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Documents Accompanying the Notice of the 116th Ordinary General Meeting of Shareholders

116th Fiscal Year
Report

From April 1, 2002
To March 31, 2003

Nippon Yusen Kabushiki Kaisha

Business Report

(From April 1, 2002
To March 31, 2003)

1 . Business Overview

(1) Development and Results of Business Activities

On a non-consolidated basis, NYK's revenues fell by 5.0% over the previous year to ¥711,400 million. Operating income increased by 6.4% to ¥49,300 million and ordinary income rose by 1.6% to ¥43,700 million, but net income fell by 4.6% to ¥12,600 million. Amidst growing uncertainty in the world economy and a business environment made severe by the rising yen, soaring fuel oil prices and other factors, the Company focused its efforts on sales and cost reductions.

The following sections look at conditions in the principal business divisions.

Liner Division

Although Asia/North American and European trades were marked by favorable cargo traffic and loads exceeded targets, the Division was unable to achieve its overall revenue/expenditure targets for the term because rates failed to recover adequately, fuel oil prices rose sharply and the economies of Central and South America weakened.

Tramp, Specialized Carrier and Tanker Divisions

During the first half of the term under review, conditions were harsh as a result of sluggish conditions in the tramp sector and soaring fuel oil prices. In the second half, however, signs of vitality emerged in the tramp market and car carriers benefited from high cargo traffic levels, enabling iron ore carriers, wood chips carriers, coal carriers and car carriers to achieve their targets. In the tanker segment, tanker market conditions tightened in the second half, and carriers of petroleum products, liquefied petroleum gas (LPG) and liquefied natural gas (LNG) enjoyed high operating rates and met their targets for the term. The Company continued to upgrade its tanker fleet by switching over to double-hulled vessels, which offer greater operational safety and environmental protection.

Logistics Division

The Company's logistics business generally performed well as it maintained its proactive approach, launching its business partnership with China Ocean Shipping Company (COSCO) in China, setting up new warehouses in North America and establishing a new regional management company in Europe.

Cruise Division

The division operates through three subsidiaries in the United States, Japan and Australia. The US subsidiary Crystal Cruises, Inc. will soon start construction of its third vessel, *Crystal Serenity*. The cruise business is now on the road to recovery following the terrorist attacks on the United States in September 2001.

Other Business

NYK maintained its strategic approach to expanding its terminal business. In October 2002, it bought Ceres Terminals Incorporated, which runs a terminal business covering the North American east coast and the Gulf of Mexico, and in November it became involved in a finished-car terminal business in Shanghai.

During the term under review, the Company moved ahead with its measures for restructuring the NYK Group. On August 1, 2002, it converted Tokyo Senpaku Kaisha, Ltd. (TSK) into a wholly-owned subsidiary and on October 1, separated off the intra-Asia container

business and consolidated it into TSK. On the same day, it spun off its handysize bulk carrier operations and folded them into its wholly-owned subsidiary NYK Global Bulk Corporation. All these Group companies are performing well. With a view to making more efficient use of its management resources, the Company also converted Nippon Cleaning Co., Ltd. into a wholly-owned subsidiary on January 21, 2003, and absorbed it into NYK through merger on March 3.

(2) Issues to be Addressed

Having reviewed its "NYK21 New Millennium Declaration", NYK formulated its new "Forward 120" medium- to long-term group management vision covering a two-year period starting fiscal 2003. "Forward 120" is based on NYK's three new strengths: the strength to multiply NYK's vast expertise by itself and by its square which offers unique, competitive services; the strength of NYK people being vigorously engaged in onsite activity which discovers new customer-needs and expands business opportunities; and the strength of NYK's human resources and wisdom which enables group members to share know-how and experience through the use of information technology (IT) and the integration of maritime and onshore technologies. "Forward 120" aims to apply these three new strengths to the pursuit of three key strategies: (1) Expanding global logistics business; (2) Global expansion of bulk and energy resources transport; and (3) Stabilization of profitability of the container transport division. In the area of cost reductions, Project "C" CHANGE·CHALLENGE·CREATE activities have provided the momentum for Group-wide improvements in profitability that have exceeded targets, and the Company will incorporate them into daily practice.

In April 2002, NYK strengthened its corporate governance by introducing an Executive Officer system to reinforce the Board of Directors' functions of mapping out strategies and supervising business activities. (Executive Officers are entrusted by the Board of Directors with full operational responsibility through assisting the President.) The system was further enhanced in April 2003 when executives of associated companies became eligible for election to the position of Executive Officer while retaining their positions. To strengthen Group-wide adherence to compliance rules, the Company instituted a "Month for the General Review of Compliance" in the fall of 2002. Guaranteeing safety and protecting the environment have long been a cornerstone of the Company's operations, and the NAV9000 safe operation standards that it has developed form the basis for its environmental operations, which have been granted ISO 14001 certification. NYK will continue to work on these issues in the future.

Based on the NYK Line Business Credo, the Company is committed to responding to the expectations of all by fulfilling its obligations as a responsible corporate citizen while contributing to the well-being of its shareholders, customers, employees and society. The Company looks forward to the continuing support of its shareholders in these endeavors.

