"K" LINE
KAWASAKI KISEN KAISHA, LTD.

FACT BOOK 2014

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1-1. April 2012 "K" Line Vision100 -Bridge to the Future -

① Review of the Medium-Term Management Plan "K" LINE Vision 100

April 2008 "K" LINE Vision 100

This medium-term management plan was established against a backdrop of growing marine transport demand resulting from global economic growth, focusing on the mid-2010s, while also extending its outlook to encompass K" Line's centennial anniversary in 2019.
The theme of the plan was "synergy for all and sustainable growth."

January 2010 "K" LINE Vision 100 KV2010

This plan was established as an emergency measure in response to the financial recession led by the collapse of Lehman Brothers in September 2008, and the vastly different business environment it produced.

April 2011 "K" LINE Vision100 - New Challenges -

In response to changes in market structures including energy demand increase, the rise of emerging countries, etc. a new medium-term management plan based on the "K" LINE Vision 100 was adopted to expand stable earning and achieve sustainable growth.

April 2012 "K" LINE Vision100 - Bridge to the Future -

Under such circumstances as supply pressure of new vessel capacity, fuel oil hike, further rise of yen, damage by the Great East Japan Earthquake, etc. , in response to opaquie business situation including **market flactuation, by means of s**tructural reform, we aim to increase stable profit, and change into constitution strong enough not to be over affected by market flactuation.

②Updated Missions for our Medium-term Management Plan

Current Three Missions

- Generate ordinary income in FY2012
- Build a stable earnings structure
- Reinforce financial standing

Five Action Plans

1. Implement sweeping cost reductions and report ordinary income in FY2012
2. Make structural reform in the containership business
3. Expand stable earnings in the dry bulk business and car carrier business
4. Generate stable earnings in the energy resource transport business and new businesses
5. Strengthen financial standing through limits on investment

"K" LINE Vision 100 (Main Theme: Synergy for All and Sustainable Growth)

The five basic priorities

- Borderless management through the best and strongest organization
- Strategic investment and proper allocation of management resources
- Improvement of corporate value and complete risk management
- Activities to promote environmental protection
- Stable and safe ship operation administration structure

③ Updated Target for Financial Indicies as of April 2012

achieved

As of April 2014

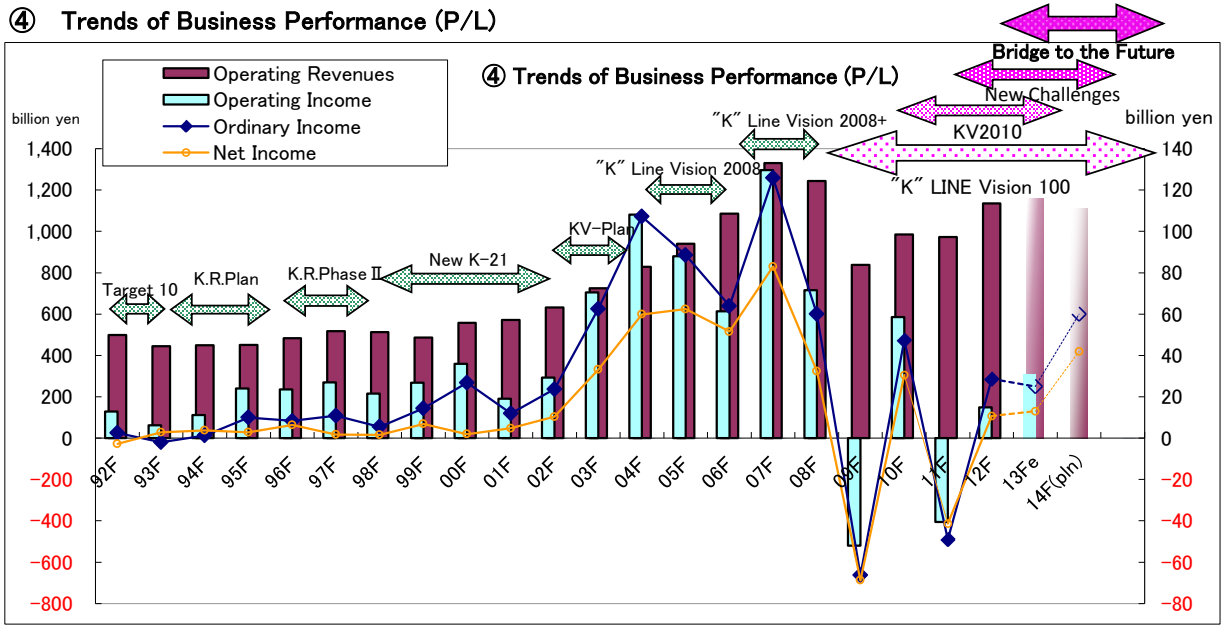
(Billion yen、%)

			2012F			2013F			2014F		
			Result(A)	Original Plan(B)	(A)-(B)	Result(A)	Original Plan(B)	(A)-(B)	Estimate(A)	Original Plan(B)	(A)-(B)
Operating Revenues			1,134.8	1,120.0	14.8	1,224.1	1,070.0	154.1	1,230.0	1,110.0	120.0
Ordinary Income			28.6	12.0	16.6	32.5	39.0	▲ 6.5	34.0	60.0	▲ 26.0
Net Income			10.7	11.0	▲ 0.3	16.6	25.0	▲ 8.4	18.0	42.0	▲ 24.0
EBITDA			104.8	100.0	4.8	90.5	110.0	▲ 19.5	89.0	135.0	▲ 46.0
Shareholder's Equity			340.6	260.0	80.6	388.8	280.0	108.8	404.0	330.0	74.0
Operating CF			59.8	67.0	▲ 7.2	88.2	90.0	▲ 1.8	68.0	113.0	▲ 45.0
Investment CF			▲ 27.2	▲ 50.0	22.8	▲ 5.1	▲ 50.0	44.9	▲ 50.0	▲ 50.0	0.0
DER			185%	223%	▲38%	166%	193%	▲27%	136%	148%	▲ 12%
NET DER			137%	186%	▲48%	105%	158%	▲53%	97%	119%	▲ 22%
Equity Ratio			28.9%	23.4%	5.4%	31.0%	25.7%	5.3%	34.3%	30.3%	4.0%
Interest-bering Debt			629.9	580.0	49.9	643.8	540.0	103.8	546.7	490.0	56.7
ROA			2.5%	1.1%	1.4%	2.7%	3.5%	▲ 0.9%	2.8%	5.5%	▲ 2.7%
ROE*			3.7%	—	—	4.6%	—	—	4.5%	—	—
Assumptions	Exchange Rate (¥/US$)		82	80	2	100	80	20	100	80	20
	Fuel Oil Price (US$/MT)		671	720	▲ 49	626	650	▲ 24	621	650	▲ 29
	Dry T/C Average	Cape (US$/Day)	7,350	18,750	▲ 11,400	17,300	23,000	▲ 5,700	21,000	25,000	▲ 4,000
		PMAX (US$/Day)	7,575	13,500	▲ 5,925	10,400	17,000	▲ 6,600	15,000	20,000	▲ 5,000
		HMAX (US$/Day)	9,250	13,500	▲ 4,250	11,200	15,000	▲ 3,800	13,000	18,000	▲ 5,000
		Small (US$/Day)	7,800	10,750	▲ 2,950	8,400	12,000	▲ 3,600	9,500	14,000	▲ 4,500

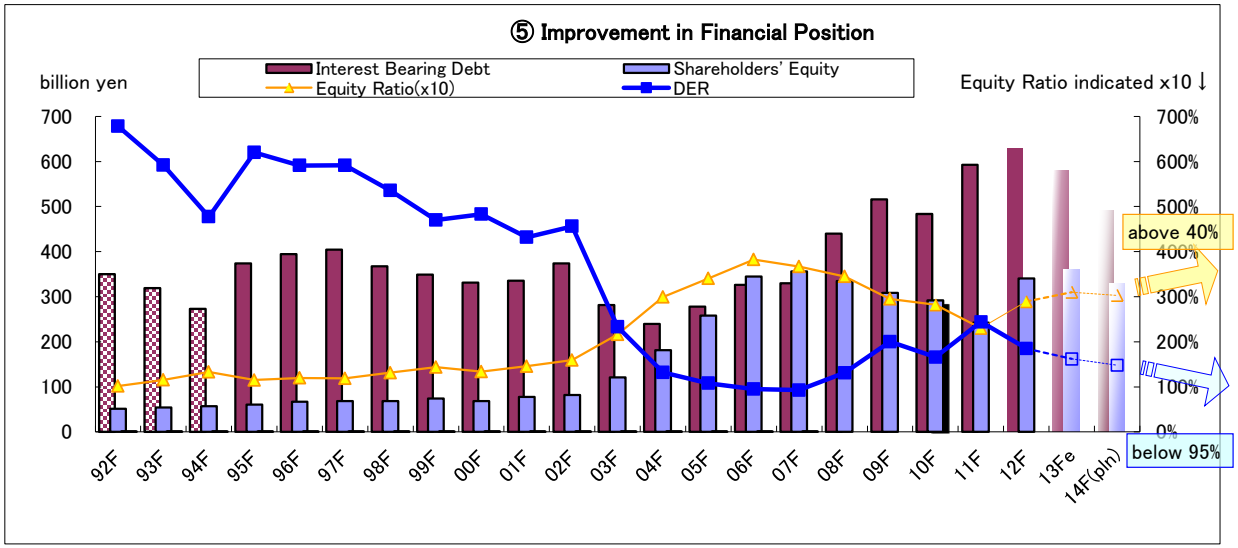
out of reach

※ Under present mid-term management plan, ROE targets were not announced officially

④ Trends of Business Performance (P/L)



⑤ Improvement in Financial Position



(Fiscal Year)	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
Exchange Rate (Yen/US$)	125	108	99	96	113	123	128	112	110	125	122	114	107	113	117	115	101	93	86	79	82	100
Fuel Price (US$/MT)	99	83	99	108	118	104	76	117	158	134	161	170	192	286	319	407	504	407	489	672	671	626

⑥ Segment-wise Performance

as of April 2012

		Unit	FY2011	FY2012	FY2013	FY2014
Container Ships	Operating revenues	(billion yen)	396	460	460	460
	Ordinary income or loss	(billion yen)	▲42	▲3	10	15
Non-Container Ships	Operating revenues	(billion yen)	464	530	500	520
	Ordinary income or loss	(billion yen)	▲9	12	26	42
Others	Operating revenues	(billion yen)	113	130	110	130
	Ordinary income or loss	(billion yen)	7	7	6	7
Adjustment and Eliminations	Operating revenues	(billion yen)	0	0	0	0
	Ordinary income or loss	(billion yen)	▲5	▲4	▲3	▲4
Total	Operating revenues	(billion yen)	972	1,120	1,070	1,110
	Ordinary income or loss	(billion yen)	▲49	12	39	60
Assumptions	Exchange rate	(¥/US$)	79	80	80	80
	Bunker Price	(US$/MT)	672	720	650	650
	T/C Average					
	CAPE	(US$/Day)	15,350	18,750	23,000	25,000
	PMAX	(US$/Day)	12,325	13,500	17,000	20,000
	HMAX	(US$/Day)	13,225	13,500	15,000	18,000
	Small	(US$/Day)	10,075	10,750	12,000	14,000

as of April 2014 (after reformation)※

		Unit	FY2011	FY2012	FY2013	FY2014 (plan)
Containership	Operating Revenues	(bln.yen)	468.0	552.8	582.4	610.0
	Ordinary Income	(bln.yen)	▲ 38.5	6.6	▲ 0.1	0.0
Bulk Shipping	Operating Revenues	(bln.yen)	443.1	502.6	572.7	550.0
	Ordinary Income	(bln.yen)	▲ 0.1	24.1	41.3	38.0
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	(bln.yen)	20.4	35.7	32.8	30.0
	Ordinary Income	(bln.yen)	▲ 8.5	▲ 2.4	4.5	0.0
Other	Operating Revenues	(bln.yen)	40.8	43.7	36.2	40.0
	Ordinary Income	(bln.yen)	3.3	6.6	2.6	2.0
Adjustments & Eliminations	Operating Revenues	(bln.yen)	-	-	-	-
	Ordinary Income	(bln.yen)	▲ 5.2	▲ 6.3	▲ 6.8	▲ 6.0
Total	Operating Revenues	(bln.yen)	972.3	1,134.8	1,224.1	1,230.0
	Ordinary Income	(bln.yen)	▲ 49.0	28.6	32.5	34.0
Assumptions	Exchange Rate	(¥/US$)	79	82	100	100
	Bunker Price	(US$/MT)	672	671	626	621
	T/C Average					
	CAPE	(US$/Day)	15,350	7,350	17,300	21,000
	PMAX	(US$/Day)	12,325	7,575	10,400	15,000
	HMAX	(US$/Day)	13,225	9,250	11,200	13,000
	Small	(US$/Day)	10,075	7,800	8,400	9,500

※from FY2012, segmentation was reformed

⑦ 【Fleet Upgrading Plan and Investment 】

In Mid-term Management Plan (as of April 2012)

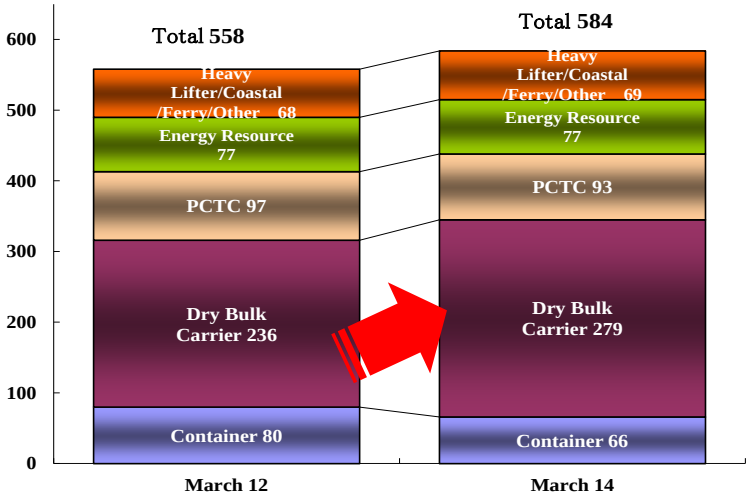
as of April 2012

(unit: vessels)

Fleet Size Development	FY2011 Deliveries	Nbr of Vessels at end of FY2011	FY2012 Deliveries	FY2013 Deliveries	FY2014 Deliveries	FY2012-FY2014 Deliveries	Nbr of Vessels at end of FY2014
Container Ship Business	6	80	4	0	0	4	66
Dry Bulk Carrier Business	34	236	23	25	11	59	279
Car Carrier Business	6	97	2	0	0	2	93
Energy Transportation Business	5	77	1	1	1	3	77
Heavy Lifer / Others	1	68	3	0	0	3	69
Total	52	558	33	26	12	71	584

(Showing vessels whose investment is decided only)

Only the number of newbuildings is indicated in this table.
(vessels returned or sold etc. is not reflected)



⑧ Investment CF (billion yen)

	FY2011	FY2012	FY2013	FY2014
Original Plan (Apr.'12)	83.2	50.0	50.0	50.0
Updated (Apr.'13)	83.2	27.2	50.0	50.0
Previous Plan (Apr.'11)	95.0	80.0	65.0	–

⑨ New Buildings (Results and Plan) (as of July 2014)

as of July 2014

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 Plan	FY2015 Plan	FY2016 Plan
Containerships	5	5	6	4	6	13	11	6	4	0	1	4	0
1,700TEU		0	0	3	3	4	0	0	0	0	0	0	0
2,400TEU		0	0	0	1	3	1	0	0	0	0	0	0
3,500TEU		3	0	0	0	4	0	0	0	0	0	0	0
4,500TEU		2	3	0	0	0	7	5	0	0	0	0	0
6,400TEU		0	0	0	0	0	3	0	0	0	0	0	0
8,000TEU		0	3	1	2	2	0	1	4	0	1	4	0
Dry Bulk	5	19	22	10	16	20	16	34	25	23	9	10	1
Capesize	3	8	9	2	6	9	8	18	14	5	2	1	0
Panamax	2	3	4	4	0	6	3	4	1	8	4	5	0
Handymax		5	4	2	2	1	4	7	5	5	1	1	0
SmallHandy		1	2	1	4	2	0	3	3	2	1	1	0
Chip/Pulp		0	1	0	3	0	0	0	1	0	0	0	0
Corona		2	2	1	1	2	1	2	1	3	1	2	1
Car Carriers	3	6	8	5	4	8	7	6	4	3	1	4	4
2,000units		2	2	0	0	1	1	0	0	0	0	0	0
3,800units		0	2	1	0	1	0	0	0	0	0	0	0
4,000units		1	2	0	0	0	2	1	1	0	0	0	0
5,000units		3	1	0	0	3	0	0	2	0	0	0	0
6,000units		2	1	4	4	3	4	5	1	3	1	0	0
7,500units		0	0	0	0	0	0	0	0	0	0	4	4
LNG	2	4	2	2	14	1	0	0	0	0	0	1	3
Tankers	3	1	4	3	4	4	0	1	1	1	1	0	0
VLCC		0	1	1	0	3	0	0	0	0	0	0	0
AFRAMAX		1	1	0	2	0	0	0	0	0	0	0	0
LR II		0	2	0	1	1	0	0	0	0	0	0	0
LPG							0	0	0	0	1	0	0
CHEMICAL		0	0	2	1	0	0	1	1	1	0	0	0
Energy New Biz						0	3	4	0	0	0	0	0
Offshore							3	3	0	0	0	0	0
Drillship							0	1	0	0	0	0	0
Heavy Lifters	0	0	0	1	3	0	2	0	0	0	0	0	0
Short Sea etc.	0	1	5	2	2	0	1	1	3	2	1	1	1
Total	18	36	47	27	49	46	40	52	37	29	13	20	9

1-2. History of Management Plans

	Plan name	Subjects	Remarks
Nov.1982 - Aug.1983	Emergency Plan for Strengthening the Corporate Foundation ("K" Plan) First Stage	1st theme: profitability improvement plan 2nd theme: efforts to modernize and increase the efficiency of operational systems 3rd theme: a cost-cutting campaign carried out with the participation of all personnel	Radical improvement in operational structure was targetted, feared continued simultaneous slump in three sales division and yen rising.
- Mar.1984	Emergency Plan for Strengthening the Corporate Foundation ("K" Plan) Second Stage	Reconstruction of system to implement "K"plan, mainly for above 2nd theme Promotion of office automation、Improvement in business procedure, Cost reduction etc	(Reference-in June 1983, the Head Office was relocated to current location) <Hibiya Central Building>
Apr.1984 - Mar.1987	Intermediate-term Operational Improvement Plan (A part of this plan was named New "K" Plan.)	1) Emergency Measures (disposal of uneconomical ships, establishment land-based and marine personnel plan.) 2) Reinforcement of operational capabilities (development of an internationally competitive fleet, Enhancement of cost control, Promotion of new business） 3) Augmentaton of financial measures 4) Modernization and increasing the efficiency of operational organization (streamlining of land-based operations, reorganization and utilization of an information systems) 5)Promotion of safe vessel navigation and cost reduction	Aimed to establish the capability to resume dividend payment. (However, Plaza Accord in 1985 drastically rose yen to 150 yen per one U.S. dollar, and the U.S. Shipping Act of 1984 made container freight fall significantly. Our losses were expanded.)
Apr.1987 - Mar.1989	Emergency Ratiolization Plan	1) Disposal of uneconomical ships 2) Make the organization more efficient and streamlined. (inc. spinning off our subsidiaries) 3) Slashing of both of land and sea workforth with intoroduction of a special retirement policy. <"Emergenvy Employment Measures"（agreed with All Japan Seamen's Union） 4) Improvement and reinforcement of operational capabilities 5) Measures against stronger yen 6) Implemantation of measures for cost reduction.	 Almost all targets completed on schedule. =>Once Operating Income moved into the black F88.

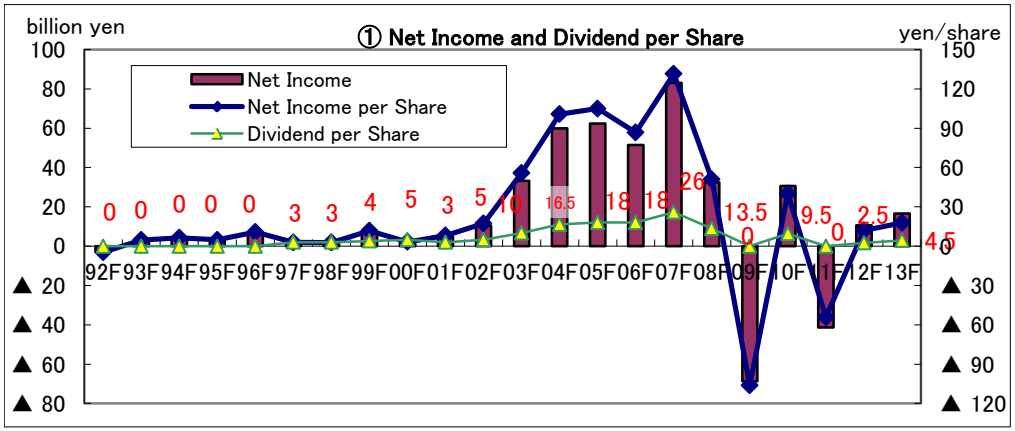
While we did not have specific management plan during this period, there was a campaign for imporoving customer satisfaction（named 'One for All, All for One', April 1990 - March 1994), and "Project 20･20", an internal campaign in Containership division around 1991 (targeting at total USD 40 min. profit rise through revenue up by 20 mil. and cost down by 20 mil.) , etc.

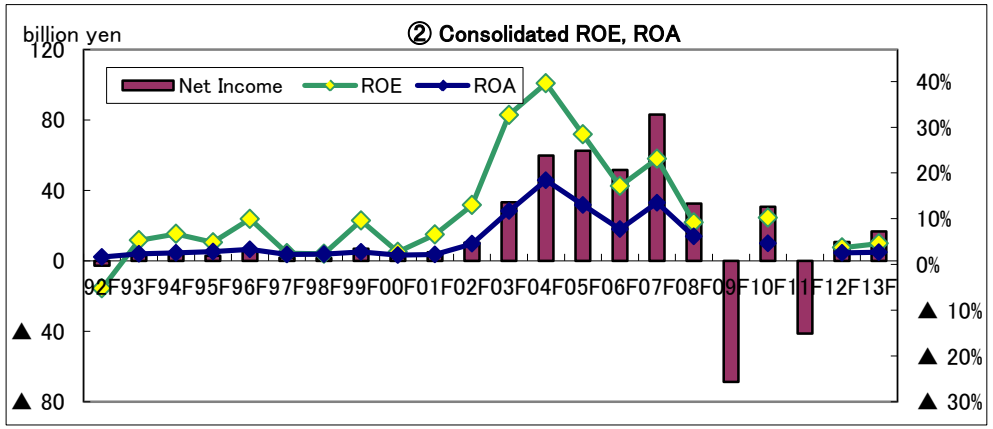
Dec.1992 - Around Oct.1993	Target-10	- Reexamining costs and expenses from every angle	
Oct.1993 - Mar.1996	"K"Line Reengineering Program (K.R. Program)	- Strenghtening international competitiveness through cost-saving and shift as many jobs as possible to overseas - Establishment of structrure to respond customers' needs and to ensure stable profit even if faced with exchangerate rate 100 yen per one U.S. dollar,.	
Apr.1996 - Mar.1998	K.R.PhaseⅡ	- Realization of the situation to implement continual payment of dividends - Reconstruction of operation on a consolidated basis by the entire "K"Line group	Unfinished targets in K.R. Program. From non-consolidation to consolidation. Aiming for competetiveness matching shipping companies in developing Asia. =>In F97 dividend paid after 15 year absense
Apr.1998 *In '00, raised the numerical targets - Mar.2002	New"K"Line Spirit for 21(New K-21) *Completed a year ahead of schedule as most targets achieved	- Standing firm in our basic policy of pursuit of profitability while trying to expand scale of business, and continuing stable payment of dividends - To expand shipping-based logistics business globally with customer-oriented attitude, and to aim at a corporate group which is soild, and fully commited to challenge with courage.	Aiming to make containership division move into the black, which was not achieved in K.R.PhaseII. Positive management plan for the first time in many years. =>Most targets achieved, though 9.11changed conditions at all.
Apr.2002 - *Completed a year ahead of Mar.2004	KV-Plan schedule as most targets achieved	1. Further enhancing of Company's overall organization through cost reductions and profitable use of IT, etc. 2. Reinforcement of globalization firmly based on regional communities and pursuit of business synergy among business sectors. 3. Initiate stronger efforts to implement logistics business. 4. Persuit of technical innovations in marine transport, perfection of safety in navigation and cargo operations, and further contribution to environmental preservation. 5. Strengthening of corporate governance aiming at more transparency and greater effectiveness in management.	Reconstruction of containership business-"Cost Slash 300" （Total 30 bln. yen cost reduction plan: 15 bln. is from deployment of larger ships） In F03 (ends Mar. '04) most of final targets inc. numerical ones were atatined a year ahead of schedule. =>"K"Line Vision 2008

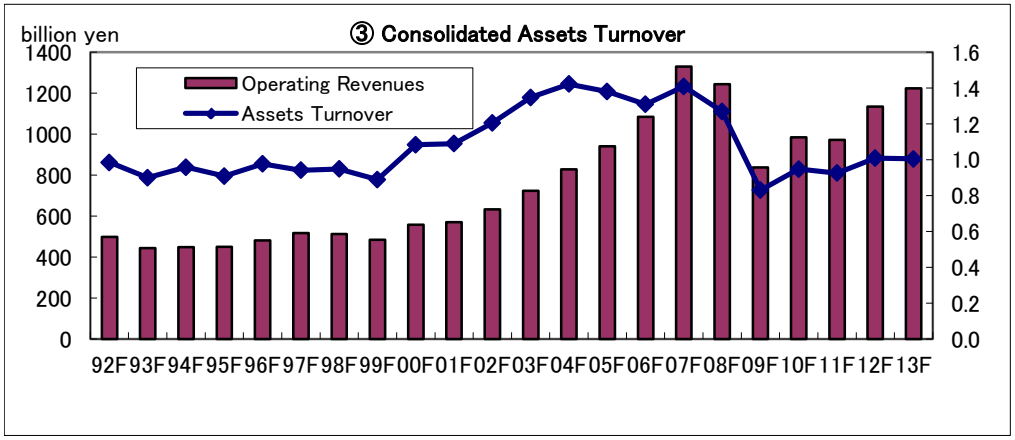
1-2. History of Management Plans

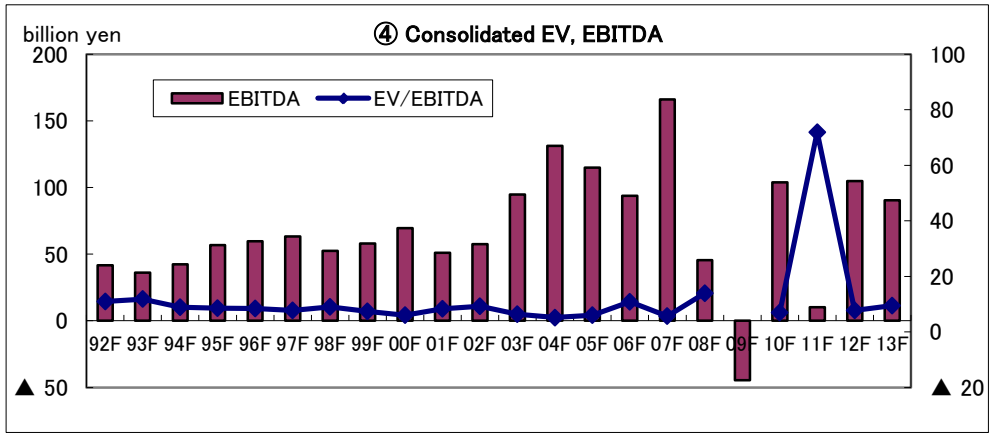
Apr.2004 - Mar.2006	"K"LINE Vision 2008 -Sustainable Growth and Establish- ment of a Stable Profitability Structure- (Completed as most targets achieved)	1.Ensuring a stable profitability structure through reinforcing our business base 2.Creation of a high-level, refined and more matured culture of the "K" Line Group with materialization of dreams and upgrading of the "K" Line Brand 3.Reinforcement of corporate governance and response to risk management	Set a vision for F08, to regard the period from now to F09, our 90th anniversary, as a runway. As profit targets, set F04, 05 estimation & F08 vision Fulfilled most final numerical goals in F05/fuel price hike=>2008+
Apr.2006 - Mar.2008	"K"LINE Vision 2008" -Sustainable Growth and Establish- ment of a Stable Profitability Structure- (Completed as most targets achieved)	-Measures to support systematic expansion of business scale (new target) - Response to changes in business enviroments (new target)	F06 targets NOT achieved due to container freight drop F07 resuts exceeded most targets for F08 in the plan due to dry bulk market hike and containership freigt restoration, & conditions change => "K"Line Vision 100
Apr.2008 - Mar.2012 + Image for 2019	"K"Line Vision 100 Themes: Synergy for All and Sustainable Growth	1. Activities to promote environmental protection 2. Stable safety ship operation administration structure 3. Borderless management through the best and strongest organization 4. Strategic investment and proper allocation of management resources 5. Improvement of corporate value and complete risk management	The plan based on what we will be like in 2019 when we celebrate our 100th anniversary. Detailed targets are set for 4years fom 2008F to 2011F
Jan.2010 - Mar.2013 + Mid of 2010's	"K"Line Vision 100 KV2010 Themes: Synergy for All and Sustainable Growth(Continue)	(In addition to above 5 basic themes, new 3 missions as follows) 1. FY2010:move into the black and early resumption of dividends 2. Expansion of stable earnings base and sustainable growth 3. Improvement and strengthening of financial make up	○Basic Strategies 1. Strengthening make up of containership business 2. Restructuring business portfolio 3. Adaptation to business environment fluctuations and strengthening of financial base
Apr. 2011 - Mar.2014+ Mid of 2010's	"K"Line Vision 100 KV2010 -New Challenges -	(In addition to above 5 basic themes in the KV 100) 1. Expansion of a stable earnings base and sustainable growth 2. Strategic investment in response to changes in market structures and increase in demand - Investment in creation of a flexible fleet and in new businesses - Ongoing measures for improvement and strengthening of financial makeup	Financial results in FY 2010 exceeded initial plans. However, there may be effects from the recent earthquake and there are still many uncertain elements. In response to changes in market structures including energy supply and demand and the emergence of developing countries, a new medium-term management plan based on the "K" LINE Vision 100 was adopted to expand stable earning and achieve sustainable growth.
Apr. 2012 - Mar.2015+ Mid of 2010's	"K"Line Vision 100 KV2010 Bridge to the Future	(In addition to above 5 basic themes in the KV 100) 1. Generate ordinary income in FY2012 2. Build a stable earnings structure. 3. Reinforce financial standing.	For FY 2011, the containership and dry bulk markets have deteriorated markedly, and the Great East Japan Earthquake, the yen appreciation, and rising fuel oil prices resulted in the Company reporting a net loss. In response to these developments, the "K" Line Group adopted a newly reformed medium-term management plan with three priority tasks. By means of structural reform, we aim to increase stable profit, and change into constitution strong enough not to be over affected by market fluctuation.

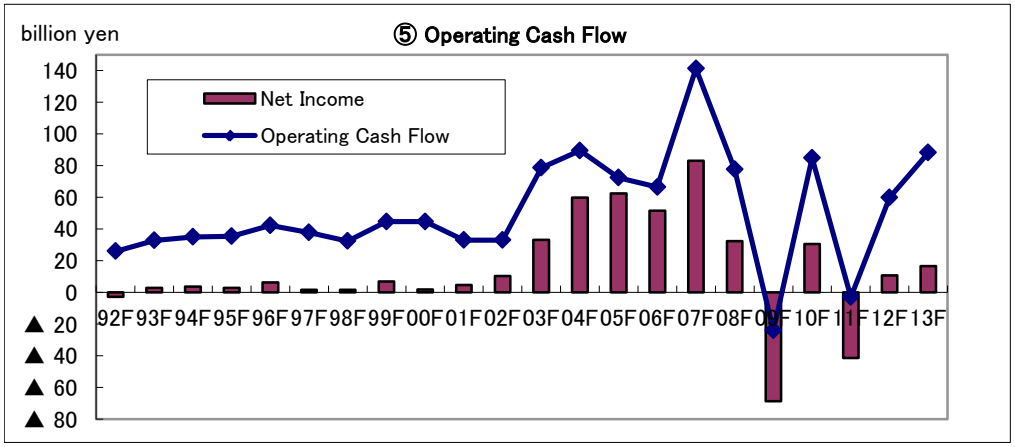
1-2. Trends of Financial Indices in Recent Years

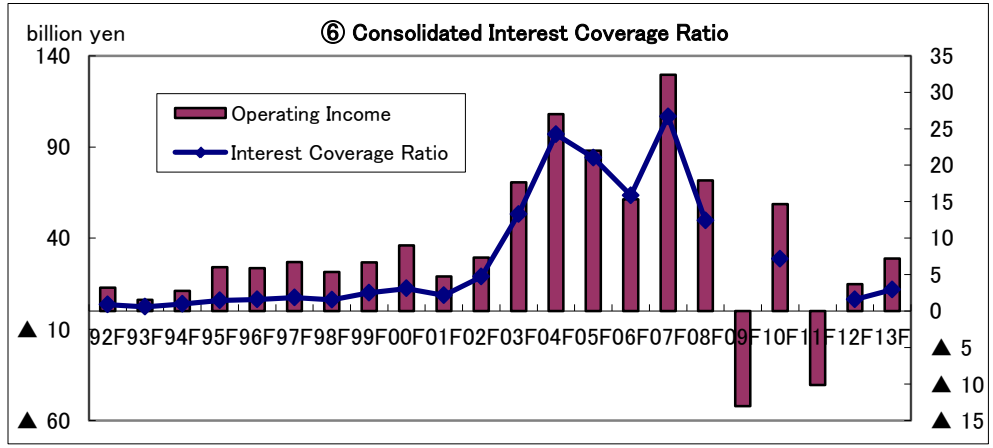




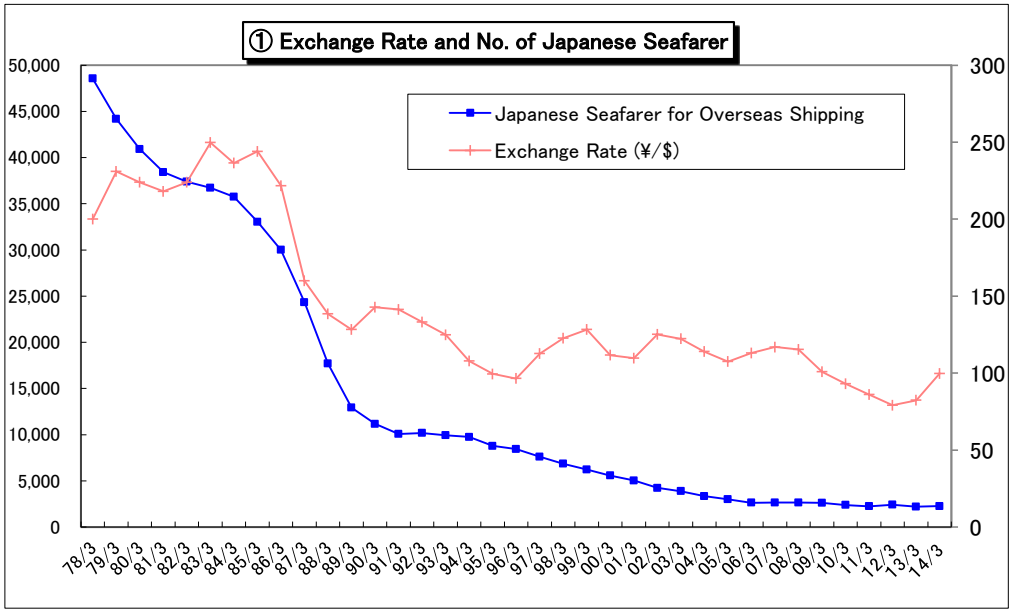


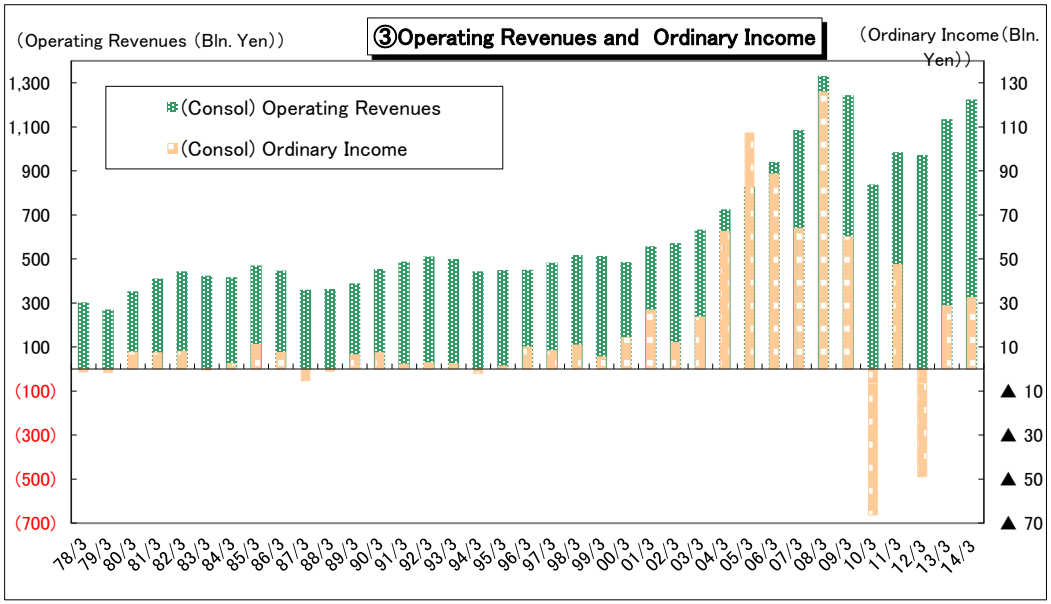


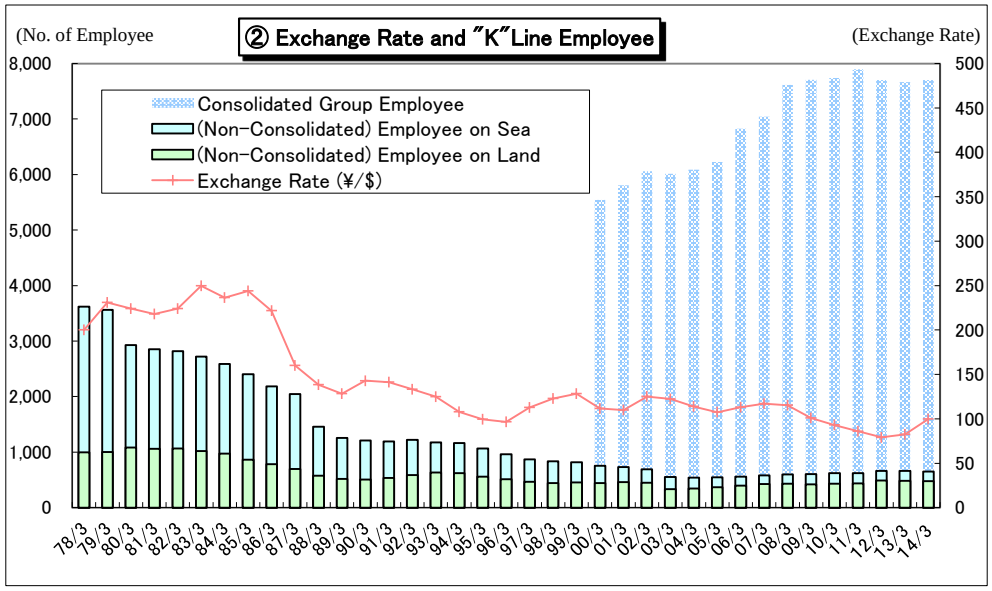


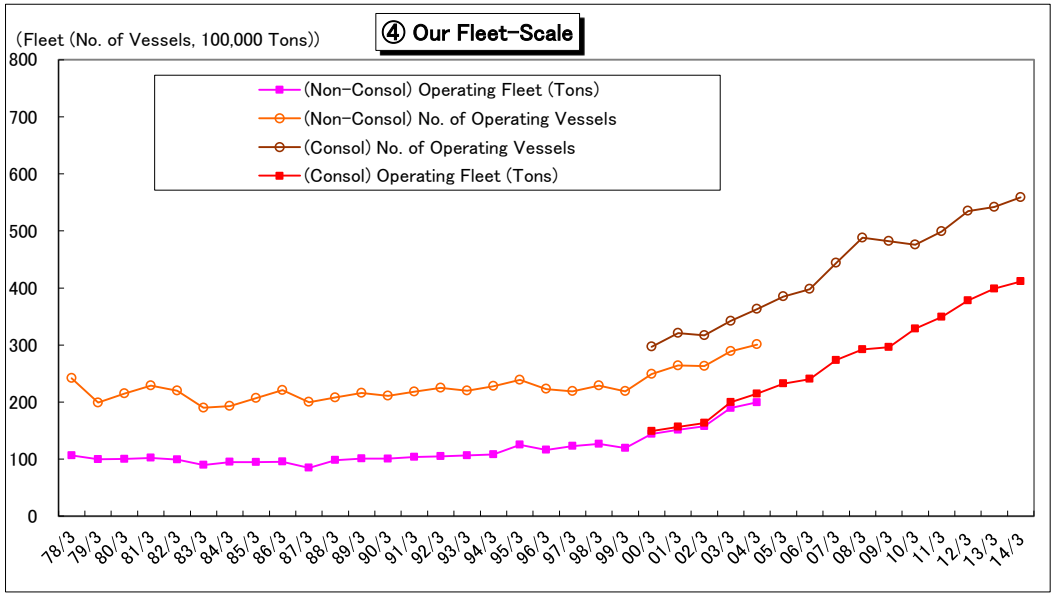


1-4. Effort for Structural Reform and Business Scale Expansion









1-5. Current Business Composition

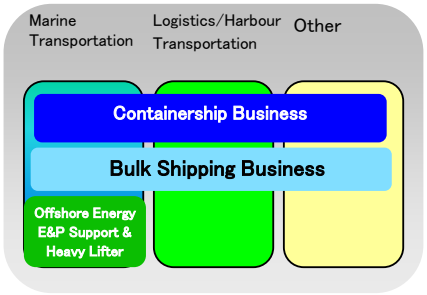
① Operating Revenues, Ordinary Income <Division-wise/Segment-wise>

segement change segement change

(unit: billion yen)

