

FACT BOOK

K "K" LINE
KAWASAKI KISEN KAISHA, LTD.



July, 2012

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

① Review of the Medium-Term Management Plan

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 opaque business situation including **market fluctuation**, 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.

② Updated 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 Indices

as of April 2012

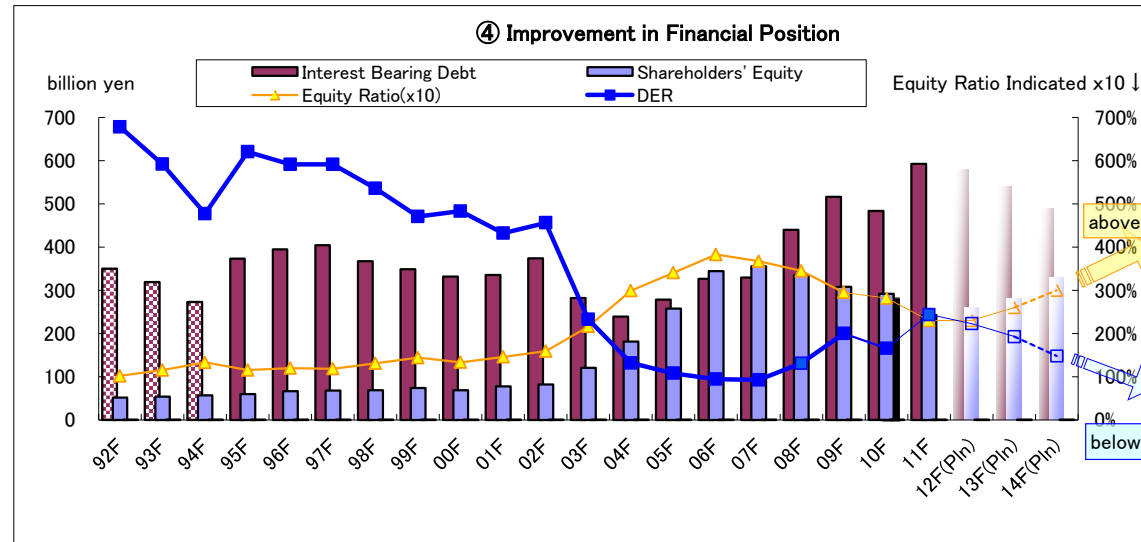
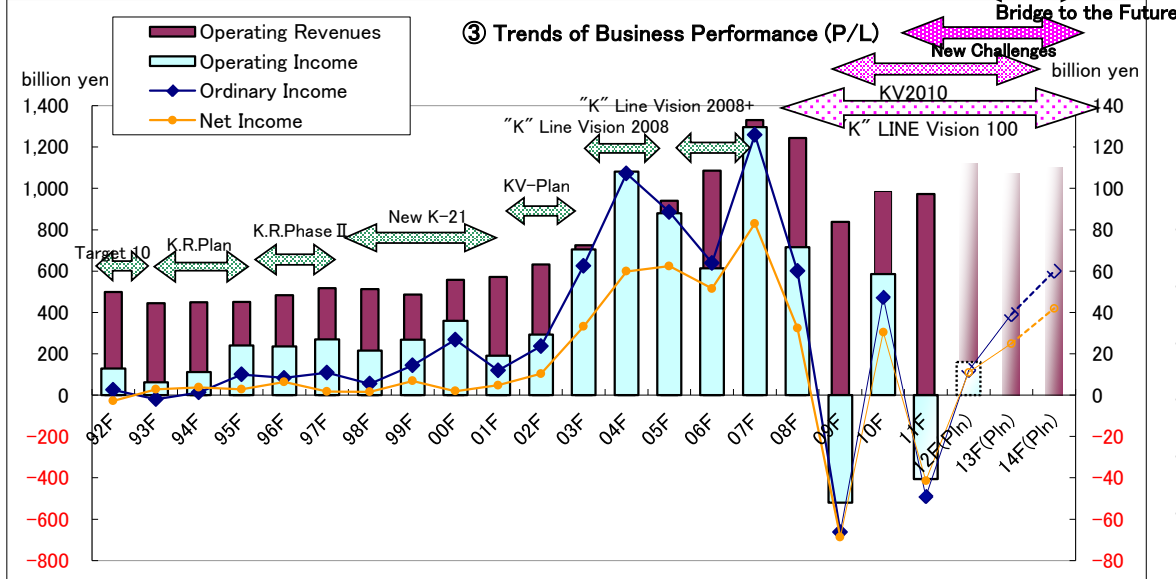
Item	Unit	FY2011	FY2012	FY2013	FY2014
Operating Revenues	(billion yen)	972	1,120	1,070	1,110
Ordinary Profit	(billion yen)	▲ 49	12	39	60
Net Profit	(billion yen)	▲ 41	11	25	42
EBITDA	(billion yen)	14	100	110	135
Shareholders' Equity	(billion yen)	243	260	280	330
Interest-bearing Debt	(billion yen)	593	580	540	490
Operating CF	(billion yen)	▲ 3	67	90	113
Investment CF	(billion yen)	▲ 83	▲ 50	▲ 50	▲ 50
DER	—	244%	223%	193%	148%
ROA	—	-5%	1%	4%	6%
Equity Ratio	—	23%	23%	26%	30%
Interest-bearing debt / Operating CF	(times)	-	8.7	6.0	4.3

Segment-wise Operating Revenues & Ordinary Income

		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		

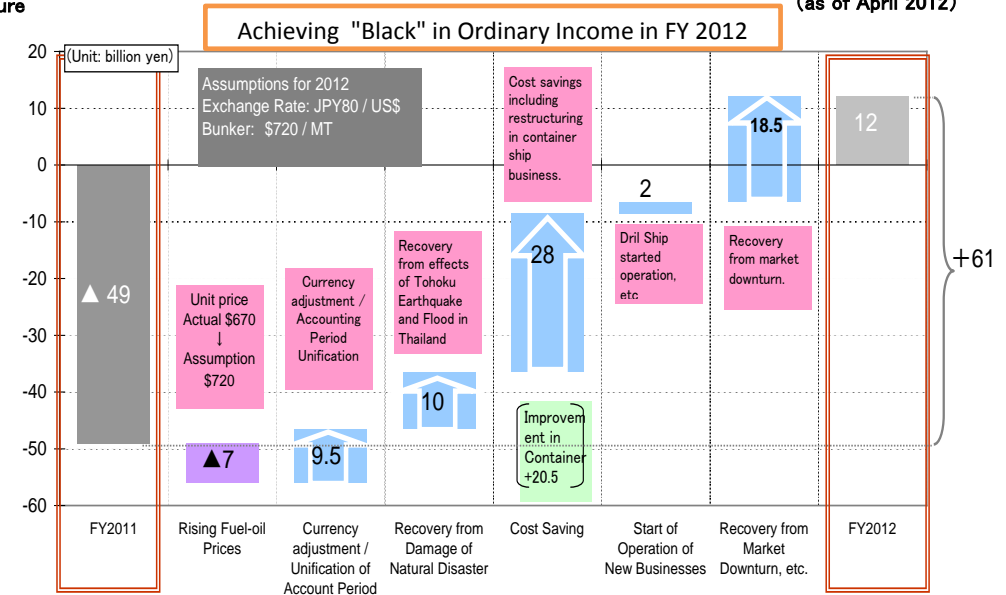
1-1. 2012 April "K" Line Vision 100 - Bridge to the Future -

③ Trends of Business Performance (P/L)



⑤ Achieving "Black" in Ordinary Income in FY2012 and Cost Saving Plan

(as of April 2012)



Cost Saving Plan for FY 2012

(Unit: billion yen)

	Item	FY2011 Saved Costs	FY2012 [comparison with the previous fiscal year]	
			Saving Target	Items
Container Business	Business Restructuring	2.8	10.5	Reduction of unit cost of containers by realignment of service routes to larger size vessels in connection with deployment of new-built large size energy-efficient container ships (3); Withdrawal from loss-making trade routes; Disposal of loss-making vessels (3.5); reduction of fuel cost through slow-steaming (4)
	Operational Cost Saving / Earning Improvement	12.2	10	Operational cost (cargo charges, port charges, feeder cost, etc.) (4); earning improvement of subsidiary companies (4); selling of owned containers (2)
	Sub Total	15	20.5	-
Non-Container Business	Operational Cost Saving	5.3	2.5	Reduction of fuel cost through slow-steaming (0.5); Reduction of operating expenditures, charter hire (2)
	Cost saving throughout entire "K"Line Group companies	1.4	3.5	Reduction of sales cost (1.5); reduction of administration & general expenses (salary & other benefit, equipment cost) (2)
	Sub Total	6.7	6	-
Head Office	Reduction of General & Administration Expenses	0.3	1.5	Personnel expenses (remuneration for executive officers, bonus payment for employees); other expenses (equipment cost, travel expenses, entertainment cost, etc.)
Total		22	28	-

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

1-1. 2012 April "K" Line Vision 100 – Bridge to the Future

⑥ 【Fleet Upgrading Plan and Investment】

Changes in Fleet Size and Investment

(unit: vessels)

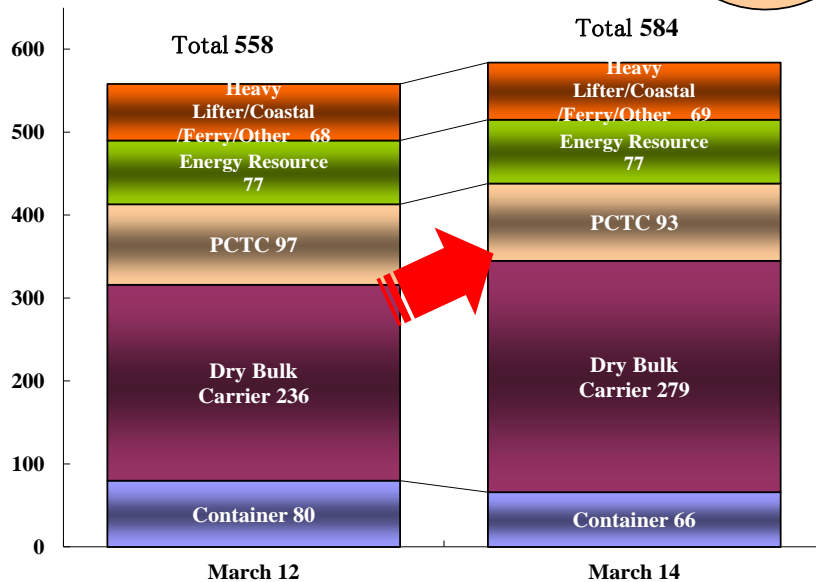
Fleet Size Development	FY2011 Deliveries	No. of Vessels at end of FY2011	FY2012 Deliveries	FY2013 Deliveries	FY2014 Deliveries	FY2012-FY2014 Deliveries	No. of Vessels at end of FY2014
Container Ship Business	6	80	4	0	0	4	66
Dry Bulk Carrier Business	34	236	23	25	11	59	279
Car Carrier Business	6	97	2	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)

	FY2011	FY2012	FY2013	FY2014
Investment CF (billion yen)	83	50	50	50
Previous Mid-Term Management Plan (Apr. 2011)	95	80	65	—
Difference from Previous Mid-Term Management Plan	▲ 12	▲ 30	▲ 15	—

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

⑦ Fleet Size Transition

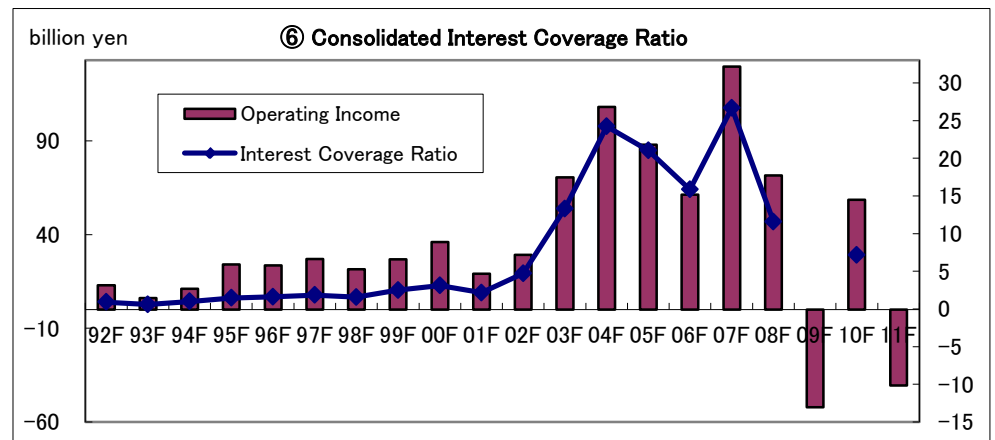
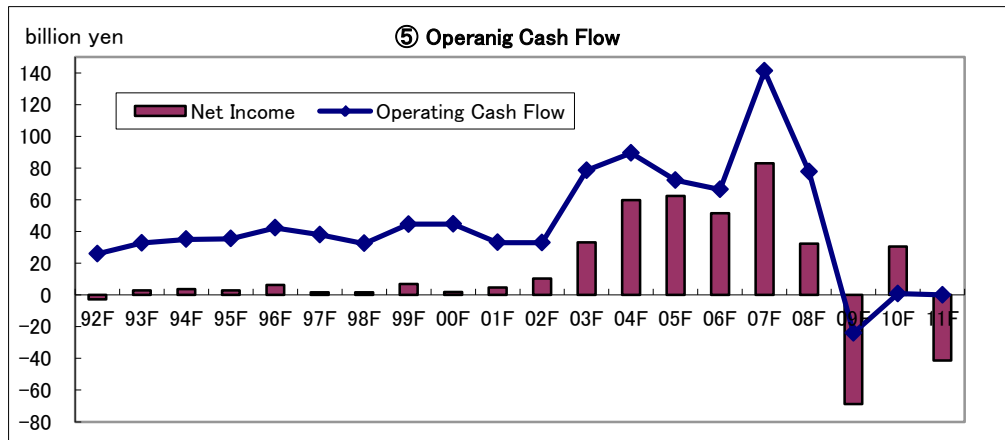
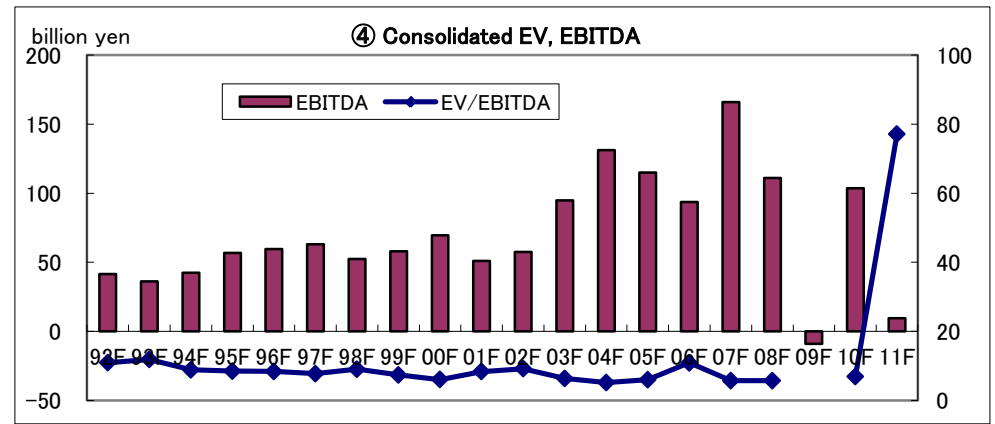
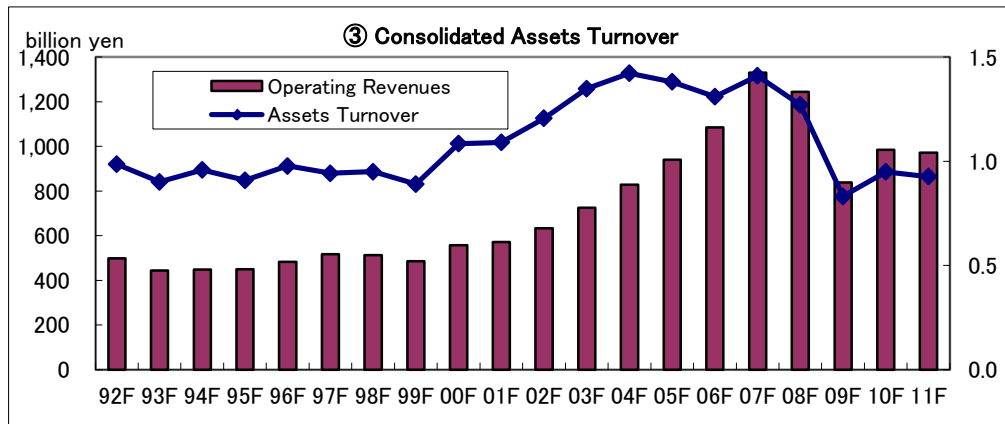
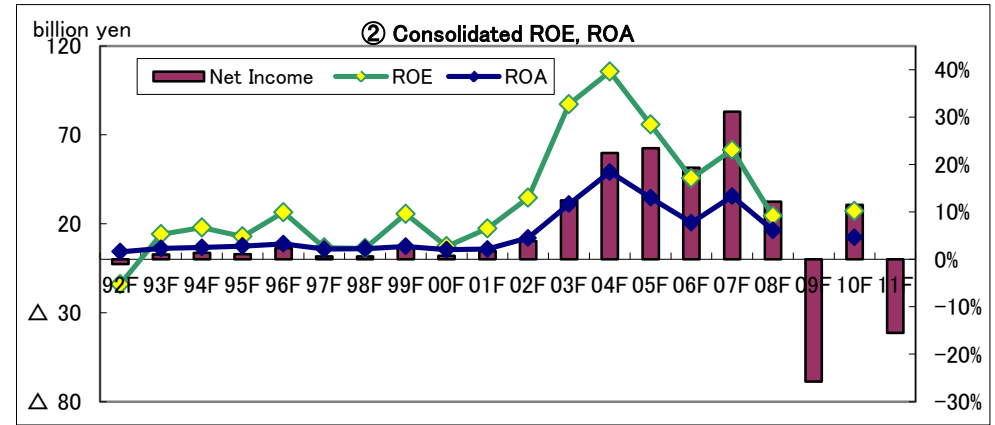
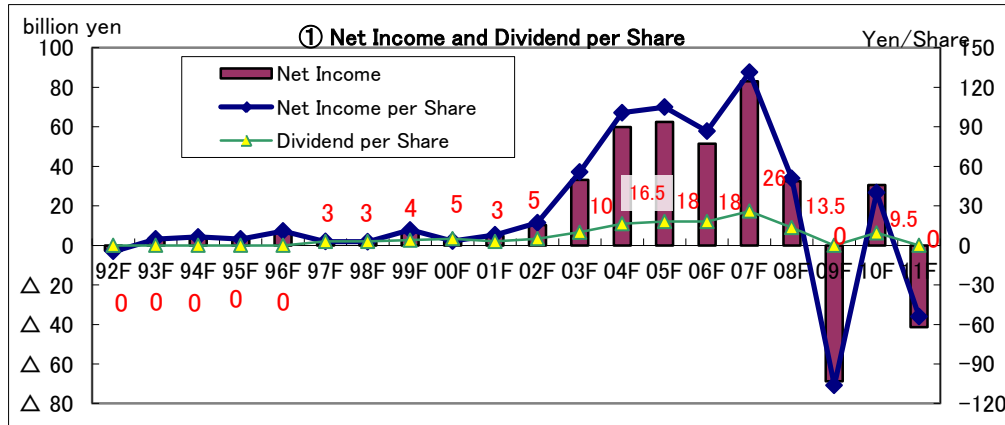


⑧ New Buildings (Results and Plan)

(as of April 2012)

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012 Plan	FY2013 Plan	FY2014 Plan
Containerships	5	5	6	4	6	13	11	6	4	0	0
1,700TEU		0	0	3	3	4	0	0	0	0	0
2,400TEU		0	0	0	1	3	1	0	0	0	0
3,500TEU		3	0	0	0	4	0	0	0	0	0
4,500TEU		2	3	0	0	0	7	5	0	0	0
6,400TEU		0	0	0	0	0	3	0	0	0	0
8,000TEU		0	3	1	2	2	0	1	4	0	0
Dry Bulk	5	19	22	10	16	20	16	34	23	25	11
Capesize	3	8	9	2	6	9	8	18	12	4	1
Panamax	2	3	4	4	0	6	3	4	0	8	4
Handymax		5	4	2	2	1	4	7	4	5	1
SmallHandy		1	2	1	4	2	0	3	3	4	0
Chip/Pulp		0	1	0	3	0	0	1	0	0	0
Corona		2	2	1	1	2	1	2	3	4	5
Car Carriers	3	8	8	5	4	8	7	6	2	0	0
2,000units		2	2	0	0	1	1	0	0	0	0
3,800units		0	2	1	0	1	0	0	0	0	0
4,000units		1	2	0	0	0	2	1	1	0	0
5,000units		3	1	0	0	3	0	0	0	0	0
6,000units		2	1	4	4	3	4	5	1	0	0
LNG	2	4	2	2	14	1	0	0	0	0	0
Tankers	3	1	4	3	4	4	0	1	1	1	1
VLCC		0	1	1	0	3	0	0	0	0	0
AFRAMAX		1	1	0	2	0	0	0	0	0	0
LR II		0	2	0	1	1	0	0	0	0	0
LPG							0	0	0	0	1
CHEMICAL		0	0	2	1	0	0	1	1	1	0
Energy New Biz						0	3	4	0	0	0
Offshore							3	3	0	0	0
Drillship							0	1	0	0	0
Heavy Lifters	0	0	0	1	3	0	2	0	0	0	0
Short Sea etc.	0	1	5	2	2	0	1	1	3	0	0
Total	18	38	47	27	49	46	40	52	33	26	12

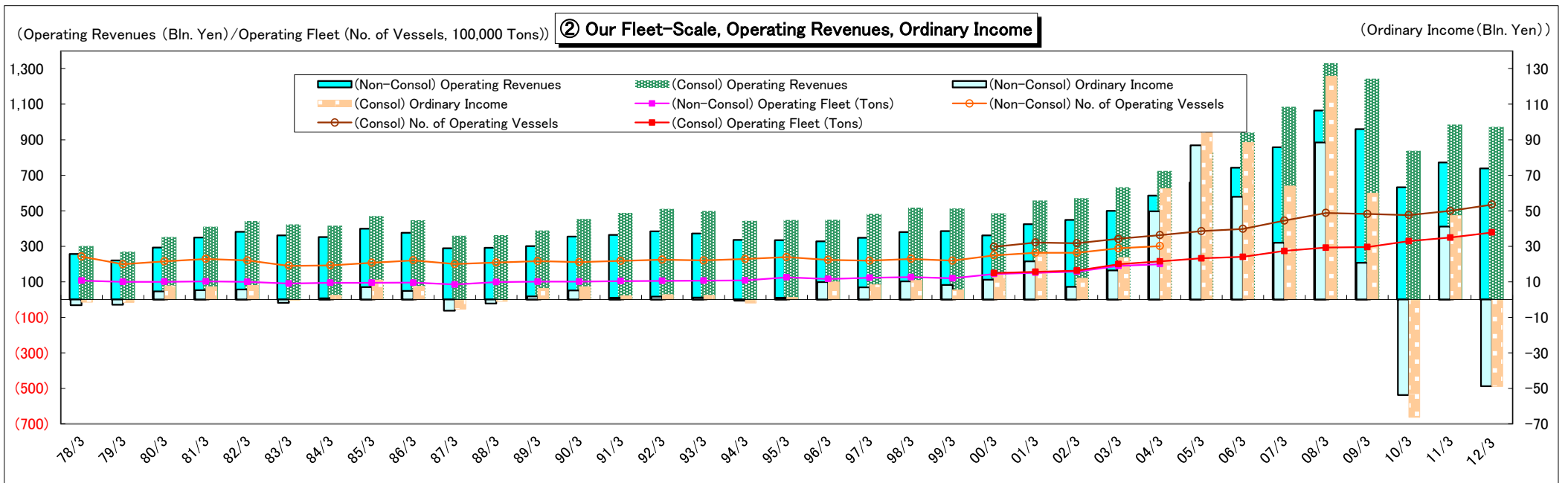
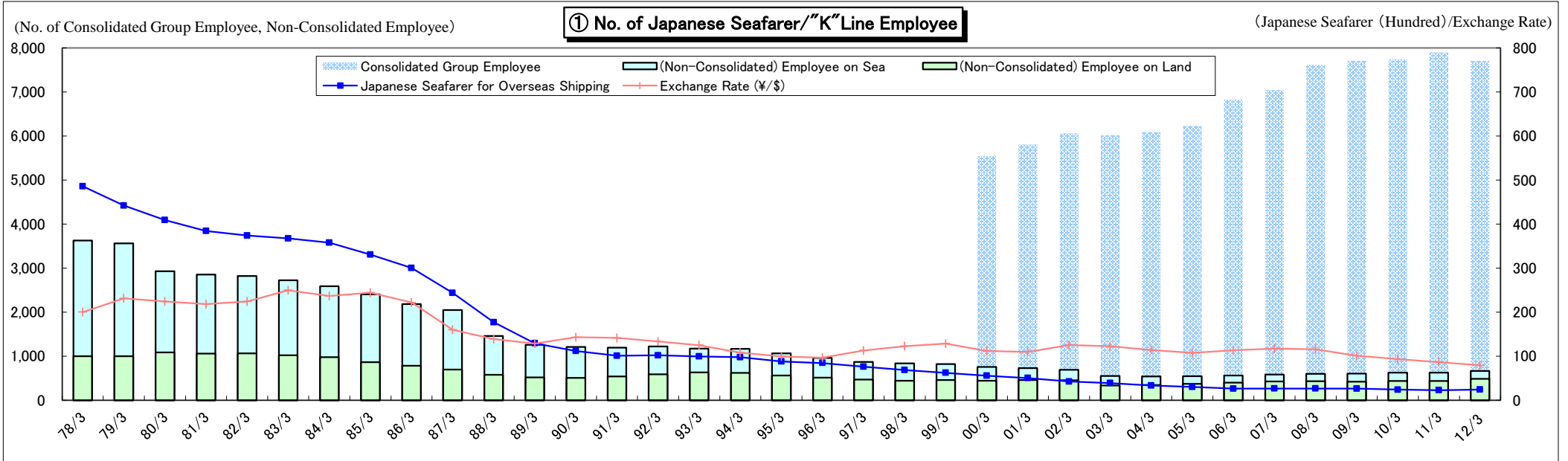
1-2. Trends of Financial Indices in Recent Years



1-3. History of Management Plans

	Plan name	Subjects	Remarks
Nov.1982 -	Emergency Plan for Strengthening the Corporate Foundation	1st theme: profitability improvement plan 2nd theme: efforts to modernize and increase the efficiency of operational systems	Radical improvement in operational structure was targeted, feared continued simultaneous slump in three sales division and yen rising.
Aug.1983	("K" Plan) First Stage	3rd theme: a cost-cutting campaign carried out with the participation of all personnel	
-	Emergency Plan for Strengthening the Corporate Foundation	Reconstruction of system to implement "K" plan, mainly for above 2nd theme	(Reference-in June 1983, the Head Office was relocated to current location)
Mar.1984	("K" Plan) Second Stage	Promotion of office automation, Improvement in business procedure, Cost reduction etc	<Hibiya Central Building>
Apr.1984	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.)
Mar.1987	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. <"Emergeny Employment Measures" (agreed with All Japan Seamen's Union) 4) Improvement and reinforcement of operational capabilities 5) Measures against stronger yen 6) Implementantion of measures for cost reduction.	Almost all targets completed on schedule. =>Once Operating Income moved into the black F88.
Apr.1987			
Mar.1989			
While we did not have specific management plan during this period, there was a campaign for improving 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 -	"K"Line Reengineering Program (K.R. Program)	- Strengthening international competitiveness through cost-saving and shift as many jobs as possible to overseas - Establishment of structure to respond customers' needs and to ensure stable profit even if faced with exchangerate rate 100 yen per one U.S. dollar,.	
Mar.1996			
Apr.1996 -	K.R.Phase II	- 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 competitiveness matching shipping companies in developing Asia. =>In F97 dividend paid after 15 year absense
Mar.1998			
Apr.1998	New "K"Line Spirit for 21(New K-21)	- 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 solid, and fully committed 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 9.11 changed conditions at all.
Mar.2002	*In '00, raised the numerical targets *Completed a year ahead of schedule as most targets achieved		
Apr.2002	KV-Plan	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. Pursuit 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 attained a year ahead of schedule. =>"K"Line Vision 2008
Mar.2004	*Completed a year ahead of schedule as most targets achieved		
Apr.2004	"K"LINE Vision 2008	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+
Mar.2006	(Completed as most targets achieved)		
Apr.2006	"K"LINE Vision 2008"	-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 freight restoration, & conditions change => "K"Line Vision 100
Mar.2008	(Completed as most targets achieved)		
Apr.2008	"K"Line Vision 100	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
Mar.2012	Themes: Synergy for All and Sustainable Growth		
+			
Image for 2019			
Jan.2010	"K"Line Vision 100 KV2010	(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
Mar.2013	Themes: Synergy for All and Sustainable Growth(Continue)		
Mid of 2010's			
Apr. 2011	"K"Line Vision 100 KV2010	(In addition to above 5 basic themes in the KV 100)	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.
Mar.2014+	-New Challenges -	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	
Mid of 2010's			
Apr. 2012	"K"Line Vision 100 KV2010	(In addition to above 5 basic themes in the KV 100)	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.
Mar.2015+	Bridge to the Future	1. Generate ordinary income in FY2012. 2. Build a stable earnings structure. 3. Reinforce financial standing	
Mid of 2010's			

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

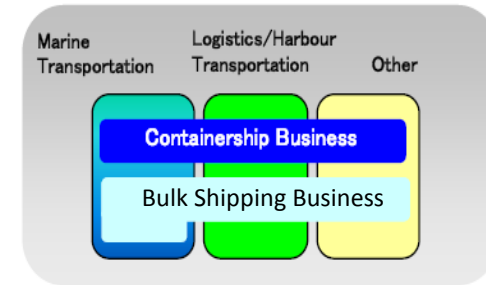


1-5. Current Business Composition

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

segment change (unit: billion yen)

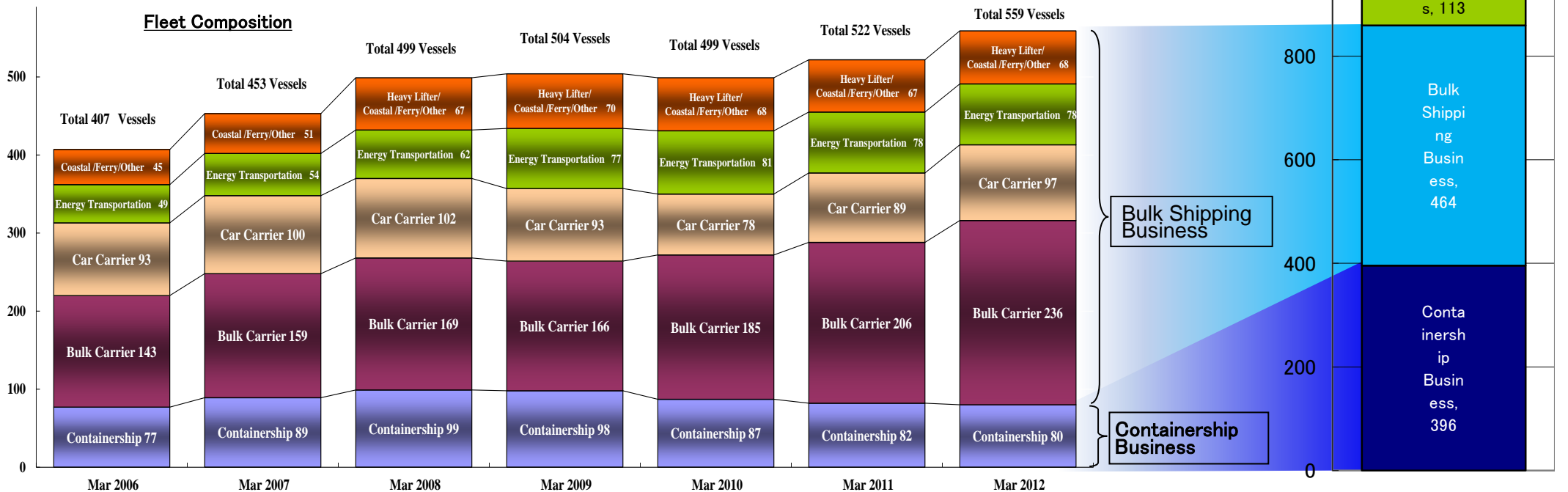
Business Division		FY2005	FY2006	FY2007	FY2008	FY2009	FY2009	FY2010	FY2011
Containership Business	Operating Revenues	451.4	503.5	599.8	530.1	364.0	358.5	445.0	395.5
	Ordinary Income	30.5	▲ 7.8	4.7	▲ 37.3	▲ 67.0	▲ 65.6	29.0	▲ 41.8
Bulk Shipping Business	Operating Revenues		468.4	615.8	609.1	394.8	393.1	447.1	463.5
	Ordinary Income		66.0	115.3	92.9	▲ 2.9	1.1	17.0	▲ 8.6
Others	Operating Revenues	489.4	113.6	115.4	105.2	79.3	86.4	93.0	113.3
	Ordinary Income	58.1	5.7	5.9	4.4	3.7	2.3	4.7	6.6
Adjustment	Operating Revenues						—	—	—
	Ordinary Income						▲ 4.1	▲ 3.4	▲ 5.2
Total	Operating Revenues	940.8	1,085.5	1,331.0	1,244.3	838.0	838.0	985.1	972.3
	Ordinary Income	88.6	63.9	125.9	60.0	▲ 66.3	▲ 66.3	47.4	▲ 49.0



※ 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

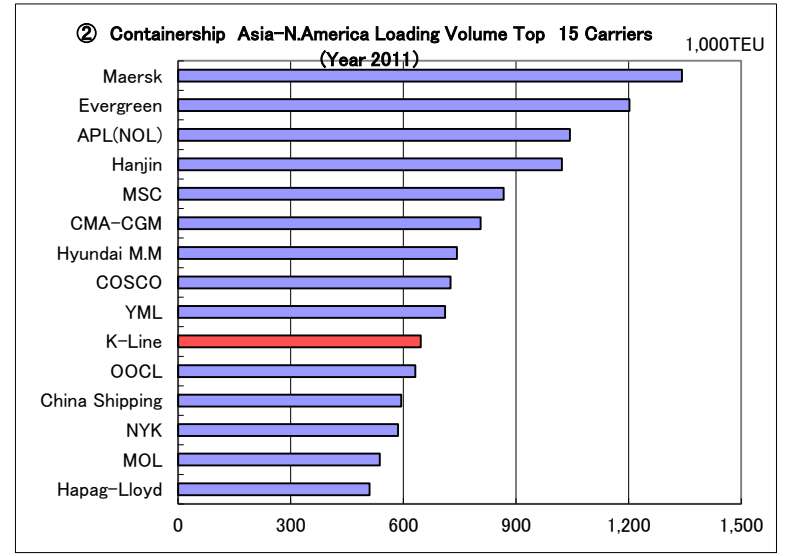
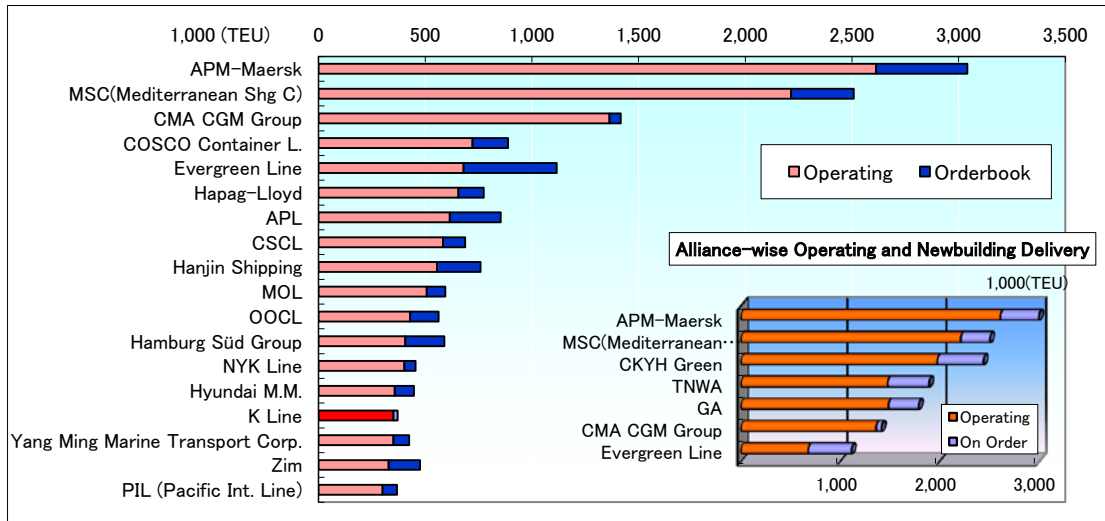
☆ From FY2012 new business segment is introduced

② Fleet Composition and Division/Segment-wise Revenues



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

① Major Container Carriers



Top 18 Container Carriers Ranked by Operating Capacity (TEU)

Rank*	Operator	Operating	Orderbook	Total	Prev. Total	YoY
1 (1)	APM-Maersk	2,612,672	427,931	3,040,603	2,928,873	3.8%
2 (2)	MSC(Mediterranean Shg C)	2,214,759	294,060	2,508,819	2,501,427	0.3%
3 (3)	CMA CGM Group	1,363,245	53,214	1,416,459	1,437,875	▲ 1.5%
4 (4)	COSCO Container L.	721,361	166,342	887,703	892,107	▲ 0.5%
5 (6)	Evergreen Line	680,108	435,560	1,115,668	920,960	21.1%
6 (5)	Hapag-Lloyd	655,491	118,800	774,291	750,401	3.2%
7 (7)	APL	615,053	239,400	854,453	890,783	▲ 4.1%
8 (10)	CSCL	584,011	103,690	687,701	604,683	13.7%
9 (9)	Hanjin Shipping	554,568	204,648	759,216	696,791	9.0%
10 (11)	MOL	507,215	87,200	594,415	538,237	10.4%
11 (12)	OOCL	429,617	132,576	562,193	544,834	3.2%
12 (14)	Hamburg Süd Group	406,121	184,184	590,305	583,862	1.1%
13 (13)	NYK Line	401,787	52,832	454,619	461,295	▲ 1.4%
14 (18)	Hyundai M.M.	356,945	90,615	447,560	380,765	17.5%
15 (17)	K Line	351,405	19,184	370,589	383,278	▲ 3.3%
16 (15)	Yang Ming Marine Transport	351,240	74,210	425,450	434,780	▲ 2.1%
17 (16)	Zim	328,271	148,168	476,439	489,615	▲ 2.7%
18 (19)	PIL (Pacific Int. Line)	300,607	66,830	367,437	267,350	37.4%

Rank	Alliance	Operating	On Order	Total	Prev. Total	YoY
1 (1)	APM-Maersk	2,612,672	427,931	3,040,603	2,928,873	3.8%
2 (2)	MSC(Mediterranean Shg C)	2,214,759	294,060	2,508,819	2,501,427	0.3%
3 (3)	CKYH Green	1,978,574	464,384	2,442,958	2,406,957	1.5%
4 (5)	TNWA	1,479,213	417,215	1,896,428	1,756,530	8.0%
5 (4)	GA	1,486,895	304,208	1,791,103	1,809,785	▲ 1.0%
6 (6)	CMA CGM Group	1,363,245	53,214	1,416,459	1,437,875	▲ 1.5%
7 (7)	Evergreen Line	680,108	435,560	1,115,668	920,960	21.1%

Rank *	Operator	Cargo Loaded
1 (1)	Maersk	1,342
2 (2)	Evergreen	1,203
3 (3)	APL(NOL)	1,044
4 (4)	Hanjin	1,023
5 (7)	MSC	867
6 (9)	CMA-CGM	806
7 (5)	Hyundai M.M	743
8 (8)	COSCO	726
9 (10)	YML	711
10 (11)	K-Line	647
11 (12)	OOCL	632
12 (6)	China Shipping	594
13 (13)	NYK	586
14 (14)	MOL	538
15 (15)	Hapag-Lloyd	510

Rank	Alliance	Cargo
1 (1)	CKYH (inc. K-Line)	3,106
2 (2)	TNW	2,324
3 (3)	GA	1,728
4 (4)	Maersk	1,342
5 (5)	Evergreen	1,203

*() is ranking for previous year

Source: Japan Maritime Center (as of July 2012)

*() is ranking for previous year

Source : <http://www.alphaliner.com/top100/index.php> as of July 2012

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

③ 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
1	HAPAG	EVERGREEN	EVERGREEN	EVERGREEN	EVERGREEN	MAERSK	MAERSK	MAERSK	MAERSK/SL	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
3	MAERSK	MAERSK	NYK	NYK	SEA-LAND	SEA-LAND	EVERGREEN	P&ON	EVERGREEN	EVERGREEN	P&O/FARREL	EVERGREEN	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	GOSCO
5	NYK	HAPAG	YANGMING	NYK	GOSCO	GOSCO	NYK	GOSCO	MSC	MSC	HANJIN/SEN	HAPAG	HAPAG	APL	HAPAG
6	OOCL	OCL	SEA-LAND	COSCO	APL	P&OCL	P&OCL	APL	GOSCO	APL(NOL)	COSCO	HANJIN/SEN	COSCO	COSCO	EVERGREEN
7	APL	NYK	HAPAG	OOCL	MOL	HANJIN	NEDLLOYD	NOL/APL	NOL/APL	COSCO	APL(NOL)	COSCO	COSCO	EVERGREEN	APL
8	NEDLLOYD	OOCL	OOCL	HAPAG	OOGL	HANJIN	HANJIN	MSC	NYK/TSK	CP SHIPS	CMA CGM/ANL	CSCL	NYK	HAPAG	CSAV
9	EVERGREEN	"K"LINE	P&OCL	"K"LINE	HAPAG	NEDLLOYD	MOL	NYK	CMA/CGM	NYK	"K"LINE	APL(NOL)	APL(NOL)	CSCL	HANJIN
10	UASC	APL	"K"LINE	HANJIN	YANGMING	HAPAG	APL	HMM	CP	CMA CGM	NYK	NYK	HANJIN	NYK	CSCL
11	MOL	MOL	MOL	HANJIN	"K"LINE	APL	HAPAG	MOL	ZIM	MOL	CP SHIPS	MOL	OOCL	ZIM	MOL
12	USL	GOSCO	GOSCO	MOL	YANGMING	DSR-SENATOR	ZIM	ZIM	MOL	OOCL	MOL	OOCL	"K"LINE	"K"LINE	OOCL
13	YANGMING	NEDLLOYD	NEDLLOYD	P&OCL	P&OCL	MOL	YANGMING	YMTD	"K"LINE	"K"LINE	ZIM	ZIM	MOL	MOL	NYK
14	CGM	UASC	ZIM	NEDLLOYD	NOL	OOCL	OOCL	OOCL	HMM	ZIM	OOCL	OOCL	ZIM	OOCL	HAMBURG SUD
15	ZIM	CGM	HANJIN	ZIM	ZIM	OOCL	YANGMING	YMTD	OOCL	HL	HAPAG	ZIM	YANGMING	YANGMING	YANGMING
16	"K"LINE	ZIM	CGM	NOL	SCANDUTCH	ZIM	NOL	HL	YMTD	HMM	YANGMING	YANGMING	CSAV	HAMBURG SUD	ZIM
17	BALTIC	YANGMING	UASC	CGM	UASC	HYUNDAI	HMM	DSR-SENATOR	HL	UASC	CSCL	HAMBURG SUD	HAMBURG SUD	CSAV	"K"LINE
18	W.WILHELMESEN	W.WILHELMESEN	NOL	UASC	NEDLLOYD	UASC	ZIM	GMA	UASC	YANGMING	HMM	HMM	HMM	HMM	HMM
19	NOL	BALTIC	BSC	W.WILHELMESEN	CHO YANG	CGM	CMA	WAN HAI	CSAV	CSCL	HAMBURG SUD	PIL	PIL	PIL	PIL
20	COSCO	NOL	W.WILHELMESEN	BSC	CGM	CHO YANG	MSC	CONTSIP	CHO YANG	HAMBURG SUD	CSAV	WAN HAI LINES	WAN HAI LINES	UASC	UASC

(Area-wise Number of Companies)	'83	'85	'87	'89	'91	'93	'95	'97	'99	'01	'03	'05	'07	'09	'11
U.S.A	3	3	2	2	2	2	2	1	0	0	0	0	0	0	0
Europ	7	7	7	7	6	5	7	6	5	6	6	5	5	5	5
Japan	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	8	9	9
Other	2	2	2	2	2	2	1	1	4	3	2	2	2	3	3

'84 US Shipping Act 1984
 '86 US Line busted
 '86 HANJIN ranked in '86 Emergency Employment
 '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 (Japanese 6=>3)
 '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

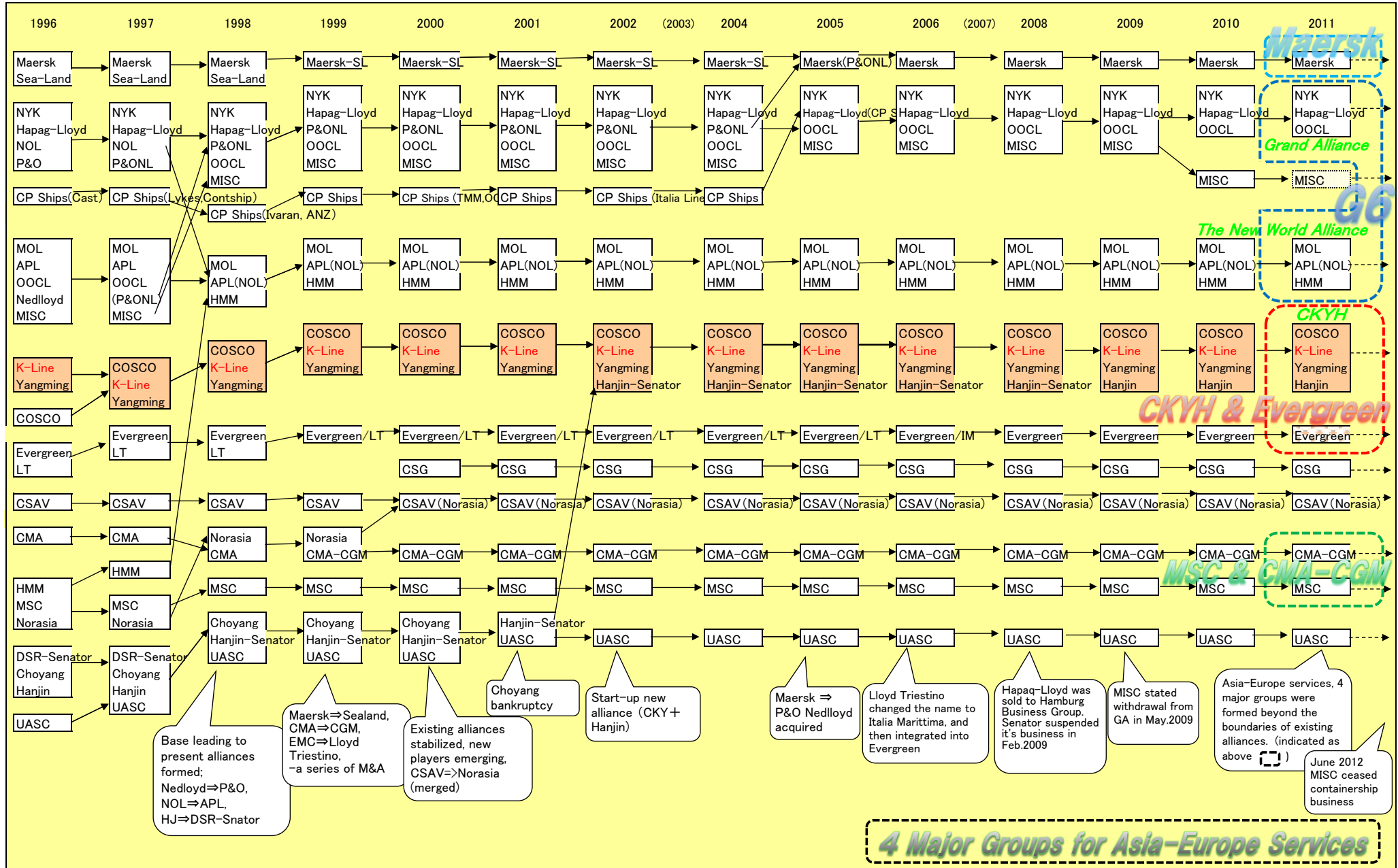
- Top 20 as of '83: U.S.A.: 3, Europe: 7, Japan: 3, Asia (other than Japan): 5, Others: 2
 '07: U.S.A.: 0, Europe: 5, Japan: 3, Asia (other than Japan): 10, Others: 2
 U.S. carriers went away, and Asian shipping companies increased
 In '09, due to global economic crisis, larger movements among middle-ranking companies.
- The number of European operators reduced, but through M&As after '95, business scale of each was enlarged.
- 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'.
- 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 MAERSK acquired SEALAND (American carriers disappeared)
 '04 MAERSK acquired P&ON
 '05 Hapag Lloyd acquired CP Ship
 '08 World Economic Crisis ('Lehman Shock' in September)

** Council for Rationalization of Shipping and Shipbuilding Industries

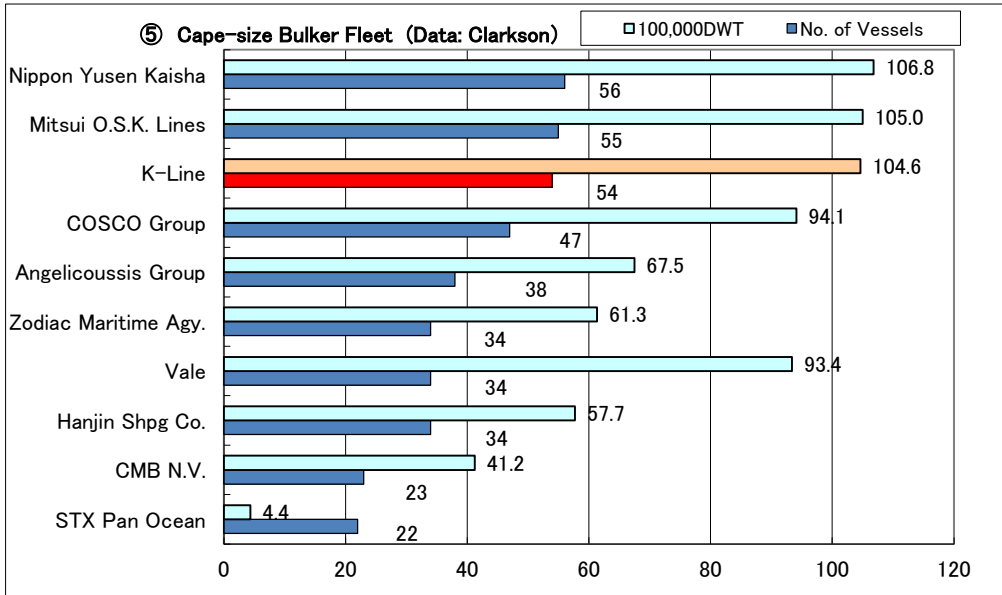
Data: Containerisation International Yearbook etc.

2-1. Fleet-scale Ranking

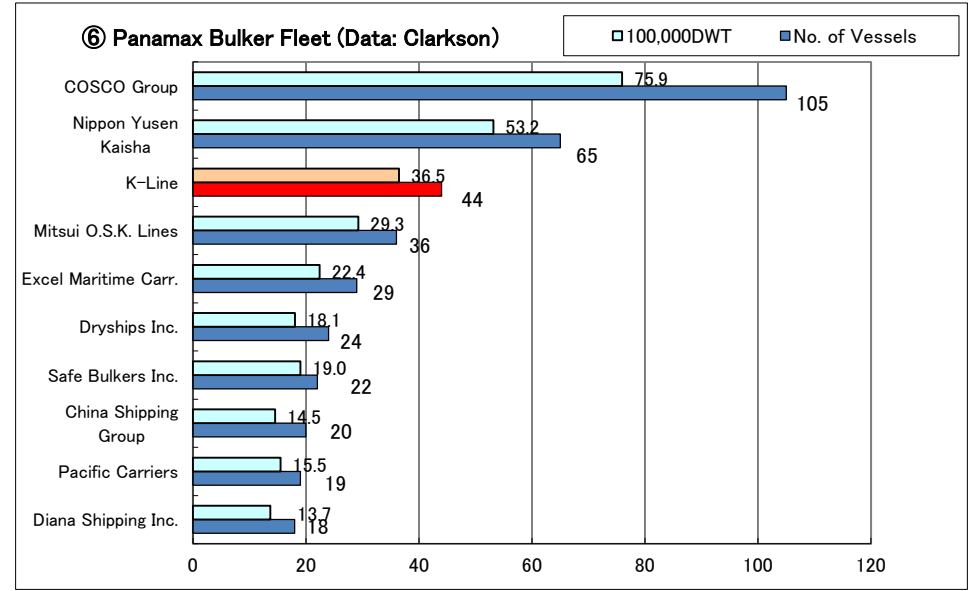
④ Transition of Alliances for Containership Business



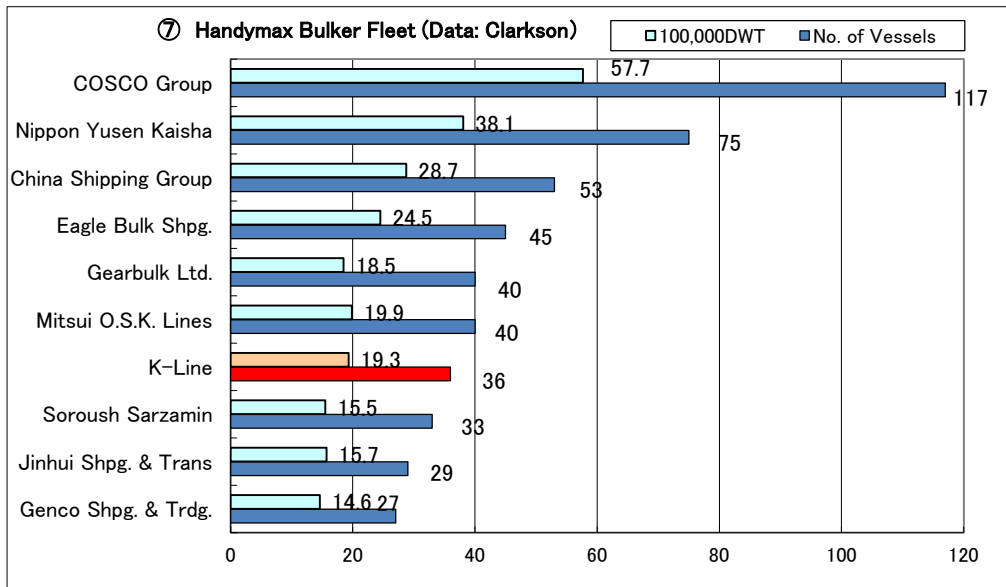
2-1. Fleet-scale Ranking



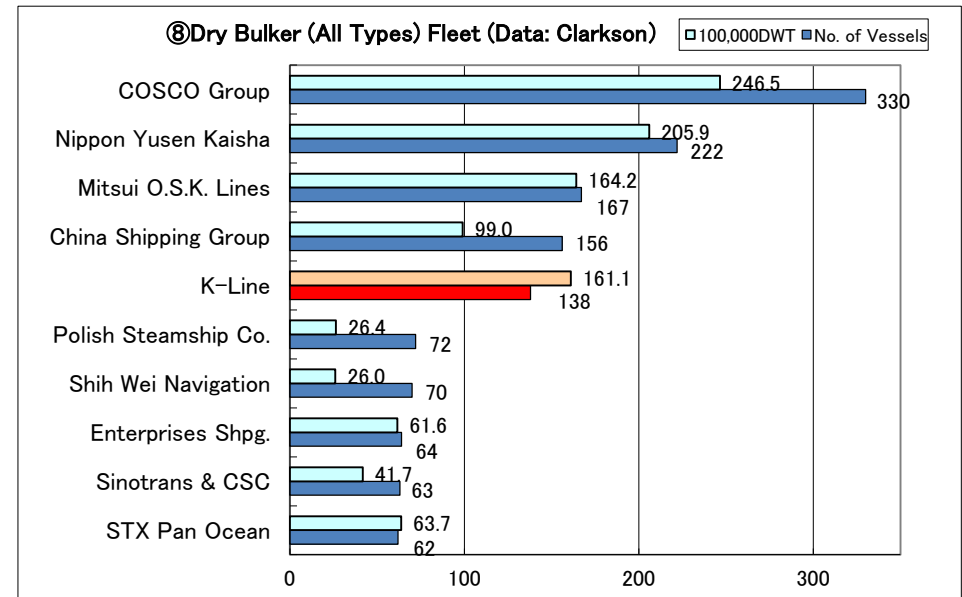
Clarkson July 2012



Clarkson July 2012

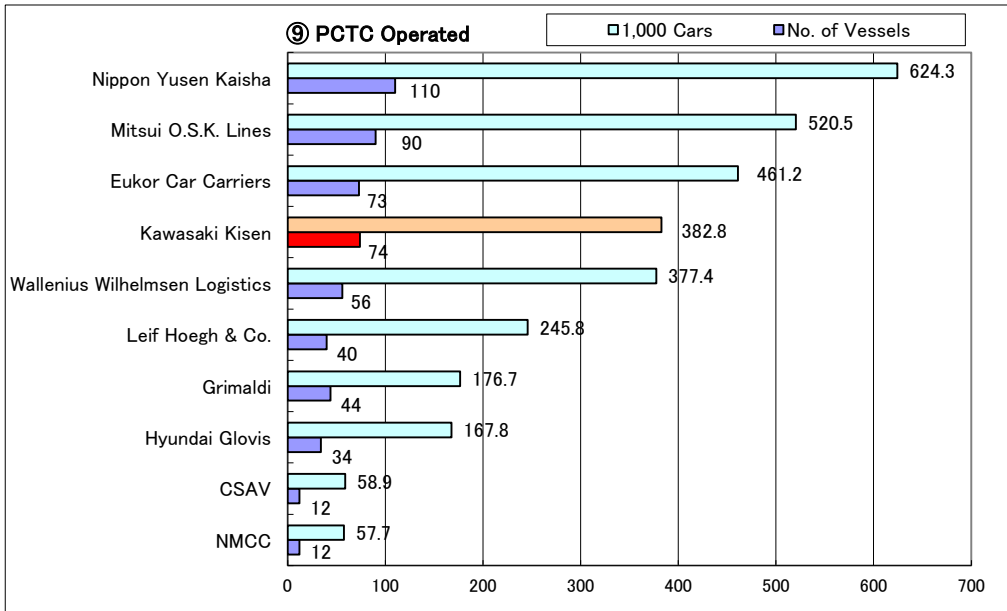


Clarkson July 2012

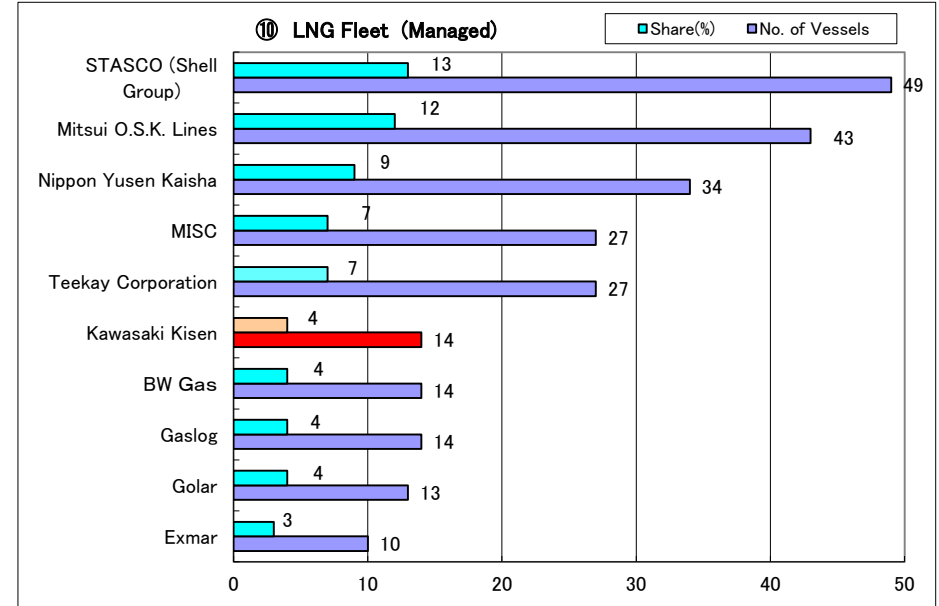


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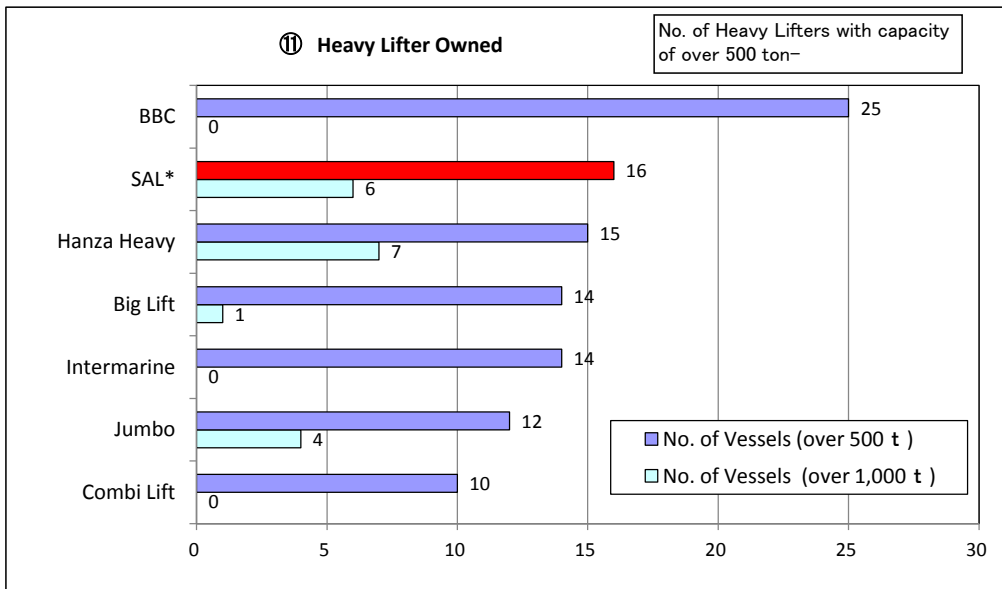
2-1. Fleet-scale Ranking



Hesnes The World Car Carrier Fleet, July 2012

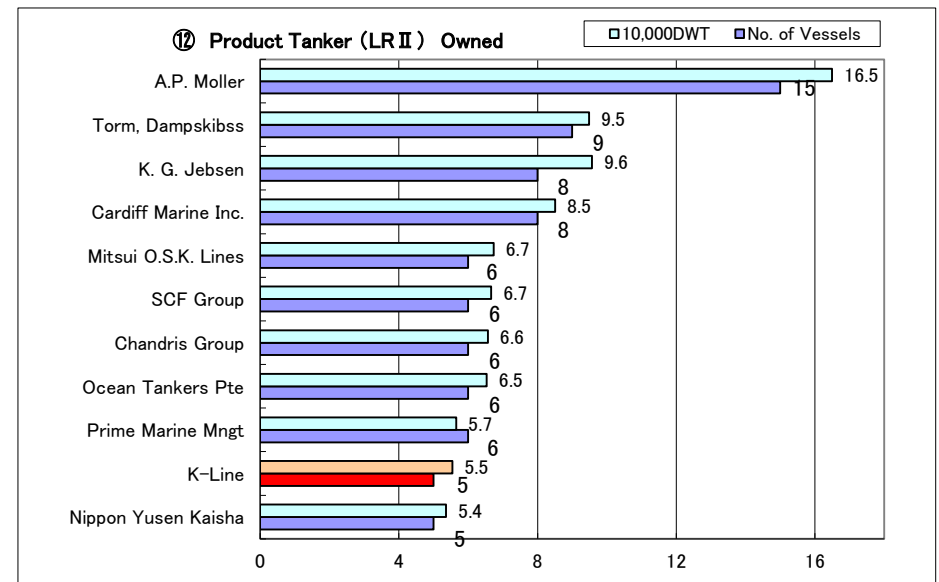


Reserched by "K"Line in May 2012



*SAL is our 100% subsidiary

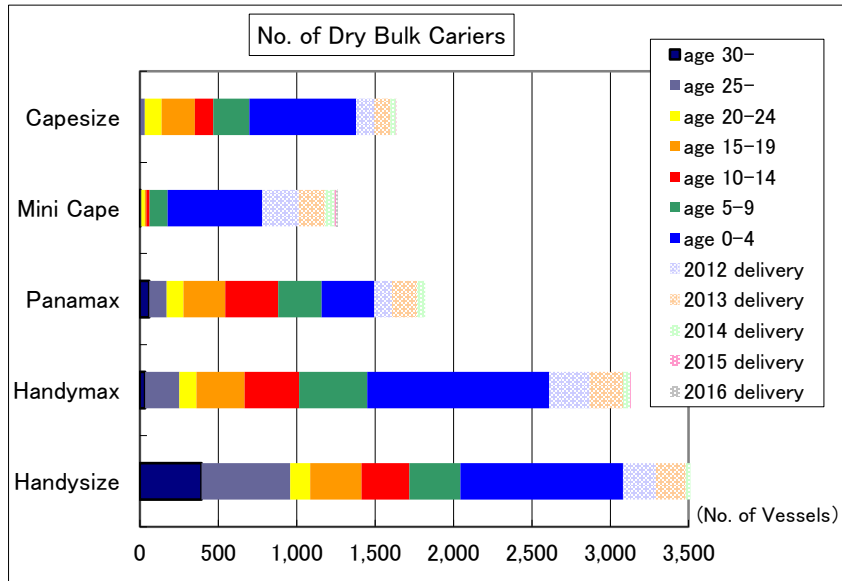
Reserched by "K"Line in July 2012



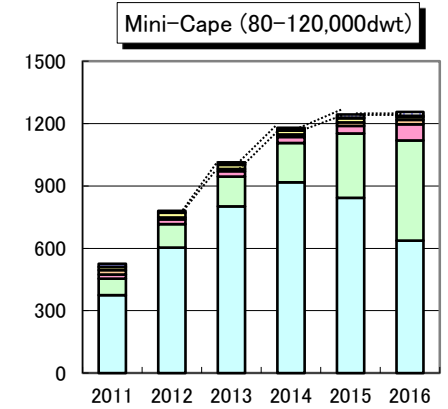
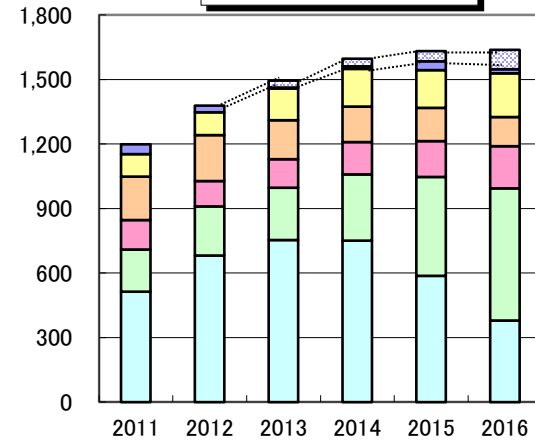
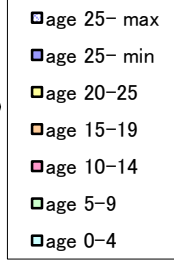
Clarkson July 2012

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 2012

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

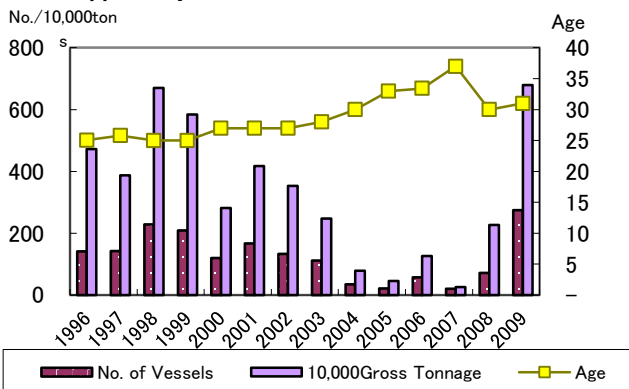
- max: all ships over age 25 are in operation continuously.
- min: all ships are scrapped at the age of 25.

Those are same for containership and PCC fleet in following pages.

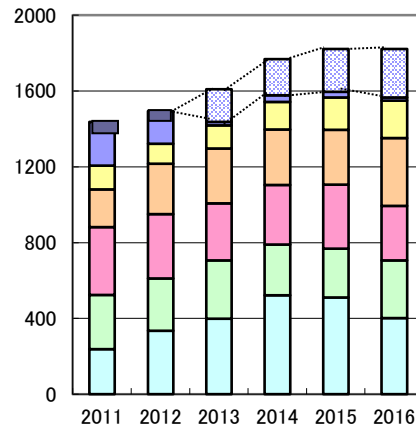
For Handy-size vessels, we assume age 30 or over as borderline.

Actually, average life is going up around 30, even in case of dry bulkers. (see below) For tankers please refer to the page 15.

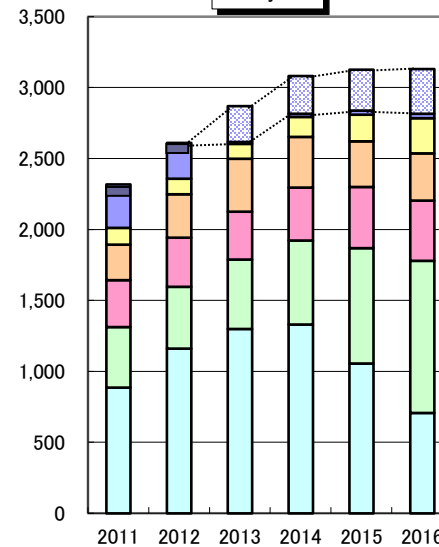
Scrapped Dry Bulk Carriers (in a Broad Sense)



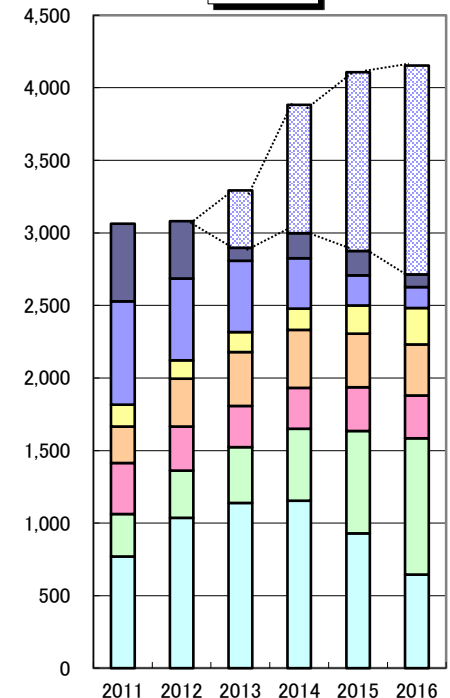
Panamax



Handymax

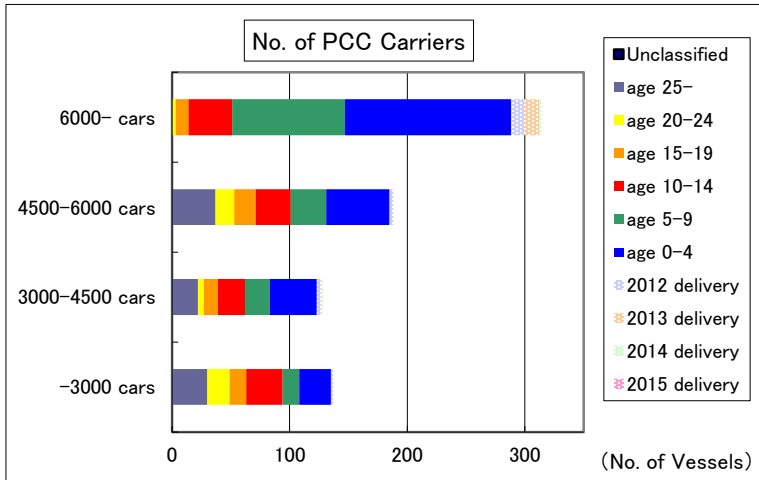


Handysize



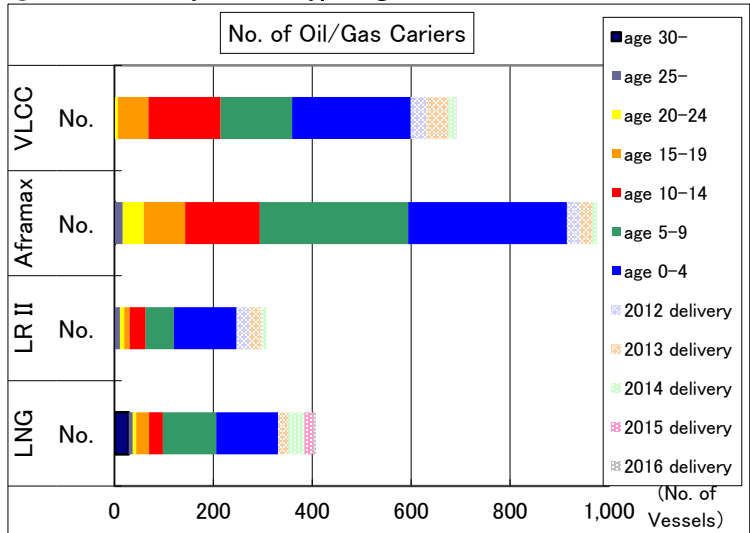
3. World Market <3-1.Fleet Scale by Vessel-type / Age>

② PCC by Vessel-type/Age



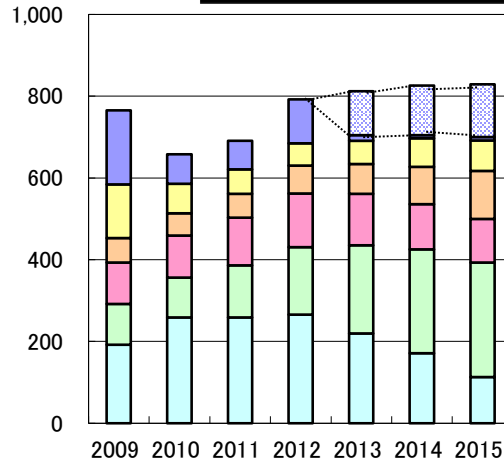
Clarkson as of July 2012

③ Oil Tankers by Vessel-type/Age

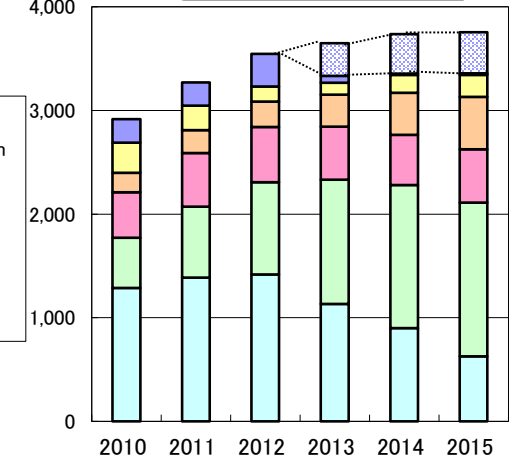


Clarkson as of July 2012
(AFRAMax includes product carriers)

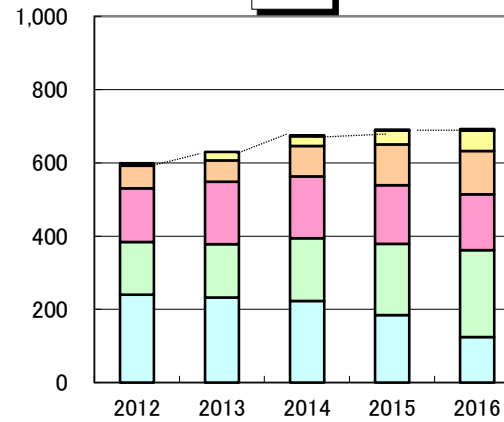
No. of Vessels PCC<All Types> (No. of Vessels)



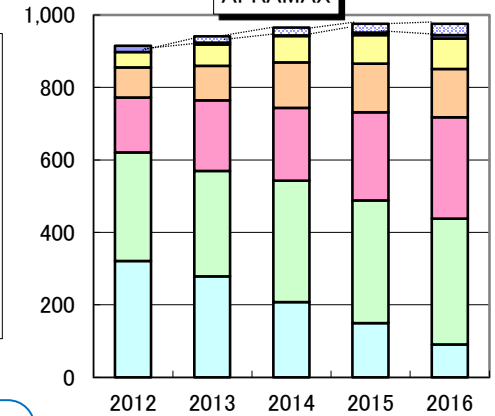
1,000cars PCC<All Types> (units)



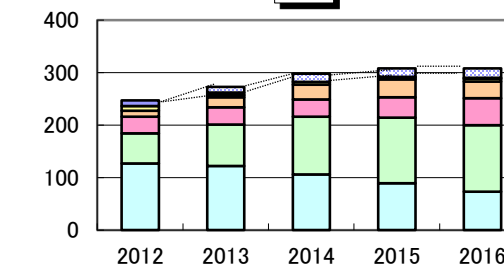
VLCC



AFRAMAX

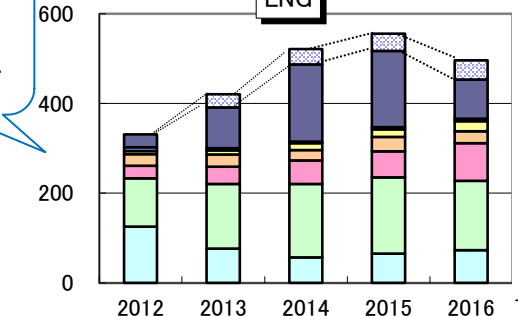


LR II



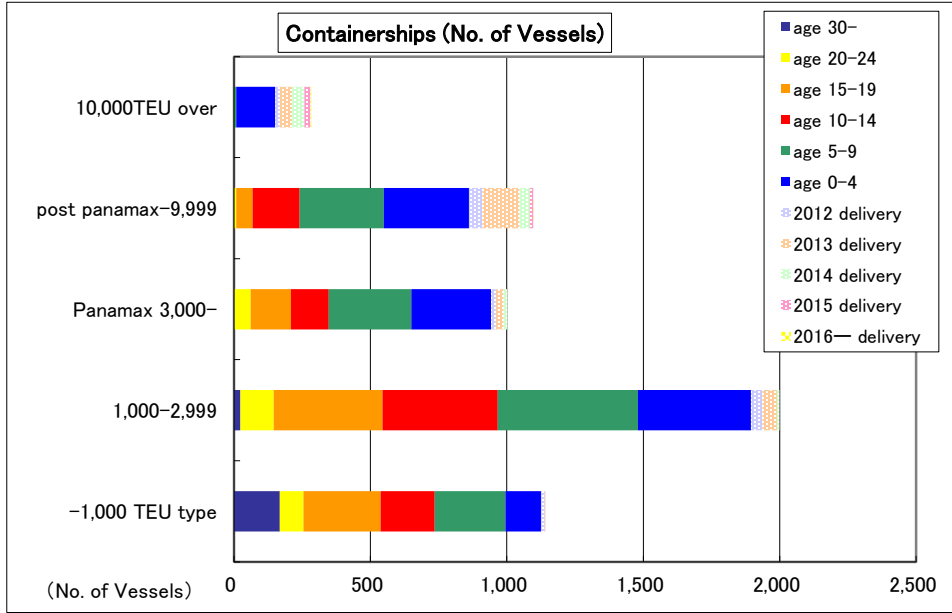
※Min. case for LNG Carriers: Scrapped at the age of 30.

LNG



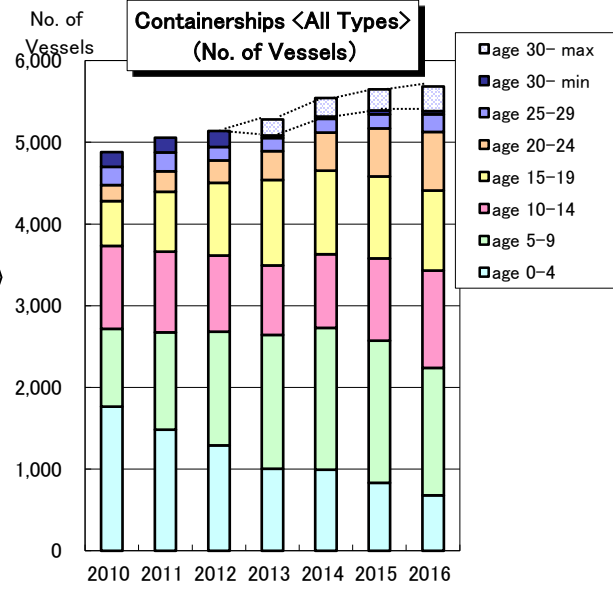
3. World Market <3-1.Fleet Scale by Vessel-type/Age>

④ Containerships by Vessel-type/Age

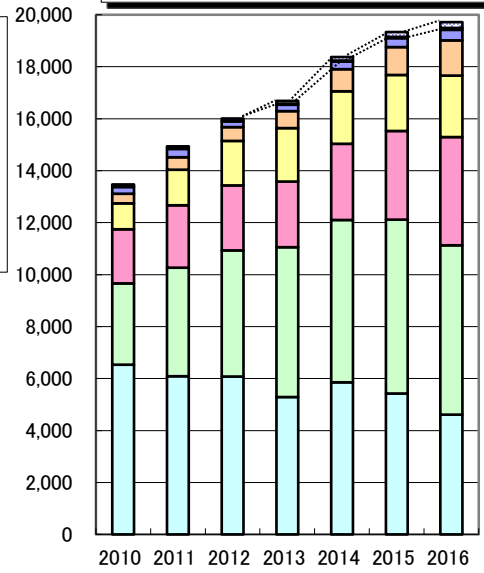


Clarkson as of July 2012

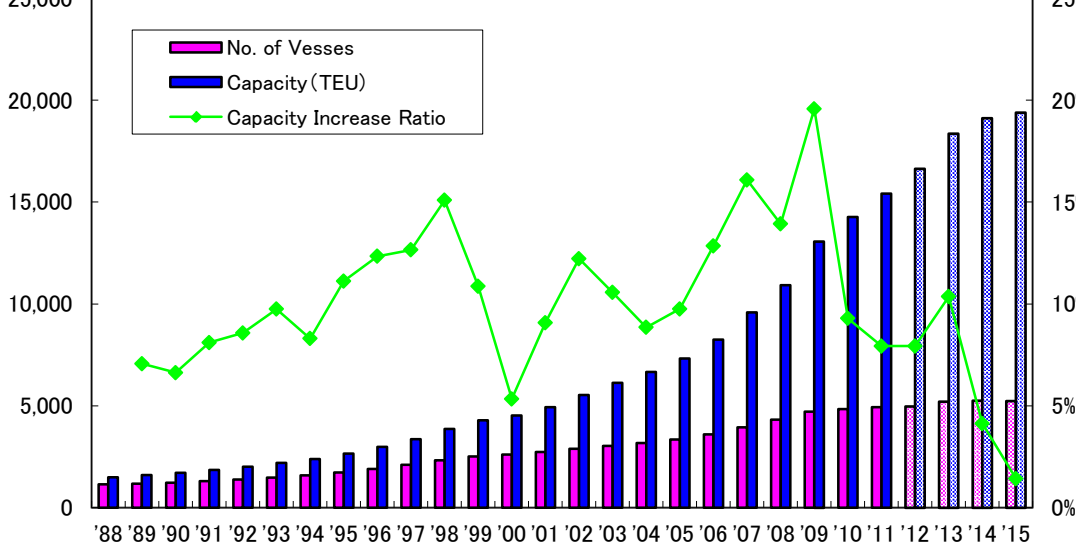
Min/Max* Fleet Increase Schedule (Estimated)



(1,000 TEU) Containerships <All Types>(Capacity)

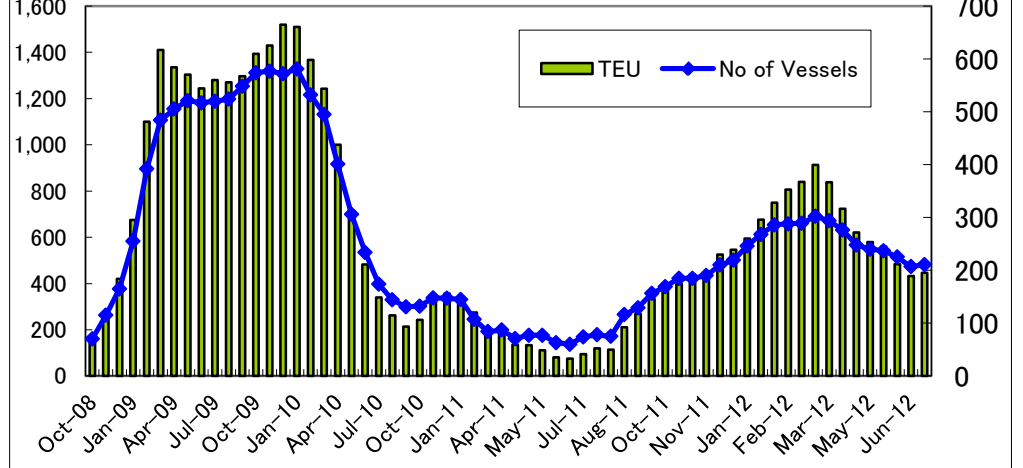


World Containership Increase (Results and Forecasts)



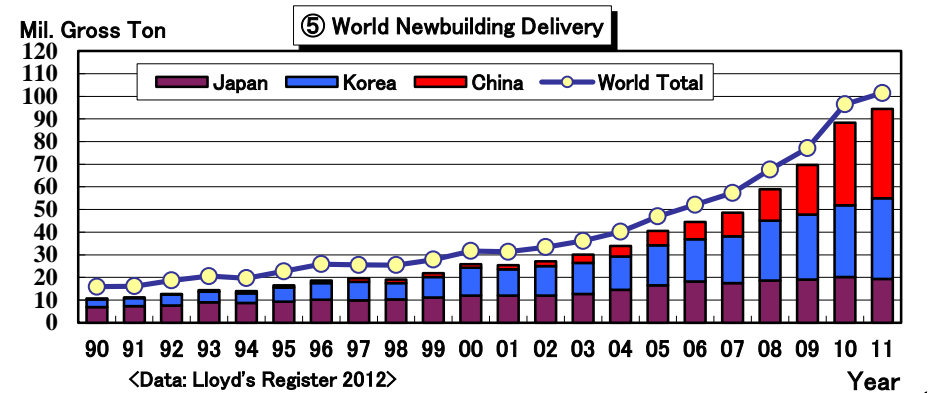
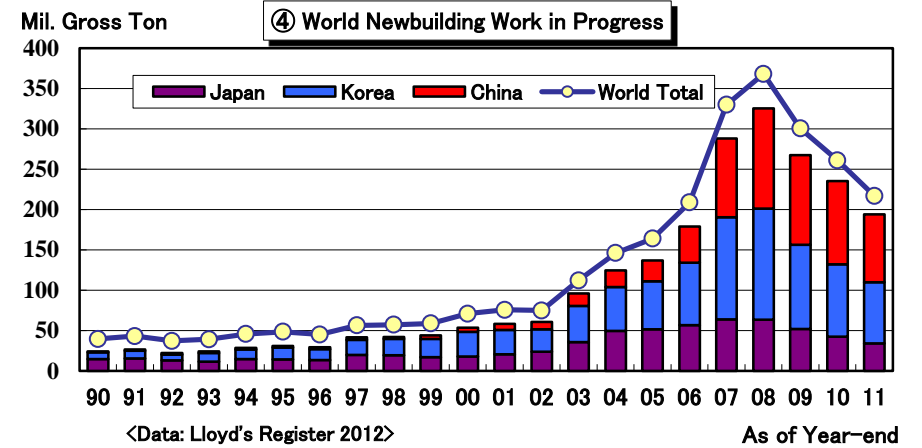
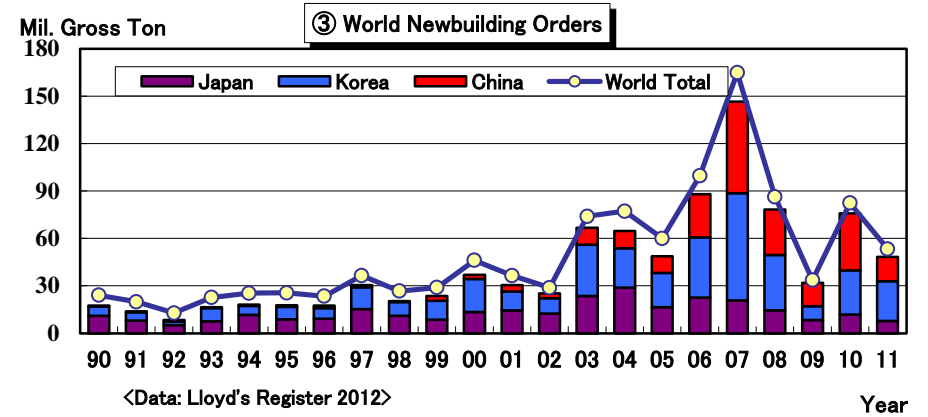
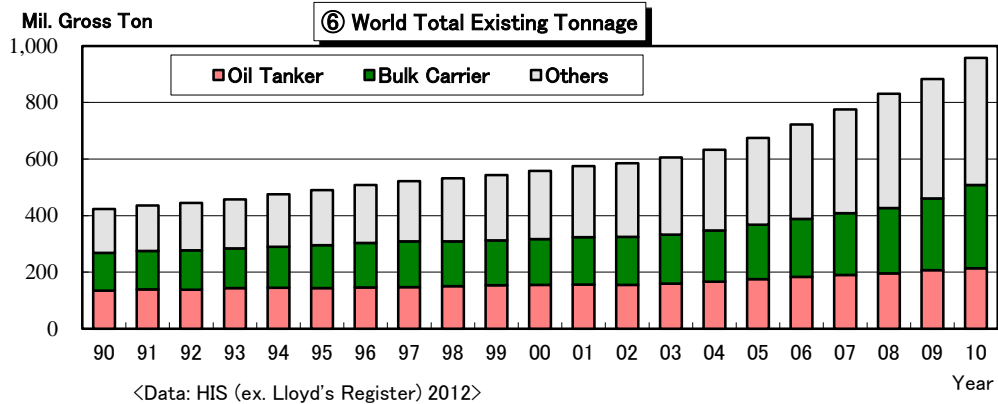
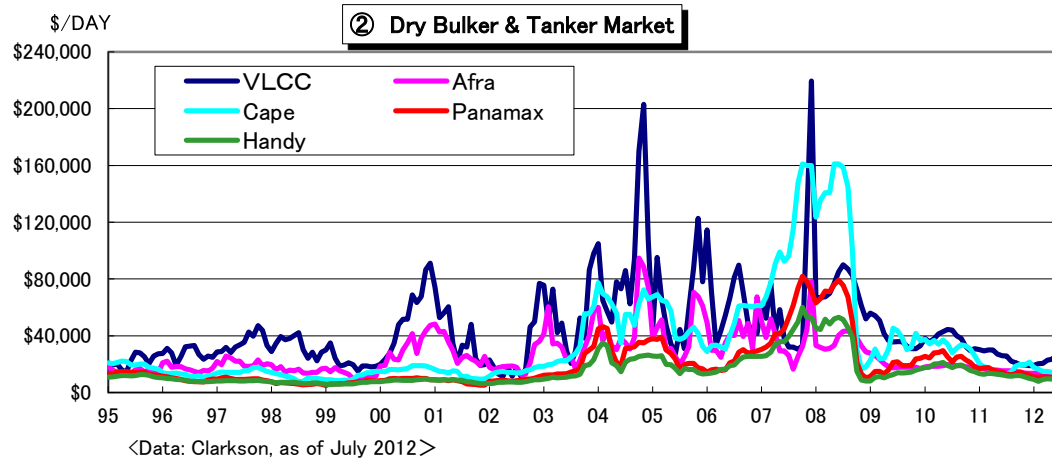
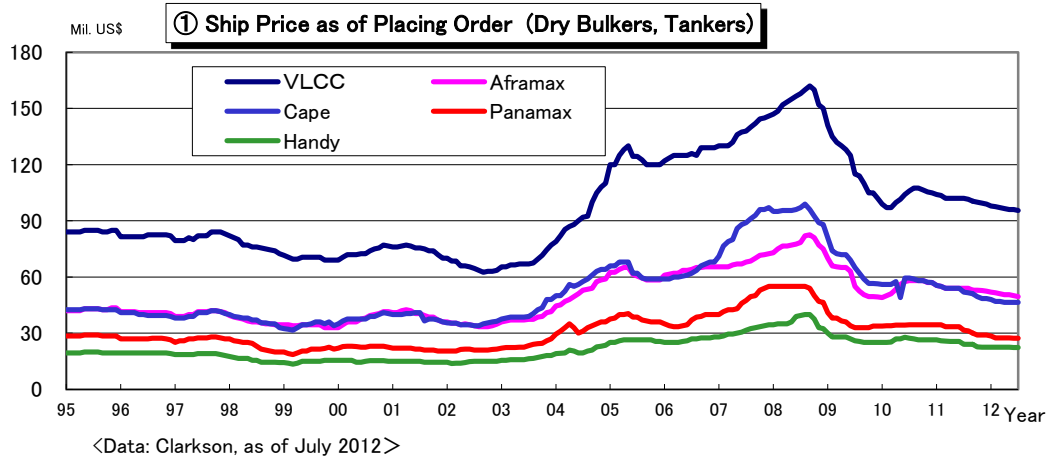
Alphaliner Report 2012 July

Laid-up Containerships

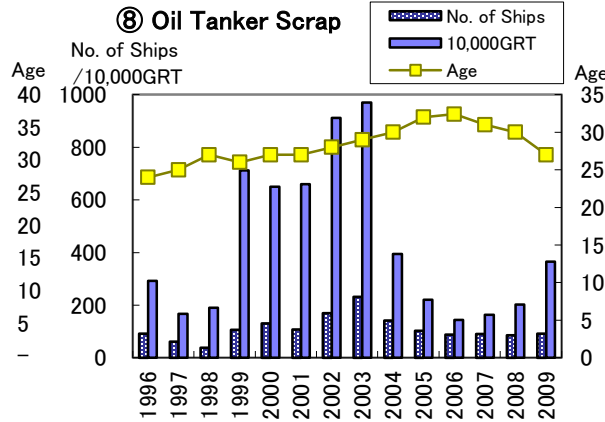
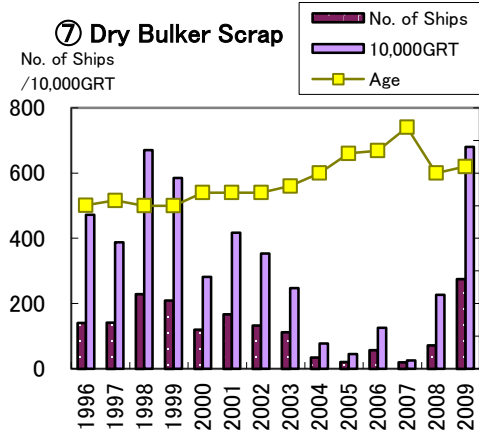


Source: AXS Marine (as of July 2012)

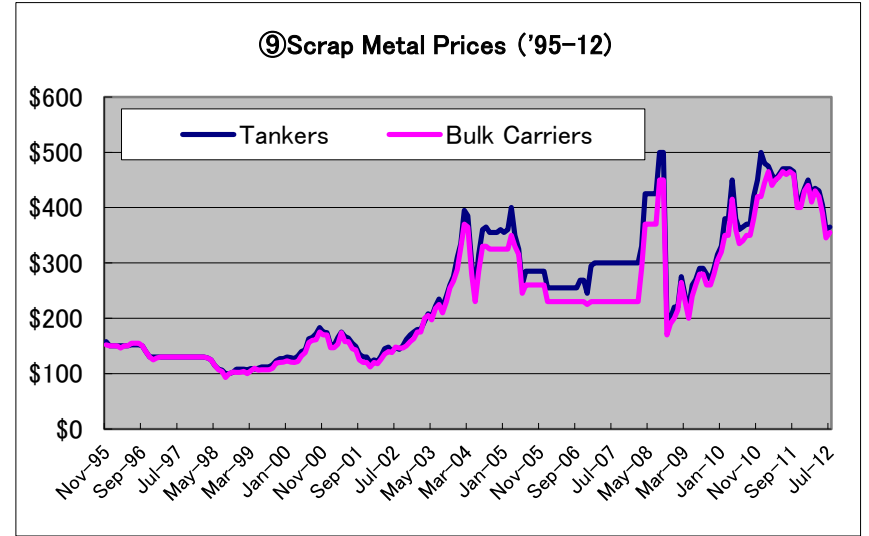
3-2. Trend of Newbuildings



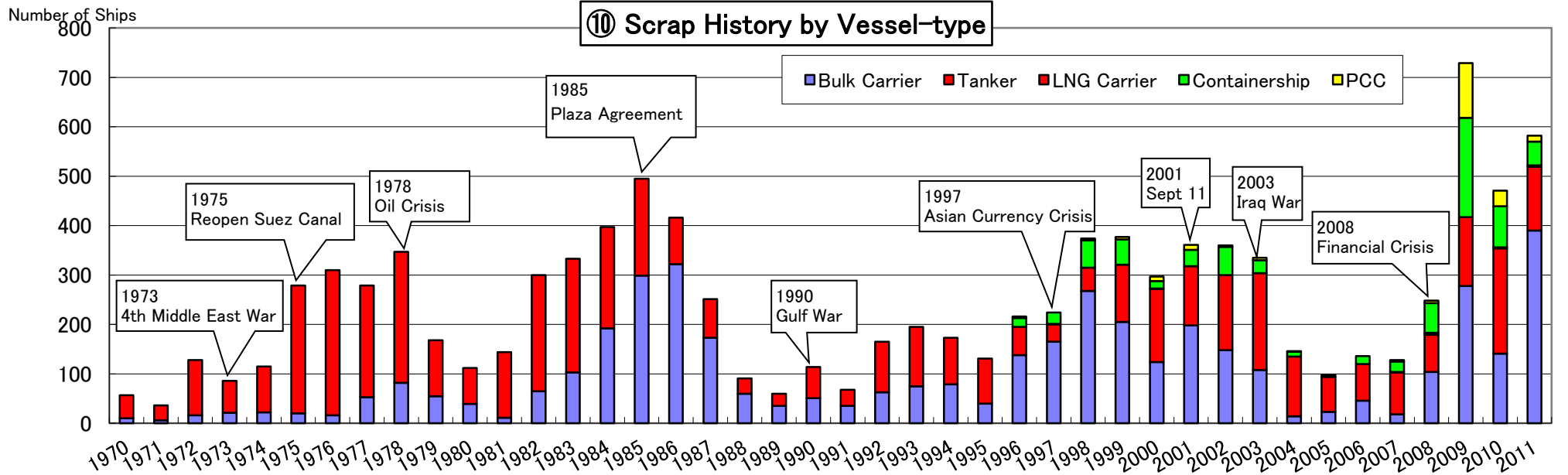
3-2. Trend of Newbuildings



Data: The Japanese Shipowners' Association 「Kaiun Tokei Youran (2011)」

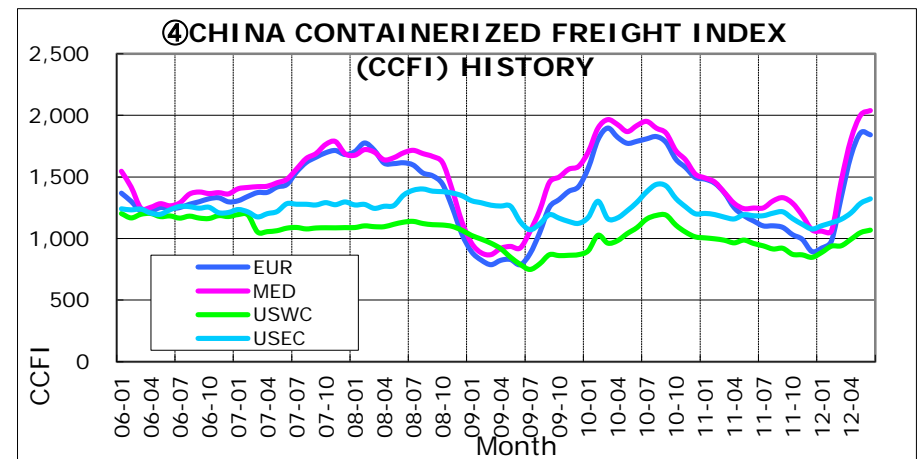
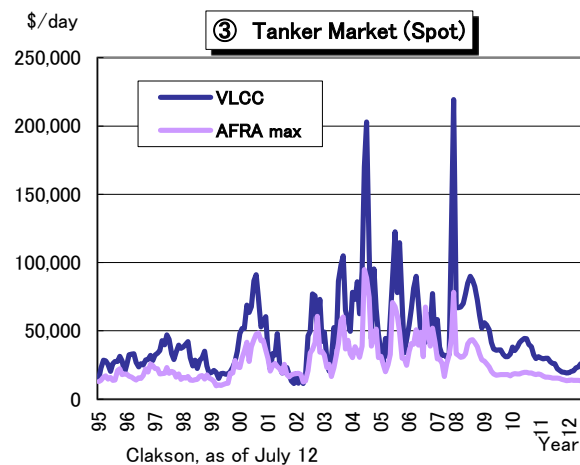
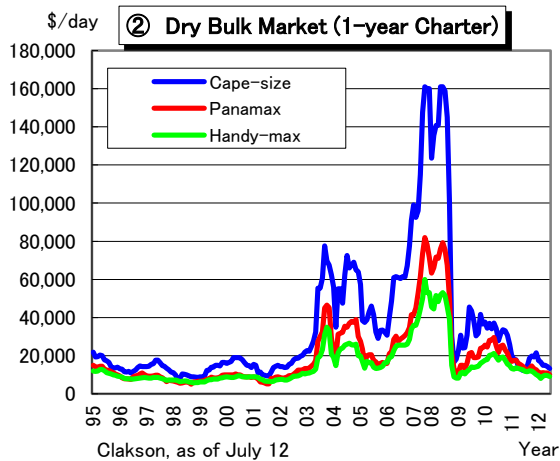
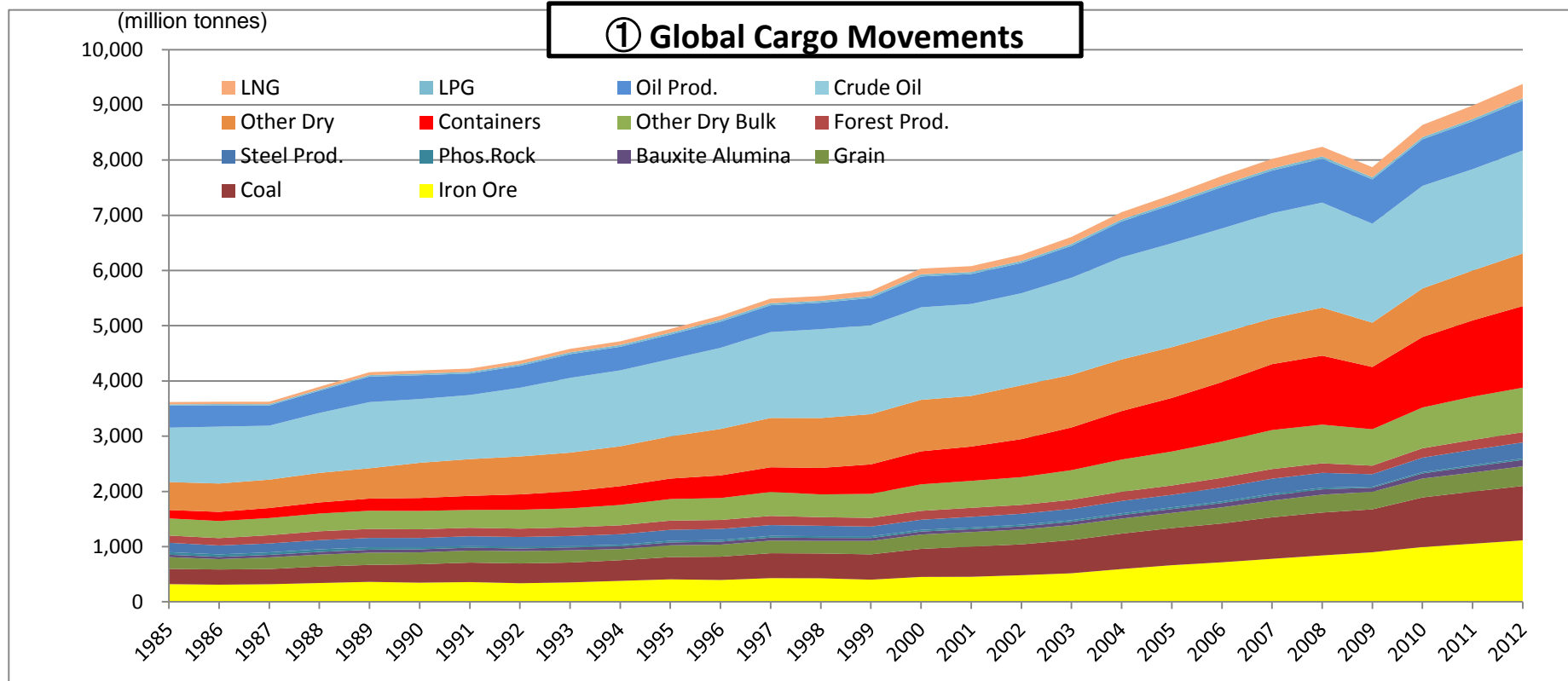


Clarkson, as of July 12



Clarkson, as of July 12

3-3. Global Cargo Movements, Market

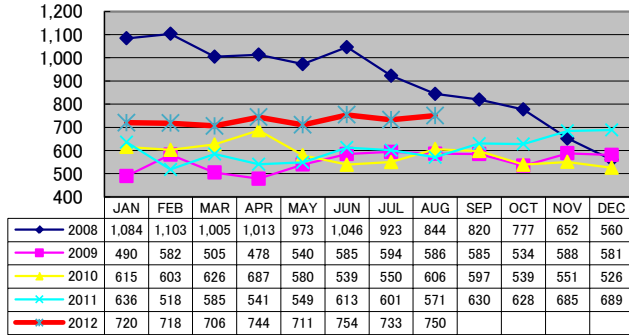


3-4. Latest Economic Trends

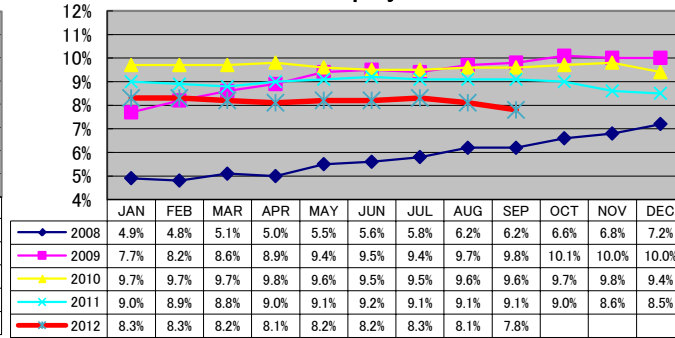
① Key Economic Indicators for North America

units: 1,000

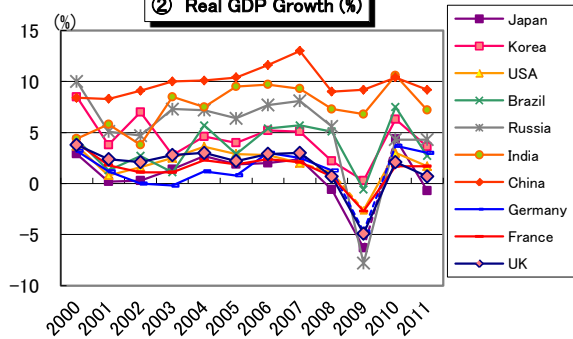
US Housing Starts (U.S. Census)



US Unemployment Rate

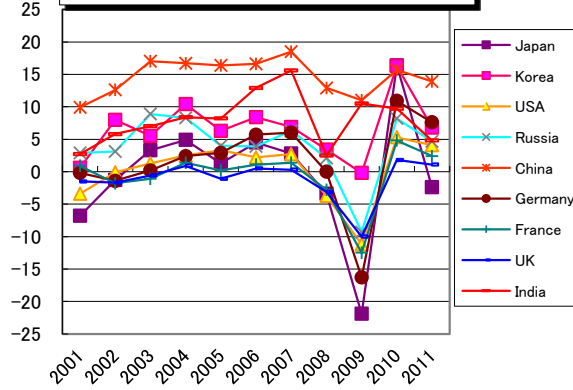


② Real GDP Growth (%)



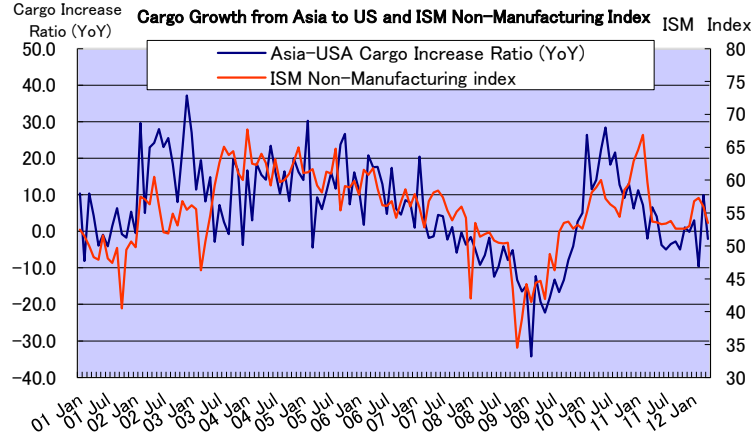
<MOFA 'Key Economic Indicator'>

③ Mining and Industrial Output Growth (%)

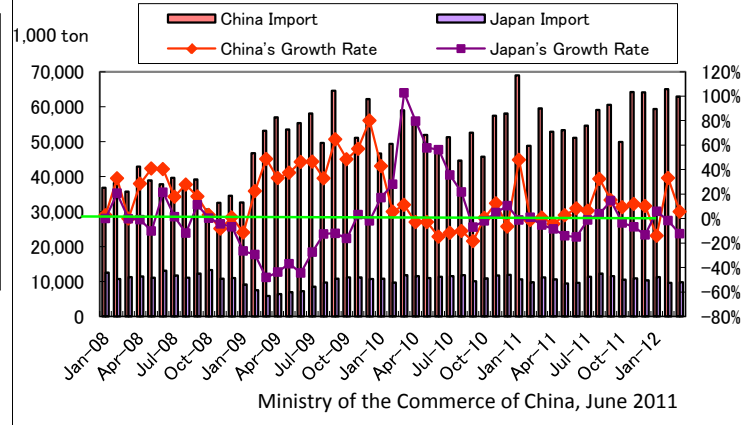


<MOFA 'Key Economic Indicator'>

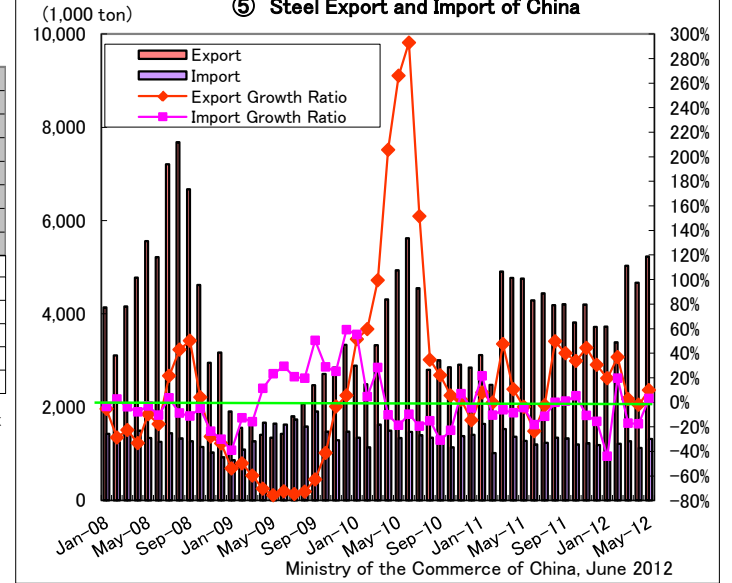
Cargo Growth from Asia to US and ISM Non-Manufacturing Index



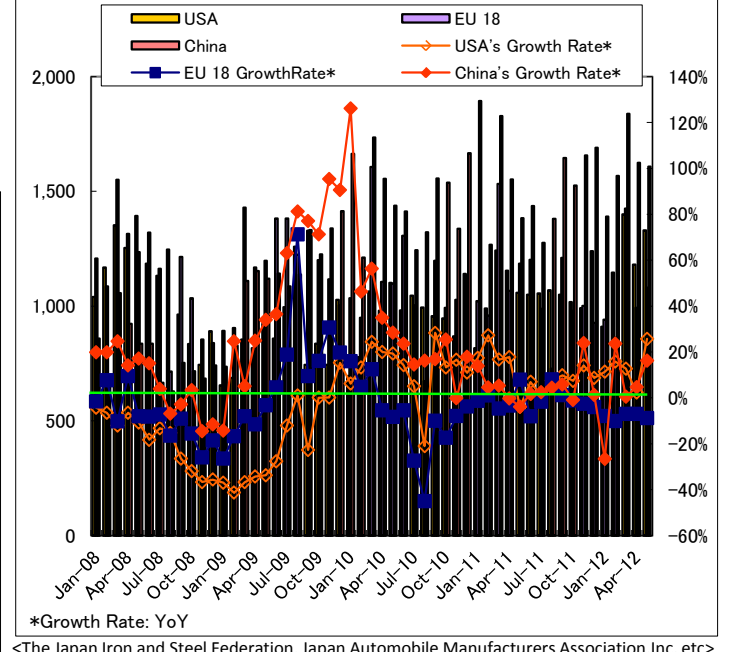
④ Iron Ore Import



⑤ Steel Export and Import of China

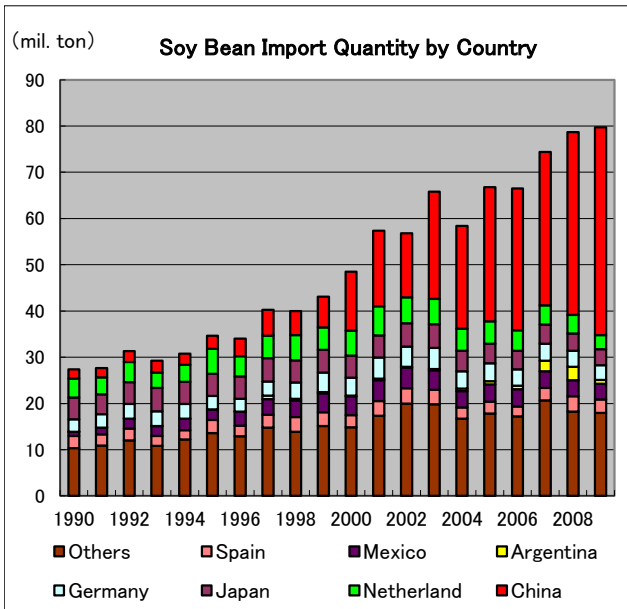


⑥ Sales of Automobiles

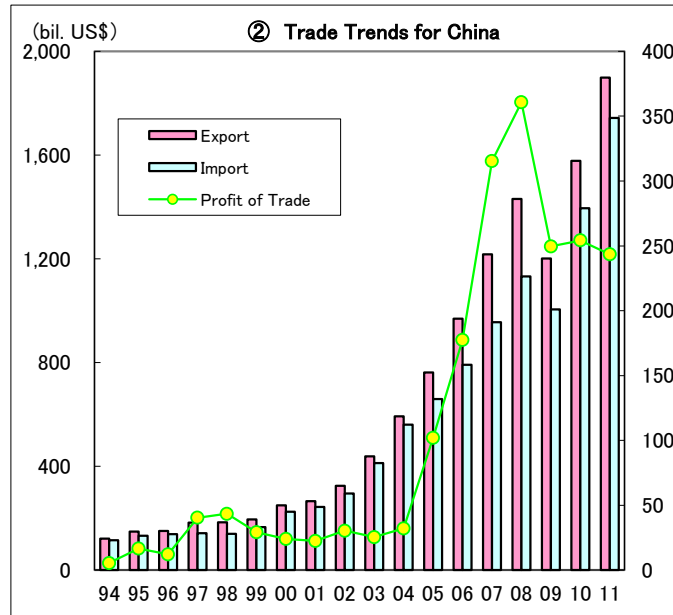


3-5. Emerging Markets (China)

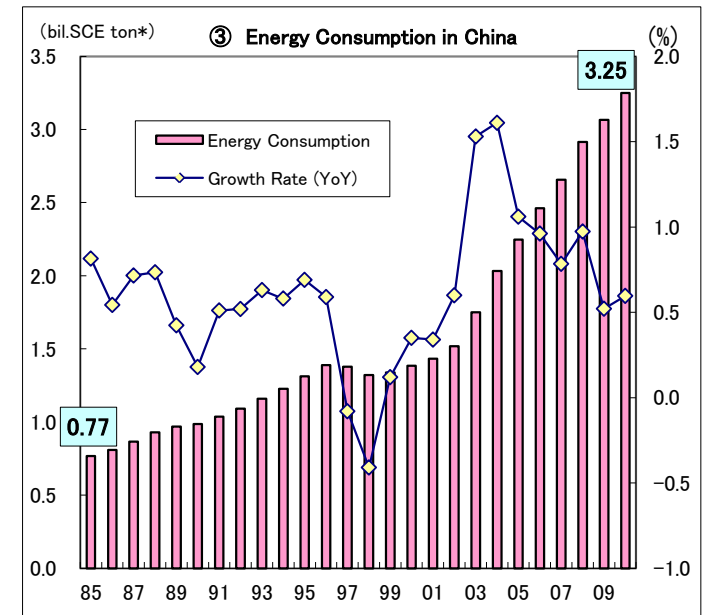
① Grain Transportation Driven by China (Soy Bean)



<FAO, as of July 2012>

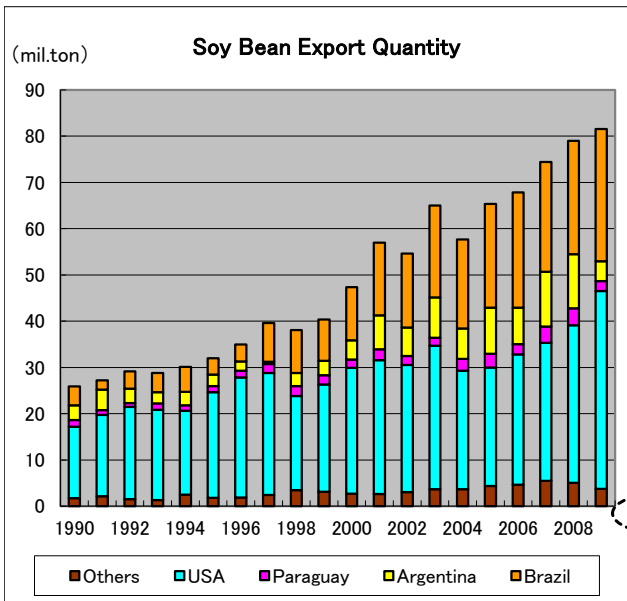


<Jetro, as of July 2012>

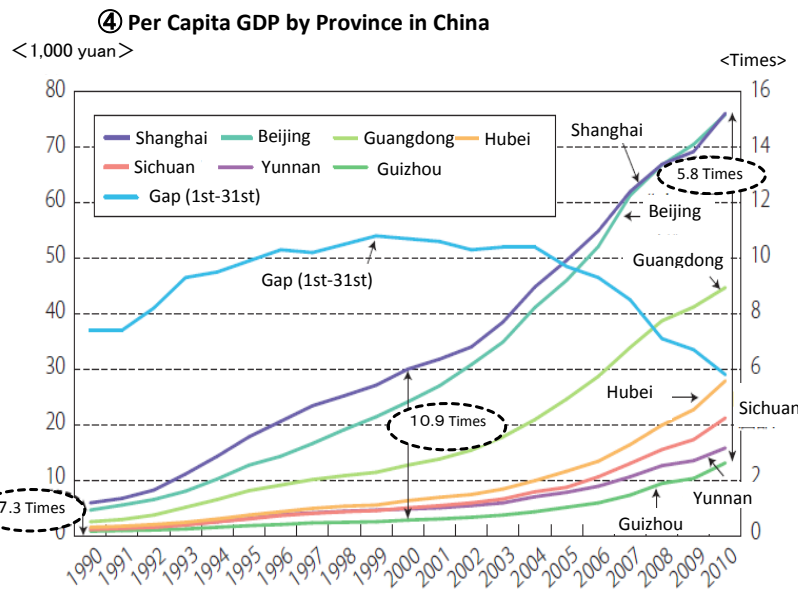


<National Bureau of Statistics of China as of July 2012>

*SCE=Standard Coal Equivalent



<FAO, as of July 2012>



<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 Research Center for China Household Finance

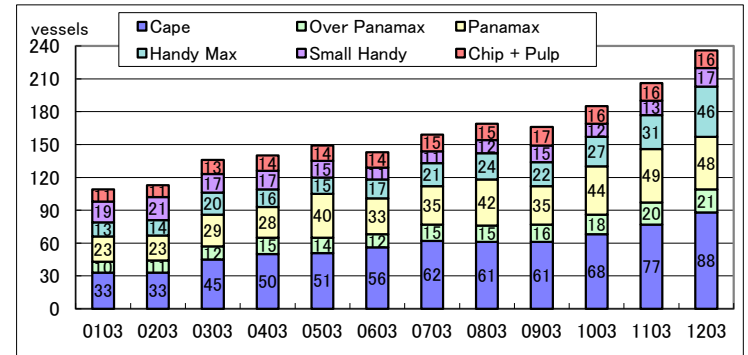


4. Bulk Carrier Business <4-1. "K" Line Fleet>

① "K" Line's Dry Bulk Fleet

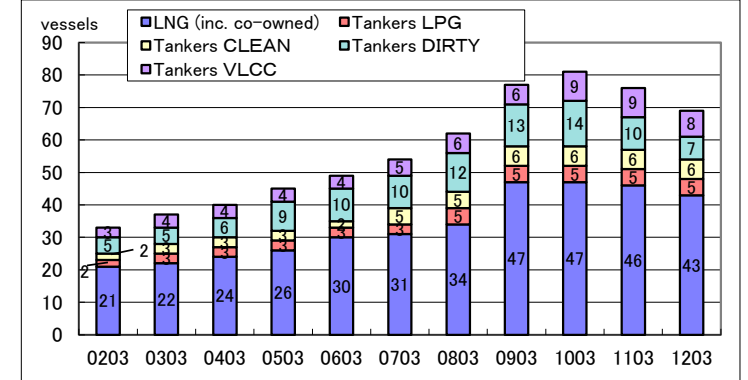
	0103	0203	0303	0403	0503	0603	0703	0803	0903	1003	1103	1203
Cape (DWT 170,000 ton~)	33	33	45	50	51	56	62	61	61	68	77	88
Over Panamax (DWT around 100,000 ton)	10	11	12	15	14	12	15	15	16	18	20	21
Panamax (DWT approx. 6~70,000 ton)	23	23	29	28	40	33	35	42	35	44	49	48
Handy Max (DWT approx. 4~50,000 ton)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

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

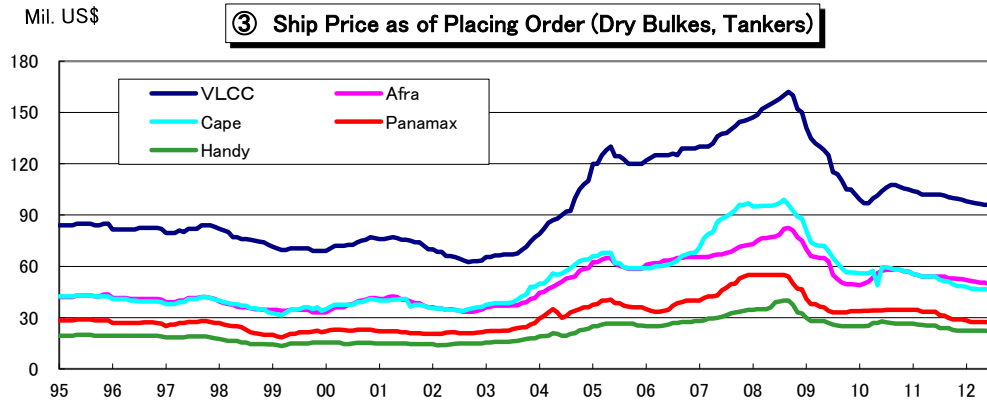


② "K" Line's Energy Transportation Vessel Fleet

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

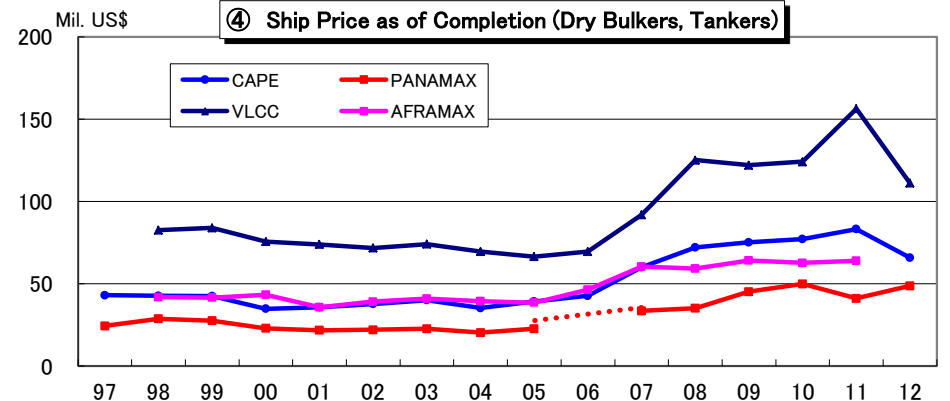


③ Ship Price as of Placing Order (Dry Bulkes, Tankers)



<Data: Clarkson, as of July 2012>

④ Ship Price as of Completion (Dry Bulkes, Tankers)

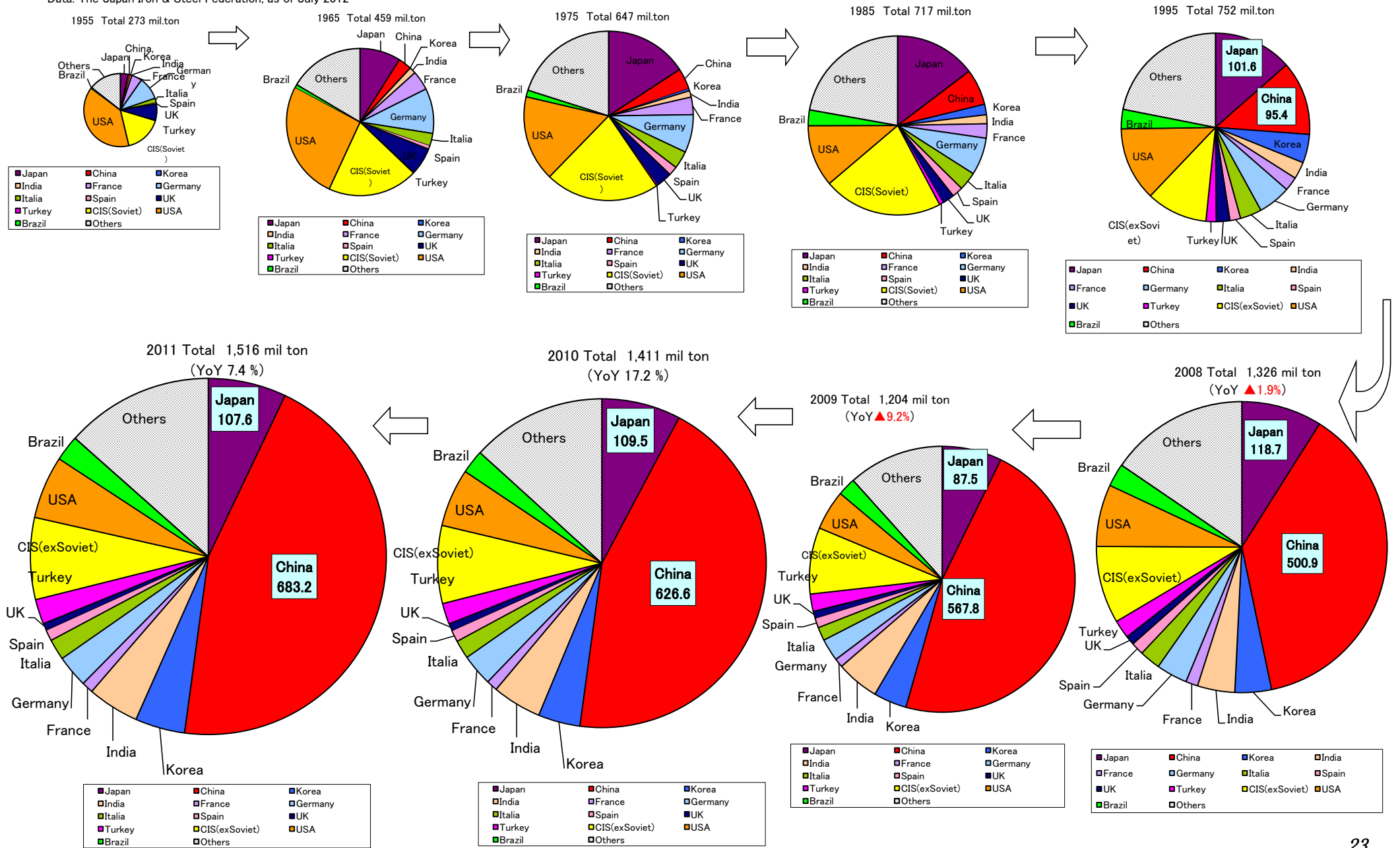


<"K" Line processed based on domestic papers>

4-2. Demand on Dry Bulk

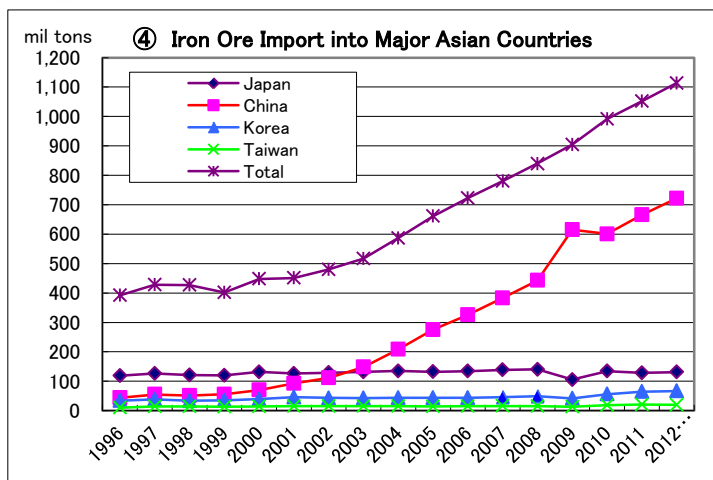
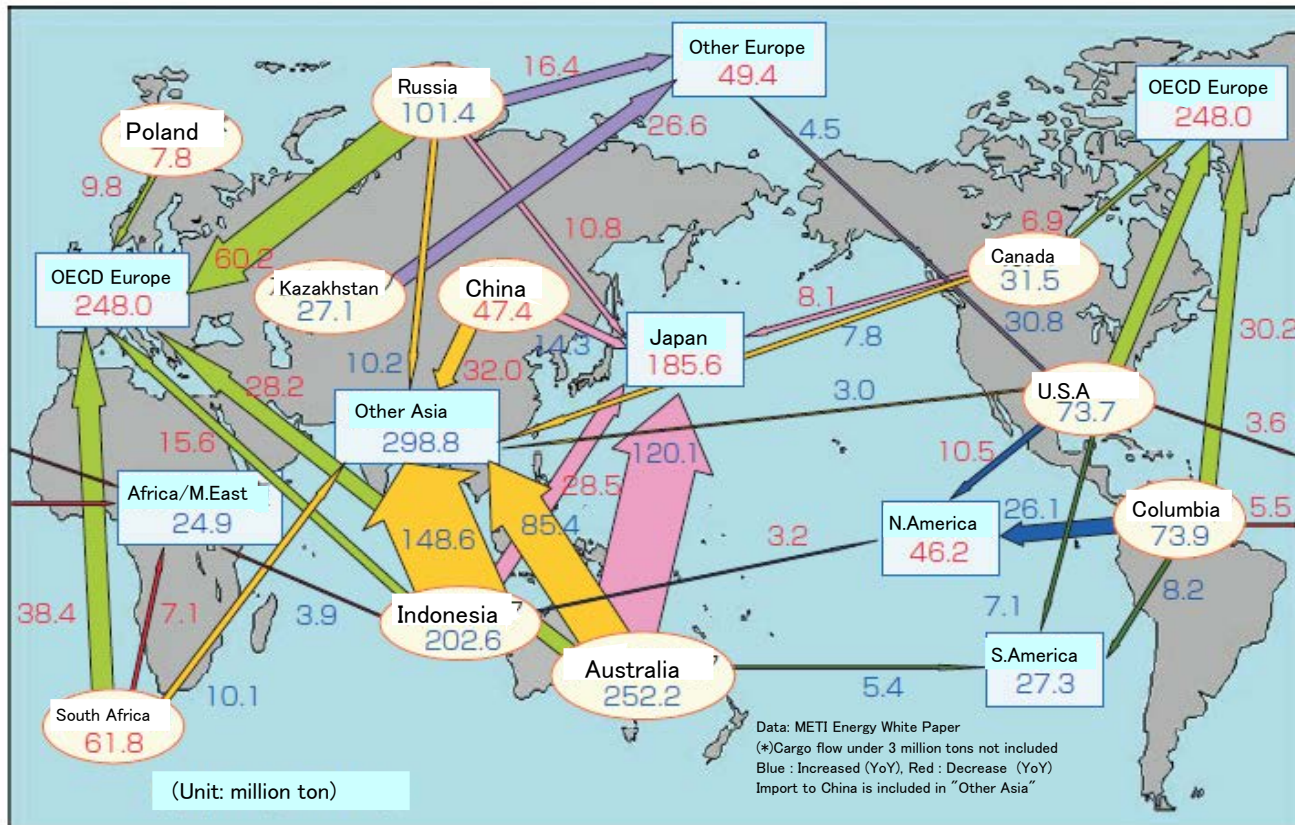
① Transition of World Crude Steel Production

Data: The Japan Iron & Steel Federation, as of July 2012

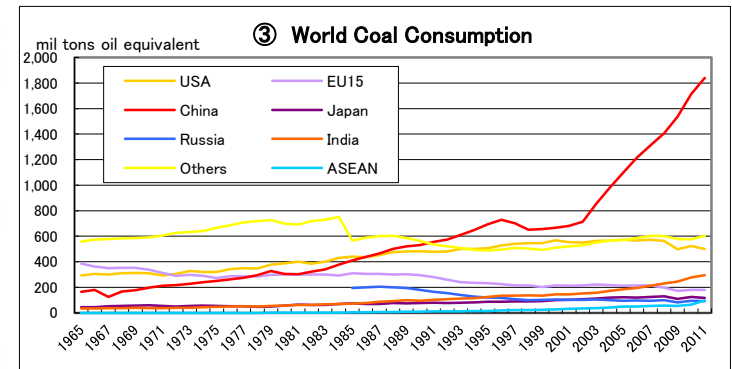
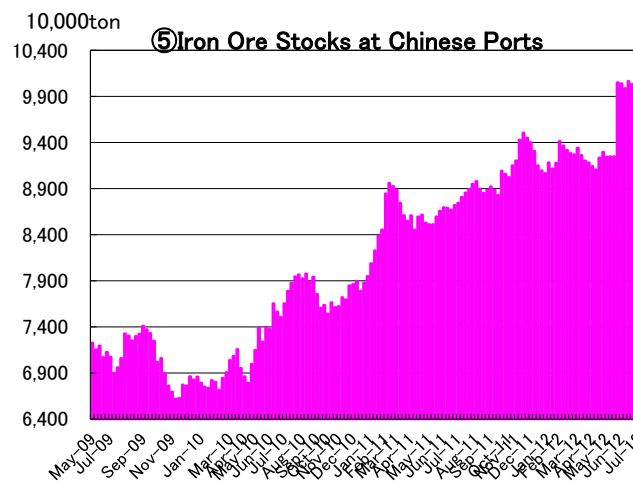


4-2. Demand on Dry Bulk

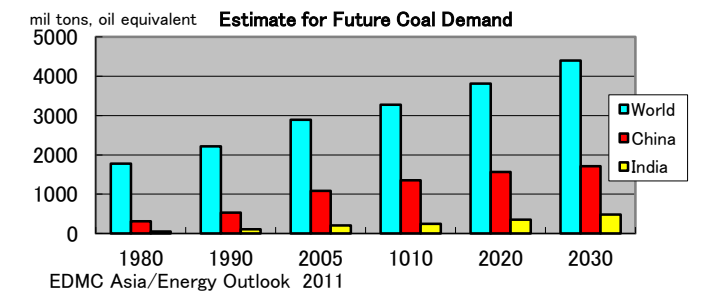
② Global Main Trades of Coal (2008 Estimation)



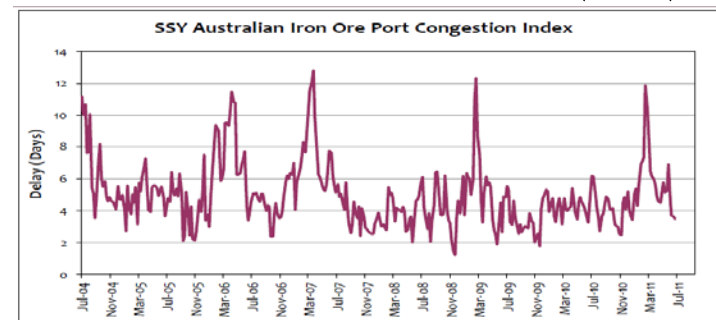
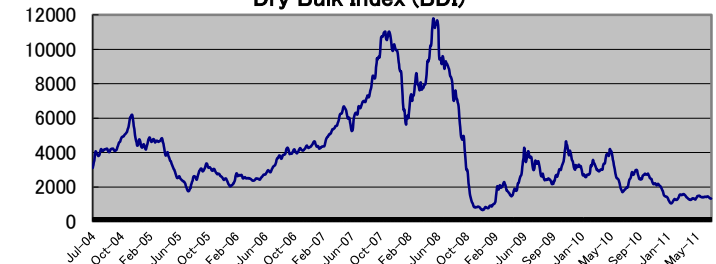
Clarkson, as of July 2012



BP Statistical Review of World Energy June 2011



⑥ BDI & Port Congestion in Australia

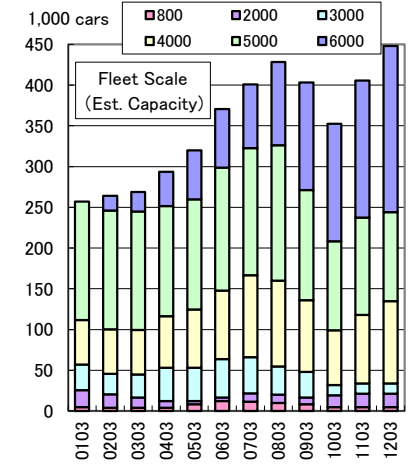
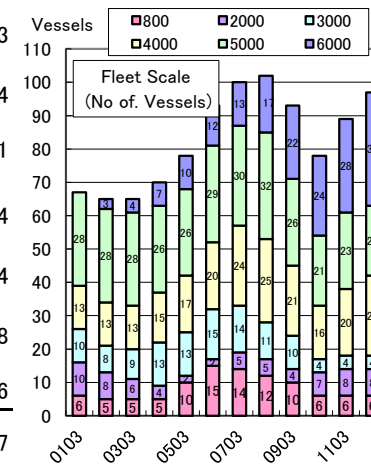


SSY, as of July 2011

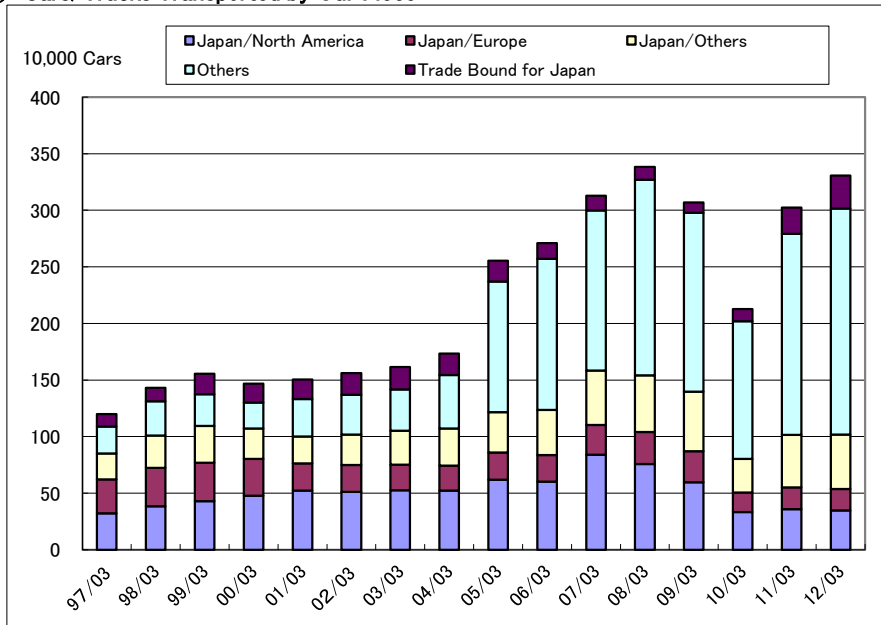
5. Car Carrier Business <5-1."K"Line Fleet and Cargo Movements>

① "K" Line PCC Fleet

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

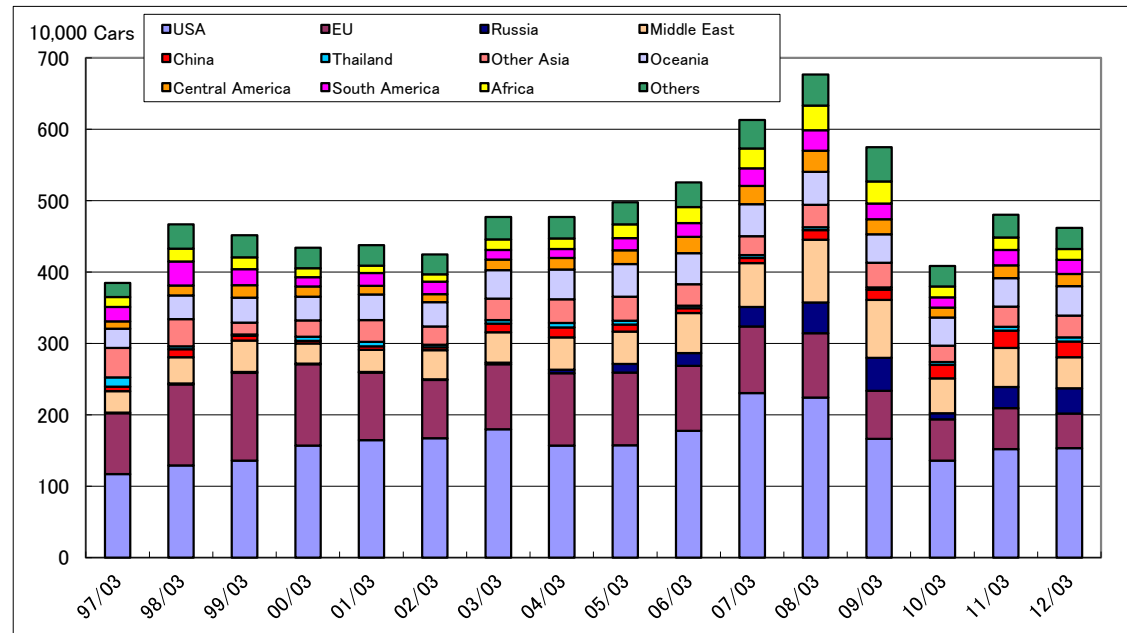


② Cars/Trucks Transported by Our Fleet



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

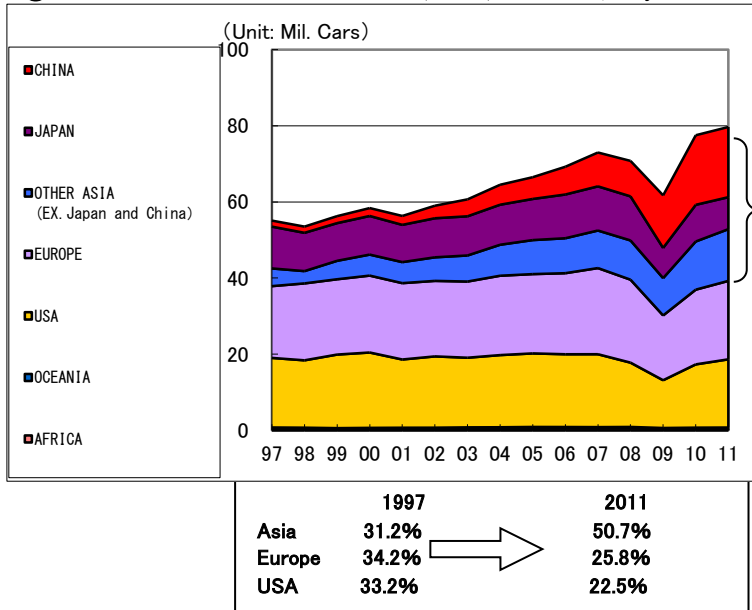
③ Total Cars/Trucks Expoted from Japan (Inc. Cars by GM Japan) Total Cars/Trucks



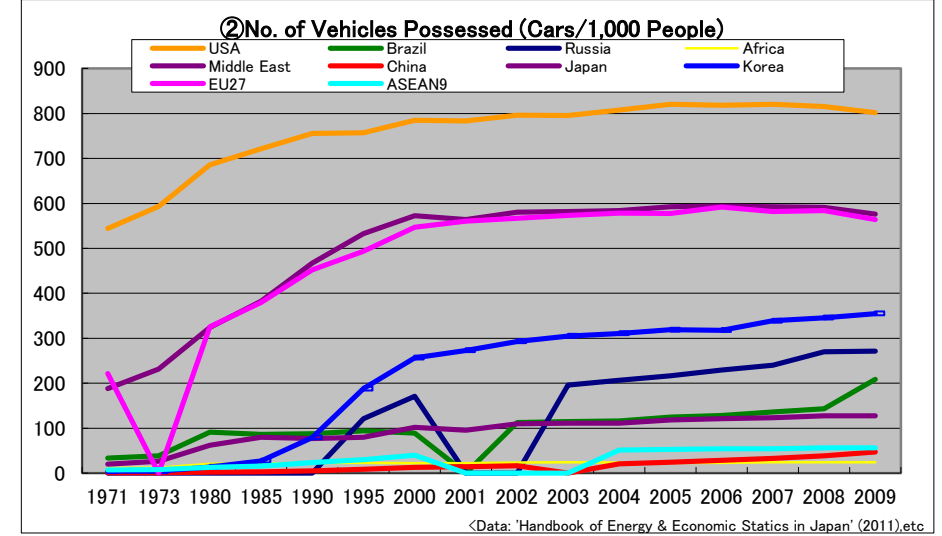
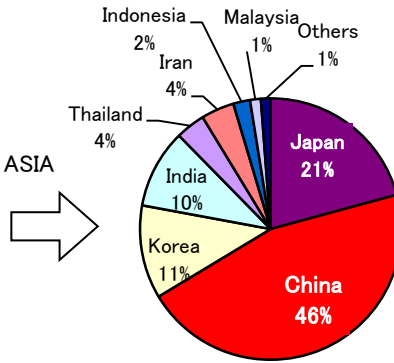
<Data: JAMA, July 2012>

5-2. Demand on Vehicles

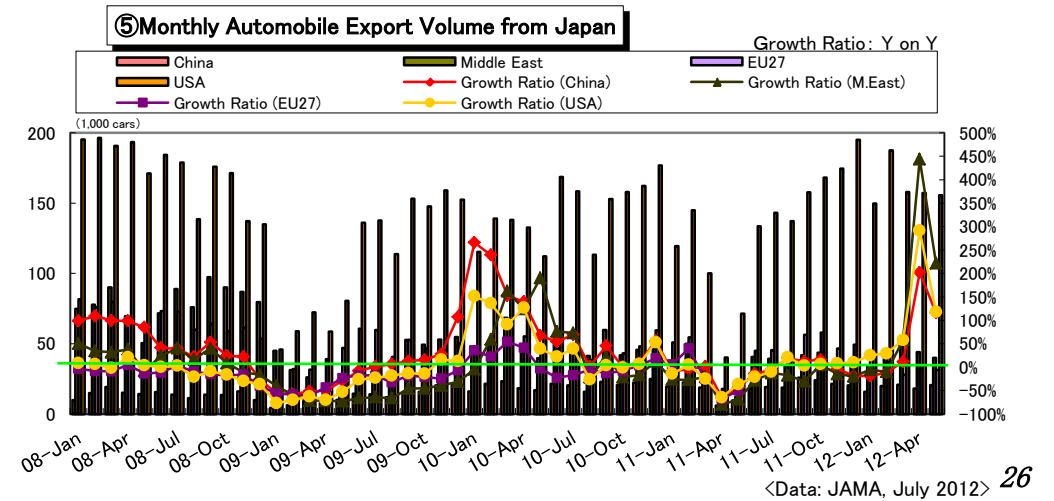
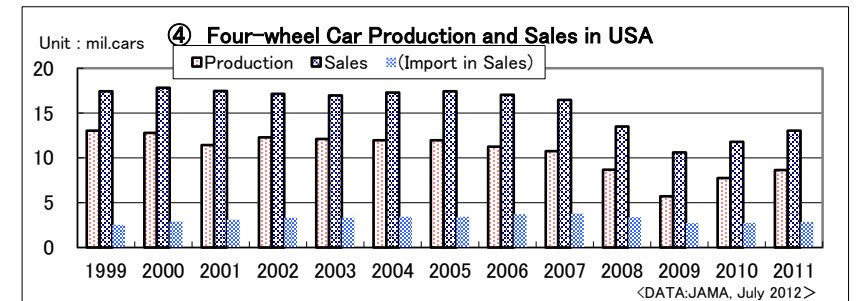
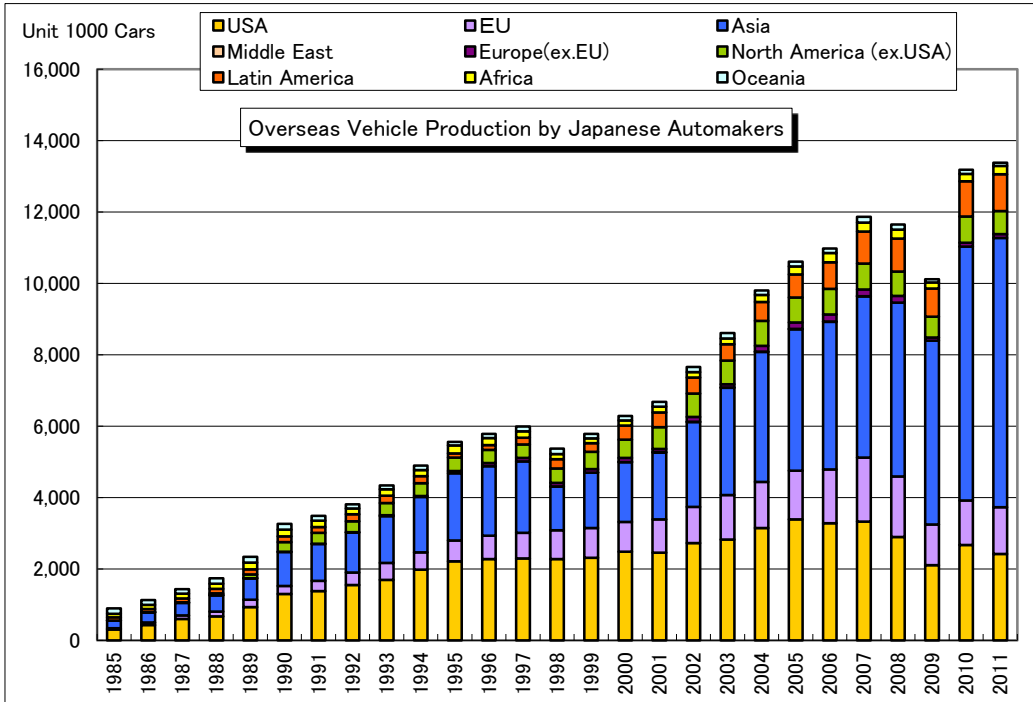
① World Automobile Production (2011) <OICA, July 2012>



Breakdown in Asia (2011)



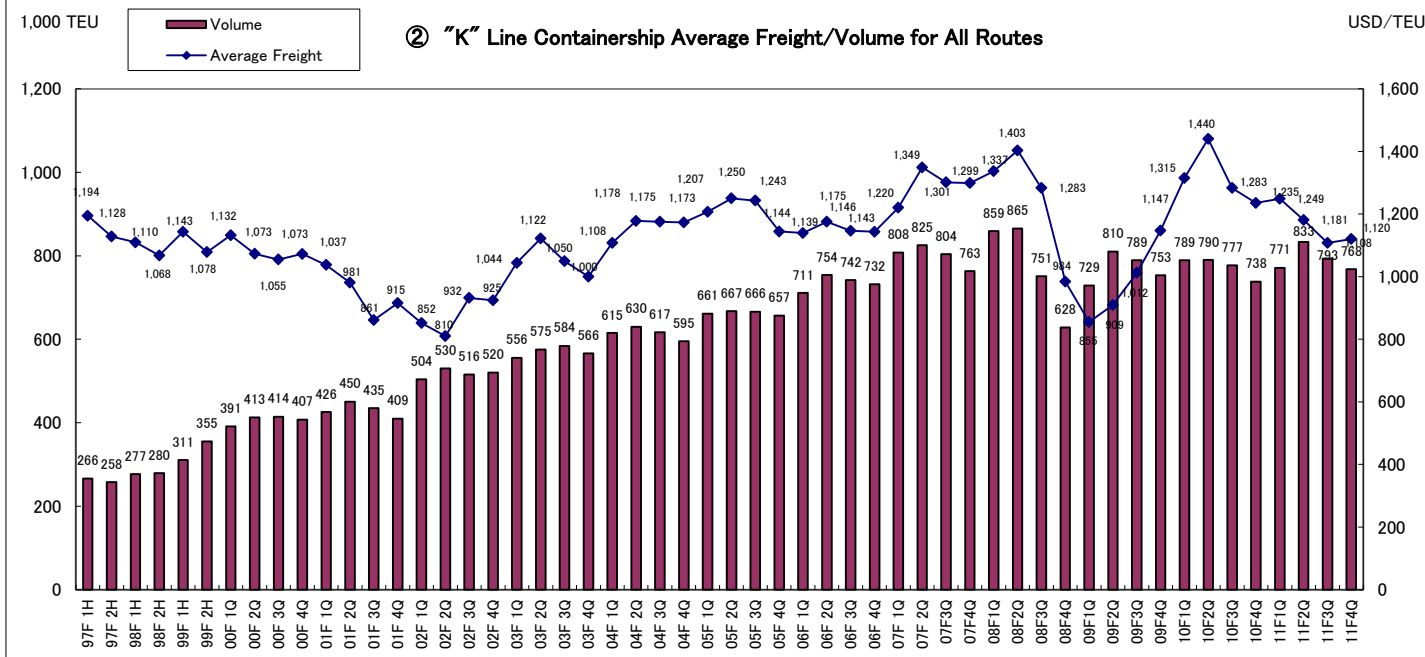
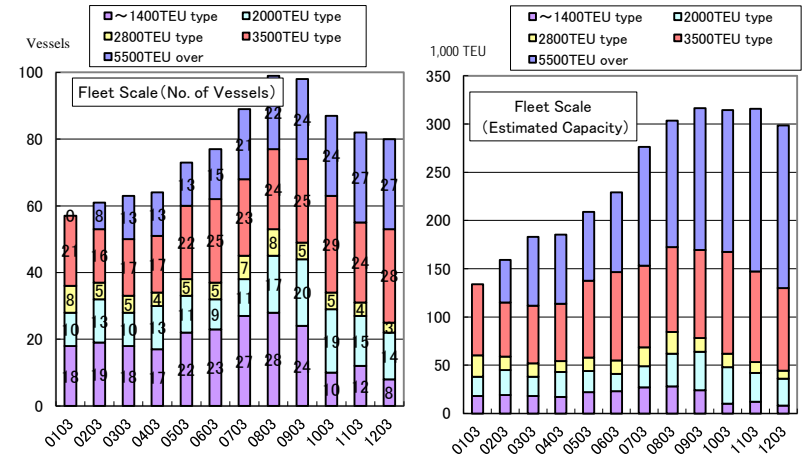
③ Transition of Overseas Vehicle Production by Japanese Automakers <Data: JAMA, July 2012>



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

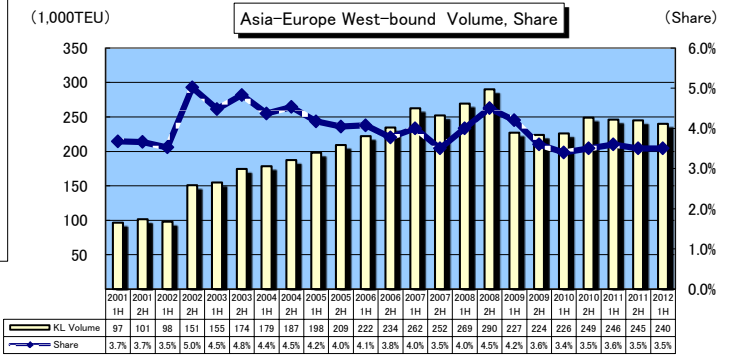
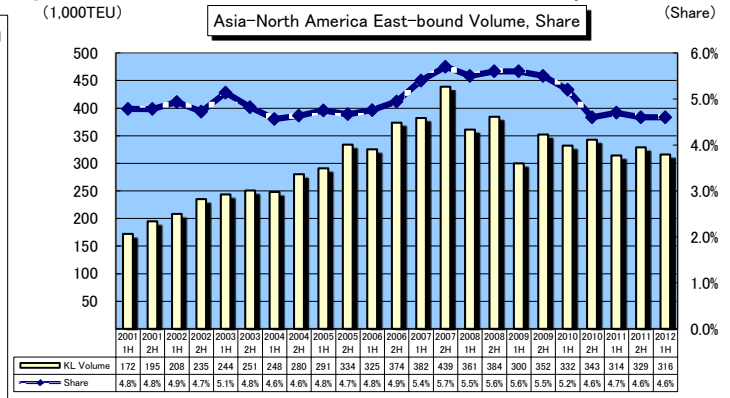
① "K"Line Containership Fleet

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



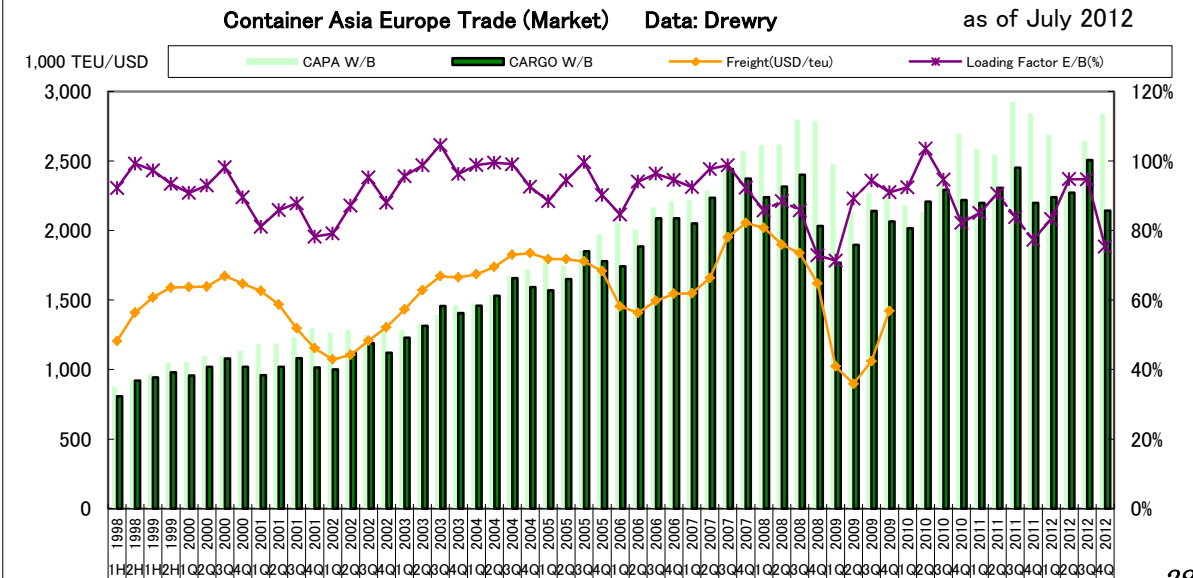
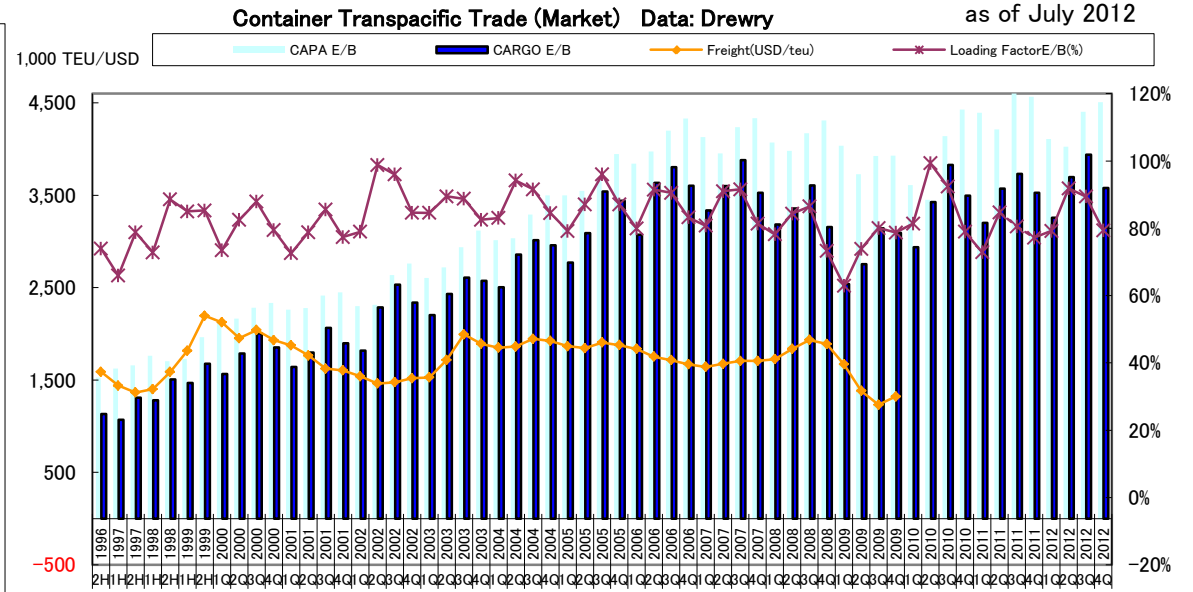
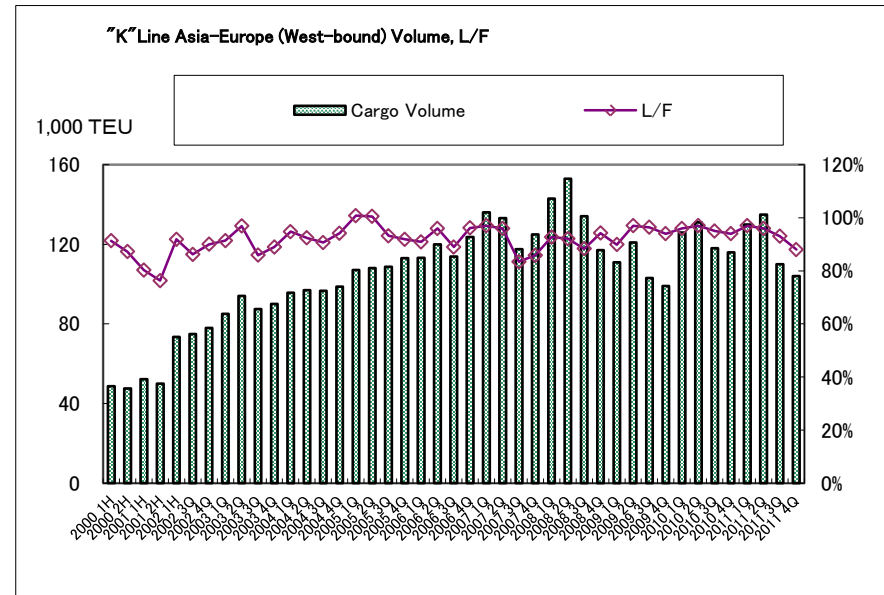
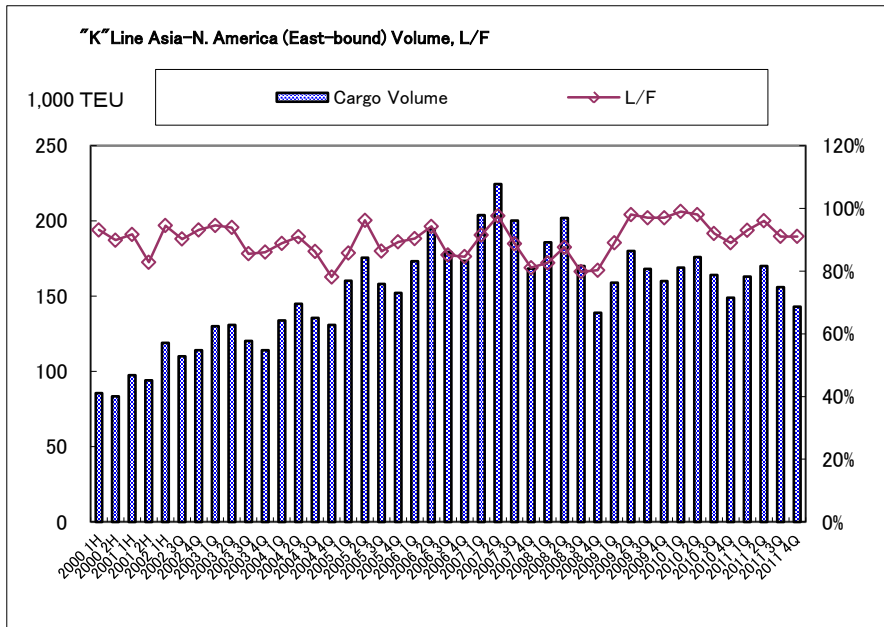
*As cargo volume for '97 1H-'99 2H, half of the actual data are indicated.

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

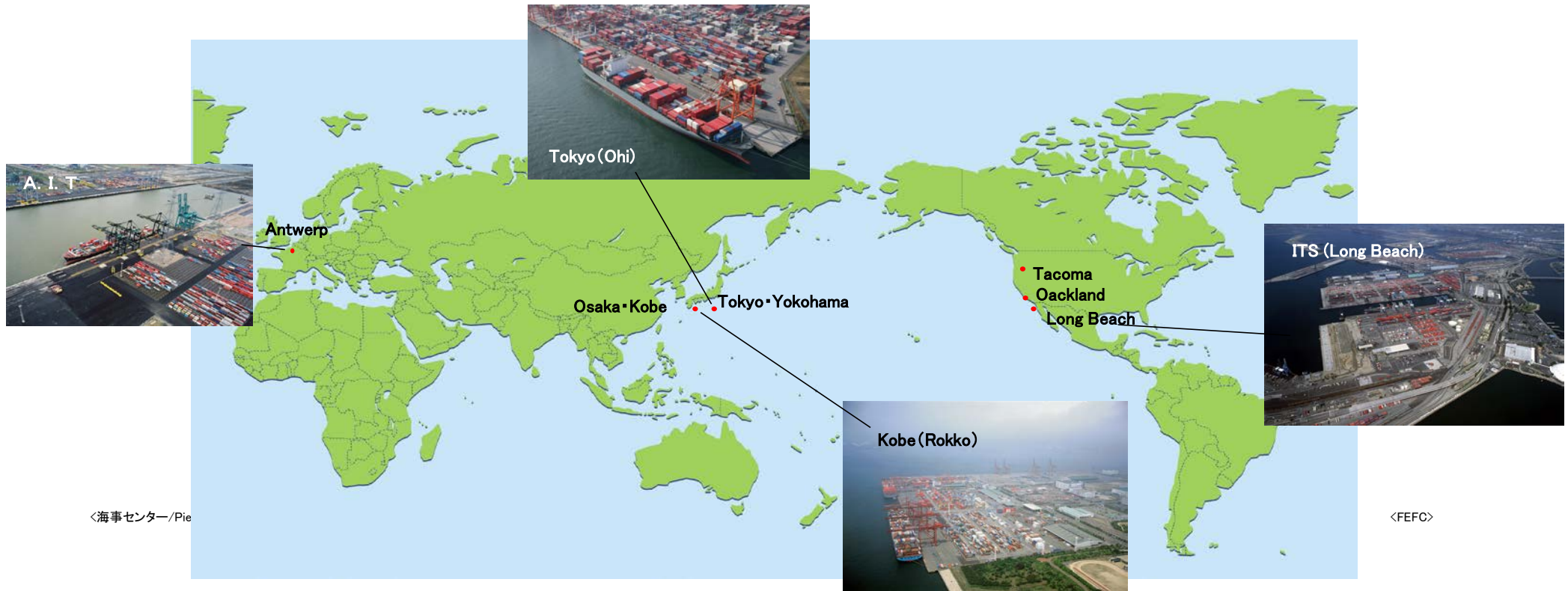


6-1. "K" Line Fleet and Cargo Volume

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



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



	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 SQM	4,370 TEU	5 Units
	"K"LINE Yokohama Container Terminal	Honmoku Quay A No.5 and 6 Berth	400 m	12 m	133,591 SQM	1,968 TEU	3 Units
	"K"LINE Osaka Container Terminal	Nanko No.8 Berth	350 m	14 m	63,031 SQM	1,082 TEU	2 Units
	"K"LINE Kobe Container Terminal**	Rokko Terminal RC 4 West and RC 4/5 Berth	700 m	14 m	269,510 SQM	3,510 TEU	5 Units
USA	International Transportation Service, Inc.	Long Beach, CA., Pier G	1,920 m	13-16 m	955,000 SQM	15,905 TEU	19 Units
	Husky Terminal and Stevedoring Inc.	Tacoma, WA., Berth 3&4	830 m	16 m	376,000 SQM	4,800 TEU	4 Units
Belgium	Antwerp Internatinal Terminal NV***	Antwerp, PSA-HNN Deurganck Terminal	340 m	15.5 m	175,000 SQM	2,990 TEU	3 Units

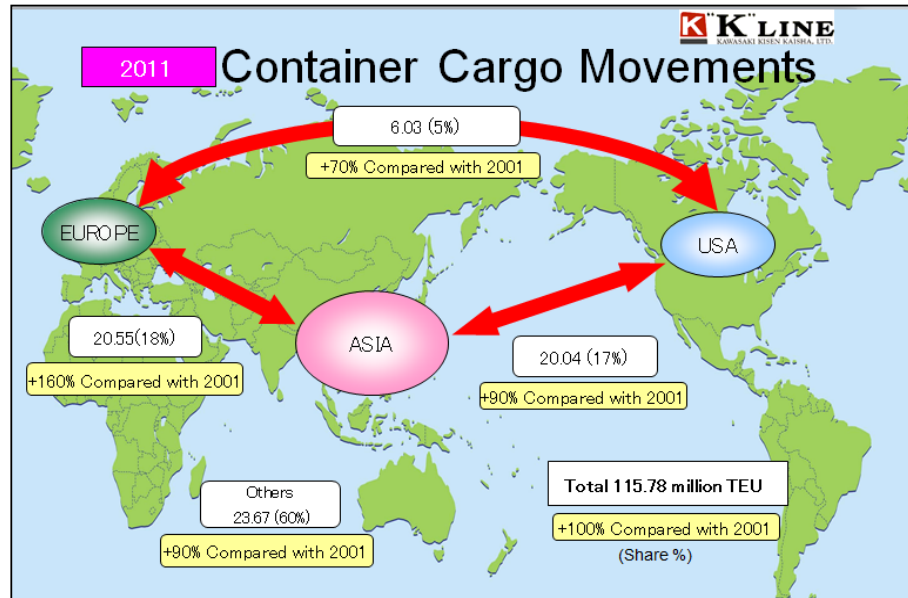
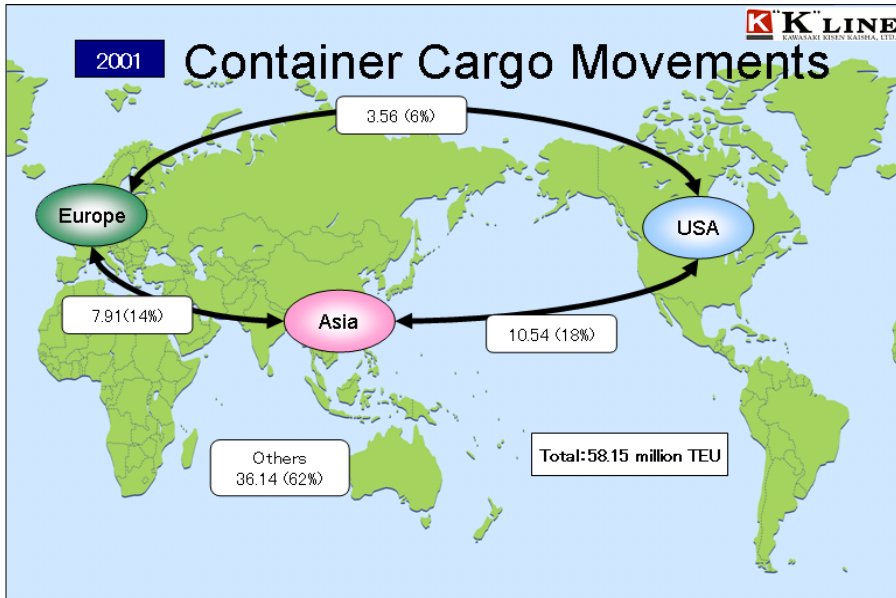
* Flat Space

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

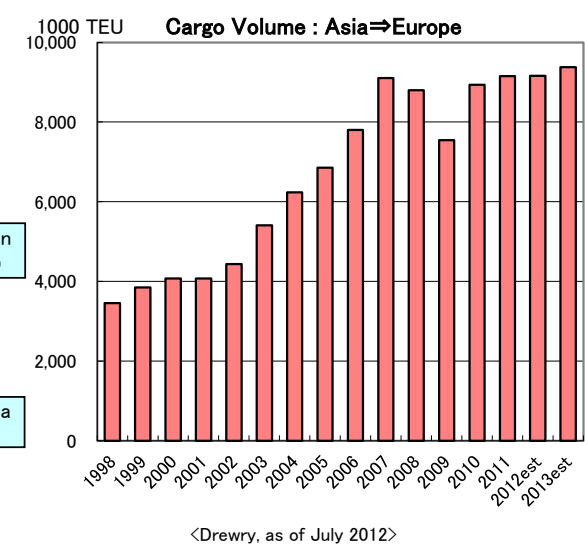
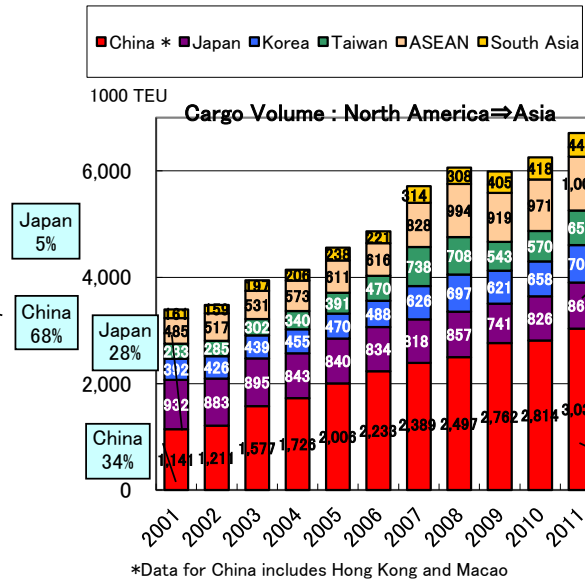
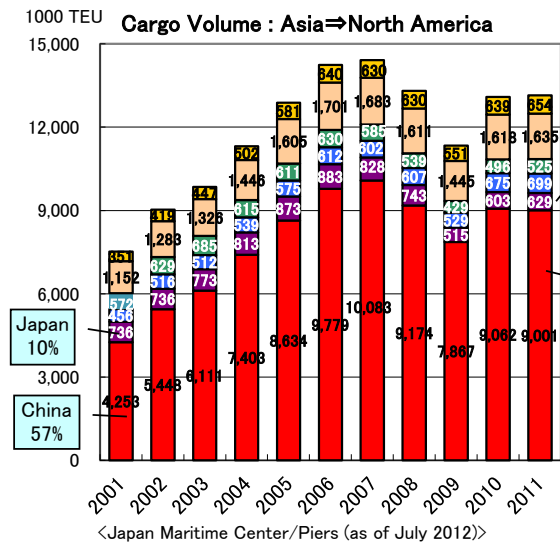
***Joint venture between K-Line ,Yang Ming Line,Hanjin Shipping and PSA-HMN.

6-3. Container Cargo Movements

① Container Cargo Movements

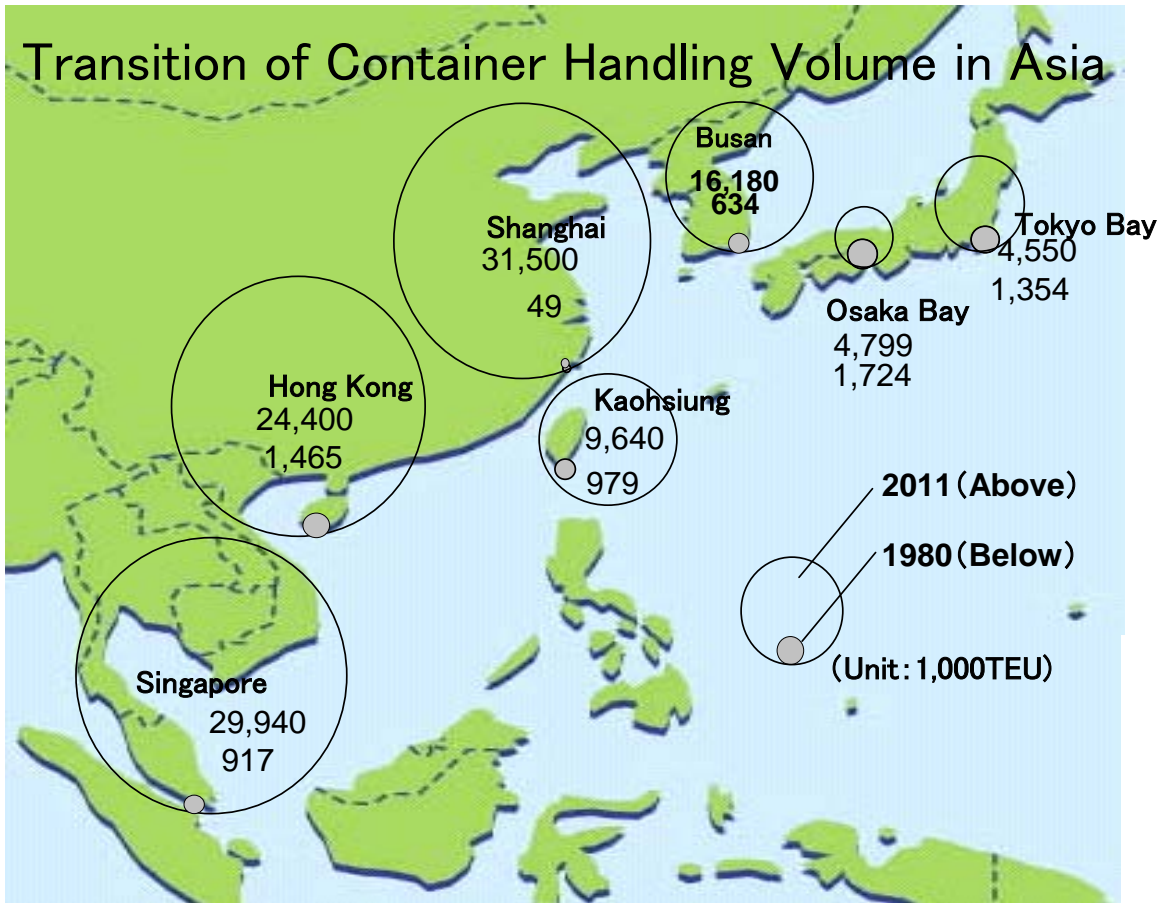


② Asia⇒North America/Europe Cargo Volume by Country



6-4. Container Handling Volume by Port

① Container Handling Volume in Asia



② Top 10 Ports for 2011 Container Handling

(Unit: Million TEU) for reference

Port	2011	2010	Growth Ratio	2006
1 Shanghai	31.5	29.1	8.4%	Singapore
2 Singapore	29.9	28.4	5.3%	Hong Kong
3 Hong Kong	24.4	23.5	3.7%	Shanghai
4 Shenzhen	22.6	22.5	0.3%	Shenzhen
5 Busan	16.2	14.2	14.3%	Busan
6 Ningbo	14.7	13.1	11.8%	Kaohsiung
7 Guangzhou	14.4	12.6	14.7%	Rotterdam
8 Qingdao	13.0	12.0	8.4%	Hamburg
9 Dubai	13.0	11.6	12.1%	Dubai
10 Rotterdam	11.9	11.2	6.7%	Los Angeles

※ Ports in China (Containerization International, March 2012)

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

East Bound (Asia→N.America) 2011

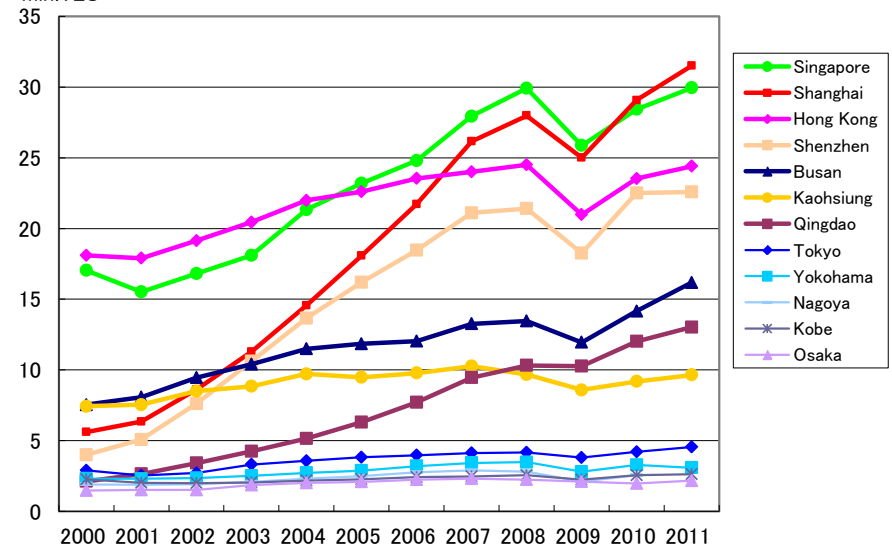
Commodity	Share
1 Furniture and Household Goods	13.7%
2 Apparel and Related Items	12.0%
3 General Electric Equipments	7.8%
4 Toys	4.1%
5 Auto Parts	3.8%
6 Footwear and its Accouterments	3.5%
7 Audio & Vidsual Equipments, like TVs or Videos	2.9%
8 Construction Tools and Related Items	2.8%
9 Tyres and tubes of Cars, Trucks, etc.	2.8%
10 Plastic Products inc. Blind, Flooring	2.7%

West Bound (N.America→Asia) 2011

Commodity	Share
1 Paper, Paper Board, and its Products	20.8%
2 Pet Food and Animal Feed	7.2%
3 Metal and Scrap	5.1%
4 Steel and its Products	4.5%
5 Raw Woods and its Products	4.4%
6 Furniture and Household Goods	4.1%
7 Plastic inc. Resin	3.9%
8 Apparel and Related Items	3.8%
9 Meat and its Processed Products	3.7%
10 Fat,Oil and Oilseed	2.7%

<Japan Maritime Center >

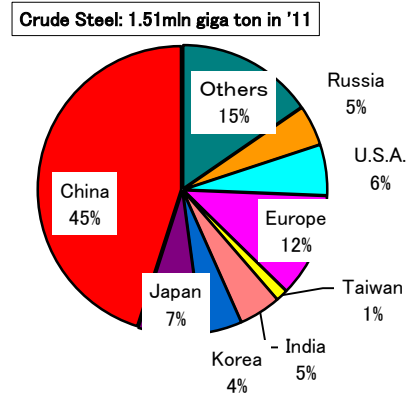
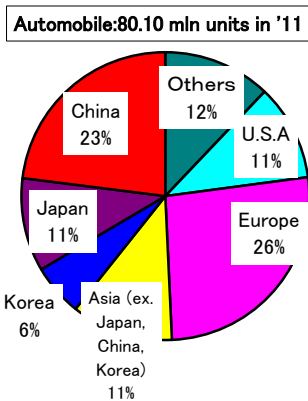
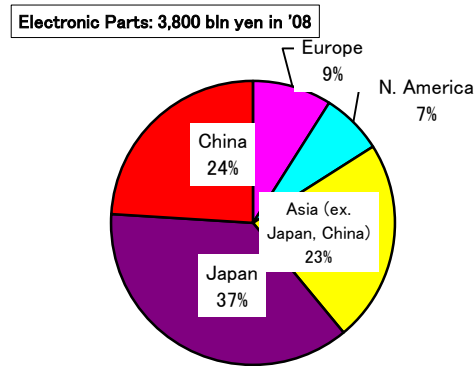
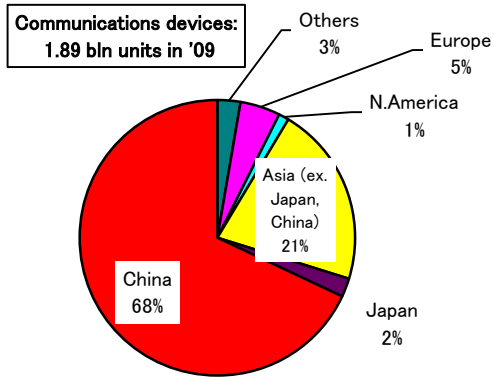
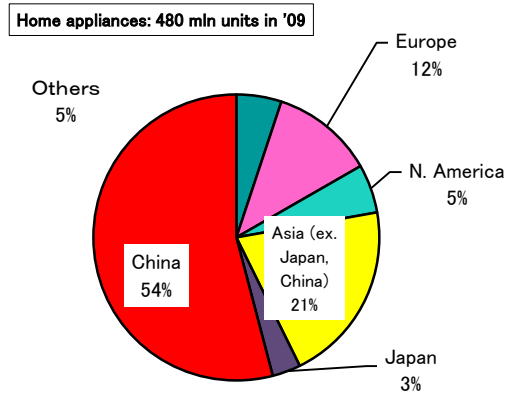
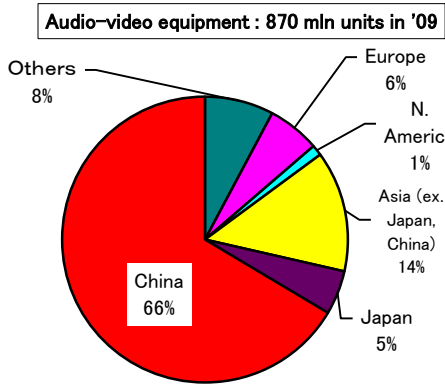
③ Transition of Container Handling among Major Ports in Asia



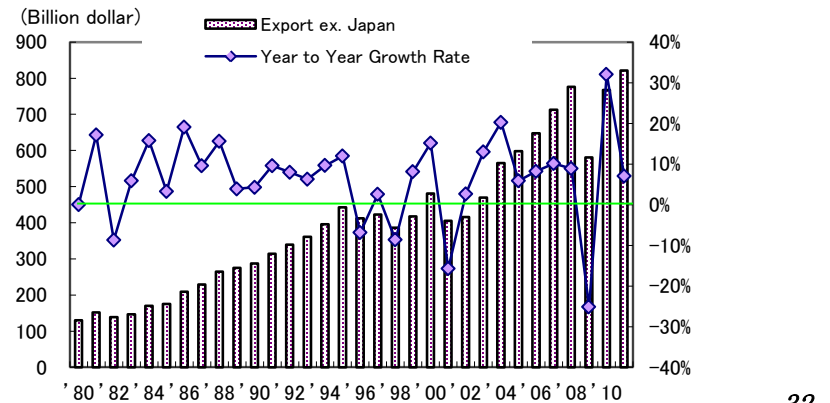
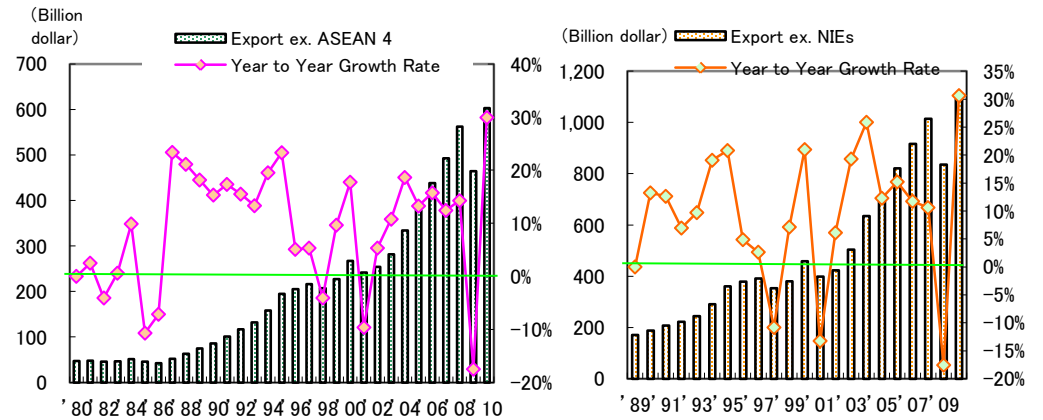
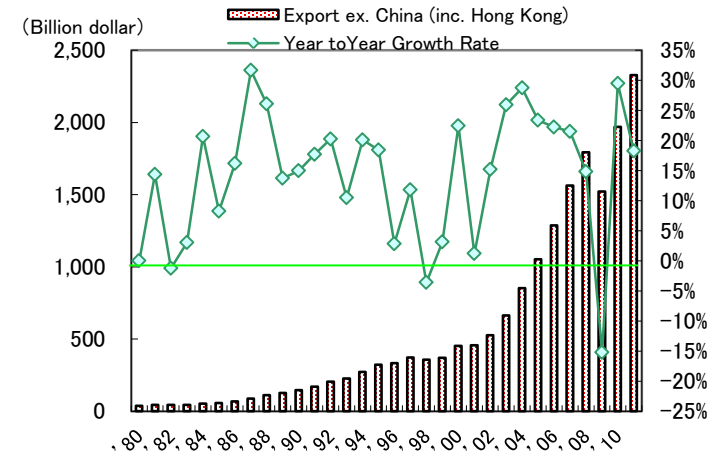
<Containerization International Year Book, Website for Each Port, etc. as of July, 2012>

6-5. Factory of the World, Asia

① Production by Country

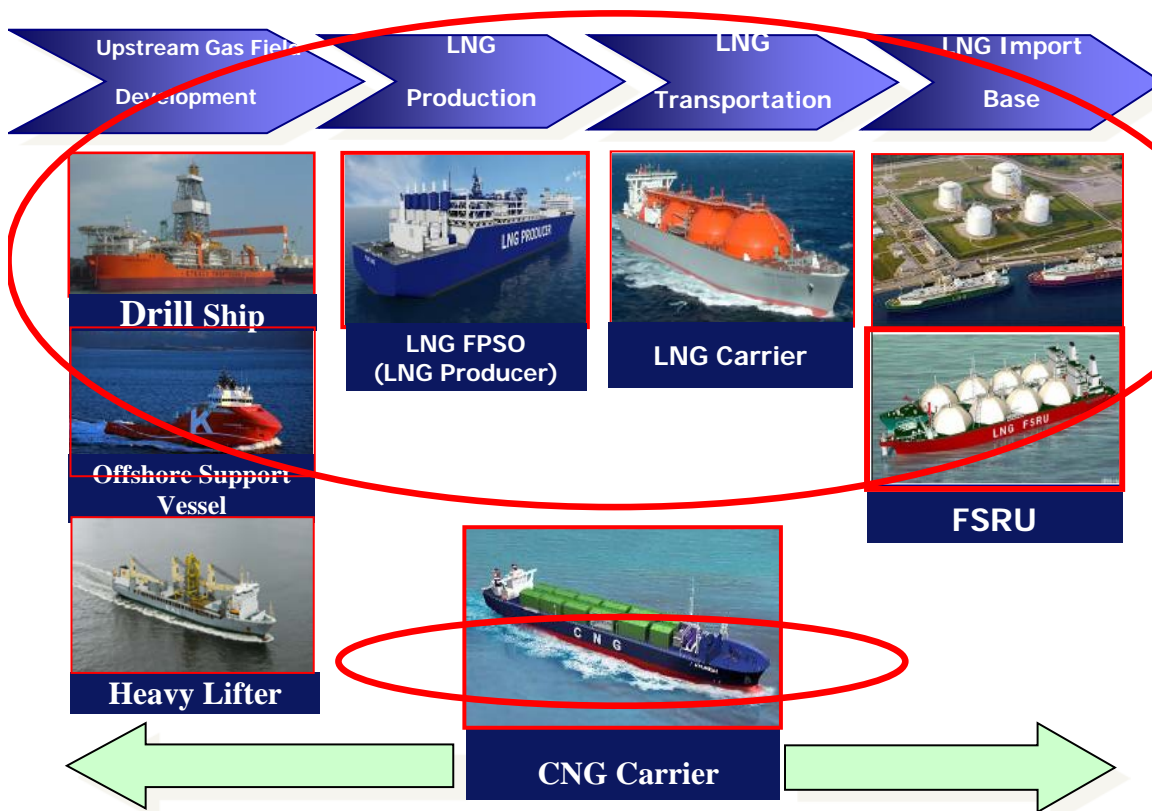


② Trends of Export from Asian Major Countries and Regions



7. New Businesses

7-1. Business Target of our Energy Transportation Division



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



Drill Ship
(1 ordered + projects developing)

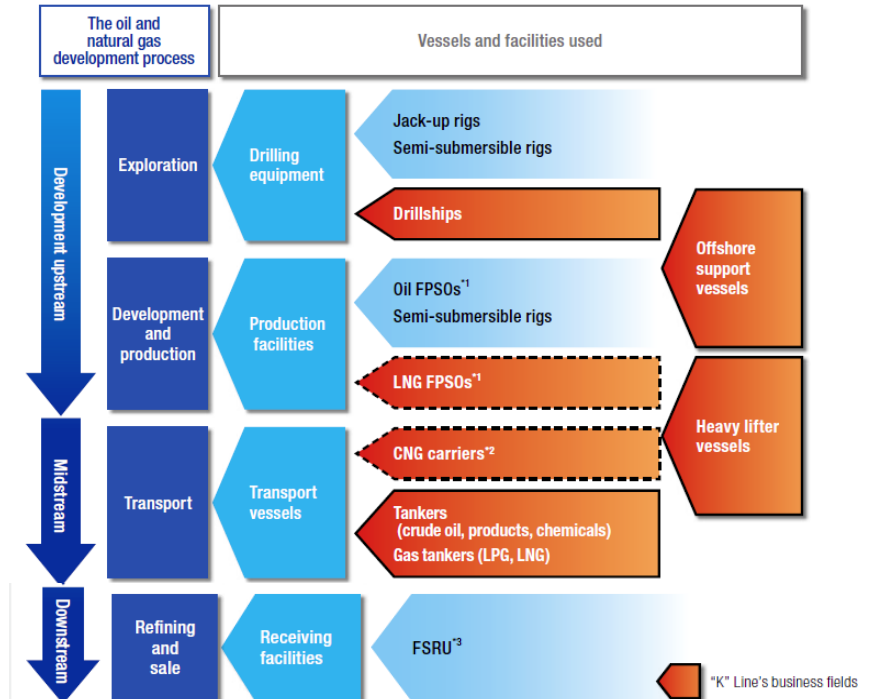


LNG FPSO (by FLEX LNG Ltd.)



CNG Carrier
(under development)

From Midstream to Upstream



As production at existing oil fields approaches its peak, 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 has rapidly increased. 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

*1 FPSO: Floating Production Storage and Offloading System

*2 CNG tanker: compressed natural gas tanker

*3 FSRU: Floating Storage and Regasification Unit

① Heavy Lifter Business



Loading operation of large reactor for oil refinery



Project cargo: Assembled module of LNG plant



Project cargo: Wind energy components



Project cargo: Drill equipment used in GOLIAT OFFSHORE project near Hammerfest Norway

● Business Environment

We anticipate firm cargo movements as a result of movement of infrastructure-related cargo, centered on the Middle East 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.

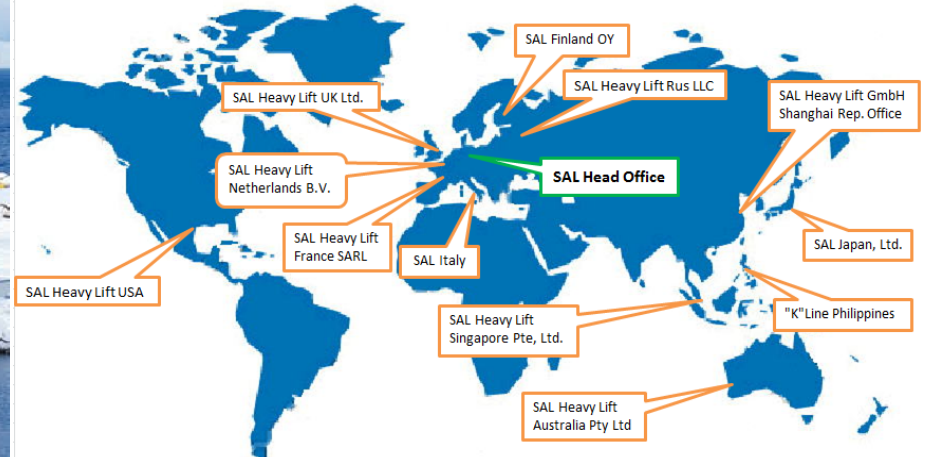
● Business History

"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 acquired 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.

② Offshore 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. We will continue business in the offshore Energy E&P support business sector, a growth market, and seek to win new business.



● 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.

● 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

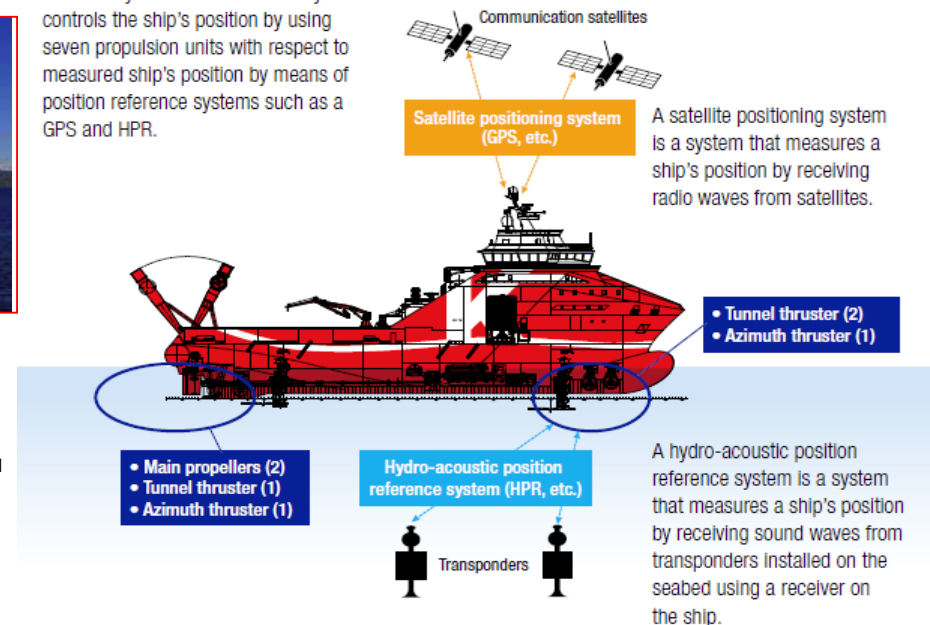
In 2007, “K” Line established K LINE OFFSHORE AS, an offshore support vessel operator headquartered in Norway, and began vessel operation in the North Sea in 2008.

● 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 recently the company succeeded to make medium-term charter contract with STAT OIL who is the largest player in North Sea.

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 LNG FPSO Projects



“K” Line supports FLEX LNG Ltd.’s floating LNG producer projects as the company’s largest shareholder and strategic partner.

● Business Environment

As a clean energy, global demand for LNG is expected to grow, and expectations for LNG producer to provide a solution for developing small and medium-size gas fields remote from consuming areas are raised.

● Business Strategy

FLEX LNG, a company in which “K” Line is the largest shareholder, is involved in a number of developing projects. One example is the InterOil-controlled Papua New Guinea project which is working to liquefy natural gas from gas fields by using a floating LNG producer. Other than FLEX LNG, Shell’s Prelude FLNG Project is going on off the coasts of Western Australia.

④ Drillship Business



MV"ETESCO TAKATSUGU J"

● 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.

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 2014 - 2015.

■ Maximum ship which can pass current canal (Panamax)

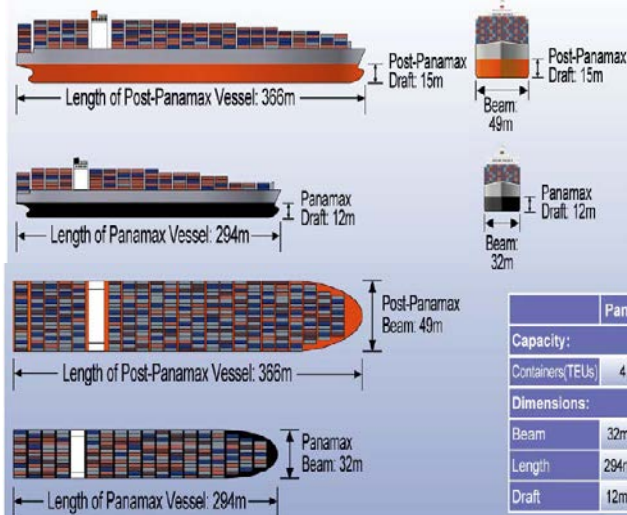
Beam: 32.2m
LOA: 294.1m
Draft: 12.0m



■ Maximum ship after completion of third lane. (present plan)

Beam: 49m
LOA: 366m
Draft: 15m

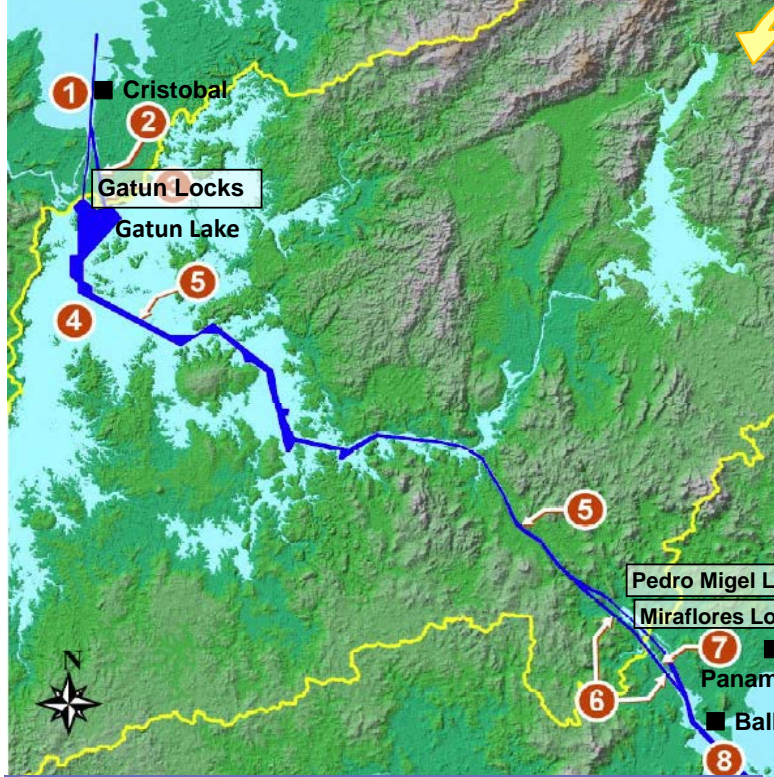
(see drawing below)



	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')

Components of Third Set of Locks Project

the Atlantic



- 1 Deepening and widening of the Atlantic entrance channel
- 2 New approach channel for the Atlantic Post-Panamax locks
- 3 Atlantic Post-Panamax locks with 3 water saving basins per lock chamber
- 4 Raise the maximum Gatun lake operating water level
- 5 Widening and deepening of the navigational channel of the Gatun lake and the Culebra Cut
- 6 New approach channel for the Pacific Post-Panamax locks
- 7 Pacific Post-Panamax locks with 3 water saving basins per lock chamber
- 8 Deepening and widening of the Pacific entrance channel

★ How much is the Panama Transit Fee ? ★

⇒ it varies so much by ship type and size,

■ In case of Laden Dry Bulk ship(Panamax)

⇒ About \$ 140,000/per transit (as of July 2012)

⇒ For further information, please check website of The Panama Canal Authority (ACP)
<http://www.panacanal.com/eng/expansion/index.html>



New Atlantic Locks to be located at east current GatunLocks

Conceptual Location of the New Atlantic Locks



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

Conceptual Location of the New Pacific Locks

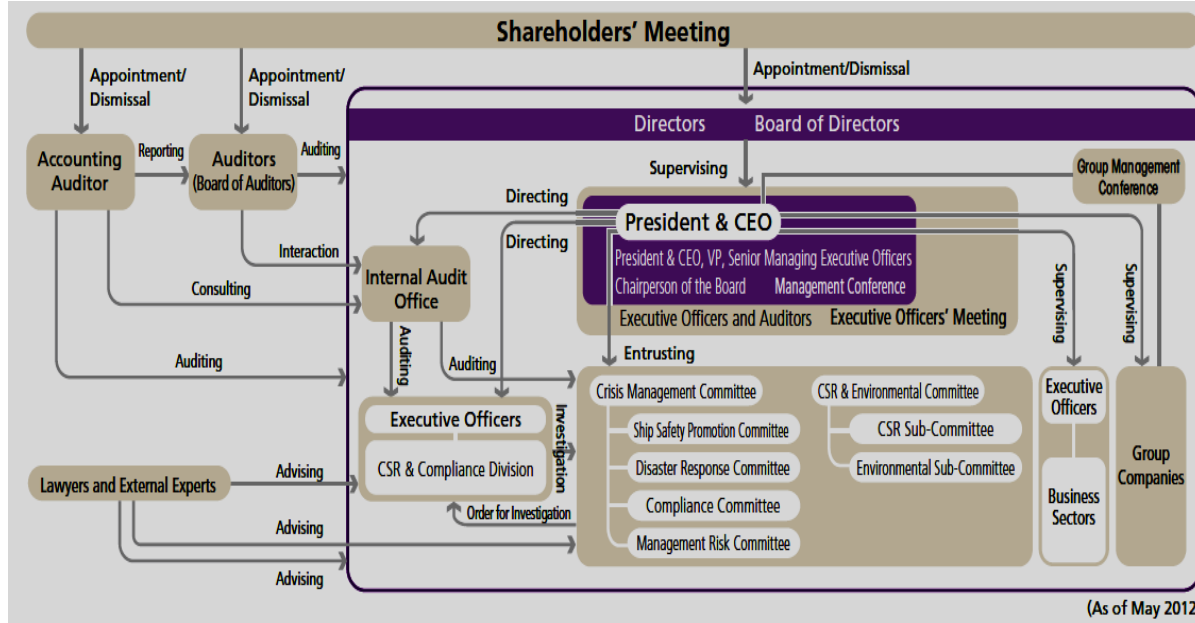


10. "K"Line Overview <10-1. Corporate Governance System>

Chart: "K"Line Corporate Governance System

Corporate Governance Structure

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



///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 13 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 five 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 agenda, others may be invited to the Conference.

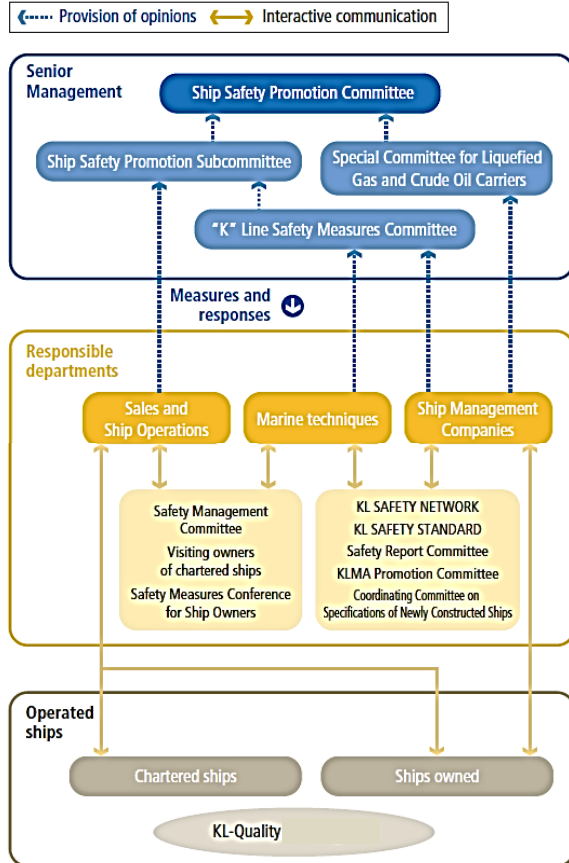
10-2. Safety in Navigation and Cargo Operations

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



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.

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 2012 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.

Efforts for Eradicating Piracy: Resolutions and Measures Taken by the Global Community

In recent years, heavily armed pirates have appeared off the coast of Somalia and in the Gulf of Aden, vital link between Europe and Asia, and further in the Arabian Sea, the waters which link the Persian Gulf and Asia. In response, the United Nations Security Council passed a resolution that called for uncompromising action against this turpitude, and the International Maritime Organization has also passed a resolution requesting for nations to take necessary measures to eliminate piracy. Based on these resolutions, international naval forces, including Allied Powers in Europe, navies of other nations, and the Japan Maritime Self-Defense Force (MSDF), have begun to provide escort for ships passing through the area. Marine Safety Officers of Japan Coast Guard with police authority are onboard the MSDF escort ship to enforce laws against illegal action by the pirates. In principle, we operate under the security provided by these forces. We have also developed guidelines for sailing near Somalia and in the Arabian Sea to ensure the safety of our ships. If we should encounter pirates, we take evasive actions following Best Management Practice in anti-piracy measures.

10-3. 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

As a global logistics business group centering on maritime transportation, we consider that it is an integral management assignment of eternal importance to address the issue of preservation of the earthly environment. We recognize in a proper manner that those exhaust emissions and wastes created by consumption of power sources necessitated directly and indirectly by business activities in the logistics industry can result in an increasingly heavy burden on the limited amount of resources of both our earthly and marine environment. We also recognize the importance of prevention of marine pollution caused by marine accidents.

In order to contribute to society in general through our diligent and consistent efforts for preservation of the earthly environment, we, everyone throughout the entire "K" LINE Group, hereby commit ourselves that we will personally, fairly and severely observe environment-related treaties/conventions and rules/regulations, and make utmost efforts to eliminate and minimize any adverse environmental impact.

(Behavioral directions)

1. In carrying out business activities

- We will seek for perfection in safety of navigation and cargo operations in order to preemptively prevent the spillage of fuel, cargo oil and/or any other hazardous substances from ships during operation or at the time of any marine accident.
- We will properly manage exhausts and wastes deriving from both ship and shore operations. We will thereby try to exert our utmost efforts to the recycling of any such items.
- Through an upgrade in ship operation and work performance, we will encourage maximum conservation of energy and resources.

2. On development and introduction of environmental technology

- For the purpose of reduction in exhaust emissions which cause air pollution and global warming to be incurred, we are committed to the study and improvement of ship and shore facilities and fuel oil, and to the development and introduction of the most sophisticated equipment and related technology.
- We will refrain from using ship hull paints containing substances hazardous to marine life and also from using any ozone-depleting substances.

3. For the purpose of encouragement of environmental preservation

- We will implement restructuring of organizations with greater emphasis on studying/educating/training about safe navigation and environmental affairs.
- We will elevate awareness and understanding of all prevailing environmental issues among each member of the entire "K" LINE Group.
- We will practice information disclosure appropriately in relationship to the environment.
- The "K" LINE Group will support and participate in social activities contributing and dedicated to present and future preservation of our earthly environment.

Established in May 2001

In October 2001, we structured and commenced operation of "K" LINE's own Environmental Management System (EMS), and were awarded ISO14001 Certification for our EMS by Nippon Kaiji Kyokai (ClassNK) on February 26, 2002. Our EMS embraces the entire scope of marine transportation services in all "K" LINE sectors and branches in Japan as well as three ship management companies ("K" Line Ship Management Co., Ltd., Taiyo Nippon Kisen Co., Ltd. and Escobal Japan Ltd.) KLine (Japan) Ltd., Kawasaki Kinkai Kisen Kaisha, Ltd., Nitto Total Logistics Ltd. (Terminal Dept.) are involved in the program. (Present certification is valid until Feb.25, 2014).

As EMS encompasses all marine transportation services, its importance is directed to not only ship management itself but also ship operations and deployment planning. In cooperation with each group company concerned, "K" LINE is tackling all environmental issues covering marine transportation business from the widest possible perspective.

From 2004, we started publishing our own "Social & Environmental Report" that contains information about Corporate Social Responsibility. (till 2003 "Environmental Report" only.) If you are further interested in how we are tackling environmental preservation, we invite you to look through it. "Social & Environmental Report" may also be accessed on our website.



"K" Line Commitment

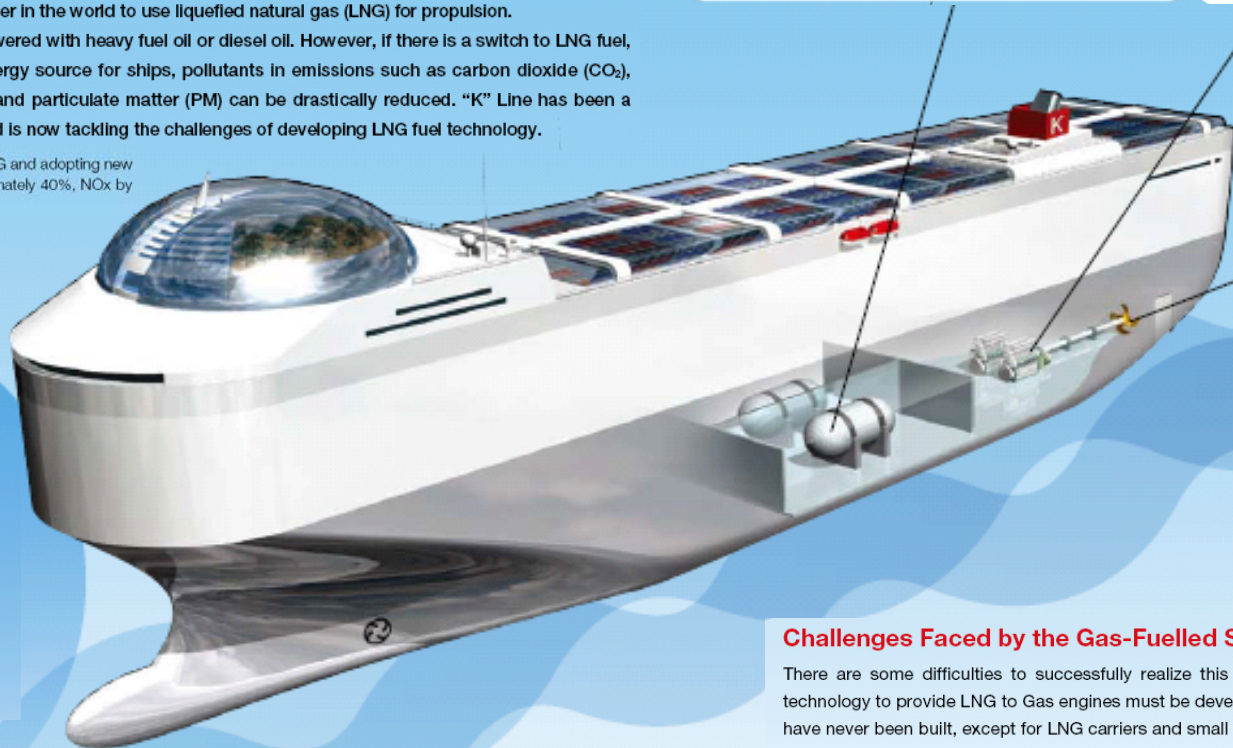
"K" Line's Gas-Fuelled Ship Development Project

Energy consumption is increasing rapidly due to the growth of global population, and the increasing exhaust gas emissions are causing global warming. Moreover, this is causing a price increase for bunker fuel oil which is becoming a serious problem in the marine shipping industry. In order to overcome these issues, "K" Line started research and development on Gas-fuelled ships, making it the first car carrier in the world to use liquefied natural gas (LNG) for propulsion.

Presently, propulsion of most ships is powered with heavy fuel oil or diesel oil. However, if there is a switch to LNG fuel, which is called a next-generation clean energy source for ships, pollutants in emissions such as carbon dioxide (CO₂), nitrogen oxides (NOx), sulfur oxides (SOx) and particulate matter (PM) can be drastically reduced. "K" Line has been a pioneer in the maritime shipping industry and is now tackling the challenges of developing LNG fuel technology.

*Compared to the use of heavy fuel oil, by switching to LNG and adopting new technologies, CO₂ emissions can be reduced by approximately 40%, NOx by 80% to 90%, SOx and PM by 100%.

LNG as a next-generation, clean energy:
Meeting the Earth's needs for environmentally-friendly clean energy,
Meeting the world's needs for environmentally-friendly ships, and
Powering "K" Line's clean energy ships.



●LNG Tanks



Two pressure vessels (type C, 6 bar) are applied for LNG fuel tanks. These tanks shall be required to comply with strict safety standards. Therefore, the tanks are installed in an independent compartment and located a certain distance from the ship's outer shell and bottom to ensure safety in the event of a collision or other marine incident. In addition, a complete double-wall piping system is applied for fuel pipes as a further safety measure.

●Gas Engines



Two sets of gas engines (5,000kw each) are applied as propulsion system, employing lean burn combustion. Each cylinder has an auxiliary chamber with spark plug to generate a flame for ignition, which is called torch jet, with the air-gas fuel mixture being combusted in the main chamber.

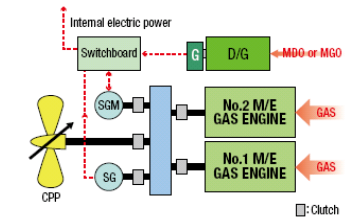
●Propulsion System

Output of the two gas engines is combined by a special reduction gear and transmitted to one controllable pitch propeller (CPP).

●Shaft Generators

Two sets of shaft generators are installed and driven by the reduction gear. It is possible to disengage the gear using a clutch. During navigation, all electric power demand can be covered by one shaft generator. During maneuvering conditions, parallel running of the two shaft generators is required to supply enough power to bow thrusters and other equipment.

System Structure



Challenges Faced by the Gas-Fuelled Ship Development Project Team

There are some difficulties to successfully realize this project. LNG fuel bunkering, storing and handling technology to provide LNG to Gas engines must be developed. Gas-fuelled ships engaged in ocean transport have never been built, except for LNG carriers and small domestic ships in Norway.

To solve these above-mentioned difficulties, "K" Line established the Gas-Fuelled Ship Development Project Team in 2010. It was started together with Kawasaki Heavy Industries, Ltd. which has the technologies of LNG carriers and gas engines as well as Det Norske Veritas (DNV), a Norwegian classification society that is famed as a pioneer in the use of LNG as ship fuel in Europe.

We intend to develop next-generation and environmentally-friendly technologies, exerting continuous effort to achieve the construction and operation of gas-fuelled ships in the near future.

Line of Presidents in "K" Line and Brief History

Company Name	President	AD	Japanese Calendar	History
(Kawasaki Dockyard) (ex. Kawasaki Heavy Industries)	Shozo Kawsaki	1837 1853 1878 1881 1896 1904	Tenpo 8 Kaei 6 Meiji 11 14 29 37	Born in Kagoshima Started trading business in Nagasaki Established Kawasaki Tsukiji Shipyard in Tsukiji, Tokyo Established Kawasaki Hyogo Shipyard in Hyogo Incorporated Kawasaki Dockyard Co., Ltd. Started marine transportation business, under name of KAWASAKI Marine Freight Department.
Kawasaki Kisen Kaisha Ltd.				
("K" Line)	1 Yoshitaro Kawasaki	1919	Taisho 8	Official registration of 'Kawasaki Kisen Kaisha, Ltd.', started business with the name [1]
	2 Kojiro Matsukata	1920 1921	9 10	'Kawasaki Kisen', tying up 'Kawasaki Marine Freight Department', and 'Kokusai Kisen' formed "K" LINE.[2]
	3 Fusajiro Kashima	1927	Showa 2	'Kokusai Kisen' disengaged from "K" LINE
	4 Hachisaburo Hirao	1928 1933	3 8	'Kawasaki Marine Freight Department' liquidated. 'Kawasaki Kisen' became the only operator for "K" LINE.
	5 Masasuke Itani	1935	10	
	6 Koichi Kimishima	1946 1948	21 23	Succeeded refloatation of KIYOKAWA MARU, sunk during the war.[3]
	7 Motozo Hattori	1950 1951 1953 1960 1964 1968	25 26 28 35 39 43	Japan/Bangkok liner service inauguated. Started independent oil transport service (with vessel 'Andrew Dillon') Iron ore carrier "FUKUKAWA MARU" is completed. Japanese shipping industry consolidated into six groups. "K" Line merged with Iino Kisen[4] "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 1983	55 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 11 crew as the first Japanese 'pioneership'.
	13 Shiro Nagumo	1992 1993	Heisei 4 5	"K" Line Reengineering Program (K.R. Program) launched.
	14 Isao Shintani	1994 1996 1998	6 8 10	"K" Line Re-engineering Phase II (K.R. PHASE II) started 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 2002 2004	12 14 16	A 3-year management plan "KV-Plan" formulated. New management plan "K" LINE Vision 2008 adopted
	16 Hiroyuki Maekawa	2005 2006 2008 2010	17 18 20 22	Newly developed management plan "K" LINE Vision 2008+ started Newly developed management plan "K" LINE Vision 100 started Newly refomed management plan "K" LINE Vision 100 KV2010 started
	17 Kenichi Kuroya	2010 2011	22 23	Newly refomed management plan "K" LINE Vision 100 "New Challenges" started
	18 Jiro Asakura	2011 2012	23 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; refloatation 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

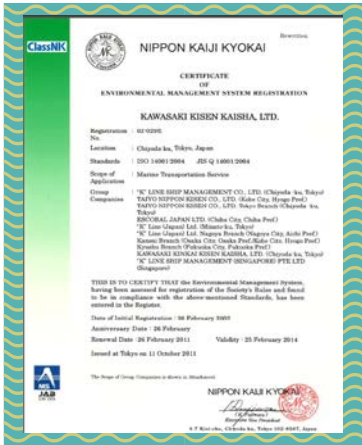
10-6. Press Releases for FY2011 (Apr.2011~Mar.2012)

For details, please visit the following website: (<http://www.kline.co.jp/en/news/2011.html>)

4-Apr-11	Acquires 100% Ownership of SAL Group
11-Apr-11	Restructuring Asia – North America East Coast Services
15-Apr-11	Port of Long Beach Green Flag Award for 6 Consecutive Years □
28-Apr-11	Revisions to “K” LINE Vision 100 Medium–Term Management Plan – New Challenges –
6-May-11	Bulk Carrier “M/V China Steel Integrity” Aground at Port of Kashima, Japan (No.2)
2-Jun-11	“K” Line Ship Rescue 2 Italians in Distress
1-Jul-11	“K” Line to Start Power Saving Campaign in Tokyo
14-Jul-11	“K” Line makes Contract with National Federation of Agricultural Co-operative Associations
15-Jul-11	5th “K” Line Maritime Academy Global Meeting Held in Tokyo
21-Jul-11	“K” Line Enhances Far East – West Africa Service
22-Jul-11	“K” Line to Launch New Direct Service from Far East to India and Pakistan
9-Aug-11	Issue of the Social Environmental Report 2011
25-Aug-11	“K” Line Adds Direct Thailand – East India service
14-Sep-11	“K” Line Donates Reefer Containers to Quake–stricken Areas in Tohoku, Japan
26-Sep-11	“K” LINE Continues to be Included in FTSE4Good Global Index and Has become a member of Dow Jones Sustainability Index
27-Sep-11	Office Moving Notice
27-Sep-11	“K”LINE (INDIA) PRIVATE LIMITED TO COMMENCE MANAGEMENT OF BULK CARRIER OPERATIONS IN INDIA TRADE
3-Oct-11	Revised Forecast of Financial Results and Revision of Dividend Projections
14-Oct-11	“K” Line Adds China–Philippines–Indonesia Service
26-Oct-11	“K” Line Supports Flood Victims in Thailand
28-Oct-11	LAUNCHING OF “ZEN–NOH GRAIN MAGNOLIA”
29-Oct-11	Container–ship Collides with a Bulk Carrier
1-Nov-11	“K” Line Adds Korea–Philippines–Indonesia Container Service
14-Nov-11	“K” Line Adds Direct Kwangyang / Kaohsiung – West India Container Service
16-Nov-11	“K” Line Ships Relief Supplies to Flooded Regions in Thailand Free of Charge
9-Dec-11	“K” Line Adds North China–Vietnam Container Service
20-Dec-11	“K” Line Website Redesigned
21-Dec-11	“K” Line Ships Relief Supplies to Flooded Regions in Thailand Free of Charge No.2
27-Dec-11	“CKYH–the Green Alliance” expands the cooperation with Evergreen on Asia–Europe/Mediterranean trades
6-Jan-12	“K” Line Supports Typhoon Victims in The Philippines
24-Jan-12	“K” Line Maritime Academy (Philippines) ECDIS Training Course
24-Jan-12	Company Certified as Complying with the Standard of Maritime Labour Convention 2006 by Class NK, Japan
17-Feb-12	Long Distance Land Transportation by Triple Decker Motorcycle Carrier Introduced in Indonesia
27-Feb-12	Conduct Emergency Response Drill
9-Mar-12	Vehicle Carrier “DREAM DIVA” Involved in Collision
12-Mar-12	Cosco, “K” Line, Yang Ming, Hanjin and Evergreen Line enter into individual cooperation agreements
14-Mar-12	Annual Report 2011 Wins a Platinum Award in the LACP Vision Awards 2010/11 Competition
23-Mar-12	“K” Line Enhances NE Asia to SE Asia Service

10-7. 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
***Awarded in Feb.26 2002 (valid for Feb. 25 2014)**

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
***Awarded in Mar.13 2008 (valid for Mar.13 2014)**



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)

	2005	2006	2007	2008	2009	2010	2011	2012
R&I	A-	A-	A-	A	A	A-	BBB	BBB-
JCR	A	A	A	A	A	A-	A-	BBB+
S&P	BBB-	BBB-	BBB	BBB	BBB-	BBB-	BB+	BB

Issued Convertible Bond Information

Date of Issue	Issued Amount	Coupon	Conversion Price	Maturity Date
22 March 2004	30 bil. Yen	zero-coupon	700yen/share	22 March 2011
4 April 2005	30 bil. Yen	zero-coupon	851yen/share	4 April 2013

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%

"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 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 to the Principles of Corporate Ethics

The "K" Line Group promises to comply with applicable laws, ordinances, rules and spirit of the international community and conduct its corporate activities through fair, transparent and free competition.

3. Trustworthy Company Group

"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. Environmental Efforts

The "K" Line Group recognize 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 Disclosure of Corporate Information and Communication with Society

The "K" Line Group will protect personal information, properly manage corporate information and disclose corporate information timely and appropriately, widely promoting bidirectional 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 employee's voluntary participation in such activities.

7. Harmony in the International Society

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

8. Confront Anti-social Forces

The "K" Line Group will resolutely confront anti-social forces or organizations which may threaten social order and public safety.

The management of each "K" Line Group Company recognizes that it is their role to realize the spirit of the Charter and to set the pace that is to be followed by every employee in their company as well as by business partners.

In the event of any incidents in breach of this Charter, the management of the respective "K" Line Group member company will demonstrate decisiveness to resolve the problem(s), conduct a thorough investigation to determine the cause and to take preventative measures. Additionally, such management will expeditiously and accurately release information and fulfill their accountability to society.

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>)

11. Tonnage Tax

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)

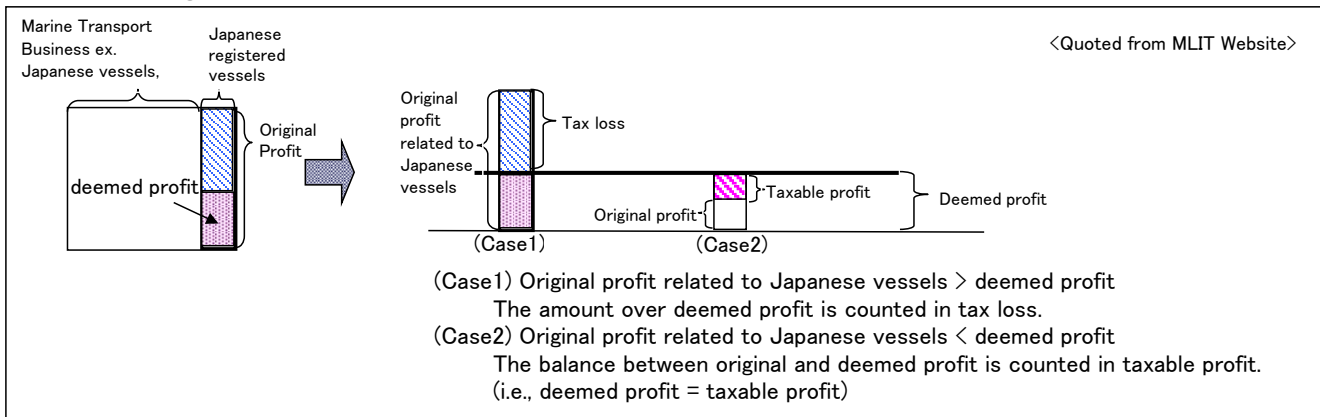
Article 20: The Government shall take necessary measures to secure an efficient and stable maritime transport, including the securing of Japanese registered vessels, fostering and securing seafarers, developing hub ports as

2. Revised Marine Transportation Law for Tonnage Tax System

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

-Japanese ocean-going shipping 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



-Japanese tonnage tax system applies to Japanese flag vessels and offers a choice between the system and existing tax system. Once one of the two is chosen, we cannot change for 5 financial years starting on or after the date of MLIT's acceptance.

-In case Japanese oceangoing shipping companies choose tonnage tax system, they must receive approval from MLIT for their plans to secure Japanese registered vessels and to secure and foster Japanese seafarers as set forth in the basic policy issued by MLIT.

-Major standards for approval:

- ① more than double the number of Japanese registered vessels within 5 years
- ② train more than one Japanese seafarer per each Japanese registered vessel annually (training to acquire License for the 3rd Grade Maritime Officer)
- ③ deploy 4 Japanese seafarers per each Japanese registered vessel

-The special rule application requires such collaterals for suitable plans, (as, recommendations, revocation of approval, etc. in case of insufficiency,), and expansion of navigation order system to the area of international marine transportation.

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)

FY2012 Tax Reform (Main Points) Ministry of Finance 10 December 2011

Tonnage tax system will be enhanced in the FY2013 tax reform on the premise of the amendment of the Act on Maritime

12. 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.

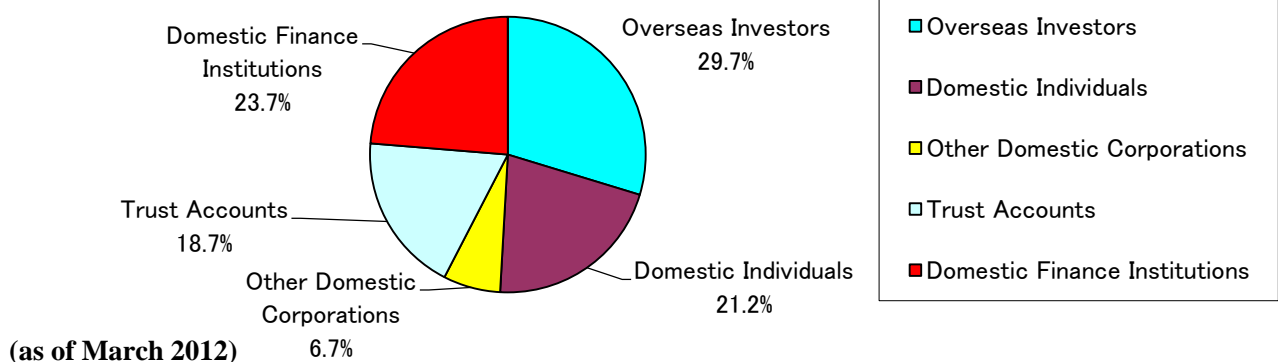
5. Notes for Future Prospects

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.

13. Shareholder Composition





【Contact Information】

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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

⇒ <http://www.kline.co.jp/en/ir/library/pr/index.html>

(PPT, Streaming, etc.)

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

⇒ <http://www.kline.co.jp/en/service/index.html>

(inc. Fleet List)

Mailing List Registration

⇒ https://www.kline.co.jp/en/contact/other_e.php

(Press Release etc.)