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, 2015 will be invited to attend the meeting.

# Notice of the 128th Ordinary General Meeting of Shareholders

The 128th Fiscal Year
Report

From April 1, 2014
to March 31, 2015

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.

## Greetings from the President

I, Tadaaki Naito, was appointed as President in April of this year. I would like to express my sincere gratitude to our shareholders for your 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 (FY2014), the NYK Group's consolidated revenues increased from the previous fiscal year by 7.4% to ¥2,401.8 billion, operating income was up 47.1% year-on-year to ¥66.1 billion, recurring profit rose 43.8% year-on-year to ¥84.0 billion, and net income increased 44.0% year-on-year to ¥47.5 billion.

Looking back at the business environment in FY2014, we were faced with various uncertainties such as disorder in the liner trade segment caused by the prolongation of the labor negotiations in West Coast ports in North America and the further deterioration of the dry bulk market. Despite this challenging environment, the NYK Group was able to steadily accumulate profit in the stable-freight-rate business such as the many long-term contracts it holds, while also achieving a considerable degree of success in the business which is not based on stable freight rates through continuing efforts to improve the efficiency of operations and reduce costs. Furthermore, the ongoing yen depreciation and a decline in fuel oil prices during FY2014 also helped to boost the NYK Group's performance.

The NYK Group started the medium-term management plan "More Than Shipping 2018 –Stage 2 Leveraged by Creative Solutions–" from FY2014. The plan aims to combine the broad range of know-how that has been accumulated within the Group related to marine technology, engineering, logistics technology, and information technology with originality and ingenuity in everyday operations in order to propose new services and improve operations even more actively. The plan also continues to push forward with our strategy to pursue shipping plus alpha in an aim to further improve corporate value. We will focus investments on the LNG transport and offshore business that requires sophisticated vessel management and navigation quality control, and bring together the Group's technological and human capabilities to conduct safe and stable business operations. At the same time, we will steadily implement revenue improvement measures in business which is not based on stable freight rates through further efforts to improve the efficiency and reduce costs.

Based on these circumstances, we propose a fiscal year-end dividend of ¥5.00 per share (annual dividend of ¥7.00), an increase of ¥2.00 compared to the previous fiscal year-end. Our forecast of consolidated results for the upcoming period (FY2015) is: revenues of ¥2,420.0 billion, operating income of ¥88.0 billion, recurring profit of ¥90.0 billion, and net income of ¥55.0 billion. Based on this, we are planning an interim dividend of ¥4.00 per share and a year-end dividend of ¥4.00 per share, for an annual dividend of ¥8.00 per share (a consolidated payout ratio of 24.7%).

In December of last year, NYK entered into a plea-agreement with the United States Department of Justice that includes payment of fines for a violation of US antitrust laws regarding the ocean shipping services for cars and trucks from previous fiscal years. 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, for this fiscal year there is no payment of bonuses for Directors in the same manner as the previous fiscal year.

Going forward NYK will further strengthen and expand various measures for complying with laws and regulations, such as holding regular meetings of a Committee for ensuring adherence to antitrust law and carrying out risk assessments of antitrust laws in all our businesses. We will thus devote our best efforts to preventing recurrence and to ensuring thorough compliance to laws and regulations, as we conduct business fairly.

We do appreciate our shareholders' further understanding and support.

June 2015

Tadaaki Naito
President

To Our Shareholders

June 1, 2015

## Notice of the 128th Ordinary General Meeting of Shareholders

To the Shareholders of Nippon Yusen Kabushiki Kaisha:

You are cordially invited to attend the 128th 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 (orange 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. 5 through 15) 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 22, 2015.**

**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 65 and 66, and exercise your vote by 5:00 p.m. Japan Time, Monday, June 22, 2015.**

Yours faithfully

Nippon Yusen Kabushiki Kaisha

Tadaaki Naito
President

| | |
|---|---|
| ISIN | JP3753000003 |
| SEDOL | 6643960 |
| TSE | 9101 |

1. Date: 10:00 a.m., Tuesday, June 23, 2015 (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 Audit & Supervisory Board for the 128th Fiscal Year (from April 1, 2014 to March 31, 2015)
2) Unconsolidated Financial Statements for the 128th Fiscal Year (from April 1, 2014 to March 31, 2015)

Proposals to be resolved:

| | |
|---|---|
| Proposal No.1: | Appropriation of surplus |
| Proposal No.2: | Partial amendments to the Articles of Incorporation |
| Proposal No.3: | Election of thirteen Directors |
| Proposal No.4: | Election of two Audit & Supervisory Board Members |
| Proposal No.5: | Election of one Substitute Audit & Supervisory Board Member |

Notes: The Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Unconsolidated Financial Statements that should be attached to the Notice of Convocation are as described from page 5 to page 15 and page 18 to page 64.

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 the following page on the Internet (http://www.nykline.co.jp).

**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 ¥5.00 per share as indicated below, an increase of ¥2.00 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 ¥7.00 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
   ¥5.00 per share of Company common stock, total amount ¥8,480,007,830
   (3) Date of validity of dividends of surplus
   June 24, 2015

Proposal No.2: Partial amendments to the Articles of Incorporation

The Company intends to make the following partial amendments to the Articles of Incorporation. These amendments shall become effective at the conclusion of this meeting.

1. Reasons for the amendments
   (1) To stipulate the Company's corporate name in English, which had not been stipulated thus far, in Article 1 of the current Articles of Incorporation.
   (2) To make amendments to Article 33 and Article 43 of the current Articles of Incorporation to allow Directors who are not Executive Directors etc. and Audit & Supervisory Board Members, to fully perform the roles expected of them as they have become entitled to enter into liability limitation agreement subject to the provisions in the Articles of Incorporation, under the "Act for Partial Revision of the Companies Act" (Act No. 90 of 2014, effective May 1, 2015; hereinafter the "Revised Act"). With regards to the proposal to this General Meeting of Shareholders of the aforementioned amendment to Article 33, consent of all Audit & Supervisory Board Members has been obtained.
   (3) To change paragraph number in Article 36, Paragraph 3 of the current Articles of Incorporation for the Revised Act.
2. Details of the amendments
   Details of the amendments are as follows.

(Underlined parts indicate the amendments.)

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| CHAPTER I<br>GENERAL PROVISIONS<br><br>(Name)<br>Article 1.<br>The name of the Company shall be Nippon Yusen Kabushiki Kaisha.<br>(Newly established)<br><br>Article 2. – Article 20. (Provisions omitted)<br><br>CHAPTER IV<br>DIRECTORS AND BOARD OF DIRECTORS<br><br>Article 21. – Article 32. (Provisions omitted)<br><br>(Limitation of Liabilities of <u>Outside</u> Directors)<br>Article 33.<br>The company may enter into an agreement with each of <u>Outside</u> Directors to the effect that any liabilities for damages of such <u>Outside</u> Directors as stipulated in Article 423, Paragraph 1 of the Companies Act shall be limited to the extent permitted by law; provided, however, the limit of the liability thereunder shall be a prescribed amount in advance that is to be twenty million yen or more or an amount set by law, whichever is the greater.<br><br>CHAPTER V<br>AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD<br><br>Article 34. – 35. (Provisions omitted)<br><br>(Term of Office of Audit & Supervisory Board Members)<br>Article 36.<br>1. (Provision omitted)<br>2. (Provision omitted)<br>3. The effect of the resolution of election of Substitute Audit & Supervisory Board Members in accordance with Article 329, Paragraph <u>2</u> of the Companies Act shall be valid until conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business term ending within four years from the said election.<br>4. (Provision omitted)<br><br>Article 37. – 42. (Provisions omitted)<br><br>(Limitation of Liabilities of <u>Outside</u> Audit & Supervisory Board Members)<br>Article 43.<br>The Company may enter into an agreement with each of <u>Outside</u> Audit & Supervisory Board Members to the effect that any liabilities for | CHAPTER I<br>GENERAL PROVISIONS<br><br>(Name)<br>Article 1.<br><u>1.</u> The name of the Company shall be Nippon Yusen Kabushiki Kaisha.<br><u>2. The name of the Company in English shall be Nippon Yusen Kabushiki Kaisha, Nippon Yusen Kaisha, or NYK Line.</u><br><br>Article 2. – Article 20. (Unchanged)<br><br>CHAPTER IV<br>DIRECTORS AND BOARD OF DIRECTORS<br><br>Article 21. – Article 32. (Unchanged)<br><br>(Limitation of Liabilities of <u>Nonexecutive</u> Directors)<br>Article 33.<br>The company may enter into an agreement with each of <u>Nonexecutive</u> Directors to the effect that any liabilities for damages of such <u>Nonexecutive</u> Directors as stipulated in Article 423, Paragraph 1 of the Companies Act shall be limited to the extent permitted by law; provided, however, the limit of the liability thereunder shall be a prescribed amount in advance that is to be twenty million yen or more or an amount set by law, whichever is the greater.<br><br>CHAPTER V<br>AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD<br><br>Article 34. – 35. (Unchanged)<br><br>(Term of Office of Audit & Supervisory Board Members)<br>Article 36.<br>1. (Unchanged)<br>2. (Unchanged)<br>3. The effect of the resolution of election of Substitute Audit & Supervisory Board Members in accordance with Article 329, Paragraph <u>3</u> of the Companies Act shall be valid until conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business term ending within four years from the said election.<br>4. (Unchanged)<br><br>Article 37. – 42. (Unchanged)<br><br>(Limitation of Liabilities of Audit & Supervisory Board Members)<br>Article 43.<br>The Company may enter into an agreement with each of Audit & Supervisory Board Members to the effect that any liabilities for damages of such Audit |

| Current Articles of Incorporation | Proposed Amendments |
| --- | --- |
| damages of such Outside Audit & Supervisory Board Members as stipulated in Article 423, Paragraph 1 of the Companies Act shall be limited to the extent permitted by law; provided, however, the limit of the liability thereunder shall be a prescribed amount in advance that is to be twenty million yen or more or an amount set by law, whichever is the greater.<br><br>Article 44. – 51. (Provisions omitted) | & Supervisory Board Members as stipulated in Article 423, Paragraph 1 of the Companies Act shall be limited to the extent permitted by law; provided, however, the limit of the liability thereunder shall be a prescribed amount in advance that is to be twenty million yen or more or an amount set by law, whichever is the greater.<br><br>Article 44. – 51. (Unchanged) |

