

For immediate release

May 18, 2001

FISCAL 2000 FINANCIAL HIGHLIGHTS

NYK Line (Nippon Yusen Kabushiki Kaisha) announces the following statement of accounts for the period ended March 31, 2001.

A. CONSOLIDATED

1. Business Results (Years ended March 31, 2000 and 1999)

	¥ Million		US\$ Thousand*	
	FY2000	FY1999	FY2000	FY1999
Revenue	1,133,905	1,102,433	9,151,781	8,897,768
Operating income	87,640	70,869	707,347	571,990
Ordinary income**	71,298	39,148	575,454	315,970
Net income	35,562	15,795	287,025	127,483

2. Balance Sheet (As at March 31, 2001 and 2000)

	¥ Million		US\$ Thousand*	
	FY2000	FY1999	FY2000	FY1999
Assets				
Current assets	322,779	312,429	2,605,159	2,521,628
Fixed assets	1,058,807	1,078,770	8,545,660	8,706,780
Deferred assets	7	28,720	56	231,804
Total assets	1,381,593	1,419,920	11,150,877	11,460,213
Liabilities				
Current liabilities	378,954	409,849	3,058,553	3,307,903
Fixed liabilities	705,506	731,904	5,694,158	5,907,219
Total liabilities	1,084,460	1,141,753	8,752,711	9,215,122
Minority interest	18,384	19,162	148,383	154,662
Stockholders' equity				
Paid-in capital	88,531	82,431	818,347	665,304
Additional paid-in capital	93,342	85,925	963,522	693,503
Retained earnings	113,684	90,653	561,088	731,666
Foreign currency transration ajustments	(16,802)	—	(135,613)	—
Treasury stock	(7)	(5)	(60)	(46)
Total stockholders' equity	278,747	259,004	2,342,957	2,090,428
Total				
Liabilities, Minority interest and shareholders' equity	1,381,593	1,419,920	11,150,877	11,460,213

3. Revenue by Segment (Years ended March 31, 2001 and 2000)

	¥ Million		US\$ Thousand*	
	FY2000	FY1999	FY2000	FY1999
Shipping	723,513	682,384	5,839,499	5,507,540
Cruise	34,539	29,529	278,770	238,330
Shipping Related	94,331	98,094	761,352	791,721
Logistics	196,316	159,173	1,584,472	1,284,697
Oil Wholesaling	54,369	92,721	438,819	748,354
Real Estate	12,761	18,670	102,999	150,687
Others	18,072	21,860	145,866	176,432
Total Revenues	1,133,905	1,102,433	9,151,781	8,897,768

4. Principal Financial Index

	FY2000	FY1999	FY1998
Gross Profit Margin	19.0%	17.3%	15.1%
Operating Profit Margin	7.7%	6.4%	4.4%
Net Profit Margin	3.1%	1.4%	1.1%
Return on Equity	13.2%	6.2%	5.0%

5. Forecast of Results for Fiscal 2001 (From April 1, 2001 to March 31, 2002)

	¥ Million	US\$ Thousand*
Revenue	1,190,000	9,604,519
Ordinary income**	60,000	484,261
Net income	29,000	234,059

B. NON-CONSOLIDATED

1. Business Results (Years ended March 31, 2001 and 2000)

	¥ Million		US\$ Thousand*	
	FY2000 Interim	FY1999 Interim	FY2000 Interim	FY1999 Interim
Revenue	728,129	683,491	5,876,754	5,516,475
Operating income	54,864	45,441	442,810	366,762
Ordinary income**	46,093	33,195	372,025	267,920
Net income	19,347	11,740	156,156	94,758

2. Balance Sheet (As at March 31, 2001 and 2000)

	¥ Million		US\$ Thousand*	
	FY2000	FY 1999	FY2000	FY1999
Assets				
Current assets	172,700	150,822	1,393,867	1,217,294
Fixed assets	659,531	725,267	5,323,098	5,853,650
Deferred assets	3	217	29	1,752
Total assets	832,235	876,307	6,716,994	7,072,698
Liabilities				
Current liabilities	189,458	199,304	1,529,127	1,608,588
Fixed liabilities	384,135	438,848	3,100,367	3,541,961
Total liabilities	573,594	638,153	4,629,495	5,150,549
Stockholders' equity				
Paid-in capital	88,531	82,431	714,536	665,304
Additional paid-in capital	92,399	85,925	745,761	693,503
Retained earnings	77,710	69,797	627,202	563,340
Total stockholders' equity	258,641	238,154	2,087,499	1,922,148
Total				
Liabilities and shareholders' equity	832,235	876,307	6,716,994	7,072,696

