

January 31, 2008

**Consolidated Financial Results for the Third Quarter of Fiscal 2008**

For the nine months ended December 31, 2007 and 2006

**ITOCHU Corporation**

**Consolidated Financial Results for the Third Quarter of Fiscal Year 2008 (Year ended March 31, 2008)**

[Consolidated financial results have been prepared in conformity with accounting principles generally accepted in the United States of America]

Company name ITOCHU Corporation  
 Stock exchange code 8001 URL [http://www.itochu.co.jp/main/ir/index\\_e.html](http://www.itochu.co.jp/main/ir/index_e.html)  
 President and Chief Executive Officer Eizo Kobayashi  
 General Manager of Corporate Communications Division Yoshiharu Matsumoto TEL 81 - 3 - 3497 - 7291

**1. Consolidated operating results for the third quarter of fiscal year 2008 (from April 1, 2007 to December 31, 2007)**

(1) Consolidated Operating Results (Summary) for the nine months ended December 31, 2007 (April 1, 2007 - December 31, 2007)

	Total trading transactions		Trading income		Income before income taxes, minority interests and equity in earnings of associated companies		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
For the first to third quarter of								
Fiscal year 2008	9,068,431	5.7	196,545	2.7	210,856	△ 2.6	171,055	13.6
Fiscal year 2007	8,583,375	12.2	191,382	42.1	216,465	44.0	150,511	37.1
Fiscal year 2007	11,579,059	-	264,621	-	300,230	-	177,059	-

(%: Changes from the same period of the previous fiscal year)

	Net income per share (basic)	Net income per share (diluted)
	yen	yen
For the first to third quarter of		
Fiscal year 2008	108.20	99.14
Fiscal year 2007	95.16	-
Fiscal year 2007	111.95	-

(2) Consolidated Operating Results (Summary) for the three months ended December 31, 2007 (October 1, 2007 - December 31, 2007)

	Total trading transactions		Trading income		Income before income taxes, minority interests and equity in earnings of associated companies		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
For the third quarter of								
Fiscal year 2008	3,170,407	5.3	63,325	△ 6.6	66,158	△ 16.0	54,024	0.3
Fiscal year 2007	3,010,973	14.2	67,810	49.5	78,799	17.4	53,842	12.3

(%: Changes from the same period of the previous fiscal year)

(3) Consolidated financial position

	Total assets	Stockholders' equity (U.S. GAAP basis)	Ratio of stockholders' equity to total assets	Stockholders' equity per share
	millions of yen	millions of yen	%	yen
December 31, 2007	5,524,155	1,007,473	18.2	637.34
December 31, 2006	5,446,231	888,534	16.3	561.87
March 31, 2007	5,271,512	896,195	17.0	566.78

(4) Consolidated cash flows information

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
	millions of yen	millions of yen	millions of yen	millions of yen
For the first to third quarter of				
Fiscal year 2008	18,147	(93,595)	(114,669)	341,721
Fiscal year 2007	235,917	(83,394)	(100,920)	532,856

## 2. Dividend distribution

Quarterly dividend distribution is not scheduled.

As for year-end dividend for fiscal year 2008, planned to distribute, as announced on October 30, 2007, as follows:

(Effective date)	Dividend distribution per share		
	End of 1st half	Year-end	Annual total
	yen	yen	yen
Fiscal year 2007	5.00	9.00	14.00
Fiscal year 2008	8.50	8.50	17.00
Fiscal year 2008 (Planned)	8.50	8.50	17.00

## 3. Outlook of consolidated operating results for fiscal year 2008 (from April 1, 2007 to March 31, 2008) [Reference]

No change from the outlook of consolidated operating results announced on October 30, 2007 as follows:

(%: Changes from the same period of the previous fiscal year)

	Total trading transactions		Trading income		Income before income taxes, minority interests and equity in earnings of associated companies		Net income		Net income per share (basic)
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Fiscal year 2008	12,100,000	4.5	280,000	5.8	280,000	(6.7)	210,000	18.6	132.83

## 4. Other information

- |   |    |
|---|----|
| (1) Changes of classification of Specified subsidiaries (*) in this period  | No |
| (2) Changes of accounting policies from the previous fiscal year (excluding adoption of new accounting standards) | No |

(\*) Specified subsidiaries: Major subsidiaries selected according to the Japanese Cabinet Office Ordinance

[Notes]

- This document is an English translation of a statement written initially in Japanese. The Japanese original should be considered the primary version.
- The financial statements contains forward-looking statements regarding ITOCHU Corporation's corporate plans, strategies, forecasts, and other statements that are not historical facts. They are based on current expectations, estimates, forecasts and projections about the industries in which ITOCHU Corporation operates. As the expectations, estimates, forecasts and projections are subject to a number of risks, uncertainties and assumptions, including without limitation, changes in economic conditions; fluctuations in currency exchange rates; changes in the competitive environment; the outcome of pending and future litigation; and the continued availability of financing, financial instruments and financial resources, they may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and, further that ITOCHU Corporation undertakes no obligation to update any forward-looking statements as a result of new information, future events or other developments.
- "Total trading transactions" and "Trading income" are presented in accordance with Japanese accounting practice.
  - "Total trading transactions" in the consolidated statements of operations consists 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.
  - "Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful receivables"
- 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 114.15 yen = 1 U.S. dollar, the exchange rate prevailing on December 31, 2007. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

## Qualitative Information on Consolidated Operating Results and Financial Position

### 1. Qualitative Information on Consolidated Operating Results (For the nine months ended December 31, 2007)

**Total trading transactions** in accordance with Japanese accounting practice for the nine months ended December 31, 2007 increased by 5.7% or 485.1 billion yen to 9,068.4 billion yen (79,443 million U.S. dollars) compared with the same period of the previous fiscal year, mainly due to increase in crude oil transactions brought by expansion of production in crude oil fields owned, increase in chemical products transactions accompanied by rising of market prices as well as increase from turning NIPPON ACCESS, INC. into a consolidated subsidiary [Note: Consolidation of profit & loss accounts by consolidation method in NIPPON ACCESS, INC. started from the 2nd quarter of the previous fiscal year. ], despite decrease caused by withdrawal from inefficient business.

**Revenue** on U.S. GAAP basis increased by 12.8% or 244.1 billion yen to 2,145.1 billion yen (18,792 million U.S. dollars) from the same period of the previous fiscal year mainly through increase in crude oil transactions brought by expansion of production in crude oil fields owned, increase in automobile transactions to emerging countries, and increase from turning NIPPON ACCESS, INC. into a consolidated subsidiary.

**Gross trading profit** increased by 11.7% or 77.6 billion yen to 739.5 billion yen (6,478 million U.S. dollars) compared with the same period of the previous fiscal year, supported by increase in crude oil transactions brought by expansion of production in crude oil fields owned, increase in chemical products transactions accompanied by rising of market price, increase in automobile transactions to emerging countries, as well as increase resulting from turning NIPPON ACCESS, INC. into a consolidated subsidiary, despite negative impact caused by slowdown of demands of housing materials in North America and Japan.

**Selling, general and administrative expenses** increased by 16.2% or 75.6 billion yen to 542.3 billion yen (4,750 million U.S. dollars) compared with the same period of the previous fiscal year, mainly due to expansion of business together with increase from turning NIPPON ACCESS, INC. into a consolidated subsidiary.

**Provision for doubtful receivables** improved by 3.1 billion yen to 0.7 billion yen (6 million U.S. dollars) compared with the same period of the previous fiscal year due to reversal of allowance for doubtful receivables through collection.

**Net financial expenses** increased by 1.5 billion yen to 4.4 billion yen (39 million U.S. dollars) compared with the same period of the previous fiscal year, caused by increase in **Dividends received** (increased by 25.0% or 3.9 billion yen to 19.5 billion yen (171 million U.S. dollars) ) mainly from LNG related investments, in spite of increase in **Net interest expenses** (worsened 11.3% or 2.4 billion yen to 23.9 billion yen (210 million U.S. dollars) ) resulting from rising of interest rates despite decrease of interest-bearing debt balance.

Concerning the other profits and losses, in a period-to-period comparison, **Gain on disposal of investments and marketable securities, net of write-down** decreased by 13.4 billion yen to 16.7 billion yen (147 million U.S. dollars) mainly due to increase of loss on devaluation of investment securities accompanied by falling of stock market prices; **Gain (loss) on property and equipment-net** improved by 0.6 billion yen to a loss of 0.4 billion yen (4 million U.S. dollars); and **Other-net** improved by 0.5 billion yen to a gain of 2.4 billion yen (21 million U.S. dollars).

