NEW GROWTH STAGE 2012

ANNUAL REPORT 2012

For the Year ended March 31, 2012

ITOCHU Corporation

QUICK SEARCH

Index of key words that are of interest to readers. Please use it for quick access to necessary information.

CONTENTS

Editing Policy

In previous years, the information in our annual reports was centered on management results, future growth strategies, and our strengths. Annual Report 2012, for fiscal 2012, however, combines this information with CSR-related information of special importance, derived mainly from our website CSR pages. In this way, Annual Report 2012 serves as a comprehensive report. For further financial information, please refer to the separate "Financial Section."

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

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

TIRELESS BUSINESS

As its business environment has undergone numerous changes, ITOCHU has leveraged its mobility to flexibly change its business portfolio, focusing on the areas that have the highest growth potential. As a result of that flexibility, our business models extend over an extremely diverse range of industrial areas and geographic regions, and it is difficult to classify them in a simple manner.

We cycle through a process of multifaceted business expansion, in which we use our distinctive strengths to develop businesses and then leverage the business know-how accumulated and market position established thereby to create new businesses.

Securing Natural Resources and Raw Materials

Linking Producers with Purchasers

Using Our Distinctive Strengths to Develop Businesses

Accumulating Business Know-how

Providing Value Added that Meets Consumer Needs

Providing Solutions

A more detailed explanation is provided on the inside pages of this section (pages 3 to 6).

CREATION

Expanding and Diversifying Sources of Supply

Participating in Production Activities

Pursuing Multifaceted Business Expansion

Expanding the Range of Success Models

Pursuing Economies of Scale

Obtaining Points of Contact with Consumers

Iron ore projects in Western Australia

Coal projects in eastern Australia

CGB

ACG

Chemical product trade

Exports of automobiles, construction machinery, and industrial machinery

Using Our Distinctive Strengths to Develop Businesses

ITOCHU sets its sights on areas in which we can leverage our distinctive strengths, and works to develop businesses in those areas. The reasons are as follows. (1) We can generate synergies by drawing on points of contact with existing businesses. (2) Our ability to control risk increases the probability of success. On that basis, we leverage our capabilities for business success.

Brand business

Stapleton's

NIPPON ACCESS

FamilyMart

ITOCHU LOGISTICS

Securing Natural Resources and Raw Materials

Aiming to secure natural resources and raw materials and provide a stable supply to purchasers, we are developing upstream natural resources and raw material supply sources around the world.

Linking Producers with Purchasers

Trade, which links sellers and purchasers, is the starting point of a general trading company. ITOCHU builds sales channels for various goods around the world, thereby contributing to expansion of sales opportunities for producers as well as to competitive procurement by purchasers.

Accumulating Business Know-how

In the process of implementing business development activities, we strive to establish market positions and to accumulate business know-how.

Providing Value Added that Meets Consumer Needs

ITOCHU's competitiveness is demonstrated through the rapid provision of value added that meets consumer needs and the continual advancement of business models.

Providing Solutions

The foundation of our comprehensive capabilities comprises finance and insurance capabilities closely linked to business, the provision of efficient logistics solutions leveraging global networks, and IT capabilities that facilitate the analysis and strategic utilization of information.

Pursuing Multifaceted Business Expansion

As we leverage the business know-how that we have accumulated and the market positions that we have established, we expand business opportunities in every direction from the following five major points of view, in accordance with the operational characteristics of businesses. Then we create a chain of new businesses with a view to increasing earnings further.

Expanding and Diversifying Sources of Supply

We are working to achieve geographic diversification of supply bases and expansion of supply volume. For example, in the coal business that we have developed, principally in eastern Australia, we have expanded our business base to include Colombian mining operations of Drummond Company to diversify our sources of supply.

Participating in Production Activities

By advancing upstream projects, we secure competitive resources. For example, in the chemicals business, we have advanced into the methanol production project in Brunei, based on trade development.

Expanding the Range of Success Models

We extend models of success to other businesses and regions. In textiles, for example, we are developing businesses in China through partnerships with the Shanshan Group and the Shandong Ruyi Science & Technology Group, centered on downstream businesses that have been successful in Japan.

Pursuing Economies of Scale

With a solid market position as a foundation, we pursue increased operational efficiency and other economies of scale by expanding the size of businesses through such means as mergers. For example, in the domestic food distribution and marketing business we have completed the merger of food distribution and marketing subsidiaries, centered on NIPPON ACCESS. In this way, we have realized comprehensive merchandising and low-cost, high-quality logistics.

Obtaining Points of Contact with Consumers

Leveraging the midstream and upstream positions that we have established, we expand our earning opportunities to areas that are closer to consumers. In the U.K. tyre business, leveraging the foundation built by Stapleton's, U.K. No. 1 tyre distributor, we have made a full-scale advance into the tyre retail business with the acquisition of Kwik-Fit.

Expanding and Diversifying Sources of Supply

■ Drummond Company's Mining Operations in Colombia

This multifaceted process of creating businesses is repeated in a sustained manner that leverages a variety of frameworks, and the ITOCHU business portfolio is thereby continually being moved ahead.

Participating in Production Activities

■ Brunei Methanol Project

Expanding the Range of Success Models

■ Shanshan Group ■ Shandong Ruyi Science & Technology Group

Pursuing Economies of Scale

■ Merger of food distribution and marketing subsidiaries

Obtaining Points of Contact with Consumers

■ Kwik-Fit

THE KEYWORDS FOR FURTHER GROWTH

NEW GROWTH STAGE

Fiscal 2008
¥217.3 billion

Fiscal 2007
¥175.9 billion

Fiscal 2009
¥165.4 billion

Frontier-2006 → **Frontier+ 2008** → **Frontiere 2010**

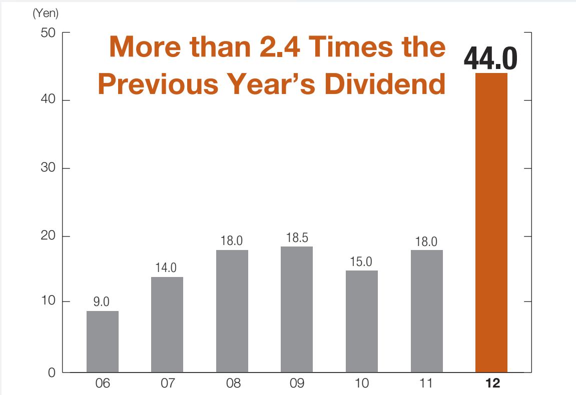
Net Income Attributable to ITOCHU

Fiscal 2006
¥144.2 billion

Fiscal 2010
¥128.9 billion

Dividends

In accordance with our dividend policy, which we revised during the period covered by *"Brand-new Deal 2012,"* our dividend in fiscal 2012 was more than 2.4 times the previous year's dividend.



Years ended March 31
* Per share amount

Net Income Attributable to ITOCHU

Record-high Profits (fiscal 2012)

¥300.5 billion

In net income attributable to ITOCHU, we achieved a record-high ¥300.5 billion. We returned to our former position in the top three Japanese general trading companies for the first time in nine years.

Brand-new Deal 2012

ITOCHU—Moving to a New Growth Stage

In fiscal 2012, ITOCHU demonstrated its strengths and achieved significant progress.

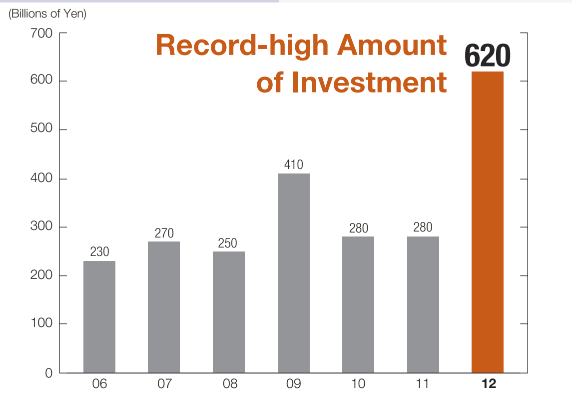
We have entered a new growth stage, and moving forward we will aim for further growth in earnings.

Brand-new Deal 2012

Fiscal 2011
¥161.1 billion

Amount of Investment

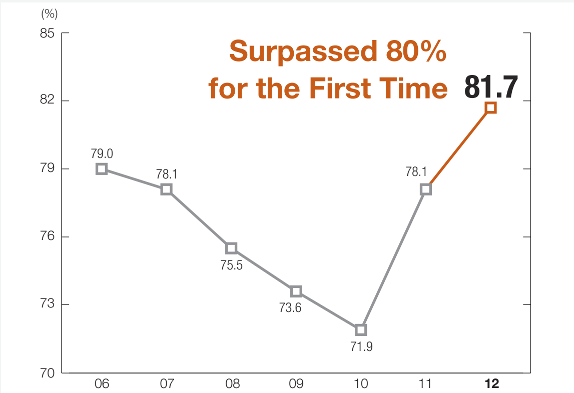
In the initial year of the current plan, we invested ¥620 billion on a gross basis, more than the amount invested under the two years of the previous plan. In consideration of the solid progress made in the first year, we have decided to increase our two-year investment amount from ¥800 billion to ¥1 trillion.



Years ended March 31

Share of Group Companies Reporting Profits*

For unprofitable affiliates, we accelerated our efforts to improve their earning power or to withdraw from them, and as a result, the share of Group companies reporting profits surpassed 80% for the first time.



Years ended March 31

* The number of Group companies reporting profits as a percentage of the number of companies included in consolidation

THE KEYWORDS FOR FURTHER GROWTH

STRENGTHENED FOOTHOLD

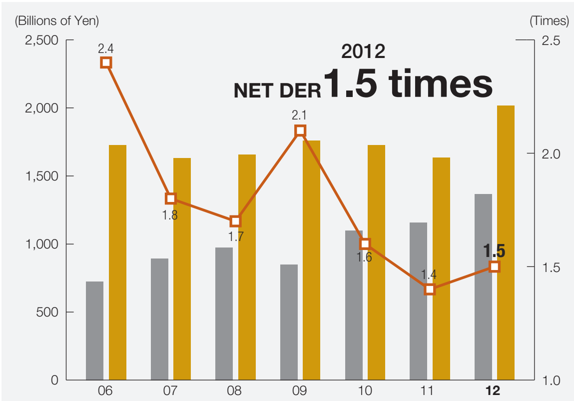
—Bolstered Financial Base

Solid Foothold to Support Proactively Seeking New Opportunities

Financial Soundness Indicator: NET DER

Positioning NET DER as an important indicator for financial soundness, we have strengthened our financial position by reducing interest-bearing debt and by increasing stockholders' equity through the accumulation of profits. In fiscal 2012, we implemented a record-high level of investment, but maintained a strong financial position, with a NET DER of 1.5 times.

Stockholders' Equity / Net Interest-bearing Debt / NET DER



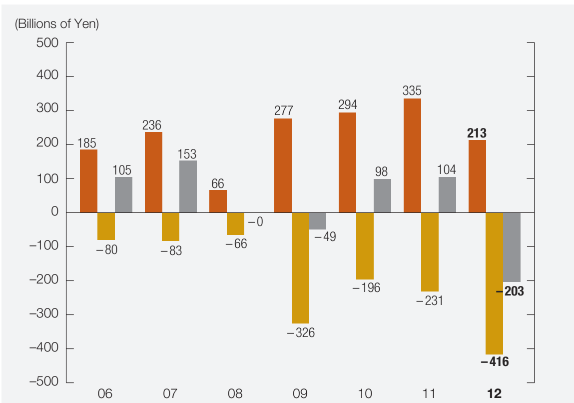
Stockholders' equity (left) Net interest-bearing debt (left)
NET DER (right)
As of March 31

Cash-generation Capabilities to Support Aggressive Investment

Cash Flows from Operating Activities

In addition to accumulating profits, we have taken steps to generate cash flows from operating activities, such as rigorously managing the collection of cash from customers and heightening the dividend payout ratios of equity-method associated companies. We will continue working to maximize cash flows from operating activities and to control cash flows from investing activities.

Cash Flows



Cash flows from operating activities Cash flows from investing activities
Free cash flows
Years ended March 31

THE KEYWORDS FOR FURTHER GROWTH

BALANCE

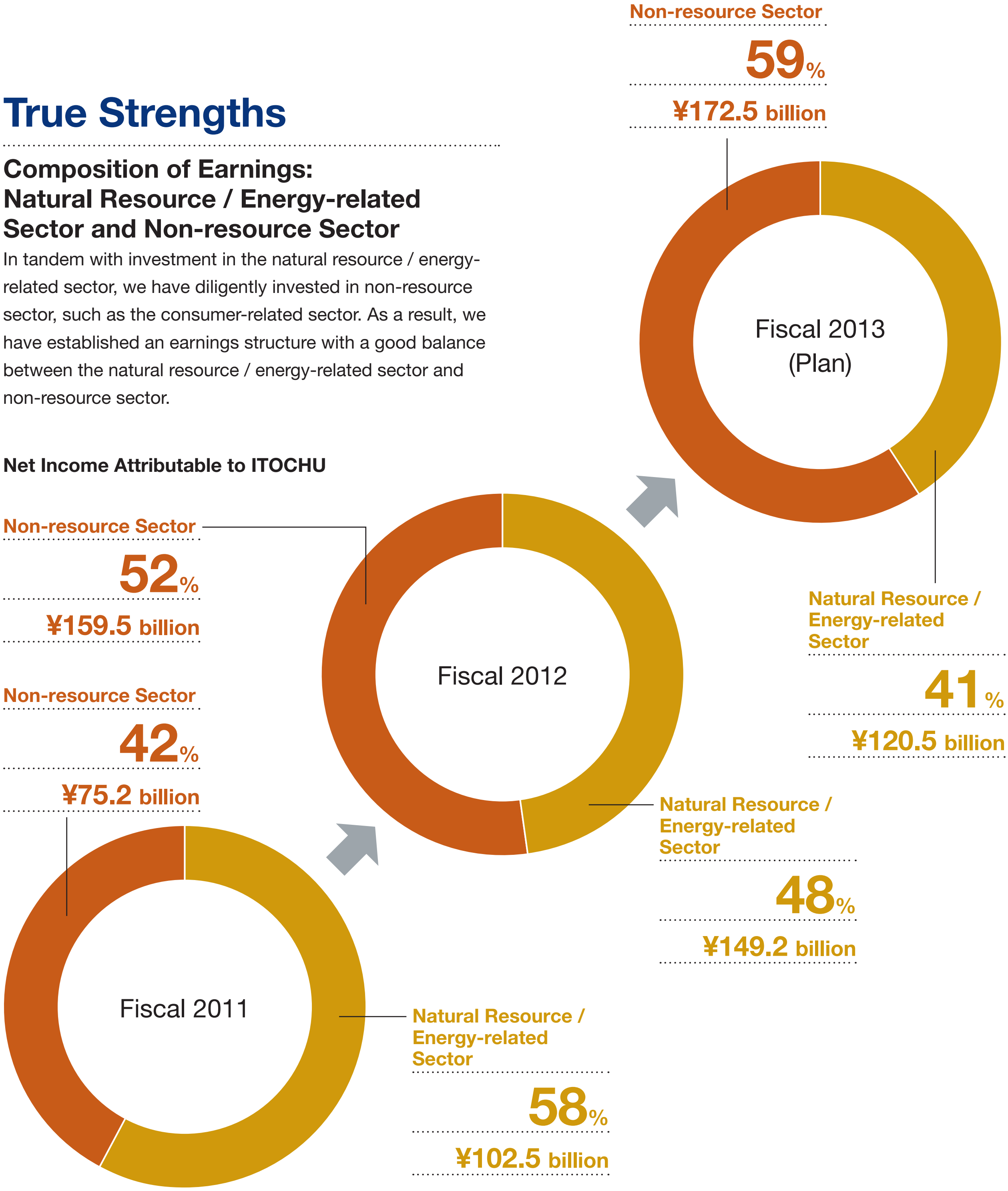
—Well-balanced Earnings Structure

True Strengths

Composition of Earnings: Natural Resource / Energy-related Sector and Non-resource Sector

In tandem with investment in the natural resource / energy-related sector, we have diligently invested in non-resource sector, such as the consumer-related sector. As a result, we have established an earnings structure with a good balance between the natural resource / energy-related sector and non-resource sector.

Net Income Attributable to ITOCHU



(Note 1): % composition is calculated with the total for the business segments, before adjustments & eliminations and others.
(Note 2): The steel products business is included in non-resource sector.

To Our Shareholders, Investors, and Other Stakeholders

President & Chief Executive Officer

Masahiro Okafuji

ITOCHU has Earned Record-high Profits and Entered a New Growth Stage. Now, We Will Demonstrate Our True Strengths.

In fiscal 2012, ITOCHU made strong headway with its most important basic policy—strengthening our front-line capabilities—and we achieved significant progress. Moving forward, we will steadily accumulate superior assets centered on the non-resource sector, our key strength. Our basic management approach will be to establish management structure with a low center of gravity that can generate earnings in any management environment, by improvement of our cost structure. We will make robust provisions for an uncertain management environment based on this approach. We will rigorously implement the principles of "Earn, Cut, Prevent," and thereby further strengthen our front-line capabilities. In this way, we will establish a solid earnings platform for our new growth stage.

A Year after Preparation for Strengthening Our Front-Line Capabilities

From the second half of the 1990s, ITOCHU focused on improving its financial soundness, and we substantially strengthened our balance sheet. On the other hand, I believe that we ended up being hindered by strict rules and were not able to sufficiently accumulate superior assets that could expand our earnings platform. When I became President & CEO in April 2010, I announced that we would proactively seek new opportunities. Accordingly, we decided to treat fiscal 2012 as a year for making a major shift in our focus to proactively seeking new opportunities. In preparation, we positioned fiscal 2011 as a period for reinforcing our foothold for those efforts in fiscal 2012.

To prepare for our approach of proactively seeking new opportunities, we made our highest priority "strengthening our front-line capabilities." Traditionally, ITOCHU was a company with exceptionally strong front-line capabilities. ITOCHU discovered new business opportunities when employees on the front lines were alert to indications of customer needs, and created businesses. However, the need to improve our balance sheet led to conservative management. In response, we decisively implemented a range of internal reforms to unlock our traditional strengths, which had seemingly disappeared. For example, we reduced internal meetings and the amount of materials prepared for meetings, transitioned to personnel and compensation systems that enabled all employees to work with high levels of motivation, and reorganized the headquarters administrative organizations to facilitate the implementation of management with a focus on the front lines. We also revised investment criteria and risk management methods that were originally intended to improve financial soundness but had become excessively conservative, so that they better reflect actual conditions. In addition, we took bold steps to liquidate inefficient assets, as I will explain in more detail in a subsequent section.

In this way, we implemented all of the initiatives that were necessary to establish an environment in which we could strengthen our front-line capabilities. From fiscal 2012, we started the *"Brand-new Deal 2012,"* our medium-term management plan. This plan incorporates our commitment to establishing an entirely new ITOCHU Corporation.

Record-high Profits Resulted from Rigorous Implementation of "Earn, Cut, Prevent"

When we announced *"Brand-new Deal 2012,"* I expressed the conviction that plans should be achieved, and that it is even better to exceed them. In fiscal 2012, we were able to accomplish this.

Net income attributable to ITOCHU was up by ¥139.4 billion year-on-year, to ¥300.5 billion, a substantial increase over our initial plan of ¥240.0 billion. This is also a significant increase over the previous record-high level of net income—¥217.3 billion—which was set in fiscal 2008. Moreover, we also established a new record in non-consolidated net income, which reached ¥131.0 billion, compared with the previous record of ¥93.4 billion, which was set in fiscal 2007.

In the past few years, growth in our profits has been led by our natural resource / energy-related businesses, as was also the case for other general trading companies. On the other hand, in fiscal 2012 all of our segments recorded year-on-year growth in profits. I believe that we have now established a well-balanced earnings structure. In particular, in the consumer-related sector, where we have built a leading position, our investments in China and other initiatives have clearly begun to contribute to earnings. Record-high profits were recorded by the Textile Company, the Food Company, and the Forest Products & General Merchandise Division. Moreover, we recorded the highest level of net income in the consumer-related sector among all general trading companies in Japan. The ICT & Machinery Company, which moved rapidly to strengthen its earning power, also registered a substantial improvement in its performance.

This was not simply a case of a favorable operating environment in fiscal 2012. We faced a number of changes in our business environment, including the influence of the Great East Japan Earthquake, slumping global economy, declines in commodity prices in the second half of the fiscal year, the appreciation of the yen, and the influence of a revised corporate tax rate. We recognized a number of non-recurring losses, such as impairment losses stemming from falling stock prices. The fact that we were able to achieve record-high income despite this type of environment demonstrates the steady progress that we have made in boosting our earning power as a whole, and it has reinforced our confidence. The fact that we were able to overcome unexpected challenges is the result of management structure with a low center of gravity in line with the "Cut" principle, the avoidance of losses in line with the "Prevent" principle, and a proactive approach to dealing with change.

In accordance with the "Cut" principle, we took steps to improve our cost structure, and nothing was off-limits for those initiatives, including ITOCHU Corporation and affiliates. Due to such factors as declining commodity prices, the ratio of SG&A expenses to gross trading profit remained at the previous year's level. However, excluding the Energy, Metals & Minerals Company, where gross trading profit is heavily influenced by commodity prices, we recorded steady improvement from the previous year.

I believe that "Prevent" is both the most important principle and the most difficult to implement. Under the policy "Don't carry pending issues over to the next fiscal year," in fiscal 2011 we accelerated the disposal of inefficient assets. In addition, in fiscal 2012 we continued to carefully examine profitability and to rigorously implement risk management. For unprofitable affiliates, we moved ahead with decisions to improve or withdraw. Record-high results were registered for both the total profits of Group companies reporting profits and the net income attributable to ITOCHU from Group companies. In addition, the share of Group companies reporting profits exceeded 80% for the first time, reaching 81.7% for the year. These gains are the results of the integrated series of initiatives that we have implemented.

I believe that our steady implementation of the three indispensable principles in expanding profits—"Earn, Cut, Prevent"—enabled us to overcome an adverse operating environment and record significant improvement in results in fiscal 2012.

Progress in Acquisition of Superior Assets Lead to Increase of Planned Investment to ¥1 Trillion

Under *"Brand-new Deal 2012,"* we are following a policy of expanding scale of earnings and assets. Accordingly, we originally planned total new investments over the two-year plan of ¥800 billion on a gross basis, substantially exceeding the ¥560 billion that was invested under the previous plan—Frontier® 2010—which covered fiscal 2010 and 2011. Actually, in fiscal 2012, just the first year of the current plan, we invested about ¥620 billion on a gross basis. In consideration of the solid progress that we have made, we have decided to increase our two-year investment amount to ¥1 trillion.

In fiscal 2012, we scrutinized potential investment projects from a variety of perspectives, including their degree of risk reduction, profitability, and potential for immediate earnings, and selected a number of superior projects with favorable terms.

By sector, we invested about ¥380 billion in the natural resource / energy-related sector, which accounted for the largest share of our investment. Currently, natural resource development in the natural resource / energy-related sector is increasingly difficult, and prices for equity interests are rising. In this setting, it is not easy to find projects with limited risk and high profitability.

Nonetheless, as a general rule we will avoid investments with long-term return of, say, 10 to 20 years and substantial risk. By considering investments in projects that are already in operation, it will be possible to minimize our risks. In making investments, our basic approach is to consider long-term changes in interest rates and exchange rates, secure terms that are as favorable as possible, and further increase profitability. One example of this approach is our investment in Colombia mining operations and related infrastructure owned by Drummond Company, Inc. We invested about ¥131.1 billion in this project, which will provide a new source of supply for thermal coal. This is the largest investment in newly acquired coal projects among Japanese companies. Already in production, it is a superior project from which we can expect a return commensurate with the amount of the investment over the medium to long term. Also, in shale gas and shale oil, unconventional resources that are the focus of growing attention, we invested in Samson Investment Company, one of the largest private oil and gas exploration and production companies in the United States. This project, which is in production, will increase our unconventional natural resource equity interests and expand our domestic trade in the United States. Furthermore, we also expect the project to result in exports of LNG to Asia in the near future. In these ways, we expect the project to expand our business.

In the consumer-related sector, we acquired all of the shares of the Kwik-Fit Group, which operates an independent retail tyre chain business in Europe, centered on the United Kingdom. By integrating the distribution and retail functions of Stapleton's (Tyre Services) Ltd., our existing tyre business, and Kwik-Fit, we substantially strengthened our European tyre business. In China, we concluded a capital tie-up agreement with the Shandong Ruyi Science & Technology Group, one of China's leading corporate groups in the area of textiles. Looking ahead, we will move forward with Shandong Ruyi in a broad range of areas, including the development of global operations in the areas of upstream textile materials / fabrics, as well as the strengthening of domestic sales in China through the development of brand businesses.

In the machinery-related sector, in the past we have steadily accumulated superior assets in North America, and now we have taken steps to strengthen our long-term stable earnings platform in other regions, such as Asia and Europe. For example, we decided to participate in a new coal-fired independent power producer (IPP) project in Indonesia that will be the largest in Asia. In addition, in fiscal 2013 we became the first Japanese company to invest in a water utility in the United Kingdom.

Reforms to Optimize Employee and Organizational Strengths

In April 2011, we reorganized the Division Companies for the first time in 11 years, and on April 1, 2012, we implemented further revisions to the Division Company system. The previous five Division Companies have been reorganized into six Division Companies. Specifically, the ICT & Machinery Company, Energy, Metals & Minerals Company, and Chemicals, Forest Products & General Merchandise Company have become the Machinery Company, Metals & Minerals Company, Energy & Chemicals Company, and ICT, General Products & Realty Company.

Looking at the scale of profits, under the previous system there were large differences among Division Companies. Investment amounts also differed substantially, leading to substantial differences in the nature of risk management and management decision-making. This series of revisions was undertaken with the objective of facilitating more precise management by evening out the scale of earnings and the size of organizations. In implementing this reorganization, we focused on the generation of synergies and considered the relationships among industries.

There is also another aspect to this reorganization. In certain Division Companies, administering affiliates became a central concern, resulting in a structure that could not contribute directly to the creation of new businesses. I believe that it is the mission of top executives to create an environment that makes the most of the strengths of each individual employee, and under the recent organizational reforms, we will strive to invigorate ITOCHU Corporation as a whole and to further improve our results by reallocating personnel to workplaces where there are opportunities to "Earn."

This process required two years, under management strategy, but we were able to establish the optimal organizational system that had been our objective from the beginning.

Fiscal 2013: A Year that Tests Our True Strength in a New Growth Stage

In fiscal 2012, we demonstrated the traditional strengths of ITOCHU Corporation. In net income attributable to ITOCHU, we became the third general trading company to achieve the major benchmark of ¥300 billion, and for the first time in nine years we returned to our former position in the top three. ITOCHU has entered a new growth stage, and moving forward, we must work to sustain and increase the current level of earnings. Fiscal 2013, the final year of *"Brand-new Deal 2012,"* will be a year that tests our true strength.

The fiscal problems in Europe, which began in Greece, have grown increasingly serious. The U.S. economy also shows signs of continued sluggishness, and it remains difficult to predict the future course of economic conditions in China and other emerging countries. Moreover, the persistent appreciation of the yen is another cause for concern. In fiscal 2013, we will take a conservative approach to this uncertainty in the management environment, and our plans call for net income attributable to ITOCHU of ¥280 billion, a decline from fiscal 2012.

Market conditions are sluggish in the natural resource / energy-related sector, which is not expected to drive high growth in earnings. However, other companies also face the same conditions, and for ITOCHU, which has strengths in the non-resource sector, these conditions might actually be an opportunity to further raise our standing among general trading companies.

Demonstrating True Strength: Earning Power in the Non-resource Sector

In fiscal 2012, the natural resource / energy-related sector accounted for 48% of net income, while the non-resource sector contributed the remaining 52%. Our plan for fiscal 2013 calls for a further increase in the percentage of net income from the non-resource sector. In other words, we have a well-balanced earnings structure, with more than 50% of net income coming from the non-resource sector. In particular, we are proud to have built a leading position in each business in the consumer-related sector. In the textile business, for example, the domestic market is contracting. Nonetheless, we have established an unrivaled position by focusing on value added in the brand business and other businesses. In the food business, in accordance with the Strategic Integrated System (SIS) strategy*, we view industry reorganization as a favorable business opportunity, and have further bolstered our position in the industry. In the consumer-related sector in China, we have established a dominant position as a result of many years of strategic initiatives.

The difference in the scale of earnings among leading general trading companies is primarily due to differences in the scope of businesses in the natural resource / energy-related sector. The general trading companies affiliated with Japan's former *Zaibatsu* industrial groups benefited from a favorable trend—the natural resource boom—and increased their earnings in the natural resource / energy business. During this period, however, ITOCHU worked to further reinforce its strengths by diligently planting seeds in the consumer-related sector.

Moreover, it is possible to increase earnings in the natural resource / energy-related sector by investing in a limited number of large-scale projects. In contrast, after an investment is made in the consumer-related sector, it is necessary to spend considerable time on business development activities, such as building value chains. In other words, the earnings platforms cannot be built overnight.

Moving forward, market conditions in the natural resource / energy-related sector are expected to be sluggish, and I believe that we will have the opportunity to demonstrate our earning power—our "true strength"—in the non-resource sector, where we have tenaciously been implementing strategic initiatives from early on.

* A strategy for supply chain optimization through vertical integration, from upstream procurement of food resources to mid-stream product processing and marketing and distribution and through to downstream retail businesses.

Investment Policy: Moving More Quickly to the Front Lines to Capture "Targets"

As I mentioned, we have increased our two-year investment amount to ¥1 trillion, but we will not force through investments simply in order to reach this planned level. In consideration of the uncertain management environment, we will invest in projects after assessing more carefully whether they are actually in accord with the "Earn" principle.

I frequently refer to general trading companies as "hunters." To get food, hunters always have to go hunting, no matter how bad the weather is. We are currently in a difficult environment that is different from the situation in previous years, when there was an abundance of potential hunting "targets." Now, there is no need for headquarters to put strict conditions on what "targets" are suitable before we go hunting. Rather, we need to spend more time on the front lines, to capture more potential "targets," and to select those that can be "profitable." In other words, we need to select truly superior projects. Those are the projects that the headquarters administrative organizations need to focus on. Clearly, the role of the headquarters administrative organizations will become increasingly important as we move forward.

As our investment increases, our policy will be to further strengthen the "Prevent" principle. We have already dealt with pending issues, and believe that we do not have any assets that could result in a major impairment loss. However, insofar as we continue business, we will not be able to avoid the emergence of new problem assets in the future. We must use special care not only when making investment decisions but also when examining contract details and monitoring our assets after an investment is made. We will move quickly to liquidate or replace any problem assets before losses grow.

Focus on Investment in the Non-resource Sector

In the first year of the plan, we made some large-scale investments in the natural resource / energy-related sector, but in fiscal 2013 we will curb new investment in that sector and work steadily to generate earnings from projects that are already under way. On the other hand, we will invest aggressively in the non-resource sector, such as the consumer-related sector.

In recent years, ITOCHU, which as mentioned has pronounced strengths in the consumer-related sector, has successfully obtained a number of superior consumer-related projects.
The METSA FIBRE Oy project is a good example. In April 2012, ITOCHU and the Finland-based METSA GROUP agreed that ITOCHU would acquire shares in METSA FIBRE Oy, one of the world's leading softwood pulp producers. We already have a global sales network, which is centered on hardwood pulp from CENIBRA, of Brazil. Actual results for fiscal 2012 also show that ITOCHU handled 2.15 million tons of pulp during the year, the largest volume among the world's major pulp traders.
The METSA FIBRE Oy project will solidify ITOCHU's No.1 global position in pulp trading. In this way, existing strengths can, in turn, generate additional strengths. We will draw on this virtuous cycle as we work to accumulate superior assets.

The machinery-related sector offers contact with a wide range of industries and the potential of significant business growth, as seen with the infrastructure business and the electric power business. Accordingly, we will continue to position the machinery-related sector as a key focus area, and will invest aggressively in IPP projects in North America and Asia, water and environment projects, and other projects.

Shareholder Returns: Annual Dividends More Than 2.4 Times Previous Year's Level Due to Higher Earnings

In the past, our policy for shareholder returns was to improve our financial position by reinforcing our competitive power and increasing stockholders' equity by retained earnings, and we set our basic policy regarding dividend payments as consistent and stable distribution of returns to shareholders. However, under *"Brand-new Deal 2012,"* we have established a clear policy that we will decide the dividend amount in accordance with net income attributable to ITOCHU. Specifically, our annual dividend targets are a dividend payout ratio of 20% on net income attributable to ITOCHU up to ¥200 billion and a dividend payout ratio of 30% on the portion of net income attributable to ITOCHU exceeding ¥200 billion.

For fiscal 2012, our interim dividend was ¥16.5 per share and our year-end dividend was ¥27.5 per share. Consequently, our annual dividend was ¥44 per share, which is more than 2.4 times the previous year's dividend, or an increase of ¥26 per share, and a dividend payout ratio was 23.1%.

For fiscal 2013, we are planning an annual dividend of ¥40 per share in accordance with our dividend policy and profit plan. We will endeavor to meet the expectations of shareholders by increasing earnings.

Making a Wide-ranging Contribution to Society through Knowledge and Technology, Financial Resources, and Awareness

The well-known entrepreneur Konosuke Matsushita developed the "Tap Water Philosophy*," which says that the mission of a company is to raise people's standard of living by providing goods as inexpensively and abundantly as tap water. I completely agree with this philosophy. A company contributes to society through its businesses.

In modern Japan, there is some concern about the idea of supplying material goods in large quantities, but I believe it is generally accepted that companies can help society to resolve difficult issues by using the know-how they have cultivated through their daily business activities. Following the Great East Japan Earthquake, many people were suddenly faced with shortages of material goods. Large numbers of companies provided support to those who were affected by the disaster. Giving donations and sending volunteers are not the only ways companies can provide support. They can also use the specialized skills and technologies that they have cultivated through their businesses to provide support activities exactly where they are needed.

There are many countries where the Tap Water Philosophy could be useful. I think we need to look overseas and strive to make wide-ranging contributions to society through our businesses. On the other hand, financial resources are needed to make those contributions. Also, it goes without saying that the morals and awareness of each executive and employee are important. Through three elements—knowledge and technology in specialized areas, financial resources, and awareness—ITOCHU will endeavor to contribute to society, and to that end, we must maintain a continual focus on self improvement.

* Tap Water Philosophy: The management philosophy of Konosuke Matsushita, the founder of Matsushita Electric Manufacturing Works (now Panasonic Corporation). The philosophy says that the mission of business people is to overcome poverty, and to do that they should endeavor to increase wealth by producing large quantities of goods. The philosophy derives from the idea that no one blames a passerby for drinking tap water because the water is abundant and inexpensive, and that the mission of business people is to supply goods that are abundant and inexpensive, like water from a tap, and in that way to build prosperity.

“*Sampo yoshi*” and the Corporate Philosophy of “Committed to the Global Good”

Ever since Chubei Itoh I originally founded ITOCHU, we have followed the Ohmi merchant philosophy of “*sampo yoshi*” (Good for the seller, Good for the buyer, and Good for society), and continually apply it in our daily business activities. Businesses that simply pursue their own returns and ignore returns for society will not last. If returns are generated for both customers and a company, and people become more affluent and comfortable, leading to the realization of a sustainable society, then the company will enjoy stable returns as a natural result. The ITOCHU Group corporate philosophy of “Committed to the Global Good” expresses this “*sampo yoshi*” spirit on a large scale.

Currently, we are in an age when the good quality of “earnings” is being required. I believe that it requires our employees around the world to reevaluate what their work means for society and to utilize ITOCHU’s technologies and financial resources to address the growing array of social issues. We must create an environment in which each employee can create such vision. Further, we need to link that vision to the opening up of new markets, and to use the resulting superior products and services as new profit drivers as we grow and expand. I believe that is how we need to approach the corporate philosophy of “Committed to the Global Good.” As one facet of the implementation of this corporate philosophy, ITOCHU has participated in the United Nations Global Compact since 2009. (Please refer to CSR for ITOCHU Corporation on pages 72–73.)

As we conduct our daily business activities, we will always keep uppermost in our minds the spirit of “*sampo yoshi*” and the corporate philosophy of “Committed to the Global Good.”

Strengthening Governance with Outside Viewpoints

Since fiscal 2012, two outside directors have been appointed to the Board of Directors. Outside directors have very important roles. In particular, they can offer dissenting opinions from different perspectives, without being constrained by in-house considerations, and can function as a brake on management decision-making.

In Japan, some people think that outside directors need to be deeply versed in the details of their company’s businesses. However, I believe that it is not absolutely necessary for our outside directors to have an extensive knowledge of the details of the business of a general trading company. Rather, it is extremely useful to hear opinions from differing viewpoints, opinions that we would never hear from a company insider.

The appointment of outside directors has greatly stimulated our directors, who prepare for meetings with the knowledge that our outside directors will be present at those meetings and participating in the discussions.

In Closing

ITOCHU has successfully overcome a variety of changes in its operating environment. That success was possible because we were quick to focus on growth areas and seek out our foothold in markets where we can “Earn.” To promptly grasp growth potential, it is important to keep close to the customer. This makes it possible to more accurately forecast demand, which in turn makes it possible to advance into new businesses while limiting risk. What is important is to continually enhance the “sensitivity” needed to perceive change. If we can do that, then I believe that we will be able to continue opening up new growth markets, even in the current difficult business environment.

It is on the front lines that the necessary sensitivity is refined. And it is also on the front lines that the environment is cultivated where we establish new businesses, taking into account the problems faced by society and expectations toward us. Through internal reforms, we have steadily strengthened our front-line capabilities, but to create a solid earnings platform it will be necessary to strengthen them even further. In fact, the implementation of reforms to strengthen front-line capabilities is a task that is never completed.

ITOCHU has entered a new growth stage, and we will now strive to achieve dramatic growth. Accordingly, we have positioned fiscal 2013 as a year for laying a solid foundation for future growth. The true strengths that we have accumulated will become apparent. It is my principle to always be faithful to my words, and as we move forward I will strive to meet the expectations of all of our stakeholders.

Brand-new Deal 2012
Earn, Cut, Prevent

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

Management's View on Fiscal 2013

While maintaining our Basic Management Policies in fiscal 2013, we intend to actively strengthen our earnings platform by seeking out promising business opportunities that emerge in today's uncertain economic environment. Before embarking on any investment, however, we will assess its feasibility more rigorously than in the past. We will also pay close attention to the economic environment and strive to maintain lean management.

