

## Highlights of Consolidated Financial Results for FY 2014 (U.S. GAAP)

May 1, 2014  
ITOCHU Corporation

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

### Financial topics for FY 2014

- “Net income attributable to ITOCHU” increased by ¥30.0 bil. to ¥310.3 bil. compared with the previous FY, which is the highest earnings ever.
- “Gross trading profit” increased by ¥112.4 bil. compared with the previous fiscal year to ¥1,028.3 bil., an increase in all segments, and achieved the ¥1 tril. mark for the first time in 5 years.
- For “Net income attributable to ITOCHU” by segment, “ICT, General Products & Realty”, “Food”, “Machinery”, and “Textile” all achieved a record high in earnings of ¥76.3 bil., ¥57.5 bil., ¥43.4 bil., and ¥32.5 bil., respectively. Although earnings from “Metals & Minerals” and “Energy & Chemicals” decreased due to unordinary factors, “Metals & Minerals” and “Energy & Chemicals” secured earnings of ¥74.1 bil. and ¥16.7 bil., respectively. (Refer to Exhibit A-2)
- The share of the Non-Resource Sector was 82% (earnings of ¥246.8 bil.) and the Natural Resource/Energy-Related Sector was 18% (earnings of ¥53.6 bil.). Furthermore, the Non-Resource Sector increased by ¥55.6 bil. compared with the previous FY, which surpassed a ¥21.8 bil. decrease of the Natural Resource/Energy-Related Sector which resulted from unordinary factors, and contributed considerably to the highest earnings.
- “Total ITOCHU stockholders’ equity” increased by ¥381.5 bil. from the previous FY end to ¥2,147.0 bil. and achieved the ¥2 tril. mark, due to an increase in “Net income attributable to ITOCHU” and an improvement in “Accumulated other comprehensive income (loss)” due to yen depreciation.
- “Ratio of ITOCHU stockholders’ equity to total assets” rose by 2.6 points from the previous FY end to 27.4%. NET DER improved to 1.04 times. (Refer to Exhibit A-2)

	FY 2014	FY 2013	Increase (Decrease)
Natural Resource /Energy-Related	53.6	75.5	(21.8)
Non-Resource	246.8	191.3	55.6
Others	9.8	13.6	(3.8)
<i>Non-Resource &amp; Others</i>	<i>256.6</i>	<i>204.8</i>	<i>51.8</i>
Natural Resource /Non-Resource	18%/82%	28%/72%	-10%/10%

Petroleum products transaction of Energy was reclassified from “Natural Resource/Energy-Related” into “Non-Resource” since FY 2014.

Consolidated Financial Results of Operations	FY 2014	FY 2013	Increase (Decrease)
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Summary of changes from the previous fiscal year

Outlook for FY 2015 (IFRS)

### Consolidated Statements of Income

Revenue	5,530.9	4,579.8	951.1
Gross trading profit	1,028.3	915.9	112.4
Selling, general and administrative expenses	(743.1)	(671.3)	(71.8)
Provision for doubtful receivables	(6.1)	(0.3)	(5.7)
Net interest expenses	(13.3)	(14.1)	0.8
Dividends received	37.1	34.6	2.5
<i>Net financial income</i>	<i>23.8</i>	<i>20.6</i>	<i>3.2</i>
Gain on investments-net	59.5	45.9	13.6
Loss on property and equipment-net	(1.6)	(9.3)	7.7
Other-net	13.0	9.7	3.3
Total other-expenses	(654.5)	(604.8)	(49.7)
Income before income taxes and equity in earnings of associated companies	373.8	311.1	62.7
Income taxes	(130.4)	(94.3)	(36.1)
Income before equity in earnings of associated companies	243.4	216.8	26.6
Equity in earnings of associated companies	85.3	85.9	(0.6)
Net income	328.7	302.7	26.0
Less: Net income attributable to the noncontrolling interest	(18.4)	(22.4)	4.0
Net income attributable to ITOCHU	310.3	280.3	30.0

**Revenue:** Increase attributable to higher revenue from the Energy & Chemicals Company, due to higher transaction volume of petroleum products and chemicals; higher revenue from the Food Company, reflecting acquisition of the Dole business; higher revenue from the ICT, General Products & Realty Company, due to the favorable performance by housing-material-related companies and expanded business by mobile-phone-related companies; higher revenue from the Machinery Company, due to higher transaction volume in automobile and plant-related transactions; and the effect of yen depreciation

