

Shinwa Kaiun Kaisha, Ltd.  
Nippon Steel Shipping Co., Ltd.

May 20, 2010

**Announcement relating to the signing of a merger agreement between Shinwa Kaiun Kaisha, Ltd. and Nippon Steel Shipping Co., Ltd.**

Each of Shinwa Kaiun Kaisha, Ltd. (“SKK”) and Nippon Steel Shipping Co., Ltd. (“NSS”) resolved, at a meeting of their respective board of directors held on May 20, 2010, to approve the proposed merger between the said parties whereby NSS will merge into SKK and SKK will be the surviving company (the “Merger”), and the said companies entered into a merger agreement in that regard. Accordingly, SKK and NSS (each a “Company” and, together, referred to as the “Companies”) hereby announce as follows:

The Merger is scheduled to become effective on October 1, 2010, subject to obtaining the approval of SKK’s shareholders at an annual shareholders’ meeting scheduled to be convened on June 25, 2010 and the approval of NSS’ shareholders at an annual shareholders’ meeting scheduled to be convened on June 24, 2010.

**1. Background of the Merger**

SKK and NSS have a wealth of experience in shipping as international maritime transportation operators whose core businesses comprise of dry bulk transport, which mainly involves transporting raw materials for iron production and steam coal, and the Companies have been expanding their respective businesses. SKK’s strength is based on their comprehensive strength which is supported by a client base with long-term contractual relationships and a wide business portfolio which includes energy transportation. NSS’s strength is based on its high expertise in the transportation of raw materials and fuel for the iron production industry, as the industrial carrier for Nippon Steel Corporation (“NSC”). During the 2009 fiscal year, despite the severe economic environment following the financial crisis, both Companies were able to secure profits of approximately 4 billion yen each.

Looking at the future of the dry bulk market, on the demand side, it is hoped that the market will grow once again, supported by the recovery in actual demand centered on China. On the other hand, on the supply side, as it is anticipated that there will be a bulk of new ships entering the market due to orders made before the financial crisis, it is expected that there will be a fiercely competitive environment. Furthermore, due to the growth in size of ships and reinforcements of environmental regulations, improvements in technological adaptability and the expansion of fleets which are as competitive as ever are being demanded. In addition, whilst the economic outlook itself is becoming increasingly unclear, the urgent task of the Companies is to develop strong businesses and financial foundations in preparation for volatile risks.

SKK and NSS share the recognition that new approaches are necessary, and that operational efforts made by the Companies individually would not be sufficient. On this basis, the Companies have been investigating and consulting with each other on the possibilities of various operational plans, with sincerity and good faith.

As a result of the above, the Companies have reached the conclusion that the best option for both Companies would be to combine SKK's "comprehensive strength" and NSS' "expertise." Further, the Companies agreed to merge on October 1, 2010 based on a "spirit of equality" involving their mutual respect for their respective strengths.

#### Basic concept of the Merger

- (a) Increased competitiveness due to the combination and expansion of the Companies' fleets.
- (b) Expansion of ability to deliver fleets.
- (c) Further accumulation of technological skills.
- (d) Improvement in profitability and efficiency and cost reduction.
- (e) Securement of reliable source of ship crew.

## 2. Overview of the Merger

### (1) Schedule of the Merger

Event	Date
Meeting of board of directors for approval of signing of merger agreement (both Companies)	May 20, 2010
Signing of merger agreement	May 20, 2010
Shareholders' meeting for approval of merger agreement (NSS)	June 24, 2010 (scheduled)
Shareholders' meeting for approval of merger agreement (SKK)	June 25, 2010 (scheduled)
Scheduled merger date (effective date)	October 1, 2010 (scheduled)

### (2) Method of merger

NSS will merge into SKK. SKK will be the surviving company and NSS will be the dissolving company.

### (3) Details of allocation of shares in relation to the Merger

	SKK ( Surviving company )	NSS ( Dissolving company )
Merger ratio	1	1.6

## 3. Summary of the parties to the Merger (as of March 31, 2010)

	Surviving Company	Dissolving Company
( 1 ) Company name	Shinwa Kaiun Kaisha, Ltd.	Nippon Steel Shipping Co., Ltd.
( 2 ) Registered address	8-1 Ohtemachi 1-chome, Chiyoda-ku, Tokyo	3-2 Kasumigaseki 3-chome, Chiyoda-ku, Tokyo
( 3 ) Name and position of representative	President, Representative Director Hiroshi Sugiura	President, Representative Director Keiichiro Shimakawa
( 4 ) Business	Marine transportation business and other businesses related or incidental thereto	Marine transportation business
( 5 ) Paid-in capital	8,100 million yen	2,227 million yen
( 6 ) Date of	April 1, 1950	February 6, 1948

