

Highlights of Consolidated Financial Results for the 1st-3rd Quarter (Apr.-Dec.) of FY 2008 (U.S. GAAP)

Financial topics for the 1st-3rd Quarter of FY 2008

(Unit: billion yen, (losses))

- Net income increased by ¥20.5 bil. or 13.6% compared with prev. 1Q-3Q to ¥171.1 bil., renewed the highest-ever for the 4 consecutive years and marked 81% progress against annual outlook for FY 2008, making advantageous performance. 1Q-3Q Adjusted profit marked the highest for the 4 consecutive years, and 1Q-3Q Gross trading profit recorded the highest for 3 consecutive years.
- Net income in "Ener. Met." achieved ¥73.6 bil., "Mach." ¥22.3 bil.; and other 4 Segments achieved more than ¥10 bil. - "Fin. Rlty. Insur.&LS" ¥18.0 bil., "Food" ¥17.8 bil., "Chem., FP & GM" ¥15.4 bil., "Textile" ¥11.8bil.. Increased by ¥15.4 bil. in "Fin. Rlty. Insur.&LS", ¥8.6 bil. in "Ener. Met.", ¥5.1 bil. in "Mach.", ¥2.4 bil. in "Food", ¥0.5 bil. in "Textile" from the same period of the prev. FY.
- Stockholders' equity secured over ¥1 tril. Ratio of stockholders' equity to total assets improved by 1.2 pts to 18.2%. NET DER improved by 0.1 pts to 1.7 times. Financial structure being more strengthened.

(Note 1) Consolidated operating results for the 1Q-3Q of FY 2008 include the following gains/losses (Net profit of 15.4 billion yen) 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]

| Consolidated Financial Results of Operations | Apr.-Dec. 2007 | Apr.-Dec. 2006 | Increase (Decrease) | |
|--|----------------|----------------|---------------------|--------|
| | | | | % |
| Revenue | 2,145.1 | 1,901.0 | 244.1 | 12.8% |
| Gross trading profit | 739.5 | 661.8 | 77.6 | 11.7% |
| Selling, general and administrative expenses | (542.3) | (466.7) | (75.6) | 16.2% |
| Provision for doubtful receivables | (0.7) | (3.8) | 3.1 | - |
| Interest income | 12.8 | 12.1 | 0.7 | 6.0% |
| Interest expense (i) | (36.7) | (33.6) | (3.1) | 9.4% |
| Dividends received (ii) | 19.5 | 15.6 | 3.9 | 25.0% |
| Gain on disposal of investments and marketable securities, net of write-down (iii) | 16.7 | 30.1 | (13.4) | - |
| Loss on property and equipment-net | (0.4) | (1.1) | 0.6 | - |
| Other-net | 2.4 | 2.0 | 0.5 | - |
| Total other expenses | (528.6) | (445.4) | (83.3) | 18.7% |
| Income before income taxes | 210.9 | 216.5 | (5.6) | (2.6%) |
| Income taxes | (97.6) | (99.1) | 1.5 | (1.5%) |
| Income after income taxes | 113.2 | 117.3 | (4.1) | (3.5%) |
| Minority interests | (8.1) | (8.9) | 0.8 | (8.8%) |
| Equity in earnings of associated companies | 65.9 | 42.1 | 23.8 | 56.6% |
| Net income | 171.1 | 150.5 | 20.5 | 13.6% |

(Accordance with Japanese accounting practice)

| | | | | |
|----------------------------|---------|---------|-------|------|
| Total trading transactions | 9,068.4 | 8,583.4 | 485.1 | 5.7% |
| Gross trading profit ratio | 8.2% | 7.7% | 0.4% | |

| | | | | |
|-----------------|-------|-------|------|-------|
| Adjusted profit | 258.7 | 231.3 | 27.4 | 11.8% |
|-----------------|-------|-------|------|-------|

