

This document is an unofficial translation of the Notice of the 93rd Ordinary General Meeting of Shareholders and is provided for your convenience only, without any warranty as to its accuracy or as to the completeness of the information. The Japanese original version of the document is the sole official version.

Stock Code: 8001

June 1, 2017

To Those Shareholders with Voting Rights

Masahiro Okafuji
President & Chief Executive Officer
ITOCHU Corporation
1-3, Umeda 3-chome, Kita-ku, Osaka

NOTICE OF THE 93RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 93rd Ordinary General Meeting of Shareholders of ITOCHU Corporation to be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights either in writing or via the Internet and other means. Please read the attached REFERENCE DOCUMENTS OF THE GENERAL MEETING OF SHAREHOLDERS and exercise your voting rights so that it will reach us by 5 p.m., Thursday, June 22, 2017. (Please refer to “Information on Exercise of Voting Rights, etc.” on pages 3 to 4.)

*In the event that a vote is exercised in duplicate via enclosed Exercise Voting Rights Form and via the Internet or other means, or more than one vote is exercised electronically, the latest vote shall be effective.

- 1. Date:** 10 a.m., Friday, June 23, 2017 (Reception commences at 9 a.m.)
2. Place: The Hō Banquet Hall (2F), Hotel New Otani Osaka
4-1, Shiromi 1-chome, Chuo-ku, Osaka

3. Objectives of the Meeting:

- Reports:**
1. The Business Report, the Consolidated Financial Statements and the report of the audit of the Consolidated Financial Statements by the Independent Auditor and the Board of Corporate Auditors for the 93rd Fiscal Term (from April 1, 2016 to March 31, 2017) will be reported at the meeting.
 2. The Non-Consolidated Financial Statements for the 93rd Fiscal Term (from April 1, 2016 to March 31, 2017) will be reported at the meeting.

Agenda:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Proposed Amendments to the Articles of Incorporation
Proposal No. 3: Election of Nine (9) Directors
Proposal No. 4: Election of Two (2) Corporate Auditors

- ◎ For those attending, please present the enclosed Exercise Voting Rights Form at the reception desk on arrival at the meeting.
Please take note that persons other than shareholders who can exercise voting rights, such as proxy agents who are not shareholders or those accompanying shareholders, will not be permitted to enter the meeting venue.
- ◎ This Notice of Meeting does not include complete the Consolidated Financial Statements and the Non-Consolidated Financial Statements audited by Corporate Auditors and Independent Auditor in preparing the respective reports of audit.

- ◎ The Notes to Consolidated Financial Statements, the Notes to Non-Consolidated Financial Statements, also the Consolidated Statements of Cash Flows and the Operating Segment Information as reference materials are provided on ITOCHU Corporation's website (https://www.itochu.co.jp/en/ir/shareholder/general_meeting/), pursuant to the provisions of applicable laws and regulations as well as Article 16 of ITOCHU Corporation's Articles of Incorporation.
- ◎ If circumstances are generated whereby revisions should be made to the content of the Business Report, the Consolidated Financial Statements, the Non-Consolidated Financial Statements and the REFERENCE DOCUMENTS OF THE GENERAL MEETING OF SHAREHOLDERS, such notification shall be published on ITOCHU Corporation's website (https://www.itochu.co.jp/en/ir/shareholder/general_meeting/).

Information on Exercise of Voting Rights, etc.

The right to vote at the general meeting of shareholders is a principal right of shareholders. Please exercise your voting rights after reading the REFERENCE DOCUMENTS OF THE GENERAL MEETING OF SHAREHOLDERS on pages 5 to 22.

You may exercise your voting rights by one of the following three methods.

1. By attending the general meeting of shareholders

Please submit your Exercise Voting Rights Form to the reception of the meeting. Please also bring this Notice to the meeting.

<The date of the general meeting of shareholders>

June 23, 2017 at 10 a.m.

2. By mail

Please indicate your approval or disapproval to each of the proposals and return it to ITOCHU Corporation by the voting deadline.

<Voting deadline>

Your vote must arrive at ITOCHU Corporation no later than 5 p.m. on June 22, 2017.

3. Via the Internet or other means

If you are not able to attend the general meeting of shareholders, you may exercise your voting rights via the Internet or other means. Please read the detailed instructions in below.

<Voting deadline>

Your vote must be inputted no later than 5 p.m. on June 22, 2017.

Exercise of Voting Rights via the Internet

Please read carefully the explanation described below before exercising your voting rights via the Internet.

1. Procedures

- (1) Please access the following website solely set up for the exercise of voting rights designated by ITOCHU Corporation
[Website] <http://www.web54.net> (This website is available in Japanese only.)
- (2) The code and password printed on the right-hand side of the Exercise Voting Rights Form are required.
- (3) Shareholders are requested to change the above password to a desired password and exercise the voting rights by following the instructions on the screen.
(For shareholders who received the Notice of the 93rd Ordinary General Meeting of Shareholders by e-mail, the password column therein is shown as “*****”. Please input the password you have chosen when you registered your e-mail address.)

2. Handling of voting rights that have been exercised multiple times

- (1) If you have exercised multiple votes via the Internet, the last vote shall be deemed effective.
- (2) If you have exercised your voting rights both via the Internet and by sending the Exercise Voting Rights Form, the last one to arrive at ITOCHU Corporation shall be deemed effective. The exercise of voting rights via the Internet shall be deemed effective if both arrive at ITOCHU Corporation on the same day.

3. Handling of passwords

- (1) The password verifies that you are entitled to vote. Please carefully secure it in the same manner as personal identification number. ITOCHU Corporation does not accept any referrals on passwords by telephone or any other means.

- (2) In case you exceed a certain number of tries to input your password, the Internet-based voting system will be automatically locked, making further operations unavailable. In case of requesting re-issue of a password, please follow the on-screen guidance for further processing.

4. System requirements

- (1) To connect your communication device to the Internet, you might have to pay a connection fee and telecommunication charges (telephone charge) to your service provider and a carrier. Such a fee or charges shall be borne by each shareholder.
- (2) Please be noted that this website cannot be accessed by mobile phones.

Inquiries on the Operation of Your PC and Other Communication Terminals

- (1) If you are unclear as to the operation of your PC and other devices regarding the exercise of voting rights via the Internet, please contact the following number.

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support (dedicated line)

Tel: 0120-652-031 (toll free, available only in Japan)

(Service hours: 9 a.m. to 9 p.m.)

- (2) In case of other inquiries, please contact the following number.

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Operation Center

Tel: 0120-782-031 (toll free, available only in Japan)

(Service hours: 9 a.m. to 5 p.m. on weekdays)

Electronic Voting Platform for Institutional Investors

Institutional investors may exercise their voting rights via “Voting Rights Electronic Exercise Platform” operated by ICJ Co., Ltd., if application is made in advance.

End

REFERENCE DOCUMENTS OF THE GENERAL MEETING OF SHAREHOLDERS

Proposals and references

Proposal No. 1: Appropriation of Surplus

ITOCHU Corporation has the following intention with regard to Appropriation of Surplus.

Term-end Dividends

In fiscal 2017, a year in the course of the operation of the medium-term management plan “Brand-new Deal 2017,” ITOCHU Corporation adopts the policy of “a consolidated dividend payout ratio of 20% for net profit attributable to ITOCHU up to ¥200.0 billion and approximately 30% on the portion of net profit attributable to ITOCHU exceeding ¥200.0 billion, while guaranteeing a lower limit on the dividend equal to ¥55 per share in fiscal 2017, a new high for dividends.” In accordance with this dividend policy, we plan to pay a term-end dividend of ¥27.5 per share for the current term.

Since we paid an interim dividend of ¥27.5 per share, the total annual dividend for the term will be ¥55 per share.

(1) Type of the dividend assets

Cash

(2) Allocation of dividend assets to be paid to shareholders and total dividend amount:

¥27.5 per share of common stock Total ¥43,165,001,990

(3) Date on which the appropriation of surplus goes into effect:

June 26, 2017

Proposal No. 2: Proposed Amendments to the Articles of Incorporation

1. Reasons for the Amendments

In order to clarify the scope of its activities in association with its expanding and diversifying business operations, the Company will partly amend Article 2 (Purpose) of the current Articles of Incorporation.

2. Contents of the Amendments

The comparison between the current Articles of Incorporation and the proposed amendments is as follows.

(Underlined parts are to be amended.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 2. (Purpose)</p> <p>The purpose of the Company shall be to engage in the following business:</p> <p>1. to 4. (Omitted)</p> <p>5. <u>To act as non-life insurers, non-life insurance agents, as agents for automobile accident compensation liability insurance under the Automobile Accident Liability Compensation Law, and as life insurance intermediaries;</u></p> <p>6. to 29. (Omitted)</p> <p>Article 3. to Article 35. (Omitted)</p>	<p>Article 2. (Purpose)</p> <p>The purpose of the Company shall be to engage in the following business:</p> <p>1. to 4. (Unchanged)</p> <p>5. <u>To engage in business related to non-life insurance, automobile accident compensation liability insurance under the Automobile Liability Security Act, life insurance, reinsurance, and other forms of insurance;</u></p> <p>6. to 29. (Unchanged)</p> <p>Article 3. to Article 35. (Unchanged)</p>

Proposal No. 3: Election of Nine (9) Directors

Director Koji Takayanagi resigned from the office as of February 28, 2017 and Directors, Shuichi Koseki, Eiichi Yonekura, Masahiro Imai, Kazutaka Yoshida and Yasuyuki Harada resigned from the office as of March 31, 2017. In addition, at the conclusion of this 93rd Ordinary General Meeting of Shareholders, the terms of office of the eight (8) current directors will expire: Masahiro Okafuji, Hitoshi Okamoto, Yoshihisa Suzuki, Fumihiko Kobayashi, Tsuyoshi Hachimura, Ichiro Fujisaki, Chikara Kawakita and Atsuko Muraki. Accordingly, we hereby propose to elect nine (9) directors. The candidates for the new directors are as follows:
Of the nine (9) candidates, four (4) are candidates for outside directors.

(For policy and process for appointing candidates for directors and independence criteria for outside directors of ITOCHU Corporation, please refer to pages 19 to 21.)

No.	Name	Current position and responsibility in the Company	Number of Attendance at Meetings of the Board of Directors
1	Masahiro Okafuji	President & Chief Executive Officer	16/16 (100%)
2	Hitoshi Okamoto	Member of the Board, Senior Managing Executive Officer Chief Strategy & Information Officer	16/16 (100%)
3	Yoshihisa Suzuki	Member of the Board, Senior Managing Executive Officer President, ICT & Financial Business Company	12/12 (100%) (since his appointment)
4	Fumihiko Kobayashi	Member of the Board, Senior Managing Executive Officer CAO	16/16 (100%)
5	Tsuyoshi Hachimura	Member of the Board, Managing Executive Officer CFO	16/16 (100%)
*6	Ichiro Fujisaki	Member of the Board	15/16 (94%)
*7	Chikara Kawakita	Member of the Board	16/16 (100%)
*8	Atsuko Muraki	Member of the Board	12/12 (100%) (since her appointment)
**9	Harufumi Mochizuki	Corporate Auditor	15/16 (94%) (as Corporate Auditor)

* indicates candidates for outside and independent director.

** indicates a newly nominated candidate for outside and independent director.

No.	Name	Brief personal history (Important concurrent occupations or positions)
1	<p>Masahiro Okafuji (December 12, 1949)</p> <p>Number of Attendance at Meetings of the Board of Directors: 16/16 (100%)</p> <p>Number of ITOCHU Corporation's shares held: 171,095 shares</p>	<p>April 1974 Joined ITOCHU Corporation</p> <p>June 2002 Executive Officer</p> <p>April 2004 Managing Executive Officer</p> <p>June 2004 Managing Director</p> <p>April 2006 Senior Managing Director</p> <p>April 2009 Executive Vice President</p> <p>April 2010 President & Chief Executive Officer (current position)</p> <p>(Important concurrent occupations or positions) Outside Director, NISSIN FOODS HOLDINGS CO., LTD.</p> <p><u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Masahiro Okafuji has primarily engaged in textile-related business. After serving as President of Textile Company, he assumed the position of President & Chief Executive Officer of ITOCHU Corporation in April 2010, and since then has increased corporate value through excellent management skills and leadership. As he possesses a track record as the President of ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.</p>
2	<p>Hitoshi Okamoto (June 14, 1956)</p> <p>Number of Attendance at Meetings of the Board of Directors: 16/16 (100%)</p> <p>Number of ITOCHU Corporation's shares held: 63,265 shares</p>	<p>April 1980 Joined ITOCHU Corporation</p> <p>April 2008 Executive Officer</p> <p>April 2010 Managing Executive Officer</p> <p>June 2010 Member of the Board, Managing Executive Officer</p> <p>April 2014 Member of the Board, Senior Managing Executive Officer (current position)</p> <p>April 2016 Chief Strategy & Information Officer (current position)</p> <p><u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Hitoshi Okamoto has primarily engaged in textile-related business. After serving as President of Textile Company and as CSO, since April 2016 he has worked to propose and execute management plans and to strengthen governance as Chief Strategy & Information Officer. As he possesses abundant work experience in ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.</p>
3	<p>Yoshihisa Suzuki (June 21, 1955)</p> <p>Number of Attendance at Meetings of the Board of Directors (since his appointment): 12/12 (100%)</p> <p>Number of ITOCHU Corporation's shares held: 45,184 shares</p>	<p>April 1979 Joined ITOCHU Corporation</p> <p>June 2003 Executive Officer</p> <p>April 2006 Managing Executive Officer</p> <p>April 2011 Adviser</p> <p>June 2011 Executive Vice President, JAMCO Corporation</p> <p>June 2012 Chief Executive Officer, JAMCO Corporation</p> <p>April 2016 Senior Managing Executive Officer of ITOCHU Corporation President, ICT & Financial Business Company (current position)</p> <p>June 2016 Member of the Board, Senior Managing Executive Officer (current position)</p> <p>(Important concurrent occupations or positions) Outside Director, Orient Corporation</p> <p><u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Yoshihisa Suzuki has primarily engaged in aviation-related business, and served as President of ITOCHU International Inc. and Chief Executive Officer of JAMCO Corporation. Since April 2016, he has made efforts to expand our business in the information and finance sectors as President of ICT & Financial Business Company. As he possesses abundant work experience in ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.</p>

No.	Name	Brief personal history (Important concurrent occupations or positions)	
4	<p>Fumihiko Kobayashi (June 21, 1957)</p> <p>Number of Attendance at Meetings of the Board of Directors: 16/16 (100%)</p> <p>Number of ITOCHU Corporation's shares held: 72,780 shares</p>	<p>April 1980</p> <p>April 2010</p> <p>April 2013</p> <p>June 2015</p> <p>April 2016</p> <p>April 2017</p>	<p>Joined ITOCHU Corporation</p> <p>Executive Officer</p> <p>Managing Executive Officer</p> <p>Member of the Board, Managing Executive Officer</p> <p>CAO (current position)</p> <p>Member of the Board, Senior Managing Executive Officer (current position)</p> <p><u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Fumihiko Kobayashi has primarily engaged in human resources-related operations and served as General Manager of Human Resources & General Affairs Division. Since April 2016, he has worked to propose and execute human resources policy and to construct and operate compliance systems as CAO. As he possesses abundant work experience in ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.</p>
5	<p>Tsuyoshi Hachimura (July 6, 1957)</p> <p>Number of Attendance at Meetings of the Board of Directors: 16/16 (100%)</p> <p>Number of ITOCHU Corporation's shares held: 56,700 shares</p>	<p>October 1991</p> <p>April 2012</p> <p>April 2015</p> <p>June 2015</p> <p>April 2016</p>	<p>Joined ITOCHU Corporation</p> <p>Executive Officer</p> <p>Managing Executive Officer</p> <p>Member of the Board, Managing Executive Officer (current position)</p> <p>CFO (current position)</p> <p><u>Reason for the nomination of the candidate for director</u> Since joining ITOCHU Corporation, Mr. Tsuyoshi Hachimura has primarily engaged in metals-related business and served as CAO of ITOCHU International Inc. and as General Manager of Finance Division of ITOCHU Corporation. Since April 2016, he has worked toward the improvement and operation of financial strategy, managerial administration, risk management, and internal control as CFO. As he possesses abundant work experience in ITOCHU Corporation and knowledge of general trading company management overall, we propose him as a candidate for director.</p>

