

Operating Segments

Textile Company

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



President,
Textile Company
Shuichi Koseki

Strengths

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



Business Fields

Raw Materials for Clothing / Industrial Materials

Fiber, raw materials, textile fabrics, lining, garment materials, and functional materials

All kinds of fiber materials for industry and manufacturing, such as automobiles, aircraft, electronics, building materials, and engineering, as well as general merchandise

Apparel

All types of garments from men's and women's fashion, shirts, denim, underwear, sportswear, and uniforms

Brand Business

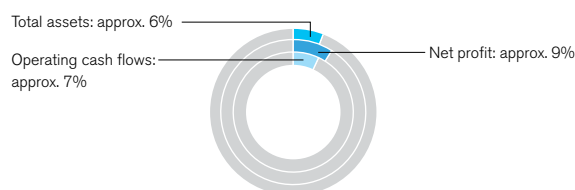
Businesses focusing on import licenses for lifestyle brands, fashion accessories and garments in a wide range of areas, such as luxury, casual, and sports

Organization

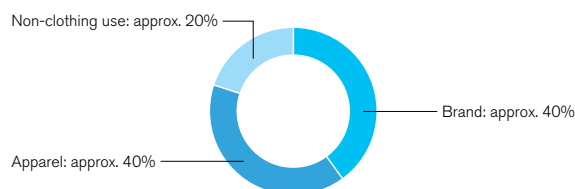


Front row, from left
Masahiro Morofuji, Executive Vice President, Textile Company;
Chief Operating Officer, Brand Marketing Division 1
Shiro Hayashi, Chief Operating Officer, Apparel Division 1
Back row, from left
Motonari Shimizu, Chief Operating Officer, Apparel Division 2
Kensuke Hosomi, Chief Operating Officer, Brand Marketing Division 2
Tatsuya Izumi, CFO
Shoji Miura, General Manager, Planning & Administration Department

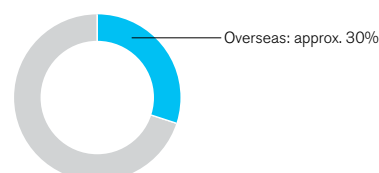
Percentage of the Total for ITOCHU (image)



Composition by Segment (image)

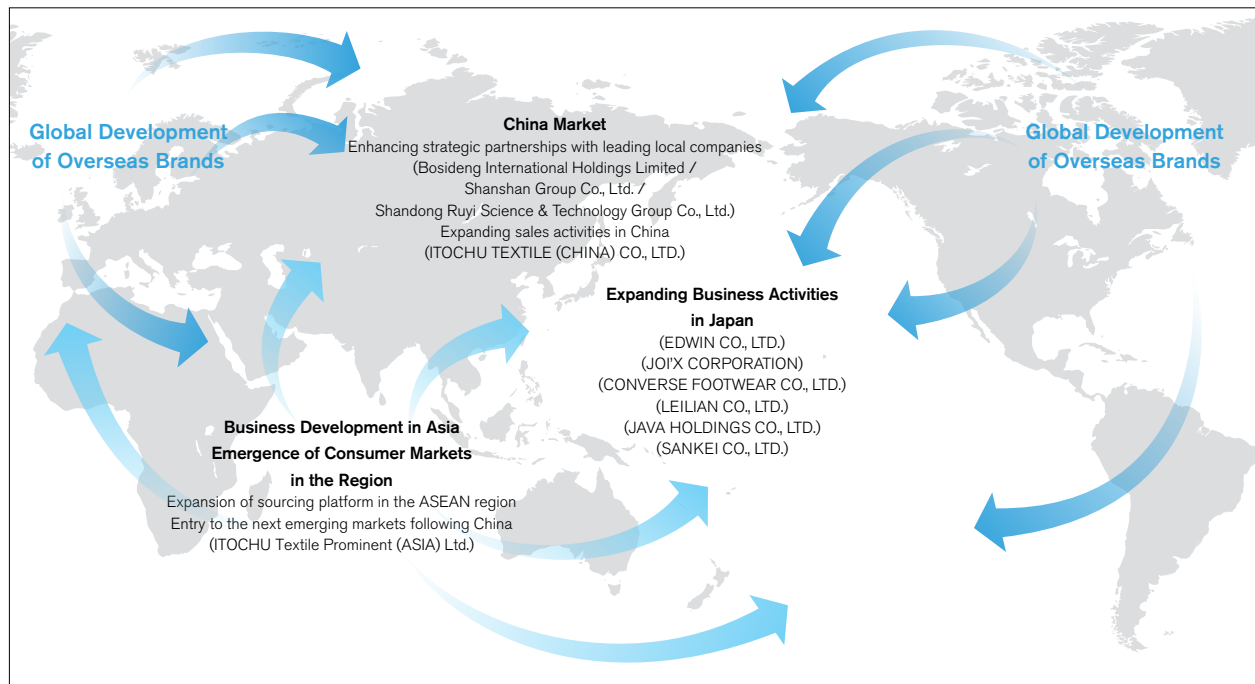


Percentage of Earnings from Overseas Businesses (image)



- Textile Company
- Machinery Company
- Metals & Minerals Company
- Energy & Chemicals Company
- Food Company
- General Products & Realty Company
- ICT & Financial Business Company

Business Portfolio



Overview of FYE 2016

Net profit attributable to ITOCHU decreased ¥17.5 billion year on year, to ¥14.5 billion, despite the posting of an unordinary gain from the conversion of a China-related company from an associated company to other investments. The decline was mainly due to lower trading income and the impairment losses to treat potential future risks.

Business Results Note: Based on U.S. GAAP from FYE 2012 through FYE 2014

Years ended March 31	2012	2013	2014	2015	2016
Total assets	433.4	486.8	504.5	555.8	524.5
ROA	5.8%	6.8%	6.5%	6.2%	2.7%
Trading income	25.2	33.3	29.2	29.2	22.7
Equity in earnings of associated companies / associates and joint ventures	5.9	12.6	11.7	11.7	9.5
Net profit attributable to ITOCHU	24.4	31.2	32.5	32.0	14.5

Breakdown of Net Profit (Loss) Attributable to ITOCHU by Major Group Companies

ITOCHU Textile Prominent (ASIA) Ltd.*	1.0	1.1	2.0	1.4	0.9
ITOCHU TEXTILE (CHINA) CO., LTD.	1.1	1.3	1.2	1.2	0.9
JOI'X CORPORATION	(0.3)	1.3	1.3	1.3	1.1
SANKEI CO., LTD.	4.0	1.6	1.5	2.6	1.0
[Subtotal]	[5.8]	[5.3]	[6.0]	[6.5]	[3.9]

Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image) approx. 30%

Percentage of Total Employees	Consolidated (rounded)	20,500 (19%)	19,000 (18%)
	Non-consolidated	418 (10%)	426 (10%)
Percentage of Total Number of Subsidiaries and Affiliated Companies	Japan	24 (18%)	23 (18%)
	Overseas	14 (7%)	11 (6%)

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

Earnings Opportunities for Growth

- Change in consumer trends in Japanese market including inbound tourism
- Expansion of consumer market in China and other parts of Asia due to an improvement in standards of living
- New business opportunities by joining the Trans-Pacific Partnership, etc.



- Create a stable structure for manufacturing products through a supply chain that values human rights and achieves improvements in the working environment



- Meet new consumer demand for sustainability and ethical practices by creating environment-friendly businesses, such as those using recycled textiles

CSR Materialities



Climate change

IN DEPTH

Expanding Business in the Chinese Market by Establishing a Joint Venture with the DESCENTE Brand and ANTA Sports



Signing ceremony

Management Resources

The renowned DESCENTE brand, ANTA Sports' strong sales management capabilities, and the ITOCHU Group's robust network

Creating Added Value

Through an overseas subsidiary ITOCHU established a joint venture with ANDES Sports Products Limited and DESCENTE Global Retail, Ltd. and entered into a basic agreement to develop the DESCENTE brand in China on an exclusive basis. ANDES Sports is a subsidiary of ANTA Sports Products Limited, and DESCENTE Global Retail is the South Korean subsidiary of DESCENTE Ltd.

ANTA Sports is a leading sportswear brand management company in China with excellent network management capabilities, and the DESCENTE Group offers superior brands from Japan. The collaboration also utilizes the ITOCHU Group's value chain spanning raw materials to products and a robust network of prominent local companies through this new venture we aim to expand the DESCENTE brand in the Chinese market.

Sustainable use of resources

Contribution to local communities

Respect and consideration for human rights

Challenges to Address

- Encouraging consumption through the creation of new ways to add value for consumers under the shrinking domestic apparel market
- Cultivating overseas markets with influential partners under a decreasing domestic population



- Improve the precision of supply chain management and conduct more in-depth and broader initiatives



- Ensure business sustainability by responding swiftly and positively to environmental legislation

IN DEPTH

Supply Chain Management (Sustainable Labor Management and Environmental Practices)



Field survey at TI GARMENT

Reason for Importance from a Strategic Perspective

Manufacturing is at the heart of the Textile Company and as we expand production worldwide, including manufacturing bases in China and other parts of Asia, we must take full account of labor customs in the supply chain and our environmental impact. A lack of care in such areas could result in reputational damage and legal sanctions, which could significantly affect business continuity.

Current and Future Actions

Based on ITOCHU's CSR Action Guidelines for Supply Chains, we currently perform monitoring surveys on an ongoing basis that include Group companies as part of our efforts to cooperate with suppliers in ascertaining risks and promoting improvements. In FYE 2016, we worked with third-party specialists to conduct surveys of ROY-NE CO., LTD., a Japanese underwear manufacturing subsidiary, and TI GARMENT COMPANY LIMITED, an overseas subsidiary that produces shirts in Myanmar. We plan to continue boosting the precision of our supply chain management going forward.

- Textile Company
- Machinery Company
- Metals & Minerals Company
- Energy & Chemicals Company
- Food Company
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- ICT & Financial Business Company



Medium to Long-Term Growth Strategies

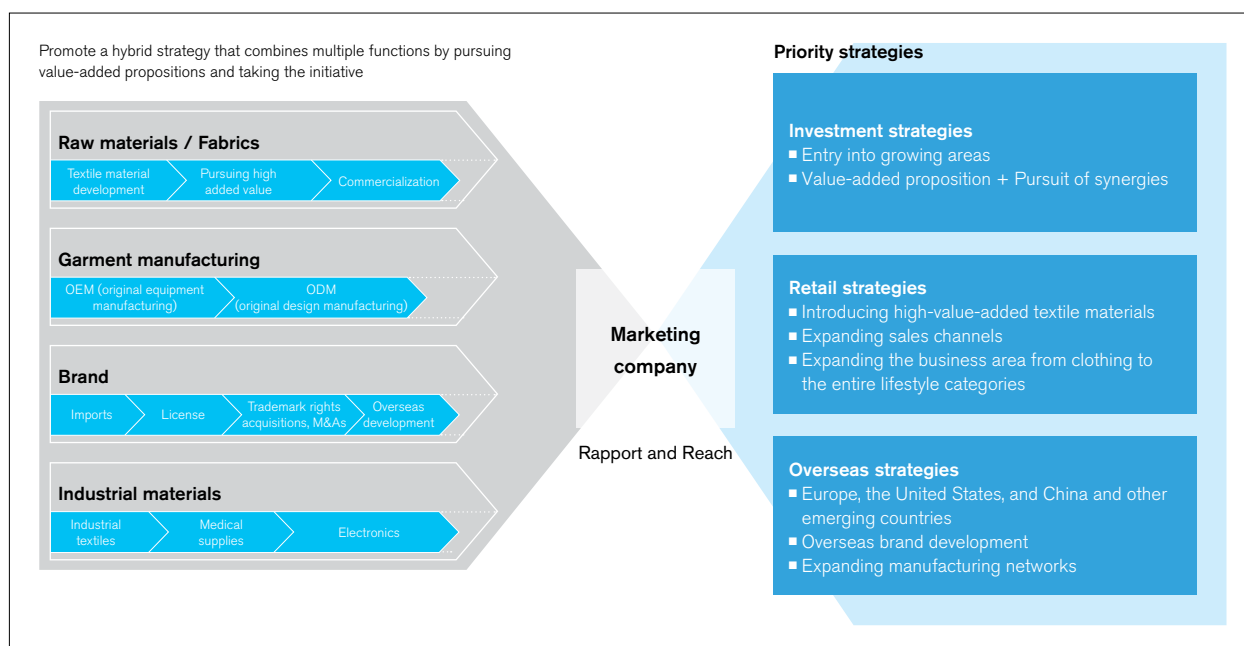
Our scope of business spans all lifestyle categories as a customer-oriented marketing company, and we have developed our business around a value chain that covers the entire textile industry, from raw materials / fabrics to garment manufacturing, brands, and industrial materials, demonstrating Groupwide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

