NIPPON YUSEN KABUSHIKI KAISHA

Annual Report 2009

Moving Forward

NYK LOGISTICS
& MEGACARRIER

Grange Park Distribution Center (U.K.)

The NYK Group operates 332 distribution centers in 36 countries around the world. In response to increasingly complex customer needs, we provide a diverse range of logistics services harnessing our global network.

Boeing 747-400F

As an air cargo transportation carrier, Nippon Cargo Airlines Co., Ltd. boasts Japan's second largest air cargo transport volume, second only to Japan Airlines International Co., Ltd. Through the introduction of the latest Boeing 747-400F aircraft into the fleet, we will continue to enhance our competitiveness in the Air Cargo Transportation segment.

NYK Group Mission Statement/NYK Group Values

Core Philosophy

Through safe and dependable *monohakobi* (transport), we contribute to the betterment of societies throughout the world as a comprehensive global-logistics enterprise offering ocean, land, and air transportation.

Management Policy

Together with Our Customers

Through the use of our extensive skill and expertise and by considering each business site to be of utmost importance, we always work to create new value so that our customers will consider us a trusted and reliable partner.

Together with Our Shareholders and Investors

We aim to enhance our corporate value by being financially responsible and by conducting business activities in an open, honest, and transparent fashion.

Together with Society

As a good corporate citizen, we positively take on the tough issues that challenge our society, such as concerns involving the preservation of our natural environment, as we work for the betterment of the world that we inhabit.

Together with All Staff Members In the NYK Group

As a global enterprise that has the utmost respect for diversity in the workplace and the spirit of challenge, we emphasize the development of employee talents so that all staff members can take pride in their work and eventually fulfill their dreams.

NYK Group Values

NYK is a company with a long history stretching back more than 120 years. Much of what makes NYK such a respected company has traditionally been passed down tacitly, without need for explicit explanation. This is part of our DNA. In an effort to ensure NYK's continuity into the future, we formulated a basic statement of the NYK Group Values in January 2007. We defined our values as "Integrity," "Innovation" and "Intensity," and they represent the basic concepts by which we will achieve our corporate ideals.

Integrity

Be respectful and considerate to your customers and colleagues. Stay warm, cordial, courteous, and caring.

Innovation

Continually think of new ideas for improvement, even when conditions appear satisfactory. Remain open to betterment.

Intensity

Carry through with and accomplish your tasks. Never give up. Overcome challenges. Remain motivated.

Cautionary Statement with Regard to Forward-looking Statements

Certain of the statements made in this annual report are forward-looking statements, which involve certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which are valid only as of the date thereof. NYK undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date thereof or to reflect the occurrence of unanticipated events.

Contents

Consolidated Financial Highlights

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries

	Millions of yen			Thousands of U.S. dollars
Years ended March 31	**2009**	2008	2007	**2009**
Results of Operations				
Revenues	**¥2,429,973**	¥2,584,626	¥2,164,280	**$24,737,585**
Operating income	**144,915**	202,079	104,942	**1,475,259**
Net income	**56,152**	114,139	65,038	**571,634**
Return on equity (ROE)	**9.5%**	17.6%	10.6%	
Dividend payout ratio	**32.8%**	25.8%	34.0%	
Net cash provided by operating activities	**150,474**	199,526	86,230	**1,531,856**
Net cash used in investing activities	**(170,253)**	(292,510)	(178,043)	**(1,733,210)**
Capital expenditures	**417,555**	501,330	271,949	**4,250,792**
Depreciation and amortization	**100,124**	92,401	80,488	**1,019,282**
Financial Position at Year End				
Total assets	**2,071,271**	2,286,013	2,135,442	**21,085,928**
Total liabilities	**1,490,034**	1,606,976	1,434,724	**15,168,824**
Interest-bearing debt	**1,077,956**	1,022,197	890,754	**10,973,805**
Debt-equity ratio (times)	**2.0**	1.6	1.4	
Shareholders' equity	**544,121**	637,962	657,089	**5,539,257**
Shareholders' equity ratio	**26.3%**	27.9%	30.8%	
Retained earnings	**426,217**	401,045	312,606	**4,338,970**

	Yen			U.S. dollars
Per Share Data				
Earnings per share (EPS)	**¥45.7**	¥92.9	¥53.0	**$0.47**
Dividends per share (Annual)	**15.0**	24.0	18.0	**0.15**

Notes 1. The dollar amounts represent the arithmetical results of translating yen to dollars using the exchange rate prevailing on March 31, 2009, which was ¥98.23 to US$1.00. Such dollar amounts are solely for the convenience of readers outside Japan and are not intended to imply that the yen amounts have been, or could be, readily converted, realized, or settled in dollars at that rate or any other rate of exchange.

2. "Per share data" is calculated based on the weighted-average number of common shares outstanding during each fiscal year.

Fiscal 2008 Financial Highlights

Revenues

- Revenues decreased ¥154.7 billion year on year due to a steep drop in demand in the dry bulk market, a weakening of container transport levels, and a decline in freight rates, and falling handling volumes in NYK's Logistics, Terminal and Harbor Transport, and Air Cargo Transportation segments.

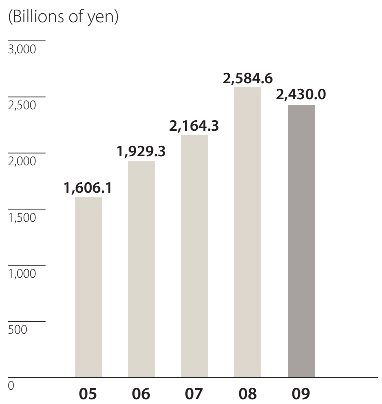
Operating income

- Operating income decreased ¥57.2 billion year on year, and the ratio of operating income to revenues declined 1.8 percentage points from 7.8% to 6.0%. This was mainly due to the drop in revenues and higher costs and expenses as surging bunker oil prices and other factors drove up costs.

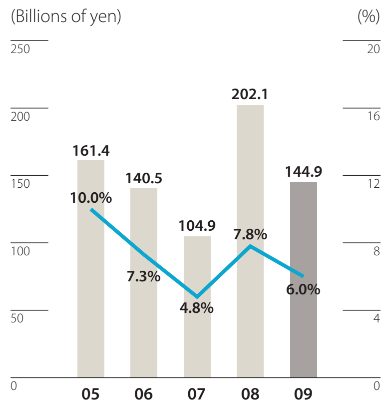
Net income

- Net income decreased ¥58.0 billion year on year, mainly due to impairment losses in the Air Cargo Transportation segment, loss on cancellation of chartered vessels and other extraordinary losses.

Revenues

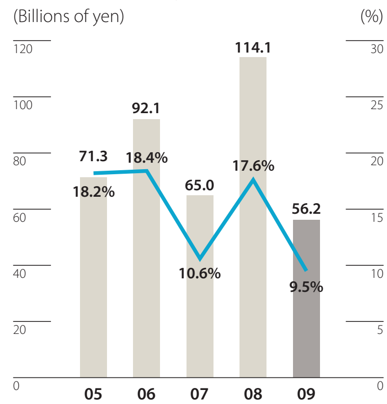


Operating Income and Operating Income/Revenues Ratio



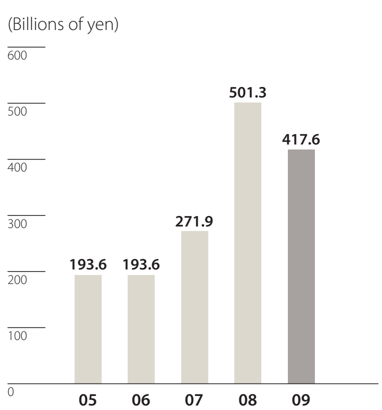
Operating income (left scale)
Operating income/Revenues ratio (right scale)

Net Income and Return on Equity (ROE)

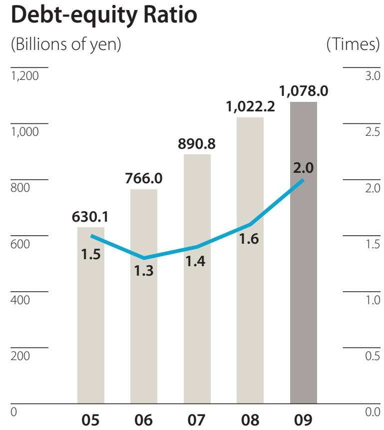


Net income (left scale)
Return on equity (ROE) (right scale)

Capital Expenditures

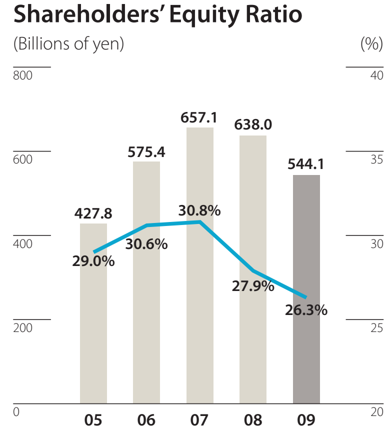


Interest-bearing Debt and Debt-equity Ratio



Interest-bearing debt (left scale)
Debt-equity ratio (right scale)

Shareholders' Equity and Shareholders' Equity Ratio



Shareholders' equity (left scale)
Shareholders' equity ratio (right scale)

Note: Amounts less than ¥100 million are rounded.

Message From the Chairman and President

On April 1, 2009, Mr. Kudo succeeded as president of NYK, heralding the start of a new corporate framework. Although the economic climate remains severe, the whole NYK Group, including the new president, the directors and employees, is united in focusing all efforts to implement the Emergency Structural Reform Project, named Yosoro,* that we set up in January 2009, thereby achieving the goals of our medium-term management plan.

from left

Koji Miyahara *Chairman*
Yasumi Kudo *President*

On behalf of the entire NYK Group, we would like to take this opportunity to thank all our stakeholders, not only shareholders and other investors, but also everyone else connected to the Group—including customers, business associates and the people in the communities where the NYK Group has a presence. Your ongoing support of our activities has underpinned our efforts to achieve corporate success and is therefore greatly appreciated.

In March 2008, the NYK Group announced the details of a medium-term management plan—New Horizon 2010—that would guide the Group over the three years from April 2008. The basic strategy of New Horizon 2010 is that the Group will act as a global *monohakobi* (transport) organization. The key concepts of the plan are "Growth," meaning a truly global organization, "Stability," meaning a stable structure—to respond to changing economic circumstances, and "the Environment," meaning developing the environment-oriented acumen to fulfill our responsibilities as a citizen of the world. Underpinning these concepts, New Horizon 2010 outlines goals to reinforce corporate social responsibility (CSR), and the Group has been united in redoubling its efforts to achieve these goals.

However, in an economic climate of unparalleled severity that comes only once a century, in April 2009 we revised the monetary targets of New Horizon 2010, while maintaining its basic strategy. After this revision, New Horizon 2010 should lead us to ¥2 trillion in revenues, ¥100 billion in recurring profit and ¥60 billion in net income by March 31, 2011, when the plan comes to a close.

In January 2009, the NYK Group formulated and started to implement Yosoro, a two-year Emergency Structural Reform Project. This project is implementing bold structural reforms by means of optimizing the size of the fleet, rigorously reducing costs and radically overhauling the Group's earnings structure and marketing system. Through these reforms, the Group is putting in place a framework to respond to the convulsive changes in the external environment, and also making preparations to move forward significantly after business conditions recover. In detail, we will improve business performance and solve other problems by rigorously reducing ships' fixed costs, administrative expenses and variable expenses in liner trade operations, reorganizing fleet configurations based on accurate analyses of industry trends in bulk shipping operations, and implementing cost structure innovations and customer-oriented business management at Nippon Cargo Airlines Co., Ltd.

NYK welcomed Mr. Kudo as the new president on April 1, 2009, signifying the commencement of a new corporate framework for NYK. As we've already mentioned, the NYK Group is currently facing an extremely harsh operating environment. In response, the entire NYK Group, including the new president, the directors and employees, is working together to surmount these difficult circumstances and moreover seize any business opportunities that may arise. The Group is focusing all its power in implementing the Emergency Structural Reform Project, and thereby achieve the goals of its medium-term management plan. At the same time, NYK remains committed to providing sustained and stable *monohakobi* (transport) services to fulfill its social responsibility of contributing to the stability and improvement of the lives of people around the world.

* "Yosoro" is a command given by a captain of a Japanese vessel meaning "Steady ahead!" We named our project Yosoro to indicate that the NYK Group will weather the current economic storm and move steadily ahead toward achieving its goals.

June 2009

K. Miyahara

Chairman

President

A Way Forward

Q1 As the business environment becomes increasingly difficult, I suppose that it is necessary for you to take full advantage of your strengths. Please tell me about the NYK Group's strengths.

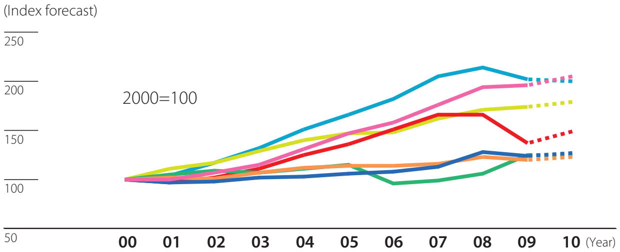
A I believe the NYK Group's greatest strength is our personnel who are able to leverage their creativity to add value to our services.

In this difficult business environment, in order to survive it is essential for us to have strong relationships of trust with our customers. This requires us to work together with our customers to find solutions to their problems, such as the issues they face when they move production sites overseas. In addition to having quality hard assets, ships that is, we must be able to provide creative solutions utilizing our soft assets, those being our people. I believe our people constitute the greatest strength of our Group that sets us apart from our competitors.

Here is an example from when I was in charge of the car transport division. A number of Japanese automobile manufacturers had entered the market in Thailand and had started projects to expand exports in addition to manufacturing for and selling to the local market. But the automobile manufacturers faced some major problems. Not only was there an extreme shortage of businesses that could help them transport automobiles to the port for both domestic shipping and exporting, but there was no terminal for automobile loading in order to export them. In response, we established a land shipping company for automobiles and decided to build a terminal as a way to work with our customers to help solve their problems.

Global Marine Transport Volume Forecasts

(Index forecast)



	00	01	02	03	04	05	06	07	08	09	10
Iron ore	100	100	107	115	131	147	158	176	194	196	205
Containers	100	104	117	132	151	166	182	205	214	202	200
Steaming coal	100	111	117	129	140	147	148	162	171	174	179
Automobiles	100	97	102	111	125	136	151	166	166	137	149
Coal for steel production	100	97	98	102	103	106	108	113	128	124	127
Grain	100	105	109	107	111	115	96	99	106	125	125
Crude oil	100	102	101	107	112	114	114	116	123	120	123

Note: "Automobiles" denotes car transport volume, including some overland transports.
Source: *Clarkson's Shipping Review & Outlook (Spring 2008)*

Global automobile marine transport volume was robust through the middle of 2008, resulting in a severe shortage of vessels in the marine transport market, a market in which prices are based on the relationship between supply and demand. As a result, shipping rates were on the increase. However, with the support of our customers, the car transport division actually lowered shipping rates. Up until that point, we had normally operated large vessels on routes to Europe and North America, while operating small and medium-sized vessels on routes to South America, the Middle East and Australia. However, in response to the growth in transport volume, we used a fleet comprised entirely of large vessels and asked our customers to allow us to use a slightly smaller number of large vessels on routes for which we had conventionally used a larger number of small and medium-sized vessels. Switching to larger vessels not only had an economic advantage, but using only one vessel size enabled us to allocate ships flexibly, and easily use a different ship if a certain ship was late, thereby allowing us to significantly reduce overall lost time. This change enabled us to lower the shipping rates for our customers. The important thing was that we were able to meet our customers' needs, which were for us to provide them with the necessary shipping space while lowering the shipping rates. This was only possible through ingenuity.

By making such efforts for customers time and time again, we have been able to develop win-win relationships with customers based on strong relationships of trust. Currently, even as our customers are facing tough business conditions, few of them have asked us to lower our shipping rates, which I believe means our policy of emphasizing the relationship of trust with customers has been the right choice.

While the marine transport market may be challenging for the upcoming two to three years, distribution volume tends to be proportional to the increase in global population. Therefore, the logistics industry is unquestionably a growth industry which will see an increase in demand. To ensure continued growth for the NYK Group, we will redouble our efforts to develop personnel equipped with problem-solving skills and who can create added value.

Q2 Please discuss the aim of the Emergency Structural Reform Project you launched in response to the rapid economic downturn.

A We aim to clearly distinguish those strategies that we should continue from those strategies that need to be corrected, in an effort to shift to a business platform that is resistant to volatility in the business environment.

I must first mention that the Emergency Structural Reform Project is not a measure in response to disappointing operating results. It is an opportunity for us to identify and resolve the issues that are easily overlooked when strong operating results are continually posted, and is a good chance for the NYK Group to shift to a stronger business platform.

The Project is comprised of two phases: a short-term phase and a medium- and long-term phase. In Phase One, which lasted until March 2009 (January 2009 through March 2009), we established measures to contract our fleet size in order to eliminate the gap between supply and demand which had expanded due to the rapid weakening of market conditions to an extent we had never before experienced. Specifically, we scrapped 13 car carriers, made the decision to idle 17 other ships, and returned containership and bulk carriers prior to the end of the charter contract period.

Phase Two is the period for executing medium- and long-term strategies. While further developing those strategies we should continue, we will quickly correct those strategies that require adjustments.

One example of a strategy we plan to continue is that of long-term contracts in the Dry Bulk Transport division. Even during times when market conditions were good, rather than pursuing profits through short-term contracts, we have employed a strategy centered on long-term contracts that focus on securing stable business with our customers over the long term. Luckily, when the market deteriorated rapidly in the second half of fiscal 2008, the impact on our revenues was kept relatively small.

Also, in the car transport division, based on the past experience of seeing automobile exports from Japan fall by one-half, we viewed it as a high risk to bundle orders for new vessel construction. Based on this line of thinking, we have conducted business based on a strategy of continuing to maintain and use old vessels that can be scrapped when marine transport market conditions weaken, and consistently order a certain number of ships regardless of the conditions in the marine transport sector. With this strategy, we were able to flexibly respond to the decline in automobile exports by scrapping old vessels. We will continue to implement these two strategies going forward.

On the other hand, we must make corrections to the strategy of building up the fleet of containerships. Over the past ten years, global container transport volume has tripled. Our efforts to build up our fleet in response to this trend, starting with orders for new vessel construction, were a bit too fast, and we were consequently left holding more assets than necessary. We understand this as having been a mistake.

Going forward, we will adjust the size of our container vessel fleet, and borrow space from other companies when we do not have enough shipping space, thereby achieving a flexible fleet composition that is only minimally impacted during economic downturns.

Emergency Structural Reform Project

On January 1, 2009, the NYK Group launched the 2-year Emergency Structural Reform Project, aimed at building a business framework in response to the dramatic changes in the external environment and to position the Group for enhanced growth following the economic recovery

- Reforms to Earnings Structure
- Ensure Appropriate Fleet Size
- Cutting Costs throughout the Group
- Overhauling of Marketing Framework

Establish a strong business framework in response to the dramatic changes in the external environment

Q3 What are the specifics of the strategy you will make a priority as you pursue continued growth over the medium- to long-term horizon?

A The key concepts in our strategy to pursue growth over the middle- to long-term horizon are integrated logistics and Asia.

In talking about future growth for the NYK Group, "global logistics strategy" is an extremely important concept. At the NYK Group, we have always tried to pinpoint the "essence" of the issues our customers face, and continually searched for the answers.

In many cases, customers have difficulties handling customs and then transporting cargo on land after the cargo is unloaded at port. To solve these problems, it is necessary to offer solutions from an "integrated logistics" standpoint, free from the barrier of a single business, such as container vessel shipping, or logistics. In other words, our customers want to work with hybrid salespeople who have a thorough understanding of both marine logistics and land logistics. There are still not enough people equipped with such skills, and we will continue to develop such personnel going forward.

In the logistics business, we have cultivated marketing capabilities and operational know-how in both Europe and North America for offering efficient logistics services to our customers. Going forward, we will bring this expertise to the fast-growing region of Asia, and further expand our transport volume in Asia and enhance the integrated logistics services that we provide there.

In terms of approaching Asia, we are expecting a lot from the efforts of the car transport division. This division has been accelerating the development of its sales platform in Asia, particularly in China. Currently, China is on its way towards becoming the largest market for automobile sales in the world, and exports of cars from China are expected to increase in the near future. In response, we are building terminals dedicated to automobiles in order to handle exports. Furthermore, with the large infrastructure-related economic stimulus package from the Chinese government, we are expecting an increase in demand for iron ore and petroleum-related products. The Bulk/Energy Transport Division* will aggressively build up its fleet of dry bulk carriers and tankers in order to seize this growth opportunity.

Transport volume has also expanded in the air transport business, as transport volume from Asia to Europe has roughly tripled over the past 10 years. This is an area where we can look forward to growth over the medium to long term. Currently, this area is being significantly impacted by the economic recession, and we expect the business environment to remain challenging in the near term, but we will enhance our competitiveness by being the first in the world to add the new Boeing 747-8F cargo plane to our fleet, and we will look to turn profitable in a few years.

* Bulk/Energy Transport Division: Comprised of the Dry Bulk Transport Division, the Petroleum Transport, Petroleum Product Transport and LPG Transport Division, and the LNG Transport Division.

Medium-Term NYK Group Management Plan "New Horizon 2010" Performance Targets

(Actual results and forecasts are as of April 27, 2009)

(Billions of yen)

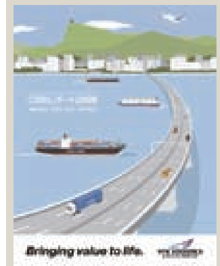
Years ending March 31	2009 Actual	2010 Plan	2011 Plan
Total revenues	2,430.0	1,880.0	2,000.0
Recurring profit	140.8	40.0	100.0
Net income	56.2	18.0	60.0

(Prerequisites for forecasts)

Years ending March 31	2009	2010	2011
Exchange rates per US$1	¥100.82/$	¥95/$	¥90/$
Bunker oil prices per metric ton	$503.21/MT	$275/MT	$300/MT

Q4 For a global corporate group like the NYK Group, CSR management is extremely important. Can you please talk about what specific initiatives you have put in place with respect to CSR?

A I feel that continuing to offer a stable *monohakobi* (transport) is the most important thing we can do to fulfill our social responsibility.



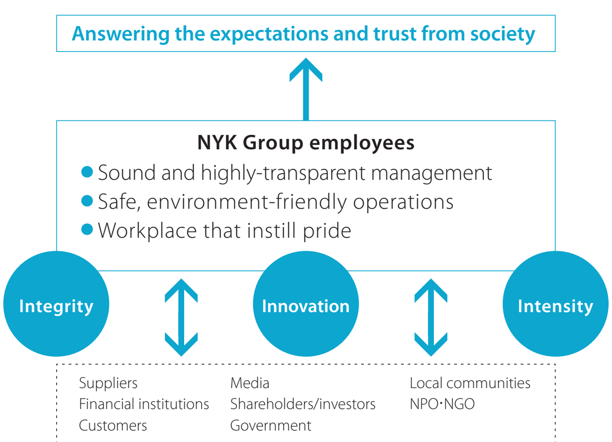
In the CSR Report 2009 we report mainly on our initiatives to respond to the societal issues that we feel are particularly important as they relate to our business.
Web site:
http://www.nyk.com/english/profile/csr/

In the NYK Group's medium-term management plan "New Horizon 2010," we have three keywords of "Growth," "Stability," and "Environment," and have included a goal of "Strengthening CSR management" to support these three aims. Logistics is an important part of the social infrastructure, and fulfills an important role as the lifeline for the global economy. The stable *Monohakobi* (transport) that the NYK Group delivers are directly linked to stabilizing and improving the lives of people around the world. I believe that it is the NYK Group's social mission to continue to provide stable transport services.

As an entity that is responsible for fulfilling such a social responsibility, it is absolutely essential that safety be our top priority. Following the incident of a tanker running aground in the past, we have made safety our most important issue and have put in place a variety of programs to ensure safety and to make sure that all of our employees throughout the Group follow safety guidelines.

We are also committed to protecting the environment. Although marine transport results in fewer CO_2 emissions compared to other modes of transport, and is therefore considered to be environmentally-friendly, protecting the environment is an important issue to us. In April 2008, we launched the NYK Cool Earth Project, a special environmental project, and set CO_2 emissions reduction targets which we have been working to meet. Our effort to operate at reduced speeds is an example of one initiative. A 10% reduction in the speed of a ship results in a decline in fuel consumption of approximately 30%. By keeping close lines of communication between the ocean and land, we practice finely-tuned operations management, and are able to both stay on schedule and travel at reduced speeds. We have adopted NYK Vessel Operations Meister, which is a personnel system that rewards such efforts, and will work to make our employees even more aware of the need to reduce CO_2 emissions going forward.

Conceptual Diagram of NYK Group CSR



Selected as stock in SRI (Social Responsibility Index)

Dow Jones Sustainability Indexes Member 2008/09
Included in Dow Jones Sustainability World Index (U.S.) for the sixth consecutive year.

FTSE4Good
Included in FTSE4Good Global Index (U.K.) for the sixth consecutive year.

MS-SRI
Included in Morningstar Socially Responsible Investment Index (MS-SRI; Japan) for the fifth consecutive year.

Included in Innovest Global 100 (World's 100 most sustainable corporations) for the third consecutive year.

sam 2009 bronze class
Included in the Bronze Class of outstanding CSR-driven companies by Switzerland-based SRI rating and assessment company SAM (Sustainable Asset Management) for the second consecutive year.

Q5 Please discuss your thoughts on returning profits to shareholders and corporate governance.

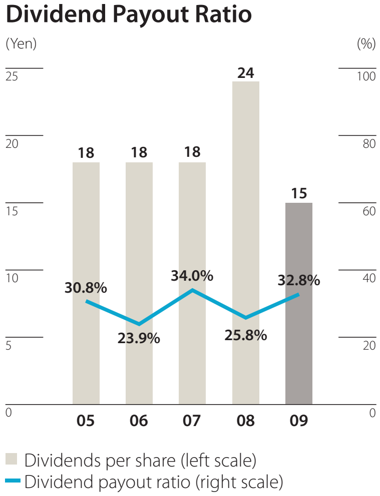
A I want to return profits to shareholders while keeping a good balance with investing for future growth. We will also enhance our governance functions so as to keep the trust of our shareholders and will practice highly-transparent management.

The NYK Group has positioned returning profits to shareholders as a management issue of utmost importance, and in New Horizon 2010 we set a target consolidated payout ratio of at least 25%. Given the increasingly difficult business environment we find ourselves in, we decided on a fiscal 2008 annual dividend of 15 yen per share, which is 9 yen lower than the previous fiscal year, but results in a consolidated payout ratio of 32.8%.

We understand that in order to continually raise our corporate value while maintaining a stable dividend, we must effectively utilize capital and further expand profits by aggressively looking for business investment opportunities aimed at growth.

On the corporate governance front, in June 2008 we adopted an outside director system. By including people from outside the Group we are able to ensure an even higher level of management transparency, and we are effectively utilizing our outside directors' global economic expertise to raise our level of competitiveness internationally. Going forward, we will reenergize and enhance our corporate governance to lead to long-term growth for the NYK Group.

Dividends per Share and Dividend Payout Ratio



Medium-Term NYK Group Management Plan "New Horizon 2010" Balance of Growth and Financial Stability

(Actual results and forecasts are as of April 27, 2009)

(Billions of yen)

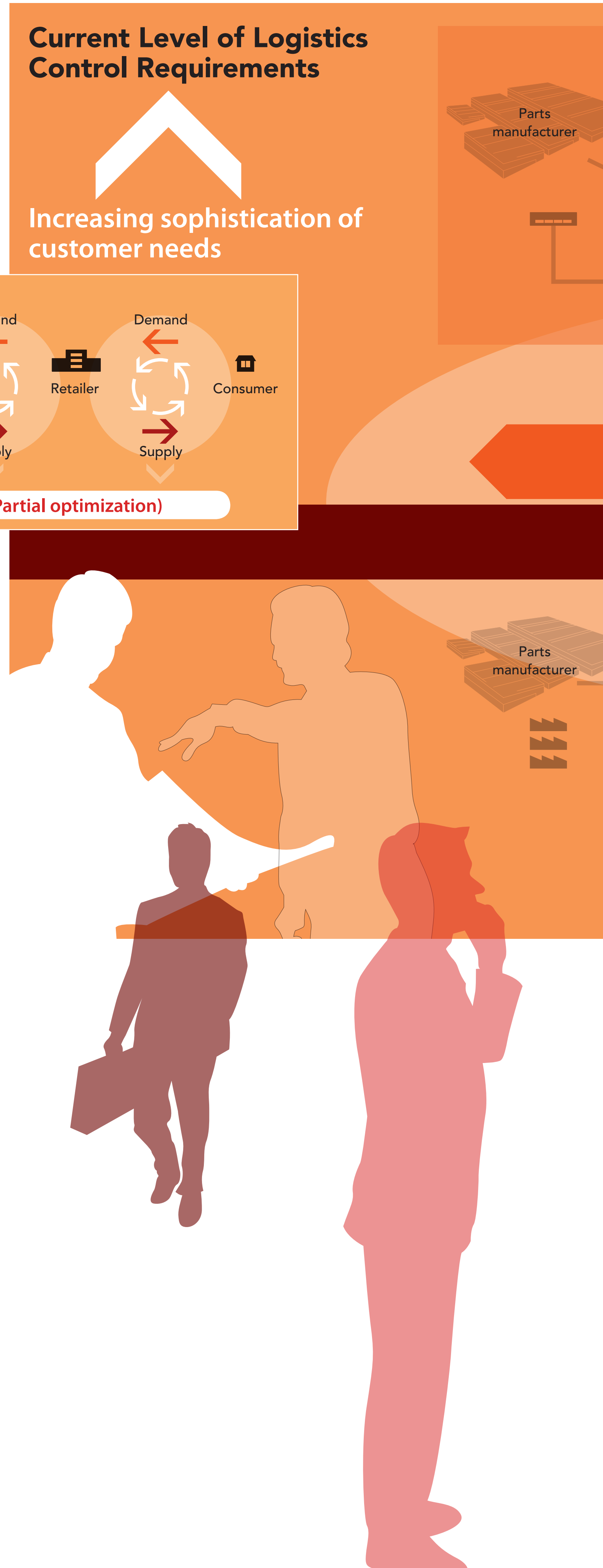
Years ending March 31	2009 Actual	2010 Plan	2011 Plan
Interest-bearing debt at year-end	1,078.0	1,010.0	1,015.0
Total shareholders' equity at year-end	544.1	590.0	640.0
Shareholders' equity ratio	26.3%	29.2%	30.5%
Debt-equity ratio (times)	2.0	1.7	1.6
Cash flows from operating activities	150.5	170.0	180.0
Cash flows from investing activities	(170.3)	(100.0)	(175.0)

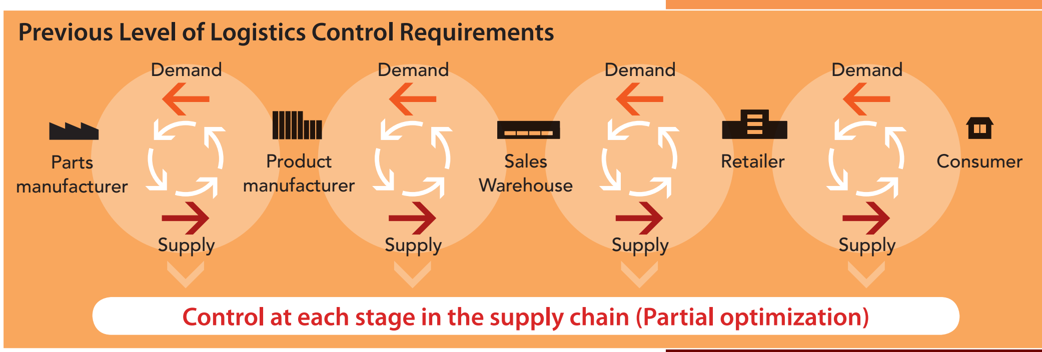
Global Logistics Strategy

As economic globalization continues to gain pace, the movement of goods that underpin our daily lives is increasing in complexity. The physical distribution of goods must therefore play an increasingly important role in world trade. The NYK Group's global logistics strategy is designed to provide the optimal solutions to customer needs which grow increasingly sophisticated and complex.

To solve the challenges faced by its customers, the NYK Group is committed to providing expertise in *monohakobi* (transport) spanning ocean, land and air transportation, backed by continuous improvements in frontline operations. Through this approach, we are determined to become consistently the first choice of customers looking for a full range of global logistics services.

Market Conditions in the Logistics Industry



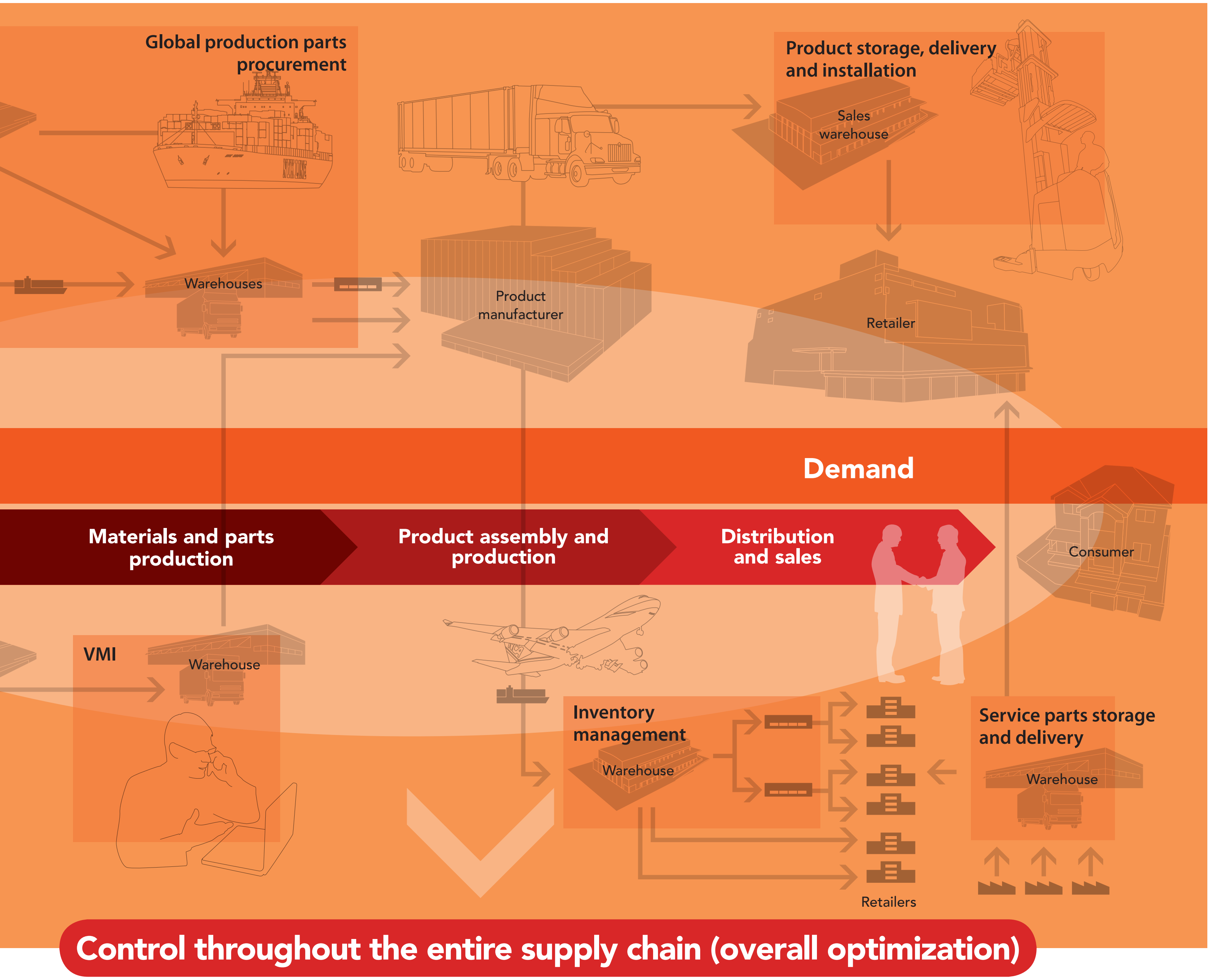


Addressing Increasingly Sophisticated Customer Needs From Partial to Overall Optimization

Previously, logistics service providers (LSP's) were expected by customers to provide reliable transportation services linking various stages of the supply chain. For a manufacturer, for example, transport would be provided to link the stages of purchasing, procurement, manufacturing, shipping and sales to the consumer. To answer these needs logistics service providers provided services that were optimized for each particular stage of the value chain. The goal was "partial optimization" of services for each mode of sea, land or air transportation.

