

ANNUAL FINANCIAL STATEMENTS

For years ended March 31, 2009 and 2008

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- Unaudited -**Consolidated Financial Results for Fiscal Year 2009 (Year ended March 31, 2009)**

[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

President and Chief Executive Officer: Eizo Kobayashi

General Manager of Corporate Communications Division: Isamu Nakayama TEL: 81 - 3 - 3497 - 7291

The date of Shareholders' Meeting June 24, 2009 (Planned) The date of payout of dividend June 25, 2009 (Planned)

The date of issue of audited financial statements June 24, 2009 (Planned)

1. Consolidated operating results for the fiscal year 2009 (from April 1, 2008 to March 31, 2009)**(1) Consolidated operating results (Summary)**

(%: Changes from the previous fiscal year)

	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	%
Fiscal year 2009	12,582,826	1.6	275,664	4.0	208,258	(25.8)	165,390	(23.9)
Fiscal year 2008	12,387,908	7.2	265,167	0.6	280,531	(5.9)	217,301	23.6

	Net income per share (basic)	Net income per share (diluted)	Ratio of net income to stockholders' equity	Please refer the below (*1)	Please refer the below (*2)
	yen	yen	%	%	%
Fiscal year 2009	104.64	103.94	18.1	4.0	2.2
Fiscal year 2008	137.46	127.71	23.3	5.3	2.1

(*1) Income before income taxes, minority interests and equity in earnings of associated companies / Total assets

(*2) Trading income / Total trading transactions

(2) Consolidated financial position

	Total assets	Stockholders' equity	Ratio of stockholders' equity to total assets	Stockholders' equity per share
	millions of yen	millions of yen	%	yen
March 31, 2009	5,192,092	849,411	16.4	537.43
March 31, 2008	5,274,199	973,545	18.5	615.89

(3) 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
Fiscal year 2009	276,854	(326,033)	258,322	628,820
Fiscal year 2008	65,552	(65,774)	(81,294)	446,311

2. Dividend distribution

(Record date)	Dividend distribution per share					Total Dividend distribution (Annual)	Payout ratio (Consolidated)	Ratio of dividend distribution to stockholders' equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
Fiscal year 2008	yen -	yen 8.50	yen -	yen 9.50	yen 18.00	millions of yen 28,475	% 13.1	% 3.0
Fiscal year 2009	yen -	yen 10.50	yen -	yen 8.00	yen 18.50	29,262	17.7	3.2
Fiscal year 2010 (Planned)		yen 7.5 (Planned)	yen -	yen 7.50 (Planned)	yen 15.00 (Planned)		18.2	

3. Outlook of consolidated operating results for fiscal year 2010 (from April 1, 2009 to March 31, 2010)

(%: Changes from the previous fiscal year)

	Total trading transactions		Trading income (*)		Income before income taxes and equity in earnings of associated companies	Net income attributable to parent company (*3)	Net income attributable to parent company per share (*3)
	millions of yen	%	millions of yen	%	millions of yen	millions of yen	yen
Fiscal year 2010	10,500,000	(16.6)	185,000	(32.9)	175,000 (16.0)	130,000 (21.4)	82.25

(*3) Upon adoption of SFAS No.160 "Noncontrolling Interests in Consolidated Financial Statements -an amendment of ARB No.51" from fiscal year 2010, "Net income" and "Net income per share" up to the fiscal year 2009 will replace to "Net income attributable to parent company" and "Net income attributable to parent company per share" respectively.

(*) "Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful receivables"

4. Other information

(1) Changes of classification of specified subsidiaries(*) accompanied by changes in the consolidation scope during the fiscal year:

N/A

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

(2) Changes of accounting policies or presentation ways in the consolidated financial statements

(a) Changes due to amendment of accounting standards: N/A

(b) Other changes: N/A

(3) Number of common shares issued

(a) Number of common shares outstanding : As of end of FY 2009 1,584,889,504 As of end of FY 2008 1,584,889,504
(including the number of treasury stock)

(b) Number of treasury stock: As of end of FY 2009 4,374,899 As of end of FY2008 4,183,607

(c) Average number of common shares outstanding : For FY2009 1,580,579,472 For FY2008 1,580,878,959

[Note]

1. This document is an English translation of a statement written initially in Japanese. The Japanese original should be considered the primary version.
2. The financial statements contain 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.
3. "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"
4. 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 98.23 yen = 1 U.S. dollar, the exchange rate prevailing on March 31, 2009. 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.
5. As announced dated January 28, 2009 in "Report on the Discovery of Delays in Collections of Receivables under the Tri-Nation Trade Transactions and the Uncovering of a Financial Assistance Scheme Disguised as Sales Transactions", the consolidated financial statements for the previous fiscal years have been restated.

1. Summary of Operations

(1) General Economic Situations

In fiscal 2009, the financial crisis triggered by the U.S. major financial institution made the world economy be in a deep recession since last summer. All over the world, financial institutions drastically changed their lending policy, and demands fell severely especially in housing and automobile markets. In U.S. the gradual recession pace since the end of last year accelerated as a reaction of housing construction boom, and the unemployment rate rose sharply. European countries also faced a severe economic downturn due to decreased automobile export in addition to demand drop in the region. In China, on the contrary, its economy was slightly affected thanks to positive effects of active money supply policy to cope with its drastically declined export. Regarding primary commodities, although the prices rose until last July due to overheated speculation to the markets and high demand to them, the prices rapidly dropped by the end of last December and remained almost flat level onwards.

Japanese economy, which exhibited a declining trend due to reduction in capital investment and sluggish export, has seriously slowed down since the end of 2008 because of rapid reduction of export, and the production shrinkage shows the worst figure among developed countries. Although Nikkei Stock Average indicated sharp decline from September to October last year affected by disorder of the international financial markets, it recovered the price to 8,000 yen level by the end of fiscal 2009. Regarding foreign exchange market, yen was appreciated temporarily up to 87 yen in last December resulting from lowered U.S. interest rates and reassessment of yen as safe asset, but was adjusted to the 95-100 yen level by the end of fiscal 2009 along with the recovery of the composure in international financial markets. In addition, the Bank of Japan lowered the policy interest rate from 0.5% to 0.1% in reaction to the serious recession.

(2) Analysis of Operating Results

i) Operating results for fiscal 2009 (from April 1, 2008 to March 31, 2009)

Revenue for the fiscal 2009 ended March 31, 2009 increased by 19.6% or 559.2 billion yen to 3,419.1 billion yen (34,807 million U.S. dollars) compared with the previous fiscal year, mainly due to rise in prices of metal resources as well as increase resulting from turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary in last October in Energy, Metals & Minerals; and expansion of food distribution business in Food; though there was some decrease in Textile due to market slowdown in textile raw materials, fabrics and apparels, and the effect from leaving of several subsidiaries, despite the contribution of a newly consolidated subsidiary, SANKEI CO., LTD. since last October; in Machinery due to declined automobile sales since last autumn as a result of worldwide sluggish market conditions; and also decrease in Chemicals, Forest Products & General Merchandise due to plunge in chemical market since last autumn and the effect from leaving of a U.S. subsidiary, in addition to negative effect throughout all segments caused by yen's appreciation compared with the previous year.

Total trading transactions in accordance with Japanese accounting practice increased by 1.6% or 194.9 billion yen to 12,582.8 billion yen (128,096 million U.S. dollars) compared with the previous fiscal year, mainly due to increase in Energy, Metals & Minerals for the above mentioned reasons; and higher prices and sales volume increase in feed grains, oilseeds, oil and fats and expansion of food distribution business in Food; in spite of decrease in Textile and Machinery for the above mentioned reasons; and in Chemicals, Forest Products & General Merchandise because of the effect from leaving of several subsidiaries, plunge in chemical market since last autumn, and slowdown in domestic housing market.

Gross trading profit increased by 6.6% or 66.0 billion yen to 1,060.5 billion yen (10,796 million U.S. dollars) compared with the previous fiscal year, due to rise in prices of metal resources and expansion of sales volume of iron ore as well as increase resulting from turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary in Energy, Metals & Minerals; and expansion of food distribution business in Food, though there was some decrease in Textile due to market slowdown in raw materials, fabrics and apparels, and the effect from leaving of several subsidiaries despite the contribution of a newly consolidated subsidiary, SANKEI CO., LTD.; in Machinery due to declined automobile sales as a result of worldwide sluggish market conditions; and also decrease in Chemicals, Forest Products & General Merchandise due to plunge in chemical market since last autumn and the effect from leaving of a U.S. subsidiary.

Selling, general and administrative expenses increased by 6.2% or 44.7 billion yen to 768.1 billion yen (7,820 million U.S. dollars) compared with the previous fiscal year, mainly due to expansion of business and increase in pension cost, as well as increase resulting from turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary and newly joining of SANKEI CO., LTD., despite decrease in Textile and in Chemicals, Forest Products & General Merchandise due to the effect of the leaving of subsidiaries.

Provision for doubtful receivables increased by 10.8 billion yen to 16.7 billion yen (170 million U.S. dollars) compared with the previous fiscal year, mainly due to the provision of 10.8 billion yen for doubtful receivables from Machinery-related customers in Mongolia (refer to "Note 1").

Net interest expenses improved by 8.4% or 2.7 billion yen to 29.5 billion yen (300 million U.S. dollars) compared with the previous fiscal year, because of the reduction of interest payments due to decline in U.S. dollars interest rate, and **Dividends received** increased by 43.3% or

10.6 billion yen to 35.0 billion yen (357 million U.S. dollars) compared with the previous fiscal year, mainly due to increase in dividends from LNG-related investment. Therefore, **Net financial income (expenses)**, or total of Net interest expenses and Dividends received, improved by 13.3 billion yen to income of 5.6 billion yen (57 million U.S. dollars) compared with the previous fiscal year.

Concerning the other profits and losses, compared with the previous fiscal year, **Gain (loss) on disposal of investments and marketable securities, net of write-down** decreased by 39.5 billion yen to a loss of 23.1 billion yen (235 million U.S. dollars), due to the impairment loss accompanied by decline in stock market prices, in addition to decrease in gain on sales of investments and marketable securities. **Gain (loss) on property and equipment-net** worsened by 52.1 billion yen to a loss of 45.4 billion yen (462 million U.S. dollars) mainly due to the loss from withdrawal from U.S. Gulf of Mexico Entrada Oil/Natural Gas Field development project (refer to “Note 2”) and the impairment loss on fixed asset for some subsidiaries in addition to the absence of gain on sales of coal mining interests and building properties recorded in the previous year. **Other-net** worsened by 4.5 billion yen to a loss of 4.5 billion yen (46 million U.S. dollars), due to the loss from withdrawal from Entrada Oil/Natural Gas Field project (refer to “Note 2”) despite some improvement from the absence of impairment loss on goodwill in some subsidiaries recorded in the previous fiscal year in addition to the effect from a newly joined subsidiary.

As a result, **Income before income taxes, minority interests and equity in earnings of associated companies** decreased by 25.8% or 72.3 billion yen to 208.3 billion yen (2,120 million U.S. dollars) compared with the previous fiscal year.

Income taxes decreased by 39.9% or 48.4 billion yen to 72.8 billion yen (741 million U.S. dollars) compared with the previous fiscal year, and **Minority interests** decreased by 7.6% or 0.9 billion yen to a loss of 11.4 billion yen (116 million U.S. dollars).

Equity in earnings of associated companies decreased by 41.2% or 28.9 billion yen to 41.3 billion yen (421 million U.S. dollars) compared with the previous fiscal year due to decrease in the equity in earnings from Orient Corporation (hereafter “Orico”) resulting from the absence of the gain recorded in the previous fiscal year from reverse split of preferred stock less impairment loss of Orico common stocks (with net gain of 26.1 billion yen, refer to “Note 3”) as well as impairment loss (10.8 billion yen) accompanied by remeasurement of the fair value of this business in this fiscal year, and the decrease in the equity in earnings from a steel-product-related associated company; despite the increase in the equity in earnings from a newly joined associated company in Textile and an existing pulp related associated company.

As a result, **Net income** decreased by 23.9% or 51.9 billion yen to 165.4 billion yen (1,684 million U.S. dollars) compared with the previous fiscal year.

<Note 1> Refer to “Report on the Discovery of Delays in Collections of Receivables under the Tri-Nation Trade Transactions and the Uncovering of a Financial Assistance Scheme Disguised as Sales Transactions” announced on January 28, 2009.

<Note 2> Refer to “Gulf of Mexico, Withdrawal from Entrada Oil/Natural Gas Project” announced on March 26, 2009.

<Note 3> In the previous fiscal year, the following gain and loss arising from the investment in Orico was included respectively in “Equity in earnings of associated companies”, “Income taxes”, and “Net income”.

(Unit: billion yen)

Factor	Recognized items in Consolidated Statements of Operations		
	Equity in earnings (losses) of assoc. companies	Income taxes	Net income
Equity in earnings and its tax effect recognized regarding exemption from obligation to redeem preferred stocks, which was brought by the reverse split of the preferred stocks in Orico	52.2	(21.4)	30.8
Impairment loss and its tax effect related to Orico common stocks	(26.2)	10.7	(15.4)
Total	26.1	(10.7)	15.4

ii) Operating results for the three months ended March 31, 2009 (from January 1, 2009 to March 31, 2009)

Revenue for the three months ended March 31, 2009 increased by 24.3% or 173.6 billion yen to 889.2 billion yen (9,052 million U.S. dollars) compared with the same period of the previous fiscal year, mainly due to the contribution of a newly consolidated subsidiary, SANKEI CO., LTD. since last October in Textile; and the increase resulting from turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary also in last October in Energy, Metals & Minerals; though there was some decrease in Machinery due to declined automobile and construction machinery sales as a result of worldwide sluggish market conditions since last autumn; in Chemicals, Forest Products & General Merchandise due to plunge in chemical market in last autumn and remaining almost flat level onwards, and due to the effect from leaving of a U.S. subsidiary; and also decrease in Food due to market price fall in feed grains and fresh foods despite expansion of food distribution business.

Total trading transactions in accordance with Japanese accounting practice decreased by 20.6% or 688.2 billion yen to 2,646.8 billion yen (26,944 million U.S. dollars) compared with the same period of the previous fiscal year, due to decrease in Textile because of the market slowdown in raw materials, fabrics and apparels, and the effect from leaving of several subsidiaries despite the contribution of a newly consolidated subsidiary, SANKEI CO., LTD.; decrease in Machinery and in Chemicals, Forest Products & General Merchandise for the above mentioned reasons, and also decrease in Energy, Metals & Minerals due to energy price fall in spite of increase from turning ITOCHU

ENEX CO., LTD. into a consolidated subsidiary.

Gross trading profit decreased by 7.8% or 19.9 billion yen to 236.0 billion yen (2,402 million U.S. dollars) compared with the same period of the previous fiscal year, due to decrease in Textile due to market slowdown in raw materials, fabrics and apparels, and the effect from leaving of several subsidiaries despite the contribution of a newly consolidated subsidiary, SANKEI CO., LTD.; decrease in Machinery due to declined automobile sales as a result of worldwide sluggish market conditions; and also decrease in Chemicals, Forest Products & General Merchandise due to continuously low prices in chemical market since last autumn, decrease as a result of slowdown in housing market, and the effect from leaving of a U.S. subsidiary, though there was some increase in Energy, Metals & Minerals due to increase from turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary despite decrease due to reduction of entitlement in owned oil fields; and also increase in Food due to expansion of food distribution business.

Selling, general and administrative expenses increased by 9.3% or 16.8 billion yen to 198.0 billion yen (2,015 million U.S. dollars) compared with the same period of the previous fiscal year, mainly due to increase in pension cost in addition to increase resulting from turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary and newly joining of SANKEI CO., LTD. as a consolidated subsidiary.

Provision for doubtful receivables decreased by 20.0% or 1.1 billion yen to 4.2 billion yen (43 million U.S. dollars) compared with the same period of the previous fiscal year.

Net interest expenses improved by 10.3% or 0.8 billion yen to 7.4 billion yen (76 million U.S. dollars) compared with the same period of the previous fiscal year, because of the reduction of interest payments due to decline in U.S. dollars interest rate, and **Dividends received** increased by 59.4% or 2.9 billion yen to 7.9 billion yen (80 million U.S. dollars) compared with the same period of the previous fiscal year, mainly due to increase in dividends from oil and gas related investment. Therefore, Net financial income (expenses), or total of Net interest expenses and Dividends received, improved by 3.8 billion yen to income of 0.5 billion yen (4 million U.S. dollars) compared with the same period of the previous fiscal year.

Concerning **the other profits and losses**, compared with the same period of the previous fiscal year, **Loss on disposal of investments and marketable securities, net of write-down** decreased by 9.1 billion yen to a loss of 9.5 billion yen (96 million U.S. dollars), due to increase in impairment loss accompanied by continuously declining state in stock market prices, in addition to decrease in gain on sales of investments and marketable securities. **Gain(loss) on property and equipment-net** worsened by 17.4 billion yen to a loss of 10.3 billion yen (104 million U.S. dollars) due to the impairment loss on fixed asset in a subsidiary in addition to the absence of gain on sales of coal mining interests and building properties recorded in the same period of the previous fiscal year. **Other-net** improved by 6.9 billion yen to a gain of 5.1 billion yen (51 million U.S. dollars), due to the improvement of exchange gain/loss and miscellaneous profit/loss, and the absence of impairment loss on goodwill in a subsidiary recorded in the same period of the previous fiscal year.

As a result, **Income before income taxes, minority interests and equity in earnings of associated companies** decreased by 72.4% or 51.5 billion yen to 19.6 billion yen (199 million U.S. dollars) compared with the same period of the previous fiscal year.

Income taxes decreased by 89.8% or 21.6 billion yen to 2.5 billion yen (25 million U.S. dollars) compared with the same period of the previous fiscal year, and **Minority interests** increased by 19.3% or 0.8 billion yen to a loss of 5.1 billion yen (51 million U.S. dollars).

Equity in earnings of associated companies decreased by 13.7 billion yen to a loss of 9.4 billion yen (95 million U.S. dollars) compared with the same period of the previous fiscal year due to recognized impairment loss from stocks of associated companies despite increase in the equity in earnings from a pulp-related associated company.

As a result, **Net income** decreased by 94.2% or 44.4 billion yen to 2.7 billion yen (28 million U.S. dollars) compared with the same period of the previous fiscal year.

(3) Analysis of Consolidated Financial Position

Total assets as of March 31, 2009 decreased by 1.6% or 82.1 billion yen to 5,192.1 billion yen (52,856 million U.S. dollars) compared with March 31, 2008. Despite increase in **Net property and equipment** due to newly joining of subsidiaries in Textile, in Machinery, and in Energy, Metals & Minerals; increase in **Investments in and advances to associated companies** resulting from investment in iron ore production and wholesale business; and increase in cash and time deposits (total of **Cash and cash equivalents** and **Time deposits**); **Other investments** decreased due to decline in stock market prices; and **Trade receivables** decreased in Energy, Metals & Minerals due to oil price fall, and in Chemicals, Forest Products & General Merchandise due to continuously low prices in chemical market and a result of slowdown in housing market.

Interest-bearing debt increased by 13.5% or 284.9 billion yen to 2,389.3 billion yen (24,324 million U.S. dollars) compared with March 31, 2008, and **Net interest-bearing debt** (interest-bearing debt after deducting **Cash and cash equivalents, Time deposits**) increased by 6.2% or 102.2 billion yen to 1,756.8 billion yen (17,885 million U.S. dollars) compared with March 31, 2008.

Stockholders' equity decreased by 12.8% or 124.1 billion yen to 849.4 billion yen (8,647 million U.S. dollars) compared with March 31, 2008, in spite of accumulation of **Net income**, due to decrease from dividend payment, significant worsening of Foreign currency translation adjustments through yen's appreciation, worsening of Unrealized holding gains on securities resulting from stock market slowdown, and

worsening of Pension liability adjustments. As a result, **Ratio of stockholders' equity to total assets** dropped by 2.1 points to 16.4% compared with March 31, 2008. **NET DER** (Net Debt-to-Equity Ratio) worsened by 0.4 points to 2.1 times compared with March 31, 2008.

