

Highlights of Consolidated Financial Results for 1st-3rd Quarter of FY 2014 (U.S. GAAP)
(9 months from April 1, 2013 to December 31, 2013)

February 4, 2014
ITOCHU Corporation

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

Financial topics for the 1st-3rd Quarter (9 months) of FY 2014

- “Net income attributable to ITOCHU” increased by ¥32.2 bil. to ¥240.3 bil. compared with the same period of the previous FY, which is the highest earnings for the nine-month period. Progress toward Outlook for FY 2014 disclosed on May 8, 2013 (¥290.0 bil.) was 83%.
- The Outlook for FY 2014 has been revised to a record-high of ¥310.0 bil (the progress toward the revised Outlook was 78%). The dividend distribution is also to be a record-high at 46.0 yen per share (an interim dividend of 21.0 yen per share was already distributed, 25.0 yen per share is to be distributed at the year-end).
- For “Net income attributable to ITOCHU” by segment, “ICT, General Products & Realty”, “Machinery”, “Food”, and “Energy & Chemicals” achieved increases compared with the same period of the previous FY. “Metals & Minerals” and “Textile” recorded decreases due to an absence of an unordinary gain recognized in the same period of the previous FY. Two segments recorded over ¥50.0 bil., which are “Metals & Minerals” (¥56.8 bil.) and “ICT, General Products & Realty” (¥56.5 bil.). “Food”, “Machinery”, “Textile”, and “Energy & Chemicals” all recorded over ¥10.0 bil. of ¥42.1 bil., ¥32.9 bil., ¥23.7 bil., and ¥15.7 bil. respectively. (Refer to Exhibit A-2)
- The share of the Non-Resource Sector was 78% (earnings of ¥177.9 bil.) and the Natural Resource/Energy-Related Sector was 22% (earnings of ¥49.6 bil.). Furthermore, the Non-Resource Sector increased by ¥37.0 bil. compared with the same period of the previous FY, which surpassed a ¥3.7 bil. decrease of the Natural Resource/Energy-Related Sector, and contributed considerably to the highest earnings for the nine-month period.
- “Comprehensive income (loss) attributable to ITOCHU” increased by ¥129.6 bil. to ¥372.9 bil. affected by yen depreciation and higher stock prices, in addition to the contribution of “Net income attributable to ITOCHU”.
- “Total ITOCHU stockholders’ equity” increased by ¥307.8 bil. from the previous FY end to ¥2,073.2 bil. and achieved the ¥2,000.0 bil. mark, due to an increase in “Net income attributable to ITOCHU” and an improvement in “Accumulated other comprehensive income (loss)” due to yen depreciation and higher stock prices, which more than compensated for a decrease accompanying dividends payment. “Ratio of stockholders’ equity to total assets” rose by 0.9 points from the previous FY end to 25.7%. NET DER improved to 1.20 times. “Total equity” increased by ¥329.0 bil. to ¥2,441.6 bil. compared with the previous FY end. (Refer to Exhibit A-2)

	Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Increase (Decrease)
Natural Resource /Energy-Related	49.6	53.3	(3.7)
Non-Resource	177.9	141.0	37.0
Others	12.7	13.8	(1.1)
<i>Non-Resource & Others</i>	<i>190.7</i>	<i>154.8</i>	<i>35.9</i>
Natural Resource /Non-Resource	22%/78%	27%/73%	-5%/5%

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

Consolidated Financial Results of Operations	Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Increase (Decrease)
Consolidated Statements of Income			
Revenue	4,037.4	3,247.3	790.2
Gross trading profit	750.3	667.7	82.6
Selling, general and administrative expenses	(551.8)	(503.8)	(48.0)
Provision for doubtful receivables	(3.5)	0.2	(3.7)
Net interest expenses	(10.1)	(10.7)	0.6
Dividends received	13.5	11.5	2.0
<i>Net financial income</i>	<i>3.4</i>	<i>0.8</i>	<i>2.6</i>
Gain on investments-net	41.7	20.3	21.3
Gain (loss) on property and equipment-net (*)	0.5	(4.2)	4.7
Other-net	9.6	9.5	0.2
Total other-expenses	(500.0)	(477.1)	(22.9)
Income before income taxes and equity in earnings of associated companies	250.3	190.6	59.7
Income taxes	(81.7)	(51.2)	(30.5)
Income before equity in earnings of associated companies	168.6	139.4	29.2
Equity in earnings of associated companies	82.4	84.8	(2.4)
Net income	251.0	224.2	26.8
Less: Net income attributable to the noncontrolling interest	(10.7)	(16.0)	5.4
Net income attributable to ITOCHU	240.3	208.1	32.2

