

FACT BOOK

K "K" LINE
KAWASAKI KISEN KAISHA, LTD.



Oct. 2013

◆◆◆◆◆◆

1. Management Plan and Improvement of Business Structure

| | |
|---|----|
| 1-1. 2012 April "K"Line Vision 100 "Bridge to the Future" | |
| ①Review of the Medium-term Management Plan | P2 |
| ②Missions for Medium-term Management Plan | |
| ③Target for Financial Indices | |
| ④Trends of Business Performance (P/L) | P3 |
| ⑤Improvement in Financial Position | |
| ⑥Segment-wise Performance | |
| ⑦Fleet Upgrading Plan and Investment | P4 |
| ⑧Investment CF | |
| ⑨New Buildings (Results and Plan) | |
| 1-2. Trends of Financial Indices | |
| ①Net Income and Dividend per Share | P5 |
| ②Consolidated ROE/ROA | |
| ③Consolidated Assets Turnover | |
| ④Consolidated EV/EBITDA | |
| ⑤Operating Cash Flow | |
| ⑥Consolidated Interest Coverage Ratio | |
| 1-3. History of Management Plans | P6 |
| 1-4. Effort for Structural Reform | |
| ①No. of Seafarers/ "K"Line Employee | P7 |
| ②Our Fleet Scale, Revenues & Ordinary Income | |
| 1-5. Current Business Composition | |
| ①Revenues, Ordinary Income <Division/Segment> | P8 |
| ②Fleet Composition & Division/Segment-wise Revenues | |

2. Comparison to Major Shipping Companies

| | |
|---|-----|
| 2-1. Fleet-scale Ranking | |
| ① Major Container Carriers | P9 |
| ② Containership Asia-N.America Loading Volume | |
| ③ Historical Top 20 Container Carriers | P10 |
| Trade Share Breakdown by Carrier/Alliance | |
| ④ Transition of Alliances for Containership | P11 |
| ⑤ Cape-size Bulker Fleet | P12 |
| ⑥ Panamax Bulker Fleet | |
| ⑦ Handymax Bulker Fleet | |
| ⑧ Dry Bulker(All Types) Fleet | |
| ⑨ PCTC Operated | P13 |
| ⑩ LNG Fleet (Managed) | |
| ⑪ Heavy Lifter Owned | |
| ⑫ Containership Fleet | |

3. World Market

| | |
|--|-----|
| 3-1. Fleet Scale by Vessel-type/Age | |
| ① Dry Bulk Carriers by Vessel-type/Age | P14 |
| ② PCC by Vessel-type/Age | P15 |
| ③ Oil Tankers by Vessel-type/Age | |
| ④ Containerships by Vessel-type/Age | P16 |
| 3-2. Trend of Newbuildings | |
| ① Ship Price as of Placing Order | P17 |
| ② Dry Bulker and Tanker Market | |
| ③ World Newbuilding Orders | |
| ④ World Newbuilding Work In Progress | |
| ⑤ World Newbuilding Delivery | |
| ⑥ World Total Existing Tonnage | |
| ⑦ Dry Bulker Scrap | P18 |
| ⑧ Oil Tanker Scrap | |
| ⑨ Scrap Metal Prices | |
| ⑩ Scrap History by Vessel-type | |
| 3-3. Global Cargo Movement | |
| ① Global Cargo Movements | P19 |
| ② Dry Bulk Market | |
| ③ Tanker Market | |
| ④ China Containerized Freight Index (CCFI) History | |
| 3-4. Latest Economic Trends | |
| ① Key Economic Indicators for North America | P20 |
| ② Real GDP Growth | |
| ③ Mining and Industrial Output Growth (%) | |
| 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) | P21 |
| ② Trade Trends for China | |
| ③ Energy Consumption in China | |
| ④ Per Capita GDP by Province in China | |
| ⑤ Economic gap between Urban and Rural Areas | |

INDEX



4. Bulk Carrier Business

| | |
|--|-----|
| 4-1. "K"Line Fleet | |
| ① "K"Line Dry Bulk Fleet | P22 |
| ② "K"Line Energy Transportation Fleet | |
| ③ Ship Price as of Placing Order (Same as 3-2-①) | |
| ④ Number of LNG Carriers | |
| 4-2. Demand on Dry Bulk | |
| ① Transition of Crude Steel Production | P23 |
| ② Global Main Trades of Coal | P24 |
| ③ World Coal Consumption | |
| ④ Iron Ore Import into Major Asian Countries | |
| ⑤ Iron Ore Stocks at Chinese Ports | |
| ⑥ BDI & Port Congestion in Australia | |

5. Car Carrier Business

| | |
|--|-----|
| 5-1. Fleet and Cargo Movements | |
| ① "K"Line PCC Fleet | P25 |
| ② Cars/Trucks Transported by Our Fleet | |
| ③ Total Cars/Trucks Exported from Japan | |
| 5-2. Demand on Vehicles | |
| ① World Automobile Production (2012) | P26 |
| ② No. of Vehicles Possessed (Cars/1,000 People) | |
| ③ Transition of Overseas Production by Japanese Automakers | |
| ④ Car Production and Sales in USA | |
| ⑤ Monthly Automobile Export Volume from Japan | |

6. Containership Business

| | |
|--|-----|
| 6-1. Fleet and Cargo Volume | |
| ① "K"Line Containership Fleet | P27 |
| ② "K"Line Average Freight/Volume for All Routes | |
| ③ "K"Line Volume & Share for Asia-N.America/Europe | |
| ④ "K"Line/Market Volume and L/F for Asia-N.America/Europe | P28 |
| 6-2. Container Terminal Operated by "K"Line | P29 |
| 6-3. Cargo Movements | |
| ① Container Cargo Movements | P30 |
| ② Asia=>N.America/Europe Cargo Volume by Country | |
| 6-4. Handling Volume by Port | |
| ① Container Handling Volume in Asia | P31 |
| ② Top 10 Ports for 2012 Container Handling | |
| ③ Transition of Container Handling among Major Ports in Asia | |
| ④ Asia-N.America Trade Trends by Commodity | |
| 6-5. Factory of the World, Asia | |
| ① Production by Country | P32 |
| ② Trends of Export from Asian Major Countries and Regions | |

7. New Businesses

| | |
|--|-----|
| 7-1. Business Target of our Energy Transportation Division | P33 |
| 7-2. New Business Expansion | |
| ① Heavy Lifter Business | P34 |
| ② Offshore Support Vessel Business | P35 |
| ③ Drillship Business | P36 |
| ④ LNG FPSO Projects | |

8. Financial Data

9. Panama Canal Expansion Program

10. Shipping Business in 2030

| | |
|--|-----|
| ① World Population Prospects | P37 |
| ② GDP | P38 |
| ③ Consumers' expanding purchasing power in ASIA | |
| ④ Automobile Market | P40 |
| ⑤ Results and Proepect of Marine Transportation Cargo Volume | |
| ⑥ Production of Deepwater Crude Oil | |

11. "K"Line Overview

| | |
|---|-----|
| 11-1 "K"Line Corporate Governance System | P41 |
| 11-2 Safety in Navigation and Cargo Operations | P42 |
| 11-3 Environment Preservation | P43 |
| 11-4 Approach to Ballast Water Management | P44 |
| 11-5 Brief History | P45 |
| 11-6 Press Releases for FY2012 (Apr.2012-Mar.2013) | P46 |
| 11-7 Certification by Third-party Organization & Information on Convertible Bonds/Ratings | P47 |
| 11-8 Corporate Principles and Charter of Conduct | P48 |

12. Tonnage Tax

13. IR Policy

14. Shareholder Composition

P49

P50

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

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

April 2008 "K" LINE Vision 100

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

January 2010 "K" LINE Vision 100 KV2010

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

April 2011 "K" LINE Vision100 - New Challenges -

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

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

Under such circumstances as supply pressure of new vessel capacity, fuel oil hike, further rise of yen, damage by the Great East Japan Earthquake, etc. , in response to 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



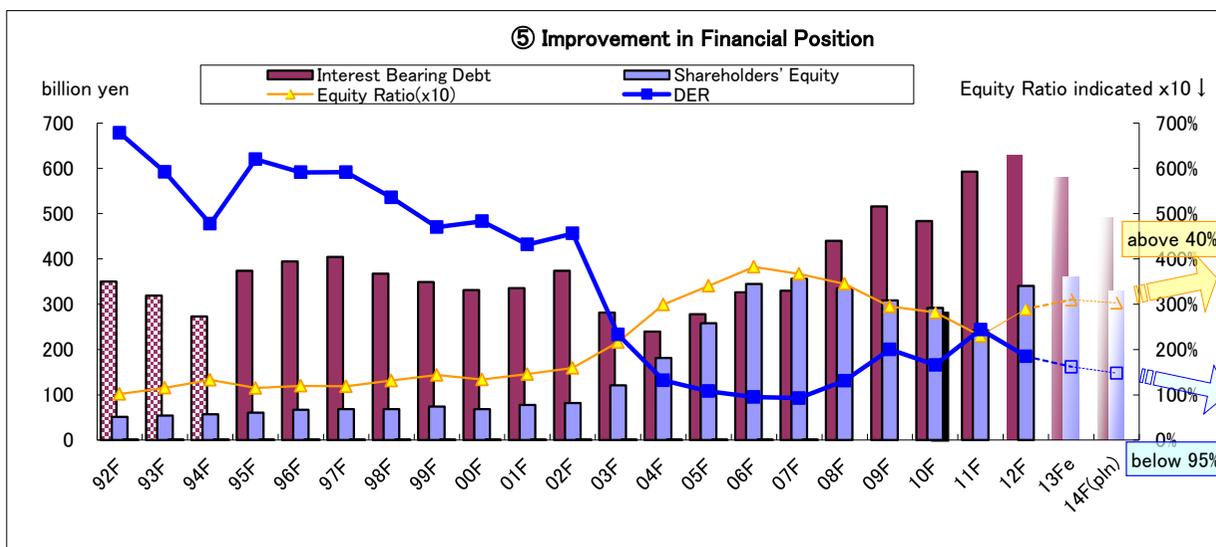
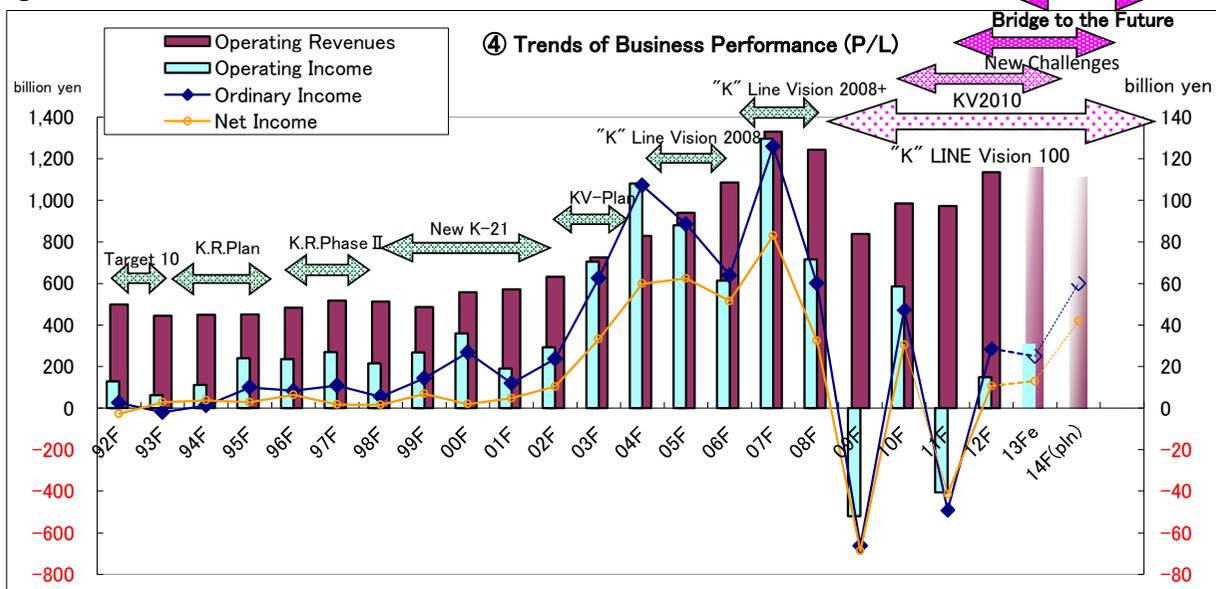
③ Updated Target for Financial Indicies as of April 2012

| Item | Unit | FY2011 | FY2012 | FY2013 | FY2014 |
|--------------------------------------|------------------------|--------|--------|--------|--------|
| Operating Revenues | (billion yen) | 972 | 1,120 | 1,070 | 1,110 |
| Ordinary Income | (billion yen) | ▲ 49 | 12 | 39 | 60 |
| Net Income | (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 |
| Assumptions | Exchange rate (¥/US\$) | 79 | 80 | 80 | 80 |
| | Bunker Price (US\$/MT) | 672 | 720 | 650 | 650 |
| | T/C Average | | | | |
| | CAPE (US\$/Day) | 15,350 | 18,750 | 23,000 | 25,000 |
| | PMAX (US\$/Day) | 12,325 | 13,500 | 17,000 | 20,000 |
| | HMAX (US\$/Day) | 13,225 | 13,500 | 15,000 | 18,000 |
| Small (US\$/Day) | 10,075 | 10,750 | 12,000 | 14,000 | |

As of April 2013

| 2012F | 2013F |
|---------|---------|
| 1,134.8 | 1,160.0 |
| 28.6 | 25.0 |
| 10.7 | 13.0 |
| 104.8 | 84.0 |
| 340.6 | 360.0 |
| 629.9 | 580.0 |
| 59.8 | 70.0 |
| ▲ 27.2 | ▲ 50.0 |
| 185% | 162% |
| 2.5% | 2.1% |
| 28.9% | 31.0% |
| 11 | 8 |
| 82 | 95 |
| 671 | 620 |
| | |
| 7,350 | 12,000 |
| 7,575 | 8,500 |
| 9,250 | 9,500 |
| 7,800 | 8,000 |

④ Trends of Business Performance (P/L)



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

⑥ Segment-wise Performance

as of April 2012

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



as of April 2013 (after reformation)*

| | | Unit | FY2011 | FY2012 | FY2013 e | FY2014 (plan) |
|--|--------------------|------------|--------|---------|----------|---------------|
| Containership | Operating Revenues | (bln.yen) | 468.0 | 552.8 | 580.0 | 460.0 |
| | Ordinary Income | (bln.yen) | ▲38.5 | 6.6 | 8.0 | 15.0 |
| Bulk Shipping | Operating Revenues | (bln.yen) | 443.1 | 502.6 | 500.0 | 520.0 |
| | Ordinary Income | (bln.yen) | ▲0.1 | 24.1 | 22.0 | 42.0 |
| Offshore Energy E&P Support & Heavy Lifter | Operating Revenues | (bln.yen) | 20.4 | 35.7 | 40.0 | |
| | Ordinary Income | (bln.yen) | ▲8.5 | ▲2.4 | ▲1.0 | |
| Other | Operating Revenues | (bln.yen) | 40.8 | 43.7 | 40.0 | 130.0 |
| | Ordinary Income | (bln.yen) | 3.3 | 6.6 | 2.0 | 7.0 |
| Adjustments & Eliminations | Operating Revenues | (bln.yen) | - | - | - | 0.0 |
| | Ordinary Income | (bln.yen) | ▲5.2 | ▲6.3 | ▲6.0 | ▲4.0 |
| Total | Operating Revenues | (bln.yen) | 972.3 | 1,134.8 | 1,160.0 | 1,110.0 |
| | Ordinary Income | (bln.yen) | ▲49.0 | 28.6 | 25.0 | 60.0 |
| Assumptions | Exchange Rate | (¥/US\$) | 79 | 82 | 95 | 80 |
| | Bunker Price | (US\$/MT) | 672 | 671 | 620 | 650 |
| | T/C Average | | | | | |
| | CAPE | (US\$/Day) | 15,350 | 7,350 | 12,000 | 25,000 |
| | PMAX | (US\$/Day) | 12,325 | 7,575 | 8,500 | 20,000 |
| | HMAX | (US\$/Day) | 13,225 | 9,250 | 9,500 | 18,000 |
| Small | (US\$/Day) | 10,075 | 7,800 | 8,000 | 14,000 | |

*from FY2012, segmentation was reformed

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

⑦ 【Fleet Upgrading Plan and Investment】

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

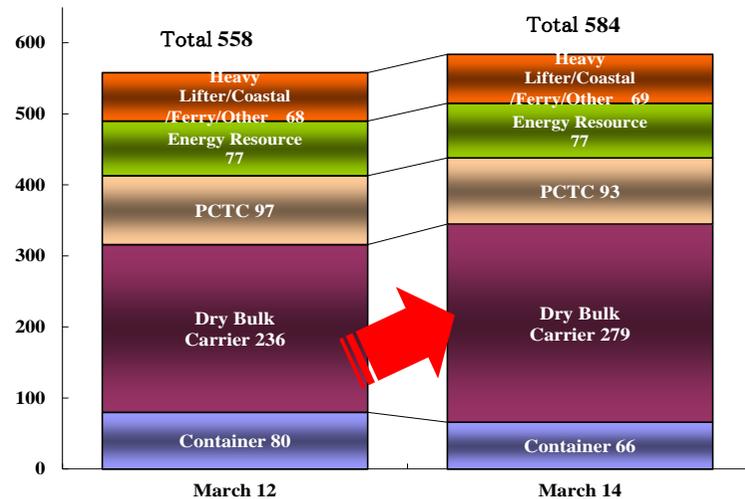
as of April 2012

(unit: vessels)

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

(Showing vessels whose investment is decided only)

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



⑧ Investment CF (billion yen)

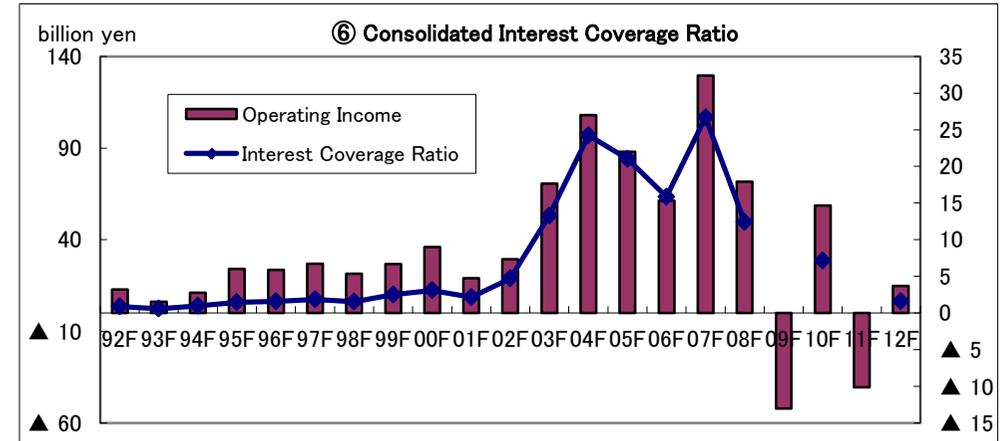
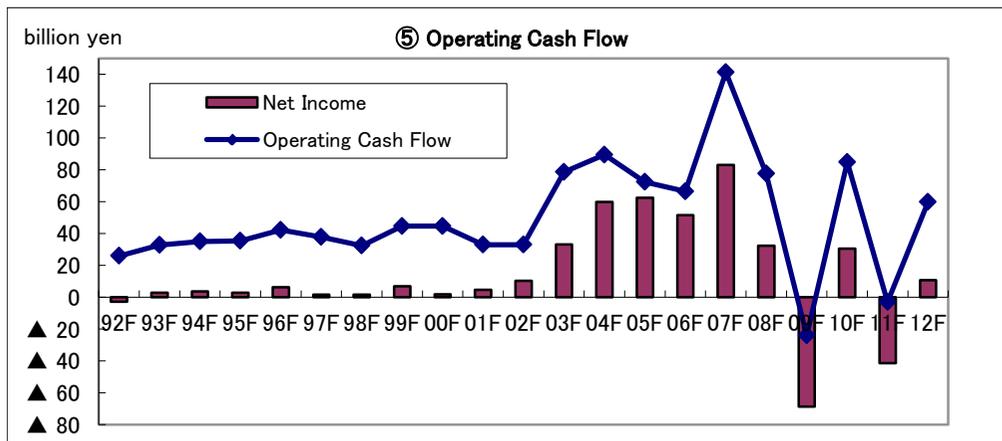
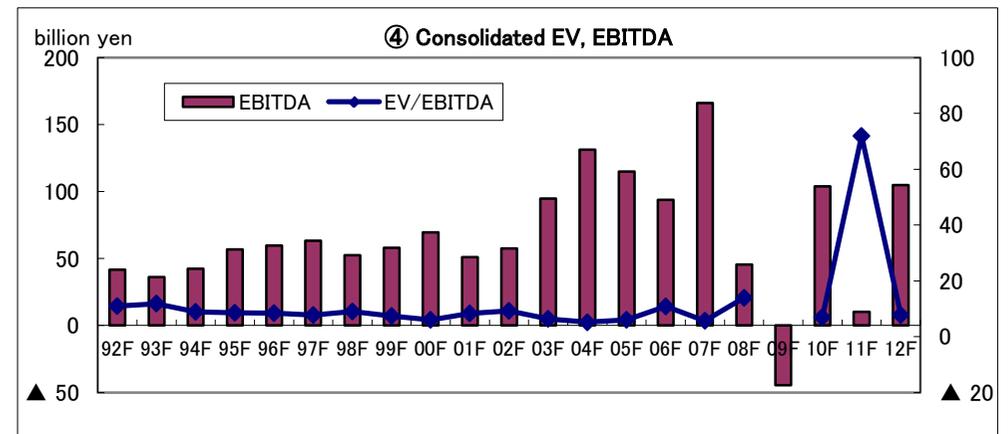
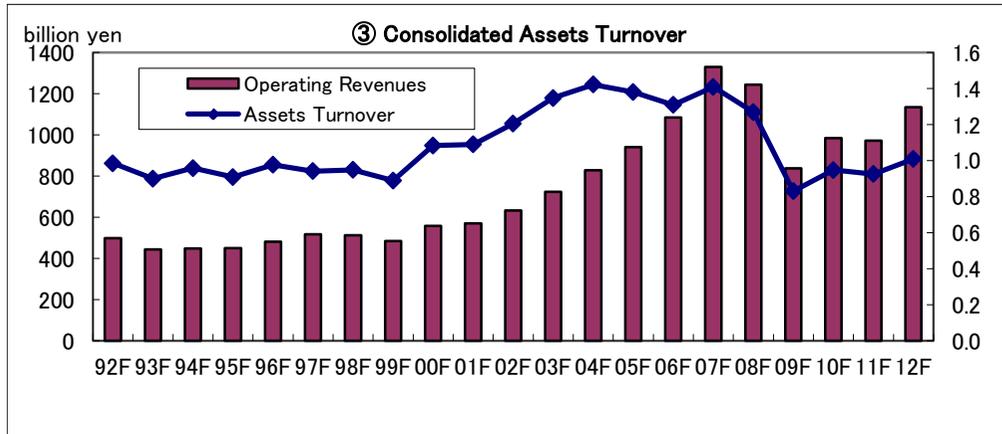
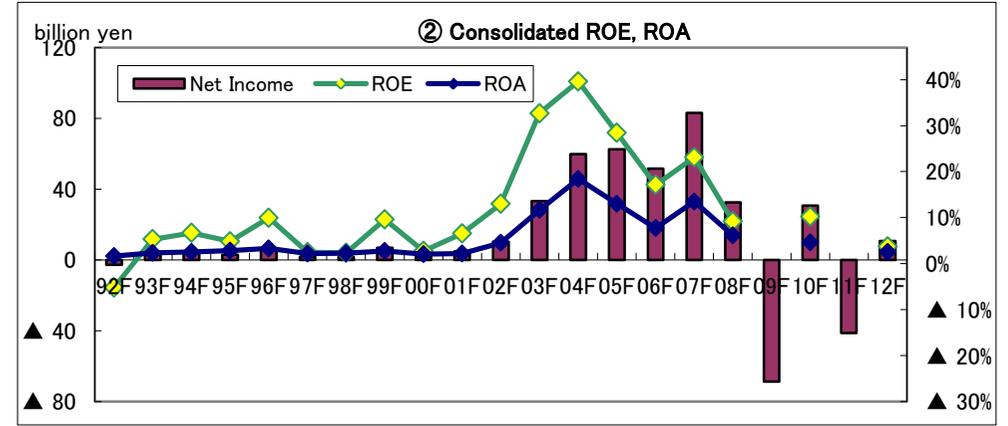
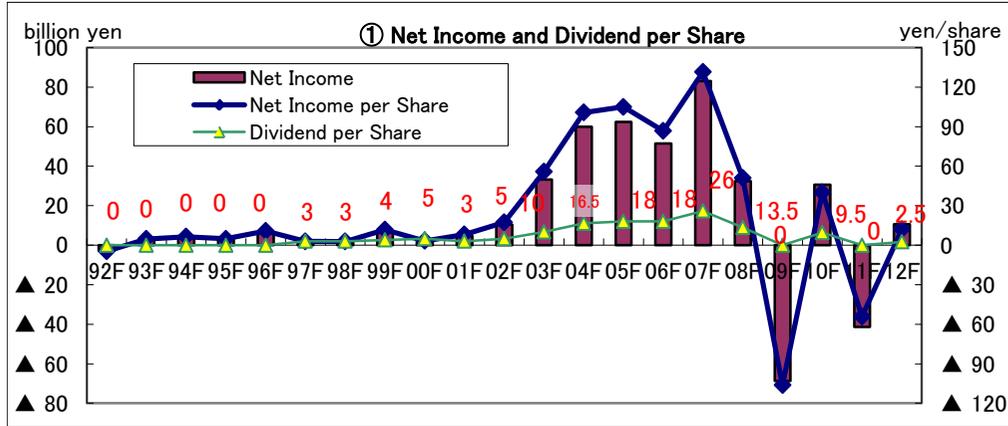
| | FY2011 | FY2012 | FY2013 | FY2014 |
|-------------------------|--------|--------|--------|--------|
| Original Plan (Apr.'12) | 83.2 | 50.0 | 50.0 | 50.0 |
| Updated (Apr.'13) | 83.2 | 27.2 | 50.0 | 50.0 |
| Previous Plan (Apr.'11) | 95.0 | 80.0 | 65.0 | - |

⑨ New Buildings (Results and Plan) (as of July 2013)

as of July 2013

| | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 Plan | FY2014 Plan | FY2015 Plan | FY2016 Plan |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|
| Containerships | 5 | 5 | 6 | 4 | 6 | 13 | 11 | 6 | 4 | 0 | 1 | 4 | 0 |
| 1,700TEU | | 0 | 0 | 3 | 3 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2,400TEU | | 0 | 0 | 0 | 1 | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3,500TEU | | 3 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4,500TEU | | 2 | 3 | 0 | 0 | 0 | 7 | 5 | 0 | 0 | 0 | 0 | 0 |
| 6,400TEU | | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8,000TEU | | 0 | 3 | 1 | 2 | 2 | 0 | 1 | 4 | 0 | 1 | 4 | 0 |
| Dry Bulk | 5 | 19 | 22 | 10 | 16 | 20 | 16 | 34 | 25 | 23 | 10 | 8 | 1 |
| Capesize | 3 | 8 | 9 | 2 | 6 | 9 | 8 | 18 | 14 | 4 | 2 | 1 | 0 |
| Panamax | 2 | 3 | 4 | 4 | 0 | 6 | 3 | 4 | 1 | 8 | 6 | 3 | 0 |
| Handymax | | 5 | 4 | 2 | 2 | 1 | 4 | 7 | 5 | 5 | 1 | 0 | 0 |
| SmallHandy | | 1 | 2 | 1 | 4 | 2 | 0 | 3 | 3 | 2 | 0 | 2 | 0 |
| Chip/Pulp | | 0 | 1 | 0 | 3 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Corona | | 2 | 2 | 1 | 1 | 2 | 1 | 2 | 1 | 4 | 1 | 2 | 1 |
| Car Carriers | 3 | 8 | 8 | 5 | 4 | 8 | 7 | 6 | 4 | 4 | 0 | 0 | 0 |
| 2,000units | | 2 | 2 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3,800units | | 0 | 2 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4,000units | | 1 | 2 | 0 | 0 | 0 | 2 | 1 | 1 | 0 | 0 | 0 | 0 |
| 5,000units | | 3 | 1 | 0 | 0 | 3 | 0 | 0 | 2 | 0 | 0 | 0 | 0 |
| 6,000units | | 2 | 1 | 4 | 4 | 3 | 4 | 5 | 1 | 4 | 0 | 0 | 0 |
| LNG | 2 | 4 | 2 | 2 | 14 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 2 |
| Tankers | 3 | 1 | 4 | 3 | 4 | 4 | 0 | 1 | 1 | 1 | 1 | 0 | 0 |
| VLCC | | 0 | 1 | 1 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| AFRAMAX | | 1 | 1 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LR II | | 0 | 2 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LPG | | | | | | | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| CHEMICAL | | 0 | 0 | 2 | 1 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 |
| Energy New Biz | | | | | | 0 | 3 | 4 | 0 | 0 | 0 | 0 | 0 |
| Offshore | | | | | | | 3 | 3 | 0 | 0 | 0 | 0 | 0 |
| Drillship | | | | | | | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Heavy Lifters | 0 | 0 | 0 | 1 | 3 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Short Sea etc. | 0 | 1 | 5 | 2 | 2 | 0 | 1 | 1 | 3 | 1 | 1 | 0 | 0 |
| Total | 18 | 38 | 47 | 27 | 49 | 46 | 40 | 52 | 37 | 29 | 13 | 13 | 3 |

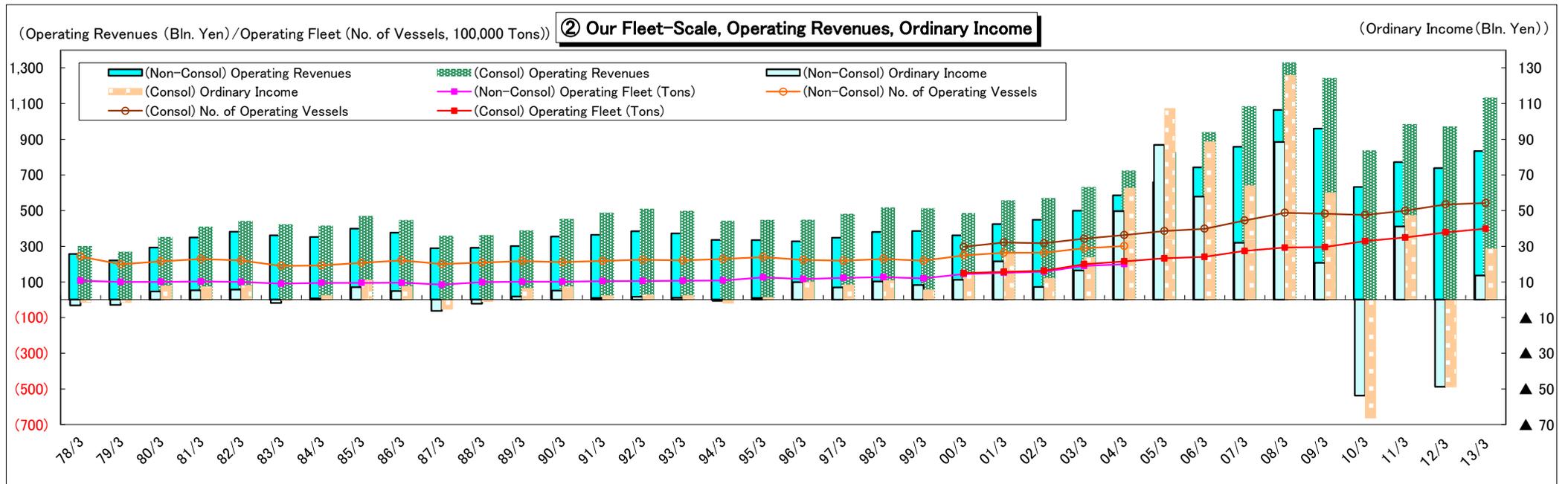
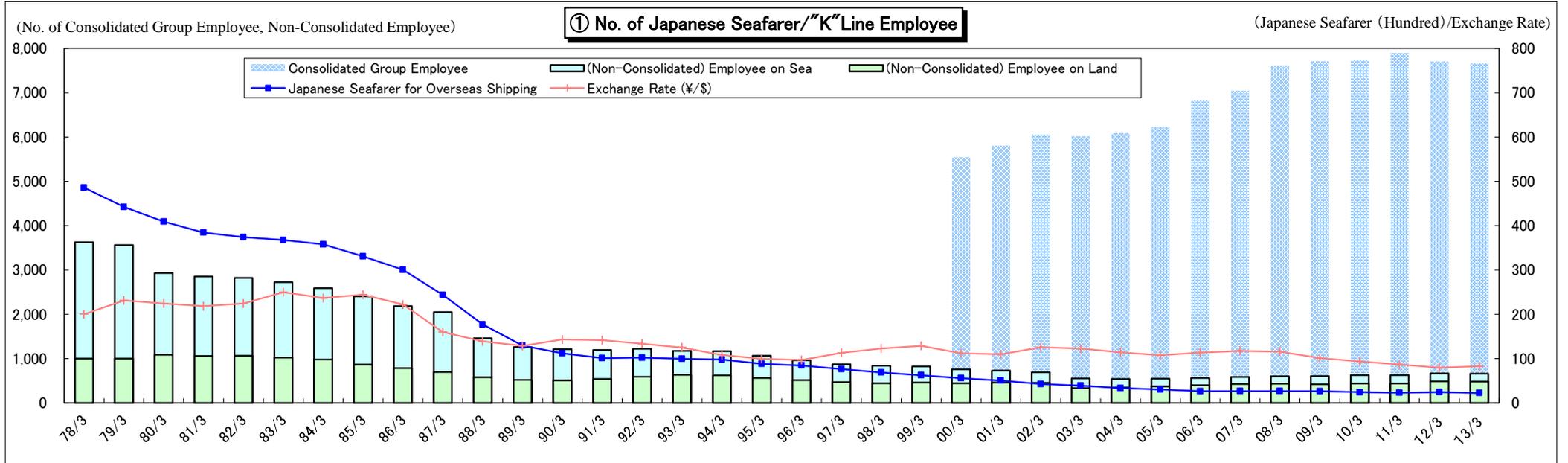
1-2. Trends of Financial Indices in Recent Years



