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

May 8, 2013
ITOCHU Corporation

Financial topics for FY 2013

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

- "Net income attributable to ITOCHU" was ¥280.3 bil.; second highest earnings after the ¥300.5 bil. achieved in the previous FY.
- For "Net income attributable to ITOCHU" by segment, "Textile," "Machinery,""Food," and "ICT, General Products & Realty" achieved increases compared with the previous FY. The earnings of "Metals & Minerals" and "Energy & Chemicals" decreased but still generated ¥82.5 bil. and ¥23.1 bil. respectively. "ICT, General Products & Realty" achieved more than ¥50.0 bil. "Food", as in the previous FY, recorded over ¥40.0 bil., and "Textile" and "Machinery" delivered more than ¥30.0 bil., all of which achieved record high. (Refer to Exhibit A-2)
- The share of the Non-Resource Sector was 72% (earnings of ¥191.3 bil.) and the Natural Resource/Energy-Related Sector was 28% (earnings of ¥75.5 bil.). Furthermore, the Non-Resource Sector posted an increase of ¥31.7 bil. ("Consumer-Related" +¥8.9 bil., "Machinery-Related" +¥12.7 bil., "Chemicals, Real Estate, and others" +¥10.1 bil.) to ¥191.3 bil. which was record high.
  The share of Group companies reporting profits was 84.6%, which was also a record high.
- "Comprehensive income (loss) attributable to ITOCHU" increased by ¥225.8 bil. to ¥475.8 bil. affected by rapid yen depreciation and stock price increases in the 4th quarter in addition to the contribution of "Net income."
- "Total ITOCHU stockholders' equity" increased by ¥401.6 bil. from the previous FY end to ¥1,765.4 bil. due to an increase in "Net income attributable to ITOCHU" and an improve in "Accumulated other comprehensive income (loss)"due to yen depreciation and high stock prices, which more than compensated for a decrease accompanying dividends payment. The "Ratio of ITOCHU stockholders' equity to total assets" improved by 3.8 points from the previous FY end to 24.8%. NET DER was 1.24 times. "Total equity" was ¥2,112.6 bil., surpassing ¥2 tril. for the first time. (Refer to Exhibit A-2)

	FY 2013	FY 2012	Increase (Decrease)
Natural Resource /Energy-Related	75.5	149.2	(73.8)
Non-Resource	191.3	159.5	31.7
Others	13.6	(8.3)	21.8
Non- Resource & Others	*204.8*	*151.3*	*53.6*
Natural Resource /Non-Resource	28%/72%	48%/52%	-20%/20%

Consolidated Financial Results of Operations

Consolidated Statements of Income

	FY 2013	FY 2012	Increase (Decrease)	Outlook for FY 2014	Outlook for FY 2014: Increase (Decrease)
Revenue (Note 1)	4,579.8	4,197.5	382.2		
Gross trading profit (Note 1)	915.9	956.9	(41.0)	1,000.0	84.1
Selling, general and administrative expenses (Note 1)	(671.3)	(679.4)	8.1	(715.0)	(43.7)
Provision for doubtful receivables	(0.3)	(4.9)	4.6	(5.0)	(4.7)
Net interest expenses	(14.1)	(12.8)	(1.2)	(17.0)	(2.9)
Dividends received	34.6	28.0	6.6	27.0	(7.6)
Net financial income	*20.6*	*15.2*	*5.4*	*10.0*	*(10.6)*
Gain on investments-net (*)	45.9	20.9	24.9	(*) 10.0	(36.3)
Loss on property and equipment-net (*)	(9.3)	(6.7)	(2.5)		
Gain on bargain purchase in acquisition (*)	-	15.9	(15.9)		
Other-net (*)	9.7	23.3	(13.5)		
Total other-expenses	(604.8)	(615.7)	11.0	(700.0)	(95.2)
Income before income taxes and equity in earnings of associated companies	311.1	341.2	(30.1)	300.0	(11.1)
Income taxes	(94.3)	(122.0)	27.7	(105.0)	(10.7)
Income before equity in earnings of associated companies	216.8	219.1	(2.4)	195.0	(21.8)
Equity in earnings of associated companies	85.9	102.7	(16.9)	120.0	34.1
Net income	302.7	321.9	(19.2)	315.0	12.3
Less: Net income attributable to the noncontrolling interest	(22.4)	(21.4)	(1.0)	(25.0)	(2.6)
Net income attributable to ITOCHU	280.3	300.5	(20.2)	290.0	9.7
(Reference)					
Total trading transactions (Note 1)	12,551.6	11,904.7	646.8	14,300.0	1,748.4
Gross trading profit ratio	7.3%	8.0%	(0.7%)	7.0%	(0.3%)
Adjusted profit	351.0	395.5	(44.5)	415.0	64.0

