



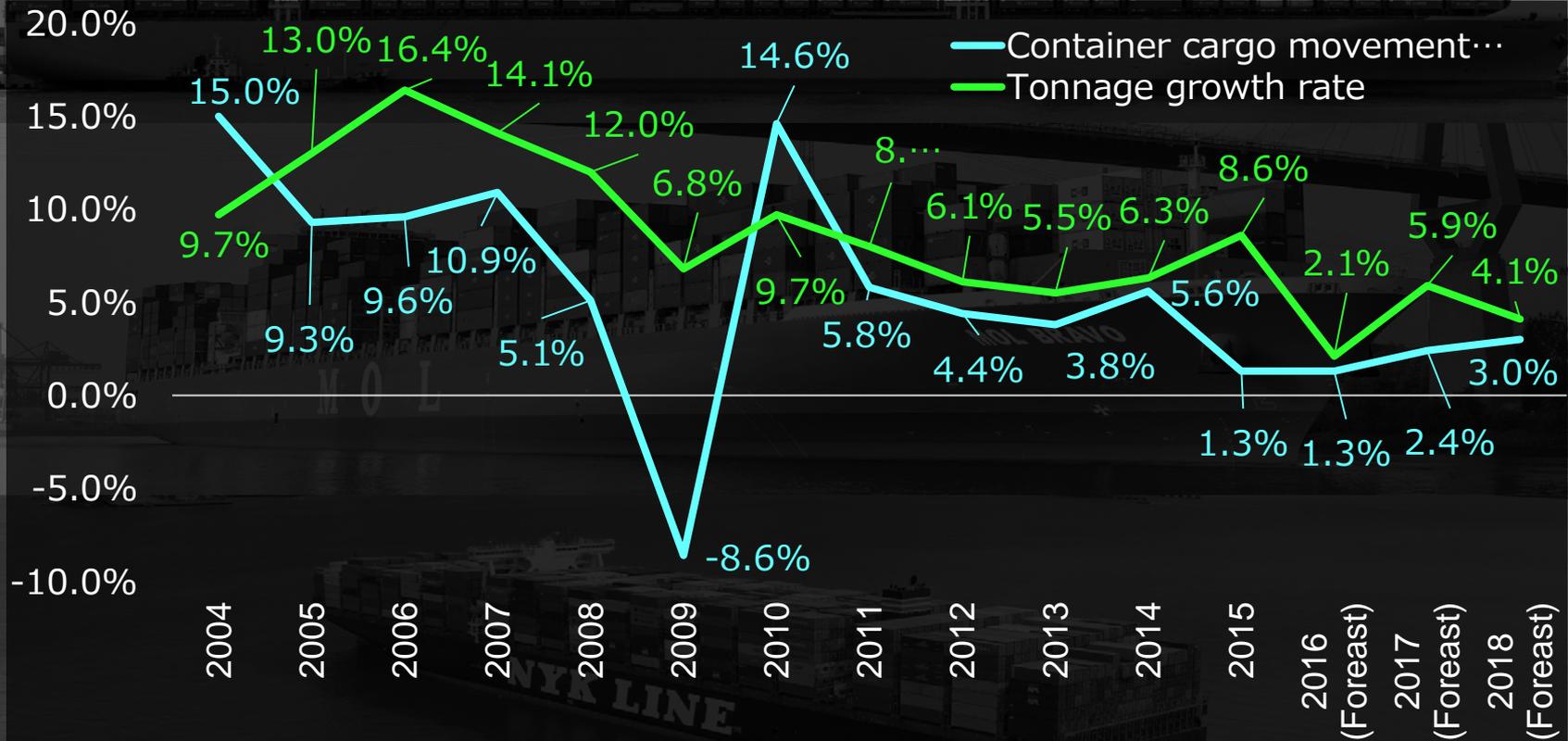
Containership Industry Environment

Where we are today

- Years of overbuilding and reduced trade growth have resulted in chronic global overcapacity
- Rates are not remunerative with most carriers continuing to lose money
- Intense focus on cost-cutting, which can impact service quality
- Culminated in Hanjin bankruptcy last year – seventh largest carrier in the world
- Some modest improvements in rates this year, but not enough to restore financial health

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.

