

November 1, 2005

Update on MOL-KWE Strategic Alliance

TOKYO – Mitsui O.S.K. Lines, Ltd. (MOL, President: Akimitsu Ashida) and Kintetsu World Express, Inc. (KWE, President: Hirokazu Tsujimoto) today announced progress on several fronts in their new strategic business and capital tie-up, including the completion of the share acquisition plan. The companies announced the agreement on May 23.

With this new alliance, MOL and KWE aim to expand services in air forwarding, sea forwarding, and logistics in a way that will benefit both companies.

MOL and KWE organized three committees under the joint board chaired by MOL Deputy President Hiroyuki Sato and KWE Vice President Yoshiaki Matsuda. The Logistics Business Committee is examining joint marketing of buyers' consolidation^{*1} service in the United States; utilization of KWE's warehouse network in China by MOL; and joint development of deconsolidation service^{*2} in the United States. The Air Business Committee is looking into joint pick-up and delivery of air cargo, and developing a system for co-loading^{*3}. The Ocean Business Committee is reviewing the possibilities of KWE using MOL Group port and harbor facilities in Japan and MOL Group using KWE's consolidated transport service from Japan.

Capital alliance

MOL acquired about 5% of KWE's outstanding stock (36,000,000 shares) by October 31, 2005, as originally planned. At the same time, KWE acquired about 25% of MOL Logistics (Japan) Co., Ltd.'s outstanding stock (1,175,000 shares).

Impact on future business performance

MOL and KWE expect the new strategic alliance to have only minor impact on both companies' business performance for fiscal year 2005, ending on March 31, 2006.

Buyers' consolidation^{*1}: A transport service that involves collecting cargo from several plants for a single consignee, and includes mixed loading and transport of the cargo.

Deconsolidation service^{*2}: Re-consolidation of the consolidated cargo in an area near the discharging port according to the optimum transport mode to the final destination.

Co-loading^{*3}: Consolidation service tailored by multiple air forwarders (consolidators)

[References] Outline of Strategic Alliance agreed on May 23, 2005

1. Objectives

Strategic business tie-up in fields of air forwarding, sea forwarding, and logistics.

2. Contents of business tie-up

- A. Offer a boarder range of competitive services
- B. Enhance services particularly in China, an important strategic market
- C. Share information, facilities, and know how to expand logistics business
- D. Enhance cost competitiveness.

3. Contents of capital alliance

MOL and KWE form a capital tie-up as follows to firmly consolidate the alliance:

- A. MOL acquires about 5% of KWE's outstanding shares
- B. KWE acquires about 25% of the outstanding shares of the MOL's subsidiary, MOL Logistics (Japan) Co., Ltd.