

**Summary of Q&A Session at Briefing on New Medium-Term Management Plan
“More Than Shipping 2013”**

Investment Plans

Q1. Would you explain why you are not planning any additional investment in large bulk carriers but plan to spend ¥100 billion on small and mid-size bulk carriers?

A1. We have made sufficient investment in Capesize bulk carriers and therefore have decided to hold back on further orders for the time being. However, we have not ordered many Handysize vessels even when market prices were favorable. With prices settling down at an attractively low level, we think it is a good time to invest in the smaller bulk carriers. However, we want to maintain our current fleet composition, in which short-term chartered vessels, medium-term chartered vessels, and owned vessels plus long-term charters each account for one-third of our holdings. This portfolio composition enables us to quickly return short-term chartered vessels when market prices deteriorate. In addition, we plan to invest aggressively in Box-shaped carriers to meet expected growth in demand from China.

Q2. Your plan includes a ¥200 billion investment in the LNG and offshore business. Am I correct in understanding that returns on these investments will take more than 10 years to realize?

A2. Indeed, the 13-year depreciation period indicates a heavy initial depreciation burden, and it will be some time before the business contributes to profits. However, we will make a decision to invest if long-term cash flow projections indicate that these investments will generate profits.

Q3. Your previous plan called for expanding Nippon Cargo Airline’s fleet to 24 aircraft. What are the plans for NCA in the new management plan?

A3. We plan to build a fleet of 24 aircraft, comprising 10 Boeing 747-400F freighters and 14 next-generation 747-8F planes. Most of the previously decided ¥230 billion investment in other non-shipping assets will go to the purchase of the 8F planes. Unfortunately, deliveries of this aircraft have been delayed. We cannot disclose a new schedule, but we expect some deliveries within the period of our new management plan.

Earnings Targets

Q4. Please let us know the percentage of recurring profits you expect to generate from Asian business.

A4. We do not keep track of recurring profits by region, but I can tell you that China accounts for about 70% of container cargo and a large share of our iron ore shipping volume. Japan, of course, accounts for a large share of car carrier volumes. In our Logistics business, Asia accounted for the majority of the old NYK Logistics’ forecasted profits for fiscal 2010, and going forward Yusen

Logistics plans to sizably expand its Asian business.

Light-Asset Business Model

Q5. You earlier explained that you will respond to growth in Asia by chartering small and mid-size vessels, but charter rates for these vessels are rising. Isn't there also a risk that the launch of new large ships will push down freight rates?

A5. Yes, ship charter rates are indeed rising, and with Asian freight rates lower than in the US and Europe, substantial profits from the Asian business seem unlikely. We are countering by targeting profits from land-based operations, such as customs clearance, warehousing, and delivery services. We are not worried even if the ocean shipping portion generates little profit, nor whether we use our own vessels or an NVO for transportation. In the short term, we will return short-term chartered vessels when freight rates fall and pursue a downsizing strategy until we have completed depreciation of a larger number of our owned vessels.

Q6. Are you maintaining your stance of not building superlarge container ships above 13,000 TEU because they are inefficient?

A6. We see no conclusive evidence that superlarge container ships provide any advantages in terms of economics or convenience and therefore do not plan to order any such vessels over the next three years, to the end of 2013. Bunker oil prices are currently around \$650 per metric ton and could well rise to new heights in the next few years. Superlarge vessels, meanwhile, offer no distinct fuel efficiency advantage over existing ships, and a fuel oil surcharge system could be introduced as a measure to encourage efforts to reduce CO₂ emissions. Population movements indicate that cargo shipments to and from the United States are likely to remain a bright spot, but dwindling birthrates and the rising age of populations in Europe raise doubts about the growth of cargo shipments to that part of the world. We therefore have no plans to end our strategy of using space leased from other shipping companies to meet fluctuations in demand.

Others

Q7. Chinese shipping companies are increasing their exposure to dry bulk vessels and clearly showing a desire to transport Chinese customers' cargo shipments. Under such circumstances, do you feel NYK has any strengths that will enable it to win long-term contracts with Chinese customers and, if so, what are those strengths?

A7. During the period of high market prices from 2003 to 2008, Chinese shipping companies could not fully meet demand from Chinese customers. We provided ships to meet the demand overflows and continue to maintain the close relations formed during that period. That said, it is true that new business from China has been declining, and we therefore are gradually shifting our attention toward customers in India and South Asian countries also. Japanese shipping companies are highly regarded, and I think the future is very bright.