

February 25, 2010

Corporate Name: Nippon Yusen Kabushiki Kaisha
Representative: Yasumi Kudo, President
Security Code: 9101, the First Section of TSE, OSE, NSE
Contact: Keizo Nagai, General Manager,
Corporate Communication Group
(Tel: +81 3 3284 5058)

Corporate Name: Yusen Air & Sea Service Co., Ltd.
Representative: Shunichi Yano, President and Representative Director
Security Code: 9370, the First Section of TSE
Contact: Shinsuke Masuda, General Manager,
Corporate Communications & IR Department
(Tel: +81 3 3669 6436)

Nippon Yusen and Yusen Air & Sea Service Execute LOI for 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") have been in discussions toward the reorganization and integration of the logistics businesses of the two companies (hereinafter the "Integration"), as announced on November 2, 2009, in our release "Nippon Yusen and Yusen Air & Sea Service Commence Discussions for Reorganization and Integration of Logistics Businesses." NYK and YAS are pleased to announce that a letter of intent (LOI) for the Integration, based on the results of studies and discussions to date, was signed today.

1. Background and Objective of the Integration

As part of the Nippon Yusen Group's pursuit of its position as a truly global player in the logistics industry, NYK and YAS will execute the Integration to boost the value of the group's logistics business by optimization and efficiency improvement using maximized group synergy.

2. Outline of the LOI

2-1. Outline of the Integration Scheme

(1) Integration of Domestic Logistics Businesses

- On or around October 1, 2010, the logistics business of NYK Logistics (Japan) Co., Ltd. (hereinafter "NLJ"), a consolidated subsidiary of NYK, will be integrated into YAS through an absorption-type de-merger or business transfer with cash consideration. (Stock of overseas subsidiaries owned by NLJ will not be transferred for the time being.) The specific scheme will be further discussed at the Steering Committee for the Integration of Logistics Businesses (hereinafter the "Steering Committee"), and the details will be defined in the definitive agreement that is planned to be executed around May this year.
- Upon completion of the Integration, YAS will change its trade name to Yusen Logistics Kabushiki Kaisha (English name: Yusen Logistics Co., Ltd.),* and the newly integrated

company (hereinafter refers to Yusen Logistics Co., Ltd. after the integration of the domestic operations) will remain a listed subsidiary of NYK. In order to achieve the aforementioned objective, NYK and YAS have confirmed with each other that they will cooperate in carrying out necessary procedures, measures, etc., such as holding general shareholders meetings.

- Shunichi Yano, current president of YAS, and Masahiko Fukatsu, current president of NLJ, will assume the responsibilities of representing the newly integrated company.**

* With regard to the trade name, please also refer to the announcement “Notice Concerning Change of Trade Name and Trademark” which was separately released by YAS today.

** The two individuals will become representative directors of the newly integrated company on the effective date of the integration of the domestic logistics business after completing necessary procedures, including the election at the general shareholders meeting of YAS to be held in late June 2010, and the election at the subsequent board of directors meeting of YAS. Details will be announced as soon as they are confirmed.

(2) Integration of Overseas Logistics Businesses

- The two companies’ logistics businesses outside Japan will be integrated gradually from around April 2011 to March 2012, basically through the establishment of joint ventures. Although the details of the integration scheme are under discussion, the newly integrated company will, in principle, make the subject JVs their consolidated subsidiaries and will lead the business operations of those subsidiaries.
- Ownership in the joint ventures will be discussed at the Steering Committee and will be determined based on an equal footing.

2-2. Integration Timeline

(1) Integration of Domestic Logistics Businesses

LOI signed	February 25, 2010
Definitive agreement to be executed	May 2010 (tentative)
Regular general shareholders meeting to be held (YAS)	Late June 2010 (tentative)
Newly integrated company starts operation (effective date)	October 1, 2010 (tentative)

(2) Integration of Overseas Logistics Businesses

Logistics businesses outside Japan are planned to be integrated gradually from around April 2011 to around March 2012. A specific schedule will be announced as soon as one is confirmed.

2-3. Post-Integration Branding

The two companies will provide their customers with logistics services under the newly integrated brand of “Yusen Logistics,” in principle, after the Integration. The following is set as the corporate logo.



3. Basic Policy and Vision of the Newly Integrated Company

For details of the newly integrated company's business strategy, please see the attached material, "Integration of the Logistics Businesses of NYK and YAS."

