A solid performance in a difficult market. Why?

More progress ahead. How?

Liners and Logistics
Globally Competitive in Cost and Services

Energy
A Reliable Long-Term Source of Growth

Finance
A Streamlined and Productive Asset Base

The containership *MOL Integrity*

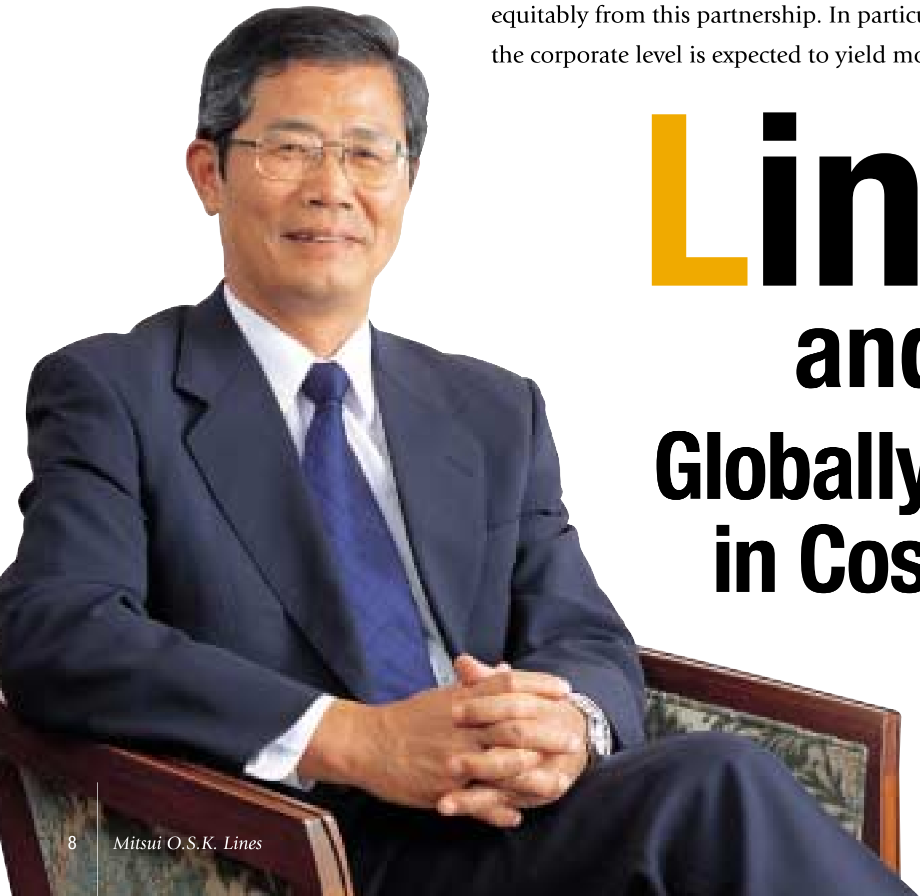
1. The Competitive Edge Becomes Sharper

Due to frequent imbalances between supply and demand, the global liner market is a difficult place to make a profit. Only companies able to achieve further cost reductions will survive. MOL has been responding by cutting costs while enhancing services to build a highly competitive earnings structure. The benefits have been dramatic. MOL's liner operations became more competitive even amid last year's extremely challenging market. More cost reductions will be made everywhere, from ships and terminals to contracts with vendors. Improvements include strengthening the Starnet information management system, replacing third party agencies with owned organizations in certain key areas and shifting European head office functions from London to Rotterdam. Through these measures, liners are to account for about 70% of the ¥14 billion in cost cuts planned for all of MOL in the fiscal year ending in March 2003. Further upgrading the skills of liner personnel will make MOL even more superior to its competitors. All in all, MOL is determined to preserve its position as one of the world's best-managed and most cost-competitive liner operators in terms of cost, service and financial soundness.