Matters Relating to Share Exchanges, Corporate Splits and Mergers

(1) Exchange of Shares with Tokyo Senpaku Kaisha, Ltd. (TSK)

- [1] Number and type of new shares issued by the new absolute parent NYK at the time of the exchange of shares: 2,683,824 shares of common share.
- [2] Conversion ratio: 1 NYK share for 0.17 TSK share (Allocation ratio: 0.17 shares of NYK stock for every TSK share held).
- [3] Increase in NYK's shareholders' equity and additional paid-in capital as a result of the share exchange: Only additional paid-in capital increased by ¥798,540,302.
- [4] Share exchange grant: None.
- [5] Date of share exchange: August 1, 2002.

(2) Corporate spin-off involving NYK and TSK

- [1] Number, type and allocation of new shares issued by the surviving entity TSK at the time of the spin-off: 12,000 shares of common share, all allocated to NYK.
- [2] Spin-off grant: None.
- [3] Date of spin-off: October 1, 2002.
- [4] Business spun off by NYK: Intra-Asian container services.

(3) Corporate spin-off involving NYK and Toho Shipping Co., Ltd.

- [1] Number, type and allocation of new shares issued by the surviving entity Toho Shipping at the time of the spin-off: 80,000 shares of common share, all allocated to NYK.
- [2] Spin-off grant: None.
- [3] Date of spin-off: October 1, 2002.
- [4] Business spun off by NYK: General freight routes operated by the handysize bulk carrier division (excluding bulk carriers).

Note: At the time of the spin off, Toho Shipping changed its name to NYK Global Bulk Corporation.

(4) Exchange of shares with Nippon Cleaning Co., Ltd.

- [1] Number and type of new shares transferred by the new absolute parent NYK at the time of the exchange of shares: 5,762 shares of common shares held were transferred in lieu of issuing new shares.
- [2] Conversion ratio: 1 NYK shares for 3.44 Nippon Cleaning share (Allocation ratio: 3.44 shares of NYK stock for every Nippon Cleaning share held).
- [3] Increase in NYK's shareholders' equity or additional paid-in capital as a result of the share exchange: None.
- [4] Share exchange grant: None.
- [5] Date of share exchange: January 21, 2003.

(5) Merger with Nippon Cleaning Co., Ltd.

- [1] Number and type of new shares issued by the surviving entity NYK at the time of the merger: None. (Nippon Cleaning is a 100% subsidiary of NYK.)
- [2] Increase in NYK's shareholders' equity and additional paid-in capital as a result of the merger: None. (Nippon Cleaning is a 100% subsidiary of NYK.)
- [3] Merger grant: None.
- [4] Date of merger: March 3, 2003.

Revenue by Segment

Segment	Revenue (¥ million)	Share (%)
Liner division	281,094	39.5
Tramp and specialized carriers	287,460	40.4
Tankers	133,276	18.7
Other business	9,641	1.4
Total	711,473	100.0

Operating Results and Trends in Asset Position

	113th Business Period (Fiscal 1999)	114th Business Period (Fiscal 2000)	115th Business Period (Fiscal 2001)	116th Business Period (current fiscal year) (Fiscal 2002)
Revenue (¥ million)	683,491	728,129	748,995	711,473
Ordinary income (¥ million)	33,195	46,093	43,079	43,749
Net income (¥ million)	11,740	19,347	13,225	12,614
Net income per share	¥9.64	¥15.71	¥10.73	¥10.22
Total assets (¥ million)	876,307	832,235	803,511	794,490
Shareholders' equity (¥ million)	238,154	258,641	281,842	253,394

- 113th Fiscal Year Although cargo loads increased, revenues remained flat because of the increase in the value of the yen. Yet despite a sharp jump in fuel oil prices, rate restoration in the liner division and a company-wide drive to reduce costs resulted in a large profit increase.
- 114th Fiscal Year Despite the rising yen and a sharp jump in fuel oil prices, the Company achieved higher revenues and profits in the liner, tramp and specialized carrier, and tanker and gas carrier divisions thanks to buoyant cargo movements and efforts to lower ship-operating expenses.
- 115th Fiscal Year Revenues and expenditures were underpinned by the yen's weakness and a softening of fuel oil prices, as well as further efforts to reduce costs. In the wake of the terrorist attacks on the United States, however, rapidly cooling market conditions had a major impact, resulting in lower income, although revenues rose.
- 116th Fiscal Year Conditions in the 116th Fiscal Year (current term) are described under "Development and Results of Business Activities " above (pages 10 through 11).

Funding

In addition to using its own funds and borrowings to meet its funding requirements in fiscal 2002, the Company made several bond issues during the term to cover capital spending as follows: No. 18 0.47 percent unsecured straight bonds, due on October 18, 2007 (¥20,000 million); No. 19 0.81 percent unsecured straight bonds, due on October 16, 2009 (¥20,000 million); No. 20 0.52 percent unsecured straight bonds, due on February 20, 2009 (¥15,000 million); No. 21 1.01 percent unsecured straight bonds, due on February 21, 2013 (¥15,000 million); and a total of ¥8,000 million in Euroyen straight bonds due 2005 through 2006.

Capital Expenditures

Capital spending during the year totaled ¥13,700 million, most of which was spent on vessels.

(1) Increase in NYK-owned Vessels during Fiscal 2002

Type of vessel	Name	DWT (kt)	Joint owners
Coal carrier	Shin Sapporo Maru	91,439	Mitsui OSK Lines
Roll-on Roll-off cargo ship	Tokachi	6,205	-
Total	2 vessels	97,644	

(2) Vessels under Construction as of the end of Fiscal 2002

There were no ships under construction as of the end of the fiscal year.

