Enhancing Corporate Value on the World Stage,
Frontier[e] 2010 Shaping the Future

Division Companies

Division Companies at a Glance

ITOCHU Corporation and Subsidiaries
Years ended March 31

* As the result of a reorganization on April 1, 2009, the Machinery Company transferred control of its Industrial Machinery & System Department to the Aerospace, Electronics & Multimedia Company, which changed its name to the ICT, Aerospace & Electronics Company.

Division Companies | **Major Products and Services**

Textile Company

- Textile materials
- Fabrics
- Apparel products
- Fashion goods and accessories
- Industrial textiles
- Branded products based on total lifestyle-theme including apparel, food, and living

Machinery Company

- Gas, oil, and petrochemical plants
- Ships • Automobiles • Rolling stock
- Power-generating equipment
- Construction machinery • Textile machinery
- Industrial machinery • Food machinery
- Plastics / polymer-related equipment
- Electronic devices / electronics-related equipment
- Devices and businesses related to water resources and the environment
- Devices and businesses related to renewable and alternative energy (solar cells, etc.)
- IPP / IWPP (power generation / water desalination)

ICT, Aerospace & Electronics Company (formerly Aerospace, Electronics & Multimedia Company)

Provided by JASDF

- Broadcasting and communication business
- Electronic systems
- Internet-related business
- Equipment for broadcasting and communication services
- Programming supply and entertainment-related business
- Mobile equipment and services
- Life science business
- Systems and related equipment for computers and information processing
- Semiconductor equipment
- Aircraft and in-flight equipment
- Air transportation management systems
- Space-related equipment
- Security equipment

Energy, Metals & Minerals Company

- Iron ore
- Coal
- Aluminum
- Steel scrap
- Steel products
- Crude oil
- Petroleum products
- LPG
- LNG
- Nuclear fuel
- Bioethanol
- Natural gas
- Emission credits

Chemicals, Forest Products & General Merchandise Company

- Building materials
- Logs and lumber
- Woodchips, pulp, paper
- Natural rubber, tires
- Ceramic products
- Shoes
- Basic chemicals
- Fine chemicals
- Pharmaceutical products
- Inorganic chemicals
- Plastics
- Various consumer products

Food Company

- Wheat and barley
- Vegetable oils
- Soybeans and corn
- Beverage materials (juice, coffee)
- Sugar, sweeteners
- Dairy products
- Marine, livestock, and agri products
- Frozen foods
- Processed foods and pet foods
- Soft drinks and liquor

Finance, Realty, Insurance & Logistics Services Company

- Foreign exchange and securities trading, asset management business
- Loans • FX margin account trading
- Credit card / shopping credit
- Other financial services
- Property development, sales and purchase, and asset management
- Brokerage and advisory service
- Equity investment to funds
- Private finance initiatives (PFIs)
- House construction
- REIT management
- Golf courses
- Insurance agent and insurance broker
- Domestic and international 3PL
- Chartering

Financial Highlights (Billions of Yen)

	2005	2006	2007	2008	2009
Gross trading profit	¥112.8	¥122.9	¥124.6	¥115.2	¥102.6
Net income	14.8	15.0	17.1	20.5	22.9
Identifiable assets at March 31	377.2	395.4	401.8	364.3	360.4
ROA (%)	3.9	3.9	4.3	5.4	6.3

Net Income (Loss) from Major Group Companies (Billions of Yen)

	2007	2008	2009
Prominent Apparel Ltd.	¥0.6	¥0.6	¥0.6
ITOCHU TEXTILE (CHINA) CO., LTD.	0.9	0.9	1.0
JOI'X CORPORATION	1.1	0.9	0.4

	2005	2006	2007	2008	2009
Gross trading profit	¥ 57.4	¥ 68.7	¥ 89.3	¥99.1	¥ 71.9
Net income (loss)	9.8	12.7	19.9	21.4	(15.5)
Identifiable assets at March 31	462.6	501.8	652.9	709.7	639.9
ROA (%)	2.2	2.6	3.5	3.1	(2.3)

	2007	2008	2009
ITOCHU Sanki Corporation	¥ 0.4	¥ 0.4	¥ 0.4
ITOCHU CONSTRUCTION MACHINERY CO., LTD.	0.7	0.8	0.4
MCL Group Limited	(0.4)	(2.6)	(2.5)
ITOCHU Automobile America Inc.	1.2	0.6	(1.6)
Century Leasing System, Inc.	1.6	1.5	1.0

	2005	2006	2007	2008	2009
Gross trading profit	¥108.4	¥116.4	¥133.5	¥139.0	¥138.9
Net income	14.4	17.2	11.2	14.6	8.0
Identifiable assets at March 31	489.4	524.7	551.2	513.9	490.2
ROA (%)	3.0	3.4	2.1	2.7	1.6

	2007	2008	2009
ITOCHU Techno-Solutions Corporation*	¥7.4	¥ 8.1	¥ 6.9
ITC NETWORKS CORPORATION	1.8	1.7	1.6
Excite Japan Co., Ltd.	0.2	(1.1)	(1.4)
SPACE SHOWER NETWORKS INC.	0.2	0.2	0.1

* ITOCHU Techno-Solutions Corporation's net income includes the net income of former CRC Solutions Corp.

	2005	2006	2007	2008	2009
Gross trading profit	¥ 39.1	¥ 73.9	¥102.1	¥127.5	¥ 222.3
(Metals & Minerals)	25.8	48.2	46.5	50.0	110.7
(Energy)	13.3	25.6	55.6	77.5	111.6
Net income	25.7	58.0	80.7	105.7	114.7
Identifiable assets at March 31	491.0	644.4	781.4	916.6	1,016.6
ROA (%)	5.5	10.2	11.3	12.5	11.9

	2007	2008	2009
ITOCHU Metals Corporation*	¥ 1.2	¥ 1.4	¥ 1.4
ITOCHU Petroleum Japan Ltd.	5.1	3.6	5.0
ITOCHU Minerals & Energy of Australia Pty Ltd	28.9	38.5	71.2
ITOCHU Oil Exploration (Azerbaijan) Inc.	21.2	33.4	26.1
Marubeni-Itochu Steel Inc.	16.8	16.9	14.8

* Company name changed as of April 1, 2008 (former company name: ITOCHU Non-Ferrous Materials Co., Ltd.)

	2005	2006	2007	2008	2009
Gross trading profit	¥105.9	¥111.1	¥126.2	¥122.6	¥114.3
(Forest Products & General Merchandise)	70.4	72.7	79.4	74.3	66.0
(Chemicals)	35.5	38.4	46.8	48.3	48.3
Net income	20.3	18.6	24.8	19.7	19.0
Identifiable assets at March 31	583.7	634.3	716.8	766.8	611.4
ROA (%)	3.5	3.1	3.7	2.7	2.8

	2007	2008	2009
ITOCHU Kenzai Corp.	¥2.4	¥ 0.3	¥(1.0)
ITOCHU Pulp & Paper Corp.	0.8	0.6	0.1
ITOCHU CHEMICAL FRONTIER Corporation	1.8	1.8	1.1
ITOCHU PLASTICS INC.	3.2	3.1	1.6
PrimeSource Building Products, Inc.	7.4	6.4	8.3

	2005	2006	2007	2008	2009
Gross trading profit	¥136.2	¥142.6	¥ 264.6	¥ 324.7	¥ 335.6
Net income (loss)	(9.3)	19.4	18.1	18.7	20.2
Identifiable assets at March 31	728.0	778.8	1,070.7	1,064.8	1,054.1
ROA (%)	(1.3)	2.6	2.0	1.7	1.9

	2007	2008	2009
NIPPON ACCESS, INC.*	¥2.4	¥ 2.6	¥ 3.7
Japan Foods Co., Ltd.	0.1	0.1	0.0
FamilyMart Co., Ltd.	4.7	4.9	5.3

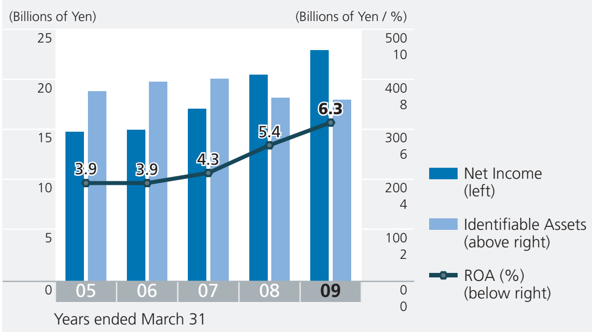
* The fiscal 2007 figure for NIPPON ACCESS, INC., is based on a calculation that includes the figure for Nishino Trading Co., Ltd.

	2005	2006	2007	2008	2009
Gross trading profit	¥ 39.3	¥ 46.0	¥ 43.3	¥ 41.4	¥ 42.0
Net income (loss)	5.4	9.9	(28.3)	10.8	(1.2)
Identifiable assets at March 31	615.3	600.9	524.9	420.5	381.8
ROA (%)	0.9	1.6	(5.0)	2.3	(0.3)

	2007	2008	2009
ITOCHU Finance Corporation	¥ 2.3	¥ (7.0)	¥ 0.6
CENTURY 21 REAL ESTATE OF JAPAN LTD.	0.4	0.4	0.2
i-LOGISTICS CORP.	0.4	0.7	0.1
Orient Corporation	(40.6)	19.3	(2.7)
FX PRIME Corporation	0.1	0.7	0.9
eGuarantee, Inc.	0.1	0.0	0.1

Textile Company

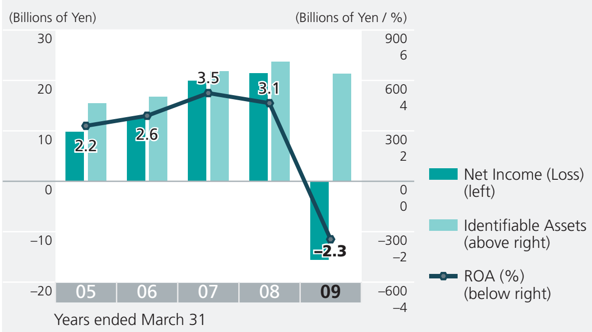
Net Income / Identifiable Assets / ROA



Net income increased by 11.7%, or ¥2.4 billion, to ¥22.9 billion (US$233 million), due to contribution of a new invested equity-method associated company and a marked improvement in gain on investments and marketable securities, which offset lower gross trading profit. Identifiable assets decreased by 1.1%, or ¥3.9 billion, compared with the previous fiscal year-end, to ¥360.4 billion (US$3,669 million), primarily due to decreases in trade receivables, and sale of investments and marketable securities offset the effects from acquisition of a subsidiary.