3. Revenue by Segment (Years ended March 31, 2001 and 2000)

	FY2000		FY1999	
	¥ Million	Share(%)	¥ Million	Share(%)
Liner	281,217	38.6	265,082	38.8
Tramp and specialized carrier	302,861	41.6	293,154	42.9
Tanker	137,711	18.9	118,562	17.3
Other	6,340	0.9	6,692	1.0
Total	728,129	100.0	683,491	100.0

4. Principal Financial Index

	FY2000	FY1999	FY1998
Gross Profit Margin	12.3%	11.4%	8.4%
Operating Profit Margin	7.5%	6.6%	3.6%
Net Profit Margin	2.7%	1.7%	1.0%
Return on Equity	7.8%	5.0%	2.9%

5. Gross Operating Tonnage (As at March 31, 2001 and 2000)

Vessel Ownership:	FY2000		FY1999	
	DWT(kt)	No. of vessels	DWT(kt)	No. of vessels
NYK-owned vessels	5,475,257	56	5,755,15	157
Chartered vessels	25,257,477	493	24,306,097	490
Total	30,732,734	549	30,061,248	547

6. Forecast of Results for Fiscal 2000 (From April 1, 2001 to March 31, 2002)

	¥ Million	US\$ Thousand*
Revenue	750,000	6,053,269
Ordinary income**	49,000	395,480
Net income	25,000	201,776

* The U.S. dollar amounts represent the calculation of exchanging Japanese yen to U.S. dollars on a basis of ¥123.90 = US\$1.00 (as of March 30, 2001). The amounts previously reported for FY 2000 are restated to reflect the same calculation and the same exchange rate used in the current year.

** Income before income taxes and special items.

I. Management Policy

1. Basic Management Policy

Our company has surmounted a great many difficulties since its founding in 1885 and has continued to make steady strides as a leader in the world's shipping community. Based not only on a keen awareness of the importance of wide-ranging exchanges between people and of goods as cornerstones for the economic and cultural development of the world, but also on a full realization that it is our social mission to provide safe and superior services, required of us as a comprehensive physical distributor and passenger ship operator, we make it a basic management policy to live up to our customers' expectations and trust by modestly listening to their wishes and, at the same time, to reward our stockholders by securing reasonable profits through lawful and fair corporate management and contribute to the development of the international community as a business group dedicated to the three principles of freedom, moral discipline and order.

The NYK Group has recently unveiled a new unified logo for the group. Dubbed "Double Wing," this logo combines the catchphrase "NYK Logistics & MegacARRIER," employed by the group for more than a decade, with a compound wing. It symbolizes the group's common objective of meeting our customers' increasingly sophisticated and diversified logistics needs by supplying "integrated solutions" by means of mobilizing all the energies of our group companies, which have spread out throughout the world to provide land/sea/air transport services. The logo also means that the NYK Group makes it a common aim to become a valuable strategic partner for our customers. The NYK Group is determined to make an even greater leap forward under this new logo in the new century.

2. Basic Policy on Profit Distribution

Our company makes it a basic policy to continue stable dividend payments based on comprehensive judgments of such factors as payout ratio, profitability for our stockholders and our company's business outlook while paying due heed to future business development, such as the expansion of non-shipping logistics activities and passenger ship operations, not to mention shipping, and also to the maintenance of the proper level of internal reserves needed to put up with fluctuations in the shipping market.

Concerning the fiscal year under review (ending in March 2001), our company has paid a midterm dividend of three yen per share and intends to pay an additional dividend of 4.50 yen per share as of the end of the said fiscal year in view of our favorable business results. The annual total of 7.50 yen per share represents an increase of 1.50 yen compared with the previous fiscal year.

