"K" LINE KAWASAKI KISEN KAISHA, LTD.

Revisions to "K" LINE Medium-Term Management Plan

"K" LINE Vision 100

"KV 2010"

January 29, 2010

Kawasaki Kisen Kaisha, Ltd.

"K" LINE KAWASAKI KISEN KAISHA, LTD.

Review･･･ "K" LINE Vision 100

Background of Revisions to"K" LINE Vision 100

Business Structural Reform Committee Measures

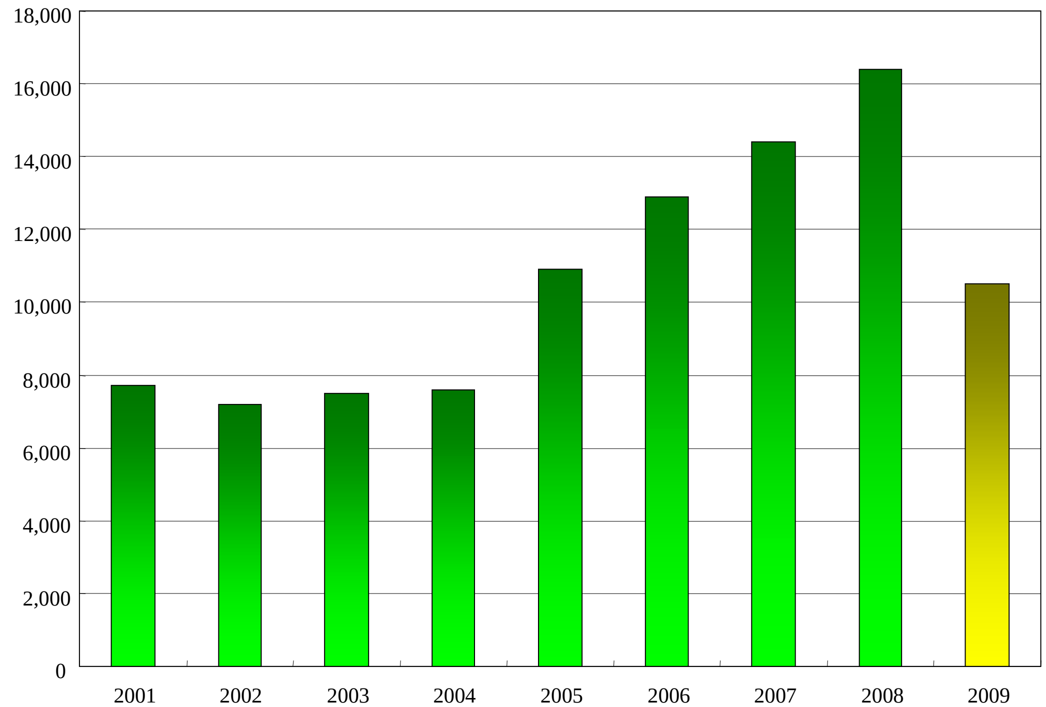
"K" LINE Vision 100 KV 2010

Background of Revisions to "K" LINE Vision 100

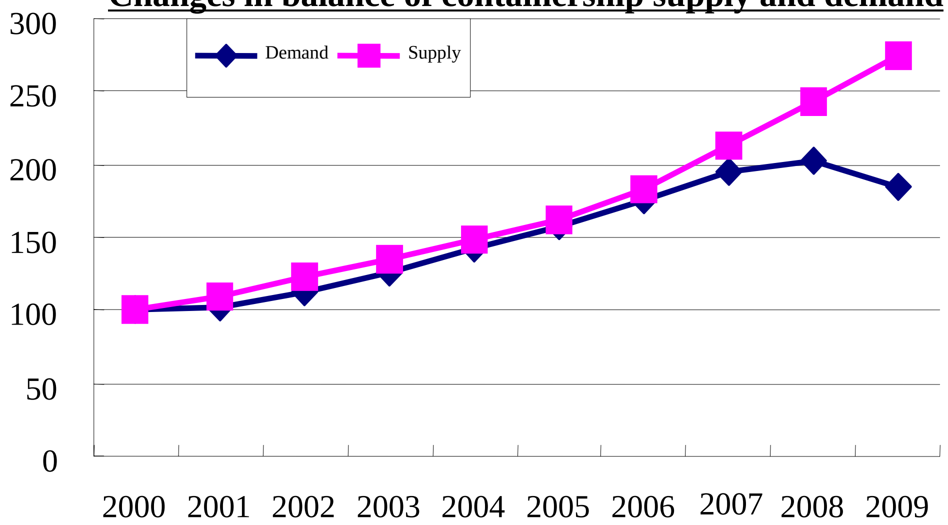
— Business environment upheaval: supply-demand relationship downturn —

- Sudden fall in demand for marine transportation
- Worsening Supply-Demand gap
- Fall in markets

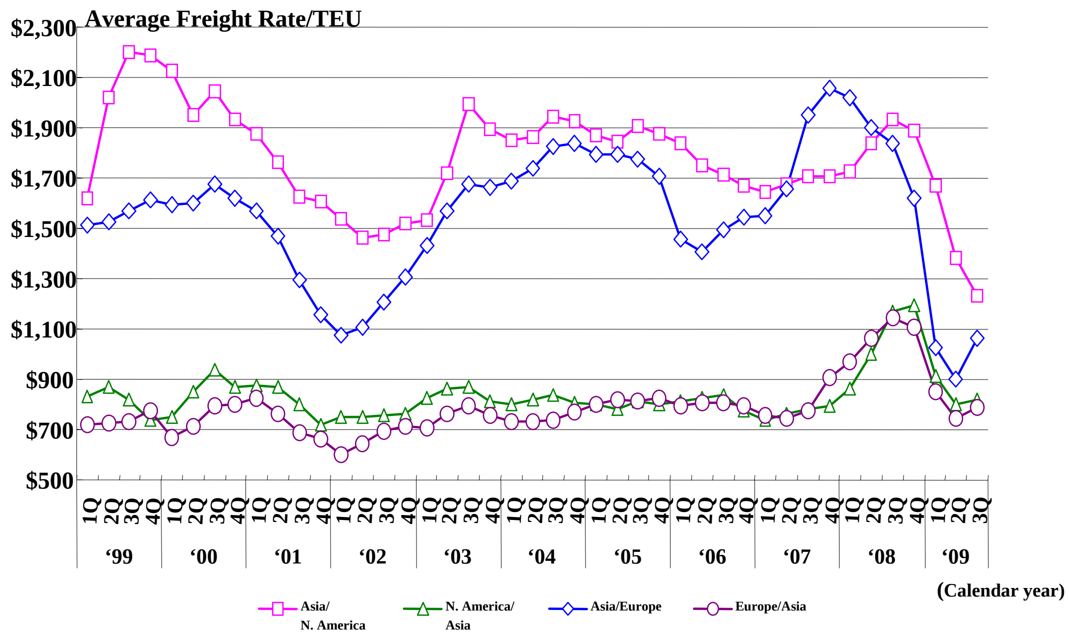
(Unit: 1000 cars) Shipments of Completed Built-up Cars