Machinery Company

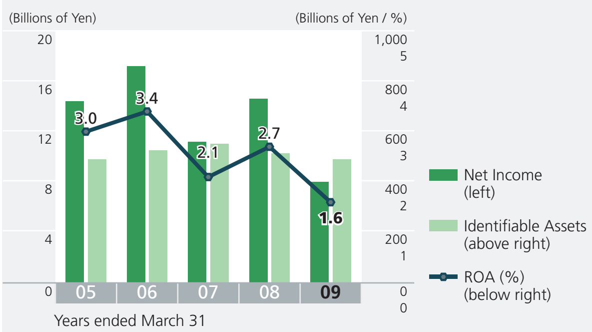
Net Income (Loss) / Identifiable Assets / ROA



The Division Company recorded a net loss of ¥15.5 billion (US$157 million), a decrease of 172.4%, or ¥36.8 billion, compared with net income of ¥21.4 billion recorded in the previous fiscal year. That loss resulted from a significant decrease in gross trading profit, the recognition of impairment losses on investments and marketable securities in automobile-related investment, and a deterioration in equity in earnings of associated companies. Identifiable assets decreased by 9.8%, or ¥69.8 billion, compared with the previous fiscal year-end, to ¥639.9 billion (US$6,515 million), which was mostly attributable to a decrease in trade receivables related to automobile and construction machinery business, and lower prices of listed marketable securities due to sluggish stock markets.

ICT, Aerospace & Electronics Company (formerly Aerospace, Electronics & Multimedia Company)

Net Income / Identifiable Assets / ROA

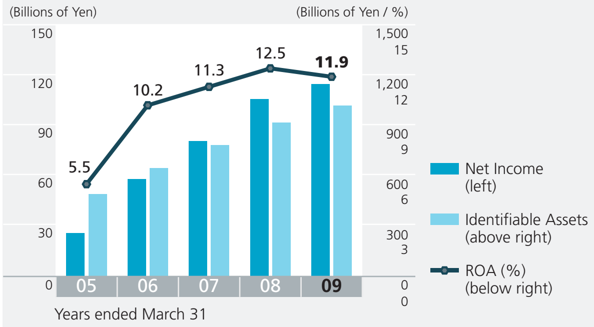


Net income decreased by 45.0%, or ¥6.6 billion, to ¥8.0 billion (US$82 million), due to increase in selling, general and administrative expenses and a reduction in gain on disposal of investments and marketable securities. Identifiable assets decreased by 4.6%, or ¥23.7 billion, compared with the previous fiscal year-end, to ¥490.2 billion (US$4,990 million), because of a reduction in advances to suppliers accompanying the delivery of major aircraft-related projects.

* As the result of a reorganization on April 1, 2009, the Machinery Company transferred control of its Industrial Machinery & System Department to the Aerospace, Electronics & Multimedia Company, which changed its name to the ICT, Aerospace & Electronics Company.

Energy, Metals & Minerals Company

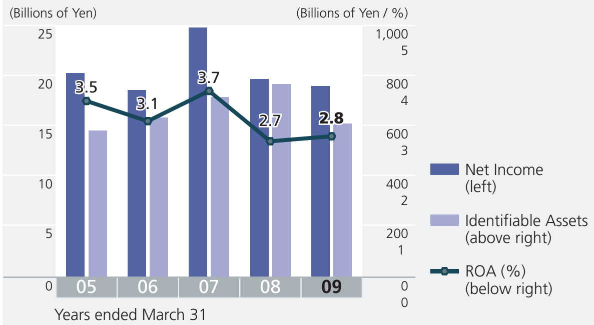
Net Income / Identifiable Assets / ROA



Net income increased by 8.5%, or ¥9.0 billion, to ¥114.7 billion (US$1,167 million), due to contribution of higher gross trading profit accompanying an increase in metal resource prices and an increase in dividends from the LNG-related investments, which offset the recognition of loss arising from the withdrawal from the Entrada Oil/Natural Gas Project. Identifiable assets increased by 10.9%, or ¥100.0 billion, compared with the previous fiscal year-end, to ¥1,016.6 billion (US$10,349 million), because of the acquisition of ITOCHU ENEX CO., LTD. and the new invested associated company which engages in iron ore production and wholesale business in Brazil despite the effect of decreases due to yen appreciation and falling of oil prices.

Chemicals, Forest Products & General Merchandise Company

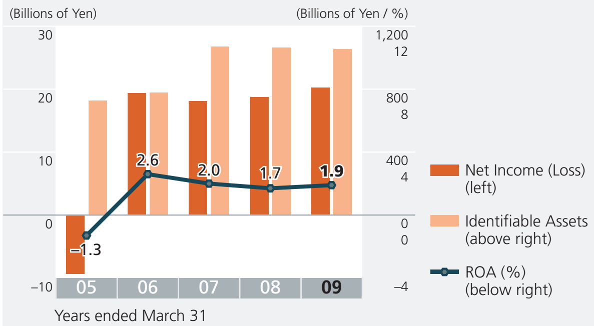
Net Income / Identifiable Assets / ROA



Net income decreased by 3.3%, or ¥0.7 billion, to ¥19.0 billion (US$194 million), due to impairment losses on fixed assets and the absence of gain on disposal of investments and marketable securities in the previous fiscal year, which offset an improvement in equity in earnings of associated companies. Identifiable assets declined 20.3%, or ¥155.4 billion, compared with the previous fiscal year-end, to ¥611.4 billion (US$6,224 million), due to a decrease in trade receivables that accompanied a worsening of the market for chemicals and a slump in housing market in Japan.

Food Company

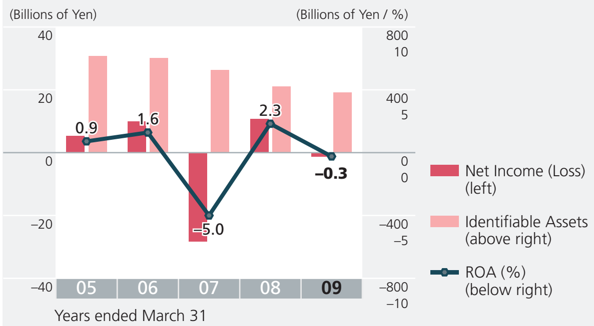
Net Income (Loss) / Identifiable Assets / ROA



Net income increased by 8.2%, or ¥1.5 billion, to ¥20.2 billion (US$205 million), as increases in gross trading profit and equity in earnings of associated companies absorbed an impairment loss on investments and marketable securities held by subsidiaries and the absence of a gain on disposal of investments and marketable securities recorded in the previous fiscal year. Identifiable assets decreased by 1.0%, or ¥10.7 billion, compared with the previous fiscal year-end, to ¥1,054.1 billion (US$10,731 million), due to a decrease in food-related inventories.

Finance, Realty, Insurance & Logistics Services Company

Net Income (Loss) / Identifiable Assets / ROA



This Division Company recorded a net loss of ¥1.2 billion (US$12 million), a decrease of ¥12.0 billion compared with net income of ¥10.8 billion recorded in the previous fiscal year. That decline was due to the absence of a gain on capital restructuring (a gain on debt waiver) in a finance associated company recorded in the previous fiscal year as well as the recognition of an impairment loss on investment in that investment, and a worsened performance of financial asset management subsidiaries. Identifiable assets decreased by 9.2%, or ¥38.7 billion, compared with the previous fiscal year-end, to ¥381.8 billion (US$3,887 million), due to a decrease in fund management assets of financing subsidiaries.

Textile Company

This consumer-driven division company has evolved ITOCHU's founding business by pursuing high added value from upstream through to downstream business areas—from raw materials through to textiles and finished products. However, the Textile Company is not limited to apparel. In addition to developing nontextile businesses, such as industrial materials with advanced functionality, this division company is also launching forays throughout the Consumer-Related Sector, including business areas related to food and "living," by drawing on its far-sightedness and adaptability to establish new business models.

Masahiro Okafujii
President, Textile Company

Strengths of the Textile Company

- Combination of far-sightedness and boldness that has created an unceasing flow of new business models, advanced asset renewal, and undertaken upfront investments in businesses with potential
- Brand businesses enjoy dominant industry positions thanks to the creation of new business models ahead of competitors covering importing to licensing, expansion of sales channels and product lineups, and long-term stabilization of trademark rights through tie-ups and acquisitions

Main Initiatives in Fiscal 2009

- Expanded new businesses and advanced mergers and acquisitions by making DESCENTE, LTD., an equity-method associated company, including SANKEI CO., LTD., as a subsidiary, and taking a stake in Shanshan Group Co., Ltd. (China)
- Accelerated overseas development by forging alliances through investments in new business partners
- Avoided bad debts by strengthening consolidated risk management

Business Results

(Billions of Yen)

	2007	2008	2009
Gross trading profit	¥124.6	¥115.2	**¥102.6**
Equity in earnings (losses) of associated companies	1.5	2.0	**3.6**
Net income	17.1	20.5	**22.9**
Identifiable assets at March 31	401.8	364.3	**360.4**
ROA (%)	4.3	5.4	**6.3**

Years ended March 31

Fiscal 2009 Business Conditions and Measures in Response to Changes

In fiscal 2009, ended March 31, 2009, the textile industry faced severe business conditions due to a marked steepening of the trend toward contraction, which has emerged in the past several years. The apparel market was hit particularly hard, with conditions worsening rapidly every month from October 2008. By March 2009, department stores had seen year-on-year sales declines for 21 consecutive months. As a result, credit uneasiness became evident in the textile industry.

