

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.



Notice of the 132nd Ordinary General Meeting of Shareholders

The 132nd Fiscal Year
Report

From April 1, 2018
to March 31, 2019

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 would like to express my sincerest gratitude to all of the company's shareholders for their understanding and support of the NYK Group's activities. With the arrival of the notice of the Ordinary General Meeting of Shareholders for the 132nd Fiscal Year (from April 1, 2018 to March 31, 2019), I would like to share a few words.

The consolidated results for fiscal year 2018 were revenues of ¥1,829.3 billion, operating profit of ¥11.0 billion, recurring loss of ¥2.0 billion and loss attributable to owners of parent of ¥44.5 billion. In the dry bulk business, progress was made in the structural reforms, and efforts were made to increase profits through stable-freight-rate businesses including LNG carriers and the offshore business. On the other hand, a recurring loss was recorded due to the negative impact of the liner trade and air cargo transportation segment. In addition, advances were made in liquidating the company's assets and the sale of business equity as part of the portfolio revision, and an extraordinary gain was recorded. Conversely, an extraordinary loss was recorded for impairment losses and provisions for contract losses. We are viewing the results from this year seriously, and I apologize to our shareholders.

In the liner trade, the disruption that occurred just after the integrated container shipping line Ocean Network Express Pte. Ltd. (ONE) started offering service had a major impact. In the air cargo transportation segment, our subsidiary Nippon Cargo Airlines Co., Ltd. (NCA) temporarily grounded all of its aircraft as the result of improper maintenance conducted over a period of multiple years and received a business improvement order from the Minister of Land, Infrastructure, Transport and Tourism, and this had a large detrimental impact on the business performance. NCA has already submitted improvement measures to the Minister of Land, Infrastructure, Transport and Tourism, and as the response of NYK Line, the related executive officers are voluntarily returning their compensation and the chairman position at NCA has been made a full-time position.

In March of last year, we announced the NYK Group Medium-Term Management Plan "Staying ahead 2022 with Digitalization and Green". As I have stated, unfortunately, a loss was recorded in the first year of the plan. However, both ONE and NCA are implementing the necessary measures to recover the business results, and as a company, we are further strengthening our supervision and monitoring of these measures. The liftings and slot utilization are steadily improving at ONE, and it is expected that the company will be profitable next year (fiscal year 2019). At NCA, the company has changed its operational structure from 11 aircraft made up of two types to 8 aircraft of the same type. Along with thoroughly ensuring safe maintenance and increasing efficiency, the partnership with another company in the industry has been enhanced, and NCA is working to stabilize the business and improve the bottom line.

Also, the provisions for contract losses regarding the chartering of containerships, as well as the impairment losses and provisions for contract losses resulting from the fundamental reform of the dry bulk business, have consequently been placed structural reforms that will contribute to strengthening the business structure from next year forward. At the same time, the asset liquidation including the sale of strategic shareholdings and real estate owned by the company and the sale of business equity following revisions to the business portfolio that occurred during the past year were done in accordance with the strategy set forth in the Medium-Term Management Plan. Going forward, we will continue to quickly and steadily execute the measures in line with the Medium-Term Management Plan and aim to achieve the business performance targets and sustainably create corporate and social value.

The result for the year was a loss attributable to owners of parent, but providing a stable return to shareholders is one of the company's most important topics. Given this, I propose issuing a year-end dividend for fiscal year 2018 of ¥10 per share (an interim dividend of ¥20 year for a full-year dividend of ¥40 yen). Also, at the present time, the consolidated results for next year are expected to be revenues of ¥1,730.0 billion, operating profit of ¥38.0 billion, recurring profit of ¥37.0 billion and profit attributable to owners of parent of ¥26.0 billion. Regarding the dividend, based on the underlying principle of providing a stable return to shareholders and a dividend payout ratio of 25%, we expect to issue an interim dividend of ¥20 per share and a year-end dividend of ¥20 year for a full-year dividend of ¥40 yen.

As announced 26th, April, 2019, Mr. Hitoshi Nagasawa is scheduled to be appointed as President, Representative Director and President Corporate Officer subject to approval at the general shareholders' meeting and the meeting of the board of directors to be held next month. The company led by new President will ensure strengthening of NYK group's corporate governance and improvement in business performance to achieve our Medium-Term Management Plan and to realize sustainable creation of corporate and social value under the new Board of Directors and the new Committee of Corporate Officers. It is highly appreciated if you could elect eight directors and two auditors as stated in our Proposals.

We do appreciate further understanding and support.

May 2019



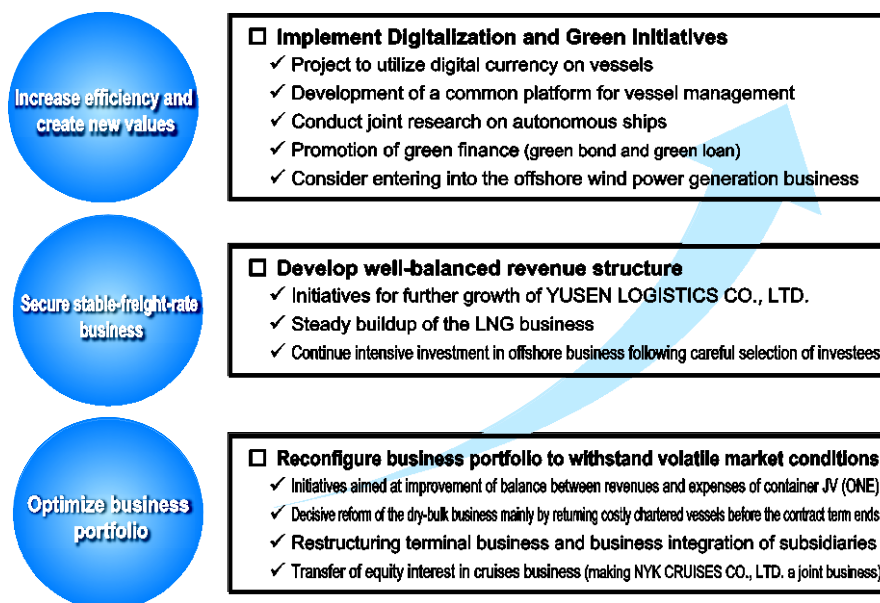
Tadaaki Naito
President

* Guidelines related to Corporate Governance (Corporate Governance Guidelines; Our Views on Size, Balance and Diversity of the Board of Directors; Policies and Procedures for the Appointment and Nomination of Directors, Audit and Supervisory Board Members and Corporate Officers; Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members; Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers; Rules on the Nomination Advisory Committee; and Rules on the Compensation Advisory Committee) have been posted on the Company's website on the Internet (<http://www.nyk.com/english/csr/gvn/guideline/index.html>).

The Medium-Term Management Plan “Staying Ahead 2022 with Digitalization and Green”

In March 2018, Nippon Yusen Kabushiki Kaisha (hereinafter, “NYK”) announced the new medium-term management plan, “Staying Ahead 2022 with Digitalization and Green,” for the five years starting from April 2018. In this plan, we have redefined the Basic Philosophy of the NYK Group as “Bringing value to life.,” and present a strategy to achieve sustainable growth by expeditiously adapting to the altering business environment.

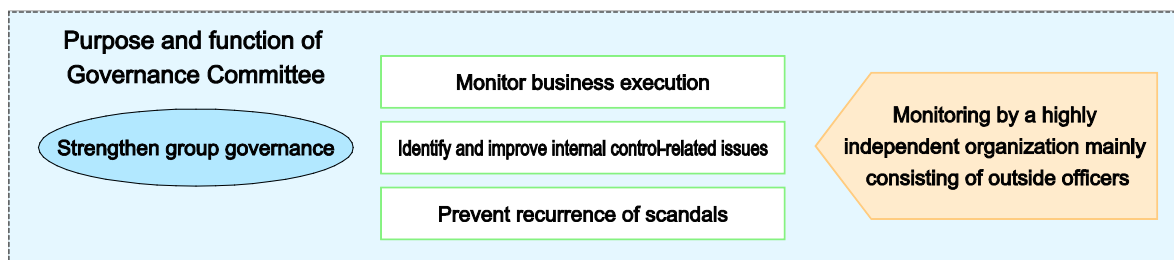
The basic strategies of this plan consist of “optimize business portfolio,” “secure stable-freight-rate business,” and “increase efficiency and create new values.” To achieve these three basic strategies and the profit and financial targets indicated in the medium-term management plan, we are promoting measures to carry out each strategy. In addition, in FY2018, we worked to improve the balance between revenues and expenses for the container shipping business and the air cargo transportation business and pursued stronger governance of the entire Group, with a view to completing the medium-term management plan.



In addition, in the plan, the NYK Group pledges to integrate ESG into its management strategy, and initiatives for “Digitalization and Green” include utilization of the latest digital technologies such as the project to utilize digital currency on vessels and measures pertaining to the environment including complying with NOx/SOx regulations. We believe that increasing efficiency and creating new values through “Digitalization and Green” also contributes to the SDGs (Sustainable Development Goals adopted at the United Nations Sustainable Development Summit), which are proactively pursued by the NYK Group and many stakeholders.

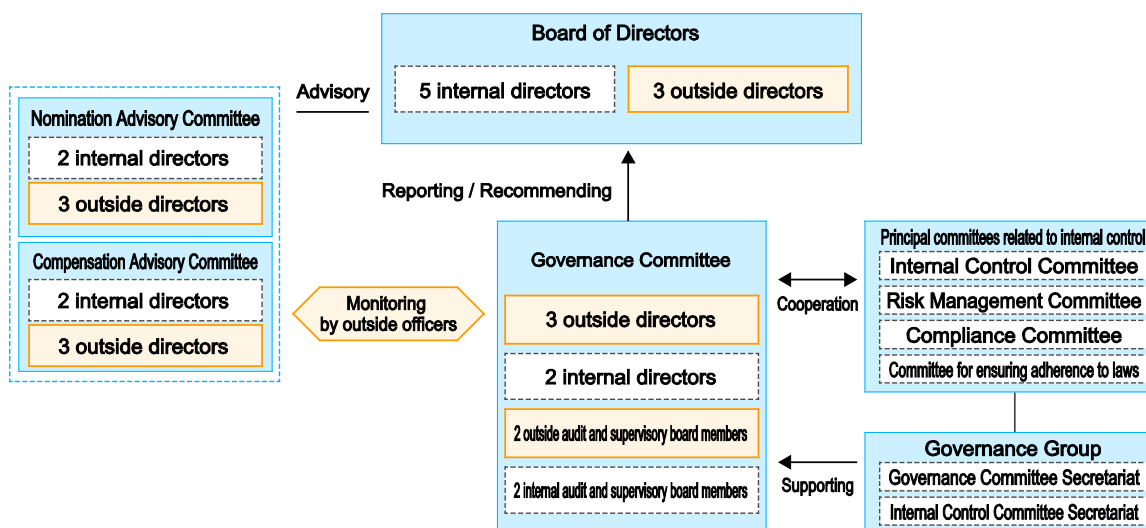
Initiatives to Strengthen the Group's Governance

Establishment of Governance Committee



The Company newly established the Governance Committee in January 2019 as a highly independent organization mainly consisting of Outside Directors and Outside Audit and Supervisory Board Members. The Governance Committee will monitor and evaluate the Company's governance and business execution by the management team from an objective standpoint, and share the results with the Board of Directors. This process will enable the Company to identify internal control-related problems brought about by executive Directors early and solving them effectively.

The Governance Committee will also discuss initiatives to prevent recurrence of unjust cases arising within the Group, such as the business improvement order given to NIPPON CARGO AIRLINES CO., LTD., as important issues related to governance and internal control, and make recommendations to the Board of Directors as necessary.



Note: The numbers of Directors and Audit and Supervisory Board Members are the scheduled numbers after this Ordinary General Meeting of Shareholders.



To Our Shareholders

May 28, 2019

Notice of the 132nd Ordinary General Meeting of Shareholders

To the Shareholders of Nippon Yusen Kabushiki Kaisha:

You are cordially invited to attend the 132nd 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 (purple 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. 10 through 28) and exercise your votes.

Voting by Mail

Please review the "Guidance on the Exercise of Votes" as described in pages 8 and 9, 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, Tuesday, June 18, 2019.

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" as described in pages 8 and 9, and exercise your vote by 5:00 p.m. Japan Time, Tuesday, June 18, 2019.

Yours faithfully

Nippon Yusen Kabushiki Kaisha

ISIN	JP3753000003
SEDOL	6643960
TSE	9101

Tadaaki Naito
President

1. Date: 10:00 a.m., Wednesday, June 19, 2019 (The reception desk will open at 9:00 a.m.)

2. Place: PALACE HOTEL TOKYO, second level "Aoi" ballroom
1-1-1 Marunouchi, Chiyoda-ku, Tokyo

If "Aoi" is full, please kindly note that we may guide you to Room No.2.

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 and Supervisory Board for the 132nd Fiscal Year (from April 1, 2018 to March 31, 2019)
2) Unconsolidated Financial Statements for the 132nd Fiscal Year (from April 1, 2018 to March 31, 2019)

Proposals to be resolved:

Proposal No.1: Appropriation of surplus
Proposal No.2: Election of eight Directors
Proposal No.3: Election of two Audit and Supervisory Board Members

Note: 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 10 to page 28 and page 33 to page 83.

4. Items relating to the exercise of votes:

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

5. Method to announce the revision of the content:

If the need arises to revise the content of the Reference Documents for the General Meeting of Shareholders, Business Report, Unconsolidated Financial Statements, Consolidated Financial Statements and/or items in this Notice, the revised items will be announced on "General Shareholders Meeting" page under "IR Event" in "Investor Relations" section of our website on the Internet (<https://www.nyk.com/ir/event/meeting/>). (Japanese only)

Guidance on the Exercise of Votes

Please exercise your votes by either of the following methods.

Voting by attending the meeting in person

Please present the enclosed Voting Rights Exercise Form at the reception desk on the day of the General Meeting of Shareholders.

Date and time of the meeting: 10:00 a.m., Wednesday, June 19, 2019

Voting via an electromagnetic method (such as the Internet, etc.)

Please exercise your voting rights by the deadline by accessing the website for exercising votes (<https://evote.tr.mufg.jp/>) designated by the Company.

Voting deadline: 5:00 p.m., Tuesday, June 18, 2019

Voting by mail

Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form and return the form by the deadline.

Voting deadline: 5:00 p.m., Tuesday, June 18, 2019

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.
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- (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 of his/her proxy shall submit to the Company a document evidencing his/her power of representation.

Guidance on the Exercise of Votes via Electromagnetic Method (such as the Internet, etc.)

Exercise of votes via the Internet may be done by accessing the website for exercising votes (<https://evote.tr.mufg.jp/>) designated by the Company using a PC, smartphone or mobile phone (access is unavailable between 2:00 a.m. and 5:00 a.m. Japan Time every day).

● Method for exercising votes via the Internet

(1) Voting by using a smartphone

- You may exercise your voting rights by automatically accessing the website for exercising votes by scanning the "login QR code" provided on the Voting Form using a smartphone.
- From the standpoint of security, you may log in using the QR code only once.

(2) Voting by using a PC or mobile phone

- Please access the website for exercising votes (<https://evote.tr.mufg.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.
- 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.

● 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.

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.

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 ¥10.00 per share, taking comprehensive consideration for retaining an appropriate level of internal reserves in response to changes in market conditions.

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
¥10.00 per share of Company common stock, total amount ¥1,695,704,590
- (3) Date of validity of dividends of surplus
June 20, 2019

Proposal No.2: Election of eight Directors

The term of office of all incumbent Directors (nine (9) Directors) will expire upon conclusion of this meeting.

The Company therefore recommends and proposes the following eight (8) candidates for election as Directors.

The Company will continue to endeavor to deepen governance through the enhancement of independence in decision-making and supervision of the execution of business by the Board of Directors while promptly and accurately responding to the rapidly changing business environment and actively holding substantive discussions with ensured diversity and expertise.

The date of birth, career summary, the number of the Company's shares held, reasons for nominating the candidates for Director, etc. are as stated on pages 17 through 25. From the following page, the Company has disclosed its policies and procedures for the appointment and nomination, etc., of Directors as reference.

