Textile Company

Organization

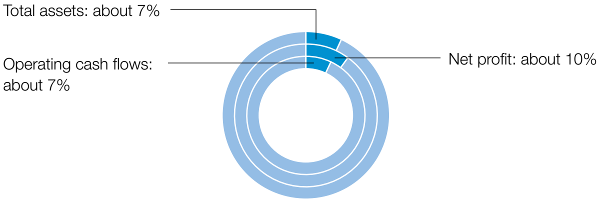
- Textile Company
  - Apparel Division 1
  - Apparel Division 2
  - Brand Marketing Division 1
  - Brand Marketing Division 2
  - CFO
  - Planning & Administration Department

President, Textile Company

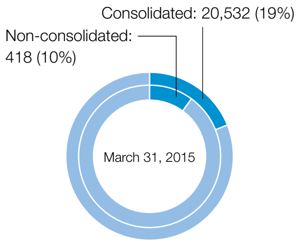
Shuichi Koseki

Overview

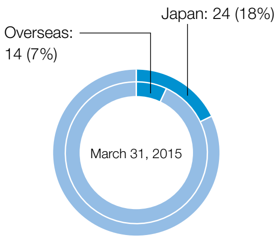
Percentage of the Total for ITOCHU (image)



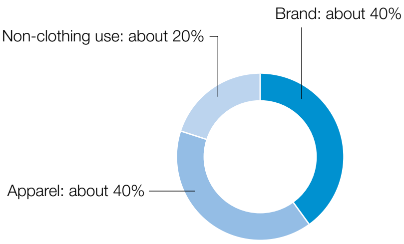
Percentage of Total Employees



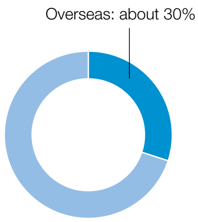
Percentage of Total Number of Subsidiaries and Affiliated Companies



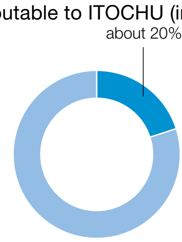
Composition of Company Earnings by Consolidated Segment (image)



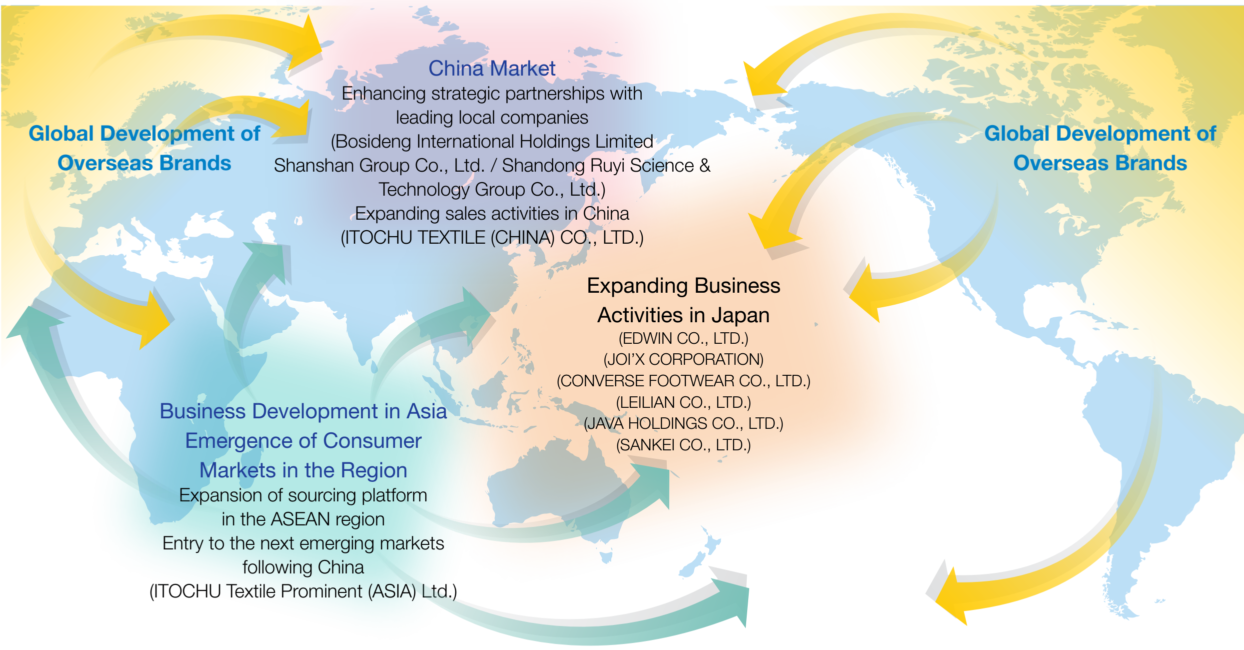
Company Percentage of Earnings from Overseas Businesses (image)



Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image)



Business Portfolio



Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Sales were lower at domestic apparel-related companies due to the April 2014 consumption tax hike, operations in European apparel manufacturing and wholesale-related companies were unfavorable, and yen depreciation had a negative impact. However, owing largely to new earnings due to the acquisition of EDWIN CO., LTD., trading income remained on a par with the previous year's level, at ¥29.2 billion. Net profit attributable to ITCOHU was essentially unchanged year on year, at ¥32.0 billion.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	**2015**
Total assets	406.4	433.4	486.8	504.5	**555.8**
ROA	3.7%	5.8%	6.8%	6.5%	**6.2%**
Trading income	21.6	25.2	33.3	29.2	**29.2**
Equity in earnings of associated companies / associates and joint ventures	5.9	5.9	12.6	11.7	**11.7**
Net income / profit attributable to ITOCHU	15.3	24.4	31.2	32.5	**32.0**
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies					
ITOCHU Textile Prominent (ASIA) Ltd.*	0.0	1.0	1.1	2.0	**1.4**
ITOCHU TEXTILE (CHINA) CO., LTD.	0.8	1.1	1.3	1.2	**1.2**
JOI'X CORPORATION	0.5	(0.3)	1.3	1.3	**1.3**
SANKEI CO., LTD.	1.5	4.0	1.6	1.5	**2.6**
[Subtotal]	[2.8]	[5.8]	[5.3]	[6.0]	**[6.5]**
Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image)	about 20%				

* Net income / profit from ITOCHU Textile Prominent (ASIA) Ltd. includes net income of equity-method associated companies which were transferred from ITOCHU due to the business restructuring in the former Textile Material & Fabric Division. As a result, profit for the periods after the fiscal year ended March 31, 2012 includes these companies' profit.

Message from the Division Company President

We will target further earnings growth by accelerating our pursuit of downstream strategies, accumulating superior assets, and replacing assets.

Our Focus for Fiscal 2016

Under medium-term management plan "Brand-new Deal 2014," we sought to organically link multiple functions, such as textile material development, planning, manufacturing, brands, and distribution in order to cultivate a downstream strategy by taking a hybrid approach to business promotion that elicited the strengths of the entire value chain; and worked aggressively to accumulate superior assets. Going forward, consumer markets are expected to expand overseas, particularly in China and other emerging countries in Asia. In Japan, however, the outlook is uncertain. The ripple effect, caused by the recovery in personal consumption, on apparel is likely to be limited. As such, it is becoming increasingly necessary to accurately capture consumer needs. In fiscal 2016, the first year of "Brand-new Deal 2017," we will strengthen our existing businesses as well as accelerate the global development of our downstream strategy, including through cooperation with the Bosideng Group of Hong Kong. At the same time, we will steadily work on initiatives to expand our business portfolio by accumulating superior assets and replacing others. These efforts will enable us to firm up the Textile Company's earnings platform and play a key role in the consumer-related sector. We will also cultivate a heightened awareness of compliance and concentrate on revising and reinforcing our business management structure.

Company Characteristics

Strengths

- Maintaining and expanding our position as the leading general trading company in the textile business
- Creating a value chain spanning upstream to downstream operations in the textile industry
- Establishing a highly efficient management foundation by proactively expanding our asset portfolio

Earnings Opportunities

- Improving consumer sentiment in Japan
- Growing purchaser base as standards of living rise in China, other parts of Asia, and emerging countries
- Potential new business opportunities by joining the Trans-Pacific Partnership, etc.

Challenges

- Prompting the need to make cuts by shifting areas of manufacturing under yen depreciation driving up costs
- Need to encourage consumption by creating new value-added in a shrinking domestic apparel market
- Overseas market cultivation with prominent overseas partners in view of decreasing domestic population

Medium to Long-Term Growth Strategies

Our scope of business spans all lifestyle categories as a customer-oriented marketing company, and we have developed our business around a value chain that covers the entire textile industry, from raw materials / fabrics to garment manufacturing, brands, and industrial materials, demonstrating group-wide strengths.

In Japan, we are continuously improving our high-value-added manufacturing in order to meet consumers' needs. In the retail and life & healthcare areas, we are also focusing on expanding our business domain, as well as enhancing our asset portfolio. We are also augmenting our asset portfolio overseas, as we endeavor to reinforce our operations in growth markets, including China, other parts of Asia, and emerging countries where consumption is slated to expand. One initiative involves joint business with CITIC and CP Group. Further tariff liberalization should lead to more opportunities for us to respond to global consumers' needs as we begin to address the pan-Asia market. We will further reinforce manufacturing in the most suitable areas, remaining cognizant of customs benefits, and expand our value chain from materials procurement to sewing throughout China and the rest of Asia. Meanwhile, we will respect human rights and labor customs, protect the environment, and maintain harmony with communities.

As the Company plays a key role in the consumer-related sector, making the most of superiority as the leading company in the textile business, we will steadily work on initiatives to strengthen our existing businesses and expand synergies within the ITOCHU Group as well as accelerate accumulating superior assets and replace others. These efforts will enable us to firm up the Textile Company's earnings platform.

