

January 31, 2011

Itoham Foods Inc.

President: Mamoru Horio

Securities Code: 2284 (Tokyo Stock Exchange and Osaka Securities Exchange)

Inquiries: Tadashi Hosomi, Public and Investor Relations Department

Tel: +81-798-66-1231

Itoham Foods Announces New Medium-term Management Plan (Fiscal 2012-2016)

Itoham Foods Inc. announced today a new Medium-term Management Plan (CNV2015). Covering the five-year period from April 2011, the plan is designed to help the Itoham Group realize its management vision of becoming the most-trusted manufacturer of processed meat in Asia. Itoham aims to beat current severe competition in and outside of Japan, and to deliver sustained growth as a national brand manufacturer.

Low birthrates and a rising elderly population have set Japan on course to become the first mature, elderly society in the world. The products that this society will demand from Itoham will differ considerably from the Group's traditional offerings. In such an environment, only companies that can propose and deliver products and services with new value to customers and society will find opportunities to grow significantly going forward.

CNV2015 (Creating New Value 2015) will guide the Itoham Group in its efforts to create new value through to 2015 (fiscal 2016).

1. Management Vision

To become the most-trusted manufacturer of processed meat in Asia

2. Management Policy

1) Further strengthen compliance systems

Itoham considers compliance a fundamental prerequisite to any business

activity. For this reason, the Company will continue to enhance its compliance systems. At the same time, Itoham plans to strengthen corporate governance by appointing an outside director. The outside director will bolster the oversight of duty execution, and increase management transparency.

2) Develop human resources

The Group will enhance its internal and external training programs. It will also implement a staff rotation system that straddles Group companies and divisions, with a medium- to long-term goal of systematically developing future leaders. Simultaneously, Itoham will implement a job rotation program to counter the negative effects of employees staying too long within a single department.

To promote activity among enthusiastic personnel, Itoham will introduce systems that allow employees to try new jobs, such as an in-house free agent program and internal recruitment. By implementing and strengthening these systems, Itoham will offer a wider range of options for personnel to be active within the Group.

The Company will establish a Production Technology Center within the production division. The center will work to educate and train staff in production technology, food hygiene, and production management techniques, among other areas. The training will be intensive, and held in small groups for personnel who are responsible for actual operations. The goal is to transfer manufacturing techniques and knowledge, and enhance workers' skills and understanding.

3) Enhance front-line capabilities, including sales and production

The front line is where manufacturers can truly create value. Itoham will build its workplaces into centers of outstanding productivity and competitiveness, staffed with seasoned professionals. The workplaces must also be capable of spontaneously improving and innovating their structure and organization to keep pace with the goals of the Group.

4) Enhance marketing capabilities to encourage customer-oriented product development

The greatest challenge for manufacturers going forward will be staying one step ahead of changes in the market and customers, and creating demand. That is, creating new value.

Since 2010, Itoham has integrated the product development, marketing, advertising and public relations departments into the Business Strategy Department, Processed Foods Division with the aim of strengthening these functions. From this fiscal year, we will introduce highly skilled personnel in these departments to strengthen Itoham's ability to develop foodservice products, as well as consumer products, and to bolster the Company's marketing power.

5) Strengthen cost competitiveness

Itoham will review its organization and Group companies, and its production bases in and outside Japan. The Company will make sweeping structural changes, including to its personnel system, to strip out inefficiency and create a lean business structure so it can continue to grow even in an adverse economic environment.

3. Basic Strategy

The new Medium-term Management Plan comprises two basic strategies: structural reforms, and growth strategies. In short, the goal is to enhance cost competitiveness through far-reaching structural reforms, then build on this by implementing growth strategies. Therefore, the plan calls for an initial focus on structural reforms. While cutting out inefficiencies to build a lean business structure, the Company will gradually shift focus toward growth strategies and achieving targets. For this reason, it is a five-year plan, rather than the usual three-year time frame.

