

Highlights of Consolidated Financial Results for the First Quarter of FY 2010 (U.S. GAAP)

July 31, 2009
ITOCHU Corporation

Financial topics for the First Quarter of FY 2010

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

- "Net income attributable to ITOCHU (See Note 1)" decreased by ¥42.0 bil. compared with the previous 1st Q to ¥20.4 bil due to global recession and demand shrink.
- The income of "Ener., Met. & Min." much decreased due to price falls in metal resource / energy and declined sales volume in iron ore, and generally financial results remained low from the previous 4th Q. Especially, Dec. closing companies were affected by recession from Jan. to Mar. in this 1st Q. Ratios of "Net income attributable to ITOCHU" by sector were Natural resource / energy, 27%; Consumer, 64%; and Others 9%. In Consumer-related sector, steady growth recorded in Food besides gain on sales on securities.
- ITOCHU Corporation acquired C. I. Kasei Co., Ltd. and i-LOGISTICS CORP. and invested in TING HSIN HOLDING CORP. to strengthen its group's earning capacity.
- ITOCHU stockholders' equity increased by ¥96.2 bil. to ¥945.6 bil. due to improved Foreign currency translation adjustments and Unrealized holding gains on securities through yen's depreciation and recovery of stock market compared with the previous fiscal year end. NET DER improved by 0.2 points to 1.9 times.

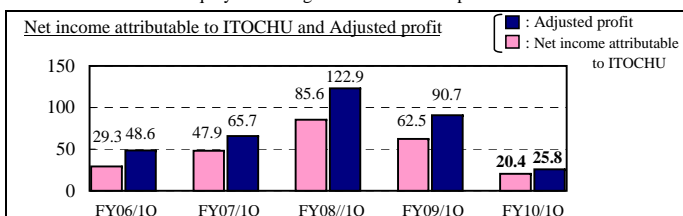
(Note 1) From this 1st Q SFAS160 has been applied. For details, please refer to "New Accounting Pronouncements" on (9), page 15 of "Consolidated Financial Results for the First Quarter of FY 2010 ending March 31, 2010" (Note 2) As announced dated January 28, 2009 in "(Revision) Announcement Regarding Revisions to Financial Statements of Past Fiscal Years", the consolidated financial statements for the same period of the previous fiscal years have been restated. In addition, "Total trading transactions", which is in accordance with Japanese accounting practice, for the same period of the previous fiscal years has reflected the figures restatement in an overseas subsidiary operating international trade of crude oil and petroleum products.

Consolidated Financial Results of Operations	1st Quarter	1st Quarter	Increase (Decrease)	
	FY 2010	FY 2009		%

	1st Quarter	1st Quarter	Increase (Decrease)	
	FY 2010	FY 2009		%
Revenue	767.2	728.9	38.4	5.3%
Gross trading profit	206.3	247.7	(41.3)	(16.7%)
Selling, general and administrative expenses	(189.4)	(178.9)	(10.4)	5.8%
Provision for doubtful receivables	(3.9)	(0.7)	(3.2)	-
Net interest expenses	(6.5)	(7.3)	0.8	(11.1%)
Dividends received	5.9	10.4	(4.4)	(42.7%)
Net financial income (expenses)	(0.6)	3.0	(3.6)	-
Gain on investments-net	2.8	5.9	(3.1)	-
Gain on property and equipment-net	2.3	1.1	1.2	-
Other-net	10.8	(2.2)	13.0	-
Total other expenses	(178.0)	(171.8)	(6.2)	3.6%
Income before income taxes and equity in earnings of associated companies	28.4	75.9	(47.5)	(62.6%)
Income taxes	(15.9)	(31.3)	15.4	(49.3%)
Income before equity in earnings of associated companies	12.5	44.6	(32.1)	(72.0%)
Equity in earnings of associated companies	9.4	18.9	(9.5)	(50.4%)
Net income	21.9	63.5	(41.6)	(65.6%)
Less: Net income attributable to the noncontrolling interest	(1.4)	(1.0)	(0.4)	38.0%
Net income attributable to ITOCHU	20.4	62.5	(42.0)	(67.3%)

(Reference)				
Total trading transactions	2,192.5	3,064.4	(871.9)	(28.5%)
Gross trading profit ratio	9.4%	8.1%	1.3%	
Adjusted profit	25.8	90.7	(64.9)	(71.6%)