Review of Fiscal 2012

Quantitative Review

- Net income hit a record high of ¥300.5 billion
- Total new investment reached ¥620 billion
- Replacement of assets amounted to ¥(110) billion, resulting in net investment of ¥510 billion
- ¥1,363.8 billion as stockholders' equity with NET DER at 1.5, maintaining solid financial position

Major Investments in Key Sectors

- China: Shandong Ruyi Science & Technology Group, CITIC International Assets Management
- Machinery-related: Wind project in USA, coal-fired IPP project in central Java
- Natural Resources: Colombian coal (Drummond), Brazilian iron ore (additional interest in NAMISA), Shale oil & gas (Samson Investment Company)

Strengthening of Management Foundation

- Change the organization into 6 Division Companies and 16 Divisions
- Nominate 2 outside directors to enhance corporate governance
- Utilize actual case studies for companywide compliance training

Quantitative Plan in Fiscal 2013

Billions of Yen	Fiscal 2012 Result	Fiscal 2013 Plan	VS Fiscal 2012
Gross trading profit	1,030.4	1,040.0	+9.6
Equity in earnings of associated companies	102.7	130.0	+27.3
Net income attributable to ITOCHU	300.5	280.0	(20.5)

Billions of Yen	Fiscal 2012 Result	Fiscal 2013 Plan	VS Fiscal 2012
Total assets	6,507.3	7,000.0	+492.7
Net interest-bearing debt	2,014.9	2,300.0	+285.1
Total ITOCHU stockholders' equity	1,363.8	1,550.0	+186.2
NET DER	1.5 times	1.5 times	—

Investment Policy

- Increase the total investment amount for fiscal 2012-2013 to ¥1 trillion
- Prudently assess final investment decisions
- Continue recycling non-strategic assets
- Maintain appropriate asset mix among 4 sectors

Billions of Yen	*Brand-new Deal 2012*	Revised Plan (Fiscal 2012-2013)	Fiscal 2012 Result
Natural Resource / Energy-related	350 – 450	500 – 600	380
Consumer-related	100 – 200	150 – 250	130
Machinery-related	100 – 200	100 – 200	70
Chemicals, Real Estate, and others	50 – 150	50 – 150	40
Total	800	1,000	620

Initiatives by Key Sector

China: Aggressively Expand Business

- **Strengthen relationship with strong local partners**
  - Such as Shanshan Group, Shandong Ruyi Science & Technology, Ting Hsin Holding, COFCO, CITIC, etc.
  - Maintain cash-oriented operation & investment
- **Promote China business development companywide**
- **Enhance China business human resources in China and Japan**

Machinery-related: Strengthen Earnings Platform

- **Prudently accumulate assets with stable earnings,** including IPP in North America & Asia, infrastructure business related to water & environment, etc.
- **Bolster activities in growing markets**
  - Introduce to Asia business models proven in Japan
  - Build partnerships with leading local companies
  - Fully capitalize on ITOCHU Group's business resources

Natural Resources: Enhance Investment Returns

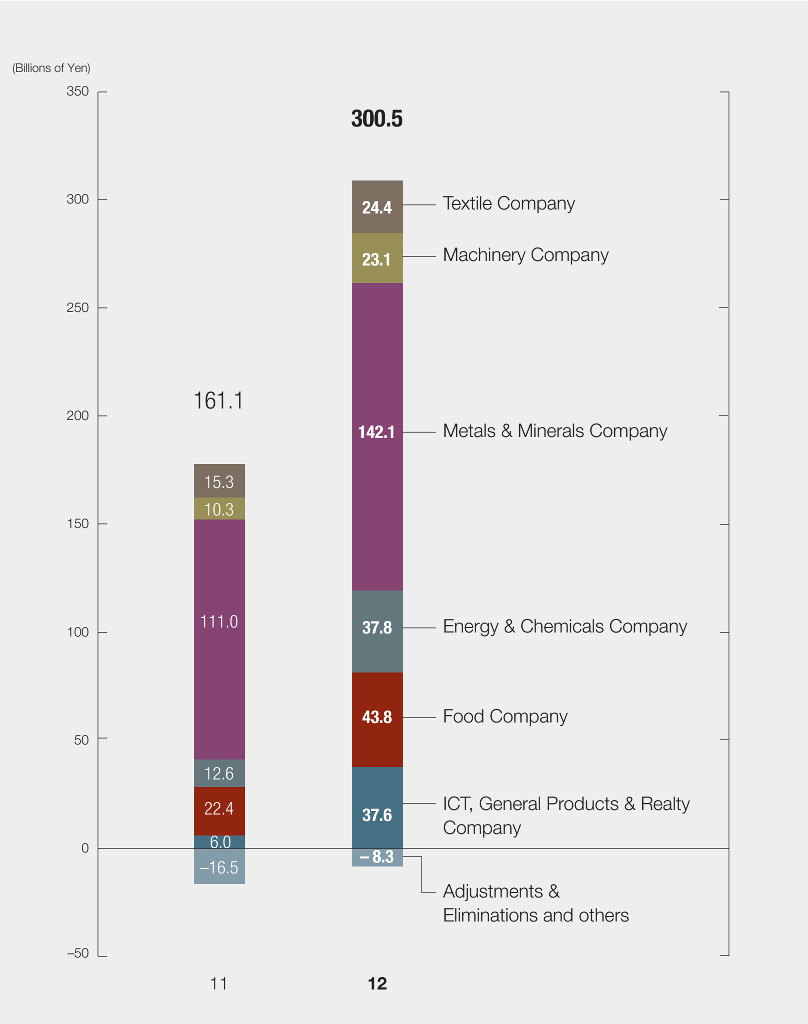
- **Oil and Gas**
  - New investments targeting a two-fold increase of equity share
  - Secure return from Samson Investment
- **Iron Ore / Coal**
  - Further expand projects in Australia and Brazil
  - Focus on profitability of coal project in Colombia
- **Uranium / Non-ferrous Metals / Biomass Fuel**

Consolidated Financial Highlights

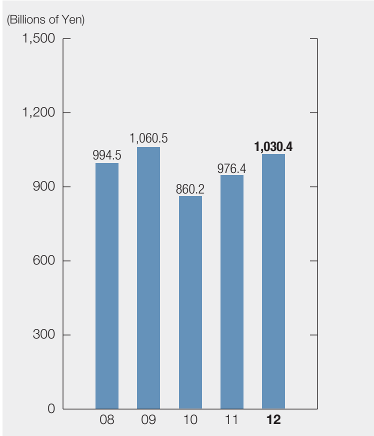
ITOCHU Corporation and Subsidiaries
Years ended March 31

MAJOR INDICATORS

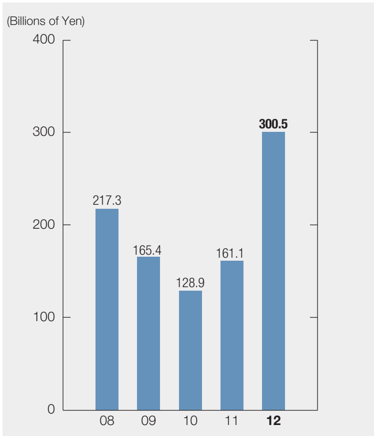
Net Income Attributable to ITOCHU by Operating Segment



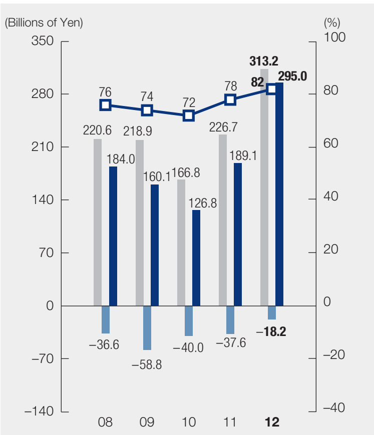
Gross Trading Profit



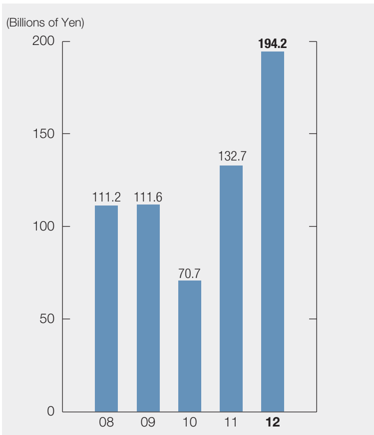
Net Income Attributable to ITOCHU



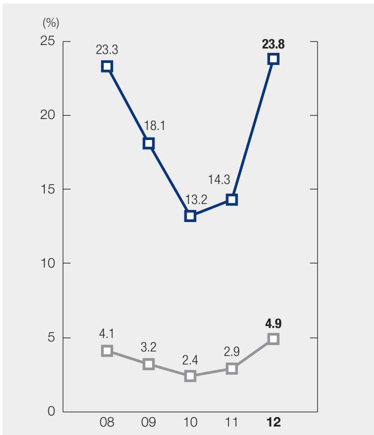
Net Income from Subsidiaries and Equity-method Associated Companies



Earnings from Overseas Businesses



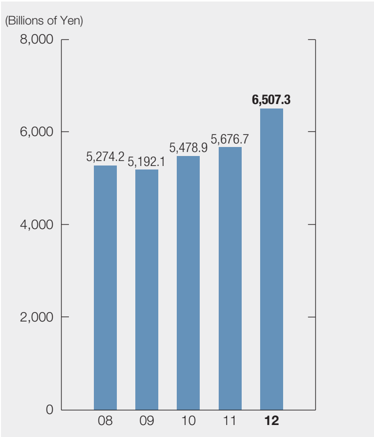
ROE / ROA



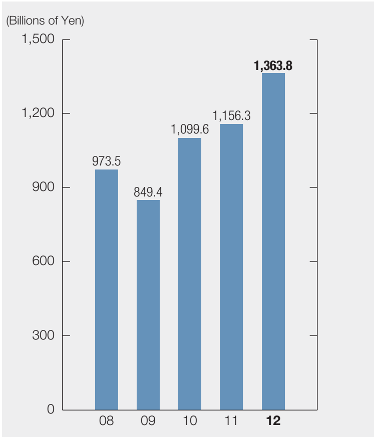
ROE ROA

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

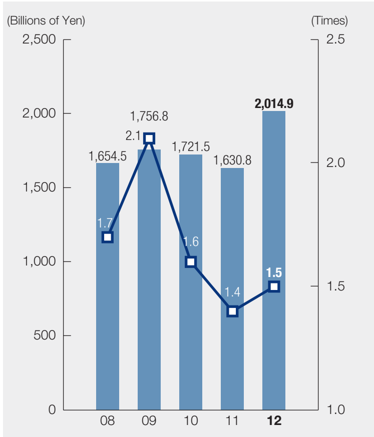
Total Assets



Stockholders' Equity

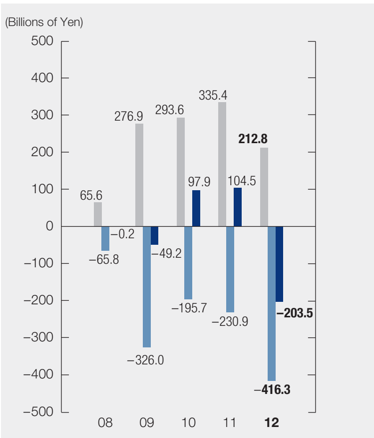


Net Interest-bearing Debt / NET DER



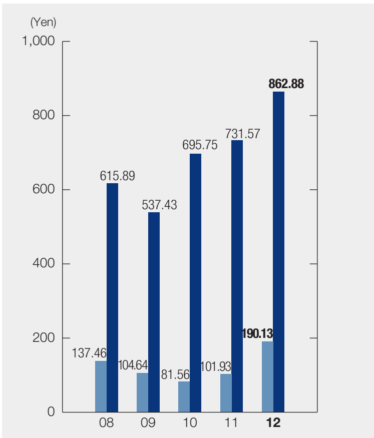
■ Net interest-bearing debt (left)
-□- NET DER (right)

Cash Flows



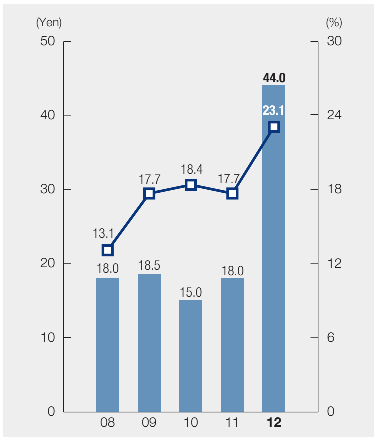
■ Cash flows from operating activities
■ Cash flows from investing activities
■ Free cash flows

Net Income Attributable to ITOCHU per Share / Stockholders' Equity per Share



■ Net income attributable to ITOCHU per share
■ Stockholders' equity per share

Cash Dividends per Share / Dividend Payout Ratio



■ Cash dividends per share (left)
-□- Dividend payout ratio (right)

ITOCHU'S EQUITY INTERESTS (SALES RESULT)

	2008	2009	2010	2011	2012
Oil and Gas (1,000 Barrels per day*1)	57.0	42.0	39.0	35.0	**33.0**
Iron Ore (million tons)	8.8	9.7	12.1	13.2	**16.1**
IMEA*2	8.8	9.7	9.7	10.5	**12.4**
Brazil Japan Iron Ore Corporation (NAMISA)	—	—	2.5	2.7	**3.7**
Coal (million tons)	7.2	7.1	8.0	8.0	**8.9**
IMEA	7.2	7.1	8.0	8.0	**6.8**
ICA*3 (Drummond Company's Mining Operations in Colombia)	—	—	—	—	**2.1**

*1 Natural gas is converted to crude oil equivalent using 6,000 Cubic Feet = 1 Barrel.
*2 ITOCHU Minerals & Energy of Australia Pty Ltd
*3 ITOCHU Coal Americas Inc.

TEN-YEAR SUMMARY

	Millions of Yen				
	2003	2004	2005	2006	2007
For the fiscal year:					
Revenue	¥1,681,670	¥1,738,636	¥1,990,627	¥2,217,393	¥2,646,037
Gross trading profit	564,919	555,784	630,150	713,546	907,511
Net financial expenses*1	(20,579)	(14,215)	(6,878)	(7,816)	(7,555)
Net interest expenses*2	(30,655)	(24,743)	(21,040)	(26,032)	(29,218)
Dividends received	10,076	10,528	14,162	18,216	21,663
Equity in earnings (losses) of associated companies	18,539	22,859	31,764	51,737	(20,069)
Net income attributable to ITOCHU	19,867	(32,378)	77,063	144,211	175,856
Comprehensive income (loss) attributable to ITOCHU	(18,277)	48	86,803	233,342	223,307
At fiscal year-end:					
Total assets	¥4,489,606	¥4,494,100	¥4,483,505	¥4,809,840	¥5,288,647
Stockholders' equity	425,879	422,091	508,893	724,377	892,553
Net interest-bearing debt*3	2,025,048	1,977,048	1,891,086	1,724,314	1,630,928
Cash flows:					
Cash flows from operating activities	¥ 168,843	¥ 184,780	¥ 126,624	¥185,147	¥ 235,917
Cash flows from investing activities	5,253	(55,300)	(127,600)	(79,871)	(83,394)
Cash flows from financing activities	(114,041)	(79,695)	(125,342)	(85,193)	(100,920)
Cash and cash equivalents at end of year	534,156	579,565	452,934	477,707	532,856
(Reference)					
Total trading transactions*4	¥10,442,428	¥9,509,374	¥9,562,614	¥10,456,727	¥11,556,787
Adjusted profit*5	114,406	100,565	188,196	251,210	240,766

	Yen (Unless otherwise specified)				
	2003	2004	2005	2006	2007
Per share*8:					
Net income attributable to ITOCHU	¥ 12.99	¥ (20.47)	¥ 48.70	¥ 91.15	¥111.19
Stockholders' equity	269.31	266.76	321.59	457.93	564.48
Cash dividends	5.0	—	7.0	9.0	14.0
Ratios:					
Gross trading profit ratio (%)	5.4	5.8	6.6	6.8	7.9
ROA (%)	0.4	—	1.7	3.1	3.5
ROE (%)	4.8	—	16.6	23.4	21.8
Ratio of stockholders' equity to total assets (%)	9.5	9.4	11.4	15.1	16.9
Net debt-to-equity ratio (NET DER) (times)	4.8	4.7	3.7	2.4	1.8
Interest coverage (times)	2.7	2.7	5.7	5.7	6.7

All figures are for fiscal years, which begin on April 1 of the years preceding and extend through March 31.
The Japanese yen amounts for the year ended March 31, 2012 have been translated into U.S. dollar amounts, solely for the convenience of the reader, at the rate of ¥82.19 = U.S.$1, the official rate of The Bank of Tokyo-Mitsubishi UFJ, Ltd., as of March 31, 2012.

*1 Net financial expenses = Net interest expenses + Dividends received
Calculation formula (Fiscal 2012: ¥ million): 15,184 = (12,819) + 28,003

*2 Net interest expenses = Interest income + Interest expense
Calculation formula (Fiscal 2012: ¥ million): (12,819) = 10,166 + (22,985)

*3 Net interest-bearing debt = Interest-bearing debt – Cash, cash equivalents and time deposits
Calculation formula (Fiscal 2012: ¥ million): 2,014,898 = 2,533,560 – 518,662

	Millions of Yen					Increase (Decrease)	Millions of U.S. Dollars
	2008	2009	2010	2011	2012	2012/2011	2012
	¥2,859,853	¥3,419,061	¥3,418,220	¥3,651,586	**¥4,271,052**	17.0	**$51,965**
	994,547	1,060,521	860,187	976,378	**1,030,447**	5.5	**12,537**
	(7,709)	5,582	3,535	6,780	**15,184**	124.0	**185**
	(32,156)	(29,457)	(25,365)	(16,722)	**(12,819)**	(23.3)	**(156)**
	24,447	35,039	28,900	23,502	**28,003**	19.2	**341**
	70,238	41,304	36,269	60,617	**102,748**	69.5	**1,250**
	217,301	165,390	128,905	161,114	**300,505**	86.5	**3,656**
	108,990	(92,334)	270,570	106,041	**249,983**	135.7	**3,041**
	¥5,274,199	¥5,192,092	¥5,478,873	¥5,676,709	**¥6,507,273**	14.6	**$79,174**
	973,545	849,411	1,099,639	1,156,270	**1,363,797**	17.9	**16,593**
	1,654,532	1,756,764	1,721,464	1,630,764	**2,014,898**	23.6	**24,515**
	¥ 65,552	¥ 276,854	¥ 293,597	¥ 335,361	**¥ 212,830**	(36.5)	**$ 2,589**
	(65,774)	(326,033)	(195,698)	(230,866)	**(416,315)**	80.3	**(5,065)**
	(81,294)	258,322	(256,568)	53,202	**84,704**	59.2	**1,031**
	446,311	628,820	480,564	633,756	**513,489**	(19.0)	**6,248**
	¥11,729,082	¥12,065,109	¥10,308,629	¥11,393,584	**¥11,978,276**	5.1	**$145,739**
	333,673	339,292	195,552	333,098	**395,477**	18.7	**4,811**

	Yen (Unless otherwise specified)					Increase	U.S. Dollars
	2008	2009	2010	2011	2012	2012/2011	2012
	¥137.46	¥104.64	¥ 81.56	¥101.93	**¥190.13**	86.5	**$ 2.31**
	615.89	537.43	695.75	731.57	**862.88**	17.9	**10.50**
	18.0	18.5	15.0	18.0	**44.0**	144.4	**0.5**
	8.5	8.8	8.3	8.6	**8.6**		
	4.1	3.2	2.4	2.9	**4.9**		
	23.3	18.1	13.2	14.3	**23.8**		
	18.5	16.4	20.1	20.4	**21.0**		
	1.7	2.1	1.6	1.4	**1.5**		
	6.1	7.2	5.3	10.7	**13.5**		

*4 Total trading transactions consist of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.
*5 Adjusted profit = Gross trading profit + Selling, general and administrative expenses + Net financial expenses + Equity in earnings (losses) of associated companies
Calculation formula (Fiscal 2012: ¥ million): 395,477 = 1,030,447 + (752,902) + 15,184 + 102,748
*6 Certain subsidiaries changed their fiscal periods in the fiscal year ended March 31, 2012. The effect of these changes has been reflected in figures of certain items for the years ended March 31, 2011 and 2010.
*7 As a result of the ITOCHU Group's integration of food distribution and marketing business, the items in which distribution cost related to these operations has been included were changed from the beginning of the fiscal year ended March 31, 2012. The relevant amounts in the same period of the previous fiscal years ended March 31, 2011 and 2010 were reclassified based on this new classification.
*8 Net income attributable to ITOCHU per share and stockholders' equity per share are calculated by using the shares that exclude the number of treasury stock from that of common stock issued.

01

SHANDONG
RUYI

Special Feature:

ITOCHU's Investment

Gross strategic investment in growth areas of ¥1,840 billion—¥1,450 billion in net investment—over the past five years testifies to the importance of business investment in ITOCHU's growth strategy. Meanwhile, because general trading companies invest significant amounts, attention tends to focus exclusively on their functions as investment companies that seek dividends and capital gains. However, this is only one facet of a general trading company. This special feature aims to further understanding of the true nature of ITOCHU's investment activities. First, we explain our approach to investment and our main investments in the first year of "*Brand-new Deal 2012*." Then, we give several examples of advancing growth strategies through business investment. Finally, we focus on how we control investment risk.

DRUMMOND

02

SAMSON

03

Strategy

Contents

04

KWIK-FIT

Creating and Expanding Businesses through Investment

Investment as a Means of Advancing Strategies

When entering a market or creating a new business, we begin our involvement in business areas where we can take the most advantage of our strengths and knowledge and obtain the maximum earnings. Using these areas as bridgeheads, ITOCHU and its Group companies build partnerships with a range of companies in various business areas, and create a chain of new businesses with a view to increasing earnings further. Among methods we use to create businesses, business investment is an option that is as important as strategic tie-ups. Based on our strategic goals, we select the optimal format through which to create a new business from among a variety of methods and investment ratio. These range from establishing a subsidiary independently through to investing to strengthen a partnership, and participating in business management or making a company into a subsidiary to heighten the corporate value of a company invested in. A good example is our use of investment to deepen partnerships as part of our strategy for China in the food business. In China, aiming to laterally develop Strategic Integrated System (SIS) strategy*, a business model that has brought us success in Japan, we have formed capital and business tie-ups with various leading partners, such as the holding company of the Ting Hsin Group, TING HSIN (CAYMAN ISLANDS) HOLDING CORP. This has engaged us in areas stretching from food resource procurement and production through to retail businesses.

Rather than simply seeking dividends or capital gains, we exploit capabilities and sales channels in which we have particular expertise to acquire earnings in a multifaceted manner. For example, when we acquire upstream equity interests in natural resources and energy business, as well as obtaining profits from those interests, we aim to synergistically increase trade by acquiring priority sales rights. Based on the principle of long-term ownership of assets invested in, after investing we take full advantage of our expertise and capabilities to maximize the corporate value of companies invested in and our earnings. In the textile business for example, as well as ensuring stable commercial rights over the long term by acquiring brands, we are working to maximize the return on our investment by drawing on our marketing capabilities and creating new brand-based business models.

Photo: Courtesy of AIOC (Azerbaijan International Operating Company)

* A strategy for supply chain optimization through vertical integration, from upstream procurement of food resources to mid-stream product processing and marketing and distribution and through to downstream retail businesses.

Revising Investment Criteria to Suit a New Growth Stage

When making investment decisions, we use a hurdle rate. Until we revised our investment criteria in fiscal 2011, we applied uniform criteria to all business areas in order to weed out low return projects, improve asset efficiency on a companywide basis, and thereby strengthen our financial position. These measures succeeded and improved our balance sheet significantly, which laid the foundations for proactively seeking new opportunities. To enable us to build an appropriate investment portfolio in a new stage of growth, we revised our investment criteria for "*Brand-new Deal 2012*," which sets out proactively seeking new opportunities as a basic policy.

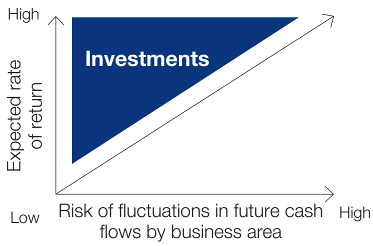
Under the new investment criteria, in making investment decisions, cash flow, based on carefully considered business plans that take into account fluctuation risk, is discounted to the present value using a hurdle rate that reflects the situations of individual countries and business areas. The resulting amount is compared to the investment amount. As a result of this change, we can now make investment decisions that take

Previous Approach

Use of the uniform hurdle rate for all projects

New Approach

Use of different hurdle rate for each business area



into account the specific characteristics of industries and regions. Consequently, our range of investment options has broadened to include areas that, while not promising high returns, are likely to generate stable long-term earnings, such as IPP projects.

Meanwhile, as we accumulate stockholders' equity, we need to manage our business portfolio with even greater consideration of ROE. Accordingly, we are managing our business portfolio to ensure that companywide ROE does not deteriorate.

Our Investment Policy under "*Brand-new Deal 2012*" and Achievements in Its First Fiscal Year

"*Brand-new Deal 2012*" marked a change in course toward increasing the scale of our earnings and assets by accumulating highly profitable assets through an emphasis on proactively seeking new opportunities for investment. This proactive stance is reflected in the medium-term management plan's call for gross investment in fiscal 2012 and fiscal 2013 of ¥800 billion, compared with gross investment of ¥560 billion over two years under the previous plan, Frontier[e] 2010. We implemented tightly focused allocation of assets while maintaining balance among four business sectors: the consumer-related sector; the natural resource / energy-related sector; the machinery-related sector; and the chemicals, real estate, and others sector.

As for investments in fiscal 2012, the plan's first year, in the consumer-related sector we strengthened our tyre business in Europe by acquiring an independent tyre retailer in the United Kingdom, Kwik-Fit, for ¥83.9 billion. Furthermore, an investment of approximately ¥15.0 billion gave us a 30% stake in one of China's major textile-related corporate groups, the Shandong Ruyi Science & Technology Group, making it an equity-method associated company. In addition, in fiscal 2013 we solidified our position as a leading global pulp trader by investing in one of the world's leading softwood pulp producers, METSA FIBRE Oy of Finland. In the natural resource / energy-related sector, aiming to increase our coal interests in light of rising coal demand, we invested ¥131.1 billion in Colombian mining operations and related infrastructure, giving us a 20% stake. In another initiative, ITOCHU expanded its unconventional resource development business by investing ¥82.1 billion for a 25% stake in one of the largest private U.S. oil and gas exploration and production companies, Samson Investment Company. In the machinery-related sector, we reinforced stable earnings platform by investing in a new coal-fired IPP in Indonesia and a wind power generation business in North America. Moreover, in fiscal 2013 we became the first Japanese company to participate in a water utility business in the United Kingdom. In the chemicals, real estate, and others sector, we took a 25% stake in a financial services company in Hong Kong, CITIC International Assets Management Limited (CIAM), based on a comprehensive strategic alliance with a major Chinese government-run conglomerate, the CITIC Group, to which CIAM belongs.

For the plan's second year, fiscal 2013, given our progress in fiscal 2012, we have increased gross investment over the two years from the ¥800 billion initially earmarked to ¥1 trillion, and intend to continue accumulating highly profitable assets. However, due to the uncertain economic environment, we will assess investment candidates even more carefully than before and only select highly profitable assets. Furthermore, we intend to continue replacing assets by withdrawing from assets with low efficiency.

"*Brand-new Deal 2012*" Investment Review

	Fiscal 2012	
Natural Resource / Energy-related Sector	Drummond Colombia Coal Brazil Japan Iron Ore Corporation (NAMISA) Samson Investment Company Maules Creek IMEA expansion ACG expansion South Africa Platreef Project	**¥380 billion**
Consumer-related Sector	Kwik-Fit Shandong Ruyi Science & Technology Group	**¥130 billion**
Machinery-related Sector	Shepherds Flat Wind Project Century Tokyo Leasing Corporation Desalination Project in Victoria, Australia	**¥70 billion**
Chemicals, Real Estate, and others Sector	Commercial Real Estate Fund (Overseas) CIAM (CITIC International Assets Management)	**¥40 billion**
Gross Amount		**¥620 billion**
Net Amount		**¥510 billion**

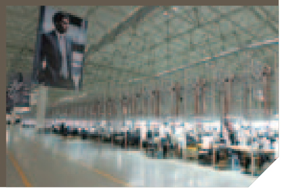
Brand-new Deal 2012

	Initial plan (2-year period)	Revised plan (2-year period)
Natural Resource / Energy-related Sector	**¥350 – ¥450 billion**	**¥500 – ¥600 billion**
Consumer-related Sector	**¥100 – ¥200 billion**	**¥150 – ¥250 billion**
Machinery-related Sector	**¥100 – ¥200 billion**	**¥100 – ¥200 billion**
Chemicals, Real Estate, and others Sector	**¥50 – ¥150 billion**	**¥50 – ¥150 billion**
Total	**¥800 billion**	**¥1 trillion**

Aiming to Increase Business Opportunities in High-value-added Business Areas

—The Shandong Ruyi Science & Technology Group, Major Textile-related Corporate Group in China

Area	China's textile business
Investment	Approximately ¥15.0 billion
Strategic significance	Increases sales in China and strengthens global operations



Strengthening Partnerships to Increase Sales in China

Ahead of other Japanese companies, we established a foothold in China in 1972. Since then, we have viewed building relationships with leading local partners as our first strategic priority and have established relationships of trust with many local companies in areas ranging from textile material procurement and fabrics through to apparel products and retailing. In the textile materials and fabrics area, we are extensively developing a joint-venture business established with China's top-ranking corporate apparel group, Youngor Group Co., Ltd.

Given that China's apparel retail market has overtaken Japan's to become the second largest in the world, we aim to expand our textile businesses in China, particularly in the midstream and downstream areas. In the retail area, working with partners who have market expertise is particularly important. With this in mind, in 2009 we formed a capital and business tie-up with one of China's foremost conglomerates, Shanshan Group Co., Ltd., which began as a textile company. Since then, we have been expanding collaborative initiatives with a focus on developing brand businesses. This partnership is not limited to the textile business. In step with the Shanshan Group's business diversification, we have extended the scope of our collaborative efforts to include such areas as real estate development and the manufacture of cathode materials for lithium-ion batteries. Investing in the holding company of a Chinese corporate group has enabled this type of business expansion.

Signing ceremony with the Shandong Ruyi Science & Technology Group

In 2011, looking to obtain a powerful partner who would expand our sales in China and strengthen our global operations in the upstream and midstream areas, we acquired shares in one of China's major textile corporate groups, the Shandong Ruyi Science & Technology Group, making it an equity-method associated company.

Discovering a Common Philosophy on Creating Added Value

Established in 1972 as a state-owned worsted woolen textile factory, the Shandong Ruyi Science & Technology Group was privatized in 2001. Since then, it has responded to economic structural changes by extending its business area from the upstream and midstream textile materials and fabrics areas into downstream retailing. The group boasts advanced production technology, as shown by the fact that it is the only textile company in China that has been honored by the Chinese government for its advanced technology.

As China's apparel retail market continues to grow, competition is becoming ever fiercer, with price wars becoming the norm due to oversupply. In response, the group is stepping up efforts to strengthen the downstream area by distancing itself from price competition and focusing on high added value. Meanwhile, ITOCHU has created a new business model in the downstream area by pursuing added value. This common focus on added value was behind the conclusion of a capital tie-up between the two companies.

Over many years, we have built a favorable relationship with the Shandong Ruyi Science & Technology Group. Tracing its roots to Australian raw wool transactions in the 1990s, our relationship grew in the following decade as we began exporting the group's high-end worsted woolen fabrics to Japan and the United States. The mutual trust built up during this time made this capital tie-up possible.

Accelerating Collaborations in a Wide Range of Areas of the Textile Business

Like many Chinese companies, the Shandong Ruyi Science & Technology Group is diversifying its business. Nevertheless, a feature of the group is that its textile business accounts for more than 90% of its sales. Maintaining the original business of the group as its mainstay business reflects the management policy of its chairman, Yafu Qiu. In addition, its wide range of business areas—spanning upstream, midstream, and downstream—will enable the creation of synergies with a wide array of our textile businesses by exploiting each company's strengths.

Moving forward, in the upstream area ITOCHU will exploit its global production and procurement network to advance the business collaboration. For example, we will procure competitive textile materials from China, Australia, India, and Pakistan. Furthermore, we intend to use our production bases in Asia to supply fabrics and textile products. Our contribution to the collaboration will also take the form of strengthening product competitiveness by providing expertise in production technology and planning. On the other hand, we will make use of the Shandong Ruyi Science & Technology Group's competitive production base to strengthen global operations in the upstream and midstream areas.

In the downstream area, we will support the expansion of the Shandong Ruyi Science & Technology Group's sales channels by utilizing our global sales network. Specifically, as well as collaborating with the group for sales in China, we will roll out its products in apparel markets in Japan, the United States, and Europe. Furthermore, we intend to broaden the scope of the group's business by acting as an intermediary for business collaborations between the group and Japanese apparel companies.

Leading-edge spinning equipment

A worsted woolen textile factory, our new partner's original business

Growing by 20% annually, China's market for luxury goods is expected to surpass Japan's and become the world's largest in 2012. For ITOCHU, this means more opportunities in the brand business, an area of our strength. We intend to steadily seize these opportunities not only by rolling out the brands we own but also by exploring joint acquisitions of European and North American brands.

To win out against stiff competition, we are already working to effectively utilize the partnership, having dispatched six personnel to the Shandong Ruyi Science & Technology Group, one of whom has become the group's vice chairman. By fully mobilizing such resources as the business management methods we have developed in China for global companies and the production and sales network we have built over many years in Europe, North America, and Asia, we will ensure the success of this tie-up.

Shandong Ruyi Science & Technology Group

Chairman Yafu Qiu

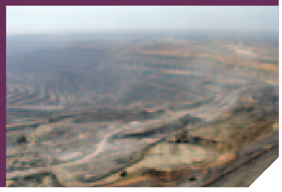
As a result of this capital tie-up, the Shandong Ruyi Science & Technology Group has become an ITOCHU Group company. In a wide range of business areas, we look forward to support from ITOCHU that will increase our business lines and corporate value. For our founding business in the upstream and midstream areas, we will step up the development and sales of high-value-added materials realized through our leading-edge technologies, and accelerate the global roll-out of suits and home furnishings by taking advantage of ITOCHU's procurement and sales networks. Downstream, we will make use of ITOCHU's expertise in the brand business to market our products not only in China but globally and to consider brand-related M&A. China's cotton-spinning industry is approaching a challenging phase because of the uncertain outlook for its largest export destination, the European market. Despite these conditions, almost all of our business areas are growing earnings thanks to equalization of raw material costs and utilization of the latest equipment to manufacture and supply high-value-added products. Moving forward, we will strive to become a major player in the global fashion industry with the support of ITOCHU.

Securing a New Source of Competitive and Stable Coal Supplies

—Drummond Company's Mining Operations and Related Infrastructure in Colombia

02

Area	Coal resource development
Investment	Approximately ¥131.1 billion
Strategic significance	Secures a new supply source and diversifies regional portfolio



Securing a New Source of Stable Supplies

ITOCHU acquired 20% of the mining operations and related infrastructure of Drummond Company, Inc., and its affiliates in Colombia.

Japan is the world's largest coal importer, relying on imports for 99% of the coal it consumes. In particular, demand for high-quality thermal coal for power generation is growing because coal-fired power stations have been operating at full capacity since the Great East Japan Earthquake in order to compensate for the shortages of power supply it has caused. Meanwhile, supply and demand is particularly tight in Asia as economic growth spurs emerging countries to increase their coal import volume sharply. Furthermore, given that Japan depends on Australia and Indonesia for more than 80% of its imports, mitigating risk associated with concentration of supply source is a task confronting Japan.

In Colombia, the world's fourth largest exporter of coal, the government has adopted a policy of increasing coal production. Because of low domestic demand for coal in Colombia, its capacity to export surplus coal promises to grow. In 1995, Drummond Company started up mining operations in Colombia—one of the largest mining projects in the world. The project accounts for approximately 1.9 billion tons of proven and probable coal reserves and produces and exports 30 million tons of thermal coal annually. This tie-up has opened the door to coal supplies from Colombia, which used to export only a small volume of coal to Japan. Also, by securing a third source of stable supplies alongside Australia and Indonesia, it will contribute significantly to the energy security of Japan and Asia.

Moreover, this tie-up has major strategic significance for ITOCHU. As well as diversifying coal interests that were concentrated in Australia, it will enable us to increase trade based on exclusive marketing rights in Japan for thermal coal produced by the mining operations.

Because they are economical, coal-fired power stations generate more than 40% of the world's power. By 2035, coal-fired power generation is likely to increase 1.5 times*. Particularly in China and India, where coal-fired power generation represents a large part of the countries' power sources—between 70% and 80%*—coal demand is projected to continue rising in step with economic growth. Accordingly, as well as Japan we have set our sights on catering to demand in other Asian countries.

* Source: IEA World Energy Outlook 2011

Dragline operation for overburden removal

Promising to Maintain and Increase Cost Competitiveness in the Medium-to-long Term

We make investment decisions based on careful examination of the profitability and consideration of development phases and the regional balance of our portfolio.

Cost competitiveness was the principle reason we decided to invest approximately ¥131.1 billion—a record amount for newly acquired coal interests by a Japanese company. At present, coal-mining cost is between 20% and 30% lower than in Australia. Moreover, as the project expands the economies of scale are likely to become even more attractive. On the other hand, one of the main reasons that Colombia has not exported large volumes to Japan and Asia is the high freight cost arising from long-distance transportation. However, we anticipate that freight cost will decrease as transportation capabilities increase after completion of extension work currently under way on the Panama Canal, scheduled for 2014, which will allow wider vessels to pass through. In this way, the cost competitiveness of this project will increase over the medium-to-long term in terms of production cost and freight cost.

Quality was the second decisive factor in this project. The quality of thermal coal significantly affects power generation efficiency. The Drummond Company's mining operations produce high-quality coal that has a high calorific value, low sulfur, and low ash. This enables us to cater to the exacting quality requirements of Japan's utilities, which have some of the world's most efficient coal-fired power generation operations.

Another decisive factor was that the project was already in operation, rather than at the initial exploration or development stage. This enabled us to rapidly realize supplies to Japanese utilities and other customers while minimizing development risk and gaining immediate earnings.

Transportation infrastructure such as railways and ports often becomes a bottleneck when owners of mines and their related transportation infrastructure are different. This is because owners of transportation infrastructure are sometimes unable to increase their capacity flexibly in response to expanded mining operations. By contrast, Drummond Company owns the mining operations and related infrastructure, which enables it to strengthen infrastructure to cope with mining expansion. The company is already adding railway lines and bolstering port facilities in preparation for ramped-up production.

Furthermore, security has improved dramatically in Colombia thanks to the government efforts. In addition, we believe that the comprehensive security measures of the government and Drummond Company help minimize geopolitical risk.

Reasons for Investment Decision

1. Scale	■ Proven and probable coal reserves: 1.9 billion tons ■ Annual production and export volume: 30 million tons
2. Cost competitiveness	■ Coal-mining cost 20% to 30% lower than in Australia ■ Freight cost likely to decrease due to widening of Panama Canal
3. Quality	■ High calorific value, low sulfur, low ash
4. Operations under way	■ Realizes supply to customers rapidly ■ Minimizes development risk and gains immediate earnings
5. Improvement of geopolitical risk	■ Security measures of Colombian government and Drummond Company

Targeting 20 Million Tons a Year

At the initial bid stage, Mr. Drummond was considering selling 100% of his assets. We submitted a proposal for joint ownership and reached an agreement after intensive negotiations held against the backdrop of competing bids from several resource majors. In fact, we have had an uninterrupted business relationship with Drummond Company for more than 40 years. In addition to Drummond Company appreciating the merits of combining its abundant expertise in Colombia and coal mine management with our sales channels in Japan and Asia, we believe our long-standing relationship of trust contributed significantly to sealing this agreement.

We plan to increase our global coal interests, including those in Colombian mining operations of Drummond Company, from fiscal 2012's 8.9 million tons per year to more than 20 million tons per year by fiscal 2016. We aim to increase our thermal coal interests to account for 14 million tons of this amount. By 2015, Drummond Company plans to expand its annual production volume to 35 million tons. As a result, our coal interests will rise by 7 million tons per year, contributing considerably toward reaching our target.

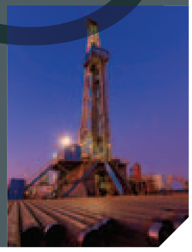
Moving forward, we will fully exploit our trading and other capabilities and strengths to realize mutual development with Drummond Company.

Opening the Way to Unconventional Resource Development

—U.S. Oil and Gas Exploration and Production Company, Samson Investment Company

03

Area	Unconventional natural gas development
Investment	Approximately ¥82.1 billion
Strategic significance	Increases equity interests of ITOCHU and trade



Investing in a Premier Private Oil and Gas Exploration and Production Company, Samson Investment Company

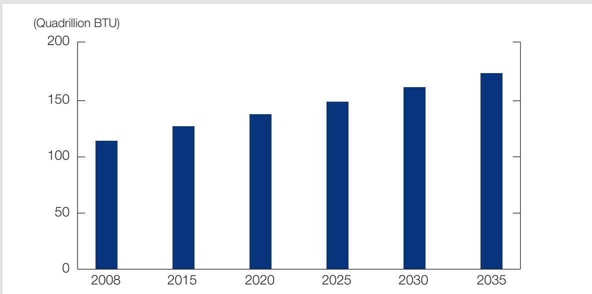
As an alternative to oil, natural gas is attracting attention because of its comparatively light environmental burden and abundant reserves. By 2035, global demand for natural gas will have jumped by 62% from 2008 levels*1. Unconventional natural gas development makes it feasible to meet this higher demand by using the advances in development technology of recent years to realize lower cost development and to increase the volume of minable natural gas reserves greatly.

As a major strategic move in readiness for the age of natural gas, ITOCHU with Kohlberg Kravis Roberts & Co. L.P. of the United States jointly acquired a 100% stake in Samson Investment Company. Through a U.S. subsidiary, we now have a 25% stake in Samson Investment, which has built a portfolio that is well-balanced between oil and natural gas. Its assets include approximately 10,000 wells mainly in unconventional gas fields, 4,000 operatorships, and multiple equity interests in undeveloped unconventional resources acquired at competitive prices.

Oil and gas development

*1 Source: IEA World Energy Outlook 2011, Special Report "Are We Entering A Golden Age of Gas?"

Forecast of Global Demand for Natural Gas



Source: EIA International Energy Outlook 2011

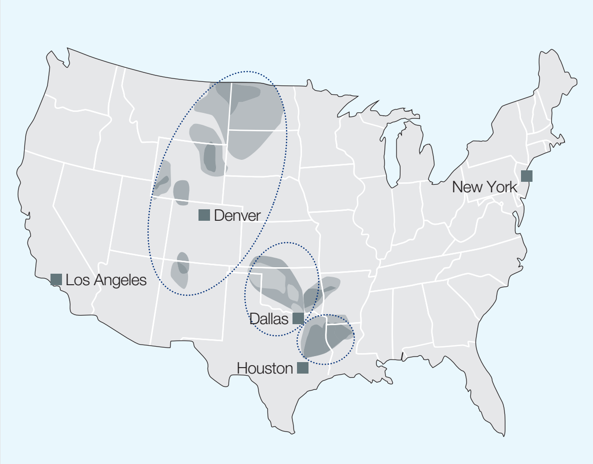
Increasing ITOCHU's Equity Interests and Expanding Trading Business in the United States

Samson Investment's main equity interests in the United States are in the Rocky Mountains region, the central interior region, and eastern Texas. The company has one of the largest domestic production volumes among private U.S. oil and gas exploration and production companies. Through our investment in Samson Investment, we plan to raise our oil and gas interests from fiscal 2012's 33,000 barrels per day to 60,000 barrels per day in fiscal 2013. Furthermore, Samson Investment expects to continue increasing production volume. Therefore, our investment in the company will contribute significantly to the achievement of our target for oil and gas interests of more than 70,000 barrels per day by fiscal 2016.

As we accumulate equity interests in unconventional resources, we intend to expand our trading capabilities. In the United States, natural gas accounts for roughly 30% of primary energy, and 23% of this natural gas comes from shale gas. By 2035, shale gas is expected to account for 49% of natural gas as the abundance of shale gas will lead to its increased use not only for power generation but also for industry*2. Through our U.S. subsidiary, which holds the rights commensurate with its stake to offtake natural gas produced from Samson's assets, we will advance trade within the United States to increase earnings. Samson Investment has mining areas in some famous production regions for shale oil and wet gas which have high market prices (please see the column below), such as the Bakken shale of the Rocky Mountains and Oklahoma's Woodford shale. This gives the company an asset portfolio that allows it to expand shale oil and wet gas production. Accordingly, Samson Investment will shift the focus of production away from natural gas and heighten the proportion of shale oil and wet gas production, thereby increasing the overall profitability of its assets.

*2 Source: EIA Annual Energy Outlook 2012 Early Release Overview

Mining Areas in Which Samson Investment Has Equity Interests

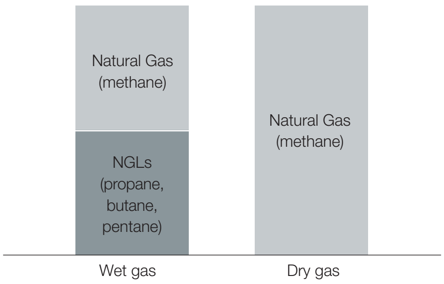


Dry Gas and Wet Gas

Shale gas includes "dry gas," which is just gas and mainly comprises methane. "Wet gas," in addition to methane, includes propane, butane, and other natural gas liquids (NGLs) that become liquid when pressurized at room temperature. Such differences in liquid content result in significant price differences. In the United States, the natural gas (dry gas) price is conspicuously low. Based on the U.S. Henry Hub Natural Gas Index, it is trending around US$2–3 per million BTU (British thermal unit). However, because it includes NGLs for which the market price is high, wet gas sells at approximately US$5–10 per million BTU. Consequently, a gap has emerged in the pricing of the two types of gas. In response, U.S. producers are curbing dry gas production while concentrating efforts on wet gas production.

Dry Gas and Wet Gas

Wet gas is more expensive than dry gas, because it includes NGLs for which the market price is high.



Aiming to Build an LNG Value Chain

Unconventional natural gas development calls for a high level of expertise in development technologies, geology, and environmental measures. Operators must be able to use mining technologies such as horizontal borehole technology and multi-stage hydraulic fracturing, which triggered the shale gas revolution. The United States has the world's highest levels of such know-how. Established in 1971, Samson Investment has many highly experienced engineers and has earned an enviable reputation in the industry for technological excellence. Gaining access to the invaluable expertise this company has garnered has a large strategic significance for ITOCHU's initiatives to develop the unconventional resources business in North America and other regions.

In the United States, natural gas (dry gas) prices are lackluster due to slack supply and demand resulting from increased production of unconventional natural gas. In Asia by contrast, Japan's increased imports following the Great East Japan Earthquake have tightened supply and demand, keeping natural gas prices high. In fact, the CIF price of natural gas for Japan is six times higher than the U.S. domestic price. In response, in the United States, plans to export LNG by establishing liquefying facilities at bases originally established for receiving LNG imports are progressing, although the government's energy policy currently restricts LNG exports. Several projects have already obtained exporting rights for countries that have concluded free trade agreements (FTAs) with the United States. Moving forward, full-fledged obtainment of exporting rights is likely to begin for countries that have not concluded FTAs with the United States. With the future development of an LNG exporting business in mind, we aim to build an LNG value chain. To this end, we will participate in midstream pipeline and liquefying facilities businesses while increasing the upstream business lines of Samson Investment.

