

February 6, 2004

## Consolidated Results for the Third Quarter of Fiscal 2004

For the three months ended December 31, 2003 and 2002

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February 6, 2004

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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 Third Quarter of Fiscal 2004,  
the Year Ending March 2004**

**1. Consolidated results for the nine months ended December 31, 2003 (April 1, 2003 - December 31, 2003)**

|                            | Yen (millions)  |  |  |  | <Reference><br>Yen (millions)  |
|----------------------------|---|--|--|--|--|
|                            | Third quarter of<br>fiscal 2004<br>(Oct. 1 2003-Dec. 31 2003) | First to third quarter<br>of fiscal 2004<br>(Apr. 1 2003-Dec. 31 2003) | First to third quarter<br>of fiscal 2003<br>(Apr. 1 2002-Dec. 31 2002) | Changes from the same<br>period of fiscal 2003 | Forecasts on Nov. 7, 2003<br>for fiscal 2004<br>(Apr. 1 2003-Mar. 31 2004) |
| Total trading transactions | 2,474,646   | 7,150,108  | 7,634,604  | (484,496)                                      | 10,000,000   |
| Gross trading profit       | 143,040   | 417,518  | 418,381  | (863)  | 600,000  |
| Trading income             | 26,882  | 67,330   | 76,811   | (9,481)  | 110,000  |
| Net income                 | 14,636  | 33,797   | 36,531   | (2,734)  | 45,000   |

  

|  | Third quarter-end<br>of fiscal 2004<br>(December 31, 2003) | End of fiscal 2003<br>(March 31, 2003) | Changes from<br>March 31, 2003 | Forecasts on Nov. 7, 2003<br>for fiscal 2004-end<br>(March 31, 2004) |
|--|--|--|--------------------------------|--|
| Total assets   | 4,589,522  | 4,486,405                              | 103,117                        | 4,450,000  |
| Interest-bearing debts   | 2,524,848  | 2,574,420                              | (49,572)                       | 2,500,000  |
| Net interest-bearing debts<br>(after deducting cash and time deposits) | 2,057,109  | 2,025,048                              | 32,061                         | 2,000,000  |
| Stockholders' equity   | 475,893  | 426,220                                | 49,673                         | 470,000  |

- Note: 1. Consolidated results have been prepared in conformity with United States generally accepted accounting principles.  
2. Figures for the third quarter of fiscal 2004 and 2003 have not been audited by independent auditors.  
3. Total trading transactions and trading income are presented in accordance with Japanese accounting practice.  
Total trading transactions in the consolidated statements of income consist of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.  
4. Impairment losses and provision for revaluated assets were not reviewed for the third quarter of fiscal 2004 and 2003.  
5. The results of this third quarter included 465 consolidated subsidiaries and 197 equity-method associated companies.

**2. Summary of consolidated results (April 1, 2003 - December 31, 2003)**

For the nine months ended December 31, 2003, total trading transactions decreased by 6.3% or 484.5 billion yen from the same period of the last fiscal year to 7,150.1 billion yen (66,742 million U.S. dollars). Despite the increases in the several sales such as crude oil, naphtha and chemical, low-efficient transactions were reduced in Plant, Automobile & Industrial Machinery; Aerospace, Electronics & Multimedia and so forth. In addition, stronger yen against U.S. dollars than the same period of the last fiscal year also had impacts on this decrease.

Gross trading profit decreased by 0.2% or 0.9 billion yen from the same period of the last fiscal year to 417.5 billion yen (3,897 million U.S. dollars) due to a drop in mineral resources sector in the wake of stronger Australian dollars than the same period of the last fiscal year, while steady performances in brand-related sector, domestic IT-related sector, and forest products & general merchandise-related sector in North America and Europe.

Trading income decreased by 12.3% or 9.5 billion yen from the same period of the last fiscal year to 67.3 billion yen (628 million U.S. dollars). Selling, general and administrative expenses increased by 2.2% or 7.4 billion yen to 344.4 billion yen (3,214 million U.S. dollars) mainly due to an increase in periodic pension cost (approximately 7.0 billion yen) with a rise in amortization of unrecognized actuarial losses. Provision for doubtful accounts also increased by 27.7% or 1.3 billion yen to 5.8 billion yen (54 million U.S. dollars).

Interest expenses improved by 16.3% or 3.7 billion yen, due to the U.S. interest rate's drop, and the continuous reduction of interest-bearing debts, which led to a decline in net financial expenses (net of dividends received) by 28.5% or 4.3 billion yen to 10.9 billion yen (101 million U.S. dollars), in addition to an increase in dividends received from LNG-related investments.

