May 28, 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)

Notice of Subsidiary's Execution of Business Transfer Agreement

Nippon Yusen Kabushiki Kaisha ("NYK") announced today that Yusen Air & Sea Service Co., Ltd. ("YAS"), one of its consolidated subsidiaries, resolved at the meeting of Board of Directors held today to purchase a part of the logistics business of NYK Logistics Japan Co., Ltd. ("NLJ"), a consolidated subsidiary of NYK, in the form of business transfer to YAS.

Attachment: Yusen Air & Sea Service Co., Ltd. press release
"Notice Concerning the Execution of Business Transfer Agreement Between Yusen Air & Sea Service and NYK Logistics Japan"

May 28, 2010

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

Notice of Business Transfer Agreement between Yusen Air & Sea Service and NYK Logistics Japan

Yusen Air & Sea Service Co. Ltd. (head office: Chuo-ku, Tokyo, Japan; president: Shunichi Yano) (hereafter "YAS") has been in discussions with Nippon Yusen Kabushiki Kaisha (head office: Chiyoda-ku, Tokyo, Japan; president: Yasumi Kudo) (hereafter "NYK") concerning the reorganization and integration of the logistics businesses of the two companies based on the Letter of Intent signed by the two companies on February 25, 2010. YAS is pleased to announce that its board of directors passed a resolution at a board of directors meeting held today to purchase a part of the logistics businesses of NYK Logistics Japan Co. Ltd. (head office: Chuo-ku, Tokyo, Japan; president; Masahiko Fukatsu) (hereafter "NLJ"), a consolidated subsidiary of NYK, in the form of a business transfer to YAS (hereafter the "Transaction").

1. Background of the Business Transfer Agreement

As mentioned in the current medium-term business plan "YAS Five-Star Project," YAS desires to become a total logistics provider. In order to gain the capability to meet the demands of customers who are increasingly seeking globally optimized and effective logistics solutions, and to offer world-class logistics services, it is integral for YAS to gain a business scale large enough to allow it to conduct operations globally. Such can be done by reorganizing and optimizing logistics business units jointly with the NYK Group.

As for integration in Japan, YAS and NYK, which have continued to work toward integration, have reached an agreement to transfer a part of the logistics businesses of NLJ to YAS. As mentioned later, we will continue the discussion with NYK on the method of overseas integration, and therefore, the stock of overseas subsidiaries owned by NLJ will not be transferred for the time being.

2. Outline of the Business Transfer Agreement

(1) Business to Be Transferred

International intermodal transportation services and agency services associated with international intermodal transportation services, cargo transportation, container consolidation, and others.

(2) Performance of the Business to Be Transferred

(Yen in millions)

	FY2009/3	FY2010/3
Sales	15,732	10,108
Gross Margin	2,028	1,414
Operating Income	- 18	- 275
Ordinary Income	- 45	- 258

(3) Assets and Liabilities to Be Transferred

(Yen in millions)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	11	—	—
Fixed Assets	90	—	—
Total	101	Total	—

(Note) The above figures of the value of the assets to be transferred are based on the balance sheet as of the end of March 2010, and the actual figures may vary by the date of business transfer.

(4) Business Transfer Price and Payment Method
Business Transfer Price: 170 million yen
Payment Method: Cash settlement

3. Overview of the Transferor

1) Corporate Name	NYK Logistics (Japan) Co., Ltd.	
2) Address	6-16-12 Ginza, Chuo-ku, Tokyo, Japan	
3) Representative	Masahiko Fukatsu, president and representative director	
4) Business	International NVOCC and agency services associated with NVOCC, cargo transportation, container consolidation, and other services	
5) Capital	490 million yen	
6) Date Established	December 15, 1983	
7) Net Asset	914 million yen	
8) Total Asset	2,702 million yen	
9) Major Shareholder and the Shareholding Ratio	Nippon Yusen Kabushiki Kaisha 100%	
10) Relationships with YAS	Capital	There is no direct capital relationship between YAS and NLJ. NLJ is a wholly owned subsidiary of NYK, the parent of YAS.
	Personnel	Two YAS employees are seconded to NLJ to learn about the NVOCC business. One employee of NLJ is seconded to YAS to learn about the international air cargo business. There are no other personnel exchanges between the two companies.
	Trade	YAS made 93 million yen in sales to NLJ and purchased 490 million yen from NLJ in the fiscal year ended March 2010.
	Status as a Related Party	NLJ is a wholly owned subsidiary of NYK, the parent of YAS, and thus is a “related party” of YAS.