Proposal No.3: 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 held during FY2014 |
|---|---|---|---|
| 1 | Re-election<br>Yasumi Kudo<br>(November 14, 1952) | April 1975 Joined the Company<br>June 1998 General Manager, Semi-Liner Group<br>April 2002 Corporate Officer<br>June 2004 Managing Director and Corporate Officer<br>April 2006 Representative Director, Senior Managing Corporate Officer<br>April 2008 Representative Director, Executive Vice-President Corporate Officer<br>April 2009 President, President Corporate Officer<br>April 2015 Chairman, Chairman Corporate Officer (to the present) | 149,745 shares<br>100% |
| 2 | Re-election<br>Tadaaki Naito<br>(September 30, 1955) | April 1978 Joined the Company<br>April 2004 General Manager of Petroleum Group<br>April 2005 Corporate Officer<br>April 2007 Managing Corporate Officer<br>June 2008 Director, Managing Corporate Officer<br>April 2009 Representative Director, Senior Managing Corporate Officer<br>April 2013 Representative Director, Executive Vice-President Corporate Officer<br>April 2015 President, President Corporate Officer (to the present) | 106,362 shares<br>100% |
| 3 | Re-election<br>Naoya Tazawa<br>(October 27, 1955) | April 1978 Joined the Company<br>April 2002 General Manager of Human Resources Group<br>April 2005 Corporate Officer<br>April 2007 Managing Corporate Officer<br>June 2009 Director, Managing Corporate Officer<br>April 2010 Representative Director, Senior Managing Corporate Officer<br>April 2015 Representative Director, Executive Vice-President Corporate Officer (to the present)<br><br>Chief Compliance Officer, Chief Executive of Technical Headquarters, In charge of General Affairs Headquarters | 108,363 shares<br>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 held during FY2014 |
|---|---|---|---|
| 4 | Re-election<br>Kenji Mizushima<br>(April 21, 1956) | April 1979 Joined the Company<br>April 2007 Corporate Officer, General Manager of Container Trade Management Group<br>April 2008 Managing Corporate Officer<br>June 2009 Director, Managing Corporate Officer<br>April 2012 Representative Director, Senior Managing Corporate Officer (to the present)<br><br>Chief Executive of Management Planning Headquarters, Chief Financial Officer | 64,674 shares<br>100% |
| 5 | Re-election<br>Hitoshi Nagasawa<br>(January 22, 1958) | April 1980 Joined the Company<br>April 2004 General Manager of LNG Group<br>April 2007 Corporate Officer<br>April 2009 Managing Corporate Officer<br>June 2011 Director, Managing Corporate Officer<br>April 2013 Representative Director, Senior Managing Corporate Officer (to the present)<br><br>Chief Executive of Energy Division | 90,422 shares<br>93% |
| 6 | Re-election<br>Koichi Chikaraishi<br>(April 19, 1957) | April 1980 Joined the Company<br>April 2003 General Manager of Petroleum Product and LPG Group<br>April 2009 Corporate Officer<br>April 2012 Managing Corporate Officer<br>June 2012 Director, Managing Corporate Officer<br>April 2013 Representative Director, Senior Managing Corporate Officer (to the present)<br><br>Chief Executive of Automotive Transportation Headquarters | 66,503 shares<br>93% |
| 7 | Re-election<br>Masahiro Samitsu<br>(December 4, 1957) | April 1980 Joined the Company<br>September 2003 General Manager of Bulk/Energy Atlantic Group<br>April 2009 Corporate Officer<br>April 2013 Managing Corporate Officer<br>June 2013 Director, Managing Corporate Officer<br>April 2015 Director, Senior Managing Corporate Officer (to the present)<br><br>Chief Executive of Dry Bulk Division | 54,593 shares<br>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 held during FY2014 |
|---|---|---|---|
| 8 | Re-election<br>Hidetoshi Maruyama<br>(May 27, 1957) | April 1981 Joined the Company<br>April 2008 Corporate Officer, General Manager of Container Trade Management Group<br>April 2013 Managing Corporate Officer<br>June 2013 Director, Managing Corporate Officer (to the present)<br><br>Chairman of Group IT Policy Committee, Chief Information Officer, Chief Executive of Global Logistic Headquarters | 45,917 shares<br>100% |
| 9 | Re-election<br>Hitoshi Oshika<br>(March 28, 1959) | April 1982 Joined the Company<br>April 2006 General Manager of Global Management Strategy Group<br>April 2009 Corporate Officer<br>June 2013 Director, Corporate Officer (to the present)<br><br>In charge of Corporate Planning Division, Cruises Division and Air Cargo Transportation Division | 39,115 shares<br>93% |
| 10 | Re-election<br>Kazuo Ogasawara<br>(March 9, 1958) | April 1982 Joined the Company<br>April 2006 General Manager of Capesize Bulker Group<br>April 2009 Corporate Officer<br>June 2013 Director, Corporate Officer (to the present)<br><br>In charge of Dry Bulk Division | 50,593 shares<br>100% |
| 11 | Re-election<br>Outside Director<br>Independent Director<br>Yukio Okamoto<br>(November 23, 1945) | April 1968 Joined Japan's Ministry of Foreign Affairs<br>January 1991 Retired from the Ministry<br>March 1991 President of OKAMOTO ASSOCIATES, INC. (current position)<br>November 1996 Special Advisor to the Prime Minister<br>March 1998 Retired from the above mentioned position<br>September 2001 Special Advisor to the Cabinet Secretariat<br>April 2003 Retired from the above mentioned position<br>Special Advisor to the Prime Minister<br>March 2004 Retired from the above mentioned position<br>June 2008 Outside Director (to the present)<br><br>Significant concurrent positions<br>President of OKAMOTO ASSOCIATES, INC.<br>Outside Director of MITSUBISHI MATERIALS CORP.<br>Outside Director of NTT DATA CORPORATION | 73,429 shares<br>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 held during FY2014 |
|---|---|---|---|
| 12 | Re-election<br>Outside Director<br>Independent Director<br>Yuri Okina<br>(March 25, 1960) | April 1984 Joined BANK OF JAPAN<br>April 1992 Joined THE JAPAN RESEARCH INSTITUTE, LTD.<br>April 1994 Chief Researcher of THE JAPAN RESEARCH INSTITUTE, LTD.<br>April 2000 Senior Researcher of THE JAPAN RESEARCH INSTITUTE, LTD.<br>September 2001 Visiting Professor, Graduate School of Keio University<br>June 2006 Research Director of THE JAPAN RESEARCH INSTITUTE, LTD<br>June 2008 Outside Director<br>June 2014 Vice Chairman of THE JAPAN RESEARCH INSTITUTE, LTD. (current position) (to the present)<br><br><u>Significant concurrent positions</u><br>Vice Chairman of THE JAPAN RESEARCH INSTITUTE, LTD.<br>Outside Director of SEVEN BANK, LTD.<br>Outside Director of BRIDGESTONE CORPORATION<br>Corporate Auditor (part-time) of INCORPORATED ADMINISTRATIVE AGENCY, NIPPON EXPORT AND INVESTMENT INSURANCE | 55,974 shares<br>-----<br>100% |
| 13 | New appointment<br>Yoshiyuki Yoshida<br>(May 30, 1957) | April 1981 Joined the Company<br>April 2005 General Manager of Tramp Co-ordination Group<br>April 2011 Corporate Officer<br>April 2015 Managing Corporate Officer (to the present)<br><br>Chief Executive of General Affairs Headquarters | 56,550 shares<br>-----<br>— |

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 Companies Act. 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. The Company entered into a plea-agreement in December 2014 with the United States

Department of Justice that includes payment of fines for a violation of US antitrust laws regarding the ocean shipping services for cars and trucks from previous fiscal years. Prior to the Company being investigated for the conduct subject to the plea-agreement, Mr. Yukio Okamoto and Ms. Yuri Okina were not aware of such conduct. 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. It was found in March 2011 that some of facilities in some factories of MITSUBISHI MOTORS CORP., for which Mr. Yukio Okamoto had been concurrently serving as an Outside Audit & Supervisory Board Member until June 2014, 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. He regularly provides his opinions in relation to compliance in a timely manner, and after the occurrence of the case, he worked on enhancing the company's compliance systems with various measures, including reviewing the company's 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 seven 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 Companies Act 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.

Proposal No.4: Election of two Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Members Mr. Mikitoshi Kai and Mr. Fumio Kawaguchi will expire upon conclusion of this meeting.
The Company therefore recommends and proposes the following two (2) candidates for election as Audit & Supervisory Board Members.
The Audit & Supervisory Board has previously given its approval.

| No. | Name<br>(Date of birth) | Career summary and<br>significant concurrent positions | | Number of the Company's shares held |
|---|---|---|---|---|
| 1 | New appointment<br>Yoko Wasaki<br>(August 15, 1954) | April 1978<br>April 2002<br><br>April 2009<br>April 2014 | Joined the Company<br>General Manager of Tramp Coordination Group<br>Corporate Officer<br>Commissioned Advisor (to the present, scheduled to retire on June 22, 2015) | 48,115 shares |
| 2 | New appointment<br>Outside Audit & Supervisory Board Member<br>Independent Auditor<br>Toshio Mita<br>(November 2, 1946) | April 1969<br><br>June 2003<br><br><br>June 2005<br><br><br><br>June 2006<br><br><br>June 2007<br><br><br>June 2010 | Joined CHUBU ELECTRIC POWER COMPANY, INCORPORATED<br>Director, General Manager of Tokyo Office of CHUBU ELECTRIC POWER COMPANY, INCORPORATED<br>Director & Managing Executive Officer, General Manager of Customer Service Division of CHUBU ELECTRIC POWER COMPANY, INCORPORATED<br>President & Director of CHUBU ELECTRIC POWER COMPANY, INCORPORATED<br>President & Director (Executive Officer) of CHUBU ELECTRIC POWER COMPANY, INCORPORATED<br>Chairman of CHUBU ELECTRIC POWER COMPANY, INCORPORATED (current position) (to the present)<br><br>Significant concurrent positions<br>Chairman of the Board of Directors of CHUBU ELECTRIC POWER COMPANY, INCORPORATED<br>Outside Audit & Supervisory Board Member of TOYOTA INDUSTRIES CORPORATION<br>Chairman of CHUBU ECONOMIC FEDERATION | 0 shares |

Notes: 1. No transactions or special interests exist between the Company and any of the above candidates for Audit & Supervisory Board Members.
2. Mr. Toshio Mita is a candidate for the Company's Outside Audit & Supervisory Board Member as stipulated in Article 2, Item 16 of the Companies Act. The Company believes that Mr. Mita has no conflict of interest with general shareholders and is highly independent. In the event that he is elected as an Audit & Supervisory Board Member of the Company, he will be reported as the Independent Auditor to Tokyo and Nagoya stock exchanges.
3. The Company is proposing the election of Mr. Toshio Mita as an Outside Audit & Supervisory Board Member in order to reflect his extensive knowledge and insight gained through wealth of experience primarily in corporate management in the audit of the Company and believes that his knowledge and insight will contribute to the execution of audit in the Company.
4. 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 Audit & Supervisory Board Members, and has actually entered into the liability limitation agreement with each of

Outside Audit & Supervisory Board Members as stipulated in Article 43 of the Articles of Incorporation established under Article 427, Paragraph 1 of the Companies Act 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 Audit & Supervisory Board Member performs his/her duty in good faith and without gross negligence on his/her part. In the event that the proposed election of Mr. Toshio Mita is approved, the Company will enter into the similar liability limitation agreement with him, regardless of whether Proposal No.2 is approved or not.

5. In the event that Proposal No.2 is approved, the Company will enter into the liability limitation agreement with each of Audit & Supervisory Board Members, whereby the liability under Article 423, Paragraph 1 of the Companies Act shall be the liability limit of ¥20 million or the liability limit stipulated by law, whichever is greater, as long as the Audit & Supervisory Board Member performs his/her duty in good faith and without gross negligence on his/her part. In the event that the proposed election of Ms. Yoko Wasaki is approved, the Company will enter into the similar liability limitation agreement with her.

Proposal No.5: Election of one Substitute Audit & Supervisory Board Member

In order to keep statutory minimum number of Audit & Supervisory Board Members at all times, the Company is newly proposing the election of a Substitute Audit & Supervisory Board Member who shall fill in incidental vacancy of any Outside Audit & Supervisory Board Members.

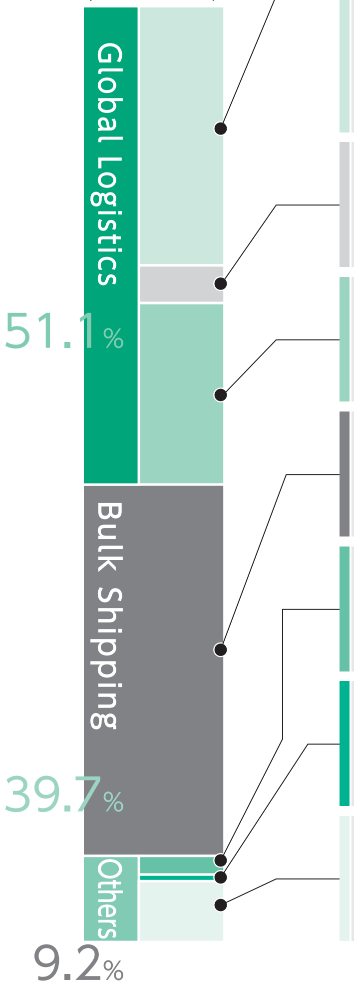
The Audit & Supervisory Board has previously given its approval.

| Name<br>(Date of birth). | Career summary and<br>significant concurrent positions | | Number of the Company's shares held |
|---|---|---|---|
| Michio Matsui<br>(March 22, 1953) | April 1976<br>March 1987<br>April 1987<br>December 1988<br><br>October 1990<br><br><br>June 1995 | Joined the Company<br>Resigned the Company<br>Joined MATSUI SECURITIES CO., LTD...<br>Director of MATSUI SECURITIES CO., LTD..<br>Managing Director & General Manager of Sales Division of MATSUI SECURITIES CO., LTD..<br>President & CEO of MATSUI SECURITIES CO., LTD.. (current position) (to the present) | 0 shares |
| | Significant concurrent positions<br>President & CEO of MATSUI SECURITIES CO., LTD. | | |

Notes:
1. No transactions or special interests exist between the Company and Mr. Michio Matsui.
2. Mr. Michio Matsui is a candidate for the Company's Substitute Outside Audit & Supervisory Board Member. The Company believes that Mr. Matsui has no conflict of interest with general shareholders and is highly independent. In the event that proposed election of Mr. Matsui is approved, and in the event that he assumes the position of Outside Audit & Supervisory Board Member, he will be reported as the Independent Auditor to Tokyo and Nagoya stock exchanges.
3. The Company is proposing the election of Mr. Michio Matsui, as he is believed capable to reflect in the audit of the Company his extensive knowledge and insight gained through wealth of experience primarily in corporate management.
4. Mr. Michio Matsui served as an employee of the Company for 11 years from 1976 to 1987.
5. 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 Audit & Supervisory Board Members, and has actually entered into the liability limitation agreement with each of Outside Audit & Supervisory Board Members as stipulated in Article 43 of the Articles of Incorporation established under Article 427, Paragraph 1 of the Companies Act 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 Audit & Supervisory Board Member performs his/her duty in good faith and without gross negligence on his/her part. In the event that the proposed election of Mr. Michio Matsui is approved, and in the event that he assumes the position of Outside Audit & Supervisory Board Member, the Company will enter into the similar liability limitation agreement with him, regardless of whether Proposal No.2 is approved or not.
6. Mr. Michio Matsui's appointment as a Substitute Audit & Supervisory Board Member may be cancelled by the resolution of the Board of Directors subject to the consent of the Audit & Supervisory Board only for the period before he assumes the position.

