INFORMATION

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

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

Shareholders who hold one thousand or more shares of record on the original register of shareholder as of March 31, 2016 will be invited to attend the meeting.

Notice of the 129th Ordinary General Meeting of Shareholders

The 129th Fiscal Year
Report

From April 1, 2015
to March 31, 2016

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

For the consolidated fiscal year (FY2015), the NYK Group's consolidated results were revenues of ¥2,272.3 billion, operating income of ¥48.9 billion, recurring profit of ¥60.0 billion, and net income attributable to owners of the parent company of ¥18.2 billion, recording decreases in revenue and profit compared to the previous fiscal year.

Looking back at the business environment in FY2015, we benefited from falling fuel oil prices and the yen depreciation in the first half of the fiscal year, but the yen appreciation exerted strong downward pressure on profits in the second half. In the container shipping division, spot freight rates fell sharply as a result of a drop in cargo demand from European routes, in addition to an oversupply from a spate of completed construction of large vessels, and furthermore in the dry bulk division, market conditions worsened to record-low levels. As such, we were faced with such unstable external factors in FY2015.

In such a harsh business environment, the second year of the medium-term management plan "More Than Shipping 2018 –Stage 2 Leveraged by Creative Solutions–" ended. Looking back at the period from the first year to the second year, we strengthened stable-freight-rates business mainly through accumulating long-term contracts in the Group's fuel transport business. We also proactively invested in businesses with strong growth potential, thereby accelerating the development of the Group's offshore business and expanding its auto logistics business. Although our business environment is extremely challenging at the present time, we are working to improve the Group's resilience toward market conditions while continuing to make dedicated efforts to establish a business portfolio that can generate steady profits even when the market is unstable. At the same time, we are striving to ensure that the NYK Group fulfills its social obligations through responsible shipping operations. Toward this end, we are applying technical innovations to lower environmental burden and facilitate energy-saving shipping operations ahead of the industry, while also combining the extensive know-how and expertise of all of the Group's members. By drawing on these original technical and service-oriented capabilities, we are generating creative solutions that differentiate the NYK Group from its rivals, and serve as the source of its competitive advantages in the marketplace.

In November 2015, NYK established Corporate Governance Guidelines and other related guidelines* with an aim of further enhancing corporate governance. In accordance with the Policies for Determining Compensation for Directors, Audit & Supervisory Board Members and Corporate Officers, which form part of these guidelines, we have proposed to introduce the performance-based stock remuneration plan at this General Meeting of Shareholders in an aim to share interests with shareholders. This system is designed so that a portion of basic remuneration which had been paid in cash is reduced and roughly half of the remuneration for top management comprises stock-based remuneration if the performance target is achieved. Through the introduction of this plan, we will further raise management's awareness of contribution to the sustained improvement of the NYK Group's performance and corporate value.

We propose a fiscal year-end dividend of ¥2.00 per share (annual dividend of ¥6.00, a consolidated payout ratio of 55.8%). Our forecast of consolidated results for the upcoming period (FY2016) is: revenues of ¥2,180.0 billion, operating income of ¥27.5 billion, recurring profit of ¥35.0 billion, and net income attributable to owners of the parent company of ¥15.0 billion. Based on this, we are planning an interim dividend of ¥2.00 per share and a year-end dividend of ¥2.00 per share, for an annual dividend of ¥4.00 per share (a consolidated payout ratio of 45.2%).

With regard to the activities of NYK's automobile maritime shipping operations during the previous fiscal years which were found to be in violation of Antimonopoly Law, we deeply apologize for causing concerns to our shareholders. NYK will continue to devote our best efforts to preventing recurrence and to ensuring thorough compliance to laws and regulations, as we conduct business according to fair market principles.

We do appreciate our shareholders' further understanding and support.

May 2016



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; and Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers) have been posted on the Company's website on the Internet (http://www.nyk.com/english/ir/manage/gvn/).

To Our Shareholders

May 27, 2016

Notice of the 129th Ordinary General Meeting of Shareholders

To the Shareholders of Nippon Yusen Kabushiki Kaisha:

You are cordially invited to attend the 129th 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. 7 through 30) and exercise your votes.

Voting by Mail
Please indicate your vote for or against each of the proposals on the enclosed Voting Form, and return the form by 5:00 p.m. Japan Time, Friday, June 17, 2016.

Voting via an electromagnetic method (such as the Internet, etc.)
If you exercise votes via the Internet, please review the "Guidance on the Exercise of Votes via electromagnetic method (such as the Internet, etc.)" as described in pages 84 and 85, and exercise your vote by 5:00 p.m. Japan Time, Friday, June 17, 2016.

Yours faithfully

Nippon Yusen Kabushiki Kaisha

Tadaaki Naito
President

ISIN	JP3753000003
SEDOL	6643960
TSE	9101

1. Date: 10:00 a.m., Monday, June 20, 2016 (The reception desk will open at 9:00 a.m.)

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

3. Agenda of the Meeting:
Matters to be reported: 1) The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for the 129th Fiscal Year (from April 1, 2015 to March 31, 2016)
2) Unconsolidated Financial Statements for the 129th Fiscal Year (from April 1, 2015 to March 31, 2016)

Proposals to be resolved:

Proposal No.1:	Appropriation of surplus
Proposal No.2:	Election of twelve Directors
Proposal No.3:	Election of one Audit & Supervisory Board Member
Proposal No.4:	Election of one Substitute Audit & Supervisory Board Member
Proposal No.5:	Introduction of performance-based stock remuneration plan for Directors and Corporate Officers and determination of the amounts and the contents of such compensation, etc.

Notes: The Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Unconsolidated Financial Statements that should be attached to the Notice of Convocation are as described from page 7 to page 30 and page 33 to page 83.
However, pursuant to the provisions of laws and regulations and Article 17 of the Articles of Incorporation, the following items are presented on “General Shareholders Meeting” page under “IR Event” in “Investor Relations” section of our website on the Internet (http://www.nyk.com/english/release/IR_meeting.html) and are not included in the Reference Documents attached to the Notice of Convocation. In the meantime, Audit & Supervisory Board Members and the Independent Auditor have audited these items as well as the Reference Documents attached to the Notice of Convocation when preparing audit reports.
1) Consolidated Statement of Changes in Consolidated Equity
2) Notes to Consolidated Financial Statements
3) Unconsolidated Statement of Changes in Equity
4) Notes to Unconsolidated Financial Statements

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 (http://www.nyk.com/release/IR_meeting.html). (Japanese only)

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 ¥2.00 per share, taking comprehensive consideration for retaining an appropriate level of internal reserves in response to changes in market conditions. Accordingly, the total dividend for the fiscal year including the interim dividend of ¥4.00 per share amounts to ¥6.00 per share, a decrease of ¥1.00 compared to the previous fiscal year-end. In addition, the Company proposes to reverse the entire amounts of reserve for dividends and other reserves and transfer them to retained earnings carried forward as detailed below to enable us to implement a more flexible capital policy in view of the rapidly changing business environment.

1. Items relating to year-end dividends
   (1) Type of dividend property
   Cash
   (2) Items relating to the appropriation of dividend property to shareholders and total amount
   ¥2.00 per share of Company common stock, total amount ¥3,391,822,898
   (3) Date of validity of dividends of surplus
   June 21, 2016
2. Matters concerning the appropriation of other surplus
   (1) Item of surplus whose amount is to be decreased and the amount thereof

Reserve for dividends	¥50,000,000
Other reserves	¥118,324,000,000

   (2) Item of surplus whose amount is to be increased and the amount thereof

Retained earnings carried forward	¥118,374,000,000

Proposal No.2: Election of twelve Directors

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

The Company therefore recommends and proposes the following twelve (12) candidates for election as Directors.

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 13 through 22. From the following the page, the Company has disclosed its policies, etc. for the appointment of Directors, etc., as reference.

No.	Name of candidate	Current Positions and Responsibilities in the Company	Attendance rate of meetings of the Board of Directors held during FY2015
1	Re-election Yasumi Kudo	Chairman, Chairman Corporate Officer	100% (Attended all the 14 meetings)
2	Re-election Tadaaki Naito	President, President Corporate Officer	100% (Attended all the 14 meetings)
3	Re-election Naoya Tazawa	Representative Director, Executive Vice-President Corporate Officer Chief Executive of Technical Headquarters, In charge of General Affairs Headquarters	100% (Attended all the 14 meetings)
4	Re-election Hitoshi Nagasawa	Representative Director, Senior Managing Corporate Officer Chief Executive of Energy Division	100% (Attended all the 14 meetings)
5	Re-election Koichi Chikaraishi	Representative Director, Senior Managing Corporate Officer Chief Executive of Automotive Transportation Headquarters	100% (Attended all the 14 meetings)
6	Re-election Masahiro Samitsu	Director, Senior Managing Corporate Officer Chief Executive of Dry Bulk Division	100% (Attended all the 14 meetings)
7	Re-election Hidetoshi Maruyama	Director, Senior Managing Corporate Officer Chairman of Group IT Policy Committee, Chief Information Officer, Chief Executive of Global Logistic Headquarters	100% (Attended all the 14 meetings)
8	Re-election Yoshiyuki Yoshida	Director, Managing Corporate Officer Chief Compliance Officer, Chief Executive of General Affairs Headquarters	100% (Attended all the 11 meetings)
9	Re-election Yukio Okamoto **Independent Outside Director**	Outside Director	100% (Attended all the 14 meetings)
10	Re-election Yuri Okina **Independent Outside Director**	Outside Director	100% (Attended all the 14 meetings)

No.	Name of candidate	Current Positions and Responsibilities in the Company	Attendance rate of meetings of the Board of Directors held during FY2015
11	New appointment Eiichi Takahashi	Managing Corporate Officer Chief Financial Officer, Chief Executive of Management Planning Headquarters	—
12	New appointment Yoshihiro Katayama **Independent Outside Director**	—	—

(Note) Attendance rate of Mr. Yoshiyuki Yoshida shows his attendance rate at the meetings of the Board of Directors held since he assumed the Director's position on June 23, 2015.

The Company has disclosed below a portion of its guidelines related to corporate governance, which were resolved at the meeting of the Board of Directors held on November 26, 2015.

(Reference)

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 12 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. The Company shall apply the nomination policy for internal Directors also to the appointment of Corporate Officers and senior members among them.

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 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 thereof.

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 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.

<table>
<tr><td rowspan="2">No.</td><td rowspan="2">Name of candidate
(Date of birth)</td><td>Career summary, responsibilities and significant concurrent positions</td><td>Number of the Company's shares held</td></tr>
<tr><td>Reasons for nominating the candidates for Directors</td><td>Attendance rate of meetings of the Board of Directors held during FY2015</td></tr>
<tr><td>1</td><td>Re-election

Yasumi Kudo
(November 14, 1952)</td><td>April 1975 Joined the Company
June 1998 General Manager, Semi-Liner Group
April 2002 Corporate Officer
June 2004 Managing Director and Corporate Officer
April 2006 Representative Director, Senior Managing Corporate Officer
April 2008 Representative Director, Executive Vice-President Corporate Officer
April 2009 President, President Corporate Officer
April 2015 Chairman, Chairman Corporate Officer (to the present)

<u>Significant concurrent positions</u>
President of The Japanese Shipowners' Association, President of Japan Association for Logistics and Transport, Vice-Chairman of Keidanren (Japan Business Federation)</td><td>164,336 shares</td></tr>
<tr><td></td><td></td><td>Since assuming the position of Director of the Company in 2004, Mr. Yasumi Kudo had held positions in charge of Corporate Planning Division and as Chief Executive of Global Logistics Headquarters. He served as the President of the Company from 2009 to 2015 and led the Company through the tough times during the financial crisis triggered by the collapse of Lehman Brothers. He has been serving as Chairman of the Board of Directors since 2015. He has a wealth of practical experience at the Company as well as expertise in general management of shipping and comprehensive logistics and of global business management. Accordingly, the Company has continuously nominated him as a candidate for Director.</td><td>100%
(Attended all the 14 meetings)</td></tr>
</table>

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
		Reasons for nominating the candidates for Directors	Attendance rate of meetings of the Board of Directors held during FY2015
2	Re-election Tadaaki Naito (September 30, 1955)	April 1978 Joined the Company April 2004 General Manager of Petroleum Group April 2005 Corporate Officer April 2007 Managing Corporate Officer June 2008 Director, Managing Corporate Officer April 2009 Representative Director, Senior Managing Corporate Officer April 2013 Representative Director, Executive Vice-President Corporate Officer April 2015 President, President Corporate Officer (to the present)	122,750 shares
		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, Chief Executive of Global Logistics Headquarters and Chief Executive of Technical Headquarters. Mr. Naito took office of the President, who takes the reins of business execution, in 2015, and has since been seeking actively to differentiate the Company's technical strength from that of other companies. Mr. Naito has a wealth of practical experience at the Company, as well expertise in general management of shipping and comprehensive logistics and of global business management. Accordingly, 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
		Reasons for nominating the candidates for Directors	Attendance rate of meetings of the Board of Directors held during FY2015
3	Re-election Naoya Tazawa (October 27, 1955)	April 1978 Joined the Company April 2002 General Manager of Human Resources Group April 2005 Corporate Officer April 2007 Managing Corporate Officer June 2009 Director, Managing Corporate Officer April 2010 Representative Director, Senior Managing Corporate Officer April 2015 Representative Director, Executive Vice-President Corporate Officer (to the present) Chief Executive of Technical Headquarters, In charge of General Affairs Headquarters	129,192 shares
		Since assuming the position of Director of the Company in 2009, Mr. Naoya Tazawa has held positions, such as Chief Compliance Officer and Chief Executive of General Affairs Headquarters. Mr. Tazawa is currently Executive Vice-President Corporate Officer, and is serving concurrently as Chief Executive of Technical Headquarters and in charge of General Affairs Headquarters. He has been diligently working on the improvement of corporate governance and actively promoting participation of diverse human resources. Accordingly, 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
		Reasons for nominating the candidates for Directors	Attendance rate of meetings of the Board of Directors held during FY2015
4	Re-election Hitoshi Nagasawa (January 22, 1958)	April 1980 Joined the Company April 2004 General Manager of LNG Group April 2007 Corporate Officer April 2009 Managing Corporate Officer June 2011 Director, Managing Corporate Officer April 2013 Representative Director, Senior Managing Corporate Officer (to the present) Chief Executive of Energy Division	107,091 shares
		Since assuming the position of Director of the Company in 2011, Mr. Hitoshi Nagasawa has been in charge of businesses related to liquid transport. Mr. Nagasawa is currently Senior Managing Corporate Officer, and is serving concurrently as Chief Executive of Energy Division. Mr. Nagasawa has steadily been strengthening and expanding the stable-freight-rate business by taking measures, such as acquiring an upstream interest in an LNG project for the first time as a Japanese shipping company and actively advancing participation in offshore business such as shuttle tanker business. Accordingly, the Company has continuously nominated him as a candidate for Director.	100% (Attended all the 14 meetings)
5	Re-election Koichi Chikaraishi (April 19, 1957)	April 1980 Joined the Company April 2003 General Manager of Petroleum Product and LPG Group April 2009 Corporate Officer April 2012 Managing Corporate Officer June 2012 Director, Managing Corporate Officer April 2013 Representative Director, Senior Managing Corporate Officer (to the present) Chief Executive of Automotive Transportation Headquarters	86,214 shares
		Since assuming the position of Director of the Company in 2012, Mr. Koichi Chikaraishi has mainly been in charge of bulk shipping business and served as Vice-Chief Executive of Dry Bulk Division. Mr. Chikaraishi is currently Senior Managing Corporate Officer, and is serving concurrently as Chief Executive of Automotive Transportation Headquarters. He has been working actively to expand the auto logistics business, which has contributed to earning a high level of trust from customers and expand the range of business in the Automotive Transportation Division. Accordingly, 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
		Reasons for nominating the candidates for Directors	Attendance rate of meetings of the Board of Directors held during FY2015
6	Re-election Masahiro Samitsu (December 4, 1957)	April 1980 Joined the Company September 2003 General Manager of Bulk/Energy Atlantic Group April 2009 Corporate Officer April 2013 Managing Corporate Officer June 2013 Director, Managing Corporate Officer April 2015 Director, Senior Managing Corporate Officer (to the present) Chief Executive of Dry Bulk Division	64,730 shares
		Since assuming the position of Director of the Company in 2013, Mr. Masahiro Samitsu has mainly overseen the bulk shipping and cruises businesses. Mr. Samitsu is currently Senior Managing Corporate Officer, and is serving concurrently as Chief Executive of Dry Bulk Division. Under the tough shipping market conditions, Mr. Samitsu is working on structural reform in the Dry Bulk Division. Accordingly, 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 Reasons for nominating the candidates for Directors	Number of the Company's shares held Attendance rate of meetings of the Board of Directors held during FY2015
7	Re-election Hidetoshi Maruyama (May 27, 1957)	April 1981 Joined the Company April 2008 Corporate Officer, General Manager of Container Trade Management Group April 2013 Managing Corporate Officer June 2013 Director, Managing Corporate Officer April 2016 Director, Senior Managing Corporate Officer (to the present) Chairman of Group IT Policy Committee, Chief Information Officer, Chief Executive of Global Logistic Headquarters	54,256 shares
		Since assuming the position of Director of the Company in 2013, Mr. Hidetoshi Maruyama has mainly in charge of the global logistics business. Mr. Maruyama is currently Senior Managing Corporate Officer, and is serving concurrently as Chief Executive of Global Logistic Headquarters. Under the tough shipping market conditions, Mr. Maruyama is working actively to restructure the terminal business and strengthen the competitiveness of the container shipping division. Accordingly, the Company continuously nominated him as a candidate for Director.	100% (Attended all the 14 meetings)
8	Re-election Yoshiyuki Yoshida (May 30, 1957)	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 (to the present) Chief Compliance Officer, Chief Executive of General Affairs Headquarters	70,575 shares
		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. He is currently Managing Corporate Officer, and is serving concurrently as Chief Compliance Officer and Chief Executive of General Affairs Headquarters. He is actively working on the promotion of participation of diverse human resources and enhancement of the compliance system. Accordingly, the Company has continuously nominated him as a candidate for Director.	100% (Attended all the 11 meetings)

