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This document is an English translation of a statement written initially in Japanese. The Japanese original should be considered as the primary version.

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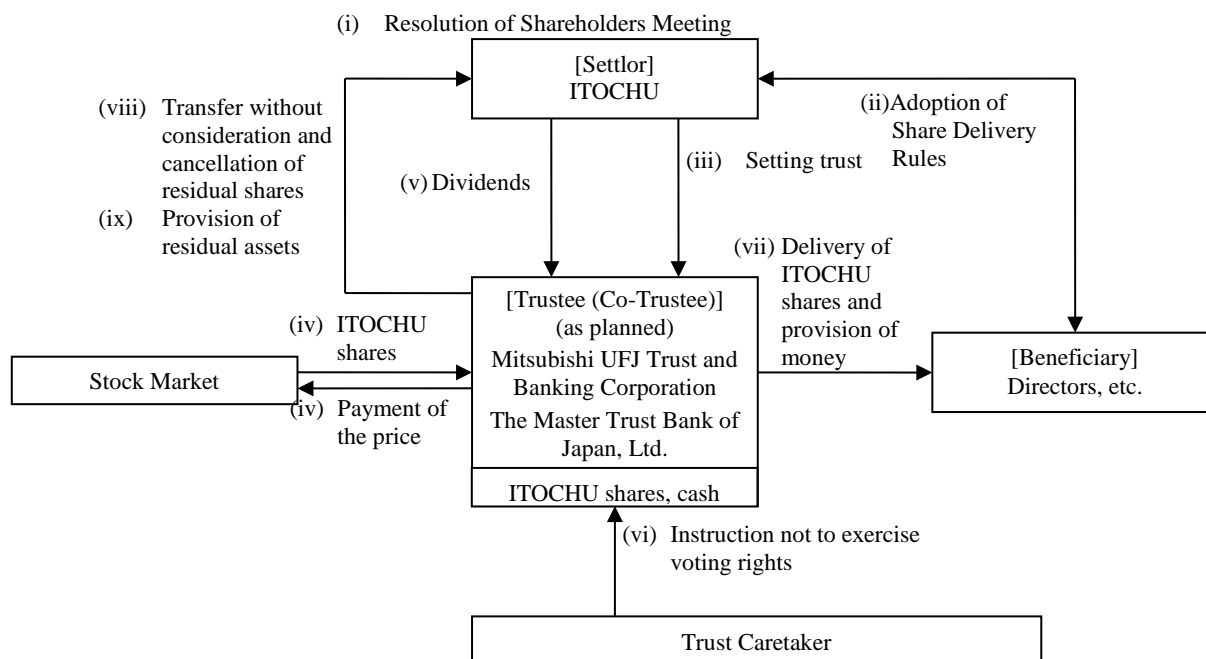
### **Introduction of Performance-Linked and Share-Based Remuneration Plan**

ITOCHU Corporation (“ITOCHU”) hereby announces, as described below, that it resolved at the Board of Directors’ meeting held on May 17, 2016, to introduce a performance-linked and share-based remuneration plan (“Plan”) as a new incentive plan and to submit a proposal relating thereto for approval at the 92<sup>nd</sup> Ordinary General Meeting of Shareholders to be held in June 24, 2016 (“Shareholders Meeting”).

