

July 22, 2008

Itoham Foods Inc.

President: Chikara Kasai

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

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Itoham Announces Sale of Shareholding in Subsidiary

Itoham Foods Inc. has announced that at the meeting held on July 22, 2008, its Board of Directors resolved to sell 100% of the Company's shareholding in its subsidiary Ito Life Sciences Co., Ltd. to Otsuka Chemical Co., Ltd. Details are as follows:

1. Name and Profile of Subsidiary to be Sold

Name	Ito Life Sciences Co., Ltd.
Location	1-2-1 Kubogaoka, Moriya City, Ibaraki Prefecture
President	Seiji Sato
Business	Manufacture and sale of pharmaceuticals
Established	May 20, 2003
Paid-in capital	¥800 million
Shareholder	Itoham Foods Inc. (100%)

In conjunction with the above sale, Itoham will also transfer Ito Life Sciences Co., Ltd.'s wholly owned subsidiaries, as follows:

Name	American Peptide Company, Inc.
Location	California, U.S.A.
President	Seiji Sato
Business	Manufacture and sale of pharmaceuticals
Shareholder	Ito Life Sciences Co., Ltd. (100%)

Name	Ito Life Sciences (Shanghai) Co., Ltd.
Location	Shanghai, China

President Seiji Sato
 Business Manufacture and sale of pharmaceuticals
 Shareholder Ito Life Sciences Co., Ltd. (100%)

Recent Financial Results
 Ito Life Sciences Co., Ltd.

(million yen)

	Year ended March 2006	Year ended March 2007	Year ended March 2008
Net Sales	2,301	2,383	2,546
Ordinary income	31	119	220
Net income	10	4	13

American Peptide Company, Inc.

(million yen [thousand dollars])

	Year ended March 2006	Year ended March 2007	Year ended March 2008
Net Sales	1,290 [10,928]	1,813 [15,222]	1,634 [14,317]
Ordinary income	105 [895]	310 [2,610]	68 [602]
Net income	68 [582]	208 [1,747]	45 [397]

Ito Life Sciences (Shanghai) Co., Ltd.

(million yen [thousand yuan])

	Year ended March 2006	Year ended March 2007	Year ended March 2008
Net Sales	0 [46]	88 [5,790]	116 [7,478]
Ordinary income	-21 [-1,469]	-17 [-1,136]	20 [1,284]
Net income	-21 [-1,469]	-17 [-1,136]	20 [1,284]

2. Reason for Sale of Shareholding

Under its new medium-term management plan launched during the fiscal year ending March 2009 Itoham has revised its business domains in line with the basic policy of ensuring a competitive edge in its core businesses and aggressively extending its operations into growth fields in which synergies can be expected. As a result, the Company decided that to reinforce and grow the operations of the Ito Life Sciences Group, the best

option would be to develop operations in collaboration with Otsuka Chemical Co., Ltd. Itoham therefore decided to sell its shareholding in Ito Life Sciences Co., Ltd. to Otsuka Chemical Co., Ltd., which has a strong track record in research and development.

3. Purchaser of Shares

Name Otsuka Chemical Co., Ltd.
Location 3-2-27 Ote-dori, Chuo-ku, Osaka City
President Akihei Mori

4. Sale Price and Profit (projected)

Sale price: ¥1,700 million
Profit on sale: ¥720 million (non-consolidated)
 ¥297 million (consolidated)

5. Scheduled Date of Sale

September 1, 2008

6. Future Outlook

As a result of the sale, the above three companies will be excluded from Itoham's scope of consolidation. The resulting impact on consolidated net sales and income/loss will be negligible. However, the profit recorded from the sale will result in increased profits on both a non-consolidated and consolidated basis for the fiscal year ending March 31, 2009.

The Company is currently investigating whether it needs to revise its earnings forecasts, and will make an announcement at a later date, should revisions be necessary.