As a result, **Income before income taxes, minority interests and equity in earnings of associated companies** decreased by 2.6% or 5.6 billion yen to 210.9 billion yen (1,847 million U.S. dollars) compared with the same period of the previous fiscal year.

**Income taxes** decreased by 1.5% or 1.5 billion yen to 97.6 billion yen (855 million U.S. dollars) compared with the same period of the previous fiscal year.

**Minority interests** decreased by 8.8% or 0.8 billion yen to loss of 8.1 billion yen (71 million U.S. dollars) compared with the same period of the previous fiscal year. **Equity in earnings of associated companies** increased by 56.6% or 23.8 billion yen to 65.9 billion yen (578 million U.S. dollars) compared with the same period of the previous fiscal year. [Please see *"\*Note" stated below*]

As a result, **Net income** increased by 13.6% or 20.5 billion yen to 171.1 billion yen (1,499 million U.S. dollars) compared with the same period of the previous fiscal year.

*\*Note:* The consolidated operating results for the nine months ended December 31, 2007 include the following gains/losses relating to the investment in Orient Corporation (hereinafter "Orico"):

- 1. Profit accompanied by a gain recognition regarding exemption from obligation to redeem preferred stocks, which was brought by the reverse split of the preferred stocks in Orico. (gain of 52.2 billion yen) and deferred tax for it (loss of 21.4 billion yen) [Net profit of 30.8 billion yen]
- 2. Devaluation loss recognized against Orico common stocks held (loss of 26.2 billion yen) and deferred tax for it (gain of 10.7 billion yen) [Net loss of 15.4 billion yen]

Therefore, the net impact to Net income of these two factors is profit of 15.4 billion yen.

In these items, profit before tax portion (gain of 52.2 billion yen for -1. and loss of 26.2 billion yen for -2.) is displayed in Equity in earnings of associated companies, and the other deferred tax portion (loss of 21.4 billion yen for -1. and gain of 10.7 billion yen for -2.) in Income taxes.

(For the details of the issue, please refer to the report "SEMI-ANNUAL FINANCIAL STATEMENTS -For the six months ended September 30, 2007 and 2006" announced on October 30, 2007.)

### 2. Qualitative Information on Consolidated Financial Position

#### (1) Consolidated Financial Position (As of December 31, 2007)

**Total assets** as of December 31, 2007 increased by 4.8% or 252.6 billion yen compared with March 31, 2007, to 5,524.2 billion yen (48,394 million U.S. dollars) mainly due to increase of **Trade receivables** and **Inventories** in Energy, Metals & Minerals, in Chemicals, Forest Products & General Merchandise, and in Food, new investment mainly in energy-development sector together with increase of **Investments in and advances to associated companies** brought by additional investment and increase of equity in earnings of associated companies in Orico, despite a decrease of cash and time deposit (total of Cash and cash equivalents and Time deposits).

**Stockholders' equity** increased by 12.4% or 111.3 billion yen compared with March 31, 2007, to 1,007.5 billion yen (8,826 million U.S. dollars) due to accumulation of Net income, despite decrease of **Foreign currency translation adjustments** through yen's appreciation, decrease of **Unrealized holding gains on securities** accompanied by falling of stock prices, and dividend payment.

As a result, **Ratio of stockholders' equity to total assets** improved by 1.2 points compared with March 31, 2007, to 18.2%.

**Interest-bearing debt** decreased by 2.8% or 60.3 billion yen from March 31, 2007, to 2,105.3 billion yen (18,443 million U.S. dollars), while **Net interest-bearing debt** (interest-bearing debt after deducting Cash and cash equivalents and Time deposits) increased by 7.9% or 128.1 billion yen compared with March 31, 2007, to 1,759.0 billion yen (15,410 million U.S. dollars) being in line with decrease of cash and time deposits (188.4 billion yen).

**NET DER** (Net Debt-to-Equity Ratio) improved by 0.1 points to 1.7 times compared with March 31, 2007.

#### (2) Consolidated Cash Flows Information (For the nine months ended December 31, 2007)

**Cash flows from operating activities** for the nine months ended December 31, 2007 recorded net cash-inflow of 18.1 billion yen (159 million U.S. dollars) due to increase of cash-inflow from operating revenue in mainly overseas natural resource related business.

**Cash flows from investing activities** recorded net cash-outflow of 93.6 billion yen (820 million U.S. dollars) mainly due to investment in such as energy development sector and additional investment in Orico.

**Cash flows from financing activities** recorded net cash-outflow of 114.7 billion yen (1,005 million U.S. dollars) mainly as a result of continuous efforts to reduce interest-bearing debt.

Consequently, the current balance of **Cash and cash equivalents** as of December 31, 2007 decreased by 191.1 billion yen to 341.7 billion yen (2,994 million U.S. dollars) compared with March 31, 2007.

## Performance of Group Companies

For the nine months ended December 31, 2007 and 2006

### Components of Consolidated Net Income

(Unit : billion yen)	Apr-Dec 2007		Apr-Dec 2006		Increase (Decrease)	(*) including the tax effect on equity profit and devaluation loss relating to Orient Corporation.
	Apr-Dec 2007	Apr-Dec 2006	Apr-Dec 2007	Apr-Dec 2006		
Parent company after consolidation adjustments	34.2	19.7	14.5			
Group companies excluding overseas trading subsidiaries	(*)119.4	114.9	4.5			
Overseas trading subsidiaries	17.4	15.9	1.6			
Consolidated net income	171.1	150.5	20.5			
Adjusted profit	258.7	231.3	27.4			(Note) Adjusted profit = Gross trading profit + SG&A expenses + Net financial expenses + Equity in earnings of associated companies

### Number of Group Companies

	December 31, 2007			March 31, 2007			Increase	Decrease	Changes within Group	Net changes	
	Domestic	Overseas	Total	Domestic	Overseas	Total					
Subsidiaries	199	220	419	212	226	438	17	(36)	3	(3)	(19)
Equity-method associated companies	98	116	214	102	111	213	18	(17)	(3)	3	1
Total	297	336	633	314	337	651	35	(53)			(18)

### Number of Direct Controlled Companies

	December 31, 2007			March 31, 2007			Increase	Decrease	Changes within Group	Net changes	
	Domestic	Overseas	Total	Domestic	Overseas	Total					
Subsidiaries	119	139	258	129	140	269	8	(17)	0	(2)	(11)
Equity-method associated companies	71	90	161	71	83	154	13	(8)	0	2	7
Total	190	229	419	200	223	423	21	(25)			(4)

(Note) Direct controlled companies are monitored by ITOCHU Corporation to directly implement its group management strategy.

### Share of Group Companies Reporting Profits

	Apr-Dec 2007			Apr-Dec 2006			Increase(Decrease)		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Number of companies reporting profits	229	268	497	264	277	541	(35)	(9)	(44)
Number of group companies	297	336	633	330	345	675	(33)	(9)	(42)
Share of group companies reporting profits	77.1%	79.8%	78.5%	80.0%	80.3%	80.1%	(2.9%)	(0.5%)	(1.6%)

### Profits / Losses of Group Companies Reporting Profits / Losses

	Apr-Dec 2007			Apr-Dec 2006			Increase(Decrease)		
	Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Group companies excluding overseas trading subsidiaries	(*) 141.5	(22.1)	119.4	124.4	(9.4)	114.9	17.2	(12.7)	4.5
Overseas trading subsidiaries	17.7	(0.3)	17.4	16.5	(0.7)	15.9	1.2	0.4	1.6
Total	(*) 159.3	(22.4)	136.8	140.9	(10.1)	130.8	18.4	(12.4)	6.0

(\*) including the tax effect on equity profit and devaluation loss relating to Orient Corporation.

