscal year ending within (three) 3 years after the end of the Next Ordinary General Shareholders' Meeting. However, in case where abrogation of the Plan is resolved at the shareholders' meeting or abrogation of the Plan is resolved at the Board of Directors meeting by the Directors appointed at the shareholders' meeting, the Plan will be abrogated even before the end of the effective term.

Also, Kikkoman is planning to submit an agenda to shorten the term of Directors to one (1) year. Accordingly, Kikkoman will effectively obtain confirmation by the shareholders concerning the Plan every year, through the agenda regarding reappointment of the Directors.

The Board of Directors of Kikkoman will take any proper and necessary measures, including the revision of the Plan, from the view point of protection and enhancement of Kikkoman's corporate value and its shareholders' common interests, taking into account the future revision of the relevant laws, judicial decisions and treatments taken by the stock exchanges where Kikkoman stock is listed and other public institutions. Any such revision of the Plan will be made upon approval by the Kikkoman shareholders of each revision submitted to the shareholders' meeting as an agenda.

Furthermore, the provisions of the laws and regulations referred to in the Plan shall be subject to the provisions which are effective as of April 25, 2007, and if any laws are revised (including change of names of laws and regulations or establishment of new laws and regulations to succeed prior versions) and come into force on and from the same date, each article of the provisions of the laws and regulations referred to in the Plan, except as separately provided by the Board of Directors of Kikkoman, shall be read respectively as each article of the laws and regulations to substantively succeed each equivalent article of those laws and regulations after such revision.

## **10. Others**

- (1) The Plan has been determined to be submitted to the Next Ordinary General Shareholders' Meeting with unanimous approval of the Directors of Kikkoman including two (2) outside Directors at the Board of Directors meeting held today, where upon all of the Statutory Auditors of Kikkoman, including two (2) outside Auditors, were present at the meeting and gave an opinion of approval of submission of the Plan to the Next Ordinary General Shareholders' Meeting on the condition that specific administration of the Plan be carried out properly.

**(2) Reasonableness of the Plan**

The Plan is highly reasonable as provided below.

a) Perfect Consistence with Guidelines Regarding Takeover Defense

The Plan is perfectly consistent with the three principles provided in the "Guidelines Regarding Takeover Defense for the Purpose of the Protection and Enhancement of Corporate Value and Shareholders' Common Interests" jointly released by the Ministry of Economy, Trade and Industry and Ministry of Justice on May 27, 2005, such as (i) Principle of protecting and enhancing corporate value and shareholders' common interests, (ii) Principle of prior disclosure and shareholders' will and (iii) Principle of ensuring the necessity and reasonableness of defensive measures.

b) The Plan is introduced with the purpose of protection and enhancement of Kikkoman's corporate value and its shareholders' common interests

The Plan is introduced with the purpose of protection and enhancement of Kikkoman's corporate value and its shareholders' common interests by ensuring the provision of necessary and adequate information and time for the shareholders' decision making, and also by ensuring the opportunity for the shareholders to be presented with an alternative proposal by the Board of Directors of Kikkoman, in case a Large-Scale Purchase is attempted.

c) The Plan is introduced upon reasonable intent of the Shareholders

As provided in "9. Effective Term and Abrogation of the Plan" above, the Plan will be submitted to the agenda of the Next Ordinary General Shareholders' Meeting, to obtain confirmation by the shareholders, and will be deemed to first become effective if shareholders' approval is obtained. Accordingly, the existence and particulars of the Plan is dependent upon the reasonable intent of the shareholders.

d) Full and serious consideration of opinion made by independent outside professionals

Kikkoman has established the Special Committee as an advisory body to exclude any possible arbitrary decision by the Board of Directors of Kikkoman, and to make objective and essential decisions for the shareholders regarding the Plan, such as activation of the Countermeasures. The Special Committee shall be comprised of 3 to 5 members appointed from outside directors, outside statutory auditors and outside experts (attorneys, tax accountants, certified public accountants, academics, those who are well versed in investment banking, or other equivalent experts) who are independent from the management of Kikkoman, without any specific interests with Kikkoman or its management, to make fair and indifferent decision.

