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Textile Company

Pursuing value-added propositions for our customers is a reason for our competitiveness. We will continue to strengthen strategic alliances with leading partners and create new businesses.



President, Textile Company
Hitoshi Okamoto

Business Overview

Business Areas

Apparel Division 1

This division specializes in supplying a wide range of high-quality apparel products including men's wear, women's wear, and corporate uniforms. To fulfill various customers' needs, our services include material sourcing, designing, manufacturing, and logistics.



Apparel Division 2

This division handles business areas which marked the beginning of ITOCHU. With our worldwide network, we cover all sorts of businesses from textile materials, fabrics, shirts, underwear, working wear, and casual wear.



Brand Marketing Division 1

This division has developed a strong basis on "brand business" and now has become one of the contributors in developing today's brand industry in Japan. Marketing oriented is how we keep creating new business models. We do not only import brands from overseas, we also take initiatives in licensing arrangements, product manufacturing, mergers and acquisitions (M&As), and post-merger management. We have also consolidated into this division our marketing and production functions in the sports category, and have expanded the business.

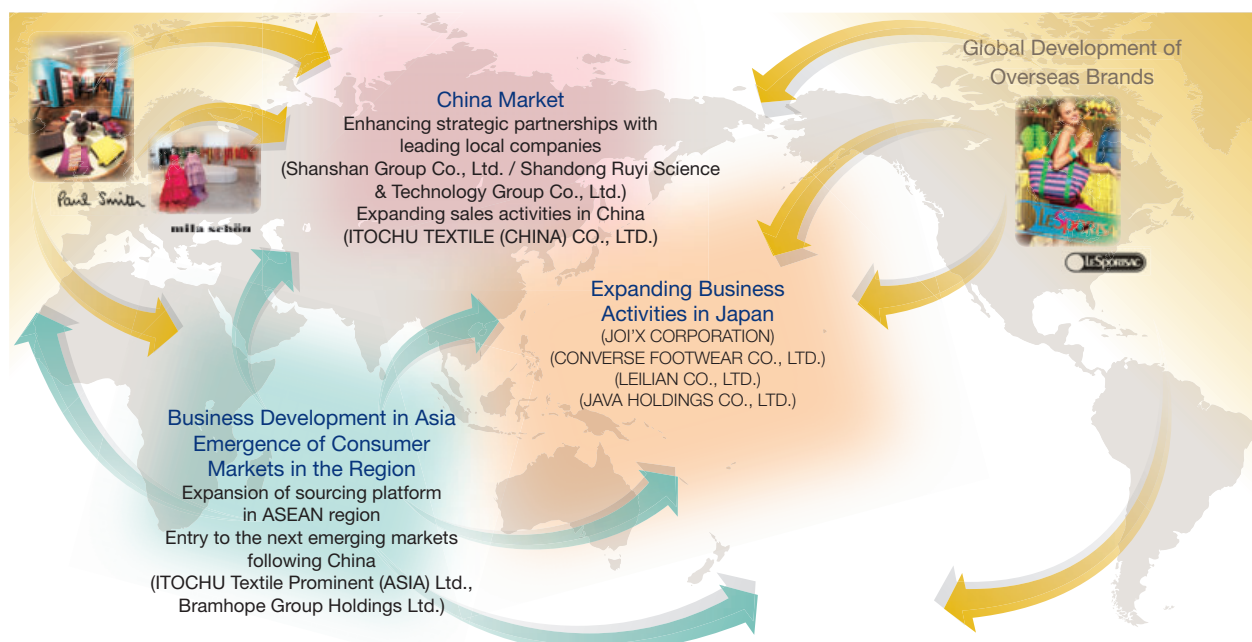


Brand Marketing Division 2

This division has expanded its brand business from apparel to the entire area of lifestyle categories. Also, the business has gone worldwide as we accelerate our business development in China and the rest of Asia. Another strength of the division is the industrial textiles business which we operate globally. We handle a wide range of products for materials used for automobiles, construction, civil engineering, and electronics as well as non-woven fabrics for paper diapers.



Business Portfolio



Message from the Division Company President

We will continue to grow with dedication to become a leading customer-oriented marketing company.

During the two-year period under our “Brand-new Deal 2012,” the domestic and overseas environment remained uncertain. Despite the tough situation, we were able to strive forward by strengthening our consolidated management strategy, such as strategic partnerships with leading companies in China and Europe, and increased earnings by existing subsidiaries. As a result, our profits marked record highs for two consecutive fiscal years.

Looking ahead, the Japanese economy is showing some signs of recovery and fueling expectations of a rise in general consumption. However, there are still concerns in the textile industry. The sudden yen depreciation could drive up costs of apparel manufacturing businesses. Additionally, we will also need to react flexibly to a possible rise in the consumption tax. In terms of overseas markets, we are eager to see economic recovery in North America,

and are expecting the rise of consumer markets in emerging countries especially in the ASEAN region and South America.

In fiscal 2014—the first year of “Brand-new Deal 2014”—the Textile Company will further strengthen its consolidated management approach by applying downstream strategies to the Group companies, and increasing overseas earnings by accelerating overseas development of the brand business. Furthermore, we will make an aggressive approach to accumulate superior assets that will enable us to expand our business portfolio both domestically and internationally.

Maintaining customer-oriented approach, we will work consistently to create new businesses and, as a marketing company, strive to strengthen our industry presence and maximize earnings.

RESULTS

Overview of Fiscal 2013

Business Results					Billions of Yen
Years ended March 31	09	10	11	12	13
Gross trading profit	¥102.6	¥102.7	¥128.3	¥127.6	¥128.9
Equity in earnings of associated companies	3.6	8.0	5.9	5.9	12.6
Net income attributable to ITOCHU	22.9	22.4	15.3	24.4	31.2

Gross trading profit increased by 1.0%, to ¥128.9 billion, due to increases generated from the acquisition of a European apparel manufacturing and wholesale-related company, and the increased apparel products transactions in Japan. As a result of the contribution of equity-method associated companies including new companies, net income attributable to ITOCHU grew by 28.2%, to ¥31.2 billion, again hitting a record high following the previous fiscal year.

As we focus highly on China and other parts of Asia, the Textile Company accelerated strategic alliances with leading partners both in Japan and overseas, especially in brand and retail areas.

We acquired 100% of the shares of Bramhope Group Holdings Ltd., a leading U.K.-based apparel manufacturer

and wholesaler. As a result, we have improved our sourcing network in the ASEAN region with its leading quality and price competitiveness, and we have gained a strong platform to expand sales to retailers in Europe as well.

In the brand business, we acquired trademark rights to various leading brands in Asia and other countries, such as Australia’s “SKINS,” and “OUTDOOR PRODUCTS” and “PENFIELD” from the United States. We also began full-fledged efforts to launch flagship stores in China offering “HUNTING WORLD,” a top-end U.S. luxury bag brand that ITOCHU holds worldwide marketing rights.

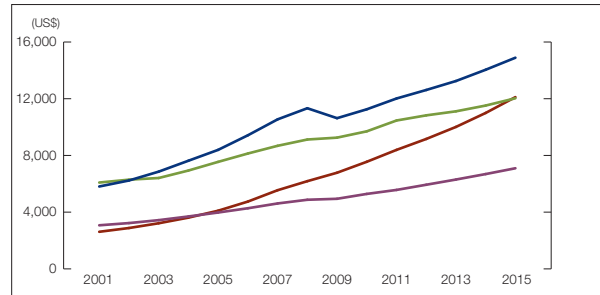
We successfully reinforced our “earnings engines” by accumulating superior assets. At the same time, we were able to increase asset efficiency by disposing low-efficiency assets.

MARKET

Medium- to Long-Term Business Environment

In recent years, the Japanese consumer market has continued to shrink due to sluggish business conditions, lower birth rates and an aging population, lower expenditures due to changes in lifestyles, and declining price levels. However, from the second half of fiscal 2013, yen depreciation and rising stock prices encouraged expectations of an economic recovery. Consumption resurged, particularly for high-end items, and consumption recovery is expected to ripple outward into general consumer-related businesses. Looking at overseas markets, China remains an attractive consumer market even though the country's economy may be showing a sign of slowdown after having sustained growth for many years. Furthermore, emerging countries such as ASEAN and the Middle East have shown strong economic growth and it has been driving up per-capita GDP and there is a growing middle class with increased purchasing power. We are anticipating consumption in these regions to grow over the medium to long term.

Per-Capita GDP in Key Emerging Market Regions (Purchasing Power Parity Conversion)



Source: International Monetary Fund, World Economic Outlook Database, April 2013
* Indonesia, Malaysia, the Philippines, Thailand, and Vietnam

STRATEGY

Medium- to Long-Term Growth Strategies

Rapport and Reach

The Textile Company has inherited the original business of ITOCHU.

Our scope of business covers the entire area of lifestyle categories, and, as a customer-oriented marketing company, we have developed businesses that cover the entire textile industries, from raw materials / fabrics to garment manufacturing, brands, and industrial materials.

In Japan, with our expertise in developing brands, we are expanding further from fashion to the entire area of life-style categories. Furthermore, we are planning to strengthen life & healthcare businesses as well.

We will continue to promote brand businesses overseas in North America, Europe, and China. In addition, we will also accelerate brand development in emerging countries in the ASEAN region, the Middle East, and Latin America, where consumer markets are expected to expand. Furthermore, in Asia we will enhance our production capabilities to meet our customers' needs.

CSR at the Textile Company

A marketing company that adopts a social perspective

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 society- and environment-friendly businesses and expand its CSR activities into our Group companies.

