

We have heard that "ITOCHU DNA Project ~Designing New Age~ " would be implemented in the fiscal year ending March 2007. Would you explain to us the project?

The ITOCHU DNA Project aims to innovate the entire business processes of ITOCHU group. All of us will discuss the future image of ITOCHU. Thus, we set up the ITOCHU DNA Project Office in April 2006 to supervise and promote the project in order to make the most of ITOCHU Group and to reinforce power and ability of each organization with greater competitiveness by raising the quality of our business processes.

The basic principles of the project lie in raising the level of "aggressive business" and "solid management" by reinforcing the capabilities of the ITOCHU Group companies and each employee, namely reinforcing power and ability of each organization. At the same time, we will reinforce the current management system by adding the viewpoint of total optimization to the Division Company System which functions as the optimal management in various business fields Group's quick decision-making system. All of these will reinforce consolidated management of the Group and define the actual and future image of ITOCHU.

ITOCHU will expand the visualization of operating processes. Routine tasks will be examined to standardize or integrate for greater efficiency, which will improve quality and speed of the process. At the same time, ITOCHU will try to create extra power for sales, promote the specializa-

tion and enhancement of administrative staffs' abilities, and then reinforce power and ability of each organization. Moreover, ITOCHU will build up a Group-level management information control system that can immediately provide management information that has become more important and essential for quick decision-making. Furthermore, ITOCHU will rebuild settlement processes in search of total optimization for the purposes of making early consolidated settlements of accounts, institutionalizing the disclosure of quarterly settlements of accounts, and securing the credibility of financial statements (precise settlement of accounts) that is required by internal control of the Group. Through the expanding visualization of operating processes, ITOCHU will implement effective risk management, compliance, and internal control across the Group.

This ITOCHU DNA Project has no period defined. We plan to root the project in ITOCHU and the Group as a continuous movement. Thus, the project is a part of changes in the way of thinking of employees. Although institutional systems may change, the way of thinking of employees will remain as the lasting DNA of ITOCHU and the Group systems.

Would you tell us ITOCHU's policy of dividend distribution?



ITOCHU places its policy of dividend distribution to stockholders upon "improving shareholders' equity with retained earnings to promote growth strategy; maintaining and reinforcing corporate competitiveness; and making stable and continuous distributions of dividends after corporate performances are taken into account."

ITOCHU thinks we can enhance our business value and contributable to stockholders when the Company improves stockholders' equity, makes preceding efforts for business expansion and strategic investment and promotes growth strategy, all of which will be useful for surviving intensified competitions and boosting revenues steadily. At the same time, ITOCHU sees that stable and continuous distributions of dividends to stockholders are important.

ITOCHU distributed ¥7 of annual dividend per share for the fiscal year ended March 2005, and ¥9 of annual dividend per share for the fiscal year ended March 2006. Its ROE was kept at a high percentage of 23.5%. The Company plans to distribute ¥10 of annual dividend per share for the fiscal year ending March 2007.