INFORMATION

The document following this cover sheet exists solely to provide English translations of selected information in the original Japanese text and the documents attached to the Notice of Ordinary General Meeting of Shareholders for reference only.

The original Japanese text of the Notice of Ordinary General Meeting of Shareholders should be available to foreign shareholders at their respective sub-custodians in Japan. Please contact your custodian with your voting instructions as soon as possible.

Shareholders who hold one thousand or more shares of record on the original register of shareholder as of March 31, 2014 will be invited to attend the meeting.

Notice of the 127th Ordinary General Meeting of Shareholders

The 127th Fiscal Year
Report

From April 1, 2013
to March 31, 2014

Nippon Yusen Kabushiki Kaisha

Notes:
1. The forecast incorporates certain assumptions the Company regarded as rational expectations at the time this report was announced. Actual results could differ materially from those projected figures.
2. Fractions of amounts and the numbers of shares in this report are rounded down.
3. ( ) indicates minus.
4. In accordance with the adoption of the International Accounting Standards (IAS) 19: Employee Benefits (amended June 16, 2011) from the fiscal year starting on or after January 1, 2013, some subsidiaries and affiliates have adopted the amended IAS 19 from the current fiscal year. In conjunction with this change in accounting policy, the consolidated financial statements for the 126th interim period and the 126th fiscal year have been retroactively revised.

Greetings from the President

I would like to express my sincere gratitude to our shareholders for their understanding and support for NYK Group's corporate activities. With the arrival of the notice of the General Meeting of Shareholders, I would like to share a few words.

For the consolidated fiscal year (FY2013), the NYK Group's consolidated revenues increased from the previous fiscal year by 17.9% to ¥2,237.2 billion, operating income was up 158.1% year-on-year to ¥44.9 billion, recurring profit rose 229.4% year-on-year to ¥58.4 billion, and net income increased 74.9% year-on-year to ¥33.0 billion.

Looking back at the global economy in FY2013, although the supply-demand imbalance in capacity showed slight signs of easing in some types of vessels, we struggled during the year with a stagnant market conditions of the marine transportation business and oil prices that hovered at a high level, and were unable to escape from a large supply-demand imbalance for the full year. Under this business environment, although we continued to record a recurring loss in our business which is not based on stable freight rates, such as container shipping, we were able to steadily accumulate recurring profit in our stable-freight-rate business by continuing the NYK Group's operating policy of pursuing long-term stability.

The three-year period of the NYK Group's medium-term management plan, "More Than Shipping 2013", concluded at the end of FY2013. Although we did not achieve our profit targets due to the severe slump in market conditions of the marine and air cargo transportation businesses along with a strong yen, we succeed in creating new added value extending beyond the traditional business scope, and the fruits of this differentiation strategy began to be reflected in our results. Adhering to this basic strategy, we announced our new medium-term management plan, "More Than Shipping 2018 –Stage 2 Leveraged by Creative Solutions–", on March 27, 2014. The new plan will leverage the NYK Group's creative solutions, ranging from marine technology, engineering, logistics technology, and information technology, to everyday creativity and ingenuity, with a view to further enhancing corporate value. We will focus on investment in LNG transportation and offshore business where expansion is anticipated, while making full use of our technological and human capabilities to differentiate ourselves and to expand stable profit through measures such as sophisticated vessel management and navigation quality control that are always required in the marine transportation business, along with streamlining on the front lines through 3M elimination project (eliminate *muda*: non-value adding activities; *mura*: unevenness in production or work activities; and *muri*: excessive burdens).

Based on these circumstances, we propose a fiscal year-end dividend of ¥3.00 per share, an increase of ¥1.00 compared to the previous fiscal year-end. Our forecast of consolidated results for the upcoming period (FY2014) is: revenues of ¥2,316.0 billion, operating income of ¥70.0 billion, recurring profit of ¥70.0 billion, and net income of ¥35.0 billion. Based on this, we are planning an interim dividend of ¥2.00 per share and a year-end dividend of ¥3.00 per share, for an annual dividend of ¥5.00 per share (a consolidated payout ratio of 24.2%).

In March 2014, NYK received a cease and desist order and a surcharge payment order based on antitrust laws from the Japan Fair Trade Commission regarding a certain car transportation business from previous fiscal years. With respect to the findings of fact, we are extremely regrettable that the Japan Fair Trade Commission did not accept our claim; however, we have made a comprehensive judgment that NYK will not request a hearing with regard to the relevant orders. We solemnly and seriously recognize that an incident occurred, and we deeply apologize for causing concerns to our shareholders. Taking into account the severity of this matter, we have reduced the remuneration for a certain period of the Chairman, President, the Senior Managing Corporate Officer, and the Corporate Officer in charge of the car carrier division. In addition, there was no payment of bonuses for Directors for the FY2013.

The business environment surrounding the overseas marine transportation business is a mixture of two positions: some countries and shipping routes are subject to antitrust laws, and other countries and shipping routes are exempted from them. However, the recent global trend is more and more to strengthen regulations and to limit such exemptions. We will make every effort to ensure that we recognize this trend and to conduct business fairly by always complying with laws and regulations, while devoting our best efforts to preventing recurrence and to ensuring thorough compliance to laws and regulations by all means possible, including holding of a Committee for ensuring adherence to antitrust law, carrying out assessments of risk, and a preliminary review concerning investments.

We do appreciate our shareholders' further understanding and support.

June 2014

Yasumi Kudo
President

To Our Shareholders

June 2, 2014

Notice of the 127th Ordinary General Meeting of Shareholders

To the Shareholders of Nippon Yusen Kabushiki Kaisha:

You are cordially invited to attend the 127th Ordinary General Meeting of Shareholders of Nippon Yusen Kabushiki Kaisha to be held as follows.
When attending the meeting, please submit the enclosed Voting Form (green colored) at the reception desk on arrival at the meeting.
If you are unable to attend the meeting, you may exercise your voting rights by either of the methods described below. Please review the Reference Documents for the General Meeting of Shareholders shown in the following pages (p. 6 through 11) and exercise your votes.

Voting by Mail
Please indicate your vote for or against each of the proposals on the enclosed Voting Form, and return the form by 5:00 p.m. Japan Time, Monday, June 23, 2014.

Voting via an electromagnetic method (such as the Internet, etc.)
If you exercise votes via the Internet, please review the "Guidance on the Exercise of Votes via electromagnetic method (such as the Internet, etc.)" as described in pages 63 and 64, and exercise your vote by 5:00 p.m. Japan Time, Monday, June 23, 2014.

Yours faithfully

Nippon Yusen Kabushiki Kaisha

Yasumi Kudo
President

ISIN	JP3753000003
SEDOL	6643960
TSE	9101

1. Date: 10:00 a.m., Tuesday, June 24, 2014 (The reception desk will open at 9:00 a.m.)

2. Place: The Prince Park Tower Tokyo, second basement level Ballroom
4-8-1 Shiba Koen, Minato-ku, Tokyo

3. Agenda of the Meeting:

Matters to be reported: 1) The Business Report the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Board of Corporate Auditors for the 127th Fiscal Year (from April 1, 2013 to March 31, 2014)
2) Unconsolidated Financial Statements for the 127th Fiscal Year (from April 1, 2013 to March 31, 2014)

Proposals to be resolved:

Proposal No.1: Appropriation of surplus

Proposal No.2: Election of thirteen Directors

Notes: The Reference Documents for the General Meeting of Shareholders, and the Business Report, the Consolidated Financial Statements, the Unconsolidated Financial Statements that should be attached to the Notice of Convocation are as described from page 6 to page 11 and page 14 to page 62.

4. Items relating to the exercise of votes:
   (1) If you make no selection as to approval/disapproval for the respective proposals, you shall be deemed to have expressed intent to give approval as to the proposals.
   (2) In the event that the exercise of votes is duplicated by both the method of mailing the Voting Form and via the Internet, the exercise of votes via the Internet shall be deemed valid. In addition, in the event that votes are exercised via the Internet two or more times, the most recent exercise of votes shall be deemed valid.
   (3) If you are unable to attend the Ordinary General Meeting of Shareholders, you may exercise your votes by appointing one proxy who shall be a shareholder with votes present at the meeting; provided that, the shareholder or his/her proxy shall submit to the Company a document evidencing his/her power of representation.

5. Method to announce the revision of the content:

If the need arises to revise the content of the Reference Documents for the General Meeting of Shareholders, Business Report, Unconsolidated Financial Statements, Consolidated Financial Statements and/or items in this Notice, the revised items will be announced on “General Shareholders Meeting” page in “IR Event” of our website (http://www.nyk.com/english/release/IR_meeting.html).
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Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No.1: Appropriation of surplus

The Company regards a continuous and stable return of profits to shareholders as one of the most important management issues. Therefore, the Company proposes to distribute a year-end dividend of ¥3.00 per share as indicated below, an increase of ¥1.00 compared to the previous fiscal year-end, taking comprehensive consideration for retaining an appropriate level of internal reserves for further upheaval in the business environment and other relevant factors. Accordingly, the total dividend for the fiscal year including the interim dividend of ¥2.00 per share amounts to ¥5.00 per share.

1. Items relating to year-end dividends
   (1) Type of dividend property
       Cash
   (2) Items relating to the appropriation of dividend property to shareholders and total amount
       ¥3.00 per share of Company common stock, total amount ¥5,088,361,563
   (3) Date of validity of dividends of surplus
       June 25, 2014

Proposal No.2: Election of thirteen Directors

The term of office of all incumbent Directors (thirteen (13) Directors) will expire upon conclusion of this meeting.

The Company therefore recommends and proposes the following thirteen (13) candidates for election as Directors.

No.	Name (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held / Attendance rate of meetings of the Board of Directors
1	Re-election Koji Miyahara (December 3, 1945)	April 1970 Joined the Company April 1996 General Manager of Management Coordination Group June 2000 Director April 2002 Director and Corporate Officer June 2002 Managing Director and Corporate Officer June 2003 Senior Managing Director and Corporate Officer (Representative Director thereafter) April 2004 President and Corporate Officer April 2006 President, President Corporate Officer April 2009 Chairman, Chairman Corporate Officer (to the present) Significant concurrent positions Vice-Chairman of Keidanren (Japan Business Federation)	153,260 shares 100%
2	Re-election Yasumi Kudo (November 14, 1952)	April 1975 Joined the Company June 1998 General Manager, Semi-Liner Group April 2002 Corporate Officer June 2004 Managing Director and Corporate Officer April 2006 Representative Director, Senior Managing Corporate Officer April 2008 Representative Director, Executive Vice-President Corporate Officer April 2009 President, President Corporate Officer (to the present)	135,735 shares 100%
3	Re-election Tadaaki Naito (September 30, 1955)	April 1978 Joined the Company April 2004 General Manager of Petroleum Group April 2005 Corporate Officer April 2007 Managing Corporate Officer June 2008 Director, Managing Corporate Officer April 2009 Representative Director, Senior Managing Corporate Officer April 2013 Representative Director, Executive Vice-President Corporate Officer (to the present) Chief Executive of Technical Headquarters, Chairman of IT Strategy Committee, Chief Information Officer, In charge of Global Logistics Headquarters	93,364 shares 100%

No.	Name (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held Attendance rate of meetings of the Board of Directors
4	Re-election Naoya Tazawa (October 27, 1955)	April 1978 Joined the Company April 2002 General Manager of Human Resources Group April 2005 Corporate Officer April 2007 Managing Corporate Officer June 2009 Director, Managing Corporate Officer April 2010 Representative Director, Senior Managing Corporate Officer (to the present) Chief Executive of General Affairs Headquarters, Chief Compliance Officer	90,473 shares 100%
5	Re-election Kenji Mizushima (April 21, 1956)	April 1979 Joined the Company April 2007 Corporate Officer, General Manager of Container Trade Management Group April 2008 Managing Corporate Officer June 2009 Director, Managing Corporate Officer April 2012 Representative Director, Senior Managing Corporate Officer (to the present) Chief Executive of Management Planning Headquarters, Chief Financial Officer, In charge of Cruise Headquarters	55,387 shares 100%
6	Re-election Hitoshi Nagasawa (January 22, 1958)	April 1980 Joined the Company April 2004 General Manager of LNG Group April 2007 Corporate Officer April 2009 Managing Corporate Officer June 2011 Director, Managing Corporate Officer April 2013 Representative Director, Senior Managing Corporate Officer (to the present) Chief Executive of Energy Division	75,565 shares 100%
7	Re-election Koichi Chikaraishi (April 19, 1957)	April 1980 Joined the Company April 2003 General Manager of Petroleum Product and LPG Group April 2009 Corporate Officer April 2012 Managing Corporate Officer June 2012 Director, Managing Corporate Officer April 2013 Representative Director, Senior Managing Corporate Officer (to the present) Chief Executive of Automotive Transportation Headquarters	55,364 shares 100%

No.	Name (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held Attendance rate of meetings of the Board of Directors
8	Re-election Hidetoshi Maruyama (May 27, 1957)	April 1981 Joined the Company April 2008 Corporate Officer, General Manager of Container Trade Management Group April 2013 Managing Corporate Officer June 2013 Director, Managing Corporate Officer (to the present) Chief Executive of Global Logistic Headquarters	38,494 shares 93%
9	Re-election Masahiro Samitsu (December 4, 1957)	April 1980 Joined the Company September 2003 General Manager of Bulk/Energy Atlantic Group April 2009 Corporate Officer April 2013 Managing Corporate Officer June 2013 Director, Managing Corporate Officer (to the present) Chief Executive of Dry Bulk Division, Chief Executive of Cruise Headquarters	47,161 shares 100%
10	Re-election Hitoshi Oshika (March 28, 1959)	April 1982 Joined the Company April 2006 General Manager of Global Management Strategy Group April 2009 Corporate Officer June 2013 Director, Corporate Officer (to the present) In charge of Corporate Planning Division and Air Cargo Transportation Division	33,543 shares 100%
11	Re-election Kazuo Ogasawara (March 9, 1958)	April 1982 Joined the Company April 2006 General Manager of Capesize Bulker Group April 2009 Corporate Officer June 2013 Director, Corporate Officer (to the present) In charge of Dry Bulk Division	43,161 shares 100%

No.	Name (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held / Attendance rate of meetings of the Board of Directors
12	Re-election Outside Director Independent Director Yukio Okamoto (November 23, 1945)	April 1968 Joined Japan's Ministry of Foreign Affairs January 1991 Retired from the Ministry March 1991 President of OKAMOTO ASSOCIATES, INC. (current position) November 1996 Special Advisor to the Prime Minister March 1998 Retired from the above mentioned position September 2001 Special Advisor to the Cabinet Secretariat April 2003 Retired from the above mentioned position Special Advisor to the Prime Minister March 2004 Retired from the above mentioned position June 2008 Outside Director (to the present) <u>Significant concurrent positions</u> President of OKAMOTO ASSOCIATES, INC. Outside Director of MITSUBISHI MATERIALS CORP. Outside Corporate Auditor of MITSUBISHI MOTORS CORP.	62,291 shares 86%
13	Re-election Outside Director Independent Director Yuri Okina (March 25, 1960)	April 1984 Joined BANK OF JAPAN April 1992 Joined THE JAPAN RESEARCH INSTITUTE, LTD. April 1994 Chief Researcher of THE JAPAN RESEARCH INSTITUTE, LTD. April 2000 Senior Researcher of THE JAPAN RESEARCH INSTITUTE, LTD. September 2001 Visiting Professor, Graduate School of Keio University June 2006 Research Director of THE JAPAN RESEARCH INSTITUTE, LTD. (current position) June 2008 Outside Director (to the present) <u>Significant concurrent positions</u> Research Director of THE JAPAN RESEARCH INSTITUTE, LTD. Outside Director of Seven Bank, Ltd. Outside Director of BRIDGESTONE CORPORATION	48,549 shares 100%

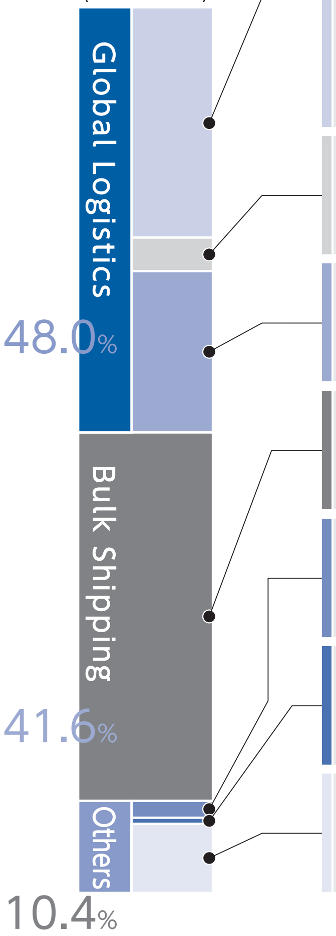
Notes:
1. No transactions or special interests exist between the Company and any of the above candidates for Directors.
2. Mr. Yukio Okamoto and Ms. Yuri Okina are candidates for the Company's Outside Directors as stipulated in Article 2, Item 15 of the Corporation Law. The Company believes that Mr. Okamoto and Ms. Okina have no conflict of interest with general shareholders and are highly independent. In the event that they are elected as Directors of the Company, they will continuously be reported as the Independent Directors to Tokyo and Nagoya stock exchanges.
3. The Company is proposing the election of Mr. Yukio Okamoto as an Outside Director in order to reflect his extensive knowledge and insight as an expert of international affairs in

the management of the Company and believes that his knowledge and insight will contribute to the management of the Company.

