



MOL Group

**Midterm Management Plan
FY2007-FY2009**

March 22, 2007

Mitsui O.S.K. Lines, Ltd.

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Forward-Looking Statements

This material contains forward-looking statements concerning MOL's future plans, strategies and performance. These statements represent assumptions and beliefs based on information currently available and are not historical facts. Furthermore, forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to, economic conditions, worldwide competition in the shipping industry, customer demand, foreign currency exchange rates, price of bunker, tax laws and other regulations. MOL therefore cautions readers that actual results may differ materially from these predictions.

MOL Group Midterm Management Plan

FY2007~FY2009

MOL ADVANCE

Mitsui O.S.K. Lines' Action and Direction at the Vanguard of Creating Excellence

Long-Term Vision: To make the MOL Group an excellent and resilient organization that leads the world shipping industry

Main Theme: "Growth with enhanced quality"

- Ensuring safe operation is the highest priority, while achieving sustainable growth and enhancing quality.

Overall Strategies

Safe Operation

Strategy 1: Implement comprehensive measures to reinforce and ensure safe operation

- Comprehensive measures to reinforce and ensure safe operation, backed by a total investment of ¥35 bil.
- Zero accidents, world-leading transport quality
- Gain customers' ongoing trust

Growth

Strategy 2: Focus management resources heavily on growing fields in the ocean shipping industry

- Advance order of vessels: 196 for delivery from FY2007 to 2009
→ Expansion of fleet : 805 in Mar. 2007 to 1,000 in Mar. 2010
= Ensure fleet expansion exceeding growth of seaborne trade
- Maintain /reinforce the strategically balanced business portfolio
= Emphasize a balance between stable earnings and benefits of market conditions

Aiming for

Quality
in Growth

Sustainable expansion of
sales and profits

Global

Strategy 3: Accelerate globalization and enhance sales capabilities in emerging markets

- Develop business on a global scale to meet growth and diversification of trade
- Expand businesses in emerging markets and take a proactive approach to potential business (India, Russia, Vietnam, Middle East, etc.)

Group

Strategy 4: Enhance Group-wide strength and competitiveness

- Contribution of Group companies to consolidated ordinary income (Target: ¥62 bil. in FY2009)
- Restructure corporate organization and create synergy to promote further growth of Group companies
- Creative efforts on cost reduction (Target for 3 years : ¥35 bil.)
- Expand business scale in fields related to logistics and businesses associated with ocean shipping