(4) Analysis on Consolidated Cash Flows

Cash flows from operating activities recorded net cash-inflow of 276.9 billion yen (2,818 million U.S. dollars) due to good performances in operating revenue mainly in overseas natural resource-related business and food-related business.

Cash flows from investing activities recorded net cash-outflow of 326.0 billion yen (3,319 million U.S. dollars) mainly due to investment in iron ore production and wholesale business, increased capital expenditure in overseas natural resource development sector (Energy, Metals & Minerals), and investment in a new equity-method associated company in Machinery.

Cash flows from financing activities recorded net cash-inflow (net borrowing) of 258.3 billion yen (2,630 million U.S. dollars) as a result of increased capital demand mainly due to business expansion. Consequently, the balance of Cash and cash equivalents as of March 31, 2009 increased by 182.5 billion yen to 628.8 billion yen (6,402 million U.S. dollars) compared with March 31, 2008.

The trend of consolidated cash flow indices is as follows:

FY	2005	2006	2007	2008	2009
Ratio of stockholders' equity to total assets (%)	11.4%	15.1%	16.9%	18.5%	16.4%
Ratio of market capitalization to total assets (%)	19.1%	33.2%	34.9%	29.5%	14.6%
Years of debt redemption (years)	18.5yrs	12.0yrs	9.2yrs	32.1yrs	8.6yrs
Interest coverage ratio (times)	4.1	4.7	5.6	1.3	5.8

Ratio of stockholders' equity to total assets (%) = Stockholders' equity / Total assets

Ratio of market capitalization to total assets (%) = Market capitalization / Total assets

Years of debt redemption (years) = Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio (times) = Cash flows from operating activities / Interest paid

(5) Risk Information

ITOCHU Group is exposed to various risks such as market risks, credit risks and investment risks, due to the nature of a wide range of their businesses. These risks include unpredictable uncertainties and may have significant effects on their future business and financial performance.

ITOCHU Group has enhanced their risk management policy and risk management methodology to monitor and manage these risks, but it is impossible to completely avoid all these risks.

With respect to descriptions about future events, ITOCHU appropriately has determined its assumptions and estimates based on information currently available as of March 31, 2009.

i) Corporate Result Risks Due to Macroeconomic Factors

ITOCHU Group involves a wide variety of business ranging from supply of raw materials to manufacturing and sale in each of their businesses areas. It conducts diverse types of commercial transactions such as purchase and sale of products in the domestic market, import/export trade between overseas affiliates as well as development of energy, metal resources and mineral resources. To give an overview of Group's main areas of business, trade in machinery such as plants, autos and industrial machinery, trade in mineral resources, energy and chemical products, and investments in development are all largely dependent on economic trends in the world while the domestic economy has a relatively strong influence on the consumer and retail-related segments such as textiles and food. However, economic trends in the world have been more and more influential even on these consumer and retail-related segments as economic globalization proceeds. Furthermore, in North America, China, and Asia, which ITOCHU regards as priority areas, the Group has conducted business and trade in many business areas. Consequently, economic trends in the said regions have a possibility to seriously affect the operations of the Group.

Amid the still uncertain future about world-wide economic recessions triggered by the U.S. sub-prime loan issues, the Group will continue to conduct a careful business management paying sufficient attentions to changes in macroeconomics and business environment. However, the world economic trends in the future may lead to changes in exchange rates, interest rates, commodity prices, and stock prices; bankruptcy or worsened credit standing of customers; surfaced country risks; deteriorated pension plan assets; or restricted financing activities, which can seriously affect the financial position and results of operations of the Group.

ii) Market Risk

ITOCHU Group is exposed to market risks such as foreign exchange rate risks, interest rate risks, commodity price risks and stock price risks. The Group attempts to minimize risks related to market fluctuations such as changes in foreign exchange rates and interest rates by establishing risk management policy such as setting and controlling limits and by utilizing a variety of derivative instruments for hedging purposes.

a) Foreign Exchange Rate Risk

ITOCHU Group is exposed to foreign exchange rate risk related to transactions in foreign currencies due to their significant involvement in import/export trading. ITOCHU is working to manage the Group's foreign currency balance based on independently specified criteria such as contract amount, debt and liabilities, and short/long-term, as well as setting limits on foreign exchange rate risk. ITOCHU is also working to minimize foreign exchange rate risk using derivative transactions such as forward exchange contracts and currency swap contracts. However, ITOCHU cannot guarantee a complete avoidance of such foreign exchange rate risk by utilizing these hedging techniques.

Since ITOCHU is engaged in businesses involving foreign currencies with a number of overseas trading subsidiaries and other overseas group companies, the figures in Japanese yen on its consolidated balance sheets are also exposed to the risk of stockholders' equity fluctuation through the accounting for foreign currency translation adjustments resulting from translation gains or losses. This translation risk has no impact on the performance of the business itself conducted in foreign currencies. In addition, a long period is generally needed to recover the cost of investments. Accordingly, ITOCHU does not hedge the translation risk, as the effectiveness provided by hedging is considered to be limited.

b) Interest Rate Risk

ITOCHU Group is exposed to interest rate risk in both raising and using money for financing, investing, and operating activities. Among the interest insensitive assets such as invested marketable securities or fixed assets, the part acquired using floating interest loans is considered to be the interest mismatch amount exposed to interest rate risk. ITOCHU is working to quantify the interest rate risk to control the fluctuation of gains and losses due to interest rate change properly.

To be specific, using the management method Earnings at Risk (EaR), ITOCHU has set a certain limit (Loss Cut Limit) as the highest acceptable interest expense and has executed hedging transactions primarily in the form of interest rate swaps to minimize interest rate risk.

However, ITOCHU still cannot guarantee a complete avoidance of interest rate risk, even having adopted these management methods.

c) Commodity Price Risk

As a trading company handling a diverse array of commodities, ITOCHU Group is exposed to commodity price risk due to such factors as market fluctuations. The Group has established a fundamental risk management policy on an individual Division Company basis, assessing purchase contracts, inventories, and sales contracts, etc. and sets and manages a balance limit and loss cut limit for each individual product with conducting periodic reviews.

In addition, ITOCHU Group works to minimize commodity price risk by utilizing derivatives such as futures or forward contracts as means of hedging. Despite these measures, ITOCHU Group cannot guarantee a complete avoidance of commodity price risk.

ITOCHU Group also participates in resource development businesses such as the energy, metals and minerals sector and other manufacturing businesses. Production in these businesses is also exposed to the same commodity price risk noted above, and it is possible for the value of the businesses to deteriorate.

If this were to occur, it could seriously affect the financial position and results of operations of ITOCHU Group.

d) Stock Price Risk

ITOCHU Group holds available-for-sale securities which are vulnerable to price fluctuation. There is a risk that stockholders' equity may change in our consolidated financial statements along with the price fluctuations of these investments, and assuming that the fair value of these available-for-sale marketable securities decreased, the necessity of recognizing holding loss on securities may arise, and it could seriously affect the financial position and results of operations of ITOCHU Group.

iii) Credit Risks

ITOCHU Group conducts a vast array of commercial transactions with its trading partners, both domestically and overseas. ITOCHU therefore bears credit risk from the uncollectible trading receivables, loans, or credits for guaranty held by the Group due to the deteriorating credit status or insolvency of ITOCHU's partners, from assuming a responsibility to fulfill the contracts as an involved party is unable to continue its business and fulfill its obligations under the contracts.

In ITOCHU, the credit department, which is independent of the business departments, manages credit risk on both quantitative and qualitative bases. Each proposal submitted by a business division undergoes careful screening by the credit department, which then sets an appropriate credit limit upon the completion of review. Specific expiration dates are set for credit limits. These limits and the status of trade receivables are monitored on a periodic basis along with periodic reviews of the status of debt collections and delinquencies. The necessary reserves are determined and booked on this basis. With all these measures, however, the occurrence of credit risks cannot be completely avoided, and such occurrences could seriously affect the financial position and results of operations of ITOCHU Group.

iv) Country Risk

ITOCHU Group has trading relationships with many foreign countries. These include handling foreign goods and investments in foreign trading partners. ITOCHU Group therefore is exposed to country risk resulting from regulations imposed by foreign governments, political instability, or restrictions on the transfers of funds. In response to the country risk, in addition to taking appropriate countermeasures for each transaction, with the aim of avoiding a concentration of exposure, ITOCHU Group is endeavoring to manage risk by setting total limit guidelines and limits for each country and setting credit policies appropriate to each country.

ITOCHU Group does, however, have debts in countries and regions where there is a relatively high probability of country risk emerging, and those in which business activities are implemented through loans, investment and guarantees for monetary indebtedness. When those debts and business activities face events caused by political, economic, or social instability, ITOCHU Group cannot entirely deny the possibility that those events may have a significant impact on the debt collection and sustainability of ITOCHU Group's business activities in such countries and regions. Such occurrences could have a serious, adverse effect on the financial position and results of operations of ITOCHU Group.

v) Investment Risk

Investing in a variety of businesses is one of the major business activities of ITOCHU Group. In managing the Group's portfolio of investments strategically, ITOCHU Group faces serious decisions regarding the initiation of new investments that will produce profit commensurate with the attendant risk, or the withdrawal from investments that do not produce profits consistent with attendant risks.

However, in ITOCHU Group's engagement in investing activities, there may arise such cases that the Group is unable to achieve the Group's forecasted results from the invested businesses due to deteriorating management environment for the businesses in which the Group have invested or the deteriorating corporate results and financial standing of ITOCHU's partners, ITOCHU Group is unable to withdraw from a business or restructure the business under a timeframe or method that the Group desires due to the difference of business policy from the partners' or low liquidity of investments etc., the likelihood of investment recovery is lowered due to poor corporate results of investees, or stock prices is expected to drop below a specified level for a considerable period of time. In such cases, serious adverse influences on the future corporate results and financial standing of ITOCHU Group are possible including the necessities that the whole or partial investment is recognized as loss, and that the infusion of additional funds is required.

Besides, in fiscal 2009, the impairment loss is recognized from Entrada Oil/Natural Gas Field development project in the Gulf of Mexico, U.S. For further information, please refer to "Regarding the Loss relating to US Gulf of Mexico, Entrada Oil/Natural Gas Project" announced on February 2, 2009, and "Gulf of Mexico, Withdrawal from Entrada Oil/Natural Gas Project" announced on March 26, 2009.

vi) Risks Due to Impairment Loss on Fixed Assets

ITOCHU Group is exposed to impairment loss risks on fixed assets held, such as real estate, aircraft, and ships. ITOCHU does not foresee at present any necessity for booking additional impairment losses.

However, ITOCHU Group might be required to recognize impairment losses should the economic value of fixed assets deteriorate due to decreased demand or deterioration in market conditions for each of the assets. Such an occurrence could seriously affect the financial position and results of operations of ITOCHU Group.

vii) Risks Due to Fund Raising

ITOCHU Group uses ALM (Asset Liability Management) to ensure the necessary funding for its businesses and to ensure liquidity through debt from domestic and international financial institutions, as well as the issuance of commercial papers and debentures. However, should ITOCHU's credit worthiness in the capital market deteriorate due to a significant lowering of the Company's credit rating, or should there be an upheaval in the financial systems in major financial markets, the Group could experience an inability to raise funds from financial institutions or investors when necessary or under desirable conditions and could consequently experience an increase in funding costs. This could exert a serious, adverse influence on the financial position and results of operations of ITOCHU Group.

viii) Risks Due to Pension Cost and Projected Benefit Obligations

The benefit expenses and benefit obligations of ITOCHU are calculated based on actuarial calculations that utilize a variety of assumptions such as the discount rate for benefit obligations and the expected rate of return on pension assets. However, should it become necessary to change the assumptions on which the actuarial calculations are based or should pension assets be affected by deterioration in the stock market, it is possible that pension cost and projected benefit obligations could increase and that additional contributions to pension assets might be necessary. The financial position and results of operations of ITOCHU Group could be seriously affected by such occurrences.

ix) Risks Due to Deferred Taxes

Deferred tax assets are an important factor in ITOCHU's consolidated balance sheets. Therefore, accounting judgment on evaluation of deferred tax assets has a substantial impact on ITOCHU's consolidated financial statements.

Considering the necessity of an allowance for deferred tax assets, ITOCHU Group reports the realizable amount of deferred tax assets, taking into consideration future taxable income and feasible tax planning strategies.

The management of ITOCHU Group believes these estimations of realizable amount of deferred tax assets are rational. However, allowance for deferred taxes may increase or decrease depending on changes in estimated taxable income during the tax planning period, changes in the tax system including changes in tax rates, and changes in tax planning strategies. In that case it could

seriously affect the financial position and results of operations of ITOCHU Group.

x) Risks Due to Competition

Due to ITOCHU Group's involvement in many different industries and the fact that the Group handles a vast array of products and services, the Group is open to competition from many different companies, both domestic and foreign, including competition from other general trading companies. ITOCHU Group cannot deny the existence of other companies with superior experience, technology, and funding capacity, that are in a position to provide products and services that meet customer needs. Moreover, the possibility of ever-greater competition from companies in newly developing countries like China exists in addition to ongoing competition from companies in European and North American industrialized countries due to the economic globalization. ITOCHU Group could also find its competitiveness unsustainable due to future events such as deregulation, changes in the business environment such as entering into other industries, and technological innovation. The advent of such risks could cause a corresponding loss in competitiveness for ITOCHU Group, giving major adverse impact on the financial position and results of operations of ITOCHU Group.

xi) Risks Associated with Significant Lawsuits

There is no significant, currently pending lawsuit, arbitration, or other legal proceeding that may materially affect the financial position or results of the operations of ITOCHU Group.

However, there shall be no assurance that domestic or overseas business activities of ITOCHU Group may not become subject to any of such lawsuits, arbitrations or other legal proceedings.

xii) Risks Associated with Compliance

a) Risks Related to Laws and Regulations

ITOCHU Group is subject to a number of diverse laws and regulations both domestically and overseas due to the vast array of products and services the Group provides.

To be specific, ITOCHU Group is required to adhere to laws and regulations such as the laws for each industry, all laws pertaining to trade such as foreign exchange control laws, antitrust laws, intellectual property laws, waste disposal laws and the laws of each country in which ITOCHU Group conducts business overseas. ITOCHU Group is aware that the observance of laws and regulations is a serious obligation on the part of the Company and the Group has committed every effort into the observance of these laws and regulations by reinforcing the compliance system. With all these measures, however, there is a possibility of the situation where, including personal misconduct by employees, risks associated with compliance or suffering social disgrace cannot be removed.

Also, ITOCHU cannot deny that unexpected, additional enactment or change in laws and regulations by legislative, judicial, and regulatory bodies are a possibility both domestically and overseas, and there are possibilities of major change in laws and regulations by political/economical changes. This could exert a serious, adverse influence on the financial position and results of operations of ITOCHU Group.

Besides, in the fiscal year ended March 31, 2009, a part of receivables under the tri-nation trade transactions of heavy machinery and equipment for Mongolia was delayed in collections, and the result of the investigation of these transactions revealed that some of the tri-nation trade transactions were in fact financial assistance scheme disguised as sales transactions without involving actual delivery of the products. Therefore, the disguised transactions were reversed and corrected as financial transactions (loan transactions). Associated with this correction, the reversal transactions have been conducted for the items retroactively to be restated to the previous financial statements. To prevent the recurrence of these cases, ITOCHU has implemented measures 1) to strengthen each transaction control, 2) to implement personnel reassignment periodically and strictly, and 3) to educate all employees to be thoroughly aware of compliance.

b) Risks Related to the Environment

ITOCHU Group has designated global environmental issues as one of the most important elements of its management policy. The Group is actively working on environmental issues designated by ITOCHU's environmental policy to deal with the risk of infringement of laws and regulations pertaining to the environment by each business, the destruction of the natural environment by natural resource development, real estate development, and goods and services. Despite these efforts, ITOCHU Group cannot guarantee that the Group's business activities will not affect the world environment, and ITOCHU cannot completely avoid the possibility that the opposition of environmental protection groups will impede the business growth. Should such events occur, the

ITOCHU Group could suffer the loss of public trust and could suffer serious adverse effects on the financial position and results of operations of ITOCHU Group.

xiii) Risks Associated with Information Systems and Information Security

In ITOCHU Group, a code of conduct concerning the handling of information is enforced on all directors and employees and high priority is placed on maintaining a high information security level. ITOCHU Group has established information systems to facilitate the sharing of information and to improve the efficiency of operations. In order to maintain a secure operation of its information systems, ITOCHU Group has established security guidelines and has developed crisis control measures.

Despite these measures, ITOCHU Group cannot completely avoid the possibility of unauthorized access from the outside, the leakage of sensitive company information due to computer viruses, or operational failure of the system due to damage to information system equipment arising from natural disasters or accidents or from trouble with telecommunications circuitry. If such events occur, this could cause a deterioration of operational efficiency, and depending on the seriousness of the damage, could result in a serious adverse effect on the financial position and results of operations of ITOCHU Group.

xiv) Natural Disaster Risk

Natural disasters such as earthquake may adversely affect the operations of ITOCHU Group. ITOCHU has implemented measures such as developing Business Continuity Plan (BCP) under large-scale disasters, introducing the safety confirmation system, creating a disaster manual, reinforcing earthquake resistance, and conducting emergency drill. Also, various measures have been implemented individually in each Group company. However, since ITOCHU Group operates business activities in a vast range of regions, damage from disasters cannot be completely avoided. Therefore, damage inflicted from natural disaster could seriously affect the financial position and results of operations of ITOCHU Group.

2. Performance of Group Companies

Components of Consolidated Net Income

【For the fiscal year 2009】

(Unit: billion yen)	2009	2008	Increase (Decrease)
Parent company	64.4	77.1	(12.7)
Group companies excluding overseas trading subsidiaries (*)	139.7	160.9	(21.2)
Overseas trading subsidiaries	20.3	23.1	(2.8)
Subtotal	224.4	261.0	(36.6)
Consolidation adjustments	(59.0)	(43.7)	(15.3)
Consolidated net income	165.4	217.3	(51.9)
Earnings from overseas businesses (*)(**)	111.6	111.2	0.4
Share of earnings from overseas businesses	67%	51%	

【For the three months ended March 31, 2009】

(Unit: billion yen)	2009 Jan-March	2008 Jan-March	Increase (Decrease)
Parent company	19.4	10.1	9.3
Group companies excluding overseas trading subsidiaries (*)	6.7	41.5	(34.8)
Overseas trading subsidiaries	1.9	5.7	(3.8)
Subtotal	28.0	57.2	(29.3)
Consolidation adjustments	(25.3)	(10.2)	(15.1)
Consolidated net income	2.7	47.1	(44.4)
Earnings from overseas businesses (*)(**)	11.5	33.4	(21.9)
Share of earnings from overseas businesses	423%	71%	

(*) includes the tax effect relating to the loss relating to the Entrada Oil/Natural Gas project, and equity in investment in Orient Corporation.

(**) "Earnings from overseas businesses" is the total of net income of overseas trading subsidiaries and overseas group companies, plus net income of overseas branches of parent company and domestic group companies substantially operating in overseas.

