

April 21, 2011
Nissho Shipping Co.,Ltd.
Yuyo Steamship Co.,Ltd.

Notice of Conclusion of Basic Memorandum on Merger

Nissho Shipping Co.,Ltd. ("Nissho"; Head Office: 8-21, Toranomom 3-chome, Minato-ku, Tokyo; President: Kenichi Yamaguchi) and Yuyo steamship Co.,Ltd. ("Yuyo"; Head Office: 1-8 Sakuragi-cho 1-chome, Naka-ku, Yokohama; President: Naoaki Tsuchiya), having reached a basic agreement to merge both parties, today signed a memorandum to that effect.

The merger shall be effective on April 1, 2012.

1. Background of the Merger

Nissho and Yuyo, international maritime transportation Companies in JX Group companies, have a wealth of experience in shipping as international maritime transportation operators whose core businesses comprise energy transport, which mainly involves transporting Crude Oil, Petroleum Products, Chemicals and LP Gas, and the Companies have been expanding their core businesses. Nissho's strength is supported by a wide business portfolio which includes dry bulk transport in addition to energy transport. Yuyo's strength is based on its high expertise in the international transportation of LP Gas by Very Large Gas Carrier.

Looking at the business circumstances in the shipping industries, the sluggish market has been lasting since the financial crisis in 2008, mainly due to the oversupply of new ships against the slower transport requirement. It is expected that such oversupply condition would be balanced and the shipping market would be improved within one or two years. On the other hand, there are some possibilities that current severe condition would last due to slower recovery of world economy and the appreciation of Japanese yen.

Under these circumstances, Nissho and Yuyo share the recognition that the Companies must secure the strong business and financial bottom line, by means of concentrating their own special relationship with clients and reputable performances. This merger will surely contribute better services to the business partners, shareholders and all other stakeholders.

Sharing the above understanding, the two Companies have reached the conclusion that the merger is the best way to strengthen the value of two Companies.

2. Method of the Merger

Either Nissho or Yuyo will merge into the other. They will determine which company will be survived or dissolved after fair and objective examination.

3. Allocation of shares in relation to the Merger

The Merger ratio will be jointly determined by Nissho and Yuyo after due deliberation, taking into consideration appraisals made by financial advisors to be nominated respectively by each side until signing of Agreement on Merger.

[Attachment] Corporate Profiles of Nissho and Yuyo

[Contact Information for inquiries]

Nissho : General Affairs Group Tel + 81-3-3438-3545

Yuyo : Administration Div. Tel +81-45-683-1411

* Attachment

Summary of the parties to the Merger (as of March 31, 2011)

(1)	Company Name	Nissho Shipping Co., Ltd.	Yuyo Steamship Co., Ltd.
(2)	Registered Address	8-21 Toranomom 3-chome, Minato-ku, Tokyo	1-8, Sakuragi-cho, 1-chome, Naka-ku Yokohama City, Kanagawa-Pref.
(3)	Representative	President & CEO Kenichi Yamaguchi	President & CEO Naoaki Tsuchiya
(4)	Established	May, 1943	June, 1948
(5)	Paid-in Capital	4,000 Million yen	2,750 Million yen
(6)	Main Shareholders and their shareholdings	JX Nippon Oil & Energy Corporation (71.7%) (Yuyo Steamship Co., Ltd. : 0.8%)	JX Tanker Company Limited (38.7%) (Nissho Shipping Co., Ltd. : 1.5%)
(7)	operating income (as of March 2010)	33.5 Billion yen	11.5 Billion yen
(8)	Activities	Transportation of Crude Oil, Petroleum Products and Dry Bulk	Transportation of LPG and Petroleum Products
(9)	Controlled Vessels	38 Vessels	16 Vessels
(10)	Number of Employees	90	73