October 31st, 2016

To Whom it May Concern,

Kawasaki Kisen Kaisha, Ltd.
Eizo Murakami, President & CEO

Mitsui O.S.K. Lines, Ltd.
Junichiro Ikeda, President & CEO

Nippon Yusen Kabushiki Kaisha
Tadaaki Naito, President

Notice of Agreement to the Integration of Container Shipping Businesses

Kawasaki Kisen Kaisha, Ltd., Mitsui O.S.K. Lines Ltd., and Nippon Yusen Kabushiki Kaisha have agreed, after the resolution by the board of directors of each company held today, and subject to regulatory approval from the authorities, to establish a new joint-venture company to integrate the container shipping businesses (including worldwide terminal operating businesses excluding Japan) of all three companies and to sign a business integration contract and a shareholders agreement.

1. Background

Although growing modestly, the container shipping industry has struggled in recent years due to a decline in the container growth rate and the rapid influx of newly built vessels. These two factors have contributed to an imbalance of supply and demand which has destabilized the industry and has created an environment that is adverse to container line profitability. In order to combat these factors, industry participants have sought to gain scale merit through mergers and acquisitions and consequently the structure of the industry is changing through consolidation. Under these circumstances, three companies have now decided to integrate their respective container shipping on an equal footing to ensure future stable, efficient and competitive business operations.

The new joint-venture company is expected to create a synergy effect by utilizing the best practices of the three companies. And by taking advantage of scale merit of its vessel fleet totaling 1.4 million TEUs, realize integration effect of approximately 110 billion Japanese Yen annually and seek swiftly financial performance stabilization.

By strengthening the global organization and enhancing the liner network, the new joint-venture company aims to provide higher quality and more competitive services in order to exceed our clients’ expectations.

2. Overview of the new joint-venture company

Item	Outline
Shareholders/ Contribution Ratio	Kawasaki Kisen Kaisha, Ltd. 31% Mitsui O.S.K. Lines, Ltd. 31% Nippon Yusen Kabushiki Kaisha 38%
Amount of Contribution	Approx. 300 Billion JPY (Including fleets, share of terminals as investment in kind)
Business Domain	Container Shipping Business (Including terminal operating business excluding Japan)
Fleet Size	Approx. 1.4 Million TEU*, 6th in the market with approx. 7% of global share Notes1) Figures are as of October, 2016 excluding order book Notes2) Source: Alphaliner

*TEU: Twenty-foot Equivalent Unit

3. Schedule

Agreement date: October 31st, 2016

Establishment of the new joint-venture company: July 1st, 2017 (planned)

Business commencement: April 1st, 2018 (planned)

4. Other

The expected impact of the integration to business performance will be informed by each individual company once details have been confirmed.

Inquiries

Please contact following person for this notice.

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This document includes information that constitutes “forward-looking statements” relating to the success and failure or the results of the integration of Kawasaki Kisen Kaisha Ltd., Mitsui O.S.K. Lines Ltd., and Nippon Yusen Kabushiki Kaisha. To the extent that statements in this document do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the three companies in light of the information currently available to them, and involve known or unknown risks, uncertainties and other factors. Such factors may cause the actual results to be materially different from the contents of this document with respect to any future performance, achievements or financial position of one or all of the three companies (or the new company after the integration) expressed or implied by these forward-looking statements. Further, the three companies undertake no obligation to publicly update any forward-looking statements after the date of this document.

The risks, uncertainties and other factors referred to above include, but are not limited to:

(1) Procedural and practical difficulties accompanying implementation of the integration;
(2) Changes in supply and demand for the market, and changes in market position including changes in the competition environment and relationship with major customers;
(3) Changes in economic conditions in and outside Japan and changes in exchange rates;
(4) Possibility of misappropriation or deletion of personal data or confidential information due to IT failure, cyber-attack, or other reason;
(5) Occurrence of natural or man-made disaster which may have an adverse effect on the employees, offices, key facilities and IT systems of the new joint-venture company after the integration;
(6) Changes in laws and regulations relating to business activities;
(7) Delays in the review process by the relevant competition law authorities or the clearance of the relevant competition law authorities or other necessary approvals in relation to the integration being unable to be obtained; and
(8) Difficulty accompanying materialization of synergies or integration effects in the new joint-venture company after the integration.

