

January 14, 2010

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: Eizo Kobayashi

Contact: Isamu Nakayama

General Manager, Corporate Communication Division

(TEL. +81-3-3497-7291)

**ITOCHU Corporation Makes ITOCHU Oil Exploration Co., Ltd.
a Wholly Owned Subsidiary Through a Simplified Share Exchange**

ITOCHU Corporation (“ITOCHU”) and ITOCHU Oil Exploration Co., Ltd. (“CIECO”) announced today that ITOCHU and CIECO have resolved, at their respective Board of Directors’ meetings held on January 14, 2010, to conduct a share exchange (the “Share Exchange”). Accordingly, ITOCHU shall be the wholly owning parent company and CIECO shall become a wholly owned subsidiary company of ITOCHU, with March 1, 2010, as the effective date of the Share Exchange (the “Effective Date”). The resulting Share Exchange agreement was signed by and between both companies, as described below.

The Share Exchange uses a simplified share exchange (*kan-i kabushiki kokan*) procedure to make a consolidated subsidiary a wholly owned subsidiary. Accordingly, some items for disclosure have been omitted in this announcement.

1. Purpose of Making a Wholly Owned Subsidiary through the Share Exchange

ITOCHU determined that CIECO, its consolidated subsidiary, be made a wholly owned subsidiary through the Share Exchange for the purpose of further strengthening its group management by enhancing the managerial flexibility of groupwide business development and operations in the oil and gas development field.

2. Summary of the Share Exchange

(1) Schedule for the Share Exchange

Resolution at the Board of Directors’ meeting (both companies)	January 14, 2010
Signing of the Share Exchange agreement (both companies)	January 14, 2010
Effective Date of the Share Exchange	March 1, 2010 (planned)

Notes:

1. ITOCHU will use a simplified share exchange procedure that does not require the approval of a general meeting of shareholders in accordance with Article 796, Paragraph 3 of the Companies Act.
2. CIECO will use a summary share exchange (*ryakushiki kabushiki kokan*) procedure that does not require the approval of a general meeting of shareholders in accordance with Article 784, Paragraph 1 of the Companies Act.

(2) Method of the Share Exchange

Following the Share Exchange, ITOCHU shall be the wholly owning parent company and CIECO shall be the wholly owned subsidiary company. ITOCHU shall therefore deliver 416,907 shares of its common stock through the Share Exchange. In this case, ITOCHU will deliver the required number of shares using treasury stock that it currently holds instead of issuing new shares.

(3) Allotment of shares regarding the Share Exchange

Company name	ITOCHU Corporation (Wholly owning parent company in share exchange)	ITOCHU Oil Exploration Co., Ltd. (Wholly owned subsidiary company in share exchange)
Share exchange ratio	1	2.31615

Notes:

1. Allotment ratio of shares

ITOCHU shall allot and deliver 2.31615 shares of its common stock for each share of CIECO's common stock. This is provided, however, that ITOCHU does not allot any shares for 4,820,000 shares of CIECO's common stock that it currently holds through the Share Exchange.

2. Number of shares to be delivered by the Share Exchange

ITOCHU shall deliver 416,907 shares of its common stock through the Share Exchange. In this case, ITOCHU will deliver the required number of shares using treasury stock it currently holds instead of issuing new shares.

(4) Calculation Approach to the allotment of shares regarding the Share Exchange

1) Basis and details of the calculation

In calculating the share exchange ratio of the Share Exchange, ITOCHU determined the equity value of CIECO while referring to the advice given by an independent third-party valuation

institution. In this calculation, the discounted cash flow method (DCF method) was adopted by taking into account the fact that CIECO is an unlisted company. Meanwhile, in calculating the equity value of ITOCHU, the market share price method was adopted by taking into account the fact that ITOCHU is listed.

The aforementioned share exchange ratio was determined as a result of discussions between ITOCHU and a CIECO shareholder with reference to the results of the aforementioned calculations. Consequently, ITOCHU and CIECO signed the Share Exchange agreement on January 14, 2010. The share exchange ratio may be subject to change through consultations between both companies in the event of a substantial change to any conditions on which the calculation is based.

2) Relation with the valuation institution

The valuation institution is not a related party (as defined in Article 15-4 of the Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements and in Article 8, Paragraph 17 of the Regulation for Terminology, Forms and Preparation of Financial Statements) of ITOCHU or CIECO.