Number of Group Companies

	March 31, 2009			March 31, 2008			Increase	Decrease	Changes within Group	Net changes	
	Domestic	Overseas	Total	Domestic	Overseas	Total					
Subsidiaries	220	249	469	191	223	414	+ 86	(36)	+ 7	(2)	+ 55
Equity-method associated companies	111	112	223	94	118	212	+ 44	(28)	(7)	+ 2	+ 11
Total	331	361	692	285	341	626	+ 130	(64)			+ 66

Number of Direct Controlled Companies

	March 31, 2009			March 31, 2008			Increase	Decrease	Changes within Group	Net changes	
	Domestic	Overseas	Total	Domestic	Overseas	Total					
Subsidiaries	106	148	254	111	141	252	+ 15	(18)	+ 6	(1)	+ 2
Equity-method associated companies	69	86	155	69	93	162	+ 16	(18)	(6)	+ 1	(7)
Total	175	234	409	180	234	414	+ 31	(36)			(5)

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

Profits/Losses of Group Companies Reporting Profits/Losses

	(Unit: billion yen)								
	2009			2008			Increase (Decrease)		
	Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Group companies excluding overseas trading subsidiaries (*)	198.1	(58.3)	139.7	197.0	(36.1)	160.9	1.1	(22.2)	(21.2)
Overseas trading subsidiaries	20.8	(0.5)	20.3	23.6	(0.5)	23.1	(2.8)	0.0	(2.8)
Total	218.9	(58.8)	160.1	220.6	(36.6)	184.0	(1.7)	(22.2)	(23.9)

Number/Share of Group Companies Reporting Profits

		2009			2008			Increase (Decrease)		
		Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Subsidiaries	Domestic	190	30	220	155	36	191	35	(6)	29
	Overseas	192	57	249	181	42	223	11	15	26
	Total	382	87	469	336	78	414	46	9	55
	Share (%)	81.4%	18.6%	100.0%	81.2%	18.8%	100.0%	0.3%	(0.3%)	
Equity-method associated companies	Domestic	84	27	111	71	23	94	13	4	17
	Overseas	81	31	112	88	30	118	(7)	1	(6)
	Total	165	58	223	159	53	212	6	5	11
	Share (%)	74.0%	26.0%	100.0%	75.0%	25.0%	100.0%	(1.0%)	1.0%	
Total	Domestic	274	57	331	226	59	285	48	(2)	46
	Overseas	273	88	361	269	72	341	4	16	20
	Total	547	145	692	495	131	626	52	14	66
	Share (%)	79.0%	21.0%	100.0%	79.1%	20.9%	100.0%	(0.0%)	0.0%	

Profits/Losses of Group Companies Reporting Profits/Losses

		(Unit: billion yen)								
		2009			2008			Increase (Decrease)		
		Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Subsidiaries	Domestic	40.6	(10.1)	30.4	42.5	(11.8)	30.6	(1.9)	1.7	(0.2)
	Overseas (***)	121.0	(*) (35.6)	85.4	104.5	(8.0)	96.5	16.5	(27.6)	(11.2)
	Total	161.5	(45.8)	115.8	147.0	(19.8)	127.2	14.6	(26.0)	(11.4)
Equity-method associated companies	Domestic	37.6	(8.9)	28.8	(*) 57.9	(13.1)	44.8	(20.2)	4.2	(16.0)
	Overseas	19.7	(4.2)	15.5	15.7	(3.7)	12.0	4.0	(0.5)	3.5
	Total	57.3	(13.0)	44.3	73.6	(16.8)	56.8	(16.3)	3.8	(12.5)
Total	Domestic	78.2	(19.0)	59.2	100.3	(24.9)	75.5	(22.1)	5.9	(16.2)
	Overseas	140.7	(39.8)	100.8	120.2	(11.7)	108.5	20.4	(28.1)	(7.7)
	Total	218.9	(58.8)	160.1	220.6	(36.6)	184.0	(1.7)	(22.2)	(23.9)

(***)Results of "Overseas trading subsidiaries" which are included in the above "Overseas" are as follows:

	2009			2008			Increase (Decrease)		
	Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Overseas trading subsidiaries	20.8	(0.5)	20.3	23.6	(0.5)	23.1	(2.8)	0.0	(2.8)

Major New Group Companies

Business Field	Name	Country	Voting Shares	Categories
Textile	DESCENTE,LTD.	Japan	(20.0%)	Manufacture and sale of sportswear and related products
Textile	SANKEI COMPANY LIMITED	Japan	(90.5%)	Sale of garment accessories
Textile	SHANSHAN GROUP COMPANY LIMITED	China	(28.0%)	Holding company of the companies trading in textiles and electronic parts
Machinery	TYR CHESAPEAKE, LLC	U.S.A.	(100.0%)	Project of Independent Power Producer
Machinery	YANASE&CO.,LTD.	Japan	(22.0%)	Sale and maintenance services of motor vehicles and car parts
Machinery	Ecosystem Japan Co.,Ltd.	Japan	(67.3%)	Solar photovoltaic system integrator
Aerospace, Electronics & Multimedia	NTT Plala Inc.	Japan	(20.1%)	Provider of Internet connection services and multi-media network services
Energy	JB BioEnergy, Inc.	Japan	(100.0%)	Investment in bio-ethanol project in Brazil
Energy	Brazil Japan Iron Ore Corporation	Japan	(47.7%)	Investment in projects of iron ore
Food	ITO EN ITOCHU Mineral Waters Co.	Japan	(35.0%)	Import/sale of mineral water and plan/implement structure of marketing and sale
Other	Japan Medical Dynamic Marketing, INC.	Japan	(30.0%)	Import/sale of medical equipment
Other	GOODMAN CO., LTD.	Japan	(36.8%)	Import/sale of medical equipment

Performance of Group Companies

Years ended March 31, 2009 and 2008

Major Group Companies

(Unit: billion yen)

	Name	Shares	Method of Consolidation	ITOCHU's share of Net income (*1)				Categories
				2009		2008		
				4Q		4Q		
Textile	JOIX CORPORATION	100.0%	Consolidation	0.4	0.4	0.8	0.9	Manufacture, retail and sale of men's apparel
	SANKEI COMPANY LIMITED	90.5%	Consolidation	(0.2)	0.1	-	-	Sale of garment accessories
	Prominent Apparel Ltd. (*3) (Hong Kong)	100.0%	Consolidation	0.2	0.6	0.2	0.6	Production control and wholesale of textile and apparel
	ITOCHU TEXTILE (CHINA) CO., Ltd. (*4) (China)	100.0%	Consolidation	0.3	1.0	0.3	0.9	Production control and wholesale of textile materials, fabrics and apparel
Machinery	ITOCHU Sanki Corporation	100.0%	Consolidation	0.3	0.4	0.1	0.4	Import/Export and domestic sale of industrial machinery
	ITOCHU CONSTRUCTION MACHINERY CO., LTD.	100.0%	Consolidation	0.0	0.4	0.1	0.8	Sale and rental of construction machinery
	MCL Group Limited (*5) (U.K.)	100.0%	Consolidation	(2.1)	(2.5)	(2.6)	(2.6)	Warehousing, retail and financing of motor vehicles
	ITOCHU Automobile America Inc. (U.S.A.)	100.0%	Consolidation	(1.2)	(1.6)	(0.4)	0.6	Retail, distribution, and trade of motor vehicles
	Century Leasing System, Inc.	28.8%	Equity	(*2)	(*2)	0.2	1.5	Diversified leasing business
Aerospace, Electronics & Multimedia	ITOCHU Techno-Solutions Corporation	52.6%	Consolidation	(*2)	(*2)	4.8	8.1	System consultation, integration, administration, maintenance, support, training and outsourcing
	Excite Japan Co., Ltd.	59.0%	Consolidation	(*2)	(*2)	(0.4)	(1.1)	Internet directory service, information searching and providing service
	ITC NETWORKS CORPORATION	60.7%	Consolidation	(*2)	(*2)	0.4	1.7	Sale of mobile phone units, mobile phones related solution business
	NANO Media Inc.	51.3%	Consolidation	(*2)	(*2)	0.0	(0.2)	Content publishing, mobile site operation and application development
	SPACE SHOWER NETWORKS INC.	50.8%	Consolidation	(*2)	(*2)	0.0	0.2	Music channel on cable/satellite television
	JAMCO Corporation	33.3%	Equity	(*2)	(*2)	(0.2)	0.2	Maintenance of aircraft and manufacture of aircraft interior
	SUNCALL CORPORATION	25.6%	Equity	(*2)	(*2)	0.1	0.4	Manufacturing and sale of optical communication devices, electronic devices and assembly
Energy, Metals & Minerals	ITOCHU Metals Corporation	100.0%	Consolidation	0.1	1.4	0.3	1.4	Import/Export and wholesale of non-ferrous/light metals and recycle business mainly in metal products
	ITOCHU Petroleum Japan Ltd.	100.0%	Consolidation	(0.7)	5.0	1.2	3.6	International trade of crude oil and petroleum products, charter and operation of oil tankers, sale of bunker fuel oil, operation of oil storage facilities
	ITOCHU ENEX CO., LTD. (*6)	52.3%	Consolidation	(*2)	(*2)	0.7	1.7	Wholesale of petroleum products and high-pressure gas
	ITOCHU Minerals & Energy of Australia Pty Ltd (*7) (Australia)	100.0%	Consolidation	6.6	71.2	15.7	38.5	Investment in projects of iron ore, coal and bauxite mining, manufacture of alumina and oil exploration
	ITOCHU Oil Exploration (Azerbaijan) Inc. (Cayman)	100.0%	Consolidation	5.5	26.1	11.7	33.4	Exploration and production of crude oil and gas
	Marubeni-Itochu Steel Inc.	50.0%	Equity	0.9	14.8	4.3	16.9	Import/Export and wholesale of steel products
Chemicals, Forest Products & General Merchandise	ITOCHU Kenzai Corp.	86.9%	Consolidation	(0.8)	(1.0)	0.0	0.3	Wholesale of wood products and building materials
	ITOCHU Pulp & Paper Corp.	100.0%	Consolidation	(0.2)	0.1	(0.1)	0.6	Wholesale of paper, paperboards and various paper materials
	ITOCHU CHEMICAL FRONTIER Corporation	98.0%	Consolidation	0.2	1.1	0.5	1.8	Wholesale of fine chemicals and related raw materials
	ITOCHU PLASTICS INC.	100.0%	Consolidation	0.2	1.6	0.6	3.1	Wholesale of plastics and related products
	DAIKEN CORPORATION	20.5%	Equity	(*2)	(*2)	(0.1)	(0.1)	Manufacture and sale of building materials
	TAKIRON Co., Ltd.	27.0%	Equity	(*2)	(*2)	0.0	0.0	Manufacture, processing and sale of plastic products
	C.I. KASEI Co., Ltd.	36.1%	Equity	(*2)	(*2)	(0.1)	0.1	Manufacture and sale of plastic products
Food	ITOCHU SHOKUHIN Co., Ltd.	50.8%	Consolidation	(*2)	(*2)	(0.2)	1.3	Wholesale of foods and liquor
	NIPPON ACCESS, INC.	69.8%	Consolidation	(*2)	(*2)	0.6	2.6	Wholesale and distribution of foods
	Yoshinoya Holdings Co., Ltd.	21.0%	Equity	(1.3)	(1.5)	(0.3)	0.1	Wide-ranging operation of food service business
	Japan Foods Co., Ltd.	34.8%	Equity	0.0	0.0	(0.1)	0.1	Production on consignment and sale of soft drinks
	Fuji Oil Co., Ltd.	25.7%	Equity	(*2)	(*2)	(1.1)	(0.4)	Integrated manufacturer of cooking oil and soybean protein
	FamilyMart Co., Ltd.	31.0%	Equity	0.5	5.3	0.5	4.9	Operation of a convenience store chain
Finance, Realty, Insurance & Logistics Services	ITOCHU Finance Corporation	99.1%	Consolidation	(1.0)	0.6	(7.4)	(7.0)	Loan and other finance-related business
	CENTURY 21 REAL ESTATE OF JAPAN LTD.	59.2%	Consolidation	0.0	0.2	0.1	0.4	Headquarters of real estate franchise system
	FX PRIME Corporation	55.0%	Consolidation	(*2)	(*2)	0.2	0.7	Foreign exchange margin trade
	Orient Corporation	32.2%	Equity	(*2)	(*2)	1.9	19.3	Consumer credit
	i-LOGISTICS CORP.	49.7%	Equity	(*2)	(*2)	0.1	0.7	Comprehensive logistics services
	eGuarantee, Inc.	31.7%	Equity	(*2)	(*2)	0.0	0.0	B to B credit guarantee service
Other	Century Medical, Inc.	100.0%	Consolidation	0.2	0.5	0.1	0.2	Import and wholesale of medical equipment and materials
Overseas trading subsidiaries	ITOCHU International Inc. (*8) (U.S.A.)	100.0%	Consolidation	0.7	8.6	2.5	10.2	U.S. trading subsidiary
	ITOCHU Europe PLC. (*5) (U.K.)	100.0%	Consolidation	0.5	0.3	0.2	1.2	Europe trading subsidiary
	ITOCHU Hong Kong Ltd. (*3) (Hong Kong)	100.0%	Consolidation	0.5	2.3	0.6	2.5	Hong Kong trading subsidiary
	ITOCHU (China) Holding Co., Ltd. (*4) (China)	100.0%	Consolidation	0.0	2.8	0.3	2.8	China trading subsidiary
	ITOCHU Australia Ltd. (*7) (Australia)	100.0%	Consolidation	0.3	3.0	0.8	1.9	Australia trading subsidiary

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

(*2) Please refer to the results announced by each corresponding company, as their announcement dates are on and after ITOCHU's announcement date of Fiscal Year 2009.

(*3) The net income of ITOCHU Hong Kong Ltd. includes 40.0% of that of Prominent Apparel Ltd. and 30.0% of that of ITOCHU Finance (Asia) LTD.

(*4) The net income of ITOCHU (China) Holding Co., Ltd. includes 40.0% of that of ITOCHU TEXTILE (CHINA) CO., Ltd.

(*5) The net income of ITOCHU Europe PLC. includes 8.6% of that of MCL Group Limited.

(*6) ITOCHU ENEX CO., LTD. has turned into a consolidated subsidiary from October 1, 2008.

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

(*8) The net income of ITOCHU International Inc. includes 80.0% of that of PrimeSource Building Products, Inc. and 40.0% of that of Galleher Corporation.

Performance of Group Companies

[For the fiscal year 2009 and 2008]

Major Group Companies Reporting Profits

(Unit: billion yen)

Name	Segment (*9)	Shares	ITOCHU's share of Net income (*1)			Comments	
			2009	2008	Increase (Decrease)		
[Domestic subsidiaries]							
ITOCHU Petroleum Japan Ltd.	Ene	100.0%	5.0	3.6	1.4	Increase due to good performance in trade of crude oil/fuel oil	
CIECO North Sea Ltd.	Ene	80.0%	2.8	0.3	2.5	Increase due to higher annual-average-base crude oil prices and revision of U.K. tax regulation (extension of periods for recognizing decommission cost as taxable expense)	
ITOCHU PLASTICS INC.	Che	100.0%	1.6	3.1	(1.4)	Decrease due to demand reduction in plastics demands, in addition to poor demand for materials for electric equipment	
ITOCHU Metals Corporation	Ene	100.0%	1.4	1.4	(0.1)	Decrease due to less demand in non-ferrous metals for automobiles, home electronics, and building materials	
ITOCHU CHEMICAL FRONTIER Corporation	Che	98.0%	1.1	1.8	(0.7)	Decrease due to impairment loss on investments and marketable securities, demand reduction in raw materials (polymer and acrylic), and market price fall in chemicals	
ITOCHU Finance Corporation	Fin	99.1%	0.6	(7.0)	7.6	Increase due to gain on sales of investment securities and absence of impairment on investment in associated company recognized in the previous fiscal year	
[Overseas subsidiaries]							
ITOCHU Minerals & Energy of Australia Pty Ltd	(*7) (Australia)	Ene	100.0%	71.2	38.5	32.7	Significant increase due to higher price in coal and iron ore as well as increased sales volume in iron ore
ITOCHU Oil Exploration (Azerbaijan) Inc.	(Cayman)	Ene	100.0%	26.1	33.4	(7.3)	Decrease due to an effect of entitlement reduction even with higher annual-average-base crude oil price
ITOCHU International Inc.	(*8) (U.S.A.)	Ove	100.0%	8.6	10.2	(1.6)	Decrease due to less profit in machinery business and decline in uranium market price despite increased housing material business and upturn in equipment material business
PrimeSource Building Products, Inc.	(*8) (U.S.A.)	Che	100.0%	8.3	6.4	1.9	Increase due to reduction of SG&A expenses and increased efficiency through integration of distribution center
ITOCHU Australia Ltd.	(*7) (Australia)	Ove	100.0%	3.0	1.9	1.2	Increase due to profit from ITOCHU Minerals & Energy of Australia Pty Ltd
ITOCHU (China) Holding Co., Ltd.	(*4) (China)	Ove	100.0%	2.8	2.8	0.0	Almost the same level due to good business in chemicals (engineering plastic) offset by bad debt loss
ITOCHU Hong Kong Ltd.	(*3) (Hong Kong)	Ove	100.0%	2.3	2.5	(0.2)	Decrease due to decreased chemical trade caused by decline in market prices despite profit increase from finance-related business
CIECO Energy (UK) Limited	(U.K.)	Ene	100.0%	2.2	1.7	0.5	Increase due to higher annual-average-base crude oil price despite decreased production volume
ITOCHU Finance (Asia) LTD.	(*3) (Hong Kong)	Fin	100.0%	1.4	0.2	1.3	Increase due to increased dividends received resulting from gain on disposal of fund investment in China bloc
ITOCHU Petroleum Co., (Hong Kong) Ltd.	(Hong Kong)	Ene	100.0%	1.3	0.6	0.7	Profit improved due to implementation of uranium trade under advantageous contract conditions
ITOCHU Singapore Pte, Ltd.	(Singapore)	Ove	100.0%	1.0	1.6	(0.6)	Decrease in cement trade
[Domestic equity-method associated companies]							
Marubeni-Itochu Steel Inc.		Ene	50.0%	14.8	16.9	(2.1)	Decrease due to impairment loss on investments and marketable securities despite the almost the same level of trading profit
FamilyMart Co., Ltd.		Fod	31.0%	5.3	4.9	0.4	Increase due to increased number of customers by introduction of "taspo" cards and good sales in ready-to-eat food
Japan Brazil Paper and Pulp Resources Development Co., Ltd		Che	25.9%	4.9	1.7	3.1	Increase due to reduction of production cost in Brazil resulting from Brazil Real's depreciation
AI Beverage Holding Co., Ltd.		Fod	20.0%	1.7	1.7	(0.0)	Almost the same level as the previous fiscal year due to good performance in tea drink sales offset by the effect of yen's appreciation
[Overseas equity-method associated companies]							
P.T. HEXINDO ADIPERKASA	(Indonesia)	Mac	22.5%	0.7	0.2	0.6	Increase due to good performance in sales of large construction machinery

Major Group Companies Reporting Losses

(Unit: billion yen)

Name	Segment (*9)	Shares	ITOCHU's share of Net income (*1)			Comments	
			2009	2008	Increase (Decrease)		
[Domestic subsidiaries]							
I.C.S. Co., Ltd.	Che	95.0%	(2.6)	(0.8)	(1.8)	Worsened by recognized loss due to temporary or eternal store-closing, and business assignment of a number of stores	
ITOCHU Kenzai Corp.	Che	86.9%	(1.0)	0.3	(1.3)	Decrease due to worsened business of manufacturing subsidiary resulting from poor domestic housing market, loss on fixed assets, and loss from sales of investment securities	
[Overseas subsidiaries]							
CIECO Energy (US) Limited	(U.S.A.)	Ene	100.0%	(22.4)	(1.4)	(21.1)	Significantly worsened due to loss from withdrawal of Entrada Oil/Natural Gas Project
C.I. FINANCE (CAYMAN) LTD.	(Cayman)	Fin	100.0%	(3.0)	(0.0)	(3.0)	Worsened by low performance of fund asset management
MCL Group Limited	(*5) (U.K.)	Mac	100.0%	(2.5)	(2.6)	0.1	Deficit improved due to the absence of impairment loss of goodwill recognized in the previous fiscal year even with poor U.K. automobile market and recognized impairment loss on fixed assets
ITOCHU Automobile America Inc.	(U.S.A.)	Mac	100.0%	(1.6)	0.6	(2.2)	Worsened by poorer U.S. automobile market and impairment loss of goodwill
Galleher Corporation	(*8) (U.S.A.)	Che	100.0%	(1.1)	(0.1)	(1.0)	Worsened by decreased sales due to sluggish U.S. housing market and recognized impairment loss of intangible fixed assets
ITOCHU Financial Services, Inc.	(U.S.A.)	Fin	100.0%	(1.0)	0.1	(1.1)	Worsened by low performance of fund asset management
ITOCHU Finance (Europe) PLC.	(U.K.)	Fin	100.0%	(0.9)	(0.1)	(0.7)	Worsened by low performance of fund asset management
[Domestic equity-method associated companies]							
Yoshinoya Holdings Co., Ltd.		Fod	21.0%	(1.5)	0.1	(1.6)	Impairment loss from remeasurement of the fair value of the business

