

Dear All Stakeholders:

Foundation of a New Liner Container Business Operating Company

We have always appreciated your strong and continuing support.

Today, we, Kawasaki Kisen Kaisha, Ltd. (“K” Line), have decided to spin off our liner containership business and overseas port business from the corporate entity and to integrate them with those of NYK and MOL, which will spin theirs off as well. Thus, the said businesses which have been operated independently by three companies until now will be integrated on an equal footing among the three companies and operated under a new joint-venture company which will be newly founded.

Liner container business is a growing industry supported by a stable volume of cargo under the expansion of world economic activities in accordance with increasing population. Recently, however, due to various changes in circumstances throughout the world, cargo demand is becoming sluggish, and on the other hand, the market continues to remain stagnate owing to over-supply of space caused by deliveries of new-buildings. As a result, since last year in the liner containership industry, the movement to increase competitiveness by expanding operational scale through merger and acquisition has been actualized, and the business model itself has been drastically changed. Now, the three Japanese shipping companies have come to share the same thought, recognizing that in order for us to keep up and compete with these overseas carriers which will be developing larger-scale operations from now on, what we need is not only to properly grasp market needs and then offer high-quality services, but also to enlarge the business scale. The new company under the joint-venture scheme among the three companies will be a liner containership operating company with a fleet capacity of around 1,400,000 TEU (or 1,760,000 TEU including undelivered orders), which will rank 6th in the world. With this scale of fleet and the accumulation of know-how of liner containership business which the three Japanese shipping companies have long been building up, the new company will offer high-quality and highly-competitive services in order to meet the needs of our customers throughout the world.

“K” Line group is a Multi-Modal Shipping Company group that has developed not only containership business but also various business segments including Dry Bulk, Car Carrier, Energy Transportation such as Tanker and LNG Carrier, Offshore Energy E&P

Support, Heavy Lifter, Logistics, and Short Sea and Japan Coastal business. The new company will start the operation in April 2018, and the company which operates liner containership business and overseas port business will be an equity-method subsidiary of “K” Line group. The business transferred to the new company will not change its current status as one of the core business segments of “K” Line as a Multi-Modal Shipping Company, and we will continue to be deeply related with the business as in the past through our human and financial resources which are to be put into the new company. Even after the foundation of the new structure, “K” Line Group will maintain its current business portfolio as a Multi-Modal Shipping Company by continuously accumulating latest knowledge regarding liner containership business and overseas port business as well as further deepening our synergy with other business segments such as car carriers and logistics.

“K” Line Group, as a Multi-Modal Shipping Company group, will continue to exert relentless efforts to assure maximum safety in navigation and cargo operation, tackle advanced challenges in response to social demands such as environmental preservation, and aim at achieving sustainable growth.

We appreciate and look forward to continuous support of all stakeholders of our “K” Line Group.

October 31, 2016

Eizo Murakami
President & CEO
Kawasaki Kisen Kaisha, Ltd.