Note: 1. This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
2. Pictures, graphs and reference matters in the Japanese original have been omitted from this translated document.

Stock Code: 2802

To Our Shareholders

We are pleased to announce that the 139th Ordinary General Meeting of Shareholders of Ajinomoto Co., Inc. (hereinafter “We” or the “Company”) is to be held as described below. We would highly appreciate your attendance at the meeting.

Yours sincerely,

June 5, 2017

Takaaki Nishii
President
Ajinomoto Co., Inc.
15-1 Kyobashi 1-chome
Chuo-ku, Tokyo, Japan

NOTICE OF CONVOCATION OF THE 139th ORDINARY GENERAL MEETING OF SHAREHOLDERS

1. **Date: 10 a.m. (doors open at 8:30 a.m.), Tuesday, June 27, 2017**

2. **Place: Imperial Hotel Tokyo (Peacock Room, 2nd floor, main building)**
   1-1, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo

3. **Agenda of the Meeting:**

Matters to be Reported:

1. Report on contents of the Business Report, Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements, for the 139th Fiscal Year (from April 1, 2016 to March 31, 2017)

2. Report on contents of Non-Consolidated Financial Statements for the 139th Fiscal Year (from April 1, 2016 to March 31, 2017)

Matters to be Resolved:

Proposal 1: Appropriation of Surplus
Proposal 2: Partial Changes to the Articles of Incorporation
Proposal 3: Election of 9 Directors
Proposal 4: Introduction of a Medium Term Company Performance-linked Stock Compensation System for Officers, etc.

4. **Exercising Your Voting Rights When You are Unable to Attend the Meeting:**

If you are unable to attend the meeting, you may exercise your voting rights in writing (by the Exercise of Voting Rights Form) or by an electronic method (via the Internet). In such case, please refer to the attached “Reference Documents for Shareholders’ Meeting” and exercise your voting rights by 4:30 p.m., Monday June 26, 2017.

-If any changes are required in the Reference Documents for Shareholders' Meeting, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, the changes will be immediately posted on the Company's website, located at: http://www.ajinomoto.com/jp/ir/event/meeting.html.

Exercising Your Voting Rights:

If you are able to attend the Meeting:

Please present the Exercise of Voting Rights Form to the reception of the meeting place.

Date: 10 a.m., Tuesday, June 27, 2017
Place: Imperial Hotel Tokyo (Peacock Room, 2nd floor, main building)

If you are unable to attend the Meeting:

-To vote in writing:

Please indicate on the enclosed Exercise of Voting Rights Form your votes for or against the proposals, and return the Form. In the event that your votes, for or against the proposals are not indicated on the Form for each of the proposals, your votes will be deemed as in favor of the proposals.

Deadline for voting: delivery no later than 4:30 p.m., Monday, June 26, 2017

-To vote via the Internet:

Please refer to "Exercising Your Voting Rights Via the Internet" (below) and cast your votes for or against the proposals.

Deadline for voting: no later than 4:30 p.m., Monday, June 26, 2017

Exercising Your Voting Rights Via the Internet:

1. Please access the website for exercise of voting rights designated by the Company (http://www.evote.jp/), and cast your votes for or against the proposals by following the on-screen instructions.

2. In the event that a voting right is exercised both by Exercise of Voting Rights Form and via the Internet, only the vote via the Internet shall be deemed as valid.

3. In the event that a voting right is exercised more than once via the Internet, only the last vote shall be deemed as valid.

Information on Exercise of Voting Rights Via the Internet (Omitted)

Reference Documents for Shareholders' Meeting

Proposal 1	Appropriation of Surplus

The Company's basic policy with regard to the appropriation of surpluses is to provide "stable and sustainable dividend payments that take into account the consolidated performance for the term concerned." In the 2014-2016 Medium-Term Management Plan, we adopted a target payout ratio of 30%.

For the fiscal year under review (ended March 31, 2017) in accordance with this policy, we propose to provide a year-end cash dividend of ¥15 per share to shareholders, equivalent to the previous year-end dividend, for a total annual dividend of ¥30 per share, which including the interim dividend of ¥15 per share is ¥2 more than the previous period.

If this proposal is approved, the consolidated dividend payout ratio for the fiscal year under review will be 32.6%. The target consolidated dividend payout in the 2017-2019 (for 2020) Medium-Term Management Plan will continue to be 30%; moreover, we will flexibly consider share repurchase programs and aim for a rate of return of over 50%, as ways to enhance the level of return to shareholders. We will continue our efforts to effectively utilize shareholders' equity and will strive to meet the expectations of our shareholders.

1. Matters related to year-end dividend

   (1) Kind of dividend assets:

   Cash

   (2) Items relating to allocation of dividend assets to shareholders and total amount of the same:

   ¥15 per share of common stock / A total of ¥8,537,004,060

   (3) Effective date of payment of dividend from surplus:

   June 28, 2017

2. Other matters related to appropriation of surplus

   There are no applicable matters.

Proposal 2	Partial Changes to the Articles of Incorporation

1. Reasons for changes

(1) The Company will switch to using electronic means to make public notifications, to make such notifications more widely known and to rationalize the procedures for these notifications. If the Company is unable to make electronic public notifications for any unavoidable reason, it will use the current method of public notification instead.

(2) As of the conclusion of the 129th Ordinary General Meeting of Shareholders on June 28, 2007, the Company abolished its retirement allowance program for Directors and Corporate Auditors. Since no new retirement allowance is currently being created (excluding the payment of retirement benefit to one Director based on the resolution passed at the Ordinary General Meeting), the term "retirement benefit" is to be deleted from the example of remuneration for Directors and Corporate Auditors.

2. Description of changes

The details of the changes are as follows.

Current Articles of Incorporation	Proposed changes
Article 5 (Method of Public Notice) Public notices of the Company shall be given by means of publication in the *Nihon Keizai Shimbun* published in Tokyo.	Article 5 (Method of Public Notice) Public notices of the Company <u>shall be given electronically. However, if due to accident or some other unavoidable reason public notification via electronic means is not possible</u>, public notices of the Company shall be given by means of publication in the *Nihon Keizai Shimbun* published in Tokyo.
Article 26 (Remuneration, etc.) The remuneration, <u>retirement allowance</u>, bonuses and other financial benefits to be received by Directors from the Company as compensation for performance of their duties shall be determined by a resolution of the General Meeting of Shareholders.	Article 26 (Remuneration, etc.) The remuneration, bonuses and other financial benefits to be received by Directors from the Company as compensation for performance of their duties shall be determined by a resolution of the General Meeting of Shareholders.
Article 35 (Remuneration, etc.) The remuneration, <u>retirement allowance</u>, bonuses and other financial benefits to be received by Corporate Auditors from the Company as a compensation for performance of their duties shall be determined by a resolution of the General Meeting of Shareholders.	Article 35 (Remuneration, etc.) The remuneration, bonuses and other financial benefits to be received by Corporate Auditors from the Company as a compensation for performance of their duties shall be determined by a resolution of the General Meeting of Shareholders.

(Changes are indicated by underlining.)

Proposal 3	Election of 9 Directors

The terms of office of all 13 Directors will expire at the close of this Ordinary General Meeting of Shareholders. To strengthen corporate governance through a system that will more easily reflect the opinions of the Outside Directors, and to speed up the decision-making process, we propose the election of 6 Directors originally from within the Company (a reduction of 4 members) and 3 Directors from outside the Company, making a total of 9 Directors.

The Company is globally expanding into a wide range of business fields (within the scope of foods and amino science). To ensure that business decisions in these areas can be quickly and properly made and that the operations can be adequately supervised, it is our basic policy that the Board of Directors be composed of: a) Directors from within our Company who have expertise in the areas of each business, in corporate functions, in research and development, and in other areas; and b) several Outside Directors who can freely give their opinions about the adequacy of the Company's growth strategies and governance from an independent perspective and who will not hesitate to raise issues.

The 9 candidates for Directors, based on this policy and the recommendations of the Nominating Advisory Committee, are as follows.

Candidate No.	Name		Board of Directors meeting attendance (FY2016)
1	Reappointment Masatoshi Ito		100% (18 out of 18 meetings)
2	Reappointment Takaaki Nishii		100% (18 out of 18 meetings)
3	Reappointment Etsuhiro Takato		100% (18 out of 18 meetings)
4	Reappointment Hiroshi Fukushi		100% (18 out of 18 meetings)
5	Reappointment Masaya Tochio		100% (18 out of 18 meetings)
6	Reappointment Takeshi Kimura		100% (18 out of 18 meetings)
7	Reappointment Sakie T. Fukushima	Candidate for Outside Director Candidate for Independent Officer	94% (17 out of 18 meetings)
8	Reappointment Yasuo Saito	Candidate for Outside Director Candidate for Independent Officer	100% (18 out of 18 meetings)
9	Reappointment Takashi Nawa	Candidate for Outside Director Candidate for Independent Officer	83% (15 out of 18 meetings)

1	Reappointment

Masatoshi Ito

Date of birth: September 12, 1947
Number of Company shares held: 109,467 shares

Board of Directors meeting attendance:
100% (18 out of 18 meetings)

Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies

April 1971	Joined Company
July 1995	General Manager, Food Products Division, Food Products Business Unit
June 1999	Member of the Board
April 2003	President, Ajinomoto Frozen Foods Co., Inc.
June 2003	Resigned from the Board
April 2005	Corporate Vice President
April 2005	Vice President, Food Products Company, Ajinomoto Co., Inc.
June 2005	Member of the Board & Corporate Senior Vice President
June 2005	Representative Director (present post)
August 2006	President, Food Products Company, Ajinomoto Co., Inc.
June 2009	President & Chief Executive Officer
June 2015	Chairman of the Board (present post)

(Important positions currently held in other companies)
Outside Director, Japan Airlines Co., Ltd.
Outside Director, Yamaha Corporation

● Reasons for nomination as a candidate for Director:

Mr. Masatoshi Ito, as Representative Director and Chairman of the Board, has faithfully carried out the duties of making important managerial decisions and supervising the execution of duties. Mr. Ito, as President and Chief Executive Officer, has twice overseen the formulation of the Ajinomoto Group Medium-Term Management Plan, and has steadily carried out the Plan through his strong leadership and decisiveness with the aim of making us a "genuine global specialty company." Since his appointment as Chairman of the Board in 2015, Mr. Ito has contributed to the effective and efficient operation of the Board of Directors. For these reasons, we re-nominate Mr. Ito as a candidate for Director and, upon his re-election as such, envision for him to continue to serve as Representative Director and Chairman of the Board.

2	Reappointment	Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies	
	Takaaki Nishii	April 1982	Joined Company
	Date of birth: December 27, 1959 Number of Company shares held: 24,000 shares Board of Directors meeting attendance: 100% (18 out of 18 meetings)	July 2004	Director, Ajinomoto Frozen Foods Co., Inc.
		June 2007	Corporate Vice President, Ajinomoto Frozen Foods Co., Inc.
		July 2009	General Manager, Human Resources Dept.
		June 2011	Corporate Executive Officer
		June 2013	Member of the Board & Corporate Vice President
		August 2013	President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.
		June 2015	President & Chief Executive Officer (present post)
		June 2015	Representative Director (present post)

● Reasons for nomination as a candidate for Director:

Mr. Takaaki Nishii has implemented the decisions of the Board of Directors and has overseen Company activities in positions as Representative Director, President, and Chief Executive Officer. Mr. Nishii has abundant experience in the domestic foods business as well as experience overseas overseeing our operations of the Latin American region and serving as the President of our local subsidiary there. Since his appointment as President and Chief Executive Officer in 2015, Mr. Nishii has taken the initiative in driving the Company's efforts to reform working styles so that a diverse range of personnel can work effectively. He has also demonstrated strong leadership and decisiveness in steadily advancing the 2017-2019 (for 2020) Medium-Term Management Plan to ensure that the Ajinomoto Group can compete globally. For these reasons, we re-nominate Mr. Nishii as a candidate for Director and, upon his re-election as such, envision for him to continue to serve as Representative Director, President and Chief Executive Officer.

3	Reappointment	**Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies**
Etsuhiro Takato		April 1979 Joined Company August 2002 President, PT Ajinomoto Indonesia July 2007 General Manager, Industrial Umami Seasonings Dept., Amino Acids Company, Ajinomoto Co., Inc. June 2009 Corporate Executive Officer June 2009 President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda. June 2013 Member of the Board & Corporate Vice President June 2013 President, Ajinomoto Co., (Thailand) Ltd. January 2015 President, Ajinomoto SEA Regional Headquarters Co., Ltd. June 2015 Member of the Board & Corporate Senior Vice President (present post) June 2016 General Manager, Food Products Division (present post) (Current Assignment in the Company) Food Products Division (Important positions currently held in other companies) Outside Director, Tokai Denpun Co., Ltd.
	Date of birth: February 6, 1957 Number of Company shares held: 37,324 shares Board of Directors meeting attendance: 100% (18 out of 18 meetings)	

● Reasons for nomination as a candidate for Director:

Mr. Etsuhiro Takato has faithfully carried out his duties as a Director, including the determination and supervision of important managerial tasks. Mr. Takato has particularly abundant experience and a solid track record in managing business abroad. His experience includes his time as the President of several local subsidiaries including the major overseas operations base of the Ajinomoto Group. He has also been involved in the frozen foods business and industrial seasonings business and is currently a Corporate Senior Vice President, in charge of Food Business, which he also has abundant experience in. For these reasons, we re-nominate Mr. Takato as a candidate for Director and, upon his re-election as such, envision for him to serve as Representative Director and Corporate Senior Vice President.

4	Reappointment Hiroshi Fukushi	**Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies**
	Date of birth: April 25, 1958 Number of Company shares held: 22,100 shares Board of Directors meeting attendance: 100% (18 out of 18 meetings)	April 1984 Joined Company July 2009 General Manager, Amino Acids Dept., Amino Acids Company, Ajinomoto Co., Inc. June 2011 Corporate Executive Officer June 2013 Member of the Board & Corporate Vice President June 2013 General Manager, Bioscience Products & Fine Chemicals Division (currently AminoScience Division)(present post) June 2015 Member of the Board & Corporate Senior Vice President (present post) (Current Assignment in the Company) AminoScience Division

● Reasons for nomination as a candidate for Director:

Mr. Hiroshi Fukushi has faithfully carried out his duties as a Director, including the determination and supervision of important managerial tasks. Mr. Fukushi, has abundant experience both in Japan and overseas in the research, production and management of the AminoScience business, where he is currently a Corporate Senior Vice President. He is a strong driver in this business that applies amino acid knowledge and technology—strengths of the Ajinomoto Group. For these reasons, we re-nominate Mr. Fukushi as a candidate for Director and, upon his re-election as such, envision for him to serve as Representative Director and Corporate Senior Vice President.

5	Reappointment	**Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies**
Masaya Tochio	Date of birth: August 8, 1959 Number of Company shares held: 18,771 shares Board of Directors meeting attendance: 100% (18 out of 18 meetings)	April 1983 Joined Company July 2007 General Manager, Overseas Foods & Seasonings Dept., Food Products Company, Ajinomoto Co., Inc. June 2011 Corporate Executive Officer June 2011 General Manager, Corporate Planning Dept. June 2013 Member of the Board & Corporate Vice President (present post) (Current Assignment in the Company) Corporate Planning Dept. (Important positions currently held in other companies) Outside Director, J-Oil Mills, Inc.

● Reasons for nomination as a candidate for Director:

Mr. Masaya Tochio has faithfully carried out his duties as a Director, including the determination and supervision of important managerial tasks. Mr. Tochio has experience in the food business both in Japan and overseas. Currently, as a Corporate Vice President, he has overseen matters pertaining to corporate planning. He has introduced rules commonly applied throughout the Ajinomoto Group and has pushed ahead with efforts to build a global governance structure, both dynamic and efficient, through application of such rules. For these reasons, we re-nominate Mr. Tochio as a candidate for Director and, upon his re-election as such, envision for him to serve as a Corporate Senior Vice President.

6	Reappointment	**Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies**
	Takeshi Kimura	July 1984 Joined the National Institutes of Health in the USA April 1989 Joined Company July 2005 General Manager, Quality Assurance & External Scientific Affairs Dept. June 2009 Corporate Executive Officer October 2010 General Manager, R&D Planning Dept. June 2013 Member of the Board & Corporate Vice President (present post) (Current Assignment in the Company) Quality Assurance & External Scientific Affairs Dept.; R&D Planning Dept.; Intellectual Property Dept.; Nutrition Improvement Dept.; Institute for Innovation
	Date of birth: June 2, 1956 Number of Company shares held: 25,700 shares Board of Directors meeting attendance: 100% (18 out of 18 meetings)	

● Reasons for nomination as a candidate for Director:
Mr. Takeshi Kimura has faithfully carried out his duties as a Director, including the determination and supervision of important managerial tasks. Mr. Kimura has experience working at the US National Institutes of Health (NIH), has held positions at international associations, and has a high level of knowledge and achievements in the areas of quality assurance, R&D, intellectual property and nutrition improvement where he is currently a Corporate Vice President. He is a person that the Company needs to become a "genuine global specialty company". For these reasons, we re-nominate Mr. Kimura as a candidate for Director and, upon his election as such, envision for him to serve as a Corporate Vice President.

<table>
<tr><td>7</td><td>Reappointment
Candidate for outside director
Candidate for independent officer</td><td rowspan="3">Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies
May 1995 Member of the Board of Directors, Korn/Ferry International (Global Headquarters)
September 2000 President & Representative Director, Korn/Ferry International - Japan
May 2009 Chairman & Representative Director, Korn/Ferry International - Japan
March 2010 Outside Director, Bridgestone Corporation (present post)
July 2010 President & Representative Director, G&S Global Advisors Inc. (present post)
June 2011 Outside Director (present post)
May 2012 Outside Director, J. Front Retailing Co., Ltd. (present post)
June 2013 Outside Director, Mitsubishi Corporation
June 2016 Outside Director, Ushio Inc. (present post)

(Important positions currently held in other companies)
President & Representative Director, G&S Global Advisors Inc.
Outside Director, Bridgestone Corporation
Outside Director, J. Front Retailing Co., Ltd.
Outside Director, Ushio Inc.</td></tr>
<tr><td colspan="2">Sakie T. Fukushima</td></tr>
<tr><td></td><td>Date of birth: September 10, 1949
Number of Company shares held: 0 shares

Board of Directors meeting attendance: 94% (17 out of 18 meetings)</td></tr>
</table>

- Special items relating to candidate for Outside Director:
  Ms. Sakie T. Fukushima is a candidate for Outside Director under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. Ms. Fukushima was appointed to be an Outside Director of the Company at the 133rd Ordinary General Meeting of Shareholders held on June 29, 2011. As of the conclusion of this Ordinary General Meeting of Shareholders, her term as an Outside Director will have been for 6 years.
- Reasons for nomination as a candidate for Outside Director:
  Ms. Sakie T. Fukushima has faithfully carried out her duties as an Outside Director, including decision-making regarding management issues and the supervision of the execution of operations of the Company from an independent and fair position. In addition, Ms. Fukushima has a great insight into global talent and she has used her considerable knowledge and experience of corporate management both in Japan and abroad to actively participate in meetings of the Board of Directors. She has contributed to the growth of the Ajinomoto Group. In addition, as a member of the Nominating Advisory Committee and the Compensation Advisory Committee, Ms. Fukushima has enhanced the transparency and objectivity of the decision-making process. For these reasons, we have selected Ms. Fukushima as a candidate for Outside Director.
- The independence of this officer
  We have designated Ms. Sakie T. Fukushima to be an independent officer under the stipulations of the Tokyo Stock Exchange and have registered this decision with the Exchange. If the reappointment of Ms. Fukushima is approved, we will continue to designate her to be an independent officer. For information on Company standards for determining the independence of outside officers, please refer to page 15.
- Summary of limited liability agreements
  The Company has entered into an agreement with Ms. Sakie T. Fukushima to limit liability for damages under Article 427, Paragraph 1 of the Companies Act. Financial limitations on liability for damage based on this agreement shall be the aggregate amount as stipulated in the respective items of Article 425, Paragraph 1 of the Companies Act. If the reappointment of Ms. Fukushima is approved, this agreement shall be continued.