In Japan, we are working to ascertain changing consumer trends, including inbound consumption, to promote high-value-added manufacturing, and to expand the number of brands under development. In addition, by forming capital alliances we are working to expand our fields of business in the retail and healthcare sectors. We are also augmenting our asset portfolio overseas and working to reinforce our operations in growing markets, including China, other parts of Asia, and emerging countries where consumption is expected to increase. One initiative involves a joint business with CITIC and CP Group. Further tariff liberalization should

lead to more opportunities for us to respond to global consumers' needs as we begin to address the pan-Asia market. We will further reinforce manufacturing in the most suitable areas, remaining cognizant of customs benefits, and expand our value chain from materials procurement to sewing throughout China and the rest of Asia. Meanwhile, we will respect human rights and labor customs, protect the environment, and maintain harmony with communities.

As the Company plays a key role in the consumer-related sector and utilizes its position as the leading company in the textile business, we will steadily work on initiatives to strengthen our existing businesses and expand synergies within the ITOCHU Group as well as accelerate the accumulation of superior assets and the replacement of others. These efforts will enable us to solidify the Textile Company's earnings platform.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Machinery Company

We aim to make a further leap forward by accumulating superior assets and reconfiguring and reinforcing the value chain business.



President, Machinery Company
Kazutaka Yoshida

Strengths

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



Business Fields

Plant Project, Marine & Aerospace

Electric power generation, Oil, gas and petrochemical plants, Water and environment-related businesses, Transportation infrastructure, New ships, Second-hand ships, Ship finance, Ship owning, Chartered ships, Defense equipment, Aircraft, Aircraft lease, Aircraft interiors

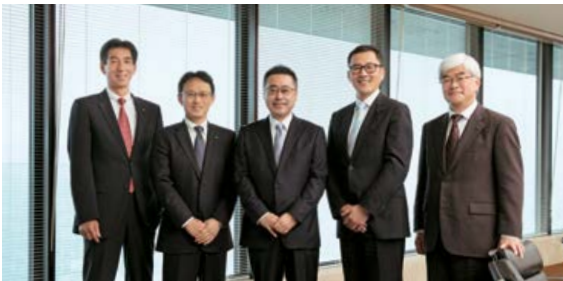
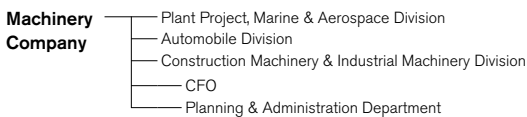
Automobile

Sales and business development of passenger cars, commercial vehicles and manufacturing parts in domestic and international markets

Construction Machinery, Industrial Machinery & Healthcare

Sales and business development of construction machinery, electronic systems, industrial machinery, and medical devices in domestic and international markets

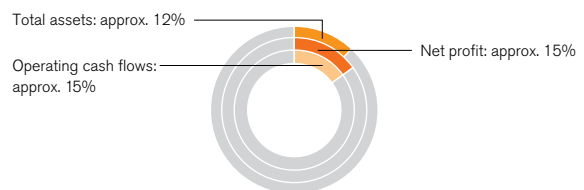
Organization



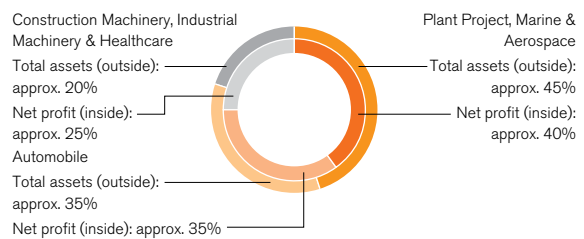
From left:

- Hiroshi Sato, Chief Operating Officer, Plant Project, Marine & Aerospace Division
- Masato Osugi, Chief Operating Officer, Automobile Division
- Yoshiaki Hongo, Chief Operating Officer, Construction Machinery & Industrial Machinery Division
- Ikuya Hirano, CFO
- Hisao Yakushiji, General Manager, Planning & Administration Department

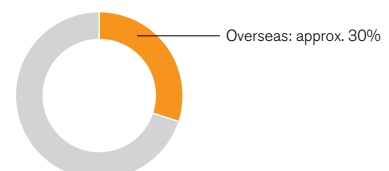
Percentage of the Total for ITOCHU (image)



Composition by Segment (image)

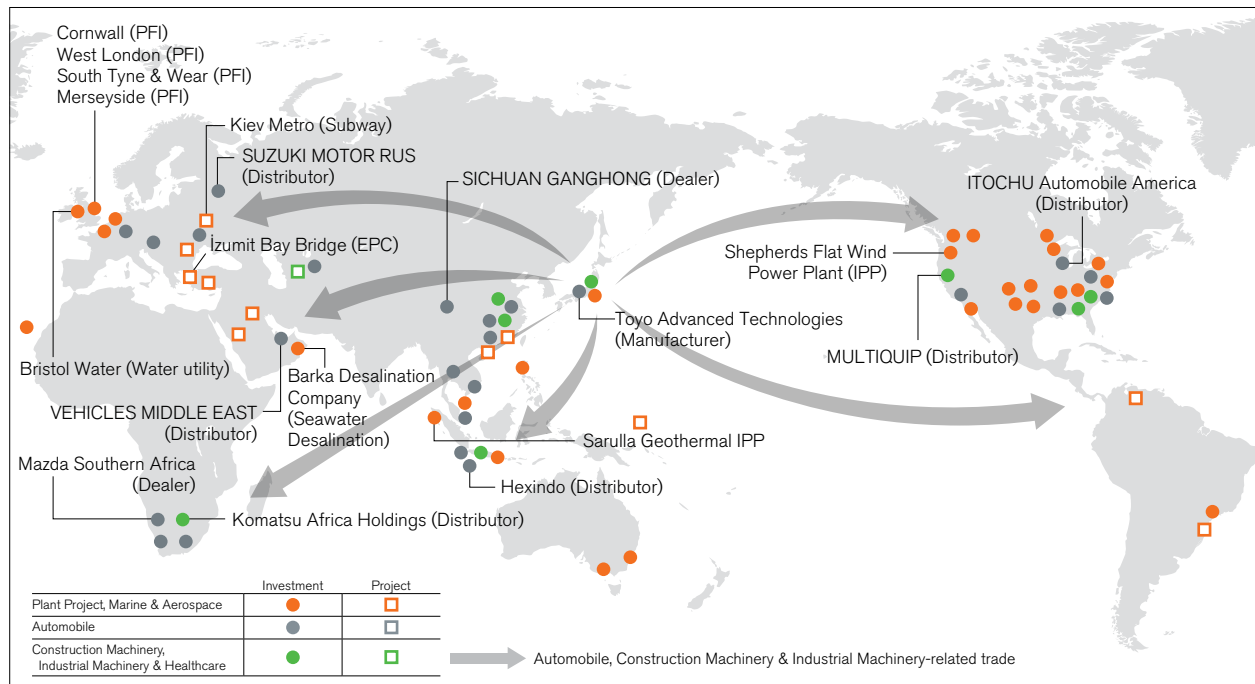


Percentage of Earnings from Overseas Businesses (image)



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Business Portfolio



Overview of FYE 2016

Trading income was flat year on year. Net profit attributable to ITOCHU decreased ¥6.2 billion, to ¥48.4 billion, due to worsening gains on investments and tax expense, although equity in earnings of associates and joint ventures expanded.



Business Results Note: Based on U.S. GAAP from FYE 2012 through FYE 2014


Years ended March 31	2012	2013	2014	2015	2016
Total assets	800.1	890.9	953.8	1,083.6	978.1
ROA	3.1%	3.8%	4.7%	5.4%	4.7%
Trading income	15.2	19.3	22.9	31.7	31.4
Equity in earnings of associated companies / associates and joint ventures	12.5	13.4	19.0	20.1	21.6
Net profit attributable to ITOCHU	23.1	32.1	43.4	54.6	48.4


Breakdown of Net Profit (Loss) Attributable to ITOCHU by Major Group Companies	2012	2013	2014	2015	2016
JAPAN AEROSPACE CORPORATION	0.6	0.7	1.0	0.9	1.0
JAMCO Corporation	(1.2)	0.6	0.9	1.7	1.5
ITOCHU CONSTRUCTION MACHINERY CO., LTD.	0.6	0.9	1.3	0.9	0.8
Century Tokyo Leasing Corporation	6.2	6.2	8.4	9.1	9.6
Century Medical, Inc.	0.9	1.0	1.1	1.0	0.3
ITOCHU MACHINE-TECHNOS CORPORATION	0.6	0.7	0.6	0.5	0.7
SUNCALL CORPORATION	0.3	0.6	0.7	0.6	0.4
[Subtotal]	[8.0]	[10.7]	[14.0]	[14.7]	[14.3]
Percentage of Total Employees	Consolidated (rounded)				12,500 (11%)
	Non-consolidated				453 (11%)
Percentage of Total Number of Subsidiaries and Affiliated Companies	Japan				21 (16%)
	Overseas				44 (21%)
					46 (23%)

Earnings Opportunities for Growth

- Numerous investment opportunities to meet demand for global infrastructure (electric power, water, environmental, transport, and energy)
- Market expansion due to rising automobile demand in emerging countries
- Growing needs for leading-edge medical devices as industrialized countries' aging society

  Participation in renewable energy projects, including geothermal and wind generation

 Initiatives in water-related businesses in response to increasing demand for water

 Contribution to local communities through transportation infrastructure (automobiles, railways, etc.)

IN DEPTH

Providing a Stable Supply of Potable Water through the Largest Seawater Desalination Project in Oman



Conceptual rendering of the completed plant

Management Resources


Relationship with the Omani government and the ITOCHU Group's network


Creating Added Value



In March 2016, Barka Desalination Company, in which ITOCHU takes part as a shareholder, signed a contract to build and operate a seawater desalination plant with a capacity of 281,000m³ per day at Barka, in northern Oman. This project, a public-private partnership being promoted by the Omani government, involves the construction and operation for 20 years of a seawater reverse osmosis desalination plant with surrounding facilities. Slated to commence commercial operation in April 2018, the project will constitute the largest seawater desalination project in Oman with a total cost of approximately US\$300 million. ITOCHU views the water business as a promising business area in light of growing demand for water arising from global population increases, economic growth, climate change and other factors. We are keen to expand our water businesses including seawater desalination and water and sewage utilities.

Challenges to Address

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

  In infrastructure-related businesses, consideration for environmental protection, local communities, and human rights in development regions

 In medical businesses, response to the rapid aging of society

  Response to a low-carbon society by utilization of renewable energy

IN DEPTH

Sarulla Geothermal IPP Project



Project construction site

Reason for Importance from a Strategic Perspective

Indonesia has abundant geothermal resources that are ranked to be the top level around the world, and holds a policy of promoting geothermal energy as a strategic source of electric power. ITOCHU is determined to contribute to such Indonesian government's policies, as we also believe that the renewable energy should be further developed in order to protect the environment.

