

Business Plan of Nissho Iwai – Nichimen Holdings Corporation

March, 2003

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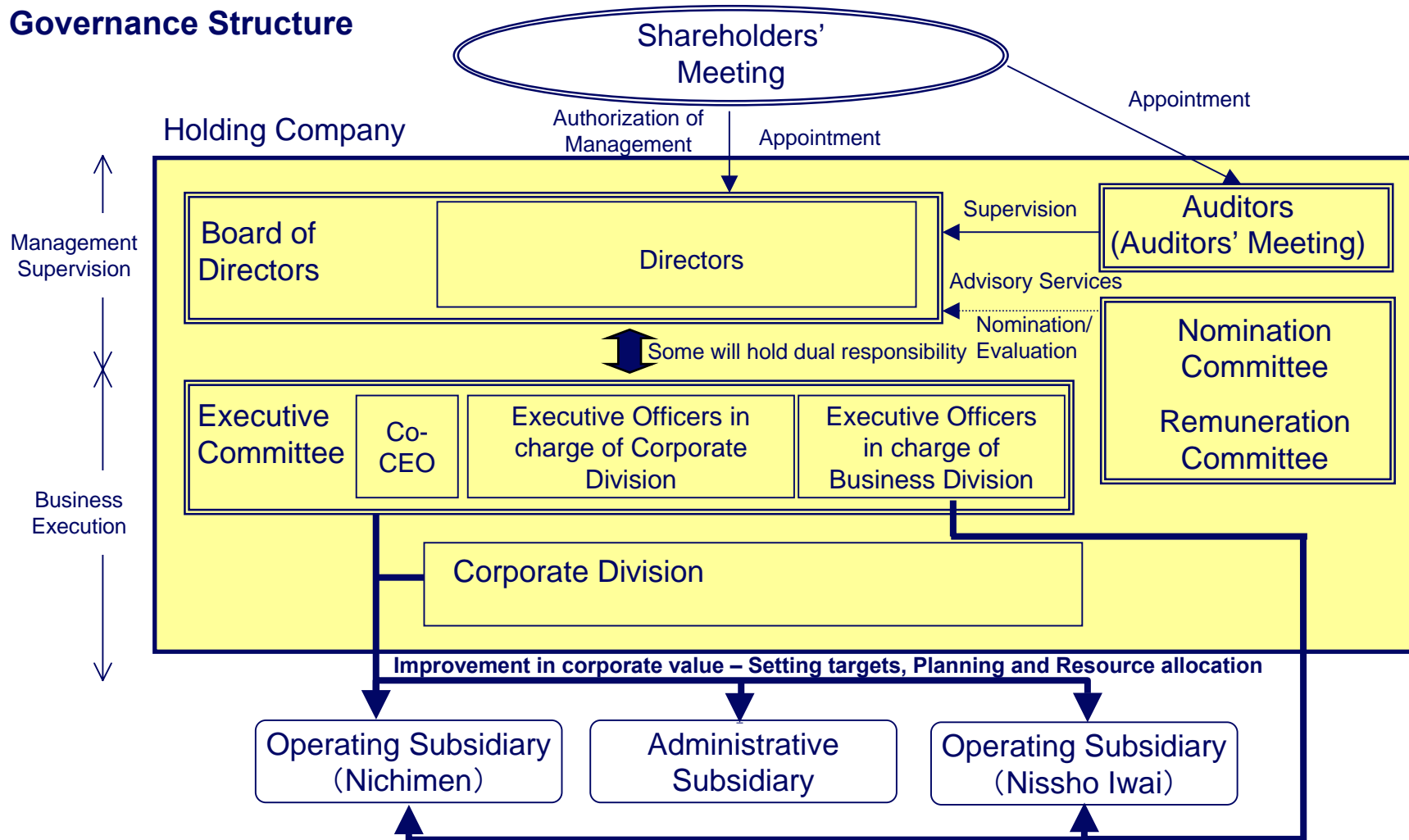
Summary of Business Plan

Management Vision

- ◆ Establish a multi-faceted business, which has both top-tier competitiveness and strong earning power in specific industries and markets, by continuously pursuing profitability and growth in core business areas.
- ◆ Establish an innovative trading company, to actively respond to environmental changes and market globalization, and continuously develop new business fields through entrepreneurship.
- ◆ Establish a functional trading company, to understand multiple customer needs and provide sophisticated, tailor-made services as a customer's business partner.
- ◆ Establish an open company, where each employee is given a chance to realize his or her own personal goals / ambitions.