(3) Decrease in NYK-owned Vessels during Fiscal 2002

Type of vessel	Name	DWT (kt)	Reason for decrease
Coal carrier	Sapporo Maru	80,984	Sold
Total	1 vessel	80,984	

2 . Company Information (as of March 31, 2003)

Establishment

September 29, 1885 (started business October 1, 1885).

Main Activities

Global logistics business and passenger ship business, principally international marine transportation business for the purpose of receiving freightage, vessel charterage and vessel operating commissions, as well as warehousing business and real estate leasing business using the property and land owned by the Company.

Offices

Head office	Yusen Building, 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, Japan
Branches	Sapporo Hokkaido Building, 1, Kita 2-jo Nishi 4-chome, Chuo-ku, Sapporo
	Yokohama Yusen Building, 9, Kaigan-dori 3-chome, Chuo-ku, Yokohama
	Nagoya Meiji Seimei Nagoya Building, 1, Shinsakaemachi 1-chome, Chuo-ku, Nagoya
	Kansai Yusen Terminal Building, 25, Koyocho-higashi 4-chome, Higashi-nada-ku, Kobe
	Kyushu Hakata Fukoku Seimei Building, 8-30, Tenyamachi, Hakata-ku, Fukuoka
	Taipei No. 89, Exchange Square, Sung Jen Road, Taipei
Sub-branches	Tomakomai, Muroran, Kushiro
Overseas offices, representative offices	Sao Paulo, Buenos Aires, Mexico City, Johannesburg, Dubai, Doha, Ho Chi Minh City, Hanoi, Seoul, Beijing
Local incorporated subsidiaries	North America, Europe, China, Hong Kong, Thailand, Malaysia, Singapore, Indonesia, Australia, New Zealand, Chile, Brazil

Workforce

		Number of employees	Change compared with previous fiscal year-end	Average age	Average length of service
Land	Males	1,031	23	42.1	18.0
	(Land-based seamen)	(267)	(11)	(43.8)	(21.2)
	Females	263	7	38.4	16.0
	Sub-total	1,294	30	41.3	17.6
Sea	Officers	444	24	42.3	20.0
	Ratings	71	15	52.5	34.7
	Sub-total	515	39	43.7	22.0
Total		1,809	69	42.0	18.9

Note: denotes a decrease.

Capital

¥88,531,033,730

Note: There were no changes in capital during the fiscal year.

State of shares**(1) Number of authorized shares:** 2,983,550,000 shares**(2) Number of issued and outstanding shares:** 1,230,188,073 shares

Note: During the year, the number of issued and outstanding shares increased by 2,683,824 shares compared with the end of the preceding fiscal year as a result of the share exchange with TSK.

(3) Number of shareholders: 117,537 (decrease of 5,795 compared with the end of the preceding fiscal year)**(4) Principal shareholders (top ten)**

Name	Number of shares held (thousands)	Percentage of total issued and outstanding shares (%)	NYK equity investment in principal shareholder in question	
			Number of shares held (thousands)	Percentage of total (%)
Japan Trustee Service Bank Limited (Trust Accounts)	131,810	10.92	0	0
The Master Trust Bank of Japan, Ltd. (Trust Accounts)	103,414	8.57	0	0
The Tokio Marine and Fire Insurance Co., Ltd.	56,827	4.71	0	0
The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Limited Account, Retirement Benefit Trust Account)	54,717	4.53	12,150	0.36
Mizuho Corporate Bank, Ltd.	42,568	3.53	0	0
The Bank of Tokyo-Mitsubishi, Limited	39,290	3.26	0	0
Meiji Mutual Life Insurance Company	38,899	3.22	0	0
Shinsei Bank, Limited	32,210	2.67	0	0
UFJ Trust Bank Limited (Trust Account A)	25,652	2.13	0	0
The Mitsubishi Trust and Banking Corporation	20,292	1.68	0	0

Note: NYK's investment in The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Limited Account, Retirement Benefit Trust Account) is stated as an investment in Mitsubishi Heavy Industries, Limited.

Purchase, Disposal by Sale and Holding of Treasury Stocks

- [1] Shares purchased
- Purchased under the resolution of the 115th Ordinary General Meeting of Shareholders held June 27, 2002:
6,875,000 common shares, total purchase price ¥2,400,238,000.
 - Purchased from subsidiaries under the resolution of the Board of Directors meeting held August 29, 2002:
20,400 common shares, total purchase price ¥7,792,800.
 - Purchase of shares of less than one new trading unit:
1,213,122 common shares, total purchase price ¥472,284,980.
- [2] Shares disposed of by sale
Transfer of NYK treasury stocks to shareholders of Nippon Cleaning Co., Ltd. as a result of the share exchange with Nippon Cleaning on January 21, 2003:
5,762 common shares, total disposal price ¥2,049,801.
- [3] Shares held at book closing
8,241,961 common shares

Independent Certified Public Accountants

ChuoAoyama Audit Corporation

Kasumigaseki Building, 3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo

Principal Lenders, Amounts Borrowed, Number of NYK Shares Held by Lenders and Percentage Share of Voting Rights

