

February 5, 2019

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

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(Code No. 8001, Tokyo Stock Exchange, First Section)
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**Announcement Regarding Conversion of Subsidiaries into Wholly Owned Subsidiaries
via Simplified Share Exchanges**

ITOCHU Corporation (“ITOCHU”) hereby announces that it has resolved at its Board of Directors’ meeting held on February 5, 2019 to conduct share exchanges in which its four consolidated subsidiaries, NIPPON ACCESS, INC. (“NIPPON ACCESS”), ITOCHU LOGISTICS CORP. (“ITC LOGISTICS”), Leilian Co., Ltd. (“Leilian”) and ITOCHU PROPERTY DEVELOPMENT, LTD. (“IPD”) (these four companies are collectively referred to as the “Target Companies”), will become wholly owned subsidiaries of ITOCHU (the “Share Exchanges”) with the effective date of March 11, 2019 and ITOCHU has concluded the share exchange agreement with each of the Target Companies, as follows.

Since the Share Exchanges will each be a simplified share exchange (*kan-i kabushiki kokan*) intended to convert a consolidated subsidiary into a wholly owned subsidiary, disclosure items and details are partially omitted in this announcement.

1. Purpose of the Share Exchanges

The purposes of the Share Exchanges to convert the Target Companies into wholly owned subsidiaries are as follows.

- (a) To enhance corporate value by strengthening control
To enhance the corporate value of ITOCHU group by further strengthening control over the Target Companies, which increases flexibility for the upcoming business reinvention.
- (b) To use treasury shares effectively as a financing option
Part of the own shares repurchased remains in ITOCHU's possession. Non-retired treasury shares will be reissued as a financing method for the Share Exchanges.
- (c) To increase consolidated taxable income through tax qualified share exchanges
To increase consolidated taxable income by increasing the number of consolidated taxation subsidiaries through tax qualified share exchanges, which gives more flexibility for future asset replacements, etc.

2. Outline of the Share Exchanges

(1) Timeline for the Share Exchanges

Board resolutions adopted (ITOCHU and the Target Companies)	February 5, 2019
Conclusion of share exchange agreements (ITOCHU and the Target Companies)	February 5, 2019
The effective date of the Share Exchanges	March 11, 2019

Notes:

1. ITOCHU is to conduct simplified share exchanges that do not require the approval of a general meeting of shareholders in accordance with Article 796, Paragraph 2 of the Companies Act.
2. Each of the Target Companies will use a summary share exchange (*ryakushiki kabushiki kokan*) that does not require the approval of a general meeting of shareholders in accordance with Article 794, Paragraph 1 of the Companies Act.
3. The effective date of the Share Exchanges may be revised subject to agreement between the companies as necessary for the advancement of procedural matters.

(2) Method of the Share Exchanges

The Share Exchanges will be conducted with ITOCHU as the wholly owning parent company and the Target Companies as the wholly owned subsidiaries.

(3) Allocation of shares for the Share Exchanges

	ITOCHU (Wholly owning parent company in share exchange)	NIPPON ACCESS (Wholly owned subsidiary company in share exchange)	ITC LOGISTICS (Wholly owned subsidiary company in share exchange)	Leilian (Wholly owned subsidiary company in share exchange)	IPD (Wholly owned subsidiary company in share exchange)
Allocation ratio for the Share Exchanges	1	242,646.83	0.44	13.94	19.77

Notes:

1. Allocation ratio of shares
ITOCHU shall allocate and deliver ordinary shares in accordance with the above ratio for each share of the Target Companies. This is provided, however, that there will be no allocation of shares in the Share Exchanges for the Target Companies' share already held by ITOCHU.
2. Number of shares to be delivered in the Share Exchanges
ITOCHU shall deliver 5,524,849 its ordinary shares in the Share Exchanges.
In this case, ITOCHU plans to allocate the required number of shares using its treasury shares possessed instead of issuing new shares.

(4) Treatment of stock options and bonds with stock options accompanied with the Share Exchanges

None of the Target Companies have issued stock options or bonds with stock options.

1. Basis of allocation calculations for the Share Exchanges

The allocation ratio for the Share Exchanges was determined after a careful deliberation between ITOCHU and the Target Companies, referring to the calculation results advised by an independent third-party based on the market price method for ITOCHU as a listed company, and methods such as discounted cash flow for the Target Companies as non-listed companies.