2. Actions to Maximize the Benefits of Alliance Membership

MOL's membership in TNWA has yielded significant benefits. In particular, the ability to operate larger ships and use a fewer number of shared terminals has yielded cost savings of as much as 30%. More opportunities for savings are still untapped in every aspect of operations: containers, vessel design and construction, information technology, procurement, inland transportation services, joint ship management, cargo planning and administrative functions. In the past fiscal year, TNWA companies cooperated to react swiftly by "cascading" its fleet as the container shipping market deteriorated, particularly in the fall of 2001. New vessels destined for the North American trade were deployed on European routes instead. European vessels, in turn were assigned to Asian and Middle Eastern routes, and Middle Eastern vessels were moved to North American routes.

Looking ahead, MOL will be working even harder to see that all alliance partners benefit equitably from this partnership. In particular, taking the alliance from an operating level to the corporate level is expected to yield more synergies for all participants.



Liners and Logistics

Globally Competitive in Cost and Services

Hiroyuki Sato
Senior Managing Director
Senior Managing Executive Officer

3. New Ships **Raise Efficiency** and Take MOL to More Ports

MOL is currently in the process of adding 16 containerships to its fleet in 2002 and 2003 as part of its program to enlarge the liner business. All feature a large capacity and high speed. Taking advantage of these features, as well as its growing fleet, MOL has begun a sweeping review of its service network. This process includes both upgrading service in core markets and the deployment of existing ships to launch new services, such as the Europe/West African and Europe/South American East Coast trade. Plans also include bolstering MOL's presence in India, where company-operated offices have been opened and Asia-Middle East services were realigned, and increasing freight from shippers in China. This ability to utilize ships in line with demand patterns is undoubtedly one of the greatest advantages of operating such a large fleet of containerships.

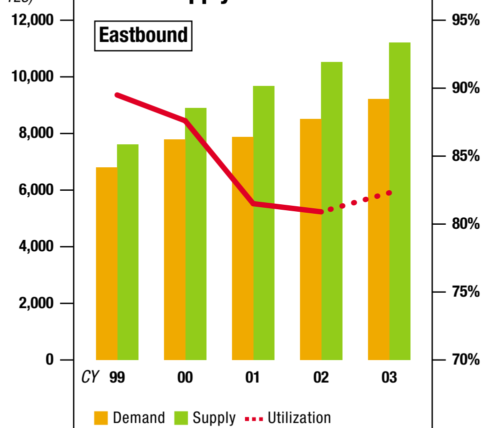
The containership *MOL Advantage*

4. **Customers First** — The Central Theme of Logistics Initiatives

About two years ago, MOL began realigning its logistics infrastructure and more closely linking its logistics and liner operations. At the heart of this drive was the formation of the "MOL Logistics" global network. So far nine companies have been given the well-known MOL name, but there will be more MOL-branded logistics companies to reinforce this network. Logistics will remain a vital element in MOL's commitment to achieve higher levels of customer satisfaction. Future investments in logistics will be made as required to offer customers comprehensive supply chain solutions by harnessing the power of the liner network. Offering directly every element of the logistics chain is not the goal. MOL will make strategic investments as required to serve customers as the gateway to a full line of support that can be truly called one-stop shopping.

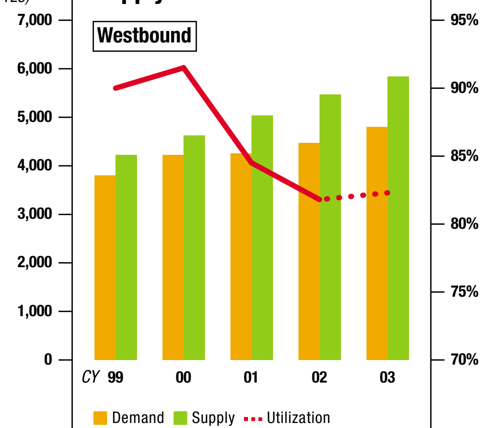
MOL Logistics (Netherlands) B.V.