"K"LINE x MOL x NYK Joint Press Conference

October 31st, 2016

The Announcement

Kawasaki Kisen Kaisha, Ltd., Mitsui O.S.K. Lines, Ltd., and Nippon Yusen Kabushiki Kaisha, today, signed contracts agreeing the establishment of the joint-venture company with an equal footing to integrate their container shipping business (including terminal operating business excluding Japan)with premise of relevant authorities' approval upon Board resolution.

Overview of the Joint-Venture

As of today, the following items regarding the joint-venture have been decided.

Shareholders/ Contribution Ratio	• Kawasaki Kisen Kaisha : 31% • Mitsui O.S.K. Lines : 31% • Nippon Yusen Kabushiki Kaisha : 38%
Amount of Contribution	Approx. 300 Billion JPY (Including fleets, share of terminals as investment in kind)
Business Domain	Container Shipping Business (including terminal operating business excluding Japan)
Fleet Size	Approx. 1.4 Million TEU*, 6th in the market with approx. 7% of global share Note1) Figures are as of October, 2016 Note2) Figures exclude order book of approx. 360,000 TEU

*TEU: Twenty-foot Equivalent Unit
Source: Alphaliner

Integrating Business

All three companies are diversified global logistics enterprises. The newly established JV will integrate the container shipping activities and container terminal business worldwide excluding Japan.

"K"LINE (KAWASAKI KISEN KAISHA, LTD.)	MOL (Mitsui O.S.K. Lines)	NYK LINE (NIPPON YUSEN KAISHA)
└ **Containerships**	└ Bulkships	└ Global Logistics
└ Bulk Shipping Business	└ **Containerships**	└ **Liner Trade**
└ Offshore Energy E&P Support and Heavy Lifter Business	└ Ferries & Coastal RoRo Ships	└ Air Cargo Transportation
└ Other	└ Associated Businesses	└ Logistics
	└ Others	└ Bulk Shipping
		└ Others
		└ Real Estate
		└ Other

Note1: Segmentation information from each IR report
Note2: Logistics business in Containerships of "K"LINE and MOL is not to be integrated.

