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Itoham Foods Inc.

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

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### **Notice Concerning Granting of Stock Acquisition Rights in the Form of Stock Options as Remuneration for Directors**

The Board of Directors of Itoham Foods Inc. today passed a resolution determining the amount and other details of stock acquisition rights to be issued in the form of stock options as remuneration for the Company's directors. The resolution is subject to approval at the 68<sup>th</sup> ordinary shareholders' meeting of the Company scheduled for June 26, 2008.

Details are as follows.

#### **1. Reasons for Issuing Stock Acquisition Rights as Stock Options**

The Company has abolished the retirement allowance system for directors, and in order to link remuneration more closely to corporate performance and share value, the Board proposes that remuneration in the form of stock options be granted to directors. The move will mean that directors share the risks of share price depreciation as well as the benefits of higher share prices. This will provide directors with further incentive and motivation to improve the Company's performance and increase corporate value over the medium- to long-term.

#### **2. Terms of Issue of Stock Acquisition Rights**

##### **(1) Individuals Eligible for Stock Acquisition Rights**

Directors of the Company

##### **(2) Class and Number of Shares to Be Issued for Stock Acquisition Rights**

Up to 80,000 shares of the Company's common stock may be granted to directors exercising stock acquisitions rights issued within one year of the

ordinary shareholders' meeting for each fiscal year.

If the Company splits or consolidates its common stock, the number of shares to be granted upon exercise of stock acquisition rights shall be adjusted according to the following formula:

Number of shares to be granted after adjustment = Number of shares to be granted before adjustment x Ratio of split or consolidation

The adjustment will apply to shares to be granted for share subscription rights still unexercised at the time of the stock split or consolidation. Fractional shares resulting from such adjustments shall be discarded.

If, subsequently, there are other unavoidable cases where an adjustment of the number of shares to be granted is deemed to be necessary, the number of shares to be granted shall be appropriately adjusted within reasonable limits.

(3) Total Number of Stock Acquisition Rights to be issued

Up to 80 stock acquisition rights may be issued within one year of the ordinary shareholders' meeting for each fiscal year.

The number of shares to be granted for each stock acquisition right (shares per acquisition right) shall be 1000. Any adjustments to the total number of shares made in accordance with (2) above shall also be applied to the shares per acquisition right.

(4) Amount to Be Paid When Exercising Stock Acquisition Rights

The amount to be paid upon exercise of stock acquisition rights shall be ¥1 (the payment per share to be granted) multiplied by the shares per acquisition right.

(5) Exercise Period for Stock Acquisition Rights

Stock acquisition rights shall be exercised within 30 years of the day following allocation of those rights.

(6) Restrictions on the Acquisition of Stock Acquisition Rights due to Transfers

Approval is required by resolution of the Company's Board of Directors for the acquisition of stock acquisition rights due to transfers.

(7) Conditions for Exercise of Stock Acquisition Rights

- i. Stock acquisition rights may be exercised within 10 days of the day following resignation from the position of director of the Company.
- ii. Other conditions regarding the exercise of stock acquisition rights shall be determined by the Board of Directors of the Company.

(8) Other Particulars of Stock Acquisition Rights

Other details concerning items (1) through (7) above, or matters in addition to (1) through (7) above, shall be determined at the Board of Directors meeting at which details regarding applications for share acquisition rights are decided.

(Notes)

1. The Company intends to introduce a similar system of stock acquisition rights in the form of stock options to be allocated as remuneration for executive officers (up to a maximum of 60 stock acquisition rights). The stock acquisition rights will be granted accordingly by resolution of the Board of Directors within one year after the 68<sup>th</sup> shareholders' meeting of the Company.
2. The matters detailed above are subject to approval at the 68<sup>th</sup> shareholders' meeting of the Company scheduled for June 26, 2008.