

[Translation for Reference and Convenience Purposes Only]

ITOCHU Corporation

CORPORATE GOVERNANCE

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of ITOCHU Corporation, which has been reported to the Tokyo Stock Exchange. ITOCHU Corporation provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Latest Revision: August 1, 2011
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The following is an overview of corporate governance at ITOCHU Corporation.

I Basic Policy, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Policy

ITOCHU Corporation (the “Company” or “ITOCHU”) operates its business to establish the long-term preservation and enhancement of its corporate value by building fair and positive relationships with its stakeholders in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct. To ensure its appropriate and efficient business operations, the Company is increasing the transparency of its decision-making process and constructing a corporate governance system that incorporates proper monitoring and supervisory functions.

Furthermore, the Company will operate its business on a basis of trust with its shareholders by ensuring adequate and timely disclosure of information and by maintaining accountability to its shareholders.

2. Capital Structure

Ratio of Shares Held by Foreigners	More than 30%
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[Major Shareholders]

Name or Designation	Number of Shares Held (Shares)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (trust account)	100,923,400	6.37
The Master Trust Bank of Japan, Ltd. (trust account)	69,602,600	4.39
State Street Bank and Trust Company	43,912,947	2.77
Mitsui Sumitomo Insurance Company, Limited	41,150,000	2.60
Nippon Life Insurance Company	38,057,223	2.40
NIPPONKOA Insurance Co., Ltd.	37,748,714	2.38
Japan Trustee Services Bank, Ltd. (trust account 9)	30,655,500	1.93
Tokio Marine & Nichido Fire Insurance Co., Ltd.	30,594,284	1.93
SSBT OD05 OMNIBUS ACCOUNT-TREATY	29,423,100	1.86

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CLIENTS		
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	27,981,267	1.77

Controlling Shareholders (excluding parent company)	—
Parent Company	—

Supplementary Information	N.A.
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3. Corporate Attributes

Stock Exchange Listings and Market Classification	First Section, Tokyo Stock Exchange; First Section, Osaka Securities Exchange; First Section, Nagoya Stock Exchange, Sapporo Stock Exchange, Fukuoka Stock Exchange
Fiscal Year-end	March
Industry	Wholesale Trade
Number of Employees as of Previous Fiscal Year-End (Consolidated)	1,000 or more
Total Trading Transactions in Previous Fiscal Year (Consolidated)	¥1 trillion or more
Number of Consolidated Subsidiaries	300 or more

4. Policy for Measures to Protect Minority Shareholders When Conducting Transactions with Controlling Shareholder

N.A.

5. Other Exceptional Circumstances that May Have a Material Impact on Corporate Governance

The Company's listed subsidiaries include MAGASseek Corporation, ITOCHU Techno-Solutions Corporation, ITC NETWORKS CORPORATION, Excite Japan Co., Ltd., ITOCHU ENEX CO., LTD., ITOCHU-SHOKUHIN Co., Ltd. and FX PRIME Corporation; and while the Company respects the autonomy of these listed subsidiaries, as their parent company it provides the advice and support necessary for the creation of an internal control system and other managerial issues if required.

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II Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision

1. Items Related to Organizational Structure and Operations, etc.

Form of Organization	Company with Corporate Auditors
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[Directors]

Number of Directors Stipulated in Articles of Incorporation	0 (Not stipulated)
Term of Office for Directors Stipulated in Articles of Incorporation	1 year
Chairman of the Board of Directors	President and Chief Executive Officer
Number of Directors	14
Election of Outside Directors	Elected
Number of Outside Directors	2
Number of Outside Directors Designated as Independent Director Revised	2

Relationship with the Company (1)

Name	Attributes	Relationship with the Company ^{*1}								
		a	b	c	d	e	f	g	h	i
Yuko Kawamoto	Academics				✓				✓	
Kazuyuki Sugimoto	Other					✓			✓	

*1 Selection criteria regarding relationship with the Company

- a. Coming from the parent company
- b. Coming from other affiliated company than the parent company
- c. A major shareholder of the Company
- d. Serving concurrently as an outside director or outside corporate auditor of another company
- e. An executive director, executive officer, etc., of another company
- f. A spouse, a relative within the three degrees of consanguinity, or a person of similar status, of an executive director, executive officer, etc., of the Company, or a specified related business entity of the Company
- g. Receives compensation as an officer or other financial benefits from the parent company of the Company or its subsidiary
- h. Entered into a liability limit agreement with the Company
- i. Other

Relationship with the Company (2) **Revised**

Name	Independent Directors	Supplementary Information Related to the Criteria	Reason for Election as Outside Director (For Independent Directors, Including Reason for Designation as an Independent Director)
Yuko Kawamoto	✓	She is an independent director of the Company. She concurrently serves as an outside director of Osaka	The Company has elected her, anticipating that she will use her wealth of knowledge on corporate management nurtured through her

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		Securities Exchange Co., Ltd., Monex Group, Inc., and Yamaha Motor Co., Ltd., and as an outside corporate auditor of Tokio Marine Holdings, Inc. She has no material interests in the Company.	long expertise as a management consultant and a professor of a university's graduate school and supervise the corporate management of the Company from an independent perspective. And none of the items requiring prior consultation as prescribed in the Guidelines concerning Listed Company Compliance, etc. apply to her. Also, there are no material interests between her and the Company. Accordingly, the Company believes that she is unlikely to have conflicts of interest with general investors, and she has been designated as independent director.
Kazuyuki Sugimoto	✓	He is an independent director of the Company. He concurrently serves as chairman of another company (a private-sector think tank). He has no material interests in the Company.	The Company has elected him, anticipating that he will use his insight on public finance and financing nurtured through his many years of experience at the Ministry of Finance and supervise the corporate management of the Company from an independent perspective. And none of the items requiring prior consultation as prescribed in the Guidelines concerning Listed Company Compliance, etc. apply to him. Also, there are no material interests between him and the Company. Accordingly, the Company believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as independent director.

