

May 6, 2011

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

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Announcement of FY2012-FY2013 Medium-Term Management Plan,
“Brand-new Deal 2012”

ITOCHU Corporation announced FY2012-FY2013 Medium-Term Management Plan, “Brand-new Deal 2012” today.

For more details, please refer to the attached material.

FY2012- FY2013 Medium-Term Management Plan

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ITOCHU Corporation

Quantitative Review

- In FY2011, we achieved our planned level of ¥160.0 billion even though we recognized ¥57.3 billion (after tax) net losses due to the replacement inefficient businesses.
- We steadily increased stockholders' equity, reaching NET DER of 1.4 times.

(Billions of Yen)

	FY2010		FY2011	
	results	initial plan	results	initial plan
Net income attributable to ITOCHU	128.2	130.0	161.0	160.0
Total assets	5,476.8	5,500.0	5,673.7	5,800.0
Stockholders' Equity	1,098.4	950.0	1,154.8	1,200.0
Net debt-to-equity ratio (NET DER)	1.57 times	less than 2.0	1.41 times	1.75 times

Investment Review

- In both FY 2010 and FY 2011, investments exceeded the initially planned levels.
- Maintained a well-balanced allocation among three sectors (consumer-related, natural resource / energy, others)
- Expanded and strengthened the Group's earnings base through new investments and increased investment in existing affiliates

(Billions of Yen)

	FY2010		FY2011		2 years total results
	results	initial plan	results	initial plan	
Consumer-related	120.0	/	70.0	/	190.0
Natural resource/energy	60.0		100.0		160.0
Others	100.0		110.0		210.0
Gross, total	280.0	200.0	280.0	250.0	560.0
Net, total	240.0	100.0~150.0	210.0	150.0~200.0	450.0

Major Investments

Consumer-related:

Ting Hsin Holding, Watakyu Seimoa, LEILIAN, NIPPON ACCESS (increased share of ownership), LuckyPai, etc.

Natural resource / energy:

IMEA expansion, Namibia uranium-related stock, ACG (Azerbaijan) interests increase/expansion, etc.

Others:

C.I. KASEI (increased share of ownership), ITOCHU LOGISTICS (increased share of ownership), North American power generation operations, additional acquisition of Mazda stock, etc.

Brand-new Deal 2012

Earn, Cut, Prevent

Basic Policies:

- **Strengthen Our Front-line Capabilities**
- **Proactively Seek New Opportunities**
- **Expand Our Scale of Operations**

Quantitative Plan

- Due to higher natural resources prices and to growth in the basic earning power of each segment, the plan calls for record high consolidated profits at each major level of the income statement.
- We will expand the scale of our balance sheet through new investments, etc., while maintaining sound financial position (NET DER 1.6 times).

(Billions of Yen)

	FY2011 results	FY2012 plan
Gross Trading Profits	1,041.3	1,050.0
NET Income attributable to ITOCHU	161.0	240.0

(Billions of Yen)

	FY2011 results	FY2012 plan
Total assets	5,673.7	6,400.0
Interest-bearing Debt, net	1,633.2	2,200.0
Stockholders' Equity	1,154.8	1,350.0
NET DER	1.4 times	1.6 times

Plan Assumptions (in FY2011)

Exchange rate: ¥80/\$ (¥88.27/\$)

Interest rate: 0.35% (0.363%)

Crude oil: \$109/bbl (\$80.25/bbl)

Measures by Key Sector

China: Aggressively Expand Business

- **Strengthen initiatives with local strong partners**
Deepen relationships with Shanshan Group, Ting Hsin Holding, COFCO, CITIC, etc.
- **Pursue promising China-related projects companywide**
Establish a China business promotion committee
- **Enhance human resources in China**

Machinery-related: Increase and Accumulate Assets

- **Accumulate assets with stable earnings**
IPP, infrastructure business, auto retail finance
- **Bolster activities in growth fields**
Lithium-ion batteries, renewable energy, life and healthcare
- **Strengthen partnerships with leading companies**
- **Select superior projects and tightly focused allocation of management resources**

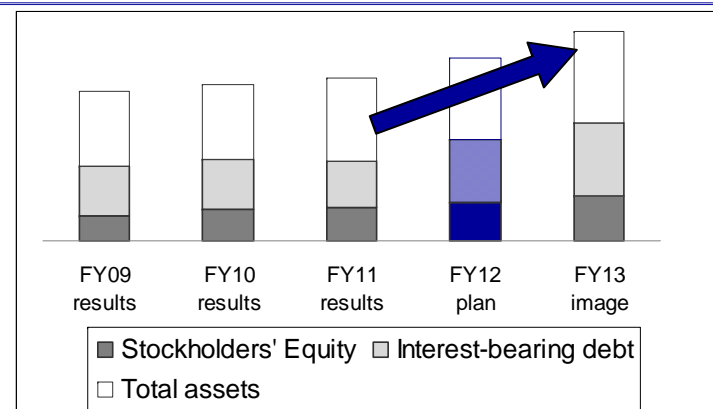
Natural Resources: Expand and Upgrade Business

- **Oil and Gas**
Make new investments targeting a two-fold increase in natural resource interests
Bolster global trade development
- **Iron Ore / Coal**
Invest in project expansion in Australia and Brazil
Participate in major new coal projects
- **Uranium / Non-ferrous metals / Biomass fuels**

