

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

ITOCHU issues various guarantees for indebtedness including bank loans to subsidiaries, equity-method associated companies and customers. Because the guaranteed borrowings of subsidiaries are included in the Company's consolidated

financial statements, off-balance sheet guarantees are solely the total guarantees to equity-method associated companies and customers. The breakdown of guarantees as of March 31, 2004 and 2003 is as follows:

| | Billions of Yen | | Millions of U.S. dollars |
|--|-----------------|---------|--------------------------|
| | 2005 | 2004 | 2005 |
| Guarantees for equity-method associated companies: | | | |
| Maximum potential amount of future payments | ¥ 137.1 | ¥ 171.9 | \$ 1,277 |
| Amount of substantial risk | 82.4 | 103.8 | 768 |
| Guarantees for customers: | | | |
| Maximum potential amount of future payments | ¥ 137.6 | ¥ 135.2 | \$ 1,281 |
| Amount of substantial risk | 79.0 | 65.5 | 736 |
| Total: | | | |
| Maximum potential amount of future payments | ¥ 274.7 | ¥ 307.1 | \$ 2,558 |
| Amount of substantial risk | 161.5 | 169.2 | 1,503 |

The maximum potential amount of future payments of the Company under the guarantee contracts is presented above. The amount of substantial risk represents the total amount of the substantial risk taken, based on the actual amount of liability incurred by the guaranteed parties as of the end of the respective term within the pre-determined guaranteed limit established under the guarantee contracts. The amounts that can be recovered from third parties under the back-to-back guarantees submitted by them to the Company or subsidiaries

concerned have been excluded in determining the amount of substantial risk. The disclosures related to guarantees are shown in Note 22 "Commitments and Contingent Liabilities" to the consolidated financial statements.

The disclosures related to variable interest entities defined under the provisions of Financial Accounting Standard Board Interpretation No. 46 "Consolidation of Variable Interest Entities" are shown in Note 21 "Variable Interest Entities" to the consolidated financial statements.

The following table shows the breakdown by maturity of repayment of short-term borrowing and long-term debts as well as payments under capital and operating leases.

| | Billions of Yen | | | | |
|--|-----------------|------------------|-----------|-----------|-------------------|
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Short-term debts | ¥ 421.7 | 421.7 | — | — | — |
| Long-term debts (including capital leases) | 1,994.9 | 255.2 | 782.8 | 506.9 | 450.0 |
| Capital leases | 39.9 | 8.6 | 13.2 | 5.6 | 12.5 |
| Operating leases | 98.8 | 19.8 | 27.2 | 17.2 | 34.6 |

| | Millions of U.S. dollars | | | | |
|--|--------------------------|------------------|-----------|-----------|-------------------|
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Short-term debts | \$ 3,927 | 3,927 | — | — | — |
| Long-term debts (including capital leases) | 18,576 | 2,376 | 7,290 | 4,720 | 4,190 |
| Capital leases | 372 | 80 | 124 | 52 | 116 |
| Operating leases | 920 | 184 | 253 | 161 | 322 |