MOL Survived the Great Recession Last Year in Good Condition. We Will Have a Big Advantage This Year as a Healthy Survivor.

GEAR UP! MOL

Annual Report 2010
Year ended March 31, 2010

Mitsui O.S.K. Lines

MOL Survived the Great Recession Last Year in Good Condition. We Will Have a Big Advantage This Year as a Healthy Survivor.

MOL Group Corporate Principles

1 As a multi-modal transport group, we will actively seize opportunities that contribute to global economic growth and development by meeting and responding to our customers' needs and to this new era.

2 We will strive to maximize corporate value by always being creative, continually pursuing higher operating efficiency and promoting an open and visible management style that is guided by the highest ethical and social standards.

3 We will promote and protect our environment by maintaining strict, safe operation and navigation standards.

Great Recession

The world economy lurched backwards after the collapse of Lehman Brothers in the fall of 2008. This section looks at what transpired in the marine transport industry during this once-in-a-century crisis.

Good Condition

Chairman Akimitsu Ashida discusses the management strategy that enabled MOL to ride out the marine transport market downturn and still post a profit. He also talks about his expectations for the new management team.

Big Advantage

MOL's new president Koichi Muto explains what the company's big advantages will be under the new midterm management plan, "GEAR UP! MOL."

Healthy Survivor

MOL came through the fiscal 2009 market maelstrom still profitable. Executives from each of MOL's divisions talk about how they plan to build on their market positions.

Key Systems Underpinning MOL

Corporate governance, safe operation, seafarer training and CSR management encompassing environmental protection are the cornerstones of MOL management. We also introduce our "Senpaku ISHIN" next-generation concept vessels.

Contents

Financial Highlights

Mitsui O.S.K. Lines, Ltd. Years ended March 31

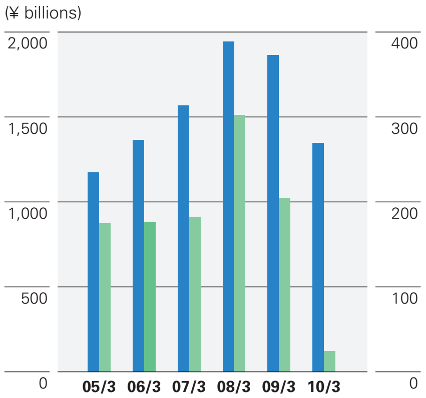
	Millions of yen						Thousands of U.S. dollars
	2010	2009	2008	2007	2006	2005	2010
For the year:							
Shipping and other revenues	**¥1,347,965**	¥1,865,802	¥1,945,697	¥1,568,435	¥1,366,725	¥1,173,332	**$14,488,016**
Shipping and other expenses	**1,228,479**	1,564,486	1,544,109	1,300,038	1,101,459	917,149	**13,203,773**
Selling, general and administrative expenses	**98,547**	104,105	110,303	100,324	92,273	84,388	**1,059,190**
Operating income	**20,939**	197,211	291,285	168,073	172,993	171,795	**225,053**
Ordinary income	**24,234**	204,510	302,219	182,488	176,502	174,979	**260,468**
Income before income taxes and minority interests	**27,776**	197,732	318,202	197,854	188,290	155,057	**298,538**
Net income	**12,722**	126,988	190,321	120,940	113,732	98,261	**136,737**
At year-end:							
Total assets	**1,861,312**	1,807,080	1,900,551	1,639,940	1,470,824	1,232,252	**20,005,503**
Net vessels, property and equipment	**1,209,176**	1,106,746	1,047,825	847,660	769,902	665,320	**12,996,303**
Interest-bearing debt	**775,114**	702,617	601,174	569,417	571,429	514,131	**8,330,976**
Net assets/Shareholders' equity	**735,702**	695,022	751,652	620,989	424,461	298,258	**7,907,373**

Amounts per share of common stock:	Yen						U.S. dollars
Net income	**¥10.63**	¥106.13	¥159.14	¥101.20	¥94.98	¥81.99	**$0.114**
Cash dividends applicable to the year	**3.00**	31.00	31.00	20.00	18.00	16.00	**0.032**

Management indicators:						
Gearing ratio (%)	**118%**	113%	88%	104%	135%	173%
Equity ratio (%)	**35.4%**	34.5%	35.8%	33.6%	28.9%	24.2%
ROA (%)	**0.7%**	6.9%	10.8%	7.8%	8.4%	8.8%
ROE (%)	**2.0%**	19.5%	30.9%	24.8%	31.5%	37.8%
Dividend payout ratio (%)	**28.2%**	29.2%	19.5%	19.8%	19.0%	19.5%
Number of MOL Group employees: (The parent company and consolidated subsidiaries)	**9,707**	10,012	9,626	8,621	8,351	7,385

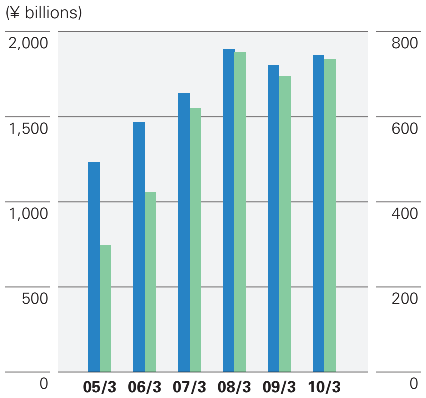
Please refer to the notes on p. 68, for "Translation of foreign currencies" and "Presentation of net assets in the balance sheet."

SHIPPING AND OTHER REVENUES AND ORDINARY INCOME



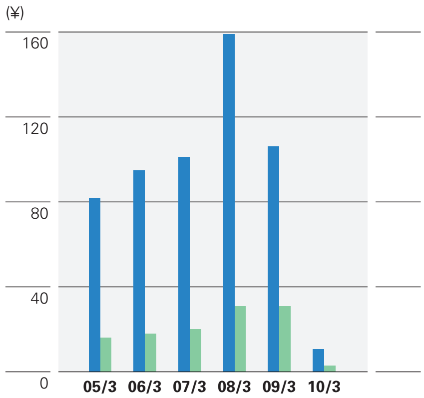
■ Shipping and other revenues (left scale)
■ Ordinary income (right scale)

TOTAL ASSETS AND NET ASSETS/ SHAREHOLDERS' EQUITY



■ Total assets (left scale)
■ Net assets/Shareholders' equity (right scale)

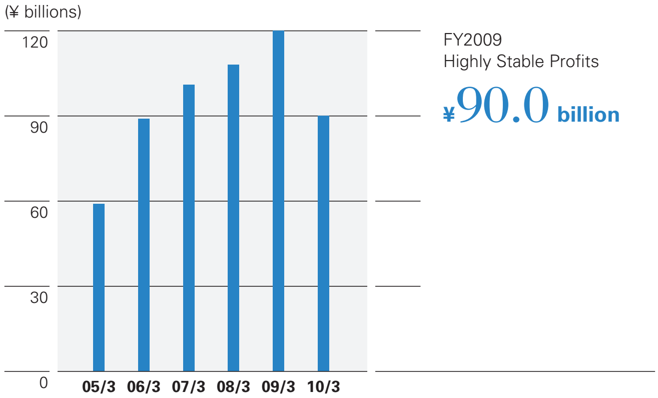
NET INCOME PER SHARE AND CASH DIVIDENDS APPLICABLE TO THE YEAR



■ Net income per share
■ Cash dividends applicable to the year

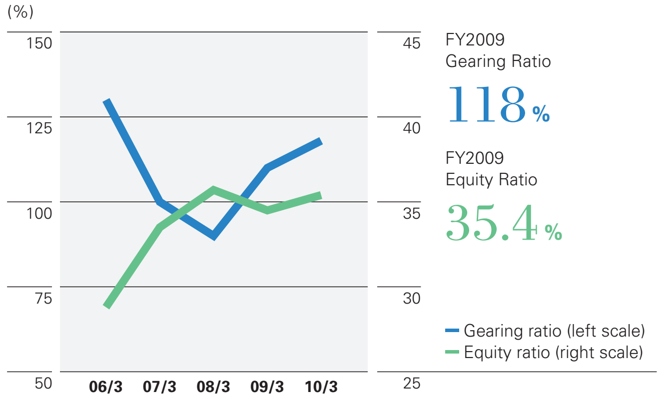
Key Financial Indicators

HIGHLY STABLE PROFITS

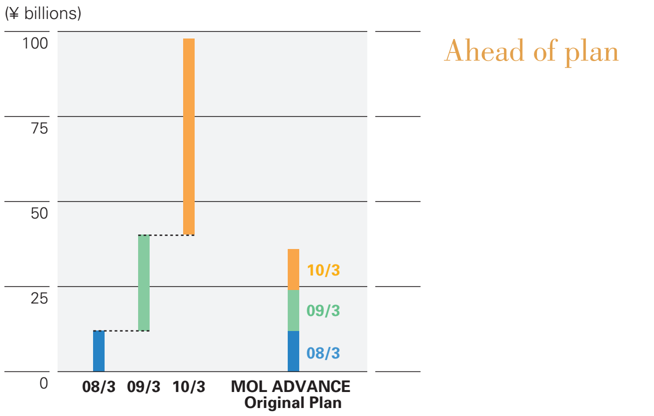


The following items are excluded from Highly Stable Profits in 10/3: Car Carrier business, and Terminal business and Logistics business in Containership Segment.

GEARING RATIO AND EQUITY RATIO



COST REDUCTIONS

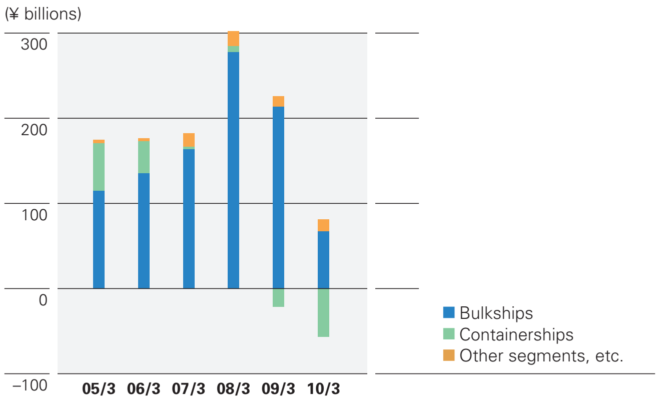


CREDIT RATINGS

As of July 1, 2010

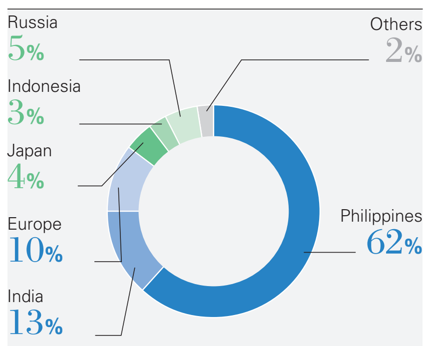
	Type of rating	Rating
JCR	Long-term debt rating	AA–
R&I	Issuer rating	AA–
	Short-term debt rating (CP)	a-1+
Moody's	Issuer rating	A3

ORDINARY INCOME (LOSS) BY CONSOLIDATED SEGMENT



NATIONALITY RATIO OF SEAFARERS ON MOL OPERATED/MANAGED/FINANCED SHIPS (EXCL. CHARTERED VESSELS)

As of January 2010



Total: Approx. 7,900 people

Great Recess

The world experienced an unprecedented economic recession in the wake of the September 2008 collapse of Lehman Brothers, and marine transport was one of the worst-affected industries. The industry had benefited handsomely from the dramatic increase in international cargo volume that was seen from the turn of the 21st century as the global economy grew. But, when the global economy went into sharp reverse and production and inventories were reduced simultaneously, seaborne trade volume and freight rates both nosedived. At no time in the past has the marine transport industry ever experienced these sorts of abnormal conditions.

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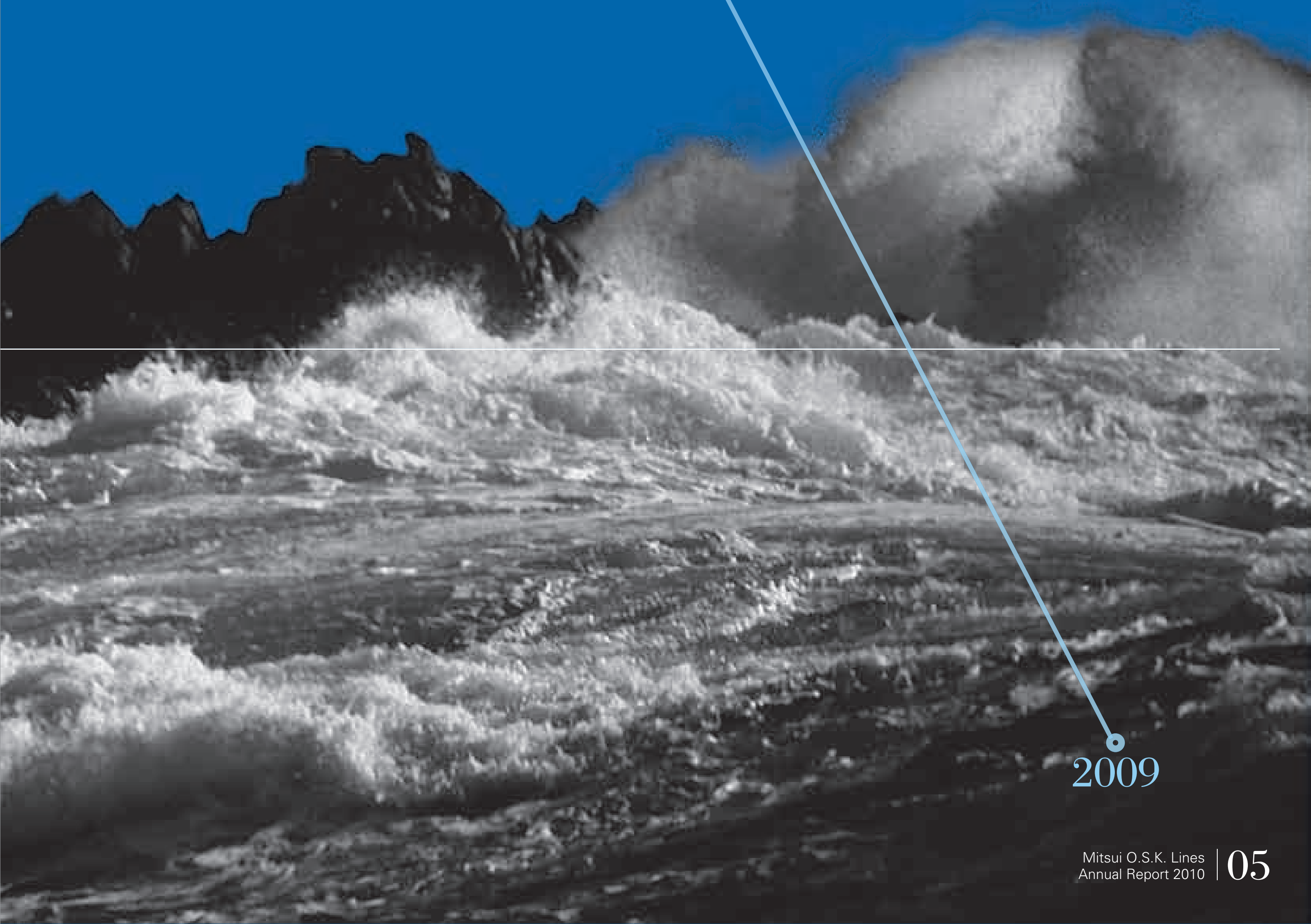
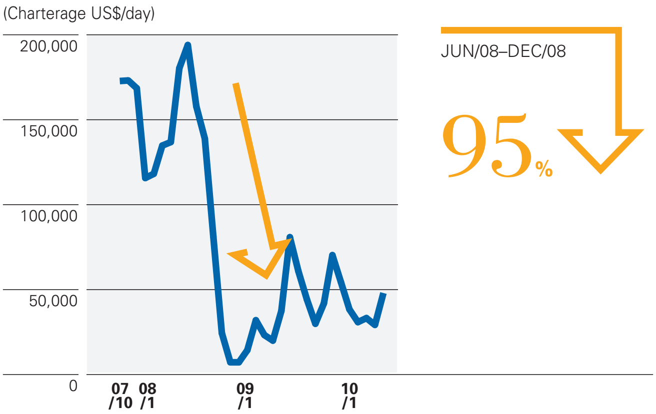


2009

Safe Passage Through Dire Straits

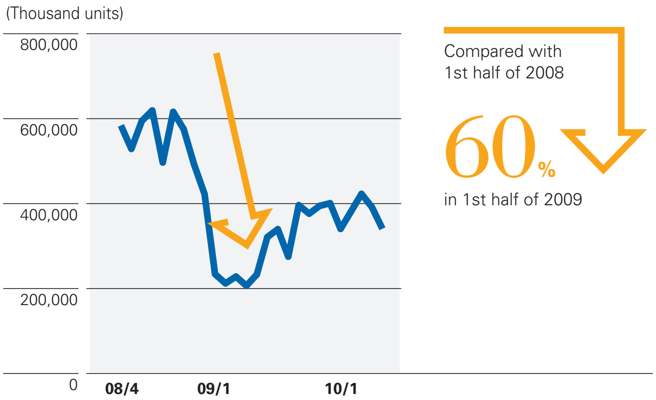
In the second half of fiscal 2008 and first half of fiscal 2009, the marine transport industry was forced to navigate in market conditions that were akin to zero visibility. Demand plunged by several dozen percent, threatening the marine transport industry, a typically capital-intensive industry requiring huge outlays on vessels.

CAPESIZE CHARTERAGE
(4TC AVERAGE [MONTHLY AVERAGE])



Source: Bloomberg

MONTHLY EXPORT VOLUMES OF AUTOMOBILES FROM JAPAN



* Passenger Car, Truck and Bus Total (Including KD)
Source: Japan Automobile Manufacturers Association, Inc.

DRY BULKERS: STEEL MILL PRODUCTION CONTRACTED WORLDWIDE AS INDUSTRIALIZED NATIONS STAGNATED. BUT AN UPTURN IS BEING LED BY EMERGING NATIONS.

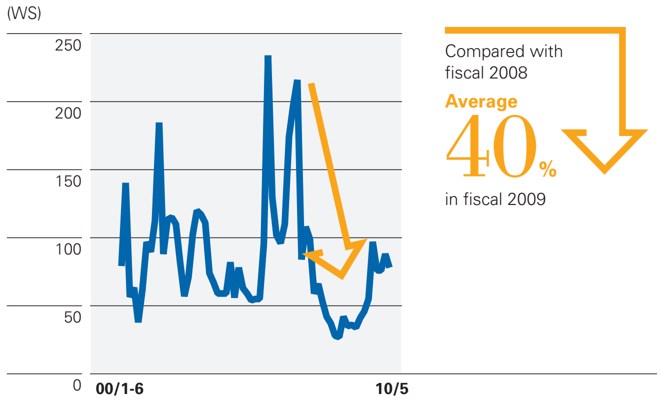
The first half of 2008 saw industrialized nations buoyed by strong financial markets, with China's economy continuing to grow in tandem. These twin engines of economic growth powered full capacity utilization at steel mills around the world. With the supply of dry bulkers unable to keep up with this buoyant demand, the daily spot charter rate for Capesize bulkers spiked to US$230,000 at one point in June 2008. But as industrialized economies fell into recession, all steel mills in industrialized countries cut back operations. With steel mills also adjusting steel raw material inventories, transportation demand dipped. At one point in December 2008 the Capesize spot charter rate dropped to US$2,000 per day—a level that would have been unthinkable just months earlier.

In contrast to industrialized nations, newly emerging economies continued to perform robustly even in 2009, and China especially continued to increase imports of steelmaking raw materials as it developed internal infrastructure. China is now driving a nascent recovery in the economies of industrialized nations. As a result, although freight rates have fluctuated, the dry bulker market moved into recovery mode from the middle of 2009.

CAR CARRIERS AND TANKERS: MARKETS OVER-REACTED, BUT A SLOW RECOVERY IS TAKING SHAPE.

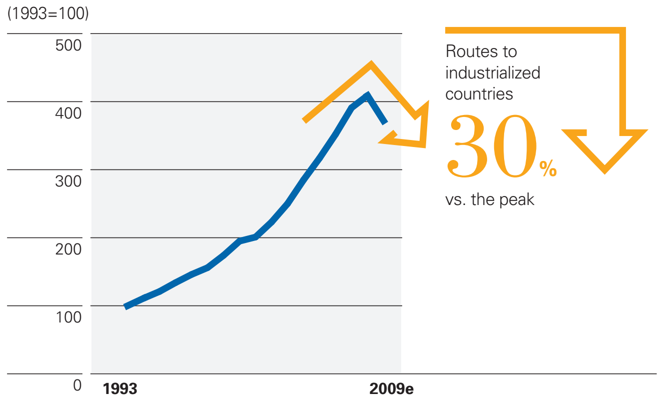
Car carriers felt the impact of the great recession more than any other type of vessel. Before the recession, in 2008, auto exports from Japan, South Korea and other countries posted unprecedented growth on the back of robust auto sales in the U.S., Europe, the Middle East and elsewhere. The supply of vessels could not keep pace with export demand. Following the sudden collapse of Lehman Brothers, however, car makers slashed production and began

VLCC SPOT RATE (ARABIAN GULF/EAST)



Source: Drewry, etc.

CONTAINERSHIP SEABORNE TRADE



* MOL internal calculation based on Clarkson Research Services Autumn 2009 (2009e: estimated figures)

adjusting inventories. Consequently, exports of finished vehicles from Japan dropped an unimaginable 60% in the first half of 2009, compared to the corresponding period of the previous year.

Tankers, meanwhile, saw global oil consumption fall for the first time in more than two decades. The direct impact of this fall was minor, but unfounded fears of an oversupply of vessels meant that VLCC freight rates in fiscal 2009 dropped by an average of 40% from the previous fiscal year.

What transpired in both these markets was clearly an over-reaction, and at present market conditions are slowly recovering.

CONTAINERSHIPS: ALL CARGO TO INDUSTRIALIZED NATIONS DROPPED, PROMPTING CONTAINERSHIP COMPANIES TO LOOK FOR WAYS TO IMPROVE EFFICIENCY.

Container transport is often referred to as a microcosm of the global economy, and true to this characterization, containerships logged the highest rate of growth in trade volume of all vessel types until the first half of 2008. In the aftermath of the Lehman Shock, inventory adjustments for all types of products saw a precipitous drop in trade volume for auto parts and components, electronics, machine tools, building materials and other cargo. On routes to industrialized countries, trade volume was down 30% compared to the peak at one point. In order to counter these conditions, containership companies around the world scaled back operations by laying up ships or sailing slower. Consequently, as trade volume has rebounded, the utilization rate has improved considerably and freight rates are also recovering.

Good Conditi

Through the course of our past midterm management plans—MOL STEP and MOL ADVANCE—we expanded our fleet, made our business portfolio more flexible, and rigorously pursued safe navigation. At the same time, we skillfully managed the company, always conscious of risk and unforeseen events.

Conditions were unprecedented in the shipping market in fiscal 2009 and our drop in performance reflected that. It is worth mentioning though that we were one of the few major shipping companies in the world to post a profit. This achievement is testimony to the effectiveness of our management strategies. Importantly, our relatively good condition should give us a big advantage in a recovering shipping market.

on

AKIMITSU ASHIDA
Chairman

Question:
The past fiscal year presented recessionary conditions the likes of which nobody has seen before. Why was MOL able to come through the recession in Good Condition?

Answer:

Quite simply, because I think we managed the company better than many other marine transport companies on various fronts. Our fleet downsizing program, business portfolio diversity, strong balance sheet, and customer confidence in our safe navigation all stood us in good stead amid the recession.

ONE OF THE FEW PROFITABLE MAJOR MARINE TRANSPORTERS IN FISCAL 2009

It was no miracle that we were one of the few major marine shipping companies to post a profit in fiscal 2009 amid the testing conditions. This was the product of managing the company in a different way from others over many years. This difference isn't so readily apparent in good business times. But the harsher the operating environment, the more the difference became evident.

I think one big reason for this difference is the *Sakaro Mission,* the unique risk management strategy we have advocated. Basically, this strategy, which takes its cue from a backward sculling maneuver in rowing, makes us prepared for unforeseen market events. We are always ready to quickly downsize our fleet and we even go as far as to simulate various eventualities. So when the world fell into an economic crisis, our people knew what operational protocols to follow. This allowed us to scale back our operations quickly. We sold or returned some 150 vessels across MOL in the awake of the Lehman Brothers collapse. That took some doing.

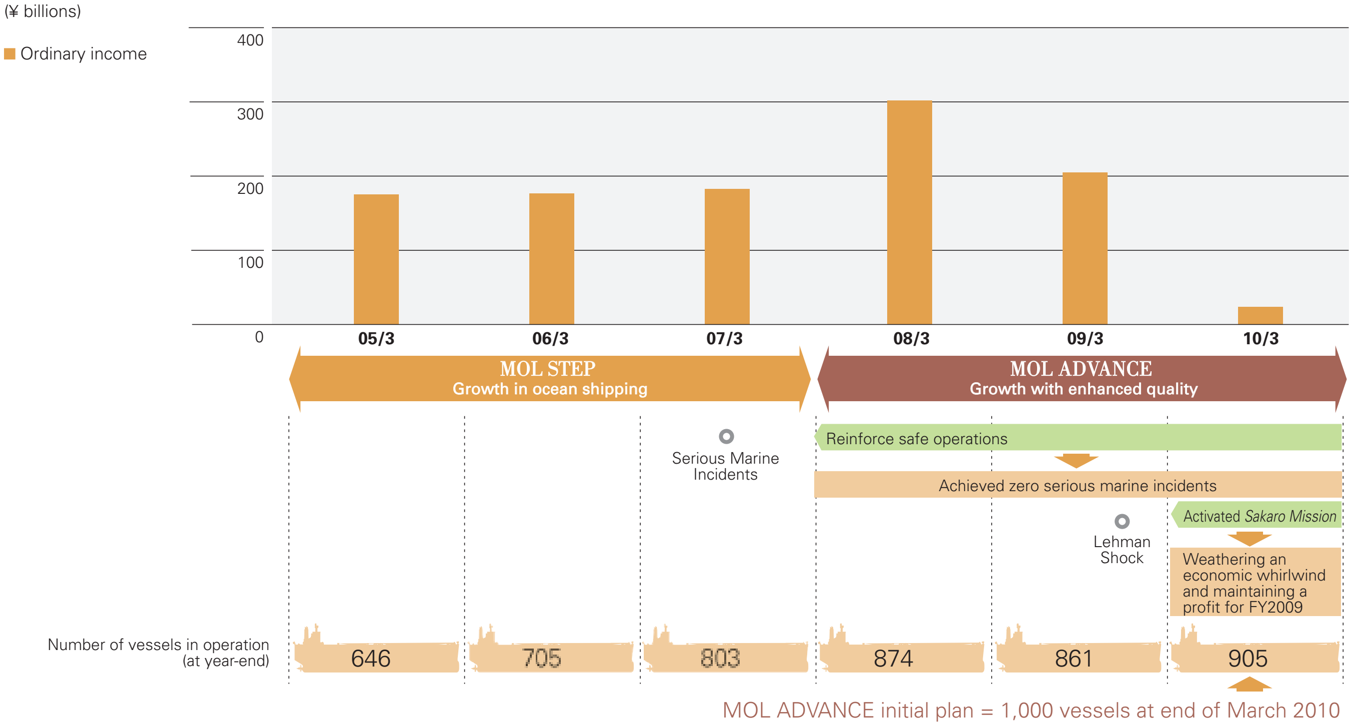
- **We sold or returned 34 dry bulkers in the 18 months after Lehman Brothers collapsed.**
- **We sold or returned 36 car carriers in the space of 18 months after Lehman Brothers collapsed.**
- **We achieved a net reduction of 30 vessels in our containership fleet from 131 to 101 vessels in 18 months after September 2008.**

We have just experienced a once-in-a-century recession. Not once since we were founded have we had to downsize our fleet to the extent we did. Impressively, however, no other company was successfully able to do that in such a short space of time.

ONE OF THE BIGGEST FLEETS AND BEST-MANAGED COMPANIES

The fleet reduction was not the only reason for why we delivered comparatively good results in fiscal 2009. The way we manage our portfolio was instrumental, too. As of March 31, 2010, we had a total of 905 vessels, the largest fleet in the world. Our fleet is also remarkable for its diverse composition of ships. These ships can broadly be broken down into liners and bulk carriers, the latter comprising dry bulkers, tankers, car carriers, and LNG carriers.

MIDTERM MANAGEMENT PLAN PROGRESS



Contract terms are also different within this diversity, with vessels operating on either long-, medium- or short-term (spot) contracts. The result is a portfolio structure that can generate stable profits as a whole, without our performance being unduly susceptible to market conditions—whether good or bad—in any one particular class of vessel.

MOL has always aspired to having the best portfolio mix in the marine transport industry, as a company focused on marine transport. And we will continue to adhere to this strategy going forward. In the past, all shipping companies have tended to fall into the red during a market down-cycle, which has led to the industry being mistakenly branded a cyclical business. However, I think the effectiveness of the strategies we promoted during MOL STEP and MOL ADVANCE were proved under crisis conditions. We have shown that we have one of the best management teams to control one of the world's largest fleets.

NOTHING BEATS EXPERIENCE—OUR GREATEST LEGACY FROM THE ECONOMIC CRISIS

Companies have many assets that are not always obvious to outside observers. For me, one of them is the experience that corporate officers and employees gained from overcoming the adverse conditions I have described in this letter. Over the past decade, we have basically posted higher sales and earnings year after year. But the current recession has presented us with a perfect opportunity to learn how to deal with unfavorable conditions.

Overcoming the crisis didn't just happen by chance. As CEO, I repeatedly held discussions with younger management personnel. Called "Can Do Meetings," these discussions were beneficial in enabling me to keep abreast of the operational frontlines for myself. They also served as an extremely effective way for me to communicate my thoughts to our younger staff directly.

These meetings emboldened corporate officers and employees to confront the economic crisis head-on. They have fostered a culture of fulfilling responsibility without hesitation and allowed staff to bank valuable experience and know-how. This experience is now embedded in the DNA of each and every one of our staff and will be passed on by our talented middle management in the future.

THE MARINE TRANSPORT BUSINESS IS AN ATTRACTIVE GROWTH INDUSTRY

The marine transport business is, by its very nature, a growth industry. One way to look at the market is the transport volume per capita of the world's population. When the world's population was 3 billion people in the 1960s, per capita cargo volume was 0.5 tons a year, meaning the marine transport industry equated to a market of around 1.5 billion tons. The world's population is now 7 billion people and per capita cargo volume has risen to 1 ton a year, meaning the market is now 7 billion tons. With the world's population forecast to grow to 9 billion by 2050, per capita cargo volume should increase to 1.5 tons a year, creating a market of 13.5 billion tons.

Clearly, looking at market size, you can say the global marine transport business is without doubt a growth industry. Maintaining one of the world's largest fleets and managing MOL in the best possible way is vital to converting this market potential into maximum growth.

So is increasing multilateral trade. In fiscal 2009, MOL generated 51% of its revenues overseas, and is now trying to increase this share to 65% in fiscal 2012. But, that is not enough. We still have many things to do to truly globalize our operations, such as enhancing operational functions outside Japan, like in China, Singapore, and Europe.

As a leading player in the global market, MOL aims to quickly recover from the economic crisis and accelerate development in growth markets on a global scale. That's why we chose GEAR UP! as the catchcry for our new midterm management plan.

GEAR UP! IS OFF TO A GOOD START

World seaborne trade is finally picking up after having nosedived, as we embark on the inaugural year of our new midterm management plan.

Seaborne cargo volume of the three largest categories of dry bulk—iron ore, coal and grain—is projected to grow by 10% in fiscal 2010 from 2 billion tons in fiscal 2009. And oil is forecast to grow by 2% to 3% over the same period. China is driving this growth. For the foreseeable future, Asia, and above all China, will be the driving force behind the recovery. That's why we are channeling business resources of bulkships into emerging economies, namely, China and India.

Things are looking up for containerships, too. At the beginning of fiscal 2009, containerships saw cargo volumes plummet by 20% from their peak level. But volumes were only 10% down by the end of the year. Reflecting this improvement, freight rates are rising across the board. In addition, all companies worked to downsize their fleets throughout fiscal 2009 to respond to weaker demand. As a result, current capacity suggests the market is more balanced now—and should stay that way.

ISHIN SYMBOLIZES MOL'S ENVIRONMENTAL COMMITMENT

Another element of our new midterm management plan is substantial investments to develop next-generation vessels with a lower environmental impact. This talk will be backed by action. We have set a time limit of around five years to execute our plan and are determined to progressively bring vessels that emit less CO_2 into service. We have already announced concept plans for a car carrier, ferry and Capesize bulker under the ISHIN name, which means **I**nnovations in **S**ustainability backed by **H**istorically proven, **IN**tegrated technologies.

While contributing to environmental management in the marine transport business going forward, these vessels should dramatically cut fuel expenses, making our operations more competitive. As you can see, we are aiming to lead the world in technology, not just on the operational and management fronts in the marine transport industry.

CHALLENGING FUTURE LEADERS TO TAKE MANAGEMENT TO AN EVEN HIGHER LEVEL OF EXCELLENCE

I have been at the helm of MOL as president for the past six years. With the launch of the new midterm management plan, I handed over command to your new president, Mr. Koichi Muto, and became chairman of the Board of Directors.

MOL has established a reputation for management excellence. But we must seek to attain an even higher level of operational excellence in the future. There are a lot of things for Mr. Muto to tackle—such as the increasingly global nature of our operations, ensuring we have a diverse workforce in this context, managing currency and freight rate risks through financial management and nurturing a workforce and organization with a 10-year outlook. But these are also exciting challenges.

As chairman of the Board of Directors, I will oversee and support management. I will spare no effort to help MOL grow further under Mr. Muto's leadership.

June 22, 2010

AKIMITSU ASHIDA
Chairman

Big Advant

My name is Koichi Muto, and I was appointed as MOL's new president on June 22, 2010 after the annual general meeting of shareholders that day. In March 2010, we embarked on a new midterm management plan entitled "GEAR UP! MOL," which covers the three-year period from fiscal 2010 through 2012. I believe that I have been placed at the helm of MOL at a very pivotal time, and my mission is to take charge of a company that succeeded in riding out the storms of a marine transport market recession in fiscal 2009 with a minimum of damage, to place it on a course towards new growth and success, and to help return it to a pattern of steady growth in corporate value.

We plan to leverage the extensive resources that MOL has accumulated over the years and add advanced management skills to them, in order to generate sustainable earnings from the marine transport business and enhance our global presence.

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KOICHI MUTO
President

Question:
What Big Advantage will MOL have this year as a healthy survivor of last year's great recession?

Answer:

A great many factors contribute to MOL's leading position in the industry—not only a vast fleet of vessels and safe operation, but also marketing skill and a solid financial base. These resources have enabled MOL to build an unprecedented lead over market competitors. Since the start of 2010, industrialized nations have inched toward economic recovery, and this appears to be reviving transport volume. MOL is trying to "Gear Up" for renewed profit growth. We are determined to be the first company in the industry to benefit from improving demand.

Question:

In the past fiscal year—the final year of the previous midterm management plan "MOL ADVANCE"—the company experienced a sharp drop in earnings. Could you please summarize the results and accomplishments of the previous management plan?

Answer:

If you look at the previous plan as a whole, over the full three-year period, we did have considerable success, in both quantitative and qualitative terms.

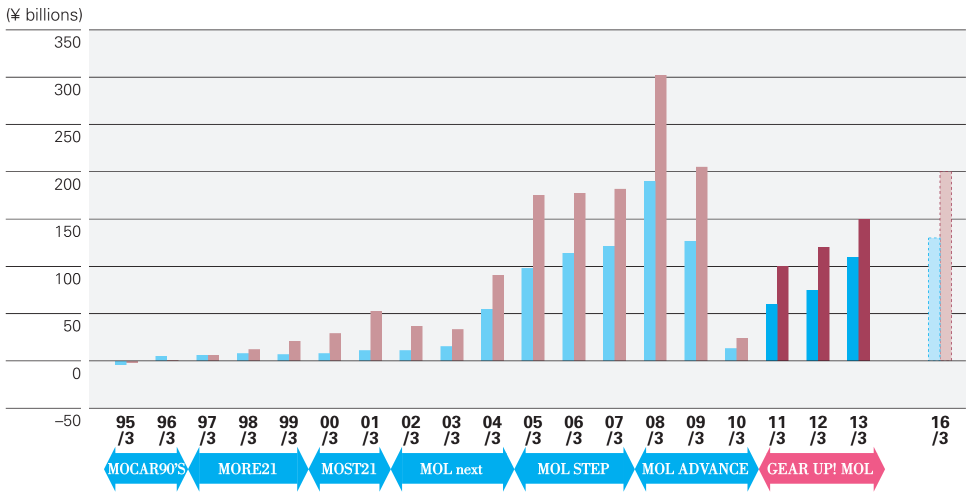
In the final year of the plan, fiscal 2009, the company posted ordinary income of ¥24.2 billion, barely one-tenth of the ¥220.0 billion target that was set when the plan was first conceived. Therefore, if you take the profit results from just fiscal 2009 it would appear that the plan was not very effective. However, I do not need to remind anyone how dramatically and how unexpectedly economic conditions deteriorated. If you look at our results over the full three years—which included periods of both strong growth and dramatic recession—our performance was not bad at all. Our original ordinary income target was ¥615.0 billion over 3 years, and the actual result was ¥528.7 billion, or 86% of the target. In fiscal 2007 alone, the company generated ordinary income of over ¥300.0 billion. I think this is a telling indication of MOL's underlying competitive strength, and even from a quantitative standpoint, I think you would have to view the three-year plan as a success.