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



(Note 3) For the effects on Consolidated Statements of Income and Consolidated Balance Sheets in this 1st Q resulting from acquisitions and obtaining control of main group companies in this 1st Q and in the previous FY, please refer to "(Note 1)", "(Note 2)" and "(Note 3)" in "Qualitative Information & Consolidated Financial Statements" on page 5 of "Consolidated Financial Results for the First Quarter of FY 2010 ending March 31, 2010"

Operating Segment Information	Gross trading profit (Note 4)			Net income attributable to ITOCHU		
	1st Quarter	1st Quarter	Increase (Decrease)	1st Quarter	1st Quarter	Increase (Decrease)
	FY 2010	FY 2009		FY 2010	FY 2009	

Textile	20.4	21.8	(1.4)	0.8	9.8	(9.0)
Machinery	11.5	20.4	(8.9)	(0.4)	0.8	(1.2)
ICT, Aerospace & Electronics	28.7	28.2	0.4	(0.6)	0.9	(1.4)
Energy, Metals & Minerals	25.1	43.2	(18.1)	5.6	32.3	(26.7)
Chemicals, Forest Products & General Merchandise	23.6	29.7	(6.2)	2.2	5.2	(3.0)
Food	82.5	80.6	1.9	13.0	5.7	7.3
Finance, Realty, Insurance & Logistics Services	7.9	12.7	(4.8)	2.0	2.3	(0.3)
Other, Adjustments & Eliminations	6.7	11.0	(4.3)	(2.2)	5.4	(7.7)
Total	206.3	247.7	(41.3)	20.4	62.5	(42.0)

[Net income attributable to ITOCHU] Summary of changes from the same period of the previous fiscal year					
Revenue	975.0	21.2%			
Gross trading profit	(785.0)	24.1%			
SG&A	(5.0)	77.7%			
Provision for doubtful receivables	(35.0)	18.6%			
Net interest expenses	25.0	23.8%			
Dividends received	(10.0)	(5.8%)			
Gain on investments-net	(i) 0	-			
Gain on property and equipment-net	(800.0)	22.2%			
Other-net	175.0	16.2%			
Income taxes	(85.0)	18.7%			
Income before equity in earnings of associated companies	90.0	13.9%			
Equity in earnings of associated companies	56.0	16.8%			
Net income	146.0	15.0%			
Less: Net income attributable to the noncontrolling interest	(16.0)	9.0%			
Net income attributable to ITOCHU	130.0	15.7%			
Net interest expenses	10,500.0	20.9%			
Dividends received	9.3%				
Gain on investments-net	236.0	10.9%			
Gain on property and equipment-net					
Other-net					
Equity in earnings of assoc. co.					

• **Revenue:** Increase in Energy, Metals & Minerals due to an acquisition of ITOCHU ENEX CO., LTD., despite price falls in metal resources and energies, while decrease in Machinery due to poor market in automobiles; and in Chemicals, Forest Products & General Merchandise due to chemical price falls

• **Gross trading profit:** (Incr/Decr fields & business)
Textile / Decr: Due to market slowdown in textile materials, fabrics and apparels despite the increase from an acquisition of SANKEI CO., LTD.
Mach. / Decr: Due to poor transactions in automobile and construction machinery businesses
ICT & Aero., Elec. / Incr: Due to expansion of domestic mobile phone business
Ener., Met. & Min. / Decr: Due to price falls in metal resources and energies as well as decrease in sales volume of iron ore and sales volume from the oil fields owned despite increase from an acquisition of ITOCHU ENEX CO., LTD.
Chem., FP & GM / Decr: Due to price falls in chemicals since last autumn, the slowdown in housing market in Japan and U.S., and deconsolidation of a subsidiary in U.S. despite increase from an acquisition of C. I. Kasei Co., Ltd.

• **SG&A:** mainly due to increase in pension cost resulting from worsened pension asset management in addition to increase brought by the acquisition of ITOCHU ENEX CO., LTD.