Structure & Functions

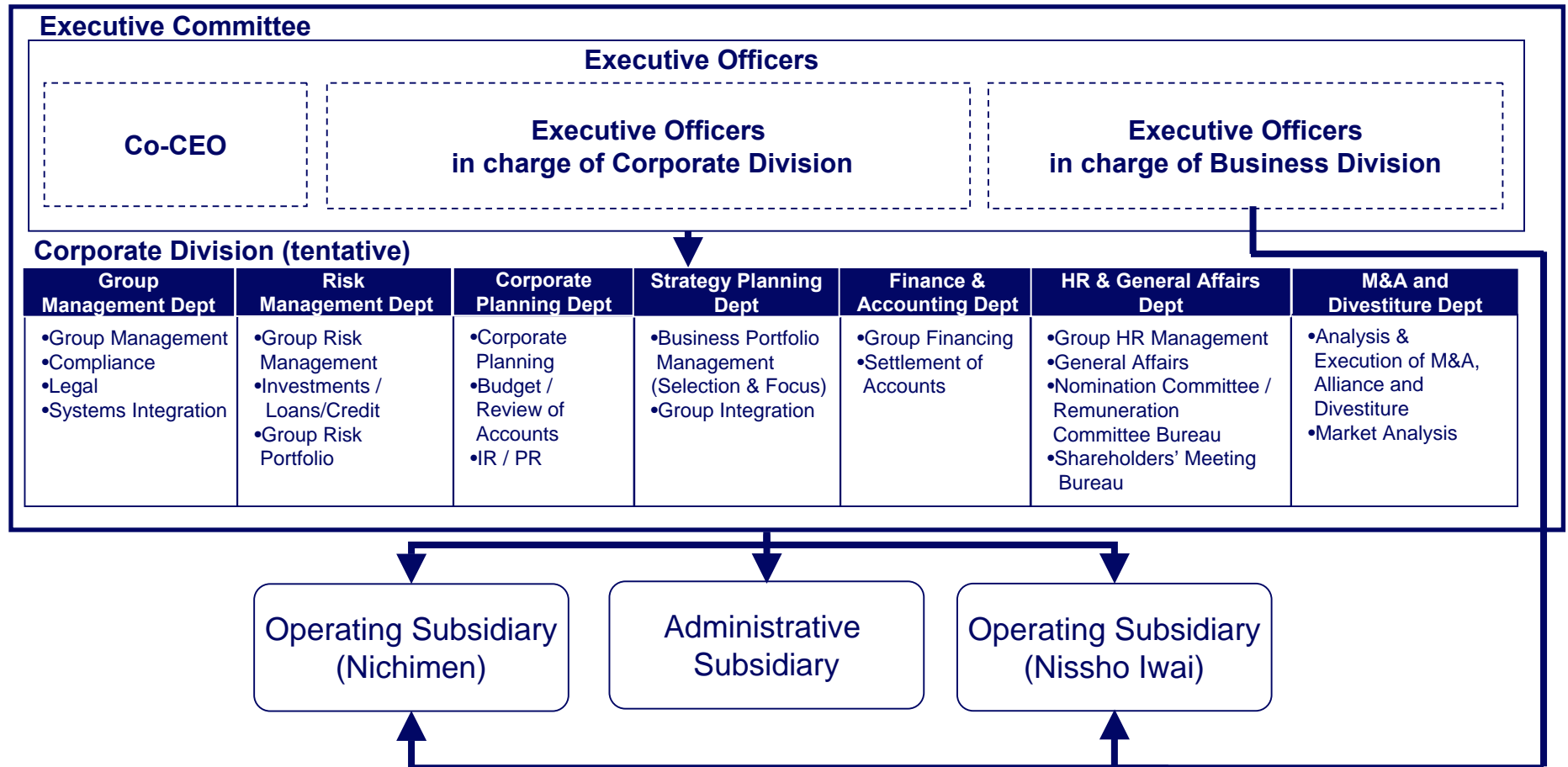
Governance Structure



※By the end of March 2004, reorganize organizations and subsidiaries of both companies with overlapping functions and businesses.

Structure & Functions

Business Execution Structure



※By the end of March 2004, reorganize organizations and subsidiaries of both companies with overlapping functions and businesses.

Structure & Functions

Establish a highly transparent and functional management framework to promote “Selection and Focus” of our operating businesses, and to improve profitability and maximize corporate value of the entire Group

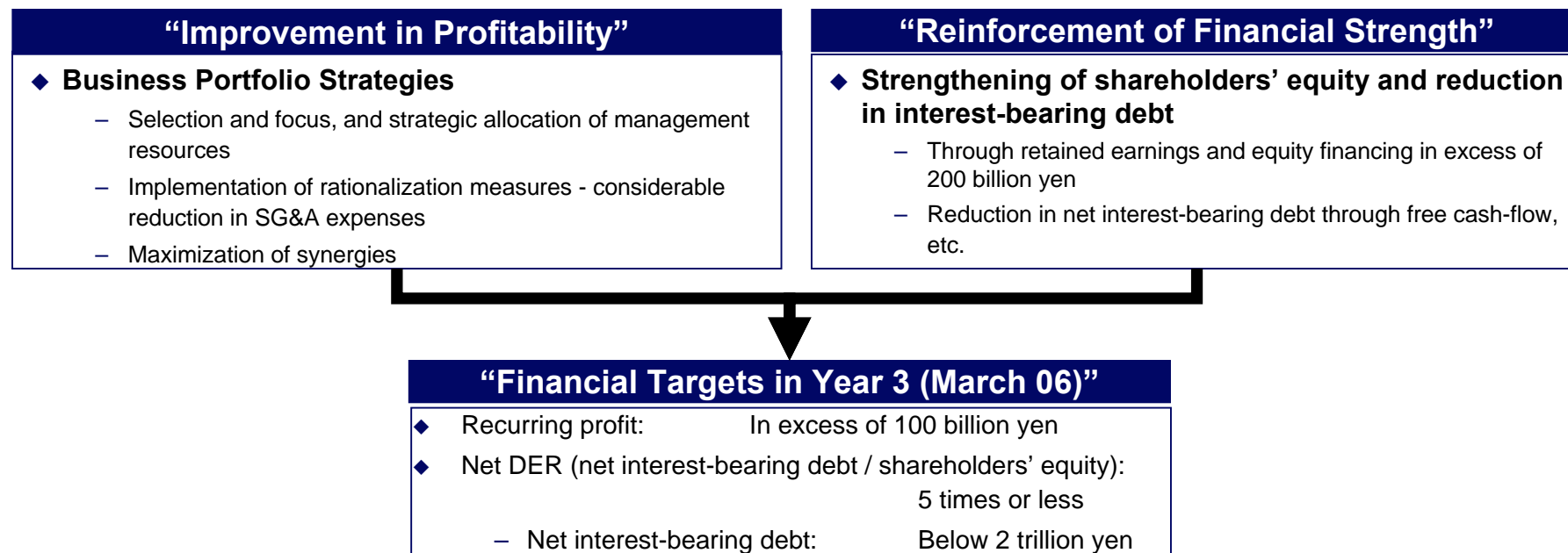
◆ Management Structure of the Holding Company

- Increased transparency in corporate governance.
 - Invite outside directors to the corporate board.
 - Establish a Nomination Committee and a Remuneration Committee.
- Separation of management supervision and business execution.
 - Introduce an Executive Officer system.
 - Establish an Executive Committee: the chief decision-making organization for business execution.

