

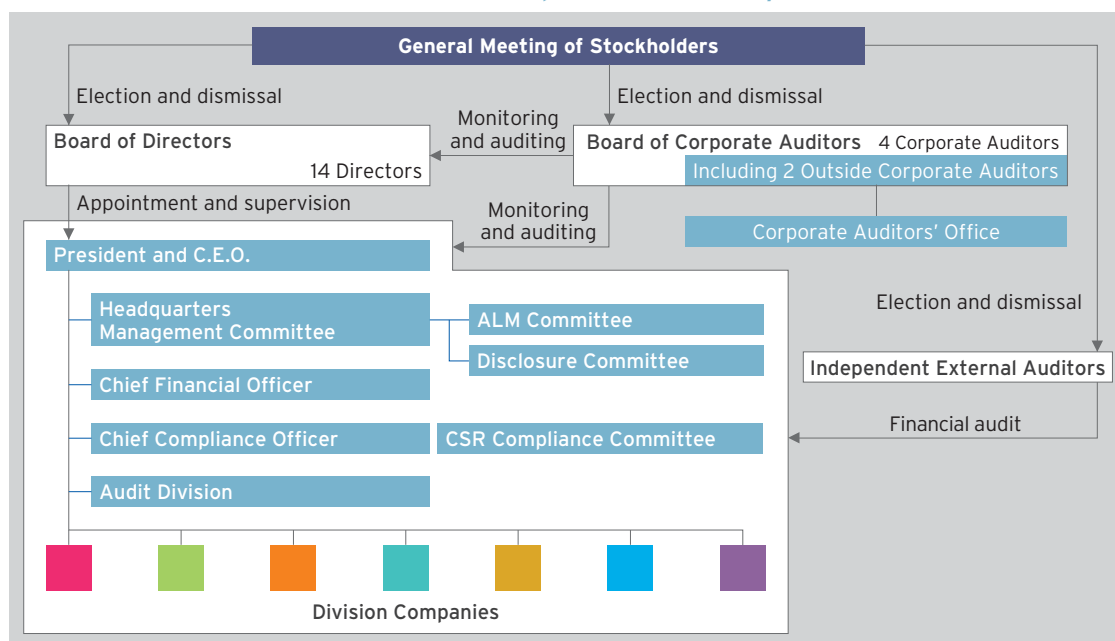
Risk Management

To adequately address the various risks associated with our business operations, such as market risk, credit risk, and investment risk, we have developed the requisite risk management system and risk management techniques, for example, establishing a full range of management regulations, investment criteria, and risk limits, and developing reporting and monitoring systems, and managing company-wide as well as matter-specific risks. Furthermore, we regularly review the effectiveness of the risk management system and are working to develop ever more sophisticated risk management techniques.

Reinforcing Disclosure and Accountability

The ITOCHU Corporate Code of Conduct states that "ITOCHU values communication with its shareholders, other stakeholders, and the public at large, and will fulfill its duty to make full, fair, and timely disclosure of corporate information". In keeping with this commitment, we have taken steps to ensure that our practice of disclosure is timely and appropriate. We have established internal policy on disclosure and implemented a communication system to ensure close contacts among concerned organizations. We have also continued to enhance our disclosure system by, for instance, establishing a Disclosure Committee in the fiscal year ended March 2006 and establishing an Investor Relations Department during the fiscal year ending March 2007.

Current ITOCHU's Corporate Governance System



Notes 1: Each Division Company has a Division Company President and a Division Company Chief Financial Officer.
2: Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the important internal control systems and mechanisms are described herein.

Principal Internal Committees

Name	Objectives
ALM* Committee	Performs comprehensive balance sheets and risk management analysis, and makes recommendations on monitoring systems and improvement measures for management
Strategic Investment Committee	Deliberates and makes recommendations on strategic investment as planned in the mid-term management plan
Company-Wide Business Committee	Maximizes the collective and comprehensive strengths in company-wide business; and supports and promotes the realization of synergies between the Division Companies
Corporate Officer Compensation Consultative Committee	Deliberates and makes recommendations on the implementation and operation of the corporate officers compensation system
CIO* Committee	Deliberates, promotes, and makes recommendations on policies for the introduction and implementation of Information Technology to the ITOCHU Group
Disclosure Committee	Deliberates and makes recommendations on internal control policies and measures concerning information disclosure (including disclosure of financial statements)
CSR Compliance Committee	<ul style="list-style-type: none"> • Deliberates, promotes, and makes recommendations on policies and measures concerning CSR • Implements policies and programs for the full understanding of, and compliance with, the Company's management principles and corporate code of conduct
DNA* Project Committee	Deliberates and makes recommendations on policies and measures for promoting business process re-engineering throughout the entire ITOCHU Group

*ALM=Asset Liability Management *CIO=Chief Information Officer *DNA=Designing New Age