**Gross trading profit:**

- Textile** +2.2 (128.9 → 131.2): Increase due to the acquisition of European apparel manufacturing and wholesale companies in the previous fiscal year, rise in textile material transaction volume for China, and introduction of new brands
- Machinery** +11.3 (89.4 → 100.7): Increase due to higher automobile, construction machinery and plant-related transaction volume and effect of yen depreciation, despite decrease in ship transaction volume
- Metals & Minerals** +12.6 (79.5 → 92.1): Increase due to higher sales volume of iron ore and effect of yen depreciation, despite falling coal prices
- Energy & Chemicals** +11.4 (165.0 → 176.4): Increase due to higher transaction volume and improved profitability of energy trading transactions, higher transaction volume of chemicals, and effect of yen depreciation
- Food** +37.2 (202.7 → 239.9): Increase due to acquisition of Dole business and stable performance of existing companies
- ICT, General Products & Realty** +45.5 (236.6 → 282.1): Increase due to favorable pulp transactions and favorable performance by housing-materials-related companies, expanded business by mobile-phone-related companies, contribution of real estate transactions, and effect of yen depreciation

**SG & A:** Increase due to the inclusion of new consolidated subsidiaries, including the acquisition of the Dole business, and the effect of yen depreciation

**Provision for doubtful receivables:** Deterioration due to the absence of the gain on reversal of allowance for doubtful receivables in the previous fiscal year

**Net financial income:** Improvement due to lower debt cost, despite increase in interest-bearing debt, and increase in dividends

**Gain on investments-net:** Net gain on sales of investments +7.2 (51.0 → 58.2), Net of impairment losses and remeasuring gains on investments +5.6 (-3.4 → 2.2), Losses on business disposals and others +0.8 (-1.7 → -0.9)

**Gain (loss) on property and equipment-net:** Net gain (loss) on sales of property and equipment +9.3 (-2.6 → 6.8), Impairment losses on property and equipment -1.3 (-8.1 → -9.4), Rental income and other -0.4 (1.4 → 1.0)

**Other-net:** Mainly due to an improvement in foreign currency translation

**Equity in earnings of assoc. co.:**

- Textile** -0.9 (12.6 → 11.7): Decrease due to the absence of an unordinary gain recognized in the previous fiscal year, despite an increase from stable performances by equity-method associated companies in Japan and overseas
- Machinery** +5.6 (13.4 → 19.0): Increase due to an increase in equity in earnings of automobile-related and ship-related companies
- Metals & Minerals** -7.7 (42.1 → 34.3): Decrease due to decrease in equity in earnings of Colombian coal companies due to a decline in coal prices and decrease in sales volume, and an unordinary tax expense in Brazilian iron ore companies, despite increase in equity in earnings of Australian mineral-resources-related companies
- Energy & Chemicals** -4.6 (-28.3 → -32.9): Deterioration due to the impact of prolonged scheduled maintenance of methanol companies and unordinary loss recognized by bioethanol companies (U.S. oil and gas development companies stayed almost the same level due to improvement in income from operations, despite an increase in impairment losses)
- Food** -1.4 (22.9 → 21.5): Decrease due to the absence of gain on sales of investments by a CVS company in the previous fiscal year, despite favorable performance by Chinese food companies
- ICT, General Products & Realty** +11.5 (24.5 → 36.0): Increase due to a rise in pulp prices in overseas pulp companies and favorable performance by industrial park companies in Indonesia

Gross trading profit	1,110.0
Selling, general and administrative expenses	(804.0)
Provision for doubtful receivables	(6.0)
Net interest expenses	(18.0)
Dividends received	28.0
<i>Net financial income</i>	<i>10.0</i>
Equity in earnings of associated companies	140.0
Other-net	(12.0)
Income before income taxes	438.0
Income taxes	(115.0)
Net Income	323.0
Less: Net income attributable to the noncontrolling interest	(23.0)
Net income attributable to ITOCHU	300.0

(Reference)

Total trading transactions	14,566.8	12,551.6	2,015.3
Gross trading profit ratio	7.1%	7.3%	(0.2%)
Adjusted profit	394.2	351.0	43.2

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

Adjusted profit	456.0
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### Consolidated Statements of Comprehensive Income

