

February 25, 2016

To our shareholders:

Corporate Name: Nippon Yusen Kabushiki Kaisha  
Representative: Tadaaki Naito, President  
Security Code: 9101  
Listings: First sections of the Tokyo and Nagoya  
stock exchanges  
Contact: Keizo Chihara,  
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Introduction of Performance-based Stock Remuneration Plan  
for Directors and Corporate Officers of the Company

NIPPON YUSEN KABUSHIKI KAISHA (“NYK Line” or “Company”) hereby announces, as described below, that it resolved at the Board of Directors meeting held on February 25, 2016, to introduce a performance-based stock remuneration plan (“Plan”) as a new incentive plan for directors and Corporate Officers of the Company (excluding outside directors and Audit and Supervisory Board Members; hereinafter “Directors, etc.”).

The introduction of the Plan is subject to approval at the 129th Ordinary General Meeting of Shareholders to be held in June 2016 (“Shareholders Meeting”).

1. Introduction of the Plan

(1) NYK Line will introduce the Plan as a highly transparent and objective Directors’ compensation system that is closely linked to company performance disclosed in our midterm business plan, etc. The purpose of the introduction of the Plan is to encourage the Directors, etc. to contribute to the Company’s mid- and long-term performance and have the Directors, etc. share benefit and loss with our shareholders.

(2) Upon the introduction of the Plan, a certain portion of the basic cash compensation of the Directors, etc. will be reduced. In the case where the financial results of the Company are in line with the business performance goals, the proportion of the basic compensation and the stock compensation for the Chairman and the President will be approximately five to five and approximately six to four for executive Directors.

(3) The introduction of the Plan for Directors, etc. is subject to approval at the Shareholders Meeting”).

(4) The Board Incentive Plan Trust (“BIP Trust”) will be adopted upon the introduction of the Plan. The BIP Trust is a stock incentive plan referenced to the Performance Share system and Restricted Stock system in the U.S., wherein the Company shares that are acquired by the BIP Trust will be delivered to Directors, etc. based on the degree of achievement of business performance goals, etc.

## 2. Policies of Compensation

NYK Line has established “Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers” as below, and in conformity with the policies, the Plan will be introduced to provide sound medium- to long-term incentives for Directors, etc.

### (1) Policies for Determining Compensation

(i) In order to provide sound medium- to long-term incentive for officers towards sustainable growth and aiming at sharing interests with shareholders, the Company shall set out its compensation system for internal Directors and Corporate Officers based on the size and nature of its business, as well as from the perspective of securing talents in consideration of the level of compensation for officers at its industry peers or peers of equivalent size.

(ii) Compensation is comprised of basic compensation based on individual responsibilities, and performance-based compensation linked to corporate performance, and a certain proportion of the compensation shall be paid in the form of stock-based compensation. Bonus is proposed at the General Meeting of Shareholders as annual incentive, in consideration of the management condition such as performance of the Company.

(iii) Compensation for non-executive Directors, Independent Outside Directors and Audit and Supervisory Board Members shall be paid solely in the form of basic compensation.

(iv) The Company does not provide officers' retirement benefits to any Director, Audit and Supervisory Board Member or Corporate Officer.

Images of compensation of Directors, etc. after the introduction of the Plan

Fixed Compensation	Performance-Based Compensation	
	Annual Incentive	Medium- to Long-Term Incentive
Basic Compensation	Bonus	Stock-Based Compensation