[Corporate Auditors]

Establishment of the Board of Corporate Auditors	Yes
Number of Corporate Auditors Stipulated in Articles of Incorporation	0 (Not stipulated)
Number of Corporate Auditors	5

Cooperation Between Corporate Auditors, Independent External Auditor, and Internal Audit Division

- Corporate auditors and the Board of Corporate Auditors endeavor to enhance cooperation with the independent external auditors, for example through active exchange of information and opinions on the status and results of each others' audit plans and audits along with other important auditing matters with the aim of improving the quality and efficiency of auditing and of enhancing corporate governance.
- Corporate auditors and the Internal Audit Division endeavor to closely cooperate and exchange information by discussing internal audit plans and holding regular meetings to consider and exchange opinions on the results of each internal inspection, issues and recommendations, etc.

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- The Internal Audit Division and independent external auditors endeavor to cooperate by holding regular meetings to exchange information, etc.

Election of Outside Corporate Auditors	Elected
Number of Outside Corporate Auditors	3
Number of Outside Corporate Auditors Designated as Independent Auditor Revised	3

Relationship with the Company (1)										
Name	Attributes	Relationship with the Company ^{*1}								
		a	b	c	d	e	f	g	h	i
Ryozo Hayashi	Academics				✓				✓	
Keiji Torii	Coming from another company				✓				✓	
Masahiro Shimojo	Lawyer				✓				✓	

^{*1} Selection criteria regarding relationship with the Company

- Coming from the parent company
- Coming from other affiliated company than the parent company
- A major shareholder of the Company
- Serving concurrently as an outside director or outside corporate auditor of another company
- An executive director, executive officer, etc., of another company
- A spouse, a relative within the three degrees of consanguinity, or a person of similar status, of an executive director, executive officer, etc., of the Company, or a specified related business entity of the Company
- Receives compensation as an officer or other financial benefits from the parent company of the Company or its subsidiary
- Entered into a liability limit agreement with the Company
- Other

Relationship with the Company (2) Revised			
Name	Independent Auditors	Supplementary Information Related to the Criteria	Reason for Election as Outside Corporate Auditor (For Independent Auditors, Including Reason for Designation as an Independent Auditor)
Ryozo Hayashi	✓	He is an independent auditor of the Company. He concurrently serves as an outside corporate auditor at TEIJIN LIMITED. He has no material interests in the Company.	The Company has elected him, anticipating that he will provide auditing from an independent perspective by utilizing his wealth of experience at the Ministry of Economy, Trade and Industry and the former Ministry of International Trade and Industry, and his long-term perspective and broad vision as a professor of a university's graduate school. And none of the items requiring prior consultation as prescribed in the Guidelines concerning Listed Company Compliance, etc. apply to him. Also, there are no material interests between him and the Company.

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			Accordingly, the Company believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as independent auditor.
Keiji Torii	✓	He is an independent auditor of the Company. He concurrently serves as an outside director at another company. Before being appointed as a Corporate Auditor of the Company, he had served as an executive of a major financial institution, with which the Company has dealings, but he retired from his position at the financial institution before being appointed as a Corporate Auditor of the Company. He has no material interests in the Company at present.	The Company has elected him, anticipating that he will provide auditing from an independent perspective by utilizing his many years of experience and insight as a former executive of a major financial institution. And none of the items requiring prior consultation as prescribed in the Guidelines concerning Listed Company Compliance, etc. apply to him. Also, there are no material interests between him and the Company. Accordingly, the Company believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as independent auditor.
Masahiro Shimojo	✓	He is an independent auditor of the Company. He concurrently serves as an outside director at Hitachi Cable, Ltd. He has no material interests in the Company.	The Company has elected him, anticipating that he will provide auditing from an independent perspective by utilizing his wealth of experience and expertise as a lawyer in the field of corporate legal practice and international business law. And none of the items requiring prior consultation as prescribed in the Guidelines concerning Listed Company Compliance, etc. apply to him. Also, there are no material interests between him and the Company. Accordingly, the Company believes that he is unlikely to have conflicts of interest with general investors, and he has been designated as independent auditor.

[Independent Auditors]

Number of Independent Auditors	Revised	5
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Other Items Related to Independent Auditors	N.A.
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[Incentives]

Status of Implementation of Measures to Grant Incentives to Directors	Introduction of a performance-linked compensation system
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Supplementary Information

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- The Company has introduced a compensation scheme according to which the total amount of bonuses paid to the Directors of the Company (excluding outside directors) is determined based on the Company's earnings.

Grantees of Stock Options	Not Applicable
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Supplementary Information

N.A.