No.	Name	Brief personal history (Important concurrent occupations or positions)		
*6	<p data-bbox="277 779 443 837">Ichiro Fujisaki (July 10, 1947)</p> <p data-bbox="277 869 459 1003">Number of Attendance at Meetings of the Board of Directors: 15/16 (94%)</p> <p data-bbox="277 1034 459 1169">Number of ITOCHU Corporation's shares held: 3,100 shares</p>	April	1969	<p data-bbox="708 197 1082 232">Joined Ministry of Foreign Affairs</p> <p data-bbox="708 232 1385 322">Worked in the Embassy of Japan in Indonesia, Permanent Delegation of Japan to the OECD, Budget Bureau, Ministry of Finance</p>
		August	1987	Counselor, Embassy of Japan in the UK
		February	1991	Director, Overseas Establishments Division, Minister's Secretariat, Ministry of Foreign Affairs
		March	1992	Director, Financial Affairs Division, Minister's Secretariat, Ministry of Foreign Affairs
		February	1994	Deputy Director-General, Asian Affairs Bureau, Ministry of Foreign Affairs
		July	1995	Minister, Embassy of Japan in the United States of America (Political Affairs)
		August	1999	Director-General, North American Affairs Bureau, Ministry of Foreign Affairs
		September	2002	Deputy Minister for Foreign Affairs (Economic Affairs), Ministry of Foreign Affairs
		January	2005	Ambassador Extraordinary and Plenipotentiary, Permanent representative of Japan to the International Organizations in Geneva
		April	2008	Ambassador Extraordinary and Plenipotentiary to the United States of America
		November	2012	Retired from Ministry of Foreign Affairs
		January	2013	Distinguished Professor, Chairman of International Strategies, Sophia University (current position)
		June	2013	Outside Member of the Board of ITOCHU Corporation (current position)
June	2014	Outside Director, NIPPON STEEL & SUMITOMO METAL CORPORATION (current position)		
		(Important concurrent occupations or positions) Outside Director, NIPPON STEEL & SUMITOMO METAL CORPORATION		
		<u>Reason for the nomination of the candidate for outside director</u>		
		<p data-bbox="485 1196 1423 1487">Mr. Ichiro Fujisaki provides apt advice on the management of ITOCHU Corporation from a broad perspective and performs proper supervision of its business execution, drawing on high-level knowledge of international affairs, economic matters, culture, and more, cultivated through many years of experience as a diplomat. While he does not have experience with direct involvement in corporate management other than as an outside director of ITOCHU Corporation and other companies, we have determined that it can continue to leverage his high-level knowledge in its management, and propose him as a candidate for director.</p>		
		<u>Special notes concerning the candidate for outside director</u>		
		<p data-bbox="485 1545 1423 1749">Mr. Ichiro Fujisaki is currently an outside director of ITOCHU Corporation, and he will have served in that capacity for four (4) years at the conclusion of this 93rd Ordinary General Meeting of Shareholders. He fulfills the criteria for independent directors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Corporate Auditors" (please refer to pages 20 to 21) and is registered as an independent director at Tokyo Stock Exchange, Inc.</p>		

No.	Name	Brief personal history (Important concurrent occupations or positions)		
*7	Chikara Kawakita (October 15, 1954) Number of Attendance at Meetings of the Board of Directors: 16/16 (100%) Number of ITOCHU Corporation's shares held: 0 shares	April	1977	Joined Ministry of Finance
		July	2001	Director, Income Tax and Property Tax Policy Division, Tax Bureau, Ministry of Finance
		July	2002	Director, Policy Planning and Research Division, Minister's Secretariat, Ministry of Finance
		July	2004	Director, Management and Co-ordination Division, Minister's Secretariat, Ministry of Finance
		July	2005	Regional Commissioner, Osaka Regional Taxation Bureau, National Tax Agency
		July	2007	Deputy Director-General, Tax Bureau, Ministry of Finance
		July	2008	Deputy Vice Minister for Policy Planning and Co-ordination, Minister's Secretariat, Ministry of Finance
		July	2009	Director-General, Financial Bureau, Ministry of Finance
		July	2010	Commissioner, National Tax Agency
		August	2012	Retired from Ministry of Finance
		October	2012	Professor, Graduate School of Law, Hitotsubashi University
		June	2013	Outside Member of the Board of ITOCHU Corporation (current position)
		October	2014	Vice President, General Insurance Rating Organization of Japan (current position)
		<u>Reason for the nomination of the candidate for outside director</u>		
<p>Mr. Chikara Kawakita provides apt advice on the management of ITOCHU Corporation from a broad perspective and performs proper supervision of its business execution, drawing on high-level knowledge of fiscal, finance, taxation, and more, cultivated through many years of experience in the Ministry of Finance and the National Tax Agency. While he does not have experience with direct involvement in corporate management other than as an outside director of ITOCHU Corporation, we have determined that it can continue to leverage his high-level knowledge in its management, and propose him as a candidate for outside director.</p>				
<u>Special notes concerning the candidate for outside director</u>				
<p>Mr. Chikara Kawakita is currently an outside director of ITOCHU Corporation, and he will have served in that capacity for four (4) years at the conclusion of this 93rd Ordinary General Meeting of Shareholders. He fulfills the criteria for independent directors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Corporate Auditors" (please refer to pages 20 to 21) and is registered as an independent director at Tokyo Stock Exchange, Inc.</p>				

No.	Name	Brief personal history (Important concurrent occupations or positions)
*8	<p>Atsuko Muraki (December 28, 1955)</p> <p>Number of Attendance at Meetings of the Board of Directors (since her appointment): 12/12 (100%)</p> <p>Number of ITOCHU Corporation's shares held: 400 shares</p>	<p>April 1978 Joined Ministry of Labour</p> <p>October 2005 Counsellor for Policy Evaluation, Minister's Secretariat, Ministry of Health Labour and Welfare</p> <p>September 2006 Deputy Director-General, Equal Employment, Children and Families Bureau, Ministry of Health Labour and Welfare</p> <p>July 2008 Director-General, Equal Employment, Children and Families Bureau, Ministry of Health Labour and Welfare</p> <p>September 2010 Director-General for Policies on Cohesive Society, Cabinet Office</p> <p>September 2012 Director-General, Social Welfare and War Victims' Relief Bureau, Ministry of Health Labour and Welfare</p> <p>July 2013 Vice Minister of Health Labour and Welfare, Ministry of Health Labour and Welfare</p> <p>October 2015 Retired from Ministry of Health Labour and Welfare</p> <p>June 2016 Outside Member of the Board of ITOCHU Corporation (current position)</p> <p>(Important concurrent occupations or positions) Outside Director, Sompō Holdings, Inc. (scheduled to assume the position)</p> <p><u>Reason for the nomination of the candidate for outside director</u> Ms. Atsuko Muraki provides apt advice on the management of ITOCHU Corporation from a broad perspective and performs proper supervision of its business execution, drawing on high-level knowledge of improving work environments, developing human resources, social security and more, cultivated through many years of experience in the Ministry of Health Labour and Welfare (and the former Ministry of Labour). While she does not have experience with direct involvement in corporate management other than as an outside director of ITOCHU Corporation, we have determined that it can continue to leverage her high-level knowledge in its management, and propose her as a candidate for outside director.</p> <p><u>Special notes concerning the candidate for outside director</u> Ms. Atsuko Muraki is currently an outside director of ITOCHU Corporation, and she will have served in that capacity for one (1) year at the conclusion of this 93rd Ordinary General Meeting of Shareholders. She fulfills the criteria for independent directors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Corporate Auditors" (please refer to pages 20 to 21) and is registered as an independent director at Tokyo Stock Exchange, Inc.</p>

No.	Name	Brief personal history (Important concurrent occupations or positions)
** 9	Harufumi Mochizuki (July 26, 1949) Number of Attendance at Meetings of the Board of Directors (as Corporate Auditor): 15/16 (94%) Number of Attendance at Meetings of the Board of Corporate Auditors: 11/12 (92%) Number of ITOCHU Corporation's shares held: 1,000 shares	April 1973 Joined Ministry of International Trade and Industry July 1998 Deputy Director-General for Economic Structural Reform, Ministry of International Trade and Industry January 2001 Director-General for Nuclear and Industrial Safety Policy, Nuclear and Industrial Safety Agency July 2002 Director-General for Commerce and Distribution Policy, Ministry of Economy, Trade and Industry July 2003 Director-General, Small and Medium Enterprise Agency July 2006 Director-General, Agency for Natural Resources and Energy July 2008 Vice-Minister of Economy, Trade and Industry July 2010 Retired from Ministry of Economy, Trade and Industry August 2010 Special Advisor to the Cabinet (to September 2011) June 2012 Outside Director, Hitachi, Ltd. (current position) June 2013 President & CEO, Tokyo Small and Medium Business Investment & Consultation CO., LTD. (current position) June 2014 Outside Corporate Auditor of ITOCHU Corporation (current position) (Important concurrent occupations or positions) Outside Director, Hitachi, Ltd. President & CEO, Tokyo Small and Medium Business Investment & Consultation CO., LTD. <u>Reason for the nomination of the candidate for outside director</u> After serving important positions at the Ministry of Economy, Trade and Industry (and the former Ministry of International Trade and Industry), Mr. Harufumi Mochizuki assumed the position of corporate auditor in June 2014, and since then has performed audits from the neutral and objective perspective. In addition to a wealth of experience and high-level knowledge he accumulated as a government official, he has experience as a corporate auditor of ITOCHU Corporation, as well as a corporate executive at other entities where he concurrently serves. Accordingly, we have newly determined that he can provide advice from useful and diverse perspectives concerning the management of ITOCHU Corporation, and propose him as a candidate for outside director. <u>Special notes concerning the candidate for outside director</u> Mr. Harufumi Mochizuki is currently an outside corporate auditor of ITOCHU Corporation, and at the conclusion of this 93rd Ordinary General Meeting of Shareholders, he will have served in that capacity for three (3) years and will resign from the office. He fulfills the criteria for independent directors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Corporate Auditors" (please refer to pages 20 to 21) and is registered as an independent director at Tokyo Stock Exchange, Inc. Although he is currently engaged in business execution of Tokyo Small and Medium Business Investment & Consultation CO., LTD. as President & CEO of the company, there is no business relationship between the company and ITOCHU Corporation in the most recent fiscal year.

* indicates candidates for outside and independent director.

** indicates a newly nominated candidate for outside and independent director.

- Notes:
1. All candidates do not have any special interest with ITOCHU Corporation.
 2. Mr. Ichiro Fujisaki, Mr. Chikara Kawakita, Ms. Atsuko Muraki and Mr. Harufumi Mochizuki are candidates for outside directors.
 3. ITOCHU Corporation, in order for its directors to perform their expected roles fully, has provided in Article 24 of the Company's Articles of Incorporation that it may conclude an agreement with an outside director limiting his or her liability to an amount provided for by laws and regulations as long as there are good faith and no gross negligence regarding the outside director's performance of duties. Therefore, in the event that this proposal is approved, we intend to continue the agreements on limited liability that it has concluded with Mr. Ichiro Fujisaki, Mr. Chikara Kawakita and Ms. Atsuko Muraki, and intend to also conclude an agreement on limited liability with Mr. Harufumi Mochizuki.

The content of the contract can be summarized as follows:

- It limits, based on the provisions of Article 427, Paragraph 1 of the Companies Act, responsibility as specified in Article 423, Paragraph 1 of that Act.
- As long as there are good faith and no gross negligence regarding an outside director's performance of duties, ITOCHU Corporation may limit responsibility to the extent permitted under Article 425, Paragraph 1 of that Act.

Proposal No. 4: Election of Two (2) Corporate Auditors

The term of office of the current corporate auditor Shingo Majima will expire and outside corporate auditor Harufumi Mochizuki will resign from the office at the conclusion of this 93rd Ordinary General Meeting of Shareholders. Accordingly, we hereby propose the election of two (2) outside corporate auditors. The candidates for the new corporate auditors are as follows.

The Board of Corporate Auditors has given its accord to this proposal.

(For policy and process for appointing candidates for corporate auditors and independence criteria for outside corporate auditors of ITOCHU Corporation, please refer to pages 19 to 21.)

No.	Name	Current position in the Company	Number of Attendance at Meetings of the Board of Directors	Number of Attendance at Meetings of the Board of Corporate Auditors
*1	Shingo Majima	Corporate Auditor	16/16 (100%)	12/12 (100%)
**2	Kotaro Ohno	—	—	—

* indicates a candidate for outside and independent corporate auditor.

** indicates a newly nominated candidate for outside and independent corporate auditor.

No.	Name	Brief personal history (Important concurrent occupations or positions)
*1	Shingo Majima (September 24, 1946) Number of Attendance at Meetings of the Board of Directors: 16/16 (100%) Number of Attendance at Meetings of the Board of Corporate Auditors: 12/12 (100%) Number of ITOCHU Corporation's shares held: 0 shares	<p>March 1972 Registered as a certified public accountant Established Certified Public Accountant Office of Shingo Majima</p> <p>September 1975 Joined Peat Marwick Mitchell & Co. New York Office (currently KPMG LLP)</p> <p>March 1981 Registered as a certified public accountant, USCPA (New York)</p> <p>July 1987 Partner, Audit Division, KPMG LLP</p> <p>July 1997 Partner in charge of Japanese Practice for U.S./Northeast and Midatlantic area (audit, tax and consulting department); Partner in charge of Japanese Practice for U.S. audit department, KPMG LLP</p> <p>January 2005 Advisor, KPMG LLP</p> <p>September 2005 Retired from KPMG LLP</p> <p>April 2006 Professor, Faculty of Commerce, Chuo University</p> <p>May 2007 Outside Director, Aderans Co., Ltd.</p> <p>November 2011 Director, the Institute of Accounting Research, Chuo University</p> <p>June 2012 Outside Director, WIN INTERNATIONAL CO., LTD.</p> <p>April 2013 Outside Director, WIN-Partners Co., Ltd. (current position)</p> <p>June 2013 Corporate Auditor, ITOCHU Corporation (current position)</p> <p>May 2017 Executive Director, CHUO UNIVERSITY (current position)</p> <p>(Important concurrent occupations or positions) Outside Director, WIN-Partners Co., Ltd.</p> <p><u>Reason for the nomination of the candidate for outside corporate auditor</u> Mr. Shingo Majima has appropriately executed the duties of corporate auditor since he assumed the position in June 2013, based on his advanced specialist knowledge of finance and accounting audit as well as wealth of experience acquired over many years as a certified public accountant. While he does not have experience with direct involvement in corporate management other than as an outside corporate auditor of ITOCHU Corporation and other companies, we have determined that he can continue to supervise and audit the management of ITOCHU Corporation from a neutral and objective perspective, drawing on his wealth of experience he has acquired in the areas of finance and accounting and experience as a corporate auditor of ITOCHU Corporation, and propose him as a candidate for outside corporate auditor.</p> <p><u>Special notes concerning the candidate for outside corporate auditor</u> Mr. Shingo Majima is currently an outside corporate auditor of ITOCHU Corporation, and he will have served in that capacity for four (4) years at the conclusion of this 93rd Ordinary General Meeting of Shareholders. He fulfills the criteria for independent corporate auditors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Corporate Auditors" (please refer to pages 20 to 21) and is registered as an independent corporate auditor at Tokyo Stock Exchange, Inc.</p>

No.	Name	Brief personal history (Important concurrent occupations or positions)
**2	Kotaro Ohno (April 1, 1952) Number of ITOCHU Corporation's shares held: 0 shares	<p>April 1976 Public prosecutor, Tokyo District Public Prosecutors Office</p> <p>March 1977 Assigned to Criminal Affairs Bureau, Ministry of Justice (Studied at Harvard Law School and earned LL.M (Master of Laws) from the school)</p> <p>June 1979 Public prosecutor, Sendai District Public Prosecutors Office</p> <p>March 1982 Public prosecutor, Tokyo District Public Prosecutors Office</p> <p>August 1982 Assigned to Criminal Affairs Bureau, Ministry of Justice</p> <p>March 1987 Public prosecutor, Osaka District Public Prosecutors Office</p> <p>March 1989 Public prosecutor, Tokyo District Public Prosecutors Office</p> <p>April 1994 Counsellor, Criminal Affairs Bureau, Ministry of Justice</p> <p>April 1996 Counsellor, Minister's Secretariat, Ministry of Justice</p> <p>June 1998 Director, General Affairs Division, Criminal Affairs Bureau, Ministry of Justice</p> <p>June 2000 Director-General, General Affairs Department, Tokyo District Public Prosecutors Office</p> <p>July 2001 Vice-Director, Preparatory Office for Promotion of Justice System Reform within the Cabinet</p> <p>December 2001 Deputy Director-General, Office for Promotion of Justice System Reform within the Cabinet</p> <p>December 2004 Chief Prosecutor, Utsunomiya District Public Prosecutors Office</p> <p>August 2005 Director-General, General Affairs Department, Supreme Public Prosecutors Office</p> <p>July 2007 Director-General, Criminal Affairs Bureau, Ministry of Justice</p> <p>July 2009 Vice-Minister of Justice</p> <p>August 2011 Superintending Prosecutor, Sendai High Public Prosecutors Office</p> <p>July 2012 Superintending Prosecutor, Tokyo High Public Prosecutors Office</p> <p>July 2014 Prosecutor-General</p> <p>September 2016 Retired</p> <p>November 2016 Special Counsel, Mori Hamada & Matsumoto (current position)</p>
		<p>(Important concurrent occupations or positions)</p> <p>Outside Director, AEON CO., LTD. (scheduled to assume the position)</p> <p>Outside Audit & Supervisory Board Member, Komatsu Ltd. (scheduled to assume the position)</p>
		<p><u>Reason for the nomination of the candidate for outside corporate auditor</u></p> <p>While Mr. Kotaro Ohno does not have experience with direct involvement in corporate management, he has advanced specialist knowledge in law and extensive experience he accumulated while serving important positions at the Ministry of Justice, such as Vice-Minister of Justice, Superintending Prosecutor of Tokyo High Public Prosecutors Office and Prosecutor-General. Accordingly, we have determined that he can supervise and audit from a neutral and objective perspective, and propose him as a new candidate for outside corporate auditor.</p>
		<p><u>Special notes concerning the candidate for outside corporate auditor</u></p> <p>Mr. Kotaro Ohno fulfills the criteria for independent corporate auditors prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation's "Independence Criteria for Outside Directors and Outside Corporate Auditors" (please refer to pages 20 to 21) and we intend to register him with the Tokyo Stock Exchange, Inc. as an independent corporate auditor.</p> <p>He currently serves as Special Counsel at Mori Hamada & Matsumoto. Although there is business relationship, such as rendering of service by the firm for ITOCHU Corporation, among others, both the ratio of the transaction amount of such businesses to net sales of the firm and that to consolidated revenues of ITOCHU Corporation in the most recent fiscal year is less than 1%.</p>

* indicates a candidate for outside and independent corporate auditor.

