

(Translation Only)

May 21, 2015

Listed Company Name	NS United Kaiun Kaisha, Ltd.
Representative	Representative Director and President, Toru Obata (Code No. 9110 Tokyo Stock Exchange)
Contact Person	Executive Officer, Hiroshi Sanda (TEL +81-3-6895-6211)
Listed Company Name	NS United Naiko Kaiun Kaisha, Ltd.
Representative	Representative Director and President, Minoru Hamada (Code No. 9180 JASDAQ)
Contact Person	Director, Kazuhiko Matsuyama (TEL +81-3-6895-6504)

Notification Concerning Conclusion of Share Exchange Agreement Pertaining to Conversion of NS United Naiko Kaiun Kaisha, Ltd. into a Wholly Owned Subsidiary by NS United Kaiun Kaisha Ltd.

This is to notify that NS United Kaiun Kaisha, Ltd. (hereinafter referred to as “NS United Kaiun”) and NS United Naiko Kaiun Kaisha Ltd. (hereinafter referred to as “NS United Naiko Kaiun”) in the Board of Directors’ Meeting of both companies held today, have passed a resolution that NS United Kaiun shall undertake the share exchange (hereinafter referred to as the “Share Exchange”) for converting NS United Naiko Kaiun into a wholly owned subsidiary, and today both companies have entered into the share exchange agreement (hereinafter referred to as the “Share Exchange Agreement”).

The Share Exchange is planned to be undertaken on August 1, 2015 as the effective date, with regard to NS United Kaiun, based on Article 796.2 of the Companies Act and through simplified share exchange procedure which does not require the approval of general meeting of shareholders and with regard to NS United Naiko Kaiun, after obtaining the approval of the ordinary general meeting of shareholders scheduled to be held on June 25, 2015.

Besides, prior to the effective date of the Share Exchange, common stock of NS United Naiko Kaiun are scheduled to be delisted on July 29, 2015 (the last trading date is July 28, 2015) on the JASDAQ stock market (hereinafter referred to as “JASDAQ”) of Tokyo Stock Exchange Inc. (hereinafter referred to as the “Tokyo Stock Exchange”).

1. Purpose of Converting into a Wholly Owned Subsidiary through the Share Exchange

NS United Kaiun was formed in October 2010 by the business merger of Shinwa Kaiun Kaisha Ltd. (established 1950) and Nippon Steel Shipping Co., Ltd. (established 1957). Subsequently, backed by the world’s leading fleet of transporting iron and steel raw material, it created a fleet of bulk cargo and a fleet of tankers. In addition to providing stable and efficient transportation services to important Japanese customers in steel industry such as Nippon Steel & Sumitomo Metal Corporation, electric power industry, oil industry, and other general industries, by global allocation of vessels in response to overseas expansion of customers and resources and energy bulk transportation demand of emerging countries such as China

and India, NS United Kaiun got involved in the international marine transportation business of iron and steel raw material, energy resources, nonferrous raw material, fertilizer, cereal grains and products, and it has enhanced its presence mainly in the field of bulk transportation for domestic and overseas customers.

On the other hand, after NS United Naiko Kaiun was founded in May 1961 as the core subsidiary, for the domestic customers, NS United Naiko Kaiun has engaged in coastal transportation business of mainly iron and steel auxiliary material, cement, energy resources, and steel products, and it has built a proven track record in the coastal transportation industry and it has been on a firm growth path as a leader of dry cargo transportation industry.

While both companies have different activity areas in terms of overseas shipping business (hereinafter referred to as the “Overseas Shipping”) and coastal shipping business (hereinafter referred to as the “Coastal Shipping”), there were several instances of offering joint services by overseas and coastal transportation for domestic customers such as iron and steel manufacturer and electric power companies. Therefore, so far also, the parties have complemented each other’s business and offered comprehensive services to customers as one group.

In the Overseas Shipping field where NS United Kaiun is involved, the emerging countries have been at the forefront of the global economy. However, in recent years, economic growth of the emerging countries have slowed down. Therefore, business environment has remained severe in general such as dry bulk market conditions have remained stagnant due to completion of a large number of new ships and excess tonnage supply, and going forward also, the future is expected to remain uncertain. Under these conditions, in order to create a group of companies that can respond to the possible changes in the business environment, in the Medium Term Business Plan “Unite&Full-Ahead II~Start of a new development~”for 2014 – 2016, the company has identified consolidating the capabilities of group companies as one of the important strategies (Refer to NS United Kaiun, “Medium Term Business Plan (2014-2016)”, the press release dated May 27, 2014). Under this medium term business plan, the company arrived at a conclusion that for strengthening collaboration between group companies, formulation of business strategy, quick decision making, further improving management efficiency, flexibility and mobility, and for further enhancing the value of group of companies, converting NS United Naiko Kaiun into a wholly-owned subsidiary company is the best measure, and therefore in March 2015, NS United Kaiun proposed to NS United Naiko Kaiun to convert it into a wholly-owned subsidiary company.

