

Mid-to-Long Term Challenges and Strategies

As for Mid-to-Long Term challenges and strategies for the Financial, Construction & Realty, Insurance and Logistics Services Company, we have set forth four goals for the Financial Services Division: 1) To enhance profitability by active switching into quality assets and bolster financial strength; 2) To secure qualified staff in light of the expansion of business operations and the move into overseas markets and foster professionals in the sector as a human resources development strategy; 3) To strengthen business footholds abroad to increase profits from overseas businesses; and 4) To promote the division's integrated management through enhanced communication.

The strategic priority in the Construction & Realty Division is to bolster the real estate securitization business, including a broadening of the scope of areas covered.

In the Insurance Services Division, our priority challenge is to strengthen and expand NEWGT (reinsurance company) as a core of the division's future profitability.

In the Logistics Services Division, we will narrow down areas for offensive business efforts and focus on 1) domestic logistics solutions (in particular, medical supplies and pharmaceuticals); 2) overseas operations (distribution of everyday consumer goods, automobile-related equipment and electronic materials in China, Asia, and Central and Eastern Europe); 3) multifunctional operations in chartering; and 4) promotion of the alliance with strategic partners and M&A in order to support and reinforce operating companies.

Policies and Outlook for the Fiscal Year Ending March 2007

In the Financial Services Division, we will redouble efforts to increase profit levels in the retail finance sector centering on Orico, and take advantage of the information network to find attractive new investment projects with the aim of lifting consolidated net income. While giving full play to the strength of ITOCHU Finance Corporation in providing comprehensive financial services, we will also strive to steadily build up a track record in the private equity business to make it a solid pillar of the division's future profitability. Furthermore, in pursuit of higher profits from overseas operations in the future, we will strive to bolster overseas business footholds, positioning Asia as the cornerstone region in this endeavor.

In the Construction & Realty Division, we will seek to expand the scope of business focusing on real estate securitization and also enhance efforts on the overseas property solution business utilizing our experiences & networks.

In the Insurance Services Division, we will make investments necessary to carry out the division's strategy that reflects a more offensive footing.

In the Logistics Services Division, in a bid to increase consolidated net income, we will seek to strengthen cooperation at home and overseas with i-LOGISTICS CORP., our core business partner, focus our efforts on important segments and important regions (Japan, China, Asia, and Central and Eastern Europe), strengthen global logistics operations particularly those originating in China, implement the leverage strategy through M&A and alliances, and further expand the scope of business fields.

Number of Employees

Consolidated*	1,976
Non-consolidated	378

*The number of consolidated employees is based on actual working employees excluding temporary staff.

Number of Subsidiaries and Associate

Domestic	43
Overseas	28

Major products & Services

• Foreign Exchange & Securities Trading
• Asset Management Business • Loan
• Online Securities • Credit Card/
Shopping Credit • Other Financial
Services • Property Development, Sales &
Purchase, Asset Management
• Brokerage & Advisory Service • Equity
Investment to Fund • Private Finance
Initiative • House Construction • REIT
Management • Golf Courses Own &
Operate • Insurance agent • Insurance
broker • Domestics & International Third
Party Logistics • Chartering

The distribution network of the ITOCHU Group in China

We are the only Japanese general trading company that maintains a distribution network that covers the whole of China solely by group companies.



Multi-functional regional distribution center
(Beijing Pacific Logistics Co., Ltd.)