Advancing Our Domination Strategy in the British Tyre Business Significantly

—U.K. No.1 Tyre Retailer, the Kwik-Fit Group

04

Area	U.K. tyre business
Investment	Approximately ¥83.9 billion
Strategic significance	Strengthens U.K. tyre business through synergies with Stapleton's

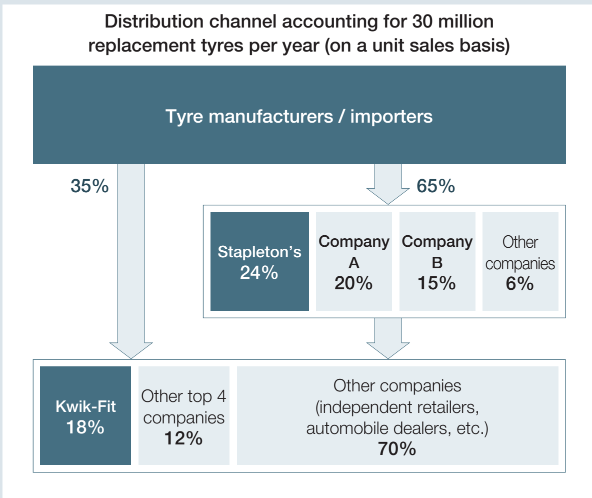
Taking a Large Stride Towards Dominating the U.K. Tyre Business

ITOCHU acquired all of the shares of the Kwik-Fit Group, a tyre retailer in the United Kingdom and other countries, for £637 million, or approximately ¥83.9 billion. Kwik-Fit has built an unshakable leading position and boasts exceptional brand power, particularly in the United Kingdom. This acquisition has significantly furthered our domination strategy for the tyre business, which is one of the core areas of our forest products and general merchandise business.

ITOCHU operates businesses in markets closely connected with people's everyday lives. Therefore, solid, stably growing demand among emerging countries for tyres, natural rubber, pulp, wood, and building materials is one of our mainstays. In such markets, we are pursuing a domination strategy that entails choosing markets and regions that offer considerable scope for us to heighten our presence by leveraging our strengths. Then, with a single stroke, we carve out a large share of the chosen market. The aim of this strategy is to exploit the strengths—capital strength, personnel, business management expertise, and global networks—to build up competitive advantage and grow earnings steadily.

One of our strengths is logistics capabilities, providing services that are large-scale and efficient, and carefully tailored to customer needs by taking advantage of global networks and expertise. Conditions in the British tyre market will give full play to this strength, enabling us to advance our domination strategy. Independent retailers account for the majority of the U.K. tyre market, and tyre manufacturers have not developed production bases or distribution and sales networks in the country. Since establishing a bridgehead for our domination strategy by acquiring Stapleton's (Tyre Services) Ltd. in 1994, we have steadily consolidated our position in this market.

Structure of U.K. Tyre Market



Fully Realizing Quality Expertise in High-volume Operations

As well as being U.K. No.1 tyre distributor, accounting for more than 24% of the market, our wholly owned subsidiary, Stapleton's, operates 124 retail stores.*1 Directly after investing in Stapleton's, we introduced a variety of our distinctive business management methods to the company. In particular, our efforts to bolster the production lineup and realize carefully customized high-value-added services have become a major source of differentiation. We also introduced rapid, small-lot deliveries that cater immediately to customers' needs and trained personnel with a focus on enhancing service quality. These initiatives heightened customer loyalty and led to outstanding earnings per store compared with the retail industry average.

Thus, having garnered experience in the U.K. tyre distribution and retail industries through these efforts and anticipating significant synergies with Stapleton's operations, we acquired Kwik-Fit.

Kwik-Fit's 675 stores*[1] give the company the largest store network and the highest sales in the tyre retail industry in the United Kingdom. Also underpinning earnings is its fleet business*[2], which can better withstand deterioration of the economic climate and claims an overwhelming share of the market. Consequently, Kwik-Fit achieved sales growth for seven consecutive years between 2004 and 2010. Kwik-Fit and Stapleton's account for roughly 40% of distribution volume in the U.K. tyre market—an unassailably dominant position. Combining the No.1 companies in the distribution and retail industries promises increased buying power and a range of other synergistic benefits stemming from economies of scale that will further grow earnings.

We believe the most significant synergies will come by fully realizing the improved business management and service quality that we have established at Stapleton's in Kwik-Fit's high-volume operations, which have roughly five times as many stores as Stapleton's. Through these synergies, we aim to increase our earnings on a greater scale.

*1 As of December 31, 2011

*2 Tyre sales and maintenance business for automobiles that companies provide for employees

Stapletons
Tyre Services

- No.1 distributor: Accounts for 24% of unit sales in U.K. tyre market
- 124 retail stores
- Highest profitability per store in U.K. thanks to own differentiated business management methods

+

KwikFit

- No.1 store network: 675 retail stores
- Overwhelming share of fleet market

=

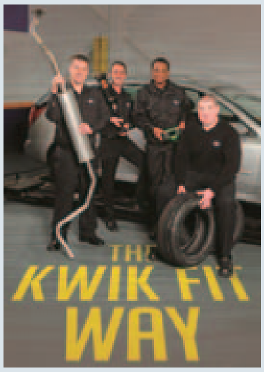
Established dominance by claiming approximately 40% of distribution volume.

Going forward, move into phase of fully realizing Stapleton's quality in Kwik-Fit's high-volume operations.

Shift of the Stage in Creating Synergies, from Heightening Efficiency to Expanding Quantitatively

Immediately after making our investment, we dispatched tyre business experts, who have been rapidly advancing initiatives to create synergies. Already, we have largely finished improving operational efficiency. These efforts involved integrating administrative and IT divisions, integrating the store network, optimizing the procurement of tyres and a range of other products, and introducing Stapleton's expertise in competitive distribution methods. From fiscal 2013 onwards, we will begin fully-fledged efforts to realize the type of high-value-added services that improved Stapleton's competitiveness so significantly. We will then move into a stage of realizing synergies that will prepare the way for expanding quantitatively.

In addition to initiatives in the United Kingdom, we are strengthening our tyre business by exploiting such strengths as logistics and distribution capabilities in Russia and the United States. Furthermore, we are developing the business of handling and processing natural rubber, the raw material for tyres. This business is among the largest of any general trading company in Indonesia, Thailand, and other countries. Mainly by securing sources of stable supplies of raw materials in the upstream area, while developing sales channels in the downstream area, we will grow the tyre business globally.



Controlling Investment Risk and Maintaining Financial Soundness

Quantifying Risk to Control Investment Risk

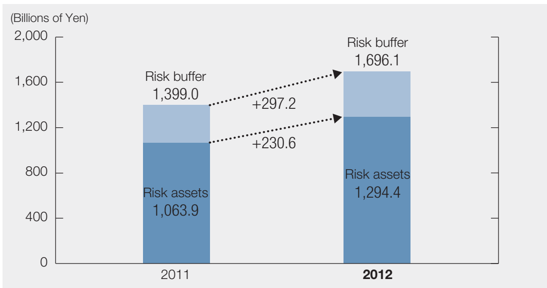
As the strategic importance of business investment increases, we need to control the accompanying diversification of risks and continuously heighten the sophistication of initiatives for maintaining financial soundness.

Since the beginning of the 2000s, ITOCHU has used risk capital management, which quantitatively controls risk related to investment activities. This involves calculating "risk assets" based on the maximum amount of the possible future losses from all assets on the balance sheet as well as for all off-balance-sheet transactions. We then use the balance between risk assets and expected return as a benchmark for investment decisions. Our basic policy is controlling risk assets at a sound level within the risk buffer.

Under "*Brand-new Deal 2012*," we revised our risk asset calculation method for the first time in 10 years. Specifically, we (1) revised the risk weight, which was overly conservative, (2) considered the effects of diversification, and (3) revised the definition of the risk buffer (changed from the previously used consolidated stockholders' equity to consolidated stockholders' equity + noncontrolling interest). While we have changed to a calculation method that better reflects actual conditions, our policy of continuing strict risk control is unchanged. We remain mindful of balancing risk assets and the risk buffer, and at the end of March 2012, risk assets stood at ¥1,294.4 billion, 76% of the risk buffer.

Furthermore, even since revising our investment criteria, we have continued to make investment decisions based on strict adherence with the investment criteria. As a result, we have only invested in highly profitable assets that promise returns above hurdle rates, which are commensurate with the risk of fluctuations in future cash flows, reflecting individual countries and business areas.

Risk Assets at the Fiscal 2012 Year-End

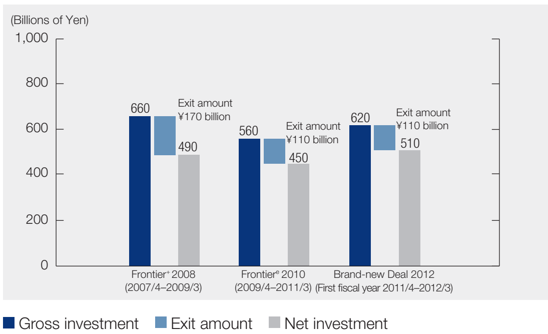


As of March 31

Sustaining High Asset Efficiency by Replacing Assets Flexibly

After investing, we adhere to our policy of exiting from low-efficiency assets that have become less strategically significant or which do not meet certain benchmarks. Our gross investment between fiscal 2008 and fiscal 2012 was ¥1,840 billion, and net investment was ¥1,450 billion. This illustrates that, while proactively investing in growth areas, we have exited from assets worth ¥390 billion. In this way, by controlling risk when selecting assets as well as after investing in them, we are maintaining and enhancing overall asset efficiency.

Replacing Assets Continuously



Maintaining Financial Soundness

In accordance with a shift in our focus to proactively seeking new opportunities under "*Brand-new Deal 2012*," we have revised investment criteria. However, our policy of resolutely maintaining financial soundness by implementing the above-mentioned risk capital management and continuing to replace assets is unwavering. Even when making large investments, we will keep net debt-to-equity ratio (NET DER) below 1.8 times, and aim to achieve a credit rating of "A flat" from overseas credit rating agencies following Japanese credit rating agencies*. In conjunction with these efforts, we will carefully monitor the soundness of cash flows.

* Ratings of ITOCHU's long-term debt as of March 31, 2012 are Japan Credit Rating Agency (JCR): AA–, Rating and Investment Information (R&I): A, Moody's Investors Service: Baa1, and Standard & Poor's (S&P): A–.

OPERATIONS

Organizational Changes

As of April 1, 2012, ITOCHU revised its organization, following a previous round of reorganization measures in fiscal 2012. In recent years, we have broadened our business domains in step with the expansion of our business activities. Along with this expansion, the organization is getting larger and is now required to make more important decisions. After considering the importance of having the right person in the right place, including in the management ranks, and the relationships among industries, we reorganized the previous five Division Companies into six. We believe that we have established an organizational structure with the best possible balance. By establishing a more appropriate size for the organizational units in this way, we will strive to realize a more precise management in the years ahead.

1. Outline of the Organizational Changes of Division Companies

The ICT & Machinery Company, Energy, Metals & Minerals Company, and Chemicals, Forest Products & General Merchandise Company have been reorganized into the Machinery Company, Metals & Minerals Company, Energy & Chemicals Company, and ICT, General Products & Realty Company. The previous 5 Division Companies have been reorganized into 6 Division Companies.

Machinery Company

The Plant Project & Marine Division, Automobile & Construction Machinery Division, and Aerospace & Industrial Systems Division have been reorganized into the Plant Project, Marine & Aerospace Division and the Automobile, Construction Machinery & Industrial Systems Division, which operate under the Machinery Company.

Metals & Minerals Company

The Metals & Minerals Division has been renamed the Metals & Mineral Resources Division, and the New Energy & Coal Division has been renamed the Coal, Nuclear & Solar Division. Both of these divisions operate under the Metals & Minerals Company.

Energy & Chemicals Company

The Energy Division and the Chemicals Division operate under the Energy & Chemicals Company.

ICT, General Products & Realty Company

- The Forest Products & General Merchandise Division operates under the ICT, General Products & Realty Company.
- The Information & Communication Technology Division has been merged with the Logistics Services Department and the insurance services of the Financial & Insurance Services Department, and reorganized as the ICT, Insurance & Logistics Division, which operates under the ICT, General Products & Realty Company.
- The financial services of the Financial & Insurance Services Department has been merged into the Construction & Realty Division, and reorganized as the Construction, Realty & Financial Business Division, which operates under the ICT, General Products & Realty Company.
- As a result of these reorganization measures, the Designated Business Division and the Headquarters Business Organization have been abolished.

2. Aim and Purpose of the Organizational Changes

Machinery Company

In fiscal 2012, the former ICT & Machinery Company was created through the merger of its predecessors, and recorded substantial year-on-year growth in profits. In addition, the Division Company took steps to appropriately reallocate its management resources, including the optimal allocation of its personnel. However, the Division Company faced difficulties in managing its businesses as a single company. These difficulties included the diversity of its business areas and the scale of its human resources. Accordingly, we transferred the ICT businesses to the ICT, General Products & Realty Company.

The aerospace businesses and marine businesses have many business partners in common, centered on heavy industry manufacturers, and the business models are similar. Consequently, synergies are expected. As principally trade-oriented business, industrial systems have affinity with automobiles and construction machinery. Accordingly, the previous three divisions have been reorganized into two divisions.

Metals & Minerals Company

Operations in the metals and minerals area have expanded due to the development of large-scale projects. Thus, to promote precise management, businesses in this area have been operated under one Division Company—the Metals & Minerals Company.

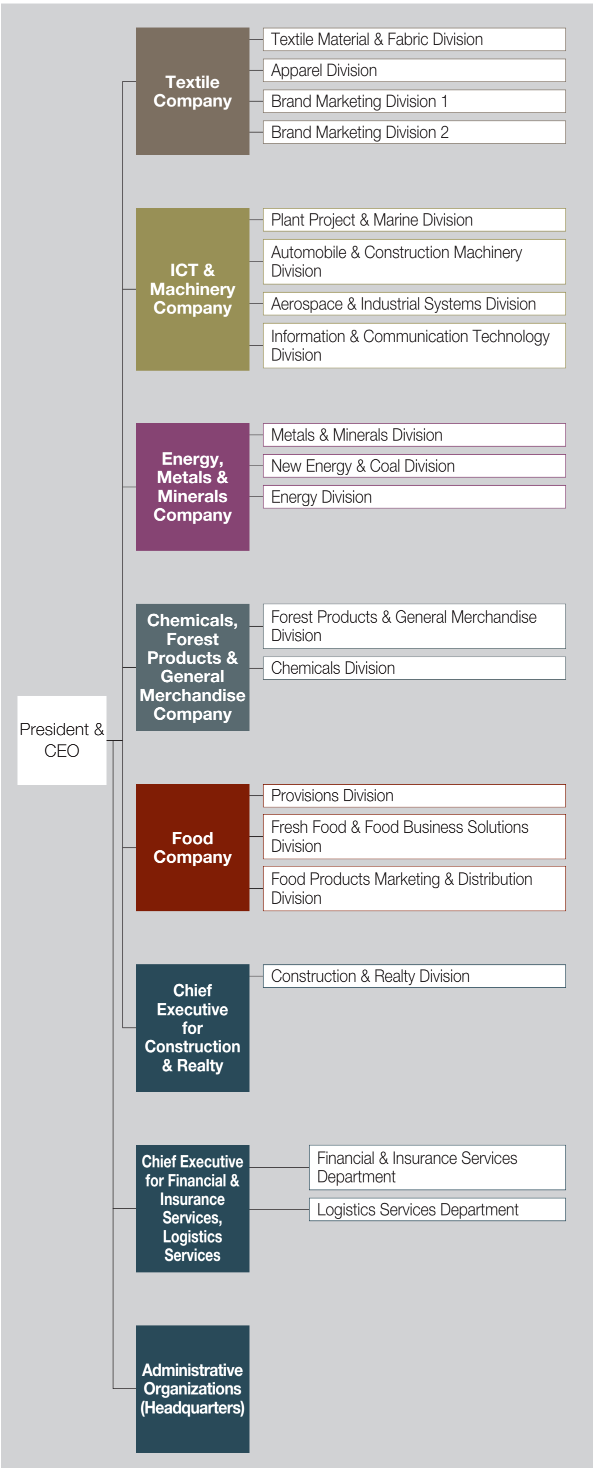
Energy & Chemicals Company

We merged the Energy Division and the Chemicals Division, taking into consideration the affinity between the products they handle and their business models, which are centered on trade, and anticipating synergies.

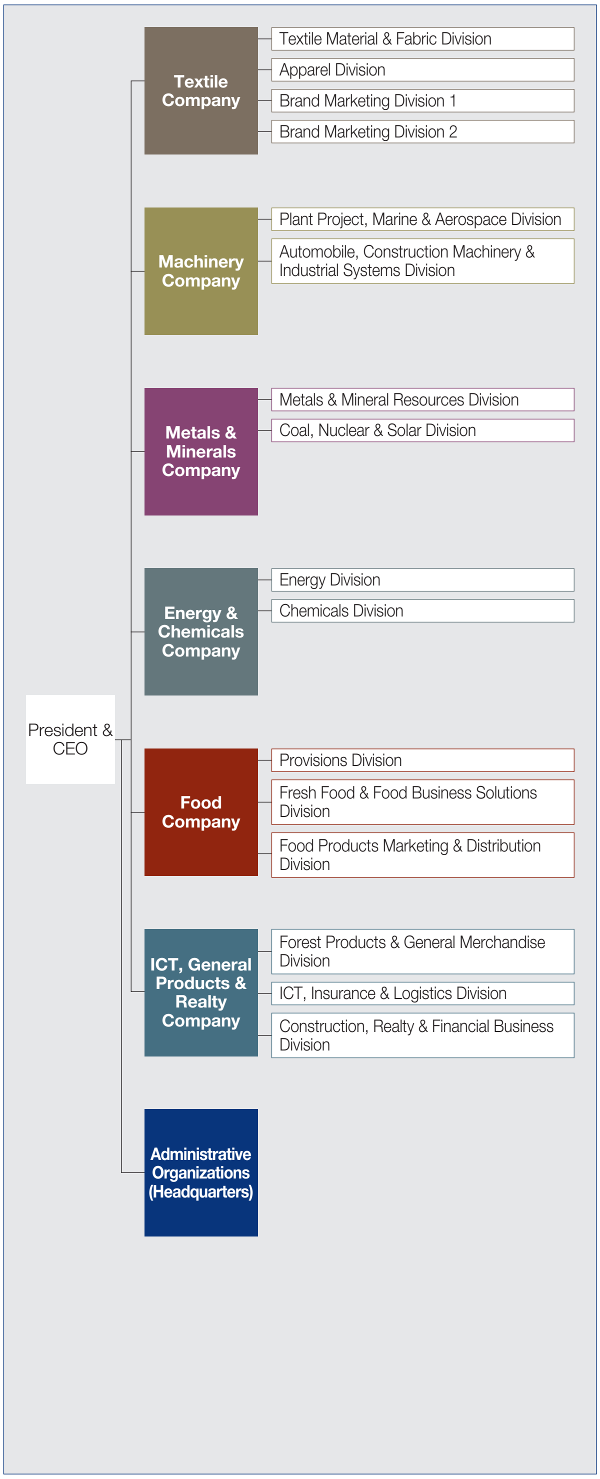
ICT, General Products & Realty Company

The newly formed ICT, General Products & Realty Company centers on housing (forest products, general merchandise, construction and realty) and ICT-related businesses. Businesses in the area of financial services overlap with businesses in the area of realty, and therefore business activities in these areas have been consolidated into one division to increase efficiency. ICT, insurance, and logistics businesses have aspects that can provide functional services not just in ICT, General Products & Realty Company but throughout ITOCHU. While securing a certain scale of earnings by merging these businesses, we will strive to generate synergies.

Previous: 5 Division Companies, 17 Divisions



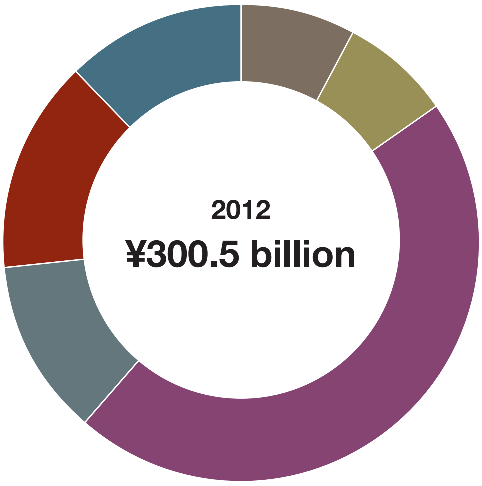
Current: 6 Division Companies, 16 Divisions



Division Companies: Performance in Brief

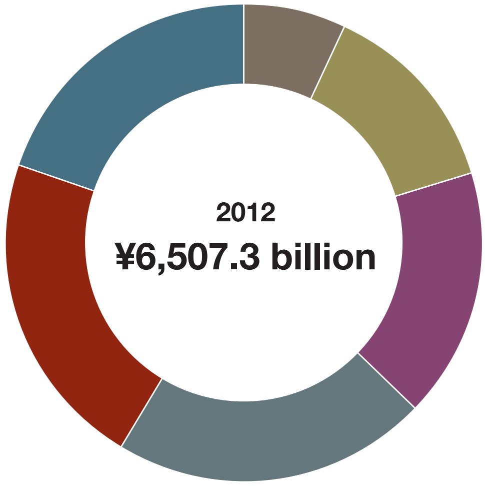
Years ended March 31

Net Income Attributable to ITOCHU



Textile Company	**7.9%**
Machinery Company	**7.5%**
Metals & Minerals Company	**46.0%**
Energy & Chemicals Company	**12.2%**
Food Company	**14.2%**
ICT, General Products & Realty Company	**12.2%**

Total Assets



Textile Company	**7.2%**
Machinery Company	**13.3%**
Metals & Minerals Company	**16.9%**
Energy & Chemicals Company	**21.4%**
Food Company	**21.6%**
ICT, General Products & Realty Company	**19.7%**

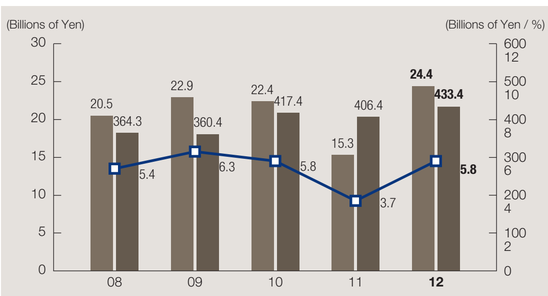
* % composition is calculated with the total for the business segments, before adjustments & eliminations and others.

Textile Company

Main Products and Services

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

Net Income Attributable to ITOCHU / Total Assets / ROA



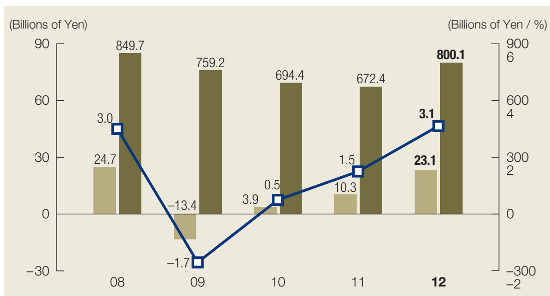
- Net income attributable to ITOCHU (left)
- Total assets (above right) ROA (%) (below right)

Machinery Company

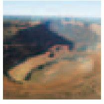
Main Products and Services

- Oil, natural gas (gas processing, LNG, LPG), and petrochemical plants
- Power generation / transmission facilities
- Project development, investment, operational management, and maintenance related to IPP / IWPP (independent power producer / independent water power producer) projects and other social / industrial infrastructure
- Sea water desalination & distribution / environment-related facilities
- Facilities related to renewable and alternative energy
- Rolling stock / systems
- Ship trading, offshore equipment, ship charter, and own-ship operation
- Aircraft and in-flight equipment
- Air transportation management systems
- Space-related equipment
- Security equipment
- Automobiles
- Construction machinery
- Industrial machinery
- Semiconductor equipment
- Electronic devices / electronics-related equipment
- Medical devices, services for clinical development and marketing of pharmaceuticals, hospital-related services, and preventative healthcare services

Net Income Attributable to ITOCHU / Total Assets / ROA



- Net income attributable to ITOCHU (left)
- Total assets (above right) ROA (%) (below right)

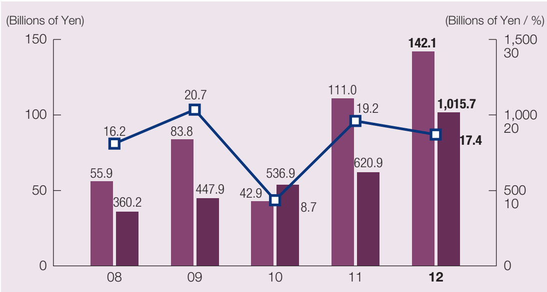


Metals & Minerals Company

Main Products and Services

- Iron ore
- Coal
- Steel products
- Non-ferrous metals
- Rare metals and rare earth metals
- Steel scrap
- Nuclear fuel
- Emission credits
- Solid biomass fuel
- Solar power-related parts and products
- Solar power generation system integrator business
- Solar power generation / solar thermal power generation businesses

Net Income Attributable to ITOCHU / Total Assets / ROA



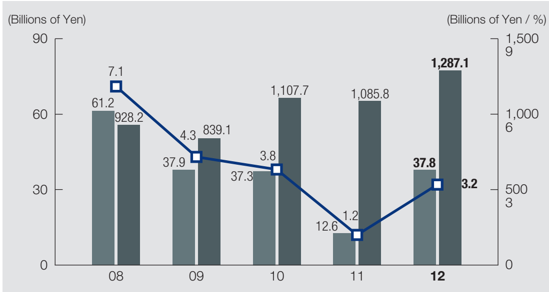
■ Net income attributable to ITOCHU (left)
■ Total assets (above right) ROA (%) (below right)

Energy & Chemicals Company

Main Products and Services

- Crude oil
- Petroleum products
- Petrochemical stock
- LPG
- LNG
- Bioethanol
- Natural gas
- Basic chemicals
- Fine chemicals
- Pharmaceutical products
- Inorganic chemicals
- Plastics
- Various consumer products
- Rechargeable battery-related materials

Net Income Attributable to ITOCHU / Total Assets / ROA



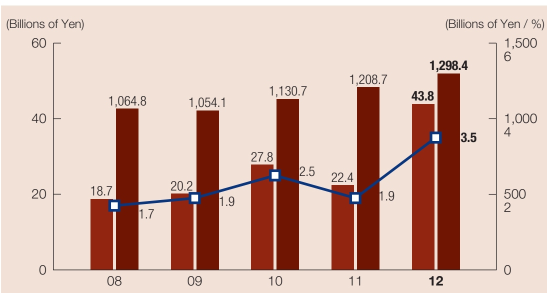
■ Net income attributable to ITOCHU (left)
■ Total assets (above right) ROA (%) (below right)

Food Company

Main Products and Services

- 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

Net Income Attributable to ITOCHU / Total Assets / ROA



■ Net income attributable to ITOCHU (left)
■ Total assets (above right) ROA (%) (below right)

ICT, General Products & Realty Company

Main Products and Services

<Forest Products & General Merchandise>

- Building materials
- Logs, lumber, wood fiberboard, and imported building materials
- Wood chips, pulp, paper, and cotton linter
- Biomass fuels (woodchips, pellets, etc.)
- Natural rubber, tyres
- Slag, cement, glass, refractory materials and products, and natural gypsum

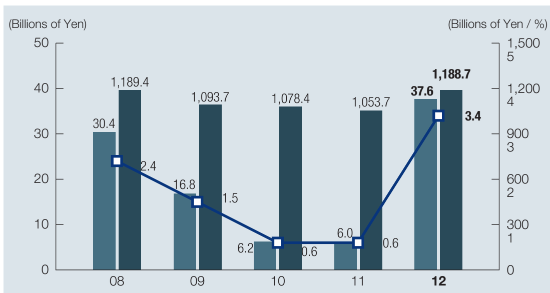
<ICT, Insurance & Logistics>

- IT solutions business
- Internet services
- Energy management business
- Venture investment & VC business
- Retail distribution & services of mobile equipment
- Communications and media business
- Insurance brokerage and reinsurance business
- Domestic / International 3PL
- Maritime shipping services

<Construction, Realty & Financial Business>

- Real estate securitization (residential housing, logistics facilities, office buildings, etc.)
- Condominiums
- Real estate management, operation, sales, and contracting services
- Financial services (credit cards, consumer finance)
- Debt / equity financing business

Net Income Attributable to ITOCHU / Total Assets / ROA



■ Net income attributable to ITOCHU (left)
■ Total assets (above right) ROA (%) (below right)

Textile Company

We will continue to strengthen alliances with leading partners and create new businesses, maintaining a focus on adding value for our customers while remaining competitive.

President, Textile Company

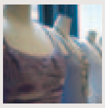
Hitoshi Okamoto

Business Areas

Textile Material & Fabric Division

This division engages in the original business of ITOCHU. Utilizing our worldwide network of facilities, we conduct diverse businesses, including textile materials, fabrics, shirts, innerwear, working wear, and casual wear on a global basis.

Apparel Division

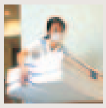


This division provides high-quality products in all types of apparel, including men's wear, women's wear, sports-wear, and uniforms. We develop businesses ranging from proposal of materials and production planning through to implementation of sewing and logistics in response to various customers' needs.

Brand Marketing Division 1

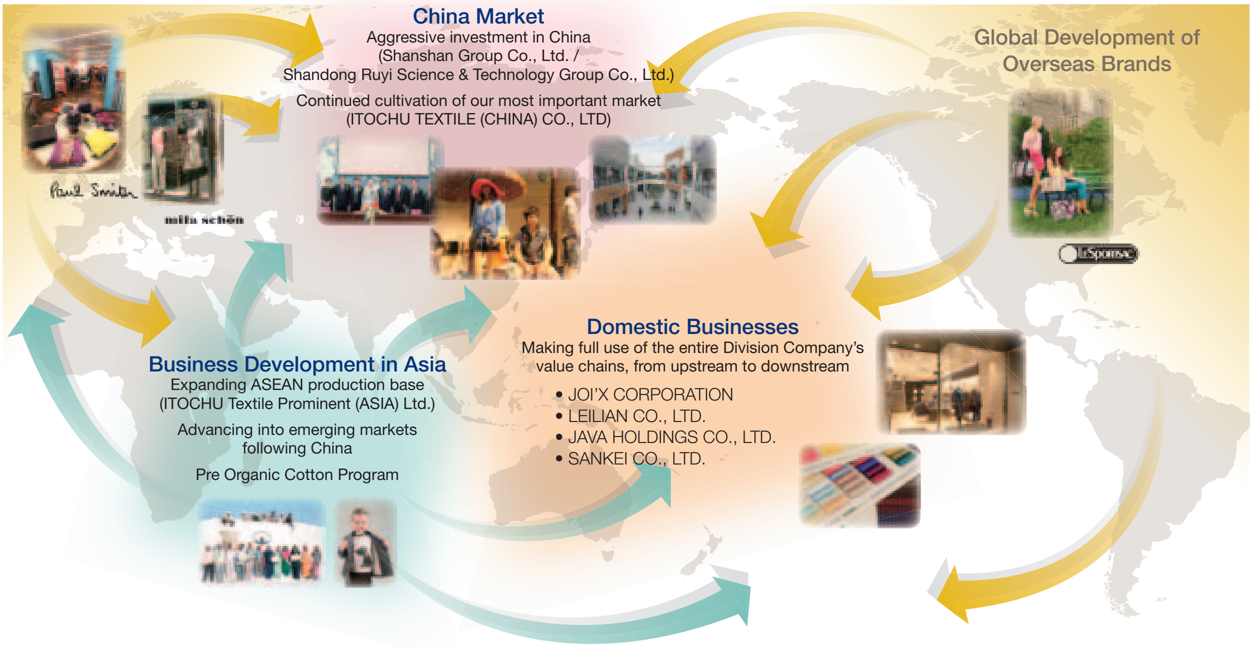
Centering on "brand business" as its main strategy, this division is leading the development of the industry, creating business models that reflect its marketing viewpoint. In addition to importing, it also engages in a variety of activities, such as licensing arrangements, product manufacturing, mergers and acquisitions (M&A), and management participation.

Brand Marketing Division 2



Considering brands as a key initiative for growth, this division continues to expand businesses that transcend business sectors and types, from "apparel" to "food" and "living." The division also handles a broad range of industrial textiles, from materials for applications in manufactured goods, such as automobiles, to non-woven fabrics for paper diapers.

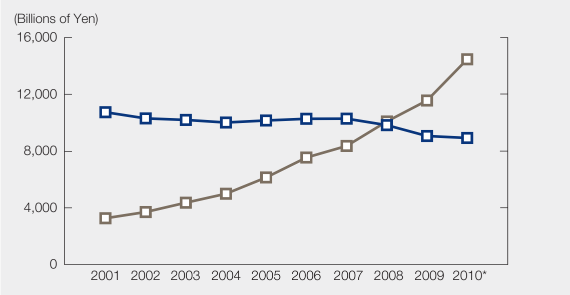
Business Portfolio



Business Environment

The scale of the domestic consumer apparel market peaked in the 1990s, at about ¥13 – ¥14 trillion. Since the collapse of Japan's bubble economy, the market has continued to gradually contract. In 2008, the year of the Lehman shock, the market scale was ¥10 trillion, and in 2010 it fell below ¥9 trillion due to the global economic slump. This market contraction trend is expected to continue, due to fewer children and an aging population, lower expenditures on apparel stemming from changes in lifestyles, and declining apparel prices in addition to the influence of sluggish business conditions. In China and other Asian countries, on the other hand, the scale of the apparel markets is constantly expanding, as the purchasing power of middle-income consumers increases supported by high rates of economic growth.

Scale of Apparel Market (Japan / China)



Sources:
Japan: Yano Research Institute, Textile White Paper
Total of men's wear, women's wear, and children's clothing in the retail market
China: China textile industry development report
Textile Industry Main Indicators by Industrial Sectors
Revenue from Principal Business in Textile & Garment, Shoes, Caps Manufacturing
* Cumulative total of 11 months (January–November)
(1 Yuan = ¥13)

Overview of Fiscal 2012

In fiscal 2012, due to the influence of the liquidation of a subsidiary at the end of the previous fiscal year, gross trading profit was down 0.6%, to ¥127.6 billion. However, initiatives to increase asset efficiency were successful, and net income attributable to ITOCHU rose by 59.3%, to ¥24.4 billion.

In fiscal 2012, the Textile Company accelerated its collaboration with leading partners. In China, which we have positioned as our most important market, we have concluded a capital alliance agreement with major textile group, the Shandong Ruyi Science & Technology Group, thereby building a strong foundation for our high-value-added strategy. In addition, through an investment in adhesive tape major Teraoka Seisakusho Co., Ltd., we strengthened our business foundation in the globally growing area of medical supplies / electronics. In the brand business, we concluded a contract for exclusive rights to import and sell Nina Ricci brand products, along with master license rights in Japan. While proactively seeking new opportunities in this way, we continued to increase asset efficiency by disposing of low-efficiency assets.

Business Results

Billions of Yen

	08	09	10	11	**12**
Gross trading profit	¥115.2	¥102.6	¥102.7	¥128.3	**¥127.6**
Equity in earnings of associated companies	2.0	3.6	8.0	5.9	**5.9**
Net income attributable to ITOCHU	20.5	22.9	22.4	15.3	**24.4**

Years ended March 31

Message from the Division Company President

We will work to expand earnings by further strengthening our "earnings engines."

In fiscal 2012, the first year of "*Brand-new Deal 2012,*" we proactively sought new opportunities and achieved new record-high profits. In fiscal 2013, the second year of the plan, we will continue to position China as our most important market, and will further expand the scope of our business activities. In addition to the Shanshan Group, through our capital alliance with the Shandong Ruyi Science & Technology Group, we further strengthened our foundation by capitalizing on the growth of the consumer market in China. In the future, we will draw on our strengths, such as full-scale brand business development capability, as we take steps to deepen our cooperative relationships with these partners. We will also work to further strengthen our earnings engines. While paying attention to asset efficiency and maintaining a focus on the entire Asian region, centered on China, we will further strengthen our business / capital alliances with leading companies.

By maintaining our customer focused approach and continually creating new businesses, the Textile Company has maintained ITOCHU's original basis in textiles as an independent business segment. Continuing to maintain this approach, as a marketing company, in the future we will strive to further strengthen our presence in the industry and to maximize our earnings.

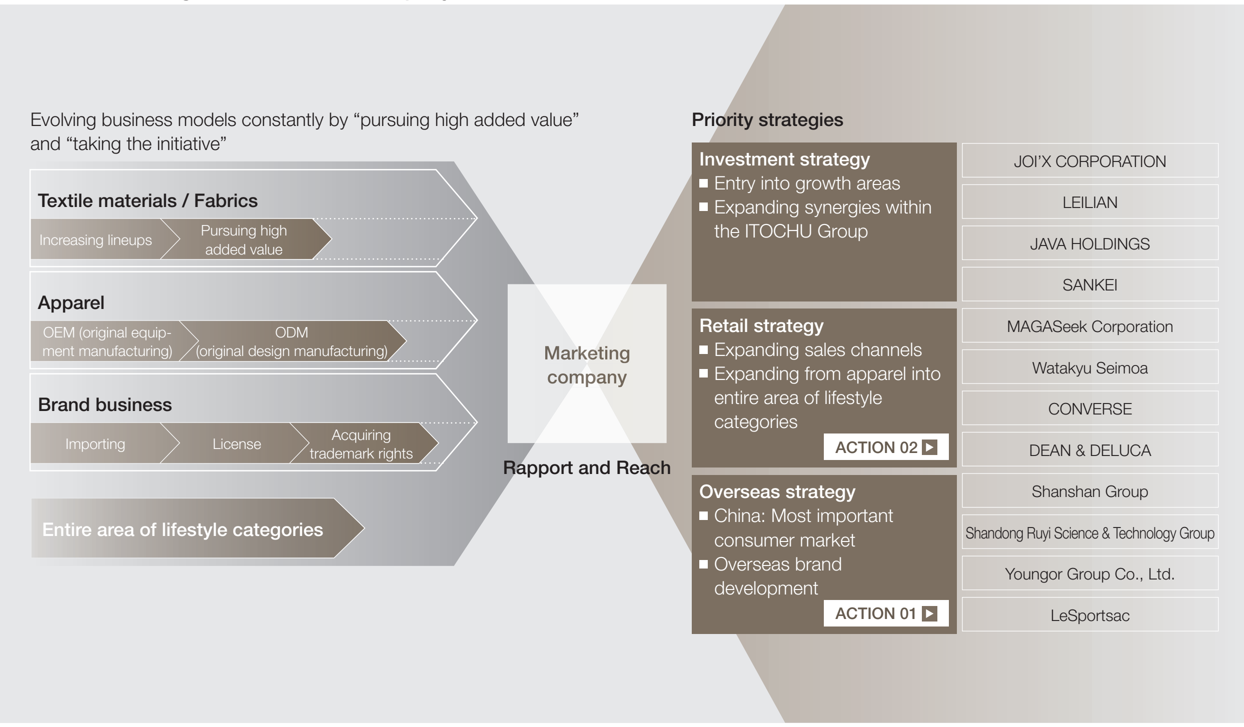
STRATEGY The Growth Strategies of the Textile Company

Rapport and Reach
The Textile Company has inherited the original business of ITOCHU.

As a customer-focused marketing company, we have maintained our position as an industry leader utilizing a flexible business model that extends from textile materials to a diverse array of end products.

In Japan, by utilizing our expertise in developing brands, we are expanding further into the retail area, and broadening our business, from fashion and apparel to the entire area of lifestyle categories. Furthermore, we are developing businesses in the Life & Healthcare area. Moving forward, our activities in consumer-related businesses will be centered on China, which has an overwhelming presence as a major consumer market. Here, we will accelerate business development, including brand business and retail area initiatives with leading partners.

The Growth Strategies of the Textile Company



CSR at the Textile Company

Contributing to the realization of a healthy, prosperous, and active society

In its CSR activities, the Textile Company places a top priority on further improving the safety of its products and services as well as customer satisfaction. It also strives to promote environment-friendly businesses and expand its CSR activities into our Group companies.

ACTION 03

CSR Action Plans: Key points of our fiscal 2013 action plans

We will continue conducting monitoring surveys of overseas manufacturing plants belonging to Group companies, and we will target further advancements in supply chain management through employee education. We will also continue to promote environment-friendly businesses.

For the details of CSR activities at the Textile Company, please visit our website. http://www.itochu.co.jp/en/csr/activities/textile/

ACTION Initiatives to Implement Our Growth Strategies

01 Capital Alliance with the Shandong Ruyi Science & Technology Group

We acquired shares in the Shandong Ruyi Science & Technology Group (hereinafter "Ruyi"), one of the major textile groups in China. As a result of this acquisition, Ruyi became an equity-method associated company of ITOCHU (with an investment ratio of 30%). Ruyi was founded in 1972 as a state-owned worsted woolen textile factory, and has achieved consistent growth by expanding its value chain from the original upstream area to the midstream and downstream areas. ITOCHU and Ruyi began trading raw wool from Australia in the 1990s, and since then have established an excellent relationship. Through extensive cooperation under this capital alliance, we will develop global materials business by making use of Ruyi's production base and will step up our efforts to bolster sales in the Chinese domestic market, such as development of brand businesses. Following the investment in Shanshan Group Co., Ltd., in East China in 2009, this project will further enhance ITOCHU's vigorous expansion strategy in China, centered on North China.

Signing ceremony

02 Capital / Business Partnership with Teraoka Seisakusho

We signed a capital / business partnership agreement with adhesive tape major Teraoka Seisakusho Co., Ltd. ITOCHU acquired 25% of Teraoka Seisakusho's issued stock, making the company an equity-method associated company of ITOCHU in fiscal 2013. With the recent proliferation of mobile phones, smartphones, and mobile PCs, national and international demand for electrical / electronics tape is increasing in the adhesive tape industry. Electrical / electronics tape is a growing market garnering high expectations, particularly owing to demand from the Asia region. Moving forward, under a full-fledged partnership while utilizing ITOCHU's companywide networks in such areas as marketing, material procurement, and logistics, we will aggressively develop business in the medical supplies and electronics areas, which are recording global growth.

Leading-edge clean room coating machine (Ibaraki Plant)

Contributing to Society and the Environment through Our Businesses

03 Pre Organic Cotton Program

ITOCHU and Japan-based kurkku Co., Ltd. jointly plan and operate the Pre Organic Cotton Program, which helps farmers in India to transfer cotton farming to organic cotton cultivation. The program aims to stop the vicious circle of environmental damage, health hazards, and economic burdens on farmers caused by pesticides and chemical fertilizers. To that end, the program includes providing guidance on organic farming and supporting acquisition of organic farming certificates during a three-year transition. Program activities began in 2007. Since then, more than 2,500 farming households have been supported and upward of 40 domestic brands have been introduced. At the Good Design Awards 2011, this program was highly evaluated for significantly contributing to the realization of a sustainable society through business and won the Good Design / Sustainable Design Award. Moving forward, we will work to further expand the Pre Organic Cotton Program, supported by the understanding and empathy of companies, organizations, and consumers.

Receipt of Good Design Sustainable Design Award

GOOD DESIGN AWARD 2011

Machinery Company

The Machinery Company will accelerate the enhancement of a stable earnings platform through the accumulation of superior assets as well as the discovery and buildup of a future earnings platform.