In response to those changes in business conditions, the Textile Company, based on even more stringent consolidated management of credit risk to prevent contingent losses, invested in highly profitable assets and businesses and actively advanced sales activities in new business areas. Consequently, this division company became more solid in financial position by adding efficient assets and replacing less efficient assets.

Frontier+ 2008 Results and Evaluation of Fiscal 2009 Business Results

In fiscal 2009, the final year of Frontier+ 2008, the Textile Company increased earnings for the eighth straight year by posting another new record for net income. Moreover, achieving the highest ever level for return on assets—more than 6%— testifies to the progress made during the plan in reweighting the Textile Company's portfolio toward high-efficiency assets. The replacement of assets and the development and strengthening of operating companies enabled this division company to keep the percentage of Group companies reporting profits above 90%. Therefore, we achieved satisfactory results under Frontier+ 2008.

Looking at our performance qualitatively, in fiscal 2009, in accordance with the previous plan's key strategies of reweighting toward highly efficient assets through efforts to pioneer and develop new businesses and to aggressively implement merger and acquisition (M&A) activities, in our most important region—China—we made investments that will pave the way toward further advances and stepped up the pace of investment to establish alliances with new companies.

For example, our inclusion as an equity-method associated company of Shanshan Group Co., Ltd.—which was originally a textile business and is one of the foremost conglomerates in China—and the conclusion of a strategic tie-up with the company has given us a solid foothold from which to intensify operational development in China's market, which promises stable growth over the medium-to-long term. Further, we made DESCENTE, LTD., an equity-method associated company with a view to furthering the development of overseas operations by strengthening our alliance and introducing new brands. In another strategic move, we made the leading garment accessories company SANKEI Co., Ltd., a subsidiary. By capitalizing on that company's product procurement capabilities, overseas information gathering capabilities, and material procurement capabilities, we will develop an integrated procurement, production, and sales system that immediately responds to apparel retail trends. And, in yet another effort to create a strategic stepping stone for the future, we established a joint venture quality control company in Ho Chi Minh City, Vietnam, PROMINENT (VIETNAM) CO., LTD., which will help counteract rising production costs in China and strengthen our base for exporting to Europe and North America.

Furthermore, we introduced 16 new brands, including Syunsoku, a children's sports shoes brand selling more than 5 million pairs of shoes annually, and Kitson, a highly fashionable multi-brand store from Los Angeles, in the United States. In both the importing and licensing business areas, we are strengthening efforts to cater to lifestyles and market demand through a wide selection of lineups, which range from dark-colored formal apparel through to golf wear.

To sum up fiscal 2009, we managed to consolidate our foundations by taking the above-mentioned steps to strengthen risk management promptly while steadily establishing footholds that will enable us to move toward the goals of the current plan.

Priority Strategies of the New Medium-Term Management Plan Frontier^{e} 2010

As the Textile Company will likely continue to face unpredictable business conditions, we will cement management foundations while strengthening its basic earning power.

Specifically, we intend to reduce expenses and to implement rigorous management of credit risk to reduce bad debt risk. Further, this division company will target the early achievement of contributions to earnings from new investments in businesses that it has developed to date while making carefully selected investments in new business areas with a view to further extending the scope of its business domain. In order to further increase earning power, we must concentrate even more effort on overseas development. Accordingly, taking China's market as our primary target, the Textile Company will further accelerate overseas initiatives.

A Capital and Operational Tie-up with Shanshan Group

Shanshan Group Co., Ltd., began as a textile business. Today, it is one of China's foremost conglomerates and is extending the scope of its business areas, which already include natural resources, energy, electronic components, food resources, finance, and real estate. We will leverage our recent capital and operational tie-up with the company not only to build a medium-to-long term partnership in the textile area but also to further strategic initiatives in other business areas.

Developing Syunsoku Based on Licensing

For general licensing operations, we established a partnership with Achilles Corporation, which markets sport shoes for children under the Syunsoku brand. Unveiled in 2003, Syunsoku shoes features a structure with a large number of spikes on the left side of the sole creating asymmetry between the left and right sides that enables the wearer to run, round corners with a firmer tread. Selling more than 5 million pairs of shoes annually, Syunsoku boasts strong brand name recognition and overwhelming popularity among children. Having acquired a master license for all of the company's lineups, except shoes, ITOCHU will take full advantage of the expertise and track record it has built up over many years in the character licensing business to develop further business models.

Machinery Company

With operations centering on ships, plant, automobiles, and construction machinery, the Machinery Company trades and invests in businesses on a global scale based on the deployment of a large number of our personnel to overseas bases. Also, this division company is creating new earnings platforms based on trading devices related to water resources and the environment as well as developing businesses related to renewable and alternative energy.

Toru Nomura
President, Machinery Company

Strengths of the Machinery Company

- Approximately one-third of personnel positioned overseas; independent sales networks for ships, plant, automobiles, and construction machinery businesses around the world
- Strong relationships with strategic partners and trading track record in Japan as well as overseas, centered on North America, Europe, and emerging markets
- Impressive track record: Orders received for chemical plants and infrastructure projects in Algeria and other countries

Main Initiatives in Fiscal 2009

- Merged Century Leasing System, Inc., and Tokyo Leasing Co., Ltd.
- Implemented strategic investment with strategic partners in environmental business area
- Established company for development of biomass power generation operations
- Acquired North American independent power producer Fox Energy Company, LLC
- Established ISUZU Network Co., Ltd.
- Established sales finance companies in North America and Thailand
- Invested in integrators and sales companies for solar power generation systems

Business Results

(Billions of Yen)

	2007	2008	2009
Gross trading profit	¥ 89.3	¥ 99.1	¥ 71.9
Equity in earnings (losses) of associated companies	5.8	4.8	1.8
Net income (loss)	19.9	21.4	(15.5)
Identifiable assets at March 31	652.9	709.7	639.9
ROA (%)	3.5	3.1	(2.3)

Years ended March 31

Fiscal 2009 Business Conditions and Measures in Response to Changes

The Machinery Company's brisk sales in fiscal 2008 continued through the first half of fiscal 2009 in emerging countries and the Middle East, but not in North America. In the second half of the fiscal year, however, the sudden economic slowdown stemming from the subprime loan crisis directly impacted automobile and construction equipment sales, leading to a significant decrease in revenues. Other factors that significantly affected this division company's performance were an increase in credit risk due to delays in projects and payments as companies' fund-raising capabilities lessened, a decline in the competitiveness of exports due to the rapid appreciation of the yen, and higher impairment losses resulting from rapidly falling share prices from autumn 2008 onward. In response to these volatile business conditions, this division company rigorously strengthened risk management in relation to inventory control and credit risk.

Meanwhile, reacting to the announcements of international frameworks for systems related to CO_2 reduction and new energy, including related policy announcements in the United States, we invested aggressively in environmental business areas, including those related to new energies that are likely to see demand growth—such as biomass, geothermal, and solar—as well as in businesses related to water resources.

Frontier+ 2008 Results and Evaluation of Fiscal 2009 Business Results

In fiscal 2009, despite a dramatic worsening of business conditions, by selecting business projects carefully, we were able to take steady steps toward building earnings platforms for the future.

The Plant & Project Division achieved an increase in orders for the building of new ships and continued to increase its asset holdings in such independent power producers as Fox

Energy Company, LLC. At the same time, the division accelerated business collaborations and strategic tie-ups. For example, in the environmental business area the division established American Renewables, LLC, which develops, builds, and operates independent biomass power generation plants in North America.

The Automobile Division strengthened its core sales businesses by establishing ISUZU Network Co., Ltd., and making YANASE & CO., LTD., an equity-method associated company through an additional investment. Further, the division also strengthened peripheral automobile businesses through the establishment of a captive sales finance company for the products of Isuzu Motors Limited in the North American market and the establishment of a sales finance company in Thailand exclusively for Suzuki motorbikes.

The Industrial Machinery & Solution Division advanced M&As with solar power generation systems integrators as part of efforts to build a value chain in the solar cell business area. Also, the division paved the way toward further advances by establishing a three-pronged system in Japan, the United States, and Europe through the bedding down of operations at Solar Depot, LLC, following its acquisition; investing in Greenvision Ambiente Photo-Solar S.R.L., of Italy, and Enolia Solar Systems S.A., of Greece; and the acquisition of Ecosystem Japan Co., Ltd., of Japan*.

Further, we merged Century Leasing System, Inc., and Tokyo Leasing Co., Ltd., to establish a core company for leasing and financing operations, and intend to support the future growth of that company.

Looking at fiscal 2009—the final year of Frontier$^+$ 2008—in the first half we recognized ¥10.8 billion, before tax, as a provision for doubtful receivables related to an incident that tri-nation trade transactions involving heavy machinery, mechanical equipment, and materials for customers in Mongolia included financial transactions not involving actual delivery of products. In response, we strengthened internal control by steadily implementing preventative measures prepared following that incident. Further, we saw impairment losses on securities of listed companies due to a slump in the stock market from the second half of the fiscal year, lower earnings reflecting a worsening of equity in earnings of associated companies, and a sudden slowdown in automobile trading transactions. Due to the resulting significant decrease in earnings, we did not reach consolidated earnings targets. However, as mentioned above, we successfully implemented valuable, forward-looking investments.

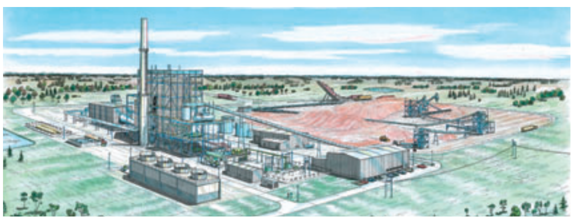
* In fiscal 2010, ITOCHU integrated the solar power generation businesses of the Machinery Company and the Energy, Metals & Minerals Company in a newly established Solar Business Department, which is within the business development organization of Headquarters. Based on this reorganization, ITOCHU will further strengthen solar power generation businesses.

