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Announcement of the “Three-year Management Plan for Growth”

Kinsho Corporation today announced that it has established a new medium-term management plan, the “Three-year Management Plan for Growth,” which covers the period from FY 2007 to FY 2009 and contains specific measures for the future growth and expansion of its businesses, and the Company’s board of directors has approved it. An outline of the new three-year management plan is as follows:

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1. Introduction

The Company promoted the implementation of the “Strengthening the Earnings Base: Three-year Management Plan” (“Three-year Plan”), which started from FY2004. The Company established the Three-year Plan as a means of planning for the further reinforcement of the earnings base for future growth and expansion, and it promoted 1) reinforcement of the operating earnings base, 2) strengthening of capital and 3) reform of the corporate business structure and corporate climate and culture, as well as the consciousness of the employees. As the final year of the Three-year Plan, FY 2006, is coming to an end, the targets of the Three-year Plan will definitely be achieved.

With respect to the reinforcement of the operating earnings base, the number of products in fields in which we are strong, such as materials for aluminum heat exchangers, special steels and iron alloys, has expanded and these are showing good results due to the efforts that have been made in accordance with the “further selection and centralization for the reinforcement of the operating earnings base” by each business unit described in the Three-year Plan. As for the strengthening of capital, the Company implemented the third-party allocation of new shares at ¥4,680 million subscribed to by Mitsubishi Corporation (paid-in on August 11, 2006), in addition to accumulating retained earnings. As a result, the Company’s capital structure has substantially improved. In addition, the reform of the corporate business structure and corporate climate and culture as well as the consciousness of the employees have also made steady progresses as seen in the spreading of thorough compliance.

The goals of the Three-year Plan will be certainly be achieved, as mentioned above. Under on these circumstances, the Company has established a new medium-term management plan, the “Three-year Management Plan for Growth” (“Growth Plan”). Through the implementation of the third-party allocation of new shares, the Company will deepen its relationship with Mitsubishi Corporation as a subsidiary (51.1% of the controlling shares are owned by Mitsubishi Corporation). Consequently, the Company plans in the Growth Plan to aim to be a first-class hybrid metals trading company deploying business operations globally based on its expertise in technologies. In addition, the Company is implementing the following items as part of its specific measures ahead of the schedules mentioned in the announcement published on January 19, 2007.

- (1) Reinforcing further sales activities with the transfer of the business of two subsidiaries of Mitsubishi Corporation, and
- (2) Restructuring of the logistics business to specialize in fields related to nonferrous metals and the sale of the logistics centers, with the aim of the further selection and centralization of the business.

Furthermore, to respond to global business deployment for its customers, the Company established a local company in China as the first case of such investment after the third-party allocation of new shares.

With respect to the business that was transferred to the Company, this includes mainly products and trading in fields in which we are already strong, such as aluminum heat

exchangers, other nonferrous metals products trading and nonferrous raw materials trading, including in lead, zinc and tin. In addition, with the restructuring of the logistics division, the Company will integrate its management resources into the metal related trades, logistics services and business investment in these.

Under these policies, the Company will promote the future growth and expansion of its business, taking advantage of the greater credibility resulting from becoming a consolidated subsidiary of Mitsubishi Corporation. In addition to the transfer of its business, the Company will realize, in concrete terms, during the term of the Growth Plan, investment directions that the Company has continued to investigate thus far in order to achieve further growth and expansion.

With respect to the issue of the resumption of dividend payments that has long been its most important assignment, the Company planned in the Three-year Plan “to aim at the establishment of business structures and systems that will enable it to make stable dividend payments by reinforcing the bases of its operating earnings.” The Three-year Plan has steadily advanced, and the goals of the Three-year Plan are certain to be achieved in its final year, FY2006. Accordingly, the Company considers that management structures to ensure stable dividend payments have been established, and has decided to make it our policy to resume dividend payments for FY 2006.

As a first step in launching into the wider world, all executives and regular employees of the Company intend to continue to make every effort so that newly added trading through business transfers may lead to the growth of the Company by creating synergistic effects with existing businesses.