Name of lender	Loans outstanding	Number of NYK shares held by lender and percentage share of voting rights	
	¥ million	(thousands)	(%)
Development Bank of Japan	67,990	0	0.00
Nippon Life Insurance Company	34,867	8,253	0.68
The Yasuda Mutual Life Insurance Company	25,559	1	0.00
Meiji Mutual Life Insurance Company	23,798	38,899	3.22
Sumitomo Life Insurance Company	21,147	1,750	0.15
The Bank of Tokyo-Mitsubishi, Limited	18,267	39,290	3.26
The Dai-ichi Mutual Life Insurance Co.	11,516	2,006	0.17
Mizuho Corporate Bank, Ltd.	10,364	42,568	3.53
Daido Life Insurance Company	7,963	0	0.00
Taiyo Life Insurance Company	7,552	3,073	0.25

Ships Operated and Owned

(1) Gross operating tonnage

	Number of vessels	DWT (kt)
NYK-owned vessels	54	4,921,923
Chartered vessels	298	20,945,850
Vessels operated on a consignment basis	1	50,053
Total	353	25,917,826

(2) Details of ships owned

	Type of vessel	Number of vessels	DWT (kt)
Freighters	Containerships	5	226,412
	Sub-total	5	226,412
Tankers	General oil tankers	5	1,276,664
	LNG carriers	22	1,519,203
	Sub-total	27	2,795,867
Specialized carriers	Ore carriers	2	431,922
	Ore/bulk carriers	4	764,189
	Coal carrier	6	593,059
	Car carriers	5	77,892
	Cement carriers	3	22,656
	Ferries	2	9,926
	Sub-total	22	1,899,644
Total		54	4,921,923

Note: The above table includes 33 jointly-owned vessels with gross tonnage of 2,383,046 DWT (kt), of which 1,393,958 DWT (kt) belongs to the other joint owners.

Group Companies

(1) Progress in business mergers

In cooperation with group companies at home and overseas, NYK is steadily expanding its businesses related to its core marine transportation business, and is currently developing a variety of businesses as a global logistics company.

(2) Major subsidiaries

Company	Paid-in capital	NYK's ownership (%)	Main activities
Hikawa Shoji Kaisha, Ltd.	¥1,096 million	88.14	Sales of petroleum products, etc.
Yusen Air & Sea Service Co., Ltd.	¥4,301 million	60.94	Air freight forwarding business, etc.
Tokyo Senpaku Kaisha, Ltd.	¥1,899 million	100.00	Marine transportation business.
NYK Global Bulk Corporation	¥4,150 million	100.00	Marine transportation business.
NYK-Hinode Line, Ltd.	¥2,100 million	100.00	Marine transportation business.
UNI-X Corporation	¥934 million	60.86	Harbour transportation business.
Kinkai Yusen Kaisha, Ltd.	¥1,449 million	100.00	Marine transportation business.
Hachiuma Steamship Co., Ltd.	¥500 million	68.72	Marine transportation business.
NYK Cruises Co., Ltd.	¥2,000 million	100.00	Ownership and operation of cruise ships.
Yusen Real Estate Corp.	¥750 million	100.00	Real estate management and sales, etc.
Asahi Shipping Co., Ltd.	¥532 million	69.66	Marine transportation business.
NYK Holding (USA) Inc.	US\$4,000,000	100.00	Oversees holding company whose subsidiaries engage in marine transportation and global logistics businesses, etc., in the United States.
NYK Holding (Europe) B.V.	€55,035,000	100.00	Oversees holding company whose subsidiaries engage in marine transportation and global logistics businesses, etc., in Europe (excluding the United Kingdom).
NYK UK Holding Ltd.	£53,500,000	100.00	Oversees holding company whose subsidiaries engage in marine transportation and global logistics businesses, etc., in the United Kingdom.
184 companies, including Albireo Maritima S.A.	US\$148,400,000 (total for 76 companies) 40,304,000 Singapore dollars (1 company) ¥12,244 million (total for 108 companies)	100.00 (all companies)	Ship leasing business.

Notes:

- The 184 companies including Albireo Maritima S.A. are all wholly-owned consolidated

subsidiaries established in Panama, Liberia, etc., for the purpose of owning and leasing ships. The vessels regularly chartered from these companies and operated by NYK constitute an important part of the fleet operated by the Company.

2. The former Hinode Kisen Co., Ltd. changed its name to NYK-Hinode Line, Ltd. on July 1, 2002.
3. Tokyo Senpaku Kaisha, Ltd. (TSK) raised its capital to ¥1,899 million following the corporate split of October 1, 2002.
4. NYK Global Bulk Corporation raised its capital to ¥4,150 million following the corporate split of October 1, 2002.