VALUE DRIVER

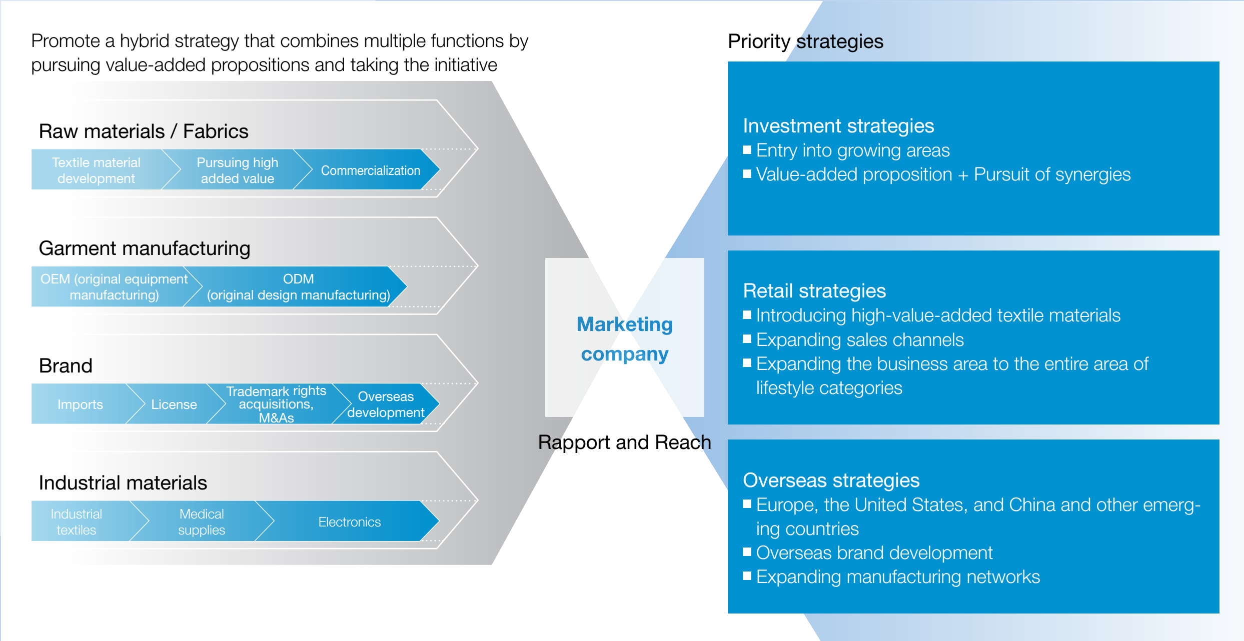
Business Alliance with VINATEX in Vietnam

ITOCHU has concluded an agreement for a strategic business alliance with the Vietnam National Textile and Garment Group (VINATEX), a Vietnamese state-run textile company group, by acquiring shares in the company. Established in 1995, VINATEX is the largest textile company in Vietnam. It has 83 subsidiaries and affiliates, with approximately 120,000 employees, and handles operations from the upstream to downstream processes in the textile industry. ITOCHU and VINATEX have maintained a steadfast relationship that stretches back to the time when the two companies began OEM-related apparel transactions in the 1990s. ITOCHU positions Vietnam as one of its most important operation bases because the country has attracted significant attention as the next major manufacturing locale after China. The reinforced partnership with VINATEX—the largest textile company group in Vietnam—is expected to generate a wide range of synergetic effects, such as increased trade on the back of favorable customs duties under free trade and other agreements, as well as create a number of new businesses. For these reasons, ITOCHU has decided to conclude an agreement for the alliance.

VINATEX sewing factory

In the future, ITOCHU will move forward with measures to strengthen the sales of textile products in Europe, the United States, and Asia—including Japan and China—while making the most of the VINATEX Group's strong textile manufacturing bases in Vietnam and its own global network. Through this move, we aim to further enhance its corporate value and expand our business.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Issues on the Social and Environmental Fronts for the Textile Company to Address with a View to Sustainable Growth

Major Issue	Business	Reason for Importance from a Strategic Perspective
Supply chain management (labor management)	Overseas apparel manufacturing business	As we expand production at the most suitable sites worldwide, which supports the manufacturing at the heart of the Textile Company, including manufacturing bases in China and other parts of Asia, we must take full account of labor customs in the supply chain and the environment. A lack of care in such areas could result in reputational damage and legal sanctions, which could significantly affect business continuity.

INITIATIVES FOR SUSTAINABILITY

Risk Management **Supply Chain Management**

The Textile Company places a high priority on further improving the safety of its products and services as well as customer satisfaction. It is promoting sustainable manufacturing that takes full account of labor customs in the supply chain and the environment in its global setup for manufacturing at the most suitable sites worldwide, which serves a vital role in sustaining the Textile Company's manufacturing. Recognizing the importance of gaining suppliers' understanding of and cooperation with its procurement policy, ITOCHU has set out its CSR Action Guidelines for Supply Chains and promotes activities with suppliers who are in harmony with these guidelines. We also conduct monitoring surveys on an ongoing basis of manufacturing factories in Japan and overseas, including at Group companies. In fiscal 2015, we conducted surveys at two locations, the Mikuni factory, a key domestic dye-processing facility of SANKEI CO., LTD., as well as FUKUSEN CO., LTD. We also performed a CSR field survey of UNIMAX SAIGON CO., LTD., a uniform manufacturer in Vietnam. Furthermore, in fiscal 2015 we brought in an outside lecturer to conduct seminars themed on "procurement risks and preventive measures in the textile industry" at our headquarters in Tokyo and Osaka, as well as at our Ho Chi Minh City office, aimed at increasing the sophistication of our supply chain management.


CSR survey at UNIMAX SAIGON

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/textile

Machinery Company

Organization

- Machinery Company
  - Plant Project, Marine & Aerospace Division
  - Automobile Division
  - Construction Machinery & Industrial Machinery Division
  - CFO
  - Planning & Administration Department

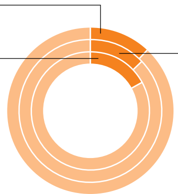
* Organizational change on April 1, 2015

President, Machinery Company

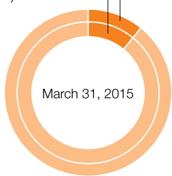
Takao Shiomi

Overview

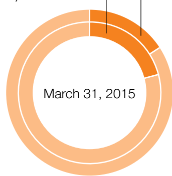
Percentage of the Total for ITOCHU (image)



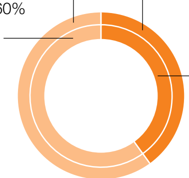
Percentage of Total Employees



Percentage of Total Number of Subsidiaries and Affiliated Companies

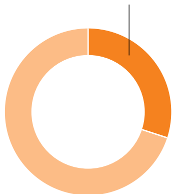


Company Composition by Consolidated Segment (image)*

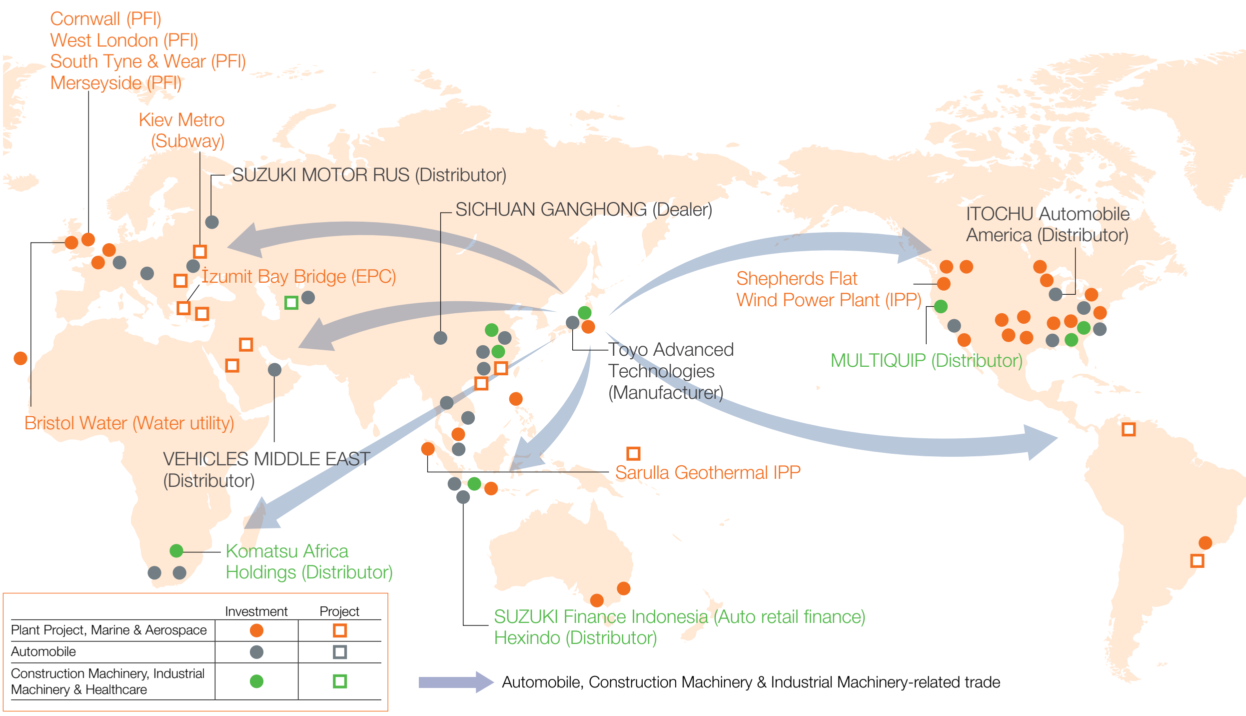


* Based on former business segments

Company Percentage of Earnings from Overseas Businesses (image)



Business Portfolio



Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income expanded 38% year on year, to ¥31.7 billion, due to favorable performance in plant-related businesses and higher transaction volume in automobile-related transactions. Net profit attributable to ITOCHU grew 26%, to ¥54.6 billion, owing to higher trading income, an improvement in gains on property, plant and equipment and intangible assets, and increases in financial income and equity in earnings of associates and joint ventures.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	672.4	800.1	890.9	953.8	1,083.6
ROA	1.5%	3.1%	3.8%	4.7%	5.4%
Trading income	8.9	15.2	19.3	22.9	31.7
Equity in earnings of associated companies / associates and joint ventures	9.8	12.5	13.4	19.0	20.1
Net income / profit attributable to ITOCHU	10.3	23.1	32.1	43.4	54.6
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies					
ITOCHU Plantech Inc.	0.4	0.5	0.6	0.9	1.5
JAPAN AEROSPACE CORPORATION	0.6	0.6	0.7	1.0	0.9
JAMCO Corporation	0.0	(1.2)	0.6	0.9	1.7
ITOCHU CONSTRUCTION MACHINERY CO., LTD.	0.6	0.6	0.9	1.3	0.9
Century Tokyo Leasing Corporation	4.0	6.2	6.2	8.4	9.1
Century Medical, Inc.	0.8	0.9	1.0	1.1	1.0
SUNCALL CORPORATION	0.4	0.3	0.6	0.7	0.6
[Subtotal]	[6.8]	[7.9]	[10.6]	[14.3]	[15.7]

Message from the Division Company President

We make progress by building a stable earnings platform and boosting earning power.

Our Focus for Fiscal 2016

Operating in an environment characterized by yen depreciation, fiscal 2015 marked our fourth consecutive fiscal year of record highs in net profit attributable to ITOCHU, thanks to major contributions from domestic and overseas investment earnings and trading income.

We will launch into fiscal 2016 with a new three-division structure. The Machinery Company's wide-ranging business areas include plant project, marine, aerospace, automobile, construction machinery, industrial machinery and medical device-related businesses and constitute a structure including numerous operating companies. In the aim of responding to customers' needs more painstakingly, we have undergone a structural change. Adopting "New progress + 100" as our motto, each of our organizations and individuals aims to accumulate fundamental earnings by ¥10 billion. By business area, we are endeavoring to move ahead with a sense of speed, balancing our management resources well among business areas. Such initiatives include accumulating superior assets in the independent power producer (IPP)-, water-, and environment-related businesses; pursuing strategic involvement in fields where demand is growing, such as the infrastructure, marine, and aerospace businesses; boosting trade in the automobile, construction machinery, and industrial machinery businesses, which have broad value chains; and stepping up medical device businesses in Japan and other Asian markets.