## Business segment results

Ratio of consolidated revenues (current term)




### Liner Trade

27.7%

| (In 100 millions of yen) | The 125th term FY2011 | The 126th term FY2012 | The 127th term FY2013 | The 128th term (current term) FY2014 |
|---|---|---|---|---|
| Revenues | Liner Trade 4,187<br>Terminal and Harbor Transport 1,400 | 5,360 | 6,174 | **6,963** |
| Recurring profit (loss) | Liner Trade (447)<br>Terminal and Harbor Transport 77 | (16) | (7) | **98** |

### Air Cargo Transportation

4.0%

| (In 100 millions of yen) | The 125th term FY2011 | The 126th term FY2012 | The 127th term FY2013 | The 128th term (current term) FY2014 |
|---|---|---|---|---|
| Revenues | 826 | 778 | 888 | **991** |
| Recurring profit (loss) | 33 | (48) | (73) | **6** |

### Logistics

19.4%

| (In 100 millions of yen) | The 125th term FY2011 | The 126th term FY2012 | The 127th term FY2013 | The 128th term (current term) FY2014 |
|---|---|---|---|---|
| Revenues | 3,651 | 3,668 | 4,315 | **4,869** |
| Recurring profit (loss) | 92 | 47 | 65 | **107** |

### Bulk Shipping

39.7%

| (In 100 millions of yen) | The 125th term FY2011 | The 126th term FY2012 | The 127th term FY2013 | The 128th term (current term) FY2014 |
|---|---|---|---|---|
| Revenues | 7,308 | 8,245 | 9,884 | **9,958** |
| Recurring profit (loss) | (77) | 177 | 548 | **600** |

### Cruises

2.0%

| (In 100 millions of yen) | The 125th term FY2011 | The 126th term FY2012 | The 127th term FY2013 | The 128th term (current term) FY2014 |
|---|---|---|---|---|
| Revenues | 324 | 350 | 452 | **498** |
| Recurring profit (loss) | (58) | (37) | 7 | **21** |

### Real Estate

0.4%

| (In 100 millions of yen) | The 125th term FY2011 | The 126th term FY2012 | The 127th term FY2013 | The 128th term (current term) FY2014 |
|---|---|---|---|---|
| Revenues | 108 | 104 | 99 | **95** |
| Recurring profit (loss) | 39 | 39 | 38 | **32** |

### Other

6.8%

| (In 100 millions of yen) | The 125th term FY2011 | The 126th term FY2012 | The 127th term FY2013 | The 128th term (current term) FY2014 |
|---|---|---|---|---|
| Revenues | 1,845 | 1,736 | 1,927 | **1,706** |
| Recurring profit (loss) | 8 | 14 | 6 | **(5)** |

**Assets by business segment**

(In 100 millions of yen)

| | | The 125th term<br>FY2011 | The 126th term<br>FY2012 | The 127th term<br>FY2013 | The 128th term (current term)<br>FY2014 |
|---|---|---|---|---|---|
| Global Logistics | Liner Trade | Liner Trade 2,615<br>Terminal and Harbor Transport 1,584 | 4,078 | 4,524 | **4,998** |
| | Air Cargo Transportation | 697 | 903 | 788 | **562** |
| | Logistics | 2,052 | 2,172 | 2,379 | **2,743** |
| Bulk Shipping | | 12,956 | 14,500 | 15,022 | **15,012** |
| Others | Cruises | 281 | 286 | 337 | **442** |
| | Real Estate | 545 | 573 | 538 | **568** |
| | Other | 4,575 | 6,078 | 5,529 | **4,141** |
| Total | | 25,309 | 28,592 | 29,121 | **28,468** |
| Adjustments | | (4,087) | (4,291) | (3,609) | **(2,770)** |
| Consolidated | | 21,222 | 24,301 | 25,512 | **25,698** |

Notes:
1. The above shows figures before elimination of internal transactions between segments.
2. From the 127th term, in accordance with a review for the NYK Group's management policy and organizational management system, presentation method has changed to include "Terminal and Harbor Transport" under "Liner Trade". In addition, we have changed the business segment, to which some consolidated subsidiaries belong, from "Liner Trade" to "Bulk Shipping". Any changes from this review are not reflected in the above stated business segment results for the 125th term.
3. From the current term, general and administrative expenses not attributable to specific segment are recorded as corporate expenses and not included in the above figures.
4. Content of adjustments includes adjustments for receivables and assets regarding internal transactions between segments, and corporate assets. Corporate assets mainly include surplus operating funds of the Company (cash and deposits).

**The 128th Ordinary General Meeting of Shareholders**
**Documents attached to the Notice of Ordinary General Meeting of Shareholders**

# Business Report (From April 1, 2014 to March 31, 2015)

## 1. Overview of Operations for NYK Group

### (1) Business Progress and Results

#### 1) Business Progress and Results for Current Fiscal Year

Looking back at the global economy in the current fiscal year, the U.S. economy experienced a steady recovery, supported by the improvements in employment, consumption, etc., despite some fragility contained. The European economy followed a path to a gentle recovery, although there were downside risks in some countries. Although the pace of growth slowed in the Chinese economy, it remained higher compared to other regions. As for other emerging countries, conditions differed for each country due to the impact of factors including geopolitical risks, the U.S. monetary policy, and low fuel prices. Although the Japanese economy was stagnant following the consumption tax hike, there was a trend of gentle recovery in the second half due to such factors as improvements in exports as a result of low fuel prices and a weaker yen.

Given such an operating environment, the consolidated results in FY2014 were revenues of ¥2,401.8 billion (7.4% increase over the previous year), operating income of ¥66.1 billion (47.1% increase over the previous year), recurring profit of ¥84.0 billion (43.8% increase over the previous year), and a net income of ¥47.5 billion (44.0% 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

In the container shipping division, although cargo volume was steady due to the economic recovery in Europe and the U.S., the continued increase in the number of newly built large vessels outpacing the growth in cargo volume mainly on European routes caused further heightened pressure on shipping capacity supply. As a result, lowered freight rates did not recover. In terms of service, the G6 Alliance composed of six companies including NYK expanded service to North American West Coast routes and Atlantic Ocean routes and promoted further streamlining of operations and expansion in the service network. For inter-Asia routes which are seen as growth regions for the NYK Group, we continued the trend from previous fiscal year of a dramatic year-on-year increase in cargo by responding to customer needs by conducting changeover for more competitive service. In terms of costs, we worked to reduce ship costs and operating costs by sending back uneconomic ships, making ship modifications, introducing ships with fuel efficiency, and making efficient assignments of ships. In addition, routes covered by the Eagle project aimed at efficient container operations and gross profit maximization were expanded in an aim to further reduce costs and improve gross profit.

Total handling volumes at domestic and overseas container terminals were strong, increasing over the previous fiscal year. In addition, a portion of holding company shares of the North American container terminal business company were sold in February this year for the purpose of restructuring of the business portfolio.

Revenues increased over the previous fiscal year for the liner trade segment as a whole and a profit was posted.

(ii) Air Cargo Transportation

NIPPON CARGO AIRLINES CO., LTD. (NCA) strengthened initiatives for businesses that are not easily affected by changes in market conditions, such as collections of cargo uniquely made possible by cargo aircraft and airline charters by improving transportation quality and promptly responding to the needs of customers. Due in part both to the increased use of air cargo caused by the congestion in West Coast ports in North America and the decline in fuel oil prices during the second half of the fiscal year, performance of NCA improved significantly year-on-year and a profit was posted.

(iii) Logistics

The handling volume of air cargo (forwarding business) grew due in part to robust cargo volume caused by a recovery in the U.S. economy combined with an increase in demand triggered by the port congestion. The handling volume of seaborne cargo (forwarding business) was not as high as the previous fiscal year due to factors including sluggish outgoing shipments from Asia. In logistics operations (storage in warehouses, collections of cargoes and transportation), we steadily expanded the business through means such as the launching of new warehouses mainly in South Asia, while also making efforts for cost-cutting.

In the domestic logistics division, coastal shipping business and domestic warehouse business showed strong performances. Passenger number recovered for the near seas ferry business during the second half of the year as well, and profit exceeding the previous fiscal year was secured.

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, the same level was maintained as the previous fiscal year for the number of finished automobiles sent by marine transportation. The number of finished automobiles exported from Japan fell short of the previous fiscal year due to the advance of local production for local consumption, regardless of weaker yen and a recovery in demand for automobiles in some regions. However, performance was improved as a result of the steady assignment of ships in areas with strong transportation demand including North America and Asia, and the flexible response to growth in shipments overseas. In addition, construction was completed for four new ships with high energy efficiency in order to renew the fleet and advance our environmental measures.

In the auto logistics business, we actively expanded business into growth markets through initiatives such as commencing finished automobile logistics services jointly with local companies in Mexico and Myanmar.

In the dry bulk division, although cargo volume was robust, due to continued oversupply, market conditions deteriorated compared to the previous fiscal year across all regions and types of bulk carriers mainly for capesize bulkers. The NYK Group worked to increase contracts not susceptible to short-term market conditions, while making efforts for cost-cutting through means such as intensified implementation of slow-steaming. In addition, efforts to improve the balance between revenues and expense included ballast voyage reductions through cargo combination and ship allocation optimization.

In the liquid division, because crude oil production increased dramatically in North America and OPEC member countries maintained production volumes, the crude oil price has fallen since July of last year, causing an increase in demand for oil. Market for Very Large Crude oil Carriers (VLCC) improved over the previous fiscal year due to an increase in shipping distance triggered by the diversification of suppliers for China. Market for petroleum products tankers improved over the previous fiscal year due to an increase in arbitrage trading stemming from the west/east difference in price of naphtha triggered by the skyrocketing price of petrochemical raw materials in Asia, which led to an increase in export volumes of new refineries in the Middle East and Asia. Market for LPG vessels improved over the previous fiscal year due to replacement demand for LPG as a result of high naphtha prices, in addition to the support by the increased shipping distance for cargo from the U.S. to Asia. Performance was strong for LNG vessels supported by long-term contracts that generate stable profits. In the offshore business, Floating production storage and offloading (FPSO) and drillship operated steadily. As a result, performance improved for the liquid division.

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, both revenues and profit increased year-on-year. In March of this year, it was decided to sell the operations management subsidiary of Crystal Cruise in order to focus management resources on Asuka Cruise.

(ii) Real Estate and Other Business Services

For the real estate business, there was a year-on-year decline in revenues and profit as a result of factors including the reconstruction and sale of long-held rental properties.

In other business services, revenues decreased as the sales price of bunker oil, the main product in our trading business declined significantly triggered by the drastic fall in crude oil prices. As for the manufacturing and process business, although favorable sales of products such as components for vessels resulted in profit, other business services overall posted loss as revenue decreased year-on-year.

For details, please refer to the “Business segment results” given on page 16.

**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 transportation 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 transportation activities.

In addition, NYK started appointing Filipinos as captains and chief engineers of LNG vessels ahead of other companies in the industry, for a total of seven captains and chief engineers as of the end of the current fiscal year. The Philippines is a country that provides seafarers all over the world, and NYK focuses on reinforcing seafarer training centers and manning bases, in addition to the operation of a maritime college, in an effort to develop excellent executive class seafarers.