<table>
<tr><td rowspan="3">8</td><td>Reappointment</td><td rowspan="5">Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies
August 1997 Consul-General of Japan in Atlanta
April 2000 Permanent Representative of Japan to UNESCO
August 2001 Director-General, European Affairs Bureau, Ministry of Foreign Affairs
May 2003 Ambassador Extraordinary and Plenipotentiary of Japan to Saudi Arabia
April 2006 Ambassador Extraordinary and Plenipotentiary of Japan to Russia
May 2009 Ambassador Extraordinary and Plenipotentiary of Japan to France
June 2012 Outside Director (present post)

(Important positions currently held in other companies)
Senior Executive Board Member, Japanese Olympic Committee</td></tr>
<tr><td>Candidate for outside director</td></tr>
<tr><td>Candidate for independent officer</td></tr>
<tr><td colspan="2">Yasuo Saito</td></tr>
<tr><td></td><td>Date of birth: January 5, 1948
Number of Company shares held: 0 shares

Board of Directors meeting attendance: 100% (18 out of 18 meetings)</td></tr>
</table>

- Special items relating to candidate for outside director:
  Mr. Yasuo Saito is a candidate for Outside Director under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. Mr. Saito was appointed to be an Outside Director of the Company at the 134th Ordinary General Meeting of Shareholders held on June 28, 2012. As of the conclusion of this Ordinary General Meeting of Shareholders, his term as an Outside Director will have been for 5 years.
- Reasons for nomination as a candidate for outside director:
  Mr. Yasuo Saito has faithfully carried out his duties as an Outside Director, including decision-making regarding management issues and the supervision of the execution of operations of the Company from an independent and fair position. In addition, as a diplomat, Mr. Saito has abundant international experience, and has actively participated in meetings of the Board of Directors. He has contributed to the growth of the Ajinomoto Group. In addition, as a member of the Nominating Advisory Committee and the Compensation Advisory Committee, Mr. Saito has enhanced the transparency and objectivity of the decision-making process. For these reasons, we have selected Mr. Saito as a candidate for Outside Director. Furthermore, although Mr. Saito has not been involved in the management of companies except by becoming an Outside Director, we deem that for the reasons mentioned above, he will be able to faithfully carry out his duties.
- The independence of this officer
  We have designated Mr. Yasuo Saito to be an independent officer under the stipulations of the Tokyo Stock Exchange and have registered this decision with the Exchange. If the reappointment of Mr. Saito is approved, we will continue to designate him to be an independent officer. For information on Company standards for determining the independence of outside officers, please refer to page 15.
- Special interests between the candidate and the Company:
  Although the Company has conducted transactions, etc., with the Japanese Olympic Committee (of which Mr. Saito is a Senior Executive Board Member) based on an agreement concerning the use of the Ajinomoto National Training Center, payments from the Company in the period under review are less than 0.5% of the Olympic Committee's sales total; moreover, payments received from the Olympic Committee over the same period are less than 0.01% of the Company's total consolidated sales, which satisfies the standard for assuring Mr. Saito's independence as an outside officer of the Company. Mr. Saito does not have any special interest with the Company.
- Summary of limited liability agreements
  The Company has entered into an agreement with Mr. Yasuo Saito to limit liability for damages under Article 427, Paragraph 1 of the Companies Act. Financial limitations on liability for damage based on this agreement shall be the aggregate amount as stipulated in the respective items of Article 425, Paragraph 1 of the Companies Act. If the reappointment of Mr. Saito is approved, this agreement shall be continued.

9	Reappointment Candidate for outside director Candidate for independent officer	Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies
Takashi Nawa	Date of birth: June 8, 1957 Number of Company shares held: 0 shares Board of Directors meeting attendance: 83% (15 out of 18 meetings)	April 1980 Joined Mitsubishi Corporation April 1991 Joined McKinsey & Company, Inc. June 2010 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University (present post) June 2011 Outside Director, NEC Capital Solutions Limited (present post) November 2011 Outside Director, Fast Retailing Co., Ltd. (present post) June 2014 Outside Director, Denso Corporation (present post) June 2015 Outside Director (present post) (Important positions currently held in other companies) Professor, Graduate School of International Corporate Strategy, Hitotsubashi University Representative Director, Jenesis Digitial Science, Ltd. Outside Director, NEC Capital Solutions Limited Outside Director, Fast Retailing Co., Ltd. Outside Director, Denso Corporation

- Special items relating to candidate for Outside Director:
  Mr. Takashi Nawa is a candidate for Outside Director under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. Mr. Nawa was appointed to be an Outside Director of the Company at the 137th Ordinary General Meeting of Shareholders held on June 26, 2015. As of the conclusion of this Ordinary General Meeting of Shareholders, his term as an Outside Director will have been for 2 years.
- Reasons for nomination as a candidate for Outside Director:
  Mr. Takashi Nawa has faithfully carried out his duties as an Outside Director, including decision-making regarding management issues and the supervision of the execution of operations of the Company from an independent and fair position. Using his great insight into international corporate management that he has developed—both through being a Professor at a graduate school in the field of international corporate strategy and the abundant work experience that he has gained at companies including a non-Japanese consulting company—Mr. Nawa has contributed to the growth of the Ajinomoto Group. In addition, as a member of the Nominating Advisory Committee and the Compensation Advisory Committee, Mr. Nawa has enhanced the transparency and objectivity of the decision-making process. For these reasons, we have selected Mr. Nawa as a candidate for Outside Director.
- Matters related to independent officers
  We have designated Mr. Takashi Nawa to be an independent officer under the stipulations of the Tokyo Stock Exchange and have registered this decision with the Exchange. If the reappointment of Mr. Nawa is approved, we will continue to designate him to be an independent officer. For information on Company standards for determining the independence of outside officers, please refer to page 15.
- Summary of limited liability agreements
  The Company has entered into an agreement with Mr. Takashi Nawa to limit liability for damages under Article 427, paragraph 1 of the Companies Act. Financial limitations on liability for damage based on this agreement shall be the aggregate amount as stipulated in the respective items of Article 425, paragraph 1 of the Companies Act. If the reappointment of Mr. Nawa is approved, this agreement shall be continued.

(Reference) Standards for Determining the Independence of Outside Officers

An outside director or Audit & Supervisory Board Member (External) is deemed to be independent in cases in which none of the following criteria apply.

(1) Said person regards the Company as a key customer, or is an executive officer for such a party.
(2) Said person is a key customer of the Company, or is an executive officer for such a party.
(3) Said person is a consultant, accounting specialist or legal specialist who has received substantial monetary or other assets (other than director compensation) from the Company (if the person receiving said assets is a corporate entity, association, or other such organization, this stipulation extends to members of that organization).
(4) Said person falls under criteria (1), (2), or (3) above at any time within a one-year period before the proposed appointment.
(5) Said person is a relative (a relative up through the second degree of kinship) of any person (other than those deemed unimportant) falling under criteria 1), 2), or 3) below.
① A person falling under criteria (1), (2), (3), or (4) above.
② A person who is an executive officer in a subsidiary of the Company (with regards to a proposed appointment of an Audit & Supervisory Board Member (External) to a position as an independent officer, this criterion also includes a director who is not an executive officer).
③ A person who falls under criterion ② above or who was an executive officer in the Company (with regards to a proposed appointment of an Audit & Supervisory Board Member (External) to a position as independent director, this criterion also includes a director or Audit & Supervisory Board Member auditor who is not an executive officer), at any time within a one-year period before the proposed appointment.

(Notes)
1. A person who "regards the Company as a key customer," refers to a person who, within the most recent business year, received from the Company an amount corresponding to 2% of that party's annual consolidated sales or ¥100 million, whichever is higher.
2. A person who is "a key customer of the Company," refers to a person who, within the most recent business year, paid to the Company an amount corresponding to 2% of our annual consolidated sales or ¥100 million, whichever is higher.
3. A person who "has received substantial monetary or other assets from the Company," refers to a person who, within the most recent business year, has received from the Company monies/property in an amount corresponding to 2% of that party's sales/total revenues or ¥10 million, whichever is higher.

End

Proposal 4	Introduction of a Medium–Term Company Performance-linked Stock Compensation System for Officers, etc.

We request the introduction of a new company performance-linked stock compensation system (hereinafter "System"), in addition to monthly compensation and short-term company performance-linked compensation, that utilizes a trust, targeted at Directors (excluding Outside Directors) as well as Corporate Executive Officers and Corporate Fellows (excluding non-residents of Japan), hereinafter collectively referred to as "Officers, etc.", to fulfill the "FY2017-2019 (for FY2020) Medium-Term Management Plan.

The introduction of this System is for the purpose of boosting the motivation of Officers, etc., to contribute towards the improvement of the Ajinomoto Group's medium- and long-term business performance and enhancement of its corporate value by increasing the ratio of short- and medium-term company performance-linked compensation from approximately 35% to 50%. It has been deliberated and reported on by the Compensation Advisory Committee and is considered appropriate.

This Proposal is separate from the compensation limit for Directors (excluding Outside Directors) that was resolved at the 129th Ordinary General Meeting of Shareholders held on June 28, 2007 and will be a means to provide stock compensation to Directors (excluding Outside Directors). Because this System covers the compensation of Officers as well as Corporate Fellows, for the purpose of clarifying the upper limit for the number of Company shares acquired by a trust, we propose the amount and details of compensation for Officers, etc., based on this System.

If Proposition 3 "Election of 9 Directors" is approved and passed unchanged, six Directors as well as 35 Corporate Executive Officers (excluding those concurrently serving as Directors) and 29 Corporate Fellows shall be targets of this System upon its commencement.

Amount and details of compensation in the System

(1) Overview of the System

This System will be implemented over a three-year evaluation period starting April 1, 2017, which is the commencement date of 2017-2019 Medium-Term Management Plan (hereafter: the Trust Period), where a stock-granting trust created by the Company as the trustor (hereinafter the "Trust") acquires Company shares by spending the money contributed by the Company and executes the granting or payment (hereinafter "Granting, etc.") of Company shares and cash in the amount equivalent to the conversion value of Company shares (hereinafter "Company shares, etc.") to Officers, etc. at the end of the Trust Period depending on their respective job positions and the extent to which the targets of the Medium-Term Management Plan have been fulfilled. The description set forth herein may be equally applied to the coming three year periods covered by future Medium-Term Management Plans.

Persons entitled to the System (definition of Officers, etc.)	Persons who are Directors (excluding Outside Directors), Corporate Executive Officers or Corporate Fellows of the Company during the Trust Period (excluding those who are non-residents of Japan throughout the Trust Period, or those who retire by June 30, 2017)
Trust Period	The initial Trust Period shall be the 3-year period of the Medium-Term Management Plan, i.e., from April 1, 2017 to March 31, 2020. Thereafter, the System may be continued by setting the period of a new Medium-Term Management Plan as the Trust Period. The same shall apply thereafter.
Maximum amount of money that can be contributed to the Trust by the Company	¥2.2 billion yen per Trust Period
Maximum number of Company shares that can be acquired by the Trust	1.1 million shares per Trust Period (Approx. 0.19% of the number of shares outstanding)
Link to Company performance	a. Evaluation indicators (on a consolidated basis) (i) Amount of business profit in the final fiscal year of the Trust Period (Target for final fiscal year of the initial Trust Period (fiscal year ending March 31, 2020): ¥124.0 billion) (ii) Return on Assets on business profit basis (ROA) in the final fiscal year of the Period (Target for the final fiscal year of the initial Trust Period (fiscal year ending March 31, 2020): 8.8%) b. Range of variation in Company performance-linked compensation Setting a standard level of fulfillment of targets of 100%, compensation will

	vary from 0% to 170% (6 levels).	
Timing and description of Granting, etc. of Company shares, etc.	a. Timing	A specific date after the end of the 3-year Trust Period
	b. Description	Granting of Company shares and payment in cash of the amount equivalent to the conversion value of Company shares
Method of acquisition of Company shares by the Trust	Acquisition from the stock market	

(2) Maximum amount of money that can be contributed to the Trust by the Company

The maximum total amount of money that can be contributed by the Company for the Trust Period shall be ¥2.2 billion.

The maximum total amount is structured under the premise that in case of standard achievement of performance goals, the ratio of total monthly compensation to short-term performance-linked compensation and medium-term performance-linked compensation (calculated based on the trust contribution amount) on an annual basis is to be 50:50, and is based on the number of Officers, etc., following the conclusion of this General Meeting of Shareholders, the medium-term performance-linked compensation amount for the maximum performance evaluation, and trust compensation and trust fees, etc. The current ratio of monthly compensation to short-term performance-linked compensation is approximately 65:35. The Trust will acquire Company shares subject to Granting, etc. with respect to Officers, etc., from the stock market by using the money contributed to the Trust as the source of financing.

At the expiry of the three-year Trust Period from August 2017 (planned) to August 2020 (planned) the Company may extend the Trust Period for another three-year period subject to the resolution of the Board of Directors, by amending the Trust agreement and by making additional contributions to the Trust, and similarly for subsequent Periods. For each extended Trust Period, the Company may make additional contributions to the Trust in the form of cash as the source of financing the compensation to Officers, etc., up to the maximum amount of Trust money approved at this General Meeting of Shareholders, and the Trust may continue to execute the Granting, etc. of Company shares, etc. to Officers, etc. during the extended Trust period. Notwithstanding the foregoing, in case of such additional contribution, if there are any remaining Company shares, etc., as of the final date of the trust period prior to extension, the monetary amount of the remaining Company shares and additional money contributed to the Trust shall be within the limit authorized through the resolution of this General Meeting of Shareholders.

(3) The upper limit for acquisition of Company shares by the Trust

The total number of Company shares subject to Granting, etc. with respect to Officers, etc., in the Trust shall be capped at 1.1 million shares. Said number of shares is set by using the current share price of Company shares as reference, in consideration of the aforementioned maximum amount of money that can be contributed.

(4) The total number of Company shares subject to Granting, etc. with respect to Officers, etc.

The number of Company shares, etc. subject to Granting, etc. to Officers, etc. shall be the number calculated by dividing the amount of medium-term company performance-linked compensation by job position in accordance with the level of achievement of the performance evaluation indicator, which is the business profit*[1] of the last year of the Period and ROA (Return of Assets ratio)*[2] (both consolidated basis), by the average unit price at which Company shares are acquired by the Trust; provided, however, that the number shall be rounded down to the nearest 100 shares.

If Company shares belonging to the Trust have increased or decreased during the Trust period due to share split, gratis share allotment, share consolidation, etc., the number of Company shares, etc. subject to Granting, etc. shall be adjusted based on the share split ratio, etc.

*[1] Business profit (on a consolidated basis)

= Net sales - Cost of sales - Selling, research and development, general and administrative expenses + Equity earnings/losses of affiliate companies

= ¥124 billion (Target for the fiscal year ending March 31, 2020 based on 2017-2019 (for 2020) Medium-Term Management Plan)

*[2] ROA (Return on Assets) (on a consolidated basis)

= Business profit ÷ Total consolidated assets = 8.8%

(Target for the fiscal year ending March 31, 2020 based on 2017-2019 (for 2020) Medium-Term Management Plan)

(5) Timing and description of Granting, etc. of Company shares, etc. to Officers, etc.

In principle, the Granting, etc. of Company shares, etc., to Officers, etc., who have met the beneficiary requirements shall be executed after July immediately after the end of the final fiscal year of the Medium-Term Management Plan, and are calculated in accordance with (4) above. The details of the Granting, etc. of Company shares, etc. to Officers, etc. are as follows. Company shares accounting for 50% of the number of shares subject to Granting, etc. (of which the portion falling short of 100 shares is subject to conversion into cash) will be granted; the remaining 50% shall be converted in the Trust and a cash equivalent shall be granted, for use in tax payments such as the payment of income tax.

During the Period, if an Officer, etc., resigns (excluding cases in which the resignation is due to personal circumstances against the wishes of the Company), in the event of the death of an Officer, etc., or in the event that an Officer, etc., becomes a non-resident of Japan (such Officer, etc. shall hereinafter be referred to as "resignee, etc."), Granting, etc. of Company shares, etc. shall be executed on a monthly pro-rata basis for his/her term of office, based on his/her evaluation applied at the time of resignation. In the event of the death of an Officer, etc., and in the event that an Officer, etc. becomes a non-resident of Japan, cash in the amount equivalent to the conversion value of Company shares in the number calculated on a monthly pro-rata basis according to his/her term of office shall be paid.

The calculation period—i.e., the denominator pertaining to calculation on a monthly pro-rata basis according to the term of office—shall be 36 months, from the month subsequent to the month in which the first Ordinary General Meeting of Shareholders after the commencement of the Trust Period is held, until the month in which the first Ordinary General Meeting of Shareholders after the end of the Trust Period is held.

(6) Method of acquisition of Company shares by the Trust

Company shares shall be acquired by the Trust from the stock market, up to the maximum amount of money that can be contributed to the Trust and the maximum number of shares subject to Granting, etc.

(7) Exercise of voting rights pertaining to Company shares in the Trust

In regards to Company shares in the Trust, voting rights shall not be exercised by the Trust during the Trust Period in order to ensure impartiality with respect to management.

(8) Treatment of distribution of surplus funds pertaining to Company shares in the Trust

Distribution of surplus funds pertaining to Company shares in the Trust will be received by the Trust and earmarked for Trust fees and expenses. It is planned that upon the expiry of the Trust Period, any surplus remaining after distribution to the beneficiaries shall be attributed to the Company within the scope of trust expense reserves. Any remainder exceeding the trust expense reserves shall be donated to an organization in which neither the Company nor Officers, etc. have any interest.

(9) Treatment of Company shares remaining in the Trust upon the expiry of the Trust

It is planned that if Company shares remain in the Trust upon expiry of the Trust Period, such shares shall be granted to the Company without charge, on the condition that they be canceled, as a measure to generate shareholder returns.

(10) Other details of the System

Other details of the System shall be decided by the Board of Directors upon the establishment of the Trust, amendment to the Trust Agreement, and additional contributions to the Trust.

(Attached Document)

Business Report (From April 1, 2016 to March 31, 2017)

I. Matters regarding the Current Status of the Ajinomoto Group

1. Progress of Operations and Operating Results

In the fiscal year under review, the global economy as a whole remained in a moderate recovery, with improving conditions in the United States and Europe offsetting weakness in the economies of some emerging countries.
The Japanese economy remained in a moderate recovery, and the employment environment continued to improve despite the strong yen's impact on corporate earnings and signs that the recovery in capital investment was stagnating.
In this environment, the Ajinomoto Group has implemented its 2014–2016 Medium-Term Management Plan with the aim of becoming a "Genuine Global Specialty Company". Under this plan, the Company is striving to "Advance New Growth Drivers" and "Reinforce the Business Structure" by pursuing specialty businesses, while also endeavoring to "Build a Stronger Management Foundation" to guide the Company over the longer term.

Consolidated net sales for fiscal year ended March 31, 2017, declined 7.8% year on year, or ¥92.6 billion, to ¥1,091.4 billion. The decline was mainly due to the impact of shifting EA Pharma Co., Ltd. from consolidated subsidiary status to an equity-method affiliate upon restructuring of the Company's pharmaceuticals business as well as a large drop in sales of animal nutrition products and a forex-related decline in sales of seasonings and processed foods (international). Operating income fell 6.1%, or ¥5.5 billion, to ¥85.3 billion, mainly reflecting a large decline in profits on animal nutrition products and the forex impact. Ordinary income declined 4.1%, or ¥3.8 billion, to ¥90.2 billion.

Profit attributable to owners of parent fell 17.1%, or ¥10.8 billion, to ¥52.5 billion, with the decline largely reflecting the absence of the gain on the sale of the Company's entire equity stake in Nissin-Ajinomoto Alimentos Ltda. that was posted as an extraordinary gain in the Company's consolidated accounts for the previous fiscal year.

Consolidated operating results by segment

	Net sales (Billions of yen)	YoY change -amount	YoY change - Percent	Operating income	YoY change -amount	YoY change - percent
Japan Food Products	390.4	(6.6)	98.3%	38.2	7.6	124.9%
International Food Products	428.9	(34.9)	92.5%	36.5	(5.4)	87.0%
Life Support	124.0	(18.3)	87.1%	5.6	(6.1)	47.9%
Healthcare	89.5	(0)	99.9%	6.5	0.9	116.4%
Other business	58.3	(32.7)	64.1%	(1.6)	(2.4)	-
Total	1,091.4	(92.6)	92.2%	85.3	(5.5)	93.9%

Notes: 1. Figures in parenthesis indicate negative numbers.

2. From the fiscal year under review, equity-method affiliate EA Pharma Co., Ltd. has changed its accounting policy, and figures for the 138th fiscal year have been retrospectively restated in accordance with this change.

3. Domestic and overseas sales of ACTIVA® products, and savory seasonings to food processing industry are included in the Japan Food Products segment. Domestic and overseas sales of umami seasoning AJI-NO-MOTO®, nucleotides and sweeteners for the food processing industry are included in the International Food Products segment.

Japan Food Products

Major products, etc. (as of March 31, 2017)

- **Seasonings and Processed Foods (Japan)**: [Home-use] Umami seasoning *AJI-NO-MOTO®, HONDASHI®, Cook Do®, Knorr® Cup Soup, Ajinomoto KK Consommé, Pure Select ®Mayonnaise,* etc.
  [Commercial-use] Seasonings and processed foods for restaurant use, Seasonings for processed food manufacturers (savory seasonings, food enzyme *ACTIVA®*), lunchboxes and prepared dish products, bakery products, etc.
- **Frozen Foods (Japan):** *Gyoza* (Chinese dumplings), *Yawaraka Wakadori Kara-Age* (fried chicken), *Puripuri-no-Ebi Shumai* (shrimp dumplings), *Ebi-yose Fry* (shrimp fry), *Gudakusan Ebi Pilaf* (shrimp pilaf), *Yoshokutei® Hamburg Series* (hamburg steak), *THE ★CHA-HAN* (fried rice), etc.
- **Coffee Products**: [Home-use] *Blendy®* (Stick coffee, etc.)
  MAXIM® (*Chyotto Zeitakuna Kohiten*, etc.), Various gift sets, etc.
  [Commercial-use] Office drink (cup vending machine, tea dispenser), Beverages for restaurant use, Industrial use material, etc.

Japan Food Products segment sales decreased 1.7%, or ¥6.6 billion, to ¥390.4 billion, as growth in sales of Japan frozen foods was offset by a decline in sales of coffee products and Japan seasonings and processed foods due to the effect of the sale of a subsidiary. Operating income, however, increased 24.9%, or ¥7.6 billion, to ¥38.2 billion, mainly owing to an increase in profits on sales of frozen foods and on sales of seasonings and processed foods in Japan.

Seasonings and processed foods (Japan)

Sales of our home-use products increased year on year, as lower sales of our Chinese menu seasoning *Cook Do®* were offset by strong sales of other products, including *Knorr® Cup Soup* and tube-type Chinese seasoning paste *Cook Do®* Koumi Paste.

Sales of restaurant and industrial–use seasonings and processed foods declined year on year, owing to the impact of the sale of a subsidiary and the forex impact on overseas sales of *ACTIVA®*, a food enzyme (transglutaminase).