It is when you compare our results with those of industry competitors, though, that the true extent of our competitive advantage becomes apparent. MOL was able to generate higher returns during the boom period than others by taking higher risk, which we were able to do because we adopted different management strategies. On the other hand, we were able to minimize the impact when the industry turned downward by quickly downsizing our fleet, and stay in the black when most of the other major marine transport companies fell into the red.

MOL BUSINESS PERFORMANCE

(FY1994–2012)

■ Net income
■ Ordinary income



	95/3	96/3	97/3	98/3	99/3	00/3	01/3	02/3	03/3	04/3	05/3	06/3	07/3	08/3	09/3	10/3	11/3	12/3	13/3	16/3
Average exchange rate (¥/$)	100	96	112	123	130	112	110	125	122	114	108	112	117	116	100	93	90	90	90	90
Average bunker price ($/MT)	102	108	116	105	80	117	159	136	163	178	193	280	321	409	528	406	500	500	500	500

Assumption

FY1994–2009: Result
FY2010–2012: Plan
FY2015: Target

From a qualitative standpoint, I think that MOL ADVANCE was extremely successful. One of the underlying themes of this business plan was to achieve "Growth with enhanced quality." The company expanded its marine transport fleet from 803 vessels at the end of fiscal 2006 to 905 at the end of fiscal 2009. During the three-year MOL ADVANCE period, we had a good safety record—a clear testament to the fact that our safety measures were able to cope successfully with fleet expansion.

In addition, the company's crisis management capabilities were put to the test following the so-called "Lehman Shock" in September 2008. MOL demonstrated its progressive management capabilities by quickly downsizing operations and minimizing losses. The many young employees who earned their stripes at MOL during this severe economic slump will have obtained valuable experience, which will surely benefit both the individuals and the company in untold ways in years to come. The company has maintained a strong financial position, and boasts the highest credit rating of any company in the marine transport industry. All in all, I think the past three years have solidified MOL's competitive position in the marine transport industry.

Question:

In the past, MOL has identified two themes that are characteristic of its management philosophy—the ability to "reverse rudder" quickly, and the effort to "diversify risk with diverse ships." What role do these themes play in your own management philosophy?

Answer:

These are both important strategies, and will continue to play a key role under my leadership. However, I also recognize some issues that need to be considered.

When we speak of "reversing rudder" quickly, this refers to a style of management that can respond very quickly to any deterioration in market conditions, reducing the size of the fleet and thus minimizing losses. Since MOL adopted this concept at a very early stage, we were able to respond to the crisis immediately, as a unified company. The "fleet diversification" strategy, on the other hand, aims to diversify risk in the marine transport industry by shaping a fleet made up of various types of vessels. The company strives to build a fleet that contains every conceivable type of ship, both bulk carriers and liner vessels, using a full assortment of contract periods, and in this way, trying to compile the most ideal business portfolio possible, and achieving a well-balanced profit structure.

However, neither of these policies should be viewed as some sort of "magic wand" that can resolve all of the challenges that management faces. It is true that MOL responded brilliantly to the financial crisis, reducing our fleet swiftly and thus ensuring that the ships we did operate maintained a high capacity utilization

rate. On the other hand, MOL has many ships currently under construction that were ordered prior to the Lehman Shock, at a time when prices were high. Therefore, one issue that we must address in the new midterm management plan is the fact that our average cost per ship is likely to go up, and we will need to find some way to restrain this cost.

The numerical targets that are contained in the new midterm management plan factor in costs for holding down the average cost of vessels to some extent. We are thus pursuing a double-sided strategy of achieving our earnings plan while improving the cost competitiveness of our fleet simultaneously. This is my first priority as MOL's new president.

DETAILS OF FLEET EXPANSION PLAN

(AS OF APRIL 2010)

		Fleet scale at the end of March 2010 (Result)	GEAR UP! MOL (FY2010–FY2012) Ships to join MOL fleet FY2010	FY2011	FY2012	FY2010–FY2012	Fleet scale at the end of March 2013 (Plan)	(FY2013–FY2015) Ships to join MOL fleet (Plan) FY2013–FY2015	Fleet scale at the end of March 2016 (Target)
BULKSHIPS	Fleet Scale	755					890		1,025
	New vessel launching		66	51	36	153		140	
DRY BULKERS	Fleet Scale	375					450		
	New vessel launching		26	26	24	76			
TANKERS	Fleet Scale	195					220		
	New vessel launching		23	9	6	38			
LNG CARRIERS	Fleet Scale	76					75		
	New vessel launching		3	2	1	6			
CAR CARRIERS	Fleet Scale	109					145		
	New vessel launching		14	14	5	33			
CONTAINERSHIPS	Fleet Scale	101					110		120
	New vessel launching		9	14	5	28		12	
OTHERS	Fleet Scale	49					50		55
	New vessel launching		3	3	3	9		8	
TOTAL	Fleet Scale	905					1,050		1,200
	New vessel launching		78	68	44	190		160	
						SHIPS' VALUE ¥1,200 bil		SHIPS' VALUE ¥900 bil	

Notes: 1) Fleet scale at the end of fiscal years includes short-term chartered ships (less than 5 years) and those owned by joint ventures.
2) Numbers of ships to join MOL fleet exclude short-term chartered ships (less than 5 years) and include those owned by joint ventures.

Question:

What goals and policies have you adopted in the new management plan, "GEAR UP! MOL"?

Answer:

In summary, the plan aims to accelerate business development in growing markets and help the company advance towards a new earnings peak.

From 2000 until the first half of 2008, the global marine transport industry enjoyed rapid and continuous growth. MOL's operations grew accordingly, with ordinary income rising to a peak of over ¥300.0 billion. From the latter half of 2008, however, the global economy entered a recession, and our earnings plunged sharply. At present, marine transport demand is slowly recovering, and our new management plan adopted the slogan "GEAR UP!" to express MOL's intent to take full advantage of this recovery and begin increasing earnings towards a new peak.

During the recession, MOL had no choice but to scale back its fleet, and as a result, you could say that our operations are in "first gear." However, from this slow start, we need to start accelerating once more, shifting into higher gears as we strive to take full advantage of the opportunities created by market growth. Thus, the main focus of our

OVERALL STRATEGIES OF "GEAR UP! MOL" —CHALLENGE TO CREATE NEW GROWTH—

1. RECOVERY FROM ECONOMIC CRISIS AND ACCELERATION OF BUSINESS DEVELOPMENT IN GROWING MARKETS

Tailored Response to Customers' Needs in an Expanding Global Market

- Enhance business activities globally
- Enhance cost competitiveness
- Restructuring of the containership business
- Full utilization of the Group's synergized resources

ENHANCING INFRASTRUCTURE TO ACCOMPLISH STRATEGIES

- Adding unique value through business intelligence
- Risk management to ensure our growth
- Ongoing improvements to financial stability to enhance credibility
- Develop employees fully capable of addressing changes

2. ENHANCE SAFE OPERATION

Forge Ahead to Become "the World Leader in Safe Operation"

- Quantify safety and realize "4 zero" (prevent marine incidents, oil pollution, fatal accidents, and cargo damage)
- Enhance capability to perceive danger which breaks the links in chain of errors
- Invest 24 billion yen over 3 years to enhance safe operations
- Make use of advanced IT for safer operations
- Secure skilled seafarers and keep them well trained
- Enhance countermeasures against piracy and terrorism

3. ENVIRONMENTAL STRATEGY

Offer Transport Solutions with a Lower Environmental Burden

- Introduce vessel innovation to prevent global warming
  –Promote ISHIN project
  –Promote "ECO SAILING" on a larger scale
  –Reduce CO_2 emissions per ton-mile by 10% in FY2015 compared to FY2009
- Contribute to conservation of biodiversity and protection of the natural environment
- Positive investments to develop and implement environmental technologies
  –Invest 28 billion yen over 3 years

new midterm management plan is how to accelerate earnings growth, and put the company back into top gear as quickly as possible. I think it is well within our grasp to revive ordinary income levels to ¥200.0 billion or more.

As the diagram above shows, our new midterm plan focuses on three strategic objectives. The first and most important of these is to recover from the economic crisis and accelerate business development in growing markets. In support of these actions, the plan also aims to enhance operating safety and to address environmental issues.

Question: What assumptions has MOL made regarding market conditions, and what specific measures do you intend to implement, as a part of this plan?

Answer:

Specifically, we intend to aggressively channel management resources into growing overseas markets, and continue seeking ways to reduce costs.

One of the primary strategic objectives identified in the management plan is to "accelerate business development in growing markets." MOL will concentrate management resources on developing high-volume businesses, particularly in emerging economies such as China and India.

China is experiencing rapid economic growth, and this has contributed to an increase in imports of iron ore, coal, crude oil and grain. In recent years, the country has experienced a surge in LNG projects, and Chinese consumption of processed paper has increased over the past few years to some 90 million tonnes per annum, roughly 3 times the volume used in Japan. Therefore, we can expect increased import volume for paper and pulp. Although domestic production of automobiles is taking off, in the future we also expect automobile imports to rise. In India, meanwhile, the steel industry is expanding, generating import demand for coal. Import demand for crude oil, LNG and LPG is also likely to increase, as are exports of petroleum products and automobiles.

MOL has been strengthening its framework to address this demand. In fiscal 2009, overseas sales accounted for 51% of the company's sales total, and by fiscal 2012 we expect this share to reach 65%. This shift will require the enhancement of operational functions overseas. As we strengthen operations abroad, we also hope to lower the effective tax rate for consolidated operations.

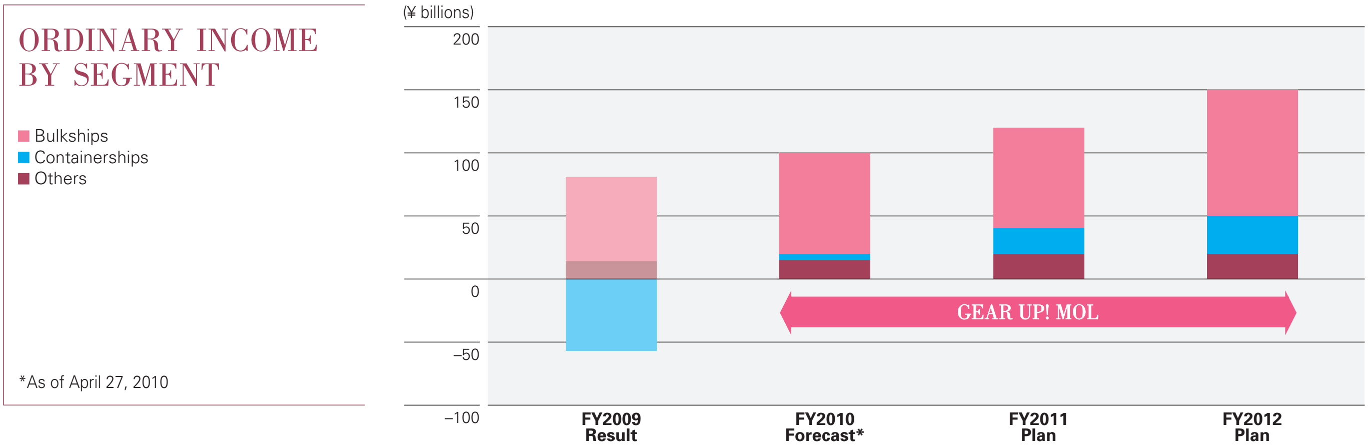
Cost competitiveness is another issue that the company must address. In response to the economic crisis, MOL cut costs in fiscal 2009 by some ¥77.0 billion. We intend to continue seeking ways to reduce costs and thus enhance cost competitiveness. Over the 3 years covered by the new midterm management plan, the company aims to reduce costs by a further ¥65.5 billion; ¥45.5 billion of these cuts should be completed during fiscal 2010.

Question: The plan sets an ordinary income target of ¥100.0 billion for fiscal 2010. How do you intend to reach this goal?

Answer:
We aim to increase market-sensitive profits, supplementing the earnings from our highly stable businesses.

Medium- and long-term contracts, with terms of over one year, comprise MOL's "highly stable profit businesses." These will generate a steady flow of around ¥80.0 billion in profit in fiscal 2010. The ordinary income target set out in the management plan, therefore, depends on how much profit is generated by MOL's more market-sensitive operations. In fiscal 2010, the most important element in these market-sensitive operations will be the containership business. We anticipate a dramatic improvement in freight rates which, according to our estimates, should be one of the major factors in lifting profits in this business by some ¥62.0 billion year on year. I therefore think it is highly likely that market-sensitive operations as a whole will generate over ¥20.0 billion in ordinary income. Adding this to the ¥80.0 billion in highly stable profits, I think the company will be able to reach the ¥100.0 billion target.

ORDINARY INCOME BY SEGMENT



*As of April 27, 2010

Question:

Since recovery in the containership business is one of the assumptions on which your earnings targets are based, what degree of certainty do these forecasts have, and how certain are you that the business will turn a profit?

Answer:

I strongly expect the supply-demand balance to improve over the next three years.

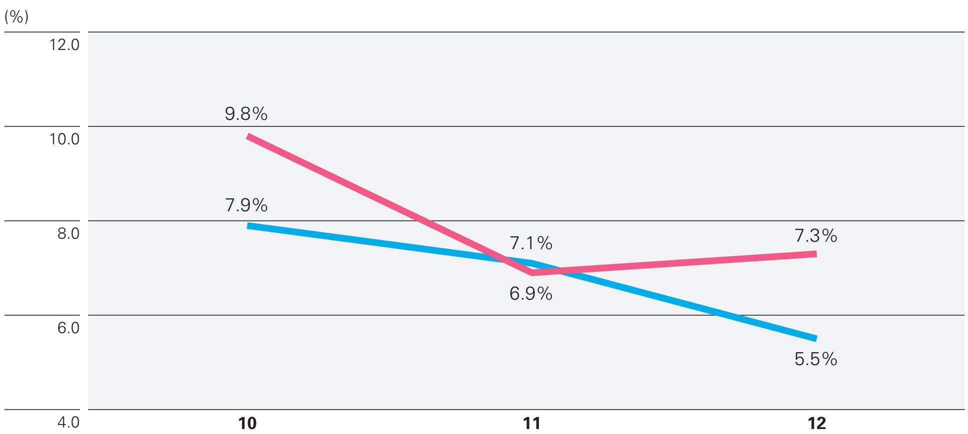
The container shipping business has generated a loss in each of the past two fiscal years, but all the marine transport operators have reduced their fleets and are operating ships at lower speeds. This is greatly lowering the industry's overall capacity. I do not think that the conditions faced by containership operating companies in recent years—dramatic oversupply—will continue. Even during the worst of the economic crisis, demand from emerging economies provided a base level of support for demand. Now that shipping volume in the leading industrialized countries is starting to recover, demand has stabilized and freight rates are recovering rapidly. Over the course of the current midterm plan, I think that the industry's increase in capacity will remain pretty close to the rate of demand growth. Therefore, we plan to expand the size of our fleet by just nine ships on a net basis over the next three years.

The plan calls for MOL to actively shift the allocation of vessels to routes that should experience stronger demand, such as north-south (Asia-South America/South Africa) and intra-Asia routes. Efforts to improve yield management* and develop terminal operations will also help to improve profits. In fiscal 2010, we not only anticipate a recovery in freight rates, but we also intend to cut costs in this business by ¥22.0 billion (as part of the aforementioned ¥45.5 billion in cost cuts). This will provide MOL's containership business with the ability to generate a profit.

* A sophisticated management technique to maximize profits from route operations by precisely monitoring net proceeds of each container, based on a round-trip service.

CONTAINERSHIP SUPPLY/DEMAND PROJECTION

Supply growth
Demand growth



Source: Supply growth = Drewry
Demand growth = Global Insight

Question:

Can you explain the concept behind the "Business Intelligence Platform" and explain the benefits that MOL expects it to produce?

Answer:

The basic concept is to pool the highly specialized knowledge that is currently possessed by only a few people in the company, and develop a platform that can make this information available to everyone.

Up to now, MOL has assigned in-house researchers the task of tracking market trends and causes, analyzing macroeconomic indicators, and then providing information on these trends to management, to help guide their decision-making. However, under the former structure, there was no means of ensuring that the information was disseminated throughout the company. We have recognized that the information researchers gather should be available to and accessible by anyone in the company, at any time. Not only managers, but even individual workers should be able to use this information, interpret it, and also decide whether or not there is additional information that needs to be added to the database.

So, the Business Intelligence Platform we intend to develop will ensure necessary information is available to everyone in the company. This platform also helps to ensure that the direction charted by the company is not set arbitrarily, by just a small number of people, but incorporates the creative input of every employee. Under the "MOL ADVANCE" business plan, we simply assumed that the company's strong leadership would make the most appropriate decisions on the company's direction, but with "GEAR UP! MOL," we will set up a structure in which the entire organization has input into the company's progress and evolution.

The marine transport business is a growing industry, and one in which management's responses to economic trends have a big impact on performance. Though the overall trends in earnings are mainly determined by market conditions, a company's relative ability to understand global perspectives, and use past experience to develop successful management strategies, can have a major impact on corporate value. Our new Business Intelligence Platform is intended to handle "knowledge management" for MOL, gathering the global perspectives and experience that the company has acquired over the years, and then making sure that the information is disseminated properly to all employees. Hopefully, it will also help the company to avoid unsuccessful business decisions, based on "common sense" notions that have prevailed sometimes when the market is too good. A global company like MOL should have a more powerful and sophisticated IT platform for ensuring decision-making is always soundly based especially when higher performance is expected.

Question: What policies have you adopted for environmental strategy and enhancing safe operation, under the new plan, and in what way do these policies differ from those used in the past?

Answer:

I think the key word that distinguishes my approach from the strategies used in the past is "visualization."

Fundamentally, the new approach to these two issues is no different from what we have done in the past, but under the new plan, MOL will try to find more concrete ways of showing progress in each area.

For example, taking the issue of safe operation, we have set the goal of becoming "the world leader in safe operation." At the same time as evaluating safety using objective standards, we are aiming to achieve an unblemished record in terms of serious marine incidents, oil pollution, fatal accidents, and cargo damage. In order to reach our goal of maintaining a perfect safety record on these matrices, we are spending ¥24.0 billion over 3 years to train seafarers, improve safety equipment and enhance IT use for ship management.

Regarding our environmental policies, as people already know, we have begun announcing the new "ISHIN" series of technically advanced ships, which far exceed other vessels in terms of fuel economy and CO_2 emissions. We have budgeted ¥28.0 billion over 3 years to fund further developments like this one.

Question: MOL has earned the highest credit rating of any company in the marine transport industry (Moody's gives MOL an A3 rating). What targets have you set, under the "GEAR UP! MOL" business plan, to measure the company's financial health?

Answer:

We aim to achieve a gearing ratio of no more than 100%, and will strive to be the company that more customers choose to handle their shipping needs.

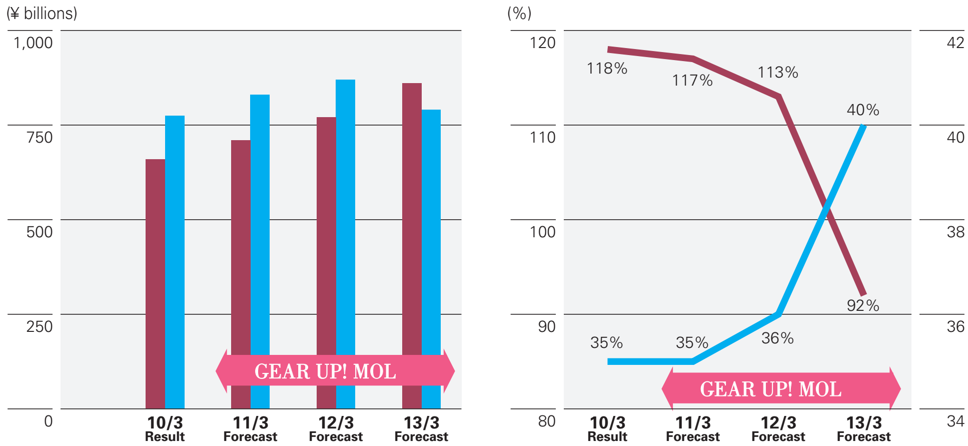
From the standpoint of credit ratings agencies, the key issue for a company in a cyclical industry such as ours is whether the company can ride out the storms of any cyclical downturn. In this context, one of the most important things they look at is the company's gearing ratio. As of the end of March 2010, MOL had ¥659.5 billion in shareholders' equity*, an equity ratio of 35.4% and a gearing ratio of 118%. From the standpoint of capital sufficiency, relative to risk, this level of shareholders' equity is still a bit low, and one of the goals of our new management plan is to increase shareholders' equity to

* "Shareholders' equity" in this section comprises the total of owners' equity and accumulated gains from valuation and translation adjustments.

FINANCIAL PLAN

- Shareholders' equity
- Interest-bearing debt
- Gearing ratio*1
- Equity ratio*2

Forecast = As of April 27, 2010



Term-end exchange rate (¥/$)				
MOL	93.04	90	90	90
Overseas subsidiaries	92.10	90	90	90

*1 Gearing ratio = Interest-bearing debt/ Shareholders' equity
*2 Equity ratio = Shareholders' equity/Total Assets

¥860.0 billion within 3 years by accumulating earnings. We have also set a target equity ratio of 40%, and aim to improve the gearing ratio to around 90%. The balance of interest-bearing debt outstanding is likely to increase temporarily, at the end of fiscal 2010, but by the end of the three-year period we expect to return to a positive free cash flow, and reduce the gearing ratio to the target level.

One other reason why we are very concerned about maintaining a good credit rating is that, in this business, the strength of a company's financial base has a very direct and noticeable impact on revenues. In the latter half of fiscal 2008, when credit uncertainty increased worldwide, shipping customers became extremely selective in choosing a shipping company, and based their decisions on credit risk. During fiscal 2009, MOL succeeded in landing large contracts with a number of major iron ore producers, large Chinese steelmakers, and major oil companies. One of the most important reasons for this success was MOL's financial strength, and this continues to be one of the company's strongest sales points.

KOICHI MUTO
President

Healthy Survivo

Under the captaincy of new president Koichi Muto, MOL has begun steaming ahead to achieve the goals of "GEAR UP! MOL," its new midterm management plan. With one of the world's largest and highly diverse fleets, an expansive global business network and varied financial strategies, we are well positioned to realize our goals.

Survival in the marine transport industry hinges on information. Leveraging our new "Business Intelligence Platform," we will make the right decisions and take the right actions based on more sophisticated analysis of global economic conditions, market trends and other information than ever before.

The seven executives featured in this section are at the frontline of MOL's efforts to materialize the goals of "GEAR UP! MOL."

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Question:
What Big Advantage Will MOL Have This Year as a Healthy Survivor of Last Year's Great Recession?

BULKSHIPS

DRY BULKERS

Answer:
The world's largest fleet of dry bulkers with many different types of ships gives us excellent flexibility in allocating vessels to the spot market and medium- or long-term contracts. We are able to make flexible proposals to customers, including supplying vessels to help them bridge the gap between new vessel order and delivery. We also have the expertise and financial strength to quickly scale back our fleet in a market down-cycle.

More Segment Information on page 38

BULKSHIPS

TANKERS

Answer:
The strength of MOL's tanker business lies in safe navigation of a huge fleet. Another advantage is our diversity, which allows us to quickly supply vessels ranging from VLCCs to product tankers, chemical tankers and LPG tankers. These strengths have been recognized by oil majors and other clients alike.

More Segment Information on page 41

MASAFUMI YASUOKA
Senior Managing Executive Officer

TSUNEO WATANABE
Managing Executive Officer

BULKSHIPS

LNG CARRIERS

Answer:

MOL boasts the world's largest fleet of LNG carriers, which are managed from five locations throughout the world: Tokyo, London, Jakarta (Indonesia), Muscat (Oman) and Arzew (Algeria). Backed by this robust ship management network, we have earned the confidence of major clients for our safe navigation track record. We will continue working tirelessly to improve our safety standards and retain our reputation for excellence in the safe and stable transportation of LNG.

More Segment Information on page 42

KAZUHIRO SATO
Senior Managing Executive Officer

BULKSHIPS

CAR CARRIERS

Answer:

We have one of the most extensive global networks in MOL. This allows us to quickly gather information worldwide for providing optimal solutions. Car shipping has always been a difficult sector for inexperienced operators to do well, because deep relationships of trust with automakers and high-quality transportation services are required. After the Lehman Brothers collapse, many relatively new entrants exited the market. This puts the onus on MOL even more now to fulfill its responsibilities as a market leader.

More Segment Information on page 43

TOSHITAKA SHISHIDO
Senior Managing Executive Officer

CONTAINERSHIPS

Answer:

The greatest strength of our containership operations is the diversity of our vessel portfolio. In the past, the more larger vessels one had the more competitive you were seen to be. Not anymore. Competitiveness these days lies in a company's ability to enter and exit markets with speed and use the right ship for the right port; such is the diversity of the ports around the world.

More Segment Information on page 44

JUNICHIRO IKEDA
Managing Executive Officer

FERRY AND DOMESTIC TRANSPORT

Answer:

MOL has strong businesses besides the ocean-going vessel business. Our ferry and cruise ship operations, MOL's only B2C-type business, are benefitting from demand created by Japan's aging society. Cruise ships, in particular, are coming of age so to speak. And our real estate operations are leveraging their strong balance sheet to capitalize on opportunities to purchase real estate at low prices in Japan, which should boost the stable earnings already being generated.

More Segment Information on pages 47 and 48

YOICHI AOKI
Executive Vice President

Answer:

MOL has conducted capital expenditures by efficiently managing funds as a group based on operating cash flows, while working to strengthen its financial position. Going forward, we intend to leverage our credit ratings, which are the highest in the marine transport industry, to raise funds on advantageous terms and further strengthen our international competitiveness. I am convinced that we can continue to convert the trust we have garnered from customers on account of our strong financial position into winning more contracts with favorable conditions.

More Information on page 63

SHUGO AOTO
Managing Executive Officer

MOL at a Glance

SALES BREAKDOWN BY SEGMENTS

54%

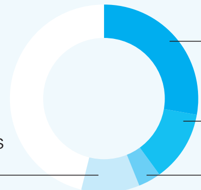
BULKSHIPS
(Dry Bulkers, Tankers, LNG Carriers and Car Carriers)

BUSINESS DESCRIPTION

MOL operates a world-class fleet of dry bulkers, tankers, LNG carriers and car carriers, including the world's largest fleet of dry bulkers, with 375 ships. Many of these are specialized vessels built specifically to suit a type of cargo; 142 (111 Capesize and 31 Panamax) supply iron ore and coal to the steel industry, 36 are specialized steaming coal carriers, 52 supply wood chips to the paper industry, and 7 are heavy lifters. Another 138 are general cargo bulkers which transport all manner of bulk cargoes in a sector where volume is increasing by around 5% per annum, ranging from grain to industrial goods. MOL's fleet of 195 tankers, which is one of the world's largest, is diversified to carry a wide range of liquefied products—46 are crude oil tankers, 51 are product tankers, 36 carry LPG and methanol, and 62 carry chemicals. MOL also has 76 LNG carriers, many assigned to specific projects, giving it the world's number-one share of this market. MOL operates a world-class fleet of 109* car carriers which offer high-quality service to transport finished vehicles to market. MOL has earned a reputation for reliability from its customers.

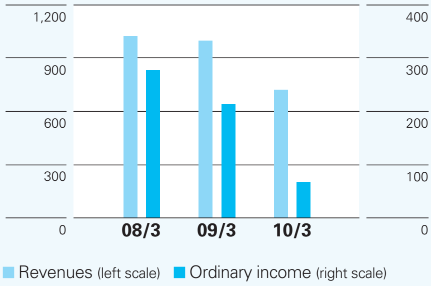
* Includes the ships of Nissan Motor Car Carrier Co., Ltd. which was made a consolidated subsidiary in fiscal 2009.

SALES BREAKDOWN



* Fiscal 2009 results. Please see page 92 for revenues figures.

PERFORMANCE



MOL FLEET COMPOSITION FY2009

DRY BULKERS

Bulk carriers

Wood chip carriers

Heavy lifters

LNG CARRIERS

	Bulk carriers 2009	Bulk carriers 2010	Wood chip carriers 2009	Wood chip carriers 2010	Heavy lifters 2009	Heavy lifters 2010	LNG carriers 2009	LNG carriers 2010
Vessels	300	316	48	52	8	7	72	76
Thousand deadweight tons	28,626	31,057	2,368	2,583	120	88	5,451	5,785

TANKERS

Crude oil carriers

Chemical/Product tankers

LPG tankers

CAR CARRIERS

	Crude oil carriers 2009	Crude oil carriers 2010	Chemical/Product tankers 2009	Chemical/Product tankers 2010	LPG tankers 2009	LPG tankers 2010	Car carriers 2009	Car carriers 2010
Vessels	42	46	127	136	9	13	89	109
Thousand deadweight tons	10,955	12,331	4,694	5,173	389	623	1,434	1,652

Note: Figures are as of March 31 of their respective year, including spot-chartered ships and those owned by joint ventures.

TOTAL FLEET

Vessels		Thousand deadweight tons	
2009 861	2010 905	2009 59,643	2010 64,337

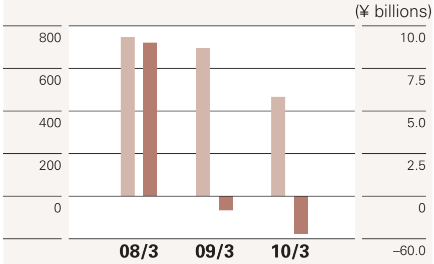
34% 4% 7%

CONTAINERSHIPS

BUSINESS DESCRIPTION

MOL operates a very diverse fleet of 101 containerships, both large and small, in all regions of the world. In addition to the key east-west routes linking Asia to North America and Asia to Europe, MOL also serves North-South or Intra-Asia routes, providing a balanced network that covers the entire globe and serves the transport needs of global clients. This segment also includes MOL's container terminal operations in Japan, the U.S., and Southeast Asia. In June 2009, the logistics business was integrated into containerships to capture greater synergies. MOL continues to provide optimal solutions matched to customer needs and a variety of services, including an ocean consolidation business (MOL Consolidation Service (MCS)) which can provide procurement and distribution services for various consumer products.

PERFORMANCE



Revenues (left scale) Ordinary income (loss) (right scale)

Including ex-Logistics

CONTAINERSHIPS

Vessels	
2009 115	2010 101

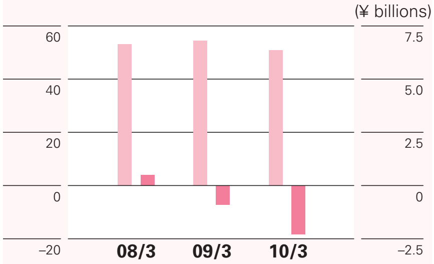
Thousand deadweight tons	
2009 5,418	2010 4,856

FERRY AND DOMESTIC TRANSPORT

BUSINESS DESCRIPTION

MOL has established an extensive service network which offers diversified and high-quality transportation services throughout Japan. As part of its efforts to address environmental concerns, the government is promoting a "modal shift" in transport, which emphasizes ferry transportation over trucking. The MOL Group serves as a model for this policy, with the most extensive domestic network of ferries and an aggressive program to tap latent demand for cargo shipping. MOL conducts activities such as planning tours in association with bus operators, and holding ferry observation tours for families in association with local governments. This segment also includes domestic transport of bulk cargoes such as coal, steel and salt.

PERFORMANCE



Revenues (left scale) Ordinary income (loss) (right scale)

FERRIES AND DOMESTIC CARRIERS

Vessels	
2009 46	2010 44

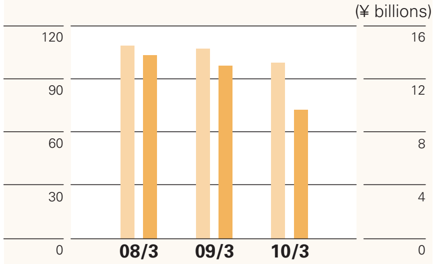
Thousand deadweight tons	
2009 160	2010 161

ASSOCIATED BUSINESSES

BUSINESS DESCRIPTION

This segment is centered on the office and residential building leasing operations of Daibiru Corporation, as well as one of Japan's largest tugboat operations. Other activities include marine consulting, maritime engineering, trading, and temporary staffing, most of which have some relationship to MOL's core ocean transportation business. The segment also covers the cruise ship operations of the fully renovated *Nippon Maru* and other cruise liners.

PERFORMANCE



Revenues (left scale) Ordinary income (right scale)

CRUISESHIP AND OTHERS

Vessels	
2009 5	2010 5

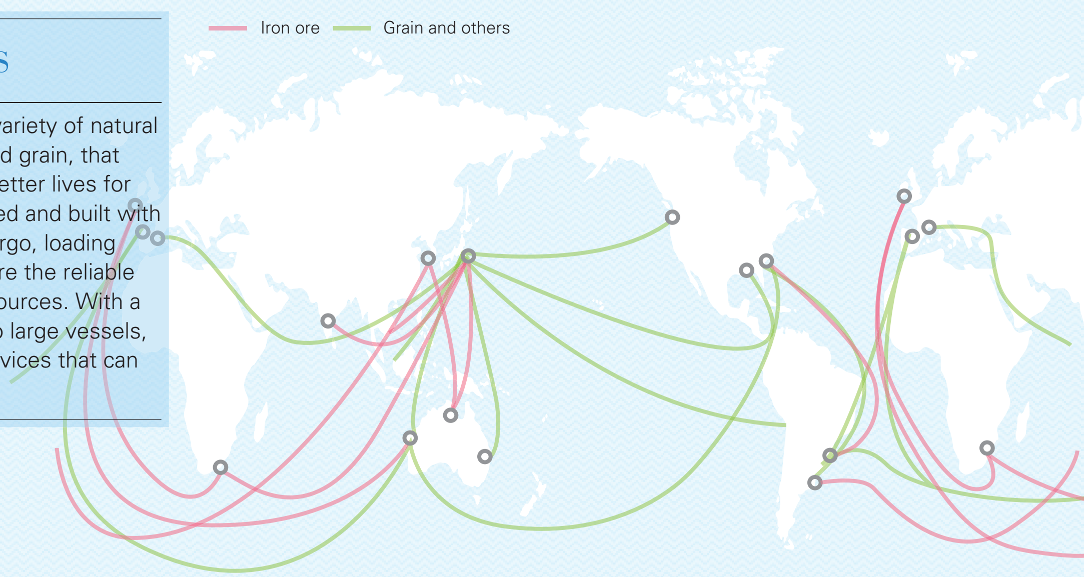
Thousand deadweight tons	
2009 28	2010 28

MOL's Main Routes

The MOL Group operates a total of approximately 900 vessels at present. This fleet is as diverse as it is large, including dry bulkers, which transport cargo ranging from steel raw materials and coal to wood chips, as well as oil tankers and LNG carriers, car carriers, and containerships that transport all manner of products. With this fleet, MOL sees itself as a "full-line marine transport group" capable of meeting the demands of the times in diverse fields.