Integration of the Logistics Businesses of NYK and YAS

February 25, 2010

**Nippon Yusen Kabushiki Kaisha (NYK Line)
Yusen Air & Sea Service Co., Ltd.**



1. Overview of the Letter of Intent for the Integration

2. Basic Policy and Vision of the Newly Integrated Company



1. Overview of the Letter of Intent for the Integration

2. Basic Policy and Vision of the Newly Integrated Company



1-1. Background and Objectives of Integration

Integrating NYK Logistics and the Operations of Yusen Air & Sea Service (YAS)

To establish two main pillars of business, namely freight forwarding (air/ocean) and contract logistics, to meet the needs of global customers for optimized logistics as a total logistics provider.





1-2. Overview of Integration

(1) Method of Integration

- Integrate NYK Logistics (Japan) Co., Ltd. into Yusen Air & Sea Service Co., Ltd. on or around October 1, 2010, either through an absorption-type de-merger or transfer of business with cash consideration.
- Make Yusen Air & Sea Service Co., Ltd. the surviving company and maintain the status of the newly integrated company as a public company listed in the First Section of the Tokyo Stock Exchange.
- Integrate the overseas logistics businesses of Nippon Yusen Kabushiki Kaisha and Yusen Air & Sea Service Co., Ltd. Integration will occur through joint ventures implemented gradually from around April 2011 to March 2012.
- Implement overseas integrations on an equal footing, and make it a principle to categorize them as consolidated subsidiaries of the newly integrated company.



1-2. Overview of Integration

(2) Name of the New Company

NYK Logistics
NYK Logistics (Japan) Co., Ltd.



Yusen Air & Sea Service Co., Ltd.



Scheduled

Yusen Logistics Co., Ltd.

President: Shunichi Yano (current president of YAS)

Senior Managing Director: Masahiko Fukatsu (current president of NLJ)