4. The Company is proposing the election of Ms. Yuri Okina as an Outside Director in order to reflect her extensive knowledge and insight as an expert of economic and financial conditions in the management of the Company and believes that her knowledge and insight will contribute to the management of the Company.
5. In March 2014, the Company received a cease and desist order and a surcharge payment order based on antitrust laws from the Japan Fair Trade Commission regarding a certain car transportation business from previous fiscal years. Prior to the Company being investigated for the conduct subject to these orders, Mr. Yukio Okamoto and Ms. Yuri Okina were not aware of such conduct which is the subject of these orders. As well as making previous statements on compliance with laws and regulations, Mr. Okamoto and Ms. Okina have been expressing their opinions for the purpose of eradicating violations of antitrust laws including overseas competition laws, and preventing the recurrence of such incidents, at the meetings of the Board of Directors, a Committee for ensuring adherence to antitrust law and other such meetings.
6. Mr. Yukio Okamoto concurrently serves as an Outside Director of MITSUBISHI MATERIALS CORP. In April 2010, MITSUBISHI MATERIALS CORP. received an instruction from Mie prefectural authorities to suspend the use of certain facilities of Yokkaichi Plant, which manufactures polycrystalline silicon, as the company was engaged in producing high-pressure gas without obtaining the necessary permit under the High Pressure Gas Safety Act.
   In addition, in March 2011, it was found that some of facilities in some factories of MITSUBISHI MOTORS CORP., for which he has been serving as an Outside Corporate Auditor, had been used without necessary reporting, etc., under applicable environmental laws and regulations.
   A fact that MITSUBISHI MOTORS CORP. incorrectly disposed the equipment utilizing insulation oil which contains or may contain PCB (Polychlorinated biphenyl) was identified through September to December 2012.
   Mr. Okamoto was not involved in any of the matters subject to the instruction, etc. from respective authorities. He regularly provides his opinions in relation to compliance in a timely manner, and after the occurrence of the case, he has been working on enhancing the both companies' compliance systems with various measures, including reviewing the companies' initiatives to prevent the recurrence of such incident.
7. Mr. Yukio Okamoto and Ms. Yuri Okina will have served as Outside Directors of the Company for six years at the conclusion of this meeting.
8. The Company has established the provisions in the Articles of Incorporation to the effect that it may enter into a liability limitation agreement with Outside Directors, and has actually entered into the liability limitation agreement with each of Outside Directors as stipulated in Article 33 of the Articles of Incorporation established under Article 427, Paragraph 1 of the Corporation Law setting forth that the liability under Article 423, Paragraph 1 of the same Law shall be the liability limit of ¥20 million or the liability limit stipulated by law, whichever is greater, as long as the Outside Director performs his/her duty in good faith and without gross negligence on his/her part. In the event that the proposed election of Mr. Yukio Okamoto and Ms. Yuri Okina is approved, the Company will continue to have the liability limitation agreement with each of them.

Business segment results

Ratio of consolidated revenues (current term)



Liner Trade 26.0%

(In 100 millions of yen)	The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Revenues	Liner Trade 4,621 Terminal and Harbor Transport 1,224	Liner Trade 4,187 Terminal and Harbor Transport 1,400	5,360	6,174
Operating income (loss)	Liner Trade 333 Terminal and Harbor Transport 70	Liner Trade (430) Terminal and Harbor Transport 77	(25)	(38)
Recurring profit (loss)	Liner Trade 302 Terminal and Harbor Transport 66	Liner Trade (447) Terminal and Harbor Transport 77	(16)	(7)

Air Cargo Transportation 3.8%

(In 100 millions of yen)	The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Revenues	872	826	778	888
Operating income (loss)	86	42	(49)	(75)
Recurring profit (loss)	78	33	(48)	(73)

Logistics 18.2%

(In 100 millions of yen)	The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Revenues	3,909	3,651	3,668	4,315
Operating income (loss)	67	76	21	56
Recurring profit (loss)	77	92	47	65

Bulk Shipping 41.6%

(In 100 millions of yen)	The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Revenues	7,964	7,308	8,245	9,884
Operating income (loss)	663	20	226	470
Recurring profit (loss)	604	(77)	177	548

Cruises 1.9%

(In 100 millions of yen)	The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Revenues	358	324	350	452
Operating income (loss)	(23)	(56)	(34)	9
Recurring profit (loss)	(26)	(58)	(37)	7

Real Estate 0.4%

(In 100 millions of yen)	The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Revenues	114	108	104	99
Operating income (loss)	32	31	35	34
Recurring profit (loss)	43	39	39	38

Other 8.1%

(In 100 millions of yen)	The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Revenues	1,635	1,845	1,736	1,927
Operating income (loss)	(6)	(3)	(1)	(6)
Recurring profit (loss)	(4)	8	14	6

Assets by business segment

(In 100 millions of yen)

		The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Global Logistics	Liner Trade	Liner Trade 2,593 Terminal and Harbor Transport 1,381	Liner Trade 2,615 Terminal and Harbor Transport 1,584	4,078	**4,524**
	Air Cargo Transportation	599	697	903	**788**
	Logistics	2,152	2,052	2,172	**2,379**
Bulk Shipping		13,027	12,956	14,500	**15,022**
Others	Cruises	273	281	286	**337**
	Real Estate	538	545	573	**538**
	Other	5,075	4,575	6,078	**5,529**
Total		25,642	25,309	28,592	**29,121**
Adjustments		(4,374)	(4,087)	(4,291)	**(3,609)**
Consolidated		21,268	21,222	24,301	**25,512**

Notes: 1. The above shows figures before elimination of internal transactions between segments.

2. From the 125th term, we have revised some parts of operations and services associated with "Terminal and Harbor Transport", "Logistics", and "Bulk Shipping" in conjunction with the realignment of the NYK Group's Logistics business. Any changes from this review are not reflected in the above stated figures for the 124th term.

3. From the current term, in accordance with a review for the NYK Group's management policy and organizational management system, we have changed the presentation method to include "Terminal and Harbor Transport" in "Liner Trade". In addition, we have changed the business segment, to which some consolidated subsidiaries belong, from "Liner Trade" to "Bulk Shipping". Although the above stated figures for the 126th term reflect these changes, those for the 124th and 125th terms do not reflect these changes.

4. Content of adjustments includes adjustments for receivables and assets regarding internal transactions between segments, and corporate assets that cannot be classified into specific business segments. Corporate assets mainly include surplus operating funds of the Company (cash and deposits).

The 127th Ordinary General Meeting of Shareholders
Documents attached to the Notice of Ordinary General Meeting of Shareholders

Business Report (From April 1, 2013 to March 31, 2014)

1. Overview of Operations for NYK Group

(1) Business Progress and Results

1) Business Progress and Results for Current Fiscal Year

The global economy in the current fiscal year followed a path to a steady recovery, while the U.S. economy was still fragile. The European economy suffered a downturn in growth, although signs of bottoming out were seen. For the economy in China, in spite of continuing higher growth compared to other regions, the growth has slowed down. As for other emerging countries, some countries experienced a slowdown in economic growth due to the effects of the U.S. monetary policy.

Although a weaker yen did not necessarily lead to an increase in exports overall in Japan, positive signs, such as a recovery in stock prices and consumer sentiment, were observed.

Given such an operating environment, the consolidated results in FY2013 were revenues of ¥2,237.2 billion (17.9% increase over the previous year), operating income of ¥44.9 billion (158.1% increase over the previous year), recurring profit of ¥58.4 billion (229.4% increase over the previous year), and a net income of ¥33.0 billion (74.9% increase over the previous year), recording increases in year-on-year revenue and profit.

2) Overview of the Business Segments

I. Global Logistics

(i) Liner Trade

Regarding the relationship between supply and demand for the container shipping division, while signs of improvement were seen in cargo volume due to the economic recovery primarily in Europe and the U.S., continued increase in the number of newly built large vessels which outpaced such improvement further heightened pressure on shipping capacity supply. As a result, freight rate levels declined on many container routes. Although some improvement was seen in supply and demand due to rationalization of services for each container route, including North America and Europe, this did not lead to a recovery in freight rates that had declined. For inter-Asia routes which are seen as growth regions for the NYK Group, we have responded to customer needs by conducting changeover for more competitive service, and as a result, have dramatically increased cargo over the previous fiscal year. On other container routes as well, we cut down on fuel oil consumption through intensified implementation of slow-steaming, rationalized services that utilize our alliances and other measures, which enabled us to cut costs dramatically and become more competitive. However, owing to the significant decline in freight rate levels, we posted a loss in spite of recording an increase in revenue as in the previous fiscal year.

Although total handling volumes at domestic and overseas container terminals decreased slightly, revenue and profit for the terminal and harbor transport division increased compared to the previous fiscal year due to an increase in domestic handling volumes resulting from shipping route changeover and a weaker yen.

(ii) Air Cargo Transportation

NIPPON CARGO AIRLINES CO., LTD. (NCA) continually worked to cut costs, as well as strengthened initiatives for businesses that are not easily affected by changes in market conditions, such as starting the first airline charters by a domestic airline. However, due to the significant impact of the freight rate decline resulting from the slowdown in the volume of airfreight shipments from Japan, performance worsened and the loss widened compared to the previous fiscal year in spite of last-minute demand before the consumption tax hike in and after January this year.

(iii) Logistics

While the handling volume of air cargo (forwarding business) was nearly flat, a decline in shipments from Japan finally showed signs of bottoming out going into the second half of the current fiscal year. Although the handling volume of seaborne cargo (forwarding business) did not grow substantially, profitability improved. Logistics operations (storage in warehouses, collections of cargoes and transportation) continued to be affected substantially by the economic stagnation in Europe, but were strong in Asia. In addition, ongoing cost-cutting efforts were made. In the domestic logistics division, coastal shipping business and near seas business showed strong performances and secured a profit, even though the profit did not reach the level of the previous fiscal year. As a result, revenue and profit increased compared to the previous fiscal year for the logistics segment as a whole.

II. Bulk Shipping

In the car carrier division, despite a recovery in cargo volume to some destinations resulting from robust sales in the North American market and a weaker yen, the total number of finished automobiles exported from Japan was flat. Nevertheless, we strived to strengthen relationships with our customers, as well as increased the number of finished automobiles shipped compared to the previous fiscal year by thoroughly implementing slow-steaming and efficient assignment of ships, and proactively engaging in finished automobile transport from overseas, thereby improving performance.

In the auto logistics business, we continued to expand the scale of our finished automobile terminal operations, finished automobile land transport business, delivery logistics center operations, and PDI business (Pre-Delivery Inspection: business that provides maintenance and inspection service prior to delivery to the dealer) primarily in emerging countries, such as China, India, and Russia.

In the dry bulk carrier division, although a large volume of completed new bulkers was finally settled down, performance at the beginning of the fiscal year was sluggish due to a considerable oversupply in bulk carriers and rising fuel prices. Thereafter, demand for long-distance transport of iron ore and coal bound for China increased, and market conditions improved across all regions and types of bulk carriers mainly for capesize bulkers since July of last year. Additionally, as a result of cost-cutting efforts through thorough slow-steaming, we increased revenue and improved performance.

In the tanker division, self-sufficiency in oil and gas improved in North America due to progress in the shale revolution. Meanwhile, oil and gas prices reached record high levels because of geopolitical risks in the Middle East and North African region and surfacing conflict between the East and West prompted by political changes in Ukraine. Amid this condition, seaborne cargo volume bound for the U.S. has declined due to self-sufficiency, and the structural switch in tanker transport made headway. Although the volume of completed new carriers has dropped, disassembly and dismantlement of aging vessels have not made progress. Subsequently, the market for Very Large Crude oil Carriers (VLCC) fell sharply in August last year, and the market for petroleum products tankers went through wild swings, while performance declined moderately in the LNG vessel market. In the offshore business, Knutsen NYK Offshore Tankers AS, which is 50%-owned by the Company, established a company that owns and operates shuttle tankers and listed this company on the U.S. New York Stock Exchange in April last year. Floating production storage and offloading (FPSO) equipment owned by the Company’s joint venture started crude oil production off the coast of Brazil in June last year. As a result, a system has been established under which FPSO can also contribute to profit, following the contributions by drillship and shuttle tanker. As a result of these initiatives, the tanker division increased revenue and profit.

All of the factors described above resulted in year-on-year increases in revenues and profit for the bulk shipping business as a whole.

III. Others

(i) Cruises

Crystal Cruise in the North American market and Asuka Cruise in the Japanese market posted robust sales. Also, partly owing to the effects of the continuous reform of the revenues and expense structure, including various measures to attract customers and cost-cutting efforts, revenues increased year-on-year and a profit was posted.

(ii) Real Estate and Other Business Services

For the real estate business, market stagnation for rental offices caused the level of rent income to fall, resulting in a year-on-year decline in revenues and profit.

In other business services, revenues of bunker oil, the main product in our trading business, increased as a result of a weaker yen and an increase in handling volume. As for the manufacturing and process business, profit growth slackened due to a rise in raw material costs and utility costs, etc. Revenues increased and profit decreased year-on-year for the other business services division overall.

For details, please refer to the “Business segment results” given on page 12.

3) Safety and Environment

At the core of the NYK Group’s management is the principle of ensuring the safe operation of its vessels and conservation of environment. The NYK Group remains committed to providing safe and secure marine transport services based on its unique safety management system NAV9000, along with other initiatives such as the Near Miss 3000 campaign to raise awareness of safety issues on site. The NYK Group will continue to contribute to environmental conservation efforts and carry out safe and secure marine transport activities.

Also, we are operating a maritime college in the Philippines which we established ahead of other companies in the industry, reinforcing mariner training centers and manning bases, and opening vessel management offices among other such measures in an effort to develop executive class mariners in the Philippines, which provides the largest number of mariners. In December last year, for the first time in the history of the Company, Filipinos were appointed as the captain and chief engineer of an LNG vessel.

Moreover, the NYK Group is also actively developing innovative environmental technology together with its wholly owned subsidiary MTI to realize environmental-load reducing and energy-conserving vessels. We are continuing conducting tests of vessels equipped with air-lubrication systems onboard during marine transport, and also focusing our efforts on technology development to realize efficient operations. The container ship operation division provides technical support to the IBIS project which aims at optimal economic ship operation by sharing real-time information, such as data on weather and hydrographic conditions, vessel data, and navigation plans, between land and ships, and to the IBIS TWO project that supports slow-steaming in other types of vessels as well.

(2) Financing and Capital Investment Activities

The NYK Group acquired necessary funds for the current fiscal year mainly from its own assets, borrowing from financial institutions, and by issuing corporate bonds. Borrowed funds as of March 31, 2014 (including corporate bonds) totaled ¥1,241.9 billion, a decrease of ¥50.2 billion from the previous fiscal year.