e) Reasonableness and Objectivity of Triggering Condition of the Plan

As provided in "5. Policy When a Large-Scale Purchase is Attempted" above, the Countermeasure will only be activated when established reasonable and objective

requirements are fulfilled, and such Plan structure prevents arbitrary activation of the Countermeasures by the Board of Directors of Kikkoman.

f) Shortening of the Office Term of the Directors

As provided in “9. Effective Term and Abrogation of the Plan” above, Kikkoman is planning to submit an agenda to shorten the term of Directors to one (1) year to the agenda of the Next Ordinary General Shareholders' Meeting. Accordingly, Kikkoman will effectively obtain confirmation by the shareholders upon the Plan every year, through the agenda regarding reappointment of the Directors.

g) The Plan is not a “Dead Hand” or a “Soft Hand” Type Takeover Defense

As provided in “9. Effective Term and Abrogation of the Plan”, the Plan may be abrogated by the Board of Directors meeting composed of the Directors selected at the shareholders' meeting of Kikkoman, and accordingly, the Large-Scale Purchaser may abrogate the Plan by a resolution of the Board of Directors composed of the Directors appointed by itself and selected at the shareholders' meeting of Kikkoman.

The Plan is not a takeover defense measure of the so-called “Dead Hand” type, namely, a takeover defense measure that cannot be prevented even though majority of the members of the Board of Directors are replaced. Also, Kikkoman is planning to submit an agenda to shorten the term of Directors to one (1) year to the agenda of the Next Ordinary General Shareholders' Meeting. Accordingly, the Plan is not a takeover defense measure of the so-called “Soft Hand” type, namely, a takeover defense measure which takes time to prevent its activation since the members of the Board of Directors can not be replaced at once.

**(3) Reference Documents**

- Exhibit 1 Outline of Allotment of New Share Subscription Rights to Shareholders
- Exhibit 2 Summarized Biography of Special Committee Members
- Exhibit 3 Kikkoman Share Holding Status
- Exhibit 4 Outline of the Policy Regarding a Large-Scale Purchase (flow chart)

-END-

(Exhibit 1)

## Outline of Allotment of New Share Subscription Rights (“Rights”) to Shareholders

### **1. Shareholders Eligible for Allotment and Allotment Method**

On the allotment date decided by the Board of Directors of Kikkoman, Rights shall be allotted in proportion to the respective numbers of their shares held (excluding shares held by Kikkoman itself) to the shareholders registered or recorded in Kikkoman’s latest shareholder register or beneficial shareholder register as of the foregoing date, at the ratio of one (1) share per one (1) Right without payment of consideration.

### **2. Type and Number of Shares Subject to Rights**

The type of Kikkoman shares corresponding to Rights shall be common share, and upon exercise of one (1) Right, one (1) common share shall be issued. Provided, however, adjustments shall be made upon stock split or reverse split by Kikkoman. A fraction less than one (1) share resulting from such adjustment will be omitted, and no adjustment will be made by cash.

### **3. Total Number of Rights Allotted to Shareholders**

The maximum number of Rights will be the same as the total number of outstanding shares at the close of the allotment date, excluding the number of treasury shares held by Kikkoman.

### **4. Asset and Amount to be Paid In by Exercise of Rights**

Assets to be paid in upon the exercise of Rights shall be money, and the price shall be determined by the Board of Directors of Kikkoman within the price range between minimum one (1) Japanese Yen per share to maximum one half (1/2) of then fair market value of Kikkoman share.

### **5. Capital and Stated-Capital Reserve upon Shares Issuance by Exercise of Rights**

The amount of the stated capital and capital Reserve to be increased by issuance of Kikkoman’s shares by the exercise of Rights shall be determined separately by the Board of Directors of Kikkoman.

### **6. Restriction on transfer of Rights**

The transfer of Rights may be subject to the approval of the Board of Directors of Kikkoman.

### **7. Exercise conditions of Rights**

Any party who falls under any of the followings shall not be eligible to exercise Rights. Details shall be decided separately by the Board of Directors of Kikkoman.