1-2. Overview of Integration

(3) Logo of the New Company

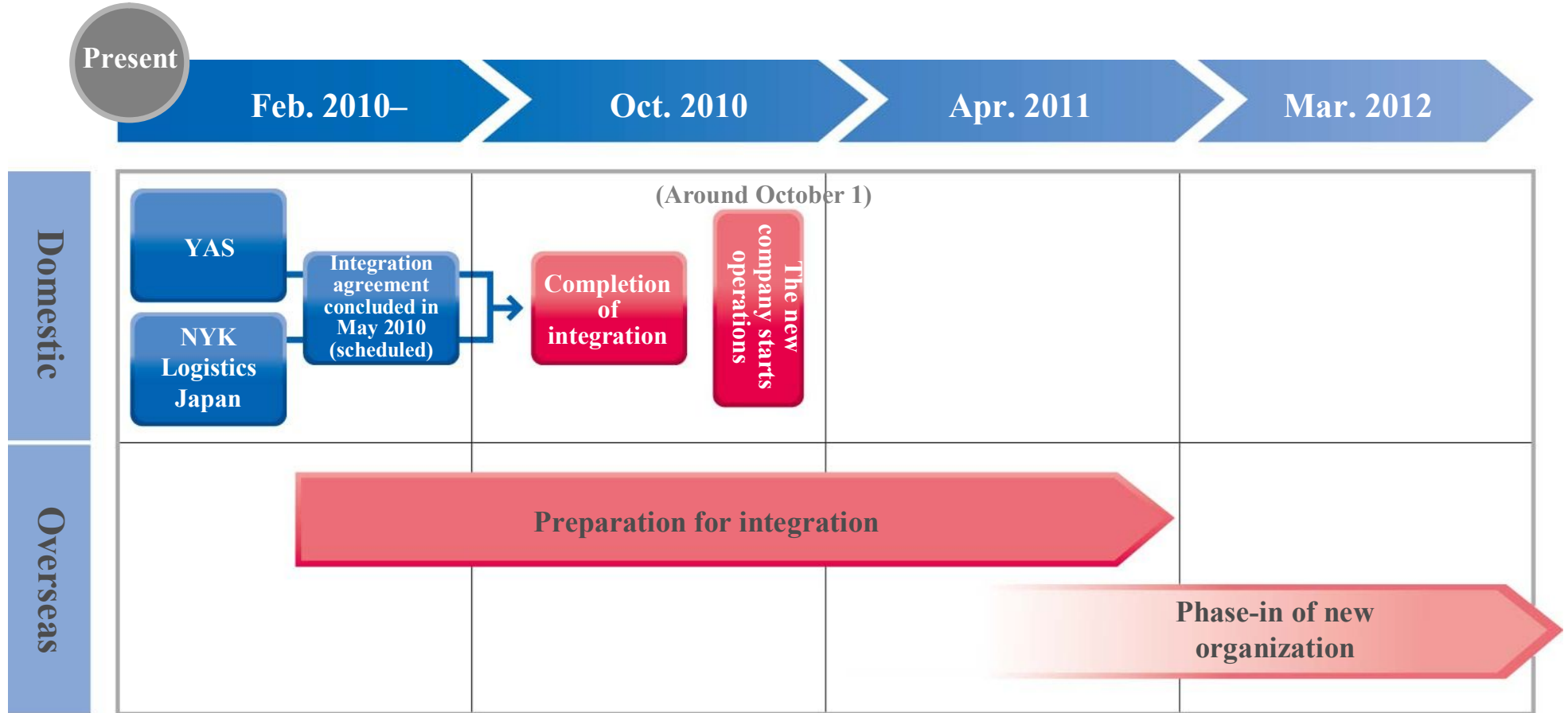


The newly integrated company will be called Yusen Logistics and will aim to concentrate total group power going forward by inheriting the corporate values and concepts of both companies and integrating their widely recognized brands.