The total capital investment of the NYK Group, which was based principally around the bulk shipping segment, was ¥248.2 billion. In the liner trade and bulk shipping segments, we made investment of ¥14.7 billion and ¥156.3 billion respectively, primarily for ship construction and other facilities. Other than above, we made investment of ¥49.6 billion for aircraft in the air cargo transportation segment, ¥7.9 billion for transportation equipment and land for logistics facilities in the logistics segment, ¥16.1 billion in the cruises segment, ¥0.6 billion in the real estate segment, and ¥2.7 billion in other business services.

(3) Management Perspectives

1) Strategies for Stability and Growth

Looking back at the business environment for FY2013, it was a year in which fuel prices remained at high levels and market conditions for marine transport and air transport were sluggish on the whole, in spite of the correction of an extremely strong yen which had prevailed until the previous fiscal year. In the future too, the outstanding orders for new carriers will build up mainly for container ships and the future outlook for supply and demand in shipping capacity cannot be viewed with optimism. As for consumer goods, with the progress of local production for local consumption, exports from Japan are following a downward trend while exports from emerging countries are increasing, thus suggesting that logistics within each economic area will become more active. Demand for LNG transport and offshore business are expected to expand steadily due to the lifting of the ban placed on the export of shale gas from the U.S. and persistently high fuel prices. This would be a very good opportunity for the NYK Group to expand our business. Also, we view tightening of environmental regulations surrounding the shipping business as an area where the NYK Group can differentiate ourselves from other companies with our outstanding technical response capabilities.

Given this business environment, we announced our new medium-term management plan, “More Than Shipping 2018 –Stage 2 Leveraged by Creative Solutions–” on March 27 of this year. This plan, while adhering to former measures, takes advantage of creative solutions in a broad sense that cover not only the NYK Group’s marine technologies, engineering, logistics technology and information technology, but also originality and ingenuity in everyday operations to achieve further differentiation. Furthermore, we will focus investment on the growth businesses of LNG transport and offshore business, while at the same time aiming to realize a business portfolio for which more stable revenues can be expected while reinforcing the asset-light business model for container ships and dry bulk carriers and controlling increases in total assets.

The principal business plans for achieving these objectives are as follows. In LNG transport, we will make use of the maritime college and other institutes we operate in the Philippines to focus on developing engineers, including mariners, in order to provide higher-quality navigation, ship management and construction supervision capabilities. Also, we will be involved in all stages of the LNG value chain and pursue synergies with the LNG transport business. In offshore business, we will expand the shuttle tanker business by utilizing our financing capabilities through access to capital markets in the U.S. In addition, we will dispatch engineers to each offshore business front line to accumulate technologies and know-how and aim at expanding business opportunities. In the car carrier division, we will make collective efforts to reinforce marketing of construction machines for car carriers and provide clients with solutions utilizing technologies such as RFID (noncontact type IC chip) with a view to achieving differentiation of the auto logistics business. In the dry bulk carrier division, we will enhance our resilience toward market conditions by balancing the amount of contracts for cargo and bulk carriers. In the global logistics business, we will pursue an optimum portfolio for the container transport business by moving toward a asset-light business model, including strengthening of ocean forwarding.

2) Securing safety and environmental conservation

Considering securing safety and environmental conservation as one of the most vital management issues, the NYK Group is working to develop innovative technologies based on our long-term vision, including “NYK Super Eco-ship 2030”. In addition to deciding to construct Japan’s first LNG-fueled tugboat and the world’s first LNG-fueled vessel as a car carrier, we plan to complete a next-generation car carrier this summer which is expected to improve fuel efficiency by approximately 30% per finished automobile compared to previous types of carriers. We are also striving to change our business model to a more eco-friendly model through initiatives that include taking slow-steaming a step further, and working to reduce CO_2 emissions and preventing air pollution, with a clear goal of improving fuel consumption efficiency by 15% compared to FY2010 levels by FY2018.

3) CSR (Corporate Social Responsibility) Management Strengthening

Recognizing that CSR is the foundation that supports growth strategies, the NYK Group will strengthen its CSR management built on the three keys of “Securing safety and environmental conservation” mentioned above, “Sound and highly transparent management” and “Workplaces that instill pride”.

Regarding “Sound and highly transparent management”, this involves building a system for internal control and compliance.

Regarding “Workplaces that instill pride”, it is realized through the practice of the NYK Group Values of “Integrity, Innovation and Intensity”. During the current fiscal year, the Group was highly recognized for our efforts to establish a system and environment where employees can actively participate regardless of gender, and was designated a “Nadeshiko Brand”, an initiative that the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange jointly inaugurated for the purpose of selecting listed companies that are superior in terms of empowering their female workforce. The Group will continue to make efforts to create good relationships with all stakeholders and to improve service quality.

4) Thorough Fair Trading

The NYK Group has been treating compliance with antitrust laws as a matter of the utmost importance and has worked to strengthen its compliance systems, but very regrettably the Company received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission in March this year with respect to transportation business of certain automobiles operated in previous fiscal years.

We had some differences of opinion with the Japan Fair Trade Commission in the findings of facts and legal interpretation of the respective orders and could not fully accept them, but after comprehensive consideration of various factors, we decided to focus on the long-term stabilization and securitization of the Company’s corporate value, and that we would not request a hearing with regard to the relevant orders. We gravely and seriously accept the present situation, and are more than ever promoting the development of systems and initiatives for thorough compliance with antitrust laws. Specifically, as measures to prevent recurrence, we have tightened our regulations on contact with competitors in the industry, held regular meetings of a Committee for ensuring adherence to antitrust law, carried out risk assessment of antitrust laws in all our businesses, evaluated antitrust risks concerning investments, etc., centralized management of the filing of alliances and arrangements executed by each sales division, and obtained written pledges on compliance with antitrust laws from all our Directors and employees engaged in relevant businesses. Also, as measures for early identification and response, we have strengthened the authorities of the Chief Compliance Officer, introduced an internal leniency system, and established systems for responding to incidents. These measures have been sequentially introduced and implemented since the Japan Fair Trade Commission commenced its investigations in September 2012, and by practicing each of these measures more securely in the future, we will make our best efforts to restore confidence as a corporation.

(4) Financial Position and Results of Operation

1) Consolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Revenues	1,929,169	1,807,819	1,897,101	2,237,239
Recurring profit (loss)	114,165	(33,238)	17,736	58,424
Net income (loss)	78,535	(72,820)	18,896	33,049
Net income (loss) per share	46.27 (yen)	(42.92) (yen)	11.14 (yen)	19.48 (yen)
Total Assets	2,126,812	2,122,234	2,430,138	2,551,236
Equity	728,094	622,490	697,979	773,899
Equity per share	403.46 (yen)	341.54 (yen)	383.50 (yen)	424.67 (yen)

Note: Net income (loss) per share is calculated on the basis of the average number of shares outstanding in each fiscal year, and equity per share is calculated on the basis of the total number of shares outstanding at each term end. In addition, the total number of issued shares excludes the number of treasury stock.

The 124th fiscal year

The level of freight rates improved due to rapid recovery in container transport volumes in the first half of the fiscal year, and performance in the car carrier division recovered steadily throughout the year, leading to increased revenue and profit posted in the marine transport business. Performance improved in the logistics, and terminal and harbor transport businesses due to an increase in handling volumes, and the air cargo transportation business also posted a profit. As a result, performance was up from the previous period for each profit/loss figure.

The 125th fiscal year

Container freight rates have fallen significantly due to the oversupply from the mass completion of construction of container ships, and the Great East Japan Earthquake and Thai floods effected a precipitous drop in the number of finished automobiles shipped. The dry bulk carrier market has also slowed down due to increasing oversupply, causing the shipping business to post dramatic losses. Global economic slowdown caused numbers to worsen for both the air cargo transportation and cruises businesses. As a result, losses were posted for each profit/loss figure.

The 126th fiscal year

Freight rate levels for container ships improved significantly in the first half of the fiscal year, but declined in the second half due to stagnation in cargo volume. Conditions for dry bulk and tanker markets were stagnant throughout the whole year. Transport volume of finished automobiles recovered from the impact of natural disasters and was robust. The air cargo transportation business and the cruises business showed sluggish performances, and growth in the logistics business also slackened. However, as a result of various cost-cutting efforts, profits were posted for each profit/loss figure.

The 127th fiscal year (current term)

Conditions in the current fiscal year are described in the preceding “Business Progress and Results” (on page 14-16).
Regarding assets and profit and loss of each segment, please refer to the aforementioned “Business segment results” (page 12) and “Assets by business segment” (page 13).

2) Unconsolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 124th term FY2010	The 125th term FY2011	The 126th term FY2012	The 127th term (current term) FY2013
Revenues	970,318	915,862	987,688	1,168,438
Recurring profit (loss)	58,815	(43,873)	9,003	37,558
Net income (loss)	26,741	(64,855)	16,707	13,380
Net income (loss) per share	15.76 (yen)	(38.22) (yen)	9.85 (yen)	7.89 (yen)
Total Assets	1,442,434	1,450,772	1,632,499	1,655,372
Equity	534,894	456,199	470,426	471,569
Equity per share	315.21 (yen)	268.93 (yen)	277.33 (yen)	278.03 (yen)

Note: Net income (loss) per share is calculated on the basis of the average number of shares outstanding in each fiscal year, and equity per share is calculated on the basis of the total number of shares outstanding at each term end. In addition, the total number of issued shares excludes the number of treasury stock.

The 124th fiscal year

A pick up in container transport volumes and a rebound in freight rates saw performance improve in the first half. The number of completed automobiles also recovered steadily, but in the second half conditions in the dry bulk and tanker markets gradually started to slump. However, the favorable results in the first half helped to achieve major gains in revenues and a profit posted for each profit/loss figure.

The 125th fiscal year

Performance declined due to sluggish cargo demand for container ships, added to a drop in freight rate levels because of the volume of new large carriers completed. Transport volume of completed automobiles stalled as a result of the impact of the Great East Japan Earthquake and the Thai floods, and continuing supply pressure from newly completed carriers meant no improvement in market conditions for dry bulkers and tankers, which remained stagnant. As a result, losses were posted for each profit/loss figure.

The 126th fiscal year

Revenues increased over the previous fiscal year, buoyed by container vessel freight rates that saw a strong recovery in the first half of the fiscal year, as well as by a firm finished automobile transport operation which experienced comeback from previous year's natural disasters. While the second half of the year saw freight rate levels fall due to slowdown in container cargo volume, and the dry bulk carrier and tanker market conditions remained stagnant throughout the year. However, the results were improved for each profit/loss figure.

The 127th fiscal year (current term)

The completion of new large-sized container vessels continued, and container freight rate levels fell because of the widened supply-demand imbalance. However, as a result of diligent cost-cutting efforts, profitability improved. Owing to factors such as an improvement in market conditions for dry bulk carriers since summer and steady transport volume of finished automobiles, profits were posted for each profit/loss figure.

(5) Principal Business of the Consolidated (as of March 31, 2014)

Global logistics (liner trade, air cargo transportation and logistics businesses)
Bulk shipping
Others (cruises, real estate and other business services)

(6) Principal Business Offices (as of March 31, 2014)

1) NYK

Category	Location
Head Office	Yusen Bldg., 3-2, Marunouchi 2 Chome, Chiyoda-ku, Tokyo
Branch Offices	Yokohama Branch Office (Yokohama City), Nagoya Branch Office (Nagoya City), Kansai Branch Office (Kobe City), Kyushu Branch Office (Fukuoka City) and Taipei Branch Office (Taiwan)
Overseas resident and representative offices	Johannesburg, Dubai, Doha, Jedda, Beijing, Moscow and Saint Petersburg

2) Principal subsidiaries

Name of company	Location of head office or country
NYK BULK & PROJECTS CARRIERS LTD.	Chiyoda-ku, Tokyo
NIPPON CARGO AIRLINES CO., LTD.	Minato-ku, Tokyo
HACHIUMA STEAMSHIP CO., LTD.	Kobe City
NYK CRUISES CO., LTD.	Yokohama City
NYK TRADING CORP.	Minato-ku, Tokyo
YUSEN LOGISTICS CO., LTD.	Minato-ku, Tokyo
UNI-X CORP.	Shinagawa-ku, Tokyo
NYK GROUP AMERICAS INC.	U.S.A.
NYK GROUP EUROPE LTD.	U.K.
NYK GROUP SOUTH ASIA PTE. LTD.	Singapore
NYK GROUP OCEANIA PTY. LTD.	Australia

Note: NYK Bulk & Projects Carriers Ltd. is a company which was established by a merger between NYK GLOBAL BULK CORP. and NYK-HINODE LINE, LTD. as of October 1, 2013.

(7) State of Vessels of the Consolidated (as of March 31, 2014)

Business Segments	Type of vessel	Segment	Number of vessels	K/T (dwt)
Liner Trade	Container ships	Owned	25	1,333,961
		Chartered	76	4,239,030
		Total	101	5,572,991
Bulk Shipping	Bulk carriers (Capesize)	Owned	36	6,806,754
		Chartered	93	17,769,548
		Total	129	24,576,302
	Bulk carriers (Panamax)	Owned	41	3,583,235
		Chartered	73	6,133,667
		Total	114	9,716,902
	Bulk carriers (Handysize)	Owned	67	2,936,762
		Chartered	105	4,943,756
		Total	172	7,880,518
	Wood Chip carriers	Owned	9	438,990
		Chartered	40	2,141,889
		Total	49	2,580,879
	Car carriers	Owned	30	500,040
		Chartered	95	1,730,918
		Total	125	2,230,958
	Tankers	Owned	52	8,581,229
		Chartered	25	3,475,552
		Total	77	12,056,781
	LNG carriers	Owned	26	1,944,204
		Chartered	3	228,211
		Total	29	2,172,415
	Multi-purpose carriers	Owned	15	302,617
		Chartered	37	606,626
		Total	52	909,243
	Other	Owned	11	109,459
		Chartered	15	208,543
		Total	26	318,002
Cruises	Cruise ships	Owned	1	7,548
		Chartered	2	14,029
		Total	3	21,577
Total		Owned	313	26,544,799
		Chartered	564	41,491,769
		Total	877	68,036,568

Notes: 1. The number of vessels in possession includes shared vessels; their deadweight tonnages include the weight of other owners' portions.

2. Figures have been rounded to the nearest 1 dwt.

3. The total number of LNG carriers including the vessels owned by unconsolidated joint venture companies is 67.

(8) Employees (as of March 31, 2014)

1) Employees of the Consolidated

Segment		Number of employees (persons)	Year-on-year change (persons)
Global Logistics	Liner Trade	6,344	(286)
	Air Cargo Transportation	698	(14)
	Logistics	20,179	3,632
Bulk Shipping		2,668	(1)
Others	Cruises	458	(5)
	Real Estate	67	1
	Other	1,535	55
Company-wide (common)		393	95
Total		32,342	3,477

Notes: 1. Employees included in "Company-wide (common)" belong to administrative divisions that cannot be classified to a specific segment.
2. The classification of business segments have changed from the current fiscal year, and figures for the current fiscal year and year-on-year change are based on this classification. For information on the change to business segments, please refer to page 13.

2) Employees of the Unconsolidated

Segment	Number of employees (persons)	Year-on-year change (persons)
Employees on land duty [seamen on land out of above]	847 [254]	72 [(1)]
Employees on sea duty	289	(8)
Total	1,136	64

Note: From the current fiscal year, the number of employees includes 67 of those loaned to the Company from other companies and excludes those loaned to other companies. Figures for the year-on-year change have been calculated based on the same standard.

(9) Status of Principal Lenders of NYK (as of March 31, 2014)

Lender	Outstanding Balance (Millions of yen)
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.	109,530
NIPPON LIFE INSURANCE CO.	80,138
MEIJI YASUDA LIFE INSURANCE CO.	77,800
DEVELOPMENT BANK OF JAPAN INC.	50,673
SUMITOMO MITSUI BANKING CO.	32,938
THE NORINCHUKIN BANK	28,682
MIZUHO BANK, LTD.	25,764
CHIBA BANK, LTD.	20,627
SUMITOMO MITSUI TRUST BANK, LIMITED	20,241
SUMITOMO LIFE INSURANCE CO.	19,826

Note: In addition to the above, the Company has a total of ¥66,750 million loans from a syndicate of banks led by The Bank of Tokyo-Mitsubishi UFJ, Ltd., but these loans are not included in the outstanding borrowings from each of the banks.