4. Timeline

1) Resolution at the Board of Directors Meeting	May 28, 2010

2) Execution of the Business Transfer Agreement	May 28, 2010
3) General Shareholders Meeting to Approve the Business Transfer (at NLJ)	May 28, 2010
4) Business Transfer (Effective Date)	October 1, 2010 (tentative)

(Note) A general shareholders meeting will be held only at NLJ. YAS is able to complete the Transaction without obtaining approval at a general shareholders meeting because the business addressed in this Transaction is part of NLJ's entire business operations.

5. Accounting Treatment

From an accounting perspective, the Transaction will be processed as an acquisition in accordance with the "Accounting Standard for Business Combinations," the generally accepted accounting principles in Japan. Goodwill is expected to occur, but its impact on business performance will be minimal.

6. Business Prospects After Transaction

Aiming to become a truly global logistics provider with a global scale and first-rate service and quality at a world-class level, YAS believes that the Transaction will positively contribute to its medium- and long-term performance. This partial transfer of NLJ's business to YAS is expected to create an increase in operating revenue comparable to YAS with 6.9 billion yen of additional operating revenue. The prospective impact of the Transaction on the fiscal year ending March 2011, including the one-off expense of 100 million yen for the expected corporate name change and related matters, has been reflected in the consolidated performance forecast of the fiscal year ending March 2011 in the "Kessan Tanshin (flash earnings report)" issued on April 27, 2010.

The impact of the accounting treatment in relation to the above acquisition, such as the booking of goodwill, is expected to be minimal.

As for the integration of the overseas business, YAS and NYK will continue discussions, aiming to complete them in the period from April 2011 to March 2012.

Below is the aforementioned consolidated performance forecast of the fiscal year ending March 2011 (from April 1, 2010, to March 31, 2011) in the Kessan Tanshin.

(% figures represent the change from the previous fiscal year for the full year and the same quarter a year ago for the 2nd quarter.)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Net Income per Share
	JPY m	%	JPY m	%	JPY m	%	JPY m	%	JPY
Consolidated Cumulative Period of the 2nd Quarter	69,500	33.0	2,500	—	2,800	302.5	1,800	619.6	42.68
Full Year	150,000	21.5	5,400	133.7	6,000	80.4	3,800	146.0	90.11

(Note) Please also refer to the release "Nippon Yusen and Yusen Air & Sea Service Execute LOI for Integration of Logistics Businesses" dated February 25, 2010.

7. Transaction with the Controlling Shareholder

The Transaction is a "transaction with the controlling shareholder." YAS considers the Transaction appropriate according to its "policy for protecting minority shareholders in the transaction with the controlling shareholder," disclosed by YAS on November 24, 2009. An explanation follows.

The transfer price in this Transaction was fixed by considering the result of valuation of the assets by an independent specialist, and by referring to other similar transactions. A resolution was independently made by the board of directors, which is the highest decision-making body of YAS, based on their own view and judgment. All four auditors, including two external auditors acting independently, have attended the board meeting and confirmed that the decision of the Transaction was appropriately made by the board of directors. We believe that the Transaction will not disadvantage minority shareholders.

For your reference, below is the content of the "policy for protecting minority shareholders in the transaction with the controlling shareholder," which was disclosed by YAS on November 24, 2009.

"Policy for protecting minority shareholders in the transaction with the controlling shareholder"

Although there will not be significant volume of transaction between YAS and its controlling shareholder and/or its group companies, if any transaction takes place, the conditions of such transaction must always be the same as other general transactions considering fair prices.

YAS makes independent decisions according to the management judgment of its board of executive officers, which is in charge of operations, under supervision by the board of directors, which is the highest decision-making body. In addition, four auditors including two outside auditors conducted an audit at YAS to supervise the performance of the board of directors and the board of executive officers from an objective and neutral standpoint. With such decision-making and governance systems, YAS is confirming that the operation was conducted appropriately. Therefore, YAS believes that transactions with controlling shareholders and/or its group companies will not disadvantage YAS itself or its minority shareholders, securing the minority shareholder protection.