Outline of Consolidated Financial Results in FY2009

(Unaudited) (Unit: millions of yen)

May 10, 2010

Marubeni-Itochu Steel Inc.

Statements of consolidated income	FY2009 Results	Comparison with FY2008		(Reference) Non-consolidated results	
		Results	Change	FY2009 Results	Change
Sales	1,400,727	2,100,055	-699,328	829,115	-389,856
Gross profits	**67,057**	**116,114**	**-49,057**	**25,637**	**-8,740**
Gross profit ratio	4.8%	5.5%	-0.7%	3.1%	0.3%
Selling, general and administrative expenses	(57,212)	(63,429)	6,217	(17,271)	-517
Provision for doubtful accounts	(380)	(2,112)	1,732	-	12
Amortization of goodwill	(205)	(316)	111	-	-
Operating income	**9,260**	**50,257**	**-40,997**	**8,366**	**-9,245**
Net interest income	(3,372)	(5,929)	2,557	(406)	344
Dividend income	695	1,414	-719	3,907	453
Equity in earnings of affiliates	103	3,155	-3,051	-	-
Other non-operating income and loss	162	(253)	415	(980)	-28
Ordinary income	**6,849**	**48,644**	**-41,795**	**10,887**	**-8,475**
Extraordinary gain and loss	121	(5,428)	5,549	(1,175)	2,550
Income before taxes	**6,970**	**43,216**	**-36,246**	**9,712**	**-5,926**
Income taxes	(1,616)	(13,339)	11,723	(2,848)	2,090
Minority interests	4	(628)	632	-	-
Net income	**5,357**	**29,248**	**-23,892**	**6,864**	**-3,836**

§Ratio

1. Real income (*1)	7,272	51,325	- 44,053	11,868	- 8,460
2. Ratio of shareholders' equity (*2)	24.7%	20.2%	4.5%	24.2%	2.6%
3. Net debt equity ratio (DER) (*2)	1.4 times	1.8 times	- 0.5 times	1.6 times	- 0.4 times

*1 Real income = operating income (except provision for doubtful accounts and amortization of goodwill) + net interest income + dividend income , equity in earnings of affiliates

*2 Regarding the shareholder's equity and net debt equity ratio, comparisons with the figures as of the end of the proceeding fiscal year are shown. (Shareholder's equity = total net assets − minority interests)

Consolidated Balance Sheet	FY2009 Results	Comparison with FY2008		(Reference) Non-consolidated results	
		Results (09/03)	Change	FY2009 Results	Change
Current assets	**495,335**	**609,392**	**-114,057**	**246,197**	**-33,040**
Cash and deposits	25,968	41,016	-15,048	9,336	-9,618
Accounts receivable	314,437	343,092	-28,655	187,949	10,961
Inventories	122,063	186,638	-64,575	21,766	-11,312
Other	32,868	38,646	-5,779	27,145	-23,071
Fixed assets	**134,824**	**130,625**	**4,199**	**104,063**	**6,227**
Tangible assets	54,081	56,821	-2,740	783	60
Intangible assets	8,724	9,711	-987	5,821	-516
Investments and other assets	72,019	64,093	7,926	97,459	6,683
Total assets	**630,159**	**740,017**	**-109,858**	**350,260**	**-26,813**
Current liabilities	**348,778**	**453,937**	**-105,159**	**165,763**	**-29,672**
Accounts payable	195,195	227,400	-32,205	112,064	1,310
Short-term debts	129,695	193,026	-63,331	46,226	-31,153
Other	23,887	33,511	-9,624	7,473	171
Fixed liabilities	**120,826**	**131,737**	**-10,911**	**99,739**	**-418**
Long-term debts	108,443	121,525	-13,082	94,511	-5,118
Other	12,383	10,212	2,171	5,228	4,700
Total liabilities	**469,604**	**585,674**	**-116,070**	**265,501**	**-30,090**
Common stock/Capital surplus	52,370	52,370	-	55,920	-
Retained earnings	110,154	113,975	-3,821	23,233	-1,836
Minority interests	4,842	4,637	205	-	-
Other	(6,811)	(16,639)	9,828	5,605	5,113
Total net assets	**160,556**	**154,343**	**6,212**	**84,758**	**3,277**
Total liabilities and total net assets	**630,159**	**740,017**	**-109,858**	**350,260**	**-26,813**

Note: Starting with the report on financial results in the first half of FY2009, figures in the accompanying charts are expressed in millions of yen instead of billions of yen.

Outline of consolidated financial results in FY2009

Summary

The year under review got off to an extremely rough start. The global recession that started in the fall of 2008 continued into the first half of FY2009, causing a slump in steel demand, which in turn resulted in a consolidated net loss of ¥1.8 billion for the Company. Moving into the second half, government economic stimulus measures implemented by China and other nations began to take effect, and signs of recovery were seen in the automobile and export sectors. Consequently, consolidated net income in the second half came to ¥7.2 billion. For the entire fiscal year, with stagnant conditions surrounding both U.S. subsidiary Marubeni-Itochu Steel America Inc. (MISA) and domestic subsidiaries in Japan, the Company recorded a consolidated net income of ¥5.4 billion, down ¥23.9 billion year-on-year.

