

ITOCHU Corporation
Dowa Eco-System Co., Ltd.

Dowa Eco-System and ITOCHU to Launch CDM Project *Recovering Methane from Pig Farms to Assist Efforts to Stop Global Warming*

TOKYO, May 7, 2008 – ITOCHU Corporation (“ITOCHU”) and Dowa Eco-System Co., Ltd (“Dowa”) have agreed to cooperate in the promotion of a Clean Development Mechanism (CDM) project based on pig farms in the Philippines, in which methane produced by fermentation in the treatment of excreta will be recovered and burned. This will help to reduce greenhouse gas effects and create Certified Emission Reductions (CERs).

ITOCHU and Dowa have been considering joint involvement in a pig farming methane recovery project since September 2007, and investigations have been proceeding in relation to creating a Philippines-based business. It has now been decided to establish a new company to manage the commercial undertaking of the first CDM project for both companies. The new company (tentative name: IDES; capital: \$3.3 million) will be 51% owned by ITOCHU and 49% by Dowa. This new company will conclude contractual agreements with pig farms in the vicinity of Manila before establishing methane collection facilities, and is anticipated to generate around 150,000 tons of CERs annually from 2009. Moreover, ITOCHU and Dowa hope to expand the range of contracted farms in the Philippines, which will lead to the creation of even more CERs, and they also plan to develop more businesses in the same way in other countries in Asia.

Currently, animal excreta is treated using open air treatment ponds and the methane produced by fermentation is released into the atmosphere, contributing to global warming. (Methane is a greenhouse gas, and its greenhouse effect is 21 times that of carbon dioxide.) In this new business, tent-like structures will be erected over the animal waste treatment ponds and the methane produced by fermentation will be collected and burned effectively. In this way, ITOCHU and Dowa plan to reduce the escape of methane into the atmosphere, thereby creating CERs that can be exchanged for the right to discharge greenhouse gases. Those CERs will be sold to Japanese buyers and used within ITOCHU and Dowa.

ITOCHU and Dowa hope to position this new activity as the foundation for a new business aimed at creating emission credits. By further expanding the number of contracts in the Philippines and by developing excellent new CDM business activities in other countries too, both parties hope to be able to make a mid- to long-term contribution to Japan’s efforts to combat global warming.