4. Business Strategies

1) Structural reforms

(1) Reorganize the group

Itoham will review the entire group from the perspectives of efficiency, locality, and sales channel characteristics. Based on this review, the Company will build a structure able to respond swiftly and competitively to changes in its markets and industries. Another aspect is to maintain and strengthen competitiveness by clarifying the responsibility and authority in each business, and building organizations and management structures to suit the characteristics of the industries in which each business operates.

(2) Reorganize production bases

Itoham currently has 14 processed foods plants group-wide. The Company is examining options for reorganizing and integrating these over the next 10 years with the goal of concentrating them into a system of 6 production bases by 2020. The system would have one base in each of six regions throughout Japan: Hokkaido, Tohoku, Kanto, Chubu, Kansai, and Kyushu.

The first step will be to close the Funabashi Plant at the end of July 2011.

(3) Streamline product lineup

The Company will carry out a review of low-profit products. Furthermore, to raise productivity in production, distribution and sales, Itoham will cut the number of items handled by the Processed Foods and Other Products Division by about 40%.

(4) Review unprofitable businesses

Itoham will withdraw from or downsize unprofitable businesses, non-core businesses, and businesses with little synergy or growth potential.

(5) Reduce costs by reforming back-office operations

The Company will reduce back-office costs and thoroughly review expenses.

(6) Reform personnel systems

Itoham will reform its current personnel system, rebuilding it into a flexible system that links evaluation and remuneration with business format, duties, performance and regional characteristics. The Company will also work to

transition to a lean management organization. Initiatives here include introducing a system of mandatory retirement from managerial staff and a favorable voluntary retirement package. The objective is to raise overall organizational productivity, and energize the Company.

Through these reforms, Itoham will build a highly competitive personnel cost structure.

2) Growth strategies

(1) Group-wide strategies

Itoham will strengthen its ability to meet the needs of ready-made meal and restaurant channels to increase sales. To this end, the Company will reorganize itself to correspond to these channels, while strengthening functions by putting head office business negotiation staff and product development personnel. The first step will be to upgrade the sales capabilities of the Processed Foods and Other Products Division and Fresh Meat Division. In future, these sales functions will be separated from both divisions and reorganized into independent organizations corresponding to sales channels.

(2) Processed foods business

To improve profitability, Itoham will increase the ratio of new products in the product mix. In this vein, the Company will buttress product development capabilities by increasing marketing and product development personnel.

(3) Fresh meat business

In the fresh meat business, the Company will create and expand a value chain. Specifically, Itoham will ensure a stable supply by expanding its livestock business in and outside of Japan, and increase sales. Another focus will be on enhancing primary meat processing functions at Group companies, and strengthening Itoham's ability to develop products that stimulate customer demand. In this way, the Company will reinforce its business model of selling to customers who are closer to consumers in the ready-made meal, restaurant, and retail industries, and thereby increase

profitability.

(4) Overseas business

Looking ahead, Itoham will expand sales in rapidly growing Asian markets. Specifically, it will look to raise the Itoham brand in the Chinese market as a Japanese manufacturer by launching outstanding high-value-added products. In Thailand, the hub of the ASEAN countries, Itoham will bolster its activities in the premium ham and sausage market. Eyeing the progress of Free Trade Agreements, the Trans Pacific Partnership agreement, and other developments for promoting global trade and borderless business, Itoham will also enhance its overseas bases to expand production for Japan.

5. Performance Targets

1) Improvements over the fiscal year ended March 2010 (Ordinary income)

Improvement from structural reforms	¥11.0 billion
Improvement from growth strategies	¥4.3 billion
Impact from rising materials costs	(¥2.5 billion)
Net improvement	¥12.8 billion

2) Final Targets

	FY 2016	FY 2010
Net sales	¥530.0 billion	¥452.4 billion
Operating income	¥15.0 billion	¥2.0 billion
Ordinary income	¥16.0 billion	¥3.2 billion
Net income	¥10.0 billion	¥1.2 billion
Ratio of ordinary income to net sales	3.0%	0.7%