

## Highlights of Consolidated Financial Results for the First Quarter of FY 2008 (U.S. GAAP)

### Financial topics for the First Quarter of FY 2008

(Unit: billion yen, (losses))

- Net income increased by ¥37.8 bil or 78% compared with the previous 1Q to ¥85.9 bil and achieved quarterly highest-ever. Making a steady progress (41%) with the outlook for FY 2008.
- Equity in earnings of assoc. co. and Adjusted profit also achieved the quarterly highest-ever. Gross trading profit and Income before income taxes renewed record high among all 1st quarters.
- Net income increased in "Finance, Realty, Insurance & Logistics Services", "Energy, Metals & Minerals", and "Textile". Net income in the other Segments secured same profit level of recent 1st quarters, though slightly decreased comparing with the previous 1Q.
- A gain (net of tax) of ¥30.8 bil (Note 1) was recognized for this quarter upon exemption from obligation to redeem preferred stocks in Orient Corporation ("Orico") as a result of its capital restructuring program, as announced by ITOCHU Corporation on June 4. Even if excluding the gain, Net income and Adjusted profit still renewed highest-ever.
- Stockholders' equity increased by ¥106.9 bil or 12%, achieved over ¥1 trillion for the first time. NET DER improved by 0.1 pts to 1.7 times. Financial structure steadily being strengthened.

(Note 1) Equity in earnings of associated companies : 52.2 billion yen, Income tax : -21.4 billion yen

(Note 2) Consolidation of profit & loss accounts by consolidation method in NIPPON ACCESS, INC. started from the 2nd quarter of the previous fiscal year

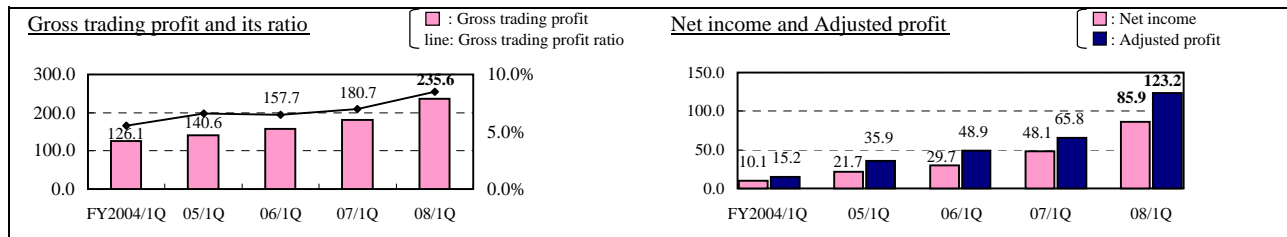
Consolidated Financial Results of Operations	1st Quarter FY 2008	1st Quarter FY 2007	Increase (Decrease)		Summary of changes from the same period of the previous fiscal year	Outlook for FY2008 (Disclosed as of April 27, 2007)	
			Amount	%			
Revenue	670.0	559.7	110.3	20%	<ul style="list-style-type: none"> <li><b>Revenue:</b> Increase in energy development sector (expansion of production in crude oil fields owned), Automobile transaction to Europe, and turning NIPPON ACCESS, INC. into a consolidated subsidiary</li> <li><b>Gross trading profit: (Increase fields/bus.)</b> Please refer to "Operating Segment Information"</li> <li><b>Textile /Decr:</b> Leaving of a consolidated subsidiary</li> <li><b>Mach. /Incr:</b> Automobile trans. to EUR, profit from a US const. mach. distribution subsidiary acquired at the end of the prev. 1Q</li> <li><b>Aero. Elec. &amp; MltiMd /Incr:</b> Domestic mobile phone sales</li> <li><b>Ener.Met. /Incr:</b> Oil production volume increase (sales volume increase)</li> <li><b>Chem., FP &amp; GM /Incr:</b> Continuous high market prices of chemicals</li> <li><b>Food /Incr:</b> Turning NIPPON ACCESS, INC. into a consolid. subs.</li> <li><b>Fin. Rlty. Insur. &amp; LS /Incr:</b> Real estate fund business accompanied by sale of assets</li> <li><b>SG&amp;A:</b> Turning NIPPON ACCESS, INC. into a consolid. subs. and expansion of business</li> <li><b>Provision for doubtful receivables:</b> Increase in reversal of the provision for doubtful receivables through collection</li> <li><b>Net financial income (expenses): (I-II) [+1.1]</b></li> <li>(i) Net interest exp. -1.0 (Interest rates rise) (ii) LNG-related +0.9</li> <li><b>Gain on disposal inv. &amp; sec.:</b> [Incr/Decr] Devaluation losses -0.6</li> <li><b>Gain (loss) on property and equip.:</b> [Incr/Decr] Sales +0.6, Rental income etc. +0.5</li> <li><b>Equity in earnings of assoc.co.s:</b> [Incr/Decr] Orico(Note 1), MISI -1.0, Mazda Canada Inc.(Note 3) -0.8, kabu.com Securities Co., Ltd.(Note 3) -0.4, Japan Brazil Paper and Pulp Resources Development Co., Ltd.+0.4</li> </ul>	Progress(%)	
Gross trading profit	235.6	180.7	54.9	30%		975.0	24%
Selling, general and administrative expenses	(175.5)	(127.4)	(48.1)	38%		(700.0)	25%
Provision for doubtful receivables	1.4	0.2	1.1	-		(5.0)	-
Interest income	4.0	3.6	0.5	13%		(i) (44.0)	17%
Interest expense	(11.6)	(10.2)	(1.4)	14%		(ii) 17.0	48%
Dividends received	8.1	6.0	2.1	34%		(iii) 7.0	-
Gain on disposal of investments and marketable securities, net of write-down	10.0	10.6	(0.5)	-		(725.0)	22%
Gain (loss) on property and equipment-net	0.7	(0.4)	1.1	-		250.0	30%
Other-net	1.0	1.4	(0.3)	-		(140.0)	35%
Total other expenses	(161.8)	(116.1)	(45.6)	39%	110.0	23%	
Income before income taxes	73.8	64.6	9.2	14%	(19.0)	7%	
Income taxes	(49.0)	(27.7)	(21.3)	77%	119.0	53%	
Income after income taxes	24.8	36.9	(12.1)	(33%)	210.0	41%	
Minority interests	(1.4)	(1.8)	0.4	(21%)			
Equity in earnings of associated companies	62.5	13.1	49.5	379%			
Net income	85.9	48.1	37.8	78%			

