

May 8, 2013

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

ITOCHU Corporation

(Code No. 8001, Tokyo Stock Exchange, 1<sup>st</sup> Section)

Representative Director and President: Masahiro Okafuji

Contact: Tomoyuki Takada

General Manager, Corporate Communication Division

(TEL. +81-3-3497-7291)

**Announcement of FY2014-FY2015 Medium-Term Management Plan,**  
**“Brand-new Deal 2014”**

ITOCHU Corporation announced FY2014-FY2015 Medium-Term Management Plan, “Brand-new Deal 2014” today.

For more details, please refer to the attached material.



# FY2014–FY2015 Medium–Term Management Plan

May 8, 2013  
ITOCHU Corporation

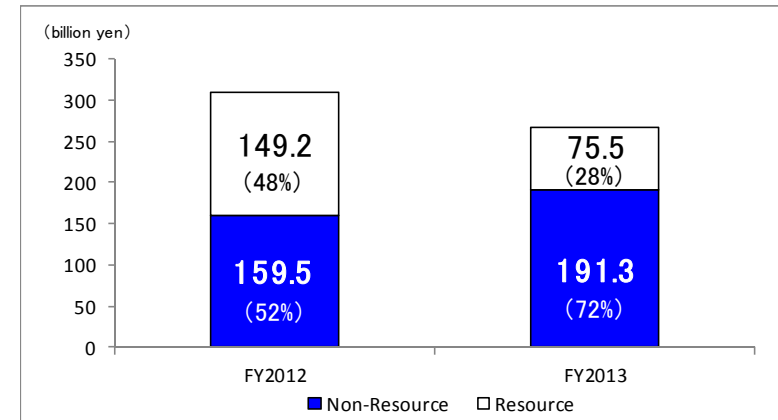


# Brand-new Deal 2012: Quantitative Review



(billion yen)	FY2012		FY2013	
	Initial Plan	Results	Initial Plan	Results
Net Income Attributable to ITOCHU	240.0	300.5	280.0	<b>280.3</b>
Total Assets	6,400	6,507	7,000	<b>7,117</b>
Net Interest-Bearing Debt	2,200	2,015	2,300	<b>2,186</b>
Stockholders' Equity	1,350	1,364	1,550	<b>1,765</b>
NET DER	1.6 times	1.5 times	1.5 times	<b>1.2 times</b>

- ◆ In FY2012, we achieved Net income attributable to ITOCHU of ¥300.5 billion, a record level.
- ◆ In FY2013, although we recognized a significant impairment loss on resource-related investment, we achieved ¥280.3 billion, with the impairment loss offset by higher performance in the non-resource sector, which is one of our strengths.
- ◆ We expanded the scale of our operations through aggressive investment while maintaining financial discipline. (NET DER: 1.2 times)



- ◆ The amount of gross investment under Brand-new Deal 2012 was increased at the beginning of FY2013 from the initial planned level of ¥800.0 billion to ¥1 trillion.
- ◆ Over two years, we implemented ¥970 billion in investment, thereby realizing our basic policy of “expanding our scale of operations.”
- ◆ The ratio of non-resource to resource investment was 1:1.

(billion yen)	Gross Investment Amount				
	Brand-new Deal 2012 Revised Plan	Two-year total			
		(%)	FY2012	FY2013	
Resources / Energy-related	500 ~ 600	<b>485</b>	<b>(50%)</b>	380	105
Consumer-related	150 ~ 250	<b>265</b>	<b>(27%)</b>	130	135
Machinery-related	100 ~ 200	<b>150</b>	<b>(15%)</b>	70	80
Chemicals, Real Estate, and other	50 ~ 150	<b>70</b>	<b>(7%)</b>	40	30
Total	1,000	<b>970</b>	<b>(100%)</b>	620	350

**【Major Investment Projects】**

- Non-Resource : Kwik-Fit, Metsa Fibre, Toyo Advanced Technologies, Shandong Ruyi
- Resource : Drummond, Samson, additional investment in NAMISA

ITOCHU, On the Move

# *Brand–new Deal 2014*

*– Aiming to be the number one trading company in non–resource sectors –*



## Boost Profitability

- Reap benefits from large-scale investments
- Increase profitability of existing business
- Aggressively take on promising new projects

## Pursue balanced growth

- Maintain balance between non-resource and resource sectors
- Reinvigorate domestic and trading businesses