(Note) Attendance rate of Mr. Yoshiyuki Yoshida shows his attendance rate at the meetings of the Board of Directors held since he assumed the Director's position on June 23, 2015.

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
		Reasons for nominating the candidates for Directors	Attendance rate of meetings of the Board of Directors held during FY2015
9	Re-election Independent Outside Director Yukio Okamoto (November 23, 1945)	April 1968 Joined Japan's Ministry of Foreign Affairs January 1991 Retired from the Ministry March 1991 President of OKAMOTO ASSOCIATES, INC. (to the present) November 1996 Special Advisor to the Prime Minister March 1998 Retired from the above mentioned position September 2001 Special Advisor to the Cabinet Secretariat April 2003 Retired from the above mentioned position Special Advisor to the Prime Minister March 2004 Retired from the above mentioned position June 2008 Outside Director (to the present) Significant concurrent positions President of OKAMOTO ASSOCIATES, INC. Outside Director of MITSUBISHI MATERIALS CORP. Outside Director of NTT DATA CORPORATION	85,938 shares
		Mr. Yukio Okamoto assumed the position of Outside Director of the Company in 2008 based on his extensive knowledge and insight as an expert with a detailed knowledge of international affairs gained through his experience of holding important positions at the Ministry of Foreign Affairs. Mr. Okamoto has since been providing advice on the Company's management and performing proper supervision of business execution from an objective, professional viewpoint and from a highly independent position. Accordingly, the Company continuously nominated him as a candidate for Outside Director.	100% (Attended all the 14 meetings)

<table>
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(Date of birth)</td><td>Career summary, responsibilities and significant concurrent positions</td><td>Number of the Company's shares held</td></tr>
<tr><td>Reasons for nominating the candidates for Directors</td><td>Attendance rate of meetings of the Board of Directors held during FY2015</td></tr>
<tr><td>10</td><td>Re-election
Independent Outside Director

Yuri Okina
(March 25, 1960)</td><td>April 1984 Joined BANK OF JAPAN
April 1992 Joined THE JAPAN RESEARCH INSTITUTE, LTD.
April 1994 Chief Researcher of THE JAPAN RESEARCH INSTITUTE, LTD.
April 2000 Senior Researcher of THE JAPAN RESEARCH INSTITUTE, LTD.
September 2001 Visiting Professor, Graduate School of Keio University (to the present)
June 2006 Research Director of THE JAPAN RESEARCH INSTITUTE, LTD
June 2008 Outside Director (to the present)
June 2014 Vice Chairman of THE JAPAN RESEARCH INSTITUTE, LTD. (to the present)

<u>Significant concurrent positions</u>
Vice Chairman of THE JAPAN RESEARCH INSTITUTE, LTD.
Outside Director of SEVEN BANK, LTD.
Outside Director of BRIDGESTONE CORPORATION
Corporate Auditor (part-time) of INCORPORATED ADMINISTRATIVE AGENCY, NIPPON EXPORT AND INVESTMENT INSURANCE</td><td>64,314 shares</td></tr>
<tr><td></td><td>Ms. Yuri Okina assumed the position of Outside Director of the Company in 2008 based on her extensive knowledge and insight as an expert in economic and financial conditions gained through her experience of holding important positions at THE JAPAN RESEARCH INSTITUTE, LTD. Ms. Okina has since been providing advice on the Company's management and performing proper supervision of business execution from an objective and professional viewpoint and a highly independent position. Accordingly, the Company continuously nominated her as a candidate for Outside Director.</td><td>100%
(Attended all the 14 meetings)</td></tr>
</table>

<table>
<tr><td rowspan="2">No.</td><td rowspan="2">Name of candidate
(Date of birth)</td><td>Career summary, responsibilities and significant concurrent positions</td><td>Number of the Company's shares held</td></tr>
<tr><td>Reasons for nominating the candidates for Directors</td><td>Attendance rate of meetings of the Board of Directors held during FY2015</td></tr>
<tr><td>11</td><td>New appointment

Eiichi Takahashi
(October 14, 1958)</td><td>April 1982 Joined the Company
April 2010 General Manager of Accounting Group
April 2012 Corporate Officer
April 2016 Managing Corporate Officer (to the present)

Chief Financial Officer, Chief Executive of Management Planning Headquarters</td><td>46,085 shares</td></tr>
<tr><td></td><td></td><td>Since joining the Company, Mr. Eiichi Takahashi has mainly been engaged in finance and accounting-related operations and served as General Manager of Accounting Group. Mr. Takahashi is currently Managing Corporate Officer, and is serving concurrently as Chief Financial Officer and Chief Executive of Management Planning Headquarters. Mr. Takahashi is capable of assuming promotion of finance strategy toward ensuring the timely provision of appropriate financial information and execution of business plans. Accordingly, the Company has newly nominated him as a candidate for Director.</td><td>—</td></tr>
<tr><td>12</td><td>New appointment
Independent Outside Director

Yoshihiro Katayama
(July 29, 1951)</td><td>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 (to the present)
September 2010 Minister for Internal Affairs and Communications
September 2011 Retired from the Ministry

<u>Significant concurrent positions</u>
Professor at Keio University</td><td>0 shares</td></tr>
<tr><td></td><td></td><td>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. The Company believes that Mr. Katayama can provide advice to the Company's management and contribute to 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 newly nominated him as a candidate for Outside Director.</td><td>—</td></tr>
</table>

Notes: 1. No transactions or special interests exist between the Company and any of the above candidates for Directors.

2. Mr. Yukio Okamoto, Ms. Yuri Okina and Mr. Yoshihiro Katayama 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. Okamoto, Ms. Okina and Mr. Katayama 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 11 and page 12).

3. The Company received a decision that concluded that the Company's ocean shipping services for cars and trucks had violated China's anti-monopoly law in previous fiscal years from the National Development and Reform Commission (NDRC), People's Republic of China in December 2015. Prior to the Company being investigated for the conduct, Mr. Yukio Okamoto and Ms. Yuri Okina were not aware of such conduct. As well as making previous statements on compliance with laws and regulations, Mr. Okamoto and Ms. Okina have been expressing their opinions for the purpose of eradicating violations of antitrust laws including overseas competition laws, and preventing the recurrence of such incidents, at the meetings of the Board of Directors, a Committee for ensuring adherence to antitrust law and other such meetings.
4. It was identified through September to December 2012 that some factories of MITSUBISHI MOTORS CORP., for which Mr. Yukio Okamoto had been concurrently serving as an Outside Audit & Supervisory Board Member until June 2014, had incorrectly disposed the equipment utilizing insulation oil which contains or may contain PCB (polychlorinated biphenyl). Additionally, after his retirement in April 2016, it was found that MITSUBISHI MOTORS CORP. had falsely manipulated data to overstate fuel economy of vehicles manufactured by the company in the testing for type certification, and that it had also used a testing method, which was different from the one required by Japanese law. Mr. Okamoto was not involved in any of these cases that occurred during his term of office. He regularly provides his opinions in relation to compliance in a timely manner, and after the occurrence of the former case, he worked on enhancing the company's compliance systems with various measures, including reviewing the company's initiatives to prevent the recurrence of such incident.
5. Mr. Yukio Okamoto and Ms. Yuri Okina will have served as Outside Directors of the Company for eight years at the conclusion of this meeting.
6. The Company has established the provisions in the Articles of Incorporation to the effect that it may enter into a liability limitation agreement with Outside Directors, and has actually entered into the liability limitation agreement with each of Outside Directors as stipulated in Article 33 of the Articles of Incorporation established under Article 427, Paragraph 1 of the Companies Act setting forth that the liability under Article 423, Paragraph 1 of the same Law shall be the liability limit of ¥20 million or the liability limit stipulated by law, whichever is greater, as long as the Outside Director performs his/her duty in good faith and without gross negligence on his/her part. In the event that the proposed election of Mr. Yukio Okamoto, Ms. Yuri Okina and Mr. Yoshihiro Katayama is approved, the Company will have the liability limitation agreement with each of them.

Proposal No.3: Election of one Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Mitsuoki Kikuchi will expire upon conclusion of this meeting.

The Company therefore recommends and proposes the following one (1) candidate for election as Audit & Supervisory Board Member.

The Audit & Supervisory Board has previously given its approval.

Name of candidate (Date of birth)	Career summary and significant concurrent positions Reasons for nominating the candidate of Audit & Supervisory Board Member	Number of the Company's shares held
New appointment Hirohide Yamaguchi (March 6, 1951)	April 1974 Joined BANK OF JAPAN February 2006 Executive Director of BANK OF JAPAN October 2008 Deputy Governor of BANK OF JAPAN March 2013 Retired from the bank July 2013 Chairman of the Advisory Board of Nikko Research Center, Inc. (to the present) Significant concurrent positions Chairman of the Advisory Board of Nikko Research Center, Inc. Outside Audit & Supervisory Board Member of Mitsui Fudosan Residential Co., Ltd. Outside Audit & Supervisory Board Member of Komatsu Ltd. Mr. Hirohide Yamaguchi has a background as Deputy Governor of BANK OF JAPAN. The Company believes that Mr. Yamaguchi can contribute to appropriate audits on the Company's business execution from the objective and professional viewpoints and a highly independent position based on his extensive and deep knowledge and insight gained through a wealth of his experience mainly in the financial and economic fields. Accordingly, the Company has newly nominated him as a candidate for Outside Audit & Supervisory Board Member.	0 shares

Notes: 1. No transactions or special interests exist between the Company and Mr. Hirohide Yamaguchi.

2. Mr. Hirohide Yamaguchi is a candidate for the Company's Outside Audit & 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 Nikko Research Center, Inc., for which Mr. Yamaguchi serves as Chairman of the Advisory Board, and the Company believes that he is no conflict of interest with general shareholders and is highly independent. In the event that he is elected as an Outside Audit & Supervisory Board Member of the Company, he will be reported as the Independent Auditor 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 11 and page 12).

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 each of Audit & Supervisory Board Members, and has actually entered into the liability limitation agreement with each of Outside Audit & Supervisory Board Members as stipulated in Article 43 of the Articles of Incorporation established under Article 427, Paragraph 1 of the Companies Act setting forth that the liability under Article 423, Paragraph 1 of the same Law shall be the liability limit of ¥20 million or the liability limit stipulated by law, whichever is greater, as long as the Outside Audit & Supervisory Board Member performs his/her duty in good faith and without

gross negligence on his/her part. In the event that the proposed election of Mr. Hirohide Yamaguchi is approved, the Company will enter into the similar liability limitation agreement with him.

Proposal No.4: Election of one Substitute Audit & Supervisory Board Member

In order to keep statutory minimum number of Audit & Supervisory Board Members at all times, the Company is proposing the election of a Substitute Audit & Supervisory Board Member who shall fill in incidental vacancy of any Outside Audit & Supervisory Board Members. In the event that the proposal is approved, the effect of the resolution shall be valid until conclusion of the Ordinary General Meeting of Shareholders held with respect to the last business term ending within four years from the said resolution.

The Audit & Supervisory Board has previously given its approval.

Name of candidate (Date of birth).	Career summary and significant concurrent positions Reasons for nominating the candidate of Substitute Audit & Supervisory Board Member	Number of the Company's shares held
Michio Matsui (March 22, 1953)	April 1976 Joined the Company March 1987 Resigned from the Company April 1987 Joined MATSUI SECURITIES CO., LTD. December 1988 Director of MATSUI SECURITIES CO., LTD. October 1990 Managing Director & General Manager of Sales Division of MATSUI SECURITIES CO., LTD. June 1995 President & CEO of MATSUI SECURITIES CO., LTD. (to the present) Significant concurrent positions President & CEO of MATSUI SECURITIES CO., LTD. The Company believes that Mr. Michio Matsui can contribute to appropriate audits on the Company's business execution from the objective and professional viewpoints and a highly independent position based on his extensive knowledge and insight gained through a wealth of his experience in corporate management and related fields. Accordingly, the Company has nominated him as a candidate for Substitute Audit & Supervisory Board Member.	0 shares

Notes: 1. No transactions or special interests exist between the Company and Mr. Michio Matsui.

2. Mr. Michio Matsui is a candidate for the Company's Substitute Outside Audit & Supervisory Board Member, and he meets the Company's "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members." The Company believes that Mr. Matsui has no conflict of interest with general shareholders and is highly independent since it has been over 29 years since he left the Company. In the event that proposed election of Mr. Matsui is approved, and in the event that he assumes the position of Outside Audit & Supervisory Board Member, he will be reported as the Independent Auditor to Tokyo and Nagoya stock exchanges (For the details of the "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members," please see page 11 and page 12).

