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, 2017 will be invited to attend the meeting.

Notice of the 130th Ordinary General Meeting of Shareholders

The 130th Fiscal Year
Report

From April 1, 2016
to March 31, 2017

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 (FY2016), the NYK Group's consolidated results were revenues of ¥1,923.8 billion, operating loss of ¥18.0 billion, recurring profit of ¥1.0 billion, and loss attributable to owners of parent of ¥265.7 billion, recording losses as revenue decreased compared to the previous fiscal year. We regretfully ask to suspend the payment of the year-end dividend and deeply apologize to our shareholders.

Looking back at the business environment in FY2016, it was a year greatly affected by shipping market conditions which fell to historically low levels. In the container shipping division, freight rate market conditions stagnated due to continued overcapacity, and in the dry bulk division, despite progress in the scrapping of vessels, the supply-demand imbalance did not improve significantly. Given such a business environment, NYK recorded extraordinary losses (impairment loss, etc.) totaling ¥205.4 billion mainly in the container shipping division and the dry bulk division during the interim period, thereby seriously harming shareholders' capital. We deeply apologize to our shareholders.

Although a harsh business environment persists, we believe that market conditions for freight have been on a gradual recovery trend since the second half of FY2016, as spot freight rates showed a mild recovery in the container shipping division and market conditions reached rock bottom in the dry bulk division. These trends indicate that conditions are improving.

In October last year, NYK decided to establish a new joint-venture company with Kawasaki Kisen Kaisha, Ltd. and Mitsui O.S.K. Lines, Ltd. to integrate the container shipping businesses (including worldwide terminal operating businesses excluding Japan) of all three companies. The new joint-venture company plans to commence service in April 2018. By enhancing competitiveness through the creation of a synergy effect among the three companies and expanding the scale of operations to a vessel fleet totaling 1.4 million TEUs after integration, we will build a structure capable of global competition. One of our priorities is to get on track the integrated company engaged in the container shipping business, which has historically been NYK's mainstay business. To that end, we will devote our best efforts to ensuring that the integrated company can maximize its competitiveness.

Furthermore, regarding the five-year medium-term management plan "More Than Shipping 2018 –Stage 2 Leveraged by Creative Solutions–" began in FY2014, we withdrew earnings and financial targets for the final year due to rapid changes in the surrounding environment. We will formulate a new medium-term management plan during the current fiscal year. Although performance was sluggish for all business segments in FY2016, we will make a departure from the conventional thinking of shipping while keeping the key strategy of "More Than Shipping" unchanged to differentiate ourselves and outpace other companies, even by half a step. By doing so, we will pave the way for further progress of the NYK Group.

Our forecast of consolidated results for the upcoming period (FY2017) is revenues of ¥2,008.0 billion, operating income of ¥24.5 billion, recurring profit of ¥23.0 billion, and profit attributable to owners of parent of ¥5.0 billion. Since shareholders' capital was seriously harmed in the current fiscal year, we plan to forgo the interim dividend. In addition, in consideration of retaining an appropriate level of internal reserves in response to changes in market conditions, the year-end dividend is undecided at this time.

With regard to the activities of NYK's maritime car transportation service 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 2017



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 & Supervisory Board Members and Corporate Officers; Independence Criteria for Recommendation of Candidates for Outside Directors and Audit & Supervisory Board Members; Policies and Procedures for Determining Compensation for Directors, Audit & Supervisory Board Members and Corporate Officers; Rules on the Nomination Advisory Committee; and Rules on the Compensation Advisory Committee) have been posted on the Company's website on the Internet (http://www.nyk.com/english/csr/gvn/guideline/index.html).

To Our Shareholders

May 30, 2017

Notice of the 130th Ordinary General Meeting of Shareholders

To the Shareholders of Nippon Yusen Kabushiki Kaisha:

You are cordially invited to attend the 130th Ordinary General Meeting of Shareholders of Nippon Yusen Kabushiki Kaisha to be held as follows.
When attending the meeting, please submit the enclosed Voting Form (green colored) at the reception desk on arrival at the meeting.
If you are unable to attend the meeting, you may exercise your voting rights by either of the methods described below. Please review the Reference Documents for the General Meeting of Shareholders shown in the following pages (p. 7 through 29) 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, Tuesday, June 20, 2017.

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 88 and 89, and exercise your vote by 5:00 p.m. Japan Time, Tuesday, June 20, 2017.

Yours faithfully

ISIN	JP3753000003
SEDOL	6643960
TSE	9101

Nippon Yusen Kabushiki Kaisha

Tadaaki Naito
President

1. Date: 10:00 a.m., Wednesday, June 21, 2017 (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 130th Fiscal Year (from April 1, 2016 to March 31, 2017)
2) Unconsolidated Financial Statements for the 130th Fiscal Year (from April 1, 2016 to March 31, 2017)

Proposals to be resolved:

Proposal No.1:	Reduction of capital reserve and earned surplus reserve, and appropriation of surplus
Proposal No.2:	Consolidation of shares
Proposal No.3:	Partial amendments to the Articles of Incorporation
Proposal No.4:	Election of eleven Directors
Proposal No.5:	Election of one Audit & Supervisory Board Member

Notes: The Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Unconsolidated Financial Statements that should be attached to the Notice of Convocation are as described from page 7 to page 29 and page 32 to page 87.
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 have audited items from 1) to 5) stated below, and the Independent Auditor has audited items from 2) to 5), as well as the Reference Documents attached to the Notice of Convocation when preparing audit reports.
1) Of the information required to be disclosed in the Business Report, the following matters
(i) Status of Stock Acquisition Rights, etc.
(ii) Independent Auditor (Kaikei Kansa Nin)
(iii) Matters on Establishment of Structures to Ensure Proper Execution of Business Operations and the Implementation Status of Such Structures
2) Consolidated Statement of Changes in Consolidated Equity
3) Notes to Consolidated Financial Statements
4) Unconsolidated Statement of Changes in Equity
5) 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: Reduction of capital reserve and earned surplus reserve, and appropriation of surplus

Extremely tough shipping market conditions had a significant impact on the performance of the Company, resulting in ¥139,691,553,184 loss in retained earnings carried forward as of March 31, 2017.

Therefore, for the purpose of covering the loss in retained earnings carried forward, as well as to ensure flexibility and agility in its finance strategies for the period to come, the Company proposes a reduction of capital reserve and earned surplus reserve, and an appropriation of surplus as follows.

Meanwhile, in view of current adverse circumstances such as a sizable loss recorded as a result of impairment loss for this fiscal year, and the prospect that it should take time for shipping market conditions to make sufficient recovery, the Company has regretfully decided to pay no year-end dividend for this fiscal year.

1. Matters concerning the reduction of capital reserve and earned surplus reserve

   The Company proposes to reduce part of the amount of capital reserve and the whole of the amount of earned surplus reserve in accordance with the provisions of Article 448, Paragraph 1 of the Companies Act, and transfer such amount to other capital surplus and retained earnings carried forward, respectively.

   (1) Item of reserve whose amount is to be reduced and the amount thereof
   Capital reserve ¥121,500,000,000 of ¥151,691,857,047
   Earned surplus reserve ¥13,146,867,258

   (2) Item of surplus whose amount is to be increased and the amount thereof
   Other capital surplus ¥121,500,000,000
   Retained earnings carried forward ¥13,146,867,258

2. Matters concerning the appropriation of surplus

   In accordance with the provisions of Article 452 of the Companies Act, subject to the effect of reduction of part of the amount of capital reserve and the whole of the amount of earned surplus reserve and increase of the amount of other capital surplus and retained earnings carried forward, the Company proposes to cover the loss in retained earnings carried forward by transferring part of the amount of other capital surplus to retained earnings carried forward after the aforementioned increase.

   (1) Item of surplus whose amount is to be reduced and the amount thereof
   Other capital surplus ¥122,500,000,000 of ¥124,192,458,433

   (2) Item of surplus whose amount is to be increased and the amount thereof
   Retained earnings carried forward ¥122,500,000,000

   Thus, the total amount to be transferred from earned surplus reserve and other capital surplus to retained earnings carried forward will be ¥135,646,867,258.

3. Effective date of validity of the reduction of reserve and appropriation of surplus
   June 22, 2017

Proposal No.2: Consolidation of shares

1. Reasons for consolidation of shares

Based on the “Action Plan for Consolidating Trading Units,” stock exchanges nationwide are proceeding with plans for consolidating the trading units of ordinary shares of all domestic listed companies to 100 share trading units by October 2018.

As a corporation listed on the Tokyo and Nagoya stock exchanges, based on the intent of this plan, the Company will change the number of shares constituting one unit, the Company’s trading unit, from 1,000 to 100, and in accordance with this change, the Company will consolidate 10 shares into one share in order to maintain the price level of the Company’s trading unit desired by the stock exchanges (¥50,000 or more and less than ¥500,000). There will be no change to the number of voting rights of each shareholder.

2. Share consolidation ratio

The Company proposes to consolidate 10 shares into one share.

In the event that a fraction of less than one share arises as a result of share consolidation, such fractional shares shall be sold together in accordance with the provisions of the Companies Act and the proceeds shall be distributed to shareholders who held the fractional shares in proportion to the ratio of fractional shares held by them.

3. Effective date of the consolidation of shares
October 1, 2017

4. Total number of shares authorized to be issued as of the effective date of the consolidation of shares
298,355,000 shares

5. Other

The consolidation of shares pertaining to this proposal is subject to the approval of Proposal No.3 “Partial amendments to the Articles of Incorporation” as proposed. In addition, the Company also requests approval for other necessary procedural matters to be left to the Board of Directors’ discretionary decision.

An amendment to the Articles of Incorporation pertaining to the total number of shares authorized to be issued shall be deemed to have been made by the consolidation of shares, as of the effective date of the consolidation of shares, pursuant to the provisions of Article 182, Paragraph 2 of the Companies Act.

Proposal No.3: Partial amendments to the Articles of Incorporation

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

1. Reasons for the amendments
   (1) The Company will make amendments to Article 7 (Number of Shares Constituting One Unit) of the current Articles of Incorporation, since the Company, based on the "Action Plan for Consolidating Trading Units" promoted by stock exchanges nationwide, plans to change the number of shares constituting one unit from 1,000 to 100 as of October 1, 2017. The Company will also reflect amendments to the Articles of Incorporation, which are deemed to have been made on the condition that Proposal No.2 "Consolidation of shares" is approved and comes into effect, in Article 5 (Total Number of Shares Authorized to be Issued) of the current Articles of Incorporation.
   The above amendments and the new establishment of Supplementary Provision shall be subject to the approval of Proposal No.2 "Consolidation of shares" as proposed.
   (2) The Company will make amendments to allow the election of the President from among the Representative Directors or the Corporate Officers, in order to enable the flexible establishment of the most appropriate management system.
   In addition, the Company will make necessary amendments to enable one of the other Representative Directors to convene the General Meeting of Shareholders based on the order previously set by the Board of Directors, in case the President is elected from among the Corporate Officers.
   (3) To make necessary amendments to ensure the consistency in stipulations between those prescribed in Paragraph 2, Article 25 and other provisions of the current Articles of Incorporation.

2. Details of the amendments
   Details of the amendments are as follows.

(Underlined parts indicate the amendments.)

Current Articles of Incorporation	Proposed Amendments
Article 1. – 4. (Provisions omitted)	Article 1. – 4. (Unchanged)
CHAPTER II SHARES	CHAPTER II SHARES
(Total Number of Shares Authorized to be Issued) Article 5. The total number of shares authorized to be issued by the Company shall be 2,983,550,000.	(Total Number of Shares Authorized to be Issued) Article 5. The total number of shares authorized to be issued by the Company shall be 298,355,000.
Article 6. (Provisions omitted)	Article 6. (Unchanged)
(Number of Shares Constituting One Unit) Article 7. The number of shares constituting one unit shall be 1,000.	(Number of Shares Constituting One Unit) Article 7. The number of shares constituting one unit shall be 100.
Article 8. – Article 12. (Provisions omitted)	Article 8. – Article 12. (Unchanged)
CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS	CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS
Article 13. (Provisions omitted)	Article 13. (Unchanged)

Current Articles of Incorporation	Proposed Amendments
(Person Convening) Article 14. The General Meeting of Shareholders shall, except where otherwise provided for in the law, be convened by the President and Representative Director of the Company by the resolution of the Board of Directors. Should the President and Representative Director be unable to act, one of the other Representative Directors shall act in the order previously set by the resolution of the Board of Directors.	(Person Convening) Article 14. The General Meeting of Shareholders shall, except where otherwise provided for in the law, be convened by the President and Representative Director of the Company by the resolution of the Board of Directors. Should the President and Representative Director not be elected or should the President and Representative Director be unable to act, one of the other Representative Directors shall act in the order previously set by the resolution of the Board of Directors.
Article 15. (Provisions omitted)	Article 15. (Unchanged)
(Chairman) Article 16. The President and Representative Director shall act as chairman at the General Meeting of Shareholders. Should the President and Representative Director be unable to act, one of the other Representative Directors shall act in the order previously set by the resolution of the Board of Directors.	(Chairman) Article 16. The President and Representative Director shall act as chairman at the General Meeting of Shareholders. Should the President and Representative Director not be elected or should the President and Representative Director be unable to act, one of the other Representative Directors shall act in the order previously set by the resolution of the Board of Directors.
Article 17. – Article 20. (Provisions omitted)	Article 17. – Article 20. (Unchanged)
CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS	CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS, ETC.
Article 21. – Article 24. (Provisions omitted)	Article 21. – Article 24. (Unchanged)
(Representative Directors, Officiating Directors)	(Representative Directors, Officiating Directors, etc.)
Article 25. 1. (Provisions omitted) 2. Representative Directors shall represent the Company and conduct affairs of the Company. 3. The Board of Directors may, by resolution, elect one Chairman of the Board of Directors, one Vice Chairman of the Board of Directors and one President and Representative Director.	Article 25. 1. (Unchanged) 2. Representative Directors shall represent the Company and conduct affairs of the Company. 3. The Board of Directors may, by resolution, elect one Chairman of the Board of Directors and one Vice Chairman of the Board of Directors.
(Newly established)	4. The Board of Directors may, by resolution, elect one President from among the Representative Directors or the Corporate Officers.
(Newly established)	(Corporate Officers) Article 26. The Board of Directors may, by resolution, elect Corporate Officers and delegate to them the conduct of affairs of the Company.