In the meantime, profit (loss) on disposal of investments and marketable securities dropped by 12.6 billion yen from the same period of the last fiscal year, due to a decrease in gains on sale of stocks. As a result, income before income taxes, minority interests and equity in earnings (losses), decreased by 24.7% or 15.9 billion yen to 48.4 billion yen (451 million U.S. dollars).

Equity in earnings of associated companies increased by 39.1% or 6.4 billion yen to 22.6 billion yen (211 million U.S. dollars) due to the improved performances of associated companies in forest products & general merchandise, in addition to the contribution in earnings from new equity-method companies in food and finance-related sectors. However this growth was insufficient to cover a drop in income before income taxes, minority interests and equity in earnings (losses) mainly due to an increase in periodic pension cost and a decrease in gains on sale of stocks. Consequently, net income decreased by 7.5% or 2.7 billion yen to 33.8 billion yen (315 million U.S. dollars).

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 107.13 yen = 1 U.S. dollars, exchange rate prevailing on December 31, 2003.

## Consolidated Statements of Income

ITOCHU Corporation and Subsidiaries

For the nine months ended December 31, 2003 and 2002

|   | Y e n<br>(millions) |           |                  |           | U.S. dollars<br>(thousands) |
|---|---------------------|-----------|------------------|-----------|-----------------------------|
|   | 2003                | 2003      | 2003             | 2002      | 2003                        |
|   | Apr.-Sep.           | Oct.-Dec. | Apr.-Dec.        | Apr.-Dec. | Apr.-Dec.                   |
| <b>Gross trading profit</b> .....   | 274,478             | 143,040   | <b>417,518</b>   | 418,381   | <b>3,897,302</b>            |
| <p>Total trading transactions :</p> <p>Apr.-Sep. 2003: 4,675,462 million yen</p> <p>Oct.-Dec. 2003: 2,474,646 million yen</p> <p>Apr.-Dec. 2003: 7,150,108 million yen<br/>( 66,742,350 thousand U.S.dollars )</p> <p>Apr.-Dec. 2002: 7,634,604 million yen</p> |                     |           |                  |           |                             |
| Selling, general and administrative expenses .....  | (229,117)           | (115,242) | <b>(344,359)</b> | (337,006) | <b>(3,214,403)</b>          |
| Provision for doubtful accounts .....   | (4,913)             | (916)     | <b>(5,829)</b>   | (4,564)   | <b>(54,410)</b>             |
| <b>Trading income</b> .....   | 40,448              | 26,882    | <b>67,330</b>    | 76,811    | <b>628,489</b>              |
| Other income (expenses):  |                     |           |                  |           |                             |
| Interest income .....   | 6,544               | 2,767     | <b>9,311</b>     | 14,583    | <b>86,913</b>               |
| Interest expense .....  | (18,710)            | (9,466)   | <b>(28,176)</b>  | (37,127)  | <b>(263,007)</b>            |
| Dividends received.....   | 5,483               | 2,529     | <b>8,012</b>     | 7,359     | <b>74,788</b>               |
| Profit (loss) on disposal of investments and<br>marketable securities, net of write-downs.....  | (3,881)             | 653       | <b>(3,228)</b>   | 9,336     | <b>(30,132)</b>             |
| Profit (loss) on property and equipment-net.....  | (1,505)             | 450       | <b>(1,055)</b>   | (510)     | <b>(9,848)</b>              |
| Other-net .....   | (2,968)             | (858)     | <b>(3,826)</b>   | (6,197)   | <b>(35,714)</b>             |
|   | (15,037)            | (3,925)   | <b>(18,962)</b>  | (12,556)  | <b>(177,000)</b>            |
| <b>Income before income taxes,<br/>minority interests and equity in earnings (losses).....</b>  | 25,411              | 22,957    | <b>48,368</b>    | 64,255    | <b>451,489</b>              |
| Income taxes .....  | (16,632)            | (12,060)  | <b>(28,692)</b>  | (37,381)  | <b>(267,824)</b>            |
| <b>Income before minority interests<br/>and equity in earnings (losses).....</b>  | 8,779               | 10,897    | <b>19,676</b>    | 26,874    | <b>183,665</b>              |
| Minority interests .....  | (5,314)             | (3,199)   | <b>(8,513)</b>   | (6,615)   | <b>(79,464)</b>             |
| Equity in earnings (losses) of associated companies.....  | 15,696              | 6,938     | <b>22,634</b>    | 16,272    | <b>211,276</b>              |
| <b>Net income</b> .....   | 19,161              | 14,636    | <b>33,797</b>    | 36,531    | <b>315,477</b>              |