incorporation						
( 7 )	Number of issued shares	162,000,000 shares	44,557,750 shares			
( 8 )	Fiscal year end	March 31	March 31			
( 9 )	Number of employees	591 ( Consolidated )	82 ( Consolidated )			
( 10 )	Main customers	Nippon Steel Corporation	Nippon Steel Corporation			
( 11 )	Main shareholders and their shareholdings	Nippon Yusen Kabushiki Kaisha ( NYK LINE ) 26.70% Nippon Steel Corporation 15.00% Tokio Marine & Nichido Fire Insurance Co., Ltd. 4.95% Japan Trustee Services Bank, Ltd . ( Trust account ) 3.58% Mitsubishi Heavy Industries, Ltd. 3.33% Mitsui Sumitomo Insurance Company, Limited 3.17% Sompo Japan Insurance Inc. 3.13% Mizuho Corporate Bank, Ltd. 2.50% The Master Trust Bank of Japan ,Ltd. ( Trust account ) 1.49% The Bank of Tokyo-Mitsubishi UFJ, Ltd. 1.39%	Nippon Steel Corporation 75.96% Hsin Chien Marine Co., Ltd. 7.08% Mizuho Corporate Bank, Ltd. 4.83% Sompo Japan Insurance Inc. 4.60% Tokio Marine & Nichido Fire Insurance Co., Ltd. 2.79% Mitsui Sumitomo Insurance Company, Limited 1.01% Shinwa Kaiun Kaisha, Ltd. 0.18% Nippon Steel Trading Co., Ltd. 0.18%			
( 12 ) Operating results and financial position for the last 3 years						
Fiscal Year	SKK ( Consolidated )			NSS ( Consolidated )		
	FY ended March 2008	FY ended March 2009	FY ended March 2010	FY ended March 2008	FY ended March 2009	FY ended March 2010
Net Assets	47,153	44,225	47,938	13,313	15,822	16,548
Total Assets	108,253	107,009	114,370	31,248	30,421	33,342
Net assets per share (Yen)	280.72	262.98	284.59	309.19	367.46	384.32
Revenues	131,988	132,799	95,106	46,927	43,554	33,942

Operating income	22,576	13,168	4,796	6,974	5,969	3,937
Ordinary income	21,874	12,498	4,053	6,839	5,546	3,871
Net income	16,074	6,689	1,215	4,118	3,272	2,326
Net income per share (Yen)	99.27	41.31	7.50	95.64	75.99	54.02
Dividend per share (Yen)	16.00	8.00	2.00	14.00	11.00	11.00

Note: Millions of Yen (unless specified otherwise)

#### 4. Post-merger position

	Surviving Company
( 1 ) Corporate name	NS United Kaiun Kaisha, Ltd.
( 2 ) Registered address	Chiyoda-ku, Tokyo (Scheduled)
( 3 ) Name and position of representative	President, Representative Director President, Executive Officer Keiichiro Shimakawa (Scheduled) Representative Director Vice President, Executive Officer Hiroshi Sugiura (Scheduled)
( 4 ) Business	Marine transportation business and other businesses related or incidental thereto
( 5 ) Capital	10,300 million yen
( 6 ) Fiscal year end	March 31
( 7 ) Net assets (consolidated)	Has not yet been determined
( 8 ) Total assets (consolidated)	Has not yet been determined
( 9 ) Main shareholders and their shareholdings	Nippon Steel Corporation 34.00% Nippon Yusen Kabushiki Kaisha ( NYK LINE ) 18.74% Tokio Marine & Nichido Fire Insurance Co., Ltd. 4.34% Sompo Japan Insurance Inc. 3.62% Mizuho Corporate Bank, Ltd. 3.25% Mitsui Sumitomo Insurance Company, Limited 2.54% Japan Trustee Services Bank, Ltd . ( Trust account ) 2.52% Mitsubishi Heavy Industries, Ltd. 2.34% Hsin Chien Marine Co., Ltd. 2.19% The Master Trust Bank of Japan ,Ltd. ( Trust account ) 1.05%

Note: The number of shares issued in SKK as of October 1, 2010 will be 230,764,400 shares (as currently scheduled).

The new corporate name will be “NS United Kaiun Kaisha, Ltd.”, where the “N” represents NSS, the “S” represents SKK and “United” represents the unification of the two Companies. The corporate name is intended to reflect the Companies’ respect for their respective strengths and their intention to aim to achieve synergy effects as a result of the unification and to produce results.

New Corporate Name:

**NS United Kaiun Kaisha, Ltd.** (English name)

The Merger will become effective on the effective date (which is scheduled to be October 1, 2010).

End