



**“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

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.



- └ **Containerships**
- └ Bulk Shipping Business
- └ Offshore Energy E&P Support and Heavy Lifter Business
- └ Other



- └ Bulkships
- └ **Containerships**
- └ Ferries & Coastal RoRo Ships
- └ Associated Businesses
- └ Others

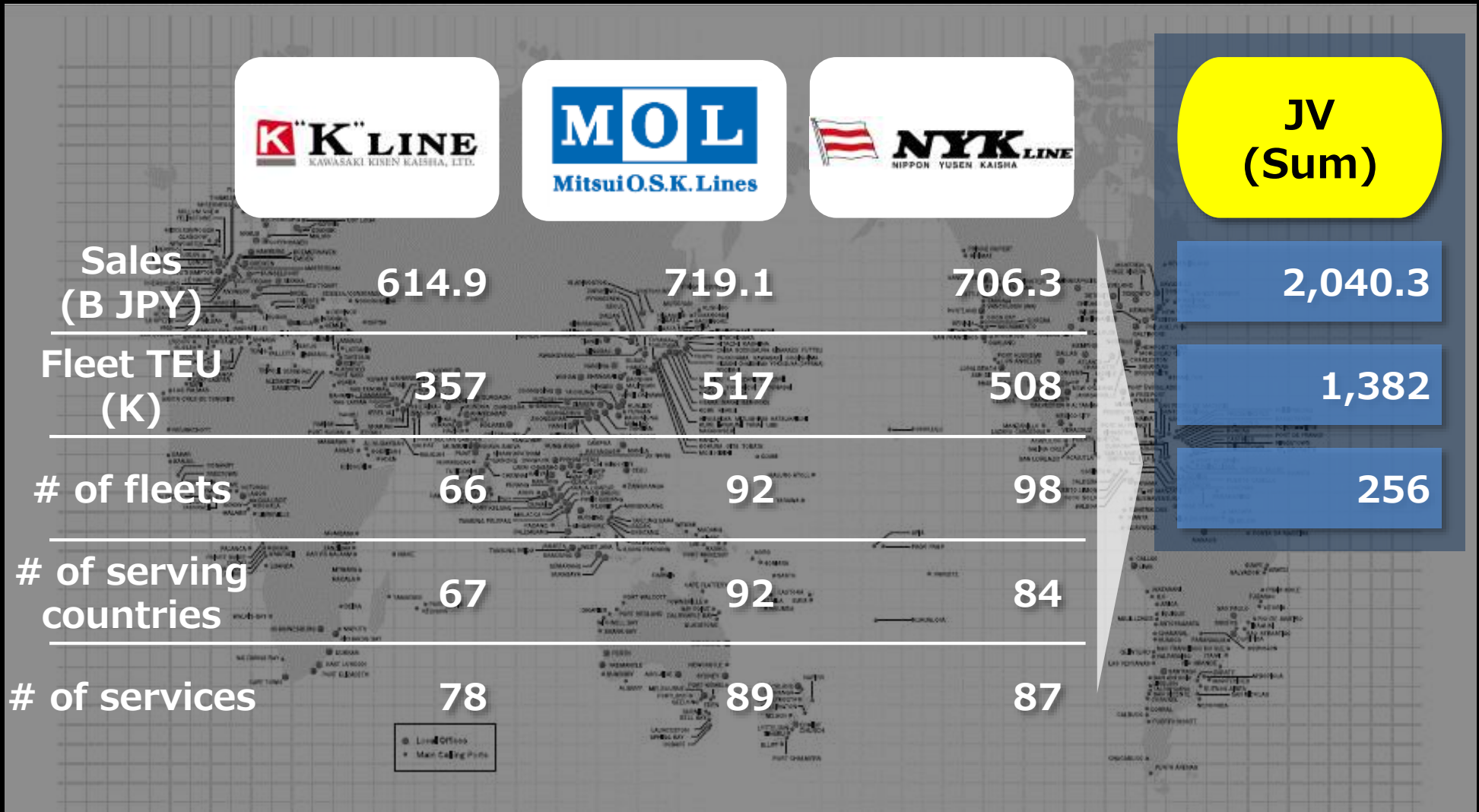


- └ Global Logistics
- └ **Liner Trade**
- └ Air Cargo Transportation
- └ Logistics
- └ Bulk Shipping
- └ Others
- └ Real Estate
- └ Other

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



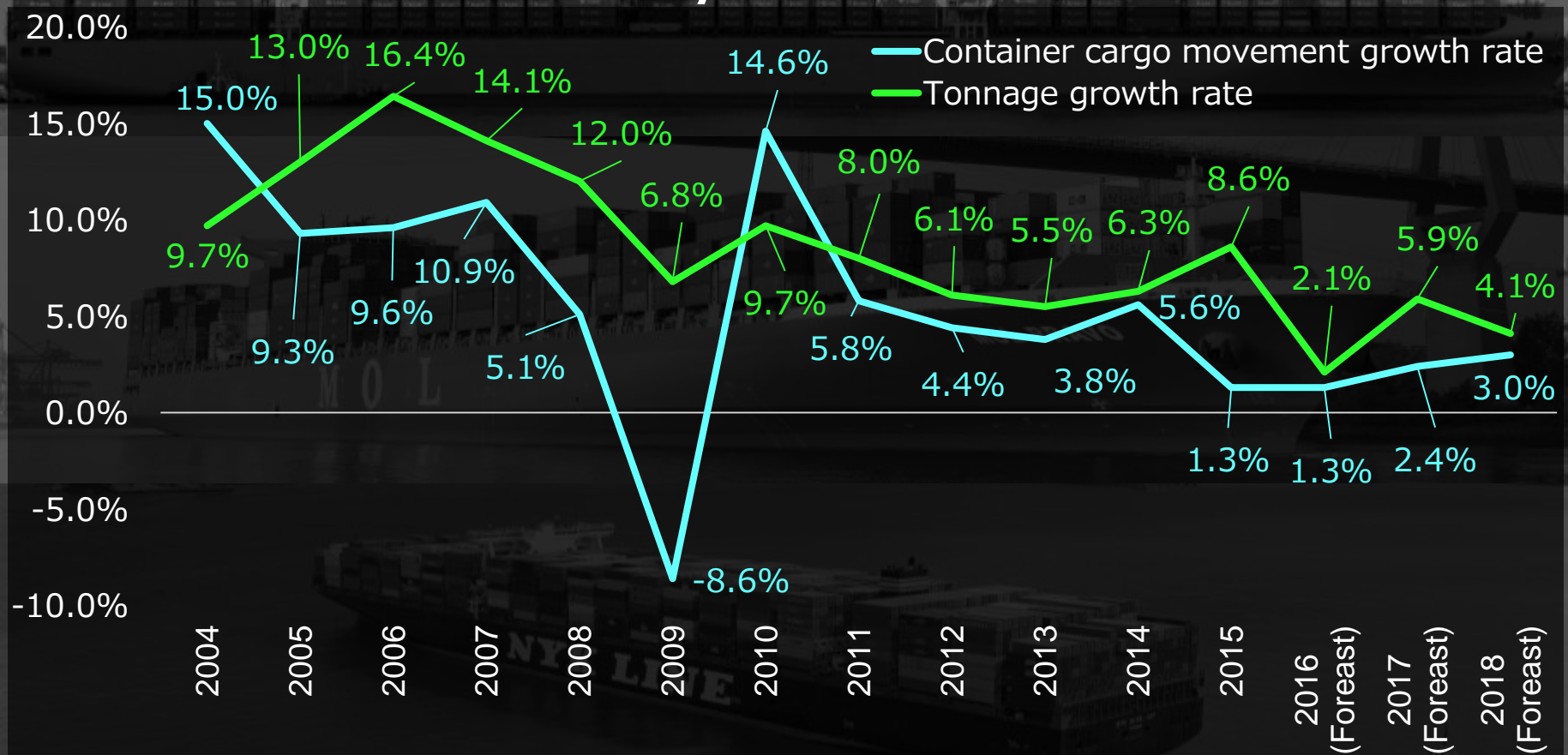
Note 1: Sales are as of Mar., 2016, TEU's are as of Oct., 2016, # of fleets are as of Sep., 2016