No.	Name of candidate	Current Positions and Responsibilities in the Company	Attendance rate of meetings of the Board of Directors held during FY2018
1	Re-election Tadaaki Naito	President, President Corporate Officer	100% (Attended all the 14 meetings)
2	Re-election Hitoshi Nagasawa	Representative Director, Executive Vice-President Corporate Officer Chairman of Tramp Shipping Strategy Committee Oversees Automotive Transportation Headquarters, Dry Bulk Division and Energy Division	100% (Attended all the 14 meetings)
3	Re-election Yoshiyuki Yoshida	Director, Senior Managing Corporate Officer Chief Compliance Officer Chief Executive of General Affairs Headquarters	100% (Attended all the 14 meetings)
4	Re-election Eiichi Takahashi	Director, Senior Managing Corporate Officer Chief Financial Officer Chief Executive of Management Planning Headquarters	100% (Attended all the 14 meetings)
5	New appointment Hiroki Harada	Director, Senior Managing Corporate Officer Chief Executive of Global Logistic Services Headquarters	—
6	Re-election Yoshihiro Katayama Independent Outside Director	Outside Director	93% (Attended 13 out of the 14 meetings)
7	Re-election Hiroko Kuniya Independent Outside Director Female	Outside Director	100% (Attended all the 14 meetings)
8	New appointment Eiichi Tanabe Independent Outside Director		—

The Company has disclosed below a portion of its guidelines related to corporate governance.

Our Views on Size, Balance and Diversity of the Board of Directors

In order to facilitate prompt decision-making at all times at the Board of Directors while ensuring the quality of such decision-making through active and substantive discussion, the Company believes that the efficient size of the Board of Directors for the time being is around 9 members, of which around three should be Outside Directors who meet the Independence Criteria.

The Board of Directors shall be comprised of a sufficient number of internal Directors who are well versed with the Group's globally operated businesses with shipping and logistics businesses at its core, as well as a certain number of Independent Outside Directors with high expertise that can contribute to corporate management, and further enhance the supervisory function of the Board of Directors.

Composition of the Board of Directors shall be decided with a view to ensuring diversity and expertise, as well as the balance of knowledge, experience and ability of its members. As for internal Directors, attention shall also be paid to the balance between the members with strength in operating each business segment, and those who are suited for company-wide corporate management. The Board of Directors shall decide by its resolutions the assignment of duties and operations under their charge and others to respective Directors at the Board of Directors' meetings, and clarify their roles and responsibilities.

**Policies and Procedures for the Appointment and Nomination of Directors,
Audit and Supervisory Board Members and Corporate Officers**

[Policy]

In nominating Director candidates, the Company shall recommend qualified persons capable of fulfilling their duties and responsibilities as Directors responding to shareholders' entrustment of management, in full consideration of their individual character, insight and others. As for internal Director candidates, they are required to have broad knowledge, experience and a track record necessary for the deliberation of proposals at the Board of Directors' meetings, along with the ability to accurately identify issues in departments under their charge and solve them in cooperation with fellow officers and employees, have respected personalities, and have sound judgment in thorough compliance with laws and regulations as well as corporate ethics.

In addition, those qualified and functions required for company management are to be organized in the nomination of all prospective Directors and candidates who are deemed necessary and appropriate to organize the Board of Directors shall meet the qualities and functions required for each respective member. With respect to the appropriateness of the appointment of Senior Executive Directors and their tenure, as well as the appointment of the Corporate Officers, the Company shall apply the policy of nominating candidates for Internal Directors, and those appointed as the Corporate Officers shall recognize that they are candidates for Senior Executive Directors, and shall execute important business with the delegation of authority from the Representative Director and other Executive Directors, and shall study and refine abilities and knowledge based on their experience.

In nominating Audit and Supervisory Board Member candidates, the Company shall recommend qualified persons capable of fulfilling their duties and responsibilities as Audit and Supervisory Board Members, in full consideration of their individual character, insight and others in light of the importance of audits and the function of Audit and Supervisory Board Members in corporate management.

The Company shall separately set out the independence criteria of Outside Directors and Audit and Supervisory Board Members, and recommend candidates for Outside Directors and Outside Audit and Supervisory Board Members who meet such criteria.

[Procedures]

Director candidates shall be decided by the Board of Directors, based on the original plan prepared by the President with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Nomination Advisory Committee thereof.

Audit and Supervisory Board Member candidates shall be recommended by the President and decided by the Board of Directors, after obtaining the consent of the Audit and Supervisory Board to submit the agenda item for appointment to the General Meeting of Shareholders.

Corporate Officers shall be decided by the Board of Directors, based on the original plan prepared by the President with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Nomination Advisory Committee thereof.

The Nomination Advisory Committee shall, where necessary, consult with the Board of Directors as to the appropriateness of holding the position of the President and other incumbent senior executive Directors based on a certain appraisal of the Company's performance and other aspects of management and business execution.

**Independence Criteria for Recommendation of Candidates for Outside Directors
and Audit and Supervisory Board Members**

Article 1. Purpose

The purpose of these criteria is to establish the independence criteria for recommending candidates for Outside Directors as well as Outside Audit and Supervisory Board Members of Nippon Yusen Kabushiki Kaisha (hereinafter, the "Company").

Article 2. Outside Directors

Outside Director candidates shall be recommended from among those who meet the conditions set out in the following items, but do not fall under any of the items of Article 4, upon consideration of the diversity in the composition of the Board of Directors.

- (1) A person with broad knowledge or advanced expertise, excellent insight, a wealth of experience and a good track record in his/her area of specialty, who is expected to bring diverse viewpoints into the Board of Directors of the Company.
- (2) A person who does not fall under any of the reasons for disqualification from becoming a Director prescribed in each item of Article 331, Paragraph 1 of the Companies Act.
- (3) A person who meets the requirement for Outside Directors prescribed in Article 2, Item 15 of the Companies Act.

Article 3. Outside Audit and Supervisory Board Member

Outside Audit and Supervisory Board Member candidates shall be recommended from among those who meet the conditions set out in the following items, but do not fall under any of the items of Article 4, upon consideration of the diversity in the composition of the Audit and Supervisory Board.

- (1) A person with broad knowledge or advanced expertise, excellent insight, a wealth of experience and a good track record in his/her area of specialty, which can contribute to the execution of audit operations of the Company.
- (2) A person who does not fall under any of the reasons for disqualification from becoming an Audit and Supervisory Board Member prescribed in each item of Article 331, Paragraph 1 of the Companies Act, as applied under Article 335 of the same Act.
- (3) A person who meets the requirement for an Outside Audit and Supervisory Board Member under Article 2, Item 16 of the Companies Act.

Article 4. Independence of Outside Directors and Audit and Supervisory Board Members

A person who does not fall under any of the following criteria is deemed to be independent.

- (1) A major shareholder of the Company (a party who holds shares representing voting rights that exceed 10% of the total voting rights as at the end of the most recent fiscal year) or an executive thereof.
- (2) A major lender to the Company (a party whose name or trade name is listed among the top 10 lenders to the Company as a major lender in the Business Report for the most recent fiscal year) or an executive thereof.
- (3) A major supplier of the Company (which income from the Company accounts for more than 2% of the consolidated annual revenues of such supplier for the most recent fiscal year) or an executive thereof.
- (4) A major customer of the Company (which income from such customer accounts for more than 2% of the consolidated annual revenues of the Company for the most recent fiscal year) or an executive thereof.
- (5) A person who is responsible for the audit operation of the Company or its consolidated subsidiary, as accounting auditor, its employee or others of the Company or its consolidated subsidiary.
- (6) An attorney, judicial scrivener, patent attorney, certified public accountant, tax accountant, consultant or others, who receives, apart from compensation for officers, money or other property equivalent to more than JPY10 million per year from the Company, or a person who belongs to a group such as corporation or union, which receives such property as aforementioned equivalent to more than JPY10 million per year from the Company and it is in excess of 2% of its annual income.
- (7) A person who receives donations in excess of JPY5 million per year from the Company, or an executive at a group such as corporation or union, which receives donations in excess of JPY5 million per year from the Company and it is in excess of 2% of its annual income.
- (8) Any person who has fallen under any of (1) through (7) above during the past three

years.

- (9) A relative within the second degree of kinship (only if he/she is an important person) of a person who falls under any of (1) through (8) above.
- (10) A relative within the second degree of kinship of Director, Corporate Officer and others, employee or accounting advisor (including staff members who are to perform such duties in the case of a corporation) of the Company or its subsidiary.
- (11) A relative within the second degree of kinship of a person who has acted as Director, Corporate Officer and others, employee or accounting advisor (including staff members who are to perform such duties in the case of a corporation) of the Company or its subsidiary, during the past three years.
- (12) Any person other than the aforementioned items of this article with special circumstances which precludes his/her fulfilling duties as an independent outside Director or Audit and Supervisory Board Member, such as having conflicts of interest with general shareholders of the Company.

The Company has disclosed below Rules on the Nomination Advisory Committee.

(Reference)

Rules on the Nomination Advisory Committee

Article 1. Structure

1. The Nomination Advisory Committee (hereinafter referred to as "the Committee") shall consist of the Chairman, the President and Independent Outside Directors as an advisory counsel to the Board of Directors.
2. The Chairman shall preside over the Committee as a Committee Chairman. If no Chairman has been appointed, the President shall preside as substitute.
3. The term of office of the Committee members shall be from the establishment of the Committee or the assumption of each director to the expiration of the term as a director.

Article 2. Convocation

1. The Committee Chairman shall convene the Committee at least once every year or at any time if necessary.
2. A notice to convene the Committee shall be dispatched at least seven days prior to the meeting to every member. Provided that if all members give their consent, the Committee may be held without going through the convocation procedures.

Article 3. Chairman

The Committee Chairman shall preside over the Committee.


Article 4. Purpose

The Committee shall discuss the following matters, etc., concerning nomination to report or present the matters to the Board of Directors:


- 1) Appointment and dismissal of Directors;
- 2) Appointment, dismissal and successor plan of the President;
- 3) Appointment and dismissal of Representative Directors;
- 4) The independence criteria for Independent Outside Directors and Independent Outside Audit and Supervisory Board Members; and
- 5) Appointment and dismissal of Corporate Officers.


Article 5. Records


The time and date, attendance and agenda of the Committee shall be recorded.

No.	Name of candidate (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 FY2018
1	 Tadaaki Naito (September 30, 1955) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-top: 5px;">Re-election</div>	April 1978 Joined the Company April 2004 General Manager of Petroleum Group April 2005 Corporate Officer April 2007 Managing Corporate Officer June 2008 Director, Managing Corporate Officer April 2009 Representative Director, Senior Managing Corporate Officer April 2013 Representative Director, Executive Vice-President Corporate Officer April 2015 President, President Corporate Officer (to the present) <u>Significant concurrent position</u> Vice-President of The Japanese Shipowners' Association	12,713 shares
		Reasons for nominating the candidates for Directors: Since assuming the position of Director of the Company in 2008, Mr. Tadaaki Naito had held positions, such as Chief Executive of Management Planning Headquarters and Chief Executive of Global Logistic Services Headquarters. Mr. Naito took office of the President, who takes the control of business execution in 2015, and has been seeking to strengthen the Company's competitiveness through technical strength and pursuing transparent and effective governance, while carrying out business restructuring, selection and concentration in highly fluid business conditions. Although he is scheduled to retire from the position of the President upon conclusion of this meeting, with a view to monitoring the Group's management and governance, the Company has continuously nominated him as a candidate for Director.	100% (Attended all the 14 meetings)


No.	Name of candidate (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 FY2018
2	 Hitoshi Nagasawa (January 22, 1958) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Re-election</div>	<p>April 1980 Joined the Company</p> <p>April 2004 General Manager of LNG Group</p> <p>April 2007 Corporate Officer</p> <p>April 2009 Managing Corporate Officer</p> <p>June 2011 Director, Managing Corporate Officer</p> <p>April 2013 Representative Director, Senior Managing Corporate Officer</p> <p>April 2018 Representative Director, Executive Vice-President Corporate Officer (to the present)</p> <p>Chairman of Tramp Shipping Strategy Committee Oversees Automotive Transportation Headquarters, Dry Bulk Division and Energy Division</p>	11,148 shares
		<p>Reasons for nominating the candidates for Directors: Since assuming the position of Director of the Company in 2011, Mr. Hitoshi Nagasawa has been in charge of the energy transportation division and currently serves as Chairman of Tramp Shipping Strategy Committee in the capacity of Executive Vice-President Corporate Officer. He steadily expanded the stable-freight-rates business through driving the acquisition of an upstream interest in an LNG project, as well as participation in offshore business, while striving to improve profitability of the dry bulk division. With a view to stabilizing and enhancing profitability based on the medium-term management plan, the Company has continuously nominated him as a candidate for Director.</p>	100% (Attended all the 14 meetings)

No.	Name of candidate (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 FY2018
3	 Yoshiyuki Yoshida (May 30, 1957) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Re-election</div>	April 1981 Joined the Company April 2005 General Manager of Tramp Co-ordination Group April 2011 Corporate Officer April 2015 Managing Corporate Officer June 2015 Director, Managing Corporate Officer April 2018 Director, Senior Managing Corporate Officer (to the present) Chief Compliance Officer Chief Executive of General Affairs Headquarters	8,700 shares
		Reasons for nominating the candidates for Directors: Since assuming the position of Director of the Company in 2015, Mr. Yoshiyuki Yoshida has mainly been in charge of general affairs, human resources and legal affairs-related divisions and currently serves as Chief Compliance Officer and Chief Executive of General Affairs Headquarters in the capacity of Senior Managing Corporate Officer. With a view to enhancing effectiveness of the meetings of the Board of Directors, while promoting participation of diverse human resources and enhancing the governance and compliance system of the Group, the Company has continuously nominated him as a candidate for Director.	100% (Attended all the 14 meetings)

No.	Name of candidate (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 FY2018
4	 <p>Eiichi Takahashi (October 14, 1958)</p> <p>Re-election</p>	<p>April 1982 Joined the Company April 2010 General Manager of Accounting Group April 2012 Corporate Officer April 2016 Managing Corporate Officer June 2016 Director, Managing Corporate Officer April 2018 Director, Senior Managing Corporate Officer (to the present)</p> <p>Chief Financial Officer Chief Executive of Management Planning Headquarters</p>	4,774 shares
		<p>Reasons for nominating the candidates for Directors: Since assuming the position of Director of the Company in 2016, Mr. Eiichi Takahashi has mainly been in charge of planning, accounting and finance and currently serves as Chief Financial Officer and Chief Executive of Management Planning Headquarters in the capacity of Senior Managing Corporate Officer. With a view to promoting an optimum finance strategy emphasizing capital efficiency in line with the medium-term management plan, while strengthening group management including governance, the Company has continuously nominated him as a candidate for Director.</p>	100% (Attended all the 14 meetings)

No.	Name of candidate (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 FY2018
5	 Hiroki Harada (September 21, 1960) <div style="border: 1px solid black; padding: 2px; width: fit-content;">New appointment</div>	April 1983 Joined the Company April 2011 General Manager of Tramp Co-ordination Group April 2014 Corporate Officer April 2018 Managing Corporate Officer April 2019 Senior Managing Corporate Officer (to the present) Chief Executive of Global Logistic Services Headquarters	2,545 shares
		Reasons for nominating the candidates for Directors: Since assuming the position of Corporate Officer of the Company in 2014, Mr. Hiroki Harada has mainly been in charge of the global logistics division and currently serves as Chief Executive of Global Logistic Services Headquarters in the capacity of Senior Managing Corporate Officer. With a view to promoting the container shipping business and improving its profitability, and strengthening the logistics business following the conversion of YUSEN LOGISTICS CO., LTD. into a wholly owned subsidiary and the harbor business after the restructuring, the Company has newly nominated him as a candidate for Director.	—

No.	Name of candidate (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 FY2018
6	 <p>Yoshihiro Katayama (July 29, 1951)</p> <p>Re-election</p> <p>Independent Outside Director</p>	<p>April 1974 Joined Japan's Ministry of Home Affairs December 1998 Retired from the Ministry April 1999 Governor of Tottori Prefecture April 2007 Retired from governorship Professor at Keio University September 2010 Minister for Internal Affairs and Communications September 2011 Retired from the Ministry June 2016 Outside Director (to the present) March 2017 Retired as the Professor at Keio University April 2017 Professor at Graduate School of Public Management, Waseda University (to the present)</p> <p><u>Significant concurrent position</u> Professor at Graduate School of Public Management, Waseda University</p>	7,978 shares
		<p>Reasons for nominating the candidates for Outside Directors: Mr. Yoshihiro Katayama held important positions at the Ministry of Home Affairs (currently Ministry of Internal Affairs and Communications) and served as Minister for Internal Affairs and Communications from 2010 to 2011. Mr. Katayama is providing advice on the Company's management and performing proper supervision of business execution of the Company based on his extensive knowledge, insight and personal connections gained through a wealth of his experience in the bureaucratic, political and academic circles and from a highly independent position. Accordingly, the Company has continuously nominated him as a candidate for Outside Director.</p>	93% (Attended 13 out of the 14 meetings)

