

February 12, 2010

Issuance of New Shares and Secondary Offering of Shares

Kawasaki Kisen Kaisha, Ltd (the "Company" or "K" Line) hereby announces that its board of directors, at a meeting held today, resolved matters relating to the issuance of new shares of common stock of the company and the secondary offering of its shares, as set forth below.

Purpose of the Offering:

In April 2008, "K" Line announced its medium-term management plan, entitled "K" LINE Vision 100, stressing synergy for all stakeholders and sustainable growth towards the 100th anniversary of the Company's founding. However, because of the world-wide economic depression triggered by US financial crisis, the business environment is getting worse and financial loss is now expected in the annual results ending March 31, 2010.

In order to overcome such business environment fluctuations, on January 29, 2010 "K" Line announced "K" LINE Vision 100 KV 2010 as revision of the medium-term management plan which targeted "FY2010: move into the black and earliest resumption of dividends," "Expansion of stable earnings base and sustainable growth" and "Improvement and strengthening of financial makeup." Basic strategies of "K" Line Vision 100 KV 2010 are "Strengthening makeup of containership business." "Restructuring business portfolio" and "Adaptation to business environment fluctuations and strengthening of financial base." With containership business structural reform costs of 43 billion yen allocated for FY2009, "K" Line has already executed some efforts towards strengthening which have been taking effect gradually.

Raising funds at this time is required for expansion of stable earnings base and sustainable growth through restructuring business portfolio. While new investment in containerships is frozen until there is actual supply and demand balance, dry bulk business will be expanded in order to increase stable earnings source and further growth of car carrier fleet will be continued for strengthening car carrier business. Moreover strategic investment in growth areas for energy resources development related business, heavy cargo ships and logistics is being carried out for expansion of stable earnings base.

In addition, execution of this stock offering and building up stable earnings will be able to strengthen its financial base against the present business environment.

"K" Line will strive for stable earnings base and sustainable growth in both the medium and long term through business restructuring and strengthening of its financial base.

1. Issuance of New Shares by way of Offering (Public Offering)

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| (1) Class and Number of Shares to be Offered | 110,000,000 shares of common stock of the Company. |
| (2) Method of Determining Payment Amount | The payment amount will be determined on a date between February 23, 2010 (Tuesday) and February 26, 2010 (Friday) (the "Pricing Date") in accordance with the method set forth in Article 25 of the Regulations concerning Underwriting of Securities, etc. promulgated by the Japan Securities Dealers Association (the "JSDA"). |
| (3) Increase in Stated Capital and Additional Paid-in Capital | The increase in stated capital will be half of the maximum increase amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The increase in additional paid-in capital will be calculated by subtracting the amount of increase in stated capital from the maximum increase amount of stated capital. |
| (4) Offering Method | The offering will be by a public offering (the "Public Offering"). |

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All shares will be acquired and underwritten by the underwriting syndicate (hereinafter referred to as "the Underwriters"). The issue price with regard to the Public Offering (offer price) will be determined in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc., of the JSDA, on the Pricing Date based on the preliminary pricing terms calculated by multiplying the closing price of the shares of common stock of the Company in regular trading on the Tokyo Stock Exchange on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), while taking into account market demand and other conditions.

- (5) Considerations for Underwriters Underwriting commissions will not be paid, although the aggregate amount of the difference between (a) the issue price (offer price) in each offering and (b) the amount to be paid to the Company by the Underwriters will constitute proceeds to the Underwriters.
- (6) Subscription Period The subscription period will be from the business day immediately following the Pricing Date to the second business day following the Pricing Date.
- (7) Payment Date The payment date will be a date between March 2, 2010 (Tuesday) and March 5, 2010 (Friday), provided, however, that such date shall be the fifth business day following the Pricing Date.
- (8) Subscription Unit 1,000 shares
- (9) The payment amount, the increase in stated capital and the increase in additional paid-in capital, the issue price (the offer price), and any other matters necessary for the Issuance of New Shares by way of Offering will be determined at the discretion of President & CEO or Senior Managing Executive Officer in charge of Finance.
- (10) The foregoing items shall be subject to the effectiveness of filings in accordance with the Financial Instruments and Exchange Act.