Changes in balance of containership supply and demand



Changes in average container freight rates



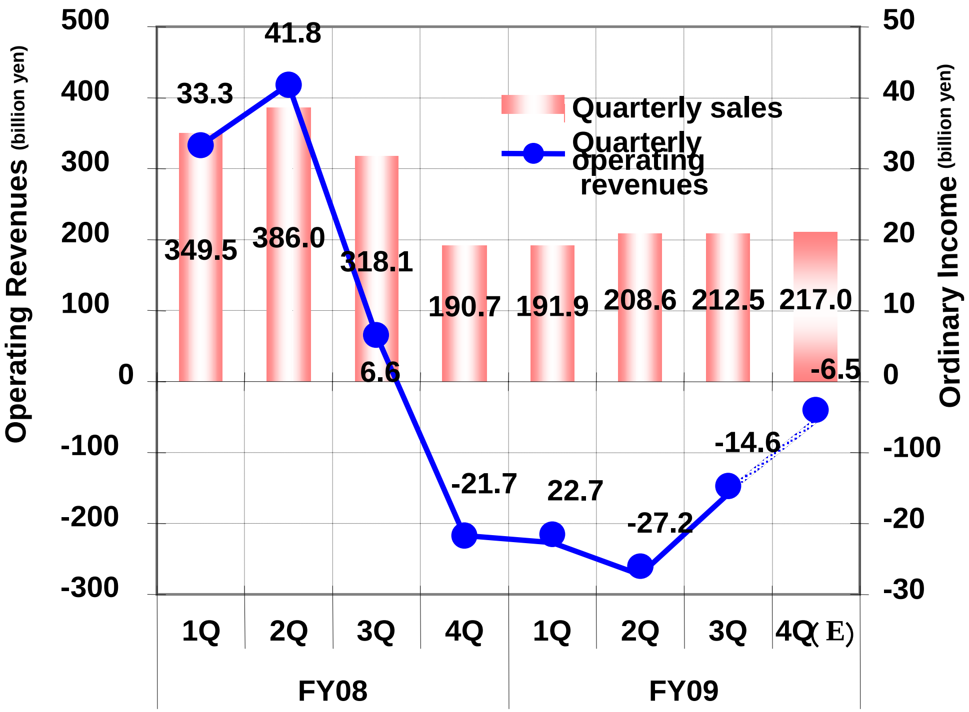
Source: (Left) Prepared by "K" Line based on various data; (Above right) Prepared by "K" Line based on Clarkson Research data; (Below right) Prepared by "K" Line based on Containerisation International data

Background of Revisions to “K” LINE Vision 100

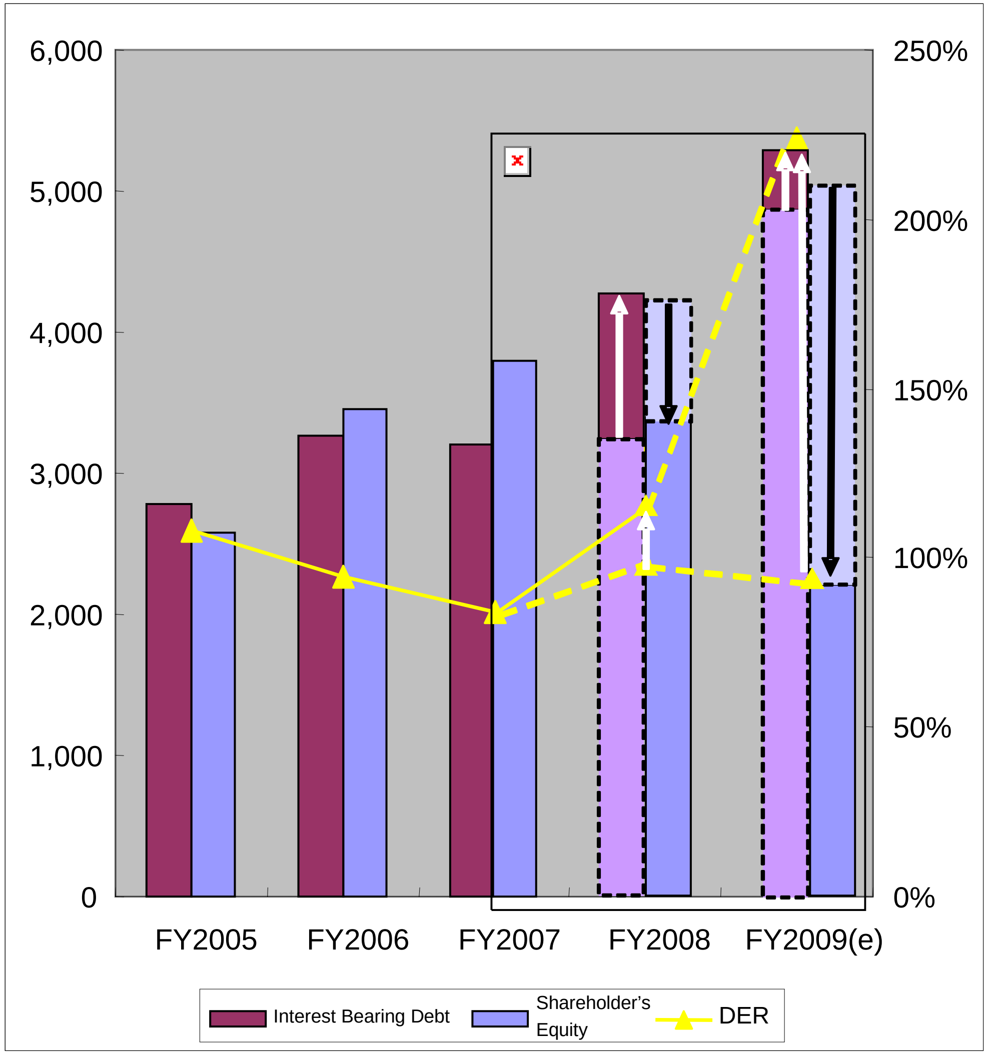
— Divergence of earnings plan and performance (and forecasts) —

Changes in Earnings

(Billion yen)	FY2008		FY2009	
	Original Plan	Actual	Original Plan	Forecast Performance
Operating Revenues	1,340.0	1,244.3	1,450.0	830.0
Ordinary Income	121.0	60.0	135.0	-71.0
Net income	78.0	32.4	85.0	-70.0



Changes in Principal Management Indicators



Business Structural Reform Committee Measures

Earnings Improvement

- Restructuring containership business
- Reducing fixed costs through disposal of surplus ships and non-core business assets

Business Re-structuring

- Tough business portfolio reform for resistance against times of business environment downturns
- Emphasis on balance between owned and long and short to medium-term chartered ships in fleet upgrades
- Revision of scheduling and investment policies to improve financial base
- Development of business growth areas

Organizational Reformation

- Reorganization and rationalization to create an organization compatible with structural reform
- Promotion of efficiency in Group company business

Review･･･ “K” LINE Vision 100

“K” LINE Vision 100 KV2010

Business Environment Outlook for Early 2010s

KV 2010 “MISSION”

