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**North American Buyout Fund “Red Diamond Capital Partners”
Acquires Three Prime Middle-Market Companies in U.S. Growth Industries**

A wholly-owned subsidiary of Mitsubishi International Corporation (MIC), Red Diamond Capital (RDC) is a buyout fund management company headquartered in New York (Bret E. Russell, Managing Director and CEO). Through Red Diamond Capital Partners, L.P., a buyout fund wholly funded by MIC, RDC has acquired three prime middle-market companies that are active in growth industries in the United States, including a health food products manufacturer and a maker of precision components for medical equipment.

The three companies acquired are as follows: Montana-based Nutritional Laboratories International, Inc., a leading U.S. maker of dietary and nutritional supplements; California-based Inland Technologies, Inc., a manufacturer of precision plastic components for medical equipment; and California-based Milton's Baking Company, Inc., a marketing company dealing in bread and crackers under its own brand. The companies have annual revenues of approximately \$50 million, \$20 million and \$70 million respectively. (Note: all \$ figures refer to U.S. dollars).

RDC typically pursues change-of-control transactions, and through its CEOwners® Program (see 2 below), partners with industry veterans who possess expertise and management experience, and invites them to participate in the management of acquired enterprises. At the same time, RDC looks to improve the profitability and value of its portfolio companies through add-on acquisitions and by capitalizing on MIC's global business networks and expertise. All three companies acquired by RDC this time are in markets where strong medium-term growth is expected. RDC is seeking to leverage the lift provided by this market growth and realize profits by selling off acquired enterprises roughly three to seven years after the buy-out.

RDC was established by New York-based MIC in 2000. Although RDC is fundamentally a financial investor, MIC has established RDC as part of a strategy to extend MIC's involvement in promising fields with growth potential in North America. MIC has committed capital totaling \$150 million to Red Diamond Capital Partners, a buy-out fund managed by RDC. The operations of

RDC have been entrusted to Managing Director Bret Russell and his team of American professionals who possess a wealth of buy-out experience in the North America market. In doing so, MIC is looking to identify prime investments in North America and foster the growth of acquired companies by utilizing the networks of American professionals with close ties to local financial and industrial sectors.

Of the more than 1,000 buy-out funds in the U.S., this is one of a very limited number of funds that aim to leverage the strengths of a sponsoring corporation. The fund uniquely links the global network of MIC and its parent company, Mitsubishi Corporation (MC), together with the talents of American buy-out professionals. It is the first truly locally-based U.S. buy-out fund to be established by a Japanese corporation. Since its investment activities have gotten underway, the fund has quickly gained recognition in the U.S. M&A market. Investment activities were begun in earnest about two and a half years after the fund was established, with four investments executed in 2004 and three more since the start of 2005.

Through information sharing with MC's relevant business groups and joint utilization of various networks, a synergy is being sought between RDC's investments (including the latest three buy-outs) and the whole of MC. In this way, RDC is aiming to further raise the return from its investments. RDC will continue to look to make investments in middle market North American companies with revenues ranging from \$20 million to \$150 million. While expanding MC's North American operations, we will look to achieve even greater synergy by leveraging the respective strengths of RDC, MIC and MC.

Notes

(1) About Red Diamond Capital

Red Diamond Capital is a New York based buy-out fund management company established by Mitsubishi International Corporation (MIC) in 2002. MIC is dedicating a total investment of \$150 million over five years for Red Diamond Capital Partners, a buy-out fund managed by RDC. The fund targets change-of-control acquisitions of middle market enterprises in manufacturing, distribution, and service sectors in North America that produce revenues ranging from \$20 million to \$150 million.

(2) About the CEOwners® Program

RDC looks to identify and research possible investments together with seasoned veterans of various industries who possess expertise and management experience. When investments are executed, these professionals are then invited to become part of the management of the acquisitions and also are given the chance to invest in the enterprise. Currently, the program has enlisted about 20 professionals in fields such as consumer goods and chemicals.

Additional Reference Materials: Overview of Companies Acquired by RDC

- (1) Nutritional Laboratories International Inc.
- (2) Inland Technologies, Inc.
- (3) Milton's Baking Company, Inc.

(1) Nutritional Laboratories International Inc.

Nutritional Laboratories International Inc. (NLI) is one of America's leading manufacturers of dietary and nutritional supplements. Established in Montana in 1997, NLI was created with the support of a local venture capital fund by its management—two seasoned veterans with years of experience in the industry—Terry Benishek, the current president of NLI, and Ned Beck, the current vice president in charge of sales.