### Major New Group Companies for the Third Quarter of Fiscal 2008 (October 1, 2007 - December 31, 2007)

Segments	Name	Country	Shares	Categories
Textile	CHESTER BARRIE LIMITED	U.K.	(100.0%)	Sale of textile products
Machinery	DAIDO INDUSTRIA DE CORRENTES DA AMAZONIA LTDA.	Brazil	(39.0%)	Manufacture of motor cycle and industrial chains
Food	E-FOOD Service Co., Ltd.	Taiwan	(80.0%)	Wholesale of foods

### Major Group Companies Reporting Profits (\*1)

(Unit : billion yen)	Apr-Dec 2007	Apr-Dec 2006	Major Group Companies Reporting Losses (*1)	Apr-Dec 2007	Apr-Dec 2006
<Subsidiaries>			<Subsidiaries>		
ITOCHU Minerals & Energy of Australia Pty Ltd(*2)	22.9	22.4	ITOCHU Property Development, Ltd.	(7.9)	(1.2)
ITOCHU Oil Exploration (Azerbaijan) Inc.	21.7	17.2	Am-Pac Tire Distributors, Inc.(*3)	(1.3)	0.1
PrimeSource Building Products, Inc.(*3)	4.0	5.4	CIECO Energy (US) Limited	(1.1)	—
ITOCHU Techno-Solutions Corporation(*4)	3.3	3.8	ITC VENTURES VIII, INC	(0.6)	0.0
ITOCHU PLASTICS INC.	2.4	2.0			
ITOCHU Petroleum Japan Ltd.	2.4	5.1	<Equity-method associated companies>		
ITOCHU Petroleum Co., (Hong Kong) Ltd.	1.5	0.1	On Demand TV, Inc.	(1.3)	(1.4)
ITOCHU CHEMICAL FRONTIER Corporation	1.3	1.3	CIECO E&P(Namibia) Co.,Ltd.	(1.0)	—
ITC NETWORKS CORPORATION	1.3	1.3	P.T. PEMBANGUNAN DELTAMAS		
ITOCHU Non-Ferrous Materials Co., Ltd.	1.1	1.0	P.T. PURADELTA LESTARI	(0.4)	(0.1)
<Equity-method associated companies>			<b>Performance of Major Overseas Trading Subsidiaries</b>		
Marubeni-Itochu Steel Inc.	12.6	14.1	(Unit : billion yen)	Apr-Dec 2007	Apr-Dec 2006
FamilyMart Co., Ltd.	4.3	4.2	ITOCHU International Inc.(*3)	7.7	9.6
AI Beverage Holding Co., Ltd.	1.6	1.1	ITOCHU Europe PLC.	1.0	(0.5)
Century Leasing System, Inc.	1.3	1.2	ITOCHU Hong Kong Ltd.	1.9	1.6
Japan Brazil Paper and Pulp Resources Development Co., Ltd.	0.8	0.9	ITOCHU (China) Holding Co., Ltd.	2.5	1.7
			ITOCHU Australia Ltd.(*2)	1.1	1.2

(\*1) ITOCHU's share of net income are **the figures after adjusting to U.S. GAAP**, which can be different from the figures each company announces.

For listed group companies, the results of the companies whose announcement were on or before January 30 are represented.

(\*2) The net income of ITOCHU Australia Ltd. includes 3.7% of that of ITOCHU Minerals & Energy of Australia Pty Ltd.

(\*3) The net income of ITOCHU International Inc. includes 80.0% of that of PrimeSource Building Products, Inc. and 40.0% of that of Am-Pac Tire Distributors, Inc.

(\*4) The net income of ITOCHU Techno-Solutions Corporation for Apr-Dec 2006 includes that of CRC Solutions Corp.

**Consolidated Statements of Operations [Condensed]**

ITOCHU Corporation and Subsidiaries

For the nine months ended December 31, 2007 and 2006

	Millions of Yen				Millions of U.S. dollars
	2007 Apr.-Sep.	2007 Oct.-Dec.	2007 Apr.-Dec.	2006 Apr.-Dec.	2007 Apr.-Dec.
<b>Revenue:</b>					
Sales revenue .....	¥ 1,108,473	¥ 570,488	¥ 1,678,961	¥ 1,499,337	\$ 14,708
Trading margins and commissions on trading transactions.....	315,333	150,824	466,157	401,687	4,084
Total trading transactions :					
Apr.-Dec. 2007: 9,068,431 million yen ( 79,443 million U.S.dollars )					
Apr.-Dec. 2006: 8,583,375 million yen					
Total revenue.....	1,423,806	721,312	2,145,118	1,901,024	18,792
Cost of sales.....	(932,488)	(473,144)	(1,405,632)	(1,239,187)	(12,314)
<b>Gross trading profit .....</b>	<b>491,318</b>	<b>248,168</b>	<b>739,486</b>	<b>661,837</b>	<b>6,478</b>
Selling, general and administrative expenses .....	(358,000)	(184,258)	(542,258)	(466,680)	(4,750)
Provision for doubtful receivables .....	(98)	(585)	(683)	(3,775)	(6)
Interest income .....	8,336	4,448	12,784	12,065	112
Interest expense .....	(24,200)	(12,510)	(36,710)	(33,565)	(322)
Dividends received.....	13,843	5,664	19,507	15,602	171
Gain on disposal of investments and marketable securities, net of write-down.....	10,489	6,234	16,723	30,100	147
Gain (loss) on property and equipment-net.....	248	(674)	(426)	(1,073)	(4)
Other-net .....	2,762	(329)	2,433	1,954	21
	(346,620)	(182,010)	(528,630)	(445,372)	(4,631)
<b>Income before income taxes, minority interests and equity in earnings of associated companies.....</b>	<b>144,698</b>	<b>66,158</b>	<b>210,856</b>	<b>216,465</b>	<b>1,847</b>
Income taxes .....	(73,047)	(24,562)	(97,609)	(99,138)	(855)
<b>Income before minority interests and equity in earnings of associated companies.....</b>	<b>71,651</b>	<b>41,596</b>	<b>113,247</b>	<b>117,327</b>	<b>992</b>
Minority interests .....	(5,007)	(3,112)	(8,119)	(8,905)	(71)
Equity in earnings of associated companies.....	50,387	15,540	65,927	42,089	578
<b>Net income .....</b>	<b>¥ 117,031</b>	<b>¥ 54,024</b>	<b>¥ 171,055</b>	<b>¥ 150,511</b>	<b>\$ 1,499</b>
<b>Comprehensive income:</b>					
Net income.....	¥ 117,031	¥ 54,024	¥ 171,055	¥ 150,511	\$ 1,499
Other comprehensive income (loss) (net of tax):					
Net change in foreign currency translation adjustments during the period.....	24,668	(28,201)	(3,533)	18,776	(31)
Minimum pension liability adjustments.....	-	-	-	26	-
Pension liability adjustments.....	1,193	371	1,564	-	14
Net change in unrealized holding gains (losses) on securities during the period.....	2,761	(31,132)	(28,371)	11,723	(249)
Net change in unrealized holding gains (losses) on derivative instruments during the period.....	2,595	(4,068)	(1,473)	(2,864)	(13)
Total other comprehensive income (loss) (net of tax).....	31,217	(63,030)	(31,813)	27,661	(279)
<b>Total.....</b>	<b>¥ 148,248</b>	<b>¥ (9,006)</b>	<b>¥ 139,242</b>	<b>¥ 178,172</b>	<b>\$ 1,220</b>

## Note :

1. Consolidated statements of operations have been prepared in conformity with accounting principles generally accepted in the United States of America.
2. "Total trading transactions" is presented in accordance with Japanese accounting practice.  
Total trading transactions in the consolidated statements of operations 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.
3. ITOCHU Corporation and its subsidiaries adopt Statement of Financial Accounting Standards ("SFAS") No.158 "Employers' Accounting for Pension liability adjustments and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)" from the end of fiscal year 2007.

[Explanation for Consolidated Statements of Operations]