KV 2010 Basic Strategies

Details….Business Strategies

Business Environment Outlook for Early 2010s

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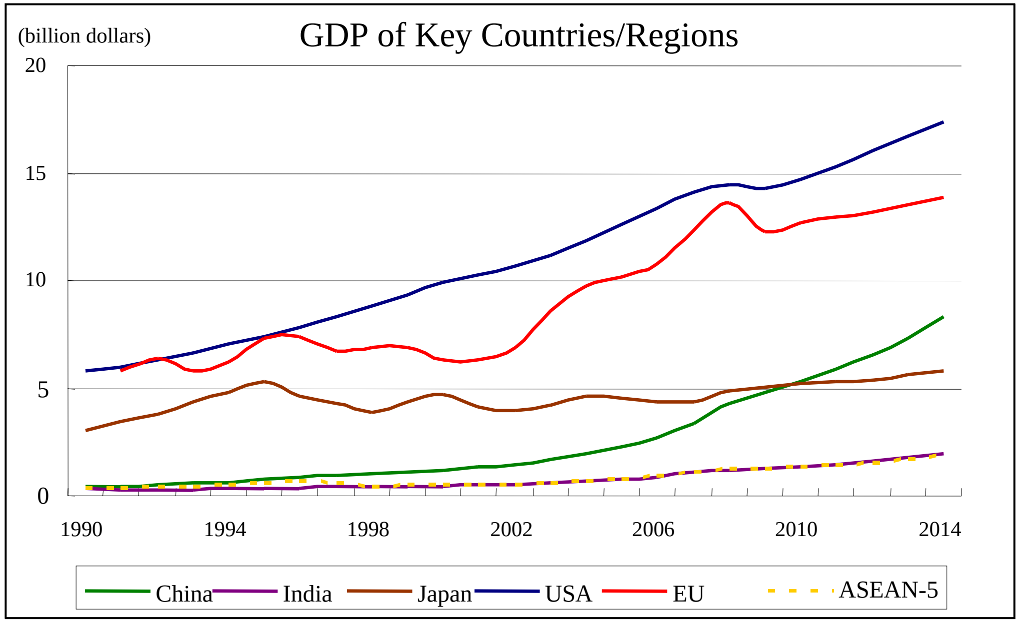
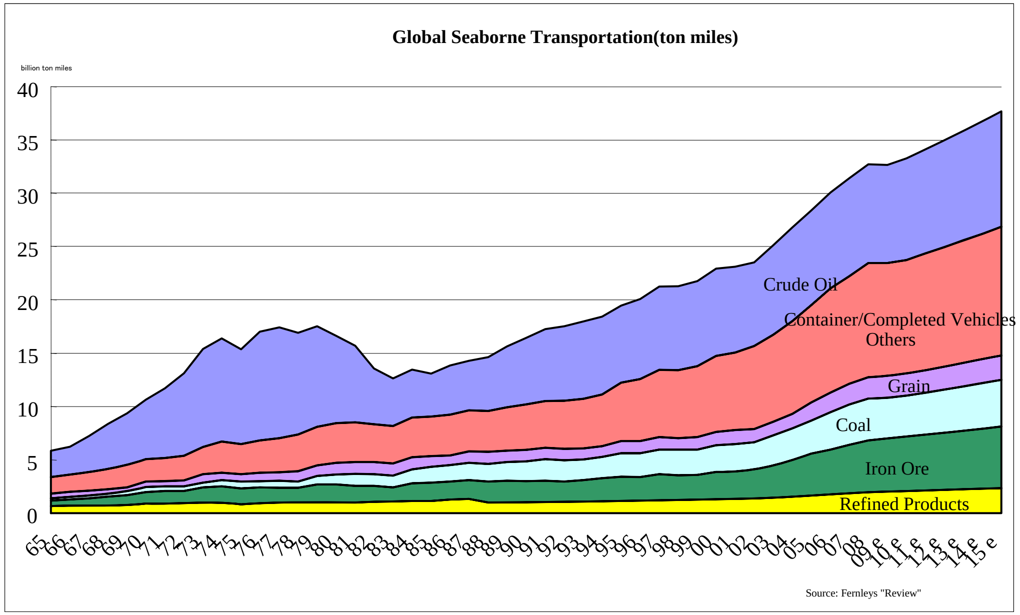
- **Global macroeconomic environment**
  - Economic multipolarization (BRICs＋VISTA)
  - Robust GDP growth in China, India, Brazil, etc.
  - Trend of sustained expansion in consumption to remain constant
  - Expansion of energy demand
  - Expansion of environmental business market
- **Trends in marine transportation**
  - Diversification of trade patterns and ton mile growth
  - Rapid slowdown in pace of vessel supply after 2010





Source：(Top) Prepared by "K" Line based on IMF data
(Below) Prepared by "K" Line based on Fearnleys Review data

KV 2010 MISSION

“K” LINE Vision 100　KV 2010

FY2010: move into the black and early resumption of dividends

Expansion of stable earnings base and sustainable growth

Improvement and strengthening of financial makeup

“K” LINE Vision 100

Borderless management through the best and strongest organization

Proper allocation of strategic investment and management resources

Improvement of corporate value and complete risk management

Activities to promote environmental protection

Established safe ship operation and management structure

“KV 2010” Basic Strategies

1. Strengthening makeup of containership business

2. Restructuring business portfolio
   - Expansion of dry bulk business and strengthening of car carrier business as earnings pillars
   - Strategic investment in growth areas

3. Adaptation to business environment fluctuations and strengthening of financial base
   - Screening and control of investments
   - Flexible response of fleet organization
   - Strengthening of financial base through building up stable earnings and investment control

1-1. Strengthening Makeup of Containership Business

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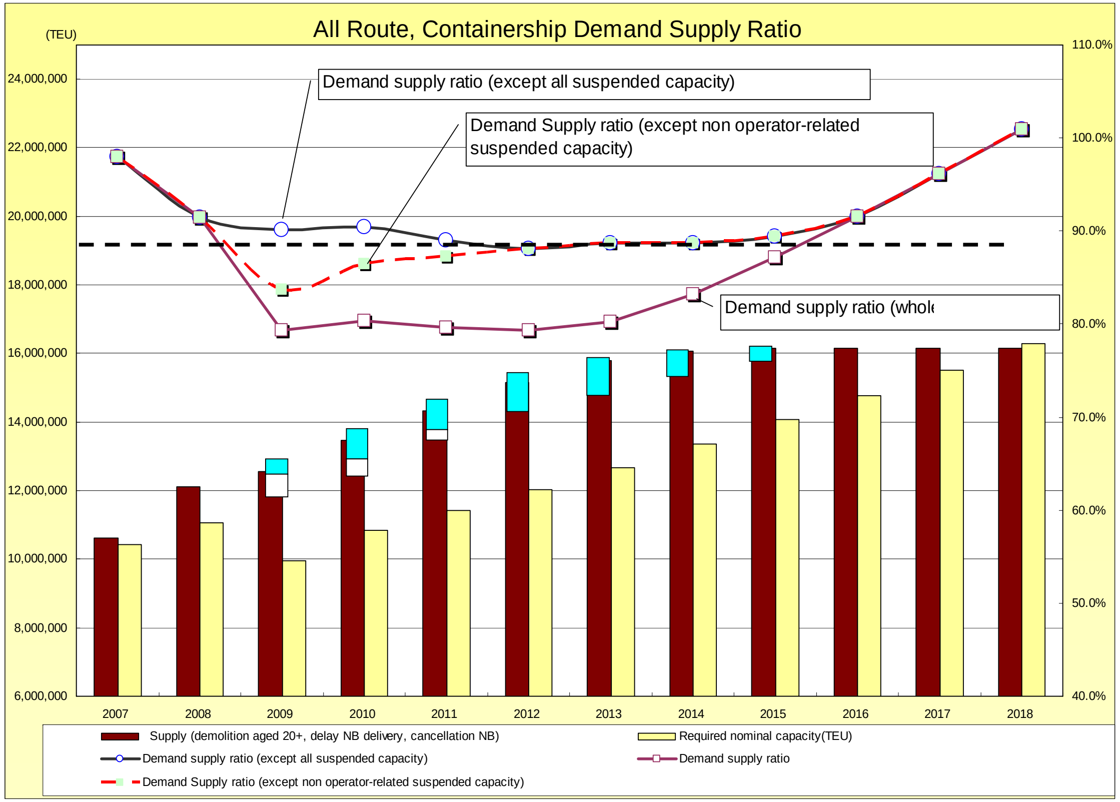
Business Environment

