Shareholders' Guide "Marubeni"

No.121, Winter 2016

Top Message

Financial Results for the Six-month Period ended September 30, 2016

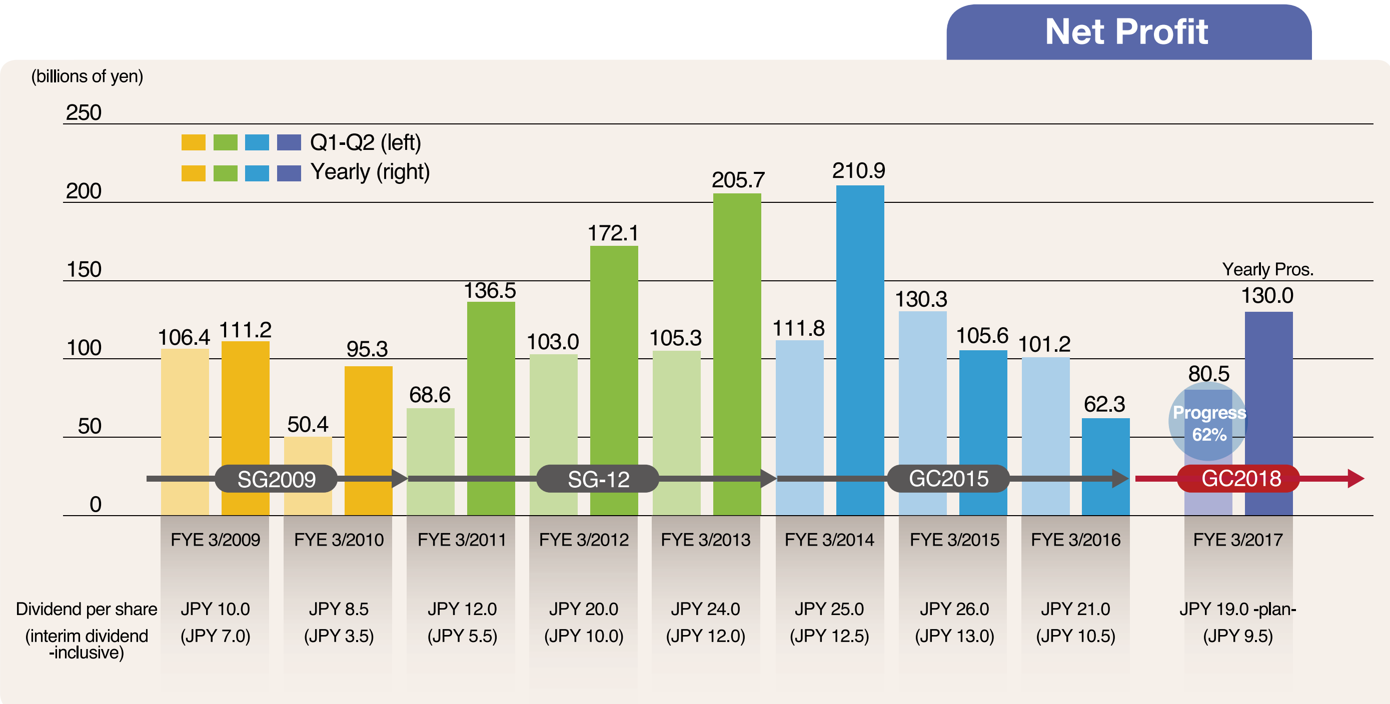
I would like to express my sincere gratitude to our shareholders for your continued support. The following is an overview of the financial results for the fiscal year ended September 30, 2016, announced on November 4 and the progress of the Mid-term Management Plan "Global Challenge 2018 (GC2018)."

Fumiya Kokubu
President & CEO

Overview of Financial Results for the Six-month Period ended September 30, 2016

Consolidated Net Profit

I will begin with an explanation of our earnings for the six-month period ended September 30, 2016. Consolidated net profit totaled 80.5 billion yen during the period. Although this result represents a year-on-year decline of 20.7 billion yen, it also indicates that we have reached 62% of the 130 billion-yen consolidated net profit forecast for the full year that we set at the beginning of the year. In other words, we believe that this result shows that we passed the halfway mark at a steady pace as we set forth toward the full-year target.



