

(**UNAUDITED**)

Non-Consolidated Financial Statements

March 31, 2000

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ITOCHU Corporation

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ITOCHU Corporation
(UNAUDITED)

Non-consolidated Balance Sheet - Assets
March 31, 2000 and March 31, 1999

Assets	Yen (millions)			U.S. dollars (thousands)
	Mar. 31, 2000	Mar. 31, 1999	Increase (Decrease)	Mar. 31, 2000
<u>Current Assets:</u>				
Cash and deposits with banks	444,241	244,065	200,176	4,185,038
Trade notes receivable	122,417	140,946	(18,528)	1,153,252
Trade accounts receivable	626,013	815,438	(189,424)	5,897,440
Marketable securities	156,377	180,073	(23,695)	1,473,173
Inventories	102,090	123,114	(21,024)	961,753
Land and other properties held for sale	86,507	234,619	(148,112)	814,951
Advances to suppliers	25,065	36,115	(11,049)	236,137
Prepaid expenses	8,274	11,877	(3,603)	77,946
Deferred income taxes - current	24,572	-	24,572	231,483
Accrued income	21,905	25,753	(3,848)	206,361
Deposits receivable	8,379	9,934	(1,554)	78,941
Short-term loans receivable	181,737	145,434	36,302	1,712,082
Other current assets	68,824	87,519	(18,694)	648,371
Allowance for doubtful accounts	(18,773)	(20,955)	2,181	(176,860)
Total current assets	1,857,632	2,033,936	(176,303)	17,500,073
<u>Non-current Assets:</u>				
Property and Equipment:				
Buildings	52,448	57,528	(5,079)	494,099
Structures	3,950	5,127	(1,176)	37,215
Machinery and equipment	843	1,113	(270)	7,947
Vehicles	466	567	(100)	4,393
Furniture and fixtures	1,594	1,826	(231)	15,023
Land	104,617	123,790	(19,173)	985,563
Construction in progress	1,231	1,962	(730)	11,602
Total property and equipment	165,153	191,916	(26,762)	1,555,846
Intangible Assets:				
Intangible assets	20,248	3,052	17,196	190,749
Investments and Other Assets:				
Investment in securities	155,290	243,632	(88,342)	1,462,932
Investment in subsidiaries	416,332	439,281	(22,948)	3,922,114
Other investment in securities	18,657	19,226	(568)	175,768
Other investment in subsidiaries	30,371	40,519	(10,147)	286,122
Long-term loans receivable	338,918	615,752	(276,833)	3,192,830
Receivables outstanding for more than one year	375,189	241,761	133,428	3,534,525
Long-term prepaid expenses	6,695	14,053	(7,358)	63,074
Deferred income taxes - noncurrent	117,495	-	117,495	1,106,877
Other investments	45,647	74,432	(28,784)	430,026
Allowance for doubtful accounts	(373,493)	(219,794)	(153,698)	(3,518,541)
Total investments and other assets	1,131,105	1,468,864	(337,758)	10,655,729
Total non-current assets	1,316,506	1,663,832	(347,325)	12,402,326
Total Assets	3,174,139	3,697,768	(523,628)	29,902,399

(Miscellaneous sums under one million yen and one thousand dollars are omitted.)

ITOCHU Corporation
(UNAUDITED)

