Final Review of the Mid-term Plan, A&P-2002

From April 2001 to March 2003, ITOCHU executed A&P-2002 to aggressively tackle reforms that would move it to reach beyond conventional trading company's business models and develop new businesses through the A&P strategy**. In A&P-2002, we set specific numerical goals, some of which we met, others that we fell short of. However, overall we believe it is fair to say that we have consistently enhanced our financial position and basic earning power.

Specifically, we exceeded our targets for reductions in total assets and interest-bearing debts. We did not reach net income goal mainly due to severe economic conditions including the stagnant stock market in Japan.

**A&P Strategy
Strategy aimed at enhancing profitability by intensively allocating assets to the business areas in which ITOCHU can offer "Attractive" products and services for our customers, and shows "Powerful" capabilities. In A&P-2002, we selected as A&P segments four business segments: Information and multimedia, Consumer and retail related, Natural resource development, Financial services; and two geographic regions: North America and Asia.

Results of A&P-2002 (Consolidated-basis)

	Billions of Yen			
	Starting Point	The First Year	The Second Year (Plan at FY2003 start)	
	2001	2002	2003	
P/L (For fiscal years):				
Net income	70.5	30.2	20.1	(50.0)
B/S (As of March 31):				
Total assets	5,157.5	4,752.3	4,486.4	(4,650.0)
Interest-bearing debts	3,070.5	2,794.7	2,574.4	(2,750.0)
Net interest-bearing debts***	2,536.8	2,296.4	2,025.0	(2,250.0)
Stockholders' equity	316.9	397.7	426.2	(440.0)
Ratio (For fiscal years):				
ROA****	1.26%	0.61%	0.43%	(1.1%)
ROE****	23.6%	8.4%	4.9%	(11.4%)
Net DER	8.0 times	5.8 times	4.8 times	(5.1 times)
Equity ratio	6.1%	8.4%	9.5%	(9.5%)

*** Net interest-bearing debts = Interest-bearing debts - Cash, cash equivalents and time deposits
**** ROA and ROE were calculated from average amounts of total assets and stockholders' equity at the beginning of year and at the end of year.

Creating a New Business Model – "Reorganization of the Profit Structure"

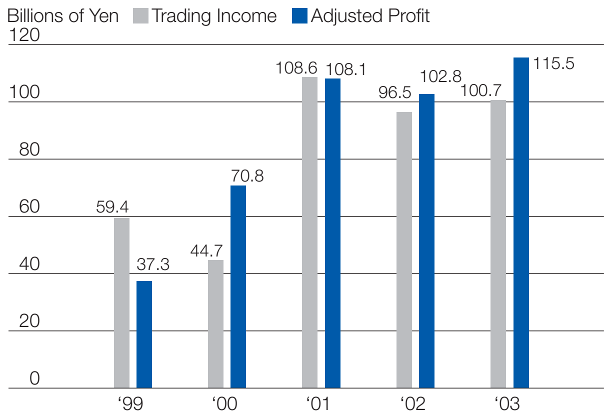
As a result of a large amount of disposal and devaluation losses on marketable securities caused by a sharp drop in stock prices around the end of the fiscal year, our net income in fiscal year 2003 stood at ¥20.1 billion, which represented approximately 40% of our goal of ¥50 billion. Despite this, our inherent earning power has been steadily strengthened, which is witnessed by a high-level of trading income and a record-high adjusted profit. ITOCHU enjoys top-class profitability among major trading companies.

1) Continued Implementation of A&P Strategy

To reduce total assets and optimize our business portfolio, we focused on reducing under-performing assets to aggressively shift to A&P assets. However, A&P assets remained at the same level, while Non-A&P assets decreased by ¥662.9 billion to ¥2,235.5 billion during the two-year period. The ratio of A&P assets to total assets steadily increased from 44% to 50%, though it did not reach our stated goal of 55%.

Consolidated net income earned from our A&P segments, excluding one-time profits, increased by ¥5.2 billion to ¥50.7 billion over the previous fiscal year, though it did not make the final step to attain our goal of ¥62.0 billion due to the slump in our business in North America and the domestic deflationary conditions. On the other hand, among the non-A&P assets, during the two year-period, we successfully reduced a total of ¥272.2 billion of under-performing assets in areas such as Plant, automobile & industrial machinery; Chemicals, forest products & general merchandise; and Construction & realty

Trading Income and Adjusted Profit*



Adjusted profit: Gross trading profit + Selling, general and administrative expense + Net financial expenses + Equity in earnings (losses) of associated companies
Years ended March 31

Five Major General Trading Companies' Financial Results in Fiscal Year 2003

	Billions of Yen				
	ITOCHU Corporation	Mitsubishi Corporation	Mitsui & Co., Ltd.	Sumitomo Corporation	Marubeni Corporation
Gross trading profit	566.0 (-2.2%)	718.6	569.8	496.4	424.6
Gross trading profit ratio (%)	5.41% (+0.33)	5.39	4.30	5.38	4.83
Trading income before provision for doubtful accounts	117.6 (+3.7%)	123.2	112.0	90.1	79.0
Trading income*	100.7 (+4.4%)	100.6	97.7	89.3	73.4
Adjusted profit	115.5 (+12.4%)	177.2	138.8	100.3	75.7

( ): Increase/Decrease from the previous fiscal year
Adjusted profit: Gross trading profit + Selling, general and administrative expense + Net financial expenses + Equity in earnings (losses) of associated companies