Current Articles of Incorporation	Proposed Amendments
Article 26. (Provisions omitted)	Article 27. (Same as Article 26. of the current Articles of Incorporation)
(Person Convening the Meeting of the Board of Directors) Article 27. Except where otherwise provided for in the law, the Chairman of the Board of Directors shall convene the Meeting of the Board of Directors and become the chairman thereof. Should the Chairman of the Board of Directors not be designated or should the Chairman be unable to act, the President and Representative Director shall act, and should the President and Representative Director be unable to act, one of the other Representative Directors shall act in the order previously set by the resolution of the Board of Directors.	(Person Convening the Meeting of the Board of Directors) Article 28. Except where otherwise provided for in the law, the Chairman of the Board of Directors shall convene the Meeting of the Board of Directors and become the chairman thereof. Should the Chairman of the Board of Directors not be elected or should the Chairman be unable to act, the President and Representative Director shall act, and should the President and Representative Director not be elected or should the President and Representative Director be unable to act, one of the other Representative Directors shall act in the order previously set by the resolution of the Board of Directors.
Article 28. – Article 51. (Provisions omitted)	Article 29. – Article 52. (Same as Article 28. – Article 51. of the current Articles of Incorporation)
(Newly established)	Supplementary Provision (Effective Date of Partial Amendments to the Articles of Incorporation) The amendments to Article 5 and Article 7 shall come into effect on October 1, 2017, the effective date of the consolidation of shares and the change of the number of shares constituting one unit pertaining to the proposal made at the 130th Ordinary General Meeting of Shareholders on June 21, 2017. This Supplementary Provision shall be deleted on such effective date.

Proposal No.4: Election of eleven Directors

The term of office of all incumbent Directors (twelve (12) Directors) will expire upon conclusion of this meeting.

The Company therefore recommends and proposes the following eleven (11) 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 18 through 27. From the following 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 FY2016
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, Special matters assigned by the President	100% (Attended all the 14 meetings)
4	Re-election Hitoshi Nagasawa	Representative Director, Senior Managing Corporate Officer Chairman of Tramp Shipping Strategy Committee	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 Hidetoshi Maruyama	Director, Senior Managing Corporate Officer Chairman of Group IT Policy Committee, Chief Information Officer, Chief Executive of Global Logistic Services Headquarters	100% (Attended all the 14 meetings)
7	Re-election Yoshiyuki Yoshida	Director, Managing Corporate Officer Chief Compliance Officer, Chief Executive of General Affairs Headquarters	100% (Attended all the 14 meetings)
8	Re-election Eiichi Takahashi	Director, Managing Corporate Officer Chief Financial Officer, Chief Executive of Management Planning Headquarters	100% (Attended all the 11 meetings)
9	Re-election Yukio Okamoto **Independent Outside Director**	Chief Outside Director	100% (Attended all the 14 meetings)
10	Re-election Yoshihiro Katayama **Independent Outside Director**	Outside Director	100% (Attended all the 11 meetings)

No.	Name of candidate	Current Positions and Responsibilities in the Company	Attendance rate of meetings of the Board of Directors held during FY2016
11	New appointment Hiroko Kuniya **Independent Outside Director**	—	—

(Note) Attendance rates of Mr. Eiichi Takahashi and Mr. Yoshihiro Katayama show their attendance rates at the meeting of the Board of Directors held since they assumed the Director's position on June 20, 2016.

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.

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.

*For procedures, please also refer to the "Rules on the Nomination Advisory Committee" on page 17.

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.

The Company has disclosed below Rules on the Nomination Advisory Committee, which were resolved at the meeting of the Board of Directors held on September 29, 2016.

(Reference)

Rules on the Nomination Advisory Committee

Article 1. Structure

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

Article 2. Convocation

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

Article 3. Chairman

The Committee Chairman shall preside over the Committee.

Article 4. Purpose

The Committee shall discuss the following matters concerning nomination according to the consultation by the President:

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

Article 5. Records

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

Constituted on October 1, 2016

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 FY2016
1	Re-election Yasumi Kudo (November 14, 1952)	April 1975 Joined the Company June 1998 General Manager, Semi-Liner Group April 2002 Corporate Officer June 2004 Managing Director and Corporate Officer April 2006 Representative Director, Senior Managing Corporate Officer April 2008 Representative Director, Executive Vice-President Corporate Officer April 2009 President, President Corporate Officer 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 (scheduled to retire on June 30, 2017) Vice-Chairman of Keidanren (Japan Business Federation)	168,168 shares
		Since assuming the position of Director of the Company in 2004, Mr. Yasumi Kudo had held positions including 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. Since 2015, he has been supervising the execution of business as Chairman of the Board of Directors, while engaging in important decision-making and pursuing the enhancement of governance. With a view to ensuring sustainable improvement of corporate value, and to appropriately supervise the Group's management, 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 FY2016
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)	127,130 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 Logistic Services Headquarters. Mr. Naito took office of the President, who takes the control of business execution in 2015, and has been seeking to strengthen the Company's competitiveness through technical strength and pursuing transparent and effective governance, while making important decisions such as split-off and integration of the container shipping business. With a view to successfully formulating the new medium-term management plan and to stabilize and enhance profitability of its business, the Company has continuously nominated him as a candidate for Director.	100% (Attended all the 14 meetings)

<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 FY2016</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Re-election

Naoya Tazawa
(October 27, 1955)</td><td>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, Special matters assigned by the President</td><td>134,673 shares</td></tr>
<tr><td>Since assuming the position of Director of the Company in 2009, Mr. Naoya Tazawa has held positions, such as Chief Executive of General Affairs Headquarters and Chief Compliance Officer. With a view to establishing a business advantage sourced from technical strength while promoting effective governance of the Group, 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 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 FY2016
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) Chairman of Tramp Shipping Strategy Committee	111,474 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. With a view to steadily expanding the stable-freight-rates business through driving the acquisition of an upstream interest in an LNG project, as well as participation in offshore business, while improving profitability of the Dry Bulk Division, 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	91,694 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. With a view to achieving an advantage in the car carrier business based on the trust from customers, while expanding the auto logistics business through strengthening its competitiveness, the Company has continuously nominated him as a candidate for Director.	100% (Attended all the 14 meetings)

<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 FY2016</td></tr>
<tr><td rowspan="2">6</td><td rowspan="2">Re-election

Hidetoshi Maruyama
(May 27, 1957)</td><td>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</td><td>56,448 shares</td></tr>
<tr><td>Since assuming the position of Director of the Company in 2013, Mr. Hidetoshi Maruyama has mainly been in charge of the global logistics business. With a view to further restructuring the terminal business and strengthening the competitiveness of the container shipping division, while driving the initiative in split-off and integration of the container shipping business as agreed in October last year, the Company continuously nominated him as a candidate for Director.</td><td>100%
(Attended all the 14 meetings)</td></tr>
<tr><td rowspan="2">7</td><td rowspan="2">Re-election

Yoshiyuki Yoshida
(May 30, 1957)</td><td>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</td><td>80,388 shares</td></tr>
<tr><td>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. With a view to enhancing effectiveness of the Board of Directors, while promoting participation of diverse human resources and enhancing the compliance system, the Company continuously nominated him as a candidate for 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 FY2016</td></tr>
<tr><td rowspan="2">8</td><td rowspan="2">Re-election

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
June 2016 Director, Managing Corporate Officer (to the present)

Chief Financial Officer, Chief Executive of Management Planning Headquarters</td><td>47,732 shares</td></tr>
<tr><td>Since assuming the position of Director of the Company in 2016, Mr. Eiichi Takahashi has mainly been in charge of planning, accounting and finance. With a view to ensuring the system of timely provision of appropriate financial information, while promoting an optimum finance strategy by being in charge of the formulation of the new medium-term management plan, the Company has continuously nominated him as a candidate for Director.</td><td>100%
(Attended all the 11 meetings)</td></tr>
</table>

(Note) Attendance rate of Mr. Eiichi Takahashi shows his attendance rate at the meetings of the Board of Directors held since he assumed the Director's position on June 20, 2016.

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 FY2016
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 April 2017 Chief 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	103,147 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)

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 FY2016
10	Re-election Independent Outside Director Yoshihiro Katayama (July 29, 1951)	April 1974 Joined Japan's Ministry of Home Affairs December 1998 Retired from the Ministry April 1999 Governor of Tottori Prefecture April 2007 Retired from governorship Professor at Keio University September 2010 Minister for Internal Affairs and Communications September 2011 Retired from the Ministry June 2016 Outside Director (to the present) March 2017 Retired as the Professor at Keio University April 2017 Professor at Graduate School of Public Management, Waseda University (to the present) <u>Significant concurrent position</u> Professor at Graduate School of Public Management, Waseda University	13,923 shares
		Mr. Yoshihiro Katayama held important positions at the Ministry of Home Affairs (currently Ministry of Internal Affairs and Communications) and served as Minister for Internal Affairs and Communications from 2010 to 2011. Mr. Katayama is providing advice on the Company's management and performing proper supervision of business execution of the Company based on his extensive knowledge, insight and personal connections gained through a wealth of his experience in the bureaucratic, political and academic circles and from a highly independent position. Accordingly, the Company continuously nominated him as a candidate for Outside Director.	100% (Attended all the 11 meetings)

(Note) Attendance rate of Mr. Yoshihiro Katayama shows his attendance rate at the meetings of the Board of Directors held since he assumed the Director's position on June 20, 2016.

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 FY2016
11	New appointment Independent Outside Director Hiroko Kuniya (February 3, 1957)	April 1981 Announcer and writer for English-language broadcasts of NHK, Nippon Hoso Kyokai (Japan Broadcasting Corporation)'s General TV "Seven O'clock News" Researcher of "NHK Special" July 1987 Newscaster of NHK's satellite broadcasting "World News" April 1993 Newscaster of NHK's General TV "Today's Close-Up" April 2016 Trustee of Tokyo University of the Arts (part-time) (to the present) <u>Significant concurrent position</u> Trustee of Tokyo University of the Arts (part-time)	0 shares
		The Company believes that Ms. Hiroko Kuniya can provide advice to the Company's management and contribute to proper supervision of business execution of the Company based on her long-standing career as a newscaster, raising public awareness of a range of topics including politics, economy, international relations and social issues, and capitalizing on a wealth of experience and superior insight from a multilateral perspective and a highly independent position. Accordingly, the Company has newly nominated her as a candidate for Outside Director.	—

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

2. Mr. Yukio Okamoto, Mr. Yoshihiro Katayama and Ms. Hiroko Kuniya 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 & Supervisory Board Members." The Company believes that Mr. Okamoto, Mr. Katayama and Ms. Kuniya 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 & Supervisory Board Members," please see page 15 and page 16).

3. Actions for damages (class action lawsuits) have been filed in the U.S. and other regions against NYK and specific overseas subsidiaries, with respect to a series of infringements of antitrust laws in connection with maritime car transportation service in or before September 2012, and NYK is also under investigation by the European and other authorities. Prior to the Company being investigated for the conduct, Mr. Yukio Okamoto was not aware of such conduct. As well as having made statements on compliance with laws and regulations previously, Mr. Okamoto has been expressing his 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 will have served as Outside Director of the Company for nine years at the conclusion of this meeting. Mr. Yoshihiro Katayama will have served as Outside Director of the Company for a year 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 current Articles of Incorporation established under Article 427, Paragraph 1 of the Companies Act setting forth that the liability under Article 423, Paragraph 1 of the same Law shall be the liability limit of ¥20 million or the liability limit stipulated by law, whichever is greater, as long as the 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, Mr. Yoshihiro Katayama and Ms. Hiroko Kuniya is approved, the Company will have the liability limitation agreement with each of them.

