

May17, 2018

To all related parties,

Kawasaki Kisen Kaisha, Ltd.
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Notice of Reduction in Capital Reserve, Legal Reserve and Appropriation of Surplus

Kawasaki Kisen Kaisha, Ltd (“K” LINE) announces that our board of directors resolved at a meeting held today, May 17th, 2018, to propose reduction on capital reserve, legal reserve and appropriation of surplus at the 150th Ordinary General Meeting of shareholders scheduled on June 21st, 2018. Details are as follows;

1. Purpose of Reduction in capital reserve and legal reserve, and appropriation of surplus

“K” LINE has recorded a deficit of 121,522,718,568 Japanese Yen loss in retained earnings carried forward for the non-consolidated financial statement to the fiscal year ended March 31, 2018. Therefore, for the purpose of covering the loss in retained earnings carried forward, as well as to ensure flexibility in its finance strategies for the period to come, “K” LINE proposes a reduction of capital reserve and legal reserve, and an appropriation of surplus as follows.

2. Matters concerning the reduction of capital reserve and legal reserve

“K” LINE proposes to reduce the partial amount of capital reserve and the whole amount of legal reserve in accordance with the provisions of Article 448, Paragraph 1 of the Companies Act, and transfer such amounts to other capital surplus and retained earnings carried forward respectively.

(1) Item of reserve whose amount is to be reduced and the amounts thereof

Capital reserve	59,002,586,557 Japanese Yen
Legal reserve	2,540,336,700 Japanese Yen

(2) Item of surplus whose amount is to be increased and the amounts thereof

Other capital surplus	59,002,586,557 Japanese Yen
Retained earnings carried forward	2,540,336,700 Japanese Yen

3. Matters concerning the appropriation of surplus

In accordance with the provisions of Article 452 of the Companies Act, subject to the effect of reduction of the partial amount of capital reserve and the whole amount of legal reserve, and increase of the amount of other capital surplus and retained earnings carried forward, "K" LINE proposes to cover the loss in retained earnings carried forward by transferring the whole of the amount of other capital surplus and general reserve to retained earnings carried forward after the aforementioned increase.

(1) Item of surplus whose amount is to be reduced and the amounts thereof

Other capital surplus	59,002,586,557 Japanese Yen
General reserve	60,552,000,000 Japanese Yen

(2) Item of surplus whose amount is to be increased and the amount thereof

Retained earnings carried forward	119,554,586,557 Japanese Yen
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Thus, the total amount to be transferred from legal reserve, other capital surplus, and general reserve to retained earnings carried forward will be 122,094,923,257 Japanese Yen.

4. Scheduled for the reduction of reserve and appropriation of surplus

(1) Date of resolution at the meeting of the Board of Directors	May 17th, 2018
(2) Date of resolution at General shareholders' meeting	Scheduled on June 21st, 2018
(3) Effective date	Scheduled on June 21st, 2018

This case comes under the requirements of Article 449, Paragraph 1, proviso of the Companies Act, therefore no procedures for objections of creditors will be required.

5. Prospect of Financial Results

As it is the transfer in accounts to the "K" LINE's net assets, there will be no changes to the amount of the net asset and no effect on the profits and losses of the "K" LINE's financial results.

End