[Directors' Compensation]

Disclosure Status (of Compensation for Individual Directors)	Partial individual disclosure
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Supplementary Information

Name, Position, and Amount of Compensation Paid to Directors Receiving Compensation of ¥100 Million or More During Fiscal Year Ended March 31, 2011.

Name	Position	Monthly Compensation	Bonus	Total
Eizo Kobayashi	Director	¥122 million	¥11 million	¥132 million
Masahiro Okafuji	Director	¥151 million	¥11 million	¥161 million

Policy for Determining Amount and Calculation Method of Compensation	Adopted
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Disclosed Details of Policy for Determining Amount and Calculation Method of Compensation

- Details of the compensation paid to directors and corporate auditors of the Company in the fiscal year ended March 31, 2011 are as follows.

Type	Number of People	Amount Paid (Millions of yen)	Details
Director	15	1,148	(1) Monthly compensation: ¥1,058 million (2) Directors' bonuses accounted for as expenses in the fiscal year ended March 31, 2011: ¥91 million
Corporate auditor	5	123	Only monthly compensation
(Including outside corporate auditors)	(3)	(32)	
Total	20	1,271	
(Including outside corporate auditors)	(3)	(32)	

(Rounded to nearest million yen)

Notes:

1. Maximum compensation paid to all directors:
¥1.2 billion per year as total monthly compensation (including ¥50 million per year as a portion to the outside directors) and ¥1.0 billion per year as total bonuses paid to all directors (excluding the outside directors) under a framework different from the preceding maximum compensation amount (both resolved at the General Meeting of Shareholders on June 24, 2011).
2. Maximum compensation paid to all corporate auditors:
¥13 million per month (resolved in General Meeting of Shareholders on June 29, 2005)

3. The retirement benefits system for directors and corporate auditors was abolished on the date of the 81st Ordinary General Meeting of Shareholders held on June 29, 2005, and it was resolved that directors and corporate auditors retaining their positions after the conclusion of this General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished. Based on this, in addition to the amounts paid as shown above, in June 2010, ¥320 million was paid as retirement benefits to 1 director who retired during the current fiscal year.
- The compensation paid to all directors of the Company (excluding outside directors) consists of monthly compensation and performance-linked bonuses. The monthly compensation is determined by the contribution to the Company of each director based on the base amount set by the position, whereas the total amount of the performance-linked bonuses is determined based on consolidated net income attributable to ITOCHU. Only monthly compensation is paid to the outside directors and bonuses are not paid thereto.
 - Directors' bonuses for fiscal 2012, the year ended March 31, 2012, will be determined and paid according to the calculation method below after the completion of the 88th Ordinary General Meeting of Shareholders.

(1) Total amount paid to all directors:

The total amount paid to all directors shall be the lesser of (i) 0.35% of the amount after deducting ¥100.0 billion from consolidated net income attributable to ITOCHU for fiscal 2012 [the amount shown in the consolidated income statements for fiscal 2012, which shall be audited by the independent external auditing firm and provided in the 88th Annual Securities Report (*yuka shoken hokokusho*) for said fiscal year; if the corresponding amount is less than ¥100.0 billion, it shall be treated as zero for the above calculation purposes], which shall be adjusted with due regard to the increase/decrease in the number of eligible directors and the change in position and other factors, or (ii) ¥1.0 billion. The formula to calculate the total amount paid to all directors is below. In this case, the sum of position points for fiscal 2012 is 55 (1 Chairman, 1 President and Chief Executive Officer, 1 Executive Vice President, 3 Senior Managing Executive Officers and 6 Managing Executive Officers).

Total amount paid to all directors =
(Consolidated net income attributable to ITOCHU for fiscal 2012 – ¥100.0 billion) × 0.35% × Sum of position points for all the eligible directors / 55 (but not exceeding ¥1.0 billion)

(2) Amount paid to an individual director:

The amount paid to an individual director shall be the amount determined by dividing such total amount paid to all directors as calculated in (1) above in accordance with the points assigned to each position as per below (provided, however, that amounts of less than ¥1,000 shall be rounded down):

Position points	
Chairman, President and Chief Executive Officer	10
Executive Vice President	5
Senior Managing Executive Officer	4
Managing Executive Officer	3

The formula to calculate the amount paid to an individual director is as follows:

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

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Notwithstanding the calculation stated above, the amount paid to an individual director shall not exceed the maximum amount for each position as set forth below:

Maximum amount paid to an individual director	(Millions of yen)
Chairman, President and Chief Executive Officer	181.8
Executive Vice President	90.9
Senior Managing Executive Officer	72.7
Managing Executive Officer	54.5

[Support System for Outside Directors (Outside Corporate Auditors)]

The Board of Directors Secretariat provides the outside directors with materials and prior briefings on items on the agenda of the meetings of the Board of Directors, as required, and the secretary in charge provides other necessary support activities to assist them in fulfilling their duties.

The Corporate Auditor's Office, which is under the direct control of the standing corporate auditors and the Board of Corporate Auditors, provides the outside corporate auditors with materials and prior briefings on items on the agenda of the meetings of the Board of Directors, as required, as well as other necessary support activities to assist them in fulfilling their duties with measures such as the appropriate provision of corporate information through the Corporate Auditor's Office.