Company Characteristics

Strengths

- Solid, long-term business relationships with excellent partners in each field of operations
- Broad-based business development on a global scale in the automobile sector
- Numerous business developments in advanced countries having low country risk

Earnings Opportunities

- Numerous investment opportunities to meet demand for infrastructure around the world (electric power, water, environmental, transport, and energy)
- Market expansion due to rising automobile demand in emerging countries
- Improved competitiveness stemming from yen depreciation

Challenges

- Expanding infrastructure-related businesses (electric power, water, environmental, transport, and energy)
- Trade and business development that takes into consideration the pace of growth and country risk in emerging countries
- Initiatives to meet growing demand in each business field in the Chinese and ASEAN markets

Medium to Long-Term Growth Strategies

In IPP, water supply, environmental, energy, and other infrastructure businesses, we will strive to promote a balance between the accumulation of superior assets in industrialized countries and highly profitable development projects in emerging countries. We will endeavor to expand trade in line with improvements in the external environment, such as foreign exchange in fields of conventional strength, including marine, aerospace, automobile, construction machinery, and industrial machinery. We will also strive to generate stable earnings through stringently selected investments in peripheral sectors. Furthermore, we will promote the construction of a medical device value chain to meet anticipated future growth in medical device businesses, aiming to further enhance business investment and trade in Japan and other parts of Asia.

We will maximize earnings from existing investments, promoting the accumulation of superior assets and asset replacement, and conducting trade in related and ancillary fields.

In promoting infrastructure projects in emerging countries, we will give due consideration to environmental protection and local communities to ensure projects proceed smoothly. The world faces such issues as climate change, waste management, and water resource securement; the Machinery Company views these as promising medium- to long-term business opportunities. As such, we are taking part in renewable energy-related businesses involving wind and geothermal power, as well as waste management projects. We are also involved actively in seawater desalination and other water-related projects.

Furthermore, based on our strategic business alliance and capital participation agreement with CITIC and CP Group, we are considering joint investment and trade expansion that will leverage that group's characteristics, particularly in China and the ASEAN region.

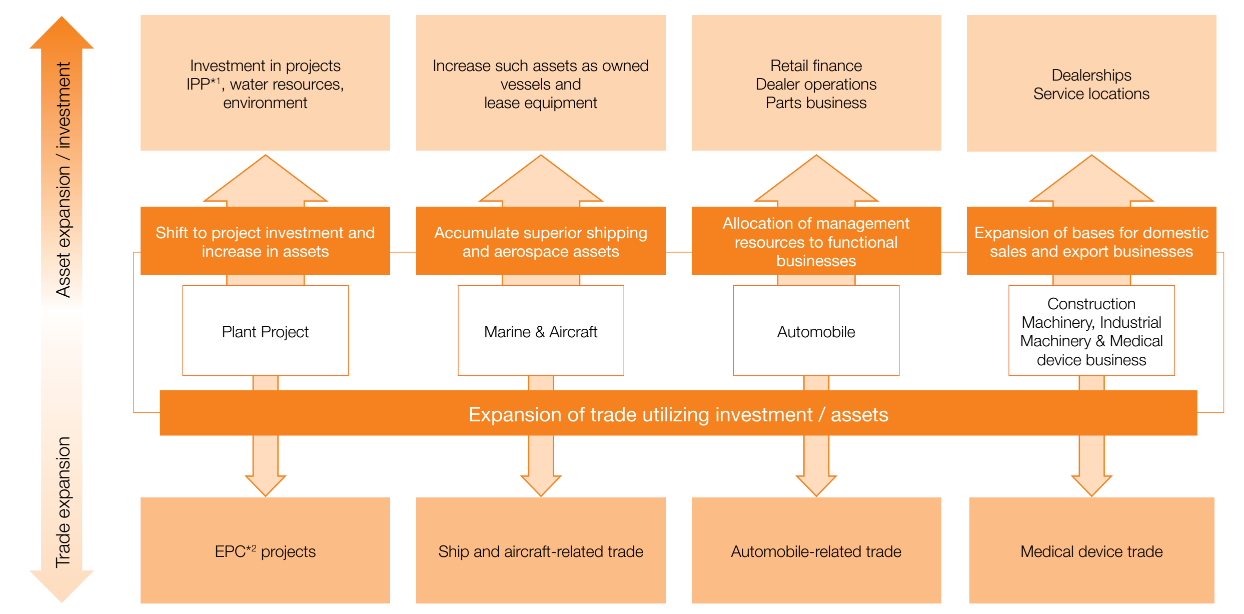
VALUE DRIVER

Sarulla Geothermal IPP Project in Indonesia

In April 2013, ITOCHU, Kyushu Electric Power Co., Inc., PT Medco Power Indonesia, and Ormat Technologies, Inc., in the United States, concluded a 30-year power purchase agreement commencing in 2016 through the investment subsidiaries owned by each of the companies and jointly established operating company Sarulla Operations Ltd, with Indonesia's state-owned electricity company, PT Perusahaan Listrik Negara (PLN), and PT Pertamina Geothermal Energy (PGE), a subsidiary of PT Pertamina. The agreement includes the development of a geothermal resource concession owned by PGE in Indonesia's Sarulla region in North Sumatra, construction of a geothermal plant with a total capacity of 320 MW and sales of generated power to PLN. A financing agreement on the project was concluded in March 2014, and financing closed successfully in May 2014. Owning 40% of potential geothermal resources, Indonesia holds the world's largest amount of such resources and positions geothermal energy as its strategic power source. ITOCHU will contribute to the Indonesian government's policy of promoting geothermal energy through this project and, with consideration for environmental protection and harmony with local communities, will continue to be active in the power generation business, promoting renewable energy resources such as geothermal energy and wind power.


Project construction site

Medium to Long-Term Growth Strategies (Conceptual Diagram)



*1 IPP: Independent power producer
*2 EPC: Engineering, Procurement, and Construction

Issues on the Social and Environmental Fronts for the Machinery Company to Address with a View to Sustainable Growth

Major Issue	Business	Reason for Importance from a Strategic Perspective
Environmental preservation, consideration for local communities	Infrastructure-related business	In infrastructure-related businesses, environmental preservation in development regions, harmony with local communities, and consideration for safety, health, and human rights are of paramount importance. Neglect in any of these areas could cause projects to fall foul of country regulations and result in stoppages. Alternatively, projects may not proceed according to schedule, reputation risk may become manifest, and costs may rise further than expected.

INITIATIVES FOR SUSTAINABILITY

Opportunity **ITOCHU to Deliver Machinery for Subway Cars to a Municipal Subway Enterprise in Kiev, Ukraine**

Under an agreement with Kryukovsky Railway Car Building Works (Kryukov), a major manufacturer of railroad rolling stock in Ukraine, ITOCHU has supplied machinery for 95 subway cars. The machinery, namely electrical items and brake systems, was supplied primarily by Japanese companies, including Mitsubishi Electric Corporation and FUJI ELECTRIC CO., LTD., for use in Kryukov's supply of subway cars to a municipal subway company in Kiev (Kiev Metro). Kiev Metro holds a vast quantity of rolling stock that is about 40–50 years old and was manufactured during the former Soviet era, and thus, an upgrade had become an urgent task. With this project, former rolling stock using direct current power was replaced with stock using alternating current with a variable-voltage, variable-frequency inverter control, thereby reducing electric power consumption by around 35% through the use of regenerative electric power. By employing Japan's cutting-edge technology, ITOCHU is assisting in the reduction of electric power consumption along with CO_2 emissions, thereby contributing to progress in Ukraine's energy-saving policy.

Kiev Metro subway car

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/machinery

Metals & Minerals Company

Organization

■ Metals & Minerals Company
- Metals & Mineral Resources Division
- Coal, Nuclear Fuel & Solar Division
- Steel Business Coordination Department
- CFO
- Planning & Administration Department

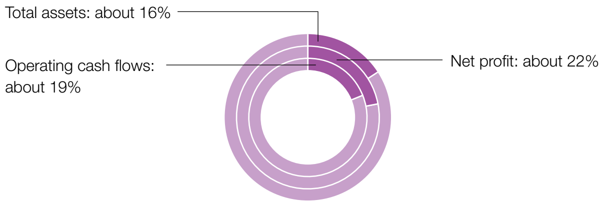
President, Metals & Minerals Company

Eiichi Yonekura

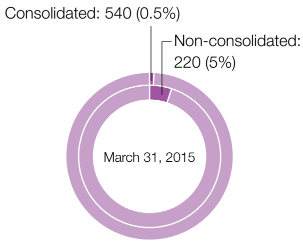
Overview

* Excludes impact of unordinary loss related to Brazilian iron ore operations

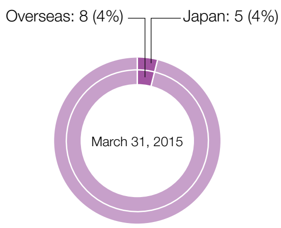
Percentage of the Total for ITOCHU (image)



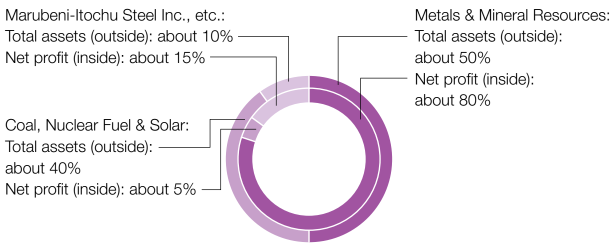
Percentage of Total Employees



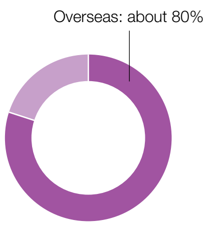
Percentage of Total Number of Subsidiaries and Affiliated Companies