Current and Future Actions

ITOCHU, INPEX Corporation, Kyushu Electric Power Co., Inc., PT. Medco Power Indonesia, and Ormat Technologies, Inc. from the United States, have concluded a 30-year power purchase agreement through the jointly established operating company, Sarulla Operations Ltd., with Indonesia's state-owned electricity company, PT Perusahaan Listrik Negara (PLN), and PT Pertamina Geothermal Energy (PGE), a subsidiary of PT Pertamina. The project involves the development of a geothermal resource concession owned by PGE in the Sarulla region in North Sumatra, Indonesia, construction of a geothermal plant with a total capacity of 320 MW and sales of generated power to PLN for 30 years starting from 2016. We will continue to support promoting economic development in emerging countries through participation in infrastructure development projects with consideration for environmental protection and harmony with local communities.

- Textile Company
- Machinery Company
- Metals & Minerals Company
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Medium to Long-Term Growth Strategies

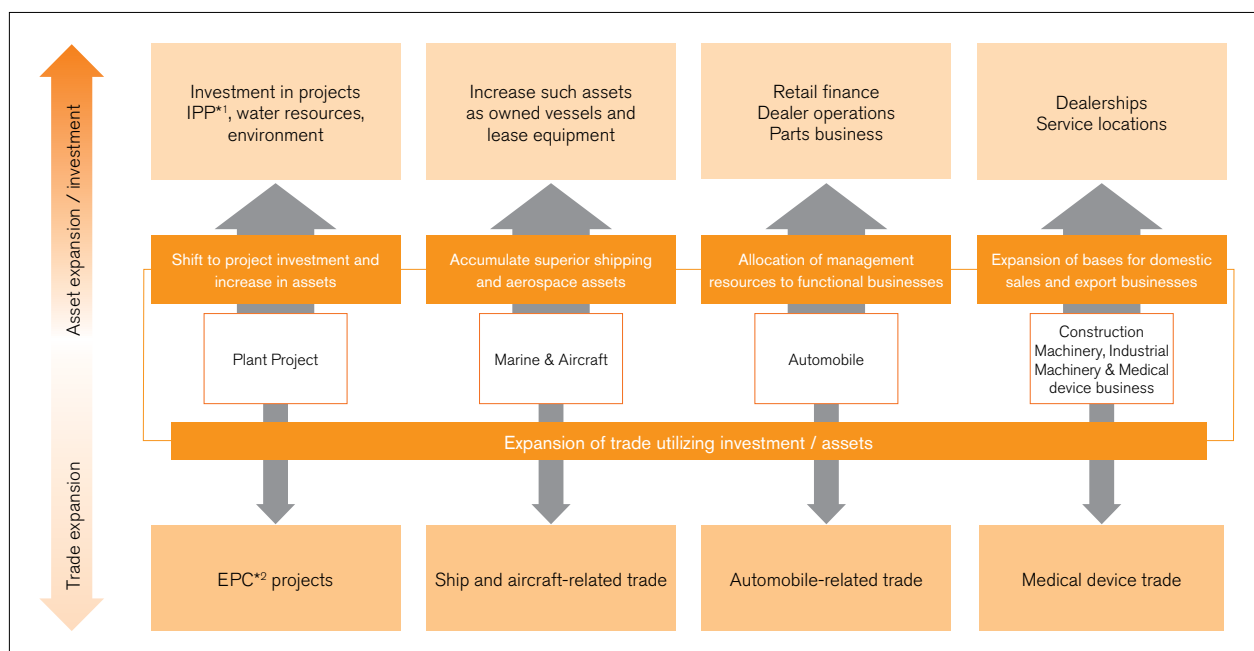
In IPP, water supply, environmental, energy, transport, and other infrastructure businesses, we will strive to promote a balance between the accumulation of superior assets in industrialized countries and highly profitable development projects in developing countries. We will endeavor to expand trade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

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

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

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

Medium to Long-Term Growth Strategies (Conceptual Diagram)



*1 IPP: Independent power producer

*2 EPC: Engineering, Procurement, and Construction

Metals & Minerals Company

We will grow by striking a balance between investment and trade, creating a stable earnings base, and taking advantage of new growth opportunities.



President,
Metals & Minerals Company
Eiichi Yonekura

Strengths

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



Business Fields

Metals & Mineral Resources

Iron ore, Iron ore pellets, Direct reduced iron, Rare metals, Base metals, Aluminum, Alumina, Ferro alloys and its materials, Coking coal, Coke, Thermal coal, Nuclear fuel

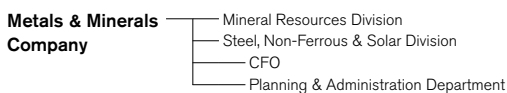
Steel & Non-Ferrous Products

Steel plates, Hot & cold rolled sheets, Galvanized steel, Steel for machinery, Stainless steel, High tensile steel, Various specialty steel materials, Construction materials, Welded steel pipes, Seamless steel pipes, Steel wires, Marine steel structures, Bridges, Prefabricated steel for buildings, Rails, Non-ferrous/aluminum products, Aluminum rolled products, Aluminum extrusion products, Electric wires, Optical fiber cables, Electronic materials, Steel scrap, Pig iron, Metal powder, Electrodes, Activated carbon

Solar and Environmental Businesses

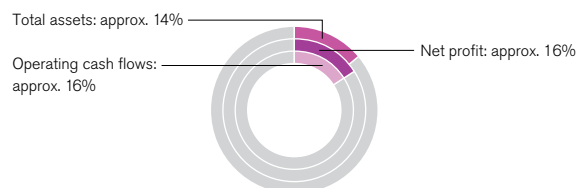
Biomass, Emission credits, Solar power generation businesses

Organization

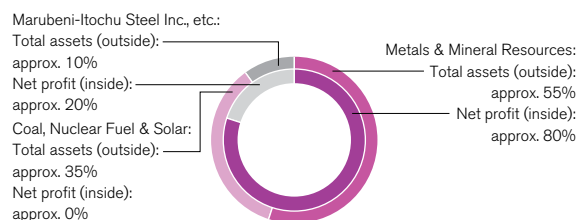


From left:
Shuzaburo Tsuchihashi,
Chief Operating Officer, Mineral Resources Division
Akihiko Okada,
Chief Operating Officer, Steel, Non-Ferrous & Solar Division
Norio Matsui, CFO
Kenji Seto, General Manager, Planning & Administration Department

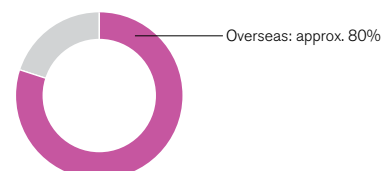
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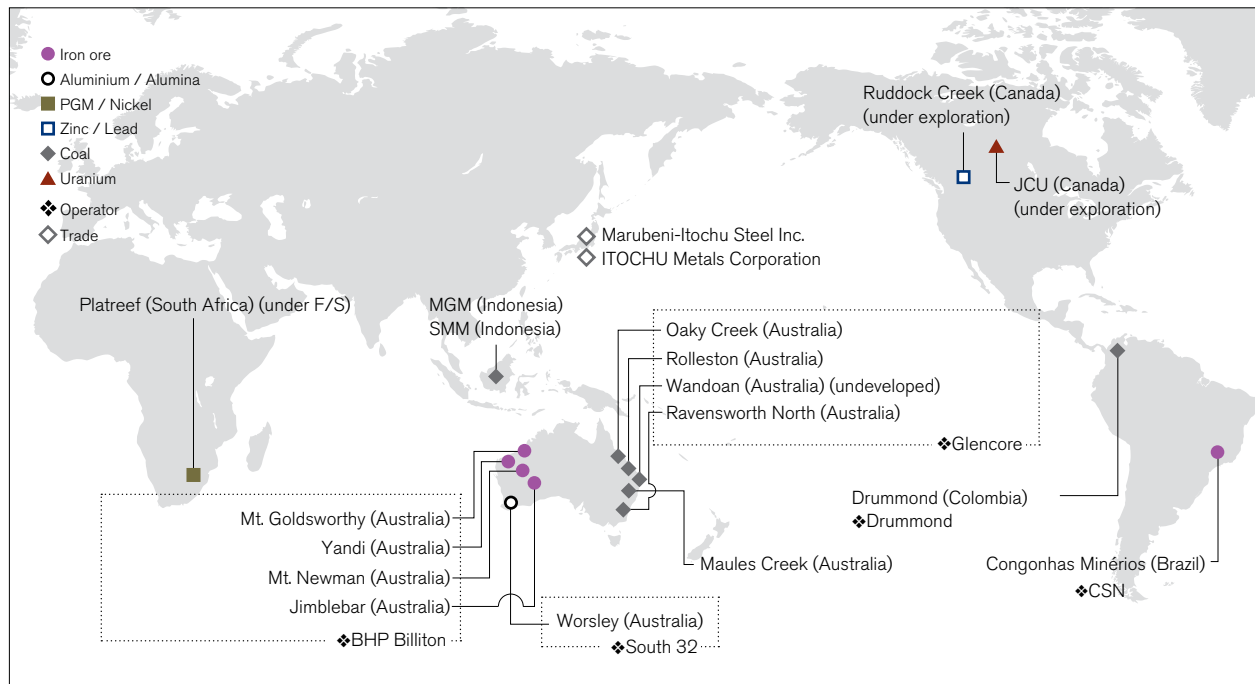


Percentage of Earnings from Overseas Businesses (image)



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Business Portfolio



Overview of FYE 2016

Net profit attributable to ITOCHU worsened ¥27.9 billion, to a net loss of ¥16.7 billion, despite the absence of the previous year's impairment loss on a Brazilian iron ore business, due to such factors as a decline in resource prices and the posting of an impairment loss on and loss accompanying the sale of certain assets in an Australian coal-related business.