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 Outside Audit & Supervisory Board Members, and has actually entered into the liability limitation agreement with each of Outside Audit & Supervisory Board Members as stipulated in Article 43 of the Articles of Incorporation established under Article 427, Paragraph 1 of the Companies Act setting forth that the liability under Article 423, Paragraph 1 of the same Law shall be the liability limit of ¥20 million or the liability limit stipulated by law, whichever is greater, as long as the Outside Audit & Supervisory Board Member performs his/her duty in good faith and without gross negligence on his/her part. In the event that the proposed election of Mr. Michio Matsui is approved, and in the event that he assumes the position of Outside Audit &

Supervisory Board Member, the Company will enter into the similar liability limitation agreement with him.

4. Mr. Michio Matsui's appointment as a Substitute Audit & Supervisory Board Member may be cancelled by the resolution of the Board of Directors subject to the consent of the Audit & Supervisory Board only for the period before he assumes the position.

Proposal No.5: Introduction of performance-based stock remuneration plan for Directors and Corporate Officers and determination of the amounts and the contents of such compensation, etc.

The Company proposes to introduce a performance-based stock remuneration plan for Directors and Corporate Officers, determine the amounts and the contents of such compensation as well as leave the determination of the details of the Plan to the Board of Directors, as stated in (1) through (6) of paragraph 2 below.

1. Reasons for the proposal and the reasons justifying such compensation

The Company proposes to introduce a new performance-based stock remuneration plan (hereinafter "the Plan") for Directors (excluding Outside Directors; hereinafter the same shall apply throughout the proposal) and Corporate Officers of the Company (excluding Corporate Officers who are non-residents in Japan, foreign nationals or directors of listed subsidiary companies) who do not serve concurrently as Directors (hereinafter collectively referred to as "Director(s), etc."), wherein the Company shares shall be delivered to the Directors, etc. based on the degree of achievement of business performance goals, etc.

The Company proposes to pay stock compensation to Directors separate from the compensation ceiling for Directors, which was approved by the shareholders at the 118th Ordinary General Meeting of Shareholders held on June 28, 2005 (The amount of director compensation paid during the 129th fiscal year is as shown on page 53 of the Business Report, and a certain portion of the basic cash compensation of each Director, etc. will be reduced, in conjunction with the introduction of the Plan. The Company has also not paid Directors' bonuses for five fiscal years since the 125th fiscal year).

The Plan is a highly transparent and objective Directors' compensation plan intended to encourage Directors, etc. to contribute to the Company's sustainable growth and to have the Directors, etc. share benefits and losses with our shareholders, and thus the Company believes that its introduction, the amounts of compensation and its contents are justified.

If the Proposal No.2 "Election of twelve Directors" is approved as drafted, the number of Directors eligible for the Plan shall be nine (excluding three Outside Directors) for the 130th fiscal year. Additionally, the number of Corporate Officers who do not serve concurrently as Directors and are eligible for the Plan shall be 16 for the 130th fiscal year.

2. Amount and contents of compensation, etc. under the Plan

(1) Outline of the Plan

The Plan is a stock remuneration plan, wherein a trust established by the Company acquires the Company shares using the cash contributed by the Company, and through the said trust the Company shares and money equivalent to the amount obtained by converting the Company shares into cash (hereinafter, the Company shares and cash shall collectively be referred to as "the Company shares, etc.") are delivered and paid (hereinafter, "the Delivery, etc." or "delivered, etc.") to Directors, etc. The outline of the Plan is as follows (Details of the Plan are stated in (2) below).

For the impact of the Plan on the number of the Company's shares outstanding, see 4) below.

1) Persons eligible for the Delivery, etc. of the Company shares, etc. under the Plan	• The Directors and Corporate Officers (excluding Outside Directors and Corporate Officers who are non-residents in Japan, foreign nationals or directors of listed subsidiary companies) of the Company

2) Target period of the Plan (As stated in (2) below)	• Three consecutive fiscal years from the fiscal year ending March 31, 2017, up to the fiscal year ending March 31, 2019 • In case of an extension of the trust term, three consecutive fiscal years thereafter

3) Upper limit of the trust money to be contributed by the Company (As stated in (2) below)	• Total of 2.0 billion yen over three fiscal years

4) Upper limit of the Company shares, etc. to be acquired by the Directors, etc. and the method of acquisition of the Company shares (As stated in (2) and (3) below)	• The maximum amount of shares shall be a total of 10,000 thousand shares over three years, which is equivalent to approximately 0.6% of the total number of the Company shares outstanding (as of March 31, 2016 and excluding treasury stock). • There will be no dilution as the Company shares are scheduled to be acquired from the stock market.

5) Conditions for achievement of business performance (As stated in (3) below)	• Requirements shall fluctuate according to the title of the Directors, etc. during the year, the achievement of the medium-term management plan, the achievement of the consolidated financial forecast (presented as of the beginning of the fiscal year) and the comparison with the previous fiscal year. • Consolidated revenues, consolidated operating income, consolidated recurring profit, consolidated net income attributable to owners of the parent company, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and ROE (Return On Equity) shall be used as indicators for consolidated performance. • Margin for fluctuation due to performance: 0-150%

6) Timing of the Delivery, etc. of the Company Shares, etc. to the Directors, etc. (As stated in (4) below)	• Every three fiscal years

(2) Upper limit of the amount of trust money to be contributed by the Company, etc.

The Plan shall apply to three consecutive fiscal years (initially from the fiscal year ending March 31, 2017, up to the fiscal year ending March 31, 2019 and in case of an extension of the trust term described below, three consecutive fiscal years thereafter (hereinafter, “Target Period”)).

The Company shall contribute a maximum 2.0 billion yen as trust money for each Target Period as compensation for Directors, etc. and establish a trust (hereinafter, “the Trust”) wherein the Directors, etc. who meet the beneficiary requirements will be the beneficiaries, with a trust term of approximately three years (including the extension of the trust term described below; hereinafter the same shall apply). The Trust, in accordance with the instructions of the trust caretaker, shall acquire the Company shares from the stock market using the trust money. During the trust term, the Company shall allot share granting points (as stated in (3) below; hereinafter “points”) to the Directors, etc. and deliver, etc. the Company shares, etc.

The Trust may be continued by making modifications to the trust agreement or entrusting additional money in lieu of establishing a new trust at the expiration of the trust term. In such cases, the Trust shall be extended for the same length of time as the initial trust term and the three fiscal years after extension of the trust term shall become the Target Period. The Company shall entrust additional money of up to 2.0 billion yen to the Trust per each extended trust term and continue to grant points to Directors, etc. and deliver, etc. Company shares, etc. continuously during the extended trust term. However, in cases where such

additional entrustment is made and there are remaining Company shares (excluding the Company shares corresponding to the points granted to Directors, etc. which have yet to be delivered, etc.) and money (hereinafter collectively, the “Remaining Company Shares, etc.”) in the trust assets as of the last day of the previous trust term, the total amount of the Remaining Company Shares, etc. and the additional trust money shall be within 2.0 billion yen.

(3) Method of calculating the amount of the Company shares, etc. to be acquired by the Directors, etc. and the upper limit

The amount of shares which form the basis for the calculation of the number of the Company shares, etc. to be delivered, etc. to the Directors, etc. shall be determined based on points which are granted in accordance with the title of the Directors, etc. during the year, the achievement of the medium-term management plan, the achievement of the consolidated financial forecast (developed based on the fiscal year’s budget and presented as of the beginning of the fiscal year) and the comparison with the previous fiscal year, (hereinafter, “cumulative points”) as of June 1 of each year. When calculating these points, consolidated revenues, consolidated operating income, consolidated recurring profit, consolidated net income attributable to owners of the parent company, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) and ROE (Return On Equity) shall be used as performance-based indicators, and the number of points to be granted shall be determined by multiplying the indicators by a performance-based coefficient of 0 to 150% according to the degree of achievement. One cumulative point shall be equal to one share, and if the amount of the Company shares in the Trust increases or decreases due to an event, such as a share split, allotment of shares without contribution or reverse share split, the amount of the Company shares to be delivered to one point shall be adjusted in accordance with the increase or decrease ratio.

The total amount of the Company shares, etc. to be delivered to Directors, etc. from the Trust shall be up to 10,000 thousand shares for every three years of the trust term. The said maximum amount of the Company shares to be delivered has been determined based on the upper limit of trust money mentioned in (2) above and in reference to the current stock price, etc.

(4) Timing of the Delivery, etc. of the Company Shares, etc. to the Directors, etc.

The delivery of the Company shares corresponding to the number of shares calculated on the basis of the method described in (3) above shall be conducted around June immediately after the end of the final fiscal year in the Target Period (June 2019 for the Trust established for the first time) to eligible Directors, etc. who satisfy the beneficiary requirements. In such cases, Directors, etc. shall receive delivery of the Company shares (to be rounded down to the unit) corresponding to 50% of the cumulative points and delivery of the cash that is equivalent to the market conversion value of the remaining 50% of the Company shares.

If a Director, etc. resigns (excluding cases wherein a Director, etc. leaves office due to own decision or is dismissed) during the trust term, such Director etc., upon completion of the prescribed procedure with the least delay, shall receive delivery of the Company shares (to be rounded down to the unit) corresponding to 50% of the cumulative points by the time of resignation and delivery of the cash that is equivalent to the market conversion value of the remaining 50% of the Company shares. Additionally, if a Director, etc. passes away during his/her time in office as a Director, etc., a successor of the Director, etc. shall receive payment from the Trust upon completion of the prescribed procedure with the least delay with regard to the amount equivalent to the Company shares converted into cash corresponding to the cumulative points as of the death of the Directors, etc. If a Director, etc. becomes a non-resident of Japan during the trust term, the Director, etc. shall receive payment from the Trust with regard to the amount equivalent to the Company shares converted into cash corresponding to the cumulative points as of the time the Director, etc. becomes a non-resident.

(5) Voting Rights Related to Company Shares in the Trust

Voting rights related to the Company shares in the Trust will not be exercised during the trust term, to ensure the neutrality to management of the Company.

(6) Other contents of the Plan

Other contents of the Plan shall be determined by the Board of Directors each time the Trust is established, the trust agreement is modified or additional money is entrusted.

(Reference)

For details of the Plan, please see “Introduction of Performance-based Stock Remuneration Plan for Directors and Corporate Officers of the Company” (http://www.nyk.com/english/release/4208/004262.html).

Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers, resolved at the meeting of the Board of Directors held on November 26, 2017, are as follows.

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 corporate performance, and a certain proportion of the compensation shall be paid in the form of stock-based compensation. Bonus is proposed at the General Meeting of Shareholders as annual incentive, in consideration of the management condition such as performance of the Company.

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 individual position by the Board of Directors, based on the proposal by the President within the limit of the total amount decided by the resolution of the General Meeting of Shareholders, with the involvement of Independent Outside Directors, e.g. the exchange of opinions thereof.

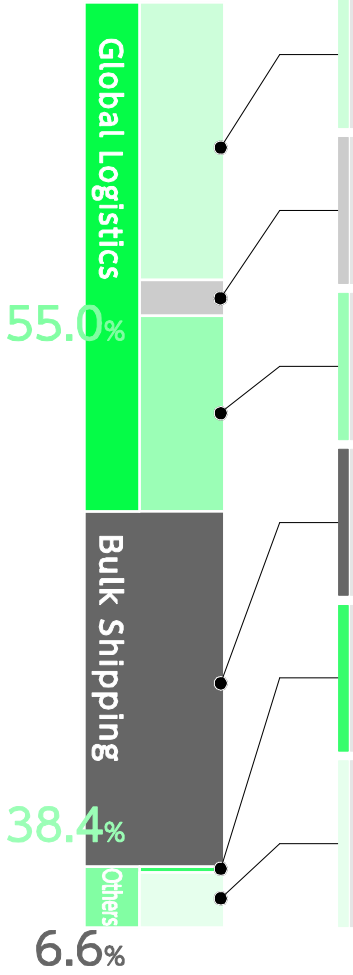
The amount of compensation for Audit and Supervisory Board Members shall be decided by the discussions among Audit and Supervisory Board Members including Independent Outside Members within the limit of the total amount decided by the resolution of the General Meeting of Shareholders.

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 thereof.

The Corporate Governance Guidelines resolved at the meeting of the Board of Directors held on November 26, 2015, have been posted on “Corporate Governance” page under “Management Policy” in the “Investor Relations” section of our website on the Internet (http://www.nyk.com/english/ir/manage/gvn/).

Business segment results

Ratio of consolidated revenues (current term)



(In 100 millions of yen)

		The 126th term FY2012	The 127th term FY2013	The 128th term FY2014	The 129th term (current term) FY2015
Liner Trade 30.0%	Revenues	5,360	6,174	6,963	**7,063**
	Recurring profit (loss)	(16)	(7)	98	**(3)**
Air Cargo Transportation 3.9%	Revenues	778	888	991	**911**
	Recurring profit (loss)	(48)	(73)	6	**15**
Logistics 21.1%	Revenues	3,668	4,315	4,869	**4,965**
	Recurring profit (loss)	47	65	107	**118**
Bulk Shipping 38.4%	Revenues	8,245	9,884	9,958	**9,022**
	Recurring profit (loss)	177	548	600	**465**
Real Estate 0.4%	Revenues	104	99	95	**97**
	Recurring profit (loss)	39	38	32	**33**
Other 6.2%	Revenues	Cruises 350 Other 1,736	Cruises 452 Other 1,927	2,195	**1,470**
	Recurring profit (loss)	Cruises (37) Other 14	Cruises 7 Other 6	15	**(0)**

Assets by business segment

(In 100 millions of yen)

		The 126th term FY2012	The 127th term FY2013	The 128th term FY2014	The 129th term (current term) FY2015
Global Logistics	Liner Trade	4,078	4,524	4,998	**4,192**
	Air Cargo Transportation	903	788	562	**475**
	Logistics	2,172	2,379	2,743	**2,503**
Bulk Shipping		14,500	15,022	15,012	**13,385**
Others	Real Estate	573	538	568	**635**
	Other	Cruises 286 Other 6,078	Cruises 337 Other 5,529	4,312	**2,513**
Total		28,592	29,121	28,197	**23,705**
Adjustments		(4,291)	(3,609)	(2,498)	**(1,257)**
Consolidated		24,301	25,512	25,698	**22,447**

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

2. Since the entire equity interest in CRYSTAL CRUISES, LLC, one of the principal consolidated subsidiaries which constituted the cruises business, was transferred, the presentation method has been changed to include the “Cruises” in “Other” from the current term. Any changes from this review are not reflected in the above stated business segment results and assets by business segment for the 126th and 127th terms.
3. From the 128th term, general and administrative expenses not attributable to specific segment are recorded as corporate expenses and not included in the above figures.
4. Content of adjustments includes adjustments for receivables and assets regarding internal transactions between segments, and corporate assets. Corporate assets mainly include surplus operating funds of the Company (cash and deposits).

The 129th Ordinary General Meeting of Shareholders
Documents attached to the Notice of Ordinary General Meeting of Shareholders

Business Report (From April 1, 2015 to March 31, 2016)

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 a robust U.S. economy supported by continued expansion of employment and a continued gentle recovery in the European economy. Meanwhile in China, the economic slowdown became apparent and the economic environment was unstable as seen by the deterioration of economic indicators reflecting sluggish demand. In addition, the economy in some emerging countries was sluggish mainly due to the fall in raw material prices against the backdrop of the decline in resource prices, including fuel prices, and excess capacity in China. Although the Japanese economy was on a gentle recovery trend last year, it had not come to a full-fledged recovery mainly due to the drop in stock prices and the reversal of the yen exchange rate going into this year.

