

FY2010 - FY2011 Medium-Term Management Plan

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Frontier+ 2008 - Quantitative Review



In FY2008 and FY2009 first half, surpassed initial plans to achieve highest-ever earnings
In FY2009 2nd half, due to sharp decline of world economy, strong yen, and stock market slump, did not reach plan for consolidated net income

Frontier+ 2008 Results

(¥ billion)

	FY2008 (results)	FY2009 (results)
Net Income	217.3	165.4
Total Assets	5,274.2	5,192.1
NET DER	1.70 times	2.07 times

Frontier+ 2008 Initial Plan

(¥ billion)

	FY2008 (plan)	FY2009 (plan)
Net Income	210.0	210.0
Total Assets	5,800.0	6,300.0
NET DER	1.7 times	1.7 times or less

Frontier+ 2008 - Qualitative Review



The basic policy was to continue *Frontier-2006* themes, be more aggressive, and become *a global enterprise that is highly attractive to all stakeholders*. Accordingly, key measures were to Maintain a Global Perspective, Create New Initiatives, and Enhance Human Resources.

Maintaining a Global Perspective

- Earnings from overseas businesses exceeded ¥100 billion for two consecutive years
- Implemented large-scale and strategic investments

Creating New Initiatives

- | | |
|---------------------------|---|
| Life & Healthcare: | Advanced medical value chain strategy |
| Environment & New Energy: | Made preparatory moves in solar power generation area |
| | Participated in bio-ethanol production business in Brazil |

Enhancing Human Resources

- Advanced global human resources strategy
- Advanced diversification of human resources

Frontier+ 2008 - Investment Review



Frontier+ 2008 Investment Plans

- Invest actively to increase earnings
- Total investments over two years: ¥500 billion gross / ¥400 billion net

Frontier+ 2008 Investment Results

- Total over two years: invested ¥660.0 billion gross / ¥ 490.0 billion net

Consumer-related sector:	¥120.0 billion (18% of total)
Natural resource / energy-related sector:	¥280.0 billion (43% of total)
Other sectors:	¥260.0 billion (39% of total)

Frontier+ 2008 Major Investments

Consumer-related sector:	Ting Hsin Holding, Shanshan Group, Sankei, Descente
Natural resource / energy-related sector:	Nacional Minérios S.A. (NAMISA) iron ore production and wholesale business in Brazil; Expansion of iron ore project in Western Australia; Offshore oil and gas field in Victoria, Australia; Bio-ethanol business in Brazil
Other sectors:	North American IPP, Methanol business in Brunei, NTT Plala, Yanase, Life & Healthcare related businesses, Solar power generation related businesses

Frontier^e 2010

- Enhancing Corporate Value on the World Stage, Shaping the Future -

Basic Policy

In light of significant changes in the global economy, we will review foundations, continue to reform and take on challenges, and move forward steadily to become *a global enterprise that is highly attractive*.

The “e” added above and to the right of “*Frontier*” stands for “**Enhance.**” The Company will enhance management quality, the abilities of each employee, and the attractiveness of the Company to realize the goal of being *a truly global enterprise*.

Quantitative Plan



Frontier[®] 2010

(¥ billion)

	FY2009 (results)	FY2010 (plan)	FY2011 (image)
Net Income	165.4	130.0	160.0
Total Assets	5,192.1	5,500.0	-
NET DER*	2.07 times	less than 2.0	-

* SFAS160 not applied

Plan Assumptions

	FY2009	FY2010
Exchange rate (YEN / \$)	100.54	90
Interest (%) YEN TIBOR	0.818%	0.6%
Crude oil (\$ / BBL)	86	53
Iron ore (\$ / ton)	110	-
Hard coking coal (\$ / ton)	300	128
Thermal coal (\$ / ton)	125	70

