

Highlights of Consolidated Financial Results for the First Quarter of FY 2007 (U.S. GAAP)

Financial topics for the First Quarter of FY 2007

- [According to early adoption of accounting change in FY2006, cumulative effect is reflected retroactively (please refer the lower right)]
- Net income increased by 18.4 bil. yen or 1.6 times to 48.1 bil. yen, compared to the previous 1st quarter. Achieved the highest-ever Net income among all 1st quarters and furthermore all quarters since quarterly financial disclosure started in FY 2001. Achieved the highest-ever Gross trading profit, Equity in earnings of assoc. co. and Adjusted profit among all 1st quarters. Holding a good trend to make the highest-ever profit for the last two consecutive years and making a steady progress with the outlook of major P/L items for FY 2007.
- Marked the highest-ever Net income of both Parent and Group companies among all 1st quarters; well-balanced profit expansion of both Parent and Group companies.
- Stockholders' equity increased by 26.1 bil. yen to highest-ever 752.9 bil. yen . NET DER: 2.4 times and Stockholders' equity ratio: 15.1% maintained as same level as March 31, 2006.

Consolidated Financial Results of Operations

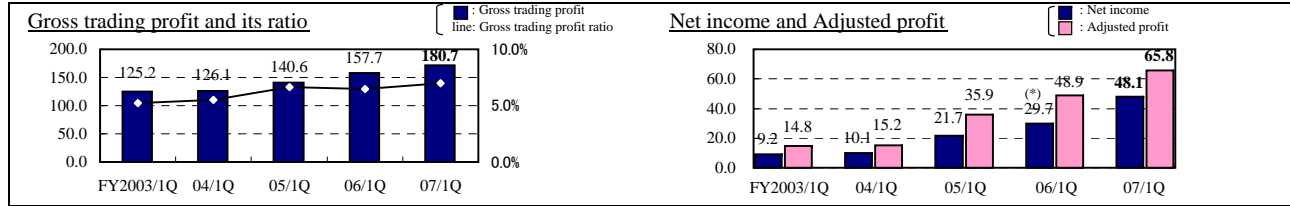
| | 1st Quarter FY 2007 | 1st Quarter FY 2006 | Increase (Decrease) | |
|--|---------------------|---------------------|---------------------|-------|
| | | | | % |
| Revenue | 559.7 | 487.0 | 72.7 | 14.9 |
| Gross trading profit | 180.7 | 157.7 | 23.0 | 14.6 |
| Selling, general and administrative expenses | (127.4) | (120.5) | (6.9) | 5.7 |
| Provision for doubtful receivables | 0.2 | (0.4) | 0.7 | - |
| Interest income | 3.6 | 3.0 | 0.6 | 19.0 |
| Interest expense (i) | (10.2) | (8.9) | (1.3) | 14.7 |
| Dividends received (ii) | 6.0 | 5.1 | 0.9 | 17.7 |
| Gain on disposal of investments and marketable securities, net of write-down | 10.6 | 4.2 | 6.4 | 151.7 |
| Gain (loss) on property and equipment-net (iii) | (0.4) | 0.7 | (1.1) | - |
| Other-net | 1.4 | 0.3 | 1.1 | 437.3 |
| Total other expenses | (116.1) | (116.5) | 0.4 | (0.4) |
| Income from operations before income taxes | 64.6 | 41.1 | 23.5 | 57.0 |
| Income taxes | (27.7) | (18.6) | (9.1) | 49.2 |
| Income from operations | 36.9 | 22.6 | 14.3 | 63.4 |
| Minority interests | (1.8) | (1.9) | 0.1 | (5.0) |
| Equity in earnings of associated companies | 13.1 | 12.5 | 0.6 | 4.8 |
| Income before cumulative effect of an accounting change | 48.1 | (*) 33.1 | 15.0 | 45.3 |
| Cumulative effect of an accounting change | - | (*) (3.4) | 3.4 | - |
| Net income | 48.1 | (*) 29.7 | 18.4 | 62.1 |

(Unit: billion yen, (loss))

| | 2007 | 2006 | 2007 | 2006 |
|----------------------------|---------|---------|-------|------|
| Total trading transactions | 2,577.5 | 2,428.1 | 149.5 | 6.2 |
| Gross trading profit ratio | 7.0% | 6.5% | 0.5% | |

| | 2007 | 2006 | 2007 | 2006 |
|-----------------|------|------|------|------|
| Adjusted profit | 65.8 | 48.9 | 16.9 | 34.7 |

