

To Our Shareholders, Investors, and Other Stakeholders

Moving forward, ITOCHU Corporation will maintain its combative spirit of taking on challenges as it leads the new era for general trading companies in the years ahead.

In FYE 2016, we became the No. 1 general trading company in terms of net profit attributable to shareholders (hereinafter: net profit). Nonetheless, we will not let this achievement lead to overconfidence, and we will not forget our starting point as merchants. By rigorously implementing the “Earn, Cut, Prevent” principles and concentrating the individual capabilities of the Group’s more than 100,000 employees, we will make strong progress toward the establishment of an earnings base to generate ¥400.0 billion in net profit.



President & Chief Executive Officer
Masahiro Okafuji

The Long-Standing Expectations of Generations of Predecessors

I think that, in some ways, management is similar to a long-distance relay race. Runners take the baton from their predecessors and, with a commitment to the expectations represented by the baton, they fulfill their duty by sprinting at full speed over their section of the race before passing the baton on to the next runner. This process is very similar to management.

I received the management baton in April 2010, and on the solid financial foundation inherited from my predecessors, my role has been to shift from management that emphasized financial discipline to proactive management that is focused on business. The management baton that has been passed from generation to generation represents the expectations of our predecessors, who created ITOCHU's history up to this point.

Established in 1858, ITOCHU has built a comprehensive business portfolio ranging from its founding business of textiles to heavy industry. That process of expansion continued from the post-war reconstruction phase through the period of rapid economic growth. Unlike

Japan's *Zaibatsu*-industrial groups, ITOCHU did not have extensive connections with industries that played central roles in national policies, such as steel and petrochemicals. With limited access to resource and energy development projects, our predecessors faced many hardships during that period. The decision to aim for growth through a focus on the consumer-related sector rather than the resource sector was made out of necessity. Throughout ITOCHU's history, the ambition to compete on an equal footing with the *Zaibatsu*-industrial groups steadily strengthened. We developed a combative spirit of taking on challenges, and that spirit has been passed down through successive generations. This corporate culture has nurtured hungry, motivated young employees. Over many years, the individual capabilities of these employees have become ITOCHU's strength, and our corporate culture has been compared to that of a merchant band.

I am one of the employees who was attracted by that corporate culture.

The reason why I chose ITOCHU was my defiant attitude of wanting to take on the challenge posed by the higher ranking general trading companies. When I joined ITOCHU, I was somewhat presumptuous, and I could not accept the conservative business practices of the textile industry. I was frequently at odds with customers. I was kept away from customers, and the person in charge of my training advised me that I was not cut out for the trading department. I remember that I was terribly shocked. However, it was this aspect of my temperament that became the combative spirit of taking on challenges, as well as the driving force behind my commitment to always ensuring victory over our rivals.

Now I am in a position to chart the course of the Company's management, and I am still full of that fighting spirit. That is because I want to meet the expectations of our predecessors, which are represented by the management baton that I have received.