Asia-North America Container Trade: Supply-Demand Forecast



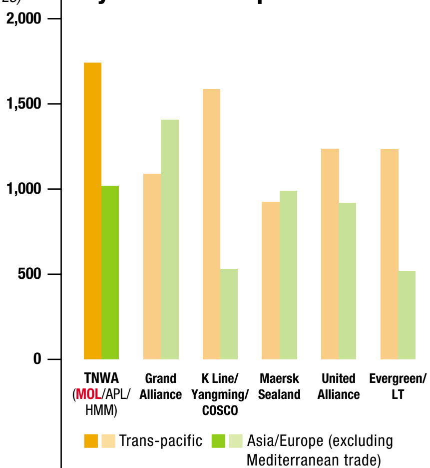
Source: MOL estimate

Asia-Europe Container Trade: Supply-Demand Forecast



Source: MOL estimate

Yearly Container Capacity by Alliance Group



Source: MDS Transmodel "Containership Databank" February 2002

The double-hull VLCC *Washusan*

Energy

A Reliable Long-Term Source of Growth

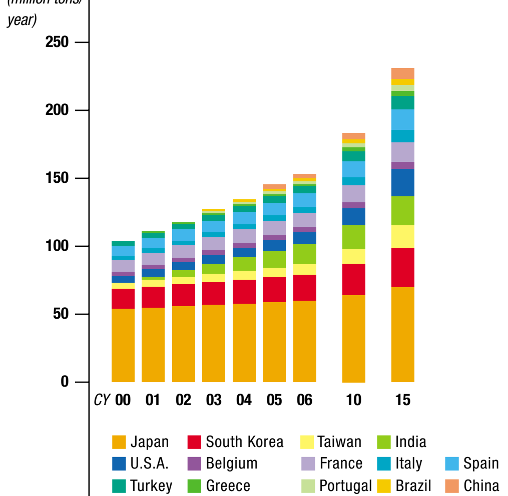
1. Energy-Related Shipping Operations Continue to *Gain Momentum*

The field of energy has long been at the heart of MOL's transformation to a more profitable, faster-growing organization. Since fiscal 1996, tankers and other vessels carrying crude oil and petrochemicals have grown from 16% to 21% of MOL's non-consolidated revenues. In VLCCs, progress continues in adding double-hull and other vessels with even larger capacity, in line with *MOL next*. There are 12 double-hull VLCCs now, and the entire MOL VLCC fleet of about 30 vessels is to incorporate this structure by 2010. Seven large-scale, double-hull VLCCs have already been ordered since the start of *MOL next*. In coal carriers, MOL is increasing its presence in the expanding market for shallow draft vessels.

2. *LNG* — MOL Builds on Its *Dominant Market Position*

The first MOL-operated LNG carrier entered service in 1983. By March 2002, MOL owned, operated or had an interest in 38 of these carriers, about 30% of the 128 LNG carriers now operating worldwide. This firmly ranks MOL as the global leader in this market. Central to this growth was an early focus on opportunities worldwide. Today, MOL delivers LNG to several countries other than Japan. Trust is central to MOL's position of industry leadership. LNG carriers demand the highest standards of safety, maintenance and technical expertise. MOL has demonstrated again and again its ability to deliver this kind of reliability. Furthermore, MOL can take advantage of its unparalleled experience and knowledge to function as a business partner rather than merely a ship operator. Another advantage of market leadership is that MOL is poised to be the primary beneficiary of the certain emergence of a VLCC-like spot market for LNG carriers.

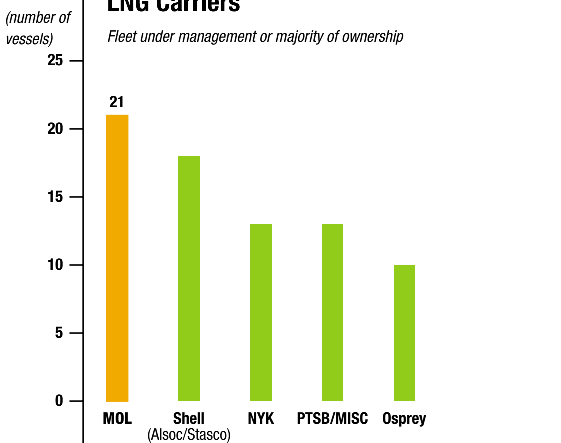
LNG: Demand Forecast



Source: Poten & Partners, Cedigaz

LNG Carriers

Fleet under management or majority of ownership



Source: Barry Rogliano Salles, etc.
As of April 2002

* MOL participates in the ownership and/or operation of 49 of the approximately 190 LNG carriers worldwide that are either operating or planned.