No.	Name of candidate (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 FY2018
7	 <p>Hiroko Kuniya (February 3, 1957)</p> <p>Re-election</p> <p>Independent Outside Director</p> <p>Female</p>	<p>April 1981 Announcer and writer for English-language broadcasts of NHK, Nippon Hoso Kyokai (Japan Broadcasting Corporation)'s General TV "Seven O'clock News" Researcher of "NHK Special"</p> <p>July 1987 Newscaster of NHK's satellite broadcasting "World News"</p> <p>April 1993 Newscaster of NHK's General TV "Today's Close-Up"</p> <p>April 2016 Trustee of Tokyo University of the Arts (part-time) (to the present)</p> <p>June 2017 Outside Director (to the present)</p> <p><u>Significant concurrent positions</u> Trustee of Tokyo University of the Arts (part-time) Project Professor at Graduate School of Media and Governance, Keio University</p> <p>Reasons for nominating the candidates for Outside Directors: The Company believes that Ms. Hiroko Kuniya can provide advice to the Company's management and contribute to proper supervision of business execution of the Company based on her long-standing career as a newscaster, raising public awareness of a range of topics including politics, economy, international relations and social issues, and capitalizing on a wealth of experience and superior insight from a multilateral perspective and a highly independent position. Accordingly, the Company has continuously nominated her as a candidate for Outside Director.</p>	<p>2,980 shares</p> <p>100% (Attended all the 14 meetings)</p>

No.	Name of candidate (Date of birth)	Career summary and significant concurrent positions	Number of the Company's shares held
			Attendance rate of meetings of the Board of Directors held during FY2018
8	 <p>Eiichi Tanabe (September 16, 1953)</p> <p>New appointment</p> <p>Independent Outside Director</p>	<p>April 1978 May 2001</p> <p>March 2005</p> <p>June 2007</p> <p>April 2008</p> <p>April 2012</p> <p>April 2016</p> <p>June 2016</p> <p>March 2018</p> <p>June 2018</p> <p>Joined Mitsubishi Corporation Left Mitsubishi Corporation Member of the Board of Lawson, Inc. Vice President, Senior Vice President and Representative Director (CFO) of Lawson, Inc. Retired from Vice President, Senior Vice President and Representative Director (CFO) of Lawson, Inc. Joined Mitsubishi Corporation Senior Vice President of Mitsubishi Corporation Executive Vice President of Mitsubishi Corporation Senior Executive Vice President and Corporate Functional Officer of Mitsubishi Corporation Representative Director and Senior Executive Vice President of Mitsubishi Corporation Member of the Board of Mitsubishi Corporation Retired from Member of the Board of Mitsubishi Corporation Adviser of Mitsubishi Corporation (to the present)</p>	<p>0 shares</p>
		<p>Reasons for nominating the candidates for Outside Directors: After joining Mitsubishi Corporation, Mr. Eiichi Tanabe held positions such as Senior Vice President, Representative Director and Senior Executive Vice President. The Company believes that Mr. Tanabe can provide advice to the Company's management and contribute to proper supervision of business execution of the Company utilizing his general knowledge in all corporate management from an independent position, based on his abundant business experience mainly in regional management, administration including finance at Mitsubishi Corporation. Accordingly, the Company has newly nominated him as a candidate for Outside Director.</p>	<p>—</p>

Note: The amount of transactions between Mitsubishi Corporation and the Company is less than 1% of revenues from the viewpoint of both companies.

- Notes:
1. No transactions or special interests exist between the Company and any of the above candidates for Directors.
 2. Mr. Yoshihiro Katayama, Ms. Hiroko Kuniya and Mr. Eiichi Tanabe are candidates for the Company's Outside Directors as stipulated in Article 2, Item 15 of the Companies Act, and they meet the Company's "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members." The Company believes that Mr. Katayama, Ms. Kuniya and Mr. Tanabe 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 be reported as the Independent Directors to Tokyo and Nagoya stock exchanges (For the details of the "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members," please see page 14 and page 15). In addition, the amount of transactions between Mitsubishi Corporation, where Mr. Eiichi Tanabe served as Director until June 2018 and currently serves as Adviser, and the Company is less than 1% of revenues from the viewpoint of both companies. The Company has no particularly notable business relations with the other significant concurrent positions as Outside Director or Audit and Supervisory Board Member.
 3. Nippon Cargo Airlines Co., Ltd. (NCA), a consolidated subsidiary of the Company that is engaged in the air cargo transportation business, received the administrative measures by the Minister of Land, Infrastructure, Transport and Tourism in July 2018 for conducting inappropriate aircraft maintenance operations, and submitted improvement measures. Mr. Yoshihiro Katayama and Ms. Hiroko Kuniya were not aware of such incident until they received a report. The two individuals have expressed their opinions from the standpoint of compliance with laws and regulations at meetings of the Board of Directors and other meetings. And, after becoming aware of this incident, they have given advice for investigating the cause and preventing recurrence of such incident at meetings of the Board of Directors and other such meetings. Additionally, the newly established Governance Committee, consisting of a majority of Outside Directors and Outside Audit and Supervisory Board Members, is working to strengthen governance and internal control of the entire Group.
 4. Mr. Yoshihiro Katayama and Ms. Hiroko Kuniya, who are candidates for re-election as Outside Director, will have served as Outside Director of the Company for three years and two years, respectively, at the conclusion of this meeting.
 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 Directors, and has actually entered into the liability limitation agreement with each of Outside Directors as stipulated in Article 34 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. Yoshihiro Katayama, Ms. Hiroko Kuniya and Mr. Eiichi Tanabe is approved, the Company will have the liability limitation agreement with each of them.


Proposal No.3: Election of two Audit and Supervisory Board Members

The term of office of Audit and Supervisory Board Members Ms. Yoko Wasaki and Mr. Toshio Mita will expire upon conclusion of this meeting.

The Company therefore recommends and proposes the following two (2) candidates for election as Audit and Supervisory Board Members.

The Audit and Supervisory Board has previously given its approval to the proposal.

No.	Name of candidate (Date of birth)	Career summary, responsibilities	Number of the Company's shares held
1	 <p>Noriko Miyamoto (September 10, 1960)</p> <p>New appointment</p> <p>Female</p>	<p>April 1983 Joined the Company April 2012 General Manager of IR Group April 2014 Corporate Officer April 2018 Managing Corporate Officer April 2019 Commissioned Advisor (to the present, scheduled to retire on June 18, 2019)</p> <hr/> <p>Reasons for nominating the candidate for Audit and Supervisory Board Member: Having assumed the positions of Corporate Officer of the Company in 2014 and Managing Corporate Officer of the Company in 2018, Ms. Noriko Miyamoto has mainly been in charge of IR and public relations and has been responsible for business execution while being involved in the Company's management. Ms. Miyamoto has a wealth of business experience at the Company, and the Company believes that she can contribute to appropriate audits on the Company's business execution, capitalizing on detailed knowledge of external communication as well as expertise in finance and risk response. Accordingly, the Company has newly nominated her as a candidate for Audit and Supervisory Board Member.</p>	5,452 shares

No.	Name of candidate (Date of birth)	Career summary and significant concurrent positions	Number of the Company's shares held
2	 <p data-bbox="300 645 531 712">Toshinori Kanemoto (August 24, 1945)</p> <div data-bbox="300 730 531 779" style="border: 1px solid black; padding: 2px;">New appointment</div> <div data-bbox="300 797 531 969" style="border: 1px solid black; padding: 2px;">Independent Outside Audit and Supervisory Board Member</div>	<p data-bbox="547 327 1206 752"> April 1968 Joined National Police Agency August 1995 Director-General of International Affairs Department of National Police Agency October 1996 President of ICPO-INTERPOL August 2000 President of National Police Academy April 2001 Director of Cabinet Intelligence, Cabinet Secretariat, Government of Japan April 2006 Retired from Director of Cabinet Intelligence, Cabinet Secretariat, Government of Japan January 2007 Registered as Attorney-at-Law (Dai-Ichi Tokyo Bar Association) February 2007 Of-Counsel of City-Yuwa Partners June 2018 Retired from Of-Counsel of City-Yuwa Partners </p> <p data-bbox="547 786 1206 931"> <u>Significant concurrent positions</u> Head of Toshinori Kanemoto Law Office Outside Audit and Supervisory Board Member of Nippon Television Holdings, Inc. Outside Director of Riken Corporation </p> <p data-bbox="547 943 1206 1391"> Reasons for nominating the candidate for Outside Audit and Supervisory Board Member: Having long served at the National Police Agency and having held important positions including President of ICPO-INTERPOL and Director of Cabinet Intelligence of Cabinet Secretariat, Mr. Toshinori Kanemoto has extensive knowledge and insight gained through a wealth of experience mainly in police administration, including the international field, and the information field, as well as a high degree of expertise mainly in the corporate legal affairs and compliance field as a lawyer. The Company believes that Mr. Kanemoto can contribute to appropriate audits on the Company's business execution, capitalizing on such knowledge and expertise. Accordingly, the Company has newly nominated him as a candidate for Outside Audit and Supervisory Board Member. </p>	0 shares

- Notes: 1. No transactions or special interests exist between the Company and any of the above candidates for Audit and Supervisory Board Members.
2. Mr. Toshinori Kanemoto is a candidate for Outside Audit and Supervisory Board Member as stipulated in Article 2, Item 16 of the Companies Act, and he meets the Company's "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members." No transactions exist between the Company and Mr. Kanemoto, as well as Toshinori Kanemoto Law Office headed by Mr. Kanemoto. The Company believes that Mr. Kanemoto has no conflict of interest with general shareholders and is highly independent. In the event that he is elected as Outside Audit and Supervisory Board Member of the Company, he will be reported as the Independent Audit and Supervisory Board Member to Tokyo and Nagoya stock exchanges.
3. The Company has established the provisions in the Articles of Incorporation to the effect that it may enter into a liability limitation agreement with Audit and Supervisory Board Members, and has actually entered into the liability limitation agreement with each of Audit and Supervisory Board Members as stipulated in Article 44 of the current 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 Audit and Supervisory Board Member performs his/her duty in good faith and without gross negligence on his/her part. In the event that the proposed

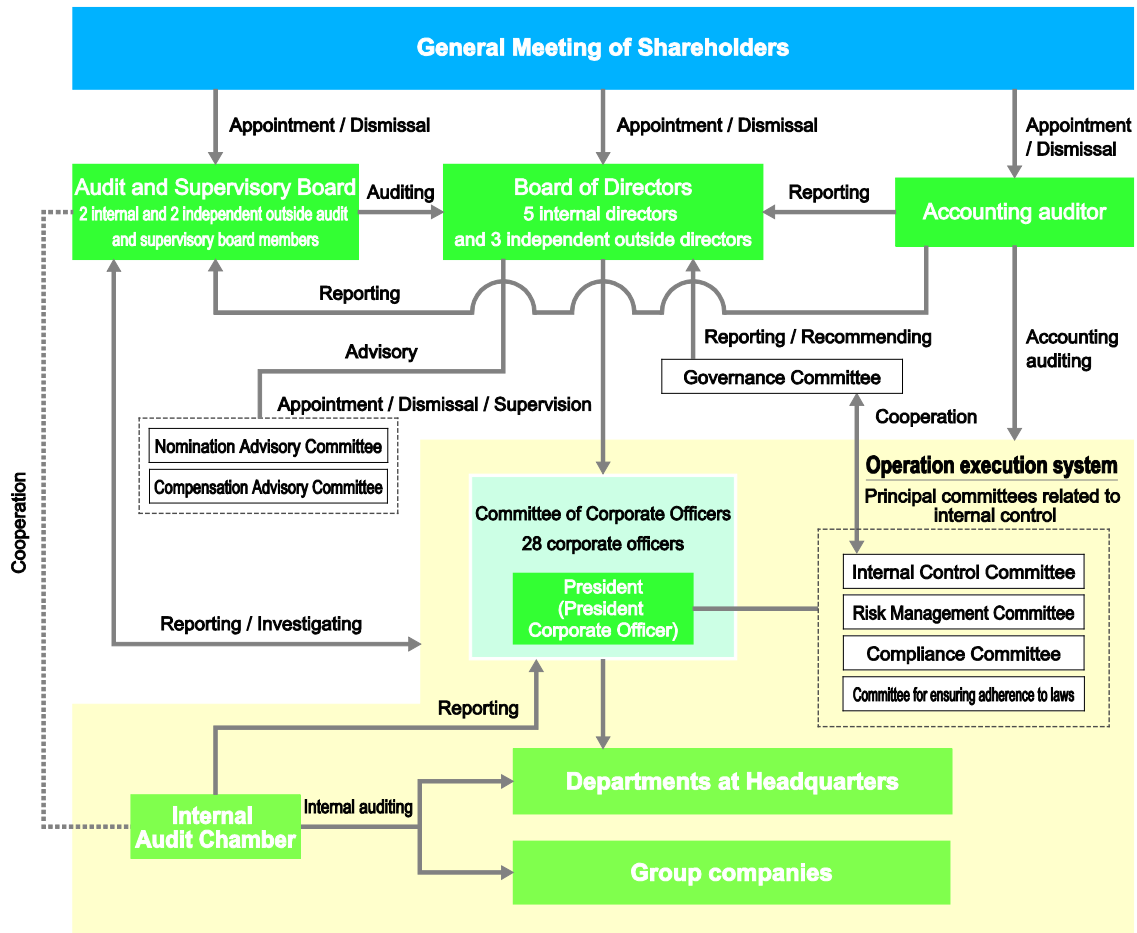
election of Ms. Noriko Miyamoto and Mr. Toshinori Kanemoto is approved, the Company will have the liability limitation agreement with each of them.

(Reference) Initiatives etc. concerning Corporate Governance

Organizational format	Company with Audit and Supervisory Board		
Number of Directors	11 as of June 2017 (of whom 3 are independent outside directors)	9 as of June 2018 (of whom 3 are independent outside directors)	8 (candidates) as of June 2019 (scheduled) (of whom 3 are independent outside directors)
Number of Audit and Supervisory Board Members	4 (of whom 2 are independent Outside Audit and Supervisory Board Members)		
Term of office for Director	1 year		
Advisory bodies to the Board of Directors	Nomination Advisory Committee, Compensation Advisory Committee		
Incentives for Directors to improve medium-term corporate value	By a resolution of the Ordinary General Meeting of Shareholders of June 2016, introduced a performance-based stock remuneration plan for directors and corporate officers of the Company, wherein the Company shares shall be delivered to the directors and corporate officers of the Company based on the degree of achievement of the medium-term management plan and initial consolidated financial forecast and in comparison, with the previous fiscal year, etc. Based on this resolution of the General Meeting of Shareholders, resolved to extend the plan for three years at the meeting of the Board of Directors held in March 2019		

2008	<ul style="list-style-type: none"> Appointed two outside directors Shortened term of office of directors from two years to one year to clarify management responsibility of directors and build a system that expedites responses to changes in business conditions
2010	<ul style="list-style-type: none"> Filed notification of Independent Directors/Audit and Supervisory Board Members as stipulated by stock exchanges in Japan for all Outside Directors/Outside Audit and Supervisory Board Members
2015	<ul style="list-style-type: none"> Preparation and maintenance of Guidelines, etc. related to Corporate Governance (Corporate Governance Guidelines; Our Views on Size, Balance and Diversity of the Board of Directors; Policies and Procedures for the Appointment and Nomination of Directors, Audit and Supervisory Board Members and Corporate Officers; Independence Criteria for Recommendation of Candidates for Outside Directors and Outside Audit and Supervisory Board Members; and Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers)
2016	<ul style="list-style-type: none"> Conducted a self-evaluation survey regarding the effectiveness of the meetings of the Board of Directors Revised standards for submitting proposals and implemented concrete measures, such as delegation of authority to Committee of Corporate Officers Three outside directors (increase of one), 12 directors in total (decrease of one) Introduced a performance-based stock remuneration for directors and corporate officers of the Company (excluding outside directors and some corporate officers of the Company) Establishment of the Nomination Advisory Committee and the Compensation Advisory Committee
2017	<ul style="list-style-type: none"> Established position of Chief Outside Director 11 directors in total (decrease of one)
2018	<ul style="list-style-type: none"> Used an external organization mainly for compiling and analyzing self-evaluation regarding the effectiveness of the meetings of the Board of Directors to ensure fairness 9 directors in total (decrease of two) The ratio of independent outside officers is 38.5% (5 out of 13 persons), the ratio of Directors to independent outside officers is 33.3% (3 out of 9 persons)
2019	<ul style="list-style-type: none"> The ratio of independent outside officers is 41.7% (5 out of 12 persons,

	<p>scheduled for June), the ratio of Directors to independent outside officers is 37.5% (3 out of 8 persons, scheduled for June)</p> <ul style="list-style-type: none"> Revised Policies and Procedures for the Appointment and Nomination of Directors, Audit and Supervisory Board Members and Corporate Officers following the revision of Corporate Governance Code Established the Governance Committee that monitors internal control functions for the purpose of strengthening the Group's governance Conducted a Group-wide check on compliance with laws and regulations
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Note: The number of Directors and Audit and Supervisory Board Members is the scheduled number after this Ordinary General Meeting of Shareholders.

