

January 20, 2015

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

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**Announcement on Execution of Strategic Cooperation Agreement with
CITIC Limited, China's largest conglomerate and
Charoen Pokphand Group Company Limited, one of Asia's leading Conglomerates**

ITOCHU Corporation ("ITOCHU") decided at a meeting of its Board of Directors held on January 20, 2015, to enter into a strategic business alliance with capital participation with CITIC Limited ("CITIC") and Charoen Pokphand Group Company Limited ("CPG") in order to promote collaboration in improving the corporate values of the group of companies led by the three companies (collectively, the "CITIC Group", "CPG Group", and "ITOCHU Group"). An agreement on strategic cooperation (the "Strategic Cooperation Agreement") has been executed among CITIC, CPG Overseas Company Limited ("CPGO"), a wholly-owned subsidiary of CPG, and ITOCHU.

1. Purpose of and reasons for the Strategic Cooperation

The ITOCHU Group is engaged in fields such as trading in a wide variety of products, finance, logistics, and project planning and coordination, and has cultivated and possesses various functions and knowhow through its implementation of natural resource development and business investments made to date. Utilizing its comprehensive capabilities and global network, the six division companies of ITOCHU, together with its group companies actively engage in multifaceted business activities in its "consumer-related sector" of textile, food, ICT and general products & realty, "basic industry-related sector" of machinery, chemicals, petroleum products and steel products, and "resource-related sector" of metal, minerals and energy resources.

ITOCHU has achieved a level of earnings that places it in the top ranks of its peers especially in the non-resource sector, and aims to further strengthen and expand the businesses in this sector in Asian growth regions and other regions throughout the world.

CITIC Group was originally established as China International Trust and Investment Corporation in 1979, as a state-owned entity 100% funded by the Chinese government under the instructions of the State Council of the People's Republic of China to assume the role of China's international point of contact with the world. Over the years since establishment, it has grown to become China's largest conglomerate. Its businesses include financial services, real estate and infrastructure, engineering contracting, resources and energy and manufacturing, as well as other businesses in China and overseas. With over 120,000 employees in mainland China, Hong Kong and overseas, as well as its leading market positions in sectors well matched to China's development, deep understanding and strong expertise in the industries in which it operates, CITIC is well-equipped to capture the opportunities arising from China's continued growth. 77.9% owned by CITIC Group Corporation in Beijing and listed in Hong Kong (SEHK: 00267), CITIC is one of the largest companies on the Hang Seng Index. In particular, they have an

exceptional position in the financial service business, and offer high level comprehensive finance services under the well-known brand name “CITIC” in China.

In August 2014, under the reforms to state-owned enterprises implemented by the leadership of the Chinese Government, and in an effort to expand funding opportunities, increase transparency, develop and strengthen corporate governance and globalization, CITIC Group concentrated its assets in their group company, CITIC Pacific Limited (hereafter “CITIC Pacific”) listed on the Hong Kong Stock Exchange. After the transfer of substantially all of the group assets which included the shares of group companies involved in banking, investment brokerage, and resource development, CITIC Pacific changed its name to “CITIC Limited” and is now the central holding company of the CITIC Group.

In April 2011, ITOCHU and CITIC Group Corporation executed a “Memorandum of Agreement on a Comprehensive Strategic Alliance” which was intended to consider alliances in a wide variety of business fields. Based on this Comprehensive Strategic Alliance with CITIC Group Corporation, we have been successful in realizing synergy effects not only through its joint investments in financial services companies and real estate funds, but in a wide variety of fields ranging from resource trades to financial transactions.