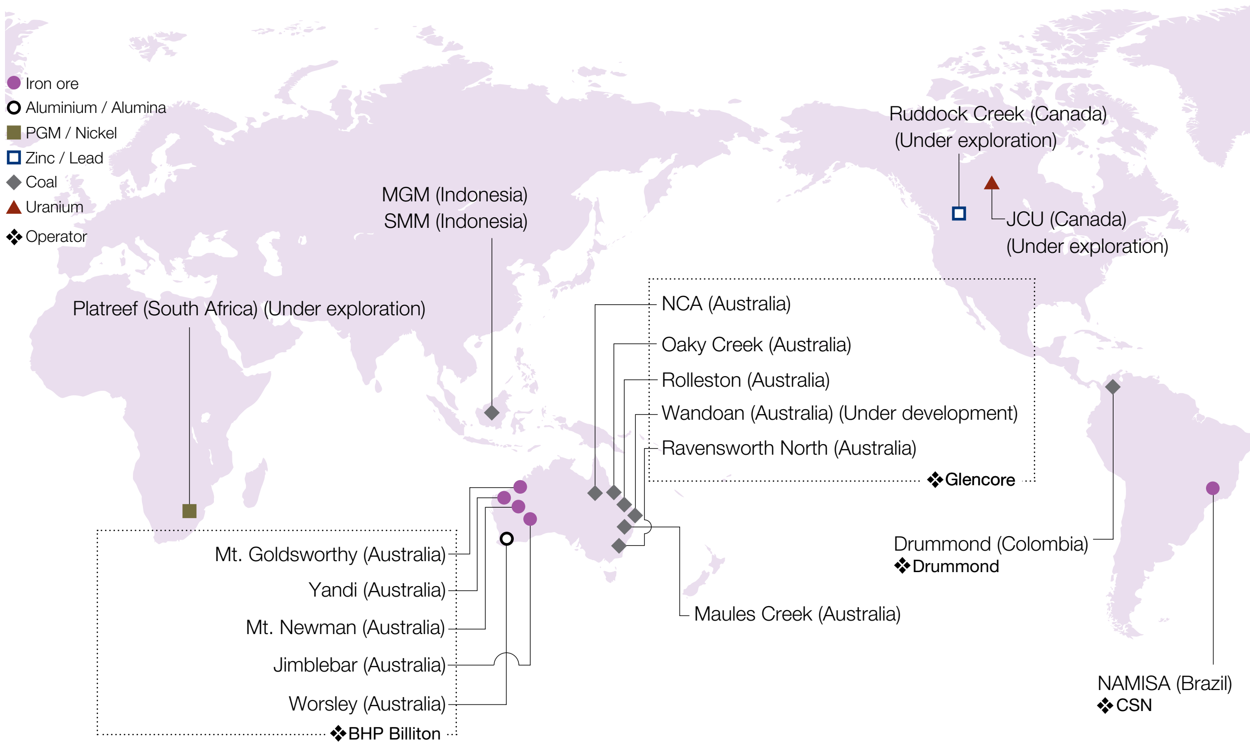
Company Composition by Consolidated Segment (image)



Company Percentage of Earnings from Overseas Businesses (image)



Business Portfolio



Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income fell 36%, to ¥47.1 billion, due to a decline in iron ore and coal prices, despite an increase in iron ore sales volume, reduction of costs in iron ore and coal-related companies, and the positive impact of foreign currency translations. Net profit attributable to ITOCHU dropped 85%, to ¥11.2 billion, owing to the fall in trading income and an impairment loss related to Brazilian iron ore operations.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	620.9	1,015.7	1,175.2	1,308.2	**1,261.8**
ROA	19.2%	17.4%	7.5%	6.0%	**0.9%**
Trading income	113.6	101.6	57.4	73.2	**47.1**
Equity in earnings of associated companies / associates and joint ventures	29.4	44.3	42.1	34.3	**(46.8)**
Net income / profit attributable to ITOCHU	111.0	142.1	82.5	74.1	**11.2**
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies					
ITOCHU Metals Corporation	1.2	1.2	1.3	1.4	**0.2**
ITOCHU Minerals & Energy of Australia Pty Ltd	80.1	89.3	50.3	58.4	**42.3**
Marubeni-Itochu Steel Inc.	6.8	12.9	12.8	13.0	**12.8**
Brazil Japan Iron Ore Corporation	12.9	36.8	10.4	3.8	**(44.8)**
ITOCHU Coal Americas Inc. (ICA)	—	2.0	3.5	0.5	**0.1**
[Subtotal]	[101.0]	[142.2]	[78.3]	[77.1]	**[10.6]**

ITOCHU's Equity Interests (Sales Results)

Million Tons

Years ended March 31	2011	2012	2013	2014	2015
Iron Ore	13.2	16.1	17.6	18.1	**20.5**
ITOCHU Minerals & Energy of Australia Pty Ltd	10.5	12.4	13.4	16.0	**18.7**
Brazil Japan Iron Ore Corporation (NAMISA)	2.7	3.7	4.3	2.0	**1.8**
Coal	8.0	8.9	11.6	10.7	**13.2**
ITOCHU Minerals & Energy of Australia Pty Ltd	8.0	6.8	7.0	7.0	**7.4**
ICA (Drummond Company's Mining Operations in Colombia)	—	2.1	4.5	3.7	**5.8**

Message from the Division Company President

We will grow by striking a balance between investment and trade, and create a stable earnings base.

Our Focus for Fiscal 2016

In fiscal 2015, we experienced a decline in iron ore and coal prices and posted an impairment loss on Brazilian iron ore operations, which led to a year-on-year decline in earnings. However, we worked to improve the efficiency of operations, collaborated with business partners on cost-reduction efforts, and undertook other measures to reduce our exposure, thereby building the groundwork for mine management to be capable of withstanding lackluster markets. Our strength on deep and broad-ranging trade flows that run from metals and mineral resources to steel and non-ferrous derivative products provides the framework for robust earnings.

In fiscal 2016, to stabilize profit base furthermore, we will work to expand our business in a manner that balances investment and trade. In the investment category, we will strive to accurately anticipate global growing supply and demand trends for metals, mineral resources, and energy in order to build a portfolio of assets that incorporate base metals and rare metals. With regard to trade, we will leverage the comprehensive power of the ITOCHU Group to target businesses with excellent partners and accelerate business development in North America and Asia. We believe these measures will be key to building a business core that is resistant to short-term changes in resource prices.

Company Characteristics

Strengths

- Strong relationships with excellent business partners in each business area
- Ownership of superior resource assets
- Deep, broad-ranging trade flows that run from metals and mineral resources to derivative products (steel, non-ferrous, etc.)

Earnings Opportunities

- Long-term demand growth for metals, mineral resources, and energy

Challenges

- Establishment of an earnings platform resistant to fluctuations in resource prices

Medium to Long-Term Growth Strategies

The Metals & Minerals Company is working to secure cost-competitive equity interests in metals and mineral resources, which underpin the industrial framework, and make more efficient use of these interests to secure profits even in the face of fluctuating market prices. Furthermore, we are working to secure non-ferrous metals, rare metals, rare earth metals, and other resources for which stable procurement has been an issue. In the trade area, we will persevere on building a value chain centered on equity interests while also leveraging the comprehensive strengths of the ITOCHU Group to concentrate on adding value to our trade business.

We will cultivate superior projects and collaborate on the investment and trade fronts with CITIC and CP Group to promote well-balanced cooperation.

Taking the long-term perspective that is a Metals & Minerals Company hallmark, we will create a sustainable business structure. Based on voluntary standards for environmental management and biodiversity preservation, we will work in tandem with communities and promote safe labor environments. At the same time, we will actively undertake activities in the solar power and environmental businesses, as well as recycling and other businesses that contribute to society.

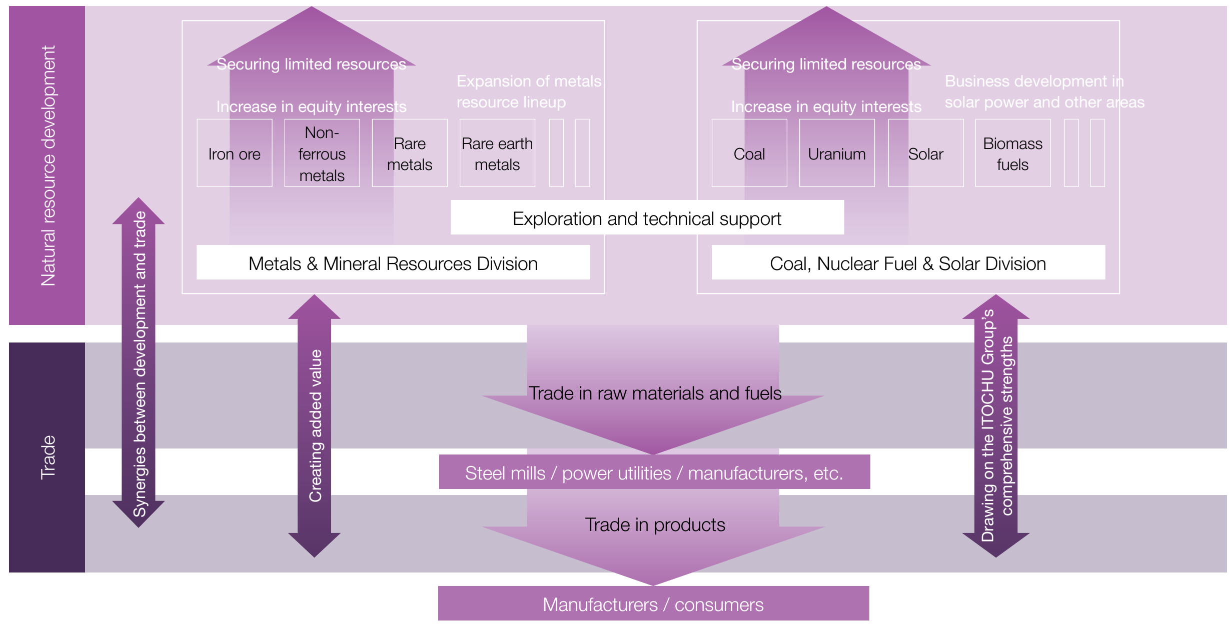
VALUE DRIVER

Jimblebar Iron Ore Mine to Secure a Stable Supply


Railroad for transporting Jimblebar iron ore (photo courtesy of BHP Billiton)

In 2013, ITOCHU acquired an 8% stake in BHP Iron Ore (Jimblebar) Pty. Ltd., which is developing the Jimblebar Iron Ore Mine. This operation is part of the iron ore business of leading mining company BHP Billiton. Situated in Western Australia, the Jimblebar Iron Ore Mine has large prospective deposits and is a large-scale, cost-competitive, open-pit mining operation. Expansion work is complete to bring the mine's annual capacity to 45 million tons, and operations are proceeding smoothly. ITOCHU already operates three iron ore joint ventures in Western Australia with BHP Billiton, and ore from the Jimblebar Iron Ore Mine is transported through the rail and port facilities owned by these joint ventures. We expect further operational efficiencies to contribute to a more robust earnings base.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Issues on the Social and Environmental Fronts for the Metals & Minerals Company to Address with a View to Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
Consideration for human rights and local communities	Development of metals and mineral resources	When developing metals and mineral resources, maintaining harmony with local communities and ensuring a labor environment that gives due consideration to health and safety are paramount. Neglecting these factors could lead to operational stoppages that would result in lost earnings opportunities and escalating costs due to legal sanctions.
Consideration for the environment and ecological preservation	Development of metals and mineral resources	Many locales that have abundant mineral resources are also blessed with biodiversity. We must manage our environmental impact and respect global calls to protect biodiversity. A lack of care in such areas could result in interrupted development and other constraints.

