[Translation Purpose Only]

January 31, 2019

Whom it may concern

Company Name: Nippon Yusen Kabushiki Kaisha
Representative: Tadaaki Naito, President
(Stock Code: 9101, First Sections of the Tokyo Stock Exchange and the Nagoya Stock Exchange)
Inquiries: Ushio Koiso, General Manager of Corporate Communication Group
(TEL. 03-3284-5151)

Our Response to the Administrative Measures for Nippon Cargo Airlines Co., Ltd.

We take seriously the Administrative Measures for the Business Improvement and the Operations Improvement (hereinafter "Administrative Measures") issued by the Minister of Land, Infrastructure, Transport and Tourism (hereinafter the "MLITT"), for inappropriate aircraft maintenance operation carried out by Nippon Cargo Airlines Co., Ltd. (hereinafter "NCA"), our consolidated subsidiary company, and hereby report that we have decided on the measures to be taken based on the investigation report of the NCA investigation committee published by NCA today.

1. Background

On July 20, 2018, MLITT issued the Administrative Measures to NCA for its inappropriate maintenance operations over a period of several years. On the 27th of the same month, NCA established an investigation committee (hereinafter the "NCA Investigation Committee") chaired by the president, and conducted an investigation (hereinafter "NCA Investigation") to clarify the whole picture and investigate the causes.

In order to support and supervise NCA's efforts to improve its business operations appropriately, strengthen its compliance system, and prevent a recurrence, we, along with the external law firm, Nagashima Ohno and Tsunematsu, established a Response Committee chaired by the president of NYK.

2. Summary of NCA investigation results

NCA Investigation Committee's report and the NCA news were released on January 31, 2019, for information on the findings of inappropriate maintenance cases, the direct causes, background and factors found through the NCA Investigation, and reoccurrence preventive measures taken by the NCA.

Please refer to these documents shown on NYK website only for translation purpose.

3. Our response

(1) Voluntary Return of Remuneration by Directors and Officers Concerned

The following Directors and Officers will voluntarily return their executive remuneration as below, as they are taking the Administrative Measures seriously and are clarifying the management responsibilities for group governance. Their titles are as of January 31, 2019.

Chairman, Representative Director, Chairman Corporate Officer (formerly Chairman of the NCA Board)
Yasumi Kudo Voluntary Return 30% of Monthly remuneration for 3 months from February 2019
President, Representative Director, President Corporate Officer
Tadaaki Naito Voluntary Return 30% of Monthly remuneration for 2 months from February 2019
Director, Senior Managing Corporate Officer
Eiichi Takahashi Voluntary Return 10% of Monthly remuneration for 1 month from February 2019
Former President & Chief Executive Officer
Fukashi Sakamoto Voluntary Return 50% of Monthly remuneration for 3 months from February 2019

Last year, NCA imposed the following measures on its officers.

(a) Salary reduction

President & Chief Executive Officer

Hitoshi Oshika 30% reduction in remuneration (3 months from September 2018)

Senior Executive Managing Director

Keita Sataka 30% reduction in remuneration (3 months from September 2018)

(b) Resignation

Senior Vice President in charge of Engineering & Maintenance

Kiyoji Matsuda (at the end of August 2018)

(2) New chairman of NCA

As of January 31, the position of chairman at NCA will be a full-time position from the present part-time

position, and Naoya Tazawa, our former Representative Director, Executive Vice-President Corporate Officer, has been assigned to the chairman of NCA. We will reorganize our NCA management system to provide stronger support.

(Former) Yasumi Kudo, Chairman of NCA Board (Part-time)
(New) Naoya Tazawa, Chairman of NCA Board (Full-time)

(3) Measures to strengthen the governance of group companies

a) In light of the causes, backgrounds, and other matters, found by the NCA Investigation Committee, the issues NCA is facing are not only maintenance issues, but also those on a company-wide basis related to business operations and organizational structures.

In view of the high level of expertise and special characteristics of air transportation, the department in charge of air transportations business at NYK has managed NCA based on the policy of respecting autonomy of NCA. In the future, we will assign a full-time Chairman of the Board of Directors, and strengthen management by the involvement of NYK Legal, Compliance, and Internal Audit functions.

b) We will strengthen internal controls and group governance as NYK group, assistance from the Governance Group, which was newly established on January 1, 2019. Specifically, we will review company rules related to business and risk management, and clearly share the rules and reporting obligations for business management within our Group. Through these activities, we will strive for the early detection and correction of problems at the workplace, as well as the timely and accurate reporting of on-site information to management, in order to ensure more appropriate management at Group companies.

c) A new Governance Committee will be established to ensure the effectiveness of the activities mentioned in (b) above. The Governance Committee consists of five independent outside officers (three directors and two Audit & Supervisory Board Members) and four internal officers (two directors and two Audit & Supervisory Board Members). As an organization with a high degree of objectivity and independence, the Committee will actively identify and report problems and make recommendations for improvement. This includes supervising and monitoring the progress of NCA's preventive measures.

We will steadily implement these measures to strengthen our group governance.

We sincerely apologize for the inconvenience caused to our customers, shareholders and all other stakeholders.