

August 7, 2002

Consolidated Results for the First Quarter of Fiscal 2003

For three months ended June 30, 2002 and 2001

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August 7, 2002

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

**Consolidated Results for the First Quarter of Fiscal 2003,
the Year Ending March 2003**

1. Consolidated results for the first quarter of fiscal 2003 (April 1, 2002 - June 30, 2002)

| | Yen (millions) | | | <Reference> Yen (millions) | |
|----------------------------|---|---|--|--|--|
| | First quarter of fiscal 2003 (Apr. 1 2002-Jun. 30 2002) | First quarter of fiscal 2002 (Apr. 1 2001-Jun. 30 2001) | Changes from the same period of fiscal 2002 | Forecasts on May 15, 2002 for fiscal 2003 (Apr. 1 2002-Mar. 31 2003) | |
| Total trading transactions | 2,402,819 | 2,731,362 | (328,543) | 11,000,000 | |
| Gross trading profit | 125,303 | 138,330 | (13,027) | 600,000 | |
| Trading income | 12,187 | 24,607 | (12,420) | 110,000 | |
| Net income | 9,225 | 12,166 | (2,941) | 50,000 | |

| | First quarter-end of fiscal 2003 (June 30, 2002) | End of fiscal 2002 (March 31, 2002) | Changes from March 31, 2002 | Forecasts on May 15, 2002 for fiscal 2003 year-end (March 31, 2003) | After simply adjusting the effect of public stock offering (Note 6) |
|--|--|--|--------------------------------|---|--|
| Total assets | 4,683,058 | 4,752,319 | (69,261) | 4,650,000 | 4,650,000 |
| Interest-bearing debts | 2,765,720 | 2,794,731 | (29,011) | 2,750,000 | 2,695,000 |
| Net interest-bearing debts (after deducting cash and time deposits) | 2,330,284 | 2,296,398 | 33,886 | 2,250,000 | 2,195,000 |
| Stockholders' equity | 397,198 | 397,668 | (470) | 440,000 | 495,000 |

- Notes 1. Consolidated results have been prepared in conformity with United States generally accepted accounting principles.
2. ITOCHU Corporation and its subsidiaries have adopted Statement of Financial Accounting Standards No.141 "Business Combinations" (SFAS 141), and Statement of Financial Accounting Standards No.142 "Goodwill and Other Intangible Assets" (SFAS 142), since the first quarter of fiscal 2003.
3. Impairment losses and provision for revaluated assets were not reviewed for the first quarters of fiscal 2003 and 2002.
4. Figures for the first quarter of fiscal 2003 and 2002 were not audited by independent auditors.
5. The results of this first quarter included 489 consolidated subsidiaries and 185 equity-method associated companies.
6. Interest-bearing debts, Net interest-bearing debts and Stockholders' equity of this column were represented after simply adjusting the effect of public stock offering of 55.0 billion yen on July 24, 2002.

2. Summary of consolidated results (April 1, 2002 - June 30, 2002)

Total trading transactions for the three months ended June 30, 2002 decreased by 12.0% or 328.5 billion yen to 2,402.8 billion yen (20,107 million U.S. dollars) from the same period of the last fiscal year. Weak private consumption and stagnant domestic demand under the lingering recession in Japan as well as a sluggish IT-related industry pulled sales down in Textile and Aerospace, Electronics & Multimedia sectors. Also, Energy, Metals & Minerals sector decreased due to transferring steel businesses to Marubeni-Itochu Steel Inc. (Equity-method affiliate) on October 1, 2001.

Gross trading profit decreased by 9.4% or 13.0 billion yen to 125.3 billion yen (1,049 million U.S. dollars), primarily because of the sluggish IT-related industry in addition to transferring steel businesses to Marubeni-Itochu Steel Inc.

Selling, general and administrative expenses, with an increase in pension expenses and expenses of overseas subsidiaries despite a decrease due to transferring steel businesses to Marubeni-Itochu Steel Inc., was 112.7 billion yen (943 million U.S. dollars) which remains almost the same as the same period for the last fiscal year. In consequence, trading income decreased by 50.5% or 12.4 billion yen to 12.2 billion yen (102 million U.S. dollars).

