

Financial Results for FY2006 and Prospects for FY2007 (US GAAP Basis)

(Unit: billions of yen)

Operating Results	FY2006 Results	FY2005 Results (*2)	FY05/06		Prospects for FY2007	
			Variance	Variance in %	Variance	Variance from FY2006 Results
Total volume of trading transactions (*1)	9,554.9	8,686.5	868.4	10%	10,500.0	945.1
<b>Gross trading profit</b>	<b>531.2</b>	<b>502.0</b>	<b>29.1</b>	<b>6%</b>	<b>570.0</b>	<b>38.8</b>
Selling, general and administrative expenses	-365.3	-350.3	-15.0	-	-388.0	-22.7
Provision for doubtful accounts	-0.9	-8.5	7.7	-	-2.0	-1.1
<b>Operating profit (*1)</b>	<b>165.0</b>	<b>143.2</b>	<b>21.8</b>	<b>15%</b>	<b>180.0</b>	<b>15.0</b>
Interest expense, net of interest income	-32.7	-24.1	-8.6	-	-44.0	-11.3
Dividend received	20.7	12.1	8.6	-	15.0	-5.7
Gain (loss) on investment securities	13.0	-3.4	16.4	-	5.0	9.1
Gain (loss) on property and equipment	-19.0	-21.3	2.3	-		
Other-net	1.9	-5.0	6.9	-	59.0	14.1
Equity in earnings (losses) of affiliated companies (*2)	44.9	31.6	13.3	-		
<b>Income (loss) from continuing operations before income taxes</b>	<b>193.8</b>	<b>133.1</b>	<b>60.8</b>	<b>46%</b>	<b>215.0</b>	<b>21.2</b>
Provision (benefit) for income taxes	-68.2	-47.5	-20.7	-	-74.0	-5.8
Minority interests in consolidated subsidiaries	-6.3	-5.4	-0.8	-	-6.0	0.3
<b>Net income (loss) from continuing operations</b>	<b>119.3</b>	<b>80.2</b>	<b>39.2</b>	<b>49%</b>	<b>135.0</b>	<b>15.7</b>
Loss from Discontinued Operations (after income tax)	-	-6.4	6.4	-	-	-
<b>Net income (loss)</b>	<b>119.3</b>	<b>73.8</b>	<b>45.5</b>	<b>62%</b>	<b>135.0</b>	<b>15.7</b>

(\*1) For Japanese investors' convenience, Total volume of trading transactions and Operating profit are shown according to Japanese accounting practice.  
(\*2) As of FY 2006, Equity in earnings (losses) of affiliated companies are included within income before income taxes.  
Some of the figures for FY2005 have been reclassified accordingly.

Revenue (*3)	3,658.9	3,139.8	519.0	17%
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(\*3) Revenue is presented in accordance with FASB Emerging Issue Task Force (EITF) 99-19.

Adjusted operating profit (*4)	165.9	151.8	14.1	9%	182.0	16.1
Core earnings (*5)	234.8	195.4	39.4	20%	256.0	21.2

(\*4) Adjusted operating profit = Gross trading profit - SGA expenses (excluding restructuring costs)  
(\*5) Core earnings = Adjusted operating profit + Dividend income ± Equity in earnings of affiliated companies (excluding restructuring costs) (Unit: billions of yen)

Financial Condition	March 31, 2007	March 31, 2006	2006/2007 Variance
Total assets	4,873.3	4,587.1	286.2
(Current assets)	(2,502.6)	(2,168.6)	(334.0)
(Fixed assets)	(2,370.7)	(2,418.5)	(-47.7)
Shareholders' equity	745.5	663.8	81.7
Interest-bearing debt	2,278.4	2,267.0	11.4
Net interest-bearing debt	1,843.4	1,876.4	-32.9
D/E ratio (*6)	2.47 x	2.83 x	-0.36 points

(\*6) D/E ratio is calculated based on net interest-bearing debt (Unit: billions of yen)

Cash Flow	FY2006 Results	FY2005 Results	Increase/Decrease in the Surplus/Deficit of Consolidated Companies	FY2006		
				Results	FY2005 Results	Variance
Cash flow from operating activities	152.1	133.4	No. of profit making companies	449	433	16
Cash flow from investing activities	-135.1	-193.8	Surplus amount	142.5	120.9	21.6
<b>Free Cash Flows</b>	<b>16.9</b>	<b>-60.4</b>	No. of loss making companies	112	122	-10
Cash flow from financing activities	24.8	-46.0	Deficit amount	-26.8	-41.5	14.7
Effect of exchange rate changes	4.3	16.2	No. of companies, total	561	555	6
Changes in cash and cash equivalents	46.0	-90.3	Net Income (loss)	115.7	79.4	36.3
			Ratio of profit making companies	80.0%	78.0%	+2.0 pts