President, Machinery Company

Takao Shiomi

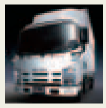
Business Areas

Plant Project, Marine & Aerospace Division

This division is involved in large-scale projects in such areas as oil, gas, petrochemicals, and electric power generation; projects in social and transportation infrastructure, such as railways, roads, bridges, and ports; aircraft and aircraft equipment-related area; and dealing all types of new ships, secondhand ships, and chartered ships.

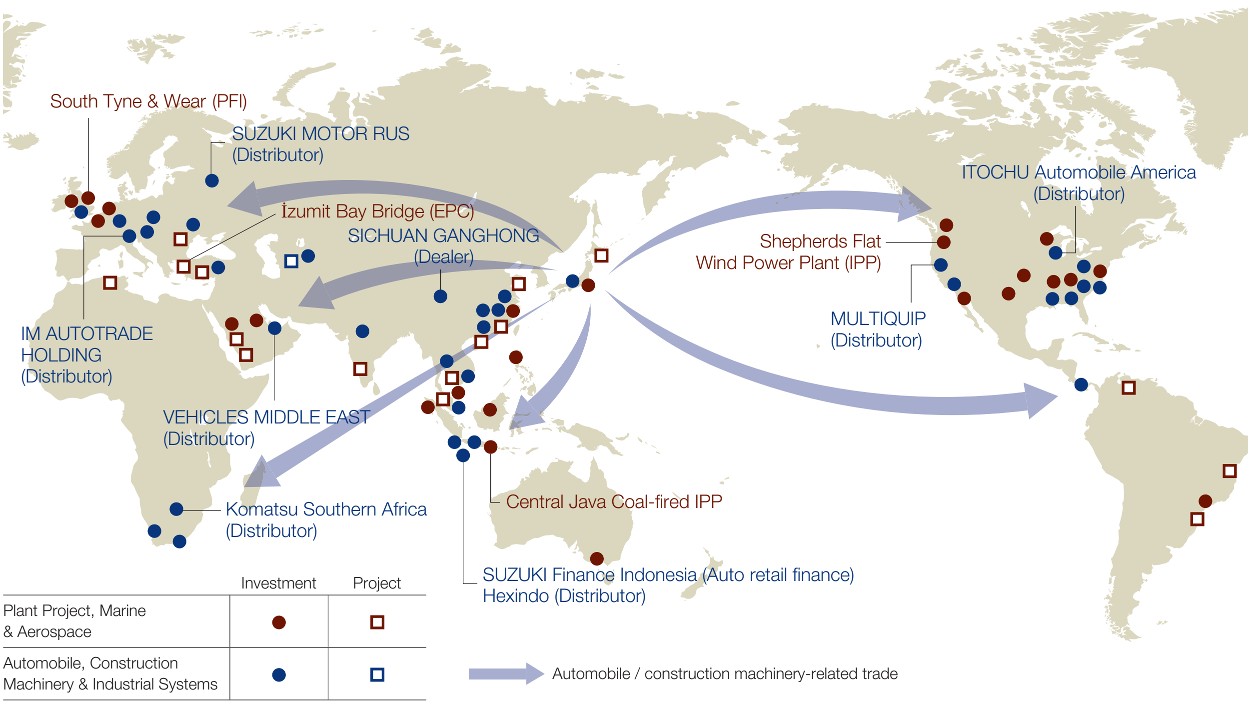
The division is also active in the water- and environment-related area, such as seawater desalination plants and energy-from-waste power generation, as well as in the renewable-energy area, including power generation from geothermal energy, wind power, and biomass.

Automobile, Construction Machinery & Industrial Systems Division



This division advances sales and business development for passenger cars, commercial vehicles, and construction machinery in domestic and international markets as well as sales of electronic system equipment, industrial machinery, semiconductor equipment, and rechargeable battery-related equipment / products / various materials. In addition, the division is also active in the medical / health-related area, particularly in medical devices, medical supplies, and services for hospitals.

Business Portfolio



Business Environment

Infrastructure Industry

Demand for infrastructure investment and maintenance is expanding on a global basis. Especially, there has been a substantial increase in infrastructure projects in emerging countries, which are recording rapid economic growth. In addition, there is growing demand for infrastructure that contributes to the establishment of an environment-friendly society, through "green new deal" policies undertaken by countries around the world. Thus, infrastructure-related business in industrialized countries is also drawing attention as a growth area.

Automobile Industry

Global automotive demand continues to expand. However, the market structure has begun to change. Markets in industrialized countries, which had previously led the demand, are sluggish, and China and other emerging markets are expanding. In fiscal 2012, production was significantly affected by the Great East Japan Earthquake and the flooding in Thailand. In addition, the continued appreciation of the yen fueled increasingly severe competition in overseas markets. In this environment, we believe that the growth of our automobile-related business will be substantially influenced by our strategy for emerging markets, which are becoming the new demand leaders.

Aerospace Industry

Air passenger demand slowed down due to the global economic slump that started with the U.S. financial crisis. Subsequently, however, it has recovered led by emerging economies. Furthermore, low-cost carriers (LCCs) are expanding their markets with low fares and new routes. Thus, air passenger demand is expected to continue to grow.

Overview of Fiscal 2012

In fiscal 2012, due to the higher transaction volume in the construction machinery-related business as well as the acceptance of the healthcare-related business, gross trading profit was up 23.8%, to ¥85.9 billion. Due to non-recurring gains and higher equity in earnings of associated companies stemming from additional investment in the leasing-related business, net income attributable to ITOCHU rose by 125.7%, to ¥23.1 billion.

The Machinery Company took steps to reform its earnings structure by accumulating superior assets that are less susceptible to fluctuations in business conditions and are expected to offer stable earnings over the long term. In addition to North America, we expanded our foundation in the IPP business in Asia and Europe with a coal-fired IPP project in Indonesia and other projects. In the U.K., we signed a Private Finance Initiative (PFI) waste management contract. In water and the environment-related area, working together with partners, we moved ahead with joint initiatives, such as wind power projects in North America and water-related projects in China and India. Furthermore, to boost our cooperation with an equity-method affiliate, Century Tokyo Leasing Corporation, we purchased additional shares in the company.

Business Results — Billions of Yen

	08	09	10	11	12
Gross trading profit	¥113.7	¥83.4	¥61.6	¥69.4	**¥85.9**
Equity in earnings of associated companies	5.5	2.4	12.9	9.8	**12.5**
Net income attributable to ITOCHU	24.7	(13.4)	3.9	10.3	**23.1**

Years ended March 31

Message from the Division Company President

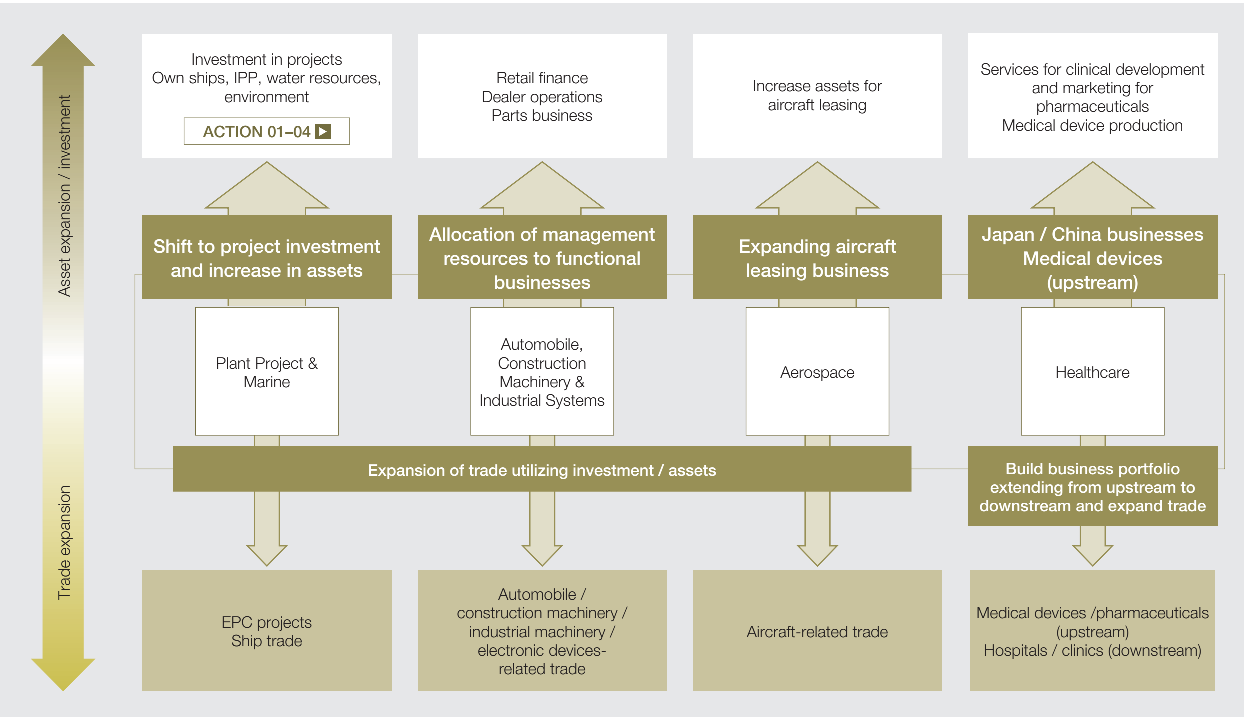
We will continue to reform our earnings structure and work to strengthen our platform for stable earnings.

From April 2012, the ICT Division was transferred from the former ICT & Machinery Company to another Division Company, and we made a new start as the Machinery Company. The new Machinery Company continues to play a key role in ITOCHU's "*Brand-new Deal 2012*." Our wide range of business areas includes Plant Project, Marine, Aerospace, Automobile, Construction Machinery, Industrial Systems, and Healthcare. We have organized them into two divisions, each of which has businesses with similar characteristics. We will strive to expand earnings through aggressive asset replacement and the accumulation of superior assets, as well as the further acceleration of the appropriate reallocation of management resources. By business area, we will work to develop the wind power generation business; to make progress in overseas infrastructure projects, centered on North America; to enhance automobile-related business which has a broad value chain; and to expand business in China and other Asian markets in areas related to medical devices. Through these initiatives, we will work to be a strong Division Company that can make a stable contribution to earnings.

STRATEGY The Growth Strategies of the Machinery Company

The Machinery Company will aggressively acquire assets in the machinery-related sector, which is one of the business sectors targeted for increased assets under the current medium-term management plan. We will acquire assets in infrastructure projects in the plant project and marine business; in retail finance in the automobile and construction machinery business; and in aircraft leasing in the aerospace business. At the same time, in growth business areas that will become future earnings platforms, we will bolster and accelerate our operational initiatives. Moreover, we will strive to steadily expand our earnings from trade related / peripheral to acquired assets and investment. In Healthcare, under the medical value chain concept, we will further expand trade in domestic and overseas markets.

The Growth Strategies of the Machinery Company



CSR at the Machinery Company

Contributing to the prosperity of local communities and the international society through environment-friendly businesses

We strive to develop and expand sales related to environment-friendly businesses and products that help reduce environmental impacts. We will also endeavor to further the realization of a society that is in harmony with the environment and contribute to the prosperity of local communities and the international society.

ACTION 04

CSR Action Plans: Key points of our fiscal 2013 action plans

In this fiscal year, continuing to conduct management in consideration of environmental and CSR issues, we will aggressively work on businesses related to renewable energies including biomass, geothermal, and wind power, as well as those related to water, placing a specific focus on desalination plants.

For the details of CSR activities at the Machinery Company, please visit our website. http://www.itochu.co.jp/en/csr/activities/machinery/

ACTION Initiatives to Implement Our Growth Strategies

01 Coal-fired IPP Project in Indonesia

PT. BHIMASENA POWER INDONESIA, a company in which we made a joint investment with Electric Power Development Co., Ltd., and PT ADARO POWER, of Indonesia, executed a long-term power purchase agreement (PPA) with Indonesia's state-owned electricity company, PLN. The PPA includes the construction of a coal-fired power plant with a total capacity of 2,000 MW in the province of Central Java and a 25-year supply of electricity to PLN. This will be the first power plant in Indonesia to use ultra-supercritical technology and will serve as a model of environment-friendly, high-efficiency power generation. One noteworthy aspect of this project is that it is the first public-private partnership (PPP) advanced by the Indonesian government. We have positioned the IPP business as a priority area, and aggressively implement IPP initiatives in Asia, Europe, and the Middle East in addition to North America.


Signing of the Sponsor's Agreement

02 PFI Waste Management Project in the United Kingdom

Together with SITA UK Limited, a subsidiary of SUEZ ENVIRONNEMENT of France, and Lend Lease Infrastructure Holdings (EMEA) Limited, ITOCHU signed a PFI waste management contract with the South Tyne and Wear Waste Management Partnership in the United Kingdom. This is the first PFI contract signed by a Japanese company in the waste management sector in the U.K.

This project will incinerate 190,000 tonnes of residual waste each year for 25 years, and the waste heat will be used to generate electricity. In this way, the project will generate clean electricity without using fossil fuels. In addition, the project will make it possible to reduce greenhouse gas emissions by approximately 62,000 tonnes of CO_2 equivalent per year, by reducing emissions of methane gas, which has a strong global warming effect, from landfill waste.


Image of completed waste incineration facility

03 İzmit Bay Bridge in Turkey

Together with IHI Infrastructure Systems Co., Ltd. (IIS), ITOCHU signed an EPC contract for İzmit Bay Bridge with Gebze-İzmir Otoyolu İnşaatı (NÖMAYG) Adi Ortaklığı, a consortium consisting of six companies, including a leading Turkish general contractor. We have been cooperating on the process leading up to the signing of the contract and will support IIS in the contract implementation. Preparations for the construction work, including detailed engineering, will be commenced, and the bridge is slated for completion in 2015. As a measure for promoting deployment of integrated infrastructure systems overseas based on Japan's New Growth Strategy, this project is the successful result of joint efforts of the government and the private sector, which enabled us to win the international competition for the contract.


Image of İzmit Bay Bridge

Contributing to Society and the Environment through Our Businesses

04 World's Largest Wind Farm Goes into Operation

The Shepherds Flat Wind Project (845 megawatt), in which we participate through U.S. subsidiary Tyr Energy, began commercial operation in stages from February 2012.

Once completed in 2012, the project will generate enough energy to supply more than 235,000 average U.S. homes, and will achieve a reduction of about 1.5 million tons of carbon dioxide per year, equivalent to the annual amount of carbon dioxide from approximately 200,000 passenger vehicles.

This project is the second project implemented under the memorandum on business collaboration concerning co-investment in renewable energy worldwide, concluded between ITOCHU and General Electric Company.


Shepherds Flat power plant

Metals & Minerals Company

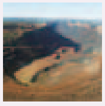
We contribute to the growth of the global economy through the stable supply of mineral resources and of steel and non-ferrous metal products to Japan and other countries.

President, Metals & Minerals Company

Ichiro Nakamura

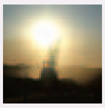
Business Areas

Metals & Mineral Resources Division



This division operates a supply chain for metals and mineral resources that consists of operations of large-scale iron ore and alumina projects; the development of metal resources, such as base metals and rare metals; and trading in iron ore and non-ferrous metal products.

Coal, Nuclear & Solar Division

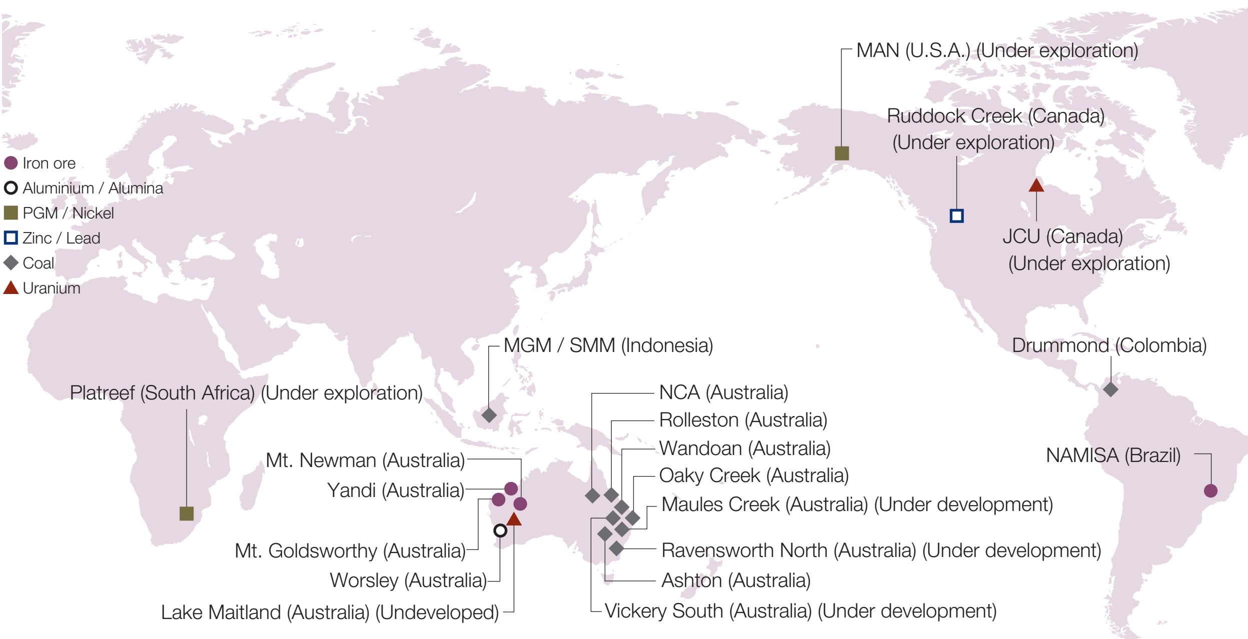


This division handles coking coal for steel mills, and fuels for power utilities, such as thermal coal, uranium, and biomass. It is also involved in the trading of greenhouse gas emission credits, and the photovoltaic power generation / solar thermal power generation businesses.

Steel Business Coordination Department

This department manages and supervises all operations related to Marubeni-Itochu Steel Inc., a steel trading company. The department is working to develop synergies with Marubeni-Itochu Steel by leveraging the steel trading company's strong distribution network, which has more than 100 affiliates in Japan and overseas.

Business Portfolio

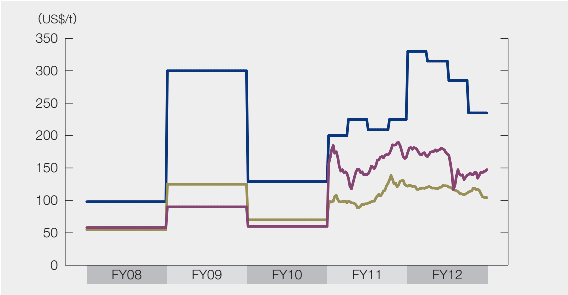


Business Environment

In fiscal 2012, prices of metals and mineral resources were initially at high levels, but due to the European debt crisis, economic slowdowns in China and other emerging countries, etc., prices declined substantially from late in the first half to the end of the fiscal year.

Demand for metals and mineral resources will continue to expand, especially in emerging countries. On the other hand, future commodity prices are expected to be influenced by economic trends in China and in Europe, as well as by changes in the demand–supply balance accompanying progress in new development and expansion plans by suppliers.

Iron Ore / Coal Price



— Iron ore (fines) — Thermal coal — Hard coking coal

*1 Source: Bloomberg, ITOCHU disclosure documents

*2 From fiscal 2008 to fiscal 2010, benchmark prices for Japanese market

*3 From fiscal 2011, iron ore: spot prices (62% Fe, CFR China); thermal coal: Australia FOB spot prices; hard coking coal: prices that ITOCHU considers to be general transaction prices based on market information

Overview of Fiscal 2012

Business Results

Billions of Yen

	08	09	10	11	12
Gross trading profit	¥50.0	¥110.7	¥55.0	¥124.6	**¥122.6**
Equity in earnings of associated companies	22.5	20.2	9.2	29.4	**44.3**
Net income attributable to ITOCHU	55.9	83.8	42.9	111.0	**142.1**

Years ended March 31

In fiscal 2012, gross trading profit declined by 1.6%, to ¥122.6 billion. However, net income attributable to ITOCHU rose by 27.9%, to ¥142.1 billion, because the production volume and sales price of iron ore both increased. In addition, we recorded gain associated with the acquisition of control of Brazil Japan Iron Ore Corporation (gain on bargain purchase and remeasurement of previously held equity interests at fair value), as well as gain on sales of investments.

We continued to secure stable supplies of natural resources, and to build and strengthen the value chain, by investing aggressively in the expansion of existing interests as well as in new projects, and enhancing cooperation between development and trade.

In the coal business, we acquired equity interests in mining operations and related infrastructure in Colombia. In our iron ore operations in Western Australia, we approved pre-commitment funding for the purpose of expanding port capacity to accommodate increasing demand over the medium to long term. Also, to meet demand for a diverse range of non-ferrous metals, we acquired additional shares in a development company that is promoting the exploration and development of platinum group metals (PGMs) and nickel in South Africa. In addition, we established a new company—ITOCHU Mineral Resources Development Corporation—to take on exploration and development projects in the metals and mineral resources area.

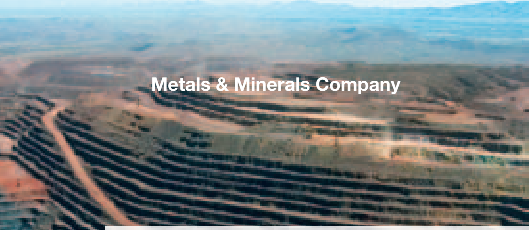
Message from the Division Company President

Through synergies between equity interests and trade, we will strive to continue to make a strong contribution to ITOCHU's companywide earnings.

In fiscal 2012, to increase highly profitable equity interests, we conducted aggressive investment, centered on iron ore, coal, and rare metals. We also increased our earnings through synergies between equity interests and trade, and as a result we were able to continue to make a strong contribution to ITOCHU's companywide earnings in fiscal 2012. From fiscal 2013, we have made a new start as the Metals & Minerals Company.

There are concerns about the outlook of business environment in the metals and mineral resources business, such as peaking-out in commodity prices and a global economic slowdown. However, with support from continued strong economic growth in emerging countries, demand for metals and mineral resources is expected to remain firm. To contribute to Japan's stable procurement of metals and mineral resources, we will take a long-term perspective and continue striving to advance superior metal and mineral resource development projects and trade in all regions of the world.

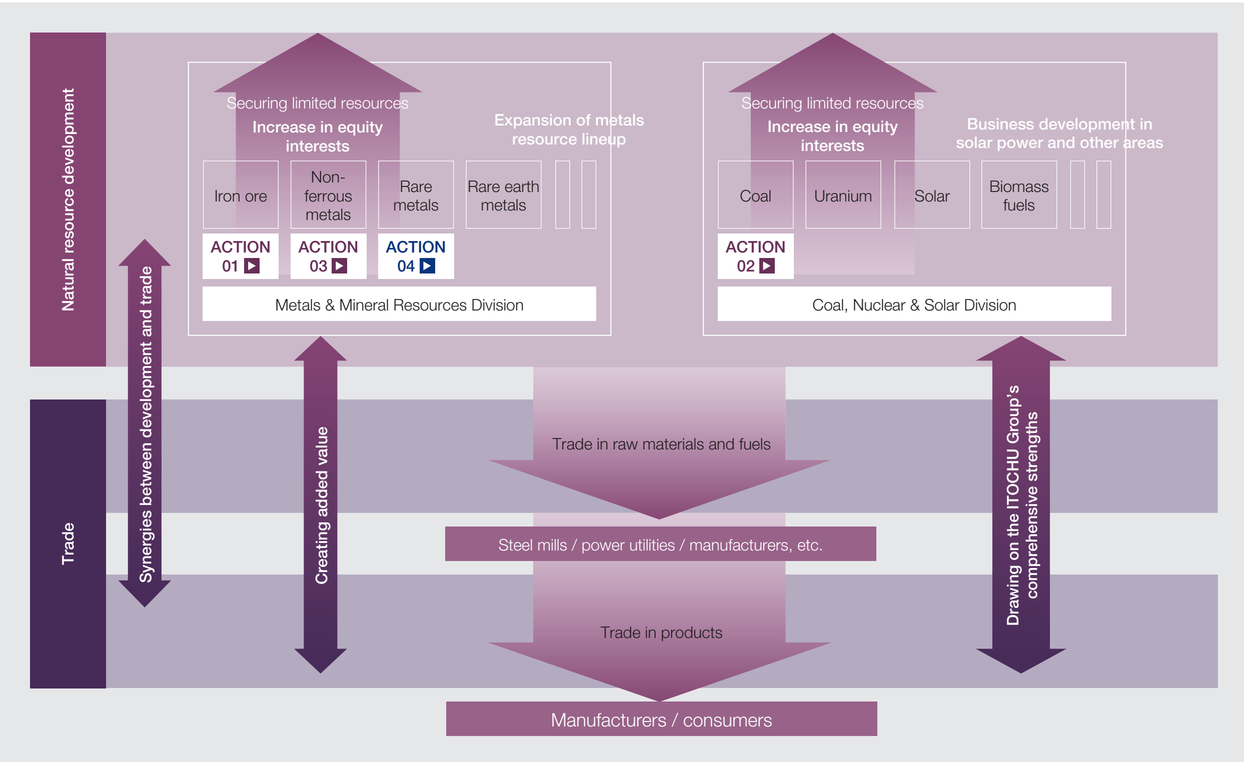
Making full use of the distinctive capabilities of a general trading company, the Metals & Minerals Company will target the achievement of results that are highly evaluated on both the supply and consumption sides.



STRATEGY The Growth Strategies of the Metals & Minerals Company

Demand for natural resources continues to grow in China and other emerging countries. In this environment, the Metals & Minerals Company is working to expand its equity interests in order to secure stable supplies of metals and mineral resources. In addition, we are working to build a value chain that starts from equity interests and to create added value in the trade business by leveraging the ITOCHU Group's comprehensive strengths. Furthermore, we are working to secure non-ferrous metals, rare metals, rare earth metals, and other natural resources that have become increasingly difficult to procure in recent years. In response to growing international concern with environmental problems, we are also actively involved in such areas as solar power; biomass fuels-related business; and the trading of greenhouse gas emission credits.

The Growth Strategies of the Metals & Minerals Company



CSR at the Metals & Minerals Company

Promoting CSR through the development and stable supply of mineral resources

We promote CSR throughout the entire ITOCHU Group, while pursuing the following missions:

(1) the development and stable supply of mineral resources

(2) initiatives for solar- and recycling-related businesses that are ecological to the earth

ACTION 04

CSR Action Plans: Key points of our fiscal 2013 action plans

As a global company, we will promote environmental management and businesses that are environmentally friendly both domestically and at overseas Group companies. We will also continue to promote CSR education and training.

For the details of CSR activities at the Metals & Minerals Company, please visit our website. http://www.itochu.co.jp/en/csr/activities/metal/

ACTION Initiatives to Implement Our Growth Strategies

01 Initiatives to Expand Supply Capacity of Western Australia Iron Ore Operations

Through ITOCHU Minerals & Energy of Australia Pty Ltd, we have approved pre-commitment funding for the purpose of expanding the port capacity of Western Australia iron ore operations, which are run as joint ventures with BHP Billiton (Australia & U.K.), a leading mining company. This approval covers pre-commitment funding for a plan to increase the installed port capacity by 100 million tons per year, through the construction of outer harbour shipment facilities at Port Hedland and landside infrastructure, including stockyards and a rail spur. Start-up is expected in the first half of calendar year 2016.

Port Hedland, an iron ore loading port in Western Australia

02 Investment in Drummond Company Colombian Mines

Through ITOCHU Coal Americas Inc., we acquired a 20% equity interest in the Colombian mining operations and related infrastructure owned by Drummond Company, Inc. and Drummond affiliated companies. In addition, ITOCHU obtained the exclusive rights to market this coal in Japan. Coal production at these mines was commenced in 1995, and all production is exported as thermal coal. These reserves have high calorific value, low sulfur, and low ash. There are abundant reserves, with proven and probable reserves of approximately 1.9 billion tons, and currently production is approximately 30 million tons per annum. Plans call for production to be increased to 35 million tons in 2015.

Large-scale open cut mining at Drummond coal mine in Colombia

03 Ruddock Creek Zinc / Lead Joint Exploration Project in Canada

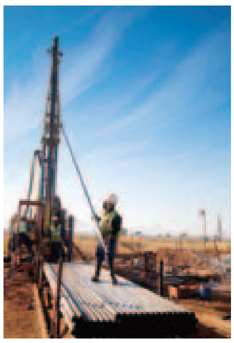
Since 2010, Mitsui Mining and Smelting Co., Ltd., and ITOCHU have been participating in the Ruddock Creek zinc / lead joint exploration project in Canada. Successful 2010–2011 drill results have resulted in an increase of 162%, or more than 6 million tonnes, of mineral resource. Both Mitsui and ITOCHU have elected to continue exploration to further increase the mineral resource and plan to conduct initial studies with the intention to develop and operate the project. In addition, Mitsui and ITOCHU acquired an additional 15% interest in the Ruddock Creek property from Imperial Metals Corporation by spending an additional CAN$6 million.

Surface boring operations

Contributing to Society and the Environment through Our Businesses

04 PGMs Exploration and Development Project in South Africa

From Ivanhoe Nickel & Platinum Ltd., ITOCHU acquired additional shares in a development company that is promoting the exploration and development of PGMs and nickel of the Platreef Project. As a result, ITOCHU has acquired an aggregated interest of 8% in this project. Close to 50% of the demand for PGMs comes from their use as catalysts to clean exhaust gas from automobiles. Since PGMs are indispensable to maintain and reinforce the competitiveness of key Japanese industries, PGMs have been designated as one of the most important metal categories in the natural resource acquisition policy of the Japanese government. Through this project, we will help to secure PGM resources for Japan and increase our equity interests.



Exploratory boring operations

Energy & Chemicals Company

We will create new value through our value chain in the areas of petroleum, gas, and chemicals.

President, Energy & Chemicals Company

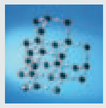
Yuji Fukuda

Business Areas

Energy Division

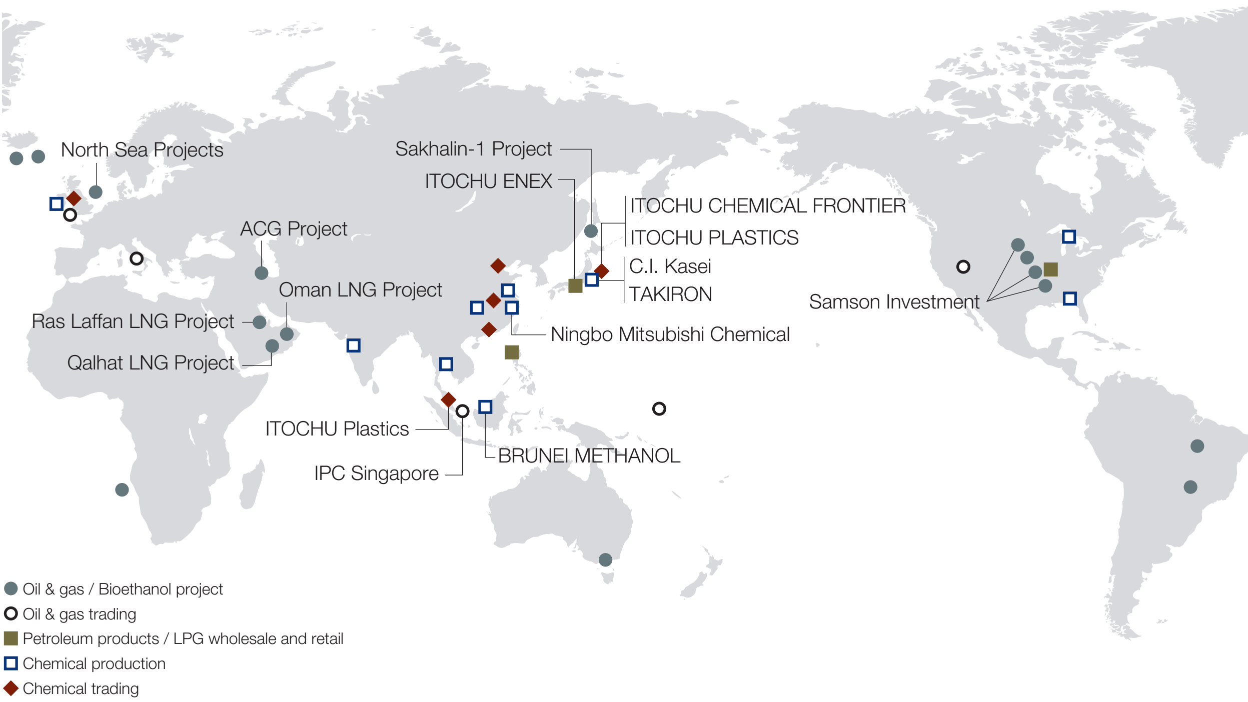
In addition to global trade in a wide range of products, such as crude oil, petroleum products, and LPG, the division participates in oil and natural gas development projects in such locations as North America, Azerbaijan, Sakhalin, and the U.K. North Sea. The division also participates in the planning of LNG projects in Qatar and Oman and makes use of ITOCHU's capabilities as a trading company to actively conduct LNG trading. In Japan, the division's operations are centered on ITOCHU ENEX CO., LTD., one of the largest petroleum wholesalers affiliated with a general trading company.

Chemicals Division



The division conducts trade in a wide range of products, such as basic chemicals, plastics, electronic materials, and pharmaceutical raw materials. In addition to trading, the division is investing in businesses to build a multifaceted portfolio that extends from upstream to downstream. Consequently, the division includes a large number of major Group companies, such as ITOCHU CHEMICAL FRONTIER Corporation, ITOCHU PLASTICS INC., and C.I. Kasei Co., Ltd. The division is also strengthening initiatives for synthetic fiber intermediates manufacturing in China and methanol production in Brunei Darussalam.

Business Portfolio



Business Environment

There are indications of economic slowdown in Europe and China, but business conditions in Japan and the United States are following a course of recovery. Since the beginning of the year, stock prices and other economic indicators have gradually improved. Consequently, crude oil prices are expected to be firm in fiscal 2013. The situation in Iran, which remains difficult to forecast, could also provide underpinning for crude oil prices. Over the medium to long term, the BRICS and other emerging economies are expected to continue to record stable growth, and demand for crude oil and petroleum products is forecast to remain solid. Therefore, crude oil prices should be firm.

Crude Oil Price (Brent)

Overview of Fiscal 2012

In fiscal 2012, oil & gas prices rose and market conditions for chemicals recovered. As a result, gross trading profit was up 2.9%, to ¥155.6 billion. Due to the absence of impairment losses on oil & gas assets in the previous fiscal year and to higher profit from chemicals-related operations, net income attributable to ITOCHU rose by 198.9%, to ¥37.8 billion.

The Energy & Chemicals Company worked to acquire superior assets to support future profitability. In addition, we took steps to improve asset efficiency, such as withdrawing from inefficient businesses.

In the energy area, we worked to increase earnings through synergies between equity interests and trade. In addition, in the area of unconventional energy, which has high growth potential, we took steps to expand trade, such as a strategic investment in Samson, a U.S. oil and gas exploration and production company.

In the chemicals area, we worked to promote restructuring by applying the principles of selection and concentration to our business areas. We also invested aggressively in lithium-ion battery-related materials, a key focus area, thereby strengthening our foundation in growth areas.

Business Results Billions of Yen

	08	09	10	11	**12**
Gross trading profit	¥125.8	¥159.9	¥146.4	¥151.1	**¥155.6**
Equity in earnings of associated companies	2.7	2.2	2.0	1.7	**2.4**
Net income attributable to ITOCHU	61.2	37.9	37.3	12.6	**37.8**

Years ended March 31

Message from the Division Company President

We will strive to accumulate superior assets and generate synergies among our two divisions.

In the first year of "*Brand-new Deal 2012,*" we took steps to support future profitability. In energy, we invested in Samson, of the United States, and in chemicals, we established a joint venture to manufacture and sell lithium-ion battery materials. We also exited inefficient assets. In these ways, we established a system to drive resolute progress in the final year of "*Brand-new Deal 2012*."

In fiscal 2013, we made a new start as the Energy & Chemicals Company, and moving forward we will work to expand earnings through the continued accumulation of superior assets in both the energy and chemicals areas. In addition, targeting the creation of new value by drawing on our extensive value chain, we will work to be a Division Company with smooth interaction between our two divisions, such as synergies among natural resource development, oil trading, and upstream chemicals projects and synergies among LPG, naphtha, and chemicals trading.

STRATEGY The Growth Strategies of the Energy & Chemicals Company

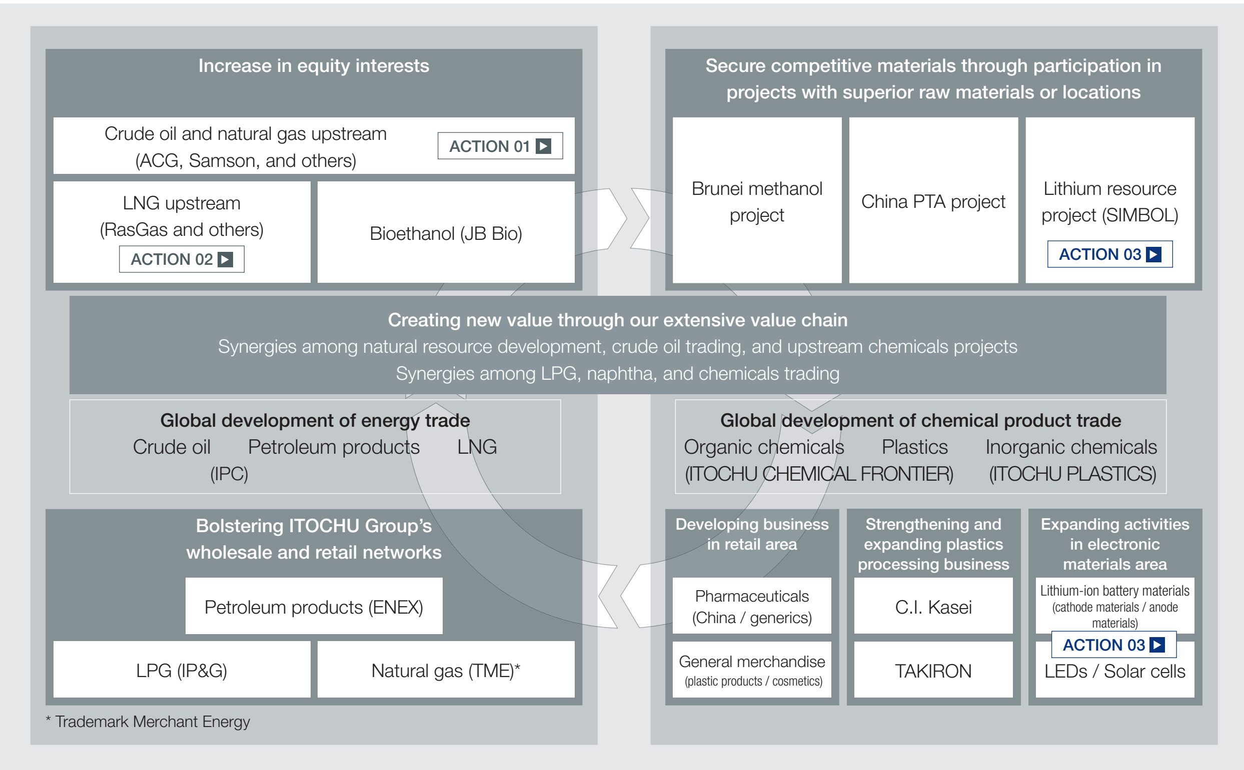
Energy Division

We will work to expand our equity interests in the oil and gas business and to bolster our trading system, centered on IPC, and our wholesale and retail networks, centered on ITOCHU ENEX CO., LTD. In this way, we will strive to reinforce the ITOCHU Group's supply chain. In addition, with concern about environmental problems increasing, we will also accelerate our initiatives in the area of bioethanol.

Chemicals Division

Based on worldwide trading operations in the areas of organic chemicals, plastics, and inorganic chemicals, the division will advance projects in upstream areas to secure competitive raw materials. In addition, in downstream areas the division will take steps to expand its business and bolster its supply chains, especially in the retail, plastics processing, and electronic materials areas.

The Growth Strategies of the Energy & Chemicals Company



CSR at the Energy & Chemicals Company

Promoting CSR through global environmental preservation and the stable supply of safe and high-quality products

Ensuring stable supply of safe and high-quality products and services with a high degree of consideration for the global environment, we will contribute to the realization of a sustainable society.

ACTION 03

CSR Action Plans: Key points of our fiscal 2013 action plans

The Group is pursuing the development of stable supplies of energy as well as of environmentally friendly businesses such as the lithium-ion battery supply business. We will also continue to provide education and training on laws, regulations, and safety measures regarding energy and chemical products.

For the details of CSR activities at the Energy & Chemicals Company, please visit our website. http://www.itochu.co.jp/en/csr/activities/chemical/

ACTION Initiatives to Implement Our Growth Strategies

01 Acquisition of Samson Investment Company, a U.S. Oil and Gas Exploration and Production Company

ITOCHU and Kohlberg Kravis Roberts & Co. L.P. jointly acquired 100% share of Samson Investment Company, a major U.S. oil and gas exploration and production company. As a result, ITOCHU owns 25% of Samson. In terms of domestic production volume, Samson is one of the largest private oil and gas exploration and production companies in the United States, and Samson's technical capabilities are highly evaluated in the industry. In recent years, Samson acquired unconventional resource assets with competitive costs and has built a balanced portfolio of oil and gas assets. Plans call for production to be expanded through the development of these assets. For ITOCHU, this investment is a key step in achieving its target for equity interests in the oil and gas business of more than 70,000 barrels per day by 2015. It will also allow ITOCHU to diversify its oil and gas investment activities to unconventional projects and grow its natural gas / LNG trading activities.


Oil and gas development in North America

02 Implementation of Vladivostok LNG Joint Study

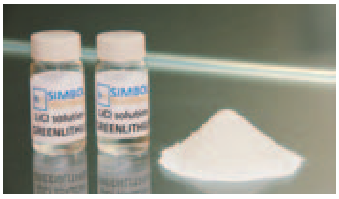
Japan Far East Gas Co., Ltd., which was established by ITOCHU Corporation, Japan Petroleum Exploration Co., Ltd., Marubeni Corporation, INPEX Corporation, and ITOCHU Oil Exploration Co., Ltd., implemented a joint study with Gazprom, Russia's state-owned gas company. The Joint Study is on the construction of a liquefied natural gas (LNG) plant with production capacity of 10 million tons per year, the compressed natural gas (CNG) pilot project, and the gas-chemical complex project in the Vladivostok area. The realization of these future potential projects is considered to be very important for Russia–Japan relations, as well as for stable LNG supply not only to Japan but also to the Far East and other Asian countries, and will contribute to the diversification of Russia's gas (LNG) export sources.


Signing ceremony at Gazprom's headquarters in Moscow

Contributing to Society and the Environment through Our Businesses

03 Initiatives in Lithium-ion Battery-related Business

Through Simbol Materials, a U.S. company in which ITOCHU invested in June 2010, ITOCHU participated in the production of high-purity lithium carbonate for lithium-ion batteries (LiB). High-purity lithium carbonate is used as a raw material for electrolyte salts ($LiPF_6$) used in electrolyte solution, one of the main components for LiB. It is used in LiB for electric cars, for which demand is expected to grow rapidly in the near future, as well as in stationary rechargeable batteries and in clean energy. Also, together with KUREHA Corporation and KURARAY Co., Ltd., we are involved in the joint development and commercialization of hard carbon for LiB anode material including "Biocarbotron," a new hard carbon material derived from plants.