(*9) Tex : Textile, Mac : Machinery, Aer : Aerospace, Electronics & Multimedia, Ene : Energy, Metals & Minerals, Che : Chemicals, Forest Products & General Merchandise, Fod : Food,

Fin : Finance, Realty, Insurance & Logistics Services, Ove : Overseas trading subsidiaries

(Note) Please refer to the below of P.13 for detail of (*1)-(*8)

Performance of Group Companies

[For the three months ended March 31, 2009 and 2008]

Major Group Companies Reporting Profits

(Unit: billion yen)

Name	Segment (*9)	Shares	ITOCHU's share of Net income (*1)			Comments	
			2009 Jan-Mar	2008 Jan-Mar	Increase (Decrease)		
[Domestic subsidiaries]							
ITOCHU Petroleum Japan Ltd.	Ene	100.0%	(0.7)	1.2	(1.9)	Decrease due to decreased revaluation gain and loss due to price fall in crude oil	
CIECO North Sea Ltd.	Ene	80.0%	2.1	0.1	2.0	Increase due to revision of U.K. tax regulation (extension of periods for recognizing decommission cost as taxable expense)	
ITOCHU PLASTICS INC.	Che	100.0%	0.2	0.6	(0.4)	Decrease due to poor demand for materials for electric equipment and demand reduction in plastics	
ITOCHU Metals Corporation	Ene	100.0%	0.1	0.3	(0.2)	Decrease due to less demand in non-ferrous metals for automobiles, home electronics, and building materials	
ITOCHU CHEMICAL FRONTIER Corporation	Che	98.0%	0.2	0.5	(0.3)	Decrease due to demand reduction in raw materials (polymer and acrylic) and market price fall in chemicals	
ITOCHU Finance Corporation	Fin	99.1%	(1.0)	(7.4)	6.4	Increase due to the absence of impairment on investment in associated company recognized in the same period of the previous fiscal year	
[Overseas subsidiaries]							
ITOCHU Minerals & Energy of Australia Pty Ltd	(*7) (Australia)	Ene	100.0%	6.6	15.7	(9.1)	Decrease due to the absence of the gain on sale of coal mining interests in the same period of the previous fiscal year
ITOCHU Oil Exploration (Azerbaijan) Inc.	(Cayman)	Ene	100.0%	5.5	11.7	(6.3)	Decrease due to reduction of entitlement
ITOCHU International Inc.	(*8) (U.S.A.)	Ove	100.0%	0.7	2.5	(1.9)	Decrease due to less profit in machinery business and housing material business
PrimeSource Building Products, Inc.	(*8) (U.S.A.)	Che	100.0%	1.8	2.4	(0.6)	Worsened profit due to sluggish U.S. housing market
ITOCHU Australia Ltd.	(*7) (Australia)	Ove	100.0%	0.3	0.8	(0.5)	Decrease due to the less profit from ITOCHU Minerals & Energy of Australia Pty Ltd
ITOCHU (China) Holding Co., Ltd.	(*4) (China)	Ove	100.0%	0.0	0.3	(0.3)	Decrease due to bad debts loss
ITOCHU Hong Kong Ltd.	(*3) (Hong Kong)	Ove	100.0%	0.5	0.6	(0.1)	Decrease due to decreased chemical trade caused by decline in market prices
CIECO Energy (UK) Limited	(U.K.)	Ene	100.0%	(0.7)	0.8	(1.4)	Decrease due to decreased production volume and price fall in crude oil
ITOCHU Finance (Asia) LTD.	(*3) (Hong Kong)	Fin	100.0%	0.1	0.0	0.0	Almost the same level as the same period of the previous fiscal year
ITOCHU Petroleum Co., (Hong Kong) Ltd.	(Hong Kong)	Ene	100.0%	2.7	(1.0)	3.6	Profit improved due to implementation of uranium trade under advantageous contract conditions
ITOCHU Singapore Pte, Ltd.	(Singapore)	Ove	100.0%	0.0	0.5	(0.5)	Decrease in cement and chemical trade
[Domestic equity-method associated companies]							
Marubeni-Itochu Steel Inc.		Ene	50.0%	0.9	4.3	(3.4)	Decrease mainly due to further demand shrink in the U.S.
FamilyMart Co., Ltd.		Fod	31.0%	0.5	0.5	(0.0)	Almost the same level due to additional record of impairment loss on investments and marketable securities despite increased number of customers by introduction of "taspo" cards and good sales in ready-to-eat food
Japan Brazil Paper and Pulp Resources Development Co., Ltd		Che	25.9%	1.5	0.9	0.6	Increase due to reduction of production cost in Brazil resulting from Brazil Real's depreciation
AI Beverage Holding Co., Ltd.		Fod	20.0%	(0.1)	0.1	(0.2)	Decrease due to the effect of yen's appreciation
[Overseas equity-method associated companies]							
P.T. HEXINDO ADIPERKASA	(Indonesia)	Mac	22.5%	0.3	0.0	0.2	Increase due to good performance in sales of large construction machinery

Major Group Companies Reporting Losses

(Unit: billion yen)

Name	Segment (*9)	Shares	ITOCHU's share of Net income (*1)			Comments	
			2009 Jan-Mar	2008 Jan-Mar	Increase (Decrease)		
[Domestic subsidiaries]							
I.C.S. Co., Ltd.	Che	95.0%	(0.3)	(0.2)	(0.0)	Decreased trading profit and recognized impairment loss on fixed assets	
ITOCHU Kenzai Corp.	Che	86.9%	(0.8)	0.0	(0.8)	Decrease due to worsened business of manufacturing subsidiary resulting from poor domestic housing market, loss on fixed assets, and loss from sales of investment securities	
[Overseas subsidiaries]							
CIECO Energy (US) Limited	(U.S.A.)	Ene	100.0%	(1.0)	(0.3)	(0.6)	Worsened by impairment loss on fixed assets related to the other mining right owned
C.I. FINANCE (CAYMAN) LTD.	(Cayman)	Fin	100.0%	-	(1.0)	1.0	Due to leaving from subsidiaries in this quarter
MCL Group Limited	(*5) (U.K.)	Mac	100.0%	(2.1)	(2.6)	0.5	Deficit improved due to the absence of impairment loss of goodwill recognized in the same period of the previous fiscal year even with poor U.K. automobile market and recognized impairment loss on fixed assets
ITOCHU Automobile America Inc.	(U.S.A.)	Mac	100.0%	(1.2)	(0.4)	(0.7)	Worsened by poorer U.S. automobile market and impairment loss of goodwill
Galleher Corporation	(*8) (U.S.A.)	Che	100.0%	(0.9)	0.0	(0.9)	Worsened by decreased sales due to poorer U.S. housing market and by recognized impairment loss of intangible fixed assets
ITOCHU Financial Services, Inc.	(U.S.A.)	Fin	100.0%	(0.3)	(0.1)	(0.2)	Worsened by low performance of fund asset management
ITOCHU Finance (Europe) PLC.	(U.K.)	Fin	100.0%	(0.1)	0.0	(0.1)	Worsened by low performance of fund asset management
[Domestic equity-method associated companies]							
Yoshinoya Holdings Co., Ltd.		Fod	21.0%	(1.3)	(0.3)	(1.0)	Impairment loss from remeasurement of the fair value of the business despite the absence of the impairment loss of goodwill recognized in the same period of the previous fiscal year

(*9) Tex : Textile, Mac : Machinery, Aer : Aerospace, Electronics & Multimedia, Ene : Energy, Metals & Minerals, Che : Chemicals, Forest Products & General Merchandise, Fod : Food,

Fin : Finance, Realty, Insurance & Logistics Services, Ove : Overseas trading subsidiaries

(Note) Please refer to the below of P.13 for detail of (*1)-(*8)

3. Management Policy

Enhancing Corporate Value on the World Stage

In the two-year mid-term management plan, "Frontier+ 2008" since the fiscal year commencing in April 2007, ITOCHU has worked based on its basic policy of aiming to become "a Global Enterprise, highly attractive to all stakeholders" while striving to be more aggressive, with the following three points of view: "Global perspective", "Create new", and "Enhance human resources". The followings show apparent results in the fiscal year ended March 31, 2009 as the last year of "Frontier+ 2008."

Consumer and Retail related area: in Textile, ITOCHU invested in a major corporate group in East China, ShanShan Group Co., Ltd. Based on the partnership which has been enforced since the past, ITOCHU will plan to create and expand new businesses not only in textile but in various areas of Chinese market where long-term stable growth is expected. Within Japan, ITOCHU purchased additional shares of DESCENTE, LTD. to make it an equity-method associated company, aiming at promoting partnership in alliance and expansion in overseas businesses and introducing new brands. Furthermore, ITOCHU acquired a leading company in dealing with garment accessories, SANKEI CO., LTD. as a subsidiary. In Food, ITOCHU partially carried out an investment in TING HSIN (CAYMAN ISLANDS) HOLDING CORP., which is a holding company of the Ting Hsin group, a major food distribution group in China and Taiwan. Through this, ITOCHU is going to introduce to Chinese market our expertise to manage business and improve quality adopting such as advanced food safety control and traceability system well developed in Japan, and differentiate Ting Hsin to improve its corporate value as well as expand overseas business in a wide range of fields in food targeting food distribution market in China and Taiwan. Furthermore, ITOCHU signed up for a memorandum of understanding for a comprehensive strategic partnership with China's largest food related company, COFCO Limited. In Daily commodities and building materials area, ITOCHU, together with Daiken Corporation, established a new company, DAIKEN NEW ZEALAND LIMITED in New Zealand and acquired a Medium Density Fiberboard (MDF) plant in order to reinforce the MDF business as the prevalence rate of MDF is expected to be growing in consideration of environmental care.

Natural Resource Development: ITOCHU invested in Nacional Minerios S.A. a producer/distributor of iron ore and a 100% subsidiary of a major steel producer in Brazil, Companhia Siderurgica Nacional ("CSN") with the amount equivalent of 16% shares of the Nacional Minerios S.A. from CSN. This investment was done jointly with POSCO, the largest steel company in Korea, via. Brazil Japan Iron Ore Corporation which ITOCHU jointly established with major five steel companies in Japan. ITOCHU will work on getting engaged in this iron ore trading for POSCO and steel companies in Japan and building long-term partnership with CSN as a member of Korea-Japan enterprise coalition. In Energy area, ITOCHU, along with JAPAN ENERGY CORPORATION, Osaka Gas Co., Ltd., Nissho Petroleum Gas Corp., and ITOCHU ENEX CO., LTD., has made a basic agreement for restructuring and integration of LPG business and decided on establishment of JAPAN GAS ENERGY CORPORATION on April 1, 2009. Thus, ITOCHU will jointly streamline and increase the efficiency of the whole LPG business from overseas procurement to retail sales and make efforts to build an LPG business group capable of supplying the products stably and efficiently in order to deal with high import prices of LPG and stagnated demand growth due to tough competition with other energy sources.

Other areas: in Media, ITOCHU took up the allocation of new shares to a third party of NTT Plala Inc. which provides a broadcasting service, "Hikari TV", and turned it into an equity-method associated company, with a view to strengthening TV broadcasting business using fiber optic lines by assisting from various areas for them to grow further. In Machinery, ITOCHU took up the allocation of new shares to a third party of Yanase & Co., Ltd. so as to strengthen ties with them and expand business further. In Chemicals and Logistics services, ITOCHU decided on turning C.I. KASEI Co., Ltd. and i-LOGISTICS CORP. into subsidiaries by TOB, and put that into practice in April, 2009, in order to make these companies reinforce the business operations, accelerate the growth, and conduct efficient resource loading as core subsidiaries in each area. Also, in Finance, FX Prime Corporation, a subsidiary dealing with FX guarantee deposits, was listed on JASDAQ. The company will continuously work on providing useful investment information and stable trading environment.

As part of the prioritized area for new business development, "L-I-N-E-s" (See Note), ITOCHU invested in Japan Medical Dynamic Marketing Inc. (a manufacturer/distributor of medical equipment in orthopedics) and Goodman Co., Ltd. (a manufacturer/distributor of medical equipment in cardiovascular internal medicine), and entered into an agreement of comprehensive alliance with ITOCHU's subsidiary, Century Medical, Inc. ITOCHU also took a stake in Agroindustrial Santa Juliana, Brazil, which is owned by the Bunge Group and established a new joint venture, Rimene Empreedimentos e Participacoes S.A., to participate in production and sales business of bioethanol in Brazil. Furthermore, ITOCHU invested in solar photovoltaic system integrators in various countries including Scatec Solar in Norway, Enolia Solar Systems SA in Greece, and Greenvision Ambiente Photo-Solar in Italy. After that, ITOCHU has decided on investing in Ecosystem Japan Ltd. And Solar Net, U.S., aiming to establish optimal and strong sales networks and efficient distribution system among three major solar photovoltaic markets, i.e. Japan, U.S., and Europe.

For human resources strategy with global perspective, ITOCHU has promoted to employ national staff in overseas offices as headquarters' staff, as well as to give such staff a position of directors or managers of overseas offices in order to "seek, foster and utilize the talents of personnel worldwide". Furthermore, ITOCHU has started to develop a world-wide management resource cultivation program targeted at not only employees of the headquarters of the parent company but also employees of overseas offices.

<Note> "L-I-N-E-s" refers to the following four business areas plus "s" for synergy meaning cross-sectional business engagement: Life care (medical services and health related businesses), Infrastructure (functional infrastructure of IT, LT, and FT, and social infrastructure related businesses), New Technologies & Materials (bio- and nano-technologies), and Environment & New Energy (bioethanol and photovoltaic generation).

Starting a New Mid-term Management Plan "Frontier^e 2010"

ITOCHU launched a new two-year mid-term management plan, "Frontier^e 2010 - Aspiring to be a Global Enterprise and Creating the Future with the fiscal year commencing in April 2009 as its first year.

In "Frontier^e 2010", ITOCHU is going to expand the earning base to enable stable growth while controlling the balance sheet to strengthen our financial standing and to recover financial ratios. Considering radical changes in world economy, ITOCHU adopts a basic strategy to review our base business grounds, and continue to challenge and change, aiming to steadily proceed for becoming "a highly attractive global enterprise". To achieve this, ITOCHU sets up the following four important ways.

First, "Expansion of revenue base by well-selected investments and restructuring of assets".

ITOCHU focuses on engagement in L-I-N-E-s, which will be a pillar of revenue source in the future, especially in "Life Care" and "Environment & New Energy" areas. In Environment & New Energy, ITOCHU has decided to prioritize "solar photovoltaic generation", "rechargeable batteries", and "aqua-related business", and above all, in order to reinforce solar power business, Solar Business Department has been newly set up as an operational organization in the headquarters. Also, ITOCHU continues to enhance overseas revenue bases, which will lead to sustainable growth in the future, as one of the most important operational measures, and promotes to develop projects and pursues revenue from non-natural resource areas, especially daily consumer goods related area. In the fiscal year ended March 31, 2010, new investments of around 200 billion yen are planned to be carried out, while asset reshuffle is steadily conducted through withdrawal of non-profitable businesses whose reasons to hold are no longer meaningful, therefore, the net investment amount is planned ranging 100 billion yen to 150 billion yen.

Second, "Strengthen financial standing and refine risk management". ITOCHU maintains financial discipline and improves main financial ratios. Specifically, ITOCHU aims to recover net DER to be less than twice again by the end of March 2010. For fund demand, ITOCHU facilitates utilization of overseas group finance to do global finance controlling so as to steadily deal with the current strict financial conditions.

Third, "Evolution of management systems". ITOCHU continuously promotes CSR, reinforces the corporate governance, as well as develops and implements effective internal control. "ITOCHU DNA Project", which was started in the year ended March 31, 2007 for business efficiency and building internal control and was in planning stage, is entering its implementation phase and is actively promoted as the whole enterprise project.

Fourth, "Roll out global human resource strategy in full-scale". ITOCHU focuses on global human resource strategy to work on "securing talent" in various parts of the world and "fostering and creating the talent of the Group management", and conducts specific measures in line with the basic policy of global human resource strategy, "total optimum of the whole Group with global perspectives".

With all mentioned above, ITOCHU enhances corporate value to reward its stakeholders and proceed step-by-step toward a truly attractive global enterprise.

Delays in collections of receivables under the tri-nation trade transactions and a financial assistance scheme disguised as sales transactions

In the fiscal year ended March 31, 2009, a part of receivables under the tri-nation trade transactions of heavy machinery and equipment for Mongolia was delayed in collections, and the result of the investigation of these transactions revealed that some of the tri-nation trade transactions were in fact financial assistance scheme disguised as sales transactions without involving actual delivery of the products. Therefore, the disguised transactions were reversed and corrected as financial transactions (loan transactions). Associated with this correction, the reversal transactions have been conducted for the items retroactively to be restated to the previous financial statements. To prevent the recurrence of these cases, ITOCHU has implemented measures 1) to strengthen each transaction control, 2) to implement personnel reassignment periodically and strictly, and 3) to educate all employees to be thoroughly aware of compliance.

Dividend policy

ITOCHU maintains and reinforces its competitive power as well as increases stockholders' equity by retaining earnings to promote growth strategies. ITOCHU's basic policy regarding dividend payments is a consistent and stable distribution of returns to the stockholders considering its business performance. Through "Frontier^e 2010", ITOCHU increases dividend amount gradually and aims to improve consolidated dividend payout ratio, while improving parent company's stockholders' equity.

Outlook for Fiscal Year 2010

Viewing the business environment of the fiscal 2010, Japanese economy is considered to partially recover from the plunge in the last half of the previous fiscal year due to implementation of the large stimulative economic measures, but a complete recovery is not yet expected to be achieved.

Regarding overseas economies, U.S. economy is expected to continue to be in serious conditions as a result of further dropping of capital investment due to worsened corporate profits though some effect may appear from the economic policies. Economy in Europe is also expected not to enter the recovery phase since drastic governmental financial actions cannot be expected due to increased fiscal deficit in addition to continuous decrease in private demand exists. On the other hand, Chinese economy is expected to turn up resulting from domestic demand expansion since the effect of stimulative economic measures from both sides of fiscal policy and monetary policy points of view is already in sight. The prospect of this worldwide recession triggered by the U.S. subprime loan problem is still uncertain, and we consider that a careful attention is necessary to the trend of the world economy in general. Under these circumstances, ITOCHU expects consolidated total trading transaction of 10.5 trillion yen for the fiscal year ending March 2010, with a consolidated net income of 130 billion yen. For your attention, these forecasts are forward looking statements that are based on the management's assumptions and beliefs based on information currently available and involve risks and uncertainties.

Thus, the actual results could be substantially different from the above statement due to such factors including, but not limited to, global economic and market conditions, and currency exchange rate fluctuations.

(Unit: Billion yen)			(Unit: Billion yen)		
Consolidated	Forecast FY2010	FY2009	Consolidated	Forecast FY2010	FY2009
Total trading transactions	10,500.0	12,582.8	Total assets	5,500.0	5,192.1
Gross trading profit	975.0	1,060.5	Gross interest-bearing debt	2,400.0	2,389.3
Selling, general and administrative expenses	(785.0)	(768.1)	Net interest-bearing debt	1,900.0	1,756.8
Provision for doubtful receivables	(5.0)	(16.7)	Total equity	1,150.0	1,037.4
Net interest expenses	(35.0)	(29.5)	Total stockholders' equity	950.0	849.4
Dividends received	25.0	35.0			
Other-net	0.0	(73.0)		<u>Forecast</u>	<u>FY2009</u>
Income before income taxes, minority interests and equity in earnings of associated companies	175.0	208.3	Foreign exchange rate (Yen/US\$)	90.00	100.54
Income taxes	(85.0)	(72.8)	Crude oil (Brent) (US\$/BBL)	53.00	98.00
Income before minority interests and equity in earnings of associated companies	90.0	135.5	(Jan-Dec forecast) (Jan-Dec result)		
Equity in earnings of associated companies	56.0	41.3	Iron ore, fine (US\$/ton)	(Note 2)	90.00
Net income	146.0	176.8	Iron ore, lump (US\$/ton)	(Note 2)	129.00
(less) Net income attributable to the noncontrolling interest	(16.0)	(11.4)	Coking coal (US\$/ton)	128.00	300.00
Net income attributable to parent company	130.0	165.4	Thermal coal (US\$/ton)	70.00	125.00

(Note 1) Presentation of Financial Statements will be changed in accordance with Statement of Financial Accounting Standards No.160 "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" from FY 2010. "Net income attributable to parent company" in the above chart is the same meaning of "Net income" up to FY2009.