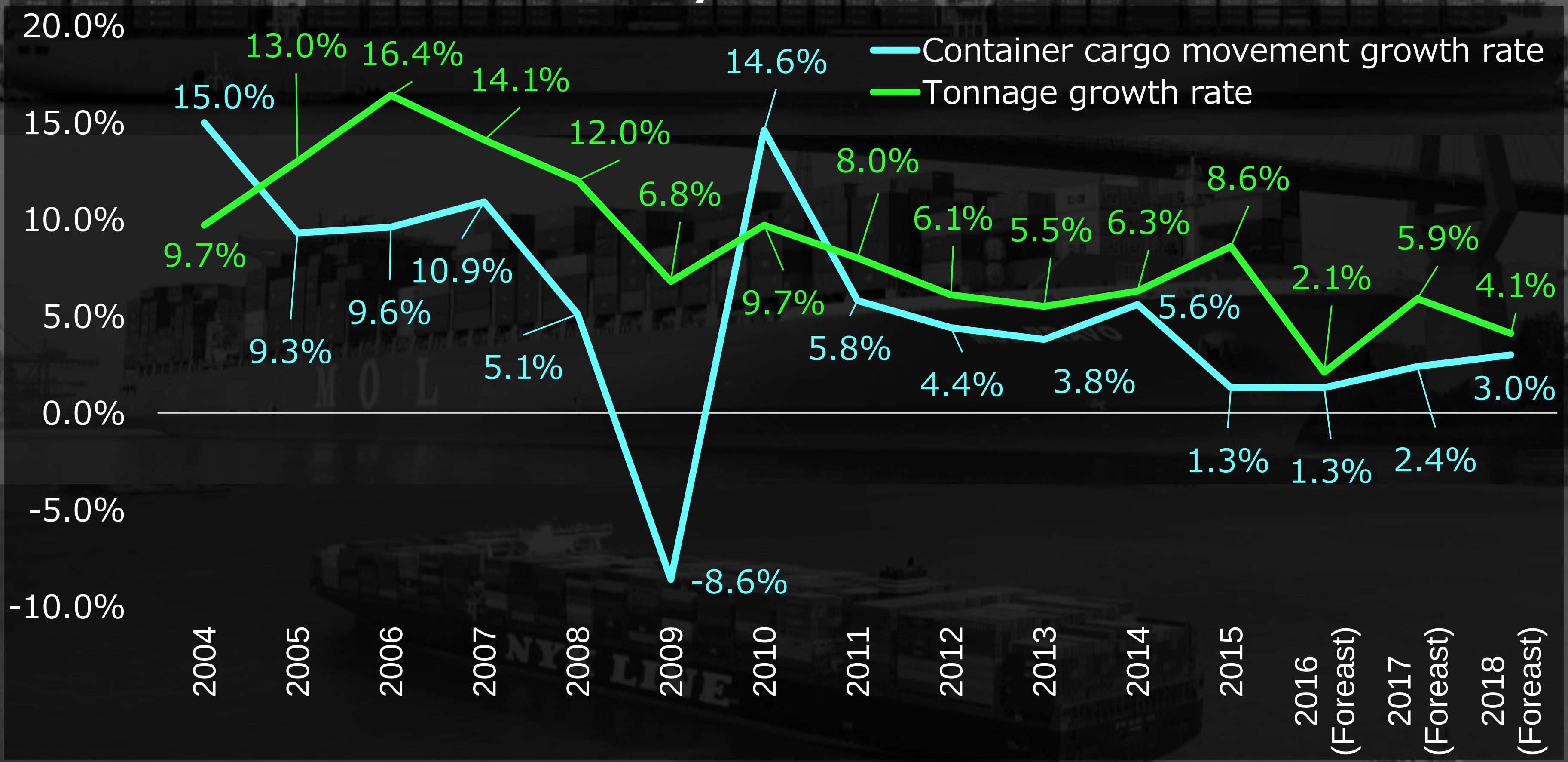
Size of Integrating Business

	K LINE (KAWASAKI KISEN KAISHA, LTD.)	MOL (Mitsui O.S.K. Lines)	NYK LINE (NIPPON YUSEN KAISHA)	JV (Sum)
Sales (B JPY)	614.9	719.1	706.3	2,040.3
Fleet TEU (K)	357	517	508	1,382
# of fleets	66	92	98	256
# of serving countries	67	92	84	
# of services	78	89	87	

Note 1: Sales are as of Mar., 2016, TEU's are as of Oct., 2016, # of fleets are as of Sep., 2016
Note 2: Sales figures are not equal to sales of integrating business because displayed figures are sales of segment which integrating business belong
Source: Alphaliner, IR report