Looking back at the business environment over the period, the Chinese and other emerging market economies continued to lose momentum and the overall global economy remained stagnant. On the other hand, although the U.S. monetary easing policy tightened while the country's economy continued to gradually recover, yen sharply appreciated which affected our operations.

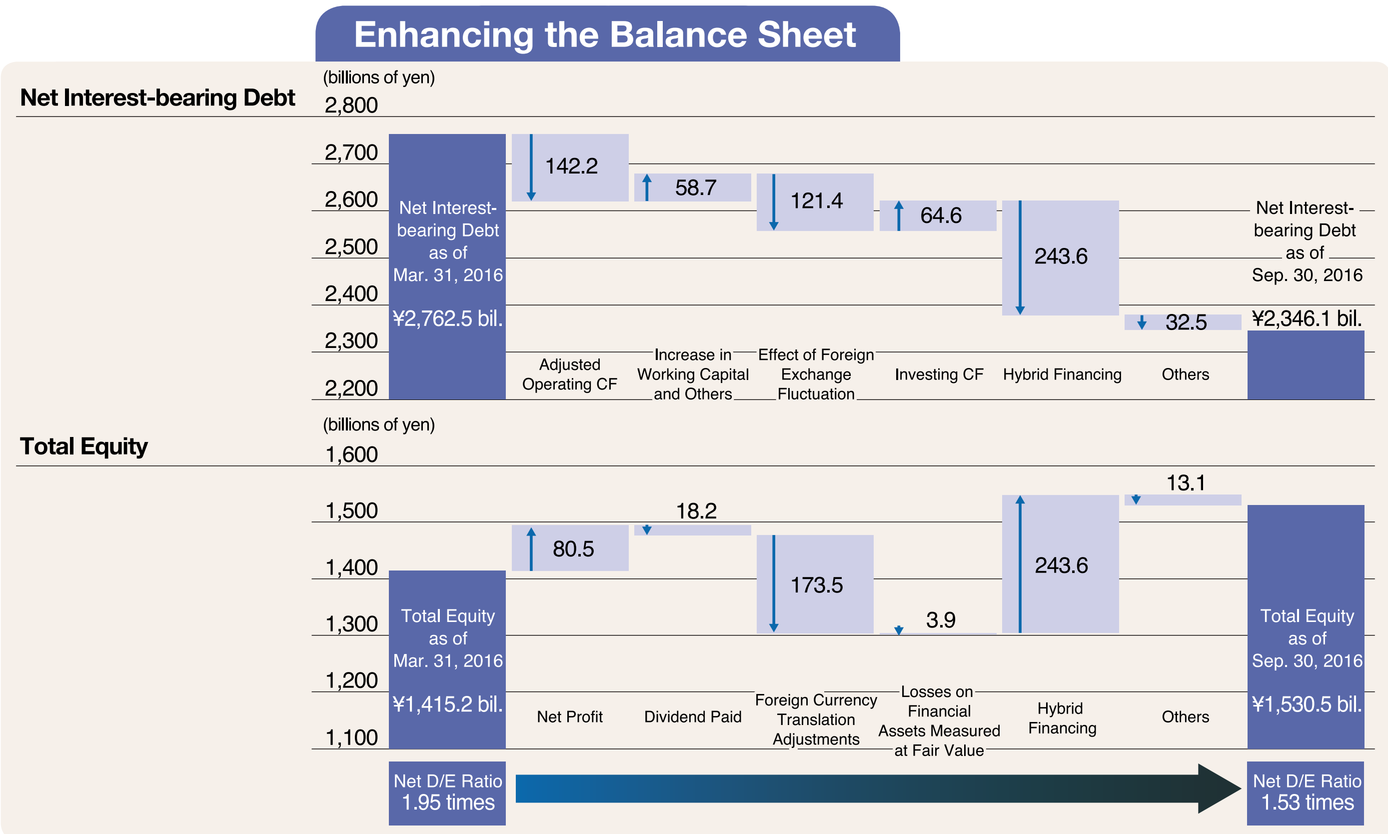
Under this environment, the margin deterioration of our upstream projects and a sluggish trade business owing to the sagging overall commodity prices, with the resource business particularly hard hit, depressed earnings. Moreover, the sharp fluctuations in the currency markets (a roughly 17-yen appreciation against the dollar compared with the corresponding period of the previous year) led to a decline in the yen-based earnings of our overseas group companies. Considering the escalating downward pressure on our financial results, we are stepping up efforts such as improving our existing businesses to steadily strengthen our earnings power. Through the measures to be taken, which I will discuss later, Marubeni will steadily raise the level of our earnings power to build a sturdy foundation able to withstand a potential further deterioration of the environment.