As a result of the above trends, overall sales of seasonings and processed foods in the Japan Food Products segment were lower than in the previous fiscal year.

Frozen foods (Japan)

Sales of home-use frozen foods expanded year on year, driven by strong growth in sales of Gyoza, which were boosted by strengthened sales campaigns, as well as higher sales of *THE ★CHA-HAN* (fried rice) and *Yawaraka Wakadori Kara-Age* (fried chicken).

Sales targeted at the restaurant and industrial–use market increased year on year on strong sales of processed chicken and dessert product offerings.

As a result, overall sales of frozen foods increased over the previous year's result.

Coffee products

Despite strong sales of our 3-in-1 stick products and stable sales of our instant coffee products, overall sales of our home-use coffee product declined owing to weak sales of bottled coffee products and gift-packaged products, with lower sales of the latter reflecting reductions in the variety of product offerings.

Sales of restaurant and industrial–use coffee products also declined, owing to lower sales to major customers.

As a result, overall sales of coffee products fell below the previous year's result.

International Food Products

Major products, etc. (as of March 31, 2017)

- **Seasonings and Processed Foods (Overseas):** Umami seasoning *AJI-NO-MOTO*® for home and restaurant use, *RosDee*® (flavor seasoning), *Masako*® (flavor seasoning), *Aji-ngon*® (flavor seasoning), *Sazón*® (flavor seasoning), *AMOY*® (Chinese ethnic sauce) *YumYum*® (instant noodles), *Birdy*® (canned coffee), *Birdy*® *3in1* (powdered drink), *SAJIKU*® (menu-specific seasonings), *CRISPY FRY*® (menu-specific seasonings), etc.
- **Frozen Foods (Overseas):** Gyoza (pot stickers), Cooked rice (chicken fried rice, yakitori chicken fried rice, etc.), Noodles (yakisoba, ramen, etc.)
- **Umami Seasonings for Processed Food Manufacturers and Sweeteners:** Umami seasoning *AJI-NO-MOTO*® for the food processing industry, nucleotides, Aspartame, *PalSweet*®, etc.

International food products segment sales fell 7.5%, or ¥34.9 billion, to ¥428.9 billion, as the strong yen depressed yen-based sales of overseas seasonings and processed foods and umami seasonings and sweeteners, frozen foods for processed food manufacturers. The negative forex impact also depressed segment operating income, which fell 13.0%, or ¥5.4 billion, to ¥36.5 billion.

Seasonings and Processed Foods (Overseas)

In Asia, many products posted year-on-year sales gains on a local-currency basis—including umami seasoning *AJI-NO-MOTO*® in Indonesia and Vietnam; *RosDee*® flavor seasonings in Thailand, and *Masako*® flavor seasonings in Indonesia. On a yen-basis, however, sales of these products fell below previous-year levels owing to unfavorable forex trends.

In the Americas, region-wide sales increased on a local currency basis, led by strong sales of such products as the flavor seasoning *Sazón*® in Brazil.

Sales in Europe and Africa, however, declined primarily owing to a negative forex impact.

As a result of the above trends, overall sales of seasonings and processed foods in the International Food Products segment were lower than in the previous fiscal year.

Frozen Foods (Overseas)

Ajinomoto Windsor, Inc. achieved year-on-year sales growth on a local-currency basis, but the negative impact of the strong yen pushed the segment's sales of frozen foods below the previous fiscal year's level.

Umami Seasonings for Processed Food Manufacturers and Sweeteners:

Sales of umami seasoning *AJI-NO-MOTO*® to the food processing industry declined year on year, as higher average sales prices in Japan were offset by lower domestic and overseas sales volumes and the negative forex impact on overseas sales expressed in yen.

Sales of nucleotides were around the same level as a year earlier, as increases in sales volumes in Japan and overseas offset the negative impact of lower average sales prices at home and abroad and from currency trends.

Sales of sweeteners fell year on year, adversely affected by lower sales volumes of aspartame for the processing industry and the adverse forex impact.

Overall, sales of umami seasonings and sweetners for processed foods in the International Food Products segment were lower than in the previous fiscal year.

Life Support
Major products, etc. (as of March 31, 2017)
• **Animal nutrition:** Feed-use amino acids (Lysine, Threonine, Tryptophan, Valine), *AjiPro*®*-L*, etc. • **Specialty Chemicals:** [Cosmetics ingredients] *Amisoft*®, *Amilite*® (mild surfactant), *Ajidew*® (humectant), etc. [Cosmetics] *JINO*® [Electronics industry material] Insulation film for printed wiring board used in semiconductor packaging, etc.

Life Support segment sales declined 12.9%, or ¥18.3 billion, to ¥124.0 billion, as a large decline in sales of animal nutrition products offset increased sales of specialty chemicals. Segment operating income declined 52.1%, falling ¥6.1 billion to ¥5.6 billion, owing to lower profits on sales of specialty chemicals and a large drop in income from animal nutrition.

Animal nutrition

Lysine sales fell below the previous fiscal year's level on a lower sales volume. Threonine sales were down sharply, as sharply lower sales prices offset an increase in sales volume. Similarly, tryptophan volumes increased sharply but sales value declined owing to a large decrease in sales prices. Sales of specialty products, such as Valine, were up year on year.

Overall, sales of animal nutrition products were sharply lower than in the previous fiscal year.

Specialty chemicals

Sales of specialty chemicals increased year on year. Sales of cosmetics ingredient were flat but sales of insulation film for build-up printed wiring board used in semiconductor packaging were strong.

Healthcare

Major products, etc. (as of March 31, 2017)

- **Amino Acids:** Various amino acids (for intravenous drip etc.), Custom pharmaceutical manufacturing (active pharmaceutical ingredients, intermediates for pharmaceuticals and contract development)
- **Others:** Fundamental foods (*Glyna*®, *Amino Aile*®), Functional foods (*amino VITAL*®), etc.

Healthcare segment sales were largely in line with the previous year, at ¥89.5 billion (−0.1% year on year), despite declines in sales of pharmaceutical custom manufacturing services and of amino acids for pharmaceuticals and foods. Segment operating income increased 16.4%, or ¥0.9 billion, to ¥6.5 billion, on a sharp increase in the profitability of our pharmaceutical custom manufacturing service and stable profits on sales of amino acids for pharmaceuticals and foods.

Amino acids

Sales of our amino acids for pharmaceuticals and foods declined year on year, as unfavorable forex rates depressed overseas sales, offsetting sales growth in Japan. Revenues from our pharmaceutical custom manufacturing service also declined as forex rates negatively affected sales in Europe.
As a result, overall sales of amino acids fell short of the previous fiscal year’s result.

Other Business

Other business (contract manufacturing of pharmaceutical products, logistics, edible oils, various services, etc.) sales fell 35.9%, or ¥32.7 billion, to ¥58.3 billion, reflecting the impact of shifting EA Pharma Co., Ltd. from consolidated subsidiary status to an equity-method affiliate upon restructuring of the Company’s pharmaceuticals business.

The segment posted an operating loss of ¥1.6 billion, representing a ¥2.4 billion deterioration from the profit achieved a year earlier.

2. Assets and Income Status

	136th Fiscal Year (FY2013)	137th Fiscal Year (FY2014)	138th Fiscal Year (FY2015)	139th Fiscal Year (Fiscal Year Under Review) (FY2016)
Net sales (Billions of yen)	951.3	1,006.6	1,184.1	1,091.4
Operating income (Billions of yen)	61.8	74.5	90.8	85.3
Ordinary income (Billions of yen)	68.8	82.8	94.1	90.2
Net income (Billions of yen)	42.1	46.4	63.4	52.5
Net income per share (Yen)	68.67	78.54	107.86	91.99
Total assets (Billions of yen)	1,093.1	1,255.0	1,262.1	1,336.9
Net assets (Billions of yen)	655.5	743.4	691.9	697.7
Net assets per share (Yen)	1,002.29	1,131.41	1,066.84	1094.83
ROE (Return on equity)	7.1%	7.4%	9.8%	8.5%

Notes: 1. From the fiscal year under review, equity-method affiliate EA Pharma Co., Ltd. has changed its accounting policy, and figures for the 138th fiscal year have been retrospectively restated in accordance with this change.
2. From the 138th fiscal year, the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No.21) of September 13, 2013 has been applied. In accordance with this change, the Company has replaced the term ‘net income’ with ‘profit attributable to owners of parent’.
3. From the137th fiscal year, the accounting policy for some payments provided to customers for sales expansion purposes has been changed to one in which they are deducted from gross sales at the time sales are recorded. Consequently, figures for the 136th fiscal year have been retrospectively restated in accordance with this change.
4. Net income per share is calculated based on the average number of shares outstanding during the fiscal year less the average number of shares of treasury stock during the fiscal year.
5. Net assets per share is calculated based on the number of shares outstanding at the end of the fiscal year less the number of shares of treasury stock at the end of the fiscal year.

Note: The results for the fiscal year under review were impacted by the fall in sales and profit of the animal nutrition business, currency exchange rates, the exclusion of EA Pharma Co., Ltd. from the scope of consolidation, and loss of profit related to sales of affiliate shares booked in the previous fiscal year.

3. Capital Expenditures of the Ajinomoto Group

Capital expenditures of the Ajinomoto Group for the fiscal year ended March 31, 2017 amounted to a total of ¥89.6 billion, which was mainly for the following:

- Enhancement of seasoning manufacturing facilities (Indonesia) (scheduled for completion in June 2017)
- Relocation of food packaging facilities (Japan) (scheduled for completion in November 2017)

4. Company Reorganization

(1) AJINOMOTO PHARMACEUTICALS CO., LTD. succeeded a portion of Eisai Co., Ltd.’s gastrointestinal disease treatment business via an absorption-type split on April 1, 2016. As consideration for the succession, shares of AJINOMOTO PHARMACEUTICALS CO., LTD. were allotted to Eisai on that date. As a result, the Company’s equity interest in AJINOMOTO PHARMACEUTICALS CO., LTD. was reduced to 40%. In accordance with the absorption-type spit, AJINOMOTO PHARMACEUTICALS CO., LTD. changed its name to EA Pharma Co., Ltd.

(2) On June 30, 2016, the Company transferred all shares in Gaban Co., Ltd. to HOUSE FOODS GROUP INC. after accepting a tender offer from the GROUP.

(3) On November 8, 2016, the Company acquired 33.33% of the outstanding shares of Promasidor Holdings Limited, a major processed foods manufacturer operating across Africa.

5. Financing of the Ajinomoto Group

(1) The Company borrowed a total of ¥54.0 billion from The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Bank, Ltd., for the acquisition of shares in Promasidor Holdings Limited. Additionally, on March 9, 2017, the Company issued ¥80.0 billion in domestic straight bonds as follows, to raise funds for the redemption of ¥26.0 billion in commercial paper and to convert the abovementioned short-term borrowing to long-term.

Unsecured Straight Bonds No. 24 ¥20.0 billion (Annual interest rate: 0.190%; Maturity date: March 8, 2024)
Unsecured Straight Bonds No. 25 ¥30.0 billion (Annual interest rate: 0.355%; Maturity date: March 9, 2027)
Unsecured Straight Bonds No. 26 ¥30.0 billion (Annual interest rate: 0.921%; Maturity date: March 9, 2037)

6. Main lenders (as of March 31, 2017)

Name of lender	Balance of borrowings (Millions of yen)
The Dai-ichi Life Insurance Company, Limited	16,600
NIPPON LIFE INSURANCE COMPANY	13,500
Meiji Yasuda Life Insurance Company	9,700

Notes: Other than the above, the Company has borrowings in the form of syndicated loans. The lead bank of said loans is one of either The Bank of Tokyo-Mitsubishi UFJ, Ltd. or Mizuho Bank, Ltd., or both jointly (balance: ¥107,099 million).

7. Major offices and plants of the Company (as of March 31, 2017)

Name of offices	Location
Headquarters	Chuo-ku, Tokyo
Tokyo Branch	Minato-ku, Tokyo
Osaka Branch	Kita-ku, Osaka-shi
Kyushu Branch	Hakata-ku, Fukuoka-shi
Nagoya Branch	Showa-ku, Nagoya-shi
Tohoku Branch	Aoba-ku, Sendai-shi
Kanto Branch	Chuo-ku, Saitama-shi
Chugoku Branch	Naka-ku, Hiroshima-shi
Shikoku Branch	Takamatsu-shi
Hokuriku Branch	Kanazawa-shi

Name of plants	Location
Kawasaki Plant	Kawasaki-ku, Kawasaki-shi
Tokai Plant	Yokkaichi-shi
Kyushu Plant	Saga-shi

8. Important Subsidiaries and Affiliates (as of March 31, 2016)

The Company has 93 consolidated subsidiaries, including the 28 companies listed in "1) Important Subsidiaries" below, and 7 affiliates accounted for by the equity method, including the 3 companies listed in "2) Important Affiliates" below.

(1) Important Subsidiaries

Company name	Headquarters and major plants	Capital stock	Ratio of voting rights (%)	Main business
Ajinomoto General Foods, Inc.	(Headquarters) Shibuya-ku, Tokyo	JPY 3,862 million	100	Manufacture and sale of coffee, etc.
Ajinomoto (China) Co., Ltd.	(Headquarters) China	USD 104,108 thousand	100	Holding company; Sale of feed-use amino acids, etc.
Ajinomoto Heartland, Inc.	(Headquarters/plant) U.S.A.	USD 750 thousand	100	Manufacture and sale of feed-use amino acids
Ajinomoto North America Holdings, Inc.	(Headquarters) U.S.A.	--	100	Holding company
AJINOMOTO EUROLYSINE S.A.S.	(Headquarters/plant) France	EUR 26,865 thousand	100	Manufacture and sale of feed-use amino acids
Ajinomoto Frozen Foods Co., Inc.	(Headquarters) Chuo-ku, Tokyo (Plant) Oizumi-machi, Oura-gun, Gunma	JPY 9,537 million	100	Manufacture and sale of frozen foods
AJINOMOTO FOODS EUROPE S.A.S.	(Headquarters/plant) France	EUR 82,609 thousand	100	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, etc.
Knorr Foods Co., Ltd.	(Headquarters/plant) Takatsu-ku, Kawasaki-shi	JPY 4,000 million	100	Manufacture and sale of soups, mayonnaise products, etc.
Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.	(Headquarters/plant) Brazil	BRL 863,298 thousand	100	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, flavor seasonings, feed-use amino acids, etc.
Ajinomoto Co., (Thailand) Ltd.	(Headquarters/plant) Thailand	THB 796,362 thousand	78.7	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, flavor seasonings, etc.
Ajinomoto SEA Regional Headquarters Co., Ltd.	(Headquarters) /Thailand	THB 2,125,000 thousand	100	Management and oversight of ASEAN and South Asia region; holding company
Ajinomoto Animal Nutrition Group, Inc.	(Headquarters) Chuo-ku, Tokyo	JPY 1,334 million	100	Holding company; Management and oversight of feed-use amino acids business and licensing of technology
Ajinomoto Althea, Inc.	(Headquarters/plant) U.S.A.	USD 0	100	Contract development and manufacture of active pharmaceutical ingredients and intermediates for pharmaceuticals
Ajinomoto Windsor, Inc.	(Headquarters/plant) U.S.A.	USD 15,030 thousand	100	Manufacture and sale of frozen foods, etc.
S.A. Ajinomoto OmniChem N.V.	(Headquarters/plant) Belgium	EUR 21,320 thousand	100	Manufacture and sale of active pharmaceutical ingredients and intermediates for pharmaceuticals; Sale of amino acids for pharmaceuticals and foods, etc.

Company name	Headquarters and major plants	Capital stock		Ratio of voting rights (%)	Main business
ZAO "AJINOMOTO-GENETIKA Research Institute"	(Headquarters) Russia	RUB	468,151 thousand	100	R&D of fermentation technology of amino acids, nucleotides, etc.
Ajinomoto Treasury Management, Inc.	(Headquarters) Chuo-ku, Tokyo	JPY	500 million	100	Fiduciary operation on loan financing to the Company's subsidiaries and affiliates
Amoy Food Ltd.	(Headquarters/plant) China	HKD	474,356 thousand	100	Manufacture and sale of liquid seasonings and frozen foods, etc.
West African Seasoning Co., Ltd.	(Headquarters/plant) Nigeria	NGN	2,623,714 thousand	100	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, etc.
AJINOMOTO TAIWAN INC.	(Headquarters) Taiwan	NTD	250,000 thousand	100	Sale of flavor seasonings, umami seasoning *AJI-NO-MOTO*®, etc.
Ajinomoto Vietnam Co., Ltd.	(Headquarters/plant) Vietnam	USD	50,255 thousand	100	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, flavor seasonings, etc.
Ajinomoto del Perú S.A.	(Headquarters/plant) Peru	PEN	45,282 thousand	99.6	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, instant noodles, flavor seasonings, etc.
AJINOMOTO LOGISTICS CORPORATION	(Headquarters) Chuo-ku, Tokyo	JPY	1,930 million	96.5	Freight transportation, warehousing, etc.
PT Ajinex International	(Headquarters/plant) Indonesia	USD	44,000 thousand	95.0	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®
AJINOMOTO PHILIPPINES CORPORATION	(Headquarters) Philippines	PHP	665,444 thousand	95.0	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, menu seasonings, etc.
Ajinomoto Genexine Co., Ltd.	(Headquarters/plant) South Korea	KRW	35,700,000 thousand	75.0	Manufacture and sale of cell culture media
PT Ajinomoto Indonesia	(Headquarters/plant) Indonesia	USD	8,000 thousand	51.0	Manufacture and sale of flavor seasonings, umami seasoning *AJI-NO-MOTO*®, etc.
Ajinomoto (Malaysia) Berhad	(Headquarters/plant) Malaysia	MYR	60,798 thousand	50.1	Manufacture and sale of umami seasoning *AJI-NO-MOTO*®, savory seasonings, etc.

Notes: 1. The Company's ratio of voting rights in Ajinomoto General Foods, Inc., Ajinomoto Heartland, Inc., Ajinomoto North America Holdings, Inc., AJINOMOTO EUROLYSINE S.A.S., AJINOMOTO FOODS EUROPE S.A.S., Ajinomoto Co., (Thailand) Ltd., Ajinomoto Windsor, Inc., S.A. Ajinomoto OmniChem N.V., Amoy Food Ltd., and AJINOMOTO LOGISTICS CORPORATION, are calculated including the voting rights held by the Company's subsidiaries.

2. In the fiscal year under review, Ajinomoto North America Holdings, Inc., and AJINOMOTO TAIWAN INC. were added to important subsidiaries.
3. In the fiscal year under review, AJINOMOTO PHARMACEUTICALS CO., LTD (currently: EA Pharma Co., Ltd.), and GABAN CO., LTD. were removed from the scope of consolidation.
4. Ajinomoto North America Holdings, Inc. capital stock amount is not shown because it transfers all capital stock to capital surplus.

(2) Important Affiliates

Company name	Capital stock	Ratio of voting rights (%)	Main business
EA Pharma Co., Ltd.	JPY 9,145 million	40.0	Manufacture and sale of pharmaceuticals, etc.
Promasidor Holdings Limited	USD 0	33.3	Manufacture and sale of processed foods etc.
J-OIL MILLS, INC.	JPY 10,000 million	27.3	Manufacture and sale of edible oils, etc.

Note: In the fiscal year under review, EA Pharma Co., Ltd. and Promasidor Holdings Limited were added to important affiliates.

9. Employees of the Ajinomoto Group (as of March 31, 2017)

(1) Employees of the Company and its consolidated subsidiaries

Number of employees	Change from the previous fiscal year end
32,734	Decrease by 561

Note: The number of employees indicates full-time employees, excluding temporary employees.

(2) Employees of the Company

Number of employees	Change from the previous fiscal year end
3,459	Decrease by 18

Note: The number of employees indicates full-time employees, excluding temporary employees.

10. Our Tasks Ahead

I. What the Ajinomoto Group Aims for:

The Ajinomoto Group aims to contribute to the world's food and wellness and to better lives for the future**,** becoming a genuine global food company group with specialties guided by our leading-edge bioscience and fine chemical technologies.

II. Aiming to become a Genuine Global Specialty Company

1. Sustainable growth by evolving the ASV (Ajinomoto Group Shared Value)

Since its establishment, the Ajinomoto Group has sustained its ambition of making food more delicious and improving nutrition for people using Umami, and has continued to achieve growth with the creation of social and economic value through its business activities. The Group calls this the Ajinomoto Group Shared Value (ASV) and is striving to achieve sustainable growth by evolving ASV as means to address such 21st century global issues as "global sustainability", "food resources" and "healthy living", through its business.

2. Current issues – how we can become a top 10 food company

We believe that from a financial perspective, compared to our global top 10 peer companies, our business scale and earning efficiency are areas that need to be addressed. Additionally, our environmental, social and governance (ESG) policies and non-financial targets need to be further clarified.

Our major strengths lie in our unique core technologies—our cutting-edge bioscience products and fine chemicals technology centered on amino acids; our 'deliciousness' technologies, which allow us to analyze and freely create deliciousness; and our specific solutions that allow us to adapt to local customer needs. We plan to leverage these unique strengths in our pursuit of becoming a global top 10 food company by 2020.

3. Reflecting on the 2014-2016 Medium-Term Management Plan

Over the past three years, the Ajinomoto Group pursued specialization with the aim of becoming a "Genuine Global Specialty Company", engaging in "Growth Driver Enhancement" and "Further Reinforcement of Business Structure".