- (i) Any Large-Scale shareholders<sup>10</sup>;
- (ii) Any Co-Owners<sup>11</sup> of Large-Scale shareholders;

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<sup>10</sup> “Large-Scale Shareholders” shall mean holders, including Holders stated in Article 27-23-3 of the Securities Exchange Law, of the Shares Certificate and Other Equity Securities (Defined in Article 27-23-1) issued by Kikkoman, whose Holding Ratio of Share Certificates (Defined in Article 27-23-4 of the Securities Exchange Law) is or the Board of Directors of Kikkoman determines to be no less than 20%.

<sup>11</sup> “Co-Owners” shall mean those defined in Article 27-23, Clause 5 of the Securities and Exchange Law and those who are regarded as “Co-Owners” according to Article 27-23, Clause 6 of the same, including

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- (iii) Any Large-Scale Purchasers<sup>12</sup>;
- (iv) Other special affiliated persons<sup>13</sup>;
- (v) Any persons who were transferred Rights from persons who are applicable to above (i) through (iv) without approval of the Board of Directors of Kikkoman; or
- (vi) Any person who have relations<sup>14</sup> with persons applicable to (i) to (v).

## 8. Repurchase of Rights by Kikkoman

- (1) Kikkoman shall set such repurchase condition, among others, that upon the date of acquisition, decided by the Board of Directors, Kikkoman may repurchase any and all Rights, specifically excluding Rights held by the illegible parties as provided in 7 “Exercise conditions of Rights”, in exchange for one (1) common share of Kikkoman per one (1) Right, unless other adjustments are made. Details shall be decided separately by the Board of Directors of Kikkoman.
- (2) Kikkoman may repurchase any and all of Rights without consideration at any time the Board of Directors of Kikkoman deem appropriate, on the day the Board of Directors of Kikkoman decides separately, only to the extent the stock repurchase has occurred prior to the beginning of Rights exercise period.

## 9. Rights Exercise Period

Rights exercise period and other necessary conditions shall be decided separately by the Board of Directors of Kikkoman.

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those who are determined to fall under Article 27-23, Clause 6 by the Board of Directors of Kikkoman.

<sup>12</sup> “Large-Scale Purchasers” shall mean, purchasers who make an announcement regarding the Shares Certificates and Other Equity Securities (Defined in Article 27-2-1 of Securities Exchange Law.) issued by Kikkoman through Tender Offer (Defined in Article 27-2-6 of Securities Exchange Law) to possess (Possessions defined in Article 7-3 of the Ordinance of Security Exchange Law conforms) Kikkoman’s shares as a result of Purchase or other Acquisition (Defined in Article 27-2-1, hereinafter the same.), whose Holding Ratio of Share Certificate (Defined in Article 27-2-8, hereinafter the same.), together with the Special Affiliate’s Holding Ratio of Share Certificate and Other Equity Securities becomes no less than 20%, including purchasers the Board of Directors of Kikkoman determines as relevant.

<sup>13</sup> “Special Affiliate” shall mean those defined in Article 27-2, Clause 7 of the Securities and Exchange Law; provided, however, that, with respect to those listed in Article 3, Clause 1 of the Cabinet Office Order concerning a Tender Offer of Shares By Parties Other than the Issuer (*Hakkosha-igai no mono ni yoru kabuken-tou no koukai-kaitusuke no kaiji ni kansuru naikakufu-rei*) shall be excluded.

<sup>14</sup> “Related person” shall mean, a person who the Board of Directors of Kikkoman determines with the consent of the Special Committee as controlling, being under the control of or under the common control of a certain person, or a person the Board of Directors of Kikkoman determines with the consent of the Special Committee as acting in concert with a certain person.