Net Debt/Equity Ratio

I will now explain our balance sheet.

Total equity at the end of September 2016 increased 115.3 billion from the previous fiscal year end to 1,530.5 billion yen mainly due to progress in accumulating earnings and fund-raising through hybrid financing (perpetual subordinated loan)* activities. The impact of these factors eclipsed the repercussions of the decline in part of our equity (decreased foreign currency translation adjustments) owing to the yen appreciation. (*Such loans are classified as other equity instruments for the purpose of the Company's consolidated financial statements in accordance with IFRS).

Meanwhile, net interest-bearing debt decreased 416.4 billion yen from the previous fiscal year to 2,346.1 billion yen primarily due to the decline in the foreign currency-denominated loan balance stemming from the currency translation impact. Accordingly, the net debt-to-equity ratio fell 0.42 points from the previous fiscal year to 1.53 times. Although the Company's balance sheet at September 30, 2016 improved dramatically, we will keep a tight rein on our activities as we continue to work to strengthen our financial condition.



Interim dividend set at 9.5 yen per share

The Company applies a basic policy to determine dividends based on the principle of linking them to the Company's business results for each term. In accordance with the policy of maintaining a consolidated dividend payout ratio of 25% or higher, we have set our interim dividend in the fiscal year ending March 30, 2017 at 9.50 yen per share as planned. We began paying our interim dividend on December 2.

Regarding retained earnings (internal reserves) after payment of our dividends, Marubeni utilizes internal reserves to improve the financial base and strengthen the earnings base to raise our corporate value.

Progress in Implementing "Global Challenge 2018" Mid-term Management Plan (GC2018)

Basic Policy

Next, I will give you a progress update of the implementation of the Mid-term Management Plan currently underway. In GC2018, we have articulated a vision for the Marubeni Group in 2020 as "**a true global company**" that outperforms top players around the world and contributes to both regional economies and society." To achieve this, we have adopted the slogan "**Combining all our individual strengths to create a more powerful Marubeni Group**."

For the fiscal year ending March 31, 2017, the first year of the plan, the Marubeni Group has set particular key priorities and is mounting a united effort of bolstering the earnings power of existing businesses and strengthening the balance sheet and cash flow.

Strengthening the Earnings Power of Existing Businesses

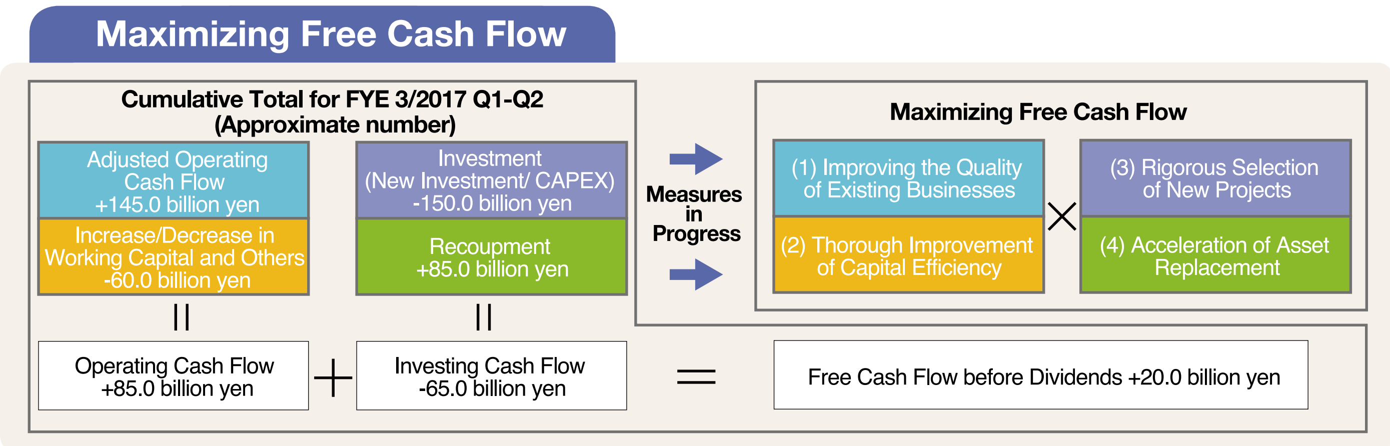
To fortify the earnings foundation, the "(1) **improvement of existing projects**" is vital as is new investment. To what extent can Marubeni improve the quality of its businesses and assets to grow and develop given the limited management resources? In other words, a major key is to what degree the Company can improve existing projects. Although it will take time for our efforts to bear fruit in some areas, we will nevertheless work tirelessly to this end. Furthermore, also imperative is the "(2) **thorough improvement of capital efficiency**."
Pursuing efficiency and ensuring consistently favorable results of each business are fundamental to raising profitability.