** indicates a newly nominated candidate for outside and independent corporate auditor.

- Notes:
1. Both candidates do not have any special interest with ITOCHU Corporation.
 2. ITOCHU Corporation, in order for its corporate auditors to perform their expected roles fully, has provided in Article 31 of the Company's Articles of Incorporation that it may conclude an agreement with an outside corporate auditor limiting his or her liability to an amount provided for by laws and regulations as long as there are good faith and no gross negligence regarding the outside corporate auditor's performance of duties. Therefore, in the event that this proposal is approved, we intend to continue the agreement on limited liability that it has concluded with Mr. Shingo Majima, and intend to also conclude an agreement on limited liability with Mr. Kotaro Ohno.
The content of the contract can be summarized as follows:
 - It limits, based on the provisions of Article 427, Paragraph 1 of the Companies Act, responsibility as specified in Article 423, Paragraph 1 of that Act.
 - As long as there are good faith and no gross negligence regarding an outside corporate auditor's performance of duties, ITOCHU Corporation may limit responsibility to the extent permitted under Article 425, Paragraph 1 of that Act.

[Reference] Policy and Process for Appointing Candidates for Directors and Candidates for Corporate Auditors

Policy and Process for Appointing Candidates for Directors

In order to effectively supervise management and decide important business matters as the Board of Directors of a general trading company with broad range of business, in principle, in addition to the Chairman, President & Chief Executive Officer, Chief Financial Officer, Chief Strategy & Information Officer, and Chief Administrative Officer, the Board of Directors nominates one appropriate person from among Division Company presidents as an (internal) director, and nominates multiple outside directors to improve supervisory function of the Board of Directors. In nominating outside directors, ITOCHU Corporation prioritizes candidates with higher independence, based on the criteria for “independent directors” prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation’s “Independence Criteria for Outside Directors and Outside Corporate Auditors,” who with his or her experience and knowledge in the relevant category, are expected to contribute to the management of ITOCHU Corporation. Proposal on candidates for directors is created by President & Chief Executive Officer, and submitted to the Nomination Committee for further deliberation before the Board of Directors finally nominates the candidates for election at the General Meeting of Shareholders.

Policy and Process for Appointing Candidates for Corporate Auditors

In order to appropriately audit and supervise management as corporate auditors of a general trading company with broad range of business, candidates for corporate auditors are selected from those with understanding about ITOCHU Corporation’s management, high-level expertise in fields including accounting, finance, law, and risk management, and a broad range of experience. As a company with a Board of Corporate Auditors, half or more of the members always consist of outside corporate auditors. In nominating outside corporate auditors, ITOCHU Corporation prioritizes candidates with higher independence, based on the criteria for “independent auditors” prescribed by the Tokyo Stock Exchange, Inc. and ITOCHU Corporation’s “Independence Criteria for Outside Directors and Outside Corporate Auditors,” who with his or her high-level expertise and extensive experience in the relevant category, are expected to appropriately audit and supervise the management of ITOCHU Corporation. Moreover, among the corporate auditors, ITOCHU Corporation nominates at least one person who possesses considerable knowledge concerning finance and accounting. Candidates for corporate auditors are submitted to the Nomination Committee for further deliberation before the Board of Directors (with consent of the Board of Corporate Auditors) finally nominates the candidates for election at the General Meeting of Shareholders.

[Reference] ITOCHU Corporation Independence Criteria for Outside Directors and Outside Corporate Auditors

For Outside Directors or Outside Corporate Auditors of ITOCHU Corporation to be qualified as “independent directors/auditors” as defined by the Tokyo Stock Exchange, Inc., they must NOT fall under any of the following items:

- A. A person whose major business partner is ITOCHU Corporation or an executing person (Note 1) of such person
 - “A person whose major business partner is ITOCHU Corporation” in the above criteria means a person whose accounts receivable from ITOCHU Corporation exceed 2% of such person’s consolidated net sales in any one of its last three (3) fiscal years.

- B. A person who is a major business partner of ITOCHU Corporation or an executing person of such person
 - “A person who is a major business partner of ITOCHU Corporation” in the above criteria means a person to which ITOCHU Corporation’s revenues exceed 2% of ITOCHU Corporation’s consolidated revenues in any one of ITOCHU Corporation’s last three (3) fiscal years.

- C.
 - 1. A consultant, an accounting professional, a legal professional, or a tax professional receiving a significant amount of money or other assets from ITOCHU Corporation other than executive remunerations (which shall be read as a consultant, an accounting professional, a legal professional, or a tax professional of an organization if such person receiving the said assets is an organization such as corporation and partnership)
 - “A significant amount of money” in the above criteria means, if such person receiving the money is an individual, 10 million yen or higher per year on average of the past three years, or, if such person is an organization, in respect of the payments made by ITOCHU Corporation on average over the last three (3) fiscal years (of such organization), the higher of 10 million yen or 2% of the consolidated gross sales of the organization.
 - 2. A member or a partner of an auditing firm which is Independent Auditor of ITOCHU Corporation, or other accounting professional who undertakes audits on ITOCHU Corporation or its subsidiary.

- D. A major shareholder (or its executing person) of ITOCHU Corporation
 - “A major shareholder” in the above criteria means a shareholder who directly or indirectly holds 10% or more of voting rights of ITOCHU Corporation.

- E. A director or other executing person of an organization (limited to those who are involved in business execution of such organization) to which ITOCHU Corporation has made a significant amount of donation
 - “A significant amount of donation” in the above criteria means a donation of an amount exceeding 20 million yen per year on average over the last three (3) fiscal years.

- F. A major lender of ITOCHU Corporation, its parent company, or their respective executing person
 - “A major lender” of ITOCHU Corporation in the above criteria means the top three (3) companies of the lenders of ITOCHU Corporation in terms of the amount of borrowings in the last fiscal year.

- G. A person who was an executing person of ITOCHU Corporation or its subsidiary at a certain point in time during ten (10) years prior to their appointment

- H. An executing person of a company which has Director(s) on loan from ITOCHU Corporation

- I.
 - 1. In case there is an organization falling under A, B or C-1 above as of their appointment, a person who belonged to such organization at a certain point in time during three (3) years prior to their appointment
 - 2. A person who fell under C-2 above at a certain point in time during three (3) years prior to their appointment
 - 3. In case there is an organization falling under E above as of their appointment, a person who belonged to such organization at a certain point in time during three (3) years prior to their appointment
 - 4. A person who fell under D or F above at a certain point in time during three (3) years prior to their appointment

- J. A close relative (Note 2) of a person falling under one of the following items (limited to an important person)
 - (A) A person falling under any of items A through C above, or a person falling under I-1 or I-2 (For A and B, an “important person” means an executive director, executive officer or corporate officer. For C-1, “important person” means, in case of an organization, a member or a partner of such organization, and for C-2, “important person” means a member, a partner or an accounting professional who directly engages in auditing on ITOCHU Corporation’s group)
 - (B) An executing person of ITOCHU Corporation’s subsidiary
 - (C) A non-executive director or an Accounting Advisor of ITOCHU Corporation’s subsidiary (limited to a case where an outside corporate auditor is to be designated as an independent director/auditor)
 - (D) A person who fell under (B) or (C), or was an executing person of ITOCHU Corporation (including non-executive director if an outside corporate auditor is to be designated as an independent director/auditor) at a certain point in time during one (1) year prior to their appointment

- Notes:
- 1. “An executing person” means a person who executes business as provided for in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act.
 - 2. “Close relative” means a relative within the second degree of kinship.

[Reference] Overview of the Remuneration Plan for Directors and Corporate Auditors

Remuneration for Directors (excluding Outside Directors) consists of (1) monthly remuneration, (2) performance-linked bonuses, and (3) performance-linked and share-based remuneration (trust type). In this case, (1) monthly remuneration is determined according to factors that include degree of contribution to ITOCHU Corporation, based on a standard amount for each position; and (2) performance-linked bonuses and (3) performance-linked and share-based remuneration are determined as total amounts paid on the basis of net profit attributable to ITOCHU (consolidated). Performance-linked and share-based remuneration was introduced in fiscal 2017 for the purpose of heightening awareness of contribution to increasing the medium- to long-term corporate value of ITOCHU Corporation.

Outside Directors are paid monthly remuneration only.

[Remuneration of Directors and Corporate Auditors]

	Type of remuneration	Remuneration limits	Resolution at General Meeting of Shareholders
Directors	(1) Monthly remuneration	¥1.2 billion per year as total amount of monthly remuneration (of that amount, ¥50 million per year for Outside Directors)	June 24, 2011
	(2) Bonus	¥1.0 billion per year as the total amount of bonus * Not paid to Outside Directors	
	(3) Share-based remuneration (trust type) introduced in fiscal 2017	The amounts below are limits for two fiscal years, for Directors and Executive Officers * Limit on contribution to trust by ITOCHU Corporation: ¥1.5 billion * Total number of points granted to eligible person: 1.3 million points (conversion at 1 point = 1 share) * Not paid to Outside Directors	June 24, 2016
Corporate Auditors	Monthly remuneration only	Monthly total: ¥13 million	June 29, 2005

Business Report

(From April 1, 2016 to March 31, 2017)

1. Current Conditions of the ITOCHU Group

(1) Business Progress and Achievement

[General Economic Situation]

In fiscal year 2017, the global economy grew at a sluggish pace overall reflecting that some emerging countries still remained in an economic downturn while others such as China showed signs of recovery, although the U.S. economy increasingly strengthened due to improvement in domestic employment and income environments, and the European economy moderately expanded as the uncertainty surrounding the Brexit decision temporarily subsided. The WTI crude oil price recovered from the US\$35-40 range per barrel in early April, 2016 to above US\$50 in December, 2016 due to the decision of major oil-producing countries including OPEC to reduce oil production, and it remained at around US\$50 thereafter.

The economic conditions in Japan continued to be stagnant overall reflecting the drop in exports due to the appreciation of the yen, restraints on companies' capital investments accompanying deteriorating corporate earnings until last fall, and the delay in the recovery of consumer expenditures, although exports improved thereafter.

The yen had appreciated against the U.S. dollar from the ¥112 level in the beginning of April, 2016 to the ¥100 level due to fading expectations for an increase in interest rates in the U.S. and the disarray surrounding the Brexit decision. The yen to the U.S. dollar rate reversed and touched a peak of the ¥117 level in December, 2016 due to high expectations about the economic policies of the new administration in the U.S. and the interest rate hike in the U.S. in December, 2016, the currency pair, however, pared the gain after the beginning of 2017 and lowered to the ¥112 level at the end of March, 2017 due to the fading expectations of the new administration in the U.S. The Nikkei Stock Average recovered to the ¥19,000 level in December, 2016 and remained at around ¥19,000 until the end of March, 2017 due to the depreciation of the yen and the rise of U.S. stock market, after having dipped below the ¥15,000 level in June, 2016 due to the appreciation of the yen and the stagnant economy. As the yield on 10-year Japanese government bonds (JGB) fell to the negative 0.2% level in late June, 2016 due to the stagnant economy, it recovered to the positive 0.07% level at the end of March, 2017 due to the depreciation of the yen and the expectations of economic recovery.

[Operating Results of the ITOCHU Group]

(Billions of Yen)

	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017)	Increase (Decrease)	%
Revenues	5,083.5	4,838.5	(245.1)	(4.8%)
Gross trading profit	1,069.7	1,093.5	23.8	2.2%
Selling, general and administrative expenses	(835.5)	(801.8)	33.7	(4.0%)
Others	88.6	208.2	119.7	–
[Equity in earnings of associates and joint ventures]	[147.7]	[185.2]	[37.4]	[25.4%]
Profit before tax	322.7	499.9	177.1	54.9%
Net profit attributable to ITOCHU	240.4	352.2	111.8	46.5%
(Reference) Trading income	226.4	288.4	62.0	27.4%

Revenues for the fiscal year ended March 31, 2017, decreased by 4.8%, or 245.1 billion yen, compared with the previous fiscal year to 4,838.5 billion yen. This decrease was attributable to lower revenue from the Energy & Chemicals Company, due to the lower sales prices in energy-related companies and energy trading transactions, and the appreciation of the yen; lower revenue from the Textile Company, due to the unfavorable sales in apparel-related companies; lower revenue from the Machinery Company, due to the conversion of an industrial-machinery-related subsidiary and an automobile-related subsidiary to investments accounted for by the equity method and the appreciation of the yen; lower revenue from the General Products & Realty Company, due to the de-consolidation of a housing-materials-related company in the U.S. in the previous fiscal year and the appreciation of the yen.

Gross trading profit increased by 2.2%, or 23.8 billion yen, compared with the previous fiscal year to 1,093.5 billion yen. This increase was attributable to higher earnings from the Metals & Minerals Company, due to the higher iron ore and coal prices, despite the appreciation of the yen; higher earnings from the Food Company, due to the improvement in profitability in fresh-food-related companies, and the higher transaction volume and the improvement in profitability in food-distribution-related companies; lower earnings from the General Products & Realty Company, due to the de-consolidation of a housing-materials-related company in the U.S. in the previous fiscal year and the appreciation of the yen, despite the stable performance in domestic building-materials-related companies.

Selling, general and administrative expenses decreased by 4.0%, or 33.7 billion yen, compared with the previous fiscal year to 801.8 billion yen, due to the improvement of expenses in the Textile sector, the lower expenses in foreign companies accompanying the appreciation of the yen, and the de-consolidation of a housing-materials-related company in the U.S. in the previous fiscal year, despite higher expenses accompanying the increase in revenues in certain existing companies.

Provision for doubtful accounts decreased by 4.5 billion yen compared with the previous fiscal year to a loss of 3.2 billion yen, due to the conversion of an automobile-related subsidiary to investments accounted for by the equity method in the previous fiscal year.

Gains on investments decreased by 55.8%, or 40.5 billion yen, compared with the previous fiscal year to 32.1 billion yen, due to the absence of the gain on sales of a housing-materials-related company in the U.S. and an extraordinary gain regarding a finance-related company in the previous fiscal year, despite the gain accompanying the changes in equity resulting from the merger of FamilyMart and UNY Holdings.

Losses on property, plant, equipment and intangible assets improved by 138.4 billion yen compared with the previous fiscal year to 16.7 billion yen (losses), due to the less impairment loss in European tire-related companies, and the absence of the impairment loss and the loss accompanying the sale of certain assets in the Australian coal-related business and the impairment loss in the North Sea oil fields development project and fresh-food-related companies in the previous fiscal year.

Other-net improved by 0.6 billion yen compared with the previous fiscal year to a loss of 5.4 billion yen, due to the absence of restructuring related expense in subsidiaries in the previous fiscal year, despite the decline in foreign currency translation resulting from the appreciation of the yen.

Net interest expenses, which is the total of **Interest income** and **Interest expense**, deteriorated by 3.2 billion yen compared with the previous fiscal year to expenses of 3.6 billion yen due to the decreased interest income resulting from the collection of temporary funding portion for CP Group which was a part of the provided loan accompanying the acquisition of CITIC Limited shares, despite lower interest rate of yen-denominated debt and decreased interest-bearing debt. **Dividends received** decreased by 46.9%, or 17.6 billion yen, compared with the previous fiscal year to 19.9 billion yen, due to decrease in dividends from pipeline companies. Consequently, Net financial income, which is the total of net interest expenses and dividends received, decreased by 20.8 billion yen compared with the previous fiscal year, to a gain of 16.3 billion yen.

