

To Our Stakeholders

Celebrating its 150th anniversary, ITOCHU is heir to the business philosophy of *sampo yoshi* and an enterprising spirit that sees change as opportunity. We will continue that legacy while redoubling efforts to develop global human resources to move step by step toward our goal of becoming a *truly global enterprise*.

Our 150th Anniversary

In 2008, ITOCHU reached the historic milestone of its 150th anniversary. I would like to thank our stakeholders because we could not have come this far without their support and guidance.

Throughout business initiatives spanning the lengthy period of a century and a half, *sampo yoshi* has encapsulated our basic philosophy. The unique philosophy of the Ohmi merchants—from among whose ranks our founder Chubei Itoh emerged—*sampo yoshi* stresses that trade must benefit the seller, the buyer, and society. Ahead of its time, the philosophy anticipated the values of modern corporate social responsibility, whereby companies must not only earn profit but consistently meet the expectations of society at large. Inspired by that philosophy, in 1992 we established the ITOCHU Credo—*Committed to the global good*, which clarifies ITOCHU's social responsibilities as an international company operating in 75 countries. At the same time, we are working to achieve continuous corporate growth and a sustainable society.



A New Drive to Become Truly Global

During its 150-year history, the Company has faced many sea changes in business conditions. At each of those pivotal moments, we have looked upon change as a chance and always taken on the challenge of creating new businesses. We can aptly describe our history as 150 years of pioneering. Now, our initiatives are approaching a new phase.

Launched in fiscal 2008, our medium-term management plan, Frontier+ 2008—Enhancing Corporate Value on the World Stage, calls for stepping up the pace of *aggressive* corporate management—based on measures for *maintaining a global perspective, creating new initiatives, and enhancing human resources*—to dramatically increase earnings. To realize the plan's vision of a future in which ITOCHU is a *global enterprise that is highly attractive to all stakeholders*, the Company will build a business structure that generates earnings globally while fostering the human resources to underpin this structure.

Favorable Progress in First Year of Plan

In the first year of our medium-term management plan, the fiscal year ended March 2008, the Company surpassed its initial target of ¥210 billion to post consolidated net income of ¥218.6 billion—achieving record earnings for the fourth consecutive year. Without a doubt natural resource price hikes contributed to that favorable performance. However, we have growing confidence that the Group's overall earning power is mounting steadily. All operating segments recorded earnings above ¥10 billion. And, with the exception of Chemicals, Forest Products & General Merchandise, which was affected by a slumping U.S. housing-related market, all of our operating segments saw higher earnings. Meanwhile, in the fiscal year we steadfastly laid the foundations for further growth through balanced investment of ¥250 billion across three sectors: Consumer-Related; Natural Resource / Energy; and Other, which comprises automobiles, information technology, financial, and chemicals. Among those investment initiatives, we progressed solidly in the development of new business areas, one of the plan's priority measures, by allocating roughly ¥20 billion to L-I-N-E-s, which are creating the wellsprings of future earnings. Also, we made significant advances in preparing the ground for fostering personnel with international outlooks, which we currently view as our first priority. Those measures included establishing Global Talent Enhancement Centers (GTECs) in New York, London, Shanghai, and Singapore.

Preparation for the Next 150 Years

In the first year of Frontier⁺ 2008, ITOCHU has achieved tangible results. At this point, however, we have only taken the first step toward realizing a vision that stretches far beyond that plan's period. To create new businesses, we must read the tides of change correctly and tackle change head-on. Such alertness and dynamism is essential for ITOCHU's continuing growth and is the *pioneering DNA* that has driven our growth over the past 150 years. Further, as a company seeking worldwide recognition as a *truly global enterprise*, nothing is more important than nurturing diverse personnel with international outlooks. While keeping that imperative foremost in our minds, we will use the occasion of our 150th anniversary to revisit our ITOCHU Credo—*Committed to the global good*, which we will adhere to as we pave the way for the next 150 years.

As we take on those challenges, I would like to ask our stakeholders for their further support and understanding.

July 2008

Eizo Kobayashi

President and Chief Executive Officer