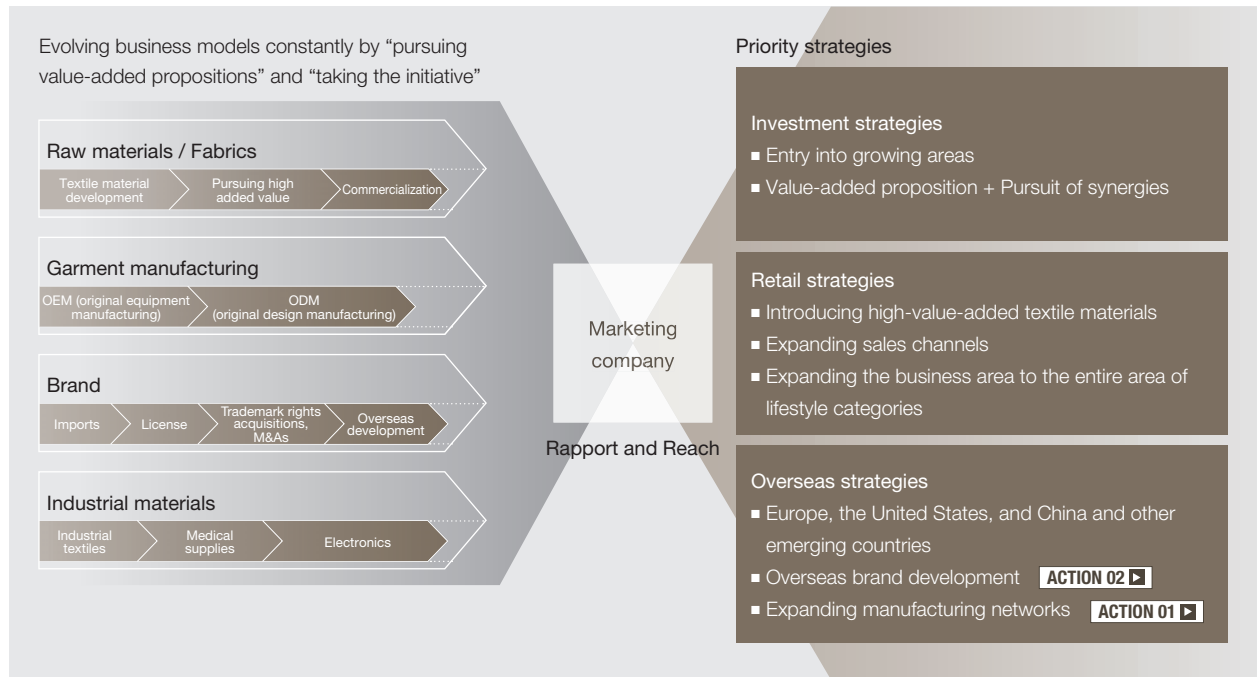
CSR Action Plans: Key points of our fiscal 2014 action plans

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

Medium- to Long-Term Growth Strategies



ACTION

Initiatives to Implement Our Growth Strategies

ACTION 01 **ITOCHU Acquired U.K.-based Bramhope Group Holdings**

ITOCHU acquired 100% of the shares of a major U.K.-based manufacturer and wholesaler Bramhope Group Holdings Ltd. (BGH). Offering a wide range of products specializing in women’s underwear and men’s shirts, BGH is one of the top suppliers of apparel products to the top U.K. retailer Marks & Spencer PLC. The strength of BGH can be found in its sophisticated design office in the United Kingdom, and also lies in its extensive production network located in India, Sri Lanka, Cambodia, and other countries to stay price competitive. Its factories in each country have passed the Marks & Spencer’s strict quality control standards, which are highly regarded from the standpoint of social contributions for providing training and safe working conditions for its factory workers.

We are planning to boost our earnings by selling BGH’s products to leading European retailers. Furthermore, we intend to improve our manufacturing networks throughout Asia, which are to be jointly managed by ITOCHU Textile Prominent (ASIA) Ltd. and BGH.

BGH factory

ACTION 02 **Overseas Brand Development**

As consistent economic growth continues, rising consumer markets in emerging countries in Asia and the Middle East regions are prompting steady increases in demand for branded products. We are consistently acquiring fashion brand trademark rights and exclusive usage rights in these emerging countries, thereby accelerating our overseas strategy. In particular, we will gradually develop the Australian compression wear brand, “SKINS,” in six locations in Asia; “OUTDOOR PRODUCTS,” a U.S. casual bag brand, in 13 locations in Asia, four in the Middle East, and two in South America; and U.S. fashion outdoor brand “PENFIELD” in four locations in Asia. We have also expanded our business of “LeSportsac,” which we hold worldwide trademark and marketing rights on, in Brazil, Uruguay, and other South American countries. We will focus on expanding our consolidated earnings by continuously introducing brands in emerging countries for further growth.

“OUTDOOR PRODUCTS”

“PENFIELD”

Machinery Company

The Machinery Company will enhance its earnings platform through proactive investment and expansion of the trade business.



President, Machinery Company
Takao Shiomi

Business Overview

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 the aircraft equipment-related area; and all types of new ships, secondhand ships, and chartered ships.



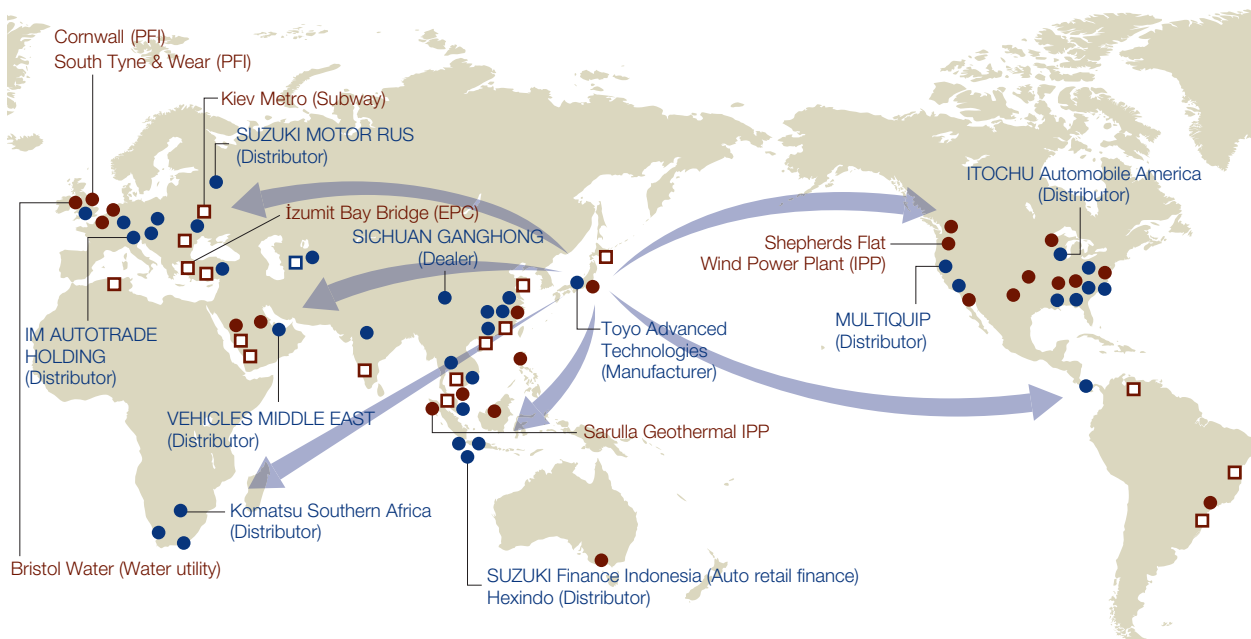
The division is also active in the water- and environment-related area, such as seawater desalination plants and energy-from-waste power generation, as well as in the renewable-energy area, including power generation from geothermal energy, wind power, and biomass.

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



	Investment	Project
Plant Project, Marine & Aerospace	●	□
Automobile, Construction Machinery & Industrial Systems	●	□

➡ Automobile / construction machinery-related trade

Message from the Division Company President

We are aiming for a new stage of growth by proactively seeking new opportunities.

Twice during the period of “Brand-new Deal 2012,” the Machinery Company implemented strategic organizational reforms, preparing ourselves to proactively seek new opportunities. Partly for that reason, in fiscal 2013—the final year of “Brand-new Deal 2012”—we posted our highest level of earnings to date. As part of the non-resource sector, the Machinery Company plays an important role under the new medium-term management plan, “Brand-new Deal 2014.” Across our wide range of business areas including plant projects, marine, aerospace, automobiles, construction machinery, industrial machinery, and healthcare, we will conduct additional measures to appropriately reallocate management resources and further augment

our earning power, while working to consider environmental impacts. By business area, we are expanding our assets in independent power producer (IPP), water-related, and environment-related businesses; pursuing strategic involvement in overseas infrastructure businesses, centered in emerging countries; proactively developing our marine and aerospace businesses; boosting trade in the automobile, construction machinery, and industrial machinery businesses, which have broad value chains; and stepping up healthcare-related business in Japan and China. Through these initiatives, we aim to be a strong Division Company that contributes steadily to profit in the machinery-related segment, a part of the non-resource sector.

RESULTS

Overview of Fiscal 2013

Business Results					Billions of Yen
Years ended March 31	09	10	11	12	13
Gross trading profit	¥83.4	¥61.6	¥69.4	¥85.9	¥89.4
Equity in earnings of associated companies	2.4	12.9	9.8	12.5	13.4
Net income (loss) attributable to ITOCHU	(13.4)	3.9	10.3	23.1	32.1

The Machinery Company posted a 4.1% rise in gross trading profit, to ¥89.4 billion, chiefly due to the acquisition of an automobile-related company and an increase in ship transactions. Net income attributable to ITOCHU surged 38.8% year on year, to ¥32.1 billion, a historic high. This performance reflected a rise in earnings of IPP- and water supply-related companies, the recognition of gain on sales of investments, and the absence of impairment losses on investments recognized for the previous fiscal year.

The Machinery Company has expanded earnings through aggressive asset replacement and the accumulation of superior assets, as well as the further acceleration of the appropriate reallocation of management resources. In the water supply-related business, through capital participation

in the U.K.'s Bristol Water we are taking part in our first full-service business in this area, with upstream and downstream operations spanning water resource management, water treatment, water supply and distribution, and fee collection. In the IPP business, we acquired a stake in Belgium's T-Power combined cycle gas turbine power plant, making our first foray into the natural gas-fired thermal power generation business in Europe. In Japan, we acquired from Mazda Motor Corporation 70% of the shares in Toyo Advanced Technologies Co., Ltd. Through this majority investment in a manufacturer of machine tools and automobile parts—a first for ITOCHU—we reinforced our foothold for new business developments in the manufacturing sector.

MARKET

Medium- to Long-Term Business Environment

Infrastructure Industry

Demand for infrastructure investment and maintenance is expanding on a global basis, and this trend is expected to continue. In particular, there has been a substantial increase in infrastructure projects in emerging countries, which are recording rapid economic growth. Infrastructure-related business in industrialized countries is also drawing attention as a growth area, as policies focused on environmental conservation in countries around the world prompt increased demand for infrastructure that contributes to the establishment of a society that achieves harmony between people and the environment.

Aerospace Industry

The market for commercial passenger aircraft decelerated due to global economic stagnation in the aftermath of the Lehman shock. The market has since picked up, led by emerging economies and thanks to replacement demand for highly fuel-efficient aircraft. Furthermore, low-cost carriers (LCCs) are expanding their markets with low fares and new routes. Thus, the market for commercial passenger aircraft is expected to continue to grow.

Automobile Industry

Economic stagnation in Europe and decelerating economic activity in China made fiscal 2013 a difficult year for the automobile industry. In fiscal 2014, however, worldwide automobile demand is continuing to expand as the North American market recovers and markets in emerging countries expand, and this trend is set to continue. 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.