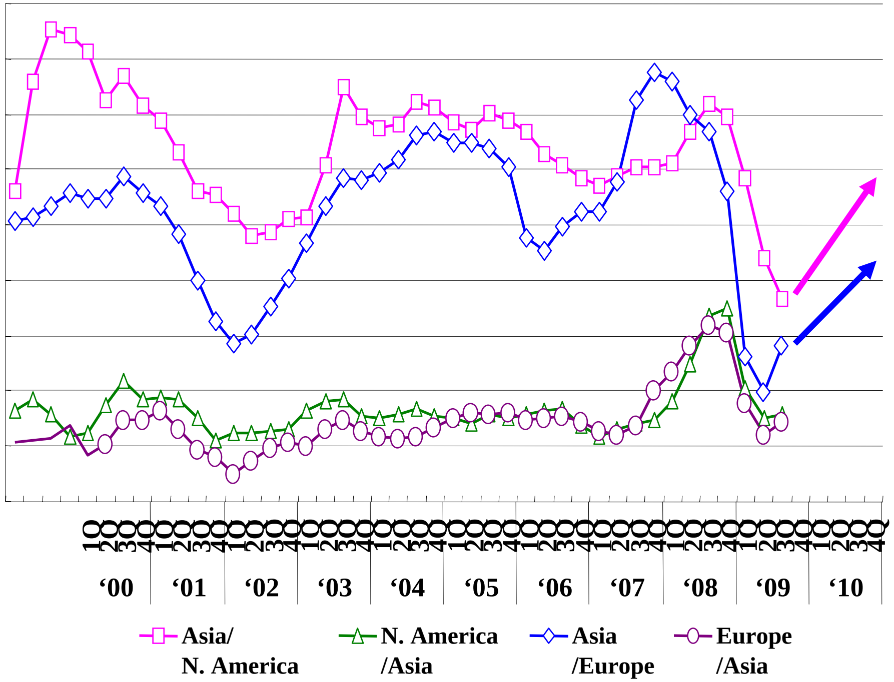
- **20 leading liner shipping companies' 2 trillion yen losses in 2009**
- **Trend of demand recovery after 2010 but supply and demand balance expected to take 3-5 years**
- **In the medium- to long-term, vessel demand to be created by global economic growth and population increase**

Container Cargo Movement Forecast

	2009	2010	2011	2012 and later
N. America	-16.8%	10.0%	5.0%	5.0%
Europe	-16.7%	2.0%	5.0%	5.0%
North-South	-15.2%	15.0%	7.5%	7.5%
Intra-Asia	-2.0%	5.0%	5.0%	5.0%
Other	-10.0%	5.0%	5.0%	5.0%



Average Freight($)/TEU



Source："K" Line's forecasts based on Containerisation International data

1-2. Strengthening the Makeup of Container Shipping Business

Business strategies

- For business continuity, aim for necessary restoration of freight charges
- Freeze on new investments until real supply and demand balance
- Deepening of rationalization of ship allocation based on alliances
- Further cost reduction measures (thorough cost cutting, including Super Slow Steaming)

Note: Containership business structural reform costs of 43 billion yen allocated for FY2009

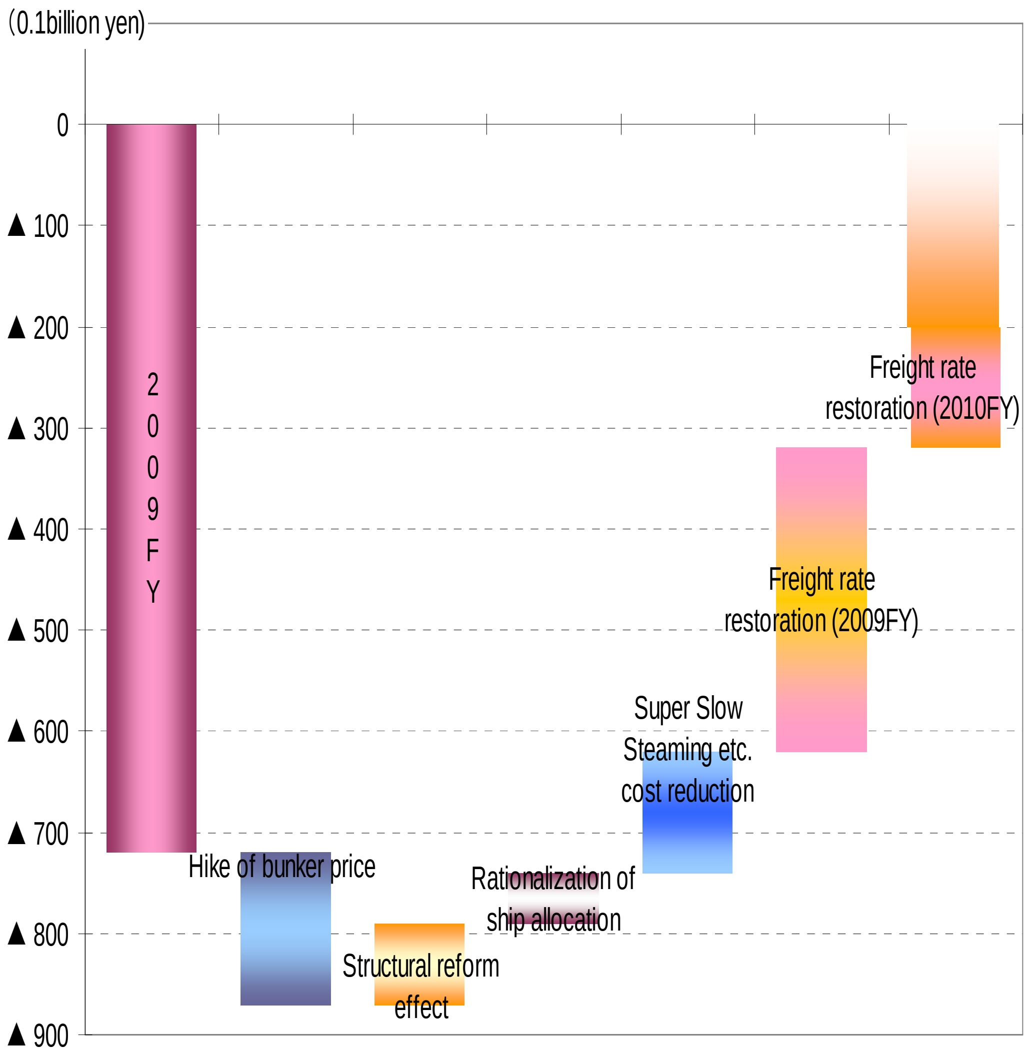
Newbuildings…alteration of ship types

Existing ships…cancellation of chartering contracts

Liquidation of overseas related companies

Anticipated losses

Measures for Balancing Container Income and Expenditure



2. Restructuring Business Portfolio
— Expansion of Dry Bulk Business —

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Business environment

- Increase in energy shipping accompanying sustained economic growth of China, India and other emerging countries – enormous growth markets having population of 3 billion people
- Remote sourcing of resources and grain supplies ⇒ton mile increases

Business strategies

- Increase stable earnings sources

  Increase number of medium to long term contracts for steel raw materials and thermal coal

- Accelerated expansion of global business

  Strengthening customer base in China and India

  Strengthening connections with resources companies for acquisition of medium to long term contracts