2. Secondary Offering of Shares (the "Offering by way of Over-Allotment") (See Reference item 1 below)

- (1) Class and Number of Shares to be Offered 16,500,000 shares of common stock of the Company. The number of shares referenced above is the maximum number of shares to be sold. The above number may decrease, or the Offering by way of Over-Allotment itself may be cancelled, depending on market demand of the Public Offering. Furthermore, the number of shares to be sold will be determined on the Pricing Date, taking into account market demand of the Public Offering.
- (2) Seller The Lead Manager
- (3) Selling Price To be determined. (The selling price will be determined on the Pricing Date; and such selling price will be the same as the issue price (the offer price) in the Public Offering.)
- (4) Offering Method Taking into account market demand of the Public Offering for the Public Offering, the Lead Manager will make a secondary offering in Japan of up to 16,500,000 shares, which will be borrowed from a certain shareholder of the Company.
- (5) Subscription Period The subscription period will be the same as the subscription period in the Public Offering.
- (6) Delivery Date The delivery date will be the business day immediately following

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- the payment date in the Public Offering.
- (7) Subscription Unit 1,000 shares
 - (8) The selling price and any other matters necessary for the Offering by way of Over-Allotment shall be determined at the discretion of President & CEO or Senior Managing Executive Officer in charge of Finance.
 - (9) The foregoing items shall be subject to the effectiveness of filings in accordance with the Financial Instruments and Exchange Act.
 - (10) In the event the Public Offering is cancelled, the Offering by way of Over-Allotment will also be cancelled.

3. Issuance of New Shares by way of Third-Party Allotment (the "Third-Party Allotment") (See Reference item 1 below)

- (1) Class and Number of Shares to be Offered 16,500,000 shares of common stock of the Company.
- (2) Method of Determining Payment Amount The payment amount will be determined on the Pricing Date; and such amount will be the same as the payment amount for the Public Offering.
- (3) Increase in Stated Capital and Additional Paid-in Capital The increase in stated capital will be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The increase in paid-in capital will be calculated by subtracting the amount of increase in stated capital from the maximum increase amount of stated capital.
- (4) Allottee The Lead Manager
- (5) Subscription Period March 23, 2010 (Tuesday)
- (6) Delivery Date March 24, 2010 (Wednesday)
- (7) Subscription Unit 1,000 shares
- (8) Shares not subscribed for within the subscription period in (5) above will not be issued.
- (9) The payment amount, the increase in stated capital and the increase in additional paid-in capital, the issue price (the offer price), and any other matters necessary for the Issuance of New Shares by way of Offering will be determined at the discretion of President & CEO or Senior Managing Executive Officer in charge of Finance.
- (10) The foregoing items shall be subject to the effectiveness of filings in accordance with the Financial Instruments and Exchange Act.
- (11) In the event the Public Offering is cancelled, the Third-Party Allotment will also be cancelled.

[Reference]

1. The Offering by way of Over-Allotment

The Offering by way of Over-Allotment in "2. Secondary Offering of Shares (the "Offering by way of Over-Allotment")" above is a secondary offering in Japan to be made in conjunction with the Public Offering in "1. Issuance of New Shares by way of Offering" in an amount not to exceed 16,500,000 shares, which will be borrowed by the Lead Manager of the Public Offering from a certain shareholder of the Company (the "Borrowed Shares") taking into account market demand for the offerings and other conditions. It is estimated that the number of shares in the Offering by way of Over-Allotment will be 16,500,000 shares which represents the maximum number of shares to be sold, and depending on market demand and other conditions, such amount may decrease, or the Offering by way of Over-Allotment may be cancelled all together.

In connection with the Offering by way of Over-Allotment, the board of directors of the Company resolved, at the meeting held today, that the Company will issue 16,500,000 shares of its common stock as is necessary to return the Borrowed Shares to a certain shareholder, by way of third-party

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allotment (the "Third-Party Allotment") to the Lead Manager with the payment date of March 24, 2010 (Wednesday).

Furthermore, the Lead Manager may also purchase shares of common stock of the Company on the Tokyo Stock Exchange, in an amount up to the number of shares to be offered in the Offering by way of Over-Allotment (the "Syndicate Cover Transactions"). Shares of the Company's common stock purchased through Syndicate Cover Transactions will be used to return the Borrowed Shares. Such Syndicate Cover Transactions, if any, will be made during the period beginning on the date immediately following the last day of the Subscription Period and ending on March 16, 2010 (Tuesday) (the "Syndicate Cover Transaction Period"). During the Syndicate Cover Transaction Period, Syndicate Cover Transactions may not be conducted nor may any Syndicate Cover Transactions be terminated before the number of shares purchased is equal to the number of shares offered in the Offering by way of Over-Allotment.

