

June 20, 2001

To whom it may concern

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### **A Strategic Alliance in LNG Business**

It is our pleasure to announce that the board of Nissho Iwai Corporation today approved a basic agreement on forming a comprehensive strategic alliance with Sumitomo Corporation in the field of the Liquefied Natural Gas (LNG) business. The details with respect to this transaction including transfer value are under negotiations and will be reported after being settled.

#### 1. Purpose of Transfer and Alliance:

To intensify growth in the LNG business, Nissho Iwai decided to spin off LNG business and be allied with a strategic partner from the point of view of long-term expansion. Nissho Iwai recognizes Sumitomo Corporation as a strategic partner in LNG business. From now on, through joint management with Sumitomo Corporation, Nissho Iwai aggressively participate in new big development projects and making full use of synergy effect produced by the alliance in order to get the leading company's position in the industry.

#### 2. Scope of the business transferred to the joint company:

(1) Scope of the business: The whole LNG business and related investments

(2) Financial Results of LNG business as of March, 2001(millions of yen)

	1: LNG Business	2: Company (Non-consolidated)	Share (=1/2)
Net Sales	468,967	4,515,095	10.4%
Gross Profit	3,382	87,405	3.9%
Recurring Profit	309	16,203	1.9%

(3) Assets and Liabilities in LNG business as of March 31, 2001 (millions of yen)

Assets		Liabilities	
Current Assets	25,232	Current Liabilities	25,420
Fixed Assets	10,291	Fixed Liabilities	10,103
Total	35,523	Total	35,523

(4) Methods of Valuation and Settlement

The value and settlement of transfer will be determined between two companies.

3. Outline of Joint Venture:

Name: To be determined  
Ownership: Nissho Iwai 50 : Sumitomo 50

4.Schedule:

June 20, 2001 Board approval  
July 31, 2001 Conclusion of Transfer Agreement  
September 30, 2001 Transfer of business

5.Effect on Earnings Forecast:

While a decrease in net sales by 230 billion yen on a non-consolidated basis is anticipated with respect to the 2001 fiscal year (ending in March 2002), the impact on the company's net profit projection of both consolidated and non-consolidated basis for 2001 fiscal year will be announced after being settled.