  Strengthening coal transportation to overseas power companies

  Measures for Europe-bound biomass business

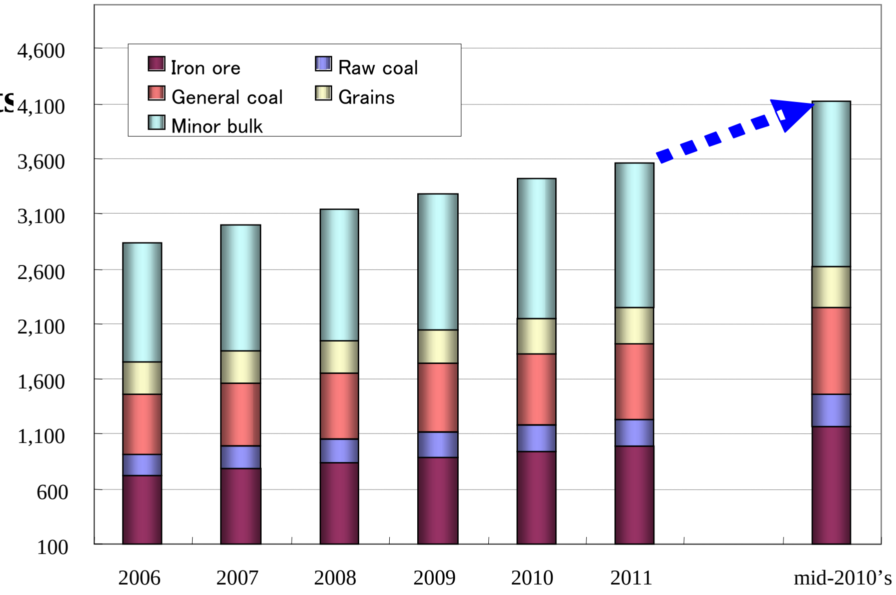
  Upgrading overseas post-Panamax fleet

  Strengthening measures for increased demand for shipments of steel materials and expansion of box fleet

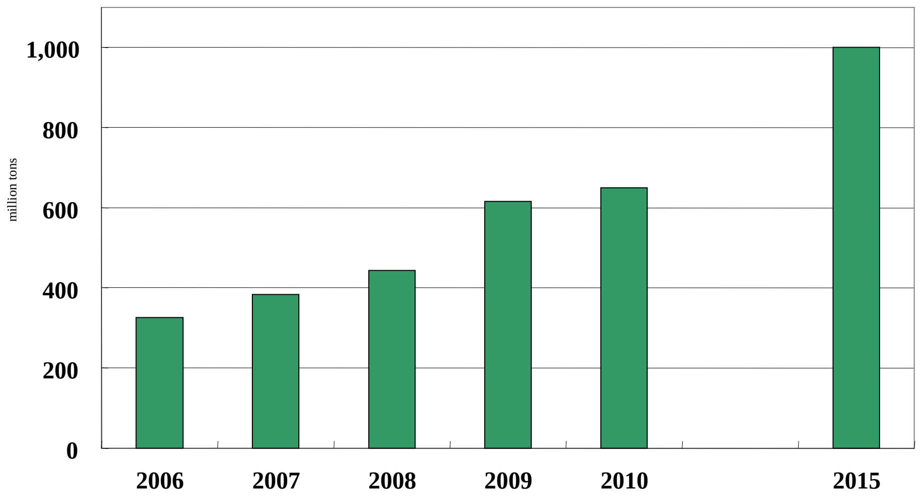
  Strengthening measures for small to medium ships in Atlantic ocean

- Cost-competitive fleet upgrades and strengthening our organization

Worldwide Maritime Shipping Forecast



Amounts of Iron Ore Imported into China



Source: Clarkson, 2015 "K" Line predictions

2. Restructuring of Business Portfolio
— Strengthening of Car Carrier Business —

"K" LINE
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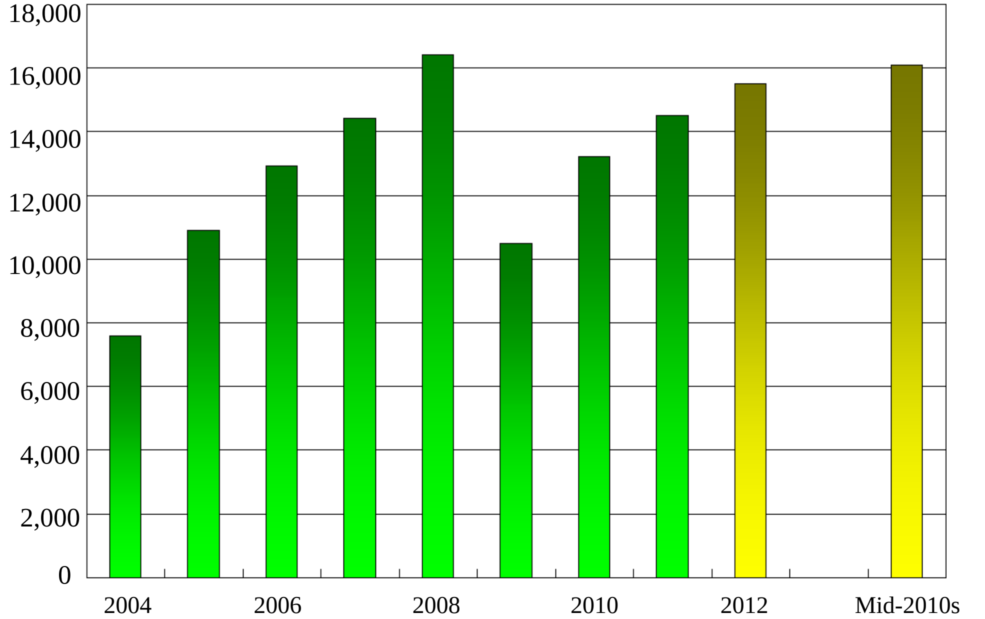
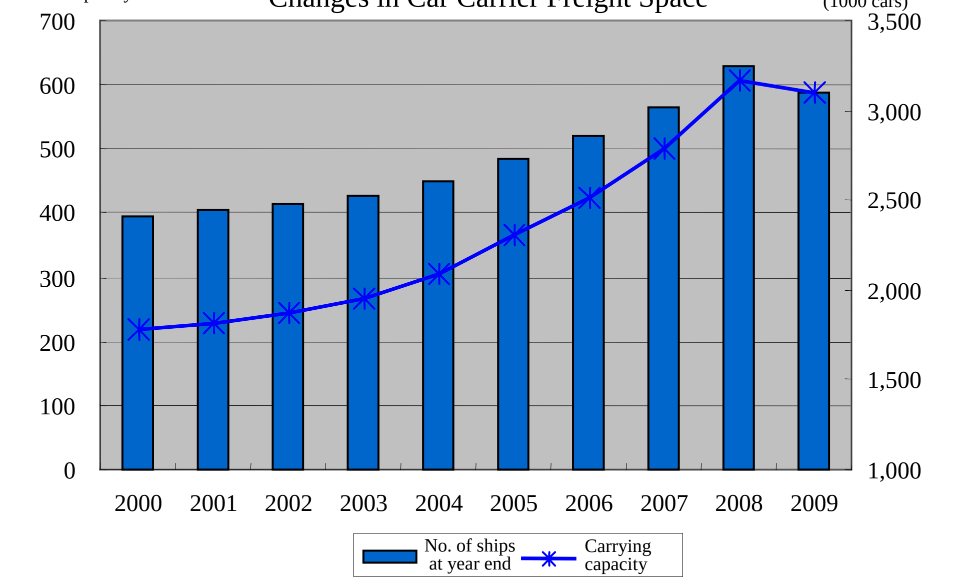
Business environment

	Global auto sales markets	Global seaborne shipments
-2007	71 million	14.4 million
-2008	66 million	16.4 million (14%)
-2009	64 million	10.5 million (-36%)
-2010	67 million	13.2 million (26%)
-2011	69 million	14.5 million (10%)
-Mid-2010s	75 million	16.0 million