(10) Status of Major Business Combination (as of March 31, 2014)

1) Changes and results of business combinations

NYK Group has 610 consolidated subsidiaries and 143 equity-method companies as of March 31, 2014.

For changes and results of business combinations, see the preceding "Business Progress and Results" (on page 14-16) and "Financial Position and Results of Operation" (on page 19-20).

2) Status of principal subsidiaries

Name of company	Common Stock	NYK's Share of Voting Rights (%)	Main Operations
NYK BULK & PROJECTS CARRIERS LTD.	¥2,100 million	100.00	Marine transportation business
NIPPON CARGO AIRLINES CO., LTD.	¥50,574 million	100.00	Air cargo transportation business
HACHIUMA STEAMSHIP CO., LTD.	¥500 million	74.86	Marine transportation business
NYK CRUISES CO., LTD.	¥2,000 million	100.00	Ownership and operation of cruise ships
NYK TRADING CORP.	¥1,246 million	79.25	Sales of petrochemical products, etc.
YUSEN LOGISTICS CO., LTD.	¥4,301 million	59.77	Freight forwarding business, etc.
UNI-X CORP.	¥934 million	83.44	Harbor transportation business
NYK GROUP AMERICAS INC.	US$4 million	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in North and South American area
NYK GROUP EUROPE LTD.	£81.49 million	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in Europe
NYK GROUP SOUTH ASIA PTE. LTD.	SP$16.65 million	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in South Asian area
NYK GROUP OCEANIA PTY. LTD.	A$8.4 million	100.00	Controlling subsidiaries engage in marine transportation and global logistics businesses, etc. in Oceanian area
ADAGIO MARITIMA S.A. And 366 other vessel owning companies	US$65.739 million, (total of 103 companies) ¥17,174 million (total of 264 companies)	100.00 (all companies)	Vessel owning and chartering

Notes:
1. Percentage of voting rights includes indirect holdings.
2. ADAGIO MARITIMA S.A. and 366 other vessel owning companies are consolidated subsidiaries that are fully owned by the NYK Group and are incorporated in Panama, Singapore and Liberia, etc. for the purpose of owning and chartering vessels. Vessels time-chartered from the said companies by the NYK Group constitute an important part of the fleet of vessels operated by the NYK Group.
3. NYK Bulk & Projects Carriers Ltd. is a company which was established by a merger between NYK GLOBAL BULK CORP. and NYK-HINODE LINE, LTD. as of October 1, 2013.

3) Status of principal affiliates

Name of company	Common Stock	NYK's Share of Voting Rights (%)	Main Operations
NS UNITED KAIUN KAISHA, LTD.	¥10,300 million	18.95	Marine transportation business
KYOEI TANKER CO., LTD.	¥2,850 million	30.03	Marine transportation business

Note: Percentage of voting rights includes indirect holdings

(11) Other significant matters on operations for NYK Group

In September 2012, NYK and specific overseas subsidiaries were suspected of violating antitrust laws concerning a certain automobile transportation business. Investigations were conducted by the Japan Fair Trade Commission, and investigations by U.S. authorities were also conducted, and we were served with interrogatories from European authorities, in accordance with similar laws. In March this year, we received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission. Actions for damages (class action lawsuit) against NYK and the subsidiaries referred to above have been filed in the U.S. and other regions in relation to these matters.

NIPPON CARGO AIRLINES CO., LTD. (NCA) received a notification in November 2010 from the Korean Fair Trade Commission of a charge to be levied as a violation of the Korean Fair Trading Law related to international air freight business. NCA filed appeals for cancellation of the disposition. In May 2014, the Supreme Court of Korea remanded the case related to "all ex-Korea routes." On the other hand, it dismissed the case related to "ex-Japan Korea bound routes," and the judgment that ordered payment of the fine has become final. Additionally, an action for damages (class action lawsuit) has been brought against NCA in the U.S. on suspicion of violation of U.S. antitrust laws.

In March 2013, YUSEN LOGISTICS CO., LTD. (YLK) agreed to a plea-bargain with respect to charges of violation of U.S. antitrust laws related to the international air freight forwarding business. An action for damages (class action lawsuit) has been filed against the company and its subsidiaries in the U.S. in connection with the matter. In addition, YLK and its consolidated subsidiaries have been investigated by the Competition Commission of Singapore for suspected infringement of competition laws, and advance notification of the Commission's provisional findings was given in April this year. In May 2014, the subsidiary of YLK made a representation to the Commission.

2. Status of Shares (as of March 31, 2014)

(1) Total number of shares authorized to be issued 2,983,550,000 shares

(2) Number of shares issued 1,696,120,521 shares

Note: The numbers exclude 4,430,467 shares of treasury stock.

(3) Number of shareholders 137,550 persons
(decreased by 21,254 from the previous year)

(4) Major shareholders (Top 10)

Name	Capital contribution to the Company	
	Number of shares held (in thousands)	Ratio of shareholding (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	119,492	7.05
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	86,639	5.11
THE MASTER TRUST BANK OF JAPAN, LTD. (MITSUBISHI HEAVY INDUSTRIES, LTD. ACCOUNT / RETIREMENT ALLOWANCE TRUSTEE ACCOUNT)	41,038	2.42
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	35,941	2.12
MEIJI YASUDA LIFE INSURANCE CO.	34,473	2.03
MIZUHO BANK, LTD.	22,867	1.35
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 1)	18,660	1.10
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 9)	18,504	1.09
STATE STREET BANK WEST CLIENT-TREATY	18,317	1.08
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 6)	17,614	1.04

Note: Ratio of shareholding was computed excluding total treasury stock of 4,430,467 shares.

(5) Treasury Stock

Shares held as of the end of the preceding term		Common Stock	4,301,736 (shares)
Shares purchased in the current term			
	Less-than-One-Unit Share Purchased	Common Stock	140,756 (shares)
		Total price of acquisition	41,950,014 (yen)
Shares disposed in the current term			
	Less-than-One-Unit Share Sold	Common Stock	12,025 (shares)
		Total price of disposition	3,460,919 (yen)
Shares lapsed in the current term			None
Shares held as of the end of the fiscal term		Common Stock	4,430,467 (shares)

3. Status of Stock Acquisition Rights, etc. (as of March 31, 2014)

Following is the status as of the end of this fiscal year of corporate bonds with stock acquisition rights issued under the Corporation Law.

Name	Euro Yen Contingent Conversion Zero Coupon Convertible Bonds with Acquisition Rights due 2026
Date of resolution of issuance	August 31, 2006
Date of issuance	September 20, 2006
Number of stock acquisition rights	89 units
Class and number of shares subject to stock acquisition rights	Common stock 572,008 shares
Amount to be paid upon exercise of stock acquisition rights (exercise price)	¥777.96 per share
Amount to be capitalized upon exercise of stock acquisition rights	¥388.98 per share
Exercise period of stock acquisition rights	October 4, 2006 to September 10, 2026

4. Executives of NYK

(1) Directors and Corporate Auditors (incumbents from June 26, 2013 to March 31, 2014)

Name	Position, responsibilities and significant concurrent positions	
Koji Miyahara	Chairman, Chairman Corporate Officer	Vice-Chairman of Keidanren (Japan Business Federation)
Yasumi Kudo	President, President Corporate Officer	
Tadaaki Naito	Representative Director, Executive Vice-President Corporate Officer	Chief Executive of Technical Headquarters, Chairman of IT Strategy Committee, Chief Information Officer, In charge of Global Logistics Headquarters
Naoya Tazawa	Representative Director, Senior Managing Corporate Officer	Chief Executive of General Affairs Headquarters, Chief Compliance Officer
Kenji Mizushima	Representative Director, Senior Managing Corporate Officer	Chief Executive of Management Planning Headquarters, Chief Financial Officer, In charge of Cruise Headquarters
Hitoshi Nagasawa	Representative Director, Senior Managing Corporate Officer	Chief Executive of Energy Division
Koichi Chikaraishi	Representative Director, Senior Managing Corporate Officer	Chief Executive of Automotive Transportation Headquarters
Hidetoshi Maruyama	Director, Managing Corporate Officer	Chief Executive of Global Logistics Headquarters
Masahiro Samitsu	Director, Managing Corporate Officer	Chief Executive of Dry Bulk Division, Chief Executive of Cruise Headquarters
Hitoshi Oshika	Director, Corporate Officer	In charge of Corporate Planning Division and Air Cargo Transportation Division
Kazuo Ogasawara	Director, Corporate Officer	In charge of Dry Bulk Division
Yukio Okamoto	Outside Director (part-time, Independent Director)	President of OKAMOTO ASSOCIATES, INC., Outside Director of MITSUBISHI MATERIALS CORP., Outside Corporate Auditor of MITSUBISHI MOTORS CORP.
Yuri Okina	Outside Director (part-time, Independent Director)	Research Director of THE JAPAN RESEARCH INSTITUTE, LTD., Outside Director of Seven Bank, Ltd., Outside Director of BRIDGESTONE CORPORATION
Mikitoshi Kai	Corporate Auditor (full-time)	
Hiroshi Sugiura	Corporate Auditor (full-time)	

Name	Position, responsibilities and significant concurrent positions	
Fumio Kawaguchi	Outside Corporate Auditor (part-time, Independent Auditor)	Advisor of Chubu Electric Power Company, Incorporated, Outside Corporate Auditor of Nagoya Railroad Co., Ltd. Chairman and Outside Director of Central Nippon Expressway Company Limited
Mitsuoki Kikuchi	Outside Corporate Auditor (part-time, Independent Auditor)	

Notes:
1. Of Directors, Mr. Yukio Okamoto and Ms. Yuri Okina are Outside Directors as stipulated in Article 2, Item 15, of the Corporation Law.
2. Of Corporate Auditors, Messrs. Fumio Kawaguchi and Mitsuoki Kikuchi are Outside Corporate Auditors as stipulated in Article 2, Item 16 of the Corporation Law.
3. Of significant concurrent positions as executive officers or outside officers of Outside Directors and Corporate Auditors, the Company has business relations with MITSUBISHI MATERIALS CORP. such as coal transport transactions, with MITSUBISHI MOTORS CORP. such as automobile transport transactions, and with BRIDGESTONE CORPORATION such as tire transport transactions. The Company has no particularly notable business relations with the other significant concurrent positions as executive officers or outside officers of Outside Directors and Outside Corporate Auditors.
4. Of Corporate Auditors, Mr. Hiroshi Sugiura served as a Director in charge of financial affairs of NYK and has considerable expertise in finance and accounting.
5. Retired Directors and Corporate Auditor and newly appointed Directors and Corporate Auditor during the current fiscal year are as follows:

<Retirement>

Director	Masahiro Kato	(Retired at the expiration of his term in office on Jun. 25, 2013)
Director	Hidenori Hono	(Retired at the expiration of his term in office on Jun. 25, 2013)
Director	Hiroshi Hiramatsu	(Retired at the expiration of his term in office on Jun. 25, 2013)
Director	Shunichi Kusunose	(Retired at the expiration of his term in office on Jun. 25, 2013)
Corporate Auditor (full-time)	Naoki Takahata	(Retired at the expiration of his term in office on Jun. 25, 2013)

<New appointment>

Director, Managing Corporate Officer	Hidetoshi Maruyama	(Appointed on Jun. 25, 2013)
Director, Managing Corporate Officer	Masahiro Samitsu	(Appointed on Jun. 25, 2013)
Director, Corporate Officer	Hitoshi Oshika	(Appointed on Jun. 25, 2013)
Director, Corporate Officer	Kazuo Ogasawara	(Appointed on Jun. 25, 2013)
Corporate Auditor (full-time)	Hiroshi Sugiura	(Appointed on Jun. 25, 2013)

6. The Company filed Mr. Yukio Okamoto, Ms. Yuri Okina, Mr. Fumio Kawaguchi and Mr. Mitsuoki Kikuchi as its Independent Directors/Auditors with Tokyo and Nagoya stock exchanges. Listed companies are required to secure the Independent Directors/Auditors who play roles in safeguarding general investors.

(2) Corporate Officers (For reference) (as of April 1, 2014)

Position	Name
Chairman, Chairman Corporate Officer	Koji Miyahara
President, President Corporate Officer	Yasumi Kudo
Representative Director, Executive Vice-President Corporate Officer	Tadaaki Naito
Representative Director, Senior Managing Corporate Officer	Naoya Tazawa
	Kenji Mizushima
	Hitoshi Nagasawa
	Koichi Chikaraishi
Senior Managing Corporate Officer	Koichi Akamine

Position	Name
Director, Managing Corporate Officer	Hidetoshi Maruyama
	Masahiro Samitsu
Managing Corporate Officer	Fukashi Sakamoto
	Takashi Abe
	Yasuo Tanaka
Director, Corporate Officer	Hitoshi Oshika
	Kazuo Ogasawara
Corporate Officer	Takuji Nakai
	Yuji Isoda
	Kenichi Miki
	Keizo Nagai
	Tsutomu Shoji
	Yoshiyuki Yoshida
	Eiichi Takahashi
	Hiroyuki Yasukawa
	Noriaki Tajima
	Hiroyuki Okamoto
	Svein Steimler
	Jeremy Nixon
	*Tomoyuki Koyama
	*Keiji Tsuchiya
	*Hiroki Harada
	*Noriko Miyamoto

Notes: 1. Corporate Officers retired as of March 31, 2014 are as follows:
Hiroshi Hattori and Yoko Wasaki
2. The asterisks (*) indicate newly appointed Corporate Officers on April 1, 2014.
3. Mr. Hiroyuki Yasukawa concurrently serves as Representative Director, Senior Managing Executive Officer of the Company's consolidated subsidiary, YUSEN LOGISTICS CO., LTD.

(3) Remuneration Paid to Directors and Corporate Auditors

Category	Number of persons remunerated	Yearly remuneration	Bonus	Total Amount of remuneration paid
Directors [Outside Directors out of above]	17 [2]	¥604 million [¥38 million]	-	¥604 million [¥38 million]
Corporate Auditors [Outside Corporate Auditors out of above]	5 [2]	¥101 million [¥26 million]	-	¥101 million [¥26 million]
Total [Outside Directors/Corporate Auditors out of above]	22 [4]	¥705 million [¥65 million]	-	¥705 million [¥65 million]

Notes:
1. Amount of remuneration payment to the Directors includes the remuneration to four Directors who retired during the fiscal year.
2. Amount of remuneration payment to the Corporate Auditors includes the remuneration to one Corporate Auditor who retired during the fiscal year.
3. As with the 125th and 126th terms, there are no payments of bonus for Directors for the 127th term.

(4) Status of Major Activities of Outside Directors and Outside Corporate Auditors

Name	Status of Attendance and Stating of Opinions
Outside Director (Part-time, Independent Director) Yukio Okamoto (Appointed on Jun. 24, 2008)	Attended 12 out of 14 meetings of the Board of Directors held during this fiscal year (86% of attendance rate), and when necessary made statements mainly based on his extensive knowledge and insight as an expert of international affairs.
Outside Director (Part-time, Independent Director) Yuri Okina (Appointed on Jun. 24, 2008)	Attended all the 14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate), and when necessary made statements mainly based on her extensive knowledge and insight as an expert of economic and financial issues.
Outside Corporate Auditor (Part-time, Independent Auditor) Fumio Kawaguchi (Appointed on Jun. 23, 2011)	Attended all the 14 meetings of the Board of Directors (100% of attendance rate) and all the 16 meetings of the Board of Corporate Auditors (100% of attendance rate) held during this fiscal year, and when necessary made statements mainly from his considerable experience in corporate management, etc.
Outside Corporate Auditor (Part-time, Independent Auditor) Mitsuoki Kikuchi (Appointed on Jun. 20, 2012)	Attended all the 14 meetings of the Board of Directors (100% of attendance rate) and all the 16 meetings of the Board of Corporate Auditors (100% of attendance rate) held during this fiscal year, and when necessary made statements mainly from his considerable experience in government service.