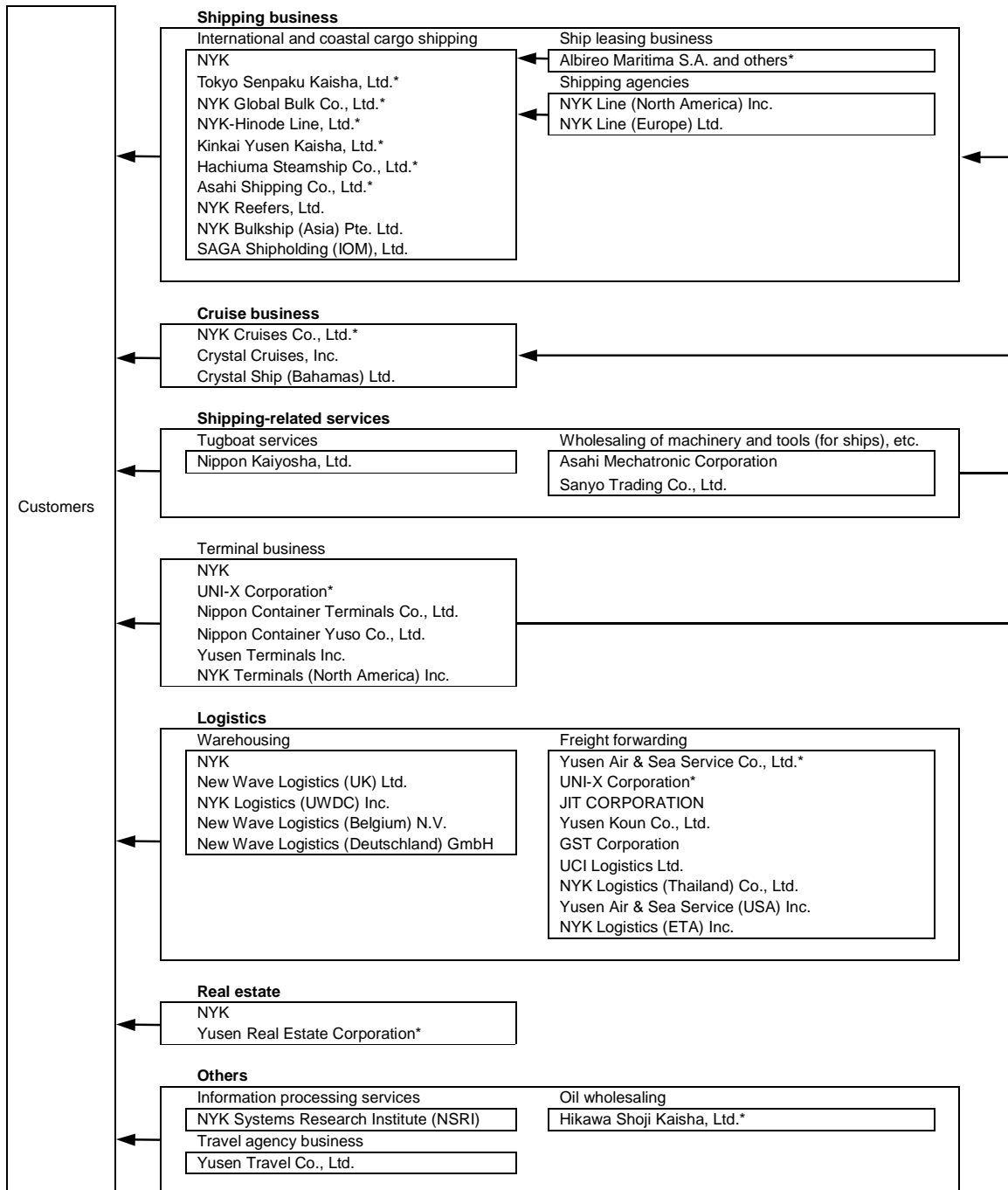
(3) Consolidated results

As of March 31, 2003, NYK had 375 consolidated subsidiaries, and 31 other associated companies were accounted for by the equity method. The consolidated accounts were as follows:

	113th Business Period (Fiscal 1999)	114th Business Period (Fiscal 2000)	115th Business Period (Fiscal 2001)	116th Business Period (Fiscal 2002)
Revenue (¥ million)	1,102,433	1,133,905	1,142,934	1,249,242
Ordinary income (¥ million)	39,148	71,298	50,107	50,344
Net income (¥ million)	15,795	35,562	17,538	14,292
Net income per share	¥12.96	¥28.88	¥14.23	¥11.48

(4) The NYK Group

The positioning of, and relationships between, NYK and its key consolidated subsidiaries in carrying out the group's business are as shown in the following organization chart.



Notes: Arrows denote the flow of services provided.
Asterisks indicate major subsidiaries.

3 . Company Officers

Directors, Corporate Auditors and Executive Officers

(As of March 31, 2003)