2. Overview of the Parties of the Share Exchanges

	Wholly owning parent company
(1) Company Name	ITOCHU Corporation
(2) Location	1-3, Umeda 3-chome, Kita-ku, Osaka
(3) Name and Title of the Representative	Yoshihisa Suzuki, President and Chief Operating Officer
(4) Description of Business	General Trading Company
(5) Capital stock	253,448 million yen

(6)	Date of Incorporation	December 1, 1949	
(7)	Number of Shares Issued	1,584,889,504	
(8)	Fiscal Year-end	March 31	
(9)	Major Shareholders and their Percentage of Shareholdings (as of September 30, 2018)	The Master Trust Bank of Japan, Ltd. (trust account)	6.29%
		Japan Trustee Services Bank, Ltd. (trust account)	6.02%
		CP WORLDWIDE INVESTMENT COMPANY LIMITED	4.09%
		Nippon Life Insurance Company.	2.19%
		Japan Trustee Services Bank, Ltd.(trust account 9)	2.15%
		Mizuho Bank, Ltd.	2.01%
		SSBTC CLIENT OMNIBUS ACCOUNT	1.89%
		Japan Trustee Services Bank, Ltd. (trust account 5)	1.81%
		STATE STREET BANK WEST CLIENT-TREATY 505234	1.51%
	Asahi Mutual Life Insurance Company	1.51%	
(10)	Consolidated financial condition and business performance of for the Previous Fiscal Year ended March 31, 2018 (IFRS) (million yen, except where otherwise noted)		
	Total Shareholders' equity	2,669,483	
	Total assets	8,663,937	
	Shareholders' equity per Share (yen)	1,722.06	
	Revenues	5,510,059	
	Net profit attributable to ITOCHU	400,333	
	Basic earnings per share attributable to ITOCHU (yen)	257.94	

		Wholly owned subsidiary companies			
(1)	Company Name	NIPPON ACCESS	ITC LOGISTICS	Leilian	IPD
(2)	Location	1-1, Nishi-shinagawa 1-chome, Shinagawa-ku, Tokyo	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo	39-20, Seta 5-chome, Setagaya-ku, Tokyo	9-11, Akasaka 2-chome, Minato-ku, Tokyo
(3)	Name and Title of the Representative	Junichi Sasaki, President	Kazuhide Sasa, President & CEO	Tatsuo Odani, President & CEO	Norio Matsu, President
(4)	Description of Business	Wholesale and distribution of foods	Comprehensive logistics services	Retail of women's apparel	Development and sale of housing
(5)	Capital stock	2,620 million yen	4,261 million yen	600 million yen	10,225 million yen
(6)	Date of Incorporation	October 1, 1952	July 18, 1961	April 21, 1961	December 1, 1997
(7)	Number of Shares Issued	353	38,800,000	352,990	349,000
(8)	Fiscal Year-end	March 31	March 31	March 31	March 31

(9)	Major Shareholders and their Percentage of Shareholdings (as of September 30, 2018)	ITOCHU Corporation 93.77% MEGMILK SNOW BRAND Co., Ltd. 6.23%	ITOCHU Corporation 98.97% Kawasaki Kisen Kaisha, Ltd. 1.03% * See Note	ITOCHU Corporation 99.24% RENOWN INCORPORATED 0.57% 7 Individuals 0.19%	ITOCHU Corporation 99.83% CENTURY21 REAL ESTATE OF JAPAN LTD. 0.17%
(10)	Financial condition and business performance of for the Previous Fiscal Year ended March 31, 2018 (Japanese GAAP) (million yen, except where otherwise noted)				
	Consolidated / Non-Consolidated	(Consolidated)	(Non-Consolidated)	(Non-Consolidated)	(Non-Consolidated)
	Net assets	49,396	12,047	16,323	13,245
	Total assets	515,612	24,507	27,267	76,663
	Net assets per share (yen)	135,451,867	399	46,243	37,951
	Net sales	2,137,372	47,078	43,288	41,416
	Operating income	19,106	2,356	1,143	2,360
	Ordinary income	19,276	3,398	1,169	2,307
	Net income	11,186	2,417	1,079	2,213
	Net income per share (yen)	31,689,700	80	3,058	6,341

* Note: The percentage of shareholders of ITC LOGISTICS is calculated after excluding 8,571,428 treasury shares that ITC LOGISTICS holds and will be cancelled before the Share Exchange is conducted.

3. Condition after the Share Exchanges

There will be no changes in the company name, location, name and title of the representative, description of business, capital stock, and fiscal year-end of ITOCHU due to the Share Exchanges.

4. Future outlook

The Share Exchanges have no material impact on the consolidated financial performance of ITOCHU, and the forecast of net profit attributable to ITOCHU of 500 billion yen for the fiscal year ending March 31, 2019 remains unchanged.