◆ Functions of the Holding Company

- Planning, operation and administration function to optimize business portfolio of the entire Group and to achieve early realization of the integration effects.
 - Planning and promotion of the Group strategy and supervision of its execution.
 - ✓ Group’s management strategy, business strategy (selection and focus / M&A&D) as well as financial strategy
 - Risk control for the entire Group
 - ✓ Integrated risk management for the entire Group; monitoring of the Business Division.
 - Early realization of the Group integration effects
 - ✓ Planning and promotion of the restructuring strategies and rationalization measures concerning our operating subsidiaries and businesses.

Fundamental Policy



Key Points

- ◆ Term: April, 2003 ~ March, 2006 (3 Year Plan)
- ◆ Bold and efficient restructuring
 - From Year 1 (FY2003), all the required restructuring measures will be implemented
~ Expect net loss in Year 1 owing to the restructuring costs
 - After Year 2, expect a significant rise in profitability through restructuring and synergies

(Note) Net interest-bearing debt = Gross interest-bearing debt (Both Long and Short term borrowings + Bond • CB+CP) – Cash and cash equivalents

Financial Summary

(In billions of Yen)	Business Plan			<reference> Nissho Iwai / Nichimen Combined forecast
	FY2003	FY2004	FY2005	FY2002*
Net Sales	5,770	6,100	6,260	6,520.0
Gross trading profit	287	285	293	340.0
SG&A expenses	215	175	169	281.5
Operating profit	72	110	124	58.5
Recurring profit	48	85	101	31.0
Extraordinary profit/loss-net	▲ 60	▲ 10	▲ 7	▲ 105.0
Net income/loss	▲ 29	50	70	▲ 111.0
ROA	-	1.6%	2.3%	-
ROE	-	19.6%	22.2%	-
Cash on hand and in banks	310	310	310	230.0
Operating assets	1,200	1,200	1,220	1,330.0
Investments and loans	890	850	880	860.0
Fixed assets	740	680	660	800.0
Total assets	3,140	3,040	3,070	3,220.0
Operating liabilities	655	660	660	766.0
Interest-bearing debt	2,255	2,100	2,060	2,395.0
Total liabilities	2,910	2,760	2,720	3,161.0
Shareholders' equity	230	280	350	59.0
Total of liabilities and shareholders' equity	3,140	3,040	3,070	3,220.0
Net interest-bearing debt	1,945	1,790	1,750	2,165.0
Net DER (Multiple)	8.5	6.4	5.0	36.7

*In the forecast for FY2002, earnings forecasts of certain subsidiaries to be newly consolidated are included, in addition to those of Nichimen and Nissho Iwai.

Business Portfolio Strategies

Business Portfolio Management Policies: “Selection and Focus”



- ◆ Analyze each business based on its profitability (ROF*) and strategic importance



- ◆ Classify each business into 5 strategic segments



- ◆ Devise a basic strategy for each segment

- ◆ Re-allocate ‘funds’ and ‘human resources’ in accordance with the basic strategies



Build optimal business portfolio

- ◆ Maintain and increase gross trading profit
- ◆ Reduce SG&A expenses
- ◆ Increase profits from equity method investments
- ◆ Improve efficiency of capital usage

Through the execution of the above, continue the ‘management / administration of business portfolio’ and ‘emphasis on risk control’

* Recurring profit / Funds invested

Analysis & Valuation of the Current Status of Each Business

Classify each business, based on its ROF and strategic importance, into 5 strategic segments

«Evaluation methodology»

◆ Quantitative evaluation

- ROF (Recurring profit / Funds invested)
【Y-axis】

◆ Quantitative / qualitative evaluation

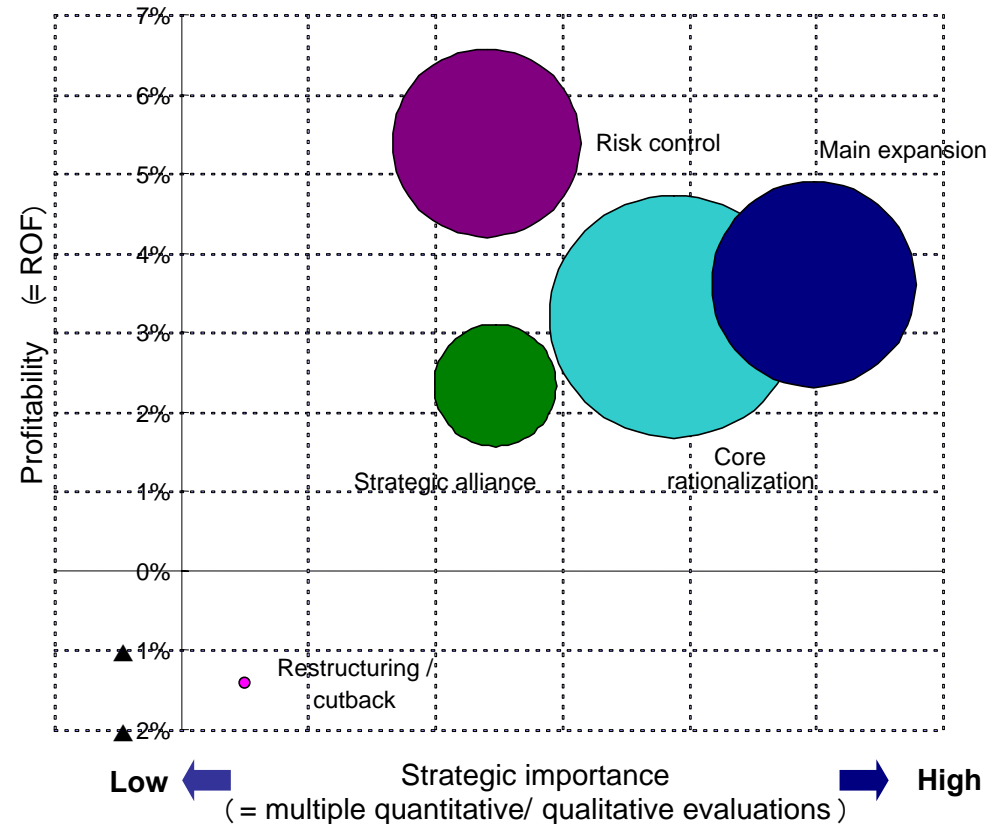
Comprehensive evaluation in accordance with the following criteria:

- Growth potential
- Operating base
- Room for rationalization
- Risk

Strategic importance
【X-axis】

«5 strategic segments»

- ◇ Main expansion field
- ◇ Core rationalization field
- ◇ Strategic alliance field
- ◇ Risk control field
- ◇ Restructuring / cutback field



* The size of circles corresponds to the amount of recurring profit of each strategic segment.

Business Characteristics & Basic Strategies of Strategic Segments

Achieve recurring profit of 100 billion yen in Year 3 through “Selection and Focus”

Business characteristics Strategic segment	Quantitative	Quantitative / Qualitative				Business	Basic strategy
	Profitability	Growth potential	Operating Base	Room for rationalization	Risk		
◆Main expansion	Medium	High	Medium	Medium	Medium	Automobile related, Energy related, Foodstuffs, Textiles, etc.	Build and expand new sources of profits through focused allocation of management resources
◆Core rationalization	Medium	Medium ~ Low	Strong	Large	Low	Space Aviation, Chemicals & Plastics, Forest products, etc.	On the back of solid operating bases, improve profitability through rationalization
◆Strategic alliance	Medium ~ Low	Medium	Medium ~ Weak	Medium	Medium	Steel products, Information Industries, LNG, etc.	Efficiently expand our operating bases through enhanced collaboration with strategic partners
◆Risk control	High	Medium ~ Low	Medium	Small	High	Construction & Real Estate, Urban Development, etc.	Secure returns, while controlling risk, through selective allocation of funds
◆Restructuring / cutback	Low	Low	Weak	Small	Medium	Transportation Machinery and related lease financing, certain overseas businesses, etc.	Improve business profitability through rationalization and reduction in funds invested

Improvement in Profitability through Re-allocation of Resources



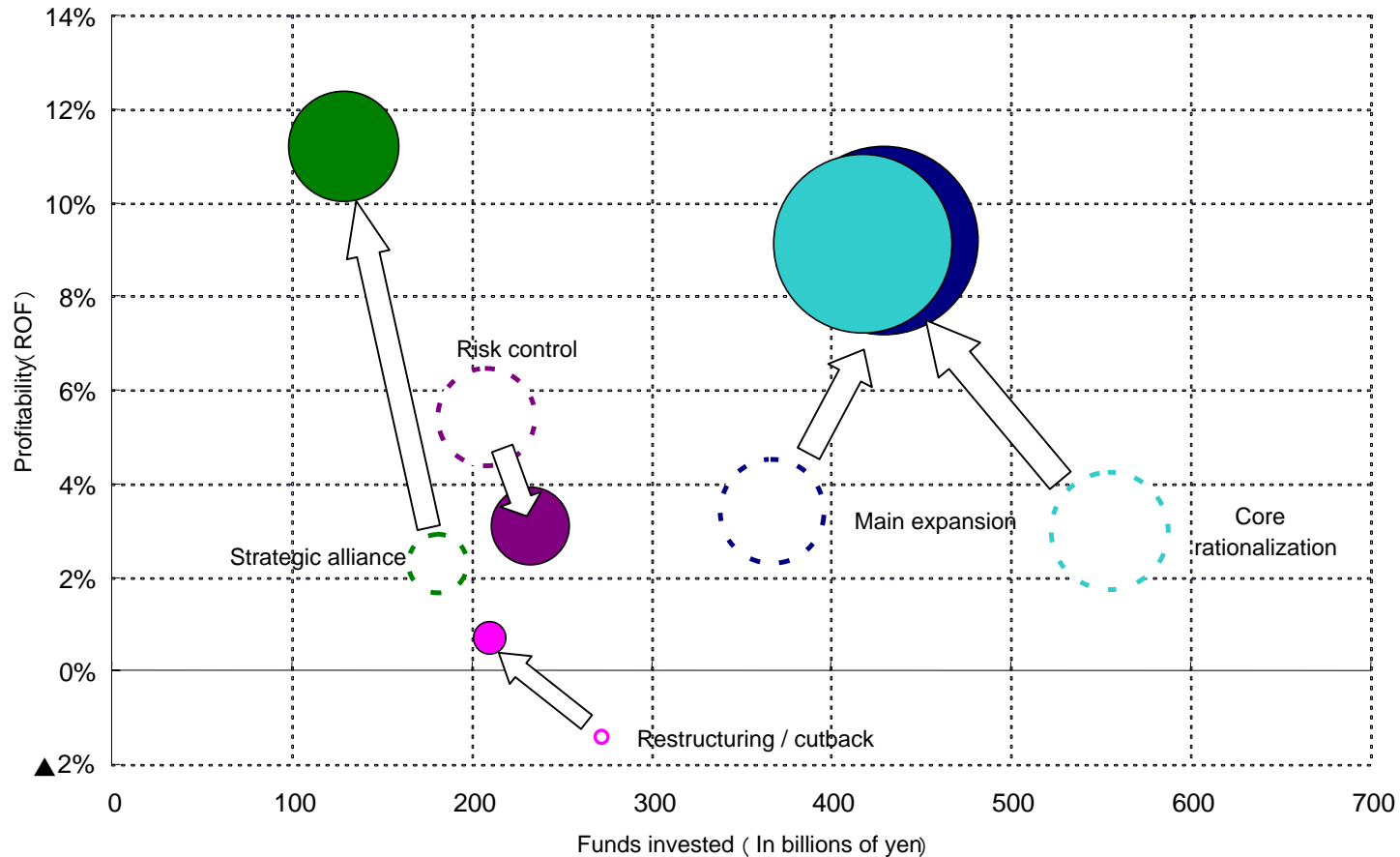
	(In billions of yen)			(In billions of yen)			
	Re-allocation of resources (Change over 3 years)			Improvement of profitability (Change over 3 years)			
< Strategic segments >	SG&A	# of Employees	Funds invested	Gross trading profit	Recurring profit	Expense ratio	ROF
◆ Main expansion	▲10	▲670	63	19	30	▲26%	7%
◆ Core rationalization	▲18	▲1,570	▲137	0	20	▲22%	6%
◆ Strategic alliance	▲68	▲1,640	▲52	▲67	10	▲38%	9%
◆ Risk control	0	▲30	25	▲3	▲4	5%	▲2%
◆ Restructuring / cutback	▲6	▲320	▲62	▲4	5	▲14%	2%
Strategic segments total	▲102	▲4,230	▲163	▲55	61	▲25%	5%