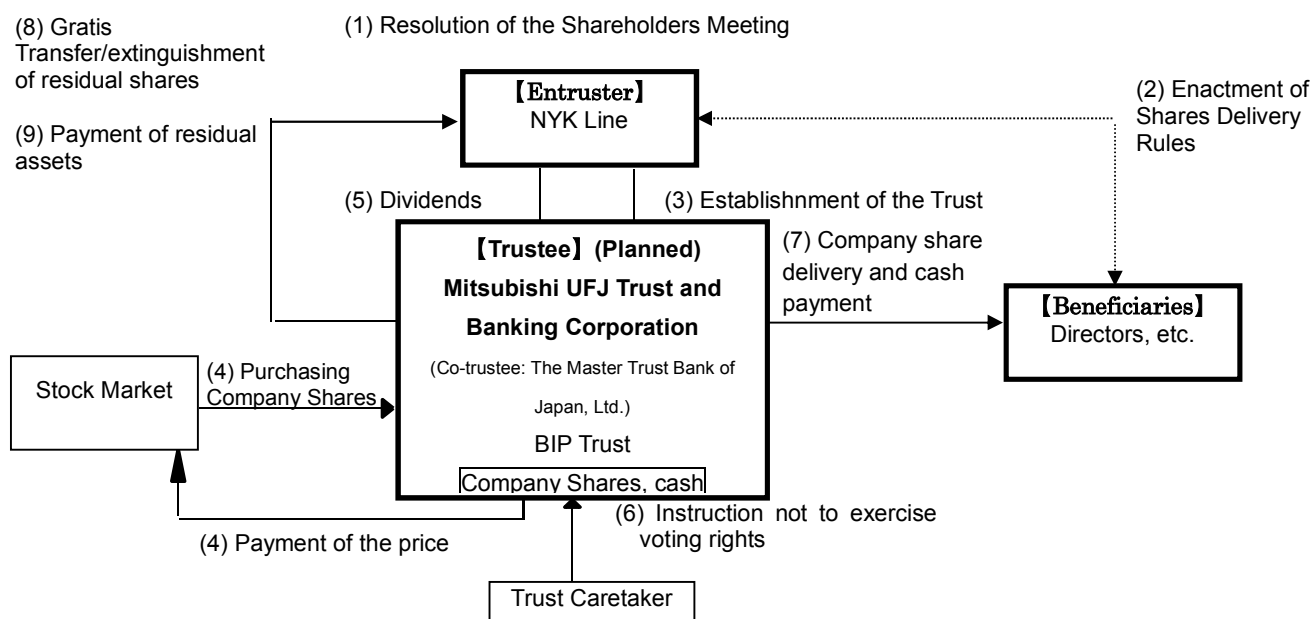
### (2) Procedures for Determining Compensation

(i) The amount of compensation and bonus for Directors shall be decided according to individual position by the Board of Directors, based on the proposal by the President within the limit of the total amount decided by the resolution of the General Meeting of Shareholders, with the involvement of Independent Outside Directors, e.g. the exchange of opinions thereof.

(ii) The amount of compensation for Audit and Supervisory Board Members shall be decided by the discussions among Audit and Supervisory Board Members including Independent Outside Members within the limit of the total amount decided by the resolution of the General Meeting of Shareholders.

(iii) The amount of compensation and bonus for Corporate Officers shall be decided according to individual position by the Board of Directors, based on the proposal by the President, with the involvement of Independent Outside Directors, e.g. the exchange of opinions thereof.

### 3. Structure of BIP Trust



(1) The Company will obtain approval for director remuneration in relation to the introduction of the Plan at the Shareholders Meeting.

(2) The Company will, at the Board of Directors meeting, enact the Share Delivery Rules concerning director remuneration in relation to the introduction of the Plan.

(3) The Company will entrust money to the extent approved by the resolution of the Shareholders Meeting in (1) above, and establish a trust ("Trust") wherein the Directors, etc. who meet the beneficiary requirements will be the beneficiaries.

(4) The Trustee (of the Trust) acquires the Company shares from the stock market using the money contributed in (3) above in accordance with the instructions of the trust caretaker. The number of shares to be acquired by the Trust shall be up to the numbers approved by the resolution of the Shareholders Meeting in (1) above.

(5) Dividends of the Company shares in the Trust will be distributed as well as other Company shares.

(6) The voting rights of Company shares in the Trust will not be exercised during the trust term.

(7) During the trust term, in or around June 2019, beneficiaries will receive the Company shares in accordance with the Shares Delivery Rules and money equivalent to a certain percentage of the Company shares.

(8) If there are remaining shares at the expiry of the trust term due to non-achievement of performance targets or other reasons during the trust term, the Trust may continue to be used as a type of incentive plan similar to the Plan by amending the trust agreement and entrusting additional money to the Trust; or the Trust may voluntarily transfer said remaining shares to the Company, and the Company will acquire them without consideration to and cancel the remaining shares.

(9) Residual assets after distribution to beneficiaries at the end of the Trust will belong to the Company to the extent of allowances for trust expenses, which are calculated by deducting the funds to acquire Company shares from the trust money. The portion exceeding the allowances for trust expenses will be donated to groups that have no vested interest in the Company or the Directors, etc.

(Note) If there are no remaining Company shares in the Trust due to the delivery of the Company shares to the Directors, etc. who meet the beneficiary requirements, the Trust will be

discontinued before the expiry of the trust term. The Company may entrust additional money to the Trust as funds to acquire the additional Company shares, and the Trust may acquire the additional Company shares to the extent of the funds needed to acquire the Company shares that were approved by a resolution of the Shareholders Meeting and to the extent of the maximum amount of the Company shares to be delivered (provided in 4.(5), below).