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

Summary of changes from the same period of the previous fiscal year

- Revenue:** Increase due to expansion of production in crude oil fields owned, Automobile transactions to emerging countries, and turning NIPPON ACCESS, INC. into a consolid. subs.(Note 2)
- Gross trading profit: (Increase fields/bus.)**
Textile /Decr: Leaving of some consolid. subs. and slowdown of apparel market demands. Please refer to "Operating Segment Information"
Mach. /Incr: Automobile transactions to emerging countries
Aero, Elec. & MltiMd /Incr: Increase in domestic mobile phone business
Ener. Met. /Incr: Oil production volume increase (sales volume increase)
Chem., FP & GM /Decr: Demands slowdown for house building materials in North America and Japan
Food /Incr: Turning NIPPON ACCESS, INC. into a consolid. subs. (Note 2)
- Fin. Rlty. Insur.&LS /Unchanged:** Increase of gains from real estate fund transactions offsets impairment/disposal loss on real estate for sale
- SG&A:** Turning NIPPON ACCESS, INC. into a consolid. subs. (Note 2) and expansion of business
- Provision for doubtful receivables:**
Improve through collection of receivables
- Net financial expenses: (i+ii) [+1.5]**
(i) Net interest exp. -2.4 (Interest rates rise) (ii) +3.9 (LNG-related +1.9)
- Gain on disposal inv. & sec.:**
Gain on sales +0.9, Gain on exchange -2.0, Devaluation losses -9.7, Losses for liquidation of businesses and others -2.6
- Loss on property and equipment-net:**
Loss on sales +1.3, Impairment losses and others -0.6
- Other-net:** Improvement in miscellaneous-net
- Equity in earnings of associated companies:**
Orico(Note 1), MISI -1.5, Mazda Canada Inc. -1.1 (Note 3), CIECO E&P(Namibia) Co., Ltd. -1.0(Incr. of prior develop. expenses), kabu.com Securities Co., Ltd. -0.9(Note3), AI Beverage Holding Co., Ltd +0.5

(Note 2) NIPPON ACCESS, INC. was turned into a consolidated subsidiary at the end of 1Q of the prev. FY and consolidation of P/L accounts by consolidation method started from 2Q of the prev. FY. (Note 3) ITOCHU Corporation ceased to pick-up equity P/L of these companies for this 1Q-3Q.

Outlook for FY2008 (Announced on Oct. 30)

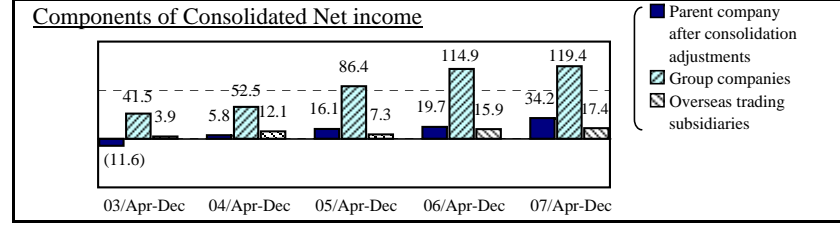
| Outlook for FY2008 (Announced on Oct. 30) | Progress(%) |
|---|-----------------|
| Revenue | 1,010.0 73% |
| Gross trading profit | (725.0) 75% |
| Net income | (i) (35.0) 68% |
| | (ii) 20.0 98% |
| | (iii) 15.0 125% |
| Adjusted profit | (730.0) 72% |
| | 280.0 75% |
| | (131.0) 75% |
| | 149.0 76% |
| | (19.0) 43% |
| | 80.0 82% |
| | 210.0 81% |
| | 12,100.0 75% |
| | 8.3% |
| | 350.0 74% |

Dividend Information (Per Share)

| | |
|------------------|---------|
| Annual (Planned) | 17 yen |
| Interim | 8.5 yen |

| Components of Consolidated Net Income | Apr.-Dec. 2007 | Apr.-Dec. 2006 | Increase (Decrease) |
|--|----------------|----------------|---------------------|
| Parent company after consolidation adjustments | 34.2 | 19.7 | 14.5 |
| Group companies (*) | 119.4 | 114.9 | 4.5 |
| Overseas trading subsidiaries | 17.4 | 15.9 | 1.6 |
| Consolidated net income | 171.1 | 150.5 | 20.5 |