3. Our Company's Medium- and Long-Term Management Strategy

Our company mapped out and inaugurated its medium- and long-term vision "NYK 21" in 1986 and has since then undertaken what we refer to as "Plan-Do-Check" concerning our medium- and long-term targets by reviewing the vision every four years. In May last year, we mapped out the fourth NYK 21, "NYK21 New Millennium Declaration – Meeting Tomorrow's Challenges Today," and determined a return on investment (ROI), based on full attention to stockholders' equity cost, and other figures as our consolidated numerical targets for the 2002 fiscal year.

With these targets in view, we have defined our container transport, tramper-specialized carrier, logistics (including air transport) and passenger ship divisions as "core businesses." We intend to expand and develop our business by meeting all the logistics needs of our customers through the active use of information technology with the "strategy of scale" and "strategy of synergy" as main pillars,

and thereby continue to strive for the enhancement of our corporate worth as a group.

Our company carried out the following specific measures during the fiscal year under review, which represents the first year of the NYK21 New Millennium Declaration:

(1) Group Board Meetings were set up in the Americas, Europe, Asia and Oceania in October as a management structure to specifically implement the strategies of scale and synergy. Subsequent to this, the first global-level Executive Conference on Strategic Group Synergy was convened in Tokyo in December. Thus, we have set in motion a full-fledged system through which the energies of our group have been devoted to supplying “integrated solution systems,” which can meet our customers’ comprehensive logistics needs, through the active use of our group companies’ expertise and experience in such fields as shipping, consolidation, air transport, trucking, rail transport, Customs clearance and warehousing. As part of our drive to build integrated solution systems for the new century, we have developed what we call the “Pegasus” system for next-generation e-commerce. In March this year, we started B/L issuance via the Internet as the first new service under this system.

(2) Moreover, we have decided to deploy a total of 14 new large-sized containerships and build our third Crystal-Class passenger ship. We have also established a wholly-owned logistics subsidiary in Shanghai, China, the first among Japanese shipping firms to do so. In this way, we have steadily implemented the strategy of scale.

(3) At the same time, we have taken resolute steps for the development of new business as instanced by the establishment of e-Jan Corporation, an Internet-based firm offering ship chartering/brokering services, equity participation in a Norwegian water transport company and investment in a German airship company which is engaged in the research and development of a new mode of transport.

(4) Furthermore, we are going all out to enhance efficiency in group management and reduce costs company-wide. Among typical examples are the dissolution of the ship management company Mari-Tech Management, the transformation of Hinode Kisen Co., Ltd. into a wholly-owned subsidiary, and the transfer of the conventional shipping division of Tokyo Senpaku Kabushiki Kaisha (TSK) to Hinode Kisen.

In parallel with the steady implementation of specific measures in line with the action plan for the New Millennium Declaration, we newly launched the Project “C” – CHANGE/CHALLENGE/CREATE – campaign in May this year in a bid to further enhance profitability through fiscal 2002 and bolster corporate strength in both the medium- and long-term perspectives, looking into the future five to 10 years hence.

The ultimate target of the New Millennium Declaration is to establish “a dynamic and virtuous corporate group that attaches importance to humanity.” To that end, we believe the most important undertaking to be securing and fostering able personnel. In addition to the hitherto-implemented ability enhancement program, including in-house training for acquiring business knowledge and experience, and the promotion of self-recognition and self-enlightenment for raising levels of mental acumen, including leadership, we have launched a study concerned with how best to reinforce education for fostering an international sense of civilization and history in each and every employee as well as the comprehensive refinement of human nature from the standpoint of an international business group.

4. Measures for Improvement of Our Company's Management/Administrative Structure (Enhancement of Corporate Governance)

Our company, fully aware of its social mission, is managing its operations lawfully, properly and efficiently in order to avoid impairing our stockholders' interests and prevent our directors and auditors from running counter to their loyalty obligation. This principle is specifically enunciated in our company's business credo which was formulated in December 1997. This charter is published on our company's website as well as on the reverse side of the cover of our "Report."

Moreover, in order to clarify the company principles stated in the business credo by means of more concrete terminology, we formulated a "code of conduct" this is the minimum standard that must be adhered to by our company's directors and personnel. We are thus engaged in information and education activities to promote the awareness and implementation of the principles so that each individual will always behave with a law-abiding spirit in a way befitting our company.

