ITOCHU Corporation

Brand-new Deal 2017

Challenge

Annual Report 2015

For the Year ended March 31, 2015

LEAD STORY

ITOCHU—"Merchants" that Transcend the Times

Since its founding in 1858, ITOCHU has overcome dramatic changes in the Japanese economy, from the post-war chaos, through the period of rapid economic growth, and up to today. For more than 150 years, we have achieved growth in corporate value.

As a general trading company with trade at the center of our operations, our continual "pursuit of added value" has been the driving force behind our ability to defend and enhance our market presence. With a rigorous "focus on the front lines," we repeatedly create new business models while carefully tracking market changes and adding value.

Our long-term growth has been supported by our "ability to drive change," which has enabled us to provide the goods and services that meet the needs of the age while flexibly adapting our business portfolio in line with changes in the industrial structure of Japan's economy. The reinforcement of

Major Events

1858 Founded
Chubei Itoh, commenced linen trading operations via Osaka in Senshu, and Kishu.

1918
C. Itoh & Co., Ltd. established. New York branch office opened.

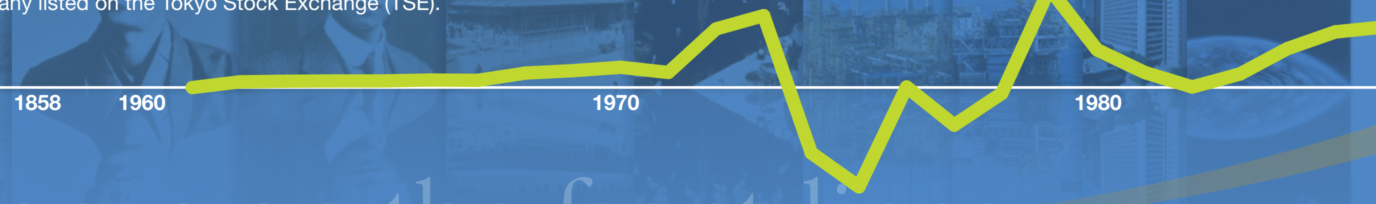
1949
C. Itoh & Co., Ltd. incorporated.

1950
Company listed on the Tokyo Stock Exchange (TSE).

1972
Chinese government welcomed C. Itoh & Co. as a friendly trading company, the first such recognition given to a Japanese general trading company.

1977
Ataka & Co., Ltd., acquired.

Consolidated Net Income / Profit



*1

Focus on the front lines

× *The Inherited Spirit*

Ability to drive change

*1 Collection of the Archival Museum, the Faculty of Economics, Shiga University, provided by Ohmi Merchant Museum

Change

Portfolio Change
As the industrial structure has changed, ITOCHU has flexibly adapted its business portfolio to meet the needs of the age and focus on growth fields.

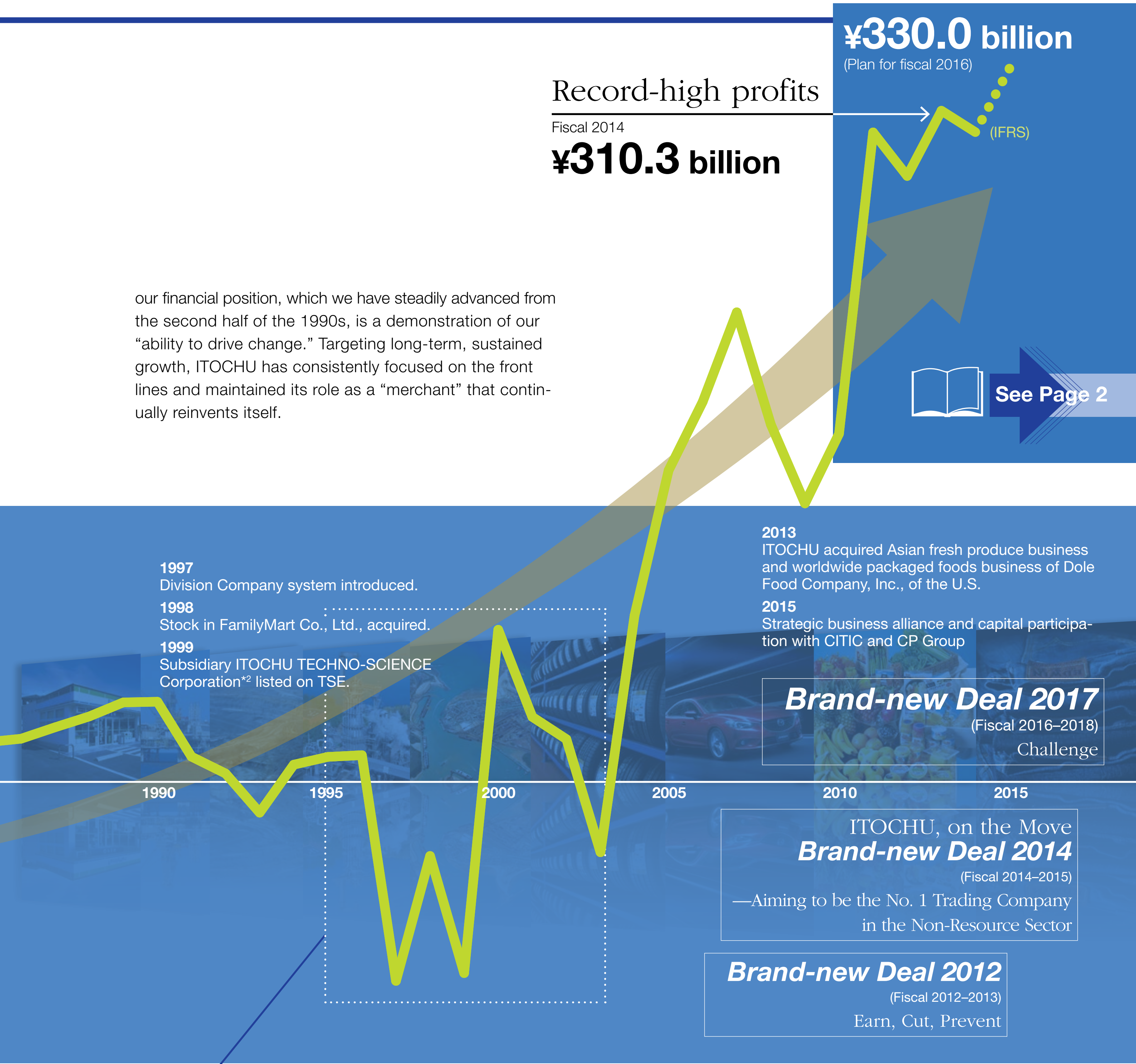
- **2010s–** Focus on non-resource sector
- **2000s–** Expansion in resource sector
- **1980s–** Expansion of information & communications technology fields
- **1950s–** "Generalized" operations to include non-textile fields, such as automobiles, oil, food, etc.
- **Founding–** Focused on textiles

Photo courtesy of BHP Billiton

Share of non-textile fields as % of total trade value

Around 1940: 15% → Around 1960: 40%

our financial position, which we have steadily advanced from the second half of the 1990s, is a demonstration of our "ability to drive change." Targeting long-term, sustained growth, ITOCHU has consistently focused on the front lines and maintained its role as a "merchant" that continually reinvents itself.

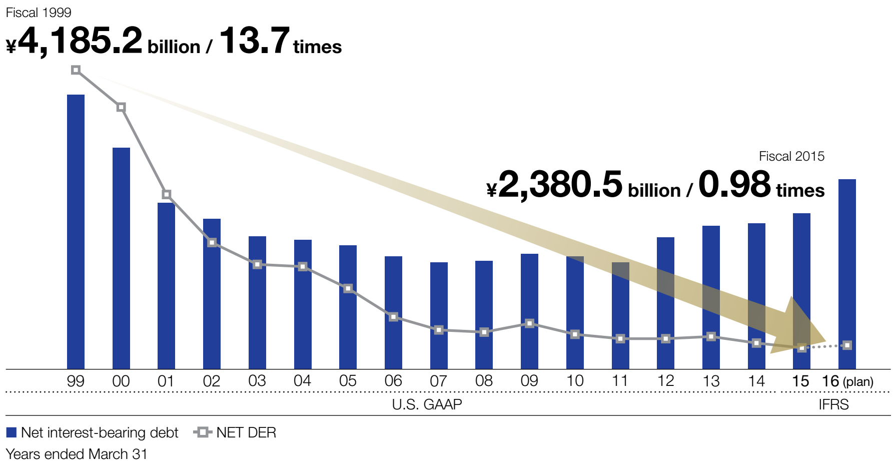


*2 Currently, ITOCHU Techno-Solutions Corporation

Change

Financial Position Change (Net interest bearing debt / NET DER)

From the late 1990s to the early 2000s, we rigorously liquidated unprofitable businesses, and subsequently we continued to strengthen our financial position. In this way, we built a robust financial position that today enables us to implement aggressive investment.



LEAD STORY

Toward Becoming "the No. 1 Trading Company in the Non-Resource Sector"

From fiscal 2012 to fiscal 2015, we implemented aggressive investment in the non-resource sector and achieved a substantial shift in our profit structure, which up to that point had depended on the resource sector. Net income / profit in the non-resource sector increased to 4.2 times of the level four years earlier.

We made substantial progress toward our goal of becoming "the No. 1 trading company in the non-resource sector" and achieved a level of earnings appropriate for a leading general trading company. The true value of the change in our earnings structure was demonstrated during the substantial decline in resource and energy prices in 2014.

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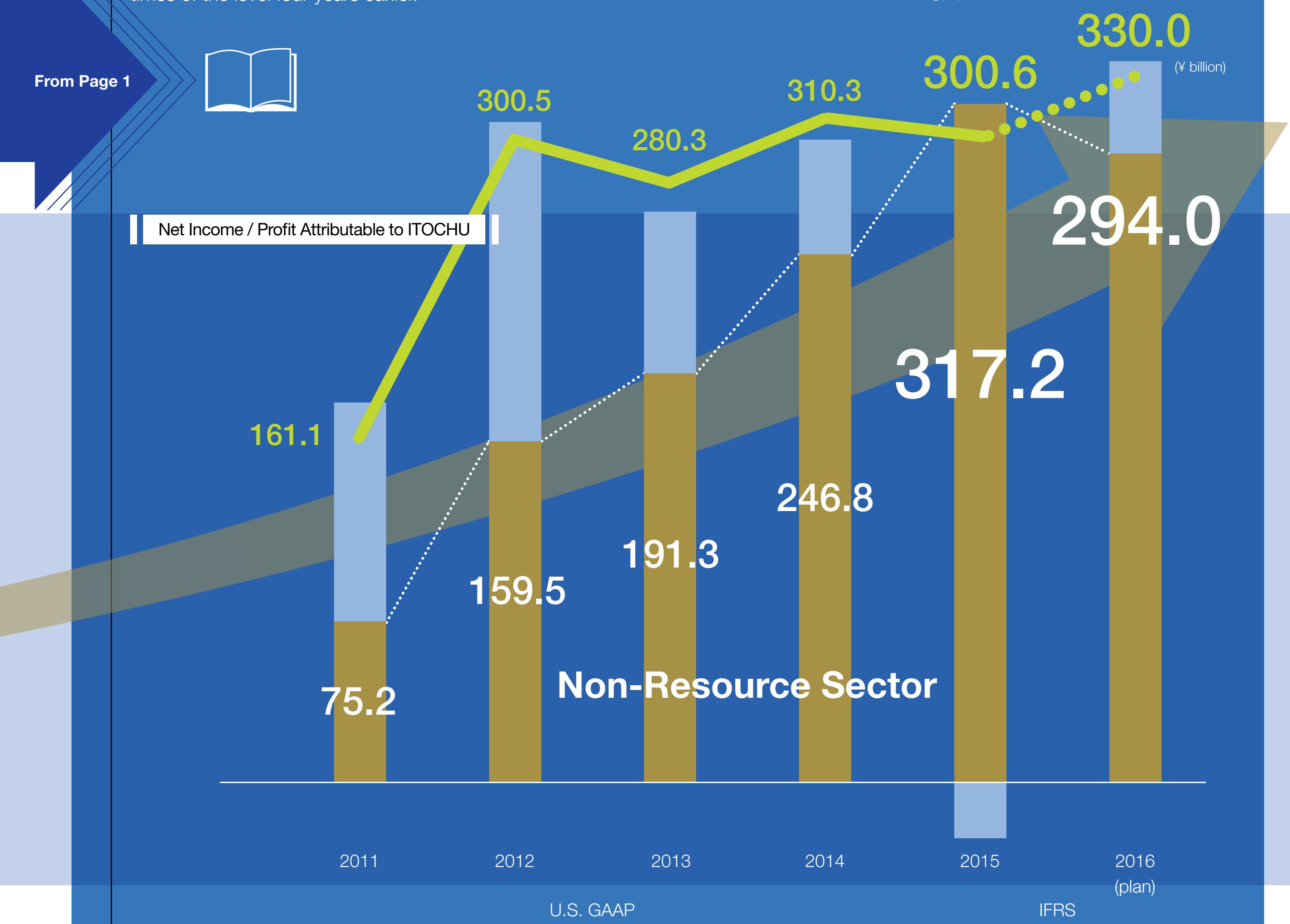
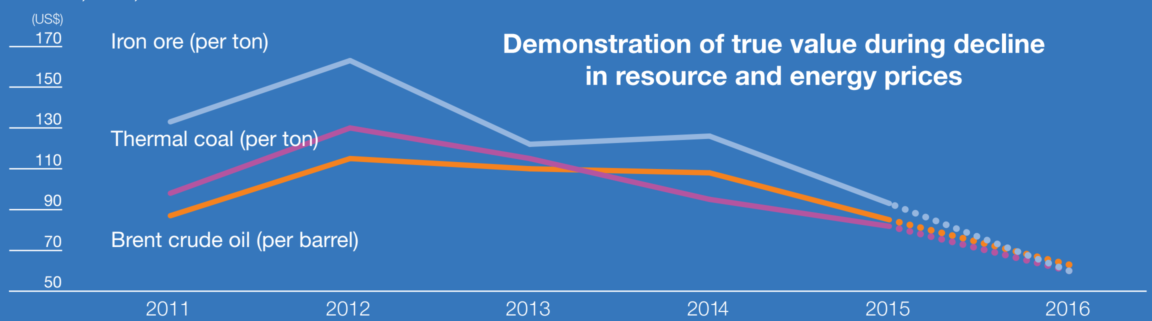
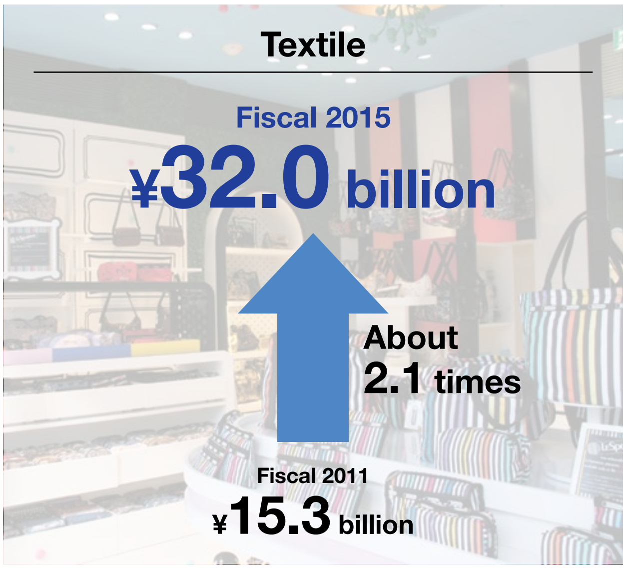


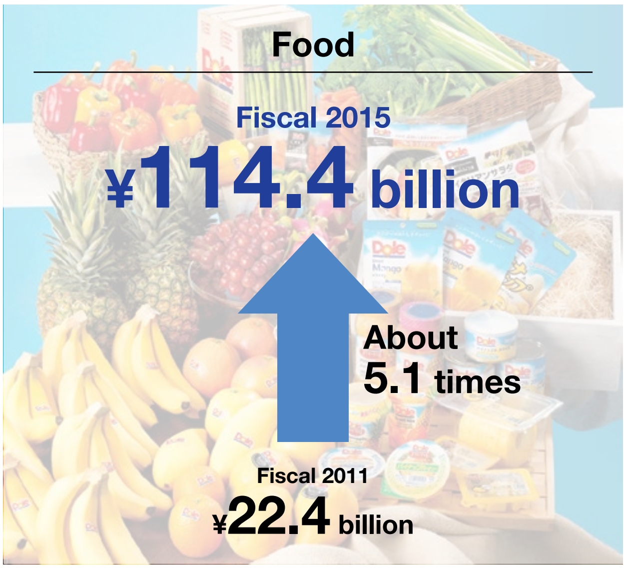
Iron Ore, Coal, and Crude Oil Prices

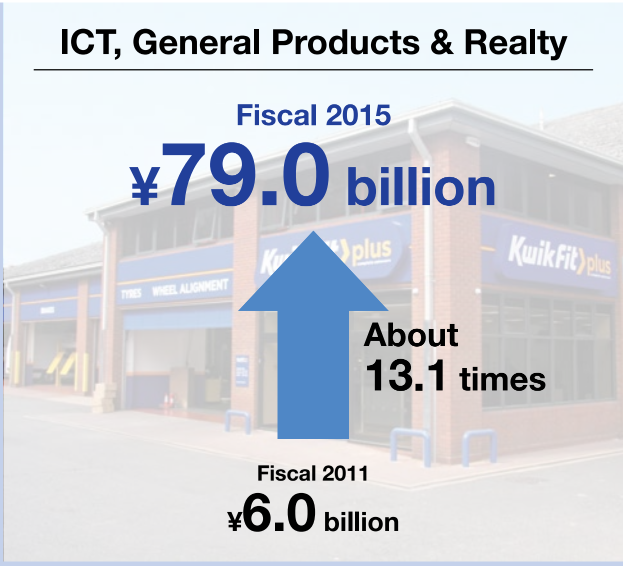


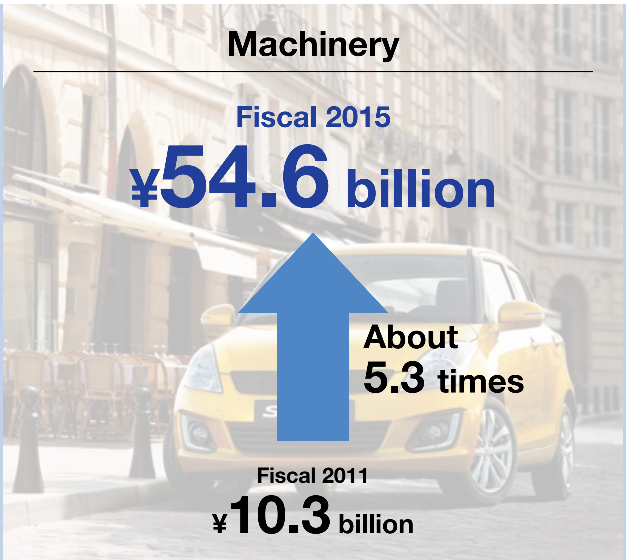
* Figures for fiscal 2016 are estimates made with reference to recent prices.
Years ended / ending March 31

Net Income / Profit Attributable to ITOCHU









* U.S. GAAP for fiscal 2011, IFRS for fiscal 2015

Substantial Increase in Earnings Capacity in the Non-Resource Sector

The four Division Companies in the non-resource sector all achieved substantial gains in the scale of their earnings. The notable gains in “earnings capacity” were attributable to improved earnings or accelerated exits from low-profit operating companies in addition to new investments.

In addition, we took steps to strengthen our ability to generate cash flows, and achieved operating cash flows of more than ¥400.0 billion for two consecutive years and positive free cash flows for three consecutive years.

Operating Cash Flows

Fiscal 2015

¥403.6 billion

Free Cash Flows

Fiscal 2015

¥127.5 billion

Earnings Capacity

I am One with Infinite Missions

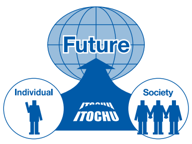
The Corporate Message — I am One with Infinite Missions — is an expression that comes to mind when pondering the corporate philosophy of "Committed to the Global Good."

The Corporate Message incorporates our promise to society, that we will continue to provide the abundance that results from business activities, and it also incorporates diverse aspects "typical to ITOCHU," such as the rich personalities of our employees, our free spirited corporate culture, and "individual capabilities." In this way, the Corporate Message expresses the values that must be shared by all employees as we take on further challenges.

Keeping ITOCHU's spirit in our hearts and minds, we will aim for business activities to benefit the seller, the buyer, and society. In this way, we will fulfill our responsibility to society — our "infinite missions."

ITOCHU Mission

Committed to the Global Good



The ITOCHU group respects the individual, society, and the future in its Commitment to the Global Good.

ITOCHU Values

- Visionary
- Integrity
- Diversity
- Passion
- Challenge

Since its founding in 1858, ITOCHU has passed down the spirit of *sampo yoshi* (Good for the seller, Good for the buyer, and Good for society). After considering ways to demonstrate its commitment to society as an international corporation and to put this commitment into practice, in 1992 ITOCHU formulated "Committed to the Global Good" as a corporate philosophy. In 2009, in order for employees around the world to properly understand the philosophy and reflect them in their everyday work, the core element, "Committed to the Global Good," was set as the ITOCHU Mission for the entire ITOCHU Group, and five values, called the ITOCHU Values, were positioned as vital for each employee.

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http://www.itochu.co.jp/en/about/network/

For details about major subsidiaries and associated companies:
http://www.itochu.co.jp/en/ir/doc/annual_report/2015/

Investor Relations website http://www.itochu.co.jp/en/ir/
CSR website http://www.itochu.co.jp/en/csr/

To Our Shareholders, Investors, and Other Stakeholders

President & Chief Executive Officer

Masahiro Okafuji

Based on a clear strategy, ITOCHU will take on the challenge of further reinforcing the Company's earnings base to generate ¥400.0 billion in net profit.

ITOCHU has maintained a spot among the top three general trading companies in Japan for four consecutive years, but we are not satisfied with our results. Rather, we are accelerating initiatives targeting further strong growth while fully leveraging our strengths in the non-resource sector and maintaining the spirit of eagerly taking on challenges.

History of Taking on Challenges

I have been continually taking on challenges.

With a solid understanding of my own strengths and weaknesses, I established my objectives and worked to make steady, step-by-step progress toward the achievement of those objectives. During the period I worked in sales at the Textile Company, when I achieved better result than a department, I would set my target on the next superior department. I also continued to take on external challenges, working with strong determination to ensure success over rival trading companies in the textile industry. Of course, I faced many difficulties, but I did not view these as setbacks. I was strongly motivated to directly address the competitive environment and to overcome the obstacles I faced. This experience has become a cornerstone of my belief that the repeated experience of success fosters the development of employees and the growth of organizations.

Even after I became president of ITOCHU in April 2010, with responsibility for a consolidated group that had more than 60,000 employees and 410 companies, there has been no change in this belief. Immediately after I became president, I set the objective of recapturing our position among the top three general trading companies. We achieved that objective in fiscal 2012, when the Company surpassed ¥300.0 billion in net income attributable to ITOCHU for the first time in its history. Under "Brand-new Deal 2014," the medium-term management plan that we launched in fiscal 2014, we announced a new vision of becoming "the No. 1 trading company in the non-resource sector." In fiscal 2015, the final year of the plan, we achieved that vision and demonstrated the true value of the strengths that we have cultivated in the non-resource sector.

Demonstrating the True Value of Our Strengths in the Non-Resource Sector

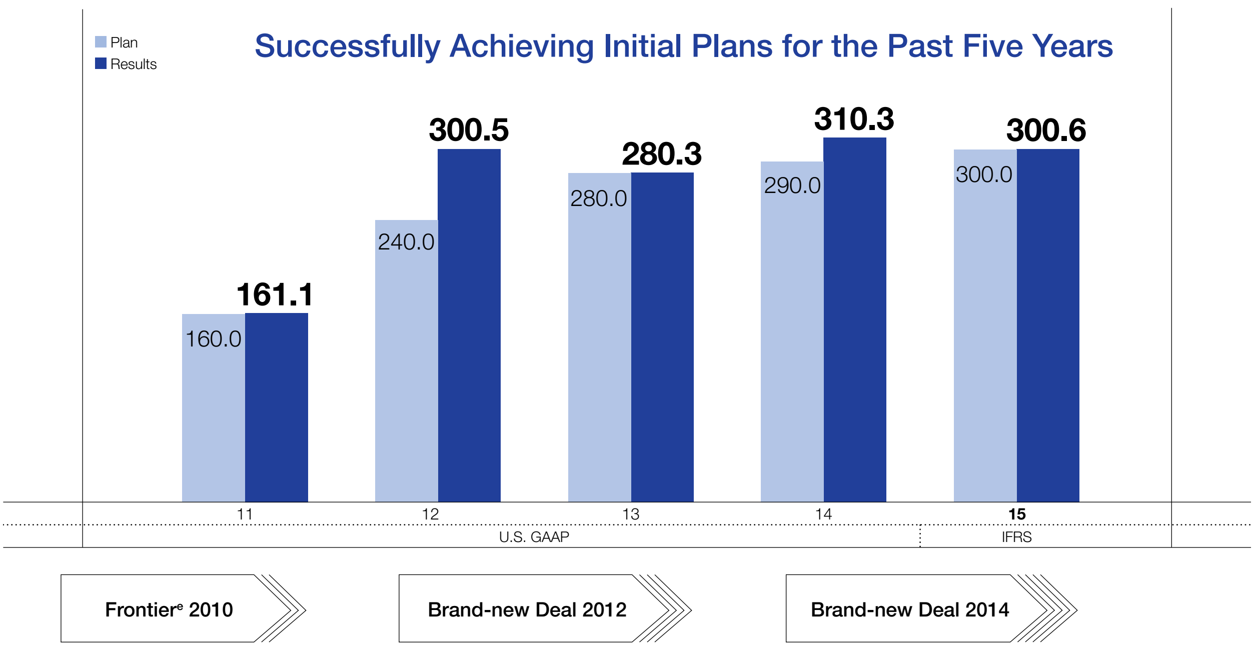
The resource boom, which buoyed the fortunes of general trading companies, has come to an end, and in fiscal 2015 many general trading companies were forced to record impairment losses on natural-resource-related assets. ITOCHU was no exception. We recorded impairment losses totaling more than ¥90.0 billion at NAMISA, an iron ore production and sales company in Brazil, and Samson Resources Corporation, an oil and gas exploration and production company in the United States. On the other hand, even though other companies made downward revisions to their initial plans one after another, we achieved net profit attributable to ITOCHU of ¥300.6 billion, in line with the plan that we originally announced. In this way, we achieved our initial plan, turning our words into accomplishments for the fifth year in a row.

The struggling resource sector was covered by our four Division Companies in the non-resource sector—the Textile Company, Machinery Company, Food Company, and ICT, General Products & Realty Company—which have recorded continued gains in profits in recent years. Net profit attributable to ITOCHU in the non-resource sector reached a new record high, increasing to ¥317.2 billion, about four times the level in fiscal 2011. Accompanying this growth in profits, at the end of fiscal 2015 shareholders' equity was more than ¥2,400.0 billion and NET DER was below 1.0 times for the first time, falling to 0.98 times. In addition, we gave companywide instructions to target the generation of operating cash flows at a level higher than net profit, and as a result we achieved operating cash flows in excess of ¥400.0 billion, as we did in the previous year.

If we are overconfident even once, customers will instantly leave us and we could go downhill at a rapid pace. In particular, I believe that it is precisely at times like this, when our results are strong, that we must be careful not to be overconfident. We have continued taking steps to ensure that we do not lose our mind as the challenger, not just in management but throughout the Company. As one of these steps, in fiscal 2011 we revised our personnel compensation system to broaden the extent to which compensation reflects the results of individuals rather than the results of their organizational unit. Moreover, our morning-focused working system, which was formally introduced in May 2014, should also be understood as the way of reforming employees' mind. This key objective of this system, which shifts overtime at night to the morning, is a continued focus on the customers' viewpoints, with employees providing optimal responses to customer inquiries from early morning. There were some people who questioned this system on the basis that late-night overtime at general trading companies is only natural, but we have overturned that attitude and now our implementation of the morning-focused working system is considered to be only natural on a companywide basis. This system has been highly evaluated by customers and is generating the results that we wanted, such as increases in operational efficiency. In addition, this pioneering initiative has drawn a wide range of attention, not only from within our industry but also from government and national institutions, and has been becoming a social movement.

ITOCHU: Turning Words into Accomplishments

Net Income / Profit Attributable to ITOCHU



Implementing Business Investment to Continue to Broaden Multifaceted Initiatives

I think that everyone agrees that companies must always focus on growth. I frequently explain my approach to growth with an example from agriculture. Even if seeds are improved and high-quality fertilizer is used, there are limits to how much the harvest yield can be increased on limited farmland. There is also a substantial risk that there will be a poor harvest due to unseasonable weather. Accordingly, sometimes it is necessary to break ground on new farmland, open up a new "field," and sow a variety of seeds. At first, it might be just be full of stones. It could be unproductive land. However, I believe that if you maintain your hopes for the future, work with strong perseverance, leverage your intelligence, and do your utmost to make it a success, then before long the land will become fertile and you can reap a large harvest. In terms of ITOCHU's business activities, the route to sustained growth in earnings is to invest in projects with future potential, increase the business value of investees while leveraging the wide-ranging management resources of a general trading company, and then harvest trades and investment returns. Consequently, it is necessary to implement new investment to open up large-scale business infrastructure.

Under "Brand-new Deal 2014," which set an upper limit of ¥1 trillion for cumulative total investment over two years, we implemented investment of ¥880.0 billion on a gross basis and ¥690.0 billion on a net basis. Of the gross investment amount, ¥675.0 billion, or about 75%, was invested in the non-resource sector, which resulted in a stronger presence for ITOCHU in that sector. On the other hand, in the resource sector, we invested a cumulative total of ¥205.0 billion, centered on expansion of existing equity interests and additional investments.

In the consumer-related sector, in which ITOCHU has distinct strengths, we have implemented investments that have strengthened our lead while steadily leveraging a favorable cycle in which our strengths in turn lead to superior projects. These investments include the Asian fresh produce business and the worldwide packaged foods business of Dole Food Company, Inc., of the United States, and EDWIN CO., LTD., Japan's largest manufacturer and distributor of jeans. The next section introduces some of these investments, which opened up large-scale business infrastructure on an unprecedented scale and established a solid foundation for the next medium-term business plan.

Implementing Necessary Strategies a Little Bit Faster

After I became president in April 2010, I sensed growing risk in regard to the resource boom, to which I paid careful attention. There is a saying that "what goes up must come down," and the reason for my concern was that resource and energy prices were increasing at an unprecedented rate. In fact, prices subsequently fell, and many companies have recently had to recognize impairment losses on large-scale assets.

However, ITOCHU moved first to implement a policy of focusing on non-resource businesses. Textiles are the founding business of ITOCHU, which recorded growth as a company closely linked to consumers. The logical choice was to focus the investment of our management resources on the non-resource sector, in which we have distinct strengths, rather than extending ourselves across the board. Moreover, we were always aware of the need to move a little bit faster.

It is clear to everyone that major business opportunities in the non-resource sector can be anticipated in China and Asia. In particular, there is no doubt about the potential of consumer-related businesses in China, which has the world's largest population and in which the incomes of the middle class continue to rise. In addition, for foreign companies to establish a presence in domestic markets in China, it is obvious that a strong partner is necessary. Opinion is divided as to whether the current situation in China should be viewed in terms of "risks" or "opportunities," but I think that most people are overly sensitive to the political situation and overly concerned about risk in China. If we wait until the situation settles down and everyone agrees that conditions are favorable, then we will miss opportunities. Determined to look 100 years into ITOCHU's future, I focused on the opportunities and took action a little bit faster. That action was the conclusion of strategic business alliances and capital participation agreement with Charoen Pokphand Group Company Limited and CITIC Limited (CITIC).

Largest Opportunity in Our History of More Than 150 Years

This was an investment of ¥600.0 billion, the largest in ITOCHU's history. This single investment was more than the total amount of investment in China by Japanese companies in the previous year. It was not a decision to take a chance on an all or nothing gamble. Rather, it was a decision reached after careful analysis of risks and returns.

The CP Group, which is centered on Charoen Pokphand Group Company Limited, is one of the leading conglomerates in Asia. It has recorded strong growth to become one of Thailand's largest companies, with core operations in livestock-related areas, including one of the world's largest animal feed businesses. ITOCHU and the CP Group can generate an array of multifaceted, wide-ranging synergies, particularly in the food business. A point worthy of special mention is that the CP Group has built the strongest business foundation in China of any foreign company. The CP Group was the first foreign company to invest in China in the late 1970s, and currently it is the country's largest poultry exporter. In addition, the CP Group has put down deep roots in domestic markets throughout most parts of China. On the other hand, ITOCHU is the strongest Japanese trading company in China, and there is no doubt that the CP Group is the best partner for ITOCHU in terms of working together to cultivate the markets in China. The CP Group has acquired 4.9% (before capital increase) of ITOCHU's stock, and ITOCHU has acquired 25% of the stock of C.P. Pokphand Co. Ltd., which is one of the core companies in the CP Group. We took this step because we decided that we needed to create a structure under which ITOCHU and the CP Group share the same destiny in order to work together in earnest and generate synergies on a sustained basis.

A major step in fostering a shared destiny was the acquisition of 20% of CITIC through a 50:50 joint investment by ITOCHU and the CP Group and the conclusion of a strategic business alliance and capital participation agreement among the three companies. An explanation of CITIC will clarify the strategic value of this initiative.

CITIC, which is China's largest government-owned conglomerate, has leading positions in an extremely wide range of industries, centered on the banking and securities industry. CITIC is listed on the Hong Kong Stock Exchange and is one of the largest component companies of the Hong Kong Hang Seng Index.

Even today, the Chinese government indirectly owns the majority of CITIC stock, and CITIC has filled the role of China's international point of economic contact with the world. The acquisition of 20% of CITIC's stock by foreign companies would not have been possible in the past. China's ratings from major rating institutions exceed those of Japan, and some have said that the acquisition of a superior asset owned by the Chinese government at a PBR of less than 1.0 times is unprecedented. It is important to understand that this initiative is not something that could have been accomplished by any company. This was possible only because of the Chinese government's recognition of the contributions made by ITOCHU and the CP Group to enhancing the living standards of the Chinese people and developing the economy. Another key point is the high evaluation of how it will be possible to generate synergies globally and in a wide range of business fields by integrating the management resources of three conglomerates that represent Asia. I consider this initiative to be an extremely rare opportunity in ITOCHU's history of more than 150 years.

Generating Earnings through Multifaceted Initiatives by Building the Strongest Business Infrastructure in the Region

In general trading companies which are faced with the need to revise their strategies, and ITOCHU is now able to clearly chart a course for growth through this initiative.

First, we can expect CITIC, which has become an equity-method associated company of ITOCHU, to contribute to growth in our consolidated net profit. However, more than anything else, the major strategic significance is the ability to build the strongest business infrastructure in the China and Asia region. In particular, I think that it may be extraordinarily significant that we can steadily build a presence in domestic markets in China. There is an overwhelming difference in information capabilities in the local region from CITIC and CP Group. In the Annual Report 2014, I explained my approach of focusing on investment projects that grow in a multifaceted manner, and we have now obtained large-scale business infrastructure that will enable us to secure wide-ranging, significant benefits in the non-resource sector, centered on consumer-related businesses.

Joint initiatives are already taking shape. In April 2015, five companies—ITOCHU, the CITIC Group, the CP Group, China Mobile Communications Corporation, and Shanghai Information Investment Inc., a company affiliated with Shanghai Municipality—agreed to a strategic tie-up in cross-border e-commerce through the Shanghai Pilot Free Trade Zone. It is not an exaggeration to say that this joint initiative has enabled us to instantly secure a channel to serve consumers throughout China. Those consumers will be provided with high-quality Japanese products and thorough after-sales service in China's rapidly growing cross-border e-commerce market. This is only one example, but it clearly demonstrates how our prospects have already started to change.

New Challenges—Brand-new Deal 2017

ITOCHU now faces further challenges.

We have maintained our spot among Japan's top three general trading companies for four consecutive years, but this is no more than a transit point for ITOCHU. Under "Brand-new Deal 2017," the new medium-term management plan that was launched in fiscal 2016, we are aiming to build an earnings base to generate ¥400.0 billion in net profit by advancing our growth strategy, centered on the non-resource sector. The resource boom has faded, and now we have an opportunity to leverage our strengths in the non-resource sector, centered on consumer-related businesses, and to strive for an even higher ranking. By maximizing the synergies with CITIC and CP Group, as I have discussed, we will expand our earnings base in the non-resource sector in China and Asia and will accelerate our pursuit of the higher-ranked general trading companies.

In fiscal 2016, the first year of the plan, we are planning net profit attributable to ITOCHU of ¥330.0 billion. To take on the top two trading companies, we determined that we would need profits on a scale of ¥400.0 billion, and we estimated the amount of time required to achieve that objective, and consequently, we formulated a three-year plan.

ITOCHU has obtained a foothold for its growth strategy, and now the next task for the Company is the reinforcement of its financial position. Our approach to this task has two elements—accelerating asset replacement and stringent cash flow management. Through bold, stepped-up exits from investments, we will accelerate asset replacement and further increase asset quality and efficiency. In fact, we have already sold large-scale, superior assets in April 2015.

Moving forward, our policy will be to make new investments primarily through joint initiatives with CITIC and CP Group. In the past, our policy was to base our investment management on the total amount of the investment. However, under "Brand-new Deal 2017" we have changed our policy, and now we will implement new investment within the aggregate amount generated by substantial operating cash flows and cash in from exits of existing projects. Our policy calls for generating substantial free cash flows (excluding the investment in CITIC) in excess of ¥100.0 billion and maintaining positive even after dividends are paid.

We will also work to enhance shareholder returns. We will guarantee a minimum dividend per share of ¥50 for fiscal 2016, ¥55 for fiscal 2017, and ¥60 for fiscal 2018, thereby surpassing our record high each year. In addition, we will continue our previous performance-linked, progressive dividend policy (Please see page 18 for detailed information on the dividend policy and fiscal 2015 dividend payments). In this way, we will aim to achieve a new record high dividend each year. This is an indication of our confidence in regard to our future profit growth.

Rigorous Management Focused on Shareholders

I always strive to manage from the viewpoint of shareholders.

Shareholders provide funds to companies, and the companies use those funds in their business activities. For a manager, it is only natural to want shareholders to trust and support the Company. Accordingly, I place a priority not only on providing aggressive shareholder returns but also on conducting sincere dialogue with shareholders and investors.

In addition, I believe that another important duty is to ensure that we make effective use of the funds that have been provided by our shareholders. Until now, we have aimed at maintaining ROE of at least 12%, but under "Brand-new Deal 2017" we have announced a management objective of aiming to consistently maintain ROE of more than 13% while continuing to bolster shareholders' equity for the first time as a plan. Moving forward, we will take a rigorous approach to the implementation of management with a focus on the cost of capital, including not only new investments but also existing businesses. However, own-stock purchases, which increase ROE by reducing the denominator (equity), can be seen as an indication that a company's leadership acknowledges the limits of growth, and accordingly I do not have a very positive view to it. Moreover, to rank with Japan's *Zaibatsu*-industrial groups, I think that we need to further enhance shareholders' equity, and consequently we will aim to raise ROE by increasing the numerator (return) and to be a high-profit company. The situation would be different if, for example, our PBR were consistently under 1.0 times for a long time, but for now we will strive to provide a return in the form of increased dividends supported by higher profits.

I continually pay attention to ITOCHU's stock price, which could be called a performance result card for management, and I also make regular purchases of ITOCHU stock. The reason is that I have great hopes for the future of the Company.

Leveraging a Long-Term Viewpoint for the Next Generation

If company leaders sacrifice future growth by focusing on short-term profits during their term of office, then the company will not be able to record sustained expansion. There are many ways to temporarily increase a company's performance, but in the end these methods leave a negative legacy for the next generation.

For example, brands cannot be effectively nurtured without a long-term strategy. Consider the example of an employee in charge of a well-known brand of neckties. The employee works together with a department store in a certain region and gets the business off to a solid start. Subsequently, if the next employee in charge of the necktie business also provides the neckties to other department stores that compete with the first store, then sales would likely increase rapidly in the short term.