Equity in earnings of associates and joint ventures increased by 25.4%, or 37.4 billion yen, compared with the previous fiscal year to 185.2 billion yen. This increase was attributable to an increase in the Others, Adjustments & Eliminations (*), due to the start of equity pick-up of CITIC Limited from the third quarter of the previous fiscal year and other factors; an increase in the ICT & Financial Business Company, due to the favorable performance in domestic and overseas finance-related companies, despite the absence of the positive effects of the amendment to the Japanese tax system in domestic contact center-related companies in the previous fiscal year; an improvement in the Energy & Chemicals Company, due to the absence of the effect of the scheduled maintenance of methanol-related companies; a decrease in the General Products & Realty Company, due to the stagnant market conditions and foreign currency translation in foreign pulp-related companies.

(*) Others, Adjustments & Eliminations includes gains and losses which cannot be allocated to each operating segment and internal eliminations between operating segments.

Consequently, **Profit before tax** increased by 54.9%, or 177.1 billion yen, compared with the previous year to 499.9 billion yen **Income tax expense** increased by 170.1%, or 78.9 billion yen, compared with the previous fiscal year to 125.3 billion yen due to the change in taxable range accompanying the amendment to Japanese anti-tax haven rules and the absence of the improvement in tax expenses accompanying the disposal of a U.S. oil and gas development company in the previous fiscal year. **Net Profit**, which is calculated as **Profit before tax** of 499.9 billion yen minus **Income tax expense** of 125.3 billion yen, increased by 35.5% or 98.2 billion yen, compared with the previous fiscal year to 374.6 billion yen. **Net profit attributable to ITOCHU**, which is calculated as **Net profit** minus **Net profit attributable to non-controlling interests** of 22.4 billion yen (profit), increased by 46.5%, or 111.8 billion yen, compared with the previous fiscal year to 352.2 billion yen.

(Reference)

“Trading income” in accordance with Japanese accounting practices (“Trading income” = “Gross trading profit” + “Selling, general and administrative expenses” + “Provision for doubtful accounts”) increased by 27.4%, or 62.0 billion yen, compared with the previous fiscal year to 288.4 billion yen. This increase was attributable to higher earnings from the Metals & Minerals Company, due to the higher iron ore and coal prices, despite the appreciation of the yen; higher earnings from the Food Company, due to the improvement in profitability in fresh-food-related companies, and the higher transaction volume and the improvement in profitability in food-distribution-related companies; higher earnings from the ICT & Financial Business Company, due to the higher transaction volume in domestic ICT-related companies; higher earnings from the General Products & Realty Company, due to the stable performance in domestic building-materials-related companies, despite the de-consolidation of a housing-materials-related company in the U.S. in the previous fiscal year and the appreciation of the yen.

Cautionary Notes concerning Forecasts

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

[Main Business]

The ITOCHU Group, through its network in Japan and overseas, engages in the domestic trading, import/export and overseas trading of various products such as textiles, machinery, information and communications-related products, metals, products related to oil and other energy sources, general merchandise, chemicals, and provisions and food. Moreover, the ITOCHU Group is making multifaceted investments in insurance agencies, finance, construction, real estate trading, and warehousing as well as operations and businesses incidental or related to those fields.

[Operating Results by Segment]**Net profit attributable to ITOCHU**

(Billions of Yen)

Segment	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017)
Textile	14.5	25.2
Machinery	48.4	46.4
Metals & Minerals	(16.7)	45.2
Energy & Chemicals	55.5	18.9
Food	25.5	70.5
General Products & Realty	25.6	27.6
ICT & Financial Business	48.4	40.1
Others, Adjustments & Eliminations	39.2	78.3
Total	240.4	352.2

Financial Highlights by Segment

Segment	
Textile Company	Increase due to the reduction of expenses and the improvement of extraordinary gains/losses, despite the unfavorable sales in apparel-related companies.
Machinery Company	Decrease due to the deterioration in profitability in ship-related business affected by stagnant market conditions, the lower transaction volume in automobile-related transactions, an extraordinary loss in ship-related business, and the appreciation of the yen, despite the gain on sales of a medical-device-related company and the increase in equity in earnings of associates and joint ventures.
Metals & Minerals Company	Increase due to the higher iron ore and coal prices, and the absence of the impairment loss and the loss accompanying the sale of certain assets in the Australian coal-related business in the previous fiscal year, despite the appreciation of the yen.
Energy & Chemicals Company	Decrease due to the decline in dividends received, the absence of the improvement in tax expenses accompanying the disposal of a U.S. oil and gas development company in the previous fiscal year, and the negative effects of the amendment to Japanese anti-tax haven rules, despite the absence of the impairment loss in the North Sea oil fields development project in the previous fiscal year.
Food Company	Increase due to the improvement in profitability and the absence of the impairment loss in the previous fiscal year in fresh-food-related companies, the higher transaction volume and the improvement in profitability in food-distribution-related companies, and the gain accompanying the changes in equity resulting from the merger of FamilyMart and UNY Holdings.

Segment	
General Products & Realty Company	Increase due to the less extraordinary loss in European tire-related companies, despite the absence of the gain on sales of a housing-materials-related company in the U.S. in the previous fiscal year, the negative effects of the amendment to Japanese anti-tax haven rules, the decrease in equity in earnings of associates and joint ventures due to the stagnant market conditions in foreign pulp-related companies, and the appreciation of the yen.
ICT & Financial Business Company	Decrease due to the absence of an extraordinary gain regarding a finance-related company in the previous fiscal year and the negative effects of the amendment to Japanese anti-tax haven rules, despite the higher transaction volume in domestic ICT-related companies.
Others, Adjustments & Eliminations	Increase due to the start of equity pick-up of CITIC Limited from the third quarter of the previous fiscal year.

Notes: 1. ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

2. [Others, Adjustments & Eliminations] includes gains and losses which cannot be allocated to each operating segment and internal eliminations between operating segments.

The investments against CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment

3. Effective from April 1, 2016, ITOCHU Corporation changed its organizational structure from six Division Companies to seven Division Companies. As a result, [ICT, General Products & Realty Company] became [General Products & Realty Company] and [ICT & Financial Business Company]. The figures for the 92nd Fiscal Term shown here have been restated.

[Consolidated Financial Position]

(Billions of Yen)

	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017)	Increase (Decrease)	%
Total assets	8,036.4	8,122.0	85.6	1.1%
Interest-bearing debt	3,196.2	2,944.7	(251.5)	(7.9%)
Net interest-bearing debt	2,555.6	2,330.7	(225.0)	(8.8%)
Total shareholders' equity	2,193.7	2,401.9	208.2	9.5%

Ratio of shareholders' equity to total assets	27.3%	29.6%	Increased 2.3pt
NET DER (Net debt-to-shareholders' equity ratio) (times)	1.17	0.97	Improved 0.2pt

Total assets increased by 1.1%, or 85.6 billion yen, compared with March 31, 2016 to 8,122.0 billion yen, due to the increased trade receivables accompanying the rise in oil prices during the second half towards the end of this fiscal year compared with the same period of the previous fiscal year in energy-related companies and energy trading transactions, and the additional investments and merging transaction relating to FamilyMart and UNY Holdings, despite the effect of foreign currency translation.

Interest-bearing debt decreased by 7.9%, or 251.5 billion yen, compared with March 31, 2016 to 2,944.7 billion yen, due to promoting the repayment of debt accompanying the large surplus of free cash flows through the stable performance in operating revenue and steady collections. Net interest-bearing debt (Interest-bearing debt after deducting Cash and cash equivalents and Time deposits) decreased by 8.8%, or 225.0 billion yen, compared with March 31, 2016 to 2,330.7 billion yen.

Total shareholders' equity increased by 9.5%, or 208.2 billion yen, compared with March 31, 2016 to 2,401.9 billion yen, due to the increase in net profit attributable to ITOCHU, despite the dividend payments, the negative effect of foreign currency translation, and the acquisition of treasury stock.

Ratio of shareholders' equity to total assets increased by 2.3 points compared with March 31, 2016 to 29.6%. NET DER (Net debt-to-shareholders' equity ratio) improved by 0.2 points compared with March 31, 2016 to 0.97 times.

[Consolidated Cash Flows]

(Billions of Yen)

	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017)
Cash flows from operating activities	419.4	389.7
Cash flows from investing activities	(557.3)	(81.3)
Free cash flows	(137.9)	308.4
Cash flows from financing activities	81.8	(335.4)

Cash flows from operating activities recorded a net cash-inflow of 389.7 billion yen, resulting from the stable performance in operating revenue in the Metals & Minerals, Food, Energy and ICT sectors.

Cash flows from investing activities recorded a net cash-outflow of 81.3 billion yen, mainly due to the acquisition of fixed assets in the Food, ICT, Energy and Metals & Minerals sectors, and the additional investment relating to FamilyMart and UNY Holdings.

Cash flows from financing activities recorded a net cash-outflow of 335.4 billion yen, due to the repayment of debt, the dividend payments, and the acquisition of treasury stock.

Consequently, Cash and cash equivalents as of March 31, 2017 decreased by 27.3 billion yen compared with March 31, 2016 to 605.6 billion yen.

[Medium-Term Management Plan “Brand-new Deal 2017”]

Under the medium-term management plan, “Brand-new Deal 2017”, the ITOCHU Group has two basic policies — “reinforcing our financial position” and “building a platform for earnings of 400.0 billion yen”. The following shows specific results in the second year of “Brand-new Deal 2017”.

■ Textile Company

Expanding and Strengthening Our Brand Business

In addition to newly acquiring exclusive import and distribution rights and master license rights for various high quality brands such as the Hungarian fashion brand ÁERON, the Finnish bag brand Golla, the American shoes brand ETONIC, and the UK rugby brand Rhino Rugby, we have acquired master license rights in the apparel category for the American Psycho Bunny brand, for which we already had rights for innerwear and fashion accessories, and thereby further strengthened our brand development.

We are also involved in activities for expanding our business in the rapidly expanding fashion Electronic Commerce (EC) market, such as starting promotion of UNEEDNOW, an AKB48 Group-certified EC fashion brand for which AKB48 Group members are modeling.

■ Machinery Company

Yanase Business Efforts

Yanase & Co., Ltd. has firmly maintained its position as the top dealer of imported cars in Japan (selling 36,000 new vehicles and 38,000 used vehicles in fiscal year 2017), and ITOCHU Corporation has been involved in various improvement activities as its largest shareholder. ITOCHU Corporation will assist them to continue to provide high quality service as the top dealer of imported cars in Japan to strive for further improved customer satisfaction.

Acquired Equity Interest in the Butendiek Offshore Wind Power Plant in Germany

ITOCHU Corporation has acquired a 22.5% equity interest in the Butendiek offshore wind power plant (288 MW) together with our strategic partner CITIC Pacific Ltd. We will work together with the partner to expand our business in the European renewable energy market starting with this project, which is one of the largest off the German North Sea Coast.

Commercial Operation Started at the Sarulla Geothermal Power Plant in Indonesia (First Unit)

The first unit (with a capacity of 106 MW) of the geothermal power plant located in Sarulla of North Sumatra, which ITOCHU Corporation has a stake in, started commercial operations in March 2017. When the second and third units are completed by 2018, the plant will be among the largest geothermal plants in the world, and will continue to provide renewable energy for the next 30 years.

Strengthening the Hospital IT Business of Telerent Leasing Corporation in the United States

Telerent Leasing Corporation, part of the ITOCHU Group, boasts the top market share for hospital TV systems in the United States, and is promoting the adoption of IT in hospitals using audio visual systems, for which demand is increasing. Telerent aims to make further leaps forward with its fiscal year 2017 acquisition of Digital Networks Group, Inc. of California, which is involved in the same business.

■Metals & Minerals Company

Jimblebar Iron Ore Business

After ITOCHU Corporation acquired an interest in 2013, the Jimblebar iron ore business in Western Australia has succeeded in steadily increasing production from its initial rate of 8 million tons per year to 50 million tons per year for the fiscal year under review. We will continue to strive to maximize profit while contributing to regional development and protecting the environment.

Utility-scale Solar Power Generation Business at Shin-Okayama Solar Power Plant

The Shin-Okayama Solar Power Plant became the third utility-scale solar power plants in Japan that ITOCHU Corporation has a stake in to start commercial operations in January 2017, after those in Ehime prefecture and Oita prefecture. This power plant has the capacity to meet the annual power demands of about 7,600 households, and is expected to contribute to CO2 emission reductions equivalent to 26,000 tons per annum.

■Energy & Chemicals Company

Business Merger of Takiron Co., Ltd. and C.I. Kasei Company, Limited

A joint venture agreement has been established for a business merger between C.I. Kasei Company, Limited, which specializes in agricultural materials, etc., and Takiron Co., Ltd., which specializes in construction materials, etc. The merged company becomes a consolidated subsidiary of ITOCHU Corporation and aims to further increase corporate value as a top-class manufacturer in the plastics processing industry.

Oil Exploration, Development, and Production Business in Eastern Siberia, Russian Federation

Commercial quantities of oil reserves have been confirmed at the Ichyodinskoye oil field located in the Irkutsk Oblast of Eastern Siberia, the Russian Federation, where ITOCHU Corporation has been involved in the oil exploration, development, and production business. The production phase began in December 2016. This business is promoted by a Japan-Russia consortium of influential companies, and is producing crude oil for both Russia and for export to Asian markets including Japan.

■ Food Company

Business Merger of FamilyMart Co., Ltd. and UNY Group Holdings Co., Ltd.

FamilyMart Co., Ltd. and UNY Group Holdings Co., Ltd. entered a business merger in September 2016 to create FamilyMart UNY Holdings Co., Ltd. As the largest shareholder, ITOCHU Corporation will assist the further pursuit of economies of scale and synergy in the convenience store business with the largest store network in Japan and top class business infrastructure in the industry.

Building a Robust Value Chain in the Livestock Business

HyLife Group Holdings, a group company of ITOCHU Corporation, is the largest pork breeder in Canada, is known for its high level of safety and quality due to its custom hog breeds and compound feed, and is Canada's No. 1 exporter of fresh chilled pork products to Japan. ITOCHU Corporation is working on further strengthening the value chain by increasing the added-value of HyLife products (branded pork) in cooperation with Prima Meat Packers, Ltd., another group company.

Strengthening the Earnings Platform for the Dole Business

Since global banana and pineapple yields have been affected by natural disasters, such as typhoons and droughts, Dole Food Company, Inc., one of the largest harvesters of bananas and pineapples in the world, has been involved in adopting irrigation facilities, consolidating and expanding agricultural land, implementing countermeasures for disease and insect pests, and promoting diversification of production areas to mitigate the risks of bad weather, etc. ITOCHU Corporation will continue to utilize our human resources and collective strength to strengthen systems for boosting production capacity and accelerate the global expansion of the Dole business.

■ General Products & Realty Company

Maintaining Our Position as the Largest Pulp Trader in the World

ITOCHU Corporation trades the largest amount of pulp in the world. In the fiscal year 2017 we achieved pulp trading of approximately 2.7 million tons and secured our position in the industry due to increased sales, particularly in the Asian market, thanks to stable supply sources and sales networks provided by companies such as Metsä Fibre Oy, a group company in Finland, one of the largest softwood pulp manufacturers in the world.

Karawang International Industrial City, Indonesia

ITOCHU Corporation has acquired an additional 200 hectares of land and started expansion work in the Karawang International Industrial City located in eastern Jakarta, Indonesia, where we conduct development and operations in conjunction with the Sinar Mas Group, one of the largest conglomerates in Indonesia. This business venture provides more than 1,200 hectares of land to about 140 corporations for high quality infrastructure that enables these companies to concentrate on manufacturing.

■ ICT & Financial Business Company

Expanded Insurance Service for HOKEN NO MADOGUCHI GROUP INC.

ITOCHU Corporation is the largest shareholder of HOKEN NO MADOGUCHI GROUP INC., which has been increasing the number of stores and enhancing its services as the leading company of walk-in insurance, with 650 stores in Japan. It will continue to provide high quality services to its customers with its unique sales systems and quality indices in order to maintain its leading position in the industry.

Expansion in the Fields of AI/Fintech/IoT

ITOCHU Corporation has been promoting the development of new business models in the fields of AI/fintech/IoT via venture investments both inside and outside Japan. During the fiscal year 2017, we teamed up with ABEJA, Inc. to enter the in-store analytics business using AI, and also teamed up with MONEY DESIGN Co., Ltd. to start an asset management proposal service using AI in the field of individual-type defined contribution pension plans (iDeCo). We also continue to develop new services ahead of other players in the industry, such as our “Re:Body” service to support the health management of corporate employees, which was developed in conjunction with NTT Docomo, Inc.

