



Q&A with Mr. Eizo Kobayashi,

President and Chief Executive Officer

The fiscal year ending March 2007 is the final year for ITOCHU's mid-term management plan, Frontier-2006. It is also the year to establish a highly profitable group that can steadily and sustainably generate a consolidated net income of more than ¥100 billion with the shift to aggressive business strategy and the enhancement of solid management style.

We would like to describe ITOCHU's strategy and efforts towards the future by first, explaining the challenges we face, and second, answering questions that you may have about our group.

Where do you find ITOCHU's strengths, compared with other trading companies?

We think that ITOCHU has strengths in various fields, especially in the fields related to consumer business and information Industry.

ITOCHU started business in textile trading. Since then, our business has expanded to fiber material, international trade of textile, apparel, and industrial material businesses. At present, ITOCHU focuses on brand business and innovative technologies which have greater value added. For example, ITOCHU's brand business controls every aspect of marketing from planning, sales promotion, and sale of products, with the concept of delivering the products as well as their historical background to our consumers. Such ITOCHU's efforts have led to the formations of new business models, ahead of other competitors. Another example is ITOCHU's successful establishment of Value Chains in its foods services that cover from upper stream (production) to downstream (retail) under the initiative of our SIS (Strategic

Integrated System) strategy. The Value Chains have grown into the largest scale in the food service industry in Japan. In June 2006, ITOCHU also acquired NIPPON ACCESS INC. as its subsidiary by TOB. In this way, ITOCHU is stepping up its efforts in the Consumer Related sector.

Concerning the field related to information industry, ITOCHU TECHNO-SCIENCE Corporation, ITOCHU Group's key subsidiary, and CRC Solutions Corp. have agreed that both companies will merge in October 2006 to form a leading company in the IT service industry in Japan.

Against the backdrop of high resource prices, ITOCHU enjoyed steady growth in the Natural Resource Development sector. In other sectors, the Division Companies also made solid profits by focusing their corporate resources into their respective core business segments. ITOCHU is characterized as having a good balance of profits in each business segment, which we would like to maintain.