



To All of ITOCHU's Stakeholders

Eizo Kobayashi
President and Chief Executive Officer

ITOCHU launched the mid-term management plan "Frontier-2006" (a two-year plan covering the fiscal years ended March 2006 and ending March 2007) in the fiscal year ended March 2006 and positioned these two years as a period for ITOCHU Group to gain a foothold for becoming a highly profitable entity achieving over ¥100 billion in consolidated net income in a steady and sustainable manner. We are endeavoring every day to expand our earnings and reinforce our business foundation by foreseeing changes, always seeking the frontier, and pursuing my motto of "Challenge, Create, and Commit."

Looking at the Annual Financial Statements for the fiscal year ended March 2006, the initial year of Frontier-2006, as to "aggressive business," we achieved record-high net income and record highs for all of the other main income items, our gross trading profit increased in all of our business segments for the second consecutive year, and we steadily strengthened our "basic earning power." As a cornerstone for the future, in the Consumer Related sector and Natural Resource Development sector we executed promising investments that are expected to operate highly efficiently in future.

As to "solid management," with our improving net debt-to-equity ratio (NET DER) down to 2.4 times we have already achieved our target for the mid-term management plan — NET DER below 3 times.

ITOCHU has steadily advanced the "Shift to aggressive business" and "Enhancement of solid management" stipulated in the mid-term management plan "Frontier-2006."