Net financial expenses improved by 4.7 billion yen in period-to-period comparison, following the continuous reduction of interest-bearing debts and a decline in U.S. interest rates.

In other income and expenses, profit on disposal of investments and marketable securities, net of write-downs, dropped by 1.8 billion yen. In addition, strong yen as at this first quarter-end compared to the last fiscal year-end incurred losses for revaluing monetary receivables and payables of foreign currency, and as a result, other-net income and loss deteriorated by 5.4 billion yen from the same period of the last fiscal year. In the meantime, equity in earnings of associated companies increased by 6.4 billion yen to 6.8 billion yen (57 million U.S. dollars) due to favorable performances in food associated companies, as well as the contribution of Marubeni-Itochu Steel Inc. which applied for equity-method from the latter half of the last fiscal year.

Consequently, net income was 9.2 billion yen (77 million U.S. dollars), a dropped by 24.2% or 2.9 billion yen from the same period of the last fiscal year, and which is 18.5% of the forecast of 50 billion yen for fiscal 2003.

3. Outlook of consolidated results for the first half of fiscal 2003 (April 1, 2002 - September 30, 2002)

In an environment with unclear prospects for U.S. economy, stock markets and foreign exchange, with a possible rise in crude oil prices and recovery of market prices of pulp & paper etc., ITOCHU Corporation estimates total trading transactions and net income for the first half of fiscal 2003 will be 5,300 billion yen and 20 billion yen respectively, as announced on May 15, 2002.

Note: The consolidated financial statements are expressed in yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of 119.50 yen = 1 U.S. dollars, exchange rate prevailing on June 30, 2002.

Consolidated Statements of Income

ITOCHU Corporation and Subsidiaries

For the three months ended June 30, 2002 and 2001

| | Y e n (millions) | | U.S. dollars (thousands) |
|--|-------------------------|-------------------------|-----------------------------|
| | <u>Apr.-Jun. 2002</u> | <u>Apr.-Jun. 2001</u> | <u>Apr.-Jun. 2002</u> |
| Total trading transactions | <u>2,402,819</u> | <u>2,731,362</u> | <u>20,107,272</u> |
| Gross trading profit | 125,303 | 138,330 | 1,048,561 |
| Selling, general and administrative expenses | 112,711 | 112,841 | 943,188 |
| Provision for doubtful accounts | 405 | 882 | 3,390 |
| Trading income | <u>12,187</u> | <u>24,607</u> | <u>101,983</u> |
| Other income (expenses): | | | |
| Interest income | 5,384 | 10,415 | 45,054 |
| Interest expense | (12,873) | (22,122) | (107,724) |
| Dividends | 3,066 | 2,562 | 25,657 |
| Profit on disposal of investments and marketable securities, net of write-downs..... | 5,375 | 7,165 | 44,979 |
| Profit on property and equipment..... | 257 | 86 | 2,151 |
| Other-net | (4,110) | 1,261 | (34,393) |
| | <u>(2,901)</u> | <u>(633)</u> | <u>(24,276)</u> |
| Income before income taxes, minority interests and equity in earnings | <u>9,286</u> | <u>23,974</u> | <u>77,707</u> |
| Income taxes | <u>5,576</u> | <u>10,294</u> | <u>46,661</u> |
| Income before minority interests and equity in earnings | <u>3,710</u> | <u>13,680</u> | <u>31,046</u> |
| Minority interests | (1,278) | (1,929) | (10,694) |
| Equity in earnings of associated companies | <u>6,793</u> | <u>415</u> | <u>56,845</u> |
| Net income | <u>9,225</u> | <u>12,166</u> | <u>77,197</u> |

Notes 1. Consolidated results have been prepared in conformity with United States generally accepted accounting principles.