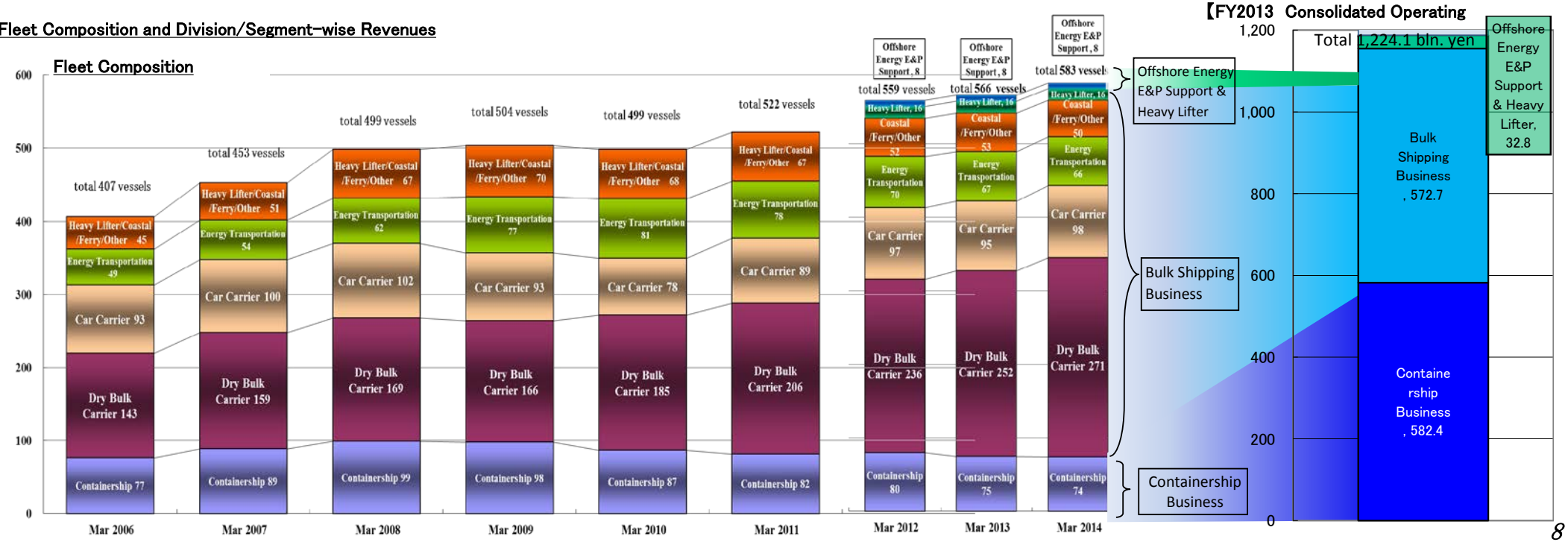
Business Division		FY2005	FY2006	FY2007	FY2008	FY2009	FY2009	FY2010	FY2011	FY2011	FY2012	FY2013
Containership Business	Operating Revenues	451.4	503.5	599.8	530.1	364.0	358.5	445.0	395.5	463.0	552.8	582.4
	Ordinary Income	30.5	▲ 7.8	4.7	▲ 37.3	▲ 67.0	▲ 65.6	29.0	▲ 41.8	▲ 39.7	6.6	▲ 0.1
Bulk Shipping Business	Operating Revenues		468.4	615.8	609.1	394.8	393.1	447.1	463.5	443.1	502.6	572.7
	Ordinary Income		66.0	115.3	92.9	▲ 2.9	1.1	17.0	▲ 8.6	▲ 0.0	24.1	41.3
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues									20.4	35.7	32.8
	Ordinary Income									▲ 8.6	▲ 2.4	▲ 4.5
Others	Operating Revenues	489.4	113.6	115.4	105.2	79.3	86.4	93.0	113.3	45.8	43.7	36.2
	Ordinary Income	58.1	5.7	5.9	4.4	3.7	2.3	4.7	6.6	4.1	6.6	2.6
Adjustment	Operating Revenues						—	—	—	—	—	—
	Ordinary Income						▲ 4.1	▲ 3.4	▲ 5.2	▲ 4.7	▲ 6.3	▲ 6.8
Total	Operating Revenues	940.8	1,085.5	1,331.0	1,244.3	838.0	838.0	985.1	972.3	972.3	1,134.8	1,224.1
	Ordinary Income	88.6	63.9	125.9	60.0	▲ 66.3	▲ 66.3	47.4	▲ 49.0	▲ 49.0	28.6	32.5

※ For FY2005, we had disclosed our total results in two 'division's: Containership Business and Others
※ ～FY 2009, we disclosed in three divisions: 'Containership Business' 'Other Marine Business' and 'Others'
※ 'Bulk Shipping Business' in new categories introduced from FY2010 is almost same as 'Other Marine Business' in the previous categories
※ From FY2012, 'Offshore Energy E & P Support & Heavy Lifter' division is carved out from the former 'Bulk Shipping Businesss 'division, and logistics business included in the 'Others' is transfered to 'Containership Business'.



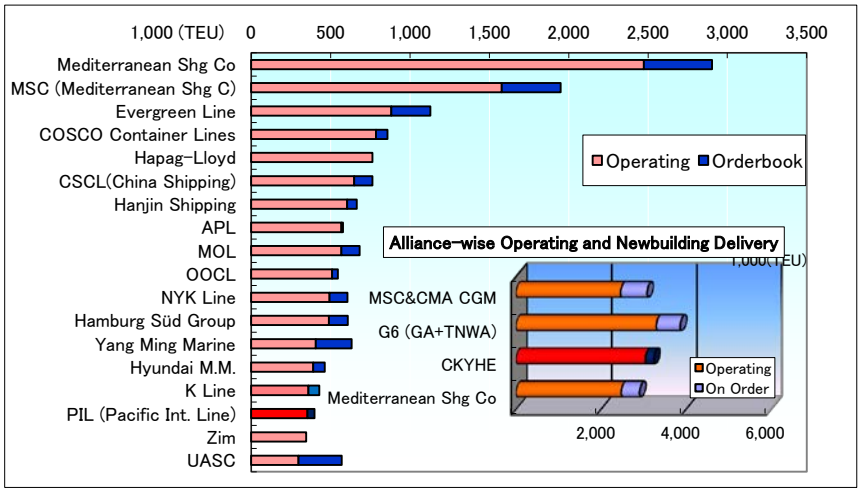
※New Segment (Starting from FY 12 1Q disclosure)
Containership Business: containership , port , logistics businesses
Bulk Shipping Business: dry bulk, PCC, LNG, oil tanker, coastal & ferry (operated by Kawasaki Kinkai Kisen) businesses
Offshore Energy E&P Support & Heavy Lifter: marine energy resorce development, offshore support, heavy lifter businesses
Others: ship management, inter-group businesses, etc.
Adjustment (no change): ship management business, administration costs not to be distributed to each segement, etc.

② Fleet Composition and Division/Segment-wise Revenues

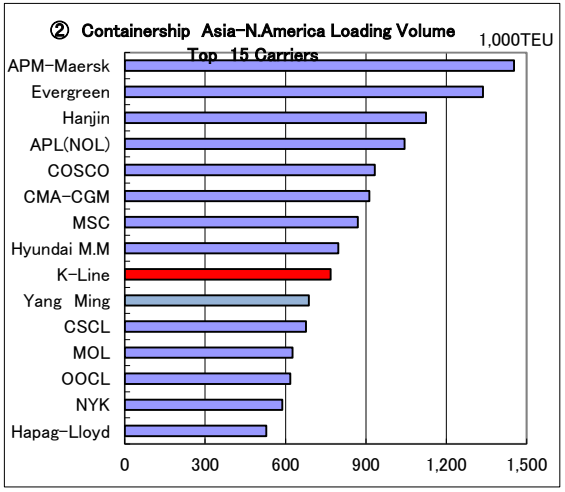


2. Comparison to Major Shipping Companies <2-1. Fleet-scale Ranking>

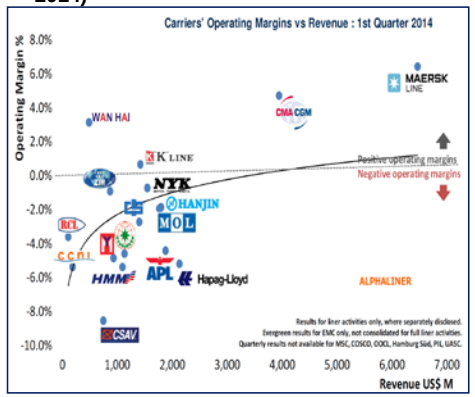
① Major Container Carriers



② Containership Asia-N.America Loading Volume



③ Revenue and Margin level of each carriers in 1st quarter of 2014 (Jan-Mar 2014)



Source:ALPHALINER Weekly Newsletter Volume 2014 Issue 22

Top 18 Container Carriers Ranked by Operating Capacity (TEU)

Rank*		Operator	Operating	Orderbook	Total	Prev. Total	YoY
1	(1)	Mediterranean Shg Co	2,473,405	429,448	2,902,853	16.6%	14.3%
2	(2)	MSC (Mediterranean Shg C)	1,578,337	371,036	1,949,373	11.1%	9.6%
3	(3)	Evergreen Line	882,348	246,224	1,128,572	6.5%	5.5%
4	(4)	COSCO Container Lines	785,129	73,772	858,901	4.9%	4.2%
5	(5)	Hapag-Lloyd	764,671	0	764,671	4.4%	3.8%
6	(6)	CSCL(China Shipping)	649,170	115,072	764,242	4.4%	3.8%
7	(9)	Hanjin Shipping	603,739	60,720	664,459	3.8%	3.3%
8	(8)	APL	568,272	9,200	577,472	3.3%	2.8%
9	(7)	MOL	567,453	115,344	682,797	3.9%	3.4%
10	(10)	OOCL	510,578	35,552	546,130	3.1%	2.7%
11	(11)	NYK Line	494,458	112,000	606,458	3.5%	3.0%
12	(13)	Hamburg Süd Group	490,053	117,616	607,669	3.5%	3.0%
13	(12)	Yang Ming Marine	407,448	224,646	632,094	3.6%	3.1%
14	(14)	Hyundai M.M.	390,635	73,154	463,789	2.7%	2.3%
15	(17)	K Line	359,865	69,350	429,215	2.5%	2.1%
16	(16)	PIL (Pacific Int. Line)	355,090	42,779	397,869	2.3%	2.0%
17	(15)	Zim	346,977	0	346,977	2.0%	1.7%
18	(18)	UASC	298,415	271,760	570,175	3.3%	2.8%

Rank *		Operator	Cargo Loaded	Share
1	(1)	APM-Maersk	1,453	10.5%
2	(2)	Evergreen	1,337	9.7%
3	(3)	Hanjin	1,124	8.1%
4	(4)	APL(NOL)	1,044	7.5%
5	(7)	COSCO	934	6.7%
6	(6)	CMA-CGM	913	6.6%
7	(5)	MSC	870	6.3%
8	(8)	Hyundai M.M	798	5.8%
9	**(9)**	**K-Line**	**769**	**5.6%**
10	(10)	Yang Ming	688	5.0%
11	(11)	CSCL	677	4.9%
12	(14)	MOL	626	4.5%
13	(12)	OOCL	618	4.5%
14	(13)	NYK	588	4.2%
15	(15)	Hapag-Lloyd	529	3.8%

*( ) is ranking for previous year
Source: Japan Maritime Center (as of June 2014)

Rank	Alliance	Operating	On Order	Total	Prev. Total	YoY
1	MSC&CMA CGM	2,460,685	617,260	3,077,945	17.6%	15.1%
2	G6 (GA+TNWA)	3,296,067	564,934	3,861,001	22.1%	19.0%
3	CKYHE	3,038,529	198,905	3,237,434	18.5%	15.9%
4	Mediterranean Shg Co	2,473,405	429,448	2,902,853	16.6%	14.3%

Rank	Alliance	Cargo	Share
1	CKYHE	4,852	35%
2	G6 (GA+TNWA)	4,201	30%
3	MSC&CMA CGM	1,783	13%
4	Maersk	1,453	11%

Rank	Alliance	Operating	On Order	Total	Share(ope)	Share(ttl)
1	2M (MSK&MSC)	4,051,742	800,484	4,852,226	27.7%	23.8%
2	G6 (GA+TNWA)	3,296,067	345,250	3,641,317	20.8%	17.9%
3	CKYHE	3,038,529	674,712	3,713,241	21.2%	18.2%

Rank	Alliance	Cargo	Share
1	CKYHE	4,852	35%
2	G6 (GA+TNWA)	4,201	30%
3	2M (MSK&MSC)	2,323	17%

2. Comparison to Major Shipping Companies <2-1. Fleet-scale Ranking>

④ Historical Top 20 Container Carriers Ranked by Operating Full Containership Capacity (From 1983, biyearly)

Rank	'83	'85	'87	'89	'91	'93	'95	'97	'99	'01	'03	'05	'07	'09	'11	'13
1	HAPAG	EVERGREEN	EVERGREEN	EVERGREEN	EVERGREEN	MAERSK	MAERSK	MAERSK	MAERSK/SL	MAERSK	MAERSK	MAERSK	MAERSK	MAERSK	MAERSK	MAERSK
2	SEA-LAND	USL	MAERSK	MAERSK	MAERSK	EVERGREEN	SEA-LAND	SEA-LAND	EVERGREEN	P&ON	MSC	MSC	MSC	MSC	MSC	MSC
3	MAERSK	MAERSK	NYK	SEA-LAND	SEA-LAND	SEA-LAND	EVERGREEN	P&ON	P&ON	EVERGREEN	P&O/FARREL	EVERGREEN	CMA CGM	CMA CGM	CMA CGM	CMA CGM
4	OCL	SEA-LAND	APL	APL	NYK	NYK	COSCO	EVERGREEN	HANJIN/SEN	HANJIN	EVERGREEN	CMA CGM/ANL	EVERGREEN	COSCO	COSCO	EVERGREEN
5	NYK	HAPAG	YANGMING	NYK	COSCO	COSCO	NYK	COSCO	MSC	MSC	HANJIN/SEN	HAPAG	HAPAG	APL	HAPAG	COSCO
6	OOCL	OCL	SEA-LAND	COSCO	APL	P&OCL	P&OCL	HANJIN	COSCO	APL(NOL)	COSCO	HANJIN/SEN	CSCL	HANJIN	EVERGREEN	HAPAG
7	APL	NYK	HAPAG	OOCL	MOL	HANJIN	NEDLLOYD	NOL/APL	NOL(APL)	COSCO	APL(NOL)	COSCO	COSCO	EVERGREEN	APL	APL
8	NEDLLOYD	OOCL	OOCL	HAPAG	OOCL	"K"LINE	HANJIN	MSC	NYK/TSK	CP SHIPS	CMA CGM/ANL	APL(NOL)	NYK	HAPAG	CSAV	HANJIN
9	EVERGREEN	"K"LINE	P&OCL	"K"LINE	HAPAG	NEDLLOYD	MOL	NYK	CMA/CGM	NYK	"K"LINE	NYK	APL(NOL)	GSCL	HANJIN	CSCL
10	UASC	APL	"K"LINE	YANGMING	HANJIN	HAPAG	APL	HMM	CP	CMA CGM	NYK	CMA CGM	HANJIN	NYK	CSCL	MOL
11	MOL	MOL	MOL	HANJIN	"K"LINE	APL	HAPAG	MOL	ZIM	MOL	CP SHIPS	MOL	OOCL	ZIM	MOL	OOCL
12	USL	COSCO	COSCO	MOL	YANGMING	YANGMING	DSR-SENATOR	ZIM	MOL	OOCL	MOL	OOCL	"K"LINE	"K"LINE	OOCL	H-SUD
13	YANGMING	NEDLLOYD	NEDLLOYD	P&OCL	P&OCL	MOL	"K"LINE	YMTC	"K"LINE	"K"LINE	ZIM	CSAV	MOL	MOL	NYK	NYK
14	CGM	UASC	ZIM	NEDLLOYD	NOL	NOL	OOCL	OOCL	HMM	ZIM	OOCL	"K"LINE	ZIM	OOCL	H-SUD	YANGMING
15	ZIM	CGM	HANJIN	ZIM	ZIM	OOCL	YANGMING	"K"LINE	OOCL	HL	HAPAG	ZIM	YANGMING	YANGMING	YANGMING	PIL
16	"K"LINE	ZIM	CGM	NOL	SCANDUTCH	ZIM	NOL	HL	YMTC	HMM	YANGMING	YANGMING	CSAV	H-SUD	ZIM	"K"LINE
17	BALTIC	YANGMING	UASC	CGM	UASC	HYUNDAI	HMM	DSR-SENATOR	HL	UASC	CSCL	H-SUD	H-SUD	CSAV	"K"LINE	HMM
18	W.WILHELMSEN	W.WILHELMSEN	NOL	UASC	NEDLLOYD	UASC	ZIM	CMA	UASC	CSAV	HMM	HMM	HMM	HMM	HMM	ZIM
19	NOL	BALTIC	BSC	W.WILHELMSEN	CHO YANG	CGM	CMA	WAN HAI	CSAV	YANGMING	H-SUD	PIL	PIL	PIL	PIL	UASC
20	COSCO	NOL	W.WILHELMSEN	BSC	CGM	CHO YANG	MSC	CONTSIP	CHO YANG	H-SUD	CSAV	WAN HAI LINES	WAN HAI LINES	UASC	UASC	CSAV
(Area-wise Number of Companies)																
U.S.A	3	3	2	2	2	2	2	1	0	0	0	0	0	0	0	0
Europe	7	7	7	7	6	5	7	6	5	6	6	5	5	5	5	5
Japan	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Asia*	5	5	6	6	7	8	7	9	8	8	8	10	10	9	9	9
Others	2	2	2	2	2	2	1	1	4	3	2	2	2	3	3	3

'84 US Shipping Act 1984
'86 US Line busted
'86 HANJIN ranked in
'86 'Emergency Employment Measure'
'88 Showa Line withdrew
'88 NLS established (Japanese 6=>4)
'88 'Kaizoshin** Asia-N.America route WG's report issued
'91 NYK acquired NLS*** (Japanese 4=>3)
'92 HYUNDAI ranked in
'96 'CKYH' alliance formed
'96 P&O and Nedlloyd merged
'97 NOL acquired APL
'97 HANJIN acquired majority
'99 MAERSK acquired SEALAND (Americans went away)
'00 China Shipping ranked in
'04 MAERSK acquired P&ON
'05 HAPAG acquired CP SHIPS
'11 Restructuring and consolidation of Alliance
GA+TNWA⇒G6
MSC+CMA-CGM
CKYH+EVERGREEN

*Excluding Japan

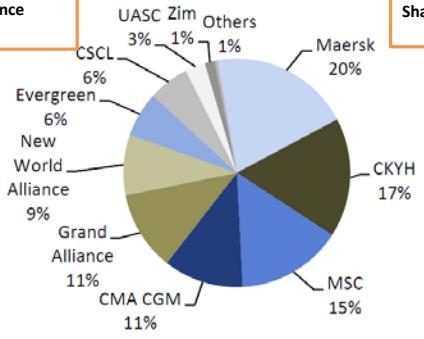
1. Top 20 as of '83: U.S.A.: 3, Europe: 7, Japan: 3 , Asia (other than Japan) : 5, Others 2
'07:U.S.A.: 0, Europe: 5, Japan: 3, Asia (other than Japan): 10, Others: 2
U.S. carriers went away, and Asian shipping companies increased
In '09, due to global economic crisis, larger movements among middle-ranking companies.
2. The number of European operators reduced, but through M&As after '95, business scale of each was enlarged.
3. No. of Japanese Containership Operators:
until '87 6
'88 4
'91 3
*** Joint Venture for containership business spun out of 'Yamashita Shinnihon' and 'Japan Line'.

4. Time-series Major Events
'84 U.S. Shipping Act 1984 effective
'85 Plaza Accord
'86 US Line busted. (No. of American carriers : 3=>2)
'Emergency Employment Measure' introduced
'88 Kaizoshin** Asia-N.America route Working Group's report issued
Showa Line withdrew, and NLS established
(No. of Japanese carriers: 6=>4)
'91 NYK acquired NLS*** (No. of Japanese carriers: 4=>3)
'96 P&O and NEDLLOYD merged. 'P&O NEDLLOYD' (P&ON) formed.
'97 NOL acquired APL (No. of American carriers : 2=>1)
'99 MEARSK acquired SEALAND (American carriers disappeared)
'04 MAERSK acquired P&O N
'05 Hapag Lloyd acquired CP Ship
'08 World Economic Crisis ('Lehman Shock' in September)

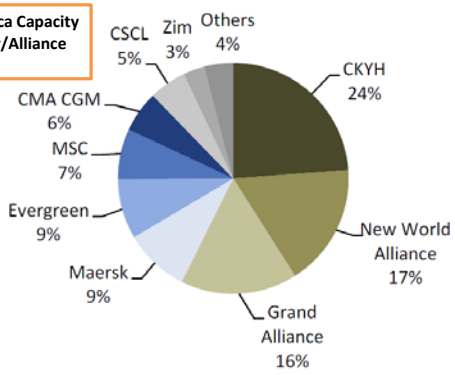
** Council for Rationalization of Shipping and Shipbuilding Industries
Data: Containerisation International Yearbook etc.

⑤ Trade Share Breakdown by Carrier/Alliance (Data:Alphaliner)

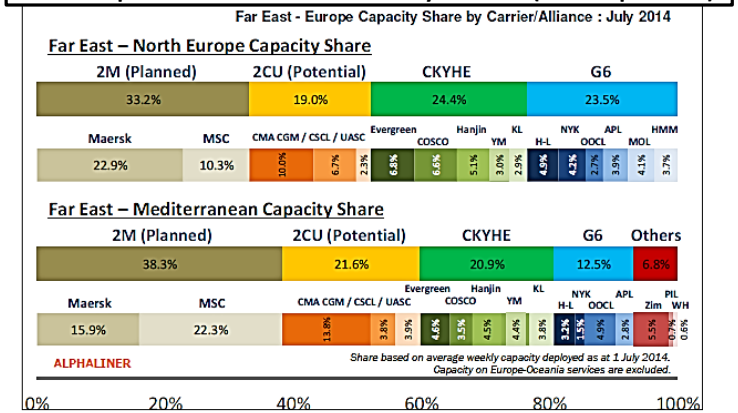
FE-Europe Capacity Share by Carrier/Alliance



FE-North America Capacity Share by Carrier/Alliance

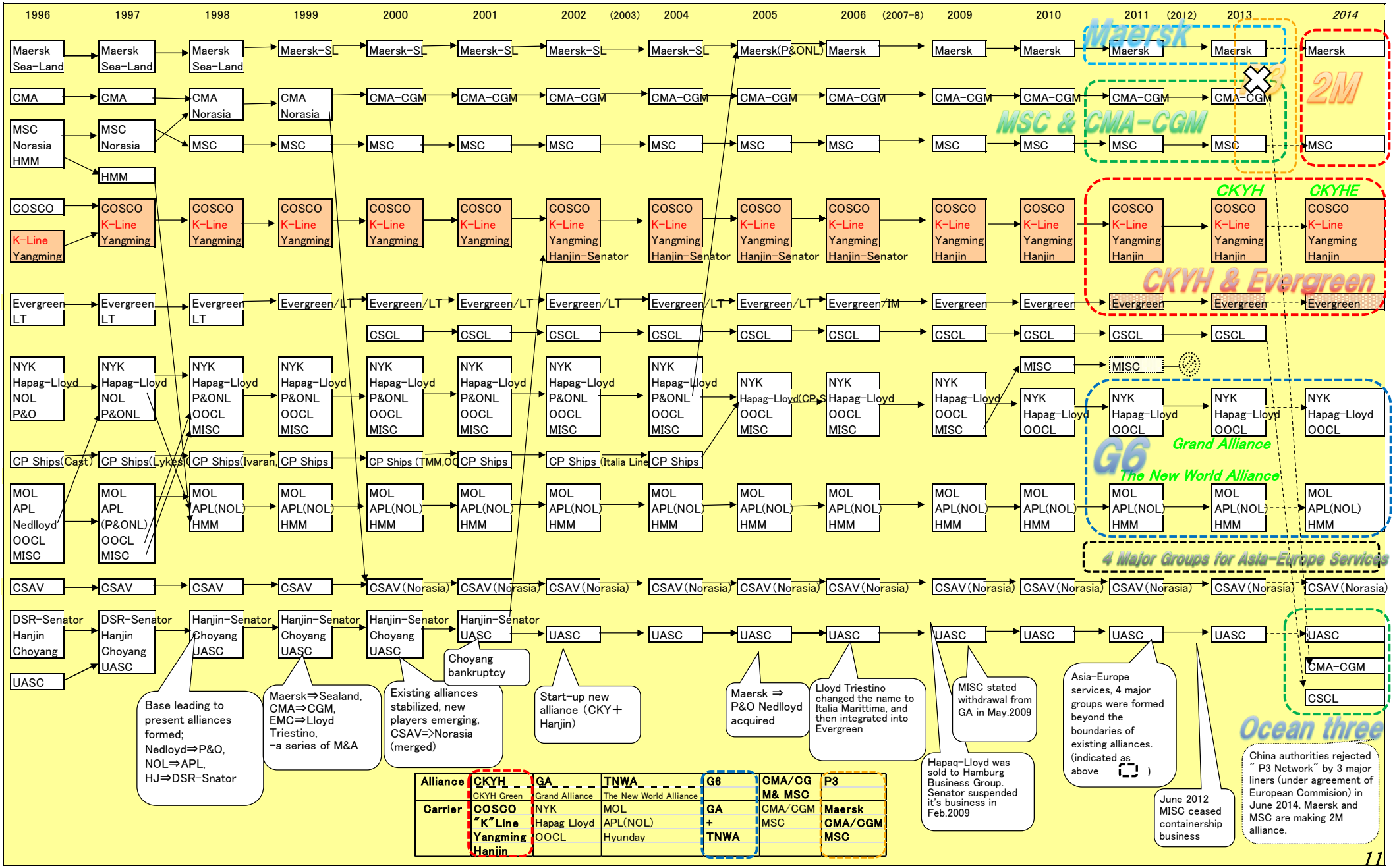


Asia Europe Trade Share Breakdown by Alliance (Data:Alphaliner)

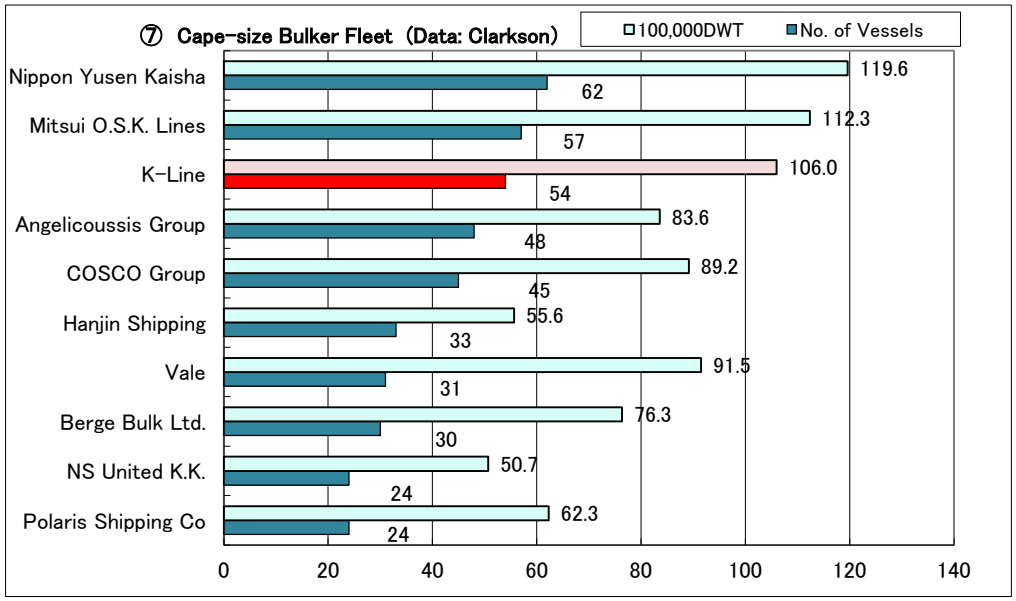


2-1. Fleet-scale Ranking

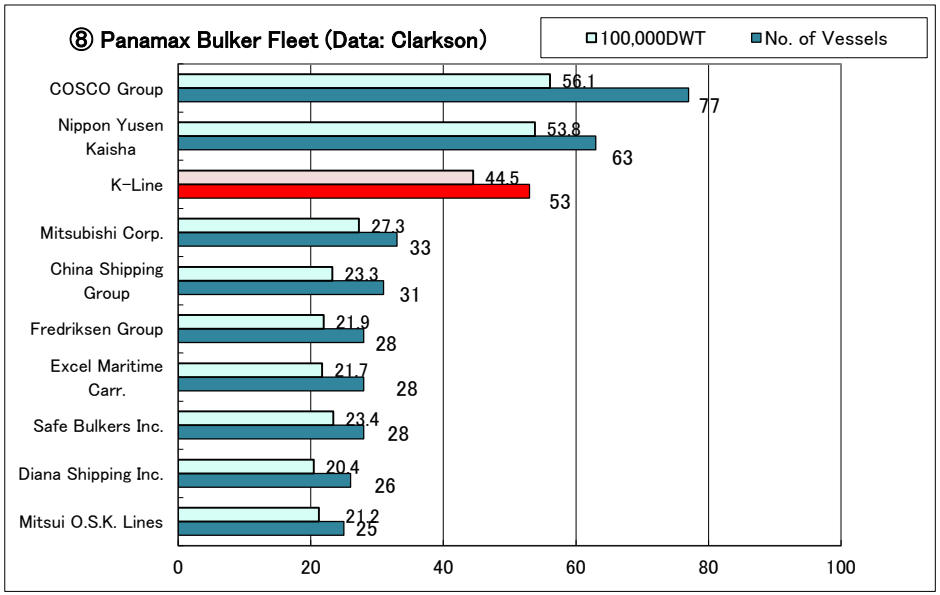
⑥ Transition of Alliance for Containership Business



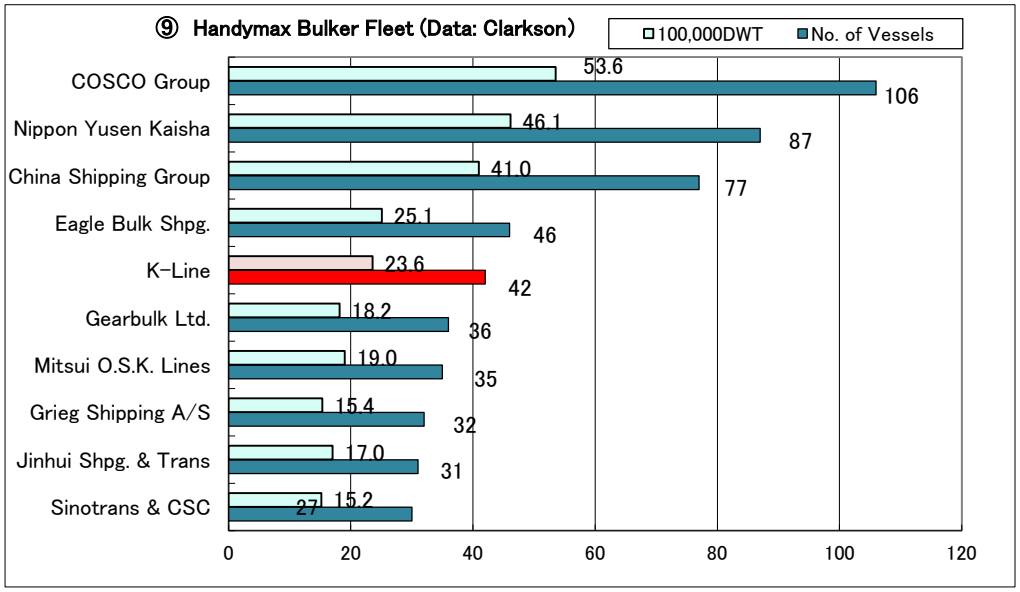
2-1. Fleet-scale Ranking



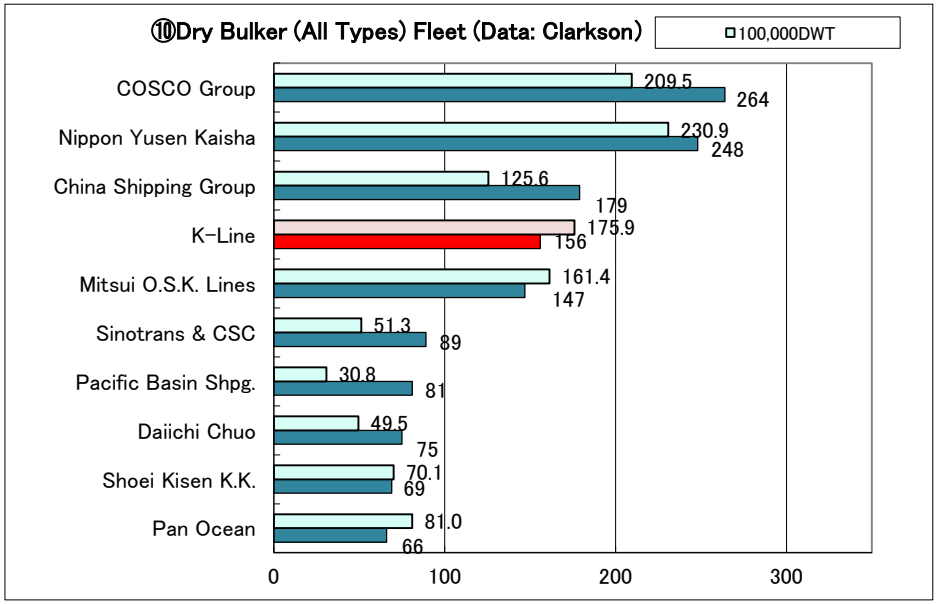
Clarkson July 2014



Clarkson July 2014

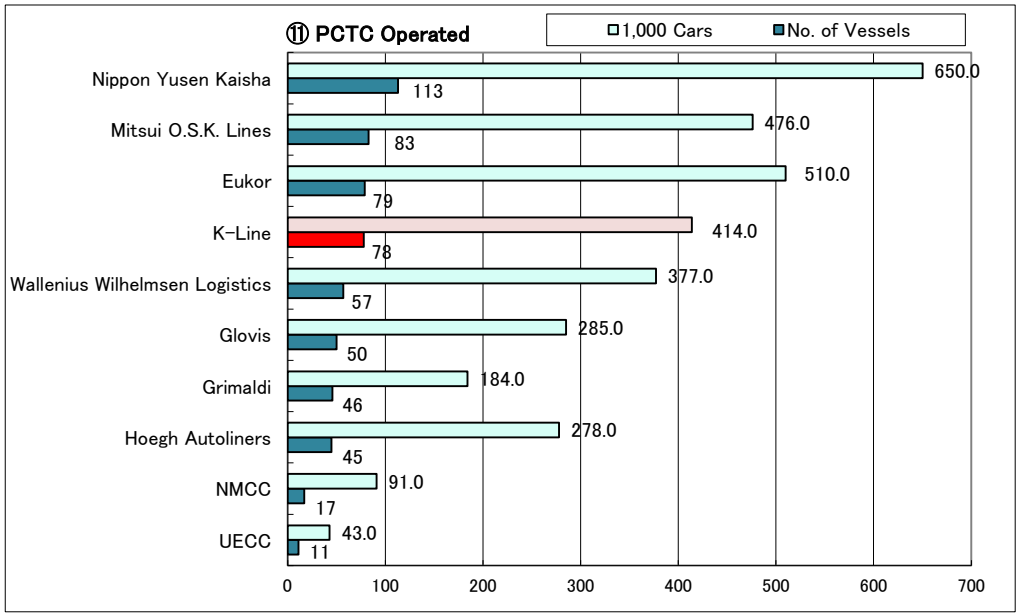


Clarkson July 2014

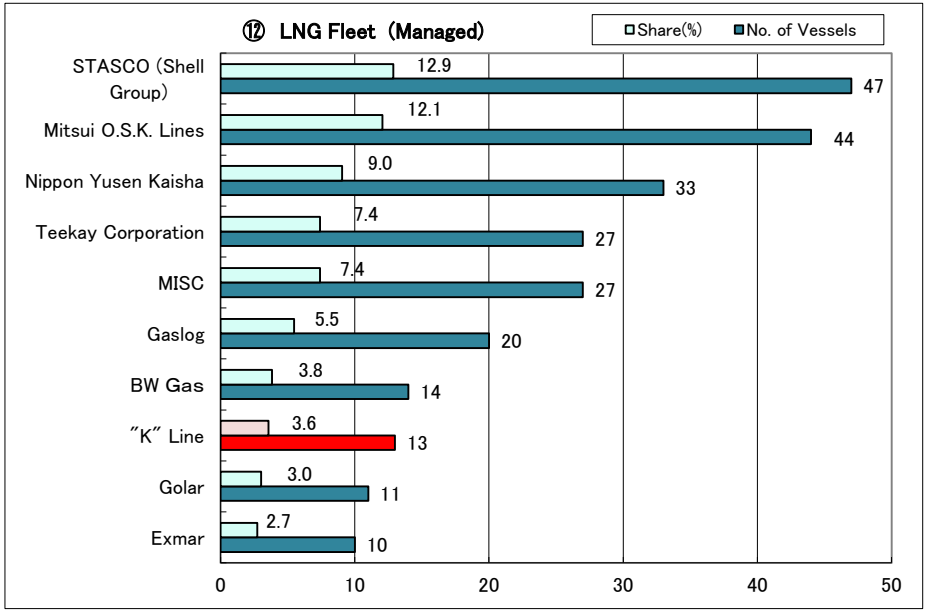


Clarkson July 2014

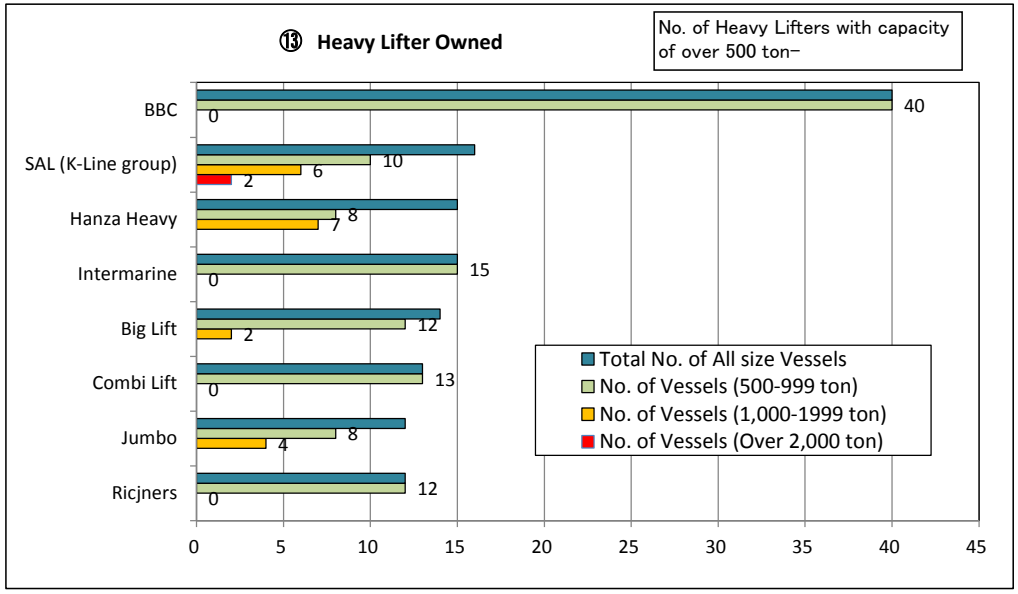
2-1. Fleet-scale Ranking



Hesnes The World Car Carrier Fleet, July 2014

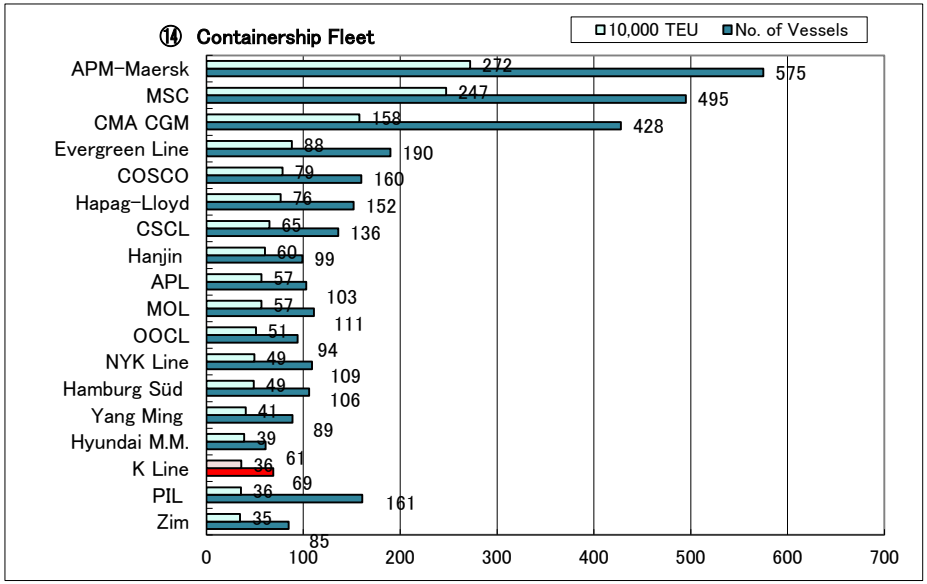


Reserched by "K"Line in March 2014



*SAL is our 100% subsidiary

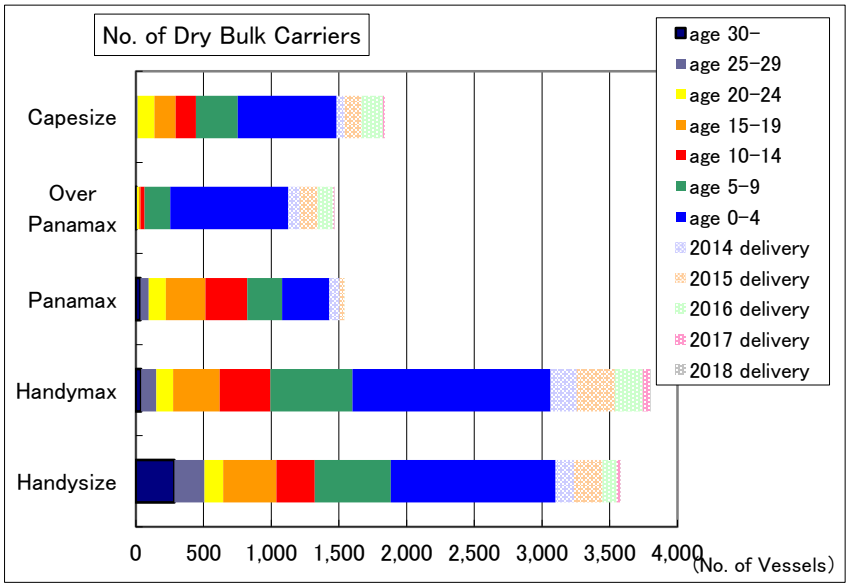
Reserched by "K"Line in Mar 2014



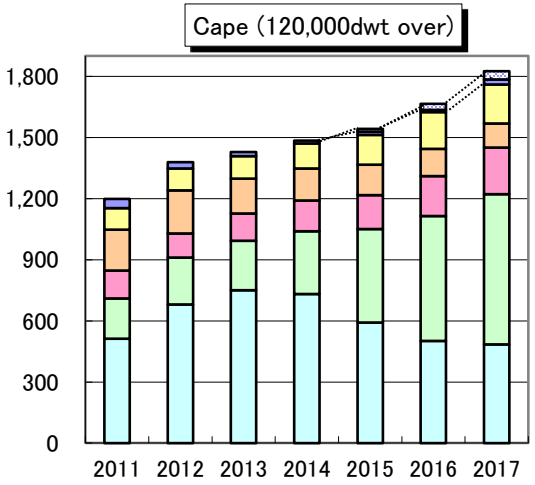
Clarkson July 2014

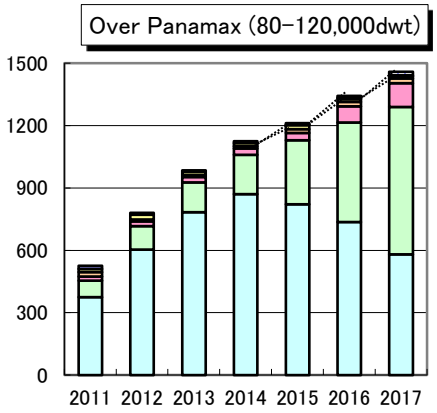
3. World Market <3-1.Fleet Scale by Vessel-type / Age>

① Dry Bulk Carriers by Vessel-type/Age



Min/Max* Fleet Increase Schedule



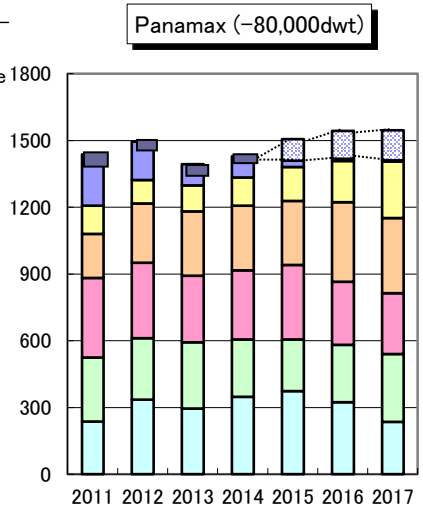


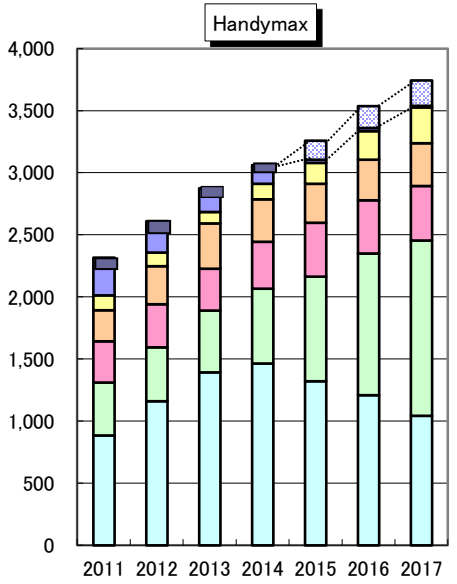
Clarkson as of July 2014

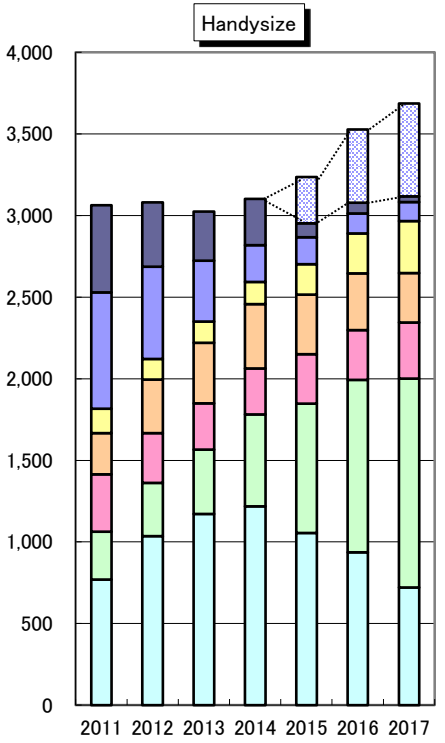
****Min/Max are set as follows (ex. Handy/Tankers):**

- max: all ships over age 25 are in operation continuously.
- min: all ships are scrapped at the age of 25.

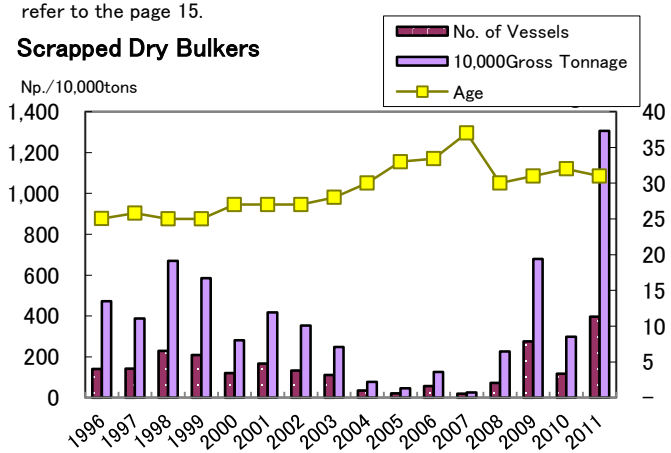
Those are same for containership and PCC fleet in following pages. For Handy-size vessels, we assume age 30 or over as borderline. Actually, average life is going up around 30, even in case of dry bulkers. (see below) For tankers please refer to the page 15.







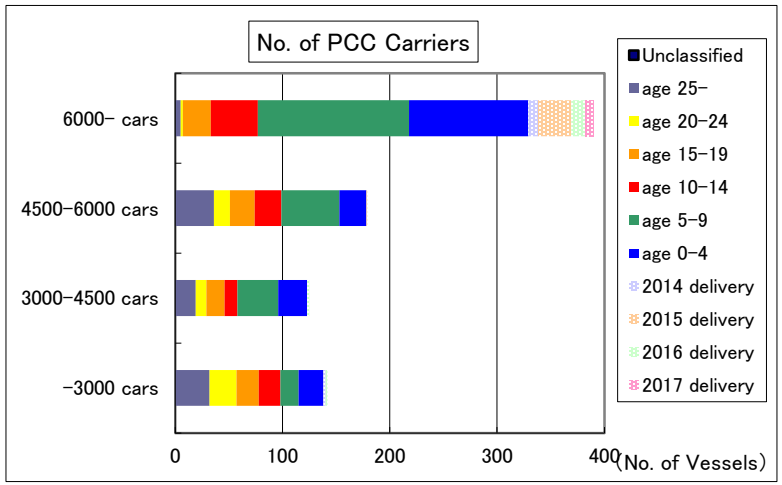
Scrapped Dry Bulkers



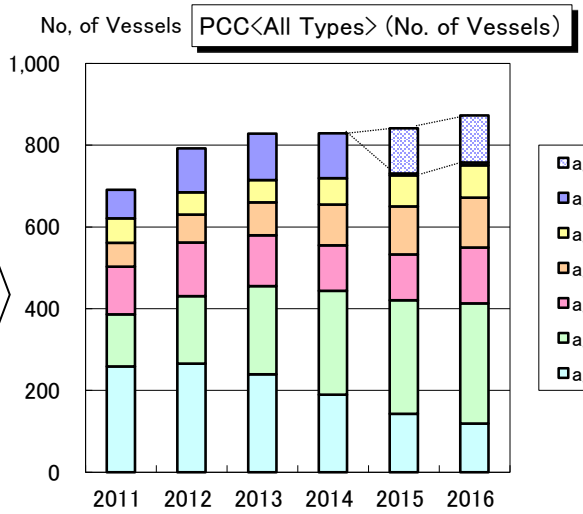
Data: The Japanese Shipowners' Association

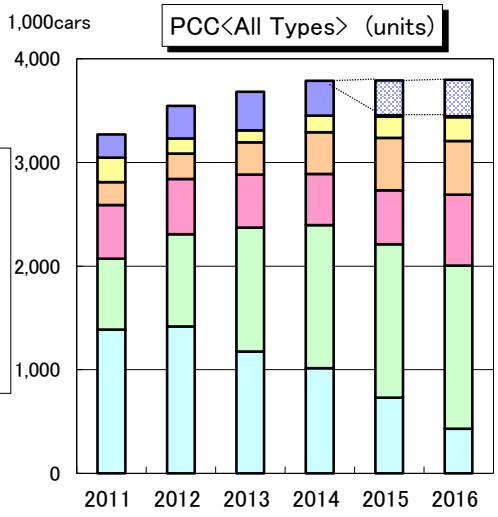
3. World Market <3-1.Fleet Scale by Vessel-type/Age>

② PCC by Vessel-type/Age

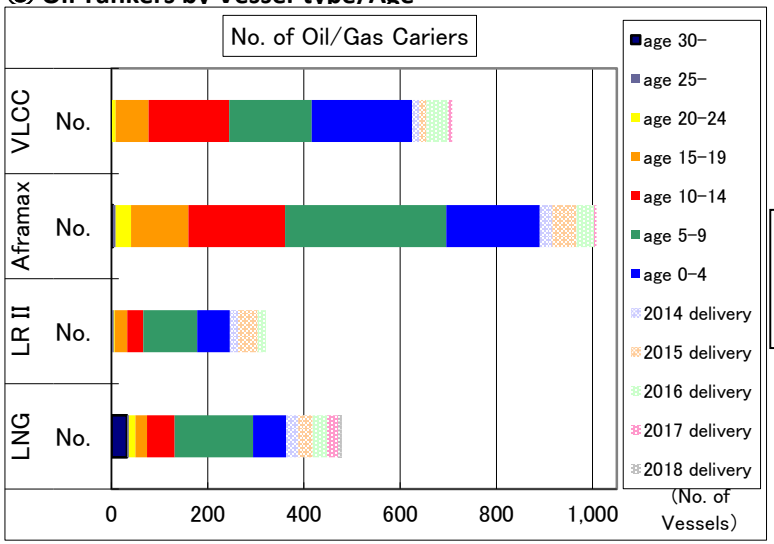


Clarkson as of July 2014

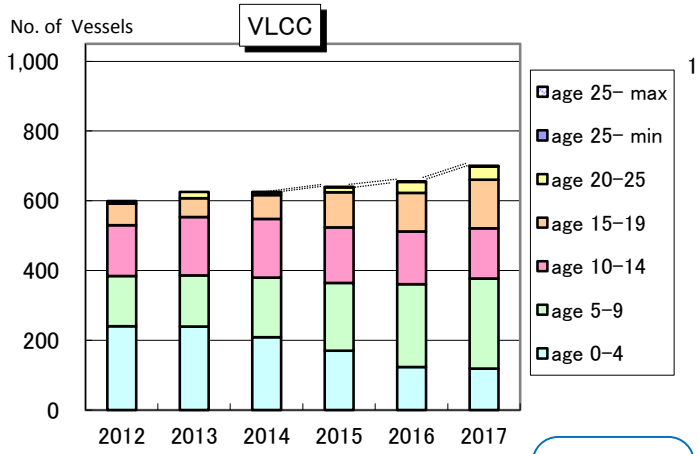


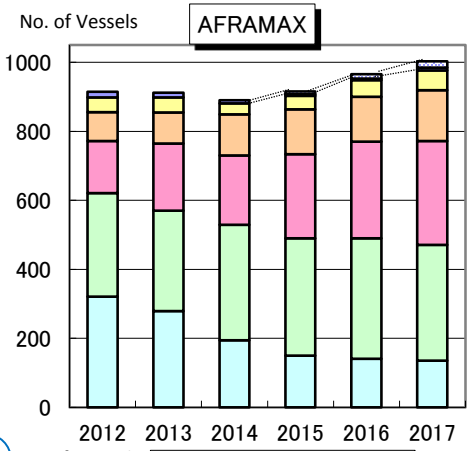


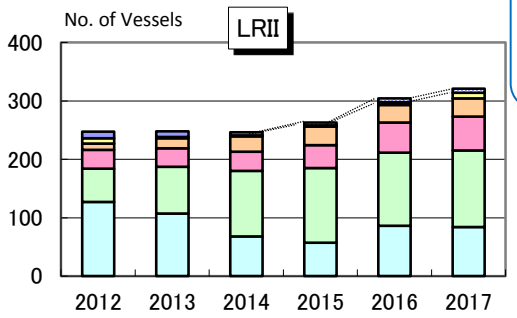
③ Oil Tankers by Vessel-type/Age



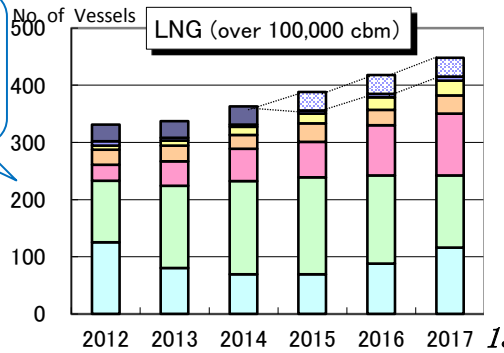
Clarkson as of July 2014
(AFRAmax includes product carriers)





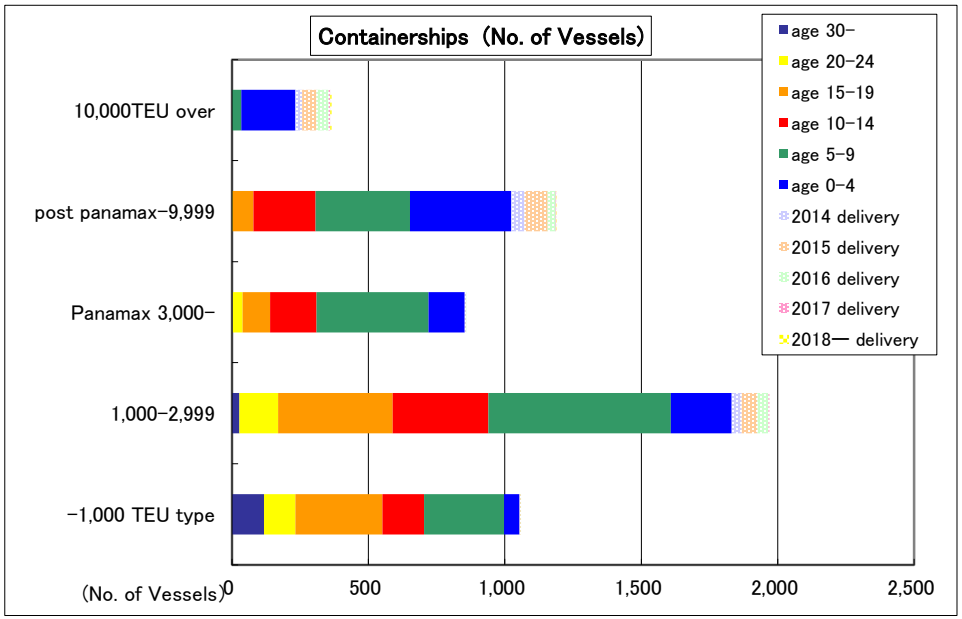


※Min. case for LNG Carriers: Scrapperd at the age of

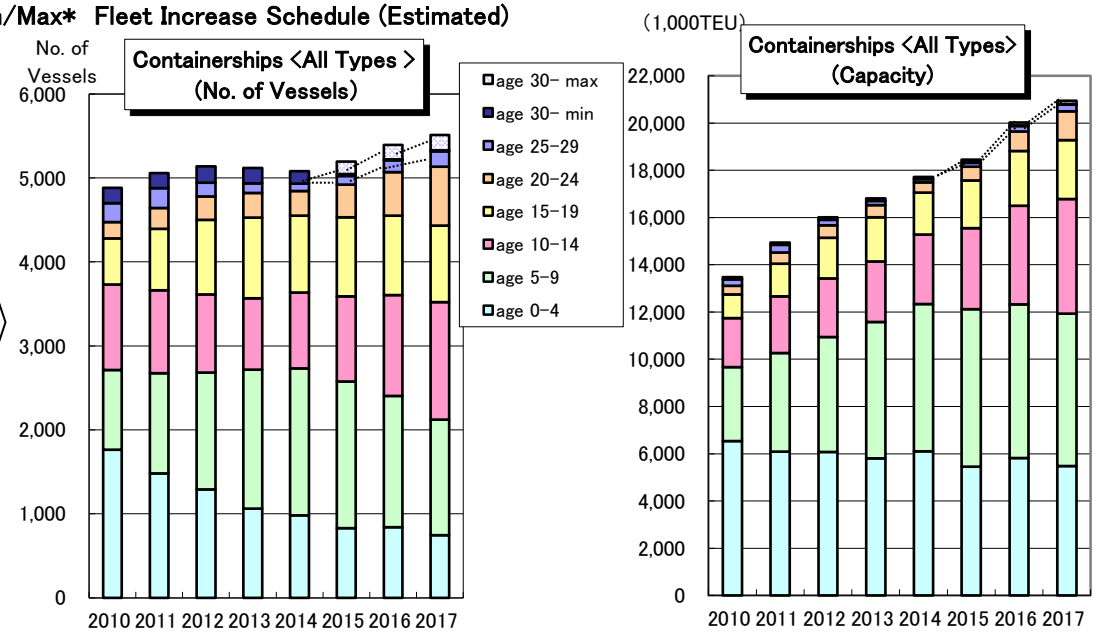


3. World Market <3-1.Fleet Scale by Vessel-type/Age>

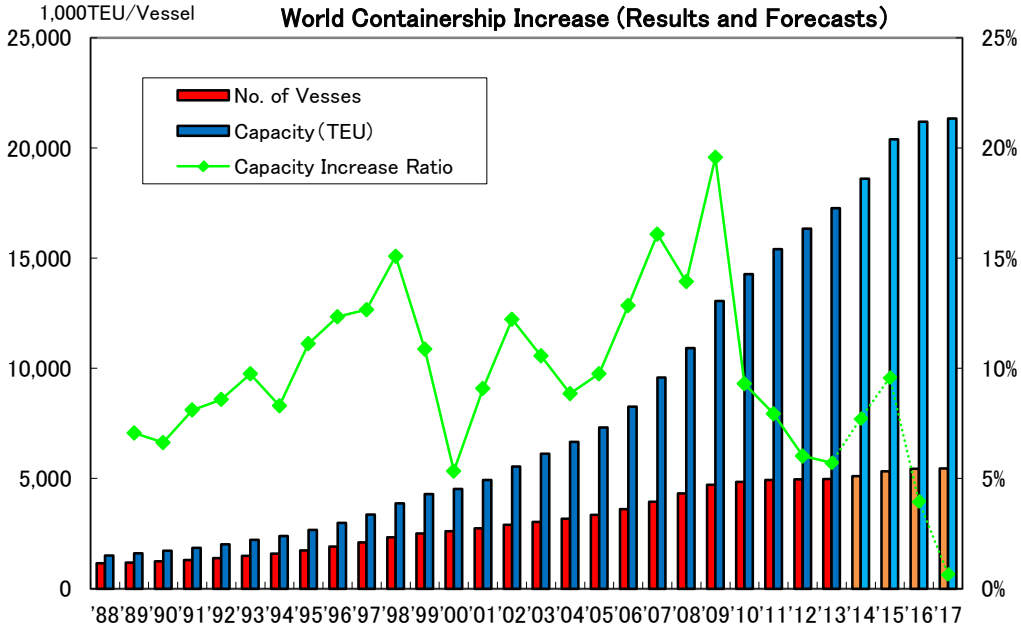
④ Containerships by Vessel-type/Age

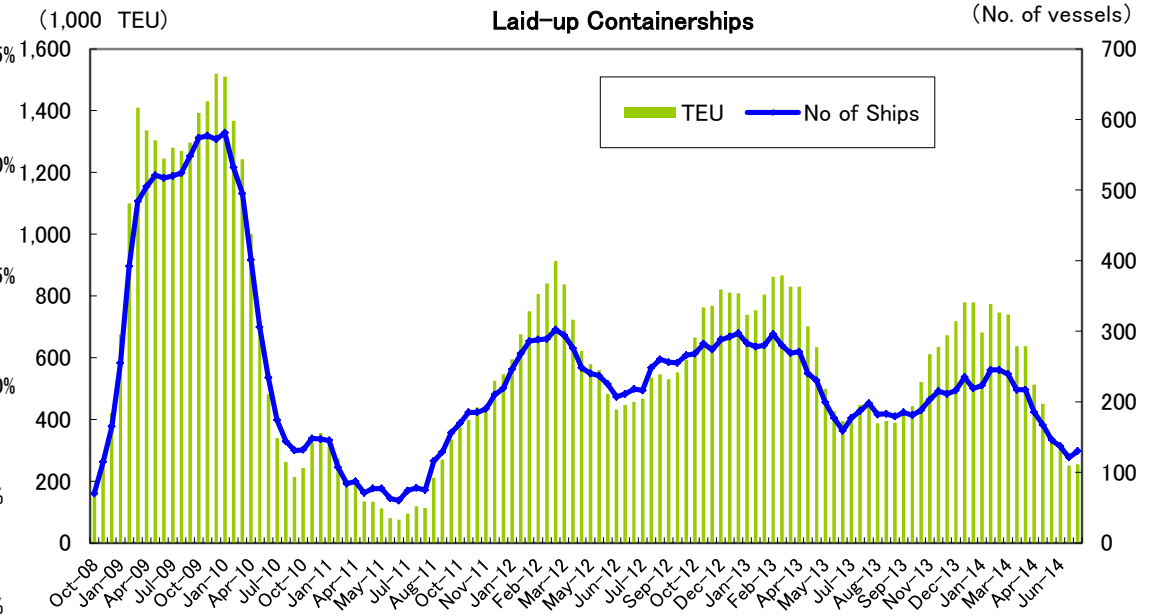


Min/Max* Fleet Increase Schedule (Estimated)



Clarkson as of July 2014

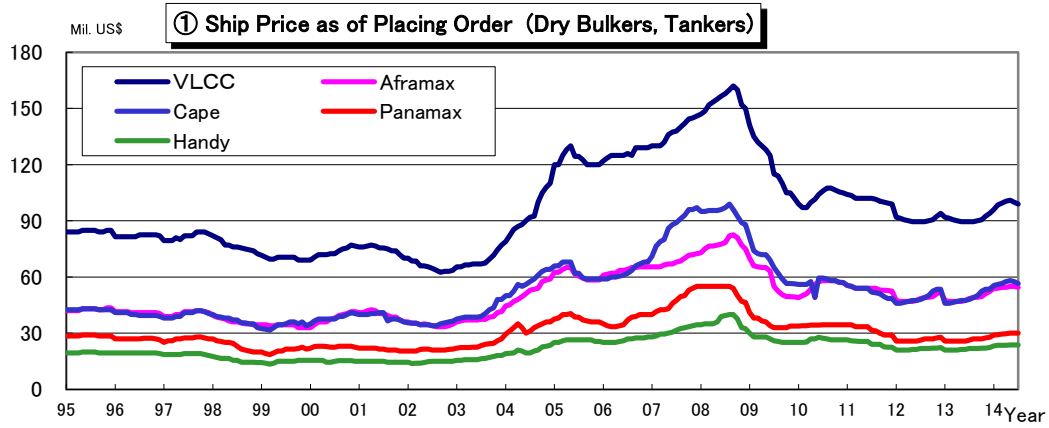




Source: AXS Marine (as of July 2014)

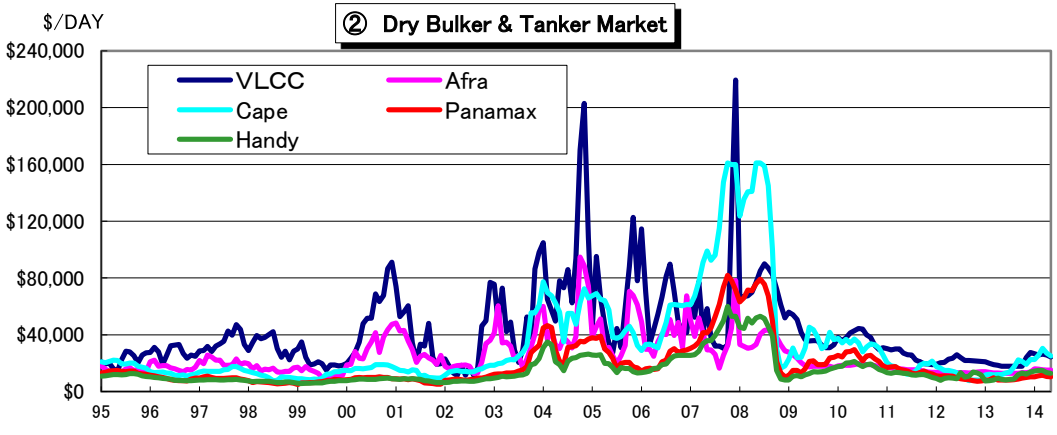
3-2. Trend of Newbuildings

① Ship Price as of Placing Order (Dry Bulkers, Tankers)



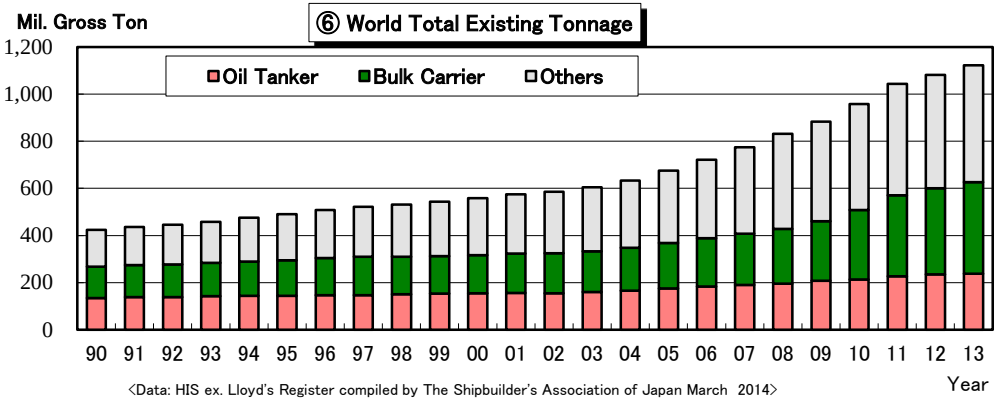
<Data: Clarkson, as of July 2014>

② Dry Bulker & Tanker Market



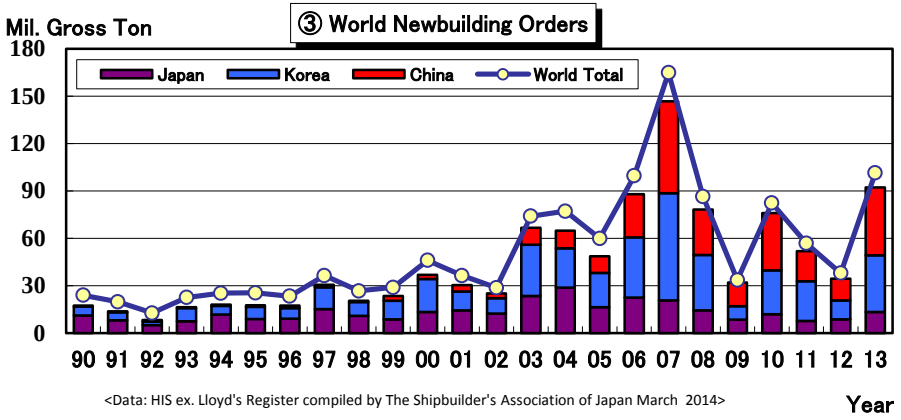
<Data: Clarkson, as of July 2014>

⑥ World Total Existing Tonnage



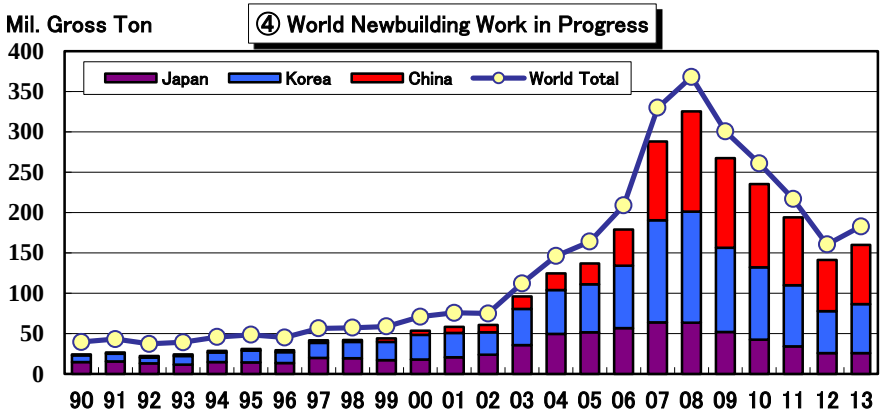
<Data: HIS ex. Lloyd's Register compiled by The Shipbuilder's Association of Japan March 2014>

③ World Newbuilding Orders



<Data: HIS ex. Lloyd's Register compiled by The Shipbuilder's Association of Japan March 2014>

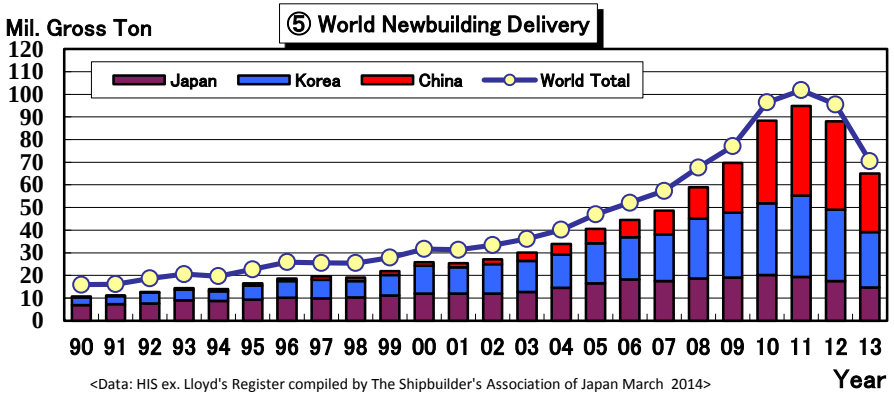
④ World Newbuilding Work in Progress



<Data: HIS ex. Lloyd's Register compiled by The Shipbuilder's Association of Japan March 2014>

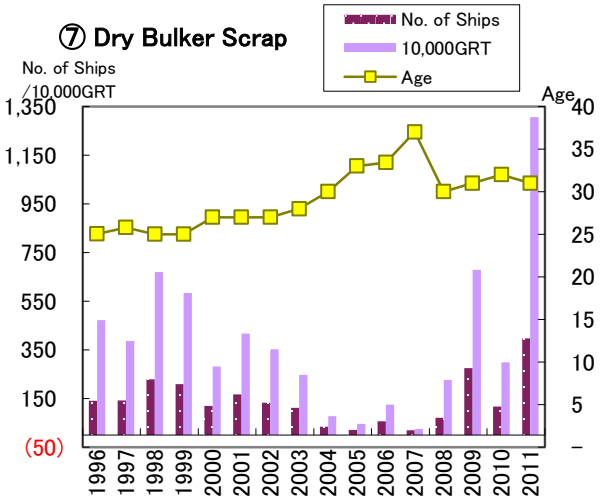
As of Year-end

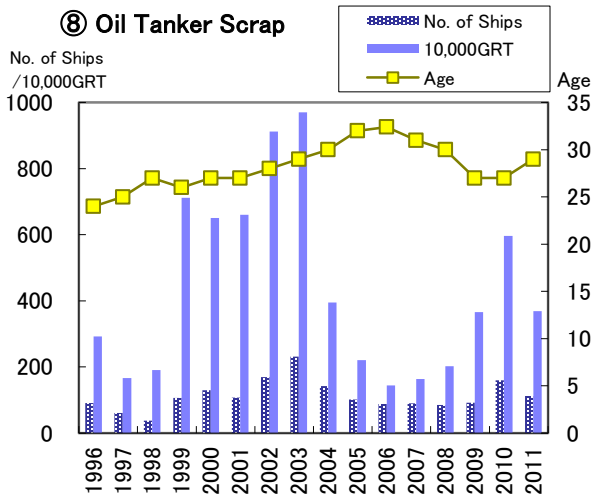
⑤ World Newbuilding Delivery

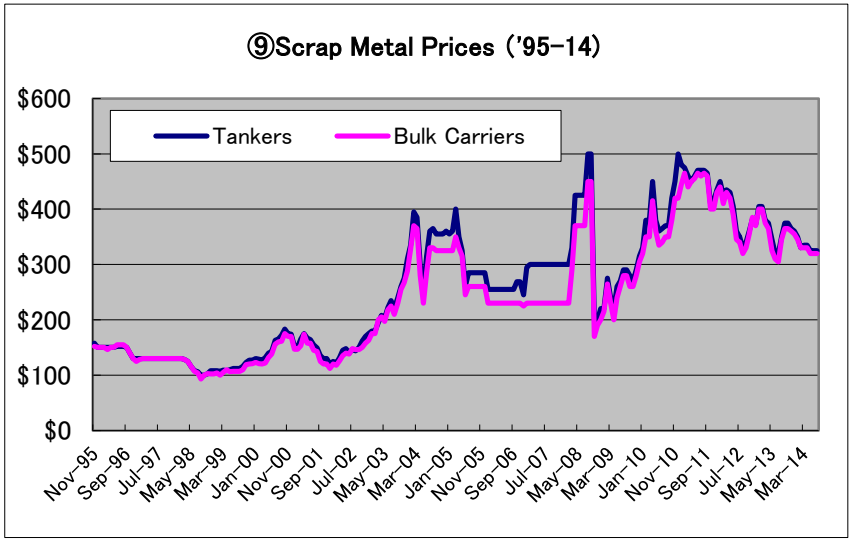


<Data: HIS ex. Lloyd's Register compiled by The Shipbuilder's Association of Japan March 2014>

3-2. Trend of Newbuildings

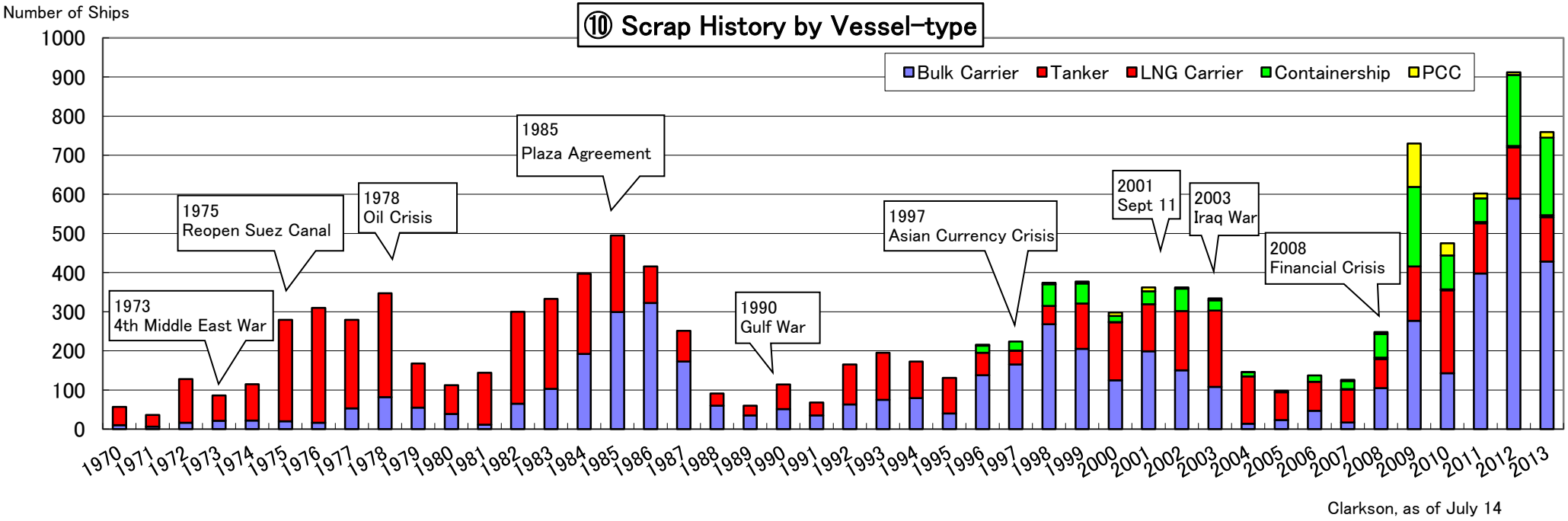






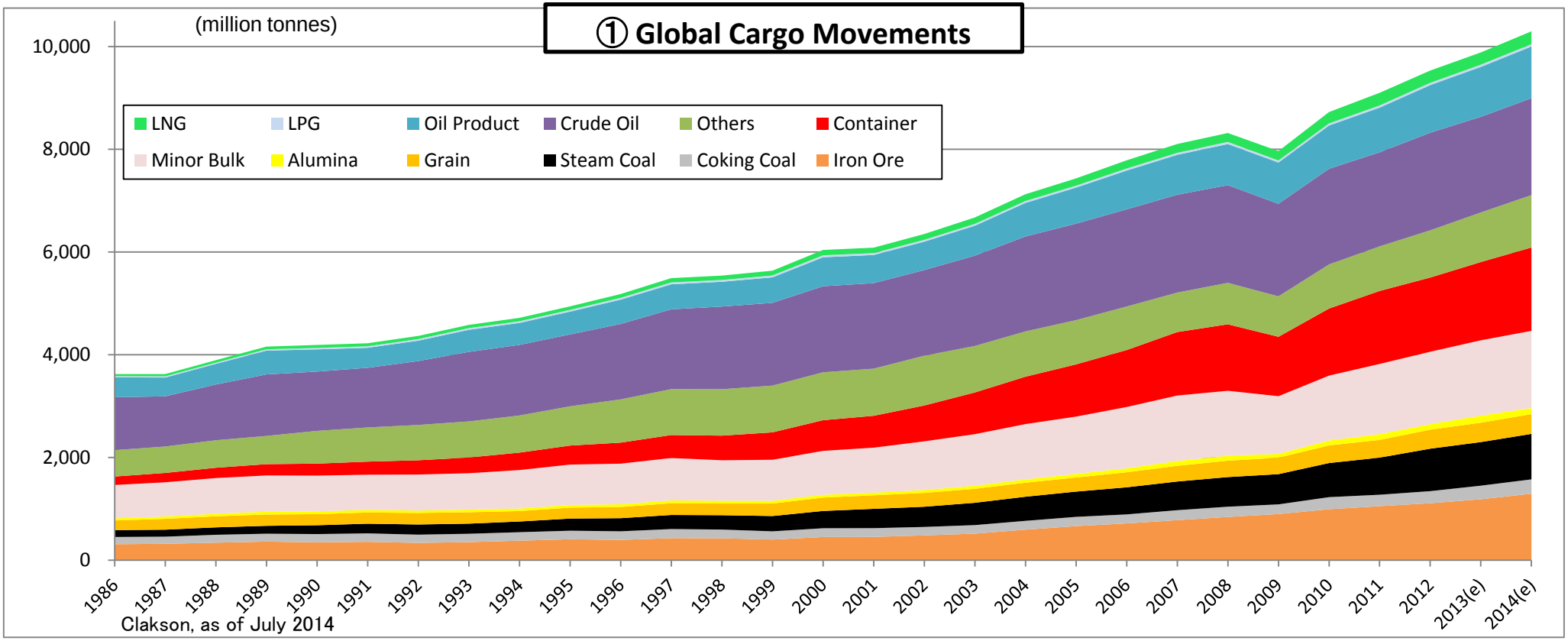
Data: The Japanese Shipowners' Association「Kaiun Tokei Youran (2014)」

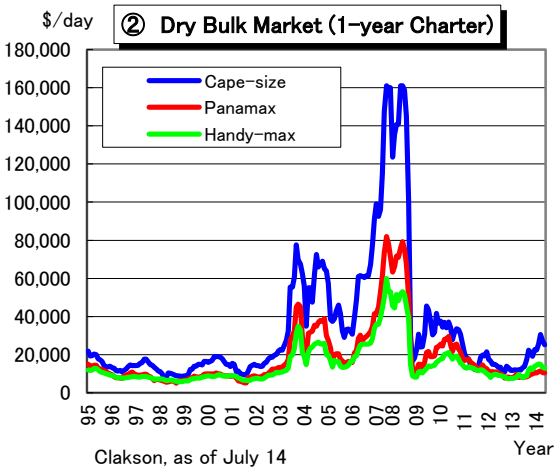
Clarkson, as of July 14

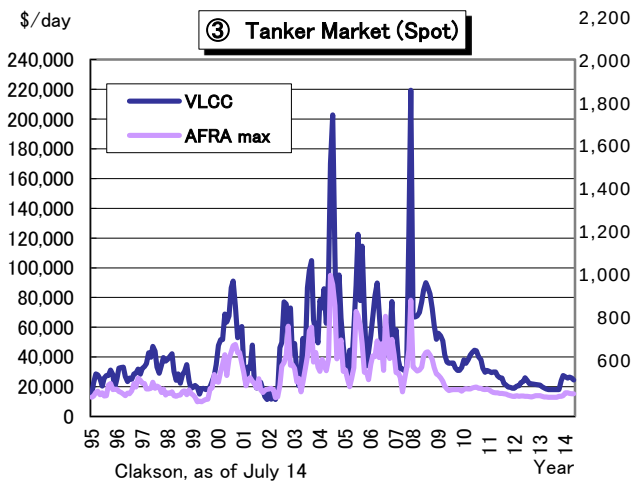


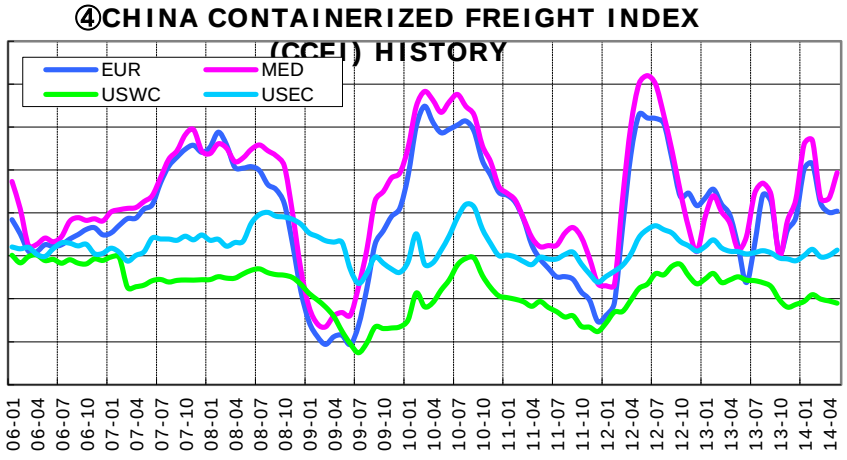
Clarkson, as of July 14

3-3. Global Cargo Movements, Market







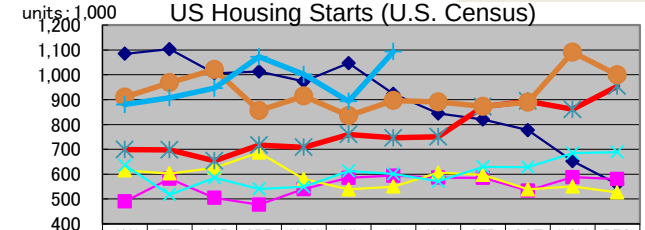


3-4. Latest Economic Trends

① Key Economic Indicators for North

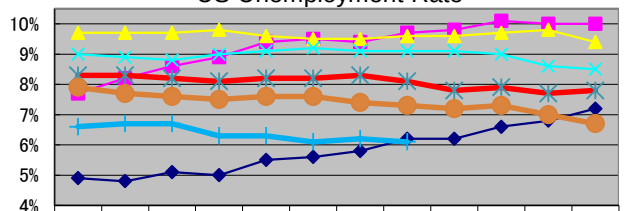
US Housing Starts (U.S. Census)

units: 1,000



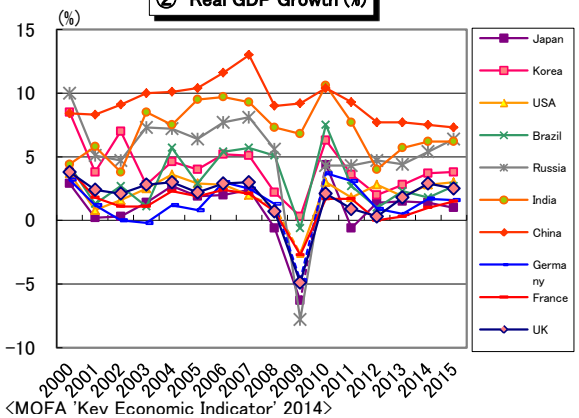
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	1,084	1,103	1,005	1,013	973	1,046	923	844	820	777	652	560
2009	490	582	505	478	540	585	594	586	585	534	588	581
2010	615	603	626	687	580	539	550	606	597	539	551	526
2011	636	518	585	541	549	613	601	571	630	628	685	689
2012	699	698	654	717	708	760	746	750	872	894	861	954
2013	910	968	1021	856	914	836	896	891	873	889	1091	999
2014	880	907	946	1072	1001	893	1093					

US Unemployment Rate



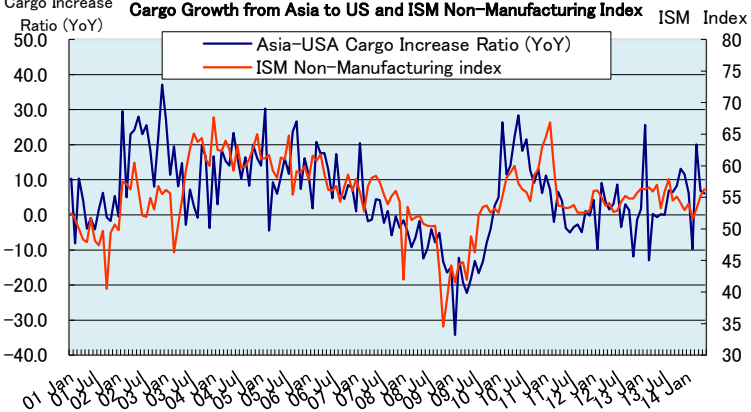
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	4.9%	4.8%	5.1%	5.0%	5.5%	5.6%	5.8%	6.2%	6.2%	6.6%	6.8%	7.2%
2009	7.7%	8.2%	8.6%	8.9%	9.4%	9.5%	9.4%	9.7%	9.8%	10.1%	10.0%	10.0%
2010	9.7%	9.7%	9.7%	9.8%	9.6%	9.5%	9.5%	9.6%	9.6%	9.7%	9.8%	9.4%
2011	9.0%	8.9%	8.8%	9.0%	9.1%	9.2%	9.1%	9.1%	9.1%	9.0%	8.6%	8.5%
2012	8.3%	8.3%	8.2%	8.1%	8.2%	8.2%	8.3%	8.1%	7.8%	7.9%	7.7%	7.8%
2013	7.9%	7.7%	7.6%	7.5%	7.6%	7.6%	7.4%	7.3%	7.2%	7.3%	7.0%	6.7%
2014	6.6%	6.7%	6.7%	6.3%	6.3%	6.1%	6.2%	6.1%				

② Real GDP Growth (%)

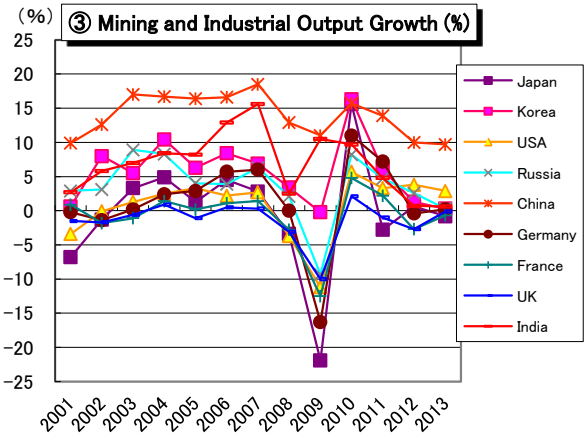


<MOFA 'Key Economic Indicator' 2014>

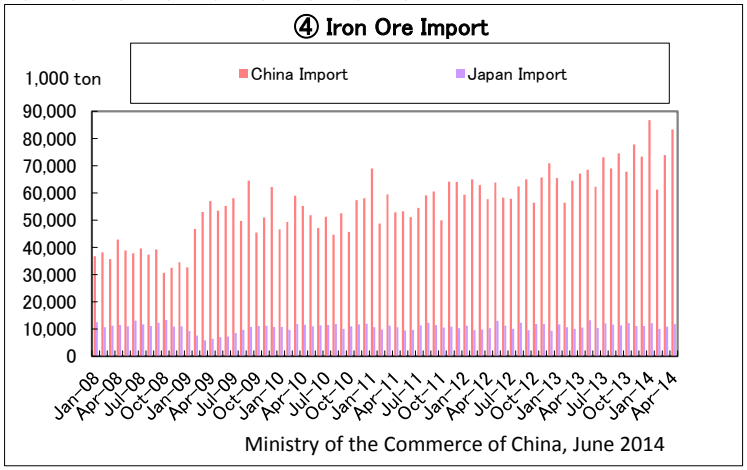
Cargo Growth from Asia to US and ISM Non-Manufacturing Index



③ Mining and Industrial Output Growth (%)

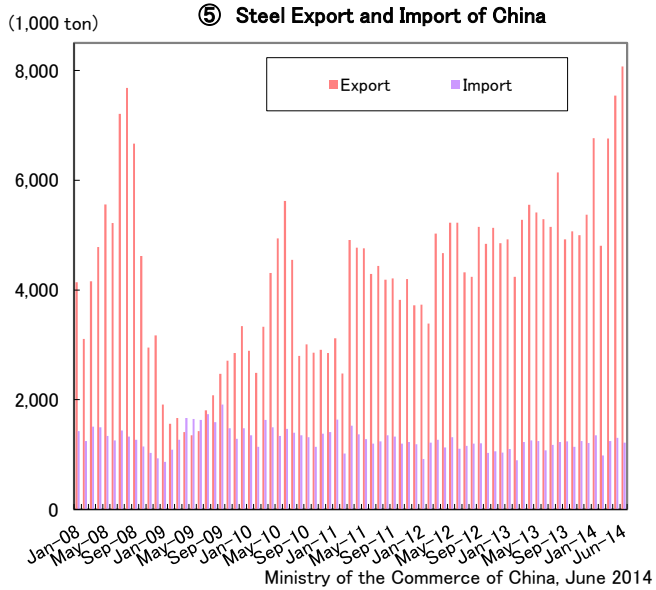


④ Iron Ore Import



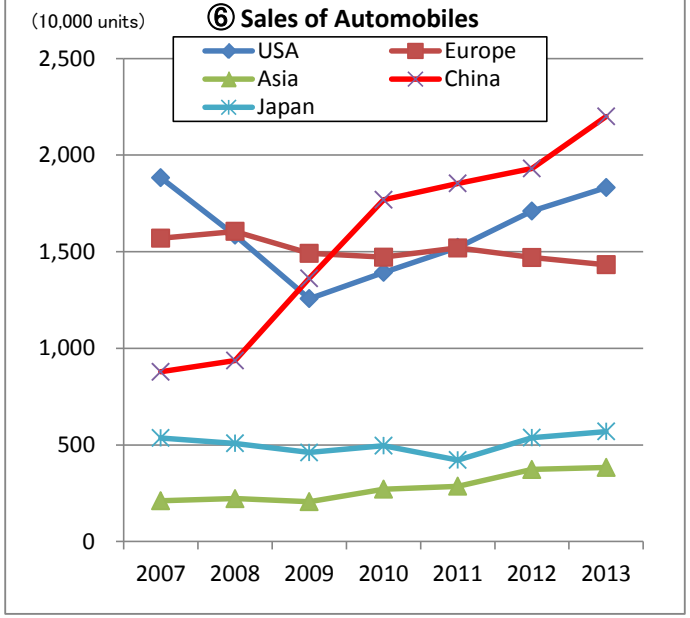
Ministry of the Commerce of China, June 2014

⑤ Steel Export and Import of China



Ministry of the Commerce of China, June 2014

⑥ Sales of Automobiles

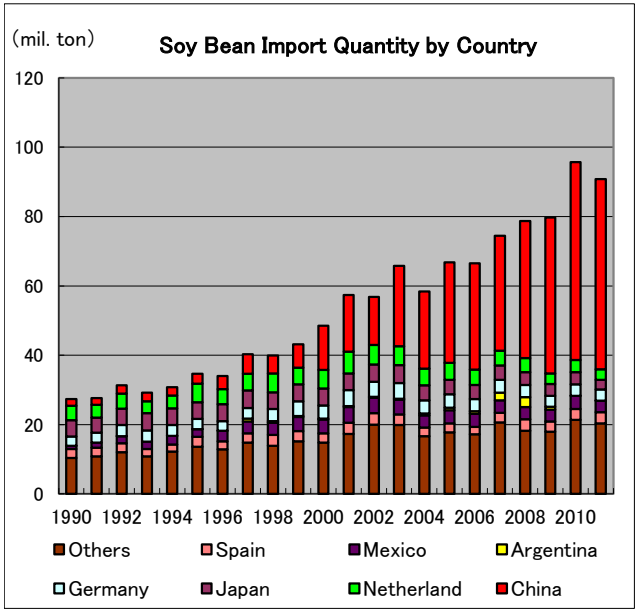


*Growth Rate: YoY

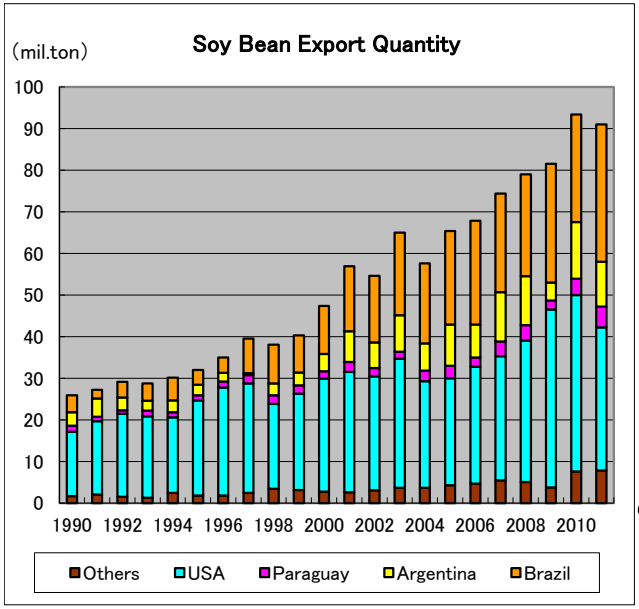
<The Japan Iron and Steel Federation, Japan Automobile Manufacturers Association.Inc. etc>

3-5. Emerging Markets (China)

① Grain Transportation Driven by China (Soy Bean)

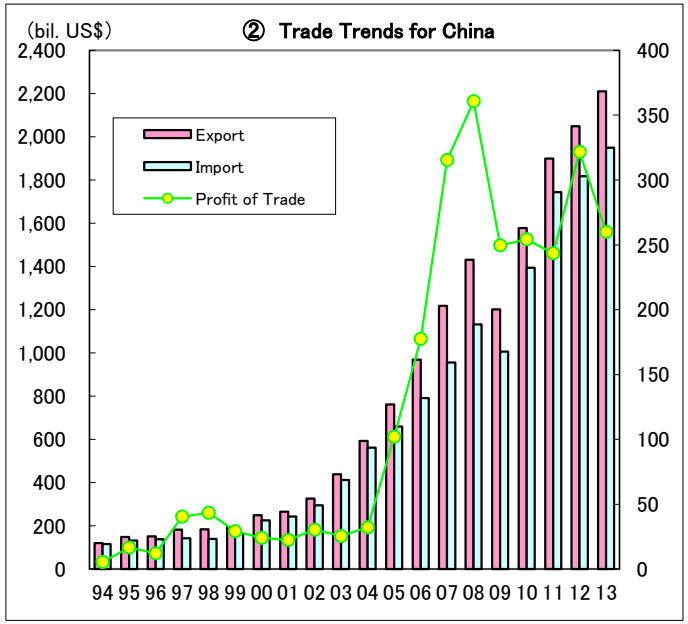


<FAO, as of July 2014>



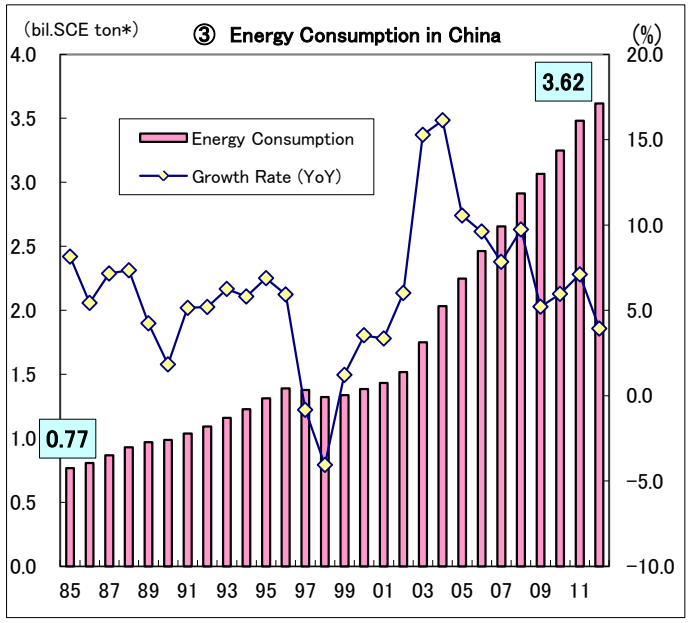
<FAO, as of July 2014>

② Trade Trends for China



<Jetro, as of July 2014>

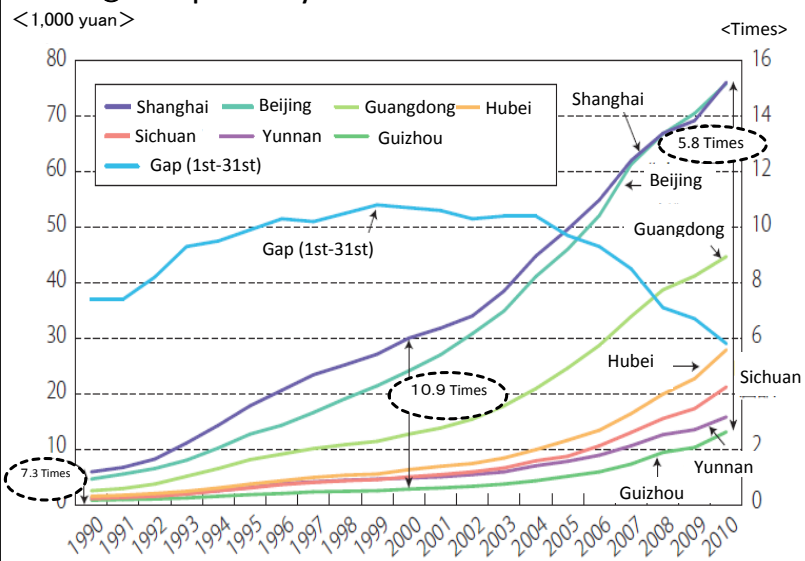
③ Energy Consumption in China



<National Bureau of Statistics of China as of July 2014>

*SCE=Standard Coal Equivalent

④ Per Capita GDP by Province in China



<Trade White Paper 2012>

⑤ Gap between Urban and Rural Areas, 2012

Average Household Asset in China (10,000 yuan)

	Urban	Rural	Urban/Rural (times)
Financial Asset	11.2	3.1	3.6
Non-financial Asset	145.7	12.3	11.8
Total Asset	156.9	15.4	10.2

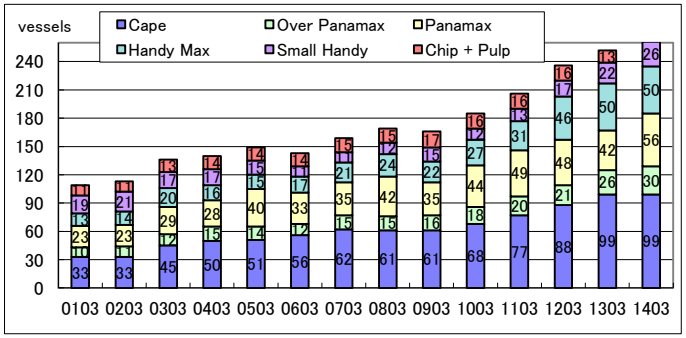
Data: 'China Household Finance Survey'
by Survey and Reseach Center for China Household Finance

4. Bulk Carrier Business <4-1. "K" Line Fleet>

① "K" Line's Dry Bulk Fleet

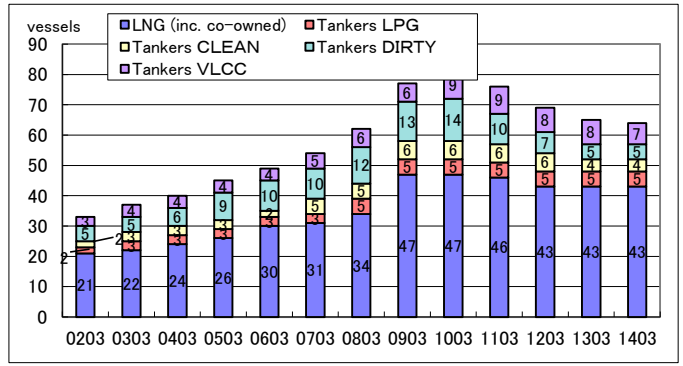
		0103	0203	0303	0403	0503	0603	0703	0803	0903	1003	1103	1203	1303	1403
Cape	(DWT 170,000 ton～)	33	33	45	50	51	56	62	61	61	68	77	88	99	99
Over Panamax	(DWT around 100,000 ton)	10	11	12	15	14	12	15	15	16	18	20	21	26	30
Panamax	(DWT approx. 6-70,000 ton	23	23	29	28	40	33	35	42	35	44	49	48	42	56
Handy Max	(DWT approx. 4-50,000 ton	13	14	20	16	15	17	21	24	22	27	31	46	50	50
Small Handy	(DWT appox. 3-40,000 ton)	19	21	17	17	15	11	11	12	15	12	13	17	22	26
Chip + Pulp		11	11	13	14	14	14	15	15	17	16	16	16	13	10
Total		109	113	136	140	149	143	159	169	166	185	206	236	252	271

*Data for Over Panamax till 0503 show no. of vessels operated by thermal coal carrier division

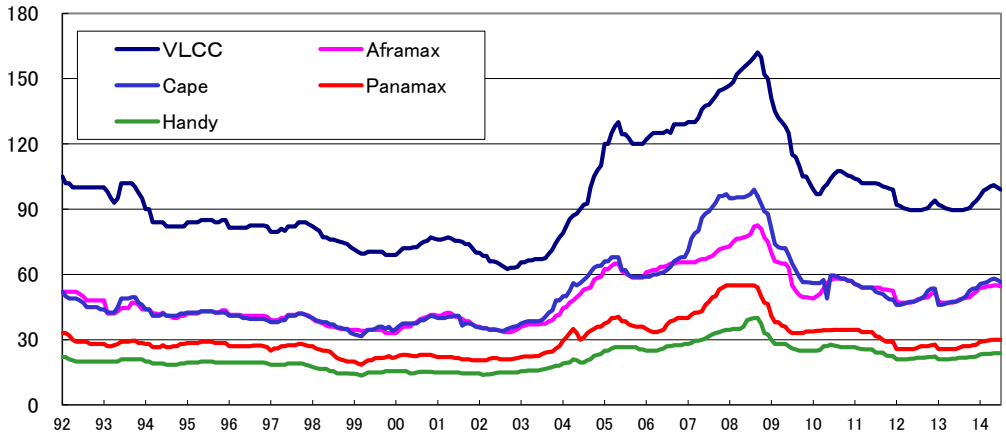


② "K" Line's Energy Transportation Vessel Fleet

		0203	0303	0403	0503	0603	0703	0803	0903	1003	1103	1203	1303	1403
LNG (inc. co-owned)		21	22	24	26	30	31	34	47	47	46	43	43	43
Tankers	LPG	2	3	3	3	3	3	5	5	5	5	5	5	5
	CLEAN	2	3	3	3	2	5	5	6	6	6	6	4	4
	DIRTY	5	5	6	9	10	10	12	13	14	10	7	5	5
	VLCC	3	4	4	4	4	5	6	6	9	9	8	8	7
Tankers Total		12	15	16	19	19	23	28	30	34	30	26	22	21

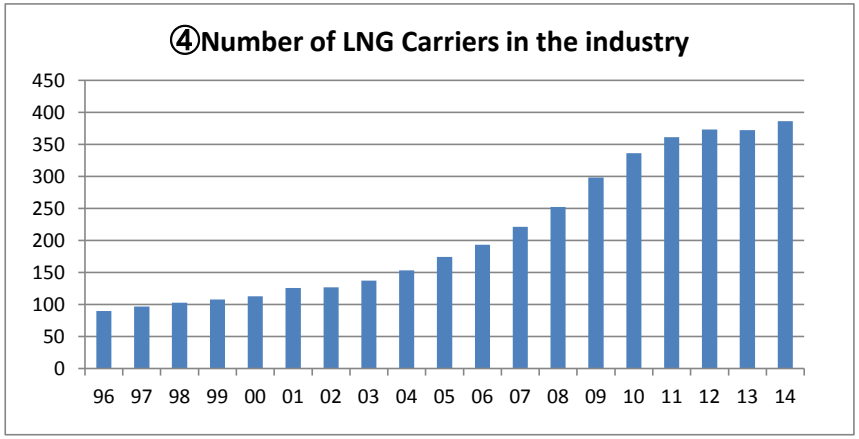


③ Ship Price as of Placing Order (Dry Bulkers, Tankers)



<Data: Clarkson, as of July 2014>

④Number of LNG Carriers in the industry

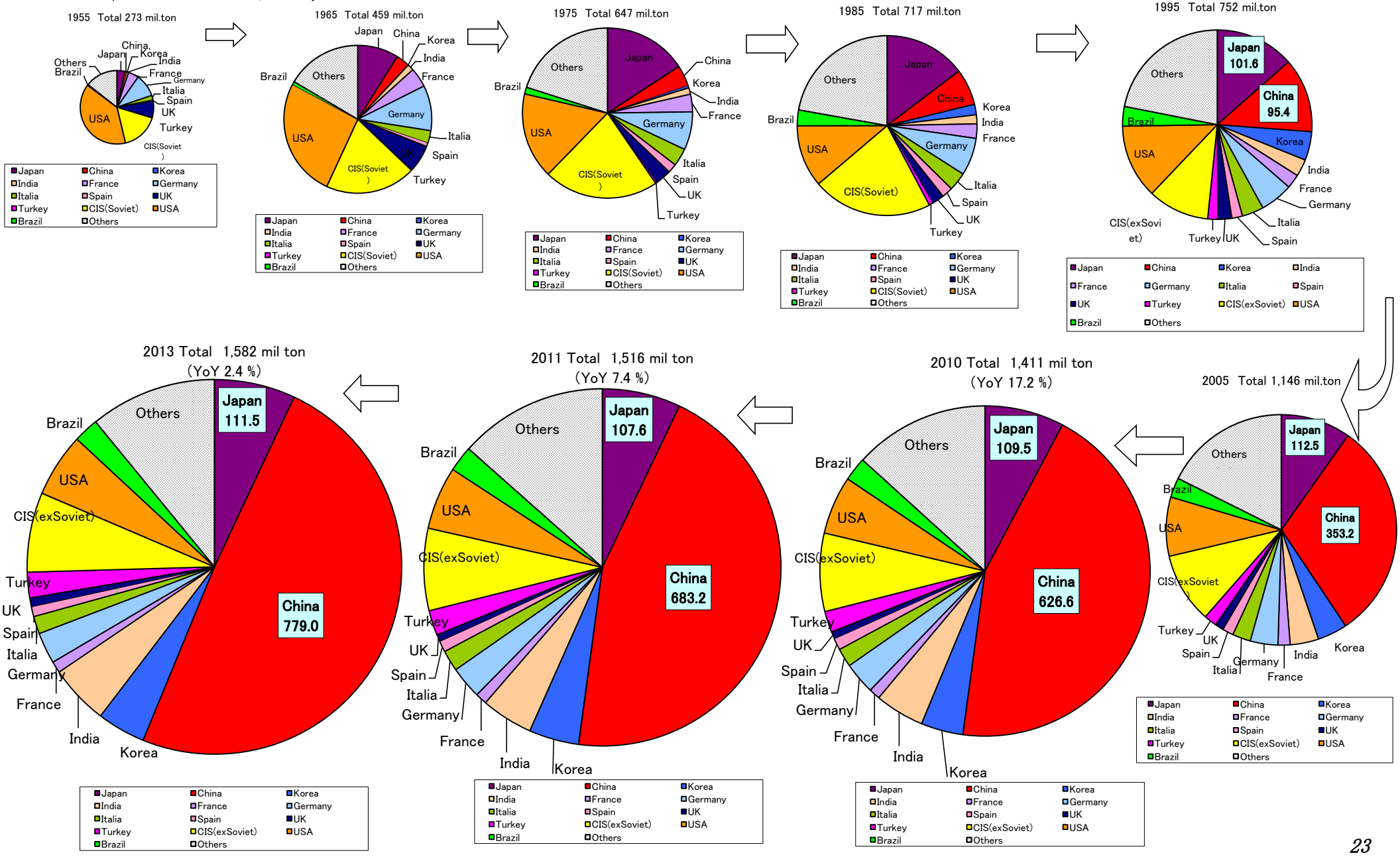


<THE JAPAN MARITIME DAILY >

4-2. Demand on Dry Bulk

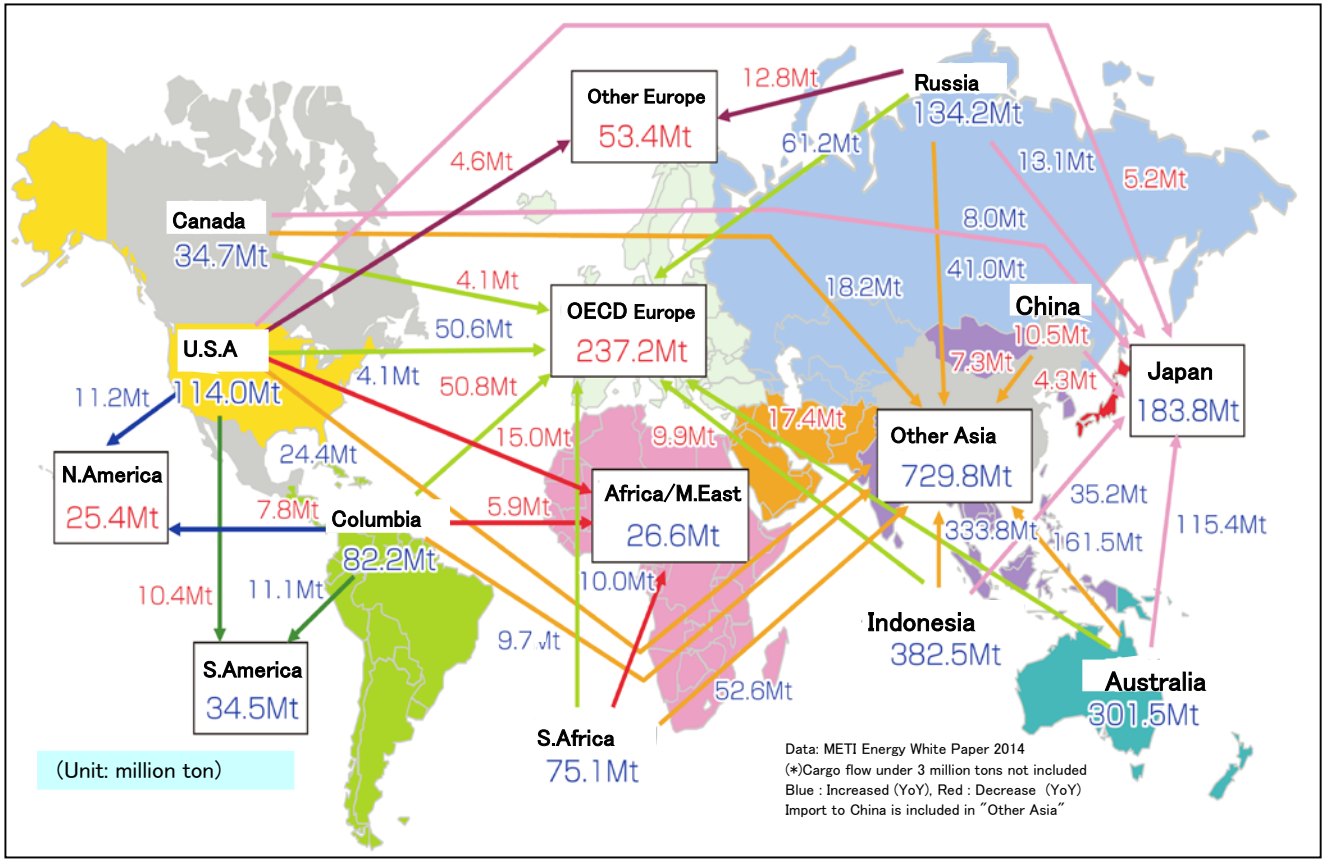
① Transition of World Crude Steel Production

Data: The Japan Iron & Steel Federation, as of July 2013

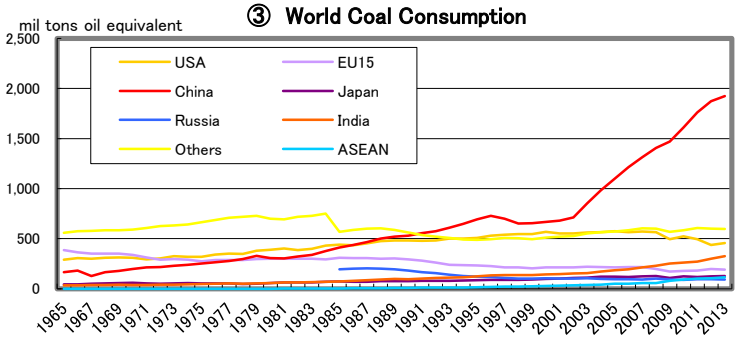


4-2. Demand on Dry Bulk

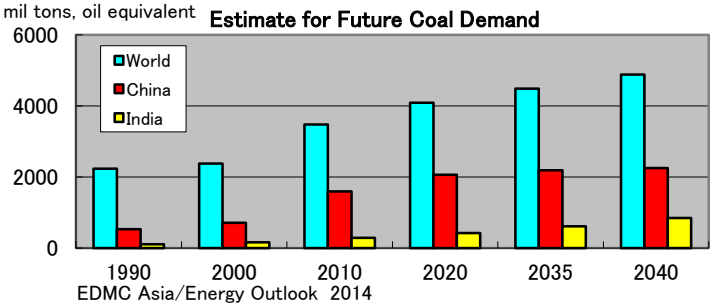
② Global Main Trades of Coal (2012 Estimation)



③ World Coal Consumption

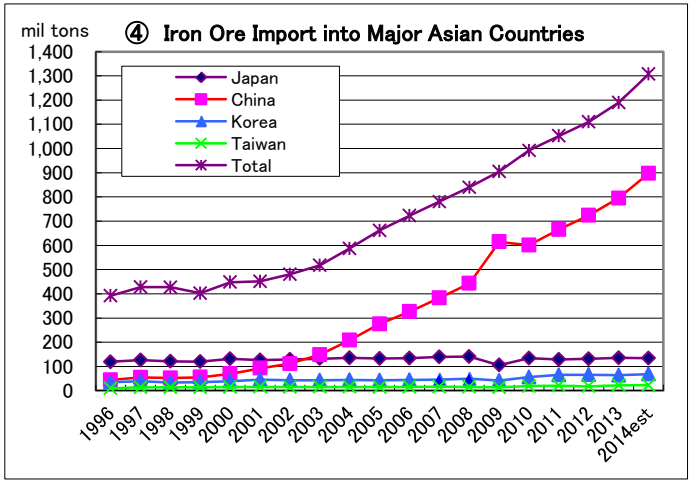


BP Statistical Review of World Energy June 2014



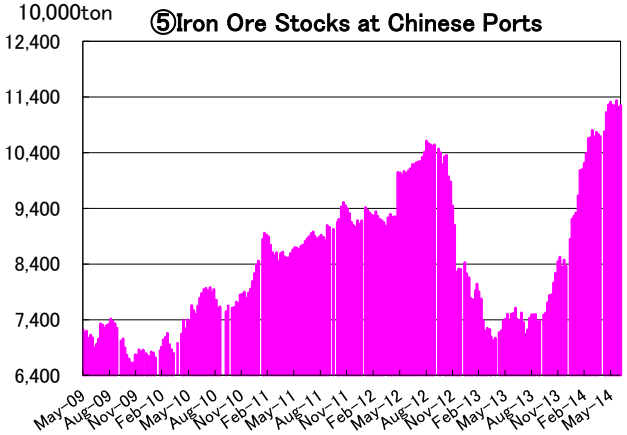
EDMC Asia/Energy Outlook 2014

④ Iron Ore Import into Major Asian Countries



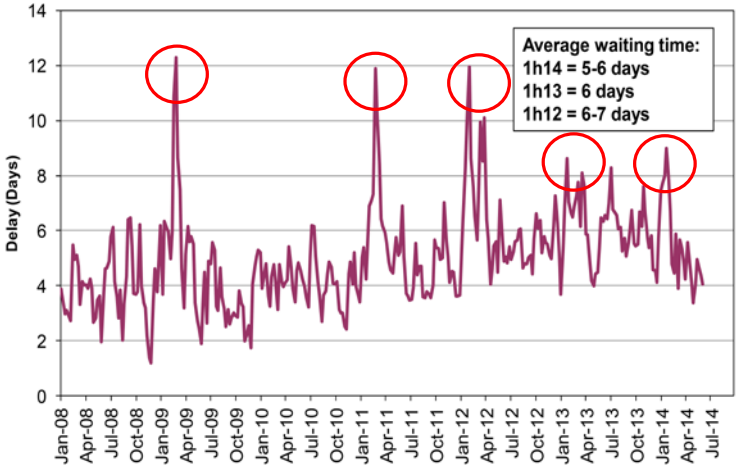
Clarkson, as of July 2014

⑤Iron Ore Stocks at Chinese Ports



China Custeel Data 2014

⑥ BDI & Port Congestion in Australia

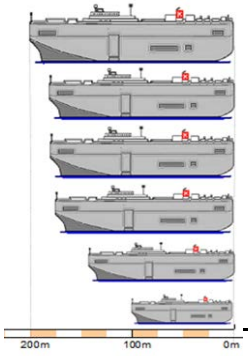


Waiting time tends to increase in 1st quarter (Jan-Mar) of the year due to seasonal reasons such as rainy season, cyclone and rush demand before Chinese new year

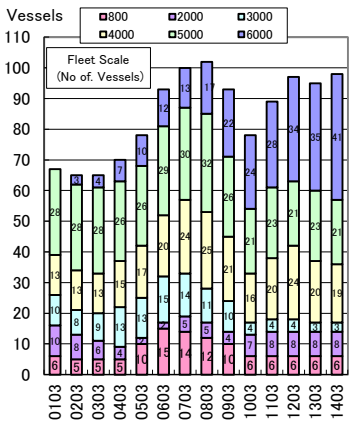
SSY, as of July 2014

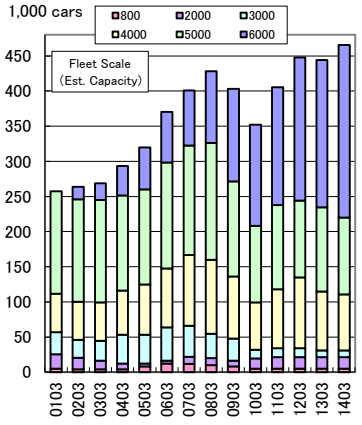
5. Car Carrier Business <5-1."K"Line Fleet and Cargo Movements>

① "K" Line PCC Fleet

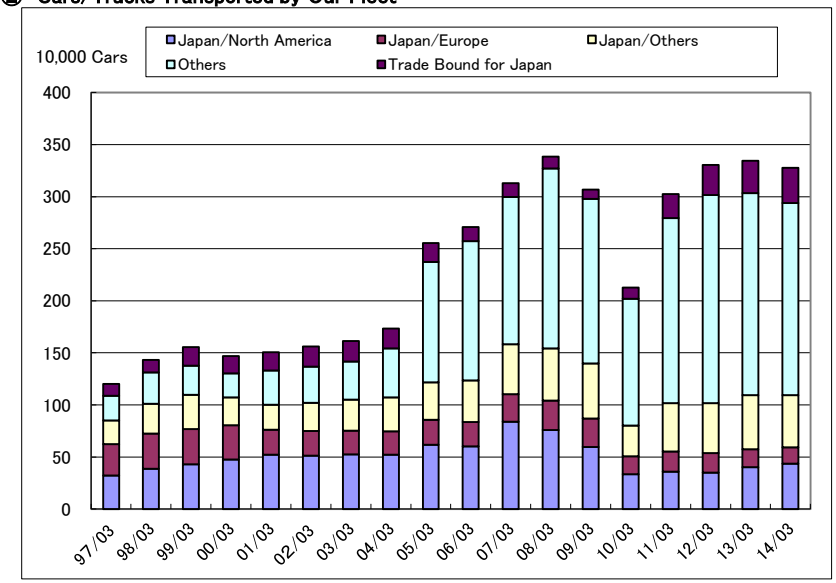


No. of Cars (RT)	0103	0203	0303	0403	0503	0603	0703	0803	0903	1003	1103	1203	1303	1403
6000	–	3	4	7	10	12	13	17	22	24	28	34	35	41
5000 (4750-5650)	28	28	28	26	26	29	30	32	26	21	23	21	23	21
4000 (3800-4600)	13	13	13	15	17	20	24	25	21	16	20	24	20	19
3000 (2800-3500)	10	8	9	13	13	15	14	11	10	4	4	4	3	3
2000 (1600-2500)	10	8	6	4	2	2	5	5	4	7	8	8	8	8
800 (800-850)	6	5	5	5	10	15	14	12	10	6	6	6	6	6
Total	67	65	65	70	78	93	100	102	93	78	89	97	95	98



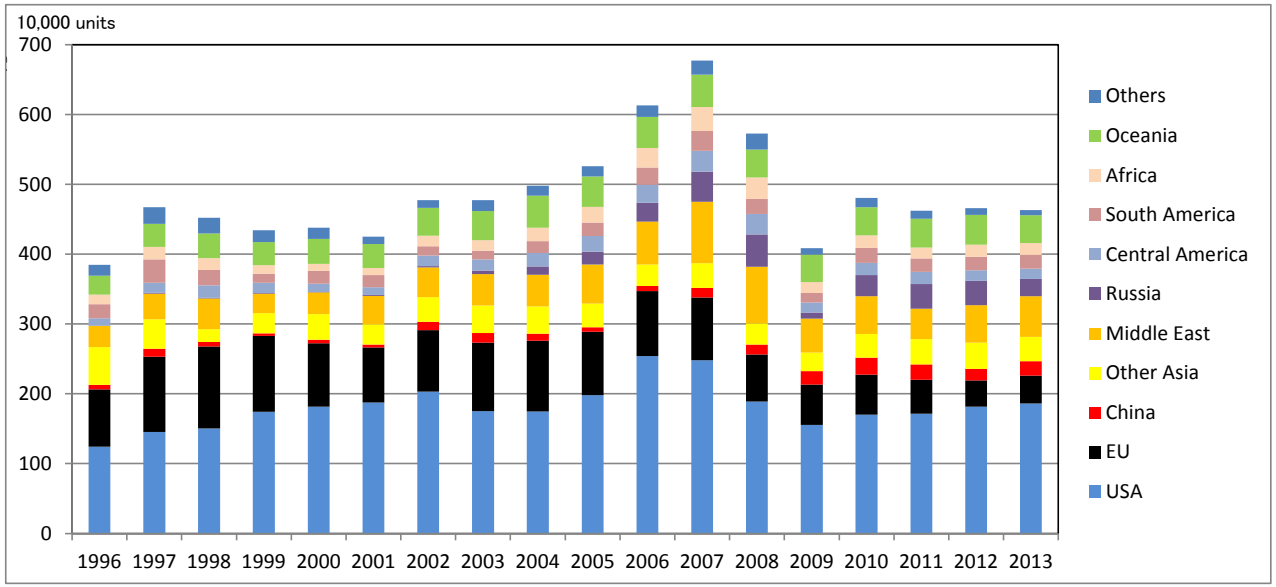


② Cars/Trucks Transported by Our Fleet



※ 'Others' includes short sea transportation in Europe from 04/09

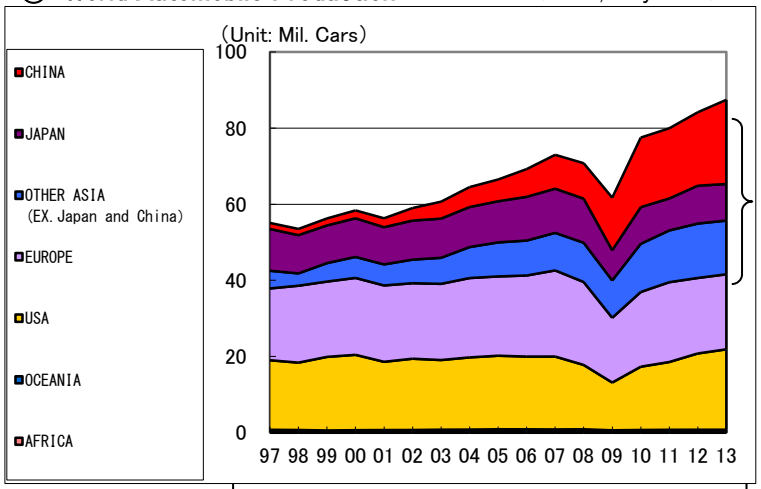
③ Total Cars/Trucks Expoted from Japan (Inc. Cars by GM Japan)Total Cars/Trucks Expoted from



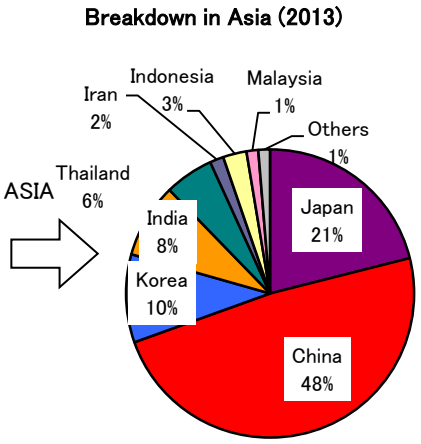
<Data: JAMA, July 2014>

5-2. Demand on Vehicles

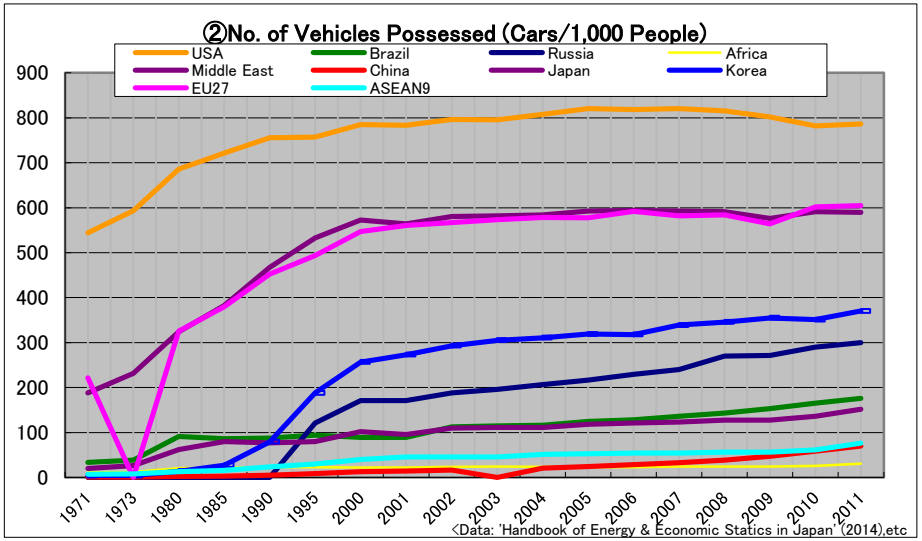
① World Automobile Production <OICA, July 2014>



	1997		2013
Asia	31.2%	→	52.5%
Europe	34.2%	→	22.6%
USA	33.2%	→	24.2%

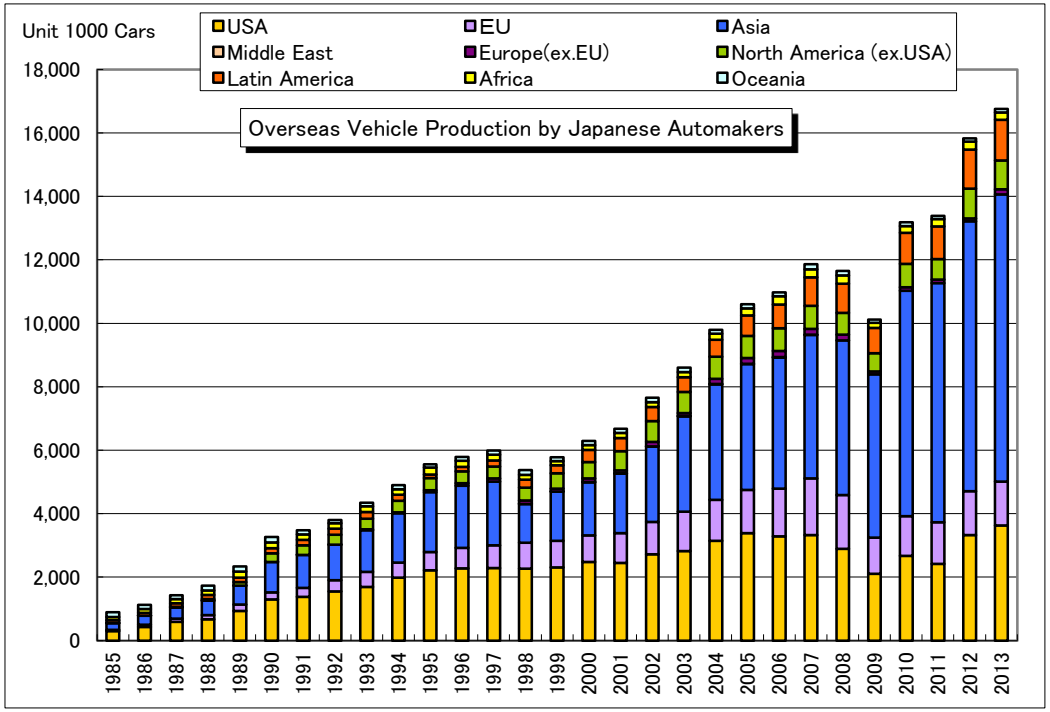


②No. of Vehicles Possessed (Cars/1,000 People)

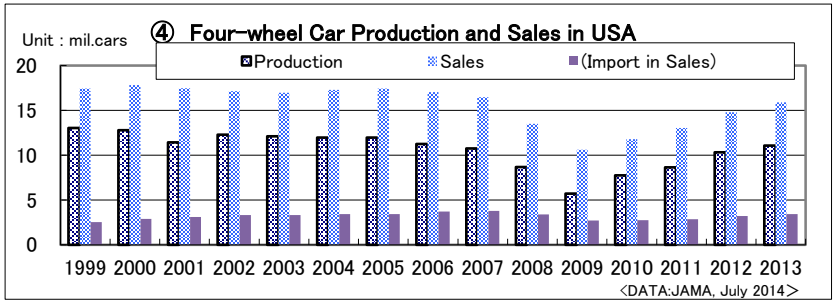


<Data: 'Handbook of Energy & Economic Statics in Japan' (2014),etc>

③ Transition of Overseas Vehicle Production by Japanese Automakers <Data: JAMA, July 2014>

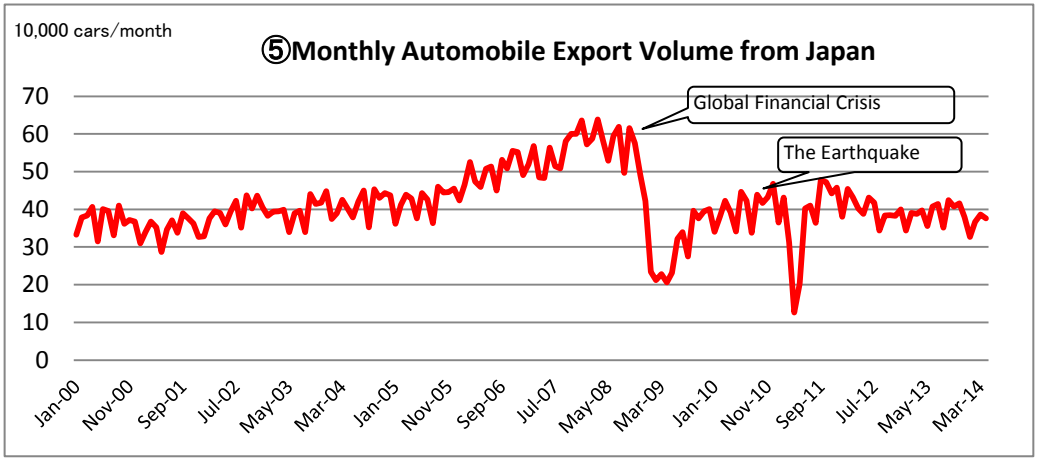


④ Four-wheel Car Production and Sales in USA



<DATA:JAMA, July 2014>

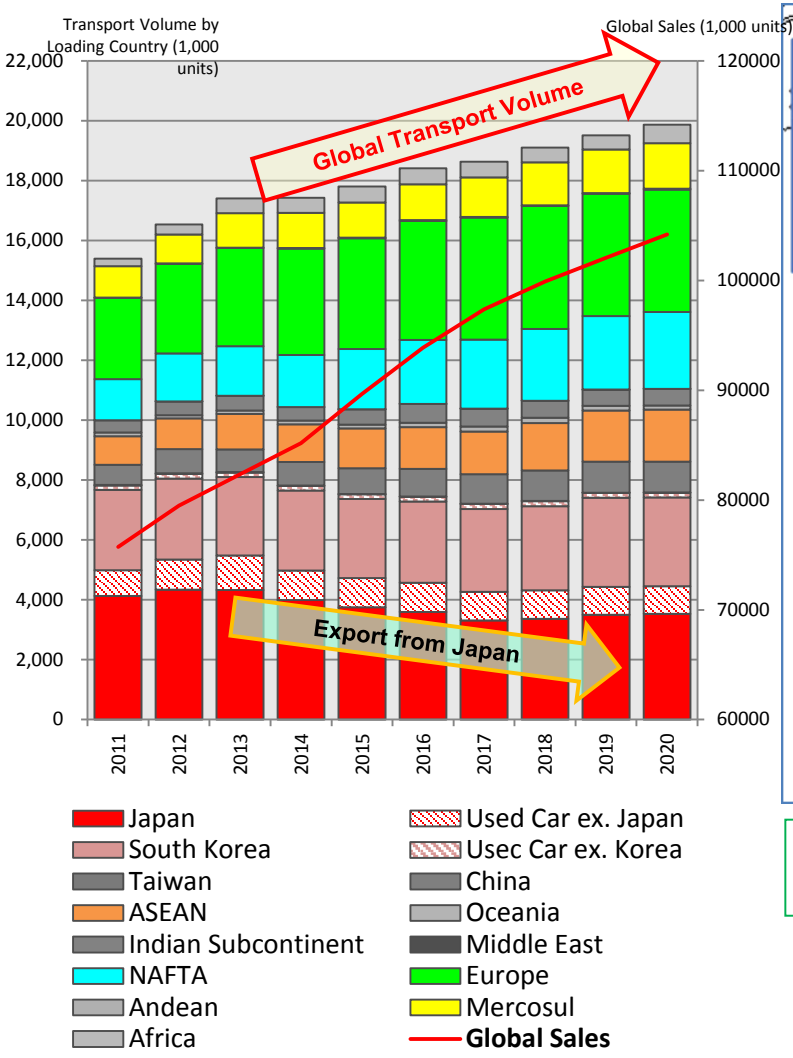
⑤Monthly Automobile Export Volume from Japan



<Data: JAMA, July 2014>

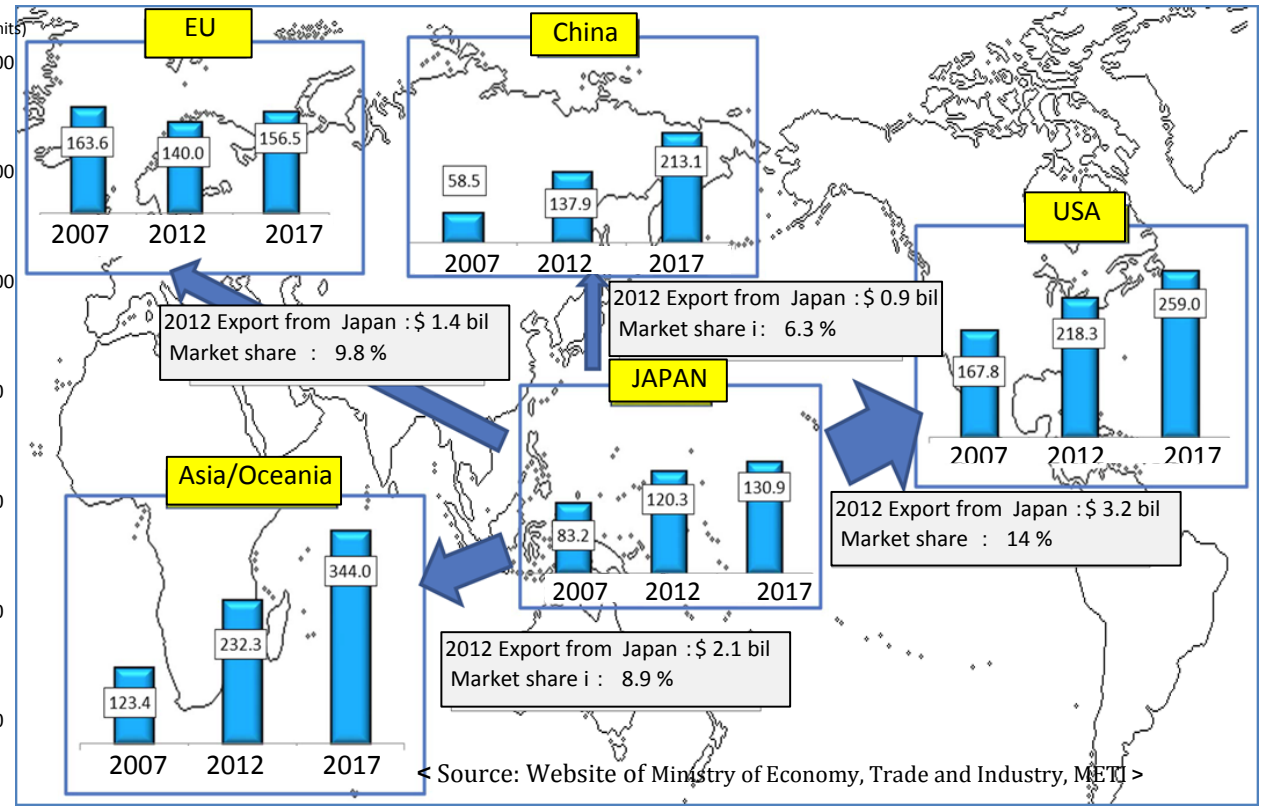
5-2. Demand for Vehicles and Machinery

⑥ Car Ocean Transport Volume by Loading Country



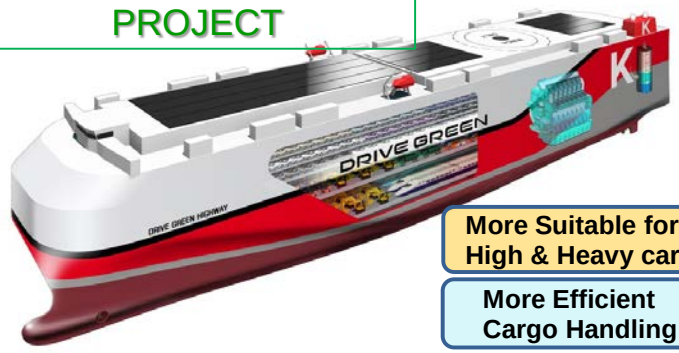
＜Made by K-Line＞

⑦ Market Size of Construction Machinery Sales in World Main Area and Export Value from Japan in 2012



< Source: Website of Ministry of Economy, Trade and Industry, METI >

DRIVE GREEN PROJECT



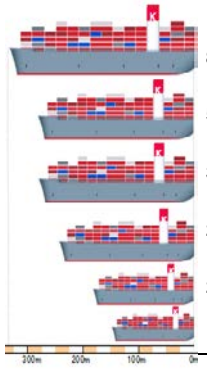
More Suitable for High & Heavy cargo

More Efficient Cargo Handling

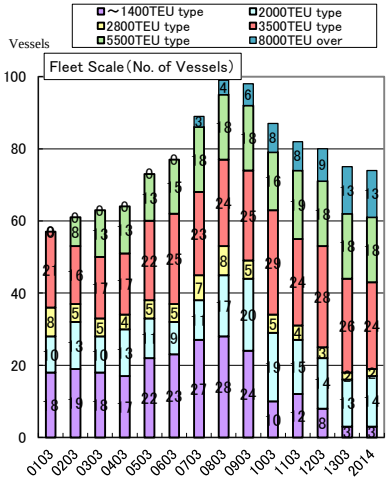
Energy Saving

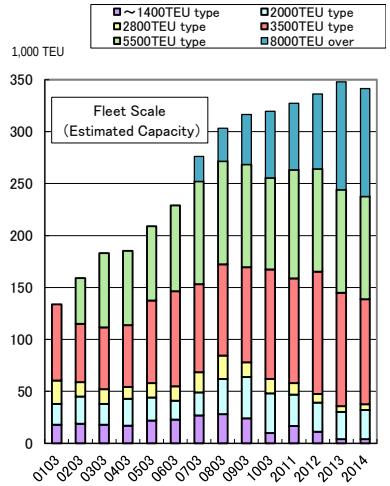
6. Containership Business <6-1. "K" Line Fleet and Cargo Volume>

① "K" Line Containership Fleet

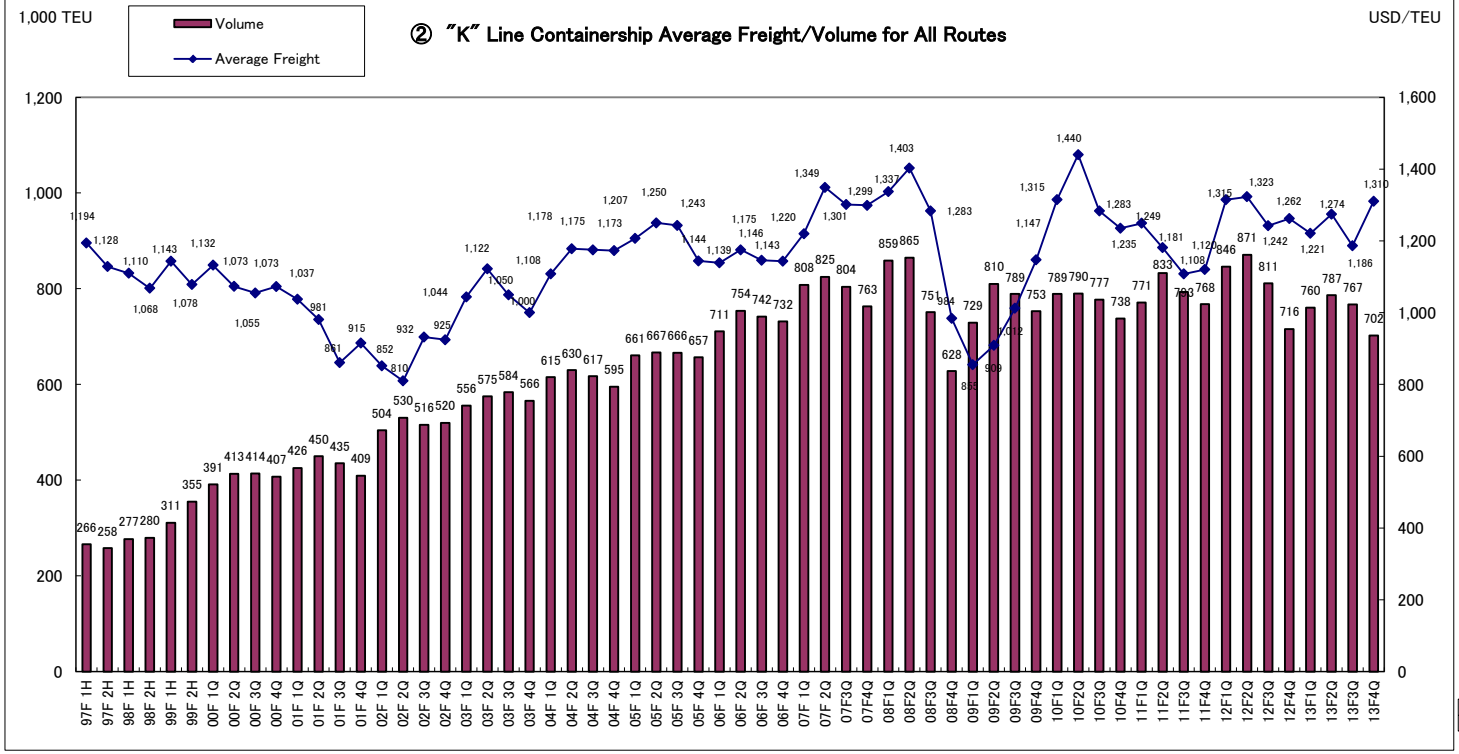


		0103	0203	0303	0403	0503	0603	0703	0803	0903	1003	1103	1203	1303	2014
8000TEU over	(8000-)	0	0	0	0	0	0	3	4	6	8	8	9	13	13
5500TEU type	(5500-6500)	0	8	13	13	13	15	18	18	18	16	19	18	18	18
3500TEU type	(3400-4000)	21	16	17	17	22	25	23	24	25	29	24	28	26	24
2800TEU type	(2700-2900)	8	5	5	4	5	5	7	8	5	5	4	3	2	2
2000TEU type	(1500-2500)	10	13	10	13	11	9	11	17	20	19	15	14	13	14
～1400TEU type		18	19	18	17	22	23	27	28	24	10	12	8	3	3
	Total	57	61	63	64	73	77	89	99	98	87	82	80	75	74



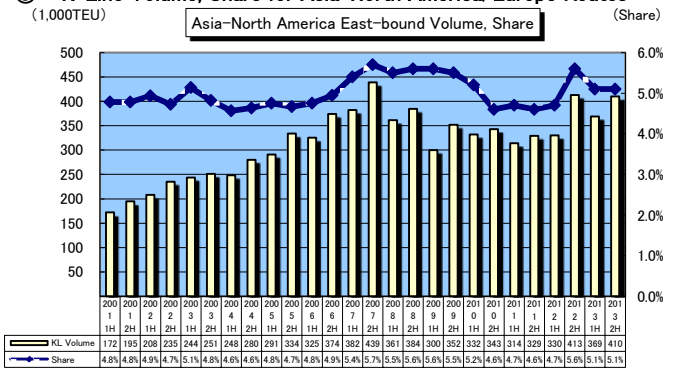


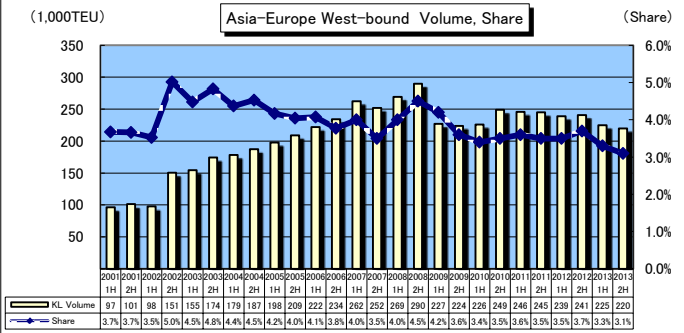
② "K" Line Containership Average Freight/Volume for All Routes



*As cargo volume for '97 1H-'99 2H, half of the actual data are indicated.

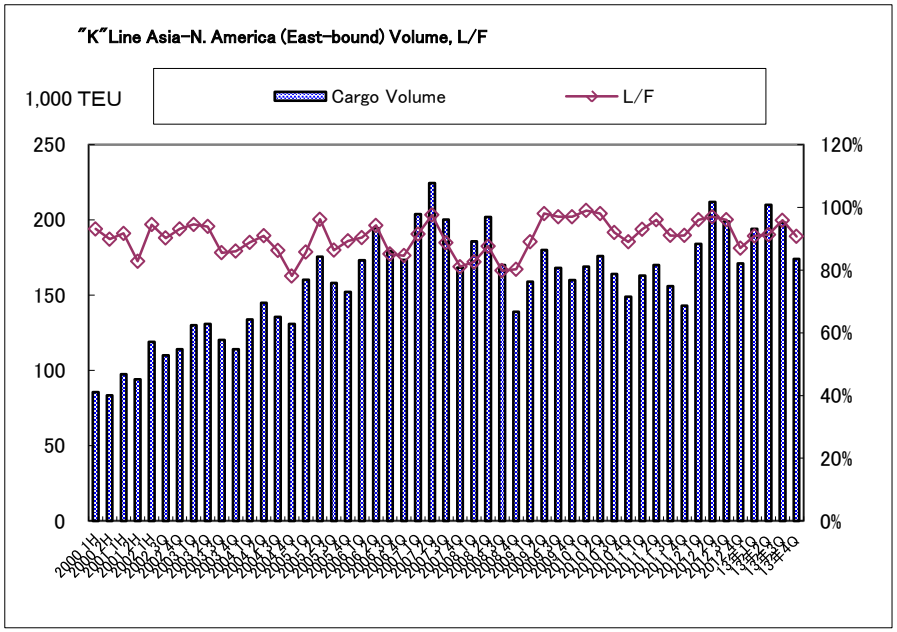
③ "K" Line Volume, Share for Asia-North America/Europe Routes

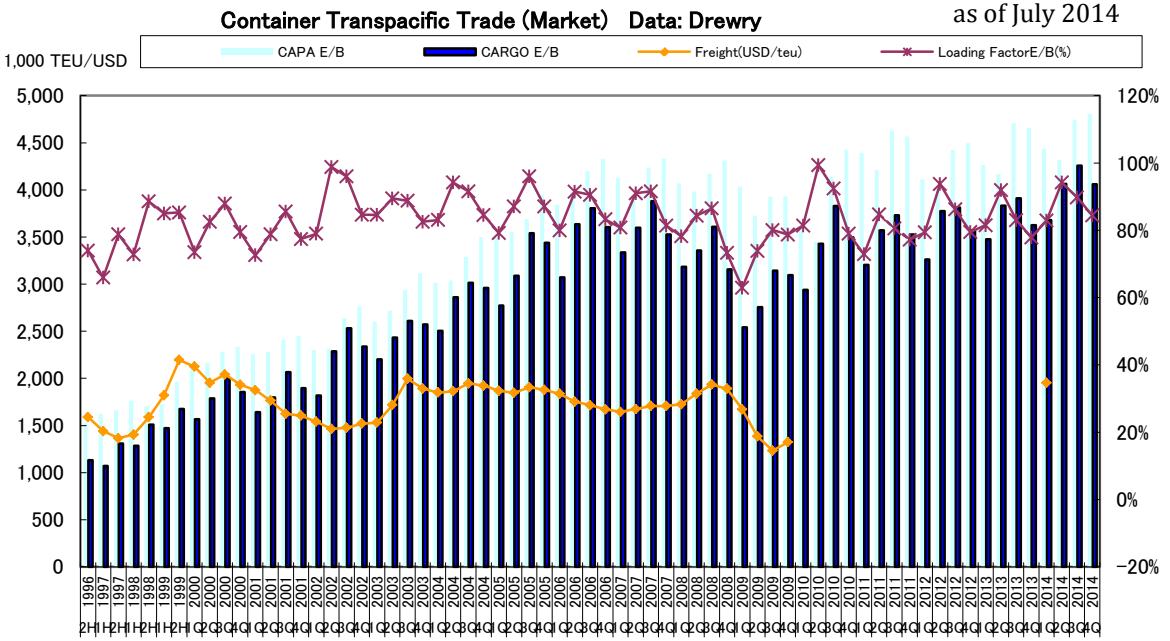


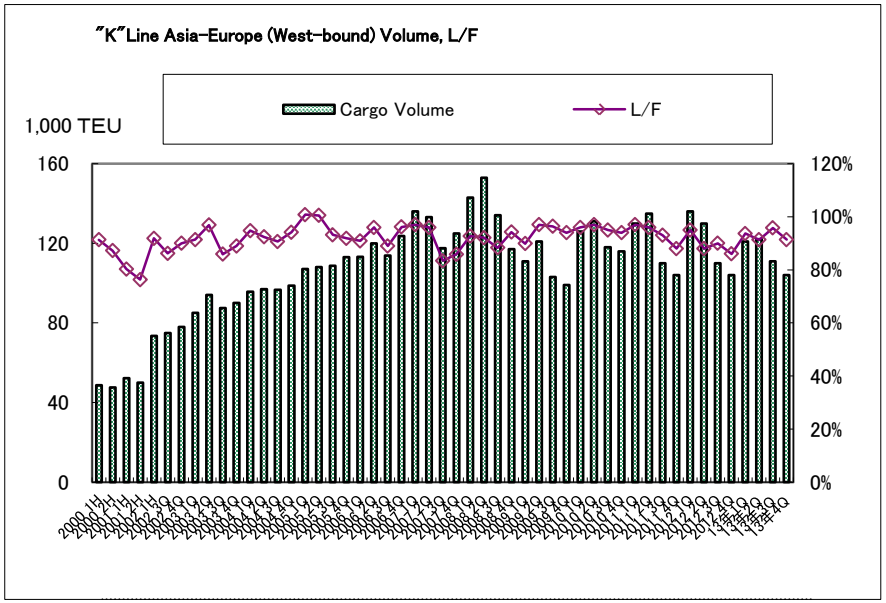


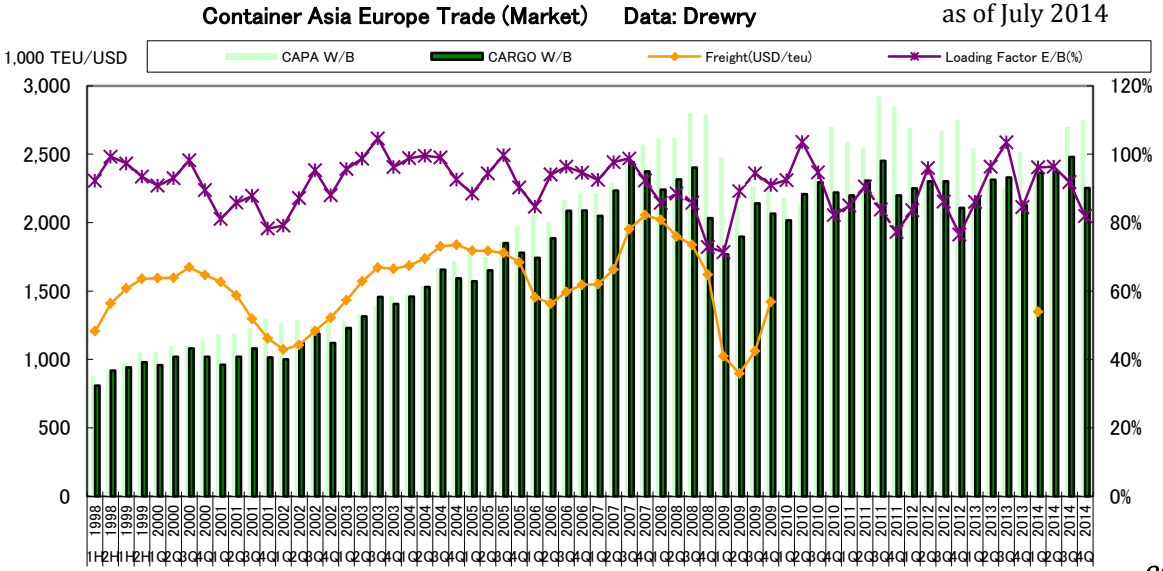
6-1. "K" Line Fleet and Cargo Volume

④ "K"Line/Market Cargo Volume, Loading Factor for Asia-North America/Europe Services

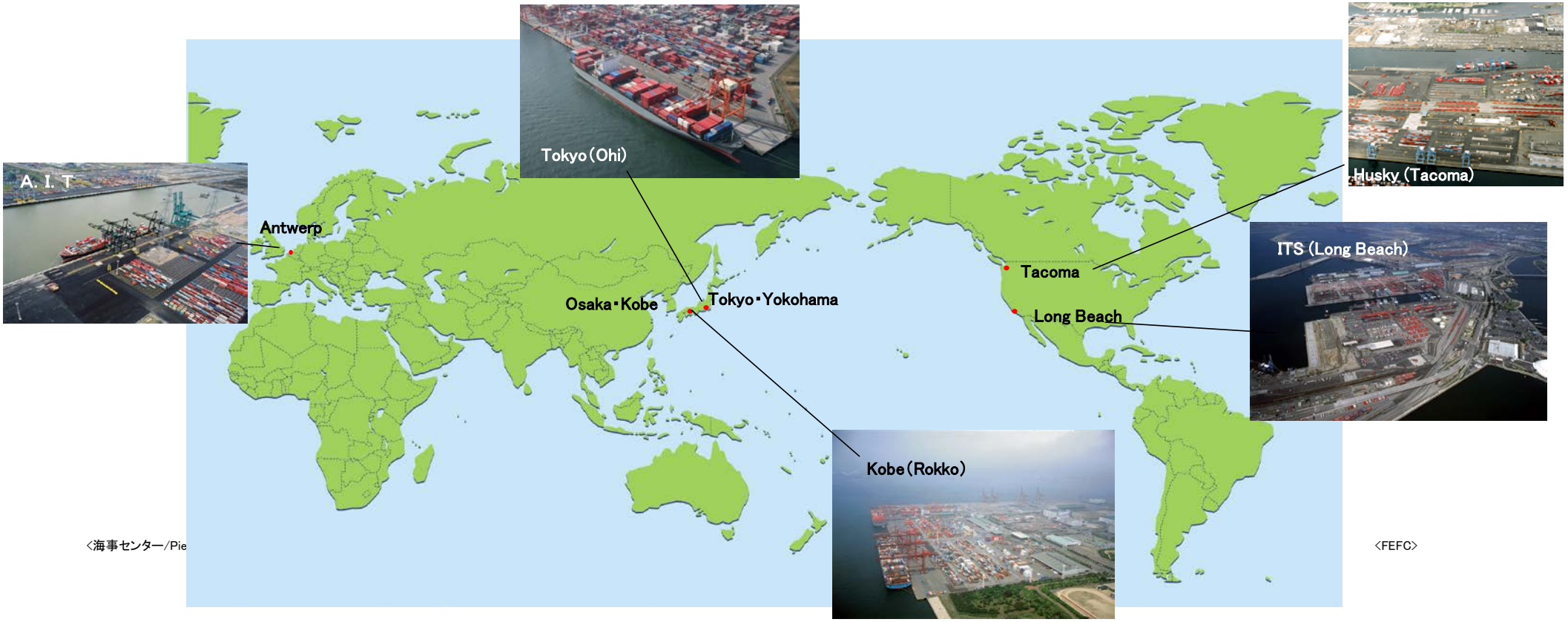








6-2. Container Terminal Operated by "K"Line



<海事センター/Pie

<FEFC>

	Terminal	Location	Length	Depth	Total Area	Storage Capacity*	Gantry Crane
Japan	"K"LINE Tokyo Container Terminal	Ohi No.1 and No.2 Berth	660 m	15 m	259,500 m2	4,370 TEU	5 Units
	"K"LINE Yokohama Container Terminal	Honmoku Quay A No.5 and 6 Berth	400 m	12 m	133,591 m2	1,968 TEU	3 Units
	"K"LINE Osaka Container Terminal	Nanko No.8 Berth	350 m	14 m	63,031 m2	1,082 TEU	2 Units
	"K"LINE Kobe Container Terminal**	Rokko Terminal RC 4/5 Berth	700 m	14 m	269,510 m2	4,478 TEU	5 Units
USA	International Transportation Service, Inc.	Long Beach, CA., Pier G	1,552 m	13-16 m	955,000 m2	12,155 TEU	17 Units
	Husky Terminal and Stevedoring Inc.	Tacoma, WA., Berth 3&4	830 m	16 m	376,000 m2	4,800 TEU	4 Units
Belgium	Antwerp Internatinal Terminal NV***	Antwerp, PSA's Noordzee Terminal	1,125 m	15.5 m	790,000 m2	3,055 TEU	8 Units

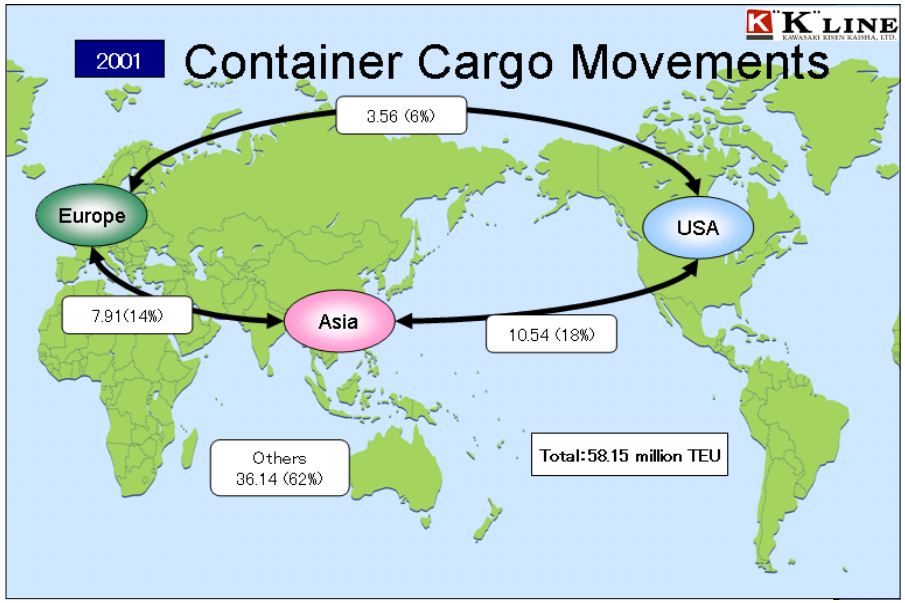
* Flat Space

**Operating with APM Terminals, Japan. Storage Capacity etc. is a total of the area that APM Terminals, Japan utilizez.

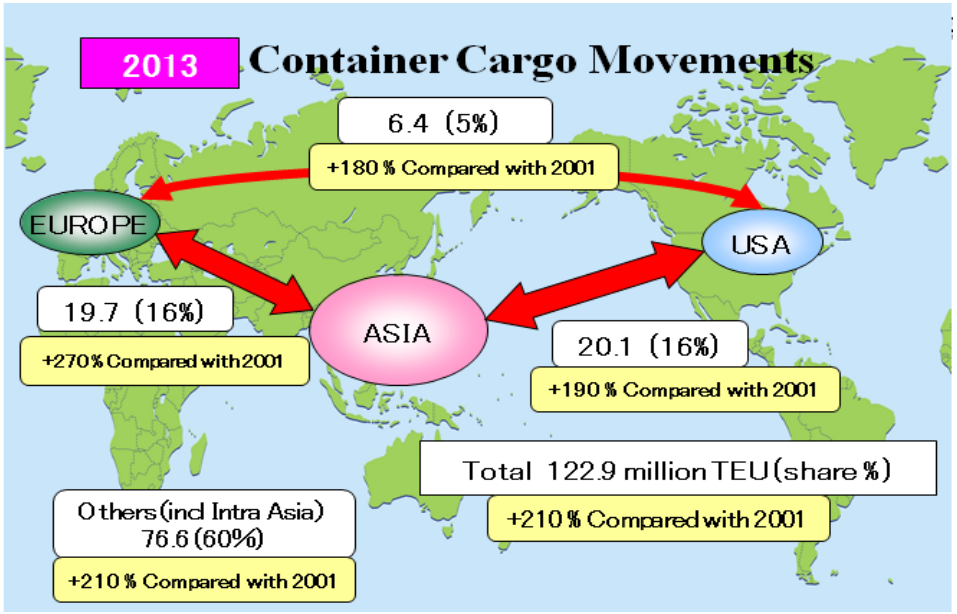
***Joint venture between K-Line ,Yang Ming Line,Hanjin Shipping and PSA-HMN.

6-3. Container Cargo Movements

① Container Cargo Movements

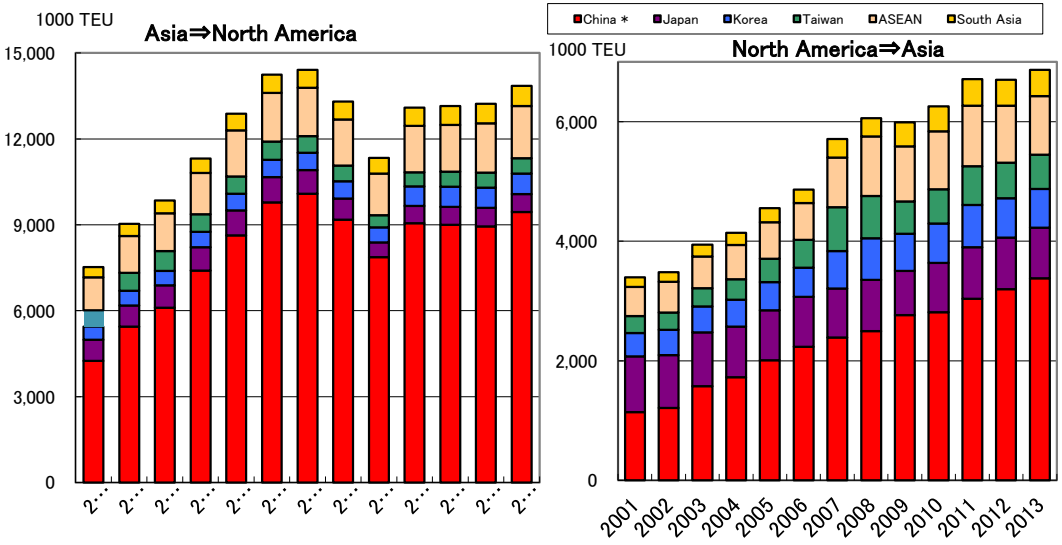


<Maritime Report 2002>



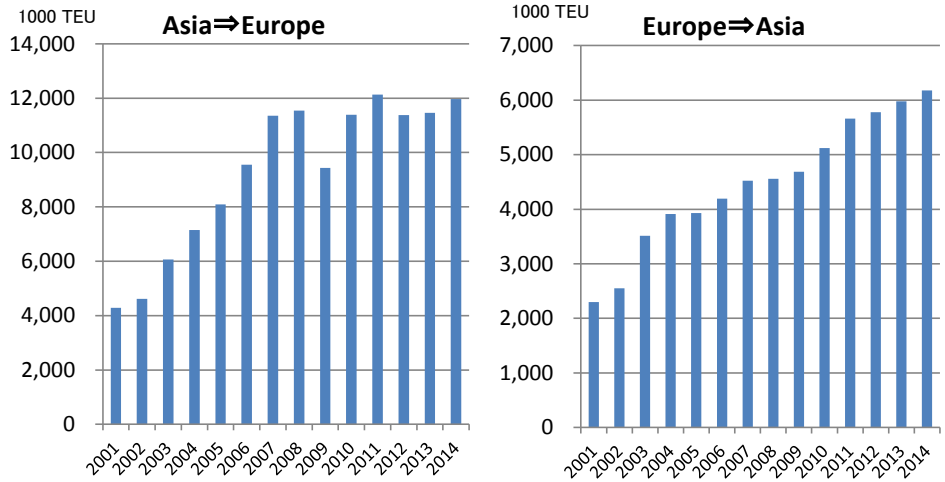
<IHS Global Insight Trade and Transportation: Report May 2014>

② Asia ⇔ North America/Europe Cargo Volume



<Japan Maritime Center/Piers (as of July 2014)>

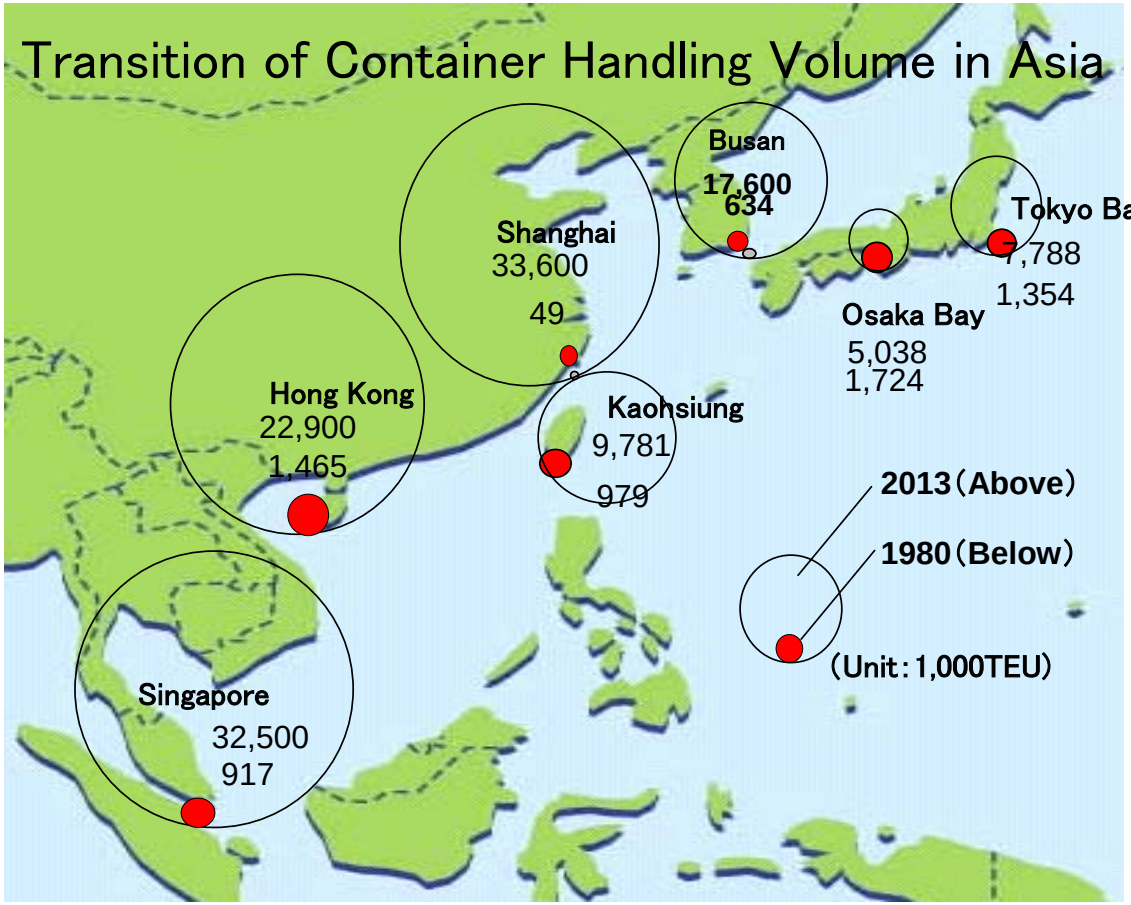
*Data for China includes Hong Kong and Macao



<Global Insight as of July 2014>

6-4. Container Handling Volume by Port

① Container Handling Volume in Asia



② Top 10 Ports for 2013 Container Handling

(Unit: Million TEU)

	Port	2013	2012	Growth Ratio
1	Shanghai	33.6	32.5	3.4%
2	Singapore	32.5	31.6	2.9%
3	Shenzhen	23.2	22.9	1.5%
4	Hong Kong	22.9	23.7	-3.6%
5	Busan	17.6	16.9	3.8%
6	Ningbo	16.8	15.6	7.0%
7	Qingdao	15.5	14.4	7.0%
8	Guangzhou	15.3	14.7	3.8%
9	Dubai	13.6	13.2	2.7%
8	Tianjin Xingang	13.0	12.3	5.7%

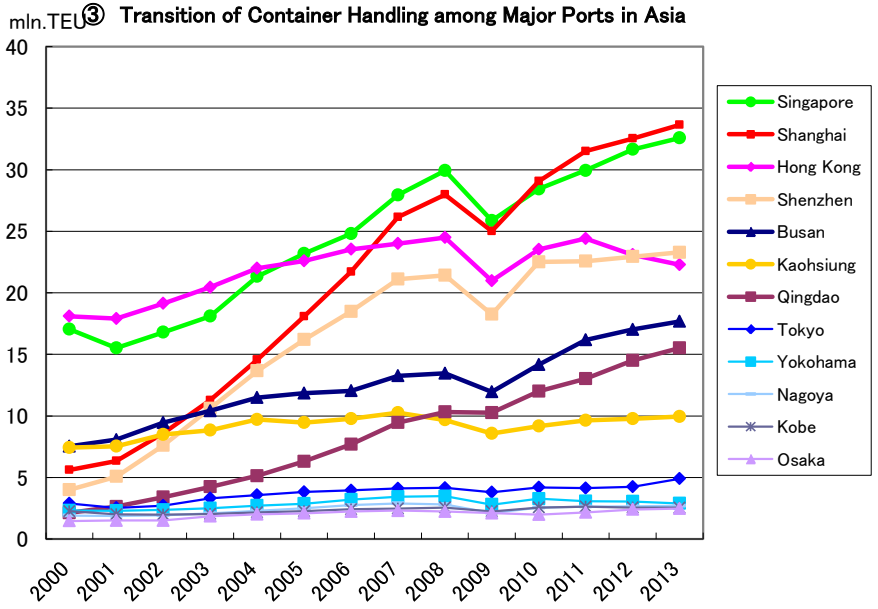
for reference

2006
Singapore
Hong Kong
Shanghai
Shenzhen
Busan
Kaohsiung
Rotterdam
Hamburg
Dubai
Los Angels

※ Ports in China

(Containerization International, March 2014)

③ Transition of Container Handling among Major Ports in Asia



<Containerization International Year Book, Website for Each Port, etc. as of July, 2014>

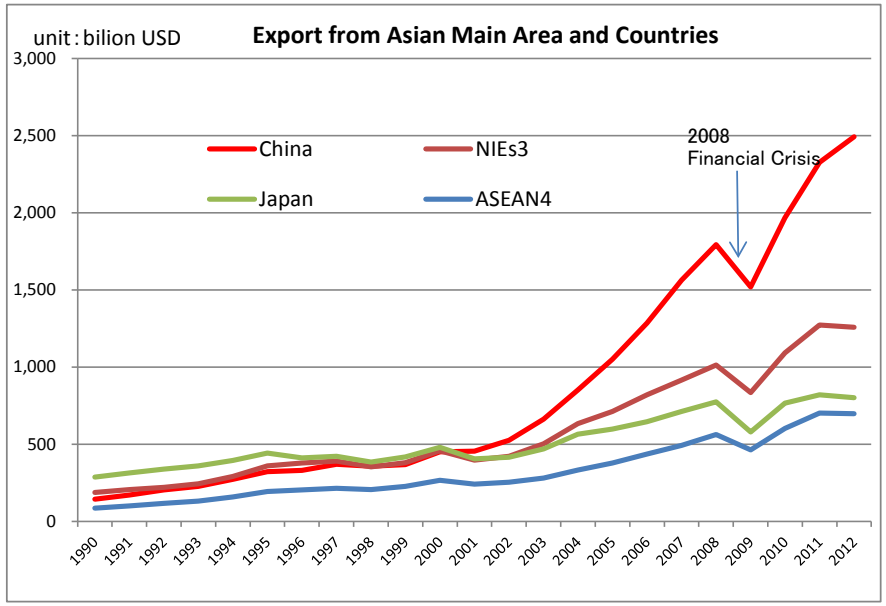
<④ Asia-N.America Trade Trends by Commodity>

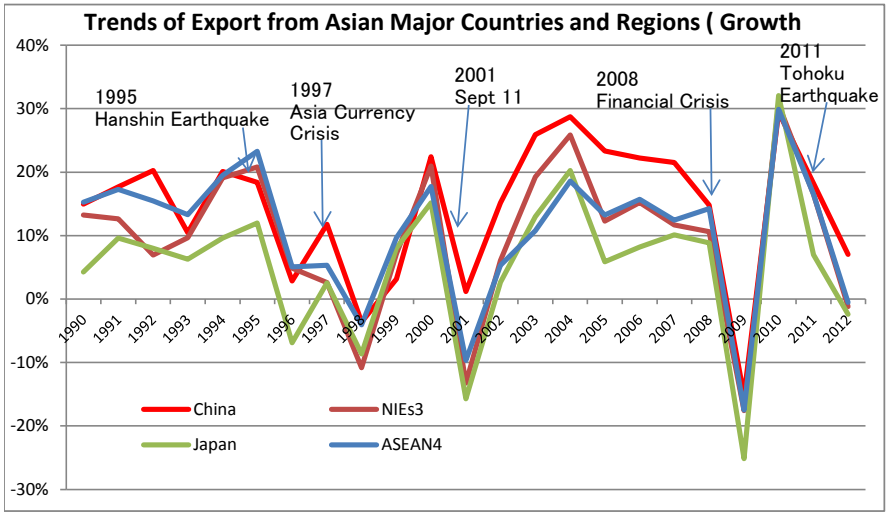
East Bound (Asia→N.America) 2013			West Bound (N.America→Asia) 2013		
	Commodity	Share		Commodity	Share
1	Furniture and Household Goods	14.2%	1	Paper, Paper Board, and its Products	20.6%
2	Apparel and Related Items	11.6%	2	Pet Food and Animal Feed	7.6%
3	General Electric Equipments	7.8%	3	Raw Woods and its Products	5.1%
4	Auto Parts	4.2%	4	Furniture and Household Goods	4.4%
5	Toys	3.8%	5	Metal and Scrap	4.3%
6	Plastic Products inc. Blind, Flooring	3.4%	6	Apparel and Related Items	4.1%
7	Footwear and its Accouterments	3.3%	7	Meat and its Processed Products	3.2%
8	Tyres and tubes of Cars, Trucks, etc.	2.9%	8	Steel and its Products	2.9%
9	Construction Tools and Related Items	2.8%	9	Fat,Oil and Oilseed	2.7%
10	Audio & Vidsual Equipments, like TVs or Videos	2.7%	10	Plastic inc. Resin	2.7%

<Japan Maritime Center >

6-5. Export from Asian Main Area and Country

① Trends of Export from Asian Major Countries and Regions(Export

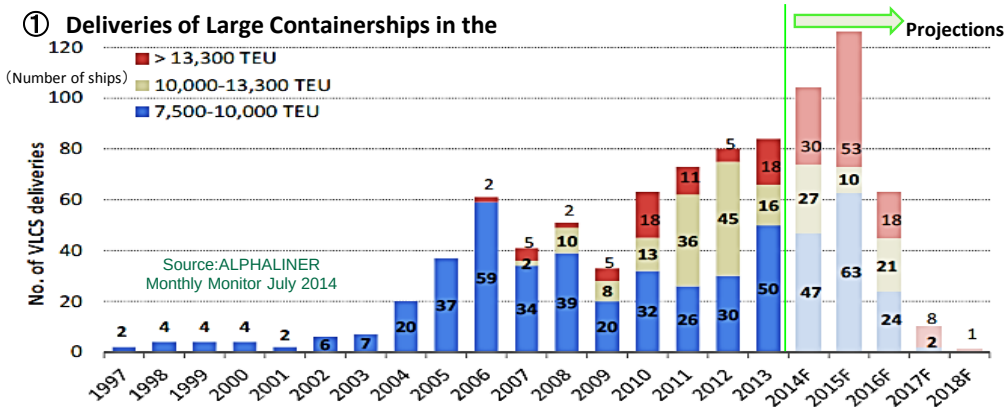




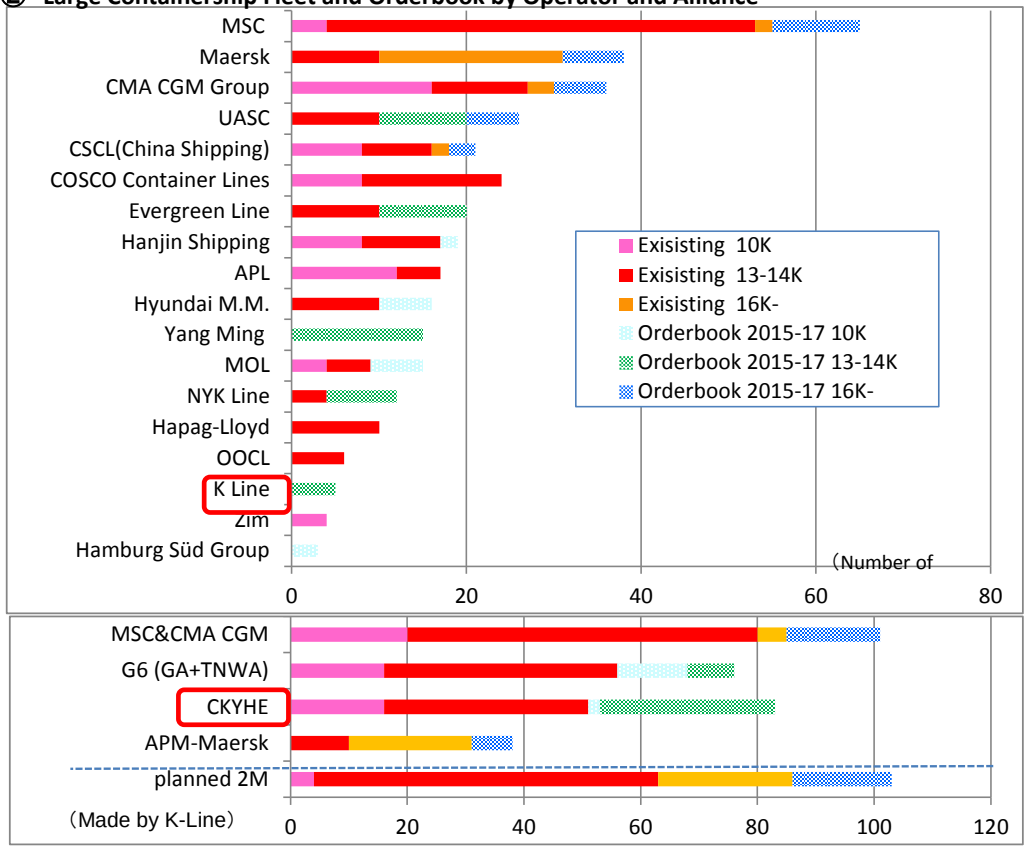
<Source : Jetro as of July 2014>

6-6. Large Containership

① Deliveries of Large Containerships in the



② Large Containership Fleet and Orderbook by Operator and Alliance



7. New Businesses

7-1. Business Target of our Energy Transportation Division

Stream of Oil and Natural Gas

Upstream E&P: Exploration / Development&Production

Midstream: Transportation

Downstream: Refinement&Sales

Drill Ship

LNG FPSO (LNG Producer)

LNG Carrier

Offshore Support Vessel

Crude / Prodcut LPG Tanker

FSRU

Heavy Lifter

CNG Carrier

Offshore Support Vessel
(by K LINE OFFSHOER AS)
(7 ships in operation)

Drill Ship
(1 ship in operation)

CNG Carrier
(under development)

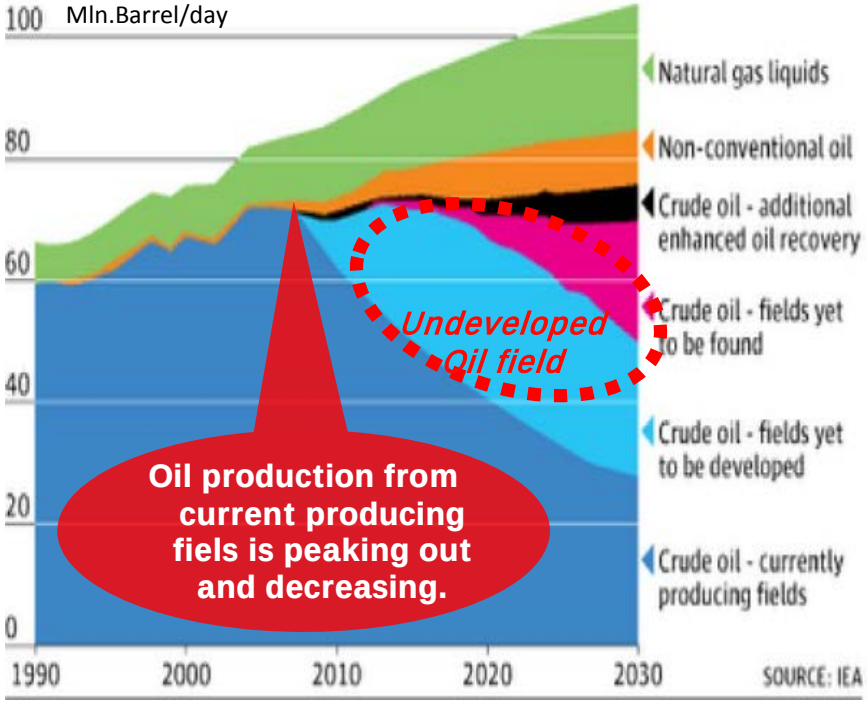
As production at existing oil fields is shrinking, it is inevitable to develop undeveloped oil and gas fields in ultra-deep waters and remote areas to respond to steady energy demand. Demand for advanced drillships and offshore support vessels used at those areas is rapidly increasing. Notably, Brazil has succeeded in resource development in the pre-salt Santos Basin and is actively investing in development. Anticipating this change in the business environment, in the Group's medium-term management plan that began in fiscal 2008,

"K" Line set forth a policy of expanding the scope of energy resource development business beyond conventional marine transport such as oil and gas tankers by developing new businesses in the upstream sector, such as offshore support vessels, drillships and LNG FPSO.

The "K" Line Group will establish a business model that will make possible participation in wide-ranging transport operations from upstream to downstream in offshore energy resource businesses and development of a stable earnings base by further increasing synergy between energy resource transportation services, heavy lifter vessel services and offshore support vessel services.

FPSO: Floating Production Storage and Offloading System for oil and gas
CNG : Compressed Natural Gas Tanker
FSRU: Floating Storage and Regasification Units for LNG

World Oil and Gas Production Forecasts



①Heavy Lifter Business

Loading operation of large reactor for oil refinery

Project cargo : Assembled module of LNG plant

Project cargo : Drill equipment used in GOLIAT

Shiploader : Port facilities used for loading dry bulk cargo as Iron ore

Main Operators' Fleet List (500 ton≧)

Made by "K"Line as of March 2014

Carrier		500-1000 ton	1000-2000 ton	2000 ton ≧	Total
BBC	Germany	40	0	0	40
SAL	Germany	10	4	2	16
Hansa Heavy Lift	Germany	8	7	0	15
Intermarine	USA	15	0	0	15
Big Lift	Netherland	12	2	0	14
Jumbo	Netherland	8	4	0	12
Combi Lift	Denmark	13	0	0	13
Rickmers	Germany	12	0	0	12
Others		19	0	0	19
Total		137	17	2	156

●Business Environment

We anticipate firm cargo movements as a result of movement of infrastructure-related cargo, centered on Africa and Australia, as well as active investment in offshore oil and gas field development and wind power generation systems in response to persistently high crude oil prices.

●Business Histroy

"K" Line re-entered heavy lift transportation business via its European subsidiary company possesses 50% share of SAL Group in 2007, headquartered in Germany, and aquired balanced 50% at the end of June 2011 which means "K" Line became 100% owner of SAL Group.

We developed the heavy lifter services as a core business.

●Operating Fleet

The SAL Group operates a fleet of 16 heavy lifters with lifting capacity ranging from 600 to 2,000 tons. The SVENJA and LONE, two heavy lifters owned by the SAL Group equipped with cranes with the world's highest lifting capacity of 2,000 tons, equipped with the Dynamic Positioning System (DPS), will meet needs for the transport of oil and gas development facilities and offshore-related facilities, which require advanced transport techniques.

SAL's Global Network

SAL has business sites around the world and aims to engage in business development utilizing selling capabilities underpinned by SAL's advanced maritime technical capabilities and knowledge and "K" Line's global network.

②Offshore Support Vessel Business

Activity of offshore energy E&P is increasing in step with the heightening of energy needs worldwide, and the "K" Line Group is actively entering the offshore energy E&P support business. Notably, subsidiary company K LINE OFFSHORE AS received delivery of final Newbuilding in June 2011, and now operates seven advanced offshore support vessels offshore of Brazil and in the North Sea, some under long-term charter contracts with highly-respected customers. Going forward, we will actively move into such areas as SCV(Subsea Construction Vessel), where advanced technology and expertise is required, aiming to further expand our Offshore Energy E&P Support Business, sector, a growth market, and seek to win new business.

●Business Environment

With the heightening of energy needs world wide, development of undeveloped oil and gas fields in ultra-deep waters is being more active . Demand for offshore support vessels has rapidly increased in all over the world, notably in Brazil which is actively investing large amount in development.

●Business History

In 2007, "K" Line established K LINE OFFSHORE AS, an offshore support vessel operator headquartered in Norway, and began vessel operation in the North Sea in 2008.

●Fleet and Medium-Long term Contracts

The company has a fleet of seven vessels, 2 AHTS and 5 PSV, all of which are now in operation. With regard to PSV, the company concluded a contract for two PSVs with Petrobras, the Brazilian state-owned energy company and entered into a contract for two large PSVs with the UK subsidiary of major US energy company ConocoPhillips.
Other 2 AHTS and 1 PSV were under spot operation but the company suceeded to have good track record in North Sea and receive a high evaluation from charterers.

●Anchor Handling Tug Supply(AHTS) vessels

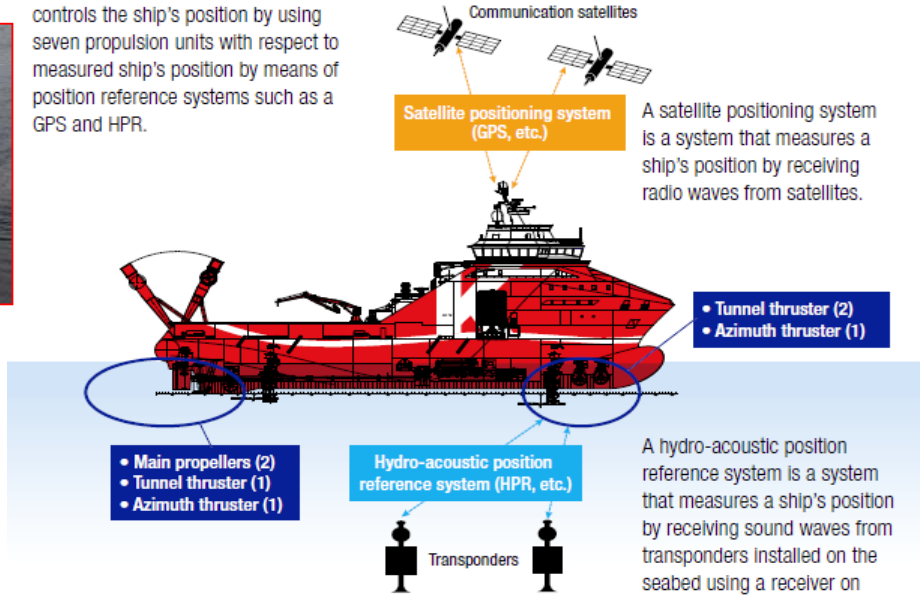
AHTSs engage in support activities when offshore drilling rigs are moved from location to location, such as raising anchors from the seabed, rig towing. AHTS also engages in support activities for seabed pipeline laying works.
Our AHTSs , with length 95 meter and width 24 meter, have propeller output of 34,000 horsepower and one of the world's biggest bollard pull power (towing power) of 390 tons. They are equipped with all the latest equipment and systems, including a dynamic positioning system (DPS) for maintaining the vessel in a fixed position using its propulsion system, remotely operated vehicles (ROV) for monitoring undersea work for use in the installation, repair and maintenance of subsea equipment etc.

●Platform Supply Vessel (PSV)

PSVs are "sea trucks" used mainly to transport materials and fuel to offshore rigs.
The company's new PSVs , with length 95 meter and width 20 meter , are among the world's largest, with deadweight capacity of 5,100 tons and deck area of 1,100 square meters. Those vessels also have latest equipment and systems such as DPS.

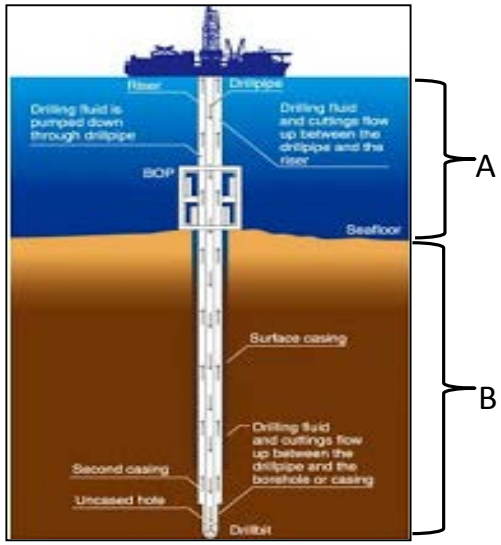
Dynamic Positioning System (DPS)

DPS is a system that automatically controls the ship's position by using seven propulsion units with respect to measured ship's position by means of position reference systems such as a GPS and HPR.



③ Drillship Business

MV"ETESCO TAKATSUGU J"



Particulars of Etesco Takatsugu J

Length overall: 218 meters
Breadth: 42 meters
Displacement tonnage: 90,600tons
Rated water depth (A) : 10,000 feet (3,000 meters)
Drilling depth (A+B) : 40,000 feet (12,000 meters)

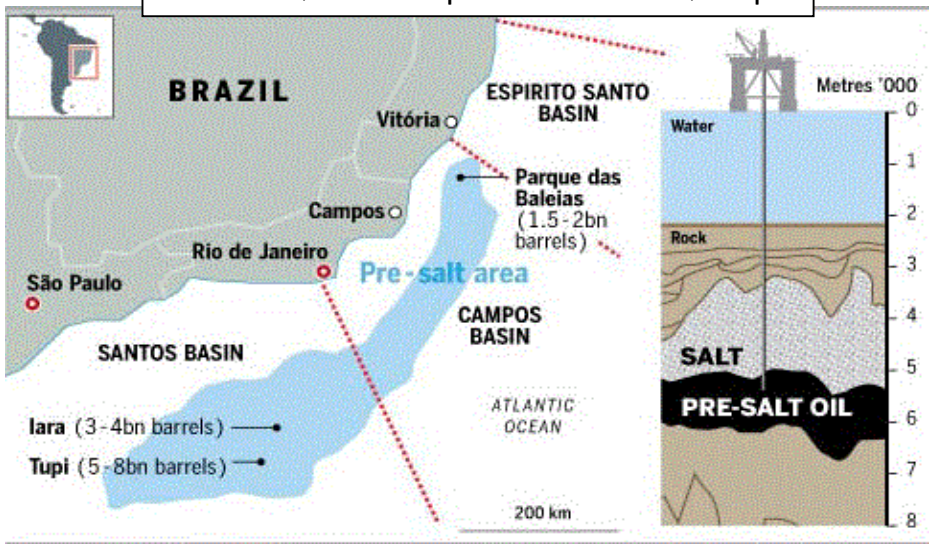
●Ultra-Deepwater Drillship Now in Operation in Petrobras Pre-Salt Oil Field off Brazil

Named "Etesco Takatsugu J," the drillship is the most advanced of its type in the world and was constructed at Samsung Heavy Industries Co., Ltd. of South Korea in 2011. It is capable of drilling in water depths of 10,000 feet (3,000 meters) and down to 30,000 feet (9,000 meters) below the seabed. This ship has been under charter to Petrobras since April 2012.The first well will be drilled in the Franco SW block in water approximately 2,000 meters deep about 200 kilometers off Rio de Janeiro. The area is located in pre-salt fields in which Petrobras holds an interest.

The drillship is owned by Etesco Drilling Services, LLC, a company that was established in the United States with the four Japanese companies(*4J) holding equity stakes totaling over 85 percent. (*4J = Nippon Yusen Kabushiki Kaisha , Mitsui & Co., Ltd., Kawasaki Kisen Kaisha, Ltd. , and Japan Drilling Co., Ltd.)

In recent years, there have been numerous discoveries of large oil and gas fields in pre-salt areas in Brazilian coastal waters, and there is worldwide interest in these massive deposits. The region concerned is believed to have the potential for further development and is a priority area for Petrobras. Through this business, the four Japanese companies will contribute to exploration for oil and gas in the promising fields.

PRE-SALT（Ultra Deep Water Oil Field）Map



Source: http://blogs.ft.com/energy-

8. Financial Data <8-1. Trends of Major Financial Figures>

(Unit : Million Yen)

Our Financial Term	117th Ended in '85 Mar.	118th Ended in '86 Mar.	119th Ended in '87 Mar.	120th Ended in '88 Mar.	121st Ended in '89 Mar.	122nd Ended in '90 Mar.	123rd Ended in '91 Mar.	124th Ended in '92 Mar.	125th Ended in '93 Mar.	126th Ended in '94 Mar.	127th Ended in '95 Mar.	128th Ended in '96 Mar.	129th Ended in '97 Mar.	130th Ended in '98 Mar.	131st Ended in '99 Mar.	132nd Ended in '00 Mar.	133rd Ended in '01 Mar.	134th Ended in '02 Mar.	135th Ended in '03 Mar.	136th Ended in '04 Mar.	137th Ended in '05 Mar.	138th Ended in '06 Mar.	139th Ended in '07 Mar.	140th Ended in '08 Mar.	141th Ended in '09 Mar.	142th Ended in '10 Mar.	143th Ended in '11 Mar.	144th Ended in '12 Mar.	145th Ended in '13 Mar.	146h Ended in '14 Mar.
No. of Consolidated Subsidiaries	20	20	24	27	31	39	48	53	53	59	82	90	95	91	88	87	93	114	142	177	186	207	220	275	311	319	316	288	288	293
No. of Equity Method Affiliates	11	11	10	10	7	6	10	10	11	11	10	11	12	13	17	21	19	17	18	18	18	26	28	28	30	30	29	26	27	27
Total	31	31	34	37	38	45	58	63	64	70	92	101	107	104	105	108	112	131	160	195	204	204	248	303	341	349	345	314	315	320
Marine transportation operating revenues	417,404	395,279	309,293	312,946	323,908	383,541	394,933	413,470	402,960	359,809	361,318	352,090	378,793	411,893	416,308	398,602	464,341	493,832	540,208	633,564	730,633	831,638	961,419	1,203,183	1,132,348	837,949	890,921	859,202	1,004,945	1,117,524
Other operating revenues	53,236	52,338	50,623	49,923	65,479	71,010	93,173	97,765	95,883	84,283	87,651	98,004	103,827	105,862	96,791	87,090	93,527	77,181	92,516	91,102	97,810	109,180	124,120	127,865	111,969	83	94,163	113,108	129,825	106,601
Total Operating Revenues	470,640	447,617	359,916	362,869	389,387	454,551	488,107	511,235	498,843	444,093	448,969	450,095	482,620	517,755	513,100	485,693	557,869	571,013	632,725	724,666	828,443	940,818	1,085,539	1,331,048	1,244,317	838,032	985,084	972,310	1,134,771	1,224,126
Marine transportation cost	361,772	348,040	275,833	276,898	273,747	319,454	330,387	335,125	333,645	298,281	289,322	272,963	299,352	322,695	338,768	323,902	370,014	410,022	446,189	496,401	550,443	659,447	811,439	973,758	966,226	713,084	748,012	817,051	880,475	988,033
Other cost	46,746	49,173	52,106	52,684	58,979	68,718	85,524	93,761	92,140	79,831	87,879	103,784	108,403	116,961	103,075	87,839	103,351	92,740	105,816	105,151	115,656	132,356	146,408	153,259	139,119	110,938	113,984	129,811	158,743	135,202
Total Cost of Sales	408,518	397,213	327,939	329,582	332,726	388,172	415,912	428,886	425,786	378,112	377,201	376,748	407,755	439,656	441,843	411,741	473,365	502,762	552,006	601,552	666,099	791,803	957,847	1,127,017	1,105,346	824,022	861,996	946,863	1,039,218	1,123,236
Gross Profit on Sales	62,122	50,404	31,977	33,287	56,661	66,379	72,194	82,348	73,057	65,981	71,767	73,347	74,865	78,098	71,256	73,951	84,504	68,251	80,719	123,113	162,343	149,015	127,692	204,030	138,970	14,010	123,088	25,447	95,552	100,889
Selling, General and Administrative Expenses	35,171	35,675	34,239	32,531	41,458	44,100	57,260	63,094	60,155	59,779	60,594	49,280	51,265	51,176	49,748	47,133	48,494	49,202	51,436	52,579	54,289	61,039	66,335	74,381	67,367	66,085	64,478	66,010	80,666	72,035
Operating Income	26,951	14,729	△ 2,262	756	15,203	22,279	14,934	19,254	12,902	6,202	11,173	24,067	23,599	26,922	21,507	26,817	36,009	19,048	29,282	70,534	108,053	87,976	61,356	129,648	71,603	▲ 52,074	58,609	▲ 40,563	14,886	28,854
Interest and Dividends Received	2,995	2,662	2,240	2,000	2,135	2,559	3,267	2,748	2,716	2,046	1,588	1,701	1,960	1,841	2,157	2,100	1,992	1,463	1,332	1,904	2,030	3,213	5,696	6,547	4,962	2,723	2,749	4,078	4,513	3,505
Equity in Earnings of Affiliates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	797	654	312	178	208	528	790	–	1,572	1,642	1,120	0	101	546	2,381	2,756
Other Non-operating Income	1,772	8,190	13,517	14,939	7,588	6,655	9,203	6,241	6,402	6,305	4,188	5,570	1,344	1,304	1,442	1,944	1,164	1,680	1,118	827	1,319	2,590	1,763	2,004	1,643	2,427	1,974	1,955	20,768	9,546
Total Non-operating Income	4,767	10,852	15,757	16,939	9,723	9,214	12,471	8,990	9,121	8,354	5,778	7,273	3,306	3,146	4,398	4,699	3,470	3,323	2,659	3,261	4,140	5,804	9,032	10,193	7,727	5,150	4,825	6,581	27,664	15,808
Interest and Discount Expenses	18,386	17,264	17,455	17,574	17,902	21,297	22,443	22,457	17,159	13,746	12,767	17,720	15,840	15,652	15,128	11,591	12,240	9,478	6,487	5,451	4,546	4,336	4,228	5,105	6,181	7,797	8,564	9,261	12,262	10,984
Other Non-operating Expenses	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	129	–	–	–	379	–	–	–	–
Other sales Expenses	2,218	833	1,370	1,114	636	2,869	2,688	2,946	2,367	2,752	2,913	3,636	2,734	3,610	5,281	5,564	434	925	1,781	5,778	412	742	2,233	8,869	13,138	11,170	7,521	5,711	1,699	1,223
Total Non-operating Expenses	20,604	18,097	18,825	18,688	18,538	24,166	25,131	25,404	19,526	16,499	15,681	21,356	18,574	19,262	20,411	17,157	12,675	10,403	8,269	11,230	4,959	5,207	6,461	13,974	19,320	19,348	16,085	14,973	13,961	12,208
Ordinary Income	11,114	7,484	△ 5,330	△ 993	6,388	7,327	2,274	2,840	2,496	△ 1,943	1,271	9,983	8,331	10,806	5,494	14,358	26,804	11,968	23,672	62,564	107,235	88,573	63,927	125,867	60,010	▲ 66,272	47,350	▲ 48,955	28,589	32,454
Extraordinary Income	2,900	3,493	5,838	13,275	6,639	2,647	2,829	10,753	2,957	9,898	10,745	5,043	6,920	2,927	7,899	4,232	2,579	14,505	4,263	1,860	1,980	8,498	14,384	11,834	6,392	17,782	7,900	15,584	16,286	8,328
Extraordinary Losses	6,191	7,894	7,138	20,491	12,124	2,574	1,760	4,648	2,935	4,068	6,817	9,817	5,915	7,987	7,376	7,899	26,776	18,226	9,255	9,398	13,704	1,793	1,959	873	20,630	47,865	5,041	15,767	12,008	13,539
Income before Income Taxes	7,823	3,083	△ 6,630	△ 8,209	903	7,400	3,342	8,946	2,518	3,886	5,199	5,208	9,336	5,745	6,018	10,691	2,606	8,247	18,680	55,026	95,510	95,278	76,352	136,828	45,772	▲ 96,355	50,209	▲ 49,138	32,867	27,244
Income Taxes :current	3,084	2,995	1,323	1,202	1,762	4,839	6,193	4,386	5,037	1,334	1,780	2,649	3,387	4,074	4,044	4,855	8,626	3,985	8,662	20,103	37,420	27,126	23,006	47,579	6,997	3,846	5,297	5,123	7,585	7,244
Income Taxes for prior years	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	▲ 1,053	–	–
Deffered Corporate Tax (△=Plus)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	△ 1,198	△ 8,348	△ 1,090	△ 872	857	△ 3,209	3,952	315	2,422	1,188	▲ 34,131	13,002	▲ 13,432	11,902	1,333
Minority Shareholders' Interests (△=Plus)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	377	192	380	585	518	870	1,446	1,775	1,516	3,815	5,165	2,650	1,306	1,575	2,710	2,024
Minority Shareholder Income/Loss (△=Plus)	64	△ 130	△ 361	△ 625	197	210	489	623	398	△ 114	△ 141	30	333	250	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Foreign Currency Exchange Adjustaments (△=Plus)	△ 31	61	△ 813	△ 618	△ 669	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Equity in Earnings of Affiliates ('+'=Plus)	96	3	222	124	279	336	248	418	209	119	152	306	687	248	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Net Income	4,802	160	△ 6,557	△ 8,044	△ 108	2,687	△ 3,092	4,355	△ 2,707	2,787	3,712	2,834	6,303	1,667	1,596	6,843	1,948	4,767	10,373	33,196	59,852	62,423	51,514	83,011	32,420	▲ 68,721	30,603	▲ 41,351	10,669	16,642
Total Assets	439,903	441,476	461,444	447,644	437,795	461,068	505,026	518,672	506,988	467,293	429,477	522,836	557,892	576,109	522,498	514,802	513,797	533,295	515,824	559,135	605,331	757,040	900,438	968,629	971,602	1,043,884	1,032,505	1,066,648	1,180,433	1,254,741
Shareholders' Equity ('Net Assets' from the Year Ended in '07 Mar.)	57,901	67,850	61,074	51,674	51,933	54,971	50,501	55,245	51,604	53,894	57,163	60,235	66,773	68,435	68,606	74,131	68,647	77,716	82,039	121,006	181,276	257,809	–	–	–	–	–	–	–	–
Net Assets																							357,624	376,277	356,152	331,864	314,986	259,934	361,975	410,688
Shareholders' Equity of Net Assets																							344,476	355,763	334,772	343,619	291,669	242,572	340,571	388,837
Average Exchange Rate	244.00	221.73	159.91	138.49	128.31	142.85	141.29	133.18	124.84	107.85	99.43	96.48	112.70	122.68	128.27	111.62	109.71	125.11	122.29	113.97	107.46	113.09	116.91	115.29	100.82	93.04	86.04	79.06	82.33	99.75
Ordinary Income on Operatnig Revenues	2.36%	1.67%	–	–	1.64%	1.61%	0.47%	0.56%	0.50%	–	0.28%	2.22%	1.73%	2.09%	1.07%	2.96%	4.80%	2.10%	3.74%	8.63%	12.94%	9.41%	5.89%	9.46%	4.82%	–	4.81%	–	2.52%	2.65%
ROE	8.61%	0.25%	–	–	–	5.03%	–	8.24%	–	5.28%	6.68%	4.83%	9.93%	2.47%	2.33%	9.59%	2.73%	6.51%	12.99%	32.70%	39.60%	28.43%	17.12%	23.71%	9.39%	▲ 21.38%	10.20%	–	3.13%	4.28%
Interest Bearing Liability	283,504	286,536	319,172	309,105	295,912	311,468	348,861	350,201	349,777	318,820	272,775	373,559	394,619	404,633	367,352	348,601	331,482	335,620	306,573	281,809	239,249	278,233	326,187	329,716	439,621	516,000	483,362	592,522	629,864	643,794
Financial Account Balance	△ 15,391	△ 14,602	△ 15,215	△ 15,574	△ 15,767	△ 18,738	△ 19,176	△ 19,709	△ 14,443	△ 11,700	△ 11,179	△ 16,019	△ 13,880	△ 13,811	△ 12,971	△ 9,491	△ 10,248	△ 8,015	△ 5,155	△ 3,547	△ 2,516	△ 1,123	1,468	1,442	△ 1,219	▲ 6,014	▲ 5,815	▲ 5,182	▲ 7,749	▲ 7,476
The Ratio of Consolidated to Non-Consolidated (Operating Revenues)	1.18	1.19	1.25	1.24	1.30	1.28	1.34	1.33	1.34	1.32	1.34	1.37	1.38	1.36	1.33	1.34	1.32	1.27	1.27	1.24	1.26	1.27	1.27	1.25	1.30	1.32	1.28	1.32	1.36	1.28
(Operating Income)	1.49	1.58	–	–	2.21	1.66	2.66	2.21	2.21	2.62	1.53	1.88	1.92	1.57	1.68	1.60	1.47	2.30	1.48	1.28	1.27	1.55	2.18	1.45	2.91	–	1.41	–	–	3.89
(Ordinary Income)	1.57	1.53	–	–	3.59	1.41	2.18	1.65	2.11	–	1.29	1.02	1.20	1.05	0.67	1.29	1.24	1.68	1.44	1.26	1.23	1.53	2.00	1.42	2.89	–	1.15	–	2.10	1.78
(Net Income)	1.46	–	–	–	–	0.88	–	1.20	–	–	70.04	1.78	3.48	0.74	0.53	1.69	0.43	1.71	1.59	1.36	1.22	1.61	2.04	1.41	40.58	–	1.24	–	–	1.47
(Total Assets)	1.34	1.34	1.39	1.41	1.44	1.53	1.63	1.63	1.69	1.67	1.69	2.13	2.19	2.23	2.16	2.12	2.13	2.06	1.92	1.69	1.61	1.57	1.74	1.79	1.95	1.83	1.78	1.91	2.05	1.89
Non-Consolidated (Operating Revenues)	399,026	376,780	288,602	291,652	300,366	355,085	363,942	384,257	372,516	335,758	334,859	328,123	348,613	379,602	385,482	362,029	424,021	449,157	499,791	584,957	658,699	742,568	857,278	1,063,705	960,108	631,747	772,321	737,994	834,217	953,577
(Operating Income)	18,121	9,322	△ 7,505	△ 3,975	6,884	13,453	5,622	8,731	5,846	2,363	7,319	12,788	12,281	17,171	12,766	16,809	24,444	8,299	19,843	55,068	85,288	56,678	28,103	89,715	24,612	▲ 59,462	41,656	▲ 49,375	▲ 7,017	7,413
(Ordinary Income)	7,065	4,893	△ 6,304	△ 2,260	1,777	5,182	1,045	1,719	1,181	△ 588	988	9,827	6,949	10,258	8,233	11,133	21,582	7,115	16,434	49,670	86,873	57,849	31,941	88,422	20,762	▲ 53,731	41,162	▲ 48,748	13,643	18,234
(Net Income)	3,279	△ 1,346	△ 6,953	△ 6,019	△ 2,009	3,044	3,224	3,615	△ 1,280	△ 2,457	53	1,593	1,811	2,244	3,015	4,042	4,532	2,786	6,535	24,452	49,012	38,820	25,250	58,938	799	▲ 56,949	24,620	▲ 37,044	▲ 4,168	11,353
(Total Assets)	327,856	328,925	332,692	316,538	303,906	301,968	310,498	317,388	300,579	279,380	253,502	245,896	255,032	258,367	241,432	242,278	241,295	259,200	269,140	329,965	376,344	481,541	518,500	541,450	498,021	569,028	580,087	557,862	575,488	663,658
Dividened/share (yen)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	3.0	4.0	5.0	3.0	5.0	10.0	16.5	18.0	18.0	26.0	13.5	0.0	9.5	0.0	2.5	4.5

*1: Basically those figures are quoted from annual security report ('Yuka Shoken Hokokuisho'), which is mentioned by the million, and figures are rounded to the nearest million till 122nd, and rounded down, thereafter.

9. Panama Canal Expansion Program

【The Panama Canal 】

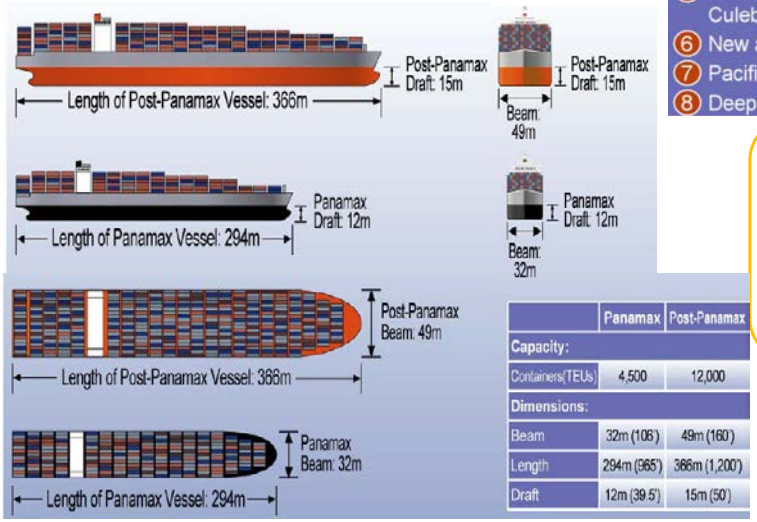
The Panama Canal is approximately 80 kilometers long between the Atlantic and Pacific Oceans and the Canal is composed of three locks and lakes.
The Canal today has two lock lanes. The plan consists of adding a third lane with large locks including dredging etc, in order to make it possible for large containership more than 12,000 TEU size to transit the canal. It is scheduled to be completed during end 2015.(77% of construction work completed as of July 2014)

■Maximum ship which can pass current canal (Panamax)
Beam: 32.3m
LOA: 294.1m
Draft: 12.04m

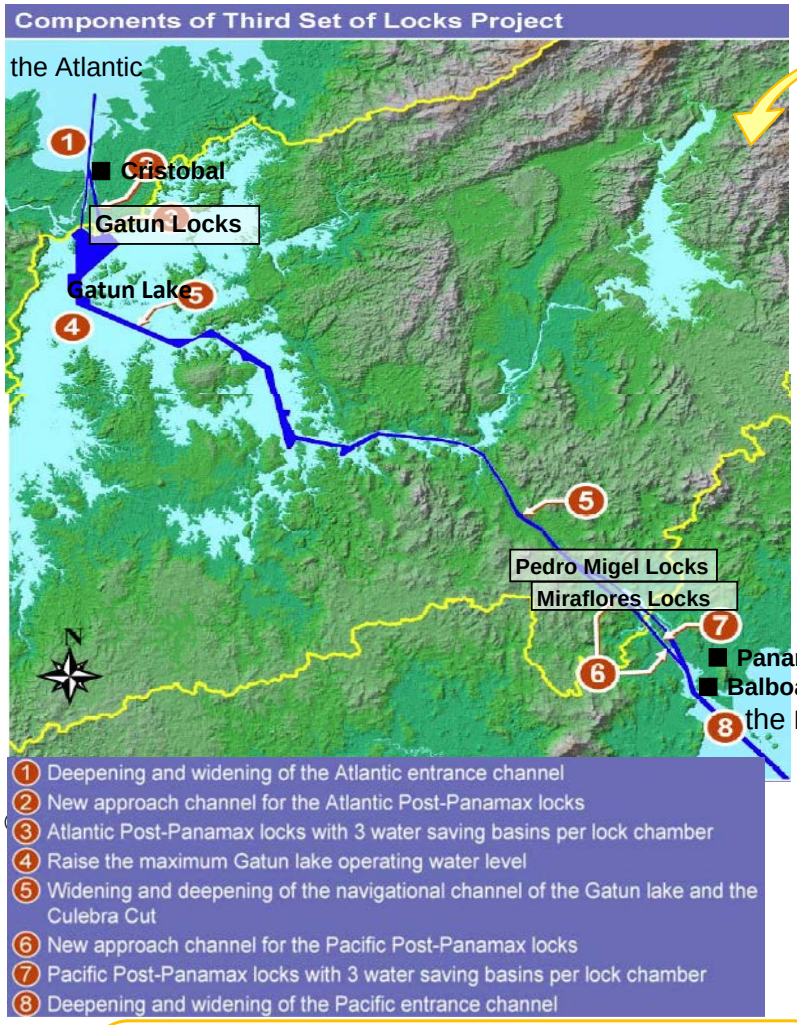
■Maximum ship after completion of third lane.
(present plan)
Beam: 49m
LOA: 366m
Draft: 15.2m

Generally, maximum depth of Capesize is 17-18 meter

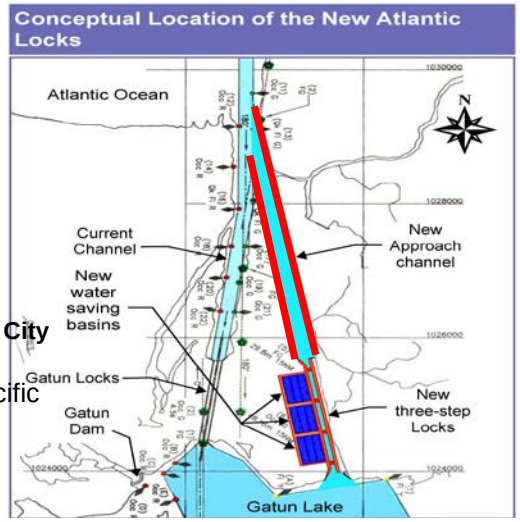
⇒For further information, please check website of The Panama Canal Authority (
http://www.pancanal.com/eng/expansion/index.html
(see drawing below)



	Panamax	Post-Panamax
Capacity:		
Containers(TEUs)	4,500	12,000
Dimensions:		
Beam	32m (106')	49m (160')
Length	294m (965')	366m (1,200')
Draft	12m (39.5')	15m (50')



New Atlantic Locks to be located at east current GatunLocks



New Pacific Locks to be located at south west current Miraflores Locks

★How much is the Panama Transit Fee ? ★
⇒it varies so much by ship type and size,
■ In case of 4700TEU Containership(Panamax)
⇒ About $ 380,000/per transit （as of 2012）
*Transit fee as of 2003 was abount $130,000/per transit and it has increased three times more than that time. Further price hike is big problem for shipping industry.

⇔Suez Canal Toll for the same size containership is approx. US$300,000.
Service routes from Asia to USEC via Suez Canal which are available for further bigger ships have increased recently.

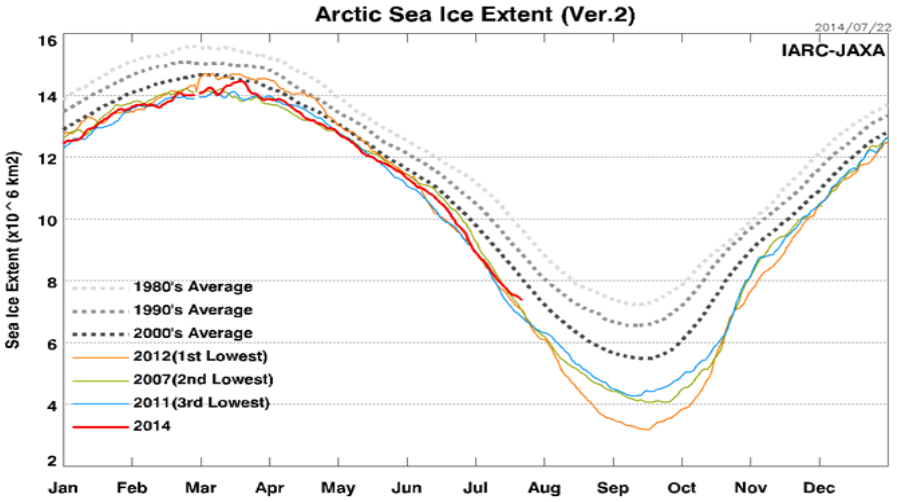
(Unit: No.of Services(Capacity))

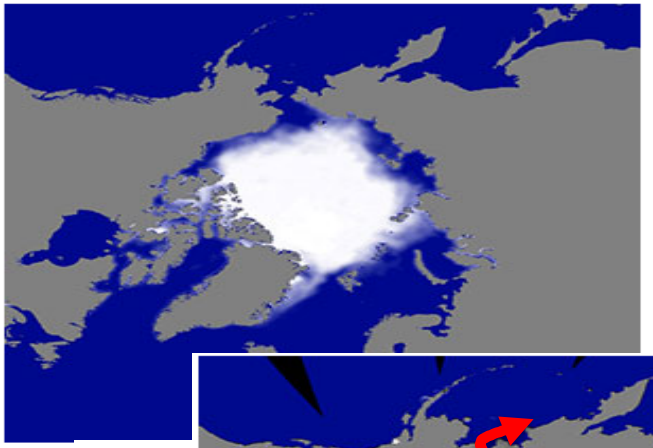
	08 3Q	13 3Q
via Panama Asia-USEC	17 (88,000)	17 (77,000)
via Suez Asia-USEC	3 (15,000)	8 (55,000)

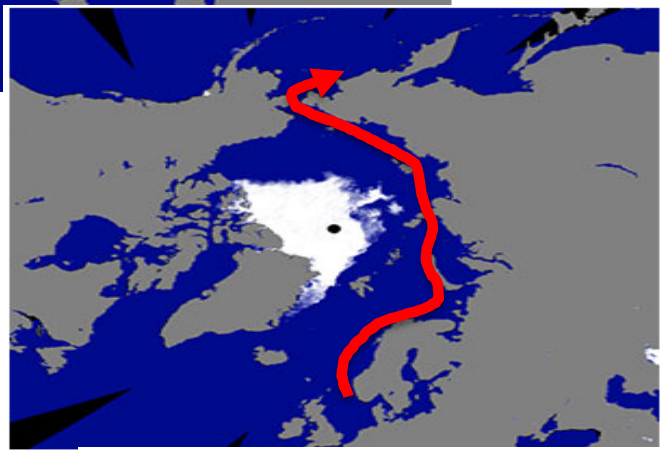
10. Northern Sea Route (NSR)

Sea ice extent has declined in the Arctic Sea in summer season (around September) year by year impacted by global warming, so that merchant vessels can pass through.

Sea ice melting in the Arctic Sea
Sea ice extent recorded the historically smallest observation, 3.49 million km2 in September 2012. In summer season more vessels could go through the Arctic Sea. According to a computation, in case sea ice distribution keeps to shrink with the same pace, it may disappear in summer season by 2030～2040s.

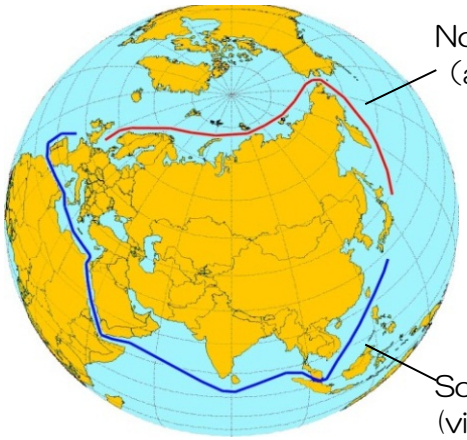






★ NSR Traffic
2009 2 times (first commercial ships)
2010 4 times (cargo: 110k tons)
2011 34 times (cargo : 820k tons)
2012 46 times (cargo: 1,260k tons)

The smallest ice extent on record
16 September 2012
Photograph from 'Shizuku' /AMSR2 (under



＜Economic Valuation Study＞
Voyage ： Kirkenes（Norway）⇒ Qingdao（China）
Distance ：5,699miles shortened（12,234mile - 6,535mile）
Days ： 20knots/hr. ⇒approx.12 days shortened
Fuel Oil ： 120tons/day⇒approx.1,400tons decreased
Fuel Cost： US$600/ton⇒approx.**US$840,000 saved**
Other Fees：(NSR toll, escort service in the NSR, extra ship costs、Suez Canal toll, etc.）Variable depending on ship-type

＜Reference＞

＊Distance from Rotterdam (Nautical Mile)			
	NSR	via Suez	diffrence
Tomakomai	7,200	11,650	4,450
Yokohama	7,550	11,300	3,750
Pusan	7,850	10,900	3,050
Shanghai	8,400	10,600	2,200

☆ **Benefit from fuel oil cost saving due to shortened navigation distance is not always over other various fees depending on ship-type, speed, fuel oil consumption, etc.**

11. "K" Line Overview <11-1. Corporate Governance System>

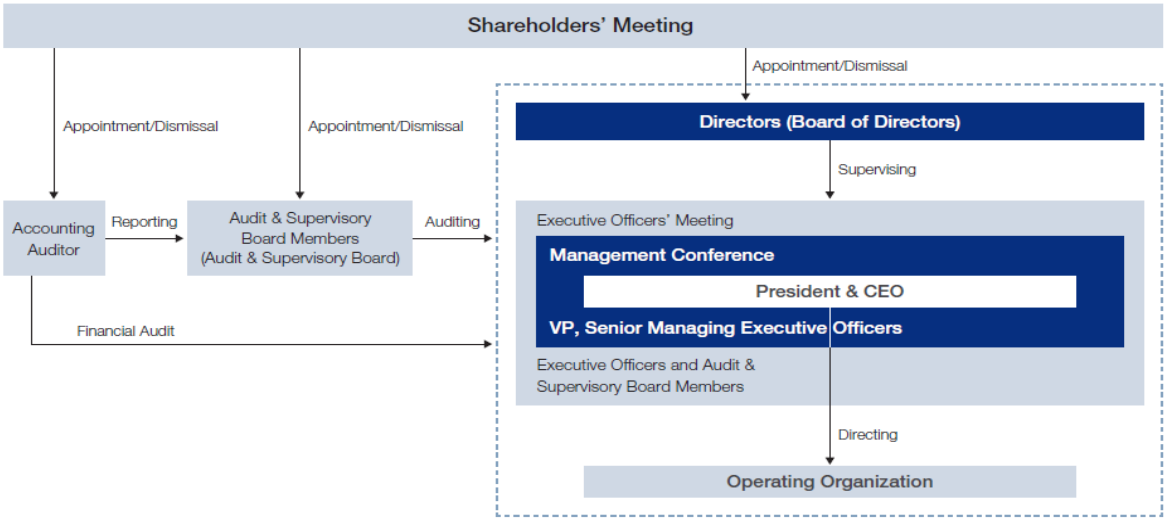
Chart: "K"Line Corporate Governance System

Corporate Governance Structure

Structure of Our Business Operation, Management Monitoring, and Internal Control

Corporate Governance Structure

(As of July 1, 2014)



///Promotion of Compliance///

◎Group-wide efforts for developing a compliance system
・We have installed a Compliance Committee chaired by the president that discusses strategies and countermeasures to ensure compliance is maintained throughout the entire Group.
・We have also installed a dedicated division (CSR & Compliance Division) to enhance awareness on compliance to executives and regular employees through training courses and other activities.

◎Compliance Month
・To increase the thoroughness of our Group's compliance even further, we began designating a Compliance Month, starting in FY2011. During this month, we carry out various awareness-raising activities such as holding seminars for the management of our company and Group companies and sending notices out to Group companies.
・Spreading awareness about the UK Bribery Act throughout the Group in Japan and overseas.We also provided training courses on competition laws, including the Antimonopoly Act of Japan and the European Union Competition Law.

◎Response by the Compliance Committee
・If an alleged compliance violation has occurred, the issue is referred to the company's Compliance Committee which sets out the procedures to be followed, the Compliance Committee conducts an investigation and then issues instructions to correct or cease the violation. If the issue concerns "K" Line, the Executive Officer in charge of personnel affairs will propose any disciplinary action to be taken under the working regulations.Under the "Rules on Operation of Compliance Committee," the Compliance Committee is obliged to keep strictly confidential the names of whistle-blowers and the details of deliberations including the name, departments, or any other information that would permit identification of the persons involved in the matter, and permits them to consult with attorneys.

◎Investigating awareness of the Hot Line System
・We have introduced a whistle-blowing system called the "Hot Line System." In addition to an internal contact, we have also appointed lawyers as external contacts.

◎Initiatives for protecting personal information
・We have developed a set of privacy policies and a personal information management code. We also undertake related training and education to further refine our system for protecting personal information.

<Structure of Business Operation> Striving to improve corporate value under a governance structure

We apply the Executive Officer System, under which we streamline our management through the transfer of authority and prompt decision-making.

Board of Directors

The Board of Directors meets at least once every month. At the Board, our Directors make decisions on basic management policies, matters stipulated by laws and regulations, and other significant management issues. They also supervise the performance of duties by Executive Officers and our staff members. Of the 10 Directors, two are Outside Directors stipulated by the Companies Act of Japan.

Executive Officers' Meeting

This Meeting is held twice a month, in principle, and is attended by Executive Officers and Auditors. Participants help the President to make decisions through frank discussions, in addition to sharing information and ensuring compliance.

Auditors / Board of Auditors

Three of the four Auditors are Outside Auditors specified in the Companies Act of Japan. The audit policy, audit plans, and other related matters are determined by the Board of Auditors, aiming for a fast, functional auditing process. Among other activities, auditors attend meetings of the Board of Directors and other important meetings and inspect documents showing final decisions, auditing the work of Directors as an independent organization. We also appoint dedicated staff to assist auditors.

Management Conference

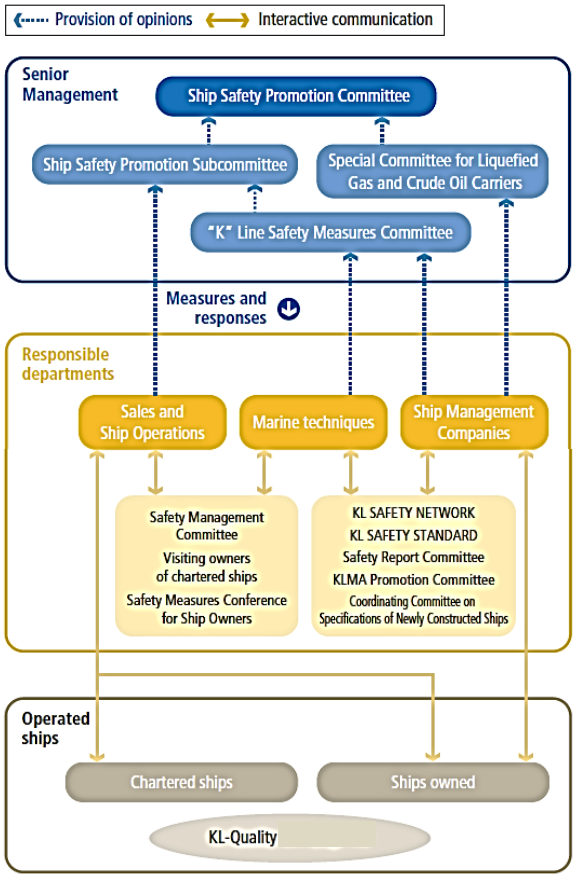
The Management Conference holds discussions and exchanges opinions every week, in principle, and is attended mainly by Senior Managing Executive Officers and higher-level Executive Officers. Depending on the agendum, others may be invited to the Conference.

11-2. Safety in Navigation and Cargo Operations

Safety Operation – The Key Element of a Shipping Business.

Establishing and maintaining safety in navigation and cargo operations, environmental preservation, and economically efficient operations are the permanent missions of the "K" Line Group in its shipping business. Above all, safe navigation and cargo operations are the foundation of our business. For this reason, we are committed to building a secure system for establishing and maintaining this foundation.
In "K" LINE Vision 100, the medium-term management plan we developed in April 2008, we once again defined that a secure system for managing safety in navigation and cargo operations is at the core of all of our business activities. We subsequently reviewed the medium-term management plan and adopted "K" LINE Vision 100 Bridge to the Future in April 2012 , in reviewing the Plan, we reconfirmed that establishing a system for safe navigation and cargo operations, with the continuous effort to environment preservation, was an absolutely critical and inalterable requirement.

"K" Line Group's System for Safety Management



Ship Safety as the Pillar of Management

The Ship Safety Promotion Committee embodies the comprehensive and systematic measures we take to ensure safety in navigation and cargo operations. It was established in 1983 as an internal committee, and its activities later encompassed Group companies responsible for ship management. The main tasks of this Committee, which meets every quarter, include aggregating defect reports during the period under review, analyzing their causes, and developing necessary responses. In addition, the Committee acts on all safety-related matters from every possible viewpoint, such as responding to international treaties, sharing new technical information, and recently considering measures against piracy in the Gulf of Aden, etc.

Supporting People's Lives and Industrial Activities

Among the many modes of transport, ocean transport plays an important role in international trade, as it ensures the economical transportation of large volumes of freight for long distances. In Japan's foreign trades, for example, ocean transport is used for as much as 99.7% of all cargo in weight basis., which include sources of energy such as crude oil, LPG, LNG, and coal, raw materials including iron ore, gypsum, feed, and grain, and consumables such as automobiles and home electric appliances. Ocean transport is an extremely important part of the logistics infrastructure to carry these essential goods for people's lives and industrial activities. .

Activities for maintaining safe navigation and cargo operations are designed to deliver cargo that we are entrusted safely and reliably to customers as well as to ensure the safety of crew members and ships. These activities are also essential for maintaining the international logistics infrastructure, and so constitute part of our social responsibility. We never forget this fact in our daily work.

Safety Management System (SMS)

SMS is a system required by law. It is aimed at securing safe systems and environments for work during ship operations, establishing preventive measures for all predictable dangers, and continuously improving the safety management skills of both shore staff and crew members, including skills in preparing for emergencies related to safety and environmental preservation. At the "K" Line Group, we not only comply with the provisions of SMS, but also make additional efforts based on our own standard to establish a system for managing safety in navigation and cargo operations.

Emergency Response Drills: Always Ready for Emergencies

What should our Company or employees do if a ship has been involved in a collision and fuel oil is spilling, for example? We have set out the actions we need to take in such an emergency in our Emergency Response Manual. Based on this manual, we regularly conduct emergency response drills to maintain and improve the response capabilities of staff members and departments. We conducted our latest drill in February 2013 by assuming a large-scale oil spill and confirmed the functions of the manual. We also discussed issues on the application of the manual at a meeting after the drill so that we could refine it. The Emergency Response Manual contains the know-how we have accumulated through drills, and we are tackling further safe operation of ships each day to ensure that we never have to actually use the manual.

Education and Training Programs: "K" Line Maritime Academy (KLMA)

The KLMA is the aggregate of training facilities in Japan and overseas, providing educational, training, and development programs including crew training programs and career path programs. We train crew members to operate ships managed by the "K" Line Group based on the "KLMA Master Plan," a plan designed to pass on to the next generation the "K" Line Group's maritime technologies accumulated over many years since our establishment. In this way, we strive to build an awareness of our safety standards, safety in navigation and cargo operations, and environmental preservation, improve our maritime technologies, and pass them on to future generations.

Quality Management of Ship Maintaining a high-quality ship management structure

In addition to fulfilling our legal requirements, we have established KL-QUALITY as our original guidelines for quality management. Our ship inspectors regularly visit ships in our fleet at calling port to check compliance with KL-QUALITY. Inspection results are reported to and shared with related departments. If there are any recommendations in the inspection, ship owners or ship management companies are asked to rectify them. In this way, we maintain and improve ship quality to ensure safe operation of our fleet.

11-3. Environment Preservation

The seas are the stage where our industry comes into play. It brings various benefits to humanity with ships that are an energy-efficient and eco-friendly mode of transportation. We are required to defend the earth, to make best use of its limited resources and to promote recycling.
Respecting and defending humanity´s beautiful and rich homeland is a social responsibility businesses must fulfill and also is an important homework assigned to us who are living in the 21st century.

"K" LINE and its entire Group have long been tackling environmental preservation/protection issues simultaneously with our pursuit of perfection in safe navigation and cargo operations.
We established "K" LINE Group´s Environmental Policy in order to further assure that all people within and outside the Group are well aware of how we are poised to effectively focus on environmental matters.

"K"LINE Group's Environmental Policy

Core Concept

The "K" LINE Group is aware and recognizes that addressing environmental concerns is an issue shared by all mankind. Therefore, the "K" LINE Group is taking proactive measures as an essential condition for its existence and conducting a business enterprise, striving to reduce the environmental impact of its business activities, and seeking to contribute to the development of a sustainable society.

Conduct Guidelines

1. We are setting objectives and targets for environmental preservation and making improvements on an ongoing basis to reduce the impact on the environment from our business activities. Furthermore, we are complying with all environmental treaties, laws and regulations as well as policies and voluntary standards to which the "K" LINE Group has consented.
2. We are striving to protect the global and marine environment through fleet-wide implementation of safe operation practices and are establishing the organizations and structures necessary for such implementation.
3. We are promoting research, development and introduction of ship facilities and equipment to improve ship energy efficiency and operating efficiency, which results in reduction of greenhouse gas emissions and the prevention of atmospheric pollution.
4. In consideration of biodiversity, we are maintaining an awareness of the impact that the transport of ballast water and living organisms that attach to ship hulls have on ecosystems and working to protect those ecosystems.
5. We are contributing to establish a recycle-based society by promoting the 3Rs (reduce, reuse and recycle) and promoting the effective re-use of resources, including ship recycling.
6. The entire "K" LINE Group is and will continue to support and participate in social contribution activities intended to protect the environment.
7. We are conducting education and training to elevate awareness and understanding of environmental preservation issues among each member of the entire "K" LINE Group.

Revised in August 2012

Using Environmental Management System (EMS) for environmental preservation

We have established EMS based on ISO 14001(*1) and operate it to identify the environmental impact and minimize it constantly. In February 2002, we obtained certification for our EMS from a third-party organization, and began operating it. Since then, we have been striving to enhance our environmental activities by confirming through reviews conducted annually and at the time of renewals to ensure that our EMS complies with the ISO 14001(*1) standard, is conducted in line with the PDCA cycle, and is improved and corrected accordingly.

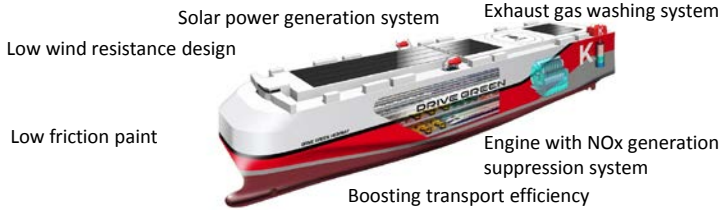
*1 ISO 14001
ISO 14001 is an international EMS standard set by the International Organization for Standardization (ISO). Requirements for the EMS are stipulated in ISO 14001.

"K" Line Report 2014

Until 2013, "K" Line's Annual Report and Social and Environmental Report were published separately, according to their respective editorial policies. Beginning in 2014, the Group is integrating both aspects into "K" Line Report 2014, with the goal of helping all stakeholders better understand "K" Line's corporate activities and the Company's perspective for the medium- and long-term. The theme of this report is "sustainable growth as a global carrier", under which we explain our medium- to long-term vision and the factors supporting the "K" Line Group's sustainable growth, along with our initiatives in safety in navigation and cargo operation, environmental preservation, and human resource development aimed at being a trusted, valuable corporate entity.
The "K" Line Group utilizes print publications and its website together for effi cient disclosure. Information about the Group's website is printed on the fi nal page of this report for your convenience.
"K" Line's website: http://www.kline.co.jp/en/

Drive Green Project

Flagship of environmental initiatives, a highly environment-friendly can carrier with a maximum capacity of 7,500 units.



11-4. Approach to Ballast Water Management

☆ Ballast Water
Sea water used as weight to sink hull into the sea for necessary draft to stabilize it mainly during navigation without cargo.

【Traditional Way】 During discharging cargo at ports, pump in ballast water, and out the water during loading cargo at ports

Risk that aquatic organisms in ballast water profoundly affect ecological system around loading ports as alien species
(ex.: Japanese seaweed bred in coastal area of Australia, etc.)

【Current Way】 During navigation on the open sea, replace ballast water
(For some types of vessels, ballast-free-design hull form was developed)

Ballast Water Management Convention

2004 The IMO developed and adopted "The International Convention for The Control and Management of Ships Ballast Water and Sediments, 2004" (Ballast Water Management Convention)
The convension requires that equipped the ballast water management system in vessels' hull to reduce aquatic organisms in ballast water before discharging the ballast.

Article 18 : The convention will come into effect 12 months after 30 countries representing a combined ☐ total gross tonnage of more than 35% of the world's merchangt fleet have ratified it.
(as of July 2013, not effective yet because combined tonnage has not reached 35%)

＜Beginning Time of Application＞
Current IMO principle：For newbuildings, basically ships laid down* after 2012 (some ship types excepted)
All commercial ships including existing ships must be euipped by 2020 as a general rule.
↓
IMO revised plan(to be deliberated in IMO Assemply in November 2013)
⇒ Application schedule varys according to period when the Convention becomes effective
For newbuildings, basically ships laid down* after the convention being effective (some ship types excepted)
Existing ships must be equipped by 2022 when the Convention comes into effect by 2016 as a general rule.

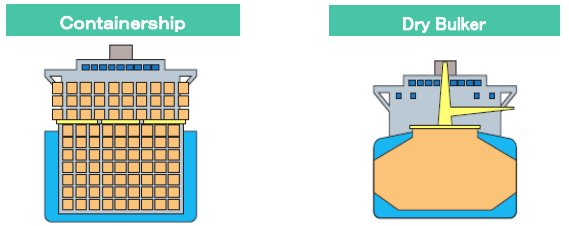
U.S. Alternative Management System by USCG (U.S. Coast Guard)

※ To be applied to ships calling at U.S.

Apart from IMO, USCG established similar homogeneours rules:
⇒Effective in June 2012; For newbuildings, ships laid down* after December 2013*.
Existing commercial ships must be euipped by 2021 as a general rule.

Started concrete feasibility study of U.S.rule for vessels calling and potential calling at U.S. despite effective date of Ballast Water Management Convention by IMO

* "Ships laid down" includes 'Ship construction' which refers to a stage of construction where:
• the keel is laid or construction identifiable with the specific ship begins; and
• assembly of the ship has commenced comprising at least 50 tonnes or 1% of the estimated mass of all structural material, whichever is less.



Source : The Japanese Shipowners' Association
「Shipping Now 2012-13」

【Ballast Water Management System Approved by IMO】

Process	Flow of Processing	Feature	Manufacture	
Filteration + UV Irradiation	・loading ballast water Loading ballast water into ballast tank after sterilization by Filteration and UV Reactor. ・discharging ballast water Discharging ballast water after sterilization by UV Reactor again.	・No need for Chemical and self-inclusive method on board. ・Using a lot of electricity.	Alfa Laval	Sweden
			Optimarine	Norway
			Panasia	Korea
			Hyundai Heavy Industry	Korea
			MAHLE Industrial Filtration	Germany
			Hyde Marine	USA
			Wuxi Brightsky Electronic	Korea
			Aura Marine	Finland
			Wartsila Water System	Netherlands
Filteration + Electrolysis	・loading ballast water Loading ballast water into ballast tank after sterilization by Filteration and Electrolysis. ・discharging ballast water Discharging ballast water after putting neutralizer if needed.	・Need for care separately because electrolysis is impossible in fresh and brackish water area. ・Require careful handling of hydrogen gas released by electrolysis. ・Using middle electricity.	Ocean Saver	Norway
			RWO	Germany
			SunRui Marine Enviroment Enginering Company	China
			Hyundai Heavy Industry	Korea
			Seven Trent DeNora	USA
			Samsung Heavy Industry	Korea
			Erma First	Greece
Electrolysis	・loading ballast water Loading ballast water into ballast tank after sterilization by Electrolysis. ・discharging ballast water Discharging ballast water after putting neutralizer if needed.	・Need for care separately because electrolysis is impossible in fresh and brackish water area. ・Require careful handling of hydrogen gas released by electrolysis. ・Using middle electricity.	Techcross	Korea
Filteration + Chemical Injection	・loading ballast water Loading ballast water into ballast tank after sterilization by Filteration and Chemical Injection. ・discharging ballast water Discharging ballast water after putting neutralizer if needed.	・Continuous arrangement of chemicals is needed. ・Require careful handling of chemicals. ・Using low electricity.	JFE Engineering	Japan
			Ecochlor	USA
			Kuraray	Japan
Ozonation	・loading ballast water Loading ballast water into ballast tank after sterilization by Ozonation. ・discharging ballast water Discharging ballast water after putting neutralizer if needed.	・Require careful handling of Ozone. ・A lot of equipment configuration. ・Using rather a lot of electricity.	NK	Korea
Others (Omission)	–	–	–	

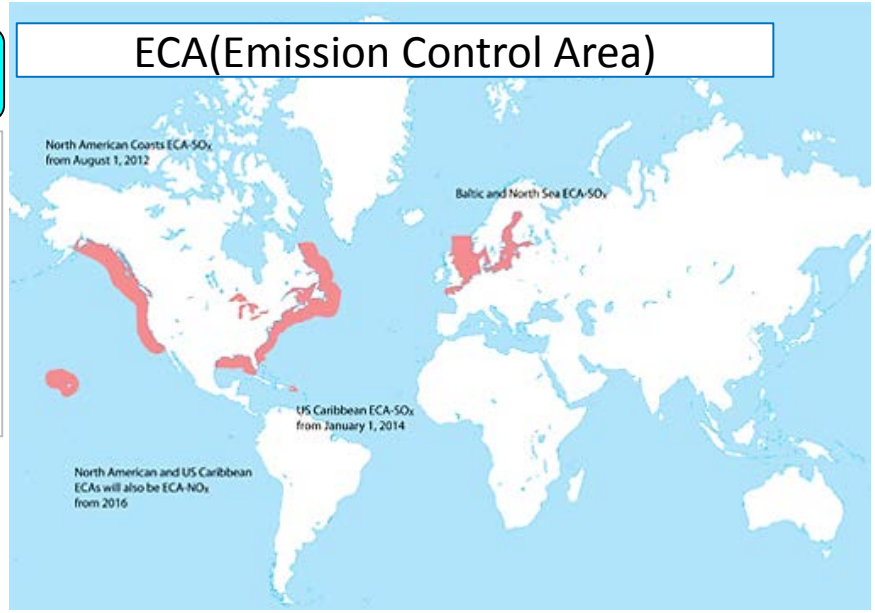
Source : Compiled by "K" Line based on Class NK website,etc.

11-5. Regulation for Exhaust Gas and Emission Control Area (ECA)

International Convention for the Prevention of Pollution from Ship (MARPOL)

Marpol Annex VI - Prevention of Air Pollution from Ship -

Marine transportation by ship is suitable for mass transportation, excellent in the energy efficiency per ton of cargo transportation compared with the means of transport of airplane, truck, etc, and also effective for mitigation of air pollution by exhaust gas. However, in order to make it be cleaner there are regulations mainly by IMO (International Maritime Organization) about toxic substances, such as SOx(Sulfur Oxide) and NOx(Nitrogen Oxide) contained in exhaust gas from ship.
On the other hand, in advance of IMO regulation, original regulations set by each countries are likely to be enhanced in specific area as ECA(Emission Control Areas) in Europe coastal countries and USA,etc.



Regulation in ECA

＜Sulfur Oxides (SOx) – Regulation＞ ECA : Baltic Sea , North Sea, USA , Canada

It is already regulated to use low sulfur bunker oil (maximum 1.0%) in European ECA. Same regulation has started from August 2012 in US coast area as well. Furthermore regulation will be enhanced from 2015 which will require very low sulfur oil (maximum 0.1%).

＜Nitrogen Oxides (NOx) – Regulation＞ ECA : USA , Canada

After 2016 Tier III will start and it is requested to decrease 80% from regulation of Tier Ⅰ.
(Tier Ⅰ includes total weighted cycle emission limit
17.0-9.8 g/kWh subject to engine's rated speed.)

☆K-Line's Countermeasure

Under current regulation it is possible to resolve by engine adjustment because we already started to use high quality bunker oil. After 2015 we will use more high quality bunker oil in order to solve SOx regulation in ECA.
(For example we are planning to use Gas Oil at high cost)
For NOx regulation applied to ships constructed in 2016 and afterwards, it is requested to install additional equipment etc, we are prepared to comply them.

Various Regulation Schedule

			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
SOx (Sulfur Oxide)	ECA	Baltic Sea , North Sea	1.5%	1.0%				0.1%					
		USA , Canada	4.5%		3.5%	1.0%		0.1%					
	Euro Port		0.1%										
	Global		4.5%		4.5%								0.5%
NOx (Nitrogen Oxide)	ECA	USA , Canada	Tier Ⅰ		Tier Ⅱ ▲15.5% - ▲21.8%				Tier Ⅲ ▲80%				
	Global								Tier Ⅱ ▲15.5% - ▲21.8%				
GHG (Greenhouse Gas)	Global					Phase 0		Phase 1 ▲10%					Phase 2 ▲20%

11-6. Brief History

Line of Presidents in "K"Line and Brief History

Company Name	President	AD	Japanese Calender	History
(Kawasaki Dockyard)	Shozo Kawsaki	1837	Tenpo 8	Born in Kagoshima
(ex. Kawasaki Heavy Industries)		1853	Kaei 6	Started trading business in Nagasaki
		1878	Meiji 11	Established Kawasaki Tsukiji Shipyard in Tsukiji, Tokyo
		1881	14	Established Kawasaki Hyogo Shipyard in Hyogo
		1896	29	Incorporated Kawasaki Dockyard Co., Ltd.
		1904	37	Started marine trasportation business, under name of KAWASAKI Marine Freight Department.
Kawasaki Kisen Kaisha Ltd.				
1	Yoshitaro Kawasaki	1919	Taisho 8	Official registration of 'Kawasaki Kisen Kaisha, Ltd.', started business with the name
2	Kojiro Matsukata	1920	9	〔1〕
		1921	10	'Kawasaki Kisen', tying up 'Kawasaki Marine Freight Department', and 'Kokusai Kisen' formed "K"LINE.〔2〕
("K"Line)				
		1927	Showa 2	'Kokusai Kisen' disengaged from "K"LINE
3	Fusajiro Kashima	1928	3	
4	Hachisaburo Hirao	1933	8	
			9	'Kawasaki Marine Freight Department' liquidated. 'Kawasaki Kisen' became the only operator for "K"LINE.
5	Masasuke Itani	1935	10	
6	Koichi Kimishima	1946	21	
		1948	23	Succeeded refloatation of KIYOKAWA MARU, sunk during the war.〔3〕
7	Motozo Hattori	1950	25	
		1951	26	Japan/Bangkok liner service inauguated.
		1953	28	Started independent oil transport service (with vessel 'Andrew Dillon')
		1960	35	Iron ore carrier "FUKUKAWA MARU" is completed.
		1964	39	Japanese shipping industry consolidated into six groups. "K"Line merged with Iino Kisen〔4〕
		1968	43	"K"Line's 1st full-container ship "GOLDEN GATE BRIDGE"delivered. "TOYOTA MARU NO.1"('Car Bulker') delivered
8	Mamoru Adachi	1970	45	"TOYOTA MARU NO.10", the first Pure Car Carrier in Japan delivered
9	Kosuke Okada	1976	51	
10	Kiyoshi Kumagai	1980	55	
		1983	58	"BISHU MARU", the first LNG carrier in Japan completed
11	Kiyoshi Ito	1985	60	
12	Hiroshige Matsunari	1988	63	"Manhattan Bridge"started service with 11crew as the first Japanese 'pioneership'.
13	Shiro Nagumo	1992	Heisei 4	
		1993	5	"K"Line Reengineering Program (K.R. Program) launched.
14	Isao Shintani	1994	6	
		1996	8	"K" Line Re-engineering Phase II (K.R. PHASE Ⅱ) started
		1998	10	A 5-year management plan, New"K"Line Spirit for 21 (New K-21) established Resumption of dividend for the first time in 15 years
15	Yasuhide Sakinaga	2000	12	
		2002	14	A 3-year management plan "KV-Plan" formulated.
		2004	16	New management plan "K"LINE Vision 2008 adopted
16	Hiroyuki Maekawa	2005	17	
		2006	18	Newly developed management plan "K"LINE Vision 2008^{+} started
		2008	20	Newly developed management plan "K"LINE Vision 100 started
		2010	22	Newly refomed management plan "K"LINE Vision 100 KV2010 started
17	Kenichi Kuroya	2010	22	
		2011	23	Newly refomed management plan "K"LINE Vision 100 "New Challenges" started
18	Jiro Asakura	2011	23	
		2012	24	Newly refomed management plan "K"LINE Vision 100 "Bridge to the Future"

〔1〕Kawasaki Kisen inauguration — Aim to one of the major international shipping companies along with NYK and MOL using stock boats prepared originally for extra demand by World War I.

〔2〕"K" LINE formed — Operation in the same flag, funnel mark, and trade name

〔3〕KIYOKAWA MARU — Our symbol of recovery from World War Ⅱ; reflotation of KIYOKAWA MARU

〔4〕Shipping industry consolidation — Depression after boom in shipping by Korean War and closure of the Suez Canal – measures to strengthen shipping industry by the Japanese government

11-7. Certification by Third-party Organization and Information on Convertible Bonds/Ratings

Certification by Third-party Organization on CSR /Environment

Environmental Management System ISO14001
Scope of Application : Marine Transportation Services

Quality Management System ISO9001 (Ship Planning Group, "K" Line Ship Management Co.Ltd. New Building Group)
Scope of Application : Planning, Development and Determination Business of Specification for New Shipbuilding, Approval Business of Plan and Drawings, Supervision Business in Shipyard

FTSE4 Good Index Series
FTSE(joint venture between The Financial Times and London Stock Exchange), a UK based famous global index company, has included our company for their SRI (Socially Responsible Investment) index FTSE4 Good Index series since Mar 2003.

Rating Information (for Long-term Bonds)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
R&I	BBB-	BBB	BBB	BBB	BBB+	BBB+	BBB+	BBB+	A-	A-	A-	A-	A	A-	A-	BBB-	BBB-	BBB-
JCR			BBB+	BBB+	BBB+	BBB+	BBB+	A-	A	A	A	A	A	A-	A-	BBB+	BBB+	BBB+
S&P		BB	BB	BB	BB+	BB+	BB+	BB+	BB+	BBB-	BBB-	BBB	BBB	BBB-	BBB-	BB	BB-	BB-
Moody's																		Ba2

Issued Convertible Bond Information

Date of Issue	Issued Amount	Coupon	Conversion Price	Maturity Date
26 Sept 2013	50 bil. Yen	zero-coupon	312.7yen/share	26 Septl 2018

Capital Increase through a Public Stock Offering

Date of Offering	Total Amount	Issue Price	Number of Shares	Result in Dilution
12 Feb 2010	38 bil. Yen	¥316 per share	126.5 mn shares	19.80%
2 Jul 2012	20.8 bil. Yen	¥125 per share	174.0 mn shares	22.73%

11-8. Corporate Principles, Charter of Conduct, etc.

"K" LINE established its Corporate Principles and Vision, which promises the formation of a stable business base for the "K"LINE Group, in the management plan that was initiated from April 2004.

Corporate Principles of the "K"LINE Group

The basic principles of the "K" LINE Group as a shipping business organization 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.

Vision

1. **To be trusted and supported by customers in all corners of the world while being able to continue to grow globally with sustainability,**
2. **To build a business base that will be capable of responding to any and all changes in business circumstances, and to continually pursue and practice innovation for survival in the global market,**
3. **To create and provide a workplace where each and every employee can have hopes and aspirations for the future, and can express creativity and display a challenging spirit.**

Charter of Conduct : "K" Line Group Companies

Kawasaki Kisen Kaisha, Ltd. and its group companies (hereinafter "K" Line Group) reemphasize that due respect for human rights and compliance with applicable laws, ordinances, rules are the fundamental foundations for corporate activities and that group companies' growth must be in harmony with society and therefore, in order to contribute toward sustainable development of society, we herein declare to abide by "Charter of Conduct" spelled out below:

1. Human rights
The "K" Line Group will consistently respect human rights and well consider personality, individuality and diversity of its corporate members and improve work safety and conditions to offer them comfort and affluence.

2. Compliance
The "K" Line Group promises to comply with applicable laws, ordinances, rules and other norms of behavior both in the domestic and international community and conduct its corporate activities through fair, transparent and free competition.

3. Trustworthy company group
The "K" Line Group continues to pay special attention to safety in navigation, achieving customer satisfaction and garnering trust from the community by providing safe and beneficial services.

4. Proactive environmental efforts
The "K" Line Group recognizes that global environmental efforts are a key issue for all of humanity and that they are essential both in business activities and existence of the company and therefore we are committed to a voluntary and proactive approach to such issues to protect and preserve the environment.

5. Protection, proper management and disclosure of information and communication with society
The "K" Line Group will protect personal and customer data, properly manage corporate information through timely and appropriate disclosure, widely promoting bi-directional communication with society including shareholders.

6. Contribution to society
The "K" Line Group as a Good Corporate Citizen will make ongoing efforts to contribute to social development and improvement and support employees' voluntary participation in such activities.

7. Harmony in the international society
The "K" Line Group will contribute to the development of international society in pursuance of its business pertaining to international logistics and related businesses, respecting each country's culture and customs.

8. No relations with anti-social forces
The "K" Line Group will resolutely confront any anti-social force or organization which may threaten social order and public safety and never have any relationship with them.

The management of each "K" Line Group Company recognizes that it is its role to realize the spirit of the Charter and takes the lead in an exemplary manner to implement the Charter while setting up effective mechanics throughout the company. The management also seeks cooperation from its business counterparts. The management, from the viewpoint of riskmanagement, sets up an internal system to prevent incidents in breach of this Charter and should such an event occur, the management of respective "K" Line Group member companies will demonstrate decisiveness to resolve the problem, conduct a thorough investigation to determine the cause and take preventative measures. Additionally, such management will expeditiously and accurately release information and fulfill its accountability to society.

Adopted December, 2006

Revised August, 2012

This Charter of Conduct is accompanied by "Implementation Guidance for Charter of Conduct", which we have posted in our HP.
(⇒http://www.kline.co.jp/en/csr/group/charter.html)

Tonnage Tax, Change in Circumstances for Japanese Vessels and Japanese Seafarers

1. Basic Act on Ocean Policy (Enacted April 20, 2007, Effective July 20, 2007)

This act includes 'Securing Maritime Transport', which is :

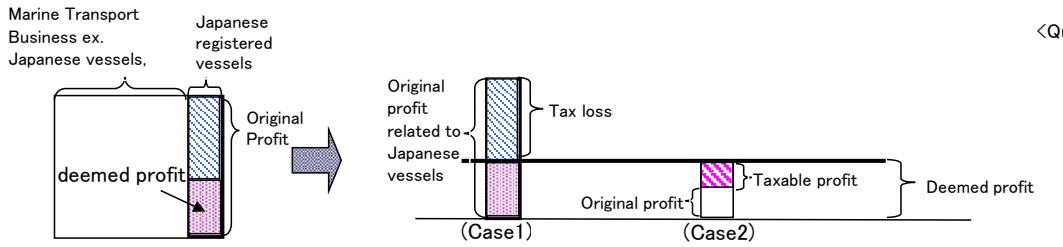
(Securing Maritime Transport)
Article 20: The Government shall take necessary measures to secure an efficient and stable maritme transport, including the securing of Japanese registered vessels, fostering and securing seafarers, developing hub ports as base for international maritime transport network and others.

2. Revised Marine Transportation Law for Tonnage Tax System

(Enacted May 30, 2008, Effective July 17, 2008)

–Japanese ocean-going shippping companies that are approved by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) can select taxation on deemed profit instead of normal corporate tax for earnings connected to Japanese-registered vessels.

○Pattern Diagrams for Calculation of Tax



<Quoted from MLIT Website>

(Case1) Original profit related to Japanese vessels > deemed profit
The amount over deemed profit is counted in tax loss.
(Case2) Original profit related to Japanese vessels < deemed profit
The balance between original and deemed profit is counted in taxable profit.
(i.e., deemed profit = taxable profit)

3. First Approval of Plans to Secure Japanese Registered Vessels and Japanese Seafarers Concerning Tonnage Tax

–As for applications for approval of plans to secure Japanese registered vessels and Japanese seafarers required under the tonnage tax system, after review by MLIT, all 11 business operators that applied, as listed below including ourselves, met the criteria and were approved by MLIT.

・【Business Operators (Alphabetical Order)】 Asahi Shipping Co., Ltd., Asahi Tanker Co., Ltd., Daiichi Chuo Kisen Kaisha, Iino Kaiun Kaisha, Ltd., Kawasaki Kisen Kaisha, Ltd., Mitsui O.S.K. Lines, Ltd., Nippon Steel Shipping Co.,Ltd., Nippon Yusen Kabushiki Kaisha, Nissho Shipping Co.,Ltd., The Sanko Steamship Co., Ltd., Shinwa Kaiun Kaisha, Ltd.

【Outline of the Plan by above 11 Operators】

- ○ Duration of the Plan : 5 years (April 1, 2009 – March 31, 2014)
- ○ Ocean-going Ships Planned to be Secured by all 11 Operators : 77.4 => 161.8 (approx. 2.1 times)
- ○ Japanese Ocean-going Seafarers Planned to be Trained by all 11 Operators : 698 for 5 years
- ○ Japanese Ocean-going Seafarers Planned to be Secured by all 11 Operators : 1,072 => 1,162 (+90, approx. 1.1 times)

4. Expansion of Tonnage Tax after 2013

Outline of Expansion of Tonnage Tax.
Against a background of increasing importance of safe transportation by Japanese shipping firms through the Great East Japan Earthquake and nuclear accident in Fukushima, the Tonnage Tax will be expanded to cover foreign vessels which are owned by foreign subsidiaries of Japanese shipping firms and meet the necessary requirements by the Japanese government in 2013 Tax Reform.

	Current System	New System
Period	2009–2013 (5 years)	2013–2017 (5 years)
Vessel	Japanese registered vessels	・Japanese registered vessels **・ Foreign registered vessels that are owned by foreign subsidiaries of Japanese shipping firms (FOC)**
Japanese Seafarer	4 Japanese Seafarer per 1 Japanese registered vessel	・4 Japanese Seafarer per 1 Japanese registered vessel **・2 Japanese Seafarer per 1 Foreign registered vessel(FOC)**

・Those vessels are what we call "Flag of convenience"(FOC).
・3 foreign registered vessels (FOC) can be applied Tonnage Tax against increase of 1 Japanese registered vessel from 2013.

13. IR Policy

Kawasaki Kisen Kaisha, Ltd. ("K" Line) conducts its investor relations based on the fundamental direction outlined below, in order that a clear understanding and fair evaluation of our company can be made by all of our stakeholders, including shareholders and investors.

1. Fundamental Stance on IR Activities
"K" Line's fundamental approach to IR activities is the timely and appropriate disclosure of important facts concerning the company to all existing and potential shareholders and investors, in an accurate and clear, impartial and swift manner, with the aim of establishing a relationship of trust through accurate information disclosure.

2. Information Disclosure Standards
"K" Line discloses information in accordance with applicable laws and regulations such as the Financial Instruments and Exchange Act and the Timely Disclosure Rules set by the Tokyo Stock Exchange (TSE). We proactively disclose information that is deemed to be beneficial for the investment decisions of shareholders and investors, even where it does not fall under the Timely Disclosure Rules.

3. Information Disclosure Procedures
For information that falls under the Timely Disclosure Rules or which could have a material influence on the investment decisions of shareholders and investors, "K" Line complies with Timely Disclosure Rules by disclosing information through the TSE's Timely Disclosure Network (TDnet). The information disclosed at TDnet is also posted on our website as quickly as possible. We disclose all other information as well by postings on our IR website, press releases, etc.

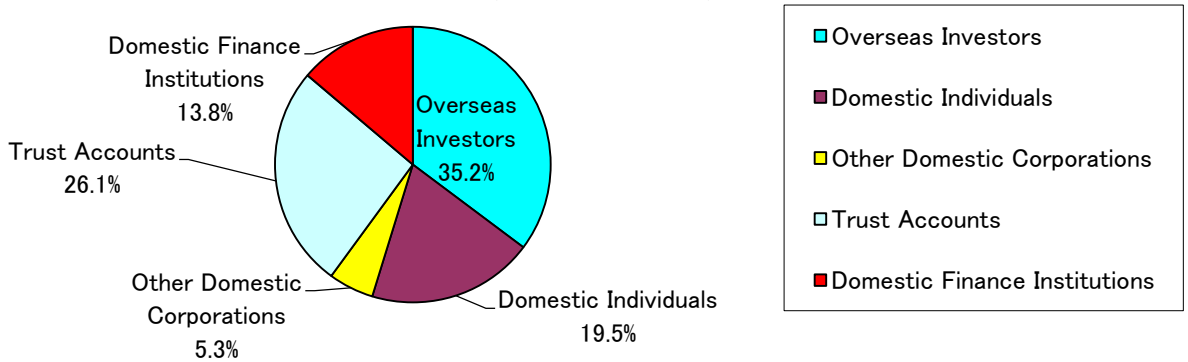
4. Enhancing Communication
"K" Line seeks to enhance interactive communication with our shareholders and investors through briefing sessions and answering daily inquiries, etc. In order to gain further understanding of our company, we also try to enhance availability of IR information through our website, etc.

5. Notes for Future Prospects
The information transmitted by us as IR news may include information about future forecasts, plans and strategy, etc. That information is based on our future prospects and may include risk factors and elements of uncertainty. For further information, please refer to Business Risks for details.

6. Quiet Period
To prevent the leakage of material information of the company and ensure fairness, "K" Line has established the period about 2 weeks before the day of the announcement each quarter as a Quiet Period. During this period, the company refrains from answering questions and will not respond to inquiries concerning, or comment on, its earnings results, for which we sincerely request your understanding and acceptance.

14. Shareholder Composition

(as of March 2014)



"K" LINE
KAWASAKI KISEN KAISHA, LTD.

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Home Page: http://www.kline.co.jp/en/

President Message	⇒ http://www.kline.co.jp/en/ir/policy/message.html
"K"Line & Group Companies	⇒ http://www.kline.co.jp/en/corporate/group/index.html
Financial Highlights	⇒ http://www.kline.co.jp/en/ir/library/bs/index.html
Annual Report	⇒ http://www.kline.co.jp/en/ir/library/annual/index.html
Social & Environmental Report	⇒ http://www.kline.co.jp/en/csr/report/index.html
Investor Meeting (PPT, Streaming, etc.)	⇒ http://www.kline.co.jp/en/ir/library/pr/index.html
Management Plan	⇒ http://www.kline.co.jp/en/corporate/vision100/
(PPT, Streaming, etc.)	⇒ http://www.kline.co.jp/en/ir/library/plan/index.html
Business Introduction (inc. Fleet List)	⇒ http://www.kline.co.jp/en/service/index.html
Mailing List Registration (Press Release etc.)	⇒ https://www.kline.co.jp/en/contact/other_e.php