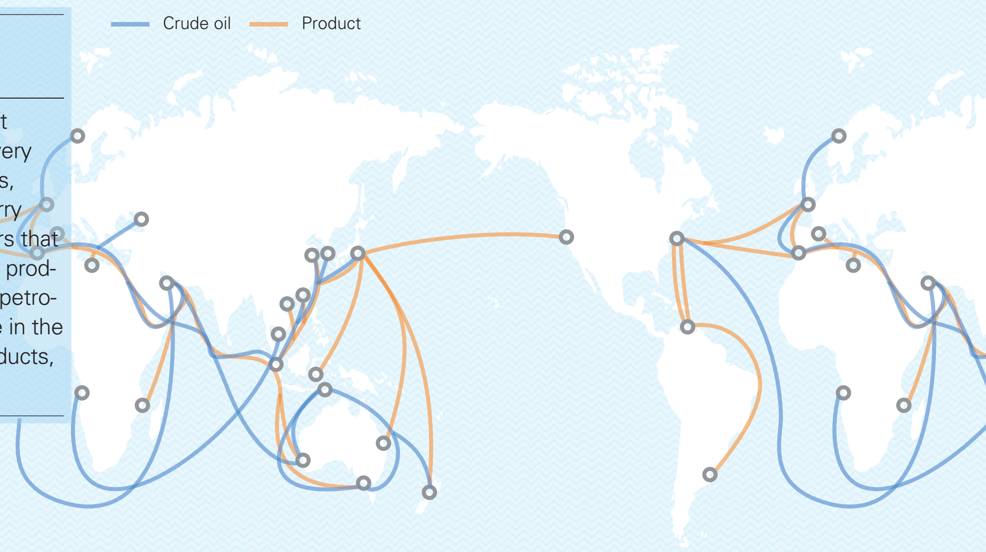
DRY BULKERS

MOL's dry bulkers transport a wide variety of natural resources, including iron ore, coal and grain, that contribute to industrial growth and better lives for all. These vessels, which are designed and built with consideration given to the type of cargo, loading port and unloading destination, ensure the reliable transport of these crucial natural resources. With a dry bulker fleet ranging from small to large vessels, we provide high-quality transport services that can cater to diverse customer needs.



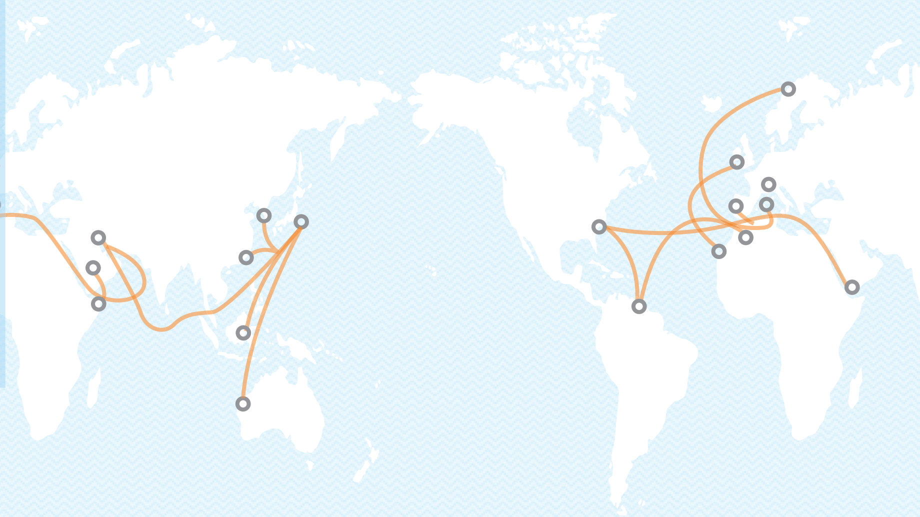
TANKERS

MOL boasts one of the world's largest and most diverse tanker fleets. Our tanker fleet includes very large crude carriers (VLCCs) and other oil tankers, large and medium-sized product tankers that carry refined petrochemical products, chemical tankers that transport methanol and other liquefied chemical products, and LPG tankers for transporting liquefied petroleum gas. As experts with extensive experience in the safe and efficient transportation of liquefied products, we contribute to the stable supply of energy.



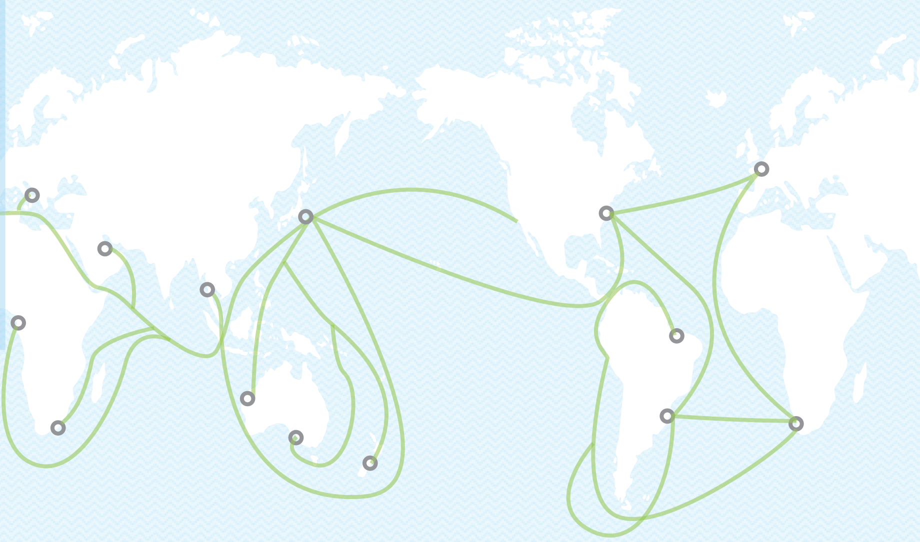
LNG CARRIERS

LNG is attracting considerable attention as an environmentally friendly clean energy resource and demand in rising around the world. At present, MOL is involved in approximately 20% of the LNG that is transported in the world through its ownership, management and operation of LNG carriers. With a top share in LNG transportation, we will meet ever-increasing LNG demand by ensuring reliable transportation through fleet expansion and safe operations.



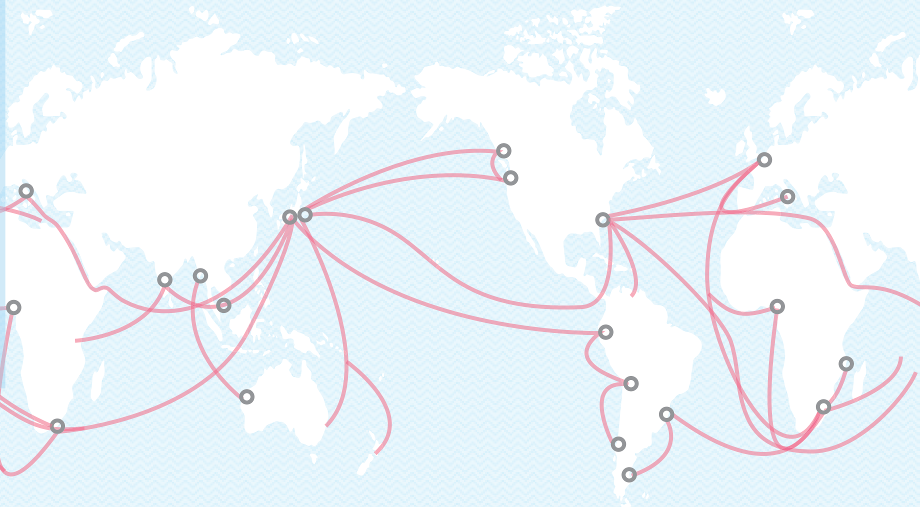
CAR CARRIERS

MOL provides safe and reliable transport services for exporting cars from Japan. In recent times, as automakers have started producing more vehicles overseas, demand has risen for service networks linking overseas ports without calling into Japan. Leveraging more than 45 years of know-how and experience in transporting cars, we provide comprehensive vehicle transport services.



CONTAINERSHIPS

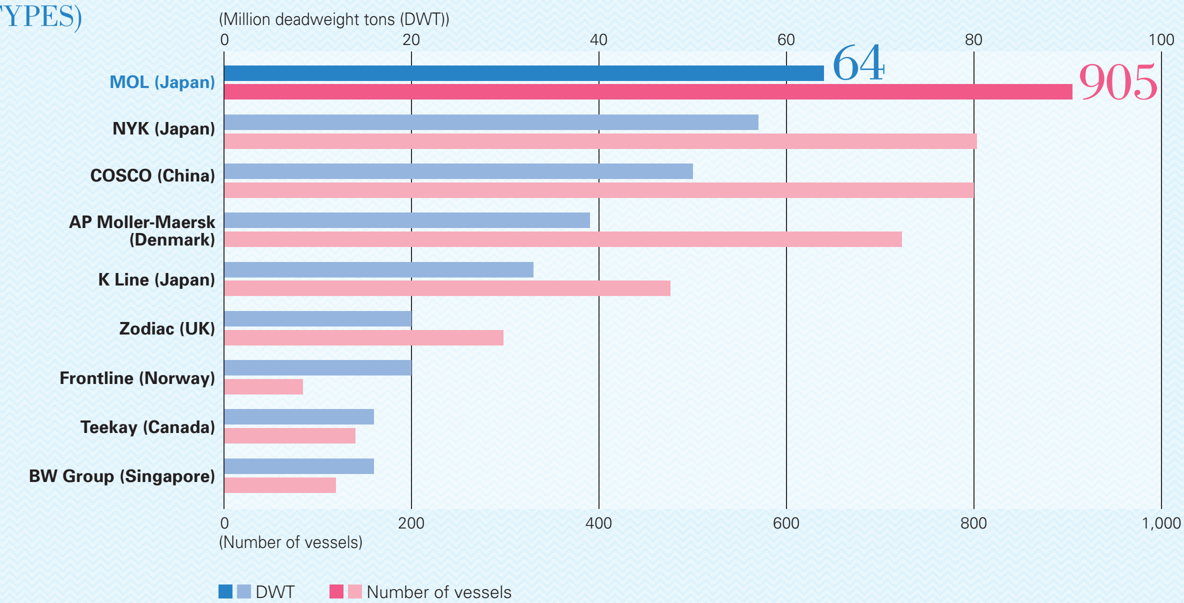
MOL's regular routes continue to widen around the globe year after year. In particular, in Asia, which has experienced striking economic development in recent years, and South America and Africa, regions where we have traditionally been strong, we are proud to say that we call into more ports than most of our rivals, thus catering to ever-diversifying customer needs. We also offer services for the Near and Middle East, Russia, Australia and elsewhere, providing a rich variety of high-quality transportation services.



MOL in the Industry

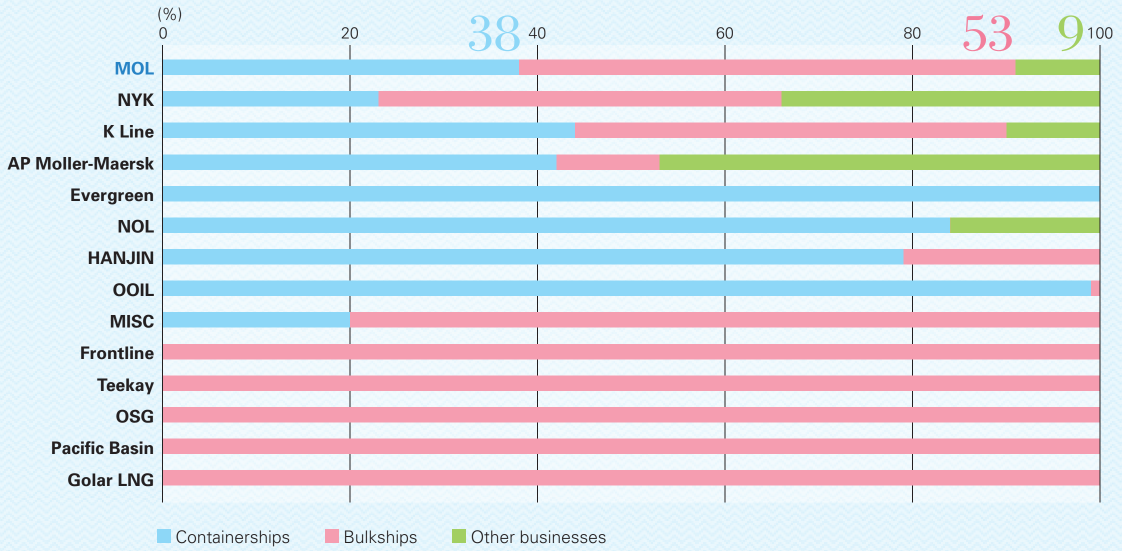
MOL operates a large and balanced oceangoing fleet. In terms of its total fleet size and presence in individual market categories, MOL ranks among the world's largest shipping companies.

WORLD MAJOR CARRIERS' FLEETS (ALL VESSEL TYPES)



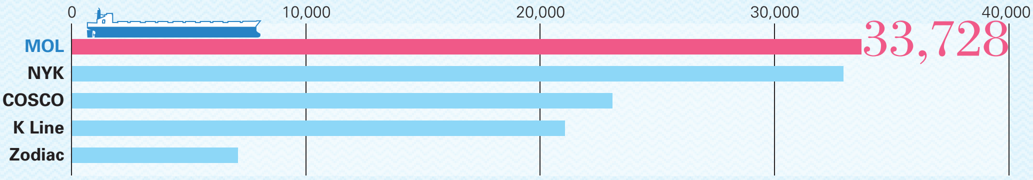
Source: Companies' published data, Clarkson Bulk Carrier Register 2010, etc.
As of April 2010

WORLD MAJOR CARRIERS' REVENUE PORTFOLIO BY SEGMENTS



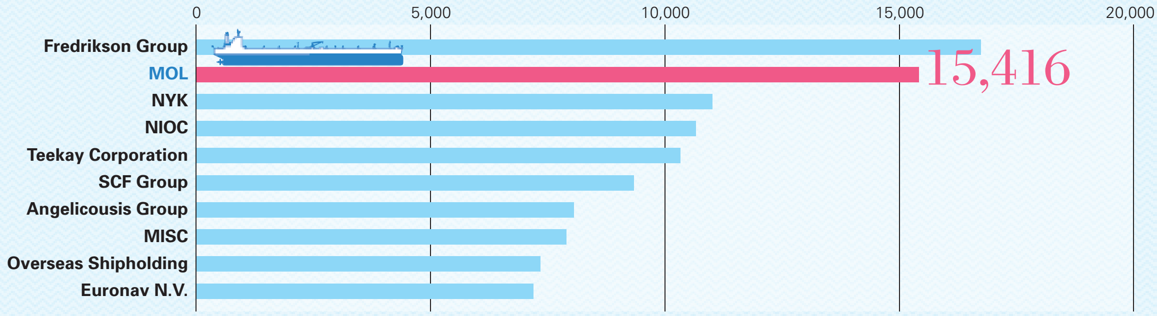
(Containerships include container terminals/agency businesses.)
Source: MOL calculations based on each company's financial statements (2009.1–12)

DRY BULKERS
(Thousand deadweight tons)



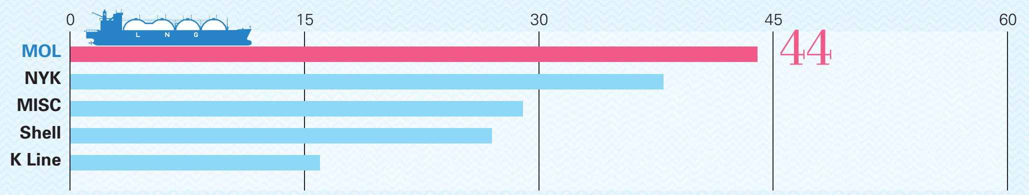
Source: Companies' published data, Clarkson Bulk Carrier Register 2010, etc.
As of April 2010

TANKERS
(Thousand deadweight tons)



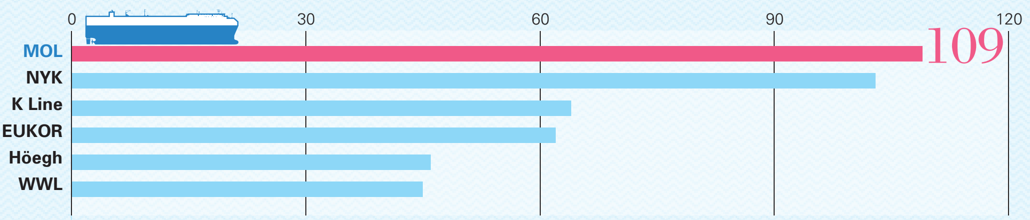
Sourse: Clarkson Tanker Register 2010

LNG CARRIERS
(Number of vessels)



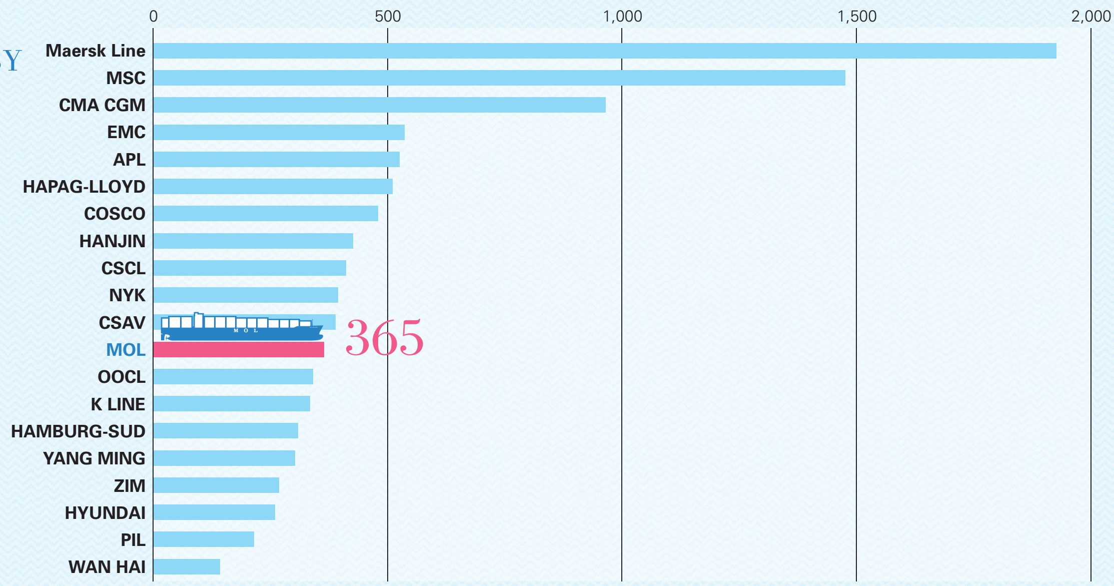
The above number shows the LNG fleet under each company's management and ownership
Source: MOL internal calculation
As of April 2010

CAR CARRIERS
(Number of vessels)



Source: MOL internal calculation
As of April 2010

CONTAINERSHIPS BY TEU CAPACITY
(Thousand TEU)



Source: MDS Transmodal "Containership Databank," April 2010
As of April 2010

Overview of Operations

BULKSHIPS

DRY BULKERS

MASAFUMI YASUOKA
Senior Managing Executive Officer

VESSELS

2008	364
2009	356
2010	375

RAW MATERIAL IMPORT DEMAND FROM EMERGING ECONOMIES UNDERPINS MARKET

Dry Bulkers experienced, but weathered relatively well, another year of market volatility in fiscal 2009. Much lower freight rates in the aftermath of the Lehman Brothers collapse in the latter half of fiscal 2008 spilled over into the past fiscal year. Average annual Capesize bulker rates were US$42,000 on the spot market during 2009, compared with US$77,000 in 2008. Our earnings dropped sharply as a result of the lower rates. However, once again, we were a major contributor to MOL's overall performance. I credit our relatively resilient performance to successful and nimble cost-cutting as well as strong seaborne trade in iron ore and coal. Our high degree of cost competitiveness gives us an edge in this market.

As of March 31, 2010, MOL operated 375 dry bulkers, which are broken down according to size and purpose into a number of sub-categories, including Capesize bulkers (the largest size among dry bulkers), Panamax bulkers, Handymax bulkers, Small Handy-size bulkers, wood chip carriers, heavy lifters, and short-range bulkers.

Dry bulker business operations are divided into two categories: iron ore and coking coal transportation, which is mainly driven by Capesize bulkers, and other dry bulk transportation conducted by smaller-size dry bulkers.

Iron Ore and Coking Coal Transportation

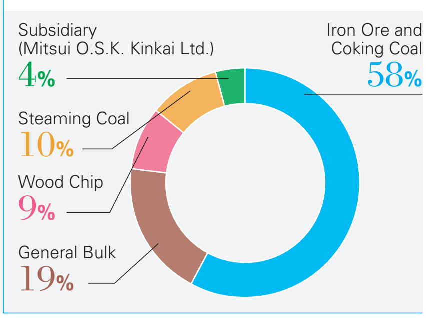
Chinese iron ore imports, which grew 180 million tons in the space of a year, unquestionably underpinned the market. Overall, iron ore seaborne trade volume rose 100 million tons in 2009 compared with 2008 thanks to China's imports, which offset falls elsewhere. Meanwhile, coal seaborne trade volume, while slightly down in global terms, surged to China, with imports there rocketing from 40 million tons in 2008 to 120 million tons in 2009.

Amid this volatile market, we managed to generate earnings by astutely managing our portfolio of ships. As of the end of fiscal 2009, MOL's fleet consisted of 111 Capesize bulkers and 31 Panamax bulkers. Half of these ships operate on contracts of more than 10 years, one quarter have medium-term contracts, including transport contracts based on a fixed quantity of cargo, so-called contracts of affreightment (COAs), and the remaining quarter operate on spot (short-term) contracts.

The Capesize bulker
Pleiades Dream

The coal carrier
Ishizuchi

CONSOLIDATED REVENUES BREAKDOWN
(RESULTS IN FY2009)



We succeeded with a strategy designed to efficiently use spot vessels and secure medium- to long-term contracts on advantageous terms. This strategy based on our fleet portfolio enabled us to provide flexible services to meet customer demands, and contributed to an increase in our stable profits. We won a number of significant long-term transport contracts in fiscal 2009 that were the culmination of past efforts and achievements. Examples included contracts with Chinese steelmakers Jiangsu Shagang Group Co., Ltd. and Anshan Iron and Steel Group Corporation, as well as resource major Rio Tinto.

The much-talked-about "2010 Problem" looks to be less of an issue than first feared. Initially, around 330 Capesize bulkers were predicted to enter service in 2010. However, only 47 vessels entered service in January-March 2010. Considering the fact that the first quarter of a year tends to see more new ships delivered than in any other quarter, around 170 ships are now expected to enter service in 2010. Make no mistake, there will still be more new ships delivered than in the past, but the market isn't oversupplied given the underlying demand for cargo space. To be sure, China still needs to invest in infrastructure, which has some industry observers suggesting that China's iron ore imports will rise nearly 100 million tons year on year in 2010.

Other Dry Bulk Transportation

Fiscal 2009 saw a drop in all types of cargo year on year; however, driven by demand from China and India, there was an overall recovery.

Small and medium-size vessels such as Panamax and Handymax bulkers have seen brisk markets due to increasing coal imports by China and India. Demand is increasing for smaller vessels than Capesize bulkers because only a limited number of ports in Asia can accommodate large vessels. Additionally, the fact that coal shipments are generally arranged in smaller volumes than iron ore shipments supports demand for small and medium-sized vessels; it is not easy to collect enough coal to fill up a Capesize bulker.

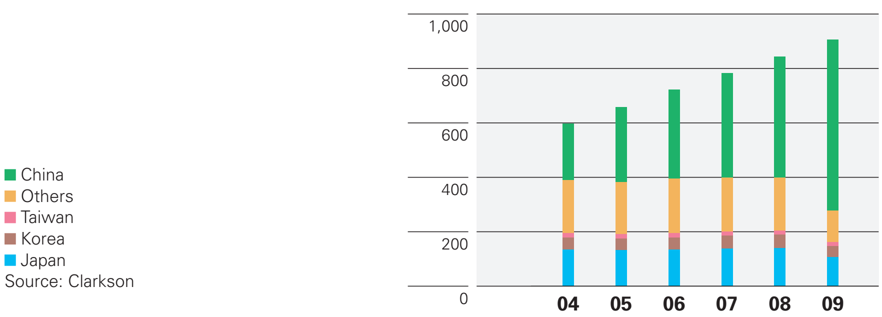
As for grain, trade volume dropped from 248 million tons in 2008 to 230 million tons in 2009. But bumper crops in South America point to a pickup in trade volume in 2010.

For the reasons I've just alluded to, we are upbeat about prospects for general cargo bulkers, too. The market is expected to recover to 2008 levels relatively quickly.

In other types of vessel, MOL currently has 36 specialized coal carriers, which predominantly operate on long-term contracts with electricity companies. Wood chip carriers, meanwhile, have generated earnings in recent times by transporting soybean meal (SBM) to Europe with spot vessels because papermakers have reduced production, which led to lower wood chip/pulp imports. A wood chip carrier is suitable for transporting light and voluminous cargoes, like SBM.

IMPORT AREA-WISE WORLD IRON ORE SEABORNE TRADE

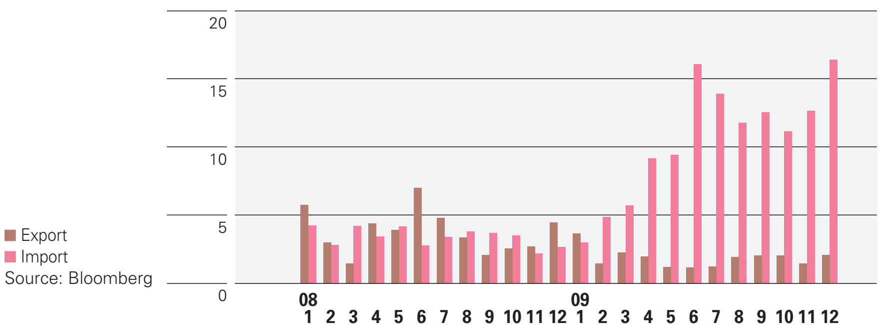
(million tons)



Source: Clarkson

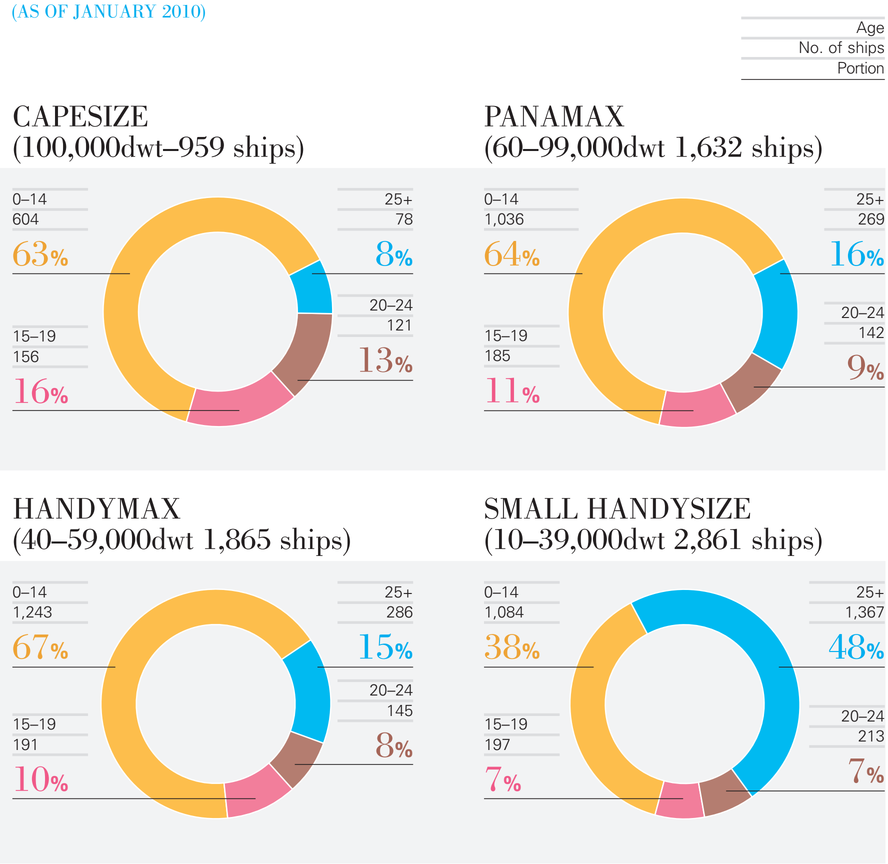
CHINA'S MONTHLY COAL IMPORT AND EXPORT VOLUMES

(million tons)



Source: Bloomberg

WORLD DRY BULKERS AGE PROFILE
(AS OF JANUARY 2010)



Source: Clarkson

BIG ADVANTAGE IN MIDTERM MANAGEMENT PLAN

Dry Bulkers is a core driver of MOL's earnings and we aim to ensure it remains a major contributor going forward. By the end of fiscal 2012, we plan to expand our dry bulker fleet to 450 vessels. We have been relatively conservative in our midterm management plan, but we are determined to strive for further growth. We have already ordered new vessels that will enter service during this 3-year management plan period. While we look to expand during the period thereafter, we will take a watchful stance on further investment, closely observing the global business environment.

Another goal during the new plan is preparing for downside market risks in the future, so that we are able to quickly reduce our fleet if necessary. We call this risk control approach *Sakaro* in Japanese, a backward sculling maneuver in rowing parlance. A prerequisite for this approach is a strong financial position, so that will be our first priority. To hedge risk and increase earnings in general cargo bulkers, we will look into the possibility of using freight forward agreements (FFA) more actively and/or other means.

China, India and Brazil will be key markets, and we plan to increase the number of local staff there to enhance our ability to gather market information. Actually, in the dry bulkers field, we have already chalked up some achievements such as transporting coal to an Indian power plant. There is no question in my mind that the Indian steel industry will grow and that coal imports will continue increasing as a result. I expect India will also import iron ore in the near future, even though it can support itself with domestically produced iron ore for now. Brazil also offers good opportunities because it doesn't have its own coal resources.

For a long time, it has been easy to enter the marine transport business. Having just one ship made it possible. However, the recent economic crisis has made safe operations and a strong balance sheet important points of differentiation among shipping companies worldwide. We are implementing various actions to ensure safe operations, which has been a hallmark of MOL, so that MOL is the world's shipping company of choice. Just as important is the environment. That's why we are building an environment-friendly, large-scale iron ore carrier called the *ISHIN-III**. This MOL concept vessel promises to reduce CO_2 emissions by 30%. We are committed to helping preserve the environment through our marine transport business, as well as customer satisfaction.

* ISHIN: **I**nnovations in **S**ustainability backed by **H**istorically Proven, **IN**tegrated Technologies

The wood chip carrier
HK Delight

BULKSHIPS

TANKERS

TSUNEO WATANABE
Managing Executive Officer

VESSELS

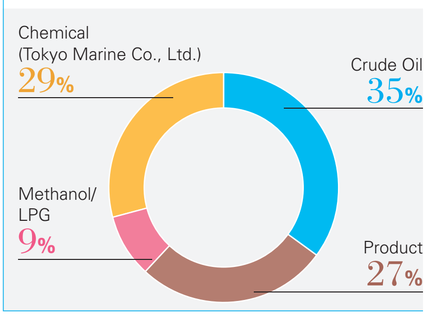
2008	166
2009	178
2010	195

MALAISE WEIGHS ON THE MARKET

World oil consumption declined in 2009 for the second straight year, after rising steadily for around 20 years. Although the decline over the past 2 years has been around only 1.7%, the World Scale* for VLCCs (Very Large Crude Oil Carriers) remained low, averaging only 42 in 2009 because of an oversupply of vessels. As a result, this division made a loss in fiscal 2009. I imagine the large market decline stemmed from sentimental factors, that is, an over-reaction to fears that cargo volumes might not increase for the time being. Since the beginning of 2010, increased imports by China has seen the WS rebound to 130, which suggests that market fundamentals were strong.

* World Sale (WS): the freight rate index for oil transportation by sea, Standard WS is set at 100.

CONSOLIDATED REVENUES BREAKDOWN
(RESULTS IN FY2009)



In fiscal 2008, our fleet of crude oil tankers became 100% double-hulled. And in May 2010 we completed the double-hulling of product tankers, too. Single-hulled oil tankers are, in principle, banned from operating from 2011 by IMO regulations, which should help restore some balance to the supply-demand equation, for single-hulled oil tankers have no choice but to eventually withdraw from international markets.

As of March 31, 2010, MOL's fleet comprised 46 crude oil carriers, 51 product tankers, 85 liquefied chemical product tankers and 13 LPG tankers. Most VLCCs and methanol tankers operate on long-term contracts, while the other vessels operate predominantly on short-term contracts. To achieve more stable earnings, we have started to use contracts of affreightment, or COAs, in the other tanker business.

BIG ADVANTAGE IN THE MID-TERM MANAGEMENT PLAN

Oil demand should increase if certain assumptions hold true: that the world's population increases, standards of living improve and world GDP grows steadily. Furthermore, ton-miles should also increase due to steady oil demand growth from emerging nations as they increasingly look to obtain oil from sources other than the Middle East. Based on these assumptions, we plan to expand our fleet from 195 vessels at March 31, 2010 to 220 vessels by March 31, 2013.

Our tanker business already generates more than 60% of its revenues overseas. We have extended our business bases to Singapore, London, Houston and elsewhere around the world and have already gained a global customer base, including oil majors. Now, we can differentiate ourselves from our competitors by offering flexible services to our global customers, leveraging a fleet that is one of the world's largest and most diverse. We plan to take advantage of existing bases worldwide and target emerging markets like Asia, the Middle East and South America, while growing our fleet.

Safe navigation is paramount for any oil tanker business. When oil majors charter ships, for example, they impose extremely strict operational conditions. To meet these exacting demands, MOL has been strategically developing the skills of seafarers and specialists for more than two decades and has put in place ship management bases in Singapore and London. This didn't just happen overnight and other companies can't soon emulate us. Coupled with our strong financial position, this gives us a big advantage.

VLCC
Perseus Trader

BULKSHIPS

LNG CARRIERS

KAZUHIRO SATO
Senior Managing Executive Officer

VESSELS	
2008	60
2009	72
2010	76

STRONG MARKET PRESENCE WINS LARGE CONTRACTS

We have been transporting LNG for around three decades and most of the LNG carriers that we own currently operate on long-term contracts. We made a major contribution to MOL's overall performance in fiscal 2009, just like in past years. Given the volatility seen in other sectors of the shipping industry, our stable earnings structure was particularly meaningful in the past fiscal year.

That's not to say that there aren't still many challenges ahead of us. In recent times, new LNG projects around the world have taken some time to come onstream, making dramatic business expansion unlikely. As projects come to fruition, however, the LNG market will surely expand.

Another issue is the large number of spot vessels that have rapidly come onto the market since around 2004. While this has quickly created a market for spot vessels, their oversupply has kept freight rates low. As for our LNG operations, we will see long-term contracts for our eight vessels expire towards the end of 2010. We will look to use these vessels in the most effective way possible, with our priority being to convert some of them into Shuttle and Regasification Vessels (SRVs).

Without doubt, our biggest highlight in fiscal 2009 was the signing of a contract for long-term charters of six LNG vessels with ExxonMobil affiliates, out of which four vessels are destined for China. MOL has worked hard to break into the Chinese LNG transport market, so this agreement was truly a significant milestone for us and is the result of working hand in hand with an oil major. We believe that we were selected by ExxonMobil because of our first-class LNG transportation record and sound financial condition.

BIG ADVANTAGE IN THE MID-TERM MANAGEMENT PLAN

Today, MOL's LNG carrier division generates the largest share of its earnings from Japan, which has been the prime market for LNG. But with LNG growing in demand worldwide, the LNG market looks even more attractive for us as a transporter, especially now that we have broken into the Chinese market at last. India is another market offering potential, because it is already a user of LNG and has an extensive domestic pipeline network just like the U.S. India may use this pipeline even more as gas demand grows.

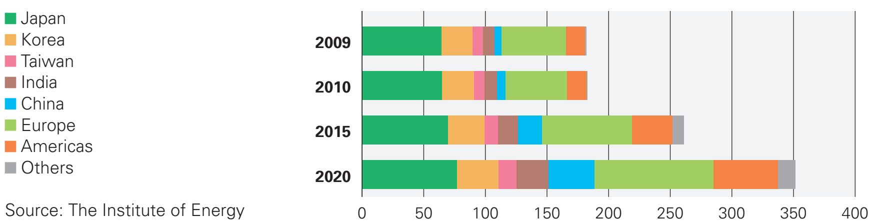
The use of floating regasification facilities is also expected to rise. The first of two new purpose-built SRVs in which MOL has a 50% interest was delivered in the fourth quarter of 2009 and started operations utilizing the new offshore facilities near Boston, U.S. We plan to leverage our experience from this project to tap into the high-potential LNG offshore market. Significantly, we have the option of converting some of the existing vessels coming off long-term contracts I mentioned earlier to provide a fast-track, low-cost option for new projects.

This division also operates Floating Production, Storage and Offloading (FPSO) units. In March 2010, we agreed to invest in the chartering of an FPSO to the Brazilian national oil company, Petrobras. This investment will add another stable profit earner to MOL's portfolio for 15 years from the fourth quarter of fiscal 2010.

The LNG carrier
Nizwa LNG

LNG DEMAND FORECAST

(million tons)



Source: The Institute of Energy Economics, Japan, etc.