Environment of Container Shipping Business - Cargo Demand and Tonnage Supply

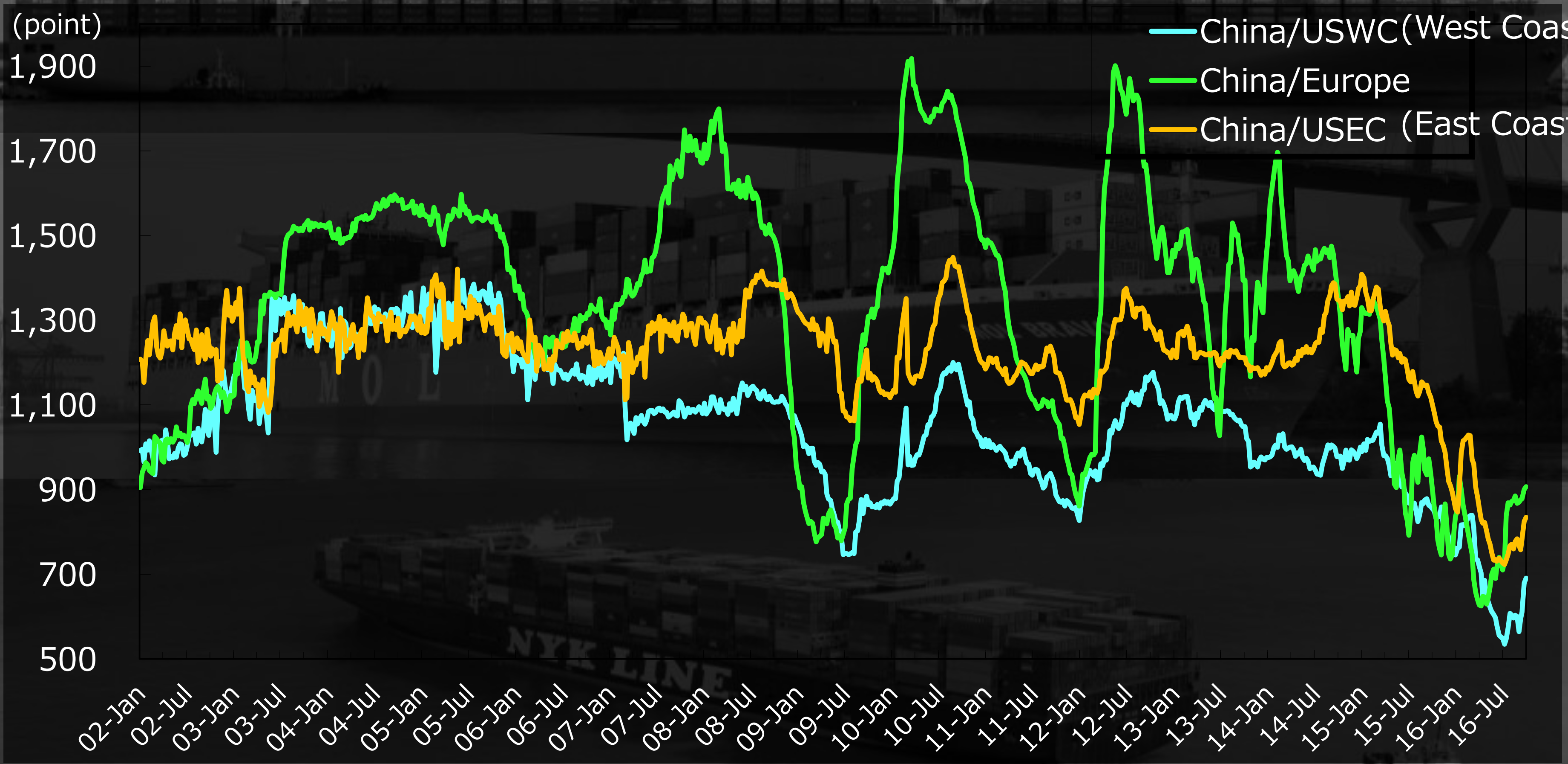
Over the last several years, cargo demand growth has slowed while the supply of tonnage has steadily increased due to a large number of newly delivered vessels. This has deteriorated the supply and demand balance in the industry.



Source: Drewry(Container Forecaster), 2Q 2016、Alphaliner, Aggregated by NYK except for October 2016

Environment of Container Shipping Business - Market: Change in freight level(CCFI)

Freight levels tend to fluctuate in relation to the supply and demand balance, among other industrial factors. In the past two years, freight levels have slumped in contrast to the historical market trends.