Crude oil: Brent crude oil

Hard coking coal / thermal coal: Benchmark price for Japan

Frontier^e 2010

- Enhancing Corporate Value on the World Stage, Shaping the Future -

Key Measures

Expand and improve
earnings platforms

Strengthen financial position /
Upgrade risk management

Advance full-fledged
implementation of
global human resources strategy

Evolve
management systems

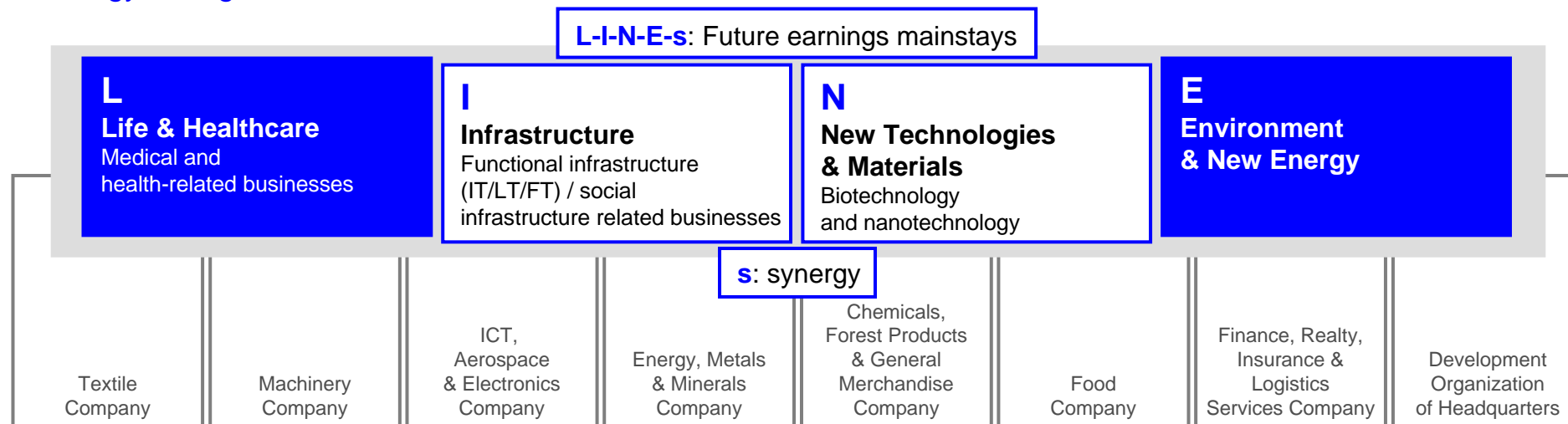
Expand and Improve Earnings Platforms

- Discover / Build New Businesses



Continue L-I-N-E-s, strengthen even further

- Under *Frontier^e 2010*, we will concentrate efforts especially on the Life & Healthcare and the Environment & New Energy areas.
- In the Environment & New Energy area, we will give priority to initiatives in the solar power generation, energy storage device, and water resources areas.



Organization

- Assignment of new Chief Officer for New Business Development (L-I-N-E-s)
- Newly establish Solar Business Department
- Strengthen Healthcare Business Department



Earnings from Overseas Businesses

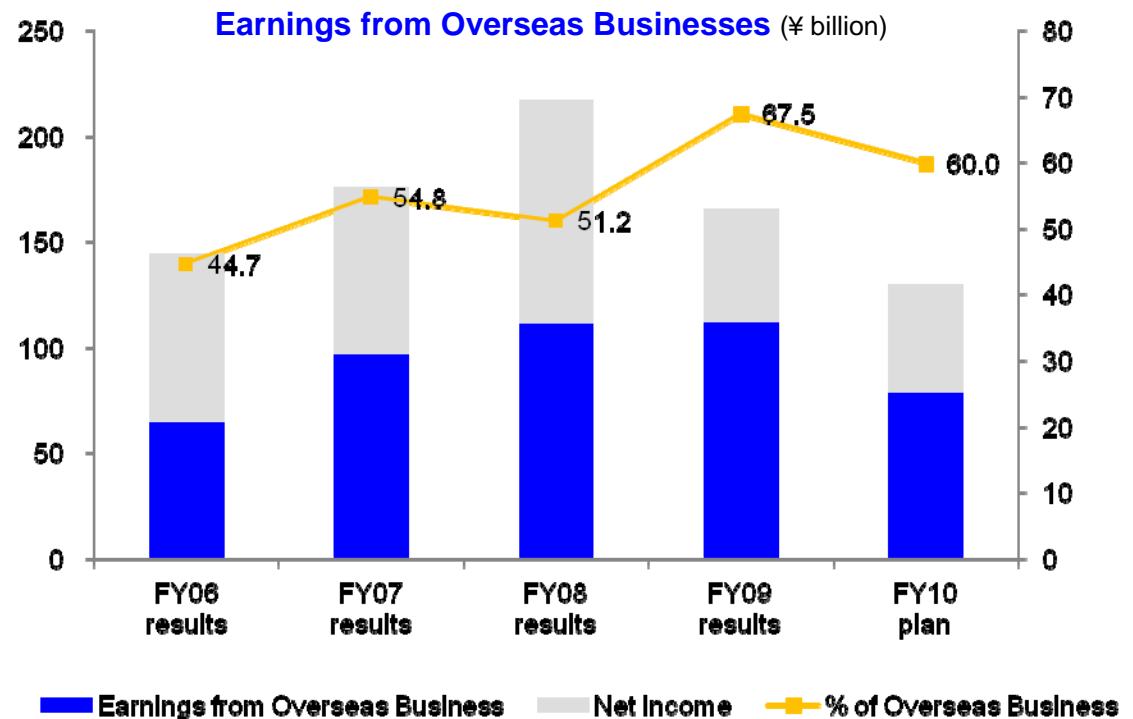
- In FY2010, aim to attain earnings from overseas businesses that account for 60% or more of Companywide consolidated net income
- Develop businesses / achieve profitability in non-resources area
- Improve earnings of existing businesses