CAR CARRIERS

TOSHITAKA SHISHIDO
Senior Managing Executive Officer

VESSELS	
2008	103
2009	89
2010	109

BOLD FLEET DOWNSIZING COUNTERS UNPRECEDENTED DROP IN DEMAND

The Car Carrier Division was probably hit the hardest of all MOL's operating divisions by the fallout from the Lehman Brothers collapse. In 2008, 14 million vehicles were transported worldwide, while in 2009 only 9 million were shipped. This resulted in a loss in fiscal 2009, the first for this division, because we have benefited in the past from constantly rising vehicle shipments.

In response, we boldly downsized our fleet. In fiscal 2008, we scrapped or redelivered 19 vessels. In fiscal 2009, we continued downsizing and have now reduced our fleet by 36 vessels in total (as of March 31, 2010), with 109 car carriers remaining in the fleet at the end of fiscal 2009*.

* In September 2009, Nissan Motor Car Carrier Co., Ltd. was made a consolidated subsidiary, so its ships are included in the total vessel numbers.

Besides fleet downsizing, we took other actions to get through fiscal 2009. We reduced Sunday and night loading, sailed slower, temporarily stopped using the Panama and Suez canals, and downsized the workforce. These cost-cutting measures enabled us to break even in the fourth quarter of fiscal 2009.

BIG ADVANTAGE IN THE NEW MIDTERM MANAGEMENT PLAN

Automobile demand now centers on Asia and smaller vehicles, with demand having peaked for large vehicles in the U.S. The Lehman Shock-precipitated market downturn was unprecedented, but changes in consumer preferences, vehicle production and demand areas have occurred repeatedly until now, at around 10-year intervals. Our business model is therefore designed so that we aren't susceptible to ever-changing market conditions. While carefully observing these changes, we aim to provide customers with best-fit solutions focused on their needs and based on market information we quickly glean from our worldwide network.

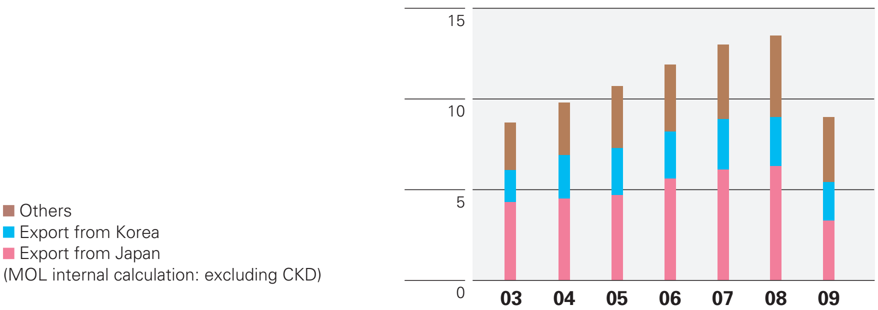
There is no question in my mind that automobile demand will steadily recover. As one of a handful of major car carriers in the industry, MOL aims to maintain a certain fleet size in order to meet the demand. In our new midterm management plan, we aim to ensure that we can transport around 3.3 million vehicles per year, while preparing for growing demand in cross trades and inbound cargo, as well. Obviously, we remain committed to being one of the world's best in terms of both size and quality.

Consideration for the environment is a priority issue for the auto industry. That's why MOL has supplied the industry with fuel-efficient ships that emit low levels of CO_2. In September 2009, we announced a new concept ship called the *ISHIN-I**. This ship should halve CO_2 emissions during voyages. *ISHIN-I* isn't an inexpensive vessel compared with current ship prices, but we are hopeful that automakers will see the environmental advantages of using this vessel to transport their vehicles.

* ISHIN: **I**nnovations in **S**ustainability backed by **H**istorically Proven, **IN**tegrated Technologies

WORLD CAR CARRIER TRADE

(million units)



(MOL internal calculation: excluding CKD)

The car carrier *Sunrise Ace*

CONTAINERSHIPS

JUNICHIRO IKEDA
Managing Executive Officer

VESSELS

2008	130
2009	115
2010	101

FORTHRIGHT ACTIONS FOR MARKETS IN RECOVERY MODE

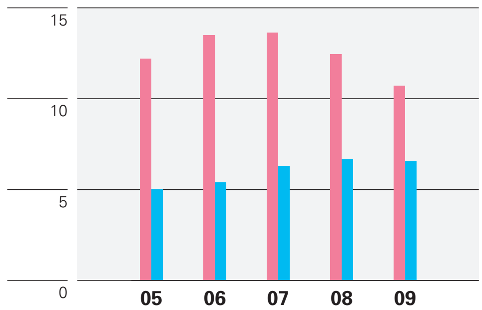
Containership operations in fiscal 2009 endured a sharp decline in cargo in the wake of the Lehman Brothers collapse. With freight rates also dropping, our sales fell around 30% year on year. While our ordinary loss of ¥57.0 billion was greater than fiscal 2008 as a result, it could have been much worse had we not taken forthright actions. We anticipated this sort of difficult environment from the outset of fiscal 2009 and I think we actually did well to limit the size of the loss. Encouragingly, we are seeing positive results in our operations at the beginning of fiscal 2010.

With MOL's cargo volumes down by 10% as a whole against fiscal 2008, we slashed capacity by more than this figure. We reduced capacity by 30% in Europe, which suffered the brunt of the market downturn. This involved reducing our alliance service from four loops to three. On the Asia-West Africa route, we stopped direct sailings, instead going via Europe to fill space. Capacity was also cut 12% on North America routes and 15% on the South-North route. Cargo volumes in Asia dropped temporarily in the aftermath of the Lehman Brothers collapse, but quickly recovered to finish the year on a par with fiscal 2008.

In line with the cargo drop-off, we took swift actions to downsize our fleet, and further rationalize our costs. In fiscal 2009, 14 new chartered ships and 8 newly built vessels entered service. But, we also scrapped 17 vessels and returned 19 chartered vessels. This resulted in a net 14-vessel reduction in our fleet and helped lower costs, as did route restructuring. Other cost-saving efforts included reducing fuel expenses by removing turbochargers, introducing combustion improvers and executing slow steaming in order to limit bunker consumption. Furthermore, we managed to cut operational expenses by proactively using our own vessel space instead of paying feeder expenses to other companies and so on. Along with organizational streamlining and tightening expenses at subsidiaries, we slashed costs by a total of nearly ¥30.0 billion.

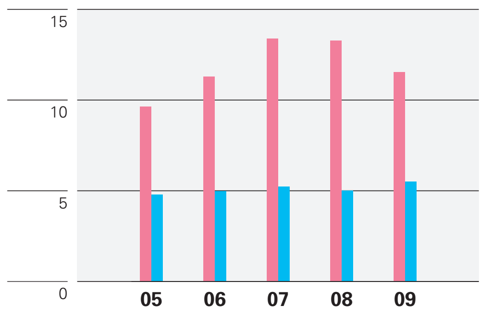
In the first half of fiscal 2009, we saw a significant drop-off in cargo volumes due to inventory adjustments worldwide. However, the container market had recovered much of this lost ground by the end of the fiscal year. Housing-related materials to the U.S. have been slow to recover, but

ASIA-NORTH AMERICA CONTAINER TRADE CARGO MOVEMENTS
(million TEU)



■ Outbound voyage
■ Inbound voyage
Source: Drewry

ASIA-EUROPE CONTAINER TRADE CARGO MOVEMENTS
(million TEU)



■ Outbound voyage
■ Inbound voyage
Source: Drewry

machinery and construction machinery have started to move after shipments stopped completely and most other cargoes are picking up as well. Compared with peak levels before the Lehman Shock, cargo volumes on the North America trade route are now 10% lower. Similarly, cargoes destined for Europe have also climbed to around 10% below their peak, but on South-North routes fully recovered in the latter half of fiscal 2009. We are enhancing our Intra-Asia and South-North routes destined for South Africa and Brazil. MOL transports large volumes of automobile-related products from Japan and Thailand, and electronic products and miscellaneous products from China to Africa, Chile and Brazil. We regard Brazil, in particular, as the largest market, considering its greater purchasing power.

In business other than containerships, full-scale operations began at the new MOL container terminal in Jacksonville, Florida. This terminal had the misfortune of commencing operations in a year when volumes were noticeably lower due to the Lehman Shock, but its prime location north of Miami, where the population is growing rapidly and many retailers are setting up distribution bases, augurs well for increased volumes once the U.S. economy regains its footing.

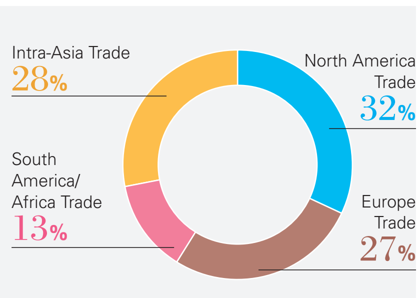
The global ocean consolidation business experienced a 20% drop-off in volume as a whole. But, MOL Consolidation Service (MCS) increased cargo volume from 80,000 TEU in fiscal 2008 to its initial goal of 100,000 TEU as it succeeded in gaining more customers. Earnings have grown steadily and it secured a profit in fiscal 2009. MCS now has around 60 corporate customers, mainly medium-sized North American customers, and its service quality has won high marks. While aiming to achieve steady growth in the range of 10% to 20% per annum, MCS expects to see volume increase further if there is a bona fide economic recovery in the U.S. Our alliance with Kintetsu World Express, Inc. is reaping synergies from the use of that company's air freight services, helping our logistics business to grow steadily.

BIG ADVANTAGE IN THE MID-TERM MANAGEMENT PLAN

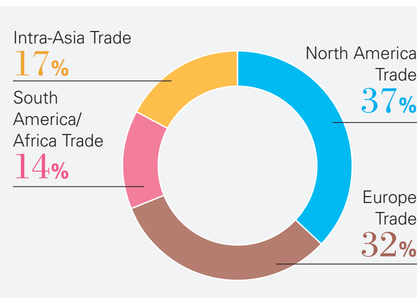
In fiscal 2010, we expect freight rates to return to 2008 levels. Having cut bunker costs by ¥10 billion through slow steaming and reducing organizational costs by ¥10 billion compared with fiscal 2008, we aim to generate a profit in fiscal 2010. In terms of our midterm management plan for the next 3 years, we are targeting ordinary income of ¥5 billion, ¥20 billion and ¥30 billion in the fiscal years ending March 31, 2011, 2012 and 2013, respectively. We wish to recoup the large loss we made in fiscal 2009 as quickly as possible over the next three years. We have set a sales target of ¥620 billion for fiscal 2012. This is lower than the ¥680 billion recorded in fiscal 2008 and is therefore by no means an overly ambitious goal. However, as we reduced vessel capacity considerably in fiscal 2009, we expect it will take around three years before our sales return to the former level. Economists are generally predicting that the global economy will move onto a growth trajectory in the latter part of 2010. By then, demand should have moved closer to supply and it should be possible to realize the profit levels of our midterm management plan. Therefore, I am relatively upbeat about the outlook for the containership business.

The containership
MOL Endeavor

CAPACITY BY TRADES
(RESULTS IN FY2009)



REVENUE BY TRADES
(RESULTS IN FY2009)



The difficult conditions of the past few years have left many of our rivals with weak financial bases, so few shipping companies are in a position to attempt to grab market share by offering unreasonably low freight rates as was the strategy employed by some in the past. Now that all shipping companies are trying their best to raise freight charges and generate cash, we do not expect to see intense freight rate competition anymore. Of course, we must always take into consideration what actions other shipping companies might take once they begin to generate constant profits with higher freight rates realized.

We will put more focus on the South-North route, because we expect this route will have the highest growth rate. Fortunately, we have a long history of operating on this route. In addition, we have ordered fuel-efficient, cutting-edge vessels that we plan to bring into service on the Asia-East Coast South America route in 2011. Ports on this route can accommodate vessels only up to a certain size, so we believe these vessels will afford us a competitive edge in terms of fuel economy and loading capacity.

While our vessel expansion plan calls for 28 vessels to enter service over the next 3 years, the net increase over the period covered by the midterm management plan should be only 9 vessels compared with March 31, 2010, as we plan to return 19 vessels operating on medium-term and spot charter agreements. Previously, the supply of containerships was predicted to increase by 10% to 15% every year between 2009 and 2011. However, due to cold lay-ups, order cancellations and delayed service entry, this figure has been revised down to around 6% to 7% on average over this 3-year period. This will give the market a well-balanced look in terms of demand and supply. That said, there were approximately 450 ships on cold lay-up as of the end of fiscal 2009, giving some cause for concern in the market. However, it will take some time before all these vessels return to service.

To differentiate MOL from others and maximize profit, we are always on the alert so that we can respond to new market demand quickly. A case in point is our joint terminal operation company in Vietnam's Cai Mep region, where we were one of the first companies to commence direct operations accommodating large vessels. If there is new service demand or markets, then we will swiftly and aggressively target them. Equally, our approach will be to exit rapidly if operations don't go according to plan. Unlike many other companies, MOL isn't dependent only on large vessels. We have a broad range of ships with a fleet based on versatility. Because we can supply ships to meet the demands of any type of port in the world, we can operate a nimble containership business going forward.

The containership
MOL Paramount

In terms of the environment, we have sailed slower in recent times, which resulted in large reductions in CO_2 and fuel consumption. Slow steaming is something customers are getting accustomed to due to growing worldwide interest in environmental conservation, and is also going to slash bunker costs in the future when bunker accounts for a large portion of our operational expenses and prices are expected to be higher than today. Accordingly, we are planning to continue adopting the same approach even when the market recovers.

The containership business remains a growth industry as long as the world's population continues to grow. With the existing supply-demand gap and freight rate fluctuations, this business is becoming more volatile. But I'm convinced that we can generate a return commensurate with our investment in this business over the long term.

FERRY AND DOMESTIC TRANSPORT


YOICHI AOKI
Executive Vice President

VESSELS	
2008	46
2009	46
2010	44

GOVERNMENT EXPRESSWAY TOLL POLICY MORE VEXING THAN THE ECONOMIC DOWNTURN

Fiscal 2009 presented us with a number of challenges as our ordinary loss widened to ¥2.3 billion. One challenge was the decreased movement of people and cars because of the economic downturn. More troublesome, though, was government policy that set expressway tolls at a low fixed price, precipitating a shift away from ferries to land transport. Our Kansai-Kyushu (Setonaikai) routes run parallel with an expressway, so those routes were hit particularly hard. In terms of numbers, cargo volume and passengers were down 20–25% and 15–20%, respectively, on those routes, but cargo volume declined only 5% on the Hokkaido route year on year.

Not everything went against us, for the bunker price was substantially lower than in 2008. However, the current bunker adjustment factor (BAF) system* didn't support our profit, because of its formula for settlement. We will therefore endeavor to revise the formula in fiscal 2010.

* BAF: a fuel surcharge assessed by the carrier to cover extra costs.

Our actions for creating profits never end. We pushed ahead with ongoing efforts to rationalize capacity of our ferry fleet. On the Middle Kyushu route, we gradually reduced capacity to four services with four vessels in fiscal 2009; while we had eight services with eight vessels seven years ago. This resulted in a well-balanced supply-demand equation, giving us a better utilization rate and sustaining the freight rate level.

Ferry transport is relatively environmentally friendly and thus has a leading role to play in the Japanese government's important "modal shift" policy. However, if the government persists with its current expressway toll policy, ferry services could very well gradually disappear from Japan's coastal waters and may lessen Japan's ability to achieve its CO_2 reduction target.

In the domestic coastal shipping business, we succeeded in producing stable earnings in fiscal 2009, as demand for the transport of steel recovered, while we kept cutting costs throughout fiscal 2009.

BIG ADVANTAGE IN THE MID-TERM MANAGEMENT PLAN

As one of MOL's few B2C operations, the ferry business will continue to raise service quality and strengthen marketing activities to attract more passengers. Ferries are ordinarily moored during the day after their routine voyage overnight, but we started day cruises near ports to make use of this downtime, from spring 2010. We will also make ferry travel even more enjoyable, by offering live jazz bands in restaurant areas with enriched meal services. We will come up with ideas to entice more people to spend their leisure hours on the seas.

Shanghai Super Express (SSE), a unique service connecting Hakata and Shanghai with a lead time nearly on a par with air transport, turned in a strong performance in fiscal 2009. SSE presently operates twice a week on this route and is pursuing better service quality and flexibility.

To improve the environmental friendliness of ferries, we announced an *ISHIN-Ⅱ** concept vessel in December 2009. This new vessel uses electricity supplied from shore and rechargeable batteries while in port, as well as low-emission LNG as fuel once underway. It promises to cut CO_2 emissions by 50%. We aim to achieve protection of the earth and enhance our stature in the ferry market at the same time.

* ISHIN=**I**nnovations in **S**ustainability backed by **H**istorically Proven, **IN**tegrated Technologies


The ferry
Sunflower Gold

ASSOCIATED BUSINESSES

YOICHI AOKI
Executive Vice President

VESSELS

2008	5
2009	5
2010	5

STABLE PROFITS AT DAIBIRU, RENOVATION OF *NIPPON MARU* COMPLETED

Daibiru's real estate operations account for a large share of earnings in associated businesses. Following the completion of the Nakanoshima Daibiru Building in March 2009, the Tosabori Daibiru Building was completed in July 2009. The Central Osaka business district, where these buildings are located, is now under redevelopment, with old buildings being demolished and rebuilt. As both buildings were completed in the early stages of this redevelopment, they were able to receive tenants displaced by ongoing rebuilding work. The Japanese real estate market is still depressed, but Daibiru has many properties in prime locations in Tokyo and Osaka with high occupancy rates and rents, helping sustain highly stable profits for the MOL Group.

The cruise ship business saw earnings deteriorate in fiscal 2009, because a large number of non-operating days were necessary in 2009 for *Nippon Maru* as she underwent extensive renovation in the dock. Now, *Nippon Maru* is equipped with new features that will surely appeal to cruise customers. The rejuvenated *Nippon Maru* made its maiden voyage in March 2010. Normally, the cruise ship business tends to be affected by prevailing economic conditions. However, the public reaction to our upgraded service has been extremely encouraging.

Our tugboat business is mainly conducted by 6 companies in Japan, operating 40 boats in total. In spite of a decline in the number of vessels entering port, we still managed to generate a profit in these operations with cost-cutting campaigns, including slow steaming.

BIG ADVANTAGE IN THE MID-TERM MANAGEMENT PLAN

Until now, Daibiru has concentrated on renovating key but aging properties in Osaka. It has now changed tack to focus on raising earnings power by renovating properties other than the two Daibiru buildings mentioned above. At present, Daibiru generates slightly more income in Tokyo than Osaka. Because Tokyo properties are more profitable, Daibiru aims to raise the share of income from Tokyo further within its property portfolio. Based on this strategy, in January 2010, Daibiru acquired a commercial building in Akihabara and followed this up with the acquisition of an office building in Aoyama in April 2010. At present, falling real estate prices in Japan are providing Daibiru with some good buying opportunities which it can take advantage of due to its strong financial position.

The rejuvenated *Nippon Maru* plans to focus on leisure cruises offering premium services. She will offer the type of luxury not seen in Japan before, like superior cuisine, beauty salons, aromatherapy and nail salons, and fitness amenities. This has already helped raise cabin prices and attain a high occupancy rate. Japan has been slow to embrace cruising as a leisure activity. But as the country's population ages, demand for new leisure activities is starting to take root.

Daibiru Corporation acquired *AOYAMA RISE SQUARE* in Tokyo in April 2010

Key Systems Underpinning MOL:
Corporate Governance and Corporate Social Responsibility

Contents

Board of Directors, Corporate Auditors and Executive Officers
(As of June 22, 2010)

CORPORATE AUDITORS

KAZUMASA MIZOSHITA
Corporate Auditor

JUNICHI NARITA
Corporate Auditor

KENSUKE HOTTA
Corporate Auditor

SUMIO IIJIMA
Corporate Auditor

EXECUTIVE OFFICERS

AKIMITSU ASHIDA
Chairman

MASAKAZU YAKUSHIJI
Vice Chairman

KOICHI MUTO
President

YOICHI AOKI
Executive Vice President Executive Officer
(Assistant to President [Mainly in Administrative Divisions, Technical Division, LNG Carrier Division], Human Resources Division, Group Business Division, Kansai Area)

MASAFUMI YASUOKA
Senior Managing Executive Officer
(Coal and Iron Ore Carrier Division, Bulk Carrier Division)

TOSHITAKA SHISHIDO
Senior Managing Executive Officer
(Car Carrier Division)

HIROSHI TANAKA
Senior Managing Executive Officer
(Research Office, Dedicated Bulk Carrier Division)

KAZUHIRO SATO
Senior Managing Executive Officer
(LNG Carrier Division, MOL LNG Transport Co., Ltd.)

SOICHI HIRATSUKA
Senior Managing Executive Officer
(Human Resources Division, Marine Safety Division, MOL Ship Management Co., Ltd., MOL Tankship Management Ltd., MOL LNG Transport Co., Ltd.)

TSUNEO WATANABE
Managing Executive Officer
(Tanker Division, MOL Tankship Management Ltd.)

KENJI YOKOTA
Managing Executive Officer
(Technical Division)

TAKASHI KURAUCHI
Managing Executive Officer
(Car Carrier Division)

MAKOTO YAMAGUCHI
Managing Executive Officer
(Bulk Carrier Division, Dry Bulk Carrier Supervising Office)

KENICHI NAGATA
Managing Executive Officer
(Coal and Iron Ore Carrier Division)

TETSUYA MINATO
Managing Executive Officer
(Liner Marketing, President of Mitsui O.S.K. Lines (Japan), Ltd.)

SHUGO AOTO
Managing Executive Officer
(General Affairs Division, Finance Division, Accounting Division, Investor Relations Office)

JUNICHIRO IKEDA
Managing Executive Officer
(Liner Division)

KAZUNORI NAKAI
Executive Officer
(Tanker Division)

MASAHIRO TANABE
Executive Officer
(Managing Director, MOL (Europe) B.V.)

SHIZUO TAKAHASHI
Executive Officer
(Internal Audit Office, Secretaries Office, Corporate Planning Division, Public Relations Office, MOL Information Systems, Ltd.)

MASAAKI NEMOTO
Executive Officer
(Marine Safety Division, MOL Tankship Management Ltd., MOL LNG Transport Co., Ltd.)

KIYOTAKA YOSHIDA
Executive Officer
(General Manager of Technical Division)

HIROKAZU HATTA
Executive Officer
(General Manager of Human Resources Division)

MASATOSHI NAKAJIMA
Executive Officer
(General Manager of Bulk Carrier Division)

TAKESHI HASHIMOTO
Executive Officer
(General Manager of LNG Carrier Division)

HIROYUKI FUKUMOTO
Executive Officer
(General Manager of Car Carrier Division)

TETSURO NISHIO
Executive Officer
(General Manager of Dedicated Bulk Carrier Division)

TOSHIYA KONISHI
Executive Officer
(General Manager of Liner Division)

BOARD OF DIRECTORS

From Left to Right

A. MASAFUMI YASUOKA
Director

B. KOICHI MUTO
Representative Director

C. MASAKAZU YAKUSHIJI
Representative Director

D. YOICHI AOKI
Representative Director

E. AKIMITSU ASHIDA
Representative Director
Chairman

F. TOSHITAKA SHISHIDO
Director

G. TSUNEO WATANABE
Director

H. SADAYUKI SAKAKIBARA
Director
(President, CEO and COO, Representative Director Toray Industries, Inc.)

I. KUNIO KOJIMA
Director
(Advisor, Japan Securities Finance Co., Ltd.)

J. TAKESHI KOMURA
Director
(Executive Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd.)

MOL'S PHILOSOPHY, MANAGEMENT REFORMS AND ACHIEVEMENTS

The MOL Group established the MOL Group Corporate Principles in March 2001. One of the pledges in our Corporate Principles states, "We will strive to maximize corporate value by always being creative, continually pursuing higher operating efficiency and promoting an open and visible management style that is guided by the highest ethical and social standards."

In order to realize the ideals set forth in the principles, MOL reformed its corporate governance structure, instituting management reforms that brought external directors onto the board, separated management and executive functions, and set standards for accountability, risk management and compliance. These reforms were implemented as follows:

1997	Outside auditors increased from one to two out of a total of four auditors
1998	George Hayashi (former APL chairman) invited to join the Board of Directors. (Became Director and Vice President in 1999, following revision of the Shipping Act)
2000	Management organization reform 1. Introduced a system of executive officers 2. Abolished the Managing Directors Committee and established an Executive Committee (reduced the membership from 21 to 10) 3. Reformed the Board of Directors (redefined its duties as the highest-ranking decision-making body and the supervision of business activities) and reduced membership from 28 to 12 4. Elected two external directors 5. Established the Corporate Visionary Meeting Established the IR Office Started holding the Annual General Shareholders' Meeting on a day relatively free of other shareholders' meetings
2001	Established the MOL Group Corporate Principles Added one more external director, increasing the number of external directors to three Established Compliance Policy and a Compliance Committee
2002	Second stage of management reforms Reforms reinforced roles of the Board of Directors concerning determination of basic strategies and monitoring risk management while providing for faster decision-making at the business execution level 1. Board of Directors was reorganized to carry out three important functions: (1) deliberation on issues requiring approval by the directors; (2) receipt of reports on business operations; and (3) deliberation on corporate strategy and vision 2. Review and consolidation of issues submitted to the Board of Directors 3. Expanded jurisdiction of the Executive Committee regarding execution of business activities
2006	Decided basic policy on the establishment of internal control systems in response to enforcement of the new Japanese Corporate Law

Actions in Recent Years	
June 2006	In response to the enforcement of the Financial Instruments and Exchange Law, the Internal Control Planning Office was established in the Corporate Planning Division.
Fiscal 2007	The Internal Control Planning Office enhanced internal control systems for the purpose of ensuring the accuracy of financial reporting, in accordance with the Financial Instruments and Exchange Law.
Fiscal 2008	We have been using management evaluations of internal controls relating to financial reporting required by the Financial Instruments and Exchange Law since fiscal 2008, audits by the Internal Audit Office and advice based on the results of those audits, to improve internal controls throughout the group.
Fiscal 2009	We submitted an internal control report to the Kanto Local Finance Bureau in Japan containing an assessment by management that internal controls over financial reporting at MOL were effective.
Number of Meetings of Governance Bodies in Fiscal 2009	
	The number of meetings during the fiscal year of the Board of Directors, Executive Committee and their sub-committees is shown in the Corporate Governance Organization chart on the opposite page.

The chart on the next page shows the structure of our corporate governance organization.

At MOL we believe that the essence of corporate governance lies not in its structure or organization, but in whether or not it functions effectively. In our case, the corporate governance structure described previously functions as follows:

1. Major investment projects, such as the construction of new vessels, are submitted to the Board of Directors at the basic policy formulation stage. The 10 directors, including external directors, thoroughly evaluate and discuss the pros and cons of the projects and make decisions on their feasibility from many perspectives. Transferring the authority to implement projects within the scope of the basic policy to executive officers supervised by the president speeds decision making on individual projects. The separation of the management and execution functions was one important contribution to allowing the MOL Group to build up a fleet of the right type of vessels at the right time.
2. Another important responsibility of the Board of Directors is deliberation on corporate strategy and vision. At each meeting, the board focuses on a particular topic concerning management strategies, MOL's long-term vision or other subjects involving management.

   These discussions provide an opportunity for lively debates that include the external directors and corporate auditors, thus helping to ensure that the perspective of shareholders is reflected in how MOL is managed.
3. The Board of Directors has 10 members, including three external directors who are completely independent and have no conflict of interest with MOL. There are four corporate auditors, who are responsible for performing statutory auditing functions, including two individuals who are completely independent and have no conflict of interest with MOL. At a time when the auditing systems of corporations are taking on added importance, it goes without saying that the independence of auditors from management and policy execution is assured. Our corporate auditors work closely with the Internal Audit Office and independent public accountants to assure effective corporate governance. They also work on strengthening corporate governance and compliance throughout the group.

ACCOUNTABILITY

MOL believes that timely, full and fair disclosure of corporate and financial information is an important aspect of corporate governance. In addition to being accountable to shareholders and investors by providing information, the company makes every effort possible to reflect their opinions in management.

The distinguishing feature of our investor relations activities is that the president takes the lead in their implementation. In fiscal 2009, the president participated in the company's presentations of quarterly results and attended meetings with domestic and foreign investors. This reflects his conviction that it is the chief executive officer's responsibility to explain future corporate strategies to investors. The company is also aware of the need for full and fair disclosure to all investors, whether in Japan or overseas. At the same time its quarterly financial results in Japanese are released over the Tokyo Stock Exchange's TDnet, the company posts them to its website with an accompanying English translation. The Japanese and English drafts of presentation materials are also posted on the website. This information is e-mailed on the same day to foreign investors registered with the company.

These types of activities have been highly evaluated, and in fiscal 2005, MOL received the Special IR Prime Business Award from the Japan Investor Relations Association (JIRA), which is presented to companies that have received the IR Prime Business Award three times. MOL also picked up the IR Prime Business Award again in 2008. Furthermore, in fiscal 2009 MOL was selected as one of the recipients of the Tokyo Stock Exchange's FY2009 Disclosure Award. Also, in the Nikkei Annual Report Awards, which are judged by institutional investors, MOL's annual report has been highly evaluated for its aggressive disclosure, winning the top prize once and the excellence prize three times.

The responsibility to provide information is not limited to management and financial issues. Accordingly, in regard to the four major marine accidents that occurred in fiscal 2006, MOL disclosed the situation directly after each incident, providing a total of 18 press releases for the four accidents. These accidents were highly regrettable, and MOL believes that it has a responsibility to disclose the situation to everyone who is directly or indirectly affected. While we will continue to do our utmost to prevent accidents, we will also maintain a policy of disclosing information, even if it is negative.

DIRECTOR COMPENSATION

The Board of Directors, including the external directors, determines compensation for the directors. Compensation paid to directors in fiscal 2009 is shown in the table below.

The company has granted stock options to all directors, executive officers, general managers of divisions and branch offices and managers in similar positions, as well as to presidents of consolidated subsidiaries, to motivate them to carry out operations for the benefit of shareholders.

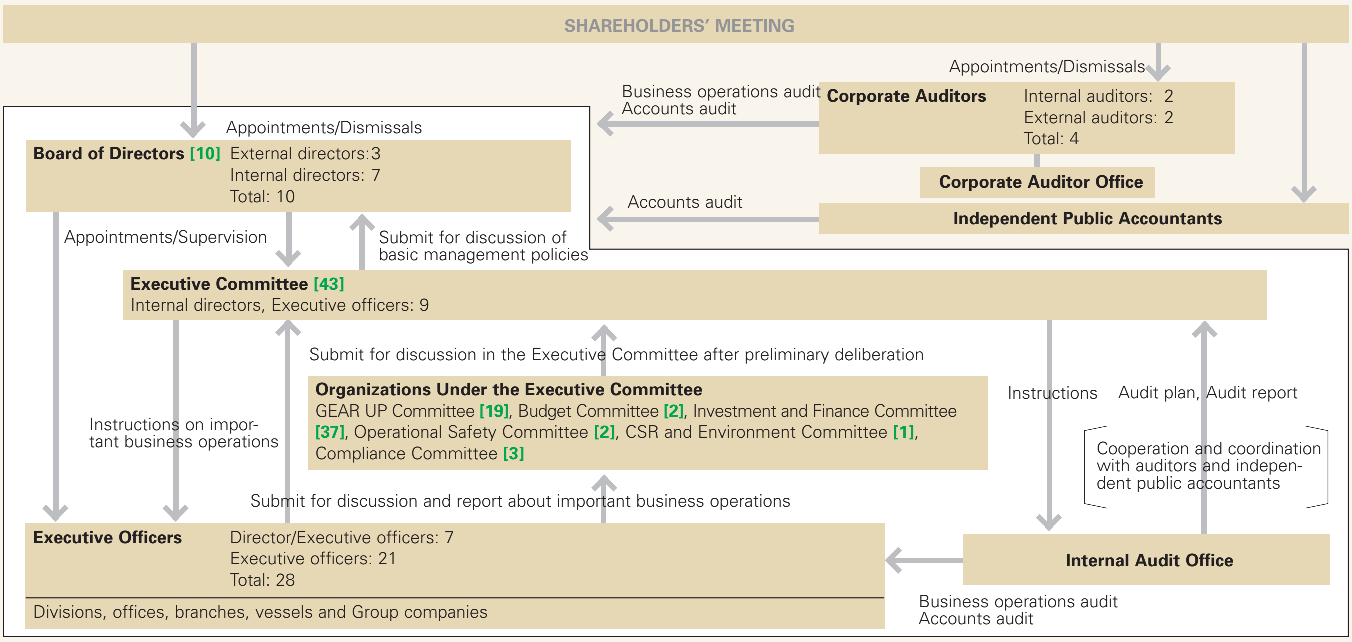
COMPLIANCE

The company is aware of the crucial role that compliance plays in living up to its broad corporate social responsibilities, and that compliance with the letter of the law is at the core of this role.

We have strengthened our compliance system by establishing a Compliance Committee, headed by the vice chairman, and formulating the Compliance Policy to assure strict adherence to rules and regulations and to take action against any violation. General managers of each division, department and branch office, are appointed as Compliance Officers for their respective organizations. They are responsible for enforcing compliance regulations and for reporting any violations to the Compliance Committee Office. The Internal Audit Office, a body that operates independently of the company's divisions, departments and branch offices, provides a counseling service and also acts as a hot line in the event it is difficult for a report to be filed with a Compliance Officer. The Internal Audit Office undertakes investigations and audits as necessary and reports steps taken to the Compliance Committee.

The company works to assure a proper relationship with its independent public accountants. Compensation paid to independent public accountants in fiscal 2009 is shown in the table below.

CORPORATE GOVERNANCE ORGANIZATION (AS OF JUNE 22, 2010)



Numbers in brackets show the number of meetings of the Board of Directors, Executive Committee and their sub-committees during fiscal 2009.

COMPENSATION FOR DIRECTORS AND CORPORATE AUDITORS

	No. of people remunerated	Total remuneration (¥ millions)	(Thousands of U.S.$)
Directors (Excluding external directors)	11	¥516	$5,552
Corporate auditors (Excluding external corporate auditors)	3	84	902
External directors and external corporate auditors	5	¥ 50	$ 547

COMPENSATION FOR INDEPENDENT PUBLIC ACCOUNTANTS

	(¥ millions)	(Thousands of U.S.$)
Compensation for auditing services	¥125	$1,346
Compensation for auditing-related services	23	244
Total	¥148	$1,590

A MESSAGE FROM AN EXTERNAL DIRECTOR
A CORPORATE CULTURE OF TRUST AND TRANSPARENCY

My past work experience gave me some insights into the marine transport industry, mainly through customs-related and shipping finance activities. However, my experiences since being appointed as an external director have given me insights on the global marine cargo flow that simply could not be conveyed in the written word. Above all, I have been amazed by what a dynamic business marine transport truly is.

The discussions at MOL Board of Directors meetings are extremely lively and transparent. Important issues are always accorded ample time to discuss thoroughly, and to fully consider all the potential negatives or examples of past failure. This process of open, uninhibited discussion is possible because the members of the Board have a strong sense of trust in one another, and because everyone is working towards a common goal. I believe that this relationship of trust is one of the most important elements of corporate governance.

In fact, a sense of trust and responsibility is a characteristic that pervades the MOL corporate culture. It seems to prevail in all of the important decision-making of executive officers and is evident in how employees approach their work. The high level of credit quality cultivated by the company—including in terms of both financial strength and safe operations—is something that clearly influences customers when they choose a marine transport provider these days. I believe that the basis for this "credit quality" lies in MOL's corporate culture of trust and transparency, and in the quality of the personnel who are standard-bearers for it.

One of MOL's main strengths is the company's successful focused approach to business. Though bold and decisive leadership was needed to prioritize business in this way, I think that the corporate culture of trust and transparency facilitated this effort. Furthermore, MOL does not seem complacent with its current structure. Despite past successes, the company seems constantly alert to change and risk. From 2003 until late in 2008, the company enjoyed an almost continuous run of favorable business conditions. Yet the company remained alert and conscious of the past challenges it had faced, and thus took great care to preserve a strong financial base. Consequently, the company was able to respond to the financial crisis that followed the collapse of Lehman Brothers, quickly and sharply reducing the size of its fleet, thus limiting the deterioration in earnings.

In the years ahead, I think the global economy will experience increasing uncertainty, and therefore I have constantly pressed the rest of the Board to maintain numerous scenarios and policy options to meet any eventuality. Under the leadership of Mr. Muto, the new president, MOL is implementing a new midterm management plan entitled "GEAR UP! MOL." This plan draws upon past experience to develop a range of management scenarios and potential responses, along with financial evaluation, to various assumptions about global economic conditions. I give the Board of Directors extremely high marks for developing flexible and carefully considered plans.

As an external director, I think that it is my responsibility to give MOL's executives a dispassionate outside perspective, even when the comments may be negative or critical. Beyond that, I would like to offer useful outside knowledge which can help contribute to the effectiveness of management.