These measures will enable us to improve and increase operating cash flow. As a result of improving cash flow, we will in turn also be able to strengthen the balance sheet.

Enhancing the Balance Sheet and Cash Flows

As I mentioned before, Marubeni in the six-month period ended September 30, 2016 reinforced our equity to strengthen the balance sheet through hybrid financing. That said, the Company, should not limit itself to these measures, but needs to also maximize free cash flow to be allocated for the repayment of interest-bearing debt to build a more robust balance sheet.

In addition to improving and increasing operating cash flow, Marubeni will firmly control investment cash flow to maximize free cash flow by thoroughly managing "investment" (new investment + CAPEX*) and "recoupment". (*CAPEX: additional capital investment to maintain and improve the value of existing investment projects).



New Investments and Recoupments

(billions of yen)

	FYE 3/2017 Q1-Q2 Actual	FYE 3/2017 Major Projects	GC2018 Total (Plan)
New Investments	Approx. -55.0	—	**-1,000.0**
Non-resources	Approx. -55.0	• Natural gas fired power generation business (North America) • Power, water and steam supply businesses (Middle East) • Renewable energy businesses (Asia/South America) • Aviation parts businesses (North America) • Gavilon-related assets (North America)	**90%** (by Business Model) • Distribution Businesses 30% • Finance Businesses 20% • Stable Earnings-Type Businesses 40%
Resources	Approx. -0.0	—	**10%** (by Business Model) • Natural Resource Investments 10%
CAPEX	Approx. -95.0	• Energy concession businesses (North America/UK) • Transportation machinery-related leasing and rental businesses (North America) • Agrichemical storage facilities, etc. (North America)	
Recoupment	Approx. +85.0	• Railcar leasing business (North America) • Automotive sector business (North America) • Sales of investment securities (North America/Japan) • Gavilon-related assets (North America) • Sewage treatment business (China) • Sale of assets related to a coffee business (South America)	

As for our Company's investment, we focus on the "(3) **rigorous selection of new projects**." We also place an importance in creating highly accurate business plans when making decisions on new projects, making sure not to bank on unrealistic growth projections or difficult-to-achieve synergies. We are thus committed to formulating precise business strategies based on the characteristics of each individual project, primarily focusing on those fields in which we can utilize our insight and functions, and steadily advancing these strategies.

Furthermore, with respect to recoupment as well, the Company implements management policies designed to maximize cash flow by replacing assets that are no longer core and recovering, from a strategic standpoint, even prime projects. From the third quarter of the current fiscal year, we will continue to thoroughly review our held assets and promote the "(4) **acceleration of asset replacement**."

Financial Results Forecasts for the Fiscal Year Ending March 31, 2017

Finally, I will discuss our financial results forecasts for the fiscal year ending March 31, 2017.

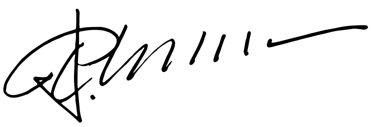
Our business environment remains hard to predict in view of the protracted stagnation in the price of many commodities. Under these circumstances, we will leave unchanged our initial consolidated net profit forecast of 130.0 billion yen after factoring in the deterioration in prices and verifying our financial results forecasts.