Name	Position and responsibilities or principal duties	
Jiro Nemoto	*Chairman	
Takao Kusakari	*President, Executive Officer	
Kuniaki Shirakuma	*Executive Vice-President, Executive Officer	Supervise Tramp Business Department Oversees Tramp Co-ordination Group, Capesize Bulker Group, Forest Products Group, Steaming Coal Group, Petroleum Product and LPG Group, Gas Group, New Frontier Group, Technical Headquarters and Sapporo and Kyushu Branches, Middle East region. (Technical Headquarters: collective name for Safety and Environmental Management Group, No. 1 Ship Management Group, No. 2 Ship Management Group, Marine Technology Group, Technical Development Group and Ship Plan and Design Group).
Yuji Hirano	*Executive Vice-President, Executive Officer	Oversees Container Trade Business Group No. 1, Container Trade Business Group No. 2, Logistics Group, Harbour Group, Yokohama, Nagoya and Kansai Branches.
Kazuhira Kamiya	*Executive Vice-President, Executive Officer	Oversees Planning Group, Cruise Enterprise Group, Corporate Affiliate Management Group, General and Legal Affairs Group (Law and Insurance), Finance Group and Group Accounting Group.
Kin-ichi Hirayama	Senior Managing Director, Executive Officer	Chairman, NYK Line (North America) Inc. Oversees Latin American region.
Tadatoshi Mamiya	*Senior Managing Director, Executive Officer	Oversees Corporate Communication Group, No. 1 Human Resources Group, Car Carrier Group, Petroleum Group and Management Coordination Group. In charge of General and Legal Affairs Group (General Affairs), Secretary Group, Corporate History Chamber, Research Group, Chief Compliance Officer (CCO).
Masaru Yamamoto	*Senior Managing Director, Executive Officer	Oversees No. 2 Human Resources Group. In charge of Safety and Environmental Management Group, No. 1 Ship Management Group, No. 2 Ship Management Group and Marine Technology Group.
Tadamasa Ishida	*Senior Managing Director, Executive Officer	Supervise Container Trade Business Department. Oversees Container Trade Management Group, and Latin America and Africa Group.
Yoshihiro Uesu	Managing Director, Executive Officer	In charge of Technical Development Group and Ship Plan and Design Group.
Yukio Ozawa	Managing Director, Executive Officer	Assists in overseeing New Frontier Group. In charge of Management Coordination Group, Planning Group, Cruise Group, Corporate Affiliate Management Group and Group Management Committee.
Koji Usami	Managing Director, Executive Officer	In charge of Corporate Communication Group, No. 1 Human Resources Group and No. 2 Human Resources Group.
Takahiko Kakei	Managing Director, Executive Officer	In charge of Capesize Bulker Group and Petroleum Group, NYK Global Bulk Corporation.
Michio Tamiya	Managing Director, Executive Officer	Assists in overseeing Car Carrier Group. Oversees Open Hatch Bulker-related business. In charge of Reefer Cargo- related business.
Shun-ichi Yano	Managing Director, Executive Officer	In charge of Container Trade Business Group No. 1, Container Trade Business Group No. 2, Logistics Group, Yokohama, Nagoya and Kansai Branches.
Koji Miyahara	Managing Director, Executive Officer	Oversees IT Strategy Group. In charge of Container Trade Management Group, Chairman of IT Strategy Committee, Tokyo Senpaku Kaisha, Ltd. (TSK).
Yasushi Yamawaki	Managing Director, Executive Officer	Assists in overseeing Tramp Co-ordination Group. In charge of Steaming Coal Group, Petroleum Product and LPG Group and Gas Carrier Group, Sapporo and Kyushu Branches.
Shin-ichi Miwa	Director, Executive Officer	In charge of Finance Group and Group Accounting Group.

Takahiro Ota	Director, Executive Officer	In charge of Latin America and Africa Group, Latin American region, NYK-Hinode Line, Ltd.
Koichi Aoki	Director, Executive Officer	Chief Representative for China.
Masahiro Aoyama	Director, Executive Officer	In charge of General and Legal Affairs Group (Law and Insurance), Harbour Group.
Hirimitsu Kuramoto	Director, Executive Officer	In charge of Tramp Co-ordination Group and Forest Products Group, and Open Hatch Bulker-related business.
Takao Manji	Executive Officer	Chief Executive Officer, NYK SHIPMANAGEMENT PTE LTD.
Taizo Akabane	Executive Officer	General Manager of Logistics Group.
Minoru Sato	Executive Officer	Chairman, NYK Line (Europe) Ltd., Director, NYK UK Holding Ltd.
Tadashi Akitomi	Executive Officer	In charge of New Frontier Group. General Manager of Cruise Enterprise Group.
Hiroyuki Shimizu	Executive Officer	General Manager of Container Trade Management Group.
Taizo Kudo	Executive Officer	In charge of Car Carrier Group, Middle East region.
Yutaka Yasunaga	Executive Officer	Chief Information Officer (CIO). General Manager of IT Strategy Group.
Teizo Tanaka	Corporate Auditor	(Full-time Corporate Auditor)
Ryuji Narisada	Corporate Auditor	(Full-time Corporate Auditor)
Jotaro Wada	Corporate Auditor	(Part-time Outside Corporate Auditor) Advisor, Mitsubishi Logistics Corporation
Keisuke Kitajima	Corporate Auditor	(Part-time Outside Corporate Auditor) Lawyer.

- Notes: 1. Asterisks denote Representative Directors.
2. Of the Corporate Auditors, Jotaro Wada and Keisuke Kitajima are outside auditors as stipulated in paragraph 1, Article 18 of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of Kabushiki-kaisha.
3. The directors and auditors who retired from office or were newly appointed during fiscal 2002 are as follows:

Retired	Executive Vice-President	Tsunenari Tokugawa	Retired on the expiry of his term of office on June 27, 2002.
	Managing Director	Saburo Kawahara	Retired following resignation on June 27, 2002.
	Full-time Corporate Auditor	Tasuku Naito	Retired on the expiry of his term of office on June 27, 2002.
	Full-time Corporate Auditor	Tomoyuki Hirai	Retired on the expiry of his term of office on June 27, 2002.
	Part-time Outside Corporate Auditor	Noboru Saito	Retired on the expiry of his term of office on June 27, 2002.
Newly-appointed	Full-time Corporate Auditor	Ryuji Narisada	Took office June 27, 2002.
	Part-time Outside Corporate Auditor	Keisuke Kitajima	Took office June 27, 2002.

