IntegrationofBrazilianlron OreRelatedAssets Nacional Minérios SA.(NAMISA), an iron ore production and sales company in Brazil, operates a project in the state of Minas Gerais in Brazil that was acquired in December 2008, in the middle of the resource boom, through a consortium that ITOCHU established in collaboration with five large domestic iron and steel companies and POSCO, of South Korea. Competitive strength in the iron ore mine business is determined not only by high-quality iron ore mines but also by infrastructure assets, including rail- way and port facilities. NAMISA was a project that had limitations on the use of infrastructure under a long-term contract with Companhia Siderurgica Nacional (CSN). Also, CSN's neighbor- ing Casa de Pedra (CdP) Mine has min- able reserves of more than 3.0 billion tons (probable reserves of more than 6.5 billion tons), about 10 times NAMISA's reserves. The investment in NAMISA was initially made with a view toward a management integration with the CdP mine, one of the most competitive mines in the world. In June 2011, a new business plan was concluded with CSN and the generation of synergies among the two mines was commenced. Full-scale negotiations started from 2012. Intemally centered on the Metals & Mineral Resources Division (currently, the Mineral Resources Division), we formed Team ITOCHU NAMISA, comprising up to 50 professionals from all business areas, including ITOCHU Brasil S.A, NAMISA, ITOCHU Mineral Resources Development Corporation, and the legal, finance, accounting, and tax departments from headquarters. With iron ore prices declining, we focused our Companywide comprehensive strengths on the management integra- tion project, which involved obtaining favorable terms while controlling risk.

# SimultaneouslyTransitioning

SaleofSharesofPrimeSourc aSuperiorAsset In March 2015, ITOCHU and ITOCHU International Inc. (hereinafter, ll), con cluded an agreement with Platinum Equity, LLC (United States) for the sall of their entire holdings of shares of PrimeSource Building Products, Inc. (hereinafter “PrimeSource), a building material company in the U.S. and Canad The sale was concluded in May 2015 The 'niche / low-tech / domination strategy\* which aims at the achieve- ment of No. 1 posiltions in specific fields,is one part of the basic strategy of the Forest Products & General Merchandise Division.In accordance with this strategy, ITOCHU worked to raise the value of PrimeSource, which ll acquired in 1998 for $50 million (approximately Y6.5 billion). In FYE 2016, the company had a dominant position, with net sales of approximately US$ 1.3 billion (approxi- mately ￥156.0 billion), 1,300 employ ees, and 42 distribution bases in the United States. In particular, PrimeSoure

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In November 2015, the merger was concluded after eight years of effort. ITOCHU's share in the newly merged company is 7.6%, compared with 21.95%% in NAMISA. The merged com pany is a mining company with signifi- cant strengths that are competitive, not only within Brazil but on a global basis, in such areas as iron ore resources, quality, production scale, and infrastruc- ture. For ITOCHU, this means that a major earnings pillar has been estab- lished in Brazil, on a par with the iron ore mines in Western Australia, among the largest in the world, where we work together with BHP Billiton to conduct development and production. Through this merger, ITOCHU collected US$700 million in cash, and in addition we took a major step forward in the establish- ment of a higher quality resource asset portfolio that will be less susceptible to future resource price fluctuations.