Non-consolidated Balance Sheet - Liabilities and Stockholders' Equity

March 31, 2000 and March 31, 1999

Liabilities and Stockholders' Equity	Yen (millions)			U.S. dollars (thousands)
	Mar. 31, 2000	Mar. 31, 1999	Increase (Decrease)	Mar. 31, 2000
<u>Current Liabilities:</u>				
Trade notes and acceptances payable	182,212	175,448	6,764	1,716,554
Trade accounts payable	427,168	481,387	(54,218)	4,024,199
Short-term loans payable	326,303	446,394	(120,090)	3,073,988
Commercial paper	31,000	333,900	(302,900)	292,039
Notes and bonds (due within one year)	235,982	-	235,982	2,223,099
Income tax payable	217	308	(90)	2,051
Accrued expenses	53,197	60,946	(7,749)	501,154
Advances from customers	37,948	37,047	901	357,502
Deposits received	31,562	26,968	4,594	297,342
Deferred income	4,835	7,025	(2,189)	45,550
Other current liabilities	18,221	11,767	6,454	171,662
Total current liabilities	1,348,651	1,581,191	(232,540)	12,705,144
<u>Non-current Liabilities:</u>				
Long-term loans payable	1,050,037	1,109,365	(59,328)	9,892,012
Notes and bonds	532,000	611,000	(79,000)	5,011,775
Liability for retirement and severance benefits	17	515	(497)	168
Other non-current liabilities	11,774	13,008	(1,233)	110,926
Total non-current liabilities	1,593,829	1,733,889	(140,060)	15,014,882
Total liabilities	2,942,480	3,315,081	(372,600)	27,720,027
<u>Stockholders' Equity:</u>				
Common stock	174,720	174,711	8	1,645,980
Legal reserves				
Additional paid - in capital	166,737	166,728	8	1,570,771
Legal earned reserve	17,665	17,665	-	166,415
Total legal reserves	184,402	184,393	8	1,737,187
Retained earnings (deficit)	(127,464)	23,581	(151,045)	(1,200,795)
Total stockholders' equity	231,658	382,686	(151,027)	2,182,372
Total liabilities and stockholders' equity	3,174,139	3,697,768	(523,628)	29,902,399

(Miscellaneous sums under one million yen and one thousand dollars are omitted.)

ITOCHU Corporation
(UNAUDITED)

Non-consolidated Statements of Income
For the years ended March 31, 2000 and 1999

	Yen (millions)						U.S. dollars (thousands)	
	1999		1998		Increase (Decrease)		1999	
	%	%	%	%	%	%	%	
Total trading transactions	10,252,007	100.00	12,372,623	100.00	(2,120,616)	(17.14)	96,580,378	100.00
Cost of trading transactions	(10,100,252)	98.52	(12,189,351)	98.52	2,089,099	(17.14)	(95,150,750)	98.52
Gross trading profit	151,755	1.48	183,272	1.48	(31,517)	(17.20)	1,429,627	1.48
Selling, general & administrative expenses	(146,224)	1.43	(164,466)	1.33	18,242	(11.09)	(1,377,524)	1.43
Trading income	5,530	0.05	18,805	0.15	(13,275)	(70.59)	52,103	0.05
Other income	100,169	0.98	113,503	0.92	(13,333)	(11.75)	943,662	0.98
-Interest income	38,678	0.38	46,211	0.37	(7,532)	(16.30)	364,377	0.38
-Dividends received	43,352	0.42	61,575	0.50	(18,222)	(29.59)	408,407	0.42
-Others	18,138	0.18	5,716	0.05	12,421	217.29	170,876	0.18
Other expenses	(66,396)	0.65	(80,706)	0.65	14,309	(17.73)	(625,499)	0.65
-Interest expense	(48,821)	0.48	(56,970)	0.46	8,149	(14.30)	(459,929)	0.48
-Commercial paper discount charge	(1,522)	0.01	(4,469)	0.04	2,946	(65.94)	(14,341)	0.01
-Others	(16,052)	0.16	(19,266)	0.15	3,213	(16.68)	(151,228)	0.16
Ordinary income	39,303	0.38	51,602	0.42	(12,299)	(23.83)	370,266	0.38
Special gains (losses)	(325,680)	3.17	(42,506)	0.35	(283,173)	666.18	(3,068,113)	3.17
Income (loss) before income taxes	(286,376)	2.79	9,095	0.07	(295,472)	-	(2,697,847)	2.79
Income taxes - current	(6,736)	0.07	(6,953)	0.05	217	(3.12)	(63,460)	0.07
- deffered	129,848	1.27	-	-	129,848	-	1,223,250	1.27
Net income (loss)	(163,264)	1.59	2,142	0.02	(165,407)	-	(1,538,058)	1.59

(Miscellaneous sums under one million yen and one thousand dollars are omitted.)