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 introduction 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 | 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 |
| Apr.1998 | New"K"Line Spirit for 21(New K-21) *In '00, raised the numerical targets *Completed a year ahead of schedule as most targets achieved | - Standing firm in our basic policy of pursuit of profitability while trying to expand scale of business, and continuing stable payment of dividends - To expand shipping-based logistics business globally with customer-oriented attitude, and to aim at a corporate group which is soild, and fully 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 9.11changed conditions at all. |
| Mar.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 |
| Apr.2002 | | | |
| Mar.2004 | "K"LINE Vision 2008 -Sustainable Growth and Establishment of a Stable Profitability Structure- (Completed as most targets achieved) | 1.Ensuring a stable profitability structure through reinforcing our business base 2.Creation of a high-level, refined and more matured culture of the "K" Line Group with materialization of dreams and upgrading of the "K" Line Brand 3.Reinforcement of corporate governance and response to risk management -Measures to support systematic expansion of business scale (new target) - Response to changes in business enviroments (new target) | Set a vision for F08, to regard the period from now to F09, our 90th anniversary, as a runway. As profit targets, set F04, 05 estimation & F08 vision Fulfilled most final numerical goals in F05/fuel price hike=>2008+ |
| Apr.2004 | | | |
| Mar.2006 | "K"LINE Vision 2008 -Sustainable Growth and Establishment of a Stable Profitability Structure- (Completed as most targets achieved) | | 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 |
| Apr.2006 | | | |
| Mar.2008 | "K"Line Vision 100 Themes: Synergy for All and Sustainable Growth | 1. Activities to promote environmental protection 2. Stable safety ship operation administration structure 3. Borderless management through the best and strongest organization 4. Strategic investment and proper allocation of management resources 5. Improvement of corporate value and complete risk management | The plan based on what we will be like in 2019 when we celebrate our 100th anniversary. Detailed targets are set for 4years fom 2008F to 2011F |
| Apr.2008 | | | |
| Mar.2012 + | | | |
| Image for 2019 | | | |
| Jan.2010 | "K"Line Vision 100 KV2010 Themes: Synergy for All and Sustainable Growth(Continue) | (In addition to above 5 basic themes, new 3 missions as follows) 1. FY2010:move into the black and early resumption of dividends 2. Expansion of stable earnings base and sustainable growth 3. Improvement and strengthening of financial make up | ○Basic Strategies 1. Strengthening make up of containership business 2. Restructuring business portfolio 3. Adaptation to business environment fluctuations and strengthening of financial base |
| Mar.2013 + | | | |
| Mid of 2010's | | | |
| Apr. 2011 | "K"Line Vision 100 KV2010 -New Challenges - | (In addition to above 5 basic themes in the KV 100) 1. Expansion of a stable earnings base and sustainable growth 2. Strategic investment in response to changes in market structures and increase in demand - Investment in creation of a flexible fleet and in new businesses - Ongoing measures for improvement and strengthening of financial makeup | Financial results in FY 2010 exceeded initial plans. However, there may be effects from the recent earthquake and there are still many uncertain elements. In response to changes in market structures including energy supply and demand and the emergence of developing countries, a new medium-term management plan based on the "K" LINE Vision 100 was adopted to expand stable earning and achieve sustainable growth. |
| Mar.2014+ | | | |
| Mid of 2010's | | | |
| Apr. 2012 | "K"Line Vision 100 KV2010 Bridge to the Future | (In addition to above 5 basic themes in the KV 100). 1. Generatê ordinary income in FY2012 2. Build a stable earnings structure 3. Reinforcê financial standing. | For FY 2011, the containership and dry bulk markets have deteriorated markedly, and the Great East Japan Earthquake, the yen appreciation, and rising fuel oil prices resulted in the Company reporting a net loss. In response to these developments, the "K" Line Group adopted a newly reformêd 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+ | | | |
| Mid of 2010's | | | |

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

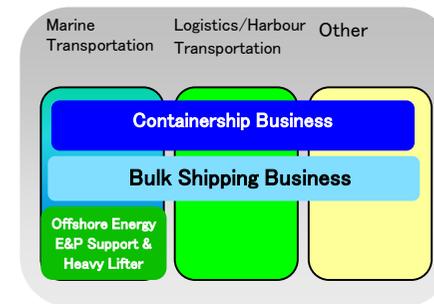


1-5. Current Business Composition

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

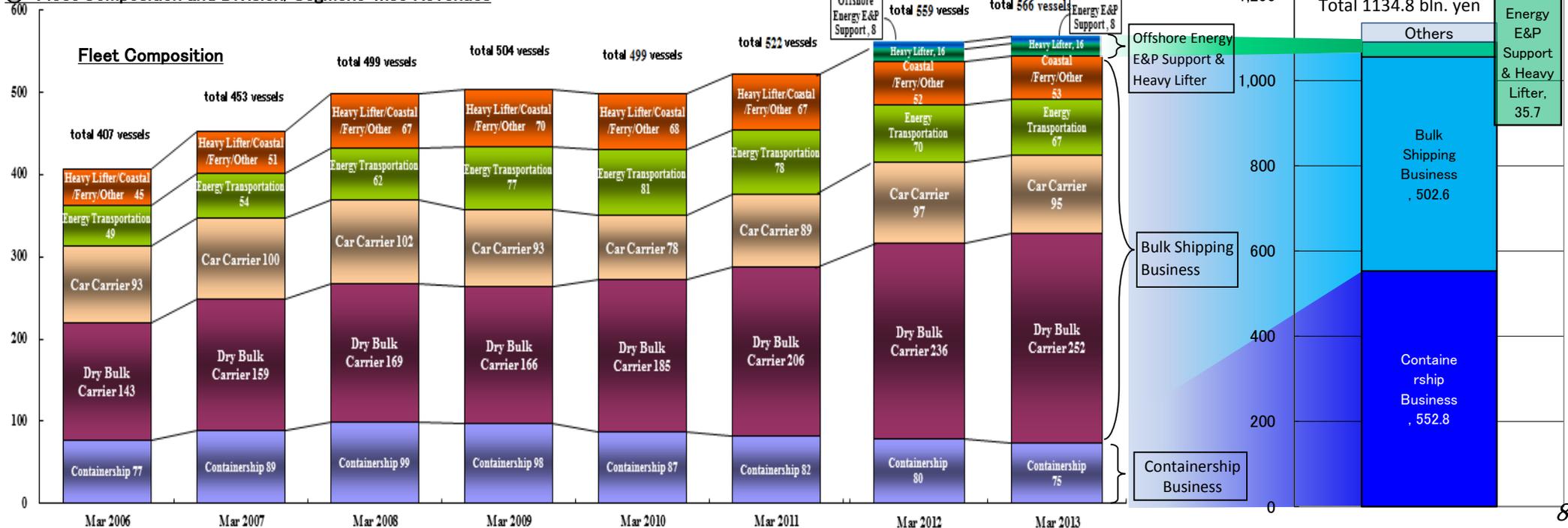
| Business Division | | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2009 | FY2010 | FY2011 | FY2011 | FY2012 |
|--|--------------------|--------|---------|---------|---------|--------|--------|--------|--------|--------|---------|
| Containership Business | Operating Revenues | 451.4 | 503.5 | 599.8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

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



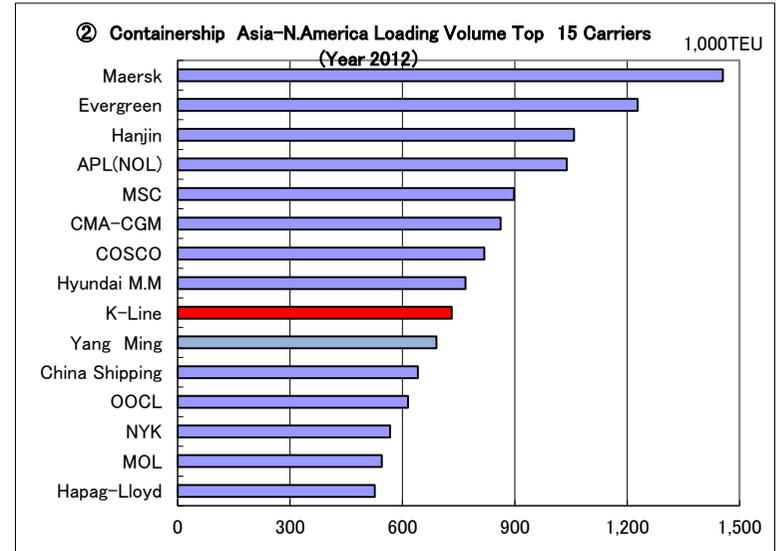
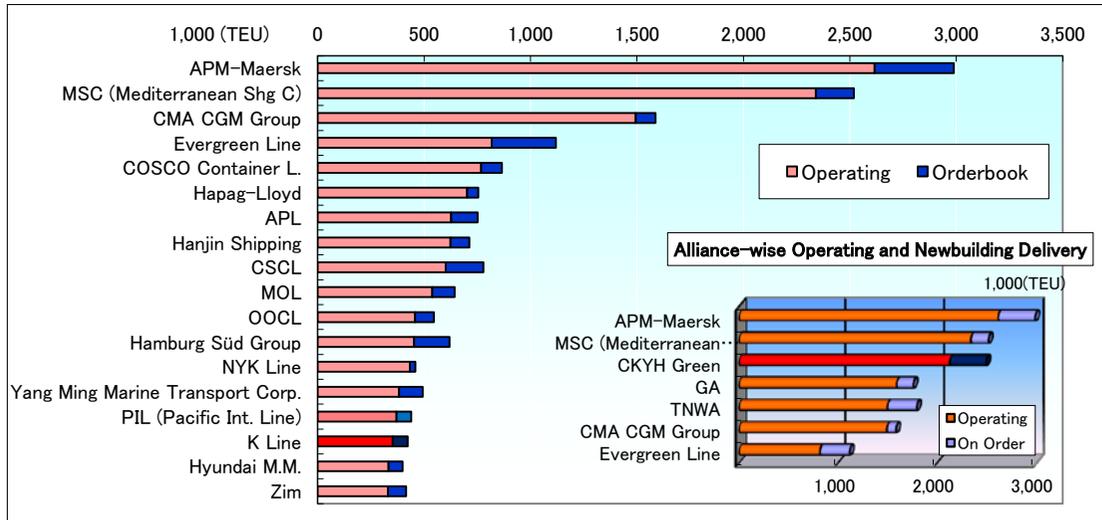
※New Segment (Starting from FY 12 1Q disclosure)
 Containership Business: containership, port, logistics businesses
 Bulk Shipping Business: dry bulk, PCC, LNG, oil tanker, coastal & ferry (operated by Kawasaki Kinkai Kisen) businesses
 Offshore Energy E&P Support & Heavy Lifter: marine energy resource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

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 | 2,615,937 | 372,281 | 2,988,218 | 3,040,603 | ▲ 1.7% |
| 2 | (2) MSC (Mediterranean Shg C) | 2,340,801 | 177,534 | 2,518,335 | 2,508,819 | 0.4% |
| 3 | (3) CMA CGM Group | 1,494,347 | 92,890 | 1,587,237 | 1,416,459 | 12.1% |
| 4 | (5) Evergreen Line | 818,417 | 300,273 | 1,118,690 | 1,115,668 | 0.3% |
| 5 | (4) COSCO Container L. | 767,735 | 97,328 | 865,063 | 887,703 | ▲ 2.6% |
| 6 | (6) Hapag-Lloyd | 702,210 | 52,676 | 754,886 | 774,291 | ▲ 2.5% |
| 7 | (9) APL | 626,861 | 124,800 | 751,661 | 854,453 | ▲ 12.0% |
| 8 | (8) Hanjin Shipping | 623,594 | 89,000 | 712,594 | 759,216 | ▲ 6.1% |
| 9 | (7) CSCL | 601,753 | 176,738 | 778,491 | 687,701 | 13.2% |
| 10 | (10) MOL | 539,426 | 104,600 | 644,026 | 594,415 | 8.3% |
| 11 | (11) OOCL | 457,677 | 88,384 | 546,061 | 562,193 | ▲ 2.9% |
| 12 | (13) Hamburg Süd Group | 453,659 | 165,458 | 619,117 | 590,305 | 4.9% |
| 13 | (12) NYK Line | 433,503 | 26,416 | 459,919 | 454,619 | 1.2% |
| 14 | (16) Yang Ming Marine Transport | 382,489 | 111,250 | 493,739 | 425,450 | 16.1% |
| 15 | (15) PIL (Pacific Int. Line) | 370,871 | 68,512 | 439,383 | 367,437 | 19.6% |
| 16 | (17) K Line | 353,448 | 69,350 | 422,798 | 370,589 | 14.1% |
| 17 | (14) Hyundai M.M. | 333,900 | 65,500 | 399,400 | 447,560 | ▲ 10.8% |
| 18 | (18) Zim | 330,043 | 85,408 | 415,451 | 476,439 | ▲ 12.8% |

| Rank | Alliance | Operating | On Order | Total | Prev. Total | YoY |
|------|-------------------------------|-----------|----------|-----------|-------------|--------|
| 1 | (1) APM-Maersk | 2,615,937 | 372,281 | 2,988,218 | 3,040,603 | ▲ 1.7% |
| 2 | (2) MSC (Mediterranean Shg C) | 2,340,801 | 177,534 | 2,518,335 | 2,508,819 | 0.4% |
| 3 | (3) CKYH Green | 2,127,266 | 366,928 | 2,494,194 | 2,442,958 | 2.1% |
| 4 | (4) GA | 1,593,390 | 167,476 | 1,760,866 | 1,791,103 | ▲ 1.7% |
| 5 | (5) TNWA | 1,500,187 | 294,900 | 1,795,087 | 1,896,428 | ▲ 5.3% |
| 6 | (6) CMA CGM Group | 1,494,347 | 92,890 | 1,587,237 | 1,416,459 | 12.1% |
| 7 | (7) Evergreen Line | 818,417 | 300,273 | 1,118,690 | 1,115,668 | 0.3% |

| Rank * | Operator | Cargo Loaded |
|--------|---------------------|--------------|
| 1 | (1) Maersk | 1,455 |
| 2 | (2) Evergreen | 1,228 |
| 3 | (4) Hanjin | 1,058 |
| 4 | (3) APL(NOL) | 1,038 |
| 5 | (5) MSC | 898 |
| 6 | (6) CMA-CGM | 863 |
| 7 | (8) COSCO | 819 |
| 8 | (7) Hyundai M.M | 769 |
| 9 | (10) K-Line | 732 |
| 10 | (9) Yang Ming | 691 |
| 11 | (12) China Shipping | 642 |
| 12 | (11) OOCL | 615 |
| 13 | (13) NYK | 568 |
| 14 | (14) MOL | 545 |
| 15 | (15) Hapag-Lloyd | 527 |

| Rank | Alliance | Cargo |
|------|--------------------------|-------|
| 1 | (1) CKYH (inc. "K" Line) | 3,299 |
| 2 | (2) TNW | 2,352 |
| 3 | (3) GA | 1,709 |
| 4 | (4) Maersk | 1,455 |
| 5 | (5) Evergreen | 1,228 |

*() is ranking for previous year

Source: Japan Maritime Center (as of June 2013)

*() is ranking for previous year

Source : <http://www.alphaliner.com/top100/index.php> as of June 2013

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 | '13 |
|------|---------------|---------------|---------------|---------------|-----------|----------|-------------|-------------|------------|-----------|-------------|---------------|---------------|-----------|-----------|-----------|
| 1 | HAPAG | EVERGREEN | EVERGREEN | EVERGREEN | EVERGREEN | MAERSK | MAERSK | MAERSK | MAERSK/SL | MAERSK | MAERSK | MAERSK | MAERSK | MAERSK | MAERSK | MAERSK |
| 2 | SEA-LAND | USL | MAERSK | MAERSK | MAERSK | SEA-LAND | SEA-LAND | SEA-LAND | EVERGREEN | P&ON | MSC | MSC | MSC | MSC | MSC | MSC |
| 3 | MAERSK | MAERSK | MAERSK | SEA-LAND | SEA-LAND | SEA-LAND | SEA-LAND | P&ON | EVERGREEN | EVERGREEN | P&O/ FARREL | EVERGREEN | CMA CGM | CMA CGM | CMA CGM | CMA CGM |
| 4 | OCL | SEA-LAND | APL | APL | NYK | NYK | NYK | EVERGREEN | HANJIN/SEN | HANJIN | EVERGREEN | CMA CGM/ANL | EVERGREEN | COSCO | COSCO | EVERGREEN |
| 5 | NYK | HAPAG | YANGMING | NYK | NYK | COSCO | COSCO | COSCO | HANJIN/SEN | MSC | HANJIN/SEN | HAPAG | HAPAG | HAPAG | HAPAG | HAPAG |
| 6 | OOCL | OCL | SEA-LAND | COSCO | APL | P&OCL | P&OCL | HANJIN | COSCO | APL(NOL) | GOSCO | HANJIN/SEN | CSCL | HANJIN | EVERGREEN | HAPAG |
| 7 | APL | NYK | HAPAG | DOCL | MOL | HANJIN | NEDLLOYD | NOL/APL | NOL/APL | COSCO | APL(NOL) | COSCO | GOSCO | EVERGREEN | APL | APL |
| 8 | NEDLLOYD | OOCL | OOCL | HAPAG | OOCL | HANJIN | MOL | MSC | NYK/TSK | CP SHIPS | CMA CGM/ANL | CSOL | NYK | HAPAG | CSAV | HANJIN |
| 9 | EVERGREEN | "K"LINE | P&OCL | "K"LINE | HAPAG | NEDLLOYD | MOL | NYK | CMA/CGM | NYK | "K"LINE | APL(NOL) | APL(NOL) | CSCL | HANJIN | CSCL |
| 10 | UASC | APL | "K"LINE | YANGMING | HANJIN | HAPAG | APL | HMM | CP | CMA CGM | NYK | NYK | HANJIN | NYK | NYK | MOL |
| 11 | MOL | MOL | MOL | HANJIN | "K"LINE | APL | HAPAG | MOL | ZIM | MOL | CP SHIPS | MOL | ZIM | ZIM | MOL | OOCL |
| 12 | USL | COSCO | COSCO | MOL | YANGMING | YANGMING | DSR-SENATOR | ZIM | MOL | OOCL | OOCL | OOCL | "K"LINE | "K"LINE | OOCL | H-SUD |
| 13 | YANGMING | NEDLLOYD | NEDLLOYD | P&OCL | P&OCL | MOL | "K"LINE | YMTC | "K"LINE | "K"LINE | ZIM | ZIM | MOL | MOL | NYK | NYK |
| 14 | GGM | UASC | ZIM | NEDLLOYD | NOL | NOL | OOCL | OOCL | HMM | ZIM | OOCL | "K"LINE | ZIM | OOCL | H-SUD | YANGMING |
| 15 | ZIM | CGM | HANJIN | ZIM | ZIM | OOCL | YANGMING | OOCL | DOCL | HL | HAPAG | ZIM | YANGMING | YANGMING | YANGMING | PIL |
| 16 | "K"LINE | ZIM | CGM | NOL | SCANDUTCH | ZIM | NOL | HL | YMTC | HMM | YANGMING | YANGMING | CSAV | H-SUD | H-SUD | HMM |
| 17 | BALTIC | YANGMING | UASC | CGM | UASC | HYUNDAI | HMM | DSR-SENATOR | HL | UASC | CSCL | H-SUD | H-SUD | CSAV | H-SUD | HMM |
| 18 | W.WILHELMSSEN | W.WILHELMSSEN | NOL | UASC | NEDLLOYD | UASC | ZIM | CMA | UASC | YANGMING | HMM | HMM | HMM | HMM | HMM | ZIM |
| 19 | NOL | BALTIC | BSC | W.WILHELMSSEN | CHO YANG | CGM | CMA | WAN HAI | CSAV | CSOL | H-SUD | PIL | PIL | PIL | PIL | UASC |
| 20 | GOSCO | NALC | W.WILHELMSSEN | BSC | CGM | CHO YANG | MSC | CONTSP | CHO YANG | H-SUD | GSAV | WAN HAI LINES | WAN HAI LINES | UASC | UASC | CSAV |

| (Area-wise Number of Companies) | '83 | '85 | '87 | '89 | '91 | '93 | '95 | '97 | '99 | '01 | '03 | '05 | '07 | '09 | '11 | '13 |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| U.S.A | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Europe | 7 | 7 | 7 | 7 | 6 | 5 | 7 | 6 | 5 | 6 | 6 | 5 | 5 | 5 | 5 | 5 |
| Japan | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Asia* | 5 | 5 | 6 | 6 | 8 | 8 | 7 | 9 | 8 | 8 | 8 | 10 | 10 | 9 | 9 | 9 |
| Other | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 4 | 3 | 2 | 2 | 2 | 3 | 3 | 3 |

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

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

*** Joint Venture for containership business spun out of 'Yamashita Shinnihon' and 'Japan Line'.

4. Time-series Major Events

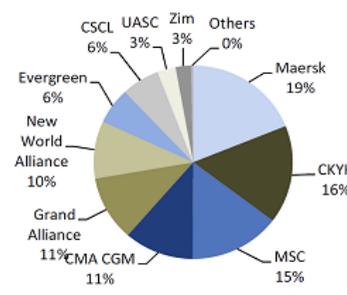
- '84 U.S. Shipping Act 1984 effective
- '85 Plaza Accord
- '86 US Line busted. (No. of American carriers : 3=>2)
 'Emergency Employment Measure' introduced
- '88 Kaizoshin** Asia-N.America route Working Group's report issued
 Showa Line withdrew, and NLS established
 (No. of Japanese carriers: 6=>4)
- '91 NYK acquired NLS*** (No. of Japanese carriers: 4=>3)
- '96 P&O and NEDLLOYD merged. 'P&O NEDLLOYD' (P&ON) formed.
- '97 NOL acquired APL (No. of American carriers : 2=>1)
- '99 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

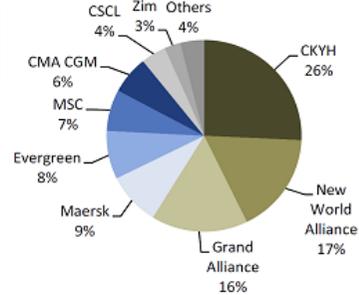
Data: Containerisation International Yearbook etc.

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

FE-Europe Capacity Share by Carrier/Alliance

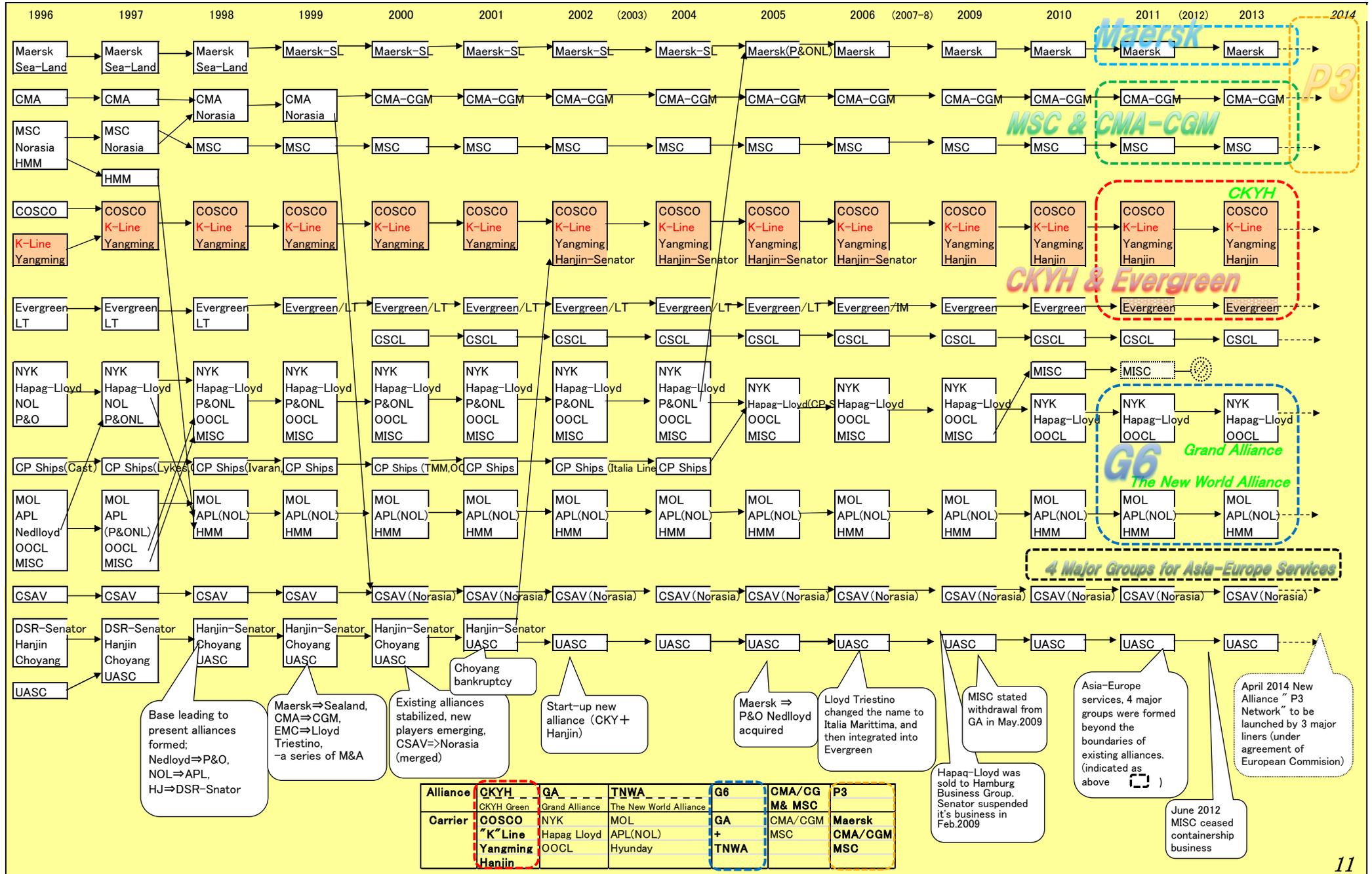


FE-North America Capacity Share by Carrier/Alliance

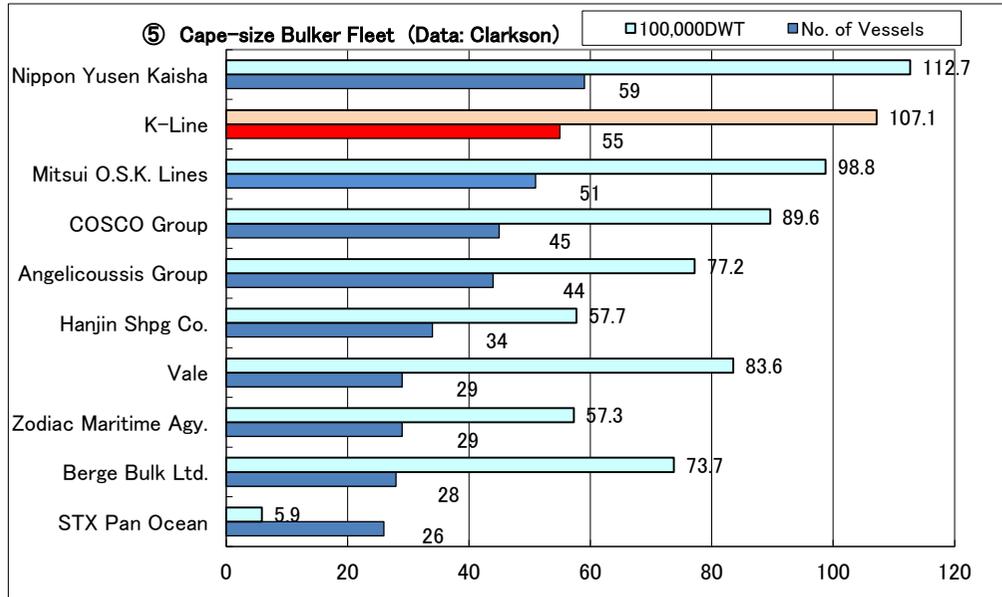


2-1. Fleet-scale Ranking

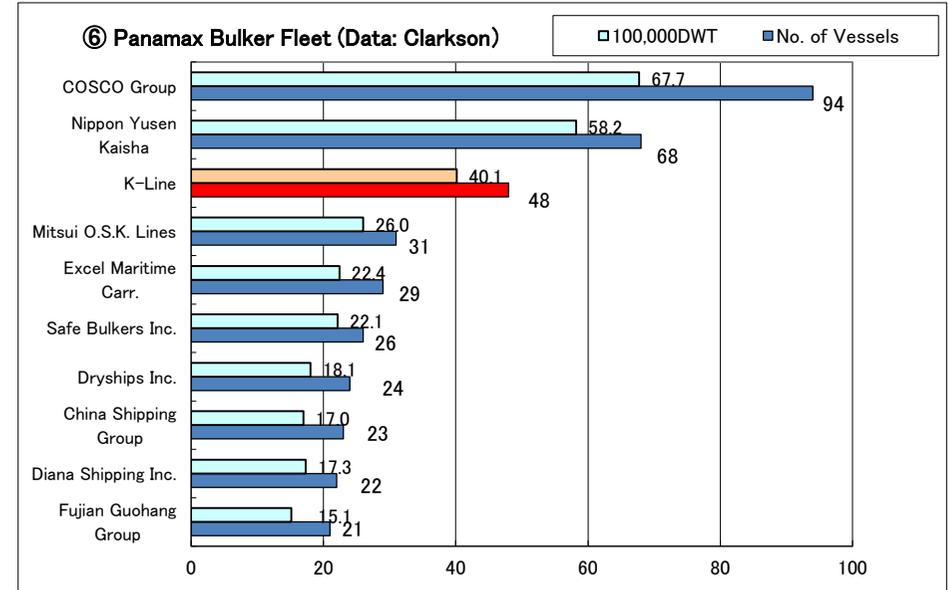
④ Transition of Alliance for Containership Business



