July 27, 2016

ITOCHU Corporation
(Code No. 8001, Tokyo Stock Exchange, 1st Section)
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Statement regarding media reports related to our accounting treatment #2

There were reports from certain media referring the research report by Glaucus Research Group today, mentioned about our accounting treatment. Regarding the item from 1 to 3 below, ITOCHU applied appropriate accounting treatment.

1. Investment to Colombia coal company("Drummond")
    Joint Venture agreement was revised at the time of issuance of preferred shares (potential voting right) by Drummond in FYE2015. As the result, ITOCHU lost the approval right on important resolutions of Drummond such as budget and capital expenditure. Therefore there was a change in classification of Drummond from "associated and joint ventures" to "other investments" due to a loss of significant influence on business and financial policies.

2. Consolidation of CITIC Ltd.("CITIC")
    ITOCHU entered into strategic cooperation agreement and capital participation with CITIC and Charoen Pokphand Group Company Limited ("CPG") in FYE 2015. ITOCHU applies equity method for CITIC since the company (ITOCHU's ownership: 50%) jointly owned with CPG owns 20% of CITIC's share.

3. Accounting treatment related to Ting Hsin (CAYMAN ISLANDS) HODLING CORP ("Ting Hsin")
    ITOCHU partially sold the share of Ting Hsin and revised the shareholder's agreement in FYE2015. As the result, there was a change in classification of Tsin Hsin from "associated and joint ventures" to "other investments" due to a decrease in involvement toward the management.

Including the accounting treatment above, our auditor, Deloitte Touche Tohmatsu LLC., issued an unqualified opinion for our Consolidated financial statement.