

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

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Tie-up with The Seibu Department Stores, Ltd.

ITOCHU Corporation (ITOCHU) and The Seibu Department Stores, Ltd. (SEIBU) have agreed to a comprehensive tie-up, utilizing mutually resources of both groups to propell their businesses expand. A memorandum regarding the tie-up has been concluded today.

1. Background

ITOCHU and SEIBU value each other as the perfect partner who shares the common philosophy of “creating businesses for the next generation and providing the best solutions to its customers,” and have reached an agreement to a comprehensive tie-up in a business environment where information technology is swiftly changing the business front of the retail sector.

ITOCHU has selected the four segments of information and multimedia, consumer and retail related, natural resource development and financial services as “Attractive & Powerful” (A&P; segments where ITOCHU is highly evaluated by customers and where it is powerful and ranks top-class). By focusing on these segments, ITOCHU will become a corporate group consisting of companies that are top-class in their respective industrial sectors. ITOCHU, through the tie-up, has great expectations of jointly creating new value chains from raw material to consumer products, by merging ITOCHU's sourcing, information, finance and logistics functions with SEIBU's prominent brand image. The A&P strategy, especially the information technology segment, will be reinforced in this undertaking.

On the other hand, SEIBU, as a company seeking growth in the next century, exhibits its originality as an innovative retailer in the distribution industry by making distinct its strategic position, especially customer relationship, merchandising and shop management strategy. SEIBU is confident that the tie-up – ITOCHU's global network and its policy to aggressively set foot in various business fields in an era of swift changes, coupled with SEIBU's outstanding customer-

oriented marketing capability – will increase the chances of success in new businesses.

2. Contents of Tie-up

Details of the tie-up are still to be decided, and important matters will be disclosed as appropriate. The ITOCHU group's global information and distribution network, expertise in brand business and its core functions of information, finance, logistics, and marketing, leveraged by the latest advanced technology in these areas, and the SEIBU group's advantageous points of retail, customers, knowledge in shop management and knowledge in planning and developing of the consumer market will be joined in reinforcing the following fields in the tie-up.

<Main fields of the tie-up>

e-commerce sector – building “e-business by cluster” by utilizing information technology and database of customers

retail sector – developing shops, goods and services through joint planning

logistics sector – building a supply-chain management based logistics system

finance sector

dining industry

Active exchange of personnel between the two groups will be promoted in strengthening the tie-up.

3. Contents of Capital Alliance

As part of reinforcing the tie-up between the two groups, ITOCHU will obtain 4.72% of SEIBU's shares and 20.06% of Yoshinoya D&C Co., Ltd.'s shares (of which 10.03% has a purchase option). Details are as follows:

- (1) Company: The Seibu Department Stores, Ltd.
Shares sold: 6,530,000 shares of common stock
(4.72% of common stock issued and outstanding)
Total proceeds: approximately ¥7.5 billion
Sold by: Saison Network Inc. (an associated company of SEIBU)
Sold to: ITOCHU Corporation

- (2) Company: Yoshinoya D&C Co., Ltd.
Shares sold: 132,858 shares of common stock
(20.06% of common stock issued and outstanding, of which 10.03% has a purchase option)
Total proceeds: approximately ¥23 billion
Sold by: The Seibu Department Stores, Ltd.
Sold to: ITOCHU Fresh Corporation (a 100% subsidiary of ITOCHU)

Following this action, ITOCHU Corporation will become the 6th largest shareholder of The Seibu Department Stores, Ltd., and ITOCHU Fresh Corporation will become the 2nd largest shareholder of Yoshinoya D&C Co., Ltd.

4. Summary of Tie-up Company

- (1) Company: The Seibu Department Stores, Ltd.
- (2) Location: 28-1, 1-chome Minamiikebukuro Toshima-ku, Tokyo
- (3) Established: March 1940
- (4) Capital: ¥6,911 million
- (5) Number of employees: 6,223
- (6) Sales (non-consolidated): ¥576.1 billion (February 2000)
- (7) Sales profit (non-consolidated): ¥13.6 billion (February 2000)