

[Reference]

Highlights of Consolidated Financial Results

P12-13

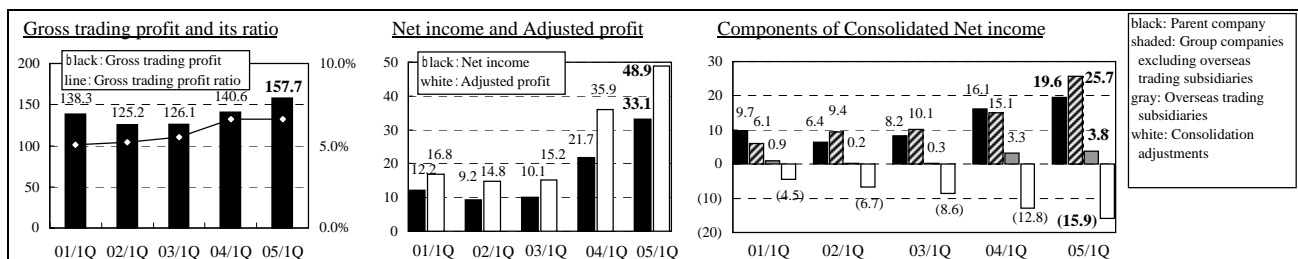
Highlights of Consolidated Financial Results for the First Quarter of FY 2006 ending March 31, 2006 (U.S. GAAP)

Flash summary of the first quarter of FY 2006:

- 5 profit items records the highest P/L in every first quarter; Gross trading profit, Equity in earnings of associated companies, Net income, Adjusted profit, Net income of group companies excluding overseas trading subsidiaries.
- Especially, net income (¥33.1 billion) has been the highest among every quarterly net income since FY2001, ITOCHU started quarterly closing disclosure.
- Basic earning power is steadily increasing, and structure of earnings is well-balanced.
(Domestic and overseas group companies contribute to the expansion of core earnings)
- Net DER: Improved by 0.1 point from March 31, 2005, due to increase in stockholders' equity in spite of increase in net interest-bearing debt.
(Improvement of financial position)

Consolidated Results of Operations	1st Quarter FY 2006	1st Quarter FY 2005	Increase (Decrease)		Summary of changes from the same period of the previous fiscal year	Outlook for FY2006 <small>(Disclosed as of April 28, 2005)</small>	
			%			Progress(%)	
<small>(Unit : billion yen)</small>							
Revenue	487.0	424.9	62.1	14.6	<p>•Revenue: Increase in resource-related transactions due to high market prices</p> <p>•Gross trading profit: (increased fields / business) <Textile>men's apparel-related business <Machinery>shipping business, motor vehicles in the Americas, construction machinery in North America <Aerospace, Electronics & Multimedia> aerospace-related business <Energy, Metals & Minerals> coal, iron ore and crude oil / rising prices & increase in transaction volume <Chemicals, Forest Products & General Merchandise> building material-related business in North America, high market prices of chemicals <Food>food materials, food distribution <Finance, Realty, Insurance & Logistics Services> condominium sales, distribution-related business</p> <p>•Selling, general and administrative expenses: Mainly increase accompanied by expansion of business</p> <p>•Provision for doubtful receivables: Decrease of collection of receivables in the same period of the previous fiscal year</p> <p>•Net financial expenses: (i)+(ii) Effect of rising U.S. loan interest rates (i) Dividends from LNG-related investments +0.2 (2.0 → 2.2) (ii)</p> <p>•Gain on disposal of investments and marketable securities, net of write-down: Gains on sales of securities +3.2(1.0 → 4.2), Devaluation losses on securities +0.2(-0.3 → -0.1)</p> <p>•Gain on property and equipment-net: Net gains on disposal of fixed assets +0.4</p> <p>•Other-net: Foreign exchange profits and losses -0.2, Miscellaneous profit and loss -1.5(1.0 → -0.5)</p> <p>•Equity in earnings of associated companies: Mainly Marubeni-Itochu Steel Inc. +2.0</p>	660.0	23.9
Gross trading profit	157.7	140.6	17.1	12.2		(480.0)	25.1
Selling, general and administrative expenses	(120.5)	(112.0)	(8.5)	7.6		(10.0)	4.4
Provision for doubtful receivables	(0.4)	0.6	(1.1)	-		(27.0)	21.8
Interest income	3.0	2.6	0.4	17.4		12.0	42.7
Interest expense	(8.9)	(8.1)	(0.8)	9.5		-	-
Dividends received (ii)	5.1	4.4	0.7	16.1			
Gain on disposal of investments and marketable securities, net of write-down	4.2	0.7	3.5	482.1			
Gain on property and equipment-net	0.7	0.4	0.3	79.5			
Other-net	0.3	1.9	(1.7)	(86.8)			
Total other expenses	(116.5)	(109.4)	(7.1)	6.5		(505.0)	23.1
Income before income taxes, minority interests and equity in earnings of associated companies	41.1	31.2	10.0	32.1		155.0	26.5
Income taxes	(18.6)	(16.7)	(1.8)	10.9		(82.0)	22.7
Income before minority interests and equity in earnings of associated companies	22.6	14.4	8.2	56.6		73.0	30.9
Minority interests	(1.9)	(1.1)	(0.8)	67.5		(13.0)	14.6
Equity in earnings of associated companies	12.5	8.4	4.0	47.9		40.0	31.2
Net income	33.1	21.7	11.4	52.6		100.0	33.1
Total trading transactions	2,428.1	2,125.3	302.8	14.2		9,600.0	25.3
Gross trading profit ratio	6.5%	6.6%	(0.1%)	/		6.9%	/
Adjusted profit	48.9	35.9	13.0	36.2	205.0	23.9	