Business Results Note: Based on U.S. GAAP from FYE 2012 through FYE 2014

Years ended March 31	2012	2013	2014	2015	2016
Total assets	1,015.7	1,175.2	1,308.2	1,261.8	876.4
ROA	17.4%	7.5%	6.0%	0.9%	—
Trading income	101.6	57.4	73.2	47.1	11.6
Equity in earnings of associated companies / associates and joint ventures	44.3	42.1	34.3	(46.8)	18.3
Net profit attributable to ITOCHU	142.1	82.5	74.1	11.2	(16.7)

Breakdown of Net Profit (Loss) Attributable to ITOCHU by Major Group Companies


	2012	2013	2014	2015	2016
ITOCHU Metals Corporation	1.2	1.3	1.4	0.2	2.0
ITOCHU Minerals & Energy of Australia Pty Ltd	89.3	50.3	58.4	42.3	(22.6)
Marubeni-Itochu Steel Inc.	12.9	12.8	13.0	12.8	6.6
Brazil Japan Iron Ore Corporation	36.8	10.4	3.8	(44.8)	(0.9)
ITOCHU Coal Americas Inc. (ICA)	2.0	3.5	0.5	0.1	(2.3)
[Subtotal]	[142.2]	[78.3]	[77.1]	[10.6]	[(17.2)]
Percentage of Total Employees	Consolidated (rounded)				500 (0.5%)
	Non-consolidated				220 (5%)
Percentage of Total Number of Subsidiaries and Affiliated Companies	Japan				5 (4%)
	Overseas				8 (4%)


ITOCHU's Equity Interests (Sales Results)


Years ended March 31	2012	2013	2014	2015	2016
Iron Ore	16.1	17.6	18.1	20.5	20.0
ITOCHU Minerals & Energy of Australia Pty Ltd	12.4	13.4	16.0	18.7	19.2
Brazil Japan Iron Ore Corporation (NAMISA)	3.7	4.3	2.0	1.8	0.8
Coal	8.9	11.6	10.7	13.2	13.4
ITOCHU Minerals & Energy of Australia Pty Ltd	6.8	7.0	7.0	7.4	7.5
ICA (Drummond Company's Mining Operations in Colombia)	2.1	4.5	3.7	5.8	5.9

Earnings Opportunities for Growth

- Long-term demand growth for metals and mineral resources and energy
- Expansion of trade and construction of supply chain based on equity interests
- Reinforcement of business with excellent partners and new business development

 Proliferation and gain in momentum of solar and other types of renewable energy

 Progress in the biomass power generation business and expansion of the market for biomass fuels

 Development of resource recycling toward the creation of a recycling-oriented society

IN DEPTH

Merger of Assets Related to Iron Ore Business in Brazil



Casa de Pedra Mine

Management Resources


One of the world's most prominent projects, by Companhia Siderúrgica Nacional (CSN) of Brazil and alliances with leading companies in Japan, Asia, and Brazil


Creating Added Value


November 2015 marked the merger of Nacional Minérios S.A. (NAMISA), a Brazilian iron ore producer in which ITOCHU already owned a stake along with other shareholders, and the mining division of CSN, NAMISA's local partner. The addition of the scale and quality of CSN's mining division, which includes the globally prominent Casa de Pedra Mine, as well as its auxiliary logistics assets such as a railway company's share and a port terminal, transformed the merged company into a leading global mining entity with integrated mining and logistics capabilities. Going beyond the simple consolidation of tangible assets, the project combines the management, operational, and sales strengths from Asia and Brazilian partners, aiming to take advantage of business synergies and growth.

Challenges to Address

- Establishment of a balanced earnings platform that has stable profitability in any business environment
- Improvement in production efficiency at each project to be more resistant to fluctuations in resource prices
- Acquisition of superior interests to secure stable supply of metals and mineral resources

 Harmony with local communities in resource development projects

 Sustainable resource development with consideration for impacts on the environment and ecology, health, and safety at the workplace

 Thorough enactment and ongoing monitoring of supply chain management

IN DEPTH

Initiatives in the Renewable Energy Field



Oita Hiyoshibaru Mega-Solar Power Plant

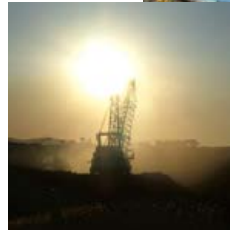
Reason for Importance from a Strategic Perspective

The prevention of global warming and the accompanying need to realize a low-carbon society are issues of the highest importance on a global scale. The renewable energy market is expanding due to a variety of initiatives in Japan and overseas to introduce and promote the proliferation of solar power generation, biomass generation, and other types of renewable energy.

Current and Future Actions

In March 2016, commercial operation commenced at the Oita Hiyoshibaru Mega-Solar Power Plant, a joint project with Kyudenko Corporation and Mitsui Engineering & Shipbuilding Co., Ltd. The facility will engage in power generation with an output of 44,800 kW and capacity equivalent to the annual power consumption of around 9,300 regular homes. The project is expected to reduce CO₂ emissions by approximately 32,000 tons per year. In addition to the Saijo Komatsu Solar Power Plant (Ehime Prefecture), which is currently operational, ITOCHU is moving forward with the construction of new plants in Okayama and Saga prefectures. Going forward, we will continue to play an active role in renewable energy power generation and related trading businesses in Japan and overseas.

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Medium to Long-Term Growth Strategies

We will grow by striking a balance between investment and trade, creating a stable earnings base, and taking advantage of new growth opportunities.

In the resource development business, we will strengthen our resistance to fluctuations in market prices through acquisition of prime projects that are cost competitive and have other superior characteristics, as well as continuous improvement in production efficiency of existing projects. Also, we will further expand and optimize our asset portfolio, including through the acquisition of non-ferrous resources and rare metal interests, where stable supply is an issue.

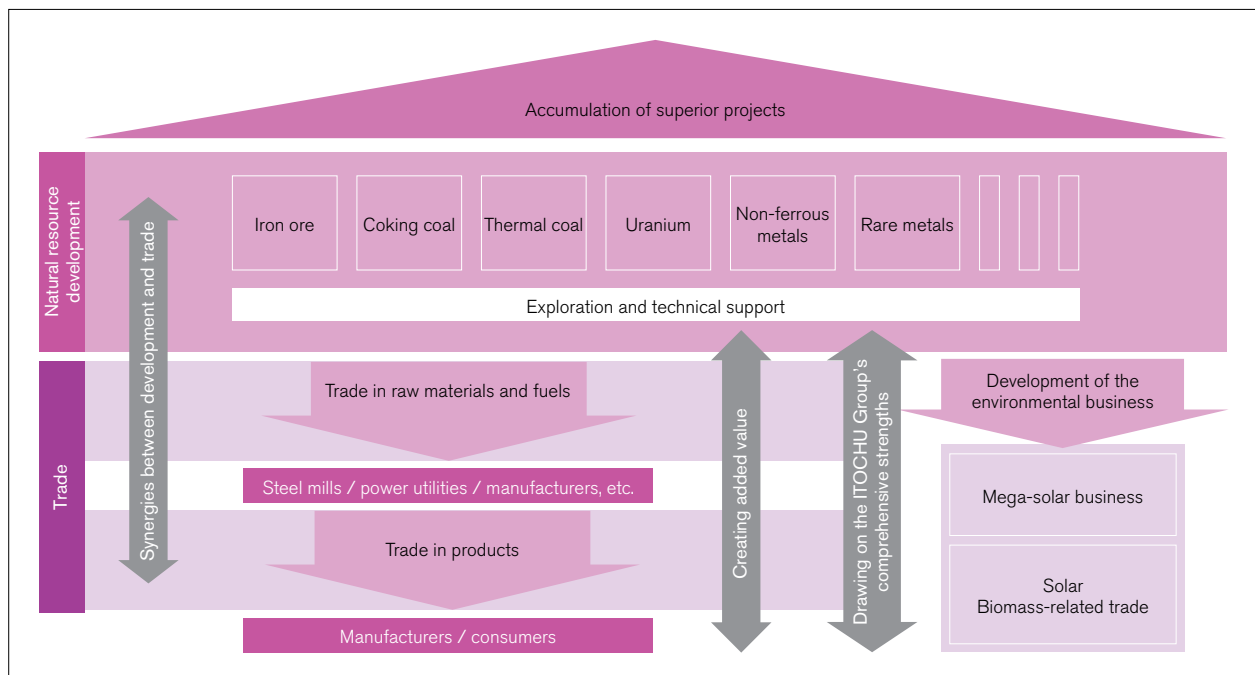
In the trading business, we will expand resource and fuel trading based on our equity interests. We will also create a value chain including manufactured product fields and leverage the collective strengths of the ITOCHU Group to create added value. Through these measures, we will

develop a broad and deep flow of trade spanning upstream and downstream categories.

By strengthening ties with our strategic partner, CITIC and CP Group, we will promote collaborative projects on the resource development and trading fronts by leveraging each other's strengths.

To ensure a stable supply of metals and mineral resources, we will work with our business partners to develop metals and mineral resources in a sustainable manner, taking into consideration the environment at development sites and harmony with local communities, and giving thorough consideration to safety in the workplace. Furthermore, we will aggressively take up the challenge of environmentally friendly businesses, including the mega-solar, biomass-related trade, and recycling businesses.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



Energy & Chemicals Company

We aim to strengthen business foundations by increasing base earnings through synergies between divisions and by taking on challenges in new business fields.



President,
Energy & Chemicals Company
Masahiro Imai

Strengths

- Solid customer base for energy trading business in Asia and the Middle East
- Worldwide sales network of chemicals trading
- Robust portfolio of chemicals projects ranging from upstream to downstream



Business Fields

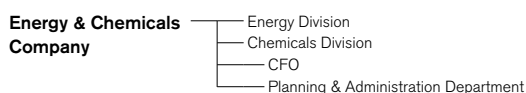
Energy

Crude oil, Natural gas liquid (NGL), Gasoline, Naphtha, Kerosene, Jet fuel, Gas oil, Fuel oil, Bunker oil, Lubricant, Asphalt, Liquefied petroleum gas (LPG), Liquefied natural gas (LNG), Natural gas, Electricity, etc.

Chemicals

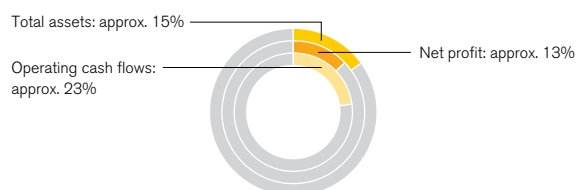
Raw materials for synthetic fibers, Aromatics, Alcohol, Sulfur, Fertilizer, Inorganic mineral resources, Pharmaceuticals, Synthetic resin, Household goods, Packing materials, Fine chemicals, Electronic materials, etc.

Organization

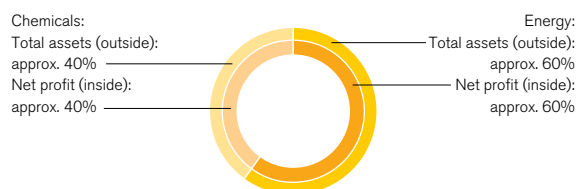


From left:
Takashi Yasuda, Chief Operating Officer, Energy Division
Keita Ishii, Executive Vice President, Energy & Chemicals Company;
Chief Operating Officer, Chemicals Division
Satoshi Nakajima, CFO
Hisato Okubo, General Manager,
Planning & Administration Department

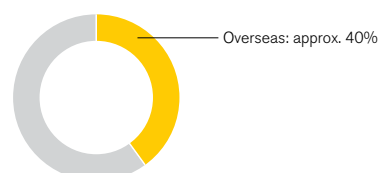
Percentage of the Total for ITOCHU (image)



Composition by Segment (image)

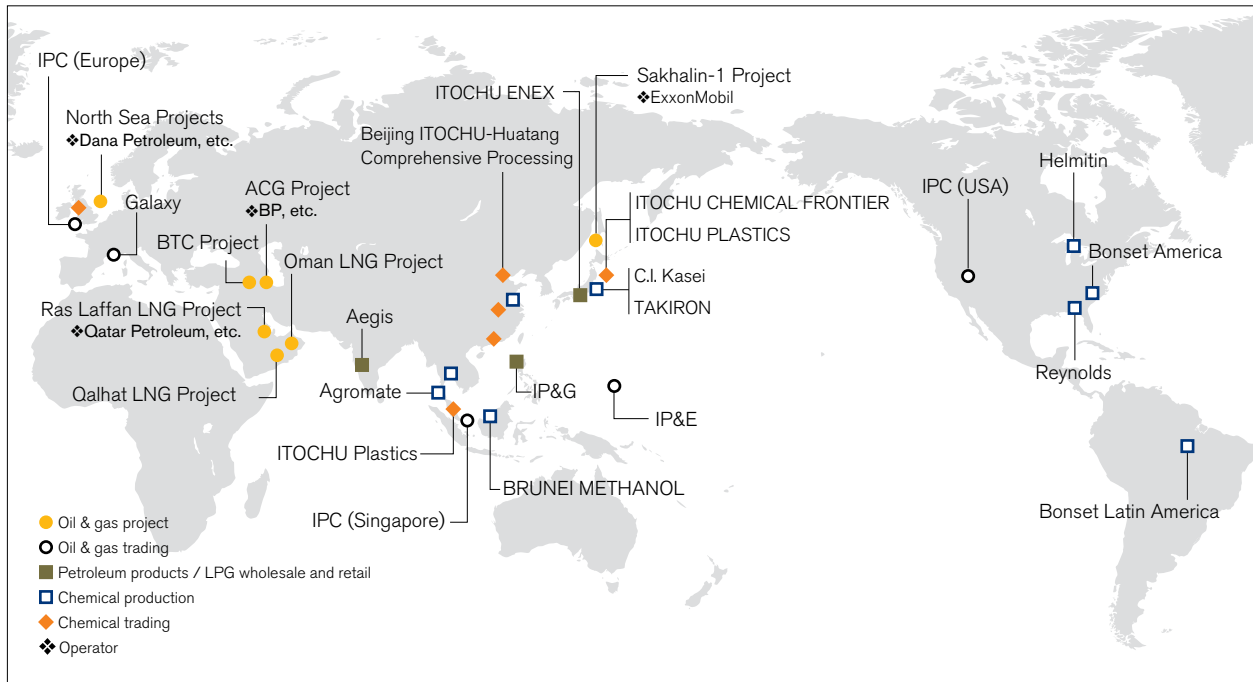


Percentage of Earnings from Overseas Businesses (image)



- Textile Company
- Machinery Company
- Metals & Minerals Company
- Energy & Chemicals Company
- Food Company
- General Products & Realty Company
- ICT & Financial Business Company

Business Portfolio



Overview of FYE 2016

Despite an impairment loss on the North Sea E&P project, net profit attributable to ITOCHU was ¥55.5 billion, up ¥53.1 billion year on year, mainly due to higher trading income, the absence of impairment loss incurred in the previous year in the U.S. oil and gas development company, and the improvement in tax expenses relating to exit from the US oil and gas development company.