#### 4. Content of the Plan

##### (1) Outline of the Plan

The Plan is a stock incentive plan for the Directors, etc. Delivery and payment (“Delivery, etc.”) of the Company shares and the cash equivalent of the conversion value of said shares (“Company Shares, etc.”) to the Directors, etc. will be conducted based on the degree of achievement of business performance in three consecutive fiscal years (initially from the fiscal year ending March 31, 2017, up to the fiscal year ending March 31, 2019 and in case of extension of trust term described below, three consecutive fiscal years thereafter (“Target Period”)).

The Trust may be continued by extending the trust agreement and entrusting additional money upon the expiry of the trust term.

##### (2) Resolutions of the Shareholders Meeting related to the Introduction of the Plan

The upper limit of the amount to be paid to the Trust, the maximum amount of Company shares to be acquired and other necessary matters will be resolved by the Shareholders Meeting. In addition, if the trust period is extended (see (4) below), the Board of Directors will resolve to change the trust agreement and entrust additional money to the Trust at the expiry of the trust term to the extent approved by the resolution of the Shareholders Meeting.

##### (3) Eligibility under the Plan (Beneficiary Requirements)

The Directors, etc. are required to fulfill the beneficiary requirements as follows to become a beneficiary:

- (i) be in office as the Director, etc. during the target period (including a person who is newly elected as a Director, etc. during the target period) (\*1) (\*2) (\*3)
- (ii) reside in Japan;
- (iii) not fall within the categories of those who left office due to own decision or dismissal, etc., who conducted certain illegal activities, or who moves to a competitor in the same business without the Company’s permission during their time in office;
- (iv) have submitted the necessary documents such as identity verification documents that are stipulated in the trust agreement as well as in the Shares Delivery Rules by the date also stipulated in the trust agreement and the Shares Delivery Rules; and
- (v) satisfy other requirements deemed necessary to attain the aim of the Plan in the trust agreement and the Shares Delivery Rules.

(\*1) If an eligible Director, etc. resigns, the Director etc., after prescribed procedure with the least delay, will receive delivery of the Company shares (to be rounded down to the unit) corresponding to 50% of the cumulative points by the time of resignation and delivery of the cash that is equivalent to the conversion value of the remaining 50% of the Company shares.

(\*2) If an eligible Director, etc. passes away during his/her time in office as a Director, etc., a successor of the Director, etc. shall receive payment from the Trust promptly with regard to the amount equivalent to the Company shares converted into cash corresponding to the cumulative points as of the death of the Directors, etc.

(\*3) If an eligible Director, etc. becomes a non-resident of Japan during the trust term, the Director, etc. shall receive payment from the Trust with regard to the amount equivalent to the

Company shares converted into cash corresponding to the cumulative points as of the time the Director, etc. becomes a non-resident.

(4) Trust Term

The trust term will be for about three years, initially, from August 3, 2016 (planned) until the end of August 2019 (planned).

The Trust may be continued by extending the trust agreement and entrusting additional money at the expiration of the trust term. In such cases, the Company may further extend the trust term, entrust additional money to the Trust per each extended trust term to the extent of the upper limit of the trust money approved by the resolution of the Shareholders Meeting, and continue to grant points to Directors, etc. continuously during the extended trust term. However, in cases where such additional entrustment is made and there are remaining Company shares and money (collectively, the "Remaining Company Shares, etc.") in the trust assets as of the last day of the previous trust term, the total amount of the Remaining Company Shares, etc. and the additional contribution of trust money shall be within the upper limit of the trust money approved by the resolution of the Shareholders Meeting.

(5) Amount of the Company Shares to be delivered to the Directors, etc.

Points calculated in accordance with the title of the Directors, etc., the achievement of the medium-term management plan, the achievement of the consolidated financial forecast (presented as of the beginning of the fiscal year) and a comparison with the previous fiscal year will be granted to the Directors, etc. as of June 1 (or the next business day if June 1 is not a business day) every year during the trust term. The Company shares to be delivered to the Directors, etc. will be determined based on the number of points ("Share Granting Points") that is calculated as of June after the end of the final fiscal year of the Plan (June 2019 at the initial term) with the three-year cumulative points (\*4). One Share Granting Point is equal to one share (\*5).

(\*4) Consolidated figures of revenue, operating income, recurring profit, net income, EBITDA and ROE of each plan and forecast, etc. are to be used as indices in the calculation of Share Granting Points.

(\*5) If an event such as a share split or reverse share split occurs and it is deemed necessary to adjust the number of points during the trust term as a result of such event, such adjustment will be made in accordance with the relevant share split ratio or reverse share split ratio, etc.

(6) Method and Timing of the Delivery, etc. of Company Shares, etc. to the Directors, etc.