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

- **Revenue:** 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 both in Japan and overseas, 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** +1.7 (94.9 → 96.7): Increase due to the acquisition of European apparel manufacturing and wholesale companies in the second quarter of the previous fiscal year, rise in textile material transaction volume for China, and introduction of new brands
 - Machinery** +11.0 (64.4 → 75.4): Increase due to higher automobile, construction machinery and plant-related transaction volume and effect of yen depreciation
 - Metals & Minerals** +18.6 (56.2 → 74.9): Increase due to higher sales volume of iron ore and effect of yen depreciation, despite falling coal prices
 - Energy & Chemicals** +3.0 (116.4 → 119.3): Overall increase due to improved profitability of energy trading transactions and higher transaction volume of chemicals, despite reduced vessel allocation for transactions of exploration and production of crude oil, and decrease in profit accompanying the sale of U.K. North Sea energy rights in the fourth quarter of the previous fiscal year
 - Food** +29.8 (154.3 → 184.1): Increase mainly due to the acquisition of Dole business
 - ICT, General Products & Realty** +21.9 (172.1 → 194.0): Overall increase due to favorable pulp transactions and favorable performance by housing-material-related companies both in Japan and overseas, expanded business by mobile-phone-related companies and effect of yen depreciation, despite lower profitability by domestic ICT-related companies due to increasingly stringent competition
- **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 same period of the previous fiscal year
- **Net financial income:** Increase due to lower debt cost and increase in dividends, despite increase in interest-bearing debt
- **Gain on investments-net:** Net gain on sales of investments +16.4 (22.2 → 38.6), Net of impairment losses and remeasuring gains on investments +4.9 (-1.1 → 3.8), Losses on business disposals and others +0.0 (-0.8 → -0.8)
- **Gain (loss) on property and equipment-net:** Net gain (loss) on sales of property and equipment +5.1 (-1.3 → 3.8), Impairment losses on property and equipment -0.1 (-3.9 → -4.1), Rental income and others -0.3 (1.1 → 0.8)
- **Other-net:** Almost the same level
- **Equity in earnings of assoc. co.:**
 - Textile** -2.5 (10.6 → 8.1): Decrease due to the absence of an unordinary gain recognized in the same period of the previous fiscal year
 - Machinery** +3.3 (10.1 → 13.4): Increase due to increase in equity in earnings of leasing-related, automobile-related and ship-related companies, despite decrease in equity in earnings of plant-related companies
 - Metals & Minerals** -7.3 (30.6 → 23.4): Decrease due to decrease in equity in earnings of Colombian coal companies due to a decline in coal prices and an unordinary tax expense in Brazilian iron ore companies, despite increase in equity in earnings of Australian mineral-resources-related companies and steel-products-related companies in Japan
 - Energy & Chemicals** +0.1 (-5.5 → -5.4): Almost the same level due to a decrease in impairment losses in U.S. oil and gas development companies, despite the impact of prolonged scheduled maintenance of methanol companies and unordinary loss recognized by bioethanol companies
 - Food** -3.5 (19.7 → 16.2): Decrease due to the absence of gain on sales of investments by a CVS company in the same period of the previous fiscal year, and decrease in transaction volume in U.S. food-material-related companies
 - ICT, General Products & Realty** +9.8 (20.3 → 30.1): Increase in pulp prices in overseas pulp companies, improvement in provision for doubtful receivables in finance-related companies in Japan, and favorable performance of industrial park companies in Indonesia

Outlook for FY 2014	Outlook for FY 2014 (Announced on May 8)
Progress	Changes
1,030.0	72.8%
(740.0)	74.6%
(5.0)	-
(17.0)	59.6%
27.0	50.1%
10.0	33.9%
(*) 42.0	-
(693.0)	72.2%
337.0	74.3%
(122.0)	66.9%
215.0	78.4%
120.0	68.6%
335.0	74.9%
(25.0)	42.6%
310.0	77.5%

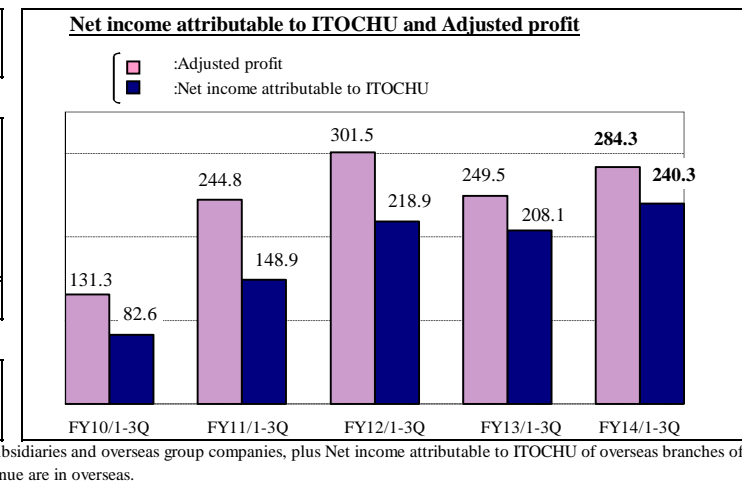
1,000.0	30.0
(715.0)	(25.0)
(5.0)	-
(17.0)	-
27.0	-
10.0	-
(*) 10.0	(*) 32.0
(700.0)	7.0
300.0	37.0
(105.0)	(17.0)
195.0	20.0
120.0	-
315.0	20.0
(25.0)	-
290.0	20.0