Business strategies

- Maintenance and expansion of existing business and involvement in new transportation business in India, China and other emerging countries
- Pursuit of safe, environmentally conscious transportation quality and upgrading of service network that anticipates customer needs
- Construction of ship types and fleet structures capable of handling changes in demand



Source: (Above) "K" Line forecasts based on various data
(Below) Prepared by "K" Line based on Fearnleys World PCC Fleet

2. Restructuring Business Portfolio
— Strengthening Oil Tanker and LNG Carrier Business —

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Business Circumstances

- Economic recovery accompanied by increasing energy demand (especially in developing countries)
- Diversification and long-distance accessing of crude oil supply sources
- Shift from consumption of oil products refined in different areas to those refined in area of production
- Steady growth in demand for natural gas clean energy

Business Strategy

Oil tanker, LPG carrier, chemical tanker services

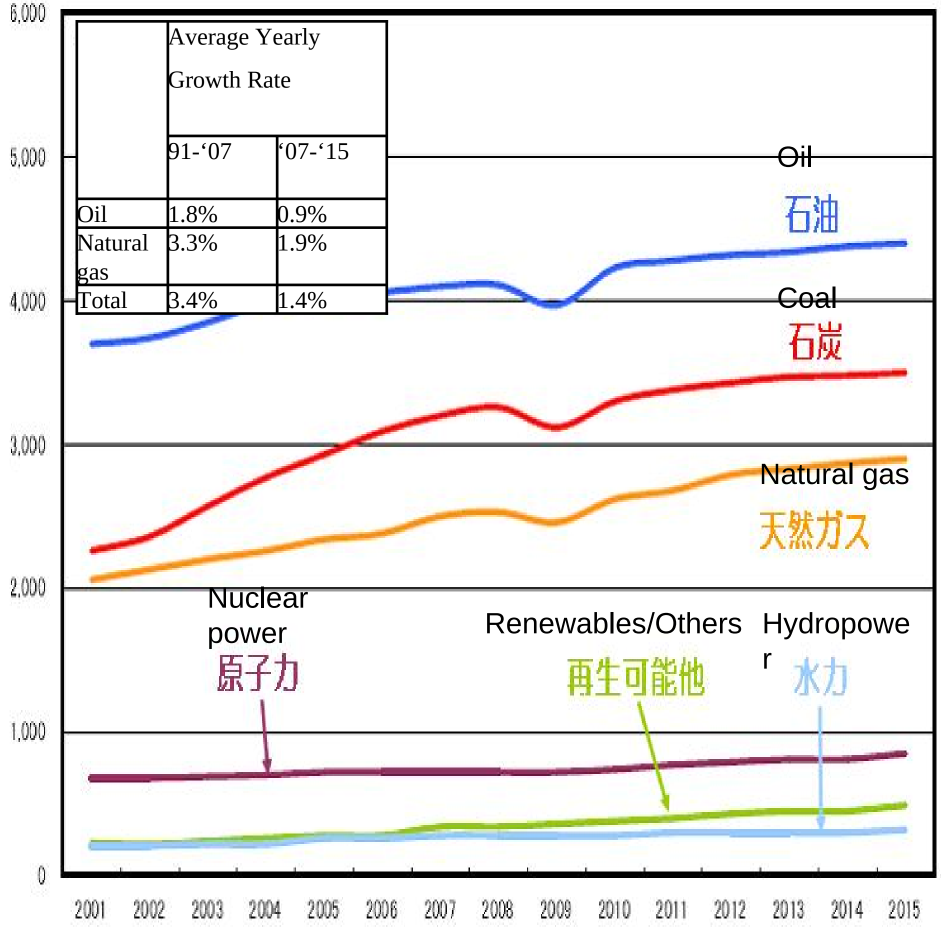
- Ensure continuation of contracts with stable customers, cultivate new customers (VLCC/LPG)
- Adjustment of fleet sizes according to freight space supply and demand, optimum combination of spot cargoes and term contracts (LRII/AFRAMAX)
- New customer entry in chemical tanker services

LNG business

- Measures for acquisition of medium to long-term contracts for free ships
- Strategic measures for involvement in new customer projects
- Promotion of effective utilization or disposal of old ships

Forecast Global Primary Energy Consumption (Note)

(Oil equivalent million tons)



	Average Yearly Growth Rate	
	91-'07	'07-'15
Oil	1.8%	0.9%
Natural gas	3.3%	1.9%
Total	3.4%	1.4%

(Source: Based on IEA, IEE Japan and other data)

Note: Projections based on feasible policies and potential technologies for widespread application as countermeasures to global warming.

2. Restructuring Business Portfolio

— Strategic investment in growth areas (energy resources development related business) —

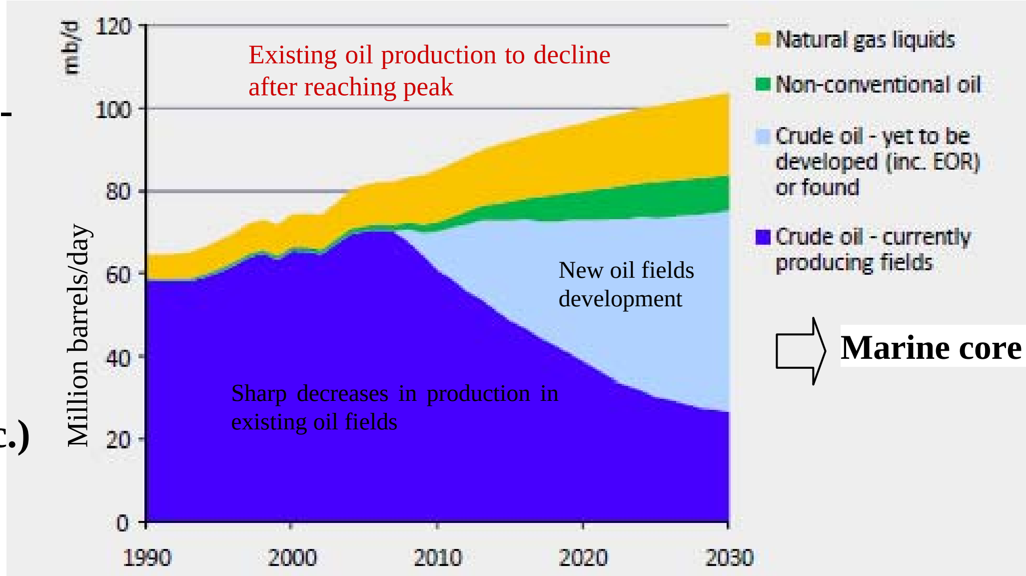
Business Circumstances

- Depletion of existing oil and gas fields and progress of new developments
- Growth in ocean and gas field development in deepwater and far-offshore areas ⇒expansion of offshore related demand

Business Strategy

- Steady implementation of settled investment matters (offshore support vessels, drilling ships, floating LNG production transport)
- Work on new matters aimed at stable earnings (drilling ships, etc.)
- Development of medium and long-term stable business based on accumulation of technological know-how

Forecast World Oil Production (by supply source)



(Source: IEA/World Energy Outlook)

Offshore support vessels (“K” Line Offshore A.S.)

Structure including 7 newly-built vessels by 2011

Drilling Ships Business (Etesco Drilling Service)

In addition to contract arranged with Etesco, participation in new matters is under consideration.

Floating LNG Production Business (FLEX LNG)

Support business implementation, capitalizing on long-term safe LNG transportation record and relationships of trust with customers.