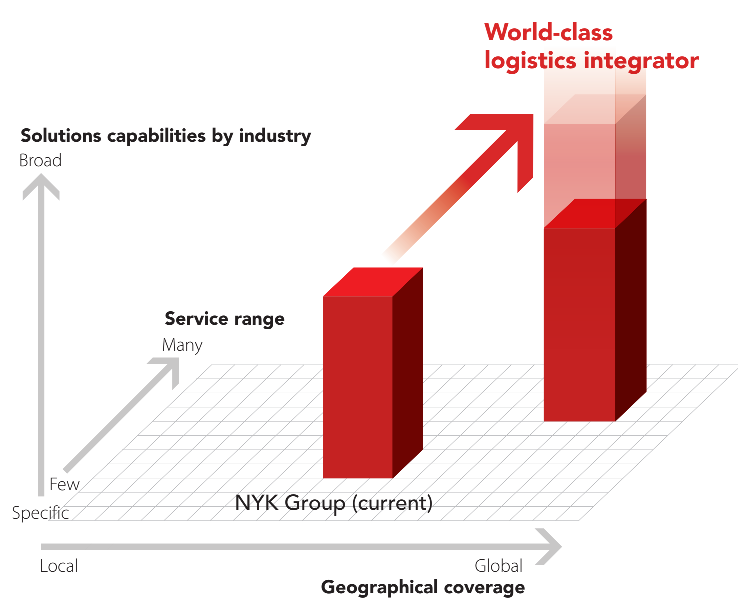
However, in recent years, customer needs for distribution services have changed in step with the advance of economic globalization. For instance, changes in the structure of customers' operations, such as the relocation of production plants overseas, require international transportation, customs services and storage arrangements from procurement to production, or manufacturing to sales. As production lead times grow longer, it becomes increasingly difficult to formulate procurement and production schedules that can respond flexibly to market developments. In-transport inventories, tariffs and other factors place higher cash flow burdens on companies. As a result optimizing the supply chain is becoming recognized as a crucial management priority that can have a major impact on its competitiveness.

In essence, this means that logistics service providers are being called upon to achieve the "overall optimization" of the entire supply chain, in addition to the conventional "partial optimization" of distribution services. This entails controlling all aspects of supply chains from materials and parts production, ranging from inventory management to delivery to consumers.



Direction of the Global Logistics Business

The NYK Group's priorities for bolstering the global logistics business over the medium- and long-term is to "enhance the range of services," "expand geographical coverage in growing economies," and "reinforce solutions capabilities by industry." We are committed to becoming a world-class logistics integrator that constantly solves issues and challenges faced by customers.



To Comprehend Customer Needs
Sales Capabilities

To solve issues faced by customers, the NYK Group is committed to integrating expertise in *monohakobi* (transport) spanning ocean, land and air transportation, while at the same time making continuous improvements to frontline operations. Through this approach we are determined to become a comprehensive global logistics service group that is consistently the first choice of customers.

Because multiple business divisions are often involved in global logistics, it is crucial to ensure coordinated, cross-divisional control of sales activities. To this end, the NYK Group has established a Global Logistics Headquarters to offer comprehensive proposals for projects that straddle multiple divisions and regions and to share information across vertical hierarchies of business operations in each division.

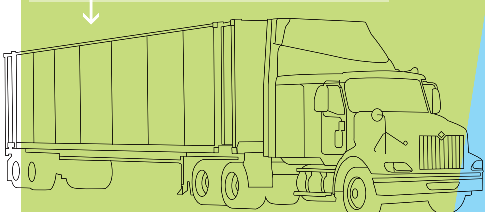
Outline of Global Logistics

Inland Transport

The NYK Group has a network of 332 distribution centers in 36 countries around the world. We provide a range of services that can fulfill increasingly complex distribution needs, such as ensuring proper inventory management and optimizing road transportation.

Milk run

A method for parts collection within a certain geographical area—resulting from local procurement whereby trucks pick up parts at several factories on a single trip for delivery to assembly plants rather than individually transporting parts from each supplier to the manufacturer. This allows optimal transport efficiency and enhanced frequency of trips.



Air Transport

The role of air transport is to provide high-speed transport of small-volume or high-value cargo and fulfill urgent transport needs.

Ocean Transport

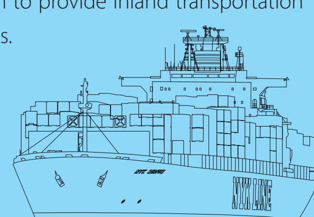
Container Transport

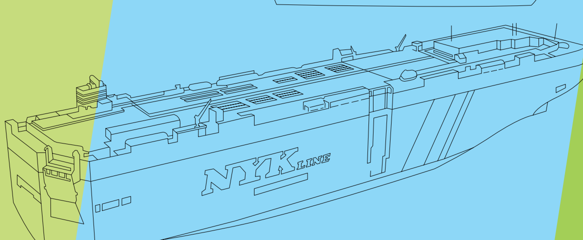
Through a shipping network covering the entire world, container transport is the backbone of the NYK Group's global logistics services.

Simultaneously, the NYK Group enhances ocean transport capability utilizing third party service in response to broader range of customer needs.

Car Transport

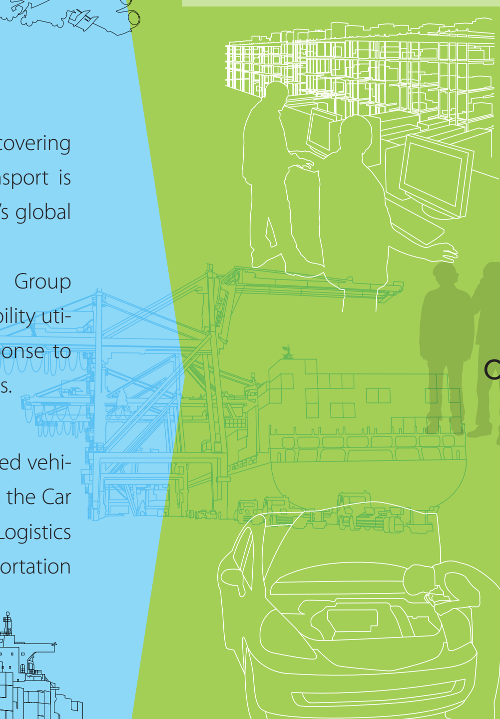
In addition to transporting finished vehicles in a safe and timely manner, the Car Carrier division works with the Logistics division to provide inland transportation services.





Cross-Docking

Cross-docking refers to the process whereby multiple products in consolidated containers are unpacked at port-of-discharge warehouses, separated according to customer orders and shipped out again for delivery. In addition to enhancing transport efficiency, cross-docking allows the customer to determine final delivery location closer to the time- and point-of-sale, thereby enabling to shorten the lead time between ordering and delivery with flexibly responding to market developments.



PDI (Pre-delivery inspection)

PDI refers to the value-added services for finished vehicles at destination terminals such as final inspections before delivery to the dealers, repairs and parts supply. The work is done according to strict quality assurance standards of automakers.

Services Enhancing Customer Competitiveness

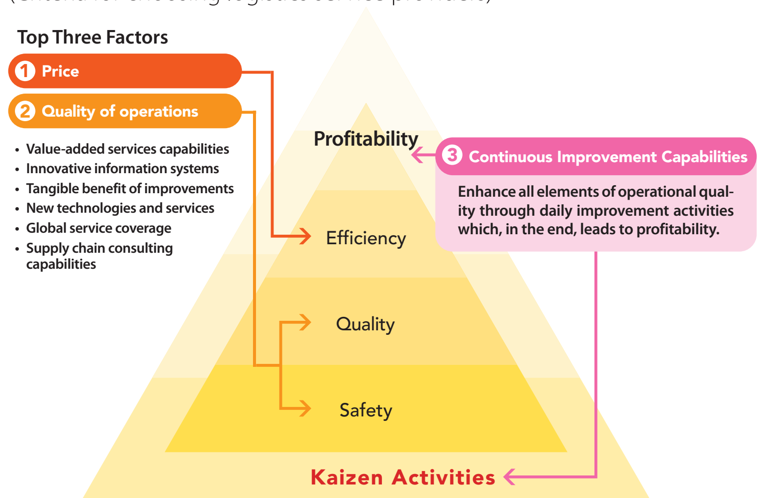
To Enhance Customer Satisfaction
"Gemba" Capabilities

Together with the ability to identify customer needs and offer competitive proposals, ability to make continuous operational improvements at "Gemba" (frontline) is a crucial element in the quest to win customer satisfaction.

Approach to Kaizen (Improvement) Activities

In selecting a logistics service provider, customers focus on such criteria as: price, the quality of operations, and the ability to make continuous improvements. To satisfy these criteria, it is necessary for logistics service providers to enhance service quality whilst at the same time increasing operational efficiency and reliability. The NYK Group is working to strengthen various elements of its operations by making improvements on a daily basis.

Customer Needs
(Criteria for choosing logistics service providers)



Entrenchment of Quality

Standard Operation Procedures (SOPs)

The NYK Group prepares Standard Operation Procedures (SOPs) for each worksite, using photographs to illustrate work processes and key elements of the operations. SOPs allow everyone at the worksite to share a common understanding of the work process. Through continuous review of SOPs we aim to achieve safety, higher quality and efficiency.

Standard KPIs

The NYK Group has introduced common Key Performance Indicators (KPIs) in order to measure the performance of each worksite and target achievement. KPIs allow quantitative comparisons of various work parameters and help identify worksite issues from an early stage. Furthermore, the Head Office Quality Management Team carefully analyzes KPIs gathered from worksites around the world and uses the results to build and standardize "models of excellence" throughout the NYK Group.

Kaizen Sheets

In the course of daily operations, members of each worksite prepare Kaizen (Improvement) sheets aimed at enhancing safety and efficiency; each sheet contains information on conditions before and after the improvement. In a process called "YOKOTEN," improvement sheets prepared at each worksite are collected by Head Office and the information is disseminated to worksites worldwide. By implementing this program, we are working to improve service quality throughout the NYK Group.

To Build Relationships Based on Mutual Trust
Proposal Capabilities

As companies grow and evolve, they inevitably encounter issues in their supply chain. NYK strives to be first to identify the opportunities for improvement and then use the resources of the entire group to create solutions. The continuous generation of solutions is the critical first step toward earning the trust of our customers.

Working with customers on new business ventures allows us to accumulate more expertise in the field of logistics. We then apply this knowledge in many industries and regions to drive growth of the NYK Group as well.

Customer relationships based on trust play a pivotal role in maintaining long-term business relationships which also contribute directly to profit performance less vulnerable to market conditions. Ultimately, these relationships enhance the long-term stability of the NYK Group's entire business portfolio.

Example of Mutual Trust in Thailand

Logistics issues at client companies in a growth phase

Propose NYK solutions

Demand for Transport Equipment and Parts

In the 1990s, Japanese automakers started building assembly plants in Thailand. At first, this created a need to transport plant machinery, production supply and other equipment required to build these plants. Know-how of heavy cargo transportation and delivery control in line with construction progress is the key element for success. We sent on-site expert to Thailand to execute transport precisely, while cargo was transported on heavy-lifter and RORO vessels. Also open-top and flat-rack containers were used to transport lighter equipments like metal dies.

Services for CKD Exports

As automobile production infrastructure in Thailand was established, exports of complete knock down (CKD) kits increased. Assembly plants in other countries use these kits to build automobiles. Packaging expertise is needed to place CKD kits in containers safely and efficiently. The NYK Group established a joint venture, Logistics Alliance Thailand (LAT), in 1997 in order to provide this service. LAT now handles CKD shipments equivalent to about 45,000 vehicles each year.

Besides this, NYK Logistics Thailand performs a number of services associated with shipping CKD kits provide seamless logistics services: "Milk-run" parts delivery from many automotive component suppliers to assembly plants; export-related customs procedures; and transport of containers to the port.

Solving Inland Transport

The next challenge was the inland transport of finished vehicles within Thailand. A shortage of road car-carriers created a bottleneck in the flow of vehicles from assembly plants to the dealers. To solve this problem NYK established NYK Auto Carrier Thailand which operates a nationwide network of delivery routes. As vehicle exports from Thailand developed, NYK Auto Carrier also started transporting vehicles from assembly plants to harbors in Thailand.

Gained 50% Share of Thailand's Finished-Vehicle Export Shipment

RORO terminals subsequently became necessary to load vehicles for export. As Thailand lacked adequate RORO terminals at the time, NYK decided to construct a new terminal on its own account.

The first shipment in 1998 was less than 300 vehicles bound for Australia. However, keeping customers' long term demand always in mind, the NYK Group continued operation from this terminal, which earned the trust of client companies in the end.

As a result, our RORO terminal handles vehicles produced in Thailand by many automakers; over half of all vehicle exports from Thailand are now shipped on NYK vessels.

NYK Group growth and accumulation of know-how

Expertise in transporting heavy cargo

Expertise in transporting CKD kits

Expertise in inland transport of finished vehicles

Gained 50% market share

Photo: Bangkok

Making the NYK Group Even More Competitive

People are the key to success for a global logistics strategy

For many years, the NYK Group has been enlarging its scope of services. Our goal is to become a leading global logistics integrator group covering ocean, land and air transport.

We have built an extensive infrastructure of ships, trucks, aircraft, warehouses and other physical assets. However, human resource is the most important asset of our group and the ultimate key to success. Achieving the objectives of our global logistics strategy requires a good team of professionals. Our people must be experts in each of ocean, land and air services. They must also be able to identify customers' needs and provide the right solutions. This is why we are placing priority on training programs for logistics professionals.

We enhance intra-group personnel exchange program within the NYK Group. Through real experience on the frontline, we want our people to have good knowledge and broad insight on various aspects of logistics. Additionally, we are upgrading employee training in terms of quality and quantity. To make our workforce even more competitive, we want to create an environment that encourages all employees to continue learning on their own.

The NYK Group cannot grow as a global logistics organization without the growth and development of every staff member. We commit to make every effort to support our people to accomplish our strategic objectives.

Yasumi Kudo

President
Chief Executive of Global Logistics Headquarters

Toward Reduction of CO_2 Emissions

Solar-Power-Assisted Car Carrier Sets Sail

In December 2008, *Auriga Leader*, equipped with 328 sheets of solar panels capable of generating a total of 40 kW of electricity, set sail. The system was developed as a joint project by NYK and Nippon Oil Corporation.

Over the next two years or so, the system will be checked for its endurance against saltwater damage, wind pressure, and consistant vibration, and for its mix of solar power and ship-generated power. We aim at realizing an energy-efficient vessel.

AURIGA LEADER

NYK Cool Earth Project

In 2007, CO_2 emissions from international marine transport were about 850 million tons, which is equivalent to approximately 2.7% of total global CO_2 emissions. Although shipping is certainly an efficient and eco-friendly transportation mode, there is concern that CO_2 emissions will increase as a result of the expected growth in the worldwide transportation demand and corresponding fleet expansion.

Under these conditions, NYK recognizes its role and inaugurated the NYK Cool Earth Project, which is under the direct supervision of the company president. Not only developing innovative technologies to cut CO_2 emissions, but also planning to create a business model that is compatible with international environmental regulations are the main themes of this project.

NYK Cool Earth Project (Started in April 2008)

CO_2 emission reduction targets

Long-term vision

Contribute to global efforts to cut greenhouse gas in half by 2050

Emission reduction target

Minimum 10% reduction on ton/mile basis from FY 2006 levels by 2013

Initiatives

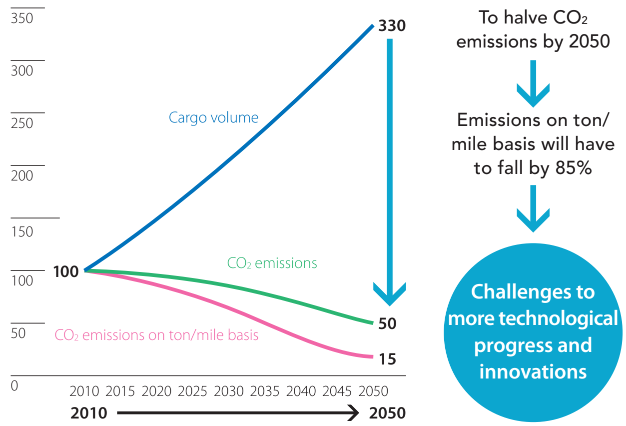
- Investment of 70 billion yen (over six years) in the development of innovative environmental technology
- Leadership in international environmental policy debates in the marine transport sector
- Conversion of the business model

Innovative Technologies for Preservation of the Environment and NYK's Growth Conversion of the Business Model

Contributing to global efforts to cut greenhouse gas in half by 2050 is the long-term vision of the NYK Cool Earth Project. If we assume an annual seaborne cargo movement growth rate of 3%, the world will need more than triple shipping capacity over the next four decades.

Even though cargo ship capacity is expected to more than triple by 2050, the goal is to halve total CO_2 emissions from marine transport. Reaching this target will require a reduction of about 85% on a ton/mile basis. NYK will never give up trying to reach this goal although it is very ambitious. This is why we have accepted the challenge of pursuing more innovations in technology and reforming our business model.

3.3-fold increase in seaborne cargo over 40 years at 3% annual growth rate



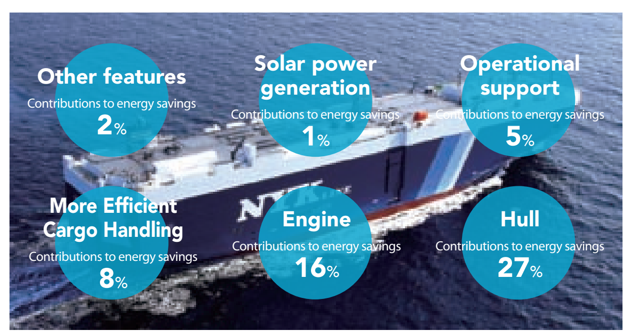
Challenge 1 Best-practice Measures Such as Fuel Consumption Saving

To reduce CO_2 emissions, best-practice measures in vessel operations are important as well as taking advantage of other advanced technologies. As one way to contribute to the CO_2 reduction targets of the NYK Cool Earth Project, we are continuing our campaign to save fuel consumption. In fiscal 2008, we conducted a Save Bunker Innovation Campaign that produced results beyond our goals. To enhance and penetrate fuel saving implementation, we have a fuel conservation improvement competition for operating vessels in the NYK Group.

Challenge 2 Development of a Car Carrier with Approximately 50% Energy Savings by Fiscal 2010

NYK is working on development of a car carrier targeting approximately 50% energy efficiency improvement. We hope to complete its development by fiscal 2010.

Solar panels are just one of several energy-conserving features the vessel will have. We anticipate energy savings of 27% from the ship's configuration (size, lower wave resistance, etc), 16% from the engine, 8% from more efficient cargo handling, and 5% from more operational support due to improved monitoring and weather routing. At the same time, NYK is developing by fiscal 2010 a containership that will achieve approximately 30% energy saving.



Challenge 3 Exploratory Design for NYK Super Eco Ship 2030

NYK Super Eco Ship 2030* is a concept ship to articulate a roadmap for the long-term development of environmental technologies, which will make use of progressive technologies that have the potential of being realized by 2030. The power needed to propel the ship can be lessened by decreasing the weight of the hull and reducing water friction. Propulsion power can be increased through use of LNG-based fuel cells, solar cells, and wind power, all of which will lead to a reduction of CO_2 by 69% per container carried. Through this challenge, we continue to develop environmental technologies.

Model of NYK Super Eco Ship 2030

* NYK Super Eco Ship 2030 was a joint project of MTI, a wholly owned NYK subsidiary charged with making use of advances in technology, along with Garroni Progetti s.r.l, an Italian designer of ships, and Elomatic Marine, a Finnish marine-technology consultant.

Market Data

The NYK Group has built a diverse fleet portfolio to fulfill the transport needs of the global market. We boast some of the world's largest fleets in each vessel category.

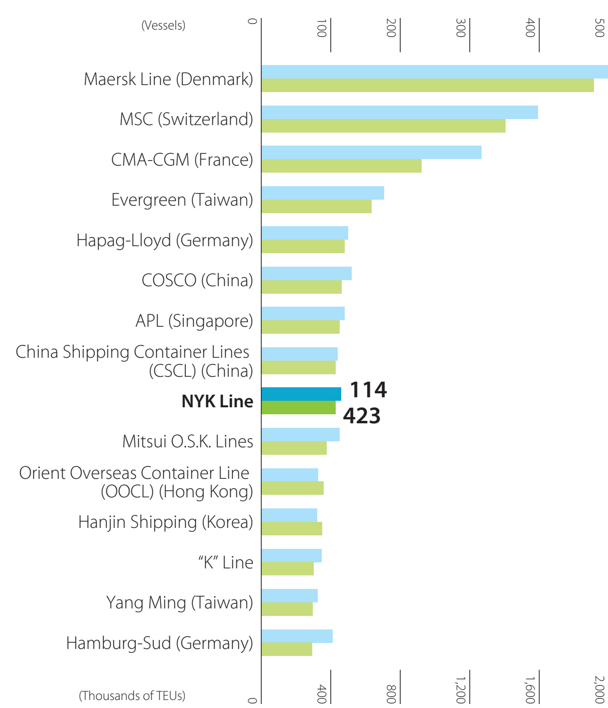
NYK Group Fleet (As of March 31)

Type of vessels	2008						2009					
	Owned (Incl. Co-Owned)		Chartered		Total		Owned (Incl. Co-Owned)		Chartered		Total	
	Vessels	Kt (dwt)	Vessels	Kt (dwt)	Vessels	Kt (dwt)	Vessels	Kt (dwt)	Vessels	Kt (dwt)	Vessels	Kt (dwt)
Container ships (including semi-container ships)	33	1,143,308	122	4,642,472	155	5,785,780	31	1,083,978	123	4,864,187	154	5,948,165
Bulk carriers (capesize)*1	32	5,265,122	43	7,943,768	75	13,208,890	32	5,281,964	49	9,242,122	81	14,524,086
Bulk carriers (panamax)*2	31	2,463,975	46	3,762,347	77	6,226,322	32	2,543,975	42	3,476,982	74	6,020,957
Bulk carriers (handysize)*3	40	1,565,774	94	3,943,415	134	5,509,189	46	1,832,189	88	3,743,199	134	5,575,388
Wood chip carriers	14	612,116	41	2,021,661	55	2,633,777	13	574,285	44	2,212,393	57	2,786,678
Car carriers	45	677,600	68	1,085,234	113	1,762,834	35	554,852	77	1,306,735	112	1,861,587
Tankers	42	5,939,495	36	6,383,948	78	12,323,443	45	6,856,270	35	5,645,788	80	12,502,058
LNG carriers	29	1,088,438	1	1,094,939	30	2,183,377	30	1,132,913	3	1,279,394	33	2,412,307
Cruise ships	2	13,417	1	8,160	3	21,577	2	13,417	1	8,160	3	21,577
Others	20	252,190	17	226,263	37	478,453	27	353,589	24	233,301	51	586,890
Total	**288**	**19,021,435**	**469**	**31,112,207**	**757**	**50,133,642**	**293**	**20,227,432**	**486**	**32,012,261**	**779**	**52,239,693**

Notes: 1. Ships owned or chartered by non-consolidated companies are excluded.
2. Ships DWT co-owned by NYK Group companies are calculated as per pro rata based on capital ratio.
3. "Total" includes all DWT of NYK Group, not limited to co-owned ships DWT as per pro rata based on capital ratio; in this case, "Chartered" includes co-owned ships DWT other than capital ratio.
4. From the fiscal year ended March 31, 2009, vessels covered in this table are limited to outgoing vessels. Figures for 2008 have been revised accordingly.
5. From the fiscal year ended March 31, 2009, the formerly independent category of "Reefer carriers" is included in the "Others" category. Figures for 2008 have been revised accordingly.
6. From the fiscal year ended March 31, 2009, classifications for bulk carriers are redefined as below. Figures for 2008 have been revised accordingly.
*1 Capesize: Over 120,000 DWT *2 Panamax: 60,000~111,999 DWT *3 Handysize: Under 60,000 DWT

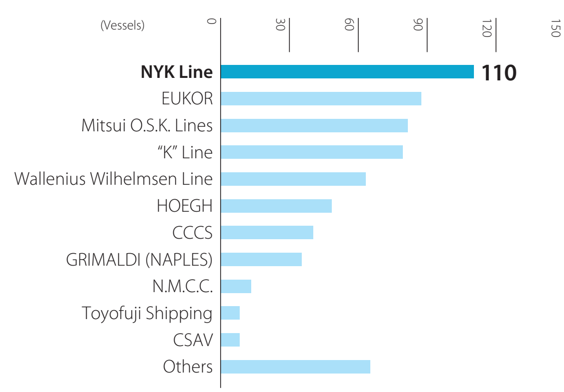
Fleet Sizes of Top 15 Full Container Transport Operators

(As of January 1, 2009)

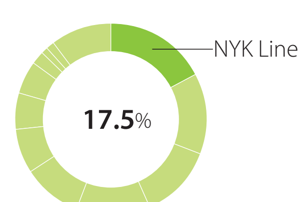


Source: Compiled by the NYK Research Group, based on the January 2009 edition of *MDS Transmodel*.

Fleet Sizes of Top Car Carrier Operators (As of January 1, 2009)

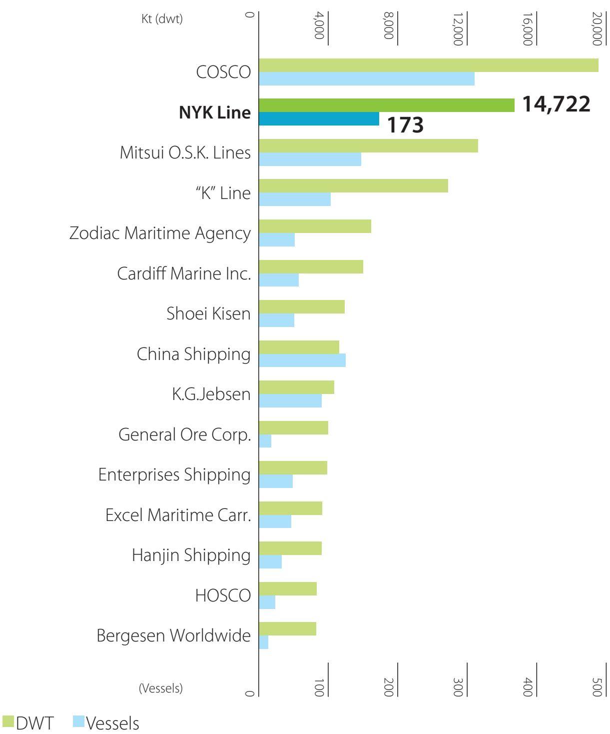


Market Share



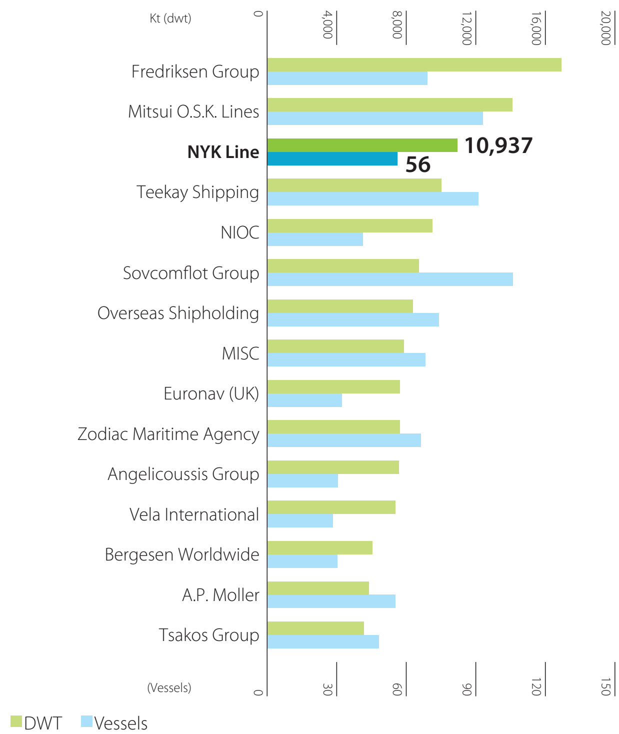
Source: Hesnes Shipping As, *The Car Carrier Market 2008*
Note: This table includes only vessels with a capacity of 2,000 cars or more.

Bulk Carrier Fleet Ranking (As of January 1, 2009)



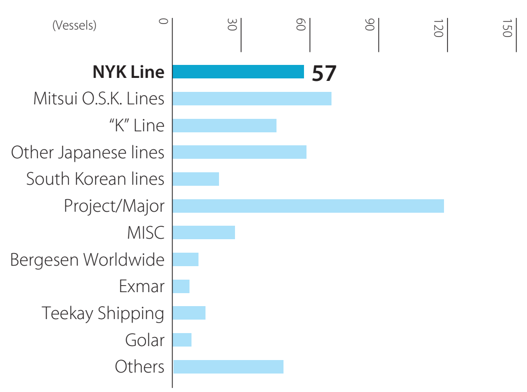
Source: *Clarkson's Bulk Carrier Register 2009*

Tanker Fleet Ranking (As of January 1, 2009)

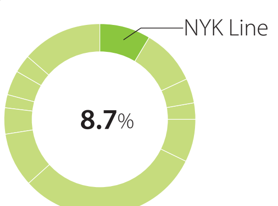


Source: *Clarkson's Tanker Register 2009*

Comparison of LNG Fleets (Volume shipped by the end of December 2008)



Share of Capacity



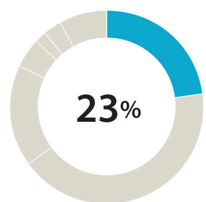
Note: Frequently, multiple companies jointly own LNG tankers. Above, each partial volume, regardless of amount, is counted as a single tanker. Transport volumes are assigned to individual companies on the basis of their ownership percentage.

Business at a Glance

Liner Trade Business

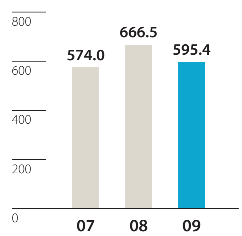

→P.26

Revenue Ratio



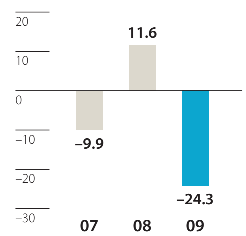
Revenues

(Billions of yen)



Operating Income (Loss)

(Billions of yen)

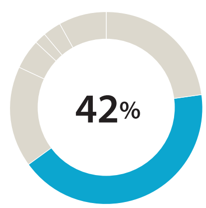


Bulk Shipping Business

- Car Transport
- Dry Bulk Transport
- Petroleum Transport, Petroleum Product Transport and LPG Transport
- LNG Transport

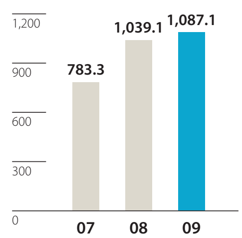

→P.28

Revenue Ratio



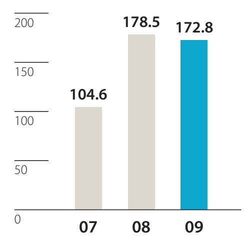
Revenues

(Billions of yen)



Operating Income

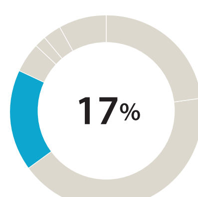
(Billions of yen)



Logistics Business

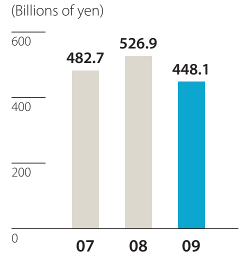

→P.36

Revenue Ratio



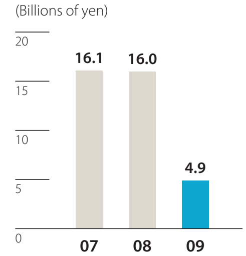
Revenues

(Billions of yen)



Operating Income

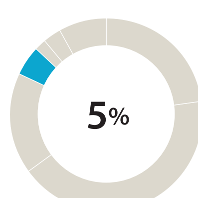
(Billions of yen)



Terminal and Harbor Transport Business

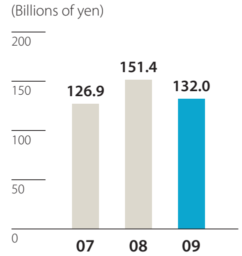

→P.38

Revenue Ratio



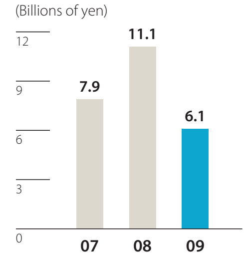
Revenues

(Billions of yen)



Operating Income

(Billions of yen)



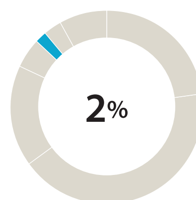
Notes: 1. From the interim period ended June 30, 2007, the air cargo transportation business, which was previously included in the "Other" segment, is presented as the independent segment "Air Cargo Transportation."

2. From the fiscal period ended September 30, 2007, "Other Shipping" was renamed "Bulk Shipping." This is a change in name only. The classification of the business segment remains the same.

Cruise Business

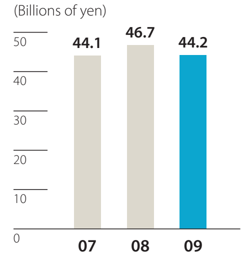
→P.40

Revenue Ratio



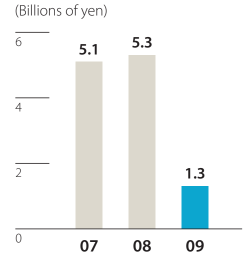
Revenues

(Billions of yen)



Operating Income

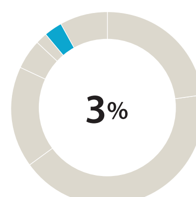
(Billions of yen)



Air Cargo Transportation Business

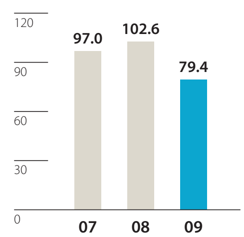
→P.42

Revenue Ratio



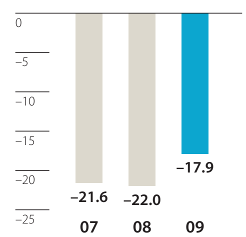
Revenues

(Billions of yen)

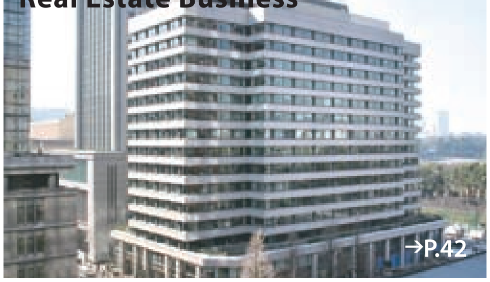


Operating Loss

(Billions of yen)



Real Estate Business



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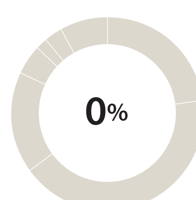
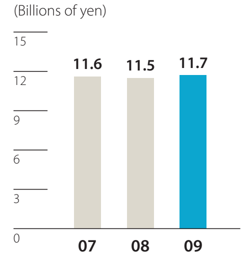
Revenue Ratio



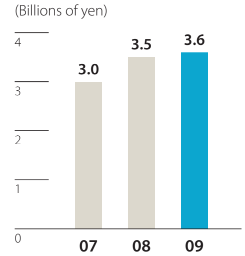
Revenues

(Billions of yen)



Operating Income

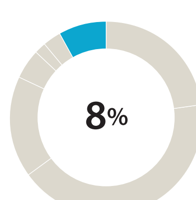
(Billions of yen)



Other Business

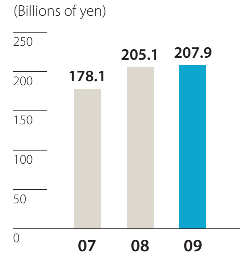
→P.42

Revenue Ratio



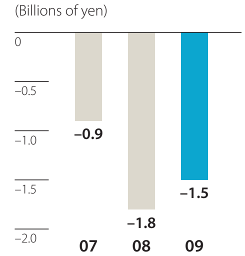
Revenues

(Billions of yen)



Operating Loss

(Billions of yen)



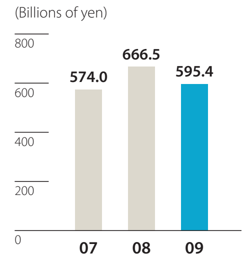
Liner Trade Business

The liner trade business comprises the container transport division and the conventional cargo transport division. This segment hinges on the activities of NYK Line, and two consolidated subsidiaries, Tokyo Senpaku Kaisha, Ltd., and NYK-Hinode Line, Ltd.

In container transport, NYK offers services linking Asia to Europe, North America, Australia, Latin America and Africa, as well as those across the Atlantic. Inter-Asia services are handled primarily by Tokyo Senpaku, which has captured a leading market share of liner trade between Japan and Thailand and between Japan and Indonesia.

In the conventional cargo transport division, NYK-Hinode Line primarily engages in transporting heavy-lift cargo and steel through the conventional liner trade (linking Asia to Southeast Asia, India, the Middle East, Europe, the Mediterranean, East Africa, Australia and the South Pacific). In this area, we have one of the largest fleets and service networks in the world.

Liner Trade Revenues



Background

NYK Line is a member of the Grand Alliance—a consortium promoting joint containership operation—with Germany-based Hapag-Lloyd Container Line, Malaysia-based MISC Berhad and Hong Kong-based Orient Overseas Container Line (OOCL). As of March 31, 2009, this alliance had 142 vessels in operation. This alliance has been maintaining a cooperative relationship with the New World Alliance, which has augmented the NYK Group's capabilities in the Asia–Northern Europe and Asia–Mediterranean liner trade as well as liner trade linking Asia to the east coast of North America. The merits of scale gained from these alliances support a service network with the capacity to address a variety of customer requirements and have thereby sharpened the competitive edge of the NYK Group.

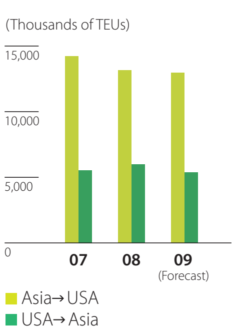
Market Environment and Performance Summary

In the first half of fiscal 2008, transport volume was in line with that of the same period of the previous year, but transport volume declined significantly in the second half, impacted by the global economic slowdown triggered by the shock following the collapse of Lehman Brothers. There was a particularly marked decline in automobile-related cargo in liner trade to North America, Europe and Asia.