All numbers represent changes from FY2002 (estimate) to FY2005 (target).

* "# of Employees" represents changes from September 2002.

Improvement in Profitability through Re-allocation of Resources

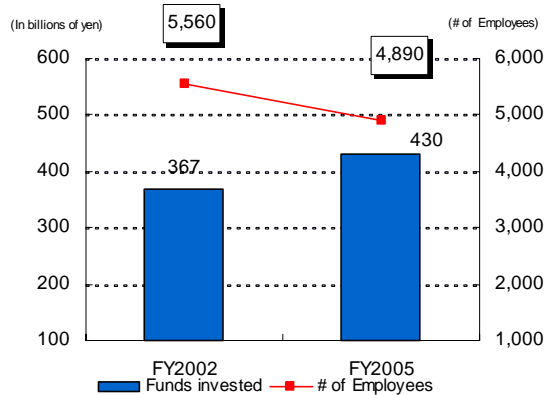
Seek an increase in profit in the Main expansion field and Core rationalization field



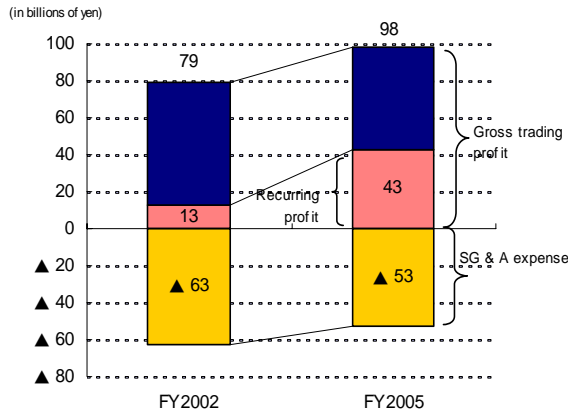
* The size of circles corresponds to the amount of recurring profit of each strategic segment.
Dotted circles represent FY2002(estimate), and filled circles represent FY2005(target)

Main Expansion Field

Changes in Management Resources



Changes in Profitability



•# of Employees as of FY2002 represents that of the end of September 2002 .

【 Basic Strategy 】

- ◆ Build and expand new sources of profits through focused allocation of management resources

【 Example Businesses 】

- ◆ **Industrial system · Automobile related** 【Funds invested; 15 billion yen increase, Gross trading profit; 2.5 billion yen increase】

Build and grow highly-profitable businesses by proactively participating in our major manufacturing customers' businesses from their development stage, especially in high-growth overseas market such as China.

- ◆ **Foodstuff / Marine products** 【Funds invested; 4 billion yen increase, Gross trading profit; 1.2 billion yen increase】

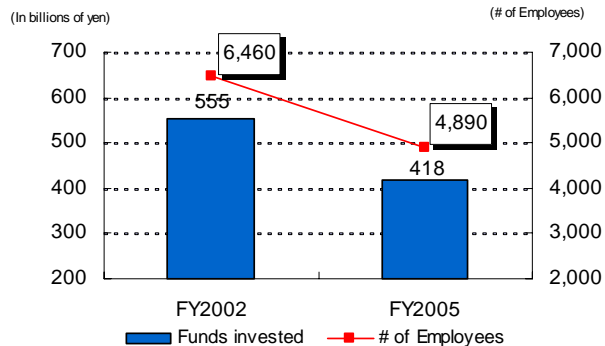
Already established a product development system that not only exploits and retains supply sources in an environmentally conscious manner, but also satisfies customers' needs for "security, safety, deliciousness and health" products. Create more value-added businesses by combining strengths in our supply sources, SCM, capabilities of finding customers' needs, and retail network.

- ◆ **Textiles (apparel & home fashion) related** 【Funds invested; 17 billion yen increase, Gross trading profit; 2 billion yen increase】

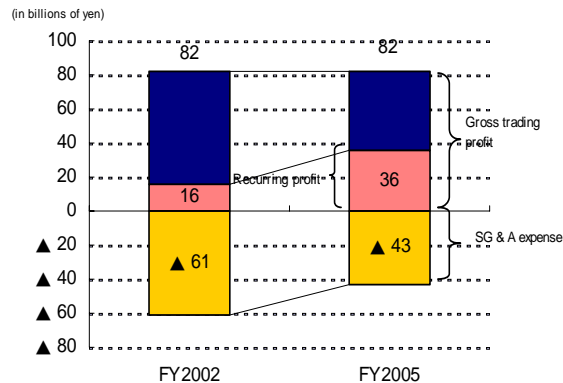
Focus on the more profitable retail businesses, through partnerships such as with Li & Fung, as well as through our strong product supply capabilities

Core rationalization Field

Changes in Management Resources



Changes in Profitability



•# of Employees as of FY2002 represents that of the end of September 2002 .