#### **1. Introduction of the Plan**

- (1) ITOCHU will, in sharing the spirit of the “Corporate Governance Code” of Tokyo Stock Exchange concerning remuneration plan linked to mid- to long-term results and based on shares, introduce the Plan for Directors and Executive Officers (excluding Outside Directors and Directors that are non-residents of Japan; “Directors, etc.”), as a remuneration plan closely linked to the corporate performance and having high transparency and objectivity, with the objective of heightening their awareness toward making contributions to improving ITOCHU’s performance and to increasing its corporate value over the medium and long term. Summary of the Plan is as follows:
  - (i) By introduction of the Plan, with respect only to the net profit attributable to ITOCHU (consolidated) exceeding ¥300 billion, to pay 50% of the amount of bonus that would be calculated under the formula for the current performance-lined bonus by means of share-based remuneration in lieu of bonus in cash; and
  - (ii) With the view to providing adequate incentive toward further growth of ITOCHU, to establish an upper limit to provide the share-based remuneration to Directors, etc. based on performance, etc. attained in each fiscal year.
- (2) The introduction of the Plan is subject to approval at Shareholders Meeting.
- (3) As its performance-linked and share-based remuneration plan, ITOCHU will adopt a framework called “Board Incentive Plan Trust (BIP)” (“BIP Trust”). The BIP Trust is a stock incentive plan for executives, based on the performance share and restricted stock plans in the U.S. ITOCHU will conduct delivery and payment (“Delivery, etc.”) of ITOCHU shares acquired by the BIP Trust and an amount of money equivalent of the conversion value of said shares (“ITOCHU Shares, etc.”), together with dividends derived from ITOCHU shares, to Directors, etc. following retirement from office (or after death in the event of the death of a Director, etc.; the same applies hereinafter), based on performance, etc.

## 2. Overview of the Plan



- (i) In regard to the introduction of the Plan, ITOCHU will obtain approval on remuneration by resolution of Shareholders Meeting.
- (ii) In regard to the introduction of the Plan, ITOCHU's Board of Directors will adopt Share Delivery Rules regarding the remuneration of Directors and Executive Officers.
- (iii) ITOCHU will set a trust to which it entrusts money within the range approved by resolution of Shareholders Meeting as in (i) and of which Directors, etc. that satisfy the requirements for eligible beneficiaries are beneficiaries ("Trust").
- (iv) The Trustee (of the Trust) will purchase ITOCHU shares from the stock market using the money entrusted in (iii) in accordance with the instructions of the trust caretaker. The number of shares to be acquired by the Trust will be within the range approved by resolution of Shareholders Meeting as in (i).
- (v) Payment of dividends for ITOCHU shares in the Trust will be made in the same manner as done for other ITOCHU shares.
- (vi) Voting rights for ITOCHU shares in the Trust will not be exercised throughout the trust period.
- (vii) During the trust period, a certain number of points will be granted to Directors, etc. based on performance and other factors during each fiscal year. A Director, etc. who fulfills certain requirements for beneficiaries will, after retirement from office, receive the delivery of ITOCHU shares corresponding to a certain ratio of the number of points accumulated; money equivalent to a number of ITOCHU shares corresponding to the residual number of points, converted into cash within the Trust in accordance with the provisions of the trust contract; and money for dividends paid on ITOCHU shares in the Trust, corresponding to the number of points as of the record date.
- (viii) In the event that there are residual shares at the time of expiry of the Trust due to the non-attainment of performance targets during each fiscal year during the trust period or other reasons, ITOCHU will either continue use of the Trust as a new share-based remuneration plan by amendment to the trust contract and placement of additional trust, or transfer the residual shares without consideration from the Trust to ITOCHU and cancel the shares by resolution of the Board of Directors.
- (ix) Residual assets after distribution are made to beneficiaries at the time of termination of the Trust will belong to ITOCHU within the range of the reserve for trust expenses derived by deducting the funds for purchasing shares from the funds of the Trust. With regard to any portion in excess of the reserve for trust expenses, ITOCHU plans to donate this to groups having no interest in ITOCHU or its Directors, etc.

- (\*) In the event that, during the trust period, the possibility arises that the number of shares in the Trust will fall short of the number of shares corresponding to the Accumulated Points (provided for in (5) below) stipulated on behalf of each Director, etc. during the trust period, or the possibility arises that the amount of money in the trust assets will fall short of payments of trust fees and trust expenses, ITOCHU may entrust additional money to the Trust, within the upper limit on trust money provided for in (7) below.