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

Summary of changes from the previous fiscal year

- **Revenue**: Increase attributable to higher revenue from the Energy & Chemicals Company, mainly due to the acquisition of U.S. energy-related companies in the fourth quarter of the previous fiscal year, as well as to increased revenue due to the acquisition of automobile-related companies in the second quarter of the current fiscal year in the Machinery Company, which offset lower revenue from the Metals & Minerals Company, reflecting falls in iron ore and coal prices
- **Gross trading profit**:
  - Textile +1.3(127.6→128.9): Increase due to rise accompanying the acquisition of European apparel manufacturing and wholesale-related companies in the second quarter of the current fiscal year, and rise in apparel products transactions in Japan
  - Machinery +3.5 (85.9 → 89.4): Increase mainly due to rise accompanying the acquisition of automobile-related companies in the second quarter of the current fiscal year, and increase in ship transactions
  - Metals & Minerals -43.1 (122.6 → 79.5): Significant decrease due to falls in prices of iron ore and coal, despite increase in sales volume
  - Energy & Chemicals +9.5(155.6 →165.0): Increase due to rise accompanying the acquisition of domestic energy-related companies in the second quarter of the current fiscal year and rise in transactions for crude oil, fuel oil and petroleum products in the energy sector, despite decline resulting from slump in China's chemicals market in the chemical sector
  - Food +1.5(201.2→202.7): Increase due to rise in transactions for frozen foods and daily-delivery foods in food-distribution-related business, despite decline in fresh-food-and-food-materials-related business due to the conversion of frozen-foods-related subsidiary into equity-method associated company in the first quarter of the current fiscal year
  - ICT, General Products & Realty -8.1 (244.6 → 236.6): Decrease due to lower sales of condominiums, conversion of mobile-phone-related consolidated subsidiary into equity-method associated company in the third quarter of the current fiscal year and sales of consolidated subsidiaries in the previous fiscal year, despite increase due to acquisition of Kwik-Fit Group for the previous fiscal year and higher transaction volume in domestic ICT-related companies
- **SG & A**: Decrease attributable to the result of the acquisition of new consolidated subsidiaries or the conversion of subsidiaries into equity method associated companies and sales of consolidated subsidiaries accompanying the asset replacement
- **Provision for doubtful receivables**: Improve mainly due to a decrease in allowance for doubtful receivables and collections
- **Net financial income**: Deteriorate in net interest expenses due to an increase in interest-bearing debt, despite lower debt cost, and increase in dividends received due primarily to an increase in dividends from oil-and-gas-related investments on Sakhalin
- **Gain on investments-net**: Net gain on sales of investments +28.4 (22.6 → 51.0),
  Net of impairment gain (loss) and remeasuring gains on investments -4.9 (1.4 → -3.4),
  Losses on business disposals and others +1.4 (-3.1 → -1.7)
- **Loss on property and equipment-net**: Increase in impairment losses on property and equipment -1.3 (-6.8 → -8.1),
  Net gain (loss) on sales of property and equipment and others -1.2 (0.0 → -1.1)
- **Gain on bargain purchase in acquisition**: The gain on bargain purchase in the acquisition of Brazil Japan Iron Ore Corporation was recognized for the previous fiscal year
- **Other-net**: Decrease mainly due to the absence of the receipt of insurance related to the Great East Japan Earthquake for the previous fiscal year and decrease in miscellaneous income
- **Equity in earnings of assoc. co.**: Equity-method associated companies of ITOCHU Coal Americas Inc. +2.8 (2.5 →5.3),
  Equity-method associated companies of ITOCHU FIBRE LIMITED +2.6 (-→2.6), Contribution of other new equity-method associated companies +7.5, FamilyMart Co., Ltd. +2.4 (6.7→ 9.1), ITC NETWORKS CORPORATION +1.1 (-→ 1.1),
  Equity-method associated companies of JD Rockies Resources Limited -30.0 (0.3→ -29.7),
  Equity-method associated companies of Brazil Japan Iron Ore Corporation -5.2 (21.5→16.3),
  Equity-method associated companies of ITOCHU Minerals & Energy of Australia Pty Ltd -1.8 (9.8→8.1)