【 Basic Strategy 】

- ◆ On the back of solid operating bases, improve profitability through rationalization

【 Example Businesses 】

- ◆ **Private aerospace aircrafts** 【Funds invested; 67 billion yen decrease, Recurring profit; unchanged】

Seek to become the indisputable leader in the aviation business by leveraging our unparalleled strengths, experiences & know-how, comprehensive consulting capabilities and abilities to cultivate markets and create derivative businesses as the industry's No. 1 player. Aircraft import business is a stable source of earnings as orders during the 3 year business plan is confirmed. Meanwhile, the funds in use will be reduced by restructuring the operating lease business.

- ◆ **Chemical & Plastics related** 【Funds invested; 48 billion yen decrease, Recurring profit; 8.4 billion yen increase】

With the joint holding companies (GCH and Pla-Net) acting as the pivotal role, increase profitability through rationalization, maintain and enhance our solid operating base, and seek to become a No. 1 player in this industry.

- ◆ **Forest products & Building material related** 【Funds invested; 10 billion yen decrease, Recurring profit; 3.9 billion yen increase】

Strengthen our business franchise as a dominant player in the industry through indisputable market share gained as a result of integration of the two companies. Furthermore, seek synergies and rationalization, such as through cost reduction in logistics, to make solidify our dominance in this business area.

Strategic alliance / Risk control / Restructuring/cutback Field

Strategic alliance Field				
Gross trading profit	SG&A expense	Recurring profit	Funds invested	# of Employees
↙	↙	↗	↙	↙

【 Basic Strategy 】

- ◆ Efficiently expand our operating bases through enhanced collaboration with strategic partners

【 Example Businesses 】

◆ Steel products

In response to the reorganization of the industry, have a fresh start as the No.1 steel dealer, through an alliance with another trading house. Continue stable profitability by responding to changes in market environment through enhancement of our service capabilities, efficiency and rationalization.

◆ Information industries

As IT is an infrastructure commonly used in all industries, expect strong growth through alliance with partners in various industries and by selecting target sectors appropriately.

◆ LNG

As the importance of LNG as clean energy increases, reinforce our strength as the No.2 player in the industry through alliance with strategic partners and seek to enhance our earning power through large upstream investments to cope with intensifying competition.

Risk control Field				
Gross trading profit	SG&A expense	Recurring profit	Funds invested	# of Employees
→	→	↙	↗	→

【 Basic Strategy 】

- ◆ Secure returns, while controlling risk, through selective allocation of funds

【 Example Businesses 】

◆ Urban Development (condominium) business

Accommodate market needs better through diversifying into business activities such as metropolitan/urban-type condominium and suburban / family-type condominiums. Secure profitability by making selective investments, through assessment of funds invested, market trends, and risks.

Restructuring/cutback Field				
Gross trading profit	SG&A expense	Recurring profit	Funds invested	# of Employees
↙	↙	↗	↙	↙

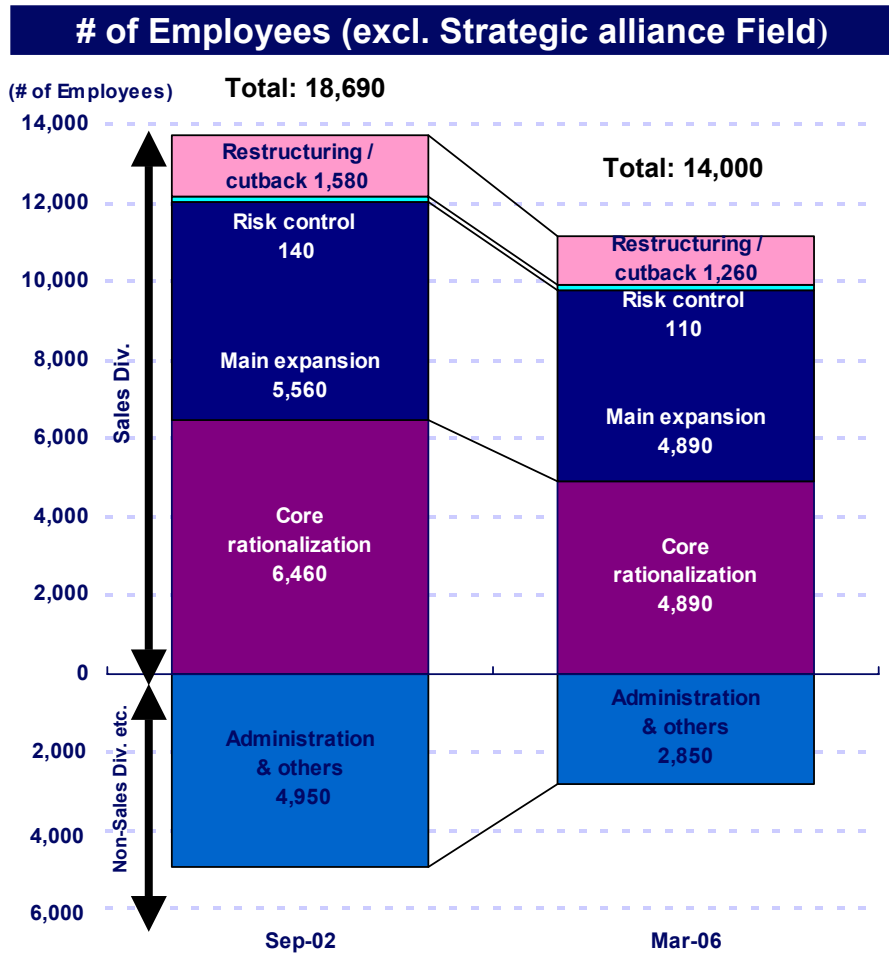
【 Basic Strategy 】

- ◆ Improve business profitability through rationalization and reduction in funds invested

【 Example Businesses 】

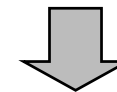
By selling vessel loan receivables, focus on the brokerage business. Decrease funds invested and pursue rationalization to enhance profitability.