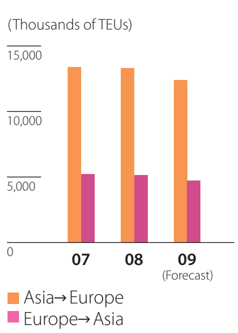
Both revenues and profits declined significantly from the previous fiscal year, impacted by the combination of the sharp jump in fuel costs due to the spike in crude oil prices through the summer months and the drop in freight revenues stemming from the dip in transport volume.

As a result, in fiscal 2008 the liner trade segment posted revenues of ¥595.4 billion, down 10.7% year on year, and sustained an operating loss of ¥24.3 billion.

Transport Volumes of Containers

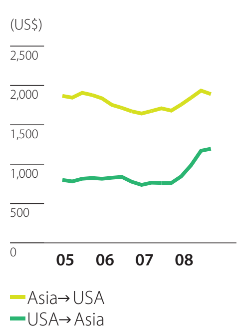


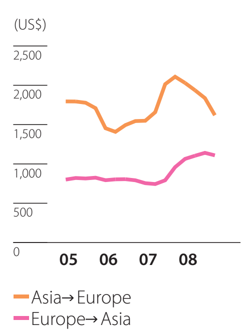
Source: *Trade HORIZONS Winter 2009*



Source: *Drewry Shipping Consultants Ltd. 2009/1Q*

Freight Rates per TEU





Source: *Containerization International*

Initiatives Ahead

As we head forward, we will secure profits by becoming more cost competitive, while separating ourselves from the competition by providing a diverse range of services based on our integrated logistics strategy.

Kenji Mizushima
Director, Managing Corporate Officer

Reforming the Business Platform

In fiscal 2008, the decline in transport volume stemming from the global economic downturn and the drop in freight rates led to extremely unfavorable operating results. While the business environment is expected to remain difficult in fiscal 2009, we believe now is precisely the time to reform our business platform to ensure that we perform strongly when the business environment recovers. Reform initiatives will include close examination of our business platform to identify any problems, as well as efforts to make our operations more efficient and cost-competitive.

Enhancing Cost Competitiveness

In the container shipping business, where cost competition is fierce, it is absolutely essential to continuously work to reduce costs. In the liner trade segment, we responded to the dramatic rise in crude oil prices in the first half of fiscal 2008 by revising the details of the loading and unloading process for cargo handling, thereby eliminating unnecessary work and making our operations more efficient. We also adopted flexible strategies for allocating vessels which were the opposite of our conventional approach. Such changes included reducing fuel costs by increasing the number of vessels operating in liner trade that had seen a decline in transport volume and operating them at reduced speeds. We also reduced costs by revising shipping liner trade. For example, in February 2009, we changed a part of the Asia-Europe liner trade, having it pass around the Cape of Good Hope in southern Africa. While circumventing the Suez Canal resulted in a longer shipping distance, we reasoned that we could reduce costs as the increased fuel costs would be more than offset by avoiding the high Suez Canal toll. This liner trade adjustment also allowed us to avoid sending vessels near the coast of Somalia, where there have been numerous attacks by pirates, thereby ensuring shipping safety.

As these efforts indicate, we are becoming much more cost-conscious, and we have begun to see some positive effects from these initiatives to reduce costs. Going forward, we will continue these efforts in order to further enhance our cost-competitiveness.

Medium- and Long-Term Strategy

We believe that it will take time before we see a recovery in shipping demand on in core liner trade connecting Asia with the U.S. and Europe. In response, we will carry forward our strategy of securing profits on inter-Asia liner trade, where recovery in transport demand is expected to occur first, reflecting the impact of the large economic stimulus package enacted by the Chinese government and other factors. We will also focus on the North-South liner trade, where future growth is expected.

The liner trade business has built strong relationships with a diverse range of clients over the long term, and serves as a contact point with customers as we carry out our integrated logistics strategy. As such, the liner trade business will continue to effectively leverage the global network built up over the years and contribute to NYK Group's profits and growth going forward.

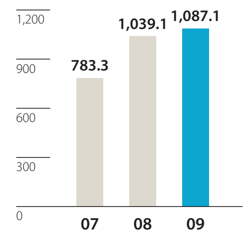
Bulk Shipping Business

Car Transport

Developing the car transport division used to be based on the export of finished cars from Japan to the rest of the world. In recent years, however, NYK has responded flexibly to the evolving business environment, characterized by increasing local overseas production by domestic carmakers, a situation that is fostering demand for third-country transport. NYK has also been a trailblazer, taking the lead in regard to the establishment of related infrastructures. We were the first car carrier operator to set up coastal transport networks in China, Southeast Asia and Europe, the first to construct and operate finished car terminals in each region, and the first to build inland transport networks. We still maintain that trailblazer perspective—working to expand used-car transport and the transport of finished cars to Japan from overseas and to provide pre-delivery inspection (PDI) on finished cars while they are at terminals.

Bulk Shipping Revenues

(Billions of yen)



Background

The car transport division operates a fleet of pure car carriers (PCCs)—the world's largest, at 112 vessels, as of March 31, 2009. Integrated logistics further enhance our services by expediting responses to land-based just-in-time production parts procurement needs, delivery of replacement parts to dealerships, and even global parts procurement using container transport. It is proven results like the record number of finished cars delivered by maritime transport and the provision of value-added services that have helped the car carrier division build stable, long-term relationships of trust with its customers, particularly Japanese carmakers. As a result of these relationships of trust with customers, the divisional profit structure has become relatively less susceptible to changes in the market, especially changes in freight rates.

Market Environment and Performance Summary

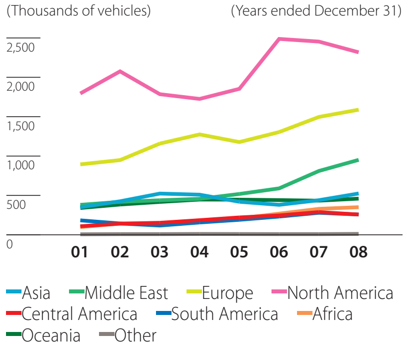
Sales of new cars fell below 68 million units worldwide in 2008, a slight decrease from the previous year, as sales were adversely impacted by the global economic crisis triggered by the financial crisis in the autumn months. After totaling 6.14 million units in 2007, automobile exports from Japan increased to 6.27 million units in 2008, marking the second consecutive year of record high exports, but business volume dropped from the beginning of 2009, and automobile exports in 2009 are expected to be significantly lower than in 2008.

Meanwhile, despite our ongoing efforts to complete new vessels since 2004, our shipping capacity had not been able to keep up with the growth in exports. In fiscal 2008, we added 17 newly built vessels to the fleet in order to maintain stable transport. However, from the fall of 2008 the balance between shipping capacity and demand started to swing in the opposite direction, and at the start of 2009 there began to be a significant excess in shipping capacity.

In response to the sharp and quick economic slowdown, during the period from December 2008 to March 2009 we made adjustments to the balance between supply and demand, including the disposal of 14 vessels in the car transport fleet that had been in service for at least 25 years.

Japanese Automaker Exports (by destination)

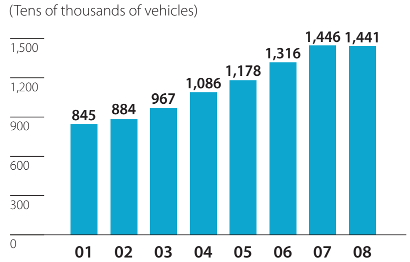
(Thousands of vehicles) (Years ended December 31)



Source: *Japan Automobile Manufacturers Association, Inc.*

Worldwide Car Transport Volume

(Tens of thousands of vehicles)



Source: NYK Research Group

Initiatives Ahead

We aim to enhance our integrated logistics platform which includes value-added services such as car carrier terminals, pre-delivery inspection and land transport services, and will aim to be the world's best car carrier at meeting customers' needs.

Masahiro Kato
Representative Director, Senior Managing Corporate Officer

Fiscal 2009 Outlook

The negative impact of the financial crisis is expected to erode demand for new cars in the U.S. market in 2009, possibly leading to a year-on-year decrease of about three to four million units, to less than 10 million. It seems that car trade to the United States will reverse the rapid increase witnessed between 2005 and 2007—a huge decline in exports from Japan is widely expected. Exports to Europe and emerging markets such as the Middle East and Russia, which had grown sharply until the summer of 2008, have declined significantly. With this, it appears unavoidable that there will be a large drop in domestic automobile production in 2009. As a result, we believe that in fiscal 2009 the car transport division will face the most difficult business conditions it has ever seen.

Medium- and long-term demand trends will be projected carefully as a guide for expansion of the car carrier fleet. Currently, the car transport division plans to put 11 newly built car carriers into service during fiscal 2009. Most of these will have 6,500-unit capacity. A total of 27 or so newly built vessels, including chartered ships, are currently on order and will be added to the fleet by fiscal 2011. Based on the expectation for continued weak conditions in the transport market at least through fiscal 2009, on top of running all vessels at reduced speeds, we will temporarily reduce our effective operating shipping capacity by idling approximately 10 vessels (docking them at one location for an extended period of time), in addition to the four vessels that have already been idled.

Medium- and Long-Term Strategy

Issues that will receive priority attention in the car transport division are service diversification and the promotion of environment-friendly measures.

On the service front, we will emphasize fleet expansion to maintain overall quality and further reinforce service content. Our focus is not only high-quality services and a fleet that accurately addresses customers' requirements but also better allocation efficiency. To this end, we will widen our hub-and-spoke service network, which links major ports—the hubs—with destination ports—the spokes—to expedite the transport of finished cars by sea. In addition, we will establish car carrier terminals and prime the integrated logistics system with value-added services, particularly PDI and inland transport connections. The ultimate goal is to make our car transport division the world's best with services that can cater to the needs of customers. An infrastructure that supports total finished car transport services is the key.

On the environment front, we will continue research to implement initiatives that make vessels more energy-efficient. In December 2008 we launched service of the newly completed *Auriga Leader*, a 6,200 unit capacity car carrier equipped with solar panels (the first of its kind in the world) as part of our effort to reduce CO_2 emissions from international transport. Also, in a joint effort with NYK Group's Monohakobi Technology Institute (MTI), we are working to develop new types of vessels and strategies for saving fuel.

In conclusion, we will aim to achieve stable profits by differentiating ourselves from the competition based on factors such as our terminals, land transport and pre-delivery inspection, and by proactively offering solutions based on our customers' needs.

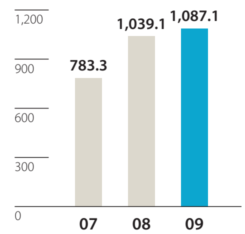
Bulk Shipping Business

Dry Bulk Transport

In dry bulk transport, the Group transports iron ore, coal, grain, steel, wood, cement and woodchip, and operates a fleet of various vessel types, including Capesize, Panamax, Handymax and Handysize bulk carriers, specialized ore and wood-chip carriers, open-hatch carriers and reefer carriers. The NYK Group boasts one of the world's largest shipping fleets, and provides transport services to clients who are global companies around the world.

Bulk Shipping Revenues

(Billions of yen)



Background

In the Dry Bulk Transport Division, the major clients in the Capesize Bulker Group, the Steaming Coal Group, and the Forest Products Group include steelmakers, paper companies, electric power companies, natural resource companies, and trading companies in Japan, China, India, Europe, and both North and South America. To avoid the impacts of market volatility, we have entered into long-term transport contracts with these clients, and provide stable and safe transport service. In particular, our clients are pleased that we continuously provide them with detailed information and they have evaluated our transport technology highly. In the Handymax and Handysize bulk carrier business, for which the market is strong, NYK Global Bulk Corporation has worked to enter into long-term COA (contracts of affreightment) and to secure more contracts for dedicated space aboard ships to ensure a stable business.

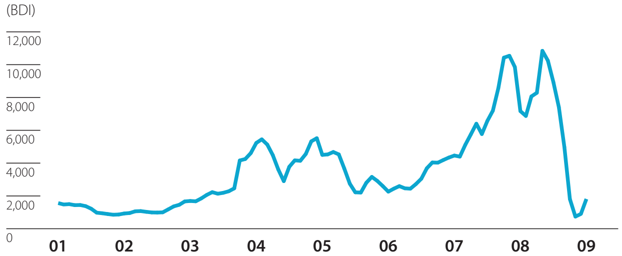
Market Environment and Performance Summary

Since the summer of 2003, demand for dry bulk transport had been high, supported by demand for natural resources and energy on the back of high economic growth in emerging countries, particularly China and India. However, after hitting a peak in May 2008, demand for dry bulk transport entered a correction phase. On top of this, following the shock of the collapse of Lehman Brothers in September 2008, industrialized nations experienced an economic recession and turmoil in financial markets, resulting in a drop in production levels by steelmakers, paper manufacturers and natural resources companies in China and throughout the world. Consequently, the volume of maritime trade declined significantly and conditions in the dry bulk transport market deteriorated sharply. Transport of iron ore and grains to China recovered in early 2009, and the transport market prices have bottomed out, but overall market conditions remained weak amid the uncertainty surrounding the global economy and financial markets, especially in the U.S.

Amid this environment, the division's business performance slumped from the third quarter onward, but the impact on full-year results was generally minimal due to the strong performance earlier in the fiscal year.

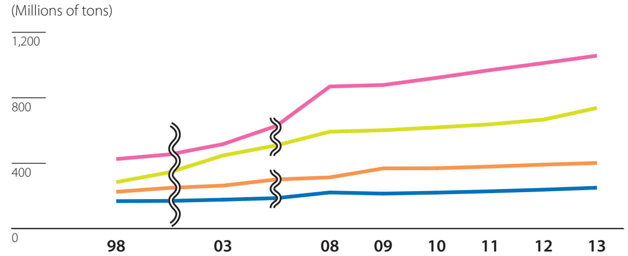
Tramper Freight Rate

(BDI)



Volume and Forecast of Dry Bulk Maritime Trade

(Millions of tons)



	98	03	08 (Forecast)	09 (Forecast)	10 (Forecast)	11 (Forecast)	12 (Forecast)	13 (Forecast)
Steam coal	285	448	593	602	619	638	667	738
Iron ore	426	517	869	878	922	969	1,012	1,057
Coking coal	169	178	222	215	221	229	239	251
Grain	226	264	314	369	370	380	392	402

Source: NYK Research Group

Initiatives Ahead

We will aim to reduce average costs over the entire fleet to become more cost-competitive, and build a portfolio that is able to withstand volatile market conditions, featuring a balance between long-term contracts and medium- to short-term contracts.

Hidenori Hono
Representative Director, Senior Managing Corporate Officer

Market Environment

The shock from the plunge in the dry bulk market in the second half of 2008 due to the global economic slowdown was much larger than we had anticipated. In particular, in the Capesize bulk carrier market, which was significantly impacted by the dramatic decline in shipments of iron ore to China, an abnormal situation took place, as the average freight rate for Capesize bulk carriers, which are usually the highest among all vessel types, dropped below the average freight rate for Panamax bulk carriers. We believe that it will take some time for the dry bulk transport market to exhibit a full-fledged recovery, as on top of the fact that the global economy is not expected to recover until 2010 and beyond, many new vessels are scheduled to be built. On the other hand, emerging markets such as China and India have high growth potential, with high demand for natural resources and energy, so we can expect market conditions to improve once the correction period ends.

Issues to Address

Our most important issue to address is how we can lower the average cost of the overall fleet and increase our cost-competitiveness. When market conditions were good during the first half of 2008, revenue growth far exceeded the increase in costs, so our attention to costs was somewhat lacking in certain areas. However, given the severe market volatility and uncertainty concerning future market conditions, we now recognize that enhancing cost-competitiveness is a critical issue for the division. A first step to reducing costs that we must immediately tackle is renegotiating charter contracts that are priced high when market conditions are strong. Specifically, in cases where the revenue earned from operating vessels is less than the charter price, we will either terminate the contract or lower the price by extending the charter period. Also, we are considering reviewing the prices of high-priced new vessels which are slated for completion from 2010 onward.

Medium- and Long-Term Strategy

The dry bulk transport market is expected to see an increase in marine transport volume over the medium- and long-term horizon. We will therefore continue to lower overall average fleet costs and enhance cost-competitiveness so as to establish a competitive edge once market conditions recover, and build a business portfolio that is able to withstand market volatility based on a healthy balance of long-term contracts and medium- to short-term contracts.

In addition, on the marketing side, while strengthening relationships with domestic clients and securing our revenue base, we will expand relationships with clients in China, India and other regions where high growth is expected, and aim to capture a high share of the market for the transport of raw materials for steelmaking, fuel transport, as well as raw materials for paper manufacturing.

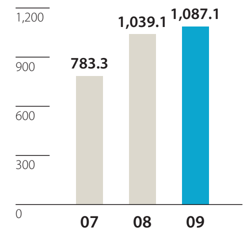
Bulk Shipping Business

Petroleum Transport, Petroleum Product Transport and LPG Transport

The petroleum transport, petroleum product transport and LPG transport division operates very large crude carriers (VLCCs) and Aframax tankers that transport crude oil, product tankers that transport petroleum products, chemical tankers that transport chemical products, inorganic chemicals, animal and plant oils and methanol, as well as LPG tankers that carry LPG and ammonia. As of March 2009, the division operates 81 tankers, and provides transport service based on both long-term and short-term transport contracts with major petroleum companies, petrochemical companies and energy companies around the world.

Bulk Shipping Revenues

(Billions of yen)



Background

Approximately 90% of the fleet of very large crude carriers (VLCCs) serves major oil companies in Japan, China, South Korea and the United States under long-term contracts, which gives NYK a highly stable profit structure. Similarly, chemical tankers and LPG tankers provide stable earnings under long-term contracts. Product tankers and Aframax tankers have been impacted by market changes but further demand is projected and the fleet is being upgraded. Learning a hard lesson from the stranding of a VLCC in Tokyo Bay in 1997, NYK has been investing in double-hull construction, implementing meticulous crew education and training, and vigorously improving ship-to-shore communications. This focus in operations on the environment and safety has earned NYK a high reputation with clients.

Market Environment and Performance Summary

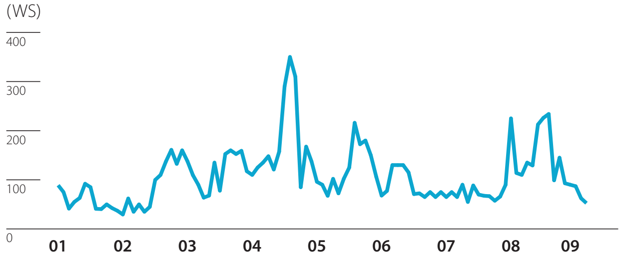
In fiscal 2008, the economic downturn in industrialized nations had little direct impact on the crude oil tanker market, and the market maintained a high level through October 2008. Subsequently, the market was affected by the drop in global petroleum demand, with the market experiencing a significant decline from January 2009 onward. The VLCC market (Middle East / Japan) rose early in the fiscal year, with the WS*1 reaching as high as the 240s in early July. This was the result of firm import demand from China and India, customers' avoiding single-hull charter vessels, operation at reduced speeds, and the curbing of shipping capacity supply by crude oil storage on VLCCs and other means. Following this, the WS stayed at a high level above 100 until October, despite a high degree of market volatility, but then declined to the 30s in March 2009 as the market then softened due to the drop in petroleum demand, reduced production in the petroleum and petrochemical industries, and the increase in petroleum inventories.

The petrochemical tanker market was supported by firm demand for naphtha from Asian countries, gas oil from China, and demand for diesel from European countries. With this demand, record high levels were set, with the LR2*2 WS reaching the 350s and the MR*3 WS reaching the 340s in October 2008, but the market then fell in conjunction with the completion of large, newly built vessels and the drop in petroleum demand. As a result, the LR2 WS fell to the 50s, while the MR WS dropped to the 70s in March 2009.

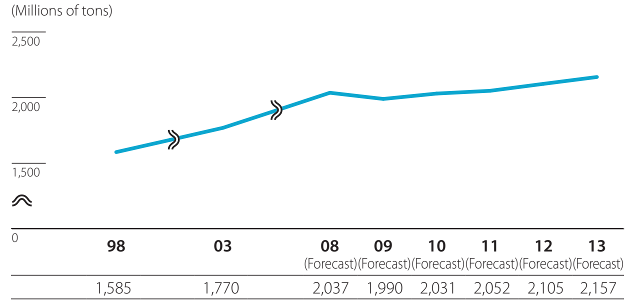
Although the market entered a correction phase in the second half of the fiscal year, the petroleum transport, petroleum product transport and LPG transport division posted a year-on-year increase in profits for the full-year period.

*1 Abbreviation for the Worldwide Tanker Nominal Freight Scale. This is an indicator for international tanker freight rates.
*2 Abbreviation for Large Range 2. Refers to 105,000 deadweight ton class product tankers.
*3 Abbreviation for Medium Range. Refers to 45,000 deadweight ton class product tankers.

Oil Tanker Market (Middle East → Japan)



Volume and Forecast of Crude Oil Maritime Trade



Source: NYK Research Group

Initiatives Ahead

We will work to expand the size of our fleet while operating safely and efficiently without any accidents, and build strong relationships with clients based on mutual trust.

Kenichi Miki
Corporate Officer

Building an Appropriate Portfolio

In the crude oil tanker sector, we have entered into medium- and long-term contracts for the majority of the vessels in the fleet. However, while medium- and long-term contracts secure a certain level of revenue, it is also true that they make it difficult to cover the increases in costs during times of inflation. We therefore aim to build a portfolio which, while still based on long-term contracts, can also enjoy some of the advantages of medium- to short-term contracts, as part of our goal of earning stable profits.

Two Pillars for Enhanced Competitiveness

In order to become more competitive, it is absolutely essential that we ensure safe operations and are accident-free in order to gain the trust of our customers. It is based on this philosophy that we established NAV9000, our own standards for ensuring safe operations. We regularly inspect our operations against these standards, and make any necessary improvements. In addition, we work hard to receive high evaluations in the audit and ship inspection based on the TMSA (Tanker Management Self Assessment) by the major oil companies. Furthermore, in February 2009, we completed the conversion of all VLCCs to double-hull tankers on schedule, one of the objectives we had been working on for a while. Going forward, we will continue to strive to be trusted by all, practice world-class ship management, and enhance our framework for ensuring safe operations.

The other pillar for enhancing our competitiveness is our ability to propose solutions to clients and to provide them with information. When the majority of business is based on long-term contracts, it is easy to become insensitive to global trends. We therefore want to accurately collect real-time field information by using our free vessels to engage in spot contracts and deploying them on various trade routes through a wide range of channels, and enhance our ability to provide information and solutions to customers. We view the ability to provide information as an important part of being competitive, and will bolster our capabilities in this area going forward.

Medium- and Long-Term Strategy

We expect petroleum demand to steadily grow over the medium- and long-term in conjunction with economic growth in emerging nations. As we move forward, we will strengthen our relationships with clients in Japan, China and Korea, as well as relationships with oil majors and customers in oil producing countries in the Middle East, Brazil and India, and boost our presence in the international market. We are also steadily expanding our fleet, and plan to increase the number of VLCCs to 40 vessels from the current level of 34 vessels over the next two to three years, and want to further increase the fleet size to 50 vessels in the near future.

By focusing on enhancing our framework for ensuring safe and efficient operations through *monohakobi* and *aburahakobi* (transport of commodities and oil), we aim to gain our customers' trust and thoroughly meet their needs.

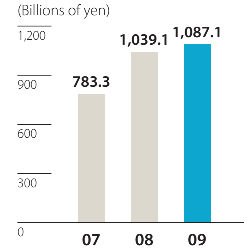
Bulk Shipping Business

LNG Transport

NYK was involved in Japan's first ever liquefied natural gas (LNG) carrier which entered service in 1983. Since then, LNG transport has grown along with Japan's gas and electric power utilities. As a result, NYK Group companies in LNG transport serving customers in Japan account for an extremely high share of the LNG transport market. With LNG demand expected to rise further throughout the world, NYK will steadily expand overseas, aiming to increase the number of ships operational and become the world's foremost LNG carrier.

Bulk Shipping Revenues

(Billions of yen)



Background

The business model for LNG transport typically assumes long-term contracts of 20–25 years, and NYK has in fact concluded long-term charter contracts of 20–25 years for many of the vessels operated by LNG transport. This means that market fluctuations are less likely to impact on division revenues. In the shipping business, where changes in the market can cause considerable fluctuation in fiscal results, LNG transport is positioned as a particularly stable source of revenues. Consequently, the future bodes well for this division and a constant stream of revenue can be ensured through continued services based on long-term contracts.

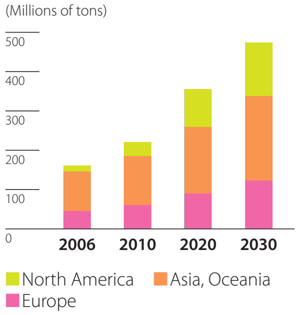
Market Environment and Performance Summary

In fiscal 2008, we added newly built vessels to the projects with Osaka Gas, RasGas, and the project in Sakhalin. With these additions, the number of LNG carriers currently operated by NYK Group (including ships shared with other companies) increased to 59, of which 30 carriers are managed by the NYK Group. Due to the financial crisis, global demand for LNG declined during the year, but the business was able to post an increase in revenues because carriers under existing contracts operated smoothly for the most part.

Underpinned by heightened environmental awareness, we are seeing an increase in demand around the world for LNG as a form of clean energy with low CO_2 emissions. The increase in demand has re-energized LNG projects across the globe. In addition to the projects in the Middle East, Indonesia and Australia, projects in places such as Nigeria and Sakhalin have started operation. The NYK Group is actively participating in these new projects and is growing the business. In fiscal 2009, we plan to increase the number of carriers we operate to 65 (of which 35 will be managed by NYK). With respect to other new projects being considered in countries such as Australia, Indonesia and Russia, we think there is a high likelihood that the projects will be carried out, although the start dates will likely be delayed.

Best Case Scenario—LNG Demand Forecast

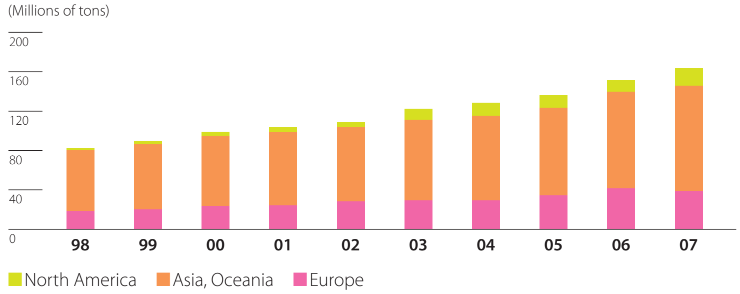
(Millions of tons)



Source: *The Institute of Energy Economics, Japan*

LNG Transactions in the Three Major Markets

(Millions of tons)



Source: *BP Statistical Review of World Energy 2008*

Initiatives Ahead

We will make thorough efforts to raise the quality of our ship management in order to increase our competitiveness. At the same time, we will continue to build up our fleet with the aim of becoming one of the largest LNG carrier operators in the world.

Hitoshi Nagasawa
Managing Corporate Officer

Building a High Quality Ship Management System

Management of ships to ensure safe operations is the highest priority for the LNG transport business. At the NYK Group, rather than outsourcing vessel management to a third party, Group companies such as NYK LNG Shipmanagement (Japan) and NYK LNG Shipmanagement (UK) build the management system and work to ensure a high-quality of management.

With respect to the quality of ship management, companies that do not meet a certain level of the TMSA (Tanker Management Self Assessment) standards are not given the right to participate in new projects. Furthermore, LNG carriers, tankers and other vessels carrying dangerous materials, run the risk of having to withdraw from the market if they happen to cause a large accident or disaster, so operating safely is a matter of high importance. Going forward we will continue to brush up the quality of our ship management system and gain a high level of trust from our customers, thereby allowing us to compete globally.

Medium- and Long-Term Strategy

Because the majority of LNG demand stems from the industrial/commercial sector, which is affected by business cycles, a global economic recovery is very important. At the current point in time, we think that a recovery in LNG demand by fiscal 2010 is unlikely, and expect the market environment to remain somewhat disappointing. However, from fiscal 2012 onward we think that it will return to the levels seen in the past.

In regard to fleet expansion, we plan to increase the number of NYK-owned vessels to 72, including 40 vessels managed by NYK. With this increase, NYK will be involved in approximately 20% of all the LNG carriers in the world. In addition to scale, we will also of course pursue quality and profitability, as we aim to become one of the largest LNG carrier operators in the world.

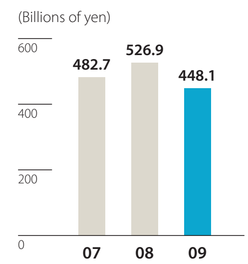
We will also strengthen ties with various companies in regions where large-scale LNG development is expected such as Russia and Nigeria. In Russia we have already established joint venture companies with JSC Sovcomflot (a state-run ship company), and are working on a project based on a strong relationship of trust. We are confident that building up this type of track record will contribute greatly to future business development in Russia.

Logistics Business

The Logistics Business is carried out by NYK Logistics,* whose operations are centered on overland transport, warehousing, delivery and ocean freight forwarding, and Yusen Air & Sea Service Co., Ltd. (YAS), which chiefly handles air freight forwarding.

*A group of consolidated subsidiaries which promote overland services worldwide

Logistics Revenues



Background

In NYK's logistics segment, the core nonshipping business of the NYK Group, we provide customers of the NYK Group with total logistics support extending beyond maritime transport services.

In Europe, North America and parts of Asia such as China, NYK Logistics and YAS offer supply-chain management services, including product pickup; warehouse storage; value-added services, such as inspection, sorting, labeling and repackaging; delivery to designated recipients; and IT-based data management. They also provide various logistics services, such as overland transport by truck or train, customs brokerage, ocean and air freight forwarding and services to facilitate arrangement for and management of shipping and loading of goods in the country of export on behalf of importers. The resulting network of diverse transport and logistics services over sea, land and air routes ensures that the NYK Group effectively meets the needs of each customer.

Market Environment and Performance Summary

In fiscal 2008, performance was adversely affected by the global economic downturn and resulting significant decline in handling volume. NYK Logistics saw a significant drop in the movement of goods in the second half of the fiscal year from its core customers in the manufacturing and distribution sectors, including automobile and electronics manufacturers. This downturn was particularly sharp in the U.S., Europe and Japan, where we are working to reduce costs across the board and make our operations even more efficient in order to cope with the dramatic contraction in handling volume. Export and import-related movement of goods to and from Asia and China also slumped from the end of 2008, due to the drop in production from customers in the manufacturing sector as well as lower consumption in industrialized nations to which products are exported. However, the domestic logistics business was relatively stable and we worked to grow the business by seizing business opportunities.

YAS made efforts to enhance its business but revenues dropped as it faced a significant decline in global demand for air cargo transport. There was a particularly large drop in export-related air cargo transport volume.

In fiscal 2008, the NYK Group's logistics segment posted revenues of ¥448.1 billion, down 15.0% year on year, and operating income of ¥4.9 billion, down 69.6%.

Logistics Centers

NYK Logistics

(Locations)

	2002	2003	2004	2005	2006	2007	2008
Japan	14	14	20	20	21	21	22
Asia, China	31	30	44	52	63	66	70
Oceania	9	11	12	13	13	11	9
The Americas	16	16	22	24	24	25	32
Europe	37	60	56	67	69	67	68
World total	**107**	**131**	**154**	**176**	**190**	**190**	**201**

Yusen Air & Sea Service

(Locations)

	2002	2003	2004	2005	2006	2007	2008
Japan	—	20	19	19	19	22	20
Asia, China	19	23	25	30	37	43	44
Oceania	2	2	2	2	2	3	3
The Americas	26	26	25	25	25	25	25
Europe	20	21	21	22	22	21	21
World total	**67**	**92**	**92**	**98**	**105**	**114**	**113**

Notes: 1. In some Japanese domestic locations, offices are included within warehouses.
2. In fiscal 2002, warehouse areas were not calculated for locations within Japan, so the total for that year is for locations outside Japan only.
3. Yearly totals are as of September 30.

Initiatives Ahead

Going forward, we will build a lean enterprise by expanding and streamlining the network business.

Hiroshi Hattori
Director, Managing Corporate Officer

Building a Lean Organizational Structure

In the logistics business, we will strive to build a lean organizational structure in order to demonstrate a competitive advantage when distribution volume recovers. Specifically, we will reduce warehouse space with low capacity utilization and reduce staff accordingly. Of course, we will not only focus on downsizing, but we will also make positive investments in the BRICs regions, where growth in transport volume is expected over the medium and long terms, after closely examining market developments and individual investment opportunities.

We have strengthened our regional headquarters function to put in place an operating platform closely attuned to frontline operations that accurately grasps the needs of our customers and allows for quick management decisions. Going forward, we will further enhance this strategy.

Expanding the Network Business

Up until this point we have placed an emphasis on the contract logistics business within regions, based on close relationships with customers. To answer our customers' globalized supply-chain management-related needs, we will enhance our network business in order to meet their needs more flexibly and promptly. The network business is centered on the NVOCC (Non-Vessel Operating Common Carrier) and OCM (Origin Cargo Management) functions. We will work to organically combine these functions based on our customers' needs and provide them with solutions.

In addition to allowing us to provide optimal logistics services, NVOCC has two key benefits: it allows us to increase handling volume using a field strategy, and it allows us to respond to fluctuations in distribution volume. In the past, our operations were centered on so-called "singular logistics," in which operations were confined to one individual region (such as only in the U.S., or only in Germany) or to point-to-point services only. By enhancing the NVOCC function, we believe that we will be able to provide logistics services over an entire field, thereby increasing customer contact points and expanding handling volume. Also, developing the network business will allow us to switch to a business platform that has a lean asset structure, and avoid the common problem of asset bloating, thereby putting in place a framework that enables us to flexibly respond to changes in the economic environment.

Enhancing our Marketing, Proposal and Frontline Capabilities

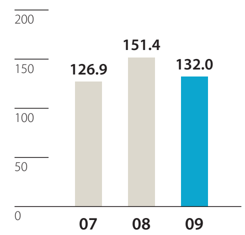
In order to build strong bonds of trust with customers, it is necessary for us, as an integrated logistics provider, to enhance our marketing abilities for identifying our customers' needs, including their unmet needs; strengthen our ability to design and propose solutions to fulfill these needs, and to sharpen our frontline capabilities so that we can execute the solutions that we propose. We will take all necessary measures to enhance each of these three capabilities.

Terminal and Harbor Transport Business

The terminal and harbor transport business operates a wide range of terminals at major ports in Japan, Asia, North America, Europe and Australia, and provides terminal services for containerships, pure car carriers (PCCs) and cruise ships. In the container terminal business, the division supports NYK Group's containership operations by providing high-quality services in a stable manner. At the same time, the division is working to expand the scope of business by participating in new ventures in India and Vietnam, where future growth is expected.

Terminal and Harbor Transport Revenues

(Billions of yen)



Background

The division's mainstay container terminal business currently operates a total of 14 terminals in Japan and overseas. We have the most experience operating terminals in Japan, and have cultivated expertise in the areas of efficiency, accuracy and safety. We have applied such expertise to overseas terminals and have worked to satisfy the tough demands of users in terminals throughout the world by raising our level of service and ensuring a uniform quality of service at all locations. Also, we have been proactive in introducing cargo handling equipment that is equipped with advanced environmental technology for reducing CO_2 and NO_X emissions.

NYK's TEUs and Number of Container Terminals

Terminal Operations

(Years ended December 31)

	2003	2004	2005	2006	2007	2008
Terminal Operations Million TEUs	5.4	5.6	5.5	5.7	6.2	6.4
Number of terminals	13	13	14	13	13	14

Stevedoring Operations

	2003	2004	2005	2006	2007	2008
Terminal Operations Million TEUs	2.5	2.6	2.9	2.6	2.6	2.7
Number of terminals	18	19	20	21	19	20

Total

	2003	2004	2005	2006	2007	2008
Terminal Operations Million TEUs	7.9	8.3	8.4	8.3	8.8	9.1
Number of terminals	31	32	34	34	32	34

Market Environment and Performance Summary

From October 2008, domestic terminals experienced a decline in the movement of goods, with export container handling volume suffering a particularly steep decline. On the environmental front, we made progress in reducing energy use and CO_2 emissions through the installation of two new hybrid transfer cranes at the Tokyo (Oi) Container Terminal in November 2008.

In the domestic tugboat operation business, profits dropped in the first quarter of fiscal 2008 due to the rise in fuel oil prices, but earnings improved in the second and third quarters after we revised our operating fees. However, earnings once again declined in the fourth quarter as we saw much fewer work opportunities.

Yusen Terminals Inc. (YTI), based in Los Angeles in the U.S., renewed handling contracts, but as competition with other terminals intensified due to the significant decline in the movement of goods, we were unable to reflect all of the cost increases in these contracts.

In Europe, at Amsterdam's Ceres Container Terminals Europe B.V. (CTE), although the Grand Alliance's new service for the Europe route made its first port call in May 2008, the service was suspended in December 2008 due to the decline in the movement of goods.

In Taiwan, at NYK Terminals (Taiwan), Inc. (NTTI) in Kaohsiung Port, the movement of goods declined from November 2008, especially cargo shipments to and from North America. Due to subsequent route streamlining, port calls at this terminal were temporarily suspended, resulting in a year-on-year decline in handling volume of approximately 7%.

Due to the above factors, overall container terminal handling volume declined from the previous year's level. Revenues declined 12.8% year on year to ¥132 billion, while operating income declined 45.4% to ¥6.1 billion.

Initiatives Ahead

We will apply the sophisticated operational expertise we have developed at domestic terminals to our operations at overseas terminals, with the aim of building a service framework that satisfies the high demands of our customers around the world.