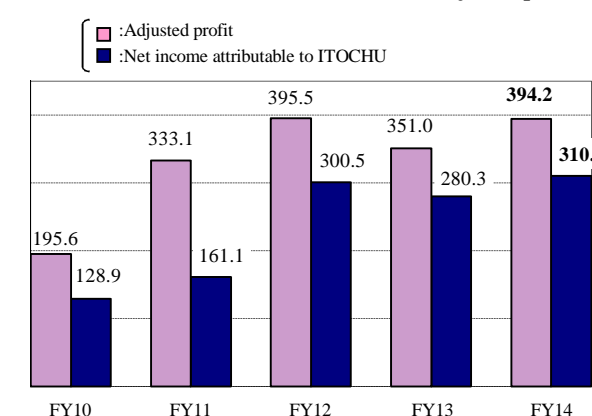
Net income	328.7	302.7	26.0
Other comprehensive income (loss) (net of tax)			
Foreign currency translation adjustments	133.0	157.7	(24.7)
Pension liability adjustments	12.7	10.5	2.1
Unrealized holding gains on securities	0.5	35.7	(35.3)
Unrealized holding gains on derivative instruments	0.1	0.4	(0.3)
Total other comprehensive income (loss) (net of tax)	146.3	204.4	(58.1)
Comprehensive income (loss)	474.9	507.0	(32.1)
Comprehensive income (loss) attributable to the noncontrolling interest	(28.7)	(31.2)	2.5
Comprehensive income (loss) attributable to ITOCHU	446.2	475.8	(29.6)

Components of Net income attributable to ITOCHU	FY 2014	FY 2013	Increase (Decrease)
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Parent company	177.9	153.3	24.6
Group companies	227.1	205.4	21.6
Overseas trading subsidiaries	34.9	23.9	11.1
Consolidation adjustments	(129.6)	(102.3)	(27.3)
Net income attributable to ITOCHU	310.3	280.3	30.0
Earnings from overseas businesses	129.1	99.9	29.2
Share of earnings from overseas businesses	42%	36%	

“Earnings from overseas businesses” is the total of Net income attributable to ITOCHU of overseas trading subsidiaries and overseas group companies, plus Net income attributable to ITOCHU of overseas branches of parent company and the companies established in Japan for specific overseas business whose sources of revenue are in overseas.

### Net income attributable to ITOCHU and Adjusted profit



### Dividend Information (Per Share)

FY2014	Annual (Planned) 46.0yen	Interim (Paid) 21.0 yen
FY2015	Annual (Planned) 46.0yen	Interim (Planned) 23.0 yen

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

Operating Segment Information	Net income attributable to ITOCHU			[Net income attributable to ITOCHU] Summary of changes from the previous fiscal year
	FY 2014	FY 2013	Increase (Decrease)	
Textile	32.5	31.2	1.2	Increase due to higher dividends received and increase in gain (loss) on investments-net, despite the absence of unordinary gain on reversal of expenses in the previous fiscal year
Machinery	43.4	32.1	11.3	Increase due to rise in gross trading profit, higher dividends received, and increase in gain (loss) on investments-net and equity in earnings of associated companies
Metals & Minerals	74.1	82.5	(8.4)	Decrease due to the absence of gain on sales of investments in the same period of the previous fiscal year and decrease in equity in earnings of associated companies accompanying unordinary tax expense in Brazilian iron ore companies, despite increase in gross trading profit
Energy & Chemicals	16.7	23.1	(6.4)	Decrease due to decrease in gain (loss) on investments-net and deterioration in equity in earnings of associated companies, despite increase in gross trading profit
Food	57.5	45.7	11.8	Overall increase due to acquisition of Dole business and increase in gain (loss) on investments-net, despite decrease in equity in earnings of associated companies
ICT, General Products & Realty	76.3	52.1	24.2	Increase due to rise in gross trading profit, and increase in gain (loss) on investments-net and equity in earnings of associated companies
Others, Adjustments & Eliminations	9.8	13.6	(3.8)	Decrease due to the absence of improvement in tax expense from the realization of losses in tax basis in the previous fiscal year
<b>Total</b>	<b>310.3</b>	<b>280.3</b>	<b>30.0</b>	

