

July 28, 2003

Itoham Foods Inc.

President: Masami Ito

Securities exchange code: 2284 (Tokyo and Osaka stock exchanges)

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## **Transfer of Operations to a Subsidiary**

In May 2003, Itoham Foods Inc. founded a subsidiary, Ito Life Science Co., Ltd. , with the purpose of consolidating its pharmaceutical operations. On October 1, 2003, Itoham will transfer the operations of its Health Science Division to Ito Life Science, re-launching the operations under the management of the new company.

The Health Science Division of the parent company, Itoham Foods, has acquired considerable technology and expertise in the diverse field of pharmaceuticals. The division's pharmaceutical operations develop peptide pharmaceuticals, pulmonary and parenteral drug delivery systems and technology for the production of genetically modified insulin. The division's health and beauty care operations boast a great deal of expertise and experience that has been accumulated over many years of operation in the food business.

Another Itoham subsidiary, American Peptide Co., Inc., headquartered in Sunnyvale, California, USA, is also transferring its pharmaceutical operations to the new subsidiary. These moves will enable the Itoham Group to concentrate the management of its pharmaceutical operations in a single entity, providing greater management efficiency.

Profile of Ito Life Science Co., Ltd.

President: Seiji Sato

Location: 1-2-1 Kubogaoka, Moriya, Ibaraki Prefecture

Capital: ¥480 million (to be increased to ¥800 million in September 2003)

Capital structure: Wholly-owned subsidiary of Itoham Foods Inc.

Date established: May 20, 2003

Start of operations: October 1, 2003

Net sales forecast: FY2003: ¥2 billion

FY2004: ¥3 billion

FY2005: ¥4 billion