

June 29, 2011

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 of Change of Equity Method Affiliate to Subsidiary

In December 2008, the consortium formed by BRAZIL JAPAN IRON ORE CORPORATION¹ (hereinafter “BJIOC”) and the Korean leading steel mill, POSCO (hereinafter the “Japan-Korea Consortium”) acquired 40% of shares of NACIONAL MINERIOS S.A. (a Brazilian iron ore producer and sales company; hereinafter “NAMISA”). BJIOC was established jointly by ITOCHU Corporation (headquartered in Minato-ku, Tokyo; Masahiro Okafuji, President & CEO; hereinafter “ITOCHU”) and 5 Japanese Steel Mills, and is ITOCHU’s equity method affiliate. ITOCHU indirectly holds 16% of its stake in NAMISA.

ITOCHU announced today that it has reached an agreement with NIPPON STEEL CORPORATION (hereinafter “NSC”) and SUMITOMO METAL INDUSTRIES, LTD. (hereinafter “SMI”), to acquire approximately 19.24% stake of BJIOC, or 4,998,642,291 shares of BJIOC (equivalent to approximately 6.45% stake of NAMISA) from them, for approximately ¥40.9 billion. ITOCHU will own approximately 66.97% stake of BJIOC (equivalent to approximately 22.45% of NAMISA), thus including it into its subsidiaries (as defined in the Financial Instrument and Exchange Act of Japan).

ITOCHU continues to own its stake in NAMISA, aiming to further increase profits both from investment and iron ore trading, and acts as a leading member of the Japan-Korea Consortium.

1. Purpose

The purpose is to further increase profits gained from highly profitable NAMISA businesses through additional acquisition of shares in BJIOC, and help contribute to strengthen management of BJIOC, aiming to maintain and increase interests in our iron ore resource asset, which makes one of ITOCHU’s significant sources of profit.

¹ BRAZIL JAPAN IRON ORE CORPORATION:
The investment company established by ITOCHU Corporation and 5 Japanese Steel Mills, which are JFE Steel Corporation, Nippon Steel Corporation, Sumitomo Metal Industries, Ltd., Kobe Steel, Ltd. and Nisshin Steel Co., Ltd., for the purpose of investing in NAMISA.

2. Overview of the subsidiary company to be newly included

(1) Company	Brazil Japan Iron Ore Corporation		
(2) Head office	Minato-ku, Tokyo		
(3) Representative	Masayuki Yamamoto		
(4) Principal businesses	Investment in iron ore mining businesses in Brazil		
(5) Capital	¥118,349 million		
(6) Date of establishment	October, 2008		
(7) Fiscal year-end	March 31		
(8) Ownership	Please refer to the (1) of Reference attached.		
(9) Relationship with ITOCHU	Capital	As per (1) of Reference attached, ITOCHU will own 66.97% stake in the Company.	
	Personnel	Directors are dispatched from ITOCHU.	
	Transactional	ITOCHU is entrusted with business administration service of NAMISA business by BJIOC.	
(10) Operating results of the company (non-consolidated basis: Japanese GAAP)			
	Fiscal year ending March 31, 2009	Fiscal year ending March 31, 2010	Fiscal year ending March 31, 2011
Net Assets	¥ 236,624 million	¥ 244,715 million	¥ 253,935 million
Total Assets	¥ 236,628 million	¥ 245,227 million	¥ 254,401 million
Net Asset per share	¥ 9.11	¥ 9.42	¥ 9.77
Revenue	-	-	-
Operating Income	- ¥ 4 million	¥ 7,954 million	¥ 14,963 million
Ordinary Income	- ¥ 73 million	¥ 8,093 million	¥ 14,677 million
Net Income	- ¥ 74 million	¥ 8,091 million	¥ 14,676 million
Net Income per share	- ¥ 0.003	¥ 0.31	¥ 0.56
Dividend per share	-	¥ 0.21	-

3. Overview of the parties from which the shares be transferred

(1) Company	Nippon Steel Corporation		
(2) Head office	Marunouchi Park Bldg., 2-6-1, Marunouchi, Chiyoda Ward, Tokyo, 100-8071		
(3) Representative	Shoji Muneoka		
(4) Principal businesses	Steelmaking, Engineering and Construction, Urban Development, Chemicals, New Materials, System Solutions		
(5) Capital	¥ 419,524million		
(6) Date of establishment	March, 1970		
(7) Fiscal year-end	March 31		
(8) Consolidated Net Asset	¥ 2,380,925 million (as of March 31,2011)		
(9) Consolidated Total Asset	¥ 5,000,860 million (as of March 31,2011)		
(10)Ownership	Japan Trustee Services Bank, Ltd.		10.3%
	Sumitomo Metal Industries Ltd.		4.2%

(11) Relationship with ITOCHU	Capital	ITOCHU owns 4.93 million shares of the Company.
	Personnel	There are no significant personnel relationship between ITOCHU and the Company.
	Transactional	ITOCHU has transactions of offers of services with the Company for procurement of raw materials to steel plants.