In FY2016, although we did not achieve our group-wide operating income target or our ROE target, we implemented shareholder returns that were beyond our Medium-term Management Plan targets, and achieved our total return ratio target for the three-year period. The main factors causing us to fall short of profit targets were the implementation of a business merger between Ajinomoto Pharmaceuticals Co., Ltd. and Eisai Co., Ltd. to strengthen the pharmaceutical business structure, and a large decline in profits in the animal nutrition business due to intensified global competition. At the same time, growth drivers including our Japan Food Products, International Food Products, and Amino Science Specialty Businesses, have achieved steady profit growth of nearly ¥10 billion every year since FY2013, and in FY2016 we surpassed all our set targets for these businesses.

Status of main strategies implemented

- Further Business Structural Reform (FIT)

  - Progress with structural reform in Pharmaceuticals business, through establishment of EA Pharma Co., Ltd.

  - In Animal Nutrition business, growth in specialty business but structural reform in commodity business remains an issue.

- Growth driver advancement (GROW)

Food Business

- Slowdown in growth in our core market of Thailand, issues with “Five Stars”*[1] markets.

*[1]: Thailand, Vietnam, Indonesia, Philippines, Brazil.

- Implementation of proactive M&A strategy

Establishment of Ajinomoto Windsor, Inc. (USA); acquisition of all shares in Ajinomoto General Foods, Inc.; acquisition of Örgen (Turkey); partnership with Promasidor (Africa), etc.

Amino Science Business

- Active investment in cutting-edge biotechnology (cell culture media business, contracted manufacture of medium-high molecular pharmaceuticals)
- Launch of Ajinomoto Althea, Inc. in North America, establishment of Ajinomoto Genexine Co., Ltd. in South Korea, and acquisition of GeneDesign, Inc., etc.

Additionally, to strengthen our management foundation across the global group, from FY2016 we moved forward with the implementation of a Global Governance Policy. We also progressed with Global Corporate reorganization, and the introduction of a global talent management system. However, as a global top class company, we still require greater diversity of our personnel.

III. Target Management Indicators

In the 2017 – 2019 (for 2020) Medium-Term Management Plan, the economic value and social value we create has been designated as a financial and non-financial indicator. We will manage the Ajinomoto Group with clear Group goals, designating corporate brand value as a new integrated indicator.

1. Financial targets (economic value)

- Business profit*[2]: 124.0 billion yen

*[2]An original profit KPI adopted by the Group following the voluntary application of International Financial Reporting Standards for management purposes. The KPI is defined as follows; "Business Profit=Net sales - Cost of sales - Selling, research and development, general and administrative expenses + Equity earnings/losses of affiliate companies"

- Business profit ratio: 9.4%
- ROE: 9.8%
- ROA: 8.8%
- EPS Growth Rate: Double-digit annual growth
- International sales growth rate (consumer foods): Double-digit annual growth

2. Non-financial targets (Social value)

We have set quantitative targets for ESG with the aim of contributing through our business to global sustainability, food resources, and healthy living.
In Social, for example, we have set targets for meat and vegetable intake with Ajinomoto Group seasonings*[3].
This is the creation of social value by creating better nutritional balance—boosting intake of protein (meat, etc.) and enjoying more vegetables through the use of the Ajinomoto Group’s seasonings, and the creation of economic value by expanding the Group’s sales.
*[3] The volume of meat and vegetables consumed through the provision of representative products in Japan and key markets (key markets in which the Ajinomoto Group operates (“Five Stars”))

(Meat: 8.6 mil. tons/yr. (9.7 kg/ person/yr.); vegetables: 5.5 mil. /yr. (6.2 kg/ person/yr.))

In Environment, we are promoting the resolution of environmental issues through procurement, production, and consumption. By staying ahead of UN and other Global Goals, we will aim to achieve social value creation through active contribution to environmental issues, as well as reducing costs for the Ajinomoto Group (economic value creation). e.g. GHG (Green House Gas): 50% reduction by 2030

IV. Management strategy

In the 2017 – 2019 (for 2020) Medium-Term Management Plan the Ajinomoto Group is continuing the pursuit of specialization with the aim of becoming a "Genuine Global Specialty Company", engaging in "Growth Driver Enhancement" and "Further Reinforcement of Business Structure".

1. Further Business Structural Reform (FIT)

1) A Fundamental Shift from Commodities to Specialties.

- In the Animal Nutrition business, we will accelerate a structural shift in the business, outsourcing the manufacturing of commodity products and repurposing manufacturing facilities to handle specialty products.
- In Umami Seasonings for Processed Foods, we will cut costs through the use of resource-saving fermentation technologies, in conjunction with the expansion of supplies as raw ingredients for the Company's products.
- In Sweeteners, we will strengthen specialization of both retail and restaurant-use products.
- In Pharmaceuticals Custom Manufacturing, we will accelerate shift from low to medium and large molecular pharmaceuticals.

2) Construction of Sustainable Value Chains across Businesses

- In Japan, we will restructure the overall domestic value chain, including group companies, and reinforce the business structure. We will conduct streamlining initiatives including shifting to cutting-edge plants, restructuring joint logistics with other companies, and strengthening our proposition capabilities in growth channels across all businesses. We will also reinforce our shared group-wide corporate functions.
- Globally, we will aim to achieve a reduction in our use of resources across the entire value chain. In addition to our ongoing commitment to reducing raw fuels and using resource-saving fermentation technology, we will leverage ICT to achieve greater efficiency and automation in the fermentation process across the Group. We will also work to reduce the environmental burden resulting from the consumption of our products.

2. Growth driver advancement (GROW)

1) Ensuring Food Business Growth with Stronger Regional Portfolio

- In Japan foods, we will continue to enhance core brand products through the development of our strengths in 'deliciousness' technology, aiming to support customers' physical and mental health through measures such as promoting food culture and the value of eating together.
- In overseas foods, we will enhance our regional portfolio by accelerating expansion into new regions through joint ventures and partnerships with local top players, and will develop a strong business foundation that is not affected by market conditions and exchange rates, and achieve stable growth.

2) Expansion of business portfolio with new business pillars

- In the Food business, we will implement the global launch of the Deliciousness Solution Business, which will act as a new business pillar offering deliciousness solutions for home-meal replacements, restaurants, and processed foods. In addition to our strengths in taste and food texture, we will strengthen our flavor ingredients and technology, develop a group-wide sales structure that is centered on customer companies, and also expand into the sweets field. Moreover, we will aim to become number one in the umami seasonings and flavor seasonings field.

- In the Amino Science business, we will shift towards a business structure consisting of multiple specialty businesses. We will accelerate business growth in the cutting-edge biotechnology, a key business pillar that we have conducted active investment in.

3. Reinforcement of Management Foundation

- We will further establish an overall management foundation that is compatible with the corporate governance code, and work to achieve sustainable growth through innovation
- In organizational terms, we will strengthen our global strategic corporate functions, and further optimize our corporate functions that support our businesses, including group companies.
- In personnel, with the aim of diversifying our work force, we will promote the development of next-generation global personnel, and support the advancement of female managers
- As part of labor reforms in Japan, we will aim to reduce working hours in line with global standards (average 1,800 hours per year (2018 target)), as part of which we will improve work efficiency through the application of ICT, strengthen childcare and nursing support and promote employee health.
- We will conduct a new engagement survey on 33,000 personnel globally, as part of efforts to boost work motivation across the Group.

II. Matters regarding Shares of the Company (as of March 31, 2017)

(1) Number of shares authorized to be issued by the Company: 1,000,000,000 shares

(2) Number of shares issued: 571,863,354 shares

Note: Total number of shares issued decreased by 11,899,300 shares compared with the end of the previous fiscal year due to the retirement of common stock of the Company

(3) Number of shareholders: 83,101

(increased by 33,176 compared with the end of the previous fiscal year)

(4) Major shareholders

Shareholder	Number of shares held (thousand shares)	Ownership interest (%)
The Master Trust Bank of Japan, Ltd. (trust account)	50,779	8.92
Japan Trustee Services Bank, Ltd. (trust account)	32,930	5.79
The Dai-ichi Life Insurance Company, Limited	26,199	4.60
NIPPON LIFE INSURANCE COMPANY	25,706	4.52
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	20,149	3.54
Meiji Yasuda Life Insurance Company	12,624	2.22
Mitsubishi UFJ Trust and Banking Corporation	11,548	2.03
Sompo Japan Nipponkoa Insurance Inc.	10,239	1.80
Mizuho Bank, Ltd.	10,045	1.77
STATE STREET BANK WEST CLIENT – TREATY 505234	9,322	1.64

Notes: 1. Ownership interests are calculated after deduction of treasury stock (2,729 thousand shares).
2. The number of shares held by The Dai-ichi Life Insurance Company, Limited does not include 2,000 thousand shares of the Company contributed as a trust asset for a retirement benefit trust of The Dai-ichi Life Insurance Company, Limited. The Dai-ichi Life Insurance Company, Limited holds voting rights in respect of these shares.

(5) Other important matters regarding shares

(1) The Company has changed the number of shares per unit from 1,000 to 100 as of April 1, 2016.
(2) For the purpose of improving shareholder returns and enhancing capital efficiency, based on a resolution at a Board of Directors Meeting on May 10, 2016 the Company acquired 11,899,300 treasury shares. All shares acquired based on this resolution were retired on August 9, 2016.

III. Matters regarding Share Subscription Rights, etc. of the Company

There are no applicable matters.

IV. Corporate Governance and Matters Regarding the Corporate Officers of the Company (as of March 31, 2017)

1. Matters Regarding Corporate Governance

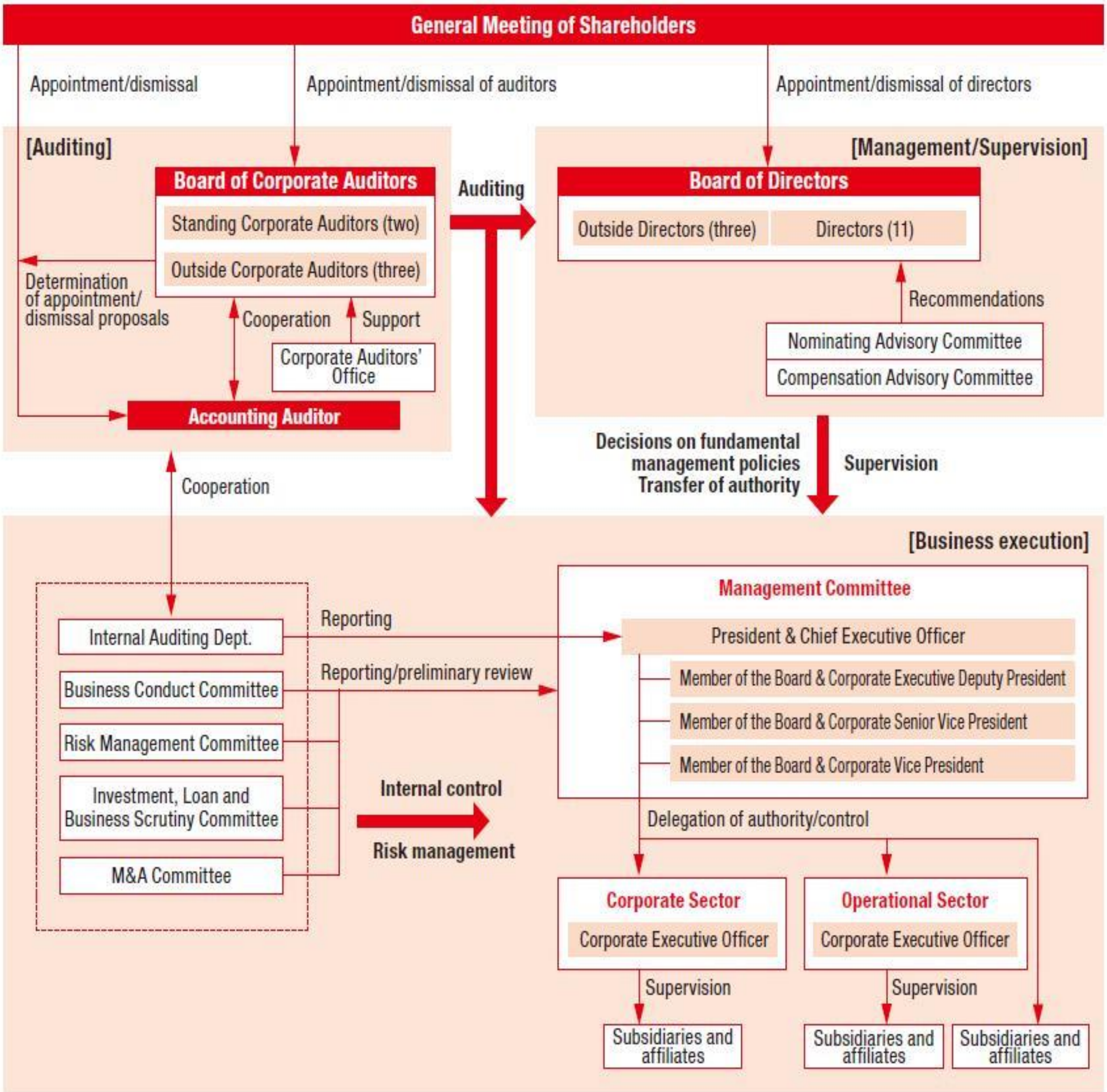
(1) Basic Approach to Corporate Governance

Since its establishment, the Ajinomoto Group has sustained its ambition of making food more delicious and improving nutrition for people using Umami, and has continued to achieve growth with the creation of social and economic value through its business activities. The Group calls this the Ajinomoto Group Shared Value (ASV) and is strivings to achieve sustainable growth by evolving ASV as means to address such 21st century global issues as “global sustainability”, “food resources” and “healthy living”, through its business.

The Company recognizes that corporate governance is an important management foundation to accelerate the development of ASV and become what we regard as a "Genuine Global Specialty Company." The Group is working together in accordance with the Ajinomoto Group Standards of Business Conduct and to set up internal control systems and is continuously working to ensure that these function properly. The Company is working to strengthen and enhance corporate governance by building good relationships with stakeholders through dialogue and cooperation.

(2) Organizational Structure of the Corporate Governance System

The organizational structure of our corporate governance system is as follows.



(Bodies advising the Board of Directors)

・ Nominating Advisory Committee

Consisting of 1 Director and 3 Outside Directors (a total of 4 members), the Committee deliberates proposals for the selection of candidate Directors, Corporate Executive Officers and others, based on inquiries from the Board of Directors, and reports the outcomes of its deliberations to the Board.

・ Compensation Advisory Committee

Consisting of 2 Directors and 3 Outside Directors (a total of 5 members), the Committee discusses compensation for Directors, Corporate Executive Officers and others, based on inquiries from the Board of Directors, and reports the outcomes of its deliberations to the Board.

(Internal control and risk management)

・ Business Conduct Committee

The Business Conduct Committee works to ensure that the Ajinomoto Group Standards of Business Conduct are thoroughly understood. It checks whether management and corporate activities are conducted in accordance with these Principles or not, and it responds to issues arising.

・ Risk Management Committee

The Committee makes the corporate structure of the Ajinomoto Group more resilient to risks and crises, through the process of strategic risk management.

- Investment, Loan and Business Scrutiny Committee

  The Committee considers various aspects surrounding investments and loans, and the regeneration of or withdrawal from unprofitable businesses, prior to deliberations by the Management Committee.

- M&A Inquiry Commission

  The Commission considers various aspects surrounding mergers and acquisitions, prior to deliberations by the Management Committee.

(3) Reasons for Selection of the Current Corporate Governance System

The Company has selected the current corporate governance system because it believes that its double-checking system ensures appropriate business operations. The Board of Directors (including 3 Outside Directors) supervises important business decisions and the work conduct of the Directors and Corporate Executive Officers. The 5 Audit & Supervisory Board Members (including 3 Audit & Supervisory Board Member (External)) maintain their independence from the Corporate Executives and collaborate with the accounting auditors and the Company's Internal Auditing Dept. to audit the actions of Directors.

(4) Systems for Ensuring Appropriate Business Operations

1) Basic policy on the setting up of systems ensuring appropriate business operations

The Company has resolved the following at a meeting of its Board of Directors with respect to the basic policy to consolidate the system for ensuring appropriate business operations.

1. Systems for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of the duties of directors and employees of the Company

(1) We ensure compliance with laws and regulations and the Ajinomoto Group Standards of Business Conduct, through provision of educational and training programs, distribution of manuals, and other means. Implementation of educational and training programs and other means to ensure thorough compliance with laws and regulations and the Ajinomoto Group Standards of Business Conduct, confirmation of the status of compliance, identification of issues such as violation of laws and regulations, corrective measures, and formulation and implementation of improvement plans are conducted through each division of responsibilities as follows: a Business Conduct Committee chaired by the Chief Executive Officer or a Senior Corporate Executive Officer who is a Director designated by the Chief Executive Officer is in charge of corporate-wide issues, and individual issues are handled by the operational management units concerned, such as the General Affairs & Risk Management Dept. or the Legal Dept., under the control and supervision of the Corporate Executive Officer concerned, based on internal rules and regulations.

(2) The members and secretariat of the Business Conduct Committee shall attend on-site review sessions of Ajinomoto Group Standards of Business Conduct at regular intervals and, through hearing directly from employees about problems and requests, inspect the status of compliance with the laws and regulations and the Standards of Business Conduct, and identify issues.

(3) In response to the requirements of the Whistleblower Protection Act, the secretariat of the Business Conduct Committee serves as a hotline for receipt of information, and acts promptly to respond to such information. In the event that facts that are in violation of the laws and regulations are identified, corrective measures and measures to prevent recurrence are formulated and implemented by the operational management units concerned.

(4) The Internal Auditing Dept. implements operational audits of operational management units in accordance with the Internal Audit Regulations and audit plans. The general manager of the Internal Auditing Dept. submits auditing reports to the President, sends copies of these reports to the Standing (full-time) Audit & Supervisory Board Member , the operational management units and other units subject to the audit, requests correction of issues including responses to the matters specified from the units subject to the audit, and confirms the status of their implementation. For the purpose of ensuring the credibility of financial statements, the Internal Auditing Dept. shall carry out evaluation of internal control on financial statements, and report on its results to the President, the Management Committee, the Board of Directors and the Audit & Supervisory Board, and shall also report to the subject units of evaluation and instruct corrections if any inadequacy exists.

(5) Audit & Supervisory Board Members are established, with audits conducted through 5 Audit & Supervisory Board Members, including 3 Audit & Supervisory Board Members (External). Directors give consideration to ensuring that the audits of Audit & Supervisory Board Members are implemented effectively, such as by providing sufficient staff to assist the Audit & Supervisory Board Members, ensuring the independence of these staff, and promoting collaboration with the Internal Auditing Dept. and each operational management unit.

(6) Regarding Board of Directors, to ensure high supervisory functions, and make decision-making on execution of operations more adequate, the Company shall appoint Outside Directors, who is conversant with management, and shall supervise the execution of operations of the Company from an independent and fair position. The Company shall also place advisory committees consisting of multiple Directors including Outside Directors, to ensure high transparency and objectivity on nomination and decision of remuneration of Directors and Corporate Executive Officers etc.

2. Systems for preservation and management of information regarding the execution of duties of Directors

Information recorded on paper or recorded electronically relating to the performance of duties by Directors, such as minutes of meetings of the Board of Directors, GGP Proposal Sheet*[1], and minutes of various meetings, is stored and managed in accordance with the laws and regulations, the Articles of Incorporation, Regulations of the Company, Regulations related to Global Governance*[2], Document Management Regulations and other internal rules and regulations.

3. Regulations regarding management of risk of losses and other systems

(1) Regulations regarding management of the risk of losses including regulations related to Global Governance, Risk Management Committee regulations, Investment, Loan and Business Scrutiny Committee Regulations, Quality Assurance Regulations, Environmental Regulations, Information Management Regulations, Disaster

Prevention and Safety Management Regulations, Regulations Concerning Financial Transactions and M&A Inquiry Commission Regulations are maintained, and these Regulations are appropriately applied.

(2) Major items concerning important investment projects and the revitalization of or exit from underperforming businesses are subject to multi-faceted deliberation by the Investment, Loan and Business Scrutiny Committee concerning the need for investment, and the identification of issues and risks arising, in preparation for deliberation by the Management Committee.

(3) In order to strengthen the Company and the Group companies (the Company's affiliated companies; hereafter, the same), with regard to risks and crises resulting from the actualization of risks, the Risk Management Committee has been established as a sub-committee of the Management Committee. In order to respond promptly and appropriately to risks and crises that may cause serious damage to the products, assets or trustworthiness of the Company and the Group companies, cause loss of life or serious injury to related parties, or otherwise negatively affect the corporate value of the Company and the Group companies, the Risk Management Committee decides upon and implements various measures and also monitors and verifies such implementation.

(4) Risk assessment of each operational management unit is conducted regularly, and action plans to avoid, ameliorate and minimize risks are created and put into effect, in respect of important risks.

(5) Where a crisis occurs in Japan, the related operational management unit, the General Affairs & Risk Management Dept., and other unit responsible for risk management will, if necessary, establish headquarters to smoothly and promptly respond to the crisis while appropriately communicating information internally and externally with the aim of appropriately resolving the issue.

(6) Where a crisis occurs overseas, to ensure a prompt and appropriate response in accordance with the local conditions, the regional office will take a central role, establishing a response structure and making judgements of the situation while coordinating with related divisions at the Company headquarters.

4. Systems for ensuring efficiency of the performance of the duties of directors

(1) The Board of Directors is the supreme deliberative and decision-making management body, and deliberates on matters provided for by the laws and regulations and the Articles of Incorporation and other important matters, and also supervises the Directors and Corporate Executive Officers in the execution of their duties.