The Company received a cease and desist order and a surcharge payment order based on the Antitrust Law from the Japan Fair Trade Commission in March this year concerning a certain automobile transportation business operated in previous fiscal years. Prior to the Company being investigated for the conduct subject to these orders, Mr. Yukio Okamoto, Ms. Yuri Okina, Mr. Fumio Kawaguchi and Mr. Mitsuoki Kikuchi were not aware of such conduct. As well as making previous statements on compliance with laws and regulations, Mr. Okamoto, Ms. Okina, Mr. Kawaguchi and Mr. Kikuchi have been expressing their opinions for the purpose of eradicating violations of antitrust laws including overseas competition laws, and preventing the recurrence of such incidents, at the meetings of the Board of Directors (also including meetings of the Board of Corporate Auditors in the case of Corporate Auditors), a Committee for ensuring adherence to antitrust law and other such meetings.

(5) Liability Limitation Agreement with Outside Directors and Outside Corporate Auditors

The Company has signed agreements with each Outside Director and Outside Corporate Auditor respectively limiting their liability for damages in terms of Article 423, Paragraph 1 of the Corporation Law, according to Articles 33 and 43 of the Articles of Incorporation stipulated in accordance with Article 427, Paragraph 1 of the same Law. Based on these agreements, liability for damages is limited to ¥20 million or the minimum amount prescribed by law, whichever is higher.

5. Independent Auditor

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

(2) Compensation paid to Independent Auditor for the fiscal year under review

Category	Total amount paid
Compensation paid for the fiscal year under review	¥145 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥297 million

Notes:
1. The audit contract between NYK and the Independent Auditor does not separate the compensation for the audit based on the Corporation Law from the compensation for the audit based on the Financial Instruments and Exchange Act. Therefore, the aforementioned amount includes the compensation for the audit, etc. based on the Financial Instruments and Exchange Act.
2. The Company pays the Independent Auditor fees for services such as inspection of finance, which are services other than the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law (non-audit service).
3. Among our principal subsidiaries, UNI-X CORP., NYK GROUP AMERICAS INC., NYK GROUP EUROPE LTD., NYK GROUP SOUTH ASIA PTE. LTD., and NYK GROUP OCEANIA PTY. LTD. undergo audits of statutory documents by CPAs or audit corporations other than the Independent Auditor of NYK (including persons who have qualifications equivalent to these qualifications in foreign countries) (limited to audit pursuant to the Corporation Law or Financial Instruments and Exchange Act (including foreign laws equivalent to these laws)).

(3) Company Policy regarding dismissal or decision not to reappoint the Independent Auditor

Article 340 of the Corporation Law stipulates that the Board of Corporate Auditors shall be entitled to dismiss the Independent Auditor for reasons stipulated therein. In addition, when it is reasonably recognized that the Independent Auditor is no longer able to execute its duties in an appropriate manner, NYK, subject to prior consent of, or request from, the Board of Corporate Auditors, will offer a resolution to the Shareholders' Meeting to the effect of dismissal of, or a decision not to reappoint, the Independent Auditor.

6. Matters on Structures to Ensure Proper Execution of Business Operations

The Company adopted a new resolution with respect to structures to ensure proper execution of business operations based on the Corporation Law, including ongoing measures that have been implemented, at the meeting of Board of Directors on March 27, 2014 as follows.

► Outlines of Resolutions of Board of Directors

(1) 1) The Company has formulated the NYK Group Mission Statement, the NYK Group Value, and the NYK Group Business Credo and NYK Line Code of Conduct, and is continually working to enhance appropriate management systems in conformance with them.

2) In order to ensure compliance with laws and regulations as well as proper execution of business by Directors and employees, in-house rules prescribe the clear allocation of authorities and separation of duties, etc., and important matters are discussed at the meetings of the Committee of Corporate Officers and Board of Directors. We have established the Compliance Committee and the Internal Control Committee and have appointed a Chief Compliance Officer (CCO), and are working not only on complying to laws, the Articles of Incorporation, and in-house rules, but also to enhance company systems and structures for valuing corporate ethics and social norms, etc.

3) In view of the fair trading issues which occurred in the NYK Group, we are doing our utmost to deepen our understanding of fair trading and to ensure thorough compliance with laws, and are determined to prevent the recurrence of similar cases. Specifically, a pronouncement was made by the President concerning the thorough compliance with antitrust laws, control networks were established and operated in each internal division and domestic and overseas Group companies, internal enlightenment and education were carried out through preparation of manuals, etc. and various trainings, and regulations on contact with competitors in the industry were established. In addition to the above and other such initiatives, as measures to prevent recurrence of the issues, we have tightened our regulations on contact with competitors in the industry, held regular meetings of a Committee for ensuring adherence to antitrust law, carried out risk assessment of antitrust laws, evaluated antitrust risks concerning investments, etc., centralized management of the filing of alliances and arrangements, and obtained written pledges on compliance with antitrust laws from all our Directors and employees engaged in relevant businesses. Also, as measures for early identification and response, we have strengthened the authorities of the CCO, introduced an internal leniency system, and established systems for responding to incidents.

4) For thorough compliance with laws and the promotion of compliance, we have strengthened our legal division, continued to carry out compliance education and trainings, appropriately operated consultation services, carried out regular monthly full compliance checks, established and thoroughly publicized in-house rules for the prohibition of bribery, worked towards the early identification of problems through the enhancement of cooperation among Group companies, and taken appropriate measures. The internal audit division has carried out practices such as field audits to endeavour to identify violations of laws and regulations.

5) We have taken necessary measures to respond to the Whistleblower Protection Act by establishing in-house rules and internal and external contact points.

(2) Directors and the Board of Directors properly store and manage documents and other information relating to their execution of duties according to in-house rules.

(3) Under in-house rules concerning risk management, each Chief Executive, etc. carries out evaluations of risks and the management situation of the business of which they are in charge, and by examination at the meeting regarding the selection of significant risks, risks are clarified across the company and appropriate countermeasures are implemented. In addition to thorough management of risks concerning the safe operation of vessels and conservation of the environment, we revise our plan for ensuring business continuity upon events such as a large-scale disaster, and promote improvements within all divisions.

(4) Through the administrative authority and decision-making rules prescribed in the in-house rules and the speeding up of approval processes by utilization of electronic-decision system, we develop systems for Directors to execute their duties appropriately and effectively.

(5) The Company has formulated its Mission Statement and Business Credo that apply to the NYK Group as a whole, and through trainings and activities including the transmission of compliance information, thoroughly publicizes them to Group companies for purposes of compliance with and respect for laws and regulations, corporate ethics and social norms, etc. The Group's Committee for Corporate Officers have been established with the aim of improving corporate value, ensuring soundness and increasing management efficiency. Through internal audits of NYK and its Group companies, the internal audit division provides various advice and suggestions for improvements.
(6) The Company has established a Corporate Auditors' Staff Chamber with dedicated staff to assist the Corporate Auditors in their duties, including provision of support for Outside Corporate Auditors. As the staff works under the full-time Corporate Auditors, the full-time Corporate Auditors carry out personnel evaluations of such dedicated staff.
(7) To ensure that there are systems which enable the execution of duties specified in laws, regulations of the Board of Corporate Auditors, and Corporate Auditors auditing standards, Directors and the Board of Directors are working to create an environment in which the Corporate Auditors can conduct effective audits. Also, through ensuring that there are structures for Corporate Auditors to collect information, they are arranging systems to enable understanding of management issues and the actual conditions of operations.
(8) The Company has established an internal control system designed to ensure the properness of financial statements under the Financial Instruments and Exchange Act, and conducts effectiveness assessment on its design and implementation.
(9) To thoroughly eliminate ties with antisocial forces, the Company has established an in-house post dedicated to provide consultation services on the handling of antisocial forces, and through closer coordination with external specialized institutions, we are working to collect information and communicate it appropriately. We view the elimination of antisocial forces as an important compliance matter, and are developing a manual and taking appropriate countermeasures.

7. Basic policy regarding the modality of those who control the Company's financial and business policy decisions

(1) Outline of the content of the Basic Policy

The Company believes that it is necessary for persons or entities who control the Company's financial and business policy to understand the corporate philosophy of the NYK Group, which aims to develop as a comprehensive global-logistics enterprise having a strong commitment to CSR management, and to enable the NYK Group to secure and enhance its corporate value and common interests of the shareholders.

In light of this, we have no intention of completely objecting to a Large-scale Purchase by a specific party, on the condition that such a purchase is deemed to contribute to maintaining and increasing its corporate value and common interests of shareholders. However, we cannot deny that among Large-scale Purchase, there are those (a) where the time and/or information needed for shareholders and the board of directors of the Company is not provided, (b) that are abusive because only the benefit to the purchasing party itself has been considered, and (c) where there is a risk of damage to the Company's corporate value and common interests of shareholders. The Company believes that the party making such kind of purchase action is not an appropriate party who controls the Company's financial and business policy.

(2) Outline of specifics of special measures that will help achieve the Basic Policy

1) Medium-term management plan

The Company formulated four (4) strategic pillars under "More Than Shipping 2013", the Company's three-year medium-term management plan starting from April 2011, to achieve further growth by taking in Asian growth. Furthermore, in March this year, the Company formulated the new medium-term management plan, "More Than Shipping 2018 –Stage 2 Leveraged by Creative Solutions–", which started from April 2014 for 5 years.

2) Corporate governance

The Company aims to improve transparency of its corporate management and to enhance the function of the Board of Directors while strengthening its function to monitor management by implementing several measures including introduction of Corporate Officers system and reduction in the number of Directors, appointment of two (2) Outside Directors, and reduction of the Directors' term of office to one (1) year. Further, a notice of the general meeting of shareholders is sent three (3) weeks before the meeting is held, providing our shareholders with sufficient time to consider proposals.

3) Dividend policy

The Company maintains the Basic Policy of continuously making stable dividend payments, based on thorough consideration of payout ratio, the Company's forecast business performance, etc. We also consider requirements for future business development, such as the expansion and improvement not only of our traditional business of marine transport but also of other businesses, and we bear in mind the level of internal reserves needed to withstand fluctuations in market conditions.

(3) Outline of measures to prevent the control of the Company's financial and business policy decisions by inappropriate persons or entities in light of the Basic Policy

The Company adopted "Measures for Large-scale Purchases of NYK Share Certificates for the Purpose of Securing and Enhancing Corporate Value and the Common Interests of Shareholders" at the 121st Ordinary General Meeting of Shareholders of the Company held in June 2008 and renewed it for three (3) years with partial revision (hereinafter, the renewed version shall be referred to as "the Plan") at the 124th Ordinary General Meeting of Shareholders of the Company held in June 2011.

The effective term of the Plan is until the conclusion of the Company's 127th Ordinary General Meeting of Shareholders to be held on June 24, 2014, and it was decided at the meeting of the Board of Directors held on May 15, 2014 not to renew the Plan.

The outline of the Plan is as follows:

1) Large-scale Purchases to which the Plan is applied shall be any purchases, etc. or tender offers which will be carried out without the consent of the Board with which the ratio of holding or ownership of the Company's share certificates becomes 20% or more.

2) A Large-scale Purchaser is required to submit to the Company a letter of intention prior to undertaking the Large-scale Purchase. Upon receipt of the Letter of Intention, the Board will request the Large-scale Purchaser to submit the Explanation of Purchase setting forth required information regarding the Large-scale Purchase.

3) Upon receipt of the Explanation of Purchase from the Large-scale Purchaser, the Board will immediately submit the document to the Independent Committee, which consists of at least three (3) members of the Outside Directors and outside experts, and consult with the Independent Committee as to whether or not it is appropriate to implement the countermeasures against the Large-scale Purchase. The Independent Committee shall prepare the report making Implementation Recommendation, Non-implementation Recommendation or other recommendation within sixty (60) days as a general rule from the date on which the submission of the Explanation of Purchase is completed. The Board shall give utmost respect to such recommendations.

4) The Board may:

a. adopt a resolution to implement countermeasures with obtaining an Implementation Recommendation of the Independent Committee when the Large-scale Purchaser does not comply with the required procedures;

b. as a general rule, adopt a resolution to implement countermeasures without obtaining a resolution of the general meeting of shareholders when the Independent Committee makes an Implementation Recommendation following a determination that the Large-scale Purchaser is an

Abusive Acquirer; and

c. convene a general meeting of shareholders and upon obtaining a resolution to approve the implementation of countermeasures, and may adopt a resolution to implement countermeasures when the Independent Committee makes an Implementation Recommendation following a determination that the Large-scale Purchase poses a risk of harm to the corporate value or the common interests of the shareholders.

5) The Board shall choose a countermeasure, as against the Large-scale Purchase, which the Board determines the most appropriate method as of that timing, such as the Allotment of Stock Acquisition Rights (Without Consideration), taking into consideration the opinion of the Independent Committee. However, no cash shall be provided to a part of holders of the Stock Acquisition Rights even when the Stock Acquisition Rights will be issued.

(4) The Board Decision and the Reasons regarding the measures stated in (2) and (3)

As the primary purpose of any of the measures stated in (2) is to secure and enhance the corporate value and the common interests of the shareholders of the NYK Group, and as the measures stated in (3) satisfies the principles set forth in published guidelines and reports regarding takeover defense measures (“Guidelines Concerning Takeover Defensive Measures for Securing and Ensuring Corporate Value and the Common Interests of Shareholders”, the Ministry of Economy, Trade and Industry and the Ministry of Justice dated May 2005, and “Takeover Defense Measures in Light of Recent Environmental Changes”, Corporate Value Study Group dated June 2008) and thus is appropriate in its contents, the Board of the Company believes that they are following the Basic Policy stated in (1) and do not damage the common interests of shareholders, and that they do not have as their purposes the maintenance of the position of the current executives.

Note: For more detail of the above, please refer to the Company’s IR News “Renewal of Measures for Large-scale Purchases of NYK Share Certificates for the Purpose of Securing and Enhancing Corporate Value and the Common Interests of Shareholders (Takeover Defense Measures)” (http://www.nyk.com/english/release/1413/IR_110513_2.html) dated May 13, 2011.