Business Results Note: Based on U.S. GAAP from FYE 2012 through FYE 2014

	2012	2013	2014	2015	2016
Years ended March 31					
Total assets	1,287.1	1,335.2	1,283.7	1,329.5	1,077.1
ROA	3.2%	1.8%	1.3%	0.2%	4.6%
Trading income	47.0	53.7	57.5	43.9	46.2
Equity in earnings of associated companies / associates and joint ventures	2.4	(28.3)	(32.9)	(39.6)	(0.3)
Net profit attributable to ITOCHU	37.8	23.1	16.7	2.4	55.5
Breakdown of Net Profit (Loss) Attributable to ITOCHU by Major Group Companies					
ITOCHU Oil Exploration (Azerbaijan) Inc.	13.0	13.1	15.7	6.9	5.0
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	(0.2)	0.8	4.3	1.0	2.3
JD Rockies Resources Limited	(0.1)	(31.2)	(32.5)	(43.8)	—*
ITOCHU CHEMICAL FRONTIER Corporation	2.9	3.0	3.2	3.1	3.1
ITOCHU PLASTICS INC.	1.9	2.2	3.0	3.5	3.5
C.I. Kasei	1.2	1.1	1.2	1.1	1.3
ITOCHU ENEX CO., LTD.	2.4	3.2	3.9	2.8	4.1
TAKIRON	0.5	1.0	1.3	0.7	0.9
Dividend from LNG Projects (PAT)	6.6	7.7	7.8	8.3	4.8
[Subtotal]	[28.2]	[0.9]	[7.9]	[(16.4)]	[25.0]
Percentage of Total Employees	Consolidated (rounded)			11,700 (11%)	11,600 (11%)
	Non-consolidated			335 (8%)	329 (8%)
Percentage of Total Number of Subsidiaries and Affiliated Companies	Japan			21 (16%)	16 (13%)
	Overseas			29 (14%)	27 (14%)

* Not a consolidated affiliate of ITOCHU as of June 30, 2015

ITOCHU's Equity Interests

	2012	2013	2014	2015	2016
Oil and Gas	33.0	58.0	52.0	50.0	30.0

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

Earnings Opportunities for Growth

- Expansion of trading business in crude oil, petroleum products, and LNG underpinned by robust selling capabilities
- Steady demand increases for chemicals in China, the ASEAN region, and the Americas and associated increases of trading opportunities



- Response to higher demand for food products in accordance with expected global population growth (such as fertilizer business)



- Efforts to curtail electricity consumption in response to global warming



IN DEPTH

Agromate



Fertilizers handled by Agromate

Management Resources

Agromate's fertilizer sales and production business in Southeast Asia and the ITOCHU Group's global network

Creating Added Value

In July 2012, ITOCHU acquired a 25% share of Agromate Holdings Sdn Bhd (Agromate), one of the largest fertilizer distributors in Malaysia. Founded in 1970, Agromate operates nine distribution centers in Malaysia and six in Indonesia. The company has the capacity to manufacture 260,000 tons of NPK fertilizer and sell around 1.6 million tons of fertilizer per year, making it one of the largest fertilizer sales and production companies in Malaysia and a prominent player in Asia.

Due to global population increases, demand for fertilizer is growing. Consequently, the supply-demand balance for fertilizer resources is expected to be tight over the medium to long term. By leveraging ITOCHU's network, we are endeavoring to expand supply sources and create a strong sales structure centered in Asia.

Challenges to Address

- Promotion of cost-competitive energy development projects with prime partners
- Entry into domestic electricity trading business in line with electricity liberalization
- Shift to (i) export of high value chemicals to China, and (ii) trading of China-manufactured chemicals within China, due to changes in Chinese chemical industrial structure
- Establishment of a compliance system for changing chemical-related legislations



- Consideration for health, safety, and the environment (HSE) in energy development projects



- Symbiosis with local communities

IN DEPTH

Azeri-Chirag-Gunashli (ACG) Project in the Caspian Sea in Azerbaijan



Offshore drilling rig (photo courtesy of BP)

Reason for Importance from a Strategic Perspective

Since its participation in the ACG oil field in Azerbaijan in 1996, ITOCHU has contributed to the development of oil production from the project, and the current production volume ranks at world-class levels. This joint project, propelled with such excellent partners as BP p.l.c.—who has extensive experience in the Caspian Sea—and other renowned oil majors, is a core business for the Energy & Chemicals Company, and we aim to ensure stable sustainable production over the long term.

Current and Future Actions

The ACG oil field currently produces approximately 600,000 barrels of crude oil per day. The oil is transported via the BTC Pipeline, in which ITOCHU invests, from Baku, Azerbaijan, via Tbilisi, Georgia, to Ceyhan, Turkey. In addition to ITOCHU (4.3%), partners of the projects include BP (35.8%) as the operator, State Oil Company of Azerbaijan Republic, SOCAR (11.6%), Chevron Corporation (11.3%), INPEX Corporation (11.0%), Statoil ASA (8.6%), and ExxonMobil Corp. (8.0%). Going forward, we endeavor to provide a stable supply of energy resources to the market while duly taking care of local communities and the environment.

- Textile Company
- Machinery Company
- Metals & Minerals Company
- Energy & Chemicals Company
- Food Company
- General Products & Realty Company
- ICT & Financial Business Company



Medium to Long-Term Growth Strategies

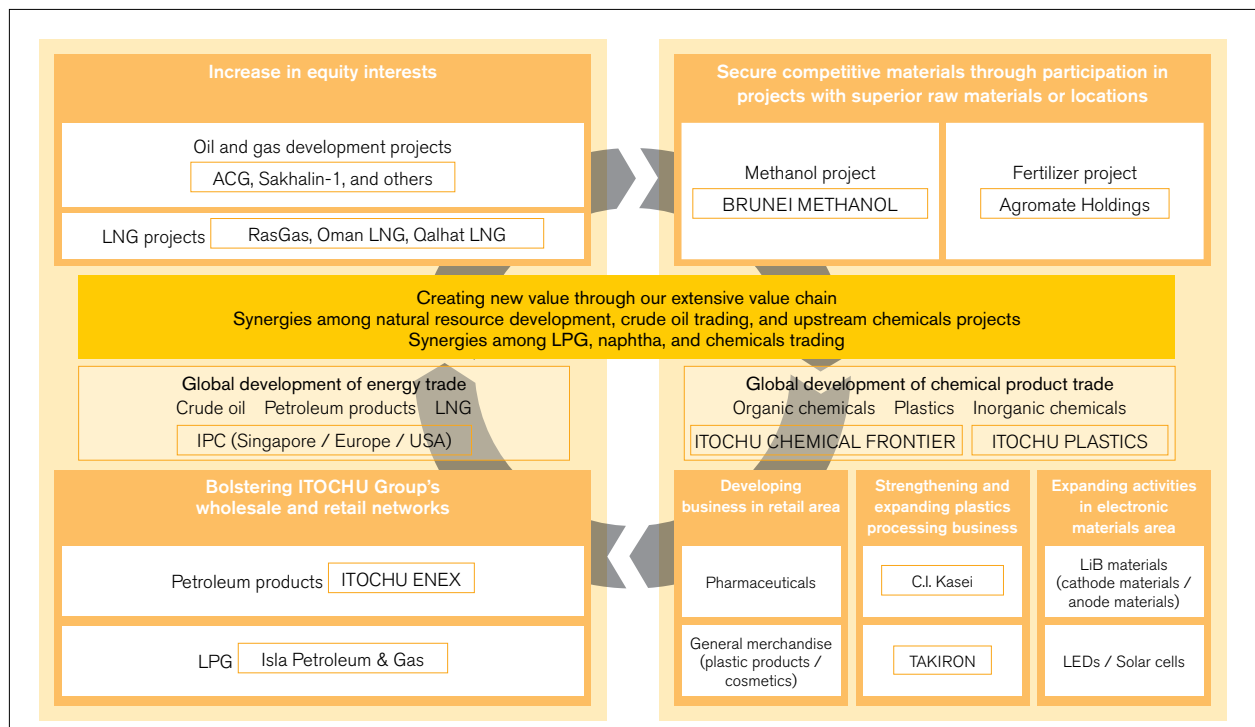
With regard to energy trading, we are going to expand conventional flows of business—importing and wholesaling products between two countries in Asia. At the same time, we aim to take business chances based on new product flows from North America to Asia.

In energy projects areas, we utilize our accumulated expertise and experience in the industry to expand existing projects while trying to curtail risk together with excellent partners, and to enlarge our business base for future earnings through participation in cost-competitive new projects. We recognize that factors such as consideration for the environment, harmony with local communities, and safe working environments are essential to sustainability. Accordingly, we and our partners take necessary measures to these considerations.

In chemicals areas, we endeavor to expand our business field in organic chemicals, plastics, and inorganic chemicals by utilizing our global trading capabilities. We aim to advance projects in various areas to secure competitive raw materials, while taking steps to bolster our supply chains, especially in the retail area including pharmaceuticals, plastics processing, electronic materials, and fine chemicals. With regard to handling of chemical products, we ensure compliance with chemical-related laws in any jurisdiction through appropriate education as well as strengthened control over the supply chain, from raw materials to our products that reach end purchasers.

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

Medium to Long-Term Growth Strategies (Conceptual Diagram)



* ... Company / project name

Food Company

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

We will also work on maximizing the profitability of Dole and other existing businesses.