Satoshi Akagi
Corporate Officer

Sophisticated Operations

We believe that building and maintaining a framework that allows us to provide flexible services to meet the needs of our customers is the most important role of the harbor terminal business. To achieve this, the NYK Group uses only NYK Group companies to perform the duties of operating companies at domestic terminals, thereby enhancing communication within the Group and raising its collective capabilities. Under this structure, the NYK Group has a unified organization in place to manage these operations. Tireless efforts and many years have gone into building this organizational framework. This initiative has steadily come to fruition. Through our network of terminals operated as one group, we offer not only highly precise cargo handling under a unified chain of command cemented by solid partnerships, but also extremely high-quality services that flexibly address our customers' demanding requests. At overseas terminals we are working to incorporate this philosophy of unified operations, and operational expertise such as the precise operational capabilities cultivated in Japan.

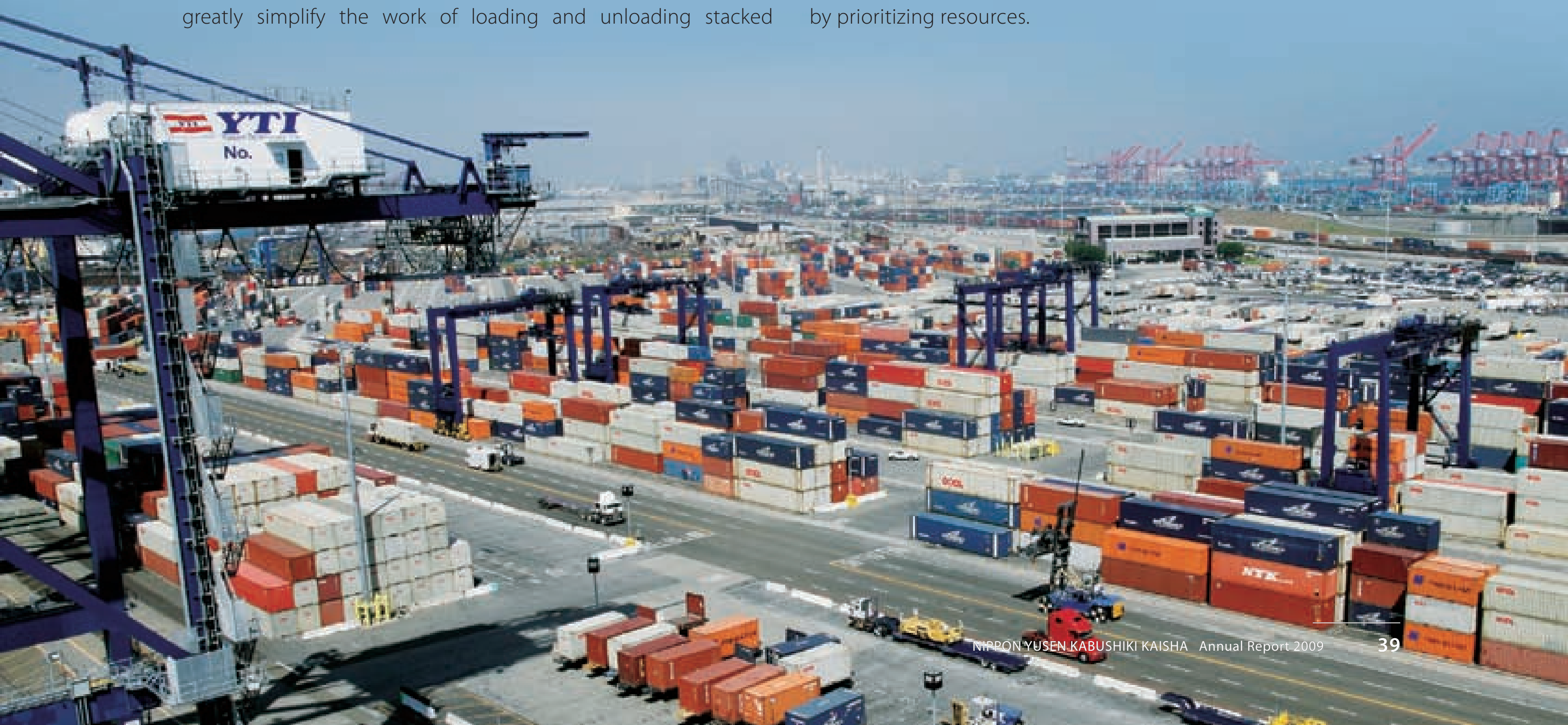
Construction of Modern Stacker Crane Container Hangar

We are scheduled to complete the world's first hangar using modern stacker cranes at the Oi Container Terminal in March 2011. Using modern stacker cranes is a major breakthrough, and will greatly simplify the work of loading and unloading stacked containers, something which has been a problem for many years. This new hangar will not only be excellent from a systems standpoint, but will also be environmentally friendly. Reefer containers consume vast amounts of electricity to maintain a low temperature; the solar panels loaded on the hangar will generate some of the necessary electricity.

Furthermore, the containers will be able to maintain low temperatures with less electricity because they will not absorb direct sunlight. We have submitted a patent application for this revolutionary container hangar and are looking at using them overseas in the future.

Medium- and Long-term Strategy

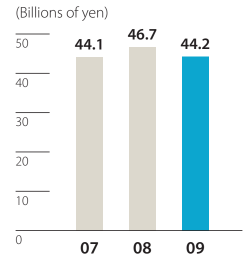
As we expand our business into new regions over the medium term, our focus will be on regions where Japanese companies have warehouses and/or production plants. Currently, we are focusing our attention on both India and Vietnam, which are both seeing an increase in distribution volume due to rapid economic expansion, and have high potential for demand. We plan to build terminals by around 2012 after visiting each country, looking closely at their respective historical backgrounds and unique cultures, along with considerations about the economic environment. Meanwhile, we are considering withdrawing from regions where demand is declining, as a part of our efforts to improve profitability by prioritizing resources.



Cruise Business

NYK is engaged in the cruise business through operating subsidiaries established in Japan and the U.S. We operate three cruise ships: *Asuka II*, mainly for guests in Japan, as well as *Crystal Symphony* and *Crystal Serenity* for guests overseas, centered on the U.S. Of the world's numerous cruise ships, NYK's *Asuka II*, *Crystal Symphony* and *Crystal Serenity* offer some of the highest levels of luxury in the world, and have been applauded by guests the world over for their warm hospitality and services.

Cruise Revenues



Background

Because the cruise business is a B-to-C business, our guests evaluate us stringently, but at the same time they often vacation with us repeatedly if they are satisfied with our service. The division's mission is to demonstrate integrity, innovation and intensity based on the NYK Group's comprehensive capabilities as a marine transport company, to offer unparalleled cruises of an exceptionally high quality, which allow our guests to feel the joy of life.

Market Environment and Performance Summary

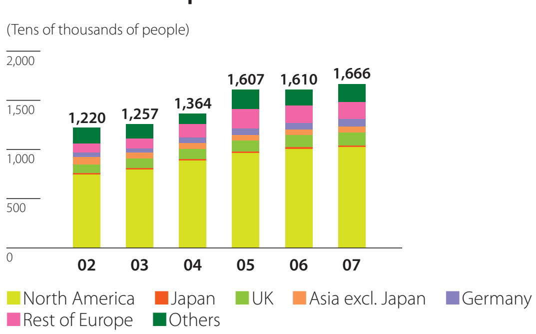
Cruises are starting to gain recognition in the global market as an excellent travel product. Particularly in the U.S. and Europe, cruises have earned a reputation as being a high-quality product that offer a balance between a number of elements such as sightseeing (the ability to enjoy various harbors and towns, as well as natural beauty and world heritage sites), entertainment (many kinds of activities for enjoyment), cuisine (the ability to choose from a variety of food and beverages from all over the world), and in recent years health promotion (spas and other facilities).

However, since the shock of the collapse of Lehman Brothers in September 2008, against the headwind caused by the global economic slowdown, cruise sales, which had been strong up until that point, have declined, particularly in the North American market. In North America, there has been a marked trend in consumers refraining from purchasing expensive products in general, and cruise sales have slumped accordingly. Meanwhile, although the impact of the economic slowdown on the Japanese market has been less pronounced than in North America, some long cruises have seen sales fall short of targets.

Furthermore, an increase in costs such as higher fuel and insurance costs squeezed fiscal 2008 earnings.

Consequently, the Cruise business posted lower revenues and earnings, with cruise revenues declining 5.4% year-on-year to ¥44.2 billion, and operating income decreasing 75.1% to ¥1.3 billion.

Global Cruise Population



Sources: North America: Cruise Industries Association
Japan: Compiled from statistics provided by the International Shipping Division, Maritime Bureau, Ministry of Land, Infrastructure and Transport, and Complete Guide to Cruising & Cruise Ships 2009, published by Berlitz International
World: Complete Guide to Cruising & Cruise Ships 2009, published by Berlitz International

Ranking: Berlitz's Complete Guide to Cruising & Cruise Ships 2009

Crystal Symphony	Crystal Serenity	Asuka Ⅱ
★★★★★	★★★★★	★★★★+
(Five-Stars)	(Five-Stars)	

Initiatives Ahead

We will further raise our level of quality as a luxury cruise operator by enhancing our comprehensive capabilities in terms of providing high-quality services, attractive cruise ships and a high level of safety in ship operations.

Nobuyoshi Kuzuya
General Manager, Cruise Enterprise Group

Potential for Market Growth

Sales have been in an adjustment phase, particularly in North America, since September 2008, and the current market situation is certainly challenging. Still, the North American cruise population has been increasing for more than 20 years. In addition, cruise products still account for only a small percentage of overall travel products, offering plenty of room for growth. In addition, the cruise population is on the rise in Europe (mainly the U.K. and Germany) and Asia, so we are confident that the market has sufficient growth potential.

Further Quality Enhancements

We want to position ourselves to capture business opportunities in a timely manner and achieve additional growth when we see a recovery in demand. In order to accomplish this, it is important that we pursue an even higher level of quality as a luxury cruise operator, and continue to enhance both our assets and services.

In terms of services, our first step is focusing on developing the personnel who form the foundation of our business. When we train our land- and sea-based personnel, we use a curriculum that focuses on fundamental areas such as principles and philosophy, so that our diverse personnel from a variety of countries, all having different experiences and knowledge, will be able to share values and work as a unit.

Also, we have upgraded to a core computer system for onshore and offshore operations that is both advanced and versatile, and are working to make our administrative operations more efficient. With the change to this core computer system, we have dramatically improved our customer management and labor management, which has led to an overall increase in productivity and contributed to improved services.

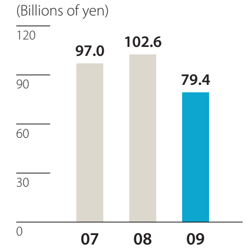
Meanwhile, in terms of assets, we renovate our cruise ships as necessary to ensure that we maintain them in the best condition to satisfy our guests. We also intend to put these renovations to good use in designing new ships. We have always provided service based on the approach that what is most important is that our guests enjoy their voyage with us. While it is ultimately up to our guests to decide whether we are succeeding, we are pleased and encouraged to know that we have earned high marks around the world. As we move forward, we will further raise the bar of our cruises by enhancing our comprehensive capabilities in terms of providing high-quality services, attractive cruise ships and a high level of safety in ship operations.

Air Cargo Transportation Business

In the air cargo transportation business, Nippon Cargo Airlines (NCA), an NYK consolidated subsidiary, conducts the international air cargo business centered on flights between Japan and North America, Europe and Asia. This is achieved through the operation of wide-bodied freighters and partnerships with airlines around the world.

Air Cargo Transportation Revenues

(Billions of yen)



Background

NCA operates the latest Boeing 747-400F aircraft, while planning to introduce a next-generation freighter, namely the Boeing 747-8F, into its fleet. These new models of aircraft offer superior performance, not only in terms of their fuel efficiency, continuous flying distance and cargo load capacity but also outstanding excellent environment-oriented qualities, particularly reduced noise pollution levels and CO_2 emissions. With a fleet of the newest freighters and an independent fleet operation and maintenance structure, NCA will strive to ensure safe operations, and work toward becoming an air cargo specialist boasting a prime competitive position on the world stage in terms of cost, efficiency, service quality and environmental consideration.

Market Environment and Performance Summary

In fiscal 2008, the economic slowdown triggered by the financial crisis that began in the U.S. had an adverse impact on the air cargo transportation sector. Air cargo movements to North America declined from the summer of 2008, while falling sharply to Europe and Asia from the autumn months. Since the beginning of 2009, air cargo movements have been less than one-half the level of the previous year, marking an unprecedented market downturn.

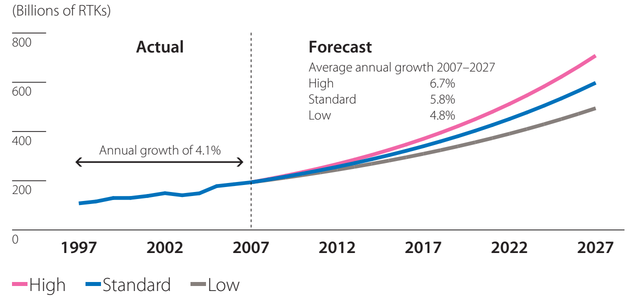
Fuel prices increased through the summer of 2008, reflecting the continuous rise in fuel prices prevailing in 2008, but subsequently declined rapidly due to the effects of the economic slowdown.

Amid the unprecedented business environment defined by the drastic contraction in air cargo movements and wild swings in unit fuel prices, NCA worked to maintain safe operations through its independent fleet operation and maintenance structure and to ensure on-time performance. In addition, the company engaged in fine-tuned marketing activities and worked to reduce costs by reviewing expenses across the board.

Given these developments, and due to the reduction in operating scale following the decommissioning of aging aircraft at the beginning of the fiscal year, revenues declined 22.6% from the previous fiscal year to ¥79.4 billion, but the operating loss improved ¥4.1 billion to ¥17.9 billion.

Air Cargo Demand Forecast

(Billions of RTKs)



Source: Boeing World Air Cargo Forecast 2008/2009

Real Estate Business, Other Business

The real estate segment focuses on the management of real estate owned by NYK and Group companies involved in the real estate business. In fiscal 2008, amid the deteriorating market environment, we posted an increase in both revenues and earnings, thanks to our efforts to raise office rents while maintaining high occupancy rates, primarily in the Marunouchi Yusen Building. Also, in order to raise operating efficiency, from April 2009 we integrated business operations into Yusen Real Estate Corporation, a wholly owned subsidiary.

The Other Business segment comprises NYK Trading Corporation, which primarily handles the sale of petroleum products and ship equipment, as well as the businesses of consolidated subsidiaries engaged in such businesses as shipping agency services, and restaurant and sightseeing operations. In fiscal 2008, the trading business performed much better than the previous year due to strong sales of bunker oil and ship equipment. The manufacturing and processing business recorded an increase in both revenues and earnings due to an increase in orders received for vessel repairs as well as robust sales of fuel oil additives. Both the restaurant business and the shipping agency business saw performance generally on a par with the previous year due to cost-cutting efforts.

(Billions of yen)

	2007	2008	2009
Real Estate Revenues	11.6	11.5	11.7
Other Revenues	178.1	205.1	207.9

Initiatives Ahead

We are making steady progress with building a strong operating base. Going forward, it will be important for us to capture demand in the Asian market, where high growth rates are expected.

Hitoshi Oshika
Corporate Officer

NCA Begins Independent Operations

Ever since we made NCA a consolidated subsidiary, we have worked to reform the structure of its business operations with the aim of establishing an independent and self-managed operating base. This has entailed establishing independent aircraft maintenance and management of flight operations, and IT functions. In July 2007, NCA began independent maintenance operations with respect to its fleet of Boeing 747-400F aircraft after obtaining a business site license concerning aircraft maintenance from the Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transportation and Tourism. NCA has already completed basic capital investments in airplane hangars, flight crew training simulators and other facilities.

The main factors behind the weak operating results were the surging fuel oil prices in recent years as well as the aforementioned start-up costs. Going forward, we believe we can achieve further growth by leveraging the operating base we have built up in recent years.

Growth Potential in the Air Cargo Transportation Market

During fiscal 2008, the air cargo transportation market was one of the markets hit hardest by the global economic slowdown. In fact, we faced an unprecedented downturn with revenues decreasing between 50% and 60% year on year in the third and fourth quarters of fiscal 2008. While we expect business conditions to remain difficult for the time being, the trend for an increase in cargo demand over the medium term, particularly in Asia, remains unchanged, and some predict that the air cargo transportation market will resume growth at an annual rate of at least 5% as a growth industry. In these circumstances, we believe that the key to growth will be aggressive business development in the Asian market, where there is strong potential for growth.

Medium- and Long-term Strategy

We believe that having a fleet of high-performance aircraft is the largest source of competitiveness in this division. Depending on whether an airplane is new or old, there is a large difference in fuel and maintenance costs, as well as in noise and other factors influencing environmental performance. We therefore believe that it is necessary to introduce state-of-the-art aircraft in order to reduce these costs and remain competitive.

While we manage daily operations in great detail as a matter of course, our most important priorities are to deploy state-of-the-art aircraft in a timely manner and manage a simple cost structure. The air cargo transportation division does not use passenger airplanes, instead employing a single aircraft model. This allows us to simplify flight operations and maintenance systems to a greater extent than our competitors, and reap economies of scale. We view our simple cost structure and our highly-competitive, state-of-the-art aircraft as the division's strengths. Beginning with the 2009 summer flight schedule, we launched a code-sharing service with Japan Airlines Corporation on Pacific Ocean routes and certain Asian routes. This initiative has allowed us to deliver an even higher quality of service without incurring any particular additional costs.

An immediate recovery in business performance seems unlikely, given that the business environment is expected to be difficult over the next year or two. However, we will polish our strengths, namely our cost competitiveness and high quality of service, and seize business opportunities in Asia and other growth markets. We will also enhance our operations so as to raise our presence in the international logistics market and provide reliable services.

Corporate Governance

To earn the trust of stakeholders—not only shareholders but also customers, business partners and the regional communities in which NYK maintains a presence—and meet their expectations, the Company strives to build and further enhance a management structure optimized for management transparency and efficiency.

Organization of Internal Systems

NYK employs an auditor system. The Board of Corporate Auditors comprises four members, including two outside auditors, who audit the execution of duties by directors of the Company. The Board of Corporate Auditors oversees the Auditing Department, which comprises full-time corporate auditors.

The Board of Directors comprised 15 members, of whom two were outside directors, at March 31, 2009. The board is responsible for making decisions on legal matters, formulating major management policies and strategies, and supervising the execution of operations. NYK maintains an executive officer system. The Committee of Corporate Officers comprises 42 members, including directors from the Board of Directors, but not outside appointees. Members of this committee execute operations based on resolutions and under the supervision of the Board of Directors.

Matters of particularly critical importance from the perspective of management strategy are discussed by the Executive Committee for Strategic Management, which comprises members at the senior managing director level or above. This committee provides direction for the Board of Directors. Meanwhile, the NYK Group Conference of Presidents seeks to enhance Groupwide management practices and improve management transparency.

Overall, our internal structure is designed to clarify lines of authority and responsibility for business operations, promote fast and accurate decisions, and enhance management transparency and efficiency.

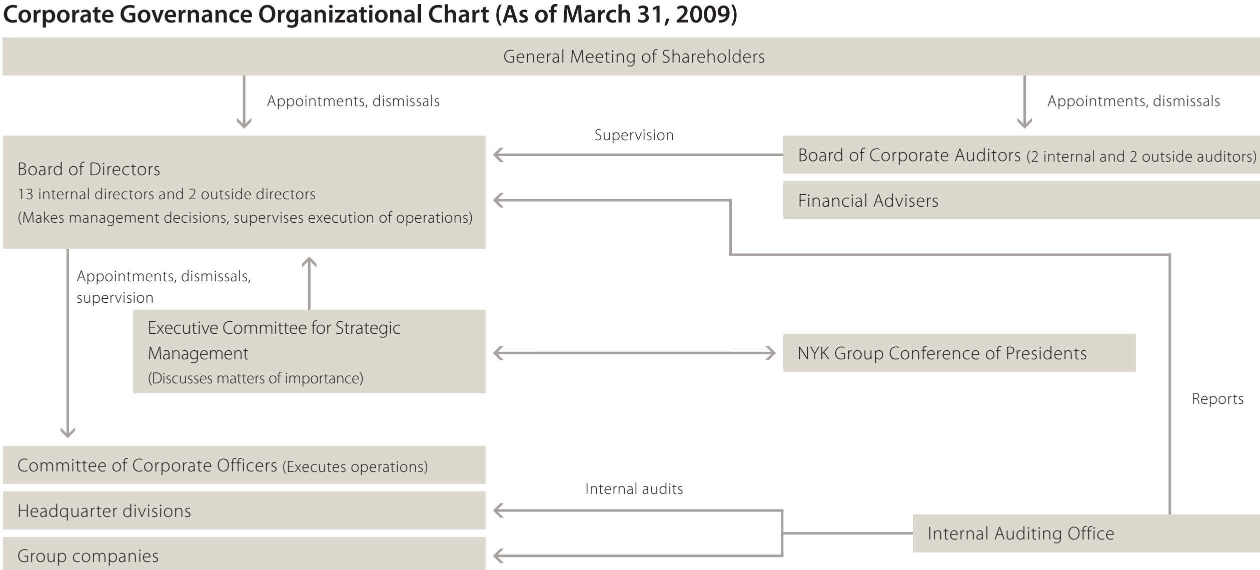
Internal Control System

The internal control system at NYK has four components, as described below. Corporate auditors establish a structure to facilitate effective audits, and the Internal Audit Chamber, as the primary auditing division for the NYK Group, checks and assesses the effectiveness and efficiency of the business activities undertaken by companies in each operating segment of the Group.

(1) Compliance with Laws and Articles of Association

Seeking to address issues prompted by the May 2006 enforcement of the Company Law in Japan and to reinforce internal controls, NYK

Corporate Governance Organizational Chart (As of March 31, 2009)



established the Internal Control Committee, with the president as committee chairman, in April 2006, along with the Compliance and Risk Management Group, which functions as a corporate ethics unit.

The NYK Line Business Credo was formulated in 1997, followed by the Code of Conduct in 1999, as guiding principles for management and staff that would, and still do, ensure thorough compliance in accordance with specific parameters of behavior described therein.

The internal compliance structure hinges on the Compliance Committee, established in 2003, and oversight by the Chief Compliance Officer. In April 2007, internal reporting rules were drafted, based on the Whistleblower Protection Act that went into effect in April 2006. An in-house conduit was opened as part of efforts to build a structure that enables management to detect minor trouble spots and potential issues before they become major problems. To encourage widespread awareness of the need for legal compliance, NYK undertakes a program, Compliance Checkup Month, each year, and to ensure that compliance is being practiced at all levels, the Company implements regular assessments of activities.

(2) Risk Management

NYK seeks to respond to the risks inherent in its business operations through supervisory departments, which address operating risks in each business segment, and through the establishment of internal rules geared to each risk. The Company set up a risk management team within the Compliance and Risk Management Group to underpin an integrated internal control system appropriate for the entire organization and to enhance appropriate risk management practices. In addition, to reinforce risk management throughout the Company, NYK gathers information on and centrally controls overall risk to hedge the risk of losses. In the process, NYK regularly recognizes and evaluates risk, examines and implements countermeasures, and improves risk management through monitoring.

(3) Financial Reporting to Ensure Trustworthiness and Compliance with Disclosure Requirements

The financial reports generated by NYK follow corporate accounting standards generally accepted as fair and appropriate, and the Company strives to ensure the credibility of such reports.

Given the importance of timely access to corporate information, NYK emphasizes the production of documentation and other materials consistent with such legislation as the Financial Instruments and Exchange Act and the Company Law and seeks to disclose the required information in a timely fashion, in accordance with rules set by securities exchanges. In addition, the Company actively provides stakeholders, including shareholders and investors, with corporate information through such opportunities and conduits as investor relations activities and its Web site. To facilitate the collection of disclosure information related to fiscal settlement, NYK is putting in place a checking framework comprised of various relevant departments that reliably gather all the information required for settlement disclosure.

The Information Disclosure Committee, chaired by the president, tracks maintenance and administration of the disclosure system and undertakes system reviews to verify the accuracy of documents, such as the *yukashoken hokokusho* (financial reports) that listed companies must provide to the Financial Services Agency in Japan.

(4) Creation of an Internal Control System Based on the Financial Instruments and Exchange Act

At NYK, the Internal Control Project Office led the effort to create an internal control system based on the requirements of the Financial Instruments and Exchange Act, and to respond to the new legal and regulatory system. NYK's internal control system conforms to the basic framework for internal control prescribed by the criteria announced by the Business Accounting Council of the Financial Services Agency. NYK refines and manages internal control structures related to financial reporting.

Executive Compensation

Executive compensation paid to directors and corporate auditors in fiscal 2008 is presented below.

The amount includes the scheduled payment of ¥127 million in directors' bonuses, subject to approval at the 122nd General Meeting of Shareholders, and also includes payments to the four directors who retired during fiscal 2008. (Amounts less than ¥1 million have been rounded down.)

	Directors (Amount allocated to outside directors)	Corporate Auditors (Amount allocated to outside corporate auditors)	Total
Executive compensation	¥611 million (¥28 million)	¥90 million (¥24 million)	¥701 million

The 118th General Meeting of Shareholders held on June 28, 2005 approved the payment of retirement benefits for termination in conjunction with the abolition of the retirement benefits system for Directors and Corporate Auditors. Based on this proposal, NYK paid retirement benefits for termination of ¥108 million to the two directors who retired in fiscal 2008.

Auditor Compensation

(1) Compensation paid to the Company's certified public accountants

	Fiscal 2007		Fiscal 2008	
	Compensation paid for audit certification activities (Millions of yen)	Compensation paid for non-audit activities (Millions of yen)	Compensation paid for audit certification activities (Millions of yen)	Compensation paid for non-audit activities (Millions of yen)
Filing company	–	–	155	21
Consolidated subsidiaries	–	–	132	17
Total	–	–	287	39

(2) Other important compensation

Principal overseas consolidated subsidiaries subject to audits of financial statements and of internal controls have concluded audit agreements with Deloitte Touche Tohmatsu, which is affiliated with the same professional network as the certified public accountants and others engaged in audits of the Company.

(3) Details of compensation for non-audit activities of certified public accountants and others engaged in audits of the Company

Compensation for non-audit activities of certified public accountants and others engaged in audits of the Company comprise internal controls project consulting fees.

(4) Policy for determining auditor compensation

The Company strives to determine auditor compensation based on ample discussions with the independent auditor on matters necessary to ensure proper and efficient audits, such as the number of audit days and staff members involved in audits.

Corporate Audits, Audit Organizations and Financial Audits

NYK's Internal Auditing Chamber conducts internal audits of the Company and domestic Group companies and also audits the system for controlling cash flow into and out of the Company, in accordance with Internal Auditing Rules approved by the Board of Directors. Internal audits of overseas Group companies are performed by internal auditors assigned to Group regional headquarters in five regions—the Americas, Europe, East Asia, South Asia and Oceania—who act under the direction and guidance of the Internal Auditing Chamber. Reports are delivered to the Internal Auditing Chamber and the heads of regional headquarters.

All four corporate auditors, including the two outside auditors, undertake auditing activities in accordance with audit plans determined by the Board of Corporate Auditors. These activities include attending Board of Directors' meetings and other important sessions, ascertaining the status of duties executed by directors, the Internal Auditing Chamber and other personnel and corporate sections, and examining paperwork, such as important approval documents.

The Corporate Auditor's Chamber, staffed by two full-time auditors, supports corporate auditors in the execution of their auditing duties.

Corporate auditors ensure the impartiality of the independent auditor while keeping lines of communication open, complementing audit-related activities through two-way information exchange, and working to raise audit quality and efficiency. Corporate auditors also hold monthly meetings where the results of audits and other information are shared with them. They also get together with the Internal Auditing Chamber on a regular basis and convene meetings with the independent auditor, thereby strengthening communication between all three audit-related groups.

The certified public accountants who audit NYK's books are Takashi Nagata, Yuji Itagaki, Toshiharu Matsuura and Toru Igarashi, all of whom are with the accounting firm Deloitte Touche Tohmatsu and have been auditing the Company's accounts for less than seven consecutive years.

These four accountants are assisted by 15 certified public accountants and 49 others. Audits are undertaken in accordance with standards generally accepted as fair and appropriate.

Human, Capital, or Other Relationships or Interests Existing between NYK and Its Outside Directors and Outside Corporate Auditors

NYK had no conflicts of interest with the two outside directors and the two outside auditors as of March 31, 2009. Both outside directors, Mr. Yukio Okamoto and Ms. Yuri Okina, received compensation from the Company, beginning in July 2006, for their participation on the Advisory Board, which comprised outside professionals, but they resigned from this board on June 23, 2008.

Company Activities During the Past Year to Improve Corporate Governance

NYK appointed two outside director candidates by approval at the General Meeting of Shareholders in June 2008. The invitation of these two individuals will raise management transparency and strengthen corporate governance.

The Company undertakes operating activities on a global scale and therefore prioritizes efforts to instill a deeper appreciation of compliance initiatives and to encourage compliance-oriented practices at both domestic and overseas companies of the NYK Group. In fiscal 2008, compliance training was implemented 19 times at NYK's domestic companies to promote mastery of compliance-related skills and a thorough awareness of compliance issues. In addition, NYK worked to solve issues that had been clarified by organizing self-checks of compliance behavior at 127 domestic and overseas NYK Group companies.

NYK introduced an e-learning compliance training program in 2006, and as of March 31, 2009 approximately 6,000 people had gone through the program. The Company will continue this program in fiscal 2009 as part of its activities to ensure the thorough awareness of compliance issues and improve the compliance-related skills of all employees of the NYK Group.

In regard to internal auditing of compliance activities, internal auditors at the Internal Auditing Chamber and each overseas regional headquarters were asked to fill out a questionnaire on the current status of internal audits and internal controls at domestic and overseas Group companies.

NYK will strive to uphold fair and transparent management practices and further reinforce its corporate governance structure.

Introduction of Measures to Prevent Large-Scale Purchases of NYK Share Certificates (Takeover Defense Measures)

NYK adopted, following approval at the General Meeting of Shareholders on June 24, 2008, measures for countering large-scale acquisition of the Company's shares (takeover defense measures) in the event an offer is made to purchase a large number of corporate shares. These measures will serve to secure the necessary information and time for shareholders to form an appropriate decision on whether to accept or reject such an offer and thereby ensure and further enhance corporate value and the common interests of shareholders.

The measures are described in detail in a press release dated March 27, 2008, which can be found at http://www.nyk.com/english/news/2008/0327_3/

Summary of Limited Liability Agreements

In accordance with Article 427, Paragraph 1 of the Company Law, NYK has concluded agreements with outside directors and outside auditors that limit its liability for compensation, as set forth in Article 423, Paragraph 1 of the Company Law, to the greater of either a predetermined amount, which will not be less than ¥20 million, or an amount established under the provisions of the Company Law, provided that the outside director or outside auditor acted in good faith in executing his or her duties and provided that such compensation does not lead to significant losses for the Company.

Fixed Number of Directors

As set forth in the Company's Articles of Incorporation, the number of directors will be 16 or less.

Resolution Criteria for Appointing a Director

In its Articles of Incorporation, NYK sets forth a clause stating that approval of a candidate for the Board of Directors requires a majority vote by shareholders in attendance whose combined shareholdings represent more than one-third of total voting rights held by shareholders with the ability to exercise such rights.

Purchase of Treasury Stock

NYK provides in its Articles of Incorporation a clause allowing the Board of Directors to approve the purchase of treasury stock, primarily from the market, in accordance with Article 165, Paragraph 2 of the Company Law. This serves to facilitate the implementation of a flexible capital policy that reflects changes in the economic environment.

Interim Dividends

NYK provides in its Articles of Incorporation a clause allowing, by resolution of the Board of Directors, the distribution of surplus dividends (interim dividends), as set forth in Article 454, Paragraph 5 of the Company Law, to shareholders or registered stock pledgees whose names were entered to or recorded in the shareholders' register as of September 30 of each year. Giving the Board of Directors this authority serves to promote the flexible return of profits to shareholders.

Conditions for Special Resolutions at the General Meeting of Shareholders

In its Articles of Incorporation, NYK sets forth a clause stating that special resolutions at the General Meeting of Shareholders, as defined under Article 309, Paragraph 2 of the Company Law, require passage with votes representing more than two-thirds of voting rights held by shareholders in attendance whose combined shareholdings represent more than one-third of total voting rights held by shareholders with the ability to exercise such rights. This represents a reduced quorum for special resolutions and ensures that general shareholder meetings proceed more smoothly.

Message from Outside Directors

Yukio Okamoto
Outside Director

Companies today are expected to do more than just obey the law. They need to remain conscious of "doing right" in the course of executing business operations. Obeying the law is fundamental to compliance, but "doing right" is a higher-order concept. It involves, for example, respecting human dignity, fairness, and looking out for the weak. NYK operates an international business, where people with diverse values and cultures work. Because of differences in various systems by country and region, a higher-order concept is needed to encompass the wide range of national laws and regulations. Therefore, it is essential that the rules governing all group employees worldwide reflect the concept of "doing right."

I believe that the extremely serious economic crisis we now face is happening against the backdrop of a period of transformation that occurs only once in a century. By no means am I pessimistic about this crisis. Rather, I consider it to be a challenging era that gives us the opportunity to face and overcome rough times. What is important is to look ahead to the next period, after the crisis ends, and make the necessary investments from a long-term perspective. These investments include not just equipment, but human resources as well. It is in difficult times that companies most need forward-looking strategies and human resource development. I believe that focusing on the overall global structure, along with establishing strategies with a long-term view and developing the personnel to implement them, will directly enhance corporate value.

I will continue to offer advice on international conditions in my position as an outside director.

Yuri Okina
Outside Director

NYK introduced the outside director system in June 2008. I believe that the addition of highly independent external perspectives to the Board of Directors was a meaningful step to stronger corporate governance. I also feel that putting in place a highly transparent structure will have a positive impact not just on shareholders, but also business partners and all other stakeholders of the company as well.

My specialty is in finance, and my research focuses on the global economy from a macroeconomic viewpoint. Therefore, at Board of Directors meetings, I strive to express my views especially when management decisions involving financing considerations must be made. During discussions, I try to fulfill my accountability to shareholders by asking questions about points I have doubts about or that I feel might be difficult for shareholders to understand, and by providing feedback to the executive officers.

The global economy has experienced a seismic shift as a result of the recent financial crisis. Previously, the world economy was driven by robust consumer demand in the U.S. and the global movement of capital. This structure collapsed in the wake of the financial crisis, and the business environment is in the midst of dynamic changes. I believe we will see new developments, such as a shift in the main source of global demand from the U.S. and Europe, to China and other emerging countries. In this context, global logistics companies like NYK need to keep a close eye on global economic developments, and do their very best to open up new opportunities for growth. I believe these efforts will become the source of further growth, and are the most important factor behind enhancing corporate value.

I will continue to draw on my experience and insights to fulfill my role as an outside director by helping to strengthen corporate governance at NYK, as well as enhance its corporate value.

Directors, Auditors & Corporate Officers

(As of June 23, 2009)

Koji Miyahara
Chairman

Yasushi Yamawaki
Executive Vice-Chairman

Yasumi Kudo
President

Masahiro Kato
Representative Director, Senior Managing Corporate Officer

Hidenori Hono
Representative Director, Senior Managing Corporate Officer

Tadaaki Naito
Representative Director, Senior Managing Corporate Officer

Hiroshi Hattori
Director, Managing Corporate Officer

Naoya Tazawa
Director, Managing Corporate Officer

Hiroshi Hiramatsu
Director, Managing Corporate Officer

Hiromitsu Kuramoto
Representative Director, Executive Vice-President

Shinji Kobayashi
Representative Director, Executive Vice-President

Takao Kusakari
Director, Board Counselor

Masamichi Morooka
Director, Senior Managing Corporate Officer

Kenji Mizushima
Director, Managing Corporate Officer

Outside Directors (Part-time)

Yukio Okamoto
Yuri Okina

Managing Corporate Officers

Toshinori Yamashita
Tetsuichi Nozaki
Fukashi Sakamoto
Hitoshi Nagasawa

Corporate Officers

Tetsufumi Otsuki
Takatake Naraoka
Yasuyuki Usui
Mikitoshi Kai
Shoji Murakami
Satoshi Akagi
Ian Veitch
Takeshi Yukawa
Yasushi Takada
Koichi Akamine
Hiroaki Tsuchiya
Takuji Nakai
Hidetoshi Maruyama
Takao Ito
Takashi Abe
Yoko Wasaki
Yasuo Tanaka
Naoyuki Ohno
Masahiro Samitsu
Koichi Chikaraishi
Kunihiko Miyoshi
Yuji Isoda
Shunichi Kusunose
Kenichi Miki
Hitoshi Oshika
Kazuo Ogasawara
Chak Kwok Wai

Corporate Auditors (Full-time)

Yukio Ozawa
Naoki Takahata

Outside Corporate Auditors (Part-time)

Hidehiko Haru
Takaji Kunimatsu

Financial Section

Contents

Consolidated Five-Year Summary

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries

					Millions of yen
	2009	2008	2007[2]	2006	2005
Years ended March 31:					
Revenues	**¥2,429,973**	¥2,584,626	¥2,164,280	¥1,929,302	¥1,606,098
Costs and expenses	**2,054,595**	2,128,849	1,840,785	1,594,598	1,283,769
Selling, general and administrative expenses	**230,463**	253,698	218,553	194,223	160,954
Operating income	**144,915**	202,079	104,942	140,481	161,375
Income before income taxes and minority interests	**77,660**	200,491	115,137	145,560	127,213
Income taxes—current	**30,997**	78,790	44,172	53,839	51,366
Income taxes—deferred	**(11,969)**	3,122	4,430	(3,262)	580
Minority interests in net income	**2,480**	4,440	1,497	2,924	3,941
Net income	**56,152**	114,139	65,038	92,059	71,326
As of March 31:					
Total current assets	**¥ 490,589**	¥ 602,068	¥ 539,971	¥ 460,536	¥ 399,501
Total current liabilities	**574,989**	775,067	697,050	612,155	477,865
Total vessels, property, plant, and equipment, net of accumulated depreciation	**1,167,657**	1,131,946	946,328	856,065	701,157
Total assets	**2,071,271**	2,286,013	2,135,442	1,877,440	1,476,227
Long-term debt	**811,715**	699,241	584,566	506,231	464,196
Total net assets	**581,237**	679,037	700,718	575,366	427,771
Retained earnings	**426,217**	401,045	312,606	266,568	203,774

					Yen
Per share of common stock[1]:					
Net income	**¥ 45.73**	¥ 92.93	¥ 52.99	¥ 75.04	¥ 58.12
Diluted net income	**—**	—	—	—	—
Net assets	**443.16**	519.51	534.90	471.05	350.10
Cash dividends applicable to the year	**15.00**	24.00	18.00	18.00	18.00

Notes: (1) "Per share of common stock" is calculated based on the weighted-average number of common shares outstanding during each consolidated fiscal year.
(2) From the consolidated fiscal year ended March 31, 2007, the Company applies the Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Boards of Japan ("ASBJ") Statement No. 5, December 9, 2005) and the Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8, December 9, 2005).