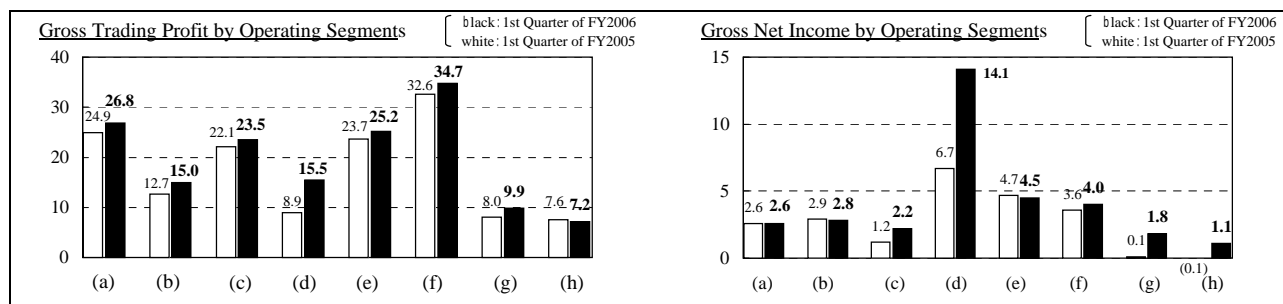
Adjusted profit = Gross trading profit + SG&A expenses + Net financial expenses + Equity in earnings of associated companies



Financial Position	June 30 2005	March 31 2005	Increase (Decrease)	Summary of changes from the previous fiscal year end	Outlook for FY 2006
<small>(Unit : billion yen)</small>					
Total assets	4,653.5	4,472.3	181.2	<p>Total assets: Increase in trade receivables mainly due to rising prices of mineral resources and chemicals, and an additional investment in Orient Corporation in spite of decrease in cash and cash equivalents.</p> <p>Stockholder's equity: Increase due to net income of this period and improvement in foreign currency translation adjustments and unrealized holding gains on securities in spite of the distribution of dividends.</p> <p>Net DER: Improved by 0.1 point from March 31, 2005, due to increase in stockholders' equity in spite of increase in net interest-bearing debt.</p>	4,700.0
Interest-bearing debts	2,387.8	2,346.7	41.1		2,400.0
Net interest-bearing debts	1,975.2	1,891.1	84.1		Under 2,000.0
Stockholders' equity	544.4	510.4	34.0		600.0
Net debt-to-equity ratio (times)	3.6	3.7	improved 0.1		3.3