2. Items Related to Functions of Business Execution, Audits and Supervision, Nomination, and Decisions on Compensation, etc. (Overview of Current Corporate Governance System)

[The Current System]

- The Company is a company with the Board of Directors and corporate auditors (the Board of Corporate Auditors).
- The Board of Directors, consisting of directors including outside directors, makes decisions on important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations," and supervises the performance of the directors.
- Each director carries out functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and the other internal regulations.
- The Executive Officer System has been adopted to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the decisions made by the Board of Directors, executive officers implement their designated duties delegated by the Board of Directors and representative directors.
- The HMC (Headquarters Management Committee) and various internal committees have been established for the purpose of contributing to appropriate and flexible decision making by the President and Chief Executive Officer and the Board of Directors. The HMC is a supporting committee to the President and Chief Executive Officer where companywide management policy and important issues are discussed.
- Various internal committees carefully screen and discuss management issues in their respective fields. Several of the internal committees including the Internal Control Committee work to support the decision making by the President and Chief Executive Officer and the Board of Directors by incorporating external opinions with measures such as designating outside key figures.

The roles of the main internal committees are as follows.

Internal Control Committee:	Deliberates on issues related to the development of internal control systems
Disclosure Committee:	Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting

ALM Committee:	Deliberates on issues related to risk management systems and balance sheet management
Corporate Officer Compensation Consultative Committee:	Deliberates on issues related to the compensation of corporate officers, including their compensation after retirement
Compliance Committee:	Deliberates on issues related to compliance
CSR Committee	Deliberates on issues related to corporate social responsibility, environmental problems, and social contribution initiatives

- The Internal Audit Division is established responsible for internal audits under the direct control of the President and Chief Executive Officer (50 staff as of June 25, 2010). The Internal Audit Division implements audits of the Company and its domestic and overseas consolidated companies from various perspectives, such as 1) whether the financial information, other reports, records and related procedures can be trusted; 2) whether laws and statutory regulations are being complied with and whether related internal mechanisms and systems are effective and appropriate; 3) whether operational procedures and activities are effective and efficient for carrying out organizations' policies and plans; and 4) whether other management activities are being conducted rationally and efficiently. The audit results are directly reported to the President and Chief Executive Officer. Thorough follow-ups are also made on the status of improvements made based on suggestions and recommendations after audits. Close collaboration with the internal auditing departments of group companies is also carried out. The internal control audit section established within the Internal Audit Division independently evaluates the development and operation of internal control systems concerning financial reporting.
- Each corporate auditor attends meetings of the Board of Directors and other important meetings to hear from directors etc. about the status of the execution of their duties in accordance with the "Board of Corporate Auditors Regulations," "Auditors' Auditing Standards" and the policy on auditing and the division of responsibilities as specified by the Board of Corporate Auditors. In addition, each auditor views important documents approved by management, etc., investigates the operations and assets at Headquarters and other key offices, requests subsidiaries to report on their businesses as required, and strictly audits the execution of duties of directors and executive officers. The Corporate Auditors' Office with dedicated staff has also been established to support corporate auditors. Furthermore, the GAC (Group Audit Committee) comprising corporate auditors of key group companies has been established as part of the activities conducted to focus on cooperating with the corporate auditors of consolidated group companies.
- The Company has concluded an auditing agreement with Deloitte Touche Tohmatsu LLC to serve as the independent external auditor, and is subject to an audit of the English financial statements in accordance with U.S. GAAP, an audit in accordance with the Corporate Law and an audit in accordance with the Financial Instruments and Exchange Law. The independent external auditor conducts audits of financial statements from the independent perspective of a third party and the Company exchanges opinions on issues to be considered concerning internal controls, etc., based on the reporting of the audit results, and receives advice on improvements to be made. Moreover, the Company has facilitated an environment to ensure quick and accurate auditing by providing information and data.

3. Reason for Adopting the Current System

Although it did not elect outside directors for fiscal 2011 the Company, as a company with corporate auditors, endeavored to strengthen the monitoring/supervising function and ensure the transparency of decision making by having the corporate auditors (including outside corporate auditors) fully monitor corporate management. Although the Company has determined that its corporate governance system primarily based on the monitoring of corporate management by corporate auditors has functioned effectively and appropriately, the Company newly elected outside directors at the 87th Ordinary General Meeting of Shareholders held on June 24, 2011, for the purpose of further increasing the effectiveness of the supervision of management by the Board of Directors and improving the transparency of decision making. As stated above, the Company's current corporate governance system, which is based on the Board of Directors including outside directors and the Board of Corporate Auditors, a majority of whom are outside corporate auditors, agree well with the "corporate governance system that incorporates proper monitoring and

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supervisory functions while increasing the transparency of its decision-making process,” which the Company intends to construct.

