

Profile

The history of ITOCHU Corporation dates back to 1858 when the Company's founder Chubei Itoh commenced linen trading operations. Since then, the Company has evolved and grown over about 150 years into a business engaged in the domestic trading, import/export, and overseas trading of various products such as textiles, machinery, information and communications-related products, metals, products related to oil and other energy sources, general merchandise, chemicals, and provisions and food. Moreover, ITOCHU has made multifaceted investments in insurance agencies, finance, construction, real estate trading, and warehousing as well as operations and businesses incidental or related to those fields.

Building on its highly efficient profit structure and solid financial position gained through the advancement of its A&P strategy, ITOCHU started a mid-term management plan "Frontier-2006: A Shift to Aggressive Business and Enhancement of Solid Management" in the fiscal year ended March 2006. The Company is aiming to become a high-profit corporate group earning over ¥100 billion in consolidated net income in a steady and sustainable manner by (1) taking on the challenge of expanding earnings, (2) creating new businesses, and (3) enhancing solid management including a further improvement of its financial position. ITOCHU has been working toward these goals utilizing the collective strength of the ITOCHU Group to flexibly respond to drastic changes in the business environment. In terms of the shift to aggressive business, our efforts resulted in another record high profit in the fiscal year ended March 2006 following on from the previous fiscal year. Also in terms of the enhancement of solid management, we achieved a further improvement in the NET DER (debt-to-equity ratio). Given these results, it can be concluded that ITOCHU made a solid step forward in the fiscal year ended March 2006.

In the fiscal year ending March 2007, the last year of "Frontier-2006," ITOCHU will continue and strengthen the basic policy of this mid-term management plan and will aim to build the optimum management system that can support the "aggressive business" and "solid management" in our business operations with the banner being "Acceleration of the shift to aggressive business," while further advancing the goals we have already achieved earlier than originally planned, expanding earnings, creating new businesses, and improving the financial position.

***A&P Strategy:** ITOCHU's strategy for enhancing profitability by intensively allocating management resources to areas that are Attractive to customers and where ITOCHU is Powerful. ITOCHU has advanced the A&P strategy through the implementation of two mid-term management plans: A&P-2002 (the fiscal year ended March 2002 - the fiscal year ended March 2003) and Super A&P-2004 (the fiscal year ended March 2004 - the fiscal year ended March 2005).

Forward-looking Statements

This Annual Report contains forward-looking statements regarding ITOCHU Corporation's corporate plans, strategies, forecasts, and other statements that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which ITOCHU Corporation operates. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, including without limitation, changes in economic conditions; fluctuations in currency exchange rates; changes in the competitive environment; the outcome of pending and future litigation; and the continued availability of financing, financial instruments and financial resources, they may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and, further that ITOCHU Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.