STRATEGY

Medium- to Long-Term Growth Strategies

We will continue to pursue IPP, water supply, environmental, and other social infrastructure businesses with consideration for environmental impact. We will also augment our earnings platform through the marine business, aircraft leasing, and retail finance of automobiles and construction machinery. At the same time, we will bolster and accelerate our operational initiatives in new growth business areas that will become primary sources of future earnings. We will strive to maximize 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.

CSR at the Machinery Company

Assuming the role of providing prosperity to the next generation through environment-conserving businesses

With the aim of handing down a better global environment to the next generation, we promote environment-conserving businesses and strive to contribute to the realization of a sustainable, healthy society that is in harmony with the environment.

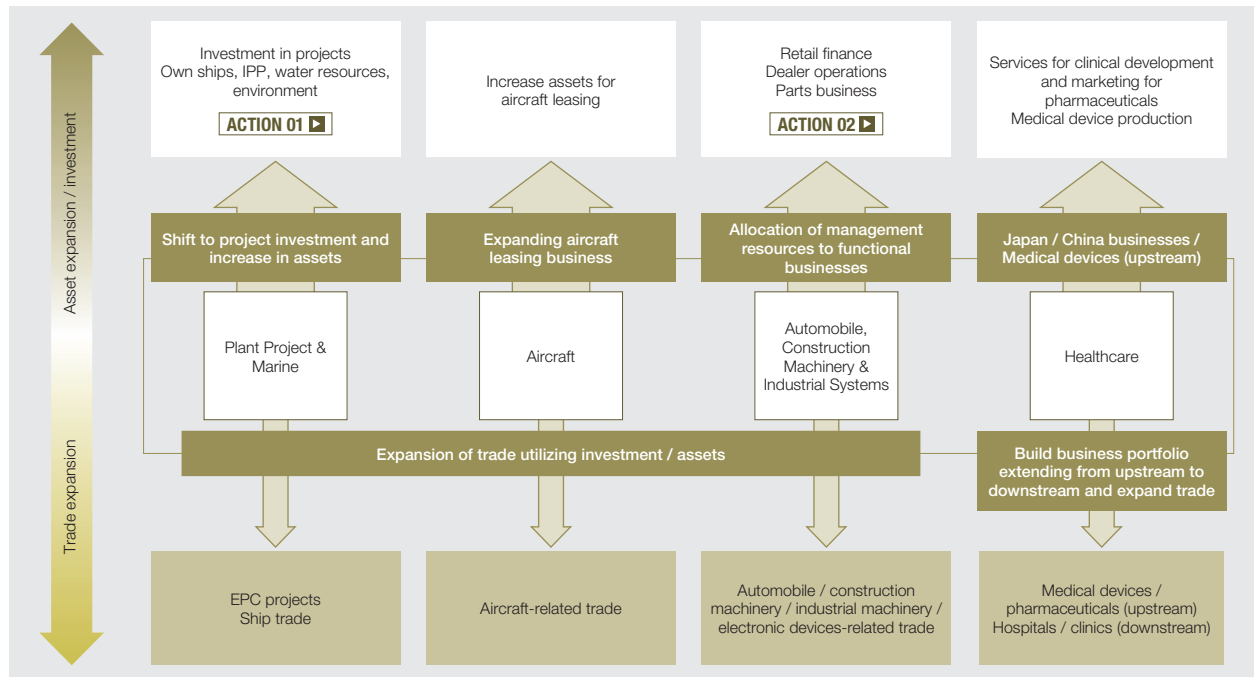
CSR Action Plans: Key points of our fiscal 2014 action plans

In fiscal 2014, we will continue our commitment to implementing management considering environmental and CSR issues. We will also aggressively work on businesses related to renewable energies including wind power and geothermal, participating in Energy from Waste projects as well as water-related projects including desalination. Furthermore, we will supply local governments and related organizations in Japan with equipment to prevent epidemics and protect against disasters, conduct awareness-raising activities and endeavor to help maintain a sense of well-being in society.

For the details of CSR activities at the Machinery Company, please visit our website.

<http://www.itochu.co.jp/en/csr/activities/machinery/>

Medium- to Long-Term Growth Strategies



ACTION

Initiatives to Implement Our Growth Strategies

ACTION 01 Capital Participation in the Bristol Water Supply Business in the United Kingdom

We attained the equivalent of a 20% share position in Bristol Water, which supplies water to the city of Bristol and the surrounding vicinity in the southwest United Kingdom, from Canadian infrastructure company Capstone Infrastructure Corporation, for £43.5 million (approximately ¥6.0 billion). This investment marks the first participation in a regulated water utility that offers full drinking services from water resource management to water treatment, water supply and distribution, and fee collection, and is the first Japanese investment in a water utility in the United Kingdom. Since privatization in 1989, service levels in the U.K. water supply have improved significantly, and the UK is recognized worldwide as a model for successful privatization of water utilities. We regard water as an important business sector. To supply high-quality water sustainably and economically, we bring various technologies and services available in Japan's water utility industry to Bristol Water. Simultaneously, we aim to build and accumulate know-how from this advanced U.K. water utility and apply that know-how in advancing water supply-related businesses in Asia and other regions.



Ultraviolet (UV) sterilizer

ACTION 02 Acquisition of Toyo Advanced Technologies

ITOCHU acquired 70% of shares in Toyo Advanced Technologies Co., Ltd., from Mazda Motor Corporation. We utilize our overseas networks to expand the sales of the machine tool business, one of the business domains of Toyo Advanced Technologies. In the automobile parts business, another key business domain, as an important components supplier to Mazda, the company provides products with even greater added value than before, and will further deepen the collaborative relationship between ITOCHU and Mazda. In addition to these activities, we are fully involved in the management of Toyo Advanced Technologies, with the aim of further increasing the corporate value and boosting profitability of the company.



Machine tool production department



Toyo Advanced Technologies' headquarters

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 Overview

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

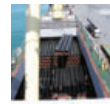
This division handles coking coal for steel mills, thermal coal, uranium, and biomass for power generation businesses and general industries. This division is also involved in the trading of greenhouse gas emission credits, and the photovoltaic power generation / solar thermal power generation businesses.



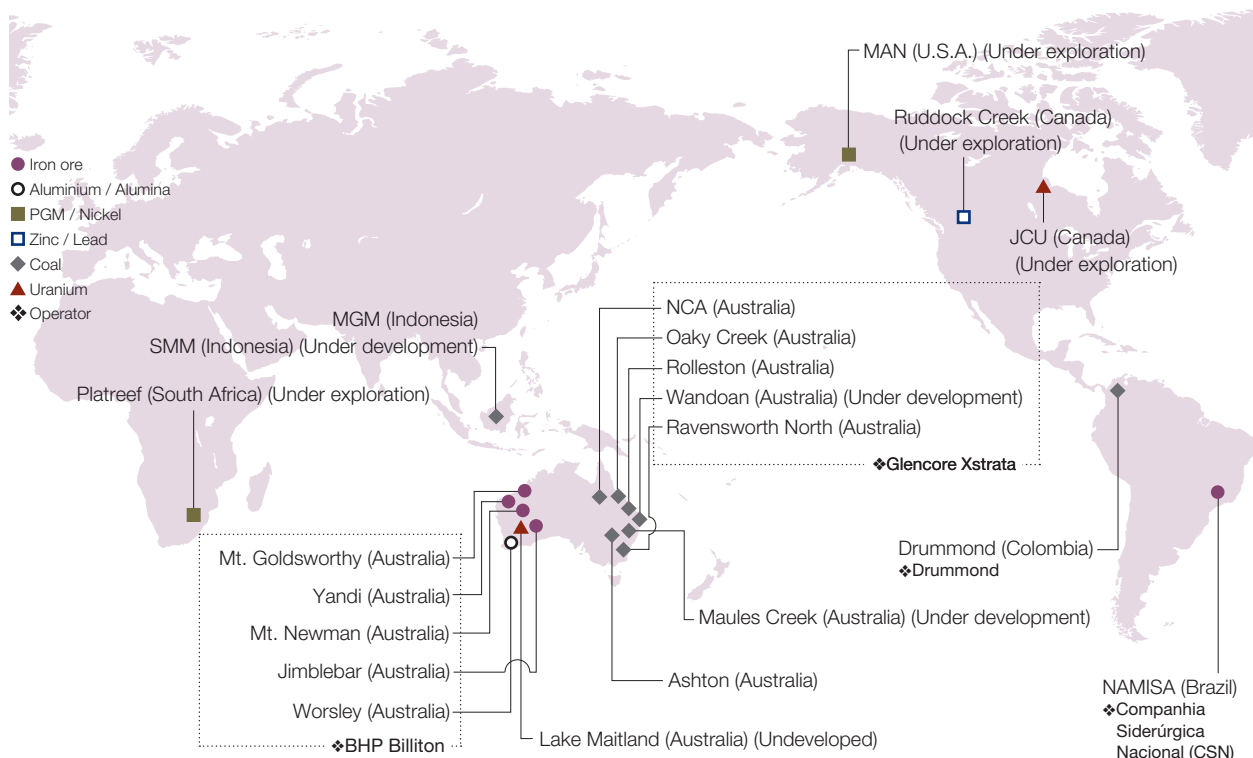
Steel Business Coordination Department

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



Message from the Division Company President

Through synergies between accumulated equity interests and trade, we will strive to continue to reinforce our earnings platform.

In fiscal 2013—the first fiscal year for the Metals & Minerals Company—falling prices for metals and mineral resources caused earnings to drop considerably. However, we invested in the expansion of our existing interests in iron ore and coal and pursued synergies with trading activities. As a result, we continued to bolster our earnings platform following the previous fiscal year.

We expect the outlook for our business environment to remain difficult to read for the foreseeable future, and there is a growing sense that prices of metals and mineral resources have peaked. However, with support from continued strong economic growth in emerging countries,

demand for metals and mineral resources is expected to remain firm in the medium to long term. To contribute to the stable procurement of metals and mineral resources for Japan and the rest of the world, we will take a long-term perspective and continue to steadily expand existing operations in “Brand-new Deal 2014.” We will rigorously assess new investments to select superior projects, and will reinforce our earnings platform.

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.

RESULTS

Overview of Fiscal 2013

Business Results					Billions of Yen
Years ended March 31	09	10	11	12	13
Gross trading profit	¥110.7	¥55.0	¥124.6	¥122.6	¥79.5
Equity in earnings of associated companies	20.2	9.2	29.4	44.3	42.1
Net income attributable to ITOCHU	83.8	42.9	111.0	142.1	82.5

Although iron ore and coal sales volume rose, price decreases led to a 35.2% decline in gross trading profit, to ¥79.5 billion. Net income attributable to ITOCHU fell 41.9%, to ¥82.5 billion, reflecting the absence of an extraordinary gain recognized in the acquisition of Brazil Japan Iron Ore Corporation (gain on bargain purchase and gain resulting from remeasuring its previously held equity interest) and the absence of an improvement in tax effect accompanying tax reform in Australia for the previous fiscal year.

