

## Management Policy for the Future

### Further promotion of ITOCHU's mid-term management plan, Frontier-2006

ITOCHU Group has decided to continue and reinforce the basic policies of ITOCHU's mid-term management plan, "Frontier-2006." ITOCHU will develop an optimum management system to support "Aggressive Business" and "Solid Management" in order to accelerate shift to aggressive business as well as to sustain solid management. The key word now is to "Accelerate the Shift to Aggressive Business."

- 1) ITOCHU will take on a challenge to expand earnings. ITOCHU will strengthen the vertical linkage and enhance earnings by accelerating resource injection into core segments/areas with the Company's initiatives. ITOCHU will also reinforce a promotion framework for cross-company projects involving the entire group companies and strengthen the horizontal linkage in Consumer related sector and Natural resource development sector which are both strong domain of ITOCHU to expand earning capacity. Furthermore, ITOCHU will plan to expand earnings from priority markets of North America, China, and Asia, and at the same time, to promote businesses in Russia, India, and Brazil, which we regard as emerging markets, so as to gain the initiative for future profits.
- 2) ITOCHU will create new businesses. ITOCHU will expand the consumer business in response to diversified consumer needs, strengthen the fields in medical treatment, senior care, hobbies and travel, etc for the healthcare and living service area especially targeted at senior citizens, and take the initiative and aim at promptly making profits from projects in innovative new technologies area. In addition, ITOCHU will establish a new organization, "Council of Entire Company Development" with the President as chairperson to reinforce the involvement in

new businesses such as consumer business, healthcare and living service, and innovative technologies.

- 3) ITOCHU will further promote solid management. ITOCHU will continue to strictly control the amount of interest-bearing debt and achieve continuous improvement in financial position while upgrading risk management policy further to strengthen risk control. For internal controlling system, ITOCHU steadily evaluates and improves the system by continuous monitoring. ITOCHU is also working on CSR (Corporate Social Responsibility) on an ongoing basis through better communication with stakeholders. ITOCHU will continuously make every effort to establish highly transparent corporate governance.
- 4) ITOCHU aims at establishing a management system that supports both "Aggressive business" and "Solid management." ITOCHU has started a business reorganization project, "ITOCHU DNA (Designing New Age) Project," in order to strengthen "Workplace Force" that is the force of every organization and individual and to build up ever stronger consolidated management with a view to the optimization of whole and a prospect of future ITOCHU Group ten years from now. In HR area, ITOCHU will go forward to promote to utilize a wealth of human resources including seniors, women, foreigners, or mid-career recruitment based on HR diversification promoting program. ITOCHU will also try to improve HR portfolio for entire ITOCHU Group.

By undertaking the above-mentioned efforts, ITOCHU will not only increase the value of ITOCHU group to reward its shareholders, but will also contribute to regional and global societies including active approaches to global environmental issues.

## Dividend Policy and Distribution of the Current Fiscal Year's Profit

ITOCHU maintains and reinforces its competitive power as well as increases stockholders' equity by retaining earnings to promote growth strategy. ITOCHU's basic policy regarding dividend payments is a consistent and stable distribution of returns to the stockholders considering its business performance.

For Fiscal 2007, ITOCHU intends to make a ten yen (five yen for each of the interim and the year-end) dividend payment per share.