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Corporate Name: Yusen Air & Sea Service Co., Ltd.  
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### **Nippon Yusen and Yusen Air & Sea Service Commence Discussions for Reorganization and Integration of Logistics Businesses**

Nippon Yusen Kabushiki Kaisha (Head Office: Chiyoda-ku, Tokyo, Japan; President: Yasumi Kudo) (hereinafter "NYK") and Yusen Air & Sea Service Co., Ltd. (Head Office: Chuo-ku, Tokyo, Japan; President: Shunichi Yano) (hereinafter "YAS") are pleased to announce that the two companies have agreed to commencing discussions (hereinafter "Discussions") for reorganization and integration of each other's logistics businesses (hereinafter "Integration"). NYK's logistics operations primarily consist of land transportation, warehousing, delivery and ocean freight forwarding services (hereinafter "NYK Logistics Business"), and that of YAS is centered on air and ocean freight forwarding services.

#### **1. Background for Commencing Discussions**

NYK and YAS, as members of Nippon Yusen Group, respectively provide total logistics services. However, the two companies have conducted a broad range of discussions in order to meet the needs of global customers for optimized logistics, and to provide top class logistics services in the world. Such discussions were held under the mutual recognition that it is essential to drastically explore business strategies beyond the past structure, including reorganization and integration of the logistics businesses within the group.

As a result, the two companies have reached a conclusion that optimization and streamlining of the group's businesses and maximizing group synergy by reorganization and integration of each other's logistics businesses will contribute to the future growth and to the improvement of corporate value of both companies. The companies have further agreed to proceed with specific discussions toward realization of the reorganization and the integration.

#### **2. Objectives of Discussions**

In the Discussions, NYK and YAS will discuss specific measures to achieve the following integration effects as early as possible, with the goal of expanding the businesses to the level that can be deemed as a true global

player.

- World-leading business scale  
To expand business scale to be selected by customers as their global logistics partner
- Quality service  
To provide total logistics services of outstanding quality and meet customers' needs for globally optimized logistics
- Enhanced sales capabilities  
To succeed and develop the domestic and overseas customer bases of YAS/NYK Logistics Business on the basis of a customer-oriented culture
- Improved cost competitiveness  
To achieve optimization through the integration of organizations, personnel assignment, and equipments and facilities
- Strong organization  
To regard management and staffs of YAS/NYK Logistics Business as a core part of group's logistics businesses and strengthen entire organization
- Established business portfolio as a total logistics provider  
To conduct businesses with two main pillars : freight forwarding and contract logistics.
- Brand power  
To re-concentrate total group power by integrating the brands
- Enhanced network  
To expand businesses in emerging markets

### 3. Outline of Discussions

NYK and YAS are to commence studies and the Discussions with the goal of integrating NYK Logistics (Japan) Co., Ltd., the domestic business arm of NYK Logistics Business, into YAS after around April 2010, and further integrating the overseas logistics businesses of the both companies, including their subsidiaries, within approximately two (2) years. Underlying policy of the Discussions is to maintain the newly integrated company as a listed subsidiary of NYK and to promote a strategic alliance relationship after the Integration.

### 4. Company Overview

#### 【Overview of NYK】

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|---------------------------|--|
| ① Trade Name              | Nippon Yusen Kabushiki Kaisha  |
| ② Location of Head Office | Yusen Building, 3-2, Marunouchi 2 chome, Chiyoda-ku, Tokyo, Japan  |
| ③ Representative          | Yasumi Kudo, President and Representative Director   |
| ④ Capital Amount          | 88,531 million yen   |
| ⑤ Businesses              | Liner trade, bulk shipping, logistics, terminal and harbor transport, cruise,air cargo transportation, real estate, and other services |

#### 【Overview of YAS】

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|---------------------------|--|
| ① Trade Name              | Yusen Air & Sea Service Co., Ltd.  |
| ② Location of Head Office | Yusen Hakozakicho Building, 30-1, Nihonbashi Hakozaki-cho, Chuo-ku, Tokyo, Japan |
| ③ Representative          | Shunichi Yano, Representative Director and President                             |
| ④ Capital Amount          | 4,301 million yen  |
| ⑤ Businesses              | Freight forwarding business and other businesses                                 |

## 【Overview of NYK's Logistics Segment\*<sup>1</sup>】

①	Businesses	Overland transport, warehousing, delivery, ocean freight forwarding, and air freight forwarding		
②	Number of Employees	15,504 (as of March 31, 2009)		
③	Latest 3-year Results	FYE03/2007	FYE03/2008	FYE03/2009
	Sales	482.7 billion yen	526.9 billion yen	448.1 billion yen
	Operating Income	16.1 billion yen	16 billion yen	4.9 billion yen
	Ordinary Income	17.0 billion yen	17.2 billion yen	5.2 billion yen

\*1: Includes YAS's figures.

### 5. Discussion Procedures

In order to proceed with the Discussions under specific business lines and business areas, NYK and YAS intend to jointly establish a Steering Committee for Logistics Business Integration and a sectional meeting for each specific theme as a sub-committee. NYK and YAS, aiming to achieve the objectives of the Discussions mentioned above, will make further analyses and examinations, and discussions to proceed with a smooth integration of the corporate cultures of both parties in the Steering Committee. Taking the study results into consideration, NYK and YAS will negotiate in good faith to execute an agreement in around February 2010, which agreement will provide detailed terms and conditions regarding the integration. In addition, since each company is conducting overseas logistics businesses around the world, both companies will organize a professional team in respective area to examine integration structures.

In examining specific financial conditions and reorganization structures, NYK and YAS will take appropriate measures, including separately appointing professional advisors, to avoid conflicts of interests and to secure fairness in transactions.

### 6. Outlook for Future Performance of Both Companies

NYK and YAS aim to integrate their domestic logistics businesses in April 2010 or later. Consequently, the impact that this plan may have on the current fiscal year of both companies should be negligible. With regard to the impact on future fiscal years, it will be closely examined and disclosed as soon as details are confirmed.