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III Status of Implementation of Measures Related to Shareholders and Other Stakeholders

1. Measures to Revitalize the General Meeting of Shareholders and Facilitate of Exercise of Voting Rights

	Supplementary Information
Prompt Delivery of Convocation Notice of General Meeting of Shareholders	Sent approximately three weeks before the General Meeting of Shareholders.
Setting Date of General Meeting of Shareholders to Avoid Being Held on the Same Day as Many Other Companies	Held three business days before the day on which the largest number of companies held their meetings in 2011.
Exercise of Voting Rights by Electromagnetic Means	In order to promote the exercise of voting rights by individual shareholders, the exercise of voting rights by electronic means (excluding mobile phones) has been available since the Ordinary General Meeting of Shareholders held in June 2005.
Participation in Platform for Exercise of Voting Rights by Electromagnetic Means and Other Measures to Enhance Environment for Exercise of Voting Rights by Institutional Investors	The “Voting Rights Electronic Exercise Platform” operated by ICJ Co., Ltd., has been used since the Ordinary General Meeting of Shareholders held in June 2008.
Providing Convocation Notice (Summary) in English	An English version of the entire convocation notice, including Business Report, has been prepared and posted on the Company’s Web site since the Ordinary General Meeting of Shareholders held in June 2010.
Other	In order to improve convenience for shareholders and ensure sufficient time for considering proposals, the convocation notices have been made available via electronic means since the Ordinary General Meeting of Shareholders held in June 2005.

2. Investor Relations Activities

	Explanation by Representative	Supplementary Information
Holding Regular Meetings for Individual Investors	No	Meetings are held several times each year at stock exchanges and securities company branches.
Holding Regular Meetings for Analysts and Institutional Investors	Yes	Meetings are held every quarter. The President and Chief Executive Officer conducts investors meetings on the second quarter results and annual results, and the CFO conducts investors meetings via online conference on the first quarter results and third quarter results.
Holding Regular Meetings for Foreign	Yes	Meetings are held four times each year in Europe, North America and Asia.

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Investors		
Posting Investor Relations Materials on the Company Web Site	—	Financial statements, presentation materials of investors meetings, materials used in briefings on each segment, materials for timely disclosure, annual securities reports (<i>yuka shoken hokokusho</i>), semi-annual securities reports (<i>hanki hokokusho</i>), the status of corporate governance and convocation notices for General Meetings of Shareholders are posted on the Company web site.
Establishment of Investor Relations Department	—	Investor Relations Department has been established.

3. Measures that Consider the Interests of Stakeholders

	Supplementary Information
Provisions Made in Consideration of Stakeholders' Interests (Internal Regulations, etc.)	The ITOCHU Group Corporate Philosophy and Code of Conduct The ITOCHU Group Environmental Policy
Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities	The Company conducts various activities to preserve the environment as well as CSR activities, and these activities are described in reports such as the CSR Report and Annual Report, which can be found on the Company website.
Establishment of Policy Concerning Disclosure of Information to Stakeholders	The Basic Policy regarding the Internal Control System states that the Company will provide timely and appropriate disclosure.
Other	Basic CSR policies include improving communication with stakeholders, and making improvements in products, services, and people's sense of security and safety. Each business operating entity including division companies formulates and implements action plans in their respective fields.

IV Items Related to the Internal Control System

1. A Basic Policy and Development and Operation Status Related to Internal Control System

The Company has established the following internal control systems, which are necessary to ensure that executive officers' implementation of duties are in compliance with laws and statutory regulations and the Articles of Incorporation and ensure the appropriateness of other operations. Below is a summary of the Basic Policy regarding the Internal Control System, which the Board of Directors approved on April 19, 2006. (It was partially revised on May 6, 2011.)

Notes

1. System to Ensure Compliance by Directors and Employees to Laws, Regulations and the Articles of Incorporation

(1) Corporate Governance

[1] As the decision-making body, the Board of Directors, consisting of directors including outside directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations," and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the directors.

[2] Each director is to carry out such director's functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.

[3] The Company is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative directors.

[4] The corporate auditors are to oversee the performance of the directors based on the "Board of Corporate Auditors Regulations" and "Auditors' Auditing Standards."

(2) Compliance

[1] Directors and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct.

[2] The Company is to establish the position of CCO(Chief Compliance Officer), the Compliance Committee and a department that oversees all compliance matters. In addition, the "ITOCHU Group Compliance Program" is to be created to further enhance ITOCHU's compliance system.

(3) Internal Control to Ensure Reliability of Financial Reporting

[1] The Company is to have in place internal regulations concerning commercial transactions management and accounting, and is to create the position of CFO(Chief Financial Officer) to ensure the reliability of financial reporting.

[2] The Company is to establish the Disclosure Committee and regularly review and improve the development and operation status of internal control systems to ensure the reliability of financial reporting.

(4) Internal Audits

The Company is to establish the Internal Audit Division under the direct control of the President and Chief Executive Officer. The Internal Audit Division is to regularly implement internal audits of all aspects of business operations based on the “Audit Regulations.” Such internal audits are to examine compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as, among other matters, the appropriateness of the procedures and nature of the exercise of duties and responsibilities.

2. System for the Storage and Preservation of Information Related to Director Duties

The directors are to appropriately store and preserve important documents and related materials concerning the performance of their duties, including the minutes of the General Meeting of Shareholders, in accordance with the “Information Management Regulations,” the “Document Management Rules” and other internal regulations. All documents and information so stored and preserved are to be subject to inspection by the directors and auditors at any time. Further, the Company establishes departments responsible for the timely disclosure of important corporate information and other information. At the same time, directors will rapidly and comprehensively gather information that requires disclosure and implement timely and appropriate disclosure in compliance with laws and statutory regulations.

