

## Outlook for Fiscal 2006

### Primary Issues to Address in fiscal 2006

Starting with fiscal 2006, the ITOCHU launched a new mid-term management plan, "Frontier 2006: A shift to aggressive business and solid management" (Two-year plan from fiscal 2006 through fiscal 2007).

### Forecast for Fiscal 2006

Domestically, ITOCHU forecasts a gradual brightening of the outlook for individual consumers in fiscal 2006 due to an easing in wage cuts and a gradual recovery in employment as capital expenditure expands, also supported by strong corporate profits and a recovery in exports, primarily for IT equipment. The pace of recovery is expected to increase gradually. Overseas, ITOCHU must continue to pay careful attention to

even greater imbalances in the U.S. economy, concerns over overheated capital investment in China, and further hikes in prices for primary commodities, particularly for crude oil.

Under these circumstances, the Company is expecting consolidated forecasts as presented in the table below for the fiscal 2006.

These forecasts are forward looking statements that are based on management's assumptions and beliefs, based on information currently available at the end of fiscal 2005, and involve risks and uncertainties. Thus, factors that could cause actual results to differ materially from such statements include, without limitation, global economic and market conditions and changes in foreign currency exchange rate.

	Billions of Yen	
	Full year	
	2006 Forecasts	2005 Results
Years ended March 31		
Gross trading profit .....	¥ 660	¥ 631
<div style="display: inline-block; vertical-align: middle;"> <div style="display: inline-block; vertical-align: middle;">                     Total trading transactions:                      2006 full year forecasts    ¥9,600                      2005 full year results      ¥9,576                 </div> </div>		
Selling, general and administrative expenses .....	(480)	(467)
Provision for doubtful accounts .....	(10)	(6)
Net interest expenses .....	(27)	(21)
Dividends .....	12	14
Other P/L .....	0	(31)
Income before income taxes, minority interests and equity in earnings (losses) .....	155	120
Income taxes .....	(82)	(63)
Income before minority interests and equity in earnings (losses) .....	73	57
Minority interests .....	(13)	(11)
Equity in earnings (losses) of associated companies .....	40	32
Net income .....	¥ 100	¥ 78
Total assets .....	¥ 4,700	¥ 4,472
Gross interest-bearing debts .....	2,400	2,347
Net interest-bearing debts .....	under 2,000	1,891
Total stockholders' equity .....	600	510
	2006	2005
(Note)	Forecasts	Results
Yen to U.S. dollars rate .....	100.00	107.94
Crude oil price (U.S.dollars per BBL) .....	35.00	38.00

## Dividend policy and distribution of the current fiscal year's profit

ITOCHU's basic policy regarding dividend payments is a consistent and stable distribution of returns to the stockholders, while increasing stockholders' equity, and maintaining and strengthening its competitive power by retaining earnings.

For the fiscal year ending March 2006, ITOCHU intends to make an eight-yen (four yen for each of the interim and the year-end) dividend payment per share.