Through its CEOwners® Program, RDC has enlisted food industry veteran Ron Dannenberg to serve as the CEO of Nutritional Holdings, Inc., the parent company of NLI. At the same time, by capitalizing on its ties with Mitsubishi Corporation (MC), RDC is aiming to expand its business in the American market, which has already developed a robust market in the dietary and nutritional supplement sector, and in the Japanese market, where MC boasts strong manufacturing, sales, logistics, and customer networks.

Since NLI is a contract manufacturer of brand products, it does not possess its own brand products. However, supported by its in-house laboratory, NLI maintains high production standards and boasts sophisticated production processes and facilities, which has helped the company to earn a reputation for achieving the highest level of quality control in the industry. The current management of NLI is staying on, and together with Dannenberg, the new CEO of Nutritional Holdings, they are striving to further expand business for the new NLI.

The market for dietary and nutritional supplements in the United States now exceeds \$20 billion. With the current aging population trend and increasing health consciousness, the market is expected to exhibit sustained growth in the future. MC sees this as a field to be closely watched. With RDC's acquisition of NLI, MC is aiming to create a synergy throughout the MC Group as a whole by optimizing the utilization of its manufacturing, sales, logistics, and customer networks, and thereby bolstering its position in the field.

(2) Inland Technologies, Inc.

Established in California in 1992, Inland Technologies, Inc. (IT) was created by members of the company's current management team, President Glenn Crossno and Vice President Gary Hengeveld, two veterans in the field of molded plastic parts. IT is one the leading molded plastic

parts makers for medical equipment in America. RDC acquired IT through additional investment in a previous acquisition, Hi-Tech Rubber, Inc. (HTR).

IT has plants in two locations—one in California and one in North Carolina. It maintains high-level production standards and boasts advanced production processes and equipment, complete with clean room facilities. Furthermore, as it possesses the capability to manufacture its own moldings, IT is able to flexibly and quickly respond to the needs of its customers. The current management team will remain with IT, and as a company under the umbrella of HTR, it will work together with the HTR management team to further expand the business of the new HTR. With the acquisition of IT, HTR will be able to provide both rubber and plastic parts to manufactures of medical equipment. In this way, HTR is looking to distinguish itself from competitors by further improving customer convenience through “one-stop shopping.”

The U.S. market for medical equipment has grown to exceed \$70 billion. With the current aging population trend and ongoing improvements in medical technologies, the industry is expected to grow at an annual rate of approximately 10% over the next ten years. The new HTR will look to capitalize on its acquisition of IT in order to achieve growth in the market.

(3) Milton's Baking Company, Inc.

Milton's Baking Company, Inc. (Milton's) is a well-known product development and marketing company in the western United States. It was created in 1997 by current Milton's executives, food products veterans David Levy and Barry Robins. The company specializes in developing original bread and cracker products, which it markets under the Milton's brand. The company possesses a unique business strategy, focusing on product development and marketing—two areas in which it excels—while outsourcing production on a contract basis. Milton's brand crackers and bread possess a large-share of the market at major warehouse-style retailers, such as Costco and Wal-Mart's SAM'S CLUB.

When acquiring Milton's, RDC also bought MBR Foods, LLC (MBR), a marketing and product development company specializing in brand name frozen foods and possessing a business model similar to Milton's. MBR was established in 2000 by Craig Shechtman, a business partner of Levy and Robins prior to the establishment of Milton's. The combined total sales of both

companies at the time of acquisition was 70 million dollars.

When acquiring the two enterprises, RDC established the holding company Milton's Fine Foods, Inc. (MFF), and enlisted CEOwners® Program partner Ron Dannenberg as the CEO. Dannenberg is charged with planning and executing basic growth and acquisitions strategies for the company. Under the umbrella of MFF, MBR will be merged with Milton's, and the current management will remain at the new Milton's and aim to realize further business expansion under MFF CEO Dannenberg.

The market for bread in the U.S. now exceeds \$16 billion and it is expected to grow at a rate of roughly 5% in the future. In particular, multi-grain and whole-grain bread for gourmet sandwiches, a mainstay of Milton's, is expected to have strong annual growth of 10% to 15% as trends toward increased health consciousness continue. The new Milton's will aim to expand business through further product development.