3. Regulations Concerning the Management of the Risk of Loss and Other Relevant Risk Management System

To adequately address the various risks associated with its business operations, such as market risk, credit risk, country risk, and investment risk, the Company is to establish internal committees and responsible departments, and is to develop the necessary risk management system and risk management techniques, for example establishing a full range of management regulations, investment criteria, risk limits and transaction limits, and developing reporting and monitoring systems, and managing company-wide as well as matter-specific risks. Furthermore, the Company is to regularly review the effectiveness of the risk management system.

4. System to Ensure Efficient Performance of Directors

(1) The HMC and Other Internal Committees

The HMC (Headquarters Management Committee) as a supporting body to the President and Chief Executive Officer, and a number of other internal committees, are to facilitate the proper and agile decision-making by the President and Chief Executive Officer and the Board of Directors.

(2) Division Company System

Under the Division Company System, the position of Company president is to be created at each Company, and each Company is to manage its business autonomously in accordance with laws and regulations, the Articles of Incorporation, and internal regulations. Furthermore, each Company is to establish its own numerical targets, and regularly evaluate its performance by comparing against such numerical targets.

(3) Clearly Define the Scope of Authority and Responsibilities

In order to ensure the appropriateness and efficiency of the performance of the management, the Company is to develop internal regulations to clearly define the scope of authority and responsibilities of each corporate officer and divisional manager.

5. System to Ensure the Adequacy of Operations of the ITOCHU Group (Consisting of ITOCHU and Its Subsidiaries)

(1) Subsidiary Management System

The Company is to establish a department that oversees all the subsidiaries. Furthermore, relevant departments within the Company are to exercise jurisdiction over their responsible subsidiaries, and provide managerial guidance to such subsidiaries in accordance with the internal regulations concerning consolidated company management. In principle, the Company is to send directors and auditors to each subsidiary to ensure the adequacy of the subsidiary's operations.

(2) Compliance

The Company is to provide guidance to its subsidiaries for the purpose of implementing a compliance system at each subsidiary in accordance with the "ITOCHU Group Compliance Program," and is to implement full compliance in the entire ITOCHU Group through education and training.

(3) Internal Audits

All of the operations and activities of the subsidiaries are to be subject to internal audits by the Internal Audit Division.

6. Matters Concerning Supporting Personnel to Auditors and Independence of Such Personnel from the Directors

The Company is to establish the Corporate Auditors' Office under the direct jurisdiction of the Board of Corporate Auditors and is to put in place full-time employees with the sole responsibility of supporting the work of the corporate auditors. The supervisory authority over such employees is to belong exclusively to the corporate auditors, and evaluation of such employees is to be carried out by the corporate auditor designated by the Board of Corporate Auditors. Any transfer orders or disciplinary actions related to such employees are to require prior approval by such corporate auditor.

7. System for Reporting by Directors and Employees to Corporate Auditors

(1) Attendance at Important Meetings

The corporate auditors are to attend meetings of the Board of Directors, the HMC meetings, and other important meetings, and interview the directors and other relevant persons regarding the performance of their duties. In addition, the corporate auditors are to have the right to inspect all relevant materials.

(2) Reporting System

[1] The directors and corporate officers are to regularly report to the corporate auditors about their performance. Furthermore, in addition to the matters required by laws and regulations, the directors and corporate officers are to report all the decisions that could have a major impact on the finance or business of the Company to the corporate auditors immediately after such decisions are made.

[2] Employees are to have the right to report directly to the corporate auditors any matters that could cause serious damage to the Company.

8. Other Relevant Systems to Ensure the Proper Functioning of Audits

(1) Coordination with the Auditors in the Internal Audit Division

The Internal Audit Division is to maintain close communication and coordination with the corporate auditors with respect to matters such as formulation of the internal audit plan for each business year, and internal audit results.

(2) Retaining External Experts

When deemed necessary, the corporate auditors are to independently retain external experts for the implementation of an audit.

The Company intends to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, on May 6, 2011, the Board of Directors evaluated the development and operation status of each item enumerated in the Basic Policy regarding the Internal Control System for the fiscal year ended March 2011 and confirmed that there were no significant deficiencies or defects.

2. Basic Policy and Efforts to Against Antisocial Forces

The Company has set out basic policy to tackle antisocial forces and groups that threaten the order and safety of civic society, stipulating three basic principles in its stance against antisocial forces—Don't fear, don't pay, don't use—a 10-point guideline as a manual to disseminate this information among all employees. The Company has also established a special department with overall responsibility for countermeasures in relation to antisocial forces within the Human Resources & General Affairs Division.

V Others

1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures	—
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Supplementary Information

The Company has not adopted any takeover defense measures at present. However, the advantages, disadvantages and necessity to adopt takeover defense measures will be continuously discussed as a means of dealing with hostile acquisitions that could harm the Company's corporate value and the shared interests of shareholders in the event an abusive acquirer appears.

2. Other Items Related to Corporate Governance System, etc.

[Overview of System for Timely Disclosure]

1. Internal Organization

In addition to legally stipulated disclosures, the Company fulfils its responsibility for the timely and appropriate provision, disclosure, and explanation of corporate information to stakeholders as per the ITOCHU Group Corporate Philosophy and Code of Conduct.

