

With strong business foundations in such high-growth areas as the consumer and retail related segment and China-related business, ITOCHU is aiming to become the strongest group by collaborating internally and optimizing business structures. We have an ambitious goal of creating a group whose companies rank at the top of their respective industries and which generates a consolidated net income of ¥100 billion. Originally, we planned to achieve this goal by March 2005. However, given increasing uncertainties in the global economy, lingering deflation in Japan and the indeterminate impact of

SARS, we have decided to revise this plan back one year. **In fiscal year 2005, we will strive to produce consolidated net income of ¥75 billion, prior to this final goal.**

Corporate Governance and Compliance

In order to promote greater transparency in management, we set up an Advisory Board and strengthened the role of the Board of Corporate Auditors. We also have in place a Group Audit Committee, which is composed of auditors from major group companies, to more effectively monitor the activities of the ITOCHU Group. A Compliance Committee led by the Chief Compliance Officer was also established to ensure compliance with all laws, regulations and policies.

Since assuming the position of president, I have continuously emphasized the importance of a “clean, honest and beautiful” business attitude.

We will not, however, become complacent. The essence of corporate governance and faithful compliance does not lie in formality. Every executive and employee must practice strict self-control, and be aware that people tend to prioritize their own benefit. Without this in mind, even the best system would not guarantee real improvement.

Since assuming the position of president, I have continuously emphasized the importance of a “clean, honest and beautiful” business attitude. We are now entering a growth stage in which ethics will play greater role than ever before. I will strive to imprint this idea firmly in

the DNA of ITOCHU.

Thank you very much for the trust you have placed in us. To reward this trust, I promise to make ITOCHU a more attractive company to our customers and a more powerful company for our stakeholders.

July 2003

Uichiro Niwa
President and Chief Executive Officer