Impact from Reduction in Employees



Detail of Employee Reduction

- ◆ Achieve approx. 80% of the entire employee reduction plan in non-sales divisions (Administration & others) as well as Core rationalization field
- ◆ Reduce redundancies in employees caused by the integration in the areas such as non-sales divisions
 - Aim for a quick integration of administrative subsidiaries
- ◆ As many of the businesses in the Core rationalization field have a solid operating base, the integration will further strengthen this base. Hence, we expect little impact on the profitability from staff reduction. Also, the integrated businesses have large rooms for back-office rationalization.
 - Reduction of redundancies among the sales staff and back-office staff at integrated subsidiaries that have solid operating base, such as GCH and Pla-Net
- ◆ In the Main expansion field, we will not conduct employee reduction on a large scale and maintain relatively large human resources

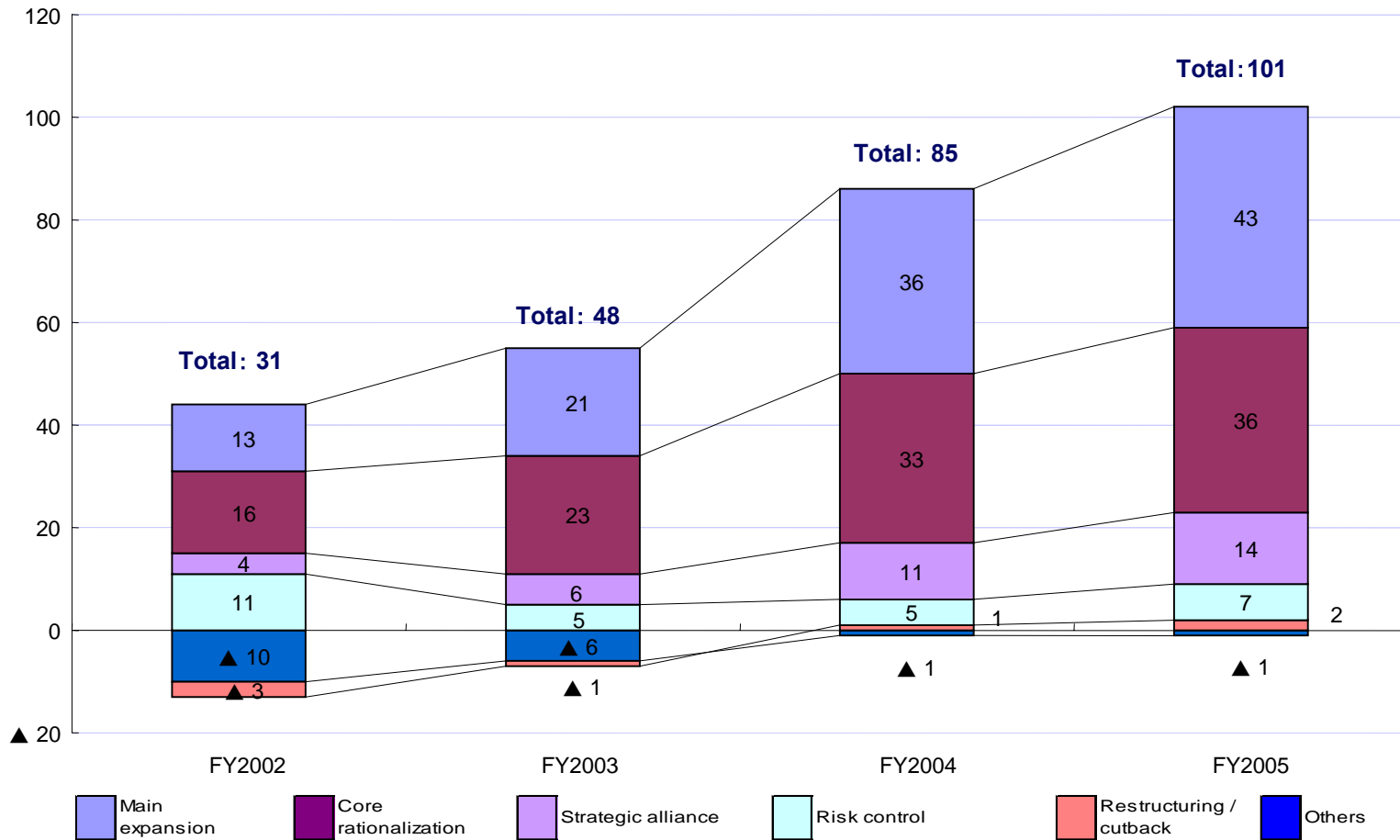


Little impact on gross trading profit is expected from employee reduction

Trend in Achievements of Profit Targets

Achieve approx. 80% of the recurring profit target of 100 billion yen in the Main expansion field and Core rationalization field