Revenue	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	<u>Reasons for changes</u>																																			
Revenue		2,145.1	1,901.0	244.1	Increase in energy development sector (expansion of production in crude oil fields owned), increase in automobile transactions to emerging countries, and increase from turning NIPPON ACCESS, INC. into a consolidated subsidiary																																			
Gross trading profit	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Increase due to good performance in ITOCHU Corporation and existing subsidiaries : +19.2 Effect from NIPPON ACCESS, INC. into a consolidated subsidiary, plus increase in joining of subsidiaries : +56.3 Decrease due to leaving of subsidiaries : -9.6 Increase due to exchange rate fluctuations : +11.7 Refer to page 12-13 "Segment Information"																																			
Gross trading profit		739.5	661.8	77.6																																				
Selling, general and administrative expenses	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Increase accompanied by expansion of business in ITOCHU Corporation and existing subsidiaries : -23.6 Effect from NIPPON ACCESS, INC. into a consolidated subsidiary, plus increase in joining of subsidiaries : -56.0 Decrease due to leaving of subsidiaries : +9.2 Increase due to exchange rate fluctuations : -5.2																																			
Personnel expenses		(208.7)	(187.1)	(21.6)																																				
Service charge, distribution costs		(180.5)	(139.2)	(41.4)																																				
Rent, depreciation and amortization		(60.2)	(53.5)	(6.7)																																				
Travel expenses		(19.1)	(17.7)	(1.3)																																				
Others		(73.7)	(69.2)	(4.5)																																				
Other expenses		(333.5)	(279.6)	(53.9)																																				
Total		(542.3)	(466.7)	(75.6)																																				
Provision for doubtful receivables	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Improvement due to reversal of the allowance for doubtful receivables through collection																																			
Provision for doubtful receivables		(0.7)	(3.8)	3.1																																				
Net financial expenses	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Increase in Dividends received exceeded increase in Net interest expenses due to rising interest rate  <table border="1"> <thead> <tr> <th></th> <th><u>Apr-Dec 2007</u></th> <th><u>Apr-Dec 2006</u></th> <th><u>Changes</u></th> </tr> </thead> <tbody> <tr> <td>Interest income</td> <td>12.8</td> <td>12.1</td> <td>0.7</td> </tr> <tr> <td>Interest expense</td> <td>(36.7)</td> <td>(33.6)</td> <td>(3.1)</td> </tr> <tr> <td>Net interest expenses</td> <td>(23.9)</td> <td>(21.5)</td> <td>(2.4)</td> </tr> <tr> <td>Dividends received</td> <td>19.5</td> <td>15.6</td> <td>3.9</td> </tr> </tbody> </table> Mainly effect of rising interest rate Dividends received from LNG-related investments +1.9 (9.1 → 11.0)		<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Changes</u>	Interest income	12.8	12.1	0.7	Interest expense	(36.7)	(33.6)	(3.1)	Net interest expenses	(23.9)	(21.5)	(2.4)	Dividends received	19.5	15.6	3.9															
	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Changes</u>																																					
Interest income	12.8	12.1	0.7																																					
Interest expense	(36.7)	(33.6)	(3.1)																																					
Net interest expenses	(23.9)	(21.5)	(2.4)																																					
Dividends received	19.5	15.6	3.9																																					
Interest income		12.8	12.1	0.7																																				
Interest expense		(36.7)	(33.6)	(3.1)																																				
Net interest expenses		(23.9)	(21.5)	(2.4)																																				
Dividends received		19.5	15.6	3.9																																				
Gain on disposal of investments and marketable securities, net of write-down	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Net gains on sales of securities +0.9 (31.8 → 32.7) Gain on exchange of securities -2.0 (3.5 → 1.5 ) Devaluation losses on securities -9.7 (-2.0 → -11.7) Losses for liquidation of businesses and others -2.6 (-3.2 → -5.8)																																			
Gain on disposal of investments and marketable securities, net of write-down		16.7	30.1	(13.4)																																				
Loss on property and equipment-net	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Net loss on sales of property and equipment +1.3 (-0.5 → 0.8) Impairment losses on property and equipment and others -0.6 (-0.6 → -1.2)																																			
Loss on property and equipment-net		(0.4)	(1.1)	0.6																																				
Other-net	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Improvement in miscellaneous-net																																			
Other-net		2.4	2.0	0.5																																				
Income taxes	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	1.5																																			
Income taxes		(97.6)	(99.1)																																					
Minority interests	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	0.8																																			
Minority interests		(8.1)	(8.9)																																					
Equity in earnings of associated companies	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Orient Corporation (Note1)/ Marubeni-Itochu Steel Inc. -1.5 (14.1 → 12.6)/ Mazda Canada Inc. -1.1 (Note2)/ CIECO E&P(Namibia) Co.,Ltd. -1.0 (Newly established in the 1st Quarter of FY 2008, increase in prior development expenses) / kabu.com Securities Co., Ltd. -0.9 (Note2) / AI Beverage Holding Co., Ltd +0.5 (1.1 → 1.6) Refer to "Performance of Group Companies" in the part of "Major Group Companies Reporting Profits" and "Major Group Companies Reporting Losses" in page 4																																			
Equity in earnings of associated companies		65.9	42.1	23.8																																				
(Note 1) Please see explanation of "**Note" in the part of "1. Qualitative Information on Consolidated Operating Results" in page 3. (Note 2) ITOCHU Corporation ceased to pick-up equity profit (loss) of these companies for the nine months ended December 31, 2007.																																								
Total trading transactions	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Refer to page 12-13 "Segment Information" Effect of exchange rate fluctuations: Approximately +82.0																																			
Total trading transactions		9,068.4	8,583.4	485.1																																				
Gross trading profit ratio		8.2%	7.7%	0.4%																																				
Adjusted profit	(Unit : billion yen)	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Increase (Decrease)</u>	Adjusted profit (27.4)= Gross trading profit (+77.6) + SG&A expenses (-75.6) + Net financial expenses (+1.5) + Equity in earnings of associated companies (+23.8) The amount ( ) presents changes from the same period of the previous fiscal year																																			
Adjusted profit		258.7	231.3	27.4																																				
<table border="1"> <thead> <tr> <th>[Average exchange rate Yen/US\$]</th> <th colspan="3">[For March closing companies]</th> <th colspan="3">[For December closing companies]</th> </tr> <tr> <th></th> <th><u>Apr-Dec 2007</u></th> <th><u>Apr-Dec 2006</u></th> <th><u>Changes</u></th> <th><u>Jan-Sep 2007</u></th> <th><u>Jan-Sep 2006</u></th> <th><u>Changes</u></th> </tr> </thead> <tbody> <tr> <td></td> <td>117.69</td> <td>116.49</td> <td>1.20</td> <td>119.74</td> <td>116.21</td> <td>3.53</td> </tr> <tr> <td></td> <th><u>Apr-Dec 2006</u></th> <th><u>Apr-Dec 2005</u></th> <th><u>Changes</u></th> <th><u>Jan-Sep 2006</u></th> <th><u>Jan-Sep 2005</u></th> <th><u>Changes</u></th> </tr> <tr> <td></td> <td>116.49</td> <td>110.64</td> <td>5.85</td> <td>116.21</td> <td>107.05</td> <td>9.16</td> </tr> </tbody> </table>						[Average exchange rate Yen/US\$]	[For March closing companies]			[For December closing companies]				<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Changes</u>	<u>Jan-Sep 2007</u>	<u>Jan-Sep 2006</u>	<u>Changes</u>		117.69	116.49	1.20	119.74	116.21	3.53		<u>Apr-Dec 2006</u>	<u>Apr-Dec 2005</u>	<u>Changes</u>	<u>Jan-Sep 2006</u>	<u>Jan-Sep 2005</u>	<u>Changes</u>		116.49	110.64	5.85	116.21	107.05	9.16
[Average exchange rate Yen/US\$]	[For March closing companies]			[For December closing companies]																																				
	<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	<u>Changes</u>	<u>Jan-Sep 2007</u>	<u>Jan-Sep 2006</u>	<u>Changes</u>																																		
	117.69	116.49	1.20	119.74	116.21	3.53																																		
	<u>Apr-Dec 2006</u>	<u>Apr-Dec 2005</u>	<u>Changes</u>	<u>Jan-Sep 2006</u>	<u>Jan-Sep 2005</u>	<u>Changes</u>																																		
	116.49	110.64	5.85	116.21	107.05	9.16																																		

**Consolidated Balance Sheets (Assets) [Condensed]**

ITOCHU Corporation and Subsidiaries

As of December 31, 2007 and March 31, 2007

-Unaudited-

Assets	Millions of Yen		Millions of U.S. dollars
	Dec. 2007	Mar. 2007	Dec. 2007
<b>Current assets:</b>			
Cash and cash equivalents.....	¥ 341,721	¥ 532,856	\$ 2,994
Time deposits.....	4,556	1,845	40
Marketable securities.....	34,279	31,161	300
Trade receivables:			
Notes.....	217,955	163,449	1,910
Accounts.....	1,416,283	1,273,464	12,407
Allowance for doubtful receivables.....	(14,934)	(15,358)	(131)
Net trade receivables.....	1,619,304	1,421,555	14,186
Due from associated companies.....	110,280	105,884	966
Inventories.....	599,184	530,335	5,249
Advances to suppliers.....	140,125	98,604	1,227
Prepaid expenses.....	37,433	32,103	328
Deferred tax assets.....	37,567	37,898	329
Other current assets.....	271,774	274,664	2,381
Total current assets.....	3,196,223	3,066,905	28,000
<b>Investments and non-current receivables:</b>			
Investments in and advances to associated companies.....	672,812	608,121	5,894
Other investments.....	618,486	632,527	5,418
Other non-current receivables.....	148,212	143,628	1,299
Allowance for doubtful receivables.....	(58,774)	(66,450)	(515)
Total investments and net non-current receivables.....	1,380,736	1,317,826	12,096
<b>Property and equipment, at cost:</b>			
Land.....	162,697	160,620	1,425
Buildings.....	334,227	328,397	2,928
Machinery and equipment.....	281,065	276,368	2,462
Furniture and fixtures.....	57,685	57,594	506
Mineral rights.....	62,667	45,905	549
Construction in progress.....	21,116	16,090	185
Total property and equipment, at cost.....	919,457	884,974	8,055
Less accumulated depreciation.....	367,762	354,929	3,222
Net property and equipment.....	551,695	530,045	4,833
<b>Prepaid pension cost.....</b>	<b>86,045</b>	<b>86,180</b>	<b>754</b>
<b>Deferred tax assets, non-current.....</b>	<b>28,181</b>	<b>31,612</b>	<b>247</b>
<b>Other assets.....</b>	<b>281,275</b>	<b>238,944</b>	<b>2,464</b>
<b>Total.....</b>	<b>¥ 5,524,155</b>	<b>¥ 5,271,512</b>	<b>\$ 48,394</b>

Note :

1. Consolidated balance sheets have been prepared in conformity with accounting principles generally accepted in the United States of America.
2. ITOCHU Corporation and its subsidiaries adopt Statement of Financial Accounting Standards ("SFAS") No.158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132 (R) " from the end of fiscal year 2007.

