

September 10, 2001

Company name: Nichimen Corporation
Representative: Toru Hambayashi, President
(Listing code 8004)
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Announcement of Transfer of LPG Business

At a meeting of the Board of Directors of September 10, 2001, Nichimen Corporation (“Nichimen”) decided to transfer the Liquefied Petroleum Gas (“LPG”) business operated by 100%-owned subsidiary Nichimen Energy Co., Ltd. (“Nichimen Energy”) to Sinanen Co., Ltd. (“Sinanen”) and its 100%-owned subsidiary Nichimen Energy Gas Sales Co., Ltd. (“Nichimen Energy Gas”).

Nichimen and Sinanen reached a basic agreement on August 6, 2001, and today’s announcement provides additional details. The transfer is scheduled on September 30, 2001.

1. REASON FOR THE TRANSFER OF BUSINESS

The Nichimen Group is channeling management resources into strategic fields in line with a policy of “selection and concentration” of its business operations under the NP2002 medium-term management plan initiated in April 2001.

In this connection, basic agreement was reached in August for the transfer to Sinanen of part of the LPG business operated by Nichimen and Nichimen Energy. As part of this move, it was decided to transfer Nichimen Energy’s LPG business to Sinanen and Nichimen Energy Gas Marketing. Using the resultant proceeds of the sales, Nichimen Energy intends to close unprofitable gas stations and to add capabilities of offering compressed natural gas to existing gas stations, and also plans to trim interest-bearing debt in order to improve operating efficiency.

2. DETAILS OF THE TRANSFER OF BUSINESS

(1) The LPG business to be transferred

LPG wholesaling and retailing operations conducted by the Gas Division of Nichimen Energy

Overview of Nichimen Energy

Company name:	Nichimen Energy Co., Ltd.
Address of Head Office:	2-11-11, Shiba-koen, Minato-ku, Tokyo
Representative:	Yoshihiro Saito
Capital:	¥990 million
Shareholder:	Nichimen Corporation (100%)
Number of employees:	500 (as of end March 31, 2001)
Date of establishment:	February 1964
Main businesses:	Domestic sales of oil products and LPG, Operation of gas service stations, Inspection and maintenance of automobiles, Sales agent of auto insurance and other forms of casualty insurance, Wholesale, retails sale and industrial sale of LPG, Sales and setup of LPG appliances and city gas appliances

Business Performance of Nichimen Energy
(in millions)

	March 1999	March 2000	March 2001	March 2002 (projected)
Net sales	¥39,192	¥43,384	¥49,554	¥40,000
Recurring profit	¥252	¥343	¥433	Approximately ¥400

(2) Business results of Nichimen Energy's Gas Division in the year ended March 31, 2001
(in millions)

	Nichimen Energy's Gas Division (a)	Nichimen (Consolidated) (b)	(a) divided by (b)
Net sales	¥7,194	¥2,419,340	0.2%
Gross trading profit	¥2,654	¥130,664	2.0%
Operating income	¥744	¥23,079	3.2%
Recurring profit	¥628	¥17,402	3.6%

(3) Assets and liabilities to be transferred

Assets and liabilities of Nichimen Energy's Gas Division to be transferred
(as of June 30, 2001, millions)

Assets

	<i>Book value</i>
Current assets	¥1,121
Property and equipment	¥1,629
Intangible fixed assets	¥221
Other fixed assets	¥392
Total	¥3,365

Liabilities

	<i>Book value</i>
Current liabilities	¥120
Total	¥120

In addition to the above, the transfer includes ¥362 million in unaccrued retirement benefit liabilities.

(4) Cost of transfer and method of payment

Cost of transfer: Approximately ¥10.5 billion
Method of payment: Lump sum

3. DETAILS OF TRANSFEREES

(1) Sinanen Co., Ltd.

Company name:	Sinanen Co., Ltd.
Main business:	Wholesale and distribution of oil products and gas products
Date of establishment:	April 25, 1934
Location of headquarters:	Minato-ku, Tokyo
Representative:	Ichiro Kanade
Capital:	¥15,630 million
Number of employees:	543 (as of end of March 2001)
Major shareholder and shareholding:	Itochu Corp. (11.62%)
Affiliation with Nichimen Corporation:	None

(2) Nichimen Energy Gas Sales Co., Ltd.

Company name:	Nichimen Energy Gas Sales Co., Ltd.
Main business:	Distribution of LPG and other high-pressure gases; marketing of petroleum products, LPG, and other high pressure gases
Date of establishment:	November 1, 1964
Location of headquarters:	Shinagawa-ku, Tokyo
Representative:	Hajime Imai
Capital:	¥20 million
Number of employees:	2
Major shareholder and shareholding:	Sinanen Co., Ltd. (100%) *Nichimen Energy will buy 10% shareholding from Sinanen by the end of September 2001.
Affiliation with Nichimen Corporation:	None

4. SCHEDULE OF TRANSFER

September 10, 2001	Board of Directors' Meeting
September 10, 2001	Signing of business transfer agreement
September 30, 2001	Date of transfer

5. OUTLOOK OF PERFORMANCE

Although generated consolidated gain from this transfer is estimated approximately ¥7 billion, it will be offset by a loss linked with the closing of Nichimen Energy's unprofitable gas stations. Accordingly, this transfer won't lead to a revision in the Nichimen's consolidated earnings outlook of March 2002.

Projection of consolidated business performance after transfer
(in millions)

	End of March 2002
Sales	¥2,500,000
Operating income	¥35,000
Recurring profit	¥27,500
Net income	¥12,000

reference only

Parent-only projection

(in millions)

	End of March 2002
Sales	¥1,500,000
Operating income	¥13,000
Recurring profit	¥12,000
Net income	¥4,000
Dividend	Not determined yet