4. The following Executive Officers were elected as Executive Officers on April 1, 2003. Koichi Inoue, Tsuguo Yamada, Susumu Kikuchi, Shuichi Tsuji, Motoo Igawa, Hiroshi Sugiura, Masamichi Morooka, Naoki Takahata, Koichiro Shoji, Shinji Kobayashi, Tetsufumi Otsuki, Takeshi Matsunaga and Takatake Naraoka.

Monetary amounts and numbers of shares given in this business report are rounded down to the nearest unit shown.

Balance Sheet

(As of March 31, 2003)

Assets		Liabilities	
Item	Amount ¥ million	Item	Amount ¥ million
Current assets	173,365	Current liabilities	175,969
Cash and time deposits	28,469	Notes and accounts payable	46,313
Notes and accounts receivable	50,921	Current portion of corporate bonds	21,000
Short-term loans receivable	46,569	Current portion of long-term debt	49,772
Advances	1,160	Accrued non-operating expenses	2,393
Inventories	10,508	Income taxes payable	7,630
Deferred or prepaid expenses	29,440	Advances received	20,540
Deferred income tax assets	3,970	Deposits received	20,595
Agency claims	6,588	Agency liabilities	1,561
Other current assets	8,384	Employees' bonuses accrued	2,434
Allowance for doubtful accounts	(12,648)	Other current liabilities	3,727
		Long-term liabilities	365,126
Fixed assets	620,856	Corporate bonds	120,800
Tangible fixed assets: Sub-total	210,890	Long-term debt	221,942
Vessels	135,284	Reserve for employees' retirement benefits	391
Buildings and structures	30,138	Reserve for directors' retirement benefits	1,364
		Reserve for periodic dry docking of vessels	4,662
Equipment and fixtures	1,228	Other long-term liabilities	15,965
Land	40,965	Total liabilities	541,096
Construction in progress	1,165		
Other tangible fixed assets	2,107	Shareholders' equity	
Intangible fixed assets: Sub-total	9,802	Common stock	88,531
Leaseholds	1,098	Capital surplus	93,198
Software	7,916	Additional paid-in capital	93,198
Other intangible fixed assets	786	Earned surplus	79,988
Investments and other assets: Sub-total	400,164	Earned surplus reserve	13,146
Investments in securities	156,277	Voluntary reserve	41,397
Stocks and equity in subsidiaries	112,097	Dividend reserve	50
Long-term loans receivable	95,026	Special depreciation reserve	8,888
Deferred income tax assets	12,693	Reserve against investment losses	5
Other investments, etc.	32,385	Reserve for advanced depreciation	2,745
Allowance for doubtful accounts	(8,315)	Transfer to advanced depreciation account	1,385
		Other reserves	28,324
Deferred assets	268	Unappropriated retained earnings	25,443
Bond issue expenses	268	(including net income for the term)	
		(Net income for the term)	(12,614)
		Unrealized holding gain on securities	(5,388)
		Treasury stocks	(2,934)
		Total shareholders' equity	253,394
Total assets	794,490	Total liabilities and shareholders' equity	794,490

Notes:

1.	Totals stated are rounded down to the nearest million yen.	
2.	Significant accounting principles are as described separately.	
3.	Claims and liabilities toward subsidiaries	
	Short-term monetary claims	¥62,450 million
	Long-term monetary claims	¥99,894 million
	Short-term monetary liabilities	¥21,727 million
	Long-term monetary liabilities	¥197 million
4.	Tangible fixed assets — accumulated depreciation	¥287,496 million
5.	Tangible fixed assets — advanced depreciation	¥446 million
6.	In addition to the fixed assets shown in the balance sheet, 148,000 containers are used as important fixed assets under leasing contracts.	
7.	Important foreign currency assets and liabilities:	
	Notes and accounts receivable (US\$87,714 thousand, etc.)	¥26,131 million
	Investments in securities (US\$79,801 thousand, etc.)	¥13,516 million
	Stocks and equity in subsidiaries (US\$275,763 thousand, etc.)	¥69,511 million
	Notes and accounts payable (US\$186,771 thousand, etc.)	¥34,111 million
	Current portion of long-term debt (US\$98,660 thousand, etc.)	¥12,076 million
	Long-term debt (US\$583,315 thousand, etc.)	¥70,568 million
8.	Assets pledged as collateral	
	Tangible fixed assets	¥114,376 million
	Investments in securities	¥5,899 million
	Other investments, etc.	¥151 million
	Cash and time deposits	¥86 million
9.	Guarantee obligations	¥486,043 million
	Amount of joint and several obligations borne by other joint and several obligors	¥73,949 million
10.	Matters relating to retirement benefit obligations	
	Retirement benefit obligations	¥53,394 million
	Pension assets	¥42,121 million
	Unrecognized actuarial accounting	¥16,168 million
	Prepaid pension costs	¥5,286 million
	Reserve for employees' retirement benefits	¥391 million
	The balance of the reserve for the employment retirement benefit before deductions of the pension assets associated with the retirement benefit trust, and the amount of the pension assets in the retirement benefit trust offset against this at fiscal year-end.	
	The balance of the reserve for the employment retirement benefit before deductions of the pension assets associated with the retirement benefit trust	
	Lump-sum retirement benefit scheme	¥12,667 million
	Tax Qualified Pension Plan	¥1,117 million
	Total	¥13,784 million
	Amount of the pension assets in the retirement benefit trust	
	Lump-sum retirement benefit scheme	¥12,275 million
	Tax Qualified Pension Plan	¥6,404 million
	Total	¥18,679 million
	Balance of Reserve for employees' retirement benefits (Prepaid pension costs)	
	Lump-sum retirement benefit scheme	¥391 million
	Tax Qualified Pension Plan (Prepaid pension costs)	¥5,286 million
11.	Net income per share	¥10.22

Note: Significant accounting policies

The significant methods and procedures adopted for preparing the balance sheet and statement of income are as follows.