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

The term of office of Audit & Supervisory Board Member Mr. Hiroshi Sugiura 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 Hiroshi Hiramatsu (February 20, 1956)	April 1978 Joined the Company April 2004 General Manager of Corporate Planning Group April 2006 Corporate Officer April 2008 Managing Corporate Officer June 2009 Director, Managing Corporate Officer April 2013 Director June 2013 Retired from the above mentioned position June 2013 Director, Managing Executive Officer of NS UNITED KAIUN KAISHA, LTD. June 2015 Director, Senior Managing Executive Officer of NS UNITED KAIUN KAISHA, LTD. (to the present) Significant concurrent positions Director, Senior Managing Executive Officer of NS UNITED KAIUN KAISHA, LTD. (Scheduled to retire at the conclusion of the 91st Ordinary General Meeting of Shareholders of the NS UNITED KAIUN KAISHA, LTD., to be held on June 28, 2017.) From 2009 to 2013, Mr. Hiroshi Hiramatsu served as a Director of the Company and has mainly been in charge of finance and accounting-related divisions. From 2013 to 2017, he has been engaged in the management of NS UNITED KAIUN KAISHA, LTD. as its Director. The Company believes that Mr. Hiramatsu can contribute to appropriate audits on the Company's business execution, capitalizing on a wealth of business experience at the Company and expertise on corporate management, especially in finance and accounting. Accordingly, the Company has newly nominated him as a candidate for Audit & Supervisory Board Member.	62,000 shares

Notes: 1. No transactions or special interests exist between the Company and Mr. Hiroshi Hiramatsu. Mr. Hiramatsu is scheduled to retire from the post of Director and Senior Managing Executive Officer of NS UNITED KAIUN KAISHA, LTD., at the conclusion of its 91st Ordinary General Meeting of Shareholders to be held on June 28, 2017.

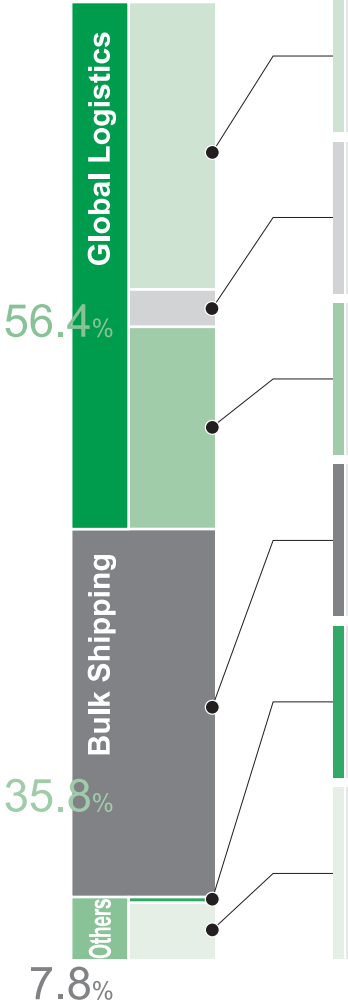
2. The Company has established the provisions in the Articles of Incorporation to the effect that it may enter into a liability limitation agreement with each of Audit & Supervisory Board Members, and has actually entered into the liability limitation agreement with each of Outside Audit & Supervisory Board Members as stipulated in Article 43 of the current Articles of Incorporation established under Article 427, Paragraph 1 of the Companies Act setting forth that the liability under Article 423, Paragraph 1 of the same Law shall be the liability limit of ¥20 million or the liability limit stipulated by law, whichever is greater, as long as the 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. Hiroshi Hiramatsu is approved, the Company will enter into the similar liability limitation agreement with him.

Business segment results

(In 100 millions of yen)

Ratio of consolidated revenues (current term)



		The 127th term FY2013	The 128th term FY2014	The 129th term FY2015	The 130th term (current term) FY2016
Liner Trade 29.3%	Revenues	6,174	6,963	7,063	**5,859**
	Recurring profit (loss)	(7)	98	(3)	**(127)**
Air Cargo Transportation 4.1%	Revenues	888	991	911	**819**
	Recurring profit (loss)	(73)	6	15	**26**
Logistics 23.0%	Revenues	4,315	4,869	4,965	**4,613**
	Recurring profit (loss)	65	107	118	**76**
Bulk Shipping 35.8%	Revenues	9,884	9,958	9,022	**7,177**
	Recurring profit (loss)	548	600	465	**(41)**
Real Estate 0.5%	Revenues	99	95	97	**94**
	Recurring profit (loss)	38	32	33	**120**
Other 7.3%	Revenues	Cruises 452 Other 1,927	2,195	1,470	**1,466**
	Recurring profit (loss)	Cruises 7 Other 6	15	(0)	**(14)**

Assets by business segment

(In 100 millions of yen)

		The 127th term FY2013	The 128th term FY2014	The 129th term FY2015	The 130th term (current term) FY2016
Global Logistics	Liner Trade	4,524	4,998	4,192	**4,019**
	Air Cargo Transportation	788	562	475	**530**
	Logistics	2,379	2,743	2,503	**2,551**
Bulk Shipping		15,022	15,012	13,385	**12,693**
Others	Real Estate	538	568	635	**562**
	Other	Cruises 337 Other 5,529	4,312	2,513	**2,099**
Total		29,121	28,197	23,705	**22,457**
Adjustments		(3,609)	(2,498)	(1,257)	**(2,015)**
Consolidated		25,512	25,698	22,447	**20,441**

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 129th term. Any changes from this review are not reflected in the above stated business segment results and assets by business segment for the 127th term.
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 130th Ordinary General Meeting of Shareholders
Documents attached to the Notice of Ordinary General Meeting of Shareholders

Business Report (From April 1, 2016 to March 31, 2017)

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 steady increase in employment and strong consumer spending in the U.S. And economic conditions in Europe which was expected following Brexit did not see the deterioration. Meanwhile in China, although economic slowdown continued, key economic indicators of the manufacturing industry improved after entering the second half. In addition, economies in emerging countries showed signs of polarization. Resource prices, including fuel prices, gradually recovered. The yen exchange rate appreciated significantly before the U.S. presidential election but once again rapidly depreciated. The Japanese economy showed a moderate recovery, supported by a weaker yen since the year-end.

Even under such circumstances, shipping market conditions continued at historically low levels, and NYK recorded extraordinary losses (impairment loss, etc.) totaling ¥205.4 billion mainly in the container shipping division and the dry bulk division. As a result, the consolidated results in FY2016 were revenues of ¥1,923.8 billion (15.3% decrease over the previous year), operating loss of ¥18.0 billion, recurring profit of ¥1.0 billion (98.3% decrease over the previous year), and loss attributable to owners of parent of ¥265.7 billion, recording losses as revenue decreased compared to the previous fiscal year.

2) Overview of the Business Segments

● Global Logistics

Liner Trade

With regard to cargo volume in the container shipping division, owing to an improvement in the supply-demand environment in the latter part of the first half resulting from the impact of bankruptcy of other shipping company, market conditions showed signs of recovery on North American and European routes. In addition, the progress was made in the scrapping of vessels owing to a decline in charter rates from prolonged market stagnation. Meanwhile on routes other than North America and Europe, harsh market conditions persisted due to an oversupply resulting from the increasing size of vessels. The G6 Alliance which includes NYK promoted the improvement of efficiency of services in an effort to maintain competitiveness. We have suspended some unprofitable routes, and continued working to reduce ship costs and operating costs by introducing newly constructed large vessels with superior loading efficiency and fuel efficiency, making ship modifications and efficient ship allocation. By further pursuing the Eagle project aimed at efficient container management and gross profit maximization, and working to further reduce costs and improve gross profit, we enhanced our resilience in market conditions which are in the middle of a recovery. In addition, prompted by the growing move to enhance competitiveness by expanding the scale of operations through restructuring of the industry, in October of last year we decided to establish a new joint-venture company with Kawasaki Kisen Kaisha, Ltd. and Mitsui O.S.K. Lines, Ltd. and integrate the container shipping businesses (including worldwide terminal operating businesses excluding Japan) of all three companies, in order to operate such businesses in a stable and sustainable manner. The new joint-venture company plans to commence service in April 2018.

Domestic and overseas container terminals showed strong performance, and total handling volumes increased over the previous fiscal year partly due to new overseas investment projects.

Revenues decreased over the previous fiscal year for the liner trade segment as a whole and a loss was recorded.

Air Cargo Transportation

NIPPON CARGO AIRLINES CO., LTD. (NCA) worked to ensure efficient operations, as well as took initiatives to improve transportation quality and promptly respond to market demand. Although harsh conditions persisted in the first half due to falling freight rates and the yen appreciation, in the second half cargo volume increased both on outbound and inbound routes, and foreign exchange gains were recorded due to the cancellation of freighter aircrafts. Partly due to these factors, revenue decreased and profit increased compared to the previous fiscal year.

Logistics

With respect to the handling volume of air cargo (forwarding business), gross profit declined substantially due to soaring procurement expenses mainly for flights to or from China. The handling volume of marine transportation cargo (forwarding business) grew for both routes to and from Japan and among three countries. Logistics operations (storage in warehouses, collections of cargoes and transportation) remained sluggish due to the impact of an economic slowdown in the Southeast Asian region.

In the domestic logistics division, cargo volume of the coastal shipping business was favorable, and performance was also strong in the near seas ferry business and domestic warehouse business.

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

● Bulk Shipping

In the car transportation division, reflecting a decline in resource prices including fuel prices, the overall number of vehicles sent was lower than the previous fiscal year due to sluggish growth in transportation demand mainly in resource-rich countries. Under these circumstances, we continued to make efforts to reduce operating costs through means such as intensified implementation of slow-steaming, in addition to the scrapping and selling of owned vessels. Also, we are working to lower environmental burden through the operation of the world’s first LNG-fueled tugboat. In the automobile logistics division, our existing businesses performed well overall particularly in China and India, and we reached agreements with local companies in Kenya and Viet Nam, which are considered the next growth markets, 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 generally remained at the previous fiscal year level. Meanwhile, even though market stagnation encouraged the scrapping of bulk carriers, the completion of new vessels also continued, resulting in the failure to fully alleviate overcapacity. Nevertheless, market conditions improved compared to the previous fiscal year. 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, owing to efforts made to improve the balance between revenues and expense mainly by ballast voyage reductions through cargo combination and ship allocation optimization, performance improved.

In the liquid division, regarding Very Large Crude oil Carriers (VLCC), east/west cargo volume for petroleum products tankers stagnated as pressure on new vessel supply intensified, despite strong cargo volume. In addition, as for LPG vessels, long-distance cargo transportation from the U.S. to East Asia and other destinations decreased, leading to a deterioration in market conditions. Performance was steady for LNG vessels, supported by long-term contracts that generate stable profits, and in the offshore business, Floating production storage and offloading (FPSO), drillship and shuttle tanker operated steadily. Despite these favorable trends, performance deteriorated for the liquid division.

The bulk shipping business as a whole recorded a loss as a result of a year-on-year decrease in revenues.

● Others

Real Estate

For the real estate business, market conditions were favorable and occupancy of new rental properties was steady. In addition, as a result of recording gain deriving from its disposal of real estate trust beneficiary right and the consequential cancellation of lease contracts in the second half, revenues decreased and profit increased year-on-year.

Other Business Services

In other business services, sales of ship equipment and manufacture/analysis of chemicals showed strong performance, and new orders for marine technology services were received at oil storage bases. Meanwhile, both revenues and profit were mostly flat year-on-year due to a decrease in orders for small-sized ship repairs and profit of bunker oil. As for Asuka II Cruise, domestic cruise sales were robust on the whole, posting higher profit than the previous fiscal year, despite the effects of typhoons in the summer. Other business services overall posted loss as revenue decreased year-on-year.

For details, please refer to the “Business segment results” given on page 30.

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 has formulated a unique education program that enhances and stabilizes the quality of seafarers by using seafarer education know-how that has been cultivated over many years in an effort to develop seafarers of diverse nationalities. Particularly in the Philippines, a country that provides seafarers all over the world, we are working to develop and secure excellent seafarers who are tasked with the conduct of safe operation mainly through a management of maritime college which is approaching its 10th anniversary, and developing executive class seafarers primarily for LNG vessels and VLCCs which require advanced operation technology.

The NYK Group is actively developing technology that contributes to safe operations and conservation of the environment. With our wholly owned subsidiary MTI at the core, we are sharing data, such as data on weather and hydrographic conditions and operation data, between land and vessels, and conducting technological development aimed at optimal ship operation and research and development to monitor the condition of inboard plant and detect potential problems. In addition, we are pushing ahead with research and development utilizing big data for purposes such as improving fuel efficiency by making modifications to ships based on actual operation data.

(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, 2017 (including corporate bonds) totaled ¥945.3 billion, an increase of ¥4.8 billion from the previous fiscal year.

The total capital investment of the NYK Group, which was based principally around the bulk shipping segment, was ¥155.9 billion. In the liner trade and bulk shipping segments, we made investment of ¥50.2 billion and ¥70.4 billion respectively, primarily for vessels. Other than above, we made investment of ¥20.6 billion mainly for aircraft in the air cargo transportation segment, ¥10.4 billion for transportation equipment and logistics facilities and equipment in the logistics segment, ¥2.6 billion in the real estate segment, and ¥1.6 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 FY2016, it was a year in which market conditions for marine transportation suffered historically low levels as fuel oil prices temporarily dropped but thereafter turned upward and the yen strengthened.

In the global logistics business, we decided to integrate our container shipping businesses with those of Kawasaki Kisen Kaisha, Ltd. and Mitsui O.S.K. Lines, Ltd. with a view to providing more high-quality and competitive services in the container shipping division. Also, in the terminal business, we commenced operation of a new container terminal at Indonesia, made investment in container terminals at the U.S., and differentiated ourselves from other companies through a synergistic effect with container ships, with the aim of securing new stable revenues in the terminal business.

In the car transportation division, the world's first LNG-fueled car carrier with superior environmental performance has been taken delivery of to transform environmental issues into growth opportunities, and overseas bases were reinforced through means such as reaching agreements to establish finished vehicles logistics companies in Kenya and Viet Nam in the automobile logistics business.