Management's Discussion and Analysis

Overview of Operating Performance

The world economy during the fiscal year ended March 31, 2009 faced unprecedented circumstances. The financial crisis triggered by the collapse of a major U.S. financial institution in September 2008 deepened, and rapidly spread to the real economy. The economic growth rate in many developed countries for the period from October to December 2008 was a negative 6–12% on an annual basis. The growth rates of emerging countries including China also decreased substantially. On a worldwide scale, demand for industrial products and primary commodities slumped, and trading volumes fell drastically.

In this severe business environment, revenues decreased ¥154.7 billion (6.0% decrease over the previous fiscal year) to ¥2,430.0 billion. The dry bulk market rose to historically high levels in May 2008, and freight rates for container transport recovered to some extent, especially for North American routes. However, circumstances changed due to the impact of the worldwide economic slowdown that started with the financial crisis originating in the U.S., after which the dry bulk market declined sharply, container freight volumes slumped and freight rates dropped. Moreover, the volumes of cargo handled decreased in the logistics business, the terminal and harbor transport business and the air cargo transportation business. Costs and expenses decreased ¥74.3 billion (3.5% decrease over the previous fiscal year) but operating income declined ¥57.2 billion (28.3% decrease over the previous fiscal year) to ¥144.9 billion due to the substantial fall in revenues and surging bunker oil prices and other costs. The ratio of operating income to revenues fell 1.8 percentage points from 7.8% to 6.0%. As a result, recurring profit declined ¥57.7 billion (29.1% decrease over the previous fiscal year) to ¥140.8 billion. Net income also fell significantly, decreasing ¥58.0 billion (50.8% decrease over the previous fiscal year) to ¥56.2 billion due to the booking of extraordinary losses of ¥84.2 billion, stemming from impairment losses in the air cargo transportation business; loss related to software development costs in the liner trade business; provision for expenses related to antitrust law in conjunction with price-fixing cartel allegations, loss on cancellation of chartered vessels; and loss on valuation of investment securities.

The impact of fluctuations in foreign exchange rates and bunker oil prices on recurring profit is summarized in the following table.

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2009	Change	Impact
Average exchange rate	¥115.29/US$	¥100.82/US$	Yen up ¥14.47	–¥28.9 billion
Average bunker oil price	US$402.77/MT	US$503.21/MT	Price up US$100.44	–¥30.1 billion

Notes: (1) A ¥1 change in the exchange rate against the dollar has an annualized impact of around ¥2.0 billion on recurring profit.
(2) A US$1 change per metric ton in the price of bunker oil results in a change in annual recurring profit of approximately ¥300 million.

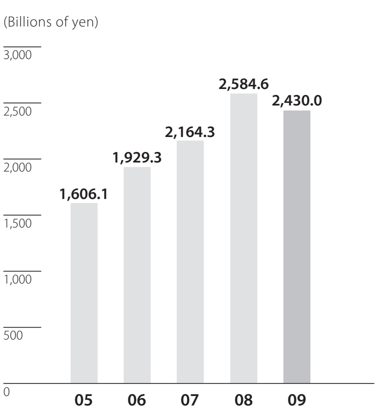
Industry Segments

Performance by business segment is as follows.

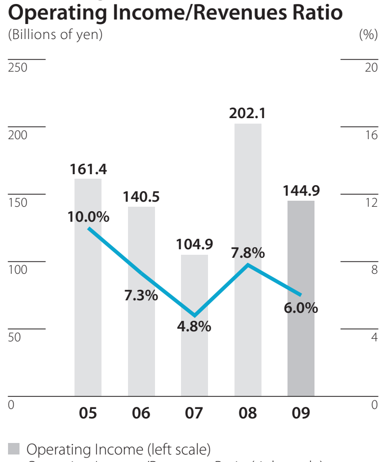
Liner Trade

Freight rates improved temporarily on some routes, including North American and Latin American routes, and particularly during the fiscal first half, cargo volumes transported by NYK as a whole exceeded the previous fiscal year's results. The global economic downturn triggered by the financial crisis that began in the U.S., however, subsequently precipitated a steep drop in freight rates and cargo volumes during the fiscal second half, resulting in a substantial decline in revenues. Although we strived to reduce fuel consumption and otherwise cut costs and worked to streamline service operations, we were squeezed cost-wise by persistently high bunker oil prices and the yen's rapid appreciation against other currencies, which combined with the foregoing factors, saw the Liner Trade segment substantially underperform compared with the previous fiscal year.

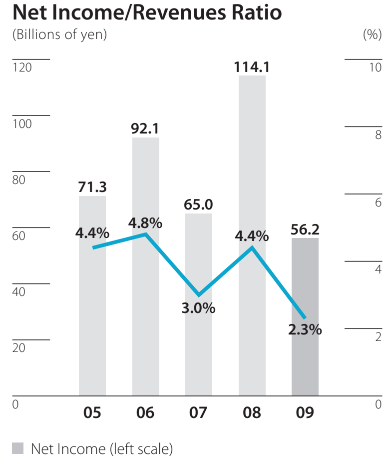
Revenues



Operating Income and Operating Income/Revenues Ratio



Net Income and Net Income/Revenues Ratio



Bulk Shipping

Car Carrier Division—In the Car Carrier division, car transport volume rose during the fiscal first half, mainly on shipments bound for emerging nations. However, transport volumes plummeted during the fiscal second half in the wake of the global economic downturn, and as a result, car transport volume ended the fiscal year slightly below both the previous fiscal year's levels and our anticipated targets. We added 17 newly constructed vessels to our fleet during the fiscal year, while striving to adapt to the changing environment as transport volumes plummeted during the second fiscal half by scrapping and/or selling 14 vessels (mainly aging vessels) and laying up 4 vessels. We are also engaged in automotive logistics, which complements our sea transport activities. Our activities in the land transport of automobile components and finished automobiles in China performed well, and handling volumes increased at terminals for finished automobiles in Europe. We actively expanded business in other areas as well, which included putting finished-automobile terminals into operation through a joint venture in Singapore and entering the terminal-related services business in India.

Dry Bulk Carrier Division—The persistently strong dry bulk market rose to historically high levels in May 2008, after which it went through a period of correction before plummeting in the wake of the global economic downturn. During the start of the fiscal year, sea transport volumes of iron ores, coal, grains, and other materials remained strong, buoyed by vibrant demand from emerging nations such as China and India, so much so that shipping congestion was unavoidable at ports in Australia and Brazil. Conditions took a turn from mid-fiscal year onward, however, and cargo volumes tumbled in response to production cuts by the world's largest steelmakers and resources companies.

Tanker Division—Markets remained strong during the fiscal first half due to solid demand for crude oil from emerging nations such as China, as well as scrapping and renovation of single-hull tankers, reduced-speed navigation, and other factors that put pressure on the shipping-capacity supply-demand balance. Markets weakened substantially during the fiscal second half, however, as demand for crude oil fell amid the global economic downturn. The market for petroleum product carriers was strong through the fiscal first half but was impacted by falling demand for crude oil during the fiscal second half. Amid these conditions, operating rates for NYK's crude oil carriers and LNG carriers remained firm on the whole, by virtue of our core strength in long-term shipping contracts, and the tanker division overall saw profits increase compared with the previous fiscal year.

Logistics

NYK Logistics suffered an earnings decline as transport volumes fell substantially during the fiscal second half, mainly in the logistics industry and manufacturing industries such as automobiles and electronics, in the wake of the global economic downturn. Handling volumes dropped markedly in the U.S., Europe, and Japan in particular, and to adapt to the rapidly changing environment, NYK Logistics worked to cut costs across the board and streamline its operations. Import- and export-related handling volumes fell in the wake of production cuts by manufacturing industries in China and other Asian locations during the fiscal second half and faltering consumption in the U.S., Europe, and other major export destinations. Demand in the Japanese logistics industry remained relatively firm, however, and we continued to take advantages of opportunities to expand our business. Yusen Air & Sea Service Co., Ltd. suffered an earnings decline in the face of plummeting global demand for air cargo transport. As a result, the Logistics segment as a whole recorded lower revenues and profits compared with the previous fiscal year.

Terminal and Harbor Transport

Handling volumes at container terminals in Japan and overseas were up year over year during the fiscal first half, but ended slightly lower compared with the previous fiscal year on a full-year basis because of the steep drop in transport volumes during the second half in the wake of the global economic downturn. Increasingly fierce competition between terminals on the west coast of North America meant that we were unable to fully pass cost increases on into the fees we charge, which combined with other factors, saw the Terminal and Harbor Transport segment produce lower revenues and profits compared with the previous fiscal year.

Cruise

Impacted by the global economic downturn, consumers increasingly put off high-priced purchases in the U.S. during the fiscal second half, which drove down sales. Even in the Japanese market, where the impact of the slowdown was relatively moderate, sales failed to grow in some areas of our long-cruise operations, and seat-load factors fell short of the previous fiscal year's for both the *Crystal* series of cruise ships and the *Asuka II*. We were also squeezed cost-wise by surging bunker oil prices and other factors, so that all told, the Cruises segment as a whole recorded lower revenues and profits compared with the previous fiscal year.

Air Cargo Transportation

Nippon Cargo Airlines Co., Ltd. which now independently operates and maintains its own aircraft and handles its own IT requirements, operated a fleet composed entirely of the state-of-the-art B747-400F aircraft. In the fiscal first half, the company reduced its loss compared with the year-ago period by levying fuel surcharges in response to the surge in jet fuel prices and working to cut aircraft operating and maintenance costs. However, during the fiscal second half, the company was impacted by the steep decline in transport volumes due to the global economic downturn. As a result, full-year revenue was down year over year, but the company successfully reduced its loss compared with the previous fiscal year through continued efforts to reduce fuel consumption and cut costs, including aircraft operating and maintenance costs.

Real Estate and Other Business Services

The real estate business worked to raise rents when renewing rental agreements, and office-building occupancy rates remained relatively high throughout the fiscal year. In other services, the trading business enjoyed brisk sales of bunker oil for ships and ship equipment, while the manufacturing and processing business saw growth in orders for vessel repairs and strong sales of fuel additives. As a result, the real estate and other business services segment as a whole achieved growth in both revenues and profits compared with the previous fiscal year.

Analysis of Financial Position

Assets

Total assets amounted to ¥2,071.3 billion, a decrease of ¥214.7 billion from the end of the previous fiscal year. This mainly reflects a decrease in current assets of ¥111.5 billion resulting from a decrease in notes and operating accounts receivable-trade, a decrease in investment securities of ¥124.0 billion resulting from declines in share prices, and a decrease in noncurrent assets of ¥103.1 billion.

Liabilities

Total liabilities decreased ¥116.9 billion from the end of the previous fiscal year to ¥1,490.0 billion. This mainly reflects decreases in notes and operating accounts payable—trade and income taxes payable, which offset an increase in interest-bearing debt of ¥55.8 billion resulting from increased loans payable.

Equity

Shareholders' equity—the aggregate of shareholders' capital of ¥610.4 billion and valuation and translation adjustments—totaled ¥544.1 billion, and adding minority interests of ¥37.1 billion to this resulted in total net assets of ¥581.2 billion. As a result, the debt-equity ratio finished at 2.0.

Analysis of Capital Sources and Liquidity

Cash Flows

Net cash provided by operating activities in the fiscal year ended March 31, 2009, was ¥150.5 billion, mainly reflecting income before income taxes and minority interests of ¥77.7 billion as well as depreciation and amortization of ¥100.1 billion, which were offset somewhat by ¥95.2 billion in income taxes paid. Net cash used in investing activities was ¥170.3 billion, primarily reflecting increased expenditure for noncurrent assets, mainly accounted for by investments in vessels. Net cash provided by financing activities was ¥29.6 billion, primarily reflecting an increase in loans payable, which was offset by ¥30.7 billion in dividends paid. As a result, the balance of cash and cash equivalents stood at ¥126.8 billion at fiscal year-end, an increase of ¥10.8 billion compared with the beginning of the fiscal year (April 1, 2008), after taking into account the effect of exchange rate change on cash and cash equivalents.

Funding Requirements and Capital Expenditure

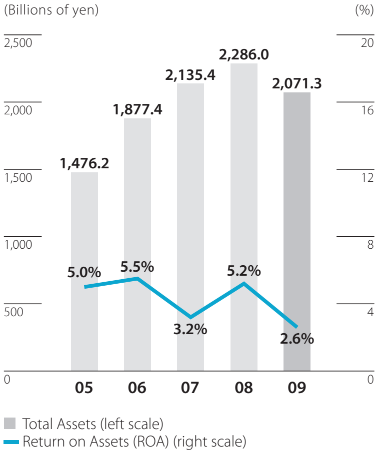
Most of the working capital that the NYK Group requires is for transportation operations related to the Group's liner trade and bulk shipping. These funds are primarily used to cover cargo expense, fuel expense, port charge and other operating expenses, as well as the cost of crews, vessel repairs and charterage. In addition, the Group incurs labor and other administrative expenses in its logistics, terminal and harbor transport and air cargo transportation operations. Each business has labor, information processing and general and administrative expenses. The Group also invests in ships and in logistics and terminal facilities.

Capital expenditure during the year was ¥417.6 billion. This expenditure was primarily for shipbuilding, and amounted to ¥117.6 billion in the liner trade category and ¥234.6 billion in the bulk shipping category. In the logistics segment, capital expenditure of ¥5.2 billion went toward warehouse facilities, in the terminal and harbor transport segment, capital expenditure of ¥7.6 billion was used mainly for terminal equipment, and in the air cargo transportation segment, capital expenditure of ¥47.1 billion went toward aircraft. In addition, capital expenditure for the cruise segment was ¥2.2 billion, for the real estate segment ¥0.8 billion, and in the other business segment capital expenditure totaled ¥2.5 billion.

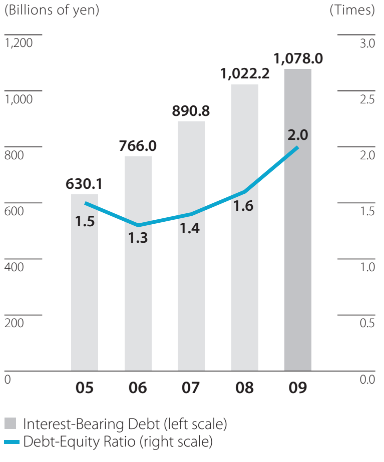
Financial Policies

The NYK Group uses a variety of sources to stably procure the funds required for its business activities and growth. The objective is to procure funds in a manner that is not detrimental to the Group's financial soundness and that does not expose the Group to excessive risk in any category of market risk. To accomplish this objective, the

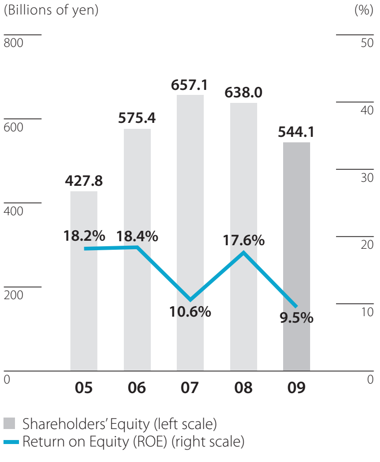
Total Assets and Return on Assets (ROA)
(Billions of yen) (%)



Interest-Bearing Debt and Debt-Equity Ratio
(Billions of yen) (Times)



Shareholders' Equity and Return on Equity (ROE)
(Billions of yen) (%)



Group obtains funds by using loans from financial institutions and sales of bonds and commercial paper. The Group also uses leases for some ships and aircraft and medium to long-term charters for some ships.

We use long-term loans in most cases to procure funds for capital expenditures in the core shipping business. We determine currencies and other terms for these loans based on the currencies and time periods of projected freight revenues or leasing income from each ship. Similarly, for capital expenditures for logistics and terminal facilities, we procure funds in a stable manner that matches future cash flows. Long-term loans amounted to ¥613.6 billion as of March 31, 2009. These loans are denominated in yen, U.S. dollars, euros and other currencies and include floating-rate and fixed-rate debt.

For working capital, loans of not more than one year and commercial paper are the primary sources of funds. However, due to the current global financial instability, long-term loans are currently used to meet some working capital requirements. The Group issues bonds to procure funds for capital expenditures and working capital. Bonds outstanding totaled ¥211.2 billion as of March 31, 2009.

NYK has credit ratings from two agencies in Japan and one overseas. As of June 23, 2009, NYK bonds were rated AA by Japan Credit Rating Agency, Ltd., AA– by Rating and Investment Information, Inc., and A3 by Moody's Investors Service.

In response to the current global financial instability, the NYK Group believes there is an even greater need to ensure sufficient liquidity. The Group already had the leeway to issue ¥100.0 billion in commercial paper, as well as a commitment line of ¥50.0 billion from financial institutions. To provide additional liquidity, the Group during the past fiscal year established a ¥150.0 billion credit facility backed by a syndicate of financial institutions and a yen-U.S. dollar multi-currency credit facility equivalent to $530 million with several financial institutions. In addition, there is a cash management system and other measures to facilitate the efficient use of funds within the NYK Group.

Dividend Policy and Dividends for the Fiscal Year Ended March 31, 2009, and the Fiscal Year Ending March 31, 2010

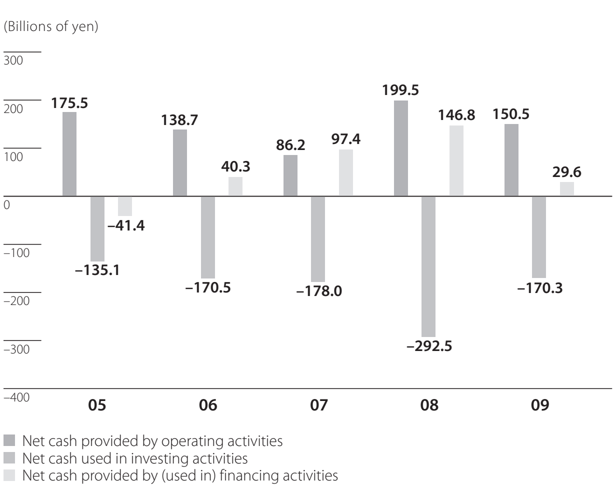
NYK considers the return of profits to shareholders one of its highest priorities, and sets dividends with due consideration given to its performance outlook, dividend payout ratio, and other factors in accord with a basic policy of maintaining a stable dividend payment. However, the impact of the current unprecedented global recession spread rapidly during the fiscal second half, and sea transport operators continue to face an extremely challenging business environment. In view of our financial position, dividend payout ratio, and need to maintain sufficient internal reserves to withstand market volatility, we will pay a year-end dividend of ¥2 per share for the fiscal year ended March 31, 2009 (as we disclosed on January 30, 2009). Combined with the interim dividend of ¥13 per share, this will provide a total annual dividend of ¥15 per share. For the fiscal year ending March 31, 2010, we intend to pay an interim dividend and year-end dividend of ¥2 per share each, resulting in a total annual dividend of ¥4 per share.

Forecasts

Over the full year, NYK expects revenues of ¥1,880.0 billion, operating income of ¥53.0 billion, recurring profit of ¥40.0 billion, and net income of ¥18.0 billion.

In the Bulk Shipping segment, although the dry bulk market is currently on a moderate upward trend due to rising production of crude steel in China and other factors, we will carefully analyze future prospects and work to maintain an appropriately sized fleet. In the Liner Trade segment and non-shipping segments such as Logistics, Terminal and Harbor Transport, and Air Cargo Transportation, we will continue striving to improve our revenue-cost balance through efforts to cut costs and streamline our operations. However, we expect it to be the second half of the new fiscal year before we see a recovery in transport volumes centered on electronics- and automobile-related industries, and we therefore expect earnings to be sluggish.

Cash Flows



Operating Risks

A wide variety of economic, political and social factors in countries throughout the world have the potential to impact negatively the NYK Group's mainstay shipping and integrated logistics operations, as well as its cruise and other businesses. Indicated below are some of the risks that could affect the Group's operating performance, share price and financial conditions. The items described in the text below represent the Group's judgment of potential future events, as of March 31, 2009.

(1) A MAJOR SHIPPING ACCIDENT

Based on the Group mission statement that we contribute to the betterment of societies throughout the world as a comprehensive global-logistics enterprise offering ocean, land, and air transportation through safe and dependable *monohakobi* (transport), the NYK Group operates and controls ships throughout the world. We recognize the safe operation of vessels and preservation of the environment as our top operational imperatives. To ensure operational safety, we have implemented our own safety management system, NAV9000, to pursue environmental management certification. We have established the Environmental Safety Measures Promotion Council, which is chaired by the president of NYK, to periodically review safety measures for shipping and other operations. This structure is designed to guarantee steady improvements in the Group's safety levels and to ensure appropriate responses in the event of an emergency. Nevertheless, a major unforeseen accident, such as an oil spill or some other type of environmental contamination, could impact the operating performance and financial condition of the NYK Group.

(2) CHANGES IN THE OVERALL SHIPPING AND FREIGHT MARKETS

The NYK Group endeavors to create stable operating revenue that is not affected by overall changes in the shipping market. However, changes in the balance of shipping supply and demand, such as a falloff in international freight demand or increasingly severe competition, could cause a substantial decline in shipping revenues or ship rental income. Such a situation could impact the operating performance and financial condition of the NYK Group.

(3) FLUCTUATIONS IN CURRENCY EXCHANGE RATES

Many of the NYK Group's operations are denominated in foreign currencies, creating the possibility of losses resulting from exchange rate fluctuations. To reduce this risk, where possible we denominate costs in U.S. dollars and use hedging transactions, such as foreign exchange contracts and currency swaps. When preparing consolidated financial statements, the NYK Group converts the financial statements of its overseas consolidated subsidiaries into yen. As a result, fluctuations in currency exchange rates could affect the operating performance and financial condition of the NYK Group.

(4) CHANGES IN FUEL PRICES

The NYK Group regularly purchases bunker oil for use as fuel for vessels operating throughout the world. Bunker oil prices fluctuate according to changes in the global crude oil supply and demand situation, and other changes involving OPEC and crude oil producing countries. We minimize the effect of such events by maintaining diverse fuel procurement sources, engaging in futures transactions and conserving on fuel consumption. Even so, steep rises of crude oil prices or increases in the low-sulfur fuel regulations could impact the operating performance and financial condition of the NYK Group.

(5) CHANGES IN REGIONAL ECONOMIC CONDITIONS AFFECTING GLOBAL OPERATIONAL DEVELOPMENTS

As the NYK Group's sphere of operations includes Japan, North America, Europe, Asia, the Middle East, and other regions, economic conditions in each of these areas can influence the Group's operations. We gather information ourselves and employ outside consultants to minimize and, where possible, avoid such risks. Nevertheless, these changes could affect the operating performance and financial condition of the NYK Group. Some potential risks are described below.

1. Disadvantageous political or economic factors
2. Government regulations, such as operational or investment permissions, taxes, foreign exchange controls, monopolies or commercial limitations
3. Joint operations or tie-ups with other companies
4. Social upheaval, such as wars, riots, terrorist acts, piracy, infectious diseases, strikes, and computer viruses
5. Earthquakes, tsunamis, typhoons, and other natural disasters

(6) IMPACTS OF INCIDENTS ARISING DURING SYSTEM DEVELOPMENT OR OPERATION

The smooth operation of its fundamental IT systems is essential to the operations of the NYK Group. In the event that an earthquake, fire, or other calamity affects the stable operation of these systems or causes them to go down, the Group will make every effort to get these systems back on line promptly. However, if these systems remain down for more than a certain period of time, the provision of information to customers and our business operations could be affected. Such incidents could impact the NYK Group's operating performance and financial condition.

(7) STRONGER LEGISLATION ON ENVIRONMENTAL PRESERVATION, SAFETY AND SECURITY

The NYK Group recognizes the vital importance of environmental conservation activities and the security and safety of its distribution supply chain to its worldwide operations. Increasingly stringent public regulations to preserve the environment include moves toward double-hull construction, which reduces the danger of oil spills in the event of an oil tanker collision; standards to reduce CO_2, SOx, and NOx emissions; and the use of electronically controlled engines. The costs required to respond to increasingly stringent legislative measures or social expectations on environmental preservation—including the prevention of global warming, atmospheric pollution, and the preservation of biodiversity, as well as safety and security, could affect the operating performance and financial condition of the NYK Group.

(8) OPERATIONAL RESTRUCTURING

The NYK Group has restructured its operations in past years. Future operational restructuring activities, if implemented, could affect the operating performance and financial condition of the NYK Group.

(9) INVESTMENT PLANS

Although the NYK Group's plans include investment in the expansion of its fleet of ships and aircraft, fluctuations including market conditions and government regulations could prevent these plans from progressing as initially intended. Such changes could affect the operating performance and financial condition of the NYK Group.

(10) FLUCTUATIONS IN INTEREST RATES

Internal funding provides the NYK Group with some of the funds it requires for the investment in vessels, aircraft and operations, capital equipment and operations. Other funds are procured from outside sources, and some of this external funding carries floating interest rates. The Group seeks to minimize the effect of interest rate changes by moving toward fixed interest rates on the basis of its assumptions about the interest rate environment. However, certain changes in interest rates could impact the operating performance and financial condition of the NYK Group, and affect the future cost of procuring funds.

(11) DISPOSAL OF VESSELS

Changes in shipping demand and supply conditions, as well as technical developments and advances, cause physical limitations on the use of vessels as they become outdated or no longer comply with safety and other legal requirements. In such cases, the NYK Group may dispose of its vessels or aircraft, or cancel certain charter contracts for vessels to be chartered. Such activities could affect the operating performance and financial condition of the NYK Group.

(12) VALUATION LOSSES ON INVESTMENT SECURITIES

The NYK Group uses the current value method to evaluate its holdings of investment securities that have explicit market values, taking as the market value the average market price during the one-month period preceding the end of the fiscal year. As a result, shifts in stock market conditions could affect the operating performance and financial condition of the NYK Group.

(13) RETIREMENT BENEFITS PLAN

The NYK Group's defined-benefit plans include a defined benefit pension plan law, a qualified retirement benefits plan, an employees' pension fund plan and a temporary retirement fund plan. Legally, the NYK Group was required to change from a defined-benefit pension plan law to a different type of plan by the end of March 2012. As of April 1, 2007, a defined-benefit pension plan law is applied. Changes in the pension plan, the investment of pension assets or the assumptions behind the accounting for retirement benefits could affect the operating performance and financial condition of the NYK Group.

(14) EVALUATION OF PROSPECTS FOR RECOVERY OF DEFERRED TAX ASSETS

The NYK Group performs an evaluation based on estimated future taxable income to determine the likelihood of recovering deferred tax assets. If we decide that part of or all deferred tax assets cannot be recovered because of a decline in estimated future taxable income or a revision in a nation's tax system, including a change in the statutory tax rate, we will reduce deferred tax assets and post a corresponding expense for taxes in the fiscal period when this decision was made. These expenses could affect the operating performance and financial condition of the NYK Group.

(15) LITIGATION

The NYK Group is engaged in the ocean cargo transport, global logistics, cruise, air cargo transportation and other businesses. There is a risk of litigation concerning all of these business activities. Depending on the outcome, litigation could affect the operating performance and financial condition of the NYK Group. Two examples of ongoing litigation are provided below.

1) Nippon Cargo Airlines Co., Ltd.

Major airlines of the world are under investigation by regulatory authorities in the United States, Europe and other regions concerning an alleged price-fixing cartel for air cargo services. Consolidated subsidiary Nippon Cargo Airlines (NCA) is under investigation by authorities in the United States, Europe and South Korea and is cooperating with these investigations. In Europe, NCA has received a Statement of Objections from the European Commission. In April 2009, NCA reached a plea agreement with the U.S. Department of Justice that includes the payment of a fine. NCA also believes that the European Commission investigation may result in the payment of a fine. NCA has established an anti-monopoly law allowance based on current estimates of these two fines. Furthermore, in the United States, NCA is a defendant in a class action lawsuit demanding an unspecified payment to compensate for damages caused by the alleged price-fixing cartel.

2) Yusen Air & Sea Service Co., Ltd.

In March 2009, the Japan Fair Trade Commission issued a cease-and-desist order and surcharge payment order to consolidated subsidiary Yusen Air & Sea Service (YAS) and other major users in Japan of international air cargo services for alleged violations of the Anti-Monopoly Act. Following an examination and confirmation of these orders and the careful consideration of a response, YAS concluded that these orders cannot be accepted. Consequently, the board of directors of YAS approved a resolution at an extraordinary meeting held in April 2009 to file an application with the Fair Trade Commission to initiate a hearing regarding this matter.

Despite taking this action, YAS has established an anti-monopoly law allowance equal to the surcharge that the Fair Trade Commission has ordered this company to pay.

The specific items described above are some of the ongoing risks that the NYK Group faces in its everyday operations, and are not intended to encompass all potential risks.

Consolidated Balance Sheets

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(March 31, 2009 and 2008)

	Millions of yen		Thousands of U.S. dollars (Note 2)
ASSETS	**2009**	2008	**2009**
CURRENT ASSETS:			
Cash and cash equivalents (Note 9)	**¥ 126,768**	¥ 115,964	**$ 1,290,524**
Short-term investment securities (Notes 4 and 9)	**779**	2,457	**7,932**
Notes and operating accounts receivable—trade (Note 14)	**172,458**	256,204	**1,755,657**
Inventories (Note 5)	**32,856**	54,357	**334,481**
Deferred tax assets (Note 10)	**5,130**	8,482	**52,227**
Other (Note 9)	**155,613**	170,552	**1,584,167**
Allowance for doubtful accounts	**(3,015)**	(5,948)	**(30,701)**
Total current assets	**490,589**	602,068	**4,994,287**
VESSELS, PROPERTY, PLANT AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION (Notes 6, 7 and 9)**:**			
Vessels	**688,860**	624,896	**7,012,726**
Buildings and structures	**76,164**	83,611	**775,360**
Aircraft	**5,222**	9,402	**53,162**
Machinery, equipment and vehicles	**29,567**	41,181	**300,994**
Equipment	**6,500**	8,263	**66,169**
Land	**59,952**	61,287	**610,323**
Construction in progress	**295,424**	296,041	**3,007,472**
Other	**5,968**	7,265	**60,759**
Net vessels, property, plant and equipment	**1,167,657**	1,131,946	**11,886,965**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 9)	**172,978**	291,782	**1,760,950**
Investments in unconsolidated subsidiaries and affiliates	**88,887**	94,102	**904,885**
Long-term loans receivable	**13,521**	15,908	**137,644**
Deferred tax assets (Note 10)	**31,699**	9,388	**322,701**
Intangible assets (Note 9)	**16,439**	36,618	**167,350**
Goodwill	**20,043**	28,798	**204,045**
Other (Note 9)	**73,070**	76,367	**743,875**
Allowance for doubtful accounts	**(3,612)**	(964)	**(36,774)**
Total investments and other assets	**413,025**	551,999	**4,204,676**
TOTAL ASSETS	**¥2,071,271**	¥2,286,013	**$21,085,928**

See notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 2) 2009
CURRENT LIABILITIES:			
Short-term loans payable (Notes 8 and 9)	**¥ 164,245**	¥ 208,772	**$ 1,672,040**
Commercial paper	**4,000**	19,000	**40,721**
Current portion of long-term debt (Notes 8 and 9)	**97,997**	95,184	**997,631**
Notes and operating accounts payable—trade (Note 9)	**145,088**	215,614	**1,477,018**
Income taxes payable	**12,400**	50,998	**126,232**
Provision for bonuses	**8,044**	9,381	**81,889**
Provision for loss on business	**—**	2,825	**—**
Provision for losses related to antitrust law	**8,518**	—	**86,717**
Deferred tax liabilities (Note 10)	**368**	3,414	**3,743**
Other (Note 9)	**134,329**	169,879	**1,367,497**
Total current liabilities	**574,989**	775,067	**5,853,488**
NONCURRENT LIABILITIES:			
Long-term debt (Notes 8 and 9)	**811,715**	699,241	**8,263,413**
Provision for retirement benefits (Note 18)	**16,061**	15,857	**163,502**
Provision for directors' retirement benefits	**2,571**	2,761	**26,176**
Provision for periodic dry docking of vessels	**13,499**	6,946	**137,422**
Provision for losses related to antitrust law	**1,728**	—	**17,594**
Deferred tax liabilities (Note 10)	**10,504**	54,215	**106,938**
Other (Note 9)	**58,967**	52,889	**600,291**
Total noncurrent liabilities	**915,045**	831,909	**9,315,336**
Total liabilities	**1,490,034**	1,606,976	**15,168,824**
COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)			
NET ASSETS			
Common Stock			
Authorized: 2,983,550,000 shares; issued,			
1,230,188,073 shares in 2009	**88,531**	—	**901,263**
1,230,188,073 shares in 2008	**—**	88,531	**—**
Capital surplus (Note 11)	**97,189**	97,212	**989,409**
Retained earnings (Note 11)	**426,217**	401,045	**4,338,970**
Valuation difference on available-for-sale securities	**10,936**	85,668	**111,330**
Deferred gain (loss) on hedges	**(37,890)**	(20,712)	**(385,725)**
Foreign currency translation adjustments	**(39,369)**	(12,443)	**(400,788)**
Treasury stock			
2,376,101 shares in 2009	**(1,493)**	—	**(15,202)**
2,181,765 shares in 2008	**—**	(1,339)	**—**
Total	**544,121**	637,962	**5,539,257**
Minority interests	**37,116**	41,075	**377,847**
Total net assets	**581,237**	679,037	**5,917,104**
TOTAL LIABILITIES AND NET ASSETS	**¥2,071,271**	¥2,286,013	**$21,085,928**

	Yen 2009	Yen 2008	U.S. dollars (Note 2) 2009
Net assets per share	**¥443.16**	¥519.51	**$4.51**

Consolidated Statements of Income

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Years ended March 31, 2009 and 2008)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	2009
REVENUES	**¥2,429,973**	¥2,584,626	**$24,737,585**
COSTS AND EXPENSES	**2,054,595**	2,128,849	**20,916,167**
Gross profit	**375,378**	455,777	**3,821,418**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**230,463**	253,698	**2,346,159**
Operating income	**144,915**	202,079	**1,475,259**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**11,334**	13,785	**115,381**
Equity in earnings of unconsolidated subsidiaries and affiliates	**4,205**	11,040	**42,806**
Interest expenses	**(22,367)**	(22,781)	**(227,695)**
Gain (Loss) on sale and retirement of vessels, property, plant, equipment and intangible fixed assets, net	**4,180**	12,220	**42,551**
Gain (Loss) on sale of short-term and long-term investment securities, net (Note 4)	**6,957**	4,738	**70,823**
Loss on impairment of vessels, property plant and equipment (Note 12)	**(27,050)**	(7,299)	**(275,375)**
Provision for operating losses	**—**	(3,246)	**—**
Software development costs (Note 13)	**(14,412)**	—	**(146,716)**
Provision for losses related to antitrust law	**(10,246)**	—	**(104,311)**
Loss on cancellation of chartered vessels	**(8,872)**	—	**(90,319)**
Others, net	**(10,984)**	(10,045)	**(111,809)**
Other income (expenses), net	**(67,255)**	(1,588)	**(684,664)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**77,660**	200,491	**790,595**
INCOME TAXES:			
Current	**30,997**	78,790	**315,553**
Deferred	**(11,969)**	3,122	**(121,840)**
Total income taxes	**19,028**	81,912	**193,713**
MINORITY INTERESTS IN NET INCOME	**2,480**	4,440	**25,248**
NET INCOME	**¥ 56,152**	¥ 114,139	**$ 571,634**

	Yen		U.S. dollars (Note 2)
Per share of common stock:			
Basic net income	**¥45.73**	¥92.93	**$0.47**
Diluted net income	**—**	—	**—**
Cash dividends applicable to the year	**15.00**	24.00	**0.15**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Years ended March 31, 2009 and 2008)