(Note 2) Delivery price of iron ore produced by joint ventures in which an Australian subsidiary participates is not renewed under the present conditions.

Distribution of the current fiscal year's profit

ITOCHU plans to decrease by 2.5 yen to 18.5 yen dividend payment per share for the fiscal year ended March 31, 2009 (Interim 10.5 yen dividend was already paid) compared with the former announcement. The 18.5 yen dividend payment per share is increased by 0.5 yen compared with the previous fiscal year. For the fiscal year ending March 31, 2010, ITOCHU intends to make a 15 yen dividend payment per share at the moment (7.5 yen for the interim, 7.5 yen for the year-end).

Major Group Companies' Forecasts of Fiscal Year 2010

ITOCHU's major group companies' forecasts of fiscal year 2010 are as follows.

【Major Group Companies' (unlisted companies) forecasts of fiscal year 2010】

(Unit: billion yen)

	Name	Shares	ITOCHU's share of Net income [Forecasts]	ITOCHU's share of Net income [FY 2009] (Note 2)
Textile	JOIX CORPORATION	100.0%	0.6	0.4
	SANKEI COMPANY LIMITED	90.5%	2.1	0.1
	Prominent Apparel Ltd. (Hong Kong)	100.0%	0.6	0.6
	ITOCHU TEXTILE (CHINA) CO., Ltd. (China)	100.0%	0.9	1.0
Machinery	ITOCHU CONSTRUCTION MACHINERY CO., LTD.	100.0%	0.5	0.4
	MCL Group Limited (U.K.)	100.0%	(0.6)	(2.5)
	ITOCHU Automobile America Inc. (U.S.A.)	100.0%	(0.2)	(1.6)
ICT, Aerospace & Electronics (Note 4)	ITOCHU Sanki Corporation	100.0%	0.3	0.4
Energy, Metals & Minerals	ITOCHU Metals Corporation	100.0%	0.7	1.4
	ITOCHU Petroleum Japan Ltd.	100.0%	2.7	5.0
	ITOCHU Minerals & Energy of Australia Pty Ltd (Australia)	100.0%	30.2	71.2
	ITOCHU Oil Exploration (Azerbaijan) Inc. (Cayman)	100.0%	2.1	26.1
	Marubeni-Itochu Steel Inc.	50.0%	(Note 3)	14.8
Chemicals, Forest Products & General Merchandise	ITOCHU Kenzai Corp.	86.9%	0.1	(1.0)
	ITOCHU Pulp & Paper Corp.	100.0%	0.5	0.1
	ITOCHU CHEMICAL FRONTIER Corporation	98.0%	1.5	1.1
	ITOCHU PLASTICS INC.	100.0%	2.1	1.6
Finance, Realty, Insurance & Logistics Services	ITOCHU Finance Corporation	99.1%	0.1	0.6
Other	Century Medical, Inc.	100.0%	0.5	0.5
Overseas	ITOCHU International Inc. (U.S.A.)	100.0%	6.4	8.6
	ITOCHU Europe PLC. (U.K.)	100.0%	0.5	0.3
	ITOCHU Hong Kong Ltd. (Hong Kong)	100.0%	1.9	2.3
	ITOCHU (China) Holding Co., Ltd. (China)	100.0%	3.6	2.8
	ITOCHU Australia Ltd. (Australia)	100.0%	1.2	3.0

【Major Group Companies' (listed companies) forecasts of fiscal 2010】

(Unit: billion yen)

	Name	Date of Forecasts Announcement	Companies' Forecasts	Shares	ITOCHU's share of Net income [Forecasts] (Note 1)	ITOCHU's share of Net income [FY 2009] (Note 2)
Machinery	Century Tokyo Leasing Corporation (Note 5)	May.8	(Note 3)	28.8%	(Note 3)	(Note 2)
ICT, Aerospace & Electronics (Note 4)	ITOCHU Techno-Solutions Corporation	May.13	(Note 3)	52.6%	(Note 3)	(Note 2)
	Excite Japan Co., Ltd.	May.8	(Note 3)	59.0%	(Note 3)	(Note 2)
	ITC NETWORKS CORPORATION	May.1	(Note 3)	60.7%	(Note 3)	(Note 2)
	NANO Media Inc.	Apr.30	(Note 3)	51.3%	(Note 3)	(Note 2)
	SPACE SHOWER NETWORKS INC.	Apr.30	(Note 3)	50.8%	(Note 3)	(Note 2)
	JAMCO Corporation	May.8	(Note 3)	33.3%	(Note 3)	(Note 2)
Energy, Metals & Minerals	SUNCALL CORPORATION	May.12	(Note 3)	25.6%	(Note 3)	(Note 2)
	ITOCHU ENEX CO., LTD.	Apr.30	(Note 3)	52.3%	(Note 3)	(Note 2)
Chemicals, Forest Products & General Merchandise	DAIKEN CORPORATION	May.11	(Note 3)	20.5%	(Note 3)	(Note 2)
	TAKIRON Co., Ltd.	May.13	(Note 3)	27.0%	(Note 3)	(Note 2)
	C.I. KASEI Co., Ltd.	May.15	(Note 3)	36.1%	(Note 3)	(Note 2)
Food	ITOCHU SHOKUHIN Co., Ltd.	May.11	(Note 3)	50.8%	(Note 6)	(Note 2)
	Yoshinoya Holdings Co., Ltd.	Apr.14	0.3	21.0%	0.1	(1.5)
	Japan Foods Co., Ltd.	Apr.28	0.5	34.8%	0.2	0.0
	Fuji Oil Co., Ltd.	May.8	(Note 3)	25.7%	(Note 3)	(Note 2)
	FamilyMart Co., Ltd.	Apr.9	18.8	31.0%	5.8	5.3
	Prima Meat Packers, Ltd.	May.15	(Note 3)	39.8%	(Note 3)	(Note 2)
Finance, Realty, Insurance & Logistics Services	CENTURY 21 REAL ESTATE OF JAPAN LTD.	Apr.24	0.5	59.2%	0.3	0.2
	FX PRIME Corporation (Note 7)	May.15	(Note 3)	55.0%	(Note 3)	(Note 2)
	Orient Corporation	May.11	(Note 3)	32.2%	(Note 8)	(Note 2)
	i-LOGISTICS CORP.	Apr.30	(Note 3)	49.7%	(Note 3)	(Note 2)
	eGuarantee, Inc.	May.14	(Note 3)	31.7%	(Note 3)	(Note 2)

(Note 1) ITOCHU's share of Net income [Forecasts] for Major Group Companies'(listed companies) described above excludes U.S. GAAP adjustments.

(Note 2) ITOCHU's share of Net income [FY 2009] is the figures after adjusting to U.S. GAAP.

(Note 3) Please refer to the forecasts to be announced by each company, or the updated information to be uploaded to ITOCHU website.

(Note 4) On April 1, 2009, "Aerospace, Electronics & Multimedia" was renamed to "ICT, Aerospace & Electronics".

(Note 5) On April 1, 2009, Century Leasing System, Inc. and Tokyo Leasing Co., Ltd merged to form Century Tokyo Leasing Corporation.

(Note 6) The fiscal year of ITOCHU SHOKUHIN Co., Ltd. ends in September, which is different from that of ITOCHU. As ITOCHU's accounting policy, the total of second half of the previous fiscal year and the first half of the current fiscal year for ITOCHU SHOKUHIN Co., Ltd. is recognized in the consolidated financial statements. Therefore, since the figure obtained by multiplying the company's announced annual estimated income by its share does not show the corresponding ITOCHU's estimated income for this fiscal year, ITOCHU refrains from describing the figure.

(Note 7) FX PRIME Corporation has been listed on JASDAQ market since September 18, 2008.

(Note 8) ITOCHU has adopted U.S. GAAP, which prescribes a substantial number of different accounting treatments from Japanese GAAP with regard to financial transactions for consumer credit companies. Therefore, for Orient Corporation, ITOCHU has declined to announce the figures in the above table since a discrepancy may occur between the estimation announced by the said company and that of ITOCHU, which is calculated by multiplying the figures after U.S. GAAP adjustments by the share.

4. Consolidated Financial Statements

-Unaudited-

Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

(1) Consolidated Statements of Operations -Annual [Condensed]

ITOCHU Corporation and Subsidiaries

Years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. dollars
	2009	2008	2009
Revenue:			
Sales revenue.....	¥ 2,821,553	¥ 2,233,523	\$ 28,724
Trading margins and commissions on trading transactions.....	597,508	¥ 626,330	6,083
Total trading transactions :			
2009: 12,582,826 million yen (128,096 million U.S.dollars)			
2008: 12,387,908 million yen			
Total revenue.....	3,419,061	2,859,853	34,807
Cost of sales.....	(2,358,540)	(1,865,306)	(24,011)
Gross trading profit	1,060,521	994,547	10,796
Selling, general and administrative expenses.....	(768,115)	(723,403)	(7,820)
Provision for doubtful receivables.....	(16,742)	(5,977)	(170)
Interest income.....	16,253	17,829	165
Interest expense.....	(45,710)	(49,985)	(465)
Dividends received.....	35,039	24,447	357
Gain (loss) on disposal of investments and marketable securities, net of write-down.....	(23,066)	16,384	(235)
Gain (loss) on property and equipment-net.....	(45,407)	6,675	(462)
Other-net.....	(4,515)	14	(46)
Total other-expenses.....	(852,263)	(714,016)	(8,676)
Income before income taxes, minority interests and equity in earnings of associated companies.....	208,258	280,531	2,120
Income taxes.....	(72,757)	(121,108)	(741)
Income before minority interests and equity in earnings of associated companies.....	135,501	159,423	1,379
Minority interests.....	(11,415)	(12,360)	(116)
Equity in earnings of associated companies.....	41,304	70,238	421
Net income.....	¥ 165,390	¥ 217,301	\$ 1,684

Note :

"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.

[Explanation for Consolidated Statements of Operations -Annual]

Revenue	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)	<u>Reasons for changes</u>												
Revenue		3,419.1	2,859.9	559.2	Increase due to turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary, acquisition of SANKEI CO., LTD., and rise in prices of metal resources												
Gross trading profit	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Gross trading profit		1,060.5	994.5	66.0	Increase due to good performance in ITOCHU Corporation and existing subsidiaries : +84.1 Increase due to joining of subsidiaries : +50.9 Decrease due to leaving of subsidiaries : -22.7 Decrease due to exchange rate fluctuations : -46.3 Refer to "(8) Segment Information" on page 33-34												
Selling, general and administrative expenses	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
	Total of SG & A	(768.1)	(723.4)	(44.7)	Pension cost : -6.8 Increase due to expansion of business in ITOCHU Corporation and existing subsidiaries : -28.6												
	Personnel expenses	(298.2)	(277.8)	(20.4)	Increase due to joining of subsidiaries : -45.1												
	Other expenses	(469.9)	(445.6)	(24.4)	Decrease due to leaving of subsidiaries : +19.7												
	(Service charge, distribution costs)	(253.9)	(240.3)	(13.6)	Decrease due to exchange rate fluctuations : +16.1												
	(Rent, depreciation and amortization)	(86.1)	(79.8)	(6.3)													
	(Travel expenses)	(25.3)	(25.4)	0.1													
(Others)	(104.6)	(100.1)	(4.6)														
Provision for doubtful receivables	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Provision for doubtful receivables		(16.7)	(6.0)	(10.8)	Increase due to provision for doubtful receivables from customers in Mongolia of Machinery. -10.8 Refer to "Note 1" (Note 1) Refer to the "Note 1" in "Summary of Operation / Analysis of Operating Results" on page 4												
Net financial income (expenses)	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Net financial income (expenses)		5.6	(7.7)	13.3	Increase in dividends received, and improvement of net interest expenses												
					<table border="1"> <thead> <tr> <th></th> <th><u>2009</u></th> <th><u>2008</u></th> <th>Changes</th> </tr> </thead> <tbody> <tr> <td>JPY TIBOR 3M, average (Apr-Mar)</td> <td>0.818%</td> <td>0.794%</td> <td>0.024%</td> </tr> <tr> <td>USD LIBOR 3M, average (Jan-Dec)</td> <td>2.928%</td> <td>5.297%</td> <td>(2.369%)</td> </tr> </tbody> </table>		<u>2009</u>	<u>2008</u>	Changes	JPY TIBOR 3M, average (Apr-Mar)	0.818%	0.794%	0.024%	USD LIBOR 3M, average (Jan-Dec)	2.928%	5.297%	(2.369%)
	<u>2009</u>	<u>2008</u>	Changes														
JPY TIBOR 3M, average (Apr-Mar)	0.818%	0.794%	0.024%														
USD LIBOR 3M, average (Jan-Dec)	2.928%	5.297%	(2.369%)														
	Interest income	16.3	17.8	(1.6)													
	Interest expense	(45.7)	(50.0)	4.3													
	Net interest expenses	(29.5)	(32.2)	2.7	Improvement of interest expense due to decline in U.S. dollars interest rate												
	Dividends received	35.0	24.4	10.6	Dividends received from LNG-related investments +5.0 (12.8→ 17.8) Dividends received in a pipeline operator subsidiary +2.0 (-→ 2.0) Dividends received from an oil and gas-related investment +1.3 (0.7→ 2.0) Dividends received in an overseas financing subsidiary +1.2 (-→ 1.2)												
Gain (loss) on disposal of investments and marketable securities, net of write-down	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Gain (loss) on disposal of investments and marketable securities, net of write-down		(23.1)	16.4	(39.5)	Net gain on sales of securities and exchange of securities -26.0 (52.7→ 26.7) Impairment loss on securities -25.5 (-20.4→ -46.0) Loss on business disposals and others +12.1 (-15.9→ -3.9)												
Gain (loss) on property and equipment-net	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Gain (loss) on property and equipment-net		(45.4)	6.7	(52.1)	Impairment loss on property and equipment -39.0 (-6.4→ -45.4) due to loss from withdrawal from Entrada Oil/Natural Gas Project -29.2 Net gain (loss) on sales of property and equipment and others -13.1 (13.1→ -0.0)												
Other-net	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Other-net		(4.5)	0.0	(4.5)	Loss from withdrawal from Entrada Oil/Natural Gas Project -7.1 Absence of the impairment loss on goodwill in consolidated subsidiary in the previous fiscal year												
Income taxes	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Income taxes		(72.8)	(121.1)	48.4	Absence of the special factors regarding the investment in Orico in the previous fiscal year, and impairment loss on investment in Orico in this fiscal year +15.1 (-10.7→ 4.4) Refer to "Note 2"												
Minority interests	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Minority interests		(11.4)	(12.4)	0.9													
Equity in earnings of associated companies	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Equity in earnings of associated companies		41.3	70.2	(28.9)	Orico Refer to "Note 3" [Absence of the special factors -26.1 Refer to "Note 2", Impairment loss on investment -10.8] Marubeni-Itochu Steel Inc. -2.1 (16.9→ 14.8) / Equity-method associated companies of ITOCHU Finance Corporation +6.5 (-6.2→-0.3) / Japan Brazil Paper and Pulp Resources Development Co., Ltd. +3.1 (1.7→ 4.9) / Equity-method associated companies of ITOCHU Minerals & Energy of Australia Pty Ltd +1.5 (5.2→ 6.7) Refer to "Performance of Group Companies" on page 14												
(Note 2) Refer to the "Note 3" in "Summary of Operation / Analysis of Operating Results" on page 4																	
(Note 3) Refer to the results announced by each corresponding company, as their announcement dates are on and after ITOCHU's announcement date of Fiscal Year 2009.																	
Total trading transactions	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
	Total trading transactions		12,582.8	12,387.9	194.9	Refer to "(8) Segment Information" on page 33-34											
Gross trading profit ratio		8.4%	8.0%	0.4%	Effect of exchange rate fluctuations: Approximately -780.0												
Adjusted profit	(Unit : billion yen)			Increase													
		<u>2009</u>	<u>2008</u>	(Decrease)													
Adjusted profit		339.3	^{Note 2} 333.7	5.6	Adjusted profit (+5.6)= Gross trading profit (+66.0)+ SG&A expenses (-44.7) + Net financial income (+13.3)+ Equity in earnings of associated companies (-28.9) The amount () represents changes from the previous fiscal year												
(Note 2) Refer to the "Note 3" in "Summary of Operation / Analysis of Operating Results" on page 4																	

[Average exchange rate Yen/US\$]

[For March closing companies]

<u>2009</u>	<u>2008</u>	Changes
100.54	115.56	(15.02)
<u>2008</u>	<u>2007</u>	Changes
115.56	117.32	(1.76)

[For December closing companies]

<u>2009</u>	<u>2008</u>	Changes
105.10	118.21	(13.11)
<u>2008</u>	<u>2007</u>	Changes
118.21	116.68	1.53

(2) Consolidated Statements of Operations & Consolidated Statements of Comprehensive Income -Quarterly [Condensed] -Unaudited-

ITOCHU Corporation and Subsidiaries

For the three months ended March 31, 2009 and 2008

	Millions of Yen		Millions of
	Jan.-Mar.2009	Jan.-Mar.2008	U.S. dollars
Revenue:			Jan.-Mar.2009
Sales revenue.....	¥ 742,575	¥ 554,562	\$ 7,560
Trading margins and commissions on trading transactions.....	146,597	161,004	1,492
Total trading transactions :			
Jan.-Mar.2009: 2,646,758 million yen (26,944 million U.S.dollars)			
Jan.-Mar.2008: 3,334,917 million yen			
Total revenue.....	889,172	715,566	9,052
Cost of sales.....	(653,195)	(459,674)	(6,650)
Gross trading profit	235,977	255,892	2,402
Selling, general and administrative expenses.....	(197,952)	(181,145)	(2,015)
Provision for doubtful receivables.....	(4,235)	(5,294)	(43)
Interest income.....	3,645	5,045	37
Interest expense.....	(11,029)	(13,275)	(113)
Dividends received.....	7,874	4,940	80
Loss on disposal of investments and marketable securities, net of write-down.....	(9,474)	(339)	(96)
Gain (loss) on property and equipment-net.....	(10,260)	7,101	(104)
Other-net.....	5,056	(1,846)	51
Total other-expenses.....	(216,375)	(184,813)	(2,203)
Income before income taxes, minority interests and equity in earnings of associated companies.....	19,602	71,079	199
Income taxes.....	(2,464)	(24,074)	(25)
Income before minority interests and equity in earnings of associated companies.....	17,138	47,005	174
Minority interests.....	(5,058)	(4,241)	(51)
Equity in earnings (losses) of associated companies.....	(9,365)	4,311	(95)
Net income.....	¥ 2,715	¥ 47,075	\$ 28

Note :

"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.