(2) The President, as the Chief Executive Officer, executes the resolutions by the Board of Directors and supervises the business of the Company. Other standing Directors, except for the Chairman of the Board and Directors whose main responsibility is to oversee the Corporate Executive Officers in the execution of their duties, are concurrently Corporate Executive Officers. Subject to their authorization by the Board of Directors, the Corporate Executive Officers execute the business of the Company in accordance with their assigned responsibilities.

(3) The Management Committee, comprised of the Senior Corporate Executive Officers who are Directors, deliberates on the basic management policy of the Company and makes decisions on important matters regarding business execution of the Company.

(4) The operational management units of the Company are classified into the corporate sector, and the operational sector and other units are established in each of these sectors. Each operational management unit is directed and supervised by the Corporate Executive Officer in charge and performs the business for which it is responsible. Senior Corporate Executive Officers who are Directors shall act as the representative for the Management Committee and supervise the entire organization for which they have responsibility in the execution of its business.

(5) The Company aims to clearly define the respective decision-making authorities of the Management Committee, each Corporate Executive Officer, and specified Group companies, through the operation and maintenance of the Regulations related to Global Governance.

5. Systems for ensuring appropriate business operations in Ajinomoto Group companies

(1) Basic policy for ensuring appropriate business operations in Ajinomoto Group companies

1) Our basic policy concerning the delegation of authority to specified Group companies and the supervision of Group companies is made clear in the Regulations related to Global Governance, to ensure the appropriate and efficient performance of duties in Group companies.

2) With regard to Group companies, in principle the basic policy covers all matters that have an impact on the management influence held by the Company, have a direct impact on the Company's financial position, have an impact on the core competitiveness of the Group, or other such matters.

(2) System for reporting matters concerning the actions of directors of Group companies to our Company.

Our operational management units that are responsible for the management of the Group companies supervise those companies in accordance with the basic policies of the Regulations related to Global Governance, depending on our ownership interest in those companies and whether or not they use "Ajinomoto" etc., in their trade names. The Regulations require our units to receive report on important matters from these companies, and, if necessary, to report such matters to our Management Committee and Board of Directors for approval.

(3) Regulations regarding management of risk of losses in Group companies, and other systems

1) Regulations related to Global Governance, Quality Assurance Regulations, Environmental Regulations, Information Management Regulations, Disaster Prevention and Safety Management Regulations, and Regulations Concerning Financial Transactions are used as regulations concerning the management of risk of losses in Group companies, depending on their businesses, management environments and other factors.
2) The deliberations of our Investment, Loan and Business Scrutiny Committee and our Risk Management Committee include matters relating to our Group companies.
3) In Group companies, risk assessments and the preparation of action plans to avoid, ameliorate and minimize risks are conducted regularly so that the Group companies are prepared when the risks materialize.
4) When a crisis occurs in a Group company, a control center is set up if required, and the Company will provide necessary support to work towards the appropriate resolution of the risk, including the appropriate communication of information internally and externally.
5) Any latent or apparent major risks in Group companies are promptly reported to our Company.

(4) System for ensuring efficiency of the performance of the duties of directors of Group companies

The Company seeks to ensure the enforcement of designated Company rules and regulations in the Group companies, in accordance with the nature of the business undertaken by each company, the business environment and other such factors, in other words: to enact company rules which serve the same purpose as the Company rules, thoroughly make known such company rules to its officers and employees, and always be in a position where such company rules are effectively operational.

(5) System for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of the duties of directors and employees of Group companies

1) In accordance with the nature of the business undertaken by each Group company, the business environment and other such factors, we ensure that the directors and employees of companies in the Ajinomoto Group shall practice the Ajinomoto Group Standards of Business Conduct and comply with laws, regulations and these Standards of Business Conduct.
2) In response to the requirements of the Whistleblower Protection Act, directors and employees of Group companies are able to use the hotline that we have established in our Company.
3) Our Internal Auditing Department implements operational audits and management audits of Group companies. In addition, the Department's assessment of internal controls in financial reporting also take into account matters concerning our Group companies.
4) To ensure robust auditing functions in important Group companies, an Audit & Supervisory Board Member (Standing) shall be appointed where necessary, even if such company is not a "Large Company" as stated in the Companies Act.

6. Systems to ensure effective auditing by our Audit & Supervisory Board Members s

(1) The involvement of employees to assist Audit & Supervisory Board Members with their duties

1) Necessary staff are assigned to assist with the duties of Audit & Supervisory Board Members, based on consultation with Audit & Supervisory Board Members.
2) Audit & Supervisory Board Member staff are under the direct control of the Audit & Supervisory Board. Since they are dedicated staff who do not perform any concurrent duties, their independence from the Board of Directors is assured.
3) The rules stipulated by the Audit & Supervisory Board clarify the authority of the Audit & Supervisory Board Members. Authority for evaluation of said staff rests with the Audit & Supervisory Board Members (Standing), and the agreement of the Audit & Supervisory Board Members (Standing) is obtained with respect to transfer, reward or punishment of said staff, to raise the level of independence of the staff from the Board of Directors and to ensure the effectiveness of instructions given by the Audit & Supervisory Board Members to Audit & Supervisory Board Members staff.

(2) Systems regarding reports to Audit & Supervisory Board Members

1) If facts associated with a notable risk of resulting loss to the Company or Group company are discovered, a Director immediately reports said facts to the Audit & Supervisory Board.
2) Company employees and Group company directors, corporate auditors or employees are available to make verbal reports to the Audit & Supervisory Board Members at regular intervals or as required, and in the event of discovery of facts mentioned in 1) above in emergencies, are able to report said facts directly to the Audit & Supervisory Board Members.
3) Persons reporting in 1) or 2) above are not subject to unfavorable treatment for reasons of having made the report, and we encourage this policy in our Group companies.

(3) Policies concerning the treatment of auditing expenses

1) Our Company bears the costs of expenses necessary in the execution of Audit & Supervisory Board Members duties. These expenses include necessary costs arising from on-site audits as well as costs arising from the engagement of the services of lawyers and other outside specialists that the Audit & Supervisory Board Members require to form their opinions.

2) In principle, such expenses are paid for in advance, based on the audit plans. Emergency or extraordinary expenses incurred by a Corporate Auditor are reimbursed to the Audit & Supervisory Board Member following their submission of an expense claim.

(4) Other systems to ensure effective auditing by the Audit & Supervisory Board Members

1) Directors give consideration to ensuring the attendance by Audit & Supervisory Board Members at important meetings held in the operational management units, and provides the necessary cooperation to allow the Audit & Supervisory Board Members to perform their duties, such as through presenting them with minutes of meetings.

2) The President, other Directors and Audit & Supervisory Board Members, at regular intervals and as required, exchange information regarding the status of initiatives with respect to compliance, risk management and other management issues of the Company and Group companies, and strive to ensure communication between the Directors and Audit & Supervisory Board Members about such matters.

End

Note 1: The GGP Proposal Sheets s are approval procedure documents for decision-making, based on the Regulations related to Global Governance. They are a replacement for Ringi (approval system) documents.

Note 2: The Regulations related to Global Governance are a compilation of regulations pertaining to governance policies (referred to within the Ajinomoto Group as the Global Governance Policy (GGP)) that the Company’s business divisions, overseas divisions and specified Group companies must comply with, based on the authority and responsibilities of the Headquarters, which includes the Board of Directors, the Management Committee, the Managers of each Business Division, and the Corporate Divisions. They are a replacement for Ringi Regulations and Subsidiary Supervision Regulations. Through delegation of authority to the front line of business, we aim to develop a system to boost the mobility and efficiency of the front line, achieve dynamic growth of overseas business, and enhance group management.

2) Overview of the Operation of Systems to Ensure Appropriate Business Operation

Based on our "Basic Policy to Consolidate the System for Ensuring Appropriate Business Operations," we are setting up internal control systems and ensuring their appropriate operation. Our main endeavors in the period under review are as follows.

1. Compliance

(1) The Company, chiefly through the Business Conduct Committee, has continued to make efforts to raise the level of understanding of our Directors and employees (as well as directors and employees in Ajinomoto Group companies) of the Ajinomoto Group Principles (“AGP”), and to ensure compliance with laws, regulations and the Ajinomoto Group Standards of Business Conduct. In the period under review, we held a special meeting event for staff to help them become familiar with the AGP/Standards of Business Conduct. This event was held in each workplace throughout Japan (total 49 times at the Company). These meetings gave us the opportunity to hear directly from employees about problems and requests. We also held bi-monthly compliance training and conducted a questionnaire survey about employee opinions about AGP. Our Business Conduct Committee met 4 times to discuss these activities, and reported the outcomes of their deliberations to our Management Committee and Board of Directors.

(2) In the period under review, the Internal Auditing Dept. made on-site audits at 24 operational management units in our Company and at 25 of our Group companies.

2. Risk management

(1) Chiefly through the efforts of our Risk Management Committee, we have continuously worked to make the corporate structure of our Company and of our Group companies more resilient to risks and crises resulting from the actualization of risks. In the period under review, the Risk Management Committee met 4times. They analyzed risks identified in our Company and in our Group companies, and reported the findings to our Management Committee and Board of Directors.

(2) In the period under review, our Investment, Loan and Business Scrutiny Committee met 8 times, and our M&A Inquiry Commission met 28 times. They considered important investment and M&A projects prior to deliberations by our Management Committee. In addition, the Quality Assurance Committee, the Disaster Prevention Committee, and the Environmental Committee each met twice, and worked to identify risks and develop damage avoidance measures.

3. Global governance (a governance system with direction and efficiency)

(1) A Global Governance Policy has been introduced to the Company and all of the Group companies, and has begun operating as a common set of rules throughout our Group to help build a system of global governance to enhance direction and efficiency at the front line.

(2) In accordance with the GGP, while progress was made in clarifying the scope of decision-making and the delegation of authority, we supervised the operations of our Group companies, and Group companies reported important matters to us. Where necessary, these were reported to our Management Committee and Board of Directors for approval.

(3) Our Board of Directors met 18 times, and to enhance the efficiency of the deliberations of the Board of Directors, documents and data were sent to the members in advance and the Outside Directors were briefed in advance of the meetings.

4. Audits by Audit & Supervisory Board Members

(1) Dedicated staff members are posted directly under the Audit & Supervisory Board and support the duties of the Audit & Supervisory Board Members, and maintain an independent position from the Directors.

(2) The Audit & Supervisory Board Members, in addition to attending important meetings such as meeting of the Board of Directors, the Management Committee, the Business Conduct Committee, and the Risk Management Committee, met quarterly with the President and Corporate Executive Deputy President, to exchange opinions, and held regular meetings with Executive Directors. (3) Our Audit & Supervisory Board Members audited 14 of our operational management units and surveyed 15 Group companies (in Japan and overseas). In addition, meetings between Audit & Supervisory Board Members (Standing) of our domestic Group companies and our Audit & Supervisory Board Members to exchange opinions, etc., were held quarterly.

(4) Directors and employees gave explanations of M&A project proposals and other important matters to the appropriate Directors and responded promptly to requests from Audit & Supervisory Board Members for reports on these.

(5) Audit & Supervisory Board Members received a final audit report from our Internal Auditing Department on the completion of each audit by the Department, and met quarterly to exchange opinions. Periodic meetings were held with the Accounting Auditors a total of 11 times, and the Audit & Supervisory Board Members received an explanation of the audit plan, and reports on auditing activities from the Accounting Auditor, and exchanged opinions with them.

End

2. Matters regarding Corporate Officers

(1) Names, Positions and Assignment in the Company and Important Positions Currently Held in Other Companies, etc. of Directors and Audit & Supervisory Board Members

Position	Name	Assignment in the Company and Important Positions Currently Held in Other Companies, etc.
Chairman of the Board*1	Masatoshi Ito	(Important Positions Currently Held in Other Companies) Outside Director, Japan Airlines Outside Director, Yamaha Corporation
Director*1 President & Chief Executive Officer	Takaaki Nishii	
Director*1 Corporate Executive Deputy President	Tamotsu Iwamoto	(Assignment in the Company) General Affairs & Risk Management Dept.; Global Human Resources Management Dept., Human Resources Dept.; Legal Dept.; Global Communication Dept., Public Communications Dept.
Director Corporate Senior Vice President	Koji Igarashi	(Assignment in the Company) Production Management Dept., Information System Planning Dept.
Director Corporate Senior Vice President	Etsuhiro Takato	(Assignment in the Company) Food Products Division; Logistics Planning Dept., Advertising Dept. (Important Positions Currently Held in Other Companies) Outside Director, TOKAI DENPUN CO., LTD.
Director Corporate Senior Vice President	Hiroshi Fukushi	(Assignment in the Company) Amino Science Division
Director Corporate Vice President	Hiromichi Oono	(Assignment in the Company) Finance & Accounting Dept.; Group Procurement Center
Director Corporate Vice President	Takeshi Kimura	(Assignment in the Company) Quality Assurance & External Scientific Affairs Dept.; R&D Planning Dept.; Intellectual Property Dept.; Institute for Innovation
Director Corporate Vice President	Masaya Tochio	(Assignment in the Company) Corporate Planning Dept.; CSR Dept. (Important Positions Currently Held in Other Companies) Outside Director, J-OIL MILLS, INC.
Director Corporate Vice President	Makoto Murabayashi	(Assignment in the Company) Business Strategy and Development Dept.
Outside Director	Sakie T. Fukushima	(Important Positions Currently Held in Other Companies) President & Representative Director, G&S Global Advisors Inc. Outside Director, Bridgestone Corporation Outside Director, J. FRONT RETAILING Co., Ltd., Outside Director,USHIO INC.
Outside Director	Yasuo Saito	(Important Positions Currently Held in Other Companies) Senior Executive Board member, Japanese Olympic Committee
Outside Director	Takashi Nawa	(Important Positions Currently Held in Other Companies) Professor of The Graduate School of International Corporate Strategy (ICS), Hitotsubashi University President, Genesis Partners Outside Director, NEC Capital Solutions Outside Director, FAST RETAILING CO., LTD. Outside Director, DENSO Corporation
Audit & Supervisory Board Member (Standing)	Yoichiro Togashi	
Audit & Supervisory Board Member (Standing)	Shizuo Tanaka	
Audit & Supervisory Board Member (External)	Masami Hashimoto	(Important Positions Currently Held in Other Companies) Representative, Hashimoto Certified Public Accounting Office (Certified Public Accountant)

Position	Name	Assignment in the Company and Important Positions Currently Held in Other Companies, etc.
Audit & Supervisory Board Member (External)	Atsushi Toki	(Important Positions Currently Held in Other Companies) Partner, Seiwa Meitetsu Law Office (Attorney-at-law) External Director/ audit and supervisory committee member, Maruyama Mfg. Co., Inc. External Director, Geostr Corp.
Audit & Supervisory Board Member (External)	Hiroshi Murakami	(Important Positions Currently Held in Other Companies) Affiliate Professor, Global Education Center, Sophia University

Notes: 1. "*1" designates Representative Director.

2. There are transactions between the Company and the Japanese Olympic Committee, at which Outside Director Yasuo Saito holds the position of Senior Executive Board member, based on a contract relating to the use of the Ajinomoto National Training Center. However, Yasuo Saito meets the Company's Standards for Determining the Independence of Outside Officers, because the payment from the Company during the fiscal year under review is less than 0.5% of the Japanese Olympic Committee's net income and 0.01% of the Company's net income for the fiscal year under review.
3. Other than the above, there are no significant transactions and/or other special relationships between the Company and the other companies at which the Outside Directors or Audit & Supervisory Board Members (External) hold important positions.
4. All Outside Directors and Audit & Supervisory Board Members (External) are designated as independent officers as specified by the Tokyo Stock Exchange and the Company has registered them at the Tokyo Stock Exchange.
5. Standing Corporate Auditor Shizuo Tanaka has previously worked as General Manager, Financial Affairs, Finance Dept., and possesses a respectable degree of knowledge with respect to finance and accounting.
6. Audit & Supervisory Board Member (External) Masami Hashimoto is qualified as a Certified Public Accountant, and possesses a respectable degree of knowledge with respect to finance and accounting.
7. Directors and Audit & Supervisory Board Members who changed positions during the period are as follows. Mr. Hideaki Shinada has resigned from his position.

Name	New Position	Former Position	Date of Change
Yoichiro Togashi	Audit & Supervisory Board Member (Standing)	(Newly appointed)	June 29, 2016
Masami Hashimoto	Audit & Supervisory Board Member (External)	(Newly appointed)	June 29, 2016
Atsushi Toki	Audit & Supervisory Board Member (External)	(Newly appointed)	June 29, 2016
Hiroshi Murakami	Audit & Supervisory Board Member (External)	(Newly appointed)	June 29, 2016
Hideaki Shinada	(Retired)	Director Corporate Senior Vice President	June 29, 2016
Yasushi Akasaka	(Retired)	Audit & Supervisory Board Member (Standing)	June 29, 2016
Rieko Sato	(Retired)	Audit & Supervisory Board Member (External)	June 29, 2016
Masato Tsukahara	(Retired)	Audit & Supervisory Board Member (External)	June 29, 2016
Kiyoshi Fujimura	(Retired)	Audit & Supervisory Board Member (External)	June 29, 2016

(2) Amounts of Compensation, etc. Paid to Directors and Audit & Supervisory Board Members in the Fiscal Year under Review

1) Policy and process taken to decide the compensation paid to directors and Audit & Supervisory Board Members

Compensation paid to directors other than outside directors consists of monthly compensation and compensation based on business performance. Compensation based on business performance accounts for between approximately 25% and 40% of total compensation. Additionally, Directors contribute between approximately 12% and 14% of their monthly compensation to the Executives' shareholding Association, to enable a structure in which compensation is paid to directors based on medium- to long-term trends in the Company's share price.

The Board of Directors decides the compensation of each of the directors based on advice received from the deliberations of the Compensation Advisory Committee, which comprises five directors, three of which are Outside Directors, and consults on compensation standards and evaluation of company performance as a standard for compensation.

Regarding Outside Directors, the compensation is determined individually by the Board of Directors based on advice received from the deliberations of the Compensation Advisory Committee, and only monthly compensation is paid.

Regarding Audit & Supervisory Board Members, the Audit & Supervisory Board decides compensation standards, and only monthly compensation is paid.

2) Amounts of Compensation

Category	Number of persons to whom compensation, etc. was paid	Total amounts by type of compensation		Total amount of compensation (Millions of yen)
		Monthly compensation (Millions of yen)	Compensation based on business performance (Millions of yen)	
Directors	14	491	217	709
(of which Outside Directors)	(3)	(37)	(--)	(37)
Audit & Supervisory Board Members	9	123	--	123
(of which Audit & Supervisory Board Members (External))	(6)	(42)	(--)	(42)
Total	23	614	217	832

Notes: 1. "Number of persons to whom compensation, etc. was paid" includes one Director and four Audit & Supervisory Board Members who retired during the fiscal year under review.
2. "Total amount of compensation" includes provisions for bonus reserve for Directors and others in the fiscal year under review.
3. Aggregate compensation to Directors of the Company was limited to the total amount of ¥1.2 billion per year (excluding employee salaries to be paid to the Directors who concurrently serve as employees), and aggregate compensation to Outside Directors is limited to the total amount of ¥50 million per year, by the resolution of the 129th Ordinary General Meeting of Shareholders held on June 28, 2007.
4. Aggregate compensation to Audit & Supervisory Board Members is limited to the total amount of ¥190 million per year by the resolution of the 129th Ordinary General Meeting of Shareholders held on June 28, 2007.

(3) Main Activities of Outside Directors and Audit & Supervisory Board Members (External) in the Fiscal Year under Review

Position	Name	Attendance at meetings of Board of Directors (attendance rate)	Attendance at meetings of Audit & Supervisory Board (attendance rate)	Comments at meetings of Board of Directors and Audit & Supervisory Board
Outside Director	Sakie T. Fukushima	17 of 18 (94%)	--	Appropriately made comments based on her experience and knowledge of corporate management
	Yasuo Saito	18 of 18 (100%)	--	Appropriately made comments based on his experience and knowledge as a diplomat
	Takashi Nawa	15 of 18 (83%)	--	Appropriately made comments based on his knowledge of international corporate management
Audit & Supervisory Board Members (External)	Masami Hashimoto	13 of 13 (100%)	10 of 10 (100%)	Appropriately made comments principally from his expert perspective as a certified public accountant
	Atsushi Toki	13 of 13 (100%)	10 of 10 (100%)	Appropriately made comments principally from his expert perspective as an attorney-at-law
	Hiroshi Murakami	13 of 13 (100%)	10 of 10 (100%)	Appropriately made comments based on his experience and knowledge of corporate management

Note: The attendance rate of Audit & Supervisory Board Members (External) Masami Hashimoto, Atsushi Toki and Hiroshi Murakami stated above refer to their attendance rate following their appointment on June 29, 2016.

(4) Overview of contents of agreements with Outside Directors and Audit & Supervisory Board Members (External) concerning limitation of liability

The Company has entered into agreements concerning limitation of liability for damages based on Article 427, paragraph 1 of the Companies Act with the Outside Directors and Audit & Supervisory Board Members (External). Based on said agreements, liability for damages to the Company shall be the aggregate amount limited to the total amounts set forth in the respective items of Article 425, paragraph 1 of the Companies Act.

3. Matters regarding Accounting Auditor (as of March 31, 2017)

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of Compensation, etc. to be paid to Accounting Auditor

1) Amount of compensation, etc. to be paid to the accounting auditor regarding the fiscal year ended March 31, 2017

Description	Amount to be paid (Millions of yen)
Amount of fees, etc. to be paid for the services under Article 2, Paragraph 1 of the Certified Public Accountants Act (certification of audit)	334
Amount of fees, etc. to be paid for services not under Article 2, Paragraph 1 of the Certified Public Accountants Act	83
Total	418

Notes: 1. Since the audit engagement agreement entered into by the accounting auditor and the Company does not clearly make a distinction between compensation, etc. for audit under the Companies Act and compensation, etc. for audit under the Financial Instruments and Exchange Act, and both are also substantially indistinguishable, the amount of compensation, etc. to be paid for audit indicates the sum of those amounts.