### Note :

1. Consolidated results have been prepared in conformity with United States generally accepted accounting principles.
2. Comprehensive income for the third quarter of fiscal 2004, nine months ended December 31, 2003 and 2002 were profit of 4,023 million yen (38 million U.S.dollars), 53,560 million yen (500 million U.S.dollars) and loss of 8,325 million yen, respectively.
3. Total trading transactions and trading income are presented in accordance with Japanese accounting practice.  
Total trading transactions in the consolidated statements of income consist of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.
4. "Equity in earnings (losses) of associated companies" and "Minority interests" include the amount of gains on negative goodwill of 1,828 million yen (17 million U.S. dollars), which was related to the investment for associated companies acquired in the first half of the fiscal 2004.
5. Figures for the third quarter of fiscal 2004 and 2003 have not been audited by independent auditors.

**Consolidated Balance Sheets (Assets)**

ITOCHU Corporation and Subsidiaries

December 31, 2003 and March 31, 2003

| Assets  | Y e n            |                  | U.S. dollars      |
|---|------------------|------------------|-------------------|
|   | (millions)       |                  | (thousands)       |
|   | Dec. 2003        | Mar. 2003        | Dec. 2003         |
| <b>Current assets:</b>                                      |                  |                  |                   |
| Cash and cash equivalents.....                              | 460,185          | 534,156          | 4,295,575         |
| Time deposits.....  | 7,554            | 15,216           | 70,512            |
| Marketable securities.....                                  | 41,992           | 40,879           | 391,972           |
| Trade receivables :   |                  |                  |                   |
| Notes.....  | 199,628          | 145,764          | 1,863,418         |
| Accounts.....   | 979,564          | 907,315          | 9,143,695         |
| Allowance for doubtful receivables.....                     | (23,255)         | (24,816)         | (217,073)         |
| Net trade receivables.....                                  | 1,155,937        | 1,028,263        | 10,790,040        |
| Due from associated companies.....                          | 111,520          | 98,157           | 1,040,979         |
| Inventories .....   | 425,325          | 402,242          | 3,970,177         |
| Advances to suppliers.....                                  | 47,004           | 40,398           | 438,757           |
| Deferred income taxes.....                                  | 28,912           | 31,812           | 269,878           |
| Other current assets.....                                   | 224,181          | 214,055          | 2,092,607         |
| Total current assets .....                                  | 2,502,610        | 2,405,178        | 23,360,497        |
| <b>Investments and non-current receivables:</b>             |                  |                  |                   |
| Investments in and advances to<br>associated companies..... | 489,697          | 447,155          | 4,571,054         |
| Other investments.....                                      | 377,166          | 339,527          | 3,520,638         |
| Other non-current receivables.....                          | 423,978          | 465,548          | 3,957,603         |
| Allowance for doubtful items.....                           | (203,397)        | (206,050)        | (1,898,600)       |
| Net investments and non-current receivables .....           | 1,087,444        | 1,046,180        | 10,150,695        |
| <b>Property and equipment, at cost :</b>                    |                  |                  |                   |
| Land.....   | 263,460          | 264,825          | 2,459,255         |
| Buildings.....  | 305,173          | 298,215          | 2,848,623         |
| Machinery and equipment.....                                | 256,777          | 250,107          | 2,396,873         |
| Furniture and fixtures.....                                 | 50,345           | 49,467           | 469,943           |
| Construction in progress.....                               | 10,376           | 6,322            | 96,854            |
|   | 886,131          | 868,936          | 8,271,548         |
| Less accumulated depreciation.....                          | 296,900          | 276,439          | 2,771,399         |
| Net property and equipment .....                            | 589,231          | 592,497          | 5,500,149         |
| <b>Deferred income taxes, non-current.....</b>              | <b>67,306</b>    | <b>89,585</b>    | <b>628,265</b>    |
| <b>Other assets and deferred charges.....</b>               | <b>342,931</b>   | <b>352,965</b>   | <b>3,201,074</b>  |
| <b>Total .....</b>  | <b>4,589,522</b> | <b>4,486,405</b> | <b>42,840,680</b> |

Note :

1. Consolidated balance sheets have been prepared in conformity with United States generally accepted accounting principles.
2. Figures for December 31, 2003 have not been audited by independent auditors.

## Consolidated Balance Sheets (Liabilities and Stockholders' Equity)

ITOCHU Corporation and Subsidiaries  
December 31, 2003 and March 31, 2003

| Liabilities and Stockholders' Equity                       | Y e n<br>(millions) |           | U.S. dollars<br>(thousands) |
|--|---------------------|-----------|-----------------------------|
|  | Dec. 2003           | Mar. 2003 | Dec. 2003                   |
|  |                     |           |                             |
| <b>Current liabilities:</b>                                |                     |           |                             |
| Short-term debt .....                                      | 523,528             | 465,108   | 4,886,848                   |
| Current installments of long-term debt.....                | 300,928             | 525,831   | 2,808,998                   |
| Trade payables :   |                     |           |                             |
| Notes and acceptances.....                                 | 169,237             | 168,310   | 1,579,735                   |
| Accounts.....  | 859,669             | 769,403   | 8,024,540                   |
| Total trade payables.....                                  | 1,028,906           | 937,713   | 9,604,275                   |
| Due to associated companies.....                           | 41,141              | 36,058    | 384,029                     |
| Income taxes payable.....                                  | 14,348              | 19,505    | 133,931                     |
| Advances from customers.....                               | 53,401              | 44,164    | 498,469                     |
| Other current liabilities.....                             | 238,903             | 232,853   | 2,230,029                   |
| Total current liabilities .....                            | 2,201,155           | 2,261,232 | 20,546,579                  |
| <b>Long-term debt, excluding current installments.....</b> | <b>1,748,131</b>    | 1,637,916 | <b>16,317,847</b>           |
| <b>Accrued retirement and severance benefits.....</b>      | <b>19,721</b>       | 22,383    | <b>184,085</b>              |
| <b>Deferred income taxes, non-current.....</b>             | <b>11,319</b>       | 9,528     | <b>105,657</b>              |
| <b>Minority interests.....</b>                             | <b>133,303</b>      | 129,126   | <b>1,244,311</b>            |
| <b>Stockholders' equity:</b>                               |                     |           |                             |
| Common stock :   |                     |           |                             |
| Authorized 3,000,000,000 shares ;                          |                     |           |                             |
| Issued and outstanding                                     |                     |           |                             |
| 1,583,487,736 shares.....                                  | 202,241             | 202,241   | 1,887,809                   |
| Capital surplus .....                                      | 136,774             | 136,842   | 1,276,711                   |
| Retained earnings  |                     |           |                             |
| Legal reserve .....  | 3,445               | 3,212     | 32,157                      |
| Other retained earnings .....                              | 172,704             | 143,014   | 1,612,097                   |
| Accumulated other comprehensive income (loss).....         | (38,645)            | (58,408)  | (360,730)                   |
| Treasury stock .....                                       | (626)               | (681)     | (5,843)                     |
| Total stockholders' equity .....                           | 475,893             | 426,220   | 4,442,201                   |
| <b>Total .....</b>   | <b>4,589,522</b>    | 4,486,405 | <b>42,840,680</b>           |

The components of accumulated other comprehensive income (loss) were as follows:

|  | Y e n<br>(millions) |           | U.S. dollars<br>(thousands) |
|--|---------------------|-----------|-----------------------------|
|  | Dec. 2003           | Mar. 2003 | Dec. 2003                   |
|  |                     |           |                             |
| Foreign currency translation adjustments.....            | (64,236)            | (51,209)  | (599,608)                   |
| Minimum pension liability adjustments.....               | (788)               | (1,428)   | (7,356)                     |
| Unrealized gains (losses) on securities.....             | 29,713              | (381)     | 277,355                     |
| Unrealized gains (losses) on derivative instruments..... | (3,334)             | (5,390)   | (31,121)                    |

## Segment Information

ITOCHU Corporation and Subsidiaries

For the nine months ended December 31, 2003 and 2002

ITOCHU Corporation and its subsidiaries are engaged in a wide range of diversified businesses which includes:

general trading operations both domestic and overseas;  
 providing financial services to customers and suppliers;  
 planning, arranging and coordinating industrial projects in connection with general trading;  
 and investing in fields of resource development, advanced technology, information and multimedia.

ITOCHU Corporation and its subsidiaries have introduced the division company system, and information on operating segments are stated according to this system.

This system is used for decisions in operations or evaluations by the management.

Information concerning operations in different operating segments for the nine months ended December 31, 2003 and 2002 was as follows:

|   | For the nine months ended December 31, 2003 (April 1, 2003 -December 31, 2003) |  |                                     |                           |  |           |   |                                   | Yen (millions) |
|---|--|--|-------------------------------------|---------------------------|--|-----------|---|-----------------------------------|----------------|
|   | Textile  | Plant, Automobile & Industrial Machinery | Aerospace, Electronics & Multimedia | Energy, Metals & Minerals | Chemicals, Forest Products & General Merchandise | Food      | Finance, Realty, Insurance & Logistics Services | Other, Adjustments & Eliminations | Consolidated   |
| Trading transactions:                                 |  |  |                                     |                           |  |           |   |                                   |                |
| Unaffiliated customers and associated companies ..... | 597,632  | 1,061,599                                | 445,572                             | 1,603,858                 | 1,277,565  | 1,829,916 | 163,113   | 170,853                           | 7,150,108      |
| Transfers between operating segments .....            | 1,302  | 52                                       | 831                                 | 561                       | 5,969  | 184       | 5,693   | (14,592)                          | -              |
| Total trading transactions .....                      | 598,934  | 1,061,651                                | 446,403                             | 1,604,419                 | 1,283,534  | 1,830,100 | 168,806   | 156,261                           | 7,150,108      |
| Gross trading profit .....                            | 72,060   | 35,776                                   | 73,594                              | 19,139                    | 67,822   | 100,704   | 22,560  | 25,863                            | 417,518        |
| Trading income (loss) .....                           | 16,372   | 2,652                                    | 14,444                              | 7,320                     | 18,736   | 18,111    | 462   | (10,767)                          | 67,330         |
| Net income (loss) .....                               | 8,859  | 3,533                                    | 3,675                               | 12,222                    | 10,673   | 11,910    | (2,128)   | (14,947)                          | 33,797         |
| Identifiable assets at December 31 .....              | 390,558  | 442,718                                  | 439,155                             | 482,269                   | 585,513  | 770,503   | 679,990   | 798,816                           | 4,589,522      |

|   | For the nine months ended December 31, 2002 (April 1, 2002 -December 31, 2002) |  |                                     |                           |  |           |   |                                   | Yen (millions) |
|---|--|--|-------------------------------------|---------------------------|--|-----------|---|-----------------------------------|----------------|
|   | Textile  | Plant, Automobile & Industrial Machinery | Aerospace, Electronics & Multimedia | Energy, Metals & Minerals | Chemicals, Forest Products & General Merchandise | Food      | Finance, Realty, Insurance & Logistics Services | Other, Adjustments & Eliminations | Consolidated   |
| Trading transactions:                                 |  |  |                                     |                           |  |           |   |                                   |                |
| Unaffiliated customers and associated companies ..... | 641,527  | 1,171,529                                | 567,657                             | 1,672,451                 | 1,336,636  | 1,907,250 | 164,247   | 173,307                           | 7,634,604      |
| Transfers between operating segments .....            | 2,002  | 94                                       | 424                                 | 713                       | 5,565  | 192       | 703   | (9,693)                           | -              |
| Total trading transactions .....                      | 643,529  | 1,171,623                                | 568,081                             | 1,673,164                 | 1,342,201  | 1,907,442 | 164,950   | 163,614                           | 7,634,604      |
| Gross trading profit .....                            | 67,377   | 35,970                                   | 70,640                              | 25,453                    | 65,265   | 101,200   | 23,405  | 29,071                            | 418,381        |
| Trading income (loss).....                            | 13,299   | 1,264                                    | 14,062                              | 12,001                    | 16,672   | 21,454    | 1,496   | (3,437)                           | 76,811         |
| Net income (loss) .....                               | 7,366  | 2,848                                    | 13,145                              | 10,253                    | 5,669  | 15,347    | (7,009)   | (11,088)                          | 36,531         |
| Identifiable assets at December 31 .....              | 393,641  | 505,255                                  | 458,142                             | 444,467                   | 575,256  | 745,150   | 705,120   | 829,512                           | 4,656,543      |
| Identifiable assets at March 31, 2003.....            | 370,802  | 490,076                                  | 484,255                             | 391,551                   | 524,644  | 654,377   | 692,656   | 878,044                           | 4,486,405      |

|   | For the nine months ended December 31, 2003 (April 1, 2003 -December 31, 2003) |  |                                     |                           |  |            |   |                                   | 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 Services | Other, Adjustments & Eliminations | Consolidated            |
| Trading transactions:                                 |  |  |                                     |                           |  |            |   |                                   |                         |
| Unaffiliated customers and associated companies ..... | 5,578,568  | 9,909,447                                | 4,159,171                           | 14,971,138                | 11,925,371                                       | 17,081,265 | 1,522,571                                       | 1,594,819                         | 66,742,350              |
| Transfers between operating segments .....            | 12,154   | 485                                      | 7,757                               | 5,236                     | 55,717   | 1,718      | 53,141  | (136,208)                         | -                       |
| Total trading transactions .....                      | 5,590,722  | 9,909,932                                | 4,166,928                           | 14,976,374                | 11,981,088                                       | 17,082,983 | 1,575,712                                       | 1,458,611                         | 66,742,350              |
| Gross trading profit .....                            | 672,641  | 333,949                                  | 686,960                             | 178,652                   | 633,081  | 940,017    | 210,585   | 241,417                           | 3,897,302               |
| Trading income (loss) .....                           | 152,824  | 24,755                                   | 134,827                             | 68,328                    | 174,890  | 169,056    | 4,313   | (100,504)                         | 628,489                 |
| Net income (loss) .....                               | 82,694   | 32,979                                   | 34,304                              | 114,086                   | 99,627   | 111,173    | (19,864)  | (139,522)                         | 315,477                 |
| Identifiable assets at December 31 .....              | 3,645,645  | 4,132,531                                | 4,099,272                           | 4,501,718                 | 5,465,444  | 7,192,224  | 6,347,335                                       | 7,456,511                         | 42,840,680              |

## Consolidated Statements of Income

ITOCHU Corporation and Subsidiaries

For the three months ended December 31, 2003 and 2002 (Third quarter of fiscal 2004 and 2003)

|  | Y e n<br>(millions) |                   | U.S. dollars<br>(thousands) |
|--|---------------------|-------------------|-----------------------------|
|  | 2003<br>Oct.-Dec.   | 2002<br>Oct.-Dec. | 2003<br>Oct.-Dec.           |
| <b>Gross trading profit</b> .....  | <b>143,040</b>      | 144,593           | <b>1,335,200</b>            |
| <p>( Total trading transactions :<br/>           Oct.-Dec. 2003: 2,474,646 million yen<br/>                             ( 23,099,468 thousand U.S.dollars )<br/>           Oct.-Dec. 2002: 2,559,662 million yen )</p> |                     |                   |                             |
| Selling, general and administrative expenses .....   | (115,242)           | (112,530)         | (1,075,721)                 |
| Provision for doubtful accounts .....  | (916)               | (1,661)           | (8,550)                     |
| <b>Trading income</b> .....  | <b>26,882</b>       | 30,402            | <b>250,929</b>              |
| Other income (expenses):   |                     |                   |                             |
| Interest income .....  | 2,767               | 4,758             | 25,828                      |
| Interest expense .....   | (9,466)             | (11,714)          | (88,360)                    |
| Dividends received.....  | 2,529               | 2,566             | 23,607                      |
| Profit (loss) on disposal of investments and<br>marketable securities, net of write-downs.....   | 653                 | (280)             | 6,095                       |
| Profit (loss) on property and equipment-net.....   | 450                 | 282               | 4,201                       |
| Other-net .....  | (858)               | (1,567)           | (8,009)                     |
|  | <b>(3,925)</b>      | <b>(5,955)</b>    | <b>(36,638)</b>             |
| <b>Income before income taxes,<br/>minority interests and equity in earnings (losses)...</b>   | <b>22,957</b>       | 24,447            | <b>214,291</b>              |
| Income taxes .....   | (12,060)            | (12,943)          | (112,573)                   |
| <b>Income before minority interests<br/>and equity in earnings (losses).....</b>   | <b>10,897</b>       | 11,504            | <b>101,718</b>              |
| Minority interests .....   | (3,199)             | (2,734)           | (29,861)                    |
| Equity in earnings (losses) of associated companies .....  | 6,938               | 5,525             | 64,762                      |
| <b>Net income</b> .....  | <b>14,636</b>       | 14,295            | <b>136,619</b>              |

### Note :

1. Consolidated results have been prepared in conformity with United States generally accepted accounting principles.
2. Comprehensive income for the third quarter of fiscal 2004 and 2003 were profit of 4,023 million yen (38 million U.S.dollars) and profit of 9,572 million yen, respectively.
3. Total trading transactions and trading income are presented in accordance with Japanese accounting practice.  
Total trading transactions in the consolidated statements of income consist of sales with respect to transactions in which the companies act as principal and the total amount of transactions in which the companies act as agent.
4. Figures for the third quarter of fiscal 2004 and 2003 have not been audited by independent auditors.

## Segment Information

ITOCHU Corporation and Subsidiaries

For the three months ended December 31, 2003 and 2002 (Third quarter of fiscal 2004 and 2003)

Information concerning operations in different operating segments for the third quarter of fiscal 2004 and 2003 was as follows:

| For the third quarter of fiscal 2004 (October 1, 2003 -December 31, 2003) |                |   |   |                                 |  |                |   |  | Yen (millions)   |
|---|----------------|---|---|---------------------------------|--|----------------|---|--|------------------|
|   | Textile        | Plant,<br>Automobile<br>& Industrial<br>Machinery | Aerospace,<br>Electronics<br>& Multimedia | Energy,<br>Metals &<br>Minerals | Chemicals,<br>Forest<br>Products<br>& General<br>Merchandise | Food           | Finance,<br>Realty,<br>Insurance<br>& Logistics<br>Services | Other,<br>Adjustments<br>&<br>Eliminations | Consolidated     |
| Trading transactions:   |                |   |   |                                 |  |                |   |  |                  |
| Unaffiliated customers<br>and associated companies .....                  | 200,626        | 403,565   | 154,722                                   | 560,547                         | 444,683  | 583,423        | 66,540  | 60,540                                     | 2,474,646        |
| Transfers between operating segments .....                                | 458            | 21  | 277                                       | 167                             | 1,988  | 65             | 1,704   | (4,680)                                    | -                |
| Total trading transactions .....  | <u>201,084</u> | <u>403,586</u>                                    | <u>154,999</u>                            | <u>560,714</u>                  | <u>446,671</u>   | <u>583,488</u> | <u>68,244</u>   | <u>55,860</u>                              | <u>2,474,646</u> |
| Gross trading profit .....  | <u>25,034</u>  | <u>12,418</u>                                     | <u>24,357</u>                             | <u>6,319</u>                    | <u>23,815</u>  | <u>33,463</u>  | <u>8,082</u>  | <u>9,552</u>                               | <u>143,040</u>   |
| Trading income (loss) .....   | <u>5,957</u>   | <u>1,330</u>                                      | <u>5,423</u>                              | <u>2,489</u>                    | <u>7,636</u>   | <u>5,532</u>   | <u>1,192</u>  | <u>(2,677)</u>                             | <u>26,882</u>    |
| Net income (loss) .....   | <u>2,901</u>   | <u>1,461</u>                                      | <u>1,762</u>                              | <u>3,568</u>                    | <u>4,867</u>   | <u>3,393</u>   | <u>(311)</u>  | <u>(3,005)</u>                             | <u>14,636</u>    |
| Identifiable assets at December 31.....                                   | <u>390,558</u> | <u>442,718</u>                                    | <u>439,155</u>                            | <u>482,269</u>                  | <u>585,513</u>   | <u>770,503</u> | <u>679,990</u>  | <u>798,816</u>                             | <u>4,589,522</u> |

| For the third quarter of fiscal 2003 (October 1, 2002 -December 31, 2002) |                |   |   |                                 |  |                |   |  | Yen (millions)   |
|---|----------------|---|---|---------------------------------|--|----------------|---|--|------------------|
|   | Textile        | Plant,<br>Automobile<br>& Industrial<br>Machinery | Aerospace,<br>Electronics<br>& Multimedia | Energy,<br>Metals &<br>Minerals | Chemicals,<br>Forest<br>Products<br>& General<br>Merchandise | Food           | Finance,<br>Realty,<br>Insurance<br>& Logistics<br>Services | Other,<br>Adjustments<br>&<br>Eliminations | Consolidated     |
| Trading transactions:   |                |   |   |                                 |  |                |   |  |                  |
| Unaffiliated customers<br>and associated companies .....                  | 214,864        | 395,175   | 178,318                                   | 608,737                         | 448,847  | 602,171        | 52,885  | 58,665                                     | 2,559,662        |
| Transfers between operating segments .....                                | 596            | 66  | 360                                       | 232                             | 1,646  | 69             | 347   | (3,316)                                    | -                |
| Total trading transactions .....  | <u>215,460</u> | <u>395,241</u>                                    | <u>178,678</u>                            | <u>608,969</u>                  | <u>450,493</u>   | <u>602,240</u> | <u>53,232</u>   | <u>55,349</u>                              | <u>2,559,662</u> |
| Gross trading profit .....  | <u>24,355</u>  | <u>11,398</u>                                     | <u>26,500</u>                             | <u>9,363</u>                    | <u>21,683</u>  | <u>34,304</u>  | <u>7,906</u>  | <u>9,084</u>                               | <u>144,593</u>   |
| Trading income (loss).....  | <u>5,373</u>   | <u>(154)</u>                                      | <u>8,014</u>                              | <u>4,956</u>                    | <u>6,165</u>   | <u>7,001</u>   | <u>574</u>  | <u>(1,527)</u>                             | <u>30,402</u>    |
| Net income (loss) .....   | <u>3,126</u>   | <u>664</u>  | <u>1,855</u>                              | <u>5,510</u>                    | <u>2,560</u>   | <u>3,463</u>   | <u>(2,141)</u>  | <u>(742)</u>                               | <u>14,295</u>    |
| Identifiable assets at December 31.....                                   | <u>393,641</u> | <u>505,255</u>                                    | <u>458,142</u>                            | <u>444,467</u>                  | <u>575,256</u>   | <u>745,150</u> | <u>705,120</u>  | <u>829,512</u>                             | <u>4,656,543</u> |
| Identifiable assets at March 31, 2003.....                                | <u>370,802</u> | <u>490,076</u>                                    | <u>484,255</u>                            | <u>391,551</u>                  | <u>524,644</u>   | <u>654,377</u> | <u>692,656</u>  | <u>878,044</u>                             | <u>4,486,405</u> |

| For the third quarter of fiscal 2004 (October 1, 2003 -December 31, 2003) |                  |   |   |                                 |  |                  |   |  | U.S.dollars<br>(thousands) |
|---|------------------|---|---|---------------------------------|--|------------------|---|--|----------------------------|
|   | Textile          | Plant,<br>Automobile<br>& Industrial<br>Machinery | Aerospace,<br>Electronics<br>& Multimedia | Energy,<br>Metals &<br>Minerals | Chemicals,<br>Forest<br>Products<br>& General<br>Merchandise | Food             | Finance,<br>Realty,<br>Insurance<br>& Logistics<br>Services | Other,<br>Adjustments<br>&<br>Eliminations | Consolidated               |
| Trading transactions:   |                  |   |   |                                 |  |                  |   |  |                            |
| Unaffiliated customers<br>and associated companies .....                  | 1,872,734        | 3,767,059   | 1,444,245                                 | 5,232,400                       | 4,150,873  | 5,445,935        | 621,114   | 565,108                                    | 23,099,468                 |
| Transfers between operating segments .....                                | 4,275            | 196   | 2,586                                     | 1,559                           | 18,557   | 607              | 15,905  | (43,685)                                   | -                          |
| Total trading transactions .....  | <u>1,877,009</u> | <u>3,767,255</u>                                  | <u>1,446,831</u>                          | <u>5,233,959</u>                | <u>4,169,430</u>   | <u>5,446,542</u> | <u>637,019</u>  | <u>521,423</u>                             | <u>23,099,468</u>          |
| Gross trading profit .....  | <u>233,679</u>   | <u>115,915</u>                                    | <u>227,359</u>                            | <u>58,984</u>                   | <u>222,300</u>   | <u>312,359</u>   | <u>75,441</u>   | <u>89,163</u>                              | <u>1,335,200</u>           |
| Trading income (loss) .....   | <u>55,605</u>    | <u>12,415</u>                                     | <u>50,621</u>                             | <u>23,233</u>                   | <u>71,278</u>  | <u>51,638</u>    | <u>11,127</u>   | <u>(24,988)</u>                            | <u>250,929</u>             |
| Net income (loss) .....   | <u>27,079</u>    | <u>13,638</u>                                     | <u>16,447</u>                             | <u>33,305</u>                   | <u>45,431</u>  | <u>31,672</u>    | <u>(2,903)</u>  | <u>(28,050)</u>                            | <u>136,619</u>             |
| Identifiable assets at December 31.....                                   | <u>3,645,645</u> | <u>4,132,531</u>                                  | <u>4,099,272</u>                          | <u>4,501,718</u>                | <u>5,465,444</u>   | <u>7,192,224</u> | <u>6,347,335</u>  | <u>7,456,511</u>                           | <u>42,840,680</u>          |