3. Opportunities Continue to *Multiply in the LNG Market*

The past fiscal year was one of the best ever for MOL's LNG operations. Contracts for eight vessels were signed with four clients. Highlights of the contracts included: the Exmar-MOL joint venture agreeing to charter four vessels to U.S-based El Paso Corporation; a venture with three other shipping companies to charter two vessels to India's Petronet LNG Ltd.; MOL teaming up with four other shipping companies to charter a new LNG carrier to Qatar Gas Co., Ltd.; and a joint venture with Leif Hoegh & Co. ASA and Statoil ASA to charter a new vessel to serve Norway's SNOHVIT project. In another notable development, the Sultanate of Oman purchased an interest in *Lakshmi,* a newly built LNG carrier, and entered into a 20-year time charter. The vessel is to be used for the transport of LNG from Oman to a power plant in India. This landmark agreement marks the first time the Omani government has participated in LNG shipping, demonstrating again the value of MOL's position as the world's preeminent operator of LNG carriers. MOL will continue to target opportunities in LNG offshore trades, a market sector with the significant long-term growth potential.

The LNG carrier *Al Bidda*

4. Targeting Another *Rapidly Expanding* Market Sector — *Methanol*

Virtually non-existent only 20 years ago, demand for methanol carriers is now rising steadily along with industrial demand for this petrochemical. Methanol is critical to the production of formaldehyde, the gasoline additive MTBE and other widely used chemicals. Transporting methanol is extremely difficult because it can be easily contaminated. As in its LNG carrier operations, MOL has built on a reputation for outstanding safety and reliability to establish a number-one market position. MOL operates 19 specialized methanol carriers, two-thirds of the entire global fleet, all under long-term contracts.

The methanol carrier *Millennium Explorer*

Tokinao Hojo
Senior Managing Director
Senior Managing Executive Officer

Finance

A Streamlined and Productive Asset Base

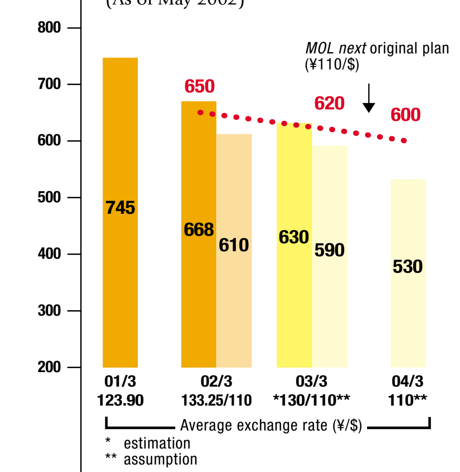
1. Progress in Reducing Costs Cushions Fall in Operating Income

Fiscal 2001 results demonstrate how the benefits of cost cutting and debt reductions have made MOL much more resilient to negative trends, especially downturns in the liner market. Despite a global economic slump and low rates in many key shipping sectors, MOL was able to report a substantial operating profit for the year. Revenues were up 1.8%, mainly a reflection of the positive effect of a weakening yen on foreign currency revenues.

Operating income decreased by ¥18.5 billion to ¥59.8 billion. The weaker yen increased operating income by ¥12.4 billion, cost reductions lifted operating income by ¥10.9 billion and lower bunker prices had a favorable effect of ¥6.1 billion. More than offsetting these gains, however, was the ¥40.3 billion impact of lower market rates, mainly for liners. Interest expense was down 18.7%, a decline of ¥7.4 billion, the benefit of ongoing reductions in debt. Net other expenses declined from ¥25.1 billion in fiscal 2000, when MOL posted substantial retirement expenses, to ¥10.6 billion, most of which is losses on sales of bank stocks. The result was net income of ¥10.5 billion, about the same as in fiscal 2000. With no more significant restructuring-related expenses foreseen, MOL expects that fiscal 2002 net income will increase even though the outlook is for another decline in operating income.