2. After gathering necessary information and receiving reports from directors, relevant internal departments and the Accounting Auditor, as well as confirming the auditing time required based on the auditing plan, trends in compensation, and the results of accounting audits carried out by the accounting auditor in the previous fiscal year, and upon review of the audit quality and consideration of securing auditor independence, based on the objectives of the Companies Act, the Audit & Supervisory Board judged that the amount of compensation to be paid to the accounting auditor is justifiable, and agreed to the re-appointment.

2) Total amount of cash and other benefits to be paid to the accounting auditor by the Company and its subsidiaries

The Company and its subsidiaries shall pay ¥584 million to the accounting auditor as the total amount of money and other benefits.

Among the Company’s important consolidated subsidiaries, Ajinomoto (China) Co., Ltd., AJINOMOTO EUROLYSINE S.A.S., AJINOMOTO FOODS EUROPE S.A.S. and 14 other subsidiaries are audited (limited to those according to the provisions of the Companies Act or the Financial Instruments and Exchange Act (or overseas laws and ordinances equivalent to these laws)) by certified public accountants or audit firms (including those with equivalent overseas qualifications) other than the accounting auditor of the Company.

(3) Contents of non-audit services

The Company had engaged the accounting auditor to provide guidance, advice and other services relating to IFRS, which do not fall under the scope of Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), and has paid the compensation for such services.

(4) Policy for decisions on dismissal or non re-appointment of the accounting auditor

In the event that accounting auditor is judged to have violated the laws and regulations, such as the Companies Act or the Certified Public Accountants Act, or to have committed an act that is offensive to public policy, the Audit & Supervisory Board of the Company shall consider dismissal or non re-appointment of the accounting auditor. In the event that it is assessed in the considerations that dismissal or non re-appointment is appropriate, Audit & Supervisory Board shall, in accordance with Article 340, Paragraph 1 of the Companies Act, dismiss the accounting auditor, or request the President to propose the dismissal or non re-appointment of the accounting auditor as an agenda of the General Meeting of Shareholders, and the Board of Directors shall make the dismissal or non re-appointment of the accounting auditor as an agenda of the General Meeting of Shareholders.

(5) Sanctions received by the accounting auditor in the past two years

1) Subject of sanctions

Ernst & Young ShinNihon LLC

2) Outline of sanctions

- Three months (January 1, 2016 to March 31, 2016) business suspension order that prevents Ernst & Young ShinNihon LLC from taking on any new business contracts.
- Business improvement order (business management structure reform)

3) Reason for sanctions

- Ernst & Young ShinNihon LLC auditors neglected to take reasonable caution in their audit of Toshiba Corporation’s financial statements for the fiscal years ended March 31, 2010, March 31, 2012, and March 31, 2013, and certified financial statements with material misstatements as being free of material misstatements.
- Ernst & Young ShinNihon LLC was recognized that its operations were grossly inappropriate.

*After verifying the status of initiatives being carried out by Ernst & Young ShinNihon LLC regarding the business improvement plan submitted to the Financial Services Agency, and the Financial Services Agency's "Principles for Effective Management of Audit Firms" (The Audit Firm Governance Code), the Audit & Supervisory Board judged it appropriate to re-appoint the accounting auditor for the 140th fiscal year..

Reference: Percentages and per-share figures stated in this Business Report are rounded off to the indicated units. All other figures stated in this Business Report are truncated to the indicated units.

(Attached Document)

Consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Assets

	FY ended March 31, 2017 (as of March 31, 2017)	FY ended March 31,2016 (Reference:as of March 31, 2016)
I Current assets	**578,102**	**624,063**
Cash on hand and in banks	185,202	221,242
Notes and accounts receivable	177,841	181,860
Goods and products	107,035	116,303
Goods in process	9,290	8,270
Raw materials and supplies	52,806	54,833
Deferred tax assets	8,373	9,711
Other	38,768	33,034
Allowance for doubtful accounts	(1,215)	(1,191)
II Fixed assets	**758,829**	**638,050**
1. Tangible fixed assets	**395,590**	**386,201**
Buildings and structures	366,241	362,650
Machinery and vehicles	588,572	588,820
Tools, furniture and fixtures	68,665	70,145
Land	52,245	53,772
Leased assets	3,556	3,579
Construction in progress	31,705	22,260
Accumulated depreciation and accumulated impairment losses	(715,395)	(715,028)
2. Intangible fixed assets	**146,307**	**136,011**
Goodwill	82,412	89,450
Trademark	35,013	10,491
Other	28,880	36,068
3. Investments and other assets	**216,930**	**115,837**
Investments securities	196,410	96,133
Long-term loans receivable	1,240	1,084
Deferred tax assets	6,780	4,930
Net defined benefit assets	1,986	964
Other	11,333	13,343
Allowance for doubtful accounts	(820)	(320)
Allowance for investment losses	-	(297)
Total Assets	**1,336,931**	**1,262,113**

Liabilities

	FY ended March 31, 2017 (as of March 31, 2017)	FY ended March 31, 2016 (Reference: as of March 31, 2016)
I Current liabilities	**242,920**	**233,304**
Notes and accounts payable	89,131	90,459
Short-term borrowings	6,294	6,456
Current portion of long-term borrowings	24,125	11,189
Accrued income taxes	10,137	10,288
Bonus reserve	9,320	9,863
Bonus reserve for directors and others	240	427
Provision for shareholder benefit program	249	160
Provision for contract loss	692	-
Asset retirement obligations	9	27
Other	102,720	104,432
II Long-term liabilities	**396,237**	**336,880**
Corporate bonds	169,996	89,995
Long-term borrowings	131,191	155,211
Deferred tax liabilities	12,013	13,892
Accrued retirement benefits for directors and others	464	435
Provision for loss on guarantees	-	681
Allowance for environmental measures	562	585
Provision for contract loss	5,759	-
Liability for retirement benefits	55,268	52,325
Asset retirement obligations	556	594
Other	20,424	23,158
Total Liabilities	**639,158**	**570,185**
Net Assets		
I Shareholders' equity	**683,037**	**677,402**
Common stock	79,863	79,863
Capital surplus	4,181	26,031
Retained earnings	605,887	578,451
Treasury stock	(6,895)	(6,944)
II Accumulated other comprehensive income	**(59,930)**	**(57,529)**
Unrealized holding gain on securities	17,936	17,804
Unrealized loss from hedging instruments	(1,063)	(1,578)
Translation adjustments	(46,230)	(47,746)
Accumulated adjustments for retirement benefits	(30,572)	(26,008)
III Non-controlling interests	**74,666**	**72,056**
Total Net Assets	**697,773**	**691,928**
Total Liabilities & Net Assets	**1,336,931**	**1,262,113**

(Attached Document)

Consolidated Statement of Income

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

	FY ended March 31, 2017	FY ended March 31, 2016 (reference)
I Net sales	**1,091,414**	**1,184,100**
II Cost of sales	**704,337**	**769,230**
Gross profit	**387,076**	**414,870**
III Selling, general and administrative expenses	**301,736**	**323,989**
Operating income	**85,339**	**90,880**
IV Non-operating income	**10,963**	**9,023**
Interest income	3,131	2,847
Dividend income	1,217	1,317
Equity in earnings of non-consolidated subsidiaries and affiliates	4,345	1,558
Foreign exchange gains	-	583
Other	2,269	2,716
V Non-operating expenses	6,033	5,736
Interest expense	2,473	2,269
Commission fee	65	72
Loss on litigation	1,012	442
Other	2,480	2,952
Ordinary income	**90,270**	**94,168**
VI Extraordinary gains	**13,125**	**45,337**
Gain on sale of investment securities	5,659	3
Gain on sale of fixed assets	5,312	879
Gain on sale of shares in affiliated companies	595	24,872
Gain on step acquisitions	-	18,027
Other	1,558	1,554
VII Extraordinary losses	**18,270**	**39,352**
Provision for contract loss	6,451	-
Loss on disposal of fixed assets	3,713	2,799
Impairment losses	1,965	7,467
Loss on liquidation of subsidiaries	970	6,937
Loss on pharmaceutical business restructuring	-	16,623
Other	5,169	5,525
Net income before taxes	**85,125**	**100,153**
Income tax-current	21,561	24,907
Income tax-deferred	(771)	2,140
Net income	**64,334**	**73,105**
Profit attributable to non-controlling interests	**11,739**	**9,678**
Profit attributable to owners of parent	**52,595**	**63,427**

(Attached Document)

Consolidated Statements of Changes in Net Assets
(From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	**79,863**	**26,031**	**582,824**	**(6,944)**	**681,775**
Cumulative effects of changes in accounting policies			**(4,373)**		**(4,373)**
Restated balance	**79,863**	**26,031**	**578,451**	**(6,944)**	**677,402**
Changes in fiscal year ended March 31, 2017					
Dividends from retained earnings			(17,252)		(17,252)
Profit attributable to owners of parent			**52,595**		**52,595**
Changes in the scope of consolidation			(1)		(1)
Purchase of treasury stock				(30,013)	(30,013)
Disposal of treasury stock		(0)		0	0
Retirement of treasury stock		(30,061)		30,061	-
Transfer of negative amount of other capital surplus		7,903	(7,903)		-
Changes in parent's ownership interest due to transactions with non-controlling interests		309			309
Net changes in items other than those in shareholders' equity					
Total changes in fiscal year ended March 31, 2017	**--**	**(21,849)**	**27,436**	**48**	**5,635**
Ending balance	**79,863**	**4,181**	**605,887**	**(6,895)**	**683,037**

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized holding gain on securities	Unrealized gain (loss) from hedging instruments	Translation adjustments	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income		
Beginning balance	**17,804**	**(1,578)**	**(47,746)**	**(26,008)**	**(57,529)**	**72,056**	**696,302**
Cumulative effects of changes in accounting policies							(4,373)
Restated balance	**17,804**	**(1,578)**	**(47,746)**	**(26,008)**	**(57,529)**	**72,056**	**691,928**
Changes in fiscal year ended March 31, 2017							
Dividends from retained earnings							(17,252)
Profit attributable to owners of parent							52,595
Changes in the scope of consolidation							(1)
Purchase of treasury stock							(30,013)
Disposal of treasury stock							0
Retirement of treasury stock							-
Transfer of negative amount of other capital surplus							-
Changes in parent's ownership interest due to transactions with non-controlling interests							309

Net changes in items other than those in shareholders' equity	131	514	1,515	(4,564)	(2,401)	2,610	208
Total changes in fiscal year ended March 31, 2017	**131**	**514**	**1,515**	**(4,564)**	**(2,401)**	**2,610**	**5,844**
Ending balance	**17,936**	**(1,063)**	**(46,230)**	**(30,572)**	**(59,930)**	**74,666**	**697,773**

Notes to the Consolidated Financial Statements

Notes regarding Significant Items for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries:

93 companies

Names of main companies:

Knorr Foods Co., Ltd., Ajinomoto Frozen Foods Co., Inc., Ajinomoto General Foods, Inc., Ajinomoto Co., (Thailand) Ltd., Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda., AJINOMOTO EUROLYSINE S.A.S., and Ajinomoto Windsor, Inc.

The Company's wholly owned subsidiary AJINOMOTO PHARMACEUTICALS CO., LTD. (hereafter, AJINOMOTO PHARMACEUTICALS; currently EA Pharma Co., Ltd. (hereafter, EA Pharma)) succeeded to a portion of Eisai's gastrointestinal disease treatment business via an absorption-type split on April 1, 2016. As consideration for the absorption-type company split, shares of AJINOMOTO PHARMACEUTICALS were allotted to Eisai on that date. As a result, Ajinomoto Co., Inc.'s equity interest in EA Pharma was reduced to 40%, making the company an affiliate accounted for by equity method. Accordingly, EA Pharma was excluded from the scope of consolidation from current fiscal year.

GABAN Co., Ltd., Gaban Spice Manufacturing (M) SDN. BHD. and Hokkaido Ace Logistics Corporation (currently F-LINE Corporation, hereafter F-LINE) were excluded from the scope of consolidation due to a transfer of shares.

(2) Names of main non-consolidated subsidiaries:

Names of main companies:

Ajinomoto Toyo Frozen Noodles, Inc.

(Reasons for exclusion from scope of consolidation)

Subsidiaries classified as non-consolidated are all small, and none has total assets, sales, current year net income (corresponding to the percentage of shares held), retained earnings (corresponding to the percentage of shares held), etc. that materially impact the consolidated financial statements.

2. Scope of application of the equity method

(1) Number of affiliated companies accounted for by the equity method:

7 companies

Names of main companies:

PROMASIDOR HOLDINGS LIMITED, EA Pharma Co., Ltd., and J-OIL MILLS, INC.

Promasidor Holdings Limited was included in the scope of the equity method accounting following the acquisition of a stake in the company, F-LINE was included in the scope of equity method accounting due to a transfer of shares, and EA Pharma was also included in the scope of equity method accounting due to a reorganization of the pharmaceutical business. Additionally, the deemed acquisition date of Promasidor Holdings Limited was December 31, 2016, and because the company's fiscal year-end is December 31, its financial results are not included in the consolidated financial statements for the fiscal year under review.

(2) Major non-consolidated affiliated companies not accounted for by the equity method: Kükre A.Ş. These companies are immaterial to the consolidated results (net income and retained earnings) and therefore they have immaterial impact as a whole, and are not included in the scope of the equity method.

3. Fiscal year, etc. of consolidated subsidiaries and affiliated companies accounted for by the equity method

The fiscal year-end for 14 consolidated subsidiaries including Ajinomoto del Peru S.A., is December 31, but all 14 prepare financial statements as of March 31 for consolidation purposes.

The fiscal year-end for equity method subsidiary Promasidor Holdings Limited is December 31. The Company is using the financial statements as of the fiscal-year end in the preparation of the consolidated financial statements.

4. Accounting policies

(1) Valuation standards and methods for significant assets

1) Investment securities

Other securities:

Other securities for which market value is available are stated at market value at the fiscal year end and the changes in market value, net of applicable income taxes, are directly charged or credited to net assets. The cost of such securities sold is mainly determined by the moving-average method.

Other securities for which market value is not available are stated at cost, mainly determined by the moving average method.

2) Derivatives:

Derivatives are carried out for at fair value. However, special treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for special treatment are met. If interest rate and currency swap contracts are used as a hedge and meet certain hedging criteria, the interest rate and currency swap contracts are not stated at fair value, and instead the amount to be received under the interest rate and currency swap contracts is added to or deducted from the interest on the liabilities for which the swap contracts are executed, and the liabilities denominated in foreign currencies, for which the interest rate and currency swap contracts are executed, are translated at the contracted rate (integral accounting).

3) Inventories:

Inventories of the Company and its domestic consolidated subsidiaries are mainly stated at cost determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly). Inventories of overseas consolidated subsidiaries are mainly stated at the lower of cost or market, cost being determined by the average method.

(2) Depreciation and amortization of significant depreciable assets

1) Tangible fixed assets (excluding leased assets):

The Company and its consolidated subsidiaries recognize their depreciation expense mainly by using the straight-line method. The range of useful life is from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery and vehicles.

2) Intangible fixed assets (excluding leased assets):

Amortization of intangible fixed assets is calculated mainly using the straight-line method. Computer software held by the Company and its consolidated subsidiaries for internal use is amortized by the straight-line method over the estimated useful life (mainly 5 years). Trademarks are in principle amortized by the straight-line method over the period of validity (within 20 years). Customer-related assets are amortized using the straight-line method over the period of future expected revenue (6–15 years).

3) Lease assets

The straight-line method is applied with the useful life of the asset being the lease term and the residual value being zero.

(3) Accounting for significant reserves

1) Allowance for doubtful accounts

An allowance for doubtful accounts is provided for possible bad debts at the amount estimated based on historical bad debt experience for normal receivables and by reference to the individual collectability of specific doubtful receivables.

2) Bonus reserve:

At certain consolidated subsidiaries, a bonus reserve for employees has been provided based on the estimated amount to be paid to employees.

3) Accrued retirement benefits for directors and others:

At the Company and certain consolidated subsidiaries, accrued retirement benefits for directors and others are provided at the amount required to be paid in accordance with internal rules in order to provide for payment of severance benefits to those directors and others.

The Company abolished the system of payment of severance benefits to directors in June 2007, and has decided to pay severance benefits at the time of retirement with respect to the period in which the system was applied.

4) Bonus reserve for directors and others:
In preparation for the payment of bonuses to directors and others, a bonus reserve for directors and others has been provided for the amount of payment expected for the fiscal year ended March 31, 2017.

5) Allowance for environmental measures:
In preparation for payment relating to disposal of polychlorinated biphenyl (PCB) and other wastes, an allowance for environmental measures has been provided for the amount of costs expected to be incurred.

6) Provision for shareholder benefit program
In preparation for payment relating to the shareholder benefit program, a provision for the shareholder benefit program has been provided for the amount estimated based on past results, which shall be paid during and after the fiscal year ending March 31, 2018

7) Provision for contract loss
In preparation for losses relating to the fulfillment of contracts, a provision for contract loss has been provided for the estimated amount of expected losses.

(4) Accounting for retirement benefits for employees
1) Method of attributing expected benefit to periods
In calculating retirement benefit obligations, the method for attributing expected benefits to the fiscal year is based on the plan's benefit formula.

2) Method for processing actuarial gains and losses and prior service cost
Prior service cost is amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of recognition. Actuarial gain and loss is amortized by the straight-line method over a period within the average remaining service years for employees (mainly 10 years) at the time of recognition, and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

(5) Translation of significant assets and liabilities denominated in foreign currencies into yen
Monetary assets and liabilities denominated in foreign currencies have been translated into yen at the rates of exchange in effect at the fiscal year end. The resulting exchange gain or loss is charged or credited to income. Assets and liabilities of overseas subsidiaries have been translated into yen at the exchange rates in effect as of the fiscal year-end, and revenues and expenses of overseas subsidiaries have been translated into yen at the average rates prevailing during the fiscal year. The resulting translation differences are included in non-controlling interests and translation adjustments in net assets.

(6) Hedge accounting
1) Hedge accounting method
The Company and its consolidated subsidiaries adopt deferred hedge accounting. Derivative instruments are carried out at fair value. However, special treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for special treatment are met. If interest rate and currency swap contracts are used as a hedge and meet certain hedging criteria, the interest rate and currency swap contracts are not stated at fair value, and instead the amount to be received under the interest rate and currency swap contracts is added to or deducted from the interest on the liabilities for which the swap contracts are executed, and the liabilities denominated in foreign currencies, for which the interest rate and currency swap contracts are executed, are translated at the contracted rate (integral accounting).

2) Hedging instruments and hedging items

Hedging Instrument	Hedging Item
Foreign exchange forward contracts	Forecast transactions and sales transactions pertaining to the acquisition of stock of or investments in affiliated companies denominated in foreign currencies etc., forecast transactions pertaining to purchases
Interest rate swaps	Interest paid on bond issues and other borrowings
Interest rate and currency swaps	Interest paid on borrowings, foreign currency borrowings

3) Hedging policy
The Company and some of its consolidated subsidiaries hedge foreign exchange rate risk and interest rate risk for certain transactions, mainly those that are financially significant and that can be recognized individually, based on internal rules for derivative transactions.

4) Methods for evaluating the effectiveness of hedges

Assessment of hedge effectiveness is not undertaken for forward exchange contracts, as the material conditions pertaining to the hedging instrument and the hedged item are identical. For interest rate swaps and interest rate and currency swaps for which special treatment is applied, evaluation of effectiveness is not conducted.

(7) Amortization of goodwill

As a general rule, goodwill is amortized on a straight-line basis over its estimated useful life. However, immaterial goodwill is charged or credited to expense or income at the time of acquisition.

(8) Other significant items for the preparation of consolidated financial statements

1) Accounting for consumption taxes

Transactions of the Company and domestic consolidated subsidiaries subject to consumption tax and/or regional consumption tax are recorded at amounts exclusive of the consumption tax. Unearned consumption tax is included in 'Current assets – Other', while unpaid consumption tax is included in 'Current liabilities – Other.'

2) Adoption of consolidated tax accounting system

The Company and some of its consolidated subsidiaries adopt the consolidated taxation system, with Ajinomoto Co., Inc. as the consolidated taxable parent company.

Changes in accounting policy

(Changes in accounting policy of equity-method affiliates)

The Group has changed EA Pharma's revenue recognition policy from the current fiscal year. As noted in "Notes regarding Significant Items for the Preparation of Consolidated Financial Statement 1. Scope of consolidation," EA Pharma was established through the succession of a portion of the gastrointestinal disease treatment related business of Eisai. Ajinomoto Pharmaceuticals, a consolidated subsidiary of the Ajinomoto Group which mainly conducts food products business, acquired the aforementioned business of Eisai, which mainly conducts pharmaceutical business. As a result of the business combination, Eisai has become the parent company of EA Pharma. Since EA Pharma has been controlled by the new parent company, EA Pharma applied the parent company's accounting policy. Therefore, change was believed to be reasonable.

The major changes are described below.

Revenue recognition

As to royalty revenue earned when the Company derives the rights of development or sales of product to external firms, in the past it was fully recognized at the time of consideration received based on the contract, however, from the current fiscal year, the recognition method has been changed to the method where the royalty before obtaining approval of product sales is treated as a reversal of research and development, the royalty after obtaining approval of product sales is recognized as revenue over the contract period.

