

June 16, 2011

Itoham Foods Inc.

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

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Notice Regarding Progress Made in Group Realignment

Itoham Foods Inc. announced on April 22, 2011 that it would conduct a Group realignment in its news release “Notice Regarding Group Realignment.” The Board of Directors today announced that the concrete details of this realignment have been decided.

1. Details Regarding Group Realignment

(1) Realignment of processed foods business in the Kyushu and Chugoku/Shikoku areas

① Overview of new subsidiary

Company name	Itoham West Inc.
Head office location	970-1, Oaza Nagano, Kiyama-cho, Miyaki-gun, Saga
Representative	President Hiromu Fukuyama
Lines of business	Manufacture and sale of processed meat products, pre-cooked and processed foods, and prepared dishes
Capital	¥90 million
Shareholding	Itoham Foods Inc. 100%
Fiscal year-end	March 31

② Details of Business to be Handed Over

The processed foods business in the Kyushu and Chugoku/Shikoku areas of Itoham Foods and its subsidiary Itoham Sales Inc. will be handed over to the new company, Itoham West Inc.

③ Operating Results of Business to be Handed Over for March 2011 Fiscal Year

		(a) Business to be handed over	(b) Consolidated results of Itoham Foods	Ratio (a/b)
March 2011 fiscal year results	Net sales	¥23,659 million	¥455,989 million	5.2%
	Operating income (loss)	(¥70 million)	¥2,481 million	—

④ Business forecasts for next 3 years

	Second half of March 2012 fiscal year (plan)	March 2013 fiscal year (plan)	March 2014 fiscal year (plan)
Net sales	¥12,800 million	¥26,000 million	¥26,000 million
Operating income	¥10 million	¥90 million	¥170 million

⑤ Handover price and settlement method

The handover price is based on the book value of the handover assets and handover liabilities on the day prior to the business handover, and will be determined after discussion between the concerned parties. The method of handover is also to be determined after discussion between concerned parties.

⑥ Establishment schedule and business handover

June 16, 2011

Resolution by Board of Directors

July 1, 2011

Establishment of new company (tentative)

September 16, 2011

In each operating company, Board of Directors agrees to hand over business, and concludes business handover contract (tentative)

October 1, 2011

Business handover comes into effect (tentative)

⑦ Business outlook

The handover will have a negligible effect on Itoham Foods' business performance

(2) Realignment of logistics functions

① Overview of new subsidiary

Company name	I.H. Logistics Service Inc.
Head office location	4-27, Takahata-cho, Nishinomiya-shi, Hyogo
Representative	President Toyokazu Yamaoka
Lines of business	Storage, shipment and delivery of processed meat products and pre-cooked food products
Capital	¥90 million
Shareholding	Itoham Foods Inc. 100%
Fiscal year-end	March 31

② Lines of business

Contracted transportation and cargo handling businesses of the Itoham Group

③ Business forecasts for next 3 years

	Second half of March 2012 fiscal year (plan)	March 2013 fiscal year (plan)	March 2014 fiscal year (plan)
Net sales	¥4,000 million	¥12,000 million	¥15,000 million
Operating income	¥20 million	¥200 million	¥300 million

④ Establishment schedule

June 16, 2011

Resolution by Board of Directors

July 1, 2011

Establishment of new company (tentative)

October 1, 2011

Start of business operations (tentative)

⑤ Business outlook

The handover will have a negligible effect on Itoham Foods' business performance

(3) Realignment of Operational Support Functions

① Overview of new subsidiary

Company name	Itoham Human Service Inc.
Head office location	4-27, Takahata-cho, Nishinomiya-shi, Hyogo
Representative	President Hiroharu Hori
Lines of business	Personnel related operations, building and operating personnel systems
Capital	¥30 million
Shareholding	Itoham Foods Inc. 100%
Fiscal year-end	March 31

② Lines of business

Contracted personnel related operations of the Itoham Group

③ Business forecasts for next 3 years

	Second half of March 2012 fiscal year (plan)	March 2013 fiscal year (plan)	March 2014 fiscal year (plan)
Net sales	¥142 million	¥295 million	¥293 million
Operating income	¥15 million	¥30 million	¥30 million

④ Establishment schedule

June 16, 2011

Resolution by Board of Directors

July 1, 2011

Establishment of new company (tentative)

October 1, 2011

Start of business operations (tentative)

⑤ Business outlook

The handover will have a negligible effect on Itoham Foods' business performance

(4) Merger of Subsidiaries

① Type of Merger

An absorption-type merger will be conducted, in which Itoham Daily Inc. will be the surviving company and Itoham Shokuhin Inc. will be dissolved.

② Merger-related allocations of shares

Because the merger will take place between two wholly owned subsidiaries of Itoham Foods Inc., no new shares will be issued and no merger-related payments will be made.

③ Overview of the merging companies

	Surviving company	Extinct company
Company names	Itoham Daily Inc.	Itoham Shokuhin Inc.
Head office locations	20 Takashimizu Raikozawa, Kurihara-shi, Miyagi	4-27, Takahata-cho, Nishinomiya-shi, Hyogo
Representatives	President Isao Sasaki	President Yutaka Shishido
Lines of business	Manufacture and sale of processed meat products, pre-cooked and processed foods, and prepared dishes	Manufacture of processed meat products, pre-cooked food products, frozen foods, and prepared dishes
Capital	¥500 million	¥312 million
Dates founded	February 15, 1975	April 1, 1976
Number of shares of common stock issued	1,000,000 shares	624,000 shares
Fiscal year-end	March 31	March 31
Number of employees	777 (as of April 30, 2011)	98 (as of April 30, 2011)
Shareholding	Itoham Foods Inc. 100%	Itoham Foods Inc. 100%
Prior-year operating results and financial position (As of March 31, 2011)		
Net sales	¥26,717 million	¥2,189 million
Operating income	¥207 million	¥139 million
Ordinary income	¥211 million	¥141 million
Net income	(¥434 million)	¥62 million
Net assets	¥298 million	¥1,289 million
Total assets	¥5,476 million	¥1,541 million

④ Schedule of merger

Board of Directors of companies agree to merger (companies concerned with merger)

June 16, 2011

Board of Directors agrees to merger (Itoham Foods)

June 16, 2011

Merger contract concluded (companies concerned with merger)

June 16, 2011

General Meeting of Shareholders of companies agree to merger (companies concerned with merger)

August 25, 2011 (tentative)

Date of merger (effective date)

October 1, 2011 (tentative)

⑤ Status after the merger

The company name, location, representative name and title, lines of business, capital, and fiscal year-end of Itoham Foods Inc. will remain unchanged following the merger.

⑥ Business outlook

Because the merger will take place between wholly owned subsidiaries of Itoham Foods Inc., this action will have a negligible effect on Itoham Foods' consolidated business performance.