(5) Treatment of stock acquisition rights and bonds with stock acquisition rights of the wholly owned subsidiary company in share exchange

CIECO has issued neither stock acquisition rights nor bonds with stock acquisition rights.

(6) Other

In accordance with Article 797 of the Companies Act, the Share Exchange shall become automatically invalid upon the close of the day preceding the Effective Date. This is in case the total number of shares related to the share purchase demands made against ITOCHU by dissenting shareholders (excluding the number of those related to such demands which have been withdrawn upon approval of ITOCHU in accordance with Article 797, Paragraph 6 of the Companies Act, by the day preceding the Effective Date) exceeds 7,000,000 by said preceding day.

3. Overview of the Parties of the Share Exchange

	Wholly owning parent company in share exchange (as of September 30, 2009)	Wholly owned subsidiary company in share exchange (as of December 31, 2009)
(1) Company Name	ITOCHU Corporation	ITOCHU Oil Exploration Co., Ltd.
(2) Head Office	1-3, Kyutaromachi 4-chome, Chuo-ku, Osaka	5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo
(3) Name and Title of the Representative	Eizo Kobayashi, President and Chief Executive Officer	Shigeyasu Suzuki, President & Chief Executive Officer
(4) Description of Business	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	Exploration, development and production (including acquisition of relevant rights and/or interests) concerning crude oil and natural gas, as well as relevant auxiliary businesses
(5) Capital	¥202,241 million	¥600 million
(6) Date of Incorporation	December 1, 1949	August 14, 1972
(7) Number of Shares Issued and Outstanding	1,584,889,504 shares	5,000,000 shares
(8) Fiscal Year-End	March 31	December 31
(9) Major Shareholders and their Percentage of Shareholdings	Japan Trustee Services Bank, Ltd. (trust account) 7.43% The Master Trust Bank of Japan, Ltd. (trust account) 5.43% Mitsui Sumitomo Insurance Co., Ltd. 2.88% Japan Trustee Services Bank, Ltd. (trust account 9) 2.63% Nippon Life Insurance Company 2.59%	ITOCHU Corporation 96.4% ITOCHU ENEX Co., Ltd. 3.6%

(10) Financial Position and Results of Operations for the Previous Fiscal Year		
	Fiscal year ended March 31, 2009	Fiscal year ended December 31, 2008
Net Assets	¥849,411 million (consolidated stockholders' equity)	¥1,398 million (nonconsolidated)
Total Assets	¥5,192,092 million (consolidated)	¥1,609 million (nonconsolidated)
Net Assets per Share	¥537.43(consolidated stockholders' equity per share)	¥279.76 (nonconsolidated)
Net Sales	¥12,065,109 million (consolidated)	¥2,196 million (nonconsolidated)
Operating Income	¥275,664 million (consolidated)	¥395 million (nonconsolidated)
Ordinary Income	¥208,258 million (consolidated) (Note 1)	¥533 million (nonconsolidated)
Net Income	¥165,390 million (consolidated) (Note 2)	¥255 million (nonconsolidated)
Net Income per Share	¥104.64 (consolidated)	¥51.08 (nonconsolidated)

Notes:

1. As ITOCHU prepares its consolidated financial statements in accordance with the generally accepted accounting principles in the United States (U.S. GAAP), "Income before income taxes and equity in earnings of associated companies" is stated instead of "ordinary income" in the table above.
2. "Net income" of ITOCHU for the fiscal year ended March 31, 2009, corresponds to the "Net income attributable to ITOCHU" for the fiscal year ending March 31, 2010, to which the provisions of U.S. GAAP ASC Topics 805 and 810 are applicable.

4. Status of the Wholly Owning Parent Company in Share Exchange after the Share Exchange

- (1) Company name, head office, name and title of the representative, description of business, capital and fiscal year-end

There is no change in the descriptions in "3. Overview of the Parties of the Share Exchange" above.

- (2) Future prospects

As CIECO is a consolidated subsidiary of ITOCHU, impact on ITOCHU's operating results will be insignificant.

(Reference) Outlook of consolidated operating results for the fiscal year ending March 31, 2010

(%: Changes from the previous fiscal year)

	Net sales		Operating income		Income before income taxes and equity in earnings of associated companies		Net income attributable to ITOCHU		Net income attributable to ITOCHU per share (basic)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	10,500,000	(13.0)	150,000	(45.6)	175,000	(16.0)	130,000	(21.4)	82.25	