Given such an operating environment, the consolidated results in FY2015 were revenues of ¥2,272.3 billion (5.4% decrease over the previous year), operating income of ¥48.9 billion (26.0% decrease over the previous year), recurring profit of ¥60.0 billion (28.5% decrease over the previous year), and net income attributable to owners of the parent company of ¥18.2 billion (61.7% decrease over the previous year), recording decreases in year-on-year revenue and profit.

2) Overview of the Business Segments

● Global Logistics

Liner Trade

In the container shipping division, cargo volume was relatively steady on North American routes, but market conditions fell to historically low levels due to the substantial collapse of the supply-demand balance as a result of the increasing size of vessels and oversupply of shipping capacity mainly on European routes. Market conditions were also sluggish due to oversupply of shipping capacity on routes other than Europe. The G6 Alliance composed of six companies including NYK promoted the improvement of efficiency of services in an effort to further enhance convenience and maintain competitiveness. In addition, NYK suspended some routes for which improvement of profitability is expected to be difficult over the long term. In terms of costs, as in the previous fiscal year, we worked to reduce ship costs and operating costs by sending back uneconomic ships, making ship modifications, introducing ships with fuel efficiency, and making efficient ships' allocation. In addition, routes covered by the Eagle project aimed at maximizing gross profit through efficient container management were expanded with a view to further reducing costs and improving gross profit in order to enhance our resilience toward market stagnation.

Total handling volumes at domestic and overseas container terminals were strong, increasing over the previous fiscal year.

Revenues increased but profit decreased over the previous fiscal year for the liner trade segment as a whole.

Air Cargo Transportation

NIPPON CARGO AIRLINES CO., LTD. (NCA) continued to take initiatives for collections of cargo uniquely made possible by cargo aircraft by improving transportation quality and promptly responding to the needs of customers. In addition, NCA also worked to expand the cargo flight network by increasing code-share flights. Performance at the beginning of the fiscal year was steady due to the increased use of air cargo caused by the congestion in West Coast ports in North America which continued from the previous fiscal year. Thereafter, although NCA was affected by the decline

in cargo volume from Asia, revenue decreased and profit increased compared to the previous fiscal year due in part to the decline in fuel oil prices.

Logistics

The handling volume of air cargo (forwarding business) fell short of the previous fiscal year, partly due to the rebound resulting from the end of the urgent demand triggered by port congestion. The handling volume of marine transportation cargo (forwarding business) grew, mainly in Asia, while competitiveness increased due to sales expansion. In logistics operations (storage in warehouses, collections of cargoes and transportation), we made efforts to cut costs through operational reforms, while enhancing services mainly in Asia.

In the domestic logistics division, we completed the changeover to newly constructed vessels on major routes in the coastal shipping business, and the cargo volume was favorable. Performance was strong in the near seas ferry business and domestic warehouse business as well.

Revenue and profit increased compared to the previous fiscal year for the logistics segment as a whole.

● Bulk Shipping

In the car transportation division, while there were regions where transport volume posted lackluster growth, such as Russia and the Middle East, reflecting the decline in resource prices including fuel prices, ships were steadily and efficiently assigned to areas with strong transportation demand including North America and Asia. Furthermore, construction was completed for two new large ships with high fuel efficiency in order to enhance the fleet and advance our environmental measures. As a result of such initiatives, the number of finished vehicles sent by marine transportation exceeded the result of the previous fiscal year, but performance slowed down. In the automotive logistics business, we actively promoted business in markets with promising growth prospects through initiatives such as operating newly finished automobile logistics facilities to meet growing demand particularly in China and India, as well as reaching agreements with domestic companies in Saudi Arabia and Colombia to jointly establish finished vehicles logistics companies.

In the dry bulk carrier division, although cargo volume of iron ore and grains increased, cargo volume of coal decreased. Despite progress in scrapping bulk carriers, overcapacity was not fully alleviated because the completion of new vessels continued. As such, market conditions slumped to record low levels across all types of bulk carriers and areas. Under these circumstances, the NYK Group took initiatives to reduce costs through efforts such as thorough implementation of efficient operations while at the same time increasing long-term contracts. Furthermore, although efforts to improve the balance between revenues and expense were made mainly by ballast voyage reductions through cargo combination and ship allocation optimization, performance was stagnant.

In the liquid division, although scrapping did not make progress and the completion of new vessels continued, market conditions improved over the previous fiscal year due to an increase in shipping distances triggered by the diversification of cargo volume. Performance for Very Large Crude oil Carriers (VLCC) improved over the previous fiscal year, due to an increase in stockpiling demand in China, and an increase in east/west cargo volume for petroleum products tankers. Performance was steady for LPG vessels due to increased shipping distance for cargo from the U.S. to East Asia, and for LNG vessels, supported by long-term contracts that generate stable profits. In the offshore business, Floating production storage and offloading (FPSO), drillship and shuttle tanker operated steadily. As a result, performance improved for the liquid division.

Revenues and profit decreased year-on-year for the bulk shipping business as a whole.

● Others

Real Estate

For the real estate business, revenues and profit were mostly flat year on year, as a result of implementing measures including the reconstruction and sale of long-held rental properties, and purchase of new properties.

Other Business Services

In other business services, revenues decreased as the sales price of bunker oil declined significantly due to the impact of low crude oil prices. However, profit surpassed the level of the previous fiscal year because of the strong performance of electrical work and ship repairs. As for Asuka Cruise, while domestic cruise sales were robust, round-the-world cruises which navigated the Middle East region including the Gulf of Aden were affected by unstable global circumstances. In addition, gain on sales was recorded following the sale of the operations management subsidiary of Crystal Cruise in May last year. Revenues and profit decreased year-on-year for other business services as a whole.

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 based on its unique safety management system NAV9000, along with other initiatives such as the Near Miss 3000 campaign to raise awareness of safety issues on site, and the Power+ Project which aims to foster a culture of safety through mutual assistance of crew members. The NYK Group will continue to contribute to environmental conservation efforts and carry out safe and secure marine transportation activities.

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

The NYK Group is also actively developing innovative environmental and safe operation technology. We are sharing information, such as data on weather and hydrographic conditions and vessel date, between land and ships, and continuing the IBIS project which aims at optimal economic ship operation by utilizing big data, together with wholly owned subsidiary MTI. We are also focusing on safer operation by pursuing initiatives to prevent accidents by monitoring the condition of the main engine and other parts. In addition, we continue to conduct modifications to container ships fitted for real sea conditions.

(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, 2016 (including corporate bonds) totaled ¥940.5 billion, a decrease of ¥157.7 billion from the previous fiscal year.

The total capital investment of the NYK Group, which was based principally around the bulk shipping segment, was ¥115.7 billion. In the liner trade and bulk shipping segments, we made investment of ¥20.4 billion and ¥70.4 billion respectively, primarily for vessels. Other than above, we made investment of ¥3.1 billion mainly for aircraft in the air cargo transportation segment, ¥8.0 billion for transportation equipment and logistics facilities and equipment in the logistics segment, ¥12.3 billion in the real estate segment, and ¥1.3 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

Looking back at the business environment for FY2015, it was a year in which market conditions for marine transportation were sluggish on the whole, reflecting a stagnant global economy despite the temporary boost provided by the fall in fuel oil prices and yen depreciation. Amid the deceleration of many projects in the energy transportation division due to the decline in crude oil prices, we provided high-quality navigation, ship management and shipbuilding management services in the LNG transport business by making use of the maritime college and other institutes we operate in the Philippines to focus on developing engineers, including seafarers. In addition, in the offshore business, through differentiation by accumulating relevant technologies and knowledge, we steadily expanded business opportunities. In the car transportation division, we enhanced the fleet by completing new ships using the latest energy-conserving technology, in addition to developing the automotive logistics business and expanding services mainly in emerging countries. In the container shipping division, we pushed ahead with streamlining of operations by adjusting routes and shipping capacity, as well as further pursuing projects such as the EAGLE project aimed at gross profit maximization through efficient container management and the IBIS project aimed at optimal economic ship operation. In the dry bulk carrier division, we reduced costs through initiatives such as improving operation technology and cargo handling efficiency, as well as made efforts to optimize ship allocation and adjust fleet capacity, for the purpose of developing a revenues and expense structure that is not easily affected by short-term market fluctuations.

In an increasingly severe business environment, the NYK Group will work on the following principal issues with the aim of achieving the plan upon entering the third year of the medium-term management plan, “More Than Shipping 2018 –Stage 2 Leveraged by Creative Solutions-.”

In the energy transportation division, we will differentiate ourselves in terms of quality and expand the LNG transport business, the shuttle tanker business, and Floating production storage and offloading (FPSO) business for which growth and revenues can be expected over the medium to long term, together with leading business partners and customers. In the car transportation division, we will achieve a competitive advantage through our technological capabilities and on-site capabilities and expand the automotive logistics business through business innovation using state-of-the-art technologies, etc. that conduct real-time management of movement of individual cars. In addition, by capturing changes in customer needs accompanying globalization of the finished vehicles market, we will further integrate marine transportation and inland logistics. In the global logistics business, we will add the terminal business, which is the contact point between land and sea, to the container shipping division, a core asset, and the logistics business, a light asset, to create three pillars, and improve profitability by complementing each business and control volatility while looking for the optimal combination. In the dry bulk carrier division, we will continue to enhance our resilience toward dramatically changing market conditions with the support of long-term stable contracts.

The NYK Group will concentrate investments in businesses and growth fields for which stable revenues can be expected, in addition to taking initiatives to control revenue volatility with a view to achieving medium- to long-term growth amid a rapidly changing business environment.

2) Initiatives for environmental conservation

Considering environmental conservation as one of the most vital management issues, the NYK Group is pushing ahead with the development of innovative technologies, including “NYK Super Eco-ship 2030” based on our long-term vision. In order to improve fuel consumption efficiency by 15% compared to FY2010 levels by FY2018, in addition to the promotion of fuel saving measures using navigation big data, the LNG-fueled tugboat with low CO2 emissions named “Sakigake” was completed in August last year, and LNG-fueled car carriers and a LNG bunkering vessel are scheduled to be completed in the second half of this year. We will press ahead with changing our business model to a more eco-friendly model in order to prevent air pollution.

3) CSR (Corporate Social Responsibility) Management Strengthening

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

In order to improve the soundness and transparency of management, we will continue to strengthen a system for internal control and compliance. In addition, 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 Mission Statement.

The Group will continue to make efforts to create good relationships with all stakeholders and to improve service quality.

4) Thorough Fair Trading

The NYK Group has been treating compliance with antitrust laws as a matter of the utmost importance and has worked to strengthen its compliance systems. Since the Japan Fair Trade Commission commenced its investigations in September 2012, we have held regular meetings of a Committee for ensuring adherence to antitrust law etc. and continued carrying out risk assessments of antitrust laws in all our businesses and are expanding such assessments to not only NYK but also all Group companies in both Japan and overseas. We are working to further strengthen and expand various measures to further instill compliance awareness, including establishing a code of conduct and training based on the results of risk assessments and obtaining written pledges on compliance with antitrust laws and competition laws from executives and employees. Going forward, we will devote our best efforts to prevent recurrence and to ensure thorough compliance with antitrust laws and other laws and regulations through all means necessary, as we conduct business fairly.

(4) Financial Position and Results of Operation

1) Consolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 126th term FY2012	The 127th term FY2013	The 128th term FY2014	The 129th term (current term) FY2015
Revenues	1,897,101	2,237,239	2,401,820	2,272,315
Recurring profit	17,736	58,424	84,010	60,058
Net income attributable to owners of the parent company	18,896	33,049	47,591	18,238
Net income per share	11.14 (yen)	19.48 (yen)	28.06 (yen)	10.75 (yen)
Total Assets	2,430,138	2,551,236	2,569,828	2,244,772
Equity	697,979	773,899	880,923	844,269
Equity per share	383.50 (yen)	424.67 (yen)	477.79 (yen)	456.21 (yen)

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

The 126th fiscal year

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

The 127th fiscal year

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

The 128th fiscal year

Although cargo volume increased for container ships, supply pressure was strong due to newly completed and launched large vessels, resulting in a weak market. Profitability improved thanks to increased operational efficiency and cost cutting, among other factors. Although conditions for the dry bulker market deteriorated compared to the previous fiscal year across all areas and types of bulk carriers due to continued oversupply, tanker market conditions and transport volume of finished automobiles were robust. The air cargo transportation business benefited from the increased use of air cargo and the decline in fuel oil prices to post a profit, and the logistics business also saw profit growth. As a result, profits increased for each profit/loss figure.

The 129th fiscal year (current term)

Conditions in the current fiscal year are described in the preceding “Business Progress and Results” (on page 33-35).
Regarding assets and profit and loss of each segment, please refer to the aforementioned “Business segment results” (page 31) and “Assets by business segment” (page 32).

2) Unconsolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 126th term FY2012	The 127th term FY2013	The 128th term FY2014	The 129th term (current term) FY2015
Revenues	987,688	1,168,438	1,264,761	1,201,339
Recurring profit	9,003	37,558	73,530	47,419
Net income	16,707	13,380	12,565	2,974
Net income per share	9.85 (yen)	7.89 (yen)	7.41 (yen)	1.75 (yen)
Total Assets	1,632,499	1,655,372	1,525,359	1,366,544
Equity	470,426	471,569	478,862	458,825
Equity per share	277.33 (yen)	278.03 (yen)	282.35 (yen)	270.55 (yen)

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

The 126th fiscal year

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

The 127th fiscal year

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

The 128th fiscal year

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

The 129th fiscal year (current term)

For container vessels, freight rate market conditions stagnated due to factors including a series of new completed vessels, and the balance between revenue and expenses deteriorated. Tanker market conditions and the transport volume of finished automobiles were firm. Conditions in the dry bulker market remained sluggish throughout the year, deteriorating to record low levels, and impairment loss arose mainly for dry bulk carriers. As a result, each profit/loss figure was down year on year.

(5) Principal Business of the Consolidated (as of March 31, 2016)

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

(6) Principal Business Offices (as of March 31, 2016)

1) NYK

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

2) Principal subsidiaries

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

(7) State of Vessels of the Consolidated (as of March 31, 2016)

Business Segments	Type of vessel	Segment	Number of vessels	K/T (dwt)
Liner Trade	Container ships	Owned	19	1,143,876
		Chartered	80	4,676,905
		Total	99	5,820,781
Bulk Shipping	Bulk carriers (Capesize)	Owned	31	5,996,239
		Chartered	77	15,252,367
		Total	108	21,248,606
	Bulk carriers (Panamax)	Owned	40	3,547,789
		Chartered	65	5,305,874
		Total	105	8,853,663
	Bulk carriers (Handysize)	Owned	58	2,701,259
		Chartered	106	4,856,471
		Total	164	7,557,730
	Wood Chip carriers	Owned	8	416,658
		Chartered	39	2,092,389
		Total	47	2,509,047
	Car carriers	Owned	30	512,367
		Chartered	89	1,652,771
		Total	119	2,165,138
	Tankers	Owned	47	8,371,073
		Chartered	21	2,659,528
		Total	68	11,030,601
	LNG carriers	Owned	26	1,948,470
		Chartered	3	228,211
		Total	29	2,176,681
	Multi-purpose carriers	Owned	17	336,563
		Chartered	24	351,961
		Total	41	688,524
	Other	Owned	1	7,450
		Chartered	—	—
		Total	1	7,450
Other	Cruise ships	Owned	1	7,548
		Chartered	—	—
		Total	1	7,548
Total		Owned	278	24,989,292
		Chartered	504	37,076,477
		Total	782	62,065,769

Notes: 1. The number of vessels in possession includes shared vessels; their deadweight tonnages include the weight of other owners' portions.
2. Figures have been rounded to the nearest 1 dwt.
3. The total number of LNG carriers including the vessels owned by unconsolidated joint venture companies is 68.
4. The number of chartered cruise ships declined from the previous 2 to 0 as a result of the sale of the operations management subsidiary of Crystal Cruise in May 2015.