The Company has accordingly established internal rules for the handling of disclosure and assigned primary responsibility for operations related to timely disclosure to the Corporate Communications Division, in consultation with the Investor Relations Department. In addition, persons have been assigned responsibility for corporate communications and investor relations in each business operating entity including division companies, and a system has been constructed for close contact among these related persons in order to provide appropriate disclosure.

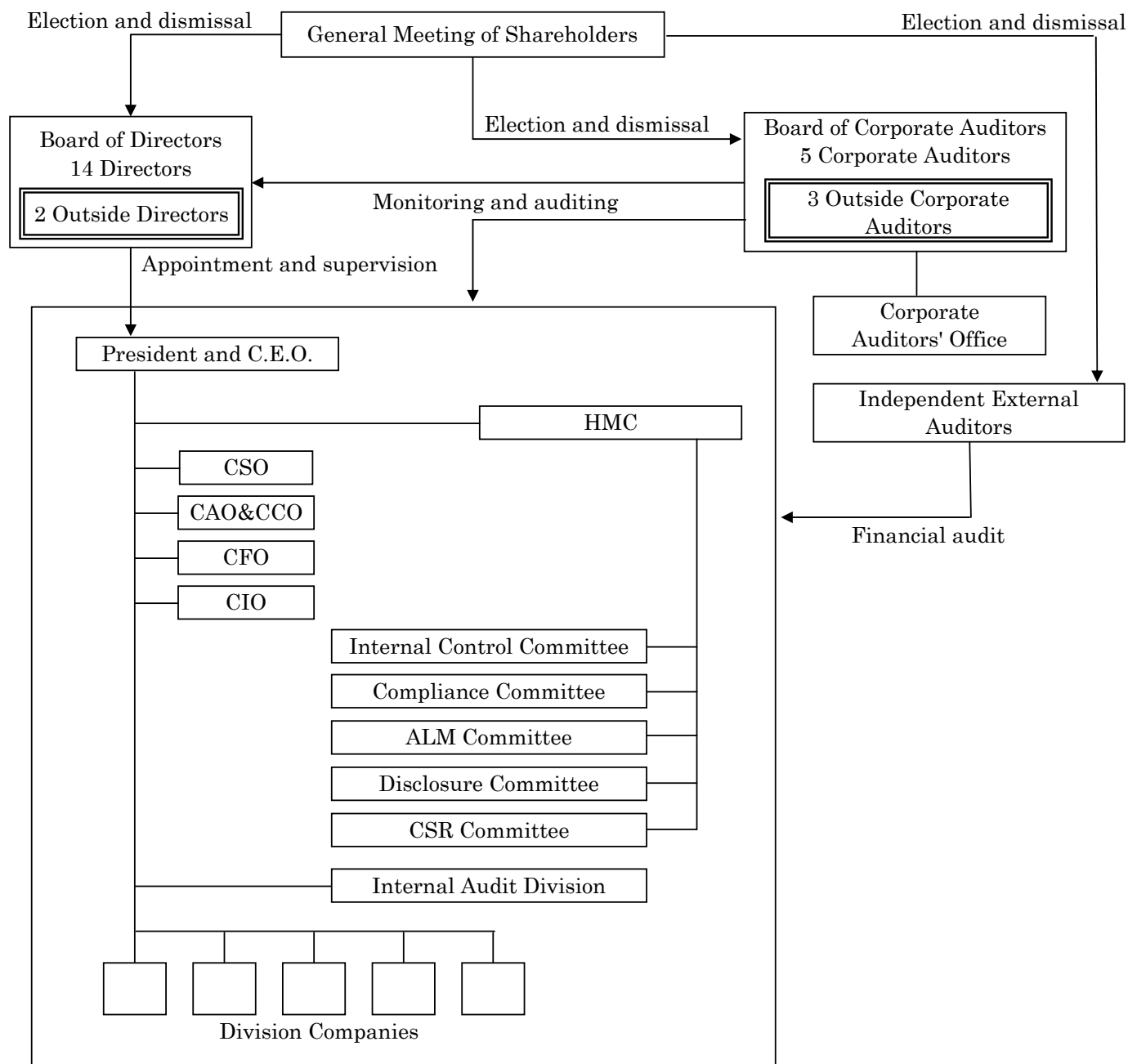
The Investor Relations Department informs each business operating entity including division companies and each administrative division at headquarters of qualitative and quantitative guidelines for the Company and its subsidiaries information required for timely disclosure, based on the regulations of the Tokyo Stock Exchange, following the announcement of financial results at the end of each fiscal year. The Investor Relations Department also regularly, and as necessary, holds internal training and ensures general knowledge through meetings with related internal departments, to ensure thorough compliance with the regulations of the Tokyo Stock Exchange.

2. Determination of Details and Methods of Disclosure

The Company determines the details and methods of disclosure as follows;

- (1) The persons in charge of each business operating entity including division companies, of each overseas trading subsidiary and of each administrative division at headquarters, report without delay to the general manager of the Corporate Communications Division any decisions, events, or financial information related to the divisions and domestic or overseas subsidiaries for which they are responsible, as required or as may be required based on the regulations of the Tokyo Stock Exchange.
- (2) When the general manager of the Corporate Communications Division receives a report as per the preceding, he/she will consider and determine (i) whether the information requires disclosure, and (ii) if disclosure is required, the details and method thereof, and upon the examination and receipt of opinions from the Investor Relations Department and other administrative divisions at headquarters, request the approval of the responsible CAO&CCO.
- (3) After receiving approval as per the preceding, the general manager of the Corporate Communications Division reports the details of the decision to the President and Chief Executive Officer and transmits the text of the determined disclosure to the Investor Relations Department, and the Investor Relations Department without delay files the disclosure with the Tokyo Stock Exchange.

