

Summary of Q&A Session at Briefing on Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2019

- Liner Business

Q1. It is mentioned on page 12 of the briefing material that NYK's container and terminal businesses will improve by JPY 6.5 billion. Was the previous forecast conservative and the revision was made, or did the markets and the company's profitability show actual improvement?

A1. Both. With regard to NYK's container business, a certain amount of business exit cost was included in the previous forecast, but the actual cost was lower than the forecast. In the terminal business, rate negotiations with container shipping lines, including ONE, concluded with some rates being higher than the original and previous forecast, and those new rates are reflected in the latest forecast.

Q2. You mentioned strengthening governance standards. Do you mean you entrusted ONE too much? Also, strengthening governance standards lead to an improvement in profitability?

A2. As announced on October 16, ONE made a downward revision to its forecast. We acknowledge that we lacked promptness in analyzing the industry trends and taking the necessary countermeasures, and we aim to change it for the better. The improvement in profitability will be realized by ONE conducting the action plans it announced, and the strengthening of governance standards is a premise to improve profitability. The parent companies will monitor the progress and may assist ONE by showing better solutions and countermeasures if needed.

Q3. ONE's action plans to improve profitability have so far failed as a result for various reasons, and have low credibility. If the latest action plans are ineffective, do you have alternative plans?

A3. ONE's past action plans have not produced the results that we expected. The latest action plans have the consensus of the three parent companies, and can be conducted by ONE itself. The cooperation of THE Alliance is necessary and has already been agreed. And we have alternative plans ready in case the latest action plans do not work.

Q4. Do you believe NYK's present capital involvement and ownership ratio in ONE is adequate? ONE's impact on NYK's results are significant. From a shareholder's point of view, the risk to invest in NYK seems to be increasing. At the financial results briefing for the first quarter results, it was explained that ONE's business integration synergies are being realized smoothly. I imagine other shareholders also had high expectations for ONE and NYK's results, and thus the announcement of

a downward revision of the forecast came as a surprise. Please give NYK's thoughts.

A4. Containerships transport various cargoes around the world, and operating a containership business is crucial to us. The container transportation is said to be the invention of the century, and we, as a logistics service provider, believe that utilizing containers in our business operations is important. The reason our ownership in ONE is 38% and not 100% is, after contemplating various business risks, we reached the conclusion that at this moment the best option is to operate and make a success with 38% ownership. In this tough business environment, the number of major containership operators has fallen to around seven, but none of them is making appropriate investment returns. Global cargo volume is increasing, and we believe the time will come when we can reinvest in the containership business while we are making returns out of the capitals which we raise from the market. We will compete toward that end by implementing necessary actions to survive.

ONE handles about 12 million TEUs of containers a year. The amount of revenue generated as well as cost is huge, and we were made aware the importance of precisely monitoring and controlling the container movements. There has been confusion and governance issues during earlier stage of ONE launching, but we are now working diligently to rectify the problems.

- Air Cargo Business

Q5. If all eight aircraft return to service, will NCA move into the black?

A5. Eight is the maximum number of aircraft to return to service, but there are other factors that we need to consider besides the number of aircraft when forecasting the results, e.g., how to create appropriate system of aircraft maintenance to support full operations of all aircraft. We are also considering plans to utilize the B747-400F, which we decided to decommission from our operations, to make additional earnings. We are in the process of improving the accuracy of our forecasting, and thus the early resumption of service of all eight aircraft and grasping revenues and operations cost are crucial.

Q6. NCA has been in a business partnership with ANA (All Nippon Airways) since March this year. I believe the business partnership is gradually strengthening, but is it improving NCA's results?

A6. The business partnership with ANA is mainly relating to maintenance of aircraft. NCA's biggest task is to improve its maintenance capacity, and we are grateful for ANA's support. In the partnership, we are also utilizing a part of each other's cargo space, but we do not comment on that as it is related to individual contracts.

- Allocation of management resources

Q7. Do you plan to review your allocation of managerial resources? Please explain your ideas and

the necessity to greatly change your business portfolio.

A7. In principle, we are following the current medium-term management plan. We plan to reduce the market exposure of our dry bulk business, and at the same time invest in businesses that generate stable medium-and long-term earnings. Regarding NCA, its situation differs from what it was when we prepared the medium-term management plan, and as mentioned previously we are focusing on the early resumption of service of eight aircraft. In changing our business portfolio, there are various options for NCA, and those are being contemplating. But for now, our priority is to focus on making all aircraft in active.