**Consolidated Balance Sheets (Liabilities and Stockholders' Equity) [Condensed]**

-Unaudited-

ITOCHU Corporation and Subsidiaries

As of December 31, 2007 and March 31, 2007

Liabilities and Stockholders' Equity	Millions of Yen		Millions of U.S. dollars
	Dec. 2007	Mar.2007	Dec. 2007
<b>Current liabilities:</b>			
Short-term debt .....	¥ 353,460	¥ 373,723	\$ 3,097
Current maturities of long-term debt.....	79,032	144,317	692
Trade payables:			
Notes and acceptances.....	162,248	181,197	1,422
Accounts.....	1,290,378	1,143,422	11,304
Total trade payables.....	1,452,626	1,324,619	12,726
Due to associated companies.....	20,102	46,083	176
Accrued expenses.....	139,869	135,335	1,225
Income taxes payable.....	50,170	51,059	440
Advances from customers.....	136,573	107,308	1,196
Deferred tax liabilities.....	1,832	1,812	16
Other current liabilities.....	226,856	205,040	1,987
Total current liabilities .....	2,460,520	2,389,296	21,555
<b>Long-term debt, excluding current maturities.....</b>	<b>1,862,622</b>	<b>1,795,333</b>	<b>16,317</b>
<b>Accrued retirement and severance benefits.....</b>	<b>20,577</b>	<b>21,748</b>	<b>180</b>
<b>Deferred tax liabilities, non-current.....</b>	<b>30,224</b>	<b>25,885</b>	<b>265</b>
<b>Commitments and contingent liabilities</b>			
<b>Minority interests.....</b>	<b>142,739</b>	<b>143,055</b>	<b>1,251</b>
<b>Stockholders' equity:</b>			
Common stock:			
Authorized: 3,000,000,000 shares; issued:			
1,584,889,504 shares.....	202,241	202,241	1,772
Capital surplus.....	137,206	136,842	1,202
Retained earnings:			
Legal reserve.....	10,417	7,423	91
Other retained earnings .....	610,109	469,736	5,345
Total retained earnings.....	620,526	477,159	5,436
Accumulated other comprehensive income (loss) :			
Foreign currency translation adjustments.....	(2,630)	903	(23)
Pension liability adjustments.....	(39,771)	(41,335)	(349)
Unrealized holding gains on securities.....	94,365	122,736	827
Unrealized holding losses on derivative instruments.....	(1,914)	(441)	(17)
Total accumulated other comprehensive income.....	50,050	81,863	438
Treasury stock, at cost.....	(2,550)	(1,910)	(22)
Total stockholders' equity.....	1,007,473	896,195	8,826
<b>Total.....</b>	<b>¥ 5,524,155</b>	<b>¥ 5,271,512</b>	<b>\$ 48,394</b>

## [Explanation for Consolidated Balance Sheets]

Total assets as of December 31, 2007 increased by 252.6 billion yen compared with March 31, 2007, to 5,524.2 billion yen mainly due to increase of Trade receivables and Inventories in Energy, Metals & Minerals, in Chemicals, Forest Products & General Merchandise, and in Food, new investment mainly in energy-development sector together with increase of Investments in and advances to associated companies brought by additional investment and increase in equity in earnings of associated companies in Orient Corporation, despite a decrease of cash and time deposit (total of Cash and cash equivalents and Time deposits).

### Assets

	(Unit: billion yen)			Reasons for changes:
	Dec 2007	Mar 2007	Increase (Decrease)	
Cash and cash equivalents	341.7	532.9	(191.1)	
Net trade receivables	1,619.3	1,421.6	197.7	Increase in Metals, Mineral Resource & Coal, Energy, Forest Products & General Merchandise, Chemicals and Food
Inventories	599.2	530.3	68.8	Increase in Aerospace, Electronics & Multimedia, Energy and Food
Advances to suppliers	140.1	98.6	41.5	Increase in Machinery
Investments in and advances to associated companies	672.8	608.1	64.7	Increase in additional investment in Orient Corporation and increase of equity in earnings of associated companies
Other investments	618.5	632.5	(14.0)	Decrease of Unrealized holding gains on securities
Net property and equipment	551.7	530.0	21.7	Increase in Energy
Other assets	281.3	238.9	42.3	Increase in Machinery, Aerospace, Electronics & Multimedia

### Liabilities

	(Unit: billion yen)			
	Dec 2007	Mar 2007	Increase (Decrease)	
Total trade payables	1,452.6	1,324.6	128.0	Increase in Chemicals and Food
Due to associated companies	20.1	46.1	(26.0)	Decrease of deposit received
Advances from customers	136.6	107.3	29.3	Increase in Machinery
Other current liabilities	226.9	205.0	21.8	Increase in Aerospace, Electronics & Multimedia
[Interest-bearing debt]				
Short-term debt	353.5	373.7	(20.3)	
Current maturities of long-term debt	73.4	138.5	(65.1)	
Current maturities of debentures	5.6	5.8	(0.2)	
Short-term total	432.5	518.0	(85.5)	
Long-term debt	1,471.7	1,456.3	15.3	
Debentures	201.1	191.2	9.9	
Long-term total	1,672.8	1,647.6	25.2	
Total interest-bearing debt	2,105.3	2,165.6	(60.3)	
Cash, cash equivalents and time deposits	346.3	534.7	(188.4)	
Net interest-bearing debt	1,759.0	1,630.9	128.1	
Net debt-to-equity ratio [times]	1.7	1.8	0.1 improved	

### Stockholders' equity

	(Unit: billion yen)			
	Dec 2007	Mar 2007	Increase (Decrease)	
Common stock	202.2	202.2	-	
Capital surplus	137.2	136.8	0.4	
Retained earnings:	620.5	477.2	143.4	
Legal reserve	10.4	7.4	3.0	
Other retained earnings	610.1	469.7	140.4	Net income +171.1, Distribution of dividends -27.7, Transfer to legal reserve -3.0
Accumulated other comprehensive income (loss):	50.1	81.9	(31.8)	
Foreign currency translation adjustments	(2.6)	0.9	(3.5)	Effect of yen's appreciation compared with March 31, 2007
Pension liability adjustments	(39.8)	(41.3)	1.6	
Unrealized holding gains on securities	94.4	122.7	(28.4)	Effect of falling in stock prices compared with March 31, 2007
Unrealized holding losses on derivative instruments	(1.9)	(0.4)	(1.5)	
Treasury stock, at cost	(2.6)	(1.9)	(0.6)	
Total stockholders' equity	1,007.5	896.2	111.3	
Ratio of stockholders' equity to total assets	18.2%	17.0%	1.2%	

[Current exchange rate Yen/US\$]

[For March closing companies]

[For December closing companies]

Dec 2007	Mar 2007	Changes	Sep 2007	Dec 2006	Changes
114.15	118.05	(3.90)	115.43	119.11	(3.68)
Dec 2006	Mar 2006	Changes	Sep 2006	Dec 2005	Changes
119.11	117.47	1.64	117.90	118.07	(0.17)

[The Nikkei stock average index]

Dec 2007	Mar 2007	Changes
15,307	17,287	(1,980)