Furthermore, in January this year, we launched the Management Process Re-engineering (MPR) movement for the purpose of (1) having all executive personnel and employees recover lost time by reexamining the need for and process of business itself, (2) expediting decision making and the conduct of business by reforming the mental attitudes of all executives and employees, and (3) building a system whereby necessary information is made available to people requiring it with a modicum of delay and rendered retrievable when needed in view of the remarkable innovations made possible by information technology in recent times. We intend to push ahead with an unflinching reform movement which serves the interests of our stockholders and customers.

5. Issues to Be Addressed by Our Company

As movements for the protection of the global environment have spread and mounted worldwide in recent years, we are convinced that the need to secure "safety" and deal with "environment issues," as the most fundamental factors of our business, are closely and inseparably connected with our bid to fulfill our social responsibility as a "corporate citizen." From this point of view, in order to integrate the various related activities we have been as well as provide our customers with even better services, we dissolved the Marine Safety Steering Committee and the Earth Environmental Committee as of April 1 and set up the Safety Measures/Environmental Issues Committee.

Activities for Guaranteeing Safety and Quality

In order to guarantee safety and quality, we formulated action guidelines in 1993 as a basis for ensuring safety and environmental protection in regard to all NYK-related vessels in operation. At the same time, we established the safety promotion headquarters. Furthermore, in 1999, we newly introduced NYK "NAV9000" as our company's own standard for safe ship operation to supplement the earlier implemented ship safety management system based on ISO 9002 and the ISM Code. Since then, we have conducted our "Zero Accident, Zero Trouble" campaign with great vigor. We are thus engaged in thorough activities for guaranteeing safety and quality, including ship inspections and the auditing of ship management companies.

In regard to the safety of tankers, which have the potential to effect people's lives by impacting the local marine environment, we are exerting the maximum possible company-wide effort, including the consolidation and strengthening of ship management activities, the thorough training of crewmen, the establishment of an emergency action system and the promotion of a shift to double-hull tankers so as to secure the even stronger trust of our customers.

Measures for Protection of Global Environment

Meanwhile, in order to strive for the protection of the favorable global environment, our company formed the “Global Environment Committee” in 1990 and has been taking positive measures in regard to both hardware and software, this has been done not only to meet emission standards established by domestic and international laws and regulations regarding the reduction of environmental pollutants – NOs, SOx and ship bottom paints, as well as CO₂, which contributes to global warming – but also to minimize their emissions as much as possible.

Specifically, based on the viewpoint that the reduction of fuel consumption (ratio) can be most effective in helping protect the environment, our company has taken such measures as slowing the acceleration speed of ships, improving fuel combustion efficiency through the use of a chemical agent and enhancing propulsion efficiency through hull washing. At the same time, we are promoting various other steps, including a switch to new ships and appropriate ship types which have higher energy/transport efficiency; the promotion of research into, and adoption of energy-efficient equipment; and the partial implementation of measures, stipulated by laws and ordinances related to shifting to non-TBT ship bottom paints and replacing chlorofluorocarbon materials ahead of schedule. Furthermore, in addition to such in-house activities as enlightenment/research/training regarding environmental issues for the purpose of educating our personnel, as well as outside activities, including cooperation in oil analysis and seawater monitoring activities in various parts of the world, our group members (including the NYK Logistics Technology Institute and Nippon Yuka Kogyo Co., Ltd.) are pushing ahead with research and technical development on their own in regard to environmental protection, including oil cleanup techniques using microorganisms and the development and production of oil spill dispersal agents.

With respect to the promotion of safety and the protection of the environment, which are expected to gain in importance in the years ahead, we believe that we have established an adequate system to undertake even more effective and efficient activities, centering on the newly formed Safety Measures/Environmental Issues Committee. We intend to redouble the concerted efforts of our group as a whole to step up activities that contribute to society, including environmental protection.

II. Business Results

1. General Situation in the Term under Review

The U.S. economy, which had been buoyant thanks mainly to capital spending by such sectors as the information-related industries, entered a deceleration phase from the second half of the term under review, generating concern about the economy’s future outlook. The uncertainty over the U.S. economic outlook is casting a shadow on the hitherto animated European economy. Moreover, the Asian economy, which has shown a recovery led by exports to the U.S., could be dealt a telling blow, depending on the trends of the U.S. economy. The rate of recovery of the Japanese economy slowed further toward the end of the term under review owing to apprehensions about deflation and delays in structural reform, thereby deepening concern about the economy’s future trend.

