

New Midterm Management Plan ("K" LINE Vision 100) Themes: "Synergy for All and Sustainable Growth"

Corporate Principles of the "K" Line Group:

The basic principles of the "K" Line Group as a business organization centering on shipping lie in:

- a. Diligent efforts for safety in navigation and cargo operations as well as for environmental preservation;
- b. Sincere response to customer needs by making every possible effort; and
- c. Contributing to the world's economic growth and stability through continual upgrading of service quality.

Efforts Toward Synergy for All and Sustainable Growth

Synergy for All: Mutually beneficial relations

Society in general

Social contributions, a focus on the environment, governance

Building relations of trust through actions as a corporate citizen and contributions to local communities

Customers

<u>Provision of safe logistics services</u>
Building relations of trust through safe and reliable transportation services

Shareholders

Appropriate returns on profits
Building relations of trust through stable and
appropriate returns on profits and fair and accurate

Business partners

<u>Enhancing partnerships</u>
Building relations of trust through fair transactions

Employees

Rewarding and satisfying work
Building relations of trust through enhancing HR
development and improving both working conditions

1. Activities to promote environmental protection

OPreventing global warming

OKeeping the sea and air clean

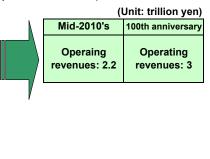
- 2. Stable safety ship operation administration structure
- OEnhancing safety-management systems and strengthening the land-based support structure
- OExpanding our ship-management structure
- OHiring and training marine technical personnel
- 3. Borderless management through the best and strongest organization
- OAccelerating borderless management through the spread of "K" Line Standards
- OStrengthening overall abilities by bringing together Group knowledge and expertise
- ODramatic improvements in worker productivity
- OA bright, vibrant workplace
- Olndustry-leading competitive strength
- 4. Proper allocation of strategic investment and management resources
- OEstablishing a stable profitability structure for existing businesses
- OGrowing new businesses into revenue-generating ones OAdvancing investment based on internal financial rules
- 5. Improvement of corporate value and complete risk management
- OEnhancing corporate quality and maximizing returns on profits Oldentifying and responding swiftly to potential risks

Group Vision:

- 1. To be trusted and supported by customers in all corners of the world while being able to continue to grow globally with sustainability,
- 2. To build a business base that will be capable of responding to any and all changes in business circumstances, and to continually pursue and practice innovation for survival in the global market.
- 3. To create and provide a workplace where each and every employee can have hopes and aspirations for the future, and can express creativity and display a challenging spirit.

Consolidated financial targets (assumptions: exchange rate of 100 Yen = US\$1, Dubai oil price at US\$100/barrel, fuel-oil price at US\$520/MT)

					(Unit: billion yen)
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Operating revenues	1,331	1,340	1,450	1,600	1,750
Ordinary income	125.9	121	135	145	160
Net income	83	78	85	95	105
ROA	13%	12%			10% or higher
Shareholders' equity	355.8	426		<mark></mark> \	680 or higher
Equity ratio	37%	37%			40% or higher
DER	93%	100%		/	85% or lower
Interest-bearing debt/operating CF	2.3	4.2		/	3.5 or lower
Payout ratio	20%	22%			25%

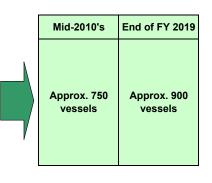


30%

Fleet, shipping capacity

	End of FY 2007
Containership	99
Dry bulk carriers	169
Car carriers	102
LNG carriers	34
Oil Tankers	28
Heavy lift /offshore carriers	15
Coastal/RORO carriers	52
Total	499

Fleet upgrading plan	End of FY 2011
(FY 2008 - FY 2011)	132
43	225
65	106
27	48
15	45
13	24
13	
4	60
180	640
(Approx. 1,180 billion yen)	





Business Strategies

Containership Business

Sustainable business growth and efficient business management

- * Responding to globalization of customers' businesses through enhancements to the service network
- * Enhancing competitive strengths through sustained fleet and terminal improvements
- * Pursuing safe transportation with a focus on protecting the environment

Dry Bulk Carrier Business

Top class worldwide with cape-size and post-panamax vessels

- * High-quality services suited to diverse customer needs
- * Growing the customer base through global business expansion
- * Enhancing a stable profitability structure through mid- to long-term contracts

Car Carrier Business

World-leading transportation quality and full route network

- * High-quality services taking the environment and safety into consideration
- * Global business expansion responding swiftly to customer needs

Energy Transportation and Tanker Business, Heavy Lift and Offshore Support Business, New Businesses

Top class worldwide with safe transportation

- * Aggressive efforts to take on new shipping demand
- * Pursuing safe and high-quality services

Logistics Business, Short Sea and Coastal Shipping Business

Mobility and high-quality services

- * Proposal-based sales that anticipate customer needs
- * Tailor-made customer-specific services