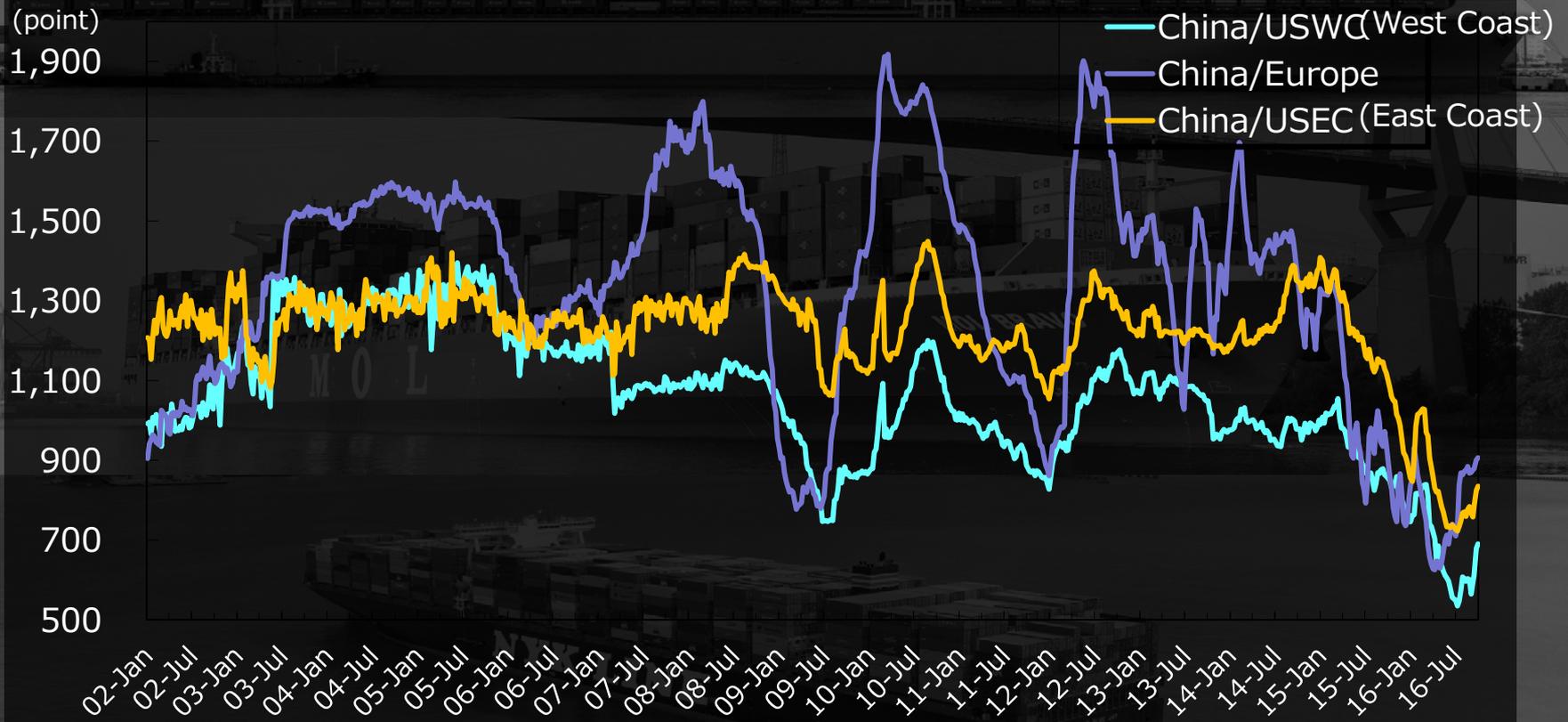


Source: Drewry(Container Forecaster), 2Q 2016, Alphaliner,

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.