**Consolidated Statements of Cash Flows [Condensed]**

ITOCHU Corporation and Subsidiaries

For the nine months ended December 31, 2007

-Unaudited-

	Millions of Yen	Millions of U.S. dollars
	<u>Apr.-Dec. 2007</u>	<u>Apr.-Dec. 2007</u>
<b>Cash flows from operating activities :</b>		
Net income .....	¥ 171,055	\$ 1,499
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization .....	52,113	456
Provision for doubtful receivables .....	683	6
Gain on disposal of investments and marketable securities, net of write-down.....	(16,723)	(147)
Loss on property and equipment-net.....	426	4
Equity in earnings of associated companies, less dividends received .....	(52,550)	(460)
Deferred income taxes .....	18,134	159
Minority interests .....	8,119	71
Changes in assets and liabilities, other-net .....	(163,110)	(1,429)
Net cash provided by operating activities .....	<u>18,147</u>	<u>159</u>
<b>Cash flows from investing activities :</b>		
Net purchases of property, equipment and other assets .....	(35,371)	(310)
Net increase in investments in and advances to associated companies .....	(14,098)	(123)
Net purchases of other investments .....	(46,551)	(408)
Net collections of other non-current loan receivables .....	4,132	36
Net increase in time deposits.....	(2,981)	(26)
Net decrease in marketable securities.....	1,274	11
Net cash used in investing activities .....	<u>(93,595)</u>	<u>(820)</u>
<b>Cash flows from financing activities :</b>		
Net repayments of long-term debt .....	(40,198)	(352)
Net decrease in short-term debt .....	(39,708)	(348)
Other .....	(34,763)	(305)
Net cash used in financing activities .....	<u>(114,669)</u>	<u>(1,005)</u>
<b>Effect of exchange rate changes on cash and cash equivalents .....</b>	<u>(1,018)</u>	<u>(9)</u>
<b>Net decrease in cash and cash equivalents .....</b>	<u>(191,135)</u>	<u>(1,674)</u>
<b>Cash and cash equivalents at beginning of period .....</b>	<u>532,856</u>	<u>4,668</u>
<b>Cash and cash equivalents at end of period .....</b>	<u>¥ 341,721</u>	<u>\$ 2,994</u>

Note : Started disclosure of nine months consolidated cash flows statement from this fiscal year.

[Explanation for Consolidated Statements of Cash Flows ]

Note :	Cash-inflow : " + "
Explanation for indication	Cash-outflow : "( )"
	"Decrease in assets" or "Increase in liabilities" : Cash-inflow
	"Increase in assets" or "Decrease in liabilities" : Cash-outflow
<b>Cash flows from operating activities</b>	(Unit: billion yen)
	<u>Apr-Dec 2007</u> <u>Major items</u>
Net income	171.1
*Non-cash charges of P/L	10.2      Equity in earnings of associated companies, less dividends received (52.6) Gain on disposal of investments and marketable securities, net of write-down (16.7) Deferred income taxes +18.1, Depreciation and amortization +52.1etc.
Changes in assets and liabilities, other-net	(163.1)      Trade receivables/payables (76.0), Inventories (81.4) etc.
Net cash provided by operating activities	18.1
	* To eliminate non-cash P/L items such as depreciation/amortization expenses and provision for doubtful receivables, and to transfer P/L on marketable securities, investment, property and equipment from operating activities to investing or financing activities.
<b>Cash flows from investing activities</b>	(Unit: billion yen)
Net purchases of property, equipment and other assets	<u>Apr-Dec 2007</u> (35.4)      Net purchases by natural resources development related subsidiaries (13.4), net purchases by parent company (3.1) etc.
Net increase in investments in and advances to associated companies	<u>Apr-Dec 2007</u> (14.1)      Additional investment in Orient Corporation (30.0), net decrease in investment and advanced to construction related associated companies +11.3 etc.
Net purchases of other investments	<u>Apr-Dec 2007</u> (46.6)      Investment in energy-development sector (56.9), sales of listed stocks by parent company +10.2 etc.
Net collections of other non-current loan receivables	<u>Apr-Dec 2007</u> 4.1      Net collections by financing subsidiary +18.4, net origination by parent company (7.6), machinery subsidiaries(6.6) etc
Net increase in time deposits	<u>Apr-Dec 2007</u> (3.0)
Net decrease in marketable securities	<u>Apr-Dec 2007</u> 1.3
Net cash used in investing activities	(93.6)
<b>Cash flows from financing activities</b>	(Unit: billion yen)
	(Note) Changes in current maturities of long-term debt are included in "Net repayments of long-term debt" on the statements of cash flows.
Net repayments of long-term debt	<u>Apr-Dec 2007</u> (40.2)      Net repayment by construction related subsidiaries (29.6), food subsidiaries (24.4) etc.
Net decrease in short-term debt	<u>Apr-Dec 2007</u> (39.7)      Net repayment by food subsidiaries (25.9), financing subsidiaries (20.5) etc.
Other	<u>Apr-Dec 2007</u> (34.8)      Dividends paid (27.7), dividends paid to minority shareholders (6.6) etc.
Net cash used in financing activities	(114.7)

**Segment Information**

ITOCHU Corporation and Subsidiaries

For the nine months ended December 31, 2007 and 2006

ITOCHU Corporation and its subsidiaries are engaged in a wide range of business activities such as worldwide trading operations in various commodities, financing for customers and suppliers, organizing and coordinating industrial projects, and investing in resource development, advanced technology, information and multimedia.

ITOCHU Corporation has introduced a division company system, and information on operating segments is prepared and presented according to this system.

This system is regularly used for decisions in operations, including resource allocations, and evaluations by the management.

Information concerning operations in different operating segments for the nine months ended December 31, 2007 and 2006 is as follows:

For the nine months ended December 31, 2007 (April 1, 2007 -December 31, 2007)									Millions of Yen
	Textile	Machinery	Aerospace, Electronics & Multimedia	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated
Total trading transactions:									
Unaffiliated customers									
and associated companies .....	¥ 513,227	¥ 1,042,705	¥ 475,524	¥ 2,682,981	¥ 1,744,732	¥ 2,326,915	¥ 108,583	¥ 173,764	¥ 9,068,431
Transfers between operating segments ..	445	489	1,763	262	14,382	230	110	(17,681)	-
Total trading transactions .....	<u>513,672</u>	<u>1,043,194</u>	<u>477,287</u>	<u>2,683,243</u>	<u>1,759,114</u>	<u>2,327,145</u>	<u>108,693</u>	<u>156,083</u>	<u>9,068,431</u>
Gross trading profit .....	<u>84,030</u>	<u>76,624</u>	<u>94,312</u>	<u>94,116</u>	<u>94,160</u>	<u>246,757</u>	<u>28,286</u>	<u>21,201</u>	<u>739,486</u>
Net income .....	<u>11,809</u>	<u>22,290</u>	<u>6,175</u>	<u>73,635</u>	<u>15,358</u>	<u>17,817</u>	<u>17,973</u>	<u>5,998</u>	<u>171,055</u>
[Equity in earnings									
of associated companies].....	<u>[1,919]</u>	<u>[3,977]</u>	<u>[(1,229)]</u>	<u>[17,861]</u>	<u>[1,705]</u>	<u>[9,860]</u>	<u>[31,992]</u>	<u>[(158)]</u>	<u>[65,927]</u>
Identifiable assets at December 31, 2007..	<u>388,808</u>	<u>695,707</u>	<u>546,790</u>	<u>901,427</u>	<u>814,369</u>	<u>1,219,974</u>	<u>516,422</u>	<u>440,658</u>	<u>5,524,155</u>
For the nine months ended December 31, 2006 (April 1, 2006 -December 31, 2006)									Millions of Yen
	Textile	Machinery	Aerospace, Electronics & Multimedia	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated
Total trading transactions:									
Unaffiliated customers									
and associated companies .....	¥ 591,118	¥ 1,173,778	¥ 485,046	¥ 2,298,308	¥ 1,590,531	¥ 2,118,357	¥ 133,472	¥ 192,765	¥ 8,583,375
Transfers between operating segments ..	473	474	1,947	362	13,060	310	1,206	(17,832)	-
Total trading transactions .....	<u>591,591</u>	<u>1,174,252</u>	<u>486,993</u>	<u>2,298,670</u>	<u>1,603,591</u>	<u>2,118,667</u>	<u>134,678</u>	<u>174,933</u>	<u>8,583,375</u>
Gross trading profit .....	<u>90,405</u>	<u>64,800</u>	<u>92,579</u>	<u>80,224</u>	<u>95,941</u>	<u>192,861</u>	<u>28,161</u>	<u>16,866</u>	<u>661,837</u>
Net income .....	<u>11,288</u>	<u>17,222</u>	<u>7,635</u>	<u>64,994</u>	<u>20,930</u>	<u>15,466</u>	<u>2,564</u>	<u>10,412</u>	<u>150,511</u>
[Equity in earnings									
of associated companies].....	<u>[1,264]</u>	<u>[3,763]</u>	<u>[(1,233)]</u>	<u>[22,313]</u>	<u>[2,602]</u>	<u>[9,161]</u>	<u>[4,236]</u>	<u>[(17)]</u>	<u>[42,089]</u>
Identifiable assets at December 31, 2006..	<u>417,271</u>	<u>632,388</u>	<u>523,691</u>	<u>763,817</u>	<u>765,741</u>	<u>1,151,114</u>	<u>586,530</u>	<u>605,679</u>	<u>5,446,231</u>
Identifiable assets at March 31, 2007.....	<u>401,792</u>	<u>635,761</u>	<u>551,210</u>	<u>781,432</u>	<u>716,775</u>	<u>1,070,743</u>	<u>524,851</u>	<u>588,948</u>	<u>5,271,512</u>
For the nine months ended December 31, 2007 (April 1, 2007 -December 31, 2007)									Millions of U.S.dollars
	Textile	Machinery	Aerospace, Electronics & Multimedia	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated
Total trading transactions:									
Unaffiliated customers									
and associated companies .....	\$ 4,496	\$ 9,134	\$ 4,166	\$ 23,504	\$ 15,285	\$ 20,385	\$ 951	\$ 1,522	\$ 79,443
Transfers between operating segments ..	4	5	15	2	126	2	1	(155)	-
Total trading transactions .....	<u>4,500</u>	<u>9,139</u>	<u>4,181</u>	<u>23,506</u>	<u>15,411</u>	<u>20,387</u>	<u>952</u>	<u>1,367</u>	<u>79,443</u>
Gross trading profit .....	<u>736</u>	<u>671</u>	<u>826</u>	<u>824</u>	<u>825</u>	<u>2,162</u>	<u>248</u>	<u>186</u>	<u>6,478</u>
Net income .....	<u>104</u>	<u>195</u>	<u>54</u>	<u>645</u>	<u>135</u>	<u>156</u>	<u>157</u>	<u>53</u>	<u>1,499</u>
[Equity in earnings									
of associated companies].....	<u>[17]</u>	<u>[35]</u>	<u>[(11)]</u>	<u>[157]</u>	<u>[15]</u>	<u>[86]</u>	<u>[280]</u>	<u>[(1)]</u>	<u>[578]</u>
Identifiable assets at December 31, 2007..	<u>3,406</u>	<u>6,095</u>	<u>4,790</u>	<u>7,897</u>	<u>7,134</u>	<u>10,688</u>	<u>4,524</u>	<u>3,860</u>	<u>48,394</u>