(Exhibit 2)

Summarized Biography of Special Committee Members

It is planned that the members of the Special Committee in adoption of the Plan will be the following three (3) members:

**Name: Mr. Tsunao Hashimoto**

|            |            |  |
|------------|------------|--|
| Biography: | 1932       | Born   |
|            | April 1958 | Joined Sony Corporation  |
|            | June 1991  | Director and Executive Vice President of Sony Corporation                |
|            | April 1995 | Representative Director and Executive Vice President of Sony Corporation |
|            | June 1998  | Advisor of Sony Corporation  |
|            | July 2001  | Director and Advisor of Sony Life Insurance Co., Ltd.                    |
|            | June 2002  | Director of Kikkoman (Incumbent)   |

**Name: Mr. Mamoru Ozaki**

|            |               |  |
|------------|---------------|--|
| Biography: | 1935          | Born   |
|            | April 1958    | Joined Ministry of Finance                     |
|            | June 1991     | Chief of National Tax Agency                   |
|            | June 1992     | Deputy Secretary of Ministry of Finance        |
|            | May 1994      | President of People's Finance Corporation      |
|            | October 1999  | President of National Life Finance Corporation |
|            | February 2003 | Counsel of Yazaki Corporation (Incumbent)      |
|            | June 2005     | Director of Kikkoman (Incumbent)               |

**Name: Mr. Nobuyuki Takashima**

|            |              |  |
|------------|--------------|--|
| Biography: | 1927         | Born   |
|            | April 1953   | Registered as Attorney-at-Law                |
|            | January 1960 | Partner with Logan, Bernard and Okamoto      |
|            | January 1972 | Head Partner of Logan, Okamoto and Takashima |
|            | January 1991 | Counsel of Logan, Takashima and Nemoto       |
|            | June 2002    | Statutory Auditor of Kikkoman (Incumbent)    |
|            | August 2002  | Takashima Law Office (Incumbent)             |

[Translation for Reference Purpose Only]

(Exhibit 3)

Kikkoman Share Holding Status (As of September 30, 2006)

1. Total Number of Authorized Shares: 600,000,000 Shares
2. Total Number of Issued Shares: 197,202,300 Shares
3. Number of Shareholders: 20,589 Persons
4. Major Shareholders (Top 10)

