

ITOCHU at a Glance

1. We Have Achieved Mid-Term Management Plan "Frontier-2006" Goals Ahead of Schedule – Will Accelerate the "Shift to aggressive business"

We embarked on the mid-term management plan, "Frontier-2006," (a two-year plan covering the fiscal years ended March 2006 and ending March 2007) in the fiscal year ended March 2006, positioning these two years as the period during which we will have established ourselves as a highly profitable corporate group that steadily and consistently generates net income in excess of ¥100 billion, under the banner of the "Shift to aggressive business" and the "Enhancement of solid management."

In the fiscal year ended March 2006, the initial year of the mid-term management plan, on the front of "aggressive business," we were able to steadily enhance our earnings base, achieving all-time highs in terms of both gross trading profit and net income, with all business segments posting increases in gross trading profit for the second consecutive year.

On the front of "solid management," the net debt-to-equity ratio (NET DER) declined to 2.4 times, achieving the goal of bringing it down to below 3 times during the duration of the mid-term management plan ahead of schedule.

This demonstrates that our steady and strenuous efforts toward enhancing asset efficiency and improving the financial strength have borne fruit, and allows us to further accelerate the "Shift to aggressive business" while at the same time continuing the "Enhancement of solid management" in the fiscal year ending March 2007.

2. Priority Areas for the "Shift to aggressive business"

Under the mid-term management plan, "Frontier-2006," we will identify core segments and areas of business for each Division Company for a further acceleration of selection and concentration for the "vertical reinforcement" of our business operations, while continuing to reshuffle and upgrade our assets. For the "horizontal integration" of business, we will reinforce our in-house system to facilitate company-wide projects and strive to exert our collective strength as a corporate group to expand profits in Consumer Related sectors where our group has particular strength as well as in sectors related to Natural Resource Development where demand is likely to expand. In overseas markets, we are putting more management resources in the priority markets of North America and Asia including China with great potential business opportunities in the hope of further increasing profits there. We also have made upfront investments in emerging markets such as Russia, India and Brazil.

3. Development of New Businesses and Further Improvement of Financial Strength

We will continue to strive to create a stream of new businesses in the second and final year of "Frontier-2006." We will expand consumer businesses amid the falling birthrate and graying population as well as increasingly diversified consumer needs and bolster the healthcare and living services sector catering mainly to the senior segment of the population in such areas as medical treatment, nursing care, hobbies and travel. In the high-tech sector, we will make strategic upfront investments by exploiting our global strategic alliances and strive to have projects in progress yield profits as early as possible.

As part of ongoing efforts to enhance financial strength, we will continue to control interest-bearing debt.