1-2. Overview of Integration

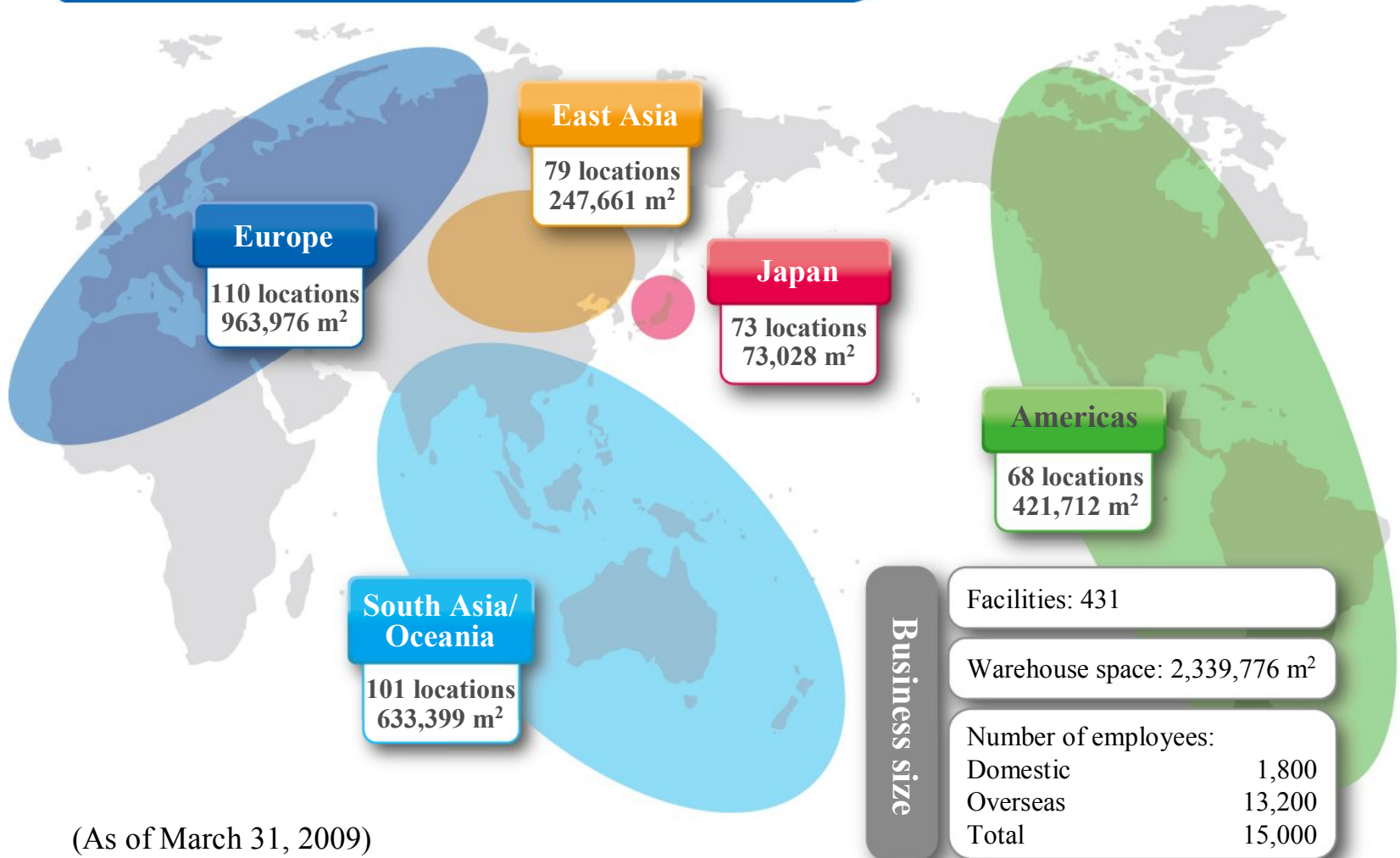
(4) Integration Schedule





1-3. Business Image of the New Company

(1) Global Management with Five Regions



Japan	Japan	
East Asia	China	
	Hong Kong	
	Taiwan	
	Korea	
South Asia / Oceania	Singapore	
	Thailand	
	Malaysia	
	Vietnam	
	Indonesia	
	Philippines	
	India	
	Bangladesh	
	Sri Lanka	
	U.A.E.	
	Australia	
	New Zealand	
	Europe	U.K.
		Germany
Netherlands		
Belgium		
France		
Italy		
Spain		
Sweden		
Czech		
Slovakia		
Hungary		
Poland		
Russia		
South Africa		
Americas	United States	
	Canada	
	Mexico	
	Brazil	
	Argentina	
	Chile	
	Panama	
Costa Rica		

Business size

- Facilities: 431
- Warehouse space: 2,339,776 m²
- Number of employees:
 - Domestic: 1,800
 - Overseas: 13,200
 - Total: 15,000