President, Food Company
Koji Takayanagi

Strengths

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



Business Fields

Food Resources

Procuring wheat, barley, corn, soybeans, rice, palm oil, and other foodstuffs from countries all around the world, and supplying to Japan and other countries in Asia

Product Processing

Stepping up initiatives in production and processing through Group companies such as Dole, Prima Meat Packers, FUJI OIL HOLDINGS, and ITOCHU Sugar

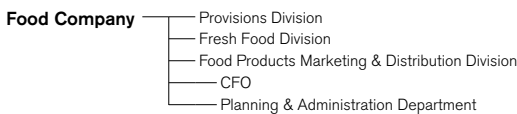
Midstream Distribution

Providing high-value-added services through food wholesalers such as ITOCHU-SHOKUHIN, and NIPPON ACCESS

Retail

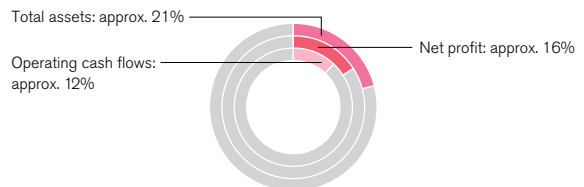
Creating high-value-added value chains rooted in consumer needs centered on FamilyMart

Organization

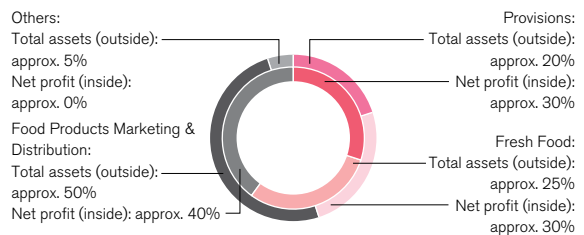


From left:
 Takeshi Takasugi, Chief Operating Officer, Provisions Division
 Yutaka Yamamura, Chief Operating Officer, Fresh Food Division
 Yoza Kubo, Executive Vice President, Food Company
 Haruo Takagaki, Chief Operating Officer, Food Products Marketing & Distribution Division
 Makoto Kyoda, CFO
 Kenji Tanaka, General Manager, Planning & Administration Department

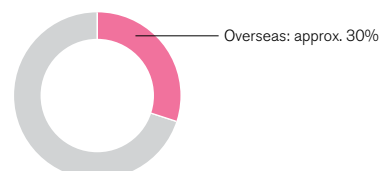
Percentage of the Total for ITOCHU (image)



Composition by Segment (image)

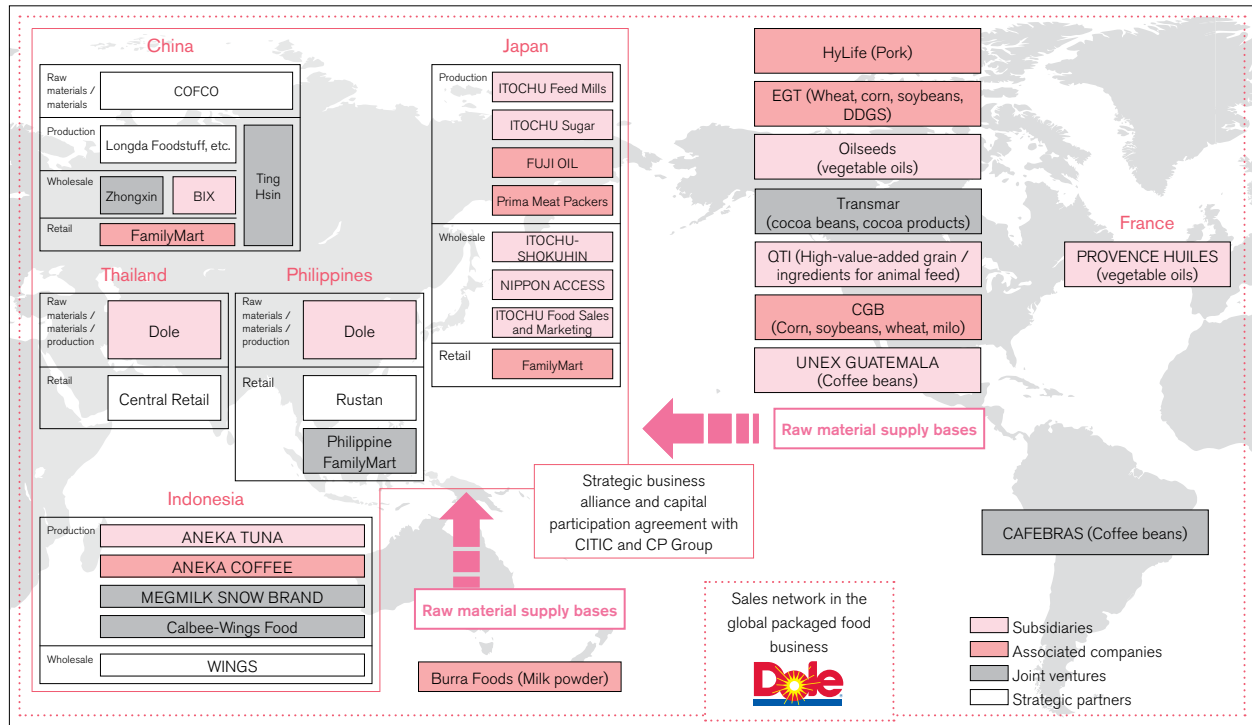


Percentage of Earnings from Overseas Businesses (image)



- Textile Company
- Machinery Company
- Metals & Minerals Company
- Energy & Chemicals Company
- Food Company
- General Products & Realty Company
- ICT & Financial Business Company

Business Portfolio



Overview of FYE 2016

Although operating income rose, net profit attributable to ITOCHU fell ¥88.9 billion year on year, to ¥25.5 billion, due to the absence of an unordinary gain recorded in the previous year in relation to shares in TING HSIN (CAYMAN ISLANDS) HOLDING CORP., as well as to an impairment loss on fresh food-related subsidiaries.

Business Results

Note: Based on U.S. GAAP from FYE 2012 through FYE 2014

Billions of Yen

Years ended March 31	2012	2013	2014	2015	2016
Total assets	1,298.4	1,370.2	1,575.2	1,772.2	1,723.1
ROA	3.5%	3.4%	3.9%	6.9%	1.5%
Trading income	37.4	40.4	49.3	46.6	48.7
Equity in earnings of associated companies / associates and joint ventures	20.1	22.9	21.5	27.0	17.3
Net profit attributable to ITOCHU	43.8	45.7	57.5	114.4	25.5
Breakdown of Net Profit (Loss) Attributable to ITOCHU by Major Group Companies					
NIPPON ACCESS, INC.	8.6	10.8	11.6	8.6	8.9
China Foods Investment Corp.*1	2.4	2.7	4.3	3.3	—
Dole International Holdings, Inc.	—	0.0	7.1	4.8	(16.9)
FUJI OIL HOLDINGS INC.*2	2.3	2.3	2.1	2.4	2.4
Prima Meat Packers, Ltd.	2.4	2.4	2.0	2.7	2.6
FamilyMart Co., Ltd.	6.7	9.1	7.3	8.1	6.1
ITOCHU-SHOKUHIN Co., Ltd.	2.3	1.9	1.0	1.3	1.5
HYLIFE GROUP HOLDINGS LTD.	—	0.1	0.0	2.1	2.6
[Subtotal]	[24.7]	[29.3]	[35.4]	[33.3]	[7.2]
Percentage Contribution of Non-consolidated Trade Earnings to Net Profit Attributable to ITOCHU (image)	approx. 15%				
Percentage of Total Employees	Consolidated (rounded)			30,200 (27%)	30,200 (29%)
	Non-consolidated			397 (9%)	406 (9%)
	Japan			17 (13%)	18 (14%)
	Overseas			22 (11%)	20 (10%)
Percentage of Total Number of Subsidiaries and Affiliated Companies	Japan			17 (13%)	18 (14%)
	Overseas			22 (11%)	20 (10%)

*1 Not a Group company as of March 31, 2015

*2 FUJI OIL HOLDINGS INC. shifted to a holding company structure on October 1, 2015, and changed its company name from FUJI OIL CO., LTD.

Earnings Opportunities for Growth

- Robust value chain in Japan
- Business expansion based on strategic business alliance with CITIC and CP Group
- Market expansion due to increasing population and rising income, centered on China and other parts of Asia
- Further increase in consumer awareness toward food safety and security



- Reinforcement of the structure to supply sustainable raw materials



IN DEPTH

Initiatives by HyLife, a Group Company in Canada



Pork processing at a HyLife factory

Management Resources

A fully integrated system to produce high-quality pork that is safe and secure

Creating Added Value

ITOCHU holds 49.9% of the shares of HyLife Group Holdings, a pork producer based in Manitoba, Canada. The company engages in integrated production, operating a pig-breeding farm, feed mill, and pork production plant. This arrangement provides traceability and ensures safe, secure, and high-quality products are provided in a stable manner. Furthermore, integrated production allows the company to receive and provide information about individual customers' needs to the hog farm, establishing a special program for Japan. The company enjoys market acclaim and is currently Canada's leading exporter of chilled pork to Japan. ITOCHU employees stationed locally ensure thorough control and supervision on a daily basis.

Challenges to Address

- Ensuring a stable supply of foodstuffs
- Configuring robust supply chains overseas
- Responding to the shrinking market in Japan caused by a falling birthrate and aging population
- Contributing to food safety and security in countries around the world, particularly in Asia



- Contributing to local communities



- Responding to the risk of climate change

IN DEPTH

Contributing to Local Communities: One Aspect of a Growth Strategy



Students with school supplies provided by Dole

Reason for Importance from a Strategic Perspective

Dole International Holdings, Inc. (Dole), a wholly owned subsidiary of ITOCHU, operates a fruit and vegetable business in Asia and a global packaged foods business. As it considers people, the environment, and society to be its most important resources in terms of business continuity and development, Dole contributes to local communities through a variety of CSR activities. The company positions these efforts as one aspect of its growth strategy.

Current and Future Actions

In FYE 2016, Doles spent approximately US\$2 million in various countries, including the Philippines, Sri Lanka, Japan, South Korea, China, and in North America, providing study materials, equipment, and meals to around 60 schools. The company offers approximately 300 scholarships; provides educational opportunities to children with disabilities; contributes housing, infrastructure equipment, and farm equipment; provides technical instruction on farming; sponsors regional events and undertakes other measures to invigorate local communities; provides additional resource recycling programs; protects waterways; monitors CO₂ emissions; and conducts other environmental protection activities.

- Textile Company
- Machinery Company
- Metals & Minerals Company
- Energy & Chemicals Company
- Food Company
- General Products & Realty Company
- ICT & Financial Business Company