TAKESHI KOMURA
Director

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

MATTERS RELATING TO THE BASIC FRAMEWORK FOR INTERNAL CONTROLS OVER FINANCIAL REPORTING

Representative Director and President Koichi Muto is responsible for designing and operating internal controls over financial reporting of Mitsui O.S.K. Lines, Ltd., and has designed and operates internal controls over financial reporting in accordance with the basic framework for internal controls stipulated 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 of Japan.

The internal controls are designed to achieve their objective within a reasonable scope through the effective function and combination of their basic elements. Therefore, there is a possibility that misstatements in financial reports may not be completely prevented or detected by internal controls over financial reporting.

MATTERS RELATING TO THE SCOPE OF ASSESSMENT, THE RECORD DATE OF ASSESSMENT AND THE ASSESSMENT PROCEDURES

The assessment of internal controls over financial reporting was performed as of March 31, 2010, the fiscal year-end, and was performed in accordance with standards of internal controls over financial reporting generally accepted as fair and valid in Japan.

In conducting this assessment, we evaluated internal controls that may have a material effect on financial reporting as a whole on a consolidated basis (company-level control), and based on these results we selected business processes for evaluation. After analyzing these selected business processes, we identified key controls that may have a material impact on the reliability of financial reporting, and assessed the status of design and operation regarding these key controls, enabling us to assess the effectiveness of our internal controls.

We determined the required scope of assessment of internal controls over financial reporting for Mitsui O.S.K. Lines, Ltd., and its consolidated subsidiaries and equity-method affiliated companies, from the perspective of materiality that may affect the reliability of financial reporting, which was determined by taking into account the materiality of quantitative and qualitative impacts. We reasonably determined the scope of assessment of internal controls over business processes based on the results of assessment of company-wide internal controls for Mitsui O.S.K. Lines, Ltd., 22 consolidated subsidiaries and 2 equity-method affiliates.

The scope of assessment of process-level control involved selecting locations and/or business units in descending order of revenues (after the elimination of intercompany accounts) of the fiscal year under review, and two company businesses (bulkships and containerships) whose combined revenues reached around two-thirds of consolidated revenues for the fiscal year under review were selected as "significant locations and/or business units." At the selected significant locations and/or business units, we included in the scope of assessment business processes leading to revenues, trade receivables, and operating expenses and charterage included in cost of revenues as significant accounts that may have a material impact on the business objectives of the company. In addition to the selected significant locations and/or business units, we added to the scope of assessment, as business processes having high materiality considering their impact on financial reporting, those business processes relating to the high likelihood of material misstatements and significant accounts involving estimates and forecasts and those business processes relating to businesses or operations dealing with high-risk transactions.

MATTERS RELATING TO ASSESSMENT RESULTS

We concluded that the company's internal controls over financial reporting were effective as of the end of the fiscal year under review based on the results of the aforementioned assessment.

SUPPLEMENTARY INFORMATION

Not applicable

SPECIAL INFORMATION

Not applicable

Corporate Social Responsibility (CSR)

MOL'S APPROACH TO CSR

The foundations of corporate social responsibility (CSR) lie in ensuring that corporations give due consideration to social, environmental and human rights issues in their activities, thus achieving sustainable growth in harmony with society. Needless to say, companies are members of society and will be unable to continue in business should they lose the trust of society.

The MOL Group provides an indispensable service to society through its operation of a fleet of ocean-going ships. We have been able to grow steadily over the last 125 years because, from the very beginning, we have consistently followed business policies compatible with contemporary standards of CSR, thus earning the support of stakeholders, including clients, shareholders, business partners and communities. MOL has drawn up Group Corporate Principles, and the group now addresses such issues as corporate governance, compliance and environmental protection.

In June 2004, the MOL Group established the CSR and Environment Committee. The new committee emerged from a reorganization of the Environment Committee. In addition to its previous duties of formulating MOL Group environmental policies, the new committee takes on the added responsibility of studying and discussing CSR issues, with the purpose of creating a stronger framework for group-wide CSR activities.

Simultaneously, the CSR and Environment Office was established within the Corporate Planning Division. The CSR and Environment Office acts as the CSR and Environment Committee's secretariat and promotes CSR initiatives throughout the MOL Group.

The CSR and Environment Office positions CSR activities as shown in the diagram below and works to achieve targets it sets for each item each fiscal year.

POSITIONING OF MOL GROUP CORPORATE PRINCIPLES, CSR CONCEPTS, AND ACTIVITIES

IMPROVE CORPORATE VALUE AND CONTRIBUTE TO SHAREHOLDERS

Business activities ↑ ↓ Society's trust

APPROACHES TO CSR

Corporate governance	Compliance
Environmental measures	Quality control
Safe operation and risk management	Information disclosure, accountability
Customer satisfaction	Human rights, human resources, safety and health, employee satisfaction
Social contribution	Promote good relationships with business partners

↑

MOL GROUP CORPORATE PRINCIPLES

RULES OF CONDUCT

All executives and employees are required to base their activities on the following standards.

1. Observe laws and regulations while at all times exercising due caution as a good administrator
2. Respect human rights and refuse to permit discrimination and harassment
3. Protect confidential information and respect intellectual property rights
4. Clearly separate official and personal conduct, avoid conflicts of interest
5. Oppose antisocial activities
6. Fulfill social obligations
7. Ensure safe operations and protect the environment
8. Build relationships with clients and contractors that conform to laws, regulations and social standards
9. Provide guidance and supervision by individuals in management positions
10. Report improper behavior, provide advice and deal with individuals who violate rules

In March 2005, the MOL Group's participation in the United Nations Global Compact initiative was acknowledged and accepted by the United Nations. The Global Compact was initiated in 1999 by United Nations Secretary-General Kofi Annan and was ratified in July 2000. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of 10 core values in the areas of human rights, labor standards, the environment, and anticorruption.

By participating in the Global Compact, which is consistent with the Rules of Conduct, the MOL Group has declared its commitment to working toward the realization of the Global Compact's core values.

MEASURES TO ENSURE SAFE OPERATIONS

Safety Operation Supporting Center—24-Hour Fleet Support System

Since its establishment in our Tokyo Head Office building in February 2007, the Safety Operation Supporting Center (SOSC) has been providing timely information required by ships to aid in safe navigation. Operating round-the-clock and staffed full time by experienced captains, the SOSC provides information on everything from weather and sea conditions to public safety. As a control center helping to maintain and improve the standard of safe operation at MOL, SOSC will continue to provide powerful support to our frontline marine transportation activities.

Simulator Training—Helping Prevent Accidents

MOL has installed the latest bridge simulators and cargo handling simulators for LNG carriers at its training centers around the world. At these facilities, MOL conducts drills using programs that faithfully recreate conditions faced by vessels based on scenarios prepared from the experience MOL has gained over many years of operations. In LNG carrier drills, in particular, MOL has broken down its training course into modules suited to the experience of seafarers, structuring training so that it leads to a direct improvement in safe operation by making training more detailed and motivating trainees.

Making Safe Operation Visible— Achieving Safe Operation Based on Objective Indexes

Under "GEAR UP! MOL," we aim to make the accident prevention systems and operational processes that support safe operation visible by using objective indexes* for safety. Safe operation is achieved through repeated hard work in our workplaces. But communicating these efforts in a way that is easy for external parties (customers and the general public) to understand is no simple matter. However, in order to answer calls from the general public, which have grown increasingly louder in recent years, for the safe operation of oil tankers and LNG carriers, we will quantify our activities in terms of safe operation and proactively communicate these metrics outside the company.

* Examples of objective indexes for safe operations are LTIF: Lost time injury frequency rates (Number of incidents of lost time injury (LTI) per one million hours worked), and, TMSA: Tanker Management & Self Assessment (Guidelines of Oil Companies International Marine Forum (OCIMF))

ENSURING SAFE OPERATION— MOL'S DISTINCTIVE SEAFARER TRAINING

During our "GEAR UP! MOL" midterm management plan, we expect to increase the size of our fleet to 1,050 vessels by the end of March 2013. Naturally, the number of seafarers will increase along with this fleet expansion. For that reason, ensuring that we have enough skilled seafarers who meet the safe operation standards required by MOL is a matter of considerable importance.

Training Ship

MOL develops future company seafarers by owning and operating its own training ship, *Spirit of MOL*. We are the only private-sector shipping company in the world with this type of training ship. *Spirit of MOL* provides intensive training to 180 new cadets from many different countries at the same time. Dedicated instructors with a wealth of experience offer cadets advanced and systematic training. At the same time, by living and working together on the ship, the multi-national young cadets develop strong bonds of cooperation and learn to take pride in becoming MOL seafarers with advanced seamanship skills.

OJT Instructor System

We take various opportunities to conduct safe operation training. One example is our unique On the Job Training (OJT) instructor system. Under this system, experienced captains and chief engineers provide direct instruction to seafarers aboard MOL vessels in daily service, with the focus being to pass on practical navigation and marine engineering skills accumulated inside MOL, as well as the spirit of dedication toward safety. This intensive and practical on-the-job instruction communicates knowledge and experience that cannot be conveyed through manuals alone, and fosters the safety awareness expected of MOL Group seafarers.

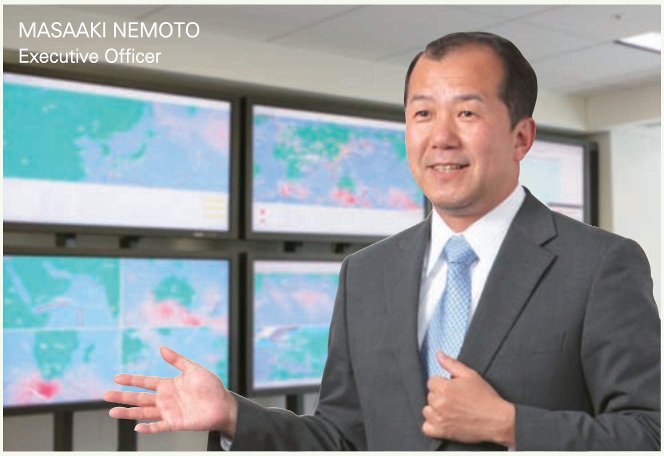
ENVIRONMENTAL PROTECTION

Environmental Management Systems and Certifications

MOL has two unique environmental management systems—MOL EMS21 and the MOL Group Environmental Target System. Through these systems we have taken steps to reduce our environmental burden.

BECOMING THE WORLD LEADER IN SAFE OPERATION

Measures to ensure safe operation earn recognition from customers and society as well as win confidence and are thus essential for the development of MOL's businesses. Determined not to let the lessons learnt from the serious marine accidents that occurred in 2006 fade with time, we aim to become the world leader in safe operation, and call on each and every one of the MOL Group's employees to renew their commitment to being responsible for safety. One of the MOL Group's corporate principles states, "We will promote and protect our environment by maintaining strict, safe operation and navigation standards." To realize this principle, we will take steps as a Group to steadily improve safety measures and quality.


MASAAKI NEMOTO
Executive Officer

MOL EMS21: We introduced our environmental management system—MOL EMS21—in April 2001. In January 2003, we expanded its scope to all our operated vessels (except charter vessels on contracts of one year or less), and acquired internationally recognized ISO 14001 certification.


DET NORSKE VERITAS
MANAGEMENT SYSTEM CERTIFICATE
株式会社 商船三井

Certificate of ISO 14001, an international standard for environmental management (Certified by DET NORSKE VERITAS (DNV))

MOL Group Environmental Target System: This system applies to MOL's 60 main Group companies in Japan and 16 overseas affiliates and subsidiaries. It serves as a framework for Group-wide environmental protection activities. MOL Group companies in Japan are working hard on complying with the "green management" environmental certification system promoted by the Japanese Ministry of Land, Infrastructure, Transport and Tourism. A total of 16 MOL Group companies have earned this certification.

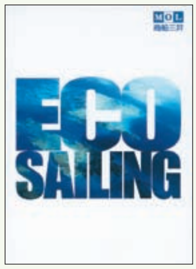
Prevention of Global Warming and Air Pollution

Vessels burn fossil fuels and inevitably emit carbon dioxide (CO_2), which is a cause of global warming, as well as nitrogen oxide (NOx), sulfur oxide (SOx), soot and other emissions, which are linked to acid rain and atmospheric pollution. The MOL Group is fully aware of the effects on air quality associated with its business activities and thus proactively works to reduce the impact on an ongoing basis.

Environmental Technologies: MOL is engaged in various research, development and innovation of technologies for ships. (Refer to Pages 60 to 61: Feature: Environmental Technologies: ISHIN.

Increasing Transportation Efficiency with Larger Ships: MOL believes that the introduction of larger vessels and improvement of propulsion are effective measures to fulfill the social responsibility of the shipping industry to meet burgeoning international demand for ocean shipping and, at the same time, to prevent global warming. In December 2007, MOL took delivery of the *Brasil Maru* (approx. 320,000 DWT), one of the world's largest iron ore carriers. The *Brasil Maru* boasts energy-saving design—despite her very large size, her shape gives her excellent propulsion, and her propellers are specially designed to improve propulsion efficiency. These qualities earned the *Brasil Maru* selection as the "Ship of the Year 2007" by the Japan Society of Naval Architects and Ocean Engineers.

ECO SAILING Thoroughly Adopted: MOL practices an approach we call ECO SAILING to save fuel and reduce environmental impact. We rigorously apply the principles of ECO SAILING whenever we operate vessels. Specifically, we 1) decelerate to the most economical navigation speeds, 2) take advantage of weather and sea condition forecasts, 3) select optimum routes, 4) reduce vessels' wetted surfaces, 5) optimize operation and maintenance of main engines, auxiliary equipment and the other machinery, 6) develop energy-efficient ship designs, and 7) equip vessels with Propeller Boss Cap Fins (PBCF).



Modal Shift: Approximately 20% of Japan's CO_2 emissions are accounted for by the transportation sector. In order to reduce these emissions, the Japanese Ministry of Land, Infrastructure, Transport and Tourism and other concerned agencies have set up programs to establish a transportation system with a low environmental burden and have promoted the so-called "modal shift" of using rail transport, shipping and other low-impact modes of transport. The MOL Group stands ready to do its utmost to facilitate this modal shift by providing Japan's largest lineup of ferry and coastal shipping services.

Eco Terminal: In March 2007, MOL and MOL Group company International Container Terminal Co., Ltd. (TICT) started operation of a solar power generation system at the Ohi Container Terminal in Tokyo Port. The system includes 1,200 solar panels that have been installed on the roofs of the gatehouse and container washing facility. With a generation capacity of 200 kilowatts, it is the largest private-sector solar power generation system in the Tokyo metropolitan area. The system's annual output is enough to supply about 60 typical households.

Approaches to Marine Environmental Protection

By rigorously ensuring safe operation, MOL is working to prevent marine pollution caused by marine accidents. At the same time, MOL is taking into consideration biodiversity and actively pushing ahead with measures to protect the seas and oceans, which are not only our place of business, but also the shared heritage of everyone on Earth.

Double-hull Tankers: We have been proactive in adopting double-hull vessels in our tanker fleet to prevent spills of crude oil caused by a grounding or collision of vessels. As a result, our fleet of crude oil tankers and product tankers is 100% double-hulled.

Double-hull structure

Caring for the Environment When Scrapping Vessels: Aging vessels must often be scrapped in the interest of safe operation and protection of the marine environment. However, measures for workers' safety and the environment have been insufficient when scrapping ships in some Asian countries. MOL is working to create inventory lists of hazardous materials on ships ahead of the enforcement of The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009, which was adopted in May 2009. At the same time, when selling a ship on the assumption that it will be scrapped, we check that the scrapping yard has acquired ISO 14001 certification (or the environmental management equivalent), and uses scrapping methods and procedures that are sufficiently safe for the environment and personnel.

In addition, care is exercised to reduce the impact on the oceans of normal operation of our vessels. MOL strictly adheres to all marine pollution treaties, including the International Convention for Prevention of Pollution from Ships, as well as applicable laws and regulations around the world. The company has stringent internal rules to prevent oil discharges and to ensure the proper disposal of lubricating oil and bilge water (which includes oil and other pollutants). Other measures in place to reduce environmental loads include use of environmentally responsible anti-fouling paint and proper management of ballast water.

SOCIAL SERVICE ACTIVITIES

MOL's basic policy on social contribution is to conduct ongoing activities that are closely associated with its business domain of ocean shipping. Looking ahead, while adhering to this basic policy, MOL will engage in activities that aim to play a role in helping solve social issues. These include contributing to achievement of the United Nations Millennium Development Goals, to the protection of biodiversity and the natural environment, and to communities in which MOL conducts business activities.

Cooperation with the Ocean Transport of Mobile Library Vehicles: In October 2009, MOL helped transport by sea 12 used mobile library vehicles to the Republic of South Africa. This project is coordinated by NPO Sapesi-Japan (South Africa Primary Education Support Initiative) as part of a program run by the South African Ministry of Education to raise literacy levels within the country. The used library vehicles will tour the many elementary and middle schools without libraries that dot the nation, lending books to teachers and students.

Disaster Relief: When a typhoon ravaged the Philippine island of Luzon in September 2009 and massive earthquakes struck Haiti, Chile and China's Qinghai Province in January, February and April 2010, respectively, MOL made donations to provide emergency supplies and support restoration activities in the affected areas. Furthermore, following a request from the Chilean consul general in Melbourne, Australia, MOL transported free of charge relief supplies, including hospital beds, collected by the Chilean community in Australia to Chile in four 40-foot containers.

THIRD-PARTY EVALUATIONS

MOL Selected for Continuing Inclusion in Dow Jones Sustainability Indexes (DJSI)

Since 2003, MOL has been included in the DJSI, a designation reserved for companies capable of sustaining growth over the long term while maintaining excellence in environmental, social, and investor relations programs. In September 2009, MOL was selected for continuing inclusion in the DJSI.

MOL Selected for Continuing Inclusion in the FTSE4Good Global Index

FTSE is a global index company owned by *The Financial Times* and the London Stock Exchange. Since 2003, FTSE has included MOL in one of its major indices, the FTSE4Good Global Index, which is a socially responsible investment index. In May 2010, MOL was selected for continuing inclusion in the index.

MOL Selected for Continuing Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI)

The MS-SRI, Japan's first socially responsible investment index, is based on the stock prices of 150 of Japan's listed companies that have been selected by Morningstar Japan K.K. for superior social responsibility. MOL has been included in the MS-SRI since 2003. In September 2009, MOL was selected for continuing inclusion in the index.

MOL's approach to CSR and environmental issues is discussed in detail in our Environmental and Social Report.
URL: http://www.mol.co.jp/csr-e

Feature: Environmental Technologies:

ISHIN

Senpaku ISHIN is a project under which we are forming and developing concepts for next-generation vessels that are technically practical in the near future. The project is underpinned by MOL's tradition of technological innovation aimed at ensuring sustainable corporate growth of the company and protecting the environment, regardless of the economic climate.

船舶維新
Senpaku ISHIN
Innovations in Sustainability backed by Historically proven, INtegrated technologies

History holds the key to the future

WHAT DOES SENPAKU ISHIN MEAN?

Our approach is reflected by the words "Senpaku ISHIN." Senpaku and ISHIN mean vessel and complete revitalization or reform, respectively, in Japanese. We also interpret ISHIN as "**I**nnovations in **S**ustainability backed by **H**istorically proven, **IN**tegrated technologies" for this project.

Why do we go to such great lengths in our focus on vessel technologies? Because our top priority is to provide safe, reliable transport of the cargo entrusted to us by customers, while caring for the global environment.

At present, we are looking at introducing various technologies from both design and operational standpoints, with the goals of reducing environmental impact and combating rising bunker prices. We see this as our natural mission and it is something we have been doing for many years now. As a result, MOL's ships incorporate many innovations. Always looking to innovate, we have taken a sure and steady approach to envisioning vessels that are one step ahead of the times. Senpaku ISHIN is a culmination of our past innovations and envisions vessels we think are realizable today.

From the perspective of corporate management, while achieving safe operations, we are boldly exploring the possibilities as a marine transport company of creating ships with existing technologies that address environmental problems.

The first next-generation vessel that is technically practical in the near future is an environmentally friendly car carrier, *ISHIN-I*. This vessel would use renewable energy, with solar panels installed on almost all of the upper deck and the electricity these generate would be stored in large-capacity lithium-ion batteries. Other features of this concept ship include a contra-rotating propeller drive system combining a diesel engine with an electric propulsion system, and an advanced wind resistance-reducing design. The combination of these various technologies offers the potential of achieving high levels of energy-saving and economical performance as well as environmental performance.

ISHIN-I—TWO MAIN FEATURES

1. While in port, and during loading and unloading, the vessel would achieve zero CO_2 emissions by using renewable energy
2. Once underway, this vessel would emit 50% less CO_2*

* A comparison of per unit CO_2 emissions of our conventional vessels (Pure Car/Truck Carrier (PCTC) with a capacity of 6,400 standard passenger cars) in case larger hulls are needed in the future.

“ISHIN” WEBSITE

Please visit our website at the following URL:

http://www.mol.co.jp/ishin/en/

The second concept vessel, *ISHIN-Ⅱ*, is an environment-friendly ferry for transporting both cargo and passengers. As an environmentally friendly means of transport, ferries have a key role to play in modal shift. *ISHIN-Ⅱ* would use LNG as fuel, which is a form of clean energy, leading to sharp reductions in CO_2, SOx, NOx, and particulate matter (PM). In addition to reducing environmental impact further by using electricity supplied from shore when berthed, this next-generation vessel would also enhance comfort for passengers.

ISHIN-Ⅱ—THREE MAIN FEATURES

1. Use of LNG as fuel
2. Use of shore power supply system
3. Emphasis on comfort

(Note) By introducing (1) and (2) and adopting a combination of new technologies, CO_2 emissions would be reduced by 50%, NOx by 90%, SOx by 98–100%, and particulate matter (PM) such as soot, dust, and smoke by 98%, per voyage, compared to current MOL Group ferries.

The third concept vessel is *ISHIN-Ⅲ*, a next-generation environment-friendly, large-scale iron ore carrier that could play a key role in future resource transport. MOL already operates the very large iron ore carrier *Brasil Maru* that offers a high level of environmental performance thanks to its pioneering transport concept and innovative technologies. The *ISHIN-Ⅲ*, which would make full use of the characteristics of that vessel class, is a highly viable concept and aims to further reduce MOL’s environmental burden by maximizing the use of technologies the company has developed and adopted.

ISHIN-Ⅲ—TWO MAIN FEATURES

1. Waste heat energy recovery to assist propulsion
2. Reduction of CO_2 emissions even at low speeds, as well as during normal operation

(Note) By introducing (1) and (2) and adopting a combination of new technologies, CO_2 emissions will be reduced by 30%.

Financial Section

Contents

Management's Discussion and Analysis

STRENGTHENING THE FINANCIAL BASE (IMPROVING THE GEARING RATIO)

On March 31, 2010, at a press conference to introduce the company's new midterm management plan, "GEAR UP! MOL," then president-elect Koichi Muto commented: "In the past, safe operations and a healthy financial base have formed the foundation of MOL's business, but in the future, these factors will be the very key to our continuing competitiveness." This statement reflects the importance that financial activities will have under the new midterm plan. However, before discussing future objectives, it is helpful to understand MOL's progress to achieve the financial objectives set under the preceding mid plan, "MOL ADVANCE," which covered the period from fiscal 2007 to 2009.

Shareholders' Equity/Interest-Bearing Debt/Gearing Ratio

	Fiscal 2007	Fiscal 2008	Fiscal 2009
Shareholders' equity (¥ billions)	679.3	623.7	659.5
Interest-bearing debt (¥ billions)	601.2	702.6	775.1
Gearing ratio (%)	88	113	118

Under the "MOL ADVANCE" management plan, the company set out to strengthen its financial base so that it would be able to support long-term sustainable growth. The top priority in MOL's financial strategy has been to maintain a gearing ratio (interest-bearing debt/shareholders' equity) of no more than 100%. As of March 31, 2008, MOL met this target, with a gearing ratio of 88%. However, the collapse of Lehman Brothers in the following fiscal year, and the unprecedented slump in global cargo volume that followed, caused MOL's operating cash flow to deteriorate in the latter half of fiscal 2008. As of the end of fiscal 2009, the gearing ratio stood at 118%, though considering liquidity on hand, the net gearing ratio was 105%.

Following the Lehman Shock, many listed domestic and overseas marine transport companies increased capital by public offering in order to raise the funds they needed, diluting their share prices. MOL, meanwhile, refused to take the easy way out, and instead did its best to make do with funds it had on hand, or raised funds by selling off assets. All of the company's fundraising during this period was achieved at low cost, either through the issuance of straight bonds or by borrowing from banks.

MOL Straight Bond Issuance Since December 2008

	Date of Issue	Years	Interest Rate	Total Amount of Issue	Outstanding
Straight bonds No. 10	2008.12.19	5	1.428%	¥15.0 billion	¥15.0 billion
Straight bonds No. 11	2009.5.27	5	1.278%	¥30.0 billion	¥30.0 billion
Straight bonds No. 12	2009.5.27	10	1.999%	¥20.0 billion	¥20.0 billion
Straight bonds No. 13	2009.12.17	7	1.106%	¥20.0 billion	¥20.0 billion

MOL managed to address the once-in-a-century credit crisis entirely through bond issuance and bank loans, without resorting to any increase in capital. Several factors played a part in this achievement:

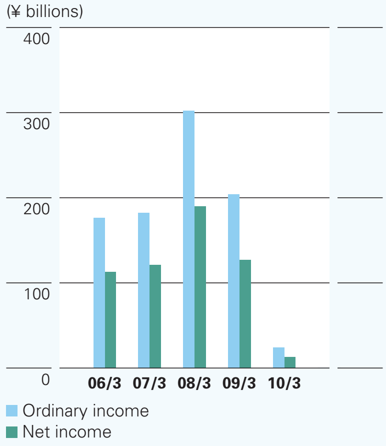
(1) The strong shareholders' equity accumulated by the company from earnings over many years allowed MOL to maintain strong credit ratings even as the credit ratings of many industry rivals were being downgraded. The company maintains an AA– rating with R&I and a Moody's rating of A3—the highest ratings of any company in the global marine transport industry.

(2) Since financial markets in Japan have remained comparatively steady relative to those in the U.S. and Europe, and since MOL maintains strong relationships with Japanese financial institutions, the company did not face any difficulties in obtaining funds.

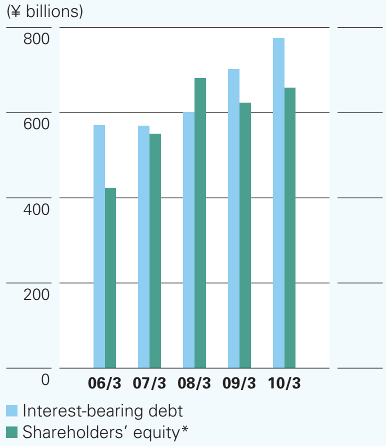
(3) Earnings have returned to the black since the July-September 2009 quarter, and the company strongly anticipates an earnings rebound in fiscal 2010.

MOL was able to raise funds at the most appropriate time by monitoring financial markets carefully, refraining from establishing unnecessary commitment lines to meet the obligations of ship construction contracts that are currently in progress. However, liquidity on hand at the end of fiscal 2009 was relatively high, compared with historical levels, at ¥85.9 billion (based on the balance of cash and cash equivalents on the consolidated cash flow statement as of March 31, 2010).

ORDINARY INCOME AND NET INCOME

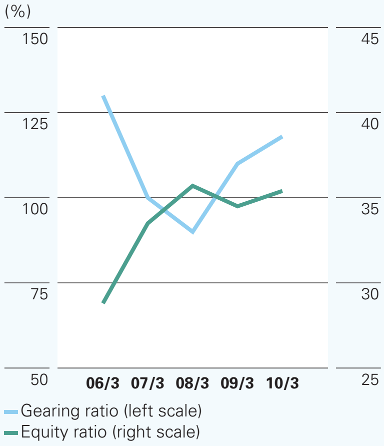


INTEREST-BEARING DEBT AND SHAREHOLDERS' EQUITY

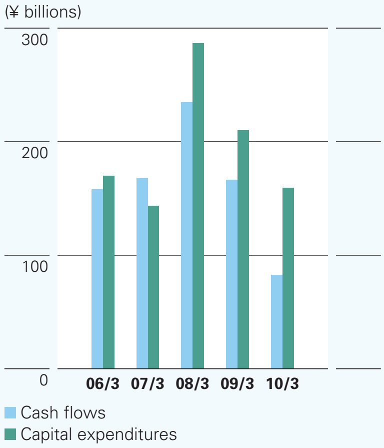


* "Shareholders' equity" in this section comprises the total of owners' equity and accumulated gains from valuation and translation adjustments.

GEARING RATIO AND EQUITY RATIO

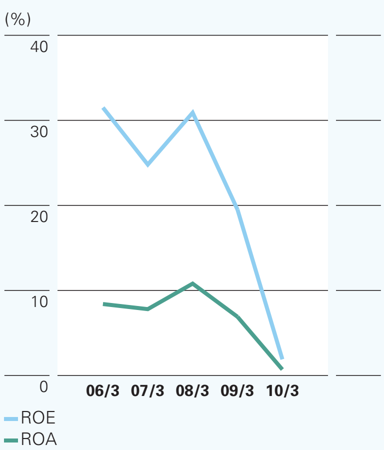


CASH FLOWS AND CAPITAL EXPENDITURES



*Cash flows=Net income+Depreciation–Dividend

ROA AND ROE



The aforementioned background information provides context for the financial objectives laid out in the "GEAR UP! MOL" midterm management plan covering the period from fiscal 2010 to fiscal 2012. We will now discuss those targets in greater detail.

Targets for Shareholders' Equity/Interest-Bearing Debt/Gearing Ratio (As of April 27, 2010)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Shareholders' equity (¥ billions)	710.0	770.0	860.0
Interest-bearing debt (¥ billions)	830.0	870.0	790.0
Gearing ratio (%)	117	113	92

During the period covered by the "GEAR UP! MOL" plan, we expect earnings mainly in the company's core containership business to recover greatly, rapidly improving the operating cash flow. However, this probably will not be enough to cover the full capital outflow from investment activities, related to ships that have already been ordered and will be delivered during the period. Therefore, free cash flow is expected to be negative during fiscal 2010 and 2011, and any improvement in the gearing ratio will probably be minor. However, for ships to be completed and delivered after fiscal 2012, the company is restraining new ship orders, and will monitor market conditions and the status of major shipyards to determine the most appropriate time to place new orders. Therefore, the cash outflow from investing activities should decline substantially in fiscal 2012, pushing the gearing ratio well below 100% by the end of March 2013. Although a gearing ratio of 100% has been an ongoing target of MOL's financial policies, during the current midterm management plan, it will become increasingly critical. As the new CEO, Mr. Muto declared, this will now be viewed more as a "financial rule." MOL's financial strategy is based on many considerations, such as the following:

(1) In March 2010, MOL was awarded a large-scale LNG transport contract (a long-term contract to provide six ships for ExxonMobil). This was the first time in several years that such a project had been negotiated, and the client limited its negotiations to just two companies which boasted extremely strong financial positions (MOL and one overseas competitor). This is an example of what we expect to be a growing trend—customers who are negotiating medium- and long-term contracts are likely to be increasingly selective, and place more weight than ever on a marine transport company's financial soundness.

(2) At the end of fiscal 2009, MOL was one of just 91 listed companies in Japan with a shareholders' equity of ¥500 billion or more. Among those companies, MOL ranked 57th in terms of its gearing ratio (118%). This ranking, as well as a comparison with overseas marine transport companies, suggests that there is still room for improvement in the company's financial health.

On the other hand, gearing ratios are not the only basis for comparison with overseas marine transport companies. Compared with leading overseas marine transport companies, MOL has far more diversified operations, with a broad portfolio of ships that help to minimize risk. Furthermore, MOL has strong business relationships with Japanese banks, which relatively speaking, face fewer bad debt problems than overseas counterparts. From this standpoint, MOL surpasses most overseas marine transport companies in financial strength and fundraising capacity.

(3) Although the shipping industry can look forward to future growth, it is also an industry that faces cyclical effects. Periods when shipping demand is weak, also tend to be advantageous times to invest in new ships (since order prices for new ships tend to decline). Therefore, a company with a strong financial base, which can raise funds more easily than rivals even in times of market weakness, will enjoy a competitive edge and superior earnings power when the market recovers.

In order to improve the gearing ratio, the first step naturally is to improve the operating cash flow. In addition, MOL can take steps to reduce the outflow from investment activities, by selling off fixed assets, selling marketable securities, and adjusting the makeup of their fleet using off-balance-sheet schemes more. In terms of financing activities, the MOL Group pursues cash management strategies that aim to maximize capital efficiency. Although the company is currently experiencing a temporary increase in liquidity on hand, it is closely monitoring financial markets and choosing the most appropriate time to repay interest-bearing debt. As MOL seeks to improve its financial strength, it also intends to maintain the consolidated dividend payout ratio at the existing target level of 20%.

By pursuing the aforementioned financial strategies to improve its financial position, MOL expects to maintain or even improve its high credit ratings. This strong financial position is a key factor in making the company more competitive: it allows MOL to make advantageous capital investments as well as win large and beneficial transport contracts, which in turn should improve operating cash flow and ensure that the company can continue to further enhance corporate value.

Credit Ratings (As of June 1, 2010)

JCR	AA–
R&I	AA–
Moody's	A3

RESPONSE TO IFRS

At present, various local and international authorities and institutions are discussing the practical steps that will need to be taken in order to introduce new International Financial Reporting Standards (IFRS) over the next few years. Where Japanese shipping companies are concerned, the new standards will mainly affect the balance sheet treatment of operating leases, and the need to value all assets at market value, in order to express "comprehensive income." However, MOL already discloses operating leases as "future lease payments" (¥288.1 billion as of March 31, 2010). Although the market-value treatment of assets might have an influence on the book presentation of profit, it will have no impact on operating cash flow. Since MOL has adopted a financial management strategy that emphasizes cash flows, the introduction of IFRS will have little impact on the company's management stance. MOL will continue to focus on cash flows. Regarding the disposal of investment securities, which is an effective means of minimizing fluctuations in "comprehensive income," MOL will continue to do this from the standpoint of managing investing cash flows.

Efforts to bring Japan's accounting standards for employee retirement benefits into line with IFRS are also due to be introduced in fiscal 2011. The full value of any underfunded portion of projected retirement benefit obligations would have to be shown on the balance sheet as a liability. However, as of the end of fiscal 2009, the MOL Group had pension assets largely commensurate with projected benefit obligations. Furthermore, Mitsui O.S.K. Lines, Ltd.—the Group's main operating unit—has moved to a defined benefit pension plan and lowered the assumed rate of interest from 4% to 2% in May 2010. This reduction in the assumed rate of interest will allow the pension fund to shift the focus of management assets to bonds which pay comparatively stable returns, and therefore should limit the risk of seriously underfunded liabilities in the future.

GLOBAL TAX PLANNING

Global operations in the marine transport industry already utilize the "tonnage tax" system as the standard for taxation, but this system was introduced in Japan as well from fiscal 2009, and adopted by MOL. In fiscal 2009, the system was applied to only 49 vessels, but in the future it will be steadily extended to cover more ships. However, the system currently applies only to Japanese-flagged vessels. The company continues to urge the government to adopt a more flexible system that will be more in line with the systems applied in various other countries.

It is becoming increasingly important to utilize a global tax planning strategy to compete on an equal basis in terms of the relative tax burden with overseas marine transport companies, particularly in Europe and Asia, that are already benefiting from such a flexible system of tax rates per tonne. As MOL expands its international operations, the company intends to take advantage of the marine transport-related tax structures of various countries, particularly in Europe and Asia.

Risk Management

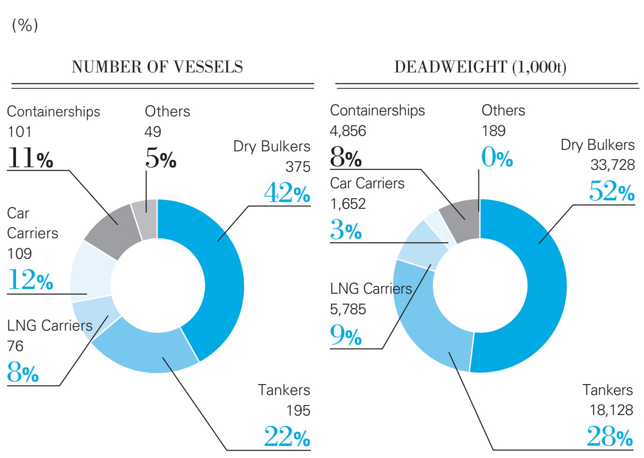
FLUCTUATIONS OF CARGO VOLUME, FLEET SUPPLY AND FREIGHT RATES

The global shipping business, like many other industries, is greatly affected by trends in the global economic cycle, and is thus subject to both macroeconomic risk, as well as business risk associated with trends in specific industries. There are a multitude of factors that are subject to change, such as fluctuations in the economies of individual countries, changes in the trade structure, demand for freight space, and market conditions, and cargo volumes, among other factors. A marine transport company needs to respond to these changes quickly and accurately in order to achieve the best performance. With this in mind, MOL has adopted a strategy of "diversifying operations to reduce risk" and "raising highly stable profits" by aligning its fleet to match international marine transport demand in the transport of both raw materials and finished goods. In this way, we strive to maximize returns and sustain profit growth.