1. Valuation standards and methods used for securities
 - Shares in subsidiaries and affiliates Moving average cost method
 - Other securities
 - With market quotes Market quotation based on average market price for one month prior to yearend date, etc. (valuation differences are treated as comprehensive income; costs of products sold are calculated by the moving average method)
 - Without market quotes Moving average cost method
2. Valuation standards for derivatives transactions Market quotation
3. Valuation standards and methods used for inventories
 - Fuel oil Stated at the lower of cost or market, with cost determined by the moving average method
 - Ships' supplies, etc. Stated at cost using the first-in, first-out method
4. Depreciation of fixed assets
 - Tangible fixed assets
 - Vessels and buildings Straight-line method based on the Japanese Corporation Tax Law
 - Other Declining-balance method in accordance with the provisions of the Corporation Tax Law
 - Intangible fixed assets
 - Software Straight-line method based on the length of period it can be used internally (five years)
 - Other Straight-line method based on the Japanese Corporation Tax Law
5. Deferred expenses
 - Bond issue expenses Amortized in equal amounts over three years in accordance with the Commercial Code
 - Discounts on bond premiums Amortized in equal amounts over the maturity of the bond in accordance with the Commercial Code
6. Treatment of provisions
 - Allowance for doubtful accounts To prepare for the risk of possible losses arising owing to the nonpayment of accounts receivable, loans, and other claims, the Company sets aside a general reserve based on these actual default experiences. For specific claims where collection is in doubt, the possibility for recovery is considered individually and the amount considered uncollectible is set aside in the reserve.
 - Employees' bonuses accrued Employees' bonuses accrued are provided for the portion relevant to the current year of the amount estimated for bonus payments in the future.
 - Reserve for employees' retirement benefits To provide for employees' retirement benefits, this reserve is set aside based on the estimated actuarial present value of the Company's retirement benefit obligations and the estimated fair value of pension assets at the end of the fiscal year.
 - Reserve for directors' retirement benefits To provide for the payment of retirement benefits to directors and corporate auditors, the Company set aside reserves to the amount payable at the end of the fiscal year based on its internal rules concerning retirement benefits for directors and corporate auditors. The reserve for directors' retirement benefits conforms to the provisions of Article 287-2 of the Commercial Code.
 - Reserve for periodic dry docking of vessels The reserve for periodic dry-docking of vessels is set aside of the basis on the estimated amount of expenditure for periodic dry-docking in the future. The reserve for periodic dry docking of vessels conforms to the provisions of Article 287-2 of the Commercial Code.
7. Freight revenues and expenses recognition
 - Transportation by containerships
 - Revenues and expenses arising from ocean transportation of containers are recognized proportionately as

shipments move from origin to destination.

Transportation by vessels other than containerships

Revenues and expenses from ocean transportation by vessels other than containership are recognized upon completion of unloading cargoes at the final destination port.

Change in accounting method

Ship costs, long-term charterages expenses and associated charterages incomes for operated vessels other than containerships were originally recognized in the fiscal year in which they arose, but from the current fiscal year, this method was changed so that they are recognized upon completion of unloading cargoes at the final destination port. As a result, revenue from shipping operations declined by ¥1,428 million and shipping operation expenses declined by ¥8,512 million. In comparison with the results under the previous method of accounting, operating income, ordinary income and income before income taxes increased by ¥7,083 million, respectively.

8. Accounting for leases

Finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operating leases.

9. Method of accounting for material hedge transactions

For derivative financial instruments used to offset the risks to assets and liabilities due to fluctuations in interest rates, foreign currency exchange rates and cash-flow, the Company applies hedge accounting. Hedge accounting is also applied to derivative financial instruments used to limit the risks of price fluctuations in fuel procurement, etc. For hedge accounting, the Company adopts a deferred hedge method, but for those currency swap and exchange contracts that meet the required conditions under the accounting standards, the Company translates hedge foreign currency assets and liabilities at the rate of these contracts. For interest rate swap contracts that meet specified conditions under the accounting standard, the related interest differentials paid or received under the contracts are included in the interest income/expenses of the hedged financial assets and liabilities. In addition, the following hedging methods for various risks are utilized: interest rate swaps for the risk of interest rate fluctuations related to borrowings, bonds, etc.; currency swap contracts, exchange contracts and foreign currency-denominated monetary assets and liabilities for the foreign exchange risk associated with monetary assets and liabilities, investments in overseas subsidiaries and expected transactions, etc.; and swaps for the risk of fluctuations in fuel oil prices, etc. Semi-annually, the Company evaluates the effectiveness of hedging methods except interest rate swaps that meet specified conditions under the accounting standard, by analyzing the ratios of the cumulative amount of market fluctuation or cash flow among the hedging financial instruments and the hedged items.

10. Consumption tax, etc., is accounted for on a tax-exclusive basis.