

December 13, 2007

ITOCHU Corporation  
(Code No. 8001, Tokyo Stock Exchange, 1<sup>st</sup> Section)  
Contact: Yoshiharu Matsumoto  
General Manager, Corporate Communication Division  
(TEL. +81-3-3497-7291)

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

Separation and transfer agreement between ITOCHU Corporation and  
ITOCHU Non-Ferrous Materials Co., Ltd.

ITOCHU Corporation (ITOCHU) and ITOCHU Non-Ferrous Materials Co., Ltd. (NFM) announced that both Boards of Directors decided on December 13, 2007, to separate and transfer ITOCHU's steel scraps and recycled items-related business operated at Metals & Mineral Resources Department to NFM. These operations will be transferred to NFM on April 1, 2008.

1. Objectives

ITOCHU's Metals & Mineral Resources Department is engaged in the operation of resources development of iron ore, alumina, etc., an upstream business realm, and trading related thereto as its two business pillars. Because the trading business of steel scraps and recycled items (downstream business) requires refined services, the determination of the separation and transfer to NFM was made in order to improve operational efficiency and to increase earnings.

2. Outline

(1) Schedule

December 13, 2007	Board of Directors to approve the corporate separation agreement
December 13, 2007	Signing of the agreement
April 1, 2008	Completion of separation

\* Because this corporate separation represents simple absorption/separation, provided for the Company Law, Article 784, Paragraph 3, no approval of this separation agreement will be executed by a general meeting of shareholders.

(2) Separation procedure

ITOCHU will separate and transfer its operations related to steel scraps and recycled items, and NFM will succeed to them.

(3) Decrease of capital etc. through separation

No change shall occur in the capital of ITOCHU.

(4) Handling of warrants and warrant bond of ITOCHU

There is no outstanding warrants and warrant bond issued by ITOCHU.

(5) Rights/obligations to be succeeded by NFM

The rights and obligations to be succeeded from ITOCHU to NFM shall be assets and liabilities related to this operation, rights and obligations attached thereto, contractual positions, and other rights and obligations (excluding some of collection-delayed cases, etc.) as of the date of separation.

ITOCHU's employees involved in this operation shall be seconded to NFM.

(6) Redemption of debt

Debts owned by ITOCHU and NFM that will have a maturity date on or after the date of the transfer shall be redeemed accordingly.

3. Outline of our corporation and NFM (as of March 31, 2007)

(1) Name	ITOCHU Corporation (to transfer business)	ITOCHU Non-Ferrous Materials Co., Ltd. (to succeed business)
(2) Business Lines	Import & export, third-country trading and domestic sales of textiles, machinery, electronics, metals, chemical products, oil & other energy related items, foodstuffs, foods, forestry products, paper & pulp, rubber and ceramic products and other commodities. Also involved in insurance services, financial services, construction, real estate, warehousing, information & communications businesses	Sales, import & export of raw materials of non-ferrous metal, light metal, iron & steel, non-metal, precious metal, their products, lease & rental of reefer unit/air conditioner, and relevant business
(3) Established	December 1, 1949	June 28, 1996
(4) Head Office	Chuo-ku, Osaka	Minato-ku, Tokyo
(5) President	Eizo Kobayashi	Takanobu Kuwahara
(6) Capital	¥202,241 million (unconsolidated)	¥700 million (unconsolidated)
(7) Total no. of shares issued	1,584,889,000	14,000
(8) Net assets	¥452,482 million (unconsolidated)	¥3,921 million (unconsolidated)
(9) Total assets	¥2,846,630 million (unconsolidated)	¥55,094 million (unconsolidated)
(10) Financial year-end	March 31	March 31
(11) Major shareholders and stock holding ratios	Japan Trustee Services Bank, Ltd. 6.71% The Master Trust bank of Japan, Ltd. 5.93% Mitsui Sumitomo Insurance Company, Ltd. 3.07%	ITOCHU Corporation 100%

4. Content of operation to be separated

(1) Content of operation

Trading business of steel scraps, recycled items, etc.

(2) Operating results of the operation to be separated in the year ended March 31, 2007

(Unit: billion yen)

	Operation to be separated (A)	ITOCHU Corporation (B)	Percentage (A/B)
Sales	58.4	5,935.1	1.0%

(3) Assets and Liabilities to be separated (as of September 30, 2007)

(Unit: billion yen)

Assets		Liabilities	
Accounts	Book value	Accounts	Book value
Cash and cash equivalents	0.1	Trade payables	6.8
Trade receivables	10.4	Other debts	0.4
Inventories	0.1	Current interest-bearing debts	3.4
Other current assets	0.1	Non-current interest-bearing debts	0.6
Investments	0.6	Total liabilities	11.2
Total	11.2	Total	11.2

5. ITOCHU after the separation

There will be no change in the name, business line, head office location, status and name of the president, capital and the financial year-end.

Also, the operating results of ITOCHU are expected to be little.