(Note 1) 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 previous fiscal year has been reclassified in the same manner.

(Note 2) "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.

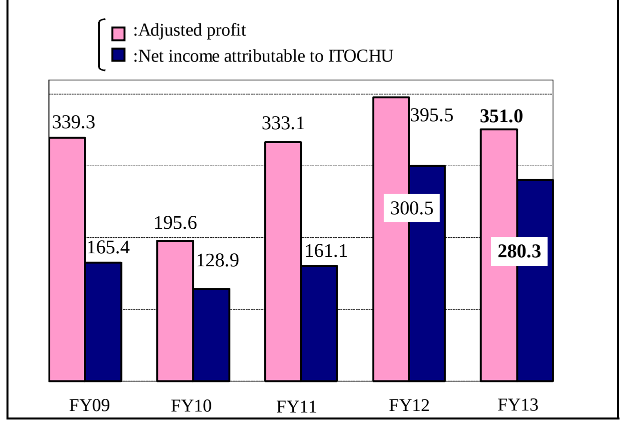
Consolidated Statements of Comprehensive Income

	FY 2013	FY 2012	Increase (Decrease)
Net income	302.7	321.9	(19.2)
Other comprehensive income (loss) (net of tax)			
Foreign currency translation adjustments	157.7	(72.1)	229.8
Pension liability adjustments	10.5	(4.6)	15.2
Unrealized holding gains on securities	35.7	13.5	22.2
Unrealized holding gains (losses) on derivative instruments	0.4	(1.7)	2.1
Total other comprehensive income (loss) (net of tax)	204.4	(64.9)	269.3
Comprehensive income (loss)	507.0	257.0	250.1
Comprehensive income (loss) attributable to the noncontrolling interest	(31.2)	(7.0)	(24.3)
Comprehensive income (loss) attributable to ITOCHU	475.8	250.0	225.8

Components of Net income attributable to ITOCHU

	FY 2013	FY 2012	Increase (Decrease)
Parent company	153.3	131.0	22.3
Group companies	205.4	271.3	(65.9)
Overseas trading subsidiaries	23.9	23.7	0.2
Consolidation adjustments	(102.3)	(125.5)	23.3
Net income attributable to ITOCHU	280.3	300.5	(20.2)
Earnings from overseas businesses (Note 2)	99.9	194.2	(94.3)
Share of earnings from overseas businesses	36%	65%	

Net income attributable to ITOCHU and Adjusted profit



Dividend Information (Per Share)

FY 2013	FY 2014
Annual (Planned)	Annual (Planned)
40.0 yen	42.0 yen
Interim (Paid)	Interim (Planned)
20.0 yen	21.0 yen

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Operating Segment Information