(Accordance with Japanese accounting practice)

	1st Quarter FY 2008	1st Quarter FY 2007	Increase (Decrease)	%
Total trading transactions	2,767.9	2,577.5	190.4	7%
Gross trading profit ratio	8.5%	7.0%	1.5%	

	1st Quarter FY 2008	1st Quarter FY 2007	Increase (Decrease)	%
Adjusted profit	123.2	65.8	57.4	87%

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

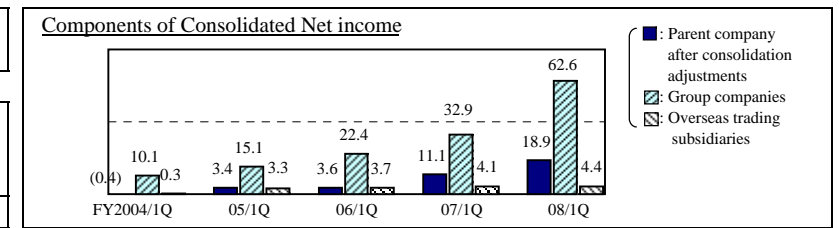


Dividend Information (Per Share)	
Annual (Planned)	17 yen
Interim (Planned)	8.5 yen

Operating Segment Information	Gross trading profit (Note 4)			Net income			[Net income] Summary of changes from the same period of the previous fiscal year (Note 4) Please refer to summary of changes from the same period of the previous fiscal year in "Consolidated Financial Results of Operations"
	1st Quarter FY 2008	1st Quarter FY 2007	Increase (Decrease)	1st Quarter FY 2008	1st Quarter FY 2007	Increase (Decrease)	
Textile	25.7	27.2	(1.4)	2.7	2.2	0.6	Increase in equity in earnings of associated companies in brand marketing investment
Machinery	22.8	21.1	1.7	6.3	6.8	(0.5)	Decrease due to absence of the gain on sales of securities in the prev. 1Q and leaving of an automobile assoc. co. despite increase in gr. trading profit
Aerospace, Electronics & Multimedia	28.9	27.4	1.5	2.0	2.4	(0.5)	Decrease due to SG&A increase in domestic IT-related business despite increase in gain on disposal of investments and marketable securities
Energy, Metals & Minerals	29.7	24.3	5.4	21.4	18.9	2.5	Increase in gross trading profit and dividends received from LNG related investments despite decrease in equity in earnings of associated companies
Chemicals, Forest Products & General Merchandise	29.7	29.1	0.5	4.6	5.1	(0.5)	Decrease due to slowdown of house building material demands in North America despite increase in equity in earnings of associated companies
Food	77.6	35.8	41.8	4.4	5.0	(0.6)	Decrease due to increase in net interest expenses and decrease in gain on disposal of investments and marketable securities
Finance, Realty, Insurance & Logistics Services	14.0	10.6	3.4	36.9	2.0	34.9	Increase in gross trading profit, gain on disposal of investments and equity in earnings of assoc. co. from finance related companies
Other, Adjustments & Eliminations	7.2	5.2	2.0	7.5	5.7	1.8	
<b>Total</b>	<b>235.6</b>	<b>180.7</b>	<b>54.9</b>	<b>85.9</b>	<b>48.1</b>	<b>37.8</b>	

