

December 18, 2003

To whom it may concern

Nissho Iwai-Nichimen Holdings Corporation
President & Co-CEO: Hidetoshi Nishimura
Securities Code: 2768 TSE/OSE 1st Section
Inquiries: Shinichi Taniguchi, General Manager
Public Relations Dept.
TEL: +81 (3) 5446-1061

Notice regarding Integration of Petroleum-Related Subsidiaries

As part of the Group's organizational restructuring and rationalization drive, Nissho Iwai-Nichimen Holdings Corporation (NNH) decided to merge the Group's two petroleum-related subsidiaries, Nichimen Energy Co., Ltd. (President: Yushiro Odate; Headquarters: Minato-ku, Tokyo) and Nissho Iwai Petroleum Corporation (President: Kan Baba; Headquarters: Chuo-ku, Osaka), into a new entity on March 1, 2004. As the result of integration effects, in final year of its three-year Business Plan (March 2006), total sales and operating income of the new company are expected to be approximately ¥ 155.0 billion and ¥ 2.3 billion, respectively.

As previously announced, to realize at an early stage and to maximize the effects of business integration between NNH's subsidiaries, Nichimen Corporation and Nissho Iwai Corporation, NNH has been accelerating restructuring plans based on its Business Plan. Restructuring plans include the integration of duplicate functions and domestic/overseas operating bases, the reorganization and streamlining of administration functions and business rationalization including the merging of subsidiaries. The first half-year rationalization results, which have already been reported in the Summary of Financial Results for the Six-month Period ended September 30, 2003, show the progress exceeding targets set in the Business Plan. In the second half-year, NNH not only continues to accelerate the rationalization plans, but is steadfastly working towards the goals of the first year of the Business Plan by optimizing the collective strengths of the Group.

1. Objective

The above-mentioned merger is expected to result in improved profitability due to increases in transaction volumes and well-balanced oil procurement, coupled with distribution cost reductions.

Simultaneously, the new company will strive to achieve improved administrative efficiency as well as a leaner organization due to the streamlining of duplicate functions and reduction of redundant personnel, and its cost competitiveness will be enhanced while further improving the level of customers satisfaction.

2. Corporate Profile of the New Company

Company (tentative name):	Nissho Iwai-Nichimen Energy Corporation	
Business:	Sales of petroleum products, LPG and carbon products	
Start of business operations:	March 1, 2004	
Headquarters:	2-11-11, Shiba-koen, Minato-ku Tokyo	
Business network:	Sendai, Hitachi, Minato-ku Tokyo, Nagoya, Osaka, Hiroshima, Fukuyama 127 service stations under direct management	
President:	Naoki Aimoto	
Capital:	¥ 500 million	
Fiscal year-end:	March 31	
Annual sales:	Around ¥ 150 billion	
Number of employees:	Around 600	
Major Shareholders:	Nissho Iwai Corporation	49.1%
	Nichimen Corporation	45.2%

3. Merger Schedule

Toward the end of January 2004	Approval of the merger at the two companies' respective Extraordinary General Meeting of Shareholders
March 1, 2004	Merger of the two companies (Application for registration of the new corporate entity; Application for the dissolution of the existing companies)

end

The original and official version of this notice is written in Japanese.

In case of any discrepancies between this notice and the original, the Japanese version shall govern.