

### Mid-to-Long Term Challenges and Strategies

Our Mid-to-Long Term strategy is to broaden our earnings base by continuing to act in accordance with the Company's basic policies. We will invest in both new and existing projects and attempt to achieve a good balance between expansion and new acquisitions in our key segments of iron ore, coal, alumina, oil and gas. We will do our best to raise our earnings base by investing in the new and existing projects and expansion of the trading business with the core of a value chain trades supported by natural resources obtained through our own projects.

### Policies and Outlook for the Fiscal Year Ending March 2007

The fiscal year ending March 2007, the second and final year of the "Frontier-2006" mid-term management plan, will not necessarily be a favorable year for implementing measures targeting Mid-to-Long Term perspectives. Although we anticipate a certain level of earnings due to the high prices of natural resources, we expect that, at the same time, there will be fewer opportunities to acquire equity in natural resource development and that any such acquisition will also be more expensive. Under these circumstances, the Company will broaden its earnings base through a well-balanced portfolio by acquisition of new equities and, increased investments and acquisition of more shares in existing projects.

#### Number of Employees

Consolidated*	564
Non-consolidated	313

\*The number of consolidated employees is based on actual working employees excluding temporary staff.

#### Number of Subsidiaries and Associate

Domestic	17
Overseas	17

#### Major products & Services

- Crude oil • Petroleum products
- LPG • LNG • Iron ore • Coal
- Aluminum • Steel scrap
- Steel products

acquired a stake in Nissho Petroleum Gas Corporation, a subsidiary of Osaka Gas. Under the alliance, the ITOCHU and Osaka Gas groups will expand customer services and strengthen competitiveness by maximizing each of their strengths.



Tank Base

### Expansion of Iron Ore Mining Project in Western Australia

In October 2005, the Company decided to go ahead with the expansion of its iron ore mining project in Western Australia. With our main project partner in Western Australia, BHP Billiton, we have developed iron ore mines and expanded transportation and port facilities. Completion of the Rapid Growth Project 3 will increase total annual production capacity of the Western Australian iron ore operations to 129 million tons. We will continue examining opportunities for further expansion to meet rising world demand, generated primarily from the Asian region.



Mt. Whaleback Iron Ore Mine