	Millions of Yen		Millions of
	Jan.-Mar.2009	Jan.-Mar.2008	U.S. dollars
Comprehensive income :			Jan.-Mar.2009
Net income.....	¥ 2,715	¥ 47,075	\$ 28
Other comprehensive income (loss) (net of tax):			
Net change in foreign currency translation adjustments during the period.....	(51,198)	(22,318)	(521)
Pension liability adjustments.....	(34,138)	(33,608)	(348)
Net change in unrealized holding losses on securities during the period.....	(8,153)	(19,976)	(83)
Net change in unrealized holding gains (losses) on derivative instruments during the period.....	3,159	(596)	32
Total other comprehensive loss (net of tax).....	(90,330)	(76,498)	(920)
Total.....	¥ (87,615)	¥ (29,423)	\$ (892)

[Explanation for Consolidated Statements of Operations -Quarterly]

	(Unit : billion yen)	Jan-Mar 2009	Jan-Mar 2008	Increase (Decrease)	Reasons for changes
Revenue					
Revenue		889.2	715.6	173.6	Increase due to turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary, and acquisition of SANKEI CO., LTD.
Gross trading profit					
Gross trading profit		236.0	255.9	(19.9)	Decrease due to slowdown of performance in ITOCHU Corporation and existing subsidiaries : -21.7 Increase due to joining of subsidiaries : +24.4 Decrease due to leaving of subsidiaries : -5.1 Decrease due to exchange rate fluctuations : -17.5 Refer to "(8) Segment Information" on page 35-36
Selling, general and administrative expenses					
Total of SG & A		(198.0)	(181.1)	(16.8)	Pension cost : -2.3 Increase due to expansion of business in ITOCHU Corporation and existing subsidiaries : -3.4
Personnel expenses		(77.7)	(69.1)	(8.6)	Increase due to joining of subsidiaries : -21.9
Other expenses		(120.2)	(112.1)	(8.2)	Decrease due to leaving of subsidiaries : +5.0 Decrease due to exchange rate fluctuations : +5.8
(Service charge, distribution costs)		(62.3)	(59.7)	(2.5)	
(Rent, depreciation and amortization)		(24.3)	(19.6)	(4.6)	
(Travel expenses)		(5.7)	(6.3)	0.6	
(Others)		(28.0)	(26.4)	(1.6)	
Provision for doubtful receivables					
Provision for doubtful receivables		(4.2)	(5.3)	1.1	Decrease in provision for doubtful receivables in a domestic financing subsidiary
Net financial income (expenses)					
Net financial income (expenses)		0.5	(3.3)	3.8	Increase in dividends received, improvement of net interest expenses
Interest income		3.6	5.0	(1.4)	
Interest expense		(11.0)	(13.3)	2.2	
Net interest expenses		(7.4)	(8.2)	0.8	Improvement of interest expense due to decline in U.S. dollars interest rate
Dividends received		7.9	4.9	2.9	Dividends received from LNG-related investments -0.2 (1.9→ 1.6) Dividends received from an oil and gas-related investment +1.1 (0.7→ 1.8) Dividends received in a pipeline operator subsidiary +0.8 (- → 0.8)
Loss on disposal of investments and marketable securities, net of write-down					
Loss on disposal of investments and marketable securities, net of write-down		(9.5)	(0.3)	(9.1)	Net gain on sales of securities -17.0 (18.5→ 1.5) Impairment loss on securities -1.6 (-8.7→ -10.2) Loss on business disposals and others +9.4 (-10.2→ -0.7)
Gain (loss) on property and equipment-net					
Gain (loss) on property and equipment-net		(10.3)	7.1	(17.4)	Net gain on sales of property and equipment due to absence of the sales of coal mining interests and owned office buildings in the same period of the previous fiscal year and others -11.9 (11.2→ -0.6) Impairment loss on property and equipment and others -5.5 (-4.1→ -9.6)
Other-net					
Other-net		5.1	(1.8)	6.9	Improvement of foreign currency exchange gains (losses) +2.0, Absence of the impairment loss on goodwill in a consolidated subsidiary in the same period of the previous fiscal year
Income taxes					
Income taxes		(2.5)	(24.1)	21.6	
Minority interests					
Minority interests		(5.1)	(4.2)	(0.8)	
Equity in earnings (losses) of associated companies					
Equity in earnings (losses) of associated companies		(9.4)	4.3	(13.7)	Orico Refer to "Note" [Impairment loss on investment -10.8] Marubeni-Itochu Steel Inc. -3.4 (4.3→ 0.9) Yoshinoya Holdings Co., Ltd. -2.1 (-0.3→ -2.4) / Equity-method associated companies of ITOCHU Minerals & Energy of Australia Pty Ltd -0.6 (1.3→ 0.7) / Equity-method associated companies of ITOCHU Finance Corporation +6.7 (-6.7→0.0) Refer to "Performance of Group Companies" on page 15
(Note) Please refer to the results announced by each corresponding company, as their announcement dates are on and after ITOCHU's announcement date of Fiscal Year 2009.					
Total trading transactions					
Total trading transactions		2,646.8	3,334.9	(688.2)	Refer to "(8) Segment Information" on page 35-36
Gross trading profit ratio		8.9%	7.7%	1.2%	Effect of exchange rate fluctuations: Approximately -170.0
Adjusted profit					
Adjusted profit		29.2	75.8	(46.6)	Adjusted profit (-46.6)= Gross trading profit (-19.9)+ SG&A expenses (-16.8) + Net financial income (+3.8)+ Equity in earnings of associated companies(-13.7) The amount () represents changes from the same period of the previous fiscal year

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

-Unaudited-

ITOCHU Corporation and Subsidiaries

As of March 31, 2009 and 2008

Assets	Millions of Yen		Millions of U.S. dollars
	Mar. 2009	Mar. 2008	Mar. 2009
Current assets:			
Cash and cash equivalents.....	¥ 628,820	¥ 446,311	\$ 6,402
Time deposits.....	3,738	3,559	38
Short-term investments.....	9,214	30,776	93
Trade receivables:			
Notes.....	161,533	189,446	1,644
Accounts.....	1,135,031	1,390,770	11,555
Allowance for doubtful receivables.....	(13,869)	(15,781)	(141)
Net trade receivables.....	<u>1,282,695</u>	<u>1,564,435</u>	<u>13,058</u>
Due from associated companies.....	106,934	105,993	1,089
Inventories.....	509,503	531,534	5,187
Advances to suppliers.....	91,871	100,973	935
Prepaid expenses.....	29,817	29,797	303
Deferred tax assets.....	40,556	38,564	413
Other current assets.....	235,046	257,900	2,393
Total current assets.....	<u>2,938,194</u>	<u>3,109,842</u>	<u>29,911</u>
Investments and non-current receivables:			
Investments in and advances to associated companies.....	754,062	656,884	7,676
Other investments.....	426,054	547,790	4,338
Other non-current receivables.....	155,427	149,600	1,582
Allowance for doubtful receivables.....	(60,704)	(53,167)	(618)
Total investments and net non-current receivables.....	<u>1,274,839</u>	<u>1,301,107</u>	<u>12,978</u>
Property and equipment, at cost:			
Land.....	145,881	121,977	1,485
Buildings.....	336,630	303,790	3,427
Machinery and equipment.....	328,940	288,542	3,349
Furniture and fixtures.....	69,907	57,163	712
Mineral rights.....	60,245	85,396	613
Construction in progress.....	16,846	10,629	171
Total property and equipment, at cost.....	<u>958,449</u>	<u>867,497</u>	<u>9,757</u>
Less accumulated depreciation.....	397,675	354,480	4,048
Net property and equipment.....	<u>560,774</u>	<u>513,017</u>	<u>5,709</u>
Prepaid pension cost.....	1,079	30,077	11
Deferred tax assets, non-current.....	136,389	52,875	1,388
Other assets.....	280,817	267,281	2,859
Total.....	¥ 5,192,092	¥ 5,274,199	\$ 52,856

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

-Unaudited-

ITOCHU Corporation and Subsidiaries

As of March 31, 2009 and 2008

Liabilities and Stockholders' Equity	Millions of Yen		Millions of U.S. dollars
	Mar. 2009	Mar. 2008	Mar. 2009
Current liabilities:			
Short-term debt	¥ 538,161	¥ 307,446	\$ 5,479
Current maturities of long-term debt.....	90,631	76,017	923
Trade payables:			
Notes and acceptances.....	134,591	152,041	1,370
Accounts.....	907,149	1,133,282	9,235
Total trade payables.....	1,041,740	1,285,323	10,605
Due to associated companies.....	16,618	19,382	169
Accrued expenses.....	125,062	135,430	1,273
Income taxes payable.....	45,472	46,898	463
Advances from customers.....	96,769	118,351	985
Deferred tax liabilities.....	983	908	10
Other current liabilities.....	192,681	223,408	1,961
Total current liabilities	2,148,117	2,213,163	21,868
Long-term debt, excluding current maturities.....	1,934,421	1,895,088	19,693
Accrued retirement and severance benefits.....	54,697	19,602	557
Deferred tax liabilities, non-current.....	17,502	27,183	178
Commitments and contingent liabilities			
Minority interests.....	187,944	145,618	1,913
Stockholders' equity:			
Common stock:			
Authorized: 3,000,000,000 shares; issued:			
1,584,889,504 shares.....	202,241	202,241	2,059
Capital surplus.....	137,171	137,211	1,397
Retained earnings:			
Legal reserve.....	13,183	10,373	134
Other retained earnings	783,699	652,757	7,978
Total retained earnings.....	796,882	663,130	8,112
Accumulated other comprehensive income (loss) :			
Foreign currency translation adjustments.....	(185,363)	(24,948)	(1,887)
Pension liability adjustments.....	(106,013)	(73,379)	(1,079)
Unrealized holding gains on securities.....	13,686	74,389	139
Unrealized holding losses on derivative instruments.....	(6,482)	(2,510)	(66)
Total accumulated other comprehensive loss.....	(284,172)	(26,448)	(2,893)
Treasury stock, at cost.....	(2,711)	(2,589)	(28)
Total stockholders' equity.....	849,411	973,545	8,647
Total.....	¥ 5,192,092	¥ 5,274,199	\$ 52,856

[Explanation for Consolidated Balance Sheets]

Assets

	(Unit: billion yen)			Reasons for changes:
	Mar 2009	Mar 2008	Increase (Decrease)	
Cash and cash equivalents, Time deposits ...	632.6	449.9	182.7	...
Net trade receivables ...	1,282.7	1,564.4	(281.7)	Decrease in Machinery; Energy, Metals & Minerals; and Chemicals, Forest Products & General Merchandise
Due from associated companies ...	106.9	106.0	0.9	Increase in Machinery; and Finance, Insurance & Logistics Services, and decrease due to turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary
Inventories ...	509.5	531.5	(22.0)	Decrease in Energy, Metals & Minerals; Chemicals, Forest Products & General Merchandise; and Food
Other current assets ...	235.0	257.9	(22.9)	Decrease in short-term loans receivables, and increase in accrued account receivables
Investments in and advances to associated companies ...	754.1	656.9	97.2	Increase in Machinery; and Energy, Metals & Minerals
Other investments ...	426.1	547.8	(121.7)	Decrease due to decline in stock market prices
Other non-current receivables, less allowance for doubtful receivables ...	94.7	96.4	(1.7)	
Net property and equipment ...	560.8	513.0	47.8	Increase due to turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary, and acquisition of SANKEI CO., LTD.
Deferred tax assets, non-current ...	136.4	52.9	83.5	Decrease in unrealized holding gains on securities, and increase in pension liability
Other assets ...	280.8	267.3	13.5	Increase due to turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary, and acquisition of SANKEI CO., LTD.
Total Assets	5,192.1	5,274.2	(82.1)	Total assets as of March 31, 2009 decreased by 1.6% or 82.1 billion yen to 5,192.1 billion yen (52,856 million U.S. dollars) compared with March 31, 2008. Despite increase in Net property and equipment due to newly joining of subsidiaries in Textile, in Machinery, and in Energy, Metals & Minerals; increase in Investments in and advances to associated companies resulting from investment in iron ore production and wholesale business; and increase in cash and time deposits (total of Cash and cash equivalents and Time deposits); Other investments decreased due to decline in stock market prices; and Trade receivables decreased in Energy, Metals & Minerals due to oil price fall, and in Chemicals, Forest Products & General Merchandise due to continuously low prices in chemical market and a result of slowdown in housing market.

Liabilities

	(Unit: billion yen)			Reasons for changes:
	Mar 2009	Mar 2008	Increase (Decrease)	
Total trade payables ...	1,041.7	1,285.3	(243.6)	Decrease in Machinery; Energy, Metals & Minerals; and Chemicals, Forest Products & General Merchandise
Other current liabilities ...	192.7	223.4	(30.7)	Decrease in received and other accounts
[Interest-bearing debt]				
Short-term debt	538.2	307.4	230.7	
Current maturities of long-term debt (excluding debentures)	81.9	72.0	9.9	
Current maturities of debentures	8.7	4.0	4.7	
Short-term total	628.8	383.5	245.3	
Long-term debt	1,613.7	1,519.8	93.9	
Debentures	146.9	201.1	(54.3)	
Long-term total	1,760.5	1,720.9	39.6	
Total interest-bearing debt	2,389.3	2,104.4	284.9	Interest-bearing debt increased by 13.5% or 284.9 billion yen to 2,389.3 billion yen (24,324 million U.S. dollars) compared with March 31, 2008, and Net interest-bearing debt (interest-bearing debt after deducting Cash and cash equivalents, Time deposits) increased by 6.2% or 102.2 billion yen to 1,756.8 billion yen (17,885 million U.S. dollars) compared with March 31, 2008. NET DER (Net Debt-to-Equity Ratio) worsened by 0.4 points to 2.1 times compared with March 31, 2008.
Cash and cash equivalents, Time deposits ...	632.6	449.9	182.7	
Net interest-bearing debt ...	1,756.8	1,654.5	102.2	
Net debt-to-equity ratio [times]	2.1	1.7	0.4 worsened	

Stockholders' equity

	(Unit: billion yen)			Reasons for changes:
	Mar 2009	Mar 2008	Increase (Decrease)	
Common stock ...	202.2	202.2	-	
Capital surplus ...	137.2	137.2	(0.0)	
Retained earnings:	796.9	663.1	133.8	
Legal reserve ...	13.2	10.4	2.8	
Other retained earnings ...	783.7	652.8	130.9	Net income +165.4, Dividend payment, -31.6, Transfer to legal reserve -2.8
Accumulated other comprehensive income (loss):	(284.2)	(26.4)	(257.7)	
Foreign currency translation adjustments ...	(185.4)	(24.9)	(160.4)	Effect of yen's appreciation compared with March 31, 2008
Pension liability adjustments ...	(106.0)	(73.4)	(32.6)	
Unrealized holding gains on securities ...	13.7	74.4	(60.7)	Effect of stock market plunge compared with March 31, 2008
Unrealized holding losses on derivative instruments ...	(6.5)	(2.5)	(4.0)	Effect of depreciation of foreign currencies in overseas subsidiaries
Treasury stock, at cost ...	(2.7)	(2.6)	(0.1)	
Total stockholders' equity	849.4	973.5	(124.1)	Stockholders' equity decreased by 12.8% or 124.1 billion yen to 849.4 billion yen (8,647 million U.S. dollars) compared with March 31, 2008, in spite of accumulation of Net income, due to decrease from dividend payment, significant worsening of Foreign currency translation adjustments through yen's appreciation, worsening of Unrealized holding gains on securities resulting from stock market slowdown, and worsening of Pension liability adjustments. As a result, Ratio of stockholders' equity to total assets dropped by 2.1 points to 16.4% compared with March 31, 2008.
Ratio of stockholders' equity to total assets ...	16.4%	18.5%	(2.1%)	

[Current exchange rate Yen/US\$]

[For March closing companies]

Mar 2009 Mar 2008 Changes

98.23 100.19 (1.96)

Mar 2008 Mar 2007 Changes

100.19 118.05 (17.86)

[The Nikkei Stock Average index]

Mar 2009 Mar 2008 Changes

8,109 12,525 (4,416)

[For December closing companies]

Dec 2008 Dec 2007 Changes

91.03 114.15 (23.12)

Dec 2007 Dec 2006 Changes

114.15 119.11 (4.96)

(4) Consolidated Statements of Stockholders' Equity [Condensed]

-Unaudited-

ITOCHU Corporation and Subsidiaries

Years ended March 31, 2009 and 2008

	Millions of Yen		Millions of U.S. dollars
	2009	2008	2009
Common stock:			
Balance at beginning of year.....	¥ 202,241	¥ 202,241	\$ 2,059
Balance at end of year.....	¥ 202,241	¥ 202,241	\$ 2,059
Capital surplus:			
Balance at beginning of year.....	¥ 137,211	¥ 136,842	\$ 1,397
Excess (deficit) arising from retirement of treasury stock	(40)	16	(0)
Increase arising from group realignment between subsidiaries.....	-	353	-
Balance at end of year.....	¥ 137,171	¥ 137,211	\$ 1,397
Retained earnings:			
Legal reserve:			
Balance at beginning of year.....	¥ 10,373	¥ 7,423	\$ 105
Transfer from other retained earnings.....	2,642	3,075	27
Redistribution arising from sale by parent company of common stock of subsidiaries and associated companies.....	168	(125)	2
Balance at end of year.....	¥ 13,183	¥ 10,373	\$ 134
Other retained earnings:			
Balance at beginning of year.....	¥ 652,757	¥ 466,094	\$ 6,645
Net income.....	165,390	217,301	1,684
Cash dividends.....	(31,636)	(27,688)	(322)
Transfer to legal reserve.....	(2,642)	(3,075)	(27)
Redistribution arising from sale by parent company of common stock of subsidiaries and associated companies.....	(168)	125	(2)
Deficit arising from retirement of treasury stock	(2)	-	(0)
Balance at end of year.....	¥ 783,699	¥ 652,757	\$ 7,978
Accumulated other comprehensive income (loss):			
Balance at beginning of year.....	¥ (26,448)	¥ 81,863	\$ (269)
Other comprehensive loss.....	(257,724)	(108,311)	(2,624)
Balance at end of year.....	¥ (284,172)	¥ (26,448)	\$ (2,893)
Treasury stock:			
Balance at beginning of year.....	¥ (2,589)	¥ (1,910)	\$ (27)
Net changes in treasury stock.....	(122)	(679)	(1)
Balance at end of year.....	¥ (2,711)	¥ (2,589)	\$ (28)
Total.....	¥ 849,411	¥ 973,545	\$ 8,647
Comprehensive income:			
Net income.....	¥ 165,390	¥ 217,301	\$ 1,684
Other comprehensive income (loss) (net of tax):			
Net change in foreign currency translation adjustments during the year.....	(160,415)	(25,851)	(1,633)
Pension liability adjustments.....	(32,634)	(32,044)	(332)
Net change in unrealized holding gains on securities during the year.....	(60,703)	(48,347)	(618)
Net change in unrealized holding losses on derivative instruments during the year.....	(3,972)	(2,069)	(41)
Total other comprehensive loss (net of tax).....	(257,724)	(108,311)	(2,624)
Total.....	¥ (92,334)	¥ 108,990	\$ (940)

[Explanation for Consolidated Statements of Stockholders' Equity]

Accumulated other comprehensive income (loss)

Foreign currency translation adjustments

Foreign exchange differences in exchange rate between at invested to the overseas group companies and at the end of this period, are recognized as "Foreign currency translation adjustments".

(Unit: billion yen)	as of:	<u>Mar 2009</u>	<u>Mar 2008</u>	Increase (Decrease)
Balance		(185.4)	(24.9)	(160.4)
Exchange rate	as of:	<u>Dec 2008</u>	<u>Dec 2007</u>	Changes
	(Yen/US\$)	91.03	114.15	(23.12)
	as of:	<u>Mar 2009</u>	<u>Mar 2008</u>	Changes
	(Yen/US\$)	98.23	100.19	(1.96)
	as of:	<u>Mar 2009</u>	<u>Mar 2008</u>	Changes
	(Yen/A\$)	67.01	91.74	(24.73)

Pension liability adjustments

Difference between the projected benefit obligations and the plan assets is amortized according to the defined accounting standard, and the other unamortized balance (net of tax) is recognized as "Pension liability adjustments".

(Unit: billion yen)	as of:	<u>Mar 2009</u>	<u>Mar 2008</u>	Increase (Decrease)
Balance		(106.0)	(73.4)	(32.6)

Unrealized holding gains on securities

Available-for-sale securities are recorded at fair value at the end of this period, and differences (net of tax) between carrying amount and fair value are recognized as "Unrealized holding gains on securities".

(Unit: billion yen)	as of:	<u>Mar 2009</u>	<u>Mar 2008</u>	Increase (Decrease)
Balance		13.7	74.4	(60.7)

Unrealized holding losses on derivative instruments

Derivative transactions which are designated and qualified as 'cash flow hedges' are recorded at fair value at the end of this period, and differences (net of tax) between carrying amount and fair value are recognized as "Unrealized holding losses on derivative instruments".