Regional Strategies

- Continue efforts in priority regions, focus regions

Priority regions:
North America / China / Asia

Focus regions:
Resource-rich regions with growing economies
Regions in which ITOCHU has marked advantage over competitors



Overseas businesses = overseas subsidiaries & affiliates

Expand and Improve Earnings Platforms

- Strengthen Foundations of Earning Power

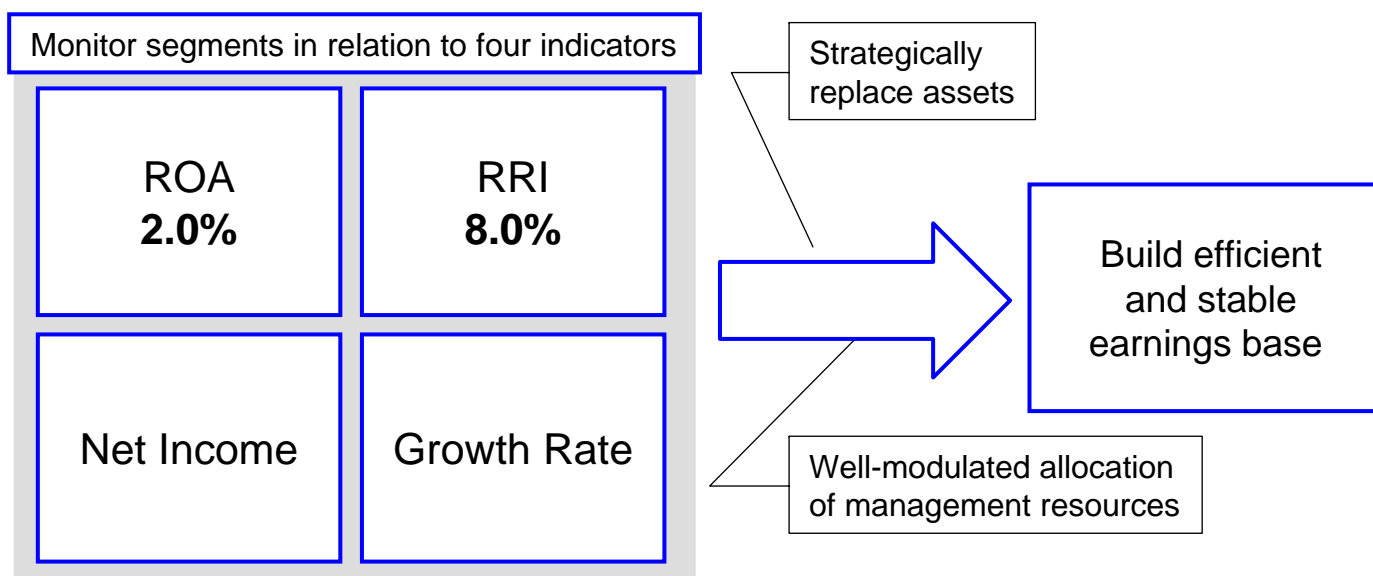


Management of Affiliates

- Upgrade existing subsidiaries and associated companies and increase their earnings
- Strengthen monitoring of subsidiaries and associated companies and advance effective allocation of management resources

Segment Strategies and Asset Replacement

- Monitor segments in relation to four indicators: ROA, RRI, net income, growth rate
- Identify segments' strengths / weaknesses and gain all-round grasp of portfolios in order to allocate or replace assets optimally and thereby build efficient and stable earnings base