The CPG Group is globally involved in a wide range of businesses both directly and through its various subsidiaries. Major business lines include agro-industrial, retail and telecommunications. Agro-industrial businesses include agro-industrial, food manufacturing, feed ingredients trading, crop integration, pet food manufacturing, and seed, plant and fertilizer production. Retail businesses includes convenience stores, hypermarkets, and cash and carry discount operations. Telecommunications businesses includes fixed line, broadband, mobile, and cable network operations. Other business lines include automotive, plastics, property development, finance, pharmaceutical manufacturing and distribution, and international trading operations. The CPG Group directly and through its subsidiaries employs over 250,000 people at offices and factories in over twenty countries worldwide. ITOCHU and CPG Group have constructed a strong business relationship through a strategic alliance primarily focused on development of the Asian markets in July 2014 and its 25% (voting rights) investment in C.P. Pokphand Co., Ltd., a core group company of CPG Group with operations in China and Vietnam in September 2014. Regarding transactions with CPG Group, we have started conducting business involving corn and other feed ingredients as well as stock farm products and processed meat products for Japan markets. In addition to the consumer related sector which synergies were initially anticipated, we are in the stage of considering multiple synergetic opportunities for joint investments or business development even in the basic industries sectors. CPGO, the party of the Strategic Cooperation Agreement, is a holding company for overseas investment activities within the CPG Group.

ITOCHU Group has always weighed emphasis in Asia, but the China market has been considered as most important of all, and has been actively expanding trade and construction of strategic cooperation with leading local businesses.

CPG, CITIC and ITOCHU are highly complementary with each other and match well either in terms of business layout or scale, and the combination of strengths will help to bring about more synergies from the strategic cooperation among the parties in the ever expanding China and Asia markets. The companies have strong foundations in Japan, South East Asia, and China, where CITIC broadly covers both the financial and industrial sectors, and CPG has a strong business base established in various industries throughout China and Asia, adding ITOCHU’s global trading functions, it was determined that this execution of the Strategic Cooperation Agreement would be in the best interest for the business development of the ITOCHU Group, and will provide the most returns

to our shareholders.

Based on this Strategic Cooperation Agreement, we plan to expand our existing operations into new business opportunities by combining the widespread customer base, brand power in China and a wide range of group companies under the CITIC Group with the business knowhow and global network developed in various industries by ITOCHU & CPG Group to date.

Please note that the execution of this strategic cooperation is subject to obtaining approvals from relevant authorities.

2. Strategic Cooperation

(1) Strategic Cooperation

In terms of the joint business among ITOCHU Group, CITIC Group and CPG Group, we do not intend to limit the geographical area to Asia and China, nor the industry solely to financial services, but plan to consider opportunities in a wide variety of industries around the world.

Currently we seek to consider opportunities in areas including but not limited to:

- ① Consumer-related business
 - Trading, import and export of raw materials and products
 - Co-invest and maximize return in joint investment opportunities
 - Establish brand-management of various goods
 - Optimize and manage sales and logistics operations of food products
 - Cooperation in Agro-industrial business fields
 - Operating and developing business in telecommunications industry
 - Enhancement of the automobile sales and its related service business by combining existing dealer network and resources
- ② Real Estate Services ,Infrastructure and Engineering Contracting Field
 - Project financing and operation
 - Infrastructure business opportunities
 - Participate in overseas real estate development
 - High value-added services in areas such as project planning, design, management, procurement, operations, maintenance and finance
 - Large overseas projects, including design management, on-site construction, equipment procurement, and resource logistics management
- ③ Resources & Energy Field
 - Jointly invest in natural resource projects with support in financing, capital and costs management
 - Cooperative relationships with international resources and energy companies
 - Use of trading network and capabilities to market resources and products globally
 - Sharing of relationship with valuable customers in different regions
- ④ Manufacturing Field
 - Development of R&D capabilities, advanced technologies and scientific production model
 - Expansion of production facilities, R&D bases, and sales channels globally
 - Diversifying product portfolio and revenue sources
- ⑤ Financial Services Field
 - Coordinated marketing to meet the diversified needs of clients
 - Cross-selling through various channels including physical networks, marketing teams and electronic channels,

- Cross-border connections and joint ventures providing services to clients
- ⑥ Other
- Investment in energy conservation and environment protection, new energy information industry and general aviation
 - Investment in industries that can generate stable cash flow and form a systematic platform for the parties
 - Allocation of resources to less cyclical industries

Specific details of the strategic business cooperation of the above will be considered and mutually agreed upon going forward.