- ITOCHU Corporation and its subsidiaries have adopted Statement of Financial Accounting Standards No.141 "Business Combinations" (SFAS 141), and Statement of Financial Accounting Standards No.142 "Goodwill and Other Intangible Assets" (SFAS 142), since the first quarter of fiscal 2003.
- Comprehensive income consists of net income and changes in accumulated amounts of foreign currency translation adjustments, minimum pension liability adjustments, unrealized gain or loss on investments and marketable securities and derivative financial instruments. Comprehensive income for the first quarter of fiscal 2003 and 2002 were profit of 3,122 million yen (26 million dollars) and profit of 23,446 million yen, respectively.
- Figures for the first quarter of fiscal 2003 and 2002 have not been audited by independent auditors.
- "Minority interests" has been separately stated below "Income before minority interests and equity in earnings" in the consolidated statements of income since the first quarter of fiscal 2003, which used to be included in "Income before income taxes and equity in earnings." Accordingly, consolidated statements of income for the first quarter of fiscal 2002 were restated.

Consolidated Balance Sheets (Assets)

ITOCHU Corporation and Subsidiaries

June 30, 2002 and March 31, 2002

| Assets | Y e n | | U.S. dollars |
|---|------------------|------------------|-------------------|
| | (millions) | | (thousands) |
| | Jun. 2002 | Mar. 2002 | Jun. 2002 |
| Current assets: | | | |
| Cash and cash equivalents..... | 413,144 | 479,734 | 3,457,272 |
| Time deposits..... | 22,292 | 18,599 | 186,544 |
| Marketable securities..... | 42,913 | 51,165 | 359,105 |
| Trade receivables : | | | |
| Notes..... | 215,144 | 184,957 | 1,800,368 |
| Accounts..... | 969,809 | 951,075 | 8,115,556 |
| Allowance for doubtful receivables..... | (34,676) | (35,187) | (290,175) |
| Net trade receivables..... | 1,150,277 | 1,100,845 | 9,625,749 |
| Due from associated companies..... | 97,664 | 96,477 | 817,272 |
| Inventories | 439,945 | 426,028 | 3,681,548 |
| Advances to suppliers..... | 62,689 | 52,785 | 524,594 |
| Other current assets..... | 256,474 | 293,420 | 2,146,226 |
| Total current assets | 2,485,398 | 2,519,053 | 20,798,310 |
| Investments and non-current receivables: | | | |
| Investments in and advances to | | | |
| associated companies..... | 456,321 | 453,490 | 3,818,586 |
| Other investments..... | 428,552 | 422,501 | 3,586,209 |
| Other non-current receivables..... | 526,854 | 574,990 | 4,408,820 |
| Allowance for doubtful items..... | (227,582) | (240,724) | (1,904,452) |
| Net investments and non-current receivables | 1,184,145 | 1,210,257 | 9,909,163 |
| Property and equipment, at cost : | | | |
| Land..... | 262,264 | 264,661 | 2,194,678 |
| Buildings..... | 298,632 | 307,057 | 2,499,013 |
| Machinery and equipment..... | 272,129 | 276,772 | 2,277,230 |
| Furniture and fixtures..... | 52,939 | 51,216 | 443,004 |
| Construction in progress..... | 7,690 | 6,870 | 64,351 |
| | 893,654 | 906,576 | 7,478,276 |
| Less accumulated depreciation..... | 277,828 | 277,888 | 2,324,920 |
| Net property and equipment | 615,826 | 628,688 | 5,153,356 |
| Other assets and deferred charges..... | 397,689 | 394,321 | 3,327,941 |
| Total | 4,683,058 | 4,752,319 | 39,188,770 |

Notes 1. Consolidated balance sheets have been prepared in conformity with United States generally accepted accounting principles.

2. ITOCHU Corporation and its subsidiaries have adopted Statement of Financial Accounting Standards No.141 "Business Combinations" (SFAS 141), and Statement of Financial Accounting Standards No.142 "Goodwill and Other Intangible Assets" (SFAS 142), since the first quarter of fiscal 2003.