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 transportation, 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. In addition, we are conducting modifications to container ships fitted for actual voyages.

## (2) Financing and Capital Investment Activities

The NYK Group acquired necessary funds for the current fiscal year mainly from its own assets and borrowing from financial institutions. Borrowed funds as of March 31, 2015 (including corporate bonds) totaled ¥1,098.3 billion, a decrease of ¥143.6 billion from the previous fiscal year.

The total capital investment of the NYK Group, which was based principally around the bulk shipping segment, was ¥199.3 billion. In the liner trade and bulk shipping segments, we made investment of ¥21.2 billion and ¥130.0 billion respectively, primarily for ship construction and other facilities. Other than above, we made investment of ¥33.0 billion for aircraft in the air cargo transportation segment, ¥10.6 billion for transportation equipment and logistics facilities and equipment in the logistics segment, ¥1.9 billion in the cruises segment, ¥1.3 billion in the real estate segment, and ¥0.9 billion in other business services.

### (3) Management Perspectives

#### 1) Strategies for Stability and Growth

Looking back at the business environment for FY2014, it was a year in which market conditions for marine transportation were sluggish on the whole, despite the boost provided by ongoing yen depreciation and the fall in fuel oil prices. Outstanding orders for new carriers will continue to build up mainly for container ships and dry bulkers, and accordingly the future outlook for supply and demand in shipping capacity cannot be viewed with optimism. With the progress of local production for local consumption, exports from Japan are decreasing, while logistics within each economic area are becoming more active, especially for consumer goods. On the other hand in shale gas-related projects in the U.S., despite a delay seen in some areas, demand for LNG transport and offshore business are expected to expand steadily over the long term, providing a promising field for the NYK Group’s business expansion. Also, we view tightening of environmental regulations surrounding the shipping business as an opportunity for the NYK Group to differentiate ourselves from other companies with our outstanding technical response capabilities.

Given this business environment, the NYK Group has commenced our medium-term management plan, “More Than Shipping 2018 –Stage 2 Leveraged by Creative Solutions–” from FY2014. The plan aims to combine the broad range of know-how that has been accumulated within the Group related to marine technology, engineering, logistics technology, and information technology with originality and ingenuity in everyday operations in order to propose new services and improve operations even more actively to achieve further differentiation. In terms of finances, the aim is 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. At the same time, we will steadily accumulate investments in the growth fields of LNG transport and offshore business.

The principle initiatives aimed at achieving the medium-term management plan are as follows. In LNG transport, we are making use of the maritime college and other institutes we operate in the Philippines to focus on developing engineers, including seafarers, 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 are expanding the shuttle tanker business by utilizing our financing capabilities through access to capital markets in the U.S. In addition, by dispatching engineers to each offshore business front line to accumulate technologies and know-how, we are steadily expanding business opportunities. In the car transport division, we will make collective efforts to reinforce marketing of construction machines and provide clients with integrated logistics services 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 where long-term stable contracts support revenues in face of prolonged market stagnation, we will continue to enhance our resilience toward market conditions by balancing the amount of contracts for cargo and our fleet capacity. In the global logistics business, we will pursue an increase in cargo for the container transport as a whole through the optimal combination of core assets and light assets, while further pursuing projects such as the EAGLE project aimed at efficient container operations and gross profit maximization and the IBIS project aimed at optimal economic ship operation, as we strengthen our differentiation strategy in terms of business operations.

#### 2) Initiatives for environmental conservation

Considering 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 order to improve fuel consumption efficiency by 15% compared to FY2010 levels by FY2018, we are taking fuel saving measures a step further using navigation big data. Furthermore, in addition to the construction of a LNG bunkering vessel to follow a LNG-fueled tugboat and car carrier with low CO2 emissions, we decided on a plan to enter the LNG-fuel sales business. We are striving to change our business model to a more eco-friendly model, aiming to further reduce CO2 emissions and prevent air pollution.

### 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”, “Sound and highly transparent management” and “Workplaces that instill pride”.

In order to improve the soundness and transparency of management, we will continue to strengthen a system for internal control and compliance. In addition, we aim to create workplaces that instill pride through the practice of the NYK Group Values of “Integrity, Innovation and Intensity” that support the Group’s corporate philosophy.

The Group was highly recognized for its efforts to establish a system and environment where employees can actively participate regardless of gender, and was designated a “Nadeshiko Brand” for the second consecutive year, an initiative that the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange have jointly conducted 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, in December 2014, NYK entered into a plea-agreement with the United States Department of Justice that includes payment of fines for a violation of US antitrust laws regarding the ocean shipping services for cars and trucks from previous fiscal years, in order to focus on the long-term stabilization and securitization of the Company’s corporate value after comprehensive consideration of various factors. 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 and other laws and regulations as well as thorough enforcement of fair trading. Since the Japan Fair Trade Commission commenced its investigations in September 2012, we have further strengthened and expanded various measures such as holding of regular meetings of a Committee for ensuring adherence to antitrust law and carrying out risk assessments of antitrust laws in all our businesses. As part of these efforts, we have obtained written pledges on compliance with antitrust laws from not only NYK but all Group companies in both Japan and overseas as a new initiative from the current fiscal year, as well as established a code of conduct and training based on the results of risk assessments. Going forward, we will devote our best efforts to prevent recurrence and to ensure thorough compliance with antitrust laws and other laws and regulations through all means necessary, as we conduct business fairly.

## (4) Financial Position and Results of Operation

### 1) Consolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

| Category | The 125th term<br>FY2011 | The 126th term<br>FY2012 | The 127th term<br>FY2013 | The 128th term (current term)<br>FY2014 |
|---|---|---|---|---|
| Revenues | 1,807,819 | 1,897,101 | 2,237,239 | 2,401,820 |
| Recurring profit (loss) | (33,238) | 17,736 | 58,424 | 84,010 |
| Net income (loss) | (72,820) | 18,896 | 33,049 | 47,591 |
| Net income (loss) per share | (42.92) (yen) | 11.14 (yen) | 19.48 (yen) | 28.06 (yen) |
| Total Assets | 2,122,234 | 2,430,138 | 2,551,236 | 2,569,828 |
| Equity | 622,490 | 697,979 | 773,899 | 880,923 |
| Equity per share | 341.54 (yen) | 383.50 (yen) | 424.67 (yen) | 477.79 (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 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**

Although cargo volume increased overall for container ships, supply pressure was strong due to newly completed and launched large vessels, which caused freight rates to decrease. Nonetheless, profitability was improved thanks to cost cutting. Although freight rates in the air cargo transportation business were low, profits increased significantly for each profit/loss figure as a result of improvements in conditions for dry bulk and tanker markets starting from the summer, coupled with strong performance in the logistics business and cruises business.

**The 128th fiscal year (current term)**

Conditions in the current fiscal year are described in the preceding “Business Progress and Results” (on page 18-20).
Regarding assets and profit and loss of each segment, please refer to the aforementioned “Business segment results” (page 16) and “Assets by business segment” (page 17).

### 2) Unconsolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

| Category | The 125th term<br>FY2011 | The 126th term<br>FY2012 | The 127th term<br>FY2013 | The 128th term (current term)<br>FY2014 |
|---|---|---|---|---|
| Revenues | 915,862 | 987,688 | 1,168,438 | 1,264,761 |
| Recurring profit (loss) | (43,873) | 9,003 | 37,558 | 73,530 |
| Net income (loss) | (64,855) | 16,707 | 13,380 | 12,565 |
| Net income (loss) per share | (38.22) (yen) | 9.85 (yen) | 7.89 (yen) | 7.41 (yen) |
| Total Assets | 1,450,772 | 1,632,499 | 1,655,372 | 1,525,359 |
| Equity | 456,199 | 470,426 | 471,569 | 478,862 |
| Equity per share | 268.93 (yen) | 277.33 (yen) | 278.03 (yen) | 282.35 (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 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**

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.

**The 128th fiscal year (current term)**

Although cargo volume increased for container vessels, market conditions were weak due to the widening supply-demand imbalance as a result of completed large vessels, which was combined with additional costs caused by the congestion in West Coast ports in North America. Despite these factors, profitability was improved as a result of efforts to improve the efficiency and cost cutting. Although the conditions for dry bulker market were stagnant throughout the year, tanker market conditions improved over the previous fiscal year due to factors including an improvement in the supply-demand balance. The steady transport volume of finished automobiles combined with the boost provided by a weaker yen and low fuel oil prices resulted in profits posted for each profit/loss figure.

### (5) Principal Business of the Consolidated (as of March 31, 2015)

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, 2015)

#### 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 and Moscow |

#### 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 |

### (7) State of Vessels of the Consolidated (as of March 31, 2015)

| Business Segments | Type of vessel | Segment | Number of vessels | K/T (dwt) |
|---|---|---|---|---|
| Liner Trade | Container ships | Owned | 20 | 1,219,192 |
| | | Chartered | 84 | 4,772,101 |
| | | Total | 104 | 5,991,293 |
| Bulk Shipping | Bulk carriers (Capesize) | Owned | 36 | 6,806,754 |
| | | Chartered | 87 | 17,054,512 |
| | | Total | 123 | 23,861,267 |
| | Bulk carriers (Panamax) | Owned | 42 | 3,696,172 |
| | | Chartered | 71 | 5,846,525 |
| | | Total | 113 | 9,542,697 |
| | Bulk carriers (Handysize) | Owned | 67 | 3,010,484 |
| | | Chartered | 105 | 4,838,258 |
| | | Total | 172 | 7,848,742 |
| | Wood Chip carriers | Owned | 8 | 416,658 |
| | | Chartered | 40 | 2,141,889 |
| | | Total | 48 | 2,558,547 |
| | Car carriers | Owned | 28 | 477,387 |
| | | Chartered | 95 | 1,738,529 |
| | | Total | 123 | 2,215,916 |
| | Tankers | Owned | 47 | 8,107,505 |
| | | Chartered | 21 | 3,206,160 |
| | | Total | 68 | 11,313,665 |
| | LNG carriers | Owned | 27 | 2,015,494 |
| | | Chartered | 3 | 228,211 |
| | | Total | 30 | 2,243,705 |
| | Multi-purpose carriers | Owned | 15 | 302,617 |
| | | Chartered | 32 | 455,748 |
| | | Total | 47 | 758,365 |
| | Other | Owned | 1 | 7,450 |
| | | Chartered | — | — |
| | | Total | 1 | 7,450 |
| Cruises | Cruise ships | Owned | 1 | 7,548 |
| | | Chartered | 2 | 14,029 |
| | | Total | 3 | 21,577 |
| Total | | Owned | 292 | 26,067,261 |
| | | Chartered | 540 | 40,295,963 |
| | | Total | 832 | 66,363,224 |

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 69.
4. As a result of the sale of the operations management subsidiary of Crystal Cruise as stated in page 20, number of chartered cruise ship is scheduled to become nil.

## (8) Employees (as of March 31, 2015)

### 1) Employees of the Consolidated

| Segment | | Number of employees (persons) | Year-on-year change (persons) |
|---|---|---|---|
| Global Logistics | Liner Trade | 6,560 | 216 |
| | Air Cargo Transportation | 707 | 9 |
| | Logistics | 21,244 | 1,065 |
| Bulk Shipping | | 2,570 | (98) |
| Others | Cruises | 459 | 1 |
| | Real Estate | 74 | 7 |
| | Other | 1,516 | (19) |
| Company-wide (common) | | 390 | (3) |
| Total | | 33,520 | 1,178 |

Note: Employees included in "Company-wide (common)" belong to administrative divisions that cannot be classified to a specific segment.

### 2) Employees of the Unconsolidated

| Segment | Number of employees (persons) | Year-on-year change (persons) |
|---|---|---|
| Employees on land duty | 854 | 7 |
| [maritime crew on land duty out of above] | [108] | [6] |
| Maritime crew on sea duty | 283 | (6) |
| Total | 1,137 | 1 |

Notes: 1. The number of employees includes 64 of those loaned to the Company from other companies and excludes those loaned to other companies.

2. Despite the number of seamen on land (Indicated as maritime crew on land duty in the table above) stated at 254 in 2) Employees of the Unconsolidated, (8) Employees, of 1. Overview of Operations for NYK Group, in the Business Report for the 127th term, which actually should read 102. The correct figure is reconfirmed herein with apology. Figures for the year-on-year changes shown above have been calculated based on this correct figure.