Operating Segment Information	Net income attributable to ITOCHU FY 2013	FY 2012	Increase (Decrease)	[Net income attributable to ITOCHU] Summary of changes from the previous fiscal year
Textile	31.2	24.4	6.9	Increase in gross trading profit, absence of unordinary expense for the previous fiscal year and decrease in provision for doubtful receivables, as well as increase due to the contribution of equity-method associated companies including new companies
Machinery	32.1	23.1	9.0	Increase due to rise accompanying the acquisition of automobile-related companies in the second quarter of the current fiscal year, rise in earnings of IPP-related and water-supply-related companies, recognition of gain on sales of investments, and absence of impairment losses on investments recognized for the previous fiscal year
Metals & Minerals	82.5	142.1	(59.6)	Significant decrease due to substantial decline in gross trading profit, absence of improvement in tax effect accompanying tax reform in Australia and absence of unordinary gain recognized in the acquisition of Brazil Japan Iron Ore Corporation for the previous fiscal year
Energy & Chemicals	23.1	37.8	(14.7)	Decrease due to decline in equity in earnings of associated companies arising from impairment loss on U.S. oil-and-gas-development-related company, despite rise in gross trading profit in the energy sector, higher dividends received from oil-and-gas-related investments on Sakhalin and recognition of gain on sales of investments
Food	45.7	43.8	1.9	Increase due to rise in gross trading profit, recognition of gain on sales of investments and increase in equity in earnings of associated companies, despite absence of gain on sales of property and equipment and receipt of insurance for the previous fiscal year
ICT, General Products & Realty	52.1	37.6	14.5	Increase due to rise in gain on investments, significant rise in earnings of associated companies and the absence of a loss on reversal of deferred tax assets accompanying change in effective income tax rate for the previous fiscal year, despite lower gross trading profit
Others, Adjustments & Eliminations	13.6	(8.3)	21.8	Improved significantly due to improvement of income tax expense resulting from increase in foreign tax credit and realization of losses in tax basis, absence of a loss on reversal of deferred tax assets accompanying change in effective income tax rate and absence of impairment losses on investment securities recognized for the previous fiscal year, as well as recognition of gain on sales of investments
Total	280.3	300.5	(20.2)	

P/L of Group Companies Reporting Profits/Losses

P/L of Group Companies Reporting Profits/Losses	FY 2013	FY 2012	Increase (Decrease)
Group co. reporting profits	272.9	313.2	(40.3)
Group companies reporting profits	249.0	289.2	(40.2)
Overseas trading subsidiaries reporting profits	23.9	24.0	(0.1)
Group co. reporting losses	(43.6)	(18.2)	(25.4)
Group companies reporting losses	(43.6)	(17.9)	(25.7)
Overseas trading subsidiaries reporting losses	(0.0)	(0.3)	0.3
Total	229.3	295.0	(65.7)
Share of group co. reporting profits	84.6%	81.7%	2.9%
Number of group co. reporting profits (Note 3)	301	299	2
Total number of group co. reporting (Note 3)	356	366	(10)

(Note 3)The number of companies directly invested by ITOCHU or its Overseas trading subsidiaries are shown above.

Group Companies

(Major Group Companies) (C): Consolidated subsidiary, (E): Equity-method associated company

Group Companies		FY 2013	FY 2012	Summary of changes from the previous fiscal year
ITOCHU Minerals & Energy of Australia Pty Ltd	(C)	50.3	89.3	Decrease due to the fall in iron ore and coal prices and the absence of tax effects recognized for the previous fiscal year stemming from the tax reform in Australia, despite increase in sales volume of iron ore and coal
ITOCHU Oil Exploration (Azerbaijan) Inc.	(C)	13.1	13.0	Almost the same level as higher sales volume and the impact of yen depreciation on foreign currency translations were offset by fall in oil prices and rise in costs
Marubeni-Itochu Steel Inc.	(E)	12.8	12.9	Almost the same level due to favorable performance in steel pipe area, despite slumping market
NIPPON ACCESS, INC.	(C)	10.8	8.6	Increase due to absence of expenses related to the Great East Japan Earthquake and loss accompanying change in effective income tax rate for the previous fiscal year, and increase in transactions of frozen foods and daily-delivery foods, despite absence of gain on sale of land and buildings recognized for the previous fiscal year
JD Rockies Resources Limited	(C)	(31.2)	(0.1)	Significant deterioration for new associate oil-and-gas-development-related company due to impairment losses of oil and gas properties associated with development plan revisions as well as slumping gas prices