(2) Details of the Capital Participation

Simultaneously to executing the strategic cooperation, we have agreed to a capital participation in CITIC for the purpose of constructing a more robust relationship among the three companies. Specifically, subject to the satisfaction of certain terms and conditions, Chia Tai Bright Investment Company Limited (hereafter “CTB”), a company that is jointly owned by CPG Group and ITOCHU Group on a 50:50 basis, will acquire CITIC’s ordinary and preferred shares for a total cost of approximately 80.3B Hong Kong Dollars (approximately 1.204 Trillion Japanese Yen) with a target completion date of October 2015 under the schedule and content as per below.

① First Stage Purchase

CTB will acquire from CITIC Polaris Limited, a wholly-owned subsidiary of CITIC Group Corporation approximately 2.49B shares of ordinary shares of CITIC (10% of current voting rights) for a total of 34.4B Hong Kong Dollars (approximately 515Billion Japanese Yen with share price of 13.8 Hong Kong Dollar). This acquisition is hereafter referred to as “First Stage Purchase”. CTB currently holds 249 million shares (equivalent to approximately 1% of voting rights) of CITIC which CTB had acquired when CITIC conducted a private placement in August 2014. These shares will be sold prior to the First Stage Purchase to maintain the public float requirement of the Hong Kong Stock Exchange. The closing of the First Stage Purchase is expected to be in April 2015, subject to the satisfaction of conditions precedent under the agreement

② Second Stage Purchase

CTB will be issued preferred shares convertible into ordinary shares equivalent to approximately 13.4% of the currently issued and outstanding voting rights (currently estimated to be approximately 3.328B shares) for a total of approximately 45.9 B Hong Kong Dollars (approximately 689Billion Japanese Yen with share price of 13.8 Hong Kong Dollar) by CITIC. (This acquisition hereafter referred to as “Second Stage Purchase”) The preferred shares will be converted to CITIC ordinary shares within three months of acquisition (subject to compliance with the public float requirement of the Hong Kong Stock Exchange). The closing of the Second Stage Purchase is expected to be in October 2015, subject to the satisfaction of conditions precedent under the agreement

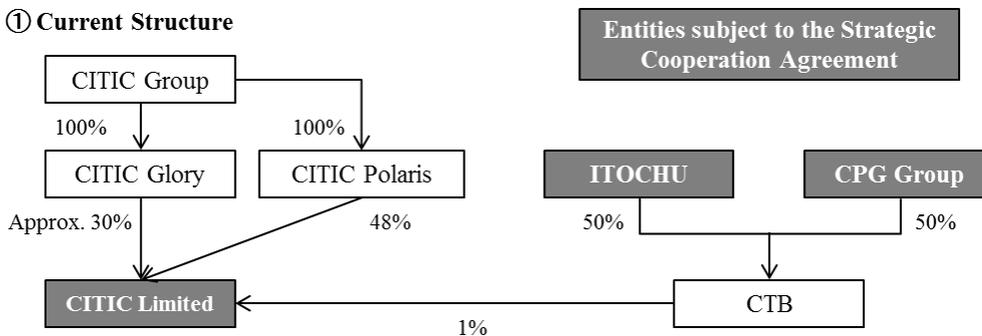
After the above transactions, CTB will own approximately 5.818B ordinary shares of CITIC (approximately 20% of the total voting rights of CITIC on an as converted basis), which CITIC will become an affiliated company of CTB, accounted for under the equity method. Both for the First Stage Purchase or Second Stage Purchase, if all of the conditions precedent have been satisfied but either CITIC or CTB elects to terminate the transaction, the terminating party must pay a termination fee (3% of the purchase or subscription amount)

to the other party.