(2) Management Policy for the Future

[Outlook for the Next Term]

Looking ahead to the next fiscal year ending March 31, 2018, we expect that the global economy will continue to expand moderately. The U.S. and European economies are expected to remain on an expanding trend, but there are certain concerns about changes in the business environment accompanying the new U.S. government administration and the Brexit. In emerging countries, the Chinese economy shows expansion of investments in infrastructure and a recovery of exports, as many of them are largely affected by foreign exchange market and commodity prices.

In Japan, although economic conditions are expected to expand moderately due to stable capital expenditures and the recovery of consumer expenditures accompanying the improvement of corporate earnings, the upheavals of overseas circumstances may cause the appreciation of the yen and place downward pressure on the Japanese economy.

[Progress in the medium-term management plan “Brand-new Deal 2017”]

The progress of the basic policies indicated in the current “Brand-new Deal 2017” medium-term management plan is indicated below.

Due to cash generated by our stable performance in operating revenue and implementation of an investment policy that carefully selects superior projects and continuously replaces assets, the quality and efficiency of our assets have further improved. Since we achieved our highest level of NET DER (0.97 times) at the end of fiscal year 2017, we believe that our first basic policy of “reinforcing our financial position” has been achieved in the second year of the three-year plan. In fiscal year 2018, we will further ensure business management that recognizes capital cost and cash flow management both at the management and employee level to expand shareholders’ equity, while also steadily aiming for a ROE (Note 1) of 13% or more.

In regards to the other basic policy of “building a platform for earnings of 400.0 billion yen,” we will continue to cooperate with our strategic partners CITIC Group and CP Group in fiscal year 2018 while also reaffirming the basics business principles “earn, cut, prevent” to further expand our base earnings, and thereby achieve our highest ever consolidated net profit of 400.0 billion yen.

Note 1: $ROE = (\text{Net profit attributable to ITOCHU} / \text{Average Shareholders' equity at the beginning and end of the fiscal year}) \times 100$

We decided that the title of the third year of the current “Brand-new Deal 2017” of the ITOCHU Group should be “Infinite Missions, Transcending Growth” because fiscal year 2018 is the third year of the current “Brand-new Deal 2017” medium-term management plan (three-year plan from fiscal year 2016 to 2018), and is also positioned as an important year leading into the next medium-term management plan. The times call for corporate management based on a mindset of “the philosophy of sampo yoshi”, and this is clearly positioned as the mission of ITOCHU. With this in mind, rather than simply pursuing profit, we must lead “a new era for the sogo shosha,” in terms of various aspects, such as quality of growth and work style, in order to comprehensively improve our corporate value.

We will also continue to strengthen our management foundation. In regard to corporate governance, we will implement various measures to improve the transparency of decision making and strengthen the management supervision function of the Board of Directors, according to the principles stipulated in the Corporate Governance Code of Tokyo Stock Exchange, Inc. Specifically, in fiscal year 2018 we will raise the ratio of outside directors to at least onethird in order to migrate to a monitoring-oriented Board of Directors, and also continuously investigate measures for further improving the monitoring function while confirming the status of operations and its efficiency. Based on the ITOCHU Health Charter (Note 2) established in fiscal year 2017 as part of our efforts for work style reform, we will accelerate the pioneering measures for promoting efficient work styles and reducing long-hour labor to improve our corporate value via improvements in employee health, which lead to stronger human resources.

Note 2: See the ITOCHU Corporation’s website (<https://www.itochu.co.jp/en/about/health/>) for information about the ITOCHU Health Charter.

Dividend Policy

For FY2018, with the intention of increasing shareholder returns, based on the high probability of achievement of business plan and expected cash flow, we will guarantee a minimum dividend per share of ¥64, which will be our record high dividend, ¥9 higher than the ¥55 per share to be paid in FY2017. FY2018 Dividend Policy remains unchanged from Brand-new Deal 2017 dividend policy (Note), and will continue to make our best efforts to share the growth and generated profit with our shareholders and to increase shareholder returns.

Note: Brand-new Deal 2017 dividend policy

Payout ratio of 20% for net profit attributable to ITOCHU up to ¥200.0 billion and approximately 30% on the portion of net profit attributable to ITOCHU exceeding ¥200.0 billion.

The ITOCHU Group appreciates the continuing support of our shareholders.

(3) Changes in Assets and Operating Results

1) Changes in Assets and Operating Results of the ITOCHU Group

Category	90th Fiscal Term (FY2014)		91st Fiscal Term (FY2015)	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017) (Current term)
	U.S.GAAP	IFRS	IFRS	IFRS	IFRS
Revenues (Millions of Yen)	5,530,895	5,587,526	5,591,435	5,083,536	4,838,464
Gross trading profit (Millions of Yen)	1,028,273	1,045,022	1,089,064	1,069,711	1,093,462
Net profit attributable to ITOCHU (Millions of Yen)	310,267	245,312	300,569	240,376	352,221
Basic earnings per share attributable to ITOCHU (Yen)	196.31	155.21	189.13	152.14	223.67
Total assets (Millions of Yen)	7,848,440	7,784,851	8,560,701	8,036,395	8,122,032
Total shareholders' equity (Millions of Yen)	2,146,963	2,044,120	2,433,202	2,193,677	2,401,893

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

Note: ITOCHU Corporation started preparing its consolidated financial statements in conformity with IFRS in the 91st Fiscal Term. In conjunction with this, the figures for the 90th Fiscal Term have also been stated in conformity with IFRS.

2) Changes in Assets and Operating Results of ITOCHU Corporation (Non-Consolidated)

Category	90th Fiscal Term (FY2014)	91st Fiscal Term (FY2015)	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017) (Current term)
Total trading transactions (Millions of Yen)	5,673,531	5,738,595	5,203,725	4,470,329
Ordinary income (Millions of Yen)	191,282	209,057	203,425	184,893
Net profit (Millions of Yen)	177,859	130,628	115,301	136,673
Earnings per share (Yen)	112.44	82.13	72.92	86.74
Total assets (Millions of Yen)	3,632,446	3,951,473	3,366,654	3,217,095
Equity (Millions of Yen)	864,691	956,014	927,125	975,726

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(4) Status of Major Group Companies

1) Major Subsidiaries and Associated Companies

	Name	Common stock	Voting shares ratio	Main business
Domestic	Dole International Holdings, Inc.	33,976 million yen	100.00%	Investment in Dole Asian fresh produce business and worldwide packaged foods business
	ITOCHU Techno-Solutions Corporation	21,764 million yen	58.27%	Sales, maintenance and development of IT systems
	ITOCHU ENEX CO., LTD.	19,878 million yen	54.00%	Wholesale of petroleum products and LPG and electricity and supply business
	ITOCHU PROPERTY DEVELOPMENT, LTD.	10,225 million yen	99.83%	Development and sale of housing
	C.I. Kasei Company, Limited	5,500 million yen	98.33%	Manufacture and sale of plastic products
	ITOCHU-SHOKUHIN Co., Ltd.	4,923 million yen	52.30%	Wholesale of foods and liquor
	ITOCHU LOGISTICS CORP.	4,261 million yen	98.97%	Comprehensive logistics services
	CONEXIO Corporation	2,778 million yen	60.35%	Sale of mobile phone units, mobile phones-related solution business
	NIPPON ACCESS, INC.	2,620 million yen	93.77%	Wholesale and distribution of foods
	ITOCHU CONSTRUCTION MACHINERY CO., LTD.	2,300 million yen	100.00%	Sale and rental of construction machinery
	ITOCHU Sugar Co., Ltd.	2,000 million yen	100.00%	Manufacture, processing, and sales of sugar and by-products
Overseas	ITOCHU International Inc.	625,640 thousand US\$	100.00%	Wholesale and investment
	ITOCHU Europe PLC	43,829 thousand GBP	100.00%	Wholesale and investment
	ITOCHU Hong Kong Ltd.	937,788 thousand HK\$	100.00%	Wholesale and investment
	ITOCHU (CHINA) HOLDING CO., LTD.	300,000 thousand US\$	100.00%	Wholesale and investment
	ITOCHU Minerals & Energy of Australia Pty Ltd	276,965 thousand AU\$	100.00%	Investment and sales in projects of iron ore, coal, and bauxite mining and manufacture of alumina
	ITOCHU Coal Americas Inc.	762,000 thousand US\$	100.00%	Holding of coal mine and transportation infrastructure interests
	European Tyre Enterprise Limited	325,230 thousand GBP	100.00%	Management control of the European tire business
	ITOCHU FIBRE LIMITED	168,822 thousand EUR	100.00%	Distribution and trading of pulp, wood chip and paper materials and investment in METSA FIBRE OY
	Orchid Alliance Holdings Limited	55 thousand US\$	100.00%	Investment and shareholder loan to a company investing in CITIC Limited
Associated companies	Orient Corporation	150,028 million yen	16.53%	Consumer credit
	C.P. Pokphand Co. Ltd.	253,329 thousand US\$	25.00%	Compound animal feed business, livestock and aquatic product related businesses, and manufacture and sale business of food products
	Marubeni-Itochu Steel Inc.	30,000 million yen	50.00%	Import/export and wholesale of steel products
	FamilyMart UNY Holdings Co., Ltd.	16,659 million yen	35.34%	Holding company of GMS and CVS companies

(Amount less than 1 million or 1 thousand have been rounded to the nearest unit.)

- Notes: 1. The column of voting shares ratio shows the total of shareholding by ITOCHU Corporation and indirect shareholding by its subsidiaries.
2. C.I. Kasei Company, Limited merged with Takiron Co., Ltd. and formed C.I. TAKIRON Corporation on April 1, 2017.
3. While the voting shares ratio of Orient Corporation is less than 20%, ITOCHU Corporation participates in the determination of sales and financial directions by dispatching its Directors, including its Representative Directors, to the Board of Directors of Orient Corporation. Accordingly, ITOCHU Corporation exerts an important influence and Orient Corporation is considered an associated company of ITOCHU Corporation.
4. FamilyMart UNY Holdings Co., Ltd. changed its corporate name from FamilyMart Co., Ltd accompanying its merger with UNY Group Holdings Co., Ltd. on September 1, 2016.

2) Consolidated Subsidiaries and Equity-Method Associated Companies

Category	U.S.GAAP	IFRS		
	90th Fiscal Term (FY2014)	91st Fiscal Term (FY2015)	92nd Fiscal Term (FY2016)	93rd Fiscal Term (FY2017) (Current term)
Consolidated subsidiaries	220 companies	218 companies	212 companies	207 companies
Equity-method associated companies	134 companies	124 companies	114 companies	101 companies
Total of group companies	354 companies	342 companies	326 companies	308 companies

Note: Investment companies which are directly invested in by ITOCHU Corporation and its Overseas trading subsidiaries are included in the above-mentioned number of companies. Investment companies which are considered as part of the parent company are not included.

(5) Main Offices

1) Domestic

Head Office of ITOCHU Corporation	Osaka Head Office: 1-3, Umeda 3-chome, Kita-ku, Osaka Tokyo Head Office: 5-1, Kita-Aoyama 2-chome, Minato-ku, Tokyo
Areas of ITOCHU Corporation	Chubu Area (Nagoya), Kyushu Area (Fukuoka), Chugoku & Shikoku Area (Hiroshima), Hokkaido Area (Sapporo), Tohoku Area (Sendai)
Branches of ITOCHU Corporation	Hokuriku Branch (Kanazawa), Toyama Branch

2) Overseas

Branches of ITOCHU Corporation	Johannesburg, Dubai, Manila, Kuala Lumpur
Offices of ITOCHU Corporation	38 offices including Lima, Alger, Nairobi, Riyadh, Jakarta and Moscow
Overseas trading subsidiaries	64 overseas trading subsidiaries including headquarters/branches such as ITOCHU International Inc. (U.S.A.) ITOCHU Brasil S.A., ITOCHU Europe PLC (U.K.) ITOCHU MIDDLE EAST FZE (U.A.E.) ITOCHU Australia Ltd., ITOCHU (CHINA) HOLDING CO., LTD. ITOCHU Hong Kong Ltd., ITOCHU Singapore Pte, Ltd. ITOCHU (Thailand) LTD.

(6) Status of Employees**1) Status of Employees of the ITOCHU Group**

(Number of employees)

Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Other	Total
11,526	9,219	508	11,398	28,949	16,235	15,315	2,794	95,944
[3,744]	[495]	[54]	[3,666]	[9,813]	[2,969]	[7,672]	[112]	[28,525]

Notes: 1. The number of employees refers to actual working employees and the average annual number of temporary employees shown in the square bracket [] is not included in total.

2. Due to factors including the sale of the Bramhope Group Holdings Ltd. Plant in the Textile sector, the number of total employees declined by 9,856 from the previous fiscal year.

2) Status of Employees of ITOCHU Corporation (Non-Consolidated)

Number of employees	Changes from the previous term-end	Average age	Average service years
4,285 employees	+6 employees	41.5 years old	16.9 years

Note: The above number of employees includes 937 employees and 315 employees seconded to other companies in Japan and overseas respectively and 281 employees at overseas trading subsidiaries.

(7) Status of Capital Investment

No important matter to be stated.

(8) Status of Financing

ITOCHU Group raises funds through financing mainly carried out by ITOCHU Corporation and some by domestic and overseas treasury centers, overseas trading subsidiaries, and other entities and undertook borrowing from financial institutions, issuance of short-term corporate bonds (electronic CP), and other actions. ITOCHU Corporation has not undertaken other procurement of funds through capital increases, or the issuance of medium-and long-term corporate bonds, etc.

(9) Main Lenders

ITOCHU Corporation mainly undertakes borrowings of the ITOCHU Group and main lenders at the end of the current term are as follows.

Lenders	Outstanding amount of borrowings
	Millions of Yen
Nippon Life Insurance Company	80,000
Mizuho Bank, Ltd.	74,461
Sumitomo Mitsui Banking Corporation	64,745
Development Bank of Japan Inc.	63,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	57,553
Sumitomo Mitsui Trust Bank, Limited	43,925
Asahi Mutual Life Insurance Company	35,000
Mitsubishi UFJ Trust and Banking Corporation	34,253
Meiji Yasuda Life Insurance Company	32,500
The Norinchukin Bank	30,000

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(10) Other Significant Matters Regarding the Current Conditions of the ITOCHU Group

No important matter to be stated.

2. Shares of ITOCHU Corporation

(1) Total Number of Authorized Shares 3,000,000,000 shares

(2) Total Number of Issued Shares 1,662,889,504 shares

(3) Number of Shareholders 172,462 persons

(4) Major Shareholders (top 10)

Shareholders	Numbers of shares held	Shareholding ratio
	Thousands of shares	%
Japan Trustee Services Bank, Ltd. (trust account)	89,805	5.72
The Master Trust Bank of Japan, Ltd. (trust account)	89,175	5.68
CP WORLDWIDE INVESTMENT COMPANY LIMITED	63,500	4.05
Mizuho Bank, Ltd.	39,200	2.50
Nippon Life Insurance Company	34,056	2.17
Mitsui Sumitomo Insurance Company, Limited	30,400	1.94
Japan Trustee Services Bank, Ltd. (trust account 5)	26,557	1.69
Japan Trustee Services Bank, Ltd. (trust account 9)	24,524	1.56
Asahi Mutual Life Insurance Company	23,400	1.49
STATE STREET BANK AND TRUST COMPANY	23,239	1.48

(A fraction of shares less than one thousand is truncated)

Notes: 1. ITOCHU Corporation owns 93,253 thousand shares of treasury stock but has been omitted from the major shareholders listed above.

2. The treasury stock is excluded from the calculation of shareholding ratio.

(5) Other Significant Matters Regarding Shares

In order to pursue a flexible capital management policy, ITOCHU Corporation resolved at the Board of Directors meeting held on November 2, 2016 to purchase its own shares, and increased its treasury stock by 12,000 thousand shares through a share buyback on November 4, 2016 in accordance with the provisions of Article 156 of the Companies Act applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act.

As a subsequent event occurring after the end of this fiscal year, ITOCHU Corporation resolved at the Board of Directors meeting held on May 2, 2017 to purchase its own shares, and increased its treasury stock by 17,120 thousand shares on May 8, 2017.