(Unit: billion yen)	as of:	<u>Mar 2009</u>	<u>Mar 2008</u>	Increase (Decrease)
Balance		(6.5)	(2.5)	(4.0)

(5) Consolidated Statements of Cash Flows [Condensed]ITOCHU Corporation and Subsidiaries
Years ended March 31, 2009 and 2008

-Unaudited-

	Millions of Yen		Millions of U.S. dollars
	2009	2008	2009
Cash flows from operating activities :			
Net income	¥ 165,390	¥ 217,301	\$ 1,684
Adjustments to reconcile net income to net cash provided by operating activities :			
Depreciation and amortization	64,988	71,569	661
Provision for doubtful receivables	16,742	5,977	170
(Gain) loss on disposal of investments and marketable securities, net of write-down.....	23,066	(16,384)	235
(Gain) loss on property and equipment-net.....	45,407	(6,675)	462
Equity in earnings of associated companies, less dividends received	(22,298)	(55,444)	(227)
Deferred income taxes	(22,816)	29,186	(232)
Minority interests	11,415	12,360	116
Changes in assets and liabilities, other-net	(5,040)	(192,338)	(51)
Net cash provided by operating activities	<u>276,854</u>	<u>65,552</u>	<u>2,818</u>
Cash flows from investing activities :			
Net purchases of property, equipment and other assets	(117,651)	(40,218)	(1,198)
Net increase in investments in and advances to associated companies	(174,365)	(14,772)	(1,775)
Net purchases of other investments	(17,746)	(12,452)	(181)
Net (origination) collections of other non-current loan receivables	(15,550)	3,849	(158)
Net increase in time deposits.....	(752)	(2,266)	(7)
Net decrease in marketable securities.....	31	85	0
Net cash used in investing activities	<u>(326,033)</u>	<u>(65,774)</u>	<u>(3,319)</u>
Cash flows from financing activities :			
Net proceeds of long-term debt	38,925	413	396
Net increase (decrease) in short-term debt	256,101	(48,071)	2,607
Other	(36,704)	(33,636)	(373)
Net cash provided by (used in) financing activities	<u>258,322</u>	<u>(81,294)</u>	<u>2,630</u>
Effect of exchange rate changes on cash and cash equivalents	(26,634)	(5,029)	(271)
Net increase (decrease) in cash and cash equivalents	182,509	(86,545)	1,858
Cash and cash equivalents at beginning of year	446,311	532,856	4,544
Cash and cash equivalents at end of year	¥ 628,820	¥ 446,311	\$ 6,402

[Explanation for Consolidated Statements of Cash Flows]

Note :
Explanation for indication

Cash-inflow : " + "
Cash-outflow : " - "

"Decrease in assets" or "Increase in liabilities" : Cash-inflow
"Increase in assets" or "Decrease in liabilities" : Cash-outflow

Cash flows from operating activities

(Unit: billion yen)

	<u>2009</u>	<u>2008</u>	Increase (Decrease)	Major items
Net income	165.4	217.3	(51.9)	
Non-cash charges of P/L	116.5 a	40.6 b	75.9	a: Depreciation and amortization +65.0, (Gain) loss on property and equipment-net +45.4 (Gain) loss on disposal of investments and marketable securities, net of write-down +23.1 Deferred income taxes -22.8 b: Depreciation and amortization +71.6, Deferred income taxes +29.2 Equity in earnings of associated companies, less dividends received -55.4 (Gain) loss on disposal of investments and marketable securities, net of write-down -16.4
Changes in assets and liabilities, other-net	(5.0) a	(192.3) b	187.3	a: Trade receivables / payables +27.3, Inventories -7.2 Due from/to associated companies +4.5, Other -29.6 b: Trade receivables / payables -182.0 Inventories -13.5
Net cash provided by operating activities	276.9	65.6	211.3	

Cash flows from investing activities

(Unit: billion yen)

	<u>2009</u>	<u>2008</u>	Increase (Decrease)	
Net purchases of property, equipment and other assets	(117.7) a	(40.2) b	(77.4)	a : Net purchases by natural resources development-related subsidiaries -51.7 Net purchases by food subsidiaries -14.8 Net purchases by airline-related subsidiaries -9.5 b : Net purchases by natural resources development related subsidiaries -47.8 Food subsidiaries -13.3, overseas trading subsidiaries -6.9 Net sales of realty assets +44.2
Net increase in investments in and advances to associated companies	(174.4) a	(14.8) b	(159.6)	a : Investment in iron ore production and wholesale business -113.7 Net increase in investment and advances to associated companies in Machinery -35.3 b : Additional investment in Orient Corporation -30.0 Net decrease in investment and advances to realty related associated companies +18.2
Net purchases of other investments	(17.7) a	(12.5) b	(5.3)	a : Net purchases of investments in Machinery and energy-development sector -38.2 Effect of acquisition of subsidiaries in Energy, Metals & Minerals and in Textile +28.5 b : Investment in energy-development sector -20.5 Sales of listed stocks by ITOCHU Corporation +14.0
Net (origination) collections of other non-current loan receivables	(15.6) a	3.8 b	(19.4)	a : Net origination of loan receivables by Machinery subsidiaries -12.0 b : Net origination by Machinery subsidiaries -9.7 Net collections by financing subsidiary +21.5
Net increase in time deposits	(0.8)	(2.3)	1.5	
Net decrease in marketable securities	0.0	0.1	(0.1)	
Net cash used in investing activities	(326.0)	(65.8)	(260.3)	

Cash flows from financing activities

(Unit: billion yen)

(Note)
Changes in current maturities of long-term debt are included in "Net proceeds of long-term debt" on the statements of cash flows.

	<u>2009</u>	<u>2008</u>	Increase (Decrease)	
Net proceeds of long-term debt	38.9 a	0.4 b	38.5	a : Net proceeds by ITOCHU Corporation +82.3 Net repayments by financing / realty subsidiaries -18.5 Net repayments by natural resources development-related subsidiaries -14.2 b : Net proceeds by ITOCHU Corporation +101.8 Net repayments by realty related subsidiaries -47.9, food subsidiaries -28.5
Net increase (decrease) in short-term debt	256.1 a	(48.1) b	304.2	a : Net increase by ITOCHU Corporation +258.1 b : Net decrease by Food subsidiaries -25.9, financing subsidiaries -20.1
Other	(36.7) a	(33.6) b	(3.1)	a : Dividends paid -31.6, dividends paid to minority shareholders -7.1 b : Dividends paid -27.7, dividends paid to minority shareholders -6.4
Net cash provided by (used in) financing activities	258.3	(81.3)	339.6	

(6) Assumption for Going Concern N/A

(7) Basis of the Consolidated Financial Statements

i) Consolidated Subsidiaries and Equity-Method Associated Companies

[Major Group Companies]

Consolidated Subsidiaries

- (Domestic: 220 entities) JOIX CORPORATION, ITOCHU Sanki Corporation, ITOCHU CONSTRUCTION MACHINERY CO., LTD., ITOCHU Techno-Solutions Corporation, SPACE SHOWER NETWORKS INC., Excite Japan Co., Ltd, NANO Media Inc., ITC NETWORKS CORPORATION, ITOCHU Metals Corporation , ITOCHU Petroleum Japan Ltd., ITOCHU ENEX CO., LTD., ITOCHU Kenzai Corp., ITOCHU Pulp & Paper Corp., ITOCHU CHEMICAL FRONTIER Corporation, ITOCHU PLASTICS INC., ITOCHU SHOKUHIN Co., Ltd., NIPPON ACCESS, INC., CENTURY 21 REAL ESTATE OF JAPAN LTD., ITOCHU Finance Corporation, FX PRIME Corporation, Century Medical, Inc.
- (Overseas: 249 entities) Prominent Apparel Ltd. [Hong Kong], ITOCHU TEXTILE (CHINA) CO., LTD, MCL Group Limited [U.K.], ITOCHU Automobile America Inc., ITOCHU Minerals & Energy of Australia Pty Ltd., ITOCHU Oil Exploration (Azerbaijan) Inc., ITOCHU International Inc. [U.S.A.], ITOCHU Europe PLC. [U.K.], ITOCHU Hong Kong Ltd., ITOCHU (China) Holding Co., Ltd., ITOCHU Australia Ltd.

(Note) Consolidated subsidiaries listed on the stock exchange markets in Japan

TSE 1st Section : ITOCHU Techno-Solutions Corporation, ITC NETWORKS CORPORATION , ITOCHU ENEX CO., LTD., ITOCHU SHOKUHIN Co., Ltd.
JASDAQ : SPACE SHOWER NETWORKS INC., Excite Japan Co., Ltd., CENTURY 21 REAL ESTATE OF JAPAN LTD., FX PRIME Corporation
Mothers: MAGASeek Corporation, NANO Media Inc.

Equity-Method Associated Companies

- (Domestic: 111 entities) Century Leasing System, Inc., JAMCO Corporation, SUNCALL CORPORATION, Marubeni-Itochu Steel Inc., , DAIKEN CORPORATION, TAKIRON Co., Ltd., C.I. KASEI Co., Ltd., YOSHINOYA HOLDINGS CO., LTD., Japan Foods Co., Ltd., Fuji Oil Co., Ltd., FamilyMart Co., Ltd., Prima Meat Packers, Ltd., Orient Corporation, i-LOGISTICS CORP., eGuarantee, Inc.
- (Overseas: 112 entities) Chemoil Energy Limited [Hong Kong], CGB ENTERPRISES, INC. [U.S.A.]

(Note1) On April 1, 2009, Century Leasing System, Inc. and Tokyo Leasing Co., Ltd merged to form Century Tokyo Leasing Corporation.

(Note2) C.I. KASEI Co., Ltd., and i-LOGISTICS CORP turned into consolidated subsidiaries each on April 14, 2009 and April 16, 2009.

* Investment entities which are to be considered as part of parent company substantially (154 entities as of the end of March, 2009) are excluded from the list above.

ii) Accounting Policies

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

The following is the summary of differences between the accounting policies adopted in the consolidated financial statements and accounting practice generally accepted in Japan:

a) Evaluation of investments

For evaluation of investments, SFAS (Statement of Financial Accounting Standard) No.115 and EITF (Emerging Issues Task Force) No.03-1 are applied.

b) Share-to-share exchange without cash payment for cost-method equity securities

Exchange gains/losses on newly acquired cost-method equity securities by share-to-share transfer without cash payment are recognized at the time of the exchange according to EITF No.91-5.

c) Value reduction of fixed assets for Japanese tax purposes

The whole balance is reversed for preparation of the consolidated financial statements.

d) Post retirement benefit and pension plans

Costs of the employees' retirement and severance benefits are recognized based on the actuarial computation according to SFAS No. 87. In addition, according to SFAS No.158, the situation of the defined benefit pension plans (that is, difference between the fair value of the plan assets and the amount of the projected benefit obligations) as of the end of the period are recognized in the consolidated balance sheets, and net actuarial gain/loss (net of tax) and prior service cost (net of tax) are recorded in Accumulated other comprehensive income (loss).

e) Costs for issuance of new shares

Costs for issuance of new shares are recognized as subtraction item from Capital surplus.

f) Deferred income on installment sales

The whole income on installment sales is recognized at the time of sales.

g) Goodwill

Goodwill and non-amortized intangible assets with indefinite useful lives are not amortized, but are instead tested for impairment at the reporting unit level at least on annual basis or circumstances change that is more likely than not that the fair value is below the carrying amount in accordance with SFAS No.142.

h) Derivative instruments

According to SFAS No.133 and No.138, every derivative instruments is measured and presented at its fair value as of the end of the period in the consolidated balance sheets, and the changes in fair value from the end of the previous period are recognized as gains/losses of the current period or Accumulated other comprehensive income(loss) (net of tax), judging existence of the hedging purpose and the type of hedging activities.

(8) Segment Information

ITOCHU Corporation and Subsidiaries
Years ended March 31, 2009 and 2008

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 years ended March 31, 2009 and 2008 is as follows:

For the year ended March 31, 2009 (April 1, 2008 -March 31, 2009)									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	¥ 589,596	¥ 1,370,207	¥ 633,766	¥ 4,434,493	¥ 2,024,015	¥ 3,188,363	¥ 167,254	¥ 175,132	¥ 12,582,826
Transfers between operating segments	618	1,541	3,793	557	19,927	460	9	(26,905)	—
Total trading transactions	<u>590,214</u>	<u>1,371,748</u>	<u>637,559</u>	<u>4,435,050</u>	<u>2,043,942</u>	<u>3,188,823</u>	<u>167,263</u>	<u>148,227</u>	<u>12,582,826</u>
Gross trading profit	<u>102,626</u>	<u>71,854</u>	<u>138,859</u>	<u>222,263</u>	<u>114,277</u>	<u>335,606</u>	<u>42,042</u>	<u>32,994</u>	<u>1,060,521</u>
Net income	<u>22,898</u>	<u>(15,457)</u>	<u>8,026</u>	<u>114,695</u>	<u>19,025</u>	<u>20,185</u>	<u>(1,212)</u>	<u>(2,770)</u>	<u>165,390</u>
[Equity in earnings (losses) of associated companies].....	<u>[3,602]</u>	<u>[1,759]</u>	<u>[307]</u>	<u>[24,710]</u>	<u>[2,949]</u>	<u>[10,073]</u>	<u>[(2,880)]</u>	<u>[784]</u>	<u>[41,304]</u>
Identifiable assets at March 31, 2009.....	<u>360,431</u>	<u>639,939</u>	<u>490,159</u>	<u>1,016,596</u>	<u>611,375</u>	<u>1,054,127</u>	<u>381,800</u>	<u>637,665</u>	<u>5,192,092</u>
For the year ended March 31, 2008 (April 1, 2007 -March 31, 2008)									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	¥ 690,690	¥ 1,407,760	¥ 722,625	¥ 3,829,107	¥ 2,289,521	¥ 3,036,830	¥ 182,068	¥ 229,307	¥ 12,387,908
Transfers between operating segments	609	677	4,275	322	18,937	279	111	(25,210)	—
Total trading transactions	<u>691,299</u>	<u>1,408,437</u>	<u>726,900</u>	<u>3,829,429</u>	<u>2,308,458</u>	<u>3,037,109</u>	<u>182,179</u>	<u>204,097</u>	<u>12,387,908</u>
Gross trading profit	<u>115,236</u>	<u>99,120</u>	<u>138,952</u>	<u>127,464</u>	<u>122,640</u>	<u>324,665</u>	<u>41,381</u>	<u>25,089</u>	<u>994,547</u>
Net income	<u>20,500</u>	<u>21,350</u>	<u>14,583</u>	<u>105,716</u>	<u>19,677</u>	<u>18,657</u>	<u>10,828</u>	<u>5,990</u>	<u>217,301</u>
[Equity in earnings (losses) of associated companies].....	<u>[2,039]</u>	<u>[4,752]</u>	<u>[(1,233)]</u>	<u>[25,463]</u>	<u>[2,017]</u>	<u>[7,951]</u>	<u>[29,595]</u>	<u>[(346)]</u>	<u>[70,238]</u>
Identifiable assets at March 31, 2008.....	<u>364,349</u>	<u>709,708</u>	<u>513,870</u>	<u>916,571</u>	<u>766,790</u>	<u>1,064,825</u>	<u>420,501</u>	<u>517,585</u>	<u>5,274,199</u>
For the year ended March 31, 2009 (April 1, 2008 -March 31, 2009)									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	\$ 6,002	\$ 13,949	\$ 6,452	\$ 45,144	\$ 20,605	\$ 32,458	\$ 1,703	\$ 1,783	\$ 128,096
Transfers between operating segments	6	16	38	6	203	5	0	(274)	—
Total trading transactions	<u>6,008</u>	<u>13,965</u>	<u>6,490</u>	<u>45,150</u>	<u>20,808</u>	<u>32,463</u>	<u>1,703</u>	<u>1,509</u>	<u>128,096</u>
Gross trading profit	<u>1,045</u>	<u>731</u>	<u>1,414</u>	<u>2,263</u>	<u>1,163</u>	<u>3,416</u>	<u>428</u>	<u>336</u>	<u>10,796</u>
Net income	<u>233</u>	<u>(157)</u>	<u>82</u>	<u>1,167</u>	<u>194</u>	<u>205</u>	<u>(12)</u>	<u>(28)</u>	<u>1,684</u>
[Equity in earnings (losses) of associated companies].....	<u>[37]</u>	<u>[18]</u>	<u>[3]</u>	<u>[252]</u>	<u>[30]</u>	<u>[102]</u>	<u>[(29)]</u>	<u>[8]</u>	<u>[421]</u>
Identifiable assets at March 31, 2009.....	<u>3,669</u>	<u>6,515</u>	<u>4,990</u>	<u>10,349</u>	<u>6,224</u>	<u>10,731</u>	<u>3,887</u>	<u>6,491</u>	<u>52,856</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]

Trading transactions for unaffiliated customers and associated companies

(Unit : billion yen)	Apr-Mar 2009	Apr-Mar 2008	Increase (Decrease)	Reasons for changes
Textile	589.6	690.7	(101.1)	Decrease due to leaving of several subsidiaries as well as market slowdown in raw materials, fabrics and apparels despite the contribution of a newly consolidated subsidiary
Machinery	1,370.2	1,407.8	(37.6)	Decrease in automobile and construction machinery business despite increase in ship trading transactions
Aerospace, Electronics & Multimedia	633.8	722.6	(88.9)	Decrease due to adoption of new sales system for domestic mobile phones business, absence of the previous large airline project, and low performance in domestic IT-related business
Energy, Metals & Minerals	4,434.5	3,829.1	605.4	Significant increase due to the contribution of turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary, and rise in prices of metal resources
Chemicals, Forest Products & General Merchandise	2,024.0	2,289.5	(265.5)	Decrease due to chemical market plunge since last autumn and slowdown in domestic housing market
Food	3,188.4	3,036.8	151.5	Increase due to rise in sales volume in food distribution business and price rise in food resources such as feed grains, oilseeds, oils and fats in the first half of this fiscal year
Finance, Realty, Insurance & Logistics Services	167.3	182.1	(14.8)	Decrease due to sales decrease in real estate for sale
Other, Adjustments & Eliminations	175.1	229.3	(54.2)	Decrease due to negative effect of yen's appreciation
Total	12,582.8	12,387.9	194.9	

Gross trading profit

(Unit : billion yen)	Apr-Mar 2009	Apr-Mar 2008	Increase (Decrease)	Reasons for changes
Textile	102.6	115.2	(12.6)	Decrease due to leaving of several subsidiaries as well as market slowdown in raw materials, fabrics and apparels despite the contribution of a newly consolidated subsidiary
Machinery	71.9	99.1	(27.3)	Decrease in automobile and construction machinery business due to demand shrink, as well as the effect of sharp drop of currencies for emerging countries for automobile despite increase in ship trading transactions
Aerospace, Electronics & Multimedia	138.9	139.0	(0.1)	Almost the same level as the previous fiscal year due to sales increase in domestic mobile phones business offset by decrease in airline-related and domestic IT-related business
Energy, Metals & Minerals	222.3	127.5	94.8	Significant increase due to rise in prices of metal resources and the contribution of turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary despite reduction of entitlement in the oil fields owned
Chemicals, Forest Products & General Merchandise	114.3	122.6	(8.4)	Decrease due to decline in chemical market and housing market since last autumn, and leaving of a subsidiary in U.S. despite steady performance in housing material business in North America
Food	335.6	324.7	10.9	Increase due to rise in sales volume in food distribution business and sales increase in feed grains in the first half of this fiscal year
Finance, Realty, Insurance & Logistics Services	42.0	41.4	0.7	Increase due to the absence of devaluation loss on real-estate business for long-term development recorded in the previous fiscal year despite sales decrease in real estate for sale
Other, Adjustments & Eliminations	33.0	25.1	7.9	Increase due to improved foreign currency exchange gain/loss and improvement in equipment materials business in North America
Total	1,060.5	994.5	66.0	