Note :

1. "Equity in earnings of associated companies" is included in Net income.

2. "Total trading transactions" is presented in accordance with Japanese accounting practice.

Total trading transactions 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.

[Explanation for Operating Segment Information]

<u><b>Total trading transactions</b></u>	(Unit : billion yen)	Increase		<u>Reasons for changes</u>
		<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	
Textile	...	513.2	591.1	(77.9) ... Decrease as a result of assessment of and withdrawal from inefficient business and slowdown of apparel market demands
Machinery	...	1,042.7	1,173.8	(131.1) ... Decrease due to automobile transactions decrease in North America despite increase in automobile transactions to emerging countries
Aerospace, Electronics & Multimedia	...	475.5	485.0	(9.5) ... Decrease due to introduction of new selling system of domestic mobile phone business
Energy, Metals & Minerals	...	2,683.0	2,298.3	384.7 ... Increase due to oil production volume expansion in crude oil fields owned
Chemicals, Forest Products & General Merchandise	...	1,744.7	1,590.5	154.2 ... Increase due to rising of market prices of chemicals despite demands slowdown for house building materials in North America and Japan
Food	...	2,326.9	2,118.4	208.6 ... Increase mainly due to turning NIPPON ACCESS, INC. into a consolidated subsidiary
Finance, Realty, Insurance & Logistics Services	...	108.6	133.5	(24.9) ... Decrease mainly due to absence of spot transactions in the same period of the previous fiscal year
Other, Adjustments & Eliminations	...	173.8	192.8	(19.0)
<b>Total</b>		<b>9,068.4</b>	<b>8,583.4</b>	<b>485.1</b>
<u><b>Gross trading profit</b></u>	(Unit : billion yen)	Increase		<u>Reasons for changes</u>
		<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	
Textile	...	84.0	90.4	(6.4) ... Decrease due to leaving of consolidated subsidiaries from group and slowdown of apparel market demands
Machinery	...	76.6	64.8	11.8 ... Increase in automobile transactions to emerging countries
Aerospace, Electronics & Multimedia	...	94.3	92.6	1.7 ... Increase in domestic mobile phone business
Energy, Metals & Minerals	...	94.1	80.2	13.9 ... Increase due to sales volume increase accompanied by oil production volume increase in crude oil fields owned
Chemicals, Forest Products & General Merchandise	...	94.2	95.9	(1.8) ... Decrease due to demands slowdown for house building materials in North America and Japan despite rising of market prices of chemicals
Food	...	246.8	192.9	53.9 ... Increase mainly due to turning NIPPON ACCESS, INC. into a consolidated subsidiary
Finance, Realty, Insurance & Logistics Services	...	28.3	28.2	0.1 ... Increase of gains from real estate fund transactions offsets negative impact of impairment/disposal loss on real estate for sale recognized because of sales policy change into collective sales
Other, Adjustments & Eliminations	...	21.2	16.9	4.3
<b>Total</b>		<b>739.5</b>	<b>661.8</b>	<b>77.6</b>
<u><b>Net income</b></u>	(Unit : billion yen)	Increase		<u>Reasons for changes</u>
		<u>Apr-Dec 2007</u>	<u>Apr-Dec 2006</u>	
Textile	...	11.8	11.3	0.5 ... Increase due to increase of equity in earnings of associated companies despite decrease of gross trading profit
Machinery	...	22.3	17.2	5.1 ... Increase of gross trading profit and dividends received despite absence of gain on disposal of investments and marketable securities in the same period of the previous fiscal year
Aerospace, Electronics & Multimedia	...	6.2	7.6	(1.5) ... Decrease due to SG&A increase despite increase of gain on disposal of investments and marketable securities
Energy, Metals & Minerals	...	73.6	65.0	8.6 ... Increase of gross trading profit and dividends received from LNG related investments despite decrease of gain on disposal of investments and marketable securities and equity in earnings of associated companies
Chemicals, Forest Products & General Merchandise	...	15.4	20.9	(5.6) ... Decrease due to decreased gross trading profit, increased SG&A and impairment of goodwill and trademark rights in tire business in North America
Food	...	17.8	15.5	2.4 ... Increase due to gain on disposal of investments and marketable securities and increase of equity in earnings of associated companies
Finance, Realty, Insurance & Logistics Services	...	18.0	2.6	15.4 ... Increase of equity in earnings of associated companies from finance related companies despite SG&A increase
Other, Adjustments & Eliminations	...	6.0	10.4	(4.4) ... Decrease due to worsened net interest expenses and decrease of gain on disposal of investments and marketable securities
<b>Total</b>		<b>171.1</b>	<b>150.5</b>	<b>20.5</b>
<u><b>Identifiable assets</b></u>	(Unit : billion yen)	Increase		<u>Reasons for changes</u>
		<u>Dec. 2007</u>	<u>Mar. 2007</u>	
Textile	...	388.8	401.8	(13.0) ... Decrease due to leaving of consolidated subsidiaries from group
Machinery	...	695.7	635.8	59.9 ... Increase of advances to suppliers in ship business and of trade receivables in automobile transactions
Aerospace, Electronics & Multimedia	...	546.8	551.2	(4.4) ... Slightly decrease
Energy, Metals & Minerals	...	901.4	781.4	120.0 ... Increase of trade receivables, inventories and tangible assets in energy-development sector
Chemicals, Forest Products & General Merchandise	...	814.4	716.8	97.6 ... Increase mainly of trade receivables in chemicals
Food	...	1,220.0	1,070.7	149.2 ... Increase mainly of trade receivables and inventories in food distribution business through seasonal increase of year-end sales
Finance, Realty, Insurance & Logistics Services	...	516.4	524.9	(8.4) ... Decrease of loan receivables in finance subsidiaries and real estate assets despite increase due to additional investment in Orico and increase of equity in earnings of associated companies from it
Other, Adjustments & Eliminations	...	440.7	588.9	(148.3) ... Decrease mainly due to decrease in cash and cash equivalents
<b>Total</b>		<b>5,524.2</b>	<b>5,271.5</b>	<b>252.6</b>

**Consolidated Statements of Operations [Condensed]**

-Unaudited-

ITOCHU Corporation and Subsidiaries

For the three months ended December 31, 2007 and 2006 (Third quarter of fiscal 2008 and 2007)