Consolidated Financial Statements

1. Consolidated Balance Sheet (As of March 31, 2014)

(In millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	871,782	Current liabilities	526,564
Cash and deposits	218,358	Notes and operating accounts payable-trade	229,738
Notes and operating accounts receivable-trade	268,612	Short-term loans payable	115,090
		Income taxes payable	6,190
Short-term investment securities	136,046	Deferred tax liabilities	4,156
Inventories	72,147	Advances received	70,156
Deferred and prepaid expenses	72,621	Provision for bonuses	7,991
Deferred tax assets	4,622	Provision for directors' bonuses	345
Other	101,802	Provision for losses related to antitrust law	13,307
Allowance for doubtful accounts	(2,429)	Provision for losses related to purchase contract	3,892
Noncurrent assets	1,678,790	Provision for losses related to cancellation of charter contract	906
Vessels, property, plant and equipment	1,228,565	Other	74,787
Vessels, net	923,623	Noncurrent liabilities	1,250,773
Buildings and structures, net	77,254	Bonds payable	235,445
Aircraft, net	18,505	Long-term loans payable	875,956
Machinery, equipment and vehicles, net	35,231	Deferred tax liabilities	33,928
		Net defined benefit liability	17,433
Equipment, net	5,669	Provision for directors' retirement benefits	1,867
Land	64,906	Provision for periodic dry docking of vessels	19,726
Construction in progress	97,054	Other	66,414
Other, net	6,320	**Total Liabilities**	**1,777,337**
Intangible assets	41,933	**Equity**	
Leasehold right	5,102	Shareholders' capital	726,076
Software	7,621	Common stock	144,319
Goodwill	24,179	Capital surplus	155,617
Other	5,029	Retained earnings	428,173
Investments and other assets	408,291	Treasury stock	(2,034)
Investment securities	291,212	Accumulated other comprehensive income (loss)	(5,805)
Long-term loans receivable	24,177	Unrealized gain (loss) on available-for-sale securities	29,169
Net defined benefit asset	36,913	Deferred gain (loss) on hedges	(22,638)
Deferred tax assets	7,445	Foreign currency translation adjustments	(8,289)
Other	52,240	Remeasurements of defined benefit plans	(4,046)
Allowance for doubtful accounts	(3,698)	Minority interests	53,628
Deferred assets	664	**Total Equity**	**773,899**
Total Assets	**2,551,236**	**Total Liabilities and Equity**	**2,551,236**

2. Consolidated Statement of Income (From April 1, 2013 to March 31, 2014)

(In millions of yen)

Item	Amount	
Revenues		2,237,239
Cost and expenses		1,991,043
Gross profit		246,195
Selling, general and administrative expenses		201,200
Operating income		44,995
Non-operating income		
Interest income	2,603	
Dividends income	4,188	
Equity in earning of unconsolidated subsidiaries and affiliates	15,321	
Foreign exchange gains	5,299	
Other	7,955	35,368
Non-operating expenses		
Interest expenses	18,985	
Other	2,954	21,939
Recurring profit		58,424
Extraordinary income		
Gain on sales of noncurrent assets	11,216	
Gain on sales of investment securities	14,058	
Other	2,205	27,480
Extraordinary loss		
Loss on sales of noncurrent assets	2,415	
Provision for losses related to antitrust law	13,101	
Impairment loss	6,832	
Provision for losses related to purchase contract	3,892	
Other	6,556	32,797
Income before income taxes and minority interests		53,106
Income taxes-current	16,767	
Income taxes-deferred	(1,014)	15,752
Income before minority interests		37,354
Minority interests in net income		4,305
Net income		33,049

3. Consolidated Statement of Changes in Consolidated Equity (From April 1, 2013 to March 31, 2014)

(In millions of yen)

Item	Shareholders' capital					Accumulated other comprehensive income					Minority interests	Total Equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	**Total share-holders' capital**	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasu-rements of defined benefit plans	**Total Accumula-ted other comprehe-nsive income**		
Balance at the beginning of current period	144,319	155,619	401,721	(1,998)	**699,662**	30,050	(34,705)	(43,423)	(528)	**(48,606)**	**47,644**	**698,701**
Cumulative effects of changes in accounting policies			(160)		**(160)**				(405)	**(405)**	**(155)**	**(721)**
Restated balance	144,319	155,619	401,561	(1,998)	**699,502**	30,050	(34,705)	(43,423)	(933)	**(49,011)**	**47,488**	**697,979**
Changes of items during the period												
Dividends from surplus			(6,784)		**(6,784)**							**(6,784)**
Net income			33,049		**33,049**							**33,049**
Purchase of treasury stock				(41)	**(41)**							**(41)**
Disposal of treasury stock		(2)		5	**3**							**3**
Adjustments due to change in the fiscal periods of consolidated subsidiaries			234		**234**							**234**
Change of scope of consolidation			138		**138**							**138**
Change of scope of equity method			(0)		**(0)**							**(0)**
Other			(23)		**(23)**							**(23)**
Net change of items other than shareholders' capital						(880)	12,066	35,133	(3,113)	**43,205**	**6,139**	**49,345**
Total changes of items during the period	–	(2)	26,612	(36)	**26,573**	(880)	12,066	35,133	(3,113)	**43,205**	**6,139**	**75,919**
Balance at the end of current period	144,319	155,617	428,173	(2,034)	**726,076**	29,169	(22,638)	(8,289)	(4,046)	**(5,805)**	**53,628**	**773,899**

(For reference)

4. Summary of Consolidated Statement of Cash Flows (From April 1, 2013 to March 31, 2014)

(In millions of yen)

Item	Amount
Net cash provided by (used in) operating activities	136,522
Net cash provided by (used in) investing activities	6,409
Net cash provided by (used in) financing activities	(95,485)
Effect of exchange rate change on cash and cash equivalents	3,891
Net increase (decrease) in cash and cash equivalents	51,337
Cash and cash equivalents at beginning of period	298,429
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	268
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	(312)
Cash and cash equivalents at end of period	349,723

Note: This statement is not covered by the audit reports.

5. Notes to Consolidated Financial Statements

(1) Basis of presenting consolidated financial statements

1) Scope of Consolidation

(i) Number of Consolidated subsidiaries: 610
Name of principal consolidated subsidiaries
Principal consolidated subsidiaries are stated in the Business Report "1. Overview of Operations for NYK Group, (10) Status of Major Business Combination, 2) Status of principal subsidiaries".
Changes in the current fiscal year are as follows:
YUSEN REAL ESTATE (HAI PHONG) CO., LTD. and 2 other companies were included within the scope of consolidation as they were newly established.
YUSEN LOGISTICS DO BRASIL LTDA and 8 other companies were included within the scope of consolidation as their total assets, revenues, net income and retained earnings, etc. increased in importance.
CBU LINE LLP became a consolidated subsidiary due to the acquisition of shares.
NYK AUTO LOGISTICS (KAZAKHSTAN) LLP, previously an affiliate not accounted for by the equity method, became a consolidated subsidiary due to the acquisition of additional shares.
NYK LINE (SVERIGE) AB and 45 other companies were excluded from the scope of consolidation, as they were liquidated.
YUSEN LOGISTICS (BELGIUM) N.V. was excluded from the scope of consolidation, as it merged with YUSEN LOGISTICS (BENELUX) B.V. as of April 1, 2013.
NYK GLOBAL BULK CORP. was excluded from the scope of consolidation, as it merged with NYK-HINODE LINE, LTD. as of October 1, 2013.
CAYMAN LNG TRANSPORT (NO.1) LTD. was excluded from the scope of consolidation as their total assets, revenues, net income and retained earnings, etc. decreased in importance.

(ii) Name of principal unconsolidated subsidiaries
There is no principal unconsolidated subsidiary to be noted.

(iii) Reason for exclusion from the scope of consolidation
Total assets, total sum of revenues and total equity amount out of net income and total equity amount of retained earnings, etc. of unconsolidated subsidiary are all small compared to total assets, total sum of revenues, total equity amount out of net income and total equity amount of retained earnings of consolidated companies, and do not have a material effect on the consolidated statutory report as a whole, and this is why they are excluded from the scope of consolidation.

2) Application of equity method

(i) Number of affiliates accounted for by the equity method
unconsolidated subsidiaries: 13
affiliates: 130
Name of principal affiliates accounted for by the equity method:
Principal affiliates are stated in the Business Report "1. Overview of Operations for NYK Group, (10) Status of Major Business Combination, 3) Status of principal affiliates".
Changes during this fiscal year are as follows:
JAPAN ALFA LULA ALTO S.A R.L. and 9 other companies were included within the scope of application of the equity method, as they were newly established.
TUPI NORDESTE S.A R.L. and 11 other companies were included within the scope of application of the equity method, as their net income and retained earnings, etc. increased in importance.
NORTH AMERICAN MARITIME SERVICES, LLC and 3 other companies were excluded from the scope of application of the equity method, as they were liquidated.
KNUTSEN BOYELASTER XI AS was excluded from the scope of application of the equity method, as it merged with KNUTSEN BOYELASTER IX AS on September 26, 2013.
KNUTSEN BOYELASTER VIII AS was excluded from the scope of application of the equity method, as it merged with KNUTSEN SHUTTLE TANKERS 2 AS on September 26, 2013.

(ii) Name of principal unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

There is no principal unconsolidated subsidiary or affiliate to be noted.

(iii) Reason for exclusion of the scope of application of the equity method

Net income and total equity amount of retained earnings, etc. of unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are small compared to net income and total equity amount of retained earnings of consolidated companies and companies that are accounted for by the equity method, and impact on retained earnings, etc., is minor, and as a whole do not have a material effect on the consolidated statutory report, and this is why they are excluded from the scope of application of the equity method.

(iv) Noteworthy matters concerning procedures in the application of the equity method

For 4 affiliates accounted for by the equity method whose closing dates of account fell on December 31, pro forma financial statements as of the closing date of the consolidated statements were used. For affiliates other than those mentioned above whose closing dates were different from that of the consolidated statements, financial statements as of the closing date of account of the respective companies were used.

3) Fiscal year for consolidated subsidiaries

For 40 consolidated subsidiaries whose closing dates of account fell on December 31, financial statements as of the closing date of account of respective companies were used for the purpose of consolidation. Necessary consolidation adjustments have been made to account for significant events, if any, that took place between December 31 and March 31. For 2 consolidated subsidiaries whose closing dates of account fell on December 31, pro forma financial reports as of the closing date of the consolidated statements were used for the purpose of consolidation.
From the current fiscal year, TASCO BHD. and 9 other consolidated subsidiaries have changed their closing dates of account from December 31 to March 31.
The impact on retained earnings associated with change in the fiscal periods is described in the consolidated statement of changes in consolidated equity.

The name of a major company which closes the books on December 31 is as follows:
YUSEN LOGISTICS (CHINA) CO., LTD.

4) Accounting policies

(i) Standards and methods of valuation of significant assets

Securities

Bonds held to maturity	Amortized cost method (primarily straight-line method)
Available-for-sale securities	
Securities with market value	Primarily, market value method based on the average market price during the month before the closing date, etc. (Differences in valuation are included directly in equity and costs of securities sold are calculated primarily using the moving-average method)
Securities without market value	Primarily, stated at cost using the moving-average method
Derivatives	Market value method
Inventories	Valued at cost, determined primarily by the first-in, first-out method. (reducing book value in accordance with declines in profitability)

(ii) Depreciation methods for significant depreciable assets

Vessels, property, plant and equipment (except for lease assets)

Primarily the straight-line method

Assets for which the purchase price is more than 100,000 yen but less than 200,000 yen are generally depreciated in equal allotments over 3 years based on the Japanese Corporation Tax Law.

Intangible assets (except for lease assets)

Software	Primarily, straight-line method based on useful life in-house (5 years)
Other intangible assets	Primarily the straight-line method

Lease assets

Lease assets arising from ownership-transfer finance leases

Identical to depreciation method applied to self-owned noncurrent assets

Lease assets arising from non-ownership-transfer finance leases

Straight-line method that assumes a useful life is equal to the lease period and an estimated residual value is zero

The conventional accounting treatment will still apply to non-ownership-transfer finance leases that commenced before March 31, 2008 to apply revised accounting standard for lease transactions.

(iii) Disposition method of significant deferred assets

Bond issuance cost	Amortized equally each month over the period of redemption of the bond

(iv) Standards of accounting for significant allowances and provisions

Allowance for doubtful accounts	Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.
Provision for bonuses	Provided for bonus payments to employees based on estimated amounts of future payments attributed to the fiscal year
Provision for director's bonuses	Provided for bonus payments to directors based on estimated amounts of future payments attributed to the fiscal year

Provision for directors' retirement benefits

Provision for directors' retirement benefits at the end of fiscal term is calculated based on internal rules as for certain consolidated subsidiaries.

Provision for periodic dry docking of vessels

Provision for periodic dry docking of vessels is calculated based on future estimated amount for periodic dry docking of vessels.

Provision for losses related to antitrust law

(1) NIPPON CARGO AIRLINES CO., LTD. has recorded a provision for possible future losses associated with Korean Fair Trading Law.

(2) The Company has recorded the amount of losses estimated as of the present time for a surcharge payment to the Japan Fair Trade Commission.

Provision for losses related to purchase contract

Provided for possible losses associated with contracts to purchase noncurrent assets based on estimated amounts of losses

Provision for losses related to cancellation of charter contract

Provided for possible losses associated with cancellation of contracts for chartering ships based on estimated amounts of cancellation penalty, etc.

(v) Accounting method for retirement benefits

(1) Method of attributing estimated amounts of retirement benefits to periods

In calculating retirement benefit obligations, the estimated amount of retirement benefits attributed to a period up to the current fiscal year is primarily determined based on the straight-line method.

(2) Amortization of unrecognized actuarial gain (loss) and prior service cost

Prior service cost is amortized by the straight-line method over a certain period (primarily 8 years) which is not more than the average remaining service period of employees.

Unrecognized actuarial gain (loss) is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a certain period (primarily 8 years) which is not more than the average remaining service period of employees.

(vi) Standards of accounting for important income and expenses

Standards of accounting for revenue and expenses of the shipping operation

Container ships

For freight rate and transportation costs, the Company has mainly adopted the intermodal transportation percentage of completion basis, which is posted in accordance with the elapse of the transportation period of the individual cargo.

Other than container ships

For freight rates, transportation costs, and vessel cost relating to vessels in operation and vessel lease fees, along with lending vessel fees corresponding to these, the Company has mainly adopted the voyage completion method, which considers from the place of departure to the place of return as one unit.

(vii) Significant hedge accounting

For the derivative financial instruments used to offset the risks of assets and liabilities due to fluctuations in interest rates, foreign currency exchange rates and cash flow, the Company applies hedge accounting. In addition, hedge accounting is also applied to derivative financial instruments used to mitigate the risks of price fluctuations in fuel procurement, etc. For hedge accounting, the Company adopts the Deferred Hedge Method. *Furiate-shori* (designated hedge accounting treatment) is applied to forward foreign exchange contracts, etc. that meet the required conditions of such treatment, while *Tokurei-shori* (special accounting treatment) is applied to interest rate swaps, etc., that meet the required conditions of such treatment.

Interest rate swaps, etc., are used to hedge the loans payable and bonds payable against possible changes in interest rates, while currency swap, forward exchange contracts and foreign currency denominated assets/liabilities are used to hedge monetary assets and liabilities, investments in overseas subsidiaries and other foreign currency denominated transactions including scheduled transactions against possible changes in exchange rates. Swap transactions are used to hedge fuel oil against possible fluctuations in price. The Company evaluates effectiveness of hedging transactions by comparing accumulated changes in market price and cash flows of hedging transactions with those of the hedged transactions at the end of each financial quarter. However, interest rate swaps, etc., that are subject to special accounting treatment are excluded from the evaluation.

(viii) Method of amortization of goodwill and period of amortization

Goodwill is amortized equally each year over 5 to 20 years.

(ix) Other significant matters in the preparation of the consolidated financial statements

i. Accounting for interest expenses

Interest expenses are generally charged to income as incurred. However, interest expenses incurred in the construction of certain assets are capitalized and included in the costs of assets when a construction period is substantially long; the amount of interest incurred in such a period is significantly material; and certain conditions apply.

ii. Accounting for consumption taxes

Consumption taxes are accounted for by the tax exclusion method.

(2) Notes on changes in accounting policies

1) Following the adoption of the International Accounting Standards (IAS) 19 “Employee Benefits” (amended on June 16, 2011) from the fiscal years starting on or after January 1, 2013, some subsidiaries and affiliates have adopted the amended IAS 19 from the current fiscal year. This change in accounting policy has been applied retrospectively and the cumulative effects of changes in accounting policies has been reflected in the book value of total equity at the beginning of the current period.

Furthermore, the impact of the retrospective application is minor.

2) Accounting Standards Board of Japan ("ASBJ") Statement No.26 "Accounting Standard for Retirement Benefits" (May 17, 2012) and ASBJ Guidance No.25 "Guidance on Accounting Standard for Retirement Benefits" (May 17, 2012, hereinafter "Guidance on Retirement Benefits") were adopted from the end of the current fiscal year (with the exception of the main clause of Article 35 of the Accounting Standard for Retirement Benefits and the main clause of Article 67 of the Guidance on Retirement Benefits). Accounting method has been changed to record the amount of retirement benefit obligations less plan assets as net defined benefit liability, and unrecognized actuarial gain (loss) and unrecognized prior service cost were recorded as net defined benefit liability. On the other hand, plan assets in excess of retirement benefit obligations are recorded as net defined benefit asset.

The Accounting Standard for Retirement Benefits, etc. are applied in accordance with the transitional handling set forth in Article 37 of the Accounting Standard for Retirement Benefits, and the effect of this change is added to or subtracted from remeasurements of defined benefit plans under accumulated other comprehensive income at the end of the current fiscal year.

As a result, accumulated other comprehensive income decreased by 2,428 million yen as of the end of the current fiscal year.

In addition, unrecognized actuarial gain (loss) and unrecognized prior service cost for the previous fiscal year for some foreign subsidiaries and affiliates presented as "Pension liability adjustment of foreign subsidiaries and affiliates" in the consolidated statement of changes in consolidated equity and consolidated balance sheet are included in "Remeasurements of defined benefit plans" from the current fiscal year.