## (9) Status of Principal Lenders of NYK (as of March 31, 2015)

| Lender | Outstanding Balance (Millions of yen) |
|---|---|
| THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. | 106,262 |
| MEIJI YASUDA LIFE INSURANCE CO. | 73,900 |
| NIPPON LIFE INSURANCE CO. | 67,969 |
| DEVELOPMENT BANK OF JAPAN INC. | 45,656 |
| SUMITOMO MITSUI BANKING CO. | 30,296 |
| THE NORINCHUKIN BANK | 29,606 |
| CHIBA BANK, LTD. | 20,548 |
| SUMITOMO MITSUI TRUST BANK, LIMITED | 19,580 |
| MIZUHO BANK, LTD. | 19,250 |
| MITSUBISHI UFJ TRUST AND BANKING CORPORATION | 18,160 |

Note: In addition to the above, the Company has a total of ¥20,000 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, 2015)

### 1) Changes and results of business combinations

NYK Group operates businesses categorized in seven segments which are Liner Trade, Air Cargo Transportation, Logistics, Bulk Shipping, Cruises, Real Estate and Other Business Services.

NYK Group has 574 consolidated subsidiaries and 145 equity-method companies as of March 31, 2015.

For changes and results of business combinations, see the preceding "Business Progress and Results" (on page 18-20) and "Financial Position and Results of Operation" (on page 23-24).

### 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 | 59.76 | Freight forwarding business, etc. |
| UNI-X CORP. | ¥934 million | 83.50 | 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 and Oceanian area |
| ADAGIO MARITIMA S.A. and 331 other vessel owning companies | US$70.432 million, (total of 119 companies) ¥15,562 million (total of 213 companies) | 100.00 (all companies) | Vessel owning and chartering |

Notes: 1. Percentage of voting rights includes indirect holdings.
2. ADAGIO MARITIMA S.A. and 331 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) 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

1) NYK entered into a plea-agreement in December 2014 with the United States Department of Justice for a violation of US antitrust laws regarding the ocean shipping services for cars and trucks. In connection with this case, actions for damages (class action lawsuits) have been filed in the U.S. and other regions against NYK and specific overseas subsidiaries. Meanwhile, NYK is under investigation by the European and other authorities.

2) In November 2010, NIPPON CARGO AIRLINES CO., LTD. (NCA) received a surcharge payment order from the Korean Fair Trade Commission, concerning an infringement of the Korean Fair Trading Law with respect to the two routes of international air freight business, namely "ex-Japan Korea bound routes" and "all ex-Korea routes". Though NCA filed appeals for cancellation of the order, the appeal was rejected in May 2014 for the "ex-Japan Korea bound routes" and the above mentioned order has become final, while the appeal was remanded for the latter. NCA withdrew the appeal for the latter since its claim related to the surcharge calculation method was accepted in September 2014. Meanwhile, action for damages (class action lawsuit) had been filed against NCA in the U.S., in connection with the an infringement of US antitrust laws concerning its international air freight business, for a settlement was primarily reached with the claimant in September 2014.

3) In April 2015, YUSEN LOGISTICS CO., LTD. (YLK) and its consolidated subsidiaries came to reach an out of court settlement with the claimants in an action for damages (several class action lawsuits) filed against them in the U.S., with respect to an infringement of US antitrust laws in connection with their international air freight forwarding business. Meanwhile, YLK and its consolidated subsidiaries received in December 2014, a surcharge payment order from the Competition Commission of Singapore for their infringement of the Singaporean competition laws, also in connection with their international air freight forwarding business.

4) NYK 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 (hereinafter "takeover defense measures")", based on the approval of the shareholders at the 121st Ordinary General Meeting of Shareholders of the Company held in June 2008, which were then renewed with partial amendment at the 124th Ordinary General Meeting of Shareholders held in June 2011. In the meantime, however, the business environment surrounding the Company has changed while regulations on the large-scale purchase of shares have been well developed under the Financial Instruments and Exchange Act, which enables us to achieve, to certain extent, the original purpose of the takeover defense measures for ensuring enough information and time for shareholders to make adequate decisions, where the significance of the takeover defense measures is believed to have been relatively diminished. On the basis of such recognition, the meeting of the Board of Directors held in May 2014 decided not to renew the takeover defense measures, to be followed up by the termination at the expiry of its validity at the conclusion of the 127th Ordinary General Meeting of Shareholders held in June 2014.

The Company shall stay prepared to take appropriate measures to the extent allowed under the relevant laws and regulations, including Financial Instruments and Exchange Act and the Companies Act, whereby any party attempting to conduct a large-scale purchase of shares in the Company shall be challenged by a request for necessary and sufficient information for shareholders to make adequate decision whether to accept or reject the attempted large-scale purchase, while the Board of Directors shall disclose its own opinion, ensuring enough time and information for shareholders to consider the case, in a continuous effort to secure and enhance its corporate value and the common interests of shareholders.

## 2. Status of Shares (as of March 31, 2015)

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

**(2) Number of shares issued** 1,696,001,566 shares

Note: The numbers exclude 4,549,422 shares of treasury stock.

**(3) Number of shareholders** 125,123 persons (decreased by 12,427 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) | 98,125 | 5.79 |
| JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account) | 92,149 | 5.43 |
| MITSUBISHI HEAVY INDUSTRIES, LTD. | 41,038 | 2.42 |
| MEIJI YASUDA LIFE INSURANCE CO. | 34,473 | 2.03 |
| TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD. | 32,443 | 1.91 |
| STATE STREET BANK AND TRUST COMPANY 505223 | 25,202 | 1.49 |
| MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION | 24,546 | 1.45 |
| THE BANK OF NEW YORK MELLON SA/NV 10 | 21,183 | 1.25 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 | 20,108 | 1.19 |
| STATE STREET BANK AND TRUST COMPANY 505225 | 19,066 | 1.12 |

Note: Ratio of shareholding was computed excluding total treasury stock of 4,549,422 shares.

**(5) Treasury Stock**

| | | | |
|---|---|---|---|
| Shares held as of the end of the preceding term | | Common Stock | 4,430,467 (shares) |
| Shares purchased in the current term | | | |
| | Less-than-One-Unit Share Purchased | Common Stock | 123,334 (shares) |
| | | Total price of acquisition | 38,215,349 (yen) |
| Shares disposed in the current term | | | |
| | Less-than-One-Unit Share Sold | Common Stock | 4,379 (shares) |
| | | Total price of disposition | 1,278,380 (yen) |
| Shares lapsed in the current term | | | None |
| Shares held as of the end of the fiscal term | | Common Stock | 4,549,422 (shares) |

### 3. Status of Stock Acquisition Rights, etc. (as of March 31, 2015)

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

| | |
|---|---|
| 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<br>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 Audit & Supervisory Board Members (incumbents from June 25, 2014 to March 31, 2015)

| Name | Position, responsibilities and significant concurrent positions | |
|---|---|---|
| Koji Miyahara | Chairman, Chairman Corporate Officer | Chairman of Councilors' Meeting of the Headquarters for Ocean Policy, Vice-Chairman of Keidanren (Japan Business Federation), Outside Director of Mitsubishi Logistics Corporation |
| 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 Director of NTT DATA CORPORATION, Outside Audit & Supervisory Board Member of MITSUBISHI MOTORS CORP. (retired on June 25, 2014) |
| Yuri Okina | Outside Director (part-time, Independent Director) | Vice Chairman of THE JAPAN RESEARCH INSTITUTE, LTD., Outside Director of SEVEN BANK, LTD., Outside Director of BRIDGESTONE CORPORATION |
| Mikitoshi Kai | Audit & Supervisory Board Member (full-time) | |

| Name | Position, responsibilities and significant concurrent positions | |
|---|---|---|
| Hiroshi Sugiura | Audit & Supervisory Board Member (full-time) | |
| Fumio Kawaguchi | Outside Audit & Supervisory Board Member (part-time, Independent Auditor) | Advisor of CHUBU ELECTRIC POWER COMPANY, INCORPORATED, Outside Audit & Supervisory Board Member of NAGOYA RAILROAD CO., LTD., Chairman and Outside Director of CENTRAL NIPPON EXPRESSWAY COMPANY LIMITED (retired on June 25, 2014) |
| Mitsuoki Kikuchi | Outside Audit & Supervisory Board Member (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 Companies Act.
2. Of Audit & Supervisory Board Members, Messrs. Fumio Kawaguchi and Mitsuoki Kikuchi are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
3. Of significant concurrent positions as executive officers or outside officers of Outside Directors and Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members.
4. Of Audit & Supervisory Board Members, Mr. Hiroshi Sugiura served as a Director in charge of financial affairs of NYK and has considerable expertise in finance and accounting.
5. There was neither retirement nor new appointment of Director or Audit & Supervisory Board Member during the current fiscal year.
6. As of April 1, 2015, Executive Corporate Officers who also serve as Directors are relocated as follows:

| <as of March 31, 2015> | | <after relocation> |
|---|---|---|
| Chairman, Chairman Corporate Officer | Koji Miyahara | Director, Board Counselor |
| President, President Corporate Officer | Yasumi Kudo | Chairman, Chairman Corporate Officer |
| Representative Director, Executive Vice-President Corporate Officer | Tadaaki Naito | President, President Corporate Officer |
| Representative Director, Senior Managing Corporate Officer | Naoya Tazawa | Representative Director, Executive Vice-President Corporate Officer |
| Director, Managing Corporate Officer | Masahiro Samitsu | Director, Senior Managing Corporate Officer |

7. 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, 2015)

| Position | Name |
|---|---|
| Chairman,<br>Chairman Corporate Officer | Yasumi Kudo |
| President,<br>President Corporate Officer | Tadaaki Naito |
| Representative Director,<br>Executive Vice-President Corporate Officer | Naoya Tazawa |
| Representative Director, Senior Managing Corporate Officer | Kenji Mizushima |
| | Hitoshi Nagasawa |
| | Koichi Chikaraishi |
| Director, Senior Managing Corporate Officer | Masahiro Samitsu |
| Senior Managing Corporate Officer | Koichi Akamine |
| | Yasuo Tanaka |
| Director, Managing Corporate Officer | Hidetoshi Maruyama |
| Managing Corporate Officer | Fukashi Sakamoto |
| | Takashi Abe |
| | Yoshiyuki Yoshida |
| Director, Corporate Officer | Hitoshi Oshika |
| | Kazuo Ogasawara |
| Corporate Officer | Takuji Nakai |
| | Yuji Isoda |
| | Kenichi Miki |
| | Eiichi Takahashi |
| | Noriaki Tajima |
| | Hiroyuki Okamoto |
| | Svein Steimler |
| | Jeremy Nixon |
| | Tomoyuki Koyama |
| | Keiji Tsuchiya |
| | Hiroki Harada |
| | Noriko Miyamoto |

| Position | Name |
|---|---|
| | *Toshiyuki Kimura |
| | *Akira Kono |
| | *Takaya Soga |
| | *Kobune Goto |

Notes: 1. Corporate Officers retired as of March 31, 2015 are as follows:
Koji Miyahara, Keizo Nagai, Tsutomu Shoji and Hiroyuki Yasukawa
2. The asterisks (*) indicate newly appointed Corporate Officers on April 1, 2015.
3. Mr. Toshiyuki Kimura concurrently serves as Managing Executive Officer of the Company's consolidated subsidiary, YUSEN LOGISTICS CO., LTD.

### (3) Remuneration Paid to Directors and Audit & Supervisory Board Members

| Category | Number of persons remunerated | Yearly remuneration | Bonus | Total Amount of remuneration paid |
|---|---|---|---|---|
| Directors<br>[Outside Directors out of above] | 13<br>[2] | ¥536 million<br>[¥38 million] | - | ¥536 million<br>[¥38 million] |
| Audit & Supervisory Board Members<br>[Outside Audit & Supervisory Board Members out of above] | 4<br>[2] | ¥105 million<br>[¥27 million] | - | ¥105 million<br>[¥27 million] |
| Total<br>[Outside Directors/Audit & Supervisory Board Members out of above] | 17<br>[4] | ¥642 million<br>[¥66 million] | - | ¥642 million<br>[¥66 million] |

Notes: 1. For the four consecutive terms since the 125th up to the current term, there has been no payments of bonus for Directors.