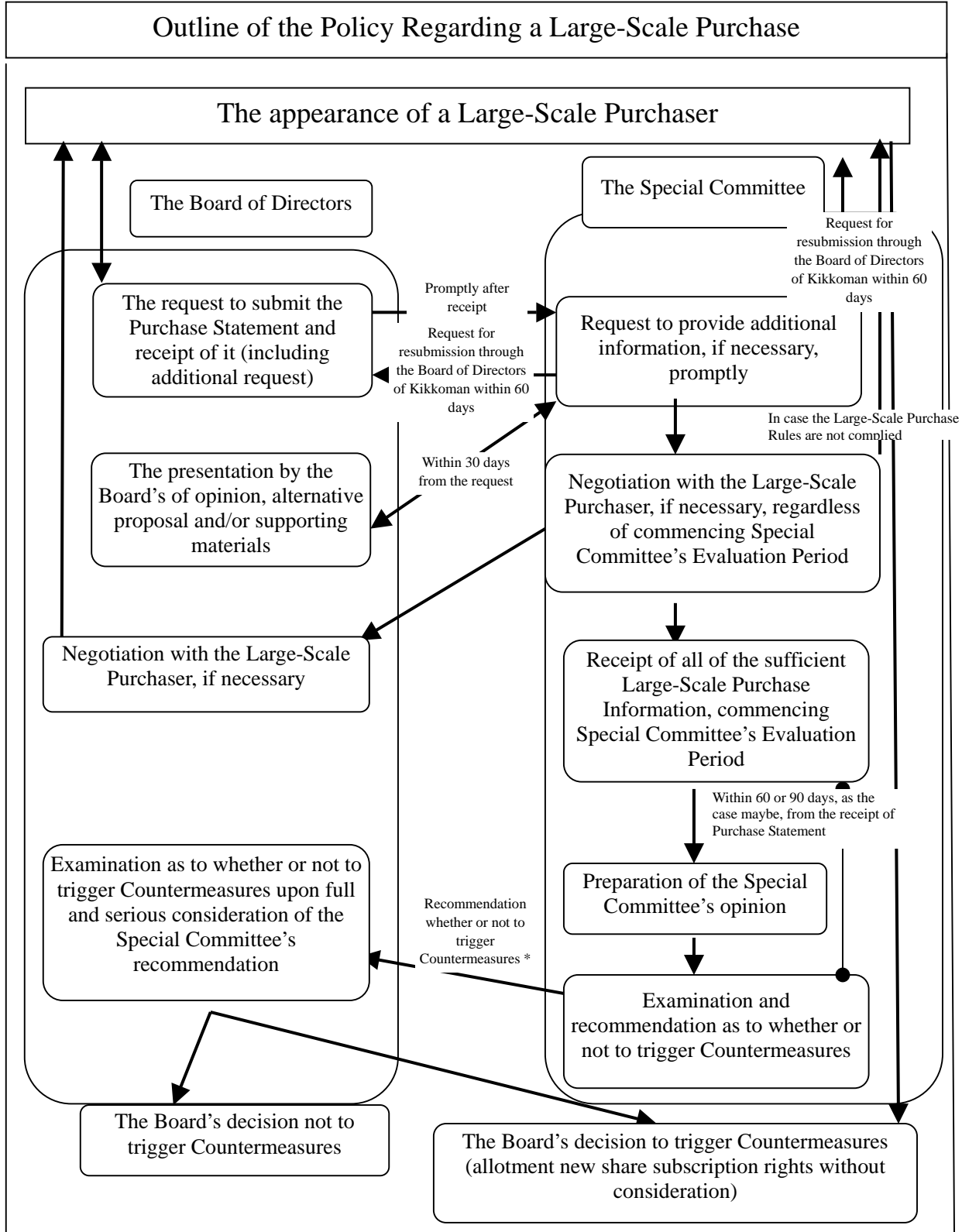
| Name of Shareholder                                    | Number of shares<br>(in 1,000 Shares) | Holding<br>Ratio (%) |
|--|---------------------------------------|----------------------|
| Steel Partners Japan Strategic Fund (Offshore), L. P.  | 10,000                                | 5.07                 |
| Trust Account in The Master Trust Bank of Japan, Ltd., | 8,934                                 | 4.53                 |
| Trust Account in Japan Trustee Services Bank, Ltd.     | 7,418                                 | 3.76                 |
| Kabushiki Kaisha Senshusha                             | 6,720                                 | 3.41                 |
| Meiji Yasuda Life Insurance Company                    | 4,903                                 | 2.49                 |
| Kabushiki Kaisha Mogisa                                | 4,846                                 | 2.46                 |
| Yugen Kaisha Kushigata                                 | 4,171                                 | 2.12                 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd.                 | 3,996                                 | 2.03                 |
| Noda Institute for Scientific Research                 | 3,727                                 | 1.89                 |
| Kabushiki Kaisha Marujin                               | 3,223                                 | 1.63                 |
| Total  | 58,938                                | 29.39                |

(\*) Goldman Sachs Securities Kabushiki Kaisha filed with the Chief of Kanto Local Finance Bureau of the Ministry of Finance a Large Shareholding Report stating that Goldman Sachs (Japan) Ltd., Goldman Sachs International, Goldman Sachs & Co. jointly hold 12,493,700 shares (holding ratio: 6.34%) of Kikkoman's shares on October 13, 2006. However, since the number of the shares so held as of this mid-term end has not been confirmed, they are not included in the Major Shareholders shown above.

(Exhibit 4)

Outline of the Policy Regarding a Large-Scale Purchase

This flow chart below is made for the purpose of helping to understand the Policy Regarding a Large-Scale Purchase. The details of the outline are provided in the full text.



[Translation for Reference Purpose Only]

- \* The Special Committee shall recommend to the Board to trigger Countermeasures in case Large-Scale Purchaser fails to comply with the Large-Scale Purchase Rules, or in case the Large-Scale Purchase will significantly damage Kikkoman's corporate value or its shareholder's common interests even if the Large-Scale Purchaser complies with the Large-Scale Purchase Rules.

End