

The following table shows the breakdown by maturity of repayment of short-term debt and long-term debt as well as payments under capital and operating leases.

March 31, 2006	Billions of Yen				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Short-term debt .....	¥ 382.4	¥ 382.4	¥ —	¥ —	¥ —
Long-term debt .....	1,944.7	173.1	679.2	459.1	633.3
(Capital leases included in long-term debt) .....	(37.9)	(7.9)	(13.4)	(6.6)	(10.0)
Operating leases .....	108.2	21.7	30.2	19.3	37.1

  

March 31, 2006	Millions of U.S. dollars				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Short-term debt .....	\$ 3,256	\$ 3,256	\$ —	\$ —	\$ —
Long-term debt .....	16,555	1,474	5,782	3,908	5,391
(Capital leases included in long-term debt) .....	(323)	(67)	(114)	(57)	(85)
Operating leases .....	921	184	257	165	315

## Risk Information

ITOCHU Group is exposed to various risks such as market risks, credit risks and investment risks, due to the nature of a wide range of their businesses. These risks include unpredictable uncertainties and may have significant effects on their future business and financial performance. ITOCHU Group has enhanced their risk management policy and risk management methodology to monitor and manage these risks, but it is impossible to completely avoid all these risks.

With respect to descriptions about future events, ITOCHU appropriately has determined its assumption and estimates based on information currently available at the year end, March 31, 2006.

### (1) Corporate Result Risks Due to Macroeconomic Factors

ITOCHU Group involves a wide variety of business ranging from supply of raw materials to manufacturing and sale in each of their businesses areas. It conducts diverse types of commercial transactions such as purchase and sale of products in the domestic market as well as import/export trade between overseas affiliates. Changes in the domestic economy and fluctuations in world economic environments can seriously affect ITOCHU Group's results of operations.

To give an overview of Group's main areas of business, the domestic economy has a relatively strong influence on the consumer and retail-related segments such as textiles and food. Trade in machinery such as plants, autos and industrial machinery, trade in mineral resources, energy and chemical products and investments in development are all largely dependent on economic trends in the U.S. and Asian countries, which take the lead in the world economy.

Furthermore, with the recent steady expansion of demand in China, one of ITOCHU's priority markets, the Group has conducted business and trade there at a rapid pace for many areas of business. Consequently, Chinese economic trends have a possibility to seriously affect the financial position and results of operations of the Group.

### (2) Market Risks

ITOCHU Group is exposed to market risks such as foreign exchange rate risks, interest rate risks, commodity price risks

and stock price risks. The Group attempts to minimize risks related to market fluctuations such as changes in foreign exchange rates and interest rates by establishing risk management policy such as setting and controlling limits and by utilizing a variety of derivative instruments for hedging purposes.

#### i) Foreign Exchange Rate Risk

The Company and certain Group companies are exposed to foreign exchange rate risk related to transactions in foreign currencies due to their significant involvement in import/export trading. ITOCHU is working to manage the Group's foreign currency balance based on independently specified criteria such as contract amount, debt and liabilities, and short/long-term, as well as setting limits on foreign exchange rate risks. ITOCHU is also working to minimize foreign exchange rate risks using derivative transactions such as forward exchange contracts and currency swap contracts. However, ITOCHU cannot guarantee a complete avoidance of such foreign exchange rate risks by utilizing these hedging techniques.

Since the Company is engaged in businesses involving foreign currencies with a number of overseas trading subsidiaries and other overseas group companies, the figures in Japanese yen on its consolidated balance sheets are also exposed to the risk of stockholders' equity fluctuation through the account for foreign currency translation adjustments resulting from translation gains or losses. This translation risk has no impact on the performance of the business itself conducted in foreign currencies. In addition, a long period is generally needed to recover the cost of investments. Accordingly, the Company does not hedge the translation risk, as the effectiveness provided by hedging is considered to be limited.

#### ii) Interest Rate Risk

ITOCHU Group is exposed to interest rate risk in both raising and using money for financing, investing, and operating activities. Among the interest insensitive assets such as invested marketable securities or fixed assets, the part acquired using fluctuating interest loans is considered to