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Itoham Foods Inc.

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### **Notification of Special Loss Due to Payment of Customs Tariffs Related to the Procurement of Imported Pork**

Itoham Foods Inc. today released the following information regarding the special loss it will incur due to its payment as secondary taxpayer of customs tariffs related to procuring imported pork.

#### 1. Details of Customs Tariff Payment

(1) Payment	¥671 million
(2) Customs offices	Tokyo, Osaka, Kobe
(3) Deadline	September 21, 2007

#### 2. Reason for Payment

In August 2005, there was a Customs Act violation related to imported pork whereby an importer which evaded customs tariffs was required by the customs authorities to repay the unpaid tariffs. However, it proved impossible to collect most of the tariffs due from the importer concerned. As a result, the above three customs offices sent notices requesting payment to Itoham, which was the secondary taxpayer in accordance with the provisions of Japanese Corporate Tax Law, Article 39. Itoham will therefore make third-party payment of the relevant customs tariffs.

There was some discrepancy between Itoham and the customs offices under Japanese Corporate Tax Law, Article 39 regarding the value of the imported pork. However, Itoham is firmly committed to abiding by the notices of payment and fully accepting the consequences of the verdict related to the incident mentioned above.

### 3. Details of special loss

As a result of the above, ¥624 million will be recorded as a special loss for the fiscal year ending March 31, 2008, excluding the amount booked in the previous fiscal year.

### 4. Impact on financial results

Due to the recording of the special loss, we expect there to be changes in interim and full-year net income (loss) on both a consolidated and non-consolidated basis for the fiscal year ending March 31, 2008.

Itoham is currently conducting detailed investigation regarding amendments to earnings forecasts, including the forecast for ordinary income, for the fiscal year ending March 31, 2008. Amendments will be announced as necessary.