However, the first store's commitment to the necktie weakens when its competitors also start to offer them. The brand value of the necktie decline, and overall sales gradually start to decrease. As a result, the second employee in charge appears to be successful, but the third employee in charge may be held responsible for a rapid decline in sales. Accordingly, this brand of neckties will not be able to record sustained growth, and in the end future generations will have to pay the price.

I believe that company leaders should not focus on short-term profits, but rather should always work from a long-term viewpoint and aim for sustained growth by passing superior assets onto future generations. When I worked at the Textile Company, where we created a series of new business models based on brands, I continually thought about frameworks that could generate results over the long term, and I maintain the same approach today. As a corporate leader, I believe it is important for management to facilitate the sharing of dreams with employees and shareholders.

On the other hand, no matter how much we talk about our dreams, if results slump and we repeatedly fail to meet our objectives, then no one will continue to believe our long-term vision. That is the reason I am committed to turning words into accomplishments.

Risk Management that Needs to be Changed, Missions that Never Change

In the early 2000s, general trading companies were faced with the need dispose of under-performing and inefficient assets, and they consequently developed and applied quantitative risk management methods. Nonetheless, in recent years general trading companies have had to recognize impairment losses on large-scale assets. Rather than relying too heavily on quantitative risk management methods, I strongly believe that at each stage—when an investment is made, after it is made, and when risks manifest—risk management should reflect the leveraging of "human knowledge" and the doubling and redoubling of countermeasures.

The risks that ITOCHU must manage are not limited to those that directly affect earnings, such as these investment risks.

As the scope of business activities increases, those activities have an increasingly diverse effect on society. Accompanying growth in the scale of profits, the influence on society expands. This is something that we always need to keep in mind. Moreover, our value chains, which have grown in scope and complexity, always present the potential risks that the Group could indirectly become the cause of problems with the environment or human rights. For example, in the food value chain, if there is a situation that damages food safety or security, even if it was caused by one of our suppliers, the Company itself will lose trust, and major damage could be done to the Company's growth strategy. The same would apply if a contract manufacturer in the textile business causes a problem with child labor or other human rights issues. Accordingly, we conduct multifaceted monitoring of risks that could lead to damage to corporate value while further expanding the scope of suppliers that are subject to monitoring. On the other hand, I believe that it is important that we focus not only on the risk management viewpoint but also on the creation of businesses that help to resolve social issues. On that basis, we are advancing operations in the field of renewable energy, such as geothermal and wind power.

To maintain a presence that is accepted by society will require not only implementing detailed responses to the demands of society but also providing the abundance that results from business by delivering what is needed in each country through our core business operations. ITOCHU has maintained this belief as its unchanging missions for more than 150 years. At the same time, we have developed the management philosophy of the Ohmi merchants—*sampo yoshi* (Good for the seller, Good for the buyer, and Good for society)—into our corporate philosophy of "Committed to the Global Good."

For ITOCHU to break away from the current top three general trading companies and address challenges on a new stage, we must share this sense of values among all employees and each individual must embrace this sense of mission. The Corporate Message—I am One with Infinite Missions—incorporates this concept. These words condense the multiple ways in which ITOCHU's distinct strengths are centered on people.

Encouraging Employees to Maximize Their Individual Skills

The ITOCHU Group's stable, ongoing growth is supported by the Group's many individual employees. I believe that, no matter how much we strive to expand our operational scale, or to expand our business fields around the world, each of our employees must continue to act as a merchant with a rigorous focus on the customer's viewpoint and the front lines. ITOCHU has a long tradition of making the most of individual strengths and characteristics in an open and active corporate culture, and we are often described as a mercenary band. It is these strong individual characteristics that ITOCHU will need from its employees in the future. Accordingly, our personnel system is focused on nurturing specialists in each target market as well as strong individuals who can manage at the global level and comprise the nucleus of our workforce. In addition, in fiscal 2015, we implemented a "*Gen Ko Tsu* Reform" (*Gen* for *genba*, or "front line," *Ko* for *kobetsu*, or "individual," and *Tsu* for *tsunagari*, or "connection") as well as "Managers of the Future" reward scheme (see pages 26–27, Human Resources Strategy). In these ways, we are implementing a variety of initiatives to maximize the individual capabilities of ITOCHU employees. Moreover, to accelerate the generation of synergies with CITIC and CP Group, we are aggressively advancing measures to reinforce the nurturing of human resources who can play an active role in China and Asia.

Turning Words into Accomplishments, Without Fail

I believe that ITOCHU's capital and business tie-ups with CITIC and CP Group will have substantial benefits for the Company. We will be able to obtain access to information and networks that we previously would not have been able to, and the scope of our business has expanded substantially. In the future, I will explain the results of our initiatives in various fields, and I am confident that this information will further enhance your understanding of the value of our taking on these challenges.

I will continue to challenge as I move forward. In fact, I will strive to maintain my spirit of eagerly taking on challenges for my entire life. ITOCHU will also continue to aim for ever higher objectives. No matter what type of business environment we face, we will not make excuses, because ITOCHU is a company that turns its words into accomplishments, without fail.

ITOCHU's Business Models

As our business initiatives have progressed, we have built business models that achieve both the "creation of added value" through a complex approach to the utilization of internal and external management resources and "asset strategies" comprising investment in areas where we have strengths, risk management, and monitoring for efficiency. We are working to maximize earnings on trade and investment returns through the ongoing enhancement of management resources.

Business Models that Create Added Value and Implement Asset Strategies

BUSINESS MODELS

BACKGROUND

Business Development that Sets the Stage for ITOCHU's Business Models

Since our founding, our traditional business development has centered on trade, where we link demand and supply by serving as an intermediary in the flow of commercial distribution. When manufacturers began to conduct their own operations overseas, we started to transition toward a style of business development in which we take the lead in the multifaceted generation of commercial activity while leveraging business investment.

Traditional business development

Matching demand and supply from position as intermediary in the flow of commercial distribution

Focus on earnings from trade

Business Development Based on Sustained Efforts to Broaden Multifaceted Initiatives

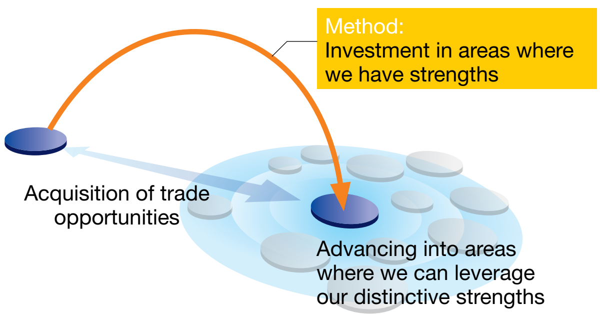
1 Advancing into areas where we can leverage our distinctive strengths

ITOCHU narrows down possible areas to those in which it can generate synergies with existing businesses and control risk on its own, and on that basis we advance into new businesses and markets. Accordingly, we select areas in which we can leverage our distinctive strengths. Among those areas, we focus on whether or not we can secure trade business by linking purchasers with producers. Business investment is a key method of entering a new area.

Distinctive strengths

- Securing natural resources / raw materials
- Linking purchasers with producers
- Providing value added that meets consumer needs
- Providing solutions

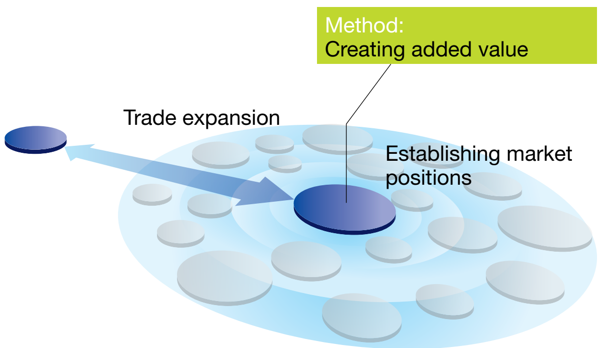
Advancing into new businesses

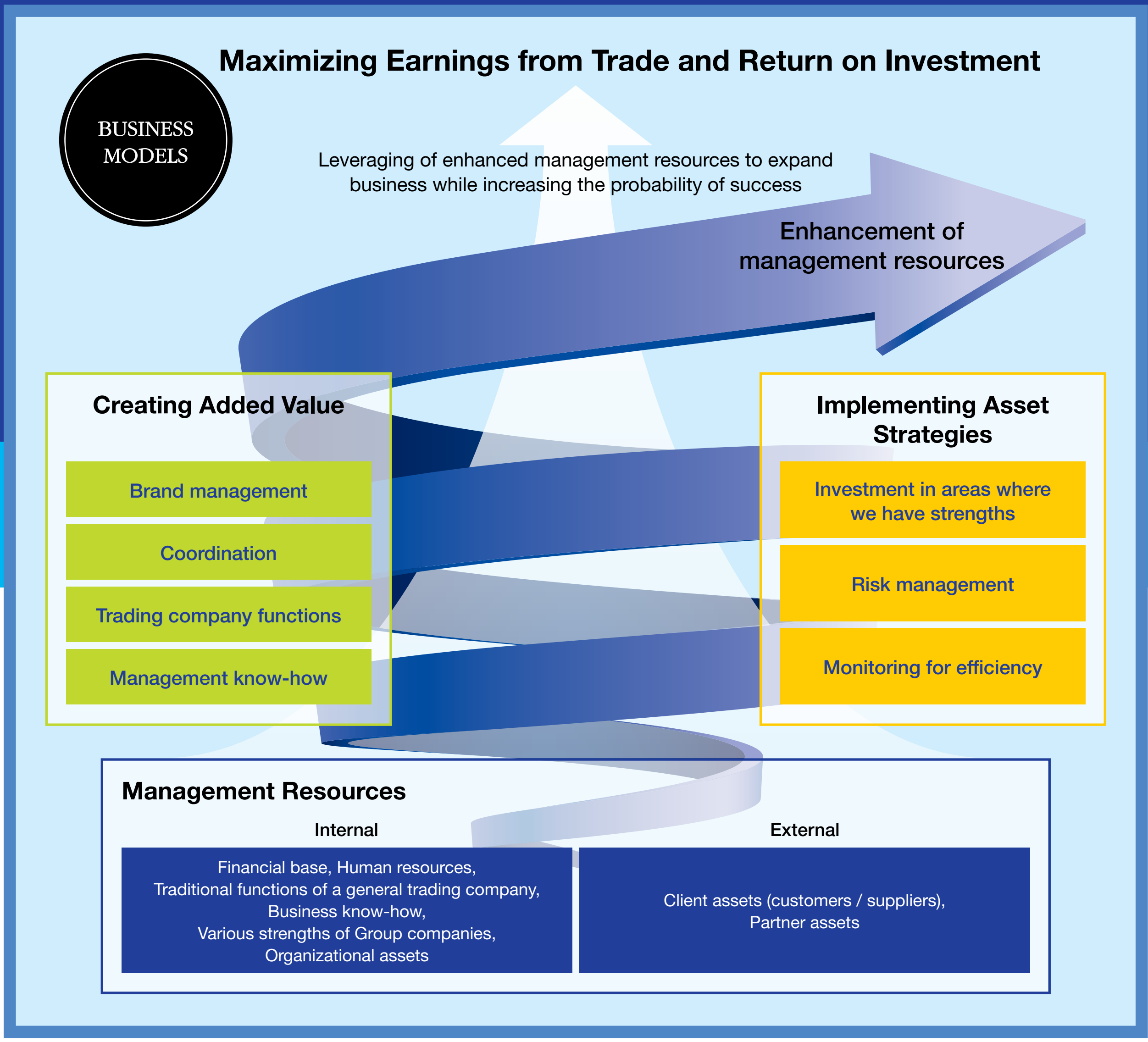


2 Establishing market positions

After advancing into a new area, we strive to accumulate business know-how. In addition, by applying the distinctive management resources of a general trading company, we take steps to increase the corporate value of the companies that we have invested in to establish a market position. At the same time, we are continually considering initiatives targeting the next business or market.

Establishing market positions





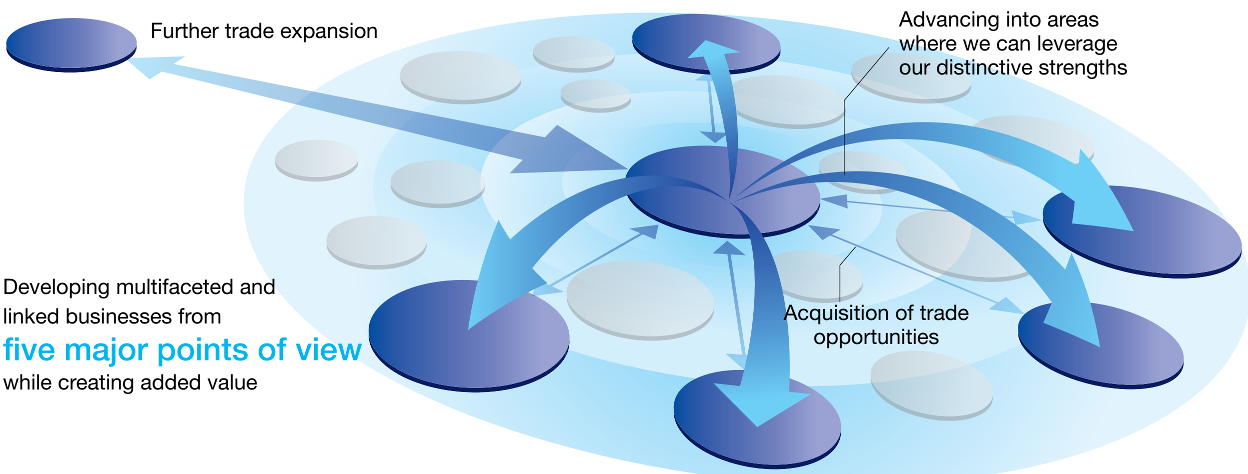
3 Multifaceted and linked business development

Starting from the areas in which we have established a presence, we leverage the business know-how that we have accumulated and the market positions that we have established. As we create new added value, we expand business opportunities from the following five major points of view. With a view to further increasing earnings, we then create new businesses in a multifaceted, linked manner.

Five major points of view

- Expanding and diversifying sources of supply
- Participating in production activities
- Expanding the range of success models
- Pursuing economies of scale
- Obtaining points of contact with consumers

Multifaceted and linked business development



Overview

ITOCHU, on the Move

Brand-new Deal 2014 *—Aiming to be the No. 1 Trading Company in the Non-Resource Sector*

Basic Policies

Boost Profitability
- Reap benefits from large-scale investments
- Increase profitability of existing business
- Aggressively take on promising new projects

Pursue Balanced Growth
- Maintain balance between non-resource and resource sectors
- Reinvigorate domestic and trading businesses
- Capitalize on our strengths, Move to the next level

Maintain Financial Discipline and Lean Management
- Sustain a sound NET DER
- Place priority on operating cash flows
- Reduce stock holdings in non-affiliate companies
- Further improve ratio of SG&A expenses to gross trading profit

Review of Basic Policies

Become the No. 1 trading company in the non-resource sector

Reached No. 1 position with substantial growth in earnings from the non-resource sector, to ¥317.2 billion.
Achieved record-high profits in Machinery Company; Food Company; ICT, General Products & Realty Company

Boost Profitability	■ Large-scale investment projects implemented in recent years have room for further improvement in earnings. ■ Earnings in the non-resource sector offset weak resource prices, and we achieved our initial plans. ■ We implemented investments contributing to the expansion of our earnings platform while maintaining positive free cash flows.
Pursue Balanced Growth	■ Due to declining resource prices, the recording of impairment losses, and other factors, a loss was recorded in the resource sector, but substantial growth was registered in the non-resource sector. ■ Domestic earnings increased, centered on Group companies, and new investments in EDWIN and Bellsystem24 Holdings successfully contributed to growth in earnings. ■ Trade was supported by the depreciation of the yen and was basically favorable, centered on plant- and automobile-related businesses.
Maintain Financial Discipline and Lean Management	■ NET DER improved to 0.98 times. ■ Operating cash flows exceeded ¥400.0 billion for two consecutive years. Focusing on operating cash flows became an established management practice. ■ The reduction in strategic shareholdings exceeded plans (reduction of approximately ¥50.0 billion). ■ Ratio of SG&A expenses to gross trading profit was basically stable, at 74% in fiscal 2015 versus 73% in fiscal 2013.

Results in Fiscal 2014 and 2015

Quantitative Review

Billions of Yen	Fiscal 2014 Initial Plan (U.S. GAAP)	Fiscal 2014 Results (U.S. GAAP)	Fiscal 2015 Initial Plan (IFRS)	Fiscal 2015 Results (IFRS)
Net income / profit attributable to ITOCHU	290.0	310.3	300.0	**300.6**
Total assets	7,500.0	7,848.4	8,200.0	**8,560.7**
Net interest-bearing debt	2,650.0	2,224.3	2,500.0	**2,380.5**
Stockholders' / shareholders' equity	1,900.0	2,147.0	2,300.0	**2,433.2**
NET DER	1.4 times	1.0 times	1.1 times	0.98 times
Exchange rate (¥/US$, average in the year)	¥90	¥100	¥100	**¥108**
Exchange rate (¥/US$, at year-end)	¥90	¥103	¥100	**¥120**

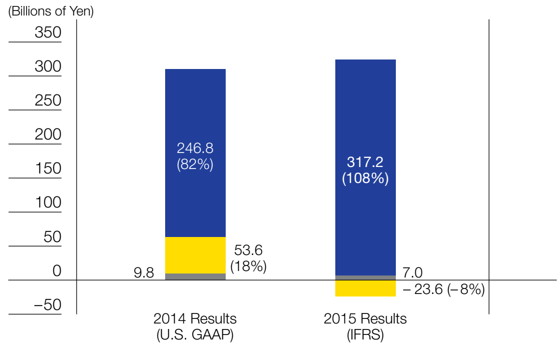
- In fiscal 2014, we achieved record-high profits due to higher earnings from the non-resource sector.
- In fiscal 2015, we recorded impairment losses in the resource sector, but we achieved record-high profits in the non-resource sector, our strength, and we achieved our initial plan.
- For the first time, NET DER was reduced below 1.0 times at the end of fiscal 2015, to 0.98 times.

Net Income / Profit Attributable to ITOCHU

Operating Segment

Billions of Yen	Fiscal 2014 Results (U.S. GAAP)	Fiscal 2015 Results (IFRS)
Textile	32.5	**32.0**
Machinery	43.4	**54.6**
Metals & Minerals	74.1	**11.2**
Energy & Chemicals	16.7	**2.4**
Food	57.5	**114.4**
ICT, General Products & Realty	76.3	**79.0**
Adjustments & Eliminations and others	9.8	**7.0**
Total	310.3	**300.6**

Non-Resource / Resource



■ Non-Resource ■ Resource ■ Adjustments & Eliminations and others

Years ended March 31

*1 % composition is calculated with the total for the operating segments before Adjustments & Eliminations and others.

*2 The steel products transactions and petroleum products transactions of energy are included in the non-resource sector.

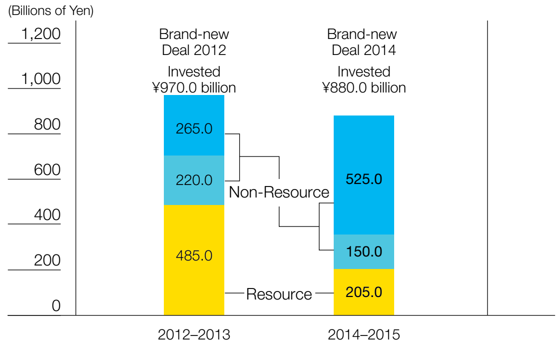
Investment Review

Billions of Yen	2-year Plan	Fiscal 2014 Results (U.S. GAAP)	Fiscal 2015 Results (IFRS)	2-year Results
Non-Resource		**285.0**	**390.0**	**675.0**
Consumer-related sector	Non-Resource : Resource = 2:1	215.0	310.0	525.0
Basic Industry-related sector		70.0	80.0	150.0
Resource		**145.0**	**60.0**	**205.0**
Gross amount	**1,000.0**	**430.0**	**450.0**	**880.0**
Net amount	**800.0**	**320.0**	**370.0**	**690.0**

Major Investment Projects in Fiscal 2014 and 2015

Consumer-related	Acquisition of Dole businesses / C.P. Pokphand / EDWIN / acquisition of additional shares in FamilyMart / Bellsystem24 Holdings, etc.
Basic Industry-related	Osaka Car Life Group (ITOCHU ENEX), etc.
Resource-related	Jimblebar acquisition / IMEA (ITOCHU Minerals & Energy of Australia Pty Ltd) expansion / additional investment in the Azeri-Chirag-Gunashli (ACG) Oil Field in the Caspian Sea, etc.

Investment (Gross)



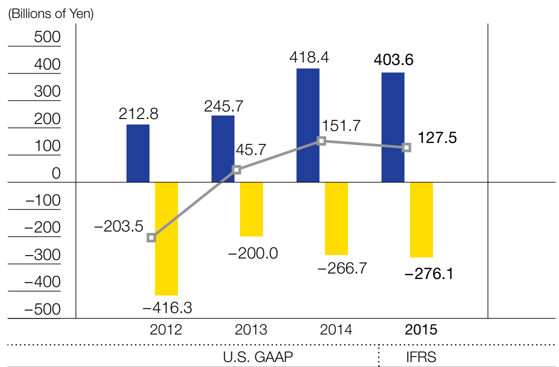
■ Consumer-related ■ Basic Industry-related ■ Resource-related

Years ended March 31

Cash Flows

Billions of Yen	Fiscal 2014 Results (U.S. GAAP)	Fiscal 2015 Results (IFRS)
Cash flows from operating activities	418.4	**403.6**
Cash flows from investing activities	(266.7)	**(276.1)**
Cash flows from financing activities	(71.7)	**(97.9)**
[Free cash flows]	151.7	**127.5**

Cash Flows



■ Cash flows from operating activities ■ Cash flows from investing activities

Free cash flows

Years ended March 31

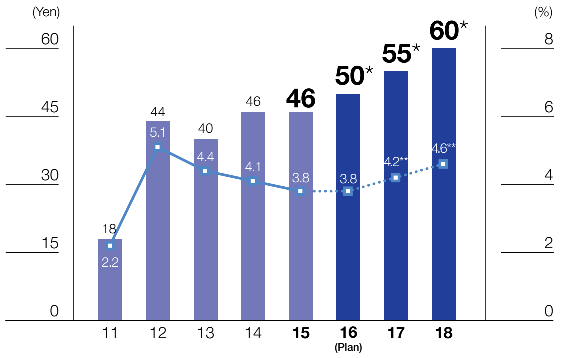
"Aiming to Annually Surpass our Record-high Dividend"

Brand-new Deal 2017

Fiscal 2016: ¥50
Fiscal 2017: ¥55 guaranteed minimum
Fiscal 2018: ¥60

During the period covered by the new medium-term management plan, "Brand-new Deal 2017," ITOCHU has guaranteed a minimum per-share dividend of ¥50 in fiscal 2016, ¥55 in fiscal 2017, and ¥60 in fiscal 2018, surpassing our record-high dividend each year. In addition, the Company will maintain its existing dividend policy, which is performance-linked and progressive, and aim to enhance shareholder return through growth in earnings.

Cash Dividends per Share / Dividend Yield*1



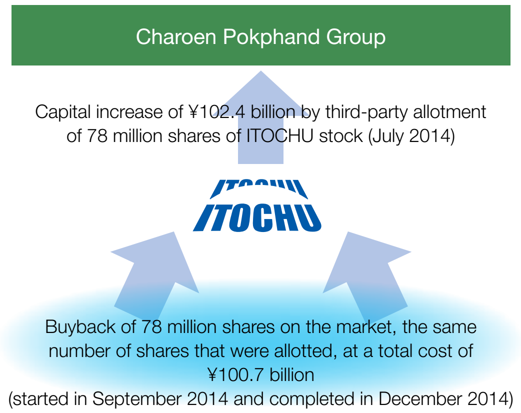
■ Cash dividends per share (left) -□- Dividend yield (right)
*1 Dividend yield = Annual per-share dividends ÷ Stock price at previous fiscal year-end
* Minimum per-share dividend
** Dividend yield is calculated using the March 31, 2015, stock price of ¥1,301.5.
Years ended / ending March 31

Shareholder Return Policy and Fiscal 2015 Dividends

Since fiscal 2012, we have used a highly transparent dividend policy under which we quantitatively present our dividend payout ratio and link the amount of dividends to net profit attributable to ITOCHU. Specifically, we utilize a dividend policy under which we target our dividend based on a dividend payout ratio of approximately 20% on net profit attributable to ITOCHU up to ¥200 billion, and a dividend payout ratio of approximately 30% on the portion of net profit attributable to ITOCHU exceeding ¥200 billion. In accordance with this policy, with further addition of an amount of ¥2 per-share, annual per-share dividends of ¥46 (interim: ¥23, year-end: ¥23) were paid for fiscal 2015.

Establishment and Implementation of Share Buyback Program to Mitigate the Effect of the Dilution of the Value of Existing Shares Accompanying Capital Increase by Third-Party Allotment

In conjunction with the conclusion of a strategic alliance agreement with the Charoen Pokphand Group (the CP Group), which was announced in July 2014, ITOCHU implemented a capital increase of ¥102.4 billion by third-party allotment of 78 million shares, equivalent to approximately 4.9% of ITOCHU's shares (based on the number of issued shares before the capital increase by third-party allotment) to the CP Group. To mitigate the effect of the dilution of the value of existing shares due to this capital increase, ITOCHU established a share buyback program for 78 million shares, the same number of shares that were allotted, and gradually acquired shares on the market. These purchases were completed in December 2014 at a total cost of ¥100.7 billion.



Stock and Shareholder Information

Basic Information about Our Stock

Stock listing	Tokyo
Category	Trade
Stock code	8001
Minimum number of stocks allowed per trade	100 (From April 2010)
Fiscal year	From April 1 to March 31
Shareholder fixed day for dividend payment	March 31 (Interim: September 30)
Number of common shares issued	1,662,889,504 shares (As of March 31, 2015)
Treasury stock (owned by ITOCHU)	81,179,919 shares (As of March 31, 2015)

Major Shareholders*2

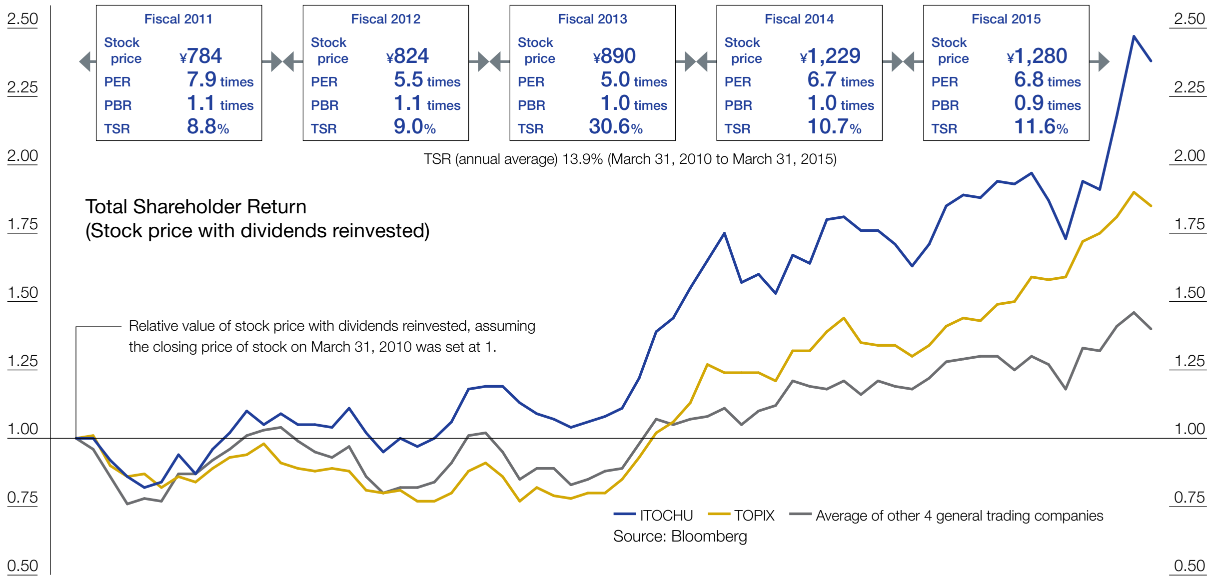
As of March 31, 2015

Name	Number of shares held (1,000 shares)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (trust account)	68,593	4.12
The Master Trust Bank of Japan, Ltd. (trust account)	65,027	3.91
CP Worldwide Investment Company Limited*3	63,500	3.82
Mizuho Bank, Ltd.	39,200	2.36
Nippon Life Insurance Company	34,056	2.05
Mitsui Sumitomo Insurance Company, Limited	30,400	1.83
Sompo Japan Nipponkoa Insurance Inc.	26,336	1.58
Barclays Securities Japan Limited	25,000	1.50
Asahi Mutual Life Insurance Company	23,400	1.41
The Bank of New York Mellon SA/NV 10	23,173	1.39

*2 Our treasury stock of 81,179 thousand shares (4.88%) has been excluded from the above list.
*3 In addition, En-CP Growth Investment L.P. holds 14,500 thousand shares (shareholding ratio 0.87%), for a combined shareholding ratio of 4.69% for the CP Group.

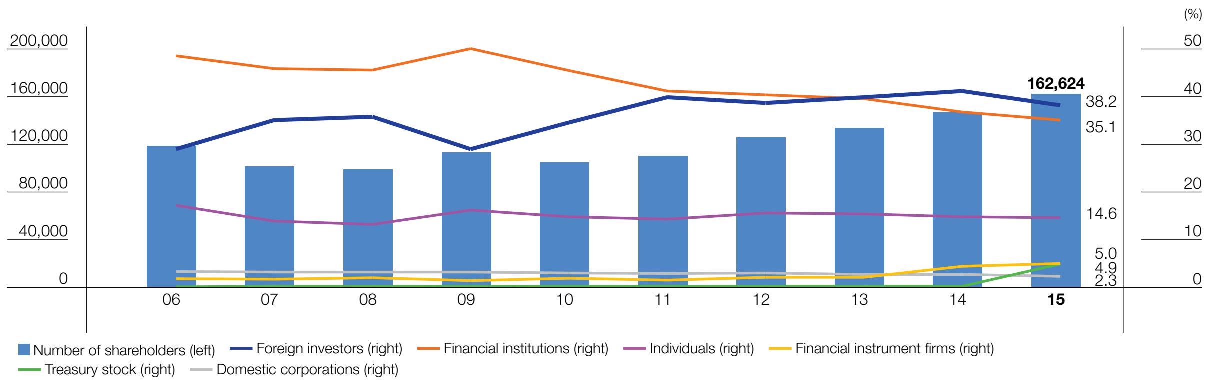
Stock Price / PER / PBR / TSR

PER: Daily average of (Stock price x Number of issued shares excluding treasury stock ÷ Outlook for net profit attributable to ITOCHU, announced by ITOCHU)
PBR: Daily average of (Stock price x Number of issued shares excluding treasury stock ÷ Most-recent results of shareholders' equity)
TSR (total shareholder return): Return on investment assuming that dividends are reinvested



		Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
ITOCHU News Releases	Company		Announcement of "Brand-new Deal 2012" medium-term management plan Revision of dividend policy		Announcement of "Brand-new Deal 2014" medium-term management plan	Announcement of share buyback program Announcement of capital increase by third-party allotment	Announcement of "Brand-new Deal 2017" medium-term management plan
	Non-Resource		Agreement to acquire the Kwik-Fit Group, the largest tyre retailer in the U.K.	Agreement to acquire Asian fresh produce business and worldwide packaged foods business of Dole Food Company of the U.S.		Agreement on strategic business alliance and capital participation with the CP Group	Agreement on strategic business alliance and capital participation with CITIC and CP Group
	Resource		Agreement to invest in Colombian coal mines of Drummond Company, of the U.S. Agreement to invest in Samson, a U.S. oil development company		Agreement to invest in new interests in the Jimblebar Iron Ore Mine		
External Factors		Expansion of fiscal problems in Europe Great East Japan Earthquake	Yen reached record-high level of ¥75.32 versus the U.S. dollar	Start of Japan's "Abenomics" economic policy		Consumption tax rate increased to 8% Yen depreciates to between ¥120 and ¥130 versus the U.S. dollar Resource/energy prices decline significantly	

Trends in Number of Shareholders and Breakdown of Shareholders (% of shares)



As of March 31

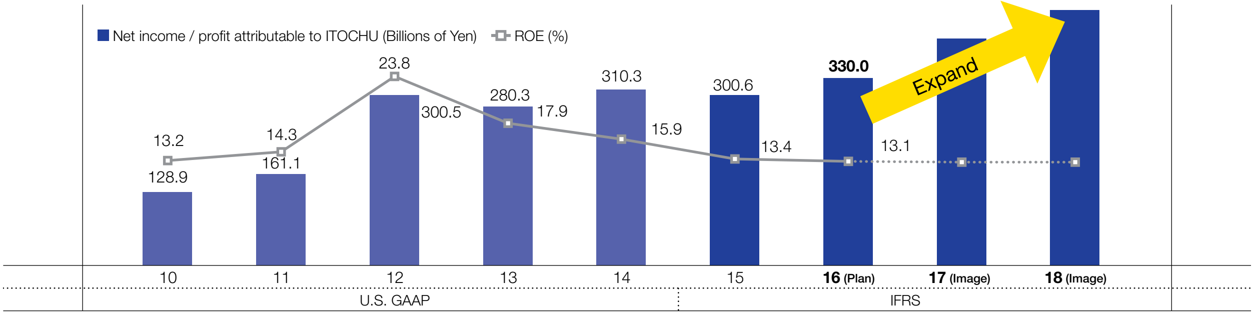
Medium -Term Management Plan

Brand-new Deal 2017 Challenge

Brand-new Deal 2017: Goals

Build a solid earnings base to generate **¥400.0 billion in net profit** by progressing growth strategy especially focused on the non-resource sector.

Pursue to consistently exceed **ROE of 13%**, whilst further accumulating shareholders' equity.



Years ended / ending March 31

Frontier® 2010 → Brand-new Deal 2012 → Brand-new Deal 2014 → **Brand-new Deal 2017**

Brand-new Deal 2017: Basic Policies

Strengthen Our Financial Position	**Accelerate Asset Replacement** **Stringent Cash Flow Management**	■Accelerate asset replacement to further improve quality and income efficiency of assets. ■Observe investment discipline to promptly realize positive free cash flows. ■Further sophisticate corporate management with focus on cost of capital.
Build solid earnings base to generate ¥400 billion level net income	**Progress Cooperation with Strategic Partners** **Further Reinforcement of the Non-Resource Sector**	■Expand operating capabilities and business areas in China and the Asian region by maximizing synergetic benefits from the strategic alliance with CITIC and CP Group. ■Further strengthen the earning base utilizing the superiority and business strength in the non-resource sector. ■Increase profitability by expanding existing business and proceeds from new projects.

Fiscal 2016 Quantitative Plan

Billions of Yen	Fiscal 2015 Results	**Fiscal 2016 Plan**	Increase / Decrease
Gross trading profit	1,089.1	**1,100.0**	**+ 10.9**
Trading income	272.7	**240.0**	**– 32.7**
Equity in earnings associates and joint ventures	10.1	**120.0**	**+ 109.9**
Net profit attributable to ITOCHU	300.6	**330.0**	**+ 29.4**
Exchange rate (¥/US$, average in the year)	¥108	**¥115**	**+¥7 (depreciation)**

Billions of Yen	Fiscal 2015 Results	**Fiscal 2016 Plan**	Increase / Decrease
Total assets	8,560.7	**9,200.0**	**+ 639.3**
Net interest-bearing debt	2,380.5	**2,900.0**	**+ 519.5**
Shareholders' equity	2,433.2	**2,600.0**	**+ 166.8**
NET DER	0.98 times	**1.1 times**	**up 0.1**
ROE	13.4%	**13.1%**	**– 0.3%**
Exchange rate (¥/US$, at year-end)	¥120	**¥115**	**–¥5 (appreciation)**

Investment Policy

We have made a major change in our policy from the establishment of limits on investment amounts to the implementation of investment within the scope of substantial operating cash flows and cash in resulting from exits of existing projects.

Aggressively pursue synergetic profit derived from the strategic business alliance with CITIC and CP Group, especially in China and Asian regions

New Investments: Cap new investments to be made only within the aggregate amount generated by substantial operating cash flows*1 and withdrawal from existing projects

Substantial Free Cash Flows*2 — Consecutively generate in excess of ¥100.0 billion of positive substantial free cash flows

- Substantial operating cash flows
- Cash generated by withdrawal from projects

New investments
- Investment into joint projects with CITIC and CP Group
- Other investments

Investment in CITIC Limited (approx. ¥600.0 billion)

*1 "Operating cash flows" minus "increase/decrease of working capital"
*2 Exclude ¥600.0 billion investment into CITIC Limited and increase/decrease of working capital

Stringent Cash Flow Management

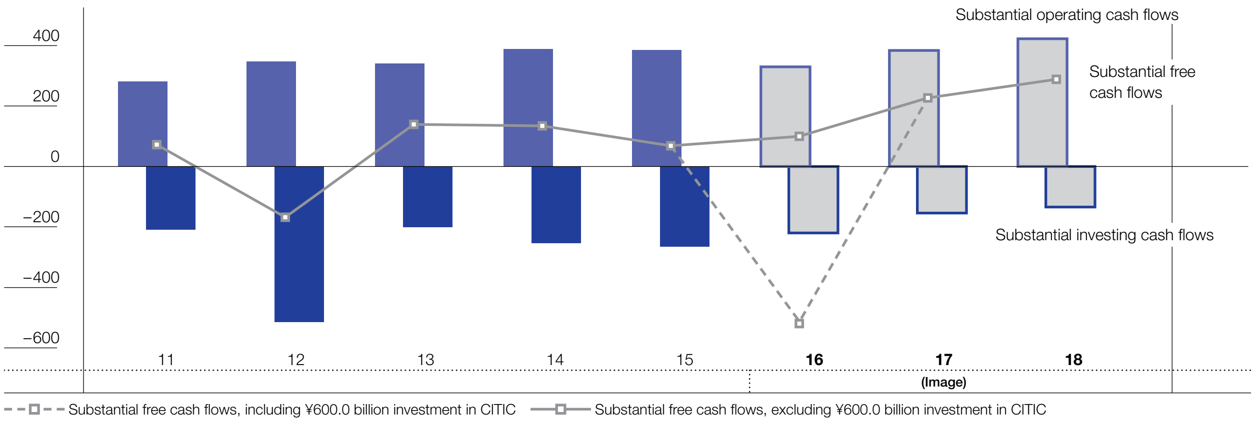
We will maintain free cash flows at more than ¥100.0 billion and allocate it to shareholder returns through dividends and to further repayment of borrowings. Moving forward, we will manage cash flows in a manner that is easier to understand and more clear.

Substantial Free Cash Flows

Substantial Operating Cash Flows – Net Investments Cash Flows (Net Investment / EXIT) – Dividends (Increase Shareholder Returns) = Generate in Excess (Loan Repayment)

Trend of Substantial Free Cash Flows

(Billions of Yen)



Years ended / ending March 31

Assumptions	Fiscal 2014 Results	Fiscal 2015 Results	Fiscal 2016 Plan	(Reference) Sensitivities on net profit attributable to ITOCHU
Exchange rate (¥/US$, average in the year)	100	108	**115**	Approx. +¥1.5 billion (¥1 depreciation against US$)
Exchange rate (¥/US$, at year-end)	103	120	**115**	
Interest (%) YEN TIBOR	0.23%	0.20%	**0.20%**	Approx. –¥10.0 billion (1% increase)
Crude oil (US$/BBL)*3	108	86	**60**	±¥0.28 billion
Iron ore (US$/TON) (fine ore)	126*4	93*4	**N.A.*5**	±¥1.32 billion
Hard coking coal (US$/TON)	153*4	119*4	**N.A.*5**	±¥0.73 billion
Thermal coal (US$/TON)	95.0*4	81.8*4	**N.A.*5**	

*3 The price of crude oil is the price of Brent crude oil.
*4 FY2014 and FY2015 prices for iron ore, hard coking coal and thermal coal are prices that ITOCHU regards as general transaction prices based on the market.
*5 In the prices for iron ore, hard coking coal and thermal coal used in the FY2016 plan, the prices for FY2016 1st quarter are assumed based on the prices that major suppliers and customers have agreed on regarding shipments as follows and current spot prices, and the prices for FY2016 2nd to 4th quarter are assumed based on the prices agreed on the 1st quarter. However, the actual sales prices are decided based on negotiations with each customer, ore type and coal type. Iron Ore US$62/ton, Hard coking coal US$109.5/ton, Thermal coal US$67.8/ton

Under "Brand-new Deal 2017," we will strive to meet the expectations of stakeholders over the next three years.