Investment Policies

Increasing Assets

- Continue to increase consolidated stockholders' equity beyond current level of more than ¥1 trillion; continue to increase financial foundation
- Achieve asset growth while maintaining financial soundness
- Implement tightly focused allocation of assets in each field while maintaining balance among four business sectors



Aggressive New Investment

- Over two-year period, planned investment of ¥800.0 billion on a gross basis
- Aggressively accumulate superior assets, expand scale of earnings and assets
- Continue to replace assets by exiting from low-efficiency investments

Consumer-Related Sector:

Increase assets in China and other overseas markets and thereby increase stable earnings
 Planned new investment of **¥100.0 billion to ¥200.0 billion**

Natural Resource / Energy-Related Sector:

Drive growth in companywide earnings by steadily increasing share to total assets
 Planned new investment of **¥350.0 billion to ¥450.0 billion**

Machinery-Related Sector:

Implement focused reinforcement of earnings platform through expansion of assets with stable earnings
 Planned new investment of **¥100.0 billion to ¥200.0 billion**

Chemicals, Real Estate, and Others Sector:

Implement methodical expansion in line with strategies for each segment
 Planned new investment of **¥50.0 billion to ¥150.0 billion**

Affiliate Management / Overseas Operations



Strategies for Affiliate Management

Implement tightly focused operational management

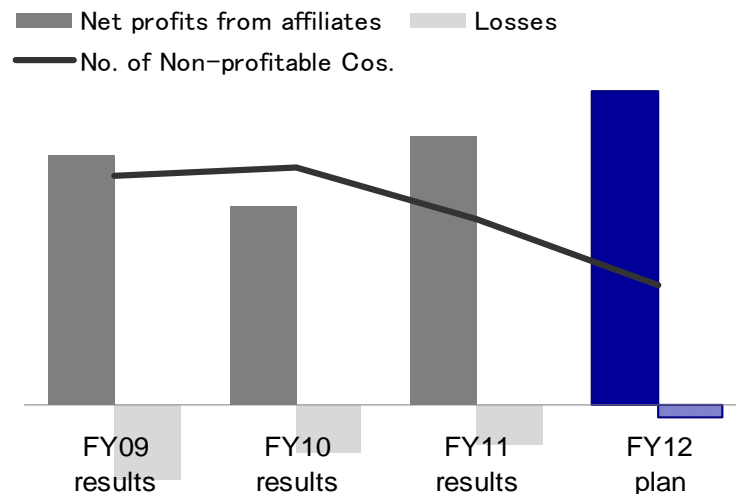
- Strengthen profit base through allocation of management resources in core and promising business
- Continue to liquidate and consolidate low-efficiency businesses

Prevent emergence of stagnant businesses and provide management support

- Improve the problem-solving abilities of administrative divisions and reinforce their commitment to the front lines

Strengthen Group cohesiveness

- Continue focusing on fair evaluation and assignment of top executives of affiliates



Policies for Overseas Operations

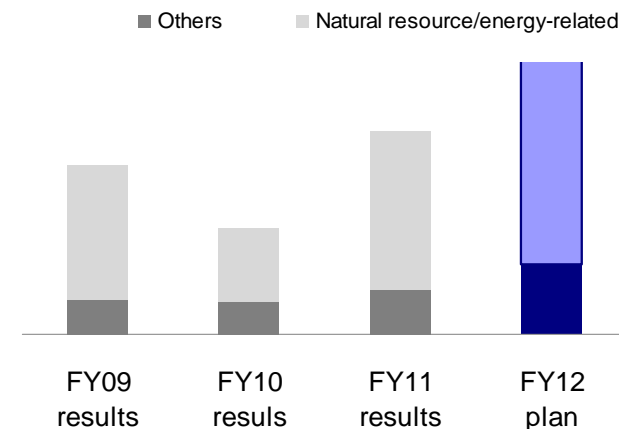
Quantitative objectives

- Establish stable profit base of more than ¥50.0 billion in sectors other than the natural resource / energy-related sector

Activity policies

- Advance overseas business development under leadership of each segment's operational front-lines
- In the consumer-related sector, cultivate powerful partners in countries, where strong economic growth is expected
- Enhance human resources in overseas blocks

Earnings from overseas businesses



Strengthen Management Foundation

Strengthen management foundation to support a commitment to taking assertive and forward-looking action

Cultivate “industry professionals,” “strong human resources”

- Step up OJT by reinforcing leadership capabilities of section managers.
- Continue to enhance training program
- Provide appropriate opportunities and take other steps to upgrade the skills and capabilities of individual employees

Optimize internal control / risk management

- Promote effective internal control system operated by front-lines
- Bolster compliance systems through an emphasis on priority areas
- Strengthen internal administration and auditing organizations overseas
- Revise asset limit management in specific business segments
- Undertake full-fledged construction of consolidated risk management system
- Introduce “stress tests” to quantitatively assess the potential risk under unexpectedly adverse market conditions

Strengthen corporate governance

- Utilize highly independent outside directors
- Conduct appropriate, efficient operation of companywide meetings and committees, such as the board of directors, HMC, and internal committees

Dividend Policy

Under this medium-term management plan, Brand-new Deal 2012, our annual dividend targets will be: **dividend payout ratio of 20% on Net income attributable to ITOCHU up to ¥200.0 billion, and dividend payout ratio of 30% on portion of Net income attributable to ITOCHU exceeding ¥200.0 billion.**