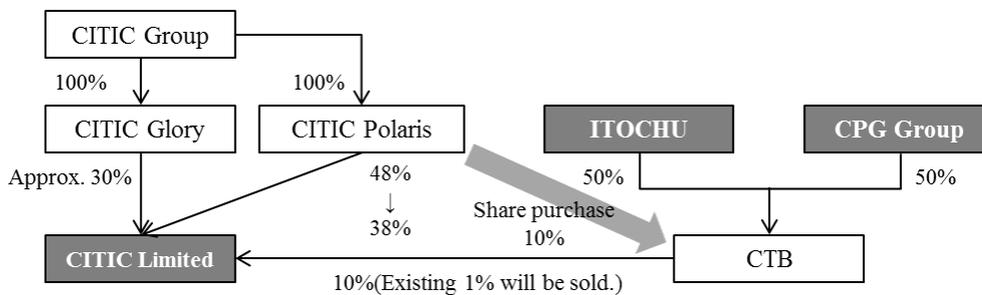
The funding obligations of CTB to acquire the shares of CITIC will be borne by ITOCHU and CPG Group respectively through their respective investment holding companies, in proportion to the investment percentage (50% vs. 50%), and specifically, ITOCHU Group and CPG Group will each obtain its own funding to grant a shareholder loan to CTB. However, in both of the First Stage Purchase and the Second Stage Purchase, ITOCHU will initially grant a shareholder loan to CTB for the whole of the acquisition cost that will include the funding portion for CPG Group (“CPG Group Portion”). The funds necessary for the shareholder loan to CTB is anticipated to be procured by loans from financial institutions. The CPG Group Portion will be repaid by a shareholder loan granted by CPG Group within 6 months from completion of the First Stage Purchase and the Second Stage Purchase, respectively. Upon the CPG Group Portion being repaid, both parties will have a right to sell their respective CTB shares (a put-option) to the other party.

(3) Outline of the Capital Participation Structure

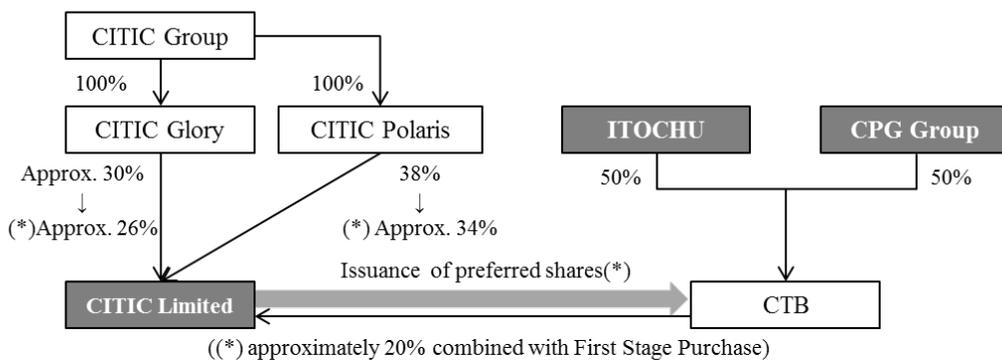
① Current Structure



② First Stage Purchase



③ Second Stage Purchase



(*)Convertible to approximately 13.4% of ordinary shares. To be converted subject to compliance with minimum public float requirement of Hong Kong Stock Exchange. The numbers are on an after conversion basis.

(4) Outline of counterparties to the Strategic Cooperation Agreement(as of December 31, 2013)