3. Figures for the first quarter of fiscal 2003 and 2002 have not been audited by independent auditors.

Consolidated Balance Sheets (Liabilities and Stockholders' Equity)

ITOCHU Corporation and Subsidiaries

June 30, 2002 and March 31, 2002

| Liabilities and Stockholders' Equity | Y e n (millions) | | U.S. dollars (thousands) |
|--|---------------------|-----------|-----------------------------|
| | Jun. 2002 | Mar. 2002 | Jun. 2002 |
| Current liabilities: | | | |
| Short-term debt | 587,430 | 504,616 | 4,915,732 |
| Current installments of long-term debt..... | 451,551 | 486,794 | 3,778,669 |
| Trade payables : | | | |
| Notes and acceptances..... | 193,729 | 196,301 | 1,621,163 |
| Accounts..... | 756,961 | 791,713 | 6,334,402 |
| Total trade payables..... | 950,690 | 988,014 | 7,955,565 |
| Due to associated companies..... | 44,311 | 36,799 | 370,803 |
| Income taxes payable..... | 8,823 | 20,050 | 73,833 |
| Advances from customers..... | 71,385 | 59,126 | 597,364 |
| Other current liabilities..... | 239,869 | 248,165 | 2,007,272 |
| Total current liabilities | 2,354,059 | 2,343,564 | 19,699,238 |
| Long-term debt, excluding current installments..... | 1,786,502 | 1,863,629 | 14,949,808 |
| Accrued retirement and severance benefits..... | 18,282 | 18,366 | 152,987 |
| Deferred income taxes, non-current..... | 11,694 | 12,600 | 97,858 |
| Minority interests..... | 115,323 | 116,492 | 965,046 |
| Stockholders' equity: | | | |
| Common stock : | | | |
| Authorized 3,000,000,000 shares ; | | | |
| Issued and outstanding | | | |
| 1,425,487,736 shares | 174,749 | 174,749 | 1,462,335 |
| Capital surplus | 111,348 | 111,348 | 931,783 |
| Legal reserve | 3,292 | 3,410 | 27,548 |
| Retained earnings | 134,248 | 128,468 | 1,123,414 |
| Accumulated other comprehensive income (loss)..... | (26,367) | (20,264) | (220,644) |
| Treasury stock | (72) | (43) | (603) |
| Total stockholders' equity | 397,198 | 397,668 | 3,323,833 |
| Total | 4,683,058 | 4,752,319 | 39,188,770 |

The components of accumulated other comprehensive income (loss) are as follows;

| | Y e n (millions) | | U.S. dollars (thousands) |
|--|---------------------|-----------|-----------------------------|
| | Jun. 2002 | Mar. 2002 | Jun. 2002 |
| Foreign currency translation adjustment..... | (32,907) | (30,646) | (275,372) |
| Minimum pension liability adjustment..... | (739) | (739) | (6,184) |
| Unrealized gains (losses) on securities..... | 13,231 | 17,446 | 110,720 |
| Unrealized gains (losses) on derivative instruments..... | (5,952) | (6,325) | (49,808) |

Segment Information

| | First quarter of fiscal 2003 (April 1, 2002 - June 30, 2002) | | | | | | | | Yen (millions) |
|-------------------------------------|--|---|---|---------------------------------|---|---------|---|--|----------------|
| | Textile | Plant, Automobile & Industrial Machinery | Aerospace, Electronics & Multimedia | Energy, Metals & Minerals | Chemicals, Forest Products & General Merchandise | Food | Finance, Realty, Insurance & Logistics | Other, Adjustments & Eliminations | Consolidated |
| | | | | | | | | | |
| Trading transactions: | | | | | | | | | |
| Unaffiliated customers | | | | | | | | | |
| and associated companies | 195,129 | 383,651 | 172,013 | 497,576 | 426,139 | 624,158 | 45,615 | 58,538 | 2,402,819 |
| Gross trading profit | 19,841 | 10,834 | 20,710 | 8,072 | 20,120 | 32,373 | 6,623 | 6,730 | 125,303 |
| Trading income (loss) | 2,692 | (905) | 2,004 | 3,274 | 3,926 | 6,554 | (689) | (4,669) | 12,187 |
| Net income (loss) | 1,045 | (921) | 2,097 | 3,073 | 661 | 3,832 | (1,643) | 1,081 | 9,225 |
| Identifiable assets at June 30..... | 375,570 | 544,365 | 485,820 | 408,857 | 585,990 | 735,094 | 740,019 | 807,343 | 4,683,058 |