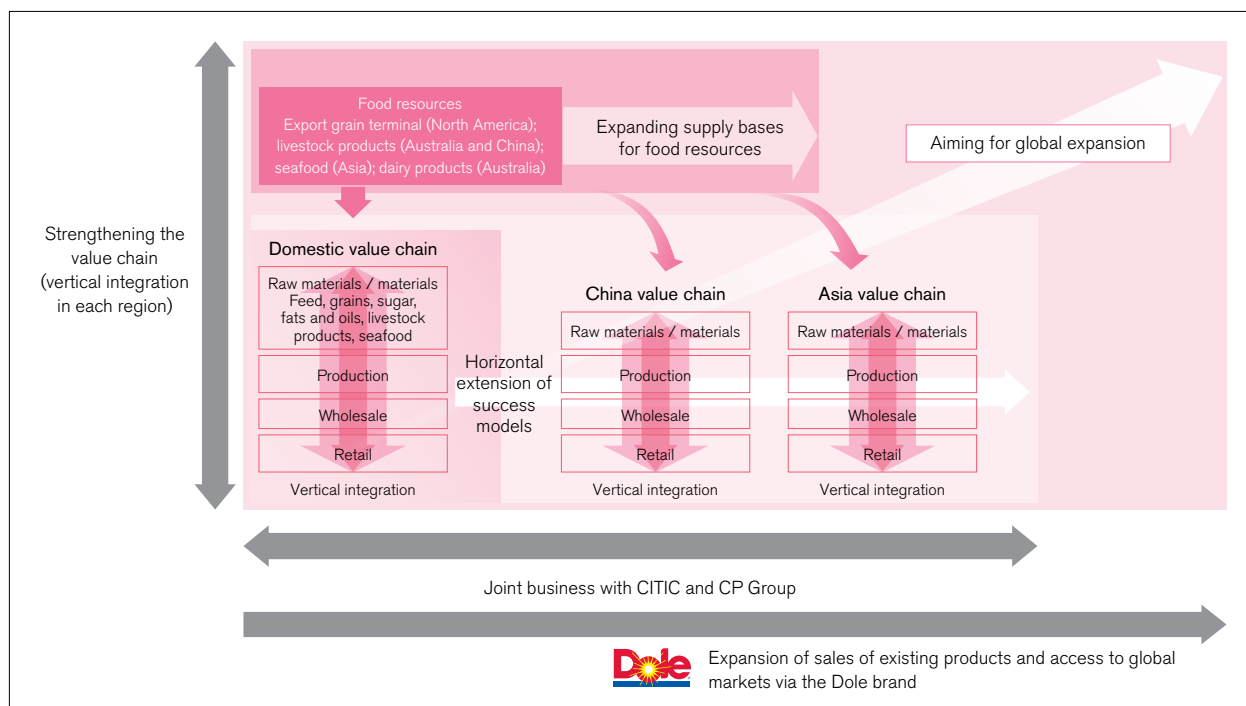
Medium to Long-Term Growth Strategies

In Japan, the environment in which the Food Company operates is characterized by lackluster personal consumption stemming from such factors as sluggish growth in household income. Furthermore, since the start of 2016, yen appreciation and a decrease in stock prices have been sapping consumer sentiment, rendering the environment to become even more difficult. On the other hand, business opportunities are increasing overseas, as growing populations and rising levels of income in Asian and other emerging countries drive demand higher. Against this backdrop, and in line with the Companywide policy of “strengthening our financial position,” the Food Company will work to further improve the quality and efficiency of its assets through asset replacement. We will also continue building a high-value-added value chain in Japan, China, and other parts of Asia, as well as throughout

the world, concentrating specifically on the Dole business and joint business development with CITIC and CP Group.

Simultaneously, we will endeavor to ensure a stable supply of food resources, thereby addressing food issues that affect all of humankind. Also recognizing that ensuring food safety and security is our topmost objective, the Food Company will undertake a wide range of measures to ensure safety in the foodstuffs business. For example, we will identify overseas suppliers for on-site inspections and determine inspection frequency according to their control systems, product characteristics, sanitation risks during processing, and other individual circumstances. Going forward, the Food Company will continue working with investees and partners to further enhance its management system.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



General Products & Realty Company

We will strengthen our earnings platform in core businesses, aggressively replace assets, and take on the challenge of making high-value-added investments.



President, General Products & Realty Company
Yasuyuki Harada

Strengths

- Firm position and value chains in each business area
- Creation of synergy through collaboration between businesses
- Strengthening of the management foundation through the aggressive replacement of our asset portfolio



Business Fields

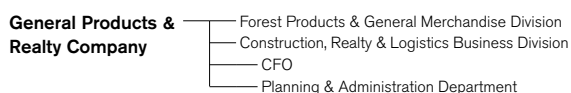
Forest Products & General Merchandise

Logs, Lumber, Wood fiberboard, Building materials, Wood chips, Wood pulp, Recycled paper, Cotton linter, Paper, Paperboard, Paper products, Natural rubber, Tires, Glass, Cement, Slag, Landscape materials, Refractory materials, Natural gypsum, Biomass fuels (chips, pellets), etc.

Construction, Realty & Logistics

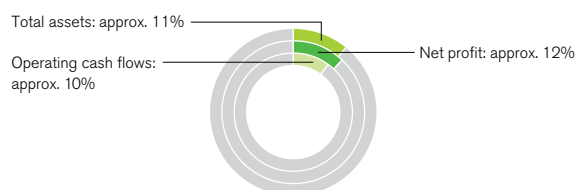
Real Estate Development, Solutions Business, Private Finance Initiative (PFI) projects, Construction equipment and materials trading [Subsidiaries: Condominium development, Real estate management, Housing and renovation, etc.], Logistics Solutions (3PL, Logistics Center Management Operation, International Intermodal Logistics and Automobile Logistics), Maritime Shipping Services

Organization



From left:
Nobuya Urashima, Chief Operating Officer, Forest Products & General Merchandise Division
Masatoshi Maki, Chief Operating Officer, Construction, Realty & Logistics Business Division
Noboru Fukushima, CFO
Minoru Araki, General Manager, Planning & Administration Department

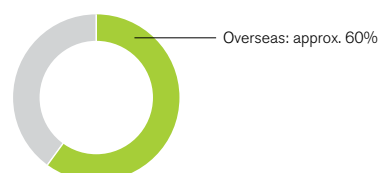
Percentage of the Total for ITOCHU (image)



Composition by Segment (image)




Percentage of Earnings from Overseas Businesses (image)



- Textile Company
- Machinery Company
- Metals & Minerals Company
- Energy & Chemicals Company
- Food Company
- General Products & Realty Company
- ICT & Financial Business Company

Business Portfolio

Forest Products & General Merchandise Division		Construction, Realty & Logistics Division	
			
Pulp production business (Brazil and Finland)	Natural rubber processing business in Southeast Asia	Domestic residential development business	Overseas real estate development business
			
Tire wholesale and retail business in Europe	Building material business in North America	Logistics facility development business	Logistics operations business

Overview of FYE 2016

Net profit attributable to ITOCHU was ¥25.6 billion, a year-on-year decrease of ¥10.3 billion. The decline was due to impairment losses on European tire-related companies, despite the positive impacts of higher trading income and earnings of associates and joint ventures, as well as a gain on sales of housing-materials-related subsidiaries in the United States.

Business Results Note: Based on U.S. GAAP from FYE 2012 through FYE 2014

Years ended March 31	2012	2013	2014	2015	2016
Total assets	—	—	—	954.0	810.8
ROA	—	—	—	3.8%	2.9%
Trading income	—	—	—	33.2	34.4
Equity in earnings of associated companies / associates and joint ventures	—	—	—	14.3	17.0
Net profit attributable to ITOCHU	—	—	—	35.9	25.6

Breakdown of Net Profit (Loss) Attributable to ITOCHU by Major Group Companies

	2012	2013	2014	2015	2016
ITOCHU Kenzai Corp.	1.8	1.5	3.0	2.8	1.7
Japan Brazil Paper and Pulp Resources Development Co., Ltd.	2.1	2.0	4.0	1.4	3.7
ITOCHU FIBRE LIMITED	—	2.4	6.5	5.9	6.9
European Tyre Enterprise Limited	(0.4)	2.2	5.1	4.7	(29.9)
ITOCHU Pulp & Paper Corp.	0.2	0.6	0.6	0.6	0.9
DAIKEN CORPORATION	0.2	0.3	0.6	0.7	1.1
ITOCHU Property Development, Ltd.	2.6	1.8	2.2	2.4	2.8
ITOCHU LOGISTICS CORP.	1.3	1.2	1.4	1.9	2.1
PT. KARAWANG TATABINA INDUSTRIAL ESTATE	0.6	0.8	1.8	2.0	0.4
[Subtotal]	[8.4]	[12.8]	[25.2]	[22.4]	[(10.3)]
Percentage of Total Employees	Consolidated (rounded)			17,500 (16%)	16,000 (15%)
	Non-consolidated			257 (6%)	267 (6%)
Percentage of Total Number of Subsidiaries and Affiliated Companies	Japan			22 (16%)	18 (14%)
	Overseas			31 (15%)	28 (14%)

Earnings Opportunities for Growth

- Market expansion due to rising living standards of people in China and the ASEAN region
- Improvement in Japanese consumer sentiment
- Rise in demand for specialized and sophisticated logistics infrastructure services



- Demand for environmentally conscious products and construction materials



- Need for certified forestry products

Challenges to Address

- Hedging of market price fluctuation risk on commodity products (pulp, natural rubber, etc.) and housing
- Response to changing market needs and regulation in various fields
- Cultivation of overseas markets with prominent overseas partners



- Use of sustainable resources



- Harmony with local communities



- Assurance of traceability in raw materials

IN DEPTH

Accelerating the 3PL Logistics Business and Logistics Facility Development in Japan and Overseas



Logistics center of ITOCHU LOGISTICS (CHINA) CO., LTD.

Management Resources

Commercial distribution that a general trading company is uniquely positioned to provide and utilization of the ITOCHU Group's distribution network, specialization, and expertise

Creating Added Value

In recent years, distribution needs have grown more sophisticated and complex, leading to acceleration in the operation and development of advanced logistics facilities in Japan and overseas. ITOCHU LOGISTICS (CHINA) CO., LTD., has developed a distribution network that covers all of China, providing a supply chain for global companies. Recent brisk growth in sales over the Internet and a focus on the cold chain have led to efforts to develop added value going beyond the scope of distribution. In the real estate field, we have launched a logistics facility development project in the city of Wuxi, in China's Jiangsu Province, and we will consider further development plans to meet the demand. By combining the specialization and expertise we have cultivated in the 3PL logistics and logistics facility development businesses in Japan and overseas, we aim to configure an even more robust value chain in logistics-related businesses and reinforce our earnings platform.

IN DEPTH

Involvement with Pulp Producer METSA FIBRE (Stable Provision of Sustainable Forestry Resources)



METSA FIBRE's Joutseno mill

Reason for Importance from a Strategic Perspective

Finland's volume of pulpwood growth greatly exceeds its consumption, making it possible for the country to provide a stable supply of pulpwood on a long-term basis. Promoting the use of sustainable forestry resources and harmony with local communities are the key considerations.

Current and Future Actions

ITOCHU holds a 24.9% stake in METSA FIBRE Oy, a Finnish company that is one of the world's leading softwood pulp producers, providing some 2.3 million tons per year. We market the company's softwood pulp in the Asian market as an exclusive agent. As METSA FIBRE has decided to ramp up annual production by a substantial 800,000 tons, annual pulp production is expected to reach 3.1 million tons in 2018. In addition to promoting the use of sustainable forestry resources through business with excellent partners, we generate electricity in pulp production processes. We provide excess power to surrounding communities, helping to reduce regional fossil fuel consumption.