Even in the case of NS United Naiko Kaiun, as for the forecast of coastal transportation cargo volume, it has declined in recent years due to the overseas shift of domestic manufacturing industry. It is difficult to expect the growth of coastal shipping market, and due to expectation of severe competition between business operators and rapid changes in the business environment, the conditions are expected to remain severe. By becoming a wholly-owned subsidiary company of NS United Kaiun, the company will be able to go beyond its focused area of coastal shipping and expand its integrated services of the Overseas Shipping and the Coastal Shipping. Therefore the company arrived at a conclusion that focusing the strength area of both companies, namely, iron and steel raw material and auxiliary material, energy resources, and transportation of material and machinery, the company will be able to expand its business scale and enhance its technical capabilities, and it is important as a medium-to-long term growth strategy. Besides, shares of NS United Naiko Kaiun will be delisted pursuant to its conversion into a wholly-owned subsidiary company, however, reduction in the cost required for maintaining the listing can be used for

business expansion going forward. Amid this, after NS United Kaiun's proposal for share exchange, both companies had a series of sincere discussion regarding the appropriateness of share exchange and its conditions. The companies have arrived at a conclusion to convert NS United Naiko Kaiun into a wholly-owned subsidiary through share exchange. This organization realignment will help in optimum and efficient use of management resources of NS United Kaiun group, and the companies will work on further sharing of business strategy and strengthening competitiveness of both companies. This will increase the corporate value of both companies, and this organization realignment will be beneficial to shares of both companies.

2. Outline of the Share Exchange

(1) Schedule for the Share Exchange

Record date for ordinary general meeting of shareholders (NS United Naiko Kaiun)	March 31, 2015
Date of resolution of the board of directors in respect of the execution of the Share Exchange Agreement (NS United Kaiun and NS United Naiko Kaiun)	May 21, 2015
Date of the execution of the Share Exchange Agreement (NS United Kaiun and NS United Naiko Kaiun)	May 21, 2015
Date of the ordinary general meeting of shareholders for approval of the Share Exchange (NS United Naiko Kaiun)	June 25, 2015 (Scheduled)
Last trading date (NS United Naiko Kaiun)	July 28, 2015 (Scheduled)
Delisting date (NS United Naiko Kaiun)	July 29, 2015 (Scheduled)
Effective date of Share Exchange	August 1, 2015 (Scheduled)

(Note 1) With respect to NS United Kaiun, the Share Exchange is scheduled to be conducted through simple share exchange procedures, which do not require approval at general meeting of shareholders pursuant to Article 796, Paragraph 2 of the Companies Act.

(Note 2) The above schedule may change upon the agreement of both companies.

(2) Allotment in the Share Exchange

Company Name	NS United Kaiun (wholly-owning parent company in the Share Exchange)	NS United Naiko Kaiun (wholly-owned subsidiary in the Share Exchange)
Share allotment ratio through the Share Exchange	1	2.15

3. Outline of the companies to the Share Exchange (as of March 31, 2015)

(1) Name	NS United Kaiun (wholly-owning parent company in the Share Exchange)	NS United Naiko Kaiun (wholly-owned subsidiary in the Share Exchange)
(2) Head Office	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
(3) Name and Title of Representatives	Representative Director and President, Toru Obata	Representative Director and President, Minoru Hamada
(4) Description of Business	Marine Transport and Subsidiary Business	Domestic Marine Transport
(5) Share Capital	10,300million yen	718million yen
(6) Date of Establishment	April 1, 1950	May 1, 1961
(7) Number of Outstanding Shares	230,764,400 shares	11,800,000 shares
(8) Close of Fiscal Year	March 31	March 31
(9) Number of Employees	672 (Consolidated)	353 (Consolidated)
(10) Main Customers	Nippon Steel & Sumitomo Metal Corp.	Nippon Steel & Sumitomo Metal Corp.
(11) Main Banks	Mizuho Bank, Ltd. Development Bank of Japan Inc. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Ltd. The Norinchukin Bank Mitsubishi UFJ Trust and Banking Corporation	Japan Railway Construction, Transport and Technology Agency Development Bank of Japan Inc. Mizuho Bank, Ltd. The Kitakyushu Bank, Ltd. The Bank of Fukuoka, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Norinchukin Bank Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Ltd.
(12) Major Shareholders and Shareholding Ratio	Nippon Steel & Sumitomo Metal Corporation 34.00% Nippon Yusen Kabushiki Kaisha 18.74% Tokio Marine & Nichido Fire Insurance Co., Ltd. 4.34% Mizuho Bank, Ltd. 3.25% Mitsui Sumitomo Insurance Company, Limited 2.54% Mitsubishi Heavy Industries, Ltd. 2.34%	NS United Kaiun Kaisha, Ltd. 56.04% Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (NS U nited Kaiun Kaisha Account) for Re-Trust by Trust & Custody Ser vices Bank, Ltd. 15.48% Mizuho Bank, Ltd. 1.95% Nittetsu Mining Co., Ltd. 1.69% The Bank of Tokyo-Mitsubishi UF J, Ltd. 1.36% Japan Trustee Service Bank, Ltd. (trust account 4) 1.14%