Total assets were affected by a decline in trade receivables and reduced inventory assets, falling ¥109.9 billion from the fiscal 2008 year-end figure, to ¥630.2 billion. Accordingly, the Company's ratio of shareholder's equity rose 4.5 points, to 24.7%, and its net debt equity ratio (DER) declined to 1.4 times, from 1.8 times in the previous year.

Explanation of consolidated statements

1. Sales and gross profits

The fiscal year under review was characterized by a continuation of the slump in global demand triggered by the financial crisis that originated in the United States in 2008, prompting a major drop in steel product demand in both Japan and overseas markets. Against this backdrop, the Company's consolidated sales went down a broad ¥699.3 billion from the FY2008 level, to ¥1,400.7 billion, primarily due to declines in sales by U.S. subsidiaries and transactions in steel for use in automobiles and as building materials. Gross profits went down as well due to shrinking sales, the sinking profitability of U.S. businesses due to the decrease in steel prices, and other factors, falling ¥49.1 billion compared to that in FY2008 and closing out the year at ¥67.1 billion.

2. Operating income

During the term under review, selling, general and administrative expenses, including provisions for doubtful accounts and other costs, totaled ¥57.8 billion. Although higher amortization costs of the new core system that commenced in FY2009 were posted among other items, lower freight costs that accompanied the decline in transactions by the Company's U.S. subsidiaries, reduced expenses incurred by overseas subsidiaries in general under a higher yen, and other factors contributed to a major decrease in the costs of subsidiaries compared to those the year before. On a consolidated basis, expenses fell ¥8.1 billion from the FY2008 figure.

As a result, operating income in FY2009 was ¥9.3 billion, a year-on-year decline of ¥41.0 billion.

3. Ordinary income

Under non-operating income, the decline in the average balance of interest-bearing debt from that in the previous fiscal year, the fall in dollar-denominated interest rates, the impact of the appreciation of the yen, and other factors helped raise the interest balance ¥2.6 billion over the FY2008 level. Equity in earnings of affiliates, however, was hurt mainly by worsened domestic business earnings and declined ¥3.1 billion from the previous fiscal year's. Lower dividends received from general investment targets were another negative influence that contributed to overall non-operating income sliding ¥0.8 billion from that in FY2008. In the final tally, ordinary income in FY2009 was ¥6.8 billion, down ¥41.8 billion from the figure recorded the previous fiscal year.

4. Net income

Under extraordinary gain and loss, worsened business performances by the Company's U.S. subsidiaries were accompanied by the listing of impairment losses. However, the listing of reversals of provisions for doubtful accounts and other extraordinary gains produced an improvement of ¥5.5 billion compared to that the year before. Consequently, extraordinary gains exceeded extraordinary losses by ¥0.1 billion. Net income for the year under review, after subtracting ¥1.6 billion in income taxes, totaled ¥5.4 billion, a year-on-year decline of ¥23.9 billion.

5. Net assets

Net assets as of March 31, 2010, were negatively impacted by a decrease in retained earnings due to dividend payments. Offsetting this, however, was net income for the year, a higher unrealized holding gain on securities due to the recovery of the stock market, and an improvement in the foreign currency translation adjustment account. The outcome, was a ¥6.2 billion increase in total net assets compared to the figure recorded at the end of the previous fiscal year, to ¥160.6 billion. Moreover, with a drop in total assets and other contributing factors, the Company's consolidated ratio of shareholder's equity at the end of FY2009 was tracked at 24.7%, an improvement of 4.5 points over the end of the previous term.

6. Net interest-bearing liabilities

Gross interest-bearing liabilities at the end of FY2009 totaled ¥238.1 billion, down ¥76.4 billion compared to the number posted at the previous fiscal year-end. This reflected a decline in capital demand that accompanied stagnant sales and other causes. Also, net interest-bearing liabilities were lower than that at the end of FY2008, falling ¥61.4 billion to close out the year at ¥212.2 billion. As a result, the Company's net debt equity ratio (DER) was 1.4 times, an improvement of 0.5 points compared to the figure at the end of the year before.

<Number of Group Companies Reporting a Profit/Loss>

		No. of companies	Profit	Loss	Ratio of companies making a profit
	Domestic subsidiaries	22	9	13	40.9%
	Overseas subsidiaries and corporate subsidiaries	47	26	21	55.3%
No. of subsidiaries		69	35	34	50.7%
	Domestic companies	15	7	8	46.7%
	Overseas companies	16	12	4	75.0%
No. of associated companies		31	19	12	61.3%
Total		100	54	46	54.0%

Note: From this fiscal year, the way group companies are counted has been changed.

<Details of profit and loss of consolidated subsidiaries/net income>

(Unit: billions of yen)

	FY2009 Net income	Change from previous year
MISI	6.9	-1.9
Subsidiaries	-2.1	-21.1
Associated companies	0.6	-0.9
Total	5.4	-23.9

<Management plan for FY2010> (on a consolidated basis)

(Unit: billions of yen)

Sales	1,760
Net income	12