The Metals & Minerals Company invested in existing interests focusing on reinforcing supply capacity. We also worked to enhance cooperation between development and trade, ensure stable supplies of metals and mineral

resources, and build and strengthen the value chain based on our equity interests. We continued to invest in additional facilities in line with an investment plan aimed to expand shipping capacity for the Western Australia iron ore operations following the previous fiscal year. Among our coal projects in Australia, production commenced at the Ravensworth North mine. In the solar power business, Scatec Solar AS, in which we have a 37.5% stake, began construction of a 75 MW photovoltaic power generation facility in South Africa on the first phase. Scatec Solar also concluded a power purchase agreement on a second phase, putting in place photovoltaic power generation initiatives totaling 190 MW.

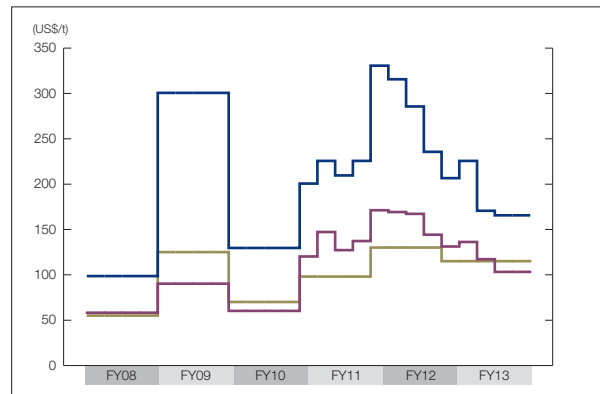
MARKET

Medium- to Long-Term Business Environment

Overall, prices of metals and mineral resources trended downward in fiscal 2013, mainly due to a short-term falloff in resource demand from China.

Over the medium to long term, demand for metals and mineral resources is forecast to remain robust, centered on emerging countries. However, in the short term, prices of metals and mineral resources are affected on the demand side by economic trends in China and Europe, and on the supply side by progress on new projects and planned expansions by suppliers. The prices are therefore affected by the change of the supply-demand balance.

Iron Ore / Coal Price



— Iron ore — Coking coal (hard coking coal) — Thermal coal

*1 Source: ITOCHU disclosure documents

*2 Figures through fiscal 2010 are benchmark prices for the Japanese market. Figures from fiscal 2011 onward are prices that ITOCHU considers to be general transaction prices based on market information.

STRATEGY

Medium- to Long-Term Growth Strategies

The Metals & Minerals Company is working to expand its equity interests in order to secure stable supplies of metals and mineral resources underpinning the industrial framework. 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.

CSR at the Metals & Minerals Company

Promoting CSR through the development and stable supply of mineral resources

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

- 1) development and stable supply of mineral resources; and
- 2) initiatives for solar- and recycling-related businesses that are ecological to the earth.

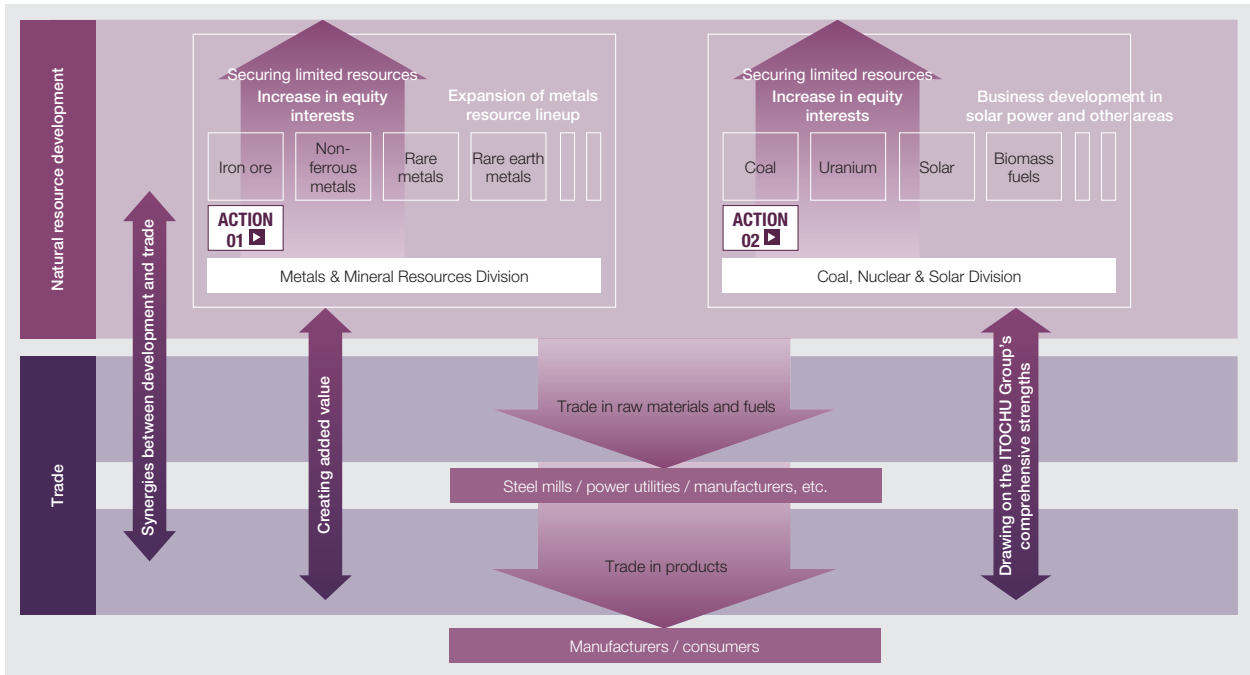
CSR Action Plans: Key points of our fiscal 2014 action plans

As a global company, we will promote environmental management both domestically and at overseas Group companies. As well as promoting the consideration of safety and environmental factors with partner companies when we engage in the development and exploration of mineral resources, we will take on the challenge of businesses that are friendly to the global environment, such as solar businesses and other initiatives aimed at the sustainable utilization of resources. We will also continue to promote CSR education and training based on the social issues facing the industry.

For the details of CSR activities at the Metals & Minerals Company, please visit our website.

<http://www.itochu.co.jp/en/csr/activities/metal/>

Medium- to Long-Term Growth Strategies



ACTION

Initiatives to Implement Our Growth Strategies

ACTION 01 Gradual Supply Capacity Expansion from Western Australia Iron Ore Operations

Through ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA), we are gradually expanding the supply capacity through a rapid-growth project (RGP) of Western Australia iron ore operations, which are run as joint ventures with BHP Billiton (Australia and the United Kingdom)—one of the world's largest mining companies.

To meet increasing demand mainly from China and other emerging countries, for iron ore over the medium to long term, this plan calls for the expansion of production capacity at principal iron ore mines, as well as the expansion of rail transportation networks and ore loading facilities at Port Hedland.

As a result of these moves, we expect iron ore supply capacity from this project to reach 220 million tons per year by 2015.



Port Hedland (photo provided by BHP Billiton)

ACTION 02 Coal Development Projects in Australia and Indonesia

Through IMEA, we are cooperating with Switzerland-based Glencore Xstrata plc, one of the world's leading resource companies, and other companies on several coal development projects in Australia. In the state of New South Wales, production began in the summer of 2012 at the Ravensworth North mine, which is jointly owned through Cumnock Joint Venture. Production is gradually being increased toward a targeted supply capacity of 8 million tons per year. We hold exclusive marketing rights for Japan on coal produced at this mine, and are focusing on sales activities centered on the Japanese market.

Development is also proceeding steadily toward the start of production at a coal mine in the PT Suprabari Mapanindo (SMM) block, located centrally on the Indonesian island of Kalimantan (Borneo), and the Maules Creek coal mine in the Gunnedah Basin of New South Wales. Production from these two projects is scheduled to commence in 2013 and 2014, respectively, with expected annual production capacities of 2 million tons and approximately 10 million tons.



Ravensworth North mine

Energy & Chemicals Company

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



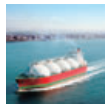
President, Energy & Chemicals Company
Yuji Fukuda

Business Overview

Business Areas

Energy Division No. 1

This division conducts trade and related operations across the overall energy-related products, including crude oil, petroleum products, LPG, natural gas, and LNG. 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.



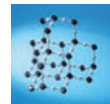
Energy Division No. 2

This division participates in oil and natural gas field development projects in such locations as North America, Azerbaijan, Sakhalin, and the U.K. North Sea, and takes part in new project exploration in regions throughout the world.

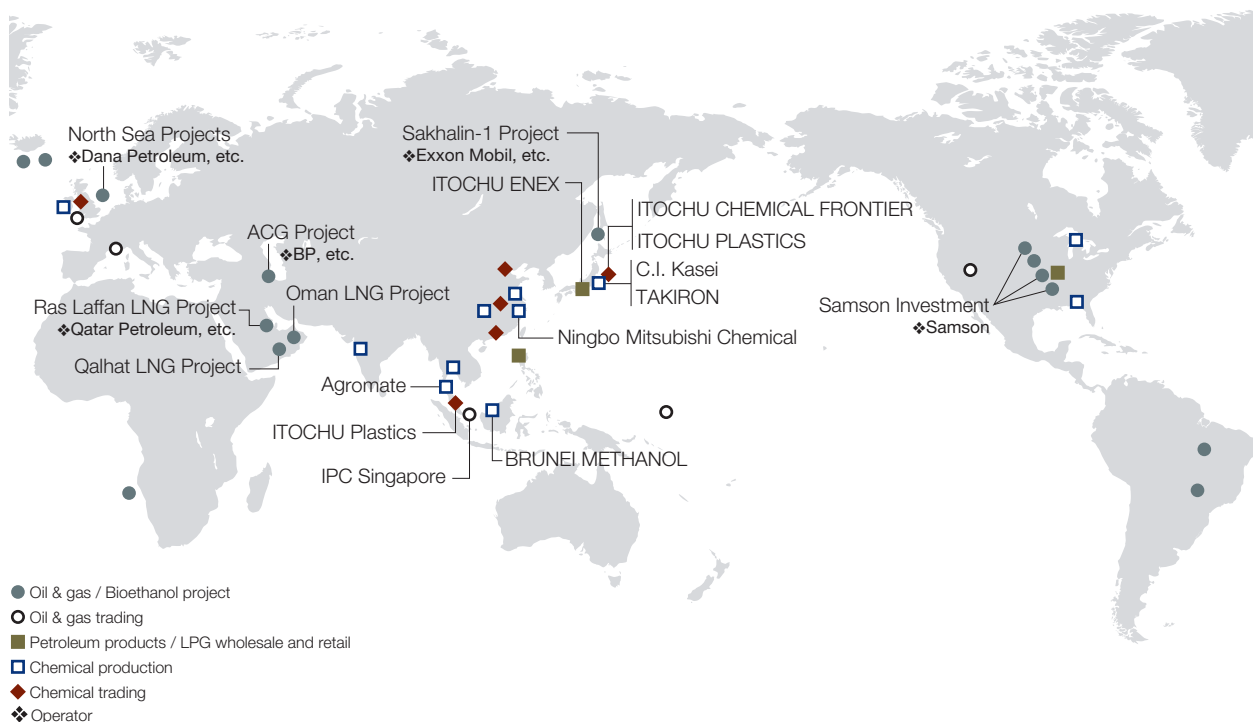


Chemicals Division

This 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.