(8) Employees (as of March 31, 2016)

1) Employees of the Consolidated

Segment		Number of employees (persons)	Year-on-year change (persons)
Global Logistics	Liner Trade	6,699	139
	Air Cargo Transportation	730	23
	Logistics	22,244	1,000
Bulk Shipping		2,616	46
Others	Real Estate	68	(6)
	Other	1,536	(439)
Company-wide (common)		383	(7)
Total		34,276	756

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	850	(4)
[maritime crew on land duty out of above]	[101]	[(7)]
Maritime crew on sea duty	281	(2)
Total	1,131	(6)

Note: The number of employees includes 65 of those loaned to the Company from other companies and excludes those loaned to other companies.

(9) Status of Principal Lenders of NYK (as of March 31, 2016)

Lender	Outstanding Balance (Millions of yen)
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.	95,575
MEIJI YASUDA LIFE INSURANCE CO.	66,911
NIPPON LIFE INSURANCE CO.	61,723
DEVELOPMENT BANK OF JAPAN INC.	41,329
SUMITOMO MITSUI BANKING CO.	30,141
THE NORINCHUKIN BANK	26,268
SUMITOMO MITSUI TRUST BANK, LIMITED	17,706
CHIBA BANK, LTD.	17,649
MIZUHO BANK, LTD.	17,249
SUMITOMO LIFE INSURANCE COMPANY	13,597

Note: In addition to the above, the Company has a total of ¥30,000 million loans from a syndicate of banks led by The Bank of Tokyo-Mitsubishi UFJ, Ltd., but these loans are not included in the outstanding borrowings from each of the banks.

(10) Status of Major Business Combination (as of March 31, 2016)

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 560 consolidated subsidiaries and 166 equity-method companies as of March 31, 2016.

For changes and results of business combinations, see the preceding "Business Progress and Results" (on page 33-35) and "Financial Position and Results of Operation" (on page 38-39).

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 CRUISES CO., LTD.	¥2,000 million	100.00	Ownership and operation of cruise ships
NYK TRADING CORP.	¥1,246 million	79.25	Sales of petrochemical products, etc.
YUSEN LOGISTICS CO., LTD.	¥4,301 million	59.73	Freight forwarding business, etc.
UNI-X CORP.	¥934 million	83.60	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$16.65 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 320 other vessel owning companies	US$75.184 million, (total of 142 companies) ¥14,133 million (total of 179 companies)	100.00 (all companies)	Vessel owning and chartering

Notes: 1. Percentage of voting rights includes indirect holdings.
2. ADAGIO MARITIMA S.A. and 320 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	18.56	Marine transportation business
KYOEI TANKER CO., LTD.	¥2,850 million	30.03	Marine transportation business

Note: Percentage of voting rights includes indirect holdings.

(11) Other significant matters on operations for NYK Group

The Company received a decision that concluded that the Company's ocean shipping services for cars and trucks had violated China's anti-monopoly law in previous fiscal years from the National Development and Reform Commission (NDRC), People's Republic of China in December 2015. In addition, actions for damages (class action lawsuits) have been filed in the U.S. and other regions against NYK and specific overseas subsidiaries, and NYK is also under investigation by the European and other authorities.

In March 2016, NIPPON CARGO AIRLINES CO., LTD. (NCA) came to reach an out of court settlement with the claimants in an action for damages (class action lawsuits) filed against NCA in the U.S., with respect to an infringement of US antitrust laws in connection with its international air freight business.

In April 2015, YUSEN LOGISTICS CO., LTD. (YLK) and its consolidated subsidiaries came to reach an out of court settlement with the claimants in an action for damages (several class action lawsuits) filed against them in the U.S., with respect to an infringement of US antitrust laws in connection with their international air freight forwarding business.

2. Status of Shares (as of March 31, 2016)

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

(2) Number of shares issued 1,695,911,449 shares

Note: The numbers exclude 4,639,539 shares of treasury stock.

(3) Number of shareholders 129,454 persons
(increased by 4,331 from the previous year)

(4) Major shareholders (Top 10)

Name	Capital contribution to the Company	
	Number of shares held (in thousands)	Ratio of shareholding (%)
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	102,463	6.04
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	98,235	5.79
MITSUBISHI HEAVY INDUSTRIES, LTD.	41,038	2.42
MEIJI YASUDA LIFE INSURANCE CO.	34,473	2.03
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	28,945	1.71
STATE STREET BANK WEST CLIENT - TREATY 505234	23,293	1.37
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 7)	22,987	1.36
THE BANK OF NEW YORK MELLON SA/NV 10	22,188	1.31
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 6)	18,400	1.08
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 5)	18,397	1.08

Note: Ratio of shareholding was computed excluding total treasury stock of 4,639,539 shares.

(5) Treasury Stock

Shares held as of the end of the preceding term		Common Stock	4,549,422 (shares)
Shares purchased in the current term			
	Less-than-One-Unit Share Purchased	Common Stock	96,288 (shares)
		Total price of acquisition	30,353,452 (yen)
Shares disposed in the current term			
	Less-than-One-Unit Share Sold	Common Stock	6,171 (shares)
		Total price of disposition	1,901,628 (yen)
Shares lapsed in the current term			None
Shares held as of the end of the fiscal term		Common Stock	4,639,539 (shares)

3. Status of Stock Acquisition Rights, etc. (as of March 31, 2016)

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

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

4. Executives of NYK

(1) Directors and Audit & Supervisory Board Members (incumbents from June 24, 2015 to March 31, 2016)

Name	Position, responsibilities and significant concurrent positions	
Yasumi Kudo	Chairman, Chairman Corporate Officer	President of The Japanese Shipowners' Association, President of Japan Association for Logistics and Transport, Vice-Chairman of Keidanren (Japan Business Federation)
Tadaaki Naito	President, President Corporate Officer	
Naoya Tazawa	Representative Director, Executive Vice-President Corporate Officer	Chief Executive of Technical Headquarters, Chief Compliance Officer, In charge of General Affairs Headquarters
Kenji Mizushima	Representative Director, Senior Managing Corporate Officer	Chief Executive of Management Planning Headquarters, Chief Financial Officer
Hitoshi Nagasawa	Representative Director, Senior Managing Corporate Officer	Chief Executive of Energy Division
Koichi Chikaraishi	Representative Director, Senior Managing Corporate Officer	Chief Executive of Automotive Transportation Headquarters
Masahiro Samitsu	Director, Senior Managing Corporate Officer	Chief Executive of Dry Bulk Division
Hidetoshi Maruyama	Director, Managing Corporate Officer	Chief Executive of Global Logistics Headquarters, Chairman of Group IT Policy Committee, Chief Information Officer
Yoshiyuki Yoshida	Director, Managing Corporate Officer	Chief Executive of General Affairs Headquarters
Hitoshi Oshika	Director, Corporate Officer	In charge of Corporate Planning Division and Air Cargo Transportation Division
Kazuo Ogasawara	Director, Corporate Officer	In charge of Dry Bulk Division
Yukio Okamoto	Outside Director (part-time, Independent Director)	President of OKAMOTO ASSOCIATES, INC., Outside Director of MITSUBISHI MATERIALS CORP., Outside Director of NTT DATA CORPORATION
Yuri Okina	Outside Director (part-time, Independent Director)	Vice Chairman of THE JAPAN RESEARCH INSTITUTE, LTD., Outside Director of SEVEN BANK, LTD., Outside Director of BRIDGESTONE CORPORATION, Corporate Auditor (part-time) of INCORPORATED ADMINISTRATIVE AGENCY, NIPPON EXPORT AND INVESTMENT INSURANCE
Hiroshi Sugiura	Audit & Supervisory Board Member (full-time)	

Name	Position, responsibilities and significant concurrent positions	
Yoko Wasaki	Audit & Supervisory Board Member (full-time)	
Mitsuoki Kikuchi	Outside Audit & Supervisory Board Member (part-time, Independent Auditor)	
Toshio Mita	Outside Audit & Supervisory Board Member (part-time, Independent Auditor)	Advisor of CHUBU ELECTRIC POWER COMPANY, INCORPORATED, Outside Audit & Supervisory Board Member of TOYOTA INDUSTRIES CORPORATION (scheduled to retire on June 10, 2016), Chairman of CHUBU ECONOMIC FEDERATION

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

2. Of Audit & Supervisory Board Members, Messrs. Mitsuoki Kikuchi and Toshio Mita are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.

3. Of significant concurrent positions as executive officers or outside officers of Outside Directors and Audit & Supervisory Board Members, the Company has business relations with MITSUBISHI MATERIALS CORP. such as coal transport transactions and with BRIDGESTONE CORPORATION such as tire transport transactions. The Company has no particularly notable business relations with the other significant concurrent positions as executive officers or outside officers of Outside Directors and Outside Audit & Supervisory Board Members.

4. Of Audit & Supervisory Board Members, Mr. Hiroshi Sugiura served as a Director in charge of financial affairs of NYK and has considerable expertise in finance and accounting.

5. The retired and newly appointed Directors and Audit & Supervisory Board Members during the current fiscal year are as follows:

<retirement>

Director, Board Counselor	Koji Miyahara (retired due to expiration of the term of office on June 23, 2015)
Audit & Supervisory Board Member (full-time)	Mikitoshi Kai (retired due to expiration of the term of office on June 23, 2015)
Outside Audit & Supervisory Board Member (part-time, Independent Auditor)	Fumio Kawaguchi (retired due to expiration of the term of office on June 23, 2015)

<new appointment>

Director, Managing Corporate Officer	Yoshiyuki Yoshida (appointed on June 23, 2015)
Audit & Supervisory Board Member (full-time)	Yoko Wasaki (appointed on June 23, 2015)
Outside Audit & Supervisory Board Member (part-time, Independent Auditor)	Toshio Mita (appointed on June 23, 2015)

6. As of April 1, 2016, Executive Corporate Officers who also serve as Directors are relocated as follows:

<as of March 31, 2016>		<after relocation>
Director, Managing Corporate Officer	Hidetoshi Maruyama	Director, Senior Managing Corporate Officer
Director, Corporate Officer	Hitoshi Oshika	Director, Managing Corporate Officer
Director, Corporate Officer	Kazuo Ogasawara	Director, Managing Corporate Officer
Representative Director, Senior Managing Corporate Officer	Kenji Mizushima	Director (non-executive Director)

7. The Company filed Mr. Yukio Okamoto, Ms. Yuri Okina, Mr. Mitsuoki Kikuchi and Mr. Toshio Mita 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, 2016)

Position	Name
Chairman, Chairman Corporate Officer	Yasumi Kudo
President, President Corporate Officer	Tadaaki Naito
Representative Director, Executive Vice-President Corporate Officer	Naoya Tazawa
Representative Director, Senior Managing Corporate Officer	Hitoshi Nagasawa
	Koichi Chikaraishi
Director, Senior Managing Corporate Officer	Masahiro Samitsu
	Hidetoshi Maruyama
Senior Managing Corporate Officer	Koichi Akamine
	Yasuo Tanaka
Director, Managing Corporate Officer	Yoshiyuki Yoshida
	Hitoshi Oshika
	Kazuo Ogasawara
Managing Corporate Officer	Eiichi Takahashi
	Hiroyuki Okamoto
Corporate Officer	Takuji Nakai
	Yuji Isoda
	Svein Steimler
	Jeremy Nixon
	Tomoyuki Koyama
	Keiji Tsuchiya
	Hiroki Harada
	Noriko Miyamoto
	Toshiyuki Kimura
	Akira Kono
	Takaya Soga
	Kobune Goto

Position	Name
	*Motoyuki Nose
	*Koji Kondo
	*Koichi Uragami
	*Shohei Yamamoto
	*Yutaka Higurashi

Notes: 1. Corporate Officers retired as of March 31, 2016 are as follows:
Kenji Mizushima, Fukashi Sakamoto, Takashi Abe, Kenichi Miki and Noriaki Tajima
2. The asterisks (*) indicate newly appointed Corporate Officers on April 1, 2016.
3. Mr. Toshiyuki Kimura concurrently serves as Managing Executive Officer of the Company's consolidated subsidiary, YUSEN LOGISTICS CO., LTD.

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

Category	Number of persons remunerated	Yearly remuneration	Bonus	Total Amount of remuneration paid
Directors [Outside Directors out of above]	14 [2]	¥630 million [¥38 million]	-	¥630 million [¥38 million]
Audit & Supervisory Board Members [Outside Audit & Supervisory Board Members out of above]	6 [3]	¥105 million [¥27 million]	-	¥105 million [¥27 million]
Total [Outside Directors/Audit & Supervisory Board Members out of above]	20 [5]	¥736 million [¥66 million]	-	¥736 million [¥66 million]

Notes:
1. The amount of remuneration paid to Directors includes the amount paid to one Director who retired during this fiscal year.
2. The amount of remuneration paid to Audit & Supervisory Board Members includes the amount paid to two Audit & Supervisory Board Members who retired during this fiscal year.
3. For the five consecutive terms since the 125th up to the current term, there have been no payments of bonus for Directors.
4. Monthly remuneration for Directors shall be paid according to each Director's grade within the aggregate monthly remuneration limit as determined by the resolution of the Shareholders' Meeting. Bonus for Directors shall be paid according to each Director's grade within the aggregate bonus limit as determined by the resolution of the Shareholders' Meeting. However, as the proposal of the bonus for directors shall be made at the Shareholder's Meeting based on the business result and other factors, there may be no payment depending on a fiscal year. Executive Directors shall be obliged to acquire shares of the Company and have contributed to the executive shareholding association out of their monthly remuneration an amount not less than the threshold set out according to each Executive Director's grade.
5. At the 118th Ordinary General Meeting of Shareholders held on June 28, 2005, NYK approved the payment of retirement benefits for termination resulting from the abolition of the retirement benefits system for Directors and Audit & Supervisory Board Members. As a result of this resolution, ¥113 million in retirement benefits for termination was paid to one Director who retired during this fiscal year. This amount of retirement benefits for termination was not included in the amount of remuneration paid above.

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

The Company has set out the policies and procedures for determining compensation for Directors, Audit and Supervisory Board Members and Corporate Officers by the resolution of the Board of Directors, and the contents of such policy are as described on page 30. In accordance with this policy, the Company has revised the compensation system for Directors, etc., excluding Outside Directors and Audit & Supervisory Board Members, and has proposed to introduce the performance-based stock remuneration plan at this General Meeting of Shareholders as a new incentive plan. The details are as described from pages 27 to 30.