Product image (Lithium compound)


Press conference

Food Company

We will accelerate the implementation of the global SIS (Strategic Integrated System (vertical integration from upstream area to downstream area)) strategy and aim to be the leading food company in Japan, China, and Asia.

President, Food Company
Yoshihisa Aoki

Business Areas

Provisions Division

This division secures raw material procurement locations, which play a key role of the global SIS strategy. In addition, the division provides a wide range of raw materials, such as grains, fats and oils, sugar, and coffee beans, principally to Japan and other Asian countries. The division will strive to make a significant contribution to the establishment of a global value chain through the provision of stable supplies and food safety and security for markets.

Fresh Food & Food Business Solutions Division

Centered on the three main fresh food products (marine products, livestock products, and agricultural products), this division is building integrated operations on a global scale, from production regions—product processing—sales. The division covers the markets for food service, ready-to-eat, and eating at home. The needs in those markets are the starting point for our worldwide product development and supply activities.

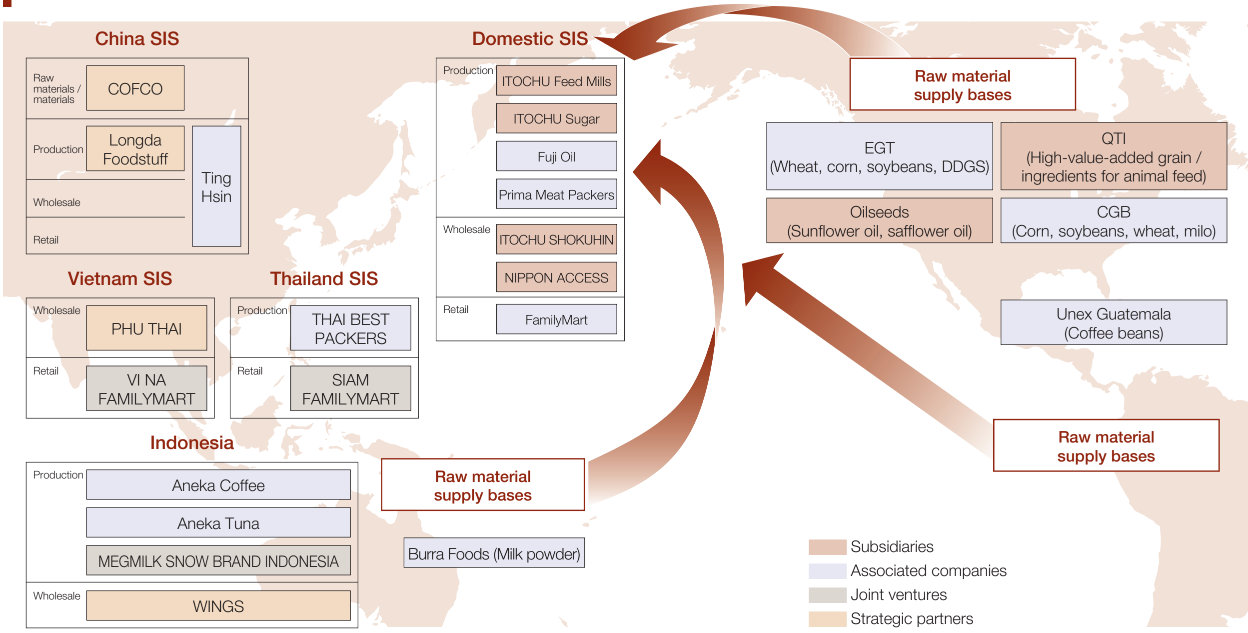
Food Products Marketing & Distribution Division

The division includes leading domestic comprehensive food distributors ITOCHU SHOKUHIN Co., Ltd. and NIPPON ACCESS, INC. Through alliances with FamilyMart Co., Ltd., UNY Co., Ltd., and IZUMIYA Co., Ltd., the division conducts product development and works to build efficient food distribution networks, with customer needs as the starting point. Moreover, the division is also promoting the food distribution business in China and Asia.

China Business Development Department

This Department is aggressively developing businesses in China, not only as a food supply base for Japan but also as the huge market. These businesses are centered on initiatives with China's leading corporate groups, such as the Ting Hsin Group, having the world's largest manufacturer of instant noodles; COFCO; and the Longda Foodstuff Group.

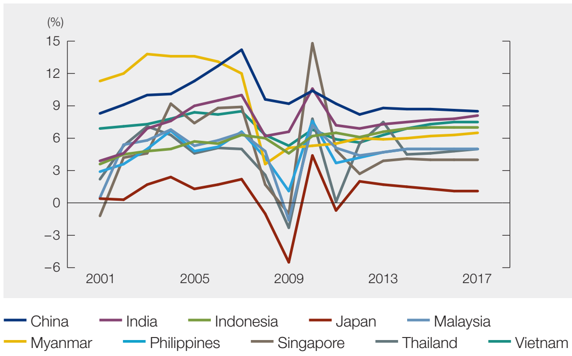
Business Portfolio



Business Environment

The Food Company has steadily expanded its earnings, centered on the domestic market. However, the domestic market is expected to contract gradually, because in Japan the trend toward declining birthrate and an aging population continues, and it will be difficult to halt the population decrease. On the other hand, in China, against a background of the European crisis, in the short term it is possible that the GDP growth rate could fall below forecasts if there is further slowing in exports to Europe. Nonetheless, over the medium to long term, China is expected to continue to post steady growth as the population increases. The importance of China as a new market, together with Southeast Asia, will continue to increase.

GDP Growth Rates



Source: International Monetary Fund, World Economic Outlook Database, April 2012

Overview of Fiscal 2012

In fiscal 2012, some businesses recorded lower profits due to the influence of the Great East Japan Earthquake, but the food products marketing and distribution area recorded higher profits due to the domestic consumption trend toward eating at home. As a result, gross trading profit was up 1.4%, to ¥274.7 billion. Net income attributable to ITOCHU was up 95.8%, to ¥43.8 billion, thanks to the absence of losses due to the earthquake in the previous fiscal year, as well as to non-recurring profits, such as income on insurance claims.

In the domestic market, with a focus on accelerating industry reorganization, we took steps to increase our competitiveness, such as the merger of key food material marketing subsidiaries and management rationalization initiatives at distribution and marketing subsidiaries. In addition, we promoted the lateral development of the domestic SIS strategy to other regions, and worked to reinforce our foundation in China and Asia, where consumer spending is increasing. In particular, in Asia we established a processed cheese manufacturing and marketing company in Indonesia. Also, working together with FamilyMart Co., Ltd., we established the first joint venture of a Japanese retail business in Vietnam, and made strategic preparations to accelerate the FamilyMart business in Vietnam.

Business Results

Billions of Yen

	08	09	10	11	**12**
Gross trading profit	¥324.7	¥335.6	¥270.0	¥270.8	**¥274.7**
Equity in earnings of associated companies	8.0	10.1	13.0	11.7	**20.1**
Net income attributable to ITOCHU	18.7	20.2	27.8	22.4	**43.8**

Years ended March 31

Message from the Division Company President

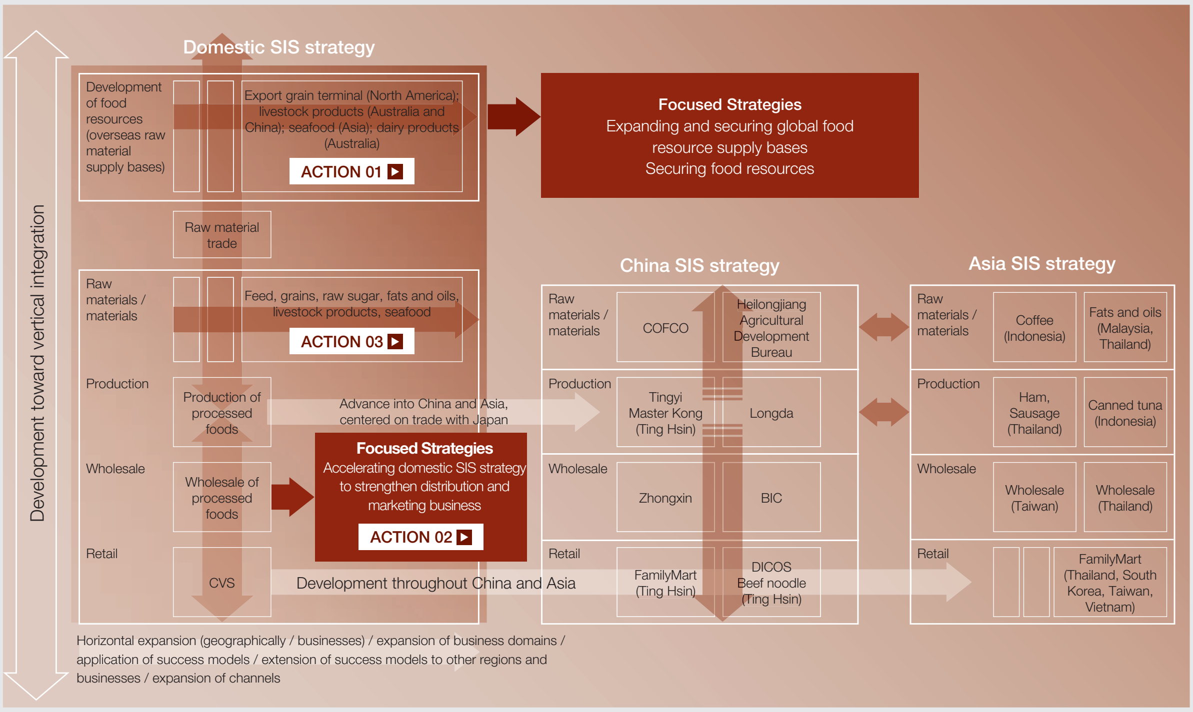
We will aim to further expand earnings by advancing the SIS strategy in Japan and overseas.

Fiscal 2012, the first year of "*Brand-new Deal 2012*," got off to a severe start with the Great East Japan Earthquake, which occurred on March 11, 2011. Despite this environment, in accordance with the Division Company management policy to "aim to be the leading food company in Japan, China, and Asia," we set high quantitative objectives, and all Group companies worked together to accelerate the improvement of our earnings structure. We also recorded non-recurring profits. As a result, we achieved net income attributable to ITOCHU of ¥43.8 billion, a new record-high for the Food Company. In fiscal 2013, we expect our environment to remain challenging. However, our key measures will continue to center on "securing supply bases for food resources," "advancing the global SIS strategy especially in China and Asia," and "responding to domestic structural reforms." While responding promptly to changes in our environment, we will continue working to build a framework for the stable supply of safe, secure food, and will strive to achieve net income attributable to ITOCHU of ¥43.0 billion.

STRATEGY The Growth Strategies of the Food Company

In the implementation of the domestic SIS strategy, we are further accelerating our initiatives, including capital and business alliances in the retail area and integration of Group companies in the distribution and marketing area. In addition to Japan, under "*Brand-new Deal 2012*," one of our key measures remains the same, the implementation of the global SIS strategy, focusing on China and Asia. In China, we have made TING HSIN (CAYMAN ISLANDS) HOLDING CORP. our affiliate and implemented initiatives centered on strategic partnerships with such companies as Longda Foodstuff Group Co., Ltd., and COFCO Limited. In this way, we are building a foundation for the SIS strategy. In Asia, we will further advance and develop the SIS strategy, centered on the continued cultivation of existing projects and the implementation of joint initiatives with strategic partners. In particular, in countries around the world we will step up our efforts to secure and expand bases for the supply of food resources, which will be an important element in the implementation of the global SIS strategy.

The Growth Strategies of the Food Company



CSR at the Food Company

Responding to the needs of consumers and society with consideration for the environment

We aim to conduct quality businesses that contribute to society by ensuring a stable supply of safe products, checking food safety based on multiple aspects, and contributing to environmental preservation. In this manner, we strive to earn the trust of our customers and local communities.

ACTION 04

CSR Action Plans: Key points of our fiscal 2013 action plans

We will continue advancing initiatives that meet a variety of social needs, such developing a procurement business to secure stable food resources, monitoring food safety by creating inspection systems and conducting supply chain management and internal audits, and promoting prepared food recycling to help protect the environment and reduce waste production.

For the details of CSR activities at the Food Company, please visit our website. http://www.itochu.co.jp/en/csr/activities/food/

ACTION Initiatives to Implement Our Growth Strategies

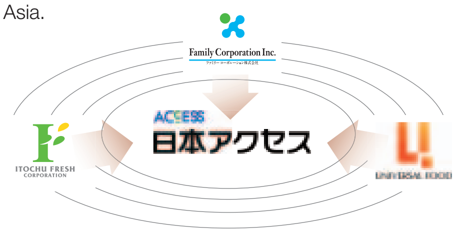
01 Expanding Handling and Logistics Capacity to Reinforce System for the Stable Supply of Grain

In February 2012, the state-of-the-art export grain terminal on the west coast of the United States started operations. In addition, CGB ENTERPRISES, INC. acquired two inland grain handling and logistics companies, Colusa Elevator in July 2011 and Twomey in October 2011. Through a dramatic increase in storage capacity, the combined grain handling and logistics capacity of EGT and CGB will exceed 20 million tons a year, the largest of any Japanese company and on a par with the world's grain majors. In this way, we have built a stable grain supply system for customers throughout the year. Moving forward, we will continue working to meet customer needs by implementing the SIS strategy in pursuit of efficiency in production, logistics, and sales.

Export Grain Terminal on the west coast of the United States

02 Merger of Four Food Distribution and Marketing Subsidiaries Completed

In October 2011, we completed the merger of ITOCHU's four food distribution and marketing subsidiaries with the merger of NIPPON ACCESS, INC. and ITOCHU Fresh Corporation Inc. Moving forward, we will provide "comprehensive merchandising for food products" through the provision of the three main fresh food products as well as processed food products in all temperature ranges, such as ambient, frozen, and chilled, and "low-cost high-quality logistics" through the centralization and aggregation of distribution to our customers including those in food services and canteens sectors. We will also accelerate the expansion of the food distribution and marketing business, especially in the growth markets of China and Asia.



Four ITOCHU food distribution and marketing subsidiaries

03 Merger of Food Material Marketing Subsidiaries

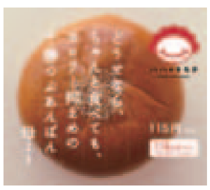
In October 2011, ITOCHU's two wholly owned subsidiaries—I-FOODS Co., Ltd. and ITOCHU Rice Corporation—were merged to form ITOCHU Food Sales and Marketing Co., Ltd. This merger was implemented to strengthen our domestic marketing business in food materials such as sweeteners, wheat, fats and oils, rice, confectionary ingredients, and beverage ingredients. The synergies produced by this merger are an increase in the number of products that can be provided to business partners as well as a sharing of information transmission systems, customer bases, and management resources. Through these synergies, an efficient system for providing a stable supply of services and safe foodstuffs that our business partners can be confident in has been established. By intensively committing ITOCHU's management resources in the business of domestic food material market to ITOCHU Food Sales and Marketing Co., Ltd., we will establish a system that better meets the needs of consumers and business partners nationwide, and will strive to achieve sales of ¥300 billion.

Website of ITOCHU Food Sales and Marketing Co., Ltd.

Contributing to Society and the Environment through Our Businesses

04 Karada Smile Project

The importance of health promotion is increasing in the current social environment, and consumers are increasingly concerned with health. In this setting, four companies—UNY Co., Ltd., Circle K Sunkus Co., Ltd., FamilyMart Co., Ltd., and ITOCHU Corporation—founded the Karada Smile Project in January 2008 with the aim of facilitating research into and the development of healthy products throughout the entire process of their production from the raw material stage. The first merchandise from Hahanokimochi, a new brand under the Karada Smile Project, was launched in June 2011. The brand concept comes from a mother's unceasing wish (*kimochi*) for the good eating habits of her whole family, including an appropriate nutritional balance and calories and a sufficient intake of tasty vegetables. Bread and yogurt products are currently available. Moving forward, we will select concepts based on consumer marketing, and provide products that actively promote health through daily eating habits and offer a high level of value for customers.



Product Image

ICT, General Products & Realty Company

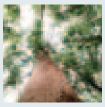
We will draw on our comprehensive capabilities and global network to provide high value added to a wide range of customers, in both industrial and consumer markets.

President, ICT, General Products & Realty Company

Tomofumi Yoshida

Business Areas

Forest Products & General Merchandise Division



The building products & materials business has a strong presence in Japan and the United States, while the pulp and paper business has leading market positions based on its global sales network and cost competitiveness. The natural rubber business in Southeast Asia is among the largest of any general trading company, and the tyre business has built a global sales network. In these ways, the division has established strong, highly competitive global value chains.

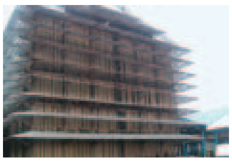
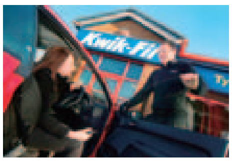
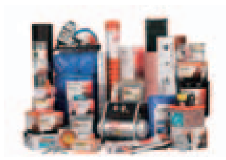
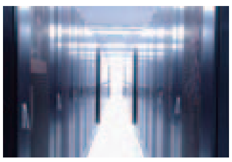
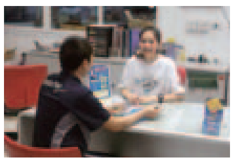
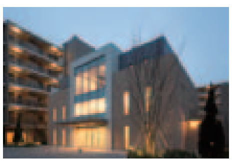
ICT, Insurance & Logistics Division

In ICT, the division is involved in IT and Internet-related services as well as mobile phone distribution and value-added after-sales services. In insurance and logistics, the division is taking steps to strengthen its businesses, centered on China and Asia, including reinsurance brokerage and international logistics. The division is also aggressively developing new businesses and pursuing synergies through cooperation among business areas.

Construction, Realty & Financial Business Division

In Japan, this division is active in the REIT-related business, centered on Advance Residence Investment Corporation (ADR), Japan's largest residential J-REIT; housing and logistics facility development; and financial services. In addition, the division is aggressively developing overseas business, especially in China and Asia. In the future, the division will advance new businesses through the integration of the finance and real estate development functions.

Business Portfolio

Forest Products & General Merchandise Division	 Pulp production (Brazil and Finland)	 Natural rubber processing business in Southeast Asia	 U.K. tyre distribution and retail business	 Building material business in North America
ICT, Insurance & Logistics Division	 IT solutions business	 Mobile phone distribution business	 Logistics business	 Insurance business
Construction, Realty & Financial Business Division	 Domestic condominium development business	 Overseas real estate development business	 Domestic commercial facilities development business	 Domestic / overseas financial services

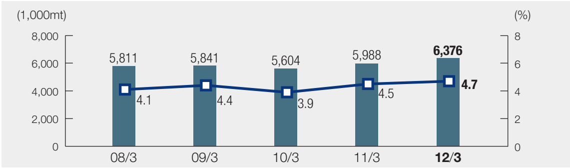
Business Environment

Although the volume of transactions in the natural rubber market declined temporarily after the Lehman shock, it has returned to an underlying growth trend due to higher demand, centered on emerging countries. In this environment, the market share of the ITOCHU Group has steadily increased, and we have built the largest share among general trading companies. (See graph above right)

In ICT, the penetration of smartphones grew at a rapid pace, and we benefited from the resulting pickup in mobile phone-related markets.

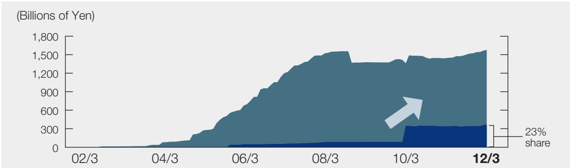
The real estate securitization market has recorded generally favorable expansion, and continued growth is expected in the future. The residential J-REIT market is also following a basic trend of growth. In this setting, the amount of real estate held by Advance Residence Investment Corporation (ADR) increased substantially as a result of merger in March 2010, and ADR continues to reinforce its presence as the largest residential J-REIT in Japan. (See graph below right)

Natural Rubber Volume of Transactions and ITOCHU's Share in Thailand and Indonesia



Natural rubber volume of transactions (left) ITOCHU's share (right)
Source: IRSG

Residential J-REIT and ADR Real Estate Holdings



Residential J-REIT ADR (Advance Residence Investment Corporation)
Source: Prepared by ITOCHU from materials from the Association for Real Estate Securitization and ADR

Overview of Fiscal 2012

In fiscal 2012, the U.K. tyre business was newly consolidated, and ICT-related businesses recorded higher profits. As a result, gross trading profit was up 17.4%, to ¥244.6 billion. Due to growth in earnings of existing businesses, and to special gains and losses such as the absence of the impairment losses on stocks and gain on sales of businesses, net income attributable to ITOCHU rose by 522.1%, to ¥37.6 billion.

We aggressively acquired superior assets in growth areas and regions and continued to implement asset replacement, thereby reinforcing our earnings structure.

In Forest Products & General Merchandise, we acquired the Kwik-Fit Group, the U.K.'s No.1 tyre retailer, and integrated the distribution and retail functions of Stapleton's and Kwik-Fit.

Business Results Billions of Yen

	08	09	10	11	**12**
Gross trading profit	¥240.0	¥235.3	¥204.0	¥208.3	**¥244.6**
Equity in earnings of associated companies	29.9	2.1	(7.9)	3.9	**17.4**
Net income attributable to ITOCHU	30.4	16.8	6.2	6.0	**37.6**

Years ended March 31

In this way, we substantially expanded our European tyre business. In ICT, Insurance & Logistics, we took strategic steps in growth markets, such as the logistics business in India and extended warranty services for household appliances in Japan. In Construction, Realty & Financial Business, we made progress in new businesses, such as the financial business with CITIC, a financial conglomerate owned by the Chinese government, and the logistics facility development business in Japan.

Message from the Division Company President

We will work to generate synergies among our areas of business.

From April 2012, we have made a new start as the ICT, General Products & Realty Company. We cover a wide range of business areas, such as Forest Products & General Merchandise, ICT, Insurance & Logistics, and Construction, Realty & Financial Business.

In fiscal 2012, the first year of "*Brand-new Deal 2012*," we commenced a number of new projects, including the acquisition of the Kwik-Fit Group, the U.K.'s No.1 tyre retailer; and a comprehensive strategic alliance with major Chinese government-run conglomerate CITIC Group.

On the other hand, we also steadily strengthened existing businesses, such as the warehouse development business in Japan and the logistics business in China.

In fiscal 2013, we will expand our earnings platform by strengthening overseas businesses. In May 2012, we solidified our position as a leading global pulp trader with the acquisition of shares in the Northern Europe-based pulp producer METSA FIBRE Oy.

Moving forward, we will work to expand our earnings by aggressively developing investment projects and leveraging our comprehensive capabilities through synergies among our wide range of business areas.

STRATEGY The Growth Strategies of the ICT, General Products & Realty Company

In Forest Products & General Merchandise, our basic strategy is "niche, low-tech, and dominant." We will strengthen its solid global value chain, from raw material production to sales, in such areas as building products & materials, pulp and paper, natural rubber, and tyres. In ICT, Insurance & Logistics, we will build an overseas earnings platform, centered on China and Asia, through such businesses as IT services, mobile phone distribution, green technology, insurance brokerage, and logistics services. We will also pursue synergies through cooperation among various areas of business. In Construction, Realty & Financial Business, we will work to expand earnings by drawing on ITOCHU's global network in residential and logistics facility development, real estate securitization, and financial services in Japan as well as overseas business development through partnerships with leading local companies. Moving forward, the ICT, General Products & Realty Company will draw on its comprehensive capabilities to provide services and value added to customers, thereby securing further business opportunities and pursuing synergies.

The Growth Strategies of the ICT, General Products & Realty Company

Forest Products & General Merchandise
- Niche, low-tech, dominant
- Global value chain

Logs and lumber, Building products & materials
PrimeSource, ITOCHU Kenzai, CIPA Lumber, Pacific Woodtech

Pulp and paper, Wood chips
CENIBRA, METSA FIBRE, ITOCHU Pulp & Paper

Natural rubber, Tyres ACTION 01
ANEKA BUMI PRATAMA, European Tyre Enterprise (Stapleton's + Kwik-Fit), ITOCHU Ceratech

ICT, Insurance & Logistics
- Building overseas earnings platform
- Pursuing synergies

IT Solutions, Mobile phone distribution, Green technology
ITOCHU Techno-Solutions, ITC NETWORKS, Excite Japan ACTION 02

Insurance brokerage and Reinsurance
ITOCHU Orico Insurance Services, COSMOS SERVICES (Hong Kong), eGuarantee

Domestic/overseas logistics, Maritime shipping
ITOCHU LOGISTICS, ITOCHU LOGISTICS (CHINA), TINGTONG

Leveraging comprehensive capabilities to provide services and value added to customers and to pursue synergies throughout the ICT, General Products & Realty Company

Construction, Realty & Financial Business
- Global network
- Partnership

Real estate development, Condominiums, Housing, and Securitization ACTION 03
ITOCHU Property Development, Advance Residence Investment Corporation, CENTURY 21 Japan

Consumer / Corporate financial services
United Asia Finance, CITIC International Assets Management, Orient Corporation

CSR at the ICT, General Products & Realty Company

Raising environmental awareness and contributing to the development of prosperous communities and societies

Through the provision of environmentally friendly products and services as well as products and solutions that help realize more prosperous societies by responding to regional and social needs, we will contribute to advancing the development of regional communities and the international society as a whole while also supporting safe and affluent lifestyles. ACTION 04

CSR Action Plans: Key points of our fiscal 2013 action plans

As part of our environmentally friendly business efforts, we will trade internationally certified forest products and promote the development of solar power generation systems and other highly functional, environmentally friendly housing and social infrastructure. At the same time, we will step up our supply chain management efforts. In addition, we will utilize information technologies to develop creative energy management solutions businesses, smart infrastructure businesses, retail finance businesses in Asia and Europe, and other businesses that contribute to the realization of prosperous societies by addressing social needs.

For the details of CSR activities at the ICT, General Products & Realty Company, please visit our website. http://www.itochu.co.jp/en/csr/activities/general/

ACTION Initiatives to Implement Our Growth Strategies

01 Tyre Business

In tyre business, our basic strategy is to expand our distribution and retail business in Europe, Russia, and the United States. Centered on Stapleton's and Kwik-Fit, we have expanded our distribution and retail business in the United Kingdom, a key strategic market.

In Russia, we strengthened and expanded the logistics and storage functions of LLC ITR, a leading tyre distributor, which continued to record a substantial year-on-year increase in transaction volume in fiscal 2012. In addition, commercial production commenced at a new plant operated by YOKOHAMA R.P.Z. L.L.C., a joint venture in Russia with the Yokohama Rubber Co., Ltd.

Moving forward, the tyre business will continue to play an important role in the Forest Products & General Merchandise Division, and accordingly we will take steps to strengthen our global sales network.

Exterior view of YOKOHAMA R.P.Z. factory

02 Mobile Phone-Related Business

Since we opened the first NTT DOCOMO Shop in Hachioji, Tokyo, in the beginning of the 1990s, we, as a major sales agent for DOCOMO products, have expanded our mobile phone distribution business. Currently, we are working to further expand this business, with ITC NETWORKS CORPORATION positioned as the core company.

In addition to mobile phone distribution / sales, we also provide value-added after-sales services that increase the satisfaction of existing subscribers. In June 2006, we commenced the mobile phone protection & delivery business through our associate Asurion Japan K.K. In August 2011, we invested in NEW Japan K.K. and started extended warranty services for a wide range of products such as household appliances.

Moving forward, we will continue to strengthen and expand our value chain in this area, from the distribution of mobile phones to the provision of value-added after-sales services.

Headquarters of U.S. N.E.W. Customer Services, Inc.

03 Real Estate Development-related Business in China

"Global network" and "Partnership" are the keywords in the Construction, Realty & Financial Business Division, which strives to fully utilize the advantages of a general trading company.

In accordance with these keywords, in the domestic market, we are advancing real estate and financial business, such as housing, logistics facility developments, and corporate and consumer financial services. In addition, with local partners in cooperation, we are promoting businesses abroad.

In September 2011, we opened the SHANJING OUTLET PLAZA•NINGBO on a site of about 12 hectares. This project was undertaken as a cooperative venture with our Chinese partner, Shanshan Group, and other companies.

The Construction, Realty & Financial Business Division has been working to strengthen its earning power by linking the various needs that arise throughout the global network of a general trading company, and providing products and services that meet those needs.

SHANJING OUTLET PLAZA • NINGBO

Contributing to Society and the Environment through Our Businesses

04 Development of Energy and Smart IT Infrastructure Business Utilizing IT

Under the brand ecoFORTE, ITOCHU is developing energy and smart infrastructure business utilizing IT. Drawing on IT, we are providing integrated solutions for measurement and control of energy consumption in air conditioning and lighting equipment. For example, we are participating in the Akita City Smart City Integrated Information Management Platform Project in "Akita Smart City Project."

We are also providing management and control solutions for outdoor street lighting. Under the Ministry of the Environment's "2011 Challenge 25 Regional Development Project," we introduced these solutions in Tsukuba City in cooperation with Iwasaki Electric Co., Ltd., and Panasonic Corporation. Moving forward, we will continue to implement initiatives in the area of energy and smart IT infrastructure utilizing IT.

ecoFORTE Logo

Overseas Operations

Comments from Overseas Regional Headquarters

North America

Eiichi Yonekura

President & CEO,
ITOCHU International Inc.

In addition to its massive economic scale and great growth potential, North America is also a center of technological advancement, not only in IT but in other areas, as seen in the recent shale gas revolution. It also occupies a preeminent position as a food producer. By strengthening collaboration between business segments and leveraging the collective expertise of our affiliates to accumulate superior assets, we are committed to raising our earnings structure to the next level as a flagship of the ITOCHU Group.

Latin America

Masaki Hayashi

C.E.O. for Latin America

Latin America is steadily gaining importance as a supplier of natural resources and food. Domestic demand in this region is growing at a startling pace as well. We are developing businesses related to mineral resources, forestry, bio-ethanol, and agricultural products. In addition, we are venturing into trading and investments in domestic demand-related areas, including automobiles, social infrastructure, chemicals, and medical equipment. Through such bold endeavors, we aim to further boost earnings.

Europe

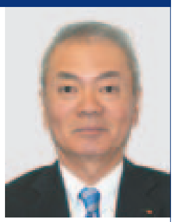
Takeshi Kumekawa

Chief Executive for
European Operation

While recovery was seen in certain areas of Europe, the fiscal crisis in southern Europe persisted. Thus, the regional economy is expected to remain in a state of disorder.

However, we see this situation as an opportunity, and we are thus targeting growth in a prudent yet bold manner. In particular, we will focus on developing existing projects as well as making new investments mainly in consumer-related business areas, as well as machinery-related business areas such as IPP (independent power producer), water, and environment-related projects.

Africa



Tomoyuki Akamatsu

Chief Executive for Africa

Let us look into the African continent by utilizing the numbers 10 and 3.6. In 2012, 10 African countries are expected to be among the top 20 countries in terms of economic growth rate*[1]. Furthermore, in 2100, the total population of the African continent is forecasted to reach 3.6 billion*[2]. In this promising African market, which is seeing an expansion in both domestic demand-related businesses and major natural resource-related investment projects, we are striving to establish a strong earnings platform.

Middle East

Hiroyuki Tsubai

CEO for the Middle East

In the Middle East, a number of powerful rulers have left their positions, and in 2012 we are entering the second stage of Arab Spring, as symbolized by the presidential election held in Egypt. In this environment, it has become clear that the relationships among competing forces are complex and that the interests of related countries are in conflict. As intentions of various related parties are mixed, we will contribute to the economic development of the region by helping install infrastructure such as electricity, energy, and water as well as bridges.

Oceania

Tatsuo Fujino

CEO for Oceania

Oceania is a region that supports the global economy by being a major supplier of various natural resources. We continue effective business management whilst ensuring high levels of asset efficiency in reflection of the recent rise in commodity prices. However, as it is currently uncertain how mineral resource prices will change in the future, we will expand iron ore and coal businesses, after considering overall individual project viability, whilst also developing and expanding businesses in the food, general merchandise and infrastructure areas.

East Asia

Shuichi Koseki

CEO for ITOCHU
East Asia Bloc

China, which has been experiencing rapid economic growth, is showing some economic slowdown in 2012. Regardless though, the GDP of this country is expected to grow by around 8%*[3] this year, and accordingly it will continue to be the engine of global economic growth. Moving forward, we will focus on trading and business development within this region, mainly in consumer-related areas, and will aim to contribute to ITOCHU's companywide earnings.

ASEAN & South West Asia

Junichi Sasaki

CEO for ASEAN & South
West Asia Bloc

ASEAN and South West Asia countries are rising in importance in comparison to other emerging countries. In these countries, natural resource development and rapid infrastructure development are progressing, and domestic demand is on the rise. We are working to enhance our earning power and increase our presence in this region by advancing IPP, sea water desalinization, and other infrastructure projects in cooperation with solid local companies; consumer-related businesses targeting expansion in consumption; and natural resource development-related businesses.

CIS

Kiyoshi Fujitsuka

C.O.O. for CIS

Blessed by abundant natural resources, extensive land, and large population, CIS countries have high growth potential. We focus on natural resource-related businesses that serve the national interests of related countries. In addition, we are working to develop businesses in such areas as infrastructure and machinery for industrial regeneration and improvement of living environments as well as consumer products and raw materials, which will allow us to respond to the robust consumer demand. At the same time, we are pursuing development of the software-related business, an area in which Japan is particularly strong. Through these efforts, we are united in our resolve to expand our business, with team spirit.

*1, *3 Source: World Economic Outlook, International Monetary Fund, April 2012
*2 Source: World Population Prospects, the 2010 Revision; United Nations

CFO / CSO / CAO & CCO

Message from the CFO (Chief Financial Officer)

In fiscal 2012, we increased our earning power and took steps to implement the "Prevent" principle, such as withdrawing from inefficient assets. As a result, we achieved record-high profits. In addition, under a policy of proactively seeking new opportunities, we implemented a record-high level of investment, but maintained a strong financial position, with a NET DER of 1.5 times and risk assets at 76% of the risk buffer. Moving forward, we will steadfastly maintain our financial soundness, by keeping NET DER below 1.8, controlling risk assets at a sound level within the risk buffer, and focusing on the soundness of our cash flows. We will also maintain and enhance our overall asset efficiency through continuous asset replacement. In preparation for the introduction of IFRS, we have established a specialized organizational unit, and are implementing full-fledged initiatives. To strengthen risk management, we will track risk on a Groupwide consolidated basis and move forward with appropriate risk control.

Tadayuki Seki

CFO

Message from the CSO (Chief Strategy Officer)

Koji Takayanagi

CSO

In fiscal 2012, the first year of the "*Brand-new Deal 2012*" medium-term management plan, we made solid progress in "Expanding Our Scale of Operations," which is one of the plan's basic policies. This progress included a record-high level of net income attributable to ITOCHU. The medium-term management plan originally called for investment of ¥800.0 billion on a gross basis over two years, but we have increased that to ¥1 trillion. In fiscal 2013, we will continue to take a proactive approach, but before embarking on any investment, we will assess its feasibility more rigorously than before, and only select superior projects.

Furthermore, in April 2012 we completed a series of organizational reforms that extended over a period of two years. This series of reforms, which has evened out the scale of earnings and the size of organizations, will facilitate more precise management. In addition, through the appointment of two outside directors, we will work to strengthen corporate governance.

Message from the CAO & CCO (Chief Administrative Officer and Chief Compliance Officer)

Toru Matsushima

CAO & CCO

Today, companies are called upon not only to continue achieving profit growth but also to implement sound business activities and to contribute to the realization of a sustainable society. In particular, ITOCHU conducts business on a global basis, and we fully recognize that we must contribute to global society through businesses that help solve social issues, such as environmental conservation and respect for human rights.

In accordance with that recognition, under "*Brand-new Deal 2012*," we will aim to establish a highly effective compliance system through the implementation of issue tracking and the provision of individualized guidance and support in line with the characteristics of front-line operations. In this way, we will strive to implement sound business activities. Furthermore, with initiatives focused on the career of each individual employee as well as on diversity, and with the promotion of our global human resources strategy, we will strengthen our human resources capabilities and, through our businesses, we will follow our corporate philosophy of "Committed to the Global Good."

Net Income from Major Group Companies

Years ended March 31

Billions of Yen

	2008	2009	2010	2011	**2012**
Textile Company					
ITOCHU Textile Prominent (ASIA) Ltd.	¥0.6	¥0.6	¥0.5	¥0.0	**¥ 0.1**
ITOCHU TEXTILE (CHINA) CO., LTD.	0.9	1.0	0.9	0.8	**1.1**
JOI'X CORPORATION	0.9	0.4	0.1	0.5	**(0.3)**
Machinery Company					
ITOCHU CONSTRUCTION MACHINERY CO., LTD.	¥0.8	¥0.4	¥0.5	¥0.6	**¥0.6**
ITOCHU MACHINE-TECHNOS CORPORATION	—	—	0.3	0.3	**0.6**
Century Tokyo Leasing Corporation	1.5	1.0	6.8	4.0	**6.2**
Century Medical, Inc.	0.2	0.5	0.6	0.8	**0.9**
Metals & Minerals Company					
ITOCHU Metals Corporation	¥ 1.4	¥ 1.4	¥ 0.8	¥ 1.2	**¥ 1.2**
ITOCHU Minerals & Energy of Australia Pty Ltd	38.5	71.2	34.1	80.1	**89.3**
Marubeni-Itochu Steel Inc.	16.9	14.8	2.7	6.8	**12.9**
Brazil Japan Iron Ore Corporation	—	0.0	4.0	12.9	**36.8**
ITOCHU Coal Americas Inc.	—	—	—	—	**2.0**
Energy & Chemicals Company					
ITOCHU Oil Exploration (Azerbaijan) Inc.	¥33.4	¥26.1	¥6.9	¥10.7	**¥13.0**
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	3.6	5.0	0.8	0.0	**(0.2)**
ITOCHU CHEMICAL FRONTIER Corporation	1.8	1.1	1.9	2.0	**2.9**
ITOCHU PLASTICS INC.	3.1	1.6	1.9	2.2	**1.9**
Food Company					
NIPPON ACCESS, INC.	¥ 2.6	¥3.7	¥4.5	¥ 6.5*	**¥8.6**
ITOCHU SHOKUHIN Co., Ltd.	1.3	0.7	1.7	1.8	**2.3**
FamilyMart Co., Ltd.	4.9	5.3	4.7	4.0	**6.7**
Fuji Oil Co., Ltd.	(0.4)	2.0	2.7	2.5	**2.3**
Prima Meat Packers, Ltd.	1.6	1.9	1.8	(1.4)	**2.4**
ICT, General Products & Realty Company					
ITOCHU Kenzai Corp.	¥ 0.3	¥(1.0)	¥0.2	¥0.0	**¥1.8**
ITOCHU Pulp & Paper Corp.	0.6	0.1	0.2	0.2	**0.2**
ITOCHU Techno-Solutions Corporation	8.1	6.9	6.8	6.3	**7.5**
ITC NETWORKS CORPORATION	1.7	1.6	1.6	1.4	**1.5**
ITOCHU Property Development, Ltd.	(4.4)	0.3	0.5	1.7	**2.6**
ITOCHU LOGISTICS CORP.	0.7	0.1	2.0	0.7	**1.3**

* On March 1, 2011, NIPPON ACCESS, INC. merged with Family Corporation Inc. and made Universal Food Co., Ltd. a consolidated subsidiary. In addition, the company received a business transfer from ITOCHU Fresh Corporation Inc. on October 1, 2011. The net income attributable to ITOCHU of NIPPON ACCESS, INC. for the same period of the previous fiscal year shows the total of these 4 companies.





CSR

CSR for ITOCHU Corporation

ITOCHU Corporation is pursuing multifaceted corporate activities in various regions of the world and a wide range of fields. As such, ITOCHU is well aware of the impact of those activities on the global environment and society.

For ITOCHU, CSR entails making a contribution to building sustainable societies through business activities. As a global company, it is our mission to be "Committed to the Global Good."

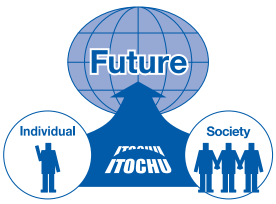
ITOCHU Mission and Values

ITOCHU founder Chubei Itoh first launched a wholesale linen business in 1858. For more than 150 years since, ITOCHU has passed down the spirit of *sampo yoshi* (good for the buyer, good for the seller, and good for society), a management philosophy embraced by Ohmi merchants.

After considering ways to demonstrate its commitment to society as an international corporation and to put this commitment into practice, in 1992 ITOCHU formulated "Committed to the Global Good" as a corporate philosophy. The conceptual framework for this philosophy was reorganized in 2009. In order for all employees to properly understand the responsibility that the ITOCHU Group is charged with fulfilling for society and to make this philosophy an integral part of actions everyday, its core element, "Committed to the Global Good," was set as the ITOCHU Mission for the entire ITOCHU Group. Accompanying this is a new set of five values, called the ITOCHU Values, considered vital for enabling each employee to fulfill their role in realizing the ITOCHU Mission. To properly embed the ITOCHU Values, ITOCHU has formulated "5 self-tests" that employees can refer to in order to determine that the five values are present in their actions.

ITOCHU Mission

Committed to the Global Good



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

ITOCHU Values & 5 self-tests

Visionary	Am I communicating vision and moving forward with others?
Integrity	Am I proud to say I am involved in the work?
Diversity	Am I including the ideas and skills of a variety of people to create the best result?
Passion	Am I taking responsibility for and caring intensely about what I am doing?
Challenge	Am I actively trying new things and pursuing innovative solutions?

ITOCHU's CSR Promotion: Basic Policies and Promotion System

We at ITOCHU Corporation, in accordance with the ITOCHU Mission "Committed to the Global Good," believe that fulfilling our social responsibility through our business activities is important. To make sure that CSR is systematically implemented involving the whole organization, we established basic policies for CSR promotion as a corporate-wide policy and drafted CSR Action Plans in each organization to promote CSR.

Basic Policies for CSR Promotion

Alongside the drafting of its management plan, ITOCHU formulated basic policies for CSR promotion, with the aim of globally promoting CSR with direct linkages to the management plan.

During the period of the "*Brand-new Deal 2012*" management plan, which covers fiscal 2012 to fiscal 2013, the "Basic policies for CSR promotion" are as follows.