(Reference)	Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Increase (Decrease)
Total trading transactions	10,740.0	9,273.9	1,466.2
Gross trading profit ratio	7.0%	7.2%	(0.2%)
Adjusted profit	284.3	249.5	34.8

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

Consolidated Statements of Comprehensive Income	Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Increase (Decrease)
Net income	251.0	224.2	26.8
Other comprehensive income (loss) (net of tax)			
Foreign currency translation adjustments	117.8	26.4	91.4
Pension liability adjustments	2.5	2.9	(0.4)
Unrealized holding gains on securities	21.0	2.6	18.4
Unrealized holding losses on derivative instruments	(2.2)	(2.4)	0.1
Total other comprehensive income (loss) (net of tax)	139.1	29.6	109.5
Comprehensive income (loss)	390.0	253.7	136.3
Comprehensive income (loss) attributable to the noncontrolling interest	(17.2)	(10.4)	(6.7)
Comprehensive income (loss) attributable to ITOCHU	372.9	243.3	129.6

Components of Net income attributable to ITOCHU	Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Increase (Decrease)
Parent company	144.9	135.8	9.1
Group companies	188.7	163.7	25.0
Overseas trading subsidiaries	25.2	17.4	7.8
Consolidation adjustments	(118.4)	(108.7)	(9.7)
Net income attributable to ITOCHU	240.3	208.1	32.2
Earnings from overseas businesses	116.6	87.9	28.7
Share of earnings from overseas businesses	49%	42%	



Dividend Information (Per Share)	Dividend Information (Per Share)
Annual (Planned)	46.0 yen
Interim	21.0 yen
Annual (Planned)	42.0 yen
Interim	21.0 yen



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Operating Segment Information	Net income attributable to ITOCHU			[Net income attributable to ITOCHU] Summary of changes from the same period of the previous fiscal year
	Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Increase (Decrease)	
Textile	23.7	24.6	(0.9)	Decrease due to the absence of unordinary gain on reversal of expenses and the absence of unordinary gain on equity in earnings of associated companies in the same period of the previous fiscal year, despite higher dividends received and increase in gain (loss) on investments-net
Machinery	32.9	22.4	10.5	Increase due to rise in gross trading profit, higher dividends received, improvement in gain (loss) on investments-net, and increase in equity in earnings of associated companies
Metals & Minerals	56.8	59.1	(2.3)	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	15.7	13.6	2.1	Overall increase due to increase in gain (loss) on investments-net and decrease in impairment losses in U.S. oil and gas development companies, despite the impact of prolonged scheduled maintenance of methanol companies and unordinary loss recognized by bioethanol companies
Food	42.1	38.3	3.8	Increase due to the acquisition of Dole business and improvement in gain (loss) on property and equipment-net by food-distribution-related companies, despite decrease in equity in earnings of associated companies
ICT, General Products & Realty	56.5	36.2	20.2	Increase due to rise in gross trading profit, decrease in SG&A, increase in gain (loss) on investments-net and increase in equity in earnings of associated companies
Others, Adjustments & Eliminations	12.7	13.8	(1.1)	Decrease mainly due to the absence of the realization of tax effect in the same period of the previous fiscal year, despite improvement in gain (loss) on property and equipment-net and increase in gain (loss) on investments-net
Total	240.3	208.1	32.2	