In the energy transportation division, we decided to jointly own new vessels in a project in the U.S. with an eye to growing demand in the LNG transport business. In addition, in an effort to contribute to the further promotion and development of LNG fuel, we have taken delivery of the world's first LNG bunkering vessel and launched a new brand to supply and sell LNG fuel for vessels.

In the offshore business, we are expanding operations and pressing ahead with initiatives in offshore resource development which is expected to expand in the future, through operation of FPSO in Brazil and Mexico.

The stable improvement of profitability of the dry bulk carrier division is a medium-term and important issue. In order to realize a revenues and expense structure with high resilience to market conditions, we are balancing the expansion of long-term contracts and the optimal fleet size to improve profitability.

Due to rapid changes in the surrounding environment, we withdrew earnings and financial targets for the final year of the five-year medium-term management plan "More Than Shipping 2018 –Stage 2 Leveraged by Creative Solutions–" began in FY2014. However, key strategies of the medium-term management plan such as build up the stable freight rate business and promote light assets in business subject to change in the market conditions, remain unchanged and will be further pursued. In the future, we will continue taking initiatives in line with the following principal issues based on such strategy. We will formulate a new medium-term management plan during the current fiscal year.

In order to achieve a recovery in revenues of the container shipping business, the NYK Group's mainstay business, and to stabilize growth, the new joint-venture company which we will establish with Kawasaki Kisen Kaisha, Ltd. and Mitsui O.S.K. Lines, Ltd. is expected to create a synergy effect by utilizing the best practices of the three companies, and take initiatives to build a structure that can compete in the world by taking advantage of scale merit of its vessel fleet totaling 1.4 million TEU*s. In addition, for the purpose of making the logistics business, which is steadily achieving stable revenues and growing, the core of the NYK Group, we will work to quantitatively expand existing bases, including those in emerging countries, while further strengthening competitiveness by promoting services that meet customer needs.

The car transportation division has established good relationship with clients by improving its quality of operation, along with flexible reorganization and improvement of efficiency of services. In this division, we will pursue further business advantage. In addition, based on the experience of providing a wealth of solutions in finished automobile transport which combines innovative technological capabilities to conduct real-time management of movement of individual cars with on-site capabilities that pursue customer needs ahead of other companies, we will continue making efforts to expand the market in the automotive logistics business.

The LNG transport business, backed by sales capabilities based on the industry network and technological advantage in ship management and other functions, will pursue opportunities to enter

emerging markets. Along with this, focusing on the stable improvement of profitability through the accumulation of long-term contracts, we will work to continuously improve the operation of the drillship, shuttle tanker and FPSO businesses and accumulate technical knowledge in the offshore business with a view to acquiring new projects.

The NYK Group will pursue a business model to generate stable profit and enhance management efficiency through an orientation toward light asset business model in its commitment to the strategy of differentiating itself from other companies using originality and creativity on both the software and hardware fronts through the generation of creative solutions which serve as the source of its competitiveness. By doing so, the NYK Group will devote its best efforts to achieve sustainable growth over the medium to long term through the formulation of a new medium-term management plan.

(*) TEU: Twenty-foot Equivalent Unit: One 20-foot container equals one TEU

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

The NYK Group, deeming “safety,” “environment,” “governance” and “human capital” as its most vital management issues, is actively engaged in social issues (ESG) in order to fulfill its corporate social responsibilities with a global view.

At the core of the NYK Group’s business is the principle of ensuring the safe operation of its vessels, and we will further continue undertaking on-site activities to promote safety. With regard to environmental conservation, we are undertaking technical development based on our long-term vision. In order to improve fuel consumption efficiency by 15% compared to FY2010 levels by FY2018, we pursue optimal operation and are actively switching to LNG fuel as a next-generation fuel replacing heavy oil because it can reduce CO_2, SOx and NOx emissions. During the current fiscal year, the world’s first LNG-fueled car carrier and LNG bunkering vessel have been taken delivery of. As tighter environmental regulations are introduced every year, we are pushing ahead with the early installation of a ballast water management system and responses to tighter limits on low sulfur bunker oil scheduled to be implemented from 2020.

In addition, in order to improve the soundness and transparency of management, we will continue to enhance the effectiveness of a system for internal control and strengthen governance through means such as thorough implementation of compliance. Furthermore, the NYK Group is pushing ahead with creating an environment where diverse human resources can play active roles with the aim of creating workplaces that instill pride through the practice of the NYK Group Values of “Integrity, Innovation and Intensity” that support the NYK Group Mission Statement. The Group will continue to proactively disclose information concerning such initiatives and enhance such disclosure, as well as make efforts to create good relationships with all stakeholders and to improve service quality.

3) 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 on the series of infringements of the antitrust laws in connection with maritime car transportation service committed in or before September 2012, we have held regular meetings of a Committee for ensuring adherence to antitrust law, etc. 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 127th term FY2013	The 128th term FY2014	The 129th term FY2015	The 130th term (current term) FY2016
Revenues	2,237,239	2,401,820	2,272,315	1,923,881
Recurring profit	58,424	84,010	60,058	1,039
Profit (loss) attributable to owners of parent	33,049	47,591	18,238	(265,744)
Profit (loss) per share	19.48 (yen)	28.06 (yen)	10.75 (yen)	(157.23) (yen)
Total Assets	2,551,236	2,569,828	2,244,772	2,044,183
Equity	773,899	880,923	844,269	591,936
Equity per share	424.67 (yen)	477.79 (yen)	456.21 (yen)	309.80 (yen)

Notes: 1. Profit per share is calculated on the basis of the average number of shares outstanding in each fiscal year, and equity per share is calculated on the basis of the total number of shares outstanding at each term end. In addition, the total number of issued shares excludes the number of treasury stock.
2. From the fiscal year under review, Board Incentive Plan Trust was introduced, and the Company shares held by said Trust are recorded as treasury stock in Consolidated Financial Statements. Accordingly, the Company shares held by the said Trust are included in shares of treasury stock to be excluded from the average number of shares outstanding in each fiscal year and the total number of shares outstanding at each term end.

The 127th fiscal year

Although cargo volume increased overall for container vessels, 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 vessels, 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

For container vessels, market conditions deteriorated significantly because of the widened supply-demand imbalance resulting from a decline in cargo demand mainly on European routes, in addition to strong supply pressure stemming from newly completed and delivered large vessels. Although progress was made in the scrapping of dry bulker carriers, overcapacity was not fully alleviated because of the continued completion of new vessels. As such, market conditions slumped to record low levels, and as a result, impairment loss, etc. was recorded. Tanker market conditions and transport volume of finished automobiles were steady, and the air cargo transportation business and the logistics business showed an increase in profits, however, profits decreased for each profit/loss figure.

The 130th fiscal year (current term)

Conditions in the current fiscal year are described in the preceding “Business Progress and Results” (on

page 32-34).
Regarding assets and profit and loss of each segment, please refer to the aforementioned “Business segment results” (page 30) and “Assets by business segment” (page 31).

2) Unconsolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 127th term FY2013	The 128th term FY2014	The 129th term FY2015	The 130th term (current term) FY2016
Revenues	1,168,438	1,264,761	1,201,339	947,758
Recurring profit (loss)	37,558	73,530	47,419	(34,091)
Profit (loss)	13,380	12,565	2,974	(266,930)
Profit (loss) per share	7.89 (yen)	7.41 (yen)	1.75 (yen)	(157.93) (yen)
Total Assets	1,655,372	1,525,359	1,366,544	1,331,044
Equity	471,569	478,862	458,825	203,618
Equity per share	278.03 (yen)	282.35 (yen)	270.55 (yen)	120.73 (yen)

Notes: 1 Profit per share is calculated on the basis of the average number of shares outstanding in each fiscal year, and equity per share is calculated on the basis of the total number of shares outstanding at each term end. In addition, the total number of issued shares excludes the number of treasury stock.

2. From the fiscal year under review, Board Incentive Plan Trust was introduced, and the Company shares held by the said Trust are recorded as treasury stock in Unconsolidated Financial Statements. Accordingly, the Company shares held by the said Trust are included in shares of treasury stock to be excluded from the average number of shares outstanding in each fiscal year and the total number of shares outstanding at each term end.

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 recorded 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 recorded for each profit/loss figure.

The 129th fiscal year

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, etc. was recorded mainly for dry bulk carriers. As a result, each profit/loss figure was down year-on-year.

The 130th fiscal year (current term)

Market conditions for marine transportation fell to historically low levels, and considerable amount of impairment loss, etc. was recorded. Although container vessels and dry bulker carriers have been on a gradual recovery trend since the second half, transportation demand for finished automobiles struggled to grow due to a deterioration in the economic conditions of oil-producing countries resulting from slumping resource prices, and tanker market conditions also weakened. As a result, losses were recorded for each profit/loss figure.

(5) Principal Business of the Consolidated (as of March 31, 2017)

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, 2017)

1) NYK

Category	Location
Head Office	Yusen Bldg., 3-2, Marunouchi 2 Chome, Chiyoda-ku, Tokyo
Branch Offices	Yokohama Branch Office (Yokohama City), Nagoya Branch Office (Nagoya City), Kansai Branch Office (Kobe City) and Kyushu Branch Office (Fukuoka City)
Overseas resident and representative offices	Johannesburg, Dubai, Doha, Jedda, 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, 2017)

Business Segments	Type of vessel	Segment	Number of vessels	K/T (dwt)
Liner Trade	Container ships	Owned	27	1,791,275
		Chartered	70	4,306,145
		Total	97	6,097,420
Bulk Shipping	Bulk carriers (Capesize)	Owned	27	5,252,326
		Chartered	72	14,317,743
		Total	99	19,570,069
	Bulk carriers (Panamax)	Owned	39	3,489,620
		Chartered	57	4,689,395
		Total	96	8,179,015
	Bulk carriers (Handysize)	Owned	56	2,623,783
		Chartered	121	5,633,791
		Total	177	8,257,574
	Wood Chip carriers	Owned	9	460,331
		Chartered	34	1,861,002
		Total	43	2,321,333
	Car carriers	Owned	31	537,004
		Chartered	80	1,473,633
		Total	111	2,010,637
	Tankers	Owned	42	7,673,821
		Chartered	21	2,406,525
		Total	63	10,080,345
	LNG carriers	Owned	26	1,948,470
		Chartered	3	228,211
		Total	29	2,176,681
	Multi-purpose carriers	Owned	21	393,787
		Chartered	20	294,737
		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	280	24,185,415
		Chartered	478	35,211,181
		Total	758	59,396,596

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 70.

(8) Employees (as of March 31, 2017)

1) Employees of the Consolidated

Segment		Number of employees (persons)	Year-on-year change (persons)
Global Logistics	Liner Trade	6,767	68
	Air Cargo Transportation	760	30
	Logistics	23,641	1,397
Bulk Shipping		2,775	159
Others	Real Estate	66	(2)
	Other	1,521	(15)
Company-wide (common)		405	22
Total		35,935	1,659

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	870	20
[maritime crew on land duty out of above]	[(106)]	[(5)]
Maritime crew on sea duty	289	8
Total	1,159	28

Note: The number of employees includes 61 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, 2017)

Lender	Outstanding Balance (Millions of yen)
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.	93,957
MEIJI YASUDA LIFE INSURANCE CO.	63,566
NIPPON LIFE INSURANCE CO.	53,025
DEVELOPMENT BANK OF JAPAN INC.	37,016
MITSUBISHI UFJ TRUST AND BANKING CORPORATION	34,413
SUMITOMO MITSUI BANKING CO.	32,708
THE NORINCHUKIN BANK	30,845
THE YAMAGUCHI BANK, LTD.	20,194
CHIBA BANK, LTD.	17,978
SUMITOMO MITSUI TRUST BANK, LIMITED	16,624

Note: In addition to the above, the Company has a total of ¥20,000 million loans from a syndicate of banks led by The Bank of Tokyo-Mitsubishi UFJ, Ltd., but these loans are not included in the outstanding borrowings from each of the banks.

(10) Status of Major Business Combination (as of March 31, 2017)

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 552 consolidated subsidiaries and 200 equity-method companies as of March 31, 2017.

For changes and results of business combinations, see the preceding "Business Progress and Results" (on page 32-34) and "Financial Position and Results of Operation" (on page 37-38).

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 ship
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$19.263 million	100.00	Controlling subsidiaries engaged in marine transportation and global logistics businesses, etc. in South Asian area and Oceanian area
ADAGIO MARITIMA S.A. and 309 other vessel owning companies	US$75.319 million, (total of 154 companies) ¥14,210 million (total of 156 companies)	100.00 (all companies)	Vessel owning and chartering

Notes: 1. Percentage of voting rights includes indirect holdings.
2. ADAGIO MARITIMA S.A. and 309 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

Actions for damages (class action lawsuits) have been filed in the U.S. and other regions against NYK and specific overseas subsidiaries with respect to the series of infringements of antitrust laws in connection with maritime car transportation service committed in or before September 2012, and NYK is also under investigation by the European and other authorities. In anticipation of fines to European authorities and penalties to Australian authorities at present, a reasonably estimable amount of the possible loss, approximately ¥19.5 billion, was recorded as an extraordinary loss of "Anti-monopoly related allowance" for the current fiscal year.

In either case, the accounting procedure anticipates some action, etc. to be taken by the authorities in or after the next fiscal year with respect to the series of infringements committed in or before September 2012. We deeply apologize for causing concerns to our shareholders over a long period.