Millions of yen

	Outstanding Number of Shares of Common Stock (Thousands)	Common Stock	Capital Surplus	Retained Earnings	Valuation Difference on Available-for-sale Securities	Deferred Gain (Loss) on Hedges	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Net Assets
Balance, April 1, 2007	1,230,188	¥88,531	¥97,188	¥ 312,606	¥136,954	¥ 14,361	¥ 8,307	¥ (859)	¥ 657,088	¥43,629	¥ 700,717
Net income		—	—	114,139	—	—	—	—	114,139	—	114,139
Dividends from surplus, ¥21 per share		—	—	(25,794)	—	—	—	—	(25,794)	—	(25,794)
Purchase of treasury stock		—	—	—	—	—	—	(518)	(518)	—	(518)
Disposal of treasury stock		—	24	—	—	—	—	38	62	—	62
Change of scope of consolidation		—	—	601	—	—	—	—	601	—	601
Change of scope of equity method		—	—	(0)	—	—	—	—	(0)	—	(0)
Other		—	—	(507)	—	—	—	—	(507)	—	(507)
Net change of items other than shareholders' capital		—	—	—	(51,286)	(35,073)	(20,750)	—	(107,109)	(2,554)	(109,663)
Total changes of items during the period		—	24	88,439	(51,286)	(35,073)	(20,750)	(480)	(19,126)	(2,554)	(21,680)
Balance, March 31, 2008	1,230,188	88,531	97,212	401,045	85,668	(20,712)	(12,443)	(1,339)	637,962	41,075	679,037
Net income		—	—	56,152	—	—	—	—	56,152	—	56,152
Dividends from surplus, ¥25 per share		—	—	(30,699)	—	—	—	—	(30,699)	—	(30,699)
Purchase of treasury stock		—	—	—	—	—	—	(301)	(301)	—	(301)
Disposal of treasury stock		—	(23)	—	—	—	—	147	124	—	124
Change of scope of consolidation		—	—	(6)	—	—	—	—	(6)	—	(6)
Adjustments due to change in the fiscal period of consolidated subsidiaries		—	—	187	—	—	—	—	187	—	187
Change of scope of equity method		—	—	482	—	—	—	—	482	—	482
Effect of changes in accounting policies applied to foreign subsidiaries		—	—	161	—	—	—	—	161	—	161
Other		—	—	(1,105)	—	—	—	—	(1,105)	—	(1,105)
Net change of items other than shareholders' capital		—	—	—	(74,732)	(17,178)	(26,926)	—	(118,836)	(3,959)	(122,795)
Total changes of items during the period		—	(23)	25,172	(74,732)	(17,178)	(26,926)	(154)	(93,841)	(3,959)	(97,800)
Balance, March 31, 2009	**1,230,188**	**¥88,531**	**¥97,189**	**¥426,217**	**¥10,936**	**¥(37,890)**	**¥(39,369)**	**¥(1,493)**	**¥ 544,121**	**¥37,116**	**¥ 581,237**

Consolidated Statements of Changes in Net Assets

Thousands of U.S. dollars (Note 2)

	Outstanding Number of Shares of Common Stock (Thousands)	Common Stock	Capital Surplus	Retained Earnings	Valuation Difference on Available-for-sale Securities	Deferred Gain (Loss) on Hedges	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Net Assets
Balance, March 31, 2008	1,230,188	$ 901,263	$ 989,641	$ 4,082,713	$ 872,117	$ (210,853)	$ (126,670)	$ (13,633)	$ 6,494,578	$ 418,147	$ 6,912,725
Net income		—	—	**571,634**	—	—	—	—	**571,634**	—	**571,634**
Dividends from surplus, $0.25 per share		—	—	**(312,519)**	—	—	—	—	**(312,519)**	—	**(312,519)**
Purchase of treasury stock		—	—	—	—	—	—	**(3,063)**	**(3,063)**	—	**(3,063)**
Disposal of treasury stock		—	**(232)**	—	—	—	—	**1,494**	**1,262**	—	**1,262**
Change of scope of consolidation		—	—	**(59)**	—	—	—	—	**(59)**	—	**(59)**
Adjustments due to change in the fiscal period of consolidated subsidiaries		—	—	**1,899**	—	—	—	—	**1,899**	—	**1,899**
Change of scope of equity method		—	—	**4,908**	—	—	—	—	**4,908**	—	**4,908**
Effect of changes in accounting policies applied to foreign subsidiaries		—	—	**1,640**	—	—	—	—	**1,640**	—	**1,640**
Other		—	—	**(11,246)**	—	—	—	—	**(11,246)**	—	**(11,246)**
Net change of items other than shareholders' capital		—	—	—	**(760,787)**	**(174,872)**	**(274,118)**	—	**(1,209,777)**	**(40,300)**	**(1,250,077)**
Total changes of items during the period		—	**(232)**	**256,257**	**(760,787)**	**(174,872)**	**(274,118)**	**(1,569)**	**(955,321)**	**(40,300)**	**(995,621)**
Balance, March 31, 2009	**1,230,188**	**$901,263**	**$989,409**	**$4,338,970**	**$ 111,330**	**$(385,725)**	**$(400,788)**	**$(15,202)**	**$ 5,539,257**	**$377,847**	**$ 5,917,104**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Years ended March 31, 2009 and 2008)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
OPERATING ACTIVITIES			
Income before income taxes and minority interests	**¥ 77,660**	¥ 200,491	**$ 790,595**
Adjustments for:			
Depreciation and amortization	**100,124**	92,401	**1,019,282**
Impairment loss	**27,050**	7,299	**275,375**
Software development costs	**14,412**	—	**146,716**
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	**(4,180)**	(12,220)	**(42,551)**
Loss (gain) on sales of short-term and long-term investment securities	**(6,957)**	(4,738)	**(70,823)**
Loss (gain) on valuation of short-term and long-term investment securities	**8,851**	656	**90,106**
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	**(4,205)**	(11,040)	**(42,806)**
Interest and dividends income	**(11,334)**	(13,785)	**(115,381)**
Interest expenses	**22,367**	22,781	**227,695**
Foreign exchange losses (gains)	**(4,166)**	1,403	**(42,417)**
Decrease (increase) in notes and accounts receivable—trade	**69,944**	(29,630)	**712,042**
Decrease (increase) in inventories	**22,423**	(16,554)	**228,269**
Increase (decrease) in notes and accounts payable—trade	**(66,164)**	18,811	**(673,564)**
Other, net	**6,241**	(242)	**63,537**
Subtotal	**252,066**	255,633	**2,566,075**
Interest and dividends income received	**16,488**	18,181	**167,854**
Interest expenses paid	**(22,903)**	(22,607)	**(233,158)**
Income taxes paid	**(95,177)**	(51,681)	**(968,915)**
Net cash provided by (used in) operating activities	**150,474**	199,526	**1,531,856**
INVESTING ACTIVITIES			
Purchase of short-term investment securities	**(1,852)**	(356)	**(18,848)**
Proceeds from sales of short-term investment securities	**3,226**	251	**32,841**
Purchase of vessels, property, plant and equipment and intangible assets	**(417,555)**	(501,330)	**(4,250,792)**
Proceeds from sales of vessels, property, plant and equipment and intangible assets	**248,234**	217,084	**2,527,068**
Purchase of investment securities	**(15,125)**	(20,005)	**(153,976)**
Proceeds from sales of investment securities	**13,012**	10,322	**132,471**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	**—**	(47)	**—**
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation (Note 15)	**(331)**	–	**(3,370)**
Payments of loans receivable	**(6,675)**	(5,266)	**(67,954)**
Collections of loans receivable	**9,275**	5,862	**94,418**
Other, net	**(2,462)**	975	**(25,068)**
Net cash provided by (used in) investing activities	**(170,253)**	(292,510)	**(1,733,210)**
FINANCING ACTIVITIES			
Net increase (decrease) in short-term loans payable	**(35,523)**	46,847	**(361,628)**
Net increase (decrease) in commercial papers	**(15,000)**	19,000	**(152,704)**
Proceeds from long-term loans payable	**223,311**	175,304	**2,273,348**
Repayments of long-term loans payable	**(94,520)**	(106,326)	**(962,232)**
Proceeds from issuance of bonds	**—**	59,789	**—**
Redemption of bonds	**(16,000)**	(21,000)	**(162,883)**
Proceeds from stock issuance to minority shareholders	**—**	121	**—**
Purchase of treasury stock	**(301)**	(518)	**(3,063)**
Proceeds from sales of treasury stock	**124**	62	**1,262**
Cash dividends paid to shareholders	**(30,699)**	(25,794)	**(312,519)**
Cash dividends paid to minority shareholders	**(779)**	(656)	**(7,929)**
Other, net	**(1,042)**	—	**(10,612)**
Net cash provided by (used in) financing activities	**29,571**	146,829	**301,040**
Effect of exchange rate change on cash and cash equivalents	**(2,478)**	(27,290)	**(25,221)**
Net increase (decrease) in cash and cash equivalents	**7,314**	26,555	**74,465**
Cash and cash equivalents at beginning of period	**115,964**	87,710	**1,180,534**
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	**3,476**	1,623	**35,386**
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	**—**	76	**—**
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	**14**	—	**139**
Cash and cash equivalents at end of period	**¥ 126,768**	¥ 115,964	**$ 1,290,524**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Years ended March 31, 2009 and 2008)

1. Basis of Presenting Consolidated Financial Statements:

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain account reclassifications are made and additional information is provided in order to present the consolidated financial statements in a format familiar to international readers. The results of these reclassifications do not affect the financial position or results of operations and cash flows of the consolidated companies as reported in the original consolidated financial statements.

In addition, certain reclassifications have been made in the 2008 consolidated financial statements to conform to the classifications used in 2009.

2. United States Dollar Amounts:

The accompanying consolidated financial statements are stated in Japanese yen, and the dollar amounts represent the arithmetical results of translating yen to United States dollars using the exchange rate prevailing at March 31, 2009, which was ¥98.23 to US$1.00. The statements in such dollar amounts are solely for the convenience of readers outside Japan and are not intended to imply that the yen amounts have been or could be readily converted, realized or settled in dollars at that rate, or any other rates, of exchange.

3. Summary of Significant Accounting Policies:

A. Consolidation Policies

(1) The consolidated financial statements include the accounts of Nippon Yusen Kabushiki Kaisha (the "Company") and its 693 and 687 consolidated subsidiaries, at March 31, 2009 and 2008, respectively.

During the consolidated fiscal year ended March 31, 2009, the Company newly established 17 companies and judged 16 companies to have a material impact on the consolidated financial statements. Consequently, the Company brought these companies under the scope of consolidation in the consolidated fiscal year ended March 31, 2009.

The Company judged 10 companies to have a material impact on the consolidated financial statements. Consequently, the Company excluded these companies from the scope of companies accounted for by the equity method and brought them under the scope of consolidation.

29 companies were excluded from consolidation, due to liquidation.

5 companies were excluded from consolidation, due to mergers.

3 companies, which had been consolidated subsidiaires, became affiliated companies to be accounted for by the equity method and were excluded from the scope of consolidation as a result of the sale of some of the shares.

The Company holds the majority of voting rights in NYK Armateur S.A.S. However, the Company does not maintain substantive control over the decision-making structure, largely due to the existence of an agreement for significant financial and operating policies, and NYK Armateur S.A.S. is therefore not regarded as a subsidiary but rather an affiliate accounted for by the equity method.

(2) Investments in unconsolidated subsidiaries and affiliates are accounted for either by the cost method or the equity method, depending on the extent of influence or fiscal significance each carries. The Company accounted for 21 unconsolidated subsidiaries and 57 affiliates by the equity method at March 31, 2009, and 31 unconsolidated subsidiaries and 43 affiliates at March 31, 2008.

In the consolidated fiscal year ended March 31, 2009, one company was newly established by the Company, and 11 companies were judged to have a material impact on the consolidated financial statements. Consequently, these companies are newly included in the scope of companies accounted for by the equity method.

3 companies, which had been consolidated subsidiaires, became affiliated companies to be accounted for by the equity method and were excluded from the scope of consolidation as a result of the sale of some of the shares.

One company was excluded from the scope of companies accounted for by the equity method, due to liquidation.

The Company judged 10 companies to have a material impact on the consolidated financial statements. Consequently, the Company excluded these companies from the scope of companies accounted for by the equity method and brought them under the scope of consolidation.

(3) Any material difference between the cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary upon inclusion in the consolidation, unless specifically identified and reclassified to the applicable accounts from which the value originates, is treated as goodwill and negative goodwill, as the case may be, and amortized over a period of 5 to 20 years on a straight-line basis.
(4) The Company adopts the "full fair value method" so that the full portion of the assets and liabilities of the consolidated subsidiaries is marked to fair value as of the acquisition of control.
(5) All significant intercompany balances, transactions and all material unrealized profit within the consolidated group have been eliminated in consolidation.

B. Accounting Period

The Company's accounting period begins each year on April 1 and ends the following year on March 31.

During the fiscal year ended March 31, 2009, December 31 was used by 59 consolidated subsidiaries as the closing date for their financial statements and February 28 was used by one consolidated subsidiary. Necessary adjustments have been made to address transactions that occurred between closing dates different to that of the Company and March 31.

One company with a fiscal year-end of December 31 provides financial statements based on provisional settlement of accounts as of March 31 to facilitate preparation of the consolidated financial statements.

C. Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for net assets, which are translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of net assets. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

D. Valuation of Assets

(1) Short-term and long-term investment securities are classified and accounted for, depending on management's intent, as follows:
   i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and
   ii) (a) available-for-sale securities with fair value, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity, and
   (b) available-for-sale securities whose fair value was not readily determinable are reported at cost using the moving average method.
(2) Derivatives are valued at market.
(3) Inventories are stated at the lower of cost, determined by the moving average cost method, or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses.

E. Depreciation and Amortization

(1) Vessels, property, plant and equipment except for lease assets are depreciated as follows:
   Vessels, property, plant and equipment are depreciated generally by the straight-line method based on the useful life stipulated in the Japanese Corporation Tax Law. Assets for which the purchase prices are more than ¥100,000 but less than ¥200,000 are depreciated generally in equal allotments over 3 years based on the Japanese Corporation Tax Law.
(2) Intangible assets except for lease assets are amortized as follows:
   Computer software is amortized by the straight-line method based principally on the length of period it can be used internally (5 years). Other intangible assets are amortized by the straight-line method based on the Japanese Corporation Tax Law.
(3) Leased assets are depreciated as follows:
   Leased assets related to financial leases that transfer ownership rights are depreciated by the same depreciation method that is applied to fixed assets owned by the Company. Leased assets related to financial leases that do not transfer ownership rights are depreciated under the straight-line method based on the lease term as the useful life and assuming no residual value.

F. Capitalization of Interest Expenses

Interest expense is generally charged to income as incurred. However, interest expense incurred in the construction of certain assets, particularly projects for vessels, is capitalized and included in the costs of assets when a construction period is substantially long and the amount of interest incurred in such a period is significantly material.

G. Provisions

(1) Allowance for doubtful accounts:
The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(2) Provision for bonuses:
Bonuses to employees are accrued at the year end to which such bonuses are attributable.

(3) Provision for directors' bonuses:
Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

(4) Provision for retirement benefits:
To provide for employees' retirement benefits, this provision is recorded based on the estimated actuarial present value of the Company's and its consolidated subsidiaries' retirement benefit obligation and the estimated fair value of pension assets at the end of the fiscal year. The Company amortizes prior service cost using the straight-line method over the term that does not exceed the average remaining service period (eight years) of employees who are eligible for postretirement benefits.

Unrecognized net actuarial differences are mainly amortized beginning immediately the following year on a straight-line basis over a term that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (eight years).

(5) Provision for directors' retirement benefits:
To provide for the payment of retirement benefits to directors and corporate auditors, in accordance with internal policies, consolidated subsidiaries record such provisions calculated as the estimated amount which would be payable if all directors and corporate auditors were to retire at the balance sheet date.

(6) Provision for periodic dry docking of vessels:
Provision for periodic dry docking of vessels is provided based on the estimated amount of expenditure for periodic dry-docking in the future.

(7) Provision for losses related to antitrust law:
The following two provisions for antitrust law losses:

a. Major airline companies around the world are being investigated by the relevant authorities in the United States and Europe as part of a probe into price-cartel activity regarding air cargo transport services. Consolidated subsidiary Nippon Cargo Airlines Co., Ltd. has been investigated by the U.S. authorities since February 2006, and by the European Commission since December 2006. The Company has been cooperating with these investigations. In Europe, the Company was served with an objection notification in December 2007.

With regard to the investigation by the U.S. authorities, in April 2009 the Company agreed with the U.S. Department of Justice to pay a fine, and posted a provision of the equivalent amount. With regard to the investigation by the European Commission, the Company has posted a provision for future losses as estimated at the current time.

b. Major domestic companies conducting international air cargo transport including consolidated subsidiary Yusen Air & Sea Service Co., Ltd. received on March 18, 2009 notice of a cease-and-desist order and a surcharge payment order from the Japan Fair Trade Commission (the "JFTC") for violations of Article 3 of the antitrust law (prohibition of undue restriction of business activities) in regard to international air cargo transport. In the period that followed, the Company scrutinized, confirmed and carefully examined the JFTC orders. Determining that it was unable to accept the orders as a result of these steps, the Company resolved at an Extraordinary Meeting of the Board of Directors held on April 17, 2009 to file an application for the commencement of hearings with the JFTC and to take other appropriate actions in response to the orders. For the consolidated fiscal year ended March 31, 2009, the Company has posted a provision for the surcharge payment based on the order received from the JFTC.

H. Income Taxes

The Company and domestic subsidiaries recognize future tax consequences of temporary differences between assets and liabilities in accounting and tax treatments. Deferred taxes are computed based on the pretax income included in the consolidated statement of income, and measured by applying currently enacted laws to the temporary differences. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

I. Freight Revenue and Expense Recognition

Freight revenues and expenses are recognized by two different methods depending on types of cargo transportation.

(1) Transportation by container ships:
Revenues and expenses arising from ocean transportation of containers are principally recognized proportionately as shipments move.

(2) Transportation by vessels other than container ships:
Revenues and expenses from transportation by vessels other than container ships are principally recognized upon completion of unloading cargoes at the final destination port.

J. Accounting for Leases

Finance leases which existed at March 31, 2008 and do not transfer ownership of the leased property to the lessee are accounted for as operating lease transactions.

K. Method of Accounting for Material Hedge Transactions

For 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 and its consolidated subsidiaries apply hedge accounting. In addition, hedge accounting is also applied to derivative financial instruments used to mitigate the risks of price fluctuations in fuel procurement and others. For hedge accounting, the Company and its consolidated subsidiaries adopt a deferred hedge method that requires the Company to mark the derivative financial instruments, effective as hedges, to market, and to defer the valuation loss/gain. For currency swap contracts and forward foreign exchange contracts that meet the required conditions under the accounting standard, the Company and its consolidated subsidiaries translate hedged foreign currency assets and liabilities at the rate of these contracts. In addition, for interest rate swap contracts and interest rate cap contracts that meet specified conditions under the accounting standard, the related interest differentials paid or received under the contracts are included in the interest income/expenses of the hedged financial assets and liabilities. In addition, the following hedging methods for various risks are utilized: interest rate swaps to hedge the risk of interest rate fluctuations related to borrowings, bonds and others; currency swap contracts, forward foreign exchange contracts, debts and credits in foreign currency to hedge the foreign exchange risk associated with monetary assets and liabilities, expected transactions and others; and fuel swap contracts to hedge the risk of the price fluctuations in fuel oil and others. Semi-annually, the Company and its consolidated subsidiaries evaluate the effectiveness of hedging methods, except interest rate swaps and interest rate caps that meet specified conditions under the accounting standard, by analyzing the ratios of the cumulative amount of market fluctuation or cash flow among the hedging financial instruments and the hedged items.

Foreign Currency Transactions—Both short-term and long-term receivables and payables denominated in foreign currencies are translated into Japanese yen at exchange rates in effect at the balance sheet date.

However, short-term and long-term receivables and payables covered by forward exchange contracts are translated at the contract rates.

Any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts.

L. Per Share Information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because it is anti-dilutive. Cash dividends per share consist of interim dividends paid during the year and dividends to be paid after the end of the year.

M. Cash and Cash Equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits that are able to be withdrawn on demand and short-term investments with original maturities of three months or less that are exposed to minor value fluctuation risk.

N. Change in Accounting Policies

(1) From the consolidated fiscal year ended March 31, 2009, the Company adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9, July 5, 2006). This change had an immaterial effect on profit and loss.

(2) From the consolidated fiscal year ended March 31, 2009, the Company adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, June 17, 1993, final revision March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, January 18, 1994, final revision March 30, 2007).

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

This change had an immaterial effect on profit and loss.

(3) From the consolidated fiscal year ended March 31, 2009, the Company adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18) and made the necessary adjustments in preparing the consolidated financial statements. This change had an immaterial effect on profit and loss.

4. Short-term and Long-term Investment Securities:

(1) Short-term and long-term investment securities held to maturity with fair value as of March 31, 2009 and 2008 are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2009			2008			2009		
	Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)
Securities for which the fair value exceeds the book value:									
Government bonds and others	**¥ 281**	**¥ 286**	**¥ 5**	¥ 381	¥ 387	¥ 6	**$ 2,865**	**$ 2,914**	**$ 49**
Corporate bonds	**803**	**810**	**7**	803	815	12	**8,172**	**8,244**	**72**
Others	**1**	**1**	**0**	1	1	0	**15**	**15**	**0**
Subtotal	**1,085**	**1,097**	**12**	1,185	1,203	18	**11,052**	**11,173**	**121**
Securities for which the fair value is equal to or less than the book value:									
Government bonds and others	**100**	**99**	**(1)**	—	—	—	**1,022**	**1,015**	**(7)**
Corporate bonds	**45**	**42**	**(3)**	—	—	—	**458**	**423**	**(35)**
Others	**10**	**6**	**(4)**	—	—	—	**102**	**63**	**(39)**
Subtotal	**155**	**147**	**(8)**	—	—	—	**1,582**	**1,501**	**(81)**
Total	**¥1,240**	**¥1,244**	**¥ 4**	¥1,185	¥1,203	¥18	**$12,634**	**$12,674**	**$ 40**

(2) Short-term and long-term investment securities classified as available-for-sale securities with fair value as of March 31, 2009 and 2008 are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2009			2008			2009		
	Acquisition costs	Book value	Unrealized gain (loss)	Acquisition costs	Book value	Unrealized gain (loss)	Acquisition costs	Book value	Unrealized gain (loss)
Securities for which the book value exceeds the acquisition costs:									
Corporate shares	**¥ 67,205**	**¥102,093**	**¥ 34,888**	¥125,464	¥264,651	¥139,187	**$ 684,158**	**$1,039,330**	**$ 355,172**
Government bonds and others	**58**	**59**	**1**	303	309	6	**590**	**596**	**6**
Corporate bonds	**—**	**—**	**—**	209	213	4	**—**	**—**	**—**
Others	**—**	**—**	**—**	76	82	6	**—**	**—**	**—**
Subtotal	**67,263**	**102,152**	**34,889**	126,052	265,255	139,203	**684,748**	**1,039,926**	**355,178**
Securities for which the book value is equal to or less than the acquisition costs:									
Corporate shares	**60,135**	**43,476**	**(16,659)**	13,754	9,305	(4,449)	**612,184**	**442,589**	**(169,595)**
Government bonds and others	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
Corporate bonds	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
Others	**119**	**81**	**(38)**	139	138	(1)	**1,210**	**826**	**(384)**
Subtotal	**60,254**	**43,557**	**(16,697)**	13,893	9,443	(4,450)	**613,394**	**443,415**	**(169,979)**
Total	**¥127,517**	**¥145,709**	**¥ 18,192**	¥139,945	¥274,698	¥134,753	**$1,298,142**	**$1,483,341**	**$ 185,199**

(3) Proceeds, gains and losses on sales of available-for-sale securities in the fiscal years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Proceeds from sales	**¥10,698**	¥9,959	**$108,908**
Gross realized gains	**2,989**	4,769	**30,433**
Gross realized losses	**(13)**	(133)	**(131)**

(4) Available-for-sale securities whose fair value was not readily determinable as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S . dollars (Note 2)
	2009	2008	**2009**
Available-for-sale securities:			
Unlisted equity securities	**¥25,635**	¥16,096	**$260,965**

(5) The intended redemption of available-for-sale securities with maturity dates and short-term securities and long-term investment securities held to maturity as of March 31, 2009 and 2008 are summarized as follows:

Fiscal year ended March 31, 2009

	Millions of yen			
Type	Within one year	One year or more, within five years	Five years or more, within ten years	More than ten years
Bonds				
(1) Government bonds	**¥ —**	**¥340**	**¥100**	**¥—**
(2) Corporate bonds	**100**	**320**	**425**	**—**
(3) Others	**2**	**—**	**10**	**—**
Total	**¥102**	**¥660**	**¥535**	**¥—**

Fiscal year ended March 31, 2009

	Thousands of U.S. dollars (Note 2)			
Type	Within one year	One year or more, within five years	Five years or more, within ten years	More than ten years
Bonds				
(1) Government bonds	**$ —**	**$3,461**	**$1,017**	**$—**
(2) Corporate bonds	**1,018**	**3,258**	**4,327**	**—**
(3) Others	**15**	**—**	**102**	**—**
Total	**$1,033**	**$6,719**	**$5,446**	**$—**

Fiscal year ended March 31, 2008

	Millions of yen			
Type	Within one year	One year or more, within five years	Five years or more, within ten years	More than ten years
Bonds				
(1) Government bonds	¥409	¥281	¥ —	¥—
(2) Corporate bonds	213	400	403	—
(3) Others	1	—	—	—
Total	¥623	¥681	¥403	¥—

5. Inventories:

Inventories as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Products and goods	**¥ 4,005**	¥ 5,054	**$ 40,772**
Real estate for sale	**1**	1	**12**
Fuel and supplies	**28,075**	48,799	**285,812**
Others	**775**	503	**7,885**
Total	**¥32,856**	¥54,357	**$334,481**

6. Vessels, Property, Plant and Equipment:

As of March 31, 2009 and 2008, vessels, property, plant and equipment consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Vessels, property, plant and equipment, at cost			
Vessels	**¥1,353,666**	¥1,263,183	**$13,780,568**
Buildings and structures	**152,500**	158,917	**1,552,483**
Aircraft	**28,171**	51,841	**286,782**
Machinery, equipment and vehicles	**74,154**	90,449	**754,902**
Equipment	**25,387**	27,654	**258,444**
Land	**59,952**	61,287	**610,323**
Construction in progress	**295,424**	296,040	**3,007,472**
Other	**12,488**	14,398	**127,133**
Total	**2,001,742**	1,963,769	**20,378,107**
Less accumulated depreciation	**(834,085)**	(831,823)	**(8,491,142)**
Net vessels, property, plant and equipment	**¥1,167,657**	¥1,131,946	**$11,886,965**

7. Deferred Capital Gains:

Under certain conditions, such as exchanges of fixed assets of similar kinds, gains from insurance claims, and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the gain arising from such transactions by reducing the cost of the assets acquired. As such, deferred capital gains from insurance claims were deducted from the cost of properties acquired in replacement, which amounted to ¥5,740 million ($58,437 thousand) and ¥5,930 million as of March 31, 2009 and 2008, respectively.

8. Short-Term and Long-Term Debt:

(1) Short-term debts had weighted-average interest rates of 1.27 percent and 2.29 percent as of March 31, 2009 and 2008, respectively.

(2) Long-term debt as of March 31, 2009 and 2008, consisted of the following.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Loans from banks and other financial institutions, with a weighted-average interest rate of 1.70 percent and 2.27 percent at March 31, 2009 and 2008, due from 2010 to 2031	**¥688,559**	¥567,159	**$7,009,661**
Lease obligations interest rate of 5.35 percent at March 31, 2009, due from 2010 to 2021	**9,956**	—	**101,354**
Unsecured 0.52 percent bonds, due on February 20, 2009	**—**	15,000	**—**
Unsecured 0.81 percent bonds, due on October 16, 2009	**20,000**	20,000	**203,604**
Unsecured 1.67 percent bonds, due on June 20, 2012	**30,000**	30,000	**305,405**
Unsecured 1.01 percent bonds, due on February 21, 2013	**15,000**	15,000	**152,703**
Unsecured 1.58 percent bonds, due on June 9, 2014	**20,000**	20,000	**203,604**
Unsecured 2.06 percent bonds, due on June 22, 2016	**20,000**	20,000	**203,604**
Unsecured 2.05 percent bonds, due on June 20, 2017	**30,000**	30,000	**305,405**
Unsecured 2.36 percent bonds, due on June 7, 2024	**10,000**	10,000	**101,802**
Unsecured 2.65 percent bonds, due on June 22, 2026	**10,000**	10,000	**101,802**
Convertible bonds with warrants, due on September 24, 2026	**56,197**	56,266	**572,100**
Floating/fixed rate euro medium-term notes, due from 2008	**—**	1,000	**—**
Subtotal	**909,712**	794,425	**9,261,044**
Less current portion due within one year	**(97,997)**	(95,184)	**(997,631)**
Long-term debt, less current portion	**¥811,715**	¥699,241	**$8,263,413**

The aggregate annual maturities of long-term loans from banks and other financial institutions, convertible bonds with warrants, bonds and lease obligations as of March 31, 2009 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars (Note 2)
2011	¥114,825	**$1,168,938**
2012	55,424	**564,226**
2013	85,197	**867,322**
2014	90,959	**925,977**
2015 and thereafter	465,310	**4,736,950**
Total	¥811,715	**$8,263,413**

Bonds with warrants

	Euro-yen-denominated convertible bonds with issuer option to settle for cash upon conversion
Class of shares to be issued	Ordinary shares of common stock
Issue price for warrants	—
Exercise price per share	¥843 ($8.58 (Note 2))
Total amount of debt securities issued	¥55,000 million ($559,910 thousand (Note 2))
Total amount of shares issued by exercising warrants	—
Percentage of shares with warrants (%)	100
Exercise period	October 4, 2006–September 10, 2026

Note: Bonds were issued at a price higher than the issue price. Accordingly, the outstanding balance at the end of the period is calculated using the amortized cost method.

9. Pledged Assets and Secured Liabilities:

As of March 31, 2009, the following assets were pledged as collateral for short-term loans payable, current portion of long-term debt, long-term debt and others:

Pledged assets	Net book value Millions of yen	Thousands of U.S. dollars (Note 2)
Vessels	**¥51,098**	**$520,187**
Buildings and structures	**4,966**	**50,553**
Aircraft	**1,897**	**19,314**
Land	**5,375**	**54,720**
Investment securities	**7,094**	**72,219**
Others	**4,166**	**42,409**
Total	**¥74,596**	**$759,402**

Secured liabilities	Millions of yen	Thousands of U.S. dollars (Note 2)
Short-term loans payable and current portion of long-term debt	**¥12,195**	**$124,148**
Long-term debt	**21,434**	**218,197**
Others	**240**	**2,445**
Total	**¥33,869**	**$344,790**

10. Income Taxes:

(1) Significant components of deferred tax assets and liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Deferred tax assets:			
Provision for bonuses	**¥ 2,989**	¥ 3,328	**$ 30,426**
Provision for retirement benefits	**5,326**	6,878	**54,221**
Losses on revaluation of securities	**3,190**	2,674	**32,478**
Losses on revaluation of noncurrent assets	**1,172**	1,572	**11,935**
Impairment loss on vessels, property, plant and equipment	**11,286**	7,028	**114,896**
Tax loss carryforwards	**52,545**	29,242	**534,913**
Unrealized gains on sale of vessels, property, plant and equipment	**4,322**	4,576	**43,997**
Provision for periodic dry-docking of vessels	**4,341**	1,927	**44,186**
Accrued expenses	**2,838**	2,513	**28,894**
Deferred loss on hedges	**18,528**	10,537	**188,619**
Others	**9,920**	10,845	**100,988**
Subtotal of deferred tax assets	**116,457**	81,120	**1,185,553**
Valuation allowance	**(57,577)**	(38,547)	**(586,142)**
Total deferred tax assets	**58,880**	42,573	**599,411**
Deferred tax liabilities:			
Gain on securities contribution to employee retirement benefit trust	**(3,754)**	(3,754)	**(38,220)**
Valuation difference on available-for-sale securities	**(6,390)**	(49,308)	**(65,051)**
Depreciation	**(8,527)**	(7,508)	**(86,810)**
Special tax purpose reserve	**(5,389)**	(6,556)	**(54,857)**
Unrealized losses on sale of vessels, property, plant and equipment	**(9)**	(108)	**(89)**
Deferred gain on hedges	**(2,573)**	(5,799)	**(26,194)**
Others	**(6,281)**	(9,299)	**(63,943)**
Total deferred tax liabilities	**(32,923)**	(82,332)	**(335,164)**
Net deferred tax assets (liabilities)	**¥ 25,957**	¥(39,759)	**$ 264,247**

(2) Reconciliation of the statutory income tax rate to the effective income tax rate for the years ended March 31, 2009 and 2008, are as follows:

	2009	2008
Normal statutory income tax rate	**37.5%**	37.5%
Increase (decrease) in taxes resulting from:		
Amortization of goodwill	**0.9**	0.3
Impairment of goodwill	**3.3**	—
Equity in earnings of unconsolidated subsidiaries and affiliates	**(2.0)**	(2.1)
Permanently non-deductible expenses for tax purposes, such as entertainment expenses	**3.3**	1.2
Permanently non-taxable income, such as dividend income	**(3.2)**	(0.8)
Changes in valuation allowance	**28.5**	2.7
Loss on valuation of non-taxable shares of affiliates	**(36.3)**	—
Tax exemption of overseas subsidiaries	**(7.9)**	—
Other	**0.4**	2.1
Actual effective income tax rate	**24.5%**	40.9%

11. Net Assets:

The consolidated financial statements have been reported in accordance with the provisions set forth in the Japanese Companies Act ("the Companies Act").

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as;

(a) having the Board of Directors, (b) having independent auditors, (c) having the Board of Corporate Auditors, and (d) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

Semiannual interim dividends may also be paid once a year upon resolution of the company as stipulated. The Companies Act provided certain limitations on the amounts available for dividends or the purchase of treasury stock.

The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(2) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the net asset account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(3) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a component of net assets. The Companies Act also provides that companies can purchase both treasury stock purchase rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights.

(A) Matters Concerning Outstanding Shares

Changes in the number of outstanding shares in the consolidated fiscal years ended March 31, 2008 and 2009 were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
At March 31, 2008	**1,230,188**	**2,182**
Increase in number of shares	**—**	**421**
Decrease in number of shares	**—**	**(227)**
At March 31, 2009	**1,230,188**	**2,376**

(B) Matters Concerning Dividends

(1) Total dividend payments to be paid for the consolidated fiscal year ended March 31, 2009, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Approved at the regular general meeting of shareholders on June 24, 2008	**¥14,737**	**$150,021**
Approved by the Board of Directors on October 27, 2008	**15,962**	**162,498**
Total	**¥30,699**	**$312,519**

(2) The effective date for dividends, including retained earnings as of March 31, 2009, shall be determined in the subsequent consolidated fiscal year, as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
At the regular general meeting of shareholders on June 23, 2009	**¥2,456**	**$25,000**
Total	**¥2,456**	**$25,000**

12. Impairment Losses:

The Company and its consolidated subsidiaries divide operating assets based on management accounting and group such assets according to the business that makes investment decisions. For rental property, available-for-sale assets and idle assets, the Company and its consolidated subsidiaries group the assets by structure.

In the consolidated fiscal year ended March 31, 2009, the target price of available-for-sale assets fell below book value and land prices dropped on rental property and idle assets, causing noticeable deterioration in profitability. The Company reduced the book value on these asset groups to recoverable amounts and booked the reductions as impairment losses of ¥27,050 million ($275,375 thousand).

A breakdown of this amount is presented below.

Location	Application	Type	Millions of yen	Thousands of U.S. dollars (Note 2)
Narita, Chiba Prefecture	Cargo transport, idle assets	Buildings, Aircraft, Machinery and equipment, Goodwill, etc.	**¥25,745**	**$262,092**
Others	Mainly cargo transport, available-for-sale assets	Vessels and buildings, etc.	**1,305**	**13,283**
Total			**¥27,050**	**$275,375**

Impairment loss by location

	Millions of yen
Narita, Chiba Prefecture	**¥ 25,745** (Buildings ¥2,396, Aircraft ¥7,835, Machinery and equipment ¥2,833, Goodwill ¥6,889, Others ¥5,792)
Others	**¥ 1,305** (Vessels ¥831, Buildings ¥231, Others ¥243)

	Thousands of U.S. dollars (Note 2)
Narita, Chiba Prefecture	**$262,092** (Buildings $24,395, Aircraft $79,763, Machinery and equipment $28,844, Goodwill $70,135, Others $58,955)
Others	**$ 13,283** (Vessels $8,467, Buildings $2,343, Others $2,473)

The recoverable amount for these asset groups will be the higher value of the asset's net selling price and its value in use.

The net selling price is based on property appraisal assessments and the value in use is calculated from the projected future cash flows discounted at a rate of 3.1%.

13. Software Development Costs

The Company's liner trade business system "OSCAR" has been deployed throughout the world after being introduced on North American routes in November 2008. After a review of the reduction effect of the expenses associated with the completion of this deployment, the Company treated the software development expenses as a loss because the cost reduction effect initially expected did not occur.

14. Commitments and Contingent Liabilities:

(1) Commitments made by the Company and its consolidated subsidiaries amounted to ¥555,105 million ($5,651,071 thousand) for the construction of vessels, ¥377,517 million ($3,843,190 thousand) for the purchase of aircraft and ¥2,994 million ($30,481 thousand) for the purchase of other equipment as of March 31, 2009. Contingent liabilities for notes receivable discounted and endorsed, loans guaranteed and joint debt of indebtedness as of March 31, 2009, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Notes receivable discounted and endorsed	**¥ 7**	**$ 72**
Guarantees of loans	**104,755**	**1,066,428**
Joint debt of indebtedness	**11,701**	**119,120**
Total	**¥116,463**	**$1,185,620**

(2) The following consolidated subsidiaries have guarantees of residual value in operating lease contracts they have concluded in relation to various vessels. The table below shows the potential maximum payments due to these guarantees of residual value together with the payment dates. These operating lease assets may be repaid without exercise of the leases' purchase options.