Net income

(Unit : billion yen)	Apr-Mar 2009	Apr-Mar 2008	Increase (Decrease)	Reasons for changes
Textile	22.9	20.5	2.4	Increase due to improvement of gain on sales of investments and marketable securities in addition to contribution of a newly consolidated equity-method associated company despite decrease in gross trading profit
Machinery	(15.5)	21.4	(36.8)	Decrease due to impairment loss on investments and marketable securities for automobile related business and worsened equity in earnings of associated companies as well as significant decrease in gross trading profit
Aerospace, Electronics & Multimedia	8.0	14.6	(6.6)	Decrease due to decrease in gross trading profit and reducing gain on disposal of investments and marketable securities.
Energy, Metals & Minerals	114.7	105.7	9.0	Increase due to gross trading profit accompanied by price rise in metal resources, and dividends received from LNG-related investments, despite impairment loss from withdrawal from Entrada Oil/Natural Gas Project
Chemicals, Forest Products & General Merchandise	19.0	19.7	(0.7)	Decrease due to impairment loss on fixed asset and the absence of gain on disposal of investments and marketable securities in the previous fiscal year despite improved equity in earnings of associated companies
Food	20.2	18.7	1.5	Increase due to gross trading profit and equity in earnings of associated companies despite impairment loss on investment securities held by subsidiaries and the absence of gain on disposal of investments and marketable securities in the previous fiscal year
Finance, Realty, Insurance & Logistics Services	(1.2)	10.8	(12.0)	Decrease due to the absence of the gain regarding the capital restructuring (gain from a kind of debt waiver) from a finance business in the previous fiscal year as well as the impairment loss accompanied by remeasurement of the fair value in the same business this year, and worsened performance of financial asset management in finance subsidiaries
Other, Adjustments & Eliminations	(2.8)	6.0	(8.8)	Decrease due to worsened net interest expenses and increased taxation cost in addition to decrease in gross trading profit
Total	165.4	217.3	(51.9)	

Identifiable assets

(Unit : billion yen)	Mar. 2009	Mar. 2008	Increase (Decrease)	Reasons for changes
Textile	360.4	364.3	(3.9)	Decrease due to sale of investments and marketable securities in addition to reduced trade receivables despite the effect of a newly consolidated subsidiary
Machinery	639.9	709.7	(69.8)	Decrease in trade receivables mainly in automobile and construction machinery business and low level prices of listed marketable securities
Aerospace, Electronics & Multimedia	490.2	513.9	(23.7)	Decreased advances for delivery of large airline project
Energy, Metals & Minerals	1,016.6	916.6	100.0	Increase due to turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary and acquisition of iron ore production and wholesale business in Brazil, despite yen's appreciation and oil price falls
Chemicals, Forest Products & General Merchandise	611.4	766.8	(155.4)	Significant decrease resulting from a decrease in trade receivables due to chemical market plunge and sluggish domestic housing market
Food	1,054.1	1,064.8	(10.7)	Decrease in inventories mainly of foodstuff
Finance, Realty, Insurance & Logistics Services	381.8	420.5	(38.7)	Decrease in fund management assets in financing subsidiaries
Other, Adjustments & Eliminations	637.7	517.6	120.1	Increase due to accumulated cash and cash equivalents
Total	5,192.1	5,274.2	(82.1)	

ITOCHU Corporation and Subsidiaries

For the three months ended March 31, 2009 and 2008 (Fourth quarter of fiscal year 2009 and 2008)

Information concerning operations in different operating segments for the three months ended March 31, 2009 is as follows:

For the three months ended March 31, 2009 (January 1, 2009 -March 31, 2009)									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	¥ 148,337	¥ 262,630	¥ 200,484	¥ 858,197	¥ 387,154	¥ 709,895	¥ 44,187	¥ 35,874	¥ 2,646,758
Transfers between operating segments	164	612	1,027	232	4,477	40	2	(6,554)	—
Total trading transactions	<u>148,501</u>	<u>263,242</u>	<u>201,511</u>	<u>858,429</u>	<u>391,631</u>	<u>709,935</u>	<u>44,189</u>	<u>29,320</u>	<u>2,646,758</u>
Gross trading profit	<u>28,283</u>	<u>5,048</u>	<u>44,842</u>	<u>37,869</u>	<u>22,434</u>	<u>79,863</u>	<u>8,834</u>	<u>8,804</u>	<u>235,977</u>
Net income	<u>6,575</u>	<u>(12,466)</u>	<u>5,417</u>	<u>12,009</u>	<u>803</u>	<u>1,671</u>	<u>(5,084)</u>	<u>(6,210)</u>	<u>2,715</u>
[Equity in earnings (losses) of associated companies].....	<u>[282]</u>	<u>[(201)]</u>	<u>[269]</u>	<u>[1,635]</u>	<u>[(681)]</u>	<u>[(836)]</u>	<u>[(10,274)]</u>	<u>[441]</u>	<u>[(9,365)]</u>

For the three months ended March 31, 2008 (January 1, 2008 -March 31, 2008)									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	¥ 177,463	¥ 380,495	¥ 247,101	¥ 1,146,126	¥ 544,789	¥ 709,915	¥ 73,485	¥ 55,543	¥ 3,334,917
Transfers between operating segments	164	188	2,512	60	4,555	49	1	(7,529)	—
Total trading transactions	<u>177,627</u>	<u>380,683</u>	<u>249,613</u>	<u>1,146,186</u>	<u>549,344</u>	<u>709,964</u>	<u>73,486</u>	<u>48,014</u>	<u>3,334,917</u>
Gross trading profit	<u>31,206</u>	<u>23,327</u>	<u>44,640</u>	<u>33,348</u>	<u>28,480</u>	<u>77,908</u>	<u>13,095</u>	<u>3,888</u>	<u>255,892</u>
Net income	<u>8,691</u>	<u>(111)</u>	<u>8,408</u>	<u>32,081</u>	<u>4,319</u>	<u>840</u>	<u>(7,145)</u>	<u>(8)</u>	<u>47,075</u>
[Equity in earnings (losses) of associated companies].....	<u>[120]</u>	<u>[775]</u>	<u>[(4)]</u>	<u>[7,602]</u>	<u>[312]</u>	<u>[(1,909)]</u>	<u>[(2,397)]</u>	<u>[(188)]</u>	<u>[4,311]</u>

For the three months ended March 31, 2009 (January 1, 2009 -March 31, 2009)									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	\$ 1,510	\$ 2,674	\$ 2,041	\$ 8,736	\$ 3,941	\$ 7,227	\$ 450	\$ 365	\$ 26,944
Transfers between operating segments	2	6	10	3	46	0	0	(67)	—
Total trading transactions	<u>1,512</u>	<u>2,680</u>	<u>2,051</u>	<u>8,739</u>	<u>3,987</u>	<u>7,227</u>	<u>450</u>	<u>298</u>	<u>26,944</u>
Gross trading profit	<u>288</u>	<u>51</u>	<u>456</u>	<u>386</u>	<u>228</u>	<u>813</u>	<u>90</u>	<u>90</u>	<u>2,402</u>
Net income	<u>67</u>	<u>(127)</u>	<u>55</u>	<u>123</u>	<u>8</u>	<u>17</u>	<u>(52)</u>	<u>(63)</u>	<u>28</u>
[Equity in earnings (losses) of associated companies].....	<u>[3]</u>	<u>[(2)]</u>	<u>[3]</u>	<u>[17]</u>	<u>[(7)]</u>	<u>[(8)]</u>	<u>[(105)]</u>	<u>[4]</u>	<u>[(95)]</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]

Trading transactions for unaffiliated customers and associated companies

(Unit : billion yen)	Jan-Mar 2009	Jan-Mar 2008	Increase (Decrease)	Reasons for changes
Textile	148.3	177.5	(29.1)	Decrease due to leaving of several subsidiaries as well as market slowdown in raw materials, fabrics and apparels despite the contribution of a newly consolidated subsidiary
Machinery	262.6	380.5	(117.9)	Decrease due to dropping of sales in automobile and construction machinery for North America and emerging countries
Aerospace, Electronics & Multimedia	200.5	247.1	(46.6)	Decrease due to absence of the previous large airline project, disposal of investment in airline related business, and low performance in domestic IT-related business
Energy, Metals & Minerals	858.2	1,146.1	(287.9)	Decrease due to fall in prices of energy resources despite the contribution of turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary
Chemicals, Forest Products & General Merchandise	387.2	544.8	(157.6)	Decrease due to sluggish market conditions in chemicals and housing since last autumn
Food	709.9	709.9	(0.0)	Almost the same level due to rise in sales volume in food distribution business offset by price fall in feed grains, oilseeds, oils and fats, and in fresh foods
Finance, Realty, Insurance & Logistics Services	44.2	73.5	(29.3)	Decrease due to sales decrease in real estate for sale
Other, Adjustments & Eliminations	35.9	55.5	(19.7)	Decrease due to negative effect of yen's appreciation
Total	2,646.8	3,334.9	(688.2)	

Gross trading profit

(Unit : billion yen)	Jan-Mar 2009	Jan-Mar 2008	Increase (Decrease)	Reasons for changes
Textile	28.3	31.2	(2.9)	Decrease due to leaving of several subsidiaries as well as market slowdown in raw materials, fabrics and apparels despite the contribution of a newly consolidated subsidiary
Machinery	5.0	23.3	(18.3)	Decrease mainly in automobile business due to demand shrink and the effect of sharp drop of currencies of emerging countries
Aerospace, Electronics & Multimedia	44.8	44.6	0.2	Almost the same level as the previous fiscal year due to sales increase in domestic mobile phones business offset by decrease in the other businesses
Energy, Metals & Minerals	37.9	33.3	4.5	Increase due to the contribution of turning ITOCHU ENEX CO., LTD. into a consolidated subsidiary despite reduction of entitlement in the oil fields owned
Chemicals, Forest Products & General Merchandise	22.4	28.5	(6.0)	Decrease due to decline in chemical market and housing market since last autumn, and leaving of a subsidiary in North America
Food	79.9	77.9	2.0	Increase due to rise in sales volume in food distribution business despite price fall mainly in fresh foods
Finance, Realty, Insurance & Logistics Services	8.8	13.1	(4.3)	Decrease due to sales decrease in real estate for sale
Other, Adjustments & Eliminations	8.8	3.9	4.9	Increase due to improved foreign currency exchange gain/loss
Total	236.0	255.9	(19.9)	

Net income

(Unit : billion yen)	Jan-Mar 2009	Jan-Mar 2008	Increase (Decrease)	Reasons for changes
Textile	6.6	8.7	(2.1)	Decrease due to decline in gross trading profit
Machinery	(12.5)	(0.1)	(12.4)	Decrease due to worsened equity in earnings of associated companies in automobile and significant decrease in gross trading profit
Aerospace, Electronics & Multimedia	5.4	8.4	(3.0)	Decrease due to decrease in gross trading profit, absence of gain on disposal investments and marketable securities, and loss on fix asset.
Energy, Metals & Minerals	12.0	32.1	(20.1)	Decrease due to absence of gain on sales of owned coal mining interests in the same period of the previous fiscal year, reduction of entitlement in the oil fields owned, and impairment loss on fixed assets
Chemicals, Forest Products & General Merchandise	0.8	4.3	(3.5)	Decrease due to the absence of gain on disposal of investments and marketable securities in the same period of the previous fiscal year and decreased gross trading profit
Food	1.7	0.8	0.8	Increase due to gross trading profit and equity in earnings of associated companies despite worsening due to impairment loss on investments and marketable securities
Finance, Realty, Insurance & Logistics Services	(5.1)	(7.1)	2.1	Increase due to absence of loss on devaluation of real-estate despite decreased gross trading profit
Other, Adjustments & Eliminations	(6.2)	(0.0)	(6.2)	Decrease due to worsened net interest expenses and taxation cost despite increase in gross trading profit
Total	2.7	47.1	(44.4)	

(9) Per share Information

The following is the information on the stockholders' equity per share and net income per share for the years ended March 31, 2009 and 2008.

(Unit : Yen)

	2009	2008
Stockholders' equity per share	537.43	615.89
Basic net income per share	104.64	137.46
Diluted net income per share	103.94	127.71

The base data to compute the basic and diluted net income per share computations for the years ended March 31, 2009 and 2008 are as follows :

(Numerator)

(Unit : Millions of yen)

	2009	2008
Net income	165,390	217,301
Effect of dilutive securities: Convertible preferred stock	(1,106)	(15,411)
Diluted net income	164,284	201,890

(Denominator)

	2009	2008
Average number of common shares outstanding	1,580,579,472	1,580,878,959

(10) Material subsequent events

No material subsequent events have occurred.

5. Financial Highlights

【Consolidated】

(Unit: Billion Yen)

	2005	2006	2007	2008	2009
Total trading transactions	9,562.6	10,456.7	11,556.8	12,387.9	12,582.8
Gross trading profit	630.2	713.5	907.5	994.5	1,060.5
Income before income taxes, minority interests and equity in earnings of associated companies	118.7	215.3	298.2	280.5	208.3
Net income	77.1	144.2	175.9	217.3	165.4

	Mar. 2005	Mar. 2006	Mar. 2007	Mar. 2008	Mar. 2009
Total assets	4,483.5	4,809.8	5,288.6	5,274.2	5,192.1
Interest-bearing debt	2,346.7	2,226.5	2,165.6	2,104.4	2,389.3
(Cash and cash equivalents, Time deposits)	(455.6)	(502.2)	(534.7)	(449.9)	(632.6)
Net interest-bearing debt	1,891.1	1,724.3	1,630.9	1,654.5	1,756.8

Stockholders' equity	508.9	724.4	892.6	973.5	849.4
Stockholders' equity per share (Yen)	321.59	457.93	564.48	615.89	537.43

R O A (Return on assets)	1.72%	3.10%	3.48%	4.11%	3.16%
R O E (Return on equity)	16.6%	23.4%	21.8%	23.3%	18.1%
Net debt-to-equity ratio (times) (*)	3.7	2.4	1.8	1.7	2.1

(*)Net debt-to-equity ratio: Net interest-bearing debt / Stockholders' equity

【Stock price information】

(Unit: Yen)

	2005	2006	2007	2008	2009
Stock price (Highest)	573	1,056	1,223	1,591	1,337
(Lowest)	403	484	837	804	380
(Closing)	540	1,011	1,168	984	478
(Reference) Nikkei Stock Average index(**)	11,668	17,059	17,287	12,525	8,109

(**) Nikkei Stock Average index: Year-end price of each fiscal year

【Quarterly Information on Consolidated Operating Results】

Consolidated Statements of Operations

(Unit: billion yen)

	FY 2008					FY 2009				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Revenue	669.7	753.4	721.1	715.6	2,859.9	728.9	767.9	1,033.2	889.2	3,419.1
Gross trading profit	235.3	255.4	248.0	255.9	994.5	247.7	294.4	282.5	236.0	1,060.5
Selling, general and administrative expenses	(175.5)	(182.5)	(184.3)	(181.1)	(723.4)	(178.9)	(186.5)	(204.7)	(198.0)	(768.1)
Provision for doubtful receivables	1.4	(1.4)	(0.6)	(5.3)	(6.0)	(0.7)	(11.7)	(0.1)	(4.2)	(16.7)
Interest income	4.0	4.3	4.4	5.0	17.8	4.4	3.9	4.2	3.6	16.3
Interest expense	(11.6)	(12.6)	(12.5)	(13.3)	(50.0)	(11.8)	(11.1)	(11.8)	(11.0)	(45.7)
Dividends received	8.1	5.7	5.7	4.9	24.4	10.4	7.5	9.3	7.9	35.0
Gain (loss) on disposal of investments and marketable securities, net of write-down	10.0	0.5	6.2	(0.3)	16.4	5.9	(0.9)	(18.6)	(9.5)	(23.1)
Gain (loss) on property and equipment-net	0.7	(0.5)	(0.7)	7.1	6.7	1.1	(1.9)	(34.3)	(10.3)	(45.4)
Other-net	0.7	1.6	(0.4)	(1.8)	0.0	(2.2)	(0.3)	(7.1)	5.1	(4.5)
Income before income taxes, minority interests and equity in earnings of associated companies	73.3	70.3	65.9	71.1	280.5	75.9	93.4	19.4	19.6	208.3
Income taxes	(48.8)	(23.8)	(24.4)	(24.1)	(121.1)	(31.3)	(30.2)	(8.8)	(2.5)	(72.8)
Income before minority interests and equity in earnings of associated companies	24.5	46.5	41.4	47.0	159.4	44.6	63.2	10.6	17.1	135.5
Minority interests	(1.4)	(3.6)	(3.1)	(4.2)	(12.4)	(1.0)	(2.6)	(2.8)	(5.1)	(11.4)
Equity in earnings (losses) of associated companies	62.5	(12.2)	15.5	4.3	70.2	18.9	16.0	15.7	(9.4)	41.3
Net income	85.6	30.8	53.9	47.1	217.3	62.5	76.7	23.6	2.7	165.4

Segment Information

(Unit: billion yen)

	FY 2008					FY 2009					
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Textile	Gross trading profit	25.7	30.0	28.3	31.2	115.2	21.8	25.1	27.4	28.3	102.6
	Net income	2.7	4.5	4.6	8.7	20.5	9.8	3.4	3.1	6.6	22.9
Machinery	Gross trading profit	22.6	28.2	25.0	23.3	99.1	20.4	24.9	21.5	5.0	71.9
	Net income	6.0	9.9	5.6	(0.1)	21.4	0.8	2.8	(6.7)	(12.5)	(15.5)
Aerospace, Electronics & Multimedia	Gross trading profit	28.9	34.5	30.9	44.6	139.0	28.2	32.8	33.0	44.8	138.9
	Net income	2.0	2.6	1.6	8.4	14.6	0.9	1.0	0.7	5.4	8.0
Energy, Metals & Minerals	Gross trading profit	29.7	34.3	30.1	33.3	127.5	43.2	68.2	72.9	37.9	222.3
	Net income	21.4	28.4	23.8	32.1	105.7	32.3	54.1	16.3	12.0	114.7
Metals & Minerals	Gross trading profit	10.0	12.2	13.9	13.9	50.0	23.4	53.9	22.3	11.1	110.7
	Net income	8.6	14.5	14.0	18.8	55.9	19.4	43.6	17.1	3.7	83.8
Energy	Gross trading profit	19.6	22.2	16.2	19.5	77.5	19.9	14.3	50.6	26.8	111.6
	Net income	12.8	13.9	9.8	13.3	49.8	12.9	10.6	(0.9)	8.3	30.9
Chemicals, Forest Products & General Merchandise	Gross trading profit	29.7	32.0	32.5	28.5	122.6	29.7	35.2	26.9	22.4	114.3
	Net income	4.6	5.8	4.9	4.3	19.7	5.2	8.0	5.0	0.8	19.0
Forest Products & General Merchandise	Gross trading profit	17.3	18.5	19.1	19.4	74.3	16.3	20.8	16.7	12.2	66.0
	Net income	1.9	0.9	2.4	3.1	8.3	1.6	4.3	5.1	1.0	12.0
Chemicals	Gross trading profit	12.4	13.5	13.4	9.0	48.3	13.5	14.4	10.1	10.3	48.3
	Net income	2.7	4.9	2.5	1.2	11.4	3.6	3.7	(0.1)	(0.2)	7.0
Food	Gross trading profit	77.6	85.4	83.7	77.9	324.7	80.6	89.2	85.9	79.9	335.6
	Net income	4.4	6.7	6.7	0.8	18.7	5.7	6.8	6.1	1.7	20.2
Finance, Realty, Insurance & Logistics Services	Gross trading profit	14.0	4.4	9.9	13.1	41.4	12.7	9.9	10.7	8.8	42.0
	Net income	36.9	(22.5)	3.5	(7.1)	10.8	2.3	4.3	(2.8)	(5.1)	(1.2)
Finance, Insurance & Logistics Services	Gross trading profit	5.4	5.2	5.2	5.7	21.5	5.5	6.2	5.4	5.1	22.3
	Net income	31.7	(14.7)	2.7	(6.6)	13.0	1.2	2.6	(1.7)	(6.6)	(4.4)
Realty	Gross trading profit	8.6	(0.8)	4.7	7.4	19.9	7.2	3.6	5.2	3.8	19.8
	Net income	5.2	(7.8)	0.8	(0.5)	(2.2)	1.1	1.7	(1.1)	1.5	3.2
Other, Adjustments & Eliminations	Gross trading profit	7.2	6.5	7.5	3.9	25.1	11.0	9.0	4.2	8.8	33.0
	Net income	7.5	(4.6)	3.1	(0.0)	6.0	5.4	(3.7)	1.7	(6.2)	(2.8)