

The major associated companies and customers and the substantial risk of the related guarantees for monetary indebtedness at March 31, 2006 and 2005 were as follows:

	Millions of Yen	Millions of U.S. dollars		Millions of Yen
	2006			2005
SAKHALIN OIL AND GAS DEVELOPMENT CO., LTD.	¥28,280	\$241	SAKHALIN OIL AND GAS DEVELOPMENT CO., LTD.	¥15,340
Tokyo Humania Enterprise Inc.	11,487	98	Tokyo Humania Enterprise Inc.	12,200
Famima Credit Corporation	7,435	63	Japan Brazil Paper and Pulp Resources Development Co., Ltd.	10,588
STAR CHANNEL, INC.	7,200	61	JAPAN OHANET OIL & GAS CO., LTD.	6,425
Japan Brazil Paper and Pulp Resources Development Co., Ltd.	6,946	59	STAR CHANNEL, INC.	6,400
Quatro World Maritime S.A.	6,286	54	Quatro World Maritime S.A.	5,746
Ningbo Mitsubishi Chemical Co., Inc.	6,195	53	AI BEVERAGE HOLDING CO. LTD.	5,265
JAPAN OHANET OIL & GAS CO., LTD.	5,552	47	Marubeni-Itochu Steel Inc.	5,017
AI BEVERAGE HOLDING CO. LTD.	5,259	45	Marubeni-Itochu Steel America Inc.	3,531
Baku-Tbilishi-Ceyhan Pipeline Finance B.V. ...	4,999	43	Kawasaki Kisen Kaisha, Ltd.	2,873

The Company and its subsidiaries were contingently liable in the amounts of ¥5,488 million (\$47 million) and ¥6,293 million for the total trade notes receivable endorsed to suppliers in the settlement of accounts payable and discounted trade notes receivable on a recourse basis with banks at March 31, 2006 and 2005, respectively. The amounts of export bills of exchange discounted with banks in the ordinary course of business were ¥61,797 million (\$526 million) and ¥72,317 mil-

lion at March 31, 2006 and 2005, respectively.

There is no significant, currently pending lawsuit, arbitration, or other legal proceeding that may materially affect the financial position or results of operations of ITOCHU Group. However, there shall be no assurance that domestic or overseas business activities of ITOCHU Group may not become subject to any of such lawsuits, arbitrations or other legal proceedings.

24. Settlement of Lawsuit Against Our US Subsidiaries

The lawsuit brought against ITOCHU International Inc. and its subsidiary, III Holding Inc. (formerly known as Copelco Financial Services Group, Inc.) by Citibank N.A. and its subsidiary, Citibank Canada in connection with the acquisition of all the common stocks of Copelco Capital Inc., a subsidiary of III Holding Inc. for a purchase price of approximately US\$666 million in May, 2000, which was pending before the New York Supreme Court for New York County was settled

though outside-court mediation by a basic agreement for settlement dated on August 9, 2005. As a result of the basic agreement, a definitive settlement agreement was entered into on August 18, 2005, and the lawsuit was withdrawn with prejudice on August 19, 2005.

Related to the other agreement, "Other-net" in the accompanying consolidated statements of operations for the year ended March 31, 2006, included ¥19,503 million (\$185 million).

25. Subsequent events

At the ordinary general meeting of shareholders held on June 27, 2006, the Company was authorized to pay a cash dividend of ¥5 (\$0.04) per share, or a total of ¥7,915 million (\$67 million) to shareholders of record on March 31, 2006.