	Hsin Chien Marine Co., Ltd. 2.19%	NS United Naiko Kaiun Kaisha Employees Stock Ownership 1.08%
	Sonpo Japan Nipponkoa Insurance Inc. 2.08%	NS United Naiko Kaiun Kaisha Client Stock Ownership 0.71%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. 0.98%	Mitsubishi UFJ Trust and Banking Corporation 0.59%
	CBNY DFA INTL SMALL CAP V ALUE PORTFOLIO 0.88%	Matsuura Shipbuilding Co., Ltd. 0.42%

(13) Relationship between the Companies

Capital Relationship	NS United Kaiun Kaisha, Ltd. is holding 56.04% of all outstanding NS United Naiko Kaiun Kaisha, Ltd. shares.
Personnel Relationship	A director and a executive officer of NS United Kaiun Kaisha are a director or a audit & supervisory board member of NS United Naiko Kaiun Kaisha, Ltd.
Business Relation ship	N/A
Status as a Related Party	NS United Naiko Kaiun is a consolidated subsidiary of NS United Kaiun Kaisha, and therefore, NS United Kaiun Kaisha and NS United Naiko Kaiun Kaisha are related parties of each other.

(14) Operating Results and Financial Standing for Past Years

(Unit: millions of yen unless otherwise specified)

Fiscal Year	NS United Kaiun (Consolidated)			NS United Naiko Kaiun (Consolidated)		
	FY ended March	FY ended March	FY ended March	FY ended March	FY ended March	FY ended March
	2013	2014	2015	2013	2014	2015
Net Assets	52,633	64,943	76,481	6,138	7,169	8,001
Total Assets	181,682	224,507	227,663	16,065	19,119	19,259
Net Assets per share (Yen)	219.28	270.91	319.56	568.15	663.52	740.44
Revenues	131,379	153,665	157,625	19,053	21,042	21,956
Operating Income	1,173	8,842	9,474	1,171	1,870	1,445
Ordinary Income	2,529	8,920	10,380	1,175	1,805	1,398
Current Net Income	-15,505	10,778	8,626	780	1,159	963
Current Net Income per share (Yen)	-67.21	46.72	37.40	69.32	107.57	89.46
Divided per share (Yen)	-	9	9	12	20	20

4. Status after the Share Exchange

Wholly-owning Parent Company in the Share Exchange	
(1) Name	NS United Kaiun Kaisha, Ltd.
(2) Head Office	5-1, Otemachi 1-chome, Chiyoda-ku Tokyo
(3) Name and Title of Representative	Representative Director and President, Toru Obata
(4) Description of Business	Marine Transport and Subsidiary Business

(5)	Share Capital	10,300 million yen
(6)	Close of Fiscal Year	March 31
(7)	Net Assets	Not finalized at present
(8)	Total Assets	Not finalized at present

5. Future prospects

Effect of the Share Exchange on the consolidated business performance of NS United Kaiun after the current term is not confirmed at this point. In the event of occurrence of necessity of correcting financial performance forecast and matters to be announced, the company will promptly disclose the same.

End

(Note)Forecast of consolidated operating performance for the fiscal year ending March 2016 (April 30, 2015 announced) and Result of consolidated performance for the fiscal year ended March 2015 of NS United Kaiun Kaisha

(Unit: millions of yen)

	Revenues	Operating Income	Ordinary Income	Current Net Income (attribute to shareholders of parent company)
Forecast of consolidated operating income (FY ending March 2016)	158,000	8,200	6,100	5,100
Result of consolidated operating income (FY ended March 2015)	157,625	9,474	10,380	8,626

Forecast of consolidated operating performance for the fiscal year ending March 2016 (April 30, 2015 announced) and Result of consolidated performance for the fiscal year ended March 2015 of NS United Naiko Kaiun Kaisha

(Unit: millions of yen)

	Revenues	Operating Income	Ordinary Income	Current Net Income (attribute to shareholders of parent company)
Forecast of consolidated operating income (FY ending March 2016)	22,266	1,423	1,383	938
Result of consolidated operating income (FY ended March 2015)	21,956	1,445	1,398	963