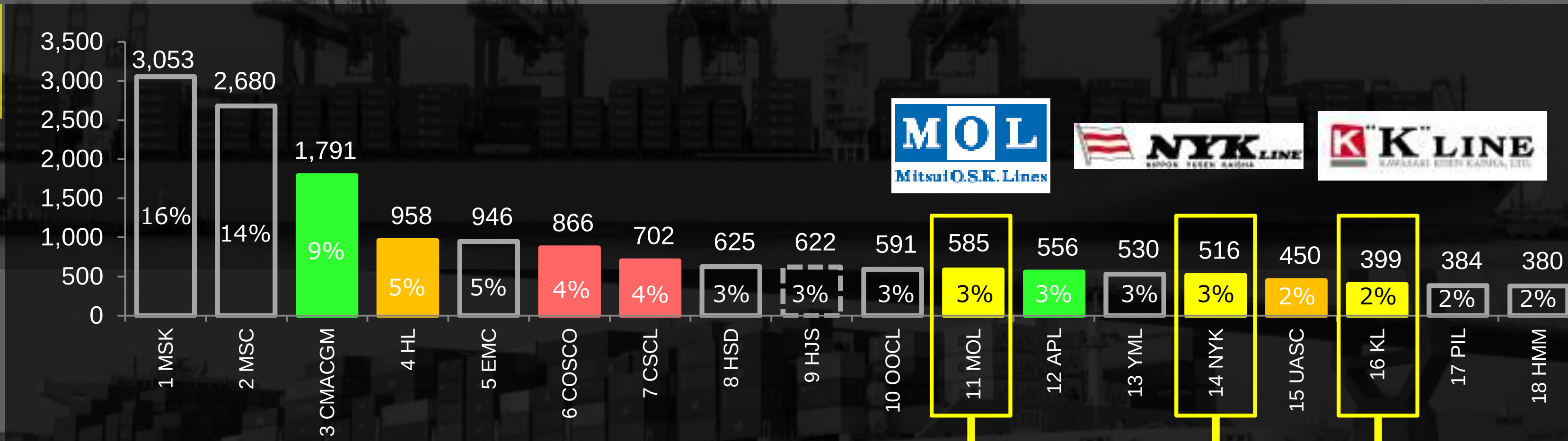
出典：China (Export) Containerized Freight Index

Environment of Container Shipping Business
-Evolution of the competitive landscape
(Expanded gap of fleet scale through industry M&A)

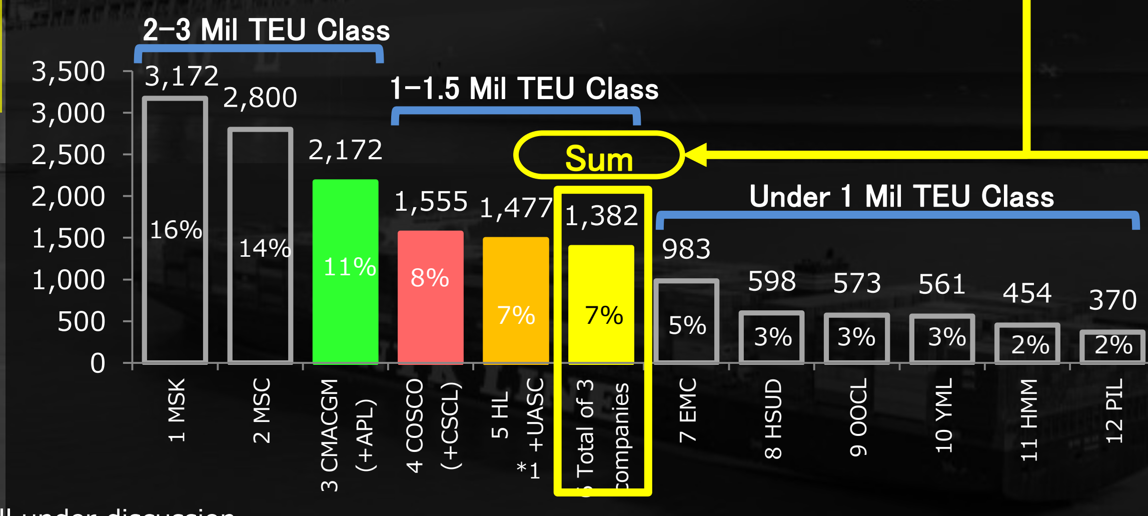
M&A activities globally have recently been increased at a rapid pace.

Unit: '000 TEU

Fleet scale September 2015



Fleet Scale October 2016



Note) The sum figure is as of October 2016 excluding the order book of approx. 360,000 TEU

*1 HL and UASC case is still under discussion
Source: Alphaliner

Source of Competitiveness

Competitive advantage comes from operational efficiency (best practices) and business size (economy of scale).

Operational Efficiency ✖ **Economy of Scale** = **Competitiveness (Profitability)**

Efficient Operation (Best Practice)

Maximizing output by combining efficiently the three major elements of vessel, container, and employee.