Tsuyoshi Hachimura
Director
Managing Executive Officer
CFO
General Manager, Finance Division

Q1 What approach will you take as CFO?

A1 I will strive to implement "practical management" rather than taking a formal approach.

The CFO has the role of meeting directly with shareholders, investors, and financial institutions. I recognize the importance of the responsibility to provide explanations at the management level, and will aggressively reach out to stakeholders and work to deepen communications.

Internally, I will be called on to check the Company's systems utilizing my understanding of the Company's management policies and business operations autonomously. On the other hand, we have set challenging objectives under our medium-term management plan, "Brand-new Deal 2017." Accordingly, I will do my utmost to continually implement practical management that supports operating divisions by leveraging the know-how and resources of administrative departments, without relying solely on formal, by-the-book management.

Q2 Would you describe the financial and capital strategies in "Brand-new Deal 2017"?

A2 Moving forward, we will further strengthen our focus on shareholders.

We will strive to ensure that the three years covered by "Brand-new Deal 2017" are a period of accurately meeting the expectations of our shareholders and other stakeholders.

We have clarified our growth strategy and increased the probability that we will achieve our profit plan. On that basis, I will explain the key points of our financial and capital strategies.

First, we have further strengthened our focus on shareholders. For dividends, over the next three years, we are guaranteeing a minimum dividend of ¥50 in fiscal 2016, ¥55 in fiscal 2017, and ¥60 in fiscal 2018, thereby surpassing our record high each year. Also we will maintain our basic dividend policy, which is performance-linked and progressive.

Moreover, we have intensified our focus on cost of capital, and for the first time the plan includes an objective of pursuing to consistently exceed ROE of 13% whilst further accumulating shareholders' equity. In fiscal 2015, our ROE was 13.4%, which is a high level even in comparison with other companies in the same industry. Nonetheless, we are not satisfied with the current level of ROE, and will work to further increase capital efficiency.

In recent years, we have strengthened our cash flow management. For the past two years we have generated operating cash flows of more than ¥400.0 billion, and free cash flows have been positive for three consecutive years. Under "Brand-new Deal 2017," we will borrow funds for the investment in CITIC, and will further increase the attention paid to cash flows. In fiscal years 2016 to 2018, we will implement new investments within the aggregate amount generated by substantial operating cash flows and cash in from exits of existing projects. Excluding the ¥600.0 billion for the CITIC investment, we aim to generate positive substantial free cash flows in excess of ¥100.0 billion each year. Moreover, our policy calls for also paying dividends from substantial free cash flows. For fiscal 2016, we expect operating cash flows to be the same level as our plan for net profit attributable to ITOCHU, which is ¥330.0 billion.

We are forecasting growth, and accordingly will step up asset replacement. To further increase asset quality, we will take a rigorous, more-aggressive approach to exiting investment projects that do not reach expected levels of performance. Even for superior assets, we will implement asset replacement from a strategic viewpoint in order to make effective use of limited management resources. As one facet of those initiatives, in April 2015 we sold PrimeSource Building Products, Inc., which had made a substantial contribution to the Company's profits.

Q3 What are ITOCHU's specific policies for pursuing to consistently exceed ROE of 13%?

A3 We will take an approach that can be put into practice on the business front lines.

Increasing financial leverage through own-stock purchases is drawing attention as one means of increasing ROE. However, ITOCHU's policy is to increase ROE by achieving sustained growth in profits through increases in its profit margin, or ROA, which is a component of ROE. Specifically, we will strive to maintain and increase ROA at a level of about 3.7% to 4.0%.

For ITOCHU, we need to do more than simply consider ROE from the perspective of the Company management or administrative departments. We believe that we need to push this focus down to the front lines in the form of initiatives that can be put into practice to increase ROE. Although the business front lines have little control over leverage and shareholders' equity, they work on a daily basis with management indicators such as gross margin, which are closely connected to our profit margin, inventory turnover period, and accounts receivable collection period. The front lines can improve these indicators through originality and ingenuity in business activities, and increases in asset turnover lead to improvement in cash flows, which is a point of focus for ITOCHU. Accordingly, we have made the basic principle of "earning" the starting point for increases in ROE.

Q4 What is ITOCHU's policy regarding NET DER, and what level of NET DER do you anticipate in the first year of the plan and thereafter?

A4 Our policy will be to control NET DER at a level below 1.0 times at the end of fiscal 2018.

Due to the investment in CITIC, our net interest-bearing debt will increase by about ¥2,900.0 billion. On the other hand, the consumer-related sector will represent a higher share of our total assets, and as a result we believe that earnings volatility will decline and the cost of capital will decrease. However, ITOCHU will not be content with these circumstances. Rather, our policy will be to pursue high returns and to steadily manage interest-bearing debt and NET DER while keeping in mind the risk of future increases in interest rates.

Accompanying the investment in CITIC, at the end of fiscal 2016 NET DER will increase to 1.1 times. However, we will implement strict financial discipline, reduce net interest-bearing debt, and build up shareholders' equity by accumulating profits. In this way, we will control NET DER at a level below 1.0 times at the end of fiscal 2018. In addition, we will maintain risk assets at less than 80% of the risk buffer.

Q5 What is your view of country risk in regard to the CITIC investment?

A5 I think it is at a level that we can adequately control.

ITOCHU manages concentrated risks for each country through an asset management system by country. Including both the approximately ¥340.0 billion exposure at the end of fiscal 2015 and the investment in CITIC, our exposure to China will be slightly less than ¥1 trillion, but that is about 10% of our total assets. Also, considering that we have shifted the focus of our growth strategy to China and Asia, I believe that the concentrated risk is not excessive and is at a level where we can control it adequately. The consumer-related sector is a focus area for ITOCHU, and moving forward we can expect significant growth in this sector in China. In regard to the risks, U.S. and European ratings agencies have awarded China higher ratings than Japan, and we believe that the risk of the government implementing expropriations or halting foreign remittances is low.

Fundamental Approach

Along with strategic business alliances, business investment is an important means of creating new businesses. Based on our strategic goals, we choose the optimal format from a range of methods and investment ratios, such as establishing a wholly owned subsidiary, implementing joint investment with partners, and participating in management through M&A transactions. In principle, we hold assets with a goal of long-term investment. After making each investment, we work to maximize its corporate value and to expand trade and investment return through the full utilization of our Groupwide capabilities.

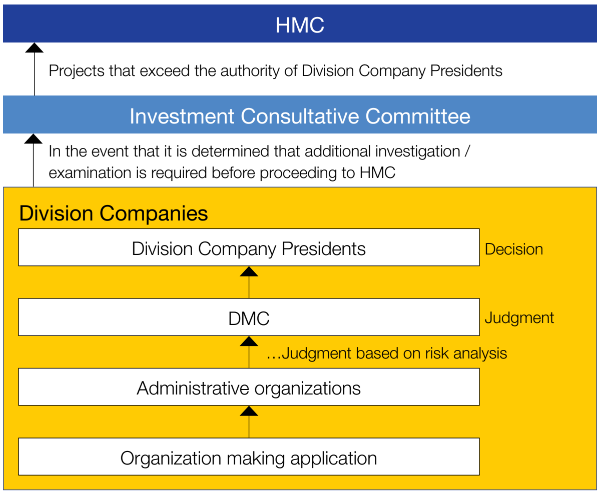
With larger-scale investments and increases in acquisition prices in recent years, we are strengthening screening of the appropriateness of the business plan and acquisition price when we invest. For existing investments, to increase investment earnings and to exit quickly from low-efficiency assets, we are further strengthening monitoring procedures, centered on instituting more rigorous “EXIT” criteria and thoroughly implementing regular investment review.

Decision-Making Process

The department making the application first gives due consideration to such factors as the purpose of the investment, growth strategies, risk analysis, business plans, the appropriateness of the acquisition price, the state of conformance with investment criteria, the establishment of exit conditions, and the status of internal control. Risk analysis includes CSR and environmental checks, such as for labor, environmental, and compliance risks; and checks to exclude antisocial forces in addition to analyze quantitative risk. Next, related administrative organizations implement screening from various specialized perspectives and attach their results to the application. After deliberation by the Division Company Management Committee (DMC), the application is submitted to the Division Company President for a final decision. Projects that exceed the Division Company President’s authority must be approved by the Headquarters Management Committee (HMC). If additional consideration and screening of an investment’s profitability and strategy are needed prior to the HMC, the application is sent to the Investment Consultative Committee for deliberation. After discussing the application, this committee—whose members include the CSO*1, CFO*2, CAO*3, General Manager of the Corporate Planning & Administration Division, General Manager of the Global Risk Management Division, General Counsel, and Corporate Auditors—puts the matter before the HMC. This approach devolves authority to the Division Companies and speeds decision-making, while at the same time providing appropriate screening processes to pursue return on investments and also control investment risk.

*1 CSO: Chief Strategy Officer *2 CFO: Chief Financial Officer
*3 CAO: Chief Administrative Officer

Decision-Making Process for New Investments



Investment Decision Items and Risk Analysis Items

〈Investment decision items〉
Purpose of investment / growth strategies
Risk analysis
Appropriateness of the business plan (acquisition price)
Application of investment criteria
Establishment of exit conditions
Status of internal control

〈Risk analysis items〉	
Business model risk (market changes / business partners, etc.)	Governance risk*4 (decision-making and execution, supervision and checks, etc.)
Market risk (interest rates / foreign exchange rates / commodity prices / stock prices, etc.)	Operating activity risk*4 (sales / inventory / logistics / purchase, etc.)
Credit risk	Investment risk (goodwill impairment, etc.)
Country risk	Information risk*4 (security, system problems, etc.)
Financing risk	Risks related to financial reporting and internal control*4
Legal risk*4 (conflicts, legal system changes, etc.)	Compliance risk*4 (related to laws and regulations, antisocial force checks, etc.)
External environment risk*4 (weather risk, etc.)	Human resources risk*4 (labor management, human rights, managerial human resources, etc.)
CSR risk*4 (social responsibility, environmental destruction, etc.)	Manufacturing risk*4 (safety risk, quality risk, etc.)
Other risks	

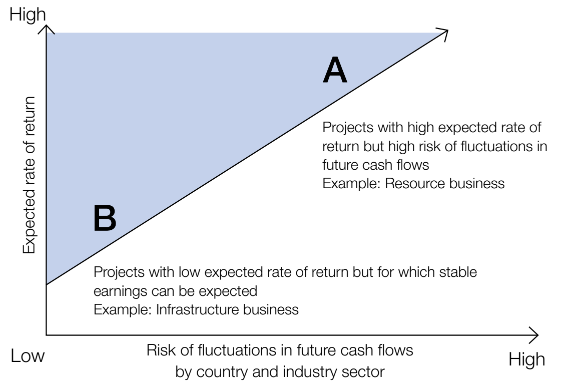
*4 Also implementing CSR and environmental checklist for investments in accordance with the seven core subjects (organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development) of ISO 26000 (Guidance on social responsibility).

1. Investment Decisions

Investment Criteria

In making investment decisions, we evaluate investment efficiency by calculating the net present value of free cash flows using a hurdle rate based on cost of capital set individually by country and industry sector. In addition to investment efficiency, our investment criteria also include cash inflows to ITOCHU, such as dividends received and earnings from trade activities, and scale of earnings. Through these initiatives we are making strictly selected investments.

Investment Criteria

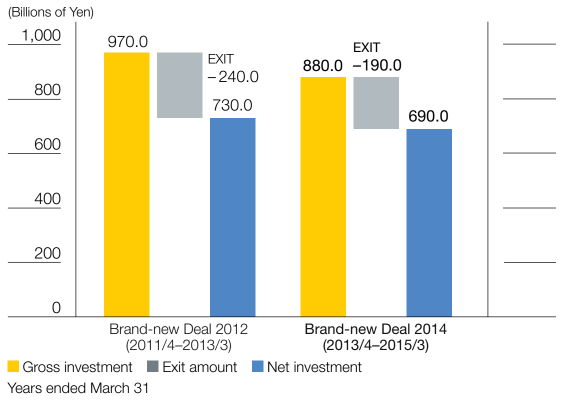


2. Continuous Asset Replacement

All investments (Group companies) are reviewed annually (Group company annual review) from a qualitative perspective (strategic significance, etc.) and a quantitative perspective (scale of earnings, investment efficiency, etc.). After making investments, we reevaluate our policies and advance continual asset replacement for Group companies that do not meet our designated criteria for investment return after a given period of time or for Group companies that have become strategically less significant. This includes exits from businesses that have a reduced holding significance due to their small scale, unprofitability, or low efficiency.

In addition, to strengthen our financial position under the medium-term management plan for fiscal years 2016 to 2018, we have revised the "EXIT" criteria, with consideration for cost of capital and other factors. Even if investments are profitable, we will consider liquidation or consolidation when their profits do not cover the cost of capital. On that basis, we will aggressively advance asset replacement for businesses with weakened holding significance.

Continuous Asset Replacement



3. Risk Management

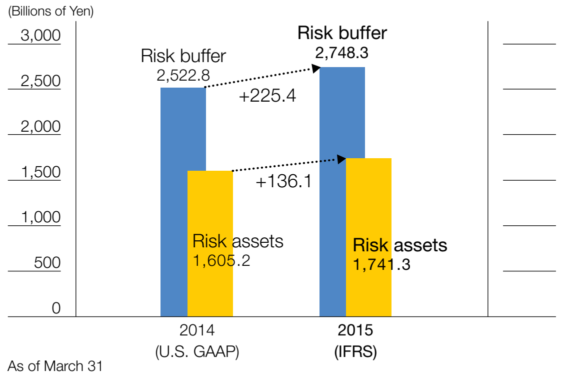
Managing Investment Risk Based on Risk Assets

We have introduced, and are utilizing, a Risk Capital Management (RCM) strategy. Under this strategy, we first calculate "risk assets" based on the maximum amount of the possible future losses from all assets on the balance sheet including investments, as well as all off-balance-sheet transactions. Second, we manage to control the quantity of risk assets within the limits of our "risk buffer" (consolidated shareholders' equity + noncontrolling interests). At the end of March 2015, the amount of risk assets stood at 63% of the risk buffer.

Managing Concentrated Risks

ITOCHU defines asset limits in areas of trading where exposure is high, thereby managing the risk of concentration of management resources in specific segments and areas. We also manage overall country risk exposure to non-industrialized countries and manage individual country risk based on internal country rating standards. Limits on assets in specific areas and country limits are deliberated by the Asset Liability Management (ALM) Committee and approved by the HMC.

Risk Assets



With a diverse range of businesses around the world, ITOCHU believes that "human resources" are its greatest management resource. Accordingly, ITOCHU is strategically developing and strengthening human resources as the management foundation supporting the growth of its business activities.

Corporate Message with a Strong Commitment to the "People"

Since its founding, the ITOCHU Group has followed the philosophy of the Ohmi merchants, *sampo yoshi* (Good for the seller, Good for the buyer, and Good for society). This philosophy is expressed on a larger scale by the ITOCHU Group's corporate philosophy of "Committed to the Global Good." In June 2014, we formulated our "I am One with Infinite Missions" Corporate Message to further clarify this philosophy as well as for it to serve as a promise to society of our role.

This phrase includes the policy for "human" as "strong individuals." Keeping ITOCHU's spirit in our hearts and minds, we will complete these "infinite missions" by sustaining a rigorous commitment to the customer's viewpoint, maintaining a strong focus on the front lines, and providing the abundance that results from business activities.

We are working to spread our Corporate Message through a variety of media channels, inside and outside the Company.

Diverse Human Resources with Abundant Individuality

We are committed to hiring diverse human resources on the basis of "individual talent," without regard to gender, nationality, or age. Our employees have rich personalities known as "merchant band" and work in a free-spirited corporate culture to complete "infinite missions," in Japan as well as other markets around the world. On that basis, we work to conduct business that is deeply rooted in local communities. As of March 31, 2015, ITOCHU had approximately 800 employees stationed in 136 cities across 65 countries, and a total of more than 100,000 employees on a consolidated basis. These employees endeavor to provide abundance to people around the world.

Developing Human Resources to Enable the "Seeking of New Opportunities"

"Human resources" support the stable ongoing growth of the ITOCHU Group. Accordingly, based on each employee's work and abilities and experience, we help them develop into "professionals" with diverse values who contribute to their business fields, and "strong individuals" with the skills necessary to manage businesses as a core on a global level.

We have three key points of focus in human resources development—Group, overseas, and front-line capabilities. A point of special focus for ITOCHU is the development of human resources who can aggressively advance its strategic business alliance and capital participation agreement with CITIC and CP Group. To that end, we are expanding training programs from two perspectives: managerial ability and Chinese-language ability.

To help develop the human resources that will manage our businesses in the future, in fiscal 2014 we introduced a job internship program in in-house administrative units. We are further expanding this program, and are also stepping up the assignment of employees to China and the implementation of training. In these ways, we are taking steps to develop professionals with business expertise in China.

Number of Employees Participating in ITOCHU Corporation's Training Programs

Name of training	Fiscal 2013	Fiscal 2014	Fiscal 2015
Job internship program in in-house administrative units	—	5	94
Global Development Program*	102	135	135
Workshops for managers	372	325	437
Dispatch of employees to short-term business school programs overseas	44	50	39
Dispatch of new employees overseas	41	37	5
Dispatch of junior staff overseas to learn Chinese and other languages	54	25	47
Career Vision Support Training (total)	2,037	2,025	1,893

* Including participants from Group companies

Furthermore, we are aggressively taking steps to advance Groupwide human resources strategies. These initiatives include supporting hiring through the use of the Group's careers website, sharing the training programs implemented by the Company, and providing support for overseas assignments.

Creating an Environment in which Employees Can Make the Most of Their Capabilities

ITOCHU is implementing a variety of initiatives to leverage the special skills of all employees and support the creation of an environment in which they can concentrate on their work with peace of mind.

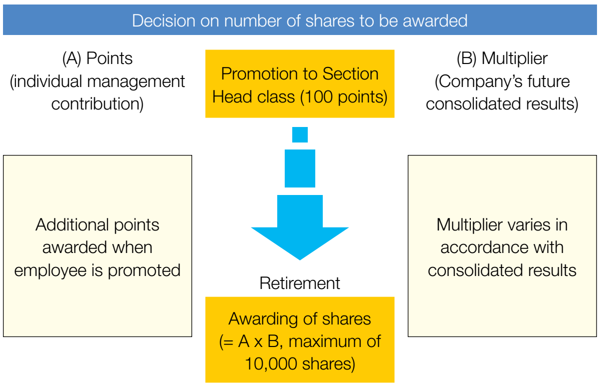
(1) "*Gen Ko Tsu* Reform"

In addition to providing support for *Kobetsu* or "individual" with close ties to *Genba* or "front line," we are working to foster an awareness of *Tsunagari* or "connection" to the Company and society. In this way, we are advancing reforms that we call *Genkotsu*, which is based on the Japanese words for *front lines*, *individuals*, and *connections*. These reforms facilitate the provision of an environment in which all employees can continue to contribute to the Company with the sense that their work is rewarding. Under these reforms, we are implementing a variety of initiatives, such as support for career development for women.

(2) "Managers of the Future" Reward Scheme

ITOCHU has introduced the "Managers of the Future" reward scheme to raise employees' awareness of participation in management and to promote contributions from a medium to long-term viewpoint. Under this scheme, ITOCHU employees at the rank of Section Head or above, who will be the key people responsible for future growth, are positioned as candidates for "Managers of the Future." These employees are awarded points when they are promoted, and those points are multiplied by a multiplier that is based on the Company's consolidated results during the employee's tenure in the reward scheme. On that basis, the employees receive shares of Company stock at no charge when they retire. We believe that this system will further increase corporate value, thereby enabling the Company to share the benefits with shareholders and other stakeholders.

"Managers of the Future" Reward Scheme



(3) Morning-Focused Working System


Providing light meals to employees who begin work before 8:00 a.m.

In May 2014, ITOCHU officially introduced a morning-focused working system to support a rigorous approach to customer service, increase productivity, and enhance employee health by increasing efficiency. Under this system, work after 8:00 p.m. is, in principle, prohibited and work in the early morning is promoted. This groundbreaking initiative has drawn attention not only within industry but also from government and national institutions, and has become a major trend in society.

Entering and Leaving Office

		Prior to introduction	After official introduction
Leaving	8:00 p.m. or after	about 30%	about 7%
	(of which, 10:00 p.m. or after)	(about 10%)	(nearly 0*)
Entering	8:00 a.m. or before	about 20%	about 34%

* Includes employees who applied in advance or on-the-spot

(4) Aggressive Health Promotion and Sound Career Formation

To ensure that employees can enjoy both physical and mental health as they work, we have established the Health Administration Center, which is a specialized unit for health administration, and are working to advance employee health and well-being in cooperation with the health insurance association. Moreover, to address mental health issues we have established an in-house stress management room, and counseling is available from a clinical psychologist. These initiatives are not only intended to prevent losses when employees are not feeling well but rather to further increase corporate value by enabling employees to work with good physical and mental health and a higher level of motivation.

In addition, at the Career Counseling Center, which was established in 2002 as the first center of its kind in a private-sector company, counselors with certification as career development advisors utilize interviews with employees to support sound career formation.

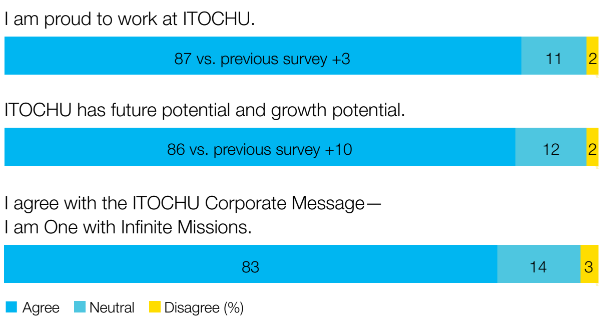
These types of diverse initiatives have been highly evaluated. Accordingly, ITOCHU was the first general trading company to be granted the highest rank in "DBJ Employee's Health Management Rated Loan Program"—implemented by Development Bank of Japan Inc. for "superior health-conscious initiatives for employees." Acquisition of this rank offers advantages in fund-raising.

Moving forward, ITOCHU aims to realize a workplace environment that fosters the demonstration of the full capabilities of diverse human resources.

Highly Motivated Employees

We periodically conduct employee engagement surveys, and in fiscal 2015 the results were higher in all categories compared with the previous survey in fiscal 2011. In particular, "employee engagement" remains high, and due to a range of initiatives employees have more pride about working at ITOCHU, are highly motivated to make a contribution, and are taking the initiative in addressing their work.

Engagement Survey (Fiscal 2015)



Generating Earnings Large-Scale Business

Under the new medium-term management plan—“Brand-new Deal 2017” (fiscal 2016 to fiscal 2018)—ITOCHU is working to build an earnings base to generate ¥400.0 billion in net profit attributable to ITOCHU. This section explains the formation of large-scale business infrastructure, centered on China and Asia, and efforts to maximize synergies. These initiatives, which will be implemented by three of the leading conglomerates in Japan, China, and Asia, are positioned as a strategic pillar targeting the achievement of ITOCHU’s management plan.

through Infrastructure

Generating Earnings through Large-Scale Business Infrastructure 1

Concluding a Strategic Business Alliance and Capital Participation Agreement with the Charoen Pokphand Group

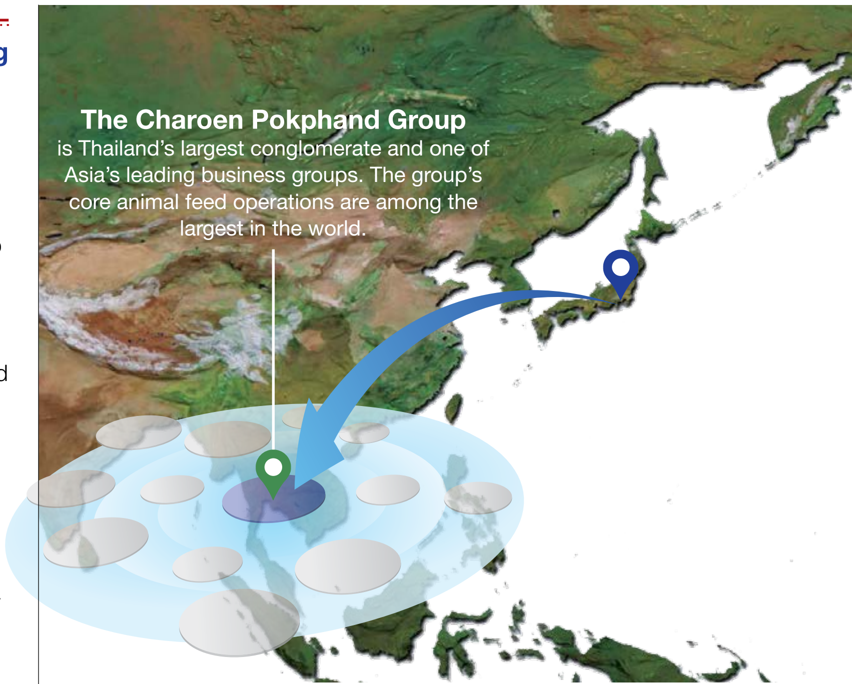
Generating Earnings through Large-Scale Business Infrastructure 2

Conclusion of a Strategic Business Alliance and Capital Participation Agreement among Three Companies—CITIC Limited, Charoen Pokphand Group Company Limited, and ITOCHU

Generating Earnings through Large-Scale Business Infrastructure 1

Investment: Approximately
¥90.0 billion

Concluding a Strategic Business Alliance and Capital Participation Agreement with the Charoen Pokphand Group



Background
Large Conglomerate with Businesses Extending from Thailand to the ASEAN Region and China

The first step in the strategy of generating earnings through large-scale business infrastructure was the conclusion of a strategic business alliance with the Charoen Pokphand Group (CP Group) in July 2014.

The CP Group is centered on Charoen Pokphand Group Company Limited, which traces its roots back to 1921, when the Chearavanont family, from China, opened a small seed shop in Bangkok. The group's business activities were subsequently extended to the production of animal feed, and from the 1980s the CP Group accelerated its diversification, moving into agriculture and livestock products, food, ICT, logistics, finance, pharmaceuticals, and other fields. The group also expanded its geographic reach to include all ASEAN members as well as China and Europe. Currently, the CP Group has sales of ¥5 trillion, about half of the national budget of Thailand; approximately 300,000 employees; and operations in 17 countries. It has grown into Thailand's largest conglomerate and one of Asia's leading business groups. Its core animal feed operations are among the largest in the world, and its exposure to the real estate business, which has been central to the growth of many overseas Chinese business groups, is limited to about 10% of its total assets. The CP Group's distinctive presence, which reflects the consistent development of sound and stable businesses, is one of its major strengths.

In addition, another major strength is the CP Group's status as one of only a few groups that have successfully established a business foundation in domestic Chinese markets. In 2013, the CP Group took steps to further strengthen its business base, such as acquiring 15.6% (at the time) of the shares of Ping An Insurance (Group) Company of China, Ltd., the second largest insurance company in China.

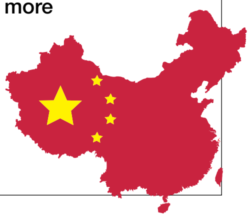
Through this strategic business and capital alliance, ITOCHU acquired 25% of the shares of C.P. Pokphand Co. Ltd. (CPP), a member of the CP Group with animal feed, livestock, and aquatic products businesses in China and Vietnam, and through a capital increase by third-party allotment the CP Group acquired approximately 4.9% (based on the number of common shares issued before the capital increase by third-party allotment) of ITOCHU's stock. This is the first time in history that a Japanese general trading company has entered a business tie-up that included the acceptance of overseas capital. The reasons why we decided to take this step are explained below.

Decision
Anticipating Significant Synergies Centered on the Food Business

Through cooperative initiatives with the CP Group, which has outstanding name recognition and a strong network in China and Asia in the fields of agriculture and livestock products as well as food, ITOCHU will be able to make steady progress in reinforcing its position as the "No. 1 trading company in the

The CP Group's Strengths in China

- One of China's largest poultry exporters
- Has established business foundation in 29 of 31 provinces
- Business initiatives implemented by more than 300 companies
- Has earned the strong trust of the government
- Chia Tai brand has widespread name recognition



non-resource sector," centered on China and Asia. On the other hand, through ITOCHU's raw materials procurement bases, the CP Group will be able to efficiently procure competitive ingredients for animal feed (corn, soybean cake, wheat for feed, etc.), even from locations on the other side of the world. Moreover, by selling products through ITOCHU's global sales channels, CP Group companies can instantly expand their markets, not only to Japan but around the world. The advancement of the CP Group's global strategy in this way will also lead to growth in trade for ITOCHU. In addition, through mutual customer base integration and joint investment initiatives, ITOCHU and the CP Group will have the important strategic option of securing new procurement bases that leverage their operational scales.

Strong Commitment to China and Multifaceted Collaboration

In particular, it was the creation of business opportunities in China that unified the thinking of ITOCHU and the CP Group.

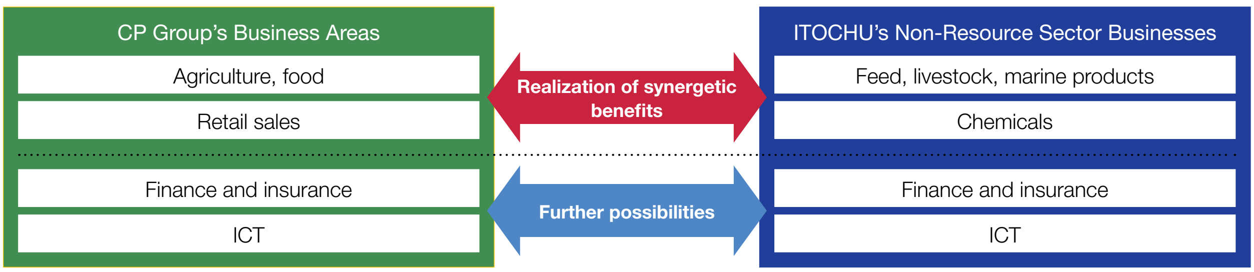
Though China has entered a period of stable expansion, it is now expecting annual growth of about 7%, substantially more than in developed countries. Under the guidance of the government, China has entered a phase called "the new normal," in which the economy is shifting from quantitative growth to qualitative growth. In the world's largest consumer market, which has a population approaching 1.4 billion, the needs for product quality, such as "security and safety," are increasing against a background of growth in the affluent and middle-class segments of society.

Even as one of the strongest Japanese trading companies in China, ITOCHU had problems in making headway in the domestic Chinese markets, just like other foreign companies. In contrast, the CP Group has more than 300 companies operating in 29 provinces in China, not only in agricultural and livestock products but also in other businesses. The CP Group has grown into China's largest foreign-capital business group, with widespread name recognition as "Chia Tai." The CP Group has earned the trust of the Chinese government and consumers, and has built an extensive network of contacts. One of the core companies in those endeavors has been CPP, in which ITOCHU has taken an equity position. CPP is one of the largest producers of animal feed and has a feed sales network that covers nearly all of China. By combining ITOCHU's management resources, such as Japan's advanced technologies, and the CP Group's business infrastructure, such as its sales routes, ITOCHU and the CP Group will be able to address the growing "needs for quality" on a broad scale. In addition to food, throughout the entire non-resource sector ITOCHU and the CP Group will be able to implement cooperative initiatives across an extremely wide range of fields, including ICT, retail, finance and insurance, and pharmaceuticals.

To advance cooperative business-expansion initiatives in a steady, sustained manner, ITOCHU and the CP Group have implemented cross-investment measures and established a solid relationship to increase the corporate value of both groups.

Course
Commencing Joint Initiatives in Growth Markets

ITOCHU and the CP Group are taking concrete steps to promote collaboration, such as holding periodic meetings of the Strategic Alliance Committee and dispatching directors and employees. ITOCHU and the CP Group have already commenced cooperative initiatives, centered on fields in which synergies can be rapidly generated. These initiatives include procurement of corn and other ingredients for animal feed and imports to Japan of livestock products and processed meat products. The following pages introduce decisive joint initiatives that will generate earnings through large-scale business infrastructure.



Generating Earnings through Large-Scale Business Infrastructure **2**

Investment: Approximately ¥600.0 billion

Conclusion of a Strategic Business Alliance and Capital Participation Agreement among Three Companies—CITIC Limited, Charoen Pokphand Group Company Limited, and ITOCHU

Background

China's Largest Conglomerate

In January 2015, CITIC Limited ("CITIC"), CP Pokphand Group Company Limited, and ITOCHU reached a capital participation agreement under which ITOCHU and the CP Group would ultimately acquire 20% of CITIC, China's largest conglomerate and a constituent of the Hang Seng Index. The investment is approximately ¥1,200.0 billion and is made through a joint investment vehicle held in equal 50% shares by ITOCHU and the CP Group. The three companies also reached agreement on a strategic business alliance. These are decisive measures to generate earnings through large-scale business infrastructure.

CITIC's businesses include financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure, and other businesses in China and overseas. With its leading market positions in sectors well-matched to China's development, and with strong expertise in the industries in which it operates, CITIC is well-equipped to capture opportunities arising from China's continued growth. At the end of fiscal 2015, CITIC had total assets of ¥92 trillion.

CITIC

- Financial services
- Resources and energy
- Manufacturing
- Engineering contracting
- Real estate and infrastructure
- Other (Information services, motor vehicles, food and logistics, general aviation services, publishing, tourism, sports)

CITIC has top-ranked companies in a variety of industries,

- Trust Company
- Securities Company
- Alloy Wheel Manufacturer
- Mining and Construction Equipment Manufacturer
- Special Steel Producer

An Extremely Rare Capital Participation Agreement Backed Up by History

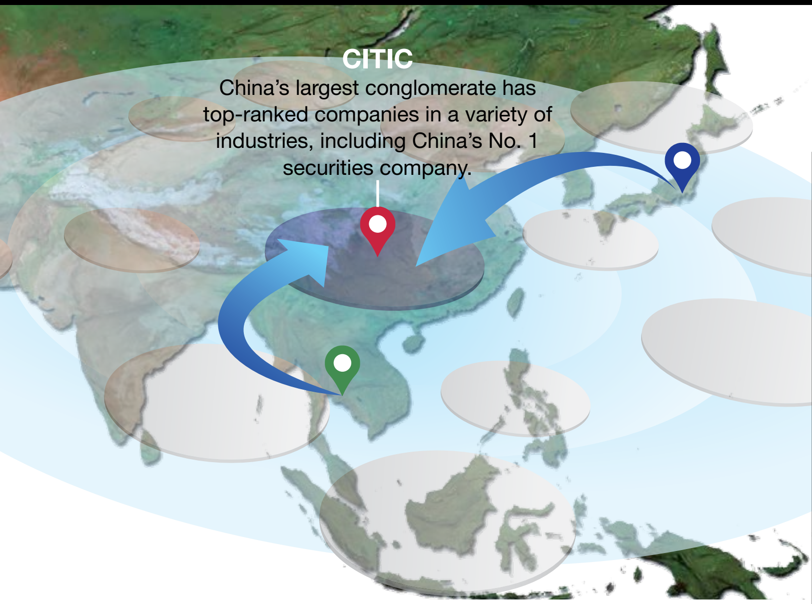
To understand the significance of this capital participation agreement, it is necessary to look back to the 1970s. At that time, China had just started to follow a course of reform and opening up under the leadership of Deng Xiaoping. In 1979, China International Trust and Investment Corporation (later renamed CITIC Group) was established as a state-owned

entity that was 100% funded by the Chinese government and assumed the role of China's international point of economic contact with the world. Subsequently, starting with the reform and opening-up policies, China has been transformed from "the world's factory" into "the world's consumer market." China has grown dramatically to become the world's second largest economy, and CITIC has supported that sustained economic development.

With the objective of accelerating the absorption of management know-how and international development, the "mixed ownership model," which promotes the acceptance of private-sector capital, including capital from overseas, is one facet of the reform of government-owned enterprises that is currently being advanced in China. This made the 20% investment by ITOCHU and the CP Group possible.

In 1979, the CP Group became the first foreign company to advance into China. On the other hand, six months prior to the September 1972 normalization of diplomatic relations between Japan and China, ITOCHU obtained ratification for resumption of Sino-Japanese trade and became the first Japanese company to establish a foothold in the Chinese market.

The CP Group has done its utmost to help advance the agricultural reforms promoted by the Chinese government, such as contributing to the development of agriculture and to raising the incomes of farmers through a range of initiatives. These include the provision of know-how to boost productivity and the purchase of agricultural products, centered on poultry, hogs, and eggs, as well as the provision of financing. As China has carefully advanced the introduction of foreign capital and technologies, ITOCHU has also served as an intermediary between China and other Japanese companies and has contributed to the nurturing of industries while maintaining a focus on making people's lives more comfortable.



The realization of this unprecedented capital participation is backed by the high evaluations garnered by the relationships that ITOCHU and the CP Group have established with China, as well as the strategic significance of the "win-win-win" situation for the three groups.

Decision
Establishing Large-Scale Business Infrastructure that Extends Around the World

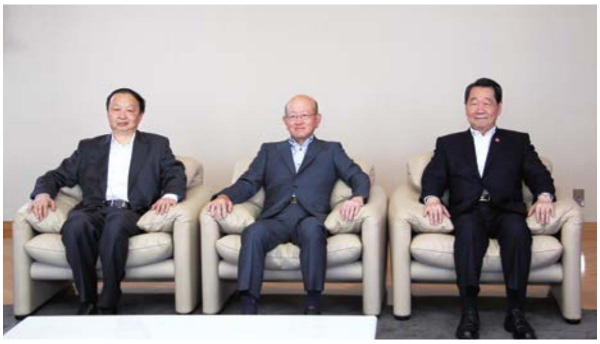
Through the integration of the three groups' management resources and the joint acquisition of superior assets, in a wide range of fields the groups will be able to implement multifaceted initiatives that address the demand accompanying China's "transition from quantity to quality." Moreover, the possibilities of this expansion of business infrastructure are not limited to China. Rather, they extend to Asia, and—through ITOCHU's network—around the world. ITOCHU can look forward to business opportunities in a variety of fields that have been difficult to enter.

ITOCHU and the CP Group will acquire 20% of the shares of CITIC, making CITIC an equity-method associated company of ITOCHU, and consequently ITOCHU will share 10% of CITIC's consolidated net profit. These are the reasons why ITOCHU decided to invest about ¥600.0 billion, which will mark a record high, not only as an investment in China by a Japanese company but also as an overseas investment by a Japanese general trading company and as an investment by ITOCHU.

Course
Aiming to Generate Earnings through Large-Scale Business Infrastructure and Achieve the Objectives of the Medium-Term Management Plan

Currently, progress is being made with discussions in a wide range of fields that hold potential for the generation of synergies. In April 2015, five companies—ITOCHU, the CITIC Group, the CP Group, China Mobile Communications Corporation, and Shanghai Information Investment Inc.—agreed to cooperate in entering the e-commerce market to sell Japanese products to Chinese consumers through the Shanghai Pilot Free Trade Zone. In this way, we have established a foothold in a rapidly growing market. In addition, ITOCHU and a subsidiary of CITIC Securities International Company Limited have also concluded a joint agreement for a strategic capital tie up and partnership with Bosideng International Holdings Limited, a leading apparel company. ITOCHU believes that, in China's huge market, the establishment of a system based on cooperation with a powerful local partner will provide an important foundation for the acceleration of progress in the textile retail business.

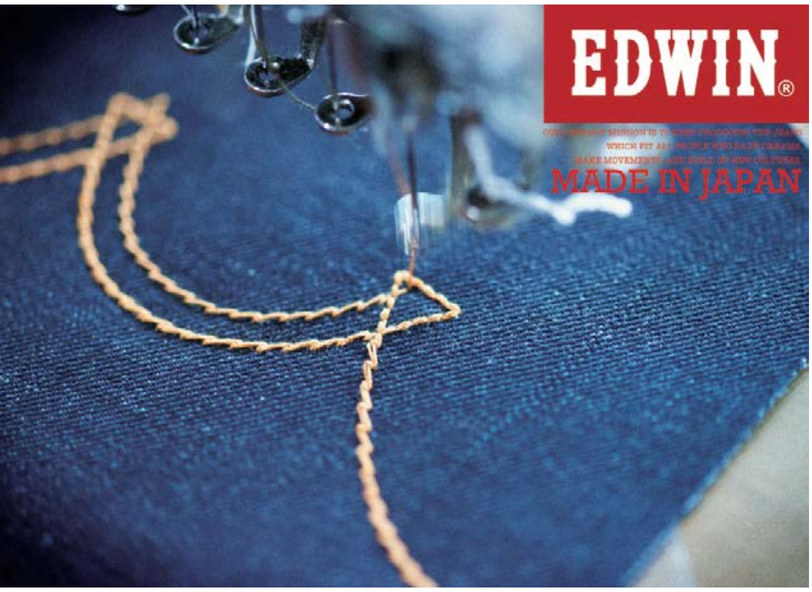
ITOCHU will be entitled to 10% of CITIC's consolidated net profit and will further expand its lead as the "No. 1 trading company in the non-resource sector." Under "Brand-new Deal 2017," ITOCHU is aiming to build an earnings base to generate ¥400.0 billion in net profit attributable to ITOCHU.