- Textile Company
- Machinery Company
- Metals & Minerals Company
- Energy & Chemicals Company
- Food Company
- General Products & Realty Company
- ICT & Financial Business Company

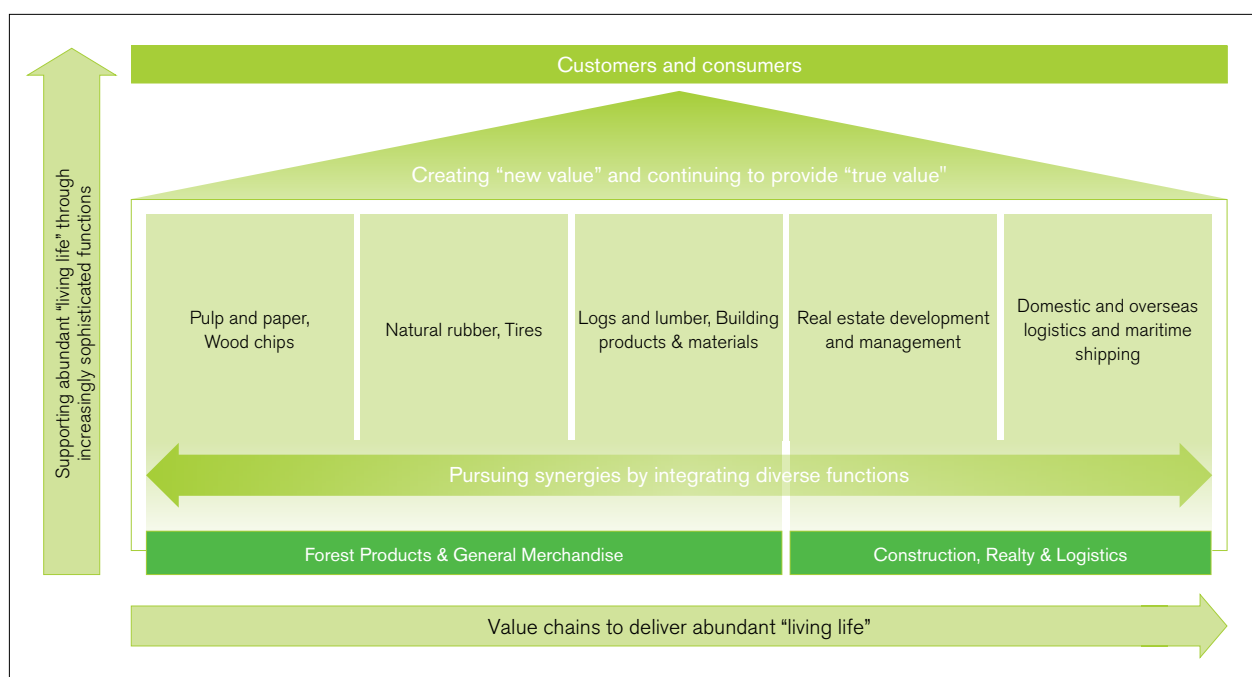


Medium to Long-Term Growth Strategies

This company, which is active in the consumer-related sectors of ITOCHU's operations, comprises the Forest Products & General Merchandise Division, which handles products closely linked to people's lives—paper and pulp, natural rubber and tires, wood resources and housing materials, etc.—and the Construction, Realty & Logistics Division, which is involved in housing, logistics facilities, and other development projects, as well as the logistics business, including 3PL and international transport. We work to provide new value to society through the comprehensive strengths and global networks these divisions possess, thereby contributing to more bountiful lifestyles. We will expand our portfolio through aggressive asset replacement, proactively develop our business to meet expected rises in consumption in China and other Asian markets, and promote collaboration with the CITIC and CP Group.

Meanwhile, we view societal and environmental issues as business opportunities. For instance, we consider ensuring stable forestry resources in the paper and pulp field and building businesses that achieve harmony with local communities to be priority issues. Accordingly, we strive toward sustainable forest management. In the condominium business, we take a customer/consumer viewpoint in providing environmentally conscious housing (energy-saving technologies, design, equipment, etc.) and offering universal design that suits housing for use by multiple generations. In addition to the quality control of products, we cultivate an energy-saving awareness among condominium inhabitants and take a proactive stance toward developing communities that foster connections between communities and residents.

Medium to Long-Term Growth Strategies (Conceptual Diagram)



ICT & Financial Business Company

We intend to take the lead in the ICT and financial business, an area characterized by rapid change and where intelligence and speed are key. We aim to achieve further advances as a new company.



President,
ICT & Financial Business
Company
Yoshihisa Suzuki

Strengths

- A solid position in the ICT field, and the creation of synergies through collaboration among the businesses
- Retail business development in the finance and insurance fields in Japan and overseas
- Provision of infrastructure services through various organizations with high levels of expertise



Business Fields

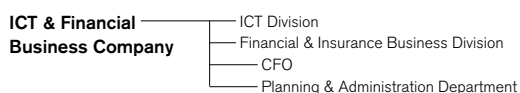
ICT

IT Solutions business, Internet-related services, Venture capital businesses, Mobile phone equipment and service, Broadcasting and communications business, Entertainment and content business, BPO business, Clinical development and sales support of pharmaceuticals, Outsourcing services for healthcare and preventive medicine, Fintech business

Financial & Insurance Business

Finance for Companies and Projects, Global Consumer Finance (Credit Cards, Auto loans, loans), Insurance Brokerage, Reinsurance, Credit Guarantee, Fintech business

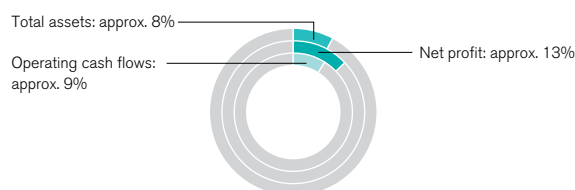
Organization



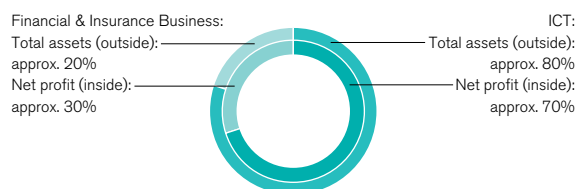
From left:

- Shunsuke Noda, Chief Operating Officer, ICT Division
- Shuichi Kato, Chief Operating Officer, Financial & Insurance Business Division
- Akira Tsuchihashi, CFO
- Tadayoshi Yamaguchi, General Manager, Planning & Administration Department

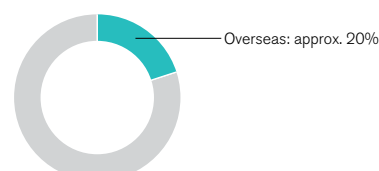
Percentage of the Total for ITOCHU (image)



Composition by Segment (image)











Percentage of Earnings from Overseas Businesses (image)



- Textile Company
- Machinery Company
- Metals & Minerals Company
- Energy & Chemicals Company
- Food Company
- General Products & Realty Company
- ICT & Financial Business Company

Business Portfolio

ICT Division		Financial & Insurance Business Division	
			
IT solutions business	BPO service business	Global consumer finance	Corporate and project finance
			
Satellite & communications business	Mobile phone distribution	Insurance underwriting business	Insurance distribution business

Overview of FYE 2016

Net profit attributable to ITOCHU grew ¥5.3 billion year on year, to ¥48.4 billion, due to the expansion of existing business and rises in trading income and equity in earnings of associates and joint ventures.

Business Results Note: Based on U.S. GAAP from FYE 2012 through FYE 2014

Years ended March 31	2012	2013	2014	2015	Billions of Yen 2016
Total assets	—	—	—	668.3	684.8
ROA	—	—	—	6.9%	7.2%
Trading income	—	—	—	39.8	40.3
Equity in earnings of associated companies / associates and joint ventures	—	—	—	20.5	23.7
Net profit attributable to ITOCHU	—	—	—	43.1	48.4

Breakdown of Net Profit (Loss) Attributable to ITOCHU by Major Group Companies

ITOCHU Techno-Solutions Corporation	7.5	8.9	8.1	10.2	10.4
CONEXIO Corporation	1.5	4.2	5.4	2.9	3.7
BELLSYSTEM24 Holdings, Inc.*	—	—	—	1.7	3.4
Orient Corporation	(3.7)	(1.2)	2.7	3.0	2.6
ITOCHU Fuji Partners, Inc.	—	—	—	0.4	2.3
[Subtotal]	[5.3]	[11.9]	[16.2]	[18.2]	[22.4]
Percentage of Total Employees	Consolidated (rounded)			14,000 (13%)	15,400 (15%)
	Non-consolidated			160 (4%)	176 (4%)
	Japan			21 (16%)	26 (20%)
	Overseas			10 (5%)	8 (4%)
Percentage of Total Number of Subsidiaries and Affiliated Companies	Japan			21 (16%)	26 (20%)
	Overseas			10 (5%)	8 (4%)

* BELLSYSTEM24 Holdings, Inc. was merged by absorption into ITOCHU special-purpose company BCJ-15, which held the shares of BELLSYSTEM24 Holdings, Inc., and changed its corporate name on September 1, 2015. Results for the year ended March 31, 2015, are for BCJ-15.

Earnings Opportunities for Growth

- Expansion of the infrastructure services business in response to increasingly specialized and sophisticated business processes
- Creation and expansion of finance-related business opportunities connecting Japan and the rest of the world
- Initiatives in fintech and other new markets combining ICT and finance



- Business development using IoT to address a growing global population and falling birthrates and aging populations in industrialized countries



- Cultivation and support for business development by excellent companies in regional Japanese locations

IN DEPTH

The Business Process Outsourcing (BPO) Business



BELLSYSTEM24 Holdings, listed on the First Section of the Tokyo Stock Exchange (November 2015)

Management Resources

BELLSYSTEM24 Holdings' leading-edge BPO services and the comprehensive capabilities of the ITOCHU Group

Creating Added Value

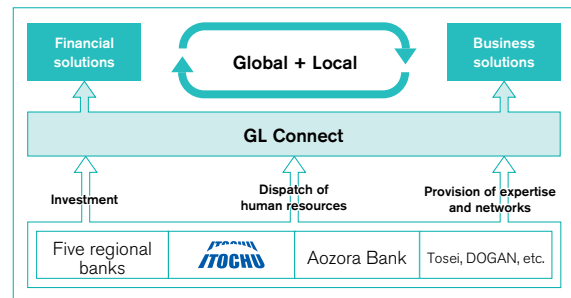
In October 2014, ITOCHU invested and began participating in BELLSYSTEM24 Holdings, Inc., Japan's largest contact center operator. Since that time, ITOCHU has positioned BELLSYSTEM24 Holdings as a core company in the BPO sector, and worked to strengthen our operations in the non-resource sector, particularly the consumer-related sector. In August 2015, we concluded a comprehensive business partnership with BELLSYSTEM24 Holdings and ITOCHU Techno-Solutions Corporation (CTC). By combining ITOCHU's expertise in business expansion with CTC's leading-edge IT and BELLSYSTEM24 Holdings' operational know-how in customer service, we provide CRM and contact center service, a type of advanced BPO service.

Challenges to Address

- Further advances in customer-response quality and efficiency in the consumer-related sector
- Provision of business solutions to address increasingly complex and sophisticated business risks
- Initiatives in response to rapid industry restructuring and regulations in various sectors
- Thorough information management for ICT, medical, and financial business development
- Response to various laws and regulations in ICT & Financial business fields

IN DEPTH

Joint Business Development with Aozora Bank and Five Regional Banks, including Kagoshima Bank: Regional Revitalization Business



Reason for Importance from a Strategic Perspective

To create and expand business opportunities that connect Japan's regional and large cities with overseas locations, measures to proactively support overseas business development by regional banks' corporate customers, provide consulting functionality to support business expansion and finance functions related to commercial distribution, and invigorate regional economies constitute important policies.

Current and Future Actions

GL Connect Co., Ltd., a wholly owned ITOCHU subsidiary in the corporate finance business, underwent a capital increase through a third-party allotment of new shares, forming its first partnership with Aozora Bank, Ltd., and five regional banks including The Kagoshima Bank, Ltd. By organically integrating into a joint business entity with strengths in function, expertise, and information that its new shareholders possess, GL Connect aims to provide functions of both finance and creating business solutions, taking part in initiatives and business activities that will help to invigorate regional economies.



- Textile Company
- Machinery Company
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Medium to Long-Term Growth Strategies

The ICT & Financial Business Company is developing its business in markets affected by rapid change. We comprise some of the Group's leading companies in various sectors of business. We strive to augment synergies between Group companies and undertake new initiatives to proactively provide support for changes in the operating environment, thereby expanding our business foundation.

In the ICT field, the additional development of leading-edge IT services is required to cultivate new markets. We will introduce some of the world's leading technologies through venture investment, using these technologies to lead the market and achieve ongoing growth by fostering the development of Group companies' business foundations.

In the finance and insurance fields, we will further emphasize our forte in the retail business and create a new investment and lending business targeting corporate customers. We also intend to bolster earnings further in our agency, brokerage, and reinsurance businesses.

Viewing social and environmental issues as business opportunities, in the ICT field we will provide indirect support to promote preventive medicine, which should help to increase the percentage of people undergoing medical checkups. In the finance and insurance fields, through collaboration with regional banks we intend to contribute to the revitalization of regional economies.

Medium to Long-Term Growth Strategies (Conceptual Diagram)