2. Monthly remuneration for Directors shall be paid according to each Director's grade within the aggregate monthly remuneration limit as determined by the resolution of the Shareholders' Meeting. Bonus for Directors shall be paid according to each Director's grade within the aggregate bonus limit as determined by the resolution of the Shareholders' Meeting. However, as the proposal of the bonus for directors shall be made at the Shareholder's Meeting based on the business result and other factors, there may be no payment depending on a fiscal year. Executive Directors shall be obliged to acquire shares of the Company by contributing to the executive shareholding association out of their monthly remuneration an amount not less than the threshold set out according to each Executive Director's grade.

### (4) Status of Major Activities of Outside Directors and Outside Audit & Supervisory Board Members

| Position and Name | Status of Attendance and Stating of Opinions |
|---|---|
| Outside Director<br>(Part-time, Independent Director)<br>Yukio Okamoto<br>(Appointed on Jun. 24, 2008) | Attended all the14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate), and when necessary made statements mainly based on his extensive knowledge and insight as an expert of international affairs. |
| Outside Director<br>(Part-time, Independent Director)<br>Yuri Okina<br>(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 Audit & Supervisory Board Member<br>(Part-time, Independent Auditor)<br>Fumio Kawaguchi<br>(Appointed on Jun. 23, 2011) | Attended all the 14 meetings of the Board of Directors (100% of attendance rate) and all the 17 meetings of the Audit & Supervisory Board (100% of attendance rate) held during this fiscal year, and when necessary made statements mainly from his considerable experience in corporate management, etc. |
| Outside Audit & Supervisory Board Member<br>(Part-time, Independent Auditor)<br>Mitsuoki Kikuchi<br>(Appointed on Jun. 20, 2012) | Attended 13 out of 14 meetings of the Board of Directors (93% of attendance rate) and16 out of 17 meetings of the Audit & Supervisory Board (94% of attendance rate) held during this fiscal year, and when necessary made statements mainly from his considerable experience in government service. |

The Company entered into a plea-agreement in December 2014 with the United States Department of Justice that includes payment of fines for a violation of US antitrust laws regarding the ocean shipping services for cars and trucks from previous fiscal years. Prior to the Company being investigated for the conduct subject to the plea-agreement, 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, they 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 (including meetings of the Audit & Supervisory Board for Audit & Supervisory Board Members), a Committee for ensuring adherence to antitrust law and other such meetings.

### (5) Liability Limitation Agreement with Outside Directors and Outside Audit & Supervisory Board Members

The Company has signed agreements with each Outside Director and Outside Audit & Supervisory Board Member respectively limiting their liability for damages in terms of Article 423, Paragraph 1 of the Companies Act, 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, as long as the Outside Director/Outside Audit & Supervisory Board Member performs his/her duty in good faith and without gross negligence on his/her part.

## 5. Independent Auditor (Kaikei Kansa Nin)

### (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 | ¥291 million |

Notes: 1. The audit contract between NYK and the Independent Auditor does not separate the compensation for the audit based on the Companies Act 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 agreed upon procedures, 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., and NYK GROUP SOUTH ASIA PTE. 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 Companies Act 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 Companies Act stipulates that the Audit & Supervisory Board 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 the resolution of the Audit & Supervisory Board, will offer a resolution to the Shareholders' Meeting to the effect of dismissal of, or a decision not to reappoint, the Independent Auditor.

Note: This statement is based on the Revised Companies Act enforced on May 1, 2015.

## 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 revision of the Companies Act and the Ordinance for Enforcement of the Companies Act enforced on May 1, 2015, including ongoing measures that have been implemented, at the meeting of Board of Directors on March 26, 2015 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 transpired within the NYK Group, we are doing our utmost to deepen our understanding of fair trading and to ensure thorough compliance with laws, whereby we have implemented various measures to prevent recurrence of similar cases, which we will strive to maintain and reinforce from now. Specifically, on top of the measures that have been already in place such as President's pronouncement concerning the thorough compliance with antitrust laws, acceleration of the development of a legal compliance framework, establishment of an organizational unit dedicated to dealing with the questionable issues, investigation and examination activities, establishment and operation of an intra-Group control networks, enlightenment and education within the Group through the preparation of manuals and implementation of training, and regulations on contact with competitors in the industry, the Group newly developed and implemented recurrence prevention measures such as tightening of regulations on contact with competitors in the industry, holding of the Committee for ensuring adherence to antitrust law, implementation of risk assessment of antitrust laws, evaluation of antitrust risks concerning investments, etc., centralized management of the filing of alliances and arrangements, and collection of written pledges on compliance with antitrust laws from all executive officers and employees engaged in the relevant businesses, along with early identification and response measures such as strengthening of the authorities of CCO, introduction of the internal leniency system, and development of 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. Currently anonymous whistle blowing is allowed across the Group and this arrangement shall be appropriately operated in the future as well.

(2) The Company's 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 the Company's 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 formulate and review as appropriate the plan for ensuring business continuity upon events such as a large-scale disaster.

(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) 1) 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.

2) With the aim to improve corporate value, and to ensure soundness within the Group as a whole, while enhancing management efficiency as well as capital efficiency across the Group, the Company establishes the Group's Committee for Corporate Officers and regularly holds the meeting. Thus far, the Company has established the Group Standards, the Group Management Guidelines, the under-control company system and the under-enhanced-management company system, and shall, through appropriately operating these frameworks, be promoting adequate Group management by developing a system for reporting to the Company on important management matters at the Group companies, as well as for compliance with laws and regulations at the Group companies and efficient administration along with management of risks of loss.

3) Cash management system between the Company and the Group companies shall be fully utilized to achieve efficient fund management.

4) Through internal audits of the Company and its Group companies, the internal audit division provides various advice and suggestions for improvements.

(6) The Company has established an Audit & Supervisory Board Members' Staff Chamber with dedicated staff to assist the Audit & Supervisory Board Members in their duties, including provision of support for Outside Audit & Supervisory Board Members. As the staff works under the full-time Audit & Supervisory Board Members, the full-time Audit & Supervisory Board Members carry out personnel evaluations of such dedicated staff. Any reassignment involving the staff of Audit & Supervisory Board Members' Staff Chamber shall be decided, fully reflecting the opinion of Audit & Supervisory Board Members.

(7) The Company shall firmly establish a framework in which matters relating to the Group's compliance and whistle blowing are reported to Audit & Supervisory Board Members regularly and depending on their importance as appropriate. Anonymity of a whistle blower as well as prohibition of disadvantageous treatment against the whistle blower are set out under the rules related to whistle blowing. Meanwhile, to ensure that there are systems which enable the execution of duties specified in laws, regulations of the Audit & Supervisory Board, and Audit & Supervisory Board Members auditing standards, the Company's Directors and the Board of Directors are working to create an environment in which the Audit & Supervisory Board Members can conduct effective audits. Also, through ensuring that there are structures for Audit & Supervisory Board Members to collect information, they are arranging systems to enable understanding of management issues and the actual conditions of operations.

(8) The Company shall bear the cost necessary for Audit & Supervisory Board Members to execute their duties.

(9) The Company has established an internal control system designed to ensure the properness of financial statements, etc. under the Financial Instruments and Exchange Act, and conducts effectiveness assessment on its design and implementation.

(10) 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.

**Consolidated Financial Statements**

## 1. Consolidated Balance Sheet (As of March 31, 2015)

(In millions of yen)

| Item | Amount | Item | Amount |
|---|---|---|---|
| **Assets** | | **Liabilities** | |
| Current assets | 842,496 | Current liabilities | 536,858 |
| Cash and deposits | 260,900 | Notes and operating accounts payable-trade | 217,470 |
| Notes and operating accounts receivable-trade | 287,518 | Short-term loans payable | 99,566 |
| | | Income taxes payable | 20,628 |
| Short-term investment securities | 73,400 | Deferred tax liabilities | 3,017 |
| Inventories | 48,717 | Advances received | 78,102 |
| Deferred and prepaid expenses | 70,510 | Provision for bonuses | 9,983 |
| Deferred tax assets | 7,083 | Provision for directors' bonuses | 369 |
| Other | 96,589 | Provision for losses related to antitrust law | 7,175 |
| Allowance for doubtful accounts | (2,222) | Provision for losses related to contracts | 2,649 |
| Noncurrent assets | 1,726,837 | Other | 97,894 |
| Vessels, property, plant and equipment | 1,190,460 | Noncurrent liabilities | 1,152,047 |
| Vessels, net | 937,245 | Bonds payable | 195,445 |
| Buildings and structures, net | 79,650 | Long-term loans payable | 788,832 |
| Aircraft, net | 21,621 | Deferred tax liabilities | 46,749 |
| Machinery, equipment and vehicles, net | 37,337 | Net defined benefit liability | 19,480 |
| | | Provision for directors' retirement benefits | 1,786 |
| Equipment, net | 6,446 | Provision for periodic dry docking of vessels | 20,959 |
| Land | 67,162 | Provision for losses related to contracts | 8,678 |
| Construction in progress | 34,113 | Other | 70,115 |
| Other, net | 6,883 | **Total Liabilities** | **1,688,905** |
| Intangible assets | 48,787 | **Equity** | |
| Leasehold right | 4,625 | Shareholders' capital | 764,957 |
| Software | 15,585 | Common stock | 144,319 |
| Goodwill | 23,955 | Capital surplus | 155,616 |
| Other | 4,621 | Retained earnings | 467,092 |
| Investments and other assets | 487,589 | Treasury stock | (2,070) |
| Investment securities | 348,665 | Accumulated other comprehensive income (loss) | 45,353 |
| Long-term loans receivable | 30,196 | Unrealized gain (loss) on available-for-sale securities | 54,665 |
| Net defined benefit asset | 50,238 | Deferred gain (loss) on hedges | (41,857) |
| Deferred tax assets | 6,104 | Foreign currency translation adjustments | 27,196 |
| Other | 54,848 | Remeasurements of defined benefit plans | 5,348 |
| Allowance for doubtful accounts | (2,462) | Minority interests | 70,611 |
| Deferred assets | 493 | **Total Equity** | **880,923** |
| **Total Assets** | **2,569,828** | **Total Liabilities and Equity** | **2,569,828** |

## **2. Consolidated Statement of Income** (From April 1, 2014 to March 31, 2015)

(In millions of yen)

| Item | Amount | |
|---|---|---|
| Revenues | | 2,401,820 |
| Cost and expenses | | 2,127,207 |
| Gross profit | | 274,612 |
| Selling, general and administrative expenses | | 208,419 |
| Operating income | | 66,192 |
| Non-operating income | | |
| Interest income | 3,249 | |
| Dividend income | 5,099 | |
| Equity in earning of unconsolidated subsidiaries and affiliates | 12,657 | |
| Foreign exchange gains | 11,955 | |
| Other | 7,366 | 40,328 |
| Non-operating expenses | | |
| Interest expenses | 17,755 | |
| Other | 4,755 | 22,510 |
| Recurring profit | | 84,010 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 12,165 | |
| Gain on sales of shares of subsidiaries and affiliates | 36,647 | |
| Other | 2,762 | 51,575 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 503 | |
| Losses related to antitrust law | 13,734 | |
| Provision for losses related to contracts | 11,328 | |
| Loss on valuation of investment securities | 7,082 | |
| Impairment loss | 6,262 | |
| Other | 10,518 | 49,429 |
| Income before income taxes and minority interests | | 86,156 |
| Income taxes-current | 35,538 | |
| Income taxes-deferred | (1,661) | 33,876 |
| Income before minority interests | | 52,280 |
| Minority interests in net income | | 4,689 |
| Net income | | 47,591 |

**(For reference)**

**3. Summary of Consolidated Statement of Cash Flows** (From April 1, 2014 to March 31, 2015)

(In millions of yen)

| Item | Amount |
| --- | --- |
| Net cash provided by (used in) operating activities | 136,448 |
| Net cash provided by (used in) investing activities | 26,755 |
| Net cash provided by (used in) financing activities | (199,007) |
| Effect of exchange rate change on cash and cash equivalents | 12,869 |
| Net increase (decrease) in cash and cash equivalents | (22,933) |
| Cash and cash equivalents at beginning of period | 349,723 |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | 338 |
| Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries | 114 |
| Cash and cash equivalents at end of period | 327,243 |

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

## 4. Consolidated Statement of Changes in Consolidated Equity (From April 1, 2014 to March 31, 2015)

(In millions of yen)

| Item | Shareholders' capital | | | | | Accumulated other comprehensive income | | | | | Minority interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | **Total shareholders' capital** | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | **Total Accumulated other comprehensive income** | | |
| **Balance at the beginning 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** |
| Cumulative effects of changes in accounting policies | | | (70) | | **(70)** | | | | | | **293** | **223** |
| **Restated balance** | 144,319 | 155,617 | 428,102 | (2,034) | **726,005** | 29,169 | (22,638) | (8,289) | (4,046) | **(5,805)** | **53,922** | **774,122** |
| Changes of items during the period | | | | | | | | | | | | |
| Dividends from surplus | | | (8,480) | | **(8,480)** | | | | | | | **(8,480)** |
| Net income | | | 47,591 | | **47,591** | | | | | | | **47,591** |
| Purchase of treasury stock | | | | (38) | **(38)** | | | | | | | **(38)** |
| Disposal of treasury stock | | (0) | | 1 | **1** | | | | | | | **1** |
| Change of scope of consolidation | | | (110) | | **(110)** | | | | | | | **(110)** |
| Increase by merger | | | 15 | | **15** | | | | | | | **15** |
| Other | | | (25) | | **(25)** | | | | | | | **(25)** |
| Net change of items other than shareholders' capital | | | | | | 25,495 | (19,218) | 35,486 | 9,395 | **51,158** | **16,689** | **67,848** |
| Total changes of items during the period | – | (0) | 38,989 | (36) | **38,952** | 25,495 | (19,218) | 35,486 | 9,395 | **51,158** | **16,689** | **106,800** |
| **Balance at the end of current period** | 144,319 | 155,616 | 467,092 | (2,070) | **764,957** | 54,665 | (41,857) | 27,196 | 5,348 | **45,353** | **70,611** | **880,923** |

## 5. Notes to Consolidated Financial Statements

**(1) Basis of presenting consolidated financial statements**

**1) Scope of Consolidation**

(i) Number of Consolidated subsidiaries: 574

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:

NYK PORTS LLC and 5 other companies were included within the scope of consolidation as they were newly established.

