

Headquarters

Organization Directly Under the President and C.E.O.

The Secretariat and the Internal Audit Division directly report to the President and C.E.O.

The Secretariat provides secretarial functions to top management including the president and facilitates smooth communication amongst top management both inside and outside of the Company.

The Internal Audit Division focuses on contributing to management by providing 1) a monitoring function to ensure that internal control continues to operate effectively and 2) consulting activities designed to add value and improve management operations. It evaluates the effectiveness of

Finance, Accounting, Credit & Human Resources



Contents of Operations

The executive vice president for finance, accounting, credit and human resources leads four divisions at Headquarters: Finance; General Accounting Control; Risk Management; and Human Resources. His responsibilities for the entire Group include devising financial strategies and raising funds in the Finance area; financial reporting in the Accounting area; maintaining and monitoring the risk management system in the Risk Management area; and making plans and proposals for the overall human resources system and hiring and training personnel in the Human Resources area.

In addition, subsidiaries that support the above operations include ITOCHU Shared Management Services, Inc. a spinoff which handles finance and accounting functions previously administrated by headquarters, and ITOCHU Human Resource Services, Inc., a company which provides human resource consulting and personnel management services to group companies.

Policies

In the financial area, we are reinforcing the consolidated financial management system through our Group Finance Committee. In particular, we are implementing a financial strategy that focuses on reinforcing the system for managing interest-rate volatility risk, diversifying fund raising sources by setting commitment lines, and further reducing financing costs. In addition, we enhanced stockholders' equity by ¥54.8 billion through a public offering in July 2002. Further, by introducing the enterprise resource planning package SAP, we completed restructuring of basic operating system of the entire organization. In addition to speeding up financial results announcement by introducing an SAP system throughout the organization, we promoted tax saving measures such as introduction of a consolidated income tax return.

One of the key issues of our A&P-2002 was enhancing risk management. In this regard, we aim to reinforce risk management for the entire Group by thoroughly bringing risk capital management methods to our subsidiaries including those overseas and reviewing our country risk management system.

In the human resources area, we promoted a strategy of matching human resources to each Division Company's business, enriched training programs such as our Asian Leadership Program for developing future managers for the Asian region, and revitalized human resources with a "right person in the right place" approach. In addition, we fundamentally revised our retirement and severance plan (please see page 17) by introducing effective measures such as the defined contribution pension plan, which lead to the minimization of risks on management of rising retirement benefit costs.

Organization



Sumitaka Fujita
Executive Vice President, C.F.O. and C.C.O.