INITIATIVES FOR SUSTAINABILITY

Risk Management

Operation of Environment, Health, and Labor Safety (EHS) Guidelines (Mining business)

The Metals & Minerals Company takes part in the exploration for metals, coal, and uranium resources that could be a source of environmental pollution and endanger people involved in the business through accidents and damage to health. Accordingly, we have voluntarily established and operate EHS guidelines (for mining) in the interest of minimizing or preventing EHS risks; preserving biodiversity; and understanding and giving maximum consideration to local communities.

Opportunity

Construction of a Mega-Solar Facility in the City of Oita

In August 2014, ITOCHU began constructing its first and proactive mega-solar (large-scale solar) power plant—on the premises of Mitsui Engineering & Shipbuilding Oita Works in the city of Oita, in Oita Prefecture. Slated to commence operations in March 2016, the generated power will be sold to Kyushu Electric Power Co., Inc., for a period of 20 years. The predicted generating capacity of 52,500,110 kWh is equivalent to the annual power consumption of approximately 9,300 regular homes. The plant is expected to reduce CO_2 emissions by approximately 32,000 tons per year.


Site of the future Oita mega-solar facility

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/metal

Energy & Chemicals Company

Organization

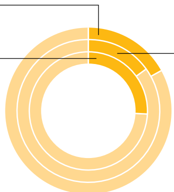
- Energy & Chemicals Company
  - Energy Division
  - Chemicals Division
  - CFO
  - Planning & Administration Department

President, Energy & Chemicals Company
Yuji Fukuda

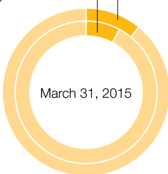
Overview

* Excludes impact of unordinary loss related to the U.S. oil and gas development business

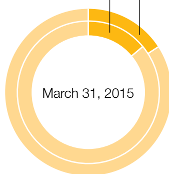
Percentage of the Total for ITOCHU (image)



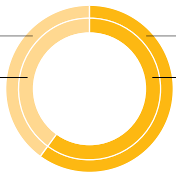
Percentage of Total Employees



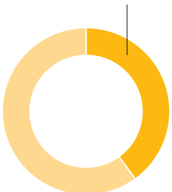
Percentage of Total Number of Subsidiaries and Affiliated Companies



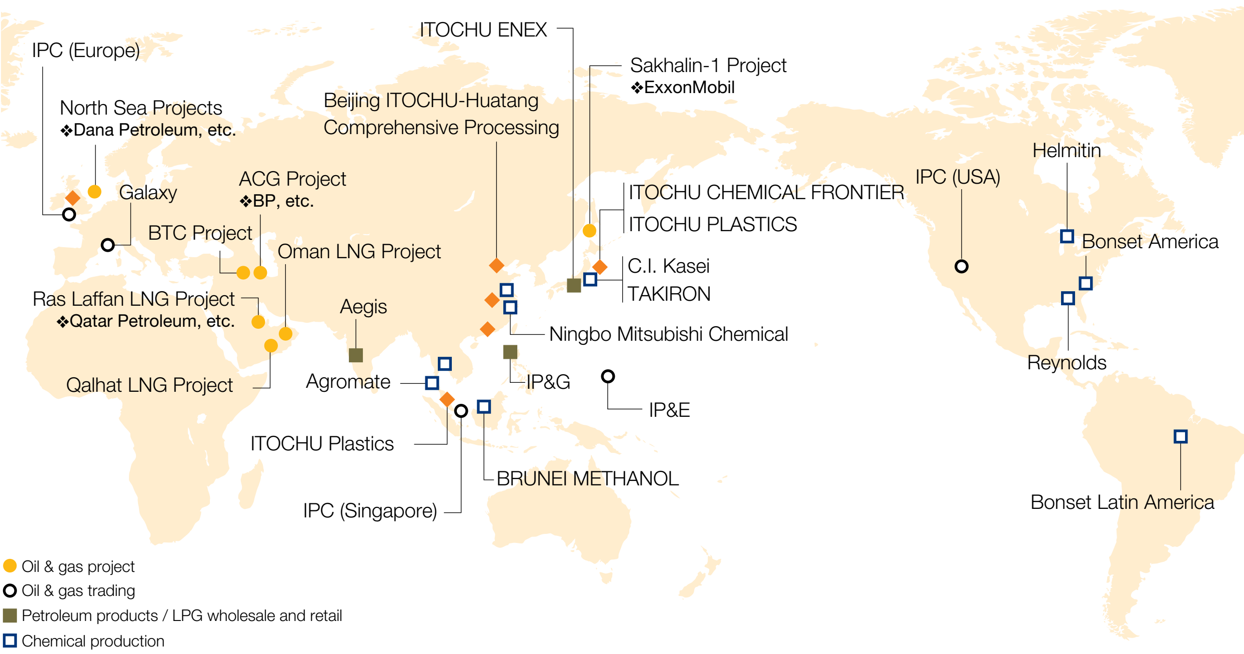
Company Composition by Consolidated Segment (image)



Company Percentage of Earnings from Overseas Businesses (image)



Business Portfolio



- Oil & gas project
- Oil & gas trading
- Petroleum products / LPG wholesale and retail
- Chemical production
- Chemical trading
- ❖ Operator

Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income was down by 24%, to ¥43.9 billion, due to lower transaction volume of equity crude oil and a decline in oil prices, despite the effects of acquisition of subsidiaries in the energy segment. Net profit attributable to ITOCHU fell 86%, to ¥2.4 billion, despite the absence of unordinary losses in the bioethanol business present in the previous fiscal year, owing to the decline in trading income and an increase in impairment loss in a U.S. oil and gas company.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	1,085.8	1,287.1	1,335.2	1,283.7	1,329.5
ROA	1.2%	3.2%	1.8%	1.3%	0.2%
Trading income	42.1	47.0	53.7	57.5	43.9
Equity in earnings of associated companies / associates and joint ventures	1.7	2.4	(28.3)	(32.9)	(39.6)
Net income / profit attributable to ITOCHU	12.6	37.8	23.1	16.7	2.4
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies, etc.					
ITOCHU Oil Exploration (Azerbaijan) Inc.	10.7	13.0	13.1	15.7	6.9
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	0.0	(0.2)	0.8	4.3	1.0
JD Rockies Resources Limited	(0.1)	(0.1)	(31.2)	(32.5)	(43.8)
ITOCHU ENEX CO., LTD.	2.2	2.4	3.2	3.9	2.8
ITOCHU CHEMICAL FRONTIER Corporation	2.0	2.9	3.0	3.2	3.1
ITOCHU PLASTICS INC.	2.2	1.9	2.2	3.0	3.5
Dividend from LNG Projects (PAT)	6.3	6.6	7.7	7.8	8.3
[Subtotal]	[23.3]	[26.5]	[(1.2)]	[5.4]	[(18.2)]

ITOCHU's Equity Interests (Sales Results)

1,000 Barrels per Day*

Years ended March 31	2011	2012	2013	2014	2015
Oil and Gas	35.0	33.0	58.0	52.0	50.0

* 6,000 cubic feet of natural gas = 1 barrel of crude oil equivalent

Message from the Division Company President

We aim to increase earnings through synergies among divisions, and establish an even more stable management foundation.

Our Focus for Fiscal 2016

During the period of "Brand-new Deal 2014," in the energy area, additional crude oil production commenced in Azerbaijan at the Azeri-Chirag-Gunashli (ACG) Oil Fields, and we propelled development activity of a crude oil development project in the U.K. North Sea. We also expanded our business in the chemical area, such as stepping up our involvement in Agromate Holdings Sdn Bhd, one of the largest fertilizer distributors in Malaysia.

Under "Brand-new Deal 2017," we plan to steadily increase earnings through trade and also concentrate on acquiring superior new assets, in addition to reaping the benefits from large-scale projects currently under way. We will establish an even more stable management foundation through a focus on cash flows and by stringent cost control.

By leveraging the Energy & Chemicals Company's unique presence in both the resource and non-resource sectors, we intend to work proactively to create joint projects with CITIC and CP Group, based on our strategic business alliance and capital participation agreement.

By expanding our value chain in energy and chemicals domestically and overseas, we aim to contribute to economic development in Japan, Asia, and the rest of the world.

Company Characteristics

Strengths	Earnings Opportunities	Challenges
■ Solid customer base in trade in Asia and the Middle East ■ Expertise based on extensive experience in oil and gas exploration and development activities ■ Competitive capabilities for procuring chemical product-related commodities, sales bases at locations throughout the world, and business development with partners	■ Ongoing increases in oil and gas demand, centered on emerging countries in the ASEAN region and other areas ■ Trade opportunities leveraging strong sales capabilities in LPG and naphtha ■ Strong growth in demand for chemical products and trading activities in China, the ASEAN region, and North and Latin America	■ Amid peaking growth in developed countries, capturing growing energy demand in emerging countries ■ Appropriate risk management of resource price volatility ■ Expanding trading activities by development of upstream businesses, while expanding core businesses and new operations downstream

Medium to Long-Term Growth Strategies

With regard to trading in the energy area, we will continue to expand the traditional flow of business—importing and wholesaling products 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 energy trade from North America to Asia.

In oil and gas exploration and production, we plan to leverage our expertise and experience in working with superior partners to enlarge existing projects while curtailing risk, and to expand our business through participation in producing assets. In development of our projects, we recognize that factors such as consideration for the environment, harmony with local communities, and safe working environments are essential to business continuity. Accordingly, we and our partners have adopted measures appropriate to these considerations.

In the chemicals area, we will expand our business field in organic chemicals, plastics, and inorganic chemicals by utilizing our global trading capabilities. We will aim to advance projects in upstream areas to secure competitive raw materials, whilst taking steps to bolster our supply chains, especially in the retail area including pharmaceuticals, plastics processing, and electronic materials. With regard to the handling of chemical products, we will ensure compliance with chemical-related laws in any jurisdiction by training and strengthening control across the supply chain, from raw materials until our products reach the hands of the purchaser.

Furthermore, we plan to create synergies with CITIC and CP Group in line with our strategic business alliance and capital participation agreement.