① CITIC Limited

(1) Name	CITIC Limited		
(2) Address	32 nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong		
(3) Title and name of representative	Chang Zhenming (Chairman)		
(4) Description of business	Holding company of financial services, resources and energy, manufacturing, real estate and infrastructure, engineering and construction business		
(5) Stated Capital	24,903,323,630 Yuan Renminbi (approximately 482,000,000,000yen)		
(6) Date of incorporation	January 8, 1985		
(7) Major shareholders and shareholding ratios	CITIC Polaris Limited 48.00% CITIC Glory Limited 29.90% (Both are wholly-owned subsidiaries of CITIC Group Corporation)		
(8) Relationship between ITOCHU and the counterparty	Capital relationship	CTB, a related party of ITOCHU, owns 249M shares of CITIC (approximately 1.0% of voting rights). Additionally, through a subsidiary for which ITOCHU owns 94.1% of shares, own 554M shares (approximately 25% of voting rights) in CITIC International Assets Management Limited, a group subsidiary of China CITIC Bank Corporation Limited.	
	Personnel relationship	Not applicable.	
	Business relationship	Not applicable.	
	Status as related party	Not applicable.	
(9) Consolidated operating results and financial position for the past three years			
Fiscal year	Year ended December 2011	Year ended December 2012	Year ended December 2013
Shareholders' equity	75,007	78,725	371,776
Total Assets	229,739	247,386	5,321,709
Net assets per share (HKD)	20.55	21.57	14.93
Net Revenue	96,890	93,272	409,747
Profit before net finance charges and taxation	13,394	10,240	98,897
Net Income before tax	12,984	9,098	91,400
Current net income	9,233	6,954	48,430
Current net income per share (HKD)	2.53	1.91	1.94
Dividend per share (HKD)	0.45	0.45	0.35

(Unit : millions of Hong Kong dollars unless otherwise specifically indicated. 1HKD=15Yen.)

Note 1: For the year ended December 2011 and December 2012 the numbers shown are for CITIC Pacific.

For the year ended December 2013, the numbers shown (excluding Dividend per share) are pro forma and consist of the unaudited combined financial statements of CITIC Pacific and its subsidiary formerly known as CITIC Limited (currently CITIC Corporation Limited), acquired in August 2014).

Note 2: Current net income attributable to ordinary shareholders is used for “Current net income” above.

② CPG Overseas Company Limited

(1) Name	CPG Overseas Company Limited		
(2) Address	21/F Far East Finance Centre 16, Harcourt Road, HONG KONG		
(3) Title and name of representative	Dhanin Chearavanont(Director)		
(4) Description of business	Holding company of overseas investments		
(5) Stated capital	1,747,800,827 US dollars		
(6) Date of incorporation	November 10, 2010		
(7) Major shareholders and shareholding ratios	Charoen Pokphand Group Company Limited		100%
(8) Relationship between ITOCHU and the counterparty	Capital relationship	CPGO owns 6.35B ordinary shares through 100% subsidiaries. Additionally, En-CP Fund Growth Investment L.P., to which Development Bank of Japan and CPGO substantially make contributions on a 50-50 basis, owns 1.45B ordinary shares of ITOCHU.	
	Personnel relationship	Not applicable.	
	Business relationship	Not applicable.	
	Status as related party	Not applicable.	
(9) Operating results and financial position for the past three years			
Fiscal year	Year ended December 2011	Year ended December 2012	Year ended December 2013
Shareholders' equity (Stand-alone)	908	1,706	1,552
Total assets (stand-alone)	1,156	2,103	2,039
Net assets(Stand-alone) per share(USD)	0.99	1.38	1.15
Net revenues	3.4	511.5	21.0
Operating profit	-	-	-
Recurring profit	-	-	-
Current net income	(12.8)	483	(265.8)
Current net income per share(USD)	(0.014)	0.39	(0.20)
Dividend per share(USD)	-	-	-

(Unit: millions of US dollars unless otherwise specifically indicated)

(5) Schedule

January 20 2015 Execution of Strategic Cooperation Agreement

April 2015 Target completion of First Stage Purchase ※

October 2015 Target completion of Second Stage Purchase ※

※the completion dates are subject to fulfillment of respective conditions precedents under the agreements.

(6) Future prospects

The acquisition of CITIC shares by CTB is expected to occur in or after April 2015, and as such, we consider any effect this strategic cooperation may have on our March 2015 financial statements to be minimal. As a result of pursuing items discussed in 2.1, we expect to improve our consolidated financial statements on a mid to long term basis.

End.