Highlights of Consolidated Financial Results for FY 2012 (U.S. GAAP)

May 8, 2012
ITOCHU Corporation

Financial topics for FY 2012

(Unit: billion yen, (losses, decrease))

- "Net income attributable to ITOCHU" increased by ¥139.4 bil. to ¥300.5 bil.: highest ever earnings for FY. earnings due to increases in "Gross trading profit", "Net financial income", "Equity in earnings of associated companies", and to the absence of losses of Great East Japan Earthquake aftermath and losses accompanying restructuring of Group companies recorded in the previous FY. Accordingly, "Income before income taxes", "Equity in earnings of associated companies", Net income attributable to ITOCHU of group companies (subsidiaries and associated companies) reporting profits, total of group companies and "Adjusted profit" achieved record-highs.
- For "Net income attributable to ITOCHU" by segment, all segments achieved earnings increases compared with the previous FY. "Ener., Met. & Min." increased by ¥52.9 bil. to ¥162.2 bil.; "Food" increased by ¥21.4 bil. to ¥43.8 bil.; "ICT & Mach." increased by ¥19.4 bil. to ¥37.4 bil.; "Chem., FP & GM" increased by ¥8.5 bil. to ¥34.5 bil.; "Textile" increased by ¥9.1 bil. to ¥24.4 bil.; "Const. & Rlty." increased by ¥1.7 bil. to ¥4.5 bil.; and "Fin. & IS, LS" increased by ¥18.0 bil. to ¥2.1 bil. 4 segments ("Ener., Met. & Min.", "Food", "Chem., FP & GM", and "Textile") recorded highest ever earnings. "Const. & Rlty." achieved over ¥1.0 bil. profits for 4 consecutive FY, established making profits. (Refer to the reverse side Exhibit A-2)
- Share of "Net income attributable to ITOCHU" by sector: Natural Resource/Energy-Related 54% (¥162.2 bil.), Consumer-Related 28% (¥85.0 bil.), Machinery-Related 12% (¥37.4 bil.), and Chemicals, Construction & Realty and Others 6% (¥15.9 bil.).
- "Total ITOCHU stockholders' equity" increased by ¥207.5 bil. to ¥1,363.8 bil. from the previous FY end. Ratio of ITOCHU stockholders' equity to total assets was 21.0%. NET DER recorded 1.5 times. Total equity was ¥1,696.1 bil. (Refer to the reverse side Exhibit A-2)

Consolidated Financial Results of Operations

Consolidated Statements of Income

Consolidated Financial Results of Operations	FY 2012	FY 2011	Increase (Decrease)	Outlook for FY 2013	Outlook Increase (Decrease)
Revenue	4,271.1	3,651.6	619.5		
Gross trading profit (Note 2)	1,030.4	976.4	54.1	1,040.0	9.6
Selling, general and administrative expenses (Note 2)	(752.9)	(710.7)	(42.2)	(748.0)	4.9
Provision for doubtful receivables	(4.9)	(9.4)	4.5	(2.0)	2.9
Net interest expenses	(12.8)	(16.7)	3.9	(17.0)	(4.2)
Dividends received	28.0	23.5	4.5	25.0	(3.0)
Net financial income	*15.2*	*6.8*	*8.4*	*8.0*	*(7.2)*
Gain (loss) on investments-net (*)	20.9	(38.1)	59.1		
Loss on property and equipment-net (*)	(6.7)	(33.7)	27.0	(*) 2.0	(51.4)
Gain on bargain purchase in acquisition (*)	15.9	-	15.9		
Other-net (*)	23.3	(8.9)	32.2		
Total other expenses	(689.3)	(794.0)	104.8	(740.0)	(50.7)
Income before income taxes and equity in earnings of associated companie	341.2	182.3	158.8	300.0	(41.2)
Income taxes	(122.0)	(68.6)	(53.4)	(125.0)	(3.0)
Income before equity in earnings of associated companies	219.1	113.7	105.4	175.0	(44.1)
Equity in earnings of associated companies	102.7	60.6	42.1	130.0	27.3
Net income	321.9	174.4	147.5	305.0	(16.9)
Less: Net income attributable to the noncontrolling interest	(21.4)	(13.2)	(8.1)	(25.0)	(3.6)
Net income attributable to ITOCHU	300.5	161.1	139.4	280.0	(20.5)
(Reference)					
Total trading transactions	11,978.3	11,393.6	584.7	13,100.0	1,121.7
Gross trading profit ratio	8.6%	8.6%	0.0%	7.9%	(0.7%)
Adjusted profit	395.5	333.1	62.4	430.0	34.5