	Millions of Yen		Millions of U.S. dollars
	Oct.-Dec.2007	Oct.-Dec.2006	Oct.-Dec.2007
<b>Revenue:</b>			
Sales revenue.....	¥ 570,488	¥ 517,137	\$ 4,998
Trading margins and commissions on trading transactions.....	150,824	150,384	1,321
Total trading transactions : Oct.-Dec. 2007: 3,170,407 million yen ( 27,774 million U.S.dollars ) Oct.-Dec. 2006: 3,010,973 million yen			
Total revenue.....	721,312	667,521	6,319
Cost of sales.....	(473,144)	(427,632)	(4,145)
<b>Gross trading profit .....</b>	<b>248,168</b>	<b>239,889</b>	<b>2,174</b>
Selling, general and administrative expenses.....	(184,258)	(171,329)	(1,614)
Provision for doubtful receivables.....	(585)	(750)	(5)
Interest income.....	4,448	4,097	39
Interest expense.....	(12,510)	(11,825)	(110)
Dividends received.....	5,664	5,597	50
Gain on disposal of investments and marketable securities, net of write-down.....	6,234	15,468	55
Loss on property and equipment-net.....	(674)	(285)	(6)
Other-net.....	(329)	(2,063)	(3)
	(182,010)	(161,090)	(1,594)
<b>Income before income taxes, minority interests and equity in earnings of associated companies.....</b>	<b>66,158</b>	<b>78,799</b>	<b>580</b>
Income taxes.....	(24,562)	(38,461)	(216)
<b>Income before minority interests and equity in earnings of associated companies.....</b>	<b>41,596</b>	<b>40,338</b>	<b>364</b>
Minority interests.....	(3,112)	(2,888)	(27)
Equity in earnings of associated companies.....	15,540	16,392	136
<b>Net income.....</b>	<b>¥ 54,024</b>	<b>¥ 53,842</b>	<b>\$ 473</b>
<b>Comprehensive income :</b>			
Net income.....	¥ 54,024	¥ 53,842	\$ 473
Other comprehensive income (loss) (net of tax):			
Net change in foreign currency translation adjustments during the period.....	(28,201)	17,692	(247)
Minimum pension liability adjustments.....	-	(68)	-
Pension liability adjustments.....	371	-	3
Net change in unrealized holding gains (losses) on securities during the period.....	(31,132)	33,039	(273)
Net change in unrealized holding gains (losses) on derivative instruments during the period.....	(4,068)	1,155	(35)
Total other comprehensive income (loss) (net of tax).	(63,030)	51,818	(552)
<b>Total.....</b>	<b>¥ (9,006)</b>	<b>¥ 105,660</b>	<b>\$ (79)</b>

## Note :

1. Consolidated statements of operations have been prepared in conformity with accounting principles generally accepted in the United States of America.
2. "Total trading transactions" is presented in accordance with Japanese accounting practice.  
Total trading transactions in the consolidated statements of operations 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.
3. ITOCHU Corporation and its subsidiaries adopt Statement of Financial Accounting Standards ("SFAS") No.158 "Employers' Accounting for Pension liability adjustments and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132 (R) " from the end of fiscal year 2007.

**Segment Information**

ITOCHU Corporation and Subsidiaries

For the three months ended December 31, 2007 and 2006 (Third quarter of fiscal 2008 and 2007)

Information concerning operations in different operating segments for the third quarter of fiscal 2008 and 2007 is as follows:

For the third quarter of fiscal 2008 (October 1, 2007 -December 31, 2007)									Millions of Yen
	Textile	Machinery	Aerospace, Electronics & Multimedia	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated
Total trading transactions:									
Unaffiliated customers and associated companies .....	¥ 168,892	¥ 358,081	¥ 159,444	¥ 986,881	¥ 610,361	¥ 795,832	¥ 32,558	¥ 58,358	¥ 3,170,407
Transfers between operating segments .....	153	147	(233)	71	4,683	73	39	(4,933)	-
Total trading transactions .....	<u>169,045</u>	<u>358,228</u>	<u>159,211</u>	<u>986,952</u>	<u>615,044</u>	<u>795,905</u>	<u>32,597</u>	<u>53,425</u>	<u>3,170,407</u>
Gross trading profit .....	<u>28,277</u>	<u>25,211</u>	<u>30,931</u>	<u>30,121</u>	<u>32,529</u>	<u>83,742</u>	<u>9,867</u>	<u>7,490</u>	<u>248,168</u>
Net income .....	<u>4,617</u>	<u>5,798</u>	<u>1,616</u>	<u>23,808</u>	<u>4,905</u>	<u>6,671</u>	<u>3,510</u>	<u>3,099</u>	<u>54,024</u>
[Equity in earnings of associated companies].....	<u>[1,211]</u>	<u>[1,607]</u>	<u>[(118)]</u>	<u>[5,519]</u>	<u>[118]</u>	<u>[3,639]</u>	<u>[3,437]</u>	<u>[127]</u>	<u>[15,540]</u>
Identifiable assets at December 31, 2007.....	<u>388,808</u>	<u>695,707</u>	<u>546,790</u>	<u>901,427</u>	<u>814,369</u>	<u>1,219,974</u>	<u>516,422</u>	<u>440,658</u>	<u>5,524,155</u>

For the third quarter of fiscal 2007 (October 1, 2006 -December 31, 2006)									Millions of Yen
	Textile	Machinery	Aerospace, Electronics & Multimedia	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated
Total trading transactions:									
Unaffiliated customers and associated companies .....	¥ 205,661	¥ 391,918	¥ 158,747	¥ 784,980	¥ 556,441	¥ 804,222	¥ 41,424	¥ 67,580	¥ 3,010,973
Transfers between operating segments .....	154	125	83	121	4,311	104	256	(5,154)	-
Total trading transactions .....	<u>205,815</u>	<u>392,043</u>	<u>158,830</u>	<u>785,101</u>	<u>560,752</u>	<u>804,326</u>	<u>41,680</u>	<u>62,426</u>	<u>3,010,973</u>
Gross trading profit .....	<u>31,704</u>	<u>21,994</u>	<u>31,501</u>	<u>31,637</u>	<u>33,253</u>	<u>77,076</u>	<u>8,252</u>	<u>4,472</u>	<u>239,889</u>
Net income .....	<u>4,933</u>	<u>5,728</u>	<u>1,352</u>	<u>29,293</u>	<u>7,500</u>	<u>4,853</u>	<u>(501)</u>	<u>684</u>	<u>53,842</u>
[Equity in earnings of associated companies].....	<u>[1,081]</u>	<u>[1,036]</u>	<u>[(177)]</u>	<u>[8,145]</u>	<u>[1,261]</u>	<u>[3,470]</u>	<u>[1,588]</u>	<u>[(12)]</u>	<u>[16,392]</u>
Identifiable assets at December 31, 2006.....	<u>417,271</u>	<u>632,388</u>	<u>523,691</u>	<u>763,817</u>	<u>765,741</u>	<u>1,151,114</u>	<u>586,530</u>	<u>605,679</u>	<u>5,446,231</u>

For the third quarter of fiscal 2008 (October 1, 2007 -December 31, 2007)									Millions of U.S.dollars
	Textile	Machinery	Aerospace, Electronics & Multimedia	Energy, Metals & Minerals	Chemicals, Forest Products & General Merchandise	Food	Finance, Realty, Insurance & Logistics Services	Other, Adjustments & Eliminations	Consolidated
Total trading transactions:									
Unaffiliated customers and associated companies .....	\$ 1,480	\$ 3,137	\$ 1,397	\$ 8,645	\$ 5,347	\$ 6,971	\$ 286	\$ 511	\$ 27,774
Transfers between operating segments .....	1	1	(2)	1	41	1	0	(43)	-
Total trading transactions .....	<u>1,481</u>	<u>3,138</u>	<u>1,395</u>	<u>8,646</u>	<u>5,388</u>	<u>6,972</u>	<u>286</u>	<u>468</u>	<u>27,774</u>
Gross trading profit .....	<u>248</u>	<u>221</u>	<u>271</u>	<u>264</u>	<u>285</u>	<u>733</u>	<u>86</u>	<u>66</u>	<u>2,174</u>
Net income .....	<u>40</u>	<u>51</u>	<u>14</u>	<u>209</u>	<u>43</u>	<u>58</u>	<u>31</u>	<u>27</u>	<u>473</u>
[Equity in earnings of associated companies].....	<u>[11]</u>	<u>[14]</u>	<u>[(1)]</u>	<u>[48]</u>	<u>[1]</u>	<u>[32]</u>	<u>[30]</u>	<u>[1]</u>	<u>[136]</u>
Identifiable assets at December 31, 2007.....	<u>3,406</u>	<u>6,095</u>	<u>4,790</u>	<u>7,897</u>	<u>7,134</u>	<u>10,688</u>	<u>4,524</u>	<u>3,860</u>	<u>48,394</u>

Note :

1. "Equity in earnings of associated companies" is included in Net income.

2. "Total trading transactions" is presented in accordance with Japanese accounting practice.

Total trading transactions 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.