3. Corporate Officers

(1) Status of Directors and Corporate Auditors (as of March 31, 2017)

1) Directors

Name	Position in ITOCHU Corporation	Responsibility	Attendance at Meetings of the Board of Directors
*Masahiro Okafuji	President & Chief Executive Officer		16/16 (100%)
*Hitoshi Okamoto	Member of the Board	CSO, CIO	16/16 (100%)
*Yoshihisa Suzuki	Member of the Board	President, ICT & Financial Business Company	12/12 (100%)
*Shuichi Koseki	Member of the Board	President, Textile Company	15/16 (94%)
*Eiichi Yonekura	Member of the Board	President, Metals & Minerals Company	16/16 (100%)
*Masahiro Imai	Member of the Board	President, Energy & Chemicals Company	12/12 (100%)
*Fumihiko Kobayashi	Member of the Board	CAO	16/16 (100%)
*Kazutaka Yoshida	Member of the Board	President, Machinery Company	12/12 (100%)
*Tsuyoshi Hachimura	Member of the Board	CFO	16/16 (100%)
*Yasuyuki Harada	Member of the Board	President, General Products & Realty Company	12/12 (100%)
Ichiro Fujisaki	Member of the Board		15/16 (94%)
Chikara Kawakita	Member of the Board		16/16 (100%)
Atsuko Muraki	Member of the Board		12/12 (100%)

2) Corporate Auditors

Name	Position in ITOCHU Corporation	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Board of Corporate Auditors
Yoshio Akamatsu	Full-time Corporate Auditor	16/16 (100%)	12/12 (100%)
Kiyoshi Yamaguchi	Full-time Corporate Auditor	12/12 (100%)	8/8 (100%)
Shingo Majima	Corporate Auditor	16/16 (100%)	12/12 (100%)
Harufumi Mochizuki	Corporate Auditor	15/16 (94%)	11/12 (92%)
Kentaro Uryu	Corporate Auditor	14/16 (88%)	11/12 (92%)

Notes: 1. * indicates a representative director.

2. Members of the Board, Mr. Ichiro Fujisaki, Mr. Chikara Kawakita and Ms. Atsuko Muraki are outside directors. They are registered as independent directors at the Tokyo Stock Exchange, Inc.

3. Corporate Auditors, Mr. Shingo Majima, Mr. Harufumi Mochizuki and Mr. Kentaro Uryu are outside corporate auditors. They are registered as independent auditors at the Tokyo Stock Exchange, Inc.

4. Corporate Auditor, Mr. Shingo Majima is a certified public accountant in Japan and the United States. Also he has a long-standing career as a university professor of accounting and considerable expertise in finance and accounting.

5. Effective June 24, 2016, Mr. Eizo Kobayashi resigned as Member of the Board.

6. Effective February 28, 2017, Mr. Koji Takayanagi resigned as Member of the Board (Responsibilities at the time of resignation: President, Food Company). In addition, effective March 31, 2017, Mr. Shuichi Koseki, Mr. Eiichi Yonekura, Mr. Masahiro Imai, Mr. Kazutaka Yoshida, and Mr. Yasuyuki Harada resigned as Members of the Board.

7. Important concurrent occupations or positions are as described below.

Category	Name	Organization	Title
Members of the Board	Masahiro Okafuji	NISSIN FOODS HOLDINGS CO., LTD.	Outside Director
	Yoshihisa Suzuki	Orient Corporation	Outside Director
	Ichiro Fujisaki	NIPPON STEEL & SUMITOMO METAL CORPORATION	Outside Director
Corporate Auditors	Shingo Majima	WIN-Partners Co., Ltd.	Outside Director
	Harufumi Mochizuki	Hitachi, Ltd.	Outside Director
		Tokyo Small and Medium Business Investment & Consultation CO., LTD.	President & CEO
	Kentaro Uryu	URYU & ITOGA	Attorney-At-Law, Managing Partner
		U&I Advisory Service Co., Ltd.	CEO
		GMO TECH, Inc.	Outside Director
		Kyowa Hakko Kirin Co., Ltd.	Outside Company Auditor

8. Effective June 28, 2016, Corporate Auditor, Mr. Kentaro Uryu resigned as Outside Director of FRUTAFRUTA, Inc.

(2) Status of Executive Officers (as of April 1, 2017)

Name	Position in ITOCHU Corporation	Responsibility
Masahiro Okafuji	President & Chief Executive Officer	
Tomofumi Yoshida	Senior Managing Executive Officer	President & CEO, ITOCHU International Inc.
Hitoshi Okamoto	Senior Managing Executive Officer	Chief Strategy & Information Officer
Yuji Fukuda	Senior Managing Executive Officer	CEO for Asia & Oceania Bloc; President & CEO, ITOCHU Singapore Pte, Ltd.; Executive Advisory Officer for CP & CITIC Operation
Yoshihisa Suzuki	Senior Managing Executive Officer	President, ICT & Financial Business Company
Shuichi Koseki	Senior Managing Executive Officer	President, Textile Company
Eiichi Yonekura	Senior Managing Executive Officer	President, Metals & Minerals Company
Masahiro Imai	Senior Managing Executive Officer	President, Energy & Chemicals Company
Fumihiko Kobayashi	Senior Managing Executive Officer	CAO
Kazutaka Yoshida	Managing Executive Officer	President, Machinery Company
Yozo Kubo	Managing Executive Officer	President, Food Company
Tsuyoshi Hachimura	Managing Executive Officer	CFO
Akihiro Ueda	Managing Executive Officer	CEO for East Asia Bloc; Chairman, ITOCHU (CHINA) HOLDING CO., LTD.; Chairman, ITOCHU Shanghai Ltd.; Chairman, BIC
Yasuyuki Harada	Managing Executive Officer	President, General Products & Realty Company
Hiroyuki Tsubai	Managing Executive Officer	Chief Executive for European Operation; CEO, ITOCHU Europe PLC
Hiroyuki Fukano	Managing Executive Officer	Executive Advisory Officer for Kansai District Operation; Executive Advisory Officer for Osaka Headquarters
Akihiko Okada	Managing Executive Officer	Chief Operating Officer, Steel, Non-Ferrous & Solar Division
Keita Ishii	Managing Executive Officer	Executive Vice President, Energy & Chemicals Company; Chief Operating Officer, Chemicals Division
Masahiro Morofuji	Managing Executive Officer	Executive Vice President, Textile Company; Chief Operating Officer, Brand Marketing Division 1
Mitsuru Chino	Executive Officer	EVP, ITOCHU International Inc.; CAO, ITOCHU International Inc.; President & CEO, ITOCHU Canada Ltd.
Yoichi Ikezoe	Executive Officer	Chairman, ITOCHU Hong Kong Ltd.; Senior Officer for Asia & Oceania Bloc
Shiro Hayashi	Executive Officer	Chief Operating Officer, Apparel Division 1
Hiroshi Sato	Executive Officer	Chief Operating Officer, Plant Project, Marine & Aerospace Division
Mamoru Seki	Executive Officer	General Manager, General Accounting Control Division
Tomoyuki Takada	Executive Officer	General Manager, Corporate Communications Division
Hiroyuki Kaizuka	Executive Officer	Chief Operating Officer, Provisions Division
Hiroshi Oka	Executive Officer	General Manager, Secretariat
Shigetoshi Imai	Executive Officer	CEO for Latin America; President & CEO, ITOCHU Brasil S.A.
Motonari Shimizu	Executive Officer	Chief Operating Officer, Apparel Division 2

Name	Position in ITOCHU Corporation	Responsibility
Masato Osugi	Executive Officer	Chief Operating Officer, Automobile Division
Akira Tsuchihashi	Executive Officer	General Manager, Internal Audit Division
Yoshihiro Fukushima	Executive Officer	Chief Operating Officer, Brand Marketing Division 2
Kensuke Hosomi	Executive Officer	Chief Operating Officer, Food Products Marketing & Distribution Division
Hisato Okubo	Executive Officer	Chief Operating Officer, Energy Division
Shunsuke Noda	Executive Officer	General Manager, Corporate Planning & Administration Division
Tatsushi Shingu	Executive Officer	Chief Operating Officer, ICT Division

Note: Ms. Mitsuru Chino's registered name is Mitsuru Ike.

(3) Remunerations etc. to Directors and Corporate Auditors

(Millions of Yen)

Category		Number of persons (Persons)	Total amount of remuneration	Breakdown			
				Monthly remuneration	Bonus	Special bonus	Share-based remuneration
Directors	Directors (Internal)	12	1,844	799	593	389	62
	Outside Directors	3	33	33	–	–	–
	Total	15	1,877	832	593	389	62
Corporate Auditors	Corporate Auditors (Internal)	2	70	70	–	–	–
	Outside Corporate Auditors	3	36	36	–	–	–
	Total	5	107	107	–	–	–

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

Notes: 1. The remuneration limit for Directors: ¥1.2 billion per year as monthly remuneration

(of that amount, ¥50 million per year for Outside Directors)

¥1.0 billion per year as the total amount of bonus for Directors

(excluding Outside Directors), separate from the remuneration amount above

(Both resolved at the General Meeting of Shareholders on June 24, 2011)

2. The remuneration limit for Corporate Auditors: ¥13 million per month

(Resolved at the General Meeting of Shareholders on June 29, 2005)

3. In response to fiscal 2017 consolidated net profit attributable to ITOCHU of 352.2 billion yen, an amount exceeding the 350.0 billion yen forecast for the full year and a record high for the company, ITOCHU Corporation has decided to pay a special bonus. This bonus is in accordance with the resolution of the Board of Directors held on January 19, 2017 after being examined by the Governance and Remuneration Committee, and it is to be paid for the purpose of providing incentive to further expanding ITOCHU Corporation's operating performance. The amount of special bonus paid shall be inside a range whereby the amount of special bonus and Director bonus combined ^(Note 1) does not exceed the bonus limit (1 billion yen per year). Please refer to "Overview of the Remuneration Plan for Directors and Corporate Auditors" on page 22 regarding the Remuneration Plan.

4. The introduction of performance-linked and share-based remuneration for Directors (Board Incentive Plan Trust "BIP") was approved at the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016. The total amount of share-based remuneration in the table is the recorded amount of expenses involving share granted points granted during this fiscal year related to BIP.

5. The retirement benefits system for directors and corporate auditors was abolished on the date of the 81st Ordinary General Meeting of Shareholders held on June 29, 2005, and it was resolved that directors and corporate auditors retaining their positions after the conclusion of the said General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished. Based on this, in addition to the payment amounts above, an ¥80 million retirement benefits was paid in July 2016 to one Director who retired during this fiscal year.

(4) Outside Directors and Outside Corporate Auditors

1) Relations Between ITOCHU Corporation and Organizations where Important Concurrent Occupations or Positions are Held

Category	Name	Organization	Title
Outside Director	Ichiro Fujisaki	NIPPON STEEL & SUMITOMO METAL CORPORATION	Outside Director
Outside Corporate Auditors	Shingo Majima	WIN-Partners Co., Ltd.	Outside Director
	Harufumi Mochizuki	Hitachi, Ltd.	Outside Director
		Tokyo Small and Medium Business Investment & Consultation CO., LTD.	President & CEO
	Kentarō Uryu	URYU & ITOGA	Attorney-At-Law, Managing Partner
		U&I Advisory Service Co., Ltd.	CEO
		GMO TECH, Inc.	Outside Director
Kyowa Hakko Kirin Co., Ltd.		Outside Company Auditor	

Note: There is no special relation between ITOCHU Corporation and the above organizations where important concurrent occupations or positions are held.

2) Primary Activities

Category	Name	Primary activities
Outside Directors	Ichiro Fujisaki	He attended 15 of the 16 meetings of the Board of Directors held during the current term. He mainly made statements from an objective and neutral position as an outside director based on his high level of knowledge regarding the international situation, economic matters and culture he accumulated in the course of his many years as a diplomatic official.
	Chikara Kawakita	He attended all of the 16 meetings of the Board of Directors held during the current term. He mainly made statements from an objective and neutral position as an outside director based on his high level of knowledge regarding fiscal, financial and taxation matters he accumulated in the course of his many years at the Ministry of Finance and the National Tax Agency.
	Atsuko Muraki	She attended all 12 meetings of the Board of Directors held since her appointment. She mainly made statements from an objective and neutral position as an outside director based on her high level of knowledge regarding social and personnel policy, accumulated in the course of her many years of experience at the Ministry of Health, Labour and Welfare (and the former Ministry of Labour).
Outside Corporate Auditors	Shingo Majima	He attended all of the 16 meetings of the Board of Directors and all of the 12 meetings of the Board of Corporate Auditors held during the current term. He mainly made statements from an objective and neutral position as an outside corporate auditor based on his wealth of experience and expertise on finance and accounting as a certified public accountant and university professor.
	Harufumi Mochizuki	He attended 15 of the 16 meetings of the Board of Directors and 11 of the 12 meetings of the Board of Corporate Auditors held during the current term. He mainly made statements from an objective and neutral position as an outside corporate auditor based on his wealth of experience and expertise in the field of economics and industrial policy as a government official at the Ministry of Economy, Trade and Industry (and the former Ministry of International Trade and Industry).
	Kentarō Uryu	He attended 14 of the 16 meetings of the Board of Directors and 11 of the 12 meetings of the Board of Corporate Auditors held during the current term. He made statements from an objective and neutral position, based on his wealth of experience and expertise as an attorney in wide-ranging fields of corporate legal matters.

3) Outline of Limitation of Liability Contracts

ITOCHU Corporation entered into a limitation of liability contract as stipulated in Article 423, Paragraph 1 of the Companies Act, with outside directors and outside corporate auditors pursuant to Article 427, Paragraph 1 of the same Act. Under this contract, liabilities for compensation are the lowest amount of liability stipulated by Article 425, Paragraph 1 of the Companies Act if they have acted in good faith and without gross negligence in performing their duties.

4. Status of Independent Auditor

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

(2) Remuneration of the Independent Auditor during the Current Term

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1) Amount of remuneration paid by ITOCHU Corporation to the Independent Auditor for audit certification in accordance with Article 2, Paragraph 1 of the Certified Public Accountants Law. | ¥590 million |
| 2) Total amount of remuneration paid by ITOCHU Corporation and its subsidiaries | ¥1,572 million |

Notes: 1. The audit agreement between the Independent Auditor and ITOCHU Corporation does not separately stipulate audit remunerations based on the Companies Act and the Financial Instruments and Exchange Act. Hence, the remuneration in 1) above includes remunerations for auditing based on the Financial Instruments and Exchange Act and auditing of financial statements in English based on International Financial Reporting Standards (IFRS).

2. ITOCHU Corporation has paid remuneration to the Independent Auditor for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law which include preparation of comfort letters, and such amount is included in the above 2) total amount of remuneration.

3. The Board of Corporate Auditors, having checked the auditing plans of the Independent Auditor and having investigated the status of its performance of duties in past fiscal years, the grounds for calculation of remuneration estimates, and other matters, has given consent to the remuneration for the Independent Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

4. Of the major subsidiaries and associated companies as described in “1. Current Conditions of the ITOCHU Group, (4) Status of Major Group Companies, 1) Major Subsidiaries and Associated Companies,” Orient Corporation is audited by Ernst & Young ShinNihon LLC, overseas subsidiaries and affiliates are audited by local auditing firms possessing similar qualifications under the relevant laws and regulations.

(3) Policy Regarding Decisions to Dismiss or Deny Reappointment of Independent Auditor

The Board of Corporate Auditors shall dismiss the Independent Auditor if any of the items of Article 340, Paragraph 1 of the Companies Act applies with respect to the Independent Auditor. In addition, if it is determined that the appropriateness and credibility of audits by the Independent Auditor cannot be ensured, the Board of Corporate Auditors shall decide on the content of the proposal to dismiss or deny the reappointment of the Independent Auditor to be submitted to the General Meeting of Shareholders.

5. Overview of the Basic Policy Regarding Internal Control Systems and the Operational Status Thereof

(1) Outline of Basic Policy Regarding the Internal Control System

ITOCHU Corporation has established the following internal control systems, which are necessary to ensure that directors' implementation of duties are in compliance with laws and statutory regulations and Articles of Incorporation and ensure the appropriateness of other operations. Below is a summary of the Basic Policy regarding the Internal Control System, which the Board of Directors approved on April 19, 2006. (It was partially revised as of May 6, 2016.)

1) System to Ensure Compliance by Directors and Employees to Laws, Regulations and the Articles of Incorporation

[Corporate Governance]

- 1) As the decision-making body, the Board of Directors, consisting of Directors and Outside Directors, is to decide important matters in accordance with laws and regulations, the Articles of Incorporation, the "Board of Directors Regulations", and other internal regulations, and as the supervisory body, the Board of Directors is to supervise the performance of the directors.
- 2) Each director is to carry out such director's functions and duties as designated by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, resolutions by the Board of Directors, and internal regulations.
- 3) ITOCHU Corporation is to adopt the Executive Officer System to strengthen the decision-making function and supervisory function of the Board of Directors, and to streamline executive decision-making. Based on the approval of the Board of Directors, executive officers implement their designated duties based on delegation from the Board of Directors and representative directors.
- 4) The corporate auditors are to oversee the performance of the directors based on the "Board of Corporate Auditors Regulations" and "Auditors' Auditing Standards".

[Compliance]

- 1) Directors, executive officers and employees are to conduct themselves in accordance with the ITOCHU Group Corporate Philosophy and the ITOCHU Group Code of Conduct.
- 2) ITOCHU Corporation is to designate a representative director as the chief officer responsible for supervising compliance and also establish the Compliance Committee and a department that oversees all compliance matters. In addition, the "ITOCHU Group Compliance Program" is to be created to further enhance our compliance system.