(1) Overview of the Plan

The Plan is a plan by which ITOCHU shares, etc. are delivered to Directors, etc. as remuneration following retirement from office based on performance and other factors in each fiscal year, applicable to the two fiscal years from the fiscal year ending on the last day of March 2017 to the fiscal year ending on the last day of March 2018 (“Applicable Period”).

In the event that the Trust is continued as provided for in (4) B. below, the Applicable Period will be set to every two fiscal years thereafter.

(2) Resolutions by Shareholders Meeting on introduction of the Plan

The upper limit on trust money contributed to the trust, the total number of points (provided for in (5) below) to be delivered to Directors, etc., and other necessary matters will be resolved at Shareholders Meeting.

(3) Eligibility under the Plan (beneficiary requirements)

Directors, etc. may, following retirement from office and contingent upon fulfilling the requirements for beneficiaries, and after following the prescribed beneficiary vesting procedure, receive Delivery, etc. of ITOCHU Shares, etc. corresponding to the Accumulated Points (provided for in (5) below), for the period of service until retirement from office.

The beneficiary requirements are as follows.

- (i) The beneficiary (including persons who became a Director, etc. on or after the commencement date of the Plan) is in office as a Director, etc. on and after the commencement date of the Plan during the Applicable Period.
  - (ii) The beneficiary has retired from office as a Director, etc. (\*)
  - (iii) The beneficiary is a resident of Japan.
  - (iv) The beneficiary has not resigned or has not been dismissed on grounds such as having committed major infractions of duties or company rules or certain unlawful acts during the term of office.
  - (v) The beneficiary must have Accumulated Points determined by the calculation method provided for in (5) below.
  - (vi) Other requirements deemed necessary to achieve the objectives of the performance-linked and share-based remuneration plan.
- \* In the event that the trust period is extended in accordance with (4) C. below and the persons eligible for the Plan are in office as Directors, etc. at the expiry of the extended trust period, the Trust will be terminated at that time and Delivery, etc. of ITOCHU Shares, etc. will be made to said eligible persons during their term of office as Directors, etc.

(4) Trust Period

A. Initial trust period

The trust period is the two years from August, 2016 (planned) to August, 2018 (planned).

B. Continuation of the Trust

Upon expiry of the trust period, the Trust may be continued by amendment to the trust contract and placement of additional trust. In this case, the trust period of the Trust will be extended by two years, and for each extended trust period, ITOCHU will make additional contributions to the trust within the upper limit on trust money approved by resolution of Shareholders Meeting, and will continue to grant points to Directors, etc. during the extended trust period; provided, however, that, in the event that such additional contribution is made, when there are ITOCHU shares (excluding any undelivered portion of ITOCHU shares corresponding to points granted to the Directors, etc.) and money remaining within the trust assets on the last day of the trust period prior to the extension (“Residual Shares, etc.”), the total amount of the monetary amount of Residual

Shares, etc. and additionally contributed trust money are to be within the upper limit on trust money approved by resolution of Shareholders Meeting. This extension of the trust period is not limited to one time only, and the Trust may be subsequently re-extended in the same way.

C. Handling of the termination of the Trust (extension of trust period not accompanied by additional contributions)

Even if the Trust is to be terminated, in the event that Directors, etc. who may fulfill beneficiary requirements are in office at the expiry of the trust period (or the extended trust period in the case that continuation of the Trust has been performed according to B. above), the Trust will not be terminated immediately and the trust period of the Trust will be extended, limited to a certain period. In this case, however, new points will not be granted to the Directors, etc.

(5) ITOCHU Shares, etc. subject to the Delivery, etc., to Directors, etc.

In June of every year during the trust period, Directors, etc. who served as a Director, etc. from July 1 of the previous year to the last day of June of said year (“Applicable Period of Payment”), but excluding persons who retired from office as a Director, etc. before the last day of March of said year, will be granted points based on performance in the fiscal year that ended on March 31 of said year and in accordance with the number of months of service in the Applicable Period of Payment, as consideration for the performance of duties during the Applicable Period of Payment. Please see below for more details.