Major Financial Indicators and Financial Yearly Prospects				
Major Financial Indicators	FY2006	FY2005	Variance	Assumptions for the yearly prospects FY2007
1) Foreign Exchange Rate (YEN/USD)	117.02	113.31	(Yen down by 3.71 yen)	¥115
2) JPY TIBOR(%)	0.431	0.093	(up by 0.338%)	0.800
USD LIBOR(%)	5.347	4.041	(up by 1.306%)	5.400
3) Oil (USD/Barrel) *North Sea Brent	66	55	(up by USD11/Barrel)	55
Copper (USD/MT) *LME	6,731	3,684	(up by USD3,047/MT)	6,000

Outline of Financial Results for FY2006

Highlights of FY2006 Financial Results	Outline of Financial Results for FY2006
<ul style="list-style-type: none"> <li>Net income resulted above 100 billion yen for the first time, amounting to 119.3 billion yen. This is a record high for the fourth consecutive year with 45.5 billion yen (62%) increase from the previous fiscal year's result of 73.8 billion yen. The first year of "G" PLAN can be described as highly satisfactory. Gross trading profit for the term increased to 531.2 billion yen, which is 29.1 billion yen (6%) higher than the previous year, and income before taxes amounted to 193.8 billion yen with an increase by 60.8 billion yen (46%) year on year.</li> <li>Adjusted operating profit increased by 14.1 billion yen (9%) to 165.9 billion yen, and core earnings rose by 39.4 billion yen (20%) to 234.8 billion yen, both renewing our records.</li> <li>Shareholders' equity amounted to 745.5 billion yen, increased by 81.7 billion yen from the previous fiscal year-end. This increase is due to the buildup of net income for the period, despite the posting of additional adjustment amount for employees' retirement benefit (-25.9 billion yen) caused by application of a new accounting standard.</li> <li>Net interest-bearing debt at the end of the term was 1,843.4 billion yen. The D/E ratio was 2.47 times with an improvement of 0.36 points from the previous fiscal year-end.</li> <li>Annual dividend per share for FY2006 is scheduled to be 10 yen, increased by 3 yen from the previous year. This alteration is due to the profit amounting to 119.3 billion yen.</li> </ul>	<ul style="list-style-type: none"> <li><b>4) Provision for doubtful accounts ... -0.9 billion yen</b> Posting of provisions for overseas bad debt in the previous year caused this year's improvement by 7.7 billion yen.</li> <li><b>5) Interest expense, net of interest income ... -32.7 billion yen</b> Year on year increase by 8.6 billion yen was mainly due to rising US dollar interest rates along with the impacts of new investments.</li> <li><b>6) Dividend received ... 20.7 billion yen</b> Increase mainly in Energy by 8.6 billion yen.</li> <li><b>7) Gain (Loss) on investment securities ... 13.0 billion yen</b> Gain (Loss) on sales of investment securities 24.1 billion yen (+9.6 billion yen year-on-year) Valuation loss on investment securities -11.1 billion yen (+6.8 billion yen year-on-year) This item improved by 16.4 billion yen due to sales of Daiei shares as well as decrease in appraisal loss compared with the previous year, despite an appraisal loss on investment regarding electronic materials.</li> <li><b>8) Gain (Loss) on property and equipment ... -19.0 billion yen</b> Gain on sale of property and equipment 2.6 billion yen (+1.0 billion yen year-on-year) Loss on sale /Valuation loss of property and equipment -21.6 billion yen (+1.3 billion yen year-on-year) The net loss was reduced by 2.3 billion yen compared with the previous year, notwithstanding an appraisal loss of -6.1 billion yen on a golf course-related facility.</li> <li><b>9) Other-net ... 1.9 billion yen</b> This item improved by 6.9 billion yen year-on-year, because an extraordinary loss was posted in the previous year due to a project withdrawal.</li> <li><b>10) Equity in earnings (losses) of affiliated companies ... 44.9 billion yen</b> This item increased by 13.3 billion yen year-on-year. Main items are provided below. Marubeni-Itochu Steel Inc. 16.8 billion yen (+0.9 billion yen year-on-year) Nippon LP Resources 14.8 billion yen (+7.7 billion yen year-on-year)</li> </ul>
<p><b>Main Items</b></p> <p>1) <b>Total volume of trading transactions ... 9,554.9 billion yen</b> Total trading transactions increased by 868.4 billion yen year on year. By segment, growth was recorded in Metals &amp; Mineral Resources (+261.3), Energy (+229.3), and Overseas Corporate Subsidiaries &amp; Branches (+181.7). The impact of weaker yen resulted in an increase in revenue by approximately 190.0 billion yen.</p> <p>2) <b>Gross trading profit ... 531.2 billion yen</b> Year-on-year growth was 29.1 billion yen. See below chart for segmental figures.</p> <p>3) <b>Selling, general, and administrative expenses ... -365.3 billion yen</b> Year-on-year increase in this item was 15.0 billion yen, owing mainly to personnel expenses.</p>	

(Unit: billions of yen)