Governance

Strategy 5: Establish a governance structure that fulfills stakeholders' trust

Measures to Reinforce Safe Operation

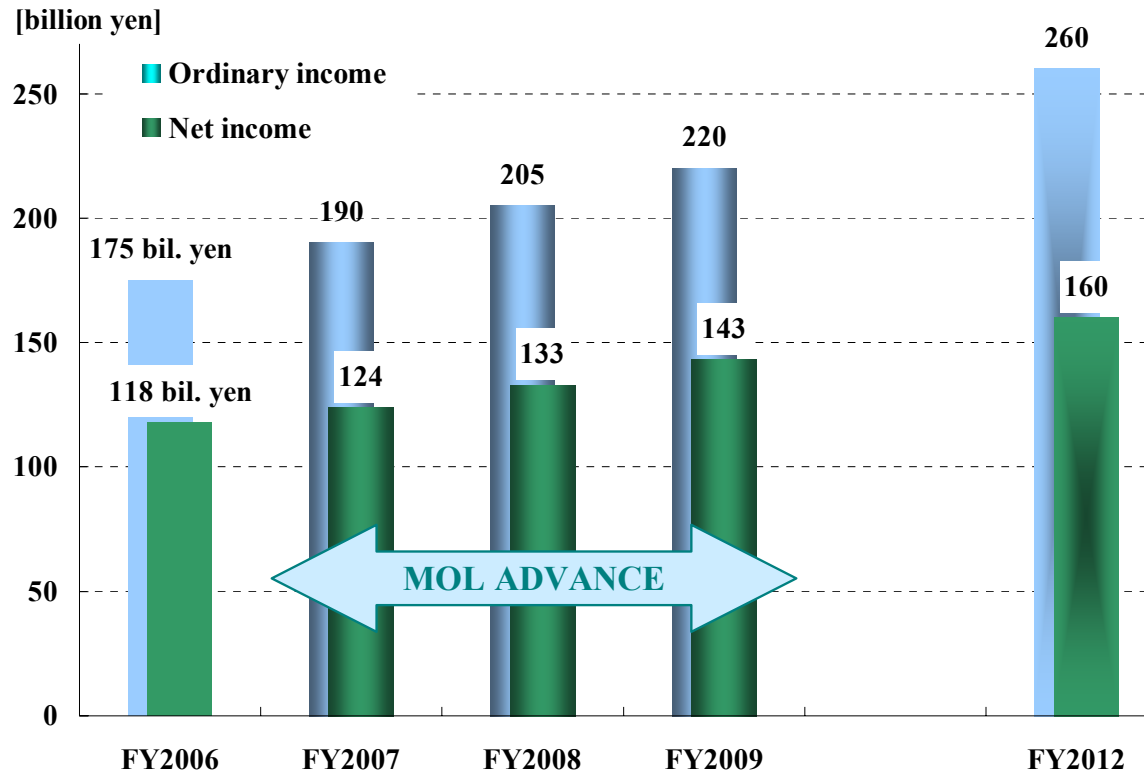
Action		Cost (incl. Capital Expenditure) [bil. yen]			
		FY2007	FY2008	FY2009	
Software	Consolidation of organizational structure (Ship management structure and establishment of Safe Operation Support Center, etc.) Recruit/develop skilled seafarers	13.0	3.5	4.5	5.0
Hardware	Enforce safety standards, Ensure thoroughness of ship maintenance policies, etc.	22.0	10.5	6.0	5.5
		35.0	14.0	10.5	10.5

Fleet Expansion Plan

			MOL ADVANCE (FY2007 - FY2009)				(FY2010 - FY2012)		
		Fleet scale at the end of March 2007 (Forecast)	Ships to join MOL fleet (Ordered)				Fleet scale at the end of March 2010 (Plan)	Ships to join MOL fleet (Plan)	Fleet scale at the end of March 2013 (Target)
			FY2007	FY2008	FY2009	FY2007 - FY2009	FY2010 - FY2012		
Bulkships	No. of vessels	650	→				800	→	950
	New vessel launching		47	68	57	172	200		
Dry Bulkers	No. of vessels	336	→				400		
	New vessel launching		24	23	20	67			
Tankers	No. of vessels	160	→				200		
	New vessel launching		10	22	28	60			
LNG Carriers	No. of vessels	59	→				80		
	New vessel launching		4	12	4	20			
Car Carriers	No. of vessels	95	→				120		
	New vessel launching		9	11	5	25			
Containerships	No. of vessels	110	→				150	→	190
	Capacity ['000 TEU]	3,830	→				6,420	30	
	New vessel launching		7	8	7	22			
Others	No. of vessels	45	→				50	→	60
	New vessel launching		1	1	0	2	6		
Total	No. of vessels	805	→				1,000	→	1,200
	New vessel launching		55	77	64	196	236		