From left: CITIC Chairman Chang Zhenming, ITOCHU President Masahiro Okafuji, CP Group Chairman Dhanin Chearavanont
On May 27, the top executives of the three companies held the First Meeting on Strategic Cooperation at ITOCHU's Tokyo Head Office, where they exchanged opinions on proposals for cooperative ventures and other initiatives going forward.

Sustained Earnings Over the Long Term

ITOCHU conducts business across a wide span of industries in Japan and overseas. We have a diverse array of business models that cover a broad range of industries and companies, as well as the foundation needed to support sustained growth. ITOCHU works to achieve sustained, long-term growth in the corporate value of the businesses in which it invests, paying careful attention to risks in each business and making sure to sow the seeds for new opportunities against a background of the needs of society.



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Providing MADE IN JAPAN around the World

EDWIN Joins the ITOCHU Group

page 38

Managing a Range of Risks and Sowing Seeds from a Long-Term Viewpoint

Risk Management—Dole Business

Opportunities—Projects in Water and the Environment Sectors

Providing MADE IN JAPAN around the World

EDWIN Joins the ITOCHU Group

EDWIN has led the Japanese jeans industry with continual innovation and unrivaled manufacturing. Moving forward, ITOCHU will make wide-ranging use of the distinctive strengths of a general trading company and strive to achieve further increases in EDWIN's corporate value.

Background

Japan's Largest Jeans Manufacturer, Creator of Multiple Global Standards

The pre-washing of jeans so that the texture of the fabric is similar to a well-worn item of clothing is now a standard processing technique around the world. In the early 1960s, EDWIN (EDWIN CO., LTD.) had the idea of providing jeans for everyone that were easy to wear, and the company took the initiative in transitioning from work clothes to the world of fashion. Today, EDWIN is an established manufacturer of jeans in Japan. EDWIN imported denim into Japan for the first time in 1961, and became the first Japanese company to manufacture and sell jeans. The company was not limited by existing frameworks, as shown by the name EDWIN, which is based on the letters in "denim." EDWIN added new value to jeans in a number of ways, including "stone washing" and "liquid-ammonia processed denim." Currently, in addition to manufacturing and sales of the EDWIN and SOMETHING brands, which have high levels of nationwide recognition, the company has licensing rights for leading North American brands, such as Lee, Wrangler, and ALPHA INDUSTRIES. EDWIN continues to drive growth as the largest company in the industry, and ITOCHU has built a relationship of trust with EDWIN through many years of business transactions in such areas as textile materials procurement, product development, brand launches, sales channel openings, and credit support.

In March 2014, ITOCHU concluded a sponsorship agreement with EDWIN, which had taken steps to rebuild its business through turnaround ADR procedures, and in June 2014 EDWIN became a subsidiary of ITOCHU.

SOMETHING

EDWIN

Lee

Decision

Business Model Based on Unique "Manufacturing Capabilities"

EDWIN's decision to rebuild its business through turnaround ADR procedures was not due to problems with its core operations. Rather, large losses, incurred as a result of foreign exchange derivatives, were discovered in August 2012. In an intensely competitive environment in a market that was not expanding, EDWIN recorded strong sales and maintained its position as an industry leader. Many jeans manufacturers have abandoned domestic production and transferred their manufacturing bases to China and Asia. Meanwhile, EDWIN continues to focus on domestic manufacturing. EDWIN has followed a MADE IN JAPAN business model, from planning to production and sales, centered on its 15 in-house jeans factories in Japan, the largest number in the industry. That business model is the cornerstone of EDWIN's continued competitive edge.


1 World's most-advanced sewing uses 13 types of thread in accordance with the part of the garment being sewn
2 Pursuing "optimal harmonization of machine and employee" 3 Washing process: EDWIN linked jeans with "washing."

EDWIN rigorously enhances its product development capabilities in its own factories, and its unrivaled technical capabilities have become a major strength. EDWIN has established close cooperative relationships with partners, including working with textile manufacturers to select raw materials that match product concepts and cooperating with sewing machine manufacturers to jointly develop equipment. With an uncompromising commitment to manufacturing, including original sewing that uses 13 types of thread in accordance with the part of the garment being sewn as well as fit and wash processing, EDWIN continues to maintain high-value-added "Japan quality." Thus, through clear differentiation from low-priced products that were encroaching on the market, EDWIN continues to obtain the support of customers even as a mid-priced brand.

In addition, while the lead times for competitors that manufacture their products overseas are 60 to 75 days in China and 75 to 90 days in Vietnam, EDWIN, in contrast, achieves a much shorter lead time with domestic production—about 27 days. As a result, in response to a market environment that changes continually due to seasonal factors and trends, it is possible for EDWIN to flexibly adjust its production plans and to reduce the inventory risk caused by mistakes in long-term sales forecasts. Moreover, the number of five-pocket jeans* produced per operator per day is about 22 units in China and 15 in Vietnam. In contrast, at its domestic factories EDWIN achieves substantially superior results of about 42 units. While valuing the expert skills and sensitivity of its employees, EDWIN has worked to implement "optimal harmonization of machine and employee," which is intended to achieve rigorous rationalization and process management unlike any other in the industry. In this way, EDWIN has achieved a level of production efficiency that is among the highest in the industry.

EDWIN also takes a thorough approach to traceability, using manufacturing lot numbers on all of its products made in Japan or overseas to make it possible to trace such factors as textile materials, factory, production date, quality, and safety data. In this way, EDWIN is working to achieve differentiation in added value by linking fulfillment of social responsibilities to purchase motivation and by addressing the growing concerns with security and safety.

* Standard-type jeans with five pockets

Comparison of Productivity

Production Country / Region	Five-pocket jeans productivity (Units per operator)
EDWIN's domestic production	**42 units per day**
Cooperating factories in China and Vietnam	15 to 22 per day

Comparison of Production Lead Time

Domestic

Cutting / materials procurement	→	Sewing	→	Transportation to processing plant	→	Washing process	→	Transportation to distribution center	→	From the start of cutting to arrival
3 days		4 days		3 days		14 days		3 days		27 days

China / Vietnam

Material procurement	→	Cutting, sewing, and processing	→	Transportation Marine container	→	Domestic inspection	→	Transportation to distribution center	→	From the start of cutting to arrival
China: 14 days or more Vietnam: 30 days or more		20 days or more		Shanghai: 7 days or more Vietnam: 14 days or more		3 days		3 days		China: 60 to 75 days Vietnam: 75 to 90 days

Harmony with Local Communities that Support Ongoing Manufacturing

EDWIN has formed an industrial cluster of in-house sewing factories and cooperating factories in the northern Tohoku region (Akita, Aomori, and Miyagi prefectures). These factories, which are geographically close to each other, compete in such areas as quality and cost. At the same time, the employees engaged in manufacturing develop a spirit of professionalism, and share and transmit skills at an advanced level. In these ways, this system supports the continuity of EDWIN's world-class business model.

In addition, EDWIN takes a thorough approach to harmonious coexistence with local communities to heighten the employees' sense of belonging. In principle, workers at EDWIN's in-house factories are hired as permanent employees, and EDWIN has become a key employer in the region. EDWIN has also put in place a number of initiatives so that women, who account for 80% of the workforce, can work for many years. Nearly 100% of female employees take childbirth and childcare leave, and nearly 100% of them subsequently return to their jobs.

The pollution of rivers by effluents from dyeing is a problem around the world. EDWIN takes a number of steps to treat wastewater, such as removing textile waste, neutralizing alkalinity, decolorization, and bacteria processing. Regulations are met and wastewater is treated to the point where the water is clean enough for fish to live in.

EDWIN's business model, which is based on domestic production, could be a major competitive edge versus apparel-producing countries such as China, where labor costs are increasing and companies have been slow to rationalize through the introduction of equipment. ITOCHU decided that by providing its management resources it could link this competitive edge to further gains in corporate value, and on that basis the Company concluded to make the investment in EDWIN.

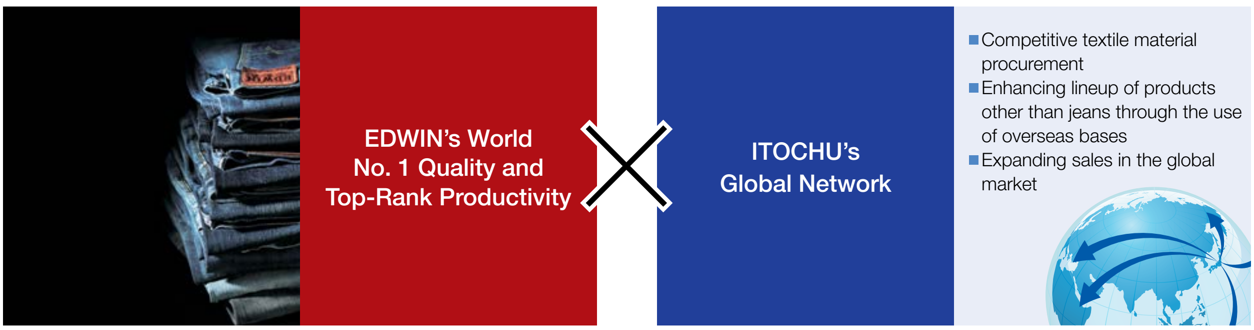
Course
Providing MADE IN JAPAN around the World While Maintaining a Focus on Tradition and Originality

By utilizing the abundant experience and know-how that it has cultivated throughout the textile industry—ranging from textile materials to apparel and brands—ITOCHU will provide strong support for increases in EDWIN's corporate value. We have already dispatched management personnel to EDWIN, and have started to strengthen internal control. To strengthen integrated manufacturing-sales initiatives based on market needs, we implemented organizational reforms, transitioning from an orientation around function, such as planning and production, design, and sales, to an orientation around men's and women's brands.

We are taking steps to bolster domestic casual jeans, EDWIN's core business, such as reinforcing relationships with customers. In addition, we are advancing the procurement of competitive materials from our overseas bases. We are also working to enhance the lineup of products other than jeans, such as tops, while increasing cost competitiveness through the use of overseas manufacturing bases.

Furthermore, ITOCHU's overseas network will open up new possibilities in EDWIN's overseas business development initiatives. EDWIN previously implemented export activities and recorded major successes with stonewashed jeans and London Slim products. Currently, results are favorable in Europe, where a high-quality image has been established, and there is substantial room for growth in other regions. While we continue to focus on expanding existing business in Japan, we will subsequently take on the challenge of achieving growth in overseas business. To that end, we will leverage EDWIN's world-class quality and price competitiveness and draw on ITOCHU's overseas networks to target overseas markets with growth potential.

As we implement these wide-ranging initiatives, we will continue to respect EDWIN's tradition and originality. EDWIN's enthusiasm for manufacturing and spirit of taking on challenges, which have been passed down over a long history, have been the source of the competitiveness of MADE IN JAPAN, and will continue to play that role in the future.



Managing a Range of Risks and Sowing Seeds from a Long-Term Viewpoint

Risk Management—Dole Business
Opportunities—Projects in Water and the Environment Sectors

With its business fields expanding and the needs of society increasing, the Company has to track an extremely broad range of risks, including not only financial risk but also social, environmental, and other risks. To ensure business sustainability and future competitiveness, the Company is steadily advancing initiatives to appropriately deal with these risks and social issues.

☞ In regard to the evaluation of risks in business investment, see pages 24 to 25, "Our Approach to Business Investment."

Risk Management
Asian Fresh Produce Business and Worldwide Packaged Foods Business of Dole International Holdings

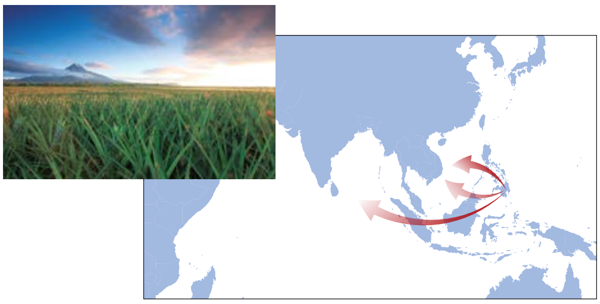
Through the newly established Dole International Holdings, Inc. (Dole), ITOCHU acquired the Asian fresh produce business and worldwide packaged foods business of Dole Food Company, Inc., of the United States. Using the global "Dole" brand as a driving force, we are transitioning these businesses to a true "global business model" targeting local markets around the world. To realize sustained growth in these businesses, which utilize large-scale agricultural management, we are paying careful attention to the management of risks that are a distinctive part of the agricultural business.

Dispersal of Producing Regions to Reduce the Risk of Unseasonable Weather

To secure stable earnings in the agricultural business, it is essential to take steps to address the risk of unseasonable weather. In Mindanao, the Philippines, where Dole grows bananas, pineapples, and other produce on farms totaling about 32,000 hectares, historically there has been a very low incidence of direct damage from typhoons. As such, the agricultural business has recorded strong development in this region in comparison with other regions. However, in December 2012 typhoon Bopha (935 hPa) became the first to make a direct strike in Mindanao in 50 years, and Dole farms suffered significant damage, which had an impact on production volume.

With the support of ITOCHU's strong financial position, Dole is taking steps to reduce the risk of unseasonable weather. To that end, Dole has expanded its banana production in Sri Lanka, which is less susceptible to the effects of typhoons, and is developing new producing regions in Southeast Asia and Africa. In these ways, Dole is aggressively working to disperse its producing regions, centered on neighboring countries that are promoting agriculture.

Dispersal of Producing Regions to Reduce the Risk of Unseasonable Weather



Multifaceted CSR Risk Management

ITOCHU's headquarters, Division Companies, and Group companies share an awareness of the importance of the many risks that are faced by businesses and are working to take preventive measures prior to the manifestation of risks. In regard to CSR risks, we work together with third-party specialist institutions to conduct periodic inquiries at major businesses in which we have invested.

Approximately 9,000 employees work at farms in the Philippines directly operated by Dole. Maintaining and strengthening the relationships with these employees, and coexisting harmoniously with local communities, are considered to be important issues. These issues not only influence such factors as stable production, productivity, and quality but also affect business sustainability. Accordingly, ITOCHU is taking steps to strengthen management in these areas.

An investigation conducted in March 2015 at farms in the Philippines confirmed that management systems addressing quality and safety, human rights, and the environment have been established and are being properly utilized. In particular, in regard to labor management the work is handled in appropriate shifts, employees of appropriate ages are hired, and there is no discrimination in the work environment. There is also rigorous attention to safety management. In tandem with this investigation, we tracked the state of affairs in compliance and confirmed that systems have been appropriately established.

Please see “Documentary Report on Supply Chains - How Bananas Reach Your Table” page of our website.

http://www.itochu.co.jp/en/csr/supply_chain/reportage/?step=07

Opportunities

Business Opportunities in Sustainable Resource Utilization—Public Infrastructure Projects in Water and the Environment Sectors

Due to the rapid growth in the global population, rise of emerging countries, and global warming, the global water market is expected to expand from approximately ¥60 trillion in 2005 to ¥111 trillion by 2025. In addition, worldwide greenhouse gas emissions are forecast to increase markedly from 2010 to 2050, which may cause more destructive climate changes. ITOCHU views the businesses in water and the environment sectors including sustainable resource utilization as future business opportunities, and seeks to provide the best solutions it can offer for those emerging opportunities.

ITOCHU is the first Japanese company to enter the water utility business in the United Kingdom and Spain, providing high-quality, sustainable, and economical water services. Our aim is to build and accumulate know-how from these water utilities and leverage that know-how into advancing further in the water businesses worldwide. In addition to participating in the water utility sector, we are involved in one of the Southern Hemisphere’s largest seawater desalination projects located in Victoria, Australia, which has been implemented as a public–private partnership (PPP)* project by the state government of Victoria. ITOCHU has played a significant role in the project development with its distinctive coordination capabilities, such as project finance structuring, and is contributing to the stable operation of the business after the completion of construction as well. ITOCHU will accelerate and expand its activities in the water sector including seawater desalination projects in regions with severe water shortages. In Saudi Arabia, for example, we are providing plant engineering as well as production and sales of reverse osmosis (RO) membrane elements for seawater desalination.

Waste management businesses contribute to the mitigation of climate change and reductions in CO_2 emissions, and ITOCHU has contributed in four projects in this sector within the U.K., one of which is located in Merseyside. Through the incineration of waste that was traditionally landfilled directly, the four projects will reduce the annual volume of landfill waste by 1.31 million tons and greenhouse gases by 335,000 tons, and furthermore, by utilizing the excess heat produced, electricity equivalent to the power consumption of 165,000 homes will be generated. We will draw on our accumulated expertise, capacity to arrange finance, and worldwide network to continue developing projects and assets in water and the environment businesses.

* PPP (Public–Private Partnership): A partnership between the public (government) and private sector for the purpose of effective delivering of government projects (e.g. infrastructure projects) or government services.

Please see “Water and Environmental Public Infrastructure Projects” page of our website.

http://www.itochu.co.jp/en/csr/activities/water/

Global Map of Our Investments in Water and Waste Management Sectors

United Kingdom: Water Supply Service

Project Name	Water Supply Area	Population Served
Bristol Water	2,400km²	1.2 million

United Kingdom: Waste Management Projects

Project Name	Waste Processing Capacity	Greenhouse Gas Emissions Reduced
South Tyne and Wear	260,000 t/year	62,000 t/year
Cornwall	240,000 t/year	60,000 t/year
Merseyside	460,000 t/year	130,000 t/year
West London	350,000 t/year	83,000 t/year

Saudi Arabia

APS: Seawater Desalination Plant Solution Provider

AJMC: Manufacture and sale of RO membranes for seawater desalination

Spain (the Canary Islands): Water Supply and Sewage Services

Project Name	Network Length	Population Served
CANARAGUA	5,700km	1.3 million

Australia: Seawater Desalination Project

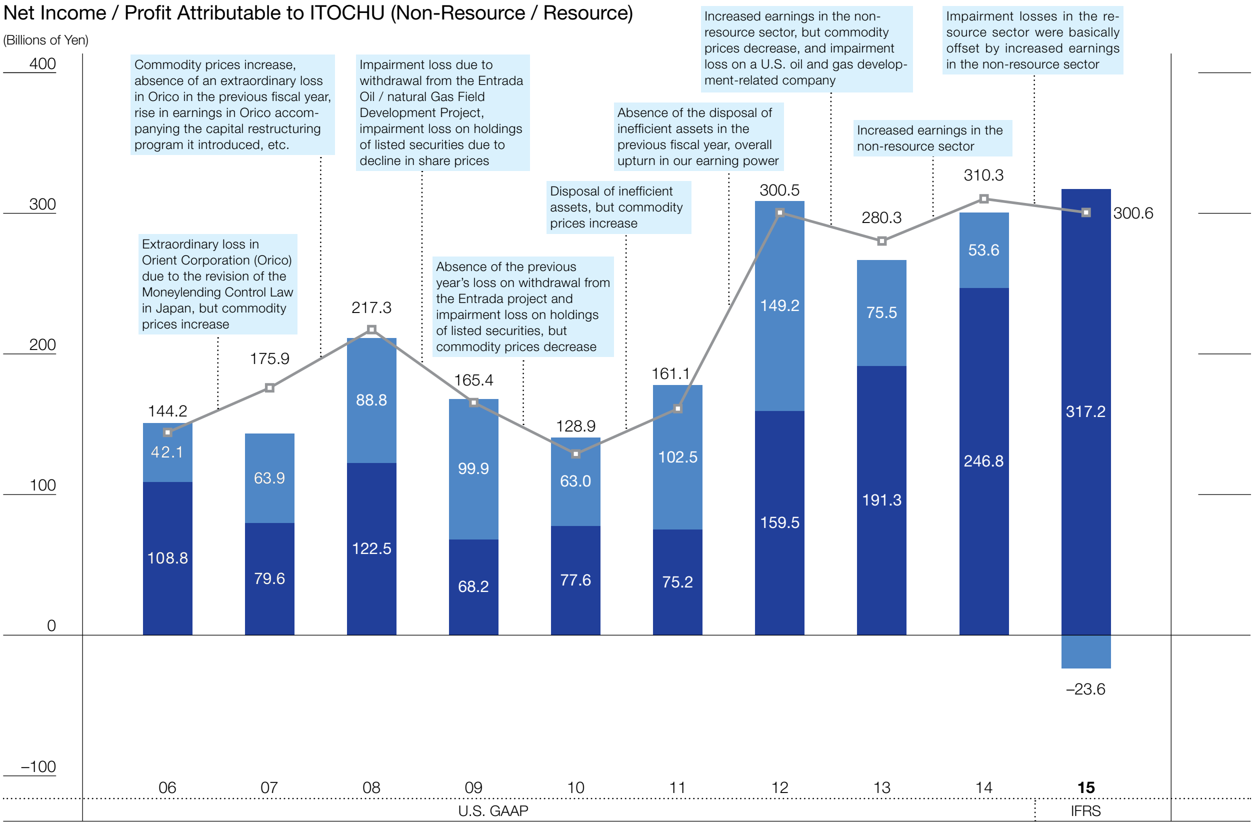
Project Name	Water Supply Capacity
AquaSure	400,000 t/day

Ten-year Financial Summary

Years ended March 31

* Based on U.S. GAAP through fiscal 2014, IFRS for fiscal 2015

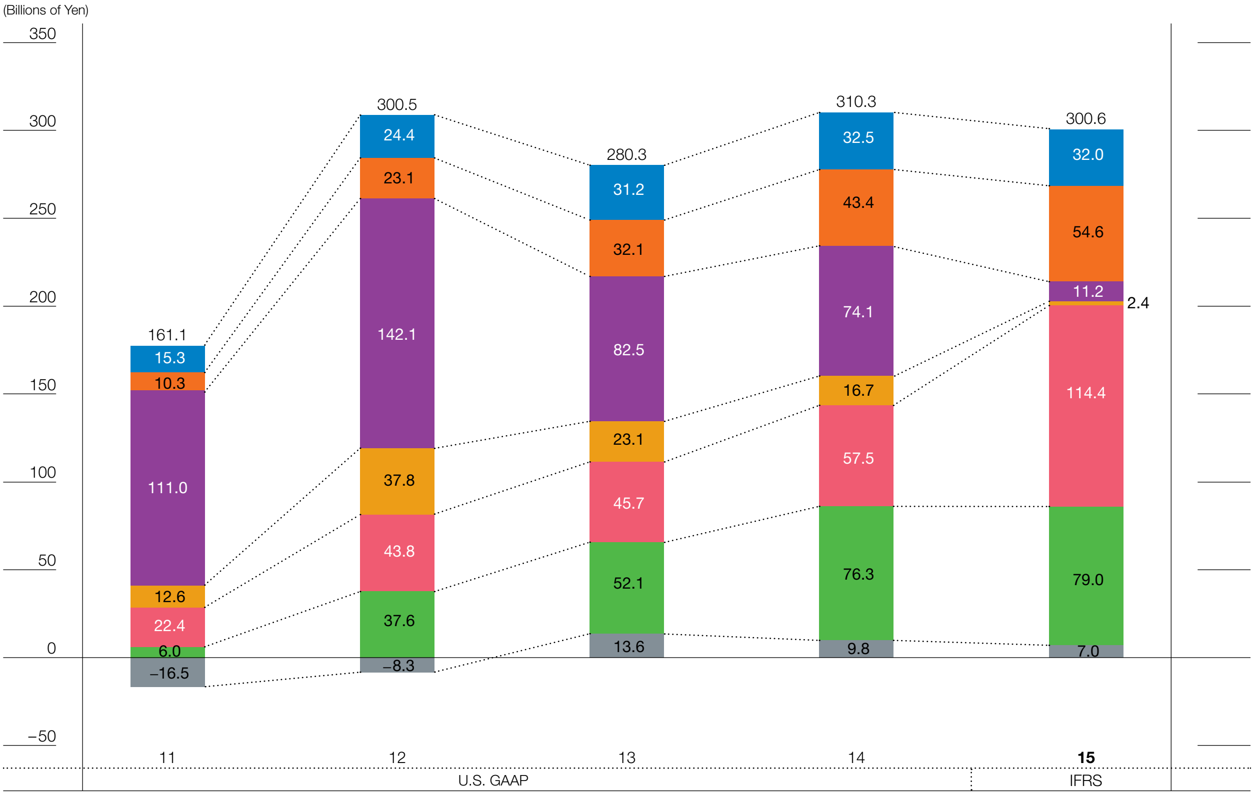
Net Income / Profit Attributable to ITOCHU (Non-Resource / Resource)



Net income / profit attributable to ITOCHU ■ Earnings from the non-resource sector ■ Earnings (loss) from the resource sector

* Adjustments & Eliminations and others is not included in earnings from the non-resource / resource sectors.

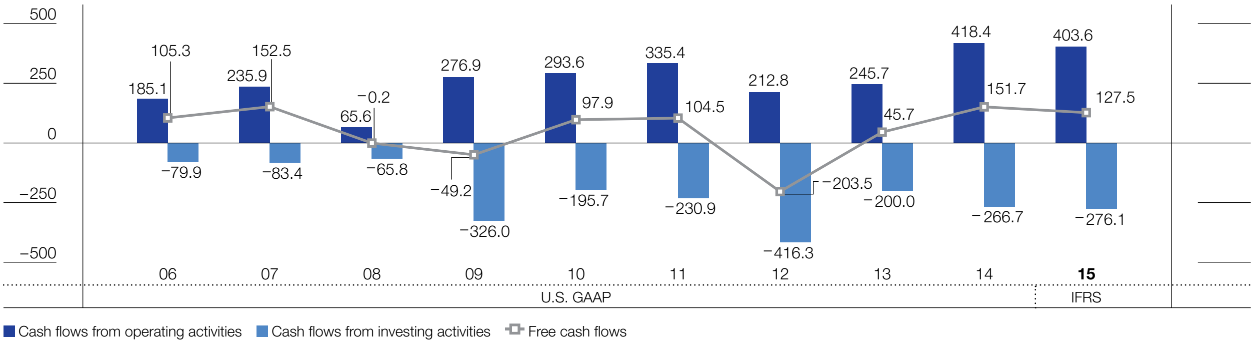
Net Income / Profit Attributable to ITOCHU by Operating Segment (Five years)



■ Textile ■ Machinery ■ Metals & Minerals ■ Energy & Chemicals ■ Food ■ ICT, General Products & Realty ■ Adjustments & Eliminations and others

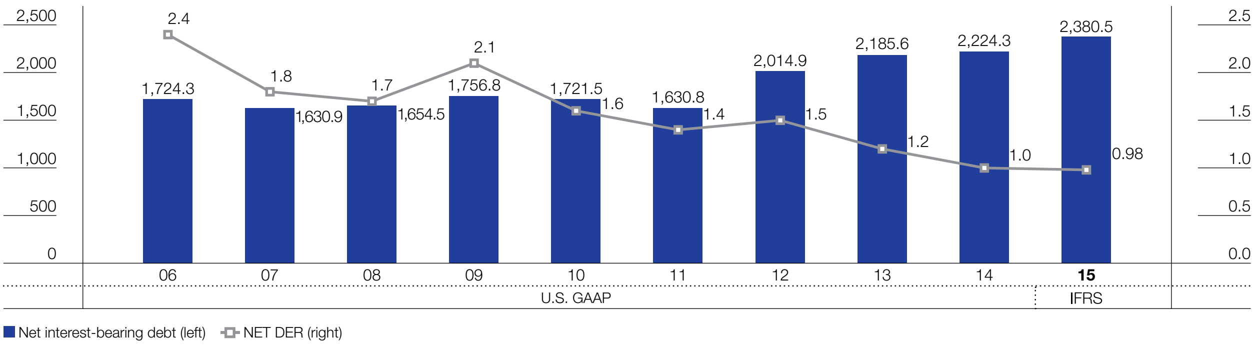
Cash Flows

(Billions of Yen)



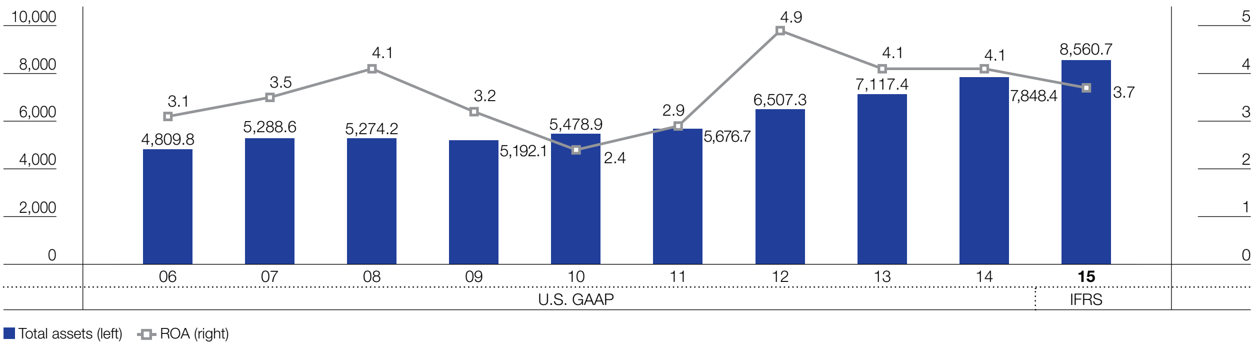
Net Interest-bearing Debt and NET DER

(Billions of Yen)
(Times)



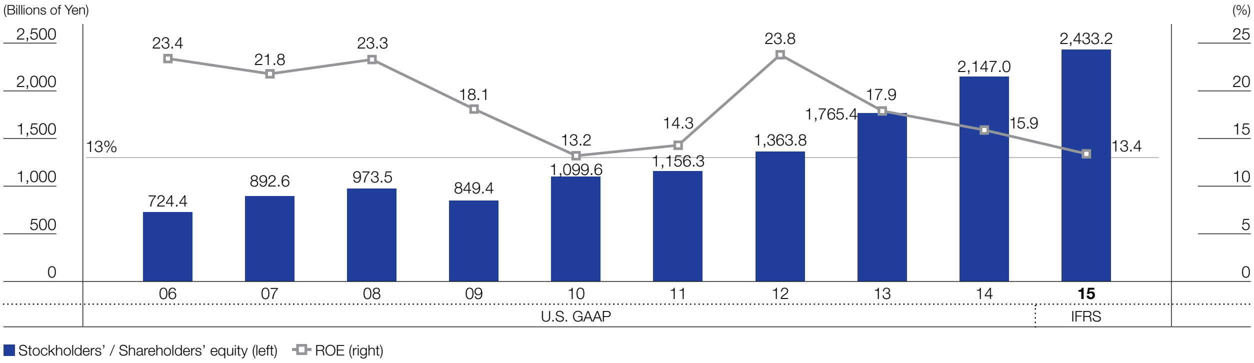
Total Assets and ROA

(Billions of Yen)
(%)



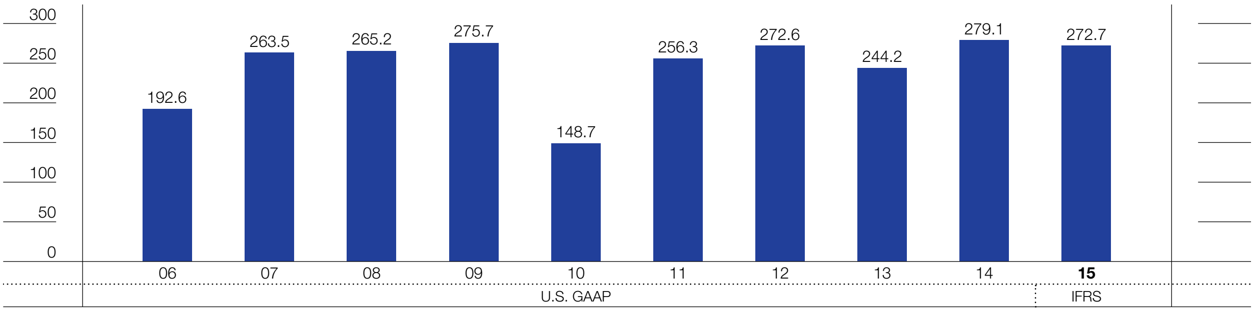
Stockholders' / Shareholders' Equity and ROE

(Billions of Yen)
(%)



Trading Income*1

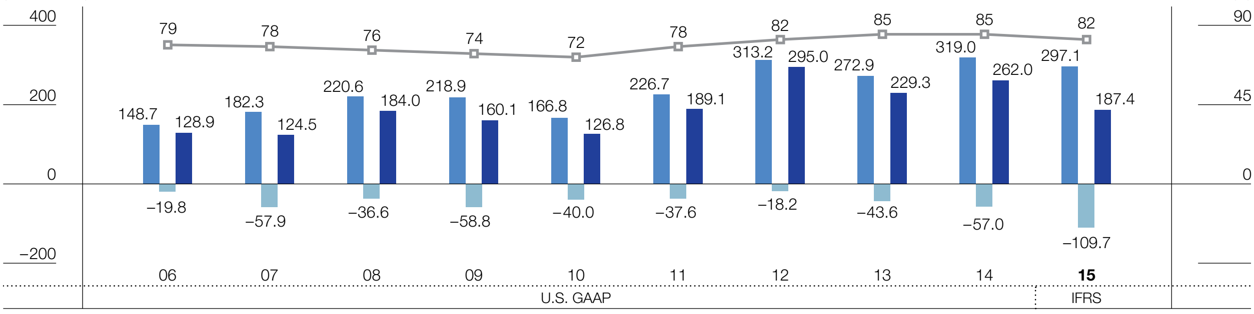
(Billions of Yen)



*1 Trading income = Gross trading profit + SG&A expenses + Provision for doubtful receivables / Provision for doubtful accounts

Net Profit (Loss) from Subsidiaries and Equity-method Associated Companies

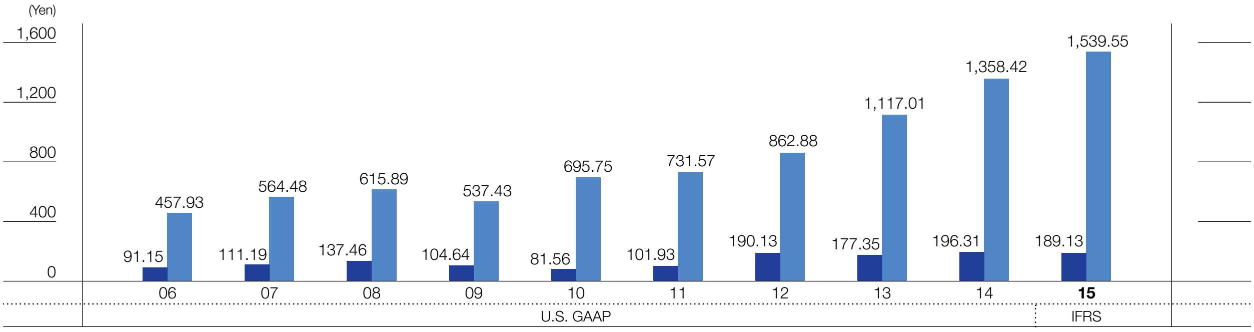
(Billions of Yen)



Companies reporting profits (left) Companies reporting losses (left) Net profit (loss) from subsidiaries and equity-method associated companies (left)
Share of Group companies reporting profits*2 (right) *2 Number of Group companies reporting profits as a percentage of the number of companies included in consolidation

Basic Net Income / Earnings Attributable to ITOCHU per Share and Stockholders' / Shareholders' Equity per Share*3

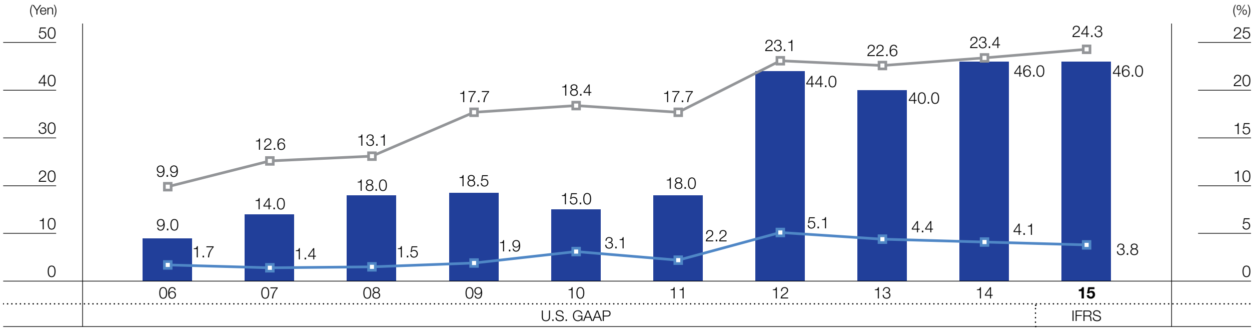
(Yen)



Basic net income / earnings attributable to ITOCHU per share Stockholders' / Shareholders' equity per share
*3 Stockholders' / Shareholders' equity per share = Shareholders' equity ÷ Number of issued shares excluding treasury stock

Cash Dividends per Share, Dividend Payout Ratio, and Dividend Yield*4

(Yen)



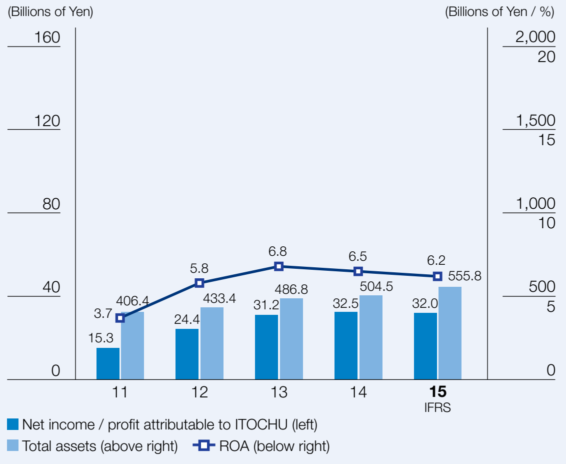
Cash dividends per share (left) Dividend payout ratio (right) Dividend yield (right) *4 Dividend yield = Annual per-share dividends ÷ Stock price at previous fiscal year-end

Financial Summary by Operating Segment (Five years)

Years ended March 31
* Based on U.S. GAAP through fiscal 2014, IFRS for fiscal 2015

