

July 30, 2003  
ITOCHU Corporation  
Code Number 8001  
1-3, Kyutaromachi, 4-chome,  
Chuo-ku, Osaka  
(Tokyo) Corporate Communications Division  
81-3-3497-6927 Mr. Yoshiharu Matsumoto

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

Separation and transfer agreement between ITOCHU Corporation and  
ITOCHU Non-Ferrous Materials Co., Ltd.

ITOCHU Corporation (ITOCHU) and ITOCHU Non-Ferrous Materials Co., Ltd. (NFM) announced that both Boards of Directors decided on July 30, 2003, to separate and transfer ITOCHU's non-ferrous and light metal-related business to NFM. These operations will be transferred to NFM on October 1, 2003.

#### 1.Objectives

ITOCHU's Non-Ferrous & Light Metals Department mainly has handled import, export, and third-country trading in the upstream and midstream businesses in the field of non-ferrous and light metals, while NFM, 97.5%-owned by ITOCHU, has primarily dealt with domestic sales in the midstream and downstream businesses.

In order to respond to the expected substantial changes in the industry and the market, and to strengthen competitive and earning power, it has been agreed that it is essential to merge the two businesses, thus resulting in the current agreement.

#### 2.Outline

##### (1)Schedule (Preliminary)

July 30, 2003 (Both companies)	Board of Directors' approval of the separation agreement
July 30, 2003 (Both companies)	Signing of the agreement
August 15, 2003 (NFM)	Agreement submitted for approval at general meeting of shareholders
October 1, 2003	Completion of separation and official registration

##### (2)Separation Procedure

###### 1.Separation Procedure

ITOCHU will separate and transfer its non-ferrous and light metal-related operations and NFM will succeed to them.

###### 2.Rationale

This transfer will lead to expansion of ITOCHU Group's operations, speedier decision-making, and better use of management resources. ITOCHU's non-ferrous and light metal department will be split up, and that part of the business taken on by NFM by adopting the separation-succession method.

(3) Stock Allocation

1. Stock allocation

ITOCHU will receive all of newly issued 2,000 common stocks in NFM.

2. Basis for stock allocation

The amount of increase in NFM's capital is calculated based on the estimated value of the stockholders' equity of ITOCHU as of separation date (after taking into account the succession), and is determined to be ¥0.1 billion. Thus, based on the agreement between both sides, it has been determined that 2000 newly issued shares will be allotted to ITOCHU.

3. Third-Party Calculations

No third-party calculations took place.

(4) Separation subsidy

There will be no payment of a separation subsidy.

(5) Claims and obligations ceded to NFM

NFM will take over the claims and obligations related to assets and liabilities at the date of transfer, together with such other contractual positions and other claims and obligations related thereto (there are some exceptions such as large-scale natural resource development projects and other businesses).

ITOCHU employees involved in this business area to be transferred will be seconded to NFM.

(6) Redemption of debt

Debts owed by ITOCHU and NFM that will have a maturity date on or after the date of the transfer will be redeemed accordingly.

(7) Transfer of Corporate Officers

From ITOCHU:

DIRECTOR Masayuki Yamamoto

3. Overview of ITOCHU Corporation and NFM (as of March 31, 2003)

(1) Name	ITOCHU Corporation (to transfer business)		ITOCHU Non-Ferrous Materials Co., Ltd. (to merge business)	
(2) Business Lines	Import & export, third-country trading and domestic sales of textiles, machinery, electronics, metals, chemical products, oil & other energy related business, foodstuffs, foods, forestry products, paper & pulp, rubber and ceramic products and other commodities. Also involved in insurance services, financial services, construction, real estate, warehousing, and information & communications businesses.		Sales, import and export of raw materials of non-ferrous metal, light metal, iron & steel, nonmetal, and precious metal and their products, and brokerage businesses of relevant products	
(3) Established	December 1, 1949		June 28, 1996	
(4) Head Office	Osaka		Minato-ku, Tokyo	
(5) President	Uichiro Niwa		Takanobu Kuwahara	
(6) Common stock	202.2 billion yen		0.6 billion yen	
(7) Total no. of shares issued (Book value)	1,583,487,736		12,000	
(8) Shareholders' Equity	306.0 billion yen		0.6 billion yen	
(9) Total assets	2,591.3 billion yen		12.7 billion yen	
(10) Fiscal year-end	March 31		March 31	
(11) Employees	4,355		57	
(12) Main clients	Non-ferrous & light metal Dept.			
	(Trading transactions)	Can manufacturers, shipping companies	(Trading transactions)	Ordinary customers
	(Purchasing)	Aluminum rolling makes	(Purchasing)	ITOCHU
(13) Major Shareholders and stock holding ratios	Japan Trustee Services Bank, Ltd.	7.58%	ITOCHU Corporation 97.5%	
	The Master Trust Bank of Japan, Ltd.	5.10%		
	Mizuho Corporate Bank, Ltd.	4.35%		
	Mitsui Sumitomo Insurance Company, Ltd.	3.24%		
(14) Principal Banks	Mizuho Corporate Bank, Ltd.	The Bank of Tokyo-Mitsubishi, Ltd. Mizuho Bank, Ltd. UFJ Bank, Ltd.		
	Sumitomo Mitsui Banking Corporation			
	The Bank of Tokyo-Mitsubishi, Ltd.			
	The Sumitomo Trust & Banking Co., Ltd.			
(15) Material relationships between the two companies	Capital	ITOCHU holds 97.5% of stocks of NFM (NFM will become a wholly-owned subsidiary of ITOCHU by the transfer date)		
	Personnel	ITOCHU has sent employees as directors of NFM		
	Trading	ITOCHU is a principle supplier of NFM		

(16) Three-year Summary of Financial Performance

1. ITOCHU Corporation

Years ended March 31

(unit: billion yen)

	2003	2002	2001
Total trading transactions	7,023.0	8,128.8	9,857.0
Trading Income	1.9	6.3	11.3
Current Income	33.2	31.2	30.8
Net income	8.2	10.2	25.5
Net income per share (yen)	5.3	7.1	17.9
Dividend per share (yen)	5.0	5.0	5.0
Shareholders' equity per share (yen)	193.4	187.1	185.6

2. ITOCHU Non-Ferrous Materials Co., Ltd.

Years ended March 31

(unit: billion yen)

	2003	2002	2001
Total trading transactions	54.7	48.4	52.4
Trading Income	0.39	0.34	0.29
Current Income	0.37	0.31	0.24
Net income (loss)	(0.05)	0.15	0.1

4. Content of the Business Divisions to be Separated

(1) Content of Business

Non-ferrous & Light Metals Dept. trade right

(2) Operating Results of Non-ferrous & Light Metals Dept. in the Year Ended March 31, 2003.

	Business Division (A)	Consolidated (B)	Percentage (A/B)
Total trading transactions	169.3 billion yen	7,023.0 billion yen	2.4%

## (3) Assets and Liabilities to be transferred (calculated as of March 31, 2003)

Assets		Liabilities	
Accounts	Book value (¥ billion)	Accounts	Book value (¥ billion)
Cash and cash equivalents	0.5	Trade payables	20.5
Trade receivables	15.0	Other debts	1.0
Inventory	3.2	Current interest-bearing debts	(1.6)
Other current assets	1.3	Non-current interest-bearing debts	4.0
Investments	2.4		
Other non-current assets	1.6	In-house funds (Equivalent to stock allocation)	0.1
Total	24.0	Total	24.0

## 5. ITOCHU Corporation after the transfer

- |     |                   |  |
|-----|-------------------|--|
| (1) | Name              | ITOCHU Corporation   |
| (2) | Business Lines    | General Trading Company  |
| (3) | Head Office       | Osaka  |
| (4) | President         | Uichiro Niwa   |
| (5) | Capital           | No change following the transfer   |
| (6) | Total assets      | Resultant 24 billion yen decrease of this separation<br>(calculated as of March 31, 2003)            |
| (7) | Fiscal year-end   | March 31   |
| (8) | Effect on results | The change is, at present, not expected to have a material effect on ITOCHU's financial performance. |