2. Status of Shares (as of March 31, 2017)

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

(2) Number of shares issued 1,695,851,370 shares

Note: The number of shares issued excludes 4,699,618 shares of treasury stock.

(3) Number of shareholders 126,807 persons
(decreased by 2,647 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)	125,252	7.39
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	96,901	5.71
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 9)	48,683	2.87
MITSUBISHI HEAVY INDUSTRIES, LTD.	41,038	2.42
MEIJI YASUDA LIFE INSURANCE CO.	34,473	2.03
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 5)	31,039	1.83
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	28,945	1.71
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 7)	23,275	1.37
STATE STREET BANK WEST CLIENT - TREATY 505234	23,110	1.36
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 1)	23,106	1.36

Note: Ratio of shareholding was calculated excluding total treasury stock of 4,699,618 shares. The Company shares held by Board Incentive Plan Trust (9,319,000 shares) are not included in treasury stock.

(5) Treasury Stock

Treasury shares held as of the end of the preceding term		Common Stock	4,639,539 (shares)
Shares purchased in the current term			
	Less-than-One-Unit Share Purchased	Common Stock	70,320 (shares)
		Total price of acquisition	14,758,499 (yen)
Shares disposed in the current term			
	Less-than-One-Unit Share Sold	Common Stock	10,241 (shares)
		Total price of disposition	2,216,461 (yen)
Shares lapsed in the current term			None
Treasury shares held as of the end of the fiscal term		Common Stock	4,699,618 (shares)

Note: The Company shares held by Board Incentive Plan Trust (9,319,000 shares) are not included in treasury shares purchased in the current term.

3. Executives of NYK

(1) Directors and Audit & Supervisory Board Members (incumbents from June 21, 2016 to March 31, 2017)

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 (scheduled to retire on June 30, 2017), 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, In charge of General Affairs Headquarters
Hitoshi Nagasawa	Representative Director, Senior Managing Corporate Officer	Chief Executive of Energy Division
Koichi Chikaraishi	Representative Director, Senior Managing Corporate Officer	Chief Executive of Automotive Transportation Headquarters
Masahiro Samitsu	Director, Senior Managing Corporate Officer	Chief Executive of Dry Bulk Division
Hidetoshi Maruyama	Director, Senior Managing Corporate Officer	Chairman of Group IT Policy Committee, Chief Information Officer, Chief Executive of Global Logistics Headquarters
Yoshiyuki Yoshida	Director, Managing Corporate Officer	Chief Compliance Officer, Chief Executive of General Affairs Headquarters
Eiichi Takahashi	Director, Managing Corporate Officer	Chief Financial Officer, Chief Executive of Management Planning Headquarters
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. (scheduled to retire on June 19, 2017), Outside Director of BRIDGESTONE CORPORATION, Corporate Auditor (part-time) of INCORPORATED ADMINISTRATIVE AGENCY, NIPPON EXPORT AND INVESTMENT INSURANCE (retired as of March 31, 2017)
Yoshihiro Katayama	Outside Director (part-time, Independent Director)	Professor at Keio University (retired as of March 31, 2017), Professor at Graduate School of Public Management, Waseda University (appointed on April 1, 2017)
Hiroshi Sugiura	Audit & Supervisory Board Member (full-time)	

Name	Position, responsibilities and significant concurrent positions	
Yoko Wasaki	Audit & Supervisory Board Member (full-time)	
Toshio Mita	Outside Audit & Supervisory Board Member (part-time, Independent Auditor)	Advisor of CHUBU ELECTRIC POWER COMPANY, INCORPORATED, Outside Director of IBIDEN CO., LTD. (scheduled to be appointed on June 16, 2017)
Hirohide Yamaguchi	Outside Audit & Supervisory Board Member (part-time, Independent Auditor)	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.

Notes:
1. Of Directors, Mr. Yukio Okamoto, Ms. Yuri Okina and Mr. Yoshihiro Katayama are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Of Audit & Supervisory Board Members, Messrs. Toshio Mita and Hirohide Yamaguchi 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 Outside Audit & Supervisory Board Members, the Company has business relations with MITSUBISHI MATERIALS CORP. such as coal transport transactions, with BRIDGESTONE CORPORATION such as tire transport transactions and with Komatsu Ltd. such as construction machinery 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 (non-executive Director)	Kenji Mizushima (retired due to expiration of the term of office on June 20, 2016)
Director, Managing Corporate Officer	Hitoshi Oshika (retired due to expiration of the term of office on June 20, 2016)
Director, Managing Corporate Officer	Kazuo Ogasawara (retired due to expiration of the term of office on June 20, 2016)
Outside Audit & Supervisory Board Member (part-time, Independent Auditor)	Mitsuoki Kikuchi (retired due to expiration of the term of office on June 20, 2016)

<New appointment>

Director, Managing Corporate Officer	Eiichi Takahashi (appointed on June 20, 2016)
Outside Director (part-time, Independent Auditor)	Yoshihiro Katayama (appointed on June 20, 2016)
Outside Audit & Supervisory Board Member (part-time, Independent Auditor)	Hirohide Yamaguchi (appointed on June 20, 2016)

6. As of April 1, 2017, an Executive Corporate Officer who also serves as Director is relocated as follows:

<As of March 31, 2017>		<After relocation>
Director, Senior Managing Corporate Officer	Masahiro Samitsu	Director (non-executive Director)

7. The Company filed Mr. Yukio Okamoto, Ms. Yuri Okina, Mr. Yoshihiro Katayama, Mr. Toshio Mita and Mr. Hirohide Yamaguchi as its Independent Directors/Auditors with Tokyo and Nagoya stock exchanges. Listed companies are required to secure the Independent Directors/Auditors who play roles in safeguarding general investors.

(2) Corporate Officers (For reference) (as of April 1, 2017)

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	Hidetoshi Maruyama
Director, Managing Corporate Officer	Yoshiyuki Yoshida
	Eiichi Takahashi
Managing Corporate Officer	Hitoshi Oshika
	Kazuo Ogasawara
	Hiroyuki Okamoto
	Tomoyuki Koyama
	Akira Kono
Corporate Officer	Takuji Nakai
	Svein Steimler
	Jeremy Nixon
	Hiroki Harada
	Noriko Miyamoto
	Takaya Soga
	Kobune Goto
	Motoyuki Nose
	Koji Kondo
	Koichi Uragami
	Shohei Yamamoto
	Yutaka Higurashi
	*Tomoo Kitayama

Position	Name
	*Nobuhiro Kashima
	*Toru Kamiyama
	*Hemant Pathania

Notes: 1. Corporate Officers retired as of March 31, 2017 are as follows:
Masahiro Samitsu, Koichi Akamine, Yasuo Tanaka, Yuji Isoda, Keiji Tsuchiya and Toshiyuki Kimura
2. The asterisks (*) indicate newly appointed Corporate Officers on April 1, 2017.
3. Mr. Toru Kamiyama concurrently serves as Senior 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	Fixed remuneration	Performance-based remuneration		Total amount
		Basic remuneration	Bonus	Stock remuneration	
Directors [Outside Directors out of above]	15 [3]	¥521 million [¥52 million]	-	¥134 million [-]	¥656 million [¥52 million]
Audit & Supervisory Board Members [Outside Audit & Supervisory Board Members out of above]	5 [3]	¥105 million [¥27 million]	-	- [-]	¥105 million [¥27 million]
Total [Outside Directors/Audit & Supervisory Board Members out of above]	20 [6]	¥627 million [¥79 million]	-	¥134 million [-]	¥762 million [¥79 million]

Notes:
1. The amount of basic remuneration paid to Directors includes the amount paid to three Directors who retired during this fiscal year.
2. The amount of basic remuneration paid to Audit & Supervisory Board Members includes the amount paid to one Audit & Supervisory Board Member who retired during this fiscal year.
3. For the six 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.
5. The stock remuneration is the provision for stock payment during this fiscal year based on the performance-based stock remuneration plan introduced by the resolution of the Shareholders' Meeting of the previous fiscal year.

(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 & Supervisory Board Members and Corporate Officers by the resolution of the Board of Directors 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.

(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 June 24, 2008)	Attended all the 14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate), and when necessary made statements mainly based on his extensive knowledge and insight as an expert of international affairs. Served as member of the Nomination Advisory Committee and the Compensation Advisory Committee.
Independent Outside Director (Part-time) Yuri Okina (Appointed on June 24, 2008)	Attended all the 14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate), and when necessary made statements mainly based on her extensive knowledge and insight as an expert of economic and financial issues. Served as member of the Nomination Advisory Committee and the Compensation Advisory Committee.
Independent Outside Director (Part-time) Yoshihiro Katayama (Appointed on June 20, 2016)	Attended all the 11 meetings of the Board of Directors to be attended 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 bureaucratic, political and academic issues. Served as member of the Nomination Advisory Committee and the Compensation Advisory Committee.
Independent Outside Audit & Supervisory Board Member (Part-time) Toshio Mita (Appointed on June 23, 2015)	Attended 13 out of 14 meetings of the Board of Directors held during this fiscal year (93% of attendance rate) and all the 15 meetings of the Audit & Supervisory Board (100% of attendance rate), and when necessary made statements mainly from his considerable experience in corporate management, etc.
Independent Outside Audit & Supervisory Board Member (Part-time) Hirohide Yamaguchi (Appointed on June 20, 2016)	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 11 meetings of the Audit & Supervisory Board (100% of attendance rate), and when necessary made statements mainly from his considerable experience in financial and economic fields.

Actions for damages (class action lawsuits) have been filed in the U.S. and other regions against NYK and specific overseas subsidiaries with respect to the series of infringements of antitrust laws in connection with maritime car transportation services for cars and trucks committed in or before September 2012, and NYK is also under investigation by the European and other authorities. Prior to the Company being investigated for the conduct subject to the plea-agreement, Mr. Yukio Okamoto and Ms. Yuri Okina were not aware of such conduct. As well as having made statements on compliance with laws and regulations previously, Mr. Yukio Okamoto and Ms. Yuri Okina as well as Mr. Yoshihiro Katayama, Mr. Toshio Mita and Mr. Hirohide Yamaguchi have been expressing their opinions for the purpose of eradicating violations of antitrust laws including overseas competition laws, and preventing the recurrence of such incidents, at the meetings of the Board of Directors, a Committee for ensuring adherence to antitrust law and other such meetings.

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

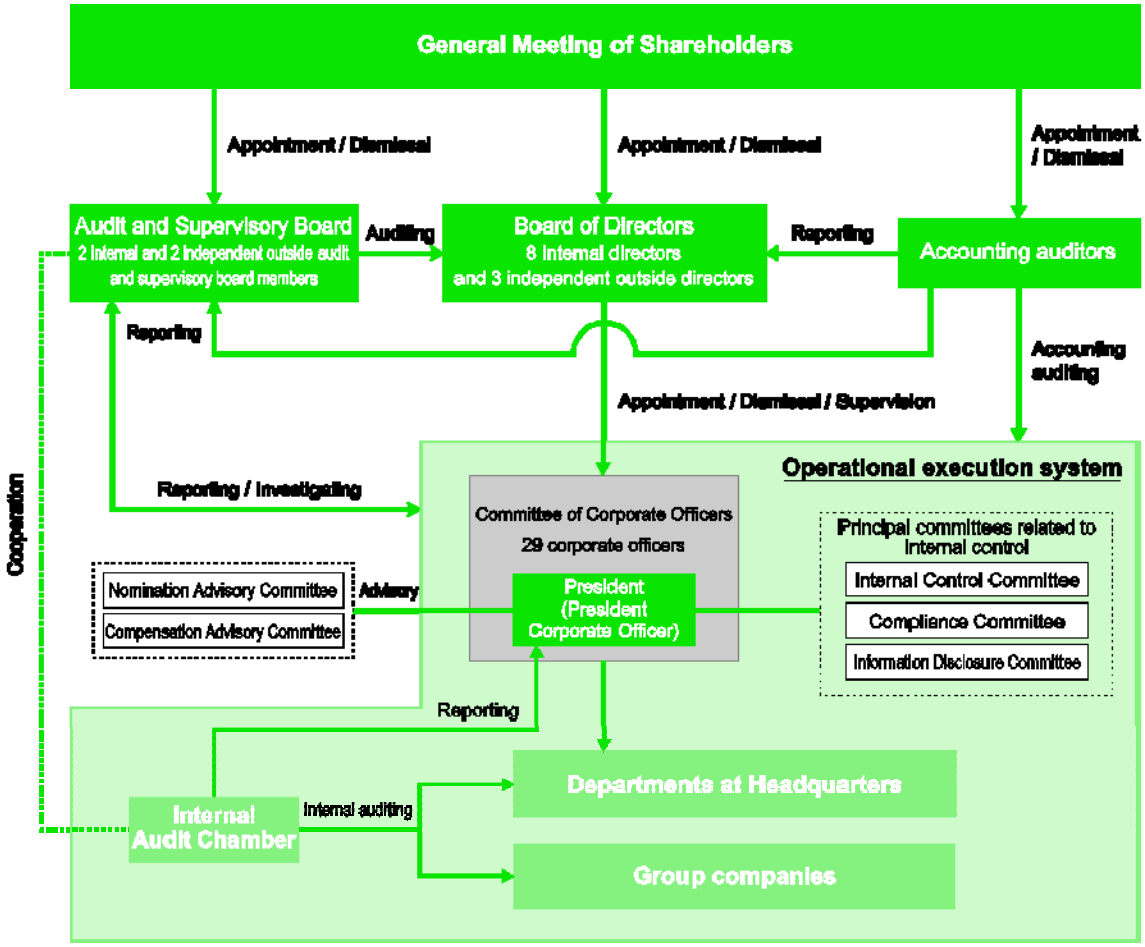
The Company has signed agreements with each non-executive Director and Audit & Supervisory Board Member respectively limiting their liability for damages in terms of Article 423, Paragraph 1 of the Companies Act, according to Articles 33 and 43 of the Articles of Incorporation stipulated in accordance 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.