	Maximum payment		
Consolidated subsidiary	Millions of yen	Thousands of U.S. dollars (Note 2)	Payment date
NYK Orion Corporation	**¥2,549**	**$25,951**	**March 2018**
NYK Terra Corporation	**3,375**	**34,365**	**July 2018**
Raja Maritima S.A.	**811**	**8,257**	**September 2018**
NYK Theseus Corporation	**2,089**	**21,267**	**November 2018**
NYK Triton Corporation	**2,125**	**21,639**	**December 2018**
Moet Shipholding S.A.	**5,041**	**51,322**	**March 2014**

(3) Consolidated subsidiary Nippon Cargo Airlines Co., Ltd. has guarantees of residual value in some operating lease contracts it has concluded in relation to aircraft. The potential maximum payment due to these guarantees of residual value is ¥17,100 million ($174,081 thousand). After the lease term expires, payment may be made by selecting repayment of the operating lease assets. These operating lease contracts will expire by December 2013.

(4) Major airline companies around the world are being investigated by relevant authorities in the United States and Europe as part of a probe into price-cartel activity on air cargo transport services. Consolidated subsidiary Nippon Cargo Airlines Co., Ltd. (NCA) has been investigated by the U.S. Department of Justice and by the European Commission, and by the Korean Government, respectively.

In this connection, in the U.S., NCA has filed a (class action) lawsuit for damages for an unspecified amount.

From the consolidated fiscal year ended March 31, 2009, the Company has posted provisions for the losses associated with the investigations by the U.S. and European authorities. The eventual outcome of investigations and legal actions may have a material adverse effect on NCA's financial condition, results of operations or cash flows. However, based on information currently available and due to the fact that the investigations are ongoing, it is difficult to reasonably estimate the outcome.

15. Statements of Cash Flows:

The following excluded assets and liabilities are associated with the exclusion of three companies from the scope of consolidation due to the sale of shares.

	Millions of yen	Thousands of U.S. dollars (Note 2)
	2009	**2009**
Current assets	**¥ 1,547**	**$ 15,751**
Noncurrent assets	**9,792**	**99,685**
Total assets	**¥11,339**	**$115,436**
Current liabilities	**¥23,585**	**$240,098**
Noncurrent liabilities	**2,760**	**28,104**
Total liabilities	**¥26,345**	**$268,202**

16. Accounting for Leases:

As discussed in Note 3J, the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Pro forma information of such leases existing at the transition date on an "as if capitalized" basis for the years ended March 31, 2009 was as follows.

(1) Finance leases accounted for as operating leases, which started before the consolidated fiscal year ended March 31, 2009

As lessees

a. Acquisition cost, accumulated depreciation, accumulated impairment loss and net balance at the end of the year of the leased assets as of March 31, 2009 and 2008, which included the portion of interest thereon, would have been shown in the consolidated balance sheets as follows, if the leased assets had been capitalized.

	Millions of yen									
	2009					2008				
	Vessels	Aircraft	Equipment	Other	Total	Vessels	Aircraft	Equipment	Other	Total
Acquisition cost	**¥5,408**	**¥29,427**	**¥69,567**	**¥1,393**	**¥105,795**	¥5,516	¥29,427	¥74,938	¥2,091	¥111,972
Accumulated depreciation	**3,229**	**8,991**	**37,788**	**801**	**50,809**	2,897	6,539	34,527	985	44,948
Accumulated impairment loss	**—**	**5,442**	**—**	**—**	**5,442**	—	—	—	—	—
Net balance at end of the year	**2,179**	**14,994**	**31,779**	**592**	**49,544**	2,619	22,888	40,411	1,106	67,024

	Thousands of U.S. dollars (Note 2)				
	2009				
	Vessels	Aircraft	Equipment	Other	Total
Acquisition cost	**$55,054**	**$299,574**	**$708,203**	**$14,176**	**$1,077,007**
Accumulated depreciation	**32,876**	**91,531**	**384,687**	**8,153**	**517,247**
Accumulated impairment loss	**—**	**55,397**	**—**	**—**	**55,397**
Net balance at end of the year	**22,178**	**152,646**	**323,516**	**6,023**	**504,363**

b. Future lease payments as of March 31, 2009, which included the portion of interest thereon, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Within one year	**¥ 9,905**	**$100,840**
More than one year	**41,083**	**418,228**
Total	**¥50,988**	**$519,068**
Accumulated impairment loss on leased property	**¥ 5,442**	**$ 55,397**

c. Lease expenses, depreciation, interest expenses and impairment loss for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Lease expenses for the year	**¥11,753**	¥13,429	**$119,650**
Depreciation	**11,379**	11,843	**115,837**
Interest expenses	**1,174**	1,552	**11,956**
Impairment loss	**5,442**	—	**55,397**

d. Calculation of depreciation equivalent

Assumed depreciation amounts are computed using the straight-line method over the lease terms assuming no residual value.

e. Calculation of interest equivalent

The excess of total lease payments over acquisition cost equivalents is regarded as amounts representing interest payable equivalents and is allocated to each period using the interest method.

(2) Operating leases

As lessees

Future lease payments as of March 31, 2009 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Within one year	**¥ 69,416**	**$ 706,670**
More than one year	**390,869**	**3,979,120**
Total	**¥460,285**	**$4,685,790**

As lessors

Future lease income as of March 31, 2009 is as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Within one year	**¥1,362**	**$13,863**
More than one year	**3,287**	**33,462**
Total	**¥4,649**	**$47,325**

17. Derivative Financial Instruments:

(1) Contents of, policies for, and objectives in the use of derivatives

The Company and its consolidated subsidiaries employ various financing methods to obtain funds necessary for the conduct of their operations. In addition, a substantial portion of total assets and liabilities is denominated in foreign currencies. Accordingly, derivative financial instruments are used to hedge and manage the inevitable risks of fluctuations in interest rates and foreign currency rates. Specifically, to avert interest rate risk associated with borrowings, bonds and other financial instruments, the Company and its consolidated subsidiaries utilize interest rate swap contracts, interest rate cap contracts and other techniques. To avert foreign exchange risk associated with foreign currency assets and liabilities, the Company and its consolidated subsidiaries make use of forward foreign currency contracts, currency swap contracts and other techniques. Similarly, to deal with the risk of price fluctuations in fuel and chartered freight, the Company and its consolidated subsidiaries utilize fuel swap contracts, freight (chartered-freight) forward transactions and other techniques. However, the Company and its consolidated subsidiaries do not engage in trading or in speculative use of derivative financial instruments.

Regarding hedge accounting for derivative financial instruments, the following methods and policies are applied.

a. Hedge accounting method

The Company and its consolidated subsidiaries mainly adopt a deferred hedge method that requires the Company to mark the derivative financial instruments effective as hedges to market, and to defer the valuation loss/gain. For forward foreign exchange contracts and currency swap contracts that meet the required conditions under the accounting standard, the Company and its consolidated subsidiaries translate hedged foreign currency assets and liabilities at the rate of these contracts. In addition, for interest rate swap contracts and interest rate cap contracts that meet specified conditions under the accounting standard, the related interest differentials paid or received under the contracts are included in the interest income/expenses of the hedged financial assets and liabilities.

b. Principal hedging techniques and items hedged

Principal hedging techniques	Principal items hedged
Currency swap contracts	Foreign currency borrowings and bonds
Interest rate swap contracts	Borrowings, bonds and loans
Fuel swap contracts	Purchase price of fuel
Forward foreign exchange contracts	Forecasted foreign currency transactions

c. Hedging policy

Based on internal rules and regulations, including *the Company's Rules for Risk Management Employing Financial Instruments*, the Company and its consolidated subsidiaries enter into hedging transactions to offset the risk of market rate fluctuations and others, for items to be hedged.

d. Method for evaluating effectiveness of hedging

The Company and its consolidated subsidiaries analyze the ratios of the cumulative amount of market fluctuation or cash flow of the hedging financial instruments, except interest rate swaps that meet specified conditions under the accounting standard, and the hedged items.

(2) Risks inherent in derivative transactions

Derivative transactions are subject to inherent market risk, which is derived from future changes in market prices (currency rates, interest rates and prices), and credit risk, which is derived from the counterparty or counterparties to the derivative transaction becoming unable to perform their contractual obligations. The derivative financial instruments utilized by the Company and its consolidated subsidiaries are only those which offset the fluctuation of fair value of underlying financial assets and liabilities, thereby the Company and its subsidiaries are not exposed to material market risk. The counterparties in the derivatives transactions are financial institutions with high credit ratings, implying that credit risk is immaterial.

(3) Risk management for derivative transactions

The derivative transactions of the Company and its consolidated subsidiaries follow the internal approval process specified in *the Company's Rules for Risk Management Employing Financial Instruments* and other rules as well as regulations and are subject to internal control operated principally by the divisions in charge of accounting. In addition, to prevent improper transactions, the back-office function for these transactions is performed by personnel of the Company and its consolidated subsidiaries who are not directly involved in the dealings. The contract amounts and other information related to derivative financial instruments are reported to a director in charge periodically, and, as necessary, to the Board of Directors.

(4) Supplementation

The contract or notional amounts of derivatives which are shown in the following table do not represent the amounts exchanged by the parties and do not measure the Company's exposure to credit or market risk.

(5) Items pertaining to the market price of transactions (As of March 31, 2009 and 2008):

	Millions of yen				Thousands of U.S. dollars (Note 2)	
	2009		2008		2009	
	Contracts outstanding	Unrealized gain (loss)	Contracts outstanding	Unrealized gain (loss)	Contracts outstanding	Unrealized gain (loss)
1. Currency-related						
Forward foreign currency exchange contracts:						
Buy U.S. dollar, sell Japanese yen	**¥ 1,371**	**¥ 3**	¥ 838	¥ (7)	**$ 13,959**	**$ 31**
Sell U.S. dollar, buy Japanese yen	**3,684**	**—**	7,029	55	**37,500**	**—**
Buy Euro, sell Japanese yen	**306**	**(1)**	448	5	**3,118**	**(6)**
Sell Euro, buy Japanese yen	**—**	**—**	1,092	8	**—**	**—**
Buy U.S. dollar, sell Euro	**188**	**(5)**	—	—	**1,915**	**(50)**
Buy Singapore dollar, sell U.S. dollar	**1,913**	**27**	—	—	**19,478**	**270**
Buy H.K. dollar, sell Japanese yen	**—**	**—**	180	(3)	**—**	**—**
Buy Thai baht, sell Japanese yen	**—**	**—**	56	(1)	**—**	**—**
Others	**1,874**	**18**	1,654	(1)	**19,077**	**188**
Currency swaps:						
Receive Japanese yen, pay U.S. dollar	**403**	**96**	1,264	257	**4,098**	**982**
Receive H.K. dollar, pay U.S. dollar	**—**	**—**	997	2	**—**	**—**
2. Interest rate-related						
Interest rate swaps:						
Receive fixed, pay floating	**¥26,909**	**¥(909)**	¥59,571	¥ 1,250	**$273,937**	**$(9,249)**
Receive floating, pay fixed	**66,919**	**221**	67,808	(2,272)	**681,248**	**2,254**
3. Commodity-related						
Freight (chartered-freight) forward transactions						
Forward chartered-freight agreements on buyer's side	**¥ 351**	**¥ (69)**	¥ 1,515	¥ (69)	**$ 3,575**	**$ (698)**
Forward chartered-freight agreements on seller's side	**574**	**291**	1,239	(1,634)	**5,844**	**2,967**
Fuel swap						
Floating receipts/fixed payments	**80**	**(5)**	—	—	**818**	**(48)**

Notes: 1. The market price of forward foreign currency exchange contracts at the end of the fiscal consolidated year is based on the forward foreign exchange rate then prevailing in the market.
2. The values of currency swap, interest rate swap, freight (chartered-freight) forward transactions, and fuel swap are valued at the market rates reported by the financial institutions handling these transactions for the Company, as of the end of the consolidated fiscal year.
3. Items for which hedge accounting is applied are excluded from the above table disclosure.

18. Accounting for Employees' Retirement Benefits:

(1) Outline of employees' retirement benefit plans:

The Company and its domestic consolidated subsidiaries maintain the following defined benefit plans: the Tax-Qualified Pension Plan, the national government's Employees' Pension Fund and a retirement lump-sum allowance system.

On April 1, 2007, the Company switched from a severance pay structure, which hinged on the Tax-Qualified Pension Plan, in favor of a defined benefit pension plan.

Some overseas consolidated subsidiaries also maintain defined contribution plans or defined benefit plans.

(2) Amounts related to projected benefit obligations (As of March 31, 2009 and 2008):

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Projected benefit obligations	**¥(86,700)**	¥ (90,464)	**$(882,623)**
Plan assets	**79,860**	118,117	**812,992**
Unfunded obligations	**(6,840)**	27,653	**(69,631)**
Unrecognized plan assets	**—**	—	**—**
Unfunded liabilities at time of accounting standard change	**—**	—	**—**
Unrecognized actuarial gain (loss)	**11,934**	(27,568)	**121,491**
Unrecognized prior service cost	**2,495**	2,900	**25,400**
Net obligations on the consolidated balance sheets	**7,589**	2,985	**77,260**
Prepaid pension costs	**23,650**	18,842	**240,762**
Provision for retirement benefits	**¥(16,061)**	¥ (15,857)	**$(163,502)**

(3) Amounts related to retirement benefit costs (Years ended March 31, 2009 and 2008):

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Service costs	**¥ 4,948**	¥ 4,541	**$ 50,370**
Interest costs	**1,839**	1,908	**18,724**
Expected return on plan assets	**(1,401)**	(1,611)	**(14,268)**
Unfunded liabilities at time of accounting standard change	**—**	—	**—**
Recognized actuarial loss	**(3,873)**	(3,811)	**(39,427)**
Amortization of prior service cost	**429**	422	**4,370**
Retirement benefit costs	**¥ 1,942**	¥ 1,449	**$ 19,769**

Note: In addition to the costs shown above, certain consolidated subsidiaries had ¥1,981 million ($20,165 thousand) and ¥1,559 million for the fiscal years ended March 31, 2009 and 2008, respectively, in defined contribution retirement benefit costs. Besides the retirement benefit costs shown above, certain domestic consolidated subsidiaries treated the amount of defined contributions paid to their Employees' Pension Fund as retirement benefit costs.

(4) Assumptions in calculation of the above information (As of March 31, 2009 and 2008):

	2009	2008
Method of attributing the projected benefits to periods of service	**Straight-line basis**	Straight-line basis
Discount rate	**Mainly 2.0%**	Mainly 2.0%
Expected rate of return on plan assets	**Mainly 2.0%–3.0%**	Mainly 2.0%–3.0%
Amortization period of prior service cost	**Mainly 8 years**	Mainly 8 years
Recognition period of actuarial gain/loss	**Mainly 8 years**	Mainly 8 years

19. Industry Segment Information:

The Company and its consolidated subsidiaries operate in eight business: Liner Trade, Bulk Shipping, Logistics, Terminal and Harbor Transport, Cruise, Air Cargo Transport, Real Estate and Others. The following table presents certain segment information for the years ended March 31, 2009 and 2008.

Year ended March 31, 2009: Millions of yen

	Liner Trade	Bulk Shipping	Logistics	Terminal and Harbor Transport	Cruise	Air Cargo Transport	Real Estate	Others	Total	Elimination or Corporate	Consolidated Total
I Revenues and Operating Income (loss)											
Revenues:											
(1) Revenues from customers	¥589,710	¥1,081,267	¥445,576	¥100,690	¥44,191	¥ 70,537	¥ 9,104	¥ 88,898	¥2,429,973	¥ —	¥2,429,973
(2) Inter-segment revenues	5,662	5,819	2,563	31,320	10	8,896	2,612	118,985	175,867	(175,867)	—
Total revenues	595,372	1,087,086	448,139	132,010	44,201	79,433	11,716	207,883	2,605,840	(175,867)	2,429,973
Operating costs and expenses	619,701	914,290	443,252	125,950	42,883	97,340	8,103	209,416	2,460,935	(175,877)	2,285,058
Operating income (loss)	¥ (24,329)	¥ 172,796	¥ 4,887	¥ 6,060	¥ 1,318	¥ (17,907)	¥ 3,613	¥ (1,533)	¥ 144,905	¥ 10	¥ 144,915
II Total Assets, Depreciation and Amortization, Impairment Loss, and Capital Expenditures											
Total assets	¥298,419	¥1,245,396	¥197,618	¥131,854	¥39,769	¥ 71,430	¥51,215	¥492,525	¥2,528,226	¥(456,955)	¥2,071,271
Depreciation and amortization	11,006	69,353	7,286	5,737	1,787	1,825	1,123	2,015	100,132	(8)	100,124
Impairment loss	—	1,076	79	—	—	25,745	—	150	27,050	—	27,050
Capital expenditures	117,613	234,557	5,161	7,564	2,181	47,146	787	2,546	417,555	—	417,555

Thousands of U.S. dollars (Note 2)

	Liner Trade	Bulk Shipping	Logistics	Terminal and Harbor Transport	Cruise	Air Cargo Transport	Real Estate	Others	Total	Elimination or Corporate	Consolidated Total
I Revenues and Operating Income (loss)											
Revenues:											
(1) Revenues from customers	$6,003,357	$11,007,507	$4,536,045	$1,025,041	$449,872	$ 718,080	$ 92,681	$ 905,002	$24,737,585	$ —	$24,737,585
(2) Inter-segment revenues	57,640	59,236	26,096	318,844	103	90,560	26,587	1,211,294	1,790,360	(1,790,360)	—
Total revenues	6,060,997	11,066,743	4,562,141	1,343,885	449,975	808,640	119,268	2,116,296	26,527,945	(1,790,360)	24,737,585
Operating costs and expenses	6,308,671	9,307,646	4,512,395	1,282,194	436,562	990,941	82,487	2,131,890	25,052,786	(1,790,460)	23,262,326
Operating income (loss)	$ (247,674)	$ 1,759,097	$ 49,746	$ 61,691	$ 13,413	$(182,301)	$ 36,781	$ (15,594)	$ 1,475,159	$ 100	$ 1,475,259
II Total Assets, Depreciation and Amortization, Impairment Loss, and Capital Expenditures											
Total assets	$3,037,963	$12,678,366	$2,011,792	$1,342,305	$404,852	$ 727,169	$521,375	$5,013,995	$25,737,817	$(4,651,889)	$21,085,928
Depreciation and amortization	112,041	706,029	74,171	58,408	18,193	18,572	11,433	20,516	1,019,363	(81)	1,019,282
Impairment loss	—	10,951	806	—	—	262,091	—	1,527	275,375	—	275,375
Capital expenditures	1,197,325	2,387,835	52,544	77,000	22,207	479,952	8,014	25,915	4,250,792	—	4,250,792

(1) The Group separates business categories to ensure that the management organization has qualities in line with the services each segment provides. From the consolidated fiscal year ended March 31, 2009, travel operations have been shifted from the "Other" operating segment to the "Logistics" segment to more clearly reflect their administrative handling.

(2) Within the asset balance for the consolidated fiscal year ended March 31, 2009, Companywide assets included under Elimination or Corporate had a value of ¥23,236 million ($236,549 thousand). A primary component of this amount is the Company's investment of surplus funds (cash and deposit).

Year ended March 31, 2008: Millions of yen

	Liner Trade	Bulk Shipping	Logistics	Terminal and Harbor Transport	Cruise	Air Cargo Transport	Real Estate	Others	Total	Elimination or Corporate	Consolidated Total
I Revenues and Operating Income (loss)											
Revenues:											
(1) Revenues from customers	¥660,289	¥1,032,406	¥524,248	¥115,192	¥46,713	¥ 92,218	¥ 9,049	¥104,511	¥2,584,626	¥ —	¥2,584,626
(2) Inter-segment revenues	6,169	6,704	2,689	36,168	—	10,397	2,471	100,582	165,180	(165,180)	—
Total revenues	666,458	1,039,110	526,937	151,360	46,713	102,615	11,520	205,093	2,749,806	(165,180)	2,584,626
Operating costs and expenses	654,865	860,659	510,890	140,272	41,417	124,662	8,046	206,926	2,547,737	(165,190)	2,382,547
Operating income (loss)	¥ 11,593	¥ 178,451	¥ 16,047	¥ 11,088	¥ 5,296	¥ (22,047)	¥ 3,474	¥ (1,833)	¥ 202,069	¥ 10	¥ 202,079
II Total Assets, Depreciation and Amortization, Impairment Loss, and Capital Expenditures											
Total assets	¥317,102	¥1,290,192	¥247,500	¥148,754	¥44,304	¥109,244	¥61,361	¥546,136	¥2,764,593	¥(478,580)	¥2,286,013
Depreciation and amortization	9,535	59,211	7,689	6,269	1,917	4,780	947	2,062	92,410	(9)	92,401
Impairment loss	—	—	104	267	—	6,893	—	35	7,299	—	7,299
Capital expenditures	135,100	291,822	9,537	7,083	1,540	50,958	3,338	1,952	501,330	—	501,330

Within the asset balance for the consolidated fiscal year ended March 31, 2008, Companywide assets included under Elimination or Corporate had a value of ¥17,592 million. A primary component of this amount is the Company's investment of surplus funds (cash and deposit).

20. Geographical Segment Information:

Major countries and regions in each segment are as follows:

North America: United States and Canada
Europe: United Kingdom, Germany, the Netherlands, Italy, France and Belgium
Asia: Singapore, Thailand, Hong Kong and China
Others: Australia

The tables below contain segment information for the consolidated fiscal years ended March 31, 2009 and 2008.

Year ended March 31, 2009: Millions of yen

	Japan	North America	Europe	Asia	Others	Total	Elimination or Corporate	Consolidated
I Revenues and Operating Income								
Revenues:								
(1) Revenues from customers	**¥1,840,127**	**¥172,614**	**¥273,163**	**¥133,573**	**¥10,496**	**¥2,429,973**	**¥ —**	**¥2,429,973**
(2) Inter-segment revenues	**41,219**	**36,271**	**18,230**	**18,300**	**3,020**	**117,040**	**(117,040)**	**—**
Subtotal	**1,881,346**	**208,885**	**291,393**	**151,873**	**13,516**	**2,547,013**	**(117,040)**	**2,429,973**
Operating costs and expenses	**1,782,327**	**201,433**	**268,066**	**137,942**	**12,807**	**2,402,575**	**(117,517)**	**2,285,058**
Operating income	**¥ 99,019**	**¥ 7,452**	**¥ 23,327**	**¥ 13,931**	**¥ 709**	**¥ 144,438**	**¥ 477**	**¥ 144,915**
II Total assets	**¥1,748,962**	**¥ 94,521**	**¥323,854**	**¥282,548**	**¥ 8,144**	**¥2,458,029**	**¥(386,758)**	**¥2,071,271**

Year ended March 31, 2009: Thousands of U.S. dollars (Note 2)

	Japan	North America	Europe	Asia	Others	Total	Elimination or Corporate	Consolidated
I Revenues and Operating Income								
Revenues:								
(1) Revenues from customers	**$18,732,835**	**$1,757,242**	**$2,780,854**	**$1,359,799**	**$106,855**	**$24,737,585**	**$ —**	**$24,737,585**
(2) Inter-segment revenues	**419,616**	**369,246**	**185,590**	**186,297**	**30,740**	**1,191,489**	**(1,191,489)**	**—**
Subtotal	**19,152,451**	**2,126,488**	**2,966,444**	**1,546,096**	**137,595**	**25,929,074**	**(1,191,489)**	**24,737,585**
Operating costs and expenses	**18,144,433**	**2,050,624**	**2,728,963**	**1,404,275**	**130,376**	**24,458,671**	**(1,196,345)**	**23,262,326**
Operating income	**$ 1,008,018**	**$ 75,864**	**$ 237,481**	**$ 141,821**	**$ 7,219**	**$ 1,470,403**	**$ 4,856**	**$ 1,475,259**
II Total assets	**$17,804,764**	**$ 962,243**	**$3,296,888**	**$2,876,392**	**$ 82,909**	**$25,023,196**	**$(3,937,268)**	**$21,085,928**

Within the asset balance for the consolidated fiscal year ended March 31, 2009, Companywide assets included under Elimination or Corporate had a value of ¥23,236 million ($236,549 thousand). A primary component of this amount is the Company's investment of surplus funds (cash and deposit).

Year ended March 31, 2008: Millions of yen

	Japan	North America	Europe	Asia	Others	Total	Elimination or Corporate	Consolidated
I Revenues and Operating Income								
Revenues:								
(1) Revenues from customers	¥1,975,820	¥207,260	¥248,950	¥142,064	¥10,532	¥2,584,626	¥ —	¥2,584,626
(2) Inter-segment revenues	23,698	40,244	18,840	15,684	3,545	102,011	(102,011)	—
Subtotal	1,999,518	247,504	267,790	157,748	14,077	2,686,637	(102,011)	2,584,626
Operating costs and expenses	1,844,989	231,459	246,719	148,015	13,586	2,484,768	(102,221)	2,382,547
Operating income	¥ 154,529	¥ 16,045	¥ 21,071	¥ 9,733	¥ 491	¥ 201,869	¥ 210	¥ 202,079
II Total assets	¥1,902,301	¥101,103	¥345,618	¥305,358	¥11,280	¥2,665,660	¥(379,647)	¥2,286,013

Within the asset balance for the consolidated fiscal year ended March 31, 2008, companywide assets included under Elimination or Corporate had a value of ¥17,592 million. A primary component of this amount is the Company's investment of surplus funds (cash and deposit).

21. International Business Information:

Geographical areas belonging to each segment are as follows:

- North America: United States and Canada
- Europe: United Kingdom, Germany, France, Italy and other European countries
- Asia: Southeast Asia, East Asia, Southwest Asia, and the Middle and Near East
- Others: Oceania, Central and South America, Africa and other areas

The tables below contain international business information for the years ended March 31, 2009 and 2008.

Year ended March 31, 2009: Millions of yen

	North America	Europe	Asia	Others	Total
I International revenues	**¥585,073**	**¥525,587**	**¥548,706**	**¥395,820**	**¥2,055,186**
II Consolidated revenues	**—**	**—**	**—**	**—**	**2,429,973**
III Ratio of international revenues to consolidated revenues	**24.1%**	**21.6%**	**22.6%**	**16.3%**	**84.6%**

Thousands of U.S. dollars (Note 2)

	North America	Europe	Asia	Others	Total
I International revenues	**$5,956,154**	**$5,350,576**	**$5,585,927**	**$4,029,528**	**$20,922,185**
II Consolidated revenues	**—**	**—**	**—**	**—**	**24,737,585**
III Ratio of international revenues to consolidated revenues	**24.1%**	**21.6%**	**22.6%**	**16.3%**	**84.6%**

Year ended March 31, 2008: Millions of yen

	North America	Europe	Asia	Others	Total
I International revenues	¥661,493	¥533,395	¥552,613	¥427,898	¥2,175,399
II Consolidated revenues	—	—	—	—	2,584,626
III Ratio of international revenues to consolidated revenues	25.6%	20.6%	21.4%	16.6%	84.2%

22. Related Party Transactions:

Effective from the consolidated fiscal year ended March 31, 2009, the Company has adopted the Accounting Standard for Related Party Disclosures (ASBJ Statement No. 11, October 17, 2006) and the Guidance on Accounting Standard for Related Party Disclosures (ASBJ Guidance No. 13, October 17, 2006). As a result, there were no changes to related party disclosures.

The Company was contingently liable as a guarantor of indebtedness of related parties at March 31, 2009 and 2008 as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Guarantee amount	**¥33,909**	¥40,818	**$345,196**

23. Subsequent Events:

(1) Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2009 was approved at the Company's shareholders' meeting held on June 23, 2009:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Year-end cash dividends, ¥2.0 ($0.02) per share	**¥2,456**	**$25,000**

(2) The Company believes that making Taiheiyo Kaiun Co., Ltd. a wholly owned subsidiary for the purpose of revamping its operating structure and business plans, after bolstering its financial position in line with urgent funding demands, will contribute to the enhancement of the NYK Group's corporate value. Accordingly, the boards of directors of Nippon Yusen Kabushiki Kaisha and Taiheiyo Kaiun at their respective meetings held on May 28, 2009 resolved to conduct a third-party allocation of new shares (aggregate issue price: ¥7,492 million ($76,268 thousand); total number of shares to be issued: 79,700,000) through which Taiheiyo Kaiun will issue new shares to NYK, and to enter into a basic agreement concerning a share exchange through which NYK will make Taiheiyo Kaiun its wholly owned subsidiary. In respect to the third-party allocation of new shares, NYK completed payment in full on June 12, 2009. Going forward, NYK and Taiheiyo Kaiun may implement a series of transactions other than the share exchange for the purpose of making Taiheiyo Kaiun a wholly owned subsidiary of NYK, taking into consideration laws and regulations in Japan and overseas, the market environment and other factors.

Management's Report on Internal Control Over Financial Reporting

1. Matters relating to the basic framework of internal control over financial reporting

Yasumi Kudo, President and Tadaaki Naito, Representative Director are responsible for designing and operating effective internal control over financial reporting of the Company and have designed and operated internal control over financial reporting of the consolidated financial statements in accordance with the basic framework for internal control set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that material misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters relating to the scope of assessment, the basis date of assessment and the assessment procedures

The assessment of internal control over financial reporting was performed as of March 31, 2009, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidation basis ("company-level controls") and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of their financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts on financial reporting. In light of the results of assessment of company-level controls conducted for the Company and consolidated subsidiaries, we reasonably determined the scope of assessment of process-level controls. Regarding the consolidated subsidiaries and the equity-method affiliated companies that do not have a material effect on financial reporting, we did not include them in the scope of assessment of company-level controls.

Regarding the scope of assessment of process-level controls, we selected locations and business units to be tested in descending order of revenues, and the companies whose combined revenues reaches two thirds of revenues on a consolidation basis were selected as "significant locations and/or business units". We included in the scope of assessment, at the selected significant locations and/or business units, business processes leading to revenues, costs and expenses, accounts receivable-trade, and fixed assets as significant accounts that may have a material impact on the business objectives of the Company. Further, in addition to selected significant locations and/or business units, we also selected for testing the business processes having greater materiality, taking into account their impact on the financial reporting.

3. Matters relating to the results of the assessment

As a result of the assessment described above, as of the end of this fiscal year, we concluded that the Company's internal control over financial reporting of the consolidated financial statements was effectively maintained.

Yasumi Kudo
President
June 23, 2009

Tadaaki Naito
Representative Director

Independent Auditors' Report

To the Board of Directors of
Nippon Yusen Kabushiki Kaisha:

We have audited the accompanying consolidated balance sheets of Nippon Yusen Kabushiki Kaisha (the "Company") and consolidated subsidiaries as of March 31, 2008 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Yusen Kabushiki Kaisha and consolidated subsidiaries as of March 31, 2008 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

We have also audited management's report on internal control over financial reporting of the consolidated financial statements of Nippon Yusen Kabushiki Kaisha as of March 31, 2009. The Company's management is responsible for designing and operating effective internal control over financial reporting and for preparing its report on internal control. Our responsibility is to express an opinion on management's report on internal control based on our audit. There is a possibility that material misstatements may not be completely prevented or detected by internal control over financial reporting.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free of material misstatement. An internal control audit includes examining, on a test basis, representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, management's report on internal control referred to above, which represents that the internal control over financial reporting of the consolidated financial statements of Nippon Yusen Kabushiki Kaisha as of March 31, 2009 is effectively maintained, presents fairly, in all material respects, the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 23, 2009

Major Consolidated Subsidiaries and Affiliates

(As of March 31, 2009)

Domestic

(Millions of yen)

Company	NYK's ownership+ (%)	Revenues	Total assets	Paid-in capital
LINER				
NYK Line (Japan) Ltd.	100.00	¥3,613	¥503	¥100
NYK-Hinode Line, Ltd.	100.00	45,991	39,986	2,100
Tokyo Senpaku Kaisha, Ltd.	100.00	76,916	6,379	1,899
BULK SHIPPING				
Asahi Shipping Co., Ltd.	69.66	¥10,956	¥7,023	¥495
Badak LNG Transport, Inc.*1	25.00	7,030	1,132	80
Camellia Line Co., Ltd.	51.00	6,043	1,379	400
Geneq Corporation*3	55.00	14,069	15,690	242
Hachiuma Steamship Co., Ltd.	68.79	18,808	6,488	500
Kinkai Yusen Logistics Co., Ltd.	100.00	19,440	13,307	465
Kyoei Tanker Co., Ltd.*1	30.01	10,694	13,846	2,850
Mitsubishi Ore Transport Co., Ltd.*1	40.93	8,546	22,392	1,500
NYK Global Bulk Corporation	100.00	137,027	94,469	4,150
NYK LNG Shipmanagement Ltd.	100.00	790	1,089	99
Ogasawara Kaiun Co., Ltd.*1	50.00	2,057	2,815	10
Pacific Maritime Corporation	55.00	4,782	2,529	35
Shinwa Kaiun Kaisha Ltd.*1	26.99	109,261	68,615	8,100
Taiheiyo Kaiun Co., Ltd.*1	22.81	17,947	19,896	2,750
Taiheiyo Kisen Kaisha, Ltd.*1	32.17	10,406	6,834	2,100
Transocean LNG Yuso Ltd.*1	20.00	2,939	1,132	95
LOGISTICS				
Asahi Unyu Kaisha, Ltd.*3	95.00	¥12,466	¥8,778	¥100
NYK Logistics (Japan) Co., Ltd.	97.83	15,732	2,908	490
UNI-X Corporation*3	78.50	22,623	13,395	934
Yokohama Kyoritsu Soko Co., Ltd.	83.56	2,706	2,339	446
Yusen Air & Sea Service (Chugoku) Co., Ltd.	63.52	559	419	30
Yusen Air & Sea Service (Hokuriku) Co., Ltd.	59.78	218	177	20
Yusen Air & Sea Service (Kitakanto) Co., Ltd.	47.82	438	256	50
Yusen Air & Sea Service (Kyusyu) Co., Ltd.	59.78	504	479	30
Yusen Air & Sea Service (Shinshu) Co., Ltd.	53.80	723	492	50
Yusen Air & Sea Service (Tohoku) Co., Ltd.	59.78	327	133	30
Yusen Air & Sea Service (Tsukuba) Co., Ltd.	59.78	610	522	50
Yusen Air & Sea Service Co., Ltd.	59.78	65,225	41,547	4,301
Yusen Air & Sea Service Keihin Trans Co., Ltd.	53.80	545	321	36
Yusen Air Loginet Co., Ltd.	59.78	787	194	20
Yusen Air Logitec Co., Ltd.	59.78	4,332	431	20
Yusen Kairiku Unyu Kaisha Ltd.*3	70.19	2,621	1,276	50
Yusen Koun Co., Ltd.*3	79.92	11,293	2,784	100
Yusen Travel Co., Ltd.	59.78	4,040	5,104	270
TERMINAL RELATED SERVICES				
Asahi Unyu Kaisha, Ltd.*3	95.00	¥12,466	¥8,778	¥100
Geneq Corporation*3	55.00	14,069	15,690	242
Hirokura Co., Ltd.	78.47	1,379	1,257	90
Honma Corporation	80.25	3,830	3,455	50
Hoyo Kaiun Sangyo K.K.	100.00	1,048	718	100

(Millions of yen)

Company	NYK's ownership+ (%)	Revenues	Total assets	Paid-in capital
Kaiyo Kogyo Co., Ltd.	100.00	4,264	3,423	90
Kaiyo Sangyo Co., Ltd.	100.00	345	507	20
Kanto Eisen Kaisha	61.85	211	712	10
Nagoya Kisen Kaisha. Ltd.	99.86	800	1,173	90
Naikai Tug Boat Service Co., Ltd.	96.13	5,790	7,244	98
Nippon Container Terminals Co., Ltd.	51.00	11,526	7,419	250
Nippon Container Yuso Co., Ltd.	50.78	7,751	2,102	250
Nishinihon Kaiun Kaisha, Ltd.*1	50.00	3,314	3,007	50
Oita Rinkai Kogyo Co., Ltd.	69.23	2,387	1,354	30
Sanyo Kaiji Kaisha, Ltd.*1	50.00	5,949	9,362	90
Tomakomai Kaiun Co., Ltd.	100.00	828	889	40
UNI-X Corporation*3	78.50	22,623	13,395	934
Wing Maritime Service Corporation*4	100.00	4,075	9,907	490
Yusen Kairiku Unyu Kaisha Ltd.*3	70.19	2,621	1,276	50
Yusen Koun Co., Ltd.*3	79.92	11,293	2,784	100
CRUISE				
NYK Cruises Co., Ltd.	100.00	¥14,256	¥14,693	¥2,000
AIR CARGO TRANSPORTATION				
Nippon Cargo Airlines Co., Ltd.	83.99	¥78,658	¥71,027	¥50,574
REAL ESTATE				
Meiyu Real Estate Co., Ltd.*1	50.00	¥331	¥1,863	¥225
Yokohama Building Co., Ltd.	71.39	459	1,240	215
Yusen Real Estate Corporation	100.00	4,651	11,468	450
OTHERS				
Boltech Co., Ltd.*5	100.00	¥2,760	¥2,097	¥30
Chiba Kaiun Sangyo Co., Ltd.	100.00	352	489	30
Crystal Sports Club	100.00	655	855	35
Crystal Yacht Club Inc.	100.00	594	148	300
Hikawa Marine Corp.	78.19	5,352	1,633	60
Japan Marine Science Inc.	100.00	1,669	1,551	300
Keihin Dock Co., Ltd.	100.00	3,510	1,288	30
Marunouchi Pole Star Ltd.	47.34	640	268	50
Monohakobi Technology Institute	100.00	2,825	1,402	99
Nippon Nozzle Seiki Co., Ltd.	56.19	1,813	1,744	42
Nippon Yuka Kogyo Co., Ltd.	98.91	1,474	1,336	20
NYK Accounting Co., Ltd.	100.00	1,793	862	99
NYK Engineering Co., Ltd.	100.00	1,746	1,673	10
NYK Systems Research Institute	99.98	17,194	3,403	99
NYK Trading Corporation	78.19	155,138	21,717	1,246
Ryowa Diamond Air Service Co., Ltd.	59.28	577	632	50
Sanyo Trading Co., Ltd.	45.05	9,522	5,784	100
Taiyo Graphic Co., Ltd.	100.00	811	919	100
YCS Co., Ltd.	93.42	3,138	1,848	35
Yusen Jyoho Kaihatsu Co., Ltd.	99.83	2,696	881	80
Yusen Navtec Co., Ltd.	100.00	1,096	456	80