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

Summary of changes from the previous fiscal year

- **Revenue**: Increase in the Energy, Metals & Minerals Company (the acquisition of energy-related companies, rise in prices for iron ore, oil & gas and an increase in iron ore sales volume counteracted a decrease due to lower coal production and sales volume), in the Chemicals, Forest Products & General Merchandise Company (the acquisition of Kwik-Fit Group) and in the Food Company (higher market prices for food materials, such as feed grains and others, an increase in transaction volume in food-distribution-related companies)
- **Gross trading profit**:
  - Textile/ Decr (128.3→127.6): Due to liquidation of apparel-related company at the previous fiscal year-end, despite rise in uniform products and textile materials transactions, as well as strong sales on domestic demand in China
  - ICT & Machinery/ Incr (185.1→205.4): Due to higher transaction volume in domestic ICT-related companies, acceptance in healthcare-related businesses
  - Energy, Metals & Minerals/ Incr (212.1→214.8): Due to rise in price for oil & gas and improvement of operations in energy transactions, as well as higher prices and sales volume for iron ore, despite decrease in revenue due to lower coal production and sales volume
  - Chemicals, Forest Products & General Merchandise/ Incr (118.3→150.1): Due to the acquisition of Kwik-Fit Group, higher market prices for plywood in domestic market
  - Food/ Incr (270.8→274.7): Due to rise in transaction volume at food-distribution-related companies, despite decrease in some businesses as a result of aftermath of the Great East Japan Earthquake
  - Construction & Realty/ Incr (18.7→22.7): Due to decrease in losses on lower-of-cost-or-market of real-estate for sale as well as higher sales of newly completed condominiums in favorable locations and sales to investors of real estate for leasing
  - Financial & Insurance Services, Logistics Services/ Decr (19.2→15.7): Due to the sale of travel-related domestic company and the transfer as a result of reorganization
- **SG & A**: Attributable to an increase accompanying a rise in revenue among existing consolidated companies and the acquisition of Kwik-Fit Group, which offset decreases in the effect of cost reductions and de-consolidation of certain subsidiaries
- **Provision for doubtful receivables**: Due to the absence of write-off of loans accompanying disposal of enterprises in North America in the previous fiscal year
- **Net financial income**: Increase in dividends received and improvement of net interest expenses
- **Gain (loss) on investments-net**: Net of impairment gain (loss) and remeasuring gain on investments 〔the absence of impairment losses on Orient Corporation preferred stocks and on others in the previous fiscal year〕 +39.1, Net gain on sales of investments +15.4, Losses on business disposals and others +4.6
- **Loss on property and equipment-net**: Impairment losses +30.5 〔substantial decrease in impairment losses on property and equipment and oil & gas assets in the previous fiscal year〕, Net gain on sales of property and equipment and others -3.5 〔the absence of gain on sales of coal interests in the previous fiscal year〕
- **Gain on bargain purchase in acquisition**: Gain on the acquisition of Brazil Japan Iron Ore Corporation
- **Other-net**: The receipt of insurance related to the Great East Japan Earthquake and due to the absence of losses on disposal of three enterprises and business reconstruction costs on equipment-material-related business in North America and ship-related losses in the previous fiscal year
- **Equity in earnings of assoc. co.**: Equity-method associated companies of Brazil Japan Iron Ore Corporation+8.6, Orient Corporation (Note 3) 〔the absence of net of impairment loss on investment and gain on changes in equity interests recorded in the previous fiscal year(Note 4) +7.2〕, Marubeni-Itochu Steel Inc.+6.2, Prima Meat Packers, Ltd. (Note 3) 〔the absence of impairment loss on investment recorded in the previous fiscal year(Note 4) +5.6〕 , FamilyMart Co., Ltd. +2.6, ITOCHU Coal Americas Inc. +2.5, Century Tokyo Leasing Corporation (Note 3) 〔Gain on negative goodwill accompanying the additional investment(Note 4) +1.5, ASAHI BREWERIES ITOCHU (HOLDINGS) LTD. +1.5