VALUE DRIVER

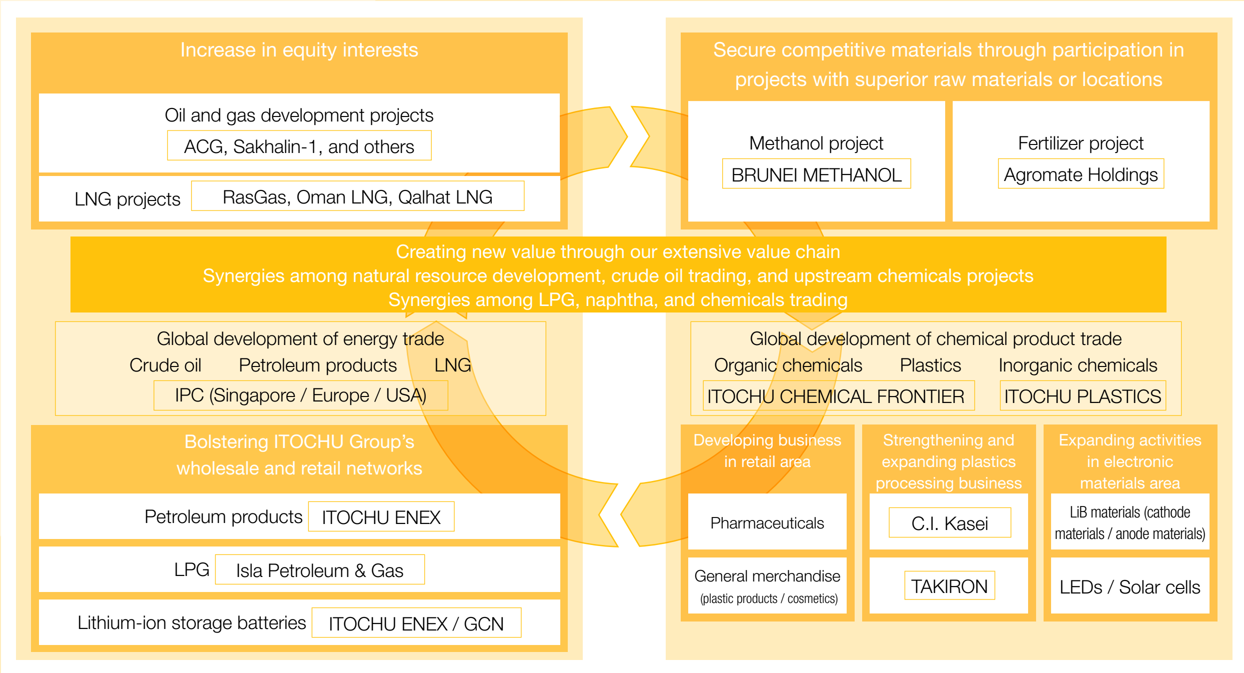
ITOCHU Makes a Full-Fledged Entry into the LPG Distribution Business in India

In November 2014, through a Group company, ITOCHU purchased 40% of the shares of AEGIS GROUP INTERNATIONAL PTE. LTD. (AGI). AGI is a subsidiary of AEGIS LOGISTICS LIMITED (Aegis), which owns and operates receiving terminals for LPG, petroleum products, and chemicals in India, and is in charge of supplying LPG mainly to the receiving terminals owned by Aegis. AGI supplies more than 700,000 metric tons of LPG per year to the Indian market, making it the country's largest private company in this category by LPG sales volume.

Amid growing global shipping volumes for LPG, India is the world's third-largest market in terms of annual demand, following the United States and China. With economic growth due to a growing population and the government's enactment of clean energy measures, demand is expected to grow further, making India a promising market. ITOCHU currently trades 5.0 million metric tons of LPG annually to markets in Japan, China, South Korea, the Philippines, India, Indonesia, Thailand, as well as other Asian countries. Through this full-fledged entry into the growth market of India, ITOCHU expects to maximize the Aegis sales network to contribute to the distribution of LPG in India, as well as to further expand its Asian LPG supply network and boost its LPG-related businesses.


LPG storage facilities in Mumbai (photo courtesy of Aegis)

Medium to Long-Term Growth Strategies (Conceptual Diagram)



* … Company / project name

Issues on the Social and Environmental Fronts for the Energy & Chemicals Company to Address with a View to Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
Consideration for human rights and local communities	Energy development	In energy development, any neglect in ensuring harmony with local communities and working environments that give due consideration to health and safety could lead to operational stoppages, causing lost earnings opportunities and increased costs related to legal sanctions.
Management of dangerous or hazardous substances	Chemical products	Any deficiencies in managing dangerous or hazardous substances in accordance with related laws and regulations could lead to legal sanctions and the manifestation of reputational risk, ultimately causing operations to be stopped or handling volumes reduced. Accordingly, such deficiencies could have implications for both revenues and costs.

INITIATIVES FOR SUSTAINABILITY

Opportunity **Investment in a U.S. Power-Saving Service Provider and Intelligent Energy Storage-Related Business Initiatives**

Through a joint investment with K Road DG LLC, ITOCHU will underwrite a capital increase through a third-party allocation of newly issued shares from Green Charge Networks (GCN), a U.S. energy management services company that combines proprietary software with lithium-ion storage batteries. ITOCHU will launch this energy management system business in the Japanese and overseas markets, including the United States. GCN has developed software for real-time remote monitoring of its storage battery system, enabling customers to reduce peak demand charges and to achieve significant reductions in their electricity bills. ITOCHU will develop full-scale business operations in this area.

Through its investment in GCN, ITOCHU aims to take full advantage of benefits of intelligent stationary battery storage to reduce peak power on the demand side, thereby contributing to the realization of an energy-efficient society that uses clean and dispersed energy sources.


GCN's storage battery system in use at a university in California

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/chemical

Food Company

Organization

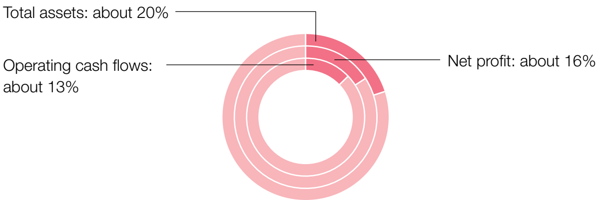
- Food Company
  - Provisions Division
  - Fresh Food Division
  - Food Products Marketing & Distribution Division
  - CFO
  - Planning & Administration Department

President, Food Company

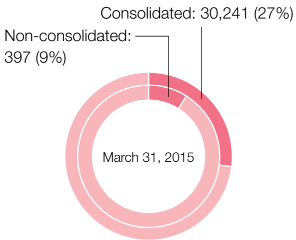
Koji Takayanagi

Overview * Excludes impact of unordinary gain related to TING HSIN (CAYMAN ISLANDS) HOLDING CORP.

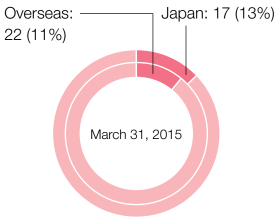
Percentage of the Total for ITOCHU (image)



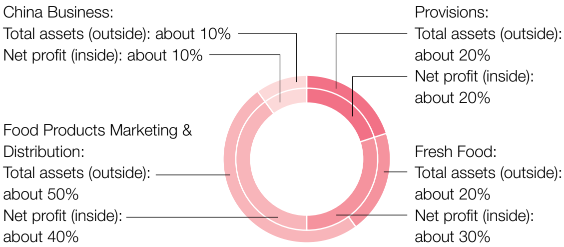
Percentage of Total Employees



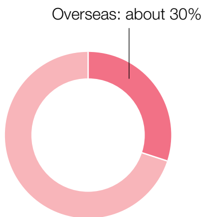
Percentage of Total Number of Subsidiaries and Affiliated Companies



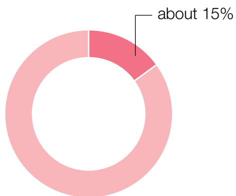
Company Composition by Consolidated Segment (image)



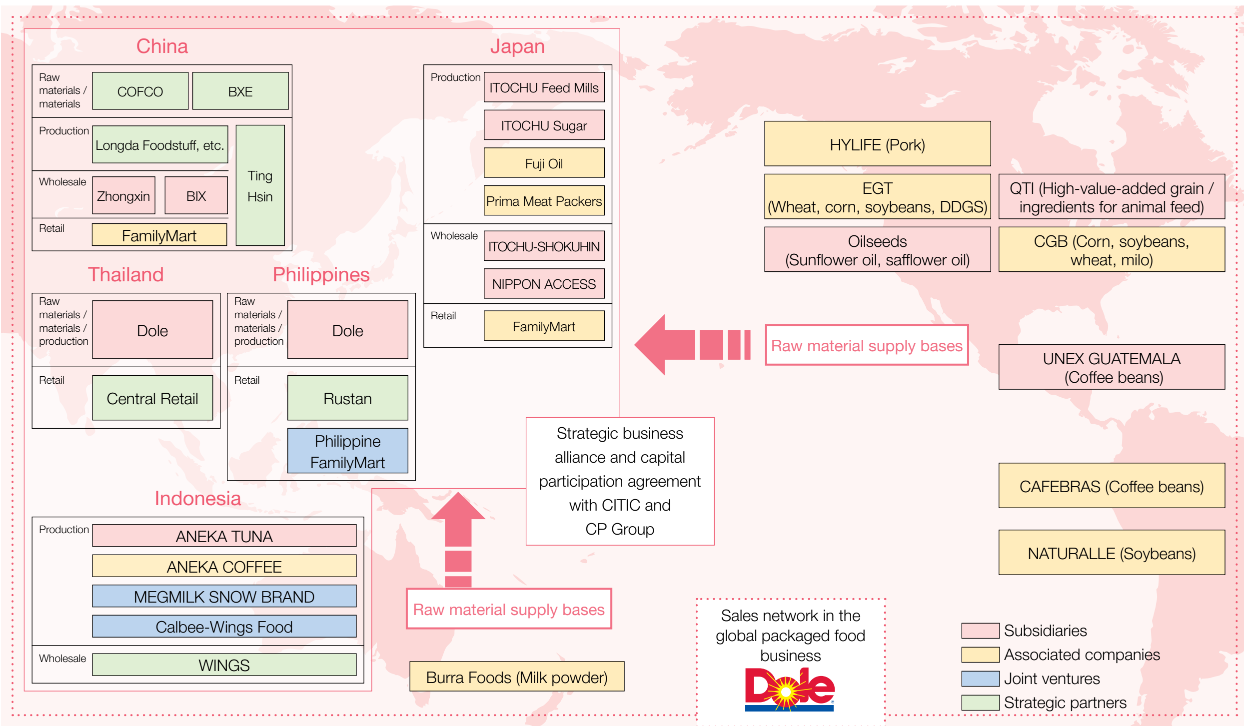
Company Percentage of Earnings from Overseas Businesses (image)



Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image)



Business Portfolio



Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income was slightly dropped, to ¥46.6 billion, despite improved profitability at provisions-related subsidiaries, owing to cost increases at food distribution- and fresh food-related businesses. However, due to the posting of an unordinary gain related to TING HSIN (CAYMAN ISLANDS) HOLDING CORP., favorable performance in fresh food-associated companies, and a gain on sales of affiliates in the CVS companies, net profit attributable to ITOCHU approximately doubled, to ¥114.4 billion.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	1,208.7	1,298.4	1,370.2	1,575.2	1,772.2
ROA	1.9%	3.5%	3.4%	3.9%	6.9%
Trading income	39.8	37.4	40.4	49.3	46.6
Equity in earnings of associated companies / associates and joint ventures	11.7	20.1	22.9	21.5	27.0
Net income / profit attributable to ITOCHU	22.4	43.8	45.7	57.5	114.4
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies, etc.					
NIPPON ACCESS, INC.*1	6.5	8.6	10.8	11.6	8.6
China Foods Investment Corp.*2	4.0	2.4	2.7	4.3	3.3
Unordinary gain related to TING HSIN (CAYMAN ISLANDS) HOLDING CORP.	—	—	—	—	60.5
Dole International Holdings, Inc.	—	—	0.0	7.1	4.8
Fuji Oil Co., Ltd.	2.5	2.3	2.3	2.1	2.4
Prima Meat Packers, Ltd.	(1.4)	2.4	2.4	2.0	2.7
FamilyMart Co., Ltd.	4.0	6.7	9.1	7.3	8.1
[Subtotal]	[15.6]	[22.4]	[27.3]	[34.4]	[90.4]
Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image)*3	about 15%				

*1 On March 1, 2011, NIPPON ACCESS, INC., merged with the former Family Corporation Inc. and made the former Universal Food Co., Ltd., a consolidated subsidiary. In addition, the company received a business transfer from the former ITOCHU Fresh Corporation Inc. on October 1, 2011. Net income attributable to ITOCHU of NIPPON ACCESS, INC., for the same period of the previous fiscal year ended March 31, 2011 shows the total of these 4 companies.
*2 Not a Group company as of March 31, 2015
*3 Excludes impact of unordinary gain related to TING HSIN (CAYMAN ISLANDS) HOLDING CORP.