• **Provision for doubtful receivables:** Increase due to allowance for doubtful receivable

• **Net financial income (expenses):** Net interest expenses +0.8 (decline in US dollars interest rate) Dividends received from LNG-related investments -4.6

• **Gain on investments-net:** Remeasurement loss for pre-existing interests resulting from obtaining control -3.5. Impairment loss on investments +4.5. Net gain on sales of investments -5.5. Loss on business disposals and others +1.4

• **Gain on property and equipment-net:** Net gain on sales of property and equipment +1.3

• **Other-net:** Gain on bargain purchase +9.1. Decreased hedging cost for dividends from LNG-related investments

• **Equity in earnings of assoc. co.:** Century Tokyo Leasing Corporation [some profit related to a merger +0.8] / Marubeni-Itochu Steel Inc. -4.0 Orient Corporation -2.1 / Equity-method associated companies of IMEA -1.4 Japan Brazil Paper and Pulp Resources Development Co., Ltd. -1.3

Outlook for FY 2010	
(Disclosed on April 30, 2009)	Progress (%)

975.0	21.2%
(785.0)	24.1%
(5.0)	77.7%
(35.0)	18.6%
25.0	23.8%
(10.0)	(5.8%)
(i) 0	-
(800.0)	22.2%
175.0	16.2%
(85.0)	18.7%
90.0	13.9%
56.0	16.8%
146.0	15.0%
(16.0)	9.0%
130.0	15.7%
10,500.0	20.9%
9.3%	
236.0	10.9%

Dividend Information (Per Share)	
Annual (Planned)	15 yen
Interim (Planned)	7.5 yen

Components of Net Income attributable to ITOCHU	1st Quarter	1st Quarter	Increase (Decrease)
	FY 2010	FY 2009	
Parent company	21.1	45.1	(24.0)
Group companies	18.4	52.8	(34.5)
Overseas trading subsidiaries	1.3	4.0	(2.7)
Consolidation adjustments	(20.4)	(39.5)	19.1
Net income attributable to ITOCHU	20.4	62.5	(42.0)

Earnings from overseas businesses (*)	9.8	35.3	(25.5)
Share of earnings from overseas businesses	48%	57%	

Share of Group Companies Reporting Profits	1st Quarter	1st Quarter	Increase (Decrease)
	FY 2010	FY 2009	
Share of group co. reporting profits	63.0%	68.1%	(5.1%)
Number of group co. reporting profits	266	284	(18)
Number of group co. reporting losses	156	133	23
Total	422	417	5

P/L of Group Companies Reporting Profits / Losses	1st Quarter	1st Quarter	Increase (Decrease)
	FY 2010	FY 2009	
Group co. reporting profits	31.3	63.2	(31.9)
Group co. reporting losses	(11.5)	(6.3)	(5.2)
Total	19.7	56.9	(37.2)

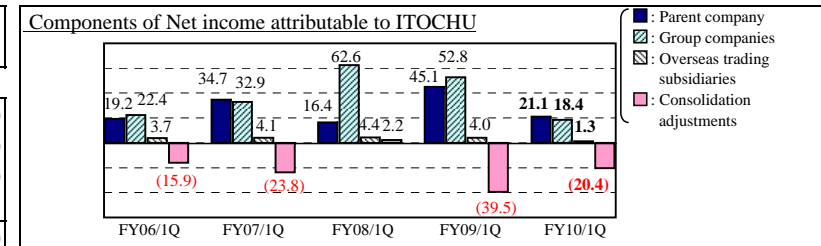
(Group companies)	Group co. reporting profits	Group co. reporting losses	Total of Group companies
	29.3	(10.9)	18.4
	58.8	(5.9)	52.8
	(29.4)	(5.0)	(34.5)

(Overseas trading subsidiaries)	Group co. reporting profits	Group co. reporting losses	Total of Overseas trading subsidiaries
	1.9	(0.6)	1.3
	4.4	(0.4)	4.0
	(2.5)	(0.2)	(2.7)

Financial Position	June 30	March 31	Increase (Decrease)
	2009	2009	
Total assets	5,380.8	5,192.1	188.7
Interest-bearing debt	2,410.1	2,389.3	20.8
Net interest-bearing debt	1,800.8	1,756.8	44.0
ITOCHU stockholders' equity	945.6	849.4	96.2
Net debt-to-equity ratio (times)	1.9	2.1	improved 0.2