Business Portfolio



Message from the Division Company President

We aim to increase earnings through synergy among divisions, and to establish a stable management foundation.

In fiscal 2013—the second year of “Brand-new Deal 2012”—in the energy area we decided to invest in an oil field development project in the U.K. North Sea. In the chemicals area, we acquired a stake in Agromate Holdings Sdn Bhd, one of the largest fertilizer distributors in Malaysia. In fiscal 2012, in the energy area we invested in Samson Investment Company of the United States, and in the chemicals area we formed a joint venture to manufacture and sell lithium-ion battery (LiB) materials. Through these projects, we accumulated superior assets in preparation for “Brand-new Deal 2014.”

“Brand-new Deal 2014” calls for us to concentrate on reaping the benefits from the large-scale projects. In addition, we aim to boost earnings by pursuing synergies in both the energy and chemicals areas and further

accumulating superior assets. At the same time, we are establishing a lean and stable management foundation by placing priority on cash flows and curtailing expenses.

ITOCHU will pursue management that seeks to maintain a balance between the resource and non-resource sectors. I believe the Energy & Chemicals Company, which operates in both of these sectors, will play an important role. We will execute the strategies we have drawn up in each area by making full use of the distinctive capabilities of a general trading company, such as securing energy resources for Japan and creating added value throughout the value chain in the petroleum, gas, and chemicals areas. Thus, we will contribute to the development of Japan, Asia, and the rest of the world.

RESULTS

Overview of Fiscal 2013

Business Results					Billions of Yen
Years ended March 31	09	10	11	12	13
Gross trading profit	¥159.9	¥146.4	¥151.1	¥155.6	¥165.0
Equity in earnings (losses) of associated companies	2.2	2.0	1.7	2.4	(28.3)
Net income attributable to ITOCHU	37.9	37.3	12.6	37.8	23.1

Gross trading profit rose by 6.1% year on year, to ¥165.0 billion. Although we faced sluggish market conditions for chemicals, profit was up in the energy area, as we acquired a Japanese energy-related business and trading in crude oil and petroleum products increased. Net income attributable to ITOCHU, however, dropped by 38.9%, to ¥23.1 billion. This decrease reflected an impairment loss on a U.S. oil-and-gas-development-related company, although we received higher dividends from oil-and-gas-related investments on Sakhalin and recognized gains on sales of investments.

In the energy area, we entered into an agreement to jointly develop newly discovered oil fields in a block we own in the U.K. North Sea in cooperation with the block's operator. In the chemicals area, we acquired a stake in Agromate Holdings, one of the largest fertilizer distributors in Malaysia. Through this purchase, we participated in the fertilizer resources area, where supplies are expected to tighten in the future. We also acquired additional shares in Kureha Battery Materials Japan Co., Ltd., which manufactures and sells materials for LiBs. We also commenced a capital / business partnership with Toda Kogyo Corp., which manufactures and sells electronic materials. Through these measures, we are laying the steppingstones in new growing areas.

MARKET

Medium- to Long-Term Business Environment

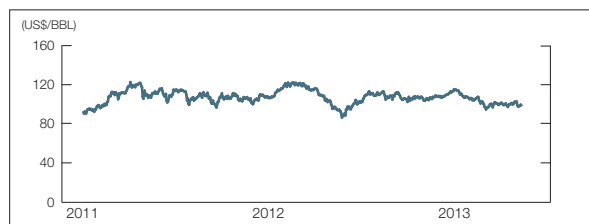
Energy Area

Crude oil prices remain high, due to limited surplus production capacity in oil-producing countries and geopolitical concerns in the Middle East and Africa. Although demand is trending downward in industrialized countries, global demand should continue to rise in line with growth in emerging countries in Asia, South America, and other regions. Therefore, we expect crude oil prices to remain firm going forward. North American gas prices remain low due to major increases in production of unconventional natural gas, but over the medium to long term we believe the prices will gradually rise. Meanwhile, increases in gas prices in Japan and Europe will be lower than in North America. Thus, we expect the gap between these prices to narrow.

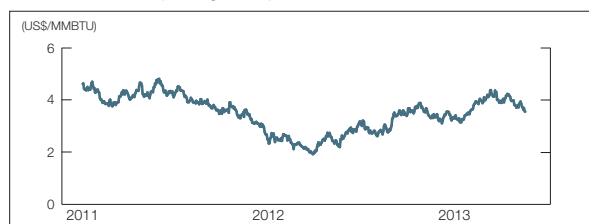
Chemicals Area

Although economic growth is slowing down in China—a major market for this division—we anticipate firm demand growth from the ASEAN region, as well as from North and Latin America. On the supply side, investors are planning new facilities and expansions at large-scale ethylene plants that use North American shale gas as feedstock, as well as at ethylene plants in the Middle East. Moving forward, we expect flows of trade of competitive chemicals from North America and the Middle East to Asia and Latin America.

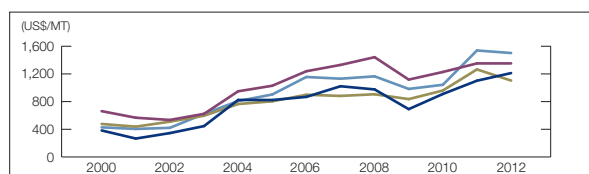
Brent Crude Oil Price



U.S. Gas Price (Henry Hub)



Market Conditions for Chemicals



— High-density polyethylene (HDPE) — Purified terephthalic acid (PTA)
— Paraxylene (PX) — Benzene (BZ)

Source: Compiled by ITOCHU from various materials

STRATEGY

Medium- to Long-Term Growth Strategies

Energy Area

In development, we plan to expand existing projects and participate in promising new projects while minimizing risks, leveraging our expertise to expand our business in this area.

With regard to trading, we will continue to expand the traditional flow of business—importing and wholesaling products from the Middle East to countries in Asia. Meanwhile, we will take advantage of the opportunity presented by growing unconventional crude oil and gas production in North America to encourage the new flow of trade from North America to Asia. We will also work to expand our trading business by utilizing our natural gas interests in North America.

Chemicals Area

Based on worldwide trading operations in the areas of organic chemicals, plastics, and fertilizer and other 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 including pharmaceuticals, plastics processing, and electronic materials areas.

CSR at the Energy & Chemicals Company

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

Affording maximum consideration to the environment, we ensure safe and secure high-quality products, as well as their stable supply, and contribute to the realization of a sustainable society through the development of energy resources and infrastructure, the securing of upstream products and materials and the strengthening of downstream supply chains.

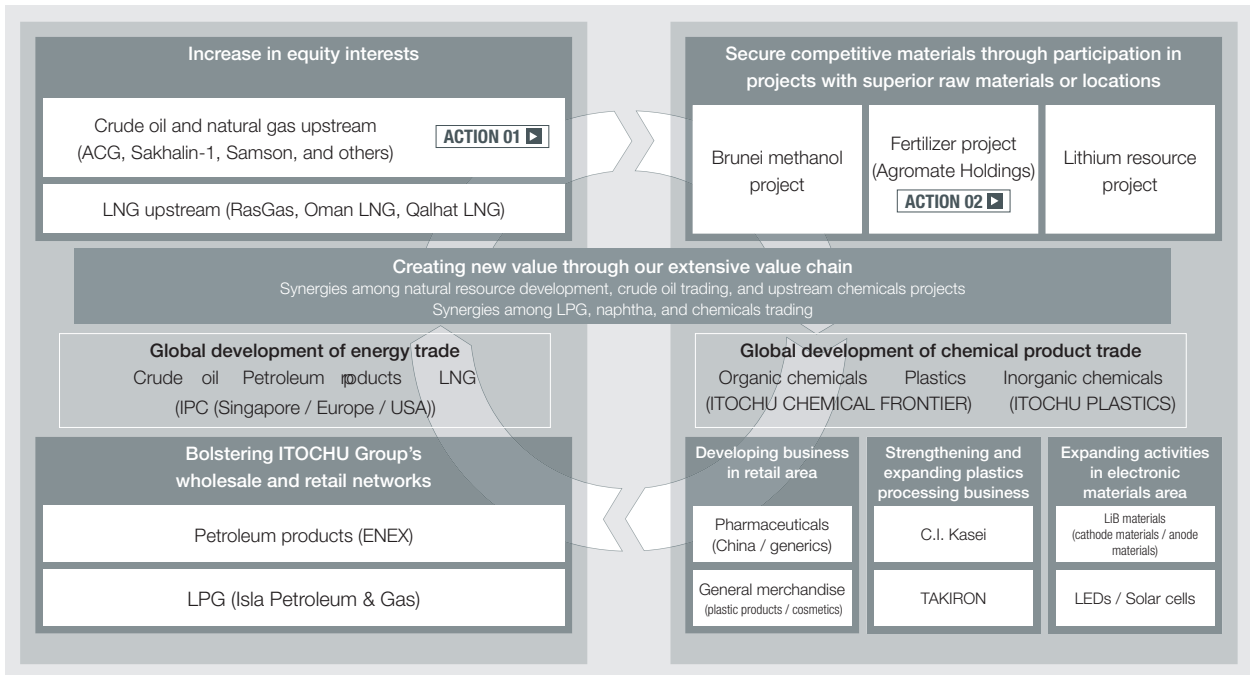
CSR Action Plans: Key points of our fiscal 2014 action plans

Our Group promotes businesses that are friendly to the global environment, such as bioethanol, renewable natural energy, DME, and lithium battery-related projects, as well as the stable securing and supply of energy resources through the development of conventional oil fields. We will also continue to provide education on related laws, regulations and safety tips to 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/>

Medium- to Long-Term Growth Strategies



ACTION

Initiatives to Implement Our Growth Strategies

ACTION 01 **Approval of Development of the Western Isles Development Project in the U.K. North Sea**

CIECO Exploration and Production (UK) Limited, a 100%-owned subsidiary of ITOCHU, which holds a 23.08% working interest in a block, has decided to jointly develop newly discovered oil fields in the block (Western Isles Development Project (“WIDP”)) with Dana Petroleum (E&P) Limited, the operator of the block. We received U.K. government approval of the development plan in December 2012.

