

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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ITOCHU Corporation
Code Number 8001
1-3, Kyutaromachi, 4-chome,
Chuo-ku, Osaka
(Tokyo) Corporate Communications Division
81-3-3497-7291 Mr. Hiroyuki Isaka

Sale of Investment Securities

ITOCHU Corporation sold shares in its subsidiary ITOCHU TECHNO-SCIENCE Corporation.

1. Transaction Details

(1) Shares sold	3,000,000 shares of common stock in ITOCHU TECHNO-SCIENCE Corporation
(2) Book value of shares sold	¥40 million
(3) Total proceeds	¥42.2 billion
(4) Capital gain	¥42.2 billion (Capital gain on the consolidated basis is ¥38 billion, taking into account the decrease in equity after the sale.)
(5) Method of payment	Cash

2. Sales Method

Shares were sold to a securities company

3. Date of Delivery

Friday, March 9, 2001

4. Reason for Sale

Proceeds will be used by ITOCHU Corporation for investments in new businesses and to improve the company's financial position.

5. Projected Results for the Fiscal Year Ending March 31, 2001

(1) Consolidated

Despite gains from this sale, the projected consolidated net income for this fiscal year will not be revised mainly due to the following reasons.

- 1) Restructuring of consolidated companies and additional provision are being examined in order to exit from businesses where it had been difficult to do so due to relationships with business partners. (At present, an additional ¥15 billion loss from our mid-term estimate is projected.)
- 2) Concern for losses is arising from bad debts of general clients going bankrupt or applying for the Civil Rehabilitation Law with the recession. Also, addition in provision for doubtful accounts will be examined and may be increased, at the end of March, for clients in Asia and Japan. (At present, an additional ¥10 billion loss from our mid-term estimate is projected.)
- 3) It is possible that listed stocks may be forced to be devalued due to deteriorating stock market conditions. Although figures cannot be fixed until the end of March, the average stock price has fallen since the announcement of our mid-term results. (At present, an additional ¥10 billion loss from our mid-term estimate is projected.)

(2) Non-consolidated

On the non-consolidated basis, taking into consideration the recession, change in general clients' business conditions, low stock prices, further restructuring of consolidated companies, and fluctuation in foreign exchange rates, the projected net income of ¥25 billion for this fiscal year will not be revised.

The main reasons are as follows.

- 1) Additional losses due to the above written restructuring of consolidated companies and increase in provision. (An additional ¥18 billion loss from our mid-term estimate is projected.)
- 2) Decrease in non-consolidated gross trading profit – consolidated gross trading profit is expected to reach our earlier figure – due to drop in total trading transactions with the recession, and concern for increase in provision for doubtful accounts for general clients. (In total, an additional ¥10 billion loss from our mid-term estimate is projected.)

- 3) Concern for devaluation losses and loss on sale of stocks due to deteriorating stock market conditions. (An additional ¥7 billion loss from our mid-term estimate is projected.)
- 4) Examination of additional provisions related to Asian accounts receivables are under way due to deteriorating clients' business conditions. (An additional ¥5 billion loss from our mid-term estimate is projected.)