P/L of Group Companies Reporting Profits/Losses	Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Increase (Decrease)	Group Companies (Major Group Companies) (C): Consolidated subsidiary, (E): Equity-method associated company	Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Summary of changes from the same period of the previous fiscal year
Group companies reporting profits	207.7	178.8	28.9	Marubeni-Itochu Steel Inc. (E)	9.6	8.4	Increase due to stable performance of companies in Japan and the effect of yen depreciation
Overseas trading subsidiaries reporting profits	25.3	17.4	7.9	NIPPON ACCESS, INC. (C)	7.8	8.7	Decrease due to lower profitability and recognition of impairment losses on investments, despite increase in transaction volume of frozen foods and daily-delivery foods
Group co. reporting losses	(19.1)	(15.2)	(3.9)	ITOCHU International Inc. (C)	6.8	6.0	Increase due to favorable performance by housing-material-related companies, despite decrease due to the absence of tax effects recognized by the machinery-related companies in the same period of the previous fiscal year, and sluggish results from food-related companies
Group companies reporting losses	(19.0)	(15.1)	(3.9)	JD Rockies Resources Limited (C)	(1.7)	(7.7)	Improvement due to an improvement in profitability in U.S. oil and gas development companies, resulting from rise in gas prices and decrease in impairment losses
Overseas trading subsidiaries reporting losses	(0.1)	(0.0)	(0.1)				
Total	213.9	181.1	32.8				
Share of group co. reporting profits	80.2%	79.7%	0.4%				
Number of group co. reporting profits (Note 1)	283	287	(4)				
Total number of group co. reporting (Note 1)	353	360	(7)				

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

Financial Position	Dec. 2013	Mar. 2013	Increase (Decrease)	Summary of changes from the previous fiscal year end	Outlook for March 31, 2014	
					Revised	Previous
Total assets	8,077.2	7,117.4	959.7	· Total assets: Total assets as of December 31, 2013 increased by 13.5%, or 959.7 billion yen, compared with March 31, 2013 to 8,077.2 billion yen (76,641 million U.S. dollars), due to increases in Trade receivables and Inventories in the Energy & Chemicals Company and Food Company due to seasonal factors, increases in Inventories, Property and equipment, and Other assets accompanying the inclusion of new consolidated subsidiaries, including the acquisition of the Dole business, new investments and loans to Australian natural-resource-development-related business, and the effect of yen depreciation.	7,800.0	7,500.0
Interest-bearing debt	3,028.6	2,762.5	266.1		3,000.0	3,150.0
Net interest-bearing debt	2,484.3	2,185.6	298.7		2,400.0	2,650.0
Total ITOCHU stockholders' equity	2,073.2	1,765.4	307.8	· Total ITOCHU stockholders' equity: Total ITOCHU stockholders' equity rose by 17.4%, or 307.8 billion yen, compared with March 31, 2013, to 2,073.2 billion yen (19,672 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 and higher stock prices, which more than compensated for a decrease accompanying dividends payment. As a result, the Ratio of stockholders' equity to total assets rose by 0.9 points to 25.7% from March 31, 2013. NET DER (Net Debt-to-stockholders' Equity Ratio) slightly improved compared with March 31, 2013, to 1.20 times. Total equity, or the sum of Total ITOCHU stockholders' equity and Noncontrolling interest, increased by 15.6%, or 329.0 billion yen, compared with March 31, 2013, to 2,441.6 billion yen (23,168 million U.S. dollars).	2,100.0	1,900.0
Ratio of stockholders' equity to total assets (Note 2)	25.7%	24.8%	0.9%		26.9%	25.3%
Net debt-to-equity ratio (times) (Note 2)	1.20	1.24	Improved 0.04		1.1	1.4
Total equity	2,441.6	2,112.6	329.0		2,500.0	2,230.0

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

Cash Flows	Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Summary of Cash Flows for Apr.-Dec. FY 2014	Major Indicators		Apr.-Dec. FY 2014	Apr.-Dec. FY 2013	Variance
				Foreign exchange (Yen/US\$)	Average (Apr.-Dec.) Closing (Dec.)			
Operating activities	167.0	113.9	· Operating: Net cash-inflow of 167.0 billion yen (1,584 million U.S. dollars), resulting from the stable performance in operating revenue in the overseas natural resources transactions as well as steady collections of trade receivables in the machinery, ICT, and food sectors, despite an increase in inventories in the food, construction & realty, ICT, and energy sectors.			98.71	79.99	18.72
Investing activities	(263.5)	(187.2)	· Investing: Net cash-outflow of 263.5 billion yen (2,500 million U.S. dollars), due to the acquisition of the Dole business and new investments and loans to Australian natural-resource-development-related business.	Interest	JPY TIBOR 3M, average (Apr.-Dec.)	0.228%	0.329%	(0.101%)
Financing activities	57.0	76.5	· Financing: Net cash-inflow of 57.0 billion yen (541 million U.S. dollars), due to an increase of debt accompanying new investments and loans.		US\$ LIBOR 3M, average (Apr.-Dec.)	0.259%	0.402%	(0.143%)
Cash and cash equivalents	537.0	524.5		Crude oil (Brent) (US\$/BBL) Average (Apr.-Dec.)		107.48	109.49	(2.01)
Increase (Decrease)	(32.7)	11.0		Iron ore, fine (US\$/ton) (Note 3)		127	128	(1)
				Coking coal (US\$/ton) (Note 3)		156	200	(44)
				Thermal coal (US\$/ton) (Note 3)		95	115	(20)

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