Moreover, regarding the outlook of the net debt-to-equity ratio, we will lower it to roughly 1.4 times in view of the favorable impact of our hybrid financing. Marubeni aims to further improve our financial base by maximizing free cash flow and reinforcing our earnings foundation.

We recognize that the various initiatives that we are currently undertaking are steps toward "combining all our individual strengths to create a more powerful Marubeni Group." Through the steady implementation of these measures, we intend to become "a true global company."

I request the continued support of our shareholders in the coming years.

Fumiya Kokubu
President & CEO



Special Feature :

"A True Global Company" Combining "Individual" Strengths

Aiming to combine all our individual strengths to create a more powerful Marubeni Group, we will develop our strong human resources and businesses all over the world.

In the Mid-term Management Plan "Global Challenge 2018" launched in the fiscal year ending March 31, 2017, we articulated a vision for the Marubeni Group in 2020 as "a true global company" that outperforms top players around the world and contributes to both regional economies and society in every field and market.

The Marubeni Group aims to build a greater number of strong businesses that can prevail in global competition. We will also develop and recruit human resources that can succeed on a global scale that will be responsible for the formation and operation of such businesses.

The Marubeni Group is developing **companies** that target growing local demand in each country and region around the world.
Among them are many "**individually strong**" companies that are currently developing their businesses as **top players**. These companies, which were small when Marubeni acquired them, subsequently raised their corporate value by steadily pushing forward their growth strategies.
In this special feature, we will introduce three "individually strong" companies in the **U.S.** and **Association of Southeast Asian Nations (ASEAN)**, key regions in our GC2018.

1 PLM Trailer Leasing Co., Ltd.

Refrigerated trailer leasing and rental business in the U.S.

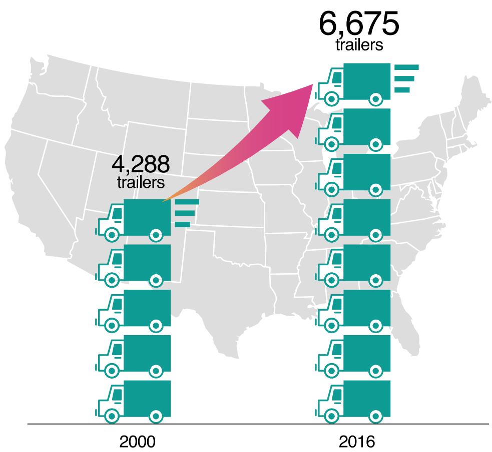
Business description: Refrigerated trailer leasing and rental business
Area of operation: 21 states / 27 locations throughout the U.S.
Scale of operation: Leading company of leasing and rental business specialized in refrigerated trailers

The refrigerated logistic market is expected to expand reflecting the population growth and continued burgeoning demand for high-quality fresh and frozen food in conjunction with such factors as the growing need to reduce food waste.

PLM Trailer Leasing Co., Ltd., is developing its refrigerated trailer leasing and rental business in 21 states throughout the U.S. The company responds to not only demand for long-term trailer leasing and short-term trailer rental, but also offers a wide range of other services, including trailer maintenance, GPS-powered trailer location and temperature monitoring, contract operation of other companies' trailers in addition to consulting and other fine-tuned services catering to the needs of customers.


Refrigeration and freezing trailer of MAC Trailer Leasing

Increase in the number of trailers owned after Marubeni's acquisition



2 B-Quik Co.,Ltd.

Tire Retail Business in ASEAN

Business description: Tire retail business
Area of operation: Thailand, Cambodia
Scale of operation:
- 125 stores in Thailand, one store in Phnom Penh, Cambodia (as of the end of March 2016)
- Leading seller of commercial tires in Thailand