Kazuaki Konishi
Managing Director
Managing Executive Officer

Debt Reduction Program
(As of May 2002)



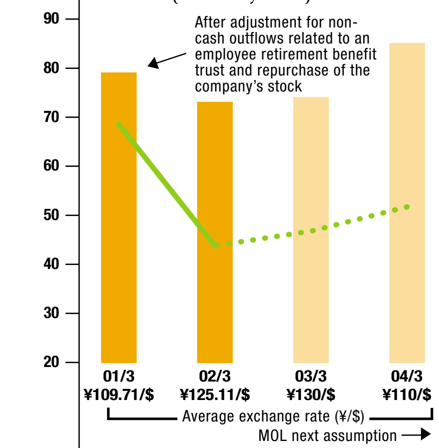
2. A Balance Sheet With *Less Debt* and *More Productive Assets*

The March 31, 2002 balance sheet illustrates the progress made toward building a leaner and more productive asset base, a central goal of *MOL next*. Reducing debt and increasing equity are two key themes. There was a net reduction in interest-bearing debt of ¥76.9 billion during the fiscal year, to ¥667.7 billion. Debt peaked at ¥943.1 billion in March 1998 and was ¥744.6 billion in March 2001 just before *MOL next* began. Making this possible were: consistently high operating cash flows, a policy of keeping capital expenditures below operating cash flows, proceeds from sales of non-strategic vessels and the greater use of off-balance-sheet methods to procure new ships. Regarding equity, MOL's goal is an equity ratio of over 20%. This effectively means that total debt must be brought within three times of equity. Debt reductions will be stepped up to meet this goal. At the same time, MOL plans to conduct global offerings and take other actions to attract more individual and institutional shareholders, as financial institutions unwind their cross-holdings. There were two other notable changes in the balance sheet during fiscal 2001. One was a net decline of ¥56.2 billion in the book value of vessels as MOL expanded its fleet using non-owned vessels. The other is the inclusion in shareholders' equity of ¥11.4 billion in unrealized gains following the adoption of a new accounting method for financial instruments. More headway in building a stronger balance sheet is expected over the next several years as energy-related operations, a reliable generator of cash, account for a growing share of MOL's revenues.

3. Consistently *High Free Cash Flows* Fund Debt Reductions

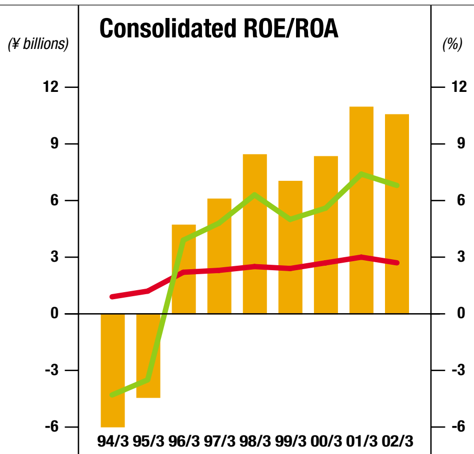
The steady improvement in MOL's operations in recent years is clearly evident in consolidated cash flows. Free cash flows, defined as operating cash flows less capital expenditures, totaled ¥41.3 billion in fiscal 2001. By implementing a balance sheet streamlining program, MOL has generated free cash flows totaling ¥78.2 billion during the past three fiscal years. MOL's energy fleet, one of the world's largest, is a major reason for today's considerable cash flows. Convinced of the outstanding long-term prospects for the energy transportation market, large investments were made in this sector over a period of several years even though cash flows were much lower at that time. Today, these investments are paying off in the form of reliable earnings and cash flows. MOL will continue to follow this policy, using its even sounder financial position to fund investments in markets with outstanding long-term prospects.

Capital Expenditures and Cash Flows (As of May 2002)



Cash flows=Net income+Depreciation-Dividends

Consolidated ROE/ROA



ROA=[Net income+Interest payable × (1–Corporate income tax rate)] / Average total assets at the beginning and the end of the fiscal year

Consolidated Assets and Equity