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Itoham Foods Inc.

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Regarding Criminal Complaint Against Former Employee of an Itoham Subsidiary for Alleged Corporate Embezzlement

Itoham subsidiary TOEI TECHNO SERVICE, INC. (Toei), a temporary staffing agency, has discovered that through corporate embezzlement a former employee has allegedly caused damages to Toei totaling 140 million yen as of today. The employee was dismissed on October 28, 2009. Following consultations with legal counsel and others on how to proceed, Toei today filed a criminal complaint with the Metropolitan Police Department. We sincerely apologize to our shareholders and all other stakeholders for the concern and trouble caused.

1. Course and overview of illicit transactions

An internal audit conducted during an accounting audit found a discrepancy in notes and accounts receivable in the books of account. On checking the item, Toei discovered unauthorized payments from the petty cash account. The employee concerned had allegedly made repeated unauthorized payments and appropriations between July 2006 and October 2009. The final damages sustained as a result were approximately 140 million yen.

2. Criminal Proceedings

Toei filed a criminal complaint for embezzlement today against the former employee who it alleges perpetrated the misappropriations.

3. Future actions

Toei deeply regrets that this incident occurred despite the care and attention

that it has paid to upgrading and operating internal control systems. Moving forward, Toei intends to strengthen its operation of internal controls to ensure that such an incident does not occur again. Itoham is treating this incident as an issue for the entire Itoham Group, and to prevent a reoccurrence, has ordered an inspection and review at Itoham and all group companies.

4. Impact on prior-year financial statements

The impact on prior-year financial statements of correcting affected asset balances based on information currently available is estimated at a maximum of 40 million yen for the past three fiscal years. Since the impact is limited and immaterial, prior-year consolidated financial statements will not be corrected.

Monetary Impact on the Consolidated Statements of Operations for the Past Three Terms (Millions of yen, amounts less than one million are omitted)

| | Item | Publicly announced figures (A) | Figures after impact (B) | (B) – (A) |
|------------------------------|-----------------|--------------------------------|--------------------------|-----------|
| Year ended March 31, 2007 | Ordinary Income | 3,874 | 3,874 | — |
| | Net Loss | (1,386) | (1,421) | (35) |
| Year ended March 31, 2008 | Ordinary Income | 6,867 | 6,867 | — |
| | Net Income | 4,395 | 4,357 | (38) |
| Year ended March 31, 2009 | Ordinary Income | (876) | (876) | — |
| | Net Loss | (6,294) | (6,334) | (40) |

5. Impact on Business Performance

We have ascertained that damages from this alleged misconduct total 140 million yen. We plan to record this amount as an extraordinary loss in our earnings for the first nine months of the fiscal year ending March 31, 2010.