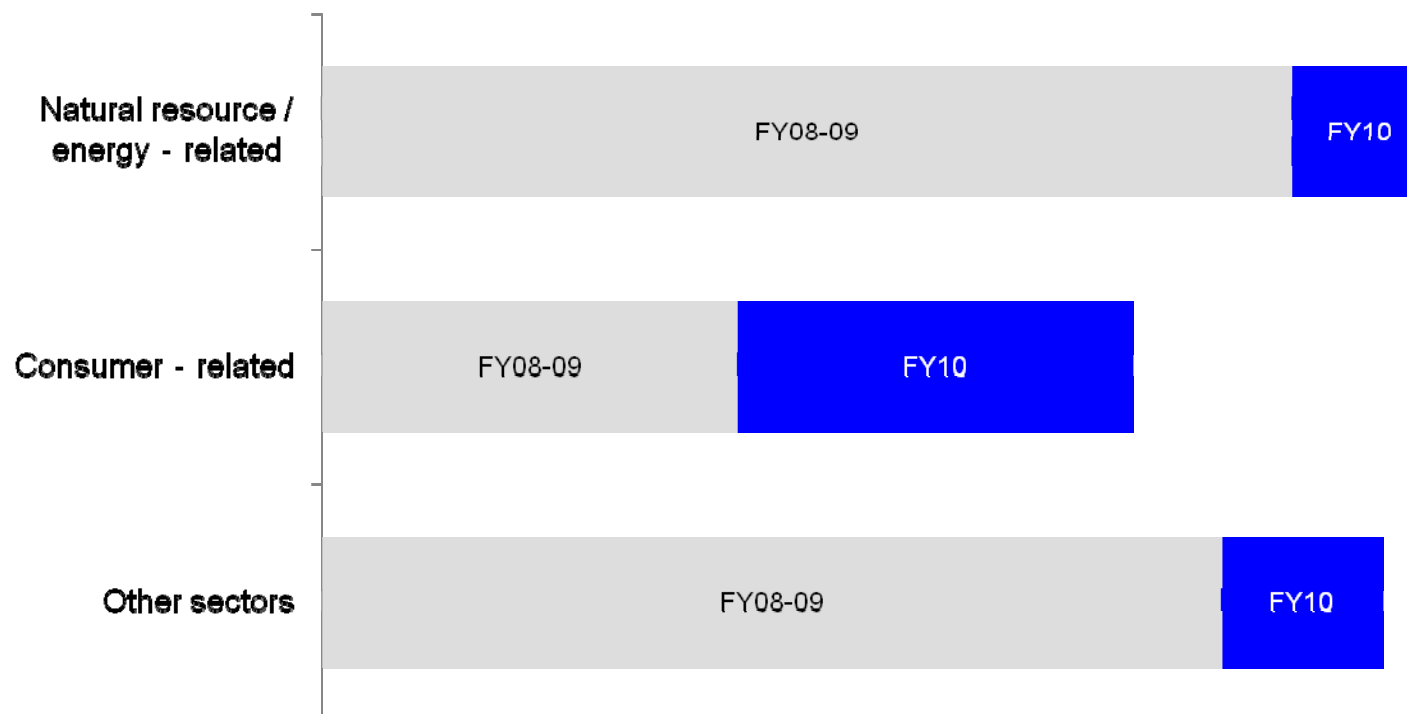


Expand and Improve Earnings Platforms - Implement Investment Policies



Implement New Carefully Selected Investments

- FY2010 new investments: ¥100 billion - ¥150 billion net, approximately ¥200 billion gross
- Replace assets steadily through divestment of existing assets that Group has less reason to hold
- Deploy investment with awareness of medium-to-long term balance among three sectors (Consumer-related, Natural resource / energy-related, Other sectors)