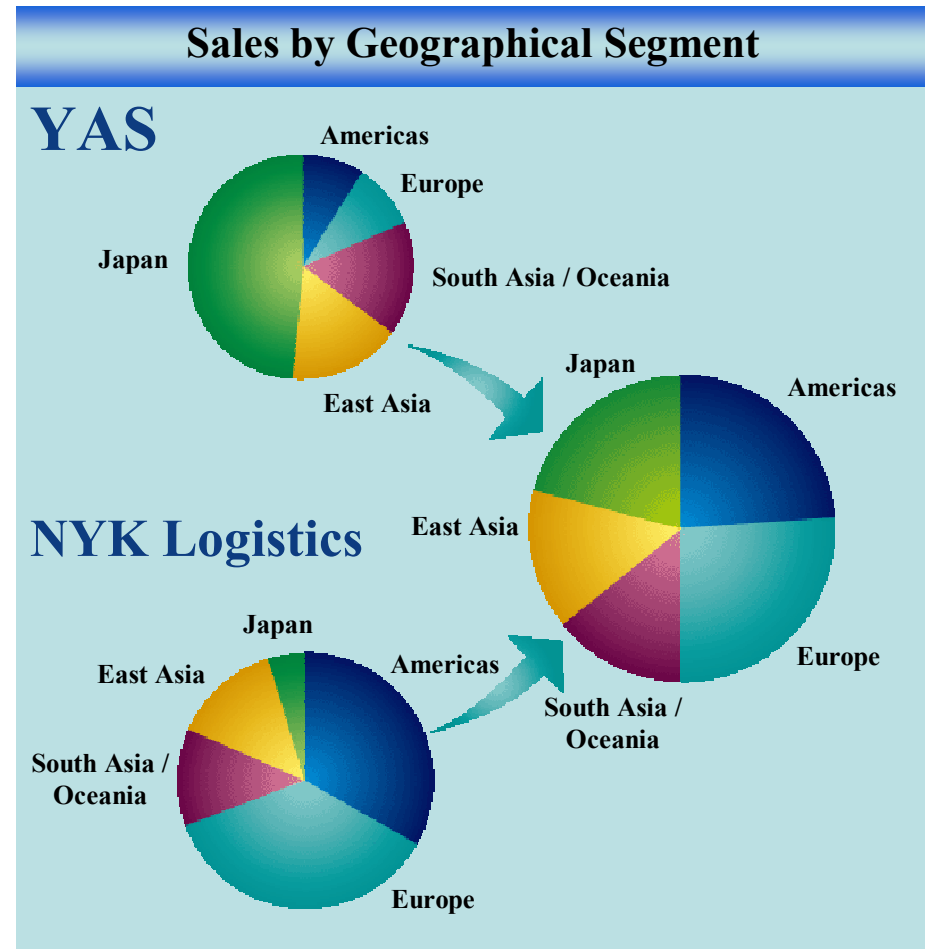
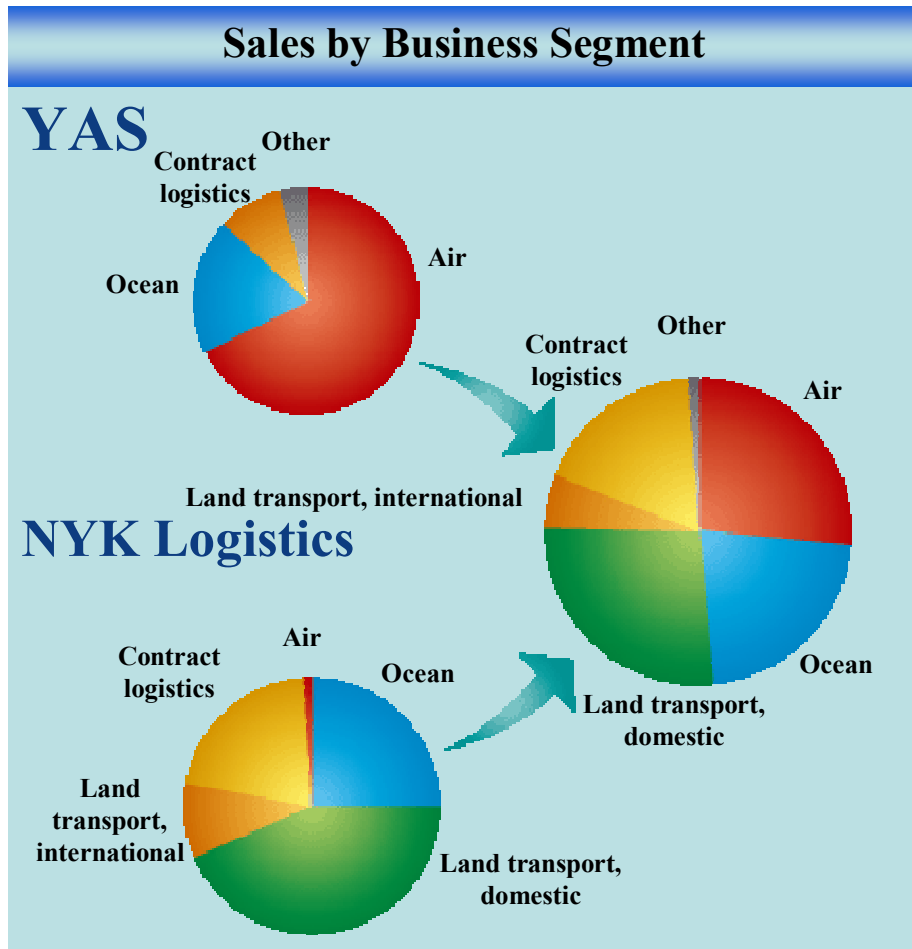
(As of March 31, 2009)



1-3. Business Image of the New Company

(2) Business Portfolio Image

Apr. to Sept. of Fiscal 2009





1. Overview of the Letter of Intent for the Integration

2. Basic Policy and Vision of the Newly Integrated Company



2-1. Mission/Vision/Values of the New Company

Mission of the New Company

Maximize enterprise value by contributing to the development of the global economy and earning the confidence of customers through the provision of sophisticated, high-quality logistics services.

Management Vision of the New Company

A comprehensive logistics provider operating globally with world-class scale and quality.