Message from the Division Company President

We will expand our operating capabilities and business areas in Japan, China, and other parts of Asia by maximizing the Dole business and a strategic business alliance with CITIC and CP Group.

Our Focus for Fiscal 2016

We consider fiscal 2016—the first year of "Brand-new Deal 2017"—an important time for putting in place the stepping-stones for sound and steady growth in the Food Company. In addition to augmenting the profitability of the Dole and other existing businesses, we will leverage our strategic alliance with CITIC and CP Group to expand our operating capabilities and business areas in China and other parts of Asia, thereby enhancing our earnings base. To further improve the quality and efficiency of our assets, we will scrutinize individual projects from various angles and pursue aggressive asset replacement in the name of growth. Amid a rising awareness of food safety in emerging countries as well as in Japan, we will reinforce our management structure with an emphasis on ensuring food safety and security. Through these measures, we aim to secure net income attributable to ITOCHU of ¥55.0 billion in fiscal 2016.

Company Characteristics

Strengths

- Ability to procure food resources stably, particularly from North and South America and Australia
- Configuration of a robust value chain in Japan
- Global development, centered on the Dole business

Earnings Opportunities

- Market expansion in China and other parts of Asia in line with growing populations and rising income levels
- Business expansion leveraging a strategic business alliance with CITIC and CP Group

Challenges

- Contributing to food safety and security in countries around the world, particularly in Asia
- Responding to the shrinking market in Japan caused by a falling birth-rate and aging population

Medium to Long-Term Growth Strategies

Although the Food Company is seeing some sales increases in Japan thanks to a partial economic recovery, the market is shrinking due to the country's falling birthrate and aging population, consumers remaining keenly focused on lower prices, and the rising cost of foodstuffs as a result of yen depreciation. Given these factors, we do not view the outlook with optimism. On the other hand, business opportunities are increasing overseas, as growing populations and rising levels of income in Asian and other emerging countries drive demand higher. Against this backdrop, and in line with the companywide policy of "reinforcing our financial position," the Food Company will work to further improve the quality and efficiency of its assets through asset replacement. We will also continue building a value chain that is high-value-added in Japan, China, and other parts of Asia, as well as throughout the world, concentrating specifically on the Dole business and joint business development with CITIC and CP Group.

Simultaneously, we will endeavor to ensure a stable supply of food resources, thereby addressing food issues that affect all of humankind. Recognizing that ensuring food safety and security is its topmost objective, the Food Company will work with investees and partners to further enhance its management system.

VALUE DRIVER

Participating in the Business of Inland Collection and Export of Grain in Brazil

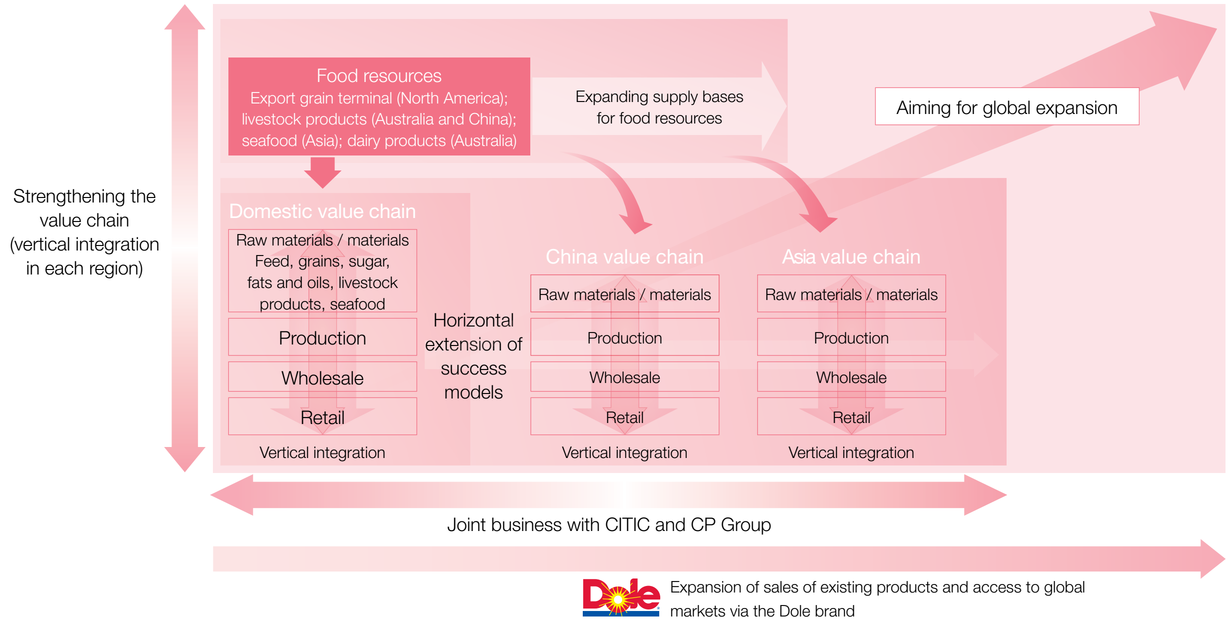
In March 2015, ITOCHU acquired a 50% stake in NATURALLE AGRO MERCANTIL LTDA., which engages in the business of inland collection and export of grain and the development and sale of soybean seeds in Brazil.

By combining NATURALLE's expertise in the grain collection business in Brazil and ITOCHU's strength in sales and logistics in Japan and other parts of Asia, we aim to expand our handling of Brazilian grains. To augment and enhance the food value chain in Brazil, we aim to invest in inland collection silos, port terminals, and other logistics infrastructure, and may consider an investment in oil pressing and other businesses.

To create and extend its global value chain, in addition to its existing grain collection and supply point in North America, ITOCHU will build and expand supply bases in South America to provide an increasingly stable supply of food to Japan and other Asian countries.


Farmland

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Issues on the Social and Environmental Fronts for the Food Company to Address with a View to Sustainable Growth

Major Issues	Business	Reason for Importance from a Strategic Perspective
Food safety management	Overall business	As an entity that handles food, food safety management is a leading priority for the Food Company. Even more than affecting ongoing performance, any food safety issue due to neglect in this area could endanger our continued existence.
Securing food resources	Raw materials business	Demand for food is expected to continue rising as the world's population increases, but supply risks exist, as arable land is affected by large-scale droughts and overfishing threatens seafood resources. For that reason, ensuring the stable procurement of agricultural and fishery resources, as well as securing new supplies, is essential to our business sustainability.

INITIATIVES FOR SUSTAINABILITY

Risk Management — Imported Food Safety Management Initiatives

The Food Company is undertaking broad-based measures to ensure food safety, and each of our salespeople liaises with the Food Safety and Compliance Management Section as part of these efforts. Particularly with regard to imported processed foods, at least once each year we conduct on-site surveys of the food processing plants of our overseas suppliers. During these visits, we confirm some 100 items related to food safety and 25 concerning food defense*1, proposing improvements where necessary.

In addition to these measures, in January 2015 we set up the China Food Safety Management Team in Beijing to bolster safety management on foods imported from China. In addition to having several Chinese staff dedicated to conducting regular audits, we conduct unannounced and impromptu inspections to increase the opportunities for consensual validation with factories and facilitate ongoing improvements. We also dispatch dedicated Japanese staff who are highly experienced at factory audits (senior environmental examiners registered with CEAR*2) to China each month to provide training. Through these efforts, we aim to create a management structure comparable to the one we have in operation in Japan.


Plant audit

*1 Food defense: the means of preventing the deliberate contamination of food
*2 CEAR: Japan Environmental Management Association for Industry Center of Environmental Auditors Registration

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/food

ICT, General Products & Realty Company

Organization

■ ICT, General Products & Realty Company
- Forest Products & General Merchandise Division
- ICT Division
- Construction, Realty & Logistics Division
- Financial & Insurance Business Division
- CFO
- Planning & Administration Department

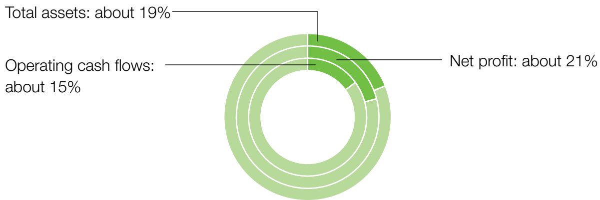
* Organizational change on April 1, 2015

President, ICT, General Products & Realty Company

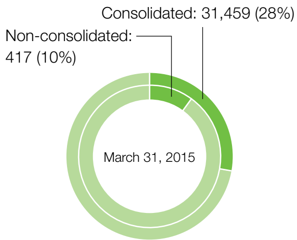
Tomofumi Yoshida

Overview

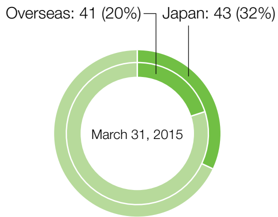
Percentage of the Total for ITOCHU (image)



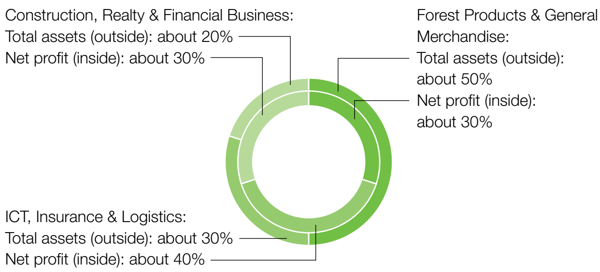
Percentage of Total Employees



Percentage of Total Number of Subsidiaries and Affiliated Companies

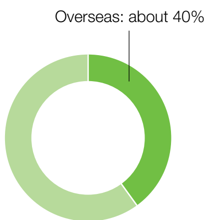


Company Composition by Consolidated Segment (image)*

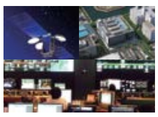


* Based on former business segments

Company Percentage of Earnings from Overseas Businesses (image)



Business Portfolio

Forest Products & General Merchandise Division	 Pulp production (Brazil and Finland)	 Natural rubber processing business in Southeast Asia	 Tyre distribution and retail business in Europe	 Building material business in North America
ICT Division	 IT solutions business	 BPO service business	 Satellite & communications business	 Mobile phone distribution
Construction, Realty & Logistics Division	 Domestic residential development business	 Overseas real estate development business	 Logistics facility development business	 Logistics operations business
Financial & Insurance Business Division	 Global consumer finance	 M&As, corporate and project finance	 Insurance underwriting business	 Insurance distribution business

Overview of Fiscal 2015 Note: Based on U.S. GAAP from fiscal 2011 through fiscal 2014

Trading income expanded 16% during the fiscal year, to ¥73.0 billion, thanks to higher transaction volume in domestic ICT-related companies, stable performance in mobile phone-related companies, and increased transactions on construction-related projects, as well as the favorable impact of yen depreciation against the British pound. Net profit attributable to ITOCHU grew slightly, to ¥79.0 billion, benefiting from higher trading income, a rise in equity in earnings of associated companies, and a gain on remeasurement from the conversion of an Internet advertising company from an associated company to other investments.