Enhancing the effectiveness of the meetings of the Board of Directors

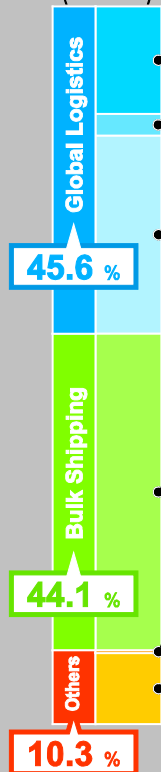
Since 2016, in order to further enhance the effectiveness of the meetings of the Board of Directors, the Company has continued to conduct a non-anonymous self-evaluation survey on all Directors and all Audit and Supervisory Board Members regarding the effectiveness of the meetings of the Board of Directors.

Based on the results of such survey, the Company undertakes the establishment of a reporting system to appropriately manage and timely respond to risks at each division, in addition to conventional measures such as ensuring appropriate discussions and giving preliminary explanations regarding important matters. The Company also established the Governance Committee to monitor internal control functions, in addition to the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory councils to the Board of Directors. Through such measures, the Company will work to enhance the function of the Board of Directors and strengthen corporate governance in promoting continuous enhancement of corporate value.

2. Business segment results

(In 100 millions of yen)

Ratio of consolidated revenues
(current term)



		The 129th term FY2015	The 130th term FY2016	The 131st term FY2017	The 132nd term (current term) FY2018
Liner Trade 15.0 %	Revenues	7,063	5,859	6,914	2,863
	Recurring profit (loss)	(3)	(127)	108	(264)
Air Cargo Transportation 3.0 %	Revenues	911	819	978	567
	Recurring profit (loss)	15	26	18	(159)
Logistics 27.6 %	Revenues	4,965	4,613	5,123	5,258
	Recurring profit (loss)	118	76	23	77
Bulk Shipping 44.1 %	Revenues	9,022	7,177	7,956	8,413
	Recurring profit (loss)	465	(41)	96	337
Real Estate 0.4 %	Revenues	97	94	79	76
	Recurring profit (loss)	33	120	26	27
Other 9.9 %	Revenues	1,470	1,466	1,723	1,881
	Recurring profit (loss)	(0)	(14)	31	30

Assets by business segment

(In 100 millions of yen)

		The 129th term	The 130th term	The 131st term	The 132nd term (current term)
		FY2015	FY2016	FY2017	FY2018
Global Logistics	Liner Trade	4,192	4,019	4,054	3,618
	Air Cargo Transportation	475	530	773	641
	Logistics	2,503	2,551	2,779	2,818
Bulk Shipping		13,385	12,693	12,561	12,853
Others	Real Estate	635	562	588	573
	Other	2,513	2,099	1,953	1,717
Total		23,705	22,457	22,710	22,222
Adjustments		(1,257)	(2,015)	(1,991)	(2,205)
Consolidated		22,447	20,441	20,719	20,017

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

2. 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 132nd Ordinary General Meeting of Shareholders
Documents attached to the Notice of Ordinary General Meeting of Shareholders

Business Report (From April 1, 2018 to March 31, 2019)

1. Overview of Operations for NYK Group

(1) Business Progress and Results

1) Business Progress and Results for Current Fiscal Year

The global economy in the current fiscal year witnessed continuing economic expansion in the U.S. supported by massive tax cuts and larger spending, amid mounting concern over the trade friction between the U.S. and China. The European economy continued to slow down from its peak in 2017 due to such factors as Brexit. Meanwhile, China was able to avoid significant slowdown in economic growth for the time being with its policy measures, despite continued deceleration in its economy. Additionally, economies in emerging countries maintained growth overall, in spite of concern over factors such as capital outflows and currency depreciation resulting from interest-rate hikes in the U.S. The Japanese economy also continued moderate growth due to robust domestic demand.

Even under these circumstances, the outlook for the maritime shipping remained harsh, with the container shipping division recording an extraordinary loss of ¥30.7 billion. The consolidated results in FY 2018 were revenues of ¥1,829.3 billion (16.2% decrease over the previous fiscal year), operating income of ¥11.0 billion, recurring loss of ¥2.0 billion, and loss attributable to owners of parent of ¥44.5 billion, recording losses as revenue decreased compared to the previous fiscal year.

2) Overview of the Business Segments

● Global Logistics

Liner Trade

In the container shipping division, Ocean Network Express Pte. Ltd. (ONE), a new integrated operating company, commenced services in April 2018. Although problems occurred in system operations and business processes immediately after business transition, the problems were resolved for the most part in the first quarter thanks to prompt implementation of improvement measures. As a result of this, lifting volume on North American, European and Asian routes fell below expectations in the first half. In addition, profitability deteriorated, affected by an increase in empty container transfer costs and soaring fuel oil prices. In the second half, although cargo volume on the return voyage did not reach the expected level in the third quarter, cargo volume on the outbound voyage mainly to North America remained robust, thereby driving a recovery in lifting volume. Meanwhile, soaring fuel oil prices continued to squeeze profitability. We worked to improve profitability through continuous cost reduction activities and the pursuit of integration synergy effects. Also, although the Company recorded expenses relating to the transition of the container shipping business in the first half, such expenses decreased substantially in the second half.

Domestic and overseas terminals showed a decline in handling volume partly due to the impact of the container shipping route reorganization, resulting in slight year-on-year decreases in revenue and profit. Furthermore, although the Kobe Container Terminal temporarily suspended operation due to damage from storm surges caused by Typhoon Jebi in September 2018, the impact on business performance was minor. Meanwhile, in an effort to respond to changes in the business environment surrounding the domestic terminal business, NYK formed a joint holding company with Mitsubishi Logistics Corporation in December 2018, and integrated the management of the four NYK Group terminal operation companies in Japan (UNI-X CORP., Nippon Container Terminals Co., Ltd., Asahi Unyu Kaisha, Ltd., Yusen Koun Co., Ltd.). UNI-X CORP. and Nippon Container Terminals Co., Ltd. merged to launch UNI-X NCT Corporation on April 1 of this year. Under the new structure, we will make concerted efforts to improve safety and quality with a view to providing stable services in the future.

Revenues decreased over the previous fiscal year for the liner trade segment as a whole in line with a decrease in consolidated revenue due to the transition of its business to ONE, and a loss was recorded.

Air Cargo Transportation

In the air cargo transportation business, Nippon Cargo Airlines Co., Ltd. (NCA) received the administrative measures by the Minister of Land, Infrastructure, Transport and Tourism in July 2018, and subsequently submitted the improvement measures. In the course of the investigation, NCA suspended all services to confirm the soundness of the aircraft. Since equipment operation decreased conspicuously thereafter too, NCA suffered year-on-year decreases in revenue and profit, and recorded a loss.

At present, all eight B747-8F type aircraft have resumed operation. Three B747-400F type aircraft that were grounded have found use in transportation services offered after April of this year, in business partnership with Atlas Air Inc.

Logistics

The air cargo transportation (forwarding business) saw improved gross profit thanks to an increase in the handling volume. In the third quarter in particular, the balance between revenues and expense improved substantially due to such factors as emergency transport demand for cargo stranded in Japan mainly because of typhoon. In the marine cargo transportation (forwarding business), the handling volume increased but profit struggled to grow, affected by rising freight-in. Logistics operations remained robust due to strong cargo volume in the U.S. and business acquisitions in Europe, amid efforts to push ahead with rationalization and cost reduction. In the domestic logistics division, the coastal shipping business witnessed favorable cargo volume throughout the year, and the domestic warehouse business also posted strong profits. As a result, revenue and profit increased compared to the previous fiscal year for the logistics segment as a whole.

• Bulk Shipping

In the car transportation division, despite strong performance in cargo volume to North America and Europe, as well as in intra-Asia cargo volume, the volume of finished car maritime transportation fell below that of the previous fiscal year due to sluggish transportation volume to resource-rich countries. Under these circumstances, we continued working on thorough implementation of operating vessels for saving bunker consumption and operating costs. In addition, as a result of reviewing ship allocation on trilateral routes to increase the efficiency of routes, we scrapped and sold two surplus aged vessels. In the automobile logistics division, despite a decrease in the number of units handled due to the sluggish finished car sales market, we worked to establish the business base while strengthening the Group network and proactively proposing new logistics solutions to further expand business.

In the dry bulk carrier division, market conditions improved in the first half as a result of strong performance in cargo volumes of iron ore, coal, and grains, despite failure to fully alleviate overcapacity due to the larger number of completed new vessels compared to scrapped vessels. Market conditions in the second half worsened, reflecting a slowdown in cargo volumes to China. Under these circumstances, we took initiatives to reduce costs through efforts such as thorough implementation of efficient operations while at the same time continuing to increase long-term contracts. Furthermore, performance improved owing to efforts made to improve the balance between revenues and expense mainly by ballast voyage reductions through cargo combination and ship allocation optimization.

In the energy transportation division, market conditions improved due to an improvement in the supply-demand balance with the progress of scrapping old Very Large Crude Oil Carriers (VLCC) and strong cargo volume in the winter. Petroleum products tankers also showed strong cargo volume in the second half. As for LPG vessels, the market was sluggish due to new vessels, despite an increase in shipments from the U.S. to Asia. LNG vessels performed well, supported by long-term contracts which generate stable profits. Also, in the offshore business, Floating production storage and offloading (FPSO), drillship and shuttle tankers operated steadily and supported profits. As a result, the performance of the energy transportation division improved.

Revenue and profit increased compared to the previous fiscal year for the bulk shipping business as a whole.

● **Others**

Real Estate

For the real estate business, the performance remained stable due to favorable market conditions and property sales.

Other Business Services

In other business services, sales of fuel oil, machinery and instruments were strong, and sales of chemical products and materials for vessels were also robust. As for Asuka II Cruise, cruise sales including around-the-world cruise were strong on the whole, despite the adverse effects of typhoons in the summer. In March of this year, NYK transferred 50% of the shares of NYK CRUISES CO., LTD. to Anchor Ship Partners Co., Ltd. (ASP) to jointly operate the cruise business with ASP. NYK will continue its effort to further enhance Asuka II Cruise brand and provide attractive high-quality services.

For details, please refer to the “Business segment results” given on page 31.

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 that also contribute to conservation of the environment by properly and continuously conducting initiatives such as its unique safety management system NAV9000, the ship management system NiBiKi developed by the NYK Group, Near Miss 3000 activities for supporting on-site safety, and the POWER+ Project which aims to foster a culture of safety through mutual assistance of crew members.

The Company identifies on-site human resources (seafarers) as one of the major pillars tasked with safe operations, and has unique education programs using seafarer education know-how that has been cultivated over many years in an effort to develop seafarers of diverse nationalities. Particularly in the Philippines, a country that provides seafarers all over the world, we are working to develop a broad range of excellent seafarers, including executive class seafarers primarily for LNG vessels and VLCCs which require advanced operation technology, through education at a maritime college and training facilities with advanced equipment.

The NYK Group actively conducts research and development that contributes to safe operations and conservation of the environment with MTI at the core. We are utilizing big data obtained onboard to conduct technological development aimed at improving fuel efficiency and optimal ship operation, as well as research and development to monitor the condition of inboard plant and detect potential defects. We also conduct leading-edge research, such as autonomous operation of vessels, together with JAPAN MARINE SCIENCE INC. and other partner companies. Based on such research and development, in November 2018 the Company announced the environment concept ship, the “NYK Super Eco Ship 2050,” with an eye toward 2050.

(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, 2019 (including corporate bonds) totaled ¥1,046.1 billion, an increase of ¥62.7 billion from the previous fiscal year.

The total capital investment of the NYK Group was ¥170.7 billion. In the liner trade and bulk shipping segments, we made investment of ¥19.4 billion and ¥124.7 billion respectively, primarily for vessels. Other than above, we made investment of ¥10.6 billion mainly for aircraft in the air cargo transportation segment, ¥15.3 billion for transportation equipment and logistics facilities and equipment in the logistics segment, ¥2.0 billion in the real estate segment, and ¥0.7 billion in other businesses.

(3) Management Perspectives

The NYK Group is working on the following management issues as part of its medium- to long-term management policy.

1) Strategies for Stability and Growth

In March 2018, the NYK Group announced its new medium-term management plan, “Staying Ahead 2022 with Digitalization and Green.” We believe that, in order to remain a company needed by our investors and all other stakeholders and society, it is our duty to continually create new value and contribute to the resolution of societal and environmental challenges. We have redefined the Basic Philosophy of the NYK Mission Statement as “Bringing value to life.,” based on our belief in taking new challenges not limited to the “transportation of goods” such as marine transportation and logistics.

In the medium-term management plan, we will take optimal actions to reduce the effect of market volatility and endeavor to realize business growth and improve profitability. We will expand our existing businesses, while at the same time realize new businesses with a focus on IT and environmental fields and invest in growth fields, in line with the three basic strategies of “Optimize business portfolio,” “Secure stable-freight-rate business” and “Increase efficiency and create new values.”

In addition, we believe that initiatives for “Digitalization and Green” contribute to Sustainable Development Goals (SDGs) that are proactively being promoted by the NYK Group and many stakeholders of the NYK Group.

Based on the above, we will work on the following specific measures.

We aim to realize business management that is highly resilient to market conditions through “Optimize business portfolio.” In the liner trade business, we will push forward structural reforms to achieve profitability of the new integrated container shipping operating company. As for the air cargo transportation business, we are working to stabilize the business by optimizing the maintenance system through reduction of in-house aircraft to one model, as well as deepening partnership with other companies in the same industry. In the dry bulk carrier division, we will continue pushing ahead with market risk exposure control aimed at enhancing resilience to market conditions.

As for “Secure stable-freight-rate business,” we are enhancing the network and strengthening high-quality and competitive services while targeting the logistics division, car carrier division and automobile logistics division for further growth. We are striving to strengthen our sales capabilities by fully utilizing the Group’s management resources supported by the pillars of people, assets, IT and capital, as well as focusing on improving transportation/cargo handling efficiency by means of digital technology and making proactive efforts on environmental issues. Additionally, designating the LNG division and the offshore business division as priority investment businesses, we continue proactive investments in carefully selected projects. Amid increasingly stringent environmental regulations, we will further promote our world-leading LNG supply/sales business for LNG-fueled vessels, as well as capture changing energy demand to tap into new businesses in response to new needs.

With regard to “Increase efficiency and create new values,” we have worked to increase operational efficiency through technology research and development. We will take up new challenges by means of technological, informational and network capabilities through “Digitalization and Green.” We will optimize the entire supply chain, as well as pursue efficiency and create new values utilizing the latest digital technology including the project to utilize digital currency on vessels. Additionally, based on the recognition that addressing environmental issues is one of the Group’s most important issues, we will enter green businesses for the next generation on the themes of dealing with environmental regulations including NOx/SOx regulations, reduction of CO₂ emissions in transport, and renewable energy.

We are fully focused on ensuring future cash flows by carrying out these business strategies and actively engaging in next-generation growth fields, improving our capital efficiency and return on equity (ROE), and continuing to create new corporate and social values.

2) Initiatives for environment, society, and governance (ESG)

The NYK Group deems “safety,” “environment,” “governance,” and “human capital” as its most vital management issues and is actively engaged in social issues (ESG) in order to fulfill its corporate

social responsibilities with a global view.