Moreover, the Lead Manager may conduct stabilizing transactions in conjunction with the Public Offering and the Offering by way of Over-Allotment. The shares of common stock of the Company acquired through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

The Lead Manager plans to accept the allotment under the Third-Party Allotment of an equivalent number of shares of common stock of the Company obtained by subtracting (a) the number of shares purchased through stabilization transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares from (b) the number of shares to be offered in the Over-Allotment. Accordingly, all or a part of the shares to be issued under the Third-Party Allotment may not be subscribed for, which may result in a decrease in the maximum number of shares to be issued under the Third-Party Allotment, or in the cancellation of the entire issuance due to forfeiture.

Whether or not the Offering by way of Over-Allotment is to be conducted, as well as the number of shares to be sold in the event that the Offering by way of Over-Allotment is to be conducted, will be determined on the Pricing Date. In the event that the Offering by way of Over-Allotment is cancelled entirely, the Lead Manager will not conduct the borrowing of shares of common stock of the Company from a certain shareholder of the Company mentioned above. Accordingly, no new shares will be issued under the Third-Party Allotment due to forfeiture, since the Lead Manager will not accept the allotment and will not subscribe for shares under the Third-Party Allotment. Also, no Syndicate Cover Transactions on the Tokyo Stock Exchange, Inc. will be made.

2. Changes in the number of issued shares as a result of this offering of new shares and third-party allotment are as follows:

Total number of current issued shares:	638,882,298 shares	(as of January 31, 2010)
Increase in number of shares by way of offering of new shares:	110,000,000 shares	
Total number of issued shares after the offering of new shares:	748,882,298 shares	
Increase in number of shares by way of third-party allotment:	16,500,000 shares	(Note)
Total number of issued shares after the third-party allotment:	765,382,298 shares	(Note)

Note: Assumes that the new shares to be issued as described in "Issuance of New Shares by way of Third-Party Allotment" are all subscribed by the Allottee described therein and issued.

3. Use of proceeds

(1) Use of proceeds from the offering

Proceeds from the offerings as described above are estimated to be up to ¥34,597,000,000, which is intended to be applied to capital expenditures, mainly with respect to vessels.

(2) Change in the use of proceeds raised previously

Not applicable.

(3) Expected impact on business results

The Public Offering is expected to contribute to the enhancement of the business results of the Company over the medium to longer term by strengthening of financial base.

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4. Distribution of Profits to Shareholders

(1) Basic Policy on the Distribution of Profits

The Company has positioned the maximization of profits to shareholders as a key management policy while the Company applies some of its proceeds to capital expenditure towards sustainable growth and also ensuring that the Company has the internal reserves necessary for strengthening of financial base.

The Company sets annual dividend (based on March 31) by resolution of annual general meetings of the shareholders of the Company. The Company can set interim dividend based on September 30 by resolution of the board of directors in accordance with Articles of Incorporation of the Company, which the Company actually executed.

(2) Concept of Determination of Dividends

The concept of determination of dividends is as described in (1) above.

(3) Use of Retained Earnings

The Company is considering using retained earnings mainly for investments required for sustainable growth.

(4) Dividends for the Past Three Fiscal Years

Fiscal year ended	March 31, 2007	March 31, 2008	March 31, 2009
Consolidated net profit (loss) per share	86.67 yen	131.36 yen	50.89 yen
Annual dividend per share (interim dividend per share)	18.00 yen (9.00 yen)	26.00 yen (12.00 yen)	13.50 yen (13.50 yen)
Actual consolidated dividend payout ratio	20.8%	19.8%	26.5%
Consolidated return on shareholders' equity ratio	17.1%	23.7%	9.4%
Consolidated dividend on net assets ratio	3.6%	4.7%	2.5%

Notes: 1. Consolidated net profit (loss) per share is the figure derived by dividing the consolidated net profit (loss) by the average issued common stock (less treasury stock) for the relevant fiscal year.

2. Actual consolidated dividend payout ratio is the figure derived by dividing the annual dividend per share by consolidated net profit (loss) per share.

3. Consolidated return on shareholders' equity ratio is the figure derived by dividing consolidated net profit for the relevant fiscal year by shareholders' equity in the consolidated balance sheet (the average of shareholders' equity at the beginning of the fiscal year and shareholders' equity at the end of the fiscal year).

