

March 23, 2018

This document is an English translation  
of a statement written initially in Japanese.  
The Japanese original should be considered  
as the primary version.

ITOCHU Corporation  
(Code No. 8001, Tokyo Stock Exchange, 1st Section)  
Representative Director and President: Masahiro Okafuji  
Contact: Kazuaki Yamaguchi  
General Manager, Investor Relations Department  
(TEL. +81-3-3497-7295)

### **Announcement of Change in Significant Subsidiary**

ITOCHU Corporation (headquarters: Minato-ku, Tokyo; President and CEO: Masahiro Okafuji; hereinafter “ITOCHU”) has reached agreement with Shell EP Middle East Holdings B.V. (a subsidiary of Royal Dutch Shell plc) to acquire 100% of the shares of Shell Iraq B.V. (hereinafter “SIBV”), a wholly-owned subsidiary of Shell EP Middle East Holdings B.V. ITOCHU will acquire 100% of the SIBV shares through CIECO West Qurna Limited (hereinafter “CIECO WQ”), a wholly-owned subsidiary of ITOCHU. SIBV holds a 19.6% stake in the Technical Service Contract for the West Qurna 1 Oil Production Project in the Republic of Iraq. This announcement is in response to the decision by ITOCHU that CIECO WQ will become a Significant Subsidiary due to the increase in capital for the purpose of acquiring SIBV.

#### 1. Purpose

CIECO WQ was established to implement timely and proactive management and administration of SIBV. ITOCHU has obtained all necessary approvals in relation to the transaction, including approvals from the state-owned Basra Oil Company (hereinafter “BOC”), and will complete the share purchase within the next few days so it has decided to increase its capital to acquire entire share of SIBV.

#### 2. Overview of CIECO WQ

(1) Company name	CIECO West Qurna Limited
(2) Head office	The Broadgate Tower, 20 Primrose Street, London United Kingdom, EC2A 2EW
(3) Representative	TOSHIYUKI MORI
(4) Principal business	Managing a special purpose vehicle which participates in the Technical Service Contract for the West Qurna 1 Oil Field
(5) Capital	At establishment: US\$1.00 After capital increase: US\$330 million (approximately ¥35.0 billion)
(6) Date of establishment	January 27, 2017
(7) Fiscal year-end	December
(8) Ownership	ITOCHU: 100%

(9) Relationship with ITOCHU	Capital	As per (8) above, ITOCHU holds 100% of the shares in CIECO WQ.
	Personnel	Representatives are dispatched from ITOCHU.
	Transactional	There are no significant transactions between ITOCHU and CIECO WQ.

### 3. Schedule

(1) Date of Establishment	January 27, 2017
(2) Date of Capital Increase	March 27, 2018 (tentative)

(Note.1) Subject to obtaining all necessary approvals from the BOC and other relevant Iraqi governmental authorities, CIECO WQ will allot new shares to Japan Oil, Gas and Metals National Corporation under its financial assistance program.

<After the above allotment>

- (1) Capital: US\$550 million
- (2) Ownership: ITOCHU 60%

(Note.2) ITOCHU has obtained insurance coverage from Nippon Export and Investment Insurance on its investment in CIECO WQ.

### 4. Future Outlook

The impact on Net Profit attributable to ITOCHU for the fiscal year ending March 31, 2018, is not significant.

The Technical Service Contract scheme provides a base for stable and sustainable income with relatively low oil price fluctuation risk, as Contractors are entitled to receive recovery for the cost spent as well as a certain remuneration fee based on the production levels.

< Summary of West Qurna 1 >

The West Qurna 1 Oil Field is located in the southern part of Iraq and is operated by ExxonMobil. The field is one of the largest oil fields in the world with expected recoverable reserves of over 20 billion barrels.

Location	Basra Province, Republic of Iraq
Reserves	Over 20 billion barrels
Participating Interest (after completion)	ExxonMobil (US) (Lead Contractor) 32.7% Petrochina (China) 32.7% ITOCHU 19.6% Pertamina (Indonesia) 10.0% Oil Exploration Company (Iraqi state-owned company) 5.0%

< Location Map >