2. Restructuring Business Portfolio

— Strategic investment in growth areas (heavy cargo ships, logistics) —

・**Heavy cargo ships business (SAL)**

・**Expansion of entry into transportation of environment-related materials (wind power energy, etc.)**

・**Collaboration in LNG, offshore, etc. energy transportation fields**

・**Operational development utilizing Kawasaki Kisen Group's global network**

Anticipated completion of 183-type newbuildings

Expected completion: December 2010 and March 2011

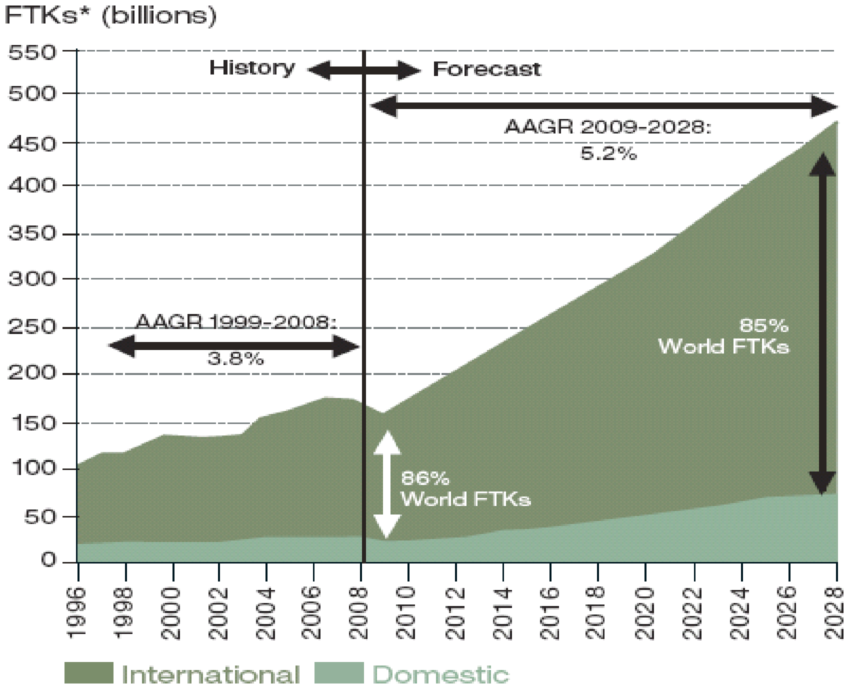
Lift capacity: 2,000 tons (equipped with two 1,000 ton cranes)

Equipped with Dynamic Positioning System

• **Integrated logistics business**

- **Network expansion in China, etc. growth markets**
- **Expansion of business base by capital participation in logistics companies**
- **Differentiation from other companies by quality service through logistics management system VMS (Visibility Management System)**

Forecast changes in Air Cargo Transportation



Source : Airbus Company Freight Traffic Forecast 2009-2028

3. Adaption to business environment fluctuations and strengthening of financial base

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― Screening and control of investments・Flexible response of fleet organization ―

Fleet and Investment

Fiscal Year	End of 2007FY	2008FY～2009FY		End of 2009FY	2010FY～2012FY		End of 2012FY	Mid of 2010's	Mid of 2010's (original plan)
	Nos. of ships	Nos. of Newbuldings	Investing CF(billion yen)	Nos. of ships	Nos. of Newbuildings	Investing CF(billion yen)	Nos. of ships	Nos. of ships	Nos. of ships
Container	99	19	12.9	77	26	7.0	81	75	150
Dry bulk	169	34	76.1	173	59	83.9	219	250	265
Car carrier	102	15	21.6	67	20	25.2	76	90	105
LNG/Tanker	62	23	21.6	81	3	22.2	74	75	136
Off Shore	0	1	27.4	1	7	43.6	8	10	10
Heavy lift/Logistics	15	3	16.3	14	2	13.1	16	16	14
Short sea and etc.	52	2	10.9	57	2	7.9	63	70	70
Total	499	97	186,7	470	119	202.9	537	586	750
Original plan				573			677	750	

※Reduce investing CF to 200 billion Yen from 550 billion yen for the period from 2010FY to 2012FY

※Suspend new order of container ships and allocate strategic investment for dry bulk and off shore business

※Emphasize best mix of fleet among owned, long chartered and short chartered ships

Adaption to business environment fluctuations and strengthening of financial base

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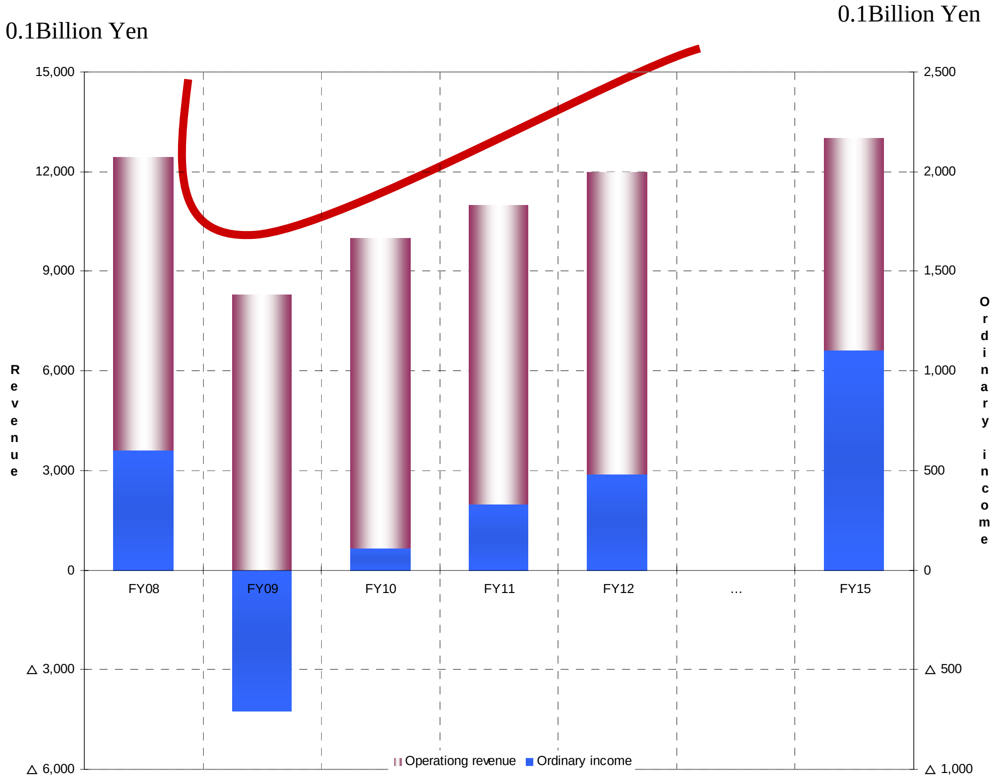
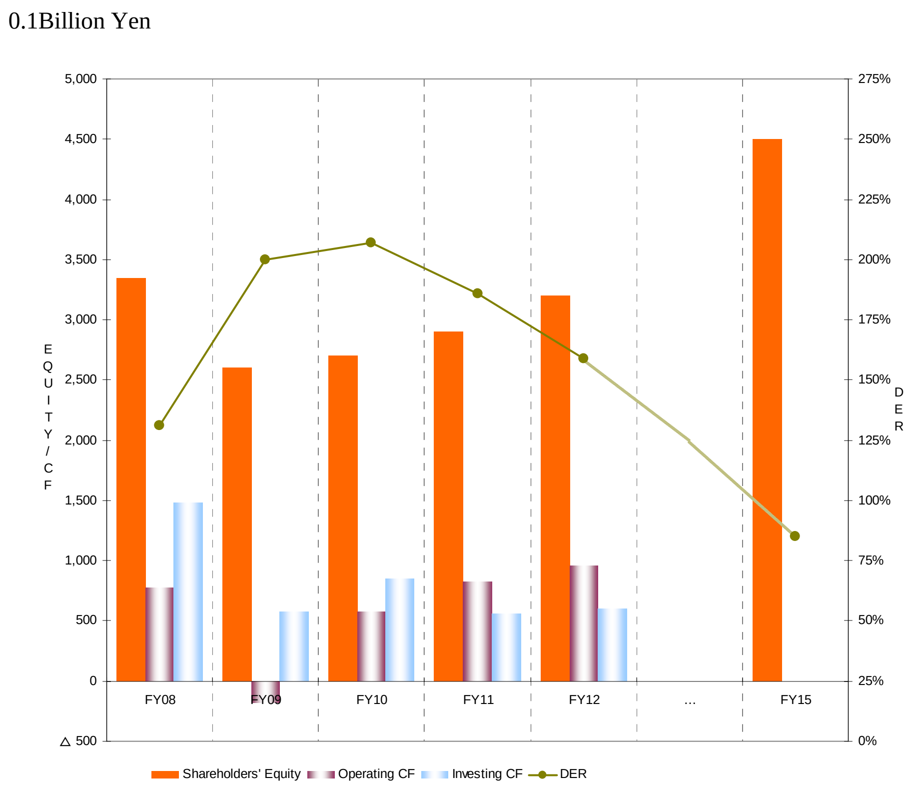
Strengthening of financial base through building up stable earnings and investment control