Safe operations, including safe operation of vessels, is the core of all businesses in the NYK Group, and we continually work to promote safety. As part of our environmental conservation efforts, we have set medium- and long-term targets to reduce CO₂ emissions from vessels, as an initiative to prevent global warming based on the Paris Agreement. We are actively pursuing optimal operation and the switch to LNG as a new fuel to replace heavy oil, because it can reduce CO₂, SO_x, and NO_x emissions. We are working to comply with a wide range of environmental regulations, including installation of ballast water management systems, tightening limits on low sulfur bunker oil, and ship-recycling regulations. Last year, NYK was acclaimed for becoming the world's first company to issue labelled green bonds (bonds whose procurement funds can only be used in businesses that improve the environment) in the global shipping business sector as a forward-looking initiative, and we received the Ministry of Environment Award at the Japan Green Bond Awards sponsored by Japan's Ministry of the Environment. We will continue taking a proactive approach to environmental investment with the aim of realizing a sustainable society.

In order to improve the soundness and transparency of Group management, we will strive to strengthen internal control, further enhance Group governance, conduct proper business risk management, and improve compliance awareness, and work to proactively disclose information.

Furthermore, the NYK Group is pushing ahead with creating an environment where diverse human resources can play active roles with the aim of creating workplaces that instill pride through the practice of the NYK Group Values of "Integrity, Innovation and Intensity" that support the NYK Group Basic Philosophy. In the medium-term management plan, the NYK Group pledges to integrate ESG into its management strategy, and through its business activities, we will contribute to the achievement of the Sustainable Development Goals adopted by the United Nations, and to the resolution of societal and environmental challenges.

3) Thorough Compliance

Nippon Cargo Airlines Co., Ltd. (NCA), a consolidated subsidiary that engages in the air cargo transportation business, received the administrative measures by the Minister of Land, Infrastructure, Transport and Tourism for inappropriate aircraft maintenance operation in July 2018. While NCA established an investigation committee to clarify the whole picture and investigate the causes, the Company, along with an external law firm, established a committee chaired by the president to support and supervise NCA's efforts to appropriately improve business and operations, strengthen its compliance system, and prevent recurrence. Additionally, relevant Officers voluntarily returned their executive remuneration in order to clarify the management responsibilities for group governance. Also, the Company has built a system that enables it to provide stronger support to NCA management by turning the NCA's Chairman of the Board, which had been a part-time position, to a full-time position, and deepening the involvement of the Company's legal, compliance and internal audit divisions and other administrative divisions. The issue facing NCA is not only an on-site maintenance issue but also an issue related to business operations and organizational structures. In the future, we will deepen our management in Group companies in Japan and overseas. We will review company rules, share business management rules and reporting obligations clearly, identify and report problems more actively, and make recommendations for improvement. A newly established Governance Committee, consisting of the majority of independent outside officers, ensures the effectiveness with a high degree of objectivity and independence, and with the Governance Committee we are working to strengthen our group governance.

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. Since the Japan Fair Trade Commission commenced its investigations on the series of infringements of the antitrust laws in connection with maritime car transportation service committed in or before September 2012, we have held regular meetings of a Committee for ensuring adherence to antitrust law, etc. In March of this year, the Committee changed its name to a Committee for ensuring adherence to laws, and we will work to ensure thorough compliance by the NYK Group with not only antitrust laws but also relevant laws and regulations.

The Company will steadily implement these measures and work to strengthen group governance.

(4) Principal Business of the Consolidated (as of March 31, 2019)

Global logistics (liner trade, air cargo transportation and logistics businesses)

Bulk shipping

Others (real estate and other business services)

(5) Principal Business Offices (as of March 31, 2019)**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) and Kyushu Branch Office (Fukuoka City)
Overseas resident and representative offices	Johannesburg, Dubai, Doha, Jedda and Beijing

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 TRADING CORP.	Minato-ku, Tokyo
YUSEN REAL ESTATE CORP.	Chuo-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

(6) State of Vessels of the Consolidated (as of March 31, 2019)

Business Segments	Type of vessel	Segment	As of March 31, 2019	
			Number of vessels	1,000 K/T (dwt)
Liner Trade	Container ships (incl. semi-container ships)	Owned	31	2,057
		Chartered	32	3,133
		Total	63	5,190
Bulk Shipping	Dry bulk carriers	Owned	131	11,367
		Chartered	270	27,231
		Total	401	38,599
	Car carriers	Owned	40	753
		Chartered	78	1,455
		Total	118	2,208
	Tankers and LNG carriers	Owned	61	8,850
		Chartered	24	3,187
		Total	85	12,038
	Multi-purpose carriers and other	Owned	24	435
		Chartered	19	273
		Total	43	708
Cruises	Cruise ships	Owned	—	—
		Chartered	—	—
		Total	—	—
Total		Owned	287	23,464
		Chartered	423	35,282
		Total	710	58,746

- Notes: 1. The number of vessels in possession includes shared vessels; their deadweight tonnages include the weight of other owners' portions.
2. Fractions less than 1,000 dwt have been rounded down.
3. The number of cruise ships owned by the Company decreased from one to zero due to the transfer of 50% of the shares of NYK CRUISES CO., LTD. in March 2019.

(7) Employees (as of March 31, 2019)**1) Employees of the Consolidated**

Segment		Number of employees (persons)	Year-on-year change (persons)
Global Logistics	Liner Trade	3,942	(2,259)
	Air Cargo Transportation	817	21
	Logistics	25,740	(250)
Bulk Shipping		3,461	573
Others	Real Estate	66	1
	Other	1,306	(200)
Company-wide (common)		379	5
Total		35,711	(2,109)

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	903	46
[maritime crew on land duty out of above]	(126)	(20)
Maritime crew on sea duty	295	6
Total	1,198	52

Note: The number of employees includes 52 of those loaned to the Company from other companies and excludes those loaned to other companies.

(8) Status of Principal Lenders of NYK (as of March 31, 2019)

Lender	Outstanding Balance (Millions of yen)
MUFG Bank, Ltd.	180,005
MIZUHO BANK, LTD.	89,766
MEIJI YASUDA LIFE INSURANCE CO.	51,551
NIPPON LIFE INSURANCE CO.	35,273
THE NORINCHUKIN BANK	33,132
DEVELOPMENT BANK OF JAPAN INC.	28,425
SUMITOMO MITSUI BANKING CO.	25,093
THE YAMAGUCHI BANK, LTD.	19,978
CHIBA BANK, LTD.	17,035
Sumitomo Mitsui Trust Bank, Limited	10,014

Note: In addition to the above, the Company has a total of ¥29,000 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.

(9) Status of Major Business Combination (as of March 31, 2019)

1) Changes and results of business combinations

NYK Group operates businesses categorized in six segments which are Liner Trade, Air Cargo Transportation, Logistics, Bulk Shipping, Real Estate and Other Business Services. NYK Group has 510 consolidated subsidiaries and 202 equity-method companies as of March 31, 2019. Please also refer to the preceding "Business Progress and Results" (on pages 33-35).

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.	¥10,000 million	100.00	Air cargo transportation business
HACHIUMA STEAMSHIP CO., LTD.	¥500 million	74.86	Marine transportation business
NYK TRADING CORP.	¥1,246 million	79.25	Sales of petrochemical products, etc.
YUSEN REAL ESTATE CORP.	¥450 million	100.000	Real estate business
YUSEN LOGISTICS CO., LTD.	¥4,301 million	100.00	Freight forwarding business, etc.
UNI-X CORP.	¥934 million	100.00	Harbor transportation business
NYK GROUP AMERICAS INC.	US\$4 million	100.00	Controlling subsidiaries engaged 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 engaged in marine transportation and global logistics businesses, etc. in Europe
NYK GROUP SOUTH ASIA PTE. LTD.	SP\$19.263 million	100.00	Controlling subsidiaries engaged in marine transportation and global logistics businesses, etc. in South Asian area and Oceanian area
ADAGIO MARITIMA S.A. and 279 other vessel owning companies	US\$44.832 million (total of 139 companies) ¥10,349 million (total of 141 companies)	100.00 (all companies)	Vessel owning and chartering

- Notes:
1. Percentage of voting rights includes indirect holdings.
 2. NYK holds 51.00% of the voting rights of MY TERMINALS HOLDINGS, LIMITED, which is a holding company that holds 100% of shares of the common stock of UNI-X CORP.
 3. ADAGIO MARITIMA S.A. and 279 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	18.57	Marine transportation business
KYOEI TANKER CO., LTD.	¥2,850 million	30.03	Marine transportation business
NYK CRUISES CO., LTD.	¥2,000 million	50.00	Ownership and operation of cruise ship
OCEAN NETWORK EXPRESS PTE. LTD.	US\$3,000 million	—	Marine transportation business

Notes: 1. Percentage of voting rights includes indirect holdings.

2. NYK holds 38.00% of the voting rights of Ocean Network Express Holdings, Ltd., which is a holding company that holds 100% of shares of the common stock of OCEAN NETWORK EXPRESS PTE. LTD.

(10) Other significant matters on operations for NYK Group

The European Commission has found NYK to be in violation of competition laws in connection with maritime car transportation services for cars and trucks in or before September 2012 and decided to impose a fine. In response to such decision, the Company had recorded an extraordinary loss up to the previous fiscal year and completed the payment of the fine to the European Commission in May 2018. In the U.S. and other regions, actions for damages have been filed against NYK and specific overseas subsidiaries, and we are also under investigation by other authorities. We sincerely apologize for causing great concern to our shareholders for this matter.

2. Status of Shares (as of March 31, 2019)

(1) Total number of shares authorized to be issued 298,355,000 shares

(2) Number of shares issued 169,570,459 shares

Note: The number of shares issued excludes 484,639 shares of treasury stock.

(3) Number of shareholders 117,542 persons
(decreased by 119 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)	11,692	6.90
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	11,357	6.70
Minami Aoyama Real Estate Inc.	8,247	4.86
MITSUBISHI HEAVY INDUSTRIES, LTD.	4,103	2.42
MEIJI YASUDA LIFE INSURANCE CO.	3,447	2.03
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 5)	3,105	1.83
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	2,894	1.71
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 9)	2,801	1.65
JP MORGAN CHASE BANK 385151	2,478	1.46
STATE STREET BANK WEST CLIENT - TREATY 505234	2,372	1.40

(5) Treasury Stock

Treasury shares held as of the end of the preceding term	Common Stock	478,393 (shares)
Shares purchased in the current term		
Less-than-One-Unit Share Purchased	Common Stock	6,864 (shares)
	Total price of acquisition	13,821,508 (yen)
Shares disposed in the current term		
Less-than-One-Unit Share Sold	Common Stock	618 (shares)
	Total price of disposition	1,318,306 (yen)
Shares lapsed in the current term	None	
Treasury shares held as of the end of the fiscal term	Common Stock	484,639 (shares)

Note: The Company shares held by Board Incentive Plan Trust (861,900 shares) are not included in treasury shares above.

3. Executives of NYK

(1) Directors and Audit and Supervisory Board Members (incumbents from June 21, 2018 to March 31, 2019)

Name	Position, responsibilities and significant concurrent positions	
Yasumi Kudo	Chairman, Chairman Corporate Officer	Vice-Chairman of Keidanren (Japan Business Federation) (Scheduled to retire on May 30, 2019)
Tadaaki Naito	President, President Corporate Officer	Vice-President of The Japanese Shipowners' Association
Hitoshi Nagasawa	Representative Director, Executive Vice-President Corporate Officer	Chairman of Tramp Shipping Strategy Committee, Oversees Dry Bulk Division and Energy Division
Koichi Chikaraishi	Representative Director, Senior Managing Corporate Officer	Customer Relations Officer, Oversees Automotive Transportation Headquarters
Yoshiyuki Yoshida	Director, Senior Managing Corporate Officer	Chief Compliance Officer, Chief Executive of General Affairs Headquarters
Eiichi Takahashi	Director, Senior Managing Corporate Officer	Chief Financial Officer, Chief Executive of Management Planning Headquarters
Yukio Okamoto	Chief Outside Director (part-time, Independent Director)	President of OKAMOTO ASSOCIATES, INC., Outside Director of NTT DATA CORPORATION
Yoshihiro Katayama	Outside Director (part-time, Independent Director)	Professor at Graduate School of Public Management, Waseda University
Hiroko Kuniya	Outside Director (part-time, Independent Director)	Trustee of Tokyo University of the Arts (part-time), Project Professor at Graduate School of Media and Governance, Keio University
Yoko Wasaki	Audit and Supervisory Board Member (full-time)	
Hiroshi Hiramatsu	Audit and Supervisory Board Member (full-time)	
Toshio Mita	Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Advisor of CHUBU ELECTRIC POWER COMPANY, INCORPORATED, Outside Audit & Supervisory Board Member of Nagoya Railroad Co., Ltd., Outside Director of IBIDEN CO., LTD.
Hirohide Yamaguchi	Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Chairman of the Advisory Board of Nikko Research Center, Inc., Outside Audit and Supervisory Board Member of Mitsui Fudosan Residential Co., Ltd., Outside Audit and Supervisory Board Member of Komatsu Ltd.

Notes: 1. Of Directors, Mr. Yukio Okamoto, Mr. Yoshihiro Katayama and Ms. Hiroko Kuniya are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.

2. Of Audit and Supervisory Board Members, Messrs. Toshio Mita and Hirohide Yamaguchi are Outside Audit and 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 Outside Audit and Supervisory Board Members, the Company has business relations with Komatsu Ltd. such as construction machinery transport transactions. However, the amount of such transactions is less than 1% of revenues from the viewpoint of both companies. 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 and Supervisory Board Members.
4. Of Audit and Supervisory Board Members, Mr. Hiroshi Hiramatsu served as a Director in charge of financial affairs of NYK and has considerable expertise in finance and accounting.
5. The retired Directors during the current fiscal year are as follows:

<Retirement>

Director (non-executive Director)	Naoya Tazawa (retired due to expiration of the term of office on June 20, 2018)
Director, Senior Managing Corporate Officer	Hidetoshi Maruyama (retired due to expiration of the term of office on June 20, 2018)

6. As of April 1, 2019, a Corporate Officer who also serves as Director is relocated as follows:

<As of March 31, 2019>		<After relocation>
Representative Director, Senior Managing Corporate Officer	Koichi Chikaraishi	Director (non-executive Director)

7. The Company filed Mr. Yukio Okamoto, Mr. Yoshihiro Katayama, Ms. Hiroko Kuniya, Mr. Toshio Mita and Mr. Hirohide Yamaguchi 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, 2019)

Position	Name
Chairman, Chairman Corporate Officer	Yasumi Kudo
President, President Corporate Officer	Tadaaki Naito
Representative Director, Executive Vice-President Corporate Officer	Hitoshi Nagasawa
Director, Senior Managing Corporate Officer	Yoshiyuki Yoshida
	Eiichi Takahashi
Senior Managing Corporate Officer	Hidetoshi Maruyama
	Hiroki Harada
Managing Corporate Officer	Hitoshi Oshika
	Tomoyuki Koyama
	Akira Kono
	Takaya Soga
	Koichi Uragami
	Shohei Yamamoto
Corporate Officer	Svein Steimler
	Yutaka Higurashi
	Nobuhiro Kashima
	Toru Kamiyama
	Hemant Pathania
	Masashi Suda
	Shinya Hitomi
	Taizo Yoshida
	Akihiro Yoshida
	Kotaro Seki
	Lee Check Poh
	*Muneaki Saitoh
	*Kazumasa Okazaki
*Hideki Suzuki	

Position	Name
	*Hiroshi Kubota
	*Shinji Umehara

- Notes: 1. Corporate Officers retired as of March 31, 2019 are as follows:
Koichi Chikaraishi, Noriko Miyamoto, Kobune Goto and Tomoo Kitayama
2. The asterisks (*) indicate newly appointed Corporate Officers on April 1, 2019.

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

Category	Number of persons remunerated	Fixed remuneration	Performance-based remuneration		Total amount
		Basic remuneration	Bonus	Stock remuneration	
Directors [Outside Directors out of above]	11 [3]	¥389 million [¥57 million]	-	¥177 million [-]	¥567 million [¥57 million]
Audit and Supervisory Board Members [Outside Audit and Supervisory Board Members out of above]	4 [2]	¥105 million [¥27 million]	-	- [-]	¥105 million [¥27 million]
Total [Outside Directors/Audit and Supervisory Board Members out of above]	15 [5]	¥495 million [¥85 million]	-	¥177 million [-]	¥672 million [¥85 million]

- Notes: 1. The amount of basic remuneration paid to Directors includes the amount paid to two Directors who retired during this fiscal year.
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.
3. For the eight consecutive terms since the 125th up to the current term, there have been no payments of bonus for Directors.
4. The stock remuneration is the provision for stock payment during this fiscal year based on the performance-based stock remuneration plan introduced by the resolution of the Shareholders' Meeting of the 129th term and the amount paid to the retired Directors.

