

January 4, 2011

President's New Year's Message

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I wish a very happy New Year to all our employees and their families. I trust you have each welcomed in the new year with good spirit. As in previous years, I would like to take this opportunity to share with you my view on the company's prospects as we together embark afresh into a new year.

Gratitude for Your Efforts

Last year was the year of change, a turning point in the history of our company: Two companies with long histories merged into one new company with new name and new headquarters. The functioning of our new company started smoothly within a short period of time. Any merger, whether large or small, requires tremendous compromises, and our employees might have faced challenges never experienced before. Despite these circumstances, all looked to the future and encouraged a positive attitude.

As the start of new year, I would like to thank you all for the endeavors for this smooth launch of the new company.

Growth despite Difficult Business Environment

During our epoch-making changes, the global economic situation became our next challenge. Several European countries are still in jeopardy of a recurring financial catastrophe, and the United States has not yet recovered from high unemployment. The US economy recovery has been weak and still moves at a slow pace. Japan has suffered structural concerns such as deflation, and it will remain sluggish due to appreciation of the yen. China is at a turning point in its economy strategic – from quantitative growth to qualitative growth, combined with powerful environmental and energy issues and an inflation-conscious policy. Taking on these global changes after the “Lehman Shock,” the world economy is still struggling on its road to recovery and stability.

Looking at the overseas shipping business – particularly in the field of tankers and bulk carriers – despite the slow down of the growth in the marine transportation volume of the natural resources, we are facing with the massive deliveries of the large ships, leading to supply pressures, has significantly influenced the charter freight market over the last months. For the dry bulk market in 2011, oversupply issues continue to be problematic, and we must be aware of the risks of a potential freight market slump. I share the same thoughts as Mr. Kakei, our Chairman, who has cautioned for the last two years that a failure to resolve such issues may cause serious trouble in the future. It is our challenge to cope with this severe situation, as dry bulk is our main business field.

On the other hand, there is steady growth in many countries. In addition to China, countries such as India, Indonesia, Singapore, and Pan-Pacific countries – including South American countries with their

abundant natural resources – are making strong progress. We must take advantage of those growing areas and expand our future business.

Therefore, our basic management plans for 2011 focuses on a strategy to target regions or business domains to explore and also we should always prepare for defense measurements for potential risk exposure.

At the same time, I would like to emphasize that our basic goal for this plan is to reverse our internal-looking posture from last year's merger and instead look forward – push forward – as a new company, to cope with the rapidly changing competition in the global shipping industry. Our objective is to focus on strategies to solidify our competitive standing, to grow and develop our business as a new company. In 2011, we will intensify sales activities in the market and with the clients, executing new strategies for mid- to long-term success.

This year, it is important for us to share these basic visions as we solve current issues. The main goals this year are threefold – our key messages at the beginning of this new year.

No Accidents. No Catastrophes. Strengthen Our Safe, Secure Navigation

Needless to say, establishing a safe, secure navigation system is the most important issue for our business' stability. It is the basic competence of a shipping company. However, regardless of the best intentions, it is regretful that we face with human error in basic operations including the case which cargo hold got damaged in last November. In reviewing such incidents and implementing new measures afterwards, please make sure to do your best effort to train your staff and structure your business systems, enabling cool, calm basic operations – whatsoever happens, in any circumstances – to establish a safe and secure shipping system. Toward this end, we will have persistent and continuous personal training along with basic, practical education for the staff, including those working overseas. This year is substantially a new beginning as a new company, and our desire is for everyone to come up with realizable results that establish a safe, secure, and proud navigation structure, both in terms of software and hardware, by assembling all the power of NS United Marine.

New Management Plan Post-Merger

The basics of a new management plan will be released in this March, establishing the framework for the new fiscal year as an integrated organization. The new management plan includes the following:

1. Setting the target sales and revenue as a new company.
2. Create new marine transportation services by taking advantage of scale merit and the flexibility and mobility of fleets.
3. Business expansion through cultivating and activating new customer base – particularly unique sales activities through effective use of the worldwide networks of Nippon Steel such as in China and Southeast Asian regions.
4. Increase competitiveness through in-depth analyses on the cost efficiency of operations and human resources.
5. Establish a firm financial base

The management plan will explicitly illustrate these issues and point us in new directions. By aligning personal objectives with these plans, we can use our synergistic power to meet all of our goals. I ask each of

you to make his or her best effort to participate in making such strategies, and to achieve our shared ambitions.

Making Company Nature for New Management Plan to cope with globalization

As I stated at the inauguration of our new company, we must become a “highly competent company”, providing qualified marine transportation, strong in this age of fierce competition, flexible and robust, achieving continuous growth.

Toward these goals, we must deliberately select target regions and actively explore potential customers, cargos, and expansion of the areas for ship allocations. Our organization and qualified staff must be “elite experts” who assertively utilize human resources, including foreign employees, with high sensitivity in gathering new information and speed in operation. Fleet services should be cost effective and appropriately fulfill customers’ needs. A highly effective and technological marine operation offers a management system and certified manning system that promise safe transportation with high profitability. We must maintain a careful, holistic cost management program under current market fluctuations and a robust financial structure with timely investments and strong corporate governance to maintain credit – historically the hallmark of our two companies – and demonstrate the strengths of the new management plan. We have to continuously reinvent ourselves, cope with future global competition, and execute our new management plan, always attentive to maintenance of a safe, secure marine transportation system.

I convey my sincere gratitude for the smooth transition at the merger; however, we all realize that it is still a great challenge to substantially integrate the employees of our two companies. I ask that everyone make an effort to create “a good working environment that facilitates internal communication with a sense of unity and trust”, same as our company tries to achieve.

The foundations of power that will allow us to overcome our three main issues are the creativity, execution, and spirits of all of you. The company will grow when each of us continuously makes his or her best efforts to promote our virtues and insight, to cultivate sensitivities without preconception, and strive to achieve the goals with high motivation. A global person is not the one who fluently speaks foreign languages or is expert at certain routines; a global person should be spiritual and have rich humanity, open to cooperating with any person in the world to create new values. Let’s ensure that our company is recognized as one that makes human resources grow to work globally – for people to grow through work, welcoming free discussion, respecting humanity, and encouraging young talent to flourish with abundant spirituality.

Let’s do our best to become “a company that respects the job site, shows pride in our work, finds our *raison d’etre*, a company trusted by our clients and integral to the family and society”. I wish you all the happiness this year.

In closing my New Year Message, I would like to wish a safe voyage for all employees, and good health in 2011 for all of you and your families.