Since becoming involved in the U.K. North Sea in 1993, we have been continuously engaged in the oil exploration and production business in the region, such as acquiring an interest in the Alba field in 2005 to secure a stable supply of resources. With regard to WIDP, we joined the exploration activity in 1996 to see WIDP to the development stage. Production is expected to commence in 2015, and we estimate that it will increase our oil and gas interests by approximately 10,000 barrels per day. We plan to apply the technological and commercial expertise we have accumulated in the U.K. North Sea to see WIDP transition to production and further expansion.




SEVAN (circular) floating oil development rig under construction

ACTION 02 **Acquisition of Shares in Malaysia’s Leading Fertilizer Distributor**

ITOCHU acquired shares of Agromate Holdings, one of the largest fertilizer distributors in Malaysia. Agromate has a total of nine distribution centers, seven in Malaysia and two in Indonesia. The company handles 1.3 million tons of fertilizer annually and is one of the largest fertilizer distributors in Malaysia as well as one of the largest in Asia. The company also owns a manufacturing company in the state of Sabah, Malaysia, which has a manufacturing capacity of 200,000 tons of nitrogen-phosphorous-potassium (NPK) compound fertilizers per year.

Asian demand for fertilizer is expected to expand, particularly in China and India. Over the medium to long term, supplies of fertilizer resources are expected to grow tighter, as demand for food rises in tandem with global population increases. Through its new investment in the fertilizer resources sector, we aim to work with Agromate to strengthen its sales structure centered on Asia, thereby contributing to stable food supplies.

Product image



Agromate’s plant

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 a Japan and Asia-based leading global food company.



President, Food Company
Yoshihisa Aoki

Business Overview

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, coffee beans, and dairy products, 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.



* SIS Strategy: 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.

Fresh Food 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. Through the Dole business acquisition, in addition to our domestic-demand-style business model, we will expand our global business model, centered on Asian markets.



Food Products Marketing & Distribution Division

This division includes leading domestic comprehensive food distributors ITOCHU-SHOKUJIN 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. The division covers a wide range of channels, from retail to food service and ready-to-eat, and is also promoting the food distribution business in China and Asia.

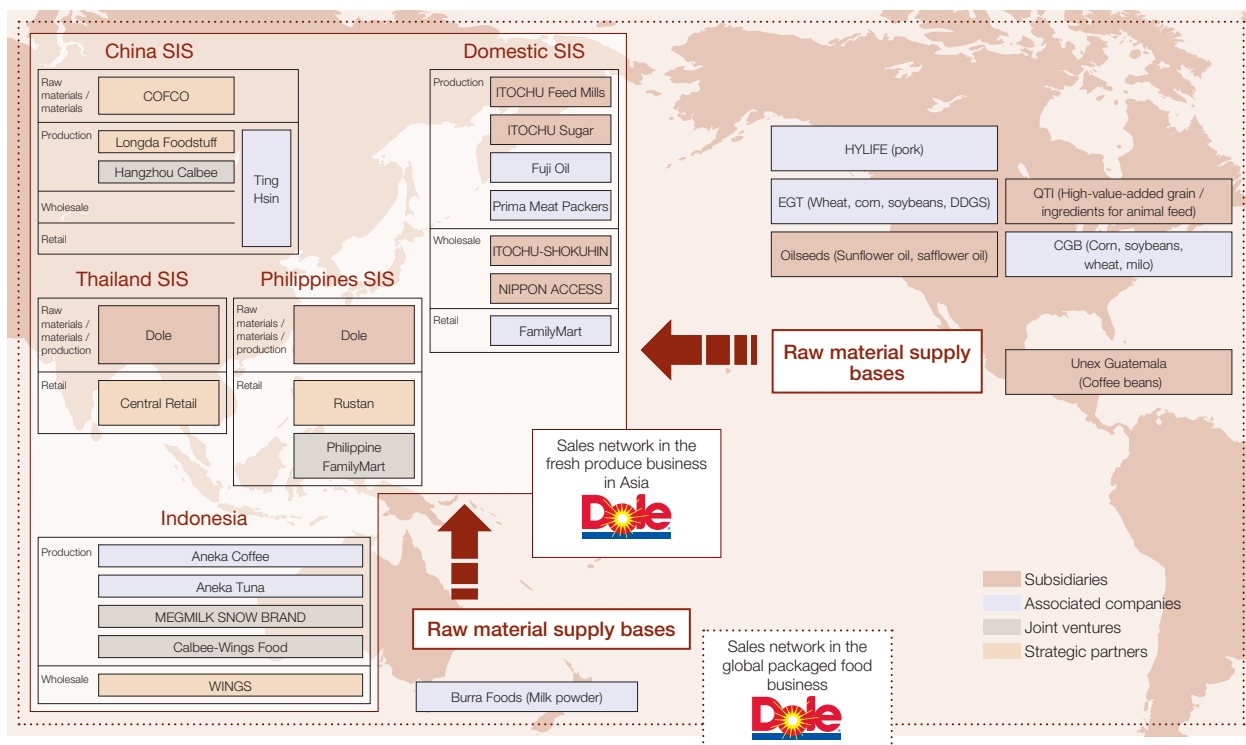


China Business Development Department

This department is aggressively developing businesses in China, not only as a food supply base for Japan but also as a huge market itself. 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



Message from the Division Company President

We will further increase earnings by accelerating the global SIS strategy from its point of origin in Japan and other parts of Asia.

With the global economy remaining uncertain in early fiscal 2013, all Group companies worked together to accelerate the improvement of our earnings structure. As a result, we achieved net income attributable to ITOCHU of ¥45.7 billion, a new record high for the Food Company.

In fiscal 2014—the first year of “Brand-new Deal 2014”—we launched ourselves onto a new stage by acquiring the Dole businesses for US\$1.685 billion. In the past, in line with the Food Company’s core strategy, the SIS strategy, we have endeavored to expand our food value chain from Japan to China and the rest of Asia.

Because Dole possesses a worldwide sales network and a brand with strong global recognition, I believe it provides the foundations to expand our business on a worldwide

scale. In addition to expanding sales of existing products, we will develop new products and businesses that leverage the Dole brand. Moving forward, we will evolve from a company with operations in Japan and other parts of Asia to a leading company in the global food industry. 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 ¥55.0 billion.

RESULTS

Overview of Fiscal 2013

Business Results					Billions of Yen
Years ended March 31	09	10	11	12	13
Gross trading profit	¥335.6	¥270.0	¥201.0	¥201.2	¥202.7
Equity in earnings of associated companies	10.1	13.0	11.7	20.1	22.9
Net income attributable to ITOCHU	20.2	27.8	22.4	43.8	45.7

Gross trading profit grew by 0.8%, to ¥202.7 billion. Despite a decline in the fresh food and food materials-related business due to the conversion of a frozen-foods-related subsidiary into an equity-method associated company, transaction volumes rose for subsidiaries involved in food distribution. Net income attributable to ITOCHU grew by 4.3%, to a new record high of ¥45.7 billion. Contributing to this increase was the recognition of a gain on sales of investments as well as strong performance in the convenience store business, despite the absence of a gain on sales of property and equipment and receipt of insurance recorded in the previous fiscal year.

In Japan, we continued to pursue the SIS strategy, expanding our business in food distribution, centered on FamilyMart Co., Ltd., and NIPPON ACCESS, INC., which completed its management integration in the previous fiscal year. Overseas, we augmented our business foundation by enhancing our partner alliance through joint activities with TING HSIN (CAYMAN ISLANDS) HOLDING CORP. and pursued the SIS strategy throughout Asia, such as working with FamilyMart on a new foray into the Philippines. We also decided to acquire the Asian fresh produce business and the worldwide packaged foods business of Dole Food Company, Inc., the world’s largest producer and marketer of fresh fruits and vegetables. This acquisition provides us with the momentum to accelerate our global SIS strategy. We also entered the pork production business in Canada, which will expand our food resource trading activities.

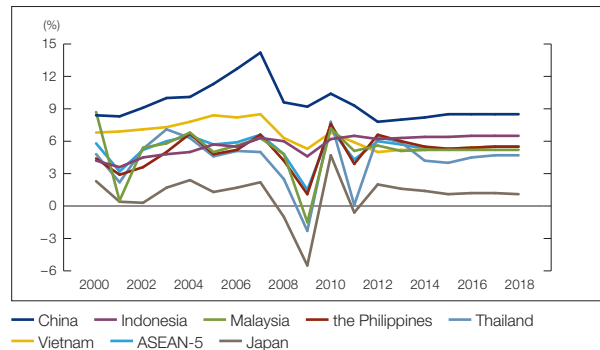
MARKET

Medium- to Long-Term Business Environment

In Japan, the new government administration's policies targeting large-scale monetary easing are driving yen depreciation and share price increases, prompting an improvement in heretofore sluggish consumer sentiment and invigorating personal consumption, which are moving the Japanese economy in a positive direction. These are positive signs for us, as the Japanese market is an important earnings platform for the Food Company. Even so, the population is expected to fall as a result of the declining birth-rate and an aging population, making big growth in this market unlikely over the medium to long term.

In China, the rate of population growth is becoming diminished, and indicators suggest that the GDP growth rate also has signs of slowing. Nevertheless, purchasing power is expected to rise in this vast market, represented by the world's largest population base. We also expect Southeast Asia to become an increasingly important market, as this region's population is expanding, particularly in the ASEAN-5 nations of Indonesia, Malaysia, the Philippines, Thailand, and Vietnam, and a rising GDP growth rate leads to solid economic expansion.

GDP Growth Rates in Various Countries



STRATEGY

Medium- to Long-Term Growth Strategies

In the implementation of the Food Company's SIS strategy, we have further accelerated our initiatives, including capital / business alliances in the retail sector and integration of Group companies in the distribution and marketing area in Japan (Step 1). We have also broadened the foundations for our SIS strategy through its horizontal extension and development across the food value chain overseas. We have achieved this through joint initiatives with strategic partners in China and other Asian countries such as TING HSIN (CAYMAN ISLANDS) HOLDING because we recognize that although the Japanese market is shrinking due to a falling birthrate and an aging population, demand in fast-growing emerging countries is rising (Step 2). The recent acquisition of the Dole businesses will enable the Food Company to organically combine its existing food value chain with Dole's global brand and production and sales network. To accelerate the rollout of our global SIS strategy, we will expand sales of existing products and develop new products and businesses that leverage the Dole brand (Step 3).

