

September 28, 2007

Apology for Inappropriate Labeling of Domestic Pork

The Japanese Ministry of Agriculture, Fisheries and Forestry today publicly announced the inappropriate labeling of certain domestic pork products sold by the Nara branch (in Kashihara, Nara Prefecture) of Itoham Meat Sales West Inc. (President: Yutaka Nakata; Head Office: Nishinomiya, Hyogo Prefecture), an Itoham Group company.

We would like to issue a sincere apology for any trouble or concern caused to customers, business partners, shareholders or anybody else affected.

An outline of events and details of measures to prevent a reoccurrence follow. The Itoham Group would like to assure stakeholders that it takes this incident very seriously and sincerely regrets the fact that its supervision proved to be inadequate in some cases. Hereafter, we will work hard to reinforce compliance education for all employees to ensure that such incidents are not repeated. We ask for your understanding in this matter.

1. Summary

The Nara branch of Itoham Meat Sales West has a certain regular customer that specifically requires pork products produced in Kagoshima prefecture (or, if Kagoshima products are unavailable, pork produced in certain other specified prefectures). When delivering to this customer, the branch sometimes found that it had insufficient supplies of domestic pork boneless shoulder collar products labeled as being produced either in Kagoshima or another specified prefecture. On these occasions, the branch omitted the usual procedures for specifying where meat is produced, and took the inappropriate step of stamping “Kagoshima” on the labels of domestic pork products (complying with the Japan Agricultural Standard law for labeling of domestic pork for sale and distribution) it had in stock and shipping them as pork boneless shoulder collar produced in Kagoshima.

According to an internal investigation, the period concerned was a total of 19 months from December 2005 through June 2007 with the total weight of

inappropriately labeled shipments at around 13 metric tons. During that period a total of 1,705 tons of domestic pork was shipped to the customer concerned, including 354 tons of domestic pork boneless shoulder collar.

2. Inspection and Prevention

Itoham Meat Sales West

1. Itoham Meat Sales West immediately launched voluntary inspection of source-related labeling for products in all categories including domestically produced pork. This inspection was conducted in 52 business locations. The inspection revealed no occurrences of mislabeling such as those mentioned above.
2. An urgent operational audit of all Itoham Meat Sales West business locations by the Itoham Group Corporate Administration Division is in progress, scheduled for completion at the end of September 2007.
3. A meeting of business location managers was held to reinforce the principles of appropriate labeling and compliance.

Itoham Group

1. The Itoham Group immediately conducted similar voluntary inspections of 36 other Meat Division business locations in addition to those of Itoham Meat Sales West. No further cases of mislabeling were discovered.
2. The Itoham Group Corporate Administration Division is urgently conducting a similar operational audit of all Itoham Meat Division business locations, to be completed by the end of this month.
3. Itoham had already banned adjustments to product labels during the distribution process, however the ban will be more rigorously reinforced.
4. Once preparations are complete, Itoham will gradually include warnings on the labels of meat products manufactured at production facilities of the Itoham Group's Meat Division. The warnings will read "All changes or amendments invalid."
5. In future, domestic pork products manufactured at production facilities of the Itoham Group's Meat Division will, as a rule, be labeled by

prefecture, rather than simply as “domestically produced.”

The Itoham Group will redouble its efforts to ensure rigorous compliance and do its utmost to maintain the effectiveness of the above measures designed to prevent reoccurrences of this type of incident. To this end, the Company will strengthen its auditing framework on an ongoing basis, and constantly verify that the measures are effective.

We hope we can continue to count on your support and understanding as we work to ensure that this kind of incident is never repeated.

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