[Internal Control to Ensure Reliability of Financial Reporting]

- 1) ITOCHU Corporation is to have in place internal regulations concerning commercial transactions management and accounting, and is to create the position of CFO (Chief Financial Officer) to ensure the reliability of financial reporting.
- 2) ITOCHU Corporation is to establish the Disclosure Committee and regularly review and improve the development and implementation status of the internal control systems to ensure the reliability of financial reporting.

[Internal Audits]

ITOCHU Corporation is to establish the Internal Audit Division under the direct control of the President & Chief Executive Officer. The Internal Audit Division is to regularly implement internal audits of all aspects of business operations based on the "Audit Regulations". Such internal audits are to examine compliance with laws and regulations, the Articles of Incorporation, and internal regulations, as well as, among other matters, the appropriateness of the procedures and nature of the exercise of duties and responsibilities.

2) System for the Storage and Preservation of Information Related to Director Duties

The directors are to appropriately store and preserve important documents and related materials concerning the performance of their duties, including the minutes of the General Meeting of Shareholders, in accordance with the “Information Management Regulations”, the “Document Management Rules” and other internal regulations. All documents and information so stored and preserved are to be subject to inspection by the directors and auditors at any time. Further, ITOCHU Corporation will establish departments responsible for the timely disclosure of important corporate information and other information. At the same time, directors will rapidly and comprehensively gather information that requires disclosure and implement timely and appropriate disclosure in compliance with laws and statutory regulations.

3) Regulations Concerning the Management of the Risk of Loss and Other Relevant Risk Management System

To adequately address the various risks associated with our business operations, such as market risk, credit risk, country risk, and investment risk, ITOCHU Corporation is to establish internal committees and responsible departments, and is to develop the necessary risk management system and risk management techniques, for example establishing a full range of management regulations, investment criteria, risk limits and transaction limits, and developing reporting and monitoring systems, and managing company-wide as well as matter-specific risks. Furthermore, ITOCHU Corporation is to regularly review the effectiveness of the risk management system.

4) System to Ensure Efficient Performance of Directors

[The HMC and Other Internal Committees]

The HMC (Headquarters Management Committee) as a supporting body to the President & Chief Executive Officer, and a number of other internal committees, are to facilitate the proper and agile decision-making by the President & Chief Executive Officer and the Board of Directors.

[Division Company System]

Under the Division Company System, the position of Division Company president is to be created at each Company, and each Company is to manage its business autonomously in accordance with laws and regulations, the Articles of Incorporation, and internal regulations. Furthermore, each Company is to establish its own numerical targets, and regularly evaluate its performance by comparing against such numerical targets.

[Clearly Define the Scope of Authority and Responsibilities]

In order to ensure the appropriateness and efficiency of the performance of the management, ITOCHU Corporation is to develop internal regulations to clearly define the scope of authority and responsibilities of each corporate officer and divisional manager.

5) System to Ensure the Adequacy of Operations of the ITOCHU Group (Consisting of ITOCHU and Its Subsidiaries)

[Subsidiary Management and Reporting System]

- 1) ITOCHU Corporation is to establish a department that oversees all the subsidiaries. Furthermore, relevant departments within ITOCHU Corporation are to exercise jurisdiction over their responsible subsidiaries, and provide managerial guidance to such subsidiaries in accordance with the internal regulations concerning consolidated company management. In principle, ITOCHU Corporation is to send directors and corporate auditors to each subsidiary to ensure the adequacy of the subsidiary’s operations.
- 2) With respect to subsidiaries that ITOCHU Corporation owns indirectly through its directly-owned subsidiaries, ITOCHU Corporation is to strive to ensure the adequacy of operations by such indirectly-owned subsidiaries in accordance with this Basic Policy by way of, in principle, causing directly-owned subsidiaries to provide managerial guidance to indirectly-owned subsidiaries.

- 3) With respect to important matters on the management of subsidiaries, ITOCHU Corporation is to, in principle, agree and specify with each subsidiary what matters will require the prior approval of or reporting to ITOCHU Corporation, as appropriate, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted.

[Rules and Other Systems to Manage the Risk of Loss at Subsidiaries]

ITOCHU Corporation is to identify the subsidiaries which shall be subject to our Group-wide risk management in respect of each risk category, taking into account, among others, each subsidiary's nature and size of business and whether it is listed or unlisted. In addition, ITOCHU Corporation is to periodically review the effectiveness of such Group-wide management system.

[System to Ensure the Efficient Performance of Duties by Directors, etc. of Subsidiaries]

ITOCHU Corporation is to formulate a management plan on a consolidated basis and undertake managerial guidance of subsidiaries in order to attain the said management plan as well as to provide support to subsidiaries such as provision of group financing from ITOCHU Corporation.

[System to Ensure Compliance by Directors, etc. and Employees of Subsidiaries to Laws, Regulations and the Articles of Incorporation]

- 1) In principle, ITOCHU Corporation is to send directors and corporate auditors to each subsidiary and strive to ensure that the performance of duties of directors, etc. and employees of a subsidiary complies with laws and regulations, and the Articles of Incorporation of such subsidiary through supervision and audit of the performance of duties at the subsidiary by the said directors and auditors sent from ITOCHU Corporation.
- 2) ITOCHU Corporation is to provide guidance to its subsidiaries for the purpose of implementing a compliance system under the "ITOCHU Group Compliance Program" and to perform periodic monitoring and review of the implementation status of the relevant matters as well as providing education and training at subsidiaries whenever necessary for the purpose of securing compliance by the entire ITOCHU Group.
- 3) All of the operations and activities of the subsidiaries are to be subject to internal audits by the Internal Audit Division.

6) Matters Concerning Supporting Personnel to Corporate Auditors, Independence of Such Personnel from the Directors and Ensuring the Effectiveness of Instructions to Such Personnel

ITOCHU Corporation is to establish the Corporate Auditors' Office under the direct jurisdiction of the Board of Corporate Auditors and is to put in place full-time employees with the sole responsibility of supporting the work of the corporate auditors. The supervisory authority over such employees is to belong exclusively to the corporate auditors, and evaluation of such employees is to be carried out by the corporate auditor designated by the Board of Corporate Auditors. Any transfer orders or disciplinary actions relating to such employees are to require prior approval by such corporate auditor.

7) System for Reporting by Directors and Employees to Corporate Auditors

[Attendance at Important Meetings]

The corporate auditors are to attend meetings of the Board of Directors, the HMC meetings, and other important meetings, and interview the directors and other relevant persons regarding the performance of their duties. In addition, the corporate auditors are to have the right to inspect all relevant materials.

[Reporting System]

- 1) The directors and corporate officers are to regularly report to the corporate auditors about their performance. Furthermore, in addition to the matters required by laws and regulations, the directors and corporate officers are to report all the decisions that could have a major impact on the finance or business of ITOCHU Corporation to the corporate auditors immediately after such decisions are made.
- 2) Employees are to have the right to report directly to the corporate auditors any matters that could cause serious damage to ITOCHU Corporation.
- 3) In the “ITOCHU Group Compliance Program”, ITOCHU Corporation is to explicitly prohibit disadvantageous treatment of directors and employees who have reported to the corporate auditors and to ensure thorough familiarization with this prohibition.

8) System for Reporting by Directors, Corporate Auditors and Employees of Subsidiaries or by a Person who Received a Report from Them to Corporate Auditors

[Reporting System]

- 1) The directors and corporate auditors of subsidiaries may report directly to the corporate auditors of ITOCHU Corporation any matters that could cause serious damage to the said subsidiary.
- 2) A department that oversees compliance is to periodically report to the corporate auditors of ITOCHU Corporation a summary of matters that could cause serious damage to a subsidiary that were reported by the officers and employees of the said subsidiary.
- 3) In the “ITOCHU Group Compliance Program”, ITOCHU Corporation is to explicitly prohibit disadvantageous treatment of persons who have reported to the corporate auditors under the provisions listed above and to ensure full familiarization with this prohibition.

9) Matters Concerning Policy on Procedures for Prepayment or Refund of Expenses Arising in Relation to Performance of Duties of Corporate Auditors and Processing of Expenses or Obligations Arising in Relation to the Performance of Other Duties

When a corporate auditor claims prepayment, etc. from ITOCHU Corporation in relation to the performance of duties under Article 388 of the Companies Act, we are to process the relevant expense or claim promptly upon confirmation by the responsible department.

10) Other Relevant Systems to Ensure the Proper Functioning of Audits

[Coordination with the Corporate Auditors by the Internal Audit Division]

The Internal Audit Division is to maintain close communication and coordination with the corporate auditors with respect to matters such as formulation of the internal audit plan for each business year, and internal audit results.

[Retaining Outside Experts]

When deemed necessary, the corporate auditors are to independently retain outside experts for the implementation of an audit.

(2) Overview of the Operational Status of Internal Control Systems

For the proper operation of internal control systems, ITOCHU Corporation has adopted a system by which it further segments items stipulated by the Basic Policy into more detailed confirmatory items in respect of each fiscal year, and, after setting the department in charge of each of these confirmatory items, conducts checks of the construction and the operational status of internal control systems by each department (and by other related internal committees) at the Internal Control Committee meetings held each half year. The Internal Control Committee, chaired by the Chief Strategy & Information Officer and with the Corporate Planning & Administration Division as its secretariat, consists of the Chief Administrative Officer, Chief Financial Officer, General Manager of Internal Audit Division, and an external expert (attorney) as members. Corporate Auditors also attend the meetings and voice opinions every time.

At its meetings, the Internal Control Committee verifies the content of checklists summarizing achievement status, issues, etc. for each of the above confirmatory items, as submitted by the departments in charge of each. It also confirms the construction and operational status of internal control systems by verifying the content of individual reports from the departments in charge, with respect to important matters such as systems to ensure the reliability of financial reporting, compliance systems, systems to manage the risk of losses, and the construction and operational status of internal control systems in the ITOCHU Group.

The results of deliberations by the Internal Control Committee are reported once per year to the HMC and the Board of Directors, the latter of which conducts a full-year evaluation of the construction and operational status of internal control systems.

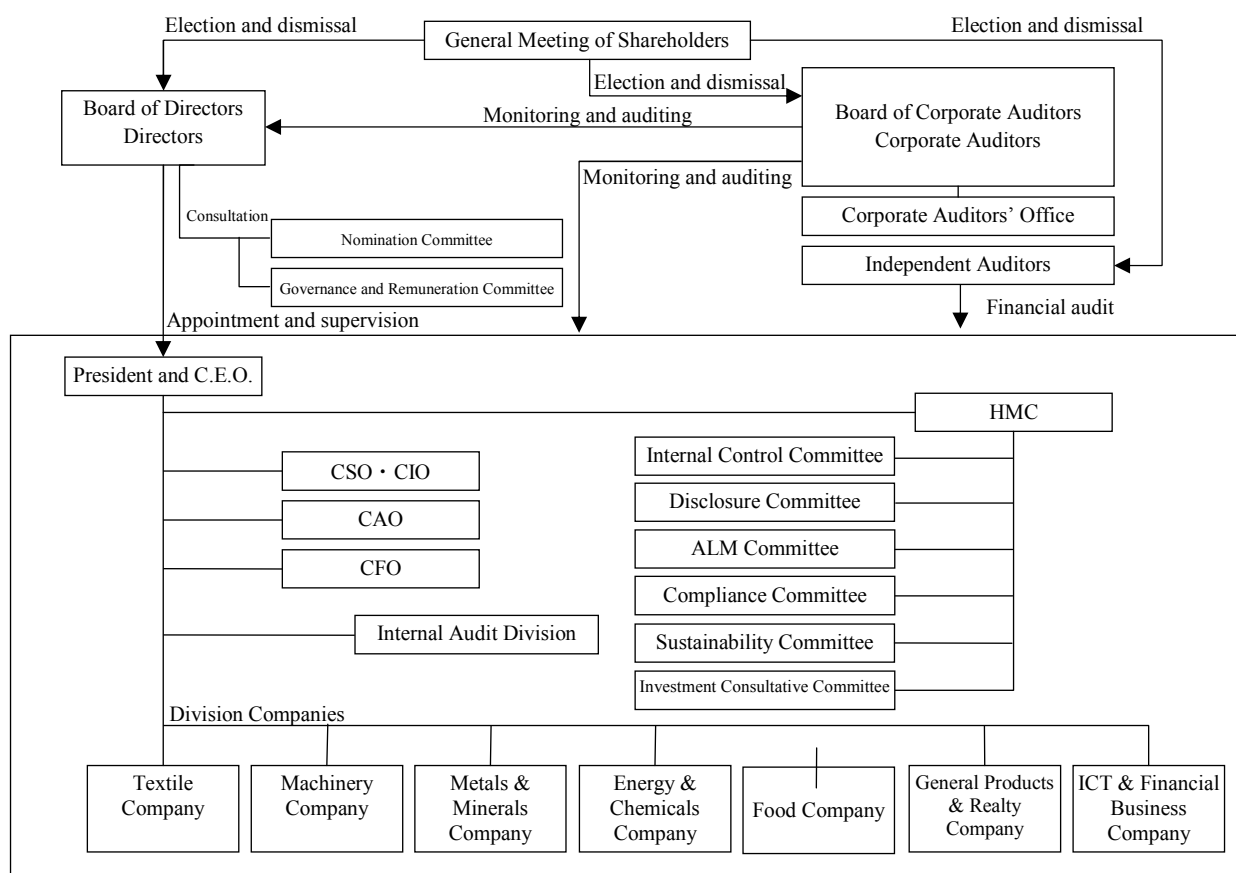
Regarding the meetings of main internal committees related to internal control in FY2017, the Internal Control Committee met 2 times, the Compliance Committee met 2 times, and the Asset Liability Management (ALM) Committee met 11 times.

Our internal control systems are constructed on the base of the ITOCHU Group, consisting of ITOCHU Corporation and its subsidiaries, and the operational status of the Group base internal control systems, and the construction and operational status of internal control systems in subsidiaries, are reported regularly to the Internal Control Committee.

We intend to revise and improve these internal control systems tirelessly in order to build systems that are even more appropriate and efficient. Further, a meeting of the Board of Directors convened on May 2, 2017, evaluated the development and implementation status of each item enumerated in the Basic Policy regarding the Internal Control System for the fiscal year ended March 31, 2017 and confirmed that there were no significant deficiencies or defects.

ITOCHU's Corporate Governance and Overview of Internal Control System

(as of April 1, 2017)



- Notes: 1. HMC: Headquarters Management Committee CSO·CIO: Chief Strategy & Information Officer
 CAO: Chief Administrative Officer CFO: Chief Financial Officer ALM: Asset Liability Management
 2. CAO is the chief officer for compliance. Also, each Division Company has a Division Company president.
 3. Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

Consolidated Statement of Financial Position

ITOCHU Corporation and its Subsidiaries
As of March 31, 2017 and 2016

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

Assets	Millions of Yen	
	2017	2016 (Reference)
Current assets:		
Cash and cash equivalents	¥ 605,589	¥ 632,871
Time deposits	8,381	7,650
Trade receivables	1,949,049	1,843,541
Other current receivables	74,322	129,769
Other current financial assets	28,999	35,485
Inventories	775,396	717,124
Advances to suppliers	161,855	194,317
Other current assets	97,224	106,745
Total current assets	3,700,815	3,667,502
Non-current assets:		
Investments accounted for by the equity method	1,626,583	1,500,094
Other investments	793,589	804,585
Non-current receivables	656,774	634,324
Non-current financial assets other than investments and receivables	118,511	133,202
Property, plant and equipment	680,375	701,565
Investment property	26,605	29,132
Goodwill and intangible assets	369,378	405,862
Deferred tax assets	54,660	63,814
Other non-current assets	94,742	96,315
Total non-current assets	4,421,217	4,368,893
Total assets	¥ 8,122,032	¥ 8,036,395

Note: ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

Liabilities and Equity	Millions of Yen	
	2017	2016 (Reference)
Current liabilities:		
Short-term debentures and borrowings	¥ 563,033	¥ 426,820
Trade payables	1,588,783	1,469,505
Other current payables	53,494	67,837
Other current financial liabilities	15,729	25,164
Current tax liabilities	40,660	29,375
Advances from customers	149,921	170,194
Other current liabilities	288,785	284,303
Total current liabilities	2,700,405	2,473,198
Non-current liabilities:		
Long-term debentures and borrowings	2,381,620	2,769,345
Other non-current financial liabilities	108,333	105,722
Non-current liabilities for employee benefits	59,614	67,639
Deferred tax liabilities	123,374	79,637
Other non-current liabilities	85,875	88,799
Total non-current liabilities	2,758,816	3,111,142
Total liabilities	5,459,221	5,584,340
Equity:		
Common stock	253,448	253,448
Capital surplus	162,038	156,688
Retained earnings	2,020,018	1,748,375
Other components of equity:		
Translation adjustments	137,085	202,795
FVTOCI financial assets	(50,353)	(51,630)
Cash flow hedges	1,997	(10,415)
Total other components of equity	88,729	140,750
Treasury stock	(122,340)	(105,584)
Total shareholders' equity	2,401,893	2,193,677
Non-controlling interests	260,918	258,378
Total equity	2,662,811	2,452,055
Total liabilities and equity	¥ 8,122,032	¥ 8,036,395