1. Strengthening communication with stakeholders through a front-line approach
2. Promoting businesses that help solve social issues
3. Strengthening supply chain management (Respect for human rights and consideration for the environment)
4. Promoting education on CSR and environmental conservation
5. Involving in and contributing to development of local and global communities

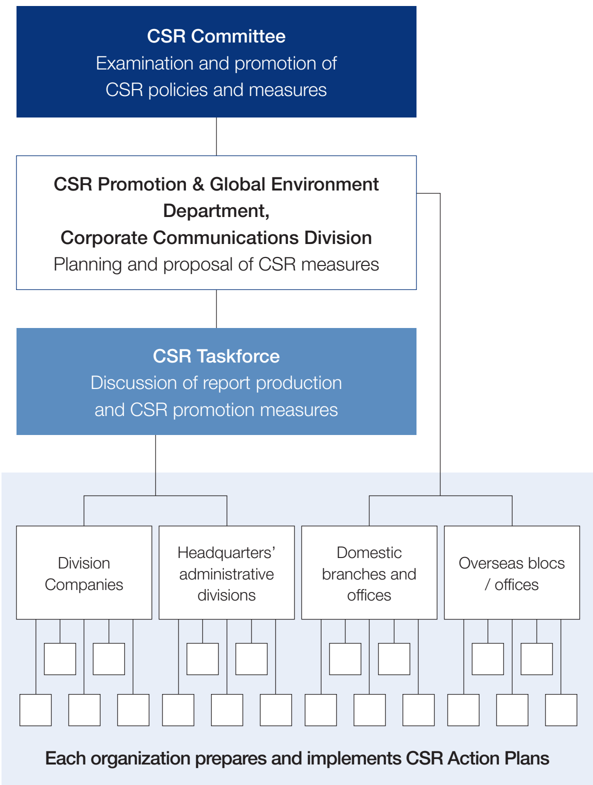
CSR Promotion through CSR Action Plans

ITOCHU Corporation conducts a wide variety of businesses through six Division Companies. To reliably promote CSR in our businesses, in accordance with the basic policies for CSR promotion shown on the left, each Division Company defines the CSR issues that are important in its business areas, formulates "CSR Action Plans," and executes them based on a PDCA (plan–do–check–act) cycle system. CSR Action Plans are also formulated and exercised by each organization, such as the Headquarters' administrative divisions, domestic branches and offices, and overseas bases, in line with their respective businesses and functions. A pillar of our CSR promotion is that every employee understands the plans and steadily executes them in his or her job.

CSR Promotion System at ITOCHU Corporation

At ITOCHU Corporation, with the aim of enhancing communication with stakeholders, the Corporate Communications Division's CSR Promotion & Global Environment Department plans and proposes strategies for promoting CSR corporate-wide, which are deliberated and discussed by the CSR Committee. ITOCHU also forms a CSR Taskforce, which is made up of members from each Division Company and administrative divisions. This taskforce discusses production of the reports and CSR promotion measures.

CSR Management System



Participation in the United Nations Global Compact

In April 2009, ITOCHU Corporation joined the United Nations Global Compact, a global initiative to achieve sustainable growth of the international community. In compliance with the Global Compact's ten principles in the areas of human rights, labour standards, the environment, and anti-corruption, ITOCHU is striving to fulfill its corporate mission of "Committed to the Global Good."

The Ten Principles of the United Nations Global Compact

Human Rights	**Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights; and **Principle 2** make sure that they are not complicit in human rights abuses.
Labour	**Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; **Principle 4** the elimination of all forms of forced and compulsory labour; **Principle 5** the effective abolition of child labour; and **Principle 6** the elimination of discrimination in respect of employment and occupation.
Environment	**Principle 7** Businesses should support a precautionary approach to environmental challenges; **Principle 8** undertake initiatives to promote greater environmental responsibility; and **Principle 9** encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	**Principle 10** Businesses should work against corruption in all its forms, including extortion and bribery.

Documentary Report Project on Supply Chains

Enthusiasm of Pulp Producers: Green Economy Project —CENIBRA's Environmental Business Initiatives

ITOCHU believes that informing the public about where products originate is vital to its role as a trading company. Accordingly, since 2009 ITOCHU has conducted the "Documentary Report Project on Supply Chains," offering a glimpse across the entire supply chain of individual products that it handles.

This report, from Kazuma Yamane, covers the supply chain from the production of pulp in Brazil to the making of everyday paper tissues.

Research Period: March 2012
Front-line Report: Kazuma Yamane
(Nonfiction writer and Dokkyo University Department of Economics Specially-Appointed Professor)

Visited Brazil for the first time in 1972, and has done on-site research in Brazil about 20 times. In 1996 sponsored the Amazon's first international environmental symposium as representative of Future Association Amazon, an NGO. In 1997, he received an award for distinguished service from the Para state legislature. Brazil and the Amazon are the starting point of his outlook on life and his environmental awareness.

Islands of Green Amidst Treeless Hills

Tissue paper is a product that we use everyday. I heard that pulp from CENIBRA, in Brazil, is the raw material for the well-known Nepia brand of tissue paper. To see the site where the pulp is produced, I traveled to Brazil to visit Ipatinga City in the state of Minas Gerais.

Ipatinga, a small city with a population of about 250,000 people, is located about 700 kilometers northeast of São Paulo.

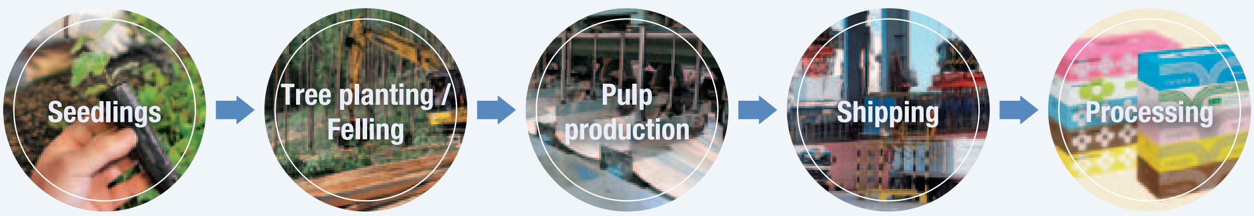
This was my 20th trip to Brazil since 1972, but my first visit to Minas Gerais. As the plane from São Paulo entered Minas Gerais, I began to see a line of low, gently rolling mountains. On the surface of the mountains, I was surprised at the conspicuous reddish-brown clear areas. Through the window of the plane, I could see the western edge of the Atlantic Rainforest. This rainforest used to cover 1.3 million square kilometers, or about 3.3 times the size of Japan, but 93% of the rainforest has been lost, and today only 91,000 square kilometers remains.

However, as the plane approached Ipatinga, I began to see many dark green areas in the Rio Doce river basin's barren mountain surfaces and small flat spaces. I later learned that these were CENIBRA plantations.

About CENIBRA

CENIBRA was established on September 13, 1973, as a Japan–Brazil joint venture project after a decision by the Japanese Cabinet. Japan Brazil Paper and Pulp Resources Development Co., Ltd. (JBP), which was a joint venture by large Japanese pulp and paper companies, OECF, and ITOCHU Corporation, owned 48.5% of CENIBRA. The other 51.5% was owned by Brazil's Companhia Vale do Rio Doce (currently Vale S.A.). CENIBRA began operations in March 1977. Subsequently, in 2001 JBP acquired shares in CENIBRA that were owned by Companhia Vale do Rio Doce, and today CENIBRA is operated with 100% Japanese capital. JBP is owned by 14 companies, including Oji Paper (48.98%) and ITOCHU (32.11%) (as of the end of June 2012). It is the seventh largest hardwood market pulp producer in the world, and sales in fiscal 2011 were $728 million.

Paper Product Supply Chain



Photographs on pages 74 to 77 by Kazuma Yamane (except for photograph of Kazuma Yamane and photographs of tissue paper boxes)

Seedlings

15 Million Seedlings per Year

In one day, 50,000 eucalyptus logs are fed into the production line. That means that large quantities of eucalyptus seedlings are necessary for planting, more than 50,000 a day, and CENIBRA uses its own nursery to produce 100% of the seedlings it needs. At the nursery, which is like a large test plantation, highly experienced Japanese specialists from Oji Paper, which is the lead shareholder, provide enthusiastic guidance about seedling development. To select rootstock that are highly resistant to aridity, changes in temperature, insect pests, and wind; matches the soil; and will grow well, 10,000 seed plants are created each year by crossbreeding rootstock (100 x 100). After trial planting, the best rootstocks are selected. The rootstocks selected in this way are known as clones, and the branches and leaves of the rootstocks (5 to 8 cm scions) are cut and placed in a small pot, in which they grow into 20–30 cm seedlings in 70 to 80 days. If all goes well, they are then sent on to the plantation site. At the nursery, 15 million seedlings are produced in a year. The cost competitiveness of pulp producers is said to be based on the growth of the eucalyptus trees, which are the raw material. CENIBRA continually repeats the process of seed improvement, patiently taking time and selecting the best seed plants. Outstanding cost competitiveness is maintained by painstakingly producing each individual seed stock in-house.

Tree planting / Felling

Logs That Can Be Harvested in 7 Years

The plantations of CENIBRA are interspersed among an area the size of the Kanto Plain, or about 17,000 square kilometers. Those were the green areas I saw out of the plane window when we were nearing Ipatinga. CENIBRA's holdings total 255,000 hectares, about the size of Kanagawa Prefecture.

I was able to visit one of the plantations. First, the employees open holes in the surface soil with a digging machine Then other employees use a metal tube to plant the seedlings in the soil, and finally employees with a water supply hose sprinkle water on the seedlings and apply fertilizer.

Each hectare of eucalyptus trees grown in this way yields 41 cubic meters of wood a year, with harvesting conducted after seven years. The speed of this growth supports the international competitiveness of CENIBRA. At the harvest site, the arm of the harvester grabs and cuts the eucalyptus trees, which have grown to about 30 meters. It takes about 20 seconds to harvest one tree and turn it into a log. The efficiency of the process was hard to believe.

Forest Certification and 70 Awards

Near the plantation and the harvesting area, there is a temporary tent that is used for the workers to take breaks and have lunch. I was surprised at the thorough approach to appropriate working conditions. The reason is that the industrial use of forest resources entails the strict observance of such things as conservation of the natural environment, maintenance of biodiversity, and contributions to the workers and the local community. We have reached an age in which the only companies that survive will be those that market products that have been "certified" as clearing a management process that meets these social requirements.

In 2005, CENIBRA became the first company to simultaneously receive FSC (Forest Stewardship Council) forest certification and CERFLOR (Sistema Brasileiro de Certificação Florestal) forest certification. In total, the company has received 3,828 environmental licenses.

CENIBRA's eucalyptus plantations are not connected in any way to the harvesting of primary forests. Out of CENIBRA's holdings, an area of 103,000 hectares is sustaining the ecosystem as permanent forest reserve or legal forest reserve. These reserves account for about 40% of the forest holdings. Just since 2000, CENIBRA has received 70 awards, which is an indication of their passionate commitment to the environment.

Pulp production

Rigorous Approach to Saving Energy and Handling Wastewater and Odors

In the huge log yard at the pulp mill, there were mountains of eucalyptus logs brought in by truck and rail. Pulp is shipped in the form of sheets that look much like dried sake lees that are used as a raw material for *amazake*. The paper mills that buy the pulp dissolve the boards with water and use the fiber as raw material to make paper for specific needs, such as for tissues or printing.

Pulp plants require large quantities of water and fuel. The production process also generates substantial amounts of odors and wastewater. CENIBRA conducts rigorous daily monitoring of odors outside the plant grounds and of the degree of contamination of wastewater. The environmental facilities here are top level. In addition, the bark from the logs is used in biomass electric power generation, and the lignin, an impurity that is generated during the cooking process, is used as fuel for in-house power generation. In these ways, a rigorous approach to energy conservation is implemented.

The amount of water consumed in the production process has been reduced to one-fifteenth the level in 1977, and the amount of bleaching agent has been reduced 32% in comparison with 2006 (available chlorine equivalent units). The amount of electricity purchased has declined 29%, and boiler fuel is down 82% (both in comparison with 2011). Everywhere I looked, I saw this type of innovation and effort in the areas of production and the environment. This progress is the fruit of daily efforts to improve operations and cut costs, on a base of papermaking technology from Japan, which is at the world's highest level. ISO 9001 and ISO 14001 certifications have been acquired.

Shipping

Specialized Shipping Terminal for Pulp Export (5.5 Million Tons a Year)

Annual sales of this pulp total 1.2 million tons, with 90 customers in 25 countries. Sales to the domestic Brazilian market are handled directly by CENIBRA (5%), while exports are handled by ITOCHU Corporation. Exports to Asia, including Japan, are increasing, and now account for 48% of total exports. Exports to overseas destinations are shipped from Portocel, which is on the Atlantic Coast about 375 kilometers away from the mill. Each day, about 3,200 tons are carried to Portocel via the Vitoria a Minas Railway.

Portocel (full company name Terminal Especializado de Barra do Riacho S.A.), is owned 49% by CENIBRA and 51% by Fibria S.A. (Brazilian pulp maker). The world's largest specialized pulp terminal, it exported 5.5 million tons of pulp in 2011. Brazil is in the process of establishing its infrastructure. In this setting, the fact that CENIBRA had, in advance, secured a rail transport route from the mill to a port, and owned a shipping port, was one of the sources of CENIBRA's cost competitiveness.

IN HARMONY WITH LOCAL COMMUNITIES

Moving Ahead in Tandem with Local Communities and Farmers

CENIBRA is moving ahead with contracts under which it consigns the plantations to local farmers and then purchases the logs that they cultivate. Many of the farming families operate pastureland, but the eucalyptus plantations turn barren areas into green areas, and the income is more than from farming, so it is a very attractive business for the farming households. The contract farmer that I visited was satisfied with the stable income from eucalyptus plantations. The "contract plantations," which began in 1985, already number 1,200, with total plantation area of 25,000 hectares. This is a new business model that helps the environment through the greening of barren areas and also reduces plantation costs for CENIBRA.

Processing

400 Million Boxes of Tissue Paper Annually

After I came back to Japan, I visited the Oji Nepia Nagoya Plant (Kasugai City, Aichi Prefecture), which is a major user of CENIBRA pulp and is the maker of Nepia brand tissue paper.

When I observed the final production line of the Nagoya Plant, which has an area equivalent to about two Tokyo Domes, I was overwhelmed by the scene of high-speed tissue packaging. The production volume reaches 400 million boxes a year.

The process of making tissue paper uses only one gram of pulp fiber per liter of water, to realize the soft texture that is easy on the skin. However, the ultra-thin tissue has two-ply construction, with the side that touches the skin using soft fibers and the back side using slightly stiffer fibers for support. The fibers that are used on the easy-on-the-skin portion are made from CENIBRA pulp from Brazil. The CENIBRA pulp is produced with 100% plantation trees, and the raw material eucalyptus trees are produced and managed by the company from the individual seedling stage. Today, when environmental problems are the focus of attention, this traceability gives consumers a sense of security.

Concluding the Observation

Tissue paper, an everyday product that I have always used without really thinking about it, is made from raw materials that are obtained through rigorous consideration for the environment and hard work. It was at just this point when the theme of the United Nations Conference on Sustainable Development, known as Rio +20, was released: “Green Economy.” The eco business advanced by CENIBRA is certainly a desirable “green economy,” I think. CENIBRA’s implementation of environmental measures should be studied by many other companies.

INITIATIVES TARGETING BIODIVERSITY

Conservation and Breeding of Rare Endangered Species

Over many years, much forest area has been lost, and CENIBRA is working to restore natural forests. In an area totaling 300 hectares that constitute natural forest, the company is planting 40 varieties of tree seedlings, a total of 70,000 seedlings a year.

A representative example of these efforts to sustain and restore biodiversity is the Reserva Particular do Patrimonio Natural (RPPN) Macedonia Farm. I wanted to visit when I heard that endangered birds are protected and bred here.

The forests in this area are the habitat of a pheasant family bird with the Brazilian name mutum (a type of curassow). The mutum habitat here is the only one in the Americas, so there are very few people in Japan who know of it. When I first saw it, I was impressed with the black, rather large bird that flew slowly and walked like a chicken. The conservation, breeding, and release activities, are, in the final analysis, Brazil’s version of the Japanese programs for the crested ibis and white stork. It was 21 years ago that CENIBRA, with partners Crax NPO and Crax Internacional, began working to prevent the extinction of these birds with the conservation, breeding, and release project.

The base for those activities is in the forest. There are seven endangered bird species being raised in cages, awaiting release, including the mutum and the Black-fronted Piping Guan. I received a several-hour presentation from a CENIBRA team, and I was overwhelmed with their enthusiasm. As a result of continued breeding and release, 20% of the world’s mutum are on the Macedonia Farm. The curassow have been around since 4,000 to 5,000 years ago, and they are considered to be something like the “coelacanth” of birds. As a result, CENIBRA’s enthusiastic activities are well-known in Brazil.

Activities to conserve and breed rare endangered species have a significant educational effect. At the Macedonia Farm, they are also working to welcome ordinary environmental visitors (6,000 a year) and offer school teacher training (1,760 people). The public school teachers who have received training here have already gone on to teach 220,000 students. I admired the manner in which the program to raise local environmental awareness has been enriched.

ISO 26000 Core Subjects and ITOCHU's Initiatives

Aiming to contribute to the realization of a sustainable society, ITOCHU Corporation has participated in the United Nations Global Compact since 2009. This annual report provides information about ITOCHU's CSR approach and initiatives, arranged by the seven core subjects of ISO 26000, the international standard for social responsibility that was launched in November 2010 to provide an enhanced response to the requirements of a wide range of stakeholders in international society based on the Global Compact's ten principles.

Organizational Governance

For ITOCHU, CSR is not simply acting with consideration for how corporate activities affect the global environment and society but also contributing to the realization of a sustainable society through business activities.

P12-19	President's Message
P89-93	Corporate Governance
P72-73	CSR for ITOCHU Corporation
P73	Participation in the United Nations Global Compact

Human Rights (Global Compact Principles 1-6)

With a commitment to the global good of society and individuals alike, ITOCHU conducts its business activities with respect for human rights and individuality. In addition, as a company with diverse operations worldwide, we believe it is important to implement initiatives with a focus on human rights in the supply chain.

P79	In-House Training Regarding Respect for Human Rights Human Rights in the Supply Chain

Labor Practices (Global Compact Principles 3-6)

To steadily implement the policy "Proactively Seek New Opportunities," which is a part of the medium-term management plan, ITOCHU is aggressively advancing efforts to cultivate "industry professionals" and "strong human resources" who can support "proactive initiatives" and can play active role in global business. In addition, we are also focusing on the establishment of a system that enables diverse human resources to make the most of their capabilities.

P79	ITOCHU Corporation's CSR Action Guidelines for Supply Chains
P80	Human Resources Development Supporting the "Seeking of New Opportunities" A Variety of Training Schemes Global Human Resources Strategy Enters a New Stage Creating Environments that Bring Out the Best in Employees Promoting Human Resources Diversification in Japan Communications with Employees

The Environment (Global Compact Principles 7-9)

For ITOCHU, which conducts wide and diverse range of business activities on a global scale, consideration for the environment is indispensable.
We pay close attention to the influence of our business activities on the environment and we also consider what we can create to pass on to the next generations.

P74-77	Documentary Report Project on Supply Chains
P82	Environmental Policy Environmental Management Precautionary Approach to Environmental Risks Office Environmental Performance
P84	Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem

Fair Operating Practices (Global Compact Principles 3-10)

In addition to ensuring that our business activities are in accordance with laws and international rules, we also have established and continually improve our compliance system so that individual employees can sincerely conduct their daily activities from a highly ethical viewpoint.

P79	Human Rights in the Supply Chain
P85	Compliance

Consumer Issues

ITOCHU, which handles a wide variety of goods and services that support people's everyday lives, is taking steps to deal with consumer-related issues at every level of the supply chain, such as working to ensure product safety and quality and developing products that contribute to environmental conservation.

P74-77	Documentary Report Project on Supply Chains
P86	Ensuring Food Safety Raising Consumer Awareness of Environmental Conservation through MOTTAINAI Campaign Introducing Supply Chains for Individual Projects

Community Involvement and Development

In the regions where ITOCHU conducts business, we consider ourselves to be members of local communities. Accordingly, we will strive to participate in local communities in ways that transcend the scope of our business activities and to contribute to the sustainable development of those communities.

P87	Community Contribution
P87-88	Social Contribution

Human Rights

The ITOCHU Mission "Committed to the Global Good" incorporates a commitment to the global good of society and individuals alike, and ITOCHU's respect for human rights and individuality is based on this philosophy.

We work to foster awareness of this approach within the company and, as a company that conducts business transactions around the world, we also implement initiatives with a focus on human rights in the supply chain.

Policy on Respect for Human Rights

Of the ITOCHU Mission "Committed to the Global Good," the "global good" refers not only to improved living standards but also a general sense of well-being. ITOCHU works to support the global good of society as well as the global good of individuals, and we respect human rights and individuality.

Based on this policy, ITOCHU supports the Universal Declaration of Human Rights adopted by the United Nations in 1948 as a common standard of achievement for all people and all nations. Furthermore, ITOCHU participated in the United Nations Global Compact in 2009, which is derived from this Declaration and other international standards.

In-House Training Regarding Respect for Human Rights

In-House CSR Seminar Held on "Human Rights and Global Business for a General Trading Company"

As a general trading company that operates around the world and plays an important role in supply chains, we held this seminar in March 2012 to keep up with the latest developments relating to corporate business and human rights, and to use this knowledge for its business. Mr. Hideki Wakabayashi, Executive Director of Amnesty International Japan, the international human rights NGO and public interest group, was invited to speak at the seventh CSR in-house seminar, which was attended by 110 employees of ITOCHU Corporation and its related Group companies.

Mr. Wakabayashi spoke on developments in international human rights standards and the relationship between business and human rights, giving specific examples. Afterward a question-and-answer session was held, where participants actively exchanged opinions on human rights and other issues in the supply chain.

Raising Awareness through Internal Training Programs

We work to extensively embed understanding of human rights through in-house training programs held each year. In the training program for new recruits, they are instructed to acquire the proper mindset for respecting human rights that they should have as members of the ITOCHU family. In in-house training for organization heads, sexual harassment and power harassment issues are discussed, and a thorough understanding of human rights is fostered. In fiscal 2012, 295 people participated in human rights training.

Human Rights in the Supply Chain

To promote CSR supply chain management with consideration for such issues as human rights, labor, and environmental problems, we have formulated ITOCHU Corporation's CSR Action Guidelines for Supply Chains, and are working to foster understanding of these guidelines and to promote their implementation in supply chains. To that end, in order to check the status of our suppliers, we conduct surveys with a method suited to the characteristics of the goods of each Division Company, along with mandatory questions on the 10 items in our CSR Action Guidelines for Supply Chains.

In fiscal 2012, we surveyed 401 companies, including 28 suppliers of overseas offices and 115 suppliers of 16 Group companies. Excluding suppliers for which continued follow-up is due to legal or other factors in the supplier's country, no serious problems requiring immediate response were found in the survey results.

We are committed to continually increasing our employees' awareness and to enhancing the understanding and implementation of our suppliers by continuing these surveys and through dialogues with suppliers.

CSR Survey: Survey Results by Organization (Fiscal 2010 to Fiscal 2012)

Division Company*	Fiscal 2012	Fiscal 2011	Fiscal 2010
Textile	26	24	28
ICT & Machinery	16	15	17
Energy, Metals & Minerals	14	14	11
Chemicals, Forest Products & General Merchandise	202	193	133
Food	117	105	93
Logistics Services Department	26	23	18
Total	**401**	**374**	**300**

* Division Company names are as of fiscal 2012.

ITOCHU Corporation's CSR Action Guidelines for Supply Chains (provisions only)

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

Labor Practices

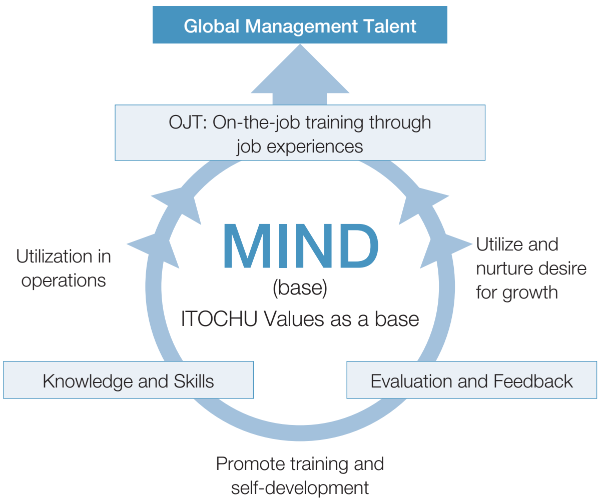
Human resources are what support the stable, ongoing growth of ITOCHU Corporation.

One of the basic policies of the *"Brand-new Deal 2012"* medium-term management plan is to "Proactively Seek New Opportunities." To this end, ITOCHU will proactively advance efforts to develop and strengthen human resources as the management foundation supporting a commitment to taking assertive and forward-looking action. Our long-standing promotion of a global human resources strategy also remains unchanged.

Human Resources Development Supporting the "Seeking of New Opportunities"

Our human resources development activities are available to employees throughout the Group, both domestically and in overseas blocs. Based on each employee's work experience and abilities, we strive to help them develop into professionals who play an active role in their business field and to provide them with the skills necessary to manage business on a global level. Through individual evaluations and feedback, centered on valuable job experience via on-the-job training (OJT), we help to cultivate the motivation and willingness of employees to increase their career opportunities within the Group. To further support employees' self-development, we not only provide skills and knowledge through training but also actively support career development. We will continue to invest substantially in our human resources, while at the same time promoting human resources development which is proactively led by the front lines.

Basic Structure of Human Resources Development



A Variety of Training Schemes

ITOCHU conducts a variety of training schemes that include essential training by position and job class, as well as selective and elective training. We have a wide range of programs for the development of global management human resources, including global development programs and workshops for managers. In 1999, we instituted a system for sending new employees overseas as a means of fostering English proficiency and an international perspective in young employees. In 2010, we launched a new program designed to dispatch junior staff to China and other emerging markets for overseas training in Chinese and other languages. Our plan is to develop candidates who will become specialists in each target market in the future. We also offer a wide range of training for specific objectives, such as "Career vision support training" and distinctive training based on the human resources strategies of each Division Company and Headquarters' administrative division, with the aim of developing the professionals of each business field with diverse values.

Human Resources Development Policy and Training Details (Excerpt)

Overview of human resources development system	Training program name (excerpt)
Development of global management talent	Global development programs (GEP, GLP, GNP*), organization manager workshop, pre-manager training, sending employees to short-term business school programs
Business leader development	Sending of new employees overseas, dispatch of junior staff overseas to learn Chinese and other languages
Development of industry professionals and diverse human resources	Career vision support training, distinctive training for each Division Company, Headquarters' administrative division

* Global Executive Program (GEP): This core part of the global talent development program provides training to cultivate global executives.
Global Leadership Program (GLP): The purpose of this training is to cultivate organization managers who can be active in global business.
Global Network Program (GNP): Through training held at Headquarters, this program enables locally-hired overseas staff to learn firsthand about the ITOCHU Group's global operations and build up a network with other participants.

Global Human Resources Strategy Enters a New Stage

Since fiscal 2008, ITOCHU has been promoting a global human resources strategy in order to maximize the value of human resources and to optimize the talent development of the Group on a global basis. By fiscal 2011, we had taken steps to create a platform for promoting the development and utilization of human resources worldwide, including the development of a global human resources database and the establishment of leadership standards for managers. From fiscal 2012, we are strengthening our human resources strategy in core overseas markets such as China and Asia. In addition, cooperating with each Division Company, we are implementing a Talent Management Process by preparing individual development plans for talented personnel who will play key roles in the expansion of revenues and profits overseas. Through these initiatives, we are bolstering the recruitment, development, and utilization of personnel who will contribute to global business development.

Talent Management Process

Assignment	Development Programs
Promotion / Project assignment / NS HQ UTR / Cross, Intra Bloc assignment	Bloc Development Program / Outside MBA / Global Development Program / High-Potential Development Program

* Program in which overseas bloc employees are trained through work at the Tokyo Headquarters

Specific Initiatives

1. We are inviting employees from our overseas blocs worldwide to come to our Headquarters for approximately two years as a form of HR development through actual operations. These employees are provided the opportunity to learn business operations, gain a firm understanding of our corporate philosophy and culture, and build interpersonal networks. At the same time, this initiative encourages our Headquarters to become more global in its outlook. (From April 1, 2008 to March 31, 2012, a cumulative total of 60 employees have been dispatched.)
2. We are assigning, promoting, and developing human resources on a global basis regardless of nationality, using the ITOCHU Global Classification (IGC) as a common measure of job level / level of responsibility for all jobs and positions worldwide.
3. ITOCHU Mission and Values, which we have passed down since our founding more than 150 years ago, and the ITOCHU Values have been incorporated into the human-resource requirements for ITOCHU leaders. These requirements are reflected in our recruiting standards and our evaluation and human resources development programs and are passed on through in-house instructors. This enables us to hire and develop human resources around the world who are suited to ITOCHU's values.

Creating Environments that Bring Out the Best for Employees

ITOCHU has expanded and upgraded systems to help enable employees to continue working with peace of mind at all of the various stages of their life and to demonstrate their fullest potential. These systems are available to both male and female employees, and provide support to them in their work as well as child and / or nursing care duties.

In 2010, we opened I-Kids, a childcare center for our employees, at a location close to our Tokyo Headquarters. This move was made in light of a widespread social issue where many children are currently waiting for entry to nurseries in the Tokyo metropolitan area, and female workers face difficulties in planning their return from childcare leave. Subsequently, we took this step to minimize factors that might hinder our employees from continuing their careers and support their motivation to keep working. Also, in 2011 we launched the "Furusato Care Service." Under this service, employees working in overseas can arrange for care to be provided for their elderly relatives who are living alone in Japan. All of the associated costs are borne by ITOCHU. As ITOCHU aims to increase overseas revenues and profits, one of the key strategic approaches in its overseas policy is to increase the number of staff on overseas assignment. Through this care service, we are working to establish an environment that responds flexibly to individual circumstances and enables employees to concentrate on their overseas assignments.

Promoting Human Resources Diversification in Japan

Since December 2003, ITOCHU has promoted efforts to diversify its workforce in Japan. The motivation here is a recognized need to respond to changes in the external environment, such as intensifying competition spurred by economic globalization and the race to secure human resources due to Japan's declining birthrate and aging society. ITOCHU must also respond to the need to create new businesses, as well as address the disproportionate age makeup of its workforce.

In fiscal 2010, ITOCHU launched the "Promotion Plan on Human Resources Diversification 2013 (Japan)," a new roadmap aimed at enhancing individual and organizational abilities further by putting an environment in place that leverages and utilizes the characteristics of each employee without regard to gender, nationality, or age. Under this new plan, we are working to create a more attractive company and corporate culture by supporting the push to secure, embed, and utilize more diverse human resources.

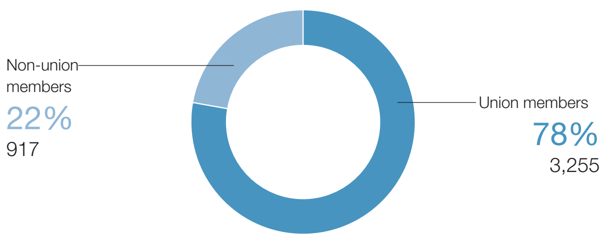
Number of Male and Female Employees (Unit: persons)

	Male	Female	Total
Fiscal 2010	3,191	1,068	4,259
Fiscal 2011	3,212	1,100	4,312
Fiscal 2012	3,162	1,093	4,255

Communications with Employees

At ITOCHU Corporation, a wide range of issues is discussed with the labor union in order to realize our corporate mission, "Committed to the Global Good." In fiscal 2012, we held 6 meetings, including management meetings with the president and similar meetings with Division Companies. Labor and management enter repeated and active discussions to build up a healthy relationship that enables both sides to recognize and share challenges currently facing them and to study and implement improvement measures.

Ratio of Labor Union Members (As of April 1, 2012)



To fulfill its corporate philosophy "Committed to the Global Good," ITOCHU has established an Environmental Policy. We advance our business activities on a global scale under this policy, while keeping a strong awareness of global environmental problems. This is undertaken from a perspective that considers not only what we can contribute to the prosperity of the present generation but also what we can create to pass on to the next generation. From that viewpoint, we believe that a sustainable society cannot be achieved without consideration for environmental problems.

Environmental Policy

ITOCHU Corporation is active in Japan and internationally, offering a wide range of products and services, developing resources, and investing in businesses. Our activities are closely related to global environment problems. We believe that a sustainable society cannot be realized without awareness of these problems. In 1990, we created a Global Environment Department, and in April 1993, we documented our environmental activity guidelines in ITOCHU's Activity Guidelines on the Environment (the predecessor of our current Environmental Policy). In 2010, these guidelines were revised to the "ITOCHU Group Environmental Policy" and we will subsequently revise this policy in response to changes in the social background.

The ITOCHU Group Environmental Policy

I. Basic Philosophy

Global warming and other environmental issues are affecting the future of mankind. As a global enterprise, ITOCHU Group is positioning these issues as one of the most important management policies. ITOCHU Group contributes to the realization of a sustainable society by promoting "Actively addressing the better global environment" based on The ITOCHU Group Corporate Code of Conduct, in order to achieve the goals of The ITOCHU Group Corporate Philosophy, "Committed to the Global Good."

II. Activity Guidelines

In keeping with the basic philosophy presented above, ITOCHU Group pursues a continual improvement of its environmental management system and defines the following guidelines concerning activities of environmental conservation.

(1) Prevention of environmental pollution	In all business activities, duly consider the need to conserve ecosystems and biodiversity, as well as local and global environments, and strive to prevent the occurrence of any environmental pollution.
(2) Observance of laws and regulations	Observe all domestic and foreign laws and regulations related to environmental conservation, along with other requirements to which we have subscribed.
(3) Promotion of environmental conservation activities	Besides promoting activities for conservation of energy and resources as well as reduction and recycling of waste as needed to establish the recycling-oriented society, endeavor to develop and supply products and services that help to conserve the environment.
(4) Harmonious coexistence with society	As a good corporate citizen, aspiring for the prosperity of succeeding generations and positive contribution to society in general, support local communities for environmental education and assist in basic research pertaining to conservation of the global environment.
(5) Promotion of educational activities	Educate both our own employees and those of Group companies in order to raise their awareness of environmental conservation and improve the quality and effectiveness of associated activities.

May 2010
Masahiro Okafuji, President & Chief Executive Officer

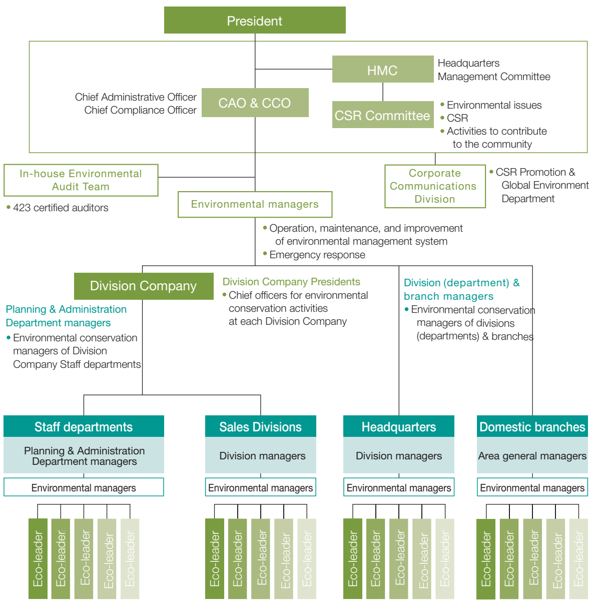
Environmental Management

To comply with environment-related laws and take a rigorous precautionary approach to environmental risks, in 1997 ITOCHU Corporation became the first trading company to establish an environmental management system (EMS) based on ISO 14001.

Environmental Management System

The chairman of the CSR Committee (CAO & CCO), who is appointed by the president, has complete authority for the environmental management system. Environmental managers are assigned to each division, branch, and Group company, and operate with authority delegated from the leader of their organizational unit (total of 64 in fiscal 2012). The environmental managers are assisted by eco-leaders (total of 213 in fiscal 2012), and with the participation of all employees the system is continually improved through a PDCA (plan–do–check–act) cycle.

Environmental Management Organization



Internal Environmental Audits

Audit teams are comprised of members of the CSR Promotion & Global Environment Department and employees qualified to serve as in-house environmental auditors (423 registered individuals). Internal audits are conducted to confirm that initial plans are being appropriately implemented, with an emphasis on confirming compliance with environment-related laws and regulations. Our in-house environmental audits for fiscal 2012 covered a total of 64 departments.

Results of External Inspections

Each year, ITOCHU is inspected by the Japan Audit and Certification Organization for Environment and Quality (JACO) in connection to ISO 14001 certification. The fiscal 2012 inspection was to retain certification. The outcome of the inspection was an overall "improvement" grade and continued certification.

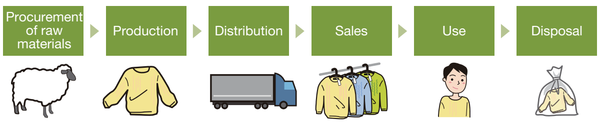
Precautionary Approach to Environmental Risks

To prevent the occurrence of environmental problems, we have established a framework to identify the factors that could have an adverse influence on the environment in the products we handle and in new investment projects, and to evaluate their influence in advance. We are working to raise environmental awareness through environmental education initiatives with the ITOCHU Group and are linking these efforts to a precautionary approach to environmental risk. As a result, there were no environment-related lawsuits (against ITOCHU Corporation or its subsidiaries).

Evaluating Environmental Risks Posed by Products Handled

We handle a wide and diverse range of products on a global scale. We carry out our own original environmental impact evaluations regarding the relationship of these products to the global environment. In these initiatives, we use a so-called LCA*-based analysis method at each stage of a product's life cycle, from procurement of raw materials, production, and use, through disposal of products.

* LCA (life-cycle assessment) is a method that evaluates the environmental impact of products at all stages of their life cycle, from manufacturing, transport, and use through to disposal and recycling or reuse.



Environmental Fact-Finding Investigations of Group Companies

We began fact-finding investigations of our Group companies after several of them received complaints about environmental pollution from their surrounding neighborhoods in 2001. To prevent a recurrence, over the 11 years to the end of March 2012, we did on-site investigations at 164 companies (230 worksites). The evaluation is made using Q&As between auditors and management; inspections of plants, warehouses, and other facilities; surveys of wastewater released into rivers; and assessments of compliance with environmental laws and regulations. Problem areas are pointed out and preventive measures are provided, and progress with rectification is confirmed.

Evaluating the Environmental Impact of New Investment Projects

We employ a CSR and environmental checklist for investments to evaluate in advance the market, social, and environmental impact of business investment projects. When specialist insight is needed, ITOCHU calls on specialized external bodies to render an advance inspection of the project. Action on the project then moves forward once inspection results and the absence of any major problems is confirmed.

Promotion of Environmental Education and Awareness

In order for ITOCHU Group employees to be aware of and comply with the requirements of environmental laws and regulations, and simultaneously to raise their environmental awareness, we hold seminars on laws, such as the Waste Management and Public Cleaning Law and the Soil Contamination Countermeasures Act, as well as the Global Environmental Management Seminar and the ITOCHU Symposium. Through these activities, ITOCHU is thoroughly developing among its employees a strong "defensive" stance with respect to strict compliance and an assertive "offensive" stance regarding the development of environment-conserving businesses.

Office Environmental Performance

All employees always do their best to reduce environmental impacts not only when conducting business but also in their office activities. We tackle environmental conservation initiatives that are achievable in our immediate surroundings by conserving energy at our offices and recycling waste. In addition, from fiscal 2012, we expanded the scope of the environmental performance data that is collected. We will use this data to ascertain actual conditions and to enhance our environmental conservation activities in the future.

Environmental Data: Fiscal 2012

	Domestic	Overseas	Total
(1) Electric power (MWh)	1,931,122	983	1,932,105
(2) City gas (thousand m^3)	15,162	0	15,162
(3) Hot water (GJ)	124,689	0	124,689
(4) Cold water (GJ)	3,392,014	22,861	3,414,875
(5) Steam (GJ)	13,075	0	13,075
(6) CO_2 (CO_2-t): (1) - (5) conversion	1,384,612	2,018	1,386,630
(7) Volume of waste (t)	390,284	5	390,289
(8) Tap water (m^3)	6,330,686	6,774	6,337,460
(9) Grey water (m^3)	501,670	0	501,670

<<Subject Organizational Units>>

(1) "Domestic" refers to ITOCHU Corporation (1 company) and 27 domestic Group companies that have obtained ISO14001 certification or are a designated enterprise under the Law Concerning the Rational Use of Energy.

(2) "Overseas" refers to 10 offices of overseas trading subsidiaries that have obtained ISO 14001 certification

(3) Conversion to carbon dioxide (CO_2-t) is handled in accordance with the Law Concerning the Rational Use of Energy for ITOCHU Corporation and in accordance with IEA (International Energy Association) standards for others.

For further information, please refer to our CSR website.
http://www.itochu.co.jp/en/csr/environment/office_activities/

Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem

In addition to environmental conservation activities in its business activities, ITOCHU is also working aggressively to help establish a better environment through social contribution activities as well.

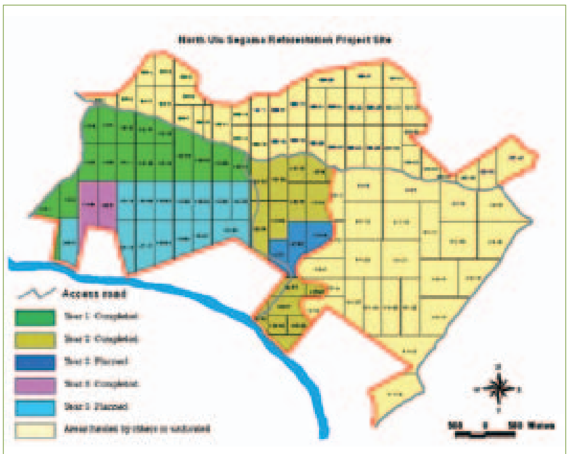
In accordance with our environmental policy and our basic policy for social contribution activities, we are supporting "Activities to Restore the Tropical Rainforests and Conserve Borneo's Ecosystem," which aim to restore the tropical rainforest through reforestation and to conserve the ecosystem in Borneo, which have deteriorated as a result of development.

Overview of Program

As a social contribution program to commemorate the 150th anniversary of the founding of the Company, ITOCHU and its Group companies are donating ¥250 million to World Wide Fund for Nature Japan (WWF Japan) over five years, commencing in fiscal 2010 to support the WWF's project for reforestation and conservation in Borneo. The purpose of this program is threefold: to plant trees in order to restore rainforest that has been damaged by logging and other factors, and which cannot be expected to recover naturally; to secure habitats for animals, including endangered species like orangutans; and to restore and preserve biodiversity in the rainforest as a whole.

The support provided by the ITOCHU Group covers 967 hectares, which is one of the largest-scale reforestation support provided by a single enterprise. The tree planting work is scheduled for completion in December 2012, and subsequently the young tree conservation and maintenance work will continue until September 2014.

Reforestation area	North Ulu Segama, Sabah, Malaysia
Total area covered	967 hectares
Activities	Planting trees in target areas, subsequent management of seedlings, and monitoring of the status of orangutan habitats



Third Tree Planting Tour

In fiscal 2012, the third year of the program, 14 employees, including employees of group companies, visited Borneo on a reforestation experience tour and were able to directly experience reforestation work. The tour participants were able to see the growth of the seedlings that were planted by the participants of the previous tours. With the trees that have steadily grown serving as a link among the employees, the tour participants were able to monitor the management of reforestation activities and the status of the habitats of orangutans and other wild animals.