< ITOCHU's Current Corporate Governance Including Overview of Internal Control System >



Notes : 1 Each Division Company has a Division Company President.

2 Internal control systems and mechanisms have been implemented at every level of the organization of ITOCHU.

Only the main internal control organization and committees are described herein.

Further, the Internal Control Committee receives reports from internal departments related to internal control on the development and operation of respective internal controls for which they are responsible; evaluates and confirms the overall development status of internal control; and reports items for improvement to the HMC and Board of Directors.

3 CSO : Chief Strategy Officer

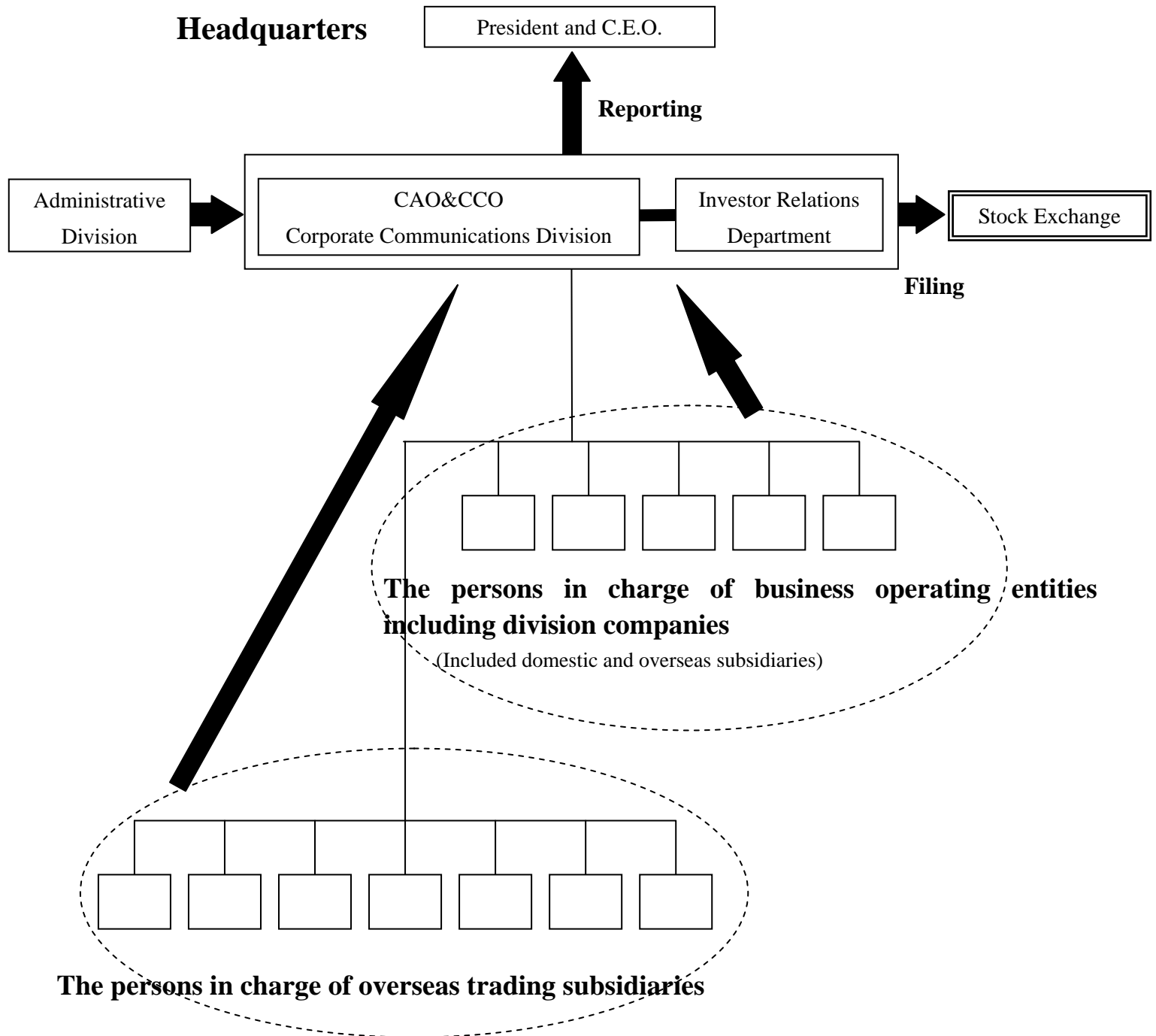
CAO : Chief Administrative Officer

CCO : Chief Compliance Officer

CFO : Chief Financial Officer

CIO : Chief Information Officer

<Overview of System for Timely Disclosure>



Information Disclosure Process

The persons in charge of each business operating entity including division companies, of overseas trading subsidiaries and of administrative divisions at headquarters report the information, as required or as may be required based on the regulation of the Tokyo Stock Exchange, to the Corporate Communications Division.