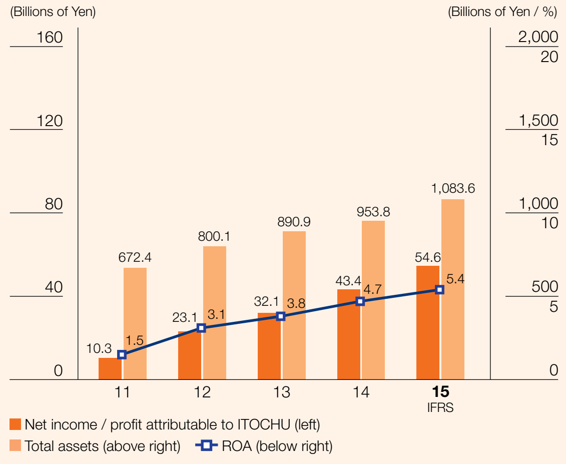
Textile Company

Net Income / Profit Attributable to ITOCHU, Total Assets, and ROA



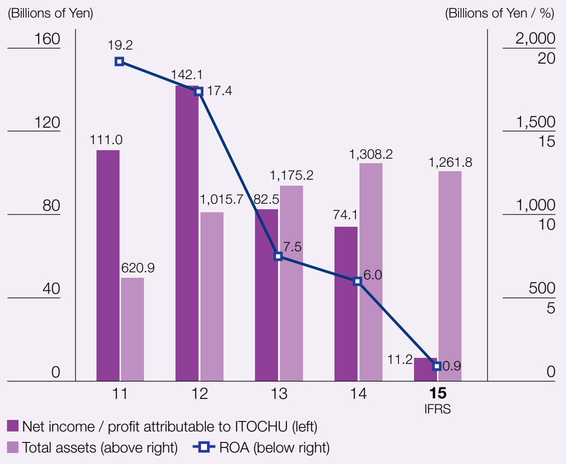
Machinery Company

Net Income / Profit Attributable to ITOCHU, Total Assets, and ROA



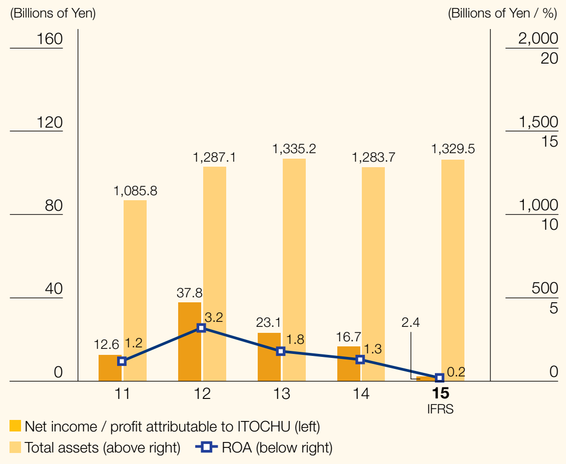
Metals & Minerals Company

Net Income / Profit Attributable to ITOCHU, Total Assets, and ROA



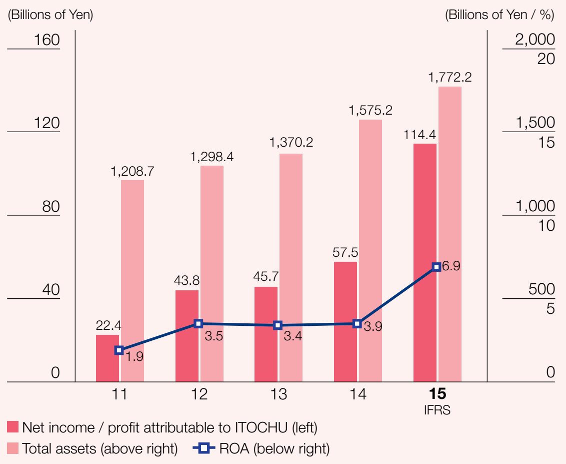
Energy & Chemicals Company

Net Income / Profit Attributable to ITOCHU, Total Assets, and ROA



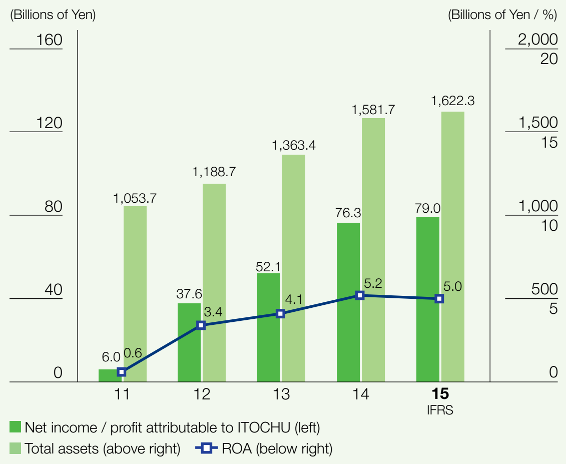
Food Company

Net Income / Profit Attributable to ITOCHU, Total Assets, and ROA



ICT, General Products & Realty Company

Net Income / Profit Attributable to ITOCHU, Total Assets, and ROA



Ten-year Financial Summary (Data)

Years ended March 31

U.S. GAAP

Millions of Yen

	2006	2007	2008	2009	2010
P/L (For the fiscal year):					
Revenue	¥2,217,393	¥2,646,037	¥2,859,853	¥3,419,061	¥3,418,220
Trading income*1	192,561	263,456	265,167	275,664	148,703
Net financial income (expenses)*2	(7,816)	(7,555)	(7,709)	5,582	3,535
Net interest expenses*3	(26,032)	(29,218)	(32,156)	(29,457)	(25,365)
Dividends received	18,216	21,663	24,447	35,039	28,900
Equity in earnings (losses) of associated companies / associates and joint ventures	51,737	(20,069)	70,238	41,304	36,269
Net income / profit attributable to ITOCHU	**144,211**	**175,856**	**217,301**	**165,390**	**128,905**
Comprehensive income (loss) attributable to ITOCHU	233,342	223,307	108,990	(92,334)	270,570
(Reference) Adjusted profit*4	251,210	240,766	333,673	339,292	195,552
B/S (At fiscal year-end):					
Total assets	¥4,809,840	¥5,288,647	¥5,274,199	¥5,192,092	¥5,478,873
Stockholders' / Shareholders' equity	724,377	892,553	973,545	849,411	1,099,639
Net interest-bearing debt*5	1,724,314	1,630,928	1,654,532	1,756,764	1,721,464
Cash flows (For the fiscal year):					
Cash flows from operating activities	¥185,147	¥ 235,917	¥ 65,552	¥ 276,854	¥ 293,597
Cash flows from investing activities	(79,871)	(83,394)	(65,774)	(326,033)	(195,698)
Free cash flows	105,276	152,523	(222)	(49,179)	97,899
Cash flows from financing activities	(85,193)	(100,920)	(81,294)	258,322	(256,568)
Cash and cash equivalents at end of year	477,707	532,856	446,311	628,820	480,564

Yen (Unless otherwise specified)

	2006	2007	2008	2009	2010
Per share*6:					
Basic net income /earnings attributable to ITOCHU	¥ 91.15	¥111.19	¥137.46	¥104.64	¥ 81.56
Stockholders' / Shareholders' equity	457.93	564.48	615.89	537.43	695.75
Cash dividends	9.0	14.0	18.0	18.5	15.0
Ratios:					
ROA (%)	3.1	3.5	4.1	3.2	2.4
ROE (%)	23.4	21.8	23.3	18.1	13.2
Ratio of stockholders' / shareholders' equity to total assets (%)	15.1	16.9	18.5	16.4	20.1
Net debt-to-equity ratio (NET DER) (times)	2.4	1.8	1.7	2.1	1.6
Interest coverage (times)*7	5.7	6.7	6.1	7.2	5.3
(Reference)					
Number of subsidiaries and associates (at year-end)*8	651	651	626	420	413
Exchange rate (¥/US$) (at year-end)	¥117.47	¥118.05	¥100.19	¥98.23	¥93.04
ESG:					
Number of directors (at year-end)*9 [Of whom, outside directors]	12 [–]	14 [–]	13 [–]	13 [–]	14 [–]
Number of employees (at year-end, consolidated)	42,967	45,690	48,657	55,431	62,379
Electricity consumption (kWh thousands)*10	15,404	14,617	14,285	14,003	16,220

All figures are for fiscal years, which begin on April 1 of the years preceding and extend through March 31.

The Japanese yen amounts for the fiscal year ended March 31, 2015 have been translated into U.S. dollar amounts, solely for the convenience of the reader, at the rate of ¥120.17 = U.S.$1, the official rate of The Bank of Tokyo-Mitsubishi UFJ, Ltd., as of March 31, 2015.

The consolidated financial statements for the year ended March 31, 2014, in accordance with U.S. GAAP are not audited pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act.

*1 "Trading income" is presented in accordance with Japanese accounting practices.
Trading income = Gross trading profit + SG&A expenses + Provision for doubtful receivables / Provision for doubtful accounts

*2 Net financial income (expenses) = Net interest expenses + Dividends received

*3 Net interest expenses = Interest income + Interest expense

*4 Adjusted profit = Gross trading profit + SG&A expenses + Net financial income (expenses) + Equity in earnings (losses) of associated companies / associates and joint ventures

*5 Net interest-bearing debt = Interest-bearing debt – Cash and cash equivalents, time deposits

*6 "Basic net income / earnings attributable to ITOCHU per share" and "Stockholders' / Shareholders' equity per share" are calculated by using the weighted average number of shares issued and outstanding for the period.

				IFRS			
					Millions of Yen		Millions of U.S. Dollars
2011	2012	2013	2014	2013	2014	2015	2015
¥3,581,795	¥4,197,525	¥4,579,763	¥5,530,895	¥4,699,466	¥5,587,526	¥5,591,435	$46,529
256,303	272,620	244,219	279,094	256,858	288,992	272,688	2,269
6,780	15,184	20,572	23,793	19,017	21,715	23,439	195
(16,722)	(12,819)	(14,054)	(13,286)	(15,616)	(15,476)	(11,447)	(95)
23,502	28,003	34,626	37,079	34,633	37,191	34,886	290
60,617	102,748	85,891	85,252	87,967	56,036	10,116	84
161,114	300,505	280,297	310,267	258,843	245,312	300,569	2,501
106,041	249,983	475,819	446,214	474,460	391,901	465,605	3,875
333,098	395,477	351,023	394,201	364,150	372,797	312,421	2,600
¥5,676,709	¥6,507,273	¥7,117,446	¥7,848,440	¥7,198,501	¥7,784,851	¥8,560,701	$71,238
1,156,270	1,363,797	1,765,435	2,146,963	1,718,980	2,044,120	2,433,202	20,248
1,630,764	2,014,898	2,185,623	2,224,279	2,203,428	2,231,988	2,380,504	19,808
¥ 335,361	¥ 212,830	¥ 245,661	¥ 418,396	¥ 236,517	¥ 428,101	¥ 403,629	$ 3,359
(230,866)	(416,315)	(199,990)	(266,692)	(203,811)	(270,377)	(276,103)	(2,298)
104,495	(203,485)	45,671	151,704	32,706	157,724	127,526	1,061
53,202	84,704	(11,323)	(71,707)	2,978	(77,855)	(97,896)	(815)
633,756	513,489	569,716	653,332	570,335	653,739	700,292	5,828

				Yen (Unless otherwise specified)			U.S. Dollars
2011	2012	2013	2014	2013	2014	2015	2015
¥101.93	¥190.13	¥ 177.35	¥ 196.31	¥ 163.77	¥ 155.21	¥ 189.13	$ 1.57
731.57	862.88	1,117.01	1,358.42	1,087.61	1,293.35	1,539.55	12.81
18.0	44.0	40.0	46.0	40.0	46.0	46.0	0.38
2.9	4.9	4.1	4.1	3.8	3.3	3.7	
14.3	23.8	17.9	15.9	17.1	13.0	13.4	
20.4	21.0	24.8	27.4	23.9	26.3	28.4	
1.4	1.5	1.2	1.0	1.28	1.09	0.98	
10.7	13.5	12.4	13.1	12.1	12.5	12.7	
393	366	356	354	—	354	342	
¥83.15	¥82.19	¥94.05	¥102.92	¥94.05	¥102.92	¥120.17	
14 [–]	14 [2]	13 [1]	14 [2]	13 [1]	14 [2]	13 [2]	
62,635	70,639	77,513	102,376	83,768	104,310	110,487	
15,268	12,009	10,865	10,286	10,865	10,286	10,167	

*7 Interest coverage = $\frac{\text{Gross trading profit + SG\&A expenses + Provision for doubtful receivables / Provision for doubtful accounts + Interest income + Dividends received}}{\text{Interest expense}}$

*8 "Number of subsidiaries and associates" represents the number of subsidiaries and associates directly invested by ITOCHU Corporation or its overseas trading subsidiaries from the fiscal year ended March 31, 2009.

*9 Includes directors who resigned on March 31.

*10 Data for the Tokyo headquarters, the Osaka headquarters and five branches in Japan (Chubu, Kyushu, Chugoku & Shikoku, Hokkaido, and Tohoku) (for fiscal 2006 to 2009, Tokyo headquarters only)

Certain subsidiaries changed their fiscal periods in the year ended March 31, 2012. The effect of these changes has been reflected in figures of certain items for the years ended March 31, 2010 and 2011.

As a result of the ITOCHU Group's integration of the food distribution and marketing business, the items in which distribution cost related to these operations has been included were changed from the beginning of the year ended March 31, 2012. The relevant amounts in the same period of the previous years ended March 31, 2010 and 2011 have been reclassified based on this new classification.

With respect to distribution cost related to the ITOCHU Group's food distribution and marketing business, ITOCHU has made a change in presentation in the financial statements related to the ITOCHU Group's portion of operational cost arising at the distribution centers of the ITOCHU Group's customers, such as mass merchandisers, and delivery costs from the distribution centers to the customers' stores since the beginning of the year ended March 31, 2013. The aforementioned distribution cost for the same period of the previous years ended March 31, 2011 and 2012 have been reclassified in the same manner.

Operating Segments

Textile Company

Organization

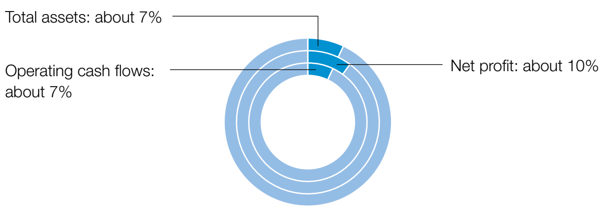
■ Textile Company
- Apparel Division 1
- Apparel Division 2
- Brand Marketing Division 1
- Brand Marketing Division 2
- CFO
- Planning & Administration Department

President, Textile Company

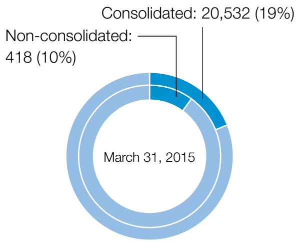
Shuichi Koseki

Overview

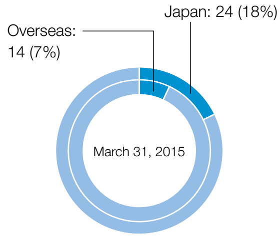
Percentage of the Total for ITOCHU (image)



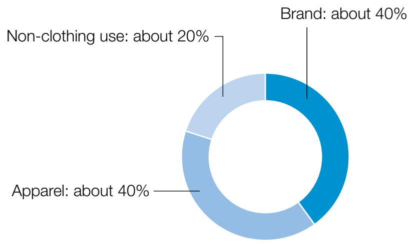
Percentage of Total Employees



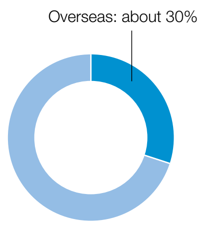
Percentage of Total Number of Subsidiaries and Affiliated Companies



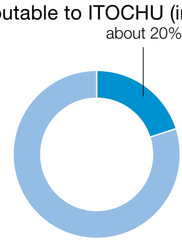
Composition of Company Earnings by Consolidated Segment (image)



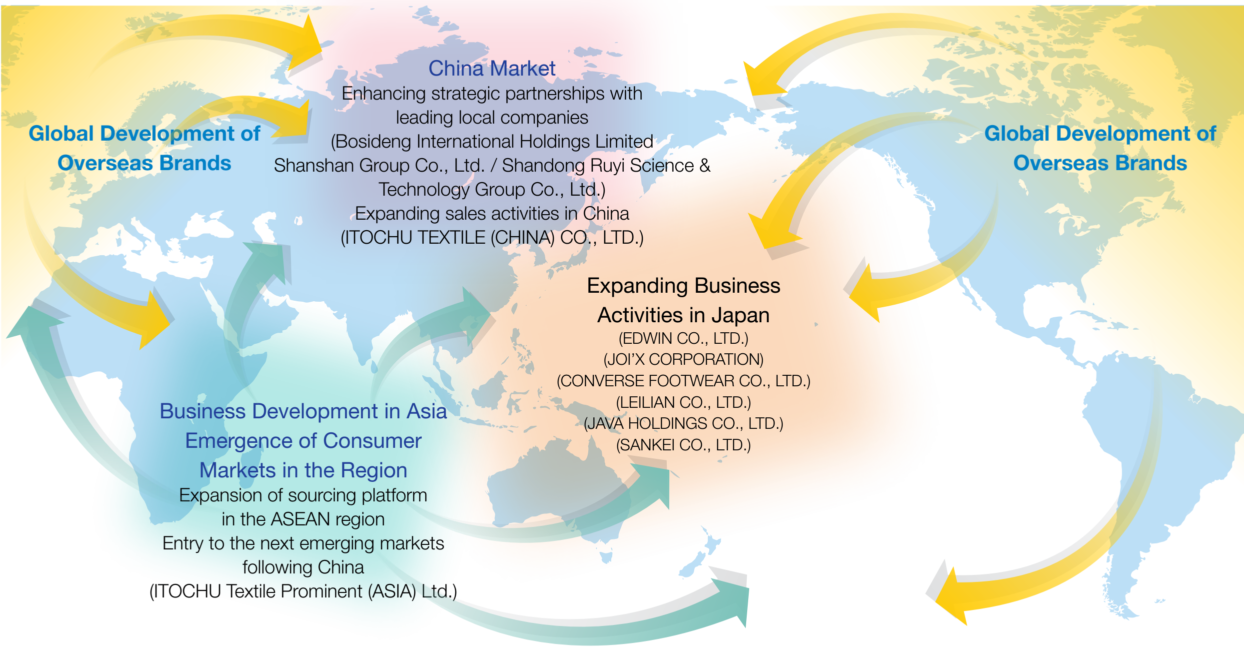
Company Percentage of Earnings from Overseas Businesses (image)



Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image)



Business Portfolio



Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Sales were lower at domestic apparel-related companies due to the April 2014 consumption tax hike, operations in European apparel manufacturing and wholesale-related companies were unfavorable, and yen depreciation had a negative impact. However, owing largely to new earnings due to the acquisition of EDWIN CO., LTD., trading income remained on a par with the previous year's level, at ¥29.2 billion. Net profit attributable to ITCOHU was essentially unchanged year on year, at ¥32.0 billion.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	406.4	433.4	486.8	504.5	**555.8**
ROA	3.7%	5.8%	6.8%	6.5%	**6.2%**
Trading income	21.6	25.2	33.3	29.2	**29.2**
Equity in earnings of associated companies / associates and joint ventures	5.9	5.9	12.6	11.7	**11.7**
Net income / profit attributable to ITOCHU	15.3	24.4	31.2	32.5	**32.0**
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies					
ITOCHU Textile Prominent (ASIA) Ltd.*	0.0	1.0	1.1	2.0	**1.4**
ITOCHU TEXTILE (CHINA) CO., LTD.	0.8	1.1	1.3	1.2	**1.2**
JOI'X CORPORATION	0.5	(0.3)	1.3	1.3	**1.3**
SANKEI CO., LTD.	1.5	4.0	1.6	1.5	**2.6**
[Subtotal]	[2.8]	[5.8]	[5.3]	[6.0]	**[6.5]**
Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image)			about 20%		

* Net income / profit from ITOCHU Textile Prominent (ASIA) Ltd. includes net income of equity-method associated companies which were transferred from ITOCHU due to the business restructuring in the former Textile Material & Fabric Division. As a result, profit for the periods after the fiscal year ended March 31, 2012 includes these companies' profit.

Message from the Division Company President

We will target further earnings growth by accelerating our pursuit of downstream strategies, accumulating superior assets, and replacing assets.

Our Focus for Fiscal 2016

Under medium-term management plan "Brand-new Deal 2014," we sought to organically link multiple functions, such as textile material development, planning, manufacturing, brands, and distribution in order to cultivate a downstream strategy by taking a hybrid approach to business promotion that elicited the strengths of the entire value chain; and worked aggressively to accumulate superior assets. Going forward, consumer markets are expected to expand overseas, particularly in China and other emerging countries in Asia. In Japan, however, the outlook is uncertain. The ripple effect, caused by the recovery in personal consumption, on apparel is likely to be limited. As such, it is becoming increasingly necessary to accurately capture consumer needs. In fiscal 2016, the first year of "Brand-new Deal 2017," we will strengthen our existing businesses as well as accelerate the global development of our downstream strategy, including through cooperation with the Bosideng Group of Hong Kong. At the same time, we will steadily work on initiatives to expand our business portfolio by accumulating superior assets and replacing others. These efforts will enable us to firm up the Textile Company's earnings platform and play a key role in the consumer-related sector. We will also cultivate a heightened awareness of compliance and concentrate on revising and reinforcing our business management structure.

Company Characteristics

Strengths

- Maintaining and expanding our position as the leading general trading company in the textile business
- Creating a value chain spanning upstream to downstream operations in the textile industry
- Establishing a highly efficient management foundation by proactively expanding our asset portfolio

Earnings Opportunities

- Improving consumer sentiment in Japan
- Growing purchaser base as standards of living rise in China, other parts of Asia, and emerging countries
- Potential new business opportunities by joining the Trans-Pacific Partnership, etc.

Challenges

- Prompting the need to make cuts by shifting areas of manufacturing under yen depreciation driving up costs
- Need to encourage consumption by creating new value-added in a shrinking domestic apparel market
- Overseas market cultivation with prominent overseas partners in view of decreasing domestic population

Medium to Long-Term Growth Strategies

Our scope of business spans all lifestyle categories as a customer-oriented marketing company, and we have developed our business around a value chain that covers the entire textile industry, from raw materials / fabrics to garment manufacturing, brands, and industrial materials, demonstrating group-wide strengths.

In Japan, we are continuously improving our high-value-added manufacturing in order to meet consumers' needs. In the retail and life & healthcare areas, we are also focusing on expanding our business domain, as well as enhancing our asset portfolio. We are also augmenting our asset portfolio overseas, as we endeavor to reinforce our operations in growth markets, including China, other parts of Asia, and emerging countries where consumption is slated to expand. One initiative involves joint business with CITIC and CP Group. Further tariff liberalization should lead to more opportunities for us to respond to global consumers' needs as we begin to address the pan-Asia market. We will further reinforce manufacturing in the most suitable areas, remaining cognizant of customs benefits, and expand our value chain from materials procurement to sewing throughout China and the rest of Asia. Meanwhile, we will respect human rights and labor customs, protect the environment, and maintain harmony with communities.

As the Company plays a key role in the consumer-related sector, making the most of superiority as the leading company in the textile business, we will steadily work on initiatives to strengthen our existing businesses and expand synergies within the ITOCHU Group as well as accelerate accumulating superior assets and replace others. These efforts will enable us to firm up the Textile Company's earnings platform.

VALUE DRIVER

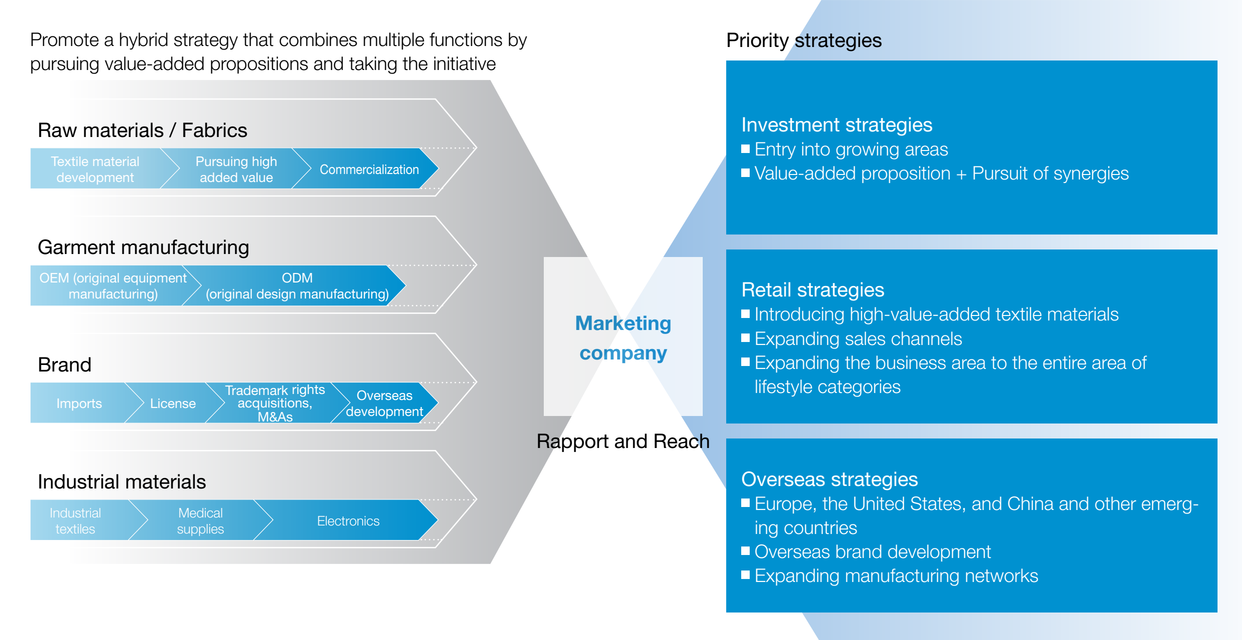
Business Alliance with VINATEX in Vietnam

ITOCHU has concluded an agreement for a strategic business alliance with the Vietnam National Textile and Garment Group (VINATEX), a Vietnamese state-run textile company group, by acquiring shares in the company. Established in 1995, VINATEX is the largest textile company in Vietnam. It has 83 subsidiaries and affiliates, with approximately 120,000 employees, and handles operations from the upstream to downstream processes in the textile industry. ITOCHU and VINATEX have maintained a steadfast relationship that stretches back to the time when the two companies began OEM-related apparel transactions in the 1990s. ITOCHU positions Vietnam as one of its most important operation bases because the country has attracted significant attention as the next major manufacturing locale after China. The reinforced partnership with VINATEX—the largest textile company group in Vietnam—is expected to generate a wide range of synergetic effects, such as increased trade on the back of favorable customs duties under free trade and other agreements, as well as create a number of new businesses. For these reasons, ITOCHU has decided to conclude an agreement for the alliance.


VINATEX sewing factory

In the future, ITOCHU will move forward with measures to strengthen the sales of textile products in Europe, the United States, and Asia—including Japan and China—while making the most of the VINATEX Group's strong textile manufacturing bases in Vietnam and its own global network. Through this move, we aim to further enhance its corporate value and expand our business.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Issues on the Social and Environmental Fronts for the Textile Company to Address with a View to Sustainable Growth

Major Issue	Business	Reason for Importance from a Strategic Perspective
Supply chain management (labor management)	Overseas apparel manufacturing business	As we expand production at the most suitable sites worldwide, which supports the manufacturing at the heart of the Textile Company, including manufacturing bases in China and other parts of Asia, we must take full account of labor customs in the supply chain and the environment. A lack of care in such areas could result in reputational damage and legal sanctions, which could significantly affect business continuity.

INITIATIVES FOR SUSTAINABILITY

Risk Management **Supply Chain Management**

The Textile Company places a high priority on further improving the safety of its products and services as well as customer satisfaction. It is promoting sustainable manufacturing that takes full account of labor customs in the supply chain and the environment in its global setup for manufacturing at the most suitable sites worldwide, which serves a vital role in sustaining the Textile Company's manufacturing. Recognizing the importance of gaining suppliers' understanding of and cooperation with its procurement policy, ITOCHU has set out its CSR Action Guidelines for Supply Chains and promotes activities with suppliers who are in harmony with these guidelines. We also conduct monitoring surveys on an ongoing basis of manufacturing factories in Japan and overseas, including at Group companies. In fiscal 2015, we conducted surveys at two locations, the Mikuni factory, a key domestic dye-processing facility of SANKEI CO., LTD., as well as FUKUSEN CO., LTD. We also performed a CSR field survey of UNIMAX SAIGON CO., LTD., a uniform manufacturer in Vietnam. Furthermore, in fiscal 2015 we brought in an outside lecturer to conduct seminars themed on "procurement risks and preventive measures in the textile industry" at our headquarters in Tokyo and Osaka, as well as at our Ho Chi Minh City office, aimed at increasing the sophistication of our supply chain management.


CSR survey at UNIMAX SAIGON

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/textile

Machinery Company

Organization

- Machinery Company
  - Plant Project, Marine & Aerospace Division
  - Automobile Division
  - Construction Machinery & Industrial Machinery Division
  - CFO
  - Planning & Administration Department

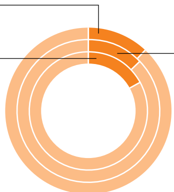
* Organizational change on April 1, 2015

President, Machinery Company

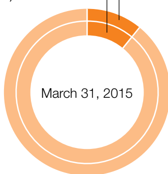
Takao Shiomi

Overview

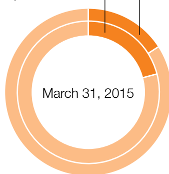
Percentage of the Total for ITOCHU (image)



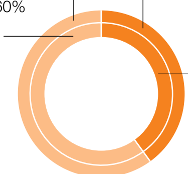
Percentage of Total Employees



Percentage of Total Number of Subsidiaries and Affiliated Companies

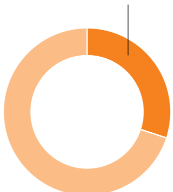


Company Composition by Consolidated Segment (image)*

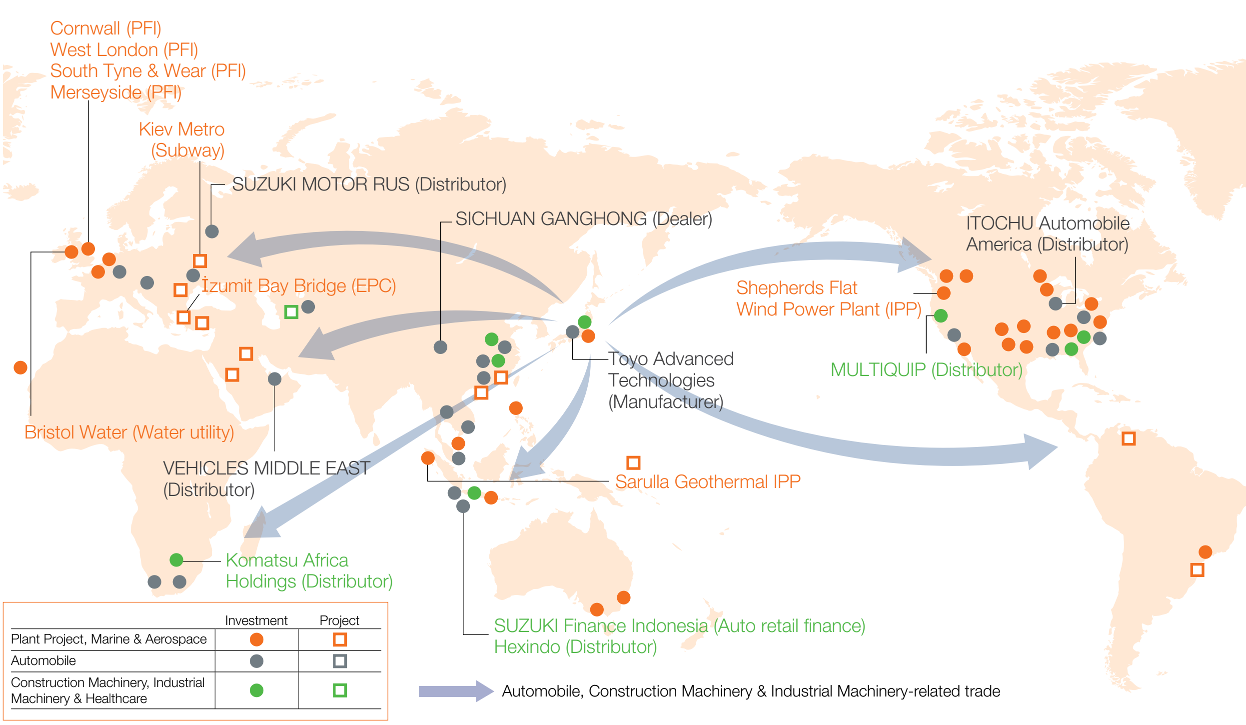


* Based on former business segments

Company Percentage of Earnings from Overseas Businesses (image)



Business Portfolio



Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income expanded 38% year on year, to ¥31.7 billion, due to favorable performance in plant-related businesses and higher transaction volume in automobile-related transactions. Net profit attributable to ITOCHU grew 26%, to ¥54.6 billion, owing to higher trading income, an improvement in gains on property, plant and equipment and intangible assets, and increases in financial income and equity in earnings of associates and joint ventures.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	672.4	800.1	890.9	953.8	1,083.6
ROA	1.5%	3.1%	3.8%	4.7%	5.4%
Trading income	8.9	15.2	19.3	22.9	31.7
Equity in earnings of associated companies / associates and joint ventures	9.8	12.5	13.4	19.0	20.1
Net income / profit attributable to ITOCHU	10.3	23.1	32.1	43.4	54.6
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies					
ITOCHU Plantech Inc.	0.4	0.5	0.6	0.9	1.5
JAPAN AEROSPACE CORPORATION	0.6	0.6	0.7	1.0	0.9
JAMCO Corporation	0.0	(1.2)	0.6	0.9	1.7
ITOCHU CONSTRUCTION MACHINERY CO., LTD.	0.6	0.6	0.9	1.3	0.9
Century Tokyo Leasing Corporation	4.0	6.2	6.2	8.4	9.1
Century Medical, Inc.	0.8	0.9	1.0	1.1	1.0
SUNCALL CORPORATION	0.4	0.3	0.6	0.7	0.6
[Subtotal]	[6.8]	[7.9]	[10.6]	[14.3]	[15.7]

Message from the Division Company President

We make progress by building a stable earnings platform and boosting earning power.

Our Focus for Fiscal 2016

Operating in an environment characterized by yen depreciation, fiscal 2015 marked our fourth consecutive fiscal year of record highs in net profit attributable to ITOCHU, thanks to major contributions from domestic and overseas investment earnings and trading income.

We will launch into fiscal 2016 with a new three-division structure. The Machinery Company's wide-ranging business areas include plant project, marine, aerospace, automobile, construction machinery, industrial machinery and medical device-related businesses and constitute a structure including numerous operating companies. In the aim of responding to customers' needs more painstakingly, we have undergone a structural change. Adopting "New progress + 100" as our motto, each of our organizations and individuals aims to accumulate fundamental earnings by ¥10 billion. By business area, we are endeavoring to move ahead with a sense of speed, balancing our management resources well among business areas. Such initiatives include accumulating superior assets in the independent power producer (IPP)-, water-, and environment-related businesses; pursuing strategic involvement in fields where demand is growing, such as the infrastructure, marine, and aerospace businesses; boosting trade in the automobile, construction machinery, and industrial machinery businesses, which have broad value chains; and stepping up medical device businesses in Japan and other Asian markets.

Company Characteristics

Strengths

- Solid, long-term business relationships with excellent partners in each field of operations
- Broad-based business development on a global scale in the automobile sector
- Numerous business developments in advanced countries having low country risk

Earnings Opportunities

- Numerous investment opportunities to meet demand for infrastructure around the world (electric power, water, environmental, transport, and energy)
- Market expansion due to rising automobile demand in emerging countries
- Improved competitiveness stemming from yen depreciation

Challenges

- Expanding infrastructure-related businesses (electric power, water, environmental, transport, and energy)
- Trade and business development that takes into consideration the pace of growth and country risk in emerging countries
- Initiatives to meet growing demand in each business field in the Chinese and ASEAN markets

Medium to Long-Term Growth Strategies

In IPP, water supply, environmental, energy, and other infrastructure businesses, we will strive to promote a balance between the accumulation of superior assets in industrialized countries and highly profitable development projects in emerging countries. We will endeavor to expand trade in line with improvements in the external environment, such as foreign exchange in fields of conventional strength, including marine, aerospace, automobile, construction machinery, and industrial machinery. We will also strive to generate stable earnings through stringently selected investments in peripheral sectors. Furthermore, we will promote the construction of a medical device value chain to meet anticipated future growth in medical device businesses, aiming to further enhance business investment and trade in Japan and other parts of Asia.

We will maximize earnings from existing investments, promoting the accumulation of superior assets and asset replacement, and conducting trade in related and ancillary fields.

In promoting infrastructure projects in emerging countries, we will give due consideration to environmental protection and local communities to ensure projects proceed smoothly. The world faces such issues as climate change, waste management, and water resource securement; the Machinery Company views these as promising medium- to long-term business opportunities. As such, we are taking part in renewable energy-related businesses involving wind and geothermal power, as well as waste management projects. We are also involved actively in seawater desalination and other water-related projects.

Furthermore, based on our strategic business alliance and capital participation agreement with CITIC and CP Group, we are considering joint investment and trade expansion that will leverage that group's characteristics, particularly in China and the ASEAN region.

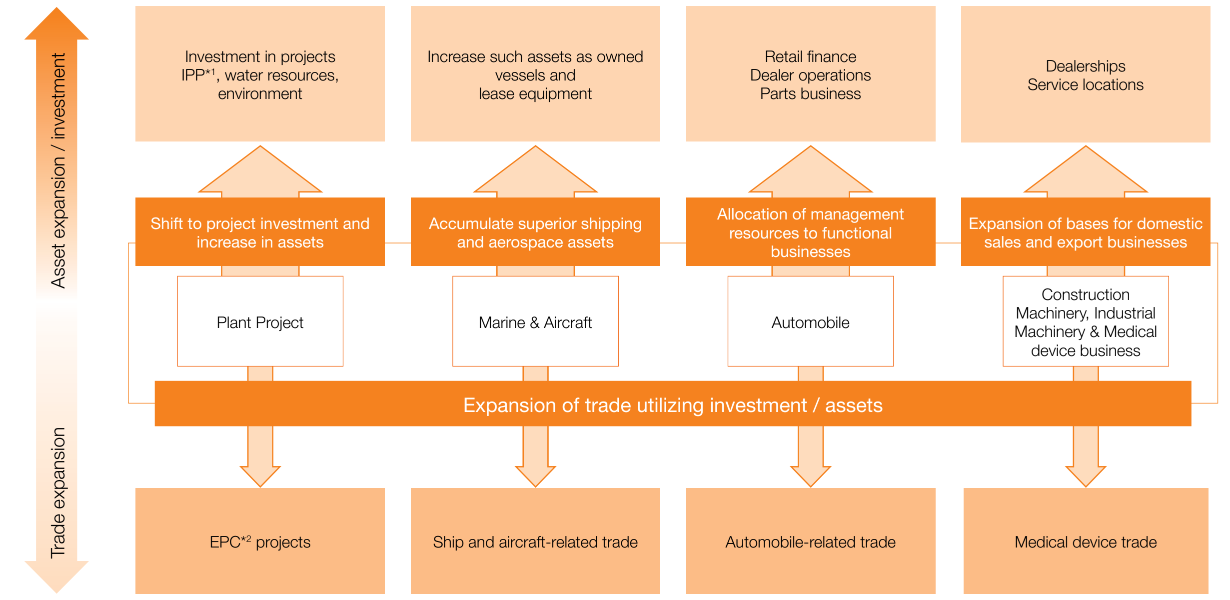
VALUE DRIVER

Sarulla Geothermal IPP Project in Indonesia

In April 2013, ITOCHU, Kyushu Electric Power Co., Inc., PT Medco Power Indonesia, and Ormat Technologies, Inc., in the United States, concluded a 30-year power purchase agreement commencing in 2016 through the investment subsidiaries owned by each of the companies and jointly established operating company Sarulla Operations Ltd, with Indonesia's state-owned electricity company, PT Perusahaan Listrik Negara (PLN), and PT Pertamina Geothermal Energy (PGE), a subsidiary of PT Pertamina. The agreement includes the development of a geothermal resource concession owned by PGE in Indonesia's Sarulla region in North Sumatra, construction of a geothermal plant with a total capacity of 320 MW and sales of generated power to PLN. A financing agreement on the project was concluded in March 2014, and financing closed successfully in May 2014. Owning 40% of potential geothermal resources, Indonesia holds the world's largest amount of such resources and positions geothermal energy as its strategic power source. ITOCHU will contribute to the Indonesian government's policy of promoting geothermal energy through this project and, with consideration for environmental protection and harmony with local communities, will continue to be active in the power generation business, promoting renewable energy resources such as geothermal energy and wind power.


Project construction site

Medium to Long-Term Growth Strategies (Conceptual Diagram)



*1 IPP: Independent power producer
*2 EPC: Engineering, Procurement, and Construction

Issues on the Social and Environmental Fronts for the Machinery Company to Address with a View to Sustainable Growth

Major Issue	Business	Reason for Importance from a Strategic Perspective
Environmental preservation, consideration for local communities	Infrastructure-related business	In infrastructure-related businesses, environmental preservation in development regions, harmony with local communities, and consideration for safety, health, and human rights are of paramount importance. Neglect in any of these areas could cause projects to fall foul of country regulations and result in stoppages. Alternatively, projects may not proceed according to schedule, reputation risk may become manifest, and costs may rise further than expected.