2. Outcome of the “Strengthening the Earnings Base: Three-year Management Plan”

A summary of the outcome of the Three-year Plan is as follows:

[Trend in consolidated profits]

Unit: ¥ Million

		FY2003	FY2004		FY2005		FY2006	
		Actual	Projection	Actual	Projection	Actual	Projection	Forecast
1	Sales	65,322	79,800	84,507	82,320	93,647	82,934	99,643
2	Gross margin	3,821	4,000	4,211	4,095	4,377	4,220	4,179
3	Operating profit	1,623	1,800	2,081	1,845	2,213	1,976	2,009
4	Ordinary profit	1,298	1,400	1,567	1,435	1,608	1,476	1,420
5	Net income	949	970	1,024	904	1,087	939	1,058

[Trend in non-consolidated profits]

Unit: ¥ Million

		FY2003	FY2004		FY2005		FY2006	
		Actual	Projection	Actual	Projection	Actual	Projection	Forecast
1	Sales	64,304	78,901	83,278	81,681	91,549	82,196	98,362
2	Gross margin	3,515	3,536	3,747	3,674	3,899	3,785	3,900
3	Operating profit	1,587	1,626	1,920	1,723	2,010	1,844	1,930
4	Ordinary profit	1,183	1,230	1,515	1,182	1,415	1,204	1,306
5	Net income	811	730	912	694	1,097	707	922

[Trend in consolidated net DER]

Unit: ¥ Million

		FY2003	FY2004		FY2005		FY2006	
		Actual	Projection	Actual	Projection	Actual	Projection	Forecast
1	Interest-bearing debt	17,874	18,082	18,352	17,884	15,867	16,884	10,383
2	Cash and deposits	2,173	2,068	2,035	2,265	2,177	2,263	1,554
3	Net interest-bearing debt	15,701	16,014	16,317	15,619	13,690	14,621	8,829
4	Shareholders' equity	2,691	3,660	3,674	4,510	4,644	5,449	10,383
5	Net DER (debt equity ratio)	5.8 times	4.4 times	4.4 times	3.5 times	2.9 times	2.7 times	0.9 times

[Trend in non-consolidated net DER]

Unit: ¥ Million

		FY2003	FY2004		FY2005		FY2006	
		Actual	Projection	Actual	Projection	Actual	Projection	Forecast
1	Interest-bearing debt	17,799	17,800	18,266	17,800	15,555	16,800	10,000
2	Cash and deposits	2,106	2,000	1,963	2,200	2,082	2,200	1,500
3	Net interest-bearing debt	15,693	15,800	16,303	15,600	13,473	14,600	8,500
4	Shareholders' equity	1,004	1,733	1,915	2,428	3,012	3,136	8,615
5	Net DER (debt equity ratio)	15.6 times	9.1 times	8.5 times	6.4 times	4.5 times	4.7 times	1.0 times

3. Basic Policies of the Growth Plan

The Company's basic policies for the construction of the growth strategy for the future, including the term of the Growth Plan, are as follows:

- (1) Aiming to become a first-class hybrid metals trading company deploying business operations globally based on its expertise in technologies

The Company aims to be a competent company that is able to respond to customer needs at a sophisticated level by establishing functions and systems in its business operations such as the ability to participate in the development of parts by the users from the stage of the investigation of drawings, and the Company will accordingly require its employees to develop capabilities in various technologies or, in other words, to have a deep understanding of technologies. In addition, the Company will construct a system that is capable of responding to the globalization of the business of its customers, by utilizing its overseas bases as well as the overseas networks of the parent company Mitsubishi Corporation. The Company emphasizes the importance of its corporate status as a trading company, which gives it credibility regarding its ability to move freely and quickly in the market: it thus intends to be a professional company and among the most outstanding in specific fields of business. Furthermore, the Company seeks to be a company capable of providing its customers with a high level of added value as a hybrid

metals trading company that has functions related to trading, logistics services and investment in businesses.

- (2) Deploying aggressive operations with strict corporate governance and compliance based on a solidified business structure

The Company considers that strengthening corporate governance and full compliance continues to be one of the most important management issues, as in the Three-year Plan, and will promote the establishment of a proper internal control system. In these activities, the Company intends to solidify its business structure and to maintain strict corporate governance and compliance through thorough adherence to public and internal rules and regulations and the proper execution of the checking and supporting functions of the administrative divisions. Subsequently, the Company will establish a system in which the sales divisions can actively expand its existing business as well as develop new businesses.

- (3) Seeking to achieve a consolidated net income of ¥2.0 billion to ¥3.0 billion in the long and medium terms

Taking into consideration the current business of the Company, the functions of the administrative divisions, the domestic and overseas business bases and its status as a subsidiary of Mitsubishi Corporation, the Company assumes that the business structures and systems for meeting the challenges related to the doubling or tripling of its profits and the scale of its business have been just established. The first step in meeting these challenges was achieving the transfer of part of the business of MC Non-Ferrous Metal Products Co., Ltd. and Mitsubishi Shoji Light Metal Sales Corporation. With these transfers, the Company intends to expand its consolidated ordinary profit by at least 50% to ¥2.2 billion from the current level of ¥1.4 billion. Furthermore, the Company will promote new business investment and other specific measures to expand the scale of its businesses. The following synergistic effects are expected from the transfer of business from the sister companies above. However, these effects are not included in the Growth Plan, and will be reflected in the planning for each single-year business cycle in the future.

