

September 21, 2018

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

ITOCHU Corporation

(Code No. 8001, Tokyo Stock Exchange, 1st Section)

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Announcement of Share Transfer with Change in Significant Subsidiary

ITOCHU Corporation (hereinafter “**ITOCHU**”) has reached agreement with Verus Petroleum UK Limited (hereinafter “**Acquiror**”) to transfer 100% of the shares of CIECO Exploration and Production (UK) Limited (hereinafter “**CIECO UK**”), a wholly-owned subsidiary of ITOCHU. This announcement is in response to a decision by ITOCHU that CIECO UK will become a significant subsidiary due to an increase in capital for the purpose of settling existing debt prior to the share transfer.

A change in significant subsidiary in relation to the share transfer will be executed after the satisfaction of certain conditions precedent under the share sale and purchase agreement, including approval of the UK Oil & Gas Authority.

1. Overview of the subsidiary subject to change

(1)	Company Name	CIECO Exploration and Production (UK) Limited	
(2)	Head Office	The Broadgate Tower, 20 Primrose Street, London, United Kingdom, EC2A 2EW	
(3)	Representative	Hisamichi Imamura, Director	
(4)	Principal Business	Oil and gas upstream business in the UK North Sea	
(5)	Capital	Before capital increase: GBP 24,525,997 (approx. JPY 3 billion) After capital increase: GBP 342,206,520 (approx. JPY 51 billion)	
(6)	Date of Establishment	December 10, 1991	
(7)	Ownership	ITOCHU: 100.0%	
(8)	Relationships with ITOCHU	Capital	As per (7) above, ITOCHU owns 100% of the shares of the subsidiary.
		Persons	Directors have been dispatched from ITOCHU.
		Transactions	There are no significant transactions between ITOCHU and the subsidiary.

(9) Consolidated Financial Results and Position for the Three most-recent Years (IFRS)			
Fiscal Year	Year ended March 2016	Year ended March 2017	Year ended March 2018
Shareholders' Equity	-8,806	-8,166	-13,421
Total Assets	33,459	37,812	43,407
Net Assets Per Share (JPY)	-359	-333	-547
Revenue	720	666	1,302
Net Income	-18,644	-562	-4,652
Net Income Per Share (JPY)	-760	-23	-190
Dividend Per Share (JPY)	0	0	0

(Unit: million JPY)

2. Overview of the Acquiror

(1)	Company Name	Verus Petroleum UK Limited	
(2)	Head Office	3 Queen's Gardens, Aberdeen, United Kingdom, AB15 4YD	
(3)	Representative	Alan Thomas Curran, Director	
(4)	Principal Business	Oil and gas upstream business in the UK North Sea	
(5)	Capital	GBP 11,018 thousand (approx. JPY 1.6 billion)	
(6)	Date of Establishment	February 11, 2005	
(7)	Shareholder' Equity (Year ended December 2017)	GBP 76,418 thousand (approx. JPY 11.5 billion)	
(8)	Total Assets (Year ended December 2017)	GBP 123,497 thousand (approx. JPY 18.5 billion)	
(9)	Ownership	Verus Petroleum Holding Limited: 100%	
(10)	Relationships with ITOCHU	Capital	There are no material capital ties between ITOCHU and the Acquiror.
		Persons	There are no material human relationships between ITOCHU and the Acquiror.
		Transactions	There are no material transactions between ITOCHU and the Acquiror.
		Status of Related Parties	The Acquiror is not considered a related party of ITOCHU. There are no capital and/or human relationships between any ITOCHU-related parties and the Acquiror.

3. Number and value of shares of the subsidiary transferred by ITOCHU and number of shares held before and after the transfer

(1)	Number of Shares held before the Transfer	342,206,520 shares (100.0%)
(2)	Number of Shares Transferred by ITOCHU	342,206,520 shares
(3)	Number of Shares held after the Transfer	0 shares (0.0%)
(4)	Consideration	USD 400 million (Note 1)

(Note 1) The consideration amount is based on an economic date of January 1, 2018.

4. Schedule

(1)	Date of Execution of Share Sale and Purchase Agreement	September 10, 2018
(2)	Date of Decision of Capital Increase	September 21, 2018
(3)	Date of Capital Increase (tentative)	October 25, 2018 (Note 2)
(4)	Date of Share Transfer (tentative)	October 31, 2018 (Note 2)

(Note 2) The capital increase and share transfer will be executed after the satisfaction of certain conditions precedent under the share sale and purchase agreement, including approval of the UK Oil & Gas Authority. Notice will be issued in the event of change of the date of the capital increase and/or the share transfer.

5. Future outlook

The impact on net profit attributable to ITOCHU from this transaction is not significant, as it was partly included in the initial business plan for the fiscal year ending March 31, 2019.