Business Size

Scale of fleet of vessel, container, and employee

The Aim of the Joint-Venture

Operational Efficiency × **Economy of Scale** = **Competitiveness (Profitability)**

Best Practice
Creation of more synergy and enhancement of operational efficiency by integration of each company's best practice

Larger Business Size
Achievement of economy of scale by bringing three companies' business

Synergy of Approx. 110 B JPY/year
Profit stabilization by accomplishment of synergy of approx. 110 B JPY/year

By strengthening the global organization and enhancing the liner network, we will be able to provide higher quality services and unlock new value in order to exceed our clients' expectations.

Joint-Venture's Visions

In order to be a carrier with top-class competitiveness worldwide, we operate our business with eight visions.

Inward

Lean & Agile
To be competitive by running the world's most efficient operation brought to life by a lean and agile organization.

Teamwork
To run an organization based on an achievement oriented system that emphasizes excellent teamwork across all functions.

Best Practice
To provide optimal solutions to our clients by harnessing the best practices from all three companies.

Challenge
To establish a culture that will welcome and rise to any challenge.

Outward

Quality
To provide premium products of the highest quality by employing our organizational expertise in maritime transportation, IT, etc.

Reliability
Reliability and stability as an enterprise. Deliver on promise.

Innovation
Keeping challenging without being bound by conventional customs. Differentiate our business by developing cutting edge IT

Customer Satisfaction
To achieve top-class customer satisfaction by keeping the clients view.

Schedule

Following schedule is planned.

Establishment of JV (Planned)	**July 1st, 2017**
Service Start (Planned)	**April 1st, 2018**

Disclaimer

This presentation and our answers in the subsequent question and answer session include our prospects, expectations, beliefs, plans or strategies concerning the future. These forward-looking statements or remarks are based on information currently available to us and involve known or unknown risks, uncertainties and other factors. Such factors may include, but are not limited to, changes in supply and demand for the liner market and changes in market position of the liner market, and changes in economic conditions and changes in exchange rates. These forward-looking statements or remarks do not ensure any actual performance in the future, and actual results may become drastically different from our current forecast. Further, we undertake no obligation to update these forward-looking statements or remarks.

Contacts

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Supplementary Documents

Q1: What factor(s) have driven the three Japanese Lines to integrate their container shipping business?

A1: The three companies have been cooperating in some products (service) through vessel-sharing agreements and alliance scheme. Further they are similar in size, have common corporate cultures, and believe the JV can leverage the strength of each individual company to create stronger competitor overall.

Q2: What is the reason such a decision was made at this moment?

A2: Due to low oil-prices, sluggish cargo demand, and over-supply of trade capacity, container freight rates are at historic lows. Most container shipping companies are making a loss. The three Japanese companies have made efforts to cut cost and restructure their business, but there are limits to what can be accomplished individually. Also, in order to keep a membership of a global alliance continuously, it would be necessary to have above a certain business scale level. Under such circumstances, we have decided to integrate our container shipping business so that we can continue to deliver stably high quality and customer focused products to the marketplace. Furthermore, the decision to cooperate in the East/West trades made in May 2016 by the creation of THE ALLIANCE was also a factor.

Q3: Does the integration mean the companies are quitting container shipping business?

A3: Container shipping will remain a core activity of all three companies. However the business in this segment will be reshaped through consolidation into a new JV as an equity-method affiliate.

Q4: What is the structure of the new company and how will capital be injected?

A4: The parent companies will inject cash and in-kind contribution of vessels and terminal companies stocks into to the new JV in accordance with agreed share to establish an operating company to manage container shipping and container terminal (excluding Japan) business. The holding company will supervise the operating company as a shareholder.

Q5: How has the contribution ratio among three companies been decided?

A5: The ratio was decided and agreed after carefully evaluating each line's the asset value, profitability, and vessel fleet composition among other factors.

Q6: What do you expect to go through to get antitrust regulation's clearance?

A6: It is mandatory to obtain approvals from the authorities and we will take the appropriate steps to secure approval. Depending on the progress of the approval process, we may further review the implementation schedule for establishing the new company.