

August 6, 2001

Corporate Name: Nichimen Corporation
Representative: Toru Hambayashi, President
(Listing Code Number 8004)
Inquiries to: Yoshiki Furuya, General Manager
Public Relations & Investor Relations Dept.
(Phone: 81-3-5446-1062)

Nichimen Group and Shinanen Made
Basic Agreement on Transfer of LPG Business

Nichimen Corporation (“Nichimen”) and its wholly owned subsidiary Nichimen Energy Co, Ltd. (“Nichimen Energy”) reached a basic agreement with Shinanen Co., Ltd. (“Shinanen”) today to transfer their Liquefied Petroleum Gas (“LPG”) business to Shinanen. Below are given the details of the agreement.

1. Reason for Business Transfer

The Nichimen Group is undergoing the “selection and concentration” of its business operations as part of its NP 2002 medium-term management plan initiated in April this year, with an eye to rebuilding its business portfolio. Today, the Nichimen Group has decided to transfer part of its LPG business, which is being operated by Nichimen and Nichimen Energy. This decision would enable the Nichimen Group to redistribute its financial resources to its other strategic business areas as specified in NP 2002.

After this, Nichimen Energy will dispose of or consolidate some of its gas stations that are unprofitable, and continue its efforts to help its existing gas stations add capabilities to offer compressed natural gas (CNG). It is also intending to improve operating efficiency by reducing interest-bearing debt.

2. Contents of Business Transfer

1) Business to be transferred

- Business of Liquefied Petroleum Gas (“LPG”)Section, Petroleum and Carbon Dept.
of Nichimen: Import and wholesale of LPG

Business results for FY2000 (ended March 2001)	ref.)		
	LPG Section only	Nichimen Corporation	Ratio
	(a)	(non-consolidated) (b)	(a/b)
Sales:	¥ 17,412 million	¥ 1,753,307 million	1%
Recurring profit:	¥ 255 million	¥ 8,069 million	3%

- Business of the Gas Division of Nichimen Energy: Sales of LPG

Business results for FY2000 (ended March 2001)

Sales: ¥ 7,194 million
Recurring profit: ¥ 628 million

2) Transfer price and settlement method

The transfer price and settlement method will be announced immediately after signing the Business Transfer Contract.

3. Schedule (planned)

August 6, 2001	Basic Agreement Signed
August 31, 2001	Business Transfer Contract to Be Signed
September 30, 2001	Date of Intended Business Transfer

4. Outlook of Performance

The effects of the business transfer on Nichimen's business performance will be announced immediately after fixing the transfer price and transfer profit.

5. Others

1) Plan to establish a joint-venture company

Nichimen Energy and Shinanen are planning to establish a joint-venture company to operate the LPG business slated for transfer. The details will be announced immediately after the final decision.

2) Corporate Profile of Nichimen Energy

Corporate name:	Nichimen Energy Co, Ltd.
Address:	2-11-11, Shibakoen, Minato-ku, Tokyo
President:	Yoshihiro Saito
Capital:	¥ 990 million
Number of employees:	500 (as of March 31, 2001)
Establishment:	February 1964
Business:	<ul style="list-style-type: none">• Domestic sales of oil products and LPG,• Operation of gas service stations,• Maintenance of automobiles,• Sales agent of auto insurance and other forms of casualty insurance,• Wholesale, retail sale, and industrial sale of LPG, Sales and setup of LPG appliances and city gas appliances

Business results (millions of yen):

	FY 1998	FY1999	FY2000	FY2001 (forecast)
Sales	39,192	43,384	49,554	40,000
Recurring profit	252	343	433	400