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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

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**Japanese SESC's Recommendation of an Administrative Surcharge Payment Order
Against an Itochu's Former Employee Regarding his/her Insider Trading**

The Securities and Exchange Surveillance Commission ("SESC") of Japan has announced today, that it has made a recommendation to the Commissioner of the Financial Services Agency, etc. to issue an Administrative Surcharge Payment Order against a former employee of ITOCHU Corporation ("ITOCHU") regarding his/her insider trading, a violation of the Financial Instruments and Exchange Law. ITOCHU deeply regrets this incident and apologizes to its shareholders, investors, business partners and other persons concerned.

1. Outline of the recommendation

According to the SESC's recommendation, a former employee of ITOCHU, then in office, against whom the Administrative Surcharge Payment Order was to be granted, knowing that ITOCHU had made a decision to purchase more than 5% of the shares of Adways Co., Ltd., purchased 50 shares of Adways Co., Ltd., on the market, at an aggregate purchase price of 4.94 million yen on June 14, 2007, which was before June 15, 2007, the date when the information on the purchase by ITOCHU was disclosed. This is alleged to constitute a violation of the insider trading prohibition rule under Article 167, of the Financial Instruments and Exchange Law.

Concerning the above violation of the law, the amount of the surcharge recommended to be paid by the former employee of ITOCHU is 1.41 million yen.

The above recommendation of an administrative surcharge payment order was not against ITOCHU nor its other directors, officers and employees but rather only against the aforementioned former employee.

2. Outline of the punitive measure taken by ITOCHU against the aforementioned former employee

ITOCHU conducted an in-house investigation and confirmed the fact of the violation of the laws and internal rules by the former employee in question as describe in the recommendation by the SESC. Upon confirmation of the fact, ITOCHU dismissed the employee before the announcement of the recommendation.

3. Preventive Measures

This incident occurred even though ITOCHU had already established and applied the internal rules regarding insider trading and also conducted thorough in-house trainings. ITOCHU takes this matter seriously. We intend to raise the effectiveness of our internal system to prevent our directors, officers and employees from committing insider trading.