Components of Consolidated Net Income	1st Quarter FY 2008	1st Quarter FY 2007	Increase (Decrease)
Parent company after consolidation adjustments	18.9	11.1	7.8
Group companies	(*) 62.6	32.9	29.7
Overseas trading subsidiaries	4.4	4.1	0.3
<b>Consolidated net income</b>	<b>85.9</b>	<b>48.1</b>	<b>37.8</b>

(\*) include the tax effect accounting treatment relating to the equity in investment in Orient Corporation. (applied to "Group co. reporting profits" in the "P/L of Group Companies Reporting Profits / Losses" section as well)



Share of Group Companies Reporting Profits	June 30 2007	June 30 2006	Increase (Decrease)
Share of group co. reporting profits	75.1%	74.5%	0.5%
Number of group co. reporting profits	482	492	(10)
Number of group co. reporting losses	160	168	(8)
<b>Total</b>	<b>642</b>	<b>660</b>	<b>(18)</b>

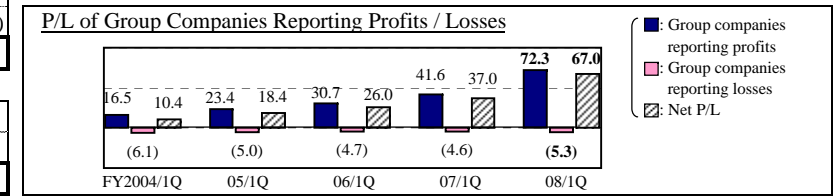
P/L of Group Companies Reporting Profits / Losses	1st Quarter FY 2008	1st Quarter FY 2007	Increase (Decrease)
Group co. reporting profits	(*) 72.3	41.6	30.8
Group co. reporting losses	(5.3)	(4.6)	(0.7)
<b>Total</b>	<b>(*) 67.0</b>	<b>37.0</b>	<b>30.0</b>

(Group companies)			
Group co. reporting profits	(*) 67.8	37.1	30.8
Group co. reporting losses	(5.2)	(4.2)	(1.1)
<b>Total of Group companies</b>	<b>(*) 62.6</b>	<b>32.9</b>	<b>29.7</b>

(Overseas trading subsidiaries)			
Group co. reporting profits	4.5	4.5	-
Group co. reporting losses	(0.1)	(0.4)	0.3
<b>Total of Overseas trading subsidiaries</b>	<b>4.4</b>	<b>4.1</b>	<b>0.3</b>

Group Companies	1st Quarter FY 2008	1st Quarter FY 2007	Summary of changes from the same period of the previous fiscal year
ITOCHU Oil Exploration (Azerbaijan) Inc. (C)	7.1	3.8	Sales volume increase accompanied by oil production volume increase in crude oil fields owned
ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA) (C)	5.8	7.4	Fall in coal price, appreciation of Australian dollar
Marubeni-Itochu Steel Inc. (MISI) (E)	3.2	4.2	Decline in US building material market
ITOCHU Petroleum Co., (Hong Kong) Ltd. (C)	2.2	0.0	Good performance in transactions of uranium
FamilyMart Co., Ltd. (E)	1.3	1.1	Increase in number of customers and improvement of sales in existing stores

(Major Group Companies Reporting Losses)			
On Demand TV, Inc. (E)	(0.5)	(0.4)	Continuous increase in prior expenses
FASHION BUSINESS INVESTMENT CORPORATION (C)	(0.2)	0.0	Decrease in sales to overseas



Financial Position	June 30 2007	March 31 2007	Increase (Decrease)
Total assets	5,332.1	5,271.5	60.6
Interest-bearing debt	2,031.1	2,165.6	(134.5)
Net interest-bearing debt	1,751.4	1,630.9	120.4
Stockholders' equity	1,003.1	896.2	106.9
Net debt-to-equity ratio (times)	1.7	1.8	Improved 0.1

[Summary of changes from the previous fiscal year end]		Outlook for March 31, 2008	Cash Flows	1st Quarter FY 2008
<b>Total assets / Increased</b>	5,800.0		Operating	(49.3)
<b>Stockholders' equity / Increased</b>	2,250.0		Investing	(53.7)
<b>Ratio of stockholders' equity</b>	1,850.0		Financing	(154.4)
<b>NET DER</b>	1,080.0		Cash and cash equivalents	276.6
	1.7			

Foreign exchange	1st Quarter FY 2008	1st Quarter FY 2007	Changes	Interest / Crude oil		1st Quarter FY 2008	1st Quarter FY 2007	Changes
				Interest, JPY TIBOR 3M, average(Apr.-Jun.)	0.670%			
Mar. closing	119.21	115.49	3.72	Interest, USD LIBOR 3M, average(Jan.-Mar.)	5.355%	4.765%	0.590%	
	Jun-07 123.26	Mar-07 118.05	5.21	Crude oil (Brent), average(US\$/BBL)	68.67	70.43	(1.76)	
Dec. closing	119.78	117.22	2.56		58.63	62.68	(4.05)	
	Mar-07 118.05	Dec-06 119.11	(1.06)					