The change in accounting policy has been applied retrospectively and the cumulative effect of the change was recognized by adjusting the beginning balance of retained earnings. As a result, retained earnings as of April 1, 2016 decreased by ¥4,373 million.

Changes in presentation

(Consolidated Balance Sheet)

"Trademark" (¥10,491 million in the previous fiscal year), which was included in "Other" in Intangible fixed assets in the previous fiscal year, is presented as a separate item from current fiscal year , as the amount has become more material.

（Consolidated Statement of Income）

1. "Litigation related expenses" (¥442 million in the previous fiscal year), which was included in "Other" in Non-operating expenses in the previous fiscal year, is presented as a separate item in the current fiscal year, as the amount has become more material.

2. Gain on sale of investment securities (¥3 million in the previous fiscal year) and Gain on sale of fixed asset (¥879 million in the previous fiscal year) which were included in “Other” in extraordinary gains in the previous fiscal year, is presented as a separate item in the current fiscal year, as the amount has become more material.

Additional information

(Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets)

From the current fiscal year, the Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No.26, issued March 28, 2016).

Notes to Consolidated Balance Sheet

1. **Pledged assets and secured debt**

   There are no assets pledged as collateral for borrowings.

2. **Contingent liabilities**

As guarantor of indebtedness, etc., of non-consolidated subsidiaries, affiliated companies or employees:	¥2,260 million

Notes to Consolidated Statements of Income

1. Provision for contract loss

   The company recorded a provision for contract loss of ¥6,451 million related to the pharmaceutical manufacturing contracts it received, as it is probable that total contract cost will exceed total contract revenue.

2. Impairment losses

   The main assets where impairment losses were recorded in the fiscal year are as follows. In addition to the losses explained below, the Company recorded the other impairment losses of ¥338 million.

Location	Use	Classification
Brazil	Manufacturing facilities	Buildings, structures, machinery and vehicles, etc.

The Ajinomoto Group mainly groups assets in accordance with management accounting business categories. Furthermore, important idle assets and assets leased to others are grouped according to each individual asset.

The Company recorded an impairment loss on manufacturing facilities at its animal nutrition business in Brazil, as falling unit sales prices caused by an oversupply of feed-use lysine in the international market and intense competition from rival companies have led to consecutive losses and diminished the business' future prospects. The Company has therefore reduced the book value of animal nutrition business in Brazil to the level deemed to be recoverable in the future and accordingly booked an impairment loss of ¥1,626 million as an extraordinary loss. This impairment loss includes write downs of ¥1,062 million for buildings and structures, ¥302 million for machinery and vehicles, and ¥262 million for others. The recoverable amount, based on value in use, was determined to be zero owing to the expectation of negative future cash flow.

Notes to Consolidated Statements of Changes in Net Assets

1. **Types and total number of shares issued at end of the fiscal year**

Type of shares issued:	Common stock
Total number of shares issued at the end of the fiscal year:	571,863,354 shares

2. **Matters regarding dividends**

(1) Amount of dividends paid

The following was resolved at the Ordinary General Meeting of Shareholders held on June 29, 2016.

Matters regarding common stock:	
Total amount of dividends:	¥8,715 million
Dividends per share:	¥15
Record date:	March 31, 2016

Effective date:	June 30, 2016

The following was resolved at the meeting of the Board of Directors held on November 8, 2016.

Matters regarding common stock:	
Total amount of dividends:	¥8,537 million
Dividends per share:	¥15
Record date:	September 30, 2016
Effective date:	December 5, 2016

(2) Dividends for which the record date falls in the fiscal year ended March 31, 2017 and the effective date falls in the following fiscal year

The following proposal will be submitted at the Ordinary General Meeting of Shareholders to be held on June 27, 2017.

Matters regarding common stock:	
Total amount of dividends:	¥8,537 million
Resource of dividends:	Retained earnings
Dividends per share:	¥15
Record date:	March 31, 2017
Effective date:	June 28, 2017

Notes to Financial Instruments

1. Status of financial instruments

(1) Policy for acquiring financial instruments

The Company and its consolidated subsidiaries undertake fund procurement using commercial paper, bond issuance, borrowings from financial institutions and other methods, aiming to balance direct and indirect financing with long-term and short-term financing needs while considering procurement costs and risk diversification. With respect to cash management, funds are allocated only to saving and other financial instruments with a high degree of security. Derivative transactions are undertaken only for the purposes of hedging risks outlined below, and, as a matter of policy, are not undertaken for speculative purposes.

(2) Characteristics and risks of financial instruments

Notes and accounts receivable form part of the customer credit risk faced by the Company. Foreign currency-denominated notes and accounts receivable are also subject to risk from fluctuations in foreign exchange rates, but this risk is mainly hedged through the utilization of forward foreign exchange contracts. Investment in securities primarily comprise stock in our business partners, and are subject to the risk of changes in stock market prices.

Notes and accounts payable are mainly payable within one year. Foreign currency denominated notes and accounts payable are subject to risk from fluctuations in foreign exchange rates, but this risk is mainly hedged through the utilization of forward foreign exchange contracts. A certain amount of borrowing is undertaken using floating interest rates and is therefore subject to risk from fluctuations in exchange rates, but this is hedged through the utilization of interest-rate swaps.

Derivative transactions undertaken include forward foreign exchange contracts and currency swaps to hedge the risk associated with foreign currency-denominated payables and receivables, and interest rate swaps undertaken to hedge interest rate risks associated with borrowings, bond issuance, lending to Group companies and other such activities.

Hedge accounting details with regard to hedging instruments, hedged items, hedging policy and assessment of hedge effectiveness are outlined in "(6) Hedge accounting" in the previous section, "4. Accounting policies."

(3) System for financial instruments risk management

1) Credit risk management (risks of our business partners failing to honor contracts, etc.)

Each business and sales management division within the Company conducts periodic monitoring of key transaction partners to assess risks associated with notes and accounts receivable. In addition to monitoring due dates and amounts outstanding, the Company assesses the financial status of our business partners with the aim of identifying any heightened risks and taking steps to minimize such risks. The same system of risk management is used at consolidated subsidiaries.

In managing the risks of derivative positions, counterparty risk is minimized by entering into transactions only with financial institutions with high credit ratings.

The Company's maximum potential exposure to credit risk is shown by the amount of financial instruments subject to credit risk in the balance sheets as of the end of the fiscal year.

2) Market risk management (risk of changes in exchange rates, interest rates, etc.)

In managing foreign currency denominated accounts payable and receivable, the Company and its certain consolidated subsidiaries assess exchange rate fluctuation risk by currency on a monthly basis, and hedge such risks through forward foreign exchange contracts and currency swaps. Given the nature of the foreign exchange market, forward foreign exchange contracts are, in principle, limited to a six-month period, applicable to foreign currency denominated assets or liabilities for which planned transactions are deemed certain to take place. The Company also undertakes interest rate swaps for the purpose of controlling risk associated with fluctuations in interest rates on borrowings.

Investment in securities is periodically assessed with respect to fair value and the financial status of the issuing entity (our business partners), and the merits or otherwise of holding such securities is continually reviewed, taking into account the Company's relationship with respective business partners.

Derivative transactions are undertaken by the finance division, based on a system that places limits on transaction authorizations and amounts. The performance of transactions is periodically reported to directors responsible for the finance division and to the Management Committee. Transaction management at consolidated subsidiaries is undertaken in the same manner.

3) Funding procurement liquidity risk management (risk of failure to meet payment deadlines)

The Company and its main domestic consolidated subsidiaries have adopted a cash management system for the purposes of reducing consolidated interest-bearing debt and reducing liquidity risk. The system is managed in such a way as to ensure that available liquidity, including the unused portion of commitment lines established by the Company, is maintained at a certain level. Main overseas consolidated subsidiaries maintain a similar level of liquidity on a company-by-company basis.

2. Fair value of financial instruments

The book values, fair values and any differences for the fiscal year were as follows:

(Millions of yen)

	Book value in consolidated financial statements	Fair value	Variance
(1) Cash on hand and in banks	185,202	185,202	-
(2) Notes and accounts receivable	177,841	177,841	-
(3) Investment in securities			
Investments in stock of subsidiaries and affiliates	22,317	19,013	(3,303)
Other marketable securities	43,469	43,469	-
Total assets	428,830	425,526	(3,303)
(1) Notes and accounts payable	89,131	89,131	-
(2) Short-term borrowings	6,294	6,294	-
(3) Current portion of long-term borrowings	24,125	24,125	-
(4) Corporate bonds	169,996	171,697	1,700
(5) Long-term borrowings	131,191	133,783	2,591
Total liabilities	420,738	425,031	4,292
Derivative transactions*	715	715	-

*Credit arising from derivative transactions is shown as a total net credit amount.

Note 1: Method of calculating fair value of financial instruments, and notes relating to investment in securities and derivative transactions.

Assets

(1) Cash on hand and in banks, and (2) Notes and accounts receivable

These items are recorded at book value, as the short settlement period means that fair value approximates book value.

(3) Investment in securities

The fair value of equity securities is based on prices at stock exchanges. The fair value of bonds is based on prices at stock exchanges or transaction prices disclosed by financial institutions.

Liabilities

(1) Notes and accounts payable, (2) Short-term borrowings, and (3) Current portion of long-term borrowings

These items are recorded at book value, as the short settlement period means that fair value approximates book value.

(4) Corporate bonds

The fair value of bonds issued by the Company is based on market price for items having a market price. The fair value of items without a market price is calculated based on the current total amount of principal and interest, discounted for the remaining period of each bond and adjusted for credit risk.

(5) Long-term borrowings

The fair value of long-term borrowings with fixed interest rates is calculated based on the current total amount of principal and interest, discounted by the expected interest rate if the borrowings were refinanced at current rates. Book value is used for the fair value of long-term borrowings with variable interest rates as the fair value of such borrowings is almost identical to its book value because it reflects market rates over the short term.

Derivative transactions

As the fair values of interest rate swaps for which special treatment is applied and of interest rate currency swaps for which batch treatment (special treatment, appropriated treatment) is applied, are disclosed together with hedged long-term borrowings, their fair values are included in the market value of long-term borrowings.

Note 2: Financial instruments for which fair value is unavailable.

(Millions of yen)

	Book value in consolidated financial statements
Investments in stock of subsidiaries and affiliated companies	
Unlisted shares	126,247
Other securities	
Unlisted shares	4,327
Unlisted domestic bonds	0
Investment in investment partnership, etc.	48
Total	130,623

These are items that do not have a fair value and for which estimating future cash flow would incur excessive costs. Accordingly, as fair value is unavailable, they are excluded from "Assets (3) Investment securities."

Notes regarding Per Share Information

Net assets per share:	¥1,094.83
Net income per share:	¥91.99

Business Combinations, etc.

1. Business combination by subsidiary

Ajinomoto Pharmaceuticals Co., Ltd. (hereafter "AJINOMOTO PHARMACEUTICALS," and currently called EA Pharma Co., Ltd., hereafter "EA Pharma"), which is a wholly owned subsidiary of the Company, succeeded a portion of the gastrointestinal disease treatment related business of Eisai Co., Ltd. (hereafter "Eisai") through an absorption type split as of April 1, 2016. Shares of AJINOMOTO PHARMACEUTICALS have been allotted to Eisai as consideration for this acquisition.

As a result, effective from the first quarter (April 1 to June 30, 2016) of the fiscal year under review, the Company's equity interest in EA Pharma has been reduced to 40%, and EA Pharma became an affiliate accounted for by equity method, from a consolidated subsidiary (specified subsidiary).

(1) Outline of business combination

1) Name and description of company or business involved in the business combination

Name of succeeding company: AJINOMOTO PHARMACEUTICALS CO., LTD.
Description of business: Research & development, manufacturing, and marketing of pharmaceuticals
Name of splitting company: Eisai Co., Ltd.
Description of business: Research & development and marketing (domestic) of pharmaceuticals in the field of gastrointestinal diseases
Name of the company after the combination: EA Pharma Co., Ltd.

2) Purpose of business combination

Eisai has a long history of drug discovery and information provision activities in the field of gastrointestinal diseases spanning more than 60 years, over which it has accumulated a wealth of experience, knowledge and networks that have enabled it to create a robust development pipeline that has generated numerous superior pharmaceutical products.

AJINOMOTO PHARMACEUTICALS, as a member of the Ajinomoto Group which endeavors to contribute to human health globally based on amino acid technology founded upon the discovery of umami, possesses a unique pipeline and products unmatched by other companies, especially in the field of gastrointestinal diseases. The integration of Eisai's gastrointestinal disease business and AJINOMOTO PHARMACEUTICALS' business has resulted in the establishment of EA Pharma Co. Ltd., one of Japan's largest gastrointestinal specialty pharmaceutical companies.

While population aging has been accompanied by an increase in the incidence of gastrointestinal diseases, lifestyle changes and increasing social stress have caused a sharp increase in the incidence of intractable autoimmune diseases, such as Crohn's disease and ulcerative colitis, among younger people. The combined result has been an expansion in unmet medical needs in the field of gastrointestinal disease. By combining the products of its forming entities, the new integrated company will have a broad product lineup that will cover the upper and lower digestive tract as well as the liver and pancreas, enabling it to provide a wider range of solutions and specialized information for healthcare professionals in the field of gastrointestinal disease. In addition, the formation of the integrated company will bring together researchers with extensive expertise and know-how on gastrointestinal diseases and result in an even more robust product development pipeline capable of launching a steady stream of new treatments that will help fulfill the aforementioned unmet medical needs in the field of gastrointestinal disease. Furthermore, the future marketing of newly developed products through Eisai's global business network will provide greater access to markets and patients, thereby maximizing the benefit of the company's efforts for patients around the globe.

In addition to marketing synergies made possible by this business combination, the new company will endeavor to increase profitability through the pursuit of greater efficiency by, for example, eliminating redundant functions. It also will endeavor to secure the resources required to achieve development of new drugs and realize sustained growth. As one of Japan's largest gastrointestinal specialty pharmaceutical companies, the new integrated company will have a firm grasp of the needs of gastrointestinal disease patients, which it will use to address those needs and provide more qualitative benefits for patients and their families as well as healthcare professionals.

3) Date of business combination

April 1, 2016

4) Legal form of the business combination

Absorption-type company split where .Eisai becomes the splitting company and AJINOMOTO PHARMACEUTICALS becomes the succeeding company

(2) Outline of the accounting treatment applied

The business combination has been accounted for in accordance with the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and Guidance on the Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, September 13, 2013).

Loss on change in equity, recognized as a result of the accounting treatment:

Loss on change in equity: ¥1,139 million:

Important Subsequent Events

1. Business combination through acquisition

On November 15, 2016, the Company agreed to acquire all of the shares of Örgen Gıda Sanayi ve Ticaret A.Ş. ("Örgen"), a food company in Turkey, and the trademark rights for their brand for powdered seasoning, "*Bizim Mutfak*," which is extensively penetrated in Turkey, and on April 3, 2017 completed the acquisition procedures.

(1) Outline of business combination

1) Name of the acquired company and description of business
Name of acquired company: Örgen Gıda Sanayi ve Ticaret A.Ş.
Description of business: manufacture and sale of bouillon, powdered soups, menu-specific seasonings and powdered desserts

2) Main reason for the business combination
In its FY2017-2019 (for FY2020) Medium-Term Management Plan, the Company has made it one of its key strategies to accelerate regional expansion for food business growth with a stronger regional portfolio. Positioning Turkey as its starting point for business expansion in the Middle East, the Company intends to use the business foundation and brands of Örgen and Kükre A.Ş., a food company in which the Company acquired a 50% stake in 2013, to strengthen its business portfolio in Turkey and accelerate business expansion in the Middle East, thus contributing to richness in food in the region.

3) Date of business combination
April 3, 2017

4) Legal form of business combination
Share acquisition via cash transaction

5) Name of the company after the business combination:
Örgen Gıda Sanayi ve Ticaret A.Ş.

6) Percentage of voting shares acquired:
100%

7) Primary basis for identifying the acquirer
Due to the Company acquired shares through a cash transaction.

(2) Cost of acquisition and price breakdown:

Acquisition Price in Cash	TRY196 million (approx. ¥6,108 million)[*1,*2]
Acquisition Cost	TRY196 million

*1. Acquisition cost for the trademark rights for Örgen's brand *Bizim Mutfak* is included.
*2. Valuation (TRY1=¥31.01) after price adjustment at the time of the share acquisition. Please note that the acquisition value is not yet completed at this moment, because a price adjustment will also be made after the share acquisition.

(3) Main acquisition-related expenses:
To be determined.

(4) Amount of goodwill, reason for its occurrence, amortization method and period:
To be determined.

(5) Breakdown of assets and liabilities received on the date of business combination:
To be determined.

(Attached Document)

Non-Consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Assets	FY ended March 31, 2017 (as of March 31, 2017)	FY ended March 31, 2016 (reference; as of March 31, 2016)
I Current assets	**284,361**	**318,117**
Cash on hand and in banks	61,154	92,252
Notes receivable	5,315	4,733
Accounts receivable	110,657	108,214
Goods and products	31,294	33,890
Goods in process	606	621
Raw materials and supplies	4,625	4,447
Prepaid expenses	7,745	7,590
Short-term loans receivable	34,823	42,841
Current portion of long-term loans	1,028	927
Receivables	19,816	20,295
Corporate tax receivable	4,639	-
Deferred tax assets	2,938	3,131
Other	1,615	1,456
Allowance for doubtful accounts	(1,898)	(2,284)
II Fixed assets	**660,967**	**569,018**
1. Tangible fixed assets	**76,755**	**74,153**
Buildings	100,229	101,385
Structures	16,170	16,198
Machinery and equipment	145,041	150,917
Vehicles and transporting equipment	208	233
Tools, furniture and fixtures	34,093	33,146
Land	15,345	15,683
Leased assets	74	87
Construction in progress	4,079	2,720
Accumulated depreciation and accumulated impairment losses	(238,486)	(246,219)
2. Intangible fixed assets	**38,035**	**13,773**
Patents	162	327
Leaseholds	2,627	2,627
Trademark	27,502	2,346
Software	7,712	8,433
Other	31	37
3. Investments and other assets	**546,175**	**481,091**
Investments in securities	46,448	46,772
Investments in stock of subsidiaries and affiliates	427,067	359,583
Investments in capital	38	38
Investments in capital of subsidiaries and affiliates	68,203	70,060
Long-term loans receivable	1,343	2,027
Long-term prepaid expenses	1,341	1,062
Other	2,464	1,920
Allowance for doubtful accounts	(732)	(77)
Allowance for investment loss	-	(297)
Total Assets	**945,328**	**887,136**

Liabilities	FY ended March 31, 2017 (as of March 31, 2017)	FY ended March 31, 2016 (reference; as of March 31, 2016)
I Current liabilities	**269,235**	**258,487**
Accounts payable	77,639	77,518
Short-term borrowings	125,889	126,079
Current portion of long-term borrowings	23,999	10,999
Lease liabilities	10	14
Other payables	16,008	17,028
Accrued expenses	23,537	23,883
Accrued income taxes	387	1,198
Accrued bonuses for directors and others	217	338
Provision for shareholder benefit program	249	159
Provision for environmental measures	166	-
Provision for contract loss	692	-
Other	435	1,265
II Long-term liabilities	**325,938**	**268,502**
Corporate bonds	169,996	89,995
Long-term borrowings	128,099	152,099
Deferred tax liabilities	7,656	8,150
Lease liabilities	29	4
Accrued retirement benefits for employees	830	4,146
Accrued retirement benefits for directors and others	24	24
Provision for loss on guarantees	-	681
Provision for environmental measures	518	538
Provision for contract loss	5,759	-
Asset retirement obligations	42	42
Guarantee deposits received	11,895	11,804
Other	1,085	1,012
Total Liabilities	**595,173**	**526,989**
Net Assets		
I Shareholders' equity	**335,344**	**344,940**
1. Common stock	**79,863**	**79,863**
2. Capital surplus	**4,274**	**26,433**
(1) Additional paid-in capital	4,274	4,274
(2) Other capital surplus	-	22,158
3. Retained earnings	**258,100**	**245,587**
(1) Legal reserve	16,119	16,119
(2) Other retained earnings	241,981	229,468
Reserve for cash dividends to shareholders	-	1,158
Reserve for advanced depreciation of fixed assets	7,106	7,394
Reserve for special account for advanced depreciation of fixed assets	35	385
Retained earnings brought forward	234,839	220,529
4. Treasury stock	(6,895)	(6,944)
II Valuation, translation adjustments and others	**14,810**	**15,206**
(1) Unrealized holding gain on securities	**15,869**	**16,025**
(2)Unrealized gain (loss) from hedge instruments.	**(1,059)**	**(819)**
Total Net Assets	**350,154**	**360,146**
Total Liabilities & Net Assets	**945,328**	**887,136**

(Attached Document)

Non-Consolidated Statement of Income

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

	FY ended March 31, 2017	FY ended March 31, 2016 (reference)
I Net sales	**246,268**	**262,831**
II Cost of sales	**133,946**	**144,189**
Gross profit	**112,322**	**118,641**
III Selling, general and administrative expenses	**116,927**	**118,963**
Operating income (loss)	**(4,605)**	**(321)**
IV Non-operating income	**49,650**	**34,886**
Interest income	211	242
Dividend income	46,457	31,380
Other	2,981	3,262
V Non-operating expenses	**6,160**	**5,855**
Interest expense	2,697	2,646
Cost of lease revenue	1,161	1,289
Other	2,300	1,919
Ordinary income	**38,885**	**28,708**
VI Extraordinary gains	**6,991**	**41,176**
Gain on sale of investment securities	5,400	3
Gain on sale of stocks of subsidiaries and affiliates	718	36,226
Subsidy income	254	254
Gain on sale of fixed assets	63	662
Other	554	4,029
VII Extraordinary losses	**10,659**	**33,100**
Provision for contract loss	6,451	-
Loss on disposal of fixed assets	2,533	1,754
Loss on valuation of stocks of subsidiaries and affiliates	317	437
Loss on liquidation of subsidiaries and affiliated companies	-	5,923
Loss on pharmaceutical business restructuring	-	20,358
Other	1,355	4,626
Net income before taxes	**35,217**	**36,784**
Income taxes--current	(1,804)	3,738
Income taxes--deferred	(647)	(93)
Net income	**37,668**	**33,139**

(Attached Document)

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity									Valuation, translation adjustments and others			Total net assets
		Capital surplus			Retained earnings								
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (*Note)	Total retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedge instruments	Total	
Beginning balance	**79,863**	**4,274**	**22,158**	**26,433**	**16,119**	**229,468**	**245,587**	**(6,944)**	**344,940**	**16,025**	**(819)**	**15,206**	**360,146**
Changes in fiscal year ended March 31, 2017													
Dividends from retained Earnings						(17,252)	(17,252)		(17,252)				(17,252)
Net income						37,668	37,668		37,668				37,668
Purchase of treasury stock								(30,013)	(30,013)				(30,013)
Disposal of treasury stock			(0)	(0)				0	0				0
Retirement of treasury stock			(30,061)	(30,061)				30,061	-				-
Transfer of negative amount of other capital surplus			7,903	7,903		(7,903)	(7,903)		-				-
Net changes in items other than those in shareholders' equity										(155)	(240)	(395)	(395)
Total changes in fiscal year ended March 31, 2017	**-**	**-**	**(22,158)**	**(22,158)**	**-**	**12,512**	**12,512**	**48**	**(9,596)**	**(155)**	**(240)**	**(395)**	**(9,992)**
Ending balance	**79,863**	**4,274**	**-**	**4,274**	**16,119**	**241,981**	**258,100**	**(6,895)**	**335,344**	**15,869**	**(1,059)**	**14,810**	**350,154**

Note: Details of other retained earnings:

(Millions of yen)

	Reserve for cash dividends to shareholders	Reserve for advanced depreciation of fixed assets	Reserve for special account for advanced depreciation of fixed assets	Retained earnings brought forward	Total
Beginning balance	1,158	7,394	385	220,529	229,468
Changes in fiscal year ended March 31, 2017					
Dividends from retained earnings				(17,252)	(17,252)
Provision of other retained earnings					-
Reversal of other retained earnings	(1,158)	(287)	(350)	1,796	-
Net income				37,668	37,668
Transfer of negative amount of other capital surplus				(7,903)	(7,903)
Total changes in fiscal year ended March 31, 2017	**(1,158)**	**(287)**	**(350)**	**14,309**	**12,512**
Ending balance	**-**	**7,106**	**35**	**234,839**	**241,981**

Notes to the Non-Consolidated Financial Statements

Significant accounting policies

1. Valuation standards and methods for securities

(1) Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving-average method.

