

1st August 2003

To Whom It May Concern

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Notice Regarding Integration of Domestic Subsidiaries

In order to realize the synergies emanating from the integration of Nissho Iwai Corporation and Nichimen Corporation as early as possible, Nissho Iwai-Nichimen Holdings Corporation is proactively implementing its plan to eliminate duplicate functions and reorganize both domestic as well as overseas bases. As part of this effort, two domestic subsidiaries, viz., *Nichimen Kyushu Corporation* and *Nissho Iwai Kyushu Corporation* shall be merged (subject to approval of the relevant authorities) w.e.f. 1st October 2003, accelerating the integration schedule (originally scheduled to be implanted in March 2004) by six months.

1. Objective

The merger of *Nichimen Kyushu Corporation* and *Nissho Iwai Kyushu Corporation*, which operate in the Kyushu and Okinawa areas, is expected to result in the reduction of redundant human resources and lead to cost reduction through the elimination of duplicate functions. In addition, the core business fields of each company will be integrated, thus creating a reinforced subsidiary with a strong regional focus.

2. Corporate Profile of the New Company

Please refer to the appendix.

3. Merger Schedule

18 th August 2003	Approval of the merger at the two companies' respective Extraordinary General Meeting of Shareholders
1 st October 2003	Merger of the two companies (Application for registration of the new corporate entity; Application for the dissolution of the existing companies)

Appendix

Corporate Profile of *Nissho Iwai-Nichimen Kyushu Corporation*

Company	: <i>Nissho Iwai-Nichimen Kyushu Corporation</i>
Business	: Trading business, centering around Machinery, Foods & Consumer Products, in the Kyushu region
Established	: 23 th October 1997
Start of business operations	: 1 st October 2003
Headquarters	: 1-10-24 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka
Business Network	:
Nagasaki Branch	: 5-3 Sakuramachi, Nagasaki-shi, Nagasaki
Naha Branch	: 21-13 Maejima, Naha, Okinawa
President	: Akira Maruyama (Currently President of <i>Nissho Iwai Kyushu Corporation</i>)
Vice-President	: Hisanori Takeda (Currently President of <i>Nichimen Kyushu Corporation</i>)
Capital	: JY 500 million
Accounting Period	: April to March
Annual sales	: Around JY 38 billion
Number of Employees	: Around 80
Major Shareholders	: Nissho Iwai Corporation (72%) Nichimen Corporation (28%)

Merger objectives

- To establish a 'cost-efficient regional subsidiary' by reducing non-personnel expenses like offices rent, etc., elimination of duplicate functions and personnel, thus leading to administrative efficiency as well as cost reduction.
- To take mutual advantage of complementary dealings deriving from Nissho Iwai Kyushu Corporation's strengths in 'Hardware' (Machinery) and Nichimen Kyushu Corporation's strengths in 'Software' (Foods & Consumer Products), and thus establish a regional trading subsidiary focused on local business partners and clients.
- To work towards expanding trade relations with Asian countries (especially China and the ASEAN nations), taking advantage of the fact that the Kyushu/Okinawa region is a 'Gateway to/from Asia'.

Business Strategy

In line with *Nissho Iwai-Nichimen Holdings Corporation's* business portfolio strategies, the new company will promote 'Selection and Focus' of its operating businesses, focusing on 3 core businesses (Machinery, Foods and Consumer Products) in the Kyushu/Okinawa region.