CSR at the Food Company

Responding to the needs of consumers and society with environmental consideration

We aim to conduct quality businesses that can contribute to society by ensuring a stable supply of safe products, checking multiple aspects of food safety, and paying attention to preserving the environment. In this manner, we strive to earn the trust of our customers and local communities.

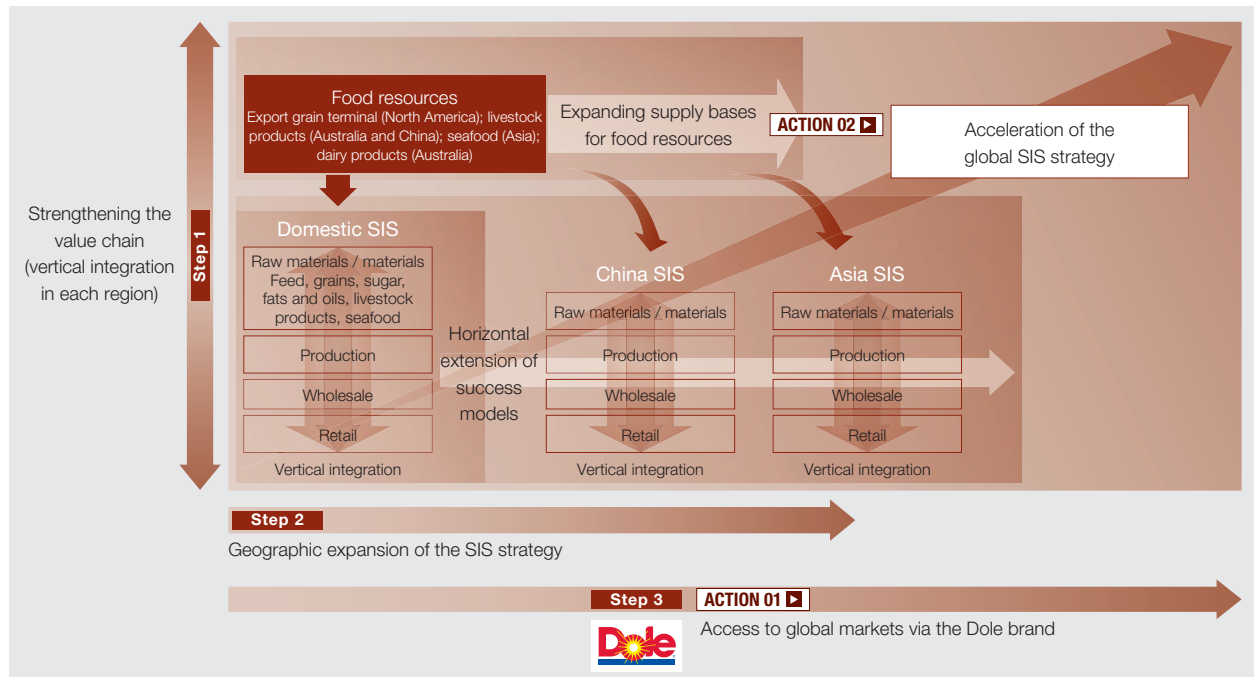
CSR Action Plans: Key points of our fiscal 2014 action plans

We will continue advancing initiatives that meet a variety of societal needs, such as ensuring the stable supply of food resources, protecting the environment, strengthening convenience store functions as social and lifestyle infrastructure, developing healthier foods and improving inspection systems to ensure food safety.

For the details of CSR activities at the Food Company, please visit our website.

<http://www.itochu.co.jp/en/csr/activities/food/>

Medium- to Long-Term Growth Strategies



ACTION

Initiatives to Implement Our Growth Strategies

ACTION 01 Acquisition of Asian Fresh Produce Business and Worldwide Packaged Foods Business of Dole

ITOCHU acquired the Asian fresh produce business and the worldwide packaged foods business of Dole Food Company, through Dole International Holdings, Inc., established by ITOCHU in October 2012, for a total of US\$1.685 billion.



Product image

We will integrate ITOCHU's existing global food value chain with the acquired businesses' production and sales networks and the worldwide Dole brand, whose concept is "health and nutrition," to work together to expand sales of existing products and develop new products and businesses that leverage the Dole brand, adding further to the value of the acquired businesses.

Taking advantage of these acquisitions, moving forward we will accelerate our global SIS strategy with the aim of becoming a leading global company in the food industry.



At Dole's headquarters

ACTION 02 ITOCHU Participated in Pork Production Business in Canada

In December 2012, ITOCHU acquired a 33.4% stake in HYLIFE GROUP HOLDINGS LTD., one of Canada's leading pork producers.



In front of HYLIFE's headquarters

HYLIFE conducts an integrated production (from genetics, live production, and feed mill to pork processing), primarily in Manitoba. Taking advantage of its integrated production system, HYLIFE supplies safe, secure pork to markets around the world. HYLIFE also supplies value-added specialty pork to the Japanese market, using differentiated feeding to meet customer requirements.

Employing ITOCHU's marketing network, we plan to expand sales of HYLIFE's safe, secure pork, centering on the Asian market. In addition to Japan, we plan to target the Asian markets, centered on China, where consumption continues to grow. Moreover, in the Chinese market ITOCHU will expand its business with the Longda Foodstuff Group—a significant partner of ITOCHU—through technical exchanges in the area of pig production.



HYLIFE plant

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 Overview

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, this division has established strong, highly competitive global value chains.



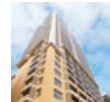
ICT, Insurance & Logistics Division

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

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	 Logistics business	 Insurance business
Construction, Realty & Financial Business Division	 Domestic residential development business	 Overseas real estate development business	 Logistics facility development business	 Domestic / overseas financial services

Message from the Division Company President

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

Launched in fiscal 2013 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. We believe these sectors hold high possibilities.

To realize these possibilities, we made aggressive large-scale investments during the period of “Brand-new Deal 2012.” We acquired the Kwik-Fit Group, the U.K.’s No.1 tyre retailer; invested in METSA FIBRE Oy, a northern European pulp producer; and purchased IT service businesses in Malaysia and Singapore. As a result, net income attributable to ITOCHU amounted to ¥52.1 billion in fiscal 2013, but we recognize that we still have far to go.

Accordingly, during the period of “Brand-new Deal 2014” we will concentrate most of all on sustaining steady

growth by enhancing existing project’s profitability, and we intend to make a vigorous push to build an even more robust earnings platform.

In sectors where such expansion is not possible through organic growth alone, we plan to make timely investments in various projects after careful consideration and stringent evaluation.

As our company is involved in wide-ranging business areas, we are working to deepen cooperation across divisions and areas, taking a holistic approach toward our customers as we strive to create added value.

By implementing these measures steadily, we are endeavoring to create “new and true value” by coordinating and integrating our human resources and organizations possessing specialist strength.

RESULTS

Overview of Fiscal 2013

Business Results					Billions of Yen
Years ended March 31	09	10	11	12	13
Gross trading profit	¥235.3	¥204.0	¥208.3	¥244.6	¥236.6
Equity in earnings (losses) of associated companies	2.1	(7.9)	3.9	17.4	24.5
Net income attributable to ITOCHU	16.8	6.2	6.0	37.6	52.1

Gross trading profit fell by 3.3%, to ¥236.6 billion, as a result of a decline in condominium sales, the conversion of a mobile-related subsidiary to an equity-method associated company, and the absence of subsidiaries sold in the previous fiscal year, despite contributions of increased transactions by acquiring the Kwik-Fit Group in the previous fiscal year and by a domestic ICT-related company. Net income attributable to ITOCHU, on the other hand, was up 38.6% year on year, to ¥52.1 billion. This increase stemmed from factors such as a rise in gain on investments, a significant increase in earnings of associated companies, and the absence of a loss of reversal of deferred tax assets accompanying a change in the effective income tax rate for the previous fiscal year.

We worked proactively to accumulate superior assets in growth areas and regions, particularly overseas. We also continued to implement asset replacement, thereby

reinforcing our earnings structure. In Forest Products & General Merchandise, we invested in one of the world’s leading softwood pulp producers, Finland’s METSA FIBRE, solidifying our position as a leading pulp trader. In ICT, we acquired the shares of IT service providers in Malaysia and Singapore with ITOCHU Techno-Solutions Corporation, enhancing our business development into the growing markets of Southeast Asia. In Insurance, we formed a business alliance with a company that runs a syndicate at Lloyd’s of London in the United Kingdom—the world’s largest insurance market—to enter into the underwriting business at Lloyd’s. This is the first such participation by a non-financial sector company in Japan. In the Construction, Realty & Financial Business, we moved steadily forward on existing projects involving domestic logistics facility development and overseas real estate development business.

MARKET

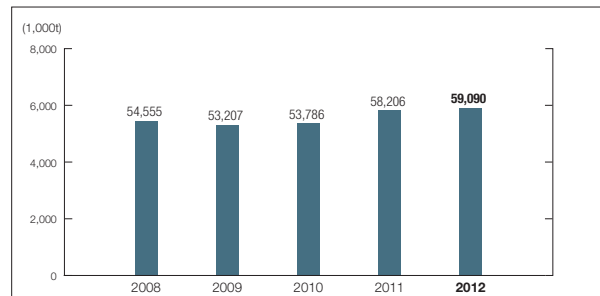
Medium- to Long-Term Business Environment

The volume of market transactions in the pulp products used in paper dropped off temporarily in the aftermath of the Lehman shock, but demand has increased, particularly from China. We expect this trend to continue. We currently handle more than 2 million tons per year, making us a leading pulp trader. The U.K. tyre market declined from 2011 through 2012, but signs of a bottoming out are appearing. Under the above mentioned business environment, Kwik-Fit's operating performance remains firm.

In ICT, we expect IT demand to continue rising steadily in Asia, which is experiencing robust economic growth. We see this as a major business opportunity for the ICT, General Products & Realty Company. In Japan, we anticipate the ongoing transition to smartphones will invigorate the ICT market.

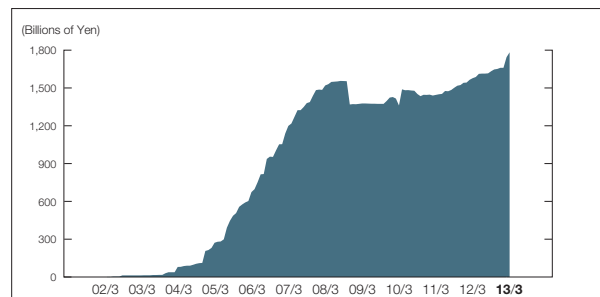
With the exception of a temporary adjustment following the Lehman shock, the real estate securitization market has recorded generally favorable expansion, and continued growth is expected in the future. The residential J-REIT market is also following a basic trend of growth. In this setting, the portfolio 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.