Operating Segment Information	Gross trading profit(*)			Net income			Summary of changes from the same period of the previous fiscal year (* refer to page 12 "Summary of changes from the same period of the previous fiscal year" in "Consolidated Results of Operations")
	1st Quarter	1st Quarter	Increase	1st Quarter	1st Quarter	Increase	
	FY 2006	FY 2005	(Decrease)	FY 2006	FY 2005	(Decrease)	
Textile... (a)	26.8	24.9	1.8	2.6	2.6	0.1	Approximately the same profit level as the previous year's first quarter
Machinery... (b)	15.0	12.7	2.3	2.8	2.9	(0.1)	Approximately the same profit level as the previous year's first quarter
Aerospace, Electronics & Multimedia... (c)	23.5	22.1	1.3	2.2	1.2	1.0	Increase due to steady growth in most of subsidiaries and associated companies and gains on sales of securities
Energy, Metals & Minerals... (d)	15.5	8.9	6.6	14.1	6.7	7.5	Increase in gross trading profit and equity in earnings of associated companies
Chemicals, Forest Products & General Merchandise... (e)	25.2	23.7	1.4	4.5	4.7	(0.3)	Increase in SG&A expenses despite increase in gross trading profit and decrease in equity in earnings of associated companies
Food... (f)	34.7	32.6	2.2	4.0	3.6	0.4	Increase in gross trading profit and equity in earnings of associated companies
Finance, Realty, Insurance & Logistics Services... (g)	9.9	8.0	1.9	1.8	0.1	1.7	Increase in equity in earnings of a new finance-related associated company in addition to increase in gross trading profit
Other, Adjustments & Eliminations... (h)	7.2	7.6	(0.4)	1.1	(0.1)	1.2	Increase due to improvement of net interest expenses and a reduction in income taxes
Total	157.7	140.6	17.1	33.1	21.7	11.4	

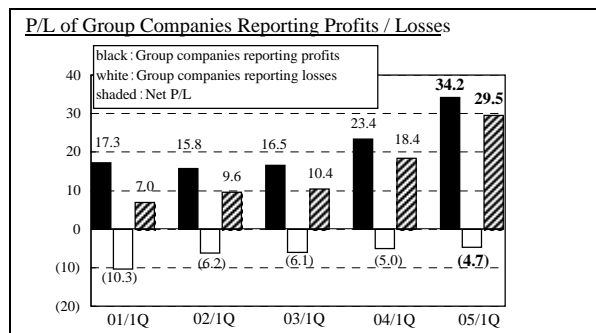
(Unit : billion yen)



Share of Group Companies Reporting Profits	June 30 2005	June 30 2004	Increase (Decrease)
Share of group companies reporting profits	75.4%	69.3%	6.2%
Number of group companies reporting profits	507	451	56
Number of group companies reporting losses	165	200	(35)
Total	672	651	21

(Unit: billion yen)

P/L of Group Companies Reporting Profits / Losses	1st Quarter FY 2006	1st Quarter FY 2005	Increase (Decrease)
Group companies reporting profits	34.2	23.4	10.8
Group companies reporting losses	(4.7)	(5.0)	0.3
Total	29.5	18.4	11.1



Group Companies	1st Quarter FY 2006	1st Quarter FY 2005	Summary of changes from the same period of the previous fiscal year
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Major Group Companies Reporting Profits (Unit: billion yen)

ITOCHU Minerals & Energy of Australia Pty Ltd	7.5	2.7	Rising prices of coal and iron ore and increase in sales volume
Marubeni-Itochu Steel Inc.	4.4	2.4	Steady growth in North America, increase in trading of steel
Prime Source Building Products, Inc.	1.2	1.1	Increase in building material-related business in North America
FamilyMart Co., Ltd.	1.2	1.1	Increase in operating revenues
ITOCHU Finance Corporation	0.7	0.4	Increase in equity in earnings of associated companies

Major Group Companies Reporting Losses (Unit: billion yen)

C.I. FINANCE (CAYMAN) LTD.	(0.3)	0.2	Low returns on investments
ILLUMS JAPAN CO., LTD.	(0.1)	(0.1)	Increase in SG&A expenses in spite of increase in sales

Major Indices		1st Quarter FY 2006	1st Quarter FY 2005	Changes
Foreign exchange [Mar. closing]	Yen/US\$, average	106.63	110.01	(3.38)
	Yen/US\$, at the end of the period	05/6 110.62	05/3 107.39	3.23
Foreign exchange [Dec. closing]	Yen/US\$, average	104.20	106.85	(2.65)
	Yen/US\$, at the end of the period	05/3 107.39	04/12 104.21	3.18
Interest, short-term prime, average		1.375%	1.375%	-
Interest, long-term prime, average		1.515%	1.744%	(0.229%)
Interest, LIBOR US\$ 3M, average		2.840%	1.121%	1.719%
Crude oil (Brent) (US\$/BBL)		47.87	31.25	16.62