Priority Strategies of the New Medium-Term Management Plan Frontier^e 2010

Under Frontier^e 2010, the Machinery Company will further heighten its ability to adapt to changes in business conditions by reorganizing and integrating operations and bolstering the earnings power of operating companies. Meanwhile, viewing the economic crisis as an opportunity, we will unearth new business chances. In conjunction with these initiatives, we will create solid foundations for sustainable growth by carefully selecting and accumulating strategic, highly profitable assets to rebuild our asset portfolio into one that secures stable earnings.

Embarking on Biomass Power Generation Operations in North America

Through our operating company, Tyr Energy, Inc., which is an independent power producer, we jointly established American Renewables, LLC, headquartered in Boston, as a company that develops, builds, and operates independent biomass power generation plants. We established American Renewables with a U.S. energy development company and a developer of independent power producer businesses. At three sites across the country, the new company is currently developing the largest scale biomass power generation plants in the United States, the first of which is slated to begin commercial operations in 2012.



Underwriting YANASE's Third-party Allocation of New Shares

Since acquiring shares of YANASE & CO., LTD., in 2003, ITOCHU and YANASE have drawn on each other's management resources to expand the businesses of both companies. A recent further assumption of 5,208,000 shares, for approximately ¥3 billion, increased ITOCHU's holding to 22.04% of the company's shares. We believe this will help further strengthen the company's management platform.

ICT, Aerospace & Electronics Company

* As the result of a reorganization on April 1, 2009, the Machinery Company transferred control of its Industrial Machinery & System Department to the Aerospace, Electronics & Multimedia Company, which changed its name to the ICT, Aerospace & Electronics Company.

This division company has a large number of operating companies that lead their respective industries in a wide range of sectors, from aerospace to information technology (IT) solutions, Internet-related businesses, media, and mobile equipment and services. While further strengthening core businesses and working to generate profits from businesses in which it has made upfront investments, the ICT, Aerospace & Electronics Company is boldly taking on the challenges of pioneering new technologies and businesses.

Hiroo Inoue
President, ICT, Aerospace & Electronics Company

Strengths of the ICT, Aerospace & Electronics Company

- Centered on ITOCHU Techno-Solutions Corporation, IT solutions businesses boast leading earning power among general trading companies
- ITC NETWORKS CORPORATION's nationwide distribution network for mobile handsets
- Development of a wide diversity of businesses in Internet-related business areas, including general portal site of Excite Japan Co., Ltd., and advertising and digital marketing operations of ITOCHU ELECTRONICS CORP.
- Large shares of markets in civilian aerospace business area, including sale of small aircraft and production and sale of equipment for aircraft interiors

Main Initiatives in Fiscal 2009

- Acquired shares of NTT Plala Inc. to step up involvement with video broadcasting services through Internet (IPTV businesses)
- Assumed mobile handset distribution business of Hitachi Mobile Co., Ltd., through ITC NETWORKS CORPORATION
- Established environment-friendly data center through ITOCHU Techno-Solutions Corporation
- Took a stake in pharmaceutical marketing support company Medical Collective Intelligence Co., Ltd.
- Acquired rights to act as a sales agent for the world's largest manufacturer of turboprop aircraft, ATR (Avions de Transport Régional)

Business Results

(Billions of Yen)

	2007	2008	2009
Gross trading profit	¥133.5	¥139.0	¥138.9
Equity in earnings (losses) of associated companies	(1.5)	(1.2)	0.3
Net income	11.2	14.6	8.0
Identifiable assets at March 31	551.2	513.9	490.2
ROA (%)	2.1	2.7	1.6

Years ended March 31

Fiscal 2009 Business Conditions and Measures in Response to Changes

In the IT solutions business area, the curbing of IT investment due to deteriorating corporate performances affected the business results of ITOCHU Techno-Solutions Corporation. However, the ICT, Aerospace & Electronics Company sought to offset this trend by strengthening measures targeting businesses less susceptible to economic fluctuations, such as data centers and cloud computing.

In the mobile business area, ITC NETWORKS CORPORATION saw handset sales volumes soften due to a rise in handset prices resulting from the introduction of a new sales system and the peaking of new customers. In response, the company minimized the impact of these factors by focusing efforts on developing corporate clients—a market expected to grow—under themes of strengthening information security and reducing telecommunications costs. In addition, as the appetite for purchasing mobile handsets waned, demand increased rapidly for the insurance and warranty services for mobile handsets that Asurion Japan K.K. provides to NTT DOCOMO, INC.

In the life science business area*, the business opportunities for clinical trial outsourcing operations rose as pharmaceutical product manufacturers, facing fiercer development competition, increasingly sought to reduce personnel expenses and shorten development lead times.

* From fiscal 2010, ITOCHU integrated this division company's life science related businesses with those of the Healthcare Business Department, which was newly established in the business development organization of Headquarters. Through this new department, ITOCHU will strengthen related operations.

Frontier+ 2008 Results and Evaluation of Fiscal 2009 Business Results

For fiscal 2009, the ICT, Aerospace & Electronics Company recorded a year-on-year decline in earnings due to the rapid worsening of markets in the IT solutions business area and the aircraft business area in the wake of the financial crisis as well as the asset impairment of certain operating companies. From a qualitative standpoint, however, we strengthened core businesses and steadily cultivated seeds for future growth.

In a successful effort to develop new business areas, one of the key measures of the previous management plan, we bolstered video broadcasting services for televisions that use Internet protocol (IPTV businesses) by taking a stake in NTT Plala Inc., which provides the Hikari TV video broadcasting service. Under this key measure, another initiative was taking a stake in pharmaceutical marketing support company Medical Collective Intelligence Co., Ltd., as part of initiatives to strengthen marketing support services for pharmaceutical companies. Meanwhile, in the aerospace business area we acquired rights to act as a sales agent for ATR—the world's largest manufacturer of turboprop aircraft, which have outstanding fuel efficiency.

As part of initiatives to strengthen core businesses, ITOCHU Techno-Solutions buttressed green IT solutions businesses by opening an environment-friendly green data center, the Mejirozaka Data Center. Further, ITC NETWORKS increased its sales channels for mobile handsets and expanded its base for corporate sales by assuming the mobile handset distribution business of Hitachi Mobile Co., Ltd.

A success resulting from the key strategy to turn upfront investments into sources of profit was the steady increase in policyholders for the insurance and warranty services for mobile handsets that Asurion Japan provides to NTT DOCOMO.

Evaluating our achievements in relation to the tasks of Frontier^{+} 2008, efforts to strengthen core businesses bore fruit, which included increasing sales channels for mobile handsets and expanding our base for corporate sales through aggressive M&As by ITC NETWORKS as well as heightening our presence in the equipment for aircraft interiors business area by increasing our stake in JAMCO Corporation. However, we are conscious of the tasks that remain to be tackled in the current fiscal year. These include rebuilding the profit structures in the Internet media business area and addressing the decline in earning power among second-tier core operating companies ranking after ITOCHU Techno-Solutions and ITC NETWORKS. Efforts to turn upfront investments into sources of profit produced such successes as moving the abovementioned insurance and warranty services for mobile handsets into the black. Further, we expect IPTV businesses and the acquisition of rights to act as a sales agent for ATR will contribute to earnings from fiscal 2010.

Priority Strategies of the New Medium-Term Management Plan Frontier^{e} 2010

Under the new medium-term management plan, the ICT, Aerospace & Electronics Company will strengthen core businesses steadily, take on challenges in new business areas, and accelerate the development of businesses overseas as basic strategies to further increase earnings. In efforts to strengthen core businesses steadily, we will continue to concentrate on reinforcing the earnings platforms of core operating companies and second-tier core operating companies while decisively divesting businesses with low efficiency or rebuilding their business models. In order to take on challenges in new business areas, this division company will maximize synergies created through the April 2009 reorganization that integrated the Industrial Machinery & System Department with the Aerospace & Electronics Systems Division, the IT & Business Solutions Division, and the Media Business Division to open up fresh business areas in the field of information communication, such as new environmental technologies, outsourcing platforms, and broadcasting platforms. Overseas, we will accelerate the development in North America and Asia centered on IT solutions businesses and aircraft-related businesses.

Increasing Involvement in Optical Cable-based Video Distribution Services

The ICT, Aerospace & Electronics Company has made NTT Plala Inc., which provides Hikari TV, an equity-method associated company. ITOCHU will support the further development of Hikari TV by capitalizing on expertise garnered in such multichannel pay broadcasting operations as SKY PerfecTV and Space Shower TV and through the terrestrial digital broadcasting service, provided over the Internet by ITOCHU's associated company I-CAST, Inc.

Acquisition of Rights to Act as a Sales Agent for Turboprop Aircraft Manufacturer

ITOCHU acquired the rights to act as a sales agent for ATR, the world's largest manufacturer of turboprop aircraft, which boasts one of the best-selling ranges of turboprop aircraft among short-haul and regional airlines worldwide. Able to land on the short runways of regional airports, ATR turboprop aircraft can play a significant role in reinvigorating regions. Also, featuring more environment-friendly designs than jet aircraft of the same class, these aircraft have lower carbon emission volumes, less exterior noise, and better fuel efficiency. Another related benefit is that their operational costs are less than half of those of jet aircraft.

Energy, Metals & Minerals Company

Focusing on the development of such mineral resources as iron ore, coal, and alumina, and energy resources as our priority business areas, the Energy, Metals & Minerals Company identifies and acquires highly profitable business projects. Further, this division company coordinates with trading operations to build value chains based on independently developed resources, which maximize the Group's earnings. We are also steadily sowing seeds for the future by developing Environment & New Energy-related businesses, including bioethanol and biomass, dimethyl ether, and greenhouse gas emission credits.