Volume of Pulp Sold



Source: RISI / Sales results

Residential J-REIT Real Estate Holdings



Source: Association for Real Estate Securitization

STRATEGY

Medium- to Long-Term Growth Strategies

As the ICT, General Products & Realty Company is involved in a broad range of areas, our basic approach is to add and expand the specialist strengths in each division and sector, while at the same time building a robust earnings platform spanning all organizations. For instance, in the paper and pulp category we have solidified our position as a leading pulp producer through investments in CENIBRA and METSA FIBRE.

Next, to expand earnings we are adopting a holistically cooperative approach that transcends individual departments and sectors. Looking at construction, for example, we are now expanding transactions involving ICT, paper and pulp, and logistics with an IT company that we dealt with initially in the area of real estate transactions.

These moves aim to create "new value" in the sense that they involve new transactions generated by pursuing additional and overlapping earnings. We are also taking on the challenge of creating "true value," meaning the development of ongoing business that does not end with one-time non-recurring transactions.

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 environment-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.

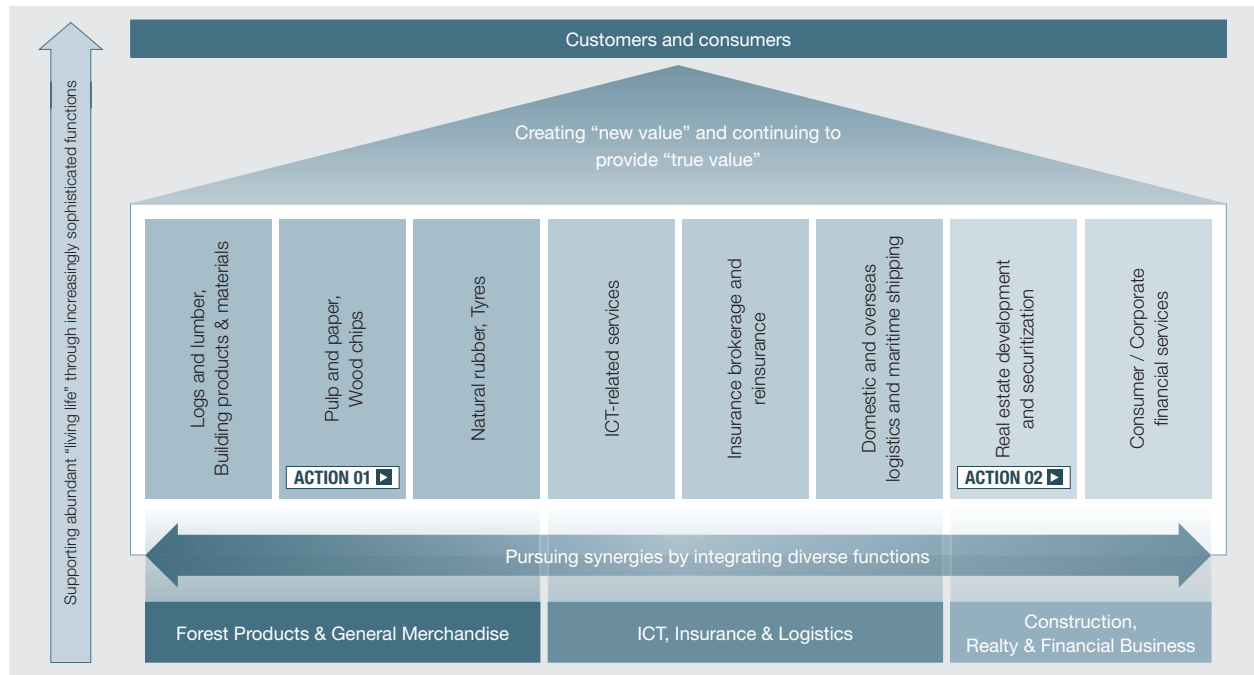
CSR Action Plans: Key points of our fiscal 2014 action plans

We will trade internationally certified forest products that will lead to the sustainable use of resources, develop environment-friendly condominiums and promote eco-friendly businesses such as energy management solution businesses that utilize IT. We will also contribute to the development of the international community and the realization of prosperous societies through the promotion of businesses with local partners in the areas of distribution network building, construction and finance in China and throughout Asia. Meanwhile, we will continue to undertake steady efforts to enhance our supply chain management and ensure compliance with related laws and regulations.

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/>

Medium- to Long-Term Growth Strategies



ACTION

Initiatives to Implement Our Growth Strategies

ACTION 01 ITOCHU Invested in One of the World's Leading Pulp Producers

In May 2012, ITOCHU acquired 24.9% of the shares outstanding in Finland's METSA FIBRE, one of the world's largest softwood pulp producers, for approximately €480 million. Paper materials divide broadly into two categories: hardwood pulp and softwood pulp. ITOCHU already markets hardwood pulp throughout the world through its investment in Brazil's CENIBRA, which maintains an excellent network of production sites. Through the investment in METSA FIBRE, we intend to boost our transaction volumes for softwood pulp, securing a position as a leading pulp trader providing top-end quality, as well as volume. METSA FIBRE's pulp production processes generate electricity, providing the surplus not required by its plants to the surrounding region. This production accounts for approximately 20% of the bio-energy generated in Finland, making this a contributor to the local environmental preservation.

We look forward to further reinforcing our business through joint initiatives with this excellent partner.



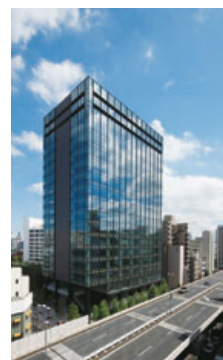
METSA FIBRE factory

ACTION 02 Real Estate Development Initiatives in Japan

"Partnership" is a keyword for the Construction, Realty & Financial Business Division, which strives to fully utilize the advantages of a general trading company. In accordance with this keyword, in the domestic market we take part in a host of real estate development projects, including housing (condominiums and leased), logistics facilities, and office buildings.

In June 2012, we sold TIXTOWER UENO, an office building developed jointly by ITOCHU Property Development, Ltd., and Tokyo Tatemono Co., Ltd., to Japan Real Estate Investment Corporation. In April 2013, we began developing a logistics facility exclusively for DHL Supply Chain Ltd., Sagamihara Logistics Center, in cooperation with Kenedix, Inc. Through these diverse initiatives, we are striving to reinforce our earning power.

The CSR action plan of our Construction, Realty & Financial Business Division calls for "providing quality facilities with an emphasis on safety and security" and "thoroughly considering the environment." Moving forward, we will maintain CSR awareness as we pursue the real estate development business.



TIXTOWER UENO



Rendering of Sagamihara Logistics Center

Overseas Operations

Comments from Overseas Regional Headquarters

North America

Eiichi Yonekura

President & CEO,
ITOCHU International Inc.



With its vast consumer market, substantial food resources and impressive range of industrial innovations such as the shale gas revolution, not to mention its steadily recovering economy, North America offers more and more opportunities for us to expand the scope of our business.

We are poised to create exciting new sources of earnings and boost our competitiveness by leveraging ITOCHU's diverse capabilities and moving beyond our traditional approach to add unique value.

Latin America

Masaki Hayashi

C.E.O. for Latin America



Latin America is expected to continue steady economic growth, and with the launch of the Pacific Alliance the region is expected to foster deeper ties with Japan and other Asian countries. To further boost earnings, we are moving forward with business initiatives related to metal and forest resources, food resources, and bioethanol. We are also taking on business opportunities related to the automobile sector and other segments that rely on domestic demand, which is slated for future growth.

Europe

Masahiro Imai

Chief Executive for
European Operation



The European economy is expected to begin a gradual recovery in the second half of 2013, but full-fledged recovery is likely to require more time.

Under these conditions, we will continue to concentrate on cultivating the investments we have made in recent years. Meanwhile, we will seek out new opportunities for growth by pursuing investments in our areas of strength—the consumer-related sector and such infrastructure areas as electricity, water, and environment.

Africa

Tomoyuki Akamatsu

Chief Executive for Africa



The Fifth Tokyo International Conference on African Development (TICAD V) was held in June 2013. New support measures and investment promotion policies for Africa proposed at this conference are further raising interest in Africa. As strategic initiatives towards this growing market, in addition to involvement in platinum mines, gas field investment, and large-scale solar power generation, we are actively promoting business investment in the non-resource sector, such as sales of automobiles and consumer goods.

Middle East

Hiroyuki Tsubai

CEO for the Middle East



In the spring of 2013, the northeastern part of the Arabian Peninsula witnessed intense rains and an earthquake on the border between Iran and Pakistan. Apart from natural environmental changes, the region continues to remain in tangle by political and economic uncertainty. Our focus is to provide an uninterrupted supply of resources; to boost sales of transportation equipment, foods, textiles, and general merchandise to meet the growing demand accompanying a growing population and an increase in standard of living; and to provide quality, large-scale infrastructure and after-sales service.

East Asia

Shuichi Koseki

CEO for ITOCHU
East Asia Bloc



East Asian economies are becoming increasingly interdependent, centered on China. The Chinese economy, which is in transition from a period of high economic growth to one of stable expansion, still represents a huge consumer market, and Chinese domestic demand is expected to continue driving expansion throughout the region. We are closely involved with domestic demand in China, particularly the consumer-related sector, where we anticipate an increase in earnings.

Oceania

Fiscal 2013 represented a turning point marked by drastic declines in metal and mineral resource prices, but the resource business in Australia is expected to remain competitive over the long term, backed by the country's abundant natural resources which meet growing global demand.

In the non-resource sector, we are working to secure food and forest resources from Oceania to meet worldwide demand. We are also making inroads into infrastructure-related businesses.

ASEAN & South West Asia

ASEAN & South West Asia is characterized by a population of 2.0 billion and ongoing economic growth. Consumption at the middle-income level is growing, and the region is benefiting from the influx of export-oriented companies pursuing "China plus one" strategies. We are working to enhance our earning power and increase our presence in this region by advancing IPP, port, and other infrastructure businesses in cooperation with solid local companies. We are also concentrating on consumer-related businesses involving Dole, FamilyMart, and other companies, and such natural resource development-related business as coal and gas.



Junichi Sasaki

CEO for Oceania
CEO for ASEAN &
South West Asia Bloc

CIS

Kiyoshi Fujitsuka

C.O.O. for CIS



Blessed by abundant natural resources and extensive land, CIS countries have high growth potential. We focus on the resource sector that serves the national interests of related countries. In addition, by leveraging ITOCHU's global networks, we are working to develop businesses in such areas as infrastructure and machinery for industrial regeneration and improvement of living environments, and consumer products and services as well as raw materials which will allow us to respond to robust consumer demand.