(Reference) Initiatives etc. concerning Corporate Governance

Organizational format	Company with Audit & Supervisory Board		
Number of Directors	13 as of June 2015 (of whom 2 are independent outside directors)	12 as of June 2016 (of whom 3 are independent outside directors)	11 (candidates) as of June 2017 (scheduled) (of whom 3 are independent outside directors)
Number of Audit & Supervisory Board Members	4 (of whom 2 are independent Outside Audit & Supervisory Board Members) *Scheduled number for June 2017		
Term of office for Director	1 year		
Employment of Corporate Officer system	Yes (Committee of Corporate Officers)		
Organization supporting decision-making of the Board of Directors	Committee of Corporate Officers		
Incentives for Directors to improve medium-term corporate value	Introduced a new performance-based stock remuneration plan for directors and corporate officers of the Company (excluding outside directors, and corporate officers who are non-residents in Japan and foreign nationals or directors of listed subsidiary companies), wherein the Company shares shall be delivered to the directors and corporate officers of the Company based on the degree of achievement of the medium-term management plan and initial consolidated financial forecast and in comparison with the previous fiscal year, etc. (Resolution of Ordinary General Meeting of Shareholders of June 2016)		

2002	・ Introduced Committee of Corporate Officers to strengthen operational execution system
2006	・ Established advisory board to heighten transparency of business management
2008	・ Abolished advisory board, appointed two outside directors ・ Shortened term of office of directors from two years to one year to clarify management responsibility of directors and build a system that expedites responses to changes in business conditions
2010	・ Filed notification of Independent Directors/Audit & Supervisory Board Members as stipulated by stock exchanges in Japan for all four Outside Directors/Outside Audit & Supervisory Board Members
2015	・ Preparation and maintenance of Guidelines, etc. related to Corporate Governance (Corporate Governance Guidelines; Our Views on Size, Balance and Diversity of the Board of Directors; Policies and Procedures for the Appointment and Nomination of Directors, Audit & Supervisory Board Members and Corporate Officers; Independence Criteria for Recommendation of Candidates for Outside Directors and Outside Audit & Supervisory Board Members; and Policies and Procedures for Determining Compensation for Directors, Audit & Supervisory Board Members and Corporate Officers)
2016	・ Conducted a non-anonymous self-evaluation survey on all directors including Outside Directors and Audit & Supervisory Board Members regarding the effectiveness of the meetings of the Board of Directors, and based on the results thereof, revised (including organization, etc. of matters to be reported) standards for submitting proposals to pursue effective operation of the meetings of the Board of Directors and implemented concrete measures, such as delegation of authority to Committee of Corporate Officers ・ Three outside directors (increase of one), 12 directors in total (decrease of one)

	・ Introduced a performance-based stock remuneration plan for directors and corporate officers of the Company (excluding outside directors and some corporate officers of the Company) ・ Establishment of the Nomination Advisory Committee and the Compensation Advisory Committee
2017	・ Established position of Chief Outside Director ・ Scheduled to conduct a non-anonymous self-evaluation survey on all directors and Audit & Supervisory Board Members regarding the effectiveness of the meetings of the Board of Directors, and based on the results thereof, organize, etc. matters to be reported to carry out effective operation of the meetings of the Board of Directors as well as implement measures to further stimulate discussions ・ 11 directors in total (decrease of one, scheduled for June)



(Note): The number of Directors and Audit and Supervisory Board Members is the scheduled number after this Ordinary General Meeting of Shareholders.

Evaluation of effectiveness of the meetings of the Board of Directors

Since 2016, in order to further enhance the effectiveness of the meetings of the Board of Directors, the Company has conducted a non-anonymous self-evaluation survey on all Directors and all Audit & Supervisory Board Members regarding the effectiveness of the meetings of the Board of Directors for the previous fiscal year.

Based on the results of such survey, in the current fiscal year, we implemented concrete measures, such as organizing the matters to be reported, reviewing the standards for submitting proposals, and delegating authority to Committee of Corporate Officers, in order to appropriately secure time for discussions at the meetings of the Board of Directors, in addition to establishing a voluntary Nomination Advisory Committee and Compensation Advisory Committee as advisory committees of the President for the purpose of further enhancing the governance function of the Board of Directors. Furthermore, we are making efforts to enhance the effectiveness of the meetings of the Board of Directors through initiatives such as holding meetings to provide opportunities for preliminary explanations regarding important matters to Outside Directors and Outside Audit & Supervisory Board Members, and a forum for providing information and exchanging opinions among directors, including Outside Directors and Outside Audit & Supervisory Board Members.

Status of Stock Acquisition Rights, etc. (as of March 31, 2017)

Not applicable.

As of November 10, 2016, the Company redeemed the entire amount of the Euro Yen Contingent Conversion Zero Coupon Convertible Bonds with Acquisition Rights due 2026. The exercise period of the stock acquisition rights of the said bond expired November 7, 2016.

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	¥296 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.

Matters on Establishment of 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 30, 2017, the Company adopted a new resolution with respect to establishment of structures to ensure proper execution of business operations based on the provisions 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 its 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 at the meeting of the 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 meeting of Committee of Corporate Officers and of the Board of Directors. - We establish the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory bodies of the President. - 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 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 Nomination Advisory Committee discussed (1) matters relating to appointment and dismissal of Directors; (2) matters relating to appointment, dismissal and successor plan of the President; (3) matters relating to appointment and dismissal of Representative Directors; (4) matters relating to the independence criteria for Independent Outside Directors and Independent Outside Audit & Supervisory Board Member; and (5) matters relating to appointment and dismissal of Corporate Officers; and the Compensation Advisory Committee discussed (1) matters relating to policies and procedures for compensation for Directors and Corporate Officers and

	(2) matters relating to the content of compensation for Directors and Corporate Officers. - The President has made a pronouncement concerning thorough compliance with antitrust laws; Committees for ensuring adherence to antitrust law etc. are held twice a year; 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 were conducted within the Group through the preparation of manuals and the implementation of training (e.g. interviews and E-learning etc.); 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 executive directors/corporate officers and employees engaged in the relevant businesses were obtained. - Directors, etc. and employees were familiarized with the basic policy and guidelines on the prohibition of bribery, and related in-house rules were established. - In order to address the rising risk of becoming involved in bribery as a result of expanding overseas businesses, we have established regulations prohibiting the bribery of foreign government officials at the time of founding new companies and new businesses. In addition, we have established and are managing a due diligence system for the prevention of bribery from a risk management perspective. - We are revising the Code of Conduct, as necessary, and are distributing booklets and guidebooks on the revised code to Directors, etc., and employees, etc. We held 66 briefings for Directors, etc., and employees, etc., to have them sign an oath of compliance with the NYK Code of Conduct. - 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 at the meeting of the 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 at the meeting of the 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. - In terms of the protection of personal information, we will establish a privacy policy, as well as rules on the protection of personal information and handling rules of personal information. In terms of handling and management of the My Number, we will establish an administrative manual on specific personal information. - We will establish basic plans and implementation guidelines for plan for ensuring business continuity, which will enable business continuity even in the event of a large-scale natural disaster, etc.

	(Summary of Implementation Status) - The meeting regarding the selection of significant risks was held twice during the fiscal year under review. In addition, we conducted periodic evaluations on safe vessel operations and protection of the environment, and practiced thorough risk management through the Safety and Environmental Management Committee chaired by the President. - The My Number is being handled and managed in accordance with the administrative manual on specific personal information. - 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 conducts drills twice a year basically.
(4) Structure to ensure the effective execution of duties of Directors	**(Outlines of Resolutions at the meeting of the 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) - A questionnaire on effectiveness of the meetings of the Board of Directors was conducted on all Directors and Audit & Supervisory Board Members, and based on the results thereof, matters to be resolved at the meetings of the Board of Directors were revised and matters to be reported were sorted out. - At the weekly meetings of Committee of Corporate Officers, matters to be resolved at the meetings of the Board of Directors are discussed in advance and matters delegated to 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 at the meeting of the Board of Directors)** - The Company has formulated its Mission Statement and Business Credo that apply to the NYK Group as a whole. - The Company instructs the Group on the establishment of the internal control system. - 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. - With the aim of strengthening the competitiveness of each Group company, including its internal controls, and increasing the collective corporate value of the Group as a whole, the Company revises the promotion framework for Group management and makes efforts to increase the effectiveness of the internal controls of the Group as a whole. - 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 10 times during the fiscal year under review, efforts were made to establish a compliance framework that embraces anti-bribery laws as well as antitrust laws. - Compliance with various laws and regulations, corporate ethics and social norms are being thoroughly familiarized to the NYK Group as a whole through seminars, transmission of compliance information and other activities. - The Group Management Committee was held 4 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 27 domestic Group companies and 68 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 at the meeting of the 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), 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 at the meeting of the 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 at the meeting of the 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 meetings of Committee of Corporate Officers, the Compliance Committee, the Internal Control Committee, the meetings 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 meetings of the Board of Directors and of 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 at the meeting of the 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 at the meeting of the 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 at the meeting of the Board of Directors)** - The elimination of ties with antisocial forces is considered an important compliance matter and an internal reporting system and response flow are established to sever any ties therewith, in addition to setting up a consultation counter for responding to antisocial forces.
	(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, 2017)

(In millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	575,347	Current liabilities	457,938
Cash and deposits	143,180	Notes and operating accounts payable-trade	196,317
Notes and operating accounts receivable-trade	249,094	Short-term loans payable	102,842
		Income taxes payable	8,099
Inventories	39,689	Deferred tax liabilities	3,668
		Advances received	38,894
Deferred and prepaid expenses	61,882	Provision for bonuses	9,359
		Provision for directors' bonuses	384
Deferred tax assets	2,460	Provision for losses related to antitrust law	19,515
Other	81,279	Provision for losses related to contracts	5,328
Allowance for doubtful accounts	(2,238)	Other	73,527
Non-current assets	1,468,562	Non-current liabilities	994,309
Vessels, property, plant and equipment	890,547	Bonds payable	145,000
Vessels, net	631,393	Long-term loans payable	686,598
Buildings and structures, net	72,952	Deferred tax liabilities	50,039
Aircraft, net	24,024	Net defined benefit liability	18,596
Machinery, equipment and vehicles, net	30,457	Provision for directors' retirement benefits	1,857
Equipment, net	5,930	Provision for stock payment	226
Land	69,887	Provision for periodic dry docking of vessels	22,424
Construction in progress	50,574	Provision for losses related to contracts	16,373
Other, net	5,328	Other	53,192
Intangible assets	38,785	**Total Liabilities**	**1,452,247**
Leasehold right	4,477	**Equity**	
Software	12,675	Shareholders' capital	498,455
Goodwill	18,636	Common stock	144,319
Other	2,995	Capital surplus	155,461
Investments and other assets	539,229	Retained earnings	202,488
Investment securities	410,236	Treasury stock	(3,814)
Long-term loans receivable	30,028	Accumulated other comprehensive income (loss)	24,015
Net defined benefit asset	47,253	Unrealized gain (loss) on available-for-sale securities	48,860
Deferred tax assets	5,877	Deferred gain (loss) on hedges	(27,284)
		Foreign currency translation adjustments	(4,816)
Other	52,460	Remeasurements of defined benefit plans	7,255
Allowance for doubtful accounts	(6,626)	Non-controlling interests	69,464
Deferred assets	273	**Total Equity**	**591,936**
Total Assets	2,044,183	**Total Liabilities and Equity**	**2,044,183**

2. Consolidated Statement of Income (From April 1, 2016 to March 31, 2017)

(In millions of yen)

Item	Amount	
Revenues		1,923,881
Cost and expenses		1,736,723
Gross profit		187,158
Selling, general and administrative expenses		205,236
Operating profit (loss)		(18,078)
Non-operating income		
Interest income	3,671	
Dividend income	6,321	
Equity in earning of unconsolidated subsidiaries and affiliates	13,900	
Foreign exchange gains	674	
Gain on investments in silent partnership	8,745	
Other	6,100	39,415
Non-operating expenses		
Interest expenses	15,557	
Other	4,739	20,297
Recurring profit		1,039
Extraordinary income		
Gain on sales of non-current assets	11,578	
Other	2,742	14,320
Extraordinary loss		
Loss on sales of non-current assets	1,013	
Impairment loss	168,127	
Provision for losses related to contracts	44,820	
Other	42,869	256,830
Profit before income taxes (loss)		(241,470)
Income taxes-current	17,419	
Income taxes-deferred	2,697	20,117
Profit (loss)		(261,587)
Profit attributable to non-controlling interests		4,157
Profit (loss) attributable to owners of parent		(265,744)

(For reference)

3. Summary of Consolidated Statement of Cash Flows (From April 1, 2016 to March 31, 2017)

(In millions of yen)