- 1) Regarding nonferrous metal products, there are many products, including aluminum heat exchangers, that both companies have in common and there is little competition in terms of the customers. Consequently, the expansion of the scale of the trading and an improvement in profitability is expected due to greater efficiencies in the administration of trading.
 - 2) Concerning nonferrous raw materials, the Company has acquired business that has a close relationship to its operations. The Company expects to further deploy its business operations utilizing the advantages of the expanded scale of its overall business.
- (4) Enhancing the relationship with the Non-Ferrous Metals Division of Mitsubishi Corporation

Following the first step in the transfer of the business mentioned above, the Company will investigate business tie-ups with other businesses. The Company will promote business tie-ups mainly for projects where the Company is able to utilize a comparative advantage through the display of the Company's functions in

the sharing of its role as a trading company in the field of resources development of the Non-Ferrous Metals Division of Mitsubishi Corporation with that focusing on investment in the project. The Company will share roles in the exploration of project items and the efficient promotion of a particular project item through an exchange of information with the Non-Ferrous Metals Division of Mitsubishi Corporation, and will try to expand the business in a synergistic manner.

4. Profit planning

Overall profit planning in the Growth Plan is as follows:

[Consolidated profit planning]

(Unit: ¥ Million)

		FY2005 (Actual)	FY2006 (Forecast)	FY2007 (Projection)	FY2008 (Projection)	FY2009 (Projection)
1	Sales	93,647	99,643	170,748	184,652	195,735
2	Gross margin	4,377	4,179	5,519	6,051	6,479
3	Selling, general and administrative expenses	2,164	2,170	3,155	3,281	3,342
4	Operating profit	2,213	2,009	2,364	2,770	3,137
5	Non-operating profits and losses	-605	-589	-582	-734	-863
6	Ordinary profit	1,608	1,420	1,782	2,036	2,274
7	Extraordinary gains and losses	101	152	30	30	30
8	Income taxes	622	514	726	830	929
9	Net income	1,087	1,058	1,086	1,236	1,375

[Non-consolidated profit planning]

(Unit: ¥ Million)

		FY2005 (Actual)	FY2006 (Forecast)	FY2007 (Projection)	FY2008 (Projection)	FY2009 (Projection)
1	Sales	91,549	98,362	168,754	182,640	193,738
2	Gross margin	3,899	3,900	5,213	5,742	6,173
3	Selling, general and administrative expenses	1,889	1,970	2,956	3,082	3,146
4	Operating profit	2,010	1,930	2,257	2,660	3,027
5	Non-operating profits and losses	-595	-624	-621	-774	-903
6	Ordinary profit	1,415	1,306	1,636	1,886	2,124
7	Extraordinary gains and losses	229	143	30	30	30
8	Income taxes	547	527	708	810	909
9	Net income	1,097	922	958	1,106	1,245

5. Specific measures of the Growth Plan

(1) Further selection and centralization of the sales divisions

- 1) Reinforcing the nonferrous products business and the nonferrous raw materials business, and expanding the scope of these businesses by using its function as a trading division of the Non-Ferrous Metals Division of Mitsubishi Corporation with the transfer of part of the business of Mitsubishi Corporation's subsidiaries. In addition, the Nonferrous Products

Business Unit will be divided into three units: the Heat Exchanger Business Unit, the Nonferrous Products Business Unit, and the Stores, Housing and Building Materials Business Unit to enable them to focus on each specific business area in order to expand the nonferrous products business as a whole.

- 2) Specializing in the nonferrous metals related businesses and restructuring logistics divisions for further selection and centralization focusing on the future.
- 3) Developing consolidated subsidiaries and affiliates, and strengthening their business tie-ups with each of our business units (BU) to increase their contribution to the consolidated operating performance.
- 4) Promoting investment in the processing business and resource business as a core of each BU's trade.
- 5) Executing aggressive operations focusing on products in the field in which each BU is strong in order to establish a leading position in each of these business fields.