(Note 1) In the 4th quarter of the fiscal year ended March 31, 2012, certain subsidiaries changed their fiscal periods. The effect of these changes has been reflected in figures of certain items for the previous fiscal year.
(Note 2) As a result of the ITOCHU Group's integration of food distribution and marketing business, the items in which distribution cost related to these operations has been included were changed from the beginning of fiscal year 2012. The relevant amounts for the previous fiscal year were reclassified based on this new classification.
(Note 3) Refer to the results to be announced by each corresponding company, as their announcement dates are on or after ITOCHU's announcement date of Fiscal Year 2012.
(Note 4) Income tax effect is not included.

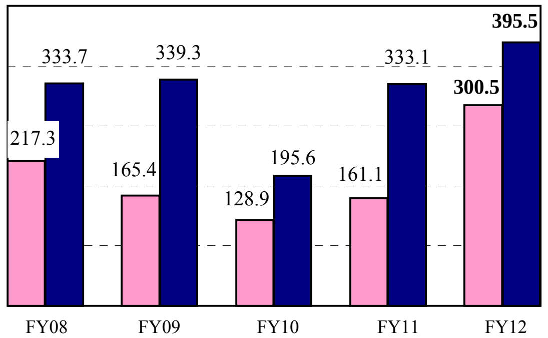
Consolidated Statements of Comprehensive Income

	FY 2012	FY 2011	Increase (Decrease)
Net income	321.9	174.4	147.5
Other comprehensive income (loss) (net of tax)			
Foreign currency translation adjustments	(72.1)	(64.1)	(8.0)
Pension liability adjustments	(4.6)	(7.6)	3.0
Unrealized holding gains on securities	13.5	12.1	1.4
Unrealized holding gains (losses) on derivative instrument	(1.7)	1.5	(3.2)
Total other comprehensive income (loss) (net of tax)	(64.9)	(58.1)	(6.9)
Comprehensive income (loss)	257.0	116.3	140.7
Comprehensive income (loss) attributable to the noncontrolling interest	(7.0)	(10.2)	3.3
Comprehensive income (loss) attributable to ITOCHU	250.0	106.0	143.9

Components of Net income attributable to ITOCHU	FY 2012	FY 2011	Increase (Decrease)
Parent company	131.0	74.2	56.8
Group companies	271.3	180.2	91.2
Overseas trading subsidiaries	23.7	8.9	14.7
Consolidation adjustments	(125.5)	(102.2)	(23.3)
Net income attributable to ITOCHU	300.5	161.1	139.4
Earnings from overseas businesses (Note 5)	194.2	132.7	61.5
Share of earnings from overseas businesses	65%	82%	

Net income attributable to ITOCHU and Adjusted profit

:Net income attributable to ITOCHU
:Adjusted profit



Dividend Information (Per Share)	
FY 2012	FY 2013
Annual (Planned) 44.0 yen	Annual (Planned) 40.0 yen
Interim (Paid) 16.5 yen	Interim (Planned) 20.0 yen