Item	Amount
Net cash provided by (used in) operating activities	27,924
Net cash provided by (used in) investing activities	(144,612)
Net cash provided by (used in) financing activities	1,952
Effect of exchange rate change on cash and cash equivalents	(2,051)
Net increase (decrease) in cash and cash equivalents	(116,788)
Cash and cash equivalents at beginning of period	253,618
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	632
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	(17)
Cash and cash equivalents at end of period	137,444

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

4. Consolidated Statement of Changes in Consolidated Equity (From April 1, 2016 to March 31, 2017)

(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	155,691	470,483	(2,098)	**768,396**	34,147	(35,411)	7,527	(981)	**5,281**	**70,591**	**844,269**
Changes of items during the period												
Dividends from surplus			(3,391)		**(3,391)**							**(3,391)**
Profit attributable to owners of parent			(265,744)		**(265,744)**							**(265,744)**
Purchase of treasury stock				(1,720)	**(1,720)**							**(1,720)**
Disposal of treasury stock		(2)		4	**2**							**2**
Change in equity of parent related to transactions with non-controlling shareholders		(227)			**(227)**							**(227)**
Adjustments due to change in the fiscal period of consolidated subsidiaries			(117)		**(117)**							**(117)**
Change of scope of consolidation			179		**179**							**179**
Change of scope of equity method			1,093		**1,093**							**1,093**
Other			(14)		**(14)**							**(14)**
Net change of items other than shareholders' capital						14,713	8,126	(12,343)	8,237	**18,734**	**(1,126)**	**17,607**
Total changes of items during the period	—	(230)	(267,995)	(1,716)	**(269,941)**	14,713	8,126	(12,343)	8,237	**18,734**	**(1,126)**	**(252,333)**
Balance at the end of current period	144,319	155,461	202,488	(3,814)	**498,455**	48,860	(27,284)	(4,816)	7,255	**24,015**	**69,464**	**591,936**

5. Notes to Consolidated Financial Statements

(1) Basis of presenting consolidated financial statements

1) Scope of Consolidation

(i) Number of Consolidated subsidiaries: 552
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:
SALVIA MARINE S.A. was included within the scope of consolidation as it was newly established.
NYK AUTO LOGISTICS (INDIA) PVT. LTD. and 10 other companies were included within the scope of consolidation as their total assets, revenues, profit and retained earnings, etc. increased in importance.
TRANSFREIGHT AUTOMOTIVE LOGISTICS EUROPE S.A.S. and 1 other company were included within the scope of consolidation due to the acquisition of shares.
INCI LOJISTIK was included within the scope of consolidation for the current fiscal year as absorption type merger was made, where YUSEN LOGISTICS TURKEY LOJISTIK HIZMETLERI LTD. SIRKETI, a consolidated subsidiary became an extinguished entity and INCI LOJISTIK, an affiliate accounted for by the equity method, became an existing entity, and the Group acquired a majority of voting rights of INCI LOJISTIK.
Due to the merger, INCI LOJISTIK changed its name to YUSEN INCI LOJISTIK VE TICARET A.S.
NYK LOGISTICS AND BLG SA PTY. LTD and 1 other company changed its status from a consolidated subsidiary to an affiliate accounted for by the equity method, due to the disposal of shares.
NYK Logistics (Japan) Co., Ltd. and 18 other companies were excluded from the scope of consolidation, as they were liquidated.
ALBERNI SHIPHOLDING II S.A. was excluded from the scope of consolidation, as merged with ALBERNI SHIPHOLDING S.A. on March 31, 2017.

(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 profit 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 profit and total equity amount of retained earnings of consolidated companies, and do not have a material effect on the consolidated statutory report as a whole, 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: 8
affiliates: 192
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:
TOP-NYK MARINEONE PTE. LTD. and 29 other companies were included within the scope of application of the equity method, as their profit and retained earnings, etc. increased in importance.
MIP III YELLOWTAIL HOLDINGS LLC and 2 other companies were included within the scope of application of the equity method due to the acquisition of shares.
NYK LOGISTICS AND BLG SA PTY. LTD and 1 other company changed their status from a consolidated subsidiary to an affiliate accounted for by the equity method, due to the disposal of shares.
YUSEN INCI LOJISTIK VE TICARET A.S. (name changed from INCI LOJISTIK) was excluded from the scope of application of the equity method as it became a consolidated subsidiary.

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

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

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

Profit and total equity amount of retained earnings, etc. of unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are small compared to profit 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 33 consolidated subsidiaries whose closing dates of account fell on December 31, financial statements as of the closing date of account of respective companies were used for the purpose of consolidation. Necessary consolidation adjustments have been made to account for significant events, if any, that took place between December 31 and March 31.

For 5 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 antitrust law

Provided for possible surcharge and other payments arising from suspected violation of competition laws (including antitrust laws) of various countries, based on estimated amounts of payment.

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.

Provision for stock payment	Provision for stock payment is calculated based on estimated amount of shares of the Company corresponding to the points granted to eligible Directors and Corporate Officers at the end of the current fiscal year, to prepare for the payment of the Company stocks to Directors and Corporate Officers based on the Share Delivery Rules.

(v) Accounting method for retirement benefits

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

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

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

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

(vi) Standards of accounting for important income and expenses

Standards of accounting for revenue and expenses of the shipping operation

Container ships

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

Other than container ships

For freight rates, transportation costs, and vessel cost relating to vessels in operation and vessel 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 Practical Solution on a change in depreciation method due to Tax Reform 2016
Following the adoption in the current fiscal year of Practical Issues Task Force (PITF) No. 32 “Practical Solution on a change in depreciation method due to Tax Reform 2016” (June 17, 2016) in accordance with the revision of Japanese Corporation Tax Law, the depreciation method of building fixtures and structures acquired on or after April 1, 2016 was changed to straight-line method from declining-balance method.
Impacts of this change in accounting policies in the fiscal year ended March 31, 2017 are minor.

(3) Additional information

Adoption of Implementation Guidance on Recoverability of Deferred Tax Assets
The Company adopts the Accounting Standards Board of Japan Statement (ASBJ) No. 26 “Implementation Guidance on Recoverability of Deferred Tax Assets” (March 28, 2016) from the current fiscal year.

Transactions related to the Board Incentive Plan Trust
Based on the resolution at the General Meeting of Shareholders held on June 20, 2016, the Company introduced “Board Incentive Plan Trust” (hereinafter “the Plan”) as a performance-based stock remuneration plan for Directors and Corporate Officers of the Company (excluding Outside Directors, as well as Directors and Corporate Officers who are non-resident in Japan, foreign nationals, or listed subsidiaries; hereinafter collectively referred to as “Director(s), etc.”). Accounting treatments related to the trust is in accordance with Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015) .
The Plan is a stock remuneration plan, wherein a trust established by the Company (Board Incentive Plan Trust) 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 corresponding to the points granted based on the degree of achievement of business performance of each fiscal year and according to individual position of the recipient are delivered and paid to Directors, etc.
The shares of the Company remained in the trust are recorded as treasury stock under equity based on the book value (excluding incidental costs) in the trust. The book value of the treasury stock and the number of shares at the end of the current fiscal year were 1,705 million yen and 9,319,000 shares.
In addition, the estimated amount of the above Directors’ remuneration allotted at the end of the current fiscal year was recorded as provision for stock payment.

Agreement to the Integration of Container Shipping Business
The Company resolved, at the meeting of the Board of Directors held on October 31, 2016, subject to regulatory approvals, etc., from the authorities, to sign a business integration contract and a shareholders agreement with Kawasaki Kisen Kaisha, Ltd. and Mitsui O.S.K. Lines, Ltd. in order to integrate the container shipping businesses (including worldwide terminal operating businesses excluding Japan) of all three companies, and on the same date, the three companies entered into contract and agreement.
Establishment of a joint-venture company for the business integration is planned to be on July 1, 2017 and the commencement of service of container shipping business by the joint venture company is planned to be on April 1, 2018, and the three companies are currently promoting the preparation together.

Overview of the new joint-venture company (Plan)

Amount of contribution:	Approximately 300 billion yen	
Contribution ratio:	Kawasaki Kisen Kaisha, Ltd.	31%
	Mitsui O.S.K. Lines, Ltd.	31%
	The Company	38%
Business domain:	Container Shipping Business (including terminal operating business excluding Japan)	

(4) Notes to Consolidated Balance Sheet

1) Breakdown of inventories

Merchandise and finished goods	1,681 million yen
Work in process	539 million yen
Raw materials and supplies	37,468 million yen

2) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral

Cash and deposits	1,877 million yen
Vessels	192,790 million yen
Buildings and structures	842 million yen
Land	3,699 million yen
Investment securities	63,697 million yen
Investments and other assets	4 million yen
Total	262,911 million yen

(ii) Obligations relating to collateral

Short-term loans payable	16,377 million yen
Long-term loans payable	152,709 million yen
Total	169,087 million yen

Note: Vessels of 313 million yen and investment securities of 63,649 million yen have been pledged as collateral for debts of affiliates, etc.

3) Accumulated depreciation of vessels, property, plant and equipment 987,379 million yen

4) Contingent liability

(i)	Notes receivable discounted and endorsed	9 million yen
(ii)	Guarantee obligations	117,565 million yen
(iii)	Debt assumption	50,000 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 12,557 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 some authorities overseas, on account of suspected violations of the antitrust laws concerning the shipping of cargo including automobiles handled in or after September 2012. Also, the Group has been sued in class action lawsuits in the U.S. and other regions for damages and suspension of shipments, etc. without specific amount of damage, for its conspiracy to fix prices of shipping with major automobile shipping companies concerning marine transportation of assembled automobiles, etc. It is difficult to reasonably predict the results of the investigations by overseas authorities and class action lawsuits at present.

(5) Notes to Consolidated Statement of Income

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 (168,127 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 (Container ships)	74,297
Japan	Business assets	Vessels (Dry bulk carriers)	77,860
Japan	Assets held for sale	Aircrafts, etc.	7,377
Belgium	Business assets	Vessels (Dry bulk carriers)	5,688
Singapore	Assets held for sale	Vessels, etc.	1,946
Others	Business assets	Buildings and structures, etc.	955
Total	—	—	168,127

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 5.86% discount rate.

(6) Notes to Consolidated Statement of Changes in Equity

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

Common stock 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 20, 2016	Common stock	3,391	2	March 31, 2016	June 21, 2016
Total		3,391			

(ii) Dividend for which base date is in the current consolidated fiscal year but effective date for dividend
Not applicable.

(7) Notes to financial instruments

1) Matters concerning financial instruments

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

derivatives transactions within the scope of commercial needs, in accordance with its internal rules and regulations.

2) Matters concerning the market value of financial instruments

The stated values of financial instruments on the consolidated balance sheet, their market values and differences between balance sheet amount and market values as of March 31, 2017 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	143,180	143,180	—
(ii) Notes and operating accounts receivable-trade	249,094		
Allowance for doubtful accounts (*1)	(1,474)		
	247,620	247,620	—
(iii) Investment securities			
Bonds held to maturity	117	124	7
Available-for-sale securities	140,471	140,471	—
Stocks of affiliates	13,851	14,303	451
(iv) Long-term loans receivable	30,028		
Allowance for doubtful accounts (*1)	(135)		
	29,892	31,062	1,169
(v) Notes and operating accounts payable-trade	196,317	196,317	—
(vi) Short-term loans payable	102,842	102,842	—
(vii) Bonds payable	145,000	152,072	7,072
(viii) Long-term loans payable	686,598	700,532	13,933
(ix) Derivatives transactions (*2)	(3,628)	(3,628)	—

(*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) 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 225,392 million yen) and unlisted shares (recorded amount on the consolidated balance sheet is 30,401 million yen) are not included in “(iii) Investment securities”, as their market values appear to be extremely difficult to determine.

(8) Notes to investment and rental properties

1) Matters concerning investment and rental properties

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

2) Matters concerning the market value of rental properties

Income and expenses from the relevant investment and rental properties as of March 31, 2017 was 4,775 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 1,093 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	
49,175	(1,128)	48,046	112,646

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 1,133 million yen due to the acquisition of real estate, and decreases of 1,047 million yen due to depreciation and 1,606 million yen due to the sales of real estate.
3 The market values as of the closing date of the consolidated statements are based on amounts (including amounts adjusted on the basis of indexes, etc.) calculated principally with reference to the Real Estate Appraisal Standard.

(9) Notes on per-share information

1) Equity per share 309.80 yen
2) Loss per share 157.23 yen

The Company introduced Board Incentive Plan Trust from the current fiscal year, and for calculating equity per share, the shares of the Company owned by the trust are included in the treasury stock to be deducted from the total number of shares outstanding at each term end. In addition, for calculating loss per share, the shares of the Company owned by the trust are included in the number of treasury stock to be deducted in the calculation of "the average number of shares in each fiscal year." For calculating equity per share, the number of the deducted treasury stock was 9,319,000 shares as of the end of the current fiscal year. In addition, for calculating loss per share, the average number of the deducted treasury stock in each fiscal year was 5,734,769 shares for the current fiscal year.