YUSEN LOGISTICS TURKEY LOJISTIK HIZMETLERI LTD. SIRKETI and 6 other companies were included within the scope of consolidation as their total assets, revenues, net income and retained earnings, etc. increased in importance.

SKS FORWARDING LLP and 1 other company were included within the scope of consolidation due to the acquisition of shares.

NYK LOGISTICS (AUSTRALIA) PTY. LTD. and 41 other companies were excluded from the scope of consolidation, as they were liquidated.

YUSEN LOGISTICS TRANSPORTE S.A. DE C.V. (company with the account closing date on December 31) was excluded from the scope of consolidation, as it merged with YUSEN LOGISTICS (MEXICO), S.A. DE C.V. as of March 31, 2014.

CRYSTAL SPORTS CLUB CO. LTD. and 7 other companies were excluded from the scope of consolidation due to the disposal of shares.

(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: 7

affiliates: 138

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:

KNOT SHUTTLE TANKERS 24 AS and 6 other companies were included within the scope of application of the equity method, as they were newly established.

KNOT MANAGEMENT DENMARK A/S and 8 other companies were included within the scope of application of the equity method, as their net income and retained earnings, etc. increased in importance.

LUKY KS was included within the scope of application of the equity method due to the acquisition of shares.

KNUTSEN BOYELASTER II KS and 5 other companies were excluded from the scope of application of the equity method, as they were liquidated.

KNUTSEN PRODUKT TANKER IV AS was excluded from the scope of application of the equity method, as it merged with KNUTSEN SHUTTLE TANKERS 2 AS on July 1, 2014.

YAMATO GLOBAL LOGISTICS JAPAN CO., LTD. and 6 other companies were excluded from the scope of application of the equity method due to the exchange or disposal of shares.

MOSCOW INTERNATIONAL CONTAINER CENTER was excluded from the scope of application of the equity method, as their net income and retained earnings, etc. decreased in importance.

(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 39 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.

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: Provided for possible losses associated with surcharge and other payment as well as action for damages (class action lawsuit), arising from suspected violation of competition laws (including antitrust laws) concerning air cargo freight, international air freight forwarding service, marine transportation of automobiles, etc., based on estimated amounts of losses

Provision for losses related to contracts: Provided for possible losses associated with purchase of noncurrent assets as well as performance of lease contracts based on estimated amounts of losses

(v) Accounting method for retirement benefits

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

In calculating defined benefit obligations, the estimated amount of retirement benefits attributed to a period up to the end of the current fiscal year is primarily determined based on benefit formula.

(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**

Following the adoption from the current fiscal year of 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” (March 26, 2015; hereinafter “Guidance on Retirement Benefits”) with respect to 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, method for calculating defined benefit obligations and service cost has been reviewed, and the method for attributing estimated amounts of retirement benefits to periods has been changed from straight-line method to benefit formula.

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 the change in method for calculating defined benefit obligations and service cost has been added to, or subtracted from retained earnings at the beginning of the current fiscal year. Impacts of this change in accounting policies in the current fiscal year are minor.

**(3) Notes on changes in accounting estimates**

Among all types of vessels classified under vessels, property, plant and equipment, useful life of dry bulk carriers was previously set at 15 years, which, however, has been changed to 20 years from the current fiscal year, based on the assessment that main type of dry bulk carriers are usable for longer periods than originally expected, following a review for each type of vessel over the policies for management and use of vessels. As a result of this change, operating income, recurring profit and income before income taxes and minority interests for the current fiscal year increased 5,808 million yen, respectively.

**(4) Notes to Consolidated Balance Sheet**

**1) Breakdown of inventories**

| | |
|---|---|
| Merchandise and finished goods | 2,880 million yen |
| Work in process | 548 million yen |
| Raw materials and supplies | 45,287 million yen |

**2) Assets pledged as collateral and obligations relating to collateral**

(i) Assets pledged as collateral

| | |
|---|---|
| Cash and deposits | 877 million yen |
| Vessels | 229,812 million yen |
| Buildings and structures | 1,324 million yen |
| Machinery, equipment and vehicles | 0 million yen |
| Land | 4,293 million yen |
| Investment securities | 44,826 million yen |
| Total | 281,134 million yen |

(ii) Obligations relating to collateral

| | |
|---|---|
| Short-term loans payable | 17,747 million yen |
| Long-term loans payable | 177,893 million yen |
| Total | 195,641 million yen |

Notes: Vessels of 359 million yen and investment securities of 44,772 million yen have been pledged as collateral for debts of affiliates, etc.

**3) Accumulated depreciation of vessels, property, plant and equipment** 975,961 million yen

**4) Contingent liability**

| | |
|---|---|
| (i) Notes receivable discounted and endorsed | 7 million yen |
| (ii) Guarantee obligations | 138,827 million yen |
| (iii) Debt assumption | 40,000 million yen |

(iv) Certain operating lease agreements that the NYK Group concluded on its respective vessels incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is 57,026 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 the NYK Group concluded on its aircraft incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is 71,241 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 December 2026.

(vi) The NYK Group has been under investigation by the European and other authorities overseas, on account of suspected violations of the antitrust laws concerning the shipping of cargo including automobiles handled in or after September 2012. Also, the Group has been sued in class action lawsuits in the U.S. and other regions for damages and suspension of shipments, etc. without specific amount of damage, for its conspiracy 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 overseas authorities and class action lawsuits at present.

**(5) Notes to Consolidated Statement of Income**

**Losses related to antitrust law**

The NYK Group has recorded payment associated with the plea-agreement, along with currently estimated possible future loss, in connection with the investigations by the US and other authorities overseas concerning competition laws relating to marine transportation of automobiles, as well as the actions for damages (class action lawsuits) filed in the U.S. concerning air cargo freight and international air freight forwarding services.

**(6) 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 24, 2014 | Common stock | 5,088 | 3 | March 31, 2014 | June 25, 2014 |
| Board of Directors' Meeting October 31, 2014 | Common stock | 3,392 | 2 | September 30, 2014 | November 25, 2014 |
| Total | | 8,480 | | | |

(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 23, 2015, matters regarding dividends of common stock are submitted as follows:

1) Total dividend 8,480 million yen
2) Dividend per share 5 yen
3) Base date March 31, 2015
4) Effective date June 24, 2015

Resource for dividends are planned to be retained earnings.

**(7) 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, 2015 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 | 260,900 | 260,900 | — |
| (ii) Notes and operating accounts receivable-trade | 287,518 | | |
| Allowance for doubtful accounts (*1) | (1,116) | | |
| | 286,402 | 286,402 | — |
| (iii) Short-term investment securities and investment securities | | | |
| Bonds held to maturity | 73,644 | 73,651 | 6 |
| Available-for-sale securities | 144,931 | 144,931 | — |
| Stocks of subsidiaries and affiliates | 13,319 | 16,310 | 2,990 |
| (iv) Long-term loans receivable | 30,196 | | |
| Allowance for doubtful accounts (*1) | (0) | | |
| | 30,196 | 32,229 | 2,033 |
| (v) Notes and operating accounts payable-trade | 217,470 | 217,470 | — |
| (vi) Short-term loans payable | 99,566 | 99,566 | — |
| (vii) Bonds payable | 195,445 | 205,429 | 9,984 |
| (viii) Long-term loans payable | 788,832 | 804,892 | 16,059 |
| (ix) Derivatives transactions (*2) | (16,256) | (16,256) | — |

(*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 164,493 million yen) and unlisted shares (recorded amount on the consolidated balance sheet is 25,676 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.

**(8) 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 value of rental properties**

Income and expenses from the relevant investment and rental properties as of March 31, 2015 was 4,180 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 | |
| 40,632 | (708) | 39,923 | 100,162 |

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 1,259 million yen due to the acquisition of real estate, and decreases of 1,139 million yen due to depreciation and 394 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.

**(9) Notes on per-share information**

1) Equity per share 477.79 yen
2) Net income per share 28.06 yen

**(10) Other notes**

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

**(11) Additional information**

With a purpose of the cruises business restructuring, NYK concluded a contract on March 3, 2015 between its consolidated subsidiary NYK GROUP AMERICAS INC. and GENTING HONG KONG LIMITED, whereby equity interest in CRYSTAL CRUISES, INC., a subsidiary operating two cruise ships, shall be wholly sold to the latter. Based on the contract, actual transfer is scheduled to take place within May 2015, which is expected to result in a capital gain in the following fiscal year.

**(12) Notes on significant subsequent events**

Not applicable

**Unconsolidated Financial Statements**

**1. Unconsolidated Balance Sheet** (As of March 31, 2015)

(In millions of yen)

| Item | Amount | Item | Amount |
|---|---|---|---|
| **Assets** | | **Liabilities** | |
| Current assets | 512,553 | Current liabilities | 294,162 |
| Cash and deposits | 83,505 | Operating accounts payable-trade | 97,640 |
| Operating accounts receivable-trade | 116,802 | Short-term loans payable | 68,054 |
| Short-term loans receivable | 78,330 | Lease obligations | 8 |
| Short-term investment securities | 73,000 | Account payable | 3,032 |
| Inventories | 30,840 | Income taxes payable | 227 |
| Deferred and prepaid expenses | 49,483 | Advance received | 32,627 |
| Receivable from agencies | 11,357 | Deposits received | 69,957 |
| Deferred tax assets | 1,015 | Payable to agencies | 1,093 |
| Accrued dividend receivable | 37,590 | Provision for bonuses | 1,928 |
| Other current assets | 31,292 | Provision for losses related to antitrust law | 1,030 |
| Allowance for doubtful accounts | (665) | | |
| Noncurrent assets | 1,012,312 | Other current liabilities | 18,561 |
| Vessels, property, plant and equipment | 162,962 | Noncurrent liabilities | 752,334 |
| Vessels, net | 104,780 | Bonds payable | 195,445 |
| Buildings, net | 18,252 | Long-term loans payable | 497,810 |
| Structures, net | 478 | Lease obligations | 34 |
| Machinery and equipment, net | 212 | Deferred tax liabilities | 33,463 |
| Vehicles, net | 256 | Other noncurrent liabilities | 25,581 |
| Equipment and fixtures, net | 1,670 | **Total liabilities** | 1,046,497 |
| Land | 28,750 | **Equity** | |
| Construction in progress | 8,559 | Shareholders' capital | 456,704 |
| Intangible assets | 8,899 | Common stock | 144,319 |
| Goodwill | 5,605 | Capital surplus | 154,387 |
| Leasehold right | 511 | Capital reserve | 151,691 |
| Software | 2,741 | Other capital surplus | 2,695 |
| Other intangible assets | 41 | Retained earnings | 160,061 |
| Investments and other assets | 840,450 | Earned surplus reserve | 13,146 |
| Investment securities | 139,660 | Other retained earnings | 146,914 |
| Stocks and equity in subsidiaries and affiliates | 291,422 | Reserve for dividends | 50 |
| Long-term loans receivable | 331,560 | Reserve for special depreciation | 4 |
| Lease receivables | 99,392 | Reserve for advanced depreciation | 4,526 |
| Other investments, etc. | 50,671 | Other reserves | 118,324 |
| Allowance for doubtful accounts | (72,256) | Retained earnings carried forward | 24,009 |
| Deferred assets | 493 | Treasury stock | (2,064) |
| Bond issuance cost | 493 | Valuation and translation adjustments | 22,157 |
| | | Unrealized gain (loss) on available-for-sale securities | 50,577 |
| | | Deferred gain (loss) on hedges | (28,420) |
| | | **Total Equity** | 478,862 |
| **Total Assets** | **1,525,359** | **Total Liabilities and Equity** | **1,525,359** |