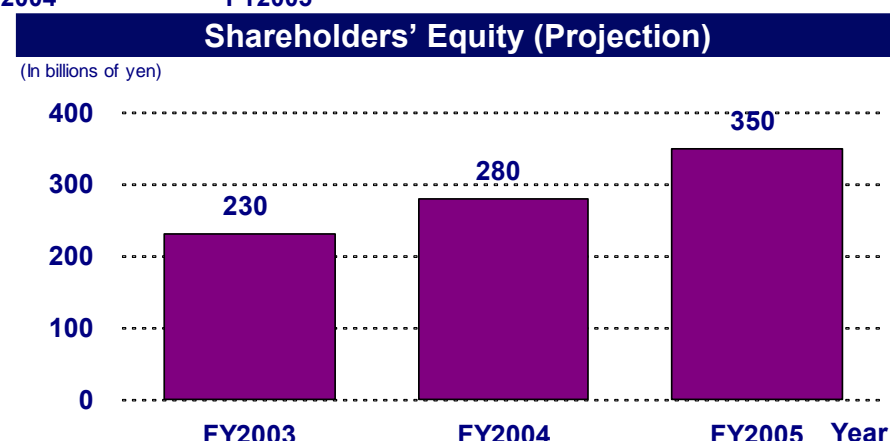
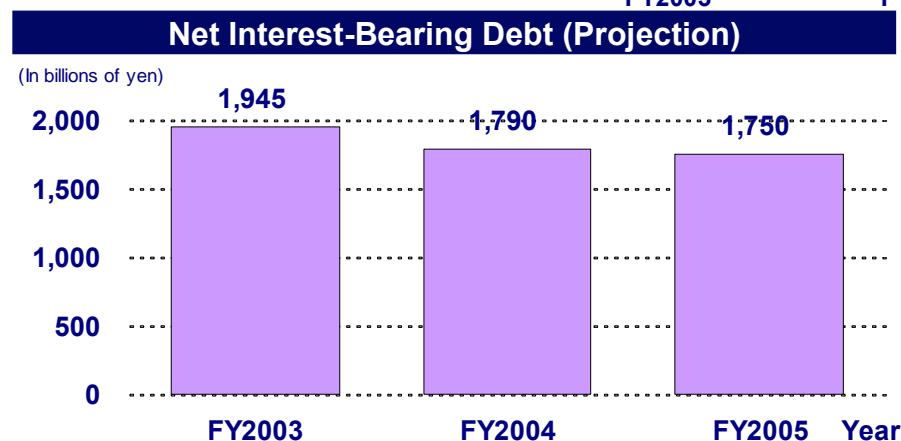
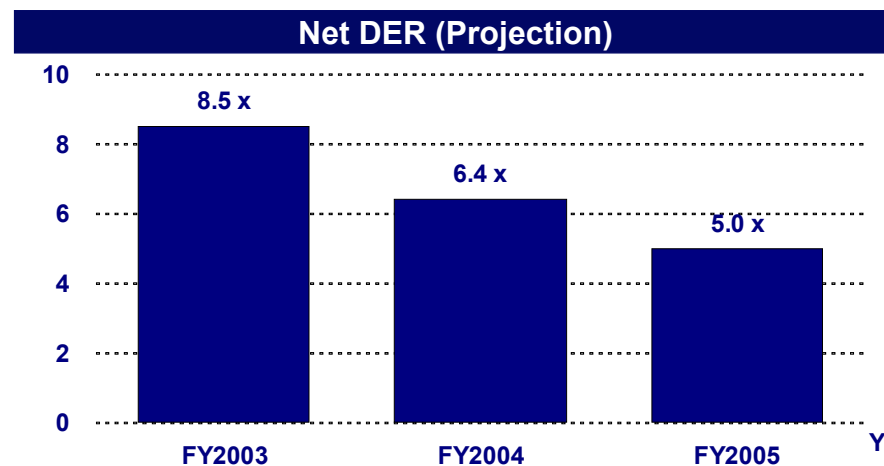
(In billions of yen)



Reinforcement of Financial Strength

Improvement in Leverage

Achieve DER of 5 times or less in 3 Years

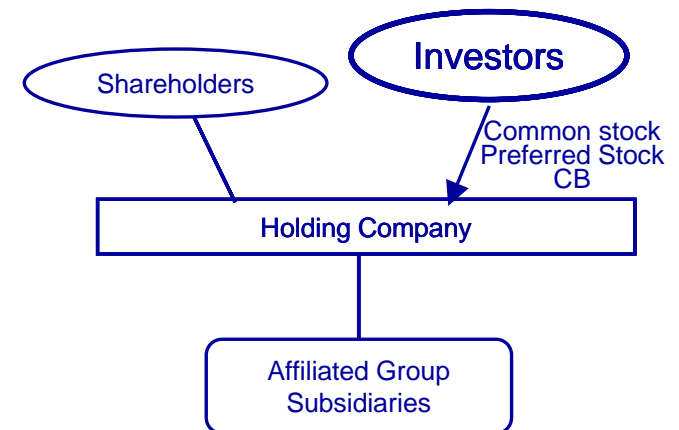


Reduce interest-bearing debt through free cash-flow

Accumulation of retained earnings and implementation of over 200 billion yen of equity financing

Equity Financing (Strengthening of shareholders' equity)

- ◆ Timing
 - Soon after the establishment of the Holding Company on April 1st,2003 (early to mid-May, 2003)
- ◆ Size and Type
 - Large scale equity financing
 - ✓ Size: Over 200 billion yen (Common Stock, Preferred Stock)
 - ✓ Revitalization of financial strength through Convertible Bond
 - The Holding Company is expected to establish a capital-raising commitment facility with Lehman Brothers, which would purchase up to 50 billion yen CB
 - The Holding Company would be able to issue CB in a proper timing subject to certain conditions
 - ➔ This would enable the Holding Company to enhance its equity capital and raise funds in an efficient way
- ◆ Target Investors
 - Stock allocation to third parties
 - A wide variety of investors both domestic and overseas
 - Common Stock ~ Business Partners
 - Preferred Stock, CB ~ Financial Institutions



Immediate improvement in creditworthiness (Net DER)

Information on Future Performance (Forward-Looking Statements)

Nissho Iwai and Nichimen may present information on this material regarding the future business activities and performance of the newly-establishing Nissho Iwai-Nichimen Holdings Corporation and those of its affiliated companies. Such forward-looking statements are only forecasts based on information available at the time of disclosure and may be subject to change because of a wide range of factors.