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

Position and Name	Status of Attendance and Stating of Opinions
Independent Outside Director (Part-time) Yukio Okamoto (Appointed on Jun. 24, 2008)	Attended all the 14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate), and when necessary made statements mainly based on his extensive knowledge and insight as an expert of international affairs.
Independent Outside Director (Part-time) Yuri Okina (Appointed on Jun. 24, 2008)	Attended all the 14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate), and when necessary made statements mainly based on her extensive knowledge and insight as an expert of economic and financial issues.
Independent Outside Audit & Supervisory Board Member (Part-time) Mitsuoki Kikuchi (Appointed on Jun. 20, 2012)	Attended 13 out of 14 meetings of the Board of Directors (93% of attendance rate) and 14 out of 15 meetings of the Audit & Supervisory Board (93% of attendance rate) held during this fiscal year, and when necessary made statements mainly from his considerable experience in government service.
Independent Outside Audit & Supervisory Board Member (Part-timer) Toshio Mita (Appointed on Jun. 23, 2015)	Attended 10 out of 11 meetings of the Board of Directors to be attended during this fiscal year (91% of attendance rate) and all the 10 meetings of the Audit & Supervisory Board (100% of attendance rate), and when necessary made statements mainly from his considerable experience in corporate management, etc.

The Company received a decision that concluded that the Company's ocean shipping services for cars and trucks had violated China's anti-monopoly law in previous fiscal years from the National Development and Reform Commission (NDRC), People's Republic of China in December 2015. Prior to the Company being investigated for the conduct subject to the plea-agreement, Mr. Yukio Okamoto, Ms. Yuri Okina, Mr. Mitsuoki Kikuchi and Mr. Toshio Mita were not aware of such conduct. As well as making previous statements on compliance with laws and regulations, they have been expressing their opinions for the purpose of eradicating violations of antitrust laws including overseas competition laws, and preventing the recurrence of such incidents, at the meetings of the Board of Directors (including meetings of the Audit & Supervisory Board for Audit & Supervisory Board Members), a Committee for ensuring adherence to antitrust law and other such meetings.

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

The Company has signed agreements with each non-executive Director and Audit & Supervisory Board Member respectively limiting their liability for damages in terms of Article 423, Paragraph 1 of the Companies Act, according to Articles 33 and 43 of the Articles of Incorporation stipulated in accordance with Article 427, Paragraph 1 of the same Law. Based on these agreements, liability for damages is limited to ¥20 million or the minimum amount prescribed by law, whichever is higher, as long as the Director/Audit & Supervisory Board Member performs his/her duty in good faith and without gross negligence on his/her part.

5. Independent Auditor (Kaikei Kansa Nin)

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

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

Category	Total amount paid
Compensation paid for the fiscal year under review	¥145 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥293 million

Notes:
1. The Audit & 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 & 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.

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

At the meeting of the Board of Directors held on March 31, 2016, the Company adopted a new resolution with respect to structures to ensure proper execution of business operations based on the revision of the Companies Act and the Ordinance for Enforcement of the Companies Act, including ongoing measures that have been implemented. The following is an outline of the said resolutions and the implementation status of the said structures.

(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	**(Outlines of Resolutions of Board of Directors)** - The Company has formulated the NYK Group Mission Statement, the NYK Group Value, and the NYK Group Business Credo and NYK Line Code of Conduct, and is continually working to enhance appropriate management systems in conformance with them. - In order to ensure compliance with laws and regulations as well as proper execution of business by Directors and employees, in-house rules prescribe the clear allocation of authorities and separation of duties, etc., and important matters are discussed at the meetings of the Committee of Corporate Officers and Board of Directors. - We establish the Compliance Committee and the Internal Control Committee and appoint Chief Compliance Officer (CCO). - In view of the fair trading issues transpired within the NYK Group, we are doing our utmost to deepen our understanding of fair trading and to ensure thorough compliance with laws, whereby we have implemented various measures to prevent recurrence of similar cases, which we will strive to maintain and reinforce from now. Additionally, in order to thoroughly enforce the prohibition of bribery, specific prevention measures are adopted and their implementation status is confirmed. - For thorough compliance with laws and the promotion of compliance, we strengthen our legal division, continue to carry out compliance education and trainings, and appropriately operate consultation services. The internal audit division carries out practices such as field audits to endeavor to identify violations of laws and regulations. - We take necessary measures to respond to the Whistleblower Protection Act by establishing in-house rules and internal and external contact points. Currently anonymous whistle blowing is allowed across the Group and this arrangement shall be appropriately operated in the future as well.
	(Summary of Implementation Status) - The Mission Statement and other documents are stored in a data base and have been made accessible at all times to Directors, etc. and employees. - During the fiscal year under review, the Board of Directors met 14 times and the Committee of Corporate Officers met 50 times to discuss important matters. The Internal Control Committee also met once and the Compliance Committee met twice during this fiscal year. The Chief Executive of General Affairs Headquarters has been appointed Chief Compliance Officer (CCO), and we have been working not only on complying to laws, regulations, the Articles of Incorporation, and in-house rules, but also to enhance company systems and structures for valuing corporate ethics and social norms, etc. - The President has made a pronouncement concerning thorough compliance with antitrust laws; Committees for ensuring adherence to antitrust law etc. were held (twice); the development of a legal compliance framework was promoted and an organizational unit dedicated to dealing with questionable issues was established; investigation and examination activities were conducted; an intra-Group control network was established and is being operated; risk assessment of antitrust laws was implemented; antitrust law risks were discussed at the profitability deliberation committee; the filing of alliances and arrangements was centrally managed; enlightenment and education was conducted within the Group through the preparation of manuals and the implementation of training (e.g. interviews and E-learning);

	regulations on contact with competitors in the industry were tightened; internal leniency systems were implemented; and written pledges on compliance with antitrust laws from all corporate officers and employees engaged in the relevant businesses were obtained. - Directors, etc. and all employees were familiarized with the basic policy and guidelines on the prohibition of bribery, and related in-house rules were established. - Ongoing compliance education and trainings were carried out and a full compliance check was conducted in September. Consultation contact points are being operated appropriately in compliance with the Whistleblower Protection Act and anonymous whistle blowing has been made possible across the Group. Efforts are being made towards the early identification of problems through the enhancement of cooperation among the Group companies, and appropriate measures are being taken.
(2) Structures to store and manage information relating to the execution of duties of the Directors	**(Outlines of Resolutions of Board of Directors)** - The Directors and the Board of Directors properly store and manage documents and other information relating to their execution of duties according to in-house rules.
	(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	**(Outlines of Resolutions of Board of Directors)** - Under in-house rules concerning risk management, each Chief Executive, etc. carries out evaluations of risks and the management situation of the business of which they are in charge, and by examination at the meeting regarding the selection of significant risks, risks are clarified across the company and appropriate countermeasures are implemented.
	(Summary of Implementation Status) - The meeting regarding the selection of significant risks was held twice during the fiscal year under review. In addition to thoroughly managing risks concerning the safe operation of vessels and conservation of the environment, we formulated and reviewed, as appropriate, the plan for ensuring business continuity upon events such as a large-scale disaster, and the office of the disaster control headquarters conducted drills twice during the fiscal year. In conjunction with the enactment of the “Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (My Number Act),” in-house rules and administrative procedures were established and E-learning was conducted on persons in charge of administrative procedures.
(4) Structure to ensure the effective execution of duties of Directors	**(Outlines of Resolutions of Board of Directors)** - Clear administrative authority and decision-making rules are prescribed, and IT and other means are used to speed up the decision-making process in the development of systems for Directors to execute their duties appropriately and effectively.
	(Summary of Implementation Status) - At the weekly Committee of Corporate Officers, matters to be put before the Board of Directors are discussed in advance and matters delegated to the Committee of Corporate Officers are being decided. Additionally, the approval system has been accelerated through the utilization of the electronic request for approval system.
(5) Structures to ensure the proper execution of business by the NYK Group comprising the Company and its subsidiaries	**(Outlines of Resolutions of Board of Directors)** - The Company has formulated its Mission Statement and Business Credo that apply to the NYK Group as a whole. - With the aim to improve corporate value, and to ensure soundness within the Group as a whole, while enhancing management efficiency as well as capital efficiency across the Group, the Company establishes the Group’s Committee for Corporate Officers. The Company has established a framework including the Group Management Guidelines, and promotes adequate Group management by appropriately implementing these Guidelines.

	- Through internal audits of the Company and its Group companies, the internal audit division provides various advice and suggestions for improvements.
	(Summary of Implementation Status) - In addition to the legal training seminars for domestic Group companies, which were held six times during the fiscal year under review, problems related to bribery and information security were thoroughly communicated. - Compliance with various laws and regulations, corporate ethics and social norms is being thoroughly communicated to the NYK Group as a whole through seminars, transmission of compliance information and other activities. - The Group's Committee for Corporate Officers was held four times during the fiscal year under review. The Company has established the Group Standards, the Group Management Guidelines, the under-control company system, the under-enhanced capital efficiency-management company system, and the under-enhanced-management company system, and has been promoting adequate Group management by appropriately operating these frameworks. - The cash management system between the Company and the Group companies is being fully utilized to achieve efficient fund management. - The internal audit division conducted internal audits on 19 domestic Group companies and 65 overseas bases, evaluated the management and administration structures across their corporate activities and the status of business execution, and based thereon provided various advice and suggestions for improvement.
(6) Matters concerning the employees to assist the Audit & Supervisory Board Members in their duties when the Audit & Supervisory Board Members request the assignment thereof	**(Outlines of Resolutions of Board of Directors)** - The Company has established an Audit & Supervisory Board Office with dedicated staff. The staff members assist the Audit & Supervisory Board Members in their duties, including provision of support for Outside Audit & Supervisory Board Members.
	(Summary of Implementation Status) - An Audit & Supervisory Board Office has been established with four staff members (three dedicated staff and one serving concurrently at another position; as of April 1, 2016), and the staff are appropriately assisting the Audit & Supervisory Board Members in their duties.
(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	**(Outlines of Resolutions of Board of Directors)** - The dedicated staff of the Audit & Supervisory Board Office work under the full-time Audit & Supervisory Board Members.
	(Summary of Implementation Status) - As the dedicated staff of the Audit & Supervisory Board Office is to report to the full-time Audit & Supervisory Board Members, the full-time Audit & Supervisory Board Members carry out personnel evaluations of such dedicated staff. Any reassignment involving the staff of the office shall be decided, fully reflecting the opinion of Audit & Supervisory Board Members.
(8) Structures for reporting to Audit & Supervisory Board Members and other structures to ensure Audit & Supervisory Board Members conduct audits effectively	**(Outlines of Resolutions of Board of Directors)** - The Company establishes relevant in-house rules and a framework in which matters relating to the Group's compliance and whistle blowing are reported to Audit & Supervisory Board Members regularly and depending on their importance as appropriate. - In order to ensure that there are systems which enable the execution of duties specified in laws, regulations of the Audit & Supervisory Board, and Audit & Supervisory Board Members auditing standards, Directors and the Board of Directors are working to create the environment in which the Audit & Supervisory Board Members can conduct effective audits. - Through ensuring that there are structures for Audit & Supervisory Board Members to collect information, they are arranging systems to enable understanding of management issues and the actual conditions of

	operations.
	(Summary of Implementation Status) - The Company has secured an information gathering framework for Audit & Supervisory Board Members by providing Audit & Supervisory Board Members with the opportunity to attend the Committee of Corporate Officers, the Compliance Committee, the Internal Control Committee, the meeting regarding the selection of significant risks, the committee for ensuring adherence to antitrust law, the Information Disclosure Committee, the Investment Management Committee and the Group's presidents' meetings, among others. - Anonymity of a whistleblower as well as prohibition of disadvantageous treatment against the whistleblower has been set out under the rules related to whistleblowing, and the contents of the whistle blowing are being reported to the Audit & Supervisory Board Members. - The Company has secured opportunities for the Audit & Supervisory Board Members to interview and receive reports from Directors, etc. and general managers. - The Company has ensured a structure for effective audits by making it possible for Audit & Supervisory Board Members to inspect and investigate important documents related to the execution of business operations including the minutes of the Board of Directors and the Committee of Corporate Officers and approval documents.
(9) Matters concerning procedures for advance payment or reimbursement of expenses arising in conjunction with the execution of duties by Audit & Supervisory Board Members and other policies for processing expenses and obligations arising with respect to the execution of duties	**(Outlines of Resolutions of Board of Directors)** - The Company shall bear the necessary costs for Audit & Supervisory Board Members to execute their duties.
	(Summary of Implementation Status) - The Company bears the costs arising in conjunction with the execution of duties by Audit & Supervisory Board Members based on the right to claim for the payment of expenses set forth in the Audit & Supervisory Board Members auditing standards.
(10) Structures to ensure compliance with the Financial Instruments and Exchange Act	**(Outlines of Resolutions of Board of Directors)** - 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, and conducts effectiveness assessment on its design and implementation.
	(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 controls are being conducted through such means as the quarterly Information Disclosure Committees, which are held to deliberate the contents of disclosures.
(11) Structures to eliminate ties with antisocial forces	**(Outlines of Resolutions of Board of Directors)** - The elimination of ties with antisocial forces is considered an important compliance matter and a department has been established dedicated to dealing with such forces in order to sever any ties therewith.
	(Summary of Implementation Status) - In order to promptly respond to antisocial forces, the Company is making daily efforts to strengthen its coordination with external specialized institutions such as the police, TOKUBOUREN (Special Joint Organization of

	Monitoring Agencies for the Prevention Violence Organized by Metropolitan Police Department) and attorneys. - The Company has been taking measures against organized crime syndicates and other antisocial forces by including a clause for the elimination of organized crime syndicates in the agreements with its business partners and obtaining written pledges concerning the elimination of antisocial forces.