Diversifying Operations to Reduce Risk

MOL operates a "full-line marine transport group." As of the end of March 2010, our fleet consisted of 905 vessels ranging from dry bulkers and tankers to car carriers and containerships, capable of transporting a diverse range of raw materials and finished goods. Supply and demand trends fluctuate for each type of ship and each type of cargo. While there are some factors that are closely related, and affect all of these segments in the same way, there are also many factors which affect demand in each sector differently, so the impact in one sector offsets the impact in another in many cases. By maintaining a diverse, well-balanced assortment of ships, MOL can take advantage of this relationship to minimize risk and maximize return.

FLEET COMPOSITION (As of March 31, 2010)

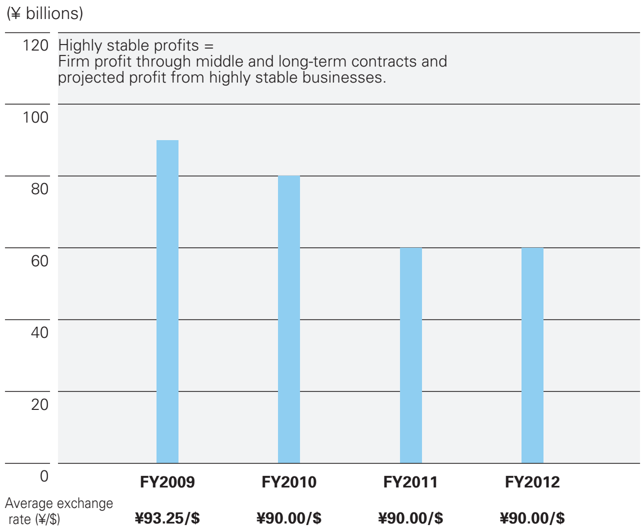


Raising Highly Stable Profits Through the Use of Medium- and Long-Term Contracts and Other Means

The company pursues medium- and long-term contracts that allow it to develop long-standing relationships of trust with customers, and ensure a stable future cash flow that will help reduce the risk that market fluctuations could have on its results.

International marine transportation is recovering from the sudden drop in global demand that followed the collapse of Lehman Brothers. However, MOL's businesses are largely shielded from changes in the external environment, providing a stable source of profit. From a long-term perspective, the company aims to expand these stable sources of profit and thereby create an even steadier earnings structure. To achieve this objective, one of the options we will look closely at as a matter of priority is M&As in growing sectors which enjoy a relatively stable cash flow.

ACCUMULATION OF HIGHLY STABLE PROFITS



EXCHANGE RATE FLUCTUATIONS

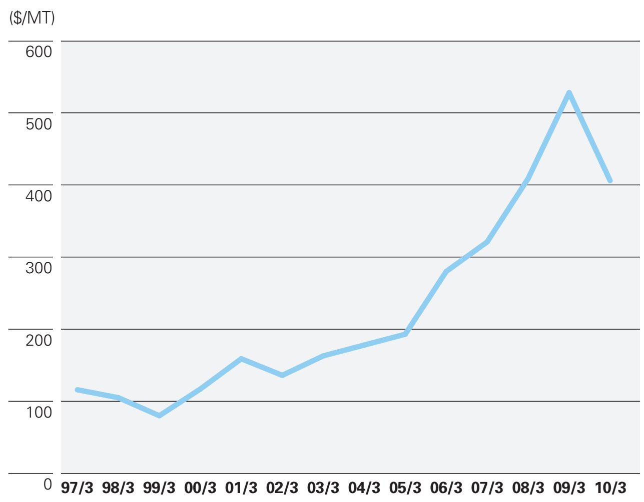
Apart from some Japanese clients, with whom MOL has concluded transport contracts on a yen-denominated basis, most transactions in the international marine transport business are concluded on a U.S. dollar-denominated basis. Since U.S. dollar-denominated revenue exceeds U.S. dollar-denominated expenses, when the yen strengthens against the U.S. dollar this can have a negative impact on Group earnings. In fiscal 2010, we project that each ¥1-per-dollar change in the yen-U.S. dollar exchange rate will have an impact of approximately ¥2.0 billion on consolidated ordinary income.

As for changes in the value of the euro, MOL's euro-denominated income and expenditures are roughly equivalent, as are euro-denominated receivables and payables. Therefore, changes in the euro-yen exchange rate have a limited impact on consolidated earnings.

INTEREST RATE FLUCTUATIONS

MOL depends mainly on the issuance of corporate bonds and funds borrowed from banks and other financial institutions to meet working capital and capital expenditure requirements. Loans are denominated in either yen or U.S. dollars, with funds procured at variable interest rates affected by interest rate fluctuations. As of March 31, 2010, interest-bearing debt totaled ¥775.1 billion, and between 60% and 70% of that loan principal is locked in at a fixed interest rate. As a result, an increase of 1 percentage point in interest rates on both yen-denominated and U.S. dollar-denominated interest-bearing liabilities would impact annual consolidated ordinary income by just over ¥3.0 billion. Although MOL has benefited from ultra-low interest rates in the aftermath of the Lehman Brothers collapse, the company is taking steps to mitigate the risk of a future interest rate rise. It plans to flexibly adjust the ratio of variable-rate and fixed-rate loans through interest swaps and other means according to changes in financial conditions, taking into consideration the balance between variable- and fixed-rate interest.

AVERAGE BUNKER PRICE



BUNKER PRICE FLUCTUATIONS

The market price of bunker is generally linked to the price of crude oil, and any increase in bunker prices has a negative impact on earnings for the MOL Group. The Group operates a fleet of approximately 900 vessels, whose annual fuel consumption amounts to around 6 million tons of bunker. The company is able to pass on about 70% of the risk to customers. Therefore, an increase of US$1 per metric ton in the average annual price of bunker would lower earnings by approximately ¥0.2 billion.

The International Maritime Organization has been considering possible measures to address the problem of sulfur oxide and nitrogen oxide emissions generated by ships. Generally, these regulations would take the form of restrictions on the sulfur content of bunker used by ships, or restrictions on the type of electrical generators and shipboard engines that vessels use, in order to reduce nitrogen oxide emissions. Although the details have not yet been clarified, new restrictions are due to be phased in over the period from 2010 to 2025. This is certain to increase fuel costs compared with the cost under present regulations. The company intends to take steps over time to pass on these higher costs via freight rate increases and higher charter fees.

Sensitivity of Earnings to Exchange Rate/Interest Rate/ Bunker Price Fluctuations

Exchange Rate (¥/$)	A ¥1 appreciation reduces ordinary income by approximately ¥2.0 billion
Interest Rate (%)	A 1 point rise in both yen- and U.S. dollar-denominated interest-bearing debt reduces ordinary income by just over ¥3.0 billion
Bunker Price (US$/MT)	A US$1/MT increase reduces ordinary income by approximately ¥0.2 billion

VESSEL OPERATIONS

MOL operates a fleet of approximately 900 ships, and it is therefore impossible to ignore the risks related to various incidents that may occur on the high seas. In order to prevent accidents, the company has introduced a variety of measures such as safety standards, a safety management system, comprehensive crew education and training, and new organizations to support safe operations.

Under the company's new midterm management plan, "GEAR UP! MOL," which was launched in April 2010, enhancing safe operations is one of three major strategies. The plan calls on the company to quantify safety and realize "4 zeros*," enhance the capability to perceive danger which breaks the link in a chain of errors and make use of advanced IT. MOL plans to invest ¥24.0 billion over 3 years in these and other areas, with the overriding goal of becoming the world leader in safe operation.

*Prevent marine incidents, oil pollution, fatal accidents, and cargo damage

Budget for Safe Operation Measures (Three Years): Major Items

Breakdown		(¥ billions)
Operational	Operation of Safety Operation Supporting Center	¥10.5
	Securing and educating/ training seafarers	
Fleet	Safety standard specifications	¥11.0
Development of IT for ship management		¥ 2.0

11-year Summary

Mitsui O.S.K. Lines, Ltd. Years ended March 31

	2010	2009	2008	2007
For the year:				
Shipping and other revenues	**¥1,347,965**	¥1,865,802	¥1,945,697	¥1,568,435
Shipping and other expenses	**1,228,479**	1,564,486	1,544,109	1,300,038
Selling, general and administrative expenses	**98,547**	104,105	110,303	100,324
Operating income	**20,939**	197,211	291,285	168,073
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	**5,363**	16,000	18,199	16,171
Income before income taxes and minority interests	**27,776**	197,732	318,202	197,854
Income taxes, current	**(8,078)**	(65,074)	(115,183)	(63,042)
Income taxes, deferred	**(3,764)**	(638)	(5,694)	(7,468)
Minority interests	**(3,212)**	(5,032)	(7,004)	(6,404)
Net income	**12,722**	126,988	190,321	120,940
At year-end:				
Current assets	**352,030**	428,598	506,078	405,474
Current liabilities	**355,185**	440,910	528,390	482,810
Net vessels, property and equipment	**1,209,176**	1,106,746	1,047,825	847,660
Total assets	**1,861,312**	1,807,080	1,900,551	1,639,940
Long-term debt due after one year	**594,711**	499,193	459,280	398,534
Net assets/Shareholders' equity	**735,702**	695,022	751,652	620,989
Retained earnings	**616,736**	623,626	536,096	375,443

Amounts per share of common stock:

	2010	2009	2008	2007
Net income	**¥ 10.63**	¥106.13	¥159.14	¥101.20
Net assets/Shareholders' equity	**551.70**	521.23	567.74	459.55
Cash dividends applicable to the year	**3.00**	31.00	31.00	20.00

(Translation of foreign currencies)
The Japanese yen amounts for 2010 have been translated into U.S. dollars using the prevailing exchange rate at March 31, 2010, which was ¥93.04 to U.S. $1.00, solely for the convenience of readers. (The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.)

(Amounts per share of common stock)
Effective April 1, 2002, the Company adopted the new accounting standard for earnings per share and related guidance (Accounting Standards Board Statement No. 2, "Accounting Standard for Earnings Per Share" and Financial Standards Implementation Guidance No. 4, "Implementation Guidance for Accounting for Earnings Per Share," issued by the Accounting Standards Board of Japan on September 25, 2002).

(Presentation of net assets in the balance sheet)
Effective from the year ended March 31, 2007, the Company adopted the new accounting standard for presentation of net assets in the balance sheet ("Accounting Standard for Presentation of Net Assets in the Balance Sheet" issued by the Accounting Standards Board of Japan on December 9, 2005) and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet ("the Financial Accounting Standard Implementation Guidance No. 8" issued by the Accounting Standards Board of Japan on December 9, 2005). Net assets is comprised of shareholders' equity as defined up to the year ended March 31, 2006, minority interests, share subscription rights and unrealized gains (losses) on hedging derivatives, net of tax.

Millions of yen							Thousands of U.S. dollars
2006	2005	2004	2003	2002	2001	2000	**2010**
¥1,366,725	¥1,173,332	¥ 997,260	¥ 910,288	¥ 903,943	¥ 887,867	¥ 881,807	**$14,488,016**
1,101,459	917,149	824,902	787,540	761,507	732,512	746,048	**13,203,773**
92,273	84,388	80,232	77,392	82,663	77,116	74,439	**1,059,190**
172,993	171,795	92,126	45,356	59,773	78,239	61,320	**225,053**
16,817	11,764	6,613	3,387	4,426	3,681	1,403	**57,642**
188,290	155,057	89,776	25,114	24,851	20,860	15,314	**298,538**
(61,200)	(52,587)	(35,346)	(10,872)	(6,101)	(19,473)	(6,427)	**(86,822)**
(7,570)	(1,205)	2,152	1,435	(6,633)	7,709	(529)	**(40,456)**
(5,788)	(3,004)	(1,191)	(967)	(1,572)	1,847	(33)	**(34,523)**
113,732	98,261	55,391	14,710	10,545	10,943	8,325	**136,737**
340,355	299,835	299,544	289,645	251,388	255,774	239,860	**3,783,641**
433,023	429,695	398,091	423,838	375,032	399,996	412,717	**3,817,552**
769,902	665,320	477,621	569,234	619,645	691,307	756,623	**12,996,303**
1,470,824	1,232,252	1,000,206	1,046,612	1,079,090	1,140,400	1,196,474	**20,005,503**
399,617	340,598	311,021	395,589	475,696	540,159	598,999	**6,391,993**
424,461	298,258	221,535	164,790	166,970	144,355	151,992	**7,907,373**
275,689	182,143	101,991	56,469	47,818	43,433	43,199	**6,628,719**
Yen							U.S. dollars
¥ 94.98	¥ 81.99	¥ 46.14	¥ 12.16	¥ 8.76	¥ 9.01	¥ 6.77	**$0.114**
354.01	248.40	185.06	137.44	138.78	119.88	123.63	**5.930**
18.00	16.00	11.00	5.00	5.00	5.00	4.00	**0.032**

Consolidated Balance Sheets

Mitsui O.S.K. Lines, Ltd. March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2010**	2009	**2010**
Current assets:			
Cash and cash equivalents (Note 3)	**¥ 85,894**	¥ 83,195	**$ 923,194**
Marketable securities (Notes 3 and 4)	**482**	14	**5,181**
Trade receivables (Note 3)	**117,484**	186,625	**1,262,726**
Allowance for doubtful accounts	**(366)**	(204)	**(3,934)**
Inventories (Note 5)	**38,532**	28,151	**414,144**
Deferred and prepaid expenses	**52,539**	57,585	**564,693**
Deferred tax assets (Note 14)	**5,460**	5,128	**58,684**
Other current assets	**52,005**	68,104	**558,953**
Total current assets	**352,030**	428,598	**3,783,641**
Vessels, property and equipment (Notes 7 and 12):			
Vessels	**1,209,637**	1,184,544	**13,001,258**
Buildings and structures	**262,395**	247,738	**2,820,239**
Equipment, mainly containers	**67,851**	69,735	**729,266**
Land	**185,054**	180,238	**1,988,972**
Vessels and other property under construction	**206,431**	165,820	**2,218,734**
	1,931,368	1,848,075	**20,758,469**
Accumulated depreciation	**(722,192)**	(741,329)	**(7,762,166)**
Net vessels, property and equipment	**1,209,176**	1,106,746	**12,996,303**
Investments and other assets:			
Investment securities (Notes 3, 4 and 7)	**112,621**	88,720	**1,210,458**
Investments in and advances to unconsolidated subsidiaries and affiliated companies	**99,052**	92,605	**1,064,617**
Long-term loans receivable (Note 3)	**28,165**	39,923	**302,719**
Goodwill	**–**	4,784	**–**
Other intangible fixed assets	**9,079**	9,501	**97,582**
Deferred tax assets (Note 14)	**5,510**	5,755	**59,222**
Other assets	**45,679**	30,448	**490,961**
Total investments and other assets	**300,106**	271,736	**3,225,559**
Total assets	**¥1,861,312**	¥1,807,080	**$20,005,503**

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2010
Current liabilities:			
Short-term loans	¥ 46,494	¥ 84,394	$ 499,720
Short-term bonds	1,210	2,677	13,005
Commercial paper	8,500	20,500	91,359
Total short-term debt (Notes 3 and 7)	56,204	107,571	604,084
Long-term bank loans due within one year	52,900	58,410	568,572
Bonds due within one year	54,789	20,599	588,876
Total long-term debt due within one year (Notes 3 and 7)	107,689	79,009	1,157,448
Trade payables (Note 3)	114,353	167,472	1,229,074
Advances received	23,033	19,378	247,560
Accrued income taxes	3,720	8,011	39,983
Deferred tax liabilities (Note 14)	205	416	2,203
Other current liabilities	49,981	59,053	537,200
Total current liabilities	355,185	440,910	3,817,552
Long-term bank loans due after one year	441,285	366,522	4,742,960
Bonds due after one year	153,426	132,671	1,649,033
Total long-term debt due after one year (Notes 3 and 7)	594,711	499,193	6,391,993
Employees' severance and retirement benefits (Note 15)	15,052	14,627	161,780
Directors' and corporate auditors' retirement benefits	2,045	2,242	21,980
Reserve for periodic drydocking	18,709	16,091	201,085
Deferred tax liabilities (Note 14)	47,192	31,565	507,223
Other non-current liabilities	92,716	107,430	996,517
Commitments and contingent liabilities (Note 8)			
Net assets (Note 9):			
Owners' equity			
Common stock;			
Authorized–3,154,000,000 shares			
Issued–1,206,286,115 shares	65,400	65,400	702,923
Capital surplus	44,522	44,544	478,525
Retained earnings	616,736	623,626	6,628,719
Treasury stock, at cost	(7,126)	(6,439)	(76,590)
Total owners' equity	719,532	727,131	7,733,577
Accumulated gains (losses) from valuation and translation adjustments			
Unrealized holding gains on available-for-sale securities, net of tax	20,999	6,166	225,699
Unrealized losses on hedging derivatives, net of tax	(45,454)	(71,460)	(488,543)
Foreign currency translation adjustments	(35,570)	(38,123)	(382,309)
Total accumulated gains (losses) from valuation and translation adjustments	(60,025)	(103,417)	(645,153)
Share subscription rights	1,524	1,307	16,380
Minority interests	74,671	70,001	802,569
Total net assets	735,702	695,022	7,907,373
Total liabilities and total net assets	¥1,861,312	¥1,807,080	$20,005,503

Consolidated Statements of Income

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Shipping and other revenues (Note 13)	**¥1,347,965**	¥1,865,802	**$14,488,016**
Shipping and other expenses (Note 13)	**1,228,479**	1,564,486	**13,203,773**
Gross operating income	**119,486**	301,316	**1,284,243**
Selling, general and administrative expenses (Note 13)	**98,547**	104,105	**1,059,190**
Operating income (Note 13)	**20,939**	197,211	**225,053**
Other income (expenses):			
Interest and dividend income	**4,316**	7,960	**46,389**
Interest expense	**(14,176)**	(13,929)	**(152,365)**
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	**5,363**	16,000	**57,642**
Others, net (Note 10)	**11,334**	(9,510)	**121,819**
	6,837	521	**73,485**
Income before income taxes and minority interests	**27,776**	197,732	**298,538**
Income taxes (Note 14):			
Current	**(8,078)**	(65,074)	**(86,822)**
Deferred	**(3,764)**	(638)	**(40,456)**
Minority interests	**(3,212)**	(5,032)	**(34,523)**
Net income	**¥ 12,722**	¥ 126,988	**$ 136,737**

	Yen		U.S. dollars (Note 1)
Amounts per share of common stock:			
Net income	**¥10.63**	¥106.13	**$0.114**
Diluted net income	**10.25**	102.29	**0.110**
Cash dividends applicable to the year	**3.00**	31.00	**0.032**

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2010 and 2009

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total net assets
Balance at March 31, 2008	¥65,350	¥44,449	¥536,096	¥(6,051)	¥ 31,647	¥ 12,052	¥ (4,228)	¥ 968	¥71,369	¥ 751,652
Issuance of stock (Exercise of share subscription rights)	50	50	–	–	–	–	–	–	–	100
Due to change in consolidated subsidiaries	–	–	(99)	–	–	–	–	–	–	(99)
Due to change in affiliated companies accounted for by the equity method	–	–	(2)	–	–	–	–	–	–	(2)
Due to change in accounting period of consolidated subsidiaries	–	–	(446)	–	–	–	–	–	–	(446)
Net income	–	–	126,988	–	–	–	–	–	–	126,988
Purchases of treasury stock	–	–	–	(1,119)	–	–	–	–	–	(1,119)
Disposal of treasury stock	–	45	–	731	–	–	–	–	–	776
Dividends paid	–	–	(38,911)	–	–	–	–	–	–	(38,911)
Net changes during the year	–	–	–	–	(25,481)	(83,512)	(33,895)	339	(1,368)	(143,917)
Balance at March 31, 2009	¥65,400	¥44,544	¥623,626	¥(6,439)	¥ 6,166	¥(71,460)	¥(38,123)	¥1,307	¥70,001	¥ 695,022
Due to change in consolidated subsidiaries	**–**	**–**	**(813)**	**–**	**–**	**–**	**–**	**–**	**–**	**(813)**
Due to change in affiliated companies accounted for by the equity method	**–**	**–**	**(29)**	**–**	**–**	**–**	**–**	**–**	**–**	**(29)**
Due to change in currencies of consolidated subsidiaries	**–**	**–**	**(254)**	**–**	**–**	**–**	**–**	**–**	**–**	**(254)**
Due to change in accounting period of consolidated subsidiaries	**–**	**–**	**43**	**–**	**–**	**–**	**–**	**–**	**–**	**43**
Net income	**–**	**–**	**12,722**	**–**	**–**	**–**	**–**	**–**	**–**	**12,722**
Purchases of treasury stock	**–**	**–**	**–**	**(785)**	**–**	**–**	**–**	**–**	**–**	**(785)**
Disposal of treasury stock	**–**	**(22)**	**–**	**98**	**–**	**–**	**–**	**–**	**–**	**76**
Dividends paid	**–**	**–**	**(18,559)**	**–**	**–**	**–**	**–**	**–**	**–**	**(18,559)**
Net changes during the year	**–**	**–**	**–**	**–**	**14,833**	**26,006**	**2,553**	**217**	**4,670**	**48,279**
Balance at March 31, 2010	**¥65,400**	**¥44,522**	**¥616,736**	**¥(7,126)**	**¥ 20,999**	**¥(45,454)**	**¥(35,570)**	**¥1,524**	**¥74,671**	**¥ 735,702**

	Thousands of U.S. dollars (Note 1)									
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized losses on hedging derivatives, net of tax	Foreign currency translation adjustments	Share subscription rights	Minority interests	Total net assets
Balance at March 31, 2009	$702,923	$478,762	$6,702,773	$(69,207)	$ 66,273	$(768,057)	$(409,748)	$14,048	$752,375	$7,470,142
Due to change in consolidated subsidiaries	**–**	**–**	**(8,738)**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,738)**
Due to change in affiliated companies accounted for by the equity method	**–**	**–**	**(312)**	**–**	**–**	**–**	**–**	**–**	**–**	**(312)**
Due to change in currencies of consolidated subsidiaries	**–**	**–**	**(2,730)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,730)**
Due to change in accounting period of consolidated subsidiaries	**–**	**–**	**462**	**–**	**–**	**–**	**–**	**–**	**–**	**462**
Net income	**–**	**–**	**136,737**	**–**	**–**	**–**	**–**	**–**	**–**	**136,737**
Purchases of treasury stock	**–**	**–**	**–**	**(8,437)**	**–**	**–**	**–**	**–**	**–**	**(8,437)**
Disposal of treasury stock	**–**	**(237)**	**–**	**1,054**	**–**	**–**	**–**	**–**	**–**	**817**
Dividends paid	**–**	**–**	**(199,473)**	**–**	**–**	**–**	**–**	**–**	**–**	**(199,473)**
Net changes during the year	**–**	**–**	**–**	**–**	**159,426**	**279,514**	**27,439**	**2,332**	**50,194**	**518,905**
Balance at March 31, 2010	**$702,923**	**$478,525**	**$6,628,719**	**$(76,590)**	**$225,699**	**$(488,543)**	**$(382,309)**	**$16,380**	**$802,569**	**$7,907,373**

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 27,776	¥ 197,732	$ 298,538
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities			
Depreciation and amortization	88,366	78,156	949,764
Equity in earnings of unconsolidated subsidiaries and affiliated companies, net	(5,363)	(16,000)	(57,642)
Loss on write-down of investment securities	133	3,208	1,429
Loss on write-down of securities issued by subsidiaries and affiliated companies	107	39	1,150
Various provisions (reversals)	(353)	1,160	(3,794)
Interest and dividend income	(4,316)	(7,960)	(46,389)
Interest expense	14,176	13,929	152,365
Gain on sale of investment securities	(2,894)	(18)	(31,105)
Gain on sale and disposal of vessels, property and equipment	(6,182)	(11,560)	(66,445)
Exchange loss (gain), net	(3,425)	931	(36,812)
Changes in operating assets and liabilities:			
Trade receivables	20,115	19,239	216,197
Inventories	(9,589)	17,938	(103,063)
Trade payables	(2,656)	(5,172)	(28,547)
Others, net	(2,150)	(35,304)	(23,108)
Sub total	113,745	256,318	1,222,538
Cash received for interest and dividend	10,516	15,438	113,027
Cash paid for interest	(14,552)	(13,795)	(156,406)
Cash paid for corporate income tax, resident tax and enterprise tax	(16,281)	(138,976)	(174,989)
Net cash provided by operating activities	93,428	118,985	1,004,170
Cash flows from investing activities:			
Purchase of investment securities	(3,210)	(13,840)	(34,501)
Proceeds from sale of investment securities	3,821	6,647	41,068
Payments for purchase of vessels and other tangible and intangible fixed assets	(212,120)	(209,882)	(2,279,880)
Proceeds from sale of vessels and other tangible and intangible fixed assets	72,310	34,421	777,193
Payments for purchase of subsidiaries' securities due to change in consolidated subsidiaries	(49)	–	(527)
Disbursements for loans receivable	(10,559)	(18,656)	(113,489)
Collections of loans receivable	1,605	4,242	17,251
Net increase (decrease) in short-term loans receivable	16,337	5,744	175,591
Others, net	(1,619)	1,301	(17,401)
Net cash used in investing activities	(133,484)	(190,023)	(1,434,695)
Cash flows from financing activities:			
Net increase (decrease) in short-term bonds	(1,903)	(15,469)	(20,454)
Net increase (decrease) in short-term loans	(38,308)	64,417	(411,737)
Net increase (decrease) in commercial paper	(12,000)	10,500	(128,977)
Proceeds from long-term bank loans	131,293	142,445	1,411,146
Repayments of long-term bank loans	(67,926)	(73,705)	(730,073)
Proceeds from issuance of bonds	88,450	32,036	950,666
Redemption of bonds	(34,549)	(17,257)	(371,335)
Cash dividends paid by the Company	(18,574)	(38,881)	(199,635)
Purchase of treasury stock	(785)	(1,119)	(8,437)
Sale of treasury stock	76	776	817
Cash dividends paid to minority interests	(2,156)	(2,434)	(23,173)
Others, net	(1,390)	(443)	(14,939)
Net cash provided by financing activities	42,228	100,866	453,869
Effect of exchange rate changes on cash and cash equivalents	459	(8,486)	4,933
Net increase in cash and cash equivalents	2,631	21,342	28,277
Cash and cash equivalents at beginning of year	83,195	61,716	894,185
Net cash increase from new consolidation/de-consolidation of subsidiaries	3	151	32
Net cash increase in cash from merger of subsidiaries	104	–	1,118
Decrease in cash and cash equivalents due to change in accounting periods for consolidated subsidiaries	(39)	(14)	(418)
Cash and cash equivalents at end of year	¥ 85,894	¥ 83,195	$ 923,194

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2010 and 2009

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 Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (together "Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are made revisions according to ASBJ PITF No. 18. The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui O.S.K. Lines, Ltd. (the "Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law and the amendment report hereto. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2010, which was ¥93.04 to U.S. $1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) PRINCIPLES OF CONSOLIDATION

All companies are required to consolidate all significant investees which are controlled through substantial ownership of majority voting rights or existence of certain conditions.

The consolidated financial statements include the accounts of the Company and 274 subsidiaries for the year ended March 31, 2010 (265 subsidiaries for the year ended March 31, 2009). All significant inter-company transactions and accounts have been eliminated.

Investments in unconsolidated subsidiaries and affiliated companies (20% to 50% owned and certain others 15% to 20% owned) are accounted for by the equity method. Companies accounted for using the equity method include 1 unconsolidated subsidiary and 56 affiliated companies for the year ended March 31, 2010, and 1 unconsolidated subsidiary and 63 affiliated companies for the year ended March 31, 2009. Investments in other subsidiaries (111 for the year ended March 31, 2010 and 110 for the year ended March 31, 2009) and affiliated companies (84 and 85 for the respective years) were stated at cost since total revenues, total assets and the Company's equity in net income and retained earnings in such companies were not material.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair value at the time the Company acquired control of the respective subsidiaries.

The difference between acquisition cost and net assets acquired is treated as goodwill and negative goodwill and amortized over 5 to 14 years.

Amortization of goodwill is included in "Other income" of the consolidated statements of income.

(2) TRANSLATION OF FOREIGN CURRENCY

Revenues earned and expenses incurred in currencies other than Japanese yen of the Company and its subsidiaries keeping their books in Japanese yen are translated into Japanese yen either at a monthly exchange rate or at the rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than Japanese yen are translated into yen at the exchange rate prevailing at the balance sheet date.

Subsidiaries keeping their books in a currency other than Japanese yen translate the revenues and expenses and assets and liabilities in foreign currencies into the currency used for financial reporting in accordance with accounting principles generally accepted in their respective countries.

All the items in financial statements of subsidiaries, which are stated in currencies other than Japanese yen, were translated into Japanese yen at the year-end exchange rate, except for owners' equity which is translated at historical rates. Translation differences arising from the application of more than one exchange rate are presented as foreign currency translation adjustments in the net assets section of the consolidated balance sheets.

(3) CASH AND CASH EQUIVALENTS

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(4) FREIGHT REVENUES AND RELATED EXPENSES

1. Containerships

Freight revenues and the related voyage expenses are recognized by the multiple transportation progress method.

2. Vessels other than containerships

Freight revenues and the related voyage expenses are recognized mainly by the completed-voyage method.

(5) SECURITIES

Securities are classified into (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Trading securities are stated at fair market value. Unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost, net of the amount considered not collectible. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as separate component of net assets. Other securities with no available fair market value are stated at moving-average cost.

If the market value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net assets value with a corresponding charge in the income statement in the event net assets value declines significantly. In these cases, such fair market value or the net assets value will be the carrying amount of the securities at the beginning of the next year.

(6) INVENTORIES

Inventories are stated principally at cost determined by the moving-average method (with regard to the book value of inventories on the balance sheet, by writing the inventories down based on their decrease in profitability of assets).

(7) DEPRECIATION OF VESSELS, PROPERTY AND EQUIPMENT

Depreciation of vessels and buildings is computed mainly by the straight-line method. Depreciation of other property and equipment is computed mainly by the declining-balance method.

Depreciation of finance lease that transfer ownership to lessees is computed mainly by the identical to depreciation method applied to self-owned noncurrent assets. Depreciation of finance lease that do not transfer ownership to lessees is computed mainly by straight-line method on the assumption that the lease term is the useful life and an estimated residual is zero. With regard to finance lease that do not transfer ownership for which the starting date for the lease transaction is prior to March 31, 2008, they will continue to be accounted for by a method corresponding to that used for ordinary operating lease contracts.

(8) AMORTIZATION OF BOND ISSUE EXPENSE AND STOCK ISSUE EXPENSE

Bond issue expense and stock issue expense are charged to income as incurred.

(9) INTEREST CAPITALIZATION

In cases where a vessel's construction period is long and the amount of interest accruing during this period is significant, such interest expenses are capitalized as a part of the acquisition cost which amounted to ¥1,767 million ($18,992 thousand) for the year ended March 31, 2010 and ¥2,788 million for the year ended March 31, 2009.

(10) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of the Company's collection losses.

(11) EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The Company has tax-qualified pension plans for employees engaged in shore and sea services. Employees engaged in sea service who retire prior to a certain age are also entitled to a lump-sum payment. Some subsidiaries have tax-qualified pension plans which cover all or a part of the retirement benefits and some other subsidiaries have established reserves for a lump-sum payment for retirement benefits.

Under the accounting standards for employees' severance and retirement benefits, liabilities and expenses for employees' severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries (the "Group") provided allowance for employees' severance and retirement benefits at March 31, 2010 and 2009 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at those dates.

Actuarial gains and losses are recognized in the statements of income using the straight-line method over the average of the estimated remaining service lives of mainly 10 years commencing with the following period.

(12) DIRECTORS' AND CORPORATE AUDITORS' RETIREMENT BENEFITS

The Company and its domestic subsidiaries recognize liabilities for retirement benefits for directors and corporate auditors at an amount required in accordance with the internal regulations had all directors and corporate auditors terminated as of the balance sheet date.

Effective from the shareholders' meeting of the Company, held on June 23, 2005, the Company abolished the retirement benefits plan for directors and corporate auditors. Accordingly, the Company recognizes liabilities for retirement benefit for directors and corporate auditors till the completion of the shareholders' meeting on June 23, 2005, which will be paid upon their retirement.

(13) INCOME TAXES

The Group recognizes tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(14) AMOUNTS PER SHARE OF COMMON STOCK

Net income per share of common stock is computed based upon the weighted-average number of shares outstanding during the year.

Fully diluted net income per share of common stock assumes exercise of the outstanding stock options and conversion of the convertible bonds at the beginning of the year or at the date of issuance.

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date, but applicable to the year then ended.

(15) DERIVATIVES AND HEDGE ACCOUNTING

Companies are required to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedging instruments and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

If interest rate swap contracts are used as hedging instruments and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed ("special treatment").

If foreign exchange forward contracts are used as hedging instruments and meet certain hedging criteria, hedged foreign currency assets and liabilities are translated at the rate of these contracts ("allocation method").

The following summarizes hedging derivative financial instruments used by the Group and items hedged:

Hedging instruments:	Hedged items:
Loans payable in foreign currencies	Foreign currency future transactions
Forward foreign exchange contracts	Foreign currency future transactions
Currency option contracts	Foreign currency future transactions
Currency swap contracts	Foreign currency loans payable
Interest rate swap contracts	Interest on loans and bonds payable
Crude oil swap contracts	Fuel oil
Commodities futures	Fuel oil
Freight futures	Freight

The derivative transactions are executed and managed by the Company in accordance with the established policies in order to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and foreign currency exchange rate risk.

The Company evaluates hedge effectiveness semi-annually by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the cumulative changes in cash flows from or the changes in fair value of hedging instruments.

(16) RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the 2010 presentation. These changes had no impact on previously reported results of operations or cash flows or net assets.

(17) CHANGES IN ACCOUNTING METHOD

1. Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective from the year ended March 31, 2009, the Company adopted the new practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements (ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements," issued by the Accounting Standards Board of Japan on May 17, 2006).

The effect on profit and loss is immaterial.

2. Lease transactions

Finance leases that do not transfer ownership to lessees were previously accounted for in the same manner as operating leases. Effective from the year ended March 31, 2009, the Company adopted the new accounting standards for Lease Transactions (ASBJ Statement No. 13,"the Accounting Standards for Lease Transactions," revised by the Accounting Standards Board of Japan on March 30, 2007) and the guidance on accounting standards for lease transaction (ASBJ Guidance No. 16, "Implementation Guidance on the Accounting Standards for Lease Transactions," revised by the Accounting Standards Board of Japan on March 30, 2007) and are following accounting procedures for ordinary sales transactions.

With regard to finance lease that do not transfer ownership to lessees for which the starting date for the lease transaction is prior to March 31, 2008, they will continue to be accounted for in the same manner as operating leases.

The effect on profit and loss is immaterial.

3. Freight revenues for incomplete voyages

Previously, the freight revenues for incomplete voyages at the end of the year (deferred under percentage of total voyage days method for containerships) was recognized as advances received under the completed-voyage method (the multiple transportation progress method for containerships), while uncollected freight was recognized as trade receivables at the time of completion of operations. Effective April 1, 2008, the accounting method of the freight revenues for incomplete voyages was changed to deduct them from both trade receivables and advances received.

The reasons for the change are this method is becoming the majority in industry and a freight management system corresponding to this method was designed. In light of such circumstances, a new calculation method has been determined to ensure the comparability with other companies and to disclose the financial position more appropriately and so was adopted as from this financial period.

As a result of the change, trade receivables and advances received decreased by ¥30,973 million, respectively, in comparison with the result under the previous method of accounting. The effect of the change in segment information is disclosed in Note 13.

4. Presentation of trade receivables and trade payables related to the transaction of the mutual container space financing on the vessel

In containerships, the Company offers service linking Asia to North America and Europe as east-west routes allying with APL CO. PTE LTD. and HYUNDAI MERCHANT MARINE CO., LTD. This comprehensive cooperative relationship is called "THE NEW WORLD ALLIANCE" (TNWA).

TNWA enter into the transaction financing, at a cost, container space on the own operating vessels and other carrier's operating vessels mutually on the basis of certain conditions. In the transaction, trade receivables and trade payables related to the container space lease for certain period is eliminated and settled by the contractor.