Brand-new Deal 2012
Earn, Cut, Prevent

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Operating Segment Information	Net income attributable to ITOCHU			[Net income attributable to ITOCHU] Summary of changes from the previous fiscal year
	FY 2012	FY 2011	Increase (Decrease)	
Textile	24.4	15.3	9.1	Increase due to rise in uniform products and textile materials transactions, strong sales on domestic demand in China, and the absence of losses on liquidation of subsidiary in apparel-related business recognized in the previous fiscal year-end
ICT & Machinery	37.4	18.0	19.4	Increase due to higher transaction volume in domestic ICT-related companies and construction-machinery-related companies, as well as increase in equity in earnings of associated companies due to generally higher earnings. In addition, gain on sale of businesses, gain resulting from additional investments for leasing company in automobile business and acceptance in healthcare-related business as a result of reorganization
Energy, Metals & Minerals	162.2	109.2	52.9	Increase due to higher iron ore sales volume and prices, gain on bargain purchase and remeasuring previously held equity interests in the acquisition of Brazil Japan Iron Ore Corporation at fair value and increase in equity in earnings of associated companies, despite decrease in earnings due to lower coal production and sales volume. In addition, increase due to gain on sale of investment securities in this fiscal year and due to substantial decrease in impairment losses on oil & gas assets
Chemicals, Forest Products & General Merchandise	34.5	26.0	8.5	Increase due to higher prices for organic chemicals throughout this fiscal year compared with the previous fiscal year and higher market prices for plywood in domestic market, as well as gain on sale of tire wholesale business used to consolidated subsidiary.
Food	43.8	22.4	21.4	Increase due to increase in transaction volume in food-distribution-related companies as well as favorable performance by convenience store companies, the absence of impairment losses on investment securities in the same period of the previous fiscal year, as well as the absence of losses as a result of the Great East Japan Earthquake-although it continued to affect certain companies-and income on insurance claims
Construction & Realty	4.5	2.7	1.7	Increase due to higher sales to investors of real estate for leasing and higher sales of newly completed condominiums in favorable locations
Financial & Insurance Services, Logistics Services	2.1	(15.9)	18.0	Upturn due to the absence of impairment losses on common and preferred stocks of Orient Corporation, as well as the absence of losses accompanying restructuring of certain subsidiaries in the previous fiscal year
Adjustments & Eliminations and others	(8.3)	(16.5)	8.3	Improvement due to the absence of impairment losses on property and equipment-net, losses on disposal of three enterprises in North America and business reconstruction costs on equipment-material-related business in the same period of the previous fiscal year as well as the improvement of its business operations, despite the reversal of deferred tax assets
Total	300.5	161.1	139.4	

P/L of Group Companies Reporting Profits/Losses	FY 2012	FY 2011	Increase (Decrease)
Group co. reporting profits	313.2	226.7	86.5
Group companies reporting profits	289.2	212.0	77.2
Overseas trading subsidiaries reporting profits	24.0	14.7	9.3
Group co. reporting losses	(18.2)	(37.6)	19.4
Group companies reporting losses	(17.9)	(31.9)	14.0
Overseas trading subsidiaries reporting losses	(0.3)	(5.7)	5.4
Total	295.0	189.1	105.9
Share of group co. reporting profits	81.7%	78.1%	3.6%
Number of group co. reporting profits	299	307	(8)
Total number of group co. reporting	366	393	(27)

(Note 6)The number of companies directly invested by ITOCHU or its Overseas trading subsidiaries are shown above.

Group Companies

(Major Group Companies) (C): Consolidated subsidiary, (E): Equity-method associated company

Group Companies		FY 2012	FY 2011	Summary of changes from the previous fiscal year
ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA)	(C)	89.3	80.1	Due to rise in iron ore prices and sales volume and the absence of impairment losses on oil & gas assets in the previous fiscal year, despite lower earnings stemming from decline in coal production and sales volume
Brazil Japan Iron Ore Corporation	(C)	36.8	12.9	Due to gain accompanying the acquisition as well as higher sales volume and prices
ITOCHU Oil Exploration (Azerbaijan) Inc.	(C)	13.0	10.7	Due to higher oil prices, despite lower sales volume
Marubeni-Itochu Steel Inc.	(E)	12.9	6.8	Due to recovery in domestic and overseas demand for steel products and the absence of impairment losses on investment securities and losses on reorganization of U.S. businesses recorded in the previous fiscal year
OVERSEAS PROPERTY SALES CO., LTD	(C)	(2.3)	0.0	Due to the reversal of deferred tax assets accompanying the change in the effective income tax rate

