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Integration of Container Shipping Business

REF.NO. 161031A-1

Dear Valued Customers:

Firstly we wish to express our very sincere appreciation for your business and for continuously supporting “K” Line service. This is to announce that today, October 31, 2016, Kawasaki Kisen Kaisha, Ltd. (“K”Line), Mitsui O.S.K. Lines (MOL), and Nippon Yusen Kaisha (NYK) have agreed to establish a new company by integrating our containership and terminal (excluding Japan) businesses.

According to our integration plan, the new company is scheduled to start service from April 1, 2018 at which time the three lines’ service networks will be integrated into one entity. The new company will provide an enhanced service network as well as better service quality to our customers through enlargement of business scale and improving operational efficiency.

We are starting to prepare for the new company, including necessary regulatory process. We will keep all customers informed of developments as necessary once they are fixed.

Until start-up of the new service, we will continue to provide “K” Line services as usual. We will greatly appreciate having your continuous support of “K” Line as always.

In case there is anything that is not clear, please don’t hesitate to contact our staff.

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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 approximately 7% of global share Note1: Figures are as of October 2016 excluding order book Note 2: Source: Alphaliner

*TEU: Twenty-foot Equivalent Unit

Schedule

Agreement date: October 31, 2016

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

Business commencement: April 1, 2018 (planned)