Yoichi Kobayashi
President, Energy, Metals & Minerals Company

Strengths of the Energy, Metals & Minerals Company

- One of the soundest earnings platforms in the general trading company industry thanks to highly profitable equity interests
- Best oil-trading business lines in general trading company industry
- Building of portfolios in resources development operations that balance products, regions, and development stages
- Strong steel distribution network in Japan and overseas built by Marubeni-Itochu Steel Inc.

Main Initiatives in Fiscal 2009

- Acquired equity interest in iron ore in Brazil (Nacional Minérios S.A.) through consortium of Japanese and Korean companies
- Extended existing equity interests in iron ore, coal, and alumina in Australia
- Reorganized oil and gas operations in Japan, integrating trading operations for non-ferrous products, steel scrap, and recycling
- Advanced bioethanol operations in Brazil and operations to produce greenhouse gas emission credits in China and the Philippines

Business Results

(Billions of Yen)

	2007	2008	**2009**
Gross trading profit	¥102.1	¥127.5	**¥ 222.3**
Equity in earnings (losses) of associated companies	27.1	25.5	**24.7**
Net income	80.7	105.7	**114.7**
Identifiable assets at March 31	781.4	916.6	**1,016.6**
ROA (%)	11.3	12.5	**11.9**

Years ended March 31

Fiscal 2009 Business Conditions and Measures in Response to Changes

In the first half of fiscal 2009, markets for mineral resources and energy that trended above the levels we initially anticipated contributed significantly to higher earnings from existing equity interests. By contrast, in the second half of the fiscal year the financial crisis in the United States triggered a dramatic worsening of the real economy worldwide, which drove down demand for crude oil, iron ore, coal, and other mineral resources and produced a fall in prices for resources and energy. Those trends scientifically affected the earnings of the Energy, Metals & Minerals Company's trading businesses and operating companies. In response, we sought to realize stringent risk management through foreign currency hedges and other measures and to reduce development costs.

A further feature of business conditions was the upturn in investment and business opportunities in such environment-related business areas as new energy, including bioethanol, biomass, and dimethyl ether, and greenhouse gas emission credits due to the ever increasing international concern over global environmental problems.

Frontier+ 2008 Results and Evaluation of Fiscal 2009 Business Results

In fiscal 2009, we actively invested to acquire new equity interests and extend existing equity interests in mineral resources and energy. In Brazil, we formed a consortium with major steel producers in Japan and Korea and acquired a stake in an iron ore producer and distributor, Nacional Minérios S.A. (NAMISA), a subsidiary of major Brazilian steel producer Companhia Siderúrgica Nacional (CSN). In resources development operations in Australia, we invested to increase our iron ore and alumina supply capabilities and undertook capital investment in coal equity interests. In addition, the Energy, Metals & Minerals Company took preparatory steps toward fortifying its earnings platforms for the future by advancing explorations for iron ore in Australia, nickel and platinum group metals in North America, and copper at concessions in Chile as well as beginning explorations for new oil and gas fields, such as Riness SW in the British North Sea. Other initiatives to establish earnings platforms for the future included beginning bioethanol production and sales in Brazil—through a joint venture company established with major Brazilian grain producer the Bunge Group—and furthering operations for the creation of greenhouse gas emission credits in the Philippines. In fiscal 2009, we strengthened our management platform by reorganizing and integrating operating companies in Japan. For example, in response to Japan's shrinking market for petroleum products, we integrated ITOCHU's domestic petroleum-related businesses in ITOCHU ENEX CO., LTD., and established ITOCHU Metals Corporation, in which we consolidated non-ferrous products businesses and businesses involved in steel scrap and recycling.

Regarding results under the Frontier+ 2008 medium-term management plan, which ended in fiscal 2009, the Energy, Metals & Minerals Company posted consolidated net income above ¥100 billion in fiscal 2008 and fiscal 2009. Over those two years, we invested a total of more than ¥280 billion to increase the capacity of existing equity interests, acquire new highly profitable equity interests, and create new earnings platforms by advancing new energy businesses. On the other hand, we recognized a ¥36.2 billion loss, before tax, due to withdrawal from the Entrada oil and natural gas field development project in the U.S. Gulf of Mexico. Nevertheless, we feel that, quantitatively and qualitatively, overall results during the period of the previous management plan were satisfactory.

Priority Strategies of the New Medium-Term Management Plan Frontier^e 2010

Although exacting conditions continue in economies worldwide, we expect that over the medium-to-long term vigorous economic development among such emerging countries as China will spur higher demand for mineral and energy resources as well as steel and non-ferrous products. Therefore, under Frontier^e 2010 we will first of all expand existing equity interests while replacing assets with carefully selected new business projects that are more profitable. Next, in trading businesses we will build value chains based on highly profitable equity interests and increase earnings synergies. Further, we will acquire tankers and terminals to enable the creation of new business models. The Energy, Metals & Minerals Company will also focus efforts on stepping up the acquisition of uranium equity interests and related trading as well as strengthening Environment & New Energy businesses by moving forward with bioethanol operations in Brazil, embarking upon the full-fledged operation of greenhouse gas emission credits businesses, and establishing commercial operations for biomass fuel.

Through these initiatives, we envision constructing earnings platforms that can consistently secure consolidated net income of ¥100 billion or higher even amid large fluctuations in the prices of resources and energy.

Acquisition of Brazilian Iron Ore Equity Interest through Japan-Korea Consortium

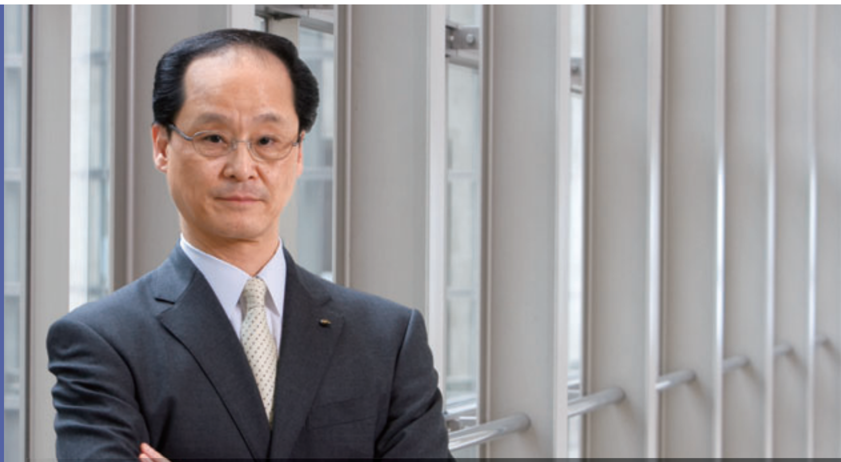
With major Japanese and Korean steel producers, ITOCHU formed a consortium, which acquired a 40% stake in the Brazilian iron ore producer and distributor Nacional Minérios S.A. Representing 16% of the Brazilian company's shares, ITOCHU's stake is the largest among the consortium companies as well as ITOCHU's largest ever investment in an overseas business. We invested to secure this major iron ore equity interest, which represents our second-largest such operations after existing operations in Western Australia, with our sights set on the burgeoning demand for steel expected over the medium-to-long term, mainly from China, India, and other emerging countries.

Bioethanol Operations in Brazil

ITOCHU began a capital participation in a business for the production and sale of bioethanol that uses sugar cane as a raw material and sugar in September 2008. In Brazil, 85% of automobiles use fuel that is a mixture of gasoline and ethanol. Consequently, domestic demand for ethanol is very strong. Also, we look forward to growing demand for ethanol as an alternative to fossil fuels in the United States, Europe, and Asia.

Chemicals, Forest Products & General Merchandise Company

In value chains covering materials from a variety of upstream industries through to the downstream retailing of finished products, the Chemicals, Forest Products & General Merchandise Company develops operations to reflect customer needs while aggressively expanding such new business areas as Life & Healthcare and Environment & New Energy. In the Consumer-Related Sector, centered on "the home and living," the Forest Products & General Merchandise Division handles various materials, including building materials, pulp, paper, rubber, and tires. Meanwhile, the Chemicals Division handles a broad lineup of products that ranges from raw materials to pharmaceutical products and electronic materials.



Satoshi Kikuchi
President, Chemicals, Forest Products & General Merchandise Company

Strengths of the Chemicals, Forest Products & General Merchandise Company

- Competitive advantages in building materials-related businesses in North America and Japan
- Competitive pulp production businesses in Brazil and powerful sales network
- Handling of competitive product lineups, including basic chemicals, synthetic resins, electronic materials, and pharmaceutical products
- Global sales network centered on synthetic fiber raw materials and synthetic resin

Main Initiatives in Fiscal 2009

- Strengthened earnings platforms through aggressive M&As by PrimeSource Building Products, Inc.
- Acquired medium density fiberboard (MDF) plant in New Zealand through joint venture with DAIKEN CORPORATION
- Decided to make C.I. KASEI Co., Ltd., a subsidiary; began take over bid (completed April 2009)
- Increased involvement in generic pharmaceutical products businesses

Business Results

(Billions of Yen)

	2007	2008	**2009**
Gross trading profit	¥126.2	¥122.6	**¥114.3**
Equity in earnings (losses) of associated companies	2.3	2.0	**2.9**
Net income	24.8	19.7	**19.0**
Identifiable assets at March 31	716.8	766.8	**611.4**
ROA (%)	3.7	2.7	**2.8**

Years ended March 31

Fiscal 2009 Business Conditions and Measures in Response to Changes

In the first half of fiscal 2009, the Chemicals, Forest Products & General Merchandise Company performed favorably, with chemicals-related businesses and pulp and tire trading doing particularly well, thanks to a combination of product price hikes worldwide and increasing demand centered in Asia. In the second half of the fiscal year, the worldwide financial crisis transformed business conditions, and a sudden deterioration of the commodities market and a large fall-off in demand significantly affected the chemicals-related businesses. The U.S. housing market had been declining since the housing boom ended in 2005, moreover, the market worsened in fiscal 2009 as a result of the credit crunch, triggered by the subprime mortgage loan problem. In 2008, new housing starts in the United States dropped to 905,500 residences, which is the lowest level since records began in 1959. In addition, the Japanese housing market was lackluster. As a result, our building materials-related businesses in both North America and Japan faced a challenging market situation. On the other hand, the worldwide credit crunch had the positive effect of increasing the opportunities for ITOCHU to invest in highly profitable business projects. In response to volatile business conditions, we lowered inventories, strengthened credit risk management, and reduced a range of costs while actively acquiring highly profitable business projects overseas based on medium-to-long term perspectives.

