

The schedule of future minimum lease payments to be received from direct financing leases for each of the five succeeding years and thereafter as of March 31, 2006 is as follows:

Years ending March 31	Millions of Yen	Millions of U.S. dollars
2007	¥ 5,395	\$ 46
2008	4,834	41
2009	2,089	18
2010	1,373	12
2011	648	5
2012 and thereafter	261	2
Total	¥ 14,600	\$ 124

The Company and certain subsidiaries lease aircraft, real estate, industrial machinery and certain other assets under operating leases. The cost and accumulated depreciation of the property

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The Company and certain subsidiaries lease buildings, industrial machinery and other machinery and equipment, under agreements which are classified as capital leases. The cost and accumulated depreciation of such leased assets were ¥42,717 million (\$364 million) and ¥17,476 mil-

lion (\$149 million), respectively, as of March 31, 2006 and ¥43,078 million and ¥17,313 million, respectively, as of March 31, 2005. The components of the capital lease obligations as of March 31, 2006 and 2005 were as follows:

Years ending March 31	Millions of Yen	Millions of U.S. dollars
2007	¥ 13,621	\$ 116
2008	7,391	63
2009	5,877	50
2010	4,896	42
2011	4,144	35
2012 and thereafter	11,864	101
Total	¥ 47,793	\$ 407

	Millions of Yen		Millions of U.S. dollars
	2006	2005	2006
Total minimum lease payments	¥ 37,919	¥ 39,900	\$ 323
Less amount representing interest	(4,879)	(5,643)	(42)
Capital lease obligations	¥ 33,040	¥ 34,257	\$ 281

The schedule of future minimum lease payments for each of the five succeeding years and thereafter as of March 31, 2006 is as follows:

Years ending March 31	Millions of Yen	Millions of U.S. dollars
2007	¥ 7,852	\$ 67
2008	8,330	71
2009	5,059	43
2010	3,720	32
2011	2,928	25
2012 and thereafter	10,030	85
Total	¥ 37,919	\$ 323

The total of minimum sublease rentals to be received in the future under noncancelable subleases, which correspond to future minimum lease payments under capital leases is ¥7,715 million (\$66 million).

The Company and certain subsidiaries lease aircraft, real estate and certain other assets, under agreements which are classified as operating leases. The schedule of future minimum lease payments under noncancelable operating leases for each of the five succeeding years and thereafter as of March 31, 2006 is as follows:

Years ending March 31	Millions of Yen	Millions of U.S. dollars
2007	¥ 21,663	\$ 184
2008	16,314	139
2009	13,856	118
2010	10,664	91
2011	8,663	74
2012 and thereafter	37,066	315
Total	¥ 108,226	\$ 921

The total of minimum sublease rentals to be received in the future under noncancelable subleases, which correspond to future minimum lease payments under noncancelable operating leases is ¥14,021 million (\$119 million).

12. Retirement and Severance Benefits

The Company and certain subsidiaries have defined benefit pension plans (e.g. the Corporate Pension Fund ("CPF") and the Tax-Qualified Pension Plan) covering substantially all of their employees. Benefits under these pension plans are based on years of service and certain other factors, and plan assets are comprised primarily of marketable securities, debt securities and other interest-bearing securities. In addition, the Company and certain subsidiaries have

both unfunded retirement and severance plans, which provide lump-sum payment benefits to their employees and defined contribution plans.

Certain subsidiaries and associated companies participate in a multiemployer plan (ITOCHU Union Pension Fund).

The Company and certain subsidiaries follow IITF 03-2, "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund