

Highlights of Consolidated Financial Results for the First Quarter of FY 2013 (U.S. GAAP)

August 2, 2012
ITOCHU Corporation

(Unit: billion yen, (losses, decrease))

Financial topics for the First Quarter of FY 2013

- "Net income attributable to ITOCHU" decreased by ¥22.3 bil. to ¥70.7 bil. , due to the absence of unordinary gain for the same period of the previous FY. Progress toward the Outlook for FY 2013 of ¥280.0 bil. was 25.2%.
- For "Net income attributable to ITOCHU" by segment, "Textile" increased by ¥4.5 bil. to ¥8.5 bil. , due to the contribution of equity-method associated companies including newly joined companies. In the other segments, earnings decreased due to the absence of unordinary gain for the same period of the previous FY and overall decline in commodity prices. However, earnings were secured in these segments: "Machinery" ¥5.9 bil., "Metals & Minerals" ¥24.6 bil., "Energy & Chemicals" ¥8.3 bil., "Food" ¥10.9 bil., and "ICT, General Products & Realty" ¥8.4 bil. Substantially, earnings increased in "Machinery" and "Food" , excluding unordinary gain. Further, earnings increased in "Energy" and "Construction, Realty & Financial Business".
- The share of Natural Resource/Energy-Related sector and Non-resource Sector is 40% (51% for the 1st quarter of FY2012) and 60% (49% for the 1st quarter of FY2012). The earnings of Natural Resource/Energy-Related sector decreased mainly due to decline in iron ore and coal prices. On the other hand, earnings of Non-resource Sector, especially Consumer-Related sector increased by ¥20.8 bil. to ¥22.7 bil.
- "Total ITOCHU stockholders' equity" edged down from the previous FY end to ¥1,354.1 bil. , due to yen appreciation and slumping stock market. "The Ratio of ITOCHU stockholders' equity to total assets" was 21.1%. NET DER recorded 1.6 times. Total equity was ¥1,693.3 bil. (Refer to the reverse side Exhibit A-2)

Consolidated Financial Results of Operations	1st Quarter FY 2013	1st Quarter FY 2012	Increase (Decrease)	Summary of changes from the same period of the previous fiscal year	Outlook for FY 2013 (Disclosed on May 8, 2012)	
Consolidated Statements of Income					Progress(%)	
Revenue (Note 2)	1,036.2	884.5	151.7	<p>- Revenue: Increase due to a higher transaction volume for petroleum products and the effect of the acquisition of energy-related companies in the Energy & Chemicals Company, and also increase mainly due to the acquisition of Kwik-Fit Group in the ICT, General Products & Realty Company</p> <p>- Gross trading profit: <u>Textile/Incr (27.9→28.5):</u> Mainly increase in transaction volume for apparel products in Japan <u>Machinery/ Incr (18.4→19.7):</u> Recovery in transactions for automobiles after Great East Japan Earthquake <u>Metals & Minerals/ Decr (31.5→23.9):</u> Decline in prices of iron ore and coal, despite increase in sales volumes <u>Energy & Chemicals/ Incr (33.9→40.5):</u> Improvement in earnings from energy transactions and valuation gain on derivatives, despite decrease in earnings resulting from decline in market prices for chemicals <u>Food/ Incr (47.4→47.9):</u> Higher transaction volume in food-distribution-related companies, despite deterioration in profitability of food-resources-related subsidiaries and decrease resulting from conversion of existing consolidated subsidiaries into equity-method associated companies <u>ICT, General Products & Realty/ Incr (46.6→56.5):</u> Increase due to acquisition of Kwik-Fit Group and higher transaction volume in domestic ICT-related companies, despite decrease by sales of subsidiary for the previous fiscal year</p> <p>- SG & A: Attributable to higher expenses accompanying the acquisition of Kwik-Fit Group</p> <p>- Provision for doubtful receivables: Decrease in allowance for doubtful receivables, and collections</p> <p>- Net financial income: Decrease in dividends received, due primarily to a decrease in dividends from LNG-related investments by a change of investee's dividend policy from a quarterly basis to a yearly basis and deterioration of net interest expenses mainly due to a rise in debt by large-scale investments for the previous fiscal year</p> <p>- Gain on investments-net: Net of impairment losses and remeasuring gain on investments -18.5 (16.0→-2.5), Net gain on sales of investments +8.8 (4.0→12.8), Losses on business disposals and others -0.6 (0.0→-0.6)</p> <p>- Gain (Loss) on property and equipment-net: Impairment losses -0.2 (-0.1→-0.3), Net gain (loss) on sales of property and equipment and others -0.3 (0.1→-0.1)</p> <p>- Gain on bargain purchase in acquisition: Decrease due to the absence of the gain on the acquisition of Brazil Japan Iron Ore Corporation for the previous fiscal year</p> <p>- Other-net: Due to the absence of the receipt of insurance related to the Great East Japan Earthquake for the same period of the previous fiscal year in addition to a loss on foreign currency translation.</p> <p>- Equity in earnings of assoc. co.: Contribution of newly joined equity-method associated companies +5.9, Orient Corporation (Note.3) +1.4 (-0.9→ 0.5), Equity-method associated companies of China Foods Investment Corp. +1.1 (1.1 → 2.2), Equity-method associated companies of Brazil Japan Iron Ore Corporation. -2.4 (3.8→1.4), Century Tokyo Leasing Corporation (Note.4) [the absence of gain on negative goodwill accompanying the additional investment in the same period of the previous fiscal year (Note.3) -1.5 (1.5 → -)]</p>	1,040.0	21.1%
Gross trading profit (Note 2)	219.6	213.8	5.8		(748.0)	22.3%
Selling, general and administrative expenses (Note 2)	(167.0)	(156.3)	(10.7)		(2.0)	-
Provision for doubtful receivables	1.9	(1.1)	3.0		(17.0)	21.8%
Net interest expenses	(3.7)	(3.3)	(0.4)		25.0	22.2%
Dividends received	5.6	7.3	(1.8)		8.0	23.0%
Net financial income	1.8	4.0	(2.2)		(*) 2.0	-
Gain on investments-net	9.7	20.0	(10.3)			(740.0)
Gain (loss) on property and equipment-net (*)	(0.4)	0.0	(0.4)		300.0	22.3%
Gain on bargain purchase in acquisition	-	10.5	(10.5)		(125.0)	19.2%
Other-net	1.3	9.3	(7.9)		175.0	24.6%
Total other-expenses	(152.6)	(113.5)	(39.1)		130.0	23.5%
Income before income taxes and equity in earnings of associated companies	67.0	100.3	(33.2)		305.0	24.1%
Income taxes	(24.0)	(30.0)	6.0		(25.0)	11.4%
Income before equity in earnings of associated companies	43.0	70.3	(27.3)		280.0	25.2%
Equity in earnings of associated companies	30.5	25.8	4.7	13,100.0	23.2%	
Net income	73.5	96.1	(22.5)	7.9%	-	
Less: Net income attributable to the noncontrolling interest	(2.9)	(3.1)	0.2	430.0	19.8%	
Net income attributable to ITOCHU	70.7	93.0	(22.3)			
(Reference)						
Total trading transactions	3,035.7	2,847.7	188.0			
Gross trading profit ratio	7.2%	7.5%	(0.3%)			
Adjusted profit	85.0	87.3	(2.3)			

Adjusted profit = Gross trading profit + SG&A expenses + Net financial income + Equity in earnings of associated companies

(Note 1) In the fiscal year ended March 31, 2012, certain subsidiaries changed their fiscal periods. The effect of these changes had been reflected in figures of certain items for the same period of the previous fiscal year.
 (Note 2) With respect to distribution cost related to the ITOCHU Group's food distribution and marketing business, ITOCHU has made a change in presentation in the financial statements related to the ITOCHU Group's portion of operational cost arising at the distribution centers of the ITOCHU Group's customers, such as mass merchandisers, and delivery costs from the distribution centers to the customers' stores since the beginning of the fiscal year 2013. The aforementioned distribution cost for the same period of the previous fiscal year has been reclassified in the same manner.
 (Note 3) Income tax effect is not included.
 (Note 4) Refer to the results to be announced by each corresponding company, as their announcement dates are on or after ITOCHU's announcement date of the first quarter of the fiscal year 2013.
 (Note 5) "Earnings from overseas businesses" is the total of Net income attributable to ITOCHU of overseas trading subsidiaries and overseas group companies, plus Net income attributable to ITOCHU of overseas branches of parent company and the companies established in Japan for specific overseas business whose sources of revenue are in overseas.

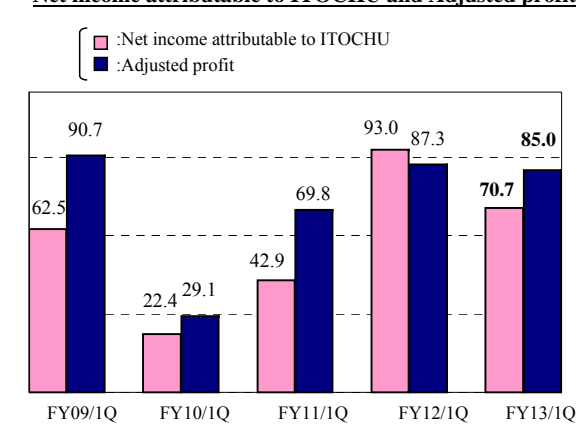
Consolidated Statements of Comprehensive Income

	1st Quarter FY 2013	1st Quarter FY 2012	Increase (Decrease)
Net income	73.5	96.1	(22.5)
Other comprehensive income (loss) (net of tax)			
Foreign currency translation adjustments	(15.2)	(19.8)	4.6
Pension liability adjustments	1.7	1.3	0.4
Unrealized holding gains (losses) on securities	(15.4)	6.1	(21.5)
Unrealized holding gains (losses) on derivative instrument	(0.8)	0.3	(1.1)
Total other comprehensive income (loss) (net of tax)	(29.7)	(12.2)	(17.6)
Comprehensive income (loss)	43.8	83.9	(40.1)
Comprehensive income (loss) attributable to the noncontrolling interest	(9.1)	(3.9)	(5.2)
Comprehensive income (loss) attributable to ITOCHU	34.7	80.0	(45.3)

Components of Net income attributable to ITOCHU

	1st Quarter FY 2013	1st Quarter FY 2012	Increase (Decrease)
Parent company	65.3	52.2	13.1
Group companies	56.2	78.1	(21.9)
Overseas trading subsidiaries	6.1	5.0	1.1
Consolidation adjustments	(56.9)	(42.4)	(14.6)
Net income attributable to ITOCHU	70.7	93.0	(22.3)
Earnings from overseas businesses (Note 5)	35.1	58.5	(23.4)
Share of earnings from overseas businesses	50%	63%	

Net income attributable to ITOCHU and Adjusted profit



Dividend Information (Per Share)

Annual (Planned)	40.0 yen
Interim (Planned)	20.0 yen

Brand-new Deal 2012

Earn, Cut, Prevent

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Segment Information	Net income attributable to ITOCHU			[Net income attributable to ITOCHU] Summary of changes from the same period of the previous fiscal year
	1st Quarter FY 2013	1st Quarter FY 2012	Increase (Decrease)	
Textile	8.5	4.0	4.5	Increase due to contribution of equity-method associated companies including newly joined companies, as well as increase in gross trading profit and decrease in provision for doubtful receivables
Machinery	5.9	9.4	(3.4)	Decrease due to absence of unordinary gain recognized for same period of previous fiscal year resulting from additional investment in leasing-related company, despite increase in gross trading profit, decrease in provision for doubtful receivables and increase in equity in earnings of associated companies of construction-machinery-related companies
Metals & Minerals	24.6	45.1	(20.5)	Significant decrease due to lower gross trading profit and absence of unordinary gain recognized for same period of previous fiscal year in the acquisition of Brazil Japan Iron Ore Corporation
Energy & Chemicals	8.3	9.0	(0.7)	Decrease in dividends received from LNG-related investments by a change of investee's dividend policy and absence of gain on sales of investments for same period of previous fiscal year, despite increase in gross trading profit
Food	10.9	12.4	(1.5)	Decrease due to absence of receipt of insurance related to Great East Japan Earthquake for same period of previous fiscal year, despite increase in gross trading profit
ICT, General Products & Realty	8.4	9.0	(0.6)	Decrease due to absence of gain on sales of investments for same period of previous fiscal year, despite increase in equity in earnings of associated companies
Others, Adjustments & Eliminations	4.0	4.2	(0.2)	Almost the same level
Total	70.7	93.0	(22.3)	

P/L of Group Companies Reporting Profits/Losses	1st Quarter FY 2013	1st Quarter FY 2012	Increase (Decrease)	Group Companies	1st Quarter FY 2013	1st Quarter FY 2012	Summary of changes from the same period of the previous fiscal year
Group co. reporting profits	66.6	88.1	(21.5)	ITOCHU Minerals & Energy of Australia Pty Ltd (C)	16.1	22.0	Due to decline in prices of iron ore and coal, despite increase in sales volumes
Group companies reporting profits	60.5	82.7	(22.2)	ITOCHU Oil Exploration (Azerbaijan) Inc. (C)	4.7	4.1	Due mainly to increase in valuation gain on derivatives
Overseas trading subsidiaries reporting profits	6.1	5.3	0.8	Marubeni-Itochu Steel Inc. (E)	2.9	2.9	Due to favorable performances in energy and automobiles areas, despite sluggish market conditions
Group co. reporting losses	(4.3)	(4.9)	0.6	ITOCHU International Inc. (C)	2.5	1.7	Due mainly to solid performance by machinery segment centered on North American power-generation-related companies
Group companies reporting losses	(4.3)	(4.6)	0.3	ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD. (C)	(0.4)	(0.1)	Due to stagnant demand for crude oil, despite solid performance by petroleum products
Overseas trading subsidiaries reporting losses	(0.0)	(0.3)	0.3				
Total	62.3	83.2	(20.9)				
Share of group co. reporting profits	74.7%	72.9%	1.7%				
Number of group co. reporting profits (Note 6)	274	288	(14)				
Total number of group co. reporting (Note 6)	367	395	(28)				

(Note 6) The number of companies directly invested by ITOCHU or its Overseas trading subsidiaries are shown above.

Financial Position	Jun. 2012	Mar. 2012	Increase (Decrease)	Summary of changes from the previous fiscal year end	Outlook for March 31, 2013
Interest-bearing debt	2,543.7	2,533.6	10.2	2,800.0	
Net interest-bearing debt	2,119.8	2,014.9	104.9	2,300.0	
Total ITOCHU stockholders' equity	1,354.1	1,363.8	(9.7)	1,550.0	
Total equity	1,693.3	1,696.1	(2.8)	1,900.0	
Ratio of stockholders' equity to total assets (Note 7)	21.1%	21.0%	0.2%	22.1%	
Net debt-to-equity ratio (times) (Note 7)	1.6	1.5	0.1 up	1.5	

(Note 7) "Stockholders' equity" is equivalent to "ITOCHU stockholders' equity" and used in calculating "NET DER".

Cash Flows	1st Quarter FY 2013	1st Quarter FY 2012	Summary of Cash Flows for the 1st Quarter of FY 2013	Major Indicators		Variance			
				1st Quarter FY 2013	1st Quarter FY 2012				
Operating activities	9.0	(24.9)	<p>- Operating: Net cash-inflow resulting from stable performance in operating revenue in overseas natural resources and food sectors, and collections of trade receivables in the Energy & Chemicals Company and the ICT, General Products & Realty Company, despite an increase in inventories in the energy, construction, and ICT sectors</p> <p>- Investing: Net cash-outflow mainly due to a new investment in pulp business in Europe and additional capital expenditures in natural resource development sector</p> <p>- Financing: Net cash-outflow mainly due to dividends payment</p>	Foreign exchange (Yen/US\$)	Average (Apr.-Jun.)	81.37	82.04	(0.67)	
Investing activities	(110.8)	(146.0)		June 30th	Jun.-12	79.31	Mar.-12	82.19	(2.88)
Financing activities	(19.6)	(45.5)		Interest	JPY TIBOR 3M, average (Apr.-Jun.)	0.336%	0.340%	(0.004%)	
Cash and cash equivalents	388.6	417.7		US\$ LIBOR 3M, average (Apr.-Jun.)	0.466%	0.262%	0.204%		
Increase (Decrease)	(124.9)	(216.1)		Crude oil (Brent) (US\$/BBL) Average (Apr.-Jun.)	108.90	117.17	(8.27)		
				Iron ore, fine (US\$/ton)	131	171	(40)		
			Coking coal (US\$/ton)	206	330	(124)			
			Thermal coal (US\$/ton)	115	130	(15)			