- Setting out **V-shaped** recovery as bottomed out in 2009
- Achieving original targets by fiscal 2015

Profit and Loss



Key Financial Index



Numerical Target

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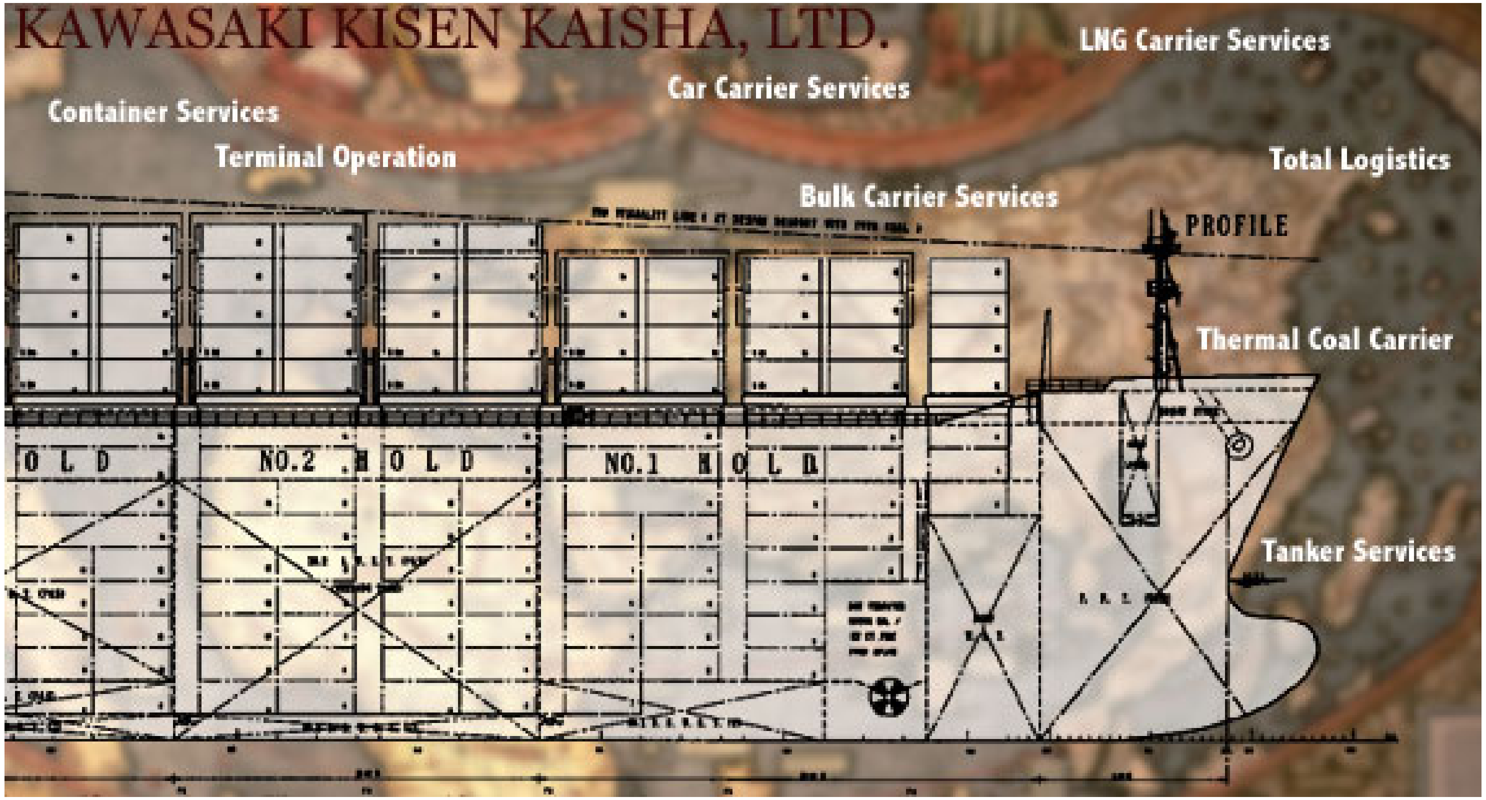
Target for financial index (consolidated)

		FY2009	FY2010	FY2011	FY2012	Mid 2010's
Revenue	Billion YEN	830	1,000	1,100	1,200	1,300
Ordinary Profit	Billion YEN	-71	11	33	48	110
Net Profit	Billion YEN	-70	8	20	31	701
Shareholders' Equity	Billion YEN	260	270	290	320	4,500
Interest-bearing Debt	Billion YEN	520	560	540	510	3,800
Opereting Cash Flow	Billion YEN	-18	58	83	96	-
Investing Cash Flow	Billion YEN	-58	-85	-56	-60	-
DER	【Muliple】	2.00	2.07	1.86	1.59	Below 95%
ROA		-7%	1%	3%	4%	Above 8%
Equity Capital Ratio		25%	24%	25%	27%	Above 40%
DEBT to Oparating Cash Flow	【Muliple】	-28.9	9.7	6.5	5.3	Below 4.5
Dividend Ratio		-	24%	25%	26%	30%
【Assumption】						
Drybulk Market (Pacific Round Voyage)						
CAPE	【US$ / day】		35,000	30,000	30,000	
PMAX	【US$ / day】		20,000	15,000	15,000	
HMAX	【US$ / day】		17,500	13,000	13,000	
Small	【US$ / day】		13,000	10,000	10,000	
Exchange Rate	【YEN / US$】	93	90	90	90	
Bunker Price	【US$ / MT】	410	500	500	500	

※ Sensitivity（2010FY）

±1Yen / US$1 ⇒ approx. 0.7 billion yen (ordinary income)   Price of bunler： ±US$10 / MT ⇒ approxi. 1.5 billion yen (ordinary income)



The basic principles of "K"Line Group as a shipping business group centering on shipping lie in:
(a) Diligent efforts for safety in navigation and cargo operations as well as for environmental preservation
(b) Sincere response to customer needs by making every possible effort; and
(c) Contributing to the world's economic growth and stability through continual upgrading of service quality.