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

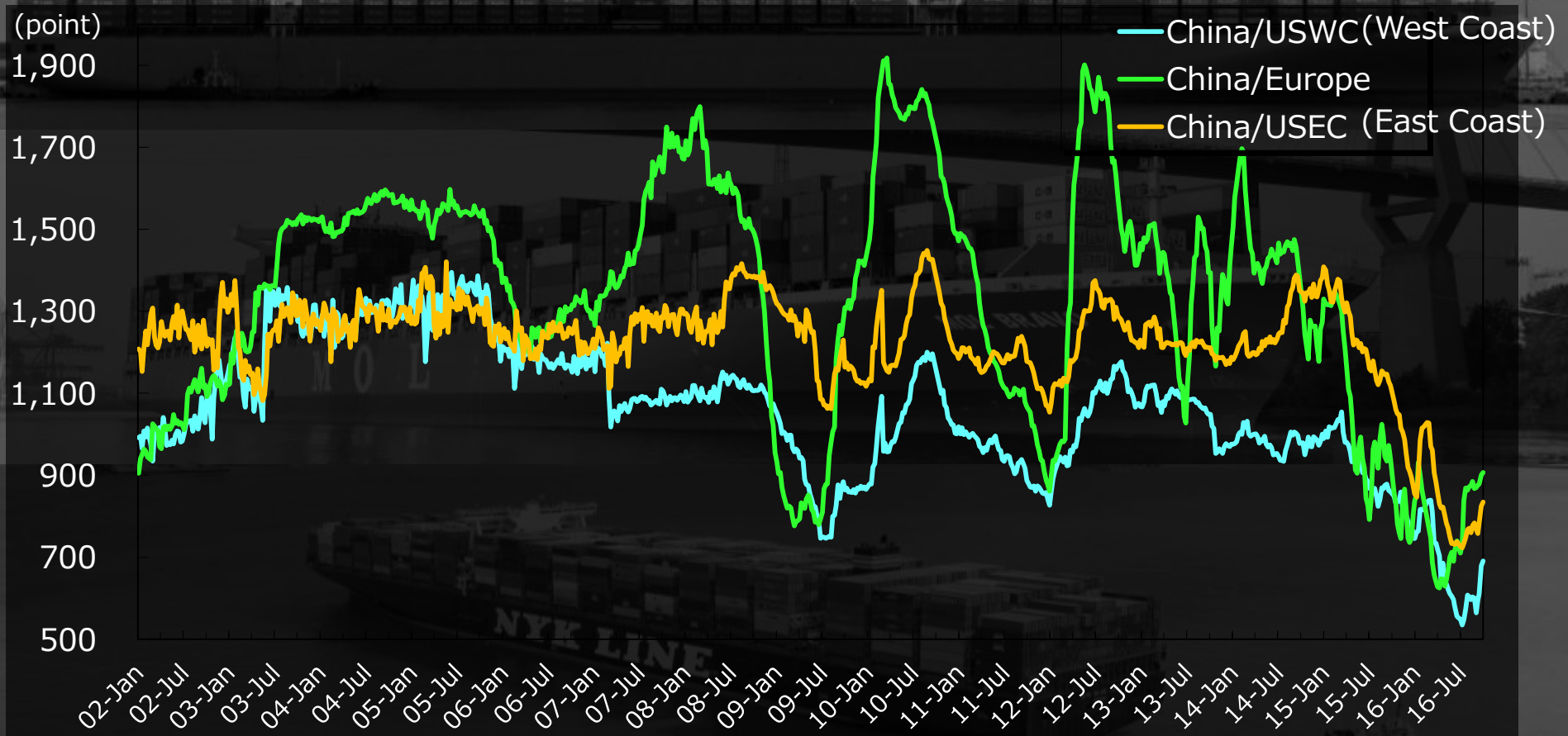
Over the last several years, cargo demand growth has slowed while the supply of tonnage has steadily increased due to a large number of newly delivered vessels. This has deteriorated the supply and demand balance in the industry.



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.