Previously, in the transaction, the Company presented the trade receivables related to the container space leasing fee on the own operating vessels and the trade payables related to the container space hiring fee on the other carrier's operating vessel respectively in the balance sheet. However, it takes a long time to achieve the mutual agreement for container space leasing rate per vessel and voyage as the market price of bunker which is a content of container space leasing rate is greatly fluctuated linking to the recent widely fluctuated price of crude oil. As a result of that, a large balance of trade receivables and trade payables related to this transaction exists. In light of such circumstances, it was decided that the consolidated financial position could be presented more appropriately due to the presentation of netted off amount of trade receivables and trade payables to each contractor and container space lease management system was designed and the management for each contractor became more easily, effective April 1, 2009, the presenting method of trade receivables and trade payables related to the transaction of the mutual container space financing on the vessel was changed to present the netted off amount of each contractor.

As a result of the change, trade receivables in current assets and trade payables in current liabilities decreased by ¥56,072 million ($602,666 thousand), respectively, in comparison with the result under the previous method of presenting. The effect of the change in segment information is disclosed in Note 13.

3. FINANCIAL INSTRUMENTS

(1) QUALITATIVE INFORMATION ON FINANCIAL INSTRUMENTS

I. Policies for using financial instruments

We raise capital investment funds to acquire vessels and other fixed assets primarily through bank loans and corporate bonds. In addition, we secure short-term operating funds through commercial papers and bank loans. Furthermore, we have established commitment line with Japanese banks in preparation for supplementing liquidity in emergency situations.

Derivatives are utilized to hedge risks as discussed below and are executed within the scope of real requirements. Our policy is not to use derivatives for speculative purposes.

II. Details of financial instruments/Risk and its management

Trade receivables are exposed to the credit risks of customers. We strive to mitigate such risks in accordance with internal regulations. Besides, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risk. We avoid the risk mainly by, in principle, utilizing forward exchange contracts which cover the net position (The difference between trade receivables and trade payables dominated in foreign currencies).

Investment securities are mainly stocks of companies with which we have business relationships. These investment securities are exposed to the price fluctuation risk. We identify the market value of listed stocks on a quarterly basis.

Trade payables are due within a year.

Short-term loans and commercial papers are primarily used for raising short-term operating funds, while long-term loans and bonds are mainly for capital investments. Although several items with variable interest rates are exposed to the interest rate risk, a certain portion of such variable interest rates is fixed with the use of interest rate swaps.

Long-term loans and bonds dominated in foreign currencies are exposed to the foreign currency exchange rate risk, a part of which is avoided by using currency swaps.

Our major derivative transactions and hedged risks are as follows.

* Forward foreign exchange contracts/Currency swap contracts

: To cover exchange volatility of foreign-currency-denominated trade receivables, trade payables, long-term loans, and corporate bonds.

* Interest rate swap contracts

: To avoid interest rate risk arising out of interest payment of long-term loans and corporate bonds.

* Crude oil swap contracts and Commodities futures

: To hedge fluctuation of fuel oil price.

With regard to the detail of hedge accounting (hedging instruments, hedged items, the way of evaluating hedge effectiveness), see Notes 2 (15) to the consolidated financial statements. Derivative transactions are executed and managed in accordance with our internal regulations and dealt only with highly rated financial institutions to mitigate credit risks. On the other hand, as trade payables, loan payables, bonds, and commercial papers are exposed to the risk of financing for repayment, we manage the risk by planning cash management program monthly, having established commitment line with several financial institutions, and adjusting funding period (balancing short-term/long-term combination), in consideration of market circumstances.

III. Supplemental information on fair value

Fair value of financial instruments that are actively traded in organized financial markets is determined by market value.

For those where there are no active markets, it is determined by reasonable estimation. Reasonably estimated value might vary depending on condition of calculation as several variation factors are included in the calculation. On the other hand, derivative transactions mentioned in following (2) do not indicate the market risk of such derivatives.

(2) FAIR VALUES OF FINANCIAL INSTRUMENTS

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2010 are the following;

	Millions of yen		
	Book value	Fair value	Difference
Assets			
Cash and cash equivalents	¥ 85,894	¥ 85,894	¥ –
Trade receivables	117,484	117,484	–
Marketable securities			
Available-for-sale securities	482	482	–
Short-term loans receivable	1,834	1,834	–
Investment securities			
Available-for-sale securities	102,175	102,175	–
Long-term loans receivable (*1)	29,060		
Allowance for doubtful accounts (*2)	(185)		
	28,875	32,227	3,352
Total	¥336,744	¥340,096	¥ 3,352
Liabilities			
Trade payables	¥114,353	¥114,353	¥ –
Short-term bonds	1,210	1,210	–
Short-term loans	46,494	46,494	–
Commercial paper	8,500	8,500	–
Bonds (*3)	208,215	210,961	2,746
Long-term bank loans (*4)	494,185	495,588	1,403
Total	¥872,957	¥877,106	¥ 4,149
Derivative financial instruments (*5)	¥ (37,475)	¥ (39,516)	¥(2,041)

	Thousands of U.S. dollars (Note 1)		
	Book value	Fair value	Difference
Assets			
Cash and cash equivalents	$ 923,194	$ 923,194	$ –
Trade receivables	1,262,726	1,262,726	–
Marketable securities			
Available-for-sale securities	5,181	5,181	–
Short-term loans receivable	19,712	19,712	–
Investment securities			
Available-for-sale securities	1,098,184	1,098,184	–
Long-term loans receivable (*1)	312,339		
Allowance for doubtful accounts (*2)	(1,989)		
	310,350	346,378	36,028
Total	$3,619,347	$3,655,375	$ 36,028
Liabilities			
Trade payables	$1,229,074	$1,229,074	$ –
Short-term bonds	13,005	13,005	–
Short-term loans	499,720	499,720	–
Commercial paper	91,359	91,359	–
Bonds (*3)	2,237,909	2,267,424	29,515
Long-term bank loans (*4)	5,311,532	5,326,612	15,080
Total	$9,382,599	$9,427,194	$ 44,595
Derivative financial instruments (*5)	$ (402,784)	$ (424,721)	$(21,937)

*1 The book value of long-term loans receivable includes current portion amounting to ¥895 million ($9,620 thousand).
*2 Allowance identified for long-term loans receivable is deducted.
*3 The book value of bonds includes current portion amounting to ¥54,789 million ($588,876 thousand).
*4 The book value of long-term bank loans includes current portion amounting to ¥52,900 million ($568,572 thousand).
*5 Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with ( ) means that the net amount is liability.

The following is a description of the valuation methodologies used for the assets and liabilities measured at the fair value.

Cash and cash equivalents, Trade receivables and Short-term loans receivable

Since these assets are settled in a short term and their fair value is almost equal to the book value, the fair value is evaluated at the book value.

Marketable securities and Investment securities

The fair value of stocks is evaluated at market prices at stock exchange as of the end of the fiscal year and the fair value of bonds is evaluated at market prices at stock exchange or provided by financial institutions as of the end of the fiscal years.

Long-term loans receivable

The fair value of long-term loans receivable with variable interests rate is evaluated at the book value because the interest rate reflects the market rate in a short term and their fair value is almost equal to the book value, unless the creditworthiness of the borrower has changed significantly since the loan origination. The fair value of long-term loans receivable with fixed interest rates, for each category of loans based on types of loans, and maturity length, is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar borrowing were newly made.

Trade payables, Short-term bonds, Short-term loans and Commercial paper

Since these assets are settled in a short term and their fair value is almost equal to the book value, the fair value is evaluated at the book value.

Bonds

The fair value of corporate bonds with market price is evaluated based on their market price. The fair value of variable interest rates corporate bonds without market price is evaluated at the book value because the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of us before and after the issue.

The fair value of fixed interest rates corporate bonds without market price is evaluated by discounting the total amount of principal and interest using the rate adjusted for the creditworthiness of us and the remaining term. The fair value of corporate bonds qualifying for allocation method of interest and currency swap is evaluated at the book value because such bonds were deemed as the variable interest rates corporate bonds and the interest rate reflects the market rate in a short term.

Long-term bank loans

The fair value of long-term bank loans with variable interest rates is evaluated at the book value because the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of us before and after such bank loans were made. The fair value of long-term bank loans with fixed interest rates is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar bank loans were newly made. The fair value of long-term bank loans qualifying for allocation method of interest and currency swap is evaluated at the book value because such bank loans were deemed as the variable interest rates bank loans and the interest rate reflects the market rate in a short term.

Derivative financial instruments

Please refer to Note 6 to the consolidated financial statements.

The following table summarizes financial instruments whose fair value is extremely difficult to estimate.

	Millions of yen	Thousands of U.S. dollars (Note 1)
	Book value	Book value
	2010	2010
Unlisted stocks	¥ 7,226	$ 77,666
Unlisted foreign securities	3,200	34,394
Others	20	214
Total	¥10,446	$112,274

The above items are not included in the amount presented under the line "Investments securities—Available-for-sale securities" in the table summarizing fair value of financial instruments, because the fair value is extremely difficult to estimate as they have no quoted market price and the future cash flow cannot be estimated.

At March 31, 2010, the aggregate annual maturity of monetary claims and held-to-maturity securities was as follow;

	Millions of yen			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	¥ 85,894	¥ –	¥ –	¥ –
Trade receivables	117,484	–	–	–
Marketable securities and investments securities				
Held-to-maturity debt securities (Other)	–	–	–	3,200
Available-for-sale securities (Governmental bonds/Corporate bonds)	–	10	5	–
Long-term loans receivables	895	12,257	4,714	11,194
Total	¥204,273	¥12,267	¥4,719	¥14,394

	Thousands of U.S. dollars (Note 1)			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	$ 923,194	$ –	$ –	$ –
Trade receivables	1,262,726	–	–	–
Marketable securities and investments securities				
Held-to-maturity debt securities (Other)	–	–	–	34,394
Available-for-sale securities (Governmental bonds/Corporate bonds)	–	107	54	–
Long-term loans receivables	9,620	131,739	50,666	120,314
Total	$2,195,540	$131,846	$50,720	$154,708

<Additional Information>

Effective from the fiscal year ended March 31, 2010, the Company adopted the revised Accounting Standard, "Accounting Standard for Financial Instruments" Accounting Standards Board of Japan ("ASBJ") Statement No. 10 revised on March 10, 2008) and the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised on March 10, 2008).

Information on financial instruments for the year ended March 31, 2010 required pursuant to the revised accounting standards is as noted above.

4. SECURITIES

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values at March 31, 2010 and 2009.

Available-for-sale securities:

Securities with book values exceeding acquisition costs at March 31, 2010

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	¥29,605	¥79,091	¥49,486
Bonds	215	222	7
Others	1	1	0
Total	¥29,821	¥79,314	¥49,493

	Thousands of U.S. dollars (Note 1)		
Type	Acquisition cost	Book value	Difference
Equity securities	$318,196	$850,075	$531,879
Bonds	2,311	2,386	75
Others	11	11	0
Total	$320,518	$852,472	$531,954

Securities with book values exceeding acquisition costs at March 31, 2009

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	¥26,343	¥58,306	¥31,963
Bonds	15	16	1
Others	1	1	0
Total	¥26,359	¥58,323	¥31,964

Securities with book values not exceeding acquisition costs at March 31, 2010

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	**¥25,961**	**¥22,861**	**¥(3,100)**
Bonds	**–**	**–**	**–**
Others	**482**	**482**	**–**
Total	**¥26,443**	**¥23,343**	**¥(3,100)**

	Thousands of U.S. dollars (Note 1)		
Type	Acquisition cost	Book value	Difference
Equity securities	**$279,031**	**$245,712**	**$(33,319)**
Bonds	**–**	**–**	**–**
Others	**5,181**	**5,181**	**–**
Total	**$284,212**	**$250,893**	**$(33,319)**

Securities with book values not exceeding acquisition costs at March 31, 2009

	Millions of yen		
Type	Acquisition cost	Book value	Difference
Equity securities	¥29,595	¥19,306	¥(10,289)
Bonds	–	–	–
Others	963	292	(671)
Total	¥30,558	¥19,598	¥(10,960)

B. The following tables summarize book values of securities with no available fair value at March 31, 2009:

	Millions of yen
	2009
Type	Book value
Unlisted equity securities	¥ 7,495
Unlisted foreign bonds	3,200
Others	118
Total	¥10,813

With regard to book values of financial instruments whose fair value is extremely difficult to estimate at March 31, 2010, see Note 3 (2) to the consolidated financial statements.

C. Available-for-sale securities with maturities and held-to-maturity debt securities are as follows:
For the year ended March 31, 2009:

	Millions of yen				
Type	Within one year	Over one year but within five years	Over five years but within ten years	Over ten years	Total
Governmental bonds	¥ –	¥ –	¥ 16	¥ –	¥ 16
Corporate bonds	–	–	–	–	–
Others	–	–	3,200	–	3,200
Total	¥ –	¥ –	¥3,216	¥ –	¥3,216

With regard to the aggregate annual maturity of held-to-maturity securities at March 31, 2010, see Note 3 (2) to the consolidated financial statements.

D. There were no held-to-maturity debt securities sold in the years ended March 31, 2010 and 2009.

E. Total sales of available-for-sale securities sold in the years ended March 31, 2010 and 2009 and the related gains and losses were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Proceeds from sales	¥3,846	¥4,603	$41,337
Gross realized gains	2,939	22	31,589
Gross realized losses	45	4	484

5. INVENTORIES

Inventories as of March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Fuel and supplies	¥37,515	¥26,855	$403,214
Others	1,017	1,296	10,930
Total	¥38,532	¥28,151	$414,144

6. DERIVATIVE TRANSACTIONS

The Group enters into derivative transactions to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and currency exchange fluctuations, in accordance with the guidance determined by the management of the Company.

I. HEDGE ACCOUNTING NOT APPLIED

The following tables summarize the outstanding contract amounts and unrealized gains or losses of financial derivatives of the Group at March 31, 2010 and 2009, for which hedge accounting has not been applied.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
(1) Currency related			
Forward currency exchange contracts			
Sell (U.S. dollar):			
Contracts outstanding	¥8,182	¥327	$87,941
Unrealized gains (losses)	(2)	54	(21)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
(2) Interest related			
Interest rate swaps			
Receive floating, pay fixed			
Contracts outstanding	¥58,331	¥71,455	$626,945
Unrealized losses	(3,203)	(5,214)	(34,426)
Receive fixed, pay floating			
Contracts outstanding	¥ 3,161	¥ 7,500	$ 33,975
Unrealized gains	20	38	215

Notes: 1. In calculating market values in Japanese yen at the end of the fiscal year, forward exchange rates prevailing at the end of the year for the same values of the respective contracts are used.
2. Market values of interest swaps at the end of the fiscal year are calculated using prices of the contracts at the end of the year quoted by the financial institutions or trading houses with which the relevant transactions were closed.

II. HEDGE ACCOUNTING APPLIED

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Group at March 31, 2010, for which hedge accounting has been applied.

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2010	2010
(1) Deferral hedge accounting		
a. Forward currency exchange contracts to hedge the risk for the foreign currency transactions		
Sell (U.S. dollar):		
Contracts outstanding	¥ 48,998	$ 526,634
Fair values	(694)	(7,459)
Buy (U.S. dollar):		
Contracts outstanding	¥769,842	$8,274,312
Fair values	(25,742)	(276,677)
Buy (Euro):		
Contracts outstanding	¥ 5	$ 54
Fair values	0	0
Buy (Australian dollar):		
Contracts outstanding	¥ 11	$ 118
Fair values	1	11
b. Interest rate swaps to hedge the risk for the long-term bank loans and charterages		
Receive floating, pay fixed		
Contracts outstanding	¥222,056	$2,386,672
Fair values	(8,612)	(92,562)
Receive fixed, pay floating		
Contracts outstanding	¥ 22,503	$ 241,864
Fair values	373	4,009
c. Commodities futures to hedge the risk for the fuel oil		
Contracts outstanding	¥ 14,348	$ 154,213
Fair values	384	4,127

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2010	2010
(2) Special treatment		
Interest rate swaps to hedge the risk for the long-term bank loans		
Receive floating, pay fixed		
Contracts outstanding	¥24,464	$262,941
Fair values	(2,042)	(21,948)

	Millions of yen	Thousands of U.S. dollars (Note 1)
	2010	2010
(3) Allocation method		
Currency swaps to hedge the risk for the foreign bonds and long-term bank loans		
Contracts outstanding	¥30,323	$325,914
Fair values	–	–

Notes: 1. Fair values are measured based on forward exchange rates prevailing at the end of the year and information provided by financial institutions, etc.
2. Currency swaps which are applied allocation method are recorded as the combined amount of such currency swaps and their hedge items. Therefore, their fair values are included in fair values of such hedge items.

7. SHORT-TERM DEBT AND LONG-TERM DEBT

(1) SHORT-TERM DEBT

Short-term debt amounting to ¥56,204 million ($604,084 thousand) and ¥107,571 million at March 31, 2010 and 2009, respectively, were unsecured. The interest rates on short-term debt were mainly set on a floating rate basis.

(2) LONG-TERM DEBT

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Bonds:			
1.190% yen bond due 2009	¥ –	¥ 10,000	$ –
1.240% yen bond due 2009	–	5,000	–
1.220% yen bond due 2009	–	4,500	–
Floating/fixed rate Euro medium term notes due 2010–2013	21,185	26,740	227,698
0.000% yen convertible bond due 2011	49,030	49,030	526,978
1.480% yen bond due 2011	1,000	1,000	10,748
1.460% yen bond due 2011	2,000	2,000	21,496
1.428% yen bond due 2013	15,000	15,000	161,221
1.760% yen bonds due 2014	10,000	10,000	107,481
1.278% yen bonds due 2014	30,000	–	322,442
1.590% yen bonds due 2015	15,000	15,000	161,221
2.070% yen bonds due 2016	15,000	15,000	161,221
1.106% yen bonds due 2016	20,000	–	214,961
1.999% yen bonds due 2019	20,000	–	214,961
1.670% yen bonds due 2019	10,000	–	107,481
Secured loans from:			
Japan Development Bank due through 2021 at interest rates of 0.34% to 4.70%	79,618	79,916	855,739
Other financial institutions due through 2021 at interest rates of 0.45% to 3.50%	34,814	27,989	374,183
Unsecured loans from:			
Other financial institutions due through 2023 at interest rates of 0.27% to 6.48%	379,753	317,027	4,081,610
	702,400	578,202	7,549,441
Amount due within one year	107,689	79,009	1,157,448
	¥594,711	¥499,193	$6,391,993

At March 31, 2010, the aggregate annual maturity of long-term debt was as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2011	¥107,689	$1,157,448
2012	136,684	1,469,089
2013	68,289	733,975
2014	87,856	944,282
2015	89,710	964,209
2016 and thereafter	212,172	2,280,438
	¥702,400	$7,549,441

(3) ASSETS PLEDGED AND SECURED DEBT

At March 31, 2010, the following assets were pledged as collateral for short-term debt and long-term debt.

Assets pledged	Millions of yen	Thousands of U.S. dollars (Note 1)
Vessels	**¥177,848**	**$1,911,522**
Buildings and structures	**2,619**	**28,149**
Land	**1,040**	**11,178**
Investment securities	**61,830**	**664,553**
Others	**362**	**3,891**
	¥243,699	**$2,619,293**

Secured debt	Millions of yen	Thousands of U.S. dollars (Note 1)
Short-term debt	**¥ 139**	**$ 1,494**
Long-term debt due within one year	**20,245**	**217,595**
Long-term debt due after one year	**77,641**	**834,490**
	¥98,025	**$1,053,579**

8. COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2010, the Company and its consolidated subsidiaries were contingently liable mainly as guarantors or co-guarantors of indebtedness of related and other companies in the aggregate amount of ¥99,923 million ($1,073,979 thousand).

9. NET ASSETS

Net assets comprises four sections, which are the owners' equity, accumulated gains (losses) from valuation and translation adjustments, share subscription rights and minority interests.

Under the Japanese Corporate Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in-capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10%of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Law, appropriations (legal earnings reserve and additional paid-in-capital could be used to eliminate or reduce a deficit or could be capitalized) generally require a resolution of the shareholders' meeting.

(A) SHARES ISSUED AND OUTSTANDING

Changes in number of shares issued and outstanding during the years ended March 31, 2010 and 2009 were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
Balance at March 31, 2008	1,206,195	9,669
Increase during the year	91	856
Decrease during the year	–	(868)
Balance at March 31, 2009	1,206,286	9,657
Increase during the year	**–**	**1,361**
Decrease during the year	**–**	**(140)**
Balance at March 31, 2010	**1,206,286**	**10,878**

(B) SHARE SUBSCRIPTION RIGHTS

Share subscription rights at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Stock options	**¥1,524**	¥1,307	**$16,380**
Total	**¥1,524**	¥1,307	**$16,380**

(C) DIVIDENDS

(1) Dividends paid for the year ended March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 23, 2009	**¥18,559**	**$199,473**
Total	**¥18,559**	**$199,473**

(2) Dividends included in the retained earnings at March 31, 2010 and to be paid in subsequent periods were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 22, 2010	**¥3,588**	**$38,564**
Total	**¥3,588**	**$38,564**

10. OTHER INCOME (EXPENSES): OTHERS, NET—BREAKDOWN

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Others, net:			
Exchange gain (loss), net	**¥ 3,354**	¥ (4,611)	**$ 36,049**
Amortization of goodwill	**542**	1,392	**5,825**
Gain on sale of vessels, investment securities and others	**18,505**	12,306	**198,894**
Loss on sale and disposal of vessels, investment securities and others	**(9,429)**	(727)	**(101,344)**
Loss arising from dissolution of subsidiaries and affiliated companies	**(324)**	(121)	**(3,482)**
Loss on write-down of investment securities and others	**(240)**	(3,246)	**(2,579)**
Provision for doubtful accounts	**(95)**	(334)	**(1,021)**
Special retirement	**(123)**	(111)	**(1,322)**
Cancellation fee for chartered ships, net	**(3,953)**	(14,552)	**(42,487)**
Sundries, net	**3,097**	494	**33,286**
Total	**¥11,334**	¥ (9,510)	**$ 121,819**

11. LEASES

AS LESSEE:

(A) INFORMATION ON FINANCE LEASES ACCOUNTED FOR AS OPERATING LEASES:

(1) A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2010 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen		
	Equipment, mainly containers	Others	Total
Acquisition cost	**¥38,959**	**¥331**	**¥39,290**
Accumulated depreciation	**32,018**	**289**	**32,307**
Net book value	**¥ 6,941**	**¥ 42**	**¥ 6,983**

	Thousands of U.S. dollars (Note 1)		
	Equipment, mainly containers	Others	Total
Acquisition cost	**$418,734**	**$3,557**	**$422,291**
Accumulated depreciation	**344,132**	**3,106**	**347,238**
Net book value	**$ 74,602**	**$ 451**	**$ 75,053**

A summary of assumed amounts of acquisition cost, accumulated depreciation and net book value at March 31, 2009 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen		
	Equipment, mainly containers	Others	Total
Acquisition cost	¥43,405	¥376	¥43,781
Accumulated depreciation	32,951	245	33,196
Net book value	¥10,454	¥131	¥10,585

(2) Future lease payments at March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Amount due within one year	**¥ 3,499**	¥ 4,088	**$ 37,607**
Amount due after one year	**8,861**	13,073	**95,239**
Total	**¥12,360**	¥17,161	**$132,846**

(3) Lease payments, Depreciation equivalent and Interest equivalent

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Lease payments	**¥3,734**	¥4,556	**$40,134**
Depreciation equivalent	**3,412**	4,659	**36,672**
Interest equivalent	**256**	364	**2,753**

(4) Calculation of depreciation equivalent

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

(5) 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.

(6) Impairment loss

There was no impairment loss on finance lease accounted for as operating leases.

(B) FUTURE LEASE PAYMENTS UNDER OPERATING LEASES FOR ONLY NON-CANCELABLE CONTRACTS AT MARCH 31, 2010 AND 2009:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Amount due within one year	**¥ 36,669**	¥ 36,708	**$ 394,123**
Amount due after one year	**251,410**	166,755	**2,702,169**
Total	**¥288,079**	¥203,463	**$3,096,292**

AS LESSOR:

(A) INFORMATION ON FINANCE LEASES ACCOUNTED FOR AS OPERATING LEASES:

(1) A summary of acquisition cost, accumulated depreciation and net book value at March 31, 2010 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen	
	Equipment, mainly containers	Total
Acquisition cost	¥ –	¥ –
Accumulated depreciation	–	–
Net book value	¥ –	¥ –

	Thousands of U.S. dollars (Note 1)	
	Equipment, mainly containers	Total
Acquisition cost	$ –	$ –
Accumulated depreciation	–	–
Net book value	$ –	$ –

A summary of acquisition cost, accumulated depreciation and net book value at March 31, 2009 of finance leases that do not transfer ownership to the lessee is as follows:

	Millions of yen	
	Equipment, mainly containers	Total
Acquisition cost	¥ –	¥ –
Accumulated depreciation	–	–
Net book value	¥ –	¥ –

(2) Future lease income at March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Amount due within one year	¥ –	¥ –	$ –
Amount due after one year	–	–	–
Total	¥ –	¥ –	$ –

(3) Lease income, Depreciation and Interest equivalent

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Lease income	¥ –	¥22	$ –
Depreciation	–	7	–
Interest equivalent	–	0	–

(4) Calculation of interest equivalent

The excess of total lease income over acquisition costs equivalent is regarded as amounts representing interest receivable equivalents and is allocated to each period using the interest method.

(B) FUTURE LEASE INCOME UNDER OPERATING LEASES FOR ONLY NON-CANCELABLE CONTRACTS AT MARCH 31, 2010 AND 2009:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Amount due within one year	¥ 9,963	¥ 6,586	$107,083
Amount due after one year	43,739	29,949	470,110
Total	¥53,702	¥36,535	$577,193

12. RENTAL PROPERTIES

The Company and certain of its consolidated subsidiaries own real estate for office lease (including lands) in Tokyo, Osaka and other areas.

Information about the book value and the fair value of such rental properties is as follows:

	Millions of yen
	2010
Book value	¥233,474
Fair value	327,556

	Thousands of U.S. dollars (Note 1)
	2010
Book value	$2,509,394
Fair value	3,520,593

Notes: 1. The book value was calculated as the amount equivalent to the cost for acquisition deducting accumulated depreciation and impairment losses.
2. The fair value is mainly based upon the amount appraised by outside independent real estate appraisers.

In addition, information about rental revenue and expense from rental properties is as follows:

	Millions of yen
	2010
Rental revenue	¥25,401
Rental expense	14,432
Difference	10,969

	Thousands of U.S. dollars (Note 1)
	2010
Rental revenue	$273,012
Rental expense	155,116
Difference	117,896

Notes: Rental revenue is mainly recorded as "shipping and other revenues" and rental expense (depreciation expense, repairs and maintenance fee, utilities, personnel cost, tax and public charge, etc.) is mainly recorded as "shipping and other expenses."

(Additional information)
Effective from the fiscal year ended March 31, 2010, the Company adopted the "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (Accounting Standards Board of Japan ("ASBJ") Statement No. 20 issued on November 28, 2008) and the "Guidance on Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23 issued on November 28, 2008) for the years ending on or after March 31, 2010. Pursuant to the new requirements, information about rental properties on the consolidated financial statements at March 31, 2010 is as noted above.

13. SEGMENT INFORMATION

(A) BUSINESS SEGMENT INFORMATION:

For the year ended March 31, 2010:	Bulkships	Container-ships	Ferry & Domestic transport	Associated business	Others	Elimination	Consolidated
	Millions of yen						
1. Revenues:							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥ 721,726	¥466,379	¥50,815	¥ 99,795	¥ 9,250	¥ –	¥1,347,965
(2) Inter-segment revenues	1,548	1,623	260	14,875	8,513	(26,819)	–
Total revenues	723,274	468,002	51,075	114,670	17,763	(26,819)	1,347,965
2. Operating expenses	654,060	526,690	53,426	104,991	15,145	(27,286)	1,327,026
Operating income (loss)	¥ 69,214	¥ (58,688)	¥ (2,351)	¥ 9,679	¥ 2,618	¥ 467	¥ 20,939
3. Assets, Depreciation and Capital expenditures:							
(1) Assets	¥1,008,724	¥357,412	¥42,721	¥315,924	¥376,317	¥(239,786)	¥1,861,312
(2) Depreciation	54,612	17,778	5,231	8,640	1,921	184	88,366
(3) Capital expenditures	146,950	30,592	1,132	24,375	1,180	(38)	204,191

For the year ended March 31, 2010:	Bulkships	Container-ships	Ferry & Domestic transport	Associated business	Others	Elimination	Consolidated
	Thousands of U.S. dollars (Note 1)						
1. Revenues:							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	$ 7,757,158	$5,012,672	$546,163	$1,072,603	$ 99,420	$ –	$14,488,016
(2) Inter-segment revenues	16,638	17,444	2,794	159,878	91,498	(288,252)	–
Total revenues	7,773,796	5,030,116	548,957	1,232,481	190,918	(288,252)	14,488,016
2. Operating expenses	7,029,880	5,660,898	574,226	1,128,450	162,780	(293,271)	14,262,963
Operating income (loss)	$ 743,916	$ (630,782)	$ (25,269)	$ 104,031	$ 28,138	$ 5,019	$ 225,053
3. Assets, Depreciation and Capital expenditures:							
(1) Assets	$10,841,831	$3,841,488	$459,168	$3,395,572	$4,044,680	$(2,577,236)	$20,005,503
(2) Depreciation	586,973	191,079	56,223	92,863	20,647	1,979	949,764
(3) Capital expenditures	1,579,428	328,805	12,167	261,984	12,683	(408)	2,194,659

(Change in accounting method)
As mentioned in Note 2 (17) 4, effective April 1, 2009, the accounting method of trade receivables and trade payables related to the transaction of the mutual container space financing on the vessel was changed to present the netted off amount of each contractor.

As a result of the change, in comparison with the previous accounting method, trade receivables in current assets and trade payables in current liabilities decreased by ¥56,072 million ($602,666 thousand) for Containerships.

There is no effect related to the change over segments other than Containerships.

(Change of business segment)
Due to the change of organization, which Logistics division was integrated into Liner division, the number of business segment is changed from six to five including Logistics into Containerships from April 1, 2009.

Meanwhile, the business segment information FY2008 based on the above new definition is mentioned as below.

For the year ended March 31, 2009:	Bulkships	Container-ships	Ferry & Domestic transport	Associated business	Others	Elimination	Consolidated
	Millions of yen						
1. Revenues:							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥ 998,543	¥685,849	¥54,534	¥117,149	¥ 9,727	¥ –	¥1,865,802
(2) Inter-segment revenues	3,111	1,755	231	19,875	14,463	(39,435)	–
Total revenues	1,001,654	687,604	54,765	137,024	24,190	(39,435)	1,865,802
2. Operating expenses	796,171	711,221	54,868	125,173	19,517	(38,359)	1,668,591
Operating income (loss)	¥ 205,483	¥ (23,617)	¥ (103)	¥ 11,851	¥ 4,673	¥ (1,076)	¥ 197,211
3. Assets, Depreciation and Capital expenditures:							
(1) Assets	¥ 910,659	¥405,374	¥42,665	¥299,192	¥376,655	¥(227,465)	¥1,807,080
(2) Depreciation	48,949	16,654	3,948	6,191	2,157	257	78,156
(3) Capital expenditures	154,275	37,526	1,083	26,729	3,563	32	223,208

For the year ended March 31, 2009:	Bulkships	Container-ships	Logistics	Ferry & Domestic transport	Associated business	Others	Elimination	Consolidated
	Millions of yen							
1. Revenues:								
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥ 998,543	¥639,695	¥56,270	¥54,534	¥107,033	¥ 9,727	¥ –	¥1,865,802
(2) Inter-segment revenues	3,111	1,607	1,355	231	19,608	14,463	(40,375)	–
Total revenues	1,001,654	641,302	57,625	54,765	126,641	24,190	(40,375)	1,865,802
2. Operating expenses	796,171	664,645	57,816	54,868	114,878	19,517	(39,304)	1,668,591
Operating income (loss)	¥ 205,483	¥ (23,343)	¥ (191)	¥ (103)	¥ 11,763	¥ 4,673	¥ (1,071)	¥ 197,211
3. Assets, Depreciation and Capital expenditures:								
(1) Assets	¥ 910,659	¥362,537	¥47,054	¥42,665	¥293,066	¥376,655	¥(225,556)	¥1,807,080
(2) Depreciation	48,949	15,399	1,413	3,948	6,033	2,157	257	78,156
(3) Capital expenditures	154,275	36,640	971	1,083	26,643	3,563	33	223,208

(Change in accounting method)
As mentioned in Note 2 (17) 3, effective April 1, 2008, the accounting method of the freight revenues for incomplete voyages was changed to deduct them from both trade receivables and advances received. As a result of the change, in comparison with the previous accounting method, assets decreased by ¥24,448 million for Bulkships, ¥6,525 million for Containerships.

There is no effect related to the change over segments other than Bulkships and Containerships.

(B) GEOGRAPHICAL SEGMENT INFORMATION:

Each segment covers the following countries or regions;

North America:	U.S.A. and Canada
Europe:	U.K., Netherlands and other European countries
Asia:	The Middle and Near East, China and other Asian countries
Others:	Central and South America, Africa, and Oceanian countries

Revenues of a segment are revenues, wherever they may be earned, of companies registered in countries in the segment except for revenues earned by companies registered in such countries as Panama and Liberia (FOC companies) solely for the purpose of owning ships under charter to the Company and/or its subsidiaries in Japan. The FOC companies are deemed to be companies registered in Japan in this segment information for convenience.

Expenses of a segment are expenses, wherever they may be incurred, to earn revenues at companies registered in countries in the segment.

Assets of a segment are assets possessed by companies registered in countries in the segment except for assets including ships of FOC companies which are treated as Japanese companies.

For the year ended March 31, 2010:	Japan	North America	Europe	Asia	Others	Elimination	Consolidated
	Millions of yen						
1. Revenues:							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	**¥1,279,630**	**¥26,604**	**¥16,899**	**¥24,674**	**¥ 158**	**¥ –**	**¥1,347,965**
(2) Inter-segment revenues	**7,392**	**15,854**	**9,185**	**7,146**	**1,894**	**(41,471)**	**–**
Total revenues	**1,287,022**	**42,458**	**26,084**	**31,820**	**2,052**	**(41,471)**	**1,347,965**
2. Operating expenses	**1,274,024**	**34,990**	**23,587**	**32,176**	**2,007**	**(39,758)**	**1,327,026**
Operating income (loss)	**¥ 12,998**	**¥ 7,468**	**¥ 2,497**	**¥ (356)**	**¥ 45**	**¥ (1,713)**	**¥ 20,939**
3. Assets	**¥1,774,895**	**¥49,975**	**¥96,249**	**¥49,336**	**¥2,509**	**¥(111,652)**	**¥1,861,312**

For the year ended March 31, 2010:	Japan	North America	Europe	Asia	Others	Elimination	Consolidated
	Thousands of U.S. dollars (Note 1)						
1. Revenues:							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	**$13,753,547**	**$285,941**	**$ 181,632**	**$265,198**	**$ 1,698**	**$ –**	**$14,488,016**
(2) Inter-segment revenues	**79,450**	**170,400**	**98,721**	**76,805**	**20,357**	**(445,733)**	**–**
Total revenues	**13,832,997**	**456,341**	**280,353**	**342,003**	**22,055**	**(445,733)**	**14,488,016**
2. Operating expenses	**13,693,294**	**376,074**	**253,516**	**345,829**	**21,571**	**(427,321)**	**14,262,963**
Operating income (loss)	**$ 139,703**	**$ 80,267**	**$ 26,837**	**$ (3,826)**	**$ 484**	**$ (18,412)**	**$ 225,053**
3. Assets	**$19,076,687**	**$537,135**	**$1,034,491**	**$530,267**	**$26,967**	**$(1,200,044)**	**$20,005,503**

(Change in accounting method)
As mentioned in Note 2 (17) 4, effective April 1, 2009, the accounting method of trade receivables and trade payables related to the transaction of the mutual container space financing on the vessel was changed to present the netted off amount of each contractor.

As a result of the change, in comparison with the previous accounting method, trade receivable in current assets and trade payable in current liabilities decreased by ¥56,072 million ($602,666 thousand) for Japan.

There is no effect related to the change over segments other than Japan.