(10) Other notes

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

(11) Notes on significant subsequent events

Not applicable

Unconsolidated Financial Statements

1. Unconsolidated Balance Sheet (As of March 31, 2017)

(In millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	303,079	Current liabilities	306,444
Cash and deposits	39,646	Operating accounts payable-trade	87,479
Operating accounts receivable-trade	90,076	Short-term loans payable	102,383
Short-term loans receivable	49,704	Lease obligations	8
Inventories	25,478	Account payable	3,687
Deferred and prepaid expenses	42,515	Income taxes payable	141
Receivable from agencies	16,902	Deferred tax liabilities	516
Lease receivables	15,064	Advance received	23,338
Other current assets	24,496	Deposits received	54,339
Allowance for doubtful accounts	(805)	Payable to agencies	4,272
Non-current assets	1,027,691	Provision for bonuses	1,407
Vessels, property, plant and equipment	148,511	Provision for losses related to antitrust law	19,515
Vessels, net	81,077	Other current liabilities	9,355
Buildings, net	16,784	Non-current liabilities	820,981
Structures, net	404	Bonds payable	145,000
Machinery and equipment, net	90	Long-term loans payable	461,726
Vehicles, net	66	Lease obligations	16
Equipment and fixtures, net	1,184	Deferred tax liabilities	34,580
Land	28,489	Allowance for investment loss associated with vessels owned by subsidiaries or affiliates	160,400
Construction in progress	20,412	Provision for stock payment	226
Intangible assets	6,844	Provision for loss on guarantees	321
Goodwill	3,851	Other non-current liabilities	18,708
Leasehold right	511	**Total liabilities**	**1,127,425**
Software	2,456	**Equity**	
Other intangible assets	24	Shareholders' capital	172,345
Investments and other assets	872,335	Common stock	144,319
Investment securities	132,634	Capital surplus	154,384
Stocks and equity in subsidiaries and affiliates	328,585	Capital reserve	151,691
Long-term loans receivable	341,807	Other capital surplus	2,692
Lease receivables	114,032	Retained earnings	(122,550)
Other investments, etc.	51,022	Earned surplus reserve	13,146
Allowance for doubtful accounts	(95,748)	Other retained earnings	(135,697)
Deferred assets	273	Reserve for special depreciation	2
Bond issuance cost	273	Reserve for advanced depreciation	3,992
		Retained earnings carried forward	(139,691)
		Treasury stock	(3,808)
		Valuation and translation adjustments	31,273
		Unrealized gain (loss) on available-for-sale securities	45,352
		Deferred gain (loss) on hedges	(14,079)
		Total Equity	**203,618**
Total Assets	**1,331,044**	**Total Liabilities and Equity**	**1,331,044**

2. Unconsolidated Statement of Income (From April 1, 2016 to March 31, 2017)

(In millions of yen)

Item	Amount	
Revenue from shipping operation	942,367	
Shipping operation expenses	954,605	
Shipping operation income (loss)		(12,237)
Revenue from other business	5,390	
Other business expenses	2,901	
Other business income		2,489
Gross operating income (loss)		(9,748)
General administrative expenses		44,486
Operating profit (loss)		(54,234)
Non-operating income		
Interest and dividend income	26,089	
Gain on investments in silent partnership	8,745	
Other non-operating income	887	35,723
Non-operating expenses		
Interest expenses	8,982	
Other non-operating expenses	6,598	15,580
Recurring profit (loss)		(34,091)
Extraordinary income		
Gain on sales of non-current assets	1,287	
Gain on liquidation of subsidiaries and affiliates	1,905	
Gain on sales of shares of subsidiaries and affiliates	499	
Other extraordinary income	673	4,366
Extraordinary loss		
Loss on disposal of non-current assets	28	
Provision for allowance for doubtful accounts	30,461	
Impairment loss	7,961	
Loss on valuation of shares of subsidiaries and affiliates	16,694	
Provision for allowance for losses related to antitrust law	19,515	
Provision for allowance for loss on guarantees	321	
Provision for allowance for investment loss associated with vessels owned by subsidiaries or affiliates	158,384	
Other extraordinary loss	2,106	235,474
Profit before income taxes (loss)		(265,199)
Income taxes-current	2,100	
Income taxes-deferred	(368)	1,731
Profit (loss)		(266,930)

3. Unconsolidated Statement of Changes in Equity (From April 1, 2016 to March 31, 2017)

(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	2,694	13,146	50	3	4,150
Changes of items during the period							
Dividends from surplus							
Reversal of earned surplus reserve					(50)		
Reversal of special depreciation reserve						(1)	
Reversal of reserve for advanced depreciation							(158)
Provision of reserve for other reserves							
Profit (loss)							
Purchase of treasury stock							
Disposal of treasury stock			(2)				
Net change of items other than shareholders' capital							
Total changes of items during the period	—	—	(2)	—	(50)	(1)	(158)
Balance at the end of current period	144,319	151,691	2,692	13,146	—	2	3,992

Item	Shareholders' capital				Valuation and translation adjustments		Total equity
	Retained earnings		Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	
	Other retained earnings						
	Other reserves	Retained earnings carried forward					
Balance at the beginning of current period	118,324	12,097	(2,092)	**444,386**	31,191	(16,753)	**458,825**
Changes of items during the period							
Dividends from surplus		(3,391)		**(3,391)**			**(3,391)**
Reversal of earned surplus reserve		50		—			—
Reversal of special depreciation reserve		1		—			—
Reversal of reserve for advanced depreciation		158		—			—
Provision of reserve for other reserves	(118,324)	118,324		—			—
Profit (loss)		(266,930)		**(266,930)**			**(266,930)**
Purchase of treasury stock			(1,720)	**(1,720)**			**(1,720)**
Disposal of treasury stock			4	**2**			**2**
Net change of items other than shareholders' capital					14,161	2,673	**16,834**
Total changes of items during the period	(118,324)	(151,789)	(1,716)	**(272,041)**	14,161	2,673	**(255,206)**
Balance at the end of current period	—	(139,691)	(3,808)	**172,345**	45,352	(14,079)	**203,618**

4. Notes to Unconsolidated Financial Statements

(1) Notes on matters relating to significant accounting policies

1) Standards and methods of valuation of securities

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

2) Standards and method of valuation of derivative transaction

Market value method

3) Standards and methods of valuation of inventories

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

4) Depreciation methods of non-current assets

Vessels, property, plant and equipment (except for lease assets)	
Vessels and building	Straight-line method
Others	Declining-balance method However, structures acquired on or before April 1, 2016 are calculated using the straight-line method.
Intangible assets (except for lease assets)	
Goodwill	Amortized equally within 20 years
Software	Straight-line method based on useful life in-house (5 years)
Other intangible assets	Straight-line method
Lease assets	
Lease assets arising from ownership-transfer finance leases	Identical to depreciation method applied to self-owned non-current assets
Lease assets arising from non-ownership-transfer finance leases	Straight-line method that assumes a useful life is equal to the lease period and an estimated residual value is zero

5) Disposition method of deferred assets

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

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

Provision for loss on guarantees — Provided for possible losses on guarantees, etc. to affiliated companies, based on estimated amount of losses, individually taking into account the financial condition etc., of the insured.

Provision for losses related to antitrust law

Provided for possible surcharge and other payments arising from suspected violation of competition laws (including antitrust laws) of various countries, based on estimated amounts of payment.

Provision for stock payment — Provision for stock payment is calculated based on estimated amount of shares of the Company corresponding to the points granted to eligible Directors and Corporate Officers at the end of the current fiscal year, to prepare for the payment of the Company stocks to Directors and Corporate Officers based on the Share Delivery Rules.

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 on changes in accounting policies

Adoption of Practical Solution on a change in depreciation method due to Tax Reform 2016
Following the adoption in the current fiscal year of Practical Issues Task Force (PITF) No. 32 “Practical Solution on a change in depreciation method due to Tax Reform 2016” (June 17, 2016) in accordance with the revision of Japanese Corporation Tax Law, the depreciation method of building fixtures and structures acquired on or after April 1, 2016 was changed to straight-line method from declining-balance method.
Impacts of this change in accounting policies in the fiscal year ended March 31, 2017 are minor.

(3) Additional information

Adoption of Implementation Guidance on Recoverability of Deferred Tax Assets
The Company adopts the Accounting Standards Board of Japan Statement (ASBJ) No. 26 “Implementation Guidance on Recoverability of Deferred Tax Assets” (March 28, 2016) from the current fiscal year.

Transactions related to the Board Incentive Plan Trust
For transactions related to the Board Incentive Plan Trust, the notes are omitted as the same content is stated in “(3) Additional information” in Notes to Consolidated Financial Statements.

Agreement to the Integration of Container Shipping Business
The Company resolved, at the meeting of the Board of Directors held on October 31, 2016, subject to regulatory approvals, etc., from the authorities, to sign a business integration contract and a shareholders agreement with Kawasaki Kisen Kaisha, Ltd. and Mitsui O.S.K. Lines, Ltd. in order to integrate the container shipping businesses (including worldwide terminal operating businesses excluding Japan) of all three companies, and on the same date, the three companies entered into contract and agreement.
Establishment of a joint-venture company for the business integration is planned to be on July 1, 2017 and the commencement of service of container shipping business by the joint venture company is planned to be on April 1, 2018, and the three companies are currently promoting the preparation together.

Overview of the new joint-venture company (Plan)
Amount of contribution: Approximately 300 billion yen
Contribution ratio: Kawasaki Kisen Kaisha, Ltd. 31%
Mitsui O.S.K. Lines, Ltd. 31%
The Company 38%
Business domain: Container Shipping Business (including terminal operating business excluding Japan)

(4) Notes to Unconsolidated Balance Sheet

1) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral	
Vessels	19,652 million yen
Investment securities (Note)	722 million yen
Stocks and equity in subsidiaries and affiliates (Note)	27,081 million yen
Total	47,456 million yen
(ii) Obligations relating to collateral	
Short-term loans payable	1,523 million yen
Long-term loans payable	10,653 million yen
Total	12,176 million yen

Note: Investment securities of 722 million yen and stocks and equity in subsidiaries and affiliates of 27,081 million yen have been pledged as collateral for debts of subsidiaries and affiliates etc.

2) Accumulated depreciation of vessels, property, plant and equipment 259,749 million yen

3) Contingent liability

(i) Guarantee obligations 681,472 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 50,000 million yen
(iii) The Company has been under investigation by multiple 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	87,586 million yen
Long-term monetary claims	465,932 million yen
Short-term monetary liabilities	107,593 million yen
Long-term monetary liabilities	3,150 million yen

(5) Notes to Unconsolidated Statement of Income

Transactions with subsidiaries and affiliates

Operating transactions
Revenues (revenue from shipping operation, revenue from other business)
24,696 million yen
Expenses (shipping operation expenses, other business expenses,

general administrative expenses)	275,639 million yen
Transactions other than operating transactions	30,798 million yen

(6) Notes to Unconsolidated Statement of Changes in Equity

Class and number of treasury stock at term-end

Common stock	14,018,618 shares

Note: The number of treasury stock at the end of the current fiscal year includes 9,319,000 shares of the Company owned by the Board Incentive Plan Trust.

(7) Notes on tax effect accounting

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

(8) 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	Loan of funds (Note 1)	21,992	Short-term loans receivable	1,129
						Long-term loans receivable	111,339
				Acceptance of interest	393	Other current assets	32
				Debt guarantee, etc. (Note 2)	114,001	—	—
				Acceptance of lease payments (Note 3)	5,988	—	—
Subsidiary	NYK FTC (SINGAPORE) PTE. LTD.	Holding Directly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 2)	31,274	—	—
Subsidiary	NYK BULK & PROJECTS CARRIERS LTD.	Holding Directly 100.0	Acceptance of funds Concurrent service as executives	Interest payment	6	Deposits received	16,313
Subsidiary	NYK BULKSHIP (ASIA) PTE. LTD.	Holding Directly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 2)	14,383	—	—
Subsidiary	SAGA SHIPHOLDING (NORWAY) AS	Holding Indirectly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 2)	47,970	—	—
Subsidiary	NYK BULKSHIP (ATLANTIC) N.V.	Holding Indirectly 100.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 2)	32,538	—	—
Subsidiary	YUSEN TERMINALS LLC	Holding Indirectly 51.0	Debt guarantee, etc.	Debt guarantee, etc. (Note 2)	31,078	—	—
Subsidiary	Vessels owning, chartering related companies ENCANTADA MARITIMA S.A. and other 255 companies	Holding Directly 100.0 (246 companies)	Capital support Debt guarantee, etc.	Loan of funds (Note 1)	18,818	Short-term loans receivable	31,480
						Long-term loans receivable	179,794
			Contract of chartering ships	Lease of vessels (Note 3)	4,923	Lease receivables (due within one year)	15,064
						Lease receivables	114,032
		Indirectly 100.0 (10 companies)		Debt guarantee, etc. (Note 2)	223,029	—	—
				Payment of charterage (Note 4)	139,818	—	—

Transaction conditions and policies on determination of transaction conditions

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

(9) Note on per-share information

1)	Equity per share	120.73 yen
2)	Profit per share	157.93 yen

The Company introduced Board Incentive Plan Trust from the current fiscal year, and for calculating equity per share, the shares of the Company owned by the trust are included in the treasury stock to be deducted from the total number of shares outstanding at each term end. In addition, for calculating loss per share, the shares of the Company owned by the trust are included in the number of treasury stock to be deducted in the calculation of “the average number of shares in each fiscal year.” For calculating equity per share, the number of the deducted treasury stock was 9,319,000 shares as of the end of the current fiscal year. In addition, for calculating loss per share, the average number of the deducted treasury stock in each fiscal year was 5,734,769 shares for the current fiscal year.

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

The Company is a company subject to consolidated dividend restrictions.

(11) Other notes

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

(12) 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 Tuesday, June 20, 2017, 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.