4. Consolidated dividend on net assets ratio is the figure by dividing the annual dividend per share of common stock for the relevant fiscal year by consolidated net assets per share (the average of consolidated net assets per share at the beginning of the fiscal year and consolidated net assets per share at the end of the fiscal year).

5. Other matters

(1) Designation of party to receive allocation

Not applicable.

(2) Information on dilutive shares

The Company has issued bonds with stock acquisition rights. The balance of such bonds with stock acquisition rights as of January 31, 2010 is as described below.

Euro yen-denominated notes with convertible bond-type stock acquisition rights and conversion restrictions due 2011

Balance of Bonds with Stock Acquisition Rights	Payment Date	Redemption Date	Conversion Price	Paid-in Capital
2,145 million yen	March 22, 2004	March 22, 2011	700 yen	350 yen

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Euro yen-denominated notes with convertible bond-type stock acquisition rights and conversion restrictions due 2013

Balance of Bonds with Stock Acquisition Rights	Payment Date	Redemption Date	Conversion Price	Paid-in Capital
25,496 million yen	April 4, 2005	April 4, 2013	851 yen	426 yen

The Company adopted stock option plans in accordance with the former Commercial Code of Japan (the "Code"). The plans are dependent on the method to issue stock acquisition right in accordance with Article 280, Paragraph 20 and Paragraph 21 of the Code.

Share numbers underlying the stock option plans as of January 31, 2010 are as follows:

Date of grant	Share numbers underlying the stock option plan	Exercise price	Paid-in Capital	Exercisable period
June 27, 2002	22,000 shares	156 yen	78 yen	From June 28, 2004 up to and including June 27, 2012
June 27, 2003	255,000 shares	278 yen	139 yen	From June 28, 2005 up to and including June 27, 2013
June 29, 2004	106,000 shares	633 yen	317 yen	From June 30, 2006 up to and including June 29, 2014
June 29, 2005	194,000 shares	693 yen	347 yen	From June 30, 2007 up to and including June 29, 2015

The percentage of dilutive shares in the number of issued shares (765,382,298 shares) after the Public Offering and the Third-Party Allotment is estimated to be 4.39%. For the calculation of such percentage, the number of dilutive shares based on the above conversion price is used.

(3) Information on past equity financing

(i) Equity financing within past three years

Not applicable.

(ii) Change in share prices for past three fiscal years and as of the most recently available date.

Fiscal year ended	March 2007	March 2008	March 2009	March 2010
Opening	697 yen	1,124 yen	979 yen	310 yen
High	1,279 yen	1,760 yen	1,237 yen	475 yen
Low	620 yen	848 yen	280 yen	238 yen
Closing	1,118 yen	969 yen	305 yen	303 yen
Price/earnings ratio (consolidated basis)	12.90 times	7.38 times	5.99 times	-

Notes: 1. Above prices were referenced by the Tokyo Stock Exchange.

2. Share prices for the fiscal year ending March 31, 2010 are shown as of February 10, 2010 (Wednesday).

3. Price/earnings ratio is the share price (closing price) as at the end of each fiscal year divided by the current net income per share for the relevant fiscal year.

(4) Lock-up

In connection with the Public Offering, the Company has agreed that for a period commencing on the issue price determination date and continuing until the day that falls 180 days after the delivery date for the Public Offering, without the prior written consent of the Lead Manager, it will not issue any capital stock or any securities convertible into, or exercisable or exchangeable for, or that represent the right to receive, capital stock, among other things, except that the Company may issue shares of common stock pursuant to the Public Offering, the Third-Party Allotment, any stock split of common stock, stock acquisition right in accordance with stock option plans, shares of common stock pursuant to exercise of stock option plans and shares of common stock pursuant to exercise of convertible bond-type stock acquisition rights. The Company also may issue share options (the "Share Options") without contribution pursuant to "Plans on Countermeasures to Large-Scale Acquisitions of Company Shares (Takeover Defense Measures)" which was resolved in the annual general meeting on June 24,

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2009, shares of common stock by exercise of the Share Options, and shares of common stock in exchange for the Company's acquisition of the Share Options.

In the event that the above occurs, the Lead Manager has the right to rescind some or all of the relevant agreement at its discretion, even during the Lock-Up Period.

For further information, please contact:

Hiroshi Nagayama
General Manager, Finance Group
Kawasaki Kisen Kaisha, Ltd. ("K" LINE)
Tel: +81-3-3595-5608 Fax: +81-3-3595-5174

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