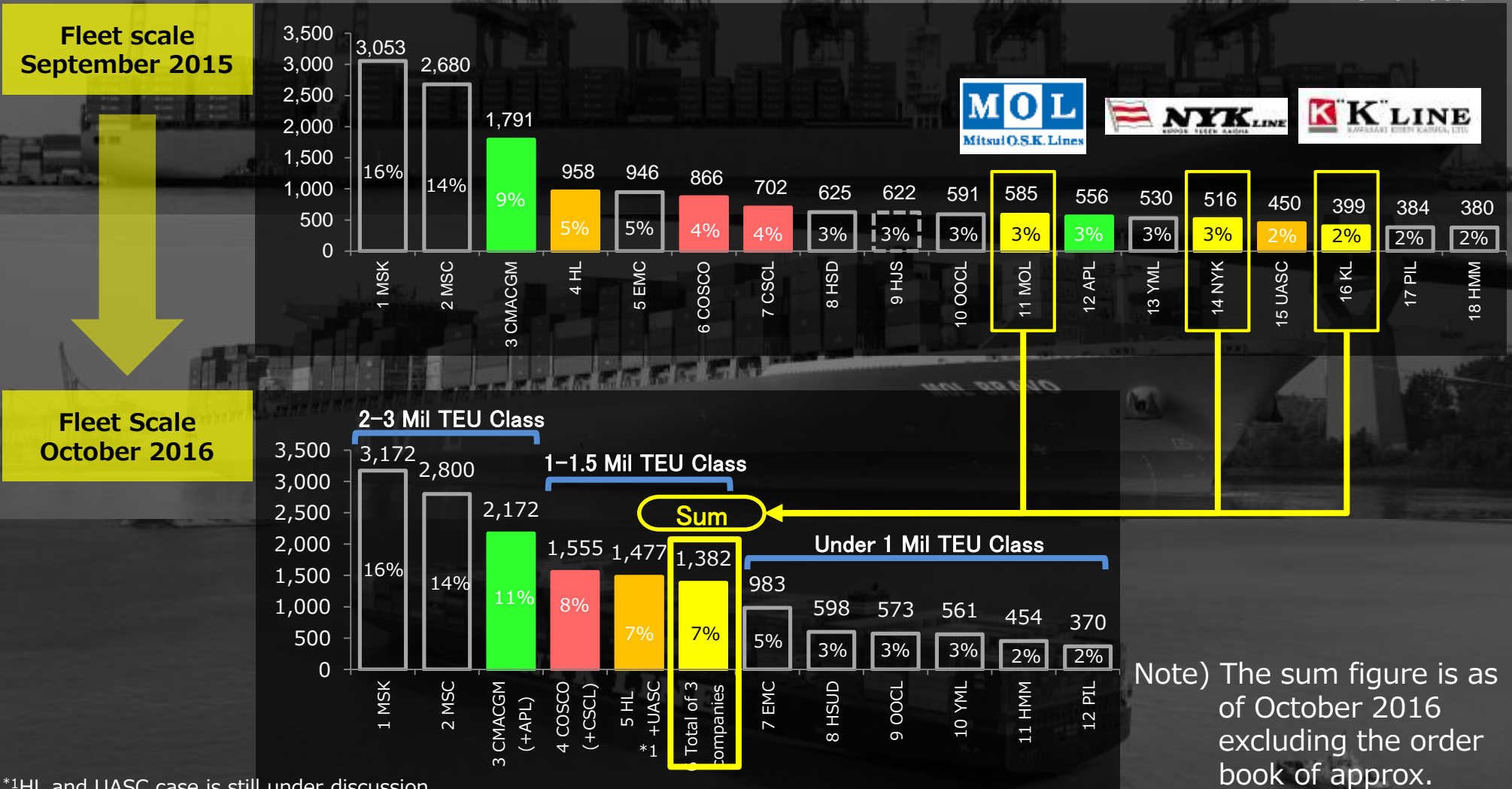
Environment of Container Shipping Business

-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



*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)**

Business Size

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

Scale of fleet of vessel, container, and employee

The Aim of the Joint-Venture



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.

Innovation

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

Reliability

Reliability and stability as an enterprise. Deliver on promise.

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.




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