	Millions of yen						
For the year ended March 31, 2009:	Japan	North America	Europe	Asia	Others	Elimination	Consolidated
1. Revenues:							
(1) Revenues from customers, unconsolidated subsidiaries and affiliated companies	¥1,796,589	¥28,413	¥ 13,809	¥26,920	¥ 71	¥ –	¥1,865,802
(2) Inter-segment revenues	5,984	15,868	11,218	10,120	4,599	(47,789)	–
Total revenues	1,802,573	44,281	25,027	37,040	4,670	(47,789)	1,865,802
2. Operating expenses	1,616,452	37,539	21,466	33,948	4,599	(45,413)	1,668,591
Operating income	¥ 186,121	¥ 6,742	¥ 3,561	¥ 3,092	¥ 71	¥ (2,376)	¥ 197,211
3. Assets	¥1,712,392	¥47,343	¥115,896	¥35,380	¥54,955	¥(158,886)	¥1,807,080

(Change in accounting method)
As mentioned in Note 2 (17) 3., effective April 1, 2008, the accounting method of the freight revenues for incomplete voyages was changed to deduct them from both trade receivables and advances received. As a result of the change, in comparison with the previous accounting method, assets decreased by ¥30,973 million for Japan.

There is no effect related to the change over segments other than Japan.

(C) INTERNATIONAL BUSINESS INFORMATION:

Segmentation is made from the perspective of geographical closeness and identity.

Geographical areas belonging to the segments are as follows:

North America : U.S.A. and Canada
Europe : U.K., Netherlands and other European countries
Asia : The Middle and Near East, China and other Asian countries
Central and South America : Brazil, Chile and other Central and South American countries
Oceania : Australia and other Oceanian countries
Others : Africa and other countries

Revenues from international business mainly consist of ocean-going vessel and voyage revenues.

	Millions of yen						
For the year ended March 31, 2010:	North America	Europe	Asia	Central & South America	Oceania	Others	Total
1. International revenues	**¥243,479**	**¥196,373**	**¥293,160**	**¥146,623**	**¥228,292**	**¥85,436**	**¥1,193,363**
2. Consolidated revenues	**–**	**–**	**–**	**–**	**–**	**–**	**¥1,347,965**
3. Ratio of international revenues to consolidated revenues	**18.1%**	**14.6%**	**21.7%**	**10.9%**	**16.9%**	**6.3%**	**88.5%**

	Thousands of U.S. dollars (Note 1)						
For the year ended March 31, 2010:	North America	Europe	Asia	Central & South America	Oceania	Others	Total
1. International revenues	**$2,616,928**	**$2,110,630**	**$3,150,903**	**$1,575,914**	**$2,453,697**	**$918,272**	**$12,826,344**
2. Consolidated revenues	**–**	**–**	**–**	**–**	**–**	**–**	**$14,488,016**
3. Ratio of international revenues to consolidated revenues	**18.1%**	**14.6%**	**21.7%**	**10.9%**	**16.9%**	**6.3%**	**88.5%**

	Millions of yen						
For the year ended March 31, 2009:	North America	Europe	Asia	Central & South America	Oceania	Others	Total
1. International revenues	¥381,427	¥288,015	¥365,110	¥216,351	¥300,458	¥125,637	¥1,676,998
2. Consolidated revenues	–	–	–	–	–	–	¥1,865,802
3. Ratio of international revenues to consolidated revenues	20.4%	15.4%	19.6%	11.6%	16.1%	6.7%	89.9%

14. INCOME TAXES

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 37.25% for the years ended March 31, 2010 and 2009.

(A) Significant components of deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Deferred tax assets:			
Excess bad debt expenses	**¥ 877**	¥ 1,027	**$ 9,426**
Reserve for bonuses expenses	**1,742**	1,947	**18,723**
Retirement benefits expenses	**4,725**	3,883	**50,785**
Retirement allowances for directors	**826**	775	**8,878**
Write-down of securities and other investments	**1,444**	3,771	**15,520**
Accrued business tax and business place tax	**227**	399	**2,440**
Operating loss carried forward	**4,319**	1,304	**46,421**
Unrealized gain on sale of fixed assets	**2,083**	1,863	**22,388**
Impairment loss	**1,165**	843	**12,521**
Unrealized losses on hedging derivatives	**8,226**	9,384	**88,414**
Others	**2,964**	2,849	**31,857**
Total deferred tax assets	**28,598**	28,045	**307,373**
Valuation allowance	**(9,300)**	(6,005)	**(99,957)**
Net deferred tax assets	**19,298**	22,040	**207,416**
Deferred tax liabilities:			
Reserve deductible for tax purposes when appropriated for deferred gain on real properties	**(2,035)**	(2,087)	**(21,872)**
Reserve deductible for tax purposes when appropriated for special depreciation	**(2,076)**	(1,717)	**(22,313)**
Unrealized holding gains on available-for-sale securities	**(17,434)**	(8,327)	**(187,382)**
Gain on securities contributed to employee retirement benefit trust	**(4,339)**	(4,339)	**(46,636)**
Revaluation reserve	**(14,229)**	(11,858)	**(152,934)**
Retained earnings of consolidated subsidiaries	**(15,138)**	(14,125)	**(162,704)**
Others	**(474)**	(685)	**(5,095)**
Total deferred tax liabilities	**(55,725)**	(43,138)	**(598,936)**
Net deferred tax liabilities	**¥(36,427)**	¥(21,098)	**$(391,520)**

(B) Significant difference between the statutory tax rate and the effective tax rate for the financial statement purpose for the year ended March 31, 2010 and 2009 were as follows:

	2010	2009
Statutory tax rate	**37.3 %**	37.3 %
Non-deductible expenses	**1.8 %**	0.7 %
Tax exempt revenues	**(9.2)%**	(2.0)%
Effect on tonnage tax system	**(5.7)%**	–
Effect on elimination of dividend income	**24.6 %**	–
Equity in earnings of unconsolidated subsidiaries and affiliated companies	**(6.0)%**	–
Decrease in deferred tax liabilities resulting from enactment of income tax regulations	**–**	(2.5)%
Others	**(0.2)%**	(0.3)%
Effective tax rate	**42.6 %**	33.2 %

15. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

Employees' severance and retirement benefits included in the liability section of the consolidated balance sheets at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Projected benefit obligation	**¥ 64,132**	¥ 62,668	**$ 689,294**
Unrecognized actuarial differences	**(2,471)**	(13,041)	**(26,558)**
Prepaid pension expenses	**17,339**	18,434	**186,361**
Less fair value of pension assets	**(63,948)**	(53,434)	**(687,317)**
Employees' severance and retirement benefits	**¥ 15,052**	¥ 14,627	**$ 161,780**

Included in the consolidated statements of income for the years ended March 31, 2010 and 2009 were severance and retirement benefit expenses, which comprise the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Service costs—benefits earned during the year	**¥3,062**	¥ 4,472	**$ 32,911**
Interest cost on projected benefit obligation	**907**	912	**9,748**
Expected return on plan assets	**(931)**	(1,242)	**(10,006)**
Amortization of actuarial differences	**1,501**	(144)	**16,133**
Others*	**607**	514	**6,524**
Employees' severance and retirement benefits expenses	**¥5,146**	¥ 4,512	**$ 55,310**

* "Others" represents expenses related to the defined contribution pension plan of consolidated subsidiaries.

The discount rate for the years ended March 31, 2010 and 2009 used by the Company is 2.0%. Also, the rate of expected return on plan assets for the years ended March 31, 2010 and 2009 is mainly 2.0%.

The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years.

16. STOCK OPTIONS

(A) EXPENSED AMOUNT

Expensed amount on stock options for the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Selling, general and administrative expenses	**¥223**	¥381	**$2,397**
Total	**¥223**	¥381	**$2,397**

(B) TERMS AND CONDITIONS

The following table summarizes terms and conditions of stock options for the years when they were granted:

	2002	2003	2004	2005
Number of grantees	Directors: 13 Executive officers: 19 Employees: 52	Directors: 11 Executive officers: 16 Employees: 37 Presidents of the Company's domestic consolidated subsidiaries: 34	Directors: 11 Executive officers: 16 Employees: 32 Presidents of the Company's domestic consolidated subsidiaries: 34	Directors: 11 Executive officers: 17 Employees: 38 Presidents of the Company's domestic consolidated subsidiaries: 34
Number of stock options	Common stock 1,560,000	Common stock 1,590,000	Common stock 1,570,000	Common stock 1,650,000
Grant date	September 11, 2002	August 8, 2003	August 5, 2004	August 5, 2005
Vesting conditions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions
Exercise period	From June 26, 2004 to June 25, 2012	From June 20, 2004 to June 25, 2013	From June 20, 2005 to June 24, 2014	From June 20, 2006 to June 23, 2015

	2006	2007	2008	2009
Number of grantees	Directors: 11 Executive officers: 17 Employees: 34 Presidents of the Company's domestic consolidated subsidiaries: 37	Directors: 11 Executive officers: 20 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 36	Directors: 11 Executive officers: 20 Employees: 38 Presidents of the Company's domestic consolidated subsidiaries: 36	Directors: 11 Executive officers: 20 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 35
Number of stock options	Common stock 1,670,000	Common stock 1,710,000	Common stock 1,760,000	Common stock 1,640,000
Grant date	August 11, 2006	August 10, 2007	August 8, 2008	August 14, 2009
Vesting conditions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions
Exercise period	From June 20, 2007 to June 22, 2016	From June 20, 2008 to June 21, 2017	From July 25, 2009 to June 24, 2018	From July 31, 2011 to June 22, 2019

(C) CHANGES IN NUMBER AND UNIT PRICES

The following tables summarize changes in number and unit prices of stock options for the years when they were granted:

(1) Changes in number of stock options

Non-vested stock options	2002	2003	2004	2005	2006	2007	2008	2009
Balance at March 31, 2009	–	–	–	–	–	–	–	–
Options granted during the year	–	–	–	–	–	–	–	1,640,000
Options expired during the year	–	–	–	–	–	–	–	–
Options vested during the year	–	–	–	–	–	–	–	1,640,000
Balance at March 31, 2010	–	–	–	–	–	–	–	–

Vested stock options	2002	2003	2004	2005	2006	2007	2008	2009
Balance at March 31, 2009	20,000	24,000	296,000	888,000	1,473,000	1,710,000	1,760,000	–
Options vested during the year	–	–	–	–	–	–	–	1,640,000
Options exercised during the year	–	10,000	–	–	–	–	–	–
Options expired during the year	–	–	–	–	10,000	10,000	–	–
Balance at March 31, 2010	20,000	14,000	296,000	888,000	1,463,000	1,700,000	1,760,000	1,640,000

(2) Unit prices of stock options exercised during the year

	2002	2003	2004	2005	2006	2007	2008	2009
Exercise price	¥264	¥377	¥644	¥762	¥841	¥1,962	¥1,569	¥639
Average market price of share at exercise	–	¥582	–	–	–	–	–	–
Fair value per stock option at grant date	–	–	–	–	¥219	¥ 352	¥ 217	¥136

(D) KEY FIGURES FOR FAIR VALUE PER STOCK OPTION

The Company utilized the Black Scholes Model for calculating fair value per stock option. Key figures of the calculation were as follows:

	2009
Stock price volatility	44.0%
Expected remaining term of the option	5 years and 11 months
Expected dividends	¥31 per share
Risk-free interest rate	0.89%

17. MATERIAL NON-CASH TRANSACTIONS

(A) Amount of lease assets and lease obligations recognized for the years ended March 31, 2010 and 2009 were ¥769 million ($8,265 thousand) and ¥4,211 million, respectively.

(B) Exercise of share subscription rights

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	**2010**
Increase in common stock by the exercise	**¥ –**	¥ 50	**$ –**
Increase in capital surplus by the exercise	**–**	50	**–**
Decrease in bonds with share subscription rights by the exercise	**¥ –**	¥100	**$ –**

18. SUBSEQUENT EVENTS

CORRECTION FOR CORPORATE TAXES

As a result of the tax inquiry by the Tokyo Regional Taxation Bureau ("the Bureau"), on June 9, 2010, the Company was informed to be subject to a correction for corporate taxes stemming from container handling charges between the Company and a container terminal subsidiary in the United States. The correction relates to fiscal year 2002 (ended March 2003) through fiscal year 2009 (ended March 2010), and the Company is scheduled to receive the notice of the correction for corporate taxes.

The amount of taxable income subject to the correction is expected to be about ¥10.5 billion ($113 million).

The additional tax due including local and other taxes is expected to be about ¥5.3 billion ($57 million).

The Company will pay these additional taxes after the Company officially receives the notice. However, the Company intends to file formal opposition to seek to overturn the entire correction to the Bureau because the Company has paid appropriate taxes following the taxation regulations.

Independent Auditors' Report

KPMG

Independent Auditors' Report

To the Shareholders and Board of Directors of Mitsui O.S.K. Lines, Ltd.:

We have audited the accompanying consolidated balance sheets of Mitsui O.S.K. Lines, Ltd. (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets and cash flows for the years then ended expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently 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 Mitsui O.S.K. Lines, Ltd. and consolidated subsidiaries as of March 31, 2010 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.

Without qualifying our opinion, we draw attention to the followings:

(1) As discussed in Note 2 (17) 3 to the consolidated financial statements, effective April 1, 2008, the accounting method of the freight revenues for incomplete voyages was changed to deduct them from both trade receivables and advances received.
(2) As discussed in Note 2 (17) 4 to the consolidated financial statements, effective April 1, 2009, the presenting method of trade receivables and trade payables related to the transaction of the mutual container space financing on the vessel was changed to present the netted off amount of each contractor.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

Tokyo, Japan
July 23, 2010

The MOL Group

Mitsui O.S.K. Lines, Ltd. March 31, 2010

■ Consolidated Subsidiaries
● Subsidiaries Accounted for by the Equity Method
▲ Affiliated Companies Accounted for by the Equity Method

BULKSHIPS

	Company	Registered Office	MOL's Voting Rights (%)*	Paid-in Capital (Thousands)
■	BGT Ltd.	Liberia	100.00	US$5
■	BLNG Inc.	U.S.A.	75.00	US$1
■	Chugoku Shipping Agencies Ltd.	Japan	100.00	¥10,000
■	El Sol Shipping Ltd. S.A.	Panama	100.00	US$10
■	Euro Marine Carrier B.V.	Netherlands	75.50	€91
■	MOL LNG Transport Co., Ltd.	Japan	100.00	¥40,000
■	MCGC International Ltd.	Bahamas	80.10	US$1
■	Mitsui O.S.K. Bulk Shipping (Asia Oceania) Pte Ltd.	Singapore	100.00	S$2,350
■	Mitsui O.S.K. Bulk Shipping (Europe) Ltd.	U.K.	100.00	US$402
■	Mitsui O.S.K. Bulk Shipping (USA) Inc.	U.S.A.	100.00	US$200
■	Mitsui O.S.K. Kinkai, Ltd.	Japan	100.00	¥660,000
■	MOL-NIC Transport Ltd.	Liberia	75.00	US$13,061
■	MOL Netherlands Bulkship B.V.	Netherlands	100.00	€18
■	MOL Tankship Management Ltd.	Japan	100.00	¥100,000
■	Nissan Carrier Europe B.V.	Netherlands	100.00	€195
■	Nissan Motor Car Carrier Co., Ltd.	Japan	90.00	¥640,000
■	Phoenix Tankers Pte. Ltd.	Singapore	100.00	US$247,591
■	Shipowner/Chartering companies (127 companies) in Panama, Cayman Islands, Liberia, Singapore, Hong Kong, Cyprus, Malta, Isle of Man, Marshall Islands			
■	Tokyo Marine Asia Pte., Ltd.	Singapore	100.00	S$500
■	Tokyo Marine Co., Ltd.	Japan	87.13	¥2,000,000
■	Unix Line Pte Ltd.	Singapore	100.00	US$344
■	World Logistics Service (U.S.A.), Inc.	U.S.A.	100.00	US$200
■	Others (3 companies)			
▲	Act Maritime Co., Ltd.	Japan	49.00	¥90,000
▲	Aramo Shipping (Singapore) Pte Ltd.	Singapore	50.00	US$20,743
▲	Asahi Tanker Co., Ltd.	Japan	24.75	¥600,045
▲	Badak LNG Transport, Inc.	Japan	25.00	¥80,000
▲	Daiichi Chuo Kisen Kaisha	Japan	26.96	¥13,258,410
▲	Gearbulk Holding Ltd.	Bermuda	49.00	US$75,000
▲	M.S.Tanker Shipping Ltd.	Hong Kong	50.00	HK$2,000
▲	Shipowner/Chartering companies (36 companies) in Liberia, Panama, Bahamas, Malta, Norway and Cayman Islands			

CONTAINERSHIPS

	Company	Registered Office	MOL's Voting Rights (%)*	Paid-in Capital (Thousands)
■	Bangpoo Intermodal Systems Co., Ltd.	Thailand	67.98	BT130,000
■	Chiba Utoc Corporation	Japan	100.00	¥90,000
■	Hong Kong Logistics Co., Ltd.	Hong Kong	100.00	HK$58,600
■	International Container Terminal Co., Ltd.	Japan	100.00	¥700,000
■	International Container Transport Co., Ltd.	Japan	51.00	¥100,000
■	M.O. Air International (Taiwan) Co., Ltd.	Taiwan	100.00	NT$7,500
■	Mitsui O.S.K. Lines (Australia) Pty. Ltd.	Australia	100.00	A$1,000
■	Mitsui O.S.K. Lines (Japan), Ltd.	Japan	100.00	¥100,000
■	Mitsui O.S.K. Lines (SEA) Pte Ltd.	Singapore	100.00	S$200
■	MOL (America) Inc.	U.S.A.	100.00	US$6
■	MOL (Brasil) Ltda.	Brazil	100.00	R$1,677
■	MOL (China) Co., Ltd.	China	100.00	US$1,960
■	MOL (Europe) B.V.	Netherlands	100.00	€456
■	MOL (Europe) Ltd.	U.K.	100.00	£1,500
■	MOL (Singapore) Pte Ltd.	Singapore	100.00	S$5,000
■	MOL Consolidation Service Limited	Hong Kong	100.00	HK$1,000
■	MOL Consolidation Service Limited (China)	China	100.00	RMB8,000
■	MOL Liner, Ltd.	Hong Kong	100.00	HK$40,000
■	MOL Logistics (Deutschland) Gmbh	Germany	100.00	€537
■	MOL Logistics (Europe) B.V.	Netherlands	100.00	€414
■	MOL Logistics (H.K.) Ltd.	Hong Kong	100.00	HK$3,676
■	MOL Logistics (Japan) Co., Ltd.	Japan	75.06	¥756,250
■	MOL Logistics (Netherlands) B.V.	Netherlands	100.00	€3,049
■	MOL Logistics (Singapore) Pte. Ltd.	Singapore	100.00	S$700
■	MOL Logistics (Thailand) Co., Ltd.	Thailand	49.50	BT20,000
■	MOL Logistics (UK) Ltd.	U.K.	100.00	£400
■	MOL Logistics (USA) Inc.	U.S.A.	100.00	US$9,814
■	MOL Logistics Holding (Europe) B.V.	Netherlands	100.00	€18
■	MOL South Africa (Proprietary) Limited	South Africa	100.00	R3,000
■	Shanghai Huajia International Freight Forwarding Co., Ltd.	China	76.00	US$1,720
■	Shipowner companies (10 companies) in Panama, Liberia and Hong Kong			
■	Shosen Koun Co., Ltd.	Japan	79.98	¥300,000
■	TraPac, Inc.	U.S.A.	100.00	US$3,000
■	Utoc Corporation	Japan	51.41	¥1,455,300
■	Utoc Engineering Pte. Ltd.	Singapore	100.00	S$500
■	Utoc Logistics Co., Ltd.	Japan	100.00	¥50,000
■	Utoc Stevedoring Corporation	Japan	100.00	¥50,000
■	Others (10 companies)			
●	MOL (West Africa) Ltd.	U.K.	51.00	£140
▲	Mitsui O.S.K. Lines (Thailand) Co., Ltd.	Thailand	47.00	BT20,000
▲	Shanghai Kakyakusen Kaisha., Ltd.	Japan	31.98	¥100,000
▲	Shanghai Longfei International Logistics Co., Ltd.	China	22.05	¥1,240
▲	Other company (1 company)			

		Registered Office	MOL's Voting Rights (%)*	Paid-in Capital (Thousands)
FERRY & DOMESTIC MARINE TRANSPORT	■ Blue Sea Network Co., Ltd.	Japan	100.00	¥54,600
	■ Blue Highway Express Kyushu Co., Ltd.	Japan	100.00	¥50,000
	■ Blue Highway Service K.K.	Japan	100.00	¥30,000
	■ Diamond Line K.K.	Japan	100.00	¥20,000
	■ Ferry Sunflower, Ltd.	Japan	100.00	¥100,000
	■ Kansai Kisen Kaisha	Japan	100.00	¥100,000
	■ MOL Naikou, Ltd.	Japan	100.00	¥650,000
	■ Searox Kitaichi Co., Ltd.	Japan	100.00	¥20,000
	■ Shipowner company (1 company) in Panama			
	■ MOL Ferry Co., Ltd.	Japan	100.00	¥1,440,000
	■ The Diamond Ferry Co., Ltd.	Japan	100.00	¥100,000
	■ Others (7 companies)			
	▲ Meimon Taiyo Ferry Co., Ltd.	Japan	38.73	¥880,000
	▲ Others (3 companies)			
ASSOCIATED BUSINESS	■ Daibiru Corporation	Japan	51.07	¥12,227,847
	■ Daibiru Facility Management Ltd.	Japan	100.00	¥17,000
	■ Green Kaiji Kaisha, Ltd.	Japan	100.00	¥95,400
	■ Green Shipping, Ltd.	Japan	100.00	¥172,000
	■ Hokuso Kohatsu K.K.	Japan	100.00	¥50,000
	■ Ikuta & Marine Co., Ltd.	Japan	77.36	¥26,500
	■ Japan Express Co., Ltd. (Kobe)	Japan	86.27	¥99,960
	■ Japan Express Co., Ltd. (Yokohama)	Japan	100.00	¥236,000
	■ Japan Express Packing & Transport Co., Ltd.	Japan	100.00	¥60,000
	■ Japan Hydrographic Charts & Publications Co., Ltd.	Japan	54.62	¥32,000
	■ Kosan Kanri Service Co. Ltd.	Japan	100.00	¥20,000
	■ Kosan Kanri Service West Corporation	Japan	100.00	¥14,400
	■ Kitanihon Tug-boat Co., Ltd.	Japan	62.00	¥50,000
	■ Kobe Towing Co., Ltd.	Japan	100.00	¥50,000
	■ Kusakabe Maritime Engineering Co., Ltd.	Japan	100.00	¥200,000
	■ Mitsui O.S.K. Career Support, Ltd.	Japan	100.00	¥100,000
	■ Mitsui O.S.K. Kosan Co., Ltd.	Japan	100.00	¥300,000
	■ Mitsui O.S.K. Passenger Line, Ltd.	Japan	100.00	¥100,000
	■ MOL Kaiji Co., Ltd.	Japan	100.00	¥95,000
	■ MOL Techno-Trade, Ltd.	Japan	100.00	¥490,000
	■ M.O. Engineering Co., Ltd.	Japan	100.00	¥20,000
	■ M.O. Marine Consulting, Ltd.	Japan	100.00	¥100,000
	■ M.O. Tourist Co., Ltd.	Japan	100.00	¥250,000
	■ Nihon Tug-Boat Co., Ltd.	Japan	83.82	¥134,203
	■ Chartering company (1 company) in Panama			
	■ Ube Port Service Co., Ltd.	Japan	95.29	¥14,950
	▲ Nippon Charter Cruise, Ltd.	Japan	50.00	¥290,000
	▲ Shinyo Kaiun Corporation	Japan	36.00	¥100,000
	▲ South China Towing Co., Ltd.	Hong Kong	25.00	HK$12,400
OTHERS	■ Euromol B.V.	Netherlands	100.00	€8,444
	■ International Marine Transport Co., Ltd.	Japan	99.68	¥100,000
	■ International Transportation Inc.	U.S.A.	100.00	US$24,563
	■ Linkman Holdings Inc.	Liberia	100.00	US$3
	■ M.O. Cableship Ltd.	Japan	100.00	¥10,000
	■ M.O. Reinsurance S.A.	Luxembourg	100.00	US$5,376
	■ M.O. Ship Tech Inc.	Japan	100.00	¥50,000
	■ Mitsui Kinkai Kisen Co., Ltd.	Japan	80.13	¥350,000
	■ Mitsui O.S.K. Finance PLC	U.K.	100.00	US$6,568
	■ Mitsui O.S.K. Holdings (Benelux) B.V.	Netherlands	100.00	€17,245
	■ Mitsui O.S.K. Manning Service S.A.	Panama	100.00	US$135
	■ MOL Accounting Co., Ltd.	Japan	100.00	¥30,000
	■ MOL Adjustment, Ltd.	Japan	100.00	¥10,000
	■ MOL FG, Inc.	U.S.A.	100.00	US$20
	■ MOL Information Systems, Ltd.	Japan	100.00	¥100,000
	■ MOL Ship Management Co., Ltd.	Japan	100.00	¥50,000
	■ MOL SI, Inc.	U.S.A.	100.00	US$100
	■ Orange P.R. Ltd.	Japan	100.00	¥10,000
	■ Shipowner/Chartering companies (5 companies) in Panama			
	▲ Minaminippon Shipbuilding Co., Ltd.	Japan	24.00	¥200,000
	▲ Osaka Shipping Co., Ltd.	Japan	30.12	¥498,000

*MOL includes MOL and its subsidiaries

Worldwide Offices

HEAD OFFICE

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Branch Offices
Nagoya, Kansai, Hiroshima, Kyushu

JAPAN

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Yokohama:	Tel: 81-45-212-7710	Fax: 81-45-212-7735
Nagoya:	Tel: 81-52-564-7000	Fax: 81-52-564-7047
Kansai:	Tel: 81-6-6446-6501	Fax: 81-6-6446-6513
Kyushu:	Tel: 81-92-262-0701	Fax: 81-92-262-0720

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MOL (America) Inc.

Head Office (Chicago):	Tel: 1-630-812-3700	Fax: 1-630-812-3813
Main Branch Offices		
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Long Beach:	Tel: 1-562-983-6200	Fax: 1-562-983-6289
New Jersey:	Tel: 1-732-512-5200	Fax: 1-732-512-5300
San Francisco:	Tel: 1-925-603-7200	Fax: 1-925-603-6229
Seattle:	Tel: 1-206-444-6900	Fax: 1-206-444-6903

Mitsui O.S.K. Bulk Shipping (USA) Inc.

Head Office (New Jersey):	Tel: 1-201-395-5800	Fax: 1-201-395-5820
Houston:	Tel: 1-832-615-6470	Fax: 1-832-615-6480
Long Beach:	Tel: 1-562-528-7500	Fax: 1-562-528-7515

MOL Logistics (USA) Inc.

Head Office (New York):	Tel: 1-516-403-2100	Fax: 1-516-626-6092
Los Angeles:	Tel: 1-310-212-1140	Fax: 1-310-328-8626

CENTRAL AND SOUTH AMERICA

MOL (Brasil) Ltda.
Head Office (Sao Paulo): Tel: 55-11-3145-3955 Fax: 55-11-3145-3945

MOL (Chile) Ltda.
Head Office (Santiago): Tel: 56-2-630-1950 Fax: 56-2-231-5622

Corporativo MOL de Mexico S.A. de C.V.
Head Office (Mexico City): Tel: 52-55-5010-5200 Fax: 52-55-5010-5220

MOL (Panama) Inc.
Head Office (Panama): Tel: 11-507-300-3200 Fax: 11-507-300-3212

Mitsui O.S.K. Bulk Shipping (USA) Inc.
Sao Paulo: Tel: 55-11-3145-3980 Fax: 55-11-3145-3946

EUROPE

MOL (Europe) B.V.

Head Office (Rotterdam):	Tel: 31-10-201-3200	Fax: 31-10-503-1090
Antwerp:	Tel: 32-3-2024860	Fax: 32-3-2024870
Genoa:	Tel: 39-010-2901711	Fax: 39-010-5960450
Hamburg:	Tel: 49-40-356110	Fax: 49-40-352506
Le Havre:	Tel: 33-2-32-74-24-00	Fax: 33-2-32-74-24-39
Vienna:	Tel: 43-1-877-6971	Fax: 43-1-876-4725

MOL (Europe) Ltd.
Head Office (Southampton): Tel: 44-2380-714500 Fax: 44-2380-714509

Mitsui O.S.K. Bulk Shipping (Europe) Ltd.

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Hamburg:	Tel: 49-40-3609-7411	Fax: 49-40-3609-7450

MOL Logistics (Deutschland) GmbH
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MOL Logistics (Netherlands) B.V.
Head Office (Rotterdam): Tel: 31-10-299-6220 Fax: 31-10-299-6226

MOL Logistics (U.K.) Ltd.
Head Office (London): Tel: 44-1895-459700 Fax: 44-1895-449600

AFRICA

MOL South Africa (Pty) Ltd.
Head Office (Cape Town): Tel: 27-21-441-2200 Fax: 27-21-441-2401

Mitsui O.S.K. Lines (Nigeria) Ltd.
Lagos: Tel: 234-1-2806555 Fax: 234-1-2806559

MOL (Ghana) Ltd.
Tema: Tel: 233-22-212084 Fax: 233-22-210807

MIDDLE EAST

Mitsui O.S.K. Lines Ltd. Middle East Headquarters
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MOL (UAE) L.L.C.
Head Office (Dubai): Tel: 971-4-3573566 Fax: 971-4-3573066

Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte. Ltd.

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Muscat:	Tel: 968-2440-0950	Fax: 968-2440-0953

MOL (Europe) Ltd.
Beirut: Tel: 961-1-567251 Fax: 961-1-567250

OCEANIA

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Head Office (Sydney): Tel: 61-2-9320-1600 Fax: 61-2-9320-1601

Mitsui O.S.K. Lines (New Zealand) Ltd.
Auckland: Tel: 64-9-3005820 Fax: 64-9-3091439

Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte. Ltd.

Melbourne:	Tel: 61-3-9691-3222	Fax: 61-3-9691-3223
Perth:	Tel: 61-8-9278-2499	Fax: 61-8-9278-2727

MOL Logistics (Australia) Pte. Ltd.
Head Office (Melbourne): Tel: 61-3-9335-8555 Fax: 61-3-9335-8598

ASIA

MOL Liner Ltd.
Head Office (Hong Kong): Tel: 852-2823-6800 Fax: 852-2529-9989

Mitsui O.S.K. Lines (India) Private Limited
Head Office (Mumbai): Tel: 91-22-6694-6300 Fax: 91-22-6694-6301

Mitsui O.S.K. Lines Lanka (Private) Ltd.
Head Office (Colombo): Tel: 94-11-2304721 Fax: 94-11-2304730

MOL (Singapore) Pte. Ltd.
Head Office (Singapore): Tel: 65-6225-2811 Fax: 65-6225-6096

Mitsui O.S.K. Lines (Malaysia) Sdn. Bhd.
Head Office (Kuala Lumpur): Tel: 60-3-7957-9666 Fax: 60-3-7958-6763

P.T. Mitsui O.S.K. Lines Indonesia
Head Office (Jakarta): Tel: 62-21-521-1740 Fax: 62-21-521-1741

Mitsui O.S.K. Lines (Thailand) Co., Ltd.
Head Office (Bangkok): Tel: 66-2-234-6252 Fax: 66-2-237-9021

Mitsui O.S.K. Lines Philippines, Inc.
Head Office (Manila): Tel: 632-888-6531 Fax: 632-884-1766

Mitsui O.S.K. Lines (Vietnam) Co., Ltd.
Head Office (Ho Chi Minh): Tel: 84-8-8219219 Fax: 84-8-8219317

Mitsui O.S.K. Lines (Cambodia) Co., Ltd.
Head Office (Phnom Penh): Tel: 855-23-223-036 Fax: 855-23-223-040

Mitsui O.S.K. Lines Pakistan (Pvt.) Ltd.
Head Office (Karachi): Tel: 9221-5205397 Fax: 9221-5202559

MOL (China) Co., Ltd.

Head Office (Shanghai):	Tel: 86-21-2320-6000	Fax: 86-21-2320-6331
Beijing:	Tel: 86-10-8529-9121	Fax: 86-10-8529-9126
Tianjin:	Tel: 86-22-8331-1331	Fax: 86-22-8331-1318
Shenzhen:	Tel: 86-755-2598-2200	Fax: 86-755-2598-2210

MOL (Taiwan) Co., Ltd.
Head Office (Taipei): Tel: 886-2-2537-8000 Fax: 886-2-2536-3395

Mitsui O.S.K. Bulk Shipping (Asia, Oceania) Pte. Ltd.

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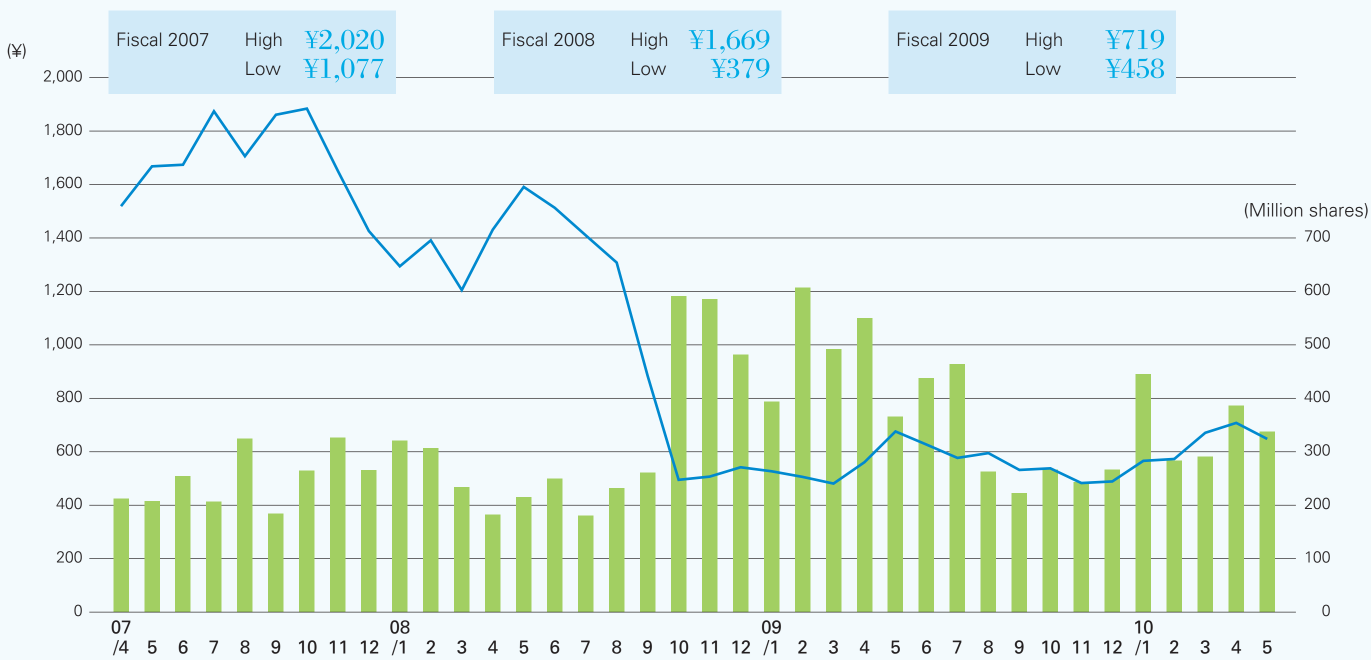
Kuala Lumpur:	Tel: 60-3-7954-8349	Fax: 60-3-7958-5246
Seoul:	Tel: 82-2-5672718	Fax: 82-2-5672719
Mumbai:	Tel: 91-22-4071-4500	Fax: 91-22-4071-4557
Chennai:	Tel: 91-44-4208-1020	Fax: 91-44-4208-1020

Shareholder Information

CAPITAL:	¥65,400,351,028
HEAD OFFICE:	1-1, Toranomon 2-chome, Minato-ku, Tokyo 105-8688, Japan
NUMBER OF MOL EMPLOYEES:	915
NUMBER OF MOL GROUP EMPLOYEES: (The parent company and consolidated subsidiaries)	9,707
TOTAL NUMBER OF SHARES AUTHORIZED:	3,154,000,000
NUMBER OF SHARES ISSUED:	1,206,286,115
NUMBER OF SHAREHOLDERS:	111,102
SHARES LISTED IN:	Tokyo, Osaka, Nagoya, Fukuoka
SHARE TRANSFER AGENT:	Mitsubishi UFJ Trust and Banking Corporation 10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081, Japan
COMMUNICATIONS MATERIALS:	Annual Report (English/Japanese) Investor Guidebook (English/Japanese) Market Information (English/Japanese) News Releases (English/Japanese) Web Site (English/Japanese) Quarterly Newsletter *Open Sea* (English/Web Site) Monthly Newsletter *Unabara* (Japanese) Environmental and Social Report (English/Japanese)

As of March 31, 2010

STOCK PRICE RANGE (TOKYO STOCK EXCHANGE) AND VOLUME OF STOCK TRADE



Mitsui O.S.K. Lines

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