Financial Position	Mar. 2012	Mar. 2011	Increase (Decrease)	Outlook for March 31, 2013
Total assets	6,507.3	5,676.7	830.6	7,000.0
Interest-bearing debt	2,533.6	2,268.9	264.6	2,800.0
Net interest-bearing debt	2,014.9	1,630.8	384.1	2,300.0
Total ITOCHU stockholders' equity	1,363.8	1,156.3	207.5	1,550.0
Total equity	1,696.1	1,399.0	297.2	1,900.0
Ratio of stockholders' equity to total assets	21.0%	20.4%	0.6%	22.1%
Net debt-to-equity ratio (times)	1.5	1.4	0.1 up	1.5

(Note 7)"Stockholders' equity" is equivalent to "ITOCHU stockholders' equity" and used in calculating "NET DER".

Summary of changes from the previous fiscal year end

- **Total assets**: Decrease in Cash and cash equivalents and Time deposits. However, Investments to associated companies increased due to investments in the Textile, in the ICT & Machinery and in the Energy, Metals & Minerals, the Chemicals and Forest Products & General Merchandise and the Food, there were increases in Net trade receivables and Inventories. Also, in Forest Products & General Merchandise there were increases in Inventories, Net property and equipment and Other assets due to the acquisition of Kwik-Fit Group
- **Total ITOCHU stockholders' equity**: Increased due to "Net income attributable to ITOCHU", despite a decrease in dividend payment and deterioration in "Foreign currency translation adjustments." As a result, "Ratio of stockholders' equity to total assets" (Note 7) improved by 0.6 points to 21.0% from March 31, 2011. "NET DER" (Note 7) was 1.5 times. Total equity, or the total of ITOCHU stockholders' equity and noncontrolling interest was increased to 1,696.1 billion yen due to an increase in Total ITOCHU stockholders' equity and to acquisition of Brazil Japan Iron Ore Corporation

Cash Flows	FY 2012	FY 2011
Operating activities	212.8	335.4
Investing activities	(416.3)	(230.9)
Financing activities	84.7	53.2
Cash and cash equivalents	513.5	633.8
Increase (Decrease)	(120.3)	153.2

Summary of Cash Flows for the FY 2012

- **Operating**: Net cash-inflow resulting from the steady performance in operating revenue in overseas natural resources, despite an increase in inventories in Energy, Metals & Minerals and Chemicals, Forest Products & General Merchandise
- **Investing**: Net cash-outflow mainly due to new investments in Colombian coal mining company and U.S. oil & gas development company, additional investment in Brazil Japan Iron Ore Corporation and an investment in IPP in North America, as well as additional capital expenditures and purchase of interests in natural resource development sector
- **Financing**: Net cash-outflow due to dividend payment and large-scale investments, which was partly covered by cash and deposits, resulting from over 200 billion yen cash flows from operating activities

Major Indicates			FY 2012	FY 2011	Variance
Foreign exchange (Yen/US$)	Mar. closing	Average (Apr.-Mar.)	78.94	86.54	(7.60)
		March 31st	Mar.-12 82.19	Mar.-11 83.15	(0.96)
	Dec. closing	Average (Jan.-Dec.)	80.28	88.27	(7.99)
		December 31st	Dec.-11 77.74	Dec.-10 81.49	(3.75)
Interest	JPY TIBOR 3M, average (Apr.-Mar.)		0.338%	0.363%	(0.025%)
	US$ LIBOR 3M, average (Apr.-Mar.)		0.389%	0.357%	0.032%
Crude oil (Brent) (US$/BBL)		Average (Apr.-Mar.)	114.18	87.24	26.94
Iron ore, fine (US$/ton)			163	133	30
Coking coal ／Thermal coal (US$/ton)			291 / 130	215 / 98	76 / 32