(1) Company	Sumitomo Metal Industries, Ltd.	
(2) Head office	(Osaka Head Office) Sumitomo Building 5-33, Kitahama 4-chome, Chuo-ku, Osaka-shi, Osaka, 541-0041 (Tokyo Head Office) Triton Square Office Tower Y 8-11, Harumi 1-chome, Chuo-ku, Tokyo, 104-6111.	
(3) Representative	Hiroschi Tomono	
(4) Principal businesses	Steel Business (Pipe & Tube, Steel Sheet & Plate, Shaped Steel, Railway, Automotive, Machinery Parts, Specialty Steel Bars & Wire Rods and others) and Other Business.	
(5) Capital	¥ 262,072 million	
(6) Date of establishment	July, 1949	
(7) Fiscal year-end	March 31	
(8) Consolidated Net Asset	¥ 818,080 million (as of March 31, 2011)	
(9) Consolidated Total Asset	¥ 2,440,761 million (as of March 31, 2011)	
(10) Ownership	Sumitomo Corporation	9.89%
	Nippon Steel Corporation	9.74%
(11) Relationship with ITOCHU	Capital	There are no significant capital relationship between ITOCHU and the Company.
	Personnel	There are no significant personnel relationship between ITOCHU and the Company.
	Transactional	ITOCHU has transactions of offers of services with the Company for procurement of raw materials to steel plants.

4. Status of shares held

(1) Number of shares held prior to the transaction	12,404,390,544 shares (Total number of voting rights: 12,404,390,544) (Ownership: approximately 47.74%)
(2) Number of shares corresponding to the transaction	4,998,642,291 shares (Total number of voting rights: 4,998,642,291) (Shareholding ratio to the total number of shares issued: approximately 19.24%) (Acquisition amount : approx. ¥ 40.9 billion)

(3) Number of shares held after the transaction	17,403,032,835 shares (Total number of voting rights: 17,403,032,835) (Ownership: approximately 66.97%)
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5. Schedule

Registration of the transfer in the shareholder registry is scheduled on June 30, 2011.

6. Future outlook

ITOCHU is currently investigating the impact on ITOCHU's earnings for the fiscal year ending March 31, 2012.

<Reference>

(1) Shareholding ratios in BJIOC/Japan-Korea Consortium/NAMISA (pre-/post-transaction)

	BJIOC		J-K Consortium		NAMISA	
	Post	Pre	Post	Pre	Post	Pre
ITOCHU Corporation	66.97%	47.74%	56.12%	40.00%	22.45%	16.00%
JFE Steel Corporation	25.78%	19.33%	21.60%	16.20%	8.64%	6.48%
Kobe Steel, Ltd.	3.67%	3.67%	3.08%	3.08%	1.23%	1.23%
Nisshin Steel Co., Ltd.	2.09%	2.09%	1.75%	1.75%	0.70%	0.70%
Nippon Steel Corporation	—	19.33%	—	16.20%	—	6.48%
Sumitomo Metal Industries, Ltd.	^{(*)1} 1.49%	7.84%	^{(*)1} 1.25%	6.57%	^{(*)1} 0.50%	2.63%
BJIOC Total	100.00%	100.00%	83.80%	83.80%	33.52%	33.52%
POSCO			16.20%	16.20%	6.48%	6.48%
JKConsortium Total			100.00%	100.00%	40.00%	40.00%
CSN ^{(*)2}					60.00%	60.00%
NAMISA Total					100.00%	100.00%

(*1) Sumitomo Metals Industries will temporarily hold BJIOC's shares due to time requirement of the transaction, so all the shares held are planned to be transferred in due course.

(*2) CSN: Companhia Siderurgica Nacional, one of the leading Brazilian steel mills

(2) Outline of NAMISA

Name of Company	Nacional Minerios S.A - NAMISA
Principal Business	Iron ore producer and sales of iron ore
Date of Establishment	November, 2006
Head Office	State of Minas Gerais, Brazil
Capital	R\$1,174 million ^{(*)3} (approx. US\$667 million, ¥ 58.6 billion)
Financial Result (Fiscal year ending December 31. 2010)	Revenue : R\$2,937 million ^{(*)3} (approx. US\$1,669 million, ¥ 146.5 billion) Net Profit : R\$1,955 million ^{(*)3} (approx. US\$1,111 million, ¥ 97.5 billion)

(*3) Foreign Exchange Rate: Brazilian Real (R\$) / US Dollar (US\$) : R\$1.76/US\$

Japanese Yen (¥) / Brazilian Real (R\$) : ¥49.89/R\$.

※ Based on Brazilian GAAP

(3) Location of the project