Consolidated Financial Statements

1. Consolidated Balance Sheet (As of March 31, 2016)

(In millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	652,740	Current liabilities	421,343
Cash and deposits	237,219	Notes and operating accounts payable-trade	178,065
Notes and operating accounts receivable-trade	222,831	Short-term loans payable	92,374
		Income taxes payable	8,963
Short-term investment securities	24,000	Deferred tax liabilities	5,522
Inventories	27,495	Advances received	40,653
Deferred and prepaid expenses	57,554	Provision for bonuses	9,906
Deferred tax assets	3,326	Provision for directors' bonuses	353
Other	82,596	Provision for losses related to contracts	8,678
Allowance for doubtful accounts	(2,284)	Other	76,826
Non-current assets	1,591,681	Non-current liabilities	979,158
Vessels, property, plant and equipment	1,067,943	Bonds payable	145,445
Vessels, net	802,324	Long-term loans payable	690,005
Buildings and structures, net	76,963	Deferred tax liabilities	38,684
Aircraft, net	23,576	Net defined benefit liability	18,708
Machinery, equipment and vehicles, net	34,967	Provision for directors' retirement benefits	1,717
Equipment, net	7,217	Provision for periodic dry docking of vessels	21,295
Land	72,511	Other	63,301
Construction in progress	43,952	**Total Liabilities**	**1,400,502**
Other, net	6,430	**Equity**	
Intangible assets	42,569	Shareholders' capital	768,396
Leasehold right	4,102	Common stock	144,319
Software	15,138	Capital surplus	155,691
Goodwill	21,205	Retained earnings	470,483
Other	2,123	Treasury stock	(2,098)
Investments and other assets	481,168	Accumulated other comprehensive income (loss)	5,281
Investment securities	358,090	Unrealized gain (loss) on available-for-sale securities	34,147
Long-term loans receivable	29,678	Deferred gain (loss) on hedges	(35,411)
Net defined benefit asset	39,403	Foreign currency translation adjustments	7,527
Deferred tax assets	6,777	Remeasurements of defined benefit plans	(981)
Other	50,032		
Allowance for doubtful accounts	(2,812)	Non-controlling interests	70,591
Deferred assets	350	**Total Equity**	**844,269**
Total Assets	2,244,772	**Total Liabilities and Equity**	**2,244,772**

2. Consolidated Statement of Income (From April 1, 2015 to March 31, 2016)

(In millions of yen)

Item	Amount	
Revenues		2,272,315
Cost and expenses		2,009,547
Gross profit		262,767
Selling, general and administrative expenses		213,802
Operating income		48,964
Non-operating income		
Interest income	3,411	
Dividend income	5,611	
Equity in earning of unconsolidated subsidiaries and affiliates	22,068	
Other	7,305	38,397
Non-operating expenses		
Interest expenses	16,924	
Foreign exchange losses	6,652	
Other	3,725	27,303
Recurring profit		60,058
Extraordinary income		
Gain on sales of non-current assets	13,368	
Gain on sales of shares of subsidiaries and affiliates	28,747	
Other	2,495	44,611
Extraordinary loss		
Loss on sales of non-current assets	2,526	
Impairment loss	35,431	
Other	2,963	40,922
Income before income taxes		63,748
Income taxes-current	29,106	
Income taxes-deferred	8,176	37,283
Net income		26,464
Net income attributable to non-controlling interests		8,226
Net income attributable to owners of the parent company		18,238

(For reference)

3. Summary of Consolidated Statement of Cash Flows (From April 1, 2015 to March 31, 2016)

(In millions of yen)

Item	Amount
Net cash provided by (used in) operating activities	142,857
Net cash provided by (used in) investing activities	(46,895)
Net cash provided by (used in) financing activities	(160,260)
Effect of exchange rate change on cash and cash equivalents	(10,351)
Net increase (decrease) in cash and cash equivalents	(74,650)
Cash and cash equivalents at beginning of period	327,243
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	993
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	32
Cash and cash equivalents at end of period	253,618

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

4. Consolidated Statement of Changes in Consolidated Equity (From April 1, 2015 to March 31, 2016)

(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 share-holders' capital**	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasu-rements of defined benefit plans	**Total Accumula-ted other comprehe-nsive income**		
Balance at the beginning of current period	144,319	155,616	467,092	(2,070)	**764,957**	54,665	(41,857)	27,196	5,348	**45,353**	**70,611**	**880,923**
Changes of items during the period												
Dividends from surplus			(15,263)		**(15,263)**							**(15,263)**
Net income attributable to owners of the parent company			18,238		**18,238**							**18,238**
Purchase of treasury stock				(30)	**(30)**							**(30)**
Disposal of treasury stock		(0)		2	**1**							**1**
Change in equity of parent related to transactions with non-controlling shareholders		75			**75**							**75**
Adjustments due to change in the fiscal period of consolidated subsidiaries			22		**22**							**22**
Change of scope of consolidation			255		**255**							**255**
Change of scope of equity method			172		**172**							**172**
Other			(33)	0	**(33)**							**(33)**
Net change of items other than shareholders' capital						(20,517)	6,445	(19,669)	(6,329)	**(40,071)**	**(20)**	**(40,091)**
Total changes of items during the period	—	74	3,391	(27)	**3,438**	(20,517)	6,445	(19,669)	(6,329)	**(40,071)**	**(20)**	**(36,653)**
Balance at the end of current period	144,319	155,691	470,483	(2,098)	**768,396**	34,147	(35,411)	7,527	(981)	**5,281**	**70,591**	**844,269**

5. Notes to Consolidated Financial Statements

(1) Basis of presenting consolidated financial statements

1) Scope of Consolidation

(i) Number of Consolidated subsidiaries: 560
Name of principal consolidated subsidiaries
Principal consolidated subsidiaries are stated in the Business Report "1. Overview of Operations for NYK Group, (10) Status of Major Business Combination, 2) Status of principal subsidiaries".
Changes in the current fiscal year are as follows:
NYK BUSINESS SYSTEMS SOUTH ASIA PTE. LTD. and 15 other companies were included within the scope of consolidation as they were newly established.
TRANSCONTAINER LTD. and 9 other companies were included within the scope of consolidation as their total assets, revenues, net income and retained earnings, etc. increased in importance.
YJK SOLUTIONS CO., LTD. changed its status from a consolidated subsidiary to an affiliate accounted for by the equity method, due to the disposal of shares.
NYK INFORMATION SERVICE (GUANGZHOU) LTD. and 31 other companies were excluded from the scope of consolidation, as they were liquidated.
SKS FORWARDING LLP and 1 other company were excluded from the scope of consolidation, as they merged with NYK AUTO LOGISTICS (KAZAKHSTAN) LLP as of June 10, 2015.
CRYSTAL CRUISES, LLC and 3 other companies were excluded from the scope of consolidation due to the disposal of shares.
NYK HOLDING (UK) LTD. was excluded from the scope of consolidation, as its total assets, revenues, net income and retained earnings, etc. decreased in importance.

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

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

2) Application of equity method

(i) Number of affiliates accounted for by the equity method
unconsolidated subsidiaries: 7
affiliates: 159
Name of principal affiliates accounted for by the equity method:
Principal affiliates are stated in the Business Report "1. Overview of Operations for NYK Group, (10) Status of Major Business Combination, 3) Status of principal affiliates".
Changes during this fiscal year are as follows:
JAPAN STONES S.A R.L. and 2 other companies were included within the scope of application of the equity method, as they were newly established.
CSI WORLDWIDE, S.A.P.I. DE C.V. and 18 other companies were included within the scope of application of the equity method, as their net income and retained earnings, etc. increased in importance.
YJK SOLUTIONS CO., LTD. changed its status from a consolidated subsidiary to an affiliate accounted for by the equity method, due to the disposal of shares.
KNUTSEN TANKERS 2 AS was excluded from the scope of application of the equity method, as it merged with KNUTSEN BOYELASTER IX AS on December 31, 2015.
ICO BLG AUTOMOBILE LOGISTICS ITALIA S.P.A. was 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

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

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

For 4 affiliates accounted for by the equity method whose closing dates of account fell on December 31, pro forma financial statements as of the closing date of the consolidated statements were used.

For affiliates other than those mentioned above whose closing dates were different from that of the consolidated statements, financial statements as of the closing date of account of the respective companies were used.

3) Fiscal year for consolidated subsidiaries

For 34 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 4 consolidated subsidiaries whose closing dates of account fell on December 31, pro forma financial reports as of the closing date of the consolidated statements were used for the purpose of consolidation.

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

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 Assets for which the purchase price is more than 100,000 yen but less than 200,000 yen are generally depreciated in equal allotments over 3 years based on the Japanese Corporation Tax Law.
Intangible assets (except for lease assets)	
Software	Primarily, straight-line method based on useful life in-house (5 years)
Other intangible assets	Primarily the straight-line method

Lease assets

Lease assets arising from ownership-transfer finance leases

Identical to depreciation method applied to self-owned 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	Provided for possible losses associated with purchase of non-current assets as well as performance of lease contracts based on estimated amounts of losses

(v) Accounting method for retirement benefits

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

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

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

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

(vi) Standards of accounting for important income and expenses

Standards of accounting for revenue and expenses of the shipping operation

Container ships

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

Other than container ships

For freight rates, transportation costs, and vessel cost relating to vessels in operation and vessel lease fees, along with lending vessel fees corresponding to these, the Company has

mainly adopted the voyage completion method, which considers from the place of departure to the place of return as one unit.

(vii) Significant hedge accounting

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

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

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

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

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

i. Accounting for interest expenses

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

ii. Accounting for consumption taxes

Consumption taxes are accounted for by the tax exclusion method.

(2) Notes on changes in accounting policies

Adoption of accounting standards for business combinations, etc.

Following the adoption from the current fiscal year of Accounting Standards Board of Japan (ASBJ) Statement No. 21 “Accounting Standard for Business Combinations” (September 13, 2013), ASBJ Statement No. 22 “Accounting Standard for Consolidated Financial Statements” (September 13, 2013), and ASBJ Statement No. 7 “Accounting Standard for Business Divestitures” (September 13, 2013), the accounting method was changed to record the difference arising from changes in the Company’s equity in its subsidiaries that remain under its control as capital surplus, and to record acquisition-related costs as expenses for the fiscal year in which such expenses are incurred. In addition, regarding business combinations which became or will become effective on or after April 1, 2015, the accounting method was changed to reflect the adjustment to the allocated amount of the acquisition cost associated with the finalization of the provisional accounting treatment, in the consolidated financial statements of the fiscal year in which the date of business combination belongs. Furthermore, changes have been made to the presentation of net income, etc. while minority interests have been changed to non-controlling interests.

The Accounting Standard for Business Combinations, etc. are adopted in accordance with the transitional handling set forth in Article 58-2(4) of the Accounting Standard for Business Combinations, Article 44-5(4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4(4) of the Accounting Standard for Business Divestitures, effective from the beginning of the current fiscal year onward.

Impacts of this change in accounting policies in the fiscal year ended March 31, 2016 are minor.

(3) Notes to Consolidated Balance Sheet

1) Breakdown of inventories

Merchandise and finished goods	2,089 million yen
Work in process	516 million yen
Raw materials and supplies	24,888 million yen

2) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral

Cash and deposits	1,544 million yen
Vessels	196,241 million yen
Buildings and structures	914 million yen
Land	3,763 million yen
Investment securities	55,546 million yen
Total	258,011 million yen

(ii) Obligations relating to collateral

Short-term loans payable	15,454 million yen
Long-term loans payable	149,516 million yen
Total	164,971 million yen

Note: Vessels of 336 million yen and investment securities of 55,508 million yen have been pledged as collateral for debts of affiliates, etc.

3) Accumulated depreciation of vessels, property, plant and equipment 977,814 million yen

4) Contingent liability

(i)	Notes receivable discounted and endorsed	7 million yen
(ii)	Guarantee obligations	183,482 million yen
(iii)	Debt assumption	90,000 million yen

(iv) Certain operating lease agreements that the NYK Group concluded on its respective vessels incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is 23,150 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.

(v) Some operating lease agreements that the NYK Group concluded on its aircraft incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is 71,241 million yen. The companies may pay the guarantee if they choose to return the leased properties at the end of the lease term. The operating lease agreement will expire by December 2026.

(vi) The NYK Group has been under investigation by the European and other authorities overseas, on account of suspected violations of the antitrust laws concerning the shipping of cargo including automobiles handled in or after September 2012. Also, the Group has been sued in class action lawsuits in the U.S. and other regions for damages and suspension of shipments, etc. without specific amount of damage, for its conspiracy to fix prices of shipping with major automobile shipping companies concerning marine transportation of assembled automobiles, etc. It is difficult to reasonably predict the results of the investigations by overseas authorities and class action lawsuits at present.

(4) Notes to Consolidated Statement of Income

1) Gain on sales of shares of subsidiaries and affiliates

This includes 28.6 billion yen capital gain on transfer of all equity interest in CRYSTAL CRUISES, LLC., which was a subsidiary operating two cruise ships.

2) 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 (35,413 million yen) in extraordinary loss. The breakdown of impairment loss is as follows.

Location	Use	Type	Impairment loss (millions of yen)
Japan	Business assets	Vessels (Dry bulk carriers)	12,235
Japan	Assets held for sale	Vessels, etc.	1,099
Belgium	Business assets	Vessels (Dry bulk carriers)	20,811
Others	Business assets	Business systems, etc.	1,284
Total	—	—	35,431

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 5.60% discount rate.

(5) Notes to Consolidated Statement of Changes in Equity

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

Common stock 1,700,550,988 shares

2) Matters concerning dividends

(i) Amount of dividend payment

Resolution	Class of stock	Total dividend (millions of yen)	Dividend per share (yen)	Base date	Effective date
Ordinary General Meeting of Shareholders June 23, 2015	Common stock	8,480	5	March 31, 2015	June 24, 2015
Board of Directors' Meeting October 30, 2015	Common stock	6,783	4	September 30, 2015	November 24, 2015
Total		15,263			

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

As a proposal at the Ordinary General Meeting of Shareholders to be held on June 20, 2016, matters regarding dividends of common stock are submitted as follows:

1) Total dividend 3,391 million yen
2) Dividend per share 2 yen
3) Base date March 31, 2016
4) Effective date June 21, 2016

Resource for dividends are planned to be retained earnings.

(6) Notes to financial instruments

1) Matters concerning financial instruments

The NYK Group primarily uses short-term deposits for the management of its funds, and raises funds through borrowings from financial institutions including banks or corporate bonds. It aims to mitigate the credit risk of customers associated with notes and operating accounts receivable-trade, in accordance with its credit control procedures and other rules. Investment securities consist primarily

of shares and those shares with market quotations are basically stated by using the market value method, based on the average market value during 1 month before the closing date.
As a result, the fluctuations in the stock market and other related factors may have an impact on the NYK Group's business performance and financial standings. Proceeds from the loans payable and corporate bonds are used to finance capital investment requirements for the acquisition of vessels, aircraft, transportation-related facilities, etc. and working capital requirements for business activities. The Company enters into interest rate swap agreements and similar instruments to hedge against the risk of interest rate fluctuations. Meanwhile, the NYK Group makes it a principle to implement derivatives transactions within the scope of commercial needs, in accordance with its internal rules and regulations.

2) Matters concerning the market value of financial instruments

The stated values of financial instruments on the consolidated balance sheet, their market values and differences between balance sheet amount and market values as of March 31, 2016 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	237,219	237,219	—
(ii) Notes and operating accounts receivable-trade	222,831		
Allowance for doubtful accounts (*1)	(1,547)		
	221,283	221,283	—
(iii) Short-term investment securities and investment securities			
Bonds held to maturity	24,117	24,124	7
Available-for-sale securities	120,387	120,387	—
Stocks of affiliates	13,554	8,750	(4,803)
(iv) Long-term loans receivable	29,678		
Allowance for doubtful accounts (*1)	(87)		
	29,590	31,743	2,152
(v) Notes and operating accounts payable-trade	178,065	178,065	—
(vi) Short-term loans payable	92,374	92,374	—
(vii) Bonds payable	145,445	155,011	9,566
(viii) Long-term loans payable	690,005	709,102	19,097
(ix) Derivatives transactions (*2)	(2,564)	(2,564)	—

(*1) The separately recorded provisions for allowance for doubtful accounts on notes and operating accounts receivable-trade and long-term loans receivable are subtracted from the above amounts.
(*2) Derivatives transactions are stated at their total value subtracted for debts and credits.

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

(i) Cash and deposits
These assets are stated at book value, as they are settled in the short term and their market values approximate book values.
(ii) Notes and operating accounts receivable-trade
These assets are stated at book value, as they are settled in the short term and their market values approximate book values. Doubtful receivables are stated at adjusted book value. The expected amount of loan losses on these assets are calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral securities or

guarantees; hence their market values approximate their balance sheet values at the consolidated accounting date less the current expected amount of loan losses.

(iii) Short-term investment securities and investment securities
Shares are stated at the stock exchange quoted price and bonds are stated at either the stock exchange quoted price or the price presented by transacting financial institutions.

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

(v) Notes and operating accounts payable and (vi) short-term loans payable
These assets are stated at book value, as they are settled in the short term and their market values approximate book values.