ITOCHU Corporation

(UNAUDITED)

(Note to Non-consolidated Statements of Income)

Total Trading Transactions

For the years ended March 31, 2000 and 1999

	Yen (millions)						U.S.dollars (thousands)	
	1999		1998		Increase (Decrease)		1999	
Type of Transactions:	%		%		%		%	
Domestic	6,292,285	61.4	6,846,420	55.3	(554,134)	(8.1)	59,277,305	61.4
Import	1,458,954	14.2	1,368,200	11.1	90,753	6.6	13,744,267	14.2
Export	1,423,794	13.9	1,937,108	15.7	(513,313)	(26.5)	13,413,043	13.9
Overseas	1,076,972	10.5	2,220,894	17.9	(1,143,922)	(51.5)	10,145,762	10.5
Total	10,252,007	100.0	12,372,623	100.0	(2,120,616)	(17.1)	96,580,378	100.0
Principal Products:	%		%		%		%	
Textile	956,244	9.3	1,276,539	10.3	(320,294)	(25.1)	9,008,429	9.3
Plant, Automobile & Industrial Machinery	1,802,975	17.6	2,259,376	18.2	(456,401)	(20.2)	16,985,164	17.6
Aerospace, Electronics & Multimedia	673,148	6.6	854,232	6.9	(181,084)	(21.2)	6,341,479	6.6
Metals & Minerals	977,688	9.5	1,285,471	10.4	(307,783)	(23.9)	9,210,446	9.5
Energy & Chemicals	2,302,026	22.5	2,804,167	22.7	(502,141)	(17.9)	21,686,544	22.5
Food, Forest Products & General Merchandise	2,853,813	27.8	3,166,473	25.6	(312,659)	(9.9)	26,884,727	27.8
Construction & Realty, Others	686,109	6.7	726,361	5.9	(40,251)	(5.5)	6,463,587	6.7
Total	10,252,007	100.0	12,372,623	100.0	(2,120,616)	(17.1)	96,580,378	100.0

(Miscellaneous sums under one million yen and one thousand dollars are omitted.)

ITOCHU Corporation

(UNAUDITED)

(Note to Non-consolidated Statements of Income)

Special Gains (Losses)

For the year ended March 31, 2000 and 1999

	Yen (millions)			U.S. dollars (thousands)
	1999	1998	Increase (Decrease)	1999
Gains (Losses) on sales of property and equipment	(14,113)	1,618	(15,732)	(132,960)
Write-downs of property and equipment	(11,257)	-	(11,257)	(106,048)
Gains (Losses) on sales of investment in securities	101,276	64,808	36,467	954,086
Write-downs of marketable securities	(2,399)	(10,766)	8,366	(22,606)
Write-downs of investments in securities	(32,864)	(13,893)	(18,970)	(309,600)
Gains (Losses) on sales of investments in property and equipment	(11,048)	11	(11,060)	(104,080)
Write-downs of investments in property and equipment	(18,488)	-	(18,488)	(174,168)
Losses incurred from disposal of land and other properties held for sale	(27,970)	-	(27,970)	(263,500)
Write-downs of land and other properties held for sale	(50,332)	-	(50,332)	(474,166)
Provision for doubtful accounts	(112,710)	-	(112,710)	(1,061,800)
Losses incurred from reorganization and disposal of subsidiaries and affiliates	(103,915)	(14,324)	(89,590)	(978,948)
Losses incurred from disposal of underperforming real-estate inventories and overseas real-estate	-	(28,455)	28,455	-
Provision for overseas doubtful accounts	(36,184)	(17,930)	(18,253)	(340,878)
Expenses for passed services of retirement pensions	(5,673)	-	(5,673)	-
Early retirement pensions paid	-	(23,574)	23,574	-
T o t a l	(325,680)	(42,506)	(283,173)	(3,068,113)

(NOTES)

Provision for doubtful accounts	(22,963)	(19,156)	(3,806)	(216,327)
Included in "Selling, general & administrative expenses"				
Gains (Losses) on sales of marketable securities	7,685	(6,998)	14,683	72,400
Not included in "Special Gains (Losses)"				

(Miscellaneous sums under one million yen and one thousand dollars are omitted.)