Containership Industry Environment

Industry Responses

Vessel Sharing Alliances for scale

- 'THE Alliance' includes MOL, K-Line, NYK
- Ocean Alliance
- 2M

Mergers/Acquisitions (Since 2016)

- Hapag Lloyd/UASC
- Cosco/China Shipping
- CMA CGM/APL
- Maersk/Hamburg Sud
- Pending 3 Japanese Lines

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



	K LINE	MOL	NYK LINE	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

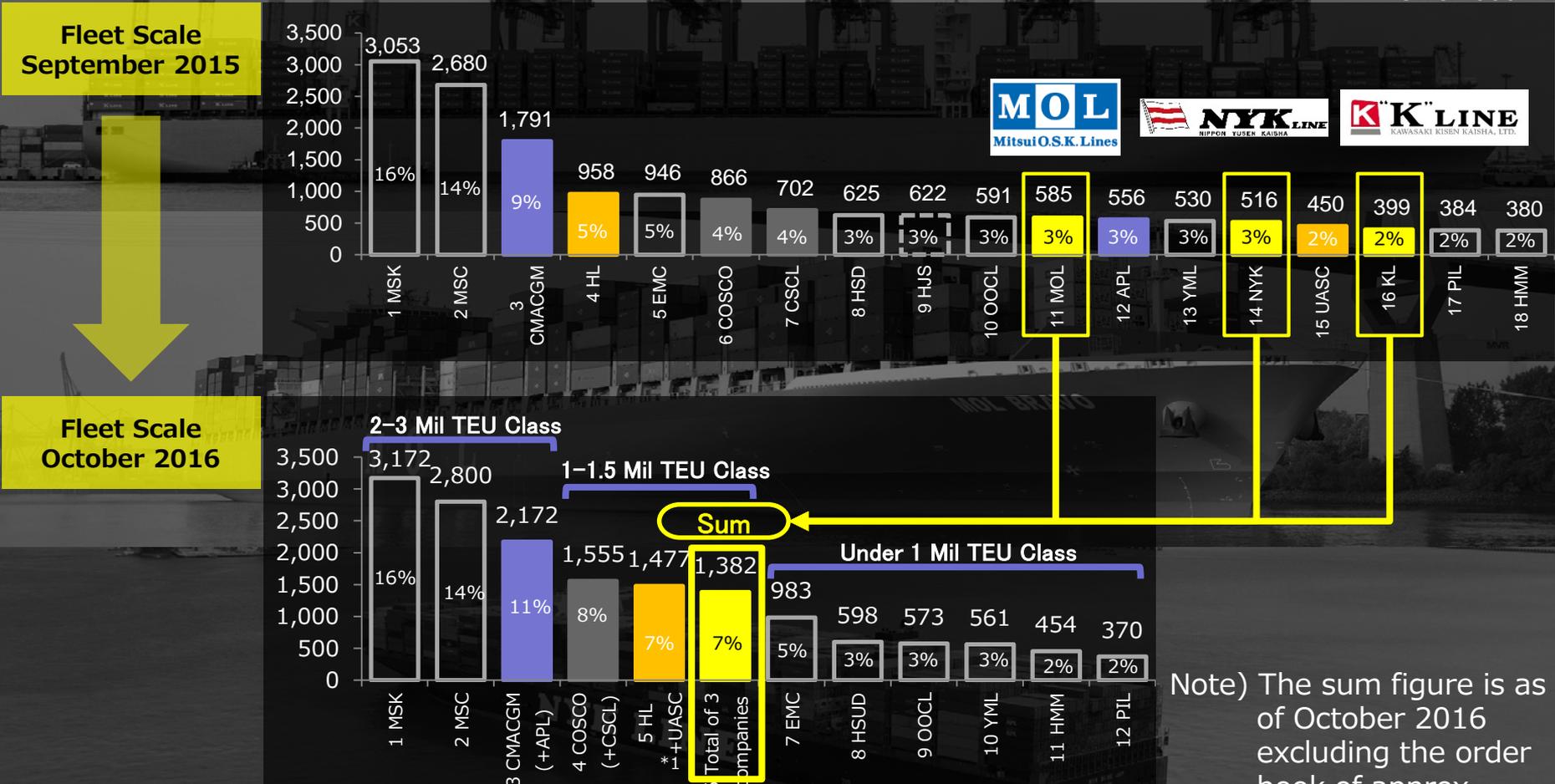
Source: Alphaliner, IR report

Environment of Container Shipping Business

-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



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

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

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.

JV Schedule

Following schedule is planned.

**Establishment of JV
(Planned)**

July 1st, 2017

**Service Start
(Planned)**

April 1st, 2018