(4) Outline of Contents of Policies for Determining Compensation for Directors and Audit and Supervisory Board Members or the Calculation Method Thereof

Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers

[Policy]

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. Compensation is comprised of basic compensation based on individual responsibilities, and performance-based compensation linked to the achievement of corporate performance, etc., 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.

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

The Company does not provide officers' retirement benefits to any Director, Audit and Supervisory

Board Member or Corporate Officer.

[Procedures]

The amount of compensation and bonus for Directors shall be decided according to positions by the Board of Directors, based on the proposal by the President within the range of the total amount and substance decided by the resolution of the General Meeting of Shareholders, with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Compensation Advisory Committee thereof.

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.

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 and discussion at the Compensation Advisory Committee thereof.

(5) Status of Major Activities of Outside Directors and Outside Audit and Supervisory Board Members

Position and Name	Status of Attendance and Stating of Opinions
Independent Outside Director (Part-time, Chief Outside Director) Yukio Okamoto (Appointed on June 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 his extensive knowledge and insight as an expert of international affairs. Served as member of the Nomination Advisory Committee and the Compensation Advisory Committee.
Independent Outside Director (Part-time) Yoshihiro Katayama (Appointed on June 20, 2016)	Attended 13 out of 14 meetings of the Board of Directors held during this fiscal year (93% of attendance rate), and when necessary made statements mainly based on his extensive knowledge and insight as an expert of bureaucratic, political and academic issues. Served as member of the Nomination Advisory Committee and the Compensation Advisory Committee.
Independent Outside Director (Part-time) Hiroko Kuniya (Appointed on June 21, 2017)	Attended all the 14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate), and when necessary made statements from a multilateral perspective and a highly independent position. Served as member of the Nomination Advisory Committee and the Compensation Advisory Committee.
Independent Outside Audit and Supervisory Board Member (Part-time) Toshio Mita (Appointed on June 23, 2015)	Attended all the 14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate) and all the 16 meetings of the Audit and Supervisory Board (100% of attendance rate), and when necessary made statements mainly from his considerable experience in corporate management, etc.
Independent Outside Audit and Supervisory Board Member (Part-time) Hirohide Yamaguchi (Appointed on June 20, 2016)	Attended all the 14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate) and all the 16 meetings of the Audit and Supervisory Board (100% of attendance rate), and when necessary made statements mainly from his considerable experience in financial and economic fields.

With regard to the alleged violation of competition laws in connection with maritime car transportation services for cars and trucks committed in or before September 2012, actions for damages are ongoing in the U.S. and other regions against NYK and specific overseas subsidiaries. Prior to the Company being investigated for the conduct subject to the plea-agreement, Mr. Yukio Okamoto was not aware of such conduct.

In addition, Nippon Cargo Airlines Co., Ltd. (hereinafter "NCA"), a consolidated subsidiary of the Company which is engaged in the air cargo transportation business, received the administrative measures by the Minister of Land, Infrastructure, Transport and Tourism in July 2018 for its inappropriate aircraft maintenance operation, and submitted improvement measures. Mr. Yukio Okamoto, Mr. Yoshihiro Katayama, Ms. Hiroko Kuniya, Mr. Toshio Mita and Mr. Hirohide Yamaguchi were not aware of such incident until they received a report.

As well as having made statements from the standpoint of compliance with laws and regulations previously, these five individuals have been making proposals for the purpose of eradicating violations of competition laws and other laws, thorough fair trading and legal compliance, and identifying the cause and preventing the recurrence of such incidents, at the meetings of the Board of Directors, the Committee for ensuring adherence to laws and other such meetings.

(6) Liability Limitation Agreement with Directors and Audit and Supervisory Board Members

The Company has signed agreements with each non-executive Director and Audit and Supervisory Board Member respectively limiting their liability for damages in terms of Article 423, Paragraph 1 of the Companies Act, according to Articles 34 and 44 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 Director/Audit and Supervisory Board Member performs his/her duty in good faith and without gross negligence on his/her part.

Financial Position and Results of Operation and their Changes in the Last Three Fiscal Terms

1) Consolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 129th term	The 130th term	The 131st term	The 132nd term (current term)
	FY2015	FY2016	FY2017	FY2018
Revenues	2,272,315	1,923,881	2,183,201	1,829,300
Recurring profit (loss)	60,058	1,039	28,016	(2,052)
Profit (loss) attributable to owners of parent	18,238	(265,744)	20,167	(44,501)
Profit (loss) per share	10.75 (yen)	(157.23) (yen)	119.57 (yen)	(263.80) (yen)
Total Assets	2,244,772	2,044,183	2,071,972	2,001,704
Equity	844,269	591,936	588,255	521,725
Equity per share	456.21 (yen)	309.80 (yen)	3,272.21 (yen)	2,889.26 (yen)

- Notes: 1. Profit (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.
2. From the 130th fiscal year, Board Incentive Plan Trust was introduced, and the Company shares held by said Trust are recorded as treasury stock in Consolidated Financial Statements. Accordingly, the Company shares held by the said Trust are included in shares of treasury stock to be excluded from the average number of shares outstanding in each fiscal year and the total number of shares outstanding at each term end.
3. Profit (loss) per share and equity per share for the 131st fiscal year are calculated assuming that the consolidation of shares in which 10 shares of the Company's common stocks were consolidated into one share, effective October 1, 2017, was conducted at the beginning of the fiscal year.

2) Unconsolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 129th term	The 130th term	The 131st term	The 132nd term (current term)
	FY2015	FY2016	FY2017	FY2018
Revenues	1,201,339	947,758	1,087,926	703,078
Recurring profit (loss)	47,419	(34,091)	41,700	7,663
Profit (loss)	2,974	(266,930)	59,509	(24,501)
Profit (loss) per share	1.75 (yen)	(157.93) (yen)	352.83 (yen)	(145.24) (yen)
Total Assets	1,366,544	1,331,044	1,403,907	1,365,127
Equity	458,825	203,618	261,379	209,298
Equity per share	270.55 (yen)	120.73 (yen)	1,549.72 (yen)	1,240.59 (yen)

- Notes: 1. Profit (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.
2. From the 130th fiscal year, Board Incentive Plan Trust was introduced, and the Company shares held by the said Trust are recorded as treasury stock in Unconsolidated Financial Statements. Accordingly, the Company shares held by the said Trust are included in shares of treasury stock to be excluded from the average number of shares outstanding in each fiscal year and the total number of shares outstanding at each term end.
3. Profit (loss) per share and equity per share for the 131st fiscal year are calculated assuming that the consolidation of shares in which 10 shares of the Company's common stocks were consolidated into one share, effective October 1, 2017, was conducted at the beginning of the fiscal year.

Status of Stock Acquisition Rights, etc. (as of March 31, 2019)

Not applicable.

Independent Auditor (Kaikai Kansa Nin)

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

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

Category	Total amount
Compensation for the fiscal year under review	¥155 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥287 million

Notes: 1. The Audit and Supervisory Board consented to the amount of compensation for the Independent Auditor pursuant to Article 399, Paragraph 1 and Paragraph 2 of the Companies Act after conducting the necessary verification of the contents of the audit plan submitted by the Independent Auditor, the status of execution of duties by the Independent Auditor, and reasonableness of the basis, etc. for calculating the estimated compensation through interviews and hearings with the Independent Auditor and internal relevant departments.

2. 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.

3. 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).

4. 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

In addition to cases stipulated in Article 340 of the Companies Act, when it is concluded that the Independent Auditor is no longer able to execute its duties in an appropriate manner, the Audit and Supervisory Board of NYK will determine a resolution to the effect of dismissal of, or a decision not to reappoint, the Independent Auditor and the Board of Directors of NYK will offer the resolution to the Shareholders' Meeting based on the decision.

Matters on Establishment of Structures to Ensure Proper Execution of Business Operations and the Implementation Status of Such Structures

The following is an outline of the establishment of structures to ensure proper execution of business operations adopted at the meeting of the Board of Directors.

(1) Structure to ensure that the execution of duties by Directors and employees is in compliance with laws and regulations, and the Articles of Incorporation

- The Company has formulated the Mission Statement, the NYK Group Value, the Business Credo and the Code of Conduct, and strives to enhance appropriate management systems in accordance with them. The Company formulates in-house rules such as the Rules on the Board of Directors, the Rules on the Committee of Corporate Officers, and the Rules on the Execution of Duties, and discusses important matters at the meetings of the Board of Directors and of the Committee of Corporate Officers. The Company establishes the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory bodies.
- The Company establishes the Internal Control Committee, striving to ensure the effectiveness of the internal control.
- The Company establishes the Risk Management Committee, the Compliance Committee and the Committee for ensuring adherence to laws, and implements concrete measures related to strict adherence to laws and regulations and promotion of compliance, striving to enhance the function of supervising execution of duties related to the internal control.
- The Company establishes the Governance Committee to monitor the internal control functions and enhance the governance functions of the Board of Directors.

(Summary of Implementation Status)

- The Company held the meetings of the Board of Directors and discussed important matters at the meetings of the Board of Directors. The Committee of Corporate Officers deliberated matters delegated by the Board of Directors and made decisions on the execution of duties.
- The Nomination Advisory Committee and the Compensation Advisory Committee were set up to discuss appointments and compensations of Directors.
- The Internal Control Committee was held to discuss, and review as necessary, the development of the internal control system and its operation status.
- The Risk Management Committee, the Compliance Committee and the Committee for ensuring adherence to laws were held to discuss sharing of related cases and issues, etc. The Company appointed Chief Compliance Officer (CCO) in its effort to comply with laws and regulations and the Articles of Incorporation and strengthen the internal system that respects corporate ethics and social norms. The Company received pledges on compliance with the Code of Conduct from Directors and employees, etc., carried out continuously compliance education and training, and conducted monitoring.
- The Governance Committee was held to discuss the matters to be improved in the decision-making on execution of duties by the Board of Directors, when overseeing the execution of duties by Directors and in ensuring the proper execution of business, striving to strengthen the governance and internal control.

(2) Structures to store and manage information relating to the execution of duties of the Directors

- The Directors and the Board of Directors properly store and manage appropriately recorded documents and other information relating to their execution of duties according to laws and regulations as well as in-house rules.
- The Company continues to handle important documents properly according to the degree of confidentiality.

(Summary of Implementation Status)

- Important information on the execution of business operations by the Directors is being stored and managed appropriately.

(3) Rules and other structures to manage the risks of loss

- The Company establishes the Risk Management Committee, formulates a direction and procedures for risk management, and develops a company-wide risk management system. In managing risks, the Company thoroughly evaluate the risks surrounding the Company based on the characteristics of each business.
- The Company establishes the Safety and Environmental Management Committee to discuss safe vessel operations and protection of the environment.
- The Company formulates the plan for ensuring business continuity upon events such as a large-scale disaster, etc.

(Summary of Implementation Status)

- Regarding the risks at each Division and Headquarters, the Risk Management Committee evaluated risks and management status of operations in charge from both aspects of strategy and business process, and worked to strengthen internal control including reviewing of the internal rules.
- Regarding safe vessel operations and protection of the environment, the Safety and Environmental Management Committee conducted periodic evaluations for thorough risk management of vessels.
- The Company established the office of the disaster control headquarters, etc. and conducted drills as necessary. Each division established basic continuity plans and revised them accordingly.

(4) Structure to ensure the effective execution of duties of Directors

- The Company ensures adequate time for deliberations by the Board of Directors to increase effectiveness.
- By resolution of the Board of Directors, the Company establishes the Committee of Corporate Officers and delegates the authority of execution of duties in accordance with the Rules on the Board of Directors and the Rules on the Committee of Corporate Officers.
- By accelerating the approval process through the utilization of the electronic approval request system, the Company establishes a system to execute the duties appropriately and efficiently.

(Summary of Implementation Status)

- A questionnaire on effectiveness of the Board of Directors was conducted, resulting in the revision of the standard for the submission of matters to the meetings of the Board of Directors and examination of deliberation methods.
- In order to enable the Board of Directors to make prompt and efficient decisions, the Committee of Corporate Officers resolved necessary matters and conducted preliminary discussions of matters to be resolved at the Board of Directors.
- The approval process was accelerated through the utilization of the electronic approval request system.

(5) Structures to ensure the proper execution of business by the NYK Group comprising the Company and its subsidiaries

- The Company formulates the Group-wide Mission Statement and Business Credo, and based on these, the Group companies formulate the Code of Conduct and other standards. In addition, regarding areas such as legal/compliance, company organizational design/operation, and internal audit, basic regulations are formulated in accordance with the NYK Group Standards.
- The Company has established the Internal Control Committee, which takes measures to clarify the rules of the Group company management, reporting and crisis responses, etc. for the development and operation of internal control over the entire Group.
- Through the meetings such as the Group Management Committee, the Company aims to improve the group value by establishing and operating group governance and enhancing the effectiveness of the internal control. Regarding certain important matters concerning the management of the Group companies and important compliance cases, the Company establishes a framework to receive reports and approve them as necessary.
- The whistleblowing system enables anonymous reporting from the entire Group.

(Summary of Implementation Status)

- Each of the Group companies revised the Code of Conduct in a timely manner in accordance with the Mission Statement, the Business Credo, and various standards established by the Company. The Group companies also introduced the pledge procedure on compliance with the Code of Conduct.
- Centered on the Internal Control Committee, the Company obtained advice from outside experts as necessary, and reviewed issues after discussing and confirming the status of the internal control at the entire Group through the Risk Management Committee, the Compliance Committee and the Committee for ensuring adherence to laws, in order to further strengthen the Group internal control. The Company conducted internal audits of the Group companies in Japan and overseas, and made advice and suggestions for improvement. The Company conducted risk assessments on relevant laws and regulations in its efforts to strengthen the system for examining important contracts.
- The Group Management Committee was held to discuss matters such as the development of the Group governance and the enhancement of the Group's capital efficiency. The Company established the Group Management Guidelines, etc., and managed business individually based on certain criteria. The Company promoted the proper group management by dispatching part-time Directors and Audit and Supervisory Board Members to establish legal functions.
- The Company operated the whistleblowing helpdesk appropriately, kept whistleblowers unidentified, and prohibited unfair treatment.

(6) Matters concerning the employees to assist the Audit and Supervisory Board Members in their duties when the Audit and Supervisory Board Members request the assignment thereof

- The Company establishes a system to support the execution of duties by Audit and Supervisory Board Members, including the support of Outside Audit and Supervisory Board Members.

(Summary of Implementation Status)

- The Company established the Audit and Supervisory Board Office with the dedicated staff to provide assistance to the audit by Audit and Supervisory Board Members. Serving as the secretariat of the Audit and Supervisory Board, the Audit and Supervisory Board Office also handles administrative work for regular meetings of the Group Audit and Supervisory Board Members Conference, and other matters required by Audit and Supervisory Board Members and the Audit and Supervisory Board.

(7) Matters to ensure the independence of the employees set forth in the preceding paragraph from the Directors and the effectiveness of directions given to the employees

- The dedicated staff of the Audit and Supervisory Board Office in the above work under the full-time Audit and Supervisory Board Members.

(Summary of Implementation Status)

- As the dedicated staff of the Audit and Supervisory Board Office is to report to the full-time Audit and Supervisory Board Members, the full-time Audit and Supervisory Board Members carry out personnel evaluations of such dedicated staff. Any reassignment involving the staff of the office shall be decided, fully reflecting the opinion of Audit and Supervisory Board Members.

(8) Structures for reporting to Audit and Supervisory Board Members and other structures to ensure Audit and Supervisory Board Members conduct audits effectively

- Directors and the Board of Directors ensure systems which enable the appropriate execution of duties by the Audit and Supervisory Board Members, and strive to create the environment in which the Audit and Supervisory Board Members can conduct effective audits, in addition to attending the meetings of the Board of Directors. They ensure a framework in which outlines on matters relating to the Group's compliance and whistleblowing are reported to Audit and Supervisory Board Members.
- The Company establishes regulations to keep whistleblowers unidentified and prohibit unfair treatment.