Strengthen Financial Position

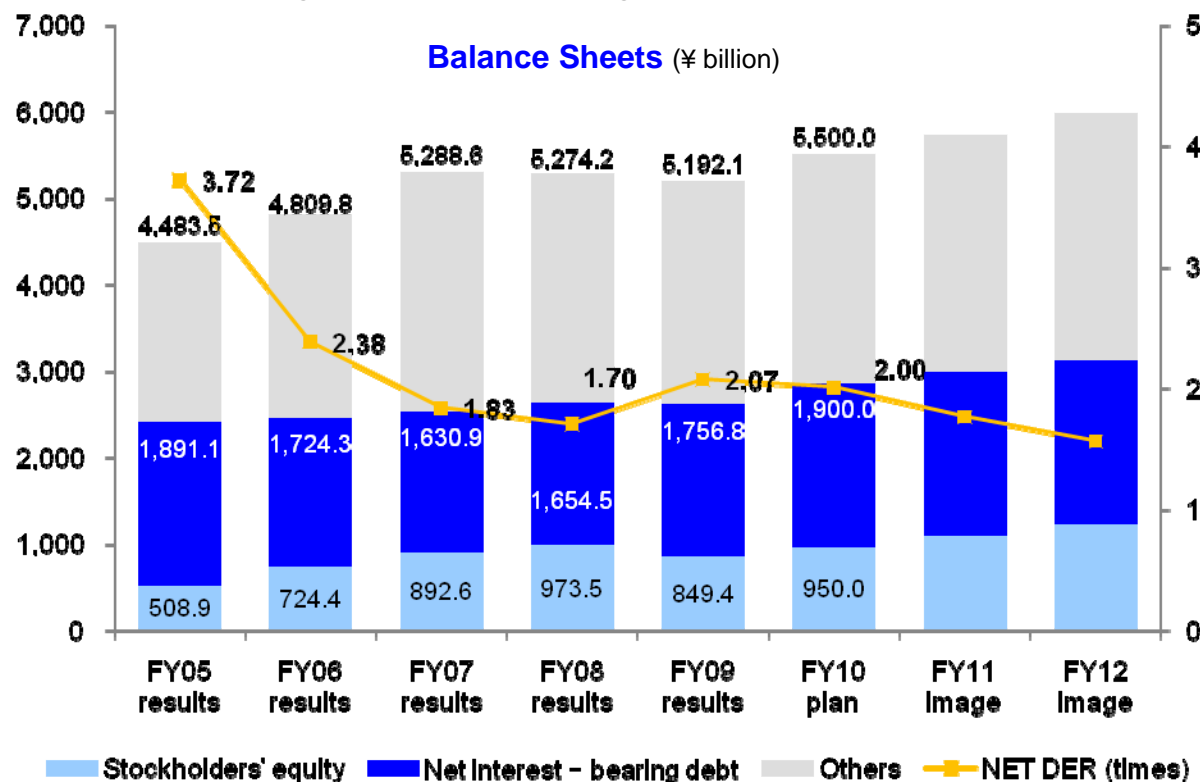
- Uphold financial discipline resolutely, improve key financial ratios
- ✓ Recover NET DER to less than two times by end of FY2010 (SFAS160 not applied)
- ✓ Maintain financial discipline of keeping increases in risk assets within increases in consolidated stockholders' equity
- Reorganize overseas Intra-group Loan System, move toward global capital management

Upgrade Risk Management

- Continue risk dispersal (limits for assets in particular areas, country risk limits)
- Move toward Enterprise Risk Management

Evolve Management Systems

- Advance corporate social responsibility
- Strengthen corporate governance
- Realize rigorous internal control
- Continue to advance operational reforms (ITOCHU DNA Project)



Place global human resources strategy at center of human resources strategy, give priority to tackling measures for *securing global human resources and fostering / creating group management human resources*

Securing Global Human Resources

- Develop common hiring infrastructure worldwide
- Accelerate hiring activities worldwide supported by GTEC Headquarters

Foster / Create Group Management Human Resources

- Develop / implement Global Management Development Program
- Dispatch overseas bloc employees to Tokyo Head Office / Osaka Head Office (for 1 to 2 years)
- Promote overseas bloc employees to management posts

GTEC: Global Talent Enhancement Center



Forward-Looking Statements:

This material contains forward-looking statements regarding ITOCHU Corporation's corporate plans, strategies, forecasts, and other statements that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which ITOCHU Corporation operates. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, including without limitation, changes in economic conditions; fluctuations in currency exchange rates; changes in the competitive environment; the outcome of pending and future litigation; and the continued availability of financing, financial instruments and financial resources, they may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and, further that ITOCHU Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.

Dividend Policy (policy for returns to stockholders)



Although business conditions during the period of *Frontier 2010* are extremely uncertain, we will uphold the following basic policies.

Basic Dividend Policy

ITOCHU uses retained earnings to replenish stockholders' equity to promote its growth strategy as well as to maintain and reinforce its competitive power. ITOCHU's basic policy regarding dividend payments calls for giving consideration to consolidated performance and maintaining a stable distribution of returns to stockholders.