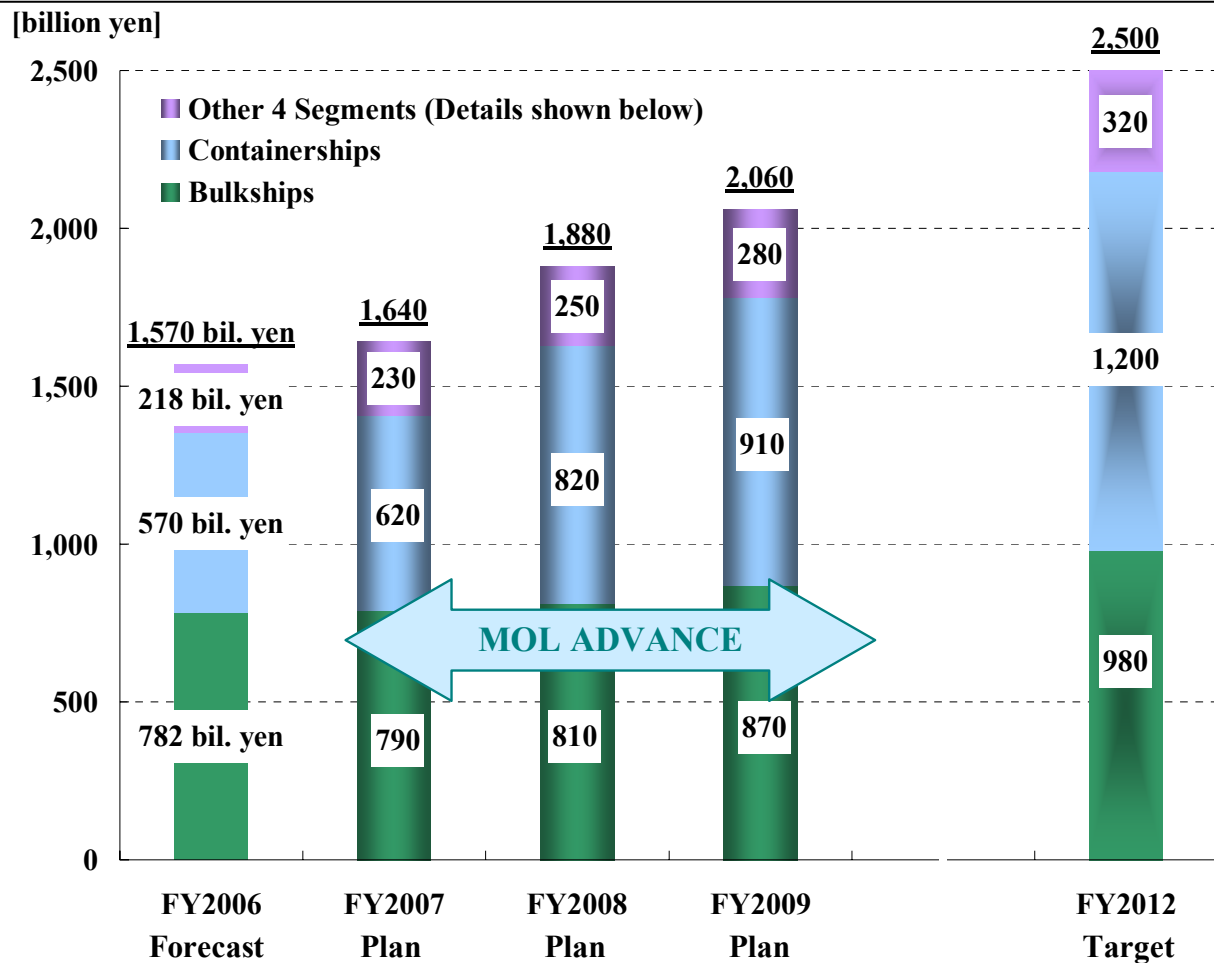
Notes: 1) Number of vessels at the end of fiscal years includes spot-chartered ships and those owned by joint ventures. 2) Numbers of vessels to join MOL fleet include those owned by joint ventures. 3) Capacity = Total slots on containerships during FY2006 and FY2009, respectively.