| | First quarter of fiscal 2002 (April 1, 2001 - June 30, 2001) | | | | | | | | Yen (millions) |
|--|--|---|---|---------------------------------|---|---------|---|--|----------------|
| | Textile | Plant, Automobile & Industrial Machinery | Aerospace, Electronics & Multimedia | Energy, Metals & Minerals | Chemicals, Forest Products & General Merchandise | Food | Finance, Realty, Insurance & Logistics | Other, Adjustments & Eliminations | Consolidated |
| | | | | | | | | | |
| Trading transactions: | | | | | | | | | |
| Unaffiliated customers | | | | | | | | | |
| and associated companies | 206,646 | 372,213 | 207,543 | 695,998 | 421,580 | 629,044 | 141,669 | 56,669 | 2,731,362 |
| Gross trading profit | 18,936 | 10,995 | 25,265 | 17,225 | 19,816 | 30,475 | 7,892 | 7,726 | 138,330 |
| Trading income (loss) | 3,253 | (219) | 4,494 | 7,117 | 3,569 | 6,127 | 224 | 42 | 24,607 |
| Net income (loss) | 1,511 | 34 | 2,066 | 3,603 | 1,011 | 2,303 | (2,704) | 4,342 | 12,166 |
| Identifiable assets at June 30..... | 365,625 | 622,729 | 539,781 | 712,952 | 646,362 | 735,293 | 834,065 | 744,870 | 5,201,677 |
| Identifiable assets at March 31, 2002..... | 384,147 | 588,062 | 526,177 | 401,628 | 532,734 | 665,071 | 773,374 | 881,126 | 4,752,319 |

| | First quarter of fiscal 2003 (April 1, 2002 - June 30, 2002) | | | | | | | | U.S.dollars (thousands) |
|-------------------------------------|--|---|---|---------------------------------|---|-----------|---|--|-------------------------|
| | Textile | Plant, Automobile & Industrial Machinery | Aerospace, Electronics & Multimedia | Energy, Metals & Minerals | Chemicals, Forest Products & General Merchandise | Food | Finance, Realty, Insurance & Logistics | Other, Adjustments & Eliminations | Consolidated |
| | | | | | | | | | |
| Trading transactions: | | | | | | | | | |
| Unaffiliated customers | | | | | | | | | |
| and associated companies | 1,632,879 | 3,210,469 | 1,439,439 | 4,163,816 | 3,566,017 | 5,223,079 | 381,715 | 489,858 | 20,107,272 |
| Gross trading profit | 166,034 | 90,661 | 173,305 | 67,548 | 168,368 | 270,904 | 55,423 | 56,318 | 1,048,561 |
| Trading income (loss) | 22,527 | (7,573) | 16,770 | 27,397 | 32,854 | 54,845 | (5,766) | (39,071) | 101,983 |
| Net income (loss) | 8,745 | (7,707) | 17,548 | 25,716 | 5,531 | 32,067 | (13,749) | 9,046 | 77,197 |
| Identifiable assets at June 30..... | 3,142,845 | 4,555,356 | 4,065,439 | 3,421,398 | 4,903,682 | 6,151,414 | 6,192,628 | 6,756,008 | 39,188,770 |

Notes 1. Consolidated results have been prepared in conformity with United States generally accepted accounting principles.

2. ITOCHU Corporation and its subsidiaries have adopted Statement of Financial Accounting Standards No.141“Business Combinations” (SFAS 141), and Statement of Financial Accounting Standards No.142 “Goodwill and Other Intangible Assets” (SFAS 142), since the first quarter of fiscal 2003.

3. The “Other, Adjustments & Eliminations” column includes trading transactions, gross trading profit, trading income (loss), net income (loss), and identifiable assets not allocated to operating segments in domestic and foreign areas, eliminations and adjustments, etc.

4. Figures for the first quarter of fiscal 2003 and 2002 have not been audited by independent auditors.