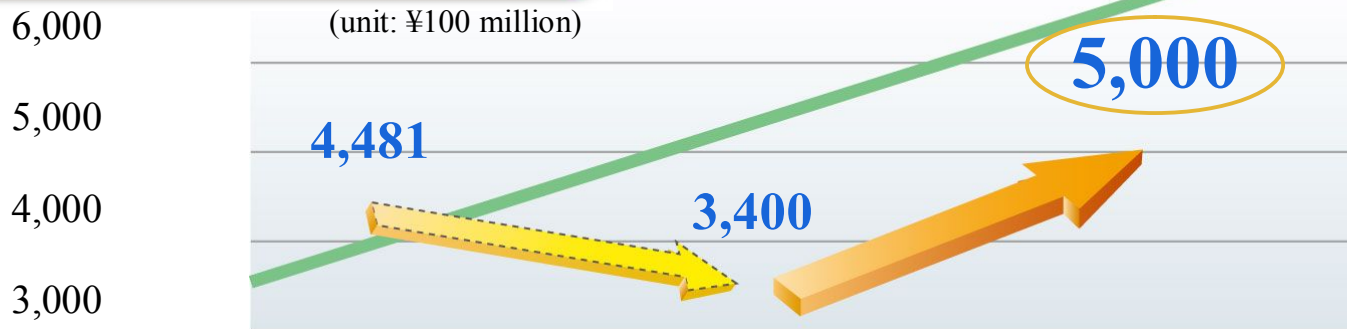
Values of the New Company





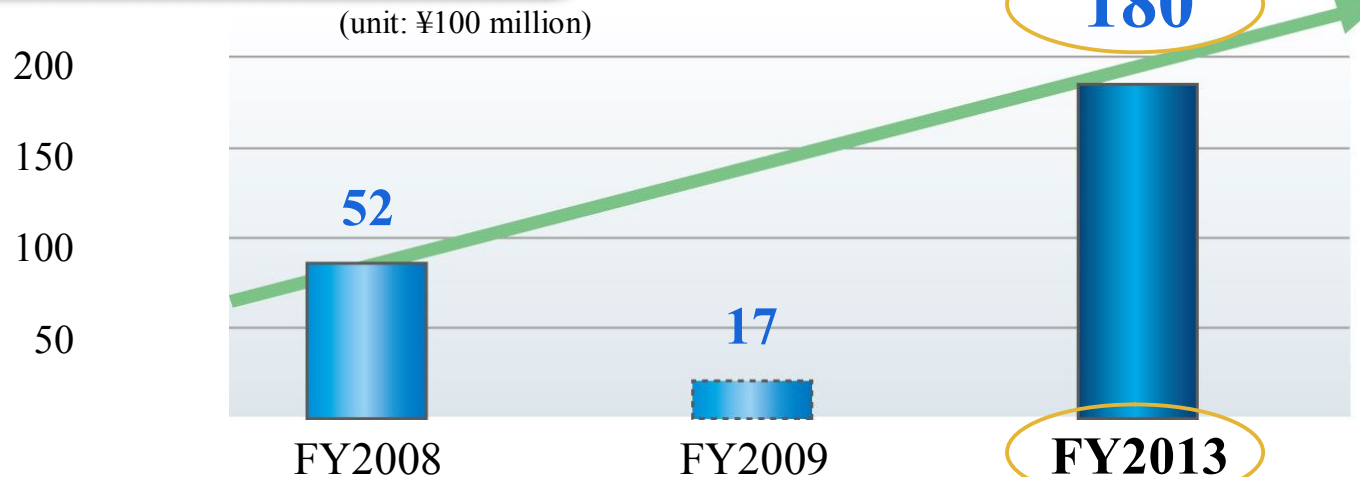
2-2. Financial Targets

Consolidated Revenue



Aim to be a global player ranking in the top 5 and achieve consolidated revenue of ¥1 trillion

Consolidated Recurring Profit



**Financial targets
FY2013**
Consolidated revenue: ¥500 billion;
Consolidated recurring profit: ¥18 billion

* FY2008 represents the official figure of the NYK Logistics division released at the closing of accounts.
 FY2009 represents the estimated figure released with Q3/FY2009 results.