Overall Profit Plan



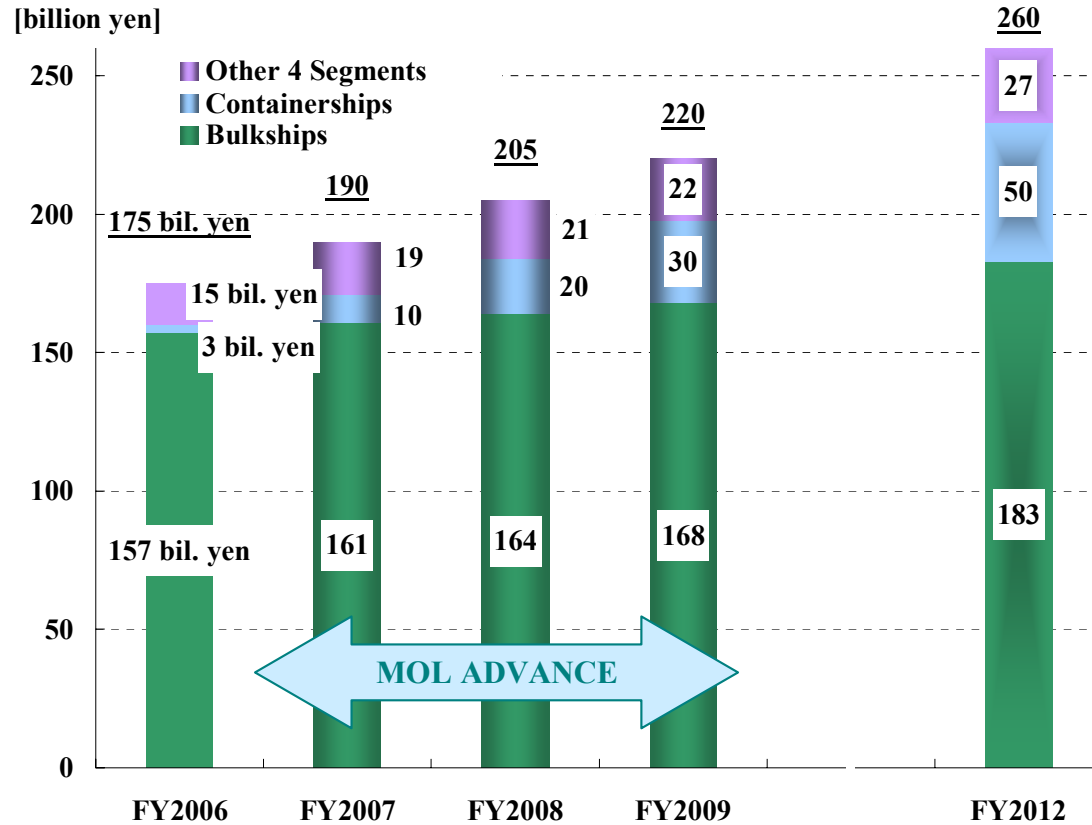
	Forecast	Plan	Plan	Plan	Target
Revenue	1,570	1,640	1,880	2,060	2,500
Operating income	166	182	197	212	250
Profit margin ratio	11.1%	11.6%	10.9%	10.7%	10.4%
Average exchange rate(¥/\$)	117	110	110	110	110
Average bunker price (\$/MT)	321	300	300	300	300
	Exchange rate sensitivity /year (Max) ±2.3 bil. yen/1¥				(FY2007)
	Bunker price sensitivity /year (Max) ±0.3 bil. yen/1\$				(FY2007)

Revenues by Segments



	FY2006 Forecast	FY2007 Plan	FY2008 Plan	FY2009 Plan	FY2012 Target
Logistics	57	66	84	105	140
Ferry/Domestic Transport	50	53	54	57	65
Associated Businesses	102	102	103	109	110
Others	9	9	9	9	5