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



| Share of Group Companies Reporting Profits | December 31 2007 | December 31 2006 | Increase (Decrease) |
|--|------------------|------------------|---------------------|
| Share of group co. reporting profits | 78.5% | 80.1% | (1.6%) |
| Number of group co. reporting profits | 497 | 541 | (44) |
| Number of group co. reporting losses | 136 | 134 | 2 |
| Total | 633 | 675 | (42) |

| P/L of Group Companies Reporting Profits / Losses | Apr.-Dec. 2007 | Apr.-Dec. 2006 | Increase (Decrease) |
|---|----------------|----------------|---------------------|
| Group co. reporting profits | (*) 159.3 | 140.9 | 18.4 |
| Group co. reporting losses | (22.4) | (10.1) | (12.4) |
| Total | (*) 136.8 | 130.8 | 6.0 |

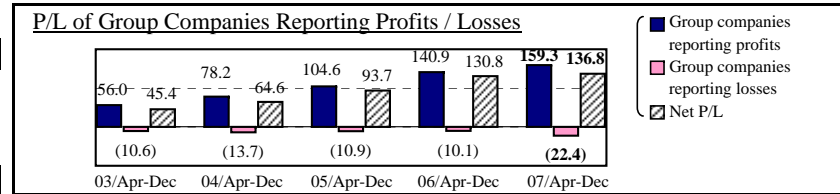
(*) including the tax effect on equity profit and devaluation loss relating to Orico.

| | | | |
|-----------------------------|-----------|-------|--------|
| Group co. reporting profits | (*) 141.5 | 124.4 | 17.2 |
| Group co. reporting losses | (22.1) | (9.4) | (12.7) |
| Total of Group companies | (*) 119.4 | 114.9 | 4.5 |

| (Overseas trading subsidiaries) | Apr.-Dec. 2007 | Apr.-Dec. 2006 | Increase (Decrease) |
|--|----------------|----------------|---------------------|
| Group co. reporting profits | 17.7 | 16.5 | 1.2 |
| Group co. reporting losses | (0.3) | (0.7) | 0.4 |
| Total of Overseas trading subsidiaries | 17.4 | 15.9 | 1.6 |

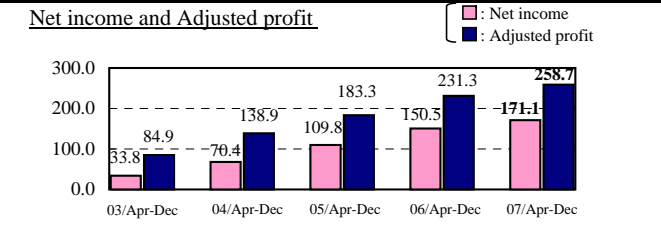
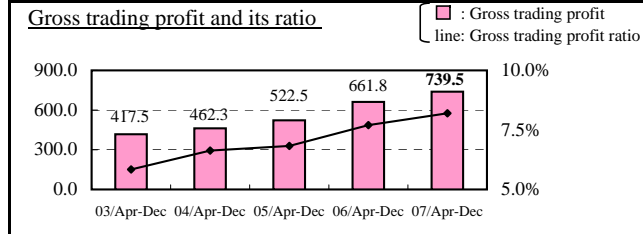
| Group Companies | Apr.-Dec. 2007 | Apr.-Dec. 2006 | Summary of changes from the same period of the previous fiscal year |
|--|----------------|----------------|--|
| ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA) (C) | 22.9 | 22.4 | Increase due to increase in sales volume in spite of fall in coal prices |
| ITOCHU Oil Exploration (Azerbaijan) Inc. (C) | 21.7 | 17.2 | Increase of sales volume accompanied by oil production volume increase |
| Marubeni-Itochu Steel Inc. (MISI) (E) | 12.6 | 14.1 | Decline in U.S. building material business |
| ITOCHU International Inc. (C) | 7.7 | 9.6 | Decrease of profit from group companies including general merchandise related subsidiaries |