(Summary of Implementation Status)

- The Company secured an information gathering framework for Audit and Supervisory Board Members by providing Audit and Supervisory Board Members with opportunities to attend the Committee of Corporate Officers, the Internal Control Committee, the Governance Committee, the Risk Management Committee, the Compliance Committee, and the Committee for ensuring adherence to laws. The Company secured opportunities for the Audit and Supervisory Board Members to interview and receive reports from Directors, etc. and general managers. The Company ensured a structure for effective audits by making it possible for Audit and Supervisory Board Members to inspect and investigate important documents related to the execution of business operations including the minutes of the meetings of the Board of Directors and of Committee of Corporate Officers and approval documents.
The internal audit division exchanged information with the Audit and Supervisory Board Members and the Independent Auditor, and cooperated to improve effectiveness and efficiency of audits by the Audit and Supervisory Board Members through the collaboration of the three parties.
- Regulations have been in place that prohibit unfair treatment because of whistleblowing and ensure that a whistleblower is kept unidentified if he or she asks to.

(9) Matters concerning procedures for advance payment or reimbursement of expenses arising in conjunction with the execution of duties by Audit and Supervisory Board Members and other policies for processing expenses and obligations arising with respect to the execution of duties

- In conjunction with the execution of duties of Audit and Supervisory Board Members, the right to claim for the payment of expenses to the Company set forth in the Audit and Supervisory Board Members auditing standards is respected.

(Summary of Implementation Status)

- The Company bears the costs arising in conjunction with the execution of duties by Audit and Supervisory Board Members based on the right to claim for the payment of expenses set forth in the Audit and Supervisory Board Members auditing standards.

(10) Structures to ensure compliance with the Financial Instruments and Exchange Act

- The Company has established an internal control system designed to ensure the properness of financial statements, etc. prepared and disclosed in accordance with the Financial Instruments and Exchange Act.

(Summary of Implementation Status)

- A JSOX Sub-committee has been established within the Internal Control Committee to verify the reliability of financial statements and to deliberate the drafts of the Internal Control Report. Additionally, effectiveness assessments of the design and implementation of internal control are being conducted through such means as the quarterly Information Disclosure Committees, which are held to deliberate the contents of disclosures, and the Company strove for timely and appropriate disclosure.

(11) Structures to eliminate ties with antisocial forces

- The Company calls for the elimination of antisocial forces in the Business Credo, etc., and clarifies that it resolutely stands up against all antisocial forces and organizations that threaten the order and safety of people's lives. The Company establishes a consultation counter for responding to antisocial forces.

(Summary of Implementation Status)

- The Company is making daily effort to strengthen its coordination with external specialized institutions such as the police.
- The Company collected information on antisocial forces, communicated them as appropriate.
- The Company prepared a manual and took measures such as obtaining written pledges.

Consolidated Financial Statements

1. Consolidated Balance Sheet (As of March 31, 2019)

		(In millions of yen)	
Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	472,123	Current liabilities	527,553
Cash and deposits	79,915	Notes and operating accounts payable-trade	160,258
Notes and operating accounts receivable-trade	219,937	Current portion of bonds	30,000
Short-term investment securities	140	Short-term loans payable	196,849
Inventories	39,308	Commercial papers	11,000
Deferred and prepaid expenses	63,211	Income taxes payable	7,536
Other	71,909	Advances received	39,879
Allowance for doubtful accounts	(2,299)	Provision for bonuses	9,264
Non-current assets	1,529,295	Provision for directors' bonuses	333
Vessels, property, plant and equipment	897,861	Provision for stock payment	734
Vessels, net	620,212	Provision for losses related to contracts	4,731
Buildings and structures, net	84,827	Provision for losses related to business restructuring	351
Aircraft, net	39,692	Other	66,613
Machinery, equipment, and vehicles, net	29,310	Non-current liabilities	952,424
Equipment, net	5,729	Bonds payable	125,000
Land	68,543	Long-term loans payable	663,305
Construction in progress	44,172	Deferred tax liabilities	49,540
Other, net	5,372	Net defined benefit liability	16,837
Intangible assets	31,335	Provision for directors' retirement benefits	1,375
Leasehold right	4,553	Provision for periodic dry docking of vessels	20,136
Software	6,562	Provision for losses related to contracts	30,734
Goodwill	16,404	Provision for related to business restructuring	1,220
Other	3,815	Other	44,275
Investments and other assets	600,099	Total Liabilities	1,479,978
Investment securities	478,996	Equity	
Long-term loans receivable	21,445	Shareholders' capital	477,218
Net defined benefit asset	55,997	Common stock	144,319
Deferred tax assets	6,361	Capital surplus	42,894
Other	44,146	Retained earnings	293,719
Allowance for doubtful accounts	(6,847)	Treasury stock	(3,715)
Deferred assets	285	Accumulated other comprehensive income (loss)	10,214
Total Assets	2,001,704	Unrealized gain (loss) on available-for-sale securities	23,156
		Deferred gain (loss) on hedges	(15,685)
		Foreign currency translation adjustments	(9,988)
		Remeasurements of defined benefit plans	12,731
		Non-controlling interests	34,293
		Total Equity	521,725
		Total Liabilities and Equity	2,001,704

2. Consolidated Statement of Income (From April 1, 2018 to March 31, 2019)

Item	(In millions of yen) Amount
Revenues	1,829,300
Cost and expenses	1,634,188
Gross profit	195,111
Selling, general and administrative expenses	184,026
Operating profit	11,085
Non-operating income	
Interest income	3,475
Dividend income	8,473
Foreign exchange gains	368
Other	6,522
Total non-operating income	18,841
Non-operating expenses	
Interest expenses	24,343
Equity in losses of unconsolidated subsidiaries and affiliates	2,538
Other	5,097
Total non-operating expenses	31,978
Recurring profit (loss)	(2,052)
Extraordinary income	
Gain on sales of non-current assets	12,577
Gain on sales of investment securities	19,474
Gain on sales of shares of subsidiaries and associates	17,513
Other	3,200
Total extraordinary income	52,766
Extraordinary losses	
Loss on sales of non-current assets	674
Impairment loss	18,886
Provision for losses related to contracts	35,465
Other	17,670
Total extraordinary losses	72,697
Profit (loss) before income taxes	(21,983)
Income taxes-current	15,869
Income taxes-deferred	3,359
Total income taxes	19,229
Profit (loss)	(41,212)
Profit attributable to non-controlling interests	3,288
Profit (loss) attributable to owners of parent	(44,501)

(For reference)

3. Summary of Consolidated Statement of Cash Flows (From April 1, 2018 to March 31, 2019)

Item	(In millions of yen) Amount
Net cash provided by (used in) operating activities	45,260
Net cash provided by (used in) investing activities	(132,292)
Net cash provided by (used in) financing activities	62,715
Effect of exchange rate change on cash and cash equivalents	(1,201)
Net increase (decrease) in cash and cash equivalents	(25,519)
Cash and cash equivalents at beginning of period	103,278
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	486
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	6
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	28
Cash and cash equivalents at end of period	78,280

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

4. Consolidated Statement of Changes in Consolidated Equity (From April 1, 2018 to March 31, 2019)

(In millions of yen)

Item	Shareholders' capital					Accumulated other comprehensive income					Non-controlling 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	35,112	345,404	(3,801)	521,035	41,637	(18,929)	(3,101)	11,245	30,851	36,368	588,255
Cumulative effects of changes in accounting policies						(1,822)				(1,822)	45	(1,777)
Restated balance	144,319	35,112	345,404	(3,801)	521,035	39,814	(18,929)	(3,101)	11,245	29,028	36,414	586,478
Changes of items during the period												
Dividends of surplus			(6,783)		(6,783)							(6,783)
Profit (loss) attributable to owners of parent			(44,501)		(44,501)							(44,501)
Purchase of treasury stock				(13)	(13)							(13)
Disposal of treasury stock		(1)		99	98							98
Change in equity of parent related to transactions with non-controlling shareholders		7,783			7,783							7,783
Adjustments due to change in the fiscal period of consolidated subsidiaries			26		26							26
Change of scope of consolidation			(290)		(290)							(290)
Change of scope of equity method			(22)		(22)							(22)
Decrease by merger			(108)		(108)							(108)
Other			(4)	(0)	(4)							(4)
Net change of items other than shareholders' capital						(16,657)	3,244	(6,886)	1,485	(18,813)	(2,120)	(20,934)
Total changes of items during the period	—	7,781	(51,685)	85	(43,817)	(16,657)	3,244	(6,886)	1,485	(18,813)	(2,120)	(64,752)
Balance at the end of current period	144,319	42,894	293,719	(3,715)	477,218	23,156	(15,685)	(9,988)	12,731	10,214	34,293	521,725

5. Notes to Consolidated Financial Statements

(1) Basis of presenting consolidated financial statements

1) Scope of Consolidation

- (i) Number of Consolidated subsidiaries: 510

Name of principal consolidated subsidiaries

Principal consolidated subsidiaries are stated in the Business Report “1. Overview of Operations for NYK Group, (9) Status of Major Business Combination, 2) Status of principal subsidiaries”.

Changes in the current fiscal year are as follows:

MY TERMINALS HOLDINGS, LIMITED and 4 other companies were included within the scope of consolidation as they were newly established.

NYK ENERGY TRANSPORT (USA), INC. and 12 other companies were included within the scope of consolidation as their total assets, revenues, profit and retained earnings, etc. increased in importance.

GOLD COLD INTEGRATED LOGISTICS SDN. BHD. and 3 other companies were included within the scope of consolidation due to the purchase of shares.

NYK CRUISES CO., LTD. and 3 other companies were changed from consolidated subsidiaries to affiliates accounted for by the equity method due to the partial disposal of shares.

NYK CONTAINER LINE and 30 other companies were excluded from the scope of consolidation, as they were liquidated.

NYK HOLDING COMPANY NA INC. was excluded from the scope of consolidation, as it merged with NYK ENERGY TRANSPORT (USA), INC. on January 1, 2019.

NAGOYA KISEN KAISHA, Ltd. and 14 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, total equity amount out of profit, and total equity amount of retained earnings, etc. of the unconsolidated subsidiaries are all small compared to total assets, total sum of revenues, total equity amount out of profit, 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. 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: 195

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, (9) Status of Major Business Combination, 3) Status of principal affiliates”.

Changes during this fiscal year are as follows:

KNOT SHUTTLE TANKERS 34 AS and 5 other companies were included within the scope of application of the equity method, as they were newly established.

NORSPAN LNG IV AS was included within the scope of application of the equity method due to the purchase of shares.

DIAMOND LNG SHIPPING 1 PTE. LTD. and 4 other companies were included within the scope of application of the equity method as their total assets, revenues, profit and retained earnings, etc. increased in importance.

NYK CRUISES CO., LTD. and 3 other companies were changed from consolidated subsidiaries to affiliates accounted for by the equity method due to the partial disposal of shares.

TRANSCONTAINER LOGISTICS (THAILAND) CO., LTD., was excluded from the scope of application of the equity method as it was included in the scope of consolidation due to increased importance.

JAPAN STONES COOPERATIEF U.A. and 5 other companies were excluded from the scope of application of the equity method, as they were liquidated.

Meiyu Real Estate Co., Ltd. and 9 other companies were excluded from the scope of application of the equity method, due to the disposal of shares.

- (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

Profit and total equity amount of retained earnings of the unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are small compared to profit of the consolidated companies and companies accounted for by the equity method, and do not have a material impact on retained earnings, etc. As a whole, total equity amount out of profit and total equity amount out of retained earnings of the unconsolidated subsidiaries and affiliates do not have a material impact on the consolidated financial statements of the consolidated subsidiaries and affiliates. 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 3 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 the respective companies were used.

3) Fiscal year for consolidated subsidiaries

For 33 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 9 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 impact of change in the fiscal period on retained earnings is stated in the Consolidated Statement of Changes in Consolidated Equity.

The name of a major company which closes the books on December 31 is as follows:

NYK AUTOMOTIVE 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
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 non-current 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 contracts	To provide for losses arising from the performance of time-charter contracts and lease contracts as well as from the purchase of non-current assets, the estimated amount of losses is recorded.
Provision for stock payment	Provision for stock payment is calculated based on estimated amount of shares of the Company corresponding to the points granted to eligible Directors and Corporate Officers at the end of the current fiscal year, to prepare for the payment of the Company stocks to Directors and Corporate Officers based on the Share Delivery Rules.
Provision for related to business restructuring	To provide for the losses associated with the restructuring of business, etc., estimated future loss is recognized.

- (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 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 hire fees, along with vessel charterage revenues 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, liabilities, and scheduled transactions 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

(Application of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers”)
The Company’s affiliates that prepare their financial statements in accordance with the International Financial Reporting Standards (IFRS) have applied IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” from the current fiscal year, as they are applicable to financial statements prepared in or after the fiscal year beginning on January 1, 2018.

The application of these standards has no material impact on the consolidated financial statements.

(Application of the practical solution on unification of accounting policies applied to foreign subsidiaries, etc. for consolidated financial statements and related practical solution)

“Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements” (Practical Issues Task Force (PITF) No. 18 issued on September 14, 2018), and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No. 24 issued on September 14, 2018) have been applied from the current fiscal year, ahead of schedule.

The early application of these PITFs has no material impact on the consolidated financial statements.

(3) Notes on change in presentation

Effective from the current fiscal year, the “Ministerial Order Partially Amending the Regulation for Enforcement of the Companies Act and Regulation on Corporate Accounting” (Ministry of Justice Order No. 5 of March 26, 2018) is adopted in conjunction with the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan Statement No. 28 issued on February 16, 2018). Accordingly, deferred tax assets are included and presented in the investments and other assets, and deferred tax liabilities in non-current liabilities.

(4) Notes to Consolidated Balance Sheet

1) Breakdown of inventories

Merchandise and finished goods	2,763 million yen
Work in process	710 million yen
Raw materials and supplies	35,834 million yen

2) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral	
Cash and deposits	557 million yen
Vessels (Note)	197,547 million yen
Buildings and structures	906 million yen
Land	3,118 million yen
<u>Investment securities (Note)</u>	<u>87,617 million yen</u>
Total	289,747 million yen
(ii) Obligations relating to collateral	
Short-term loans payable	34,618 million yen
<u>Long-term loans payable</u>	<u>133,888 million yen</u>
Total	168,507 million yen

Note: Vessels of 266 million yen and investment securities of 87,574 million yen have been pledged as collateral for debts of affiliates, etc.

3) Accumulated depreciation of vessels, property, plant and equipment 1,039,876 million yen

4) Contingent liability

(i) Notes receivable discounted and endorsed	23 million yen
(ii) Guarantee obligations	118,008 million yen

- (iii) 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 8,273 million yen. These guarantees may be paid if the companies choose to return the leased property rather than exercise an option to buy it. The operating lease agreement will expire by March 2020.
- (iv) 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 52,389 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.
- (v) The NYK Group has been under investigation by some 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 and individual civil 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 civil actions for damages at present.

(5) Notes to Consolidated Statement of Income

Impairment loss

The Company and its consolidated subsidiaries have grouped business assets into businesses separated for management accounting purposes and for making separate investment decisions, while properties for rent, assets held for sale and idle assets are grouped on the basis of individual assets. In this fiscal year, regarding assets held for sale with their estimated sales prices lower than carrying value, and business assets with deteriorated profitability due to poor business performance, the carrying value is reduced to the recoverable value and reduced amount is posted as impairment loss (18,886 million yen) in extraordinary loss. The breakdown of impairment loss is as follows.

Location	Use	Type	Impairment loss (millions of yen)
Japan	Assets held for sale	Vessels (Dry bulk carriers)	2,634
Japan	Business assets	Aircraft, etc.	10,295
Japan	Business assets	Land, etc.	1,015
Thailand	—	Goodwill	1,995
Other	Assets held for sale, etc.	Other vessels, property, plant and equipment	2,946
Total	—	—	18,886

Recoverable value of this asset group is recognized at net realizable value or use value, whichever is higher. Net realizable value is based on the valuation reasonably calculated by a third party, while use value is calculated by discounting future cash flows mainly with 7.18% discount rate.

(6) Notes to Consolidated Statement of Changes in Equity

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

Common stock 170,055,098 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	Common stock	5,087	30	March 31, 2018	June 21, 2018

June 20, 2018					
Board of Directors' meeting October 31, 2018	Common stock	1,695	10	September 30, 2018	November 20, 2018
Total		6,783			

- Notes: 1. The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 20, 2018 includes dividends of 27 million yen on the Company shares owned by the Board Incentive Plan Trust.
2. The total dividend resolved by the Board of Directors' meeting held on October 31, 2018 includes dividends of 8 million yen on the Company shares owned by the Board Incentive Plan Trust.

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

Resolution	Class of stock	Total dividend (millions of yen)	Dividend per share (yen)	Base date	Effective date
Ordinary General Meeting of Shareholders June 19, 2019	Common stock	1,695	10	March 31, 2019	June 20, 2019
Total		1,695			

Note: The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 19, 2019 includes dividends of 8 million yen on the Company shares owned by the Board Incentive Plan Trust.