P/L of Group Companies Reporting Profits/Losses	FY 2014	FY 2013	Increase (Decrease)	Group Companies (Major Group Companies) (C): Consolidated subsidiary, (E): Equity-method associated company	FY 2014	FY 2013	Summary of changes from the previous fiscal year
Group companies reporting profits	284.0	249.0	35.0	ITOCHU Minerals & Energy of Australia Pty Ltd (C)	58.4	50.3	For iron ore, increase due to higher sales volume and the effect of yen depreciation, as for coal, decrease due to falling price, despite improvement in cost and the effect of yen depreciation
Overseas trading subsidiaries reporting profits	35.0	23.9	11.1	ITOCHU Oil Exploration (Azerbaijan) Inc. (C)	15.7	13.1	Increase mainly due to the effect of yen depreciation
Group co. reporting losses	(57.0)	(43.6)	(13.4)	Marubeni-Itochu Steel Inc. (E)	13.0	12.8	Increase due to stable performance of companies in Japan and the effect of yen depreciation
Group companies reporting losses	(56.9)	(43.6)	(13.4)	NIPPON ACCESS, INC. (C)	11.6	10.8	Increase due to gain on sales of property and equipment, despite decrease in gross trading profit due to lower profitability
Overseas trading subsidiaries reporting losses	(0.1)	(0.0)	(0.0)	JD Rockies Resources Limited (C)	(32.5)	(31.2)	Deterioration due to loss on sales of some leases and impairment losses of possessing properties in self-possessing shale oil development projects, although almost the same level due to improvement of income from operations which offset increased impairment losses in U.S. oil and gas development companies
<b>Total</b>	<b>262.0</b>	<b>229.3</b>	<b>32.7</b>				
Share of group co. reporting profits	84.7%	84.6%	0.2%				
Number of group co. reporting profits (Note 1)	300	301	(1)				
Total number of group co. reporting (Note 1)	354	356	(2)				

(Note 1) The number of companies directly invested by ITOCHU or its Overseas trading subsidiaries are shown above.

Financial Position	Mar. 2014	Mar. 2013	Increase (Decrease)	Summary of changes from the previous fiscal year end	Outlook for March 31, 2015
Interest-bearing debt	2,885.3	2,762.5	122.8		3,100.0
Net interest-bearing debt	2,224.3	2,185.6	38.7		2,500.0
Total ITOCHU stockholders' equity	2,147.0	1,765.4	381.5	<b>Total ITOCHU stockholders' equity:</b> Total ITOCHU stockholders' equity rose by 21.6%, or 381.5 billion yen, compared with March 31, 2013, to 2,147.0 billion yen (20,861 million U.S. dollars), due to an increase in Net income attributable to ITOCHU and an improvement in Accumulated other comprehensive income (loss) due to yen depreciation, which more than compensated for a decrease accompanying dividends payment.	2,300.0
Ratio of stockholders' equity to total assets (Note 2)	27.4%	24.8%	2.6%	The Ratio of stockholders' equity to total assets rose by 2.6 points to 27.4% from March 31, 2013. NET DER (Net Debt-to-stockholders' Equity Ratio) improved compared with March 31, 2013, to 1.04 times.	28.0%
Net debt-to-equity ratio (times) (Note 2)	1.04	1.24	Improved 0.20	Total equity, or the sum of Total ITOCHU stockholders' equity and Noncontrolling interest, increased by 19.4%, or 410.2 billion yen, compared with March 31, 2013, to 2,522.8 billion yen (24,513 million U.S. dollars).	1.1
Total equity	2,522.8	2,112.6	410.2		2,700.0

(Note 2) "Stockholders' equity" is equivalent to "ITOCHU stockholders' equity" and used in calculating these ratios.

Cash Flows	FY 2014	FY 2013	Summary of Cash Flows for FY 2014	Major Indicators			
				FY 2014	FY 2013	Variance	
Operating activities	418.4	245.7	<b>Operating:</b> Net cash-inflow of 418.4 billion yen (4,065 million U.S. dollars), resulting from the stable performance in operating revenue in the overseas natural resources, energy, food, machinery, and ICT sectors as well as steady collections of trade receivables in the machinery, general merchandise, and food sectors.	Foreign exchange (Yen/US\$) Average(Apr.-Mar.) Closing (Mar.)	99.84 102.92	82.20 94.05	17.64 8.87
Investing activities	(266.7)	(200.0)	<b>Investing:</b> Net cash-outflow of 266.7 billion yen (2,591 million U.S. dollars), due to the acquisition of the Dole business and new investments and loans to Australian mineral-resource-development-related business.	Interest JPY TIBOR 3M, average (Apr.-Mar.) US\$ LIBOR 3M, average (Apr.-Mar.)	0.225% 0.253%	0.317% 0.374%	(0.092%) (0.121%)
Financing activities	(71.7)	(11.3)	<b>Financing:</b> Net cash-outflow of 71.7 billion yen (697 million U.S. dollars), due to repayment of debt, despite increase of debt accompanying new investments and loans.	Crude oil (Brent) (US\$/BBL) Average (Apr.-Mar.)	107.59	110.28	(2.69)
Cash and cash equivalents	653.3	569.7		Iron ore, fine (US\$/ton) (Note 3)	126	122	4
Increase (Decrease)	83.6	56.2		Coking coal (US\$/ton) (Note 3)	153	192	(39)
				Thermal coal (US\$/ton) (Note 3)	95	115	(20)

(Note 3) The Company recognizes these prices as common transaction prices based on market information.