(3) Notes to Consolidated Balance Sheet

1) Breakdown of inventories

Merchandise and finished goods	2,820 million yen
Work in process	502 million yen
Raw materials and supplies	68,824 million yen

2) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral

Cash and deposits	467 million yen
Short-term investment securities	46 million yen
Vessels	200,594 million yen
Buildings and structures	2,212 million yen
Machinery, equipment and vehicles	170 million yen
Land	4,319 million yen
Construction in progress	14,032 million yen
Investment securities	35,917 million yen
Total	257,761 million yen

(ii) Obligations relating to collateral

Notes and operating accounts payable-trade	46 million yen
Short-term loans payable	16,373 million yen
Long-term loans payable	165,551 million yen
Total	181,971 million yen

Notes: Investment securities of 35,782 million yen have been pledged as collateral for debts of affiliates, etc.

3) Accumulated depreciation of vessels, property, plant and equipment 902,363 million yen

4) Contingent liability

(i) Notes receivable discounted and endorsed 15 million yen

(ii) Guarantee obligations 102,635 million yen

Notes: Real guarantees had been included in guarantee obligations for the previous fiscal years. Since the relation between pledged assets and them could be more clearly explained, they are disclosed as notes to "Assets pledged as collateral and obligations relating to collateral" from the current fiscal year.

As a result of this change, the guarantee obligations decreased by 33,943 million yen compared to the amount aggregated by the conventional method.

(iii) Debt assumption 50,000 million yen

(iv) Certain operating lease agreements that the consolidated subsidiaries concluded on their respective vessels incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is 53,560 million yen. These guarantees may be paid if the subsidiaries choose to return the leased property rather than exercise an option to buy it. The operating lease agreement will expire by June 2021.

(v) Some operating lease agreements that NYK and NIPPON CARGO AIRLINES CO., LTD., a consolidated subsidiary of NYK, concluded on its aircraft incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is 54,817 million yen. The companies may pay the guarantee if they choose to return the leased properties at the end of the lease term. The operating lease agreement will expire by February 2024.

(vi) NIPPON CARGO AIRLINES CO., LTD. (“NCA”) has been filed a damage suit without specific amount of damage (class action lawsuit) in the U.S. on suspicion of forming a price cartel in the air cargo transport service, etc. Regarding the result of the class action lawsuit, there is a possibility of exerting an impact on NCA’s operating results, but it is difficult to predict these results reasonably.

(vii) YUSEN LOGISTICS CO., LTD. and a consolidated subsidiary of the company have been filed a damage suit without specific amount of damage (class action lawsuit) in the U.S. along with more than 60 international freight forwarders on the suspicion of violation of U.S. antitrust laws for international air freight service. Regarding the result of the class action lawsuit, there is a possibility of exerting an impact on YUSEN LOGISTICS CO., LTD. and its consolidated subsidiary’s operating results, but it is difficult to predict these results reasonably.

(viii) YUSEN LOGISTICS CO., LTD. and a consolidated subsidiary of the company were investigated by the Competition Commission of Singapore on the suspicion of violation of the competition laws for international air freight service from Japan to Singapore. On April 1, 2014, they received a notification that states a provisional opinion in regards to the suspicion. YUSEN LOGISTICS CO., LTD. and its consolidated subsidiary are preparing to contest the authorities on the propriety of their findings. There is a possibility that the development of this issue in the future will exert an impact on YUSEN LOGISTICS CO., LTD. and its consolidated subsidiary’s operating results, but it is difficult to predict these results reasonably.

(ix) The Company and a consolidated subsidiary were suspected of violating the antitrust law concerning the shipping of cargo including automobiles from September 2012. Investigations were conducted by both Japanese and U.S. authorities, and they were served with interrogatory from European authorities. Also, the Company and some subsidiaries have been filed class action lawsuits in the U.S. and other regions for damages and suspension of shipments, etc. without specific amount of damage, for their conspiration to fix prices of shipping with major automobile shipping companies concerning marine transportation of assembled automobiles, etc. It is difficult to reasonably predict the results of the investigations by U.S. and European authorities and class action lawsuits at present.

(4) Notes to Consolidated Statement of Changes in Equity

1) Class and number of issued and outstanding shares at term-end

Common stock 1,700,550,988 shares

2) Matters concerning dividends

(i) Amount of dividend payment

Resolution	Class of stock	Total dividend (millions of yen)	Dividend per share (yen)	Base date	Effective date
Ordinary General Meeting of Shareholders June 25, 2013	Common stock	3,392	2	March 31, 2013	June 26, 2013
Board of Directors' Meeting October 31, 2013	Common stock	3,392	2	September 30, 2013	November 25, 2013
Total		6,784			

(ii) Dividend for which base date is in the current consolidated fiscal year but effective date for dividend is in the following fiscal term

As a proposal at the Ordinary General Meeting of Shareholders to be held on June 24, 2014, matters regarding dividends of common stock are submitted as follows:

1) Total dividend 5,088 million yen
2) Dividend per share 3 yen
3) Base date March 31, 2014
4) Effective date June 25, 2014

Resource for dividends are planned to be retained earnings.

(5) Notes to financial instruments

1) Matters concerning financial instruments

The NYK Group primarily uses short-term deposits for the management of its funds, and raises funds through borrowings from financial institutions including banks or corporate bonds. It aims to mitigate the credit risk of customers associated with notes and operating accounts receivable-trade, in accordance with its credit control procedures and other rules. Investment securities consist primarily of shares and those shares with market quotations are basically stated by using the market value method, based on the average market value during 1 month before the closing date. As a result, the fluctuations in the stock market and other related factors may have an impact on the NYK Group's business performance and financial standings. Proceeds from the loans payable and corporate bonds are used to finance capital investment requirements for the acquisition of vessels, aircraft, transportation-related facilities, etc. and working capital requirements for business activities. The Company enters into interest rate swap agreements and similar instruments to hedge against the risk of interest rate fluctuations. Meanwhile, the NYK Group makes it a principle to implement derivatives transactions within the scope of commercial needs, in accordance with its internal rules and regulations.

2) Matters concerning the market value of financial instruments

The stated values of financial instruments on the consolidated balance sheet, their market values and differences between balance sheet amount and market values as of March 31, 2014 are described below. Financial instruments whose market values appear to be extremely difficult to determine are not included in the table.

(In millions of yen)

	Consolidated balance sheet amount	Market Values	Balance
(i) Cash and deposits	218,358	218,358	—
(ii) Notes and operating accounts receivable-trade	268,612		
Allowance for doubtful accounts (*1)	(1,393)		
	267,218	267,218	—
(iii) Short-term investment securities and investment securities			
Bonds held to maturity	136,625	136,625	0
Available-for-sale securities	109,449	109,449	—
Stocks of subsidiaries and affiliates	12,422	12,549	127
(iv) Long-term loans receivable	24,177		
Allowance for doubtful accounts (*1)	(0)		
	24,177	24,677	500
(v) Notes and operating accounts payable-trade	229,738	229,738	—
(vi) Short-term loans payable	115,090	115,090	—
(vii) Bonds payable	235,445	244,451	9,006
(viii) Long-term loans payable	875,956	885,578	9,621
(ix) Derivatives transactions (*2)	494	494	—

(*1) The separately recorded provisions for allowance for doubtful accounts on notes and operating accounts receivable-trade and long-term loans receivable are subtracted from the above amounts.

(*2) Derivatives transactions are stated at their total value subtracted for debts and credits.

Notes: 1 Calculation method for the market value of financial instruments and matters concerning marketable securities and derivatives transactions

(i) Cash and deposits

These assets are stated at book value, as they are settled in the short term and their market values approximate book values.

(ii) Notes and operating accounts receivable-trade

These assets are stated at book value, as they are settled in the short term and their market values approximate book values. Doubtful receivables are stated at adjusted book value. The expected amount of loan losses on these assets are calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral securities or guarantees; hence their market values approximate their balance sheet values at the consolidated accounting date less the current expected amount of loan losses.

(iii) Short-term investment securities and investment securities

Shares are stated at the stock exchange quoted price and bonds are stated at either the stock exchange quoted price or the price presented by transacting financial institutions.

(iv) Long-term loans receivable

Long-term loans receivable with variable interest rates are stated at book value. The interest rate on these assets reflects the market rate in the short term, therefore their market values approximate book values. Those with fixed-interest rates are stated at market value, which is calculated by discounting the principal and interest using the assumed rate applied to a similar type of new loan. Meanwhile, doubtful receivables are stated at adjusted book value. The expected amount of loan losses on these assets are calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral securities or guarantees; hence their market values approximate their balance sheet values at the consolidated accounting date less the current expected amount of loan losses.

(v) Notes and operating accounts payable and (vi) short-term loans payable

These assets are stated at book value, as they are settled in the short term and their market values approximate book values.

(vii) Bonds payable

The market value of the corporate bonds issued by NYK is calculated based on the market price.

(viii) Long-term loans payable

Long-term loans payable with variable interest rates are stated at book value, as the interest rate on these loans reflects the market rate in the short term and their market values approximate book values. Meanwhile, long-term loans payable with fixed-interest rates are stated at present value. The present value is calculated by discounting a periodically divided portion of the principal and interest of these loans (*), using the assumed rate applied to a similar loan.

(*) As to the long-term loans payable involved in the interest rate swap agreement that meet the requirements for exceptional treatment, the total amount of its principal and interest income at the post-swap rate is applied.

(ix) Derivatives transactions

NYK and its subsidiaries enter into interest-rate swap agreements to hedge against the risk of fluctuations in interest rates relating to their loans payable, corporate bonds, etc.; close currency futures, currency swap and similar instrument deals to hedge against the risk of fluctuations in exchange rates associated with their foreign currency-denominated debts and credits; and deal in fuel oil swap, freight (charterage) futures and similar instrument contracts to hedge against the fluctuations in fuel oil and charterage. The market value of these derivatives transactions at the consolidated accounting date is calculated based on the price presented by transacting financial institutions, etc.

2 Stocks of subsidiaries and affiliates (recorded amount on the consolidated balance sheet is 136,978 million yen) and unlisted shares (recorded amount on the consolidated balance sheet is 31,782 million yen) are not included in “(iii) Short-term investment securities and investment securities”, as their market values appear to be extremely difficult to determine.

(6) Notes to investment and rental properties

1) Matters concerning investment and rental properties

NYK and some of its consolidated subsidiaries own office buildings and other properties for lease (including land) in the metropolis of Tokyo and other areas.

2) Matters concerning the market price of leased properties

Income and expenses from the relevant investment and rental properties as of March 31, 2014 was 4,618 million yen (major income and expenses associated with these investment and rental properties were recorded as revenues and cost and expenses, respectively).

The recorded amount on the consolidated balance sheet, amount of increase (decrease), and market value of the relevant investment and rental properties on the consolidated accounting date are shown below.

(In millions of yen)

Consolidated balance sheet amount			Market value as of the consolidated accounting date
Balance at the beginning of current fiscal year	Increase (decrease) in current fiscal year	Balance at the end of current fiscal year	
41,346	(714)	40,632	100,089

Notes: 1 Consolidated balance sheet amount represents the original acquisition cost less accumulated depreciation and impairment losses.

2 The amount of increase (decrease) in the current fiscal year primarily includes an increase of 433 million yen due to the acquisition of real estate, and decreases of 1,005 million yen due to depreciation and 198 million yen due to the sales of real estate.

3 The market values as of the closing date of the consolidated statements are based on amounts (including amounts adjusted on the basis of indexes, etc.) calculated principally with reference to the Real Estate Appraisal Standard.

(7) Notes on per-share information

1) Equity per share	424.67 yen
2) Net income per share	19.48 yen

(8) Other notes

The fraction of amounts less than the indicated unit is rounded down.

(9) Notes on significant subsequent events

Not applicable

Unconsolidated Financial Statements

1. Unconsolidated Balance Sheet (As of March 31, 2014)

(In millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	569,585	Current liabilities	314,221
Cash and deposits	90,806	Operating accounts payable-trade	110,940
Operating accounts receivable-trade	116,517	Short-term loans payable	83,896
Short-term loans receivable	75,043	Lease obligations	8
Short-term investment securities	136,000	Account payable	3,546
Inventories	48,007	Income taxes payable	205
Deferred and prepaid expenses	54,322	Advance received	34,339
Receivable from agencies	11,164	Deposits received	54,098
Deferred tax assets	1,660	Payable to agencies	941
Other current assets	36,694	Provision for bonuses	1,799
Allowance for doubtful accounts	(631)	Provision for losses related to antitrust law	13,101
Noncurrent assets	1,085,123	Provision for losses related to cancellation of charter contract	906
Vessels, property, plant and equipment	171,622	Other current liabilities	10,438
Vessels, net	113,260	Noncurrent liabilities	869,582
Buildings, net	19,012	Bonds payable	235,445
Structures, net	498	Long-term loans payable	584,879
Machinery and equipment, net	314	Lease obligations	39
Vehicles, net	69	Deferred tax liabilities	24,480
Equipment and fixtures, net	793	Other noncurrent liabilities	24,737
Land	28,813	**Total liabilities**	**1,183,803**
Construction in progress	8,861	**Equity**	
Intangible assets	11,544	Shareholders' capital	452,841
Goodwill	7,856	Common stock	144,319
Leasehold right	511	Capital surplus	154,388
Software	3,134	Capital reserve	151,691
Other intangible assets	41	Other capital surplus	2,696
Investments and other assets	901,956	Retained earnings	156,161
Investment securities	108,535	Earned surplus reserve	13,146
Stocks and equity in subsidiaries and affiliates	296,278	Other retained earnings	143,014
Long-term loans receivable	410,070	Reserve for dividends	50
Lease receivables	69,822	Reserve for special depreciation	48
Other investments, etc.	57,185	Reserve for advanced depreciation	4,739
Allowance for doubtful accounts	(39,936)	Other reserves	118,324
Deferred assets	664	Retained earnings carried forward	19,852
Bond issuance cost	664	Treasury stock	(2,028)
		Valuation and translation adjustments	18,727
		Unrealized gain (loss) on available-for-sale securities	28,177
		Deferred gain (loss) on hedges	(9,449)
		Total Equity	**471,569**
Total Assets	**1,655,372**	**Total Liabilities and Equity**	**1,655,372**

2. Unconsolidated Statement of Income (From April 1, 2013 to March 31, 2014)

(In millions of yen)

Item	Amount	
Revenue from shipping operation	1,162,432	
Shipping operation expenses	1,110,634	
Shipping operation income		51,798
Revenue from other business	6,005	
Other business expenses	3,459	
Other business income		2,546
Gross operating income		54,345
General administrative expenses		40,497
Operating income		13,847
Non-operating income		
Interest and dividends income	31,664	
Other non-operating income	4,691	36,355
Non-operating expenses		
Interest expenses	11,409	
Other non-operating expenses	1,235	12,645
Recurring profit		37,558
Extraordinary income		
Gain on sales of noncurrent assets	1,691	
Gain on sales of investment securities	13,700	
Gain on liquidation of subsidiaries and affiliates	2,389	
Other extraordinary income	82	17,864
Extraordinary loss		
Loss on disposal of noncurrent assets	51	
Provision for allowance for doubtful accounts	23,362	
Provision for losses related to antitrust law	13,101	
Provision for losses related to cancellation of charter contract	906	
Other extraordinary loss	4,092	41,514
Income before income taxes		13,907
Income taxes-current	2,360	
Income taxes-deferred	(1,833)	527
Net income		13,380

3. Unconsolidated Statement of Changes in Equity (From April 1, 2013 to March 31, 2014)

(In millions of yen)

Item	Shareholders' capital						
	Common stock	Capital surplus		Retained earnings			
					Other retained earnings		
		Capital reserve	Other capital surplus	Earned surplus reserve	Reserve for dividends	Reserve for special depreciation	Reserve for advanced depreciation
Balance at the beginning of current period	144,319	151,691	2,698	13,146	50	89	5,028
Changes of items during the period							
Dividends from surplus							
Reversal of special depreciation reserve						(41)	
Reversal of reserve for advanced depreciation							(333)
Provision of reserve for advanced depreciation							43
Net income							
Purchase of treasury stock							
Disposal of treasury stock			(2)				
Net change of items other than shareholders' capital							
Total changes of items during the period	–	–	(2)	–	–	(41)	(289)
Balance at the end of current period	144,319	151,691	2,696	13,146	50	48	4,739

(In millions of yen)

