

**Summary of Q&A Session at Briefing on Financial Results for the
First Quarter of the Fiscal Year ending March 31, 2012**

Liner Trade

Q1 Does the 2Q freight rate forecast index of 102 for North American routes assume that you will not be able to charge a peak season surcharge? Also, please explain why you kept this value at 102 for 2H, despite the fact that it is the slack season.

A1 Freight rates are currently under 100, but we expect the rate to increase to 104 as we raise rates in August with the peak season surcharge, etc. In 3Q, the peak season surcharge will go away, but in addition to preventing the decline in the slack season, we expect to build up the BAF (Bunker Adjustment Factor) by raising fuel oil price assumptions, so we expect to maintain 102 in 2H. Also, while most freight rate revisions for North American routes are made on May 1, we have some "early bird" customers who accept changes on January 1, and we plan to raise rates for them.

Q2 How sure are you that 2Q freight rates on European routes will be lower than 1Q? Also, are other companies making moves to lay up vessels?

Q2 It is almost a certainty that 2Q freight rates will be lower than 1Q freight rates. Freight rates on European routes are revised every three months, and freight rates went down both in April and July, but we expect to raise them in August-September. I am not sure about our competitors' moves to lay up vessels, but it is likely that we are close to the "laying up point" where you can put the breaks on expanding losses by laying up vessels, so we are probably not the only company that is taking steps to lay up vessels.

Q3 As capacity on European routes declines in 2H, what will you do with your vessels (laying up, returning) ?

A3 We will lay up some which will result in costs, and the rest we will put into dock.

Bulk Shipping

Q1 You revised your forecast for 2H recurring profit downward by 13.0 billion yen and the full-year forecast downward by 5.5 billion yen. What is the breakdown of these figures? Also, please tell us about your plans to deal with dry bulker and tanker vessels that are exposed to the market, and your plans for scrapping vessels.

A1 In the Car Transport division, we increased our forecast for 2H transport units by 100,000 cars from the previous forecast, but because we are increasing shipping capacity supply, ship speed increases will result in higher costs. We have not made any changes to the profit forecast for 2H, but we expect it to improve by a few billion yen on a full fiscal year basis. The dry bulk carrier division and tanker division will see a significant decline in profits as we have lowered our market assumptions. As a strategy for lifting profits, we have included sales of chemical tankers and VLCCs, and are also considering returning Capesize bulk carriers. However, there is a possibility that market conditions will improve, so we will make sure that we navigate at reduced speeds and scrap vessels with low fuel efficiency.

Q2 How many vessels are exposed to the market by each vessel type?

A2 This depends on vessel congestion by loading area, but currently 20 of our approximately 100 operating Capesize bulk carriers, 20-30 of our roughly 80 Panamax (including Post-panamax) bulk carriers, and roughly half of our Handysize bulk carriers are spot vessels.

Cruise

Q1 If you post a loss this year, it will be the third straight year this has happened. How much of an impairment loss risk is there?

A1 Other companies' load factors for luxury class vessels are over 90%, but due to marketing mistakes the load factor for the Crystal Cruises is only approximately 70%. So there is a lot of room for improvement. We have already deployed new personnel to bring about a 180 degree turn in our marketing, and are carrying out measures to improve the bottom line. At the current point in time, we expect a profit from the next fiscal year, but ultimately we will look at cash flows and make a judgment after consultation with our accountants.

Overall / Other

Q1 How was progress in 1Q versus your initial plans? Is the downward revision for the 1H forecast primarily the result of the 2Q revisions?

A1 Initially, we thought that 1H recurring profit would be 5.0 billion yen, as we were forecasting -6.0 billion yen in 1Q, and +11.0 billion yen in 2Q, but we posted -10.1 billion yen in 1Q. Car carriers will see a rapid recovery in 2Q, but container freight rates have stagnated more than we expected, so profits are going to turn lower. In 2H, we expect earnings to worsen on deterioration in market conditions for both container vessels and bulk shipping carriers.

Q2 Do the forecasts factor in a plan to bring about a recovery in earnings?

A2 We expect that our plan to turn around profits for container vessels will contribute 12.0 billion yen. We achieved 1.9 billion yen of the 2.2 billion yen in 1Q, and we plan to recover the remaining portion in 2Q and beyond. Also, we expect more than 1.0 billion yen by navigating dry bulk carriers at reduced speeds, and also expect to cut general management costs. We are currently studying ways to further boost performance in 2H.

Q3 How long do you think it will take for these abnormal market conditions to continue? What is your long-term outlook?

A3 For Capesize vessels, our orders are complete for ships that will be delivered in 2013. In the worst-case scenario, we think that the current supply glut could last until around 2013. On the other hand, there are not so many newbuilds scheduled for completion from 2013 onward, and we expect resource companies to increase production and export volume, so there is a decent possibility that market conditions will turn around from 2H of next year. During the financial crisis, we had to provide customers with spot vessels in order to obtain long-term contracts, and because we were unable to borrow ships from shipowners on short term, we had no choice but to charter expensive Capesize ships for 4-5 years. In approximately three years these chartered ships will expire and the number of ships that are exposed to the market will decline, and when this happens we will be able to secure stable profits with long-term contracts. The problem is container ships, for which there are no long-term contracts and are thus significantly affected by the supply-demand situation. Unfortunately, orders for large ships such as the 18,000TEU ships are increasing, and while container transport volume to Europe and the US is increasing at 5-6%, supply is increasing at 8-9%, so the current market conditions may continue for a while.

Q4 Are you going to revise your investment plans due to the decline in cash flow in conjunction with the downward revision of profits?

A4 Declining recurring profit will reduce operating cash flow, but we will make efforts to minimize the drop. There are currently no major changes to cash flow from investing activities. Negative factors to free cash flow have increased slightly, but we will address this by selling non-ship assets and other means.