Under these severe economic circumstances, our company registered consolidated sales of 1,133.9 billion yen in the fiscal year under review, showing an increase of 2.9 percent from the preceding term. The operating and ordinary profits came to 87.6 billion yen (up 23.7 percent) and 71.2 billion yen (up 82.1 percent), respectively, and the net profit stood at 35.5 billion yen (up 125.1 percent).

In non-consolidated terms, sales totaled 728.1 billion yen (up 6.5 percent from the previous year). Operating and ordinary profits increased by 20.7 percent and 38.9 percent, respectively, to 54.8 billion yen and 46 billion yen. Net profit came to 19.3 billion yen, up 64.8 percent from the previous term.

Following is a sector-by-sector account of the general situation in the fiscal year under review:

<Shipping>

In regard to shipping, which constitutes the core business of our group, the liner division registered better business results than in the previous year thanks to such factors as the firm trend of the European economy, stability in Asian countries, an improvement in container turnover and a reduction in ship-operating expenses. The improvement was achieved in spite of such adverse factors as a steep surge in crude oil prices and the slowdown in U.S. economic growth.

As for the general situation along major trade lanes, the North American route witnessed a rate restoration in the eastbound trade in May, but the growth of eastbound cargo traffic slowed down somewhat in the second half of the term under review. Regarding the westbound trade, the restoration of freight rates for cargoes bound for Japan and other parts of Asia fell somewhat short of expectations. On the whole, however, our company managed to more than compensate for the downtrend in the transpacific trade by such means as reviewing cargo composition, improving container turnover and reducing ship-operating expenses. As regards the European trade, a certain level of rate restoration was achieved in the westbound trade, while the eastbound trade also saw a rate restoration as well as a cargo increase in the second half of the term under review. These factors, coupled with an improvement in container turnover and the reduction of ship-operating expenses, enabled our company to improve the revenue/expenditure situation in the European trade.

As regards the tramp division, Capesize bulkers enjoyed a further rate increase against the background of expanded crude steel production worldwide. However, from December last year, a downtrend emerged as a result of autonomous market adjustment. Panamax-size bulkers saw a firm trend in the first half of the year under review thanks to the uptrend in the Capesize market, but suffered a slowdown in the second half of the year. Under these circumstances, our company strove to improve its business results by such means as the soliciting of high-grade cargoes, the efficient deployment of our fleet, the reduction of ship-operating expenses and the taking of measures to cope with soaring fuel expenses, while paying close attention to market trends. Concerning car carriers, North America-bound shipments continued to run at a high level, but Europe-bound shipments stagnated markedly. However, by stepping up cross-trade shipments between third countries, our car carrier fleet transported more than two million cars, much the same as in the previous year.

As regards the tanker division, the crude oil carrier market enjoyed high rates throughout the term under review. Under these circumstances, our company endeavored to renew or newly conclude contracts with customers both at home and abroad. Moreover, to improve our tanker fleet, we accelerated the switchover to double-hull tankers that is designed to ensure safety in tanker operation. Regarding petroleum products, we improved our fleet by chartering new medium-sized product carriers and strove to enhance efficiency in fleet operations against the background of a booming market brought on by

increased cargo traffic worldwide. As for LNG carriers, one new carrier was completed for each of the three LNG projects in which we are involved, and the total number of LNG carriers – both our own ships and those of companies partially owned by our company – increased to 27.

Under the business environment outlined above, our shipping business as a whole chalked up sales of 725.6 billion yen, up 5.9 percent from the previous term; an operating profit of 74.4 billion yen, up 21.7 percent; and an ordinary profit of 59.9 billion yen, up 87.8 percent.

<Cruises>

Our passenger ship business is conducted through two subsidiaries in the U.S. and Japan. The two passenger ships operated by the U.S. subsidiary improved their business results by continuing safe, smooth cruising. In addition, an order for a third vessel was placed in December last year in a bid to further expand business. Meanwhile, the Asuka, the cruise ship operated by our domestic subsidiary, also improved its business steadily. As a consequence, our cruise division registered an operating profit of 5.2 billion yen, up 78.2 percent from the previous term, and an ordinary profit of 3.8 billion yen, up 316 percent, on sales of 34.5 billion yen, up 17 percent.