## **2. Unconsolidated Statement of Income** (From April 1, 2014 to March 31, 2015)

(In millions of yen)

| Item | Amount | |
|---|---|---|
| Revenue from shipping operation | 1,258,810 | |
| Shipping operation expenses | 1,201,110 | |
| Shipping operation income | | 57,699 |
| Revenue from other business | 5,951 | |
| Other business expenses | 3,465 | |
| Other business income | | 2,485 |
| Gross operating income | | 60,185 |
| General administrative expenses | | 42,970 |
| Operating income | | 17,215 |
| Non-operating income | | |
| Interest and dividend income | 59,769 | |
| Other non-operating income | 8,539 | 68,309 |
| Non-operating expenses | | |
| Interest expenses | 10,260 | |
| Other non-operating expenses | 1,733 | 11,994 |
| Recurring profit | | 73,530 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 1,381 | |
| Gain on liquidation of subsidiaries and affiliates | 5,735 | |
| Gain on transfer of charter contract | 1,141 | |
| Other extraordinary income | 726 | 8,985 |
| Extraordinary loss | | |
| Loss on disposal of noncurrent assets | 77 | |
| Provision for allowance for doubtful accounts | 38,403 | |
| Loss on valuation of shares of subsidiaries and affiliates | 13,337 | |
| Losses related to antitrust law | 8,115 | |
| Other extraordinary loss | 5,162 | 65,095 |
| Income before income taxes | | 17,420 |
| Income taxes-current | 3,133 | |
| Income taxes-deferred | 1,721 | 4,855 |
| Net income | | 12,565 |

## 3. Unconsolidated Statement of Changes in Equity (From April 1, 2014 to March 31, 2015)

(In millions of yen)

| Item | Shareholders' capital | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Capital surplus | | Retained earnings | | | |
| | | | | | Other retained earnings | | |
| | Common stock | 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 | 2,696 | 13,146 | 50 | 48 | 4,739 |
| Cumulative effects of changes in accounting policies | | | | | | | |
| **Restated balance** | 144,319 | 151,691 | 2,696 | 13,146 | 50 | 48 | 4,739 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | | | | | | |
| Reversal of special depreciation reserve | | | | | | (44) | |
| Reversal of reserve for advanced depreciation | | | | | | | (287) |
| Provision of reserve for advanced depreciation | | | | | | | 74 |
| Net income | | | | | | | |
| Purchase of treasury stock | | | | | | | |
| Disposal of treasury stock | | | (0) | | | | |
| Net change of items other than shareholders' capital | | | | | | | |
| Total changes of items during the period | – | – | (0) | – | – | (44) | (213) |
| **Balance at the end of current period** | 144,319 | 151,691 | 2,695 | 13,146 | 50 | 4 | 4,526 |

| 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 | 19,852 | (2,028) | **452,841** | 28,177 | (9,449) | **471,569** |
| Cumulative effects of changes in accounting policies | | (184) | | **(184)** | | | **(184)** |
| **Restated balance** | 118,324 | 19,667 | (2,028) | **452,656** | 28,177 | (9,449) | **471,384** |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | | (8,480) | | **(8,480)** | | | **(8,480)** |
| Reversal of special depreciation reserve | | 44 | | – | | | – |
| Reversal of reserve for advanced depreciation | | 287 | | – | | | – |
| Provision of reserve for advanced depreciation | | (74) | | – | | | – |
| Net income | | 12,565 | | **12,565** | | | **12,565** |
| Purchase of treasury stock | | | (38) | **(38)** | | | **(38)** |
| Disposal of treasury stock | | | 1 | **1** | | | **1** |
| Net change of items other than shareholders' capital | | | | | 22,400 | (18,970) | **3,430** |
| Total changes of items during the period | – | 4,342 | (36) | **4,047** | 22,400 | (18,970) | **7,477** |
| **Balance at the end of current period** | 118,324 | 24,009 | (2,064) | **456,704** | 50,577 | (28,420) | **478,862** |

## 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 defined benefit obligations and pension assets as of the end of the fiscal term<br>(i) Method of attributing estimated amounts of retirement benefits to periods<br>In calculating defined benefit obligations, the estimated amount of retirement benefits attributed to a period up to the current fiscal year is determined based on benefit formula.<br>(ii) Amortization of unrecognized actuarial differences and prior service cost<br>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.<br>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 possible surcharge and other payments arising from suspected violation of competition laws (including antitrust laws) concerning marine transportation of automobiles, etc., based on estimated amounts of payment |

**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 on changes in accounting policies

Following the adoption from the current fiscal year of 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" (March 26, 2015), method for calculating defined benefits obligations and service cost has been reviewed, and the method for attributing estimated amounts of retirement benefits to periods has been changed from straight-line method to benefit formula.
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 the change in method for calculating defined benefits obligations and service cost has been added to, or subtracted from retained earnings carried forward at the beginning of the current fiscal year. Impacts of this change in accounting policies in the current fiscal year are minor.

### (3) Notes on changes in accounting estimates

Among all types of vessels classified under vessels, property, plant and equipment, useful life of dry bulk carriers was previously set at 15 years, which, however, has been changed to 20 years from the current fiscal year, based on the assessment that main type of dry bulk carriers are usable for longer periods than originally expected, following a review for each type of vessel over the policies for management and use of vessels. As a result of this change, operating income, recurring profit and income before income taxes for the current fiscal year increased ¥ 1,882 million, respectively.

### (4) Notes to Unconsolidated Balance Sheet

**1) Assets pledged as collateral and obligations relating to collateral**

| | | |
|---|---|---|
| (i) | Assets pledged as collateral | |
| | Cash and deposits | 38 million yen |
| | Vessels | 22,762 million yen |
| | Investment securities | 1,097 million yen |
| | Stocks and equity in subsidiaries and affiliates | 19,160 million yen |
| | Total | 43,059 million yen |
| (ii) | Obligations relating to collateral | |
| | Short-term loans payable | 1,523 million yen |
| | Long-term loans payable | 13,699 million yen |
| | Total | 15,223 million yen |

Notes: Investment securities of 1,097 million yen and stocks and equity in subsidiaries and affiliates of 19,160 million yen have been pledged as collateral for debts of subsidiaries and affiliates etc.

**2) Accumulated depreciation of vessels, property, plant and equipment** 277,038 million yen

**3) Contingent liability**

(i) Guarantee obligations — 995,229 million yen

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

(ii) Debt assumption — 40,000 million yen

(iii) The Company has been under investigation by the European and other authorities overseas, on account of suspected violations of the antitrust laws concerning the shipping of cargo including automobiles handled in or after September 2012. Also, the Company has been named in class action lawsuits in the U.S. and other regions for damages and suspension of shipments, etc. without specific amount of damage, for its conspiracy 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 overseas 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 | 142,294 million yen |
| Long-term monetary claims | 430,344 million yen |
| Short-term monetary liabilities | 96,327 million yen |
| Long-term monetary liabilities | 3,010 million yen |

**(5) Notes to Unconsolidated Statement of Income**

**1) Transactions with subsidiaries and affiliates**

| | |
|---|---|
| Operating transactions | |
| Revenues (revenue from shipping operation, revenue from other business) | 30,418 million yen |
| Expenses (shipping operation expenses, other business expenses, general administrative expenses) | 277,055 million yen |
| Transactions other than operating transactions | 67,000 million yen |

**2) Losses related to antitrust law**

The Company has recorded payment associated with the plea-agreement, along with currently estimated possible future loss, in connection with the investigations by the U.S. and other authorities overseas concerning competition laws relating to marine transportation of automobiles.

**(6) Notes to Unconsolidated Statement of Changes in Equity**

Class and number of treasury stock at term-end

Common stock — 4,549,422 shares

**(7) 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.

**(8) Notes on fixed asset leasing**

Other than the fixed assets posted in the unconsolidated balance sheet, the Company owns 35 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.

## (9) 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<br>Directly 100.0 | Capital support<br>Debt guarantee, etc.<br>Concurrent service as executives | | | Short-term loans receivable | 1,226 |
| | | | | | | Long-term loans receivable | 90,544 |
| | | | | Acceptance of interest | 705 | Other current assets | 33 |
| | | | | Debt guarantee, etc. (Note 1) | 137,201 | — | — |
| | | | | Receipt of lease payments (Note 2) | 6,060 | — | — |
| Subsidiary | NYK GROUP AMERICAS INC. | Holding<br>Directly 100.0 | Acceptance of dividend | Acceptance of dividend | 35,781 | Accrued dividends receivables | 36,051 |
| Subsidiary | NYK BULK & PROJECTS CARRIERS LTD. | Holding<br>Directly 100.0 | Capital support<br>Concurrent service as executives | Acceptance of funds (Note 3) | 7,117 | Deposits received | 29,547 |
| | | | | Interest payment | 30 | — | — |
| Subsidiary | NYK FTC (SINGAPORE) PTE. LTD. | Holding<br>Directly 100.0 | Debt guarantee, etc. | Debt guarantee, etc. (Note 1) | 46,495 | — | — |
| Subsidiary | NYK LNG FINANCE CO., LTD. | Holding<br>Directly 100.0 | Debt guarantee, etc. | Debt guarantee, etc. (Note 1) | 19,259 | — | — |
| Subsidiary | NYK BULKSHIP (ASIA) PTE. LTD. | Holding<br>Directly 100.0 | Debt guarantee, etc. | Debt guarantee, etc. (Note 1) | 16,010 | — | — |
| Subsidiary | NYK BULKSHIP (ATLANTIC) N.V. | Holding<br>Indirectly 100.0 | Debt guarantee, etc. | Debt guarantee, etc. (Note 1) | 65,563 | — | — |
| Subsidiary | SAGA SHIPHOLDING (NORWAY) AS | Holding<br>Indirectly 100.0 | Debt guarantee, etc. | Debt guarantee, etc. (Note 1) | 58,840 | — | — |
| Subsidiary | CRYSTAL CRUISES, INC. | Holding<br>Indirectly 100.0 | Debt guarantee, etc. | Debt guarantee, etc. (Note 1) | 47,681 | — | — |
| Affiliate | JAPAN BETA LULA CENTRAL S.A R.L. | Holding<br>Directly 48.72 | Capital support | Loan of funds (Note 4) | 9,889 | Short-term loans receivable | 17,182 |
| | | | | Acceptance of interest | 138 | Other current assets | 6 |
| Subsidiary | Vessels owning, chartering related companies<br>ENCANTADA MARITIMA S.A. and other 266 companies | Holding<br>Directly 100.0<br>(249 companies) | Capital support<br>Debt guarantee, etc. | | | Short-term loans receivable | 50,626 |
| | | | | | | Long-term loans receivable | 189,813 |
| | | | Contract of chartering ships | Lease of vessels (Note 2) | 32,211 | Other current assets | 10,807 |
| | | | | | | Lease receivables | 99,392 |
| | | Indirectly 100.0<br>(18 companies) | | Debt guarantee, etc. (Note 1) | 370,547 | — | — |
| | | | | Payment of charterage (Note 5) | 143,198 | — | — |

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. Conditions of acceptance of funds are determined by taking into consideration the market rate. The Company has not pledged security.
4. Conditions of loan 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.

**(10) Note on per-share information**

| | | |
|---|---|---|
| 1) | Equity per share | 282.35 yen |
| 2) | Net income per share | 7.41 yen |

**(11) Notes on a company subject to consolidated dividend restrictions**

The Company is a company subject to consolidated dividend restrictions.

**(12) Other notes**

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

**(13) 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 every day).
   (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 22, 2015, 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.