Frontier+ 2008 Results and Evaluation of Fiscal 2009 Business Results

Answering Frontier+ 2008's call to strengthen core businesses as a key measure, PrimeSource Building Products, Inc., our subsidiary in North America, bolstered its earnings by acquiring three competitors, reinforcing its sales offices, and extending its product lineups, which contributed to ITOCHU's earnings from overseas operations. In further initiatives, the Chemicals, Forest Products & General Merchandise Company acquired an MDF plant in New Zealand through a joint venture with DAIKEN CORPORATION. In tire businesses, we withdrew from wholesale and retail operations in Japan as well as in the United States. On the other hand, we acquired a tire retail company, Central Tyre Ltd., through U.K. subsidiary Stapleton's (Tyre Services) Ltd. In pulp-related businesses, Brazilian pulp producer Celulose Nipo-Brasileira S.A. performed well due to worldwide hikes in pulp prices. Meanwhile, in chemicals-related businesses, aiming to expand and accelerate the development of joint operations in Japan and overseas with C.I. KASEI Co., Ltd.—an operating company in the synthetic resins processing business area—we established a timetable for making the company a subsidiary through a take-over bid. In China, we further increased our handling of synthetic fiber raw materials, centered on polyester raw materials operations in Ningbo. In new businesses, we made steady progress in preparation for the beginning of commercial operations for methanol production in Brunei in 2010. In another initiative, this division company examined a major business project in the upstream chemicals business area.

In efforts to develop new business areas, we expanded Environment & New Energy-related businesses by advancing general forest plantation businesses, bioethanol businesses, and light-emitting diode (LED)-related businesses. We also laid strategic foundations in growth areas of pharmaceutical products by expanding generic pharmaceutical products operations at ITOCHU CHEMICAL FRONTIER Corporation, making REMEJE PHARMACEUTICALS (CHINA) CO., LTD., a subsidiary, and launching a foray into China's pharmaceutical industry through an investment in Jointown Pharmaceutical Group Co., Ltd.

Unfortunately, we did not reach the numerical targets set out in Frontier^{+} 2008. However, we achieved noteworthy qualitative and quantitative successes by steadily replacing assets with a view to fiscal 2010 while coping with volatile business conditions.

Priority Strategies of the New Medium-Term Management Plan Frontier^{e} 2010

Under the new management plan, we will respond to volatile business conditions through balanced portfolio management that actively replaces assets to accumulate high-quality assets and build a stable earnings structure.

In the Forest Products & General Merchandise Division, we will give priority to measures to further strengthen building materials businesses in Japan and overseas, expand global trading in the paper and pulp business area, and fortify our overseas sales network for tires. In the Chemicals Division, efforts will center on furthering major business investments in the petrochemicals business area, heightening the corporate value of C.I. KASEI, and strengthening overseas operations in the synthetic resins processing business area. Further, in the Life & Healthcare business area, focusing on businesses related to pharmaceuticals, we will step up the creation of new earnings platforms.

In addition to these initiatives, we will concentrate on cementing operational foundations through the reorganization and consolidation of small or loss-making businesses and other measures.

C.I. KASEI Becomes a Subsidiary

We made C.I. KASEI Co., Ltd., previously an equity-method associated company, a subsidiary to clarify its status as a core operating company in the synthetic resins processing business area. To increase earning power, we will advance joint operations overseas with this new subsidiary and raise the efficiency of operational management through the sharing of management resources. We intend to pursue synergies within the Group among businesses for packing films, construction-related materials, civil engineering and agricultural materials, and industrial-use products.

PrimeSource Acquires Three Competitors

PrimeSource Building Products, Inc., is a leading distributor of building materials, such as nails and screws throughout the United States. In accordance with its main growth strategy, in 2008 the company acquired the regional distributors 3G's, Coast to Coast, and Compass to expand its business and increase earnings.

Food Company

The goal of this division company is to become the leading company in the global food industry. Accordingly, the Food Company globally advances and develops Strategic Integrated System (SIS) strategies that realizes efficient, customer-driven production, distribution, and sales by organically linking food resources development, food resources supply, product processing, midstream distribution, and retail. Further, throughout that system we are upgrading controls for food safety even further to ensure trust and reliability.

Yoshihisa Aoki
President, Food Company

Strengths of the Food Company

- Global application of SIS strategy
- Firm strategic platforms built in all areas—upstream, midstream, and downstream
  - Upstream: Overseas food resources supply bases such as grain-handling operations
  - Midstream: One of Japan's best food distribution networks covering all temperature ranges
  - Downstream: Points of contact with customers centered on FamilyMart Co., Ltd., and Yoshinoya Holdings Co., Ltd., that give accurate feedback on consumer needs to upstream operations
- Strategic tie-ups with major companies in China that will provide a platform for advancement of the SIS strategy
- Second highest net income among food divisions of general trading companies in Japan

Main Initiatives in Fiscal 2009

- Took a stake in the Ting Hsin Group, a major food business group with operations in China and Taiwan
- Began China's first mass-production operations for bread and premixes through collaboration with the Ting Hsin Group
- Forged comprehensive strategic tie-up with China's largest food-related company, COFCO Limited

Business Results

(Billions of Yen)

	2007	2008	**2009**
Gross trading profit	¥ 264.6	¥ 324.7	¥ 335.6
Equity in earnings (losses) of associated companies	10.2	8.0	10.1
Net income	18.1	18.7	20.2
Identifiable assets at March 31	1,070.7	1,064.8	1,054.1
ROA (%)	2.0	1.7	1.9

Years ended March 31

Fiscal 2009 Business Conditions and Measures in Response to Changes

In fiscal 2009, the food industry saw intensified competition due to maturing of the market as Japan's population ages and continuing excess supply. These trends accelerated industry reorganization, which the Food Company welcomes as it increases the opportunities for survivors to secure earnings. Further, in response to declining confidence in food safety among Japanese consumers due to incidents involving false labels and expiration dates, we shouldered additional costs in relation to food safety in order to increase consumers' confidence in products and willingness to spend. The dramatic economic slowdown also seriously affected consumer confidence.

In China and other Asian countries, firm consumer spending presents scope for stepped-up business expansion. However, particularly in China, due to the worldwide worsening of business confidence and growing concern with safety among consumers, competitive conditions will likely change. Mindful of these trends, the Food Company steadily created platforms from which to develop businesses by undertaking strategic investments and tie-ups with major Chinese companies.

Frontier+ 2008 Results and Evaluation of Fiscal 2009 Business Results

Under Frontier+ 2008's key measures to accelerate overseas business development, strengthen core businesses, and develop new business areas, the Food Company focused on accelerating global Strategic Integrated System (SIS) strategies as well as continuing to promote SIS strategies in Japan and for businesses exporting to Japan.

Qualitatively, in efforts under our global SIS—centered on China, North America, and Asia—we were particularly successful in establishing platforms in China, which has especially large growth potential and promises to continue growing stably. Specifically, we invested in the Ting Hsin Group, a major food business group with operations in China and Taiwan.

Since concluding a comprehensive strategic tie-up in 2002, the Ting Hsin Group and ITOCHU have strengthened their alliance while expanding business development. Although China's domestic demand is expected to continue growing steadily, consumers' increasing awareness of safety will likely bring about further market changes. Based on a business partnership cultivated based on concrete business achievements, this latest investment has considerable strategic importance because it will enable ITOCHU to introduce its expertise in management and control as well as Japan's outstanding methods for food safety control and quality improvement into China's market and thereby achieve differentiation and increase corporate value of the Ting Hsin Group. Further, our comprehensive strategic tie-up with China's largest food-related company, COFCO Limited, will enable joint procurement of food resources as well as food-related production and processing in regions worldwide; exchanges of information in distribution operations; and mutual use of management resources.

Further, in SIS initiatives, we exploited to the utmost the benefits of integrating NIPPON ACCESS, INC., and Nishino Trading Co., Ltd., improved earnings, enhanced the balance among products handled, and expanded the trading area for commercial-use products.

From a quantitative perspective, the Food Company had to steer through difficult business conditions in the second half of the fiscal year, when the effect of the financial crisis was particularly marked, and this division company had to recognize an extraordinary loss related to impairment of listed companies. Nevertheless, favorable performances by overseas food businesses, such as grain-handling operations in North America and non-alcoholic beverages operations in China: Fuji Oil Co., Ltd., and Prima Meat Packers, Ltd., in Japan; midstream company NIPPON ACCESS; and downstream company FamilyMart Co., Ltd., helped us to post a significant year-on-year increase in consolidated net income. The fact that mainstay businesses—which have been the focus of strategic efforts—made a good showing in difficult business conditions testifies to the steady strengthening of the Food Company's basic earning power.

Priority Strategies of the New Medium-Term Management Plan Frontier^e 2010

We aim to be the leading company in the food industries of Japan and China. In relation to Frontier^e 2010, we will transform our earnings structure to establish an earnings platform that can generate consolidated net income of ¥30 billion. In priority measures to achieve this goal, first we will move forward with joint initiatives with such strategic partners as the Ting Hsin Group and COFCO as well as furthering SIS strategies globally and in China, based on the expansion of tri-nation trading transactions that target China's market. Second, we will push ahead with SIS strategies in Japan and for businesses exporting to Japan through decisive moves to encourage reorganization of industries in the Japan's market. Also, we intend to strengthen upstream businesses by securing procurement and processing bases for grain and other food resources. Further, the Food Company will expand and upgrade food safety functions in order to realize differentiation through food safety.