2-3. Financial Targets / Integration Synergies

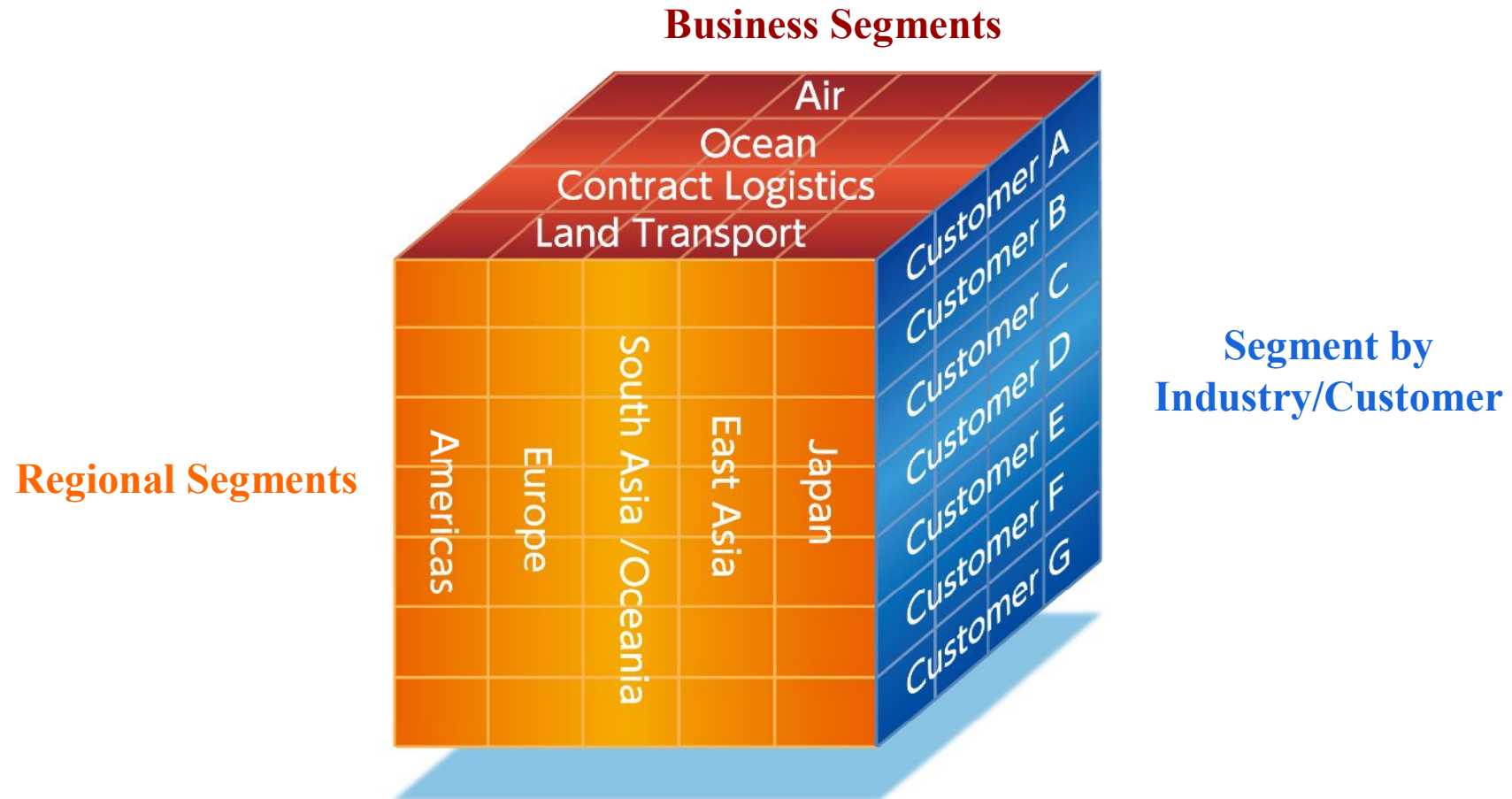
(unit: ¥100 million)

Synergies from Economies of Scale (FY2013 compared with FY2009)		
Consolidated Revenue	700	Sales promotion through the creation of new demand
Consolidated Operating Income	80	Increase in profit as a result of operational efficiency improvement and cost synergies
	(50)	Increase in gross profit as a result of sales increases
	(30)	Cost synergy as a result of facility integration, etc.



2-4. Global Management System

Establish a **3D Management System**, enabling efficient business development by region, business, and industry/customer.





2-5. Newly Integrated Company – Basic Strategies

Business Strategy

- Establish two main pillars: freight forwarding (air/ocean) and contract logistics
- Attain world-class competitiveness in each class of individual service
- Provide “Plus One” services to customers making use of our individual services
- Provide total logistics solutions by combining competitive individual services



2-5. New Company – Basic Strategies

Marketing Strategy

- Achieve efficient and high quality services under complete *gemba*-oriented management
- Accomplish end-to-end transportation carefully and responsibly from the standpoint of customers
- Take a market approach that is based on the characteristics of each industry or geographical segment
- Develop optimal logistics products by combining the know-how of individual services with information and logistics technologies
- Meet the needs of global customers for optimized logistics and provide tailor-made solutions