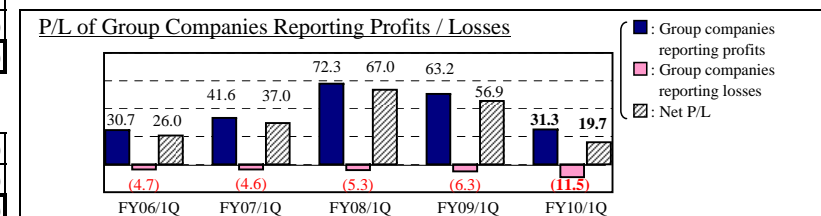
Cash Flows	1st Quarter	1st Quarter	Increase (Decrease)
	FY 2010	FY 2009	
Operating activities	76.7	70.0	6.7
Investing activities	(74.5)	(38.4)	(36.1)
Financing activities	(35.1)	(66.9)	31.8
Cash and cash equivalents	605.0	402.9	202.1

Major Indicates		1st Quarter	1st Quarter	Changes	
		FY 2010	FY 2009		
Foreign exchange (Yen/US\$)	Mar. closing	Average (Apr.-Jun.)	97.51	102.19	(4.68)
		June 30th	96.01	98.23	(2.22)
		March 31st	98.23	91.03	7.20



(*) "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 branch of parent company and domestic group companies substantially operating in overseas.

Group Companies	1st Quarter	1st Quarter	Summary of changes from the same period of the previous fiscal year
	FY 2010	FY 2009	
ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA) (C)	6.6	15.2	Decrease due to reduction of sales volume in iron ore and price falls in metal resources
ITOCHU Oil Exploration (Azerbaijan) Inc. (C)	0.5	12.4	Decrease due to reduction of sales volume and lower oil price
Marubeni-Itochu Steel Inc. (MISI) (E)	0.7	4.7	Decrease due to reduced demand for steel products in and out of Japan
FamilyMart Co., Ltd. (E)	1.2	1.5	Decrease due to impairment loss of stores despite the steady growth in daily sales and number of customers
ITC Nuclear Fuel Service (Cayman) Ltd. (C)	(1.2)	(0.3)	Decrease due to worsened sales profit resulting from declining uranium market prices
ITOCHU Petroleum Co., (Hong Kong) Ltd. (C)	(0.8)	(0.1)	Decrease due to worsened sales profit resulting from declining uranium market prices



Summary of changes from the previous fiscal year end				Outlook for
				March 31, 2010
Total assets / Increase				5,500.0
Increase: "Trade receivables", "Inventories", and "Net property and equipment" resulting from an acquisition of C. I. Kasei Co., Ltd. in Chemicals, Forest Products & General Merchandise as well as, in Food, a new investment in an enterprise group operating food/distribution business in China and Taiwan				2,400.0
ITOCHU stockholders' equity / Increase				1,900.0
Increase: Net income attributable to ITOCHU, "Foreign currency translation adjustments" (yen's depreciation), "Unrealized holding gains on securities" Decrease: Dividend payment; "NET DER" improved by 0.2 points to 1.9 times				950.0
				under 2.0

Condition of Cash Flows for FY 2010					
Operating:	Net cash-inflow mainly due to progress in collection of Trade receivables in the consumer and retail-related sector and in ICT, Aerospace & Electronics				
Investing:	mainly due to a new investment in an enterprise group operating food/distribution business in China and Taiwan, and additional investments related to acquisitions of C. I. Kasei Co., Ltd. and i-LOGISTICS CORP.				
Financing:	Net cash-outflow (net repayment) due to dividends payment and repayments of a part of debt by the parent company				

Major Indicates		1st Quarter	1st Quarter	Changes	
		FY 2010	FY 2009		
Interest, JPY TIBOR 3M, average (Apr.-Jun.)	Mar. closing	Average (Apr.-Jun.)	0.596%	0.841%	(0.245%)
		June 30th	0.596%	0.841%	(0.245%)
		March 31st	0.596%	0.841%	(0.245%)
Interest, US\$ LIBOR 3M, average (Jan.-Mar.)	Mar. closing	Average (Jan.-Mar.)	1.240%	3.289%	(2.049%)
		June 30th	1.240%	3.289%	(2.049%)
		March 31st	1.240%	3.289%	(2.049%)
Crude oil (Brent), average (US\$/BBL)	Mar. closing	Average (Apr.-Jun.)	59.75	122.95	(63.20)
		June 30th	59.75	122.95	(63.20)
		March 31st	45.67	96.48	(50.81)

(Note 6) "ITOCHU" in items of A/C on the consolidated financial statements represents ITOCHU Corporation.