INITIATIVES FOR SUSTAINABILITY

Opportunity ITOCHU to Deliver Machinery for Subway Cars to a Municipal Subway Enterprise in Kiev, Ukraine

Under an agreement with Kryukovsky Railway Car Building Works (Kryukov), a major manufacturer of railroad rolling stock in Ukraine, ITOCHU has supplied machinery for 95 subway cars. The machinery, namely electrical items and brake systems, was supplied primarily by Japanese companies, including Mitsubishi Electric Corporation and FUJI ELECTRIC CO., LTD., for use in Kryukov's supply of subway cars to a municipal subway company in Kiev (Kiev Metro). Kiev Metro holds a vast quantity of rolling stock that is about 40–50 years old and was manufactured during the former Soviet era, and thus, an upgrade had become an urgent task. With this project, former rolling stock using direct current power was replaced with stock using alternating current with a variable-voltage, variable-frequency inverter control, thereby reducing electric power consumption by around 35% through the use of regenerative electric power. By employing Japan's cutting-edge technology, ITOCHU is assisting in the reduction of electric power consumption along with CO_2 emissions, thereby contributing to progress in Ukraine's energy-saving policy.


Kiev Metro subway car

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/machinery

Metals & Minerals Company

Organization

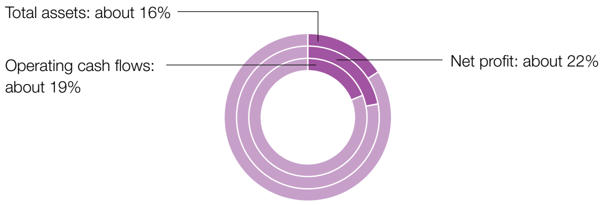
- Metals & Minerals Company
  - Metals & Mineral Resources Division
  - Coal, Nuclear Fuel & Solar Division
  - Steel Business Coordination Department
  - CFO
  - Planning & Administration Department

President, Metals & Minerals Company

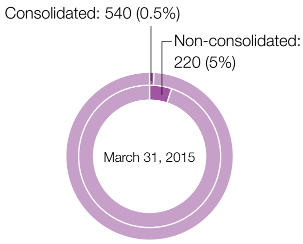
Eiichi Yonekura

Overview * Excludes impact of unordinary loss related to Brazilian iron ore operations

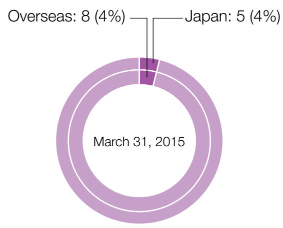
Percentage of the Total for ITOCHU (image)



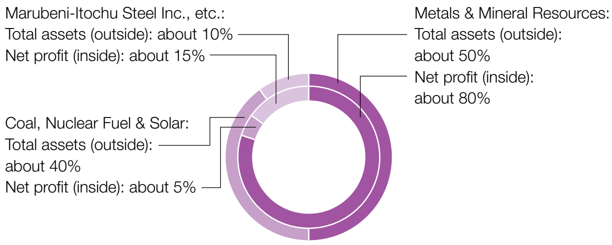
Percentage of Total Employees



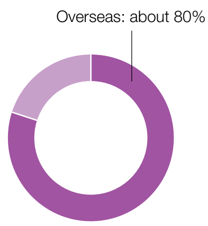
Percentage of Total Number of Subsidiaries and Affiliated Companies



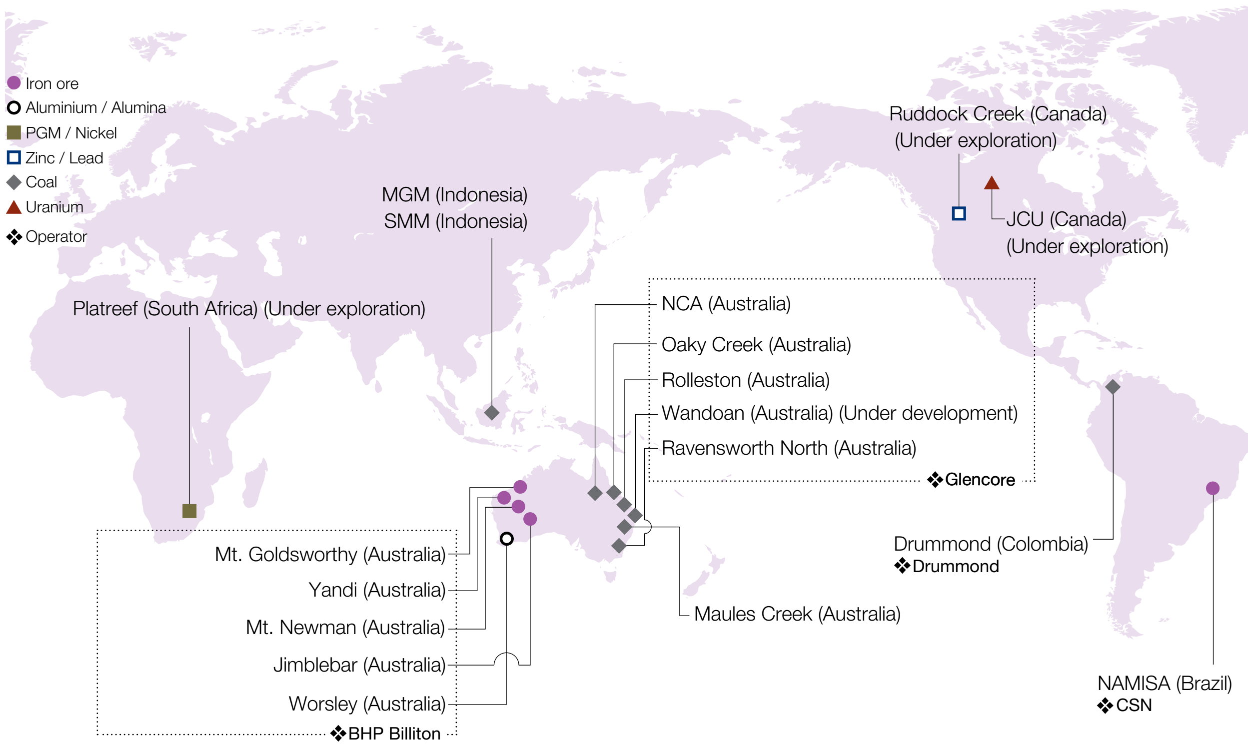
Company Composition by Consolidated Segment (image)



Company Percentage of Earnings from Overseas Businesses (image)



Business Portfolio



Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income fell 36%, to ¥47.1 billion, due to a decline in iron ore and coal prices, despite an increase in iron ore sales volume, reduction of costs in iron ore and coal-related companies, and the positive impact of foreign currency translations. Net profit attributable to ITOCHU dropped 85%, to ¥11.2 billion, owing to the fall in trading income and an impairment loss related to Brazilian iron ore operations.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	620.9	1,015.7	1,175.2	1,308.2	1,261.8
ROA	19.2%	17.4%	7.5%	6.0%	0.9%
Trading income	113.6	101.6	57.4	73.2	47.1
Equity in earnings of associated companies / associates and joint ventures	29.4	44.3	42.1	34.3	(46.8)
Net income / profit attributable to ITOCHU	111.0	142.1	82.5	74.1	11.2
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies					
ITOCHU Metals Corporation	1.2	1.2	1.3	1.4	0.2
ITOCHU Minerals & Energy of Australia Pty Ltd	80.1	89.3	50.3	58.4	42.3
Marubeni-Itochu Steel Inc.	6.8	12.9	12.8	13.0	12.8
Brazil Japan Iron Ore Corporation	12.9	36.8	10.4	3.8	(44.8)
ITOCHU Coal Americas Inc. (ICA)	—	2.0	3.5	0.5	0.1
[Subtotal]	[101.0]	[142.2]	[78.3]	[77.1]	[10.6]

ITOCHU's Equity Interests (Sales Results)

Million Tons

Years ended March 31	2011	2012	2013	2014	2015
Iron Ore	13.2	16.1	17.6	18.1	20.5
ITOCHU Minerals & Energy of Australia Pty Ltd	10.5	12.4	13.4	16.0	18.7
Brazil Japan Iron Ore Corporation (NAMISA)	2.7	3.7	4.3	2.0	1.8
Coal	8.0	8.9	11.6	10.7	13.2
ITOCHU Minerals & Energy of Australia Pty Ltd	8.0	6.8	7.0	7.0	7.4
ICA (Drummond Company's Mining Operations in Colombia)	—	2.1	4.5	3.7	5.8

Message from the Division Company President

We will grow by striking a balance between investment and trade, and create a stable earnings base.

Our Focus for Fiscal 2016

In fiscal 2015, we experienced a decline in iron ore and coal prices and posted an impairment loss on Brazilian iron ore operations, which led to a year-on-year decline in earnings. However, we worked to improve the efficiency of operations, collaborated with business partners on cost-reduction efforts, and undertook other measures to reduce our exposure, thereby building the groundwork for mine management to be capable of withstanding lackluster markets. Our strength on deep and broad-ranging trade flows that run from metals and mineral resources to steel and non-ferrous derivative products provides the framework for robust earnings.

In fiscal 2016, to stabilize profit base furthermore, we will work to expand our business in a manner that balances investment and trade. In the investment category, we will strive to accurately anticipate global growing supply and demand trends for metals, mineral resources, and energy in order to build a portfolio of assets that incorporate base metals and rare metals. With regard to trade, we will leverage the comprehensive power of the ITOCHU Group to target businesses with excellent partners and accelerate business development in North America and Asia. We believe these measures will be key to building a business core that is resistant to short-term changes in resource prices.

Company Characteristics

Strengths

- Strong relationships with excellent business partners in each business area
- Ownership of superior resource assets
- Deep, broad-ranging trade flows that run from metals and mineral resources to derivative products (steel, non-ferrous, etc.)

Earnings Opportunities

- Long-term demand growth for metals, mineral resources, and energy

Challenges

- Establishment of an earnings platform resistant to fluctuations in resource prices

Medium to Long-Term Growth Strategies

The Metals & Minerals Company is working to secure cost-competitive equity interests in metals and mineral resources, which underpin the industrial framework, and make more efficient use of these interests to secure profits even in the face of fluctuating market prices. Furthermore, we are working to secure non-ferrous metals, rare metals, rare earth metals, and other resources for which stable procurement has been an issue. In the trade area, we will persevere on building a value chain centered on equity interests while also leveraging the comprehensive strengths of the ITOCHU Group to concentrate on adding value to our trade business.

We will cultivate superior projects and collaborate on the investment and trade fronts with CITIC and CP Group to promote well-balanced cooperation.

Taking the long-term perspective that is a Metals & Minerals Company hallmark, we will create a sustainable business structure. Based on voluntary standards for environmental management and biodiversity preservation, we will work in tandem with communities and promote safe labor environments. At the same time, we will actively undertake activities in the solar power and environmental businesses, as well as recycling and other businesses that contribute to society.

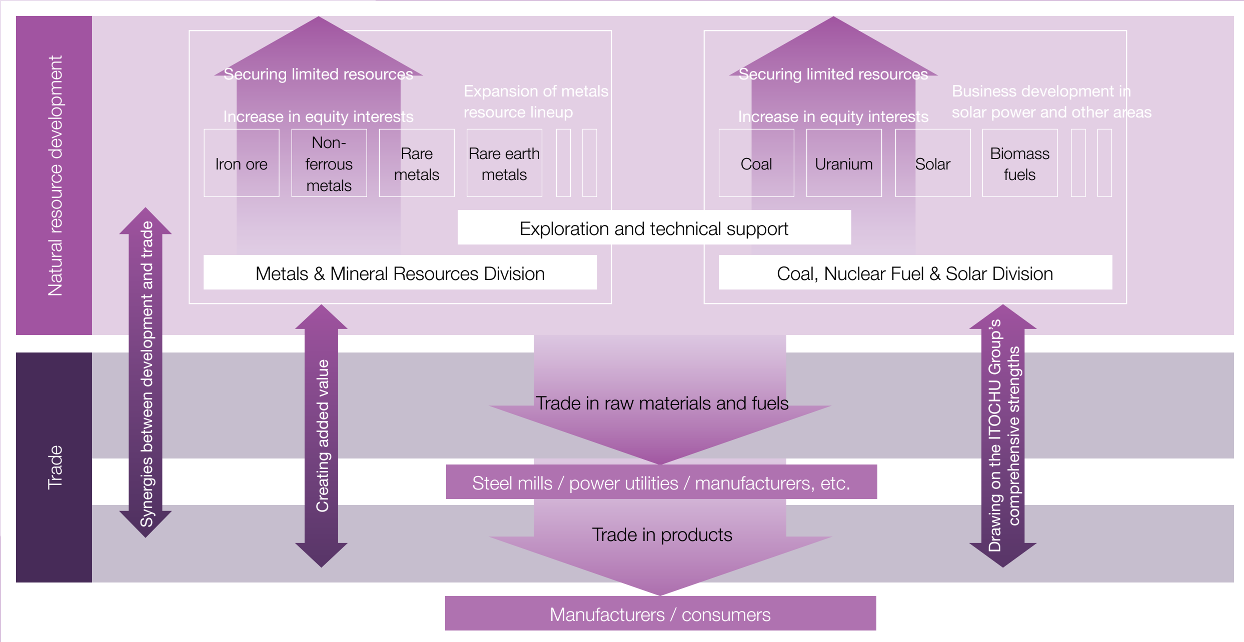
VALUE DRIVER

Jimblebar Iron Ore Mine to Secure a Stable Supply

Railroad for transporting Jimblebar iron ore (photo courtesy of BHP Billiton)

In 2013, ITOCHU acquired an 8% stake in BHP Iron Ore (Jimblebar) Pty. Ltd., which is developing the Jimblebar Iron Ore Mine. This operation is part of the iron ore business of leading mining company BHP Billiton. Situated in Western Australia, the Jimblebar Iron Ore Mine has large prospective deposits and is a large-scale, cost-competitive, open-pit mining operation. Expansion work is complete to bring the mine's annual capacity to 45 million tons, and operations are proceeding smoothly. ITOCHU already operates three iron ore joint ventures in Western Australia with BHP Billiton, and ore from the Jimblebar Iron Ore Mine is transported through the rail and port facilities owned by these joint ventures. We expect further operational efficiencies to contribute to a more robust earnings base.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Issues on the Social and Environmental Fronts for the Metals & Minerals Company to Address with a View to Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
Consideration for human rights and local communities	Development of metals and mineral resources	When developing metals and mineral resources, maintaining harmony with local communities and ensuring a labor environment that gives due consideration to health and safety are paramount. Neglecting these factors could lead to operational stoppages that would result in lost earnings opportunities and escalating costs due to legal sanctions.
Consideration for the environment and ecological preservation	Development of metals and mineral resources	Many locales that have abundant mineral resources are also blessed with biodiversity. We must manage our environmental impact and respect global calls to protect biodiversity. A lack of care in such areas could result in interrupted development and other constraints.

INITIATIVES FOR SUSTAINABILITY

Risk Management

Operation of Environment, Health, and Labor Safety (EHS) Guidelines (Mining business)

The Metals & Minerals Company takes part in the exploration for metals, coal, and uranium resources that could be a source of environmental pollution and endanger people involved in the business through accidents and damage to health. Accordingly, we have voluntarily established and operate EHS guidelines (for mining) in the interest of minimizing or preventing EHS risks; preserving biodiversity; and understanding and giving maximum consideration to local communities.

Opportunity

Construction of a Mega-Solar Facility in the City of Oita

In August 2014, ITOCHU began constructing its first and proactive mega-solar (large-scale solar) power plant—on the premises of Mitsui Engineering & Shipbuilding Oita Works in the city of Oita, in Oita Prefecture. Slated to commence operations in March 2016, the generated power will be sold to Kyushu Electric Power Co., Inc., for a period of 20 years. The predicted generating capacity of 52,500,110 kWh is equivalent to the annual power consumption of approximately 9,300 regular homes. The plant is expected to reduce CO_2 emissions by approximately 32,000 tons per year.


Site of the future Oita mega-solar facility

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/metal

Energy & Chemicals Company

Organization

- Energy & Chemicals Company
  - Energy Division
  - Chemicals Division
  - CFO
  - Planning & Administration Department

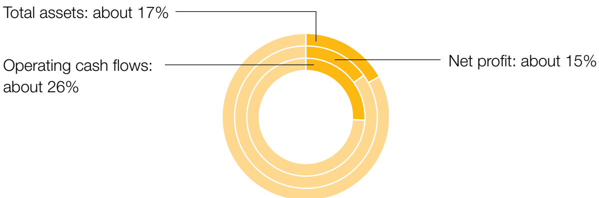
President, Energy & Chemicals Company

Yuji Fukuda

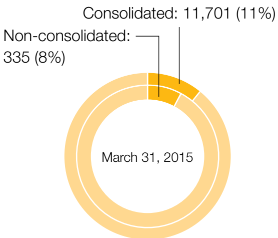
Overview

* Excludes impact of unordinary loss related to the U.S. oil and gas development business

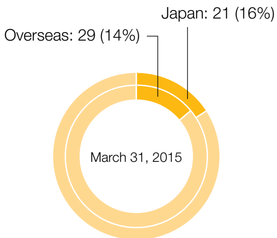
Percentage of the Total for ITOCHU (image)



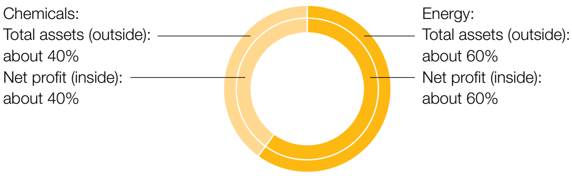
Percentage of Total Employees



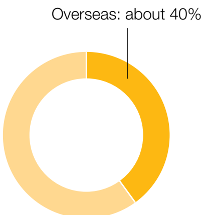
Percentage of Total Number of Subsidiaries and Affiliated Companies



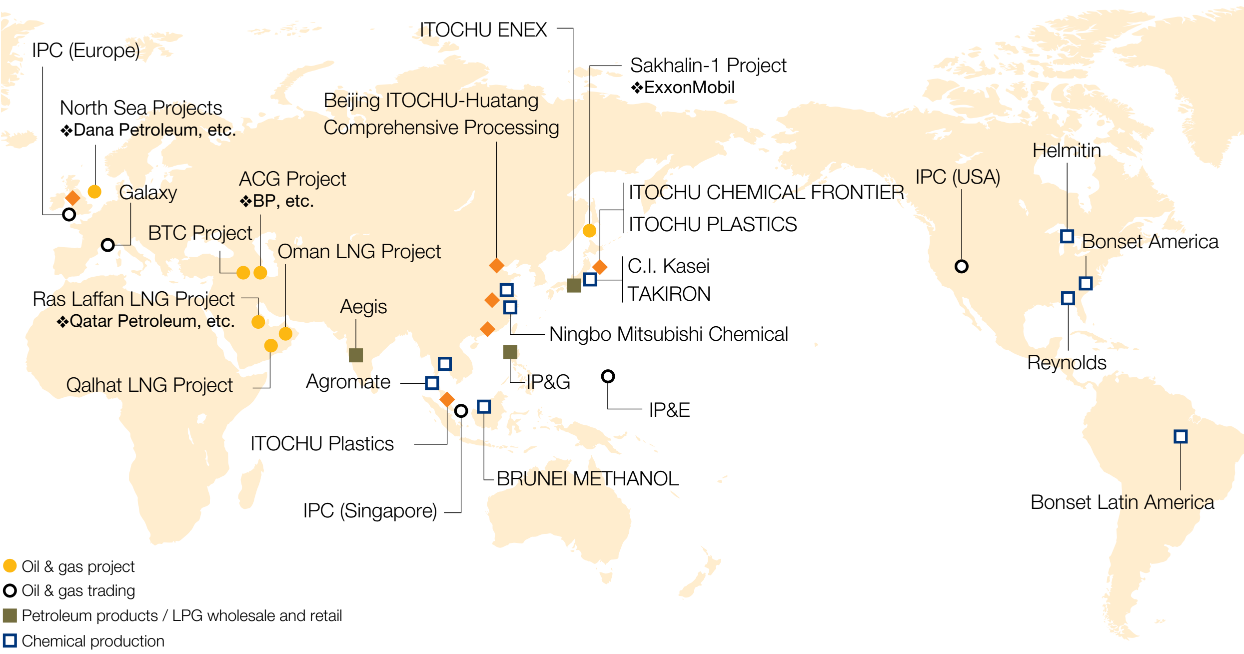
Company Composition by Consolidated Segment (image)



Company Percentage of Earnings from Overseas Businesses (image)



Business Portfolio



- Oil & gas project
- Oil & gas trading
- Petroleum products / LPG wholesale and retail
- Chemical production
- Chemical trading
- ❖ Operator

Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income was down by 24%, to ¥43.9 billion, due to lower transaction volume of equity crude oil and a decline in oil prices, despite the effects of acquisition of subsidiaries in the energy segment. Net profit attributable to ITOCHU fell 86%, to ¥2.4 billion, despite the absence of unordinary losses in the bioethanol business present in the previous fiscal year, owing to the decline in trading income and an increase in impairment loss in a U.S. oil and gas company.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	1,085.8	1,287.1	1,335.2	1,283.7	1,329.5
ROA	1.2%	3.2%	1.8%	1.3%	0.2%
Trading income	42.1	47.0	53.7	57.5	43.9
Equity in earnings of associated companies / associates and joint ventures	1.7	2.4	(28.3)	(32.9)	(39.6)
Net income / profit attributable to ITOCHU	12.6	37.8	23.1	16.7	2.4
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies, etc.					
ITOCHU Oil Exploration (Azerbaijan) Inc.	10.7	13.0	13.1	15.7	6.9
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	0.0	(0.2)	0.8	4.3	1.0
JD Rockies Resources Limited	(0.1)	(0.1)	(31.2)	(32.5)	(43.8)
ITOCHU ENEX CO., LTD.	2.2	2.4	3.2	3.9	2.8
ITOCHU CHEMICAL FRONTIER Corporation	2.0	2.9	3.0	3.2	3.1
ITOCHU PLASTICS INC.	2.2	1.9	2.2	3.0	3.5
Dividend from LNG Projects (PAT)	6.3	6.6	7.7	7.8	8.3
[Subtotal]	[23.3]	[26.5]	[(1.2)]	[5.4]	[(18.2)]

ITOCHU's Equity Interests (Sales Results)

1,000 Barrels per Day*

Years ended March 31	2011	2012	2013	2014	2015
Oil and Gas	35.0	33.0	58.0	52.0	50.0

* 6,000 cubic feet of natural gas = 1 barrel of crude oil equivalent

Message from the Division Company President

We aim to increase earnings through synergies among divisions, and establish an even more stable management foundation.

Our Focus for Fiscal 2016

During the period of "Brand-new Deal 2014," in the energy area, additional crude oil production commenced in Azerbaijan at the Azeri-Chirag-Gunashli (ACG) Oil Fields, and we propelled development activity of a crude oil development project in the U.K. North Sea. We also expanded our business in the chemical area, such as stepping up our involvement in Agromate Holdings Sdn Bhd, one of the largest fertilizer distributors in Malaysia.

Under "Brand-new Deal 2017," we plan to steadily increase earnings through trade and also concentrate on acquiring superior new assets, in addition to reaping the benefits from large-scale projects currently under way. We will establish an even more stable management foundation through a focus on cash flows and by stringent cost control.

By leveraging the Energy & Chemicals Company's unique presence in both the resource and non-resource sectors, we intend to work proactively to create joint projects with CITIC and CP Group, based on our strategic business alliance and capital participation agreement.

By expanding our value chain in energy and chemicals domestically and overseas, we aim to contribute to economic development in Japan, Asia, and the rest of the world.

Company Characteristics

Strengths

- Solid customer base in trade in Asia and the Middle East
- Expertise based on extensive experience in oil and gas exploration and development activities
- Competitive capabilities for procuring chemical product-related commodities, sales bases at locations throughout the world, and business development with partners

Earnings Opportunities

- Ongoing increases in oil and gas demand, centered on emerging countries in the ASEAN region and other areas
- Trade opportunities leveraging strong sales capabilities in LPG and naphtha
- Strong growth in demand for chemical products and trading activities in China, the ASEAN region, and North and Latin America

Challenges

- Amid peaking growth in developed countries, capturing growing energy demand in emerging countries
- Appropriate risk management of resource price volatility
- Expanding trading activities by development of upstream businesses, while expanding core businesses and new operations downstream

Medium to Long-Term Growth Strategies

With regard to trading in the energy area, we will continue to expand the traditional flow of business—importing and wholesaling products to countries in Asia. Meanwhile, we will take advantage of the opportunity presented by growing unconventional crude oil and gas production in North America to encourage the new flow of energy trade from North America to Asia.

In oil and gas exploration and production, we plan to leverage our expertise and experience in working with superior partners to enlarge existing projects while curtailing risk, and to expand our business through participation in producing assets. In development of our projects, we recognize that factors such as consideration for the environment, harmony with local communities, and safe working environments are essential to business continuity. Accordingly, we and our partners have adopted measures appropriate to these considerations.

In the chemicals area, we will expand our business field in organic chemicals, plastics, and inorganic chemicals by utilizing our global trading capabilities. We will aim to advance projects in upstream areas to secure competitive raw materials, whilst taking steps to bolster our supply chains, especially in the retail area including pharmaceuticals, plastics processing, and electronic materials. With regard to the handling of chemical products, we will ensure compliance with chemical-related laws in any jurisdiction by training and strengthening control across the supply chain, from raw materials until our products reach the hands of the purchaser.

Furthermore, we plan to create synergies with CITIC and CP Group in line with our strategic business alliance and capital participation agreement.

VALUE DRIVER

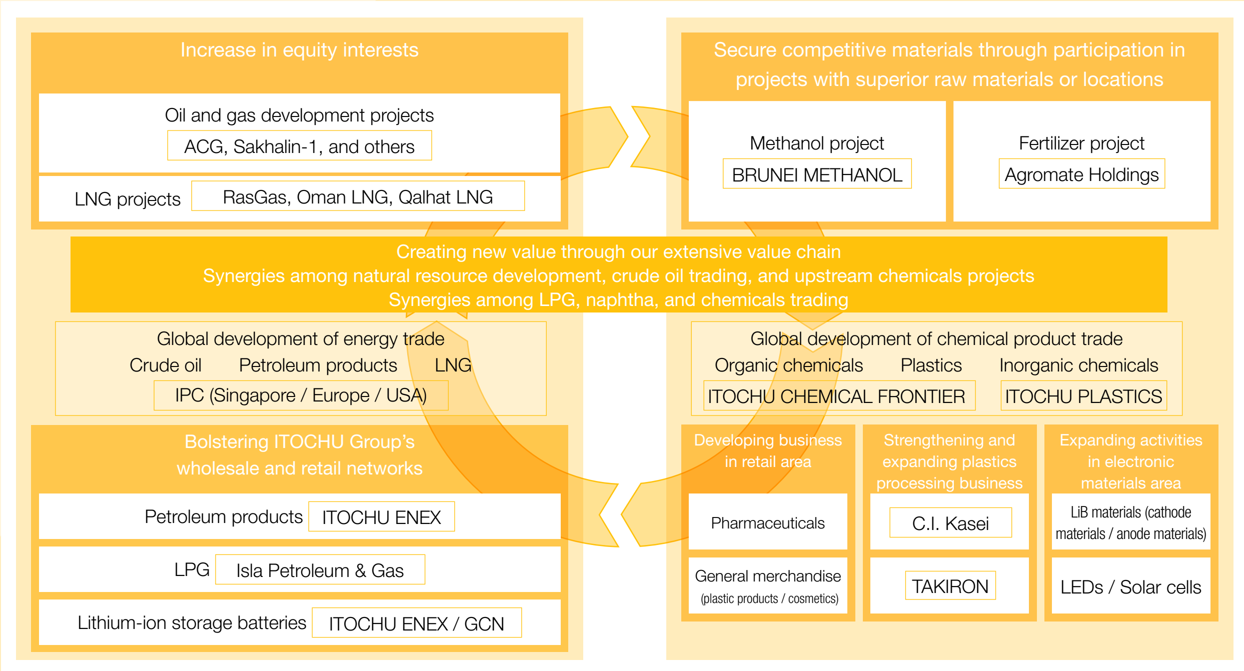
ITOCHU Makes a Full-Fledged Entry into the LPG Distribution Business in India

In November 2014, through a Group company, ITOCHU purchased 40% of the shares of AEGIS GROUP INTERNATIONAL PTE. LTD. (AGI). AGI is a subsidiary of AEGIS LOGISTICS LIMITED (Aegis), which owns and operates receiving terminals for LPG, petroleum products, and chemicals in India, and is in charge of supplying LPG mainly to the receiving terminals owned by Aegis. AGI supplies more than 700,000 metric tons of LPG per year to the Indian market, making it the country's largest private company in this category by LPG sales volume.

Amid growing global shipping volumes for LPG, India is the world's third-largest market in terms of annual demand, following the United States and China. With economic growth due to a growing population and the government's enactment of clean energy measures, demand is expected to grow further, making India a promising market. ITOCHU currently trades 5.0 million metric tons of LPG annually to markets in Japan, China, South Korea, the Philippines, India, Indonesia, Thailand, as well as other Asian countries. Through this full-fledged entry into the growth market of India, ITOCHU expects to maximize the Aegis sales network to contribute to the distribution of LPG in India, as well as to further expand its Asian LPG supply network and boost its LPG-related businesses.


LPG storage facilities in Mumbai (photo courtesy of Aegis)

Medium to Long-Term Growth Strategies (Conceptual Diagram)



* … Company / project name

Issues on the Social and Environmental Fronts for the Energy & Chemicals Company to Address with a View to Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
Consideration for human rights and local communities	Energy development	In energy development, any neglect in ensuring harmony with local communities and working environments that give due consideration to health and safety could lead to operational stoppages, causing lost earnings opportunities and increased costs related to legal sanctions.
Management of dangerous or hazardous substances	Chemical products	Any deficiencies in managing dangerous or hazardous substances in accordance with related laws and regulations could lead to legal sanctions and the manifestation of reputational risk, ultimately causing operations to be stopped or handling volumes reduced. Accordingly, such deficiencies could have implications for both revenues and costs.

INITIATIVES FOR SUSTAINABILITY

Opportunity **Investment in a U.S. Power-Saving Service Provider and Intelligent Energy Storage-Related Business Initiatives**

Through a joint investment with K Road DG LLC, ITOCHU will underwrite a capital increase through a third-party allocation of newly issued shares from Green Charge Networks (GCN), a U.S. energy management services company that combines proprietary software with lithium-ion storage batteries. ITOCHU will launch this energy management system business in the Japanese and overseas markets, including the United States. GCN has developed software for real-time remote monitoring of its storage battery system, enabling customers to reduce peak demand charges and to achieve significant reductions in their electricity bills. ITOCHU will develop full-scale business operations in this area.

Through its investment in GCN, ITOCHU aims to take full advantage of benefits of intelligent stationary battery storage to reduce peak power on the demand side, thereby contributing to the realization of an energy-efficient society that uses clean and dispersed energy sources.


GCN's storage battery system in use at a university in California

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/chemical

Food Company

Organization

■ Food Company
- Provisions Division
- Fresh Food Division
- Food Products Marketing & Distribution Division
  - CFO
  - Planning & Administration Department

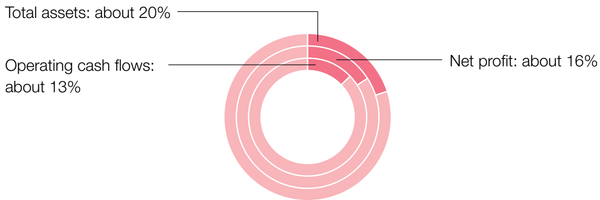
President, Food Company

Koji Takayanagi

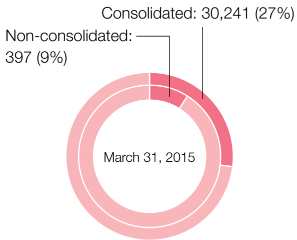
Overview

* Excludes impact of unordinary gain related to TING HSIN (CAYMAN ISLANDS) HOLDING CORP.

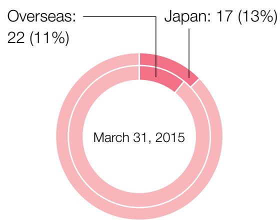
Percentage of the Total for ITOCHU (image)



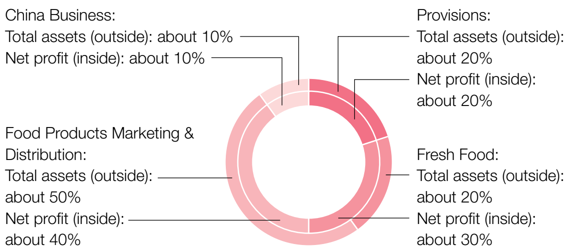
Percentage of Total Employees



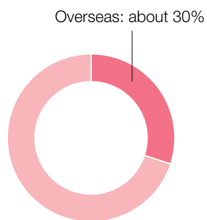
Percentage of Total Number of Subsidiaries and Affiliated Companies



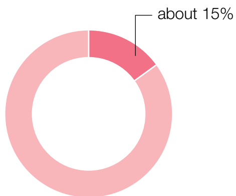
Company Composition by Consolidated Segment (image)



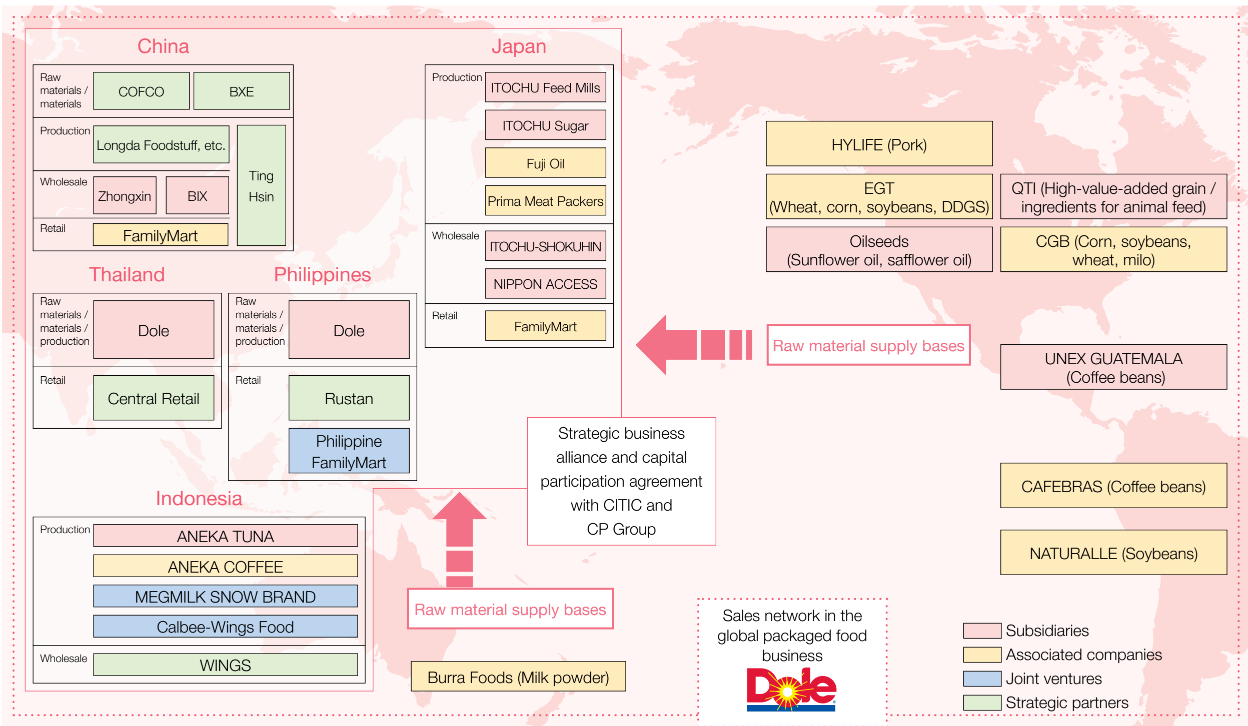
Company Percentage of Earnings from Overseas Businesses (image)



Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image)



Business Portfolio



Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income was slightly dropped, to ¥46.6 billion, despite improved profitability at provisions-related subsidiaries, owing to cost increases at food distribution- and fresh food-related businesses. However, due to the posting of an unordinary gain related to TING HSIN (CAYMAN ISLANDS) HOLDING CORP., favorable performance in fresh food-associated companies, and a gain on sales of affiliates in the CVS companies, net profit attributable to ITOCHU approximately doubled, to ¥114.4 billion.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	1,208.7	1,298.4	1,370.2	1,575.2	1,772.2
ROA	1.9%	3.5%	3.4%	3.9%	6.9%
Trading income	39.8	37.4	40.4	49.3	46.6
Equity in earnings of associated companies / associates and joint ventures	11.7	20.1	22.9	21.5	27.0
Net income / profit attributable to ITOCHU	22.4	43.8	45.7	57.5	114.4
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies, etc.					
NIPPON ACCESS, INC.*1	6.5	8.6	10.8	11.6	8.6
China Foods Investment Corp.*2	4.0	2.4	2.7	4.3	3.3
Unordinary gain related to TING HSIN (CAYMAN ISLANDS) HOLDING CORP.	—	—	—	—	60.5
Dole International Holdings, Inc.	—	—	0.0	7.1	4.8
Fuji Oil Co., Ltd.	2.5	2.3	2.3	2.1	2.4
Prima Meat Packers, Ltd.	(1.4)	2.4	2.4	2.0	2.7
FamilyMart Co., Ltd.	4.0	6.7	9.1	7.3	8.1
[Subtotal]	[15.6]	[22.4]	[27.3]	[34.4]	[90.4]
Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image)*3	about 15%				

*1 On March 1, 2011, NIPPON ACCESS, INC., merged with the former Family Corporation Inc. and made the former Universal Food Co., Ltd., a consolidated subsidiary. In addition, the company received a business transfer from the former ITOCHU Fresh Corporation Inc. on October 1, 2011. Net income attributable to ITOCHU of NIPPON ACCESS, INC., for the same period of the previous fiscal year ended March 31, 2011 shows the total of these 4 companies.
*2 Not a Group company as of March 31, 2015
*3 Excludes impact of unordinary gain related to TING HSIN (CAYMAN ISLANDS) HOLDING CORP.

Message from the Division Company President

We will expand our operating capabilities and business areas in Japan, China, and other parts of Asia by maximizing the Dole business and a strategic business alliance with CITIC and CP Group.

Our Focus for Fiscal 2016

We consider fiscal 2016—the first year of "Brand-new Deal 2017"—an important time for putting in place the stepping-stones for sound and steady growth in the Food Company. In addition to augmenting the profitability of the Dole and other existing businesses, we will leverage our strategic alliance with CITIC and CP Group to expand our operating capabilities and business areas in China and other parts of Asia, thereby enhancing our earnings base. To further improve the quality and efficiency of our assets, we will scrutinize individual projects from various angles and pursue aggressive asset replacement in the name of growth. Amid a rising awareness of food safety in emerging countries as well as in Japan, we will reinforce our management structure with an emphasis on ensuring food safety and security. Through these measures, we aim to secure net income attributable to ITOCHU of ¥55.0 billion in fiscal 2016.

Company Characteristics

Strengths	Earnings Opportunities	Challenges
■ Ability to procure food resources stably, particularly from North and South America and Australia ■ Configuration of a robust value chain in Japan ■ Global development, centered on the Dole business	■ Market expansion in China and other parts of Asia in line with growing populations and rising income levels ■ Business expansion leveraging a strategic business alliance with CITIC and CP Group	■ Contributing to food safety and security in countries around the world, particularly in Asia ■ Responding to the shrinking market in Japan caused by a falling birth-rate and aging population

Medium to Long-Term Growth Strategies

Although the Food Company is seeing some sales increases in Japan thanks to a partial economic recovery, the market is shrinking due to the country's falling birthrate and aging population, consumers remaining keenly focused on lower prices, and the rising cost of foodstuffs as a result of yen depreciation. Given these factors, we do not view the outlook with optimism. On the other hand, business opportunities are increasing overseas, as growing populations and rising levels of income in Asian and other emerging countries drive demand higher. Against this backdrop, and in line with the companywide policy of "reinforcing our financial position," the Food Company will work to further improve the quality and efficiency of its assets through asset replacement. We will also continue building a value chain that is high-value-added in Japan, China, and other parts of Asia, as well as throughout the world, concentrating specifically on the Dole business and joint business development with CITIC and CP Group.