The Delivery, etc. of Company Shares, etc. corresponding to the Share Granting Points will be conducted in June immediately after the end of the final fiscal year of the Plan (June 2019 for the first time) to eligible Directors, etc. who satisfy the beneficiary requirements described in (3). Directors, etc. will receive delivery of the Company shares (to be rounded down to the unit) corresponding to 50% of the cumulative points and delivery of the cash that is equivalent to the conversion value of the remaining 50% of the Company shares.

(7) Scheduled Amount of Trust Money to be paid to the Trust and Scheduled Amount of the Company Shares to be delivered by the Trust

The upper limit of the amount of trust money to be entrusted to the Trust by the Company shall be 2.0 billion yen (\*6).

(\*6) These are the total funds for the Trust to acquire shares, as well as for trust fees and trust expenses. The Company is planning to submit a proposal for an upper limit of 2.0 billion yen

for the amount to be paid for the Plan and to obtain a resolution at the Shareholders Meeting. If it is so resolved, the Company may pay money for the Plan up to the said limit.

The total amount of the Company Shares, etc. to be delivered to the Trust pursuant to (5) above shall be up to 10,000 thousand shares. The said maximum amount of the Company shares to be delivered has been determined based on the upper limit of trust money mentioned above and in reference to the current stock price, etc.

(8) Method for the Trust to Acquire the Company Shares

The Trust plans to acquire the Company shares from the stock market to the extent of the funds available to acquire shares and the maximum amount of the Company shares to be delivered, as specified in (7) above.

(9) Exercising Voting Rights Related to Company Shares in the Trust

Voting rights related to the Company shares in the Trust (namely, Company shares with respect to which Delivery, etc. has not been conducted yet pursuant to (6) above) will not be exercised during the trust term, to ensure the neutrality to management of the Company.

(10) Treatment of Dividends Related to the Company Shares in the Trust

Dividends related to the Company shares in the Trust will be received by the Trust and used for trust fees and trust expenses. If there is a balance when the Trust ends, even after dividends are used for trust fees and trust expenses under the Trust, the balance will be donated to groups that have no vested interest in the Company and the Directors, etc.

(11) Treatment at the End of the Trust Term

If there are residual shares at the end of the trust term due to the non-achievement of performance goals during the Target Period, the Trust may continue to be used as the same type of incentive plan as the performance-based stock remuneration plan by amending the trust agreement and entrusting additional money to the Trust. If the Trust is terminated by the expiry of the trust term, the Trust will transfer said remaining shares to the Company without compensation, and the Company will cancel said shares by a resolution of the Board of Directors meeting.

(Reference)

[Trust Agreement Contents]

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|------------------------------|--|
| (1) Type of Trust:           | An individually operated designated trust of cash other than cash trust (third party benefit trust)                    |
| (2) Purpose of Trust:        | To provide incentives to the Directors, etc.   |
| (3) Entruster:               | NYK Line   |
| (4) Trustee:                 | Mitsubishi UFJ Trust and Banking Corporation (planned)<br>(Co-trustee: The Master Trust Bank of Japan, Ltd. (planned)) |
| (5) Beneficiaries:           | The Directors, etc. who meet beneficiary requirements  |
| (6) Trust Caretaker:         | A third person who has no vested interest in the Company<br>(certified public accountant)                              |
| (7) Date of Trust Agreement: | August 3, 2016 (planned)   |
| (8) Trust Period:            | From August 3, 2016 (planned) to the end of August 2019 (planned)  |
| (9) Start of the Plan:       | August 3, 2016 (planned)<br>Granting points from June 1, 2017 (planned)  |

- (10) Exercise of voting rights: No voting rights will be exercised
- (11) Type of acquired shares: Common Company shares
- (12) Limit of the total amount of trust money: 2 billion yen (scheduled)
- (13) Time to acquire shares: From August 8, 2016 (planned) to the end of August 2016 (planned) (excluding the period from the date 5 business day prior to an end of fiscal year (including half fiscal year and quarter))
- (14) Method of share acquisition: To be acquired from the stock market
- (15) Vested rights holder: The Company
- (16) Residual assets: Residual assets that the Company, which is the holder of vested rights, can receive are within the extent of allowances for trust expenses, which are calculated by deducting funds to acquire Company shares from trust money

[Affairs Related to the Trust and Shares]

- (1) Affairs related to the Trust: Mitsubishi UFJ Trust and Banking Corporation will be the trustee of the BIP Trust and engage in affairs related to the Trust
- (2) Affairs related to shares: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will engage in affairs related to delivering Company shares to beneficiaries based on the agreement on entrustment of affairs