

### Necessary Liquidity

March 31	Billions of Yen	
	2003	Necessary liquidity
Short-term interest-bearing debts .....	¥465.1	¥232.5 (465.1/6 months x 3 months)
Current installments of long-term interest-bearing debts .....	525.8	131.4 (525.8/12 months x 3 months)
Contingent liabilities (Guarantees [substantial risk] for monetary indebtedness of associated companies and customers) .....	227.4	56.9 (227.4/12 months x 3 months)
Total .....		¥420.8

### Primary Liquidity Reserves

	Billions of Yen	
	Liquidity reserves	
1. Cash, cash equivalents and time deposits .....	¥	549.4
2. Commitment line agreements .....		460.0
Total primary liquidity reserves .....		¥1,009.4

### Secondary Liquidity Reserves

	Billions of Yen	
	Liquidity reserves	
3. Available portion of O/D for the Company's cash management service .....	¥	120.0
4. Available-for-sale securities (Fair value on consolidated basis) .....		167.4
5. Notes receivable .....		145.8
Total secondary liquidity reserves .....	¥	433.2
Total liquidity reserves .....		¥1,442.6

### Capital Resources

ITOCHU's basic policy on capital resources is that new money for investments should be financed by the sale and recouping by investing activities or by net cash provided by operating activities. Cash surplus after dividend payments should be used for the repayment of interest-bearing debts.

Cash and cash equivalents was ¥534.2 billion (US\$4,444 million) as of March 31, 2003, ¥54.4 billion, or 11.3%, higher than the level on March 31, 2002. This increase is the result of preparing for the scheduled redemption of corporate bonds in fiscal 2004.

The following table shows a summary of cash flows for the fiscal years ended March 31, 2003 and March 31, 2002.

	Billions of Yen		Millions of U.S. dollars
	2003	2002	2003
Net cash provided by operating activities .....	¥168.8	216.5	\$1,405
Net cash provided by investing activities .....	5.3	214.0	44
Net cash used in financing activities .....	(114.0)	(232.0)	(949)
Effect of exchange rate changes on cash and cash equivalents .....	(5.6)	6.3	(47)
Net increase in cash and cash equivalents .....	54.4	204.8	453
Cash and cash equivalents at beginning of year .....	479.7	274.9	3,991
Cash and cash equivalents at end of year .....	¥534.2	479.7	\$4,444