

This document is an English translation of a statement written initially in Japanese. The Japanese original should be considered the primary version.

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## **Establishment of Pension Trust and Forecasts for Fiscal 2001 ending March 2001**

ITOCHU Corporation has contributed stock held by the company to a pension trust in order to cover future payment of pension and retirement obligations with the introduction of new Japanese accounting rules, employer's accounting for pensions.

### **1. Date of Establishment of Pension Trust**

September 25, 2000

### **2. Amount Contributed to Establishment of Pension Trust**

¥45.8 billion

### **3. Effects on Earnings for Fiscal 2001 ending March 2001**

For non-consolidated earnings, under Japan GAAP, ¥45.8 billion of special gains on the establishment of the pension trust and ¥45.9 billion of extraordinary losses to cover the future payment of pension and retirement obligations will be appropriated.

For consolidated earnings, under U.S. GAAP, only ¥42.8 billion of gains from sale of marketable equity securities will be appropriated, as no additional pension costs arise under U.S. GAAP.

#### 4. Forecasts for ITOCHU Corporation in Fiscal 2001 ending March 2001

##### (1) Consolidated

As written above, ¥42.8 billion of gains from sale of marketable equity securities will be appropriated. On the other hand, The Dai-Ichi Kangyo Bank, Limited (DKB), The Fuji Bank, Limited (Fuji) and The Industrial Bank of Japan (IBJ) will establish a new group holding company, the Mizuho Holdings, Inc., through stock transfer on September 29. Our holding shares of DKB and IBJ will be exchanged for those of Mizuho Holdings. We will value these shares at fair value, and the difference with book value of shares to be exchanged will be reflected on the statements of income under U.S. GAAP. With valuation losses of approximately ¥9 billion taken into account, the forecast for the first six months of this fiscal year and for the year have been revised as follows.

Fiscal 2001 (April 1, 2000 – March 31, 2001) (¥ Billion)

	Net Income (Loss) for First Six Months	Net Income (Loss) for the Year
Forecast on September 5, 2000 (A)	32.0	50.0
Revision (B)	50.0	68.0
Change (B-A)	+18.0	+18.0
Percentage Change	56.3%	36.0%
(Reference) Results for Previous Year	(149.8)	(88.3)

##### (2) Non-consolidated

Special gains of ¥45.8 billion on the establishment of the pension trust and ¥45.9 billion in extraordinary losses to cover the future payment of pension and retirement obligations will be appropriated, and, therefore, offset each other to approximately zero. In previous forecasts, unfunded accumulated benefit obligations were to be amortized in five years. As this has all been amortized, forecasts for the first six months of this fiscal year and for the year have been revised as follows.

Please note that valuation losses for exchanging shares of DKB and IBJ for those of Mizuho Holdings are not appropriated under Japan GAAP.

Fiscal 2001 (April 1, 2000 – March 31, 2001)

(¥ Billion)

	Net Income (Loss) for First Six Months	Net Income (Loss) for the Year
Forecast on September 5, 2000 (A)	12.0	20.0
Revision (B)	15.0	23.0
Change (B-A)	+3.0	+3.0
Percentage Change	25.0%	15.0%
(Reference) Results for Previous Year	(184.7)	(163.3)