Points granted to Directors in June of each year

= Individual share-based remuneration amount (\*1) / Average acquisition stock price of ITOCHU shares in the Trust (\*2) x {(Number of months of service from July, the beginning month of the Applicable Period of Payment, to June of the following year (rounding up fractions of less than one month)) / 12} (rounding down fractions)

\*1: Individual share-based remuneration amount is calculated on the basis of total share-based remuneration amount, which is calculated as indicated below on the basis of net profit attributable to ITOCHU (consolidated) for the fiscal year that ended on March 31 during the Applicable Period of Payment.

■ Total share-based remuneration amount

= (Net profit attributable to ITOCHU (consolidated) for the fiscal year that ended on March 31 during the Applicable Period of Payment – ¥300 billion) x 50% x 0.35% x Sum total of position points of eligible Directors / 55 (rounding up fractions of less than 1 yen)

■ Individual share-based remuneration amount

= Total share-based remuneration amount x Position points of each Director / Sum total of position points of Directors (rounding down fractions of less than 1,000 yen)

*Position points*

	Position	Position points
Directors	Chairman/President & Chief Executive Officer	10
	Director Executive Vice President	5
	Director Senior Managing Executive Officer	4
	Director Managing Executive Officer	3

\*2: In the event that the trust period has been extended, this is the average acquisition stock price of ITOCHU shares that were acquired by the Trust in accordance with the extension of the trust period. (However, if no ITOCHU shares were acquired by the Trust in accordance with the extension of the trust period, then this is the closing stock price of ITOCHU shares on the market of Tokyo Stock Exchange, Inc. on the first day of the extended trust period).

Points to be granted to Executive Officers (excluding those serving concurrently as Directors) in June of each year will be calculated using the similar method as points for Directors.

Following the retirement from office of a Director, etc., the accumulated value of points granted ("Accumulated Points") will be calculated, and Delivery, etc. of ITOCHU Shares, etc. corresponding to the Accumulated Points will be performed. One point will correspond to one ITOCHU share; provided, however, that, in the event that a share split, consolidation of shares, etc. involving ITOCHU shares occurs during the trust period, the number of ITOCHU shares (include the ones converted) per point will be adjusted, in accordance with said split ratio, consolidation ratio, etc.

(6) Method and timing of Delivery, etc., of ITOCHU Shares, etc., to Directors, etc.

In the event that a Director, etc. who fulfills the requirements for beneficiaries retires from office (excluding the case of death), the Director, etc. will, upon following the prescribed beneficiary vesting procedure, receive delivery of ITOCHU shares corresponding to 50% of the Accumulated Points stipulated in (5) above after retirement from office (rounding down shares of less than one unit), and, with regard to the number of ITOCHU shares corresponding to the residual number of the points, will receive provision of money equivalent to those shares, converted into cash within the Trust.

In the event that a Director, etc. who fulfills the requirements for beneficiaries passes away during the trust period, the heir of the Director, etc. will receive provision of money from the Trust equivalent to the number of ITOCHU shares corresponding to the Accumulated Points calculated after death, converted into cash within the Trust. In the event that a Director, etc. who fulfills the requirements for beneficiaries is posted overseas during the trust period, with regard to the number of ITOCHU shares corresponding to the Accumulated Points at that time, and taking into account the number of days until the overseas posting, (1) if the delivery of shares is possible before the Director, etc. is posted overseas, the Director, etc. will receive the delivery of ITOCHU shares equivalent to 50% (rounding down shares of less than one unit), and the provision of money equivalent to the number of ITOCHU shares corresponding to the residual number of points, converted to cash; and (2) if the delivery of shares is difficult before the Director, etc. is posted overseas, the Director, etc. will receive the provision of money equivalent to all of the shares, converted into cash within the Trust.