Ordinary Incomes by Segments



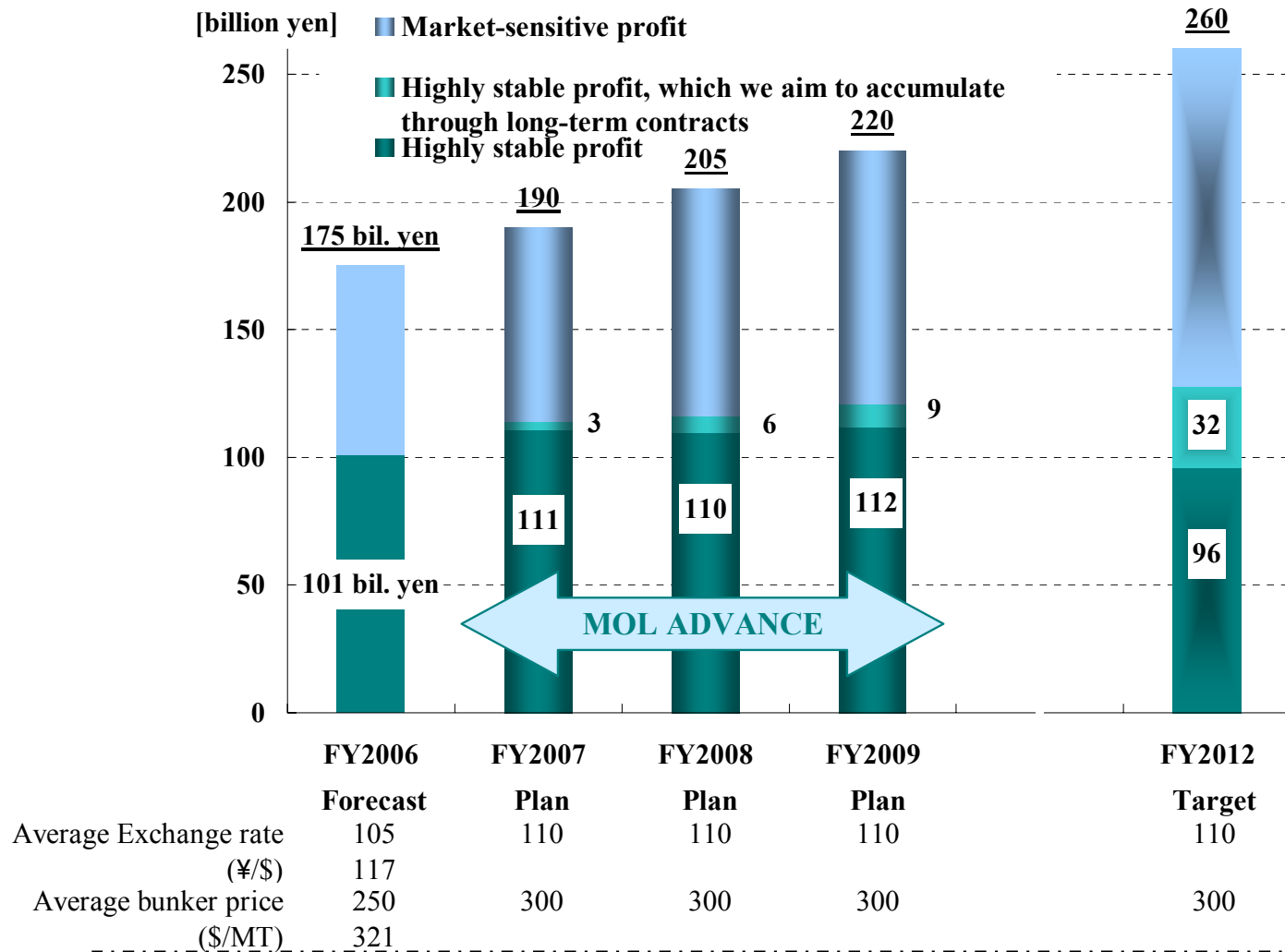
	Forecast	Plan	Plan	Plan	Target
Average exchange rate(¥/\$)	117	110	110	110	110
Average bunker price(\$/MT)	321	300	300	300	300

Market assumption (FY2006=100*)

Dry Bulk	(Cape)	109	90	90	80
	(Panamax)	97	81	81	90
	(Handy Max)	106	94	77	94
	(Small Handy)	123	101	83	98
Tanker	(VLCC)	111	111	111	99

* General market rates from March 2006 to February 2007.

Accumulation of Highly Stable Profit



Highly stable profit = Firm profit through long-term contracts and projected profit from highly stable businesses (Ordinary income base. As of Mar, 2007)**

** For FY2006, stable profit is as of beginning of fiscal year (upper part is assumption of exchange rate and bunker price), profit total is forecast as of Feb. 2007 (lower part is assumption of exchange rate and bunker price).