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



Operating Segment Information

| Operating Segment | Gross trading profit(**) | | | Net income | | |
|--|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1st Quarter FY 2007 | 1st Quarter FY 2006 | Increase (Decrease) | 1st Quarter FY 2007 | 1st Quarter FY 2006 | Increase (Decrease) |
| Textile | 27.2 | 26.8 | 0.4 | 2.2 | 2.6 | (0.5) |
| Machinery | 21.1 | 15.0 | 6.1 | 6.8 | 2.8 | 4.0 |
| Aerospace, Electronics & Multimedia | 27.4 | 23.5 | 4.0 | 2.4 | 2.2 | 0.3 |
| Energy, Metals & Minerals | 24.3 | 15.5 | 8.8 | 18.9 | (*) 10.7 | 8.2 |
| Chemicals, Forest Products & General Merchandise | 29.1 | 25.2 | 3.9 | 5.1 | 4.5 | 0.7 |
| Food | 35.8 | 34.7 | 1.1 | 5.0 | 4.0 | 1.0 |
| Finance, Realty, Insurance & Logistics Services | 10.6 | 9.9 | 0.7 | 2.0 | 1.8 | 0.2 |
| Other, Adjustments & Eliminations | 5.2 | 7.2 | (2.0) | 5.7 | 1.1 | 4.6 |
| Total | 180.7 | 157.7 | 23.0 | 48.1 | (*) 29.7 | 18.4 |

[Net income] Summary of changes from the same period of the previous fiscal year

- (a) Decrease due to increase in SG&A despite increase in gross trading profit
- (b) Increase in gains on sales of investment securities and gross trading profit
- (c) Increase due to good performance in domestic IT industry-related business despite increase in SG&A
- (d) Increase in gross trading profit and effects of retroactively accounting for stripping costs in the first quarter of FY 2006
- (e) Increase in gross trading profit despite decrease in equity in earnings of associated companies
- (f) Increase in equity in earnings of associated companies despite increase in SG&A
- (g) Slight increase in gross trading profit despite decrease due to the absence of sale of property and equip. of insurance-related subsidiary at 1Q FY2006
- (h) Increase in gain from exchange on the investment security despite decrease in gross trading profit

Components of Consolidated Net Income

| | 1st Quarter FY 2007 | 1st Quarter FY 2006 | Increase (Decrease) |
|-------------------------------|---------------------|---------------------|---------------------|
| Parent company | 34.9 | 19.6 | 15.4 |
| Group companies | 32.9 (*) | 22.4 | 10.5 |
| Overseas trading subsidiaries | 4.1 (*) | 3.7 | 0.4 |
| Subtotal | 71.9 | 45.6 | 26.3 |
| Consolidation adjustments | (23.8) | (15.9) | (7.9) |
| Consolidated net income | 48.1 (*) | 29.7 | 18.4 |

Share of Group Companies Reporting Profits

| | June 30 2006 | June 30 2005 | Increase (Decrease) |
|---------------------------------------|--------------|--------------|---------------------|
| Share of group co. reporting profits | 74.5% | 75.4% | (0.9%) |
| Number of group co. reporting profits | 492 | 507 | (15) |
| Number of group co. reporting losses | 168 | 165 | 3 |
| Number of group co. | 660 | 672 | (12) |

P/L of Group Companies Reporting Profits / Losses

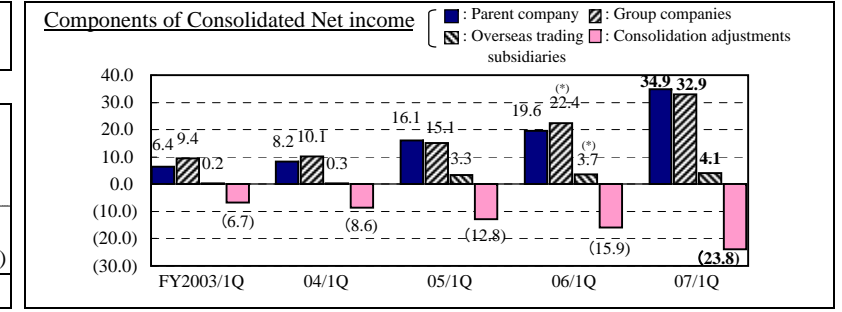
| | 1st Quarter FY 2007 | 1st Quarter FY 2006 | Increase (Decrease) |
|-----------------------------|---------------------|---------------------|---------------------|
| Group co. reporting profits | 41.6 (*) | 30.7 | 10.9 |
| Group co. reporting losses | (4.6) | (4.7) | 0.1 |
| Total | 37.0 (*) | 26.0 | 10.9 |

P/L of Group Companies Reporting Profits / Losses

| | 1st Quarter FY 2007 | 1st Quarter FY 2006 | Increase (Decrease) |
|--|---------------------|---------------------|---------------------|
| P/L of Group co. reporting profits | 37.1 (*) | 26.8 | 10.3 |
| P/L of Group co. reporting losses | (4.2) | (4.5) | 0.3 |
| Total of Group co. | 32.9 (*) | 22.4 | 10.5 |
| P/L of Group co. reporting profits (Overseas trading subsidiaries) | 4.5 (*) | 3.9 | 0.6 |
| P/L of Group co. reporting losses (Overseas trading subsidiaries) | (0.4) | (0.2) | (0.2) |
| Total of Overseas trading subsidiaries | 4.1 (*) | 3.7 | 0.4 |