## Maintain financial discipline and lean management

- Sustain a sound net debt equity ratio
- Place priority on operating cash flow
- Reduce stock holdings in non-affiliate companies
- Further improve ratio of SG&A expense to gross trading profit

(billion yen)	FY2013 Results	FY2014 Plan
Gross Trading Profit	915.9	1,000.0
Operating Income	244.2	280.0
Equity in Earnings of Associated Companies	85.9	120.0
Net Income Attributable to ITOCHU	280.3	290.0

- ◆ Due to continued growth in profits in the non-resource sector, the plan calls for Net income attributable to ITOCHU of ¥290.0 billion in FY2014, an increase of ¥9.7 billion year on year.

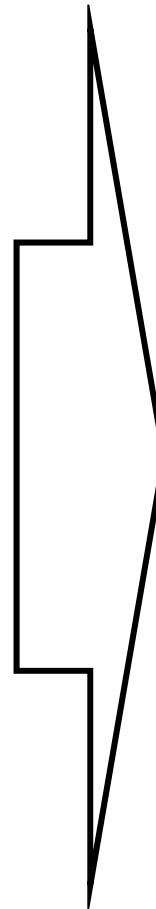
Assumptions	FY2014	(FY2013)
Exchange Rate	¥90/\$	¥82.20円/\$
Interest Rate	0.3%	0.317%

(billion yen)	FY2013 Results	FY2014 Plan
Total Assets	7,117	7,500
Net Interest-Bearing Debt	2,186	2,650
Stockholders' Equity	1,765	1,900
NET DER	1.2 times	1.4 times

- ◆ The plan calls for NET DER of around 1.4 times.
- ◆ For consolidated stockholders' equity, taking into account the accumulation of profits and the payment of dividends, the plan calls for ¥1.9 trillion, an increase of ¥130 billion over March 31.

*Brand-new Deal 2012*

Consumer-related
Machinery-related
Chemicals, Real Estate, and other
Resource / Energy-related