Simultaneously, we will endeavor to ensure a stable supply of food resources, thereby addressing food issues that affect all of humankind. Recognizing that ensuring food safety and security is its topmost objective, the Food Company will work with investees and partners to further enhance its management system.

VALUE DRIVER

Participating in the Business of Inland Collection and Export of Grain in Brazil

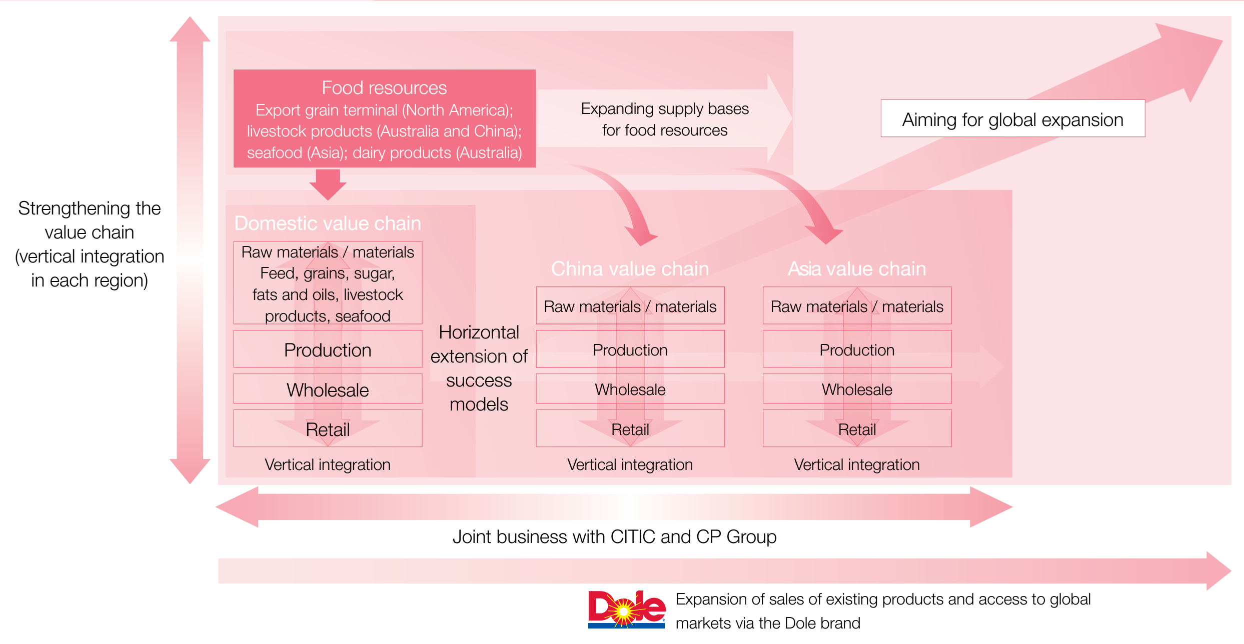
In March 2015, ITOCHU acquired a 50% stake in NATURALLE AGRO MERCANTIL LTDA., which engages in the business of inland collection and export of grain and the development and sale of soybean seeds in Brazil.

By combining NATURALLE's expertise in the grain collection business in Brazil and ITOCHU's strength in sales and logistics in Japan and other parts of Asia, we aim to expand our handling of Brazilian grains. To augment and enhance the food value chain in Brazil, we aim to invest in inland collection silos, port terminals, and other logistics infrastructure, and may consider an investment in oil pressing and other businesses.

To create and extend its global value chain, in addition to its existing grain collection and supply point in North America, ITOCHU will build and expand supply bases in South America to provide an increasingly stable supply of food to Japan and other Asian countries.


Farmland

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Issues on the Social and Environmental Fronts for the Food Company to Address with a View to Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
Food safety management	Overall business	As an entity that handles food, food safety management is a leading priority for the Food Company. Even more than affecting ongoing performance, any food safety issue due to neglect in this area could endanger our continued existence.
Securing food resources	Raw materials business	Demand for food is expected to continue rising as the world's population increases, but supply risks exist, as arable land is affected by large-scale droughts and overfishing threatens seafood resources. For that reason, ensuring the stable procurement of agricultural and fishery resources, as well as securing new supplies, is essential to our business sustainability.

INITIATIVES FOR SUSTAINABILITY

Risk Management **Imported Food Safety Management Initiatives**

The Food Company is undertaking broad-based measures to ensure food safety, and each of our salespeople liaises with the Food Safety and Compliance Management Section as part of these efforts. Particularly with regard to imported processed foods, at least once each year we conduct on-site surveys of the food processing plants of our overseas suppliers. During these visits, we confirm some 100 items related to food safety and 25 concerning food defense*1, proposing improvements where necessary.

In addition to these measures, in January 2015 we set up the China Food Safety Management Team in Beijing to bolster safety management on foods imported from China. In addition to having several Chinese staff dedicated to conducting regular audits, we conduct unannounced and impromptu inspections to increase the opportunities for consensual validation with factories and facilitate ongoing improvements. We also dispatch dedicated Japanese staff who are highly experienced at factory audits (senior environmental examiners registered with CEAR*2) to China each month to provide training. Through these efforts, we aim to create a management structure comparable to the one we have in operation in Japan.


Plant audit

*1 Food defense: the means of preventing the deliberate contamination of food
*2 CEAR: Japan Environmental Management Association for Industry Center of Environmental Auditors Registration

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/food

ICT, General Products & Realty Company

Organization

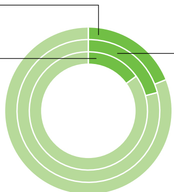
■ ICT, General Products & Realty Company
- Forest Products & General Merchandise Division
- ICT Division
- Construction, Realty & Logistics Division
- Financial & Insurance Business Division
- CFO
- Planning & Administration Department

* Organizational change on April 1, 2015

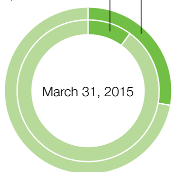
President, ICT, General Products & Realty Company
Tomofumi Yoshida

Overview

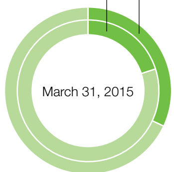
Percentage of the Total for ITOCHU (image)



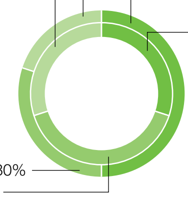
Percentage of Total Employees



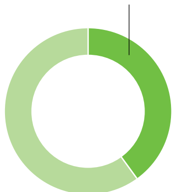
Percentage of Total Number of Subsidiaries and Affiliated Companies



Company Composition by Consolidated Segment (image)*

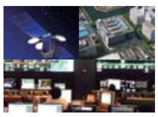
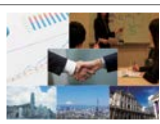


Company Percentage of Earnings from Overseas Businesses (image)



* Based on former business segments

Business Portfolio

Forest Products & General Merchandise Division	 Pulp production (Brazil and Finland)	 Natural rubber processing business in Southeast Asia	 Tyre distribution and retail business in Europe	 Building material business in North America
ICT Division	 IT solutions business	 BPO service business	 Satellite & communications business	 Mobile phone distribution
Construction, Realty & Logistics Division	 Domestic residential development business	 Overseas real estate development business	 Logistics facility development business	 Logistics operations business
Financial & Insurance Business Division	 Global consumer finance	 M&As, corporate and project finance	 Insurance underwriting business	 Insurance distribution business

Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income expanded 16% during the fiscal year, to ¥73.0 billion, thanks to higher transaction volume in domestic ICT-related companies, stable performance in mobile phone-related companies, and increased transactions on construction-related projects, as well as the favorable impact of yen depreciation against the British pound. Net profit attributable to ITOCHU grew slightly, to ¥79.0 billion, benefiting from higher trading income, a rise in equity in earnings of associated companies, and a gain on remeasurement from the conversion of an Internet advertising company from an associated company to other investments.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	1,053.7	1,188.7	1,363.4	1,581.7	1,622.3
ROA	0.6%	3.4%	4.1%	5.2%	5.0%
Trading income	42.3	55.8	53.6	62.9	73.0
Equity in earnings of associated companies / associates and joint ventures	3.9	17.4	24.5	36.0	34.8
Net income / profit attributable to ITOCHU	6.0	37.6	52.1	76.3	79.0
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies					
ITOCHU Kenzai Corp.	0.0	1.8	1.5	3.0	2.8
ITOCHU FIBRE LIMITED	—	—	2.4	6.5	5.9
European Tyre Enterprise Limited	—	(0.4)	2.2	5.1	4.7
ITOCHU Techno-Solutions Corporation	6.3	7.5	8.9	8.1	10.2
CONEXIO Corporation	1.4	1.5	4.2	5.4	2.9
ITOCHU LOGISTICS CORP.	0.7	1.3	1.2	1.4	1.9
ITOCHU Property Development, Ltd.	1.7	2.6	1.8	2.2	2.4
Orient Corporation	(3.4)	(3.7)	(1.2)	2.7	3.0
[Subtotal]	[6.7]	[10.6]	[21.0]	[34.4]	[33.8]

Message from the Division Company President

We will strive to increase earnings further by expanding our earnings platform in core businesses and forging stronger links between businesses.

Our Focus for Fiscal 2016

In fiscal 2016, the first year of "Brand-new Deal 2017," we will strive to expand earnings on project investments made under the previous medium-term management plan, "Brand-new Deal 2014." We will also promote the further expansion of our earnings platforms in various business fields through new investments and aggressive asset replacement. During the year, we intend to continue expanding earnings in line with the growth trend that has continued since this Division Company's launch in April 2012.

Furthermore, we will pursue additional synergies by encouraging further collaboration between different business areas—a strength of the ICT, General Products & Realty Company. In addition to promoting synergies with CITIC and CP Group, we will work to organically develop our global network in a bid to create new value that will support abundant lifestyles.

We will also endeavor to create "new and true value" by cultivating people with specialist capabilities, building an organization that takes advantage of these strengths, and integrating these capabilities. In these ways, we will seek to increase returns to customers and other stakeholders, and enhance shareholder value.

Company Characteristics

Strengths
- Firm position and value chains in each area of business
- Creation of synergy through collaboration between businesses
- Leveraging of service infrastructures of various specialist organizations (BPO* business)

* BPO: Business process outsourcing

Earnings Opportunities
- Market growth as people in China and the ASEAN region gravitate toward more affluent lifestyles
- Expansion of the infrastructure services business in response to increasingly specialized and sophisticated business processes

Challenges
- Hedging risks of fluctuations on commodity (pulp, natural rubber, etc.) and residential prices
- Initiatives in response to changing market needs and regulations in various industries

Medium to Long-Term Growth Strategies

As the ICT, General Products & Realty Company is involved in a broad range of areas, we are adding and augmenting specialist strengths in each division and sector to establish a solid industry position. For instance, in the ICT sector our business ranges from systems-related construction to mobile phone distribution. In the construction business, through collaboration with Japan's largest residential J-REIT, we have the ability to develop and supply excellent housing, and in the finance business we have retail financing expertise developed through years of domestic and overseas experience.

To expand earnings, we will adopt a holistically cooperative approach that transcends boundaries between fields. Specifically, we are introducing Internet services to rental housing developed in our construction business, providing marine and domestic transport for manufacturers of housing products, and supporting Group companies in the logistics and insurance sectors with insurance coverage. By fostering synergy in such ways, we expect to continue enhancing services and providing added value to customers. This approach allows us to pursue multiple layers of profits and create "new and true value" to support affluent lifestyles. We will also promote collaboration with CITIC and CP Group.

At the same time, we will develop business in a way that embraces societal and environmental problems as opportunities: providing customers and consumers with IT support for energy management systems that address their environmental management needs, offering environment-friendly condominiums, and exporting blast furnace slag as a cement alternative, among others. In Forest Products & General Merchandise, we recognize ensuring stable supplies of forest resources and harmony with local communities as key business creation issues. An example of our efforts in this regard is our sustainable management of forest resources through CENIBRA of Brazil.

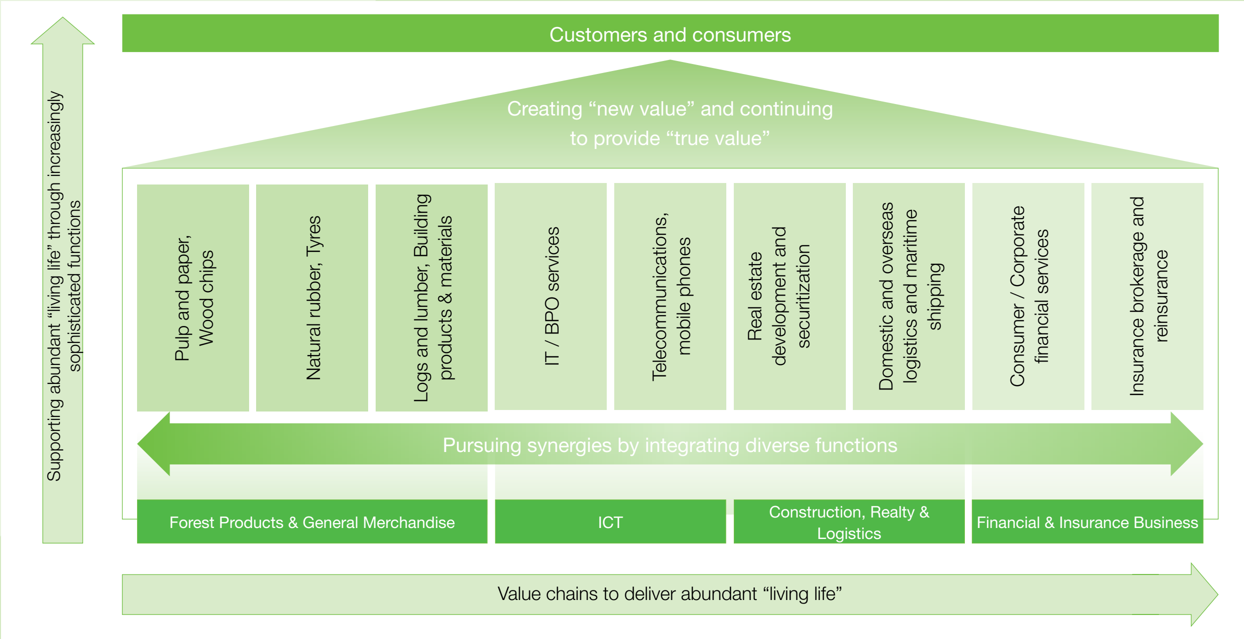
VALUE DRIVER

ITOCHU Invests in Bellsystem24 Holdings, Japan's Largest Contact Center Operations Service Provider

Bellsystem24's Kobe service center

In July 2014, ITOCHU acquired 49.9% of the issued shares of Bellsystem24 Holdings, Inc. This company's 22 domestic centers and business bases, staffed by approximately 20,000 operators, makes it Japan's largest contact center operations service provider. In addition to traditional BPO services using the telephone as the primary communication channel, it is actively undertaking BPO services that utilize rapidly expanding channels such as social media, as well as rolling out highly efficient and high-value-added services using IT technologies. ITOCHU positions these operations as a core new business area. In addition to enhancing the quality and efficiency of customer liaison and communication with consumers, ITOCHU will seek to augment corporate value by harnessing synergies with Group companies such as ITOCHU Techno-Solutions Corporation, which is involved in services ranging from system configuration to operational and maintenance support.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Issues on the Social and Environmental Fronts for the ICT, General Products & Realty Company to Address with a View to Sustainable Growth

Major Issue	Business	Reason for Importance from a Strategic Perspective
Sustainable forest management	Forest Products & General Merchandise-related business	Natural forests around the world continue to decrease at a high rate due to unsustainable forest management such as large-scale clear-cutting. To continue the sustainable use of limited forest resources, in the areas of logs and lumber, building products and materials, pulp and paper, and wood chips, sustainable forest management and the handling of certified forestry products is essential to developing business from a long-term perspective.

INITIATIVES FOR SUSTAINABILITY

Risk Management Education of Staff in Specific Operations in Relation to Forest Resources

Based on our ISO 14001 environmental management system, once each year we conduct a course for the "education of staff in specific operations" for employees involved in businesses that handle forestry resources having a high environmental impact. In fiscal 2015, we invited an external lecturer to conduct seminars in different CSR categories. Approximately 70 employees attended these seminars, which focused on such topics as deforestation, supply chain issues, and response to NGO activities and other companies, providing an overview of recent global trends. This training gives employees an opportunity to consider how to improve the role we have as a general trading company.

We have also formulated a procurement policy aimed at protecting natural forests and ensuring the sustainable use of forestry resources.

Opportunity Blast Furnace Slag Export Business

Blast furnace slag, a byproduct of steel production, is used as a cement alternative. The product is environmentally friendly, as it conserves on the use of natural resources and reduces the amount of energy used and CO_2 emitted during production processes by as much as 40%*, compared with the use of cement only. Steelmaking generates a constant amount of blast furnace slag, and we export the portion not used in Japan to more than 10 countries. By fulfilling our function as a general trading company, we are contributing to the effective use of resources around the globe.

* Calculated for a 55:45 mixture of cement to blast furnace slag


Bridge using blast furnace slag

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/general

ITOCHU's Approach to CSR

ITOCHU Corporation is pursuing multifaceted corporate activities in various regions around the world and across a wide range of fields. For ITOCHU, CSR entails making a contribution to the building of sustainable societies through business activities. As a global company, it is our mission to be "Committed to the Global Good."

ITOCHU Group Corporate Message

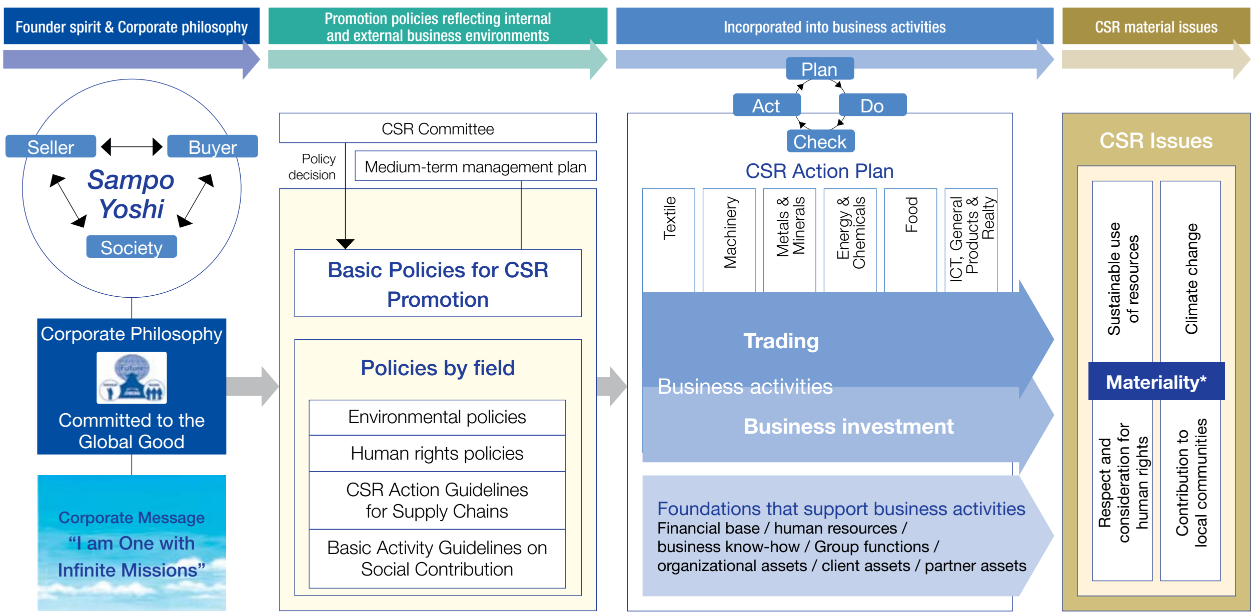
The founder of ITOCHU Chubei Itoh first launched a wholesale linen business in 1858, and since then ITOCHU has passed down the spirit of *sampo yoshi* (Good for the seller, Good for the buyer, and Good for society), a management philosophy embraced by Ohmi merchants. We at ITOCHU, in accordance with the ITOCHU Mission "Committed to the Global Good," believe that fulfilling our social responsibility through our business activities is important. In June 2014, we formulated our Corporate Message, "I am One with Infinite Missions," which clarifies our corporate philosophy of "Committed to the Global Good" and is a promise to society that we will fulfill our responsibilities. In addition, we formulated the five ITOCHU Values in 2009: Visionary, Integrity, Diversity, Passion, and Challenge. These values need to be respected by everyone at ITOCHU so that all employees around the world can properly understand and fulfill the responsibilities of the ITOCHU Group. Accordingly, these values are communicated to all employees.

For further information about the corporate philosophy and ITOCHU Values, please see page 4.

Approach to CSR Promotion at ITOCHU

While addressing the global issues of environmental conservation and respect for human rights, ITOCHU has defined the orientation for its promotion of CSR based on changes in internal and external business environments in the form of its Basic Policies for CSR Promotion. Also we are promoting CSR activities in both an organized and systematic manner. In addition, each organizational unit gives consideration to risks and opportunities by industry and formulates CSR Action Plans grounded in the basic policies. In accordance with the plan–do–check–act (PDCA) cycle, these action plans are linked to the resolution of CSR material issues through the business activities of trading and business investments. The CSR Promotion & Global Environment Department within our Corporate Communications Division plans and drafts up policies and initiatives for companywide CSR promotion. In accordance with the decisions of the CAO, who is the director in charge of CSR, organizational units in Japan and overseas implement these policies and initiatives. Policy formulation and important projects are discussed and determined by the CSR Committee, which is one of our key internal committees. In addition, through periodic dialogue with stakeholders inside and outside the Company, we track the expectations and demands that society has for ITOCHU and utilize that information in CSR promotion.

CSR Promotion Flow



* Materiality: Important issues in sustaining our corporate activities

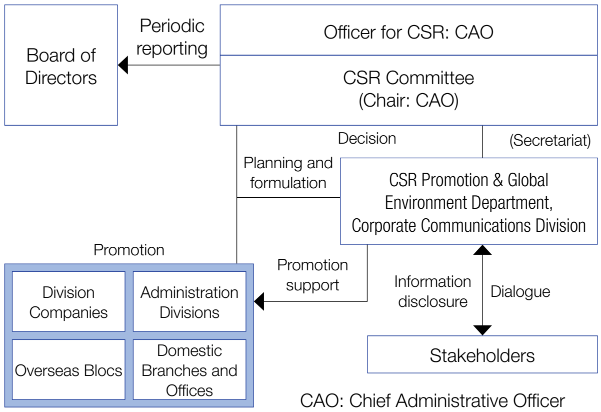
Basic Policies for CSR Promotion

Alongside the drafting of its management plan, ITOCHU formulates the Basic Policies for CSR Promotion, with the aim of globally promoting CSR with direct linkages to the management plan.

Basic Policies for CSR Promotion during the Period of "Brand-new Deal 2017" Covering Fiscal 2016–2018

1. Strengthening communications with stakeholders and disclosure of CSR information
2. Promoting businesses that help solve material issues (materiality)
3. Strengthening supply chain and business investment management to lead to sustainable use of natural resources with respect for human rights and consideration for the environment
4. Promoting education and edification on CSR and environmental conservation
5. Involving in and contributing to development of local and global communities

CSR Promotion System at ITOCHU

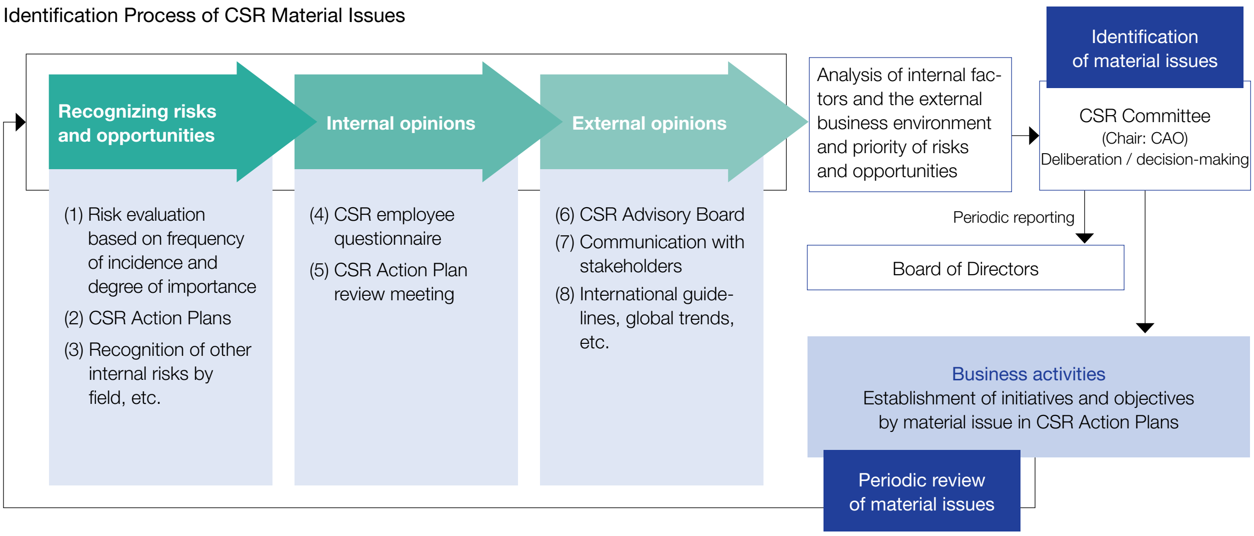


CAO: Chief Administrative Officer

CSR Material Issues—Identification Process and Promotion System

In 2013, ITOCHU had the CSR Committee determine the CSR material issues (materiality) by identifying risks and opportunities in each business field; taking accounts of the Company's business strategies, international developments, and opinions from inside and outside the Company, and analyzing the level of priority of each one. Specific initiatives targeting the resolution of these material issues are incorporated into each organizational unit's CSR Action Plan, and they are implemented by each Division Company. The material issues are continually verified and supplemented, and periodically reviewed by the CSR Committee. In addition, the contents of CSR Committee meetings are reported to the Board of Directors by the CAO. In these ways, we align the material issues with management policies with long-term perspective, and work to resolve them through our business activities.

Identification Process of CSR Material Issues



Awareness of Risks and Ongoing Review in Each Business Field

ITOCHU's business spans a wide range of fields. We regularly make reviews to assess industry-specific risks in each field, covering both internal factors and the external business environment. More specifically, we identify CSR risks in each field, such as labor risks, environmental risks, and compliance risks, ascertain the prospective frequency of incidence and degree of importance, and assess them. Taking into account these assessment results, we develop measures to prevent the actualization of and to curtail their influence. We likewise incorporate these assessments into the CSR Action Plans and review them on a continuous basis.

External Opinions

The CSR Advisory Board, which meets each year, facilitates dialogue about CSR promotion between ITOCHU managements and external stakeholders. The external opinions obtained from these dialogues are utilized in decisions about material issues and CSR management in the supply chain and business investment. ITOCHU's businesses are increasingly diverse and large scale, and consequently their influence on local residents and on the entire value chain is increasing. Against this backdrop, in fiscal 2015 the CSR Advisory Board met to discuss the theme of "Business and Human Rights: Relationships with Local Communities."

CSR Advisory Board
Fiscal 2015

Ms. Mariko Kawaguchi
(Senior Researcher, Daiwa Institute of Research Holdings Ltd.)

Mr. Katsuhiro Harada
(Professor, Meiji Gakuin University)

Mr. Hideki Wakabayashi
(Secretary General, Amnesty International Japan)

Active discussions were held and frank opinions were received from leading specialists on the front lines, including investors, NGOs, and academics, about expectations and concerns in regard to such themes as "As a leading global company, we expect not to be passive, but strive to aggressively engage with the issues which local communities face, and to grow together with those communities."

CSR Material Issues

1 Climate change

Climate change is an issue capable of affecting all sorts of business activities. We are going to assist the resolution of this issue through measures in each of two aspects: adaptation to risks such as natural disasters induced by climate change, and mitigation of impact by solutions-oriented business in areas such as reduction of greenhouse gas emissions from, and use of renewable energy in, our business activities.

2 Sustainable use of resources

The wide-ranging business activities of ITOCHU depend on diverse resources from the natural world and their circulation. Amid increasing apprehensions about resource depletion, we have positioned resource conservation as a major task to be approached from both the risk and opportunity aspects in all phases, from development to utilization, with consideration for sustainability.

3 Respect and consideration for human rights

As our business physically broadens and becomes more complex, the influence of our business activities is widening in scope. With an awareness of this situation, we consider it vital to view our business activities as a value chain, ascertain who can possibly be impacted, and thereby make full provisions for respect and consideration for the human rights of the people involved.

4 Contribution to local communities

While developing business in various regions around the world, we take actions on issues and needs faced by host societies in both our business activities and social contribution initiatives. By so doing, we hope to assist the advancement of those societies and cultivate the development of new markets that will lead to growth for us.

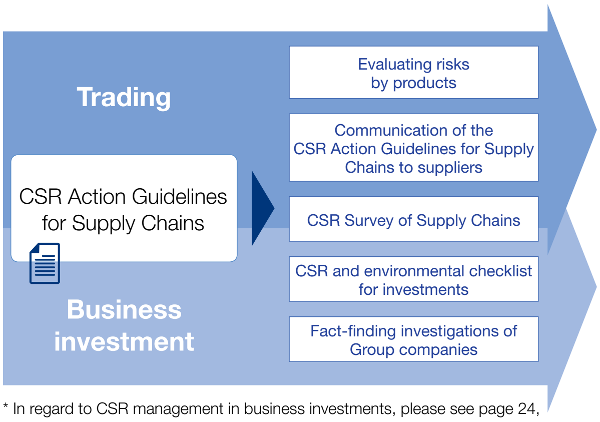
Respect for Human Rights

ITOCHU supports the Universal Declaration of Human Rights adopted by the United Nations in 1948 as a common standard of achievement for all people and all nations. Furthermore, ITOCHU participated in the United Nations Global Compact in 2009, which is derived from this Declaration and other international standards. In addition, specifically, ITOCHU has formulated "Respecting the Rights of Indigenous Peoples," "Approach to Engaging the Services of Security Firms," and "Approach to Conflict Minerals Issues," and conducts its business while respecting human rights in each of the regions in which it operates. We are taking steps to further enhance the understanding of employees, such as implementing in-house training programs and e-learning.

THE GLOBAL COMPACT
Network Japan
WE SUPPORT

CSR Management in Our Supply Chain

Engaged in business on a worldwide basis, ITOCHU gives full consideration to human rights, labor, and the environment through CSR management that is commensurate with respective business activities for its supply chain and business investment. Through such consideration, ITOCHU is determined to build a sustainable value chain and to link this to a heightening of the competitiveness and corporate value of the ITOCHU Group.



* In regard to CSR management in business investments, please see page 24, "Our Approach to Business Investment — Decision-Making Process."
* In regard to specific initiatives for fact-finding investigations of Group companies, please see pages 38–39, "Multifaceted CSR Risk Management" and page 49, "Textile Company – Supply Chain Management."

ITOCHU's CSR Action Guidelines for Supply Chains

1. Suppliers shall respect the human rights of its employees, and shall not treat employees in an inhumane manner including verbal abuse and physical punishment.
2. Suppliers shall not engage in forced labor or child labor.
3. Suppliers shall not practice discrimination in hiring and employment.
4. Suppliers shall prevent unfair low-wage labor.
5. Suppliers shall respect the rights of employees to organize and bargain collectively to promote smooth negotiation between labor and management.
6. Suppliers shall ensure that employees' working hours, holidays, and use of leave of absence are properly managed so as to comply with statutory standards.
7. Suppliers shall strive to provide employees with a safe and healthy work environment.
8. In the course of their business activities, suppliers shall duly consider the need to conserve ecosystems as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
9. Suppliers shall observe all related laws and international rules, and ensure fair transactions and prevent corruption.
10. Suppliers shall disclose information regarding the above items in a timely and appropriate manner.

Communication of the CSR Action Guidelines for Supply Chains to Suppliers

ITOCHU believes it is important to win the understanding and cooperation of all its suppliers for its CSR-related policies. In keeping with this belief, we have formulated CSR Action Guidelines for Supply Chains. In fiscal 2014, we again made notice of these guidelines to the approximately 4,000 suppliers with whom we have continuing transactions. From fiscal 2015, we determined to communicate these guidelines, in advance, to new suppliers with whom we will conduct transactions. When a case that does not comply with the intent of the guidelines has been confirmed, ITOCHU will request the relevant supplier to take remedial action, and will provide support and guidance as needed. If a remedy is deemed difficult despite ITOCHU making continuous requests for remedial action, ITOCHU will reexamine its dealings with the supplier concerned.

CSR Survey of Supply Chains

ITOCHU conducts a survey with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the 10 requirements of our CSR Action Guidelines for Supply Chains. Each Division Company or relevant Group company selects target suppliers and creates a survey plan based on such parameters as high-risk countries, products handled, and transaction amounts. Sales representatives or locally assigned ITOCHU employees of each Division Company visit the suppliers and survey them by means of interviews or questionnaires. From fiscal 2016, we will strengthen the framework for checks to facilitate more-specific tracking of the status of management at suppliers in such areas as the environment, human rights, labor practices, and anti-corruption. In accordance with the results of these checks, we can also provide advice for improvement. Specifically, based on the advice of external experts, we revised our checklist and formulated a handbook related to communication with suppliers.

Evaluating risks by products

We handle a wide range of products on a global scale, and carry out our own evaluations regarding the impact of these products on the global environment and human rights. In these initiatives, we use ITOCHU's original impact evaluation at each stage of a product's life cycle, from procurement of raw materials, production, and use through disposal. If this analysis identifies a product as having a significant effect, we register it as having "significant environmental aspects" and implement priority management by preparing regulations or manuals and conducting special training. In addition, for each product that has a large impact, we formulate procurement-related policies and responses, which are utilized in our daily business activities.

ITOCHU is working to strengthen disclosure of CSR information and to clearly explain its corporate value. Our management philosophy underlies all that we do, and our mission is to fulfill that philosophy.

With the growth of ESG investment, non-financial information is playing an increasingly important role in investment decision-making, and corporations are being judged by the extent to which they disclose their CSR information in an easy-to-understand manner.

Mr. Masaru Arai, Chairman of the Japan Sustainable Investment Forum (JSIF), is well versed in sustainable investment. As such, we asked him for his impressions of and his expectation to the CSR activities of ITOCHU, which has inherited the management philosophy of *sampo yoshi* (Good for the seller, Good for the buyer, and Good for society).

Fumihiko Kobayashi
ITOCHU Corporation CAO; General Manager, Human Resources & General Affairs Division

Mr. Masaru Arai
Chairman, JSIF

Concepts incorporated in "I am One with Infinite Missions"

Kobayashi: I think that the work actually performed by general trading companies is not understood by the public. Concern about the influence of business activities on society and about the social responsibilities of corporations is growing, and in this environment we have thought a great deal about how we can foster an understanding among stakeholders about what it is that we do and what our responsibilities are. In that regard, we have formulated our "I am One with Infinite Missions" Corporate Message to clarify and directly express our corporate philosophy of "Committed to the Global Good."

Arai: The businesses of a general trading company certainly extend over a broad range of industries, and as such it is not easy for investors to comprehensively evaluate the total value of the company. However, general trading companies play an extremely significant role when we think of their product chain and supply chain.

ITOCHU has inherited the *sampo yoshi* spirit, and this management philosophy clearly expresses the relationship between companies and society that is the core concept of ESG investing and responsible investing. ITOCHU's Corporate Message demonstrates that the Company is carefully considering its roles and responsibilities in today's global society, and I believe it is important to convey your message.

Listening to external feedback, working to resolve material issues

Kobayashi: At ITOCHU, we review our Basic Policies for CSR Promotion when we formulate a medium-term management plan. In that process, initiatives that are especially important have been identified as CSR material issues—climate change, sustainable use of resources, respect and consideration for human rights, and contribution to local communities—and we are working to contribute to the resolution of these issues through our business activities. In particular, climate change is a social problem on a global scale, and accordingly ITOCHU is working in such areas as renewable energy, including geothermal and wind power.

Arai: These four material issues are all highly important, and it is crucial that the Company specifies what is important in the context of its business activities. When employees understand those issues and strive to address them in their daily work, it becomes the most effective means of promoting the Company's CSR. The Intergovernmental Panel on Climate Change (IPCC) indicated last November that the probability of human influence on climate change is extremely likely. Climate change is an issue that affects everyone and everything. It cannot be avoided. I would like to see ITOCHU address this issue through its business activities.
Kobayashi: After we identify CSR material issues, we periodically hold our CSR Advisory Board meeting, which is composed of outside experts. We confirm that we are not complacent about the direction of our CSR and that we are meeting the needs of society.
Arai: I hope that ITOCHU continues on with these activities. Outside opinions are not always easy for a company to accept, but the active exchange of opinions with outside experts enables companies to check opinions that might be more one-sided if the process is solely internal.

Importance of human resources for a general trading company

Kobayashi: In simple terms, "human resources" are the only true resource that trading companies have. Success or failure depends on how these resources are utilized. We don't assign missions to our employees. Thus, we want to employ those who can find their own missions, make judgments on their own and create win–win relationships with customers. Accordingly, we focus on determining whether an individual has the ability to earn a business partner's trust, and whether the individual finds that to be a joy and uses it as strength in earning trust from other business partners. Possessing such ability will enable one to succeed in any part of the world, since one-to-one communication becomes the key in any business field.
Arai: ITOCHU's corporate philosophy and Corporate Message are very clear, and I believe those help greatly in human resources development. Business activities include times when things are going well and times when they are not, and even times when a company's existence is in danger. What becomes important at such times are missions and visions of the company. Further, it is imperative that employees understand these messages.
Kobayashi: ITOCHU engages in business activities all over the world, and we think it is important to penetrate the corporate philosophy into national staff in each country. Each year nearly 200 national staff are invited to the Tokyo Head Office in order to participate in a range of training programs. In addition to the study of leadership and management strategy, the training programs also include a visit to the house of founder Chubei Itoh in Shiga Prefecture. This is a valuable opportunity for national staff to understand the origin of ITOCHU and its spirit as management policy, in other words *sampo yoshi*.

Working to implement highly transparent information disclosure and to respond to feedback from investors

Arai: The introduction of Japan's Stewardship Code and Corporate Governance Code are changing the information that investors and other stakeholders ask of companies. Engagement, or what is often referred to as constructive dialogue with stakeholders, is essential. However, it is practically impossible for institutional investors to conduct dialogue with all investee companies, and they judge on the basis of information disclosed by the companies. Integrated reports that clearly show links between CSR initiatives and actual business activities in addition to financial results are extremely useful to investors. ESG investors make investments over a long period of time, therefore, they contribute to the formation of a stable shareholder base for companies. I hope ITOCHU continues to implement proactive information disclosure as a global leader.
Kobayashi: As a matter of fact, we just reviewed about the separation of financial information and CSR information in the previous report. In this report, CSR issues and initiatives that are directly linked to operating activities and have a high degree of influence on ITOCHU are described in the pages for each Division Company. In these ways, we worked to make the CSR information and our business activities relevant. The disclosure and strengthening of CSR information has also been added to the revised Basic Policies for CSR Promotion. I believe that engagement is being emphasized among investors, so we will continue working to address that issue by implementing highly transparent disclosure.

Kobayashi: The *sampo yoshi* spirit may be a rather old-fashioned expression, but as "one merchant" explained, our mission is to fulfill our responsibilities to society as a whole and not just our own company or customers. We will continue to increase corporate value by helping to resolve social issues through our business activities.

Mr. Masaru Arai

Chairman, JSIF (Japan Sustainable Investment Forum)
Director, PRI Association Board
(UN Principles for Responsible Investment)

Joined Daiwa Securities. After working in Saudi Arabia, as CEO of Daiwa ANZ International, and in other positions, joined Daiwa Asset Management in January 1992. After serving as Director and Senior Executive Officer, and advisor, retired in 2012. Member, Advisory Committee, Criteria Sub-committee (only member from Asia), FTSE ESG Advisory Committee since 2005; Chairman, Japan Sustainable Investment Forum, since March 2012. CEO, Corporate Value Research Institute, since May 2014. Elected to the PRI Association Board in June 2015.

ITOCHU operates its business to establish the long-term preservation and enhancement of its corporate value by building fair and positive relationships with its stakeholders in accordance with the ITOCHU Group corporate philosophy and Code of Conduct. To ensure its appropriate and efficient business operations, ITOCHU is increasing the transparency of its decision-making process and constructing a corporate governance system that incorporates proper monitoring and supervisory functions. ITOCHU values the spirit of the Tokyo Stock Exchange (TSE)'s Corporate Governance Code, and the Company is in the process of actively complying with the code.