<Shipping-related services>

Our shipping-related businesses boosted their combined operating and ordinary profits substantially by 426 percent and 555.5 percent, respectively, to 2.7 billion yen and 3.1 billion yen compared with the previous term, despite of a slight fall of four percent in sales to 112.3 billion yen. This positive result was achieved because our overseas terminals mainly in North America and our domestic terminals centering on the Kanto (east Japan) region continued to operate efficiently thanks to an increase in container-handling volumes stemming from brisk cargo traffic, and also because we strove to enhance operational efficiency through reducing costs and other means.

<Logistics>

Our logistics operations as a whole, including freight forwarding, enjoyed favorable trends in all parts of the world during the term under review thanks to sustained briskness in consumption in the U.S. and increased transport demand from Asia and Europe, thus overcoming the adverse effects of signs of slackening, which emerged in the U.S. economy from the second half of the year, and a slowdown in the export industries of Asian and European nations. As a result, sales increased by 25.4 percent from the previous term to 200.9 billion yen, while operating and ordinary profits soared by 5.1 percent and 24.5 percent, respectively, to 2.8 billion yen and 2.6 billion yen.

<Oil wholesaling>

Sales declined by 27.5 percent to 68 billion yen compared with the previous term owing to the reduction in transactions that resulted from the unification and rationalization of petroleum wholesalers. Nevertheless, operating profit increased by 54.3 percent to 0.2 billion yen due to our efforts to secure profit margins and reduce costs in the face of a rise in purchase costs resulting from soaring crude oil prices. Ordinary profit also increased by 30.5 percent to 0.1 billion yen.

<Real estate>

We were able to minimize the adverse effects of stagnation in the real estate market by pushing ahead with such measures as raising the occupancy ratios of our buildings and disposing of real estate marked by low profitability. As result, we registered an operating profit of 3.3 billion yen and an ordinary profit of 1.4 billion yen, down 21.2 percent and down 38 percent, respectively, from the previous term, on sales of 14.5 billion yen, down 25 percent.

<Others>

Other segments as a whole posted sales of 26.4 billion yen, down 11.5 percent from the previous term; an operating profit of minus 1.1 billion yen, down 21.8 percent; and an ordinary profit of 1.1 billion yen, down 61.4 percent.

As regards cash flows in the term under review, that from business activities increased by 12.3 billion yen from the previous term to 104.3 billion yen owing to such factors as an increase in the net profit before tax and other changes. The cash flow from investment activities came to 45.9 billion yen mainly due to an increase in revenue from drawing on the pension fund, while the flow from financial activities stood at minus 135.4 billion yen because of sustained reductions in interest-bearing debt. As a consequence, the balance of cash and cash equivalents at the end of the term came to 109.1 billion yen, up 25.6 billion yen from the balance at the end of the previous term.

As regards the dividend payment for the term under review, we paid a midterm dividend of three yen per share and plan to pay an additional 4.50 yen per share as of the end of the term under review for an annual total of 7.50 yen.

2. Outlook for the Next Term

The decelerating U.S economy is expected to take time to recover, inevitably affecting to some extent the European economy, which has so far displayed a relatively firm trend, and the Asian economy, which is now back on a recovery track. Even though the Japanese economy seems unable to avoid the impact of slowdown in the U.S. economy, ongoing structural reform in Japan is thought to hold the key to the country's economic recovery.

Based on the above outlook, our company intends not only to further expand our four core businesses – the container transport, tramper-specialized carrier, logistics (including airfreighting) and passenger ship divisions, but also to provide integrated solutions in response to diversified and sophisticated customer needs by making the most of our comprehensive logistics systems and thereby to enhance our corporate worth.

As regards the consolidated business outlook for the next fiscal year, we project sales of 1,190 billion yen, an operating profit of 60 billion yen and a net profit of 29 billion yen. Concerning the non-consolidated business outlook, we project sales of 750 billion yen, an ordinary profit of 49 billion yen and a net profit of 25 billion yen. These business projections assume an exchange rate of 115 yen to the U.S. dollar.