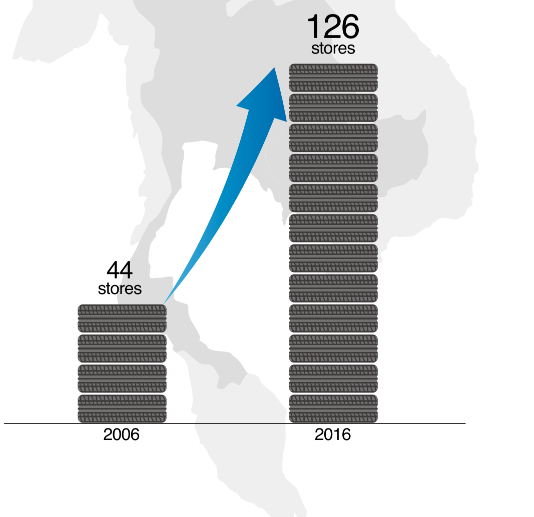
B-Quik Co., Ltd. is an independent car maintenance retail chain operator which primarily sells tires. It operates 125 stores in Thailand, and one store in Cambodia.

The company holds the top share of Thailand's commercial tire market thanks to its diverse product lines stemming from its handling of multi brands and widespread support for its high-quality, consistent services provided by each of its directly-operated stores.

In 2014, B-Quik Co.,Ltd. made inroads into Cambodia, an adjacent country, and will continue to expand its business in Thailand and other neighboring countries, which are expected to see a growth in motorization.

B-Quik store (Thailand)

Increase in the number of stores in Thailand and Cambodia after Marubeni's acquisition



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Helena Chemical Company

Wholesale and retail distributor of agricultural materials in the U.S.

Business description: Sales of agricultural chemicals, fertilizers, seeds and other agricultural materials and provision of various services

Area of operation: 487 locations throughout the U.S.

Scale of operation: Second largest retailer of agricultural materials in the U.S.

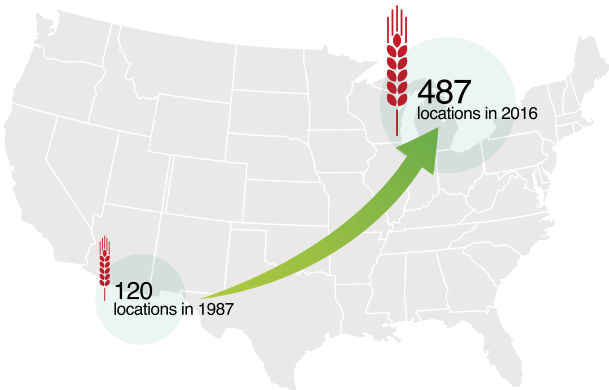
Liquid fertilizer tank

Helena Chemical Company, which is engaged in the wholesale and retail distribution of agricultural chemicals, fertilizers, seeds and other agricultural inputs, was acquired by Marubeni from Bayer AG in Germany in 1987.

The Company supplies all the materials needed by farmers at every stage of the farming process from pre-planting to harvest. Moreover, it aims to differentiate itself from other companies through extensive and detailed consulting services, which include the provision of optimal solutions best suited to farmers' soil and crop conditions, using cutting-edge IT technologies.

Helena's sales locations of approximately 120 at the beginning of acquisition have increased to the current 487 in the U.S., indicative of the widespread trust it has gained among farmers. The Company has captured the second largest share of the U.S. market having won over 100,000 farmers as customers.

Increase in the number of locations in the U.S. after Marubeni's acquisition



The companies that we introduced here, "PLM," "B-Quik" and "Helena Chemical," developed community-based businesses in the regions where they are located, responded to the growth in local demand and grew by building up their knowledge base and track record. The growth of these companies enables them to acquire significant market shares that create virtuous cycles for their businesses that arise from a wider range of opportunities to partner with new companies and participate in new fields and markets.

Like these companies, we would like to target local demand growth in various countries and regions and increase such platform-based businesses as much as possible in regions, fields and product areas that are expected to grow.

Moreover, to enable these community-based businesses to achieve sharp growth, we will implement management policies that adapt to the characteristics of each region. We will also require human resources that are able to maximize corporate value. The Marubeni Group plans to recruit and cultivate talented employees, irrespective of gender or nationality, who can compete on the global stage.

The stronger Marubeni becomes in individual business fields, markets and business domains, the more we will find that our competitors are not other trading companies but are rather the top players in these fields, markets and business domains. To outperform the competition, we will further strengthen both our strong "human resources" and "businesses," which will lead to future growth for the Marubeni Group as a whole.