Tour participants engaged in tree planting

Comments from WWF Japan

Let's increase the life force of the world!

WWF Japan
Director
Fundraising & Marketing Communications

Yoko Minami

Trial calculations indicate that to sustain human activity at the current level would require about 1.5 times the productive capacity of the earth. We have exceeded by 50% the earth's ability to produce natural resources and absorb emitted CO_2. To live within the capacity of "one earth," we must reevaluate our consumption and revive the production capacity and absorption capacity of the earth, which are declining. The restoration of our highly diverse tropical rainforests, such as those in Borneo, is extremely important in the sense of increasing the "life force of the planet," which is the base not only for wildlife but also for human life itself.

Fair Operating Practices

Integrity is one of the ITOCHU Values that are a part of ITOCHU's corporate philosophy. Employees need to study and strictly observe the various rules that are related to corporate activities, such as laws and international rules. In addition, it is important that each individual employee avoid excessive trust in previously established precedents or complacency with industry practices, always consider "What is correct?" and conduct their activities from a highly ethical viewpoint. We have established systems and environments that enable employees to work in this manner.

Compliance

ITOCHU Group's Compliance System

The ITOCHU Group has compliance officers in each organization within Headquarters and at all major Group companies worldwide. These compliance officers are strengthening compliance by creating systems, conducting education and training, responding to individual cases, and any other necessary measures based on directives and support from their respective managers, as well as consideration of local laws, business characteristics, and operational formats.

In addition, we conduct simultaneous corporate-wide Monitor & Review surveys every year and compliance attitude surveys every two years. While checking the progress in implementing compliance measures at all ITOCHU Group companies through these surveys and other opportunities, the ITOCHU Group is making a concerted effort to find improvements that will enhance its well-developed systems for advancing compliance.

Major Compliance Measures in Fiscal 2012 and Tasks for the Future

In fiscal 2012, On-Site Compliance Training was held for all Headquarters employees. This training, which was intended to raise compliance awareness and prevent the occurrence of any cases, used actual compliance cases as teaching materials. In addition, for key organizations, such as overseas offices and Group companies, we are implementing activities with a focus on system operation such as on-site guidance with the objective of ascertaining actual front-line compliance conditions and identifying risks. Based on trends in former incidences of compliance violations and the findings of the Monitor & Review surveys, we are formulating individual compliance reinforcement measures tailored to each Division Company, and these measures are steadily being implemented. Moreover, drawing on actual incidents, we implemented meticulous education and training programs geared to employees in different tiers. Moving forward, we will further advance these policies and measures, and continue to focus on compliance reinforcement with an emphasis on overseas offices and Group companies.

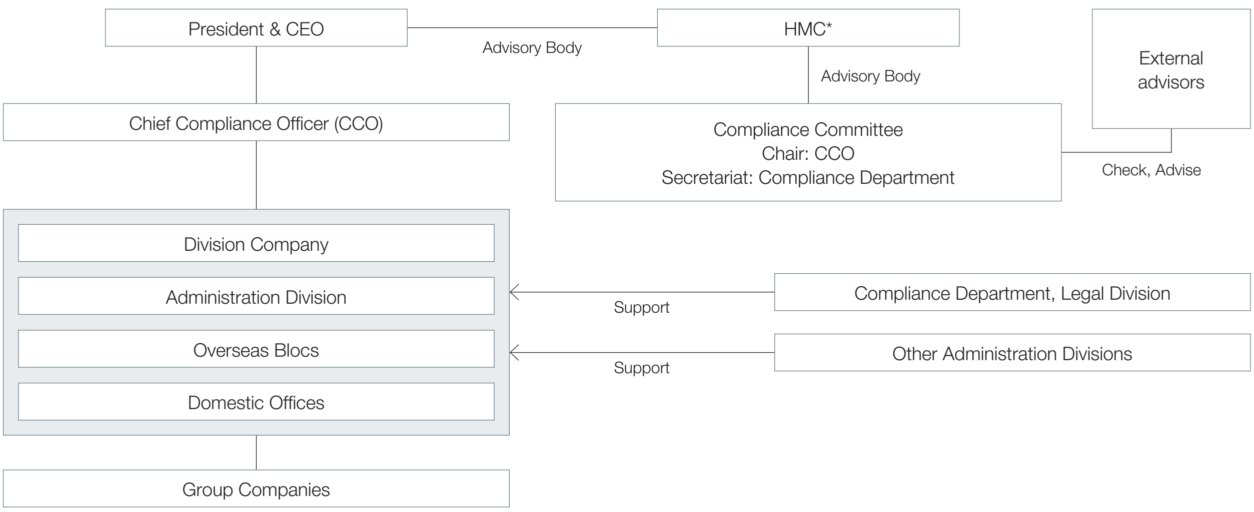
Bolstering Measures to Fight Corruption

Over the years, ITOCHU has sought to fight corruption by drafting regulations that specifically ban bribes and payoffs, along with related guidelines, with the aim of supporting the broad prohibition of payoffs to public officials and others in comparable positions worldwide.

Anticipating more stringent regulations against bribery and corruption worldwide, including the U.S. Foreign Corrupt Practices Act (U.S. FCPA) and the enforcement of the U.K. Bribery Act 2010 on July 1, 2011, ITOCHU in June 2011 revised its own aforementioned regulations and guidelines as a measure to enhance its own responsiveness in this area.

Going forward, we will work to circulate information regarding the aforementioned revisions within ITOCHU and to overseas blocs. At the same time, steps will be taken to conduct risk assessment and monitoring with respect to payoffs, bribery, and similar impropriety.

Compliance System



*HMC = Headquarters Management Committee

Consumer Issues

As a general trading company with businesses that encompass upstream raw materials business areas through to downstream retail business areas, ITOCHU is working with consumer issues through the provision of a wide variety of goods and services that support people's everyday lives. At the various stages of the supply chains for the products that we handle, we are implementing activities that contribute to the improvement of people's lives. These include ensuring the safety and quality of products through cooperative initiatives with suppliers and using the distinctive strengths of products to raise awareness about environmental conservation.

Ensuring Food Safety

In recent years, there have been several incidents that have caused concern about the safety of imported food products, such as the BSE problem, food poisoning caused by *gyoza* from China, and products containing melamine. In this setting, ensuring food safety has become a major issue. To minimize the risk of harm to the health of consumers, the Food Company is implementing a variety of initiatives to ensure the safety of imported foods. One of the initiatives is the implementation of periodic on-site audits at the processing plants of overseas suppliers from fiscal 2012. The subjects of the audits and the audit frequency are determined with reference to individual information, such as the management system of the country and the degree of cleanliness-related risk for the characteristics and the processing procedures of the product. Visits are made by employees from Headquarters and local staff, the management situation is confirmed, and improvements are proposed if necessary. Checks are made of 125 items, and in fiscal 2012 approximately 150 on-site audits were conducted at more than 100 companies. To conduct audits effectively, it was necessary to increase the level of the auditors' skills, and in fiscal 2012 training in audit methods was implemented for Headquarters employees and for local staff in China and other Asian markets.

Raising Consumer Awareness of Environmental Conservation through MOTTAINAI Campaign

ITOCHU participates in the MOTTAINAI Campaign, which was started in 2005. The word MOTTAINAI connotes the "3Rs" of environmental practice—Reduce, Reuse, and Recycle—and it also encompasses Respect for irreplaceable global resources. The campaign seeks to make MOTTAINAI an international watchword for environmental protection and to build a sustainable and recycling-oriented society.

The MOTTAINAI Campaign supports the Green Belt Movement, a tree planting program in Kenya that continues the philosophy of Dr. Wangari Maathai, who was awarded the Nobel Peace Prize. The support from companies that are in accord with the purposes of the campaign takes many forms. These include donating a portion of the profits from sales of environment-friendly products such as *furoshiki* wrapping cloths, eco-bags for shopping, and reusable chopsticks; donating a portion of the profits at flea markets; and promoting "click for donation" activities. ITOCHU is also working on the next generation of environmental education. In April 2012, we sponsored an "Eco-Shop" pavilion with MOTTAINAI Campaign themed-activities in KidZania Tokyo, which is a facility for children to experience diverse occupational and social activities. The pavilion will function as a place where children can learn about environmental conservation from a global perspective.

The amount equivalent to one tree sapling for planting will be donated to the Green Belt Movement for each child who participates.

Introducing Supply Chains for Individual Projects

In recognition that it is important to inform the consumer where things come from, since 2008 we have been implementing the Documentary Report Project on Supply Chains, in which we introduce the entire supply chain, from the upstream level to the downstream level, for each product handled by ITOCHU. Apart from the price and quality of a product, through the viewpoints of experts we introduce how products affect society through the environmental and human rights aspects of the production process. By sharing information with consumers, we promote sustainable consumption.

Documentary Report Project on Supply Chains: Previous Reports

Fiscal 2009	Vol. 1 India	From Raw Cotton to T-Shirts
Fiscal 2010	Vol. 2 El Salvador / Guatemala	Coffee from Central America
Fiscal 2011	Vol. 3 Ecuador	How Coffee Reaches Your Doorstep
Fiscal 2012	Vol. 4 Brazil	From Pulp to Tissue Paper

For the content of previous reports, please visit our website.
http://www.itochu.co.jp/en/csr/supply_chain/reportage/

Community Involvement and Development

ITOCHU conducts business activities in diverse regions throughout the world. We consider ourselves to be members of local communities in ways that extend beyond the scope of our business activities, and we are aiming to participate in these communities and contribute to their sustainable development. We respect the history and culture of all of the world's regions, and are contributing to the development of communities, with a focus on the direction of international society, such as the United Nations' Millennium Development Goals (MDGs).

Community Contribution

Promoting CSR in Each Region through CSR Action Plans

To steadily implement CSR activities, we formulate CSR Action Plans (see page 73) at every office in Japan and overseas blocs. As a member of local communities, we strive to contribute to their further development.

Support for Manila Hemp Plantation Rehabilitation Project

On the occasion of the 100th anniversary of the establishment of our Manila branch in 1912, in June we signed a project agreement with the Fiber Industry Development Authority of the Department of Agriculture and the St. Ann's Family Service Cooperative, a local agricultural cooperative. The agreement is for support of the rehabilitation project for a Manila hemp plantation located in an agricultural district in the central province of Sorsogon. Manila hemp was an important product at the time the Manila branch was established, but after an epidemic of Manila hemp diseases in the 1970s, the cultivation industry fell into a critical state. Subsequently, however, the Philippine government earmarked Manila hemp as a key industry in terms of rural development and started to develop disease-resistant Manila hemp. ITOCHU provided support to enhance its relationship with the local community and to contribute to the textile industry, ITOCHU's founding business. The project has begun in August 2012, and ITOCHU will donate ¥2 million, the amount needed to plant and grow 90 hectares of Manila hemp (about 144,000 plants), which is scheduled to be completed by March 2014. In addition, the project is expected to absorb approximately 18 tons of CO_2 a year.

Karawang Industrial Park Aims for Harmony with Indonesian Society

Karawang Industrial Park (KIIC, development area 1,177 hectares), which ITOCHU has invested in and operated from 1992, is working jointly with tenant companies to aggressively conduct CSR activities with an aim of co-existence and co-prosperity with neighboring communities.

In addition to direct support such as supplying baby food to infants in neighboring villages and providing scholarships to junior and senior high school students, an agricultural park has been established within the industrial park with the cooperation of Bogor Agricultural University, with programs conducted to instruct local farmers in the cultivation of high-value-added vegetables and catfish farming, as well as environmental improvement. In addition, more than 10,000 seedlings that are grown in the agricultural park's nursery and planted in the grounds of the industrial park or in neighboring villages, and support is also provided for local healthcare facilities. Furthermore, by providing business opportunities, such as for production of the work clothes of the tenant companies, we are working to contribute to the development of local small-scale businesses and to operate the industrial park with close ties to neighboring communities.

Social Contribution

Basic Activity Guidelines on Social Contribution

In line with our Basic Activity Guidelines on Social Contribution, which comprise five areas of focus, we are implementing a range of activities in Japan and overseas.

Basic Activity Guidelines on Social Contribution

1. Action on global humanitarian issues
As a globally active enterprise, ITOCHU Corporation shall take proactive approaches to humanitarian issues around the world and help to build a better, more humane world.

2. Environmental conservation
ITOCHU Corporation shall vigorously pursue activities of environmental conservation and contribute to sustainable social advancement.

3. Community contribution
As a good corporate citizen, ITOCHU Corporation shall construct favorable relationships, and harmonize its business, with local communities.

4. Growth of next generations
ITOCHU Corporation shall conduct activities to support the sound development of youth as tomorrow's leaders and work for the emergence of fulfilling and vibrant communities.

5. Support for volunteer work by our employees
ITOCHU Corporation shall provide positive support for the activities of social contribution by each and every one of its employees.

Growth of Next Generations: The ITOCHU Foundation

ITOCHU conducts ongoing support for the "growth of next generations" through the ITOCHU Foundation, which was established in 1974. In 2012, the ITOCHU Foundation became a Public Interest Incorporated Foundation, and currently the Foundation is implementing activities that contribute to the sound growth of children, principally subsidizing the development of children's literature collections and promoting the development of an e-book library.

Providing Subsidies for Children's Literature Collections

In fiscal 2012, children's literature collection subsidy activities included not only subsidies for the purchase of children's books and the 100 Children's Books Subsidy but also emergency support for areas affected by the Great East Japan Earthquake.

In addition, the Foundation has aggressively provided subsidies for library development at Japanese schools and supplementary schools overseas. This support has been provided to 56 schools.

Subsidizing the Development of Children's Literature Collections

	Number of subsidies
Subsidies for purchase of children's books	37 (of which, 1 overseas)
Subsidies for purchase of children's books for hospitals	8
100 Children's Books Subsidy	32 (of which, 11 overseas)
Subsidies for libraries at Japanese schools / supplementary schools	52 (of which, 52 overseas)
Emergency support for areas affected by the Great East Japan Earthquake	6
Total	135 (of which, 64 overseas)

Students at a Japanese school in Guatemala hold books sent from the ITOCHU Foundation

Promoting the Use of E-Books

In fiscal 2011 the Foundation began to promote the development of an e-book library that utilizes PCs for children with disabilities who are unable to read conventional books. The Foundation has revised the scope of this project, which is now focused on making it easier to read for more children. The Foundation has provided, at no cost, 38 works to 501 locations throughout the country, such as schools for children with special needs.

Great East Japan Earthquake Reconstruction Support

Fostering Recovery Over the Long Term

Immediately after the Great East Japan Earthquake, ITOCHU began to provide emergency support to the affected areas, including ¥400 million in monetary donations as well as apparel, food, and other goods.

From May 2011, to make it easier for employees to participate in volunteer activities, we instituted a system under which the Company pays for travel, board, and other expenses. By the end of June 2012, a total of 120 people had used this system. In addition, we established the Great East Japan Earthquake Recovery Assistance Site on our intranet. This site provides information on volunteer activities and reports from employees who have participated in volunteer activities. We are using this site to keep employees informed about support activities for fostering recovery over the long term.

In addition, as one facet of support activities, in February 2012 we implemented an employee suggestion for a Valentine Donation Campaign, and in March we held a one-year anniversary donation campaign. These activities were implemented on a corporate-wide basis. We also had a panel exhibition about the current state of the affected areas, and shared the importance of ongoing support. The collected donations, which were matched by the Company, were used to support school reconstruction, through Nippon International Cooperation for Community Development, and as library subsidies in the affected areas, through the ITOCHU Foundation. In January 2012, through Japan Foreign Trade Council, Inc., new support for the three affected prefectures was provided through donations for children who were orphaned by the earthquake.

Working Together with Shareholders to Provide Support for Affected Areas

From fiscal 2012, ITOCHU has provided shareholder information, such as notices of ordinary general meetings of shareholders, by e-mail rather than postal delivery of printed materials, to shareholders who have agreed to receive such information in digital form. The resulting savings, which include savings from paper and postage, together with matching funds from ITOCHU, have been donated to the 100 Children's Books Subsidy, an ITOCHU Foundation program that subsidizes the development of children's literature collections.

In fiscal 2012, with approval having been received by more than 7,500 shareholders, a total of 15 sets of children's books (1 set = 100 books) were donated to volunteer organizations conducting activities in the area affected by the Great East Japan Earthquake.

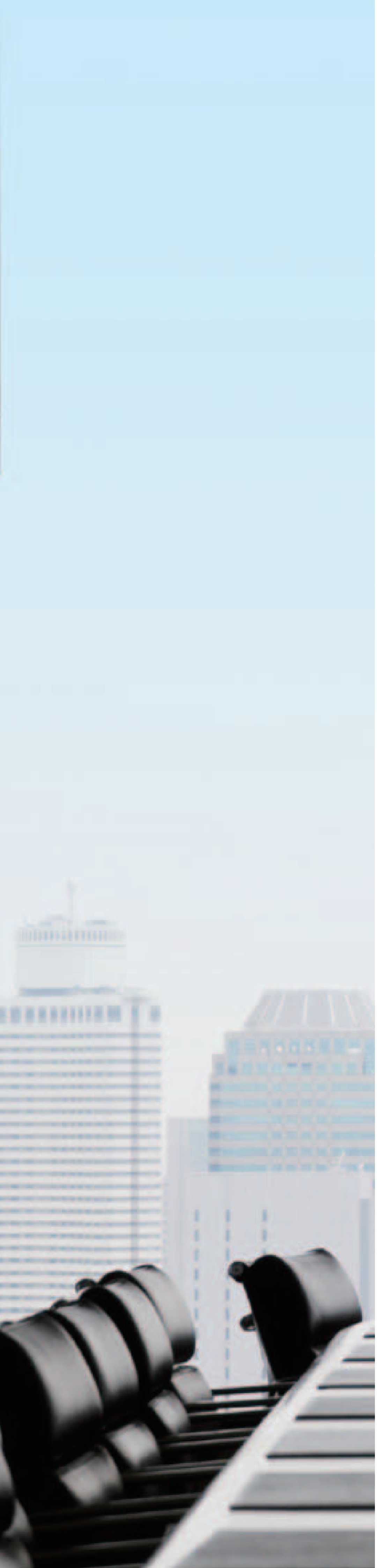
Donations were made to 13 organizations, including organizations in Minamisoma City, Fukushima Prefecture, Shiwagun, Iwate Prefecture, Shibata Town, Miyagi Prefecture.

Report from an Employee Volunteer

Yuichi Yasura, volunteered in February 2012
Temporarily transferred to ITOCHU CHEMICAL FRONTIER Corporation

"Thanks to everyone's support, there are sufficient supplies of material goods. However, there is still a lack of volunteers. At first, many people came, but as time has passed that number has dwindled. At this point it is not possible to predict how many years it will take." That was the opinion recently voiced by the people of Rikuzentakata and Kesennuma. "Hands" are something basic that we all have, but right now there is a shortage of them. When we work together the capabilities of the united group are greater than the sum of our individual capabilities. I would definitely like to participate again.

With other volunteers



CORPORATE GOVERNANCE

Corporate Governance

ITOCHU operates its business in accordance with the ITOCHU Group Corporate Philosophy and Code of Conduct. Our fundamental policy is to work toward the long-term preservation and enhancement of our corporate value by building fair and favorable relationships with our stakeholders. To execute our business activities in an appropriate and efficient manner in accordance with our fundamental policy, we are increasing the transparency of our decision-making process and constructing a corporate governance system that incorporates appropriate monitoring and supervisory functions.

Features of ITOCHU's Corporate Governance System

ITOCHU is a company with the Board of Directors and corporate auditors (the Board of Corporate Auditors). The corporate auditors including outside corporate auditors monitor and audit business management independently and objectively. And ITOCHU has elected highly independent outside directors 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.

Comprising 14 directors (including 2 outside directors) as of July 1, 2012, the Board of Directors makes decisions on important management matters and supervises each director's business management.

ITOCHU has adopted an Executive Officer System in order to separate the decision-making and supervisory functions of the Board of Directors from its implementation of business management.

One feature of ITOCHU's corporate governance system is the HMC (Headquarters Management Committee), a supporting body of the CEO, where companywide management policy and important issues are discussed and decided.

In addition, management issues in individual areas of responsibility are discussed and screened by various internal committees in order to support the decision making of the CEO and the Board of Directors. Moreover, ITOCHU is developing and implementing a system for incorporating third-party opinions in which outside experts become members of some internal committees.

The table below details steps ITOCHU has taken to strengthen corporate governance.

Steps Taken to Strengthen Corporate Governance

1997	Introduced the Division Company System	To accelerate decision making / increase efficiency of business management
1999	Introduced Executive Officer System	To strengthen decision-making and supervisory functions of the Board of Directors
2007	Shortened the terms of office of directors and executive officers to one year	To clarify management responsibility during terms of office
2011	Introduced an Outside Directors System	To increase the effectiveness of the supervision of management and improve the transparency of decision making

Increasing the Effectiveness of the Supervision of Management by the Board of Directors

ITOCHU has elected 2 outside directors at the General Meeting of Shareholders held in June 2011. The outside directors make a contribution to ensuring and increasing the effectiveness of the supervision of management by the Board of Directors, as well as the transparency of the Board of Directors' decision making, by way of appropriately providing their monitoring and supervising functions to the internal directors and management advice based on various perspectives from their neutral and objective position.

Relationship of Outside Directors with ITOCHU

Name	Reason for appointment	Attendance to meetings of the Board of Directors
Yuko Kawamoto*1	ITOCHU has elected her, anticipating that she will use her wealth of knowledge on corporate management nurtured through her long expertise as a management consultant and a professor of a university's graduate school and also monitor and supervise the corporate management of ITOCHU from an independent perspective. And she has no material interests in ITOCHU.	Yuko Kawamoto attended 10 of 12 meetings of the Board of Directors held since her election.
Kazuyuki Sugimoto*1	ITOCHU 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 also monitor and supervise the corporate management of ITOCHU from an independent perspective. And he has no material interests in ITOCHU.	Kazuyuki Sugimoto attended all 12 meetings of the Board of Directors held since his election.

*1. Yuko Kawamoto and Kazuyuki Sugimoto are registered as independent directors in the domestic financial instrument exchanges on which ITOCHU is listed.

Systems to Ensure Effectiveness of Audit Functions

ITOCHU appoints five corporate auditors, of whom three are outside corporate auditors. Standing corporate auditors strengthen audit functions by regularly attending meetings of the Board of Directors and other in-house meetings and working in cooperation with ITOCHU's independent external auditors and other audit bodies inside and outside ITOCHU.

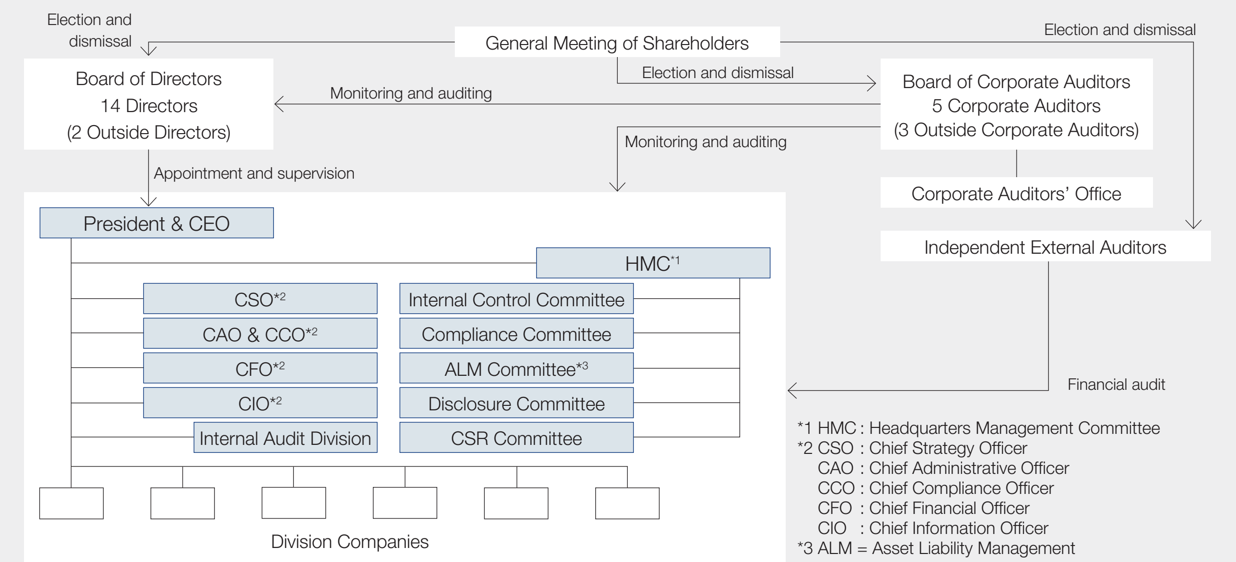
ITOCHU's Audit Division is responsible for internal audits. Aiming to facilitate exchanges of information and close collaboration, members of this division meet regularly with corporate auditors to discuss such matters as internal audit planning. In addition, the Corporate Auditors' Office, reporting directly to the Board of Corporate Auditors, supports corporate auditors.

Relationship of Outside Corporate Auditors with ITOCHU

Name	Reason for appointment	Attendance to meetings of the Board of Directors and the Board of Corporate Auditors
Ryozo Hayashi*1	ITOCHU has elected him, anticipating that he will monitor management and 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 he has no material interests in ITOCHU.	Ryozo Hayashi attended 15 of 17 meetings of the Board of Directors and 10 of 11 meetings of the Board of Corporate Auditors held in the fiscal year ended March 31, 2012.
Keiji Torii*1	ITOCHU has elected him, anticipating that he will monitor management and provide auditing from an independent perspective by utilizing his many years of experience and insight as a former executive of a major financial institution. Before being appointed as a Corporate Auditor of ITOCHU, he had served as an executive of a major financial institution, with which ITOCHU has dealings, but he retired from his position at the financial institution before being appointed as a Corporate Auditor of ITOCHU and he has no material interests in ITOCHU at present.	Keiji Torii attended all 17 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held in the fiscal year ended March 31, 2012.
Masahiro Shimojo*1	ITOCHU has elected him, anticipating that he will monitor management and provide auditing from an independent perspective by utilizing his wealth of experience and expertise as a lawyer in the field of corporate legal practice and international business law. And he has no material interests in ITOCHU.	Masahiro Shimojo attended all 12 meetings of the Board of Directors and all 8 meetings of the Board of Corporate Auditors held since his election.

*1 Ryozo Hayashi, Keiji Torii, and Masahiro Shimojo are registered as independent auditors in the domestic financial instrument exchanges on which ITOCHU is listed.

ITOCHU's Current Corporate Governance System



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

Principal Internal Committees

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

Details of Compensation

Details of the compensations paid to directors and corporate auditors of ITOCHU in the fiscal year ended March 31, 2012 are as follows.

Type	Number of people	Amount paid (Millions of Yen)	Details
Director (Outside directors)	14 (2)	1,428 (18)	(1) Monthly compensation: ¥758 million (2) Directors' bonuses accrued and payable for the fiscal year ended March 31, 2012: ¥670 million
Corporate auditor (Outside corporate auditors)	7 (4)	119 (32)	Only monthly compensation
Total (Outside directors and corporate auditors)	21 (6)	1,547 (50)	

*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 at the 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 the said General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished. In accordance with such resolution, in addition to the amounts paid as shown above, ¥71 million was paid as retirement benefits to 2 retired directors in April, 2011.

The compensation paid to all directors of ITOCHU (excluding outside directors) consists of monthly compensation and performance-linked bonuses. The monthly compensation is determined by the contribution to ITOCHU of each director based on the base amount set by its position, whereas the total amount of 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.

Internal Control System

On April 19, 2006, ITOCHU's Board of Directors established the Basic Policy regarding the Internal Control System, which was later partially revised on May 6, 2011. ITOCHU intends to revise and improve the internal control systems tirelessly in order to build the systems that are even more appropriate and efficient. (For ITOCHU's Basic Policy regarding the Internal Control System, please see: http://www.itochu.co.jp/en/about/governance/control/policy/)

The following highlights some noteworthy initiatives under the Basic Policy regarding the Internal Control System.

Initiatives to Further Enhance the Reliability of Financial Reporting

In order to further enhance the reliability of our consolidated financial reporting, Chief Operating Officers, etc. are appointed as Chief Responsible for Internal Control to establish a Group-wide line of responsibility. And the Disclosure Committee is designated as a steering committee to maintain the internal control system to comply with the internal control reporting system.

Furthermore, following the March 2011 revision of the Standard by the Financial Services Agency, ITOCHU formulated policies to streamline internal control designing and testing, and has been reinforcing its devotion to more rational and effective designing and testing from the standpoint of risk-based approach since fiscal 2013.

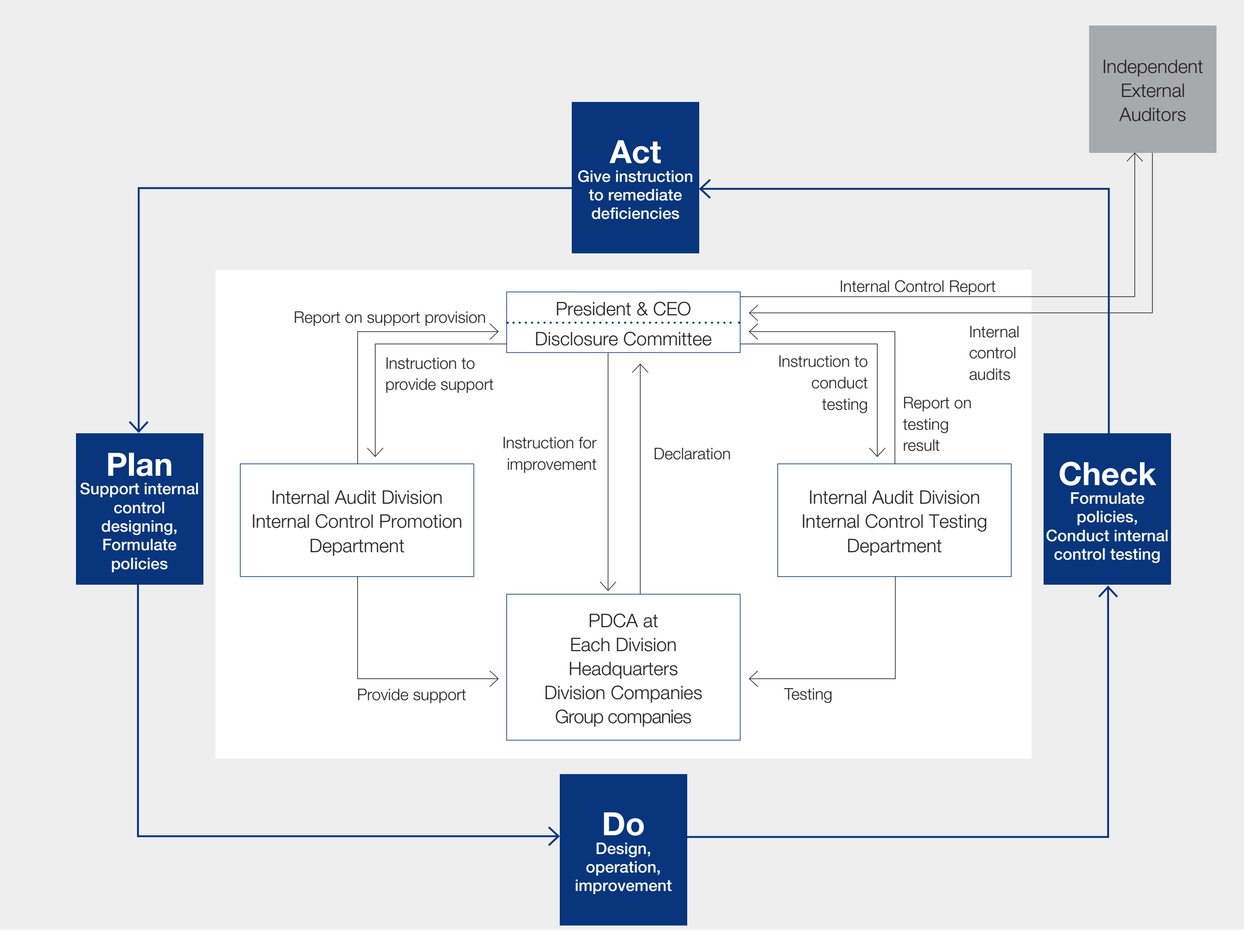
Results of testing conducted by the Internal Control Testing Department are fed back to each related unit and are used to develop and maintain the adequate internal control.

This Plan-Do-Check-Act cycle enables ITOCHU to improve and reinforce the internal control system.

Strengthening Risk Management

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

Organizations to Secure the Appropriateness of Financial Reporting (PDCA Cycle)



Accountability to Stakeholders

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

Investor relations activities in fiscal 2012 include the following.

Summary of activities	Supplementary explanations
Presentations for individual investors	We hold meetings for individual investors several times a year at stock exchanges and branches of brokerage firms.
Presentations for analysts and institutional investors	We hold meetings for analysts and institutional investors each fiscal quarter. The second-quarter and annual financial results are explained by the President & CEO, whereas the first and third-quarter financial results are explained via online conference by the CFO. We also hold on-site tours in which investors can visit our affiliates or our project sites. In addition, briefings on each segment are held to explain specific themes such as strategies of individual business segments. In regard to large-scale projects of particular interest to analysts and institutional investors, we hold explanatory meetings when the projects are announced.
Presentations for overseas institutional investors	Meetings for overseas institutional investors are held 5 times a year in Europe, North America, and Asia.
Investor relations-related materials available on our website	Investor relations-related materials are made available on our website. Materials that can be downloaded include our financial statements, presentation materials for investors meetings, materials used in briefings on each segment, TSE filings, annual securities reports (*yuka shoken hokokusho*), quarterly securities reports (*shihanki hokokusho*), Corporate Governance Report, and Notice of General Meeting of Shareholders.

Corporate Officers

As of July 1, 2012

Directors

President & Chief Executive Officer*

Masahiro Okafuji

1974 Joined ITOCHU Corporation
2010 President & Chief Executive Officer

Chairman

Eizo Kobayashi

1972 Joined ITOCHU Corporation
2010 Chairman

Director*

Yoichi Kobayashi

Executive Advisory Officer for Kansai District Operation / Division Companies Operation

1973 Joined ITOCHU Corporation
2011 Executive Vice President

Director*

Yoshihisa Aoki

President, Food Company

1974 Joined ITOCHU Corporation
2010 Senior Managing Executive Officer

Director*

Tadayuki Seki

CFO

1973 Joined ITOCHU Corporation
2010 Senior Managing Executive Officer

Director*

Koji Takayanagi

CSO; General Manager, Corporate Planning & Administration Division

1975 Joined ITOCHU Corporation
2012 Senior Managing Executive Officer

Director*

Toru Matsushima

CAO & CCO

1979 Joined ITOCHU Corporation
2010 Managing Executive Officer

Director*

Yuji Fukuda

President, Energy & Chemicals Company

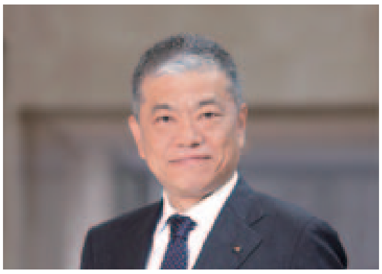
1979 Joined ITOCHU Corporation
2012 Managing Executive Officer

Director*

Ichiro Nakamura

President, Metals & Minerals Company

1979 Joined ITOCHU Corporation
2011 Managing Executive Officer



Director*

Tomofumi Yoshida

President, ICT, General Products & Realty Company

1979 Joined ITOCHU Corporation
2012 Managing Executive Officer

Director*

Hitoshi Okamoto

President, Textile Company

1980 Joined ITOCHU Corporation
2010 Managing Executive Officer

Director*

Takao Shiomi

President, Machinery Company

1975 Joined ITOCHU Corporation
2012 Managing Executive Officer

Director**

Yuko Kawamoto

Apr. 1982 Joined The Bank of Tokyo, Ltd.
Sep. 1988 Joined McKinsey & Company, Tokyo Office
Apr. 2004 Professor, Waseda Graduate School of Finance, Accounting and Law (current position)
Jun. 2011 Outside Director, ITOCHU Corporation

(Important concurrent occupations or positions)
Outside Board Member, Osaka Securities Exchange Co., Ltd.
External Director, Monex Group, Inc.
Outside Director, Yamaha Motor Co., Ltd.
Outside Corporate Auditor, Tokio Marine Holdings, Inc.

Director**

Kazuyuki Sugimoto

Apr. 1974 Joined Ministry of Finance
Jul. 1997 Director of the Legal Division, Budget Bureau, Ministry of Finance
Jul. 1998 Director of the Research and Planning Division, Minister's Secretariat, Ministry of Finance
Apr. 2000 Secretary to the Prime Minister
Jan. 2001 Executive Secretary to the Prime Minister
Apr. 2001 Deputy Director-General of the Budget Bureau, Ministry of Finance
Jul. 2005 Deputy Vice Minister for Policy Planning and Co-ordination, Ministry of Finance
Jul. 2006 Deputy Vice Minister, Ministry of Finance
Jul. 2007 Director-General of the Budget Bureau, Ministry of Finance
Jul. 2008 Administrative Vice Minister of Finance
Jul. 2009 Retired from Ministry of Finance
Special Adviser to the Minister of Finance
Jan. 2010 Professor, The University of Tokyo Graduate School of Public Policy
May 2010 Adviser, Mizuho Research Institute Ltd.
Mar. 2011 Registered as an attorney at law (current position)
Apr. 2011 Chairman of The Institute, Mizuho Research Institute Ltd. (current position)
Special Counsel, TMI Associates (current position)
Jun. 2011 Outside Director, ITOCHU Corporation

* indicates a representative director
** indicates an outside director as provided in Paragraph 2, Clause 15 of the Corporate Law

Auditors

4 2 1 3 5

Corporate Auditor

1 Yoshio Akamatsu

1974 Joined ITOCHU Corporation
2010 Director, Senior Managing Executive Officer
2012 Corporate Auditor

Corporate Auditor

2 Kazutoshi Maeda

1974 Joined ITOCHU Corporation
2007 Managing Executive Officer
2011 Corporate Auditor

Corporate Auditor

3 Ryozo Hayashi*

Apr. 1970 Joined the Ministry of International Trade and Industry, Industrial Policy Bureau
Jan. 2001 Deputy Vice-minister, Ministry of Economy, Trade and Industry
Jul. 2002 Director-General, Economic and Industrial Policy Bureau
Aug. 2003 Consulting Fellow, Research Institute of Economy, Trade and Industry
Jun. 2004 Independent Outside Statutory Auditor, Teijin Ltd
Sep. 2004 Senior Adviser, NTT Data Institute of management Consulting, Inc.
Apr. 2005 Professor, Graduate School of Public Policy, University of Tokyo
Apr. 2009 Director, The Canon Institute for Global Studies
Jun. 2009 Corporate Auditor, ITOCHU Corporation
Apr. 2011 Professor, Office of Research Advancement & Intellectual Property, Meiji University
Apr. 2011 Visiting Professor, Graduate School of Public Policy, University of Tokyo
Dec. 2011 Director, Meiji Institute for Global Affairs (MIGA), Meiji University

Corporate Auditor

4 Keiji Torii*

Apr. 1971 Joined The Dai-Ichi Bank, Ltd.
Apr. 1999 General Manager, The Americas and the New York Branch, The Dai-Ichi Kangyo Bank, Ltd.
Jun. 1999 Director and General Manager, The Americas and the New York Branch, The Dai-Ichi Kangyo Bank, Ltd.
May 2000 Managing Director and General Manager, The Americas and the New York Branch, The Dai-Ichi Kangyo Bank, Ltd.
Apr. 2002 Managing Executive Officer, Mizuho Corporate Bank, Ltd.
Apr. 2004 Deputy President & CIO, Mizuho Financial Group, Inc.
Apr. 2005 Director, Mizuho Financial Group, Inc.
Jun. 2005 Deputy President, Mizuho Information & Research Institute, Inc.
Jun. 2009 Corporate Auditor, ITOCHU Corporation

Corporate Auditor

5 Masahiro Shimojo*

Apr. 1973 Registered as an attorney at law
Apr. 1973 Nishimura & Partners, Tokyo
Dec. 1982 Admitted in California (inactive)
Jun. 1984 Nishimura & Asahi, Tokyo
Jun. 2000 Corporate Auditor, Hitachi Cable Co., Ltd.
Jun. 2003 Board Director, Hitachi Cable Co., Ltd.
Jun. 2011 Corporate Auditor, ITOCHU Corporation
Apr. 2012 Visiting Professor, Faculty of Law, Gakushuin University

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

Executive Officers

President & Chief Executive Officer

Masahiro Okafuji

Executive Vice President

Yoichi Kobayashi
Executive Advisory Officer for Kansai District Operation / Division Companies Operation

Senior Managing Executive Officers

Yoshihisa Aoki
President, Food Company

Tadayuki Seki
CFO

Koji Takayanagi
CSO; General Manager, Corporate Planning & Administration Division

Managing Executive Officers

Tatsuo Fujino
CEO for Oceania;
Managing Director & CEO, ITOCHU Australia Ltd.
2006 Joined ITOCHU Corporation
2007 Managing Executive Officer

Takeshi Kumekawa
Chief Executive for European Operation;
CEO, ITOCHU Europe PLC
1974 Joined ITOCHU Corporation
2009 Managing Executive Officer

Yoshiharu Matsumoto
General Manager for Nagoya Area
1975 Joined ITOCHU Corporation
2009 Managing Executive Officer

Shintaro Ishimaru
CIO;
Executive Vice President, ICT, General Products & Realty Company
2006 Joined ITOCHU Corporation
2009 Managing Executive Officer

Toru Matsushima
CAO & CCO

Yuji Fukuda
President, Energy & Chemicals Company

Kimio Kitamura
General Manager, General Accounting Control Division
1975 Joined ITOCHU Corporation
2010 Managing Executive Officer

Shuichi Koseki
CEO for ITOCHU East Asia Bloc;
Chairman, ITOCHU (CHINA) HOLDING CO., LTD.;
Chairman, ITOCHU SHANGHAI LTD.;
Chairman, ITOCHU HONG KONG LTD.;
Chairman, BIC
1979 Joined ITOCHU Corporation
2010 Managing Executive Officer

Ichiro Nakamura
President, Metals & Minerals Company

Tomofumi Yoshida
President, ICT, General Products & Realty Company

Junichi Sasaki
CEO for ASEAN & South West Asia Bloc;
President & CEO, ITOCHU Singapore Pte Ltd;
General Manager, ITOCHU Corporation Singapore Branch
1979 Joined ITOCHU Corporation
2010 Managing Executive Officer

Hitoshi Okamoto
President, Textile Company

Kunihiko Tamano
Deputy CFO;
General Manager, Global Risk Management Division
1974 Joined ITOCHU Corporation
2011 Managing Executive Officer

Eiichi Yonekura
President & CEO, ITOCHU International Inc.
1981 Joined ITOCHU Corporation
2011 Managing Executive Officer

Takao Shiomi
President, Machinery Company

Masahiro Imai
Chief Operating Officer, Plant Project, Marine & Aerospace Division
1980 Joined ITOCHU Corporation
2012 Managing Executive Officer

Nobuyuki Kizukuri
Chief Operating Officer, Construction, Realty & Financial Business Division
1976 Joined ITOCHU Corporation
2012 Managing Executive Officer