(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 and other methods, 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, 2019 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	79,915	79,915	—
(ii) Notes and operating accounts	219,937		

receivable-trade				
Allowance for doubtful accounts (*1)	(1,340)			
	218,597	218,597		—
(iii) Short-term investment securities and investment securities				
Available-for-sale securities	112,129	112,129		—
Stocks of affiliates	15,739	12,598		(3,141)
(iv) Long-term loans receivable	21,445			
Allowance for doubtful accounts (*1)	(1,547)			
	19,898	20,826		928
(v) Notes and operating accounts payable-trade	160,258	160,258		—
(vi) Current portion of bonds	30,000	30,000		—
(vii) Short-term loans payable	196,849	196,849		—
(viii) Commercial papers	11,000	11,000		—
(ix) Bonds payable	125,000	130,011		5,011
(x) Long-term loans payable	663,305	673,968		10,663
(xi) Derivatives transactions (*2)	1,069	1,069		—

(*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) Securities and investment securities
Shares are stated mainly 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, (vi) current portion of bonds, (vii) short-term loans payable and (viii) commercial papers
These assets are stated at book value, as they are settled in the short term and their market values approximate book values.
- (ix) Bonds payable
The market value of the corporate bonds issued by NYK is calculated based on the market price.
- (x) 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.

(xi) 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 340,458 million yen) and unlisted shares (recorded amount on the consolidated balance sheet is 10,809 million yen) are not included in “(iii) 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, 2019 was 4,352 million yen (major income and expenses associated with these investment and rental properties were recorded as revenues and cost and expenses, respectively) and profit or loss from the sale of the properties was 502 million yen (gain on sales thereof is recorded as extraordinary income, while loss on sales thereof as extraordinary loss).

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	
47,666	(1,360)	46,306	121,439

- Notes: 1. Consolidated balance sheet amount represents the original acquisition cost less accumulated depreciation and impairment loss.
2. In the current fiscal year, the increase was attributable mainly to the acquisition of properties (931 million yen), and the decrease was attributable mainly to depreciation (1,179 million yen) and sale of properties (678 million yen).

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	2,889.26 yen
2) Loss per share	263.80 yen

(10) Other notes

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

(11) Notes on significant subsequent events

Not applicable.

Unconsolidated Financial Statements

1. Unconsolidated Balance Sheet (As of March 31, 2019)

		(In millions of yen)	
Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	246,913	Current liabilities	380,131
Cash and deposits	11,992	Operating accounts payable-trade	43,767
Operating accounts receivable-trade	58,075	Current portion of bonds	30,000
Short-term loans receivable	62,964	Short-term loans payable	198,608
Inventories	22,826	Commercial papers	11,000
Deferred and prepaid expenses	41,807	Lease obligations	5
Receivable from agencies	8,636	Account payable	4,428
Lease receivables	15,087	Income taxes payable	247
Investments in leases	3,920	Advance received	24,721
Other current assets	22,614	Deposits received	49,824
Allowance for doubtful accounts	(1,011)	Payable to agencies	404
		Provision for bonuses	1,402
		Provision for stock payment	734
Non-current assets	1,117,929	Provision for losses related to business restructuring	317
Vessels, property, plant and equipment	152,622	Provision for losses related to contracts	4,731
Vessels, net	90,963	Other current liabilities	9,938
Buildings, net	15,537	Non-current liabilities	775,697
Structures, net	370	Bonds payable	125,000
Machinery and equipment, net	31	Long-term loans payable	448,092
Vehicles, net	10	Lease obligations	4
Equipment and fixtures, net	764	Deferred tax liabilities	28,218
Land	19,077	Allowance for investment loss associated with vessels owned by subsidiaries or affiliates	128,452
Construction in progress	25,866	Provision for loss on guarantees	472
Intangible assets	6,143	Provision for related to business restructuring	1,220
Goodwill	3,229	Provision for losses related to contracts	30,734
Leasehold right	511	Asset retirement obligations	1,264
Software	2,379	Other non-current liabilities	12,237
Other intangible assets	23	Total liabilities	1,155,828
Investments and other assets	959,162	Equity	
Investment securities	89,660	Shareholders' capital	200,665
Stocks and equity in subsidiaries and affiliates	478,572	Common stock	144,319
Long-term loans receivable	360,613	Capital surplus	31,880
Prepaid pension cost	33,607	Capital reserve	30,191
Lease receivables	89,484	Other capital surplus	1,688
Investments in leases	22,328	Retained earnings	28,174
Other investments, etc.	16,357	Earned surplus reserve	678
Allowance for doubtful accounts	(131,460)	Other retained earnings	27,495
Deferred assets	285	Reserve for advanced depreciation	1,854
Bond issuance cost	285	Retained earnings carried forward	25,641
		Treasury stock	(3,709)
		Valuation and translation adjustments	8,633
		Unrealized gain (loss) on available-for-sale securities	26,057
		Deferred gain (loss) on hedges	(17,423)
		Total Equity	209,298
Total Assets	1,365,127	Total Liabilities and Equity	1,365,127

2. Unconsolidated Statement of Income (From April 1, 2018 to March 31, 2019)

Item	(In millions of yen)	
	Amount	
Revenue from shipping operation	699,970	
Shipping operation expenses	686,302	
Shipping operation income		13,667
Revenue from other business	3,107	
Other business expenses	1,325	
Other business income		1,782
Gross operating income		15,449
General administrative expenses		38,706
Operating profit (loss)		(23,256)
Non-operating income		
Interest and dividend income	50,067	
Other non-operating income	2,282	52,349
Non-operating expenses		
Interest expenses	16,856	
Other non-operating expenses	4,573	21,430
Recurring profit		7,663
Extraordinary income		
Gain on sales of non-current assets	4,415	
Gain on sales of shares of subsidiaries and associates	20,480	
Gain on sales of investment securities	19,136	
Other extraordinary income	4,840	48,872
Extraordinary losses		
Loss on disposal of non-current assets	161	
Provision for allowance for doubtful accounts	29,878	
Provision for losses related to contracts	35,465	
Provision for allowance for investment loss associated with vessels owned by subsidiaries or affiliates	6,903	
Provision for allowance for loss on guarantees	460	
Other extraordinary losses	9,179	82,049
Profit (loss) before income taxes		(25,513)
Income taxes-current	1,285	
Income taxes-deferred	(2,297)	(1,011)
Profit (loss)		(24,501)

3. Unconsolidated Statement of Changes in Equity (From April 1, 2018 to March 31, 2019)

(In millions of yen)

Item	Shareholders' capital								Valuation and translation adjustments		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		
		Capital reserve	Other capital surplus	Earned surplus reserve	Other retained earnings							
					Reserve for special depreciation	Reserve for advanced depreciation	Retained earnings carried forward					
Balance at the beginning of current period	144,319	30,191	1,690	—	0	3,134	56,323	(3,795)	231,865	39,540	(10,027)	261,379
Changes of items during the period												
Dividends of surplus							(6,783)		(6,783)			(6,783)
Provision of earned surplus reserve				678			(678)		—			—
Reversal of reserve for special depreciation					(0)		0		—			—
Reversal of reserve for advanced depreciation						(1,280)	1,280		—			—
Profit (loss)							(24,501)		(24,501)			(24,501)
Purchase of treasury stock								(13)	(13)			(13)
Disposal of treasury stock			(1)					99	98			98
Net change of items other than shareholders' capital										(13,483)	(7,396)	(20,879)
Total changes of items during the period	—	—	(1)	678	(0)	(1,280)	(30,682)	85	(31,200)	(13,483)	(7,396)	(52,080)
Balance at the end of current period	144,319	30,191	1,688	678	—	1,854	25,641	(3,709)	200,665	26,057	(17,423)	209,298

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 non-current assets

Vessels, property, plant and equipment (except for lease assets)	
Vessels and building	Straight-line method
Others	Declining-balance method
	However, structures acquired on or before April 1, 2016 are calculated using the straight-line 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 non-current 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

5) Disposition method of deferred assets

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

	(i) 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 current fiscal year is determined based on benefit formula.
	(ii) Amortization of unrecognized actuarial differences and prior service cost Prior service cost is amortized primarily by the straight-line method over a certain period (8 years) which is not more than the average remaining service period of employees. Unrecognized actuarial differences are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a certain period (8 years) which is not more than the average remaining service period of employees.
Provision for stock payment	Provision for stock payment is calculated based on estimated amount of shares of the Company corresponding to the points granted to eligible Directors and Corporate Officers at the end of the current fiscal year, to prepare for the payment of the Company stocks to Directors and Corporate Officers based on the Share Delivery Rules.
Allowance for investment loss associated with vessels owned by subsidiaries or affiliates	To provide for the loss associated with the significant deterioration in profitability from the vessels procured by vessel owning subsidiaries or affiliates and time-chartered by the Company, estimated future loss is recognized.
Provision for losses related to contracts	To provide for losses arising from the performance of time-charter contracts and lease contracts as well as from the purchase of non-current assets, the estimated amount of future losses is recorded.
Provision for related to business restructuring	To provide for the losses associated with the restructuring of business, etc., estimated future loss is recognized.
Provision for loss on guarantees	Provided for possible losses on guarantees, etc. to subsidiaries or affiliates, based on estimated amount of losses, individually taking into account the financial condition etc., of the guaranteed.

7) Standards of accounting for income and expenses

- (i) Standards of accounting for revenue and expenses of the shipping operation
 - 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 hire fees, along with vessel charterage revenues corresponding to these, the Company has adopted the voyage completion method, which considers from the place of departure to the place of return as one unit.
- (ii) Standard of accounting for revenue associated with finance leases
Based on a method whereby amount equivalent to interest is allocated to each fiscal year, without recording revenues

8) Hedge accounting

For the derivative financial instruments used to offset the risks of assets, liabilities, and scheduled transactions 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 change in presentation

Effective from the current fiscal year, the “Ministerial Order Partially Amending the Regulation for Enforcement of the Companies Act and Regulation on Corporate Accounting” (Ministry of Justice Order No. 5 of March 26, 2018) is adopted in conjunction with the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan Statement No. 28 issued on February 16, 2018). Accordingly, deferred tax assets are included and presented in the investments and other assets, and deferred tax liabilities in non-current liabilities.

(3) Notes to Unconsolidated Balance Sheet

1) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral	
Vessels	16,539 million yen
Investment securities (Note)	722 million yen
<u>Stocks and equity in subsidiaries and affiliates (Note)</u>	<u>37,778 million yen</u>
Total	55,040 million yen
(ii) Obligations relating to collateral	
Short-term loans payable	1,510 million yen
<u>Long-term loans payable</u>	<u>7,547 million yen</u>
Total	9,058 million yen

Note: Investment securities of 722 million yen and stocks and equity in subsidiaries and affiliates of 37,778 million yen have been pledged as collateral for debts of subsidiaries and affiliates, etc.

2) Accumulated depreciation of vessels, property, plant and equipment 258,327 million yen

3) Contingent liability

- (i) Guarantee obligations 471,507 million yen
- (ii) The Company has been under investigation by some 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 and individual civil 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	117,984 million yen
Long-term monetary claims	474,323 million yen
Short-term monetary liabilities	125,573 million yen
Long-term monetary liabilities	6,666 million yen

(4) Notes to Unconsolidated Statement of Income

Transactions with subsidiaries and affiliates

Operating transactions	
Revenues (revenue from shipping operation, revenue from other business)	115,425 million yen
Expenses (shipping operation expenses, other business expenses, general administrative expenses)	212,577 million yen
Transactions other than operating transactions	60,688 million yen

(5) Notes to Unconsolidated Statement of Changes in Equity

Class and number of treasury stock at term-end	
Common stock	1,346,539 shares

Note: The number of treasury stock at the end of the current fiscal year includes 861,900 shares of the Company owned by the Board Incentive Plan Trust.

(6) Notes on tax effect accounting

The major cause for deferred tax liabilities is unrealized gain on available-for-sale securities.

(7) Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

Category	Company	Ratio of holding of voting rights, etc. (or ratio of voting rights held)	Detail of relationship	Contents of transaction	Transaction amount (millions of yen)	Account item	Term-end balance (millions of yen)	
Subsidiary	NIPPON CARGO AIRLINES CO., LTD.	Holding Directly 100.0%	Capital support Concurrent service as executives Lease contracts Debt guarantee, etc.	Loan of funds (Note 1)	20,371	Short-term loans receivable	246	
				Acceptance of interest			Long-term loans receivable	164,120
						582	Other current assets	734
						3,646		
						72,398		
Debt guarantee, etc. (Note 4)		—	—					
Subsidiary	NYK BULKSHIP (ATLANTIC) N.V.	Holding Directly 100.0%	Debt guarantee, etc.	Debt guarantee, etc. (Note 4)	32,151	—	—	
Subsidiary	NYK BULKSHIP (ASIA) PTE. LTD.	Holding Directly 100.0%	Debt guarantee, etc.	Debt guarantee, etc. (Note 4)	13,818	—	—	
Subsidiary	NYK BULK & PROJECTS CARRIERS LTD.	Holding Directly 100.0%	Acceptance of funds Concurrent service as executives	Interest payment	8	Deposits received	16,705	
Subsidiary	SAGA SHIPHOLDING (NORWAY) AS	Holding Indirectly 100.0%	Capital support Debt guarantee, etc.	Loan of funds (Note 2)	3,758	Short-term loans receivable	6,236	
				Acceptance of interest			Long-term loans receivable	22,009
						1,004	Other current assets	273
			Debt guarantee, etc. (Note 4)	31,941	—	—		
Subsidiary	NYK INTERNATIONAL PLC	Holding Indirectly 100.0%	Acceptance of funds	Acceptance of funds (Note 3)	15,865	Short-term loans payable	26,581	
				Interest payment	456	Other current liabilities	41	
Subsidiary	NYK INTERNATIONAL (USA) INC.	Holding Indirectly 100.0%	Acceptance of funds	Acceptance of funds (Note 3)	12,531	Short-term loans payable	19,756	
				Interest payment	169	Other current liabilities	12	
Subsidiary	YUSEN TERMINALS LLC	Holding Indirectly 100.0%	Debt guarantee, etc.	Debt guarantee, etc. (Note 4)	27,453	—	—	
Subsidiary	UNI-X CORP.	Holding Indirectly 100.0%	Dividend received	Dividend received	11,835	—	—	

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	Vessels owning, chartering related companies ENCANTADA MARITIMA S.A. and other 227 companies	Holding Directly 100.0% (227 companies)	Capital support			Short-term loans receivable	44,974
			Contract of chartering vessels			Long-term loans receivable	142,026
		Debt guarantee, etc.	Lease receivables (due within one year)			14,720	
			Lease receivables (due over one year)			86,638	
Indirectly 100.0% (1 company)	Payment of charterage (Note 6)	117,780	Operating accounts receivable-trade	3,749			
	Debt guarantee, etc. (Note 4)	100,100	Operating accounts payable-trade	1,950			
Affiliate	OCEAN NETWORK EXPRESS PTE. LTD.	— (Note 7)	Underwriting of capital increase	Underwriting of capital increase (Note 8)	88,816	—	—
			Contract of chartering vessels	Acceptance of charterage	47,022	Operating accounts receivable-trade	11,048
			Lease contracts, etc.	Acceptance of lease payments, etc.	38,455		

Transaction conditions and policies on determination of transaction conditions

- Notes:
1. Conditions of loan of funds are determined by taking into consideration the market rate. The Company has been pledged security.
 2. Conditions of loan of funds are determined by taking into consideration the market rate. The Company has not been pledged security.
 3. Conditions of acceptance of funds are determined by taking into consideration the market rate. The Company has not pledged security.
 4. Guarantee fee for debt guarantee, etc. is determined by taking into consideration the form of guarantee.
 5. Lease payments are determined by taking into consideration the amount equivalent to the cost of the assets concerned.
 6. Cost equivalent amounts accrued by subsidiaries are paid as vessel hire fees.
 7. The Company holds 38% of the voting rights of Ocean Network Express Holdings, Ltd. Ocean Network Express Holdings, Ltd. is a holding company that owns 100% of the shares of common stock of OCEAN NETWORK EXPRESS PTE. LTD.
 8. Underwrote for 10,000 U.S. dollars per share.

(8) Note on per-share information

1) Equity per share	1,240.59 yen
2) Loss per share	145.24 yen

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

The Company is a company subject to consolidated dividend restrictions.

(10) Other notes

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

(11) Notes on significant subsequent events

Not applicable.