Note: ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

Consolidated Statement of Comprehensive Income

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2017 and 2016

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

	Millions of Yen	
	2017	2016 (Reference)
Revenues:		
Revenues from sale of goods	¥ 4,115,568	¥ 4,362,159
Revenues from rendering of services and royalties	722,896	721,377
Total revenues	4,838,464	5,083,536
Cost:		
Cost of sale of goods	(3,209,289)	(3,483,362)
Cost of rendering of services and royalties	(535,713)	(530,463)
Total cost	(3,745,002)	(4,013,825)
Gross trading profit	1,093,462	1,069,711
Other gains (losses):		
Selling, general and administrative expenses	(801,837)	(835,518)
Provision for doubtful accounts	(3,226)	(7,775)
Gains on investments	32,144	72,680
Losses on property, plant, equipment and intangible assets	(16,696)	(155,104)
Other-net	(5,425)	(6,046)
Total other-losses	(795,040)	(931,763)
Financial income (loss):		
Interest income	26,625	28,518
Dividends received	19,901	37,491
Interest expense	(30,251)	(28,918)
Total financial income	16,275	37,091
Equity in earnings of associates and joint ventures	185,158	147,710
Profit before tax	499,855	322,749
Income tax expense	(125,262)	(46,381)
Net Profit	374,593	276,368
Net profit attributable to ITOCHU	¥ 352,221	¥ 240,376
Net profit attributable to non-controlling interests	22,372	35,992
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss:		
FVTOCI financial assets	263	(222,543)
Remeasurement of net defined pension liability	6,017	(8,468)
Other comprehensive income in associates and joint ventures	(4,115)	(8,857)
Items that will be reclassified to profit or loss:		
Translation adjustments	(11,789)	(76,932)
Cash flow hedges	5,674	(2,101)
Other comprehensive income in associates and joint ventures	(47,278)	(86,126)
Total other comprehensive income, net of tax	(51,228)	(405,027)
Total comprehensive income	323,365	(128,659)
Total comprehensive income attributable to ITOCHU	¥ 303,063	¥ (144,777)
Total comprehensive income attributable to non-controlling interests	20,302	16,118

Note: ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

Consolidated Statement of Changes in Equity

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2017 and 2016

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

	Millions of Yen	
	2017	2016 (Reference)
Common stock:		
Balance at the beginning of the year	¥ 253,448	¥ 253,448
Balance at the end of the year	253,448	253,448
Capital surplus:		
Balance at the beginning of the year	156,688	164,154
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interest	5,350	(7,466)
Balance at the end of the year	162,038	156,688
Retained earnings:		
Balance at the beginning of the year	1,748,375	1,587,318
Net profit attributable to ITOCHU	352,221	240,376
Transfer from other components of equity	2,459	(3,397)
Cash dividends	(83,037)	(75,922)
Balance at the end of the year	2,020,018	1,748,375
Other components of equity:		
Balance at the beginning of the year	140,750	532,424
Other comprehensive income attributable to ITOCHU	(49,158)	(385,153)
Transfer to retained earnings	(2,459)	3,397
Transfer to non-financial assets	—	(9,807)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interest	(404)	(111)
Balance at the end of the year	88,729	140,750
Treasury stock:		
Balance at the beginning of the year	(105,584)	(104,142)
Net change in treasury stock	(16,756)	(1,442)
Balance at the end of the year	(122,340)	(105,584)
Total shareholders' equity	2,401,893	2,193,677
Non-controlling interests:		
Balance at the beginning of the year	258,378	315,049
Net profit attributable to non-controlling interests	22,372	35,992
Other comprehensive income attributable to non-controlling interests	(2,070)	(19,874)
Cash dividends to non-controlling interests	(9,726)	(9,228)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interest	(8,036)	(63,561)
Balance at the end of the year	260,918	258,378
Total equity	¥ 2,662,811	¥ 2,452,055

Note: ITOCHU Corporation prepared the consolidated financial statements in conformity with IFRS.

Non-Consolidated Balance Sheet

ITOCHU Corporation

As of March 31, 2017 and 2016

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

Assets	Millions of Yen	
	2017	2016 (Reference)
Current assets:		
Cash and deposits with banks	¥ 303,395	¥ 412,569
Trade notes receivable	32,396	35,476
Trade accounts receivable	600,942	553,547
Inventories	181,819	169,875
Prepaid expenses	5,111	6,444
Deferred tax assets	5,037	4,475
Short-term loans receivable	590	3,854
Short-term loans receivable from subsidiaries and associated companies	222,022	218,204
Other current assets	106,913	125,569
Allowance for doubtful receivables	(281)	(709)
Total current assets	1,457,944	1,529,304
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	15,966	17,217
Land	28,889	28,906
Others	3,383	4,122
Total property, plant and equipment net of accumulated depreciation	48,238	50,245
Intangible assets:		
Software	10,814	7,520
Others	9,199	10,440
Total intangible assets	20,013	17,960
Investments and other assets:		
Investments in securities	215,221	232,982
Investments in subsidiaries' and associated companies' equity securities	1,297,778	1,330,297
Investments in subsidiaries' and associated companies' securities other than equity securities and corporate bonds	22,360	25,824
Investments in equity interests	29,526	32,234
Investments in subsidiaries' and associated companies' equity interests	67,843	61,942
Long-term loans receivable	3,361	8,087
Long-term loans receivable from subsidiaries and associated companies	38,526	55,551
Claims provable in bankruptcy	24,629	79,951
Prepaid pension cost	5,573	12,027
Deferred tax assets	—	1,244
Other investments	18,400	11,080
Allowance for doubtful receivables	(26,972)	(78,717)
Allowance for loss on investments	(5,345)	(3,357)
Total investments and other assets	1,690,900	1,769,145
Total non-current assets	1,759,151	1,837,350
Total Assets	¥ 3,217,095	¥ 3,366,654

Liabilities and Equity	Millions of Yen	
	2017	2016 (Reference)
Current liabilities:		
Trade notes payable	¥ 146,357	¥ 137,438
Trade accounts payable	384,300	339,589
Short-term debt	243,198	177,892
Commercial papers	–	50,000
Bonds, due within one year	70,000	55,000
Other payable	19,928	19,163
Accrued expenses	68,129	62,865
Income taxes payable	3,322	315
Advances from customers	13,622	16,309
Deposits received	198,425	159,932
Deferred income	6,057	5,974
Other current liabilities	5,414	10,457
Total current liabilities	1,158,752	1,034,934
Non-current liabilities:		
Bonds	316,219	386,268
Long-term debt	668,022	960,497
Deferred tax liabilities	15,960	–
Provision for retirement benefits for employees	378	360
Provision for stock benefits	540	331
Provision for retirement benefits for directors, corporate auditors and executive officers	31	112
Provision for loss on guarantees	16,431	19,596
Other non-current liabilities	65,036	37,431
Total non-current liabilities	1,082,617	1,404,595
Total liabilities	2,241,369	2,439,529
Equity	925,138	888,258
Common stock	253,448	253,448
Capital surplus	62,602	62,602
Additional paid-in capital	62,600	62,600
Other capital surplus	2	2
Retained earnings	730,414	676,778
Legal reserve	36,323	36,323
Other retained earnings		
Retained earnings unappropriated	694,091	640,455
Treasury stock, at cost	(121,326)	(104,570)
Valuation, translation adjustments and others	50,588	38,867
Unrealized gain on available-for-sale securities	35,223	38,239
Deferred gain on derivatives under hedge accounting	15,365	628
Total equity	975,726	927,125
Total Liabilities and Equity	¥ 3,217,095	¥ 3,366,654

Non-Consolidated Statement of Income

ITOCHU Corporation

Years ended March 31, 2017 and 2016

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

	Millions of Yen	
	2017	2016 (Reference)
Total trading transactions	¥ 4,470,329	¥ 5,203,725
Cost of trading transactions	4,331,191	5,064,236
Gross trading profit	139,138	139,489
Selling, general and administrative expenses	122,883	127,863
Operating income	16,255	11,626
Other income:		
Interest income	5,214	5,773
Dividends received	164,635	182,899
Others	20,638	25,323
Total other income	190,487	213,995
Other expenses:		
Interest expense	5,056	7,794
Others	16,793	14,402
Total other expenses	21,849	22,196
Ordinary income	184,893	203,425
Extraordinary gains:		
Gain on sales of property, plant and equipment	660	533
Gain on sales of investments in securities	15,631	33,166
Total extraordinary gains	16,291	33,699
Extraordinary losses:		
Loss on sales of property, plant and equipment	26	72
Loss on investments in subsidiaries and associated companies	41,392	124,668
Loss on sales of investments in securities	2,127	481
Loss on devaluation of investments in securities	2,199	957
Loss on impairment of long-lived assets	1,043	61
Total extraordinary losses	46,787	126,239
Profit before income taxes	154,397	110,885
Income taxes — current	6,587	3,159
Income taxes — deferred	11,137	(7,575)
Net profit	¥ 136,673	¥ 115,301

Non-Consolidated Statement of Changes in Equity

ITOCHU Corporation

Year ended March 31, 2017

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(Millions of Yen)

	Equity									Valuation, translation adjustments and others			Total equity	
	Common stock	Capital surplus			Retained earnings				Treasury stock, at cost	Total shareholders' equity	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting		Total valuation, translation adjustments and others
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings						
						Reserve for overseas investment loss	Retained earnings unappropriated							
Balance at beginning of year	253,448	62,600	2	62,602	36,323	—	640,455	676,778	(104,570)	888,258	38,239	628	38,867	927,125
Changes during the year														
Dividends							(83,037)	(83,037)		(83,037)				(83,037)
Reversal of reserve for overseas investment loss										—				—
Net profit							136,673	136,673		136,673				136,673
Purchase of treasury stock									(16,773)	(16,773)				(16,773)
Disposal of treasury stock			0	0					17	17				17
Net changes of items other than stockholders' equity											(3,016)	14,737	11,721	11,721
Net change in the year	—	—	0	0	—	—	53,636	53,636	(16,756)	36,880	(3,016)	14,737	11,721	48,601
Balance at end of year	253,448	62,600	2	62,602	36,323	—	694,091	730,414	(121,326)	925,138	35,223	15,365	50,588	975,726

Non-Consolidated Statement of Changes in Equity

ITOCHU Corporation

Year ended March 31, 2016 (reference)

(Amount less than 1 million yen have been rounded to the nearest 1 million yen)

(Millions of Yen)

	Equity									Valuation, translation adjustments and others			Total equity	
	Common stock	Capital surplus			Retained earnings				Treasury stock, at cost	Total shareholders' equity	Unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting		Total valuation, translation adjustments and others
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings						
						Reserve for overseas investment loss	Retained earnings unappropriated							
Balance at beginning of year	253,448	62,600	1	62,601	36,323	1,752	599,324	637,399	(103,064)	850,384	103,334	2,296	105,630	956,014
Changes during the year														
Dividends							(75,922)	(75,922)		(75,922)				(75,922)
Reversal of reserve for overseas investment loss						(1,752)	1,752	—		—				—
Net profit							115,301	115,301		115,301				115,301
Purchase of treasury stock									(1,510)	(1,510)				(1,510)
Disposal of treasury stock			1	1					4	5				5
Net changes of items other than stockholders' equity											(65,095)	(1,668)	(66,763)	(66,763)
Net change in the year	—	—	1	1	—	(1,752)	41,131	39,379	(1,506)	37,874	(65,095)	(1,668)	(66,763)	(28,889)
Balance at end of year	253,448	62,600	2	62,602	36,323	—	640,455	676,778	(104,570)	888,258	38,239	628	38,867	927,125

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 12, 2017

To the Board of Directors of
ITOCHU Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Masahiro Ishizuka
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Haruko Nagayama
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Hiroyuki Yamada
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Tadashi Nakayasu

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2017 of ITOCHU Corporation (the "Company") and its subsidiaries, and the consolidated statement of comprehensive income and consolidated statement of changes in equity for the fiscal year from April 1, 2016 to March 31, 2017, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of ITOCHU Corporation and its subsidiaries as of March 31, 2017, and the results of their operations for the year then ended.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and “the related notes” referred to in this report are not included in the attached financial documents.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 12, 2017

To the Board of Directors of
ITOCHU Corporation:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Masahiro Ishizuka
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Haruko Nagayama
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Hiroyuki Yamada
Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Tadashi Nakayasu

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet as of March 31, 2017 of ITOCHU Corporation (the "Company"), and the non-consolidated statements of income and changes in equity for the 93rd fiscal year from April 1, 2016 to March 31, 2017, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the non-consolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of ITOCHU Corporation as of March 31, 2017, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the related notes and the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

(Translation)

AUDIT REPORT OF THE BOARD OF CORPORATE AUDITORS

This audit report was prepared following the discussions based on the respective audit reports of each Corporate Auditor concerning the conduct of the Directors in the performance of their duties during the 93rd fiscal year from April 1, 2016 to March 31, 2017. The Board of Corporate Auditors submits its report as follows.

1. Methods and Details of the Audit by the Corporate Auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established the policies of audit, the division of duties and other matters, and received reports from each Corporate Auditor on the status and results of its audits. In addition, the Board of Corporate Auditors received reports from the Directors, etc., and the Independent Auditor regarding the performance of their duties, and requested explanations as necessary.

In accordance with the policies of audit, division of duties and the standards for the Corporate Auditors as established by the Board of Corporate Auditors, each Corporate Auditor communicated with the Directors, the Internal Audit Department, employees and others, committed to gather information and to enhance the audit environment, attended the meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and others regarding the performance of their duties, requested explanations as necessary, and inspected important documents supporting decisions and other records and examined the status of operations and assets at the head office and important operating locations. In addition, the Board of Corporate Auditors periodically received reports from the Directors, employees and others, requested explanations as necessary, inspected important documents supporting decisions and other records, and expressed opinions regarding the details of the Board of Directors' resolutions and the system that is developed and operated in accordance with such resolution concerning the development of system to ensure that Directors' performance of their duties are in compliance with the laws and regulations, and Articles of Incorporation and the system to ensure the adequacy of operations of the ITOCHU Group consisting of ITOCHU Corporation and its subsidiaries as stipulated under Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of Company Act (internal control system).

As for the subsidiaries, each Corporate Auditor promoted communications with the directors, corporate auditors and, etc. of the subsidiaries, and received reports on the business of the subsidiaries as necessary.

Based on the above-mentioned methods, the business report and its supplemental schedules for the fiscal year under review were examined.

Moreover, each Corporate Auditor monitored and verified whether the Independent Auditor, Deloitte Touche Tohmatsu LLC, maintained independence and conducted proper audit, received reports from the Independent Auditor regarding the status of the performance of its duties, and requested explanations as necessary.

The Board of Corporate Auditors also received the notification from the Independent Auditor that it had established a "system to ensure appropriate performance of its duties" (pursuant to Article 131 of the Company Accounting Regulations) in accordance with the "Quality Control Standards for Auditing" (issued by the Business Accounting Council on October 28, 2005), and requested explanation as necessary.

Based on the above-mentioned methods, the Board of Corporate Auditors examined the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statements of income, the non-consolidated statements of changes in equity, and the notes to non-consolidated financial statements) and the accompanying supplemental schedules as well as the consolidated financial statements (the consolidated statements of financial position, the consolidated statements of income, the consolidated statements of changes in equity, and the notes to consolidated financial statements) for the fiscal year under review.

2. Results of Audit

(1) Results of Audit of Business Reports, etc.

We confirm as follows;

(a) The business report and the accompanying supplemental schedules present the Company's situation correctly in accordance with laws and regulations, and the Articles of Incorporation of the Company.

(b) There was no improper behavior, or serious violation of any applicable laws and regulations or of the Articles of Incorporation of the Company concerning the Directors' performance of their duties.

(c) The details of the Board of Directors resolutions concerning the internal control system were appropriate and adequate. Furthermore, there was no matter we must point out, regarding the description of the internal control system in the business report and the Directors' performance of their duties concerning the internal control system.

(2) Results of Audit of Non-Consolidated Financial Statements and the Accompanying Supplemental Schedules

We confirm that the auditing method and results of the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We confirm that the auditing method and results of the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 12, 2017

ITOCHU Corporation Board of Corporate Auditors

Yoshio Akamatsu
Corporate Auditor (full time)

Kiyoshi Yamaguchi
Corporate Auditor (full time)

Shingo Majima
Outside Corporate Auditor

Harufumi Mochizuki
Outside Corporate Auditor

Kentaro Uryu
Outside Corporate Auditor

End