Isamu Nakayama
Executive Vice President, Food Company;
Chief Operating Officer, Provisions Division
1981 Joined ITOCHU Corporation
2012 Managing Executive Officer

Executive Officers

Yutaka Washizu
Chief Operating Officer, Metals & Mineral Resources Division
1980 Joined ITOCHU Corporation
2009 Executive Officer

Fumihiko Kobayashi
General Manager, Human Resources & General Affairs Division
1980 Joined ITOCHU Corporation
2010 Executive Officer

Masanori Toyoshima
Chief Operating Officer, Energy Division
1981 Joined ITOCHU Corporation
2010 Executive Officer

Kazutaka Yoshida
Chief Operating Officer, Automobile, Construction Machinery & Industrial Systems Division
1981 Joined ITOCHU Corporation
2010 Executive Officer

Kiyoshi Yamaguchi
General Manager, Secretariat
1980 Joined ITOCHU Corporation
2011 Executive Officer

Hidefumi Suzuki
General Manager, Legal Division
1980 Joined ITOCHU Corporation
2011 Executive Officer

Masahiko Takasaka
General Manager, Research & Business Development Division
1980 Joined ITOCHU Corporation
2011 Executive Officer

Harutoshi Okita
Chief Operating Officer, Coal, Nuclear & Solar Division
1980 Joined ITOCHU Corporation
2011 Executive Officer

Yozo Kubo
Chief Operating Officer, Apparel Division
1981 Joined ITOCHU Corporation
2011 Executive Officer

Kunihiro Nakade
Deputy General Manager, General Accounting Control Division
1980 Joined ITOCHU Corporation
2012 Executive Officer

Masahiko Kameoka
Chief Operating Officer, Food Products Marketing & Distribution Division
1980 Joined ITOCHU Corporation
2012 Executive Officer

Ichiro Tsuge
Chief Operating Officer, Forest Products & General Merchandise Division
1980 Joined ITOCHU Corporation
2012 Executive Officer

Kazunori Ishii
Chief Operating Officer, Brand Marketing Division 2
1981 Joined ITOCHU Corporation
2012 Executive Officer

Kazuya Saito
Chief Operating Officer, Chemicals Division;
General Manager, Organic Chemicals Department No.1
1981 Joined ITOCHU Corporation
2012 Executive Officer

Tsuyoshi Hachimura
General Manager, Finance Division
1991 Joined ITOCHU Corporation
2012 Executive Officer

Operational Structure

Organizational Structure

As of July 1, 2012

- General Meeting of Shareholders
  - Board of Corporate Auditors, Corporate Auditors
    - Corporate Auditors' Office
  - Board of Directors
- President & CEO
  - HMC
  - Executive Officers Meeting
    - Internal Audit Division
    - Secretariat
    - CSO
      - Corporate Planning & Administration Division
      - Research & Business Development Division
      - Domestic Offices
      - Overseas Offices
    - CAO & CCO
      - Human Resources & General Affairs Division
      - Corporate Communications Division
      - Legal Division
    - CFO
      - Investor Relations Department
      - Group Accounting Support Department
      - Finance Division
      - General Accounting Control Division
      - Global Risk Management Division
    - CIO
      - IT Planning Division
    - Executive Advisory Officer for Kansai District Operation
  - Textile Company
  - Machinery Company
  - Metals & Minerals Company
  - Energy & Chemicals Company
  - Food Company
  - ICT, General Products & Realty Company

HMC : Headquarters Management Committee
CSO : Chief Strategy Officer
CAO : Chief Administrative Officer
CCO : Chief Compliance Officer
CFO : Chief Financial Officer
CIO : Chief Information Officer

- Textile Material & Fabric Division
  - Textile Material & Fabric Department
  - Fabric & Apparel Department
- Apparel Division
  - Apparel Department 1
  - Apparel Department 2
- Brand Marketing Division 1
  - Brand Marketing Department 1
  - Brand Marketing Department 2
- Brand Marketing Division 2
  - Brand Marketing Department 3
  - Industrial Textile & Lifestyle Department
- CFO
- Planning & Administration Department

Textile Company	
Number of Employees	
Consolidated	11,792
Non-consolidated	398
Number of Subsidiaries and Associates	
Domestic	22
Overseas	19

- Plant Project, Marine & Aerospace Division
  - Aerospace & Defense Department
  - Aircraft & Interior Systems Department
  - Marine Department
  - Power Project Department
  - Plant Project Department
- Automobile, Construction Machinery & Industrial Systems Division
  - Automobile Department No. 1
  - Automobile Department No. 2
  - Automobile Business Promotion Department
  - Isuzu Business Department
  - Construction Machinery Department
  - Industrial Machinery & Electronic Systems Department
  - Healthcare Business Department
- CFO
- Planning & Administration Department

Machinery Company	
Number of Employees	
Consolidated	10,537
Non-consolidated	512
Number of Subsidiaries and Associates	
Domestic	27
Overseas	42

- Metals & Mineral Resources Division
  - Iron Ore & Steelmaking Resources Department
  - Non-Ferrous & Metal Materials Department
- Coal, Nuclear & Solar Division
  - Coal Department
  - Nuclear & Low Carbon Fuel Department
  - Solar Business Department
- Steel Business Coordination Department
- CFO
- Planning & Administration Department

Metals & Minerals Company	
Number of Employees	
Consolidated	1,142
Non-consolidated	179
Number of Subsidiaries and Associates	
Domestic	6
Overseas	11

- Energy Division
  - International Energy Trading Department
  - LP Gas, Project Development Department
  - Exploration & Production Department
  - Natural Gas Business Department
- Chemicals Division
  - Organic Chemicals Department No. 1
  - Organic Chemicals Department No. 2
  - Inorganic Chemicals Department
  - Plastics Department
  - Retail & Plastics Materials Department
  - Chemical Business Process Operation Department
- CFO
- Planning & Administration Department

Energy & Chemicals Company	
Number of Employees	
Consolidated	9,818
Non-consolidated	319
Number of Subsidiaries and Associates	
Domestic	22
Overseas	33

- Provisions Division
  - Grain, Feed & Oilseeds Department
  - Oil, Fats & Grain Products Department
  - Sugar, Confectionary Materials & Dairy Products Department
  - Coffee & Beverage Marketing Department
- Fresh Food & Food Business Solutions Division
  - Marine Products Department
  - Meat Products Department
  - Agri Products Department
  - Food Service & Distribution Department
- Food Products Marketing & Distribution Division
  - Food Products Marketing & Distribution Department
  - FamilyMart Department
- China Business Development Department
- CFO
- Planning & Administration Department

Food Company	
Number of Employees	
Consolidated	7,449
Non-consolidated	417
Number of Subsidiaries and Associates	
Domestic	18
Overseas	25

- Forest Products & General Merchandise Division
  - Wood Products & Materials Department
  - Paper Products & Materials Department
  - General Merchandise Department
- ICT, Insurance & Logistics Division
  - Information Technology Business Department
  - Communication & Mobile Business Department
  - Logistics & Insurance Business Department
- Construction, Realty & Financial Business Division
  - Construction & Realty Department No. 1
  - Construction & Realty Department No. 2
  - Construction & Realty Department No. 3
  - Financial Business Department
- CFO
- Planning & Administration Department

ICT, General Products & Realty Company	
Number of Employees	
Consolidated	25,997
Non-consolidated	426
Number of Subsidiaries and Associates	
Domestic	44
Overseas	39

Others	
Number of Employees	
Consolidated	3,904
Non-consolidated	2,004
Number of Subsidiaries and Associates	
Domestic	5
Overseas	53

Total	
Number of Employees	
Consolidated	70,639
Non-consolidated	4,255
Number of Subsidiaries and Associates	
Domestic	144
Overseas	222

* The numbers of employees, subsidiaries, and associates are as of March 31, 2012.
* Operational structure information of the number of employees, subsidiaries, and associates (Division Company, etc.) is as of April 1, 2012.
* The number of consolidated employees is based on actual working employees excluding temporary staff.
* Others of the number of non-consolidated employees includes a total of 1,505 employees; employees temporary relocated to other companies (domestic 821, overseas 326), employees and trainees assigned to overseas posts (358).
* The criteria to count subsidiaries and associates was changed so that the number of companies directly invested by ITOCHU or its overseas trading subsidiaries are shown above.

Global Network / Bank List

As of July 1, 2012

North America / Latin America

North America
ITOCHU International Inc.
22nd and 23rd Floors,
335 Madison Avenue,
New York, N.Y. 10017, U.S.A.
Telephone : 1-212-818-8000
Facsimile : 1-212-818-8282
■ New York, Chicago, San Francisco, Los Angeles, Washington, Houston, Portland, Vancouver, Mexico City

Latin America
ITOCHU BRASIL S.A.
Av. Paulista 37
19 andar, Vila Mariana,
São Paulo CEP 01311-902, BRAZIL
Telephone : 55-11-3170-8501
Facsimile : 55-11-3170-8549
■ São Paulo, Rio de Janeiro, Panama, Buenos Aires, Bogota, Santiago, Caracas, Quito
■ Lima

Europe / Africa / Middle East / CIS

Europe
ITOCHU Europe PLC
The Broadgate Tower 20 Primrose Street,
London EC2A 2EW, U.K.
Telephone : 44-20-7947-8000
Facsimile : 44-20-7947-8240/8241
■ London, Düsseldorf, Hamburg, Paris, Milano, Madrid, Athens, Budapest, Tunis
■ Alger, Casablanca, Praha, Bucharest, Warszawa

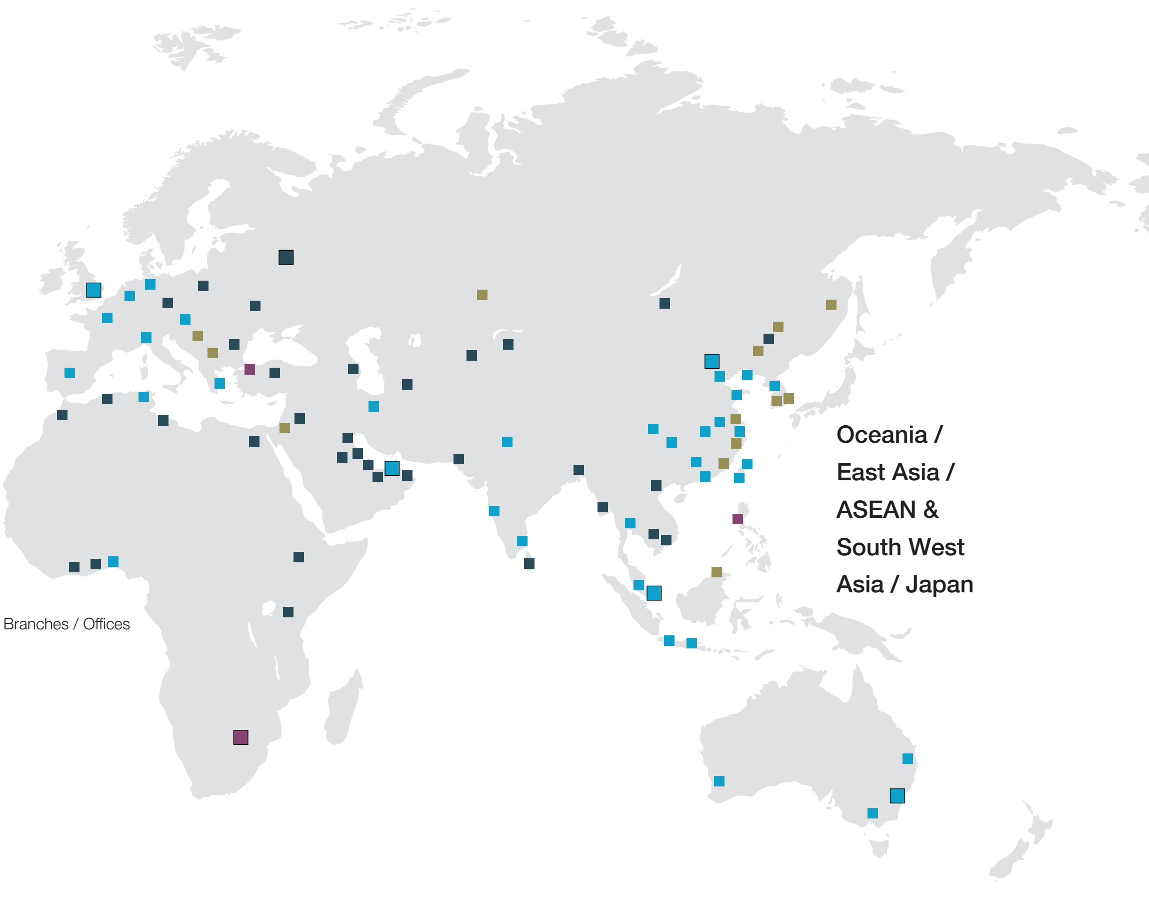
Africa (from August 2012)
ITOCHU Corporation, Johannesburg Branch
2nd Floor Block A, The Pivot,
Montecasino Boulevard, Fourways, 2055,
Johannesburg, SOUTH AFRICA
Telephone : 27-11-465-0030
Facsimile : 27-11-465-0635/0604
■ Lagos
■ Johannesburg
■ Abidjan, Accra, Nairobi, Addis Ababa

Middle East
ITOCHU Corporation, Dubai Branch
201 The Spectrum Building,
Al Qutaeyat Road, Oud Metha,
P.O.Box 3572, Dubai, U.A.E.
Telephone : 971-4-302-0000
Facsimile : 971-4-335-0101
■ Dubai, Tehran
■ Dubai, Istanbul
■ Cairo, Amman, Ankara, Riyadh, Al Khobal, Kuwait, Muscat, Doha, Tripoli, Karachi, Abu Dhabi

CIS
ITOCHU Corporation, Moscow Representative Office
Savvinskaya Office Building, 9th Floor,
Savvinskaya Nab., 15, Moscow, 119435,
RUSSIAN FEDERATION
Telephone : 7-495-961-1456
Facsimile : 7-495-961-1447/1448
■ Moscow, Almaty, Kiev, Ashgabat, Tashkent, Baku

Global Network

Europe / Africa / Middle East / CIS



Oceania / East Asia / ASEAN & South West Asia / Japan

□ Overseas Regional Headquarters
■ Overseas Trading Subsidiaries and their Branches / Offices
■ Overseas Branches
■ Overseas Liaison Offices
■ Others

Oceania / East Asia / ASEAN & South West Asia / Japan

Oceania

ITOCHU Australia Ltd.
Level 29, Grosvenor Place, 225 George Street,
Sydney, N.S.W. 2000, AUSTRALIA
Telephone : 61-2-9239-1500
Facsimile : 61-2-9241-3955
■ Sydney, Melbourne, Perth, Brisbane

East Asia

ITOCHU (China) Holding Co., Ltd.
Room 501, 5/f. No. 2 Office Building,
China Central Place, No. 79, Jian Guo
Road, Chaoyang District, Beijing,
THE PEOPLE'S REPUBLIC OF CHINA
(ZIP code: 100025)
Telephone : 86-10-6599-7000
Facsimile : 86-10-6599-7111
■ Beijing, Shanghai, Dalian, Tianjin, Qingdao, Chongqing, Hong Kong, Guangzhou, Nanjing, Sichuan, Wuhan, Taipei, Kaohsiung, Seoul
■ ChangChun, Ulaanbaatar

ASEAN & South West Asia

ITOCHU Singapore Pte Ltd
9 Raffles Place, #41-01 Republic Plaza,
SINGAPORE 048619
Telephone : 65-6230-0400
Facsimile : 65-6230-0560
■ Singapore, Kuala Lumpur, Jakarta, Surabaya, Bangkok, New Delhi, Mumbai, Chennai
■ Kuala Lumpur, Manila
■ Jakarta, Hanoi, Ho Chi Minh City, Yangon, Phnom Penh, Colombo, Dhaka

Japan

Headquarters
Tokyo
5-1, Kita-Aoyama 2-chome
Minato-ku, Tokyo 107-8077, Japan
Telephone : 81-3-3497-2121
Facsimile : 81-3-3497-4141

Osaka
1-3, Umeda 3-chome
Kita-ku, Osaka 530-8448, Japan
Telephone : 81-6-7638-2121
Facsimile : 81-6-7638-3220

Nagoya, Kyushu, Chugoku & Shikoku, Hokkaido, Tohoku, Hokuriku, Toyama

Bank List

ITOCHU has financial transactions with the following banks.

North America

Citibank, N.A.
JPMorgan Chase Bank
Bank of America, N.A.

Latin America

Grupo Financiero Banamex, S.A. de C.V.

Europe & Africa

Credit Agricole
Standard Chartered Bank
BNP Paribas
The Royal Bank of Scotland plc
Societe Generale
Barclays Bank PLC
Deutsche Bank
ING Bank N.V.
Intesa Sanpaolo S.p.A
Investec Bank Limited
The Standard Bank of South Africa Limited

Middle East

SAMBA Financial Group
Union National Bank

Oceania

National Australia Bank Limited
Australia and New Zealand Banking Group Limited
Westpac Banking Corporation

Asia

The Hongkong and Shanghai Banking Corporation Limited
Bangkok Bank Public Company Limited
Bank of China
Bank of Communications
CIMB Thai Bank Public Company Limited
Industrial and Commercial Bank of China
Kasikornbank Public Company Limited
Malayan Banking Berhad
RHB Bank Berhad

Japan

Mizuho Corporate Bank, Ltd.
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Sumitomo Mitsui Trust Bank, Limited
Development Bank of Japan
Japan Bank for International Cooperation
The Norinchukin Bank
Mitsubishi UFJ Trust and Banking Corporation
Shinkin Central Bank
Mizuho Trust & Banking Co., Ltd.
Aozora Bank, Ltd.
Shinsei Bank, Ltd.
Resona Bank, Limited

Major Subsidiaries and Associated Companies

Individual subsidiary and associated company information as of March 31, 2012 and operational structure information (Division Company, etc.) as of April 1, 2012

Textile Company

		Name	Voting Shares (%)	Operations
Subsidiaries	Domestic	ROY-NE CO., LTD.	99.9	Manufacture and wholesale of woven and knitted products
		SANKEI CO., LTD.	100.0	Wholesale of garment materials
		JAVA HOLDINGS CO., LTD.	65.0	Holding company of retail of ladies' & kids' apparel brand
		LEILIAN CO., LTD.	61.2	Retail of women's apparel
		ITOCHU MODEPAL CO., LTD.	100.0	Manufacture and wholesale of apparel
		UNICO CORPORATION	100.0	Manufacture and wholesale of uniforms
		JOI'X CORPORATION	100.0	Manufacture and wholesale of men's apparel
		BMI HOLDINGS CO., LTD.	100.0	Holding company of brand business
		MAGASeek Corporation	64.4	Retail website of fashion apparel by PC and mobile
		SCABAL JAPAN Co., Ltd.	80.0	Import and sale of SCABAL brand products
		ITOCHU FASHION SYSTEM Co., Ltd.	100.0	Comprehensive consulting in the fashion industry
		ITOCHU HOME FASHION CORPORATION	98.3	Manufacture and wholesale of home furnishings
		CI Shopping Service Co., Ltd.	100.0	Sale of everyday items aimed at ITOCHU Group employees and families
		CI TEXTILE SERVICE CO., LTD.	100.0	Outsourcing of administrative duties for delivery and accounting, production control and quality control
	Overseas	ITOCHU Textile Prominent (ASIA) Ltd. (Hong Kong S.A.R., China)	100.0	Wholesale of materials, yarns, textile, and apparel
		PROMINENT (VIETNAM) CO., LTD. (Vietnam)	100.0	Quality control of textile and apparel
		UNIMAX SAIGON CO., LTD. (Vietnam)	80.0	Manufacture of uniforms
		ITOCHU TEXTILE (CHINA) CO., LTD. (China)	100.0	Production control and wholesale of textile materials, fabrics, and apparel
Associates	Domestic	MARUKO CO., LTD.	25.1	Manufacture and wholesale of lady's underwear, etc.
		DESCENTE, LTD.	25.7	Manufacture and wholesale of sportswear, etc.
		DEAN & DELUCA JAPAN Co., Ltd.	20.4	Operation of cafeteria chain and other new business
		T.KAWABE & CO., LTD.	25.2	Manufacture and wholesale of handkerchiefs, scarves, and other accessory goods
		Watakyu Seimoa Corporation	25.0	Total outsourcing service mainly linen supply for medical & welfare institutions
		AYAHA CORPORATION	33.5	Manufacture of tire cords, etc.
	Overseas	Thai shikibo co., ltd. (Thailand)	30.0	Manufacture of cotton yarn
		SUNRISE (SHENGZHOU) TEXTILES CO., LTD. (China)	25.0	Manufacture and wholesale of shirting goods
		SUNRISE (SHENGZHOU) KNITS CO., LTD. (China)	25.0	Manufacture and wholesale of knitting goods
		Dalian Yawen Underwear Co., Ltd. (China)	28.0	Manufacture of women's underwear
		□ Shandong Ruyi Science & Technology Group Co., Ltd. (China)	30.0	Holding company of Shandong Ruyi Technology Group, operating a textile business, etc.
		Paul Smith Group Holdings Limited (U.K.)	40.4	Holding company of Paul Smith Group
		Shanshan Group Co., Ltd. (China)	28.0	Holding company of Shanshan Group, operating a textile business, electronic components, etc.

□ Newly consolidated associated company in the fiscal year ended March 2012

Machinery Company

		Name	Voting Shares (%)	Operations
Subsidiaries	Domestic	ITOCHU Plantech Inc.	100.0	Export and import of small-to-medium-scale plant and equipment and domestic environmental and energy solution businesses
		IMECS Co., Ltd.	100.0	Ownership and operation of ships, chartering, ship machinery, secondhand ships, and administration management of overseas shipping companies
		ITOCHU AVIATION, CO., LTD.	100.0	Import / export and wholesale of aircraft, aircraft part, and related equipment
		JAPAN AEROSPACE CORPORATION	100.0	Import / export and wholesale of aircraft, its parts and related equipment, helicopter engines, defense related systems and products, and security related systems
		ITOCHU Automobile Corporation	100.0	Export / import and inter-third trade of car parts
		ITOCHU CONSTRUCTION MACHINERY CO., LTD.	100.0	Sales and rental of construction machinery
		ITOCHU MACHINE-TECHNOS CORPORATION	100.0	Import / export and wholesale of industrial machinery
		Century Medical, Inc.	100.0	Import and sale of medical equipment
		ACRONET Corporation	100.0	CRO business
	Overseas	I-Power Investment, Inc. (U.S.A.)	100.0	Investment company in the power industry
		Tyr Energy, Inc. (U.S.A.)	100.0	Power generation business in North America
		NAES Corporation (U.S.A.)	100.0	Power plant operation and maintenance services provider for independent power producers and utilities
		Enprotech Corp. (U.S.A.)	100.0	Maintenance and repair of industrial machinery in automotive, steel, and bottling industries
		IM AUTOTRADE HOLDING G.m.b.H (Austria)	100.0	Wholesale and inter-third trade of motor vehicles and motorcycles
		ITOCHU Automobile America Inc. (U.S.A.)	100.0	Trading and distribution of motor vehicles
		Auto Investment Inc. (U.S.A.)	100.0	Sales and repair of automobiles
		PT. SUZUKI Finance Indonesia (Indonesia)	70.0	Automobile finance company
		VEHICLES MIDDLE EAST FZCO (U.A.E.)	100.0	Trade finance for motor vehicles
		EURASIA LOGISTICS LTD. (Hungary)	70.7	Transportation and warehousing
		MULTIQUIP INC. (U.S.A.)	100.0	Distribution and manufacturing of light construction equipment and generators
		Telerent Leasing Corporation (U.S.A.)	100.0	Distribution and lease of televisions to hotels and hospitals

			Name	Voting Shares (%)	Operations
Associates	Domestic		Malha Gas Investment Co., Ltd.	30.0	Investment in the project for the construction, ownership, and operation of gas pipelines
			JAMCO Corporation	33.3	Maintenance of aircraft and manufacture of aircraft interior
			Isuzu Motors Sales Ltd.	25.0	Commercial vehicle life cycle business
			YANASE & CO., LTD.	22.0	Sales and repair of automobiles
			Century Tokyo Leasing Corporation	25.1	Diversified leasing business, various types of financing, and International business
			SUNCALL CORPORATION	27.1	Manufacture and sales of optical communication devices, electronic devices, and assembly
			GOODMAN Co., Ltd.	36.8	Import, development, manufacturing, and sale of medical equipment
			Japan Medical Dynamic Marketing Inc.	30.0	Import, development, manufacturing, and sale of medical equipment
	Overseas	☐	PT. BHIMASENA POWER INDONESIA (Indonesia)	32.0	IPP (Independent Power Producer) in Indonesia
		☐	KS Drilling Pte. Ltd. (Singapore)	20.0	Oil drilling services
			SICHUAN GANGHONG ENTERPRISE MANAGEMENT CO., LTD. (China)	40.0	Sales and repair of automobiles
			“SUZUKI MOTOR RUS” LLC (Russia)	50.0	Import and wholesale of motor vehicles, motorcycles and spare parts
			Komatsu Southern Africa (Pty) Ltd. (Republic of South Africa)	20.0	Sales and service of construction and mining equipment
			PT Hexindo Adiperkasa Tbk (Indonesia)	25.0	Sales and service of construction machinery

☐ Newly consolidated associated companies in the fiscal year ended March 2012

Metals & Minerals Company

Subsidiaries	Domestic		ITOCHU Metals Corporation	100.0	Import / export and wholesale of non-ferrous / light metals, products, and steel scrap, development of recycle business
		■	Brazil Japan Iron Ore Corporation	67.5	Investment in projects of iron ore in Brazil
			Ecosystem Japan Co., Ltd.	82.7	Sales and installation of photovoltaic systems and eco-sensitive products
		☐	ITOCHU Mineral Resources Development Corporation	100.0	Exploration and development of non-ferrous metal resources
	Overseas		ITOCHU Minerals & Energy of Australia Pty Ltd (Australia)	100.0	Investment and sales in projects of iron ore, coal, and bauxite mining, manufacture of alumina and oil exploration
		☐	ITC Platinum Development Ltd (U.K.)	75.0	Managing business of the exploration and development of Platinum Group Metals (PGMs) and Nickel of the Platreef Project in South Africa
		☐	ITOCHU Coal Americas Inc. (U.S.A.)	100.0	Owning an interest of coal mining and transport infrastructure in Colombia
		☐	NURA Holdings Pty Ltd (Australia)	100.0	Investment in uranium project
			SolarNet Holdings, LLC (U.S.A.)	90.0	Wholesale and integration of photovoltaic systems in North America
			I-SOLAR INVESTMENT LIMITED (U.K.)	100.0	Investment in solar thermal power generation (CSP) and PV power generation projects in Europe
Associates	Domestic		Marubeni-Itochu Steel Inc.	50.0	Import / export and wholesale of steel products
	Overseas		Scatec Solar AS (Norway)	37.5	Photovoltaic system integrator

■ Subsidiary changed from associated company in the fiscal year ended March 2012
☐ Newly consolidated subsidiaries in the fiscal year ended March 2012

Energy & Chemicals Company

Subsidiaries	Domestic		ITOCHU ENEX CO., LTD.	54.0	Wholesale of petroleum products and gas
			ITOCHU Oil Exploration Co., Ltd.	100.0	Exploration and production of oil, gas, and other hydrocarbon resources
			JB BioEnergy Inc.	100.0	Investment in projects of bioethanol in Brazil
			ITOCHU CHEMICAL FRONTIER Corporation	100.0	Wholesale of fine chemicals and related raw materials
			ITOCHU PLASTICS INC.	100.0	Development and wholesale of plastics and related products
			C.I. Kasei Co., Ltd.	97.6	Manufacture of PVC pipe and film and related materials
			The Japan Cee-Bee Chemical Co., Ltd.	80.0	Manufacture and processing of metal pretreatment chemicals
			VCJ Corporation	100.0	Wholesale of daily necessaries and plastic products for retailers
			Chemical Logitec Co., Ltd.	100.0	Management of chemical storage warehouses and transportation of chemicals and other cargos
		☐	LIB Resources, Inc.	100.0	Investment in manufactures of materials for Lithium-Ion Batteries
	Overseas		ITOCHU Oil Exploration (Azerbaijan) Inc. (Cayman Islands, British West Indies)	100.0	Exploration and production of crude oil and gas
			ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD. (Singapore)	100.0	International trade of crude oil and petroleum products
			IPC EUROPE LTD. (U.K.)	100.0	International trade of crude oil and petroleum products
		■	IPC (USA), Inc. (U.S.A.)	100.0	International trade of crude oil and petroleum products
		☐	JD Rockies Resources Ltd (U.S.A.)	100.0	Holding interest of Shale Oil block and Investment to Samson Resources Corporation

■ Subsidiary changed from associated company in the fiscal year ended March 2012
☐ Newly consolidated subsidiaries in the fiscal year ended March 2012

		Name	Voting Shares (%)	Operations
Subsidiaries	Overseas	ITOCHU Plastics Pte., Ltd. (Singapore)	100.0	Wholesale of plastic resins
		Plastribution Limited (U.K.)	100.0	Wholesale of synthetic resins
		ITOCHU Chemicals America Inc. (U.S.A.)	100.0	Wholesale of chemical products and synthetic resins
		Hangzhou New Huahai Business & Trading Co., Ltd. (China)	90.0	Wholesale of cosmetics and daily goods, and sale of cosmetics, skincare products, toiletry products, and other daily goods
		PTAGENT. CORPORATION (China)	100.0	Wholesale of PTA
Associates	Domestic	NISSHO Petroleum Gas Corporation	25.0	Wholesale of LPG and petroleum products
		Japan Ohanet Oil & Gas Co., Ltd.	35.0	Exploration and production of gas and condensate
		TAKIRON Co., Ltd.	28.1	Manufacture of flat and corrugated plastic sheets
		TOHO EARTHTECH, INC.	34.9	Exploration and production of natural gas and iodine
		Ningbo PTA Investment, Co., Ltd	35.0	Investment in manufacture of PTA in China
	Overseas	NARENDRA PLASTIC PVT. LTD. (India)	36.3	Manufacture of plastics bags
		SUMIKA POLYMER COMPOUNDS (EUROPE) LTD. (U.K.)	25.0	Sale and manufacture of compound of plastic raw materials
		Shanghai Baoling Plastics Co., Ltd. (China)	22.6	Manufacture of plastic products
		Shanghai Jinpu Plastic Packaging Material Co., Ltd. (China)	30.0	Manufacture of polypropylene films
		Tetra Chemicals (Singapore) Pte. Ltd. (Singapore)	40.0	Sale and manufacture of MTBE (Methyl t-Butyl Ether)
		SUMIPEX (THAILAND) CO., LTD. (Thailand)	49.0	Manufacture of PMMA sheet
		NCT Holland B.V. (Netherlands)	40.0	Trading and distribution of the plastics materials based on Europe and Middle East
		BRUNEI METHANOL COMPANY SDN. BHD. (Brunei)	25.0	Manufacture of methanol in Brunei

Food Company

		Name	Voting Shares (%)	Operations
Subsidiaries	Domestic	ITOCHU Feed Mills Co., Ltd.	99.9	Manufacture and wholesale of compound feeds
		ITOCHU Sugar Co., Ltd.	100.0	Manufacture and processing of sugar and by-products
		ITOCHU Food Sales and Marketing Co.,Ltd.*1	100.0	Import and wholesale of food materials
		Japan Nutrition Co., Ltd.	100.0	Manufacture and wholesale of feed and feed additive
		□ I-SILO HOLDINGS CO., LTD.	100.0	Holding company of the grain terminals
		Yayoi Foods Co., Ltd.	93.2	Manufacture of frozen prepared foods
		ITOCHU SHOKUHIN Co., Ltd.	51.7	Wholesale and distribution of foods
		NIPPON ACCESS, INC.	93.8	Wholesale and distribution of foods
		China Foods Investment Corp.	74.1	Business management of Ting Hsin and its group companies
	Overseas	OILSEEDS INTERNATIONAL LTD. (U.S.A.)	100.0	Safflower oil manufacture
		Quality Technology International, Inc, (QTI) (U.S.A.)	100.0	Develop high added-value feed materials, sell feed additives in USA
Associates	Domestic	Fuji Oil Co., Ltd.	25.7	Integrated manufacturer of cooking oil and soybean protein
		Japan Foods Co., Ltd.	35.0	Production of soft drinks
		KUMESHIMA SUGAR CO., LTD.	34.8	Production and sales of raw sugar
		Prima Meat Packers, Ltd.	39.6	Production and marketing of meat, ham, sausage, and processed foods
		KI Fresh Access, Inc.	33.5	Wholesale and distribution of fresh fruits, vegetables, and processed products
		SHOW-WA Co., Ltd.	20.0	Wholesale of foods
		FamilyMart Co., Ltd.	31.7	Operation of a convenience store chain, using the name FamilyMart, and a franchise system
	Overseas	PALMAJU EDIBLE OIL SDN. BHD. (Malaysia)	30.0	Refining of palm oil
		CGB ENTERPRISES, INC. (U.S.A.)	50.0	Handling of grain and operation of barges
		EGT, LLC (U.S.A.)	29.0	Grain terminal business in the west coast of the US
		P. T. ANEKA TUNA INDONESIA (Indonesia)	47.0	Production of canned and pouched tuna
		WINNER FOOD PRODUCTS LTD. (Hong Kong S.A.R., China)	26.0	Manufacture and wholesale of processed foods
		TAIWAN DISTRIBUTION CENTER CO., LTD. (Taiwan)	39.4	Wholesale of foods and sundries

*1 On October 1, 2011, I-FOODS Co., Ltd. and ITOCHU Rice Corporation merged to form ITOCHU Food Sales and Marketing Co., Ltd.

□ Newly consolidated subsidiary in the fiscal year ended March 2012

Name	Voting Shares (%)	Operations

ICT, General Products & Realty Company

			Name	Voting Shares (%)	Operations
Subsidiaries	Domestic		ITOCHU Kenzai Corp.	100.0	Wholesale of wood products and building materials
			ITC Green & Water Corp.	100.0	Designing and installation of water treatment system, landscape and gardening, and greenery business
			ITOCHU Pulp & Paper Corp.	100.0	Wholesale of paper, paper boards, and various materials
			ITOCHU Ceratech Corp.	100.0	Manufacture and sale of ceramic raw materials and products
			ITOCHU Windows Co., Ltd.	66.0	Manufacture and sale of insulating glass
			ITR Corp.	100.0	Wholesale and retail of tires
			ITOCHU Techno-Solutions Corporation	55.4	Sales, maintenance and support of computers and network systems; commissioned software development; information processing services
			Excite Japan Co., Ltd.	57.8	Internet information service
			ITC NETWORKS CORPORATION	60.3	Distribution and retail business of mobile phones
			ITOCHU Orico Insurance Services Co., Ltd.	65.0	Insurance agency
			I&T Risk Solutions Co., Ltd.	95.0	Insurance broking services and risk consulting
			ITOCHU LOGISTICS CORP.	99.0	Comprehensive logistics services (3PL, warehousing, trucking, international freight forwarding, customs clearance, and NVOCC)
			ITOCHU Property Development, Ltd.	99.8	Development and sale of housing (apartments, condominiums, and homes)
			ITOCHU HOUSING Co., Ltd.	100.0	Real estate agent and property consultant
			ITOCHU Urban Community Ltd.	100.0	Operation and management of real estate property
			ITOHPIA HOME Co., Ltd.	100.0	Planning and construction of homes
			AD Investment Management Co., Ltd.	66.0	Asset management for Advance Residence Investment Corporation
	Overseas		CIPA Lumber Co. Ltd. (Canada)	100.0	Manufacture of veneer
			Pacific Woodtech Corporation (U.S.A.)	100.0	Manufacture of LVL & I-Joist
			PrimeSource Building Products, Inc. (U.S.A.)	100.0	Wholesale of building materials
			P. T. ANEKA BUMI PRATAMA (Indonesia)	100.0	Processing of natural rubber
			RUBBERNET (ASIA) PTE LTD. (Singapore)	80.0	Sale of crude rubber
		☐	European Tyre Enterprise Limited (U.K.)	100.0	Headquarters of Stapleton's and Kwik-Fit group management
			COSMOS SERVICES CO., LTD. (Hong Kong S.A.R., China)	100.0	Consulting and broking of insurance and reinsurance
			SIAM COSMOS SERVICES CO., LTD. (Thailand)	100.0	Consulting and broking of insurance
			ITOCHU LOGISTICS (CHINA) CO., LTD. (China)	100.0	Comprehensive logistics services (3PL, warehousing, trucking, import / export, customs clearance, and value-added services)
			Guangzhou Global Logistics Corp. (China)	77.7	Comprehensive logistics services (3PL, warehousing, trucking, and value-added services)
			ITOCHU Finance (Asia) Ltd. (Hong Kong S.A.R., China)	100.0	Proprietary financial investment and development of new financial business in Asia
Associates	Domestic		Japan Brazil Paper and Pulp Resources Development Co., Ltd.	25.9	Investment in CENIBRA, one of the largest eucalyptus pulp manufacturers in Brazil
			DAIKEN CORPORATION	25.5	Manufacture of building materials and construction parts
			SPACE SHOWER NETWORKS INC.	37.0	Music channel on cable / satellite television
			Asurion Japan K.K.	33.3	Mobile insurance agency
		☐	Adways Co., Ltd.	20.4	Internet advertising & application software development for smartphones
			eGuarantee, Inc.	25.4	Account receivables protection services for general corporations and financial institutions
			Superex Corporation	41.9	Management of logistics center operation
			CENTRAL ENGINEERING & CONSTRUCTION Co., Ltd.	50.0	Engineering and ventilation construction
			CENTURY 21 REAL ESTATE OF JAPAN LTD.	49.7	Headquarters of real estate franchise system
			POCKETCARD Co., Ltd.	27.0	Credit card business
			Orient Corporation	23.6	Consumer credit, credit card business
	Overseas		DAIKEN NEW ZEALAND LIMITED (New Zealand)	29.0	Manufacture of MDF
			SOUTH EAST FIBRE EXPORTS PTY. LTD. (Australia)	37.5	Manufacture of woodchip
			THAITECH RUBBER CORPORATION LTD. (Thailand)	33.0	Processing of natural rubber
			YOKOHAMA RUSSIA L.L.C. (Russia)	20.0	Wholesale of tires
			Unicharm Consumer Products (China) Co., Ltd. (China)	20.0	Production and sales of baby care, feminine care and other products
			TINGTONG (CAYMAN ISLANDS) HOLDING CORP. (Cayman Islands, British West indies)	50.0	Comprehensive logistics services in China (3PL, warehousing, trucking, and value-added services)
			United Asia Finance Limited (Hong Kong S.A.R., China)	25.1	Consumer loan business (Hong Kong, China)

☐ Newly consolidated subsidiary and associated company in the fiscal year ended March 2012

		Name	Voting Shares (%)	Operations

Headquarters

		Name	Voting Shares (%)	Operations
Subsidiaries	Domestic	FX PRIME Corporation	56.4	Online foreign exchange brokerage
		ITC Investment Partners Corporation	99.0	Asset management business
	Overseas	ITOCHU FINANCE (EUROPE) PLC (U.K.)	100.0	Financial investments in Europe
		ITOCHU TREASURY CENTRE ASIA PTE. LTD. (Singapore)	100.0	Financial services
		ITOCHU TREASURY CENTRE EUROPE PLC (U.K.)	100.0	Financial services
		ITOCHU Treasury Center Americas Inc. (U.S.A.)	100.0	Financial services

Headquarters, Overseas Trading Subsidiaries and their Subsidiaries

Name	Voting Shares (%)	Operations
ITOCHU International Inc. (U.S.A.)	100.0	Wholesale and investment
Master-Halco, Inc. (U.S.A.)	100.0	Manufacture and distribution of fence materials
ITOCHU Europe PLC (U.K.)	100.0	Wholesale and investment
ITOCHU Singapore Pte Ltd (Singapore)	100.0	Wholesale and investment
ITOCHU Korea LTD. (Korea)	100.0	Wholesale and investment
ITOCHU (Thailand) Ltd. (Thailand)	100.0	Wholesale and investment
ITOCHU Hong Kong Ltd. (Hong Kong S.A.R., China)	100.0	Wholesale and investment
ITOCHU Latin America, S.A. (Panama)	100.0	Wholesale and investment
ITOCHU BRASIL S.A. (Brazil)	100.0	Wholesale and investment
ITOCHU MIDDLE EAST FZE (U.A.E.)	100.0	Wholesale and investment
ITOCHU Australia Ltd. (Australia)	100.0	Wholesale and investment
ITOCHU (China) Holding Co., Ltd. (China)	100.0	Wholesale and investment
Beijing ITOCHU-Huatang Comprehensive Processing Co., Ltd. (China)	90.0	Reprocessing, sorting, packaging, and shipping of products in the apparel, food, and living categories
ITOCHU TAIWAN CORPORATION (Taiwan)	100.0	Wholesale and investment

Corporate Information / Stock Information

As of March 31, 2012

Company Name:
ITOCHU Corporation

Founded:
1858

Incorporated:
1949

Common Stock:
¥202,241 million

Tokyo Head Office:
5-1, Kita-Aoyama 2-chome
Minato-ku, Tokyo 107-8077, Japan
Telephone: 81 (3) 3497-2121

Osaka Head Office:
1-3, Umeda 3-chome
Kita-ku, Osaka 530-8448, Japan
Telephone: 81 (6) 7638-2121

Offices:
Domestic : 9
Overseas : 115

Number of Employees*:
Consolidated : 70,639
Non-consolidated : 4,255

* The number of consolidated employees is based on actual working employees excluding temporary staff.
The number of non-consolidated employees includes employees temporary relocated to other companies (domestic 821, overseas 326) and employees and trainees assigned to overseas posts (358).

Website:
http://www.itochu.co.jp/en/

Fiscal Year:
From April 1 to March 31

General Meeting of Shareholders:
Late June

Number of Share Trading Unit (*Tangen*):
100

Transfer Agent of Common Stock:
Sumitomo Mitsui Trust Bank, Limited

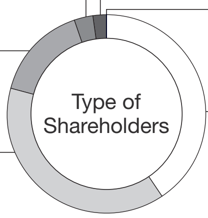
Stock Listings:
Tokyo, Osaka, Nagoya, Fukuoka, Sapporo

Stock Code:
8001

Number of Common Stock Issued:
1,584,889,504

Number of Shareholders:
126,042

Breakdown of Shareholders:
% (Number of shares held, 1,000 shares) (Number of Shareholders)



Major Shareholders:

Name	Number of shares held (1,000 shares)	Share holding ratio (%)
Japan Trustee Services Bank, Ltd. (trust account)	103,270	6.52
The Master Trust Bank of Japan, Ltd. (trust account)	72,972	4.60
State Street Bank and Trust Company	45,876	2.89
Mitsui Sumitomo Insurance Co., Ltd.	37,750	2.38
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	35,976	2.27
Nippon Life Insurance Company	34,056	2.15
NIPPONKOA Insurance Co., Ltd.	30,104	1.90
Asahi Mutual Life Insurance Company	27,530	1.74
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	27,511	1.74
Tokio Marine & Nichido Fire Insurance Co., Ltd.	23,878	1.51

Forward-Looking Statements

This Annual Report 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.

ITOCHU Corporation

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