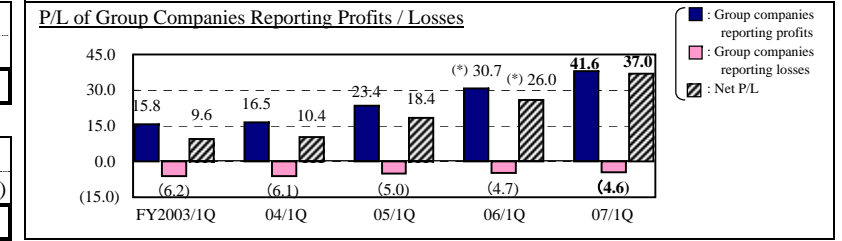
Financial Position

| | June 30 2006 | Mar 31 2006 | Increase (Decrease) |
|----------------------------------|--------------|-------------|---------------------|
| Total assets | 4,999.5 | 4,797.0 | 202.5 |
| Interest-bearing debt | 2,215.6 | 2,226.5 | (10.9) |
| Net interest-bearing debt | 1,815.5 | 1,724.3 | 91.2 |
| Stockholders' equity | 752.9 | 726.8 | 26.1 |
| Net debt-to-equity ratio (times) | 2.4 | 2.4 | Same level |



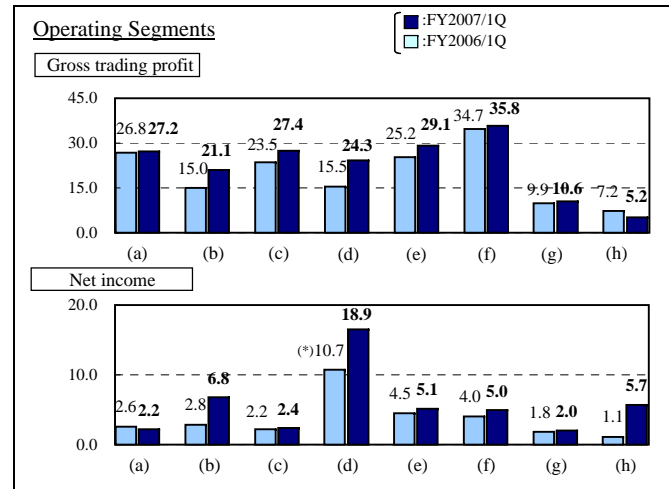
Group Companies

| | 1st Quarter FY 2007 | 1st Quarter FY 2006 | Summary of changes from the same period of the previous fiscal year |
|--|---------------------|---------------------|--|
| ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA) | 7.4 (*) | 4.1 | Incr. due to effect of stripping costs in the same period of prev. FY, higher price of iron ore and incr. of shipment amount |
| Marubeni-Itochu Steel Inc. | 4.2 | 4.4 | Good performance mainly in trades of steel and tubular products |
| ITOCHU Oil Exploration (Azerbaijan) Inc. | 3.8 | 0.7 | Increase due to strong crude oil market, and sales amount by full-scale production of crude oil |
| ITOCHU International Inc. | 2.2 | 1.8 | Steady growth in group co. |
| PrimeSource Building Products, Inc. | 1.8 | 1.2 | Increase due to strong building market in the U.S. and diversified product line |
| ITOCHU Property Development, Ltd. | (0.3) | 0.0 | Absence of unusual large delivery in the previous 1st quarter |
| ITOCHU Europe PLC. | (0.3) | (0.2) | Low performance in chem. and food |



Summary of changes from the previous fiscal year end

| | 2007 | 2006 | 2007 | 2006 |
|---------------------------|---------|------|------|------|
| Total assets | 5,200.0 | | | |
| Interest-bearing debt | 2,350.0 | | | |
| Net interest-bearing debt | 1,950.0 | | | |
| Stockholders' equity | 850.0 | | | |
| NET DER | 2.3 | | | |



Major Indices

| | 1st Quarter FY 2007 | 1st Quarter FY 2006 | Changes |
|---|--|---------------------|---------|
| Foreign exchange [Mar. closing] | Yen/US\$, average (Apr.-Jun.) 115.49 | 106.63 | 8.86 |
| | Yen/US\$, at the end of the period Jun-06 115.24 | Mar-06 117.47 | (2.23) |
| Foreign exchange [Dec. closing] | Yen/US\$, average (Jan.-Mar.) 117.22 | 104.20 | 13.02 |
| | Yen/US\$, at the end of the period Mar-06 117.47 | Dec-05 118.07 | (0.60) |
| Interest, TIBOR Yen3M, average(Apr.-Jun.) | 0.215% | 0.080% | 0.135% |
| Interest, LIBOR US\$3M, average(Jan.-Mar.) | 4.765% | 2.840% | 1.925% |
| Crude oil (Brent), average (Apr.-Jun.) (US\$/BBL) | 70.43 | 52.80 | 17.63 |
| | (Jan.-Mar.) 62.68 | 47.87 | 14.81 |

(*) ITOCHU Corporation and its subsidiaries early adopted EITF No.04-6 in fiscal year 2006. In accordance with U.S. GAAP, the cumulative effect of the accounting change is retroactively reflected on the former announced figures in the first quarter of fiscal year 2006.