| (Major Group Companies Reporting Losses) | Apr.-Dec. 2007 | Apr.-Dec. 2006 | Summary of changes from the same period of the previous fiscal year |
|--|----------------|----------------|--|
| ITOCHU Property Development, Ltd. (C) | (7.9) | (1.2) | Impairment/disposal loss on real estate for sale following the sales policy change for long-term development project. |
| On Demand TV, Inc. (E) | (1.3) | (1.4) | Improve in equity loss due to reduction of voting shares despite increase of SG&A for expansion of number of customers |



| Financial Position | December 31 2007 | March 31 2007 | Increase (Decrease) |
|----------------------------------|------------------|---------------|---------------------|
| Total assets | 5,524.2 | 5,271.5 | 252.6 |
| Interest-bearing debt | 2,105.3 | 2,165.6 | (60.3) |
| Net interest-bearing debt | 1,759.0 | 1,630.9 | 128.1 |
| Stockholders' equity | 1,007.5 | 896.2 | 111.3 |
| Net debt-to-equity ratio (times) | 1.7 | 1.8 | Improved 0.1 |

| Cash Flows | Apr.-Dec. 2007 |
|---------------------------|----------------|
| Operating | 18.1 |
| Investing | (93.6) |
| Financing | (114.7) |
| Cash and cash equivalents | 341.7 |



| Operating Segment Information | Gross trading profit (Note 4) | | | Net income | | |
|--|-------------------------------|----------------|---------------------|----------------|----------------|---------------------|
| | Apr.-Dec. 2007 | Apr.-Dec. 2006 | Increase (Decrease) | Apr.-Dec. 2007 | Apr.-Dec. 2006 | Increase (Decrease) |
| Textile | 84.0 | 90.4 | (6.4) | 11.8 | 11.3 | 0.5 |
| Machinery | 76.6 | 64.8 | 11.8 | 22.3 | 17.2 | 5.1 |
| Aerospace, Electronics & Multimedia | 94.3 | 92.6 | 1.7 | 6.2 | 7.6 | (1.5) |
| Energy, Metals & Minerals | 94.1 | 80.2 | 13.9 | 73.6 | 65.0 | 8.6 |
| Chemicals, Forest Products & General Merchandise | 94.2 | 95.9 | (1.8) | 15.4 | 20.9 | (5.6) |
| Food | 246.8 | 192.9 | 53.9 | 17.8 | 15.5 | 2.4 |
| Finance, Realty, Insurance & Logistics Services | 28.3 | 28.2 | 0.1 | 18.0 | 2.6 | 15.4 |
| Other, Adjustments & Eliminations | 21.2 | 16.9 | 4.3 | 6.0 | 10.4 | (4.4) |
| Total | 739.5 | 661.8 | 77.6 | 171.1 | 150.5 | 20.5 |

[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"
- Increase due to increase of equity in earnings of associated companies in brand marketing investment despite decrease of gross trading profit
 - Incr. of gr. trading profit and dividends received despite absence of the gain on disposal of investments in the same period of the previous fiscal year
 - Decrease due to SG&A increase in domestic mobile phone business despite increase of gain on disposal of investments and marketable securities
 - Incr. of gr. trading profit and dividends received from LNG related investments despite decr. of gain on disposal of investments & equity in earnings of assoc. co.
 - Decrease due to decreased gross trading profit, increased SG&A and impairment of goodwill and trademark rights in tire business in North America
 - Increase due to gain on disposal of investments and increase of equity in earnings of associated companies
 - Increase of equity in earnings of associated companies from finance related companies
 - Decrease due to worsened net interest expenses and decrease of gain on disposal of investments and marketable securities