Business Results

Billions of Yen

Years ended March 31	2011	2012	2013	2014	2015
Total assets	1,053.7	1,188.7	1,363.4	1,581.7	1,622.3
ROA	0.6%	3.4%	4.1%	5.2%	5.0%
Trading income	42.3	55.8	53.6	62.9	73.0
Equity in earnings of associated companies / associates and joint ventures	3.9	17.4	24.5	36.0	34.8
Net income / profit attributable to ITOCHU	6.0	37.6	52.1	76.3	79.0
Breakdown of Net Profit Attributable to ITOCHU by Major Group Companies					
ITOCHU Kenzai Corp.	0.0	1.8	1.5	3.0	2.8
ITOCHU FIBRE LIMITED	—	—	2.4	6.5	5.9
European Tyre Enterprise Limited	—	(0.4)	2.2	5.1	4.7
ITOCHU Techno-Solutions Corporation	6.3	7.5	8.9	8.1	10.2
CONEXIO Corporation	1.4	1.5	4.2	5.4	2.9
ITOCHU LOGISTICS CORP.	0.7	1.3	1.2	1.4	1.9
ITOCHU Property Development, Ltd.	1.7	2.6	1.8	2.2	2.4
Orient Corporation	(3.4)	(3.7)	(1.2)	2.7	3.0
[Subtotal]	[6.7]	[10.6]	[21.0]	[34.4]	[33.8]

Message from the Division Company President

We will strive to increase earnings further by expanding our earnings platform in core businesses and forging stronger links between businesses.

Our Focus for Fiscal 2016

In fiscal 2016, the first year of "Brand-new Deal 2017," we will strive to expand earnings on project investments made under the previous medium-term management plan, "Brand-new Deal 2014." We will also promote the further expansion of our earnings platforms in various business fields through new investments and aggressive asset replacement. During the year, we intend to continue expanding earnings in line with the growth trend that has continued since this Division Company's launch in April 2012.

Furthermore, we will pursue additional synergies by encouraging further collaboration between different business areas—a strength of the ICT, General Products & Realty Company. In addition to promoting synergies with CITIC and CP Group, we will work to organically develop our global network in a bid to create new value that will support abundant lifestyles.

We will also endeavor to create "new and true value" by cultivating people with specialist capabilities, building an organization that takes advantage of these strengths, and integrating these capabilities. In these ways, we will seek to increase returns to customers and other stakeholders, and enhance shareholder value.

Company Characteristics

Strengths	Earnings Opportunities	Challenges
■ Firm position and value chains in each area of business ■ Creation of synergy through collaboration between businesses ■ Leveraging of service infrastructures of various specialist organizations (BPO* business) * BPO: Business process outsourcing	■ Market growth as people in China and the ASEAN region gravitate toward more affluent lifestyles ■ Expansion of the infrastructure services business in response to increasingly specialized and sophisticated business processes	■ Hedging risks of fluctuations on commodity (pulp, natural rubber, etc.) and residential prices ■ Initiatives in response to changing market needs and regulations in various industries

Medium to Long-Term Growth Strategies

As the ICT, General Products & Realty Company is involved in a broad range of areas, we are adding and augmenting specialist strengths in each division and sector to establish a solid industry position. For instance, in the ICT sector our business ranges from systems-related construction to mobile phone distribution. In the construction business, through collaboration with Japan's largest residential J-REIT, we have the ability to develop and supply excellent housing, and in the finance business we have retail financing expertise developed through years of domestic and overseas experience.

To expand earnings, we will adopt a holistically cooperative approach that transcends boundaries between fields. Specifically, we are introducing Internet services to rental housing developed in our construction business, providing marine and domestic transport for manufacturers of housing products, and supporting Group companies in the logistics and insurance sectors with insurance coverage. By fostering synergy in such ways, we expect to continue enhancing services and providing added value to customers. This approach allows us to pursue multiple layers of profits and create "new and true value" to support affluent lifestyles. We will also promote collaboration with CITIC and CP Group.

At the same time, we will develop business in a way that embraces societal and environmental problems as opportunities: providing customers and consumers with IT support for energy management systems that address their environmental management needs, offering environment-friendly condominiums, and exporting blast furnace slag as a cement alternative, among others. In Forest Products & General Merchandise, we recognize ensuring stable supplies of forest resources and harmony with local communities as key business creation issues. An example of our efforts in this regard is our sustainable management of forest resources through CENIBRA of Brazil.

VALUE DRIVER

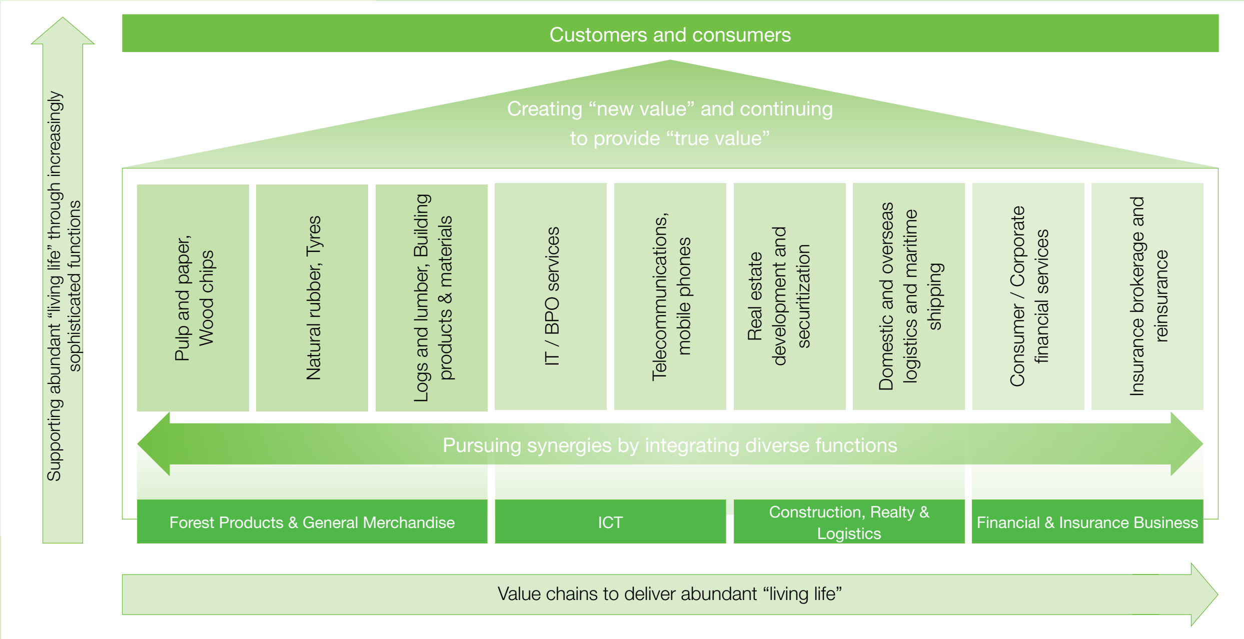
ITOCHU Invests in Bellsystem24 Holdings, Japan's Largest Contact Center Operations Service Provider

BELLSYSTEM24

Bellsystem24's Kobe service center

In July 2014, ITOCHU acquired 49.9% of the issued shares of Bellsystem24 Holdings, Inc. This company's 22 domestic centers and business bases, staffed by approximately 20,000 operators, makes it Japan's largest contact center operations service provider. In addition to traditional BPO services using the telephone as the primary communication channel, it is actively undertaking BPO services that utilize rapidly expanding channels such as social media, as well as rolling out highly efficient and high-value-added services using IT technologies. ITOCHU positions these operations as a core new business area. In addition to enhancing the quality and efficiency of customer liaison and communication with consumers, ITOCHU will seek to augment corporate value by harnessing synergies with Group companies such as ITOCHU Techno-Solutions Corporation, which is involved in services ranging from system configuration to operational and maintenance support.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Issues on the Social and Environmental Fronts for the ICT, General Products & Realty Company to Address with a View to Sustainable Growth

Major Issue	Business	Reason for Importance from a Strategic Perspective
Sustainable forest management	Forest Products & General Merchandise-related business	Natural forests around the world continue to decrease at a high rate due to unsustainable forest management such as large-scale clear-cutting. To continue the sustainable use of limited forest resources, in the areas of logs and lumber, building products and materials, pulp and paper, and wood chips, sustainable forest management and the handling of certified forestry products is essential to developing business from a long-term perspective.

INITIATIVES FOR SUSTAINABILITY

Risk Management — Education of Staff in Specific Operations in Relation to Forest Resources

Based on our ISO 14001 environmental management system, once each year we conduct a course for the “education of staff in specific operations” for employees involved in businesses that handle forestry resources having a high environmental impact. In fiscal 2015, we invited an external lecturer to conduct seminars in different CSR categories. Approximately 70 employees attended these seminars, which focused on such topics as deforestation, supply chain issues, and response to NGO activities and other companies, providing an overview of recent global trends. This training gives employees an opportunity to consider how to improve the role we have as a general trading company.

We have also formulated a procurement policy aimed at protecting natural forests and ensuring the sustainable use of forestry resources.

Opportunity — Blast Furnace Slag Export Business

Blast furnace slag, a byproduct of steel production, is used as a cement alternative. The product is environmentally friendly, as it conserves on the use of natural resources and reduces the amount of energy used and CO_2 emitted during production processes by as much as 40%*, compared with the use of cement only. Steelmaking generates a constant amount of blast furnace slag, and we export the portion not used in Japan to more than 10 countries. By fulfilling our function as a general trading company, we are contributing to the effective use of resources around the globe.


Bridge using blast furnace slag

* Calculated for a 55:45 mixture of cement to blast furnace slag

Please see the CSR pages of our website to learn more about our initiatives targeting sustainable growth issues.
http://www.itochu.co.jp/en/csr/activities/general