[Target fields requiring aggressive operations of the BUs]

BU		Target business field requiring aggressive operations
Nonferrous Metals	Heat Exchangers	Being an independent BU specializing in trading in heat exchangers for the existing mainstay customers of automotive parts makers and new customers resulting from the transfer of businesses, and increasing added value by improving specialization and flexibility through enhanced relationships with the affiliates.
	Nonferrous Products	Expanding transactions for aluminum die casting parts for automotive parts as the main pillar of this trade in addition to aluminum/titanium aircraft parts received from the transfer of business, and promoting efficient trading in nonferrous metals products as a whole
	Stores, Housing and Building	Expanding product lines by seeking business tie-ups with affiliates mainly for aluminum and aluminum-processed building products
	Nonferrous Raw Materials	Increasing trading in the mainstay products of pig lead, zinc bullion, and zinc alloys, as well as block tin, which is a new item, by utilizing the synergistic effects and advantages of large transactions due to the transfer of business from sister companies. In addition, undertaking new trading in zinc products targeted at the consolidated subsidiaries of Mitsubishi Corporation.
Steel Products	Special Steel	Accelerating the shift to high-quality bearing products using bearing steel, as well as expanding the scale of trading through enhanced relationships with the process manufacturers. Promoting expansion of the sales of high performance steels for the IT industry within the field of other special steels.

	Ferrous Materials and Minerals	Continuing to maintain and expand stable and long-term transactions of the mainstay products of iron alloys with key customers. In addition, expanding the sources of new materials and introducing higher function products to respond to customer requirements.
	Performance Materials	Expanding transactions in batteries and magnetic materials and grinding and fire-resistance materials, thus promoting the export of the products of the customers. In addition, making efforts to secure rare earth and rare metal resources.
Logistics	Nonferrous Metals Logistics	Establishing active cooperative systems that have been newly added to the logistics functions for customers involving in trading in the above, and developing new businesses in recycling markets that have potential growth.

[Non-consolidated profit planning by business segment]

(Upper: Sales; Lower: Operating profit)

(Unit: ¥ Million)

	FY2005 (Actual)	FY2006 (Forecast)	FY2007 (Projection)	FY2008 (Projection)	FY2009 (Projection)	Change from FY2006
Nonferrous Metals	34,471	43,597	107,430	114,305	118,281	74,684
	442	504	1,073	1,233	1,340	836
Steel	53,289	50,675	58,856	65,778	72,551	21,876
	1,228	1,100	1,020	1,254	1,473	373
Logistics	3,788	4,090	2,468	2,557	2,906	-1,184
	340	326	164	173	214	-112
Total	91,549	98,362	168,754	182,640	193,738	95,376
	2,010	1,930	2,257	2,660	3,027	1,097

(2) Concrete measures including reviewing management systems

While the Company will maintain strict corporate governance and compliance and solidify its position, it will review management systems to respond to the demands of future growth.

1) Improvement of the personnel management system and salary system

The Company will review the current qualification system and introduce a new system to raise the morale of the employees. In addition, the Company will investigate improvements to the President's Award system and to introduce a new performance-related salary system.

2) Reinforcement and development of human resources

The Company will continue in the future the new graduate recruitment system that was resumed in FY 2006, and also promote mid-career recruiting to reinforce and nurture employees who are very capable in specific fields. In addition, the Company will improve further the employee education program conducted by outside lecturers to be carried out during the term of the Three-year Plan.

3) Active utilization of overseas offices

The Company will promote the full sharing of management and business information and utilize overseas facilities through the utilization of overseas office monthly reports or by holding enlarged sales conferences consisting of the general managers of overseas offices and those of the BUs. As for overseas regions where the Company does not have any office, it will try to involve an overseas organization of Mitsubishi Corporation. In addition, the Company recently established a local company in China as a part of this policy.

4) Relocation of the headquarters

The Company will move to a new headquarters office in accordance with the increase in the number of staff due to the acquisition of part of the business of other subsidiaries of Mitsubishi Corporation and to improve the work environment, which will open on February 13, 2007.

6. Policy on dividends

As mentioned above, the Company is intending to resume dividend payments for fiscal 2006, but for now this is just the early stage of the establishment of stable dividend payments. Accordingly, the Company will give the first priority to the implementation of continuous stable dividend payments, and will investigate, during the term of the Plan, a performance-related dividend policy such as dividend payments based on a targeted dividend payout ratio.

7. Items requiring management responses

(1) Expanding the scope of the business and increasing profits

The Company considers that growth and expansion are essential for a company, and will strengthen the functions of trading, logistics and investment in businesses to constantly seek to expand the scope of its business and increase profits through business tie-ups involving Mitsubishi Corporation in the nonferrous metals business and focusing on our strengths in the steel business.

(2) Improvement of the management system based on internal controls

The Company will establish, properly and without fail, an internal control system as required by the Revised Securities and Exchange Law that will come into effect on April 1, 2008.