Operating Segments	Gross trading profit			Net income (loss)			Main reasons for increase/decrease
	FY2006	FY2005	Variance	FY2006	FY2005	Variance	
Agri-Marine Products	72.4	69.3	3.1	10.1	5.8	4.3	In addition to an increase of gross trading profit mainly in feedstuffs and beverages, gains on sales of Daiei shares and an increase of equity in earnings of affiliates drove up the net income.
Textile	24.8	26.4	-1.6	-2.4	-1.6	-0.8	Both gross trading profit and net income declined due to restructuring.
Forest Products & General Merchandise	54.2	48.1	6.1	9.6	0.4	9.2	Sharp increase in net income for FY2006 was due to rise in gross trading profit from consolidation of Musi Pulp project, also due to withdrawal loss on leisure-related business posted in the previous year.
Chemicals	30.0	29.6	0.4	1.4	3.7	-2.3	Gross trading profit increased mainly in electronic materials. Meanwhile, net income declined due to appraisal loss on the investment in electronic material related business.
Energy	85.5	71.5	14.0	31.6	26.7	5.0	Sharp increase in gross trading profit mainly from concessions in natural resources fields supported a significant increase in net income for the period.
Metals & Mineral Resources	18.2	24.4	-6.2	24.9	16.1	8.8	Although profit decrease in an overseas smelting subsidiary and an absence of a transitory profit posted last year caused decline in gross trading profit for the period, increased equity in earnings from the copper mining and smelter business, and impairment loss posted last year in an overseas subsidiary sharply increased net profit for the period.
Transportation & Industrial Machinery	55.5	58.1	-2.6	10.0	7.6	2.4	Despite profit increase in construction machinery and production machinery business, withdrawal from an automotive-related business caused a decrease in gross trading profit. Gain on sales of marketable securities and improvement in equity in earnings of construction and agricultural machinery related business led to increase in net profit.
Power Projects	27.6	24.1	3.5	6.4	5.8	0.6	Gross trading profit increased mainly in overseas EPC projects and overseas subsidiaries, as well as higher equity in earnings increased net income for the period.
Plant, Ship & Infrastructure Projects	17.7	16.8	0.9	1.7	2.6	-0.9	Although the cement plant project in the Middle East and natural resource-related project in South America contributed to gross trading profit for the period, net income declined due to decrease in equity in earnings from Central American projects.
Information & Communication	28.1	27.0	1.0	2.5	0.4	2.1	Gross trading profit increased mainly in domestic subsidiaries, and in addition, profit from sales of broadcasting-related investment and the previous year's valuation loss from optical transmission device-related investments contributed to rise in net profit.
Development & Construction	31.5	27.6	3.8	3.2	1.1	2.1	Gross trading profit significantly increased through buoyant sales of domestic condominiums and houses. Likewise, net income for the period showed significant increase.
Finance, Logistics & New Business	9.9	7.1	2.8	4.6	4.0	0.6	Net income increased as a result of an increase in gross trading profit mainly in domestic subsidiaries in step with increased income from fund operations.
Iron & Steel Strategies and Coordination	0.8	0.9	-0.1	14.9	17.0	-2.1	Net income for the period dropped due to rise in taxes.
Overseas corporate subsidiaries & branches	84.2	79.9	4.2	6.8	4.0	2.8	Rise in gross trading profit along with an impairment loss on goodwill posted during the previous year contributed to improvement in net income.
Corporate & elimination	-9.2	-8.9	-0.4	-5.8	-19.7	13.9	
Consolidated	531.2	502.0	29.1	119.3	73.8	45.5	

(Note1) Effective April 1, 2006, the figures of each operating segment are shown based on US GAAP. Until then, the figures of each segment were shown according to Japanese accounting practice, and therefore the difference between the two standards for FY 2005 is included in "corporate & elimination".

(Note2) Effective April 1, 2006, the segments of Transportation Machinery, Industrial Machinery & Information Business, and Plant, Power & Infrastructure Projects have been reorganized as Transportation & Industrial Machinery, Power Projects, Plant, Ship & Infrastructure Projects, and Information & Communication. Furthermore, Domestic Branches & Offices have been incorporated into Corporate & elimination due to its significance. Accordingly, the above segment information has been restated.

Outline of FY2007 Prospects

<ul style="list-style-type: none"> <li>In FY2007 - the completion phase of "G" PLAN, putting emphasis on balancing 'offensive' and 'defensive' actions, Marubeni is expected to hit a new high in net income with a prospect of 135.0 billion yen which is 15.7 billion yen (13%) higher than that of FY2006.</li> <li>New investments totaling approximately 300.0 billion yen have been carried out during FY2006 to meet "G" PLAN two-year-target of 500.0-600.0 billion yen. Pursuing more leap forward, new investments of 250.0 to 300.0 billion yen into the strategic fields are expected to be carried out in FY2007 accordingly.</li> <li>Annual dividend per share for FY2007 is scheduled to be 12 yen.</li> </ul>
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The forecast and prospects on this document are based upon available information and assumptions as of the announcement date, about uncertain factors which would influence upon future businesses. Actual results might be influenced by various factors in the future.