(vii) Bonds payable
The market value of the corporate bonds issued by NYK is calculated based on the market price.

(viii) Long-term loans payable
Long-term loans payable with variable interest rates are stated at book value, as the interest rate on these loans reflects the market rate in the short term and their market values approximate book values. Meanwhile, long-term loans payable with fixed-interest rates are stated at present value. The present value is calculated by discounting a periodically divided portion of the principal and interest of these loans (*), using the assumed rate applied to a similar loan.
(*) As to the long-term loans payable involved in the interest rate swap agreement that meet the requirements for exceptional treatment, the total amount of its principal and interest income at the post-swap rate is applied.

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

2 Stocks of subsidiaries and affiliates (recorded amount on the consolidated balance sheet is 197,252 million yen) and unlisted shares (recorded amount on the consolidated balance sheet is 26,778 million yen) are not included in “(iii) Short-term investment securities and investment securities”, as their market values appear to be extremely difficult to determine.

(7) 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, 2016 was 5,009 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 2,564 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	
39,923	9,251	49,175	110,619

Notes: 1 Consolidated balance sheet amount represents the original acquisition cost less accumulated depreciation and impairment loss.
2 The amount of increase (decrease) in the current fiscal year primarily includes an increase of 11,829 million yen due to the acquisition of real estate, and decreases of 1,138 million yen due to depreciation and 1,757 million yen due to the sales of real estate.
3 The market values as of the closing date of the consolidated statements are based on amounts (including amounts adjusted on the basis of indexes, etc.) calculated principally with reference to the Real Estate Appraisal Standard.

(8) Notes on per-share information

1) Equity per share 456.21 yen
2) Net income per share 10.75 yen

(9) Other notes

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

(10) Notes on significant subsequent events

Not applicable

Unconsolidated Financial Statements

1. Unconsolidated Balance Sheet (As of March 31, 2016)

(In millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	386,779	Current liabilities	247,610
Cash and deposits	120,355	Operating accounts payable-trade	75,144
Operating accounts receivable-trade	75,192	Short-term loans payable	74,239
Short-term loans receivable	52,717	Lease obligations	8
Short-term investment securities	24,000	Account payable	3,506
Inventories	15,355	Income taxes payable	140
Deferred and prepaid expenses	39,567	Deferred tax liabilities	1,333
Receivable from agencies	12,552	Advance received	25,680
Lease receivables	13,768	Deposits received	52,760
Other current assets	34,065	Payable to agencies	1,024
Allowance for doubtful accounts	(795)	Provision for bonuses	1,839
Non-current assets	979,413		
Vessels, property, plant and equipment	154,853	Other current liabilities	11,932
Vessels, net	93,035	Non-current liabilities	660,108
Buildings, net	17,376	Bonds payable	145,445
Structures, net	430	Long-term loans payable	454,165
Machinery and equipment, net	99	Lease obligations	25
Vehicles, net	121	Deferred tax liabilities	27,521
Equipment and fixtures, net	2,535	Allowance for investment loss associated with vessels owned by subsidiaries or affiliates	10,316
Land	28,583	Other non-current liabilities	22,635
Construction in progress	12,671	**Total liabilities**	**907,719**
Intangible assets	7,487	**Equity**	
Goodwill	4,163	Shareholders' capital	444,386
Leasehold right	511	Common stock	144,319
Software	2,772	Capital surplus	154,386
Other intangible assets	40	Capital reserve	151,691
Investments and other assets	817,072	Other capital surplus	2,694
Investment securities	111,794	Retained earnings	147,772
Stocks and equity in subsidiaries and affiliates	317,955	Earned surplus reserve	13,146
Long-term loans receivable	292,608	Other retained earnings	134,625
Lease receivables	110,404	Reserve for dividends	50
Other investments, etc.	51,074	Reserve for special depreciation	3
Allowance for doubtful accounts	(66,765)	Reserve for advanced depreciation	4,150
Deferred assets	350	Other reserves	118,324
Bond issuance cost	350	Retained earnings carried forward	12,097
		Treasury stock	(2,092)
		Valuation and translation adjustments	14,438
		Unrealized gain (loss) on available-for-sale securities	31,191
		Deferred gain (loss) on hedges	(16,753)
		Total Equity	**458,825**
Total Assets	**1,366,544**	**Total Liabilities and Equity**	**1,366,544**

2. Unconsolidated Statement of Income (From April 1, 2015 to March 31, 2016)

(In millions of yen)

Item	Amount	
Revenue from shipping operation	1,195,382	
Shipping operation expenses	1,157,111	
Shipping operation income		38,271
Revenue from other business	5,956	
Other business expenses	3,371	
Other business income		2,585
Gross operating income		40,857
General administrative expenses		47,382
Operating income (loss)		(6,525)
Non-operating income		
Interest and dividend income	68,846	
Other non-operating income	1,386	70,232
Non-operating expenses		
Interest expenses	9,130	
Other non-operating expenses	7,157	16,288
Recurring profit		47,419
Extraordinary income		
Gain on sales of non-current assets	2,859	
Gain on liquidation of subsidiaries and affiliates	4,655	
Other extraordinary income	1,007	8,521
Extraordinary loss		
Loss on disposal of non-current assets	1,654	
Provision for allowance for doubtful accounts	568	
Loss on valuation of shares of subsidiaries and affiliates	29,851	
Provision for allowance for investment loss associated with vessels owned by subsidiaries or affiliates	11,217	
Other extraordinary loss	2,742	46,035
Income before income taxes		9,905
Income taxes-current	3,302	
Income taxes-deferred	3,628	6,930
Net income		2,974

3. Unconsolidated Statement of Changes in Equity (From April 1, 2015 to March 31, 2016)

(In millions of yen)

Item	Shareholders' capital						
	Common stock	Capital surplus		Retained earnings			
		Capital reserve	Other capital surplus	Earned surplus reserve	Other retained earnings		
					Reserve for dividends	Reserve for special depreciation	Reserve for advanced depreciation
Balance at the beginning of current period	144,319	151,691	2,695	13,146	50	4	4,526
Changes of items during the period							
Dividends from surplus							
Reversal of special depreciation reserve						(1)	
Reversal of reserve for advanced depreciation							(412)
Provision of reserve for advanced depreciation							36
Net income							
Purchase of treasury stock							
Disposal of treasury stock			(0)				
Net change of items other than shareholders' capital							
Total changes of items during the period	—	—	(0)	—	—	(1)	(375)
Balance at the end of current period	144,319	151,691	2,694	13,146	50	3	4,150

Item	Shareholders' capital				Valuation and translation adjustments		Total equity
	Retained earnings		Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	
	Other retained earnings						
	Other reserves	Retained earnings carried forward					
Balance at the beginning of current period	118,324	24,009	(2,064)	**456,704**	50,577	(28,420)	**478,862**
Changes of items during the period							
Dividends from surplus		(15,263)		**(15,263)**			**(15,263)**
Reversal of special depreciation reserve		1		—			—
Reversal of reserve for advanced depreciation		412		—			—
Provision of reserve for advanced depreciation		(36)		—			—
Net income		2,974		**2,974**			**2,974**
Purchase of treasury stock			(30)	**(30)**			**(30)**
Disposal of treasury stock			2	**1**			**1**
Net change of items other than shareholders' capital					(19,386)	11,667	**(7,719)**
Total changes of items during the period	—	(11,912)	(27)	**(12,317)**	(19,386)	11,667	**(20,037)**
Balance at the end of current period	118,324	12,097	(2,092)	**444,386**	31,191	(16,753)	**458,825**

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
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

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

5) Disposition method of deferred assets

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

6) Standards of accounting for allowances and reserves

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

Provision for 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.

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 owned by vessel owning subsidiaries or affiliates and time-chartered by the Company, estimated future loss is recognized.

7) Standards of accounting for income and expenses

(i) Standards of accounting for revenue and expenses from 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 lease fees, along with lending vessel fees corresponding to these, the Company has adopted the voyage completion method, which considers from place of departure to the place of return as one unit.

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

Interest rate swaps, etc., are used to hedge the loans payable and bonds payable against possible changes in interest rates, while currency swap, forward exchange contracts and foreign currency denominated assets/liabilities are used to hedge monetary assets and liabilities, investments in overseas subsidiaries and other foreign currency denominated transactions including scheduled transactions against possible changes in exchange rates. Swap transactions are used to hedge fuel oil against possible fluctuations in price. The Company evaluates effectiveness of hedging

transactions by comparing accumulated changes in market price and cash flows of hedging transactions with those of the hedged transactions at the end of each financial quarter. However, interest rate swaps, etc., that are subject to special accounting treatment are excluded from the evaluation.

9) Other basis of presenting unconsolidated financial statements

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

(2) Notes to Unconsolidated Balance Sheet

1) Assets pledged as collateral and obligations relating to collateral

(i)	Assets pledged as collateral	
	Cash and deposits	35 million yen
	Vessels	21,201 million yen
	Investment securities	1,097 million yen
	Stocks and equity in subsidiaries and affiliates	23,554 million yen
	Total	45,888 million yen
(ii)	Obligations relating to collateral	
	Short-term loans payable	1,523 million yen
	Long-term loans payable	12,176 million yen
	Total	13,699 million yen

Note: Investment securities of 1,097 million yen and stocks and equity in subsidiaries and affiliates of 23,554 million yen have been pledged as collateral for debts of subsidiaries and affiliates etc.

2) Accumulated depreciation of vessels, property, plant and equipment 253,911 million yen

3) Contingent liability

(i) Guarantee obligations 889,085 million yen
Amount of joint obligations borne by the other joint obligors was included in the guarantee obligations as the amount was small.

(ii) Debt assumption 90,000 million yen

(iii) The Company has been under investigation by the European and other authorities overseas, on account of suspected violations of the antitrust laws concerning the shipping of cargo including automobiles handled in or after September 2012. Also, the Company has been named in class action lawsuits in the U.S. and other regions for damages and suspension of shipments, etc. without specific amount of damage, for its conspiracy to fix prices of shipping with major automobile shipping companies concerning marine transportation of assembled automobiles, etc. It is difficult to reasonably predict the results of the investigations by overseas authorities and class action lawsuits at present.

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

Short-term monetary claims	83,676 million yen
Long-term monetary claims	402,380 million yen
Short-term monetary liabilities	85,878 million yen
Long-term monetary liabilities	1,693 million yen

(3) Notes to Unconsolidated Statement of Income

Transactions with subsidiaries and affiliates

Operating transactions	
Revenues (revenue from shipping operation, revenue from other business)	29,781 million yen
Expenses (shipping operation expenses, other business expenses, general administrative expenses)	293,396 million yen
Transactions other than operating transactions	75,207 million yen

(4) Notes to Unconsolidated Statement of Changes in Equity

Class and number of treasury stock at term-end	
Common stock	4,639,539 shares

(5) Notes on tax effect accounting

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

(6) Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

Category	Company	Ratio of holding of voting rights, etc. (or ratio of voting rights held) (%)	Detail of relationship	Contents of transaction	Transaction amount (millions of yen)	Account item	Term-end balance (millions of yen)
Subsidiary	NIPPON CARGO AIRLINES CO., LTD.	Holding Directly 100.0	Capital support Debt guarantee, etc. Concurrent service as executives			Long-term loans receivable	90,476
				Acceptance of interest	496	Other current assets	24
				Debt guarantee, etc. (Note 1)	127,703	—	—
Subsidiary	NYK FTC (SINGAPORE) PTE. LTD.	Holding Directly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 1)	36,404	—	—
Subsidiary	NYK BULK & PROJECTS CARRIERS LTD.	Holding Directly 100.0	Acceptance of funds Concurrent service as executives Acceptance of dividend	Interest payment	36	Deposits received	19,618
				Acceptance of dividend	9,600		
						—	—
Subsidiary	N.Y.K. (THAILAND) CO., LTD.	Holding Directly 100.0	Capital support	Loan of funds (Note 2)	21,232	Short-term loans receivable	5,148
				Acceptance of interest	89		
						Other current assets	15
Subsidiary	NYK GROUP AMERICAS INC.	Holding Directly 100.0	Acceptance of dividend	Acceptance of dividend	19,477	—	—
Subsidiary	NYK BULKSHIP (ASIA) PTE. LTD.	Holding Directly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 1)	18,867	—	—
Subsidiary	SAGA SHIPHOLDING (NORWAY) AS	Holding Indirectly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 1)	53,619	—	—
Subsidiary	NYK BULKSHIP (ATLANTIC) N.V.	Holding Indirectly 100.0	Debt guarantee, etc. Capital support	Debt guarantee, etc. (Note 1)	39,658	—	—
						—	—
				Underwriting of capital increase (Note 3)	35,625		
Subsidiary	YUSEN TERMINALS LLC	Holding Indirectly 51.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 1)	31,214	—	—
Subsidiary	Vessels owning, chartering related companies ENCANTADA MARITIMA S.A. and other 265 companies	Holding Directly 100.0 (251 companies)	Capital support Debt guarantee, etc.			Short-term loans receivable	30,448
						Long-term loans receivable	162,008
			Contract of chartering ships	Lease of vessels (Note 4)	13,973	Lease receivables (due within one year)	13,768
						Lease receivables	110,404
		Indirectly 100.0 (15 companies)		Debt guarantee, etc. (Note 1)	307,513	—	—
				Payment of charterage (Note 5)	144,753	—	—

Transaction conditions and policies on determination of transaction conditions

Notes:
1. Guarantee fee for debt guarantee, etc. is determined by taking into consideration the form of guarantee.
2. Conditions of loan of funds are determined by taking into consideration the market rate. The Company has not pledged security.
3. Underwriting of capital increase is determined by taking into consideration our future demand for funds
4. Lease payments are determined by taking into consideration the amount equivalent to the cost of the assets concerned.
5. Cost equivalent amounts accrued by subsidiaries are paid as vessel lease fees.

(7) Note on per-share information

1)	Equity per share	270.55 yen
2)	Net income per share	1.75 yen

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

The Company is a company subject to consolidated dividend restrictions.

(9) Other notes

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

(10) Notes on significant subsequent events

Not applicable

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

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

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

1. Website to use for exercising votes
   (1) Exercise of votes via the Internet may be done by accessing the website for exercising votes (http://www.evote.jp/) designated by the Company using a PC, smartphone or mobile phone (i-mode, EZweb or Yahoo! Keitai)* with Internet connection (access is unavailable between 2:00 a.m. and 5:00 a.m. Japan Time every day).
   (2) Please note that you may not be able to exercise votes via the Internet using PC or smartphone depending on your Internet environment such as use of firewall, anti-virus software or proxy servers.
   (3) Please use i-mode, EZweb or Yahoo! Keitai service for exercise of votes via the Internet using mobile phone. For security reasons, mobile phones that cannot accommodate encrypted data transmission (TLS transmission) and transmission of mobile phone information may not be used.
   (4) Shareholders using the Internet voting option are requested to complete the required voting procedures by 5:00 p.m. Japan Time on Friday, June 17, 2016, and exercising your votes as early as possible will be appreciated. Please contact the help desk described on the next page for inquiries.
   *Note: “i-mode” is a trademark or registered trademark of NTT DOCOMO, INC., “EZweb” is a trademark or registered trademark of KDDI CORPORATION, and “Yahoo!” is a trademark or registered trademark of YAHOO! INC. of the U.S.

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

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

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

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

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

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

To the Institutional Investors:

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