(7) Upper limit on the total amount of trust money contributed to the Trust and upper limit on the total number of points granted to Directors, etc. in the Trust

The total amount of trust money contributed to the Trust during the trust period and the number of points granted to Directors, etc. in the Trust are subject to the upper limits below, contingent upon approval by resolution of Shareholders Meeting.

Upper limit on the total amount of trust money contributed to the Trust: ¥1.5 billion (for two years)\*

\* This is the combined amount of trust fees, trust expenses, and funds for purchasing shares by the Trust during the trust period.

Upper limit on the total number of points to be granted to Directors, etc. during the trust period of the Trust: 1,300,000 points (for two years)

The upper limit on the total number of points granted to Directors, etc. during the trust period of the Trust is set on the basis of the total upper limit on trust money, above, with reference to the current stock price, etc.

(8) Method of acquisition of ITOCHU shares by the Trust

Initial ITOCHU shares acquired by the Trust are scheduled to be acquired from the stock market, within the range of the total amount of trust money and the total number of granted points in (7) above.

(9) Exercise of voting rights of ITOCHU shares in the Trust

In order to ensure neutrality toward management, voting rights of ITOCHU shares in the Trust will not be exercised during the trust period.

(10) Handling of dividends of ITOCHU shares in the Trust

With regard to dividends paid on ITOCHU shares in the Trust, following receipt thereof by the Trust and except where appropriated for purposes of trust fees and trust expenses, an amount equivalent to the per-share dividend will be reserved per point in accordance with the Accumulated Points of Directors, etc. as of the record date, and will be provided to Directors, etc. together with ITOCHU Shares, etc. for which Delivery, etc. is performed under (6) above.

(11) Handling of termination of the trust period

In the event that there are residual shares at the time of expiry of the trust period due to the non-attainment of performance targets or other reasons during the Applicable Period, ITOCHU may continue use of the Trust as an incentive plan same as or similar to the Plan by performing amendment to the trust contract and additional contribution to the Trust. In the event that the Trust is terminated by expiry of the trust period, ITOCHU plans to transfer the residual shares without consideration from the Trust to ITOCHU, and to cancel the shares by resolution of the Board of Directors.

Residual dividends from ITOCHU shares in the Trust occurring at the time of expiry of the Trust will be used as funds for purchasing shares in the event of continued use of the Trust. However, in the event that the Trust is terminated by expiry of the trust period, ITOCHU plans to donate any portion in excess of the reserve for trust expenses to groups having no interest in ITOCHU or its Directors, etc.

**(Reference)**

**[Details of the trust contract]**

(i) Type of trust	Trust of money other than a specified individually operated monetary trust (third party beneficiary trust)
(ii) Purpose of trust	Granting of incentives to Directors, etc.
(iii) Settlor	ITOCHU
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Co-trustee: The Master Trust Bank of Japan, Ltd.) (planned)
(v) Beneficiary	Directors, etc. who have retired from office and who fulfill beneficiary requirements
(vi) Trust caretaker	A third party having no interest in ITOCHU (certified public accountant)
(vii) Trust contract date	August 8, 2016 (planned)
(viii) Trust period	August 8, 2016 (planned) to the end of August, 2018 (planned)
(ix) Starting date of plan	September 1, 2016 (scheduled) (Granting of points to start from June 2017)
(x) Exercise of voting rights	Not to be exercised
(xi) Class of shares to be acquired	Common Shares of ITOCHU
(xii) Upper limit of trust money	¥1.5 billion (planned) (including trust fees and trust expenses)
(xiii) Stock acquisition period	August 10, 2016 (planned) to August 31, 2016 (planned) (excluding the period from 5 business days before the last day of the accounting period (including interim accounting period and quarterly accounting periods) until the last day of the accounting period)
(xiv) Method of acquisition of shares	Acquired from Stock Market
(xv) Rights holder	ITOCHU