ITOCHU is a company with the Board of Directors and corporate auditors (the Board of Corporate Auditors).

Comprising 13 directors (including 2 outside directors) as of June 19, 2015, the Board of Directors makes decisions on important management matters and supervises business management.

ITOCHU enhances the monitoring and supervisory functions and secures transparency in decision-making through the monitoring of management by five corporate auditors, including three outside corporate auditors. In addition to the corporate governance system based on management supervision by corporate auditors, ITOCHU has appointed two highly independent outside directors since June 2011, with the objective of strengthening and enhancing the effectiveness of management supervision and the transparency of decision-making by the Board of Directors. Moreover, in May 2015 the Company established the Nomination Committee and the Governance and Remuneration Committee, which are advisory committees to the Board of Directors. The membership of these committees includes outside directors and outside corporate auditors. In addition to the Board of Directors, which includes outside directors, and the advisory committees, which include outside officers, the corporate governance system is also based on the Board of Corporate Auditors, of which a majority of members are outside corporate auditors. The Company believes that this system is consistent with a "corporate governance system that increases the transparency of decision-making and appropriately incorporates the monitoring and supervision functions."

To strengthen the decision-making and supervisory functions and to increase the efficiency of business execution of the Board of Directors, ITOCHU has adopted an Executive Officer System, and in addition, with the objective of contributing to decision-making related to appropriate, flexible business execution by the CEO and the Board of Directors, the Company has established the Headquarters Management Committee (HMC) and various internal committees. To assist the CEO, the HMC discusses companywide management policies and important issues, and the various internal committees investigate and discuss management issues in their respective fields. Certain internal committees include outside experts as members, and the Company has prepared and utilizes a framework for receiving outside opinions.

Steps Taken to Strengthen Corporate Governance

1997	Introduced the Division Company System	To accelerate decision making, increase efficiency of business management, and clarify responsibilities
1999	Introduced Executive Officer System	To strengthen decision-making and supervisory functions of the Board of Directors
2007	Shortened the terms of office of directors and executive officers to one year	To clarify management responsibility during terms of office
2011	Introduced an Outside Directors System	To increase the effectiveness of the supervision of management and improve the transparency of decision making
2015	Responded to the TSE's Corporate Governance Code	Established the Nomination Committee and the Governance and Remuneration Committee, etc.

Compliance with the Corporate Governance Code

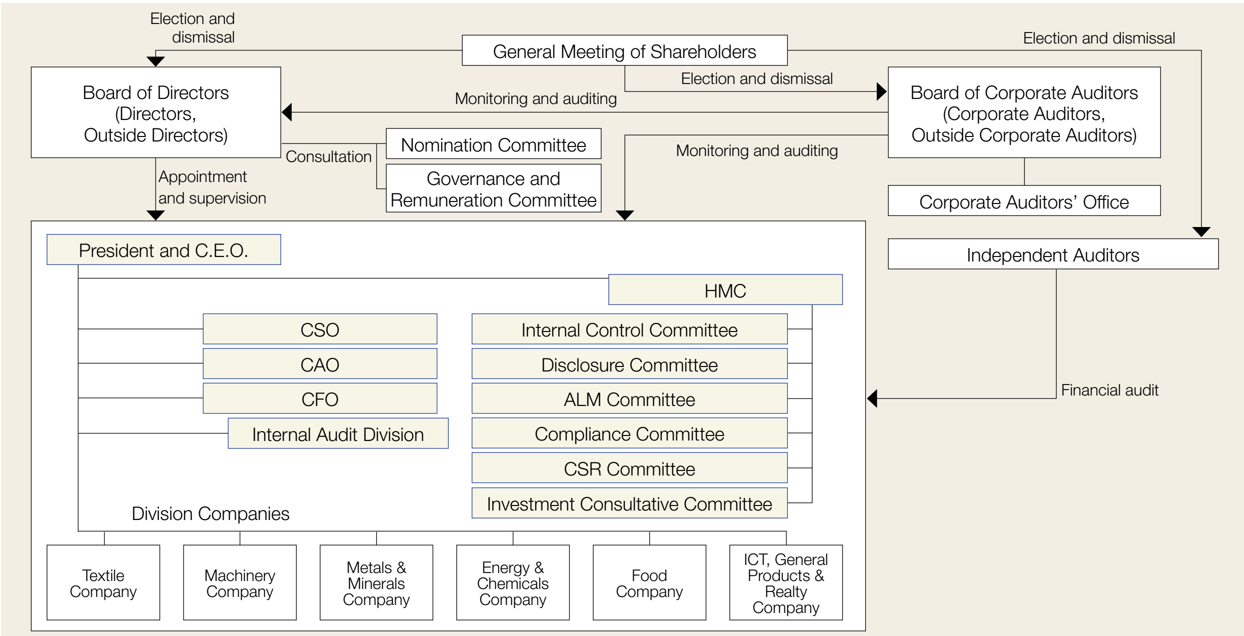
As of June 2015, the status of ITOCHU's compliance with the TSE's Corporate Governance Code was as follows.

- The Company established the Nomination Committee and the Governance and Remuneration Committee as advisory committees to the Board of Directors (See page 77, "Overview of ITOCHU's Corporate Governance and Internal Control System").
- We have commenced consideration of such matters as policy on holding listed shares for purposes other than pure investment and standards for the exercise of voting rights thereon (see page 78).
- In regard to judgments regarding the independence of outside directors and outside corporate auditors, the Company has commenced consideration of its own original criteria, in response to the Corporate Governance Code (see page 78).
- ITOCHU has formulated Basic IR Policy (see page 80).

Corporate Governance System

Type of system	Company with the Board of Directors and corporate auditors (the Board of Corporate Auditors)
Number of directors	13
Of which, number of outside directors	2
Number of corporate auditors	5
Of which, number of outside corporate auditors	3
Term of office for directors	1 year (the same for outside directors)
Adoption of an Executive Officer System	Yes
Organization to support CEO decision-making	Headquarters Management Committee (HMC) deliberates on companywide management policy and important issues
Advisory committees to the Board of Directors	Governance and Remuneration Committee, Nomination Committee
Corporate Officer Compensation System (See page 81)	(1) Monthly compensation Monthly compensation determined by the contribution to ITOCHU of each director according to a base amount set by position
	(2) Performance-linked bonuses Total payment amount determined on the basis of consolidated net income attributable to ITOCHU Note: Outside directors paid monthly compensation only
Independent external auditor	Deloitte Touche Tohmatsu LLC

Overview of ITOCHU's Corporate Governance and Internal Control System



*1 HMC: Headquarters Management Committee CSO: Chief Strategy Officer CAO: Chief Administrative Officer CFO: Chief Financial Officer
ALM: Asset Liability Management

*2 CAO is the chief officer for compliance. Also, each Division Company has a Division Company president.

*3 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.
Further, the Internal Control Committee receives reports from internal departments related to internal control on the development and implementation of respective internal controls for which they are responsible; evaluates the overall development and implementation status of internal control; and reports the results of evaluations as well as items for improvement to the HMC and the Board of Directors.

Advisory Committees to the Board of Directors

Name	Function
Nomination Committee	Deliberates on proposed appointments of executive officers, directors, and corporate auditors
Governance and Remuneration Committee	Deliberates on proposals related to the compensation system for executive officers and directors and to other governance-related matters

Principal Internal Committees

Name	Objectives
Internal Control Committee	Deliberates on issues related to the development of internal control systems
Disclosure Committee	Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting
ALM Committee	Deliberates on issues related to risk management systems and balance sheet management

Name	Objectives
Compliance Committee	Deliberates on issues related to compliance
CSR Committee	Deliberates on issues related to corporate social responsibility, environmental problems, and social contribution initiatives
Investment Consultative Committee	Deliberates on issues related to investment and financing

Composition of the Nomination Committee and the Governance and Remuneration Committee

Name	Title	Nomination Committee	Governance and Remuneration Committee
Eizo Kobayashi	Chairman	○	○ (Chair)
Masahiro Okafuji	President & Chief Executive Officer	○ (Chair)	○
Hitoshi Okamoto	Director		○
Fumihiko Kobayashi	Director	○	
Ichiro Fujisaki	Outside Director		○
Chikara Kawakita	Outside Director	○	
Yoshio Akamatsu	Corporate Auditor		○
Harutoshi Okita	Corporate Auditor	○	
Shingo Majima	Outside Corporate Auditor		○
Harufumi Mochizuki	Outside Corporate Auditor	○	○
Kentaro Uryu	Outside Corporate Auditor	○	
		(7 members)	(7 members)

Policies on Holding Listed Shares for Purposes Other than Pure Investment and Standards for the Exercise of Voting Rights

ITOCHU has implemented a stricter policy in regard to the selection of listed shares held for purposes other than pure investment (such as "cross-shareholding"). We apply rigorous investment standards with consideration for such factors as trade benefits, and also conduct periodic reviews from the perspectives of both investment efficiency and strategic holding significance. Moreover, in accordance with a policy approved by the Board of Directors, in consideration of our investment objectives and holding policies we will ensure that we exercise the voting rights on such listed shares and will not delegate the exercise of our voting rights to others. The holding policies and standards for the exercise of voting rights for such listed shares are currently under further consideration, and the Company plans to disclose detailed information in the Corporate Governance Report to be issued by the end of this year.

Details of Criteria and Policies Related to Independence from ITOCHU for the Appointment of Outside Directors and Outside Corporate Auditors

In the appointment of outside directors and outside corporate auditors, ITOCHU emphasizes ensuring their independence, with reference to the conditions for "independent directors / independent corporate auditors" as determined by the TSE. Following the formulation of TSE's Corporate Governance Code, ITOCHU has commenced discussions to establish specific criteria regarding the independence of the Company's outside directors and outside corporate auditors, and the Company plans to disclose this information in the Corporate Governance Report to be issued by the end of this year.

The Company's current two outside directors and three outside corporate auditors all meet the conditions for "independent directors / independent corporate auditors" as determined by the TSE, and all are registered at the TSE as independent directors or independent corporate auditors.

Reason for Appointment as Outside Directors

Name	Reason for appointment
Ichiro Fujisaki appointed in June 2013	Mr. Fujisaki is appointed as an outside director in the anticipation that he will use his high level of insight and knowledge on the international situation, economy and cultures, and other matters, nurtured through his many years of experience as a diplomat and also monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors, Mr. Fujisaki qualifies as an independent director. Also, there are no material interests between him and ITOCHU. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent director.
Chikara Kawakita appointed in June 2013	Mr. Kawakita is appointed as an outside director in the anticipation that he will use his high level of insight and knowledge on public finance, financial transaction and tax affairs, and other matters, nurtured through his many years of experience at the Ministry of Finance and National Tax Agency and also monitor and supervise the corporate management of ITOCHU from an independent perspective. According to the criteria for the independence of directors/auditors, Mr. Kawakita qualifies as an independent director. Also, there are no material interests between him and ITOCHU. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent director.

Reason for Appointment as Outside Corporate Auditors

Name	Reason for appointment
Shingo Majima appointed in June 2013	Mr. Majima is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise on finance and accounting as a certified public accountant and university professor. According to the criteria for the independence of directors/auditors, Mr. Majima qualifies as an independent corporate auditor. Also, there are no material interests between him and ITOCHU. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent corporate auditor.
Harufumi Mochizuki appointed in June 2014	Mr. Mochizuki is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise in economics and industrial policy nurtured through his service at the Ministry of Economy, Trade and Industry (formerly, the Ministry of International Trade and Industry) and other governmental agencies of Japan. According to the criteria for the independence of directors/auditors, Mr. Mochizuki qualifies as an independent corporate auditor. Also, there are no material interests between him and ITOCHU. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent corporate auditor.
Kentaro Uryu appointed in June 2015	Mr. Uryu is appointed as an outside corporate auditor in the anticipation that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise as a lawyer in the field of corporate legal practice and international business law. According to the criteria for the independence of directors/auditors, Mr. Uryu qualifies as an independent corporate auditor. Also, there are no material interests between him and ITOCHU. Accordingly, ITOCHU believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as an independent corporate auditor.

Messages from Outside Directors

Evaluation of the Decision-Making Process

ITOCHU's outside directors receive materials and briefings about investments and other projects prior to meetings of the Board of Directors. On those occasions, we ask any questions that we have, request additional materials if necessary, and carefully examine the issues. At Board meetings, explanations are provided about the deliberations that have previously been held at the HMC, such as what points were discussed and if any conditions were added. This provides useful information, and I believe it to be a good practice. It is clear that discussions at the HMC are held from a wide variety of viewpoints and deliberations are conducted carefully. After listening to these explanations, we consider whether or not the conclusion and the project are reasonable and if the Company can obtain the approval of outside parties when the decision is explained. I request further explanations if necessary, and I offer my opinion.

ITOCHU has recently decided to establish advisory committees to the Board in response to the Corporate Governance Code. This new system involving the Board committees is expected to foster deeper relationships between the Company and the directors and corporate auditors, including outside officers. In this way, the new system should further enhance the fairness and impartiality of important matters on corporate governance such as nomination and remuneration. As an outside officer, I have a strong sense of my responsibility to do my utmost.

Ichiro Fujisaki

Apr. 1969	Joined Ministry of Foreign Affairs Worked in the Embassy of Japan in Indonesia, Permanent Delegation of Japan to the OECD, Budget Bureau, Ministry of Finance
Aug. 1987	Counselor, Embassy of Japan in the UK
Feb. 1991	Director, Overseas Establishments Division, Minister's Secretariat, Ministry of Foreign Affairs
Mar. 1992	Director, Financial Affairs Division, Minister's Secretariat, Ministry of Foreign Affairs
Feb. 1994	Deputy Director-General, Asian Affairs Bureau, Ministry of Foreign Affairs
Jul. 1995	Minister, Embassy of Japan in the United States of America (Political Affairs)
Aug. 1999	Director-General, North American Affairs Bureau, Ministry of Foreign Affairs
Sep. 2002	Deputy Minister for Foreign Affairs (Economic Affairs), Ministry of Foreign Affairs
Jan. 2005	Ambassador Extraordinary and Plenipotentiary, Permanent representative of Japan to the International Organizations in Geneva
Apr. 2008	Ambassador Extraordinary and Plenipotentiary to the United States of America
Nov. 2012	Retired from Ministry of Foreign Affairs
Jan. 2013	Distinguished Professor, Chairman of International Strategies, Sophia University (current position)
Jun. 2013	Outside Director, ITOCHU Corporation
Jun. 2014	Outside Director, NIPPON STEEL & SUMITOMO METAL CORPORATION (current position)

Chikara Kawakita

Apr. 1977	Joined Ministry of Finance
Jul. 2001	Director, Income Tax and Property Tax Policy Division, Tax Bureau, Ministry of Finance
Jul. 2002	Director, Policy Planning and Research Division, Minister's Secretariat, Ministry of Finance
Jul. 2004	Director, Management and Co-ordination Division, Minister's Secretariat, Ministry of Finance
Jul. 2005	Regional Commissioner, Osaka Regional Taxation Bureau, National Tax Agency
Jul. 2007	Deputy Director-General, Tax Bureau, Ministry of Finance
Jul. 2008	Deputy Vice Minister for Policy Planning and Co-ordination, Minister's Secretariat, Ministry of Finance
Jul. 2009	Director-General, Financial Bureau, Ministry of Finance
Jul. 2010	Commissioner, National Tax Agency
Aug. 2012	Retired from Ministry of Finance
Oct. 2012	Professor, Graduate School of Law, Hitotsubashi University
Jun. 2013	Outside Director, ITOCHU Corporation
Oct. 2014	Vice President, General Insurance Rating Organization of Japan (current position)

Evaluation of Corporate Governance and Risk Management

ITOCHU conducts a wide range of business with many partners in regions around the world. Accordingly, to complete its missions ITOCHU must maintain superior corporate governance and share the Company's management policies, philosophy, and high ethical standards with all employees.

The Company has recently established the Nomination Committee and the Governance and Remuneration Committee, which are advisory committees to the Board of Directors. The establishment of these committees will be one means of fostering better management, and I would like to see them utilized to further increase the effectiveness of corporate governance.

Moreover, dialogue with shareholders is the foundation of better corporate governance. The Company is devoting resources to investor relations, as shown by the high evaluations it receives each year for its annual report. I believe the Company has done an excellent job in this area.

In risk management, considering the uncertain and fluid economic environment, the Company is working to establish a multi-step system of checks.

Under the new medium-term management plan, the basic policies are to strengthen our financial position and build a solid earnings base. In investments, the Company will strive to generate synergies through strategic collaboration and take steps to build a framework for management, including the use of the scrap-and-build method. I believe that these investment policies will contribute to risk management through the reevaluation of existing investments and the rigorous screening of new investments.

The next three years will be a period for the challenges that we announced in the plan. I look forward to seeing the Company achieve results that meet the expectations of shareholders.

Internal Control System

On April 19, 2006, ITOCHU's Board of Directors established the Basic Policy regarding the Internal Control System, which was most recently partially revised as of May 1, 2015. ITOCHU intends to revise and improve the internal control system tirelessly in order to build a system that is even more appropriate and efficient. The following highlights two noteworthy initiatives under this policy.

For ITOCHU's Basic Policy regarding the Internal Control System, please see:
http://www.itochu.co.jp/en/about/governance_compliance/control/policy/

Initiatives to Further Enhance the Reliability of Financial Reporting

We have established an internal system in order to further enhance the reliability of our consolidated financial reporting. The designing and implementing of internal control are periodically assessed to keep making appropriate improvements. Specifically, a Chief Responsible for Internal Control has been appointed in each organization to design and implement internal control. The Internal Audit Division evaluates the effectiveness of internal control and provides feedback to each organization to ensure the continuous improvement. Overall management of these initiatives is conducted by the Internal Audit Division, and important matters are determined through deliberations in the Disclosure Committee chaired by the CFO. In this way, we are working to reinforce the companywide internal control system.

Strengthening Risk Management on a Group Basis, Including Subsidiaries

ITOCHU has established internal committees and responsible departments in order to address the various risks associated with the Group's business operations, such as market risk, credit risk, country risk, and investment risk. At the same time, on a Group basis ITOCHU has developed the risk management systems and methods to manage various risks individually and on a companywide basis. Those include a range of management regulations, investment criteria, risk exposure limits, and transaction limits, as well as reporting and monitoring systems. Moreover, ITOCHU regularly reviews the effectiveness of its risk management systems. As part of such efforts, the ALM Committee protects the ITOCHU Group's assets through deliberations on Group balance sheet management as well as analysis and management of risk.

Compliance

Integrity is one of the ITOCHU Values that are a part of ITOCHU's corporate philosophy. We have established systems and environments that enable each individual employee to study and strictly observe the rules that are related to corporate activities, such as laws and international rules, and to conduct their activities from a highly ethical viewpoint, including the prevention of corruption.

ITOCHU has established a system under which the Compliance Department plans and formulates overall policies and measures, and people in charge of compliance have been assigned to each ITOCHU organizational unit, to overseas trading subsidiaries, and to principal Group companies in Japan and overseas. When cases related to compliance are discovered, reports are made to the director in charge of compliance (CAO), and when ultimately critical cases are discovered, they are reported to the Board of Directors. With regard to the status of system installment and operation, we carry out Monitor & Review surveys once a year. In addition, for important companies, such as overseas trading subsidiaries and companies subject to compliance management, we implement on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. Furthermore, based on trends in former incidences of compliance violations and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures tailored to each organization, and these measures are steadily being implemented. In addition, we are implementing employee training with the objective of raising compliance awareness and preventing the occurrence of any cases. Each year, on-site compliance training is provided for all ITOCHU officers and employees, and for employees of Group companies that requested training. This training uses actual incidences of compliance violations as teaching materials. In fiscal 2015, compliance training was provided to a total of 4,800 people at 70 companies and all 38 bases in overseas blocs. Furthermore, in order to protect whistleblowers ITOCHU has formulated regulations on the Internal Information Reporting System (Hotlines) and instructed the installment of hotlines at Group companies as well. In addition, this system is supporting the prompt discovery and rectification of any incidents of corruption, including mechanisms for the proper disposal of cases. When a compliance violation case has been confirmed, we take steps to determine the cause and take rectification measures, such as training of the people involved and related parties. In addition, any officers and employees that participated are treated in a strict and fair manner.

Basic IR Policy

Viewing explanations of corporate and business management information to such stakeholders as shareholders and other investors as an important corporate governance task, we strive for timely and appropriate disclosure.

In addition, in May 2015 ITOCHU formulated its Basic IR Policy in accordance with the ITOCHU Group corporate philosophy and Code of Conduct and TSE's Corporate Governance Code. The purposes of the policy are to conduct fair disclosure based on applicable laws and regulations, to promote the enhancement of corporate value from a long-term point of view through dialogue with shareholders and investors, and to establish fair and good relations with diverse stakeholders. The key points of the policy are as follows.

- Operation of the Disclosure Committee, chaired by the CFO
- Clarification of authority to determine timely disclosure, role of the Investor Relations Department, disclosure processes
- Formulation of basic policy for disclosure and dialogue with shareholders and investors (1. Complying with related laws and regulations, 2. Transparency, 3. Timeliness, 4. Fairness, 5. Continuity, and 6. Confidentiality)
- Stipulation in the policy that the CFO has the primary responsibility for dialogue, and senior management and directors will strive to engage in dialogue
- Stipulation in the policy that the CFO will regularly report to the Board of Directors the views of shareholders and investors
- Stipulation in the policy that we will seek a well-balanced shareholder ownership structure that would be thought of as ideal for continuously increasing shareholder value

For further information about Basic IR Policy, please see:
http://www.itochu.co.jp/en/ir/policy/

Meetings of the Board of Directors and Corporate Officer Compensation

Results in fiscal 2015 under the corporate governance system explained on the previous pages include the following.

Meetings of Management Bodies in Fiscal 2015

	FY2013	FY2014	FY2015
Board of Directors	18 times	16 times	20 times
Outside director attendance at Board of Directors' meetings	97%	96%	95%
Outside corporate auditor attendance at Board of Directors' meetings	94%	96%	93%
Board of Corporate Auditors	15 times	14 times	14 times
Outside corporate auditor attendance at Board of Corporate Auditors' meetings	96%	100%	94%

Major Decisions at the Board of Directors' Meetings Held in Fiscal 2015

(1) **January 20, 2015** Three-company strategic business alliance and capital participation agreement with CITIC Limited, China's largest conglomerate, and Charoen Pokphand Group Company Limited, one of the major leading conglomerates in Asia

(2) **July 24, 2014** Conclusion of a strategic business alliance with the Charoen Pokphand Group, issuance of new shares in a third-party allotment, and acquisition of C.P. Pokphand Co. Ltd. shares

(3) **July 24, 2014** Decision on matters related to share buyback program

(4) **March 3, 2015** Basic policies of new medium-term management plan

Actual Corporate Officer Compensation for Fiscal 2015

Type	Number of people	Amount paid (Millions of Yen)	Details	Maximum compensation paid
Directors (Outside directors)	13 (2)	1,507 (24)	(1) Monthly compensation ¥837 million (2) Bonuses ¥670 million Please refer to "Method of Calculating Planned Corporate Officer Compensation for Fiscal 2016" below	(1) ¥1.2 billion per year as total monthly compensation (including ¥50 million per year as a portion to the outside directors) (2) ¥1.0 billion per year as total bonuses paid to all directors (excluding outside directors) (Both (1) and (2) were resolved at the General Meeting of Shareholders on June 24, 2011)
Corporate auditors (Outside corporate auditors)	5 (3)	122 (33)	(1) Only monthly compensation	(1) ¥13 million per month (Resolved at the General Meeting of Shareholders on June 29, 2005)
Total (Outside directors and corporate auditors)	18 (5)	1,629 (57)		

* The retirement benefits system for directors and corporate auditors was abolished on the date of the 81st Ordinary General Meeting of Shareholders held on June 29, 2005, and it was resolved that directors and corporate auditors retaining their positions after the conclusion of the said General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished.

The compensation paid to all directors of ITOCHU (excluding outside directors) consists of (i) monthly compensation and (ii) performance-linked bonuses. The total amount of (i) monthly compensation is determined by the contribution to ITOCHU of each director based on the base amount set by its position, whereas the total amount of (ii) performance-linked bonuses is determined based on consolidated net income attributable to ITOCHU. Only monthly compensation is paid to the outside directors and bonuses are not paid thereto.

Method of Calculating Planned Corporate Officer Compensation for Fiscal 2016

In accordance with confirmed results for fiscal 2016, directors' bonuses for fiscal 2016 will be determined according to the calculation method below and paid after the completion of the 92nd Ordinary General Meeting of Shareholders.

Total Amount Paid to all Directors

Total amount paid to all directors (maximum of ¥1.0 billion) = (Consolidated net income attributable to the Company for the fiscal year ending March 31, 2016 – ¥100.0 billion) x 0.35% x Sum of position points for all the eligible directors ÷ 55.

The total amount paid to all directors shall be the lesser of the following.
(i) 0.35% of the amount after deducting ¥100.0 billion from consolidated net income attributable to the Company for the fiscal year ending March 31, 2016 [such amount as provided in the 92nd Annual Securities Report (*yuka shoken hokokusho*); if the amount is less than ¥100.0 billion, it shall be treated as zero for the above calculation purposes], which shall be adjusted with due regard to the increase / decrease in the number of eligible directors and the change in position and other factors, or (ii) ¥1.0 billion.

Amount Paid to an Individual Director

Amount paid to an individual director = Total amount paid to all directors × Assigned position points / Sum of position points for all the eligible directors

The individual amount paid to each director is the proportion of the total amount paid, calculated in accordance with the above formula, corresponding to the following points assigned to each rank. (Amounts less than ¥1,000 are rounded down to the nearest ¥1,000.) However, the limits on the individual amounts paid are as shown below.

	Chairman President & Chief Executive Officer	Executive Vice President	Senior Managing Executive Officer	Managing Executive Officer
Points	10	5	4	3
Limits on individual amounts paid	¥181.8 million	¥90.9 million	¥72.7 million	¥54.5 million

Corporate Officers

As of July 1, 2015

Directors

President & Chief Executive Officer*1

Masahiro Okafuji

Number of shares held: 143,995

Chairman

Eizo Kobayashi

Number of shares held: 118,770

Director*1

Koji Takayanagi

President, Food Company

Number of shares held: 55,000

Director*1

Tomofumi Yoshida

President, ICT, General Products & Realty Company

Number of shares held: 52,350

Director*1

Hitoshi Okamoto

CSO

Number of shares held: 32,565

Director*1

Takao Shiomi

President, Machinery Company

Number of shares held: 32,600

Director*1

Yuji Fukuda

President, Energy & Chemicals Company

Number of shares held: 43,500

Director*1

Shuichi Koseki

President, Textile Company

Number of shares held: 34,900

Director*1

Eiichi Yonekura

President, Metals & Minerals Company

Number of shares held: 28,705

Director*1

Fumihiko Kobayashi

CAO

Number of shares held: 57,380

Director*1

Tsuyoshi Hachimura

CFO

Number of shares held: 22,400

Director*2

Ichiro Fujisaki

Number of shares held: 1,500

Director*2

Chikara Kawakita

Number of shares held: 0

*1 Indicates a representative director
*2 Indicates an outside director as provided in Paragraph 2, Clause 15 of the Corporate Law
*3 Number of shares is as of March 31, 2015.

Corporate Auditors

Corporate Auditor

Yoshio Akamatsu

2010 Director, Senior Managing Executive Officer
2012 Corporate Auditor

Corporate Auditor

Harutoshi Okita

2011 Executive Officer
2015 Corporate Auditor

Corporate Auditor*4

Shingo Majima

Mar. 1972 Registered as a certified public accountant
Established Certified Public Accountant Office of Shingo Majima
Sep. 1975 Joined Peat Marwick Mitchell & Co. New York Office (currently KPMG LLP)
Mar. 1981 Registered as a certified public accountant, USCPA (New York)
Jul. 1987 Partner, Audit Division, KPMG LLP
Jul. 1997 Partner in charge of Japanese Practice for U.S. / Northeast and Midatlantic area (audit, tax and consulting department): Partner in charge of Japanese Practice for U.S. audit department, KPMG LLP
Jan. 2005 Advisor, KPMG LLP
Sep. 2005 Retired from KPMG LLP
Apr. 2006 Professor, Faculty of Commerce, Chuo University (current position)
May 2007 Outside Director, Aderans Co., Ltd. (to August 2008)
Nov. 2011 Director, the Institute of Accounting Research, Chuo University (current position)
Jun. 2012 Outside Director, WIN INTERNATIONAL CO., LTD. (to March 2013)
Apr. 2013 Outside Director, WIN-Partners Co., Ltd. (current position)
Jun. 2013 Corporate Auditor, ITOCHU Corporation

Corporate Auditor*4

Harufumi Mochizuki

Apr. 1973 Joined Ministry of International Trade and Industry
Jul. 1998 Deputy Director-General for Economic Structural Reform, Ministry of International Trade and Industry
Jan. 2001 Director-General for Nuclear and Industrial Safety Policy, Nuclear and Industrial Safety Agency
Jul. 2002 Director-General for Commerce and Distribution Policy, Ministry of Economy, Trade and Industry
Jul. 2003 Director-General, Small and Medium Enterprise Agency
Jul. 2006 Director-General, Agency for Natural Resources and Energy
Jul. 2008 Vice-Minister of Economy, Trade and Industry
Jul. 2010 Retired from Ministry of Economy, Trade and Industry
Aug. 2010 Special Advisor to the Cabinet (to September 2011)
Jun. 2012 Outside Board Director, Hitachi, Ltd. (current position)
Jun. 2013 President & CEO, Tokyo Small and Medium Business Investment & Consultation CO., LTD. (current position)
Jun. 2014 Corporate Auditor, ITOCHU Corporation

Corporate Auditor*4

Kentaro Uryu

Apr. 1995 Registered as attorney at law (current position)
Joined Tsunematsu Yanase & Sekine (currently Nagashima Ohno & Tsunematsu)
Jan. 1996 Joined Legal Corporation Matsuo & Kosugi
Feb. 1999 Joined Salomon Smith Barney (Japan) Ltd. (currently Citigroup Global Markets Japan Inc.)
Apr. 2000 Long term expert, Japan International Cooperation Agency (dispatched to the Ministry of Justice of Vietnam, etc. from the Japan Federation of Bar Associations)
Aug. 2002 Attorney-At-Law, Managing Partner, CAST Law Professional Corporation (currently URYU & ITOGA) (current position)
Aug. 2008 CEO, SUI Advisory Service Co., Ltd. (currently U&I Advisory Service Co., Ltd.) (current position)
Jun. 2014 Outside Director, FRUTAFRUTA, Inc. (current position)
Sep. 2014 Board of Directors of GMO TECH, Inc. (current position)
Mar. 2015 Outside Company Auditor, Kyowa Hakko Kirin Co., Ltd. (current position)
Jun. 2015 Corporate Auditor, ITOCHU Corporation

*4 Indicates an outside corporate auditor as provided in Paragraph 2, Clause 16 of the Corporate Law

Executive Officers

President & Chief Executive Officer

Masahiro Okafuji

Executive Vice President

Koji Takayanagi
President, Food Company

Senior Managing Executive Officers

Ichiro Nakamura
CEO for Latin America;
President & CEO, ITOCHU Brasil S.A.

Tomofumi Yoshida
President, ICT, General Products & Realty Company

Hitoshi Okamoto
CSO

Takao Shiomi
President, Machinery Company

Yuji Fukuda
President, Energy & Chemicals Company;
General Manager, CP & CITIC Business Development Department

Managing Executive Officers

Shuichi Koseki
President, Textile Company;
Chief Operating Officer, Brand Marketing Division 2

Junichi Sasaki
CEO for ASEAN & South West Asia Bloc;
President & CEO, ITOCHU Singapore Pte Ltd;
General Manager, ITOCHU Corporation Singapore Branch

Eiichi Yonekura
President, Metals & Minerals Company

Masahiro Imai
Chief Executive for European Operation;
CEO, ITOCHU Europe PLC

Nobuyuki Kizukuri
Executive Vice President,
ICT, General Products & Realty Company;
Chief Operating Officer,
Construction, Realty & Logistics Division

Fumihiko Kobayashi
CAO; General Manager, Human Resources & General Affairs Division

Kazutaka Yoshida
Executive Vice President, Machinery Company

Kunihiro Nakade
General Manager,
General Accounting Control Division

Tsuyoshi Hachimura
CFO; General Manager, Finance Division

Akihiro Ueda
CEO for East Asia Bloc;
Chairman, ITOCHU (CHINA) HOLDING CO., LTD.;
Chairman, ITOCHU SHANGHAI LTD.;
Chairman, ITOCHU HONG KONG LTD.;
Chairman, BIC

Yasuyuki Harada
President & CEO, ITOCHU International Inc.

Executive Officers

Isao Kubo
General Manager, Internal Audit Division

Mitsuru Chino*5
General Counsel

Hiroyuki Tsubai
CEO for Africa Bloc;
General Manager, ITOCHU Corporation Johannesburg Branch

Atsushi Katsu
Director, EVP, Dole Asia Holdings Pte. Ltd.

Akihiko Okada
Chief Operating Officer, Metals & Mineral Resources Division

Keita Ishii
Chief Operating Officer, Chemicals Division

Masahiro Morofuji
Chief Operating Officer, Brand Marketing Division 1;
General Manager, Brand Marketing Department 2

Hiroyuki Fukano
Vice President, Machinery Company

Hiroaki Kawashima
General Manager for Chubu Area

Takeshi Takasugi
Vice President, Food Company;
Chief Operating Officer, Provisions Division;
Deputy General Manager, CP & CITIC Business Development Department

Yoichi Ikezoe
Vice President, ITOCHU East Asia Bloc (South China);
Senior Officer for ASEAN & South West Asia Bloc;
Managing Director, ITOCHU HONG KONG LTD.

Tsutomu Miyazaki
President & Chief Executive Officer,
ITOCHU CHEMICAL FRONTIER Corporation

Shiro Hayashi
Chief Operating Officer, Apparel Division 1

Hiroshi Sato
Chief Operating Officer, Plant Project, Marine & Aerospace Division

Mamoru Seki
SVP & CFO, ITOCHU International Inc.

Tomoyuki Takada
General Manager, Corporate Communications Division

Takashi Yasuda
Chief Operating Officer, Energy Division

Hiroyuki Kaizuka
General Manager, Corporate Planning & Administration Division

*5 Ms. Mitsuru Chino's registered name is Mitsuru Ike.

IR Activities

In fiscal 2015, ITOCHU implemented various communications activities for analysts and institutional investors, overseas institutional investors, and individual investors. Through these activities, the Company explained its thinking, and the valuable opinions that were received were actively communicated to key management personnel. Principal investor relations (IR) activities were as follows.

Activity	FY2014 Results	FY2015 Results	FY2016 Plan
Presentations for analysts and institutional investors	4 times	4 times	4 times
Briefings on large-scale projects for analysts and institutional investors	—	2 times	—
Segment-specific briefings for analysts and institutional investors	1 times	—	1 times
Site tours for analysts and institutional investors	1 times	2 times	1 times
Q&A summaries of presentations for analysts and institutional investors available on our website	—	Next business day	Next business day
Presentations for individual investors	2 times	14 times	30 times
Overseas IR	6 times	8 times	7 times
Conferences sponsored by securities companies (Japan)	6 times	7 times	7 times

FY2015

Number of individual meetings for institutional investors → **457**

Number of inquiries from individual investors → **93**

Number of attendees at presentations for individual investors → **1,424**

Number of attendees at General Meeting of Shareholders (June 19, 2015) → **1,859**

In fiscal 2015, ITOCHU strengthened IR activities for individual investors. We (1) increased the number of presentations for individual investors, and to increase the understanding of individual investors (2) enhanced our website and (3) placed articles about the Company in magazines for individual investors.

In fiscal 2016, we will continue to strengthen IR activities for individual investors, including new initiatives.

IR Magazine, Summer 2014

Website for individual investors

External Evaluations of IR activities

Fiscal 2014	Fiscal 2015
First place in commerce industry of the 19th Awards for Excellence in Corporate Disclosure given by the Securities Analysts Association of Japan	Second place in commerce industry of the 20th Awards for Excellence in Corporate Disclosure given by the Securities Analysts Association of Japan
Grand Prize in the Nikkei Annual Report Awards 2013	Second Prize in the Nikkei Annual Report Awards 2014
Outstanding company in the first WICI Japan Integrated Reporting Disclosure Award	Outstanding company in the second WICI Japan Integrated Reporting Disclosure Award

Annual Report 2014

In regard to annual report evaluations, at the Nikkei Annual Report Awards 2014, the (1) clear, powerful president's message, (2) clear business model explanation, (3) depth of coverage of areas of interest to readers, and (4) incorporation of qualitative and quantitative information about each segment were highly evaluated. In the second WICI Japan Integrated Reporting Disclosure Award, the (1) disclosure of differentiated competitive advantage in the industry, centered on the president's message, (2) business model summary from the integrated reporting viewpoint and simple, clear descriptions of the complex businesses of a general trading company, and (3) enhancement of corporate value and shareholder value, among others, were highly evaluated.

Status of Inclusion in Indexes (as of June 30, 2015)

- JPX Nikkei Index 400
- TOPIX Large70 / TOPIX 100 / TOPIX 500 / TOPIX 1000
- Tokyo Stock Exchange Dividend Focus 100 Index
- Nikkei Stock Average (Nikkei 225)
- Nikkei Stock Index 300 / Nikkei 500 Stock Average / Nikkei JAPAN 1000
- Nikkei China Related Stock 50
- MSCI Japan Index
- S&P TOPIX 150
- 50 Dow Jones Sustainability World Index (DJSI World)
- Morningstar Socially Responsible Investment Index (MS-SRI)
- RobecoSAM Sustainability Award 2015 Silver Class, Industry Mover

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

ROBECOSAM Sustainability Award Silver Class 2015

MS-SRI

ROBECOSAM Sustainability Award Industry Mover 2015

Editorial Policy

Annual Report 2015 reflects an awareness of disclosure frameworks that have been discussed internationally in recent years and the benefits of avoiding standardization. We have also further improved the report's contents to enhance positive disclosure in light of the introduction of Japan's Stewardship Code and Corporate Governance Code, as well as to describe both financial and social / environmental information so that our shareholders, investors, and various other stakeholders can deepen their understanding of ITOCHU.

Detailed Financial Information

For detailed financial information for fiscal 2015, please see the Financial Section.

URL: http://www.itochu.co.jp/en/ir/doc/annual_report/2015/pdf/ar2015e_FS.pdf

Reporting Scope and Other Items

■ Reporting Period

April 1, 2014 to March 31, 2015
(Certain sections include activities occurring in or after April 2015.)

■ Reporting Scope

ITOCHU Corporation and the ITOCHU Group

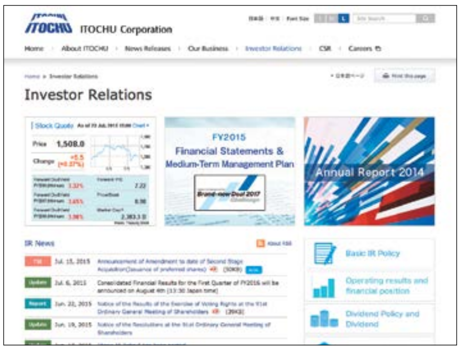
■ Accounting Standards

Unless otherwise noted, this report is prepared in accordance with U.S. GAAP through fiscal 2014, and with IFRS for fiscal 2015.

For more information about IR

Investor Relations website
http://www.itochu.co.jp/en/ir/

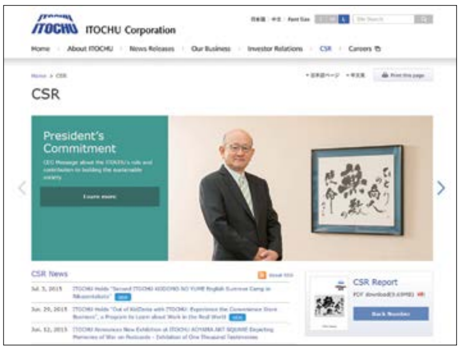
- Financial statements
- TSE filings
- Shareholders and stock information
- Operating results and financial position, etc.



For more information about CSR

CSR website
http://www.itochu.co.jp/en/csr/

- CSR Reports
- Comparative table with GRI Guidelines
- CSR for ITOCHU Corporation
- CSR and Our Business
- Our Initiatives for the Environment
- Social Contribution Activities, etc.



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