Building SIS Strategy in China

In addition to stepping up the pace of SIS strategy in Japan, as a second major pillar, we built an SIS strategy in China. Specifically, we concluded a comprehensive strategic tie-up with China's largest food-related company, COFCO, in July 2008. And, in November 2008 we acquired shares and underwrote a third-party allocation of new shares from TING HSIN (CAYMAN ISLANDS) HOLDING CORP., which is the holding company of the Ting Hsin Group, a major food business group in China and Taiwan.

We will set our businesses apart from those of competitors by bringing our expertise in management and control as well as Japan's outstanding methods for food safety control and quality improvement to China's market, which promises further growth. This differentiation will allow us to develop a wide range of food product-related operations. In addition, for China's market, we intend to develop a global SIS strategy that uses North America, Asia, and Australia as supply bases for raw materials.

Finance, Realty, Insurance & Logistics Services Company

The Financial & Insurance Division, the Construction & Realty Division, and the Logistics Services Division draw on extensive experience and track records and the unique comprehensive capabilities of ITOCHU as a general trading company to provide high-value-added solutions. By providing highly creative services reflecting the needs of the times, we will maximize earnings.

Kenji Okada
President, Finance, Realty, Insurance & Logistics Services Company

Strengths of the Finance, Realty, Insurance & Logistics Services Company

- Can access many types of industries as a service company by combining a large variety of functions
- Combined financial insurance business model that anticipates market deregulation and other market changes
- Real estate securitization businesses that exploit wide-ranging networks and value chains, provision of quality manufacturing and services centered on operating companies
- Third-party logistics services with high added value with respect to precision, efficiency, and safety as well as logistics business in China that has a network of more than 80 logistics centers

Main Initiatives in Fiscal 2009

- Listing of FX PRIME Corporation on the JASDAQ Securities Exchange
- Decided to make i-LOGISTICS CORP. a subsidiary
- Established ITC INVESTMENT PARTNERS Corporation as a comprehensive asset management company covering the financial services and real estate business areas
- Forming of a credit risk underwriting fund for small and medium-sized companies that combines financial services and insurance
- Strengthening of private equity business in Japan
- Invested in real estate liquidation business projects in Singapore with Mapletree Investments Pte. Ltd.

Business Results

(Billions of Yen)

	2007	2008	2009
Gross trading profit	¥ 43.3	¥ 41.4	¥ 42.0
Equity in earnings (losses) of associated companies	(66.0)	29.6	(2.9)
Net income (loss)	(28.3)	10.8	(1.2)
Identifiable assets at March 31	524.9	420.5	381.8
ROA (%)	(5.0)	2.3	(0.3)

Years ended March 31

Fiscal 2009 Business Conditions and Measures in Response to Changes

The intensification of the worldwide economic crisis from last year brought plunging stock market prices and a credit crunch, which significantly affected the financial services and insurance business areas. Similarly, failures among real estate companies and funds as well as increasing credit uneasiness affected the construction and real estate business areas. Meanwhile, the logistics business area saw a sudden collapse of the supply and demand balance in cargo transportation coupled with violent fluctuations in crude oil and raw material prices and fiercer cost competition.

Responding to those conditions, the Finance, Realty, Insurance & Logistics Services Company worked to reduce risk in its business portfolio in the financial services and insurance business areas while concentrating efforts on undertaking stringent risk management in the construction and real estate business areas, curbing its inventory of buildings, and heightening the profitability of existing buildings. In the logistics business area, we enforced strict management of credit risk, while in the shipping business area we strove to avoid risk based on accurate analysis of market conditions.

Frontier+ 2008 Results and Evaluation of Fiscal 2009 Business Results

In fiscal 2009, the final year of the management plan, a deterioration of market conditions led to a decrease in financial management earnings, recognition of impairment of shares held, stagnation of real estate securitization businesses, and a softening of condominium sales. Consequently, we did not reach full-year targets.

During the period of the management plan, we gave priority to measures to merge its in-house functions with a view to realizing synergies. These efforts have begun to take concrete form. For example, the Financial & Insurance Division collaborated with the Logistics Services Division to form a logistics and distribution infrastructure fund. Further, the Financial & Insurance Division and the Construction & Realty Division developed a comprehensive asset management system covering financial services and securities-related business areas as well as real estate-related business areas. Furthermore, we established a credit risk underwriting fund targeting small and medium-sized companies by utilizing the guarantee functions of listed associated company eGuarantee, Inc., and the financial services functions of ITC INVESTMENT PARTNERS Corporation and ITOCHU Finance Corporation. In the financial services and insurance business areas, the China Structured Equity Fund, one of our initiatives to strengthen overseas private equity businesses, showed steady progress. The No.1 fund successfully completed divestiture. In fiscal 2009, we were able to establish the No.2 fund. Also, FX PRIME Corporation's September 2008 listing on the JASDAQ Securities Exchange was a major step toward expanding the company's earnings platform through heightened name recognition.

In the construction and real estate business areas, despite tough business conditions, we secured profits thanks to the completion of reweighting toward highly profitable assets. We strengthened our alliance relationship with Singapore's largest logistics facilities developer Mapletree Investments Pte. Ltd. and undertook equity participation in business projects for industrial real estate liquidation in Singapore.

In logistics business areas, we decided to make i-LOGISTICS CORP. a subsidiary, stepped up initiatives in third-party logistics, and began reorganizing and expanding domestic logistics businesses in China.

Priority Strategies of the New Medium-Term Management Plan Frontier^{e} 2010

Although uncertain business conditions continue, looking ahead to the likely establishment of a new order following the current financial crisis, the Finance, Realty, Insurance & Logistics Services Company will take advantage of comprehensive capabilities that combine diverse functions to target higher earnings.

In the financial services and insurance business areas, plans call for the bolstering of comprehensive asset management businesses that realize synergies; the development of private equity and financial services businesses overseas with a focus on Asia; expansion of respective businesses through further strengthening of our tie-up with Orient Corporation; and initiatives relating to combined businesses for financial services and insurance that exploit reinsurance and capital markets.

In the construction and real estate business areas, we will implement stringent risk management, strengthen initiatives in housing, logistics, and distribution business areas by capitalizing on value chains that ITOCHU has as a general trading company. In addition, we will build operations in environmental business areas and other new business areas.

In logistics business areas, this division company intends to build a stronger integrated management platform centered on i-LOGISTICS, reorganize and integrate logistics businesses in China, increase efforts for third-party logistics businesses, and open up the area of high-value-added logistics.

Developing Logistics Center Development in Hachioji

This business project is an example operation that employs real estate securitization methods and draw on ITOCHU's extensive networks and expertise. The Finance, Realty, Insurance & Logistics Services Company purchased land, approximately 18,150 square meters, five minutes from the Chuo Expressway and the Hachioji Interchange. After building a logistics center there in accordance with our client's requests, we sold it.

FX PRIME Corporation

Listed on the JASDAQ Securities Exchange in September last year, FX PRIME Corporation is an online foreign exchange brokerage targeting individual investors. With safety and dependability as its overriding goals, the company provides a highly reliable trading environment, which it has achieved by building a very stable trading system and adopting unique risk management methods that emphasize the protection of investors' assets.

Headquarters

ITOCHU uses a Division Company System to heighten the flexibility of its business management. To complement this system, ITOCHU has developed a Headquarters System that maximizes the Company's comprehensive capabilities by deploying chief officers and a chief operating officer with company-wide cross-divisional functions in the areas of new business development, corporate planning, administration, and overseas operations.

New Business Development

Takanobu Furuta Managing Director, Chief Officer for New Business Development (LINEs)

Reorganization in accordance with the new medium-term management plan Frontier[e] 2010 established the position of Chief Officer for New Business Development (L-I-N-E-s) in April 2009. Frontier[e] 2010 calls on ITOCHU to use this new organization as the basis for further strengthening of L-I-N-E-s business areas as future earnings mainstays. Also, Frontier[e] 2010 sets out as a policy concentrating particular efforts on the business areas of solar power generation, energy storage devices, and water resources. Accordingly, the reorganization established the Solar Business Department, which is under the control of the Chief Officer for New Business Development.

Healthcare Business Department: In the medical and health-related business area, which will likely expand as Japan's society ages, based on a medical value chain concept, this department is developing new initiatives in a broad range of business areas, from upstream pharmaceuticals and medical equipment through to downstream hospitals and dispensing pharmacies.

Solar Business Department: We established this department in April 2009 to consolidate the solar power-related businesses of division companies. The department is building a solar cell value chain that stretches from raw material production and ingot / wafer manufacturing to systems integrator businesses that design, build, and sell solar power generation systems.

Innovative Technology Business Development Office: This office pioneers new business areas to develop businesses that will become earnings sources by matching technology seeds in such leading-edge business areas such as biotechnology and nanotechnology with market demand. The office unearths technology seeds based on strategic tie-ups with research organizations in Japan and overseas. Moreover, it stakes claims on promising leading-edge technology seeds by investing in venture companies. Also, the office incubates business projects through joint development and marketing. As these projects become commercially viable, it steadily transfers them to division companies.

Corporate Development Office: This office develops and provides marketing support to establish new business opportunities in such strategic business areas as Environment & New Energy, Infrastructure, and Consumer-Related. As part of its lateral initiatives, the office promotes regional businesses under the themes of leading-edge technology and regional development through collaborative agreements concluded with local governments. Also, as the secretariat of the Company-wide Business Committee, the office undertakes a broad range of lateral initiatives centered on L-I-N-E-s business areas and coordinate with division companies.

Planning & Administration Office, New Business Development: Linking the two departments and two offices under the authority of the Chief Officer for New Business Development (LINEs), this office prepares plans and strategies and develops business management systems aimed at advancing L-I-N-E-s business projects.