Financial Position

Financial Position	Mar. 2013	Mar. 2012	Increase (Decrease)	Outlook for March 31, 2014
Total assets	7,117.4	6,507.3	610.2	7,500.0
Interest-bearing debt	2,762.5	2,533.6	228.9	3,150.0
Net interest-bearing debt	2,185.6	2,014.9	170.7	2,650.0
Total ITOCHU stockholders' equity	1,765.4	1,363.8	401.6	1,900.0
Ratio of stockholders' equity to total assets (Note 4)	24.8%	21.0%	3.8%	25.3%
Total equity	2,112.6	1,696.1	416.5	2,230.0
Net debt-to-equity ratio (times) (Note 4)	1.24	1.48	0.24 Improved	1.4

(Note 4)"Stockholders' equity" is equivalent to "ITOCHU stockholders' equity" and used in calculating "NET DER".

Summary of changes from the previous fiscal year end

- **Total assets**: Increase attributable to an increase in cash and cash equivalents; new investments in the non-resource sector such as European pulp-related companies, automobile-related companies, IPP-related and water-supply-related companies, European apparel manufacturing and wholesale-related companies; increases in inventories in the ICT, General Products & Realty Company and the Energy & Chemicals Company; and an increase accompanying additional capital expenditures in the natural resource development sector; as well as to the effect of yen depreciation
- **Total ITOCHU stockholders' equity**: Increase in "Net income attributable to ITOCHU and improve in "Accumulated other comprehensive income (loss)" due to yen depreciation and high stock prices, which more than compensated for a decrease accompanying dividends payment. The "Ratio of stockholders' equity to total assets" (Note 4) improved by 3.8 points to 24.8 % from March 31, 2012. NET DER (Note 4) was 1.24 times. "Total equity", or the sum of "Total ITOCHU stockholders' equity" and "Noncontrolling interest" increased to ¥2,112.6 bil.

Cash Flows

Cash Flows	FY 2013	FY 2012
Operating activities	245.7	212.8
Investing activities	(200.0)	(416.3)
Financing activities	(11.3)	84.7
Cash and cash equivalents	569.7	513.5
Increase (Decrease)	56.2	(120.3)

Summary of Cash Flows for FY 2013

- **Operating**: Net cash-inflow resulting from the stable performance in operating revenue in the Machinery Company, the energy sector, and the Food Company despite an increase in inventories in the construction & realty sector and the forest products & general merchandise sector, as well as stable performance in operating revenue in the Metals & Minerals Company, despite falls in commodity prices
- **Investing**: Net cash-outflow due to new investments in the European pulp-related companies, automobile-related companies, IPP-related and water-supply-related companies in the non-resource sector and additional capital expenditures in the natural resource development sector, despite sales of investments
- **Financing**: Net cash-outflow mainly due to dividends payment exceeding proceeds from debt

Major Indicates

Major Indicates		FY 2013	FY 2012	Variance
Foreign exchange (Yen/US$)	Average (Apr.-Mar.)	82.20	78.94	3.26
	Closing (Mar.)	94.05	82.19	11.86
Interest	JPY TIBOR 3M, average (Apr.-Mar.)	0.317%	0.338%	(0.021%)
	US$ LIBOR 3M, average (Apr.-Mar.)	0.374%	0.389%	(0.015%)
Crude oil (Brent) (US$/BBL) Average (Apr.-Mar.)		110.28	114.18	(3.90)
Iron ore, fine (US$/ton)		122	163	(41)
Coking coal (US$/ton)		192	291	(99)
Thermal coal (US$/ton)		115	130	(15)