(2) Other securities for which market value is available are stated at market value at the fiscal year end and the changes in market value, net of applicable income taxes, are directly charged or credited to net assets. The cost of such securities sold is determined by the moving-average method. Other securities for which market value is not available are stated at cost mainly determined by the moving-average method.

2. Derivative instruments

Derivative instruments are carried out at fair value. However, special treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for special treatment are met. If interest rate and currency swap contracts are used as a hedge and meet certain hedging criteria, the interest rate and currency swap contracts are not stated at fair value, and instead the amount to be received under the interest rate and currency swap contracts is added to or deducted from the interest on the liabilities for which the swap contracts are executed, and the liabilities denominated in foreign currencies, for which the interest rate and currency swap contracts are executed, are translated at the contracted rate (integral accounting).

3. Inventories

Inventories are stated at cost determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly).

4. Depreciation method of fixed assets

(1) Tangible fixed assets (excluding leased assets)
The depreciation of tangible fixed assets is computed by the straight-line method. The range of useful life is 7 to 50 years for buildings and 4 to 15 years for machinery and equipment.

(2) Intangible fixed assets (excluding leased assets)
The amortization of intangible fixed assets is computed by the straight-line method. Computer software is amortized by the straight-line method over the estimated internal useful life (5 years). Trademarks are in principle amortized by the straight-line method over the period of its validity (20 years).

(3) Leased assets
The straight-line method is applied with the useful life of the asset being the lease period and the residual value being zero.

5. Significant reserves

(1) Allowance for doubtful accounts:
Allowance for doubtful accounts is provided for possible bad debts at the amount estimated based on historical bad debts experience for normal receivables and by reference to the individual collectability of specific doubtful receivables.

(2) Accrued retirement benefits for employees
Accrued retirement benefits for employees are provided based on the projected benefit obligations and fair value of pension plan assets at the end of the fiscal year in order to prepare for payment of retirement benefits.

Prior service cost is amortized by the straight-line method over a period within the average remaining service years of employees (10 years) at the time of recognition.

Actuarial gain or loss is amortized by the straight-line method over a period within the average remaining service years of employees (10 years) at the time of recognition, from the respective fiscal year following the fiscal year of recognition.

(3) Accrued retirement benefits for directors and others
Accrued retirement benefits for directors and others are provided at the amount required to be paid in accordance

with internal rules in order to prepare for payment of retirement benefits to those directors and others.

The Company abolished the system of payment of severance benefits to directors and others in June 2007, and has decided to pay severance benefits at the time of retirement with respect to the period in which the system was applied.

(4) Allowance for investment loss
Provision for loss on investments is provided at the amount estimated taking into account the financial conditions, etc. of those companies in order to prepare for losses on investments in subsidiaries and affiliated companies.

(5) Bonus reserve for directors and others
In preparation for the payment of bonuses to directors and others, the Company has provided an allowance for the amount of payment expected for the year ended March 31, 2017.

(6) Allowance for environmental measures
In preparation for payment relating to disposal of polychlorinated biphenyl (PCB) and other waste, an allowance for the amount of costs expected to be incurred has been provided.

(7) Provision for shareholder benefit program
In preparation for payment relating to the shareholder benefit program, a provision for the shareholder benefit program has been provided for the amount estimated based on past results, which shall be paid during and after the fiscal year ending March 31, 2018.

(8) Provision for contract loss
In preparation for losses relating to the fulfillment of contracts, a provision for contract loss has been provided for the estimated amount of losses expected.

6. Translation of assets and liabilities denominated in foreign currencies into yen

Monetary receivables and payables denominated in foreign currencies are translated into yen at the rate of foreign exchange in effect at the balance sheet date. The resulting exchange gain or loss is charged or credited to income.

7. Hedge accounting

(1) Hedge accounting policy
The Company adopts deferred hedge accounting.
Derivative instruments are carried out at fair value. However, special treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for special treatment are met. If interest rate and currency swap contracts are used as a hedge and meet certain hedging criteria, the interest rate and currency swap contracts are not stated at fair value, and instead the amount to be received under the interest rate and currency swap contracts is added to or deducted from the interest on the liabilities for which the swap contracts are executed, and the liabilities denominated in foreign currencies, for which the interest rate and currency swap contracts are executed, are translated at the contracted rate (integral accounting).

(2) Hedging instruments and hedged items

Hedging instruments	Hedged items
Foreign exchange forward contracts	Forecasted acquisitions and sales transactions pertaining to the stock of or investments in affiliated companies denominated in foreign currencies etc.
Interest rate swaps	Interest on borrowings and corporate bonds
Interest rate and currency swaps	Foreign currency borrowings, interest paid on borrowings.

(3) Hedging policy
The Company hedges foreign exchange rate risk and interest rate risk for certain transactions, mainly those that are financially significant and that can be recognized individually, based on internal rules for derivative transactions.

(4) Assessment of hedge effectiveness
An assessment of hedge effectiveness is not undertaken for forward exchange contracts, as the conditions pertaining to the hedging instruments and the hedged items are equivalent. Interest rate swaps for which special treatment is applied, or interest rate and currency swaps for which integral treatment is applied, evaluation of effectiveness is not conducted.

8. Accounting for consumption taxes

Transactions subject to national and local consumption taxes are recorded at amounts exclusive of consumption taxes.

9. Adoption of consolidated tax accounting system

The Company, as the taxable parent company, has adopted the consolidated taxation system.

10. Accounting for retirement benefits

Accounting methods for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits differ from those applied in the consolidated financial statements.

Changes in Presentation

Statement of Income

1. Cost of lease revenue (¥1,289 million in the previous fiscal year) which was included in “Other” in non-operating expenses in the previous fiscal year, is presented as a separate item in the current fiscal year, as the amount has become more material.

2. Gain on sale of investment securities (¥3 million in the previous fiscal year) which was included in “Other” in extraordinary gains in the previous fiscal year, is presented as a separate item in the current fiscal year, as the amount has become more material.
3. Reversal of allowance for investment loss (no transaction has occurred in the current fiscal year) which was presented as a separate item in the previous fiscal year, is included in “Other” in extraordinary gains, as its amount has become immaterial.
4. Provision of allowance for investment losses (no transaction has occurred in the current fiscal year) which was presented as a separate item in the previous fiscal year, is included in “Other” in extraordinary losses, as its amount has become immaterial.

Additional Information

(Adoption of the Implementation Guidance on Recoverability of Deferred Tax Assets)

From the fiscal year under review, the Company has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No.26, issued March 28, 2016).

Notes to Balance Sheet

1. Cash on hand and in banks

¥6,052 million of the cash on hand and in banks is the cash in bank related to the cash management system of Ajinomoto Group including the overseas subsidiaries.

2. Liabilities on guarantees

As guarantor of indebtedness of employees or other companies	¥109 million

3. Monetary receivables and payables to subsidiaries and affiliated companies

Short-term monetary receivables	¥80,963 million
Long-term monetary receivables	¥3,063 million
Short-term monetary payables	¥195,455 million
Long-term monetary payables	¥291 million

Notes to Statement of Income

1. Transactions with subsidiaries and affiliated companies

Transaction amount with respect to operating transactions	
Sales	¥80,610 million
Purchasing	¥107,829 million
Transaction amount with respect to non-operating transactions	¥50,646 million

2. **Provision for contract loss**

The company recorded provision for contract loss of ¥6,451 million related to the pharmaceutical manufacturing contracts it received, as it is probable that total contract cost will exceed total contract revenue.

Notes to Statements of Changes in Net Assets

Types and total number of treasury stock at the end of the fiscal year:

Type of treasury stock:	Common stock
Total number of treasury stock at the end of the fiscal year:	2,729,750 shares

Notes on Deferred Tax Accounting

The significant components of deferred tax assets and liabilities as of March 31, 2017 were as follows:

	(Millions of yen)
Deferred tax assets:	
Loss on revaluation of investment securities	11,326
Foreign tax credit carried forward	2,579
Provision for contract loss	1,977
Impairment losses	1,915
Accrued bonuses	1,865
Period expense	1,395
Loss carried forward	963
Allowance for doubtful accounts	805
Loss from inventory revaluation	642
Accrued retirement benefits for employees, etc.	544
Depreciable assets, etc.	503
Accrued business taxes, etc.	122
Other	550
Gross deferred tax assets	25,190
Valuation allowance	(19,268)
Total deferred tax assets	5,921
Deferred tax liabilities:	
Reserve for advanced depreciation of fixed assets	(4,113)
Unrealized holding gain on securities	(6,525)
Total deferred tax liabilities	**(10,639)**
Net deferred tax liabilities	**(4,717)**

Notes accompanying the change in tax rate

Adjustment of the amount of deferred tax assets and liabilities due to changes in corporate tax rates

Following the implementation by the Diet of the Act for Partial Revision to the Partial Revision, etc., of Consumption Tax Act for the Drastic Reform of the Taxation System for Ensuring Stable Financial Resources, etc., for Social Security (Act No. 85 of 2016), and the Act for Partial Revision to the Partial Revision, etc., of Local Tax Act and Local Allocation Tax Act for Drastic Reform of the Taxation System for Ensuring Stable Financial Resources, etc., for Social Security (Act No. 86 of 2016), on November 18, 2016, the raising of the consumption tax rate to 10% was postponed from April 1, 2017 to October 1, 2019.

As a result, the discontinuance of the special local corporation tax and resulting restoration of corporate enterprise tax, local corporate tax reforms, and corporate tax rate reforms for corporate inhabitant tax, have been postponed from the fiscal year beginning on or after April 1, 2017 to fiscal years beginning on or after October 1, 2019.

The statutory tax rate used to calculate the amount of deferred tax assets and deferred tax liabilities is unchanged. However, due to a reclassification between national tax and local tax, net deferred tax assets (the amount minus the deferred tax liability amount) decreased by ¥95 million, income and other tax adjustments increased by ¥90 million, and deferred gains or losses on hedging instruments increased ¥4 million.

Notes regarding Related Party Transactions

Subsidiaries, affiliated companies, etc.

Attribution	Name of Company, etc.	Percentage of voting rights held	Relationship with related party	Details of transaction	Transaction amount (millions of yen)	Account	Year-end balance (millions of yen)
Subsidiary	Knorr Foods Co., Ltd.	100% (directly)	Purchase and sale of said company's products by the Company	Purchase of products, etc. [1]	47,432	Accounts payable	4,117
				Borrowing of funds[3]	-	Short-term borrowings	11,981
	Ajinomoto Frozen Foods Co., Inc.	100% (directly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc.[2]	121,001	Accounts payable	18,530
				Lending of funds[3]	-	Short-term loans receivable	13,970
	Ajinomoto Engineering Corporation	100% (directly)	Subcontracting of engineering services to and purchase of manufacturing facilities from said company by the Company	Purchase of tangible fixed assets, etc.[4]	13,859	Other payables	7,161
	Ajinomoto Fine-Techno Co., Inc.	100% (directly)	Purchase of said company's products by the Company; concurrent holding of corporate officer positions	Borrowing of funds[3]	-	Short-term borrowings	12,678
	Ajinomoto General Foods, Inc.	100% (directly and indirectly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc.[2]	128,197	Accounts payable	22,442
	Ajinomoto Co., (Thailand) Ltd.	78.7% (directly and indirectly)	Purchase of said company's products by the Company; concurrent holding of corporate officer positions	Borrowing of funds[5]	3,000	Short-term borrowings	45,015
	Ajinomoto Sales (Thailand) Co., Ltd.	100% (Indirectly)	Concurrent holding of corporate officer positions	Borrowing of funds[5]	7,000	Short-term borrowings	35,000
Affiliated company	J-OIL MILLS, INC.	27.3% (directly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc.[2]	48,939	Accounts payable	8,579 -

(Transaction conditions, policy for deciding said conditions, etc.)

1. The purchase price of the products is determined by reference to contract in view of the manufacturing cost of Knorr Foods Co., Ltd. and the sales price to third parties.
2. The Company is the sole agent and the price is determined by reference to contract, with the final selling price serving as the basis. These sole agent sales are recorded in the accounts using a method of netting off sales and cost of goods sold and disclosed on a net basis. However, in the "Notes regarding Related Party Transactions" they are disclosed on a gross basis.
3. As the Company has introduced a cash management system to facilitate unified cash management within the Ajinomoto Group and borrowing and lending between participating companies is conducted on a daily basis, transaction amounts are not recorded here. Interest rates are decided in consideration of market rates.

4. With respect to the purchase of tangible fixed assets, the price is determined by reference to contract, with consideration given to the acquisition costs of Ajinomoto Engineering Corporation and market prices.
5. With respect to borrowing of funds, interest rates are determined by reference to market interest rates.

Transaction amounts do not include consumption taxes, etc. Year-end balances include consumption taxes, etc.

Notes regarding Per Share Information

Net assets per share:	¥615.24
Net income per share:	¥65.88

Important Post-Balance Sheet Events

Notes on important post-balance sheet events are disclosed in the Notes to the Consolidated Financial Statements.

(Attached Document)
Copy of Report of Accounting Auditor Regarding Consolidated Financial Statements

Report of Independent Auditor

May 12, 2017

Mr. Takaaki Nishii, President
Ajinomoto Co., Inc.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner,
Certified Public Accountant: Kiyonobu Takeuchi (seal)
Designated and Engagement Partner,
Certified Public Accountant: Masayuki Aida (seal)
Designated and Engagement Partner,
Certified Public Accountant: Naoyuki Sadatome (seal)

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to the consolidated financial statements of Ajinomoto Co., Inc. (the "Company") applicable to the fiscal year from April 1, 2016 through March 31, 2017.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Ajinomoto Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2017, in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End

(Attached Document)

Copy of Report of Accounting Auditor Regarding Non-Consolidated Financial Statements

Report of Independent Auditor

May 12, 2017

Mr. Takaaki Nishii, President
Ajinomoto Co., Inc.

Ernst & Young ShinNihon LLC
Designated and Engagement Partner,
Certified Public Accountant: Kiyonobu Takeuchi (seal)
Designated and Engagement Partner,
Certified Public Accountant: Masayuki Aida (seal)
Designated and Engagement Partner,
Certified Public Accountant: Naoyuki Sadatome (seal)

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements and the related supplementary schedules of Ajinomoto Co., Inc. (the "Company") applicable to the 139th fiscal year from April 1, 2016 through March 31, 2017.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessment, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplemental schedules referred to above present fairly, in all material respects, the financial position and results of operations of Ajinomoto Co., Inc. applicable to the fiscal year ended March 31, 2017 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Attached Document)
Copy of the Audit & Supervisory Board Audit Report

Audit Report

Regarding the performance of duties by the Directors for the 139th fiscal year beginning April 1, 2016 and ending March 31, 2017, the Audit & Supervisory Board hereby submits this audit report, as a unanimous communication of all Audit & Supervisory Board Members which has been prepared through discussions based on reports from the respective Audit & Supervisory Board Members concerning the performance of duties by the Directors.

1. Overview of Auditing Methods Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) At its meeting on July 26, 2016, the Audit & Supervisory Board passed a resolution on the auditing policies, auditing plans and division assignment of duties of each Audit & Supervisory Board Member. The Audit & Supervisory Board held its regular meetings on a monthly basis, reviewed the agendas of the meetings of the Board of Directors in advance, and exchanged and shared information about the situation and the results of each Audit & Supervisory Board Member's auditing activity.

(2) Each Audit & Supervisory Board Member communicated with the Directors, the Internal Auditing Division, and other employees and made efforts to gather information and maintain audit environments in accordance with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, and conducted the audit as follows:

1) Meetings of the Board of Directors, the Management Committee, and other important meetings were attended. Moreover, the Audit & Supervisory Board Members investigated as necessary the operations and finances of headquarters and other major offices and plants. Concerning domestic and overseas subsidiaries, the Audit & Supervisory Board Members communicated and conducted information exchanges with the directors and audit & supervisory board members, etc. of such subsidiaries, and conducted on-site audits of these locations as deemed necessary.

2) The Audit & Supervisory Board Members monitored and examined the status of implementation of the "basic policy for the development and maintenance of the system to ensure appropriate operations" (internal control systems) resolved by the Board of Directors, receiving regular reports from Directors and employees with regard to its development and operation.

3) The Audit & Supervisory Board Members received reports from the Internal Auditing Division of the audit results after each audit, and every three months received and exchanged opinions on reports on the audit results and evaluation reports on internal control systems relating to financial reports.

4) The Audit & Supervisory Board Members received prior explanation of auditing plans from the Accounting Auditor, and in addition to carrying out discussions, the Audit & Supervisory Board Members received reports of the audit results from the Accounting Auditor and exchanged opinions with them. Furthermore, in addition to monitoring and examining whether the Accounting Auditor maintained an independent stance, as well as implementing fair audits, the Audit & Supervisory Board Members received reports from the Accounting Auditor to the effect that systems had been put in place to ensure that their duties are appropriately performed.

5) As relates to internal control regarding financial reporting, the Audit & Supervisory Board Members received reports on the assessment and condition of the audit of said internal control from the Board of Directors, the Internal Auditing Division, and Ernst & Young ShinNihon LLC.

Based on the aforementioned methods, we examined the Business Report and the supplementary schedules for the fiscal year in question, along with the financial statements (the Balance Sheet, the Statement of Income, the Statements of Changes in Net Assets along with the Notes to the Non-Consolidated Financial Statements) and the supplementary schedules, the consolidated financial statements (the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statements of Changes in Net Assets and the Notes to the Consolidated Financial Statements).

2. Audit Results

(1) Result of Audit of Business Report, etc.

1) In our opinion, the Business Report and the supplementary schedules fairly represent the Company's affairs in accordance with the applicable laws and regulations and the Articles of Incorporation.

2) With regard to the execution of duties by the Directors, we have found no evidence of wrongful action or material violation of laws and regulations, or of the Articles of Incorporation.

3) In our opinion, the contents of the resolution of the Board of Directors with regard to the internal control systems are appropriate. We confirm that continuous improvements are being made with respect to the development and operation of the internal control systems. With regard to details of these internal control systems reported in the Business Report we have found no matters on which to remark. With regard to the internal control regarding financial reporting, we have found no matters on which to remark.

(2) Auditing result of the financial statements and the supplementary schedules
In our opinion, the methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Auditing result of the consolidated financial statements
In our opinion, the methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 18, 2017

Audit & Supervisory Board of Ajinomoto Co., Inc.
Yoichiro Togashi, Audit & Supervisory Board Member (Standing) (seal)
Shizuo Tanaka, Audit & Supervisory Board Member (Standing) (seal)
Masami Hashimoto, Audit & Supervisory Board Member (External) (seal)
Atsushi Toki, Audit & Supervisory Board Member (External) (seal)
Hiroshi Murakami, Audit & Supervisory Board Member (External) (seal)

End