ITOCHU Corporation
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Notes to Non-Consolidated Financial Statements
March 31, 2000

Basis of Presentation and Translation into United States dollars

The accompanying non-consolidated financial statements of ITOCHU Corporation (the "Company") substantially represent the translated version of the Company's financial statements issued domestically in Japan, which have been prepared in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan. In preparing the accompanying non-consolidated financial statements, certain reclassifications and rearrangements have been made in order to present them in a form which is more familiar to readers outside Japan.

The Japanese yen amounts as of March 31, 2000 and for the term then ended have been translated into United States dollar amounts, solely for the convenience of readers, at the rate of Yen 106.15 = U.S.\$1, the exchange rate prevailing on March 31, 2000 on the Tokyo Foreign Exchange Market. (Yen 120.55 = U.S.\$1 as of March 31, 1999) Such translations should not be construed as a representation that the Japanese yen amount presented herein could be converted into United States dollars at such rate or any other rate.

Additional information - Adoption of deferred tax accounting

In the fiscal year ended March 31, 2000, the Company adopted deferred tax accounting. As a result, 142,067 million yen in deferred taxes, consisting of 24,572 million yen in current assets and 117,495 million yen in non-current assets, were newly recognized; net loss decreased by 129,848 million yen and unappropriated deficit by 147,160 million yen.

Significant Accounting Policies

1. Current and non-current marketable securities are carried at cost by the moving-average method.
(Marketable securities traded within the money funds in trust are carried at cost by the moving-average method for each portfolio.)
2. Inventories, land and other properties held for sale are principally stated at cost by the specific identification method, except for certain items stated at cost by the average method.
3. Depreciation of property and equipment is computed by the straight-line method.
4. Liabilities for retirement and severance benefits are provided for employees who are locally employed at overseas branches.
5. Financing-leases other than those which transfer ownership to the lessee are accounted for as operating-leases.
6. Consumption tax and local consumption tax are accounted for separately from sales, purchases and other transactions subject to such taxes.
7. Interest costs incurred in and related to the development stage of major real estate projects are capitalized as part of the acquisition cost of the projects.
8. Short-term receivables and payables denominated in foreign currencies are principally translated at historical rates.

Notes to Balance Sheets:

1. Accumulated depreciation of property and equipment	51,226 (million yen)	482,587 (thousand U.S.dollars)
2. Contingent liabilities		
Guarantee of indebtedness	709,355 (million yen)	6,682,578 (thousand U.S.dollars)
Export bills discounted	46,625 (million yen)	439,244 (thousand U.S.dollars)
Notes receivable endorsed	1,129 (million yen)	10,644 (thousand U.S.dollars)

(Miscellaneous sums under one million yen and one thousand dollars are omitted.)

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Proposed Appropriation of Unappropriated Retained Earnings (Deficit)

	Yen (millions)	
	1999	1998
<u>Unappropriated Retained Earnings (Deficit):</u>		
Net income (loss)	(163,264)	2,142
Unappropriated retained earnings carried forward from the previous year	10,453	8,339
Unappropriated retained earnings as of March 31		10,482
Transfer from retained earnings	17,312	478
Unappropriated retained earnings (deficit) before appropriation	(135,498)	10,960
 <u>Proposed Appropriation of Unappropriated Retained Earnings (Deficit):</u>		
Transfer to retained earnings (deficit)	(135,498)	507
Total Proposed Appropriation	(135,498)	507
 Unappropriated retained earnings (deficit) carried forward	 -	 10,453

(Miscellaneous sums under one million yen are omitted.)