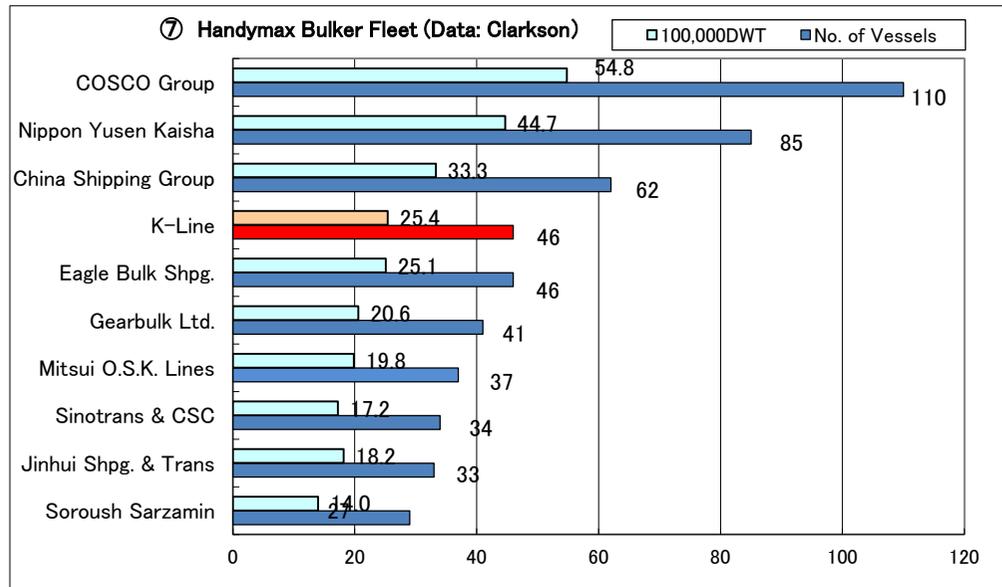
2-1. Fleet-scale Ranking



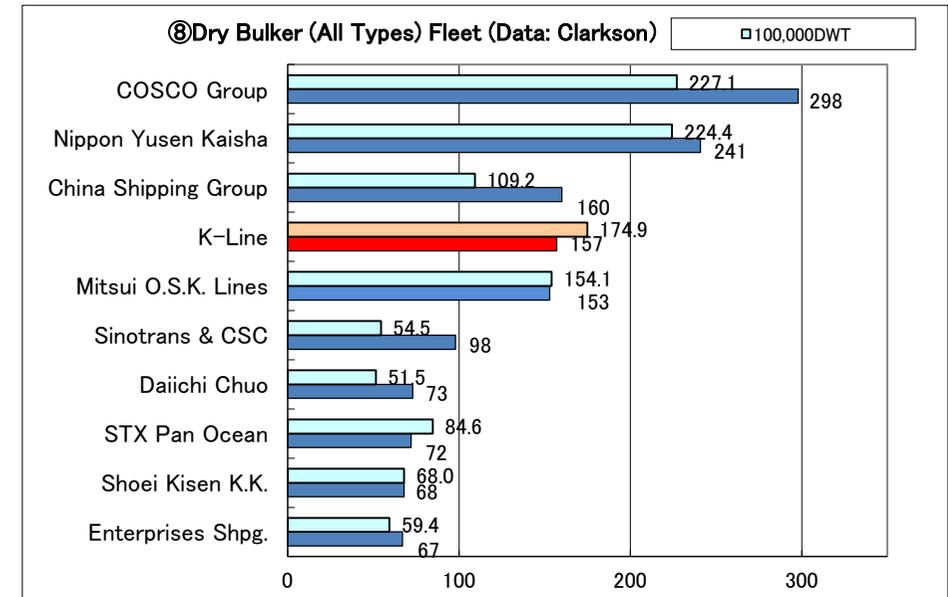
Clarkson July 2013



Clarkson July 2013

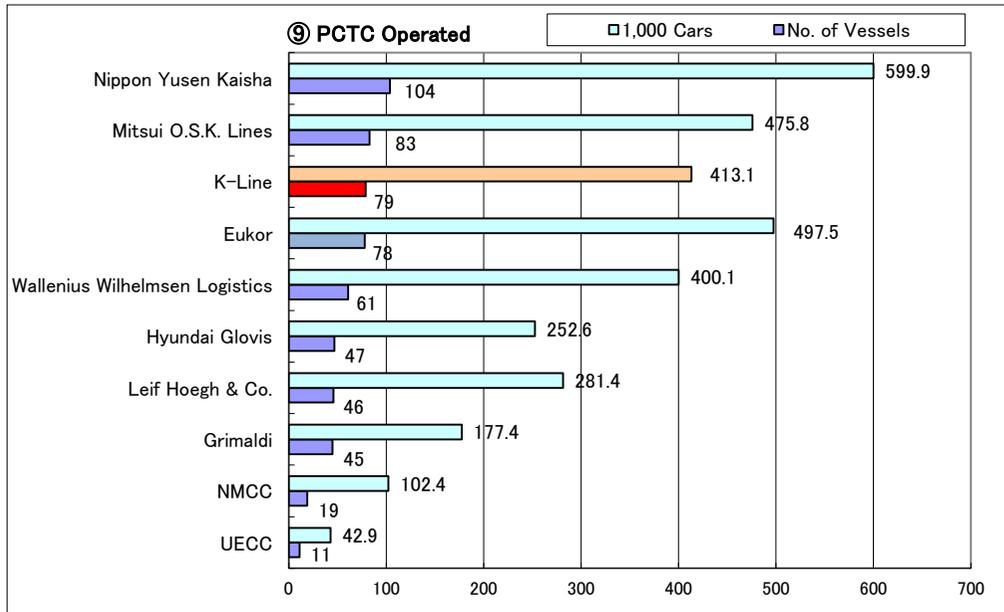


Clarkson July 2013

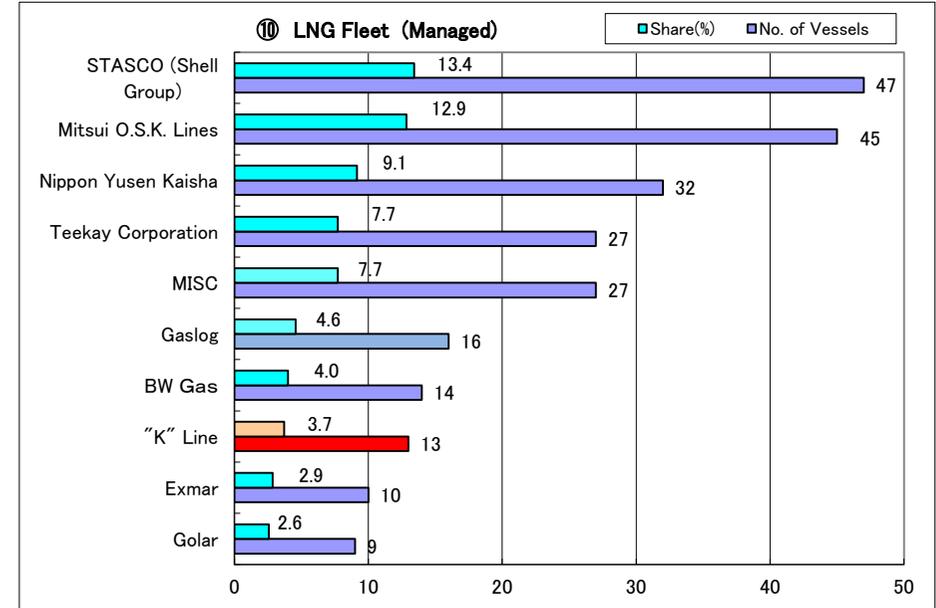


Clarkson July 2013

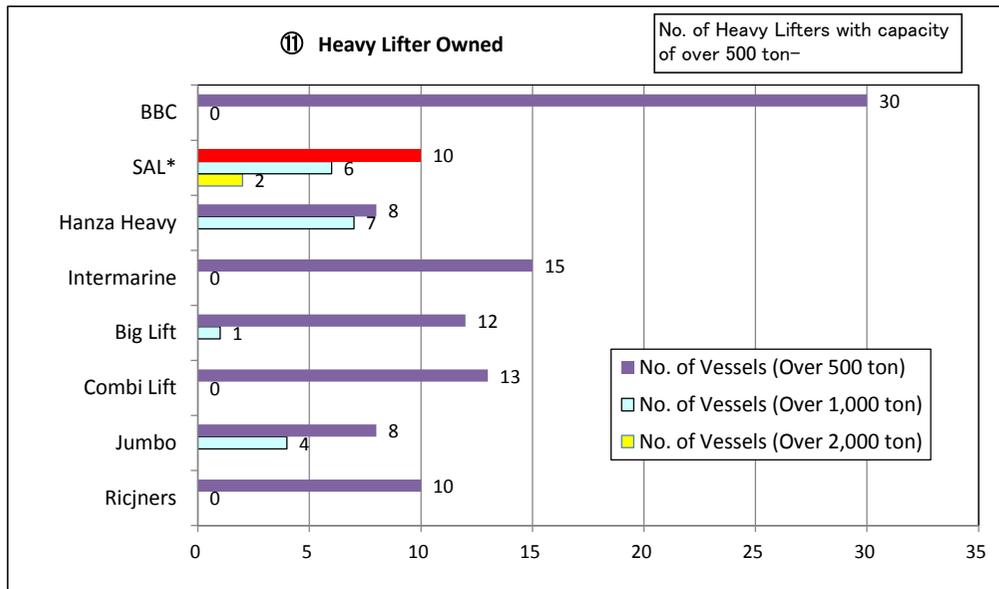
2-1. Fleet-scale Ranking



Hesnes The World Car Carrier Fleet, July 2013

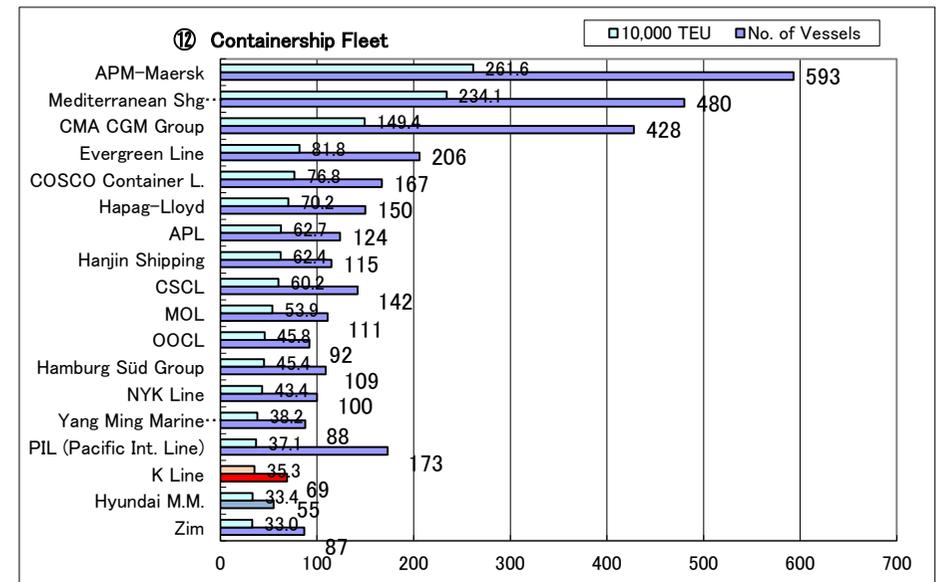


Reserched by "K"Line in March 2013



*SAL is our 100% subsidiary

Reserched by "K"Line in Oct 2012

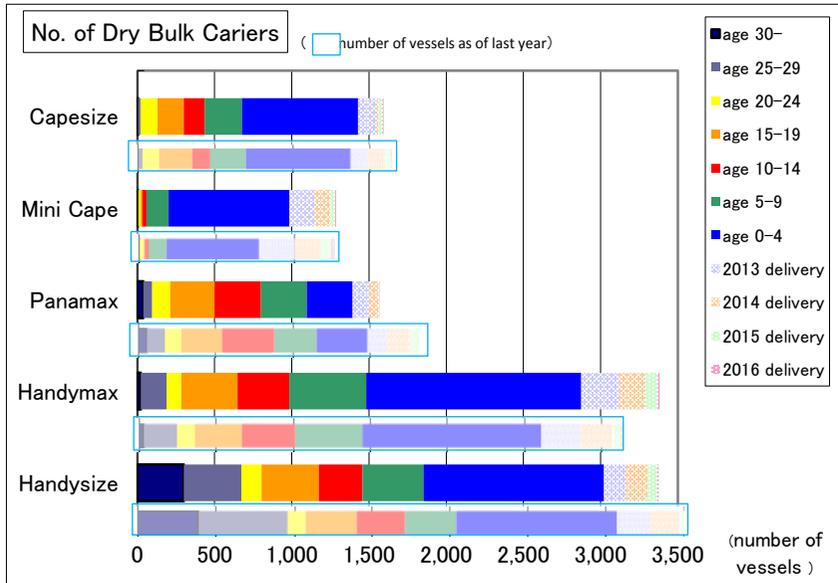


Clarkson July 2013

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

Min/Max* Fleet Increase Schedule

① Dry Bulk Carriers by Vessel-type/Age



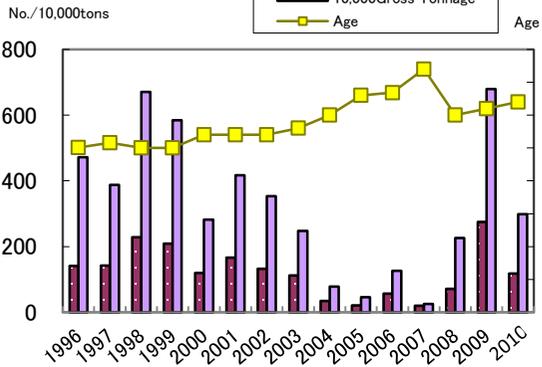
Clarkson as of July 2013

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

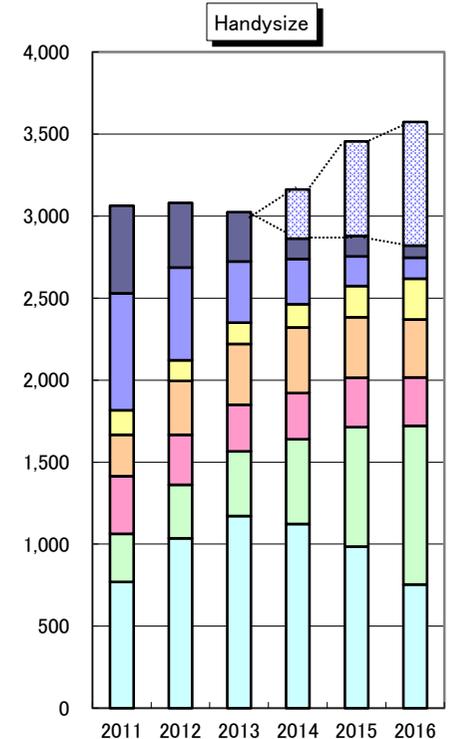
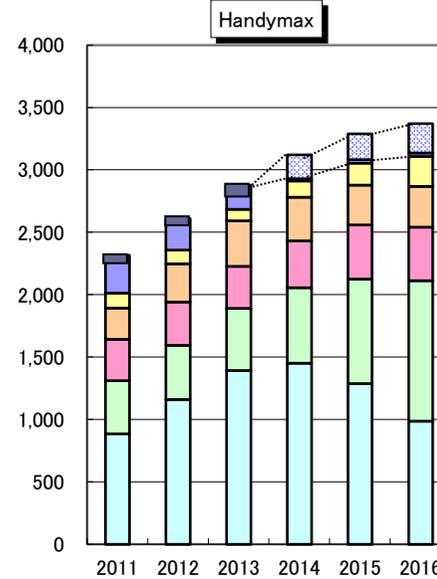
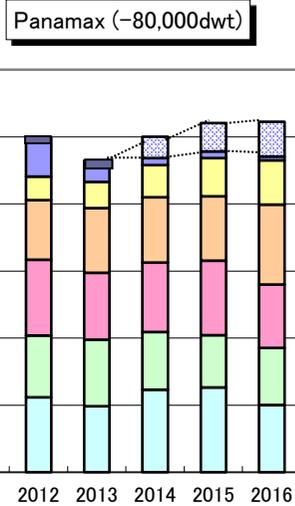
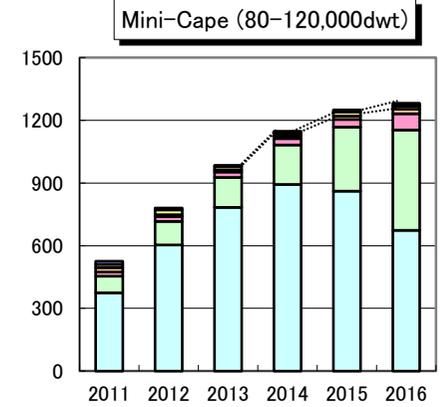
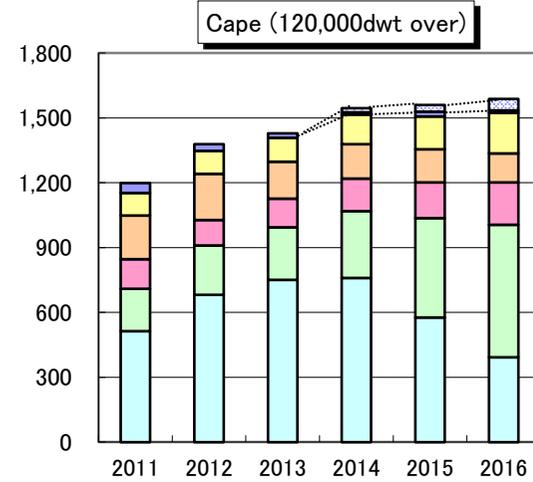
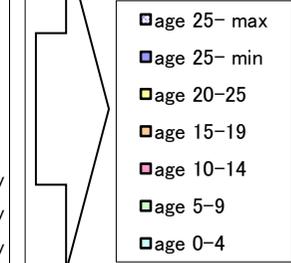
- max: all ships over age 25 are in operation continuously.
- min: all ships are scrapped at the age of 25.

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

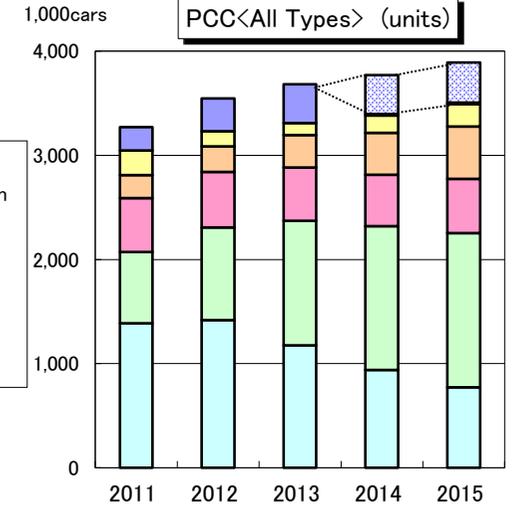
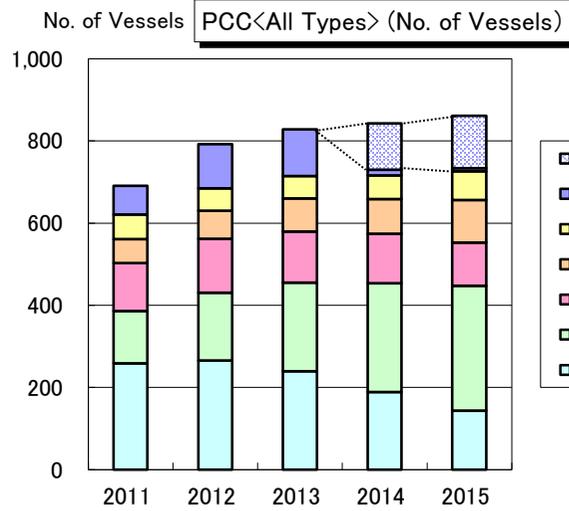
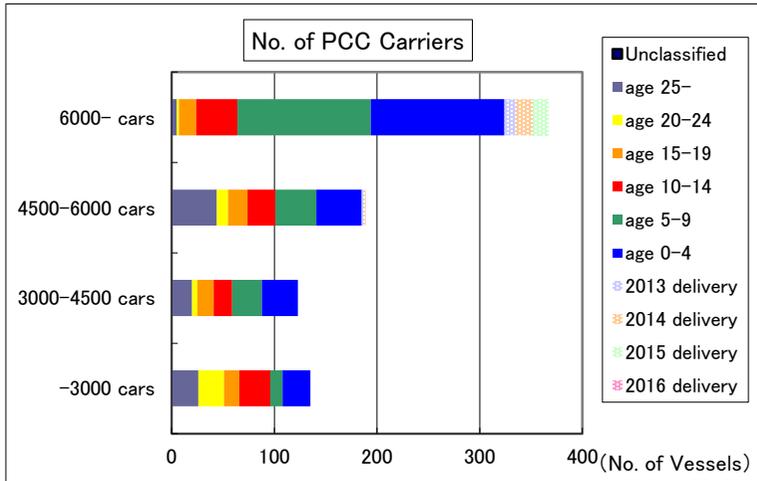


Data: The Japanese Shipowners' Association



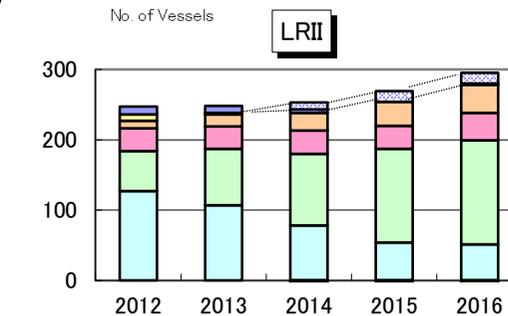
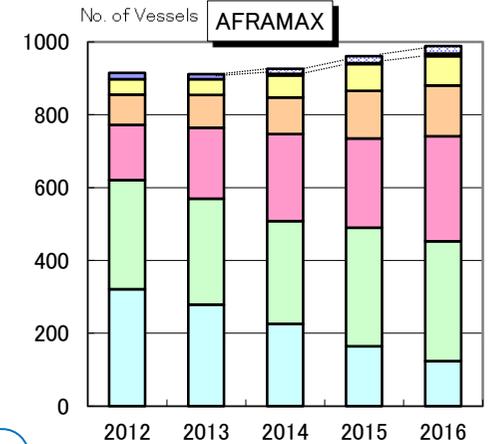
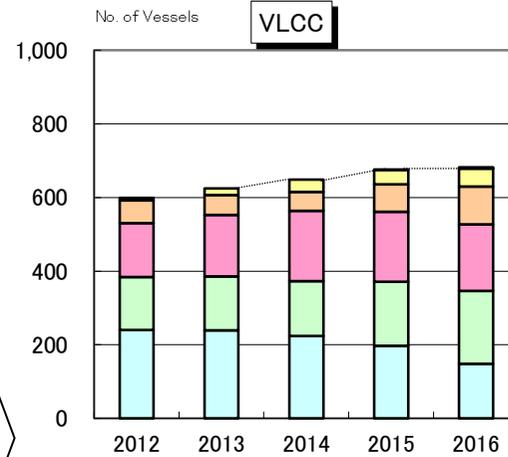
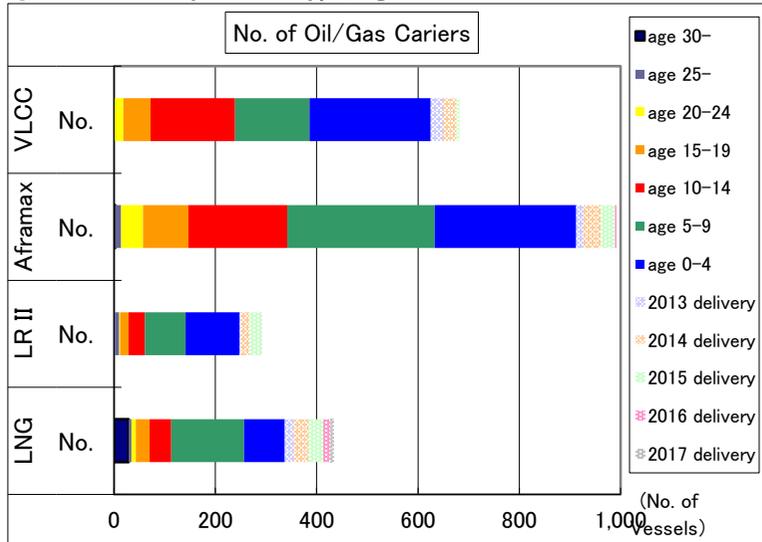
3. World Market <3-1.Fleet Scale by Vessel-type / Age>

② PCC by Vessel-type/Age

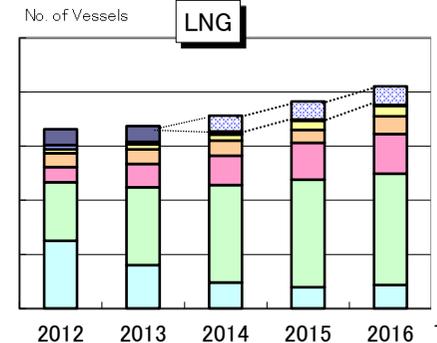


Clarkson as of July 2013

③ Oil Tankers by Vessel-type/Age



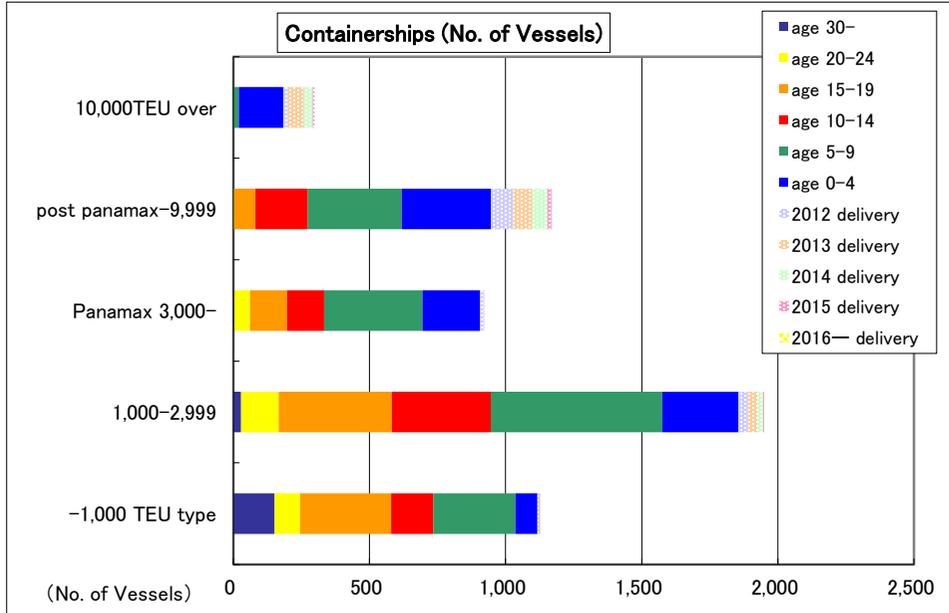
※Min. case for LNG Carriers: Scrapped at the age of 30.



Clarkson as of July 2013
(AFRAMax includes product carriers)

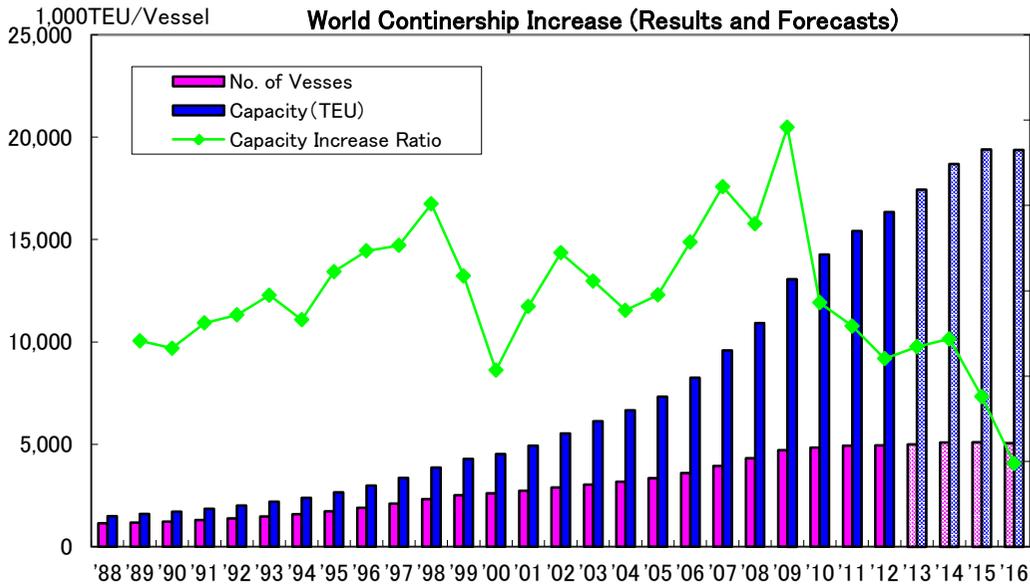
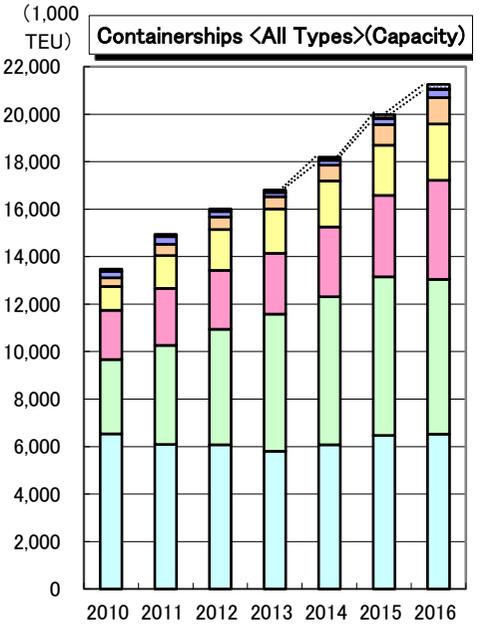
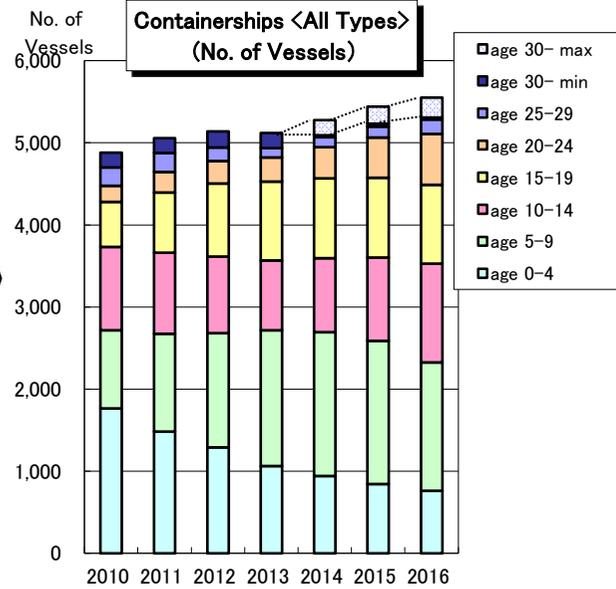
3. World Market <3-1.Fleet Scale by Vessel-type/Age>

④ Containerships by Vessel-type/Age

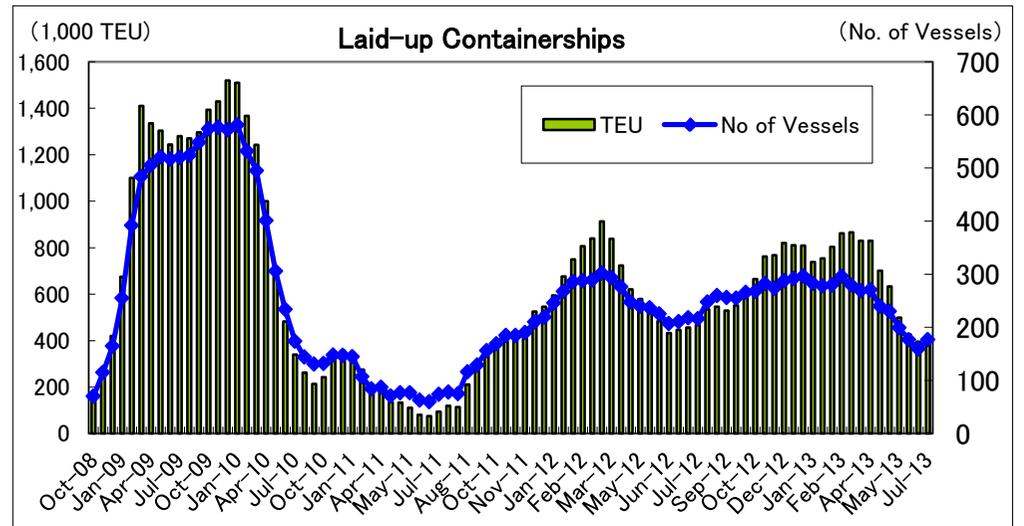


Clarkson as of July 2013

Min/Max* Fleet Increase Schedule (Estimated)

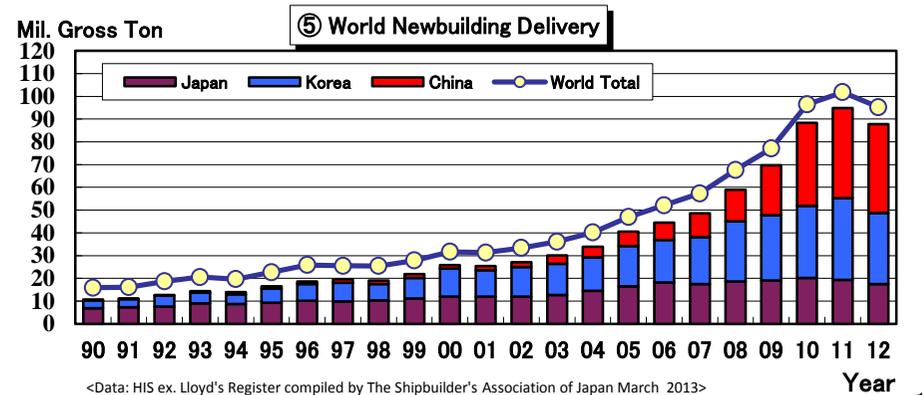
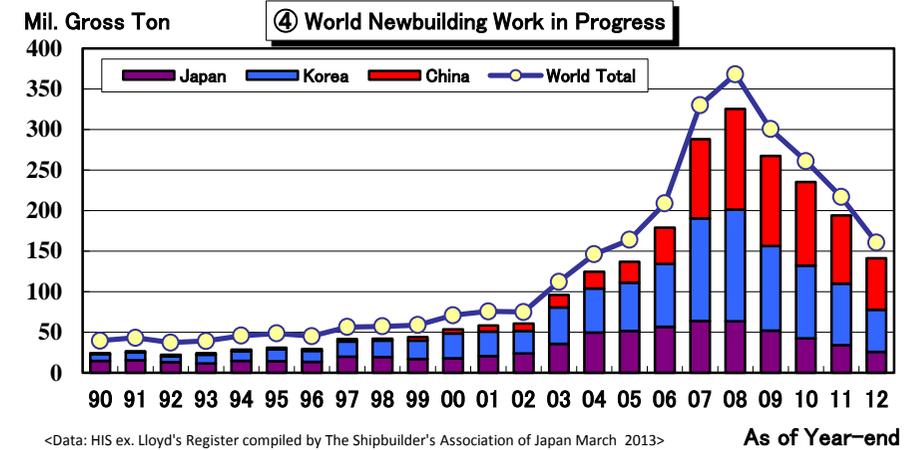
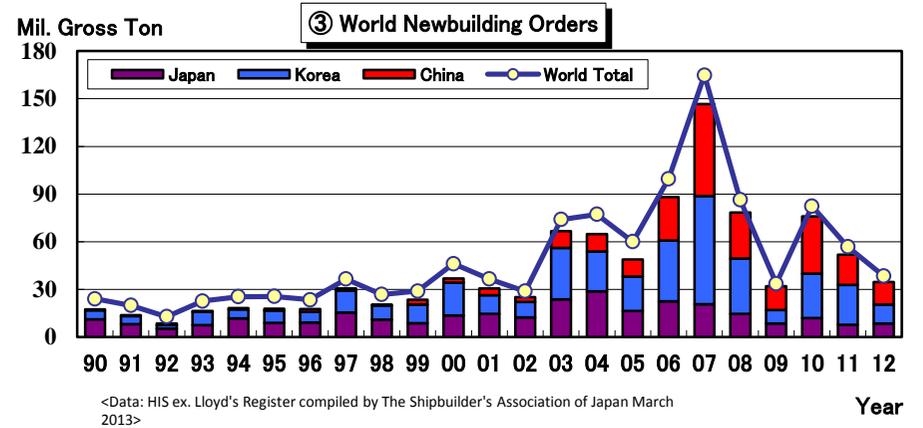
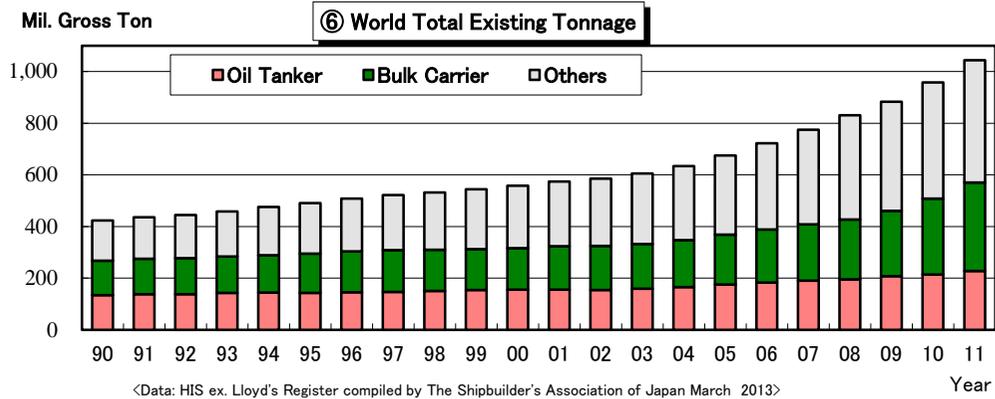
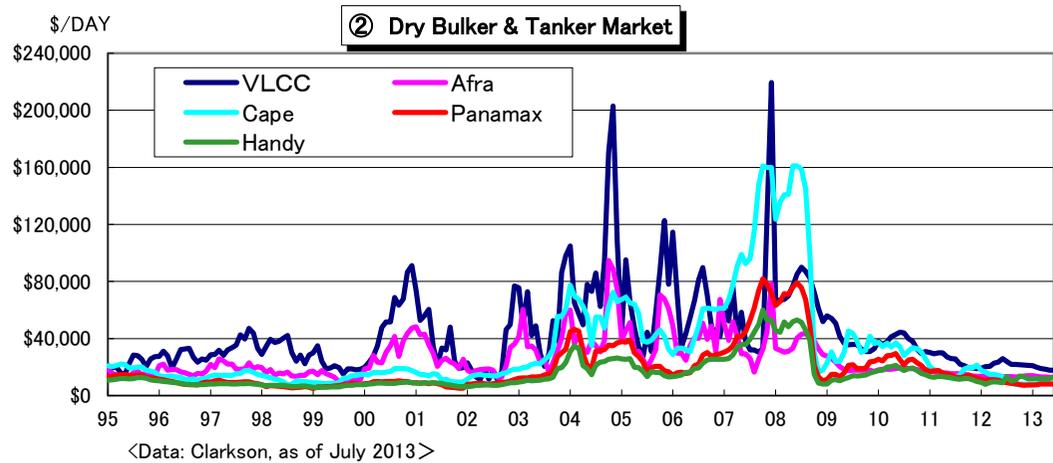
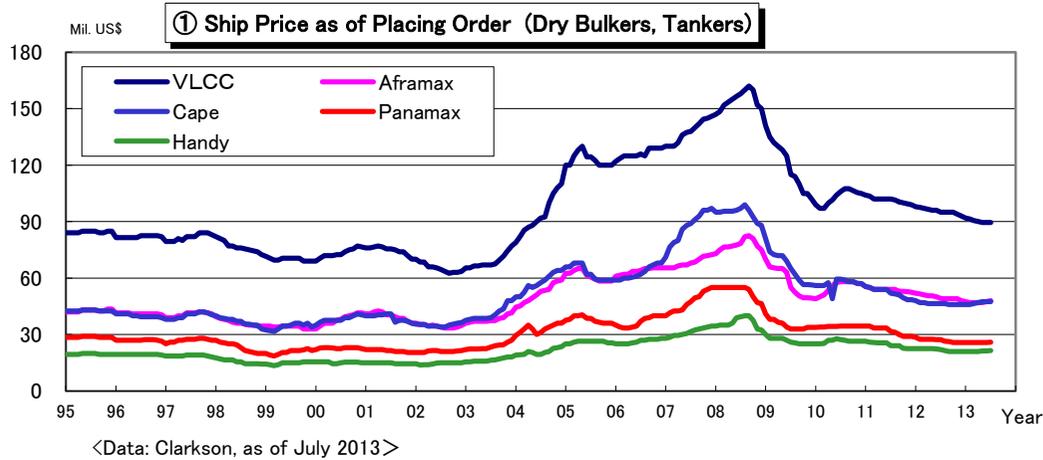


Alphaliner Report 2013 July

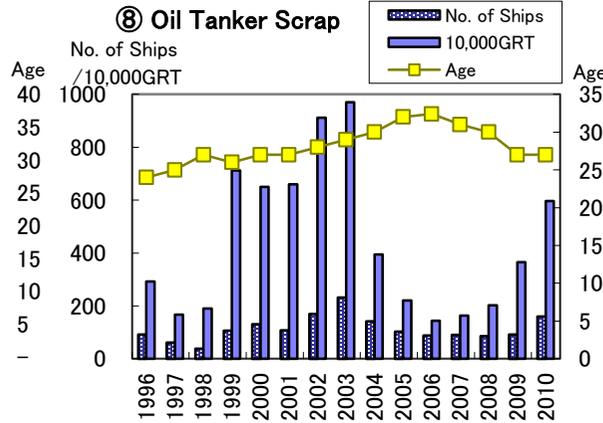
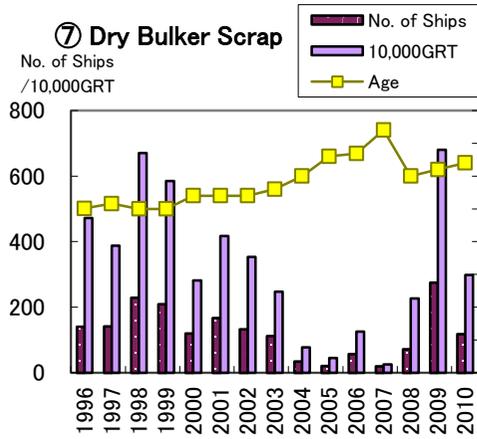


Source: AXS Marine (as of July 2013)

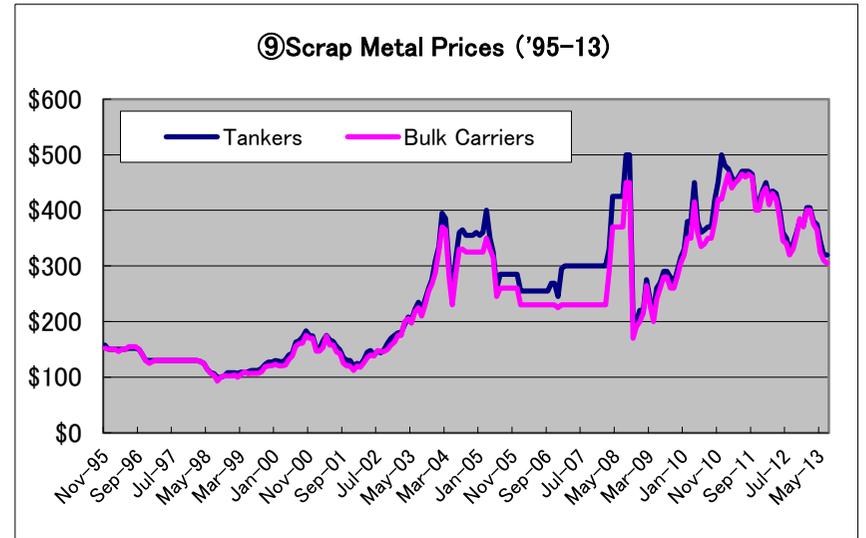
3-2. Trend of Newbuildings



3-2. Trend of Newbuildings



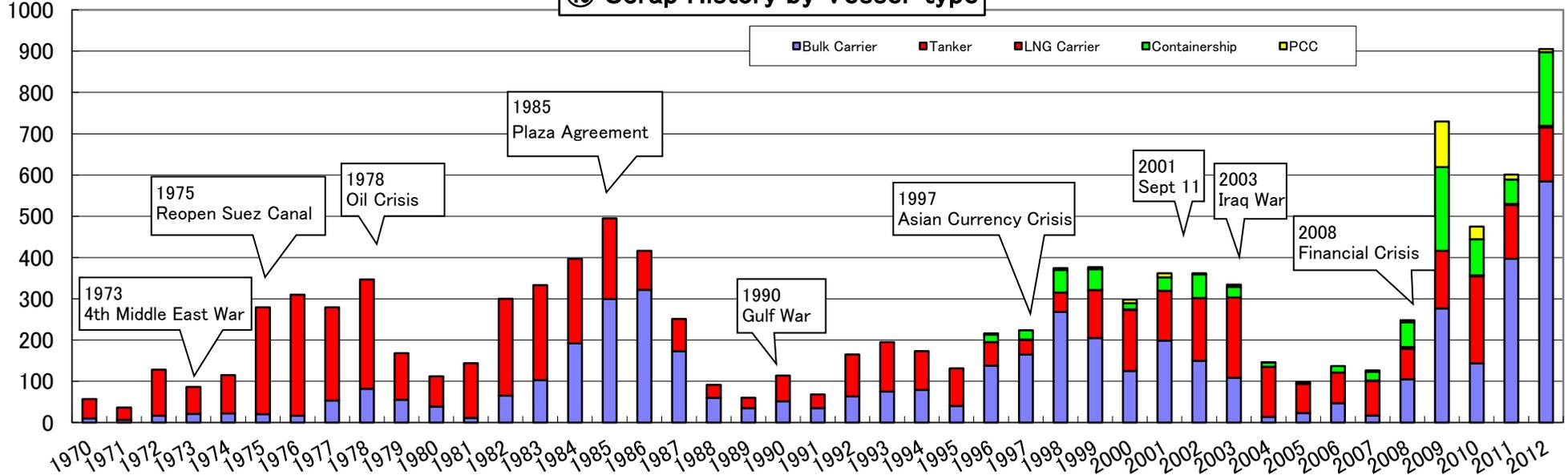
Data: The Japanese Shipowners' Association 「Kaiun Tokei Youran (2012)」



Clarkson, as of July 13

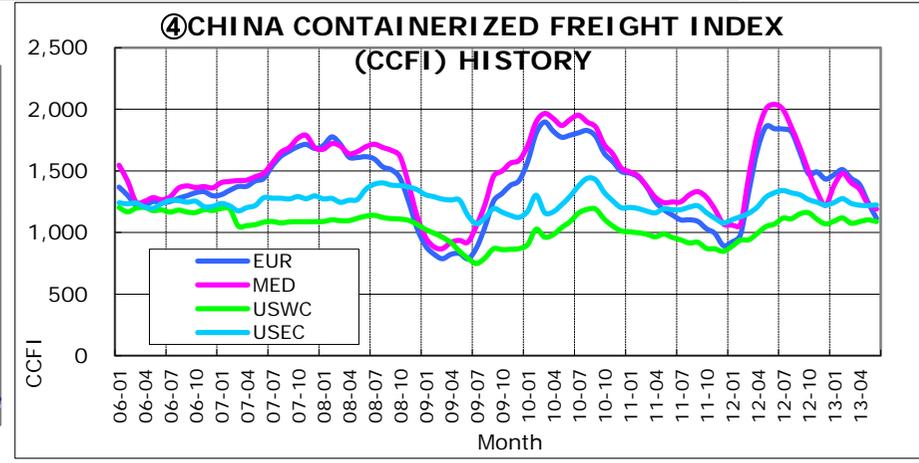
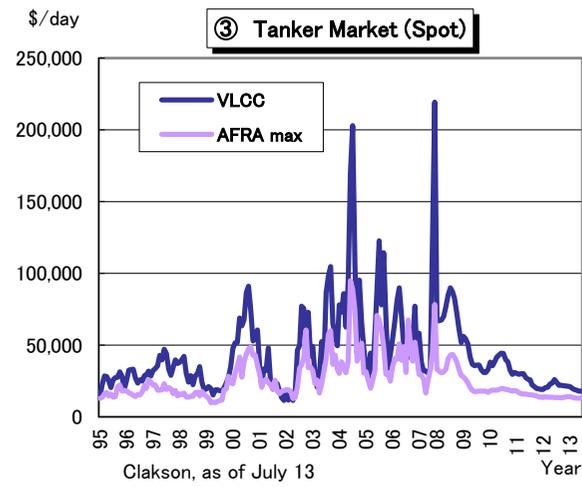
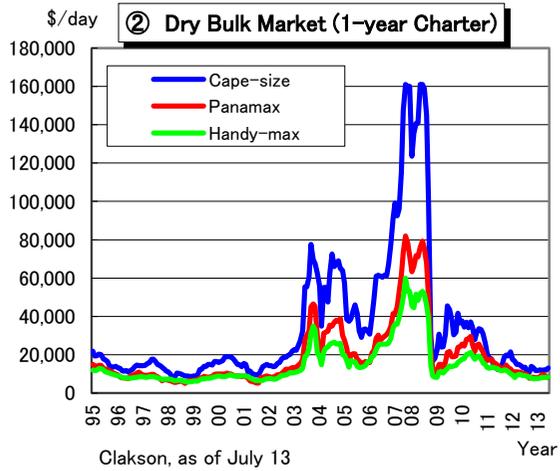
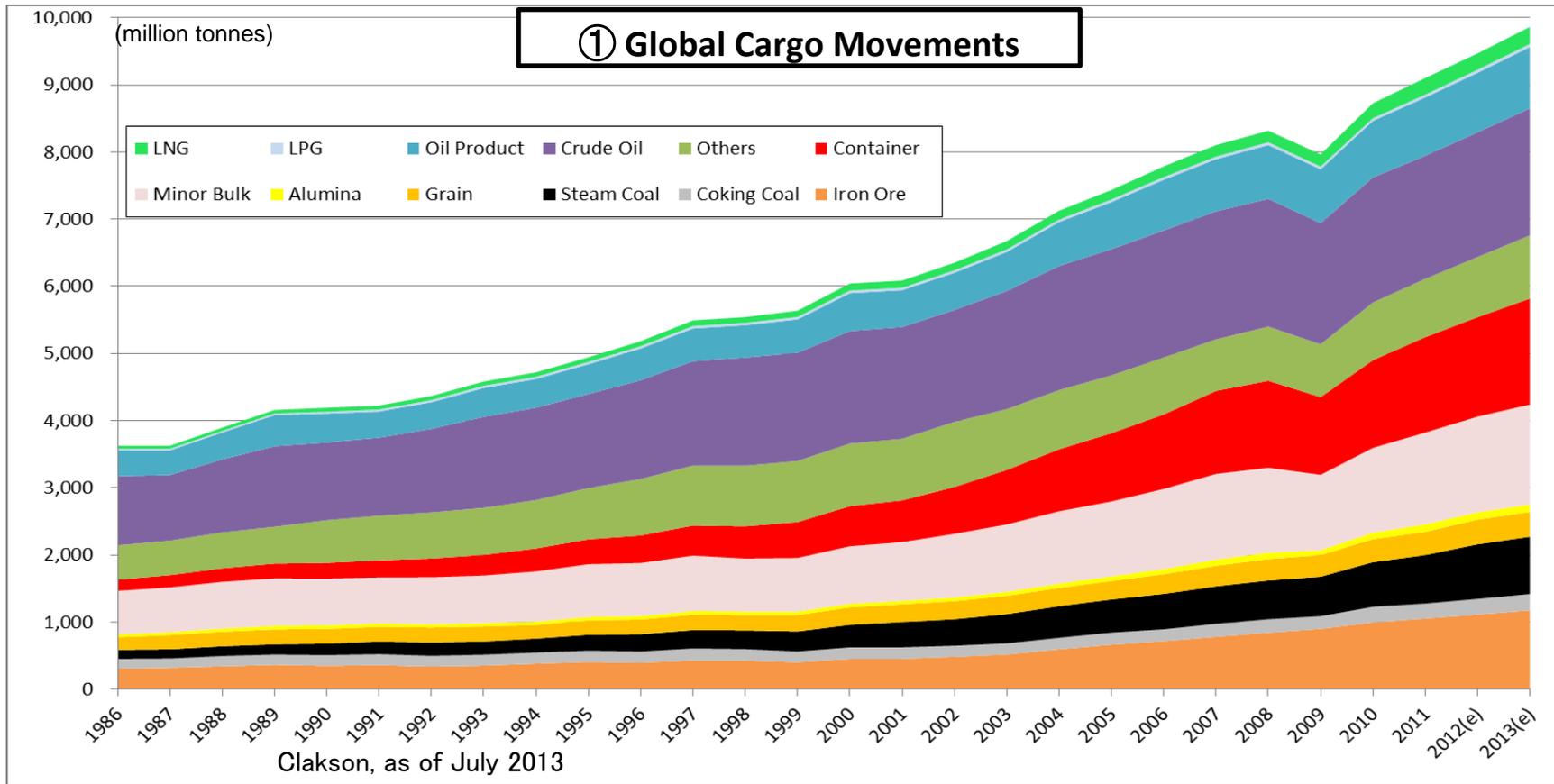
Number of Ships

⑩ Scrap History by Vessel-type



Clarkson, as of July 13

3-3. Global Cargo Movements, Market

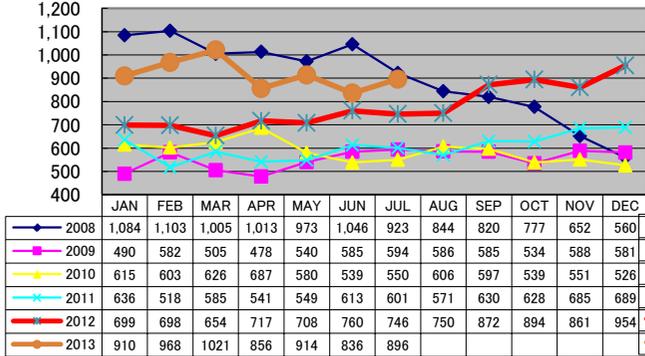


3-4. Latest Economic Trends

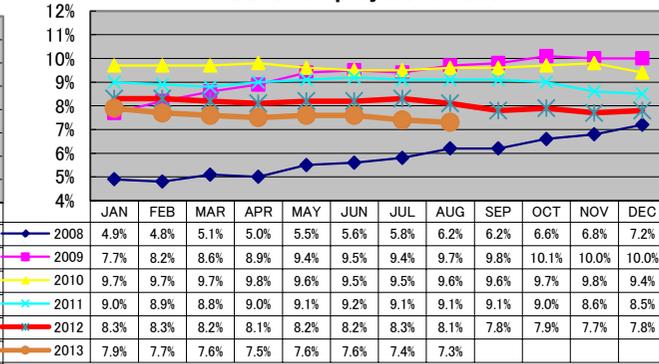
① Key Economic Indicators for North America

units : 1,000

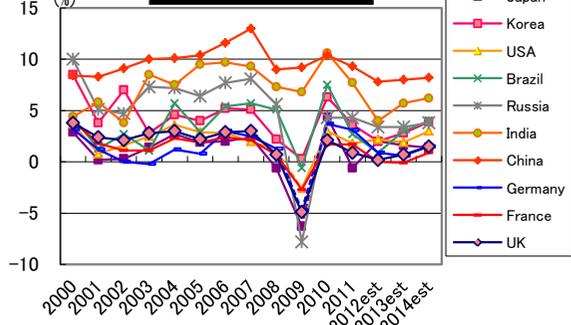
US Housing Starts (U.S. Census)



US Unemployment Rate

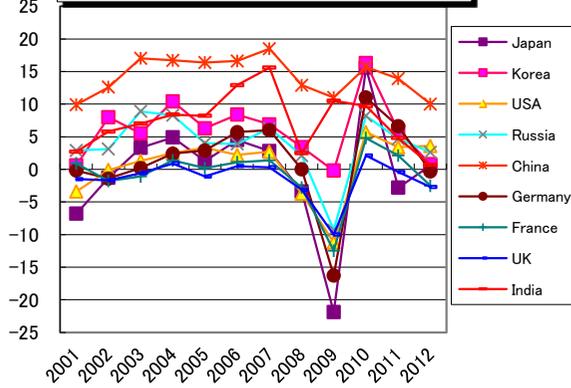


② Real GDP Growth (%)



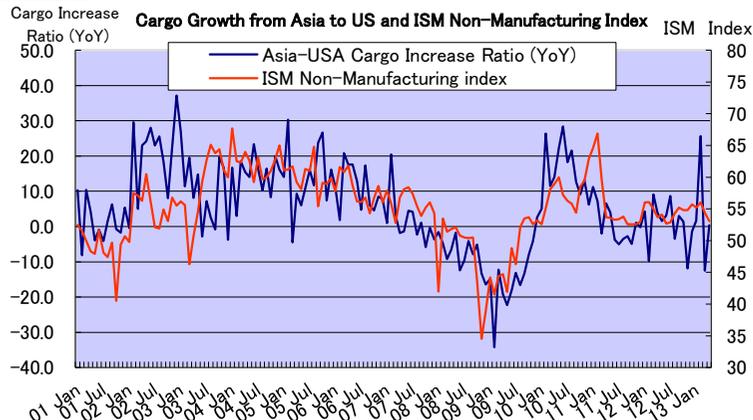
<MOFA 'Key Economic Indicator' 2013>

③ Mining and Industrial Output Growth (%)

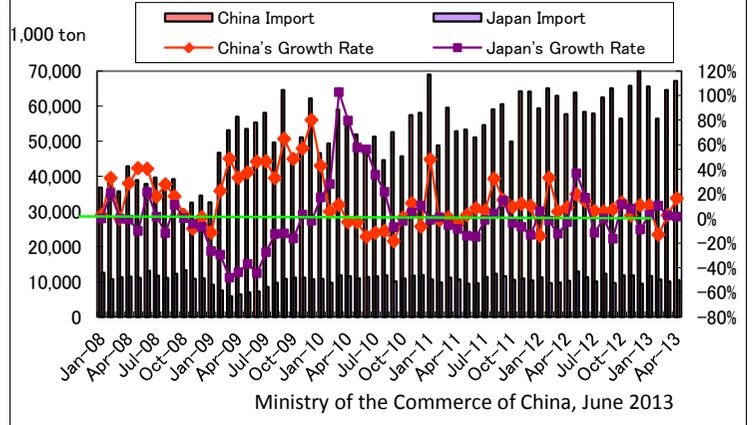


<MOFA 'Key Economic Indicator' 2013>

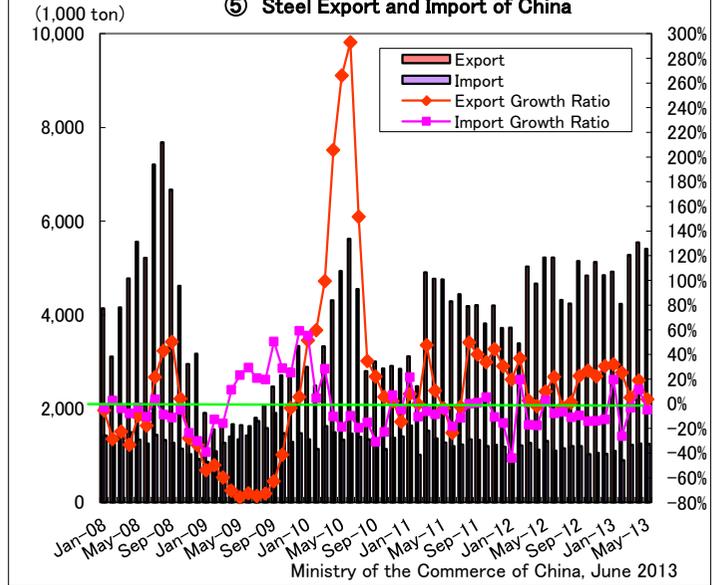
Cargo Growth from Asia to US and ISM Non-Manufacturing Index



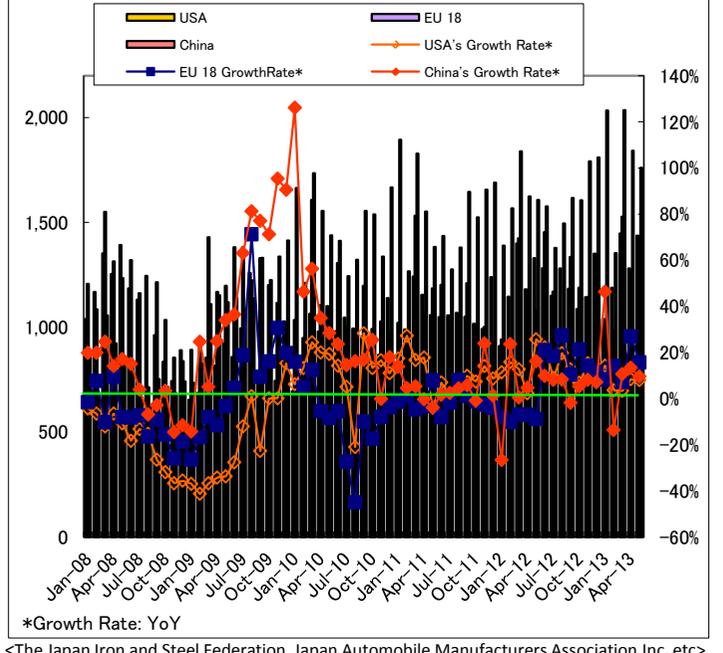
④ Iron Ore Import



⑤ Steel Export and Import of China

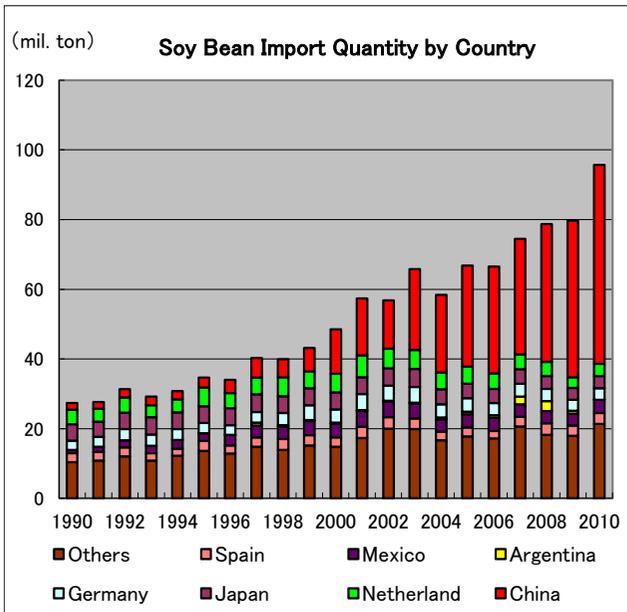


⑥ Sales of Automobiles

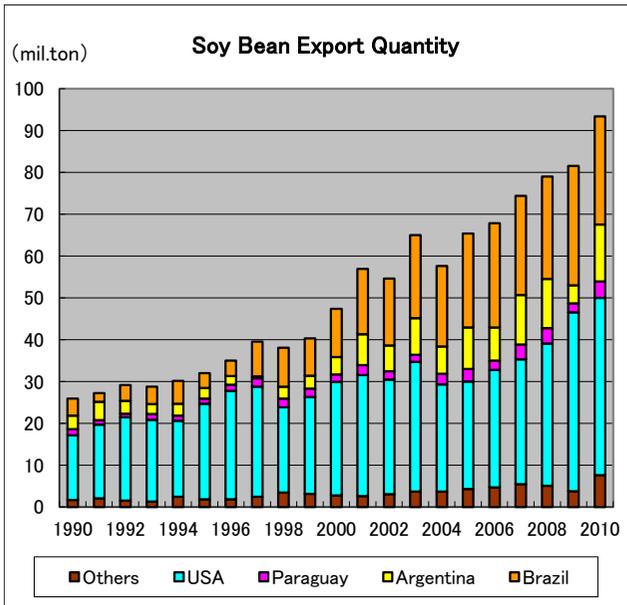


3-5. Emerging Markets (China)

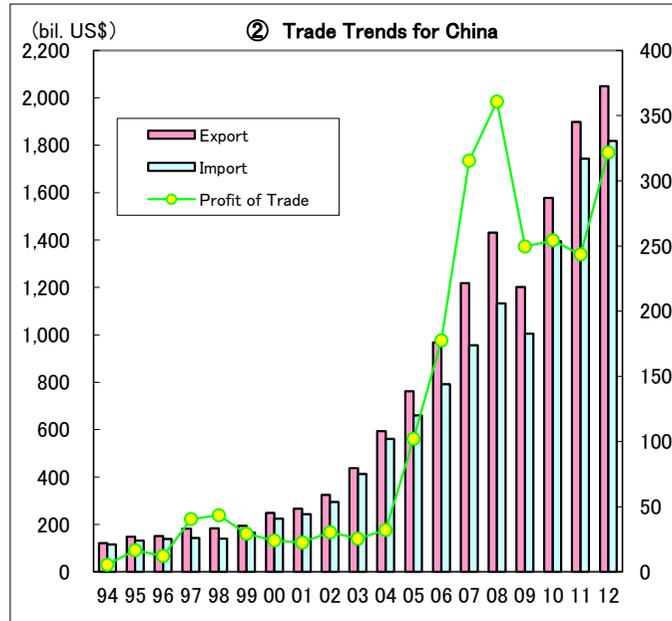
① Grain Transportation Driven by China (Soy Bean)



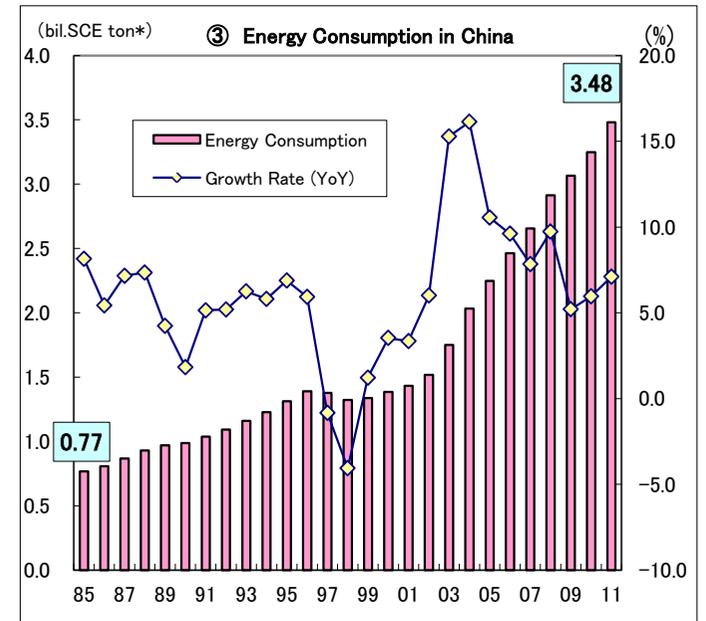
<FAO, as of July 2013>



<FAO, as of July 2013>



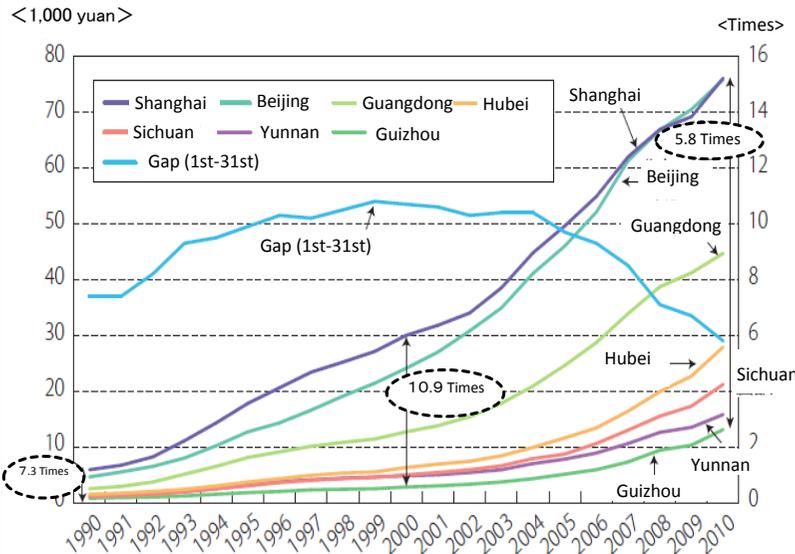
<Jetro, as of July 2013>



<National Bureau of Statistics of China as of July 2013>

*SCE=Standard Coal Equivalent

④ Per Capita GDP by Province in China



<Trade White Paper 2012>

⑤ Gap between Urban and Rural Areas, 2012

| Average Household Asset in China | | (10,000 yuan) | |
|----------------------------------|-------|---------------|---------------------|
| | Urban | Rural | Urban/Rural (times) |
| Financial Asset | 11.2 | 3.1 | 3.6 |
| Non-financial Asset | 145.7 | 12.3 | 11.8 |
| Total Asset | 156.9 | 15.4 | 10.2 |

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



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

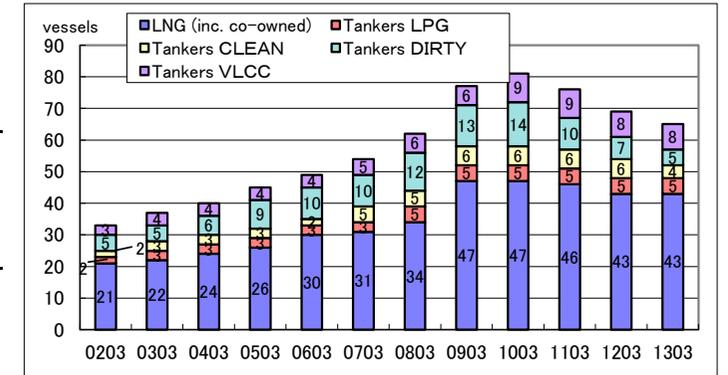
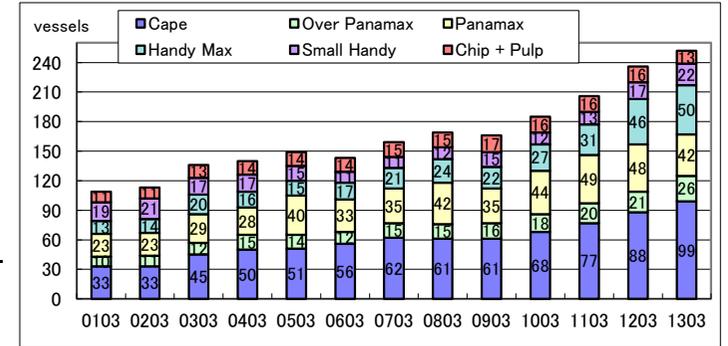
① "K" Line's Dry Bulk Fleet

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

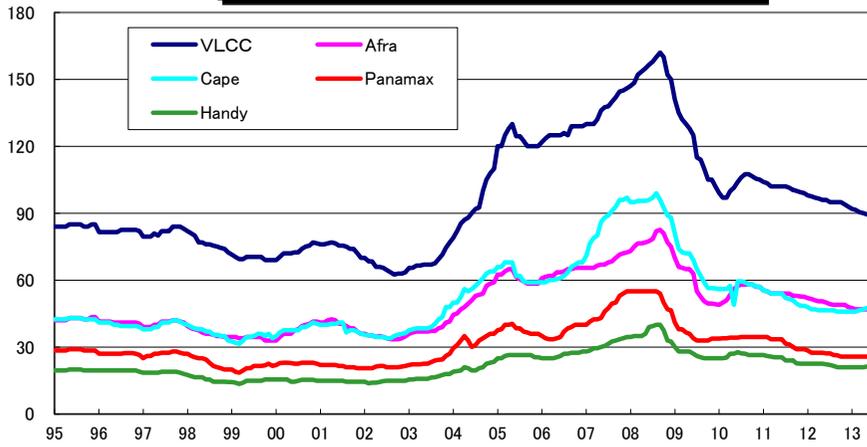
*Data for Over Panamax till 0503 show no. of vessels operated by thermal coal carrier division

② "K" Line's Energy Transportation Vessel Fleet

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

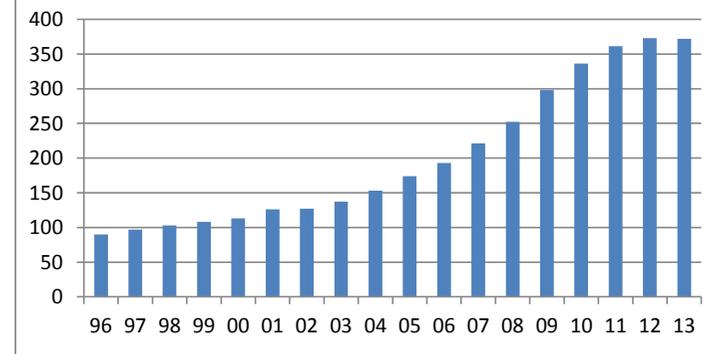


③ Ship Price as of Placing Order (Dry Bulkes, Tankers)



<Data: Clarkson, as of July 2013>

④ Number of LNG Carriers (Industry)

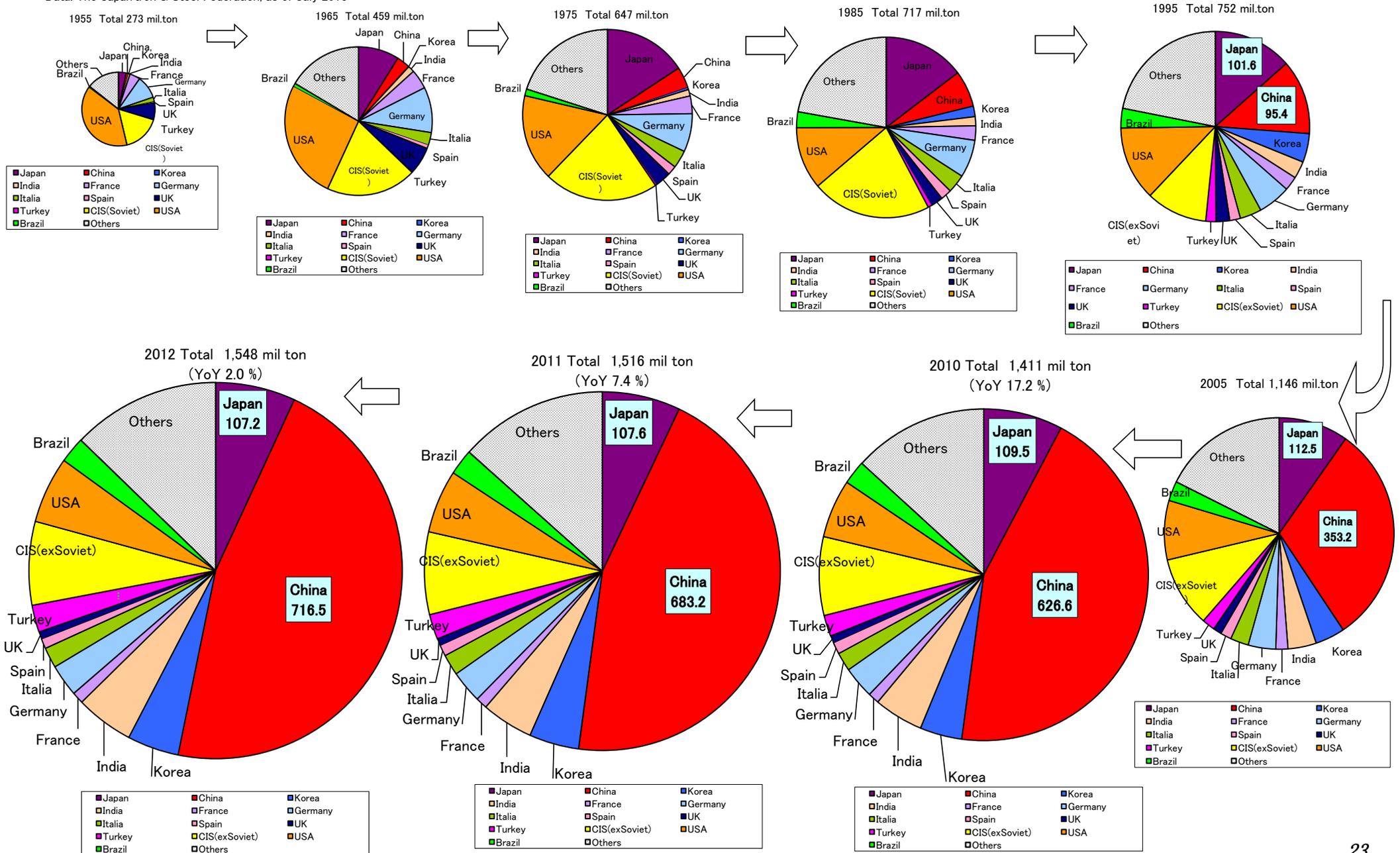


<THE JAPAN MARITIME DAILY >

4-2. Demand on Dry Bulk

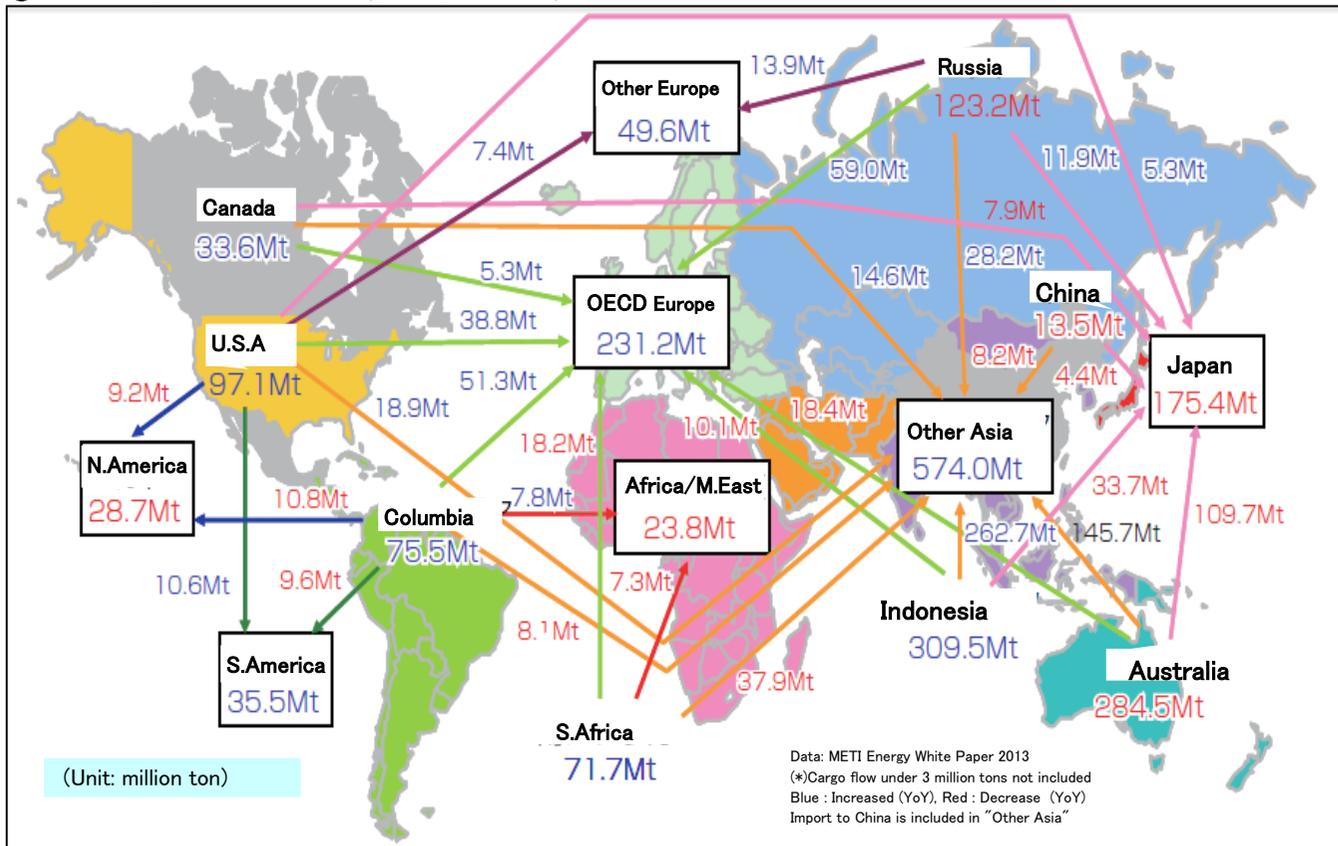
① Transition of World Crude Steel Production

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

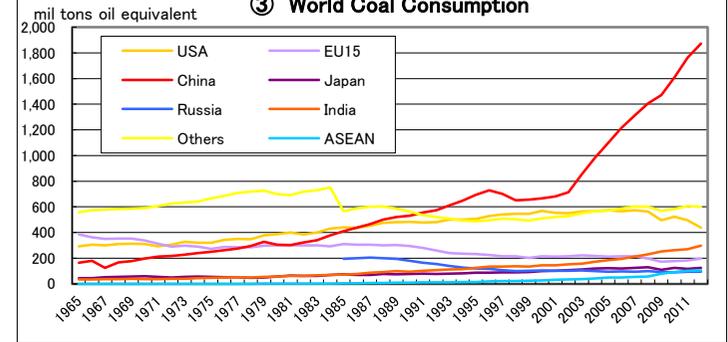


4-2. Demand on Dry Bulk

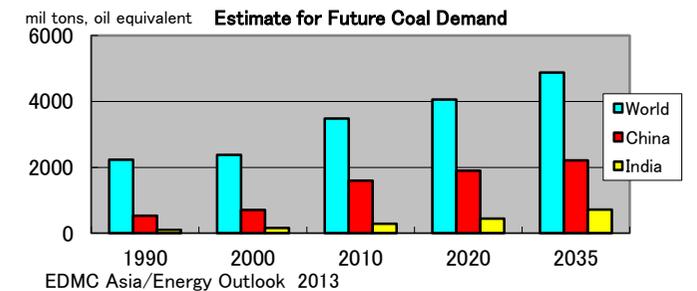
② Global Main Trades of Coal (2010 Estimation)



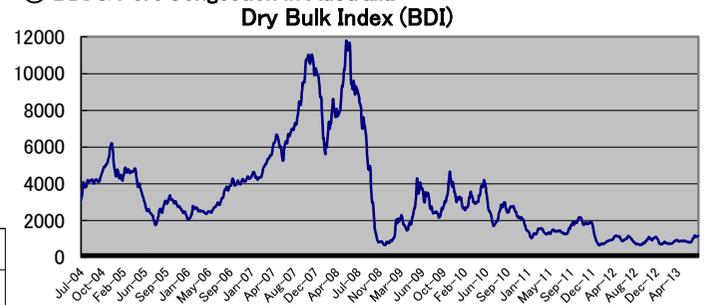
③ World Coal Consumption



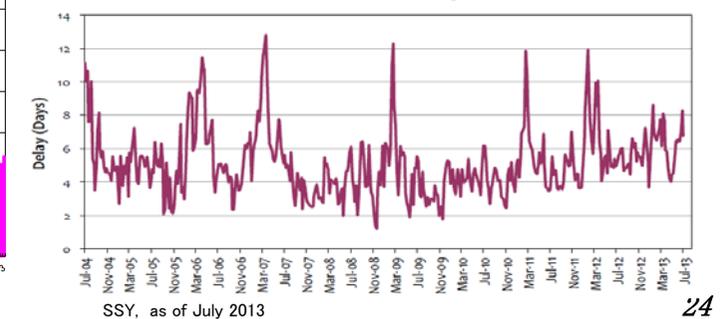
Estimate for Future Coal Demand



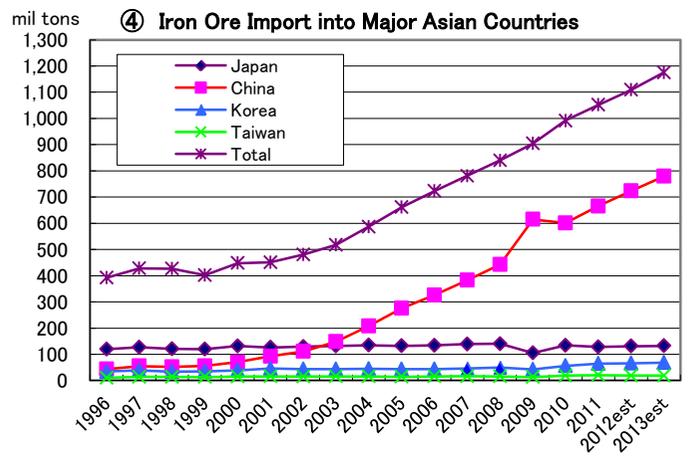
⑥ BDI & Port Congestion in Australia



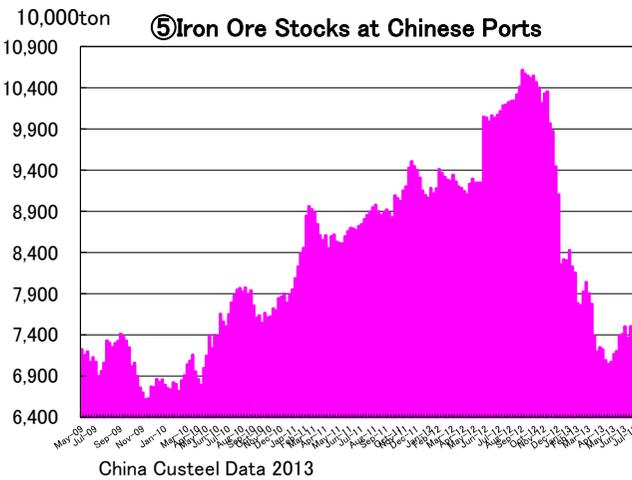
SSY Australian Iron Ore Port Congestion Index



④ Iron Ore Import into Major Asian Countries



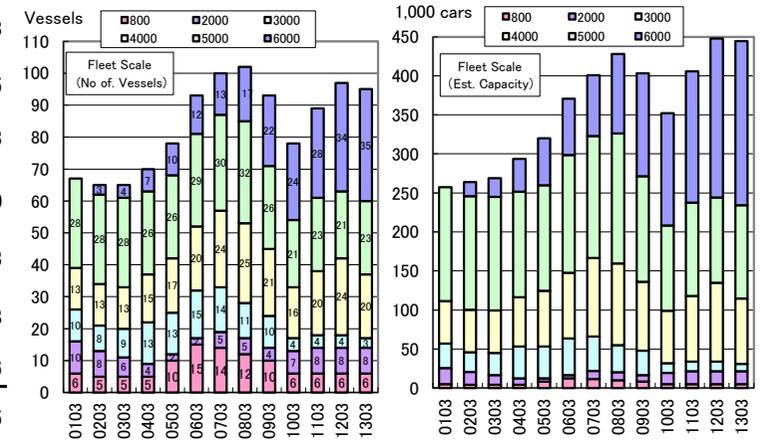
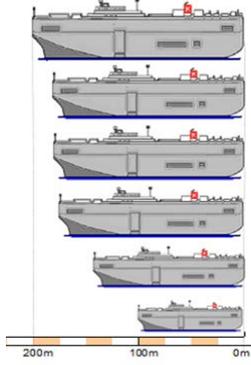
⑤ Iron Ore Stocks at Chinese Ports



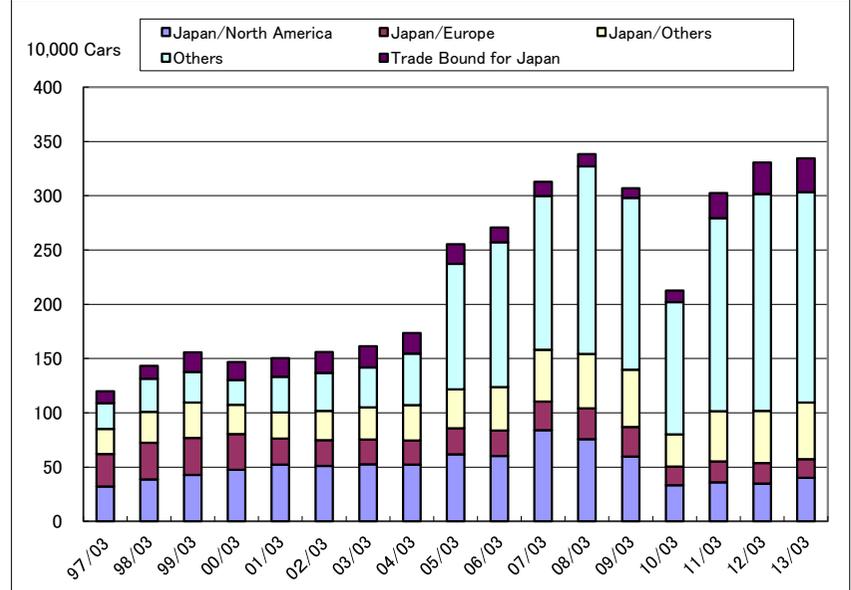
5. Car Carrier Business <5-1. "K" Line Fleet and Cargo Movements>

① "K" Line PCC Fleet

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

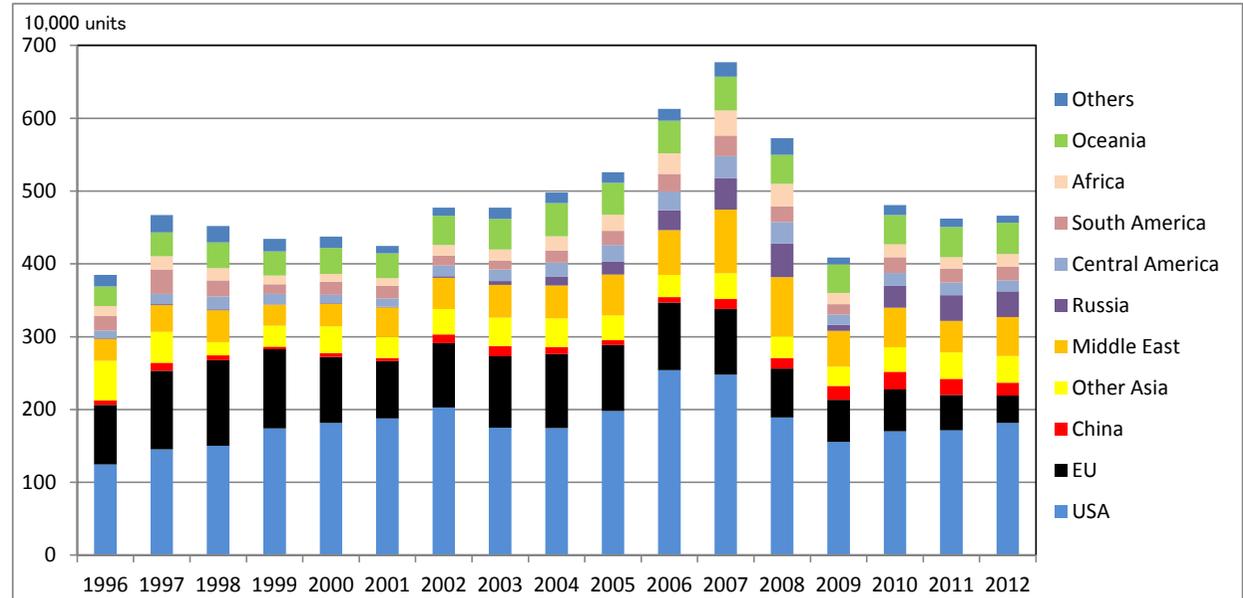


② Cars/Trucks Transported by Our Fleet



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

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

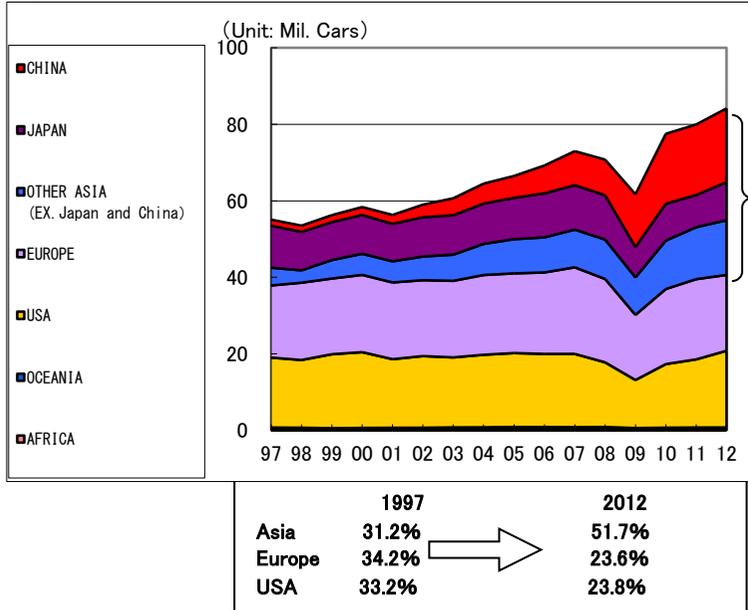


<Data: JAMA, July 2013>

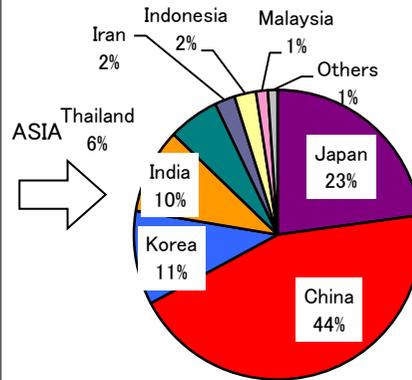
5-2. Demand on Vehicles

① World Automobile Production

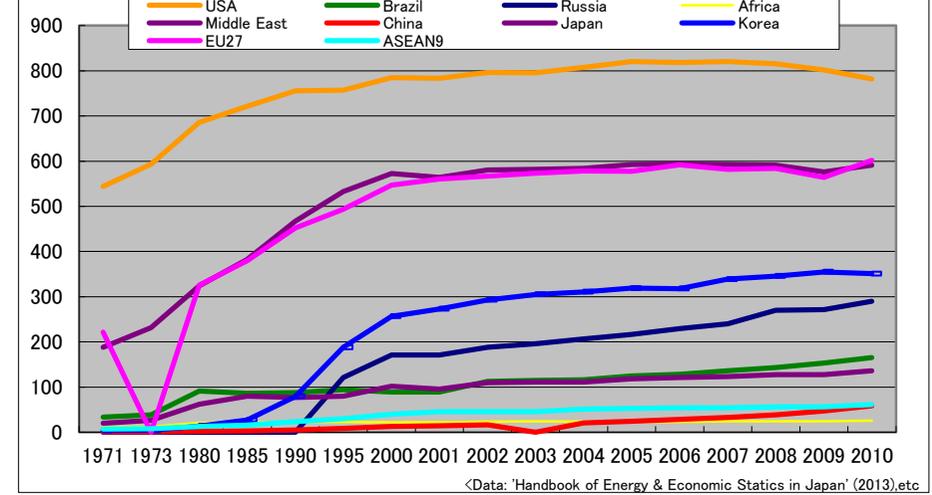
<OICA, July 2013>



Breakdown in Asia (2012)

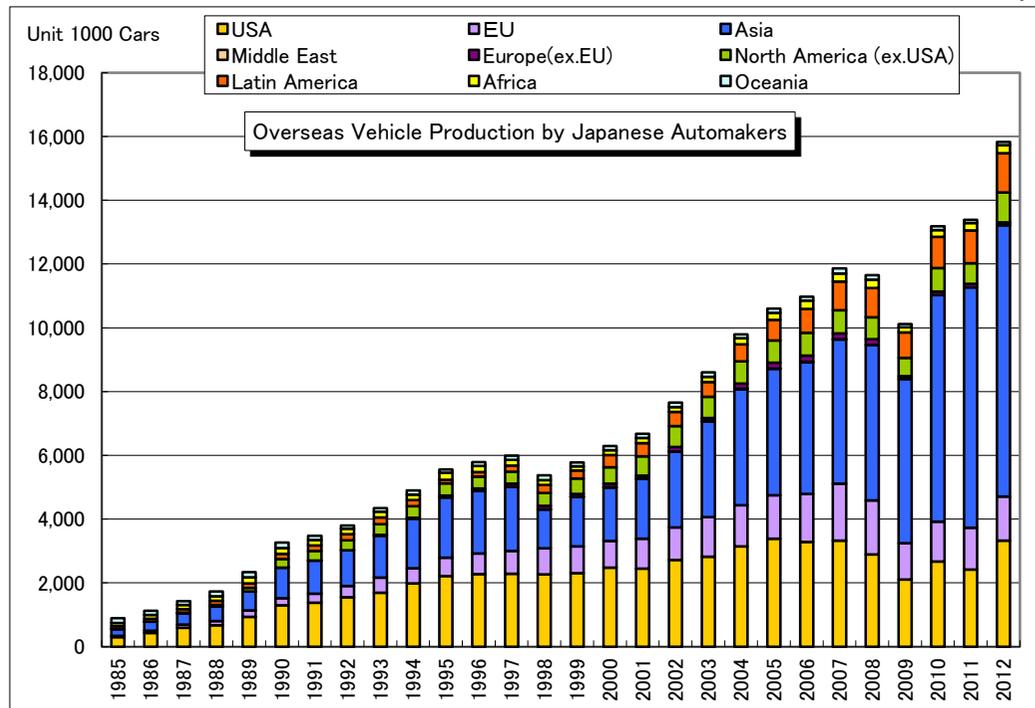


② No. of Vehicles Possessed (Cars/1,000 People)

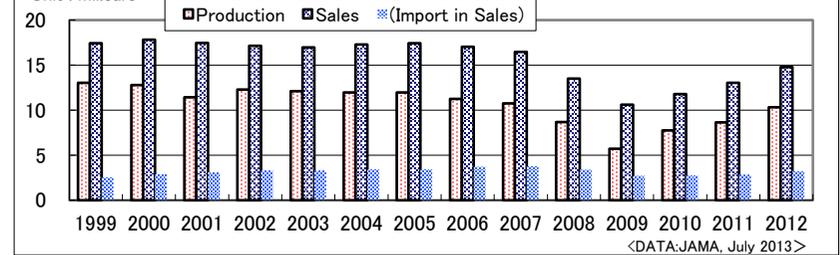


③ Transition of Overseas Vehicle Production by Japanese Automakers

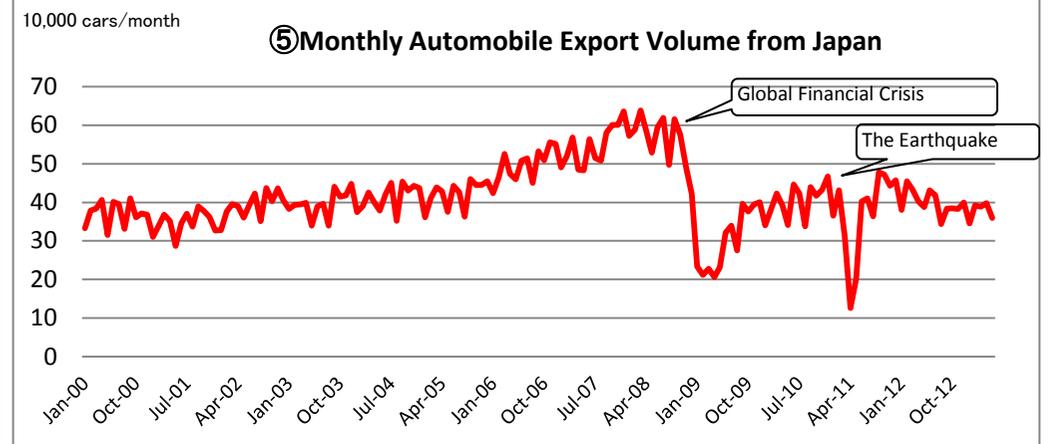
<Data: JAMA, July 2013>



④ Four-wheel Car Production and Sales in USA



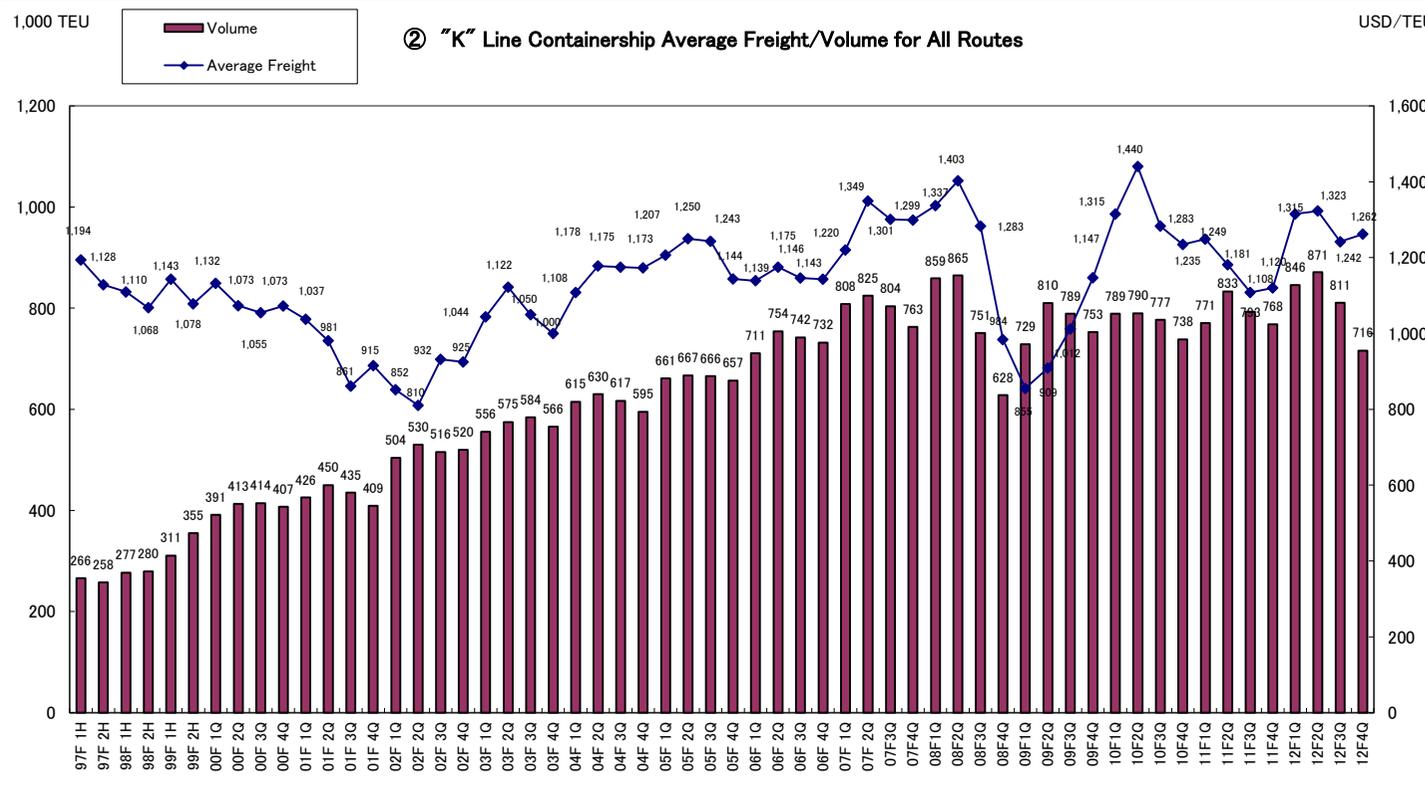
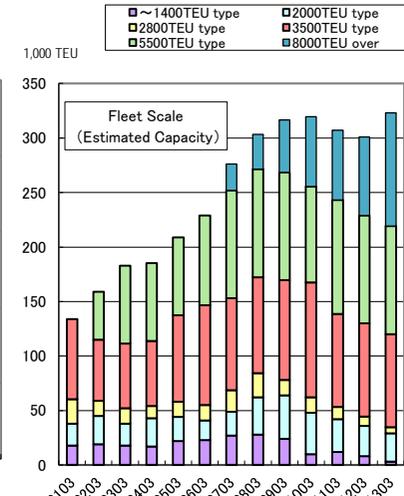
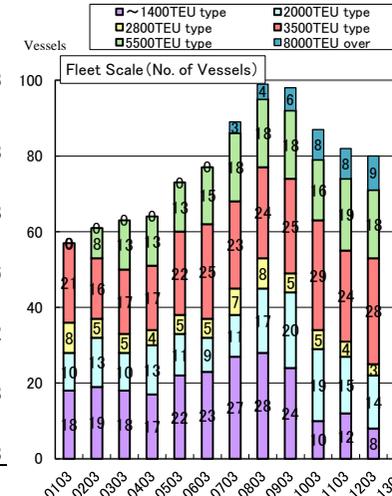
⑤ Monthly Automobile Export Volume from Japan



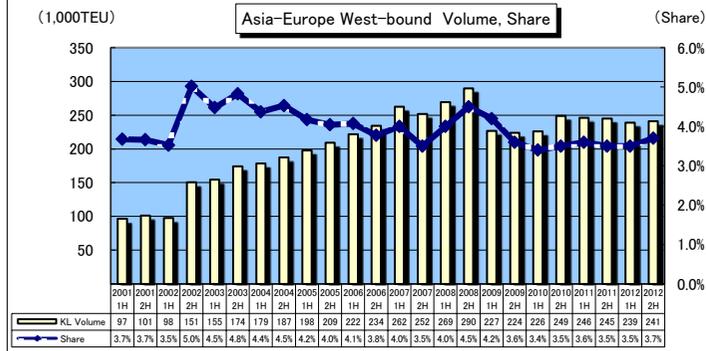
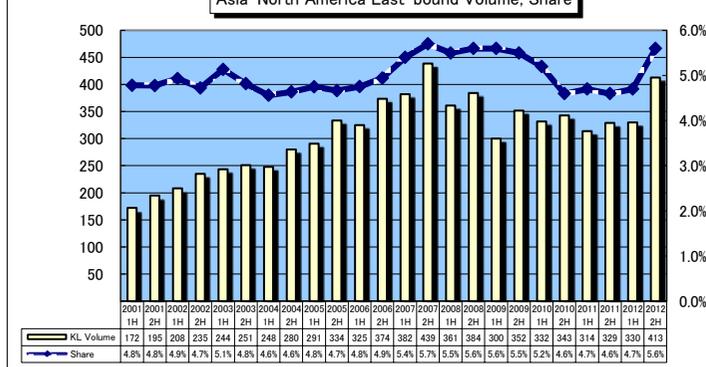
6. Containership Business <6-1. "K" Line Fleet and Cargo Volume>

① "K" Line Containership Fleet

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



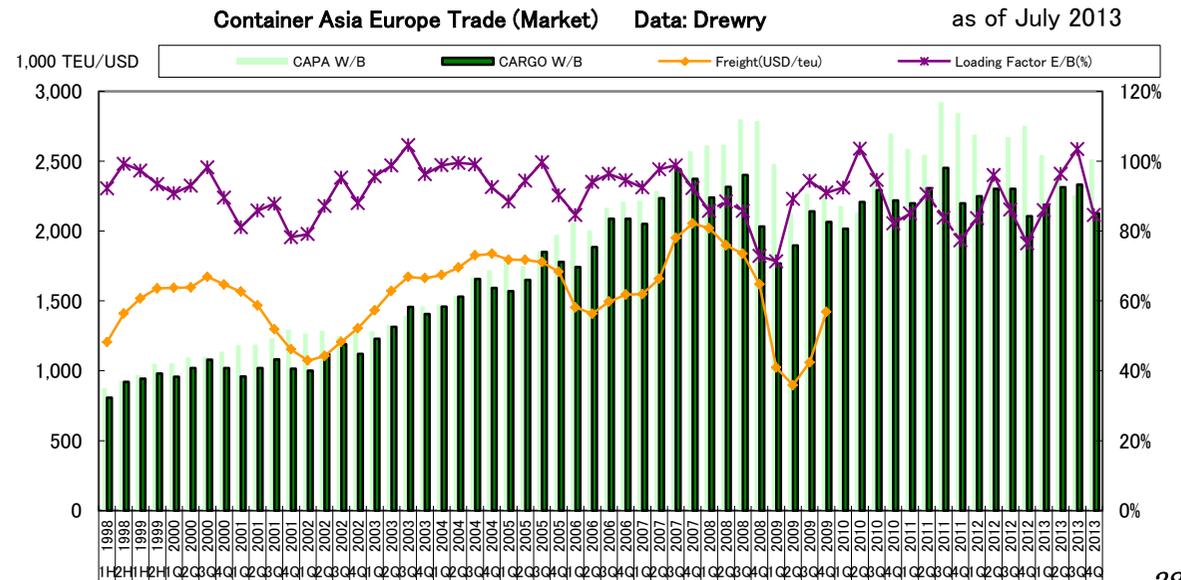
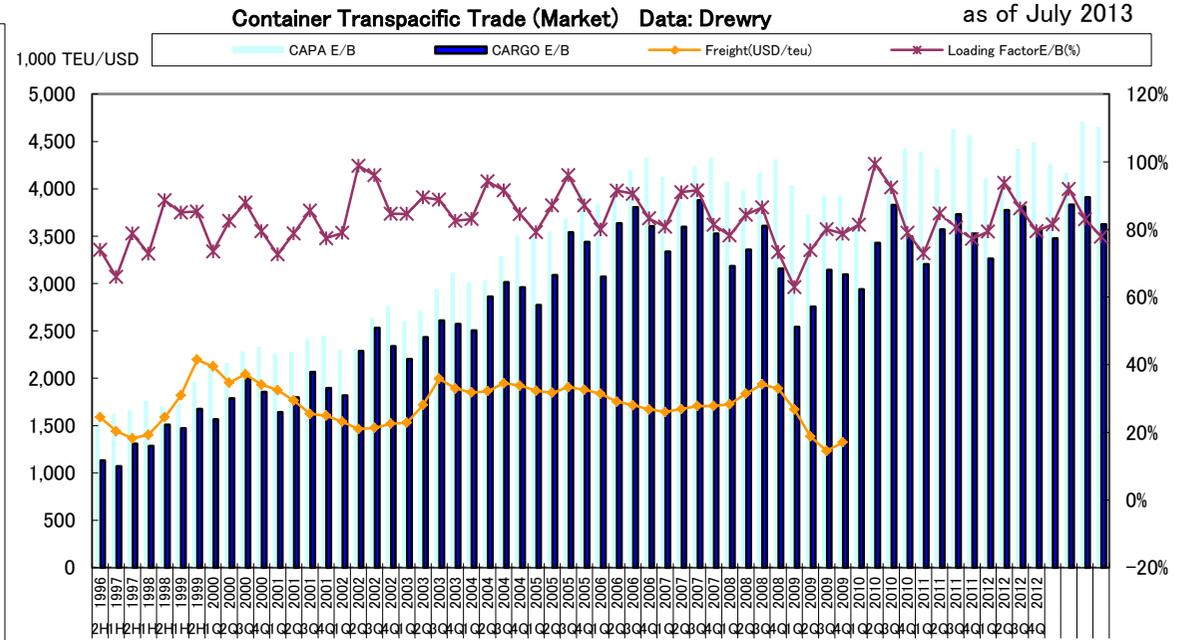
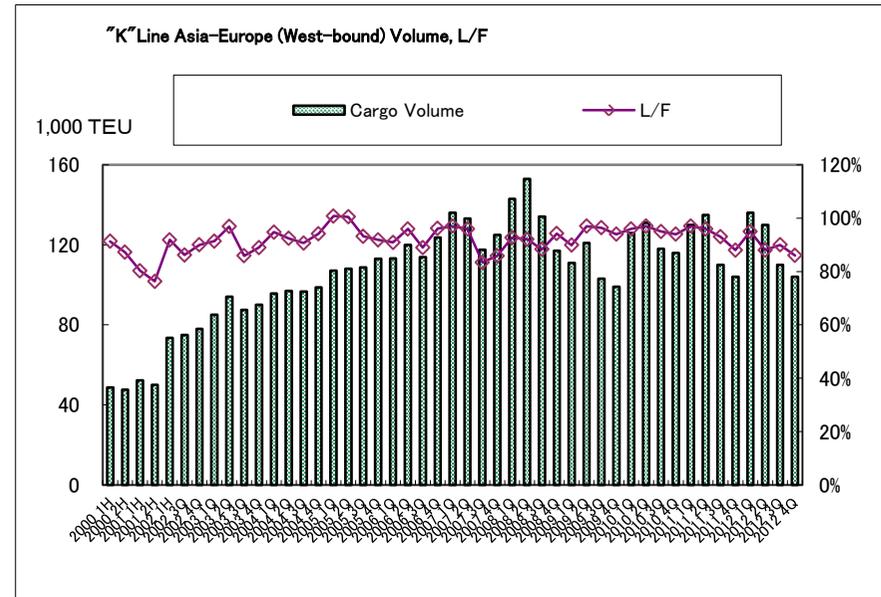
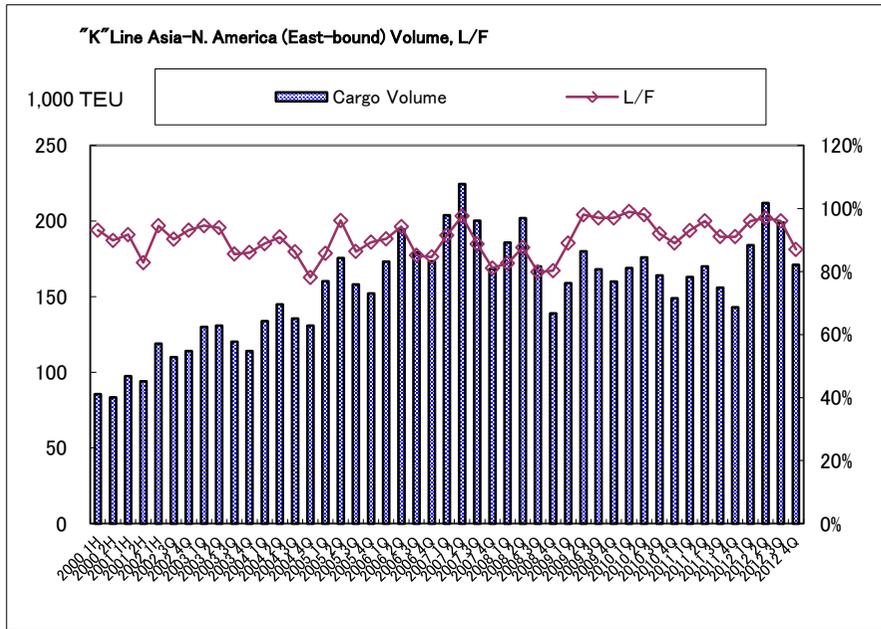
③ "K" Line Volume, Share for Asia-North America/Europe Routes



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

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 m2 | 4,370 TEU | 5 Units |
| | "K"LINE Yokohama Container Terminal | Honmoku Quay A No.5 and 6 Berth | 400 m | 12 m | 133,591 m2 | 1,968 TEU | 3 Units |
| | "K"LINE Osaka Container Terminal | Nanko No.8 Berth | 350 m | 14 m | 63,031 m2 | 1,082 TEU | 2 Units |
| | "K"LINE Kobe Container Terminal** | Rokko Terminal RC 4 West and RC 4/5 Berth | 700 m | 14 m | 283,510 m2 | 4,478 TEU | 5 Units |
| USA | International Transportation Service, Inc. | Long Beach, CA., Pier G | 1,552 m | 13-16 m | 955,000 m2 | 12,155 TEU | 19 Units |
| | Husky Terminal and Stevedoring Inc. | Tacoma, WA., Berth 3&4 | 830 m | 16 m | 376,000 m2 | 4,800 TEU | 4 Units |
| Belgium | Antwerp Internatinal Terminal NV*** | Antwerp, PSA-HNN Deurganck Terminal | 340 m | 15.5 m | 175,000 m2 | 2,990 TEU | 3 Units |

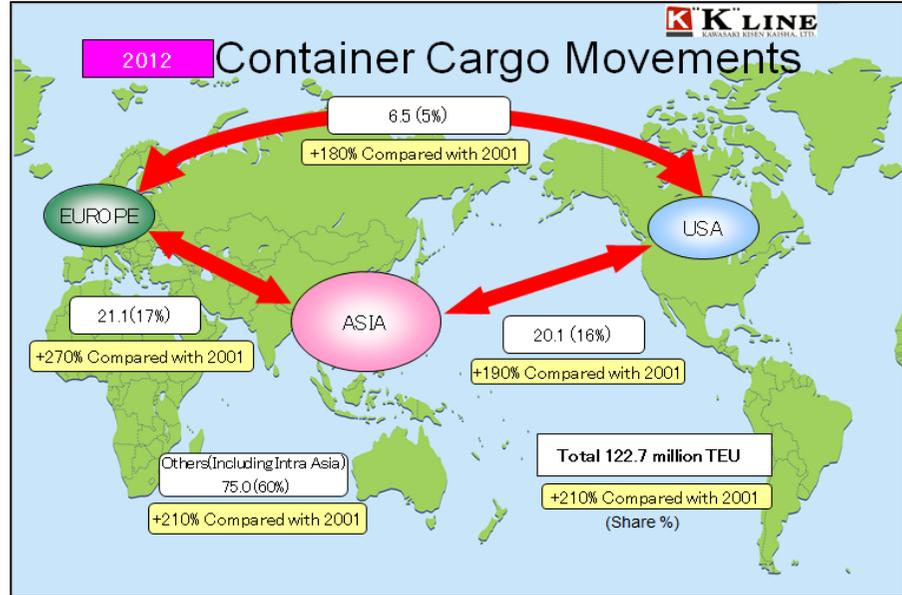
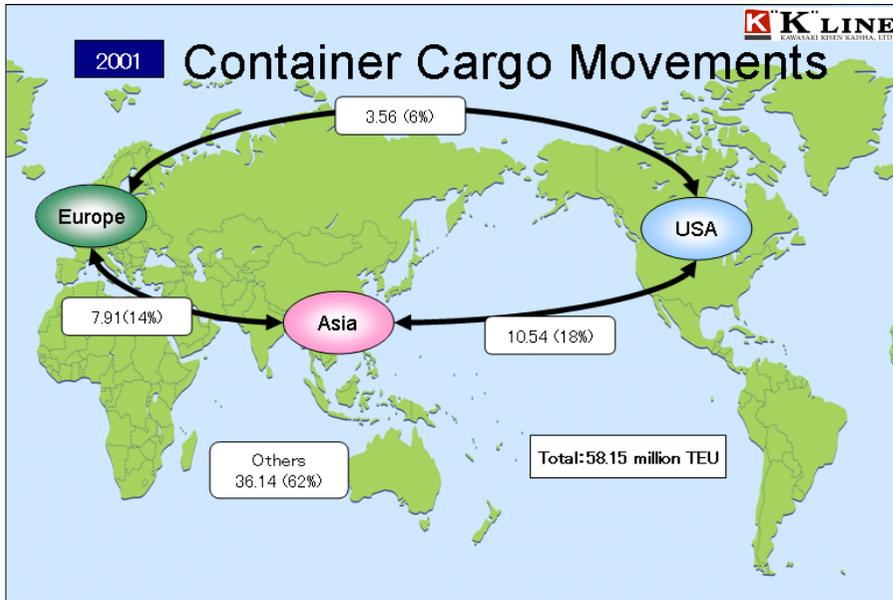
* Flat Space

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

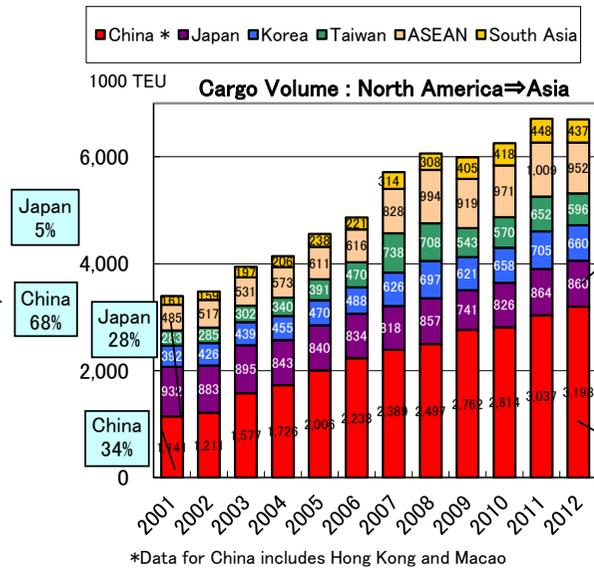
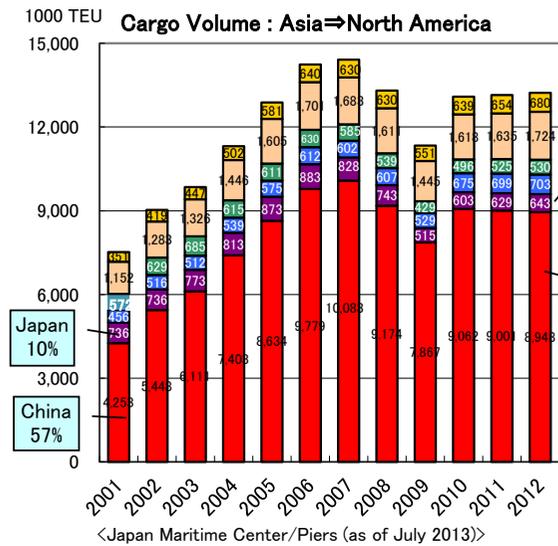
***Joint venture between K-Line ,Yang Ming Line,Hanjin Shipping and PSA-HMN.

6-3. Container Cargo Movements

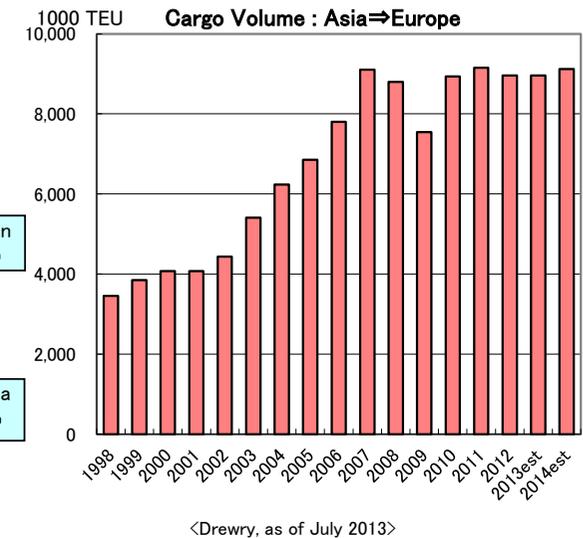
① Container Cargo Movements



② Asia⇒North America/Europe Cargo Volume by Country

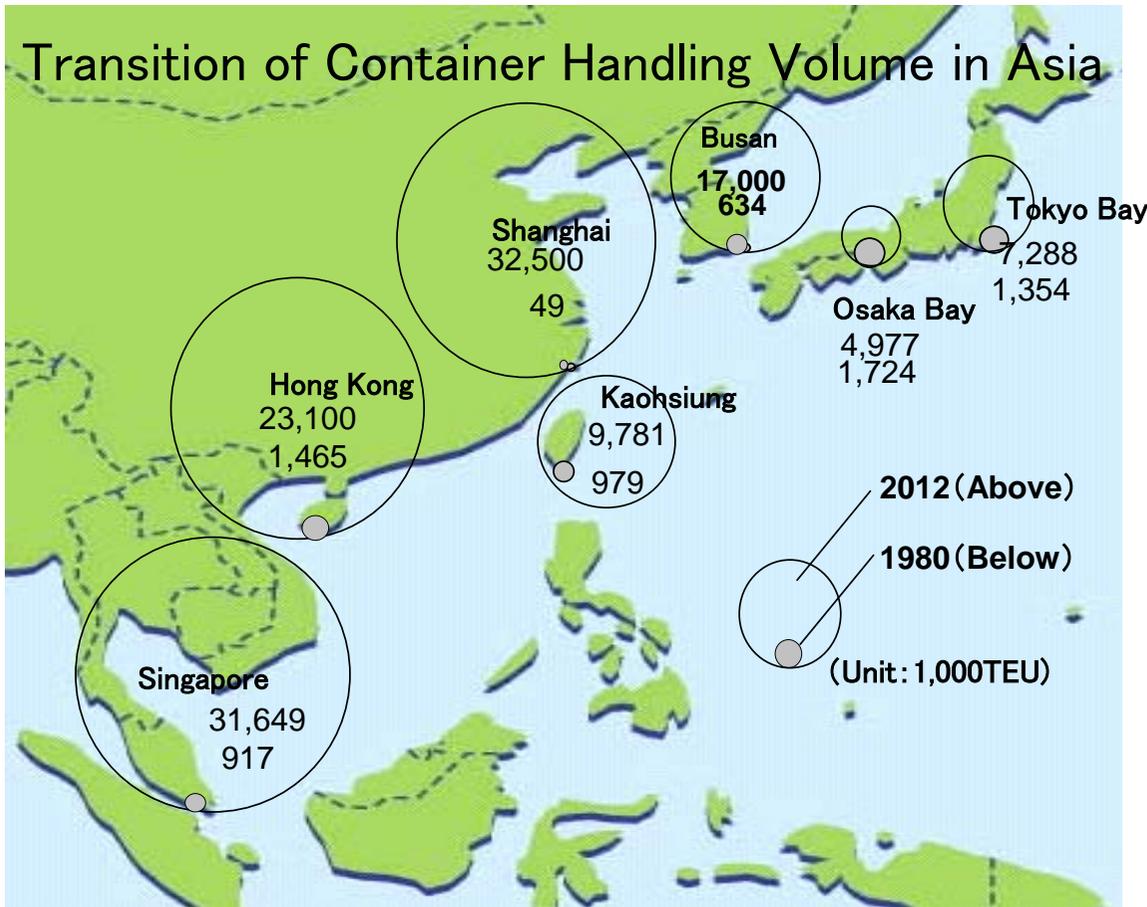


③ Asia⇒Europe Cargo Volume by Country



6-4. Container Handling Volume by Port

① Container Handling Volume in Asia



② Top 10 Ports for 2012 Container Handling

(Unit: Million TEU) for reference

| Port | 2012 | 2011 | Growth Ratio | 2006 |
|--------------------|------|------|--------------|-------------|
| 1 Shanghai | 32.5 | 31.7 | 2.5% | Singapore |
| 2 Singapore | 31.6 | 29.8 | 5.7% | Hong Kong |
| 3 Hong Kong | 23.1 | 24.3 | -5.3% | Shanghai |
| 4 Shenzhen | 22.9 | 22.5 | 1.6% | Shenzhen |
| 5 Busan | 17.0 | 16.1 | 5.2% | Busan |
| 6 Ningbo | 16.8 | 14.4 | 14.3% | Kaohsiung |
| 7 Guangzhou | 14.7 | 14.4 | 2.2% | Rotterdam |
| 8 Qingdao | 14.5 | 12.8 | 11.4% | Hamburg |
| 9 Dubai | 13.2 | 11.8 | 10.6% | Dubai |
| 10 Tianjin-Xingang | 14.5 | 13.6 | 6.2% | Los Angeles |

※ Ports in China

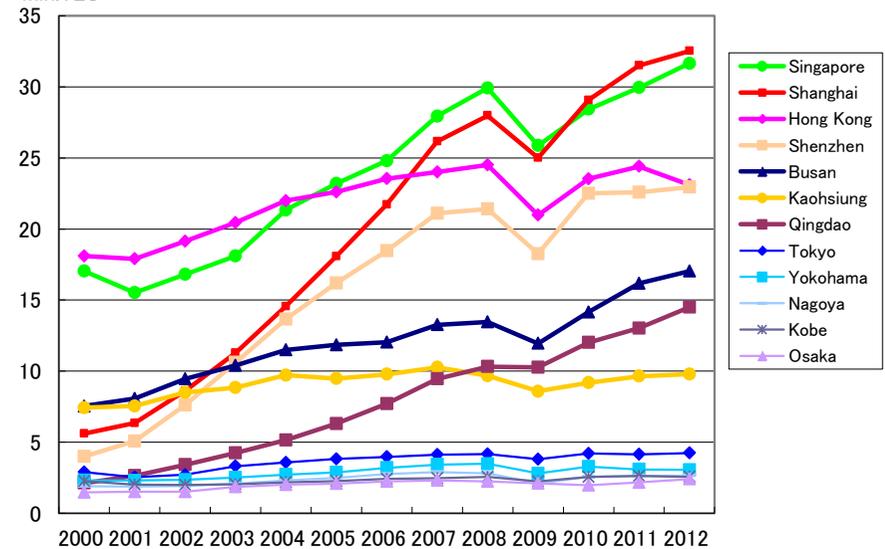
(Containerization International, March 2013)

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

| East Bound (Asia→N.America) 2012 | |
|---|-------|
| Commodity | Share |
| 1 Furniture and Household Goods | 14.3% |
| 2 Apparel and Related Items | 11.6% |
| 3 General Electric Equipments | 7.8% |
| 4 Auto Parts | 4.2% |
| 5 Toys | 3.9% |
| 6 Footwear and its Accouterments | 3.0% |
| 7 Audio & Vidual Equipments, like TVs or Videos | 2.9% |
| 8 Plastic Products inc. Blind, Flooring | 2.8% |
| 9 Construction Tools and Related Items | 2.8% |
| 10 Tyres and tubes of Cars, Trucks, etc. | 2.6% |

| West Bound (N.America→Asia) 2012 | |
|--|-------|
| Commodity | Share |
| 1 Paper, Paper Board, and its Products | 21.9% |
| 2 Pet Food and Animal Feed | 7.7% |
| 3 Metal and Scrap | 5.2% |
| 4 Steel and its Products | 4.2% |
| 5 Furniture and Household Goods | 4.2% |
| 6 Apparel and Related Items | 4.1% |
| 7 Raw Woods and its Products | 3.6% |
| 8 Meat and its Processed Products | 3.4% |
| 9 Plastic inc. Resin | 3.2% |
| 10 Fat, Oil and Oilseed | 2.7% |

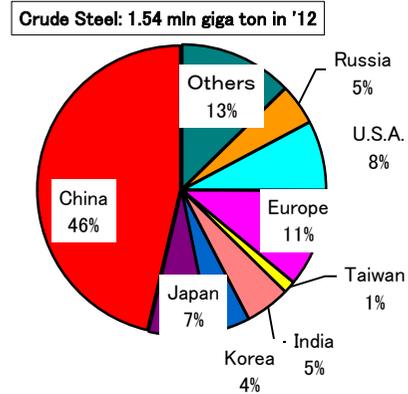
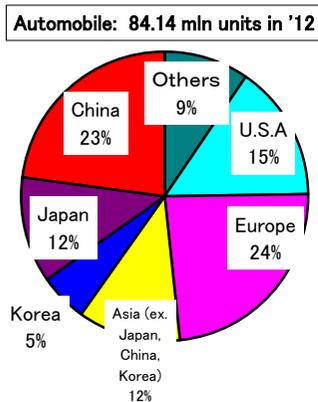
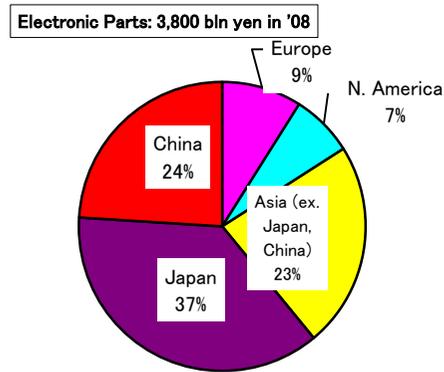
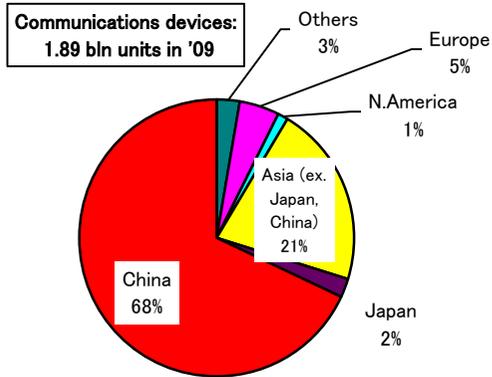
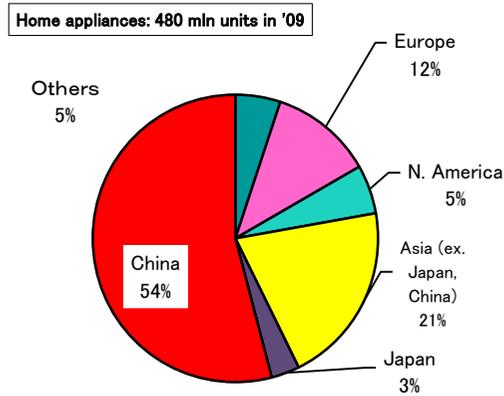
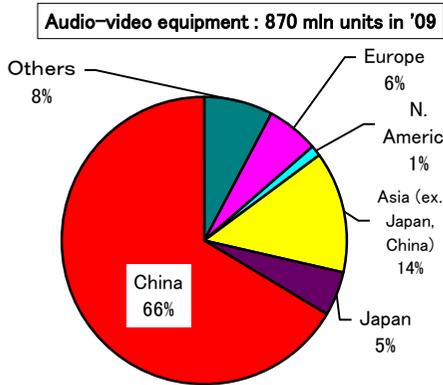
③ Transition of Container Handling among Major Ports in Asia



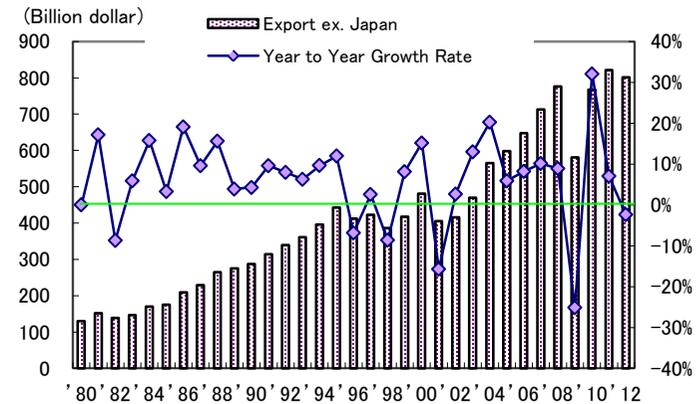
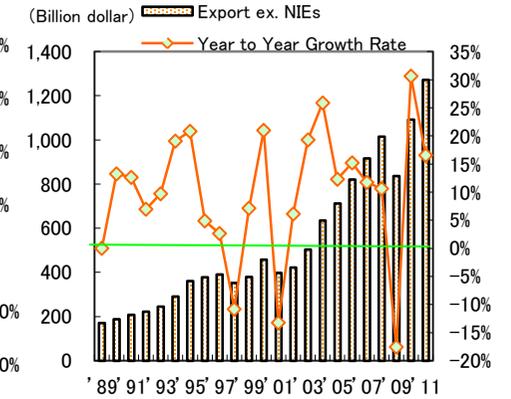
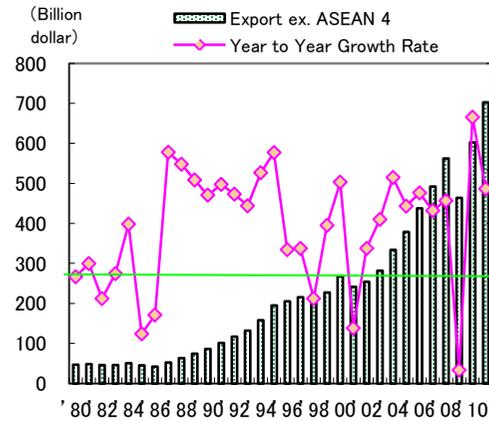
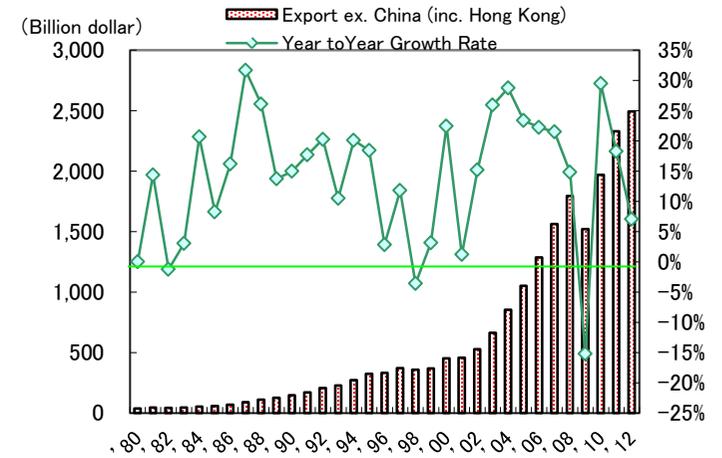
<Containerization International Year Book, Website for Each Port, etc. as of July, 2013>

6-5. Factory of the World, Asia

① Production by Country

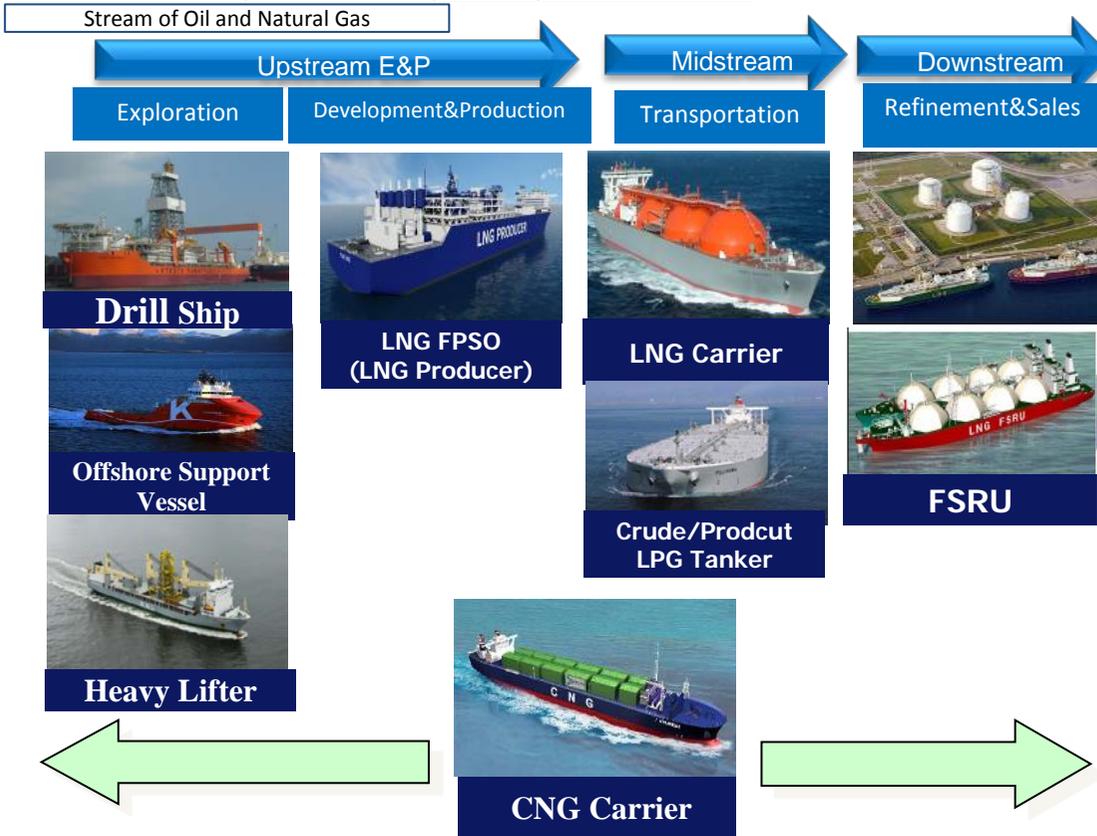


② Trends of Export from Asian Major Countries and Regions



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 ship in operation)

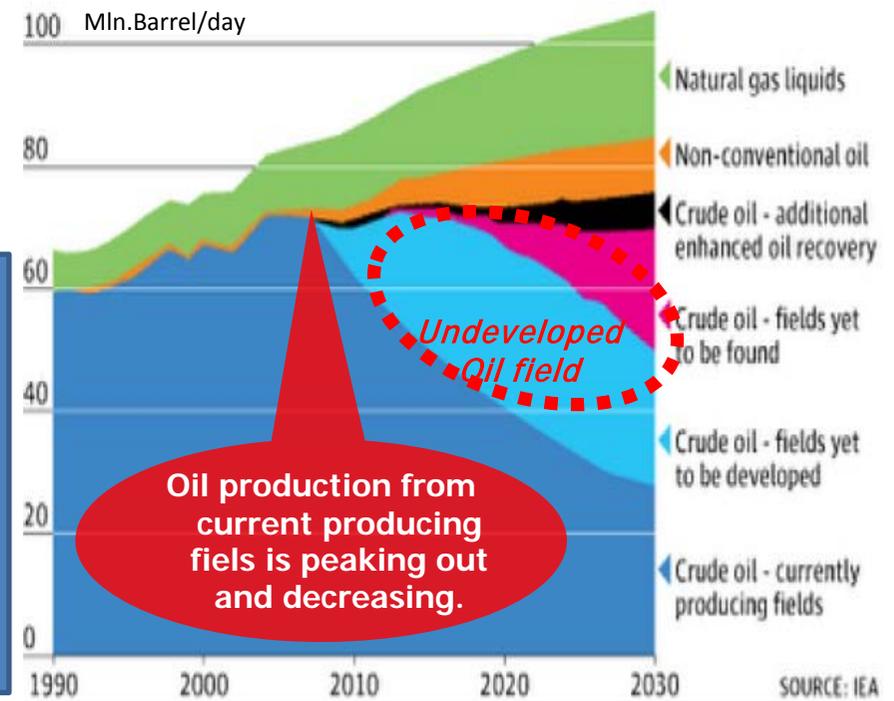


LNG FPSO (by FLEX LNG Ltd.)
(under development)



CNG Carrier
(under development)

World Oil and Gas Production Forecasts



As production at existing oil fields is shrinking, it is inevitable to develop undeveloped oil and gas fields in ultra-deep waters and remote areas to respond to steady energy demand. Demand for advanced drillships and offshore support vessels used at those areas is rapidly increasing. Notably, Brazil has succeeded in resource development in the pre-salt Santos Basin and is actively investing in development. Anticipating this change in the business environment, in the Group's medium-term management plan that began in fiscal 2008, "K" Line set forth a policy of expanding the scope of energy resource development business beyond conventional marine transport such as oil and gas tankers by developing new businesses in the upstream sector, such as offshore support vessels, drillships and LNG FPSO. The "K" Line Group will establish a business model that will make possible participation in wide-ranging transport operations from upstream to downstream in offshore energy resource businesses and development of a stable earnings base by further increasing synergy between energy resource transportation services, heavy lifter vessel services and offshore support vessel services.

*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.

● Business Environment

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

● Business History

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

● Fleet and Medium-Long term Contracts

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



● Anchor Handling Tug Supply (AHTS) vessels

AHTSs engage in support activities when offshore drilling rigs are moved from location to location, such as raising anchors from the seabed, rig towing. AHTS also engages in support activities for seabed pipeline laying works.

Our AHTSs, with length 95 meter and width 24 meter, have propeller output of 34,000 horsepower and one of the world's biggest bollard pull power (towing power) of 390 tons. They are equipped with all the latest equipment and systems, including a dynamic positioning system (DPS) for maintaining the vessel in a fixed position using its propulsion system, remotely operated vehicles (ROV) for monitoring undersea work for use in the installation, repair and maintenance of subsea equipment etc.

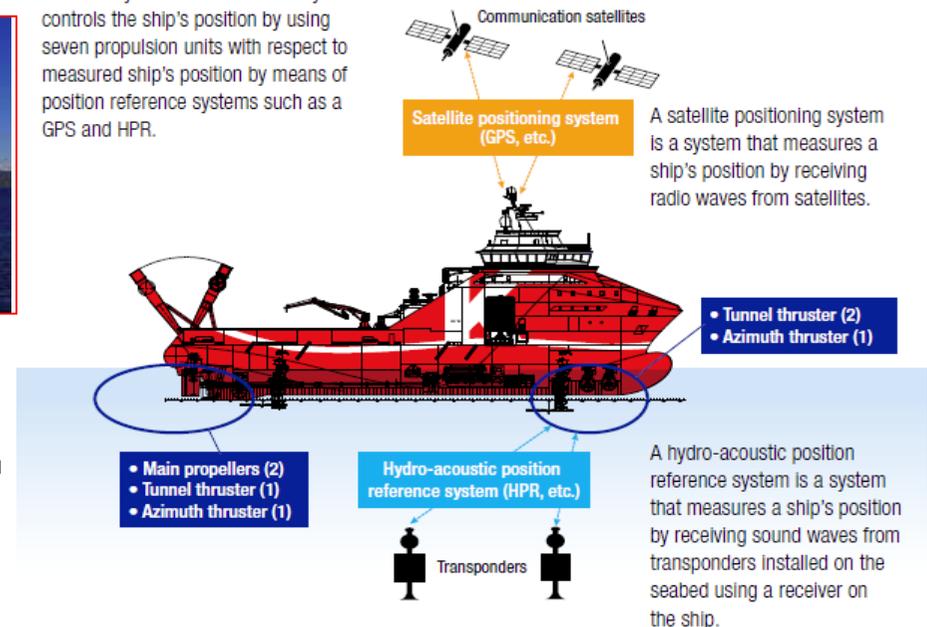


● Platform Supply Vessel (PSV)

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

Dynamic Positioning System (DPS)

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



③ Drillship Business



MV"ETESCO TAKATSUGU J"

● 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.

④ 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 producers is increasing more and more, as a tool to provide a solution for developing small and medium-size gas fields with lower costs and more efficiency where costs of building land-based production plants and port facilities are very expensive.

● Business Strategy

FLEX LNG, a company in which "K" Line is the largest shareholder, is involved in a number of developing projects.

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

(Unit : Million Yen)

| Our Financial Term | 117th Ended in '85 Mar. | 118th Ended in '86 Mar. | 119th Ended in '87 Mar. | 120th Ended in '88 Mar. | 121st Ended in '89 Mar. | 122nd Ended in '90 Mar. | 123rd Ended in '91 Mar. | 124th Ended in '92 Mar. | 125th Ended in '93 Mar. | 126th Ended in '94 Mar. | 127th Ended in '95 Mar. | 128th Ended in '96 Mar. | 129th Ended in '97 Mar. | 130th Ended in '98 Mar. | 131st Ended in '99 Mar. | 132nd Ended in '00 Mar. | 133rd Ended in '01 Mar. | 134th Ended in '02 Mar. | 135th Ended in '03 Mar. | 136th Ended in '04 Mar. | 137th Ended in '05 Mar. | 138th Ended in '06 Mar. | 139th Ended in '07 Mar. | 140th Ended in '08 Mar. | 141th Ended in '09 Mar. | 142th Ended in '10 Mar. | 143th Ended in '11 Mar. | 144th Ended in '12 Mar. | 145th Ended in '13 Mar. |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| No. of Consolidated Subsidiaries | 20 | 20 | 24 | 27 | 31 | 39 | 48 | 53 | 53 | 59 | 82 | 90 | 95 | 91 | 88 | 87 | 93 | 114 | 142 | 177 | 186 | 207 | 220 | 275 | 311 | 319 | 316 | 288 | 288 |
| No. of Equity Method Affiliates | 11 | 11 | 10 | 10 | 7 | 6 | 10 | 10 | 11 | 11 | 10 | 11 | 12 | 13 | 17 | 21 | 19 | 17 | 18 | 18 | 18 | 26 | 28 | 28 | 30 | 30 | 29 | 26 | 27 |
| Total | 31 | 31 | 34 | 37 | 38 | 45 | 58 | 63 | 64 | 70 | 92 | 101 | 107 | 104 | 105 | 108 | 112 | 131 | 160 | 195 | 204 | 204 | 248 | 303 | 341 | 349 | 345 | 314 | 315 |
| Marine transportation operating revenues | 417,404 | 395,279 | 309,293 | 312,946 | 323,908 | 383,541 | 394,933 | 413,470 | 402,960 | 359,809 | 361,318 | 352,090 | 378,793 | 411,893 | 416,308 | 398,602 | 464,341 | 493,832 | 540,208 | 633,564 | 730,633 | 831,638 | 961,419 | 1,203,183 | 1,132,348 | 837,949 | 890,921 | 859,202 | 1,004,945 |
| Other operating revenues | 53,236 | 52,338 | 50,623 | 49,923 | 65,479 | 71,010 | 93,173 | 97,765 | 95,883 | 84,283 | 87,651 | 98,004 | 103,827 | 105,862 | 96,791 | 87,090 | 93,527 | 77,181 | 92,516 | 91,102 | 97,810 | 109,180 | 124,120 | 127,865 | 111,969 | 83 | 94,163 | 113,108 | 129,825 |
| Total Operating Revenues | 470,640 | 447,617 | 359,916 | 362,869 | 389,387 | 454,551 | 488,107 | 511,235 | 498,843 | 444,093 | 448,969 | 450,095 | 482,620 | 517,755 | 513,100 | 485,693 | 557,869 | 571,013 | 632,725 | 724,666 | 828,443 | 940,818 | 1,085,539 | 1,331,048 | 1,244,317 | 838,032 | 985,084 | 972,310 | 1,134,771 |
| Marine transportation cost | 361,772 | 348,040 | 275,833 | 276,898 | 273,747 | 319,454 | 330,387 | 335,125 | 333,645 | 298,281 | 289,322 | 272,963 | 299,352 | 322,695 | 338,768 | 323,902 | 370,014 | 410,022 | 446,189 | 496,401 | 550,443 | 659,447 | 811,439 | 973,758 | 966,226 | 713,084 | 748,012 | 817,051 | 880,475 |
| Other cost | 46,746 | 49,173 | 52,106 | 52,684 | 58,979 | 68,718 | 85,524 | 93,761 | 92,140 | 79,831 | 87,879 | 103,784 | 108,403 | 116,961 | 103,075 | 87,839 | 103,351 | 92,740 | 105,816 | 105,151 | 115,656 | 132,356 | 146,408 | 153,259 | 139,119 | 110,938 | 113,984 | 129,811 | 158,743 |
| Total Cost of Sales | 408,518 | 397,213 | 327,939 | 329,582 | 332,726 | 388,172 | 415,912 | 428,886 | 425,786 | 378,112 | 377,201 | 376,748 | 407,755 | 439,656 | 441,843 | 411,741 | 473,365 | 502,762 | 552,006 | 601,552 | 666,099 | 791,803 | 957,847 | 1,127,017 | 1,105,346 | 824,022 | 861,996 | 946,863 | 1,039,218 |
| Gross Profit on Sales | 62,122 | 50,404 | 31,977 | 33,287 | 56,661 | 66,379 | 72,194 | 82,348 | 73,057 | 65,981 | 71,767 | 73,347 | 74,865 | 78,098 | 71,256 | 73,951 | 84,504 | 68,251 | 80,719 | 123,113 | 162,343 | 149,015 | 127,692 | 204,030 | 138,970 | 14,010 | 123,088 | 25,447 | 95,552 |
| Selling, General and Administrative Expenses | 35,171 | 35,675 | 34,239 | 32,531 | 41,458 | 44,100 | 57,260 | 63,094 | 60,155 | 59,779 | 60,594 | 49,280 | 51,265 | 51,176 | 49,748 | 47,133 | 48,494 | 49,202 | 51,436 | 52,579 | 54,289 | 61,039 | 66,335 | 74,381 | 67,367 | 66,085 | 64,478 | 66,010 | 80,666 |
| Operating Income | 26,951 | 14,729 | △ 2,262 | 756 | 15,203 | 22,279 | 14,934 | 19,254 | 12,902 | 6,202 | 11,173 | 24,067 | 23,599 | 26,922 | 21,507 | 26,817 | 36,009 | 19,048 | 29,282 | 70,534 | 108,053 | 87,976 | 61,356 | 129,648 | 71,603 | △ 52,074 | 58,609 | △ 40,563 | 14,886 |
| Interest and Dividends Received | 2,995 | 2,662 | 2,240 | 2,000 | 2,135 | 2,559 | 3,267 | 2,748 | 2,716 | 2,046 | 1,588 | 1,701 | 1,960 | 1,841 | 2,157 | 2,100 | 1,992 | 1,463 | 1,332 | 1,904 | 2,030 | 3,213 | 5,696 | 6,547 | 4,962 | 2,723 | 2,749 | 4,078 | 4,513 |
| Equity in Earnings of Affiliates | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 797 | 654 | 312 | 178 | 208 | 528 | 790 | - | 1,572 | 1,642 | 1,120 | 0 | 101 | 546 | 2,381 |
| Other Non-operating Income | 1,772 | 8,190 | 13,517 | 14,939 | 7,588 | 6,655 | 9,203 | 6,241 | 6,402 | 6,305 | 4,188 | 5,570 | 1,344 | 1,304 | 1,442 | 1,944 | 1,164 | 1,680 | 1,118 | 827 | 1,319 | 2,590 | 1,763 | 2,004 | 1,643 | 2,427 | 1,974 | 1,955 | 20,768 |
| Total Non-operating Income | 4,767 | 10,852 | 15,757 | 16,939 | 9,723 | 9,214 | 12,471 | 8,990 | 9,121 | 8,354 | 5,778 | 7,273 | 3,306 | 3,146 | 4,398 | 4,699 | 3,470 | 3,323 | 2,659 | 3,261 | 4,140 | 5,804 | 9,032 | 10,193 | 7,727 | 5,150 | 4,825 | 6,581 | 27,664 |
| Interest and Discount Expenses | 18,386 | 17,264 | 17,455 | 17,574 | 17,902 | 21,297 | 22,443 | 22,457 | 17,159 | 13,746 | 12,767 | 17,720 | 15,840 | 15,652 | 15,128 | 11,591 | 12,240 | 9,478 | 6,487 | 5,451 | 4,546 | 4,336 | 4,228 | 5,105 | 6,181 | 7,797 | 8,564 | 9,261 | 12,262 |
| Other Non-operating Expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 129 | - | - | - | 379 | - | - | - |
| Other sales Expenses | 2,218 | 833 | 1,370 | 1,114 | 636 | 2,869 | 2,688 | 2,946 | 2,367 | 2,752 | 2,913 | 3,636 | 2,734 | 3,610 | 5,281 | 5,564 | 434 | 925 | 1,781 | 5,778 | 412 | 742 | 2,233 | 8,869 | 13,138 | 11,170 | 7,521 | 5,711 | 1,699 |
| Total Non-operating Expenses | 20,604 | 18,097 | 18,825 | 18,688 | 18,538 | 24,166 | 25,131 | 25,404 | 19,526 | 16,499 | 15,681 | 21,356 | 18,574 | 19,262 | 20,411 | 17,157 | 12,675 | 10,403 | 8,269 | 11,230 | 4,959 | 5,207 | 6,461 | 13,974 | 19,320 | 19,348 | 16,085 | 14,973 | 13,961 |
| Ordinary Income | 11,114 | 7,484 | △ 5,330 | △ 993 | 6,388 | 7,327 | 2,274 | 2,840 | 2,496 | △ 1,943 | 1,271 | 9,983 | 8,331 | 10,806 | 5,494 | 14,358 | 26,804 | 11,968 | 23,672 | 62,564 | 107,235 | 88,573 | 63,927 | 125,867 | 60,010 | △ 66,272 | 47,350 | △ 48,955 | 28,589 |
| Extraordinary Income | 2,900 | 3,493 | 5,838 | 13,275 | 6,639 | 2,647 | 2,829 | 10,753 | 2,957 | 9,898 | 10,745 | 5,043 | 6,920 | 2,927 | 7,899 | 4,232 | 2,579 | 14,505 | 4,263 | 1,860 | 1,980 | 8,498 | 14,384 | 11,834 | 6,392 | 17,782 | 7,900 | 15,584 | 16,286 |
| Extraordinary Losses | 6,191 | 7,894 | 7,138 | 20,491 | 12,124 | 2,574 | 1,760 | 4,648 | 2,935 | 4,068 | 6,817 | 9,817 | 5,915 | 7,987 | 7,376 | 7,899 | 26,776 | 18,226 | 9,255 | 9,398 | 13,704 | 1,793 | 1,959 | 873 | 20,630 | 47,865 | 5,041 | 15,767 | 12,008 |
| Income before Income Taxes | 7,823 | 3,083 | △ 6,630 | △ 8,209 | 903 | 7,400 | 3,342 | 8,946 | 2,518 | 3,886 | 5,199 | 5,208 | 9,336 | 5,745 | 6,018 | 10,691 | 2,606 | 8,247 | 18,680 | 55,026 | 95,510 | 95,278 | 76,352 | 136,828 | 45,772 | △ 96,355 | 50,209 | △ 49,138 | 32,867 |
| Income Taxes :current | 3,084 | 2,995 | 1,323 | 1,202 | 1,762 | 4,839 | 6,193 | 4,386 | 5,037 | 1,334 | 1,780 | 2,649 | 3,387 | 4,074 | 4,044 | 4,855 | 8,626 | 3,985 | 8,662 | 20,103 | 37,420 | 27,126 | 23,006 | 47,579 | 6,997 | 3,846 | 5,297 | 5,123 | 7,585 |
| Income Taxes for prior years | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | △ 1,053 |
| Deferred Corporate Tax (△=Plus) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | △ 1,198 | △ 8,348 | △ 1,090 | △ 872 | 857 | △ 3,209 | 3,952 | 315 | 2,422 | 1,188 | △ 34,131 | 13,002 | △ 13,432 | 11,902 |
| Minority Shareholders' Interests (△=Plus) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 377 | 192 | 380 | 585 | 518 | 870 | 1,446 | 1,775 | 1,516 | 3,815 | 5,165 | 2,650 | 1,306 | 1,575 | 2,710 |
| Minority Shareholder Income/Loss (△=Plus) | 64 | △ 130 | △ 361 | △ 625 | 197 | 210 | 489 | 623 | 398 | △ 114 | △ 141 | 30 | 333 | 250 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Foreign Currency Exchange Adjustments (△=Plus) | △ 31 | △ 61 | △ 813 | △ 618 | △ 669 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Equity in Earnings of Affiliates (*+=Plus) | 96 | 3 | 222 | 124 | 279 | 336 | 248 | 418 | 209 | 119 | 152 | 306 | 687 | 248 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Income | 4,802 | 160 | △ 6,557 | △ 8,044 | △ 108 | 2,687 | △ 3,092 | 4,355 | △ 2,707 | 2,787 | 3,712 | 2,834 | 6,303 | 1,667 | 1,596 | 6,843 | 1,948 | 4,767 | 10,373 | 33,196 | 59,852 | 62,423 | 51,514 | 83,011 | 32,420 | △ 68,721 | 30,603 | △ 41,351 | 10,669 |
| Total Assets | 439,903 | 441,476 | 461,444 | 447,644 | 437,795 | 461,068 | 505,026 | 518,672 | 506,988 | 467,293 | 429,477 | 522,836 | 557,892 | 576,109 | 522,498 | 514,802 | 513,797 | 533,295 | 515,824 | 559,135 | 605,331 | 757,040 | 900,438 | 968,629 | 971,602 | 1,043,884 | 1,032,505 | 1,066,648 | 1,180,433 |
| Shareholders' Equity (Net Assets) from the Year Ended in '07 Mar. | 57,901 | 67,850 | 61,074 | 51,674 | 51,933 | 54,971 | 50,501 | 55,245 | 51,604 | 53,894 | 57,163 | 60,235 | 66,773 | 68,435 | 68,606 | 74,131 | 68,647 | 77,716 | 82,039 | 121,006 | 181,276 | 257,809 | - | - | - | - | - | - | - |
| Net Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 357,624 | 376,277 | 356,152 | 331,864 | 314,986 | 259,934 | 361,975 |
| Shareholders' Equity of Net Assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 344,476 | 355,763 | 334,772 | 343,619 | 291,669 | 242,572 | 340,571 |
| Average Exchange Rate | 244.00 | 221.73 | 159.91 | 138.49 | 128.31 | 142.85 | 141.29 | 133.18 | 124.84 | 107.85 | 99.43 | 96.48 | 112.70 | | | | | | | | | | | | | | | | |

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 container ship 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)

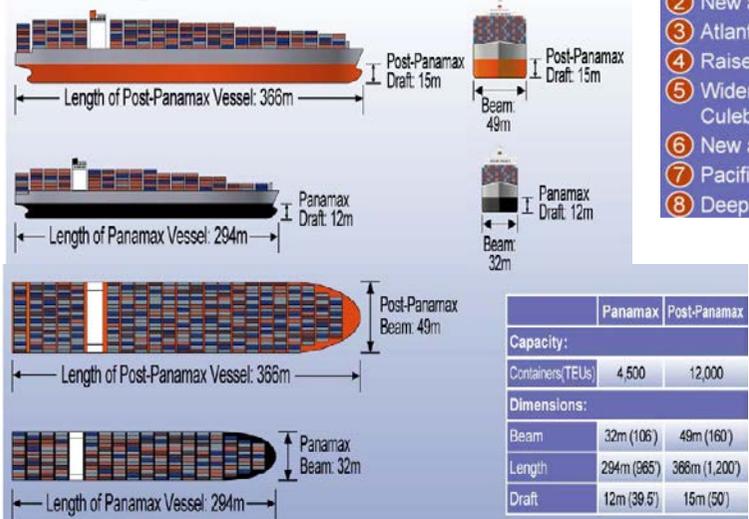
Beam: 32.3m
LOA: 294.1m
Draft: 12.04m



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

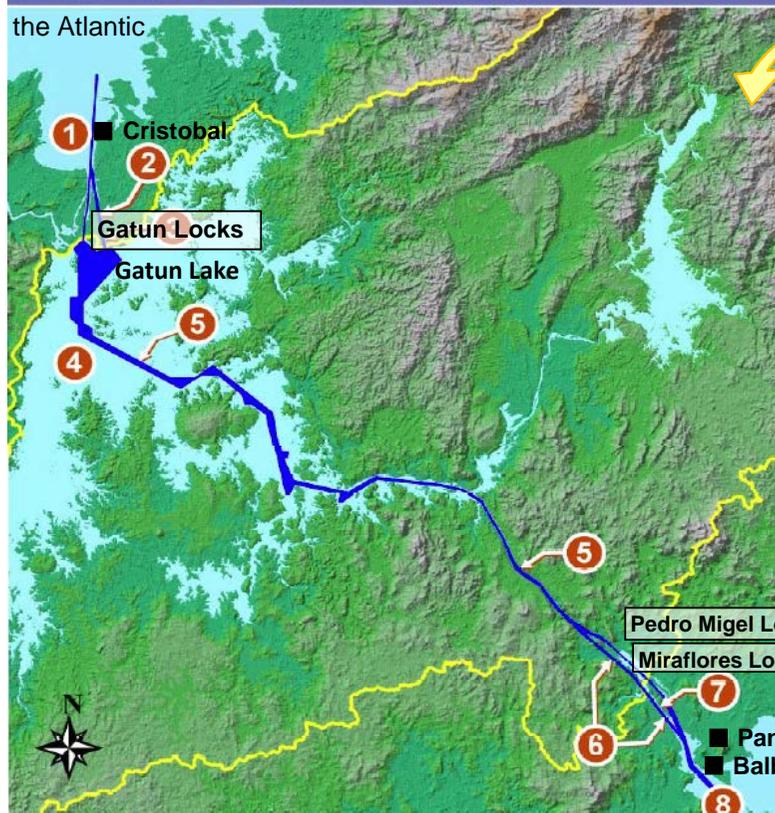
Beam: 49m
LOA: 366m
Draft: 15.2m

(see drawing below)



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 4700TEU Containership (Panamax)

⇒ About \$ 380,000/per transit (as of 2012)

*Transit fee as of 2003 was about \$130,000/per transit and it has increased three times more than that time. Further price hike is big problem for shipping industry.

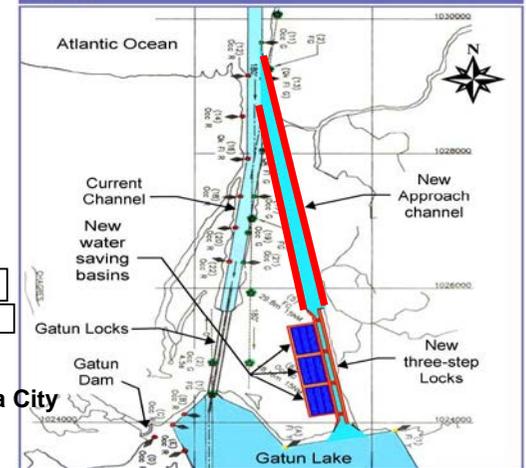
⇒ For further information, please check website of The Panama Canal Authority (ACP)

<http://www.pancanal.com/eng/expansion/index.html>



New Atlantic Locks to be located at east current Gatun Locks

Conceptual Location of the New Atlantic Locks



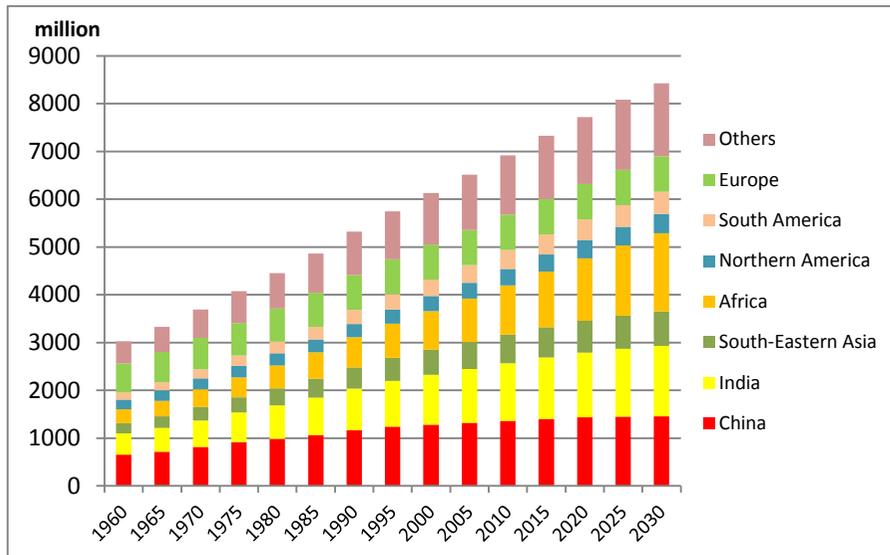
New Pacific Locks to be located at south west current Miraflores Locks

Conceptual Location of the New Pacific Locks



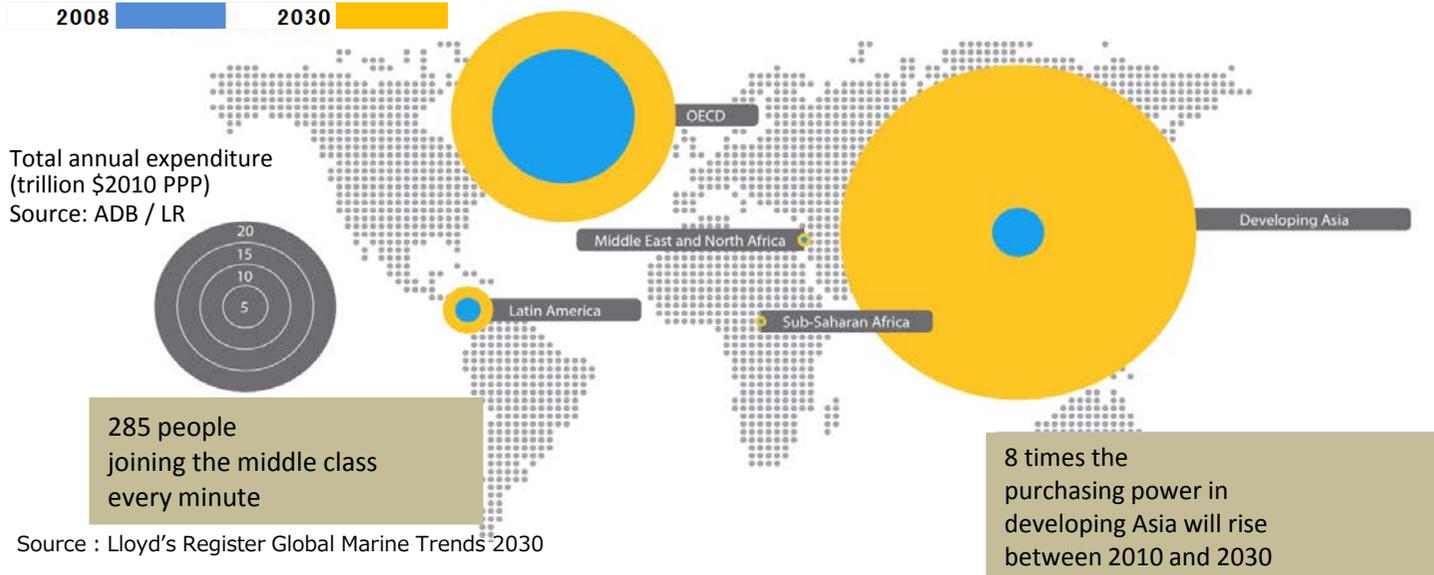
10. Shipping Business in 2030

① World Population Prospects



Source: United Nations, Department of Economic and Social Affairs World Population Prospects: The 2012 Revision

③ Consumers' expanding purchasing power in ASIA

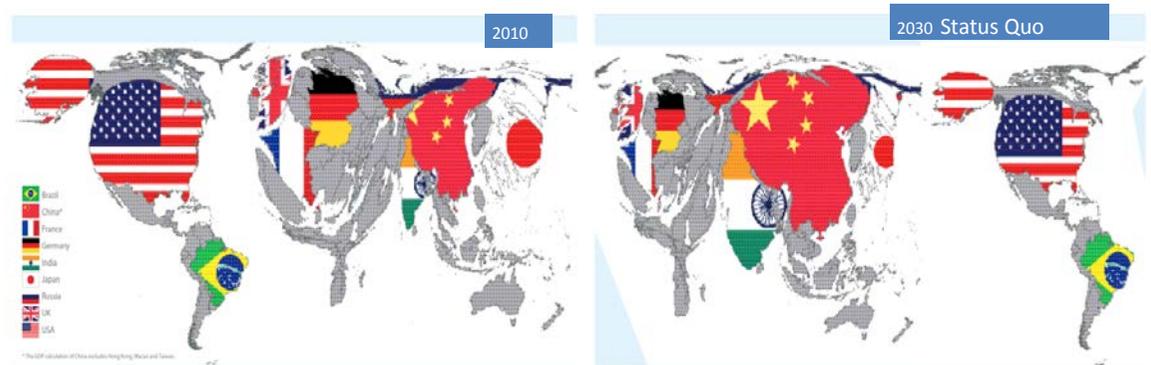


Source : Lloyd's Register Global Marine Trends 2030

unit : 1000 mil US\$ Source : Citi Group Feb.2011

② GDP

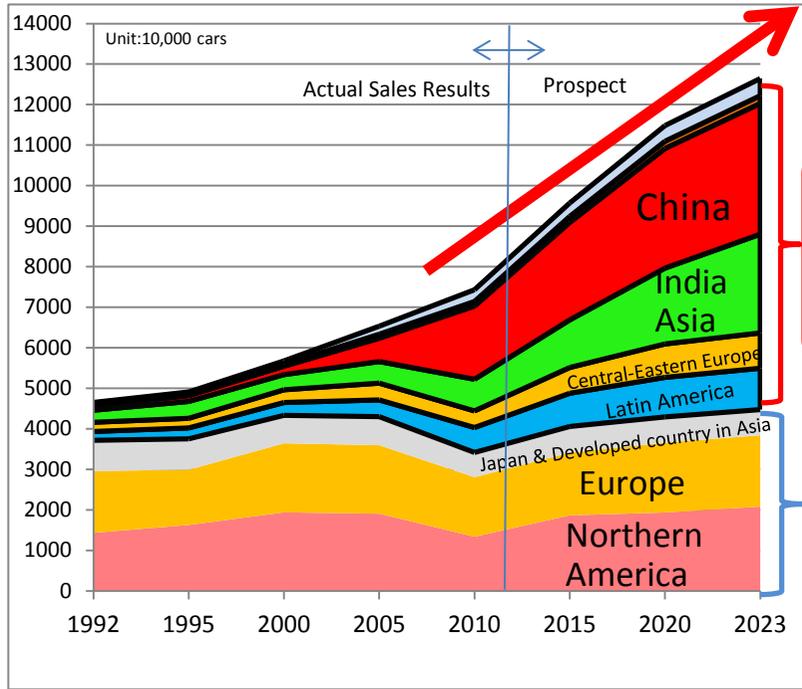
| 2010 | | | | 2030 | | | |
|------|--|---------|--------|------|--|-----------|--------|
| 1 | | USA | 14,612 | 1 | | China | 57,138 |
| 2 | | China | 5,860 | 2 | | USA | 35,739 |
| 3 | | Japan | 5,465 | 3 | | India | 24,824 |
| 4 | | Germany | 3,292 | 4 | | Japan | 9,213 |
| 5 | | France | 2,602 | 5 | | Brazil | 8,780 |
| 6 | | UK | 2,259 | 6 | | Russia | 7,380 |
| 7 | | Italy | 2,044 | 7 | | Indonesia | 7,299 |
| 8 | | Brazil | 1,989 | 8 | | Germany | 6,466 |
| 9 | | India | 1,596 | 9 | | UK | 5,819 |
| 10 | | Canada | 1,572 | 10 | | France | 5,236 |



Source : Lloyd's Register Global Marine Trends 2030

10. Shipping Business in 2030

④ Automobile Market



Automobile Market will expand further mainly in Emerging Country as China and India

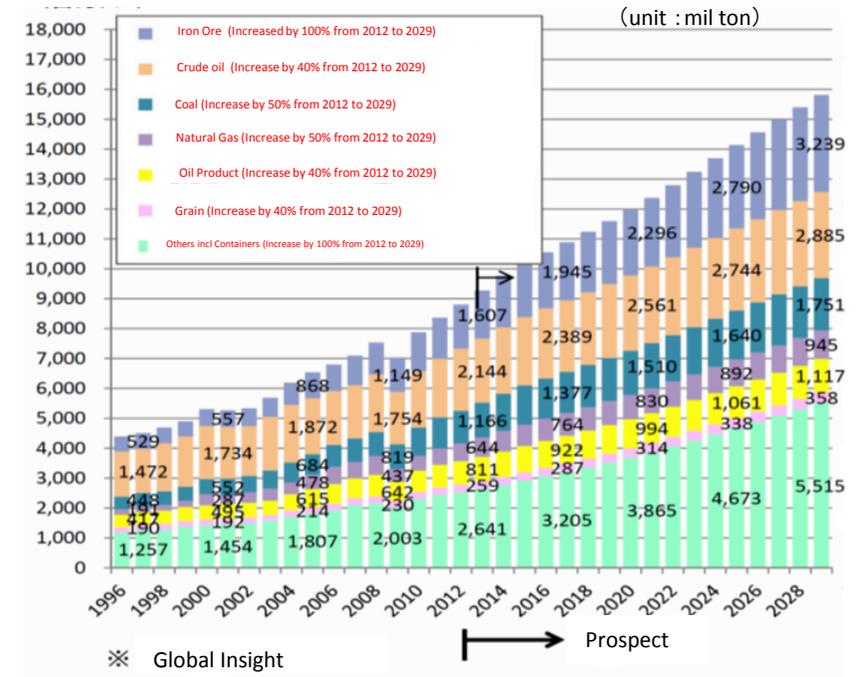
Emerging Country :

There's one car for every 17 people in China and one car for every 69 people in India as of 2010 (Source : FOURIN 2012)

Developed Country :

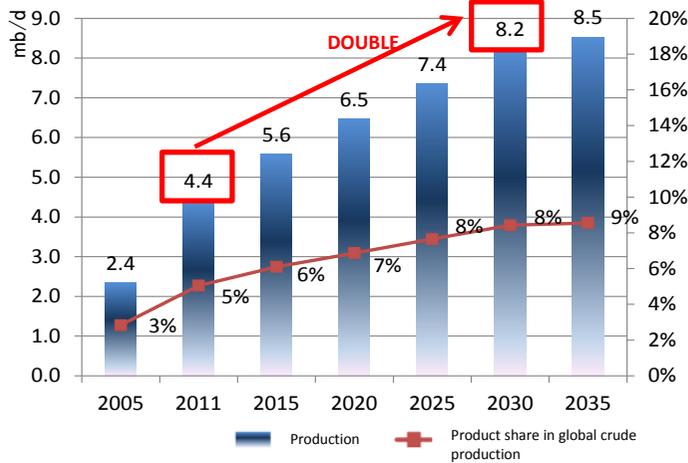
Possibility of market shrinking in countries with aging and depopulation society (Source: FOURIN2012)

⑤ Results and Prospect of Marine Transportation Cargo Volume

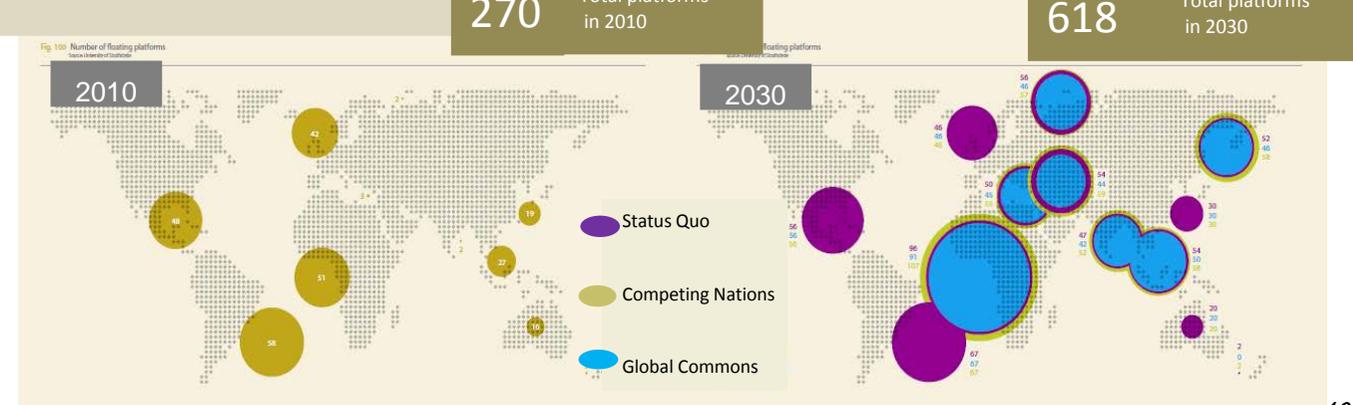


Source: Japan MLIT Website Seminar material as of 6th/March 2013 "FTA's impact on Marine Transportation"

⑥ Production of Deepwater Crude Oil (Mil bbl/day)



Floating oil and gas platforms



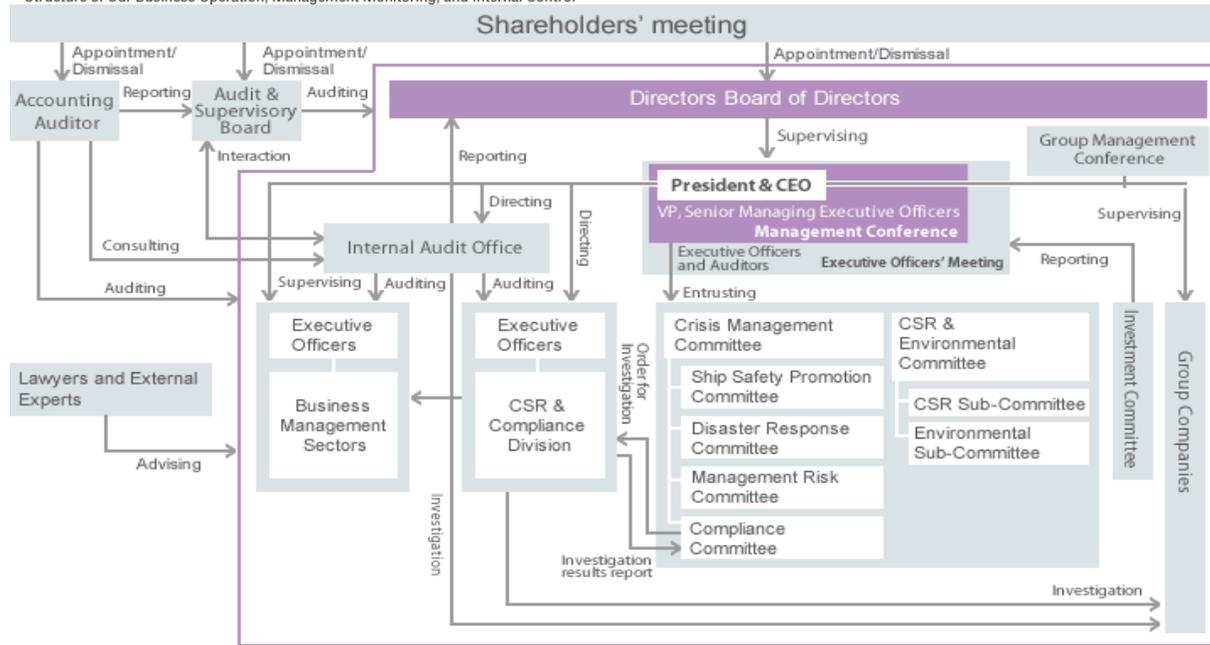
Source : Lloyd's Register Global Marine Trends 2030

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

Chart: "K"Line Corporate Governance System

Corporate Governance Structure

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



(As of May 2013)

///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

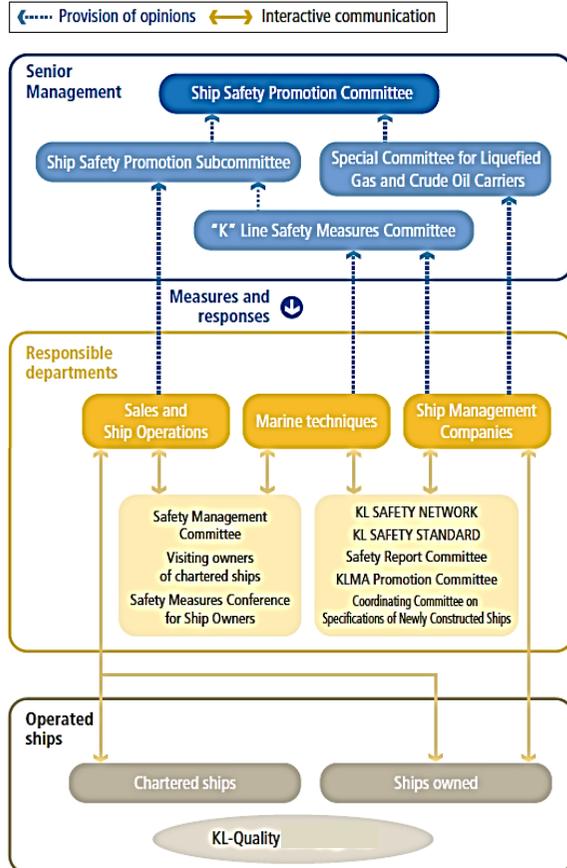
The Management Conference holds discussions and exchanges opinions every week, in principle, and is attended mainly by Senior Managing Executive Officers and higher-level Executive Officers. Depending on the agenda, others may be invited to the Conference.

11-2. Safety in Navigation and Cargo Operations

Safety Operation – The Key Element of a Shipping Business.

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

“K” Line Group’s System for Safety Management



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 2013 by assuming a large-scale oil spill and confirmed the functions of the manual. We also discussed issues on the application of the manual at a meeting after the drill so that we could refine it. The Emergency Response Manual contains the know-how we have accumulated through drills, and we are tackling further safe operation of ships each day to ensure that we never have to actually use the manual.

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.

11-3. Environment Preservation

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

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

"K"LINE Group's Environmental Policy

Core Concept

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

Conduct Guidelines

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

Revised in August 2012

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.



LNG-Powered Vessel Development Project

We are now attempting conversion to a ship propulsion method that will enable substantial reductions in greenhouse gases in exhaust and environmentally destructive substances.

This involves the development of ships that use as fuel liquefied natural gas (LNG), considered a clean energy source.



11-4. Approach to Ballast Water Management

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

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



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



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



Ballast Water Management Convention

2004 The IMO developed and adopted "The International Convention for The Control and Management of Ships Ballast Water and Sediments, 2004" (Ballast Water Management Convention)

The convention requires that equipped the ballast water management system in vessels' hull to reduce aquatic organisms in ballast water before discharging the ballast.

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

<Beginning Time of Application>

Current IMO principle: For newbuildings, basically ships laid down* after 2012 (some ship types excepted)
All commercial ships including existing ships must be equipped by 2020 as a general rule.



IMO revised plan (to be deliberated in IMO Assembly in November 2013)

⇒ Application schedule varies according to period when the Convention becomes effective

For newbuildings, basically ships laid down* after the convention being effective (some ship types excepted)

Existing ships must be equipped by 2022 when the Convention comes into effect by 2016 as a general rule.

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

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

Apart from IMO, USCG established similar homogeneous rules:

⇒ Effective in June 2012; For newbuildings, ships laid down* after December 2013*.

Existing commercial ships must be equipped by 2021 as a general rule.

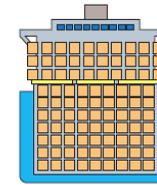


Started concrete feasibility study of U.S. rule for vessels calling and potential calling at U.S. despite effective date of Ballast Water Management Convention by IMO

* "Ships laid down" includes 'Ship construction' which refers to a stage of construction where:

- the keel is laid or construction identifiable with the specific ship begins; and
- assembly of the ship has commenced comprising at least 50 tonnes or 1% of the estimated mass of all structural material, whichever is less.

Containership



Dry Bulker



■ Ballast Tank

Source : The Japanese Shipowners' Association
[Shipping Now 2012-13]

[Ballast Water Management System Approved by IMO]

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

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

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] |
| | | 1927 | Showa 2 | 'Kokusai Kisen' disengaged from "K" LINE |
| | 3 Fusajiro Kashima | 1928 | 3 | |
| | 4 Hachisaburo Hirao | 1933 | 8 9 | 'Kawasaki Marine Freight Department' liquidated. 'Kawasaki Kisen' became the only operator for "K" LINE. |
| | 5 Masasuke Itani | 1935 | 10 | |
| | 6 Koichi Kimishima | 1946 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

11-6. Press Releases for FY2012 (Apr.2012~Mar.2013)

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

| | |
|-----------|--|
| 2-Apr-12 | "K" Line Reverses Loss from Revaluation of Investment Securities in the Fourth Quarter of Consolidated Year Ending March 31, 2012 |
| 6-Apr-12 | "K" LINE Continues to be Included in FTSE4Good Global Index |
| 11-Apr-12 | "K" Line Upgrades Asia – Mexico/West Coast South America Service |
| 17-Apr-12 | "K" Line Sets New Target to Reduce CO2 Emissions |
| 20-Apr-12 | "K" Line Service Ranked 1st Place in 6 out of 11 Categories in Shipper Sentiment Survey |
| 27-Apr-12 | Change of Directors |
| 27-Apr-12 | Review of Medium-Term Management Plan |
| 8-May-12 | First Class of "K" Line Students Graduate from Crystal e-College |
| 9-May-12 | CKYH Alliance to Restructure Asia – U.S. East Coast Services |
| 16-May-12 | Ultra-Deepwater Drillship Now in Operation in Petrobras Pre-Salt Oil Field off Brazil |
| 22-May-12 | Renewal of Plan on Countermeasures to Large-Scale Acquisitions of Company Shares (Takeover Defense Measures) |
| 7-Jun-12 | "K" Line Receives Port of Long Beach Green Flag Award for 7 Consecutive Years |
| 13-Jun-12 | "K" Line and Noble form Joint Venture |
| 13-Jun-12 | Cooperation with Rescue of Small Boat in Distress |
| 20-Jun-12 | Cristal e-College Receives Approval from Ministry of Land, Infrastructure, Transport and Tourism Japan under new Certification Program |
| 2-Jul-12 | Notice Concerning Issuance of New Shares, Secondary Offering of Shares and Subordinated Loan Financing |
| 2-Jul-12 | "K" Line Posts Loss from Revaluation of Investment Securities in First Quarter FY2012 |
| 18-Jul-12 | Notice of Adjustment of Conversion Price for ¥30,000,000,000 Zero Coupon Convertible Bonds due 2013 |
| 1-Aug-12 | "K" Line – Containerships Services On-Time Arrival Performance Report |
| 27-Aug-12 | CKYH-the Green Alliance Winter Service Adjustment on Asia-North Europe service |
| 18-Sep-12 | "K" Line Maritime Academy (Philippines) Ship Simulator and Bridge Teamwork Training Course Certified by Class NK |
| 28-Sep-12 | "K" LINE Continues to be Included in FTSE4Good Global Index and Dow Jones Sustainability Index |
| 31-Oct-12 | Difference in Financial Results from Projections, Revised Forecast of Financial Results and Resolution to Pay No Interim Dividend |
| 6-Nov-12 | Voyage Cancellation Plan for Asia-Mediterranean Loops in Winter Season |
| 12-Dec-12 | Additional Voyage Cancellation Plan for Asia-North Europe and Mediterranean Loops in Winter Season |
| 27-Dec-12 | "K" Line Supports Typhoon Victims in The Philippines |
| 4-Jan-13 | "K" Line Reverses Loss from Revaluation of Investment Securities in Third Quarter of Consolidated Year Ending March 31, 2013 |
| 4-Jan-13 | 2013 New Year Message from President Asakura |
| 28-Jan-13 | "K" Line Enhances JABCO Services |
| 7-Feb-13 | Triple Decker Motorcycle Carrier has Landed in India |
| 8-Feb-13 | Shipping Industry Provides Funding to UNDP Job Creation Initiative in Somalia |
| 15-Feb-13 | Conduct Emergency Response Drill |
| 15-Feb-13 | "Satoyama" Project with academic-industry partnership |
| 22-Feb-13 | "K" Line Enhances JASECO Services |
| 1-Mar-13 | NEW Mobile and PC Global Container Tracking Service |
| 11-Mar-13 | CKYH – the Green Alliance to reorganize service network for Asia-North Europe and Asia-Mediterranean trades in 2013 |
| 18-Mar-13 | "K" Line Decides to Deploy New Generation Eco-Friendly ULCVs (Ultra Large Container Vessels) |
| 19-Mar-13 | "CKYH" to restructure Asia-U.S. East Coast services |
| 21-Mar-13 | Actual Ship Onboard Test of SCR System for Diesel Generator Started on 8,600TEU New Container Ship "HANOI BRIDGE" |
| 29-Mar-13 | "K" Line to enter Long-Term Time Charter and Construction of LNG Carrier to serve Chubu Electric |

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

Certification by Third-party Organization on CSR /Environment



Environmental Management System ISO14001
Scope of Application : Marine Transportation Services

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



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

Rating Information (for Long-term Bonds)

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

Issued Convertible Bond Information

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

*Conversion price after adjustment as of 19th/July 2012 is 832.4 yen/share.

Capital Increase through a Public Stock Offering

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

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

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

Corporate Principles of the "K" LINE Group

The basic principles of the "K" LINE Group as a shipping business organization centering on shipping lie in:

- a.) Diligent efforts for safety in navigation and cargo operations as well as for environmental preservation:
- b.) Sincere response to customer needs by making every possible effort; and
- c.) Contributing to the world's economic growth and stability through continual upgrading of service quality.

Vision

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

Charter of Conduct : "K" Line Group Companies

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

1. Human rights

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

2. Compliance

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

3. Trustworthy company group

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

4. Proactive environmental efforts

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

5. Protection, proper management and disclosure of information and communication with society

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

6. Contribution to society

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

7. Harmony in the international society

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

8. No relations with anti-social forces

The "K" Line Group will resolutely confront any anti-social force or organization which may threaten social order and public safety and never have any relationship with them.

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

Adopted December, 2006

Revised August, 2012

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

12. 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)

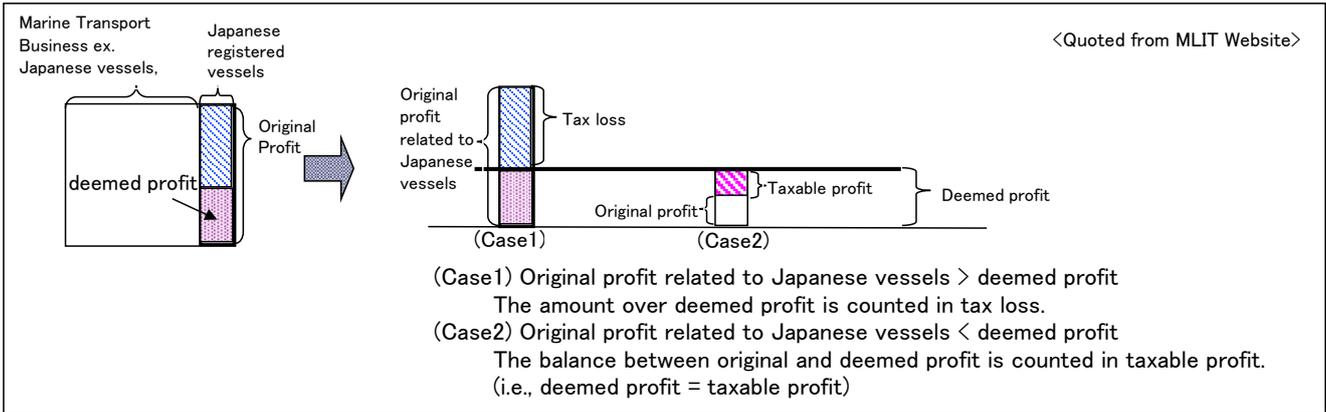
Article 20: The Government shall take necessary measures to secure an efficient and stable maritime transport, including the securing of Japanese registered vessels, fostering and securing seafarers, developing hub ports as base for international maritime transport network and others.

2. Revised Marine Transportation Law for Tonnage Tax System

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

-Japanese ocean-going 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



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

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

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

【Outline of the Plan by above 11 Operators】

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

4. Expansion of Tonnage Tax after 2013

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

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

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

13. IR Policy

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

1. Fundamental Stance on IR Activities

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

2. Information Disclosure Standards

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

3. Information Disclosure Procedures

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

4. Enhancing Communication

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

5. Notes for Future Prospects

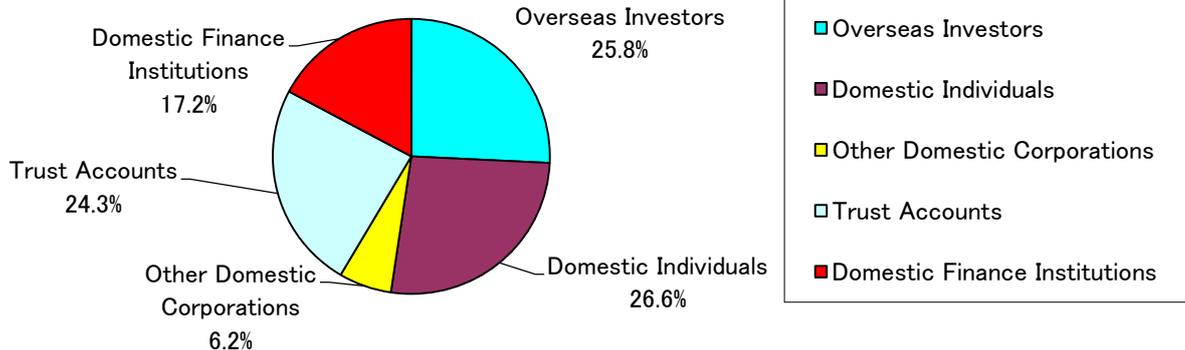
The information transmitted by us as IR news may include information about future forecasts, plans and strategy, etc. That information is based on our future prospects and may include risk factors and elements of uncertainty. For further information, please refer to Business Risks for details.

6. Quiet Period

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

14. Shareholder Composition

(as of March 2013)





【Contact Information】

KAWASAKI KISEN KAISHA, LTD. IR&PR Group

IINO BUILDING, 1-1, Uchisaiwaicho 2-chome,
Chiyoda-ku, TOKYO 100-8540, JAPAN

E-Mail: kljtyoir@jp.kline.com

Tel. (+81)-(0)3-3595-5063

Fax. (+81)-(0)3-3595-5001

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

President Message

⇒ <http://www.kline.co.jp/en/ir/policy/message.html>

"K"Line & Group Companies

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

Financial Highlights

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

Annual Report

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

Social & Environmental Report

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

Investor Meeting

⇒ <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.)