Item	Shareholders' capital				Valuation and translation adjustments		Total equity
	Retained earnings		Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	
	Other retained earnings						
	Other reserves	Retained earnings carried forward					
Balance at the beginning of current period	118,324	12,927	(1,991)	**446,284**	29,322	(5,180)	**470,426**
Changes of items during the period							
Dividends from surplus		(6,784)		**(6,784)**			**(6,784)**
Reversal of special depreciation reserve		41		–			–
Reversal of reserve for advanced depreciation		333		–			–
Provision of reserve for advanced depreciation		(43)		–			–
Net income		13,380		**13,380**			**13,380**
Purchase of treasury stock			(41)	**(41)**			**(41)**
Disposal of treasury stock			5	**3**			**3**
Net change of items other than shareholders' capital					(1,145)	(4,268)	**(5,414)**
Total changes of items during the period	–	6,925	(36)	**6,556**	(1,145)	(4,268)	**1,142**
Balance at the end of current period	118,324	19,852	(2,028)	**452,841**	28,177	(9,449)	**471,569**

4. Notes to Unconsolidated Financial Statements

(1) Notes on matters relating to significant accounting policies

1) Standards and methods of valuation of securities

Bonds held to maturity	Amortized cost method (straight-line method)
Stock of subsidiaries and affiliates	Stated at cost using the moving-average method
Available-for-sale securities	
Securities with market value	Market value method based on the average market price during the month before the closing date, etc. (Differences in valuation are included directly in equity and costs of securities sold are calculated using the moving-average method)
Securities without market value	Stated at cost using the moving-average method

2) Standards and method of valuation of derivative transaction

Market value method

3) Standards and methods of valuation of inventories

Stated at cost using the first-in, first-out method (method of reducing book value in accordance with declines in profitability)

4) Depreciation methods of noncurrent assets

Vessels, property, plant and equipment (except for lease assets)	
Vessels and building	Straight-line method
Others	Declining-balance method
Intangible assets (except for lease assets)	
Goodwill	Amortized equally within 20 years
Software	Straight-line method based on useful life in-house (5 years)
Other intangible assets	Straight-line method
Lease assets	
Lease assets arising from ownership-transfer finance leases	Identical to depreciation method applied to self-owned noncurrent assets
Lease assets arising from non-ownership-transfer finance leases	Straight-line method that assumes a useful life is equal to the lease period and an estimated residual value is zero

The conventional accounting treatment will still apply to non-ownership-transfer finance leases that commenced before March 31, 2008 to apply revised accounting standard for lease transactions.

5) Disposition method of deferred assets

Bond issuance cost	Amortized equally each month over the period of redemption of bond

6) Standards of accounting for allowances and reserves

Allowance for doubtful accounts	Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables
Provision for bonuses	Provided for bonus payments to employees based on the estimated amounts of future payments attributed to the fiscal year

Provision for director's bonuses	Provided for bonus payments to directors based on the estimated amounts of future payments attributed to the fiscal year
Provision for retirement benefits	Reserve for employees' retirement benefits is calculated based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal term (i) Method of attributing estimated amounts of retirement benefits to periods In calculating retirement benefit obligations, the estimated amount of retirement benefits attributed to a period up to the current fiscal year is determined based on the straight-line method. (ii) Amortization of unrecognized actuarial differences and prior service cost Prior service cost is amortized primarily by the straight-line method over a certain period (8 years) which is not more than the average remaining service period of employees. Unrecognized actuarial differences are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a certain period (8 years) which is not more than the average remaining service period of employees.
Provision for losses related to antitrust law	Provided for a surcharge payment to the Japan Fair Trade Commission based on the amount of losses estimated as of the present time
Provision for losses related to cancellation of charter contract	Provided for possible losses associated with cancellation of contracts for chartering ships based on estimated amounts of cancellation penalty, etc.

7) Standards of accounting for income and expenses

Container ships	For freight rate and transportation costs, the Company has adopted the intermodal transportation percentage of completion basis, which is posted in accordance with the elapse of the transportation period of the individual cargo.
Other than container ships	For freight rates, transportation costs and vessel cost relating to vessels in operation and vessel lease fees, along with lending vessel fees corresponding to these, the Company has adopted the voyage completion method, which considers from place of departure to the place of return as one unit.

8) Hedge accounting

For the derivative financial instruments used to offset the risks of assets and liabilities due to fluctuations in interest rates, foreign currency exchange rates and cash flow, the Company applies hedge accounting. In addition, hedge accounting is also applied to derivative financial instruments used to mitigate the risks of price fluctuations in fuel procurement, etc. For hedge accounting, the Company adopts the Deferred Hedge Method. *Furiate-shori* (designated hedge accounting treatment) is applied to forward foreign exchange contracts, etc. that meet the required conditions of such treatment, while *Tokurei-shori* (special accounting treatment) is applied to interest rate swaps, etc., that meet the required conditions of such treatment.
Interest rate swaps, etc., are used to hedge the loans payable and bonds payable against possible changes in interest rates, while currency swap, forward exchange contracts and foreign currency denominated assets/liabilities are used to hedge monetary assets and liabilities, investments in

overseas subsidiaries and other foreign currency denominated transactions including scheduled transactions against possible changes in exchange rates. Swap transactions are used to hedge fuel oil against possible fluctuations in price. The Company evaluates effectiveness of hedging transactions by comparing accumulated changes in market price and cash flows of hedging transactions with those of the hedged transactions at the end of each financial quarter. However, interest rate swaps, etc., that are subject to special accounting treatment are excluded from the evaluation.

9) Other basis of presenting unconsolidated financial statements

Accounting method for retirement benefits	
	Accounting treatments of unrecognized actuarial differences and unrecognized prior service cost in the unconsolidated balance sheet are different from those in the consolidated financial statements.
Accounting for consumption taxes	Consumption taxes are accounted for by the tax exclusion method.

(2) Notes to Unconsolidated Balance Sheet

1) Assets pledged as collateral and obligations relating to collateral

(i)	Assets pledged as collateral	
	Cash and deposits	131 million yen
	Vessels	24,319 million yen
	Investment securities	1,097 million yen
	Stocks and equity in subsidiaries and affiliates	17,378 million yen
	Total	42,927 million yen
(ii)	Obligations relating to collateral	
	Short-term loans payable	1,523 million yen
	Long-term loans payable	15,223 million yen
	Total	16,746 million yen

Notes: Investment securities of 1,097 million yen and stocks and equity in subsidiaries and affiliates of 17,378 million yen have been pledged as collateral for debts of subsidiaries and affiliates etc.

2) Accumulated depreciation of vessels, property, plant and equipment 275,528 million yen

3) Contingent liability

(i) Guarantee obligations 938,324 million yen

Notes: 1. Amount of joint obligations borne by the other joint obligors was included in the guarantee obligations as the amount was small.

2. Real guarantees had been included in guarantee obligations for the previous fiscal years. Since the relation between pledged assets and them could be more clearly explained, they are disclosed as notes to "Assets pledged as collateral and obligations relating to collateral" from the current fiscal year.

As a result of this change, the guarantee obligations decreased by 18,476 million yen compared to the amount aggregated by the conventional method.

(ii) Debt assumption 50,000 million yen

(iii) The Company and a consolidated subsidiary were suspected of violating the antitrust law concerning the shipping of cargo including automobiles from September 2012. Investigations were conducted by both Japanese and U.S. authorities, and they were served with interrogatory from European authorities. Also, the Company and some subsidiaries have been filed class action lawsuits in the U.S. and other regions for damages and suspension of shipments, etc. without specific amount of damage, for their conspiration to fix prices of shipping with major automobile shipping companies concerning marine transportation of assembled automobiles, etc. It is difficult to reasonably predict the results of the investigations by U.S. and European authorities and class action lawsuits at present.

4) Claims and liabilities toward subsidiaries and affiliates (except for as presented in item categories)

Short-term monetary claims	104,622 million yen
Long-term monetary claims	482,794 million yen
Short-term monetary liabilities	72,537 million yen
Long-term monetary liabilities	3,017 million yen

(3) Notes to Unconsolidated Statement of Income

Transactions with subsidiaries and affiliates

Operating transactions	
Revenues (revenue from shipping operation, revenue from other business)	26,373 million yen
Expenses (shipping operation expenses, other business expenses, general administrative expenses)	241,021 million yen
Transactions other than operating transactions	43,109 million yen

(4) Notes to Unconsolidated Statement of Changes in Equity

Class and number of treasury stock at term-end

Common stock	4,430,467 shares

(5) Notes on tax effect accounting

The major cause of deferred tax assets is allowance for doubtful accounts etc., and the major cause for deferred tax liabilities is unrealized gain on available-for-sale securities.

(6) Notes on fixed asset leasing

Other than the fixed assets posted in the unconsolidated balance sheet, the Company owns 85 thousand units of containers as major fixed assets used under finance leases other than those that transfer the ownership of the leased property to the lessee at the conclusion of the lease.

(7) Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

Category	Company	Ratio of holding of voting rights, etc. (or ratio of voting rights held) (%)	Detail of relationship	Contents of transaction	Transaction amount (millions of yen)	Account item	Term-end balance (millions of yen)
Subsidiary	NIPPON CARGO AIRLINES CO., LTD.	Holding Directly 100.0	Capital support Debt guarantee, etc. Concurrent service as executives			Short-term loans receivable	1,422
						Long-term loans receivable	112,042
				Acceptance of interest	841	Other current assets	33
				Debt guarantee, etc. (Note 1)	87,836	—	—
				Receipt of lease payments (Note 2)	6,000	—	—
Subsidiary	NYK FTC (SINGAPORE) PTE. LTD.	Holding Directly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 1)	46,637	—	—
Subsidiary	NYK Bulk & Projects Carriers Ltd. (Note 3)	Holding Directly 100.0	Capital support Concurrent service as executives	Acceptance of funds (Note 4)	3,373	Deposits received	22,429
				Interest payment	29	—	—
Subsidiary	NYK LNG FINANCE CO., LTD.	Holding Directly 100.0	Debt guarantee, etc. Concurrent service as executives	Debt guarantee, etc. (Note 1)	17,870	—	—
Subsidiary	NYK LINE GROUP (HONG KONG) LTD.	Holding Directly 100.0	Acceptance of dividend	Acceptance of dividend	4,266	—	—
Subsidiary	CAYMAN LNG TRANSPORT (NO.1) LTD.	Holding Directly 95.0	Acceptance of dividend	Acceptance of dividend	5,071	—	—
Subsidiary	SAGA SHIPHOLDING (NORWAY) AS	Holding Indirectly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 1)	54,081	—	—
Subsidiary	NYK BULKSHIP (ATLANTIC) N.V.	Holding Indirectly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 1)	51,725	—	—
Subsidiary	CRYSTAL CRUISES, INC.	Holding Indirectly 100.0	Debt guarantee, etc. Concurrent service as executives	Debt guarantee, etc. (Note 1)	39,744	—	—
Subsidiary	Vessels owning, chartering related companies ENCANTADA MARITIMA S.A. and other 299 companies	Holding Directly 100.0 (278 companies)	Capital support Debt guarantee, etc.			Short-term loans receivable	39,019
						Long-term loans receivable	246,117
			Contract of chartering ships	Lease of vessels (Note 2)	22,360	Lease receivables (within 1 year)	8,164
						Lease receivables	69,822
		Indirectly 100.0 (22 companies)		Debt guarantee, etc. (Note 1)	420,551	—	—
				Payment of charterage (Note 5)	144,857	—	—

Transaction conditions and policies on determination of transaction conditions

Notes:
1. Guarantee fee for debt guarantee, etc. is determined by taking into consideration the form of guarantee.
2. Lease payments are determined by taking into consideration the amount equivalent to the cost of the assets concerned.
3. On October 1, 2013, the Company's consolidated subsidiaries, NYK-HINODE LINE, LTD. and NYK GLOBAL BULK CORP. carried out an absorption-type merger with NYK-HINODE LINE, LTD. as the surviving company and NYK GLOBAL BULK CORP. as the merged company. After the merger, NYK-HINODE LINE, LTD. changed its trade name to NYK Bulk & Projects Carriers Ltd.
   Furthermore, the transaction amount of NYK Bulk & Projects Carriers Ltd. is the sum of the transaction amounts of NYK-HINODE LINE, LTD. and NYK GLOBAL BULK CORP.

4. Conditions of acceptance of funds are determined by taking into consideration the market rate. The Company has not pledged security.
5. Cost equivalent amounts accrued by subsidiaries are paid as vessel lease fees.

(8) Note on per-share information

1)	Equity per share	278.03 yen
2)	Net income per share	7.89 yen

(9) Notes on a company subject to consolidated dividend restrictions

The Company is a company subject to consolidated dividend restrictions.

(10) Other notes

The fraction of amounts less than the indicated unit is rounded down.

(11) Notes on significant subsequent events

Not applicable

Guidance on the Exercise of Votes via electromagnetic method (such as the Internet, etc.)

<Concerning procedures for exercise of votes via the Internet, etc.>

If you exercise your vote via the Internet, please confirm the following before exercising your vote. If you are attending the meeting, exercising your vote either by the Voting Form or via the Internet is not necessary.

1. Website to use for exercising votes
    (1) Exercise of votes via the Internet may be done by accessing the website for exercising votes (http://www.evote.jp/) designated by the Company using a PC, smartphone or mobile phone (i-mode, EZweb or Yahoo! Keitai)* with Internet connection (access is unavailable between 2:00 a.m. and 5:00 a.m. Japan Time everyday).
    (2) Please note that you may not be able to exercise votes via the Internet using PC or smartphone depending on your Internet environment such as use of firewall, anti-virus software or proxy servers.
    (3) Please use i-mode, EZweb or Yahoo! Keitai service for exercise of votes via the Internet using mobile phone. For security reasons, mobile phones that cannot accommodate encrypted data transmission (SSL transmission) and transmission of mobile phone information may not be used.
    (4) Shareholders using the Internet voting option are requested to complete the required voting procedures by 5:00 p.m. Japan Time on Monday, June 23, 2014, and exercising your votes as early as possible will be appreciated. Please contact the help desk described on the next page for inquiries.

    *Note: "i-mode" is a trademark or registered trademark of NTT DOCOMO, INC., "EZweb" is a trademark or registered trademark of KDDI CORPORATION, and "Yahoo!" is a trademark or registered trademark of YAHOO! INC. of the U.S.

    The Internet connection for exercise of votes using mobile phone may be established by having a mobile phone with a bar-code reader read the "QR code" shown on the right. For details of operation, please refer to the users' manual for your mobile phone.

2. Method for exercising votes via the Internet
    (1) Please access the website for exercising votes (http://www.evote.jp/), enter the login ID and temporary password recorded on the Voting Form and then enter your vote for each proposal according to the instructions on the screen.
    (2) We request that you change the temporary password on the website for exercising votes in order to prevent improper access by persons other than the shareholder (so-called "spoofing") or alteration of the content of your voting selections.

3. Disposition of votes in the event that votes are exercised two or more times
    (1) In the event that the exercise of votes is duplicated by both the method of mailing the Voting Form and via the Internet, the exercise of votes via the Internet shall be deemed valid.
    (2) If votes are exercised multiple times via the Internet (including cases where the votes are exercised two times or more by using more than one PC, smartphone or mobile phone), only the last recorded entry shall be counted.

4. Expenses incurred when accessing the website for the Exercise of Votes

    Please note that expenses incurred when accessing the website for the Exercise of Votes (Internet connection charges, etc.) shall be the responsibility of the shareholder. In addition, expenses such as packet communication fees and other fees which are associated with the use of a mobile phone, etc. shall be the responsibility of the shareholder.

For inquiries concerning systems, etc.

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division (help desk)
Phone: 0120-173-027 (toll-free within Japan)
Hours: 9:00-21:00 Japan Time (operators are available)

For all other inquiries

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division
Phone: 0120-232-711 (toll-free within Japan)
Hours: 9:00-17:00 Japan Time, excluding Saturdays, Sundays and public holidays (operators are available)

To the Institutional Investors:

Institutional investors may use the Electronic Proxy Voting Platform for Institutional Investors managed by ICJ, Inc. as an electronic method for the exercise of votes at the General Meeting of Shareholders of the Company.