Overseas

(Millions of indicated units)

Company	NYK's ownership+ (%)	Revenues	Total assets	Paid-in capital
LINER				
N.Y.K. Songkhla Co., Ltd.	53.35	B15	B38	B5
NYK de Mexico, S.A. de C.V.	100.00	MXN68	MXN73	MXN12
NYK Fil-Japan Shipping Corp.	51.00	PHP349	PHP311	PHP52
NYK Group Europe Ltd.*3	100.00	£71	£114	£82
NYK Group South Asia Pte. Ltd.	100.00	SP$33	SP$65	SP$13
NYK Information Service (Guangzhou) Ltd.	100.00	CHY14	CHY7	CHY4
NYK Line (Australia) Pty Ltd.	100.00	A$13	A$12	A$2
NYK Line (Bangladesh) Ltd.*3	98.00	BDT110	BDT109	BDT32
NYK Line (Benelux) B.V.	100.00	EU11	EU7	EU0.5
NYK Line (Canada) Inc.	100.00	C$6	C$3	C$0.3
NYK Line (China) Co., Ltd.	100.00	US$25	US$31	US$2
NYK Line (Deutschland) GmbH	100.00	EU12	EU13	EU1
NYK Line (Europe) Ltd.	100.00	£0	£6	£2
NYK Line (HK) Ltd.	100.00	HK$126	HK$572	HK$55
NYK Line (India) Ltd.	100.00	INR360	INR1,411	INR46
NYK Line (Korea) Co., Ltd.	100.00	KRW8,055	KRW5,317	KRW1,304
NYK Line (Macau) Ltd.	100.00	MOP5	MOP8	MOP0.1
NYK Line (New Zealand) Ltd.	100.00	NZ$4	NZ$9	NZ$1
NYK Line (North America) Inc.	100.00	US$106	US$120	US$5
NYK Line (Thailand) Co., Ltd.	88.91	B371	B1,052	B10
NYK Line do Brasil Ltda.	100.00	BRL31	BRL23	BRL7
NYK Sudamerica (Chile) Ltda.	100.00	CLP5,380	CLP18,684	CLP197
Pacific Rim Container Depot (S) Pte Ltd.	100.00	SP$3	SP$3	SP$1
Sun Tay Kee Ltd.	100.00	HK$4	HK$3	HK$2
TSK Line (S) Pte Ltd.	100.00	SP$7	SP$2	SP$0.4
Wangfoong Terminal Services Ltd.	100.00	HK$11	HK$29	HK$1
BULK SHIPPING				
Accessory Plant Zeebrugge N.V.	100.00	EU6	EU5	EU0.1
Antwerp Car Processing Center N.V.	100.00	EU35	EU123	EU103
Asia LNG Transport Dua Sdn. Bhd.*1	49.00	US$17	US$47	US$0.04
Asia LNG Transport Sdn. Bhd.*1	49.00	US$34	US$29	US$8
Combined Terminal Operators N.V.	100.00	EU42	EU41	EU7
Eminence Bulk Carriers Pte. Ltd.*1	50.00	US$13	US$37	US$1
International Car Operators (Benelux) N.V.	100.00	EU8	EU106	EU3
International Car Operators Ltd.	100.00	£7	£2	£0.01
NYK Armateur S.A.S.*1	60.00	EU14	EU9	EU0.04
NYK Bulkship (Asia) Pte. Ltd.	100.00	US$250	US$228	US$8
NYK Bulkship (Atlantic) N.V.	100.00	US$394	US$331	US$26
NYK Bulkship (China) Ltd.	100.00	HK$36	HK$21	HK$3
NYK Bulkship (Korea) Co. Ltd.	100.00	KRW84,146	KRW82,749	KRW11,386
NYK Finance (U.K.) Plc	100.00	£0	£26	£4
NYK Group Europe Ltd.*3	100.00	£71	£114	£82
NYK Line (Europe) Roro Ltd.	100.00	£0	£1	£0.3
NYK LNG (Atlantic) Ltd.*6	100.00	US$79	US$47	US$15
NYK LNG Finance Co., Ltd.	100.00	US$13	US$235	US$0.01
NYK LNG Shipmanagement (UK) Ltd.	100.00	US$5	US$7	US$2
NYK Reefers Ltd.	100.00	US$86	US$197	US$33
NYK RORO (Thailand) Co., Ltd.	94.34	B108	B78	B27
NYK Shipmanagement Pte. Ltd.	100.00	US$27	US$57	US$0.5
NYK Cool AB	100.00	SEK536	SEK89	SEK60.0
Saga Shipholding (IOM) Ltd.	100.00	US$0	US$4	US$0.3
Saga Shipholding (Norway) AS.	100.00	US$180	US$499	US$6
Straits Auto Logistics Sdn. Bhd.*1	40.00	RM79	RM67	RM2
Tata NYK Shipping Pte. Ltd.*1	50.00	US$109	US$55	US$49
United European Car Carriers B.V.*1	50.00	EU318	EU245	EU62
Zeebrugge Shipping and Bunkering Company N.V.	100.00	EU7	EU15	EU0.3
LOGISTICS				
Logistics Alliance (Thailand) Co., Ltd.*1	15.65	B1,145	B697	B150
Lorang France S.A.S.	100.00	EU33	EU9	EU0.2
Mondia Arras S.A.S.	100.00	EU3	EU1	EU0.04
Mondia Charleroi S.A.	100.00	EU10	EU4	EU1
Mondia Logistics S.A.	100.00	EU6	EU2	EU0.2
Nanhai Business Solutions Pte Ltd.	97.83	SP$2	SP$5	SP$0.1
NYK Auto Carrier (Thailand) Co., Ltd.	94.34	B183	B91	B50
NYK Group Europe Ltd.*3	100.00	£71	£114	£82
NYK Line (Bangladesh) Ltd.*3	98.00	BDT110	BDT109	BDT32
NYK Logistics & BLL of South Africa Pty. Ltd.	51.00	ZAR10	ZAR23	ZAR0.4
NYK Logistics & Kusuhara Lanka (Private) Ltd.	55.00	LKR677	LKR157	LKR7
NYK Logistics (Americas) Inc.	99.98	US$851	US$204	US$3
NYK Logistics (Americas) Inc. (INSD)	99.98	US$10	US$6	US$1
NYK Logistics (Australia) Pty. Ltd.	100.00	A$74	A$14	A$7
NYK Logistics (Belgium) N.V.	100.00	EU56	EU34	EU19
NYK Logistics (China) Co., Ltd.	100.00	CHY1,000	CHY365	CHY158
NYK Logistics (CIS) Ltd.	100.00	£6	£2	£0.00009
NYK Logistics (Czech Republic) S.R.O.	100.00	CK1,126	CK844	CK387
NYK Logistics (Deutschland) GmbH	100.00	EU73	EU27	EU3
NYK Logistics (Edam) B.V.	100.00	EU8	EU4	EU0.02
NYK Logistics (Europe) Ltd.	100.00	£0	£3	£7
NYK Logistics (France) S.A.S.	100.00	EU29	EU42	EU13
NYK Logistics (Fuzhou Bonded Zone) Ltd.	100.00	CHY0	CHY19	CHY22
NYK Logistics (Hong Kong) Ltd.	100.00	HK$818	HK$379	HK$116
NYK Logistics (Hungary) Kft.	100.00	HUF1,335	HUF341	HUF200
NYK Logistics (India) Ltd.	100.00	INR701	INR440	INR367
NYK Logistics (Italy) S.P.A.	98.00	EU27	EU22	EU3
NYK Logistics (Nederland) B.V.	97.83	EU26	EU7	EU0.1
NYK Logistics (Philippines) Inc.	55.08	PHP202	PHP322	PHP100
NYK Logistics (Polska) Sp.Zo.O.	100.00	PZ76	PZ27	PZ2
NYK Logistics (Scandinavia) AB	100.00	SEK102	SEK31	SEK7
NYK Logistics (Shenzhen) Ltd. (Futian)	100.00	CHY4	CHY4	CHY3
NYK Logistics (Taiwan) Co., Ltd.	100.00	TW$333	TW$433	TW$220
NYK Logistics (Thailand) Co., Ltd.	78.25	B3,046	B3,399	B70

(Millions of indicated units)

Company	NYK's ownership+ (%)	Revenues	Total assets	Paid-in capital
NYK Logistics (UK) Consumer & Retail Ltd.	100.00	£0	£2	£21
NYK Logistics (UK) Ltd.	100.00	£321	£107	£41
NYK Logistics 2008 Pte. Ltd.	97.83	SP$36	SP$22	SP$0.3
NYK Logistics INSD (Thailand) Ltd.	81.45	B41	B22	B3
NYK Logistics Kaisha Iberica S.A.	100.00	EU15	EU7	EU1
OOO NYK Logistics (CIS)	100.00	RUB464	RUB355	RUB0.3
P.T. Yusen Air & Sea Service Indonesia	47.82	US$40	US$15	US$0.2
Patrick Autocare Pty Ltd.*1	20.00	A$201	A$96	A$34
PT. NYK New Wave Logistics Indonesia	92.94	US$9	US$4	US$1
PT. NYK New Wave Warehousing Indonesia	97.83	US$2	US$7	US$5
PT. NYK Puninar Logistics Indonesia	59.39	US$14	US$19	US$10
Yusen Air & Sea Service (Australia) Pty Ltd.	59.78	A$25	A$12	A$2
Yusen Air & Sea Service (Beijing) Co., Ltd.	44.84	CHY84	CHY28	CHY9
Yusen Air & Sea Service (Benelux) B.V.	59.78	EU38	EU26	EU1
Yusen Air & Sea Service (Canada) Inc.	59.78	C$15	C$19	C$5
Yusen Air & Sea Service (China) Ltd.	59.78	HK$7	HK$71	HK$11
Yusen Air & Sea Service (Deutschland) GmbH	59.78	EU45	EU25	EU4
Yusen Air & Sea Service (France) S.A.R.L.	59.78	EU14	EU11	EU5
Yusen Air & Sea Service (Hong Kong) Ltd.	59.78	HK$1,308	HK$681	HK$55
Yusen Air & Sea Service (Italia) S.R.L.	59.78	EU9	EU4	EU1
Yusen Air & Sea Service (Korea) Co., Ltd.	59.78	KRW28,183	KRW13,597	KRW2,000
Yusen Air & Sea Service (Philippines) Inc.	30.49	PHP1,863	PHP541	PHP175
Yusen Air & Sea Service (Singapore) Pte. Ltd.	59.78	SP$74	SP$60	SP$17
Yusen Air & Sea Service (Taiwan) Ltd.	59.78	TW$1,078	TW$775	TW$23
Yusen Air & Sea Service (Thailand) Co., Ltd.	62.59	B2,281	B718	B100
Yusen Air & Sea Service (U.K.) Ltd.	59.78	£20	£8	£1
Yusen Air & Sea Service (USA) Inc.	59.78	US$145	US$66	US$14
Yusen Air & Sea Service (Vietnam) Co., Ltd.	29.29	US$30	US$8	US$1
Yusen Air & Sea Service Management (Thailand) Co., Ltd.	65.29	B26	B69	B10
Yusen Shenda Air & Sea Service (Shanghai) Ltd.	29.89	CHY516	CHY118	CHY16
Yusen Travel (Hong Kong) Ltd.*2	59.78	HK$11	HK$24	HK$2
Yusen Travel (Singapore) Pte., Ltd.*2	59.78	SP$2	SP$3	SP$0.1
Yusen Travel (U.S.A.) Inc.*2	59.78	US$1	US$1	US$1

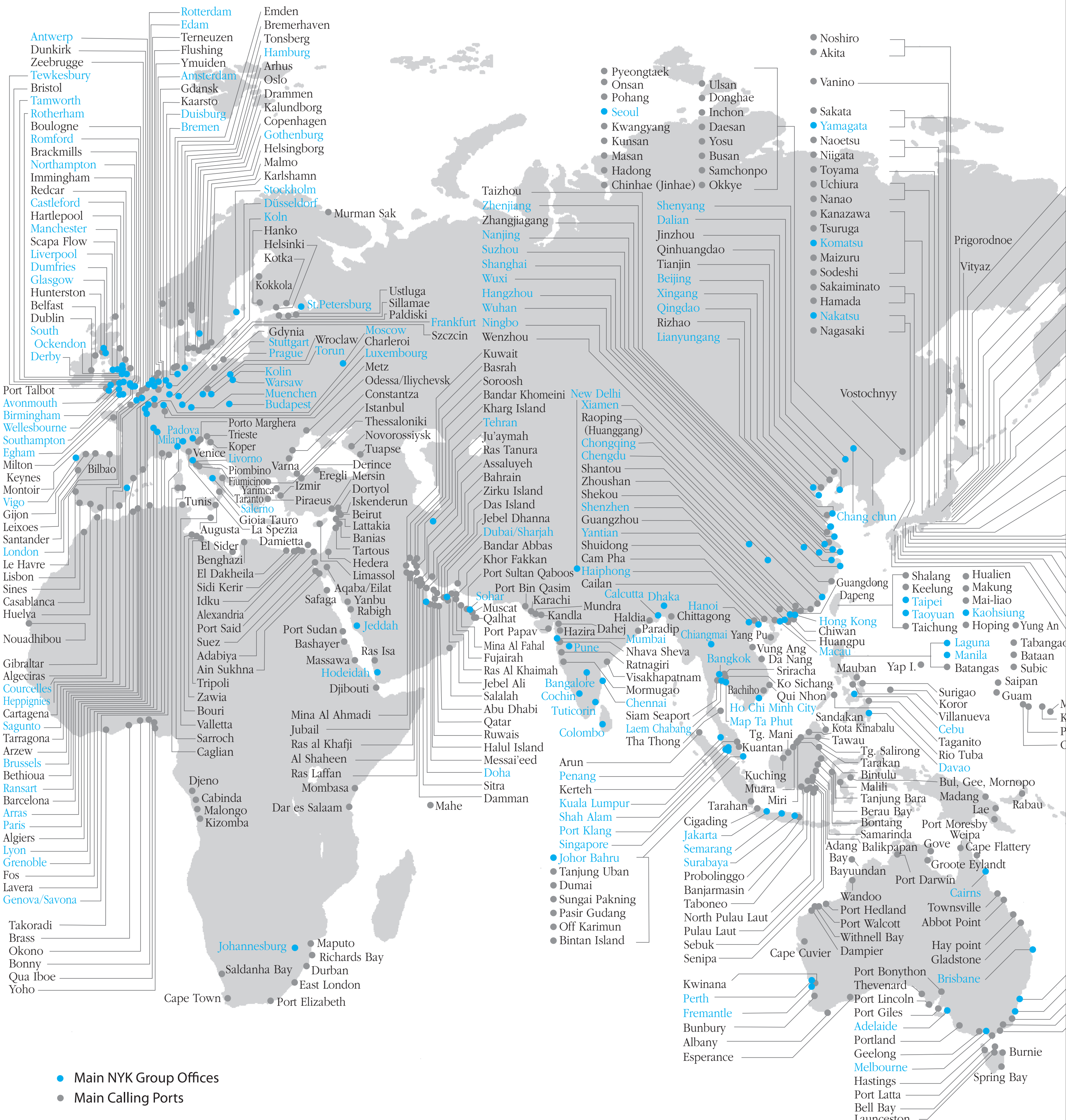
(Millions of indicated units)

Company	NYK's ownership+ (%)	Revenues	Total assets	Paid-in capital
TERMINAL RELATED SERVICES				
Amsterdam Port Holdings B.V.*1*7	29.92	EU28	EU89	EU0.2
NYK Terminals (North America) Inc.	100.00	US$289	US$249	US$0.001
NYK Terminals (Taiwan), Inc.	69.51	TW$618	TW$493	TW$150
Tips Co., Ltd.*1	22.00	B1,226	B1,320	B100
Yusen Terminals Inc.	100.00	US$253	US$163	US$3
CRUISE				
Crystal Cruises, Inc.	100.00	US$302	US$135	US$0.04
International Cruise Management Agency A/S	100.00	NOK8	NOK4	NOK2
International Cruise Services Ltd.	100.00	US$1	US$0.03	US$0.01
AIR CARGO TRANSPORTATION				
NLV Ltd.	83.99	HK$76	HK$3	HK$39
OTHERS				
NSRI (USA) Inc.	100.00	US$106	US$25	US$0.1
NYK Euro Finance Plc	100.00	EU3	EU89	EU10
NYK Finance (Cayman) Ltd.	100.00	US$0	US$4	US$1
NYK FTC (Singapore) Pte. Ltd.	100.00	US$29	US$1,802	US$5
NYK Group Europe Ltd.*3	100.00	£71	£114	£82
NYK International (USA) Inc.	100.00	US$4	US$186	US$2
NYK International Plc	100.00	£2	£58	£20
NYK JP Finance, Ltd.	100.00	¥71	¥5,270	¥0.1
NYK US Finance, Ltd.	100.00	US$4	US$143	US$0.001
YAC International FC Inc.	100.00	US$4	US$188	US$0.001
YAC International Inc.	100.00	¥182	¥14,923	¥0.1

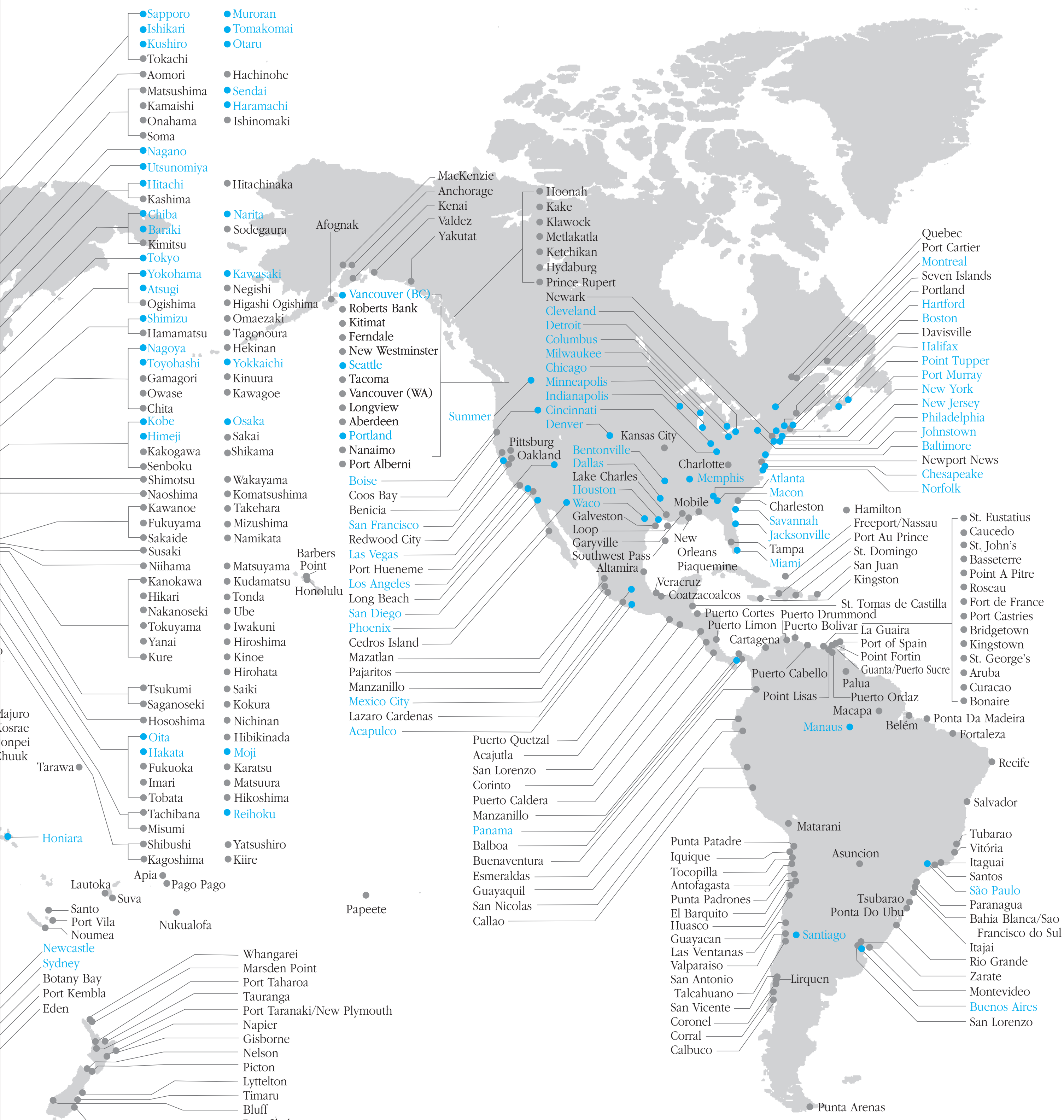
Notes:
*1 Equity-method applicable company
*2 Equity-method applicable consolidated company
*3 Companies whose operations span multiple divisions
*4 Former name: Nippon Kaiyosha, Ltd.
New name effective from January 1, 2009.
*5 Former name: Yokohama Denko (Electric) Co., Ltd.
New name effective from October 1, 2008.
*6 Former name: NYK Bulkship (Europe) Ltd.
New name effective from August 1, 2008.
*7 Former name: Ceres Container Terminals Europe B.V.
New name effective from February 23, 2009.

+ Includes holdings of subsidiaries
A$ Australian dollar
B Thai baht
BDT Bangladesh taka
BRL Brazilian real
C$ Canadian dollar
CHY Chinese yuan
CK Czech koruna
CLP Chilean peso
EU Euro
HK$ Hong Kong dollar
HUF Hungarian forint
INR Indian rupee
KRW Korean won
LKR Sri Lanka rupee
MOP Macao pataka
MXN Mexican peso
NOK Norway krona
NZ$ New Zealand dollar
PHP Philippine peso
PZ Polish zloty
RM Malaysian ringgit
RUB Russian ruble
SEK Swedish krona
SP$ Singaporean dollar
TW$ New Taiwan dollar
US$ U.S. dollar
ZAR South African rand
£ Pound sterling

Worldwide Service Network



- Main NYK Group Offices
- Main Calling Ports


Sapporo
Ishikari
Kushiro
Tokachi
Aomori
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Kamaishi
Onahama
Soma
Nagano
Utsunomiya
Hitachi
Kashima
Chiba
Baraki
Kimitsu
Tokyo
Yokohama
Atsugi
Ogishima
Shimizu
Hamamatsu
Nagoya
Toyohashi
Gamagori
Owase
Chita
Kobe
Himeji
Kakogawa
Senboku
Shimotsu
Naoshima
Kawanoe
Fukuyama
Sakaide
Susaki
Niihama
Kanokawa
Hikari
Nakanoseki
Tokuyama
Yanai
Kure
Tsukumi
Saganoseki
Hososhima
Oita
Hakata
Fukuoka
Imari
Tobata
Tachibana
Misumi
Shibushi
Kagoshima
Muroran
Tomakomai
Otaru
Hachinohe
Sendai
Haramachi
Ishinomaki
Hitachinaka
Narita
Sodegaura
Kawasaki
Negishi
Higashi Ogishima
Omaezaki
Tagonoura
Hekinan
Yokkaichi
Kinuura
Kawagoe
Osaka
Sakai
Shikama
Wakayama
Komatsushima
Takehara
Mizushima
Namikata
Matsuyama
Kudamatsu
Tonda
Ube
Iwakuni
Hiroshima
Kinoe
Hirohata
Saiki
Kokura
Nichinan
Hibikinada
Moji
Karatsu
Matsuura
Hikoshima
Reihoku
Yatsushiro
Kiire
Afognak
MacKenzie
Anchorage
Kenai
Valdez
Yakutat
Hoonah
Kake
Klawock
Metlakatla
Ketchikan
Hydaburg
Prince Rupert
Vancouver (BC)
Roberts Bank
Kitimat
Ferndale
New Westminster
Seattle
Tacoma
Vancouver (WA)
Longview
Aberdeen
Portland
Nanaimo
Port Alberni
Summer
Barbers Point
Honolulu
Boise
Coos Bay
Benicia
San Francisco
Redwood City
Las Vegas
Port Hueneme
Los Angeles
Long Beach
San Diego
Phoenix
Cedros Island
Mazatlan
Pajaritos
Manzanillo
Mexico City
Lazaro Cardenas
Acapulco
Pittsburg
Oakland
Newark
Cleveland
Detroit
Columbus
Milwaukee
Chicago
Minneapolis
Indianapolis
Cincinnati
Denver
Kansas City
Bentonville
Dallas
Lake Charles
Houston
Waco
Galveston
Loop
Garyville
Southwest Pass
Altamira
Charlotte
Memphis
Mobile
New Orleans
Piaquemine
Veracruz
Coatzacoalcos
Atlanta
Macon
Charleston
Savannah
Jacksonville
Tampa
Miami
Quebec
Port Cartier
Montreal
Seven Islands
Portland
Hartford
Boston
Davisville
Halifax
Point Tupper
Port Murray
New York
New Jersey
Philadelphia
Johnstown
Baltimore
Newport News
Chesapeake
Norfolk
Hamilton
Freeport/Nassau
Port Au Prince
St. Domingo
San Juan
Kingston
St. Tomas de Castilla
Puerto Cortes
Puerto Drummond
Puerto Limon
Puerto Bolivar
Cartagena
La Guaira
Port of Spain
Point Fortin
Guanta/Puerto Sucre
Puerto Cabello
Palua
Point Lisas
Puerto Ordaz
Macapa
St. Eustatius
Caucedo
St. John's
Basseterre
Point A Pitre
Roseau
Fort de France
Port Castries
Bridgetown
Kingstown
St. George's
Aruba
Curacao
Bonaire
Manaus
Belém
Ponta Da Madeira
Fortaleza
Recife
Salvador
Puerto Quetzal
Acajutla
San Lorenzo
Corinto
Puerto Caldera
Manzanillo
Panama
Balboa
Buenaventura
Esmeraldas
Guayaquil
San Nicolas
Callao
Matarani
Punta Patadre
Iquique
Tocopilla
Antofagasta
Punta Padrones
El Barquito
Huasco
Guayacan
Las Ventanas
Valparaiso
San Antonio
Talcahuano
San Vicente
Coronel
Corral
Calbuco
Lirquen
Santiago
Punta Arenas
Asuncion
Tsubarao
Ponta Do Ubu
Tubarao
Vitória
Itaguai
Santos
São Paulo
Paranagua
Bahia Blanca/Sao Francisco do Sul
Itajai
Rio Grande
Zarate
Montevideo
Buenos Aires
San Lorenzo
Majuro
Kosrae
Ponpei
Chuuk
Tarawa
Honiara
Lautoka
Apia
Pago Pago
Suva
Santo
Port Vila
Noumea
Nukualofa
Papeete
Newcastle
Sydney
Botany Bay
Port Kembla
Eden
Whangarei
Marsden Point
Port Taharoa
Tauranga
Port Taranaki/New Plymouth
Napier
Gisborne
Nelson
Picton
Lyttelton
Timaru
Bluff
Port Chalmers

Company Information

(As of March 31, 2009)

Established

September 29, 1885

Paid-in Capital

¥88,531,033,730

Main Activities

1. Marine transportation
2. Land transportation
3. Air transportation
4. Agency business for marine transportation and land transportation
5. Warehousing
6. Harbor transportation
7. Combined transportation by sea, land and air, and agency business connected therewith
8. Business relating to marine exploitation and development
9. Sale and purchase of vessels
10. Counselling relating to building and repair of vessels and marine structures
11. Business relating to information on transportation
12. Loans to, guarantees for, and investments in other businesses than those enumerated herein
13. Sale, purchase and lease of real estate
14. Possession, lease, maintenance and management of marine leisure facilities
15. Business relating to travel pursuant to the Travel Agency Law
16. Trades and sales of ornamental plants
17. Other undertakings incidental to, or connected with, the items mentioned above

Employees

Land: 1,251 Sea: 368 Total: 1,619

Head Office

3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, Japan

Mailing Address: C.P.O. Box 1250, Tokyo 100-8613, Japan

Telephone: +81-3-3284-5151

Web site: http://www.nyk.com/

Investor Information

(As of March 31, 2009)

Fiscal Year

April 1 to March 31

Ordinary General Meeting

The Ordinary General Meeting of Shareholders is held in June each year.

2009 Ordinary General Meeting: June 23, 2009

Common Stock

Number of authorized shares:

2,983,550,000 shares

Number of issued and outstanding shares:

1,230,188,073 shares (including treasury stock: 2,336,590)

Principal Shareholders

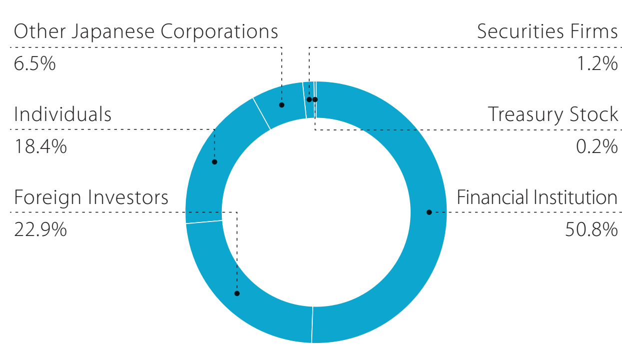
	Shareholdings	
Name	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Accounts)	82,059	6.68
Japan Trustee Services Bank, Ltd. (Trust Accounts)	79,543	6.48
Japan Trustee Services Bank, Ltd. (Trust Accounts 4G)	74,067	6.03
Tokio Marine & Nichido Fire Insurance Co., Ltd.	57,275	4.66
The Master Trust Bank of Japan, Ltd. (Mitsubishi Heavy Industries, Ltd. Account, Retirement Benefit Trust Account)	54,717	4.46
Meiji Yasuda Life Insurance Co.	38,899	3.17
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,978	3.01
Mizuho Corporate Bank, Ltd.	22,867	1.86
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Accounts)	18,324	1.49
National Mutual Insurance Federation of Agricultural Cooperatives	16,692	1.36

Note: The shareholding ratio is calculated after deducting treasury stock (2,336,590 shares).

Number of Shares per Trading Unit

1000 shares

Shareholder Composition



Stock Exchange Listings

NYK's shares are listed for trading on the following stock exchanges:
Tokyo, Osaka, Nagoya

Share Registrar and Special Management of Accounts

Mitsubishi UFJ Trust and Banking Corporation
Head office: 4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8212, Japan
Contact information:
Transfer Agency Department, 10-11, Higashisuna 7-chome,
Koto-ku, Tokyo 137-8081, Japan
Telephone: +81-3-5391-1900

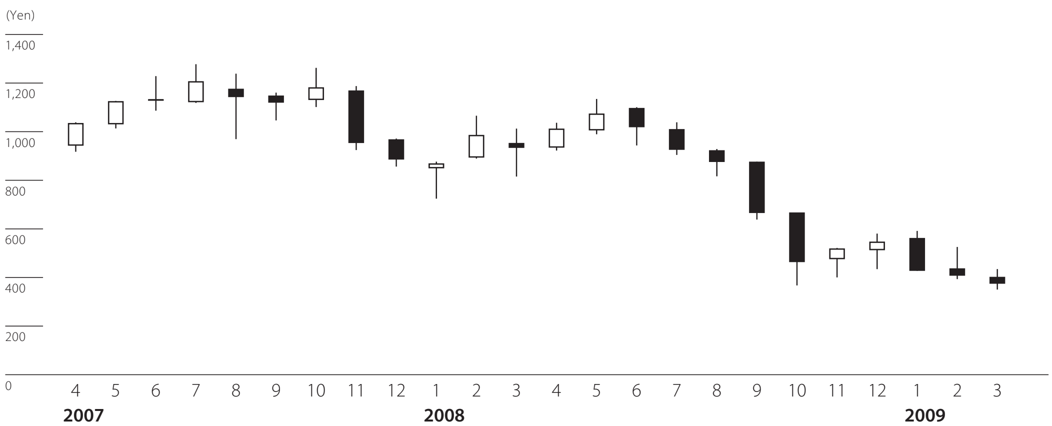
Method of Public Notices

The Company's public notices are available through electronic distribution.
http://www.nyk.com/koukoku/
However, in the event that electronic distribution is impossible, due to an accident or other unavoidable circumstances, the Company's public notices will appear in the *Nihon Keizai Shimbun*, published in Tokyo, Japan.
Financial data can be viewed at the NYK Web site:
http://www.nyk.com/jyoho/

American Depositary Receipts

Symbol: NPNYY
CUSIP: 654633304
Exchange: OTC
Ratio (ADR:shares of common stock): 1:2
Depositary: The Bank of New York Mellon
101 Barclay Street, New York, NY 10286, U.S.A.
Telephone: +1-212-815-2042
Toll-free within the United States:
+1-888-269-2377 (+1-888-BNY-ADRS)
Web site: http://www.adrbnymellon.com

Stock Price Range (Tokyo Stock Exchange)



NYK LINE
NIPPON YUSEN KAISHA

Bringing value to life.

3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, Japan
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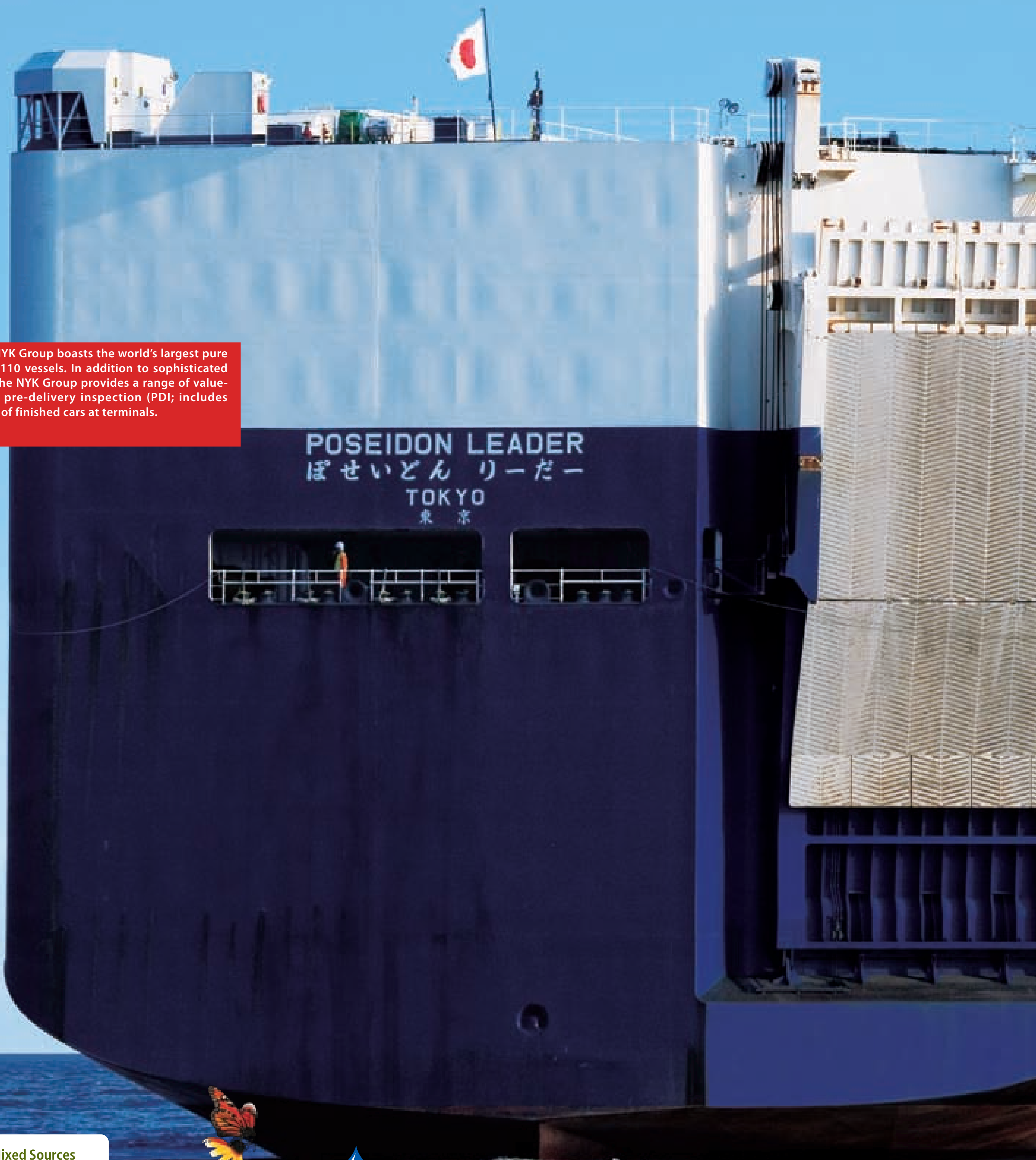
http://www.nyk.com



As of January 2009, the NYK Group boasts the world's largest pure car carrier (PCC) fleet of 110 vessels. In addition to sophisticated transport technologies, the NYK Group provides a range of value-added services, such as pre-delivery inspection (PDI; includes repairs and parts supply) of finished cars at terminals.

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