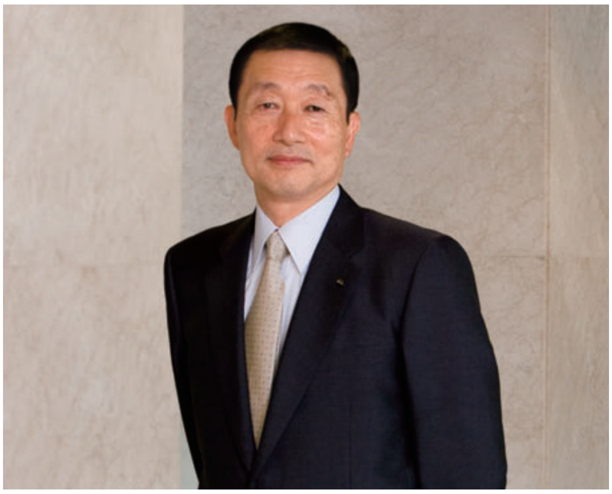
Organizational Structure

As of July 1, 2009

- Chief Officer for New Business Development (LINEs)
  - Healthcare Business Department
  - Solar Business Department
  - Innovative Technology Business Development Office
  - Corporate Development Office
  - Planning & Administration Office, New Business Development

Corporate Planning

Koji Takayanagi Managing Director, Chief Corporate Planning Officer



Under the authority of the Chief Corporate Planning Officer, the Corporate Planning & Administration Division, the Affiliate Administration Division, the Corporate Communications Division, the IT Planning Division, the Research & Policy Analysis Division, the Investor Relations Department, and the ITOCHU DNA Project Office formulate company-wide management plans and promote and support company-wide strategies.

Corporate Planning & Administration Division: This division formulates company-wide management plans, such as the new medium-term management plan Frontier[e] 2010, and promotes important company-wide management measures by coordinating with division companies. The division also plays a role in the practical advancement of strategies for the entire ITOCHU Group by allocating management resources, following the progress of plans, and evaluating business results.

Affiliate Administration Division: For the entire ITOCHU Group to realize its comprehensive capabilities, increasing the earnings of operating companies is critical. Moreover, the Group must respond to the emergence of more-exacting requirements for internal control and other administrative viewpoints. The Affiliate Administration Division supports operating companies' implementation of strategies while participating in management of operating companies with a view to heightening the entire Group's comprehensive capabilities.

IT Planning Division: ITOCHU has to design and operate effective systems in response to the increasing sophistication and complexity of its operations. In order to facilitate strategies for the entire ITOCHU Group and overcome management issues, this division provides back up to the operations of the Group in relation to IT systems, preparing IT strategies for the entire ITOCHU Group and developing IT infrastructure.

Research & Policy Analysis Division: Amid dramatic and global fluctuations in business conditions, it is becoming increasingly important to analyze conditions swiftly and accurately and prepare forecasts. As the ITOCHU Group's think tank, the Research & Policy Analysis Division analyzes a range of information and prepares various forecasts.

Corporate Communications Division / Investor Relations Department: This division and department ensure accountability and promote understanding of the ITOCHU Group's management and businesses through a variety of communications to a wide range of stakeholders inside and outside the Company.

ITOCHU DNA Project Office: ITOCHU launched the ITOCHU DNA Project as a company-wide initiative to heighten the efficiency of its increasingly complex operations. Working in collaboration with various organizations throughout the Company, this office develops the ITOCHU DNA Project and ensures its implementation in actual operations.

Organizational Structure

As of July 1, 2009

- Chief Corporate Planning Officer
  - Corporate Planning & Administration Division
  - Affiliate Administration Division
  - Corporate Communications Division
  - IT Planning Division
  - Research & Policy Analysis Division
    - ITOCHU DNA Project Office
    - Investor Relations Department

Administration

Kouhei Watanabe Executive Vice President, Chief Officer for Human Resources, General Affairs, Legal

The Chief Officer for Human Resources, General Affairs, Legal controls the Human Resources Division, the General Affairs Division, the Legal Division, and the Trade & Logistics Administration Division. These divisions are taking steps to *advance full-fledged implementation of global human resources strategy* and *evolve management systems*, which are key measures of Frontier[e] 2010.

Human Resources Division: In order to continuously create "management personnel for the ITOCHU Group" that will drive ITOCHU toward its goal of becoming *a truly global enterprise*, this division implements global human resources strategies. The division plays a central and practical role in facilitating the global human resources strategies implemented by Headquarters; the four Global Talent Enhancement Centers (GTECs) in North America, Asia, China, and Europe; and human resources departments in other regions.

Legal Division: Based on its monitoring and analysis of important trends in laws and statutory regulations, this division provides recommendations to the management team on appropriate responses to legal developments. Also, the division helps the Company avoid business risk arising from the increasing globalization and complexity of operations by providing advanced legal expertise in relation to transaction screening and business support. In addition, regarding compliance as of paramount importance, the division takes a range of measures to strengthen compliance, including in-house education and awareness campaigns.

General Affairs Division: In addition to performing its previous functions in share-related operations, facilities administration, document-related operations, and operations controlling security and disaster prevention measures, this division, having assumed the CSR Promotion Office and the Global Environment Department in April 2009, is advancing corporate social responsibility initiatives befitting ITOCHU's goal of becoming *a truly global enterprise*.

Trade & Logistics Administration Division: In April 2009, ITOCHU established this division to unify control of comprehensive import and export control and comprehensive logistics control, functions that are particularly important for general trading companies. This division will further strengthening control related to import and export and logistics across the whole Group to support operational activities.

Organizational Structure

As of July 1, 2009

Chief Officer for Human Resources, General Affairs, Legal

- Human Resources Division
- General Affairs Division
- Legal Division
- Trade & Logistics Administration Division

Tadayuki Seki Managing Director, Chief Officer for Finance, Accounting, Risk Management; Chief Financial Officer

The Chief Officer for Finance, Accounting, Risk Management overall controls four divisions: the Finance Division, the General Accounting Control Division, the Business Accounting & Control Division, and the Risk Management Division and advances initiatives to *strengthen financial position / upgrade risk management*, which is a key measure of Frontier[e] 2010.

Finance Division: This division realizes flexible and stable funding in response to changes in financial conditions and aims to strengthen financial foundations. Further, the division is building a global cash management system by developing Group finance in Japan and overseas.

General Accounting Control Division: This division conducts financial accounting operations, which include responding to changes resulting from increasingly sophisticated and complex accounting systems as well as preparing external financial statements and financial reports. In addition, the division prepares the ITOCHU Group's accounting policies. The division also establishes tax strategies from a global perspective and supports the Group's growth strategies from the standpoints of accounting and tax.

Business Accounting & Control Division: This division undertakes comprehensive control operations that reflect the operational situations of division companies and supports their operational activities with respect to accounting and tax.

Risk Management Division: This division plays a central role in the management of credit risk and country risk, and in RCM (Risk Capital Management) based on risk assets. Further, aiming to upgrade the risk management of the ITOCHU Group as a whole, the division not only strengthens the management of individual risks but also develops ERM (Enterprise Risk Management), which comprehensively controls risk from a company-wide perspective.

CFO Office: In recent years, a need for the establishment and operation of internal control systems as well as the building of systems on a global and consolidated basis has been increasing. Reporting directly to the Chief Financial Officer, this office prepares plans and undertakes responses for internal control, which is the basis of to the ITOCHU Group's financial reports.

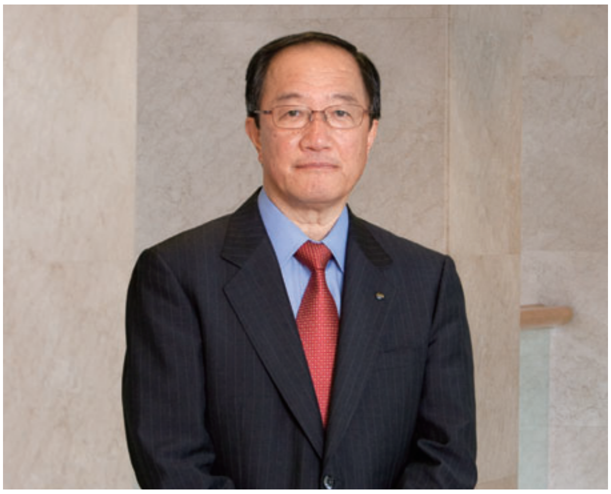
Organizational Structure

As of July 1, 2009

- Chief Officer for Finance, Accounting, Risk Management
  - Finance Division
  - General Accounting Control Division
  - Business Accounting & Control Division
  - Risk Management Division
- Chief Financial Officer
  - CFO Office

Overseas Operations

Toshihito Tamba Executive Vice President, Chief Operating Officer, Overseas Operations



To carry out one of the key measures for Frontier[e] 2010, *expand and improve earnings platforms*, we set a goal of *accelerating development of overseas business even further*. Aiming to realize truly global operations that generate earnings worldwide centered on our Priority Regions and Focus Regions, we will lead and direct the representatives of overseas regions while controlling company-wide strategies for overseas markets and merchandise.

International Operations Division

Aiming to materialize large overseas strategic projects among the ITOCHU Group, this division enhances partnerships with major companies in the world and aggressively supports division companies to promote large projects, and enhances and improves the management systems in overseas offices.

Accelerating Development of Overseas Business in Priority Regions and Focus Regions

In Priority Regions—North America, China, and Asia—we will proactively continue supporting division companies to strengthen and expand existing businesses and materialize investment projects for new business opportunities. Also, in Focus Regions—resource-rich countries with growing economies and countries where the ITOCHU Group has advantages—we will develop new business projects and increase earnings.

Supporting Development of Global Human Resources

In relation to one of its key measures, *advance full-fledged implementation of global human resources strategy*, Frontier[e] 2010 stresses initiatives to secure "global human resources" and "foster / create the management personnel for the ITOCHU Group." In order to achieve these goals, we will collaborate with the Human Resources Division and overseas offices as it redoubles efforts to advance ITOCHU's human resources strategies.

Organizational Structure

As of July 1, 2009

- Chief Operating Officer, Overseas Operations
  - International Operations Division
  - Overseas Office