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**Japanese and Korean consortium announces basic agreement with CSN to acquire stake in Brazilian iron ore mining business**

ITOCHU Corporation (“ITOCHU”) today announced it has reached a basic agreement with Brazilian fully-integrated steel producer Companhia Siderúrgica Nacional (“CSN”) to acquire 16% share in CSN’s wholly-owned iron ore mining and sales subsidiary, Nacional Minérios S.A. (“NAMISA”). The transaction will be executed by an investor group consisting of five Japanese steel producers (JFE Steel Corporation, Nippon Steel Corporation, Sumitomo Metal Industries, Ltd., Kobe Steel, Ltd. and Nisshin Steel Co., Ltd.), Korean steel producer POSCO, and ITOCHU (collectively, the “Consortium”). Though the definitive agreement is yet to be signed, the Consortium is expected to acquire a 40% stake in NAMISA for approximately US\$ 3,120mm (Approx. JPY 312.0bn) in total. Within the Consortium stake, ITOCHU is to invest approximately US\$ 1,250mm (Approx. JPY 125.0bn), an amount equivalent to 40% of the total investment by the Consortium.

NAMISA, located in the state of Minas Gerais, Brazil, operates an iron ore project through self-owned mines and beneficiation plants. NAMISA is scheduled to sell 18mtpa of iron ore in year 2009 and expand sales amount to 38mtpa by 2013 through the course of its expansion plan. NAMISA’s operation is fully integrated with railway and port facilities through long-term contracts, which provide sufficient capacity to fully cover current and future shipment needs. In particular, CSN is scheduled to transfer a 10% stake in MRS Logística S.A. (“MRS”), a railway transportation company connecting the mines and port, to NAMISA as part of the transaction. The transfer of MRS shares into NAMISA will further ensure NAMISA’s access to transportation infrastructure for the long-term participation in the project.

The deal was processed through a global auction in which the Consortium was selected by CSN as the best partner to jointly develop the NAMISA project into a stable profitable business. The selection was a result of ITOCHU’s substantial experience in the operation of iron ore businesses as well as trading of iron ore in Australia and Brazil, and the Japanese and Korean steel producers’ outstanding reputation as stable iron ore purchasers.

In addition to the acquisition of NAMISA shares, the five Japanese steel producers and POSCO are expected to enter into long-term iron ore purchase agreements with NAMISA. Each steel producer is expected to purchase iron ore from NAMISA starting in year 2009, and will purchase up to 14mtpa after NAMISA’s expansion plan is completed in year 2013. ITOCHU will support the long-term stable supply of the above mentioned volume to the Japanese steel producers and POSCO.

CSN is one of the world's leading fully-integrated steel producers with other notable high-quality assets such as the Casa de Pedra mine. CSN will remain as the majority shareholder of NAMISA, holding a 60% stake post-transaction. The Consortium and CSN will establish a long-term partnership through their cooperation to enhance the profitability of NAMISA.

This is a landmark transaction and the first example of an investment in the iron ore business by a consortium consisting of both Japanese and Korean companies. The consortium is currently in process of seeking support from Japanese governmental organizations including the Ministry of Economy, Trade and Industry, Japan Bank for International Cooperation and Nippon Export and Investment Insurance.

In addition to the existing investment in the Australian iron ore business, ITOCHU aims to further expand its investment and trading business in the iron ore industry through this full-fledged entry into the Brazilian iron ore business.

### 1. Overview of CSN

Company	Companhia Siderúrgica Nacional
Business description	Fully-integrated steel producer
Established	April 1941
Location	Sao Paulo, Brazil (Headquarter)
Capital	US\$950mm (Approx. JPY99.8bn)
Financial performance (Fiscal year end December 2007)	Total revenue: US\$7,396mm (Approx. JPY776.6bn) Net income: US\$1,498mm (Approx. JPY157.3bn)

### 2. Overview of NAMISA

Company	Nacional Minérios S.A.
Business description	CSN's wholly-owned iron ore mining and sales subsidiary located in the State of Minas Gerais
Established	November 2006
Location	State of Minas Gerais, Brazil
Capital	US\$17mm (Approx. JPY1.8bn)
Financial performance (Fiscal year end December 2007)	Total revenue: US\$221mm (Approx. JPY23.2bn) Net income: US\$23mm (Approx. JPY2.4bn)

### 3. Composition within the Consortium

	Ratio of capital contribution
ITOCHU Corporation	40.00%
JFE Steel Corporation	16.20%
Nippon Steel Corporation	16.20%
Sumitomo Metal Industries, Ltd.	6.57%
Kobe Steel, Ltd.	3.08%
Nisshin Steel Co., Ltd.	1.75%
POSCO	16.20%
Total	100.00%

#### 4. Location of the project