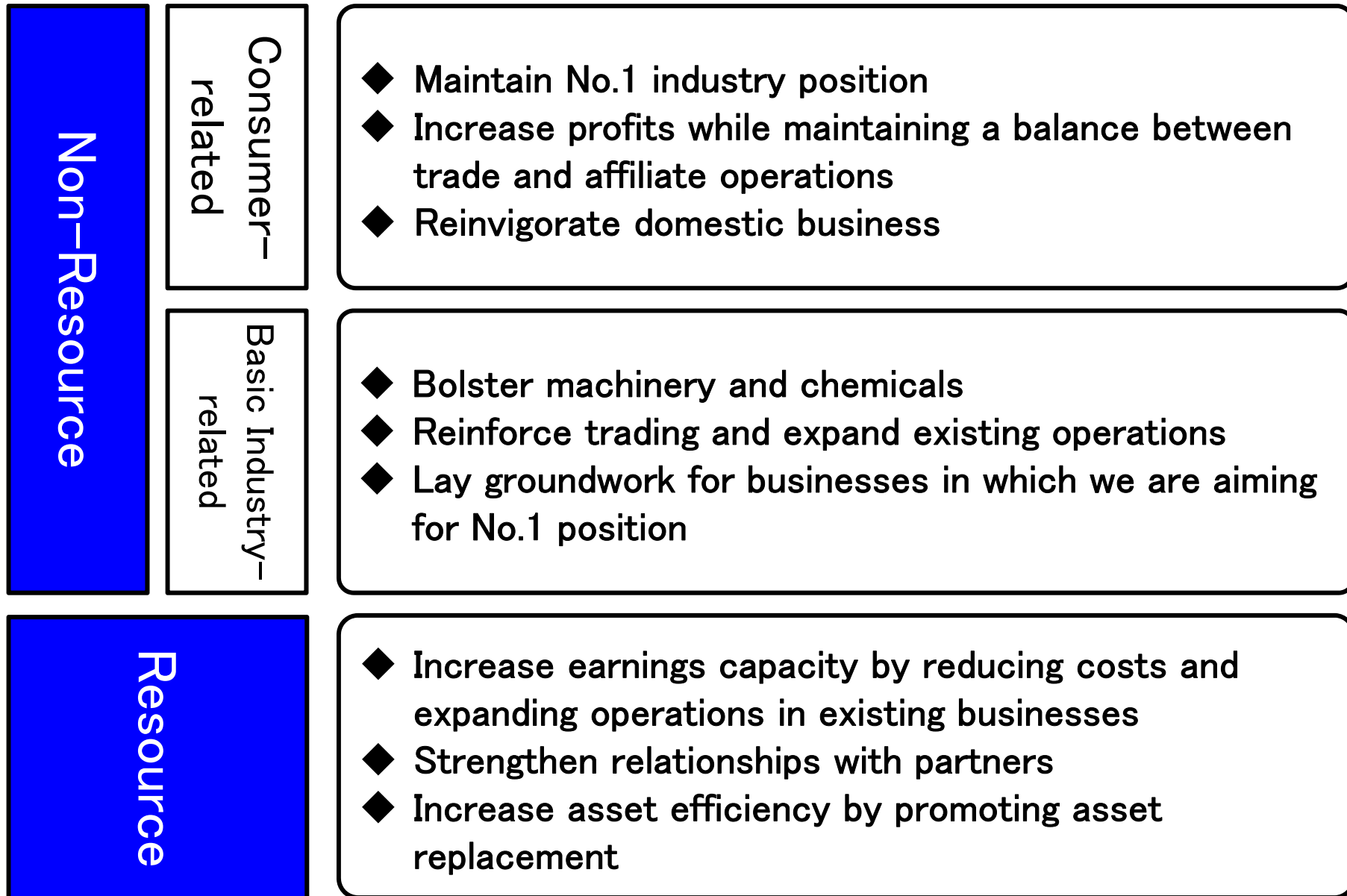


*Brand-new Deal 2014*

<b>Non-Resource</b>	<p><u>Consumer-related</u></p> <ul style="list-style-type: none"> <li>• Textiles</li> <li>• Food</li> <li>• ICT, General Products &amp; Realty</li> </ul>
	<p><u>Basic Industry-related</u></p> <ul style="list-style-type: none"> <li>• Machinery</li> <li>• Chemicals</li> <li>• Energy Trading</li> <li>• Steel Products</li> </ul>
<b>Resource</b>	<p><u>Resource-related</u></p> <ul style="list-style-type: none"> <li>• Metal and Mineral Resources</li> <li>• Energy Resources</li> </ul>



- ◆ Over two years, the plan calls for investment of ¥800 billion on a net basis, and the maximum amount on a gross basis will be ¥1 trillion.
  - Aim for disciplined growth while maintaining financial soundness.
  - Strictly select profitable projects and facilitate investment exits through more rigorous monitoring.
  
- ◆ Ratio of non-resource to resource investment will be 2:1.
  - We will emphasize the expansion of our earnings platform in the non-resource sector, which is one of our strengths and in which comparatively stable profits are expected, and the ratio of non-resource to resource investment will be 2:1.





### 【Affiliate Policies】

- ◆ Strengthen monitoring of existing businesses
- ◆ Promote liquidation / consolidation of low-efficiency businesses
- ◆ Reinforce development of personnel who will manage operating companies

### 【Overseas Policies】

- ◆ Continue overseas development under leadership of Division Companies
- ◆ Cultivate strong partners in growth markets
- ◆ Increase number of personnel stationed overseas

### 【Human Resource Policies】

- ◆ Move ahead with reallocation of human resources, including from/to overseas offices and affiliate companies
- ◆ Bolster overseas trainee system to foster acquisition of second languages other than English
- ◆ Support the further development of female role models in career track



### 【Risk Management】

- ◆ Strengthen consolidated risk management system and continue appropriate management of concentration risk

### 【Internal Control and Compliance】

- ◆ Enhance internal control in accordance with the business risks in each organization
- ◆ Continue to strengthen the overseas compliance system
- ◆ Establish system for effective, efficient investigation and monitoring of bribery and collusive bidding risks in Japan and overseas

### 【Corporate Governance】

- ◆ Maintain the current corporate governance system, which is based on the Board of Directors including outside directors and the Board of Corporate Auditors, a half or more of whom are outside corporate auditors.



Under Brand-new Deal 2014, we will maintain the current dividend policy.

Annual dividend targets will be: dividend payout ratio of approximately 20% on Net income attributable to ITOCHU up to ¥200.0 billion, and dividend payout ratio of approximately 30% on portion of Net income attributable to ITOCHU exceeding ¥200.0 billion.