Financial Indices (Guideline)

	FY2006 Forecast	FY2009
Shareholders' equity ratio (Net worth*/Total assets)	33%	40% or more
Gearing ratio**	1.11	1 time or less
ROA***	7.6%	7% or more

* Net worth = Owners' equity + Valuation and translation adjustments

** Gearing ratio = Interest bearing debt/Net worth

*** ROA = Net income/Average total assets of at the beginning and end of fiscal year

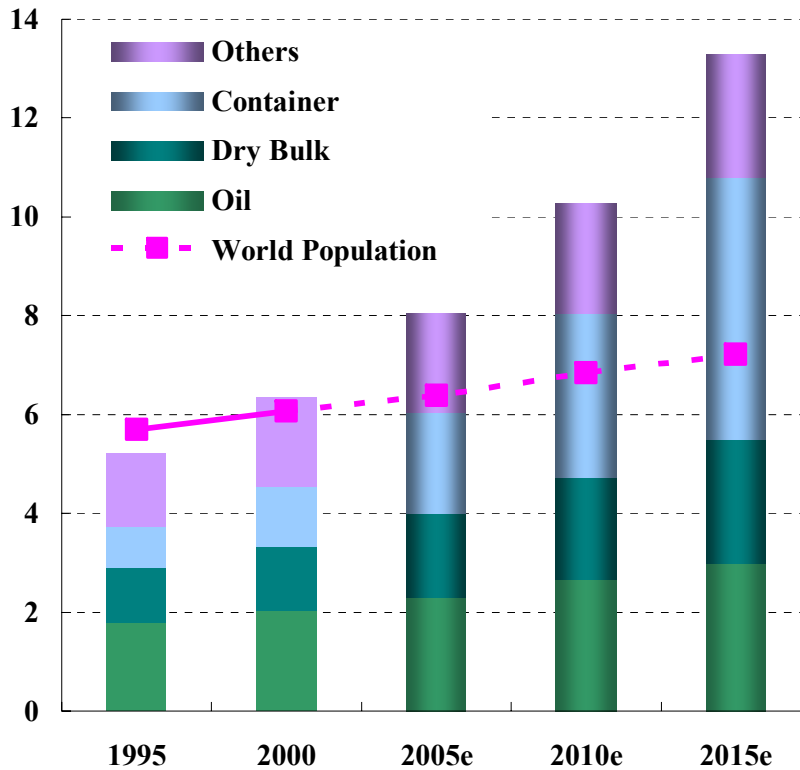
Risk Management

- **Outlook of fleet demand/supply**
- **Address changes in freight rate market**
- **Viewpoints on orders of vessels for launch after 2010**
- **Address changes in exchange rate and bunker prices**
- **Internal control, environmental, and CSR measures**

Supplements

Demand of Seaborne Trade and Fleet Expansion

World Population and Seaborne Trade
[billion tons/billion people]



Growth	Other cargoes	3.9%	2.1%	2.2%	2.2%
	Container	8.3%	10.8%	10.0%	10.0%
Dry bulk	3.2%	5.5%	4.2%	3.9%	
Oil	2.5%	2.7%	3.0%	2.2%	
Total	4.0%	4.8%	5.0%	5.3%	

Annual rates. Other cargoes = non-containerized cargoes other than dry bulk and oil.

MOL Group's Fleet Growth

(based on number of vessels)

	MOL STEP 2004.3 ~2007.3	MOL ADVANCE 2007.3 ~2010.3	2010.3 ~2013.3
Bulkships	7.0%	7.2%	5.9%
Containerships	14.0%	10.9%	8.2%
Other ships	3.2%	3.6%	6.3%
Total	7.9%	7.4%	6.2%

(annual rates)

Bulkships = Dry Bulk Carriers, Tankers, LNG Carriers, Car Carriers

Others ships = Ferries, Domestic Carriers, Passenger Ships

Sources

Population: UN statistics

Seaborne trade: Results = Fearnley World Seaborne Trade

Estimate = As follows.

----- MOL internal calculation

----- MOL internal calculation based on Drewry, etc.

----- MOL internal calculation based on Drewry, MSI, etc.

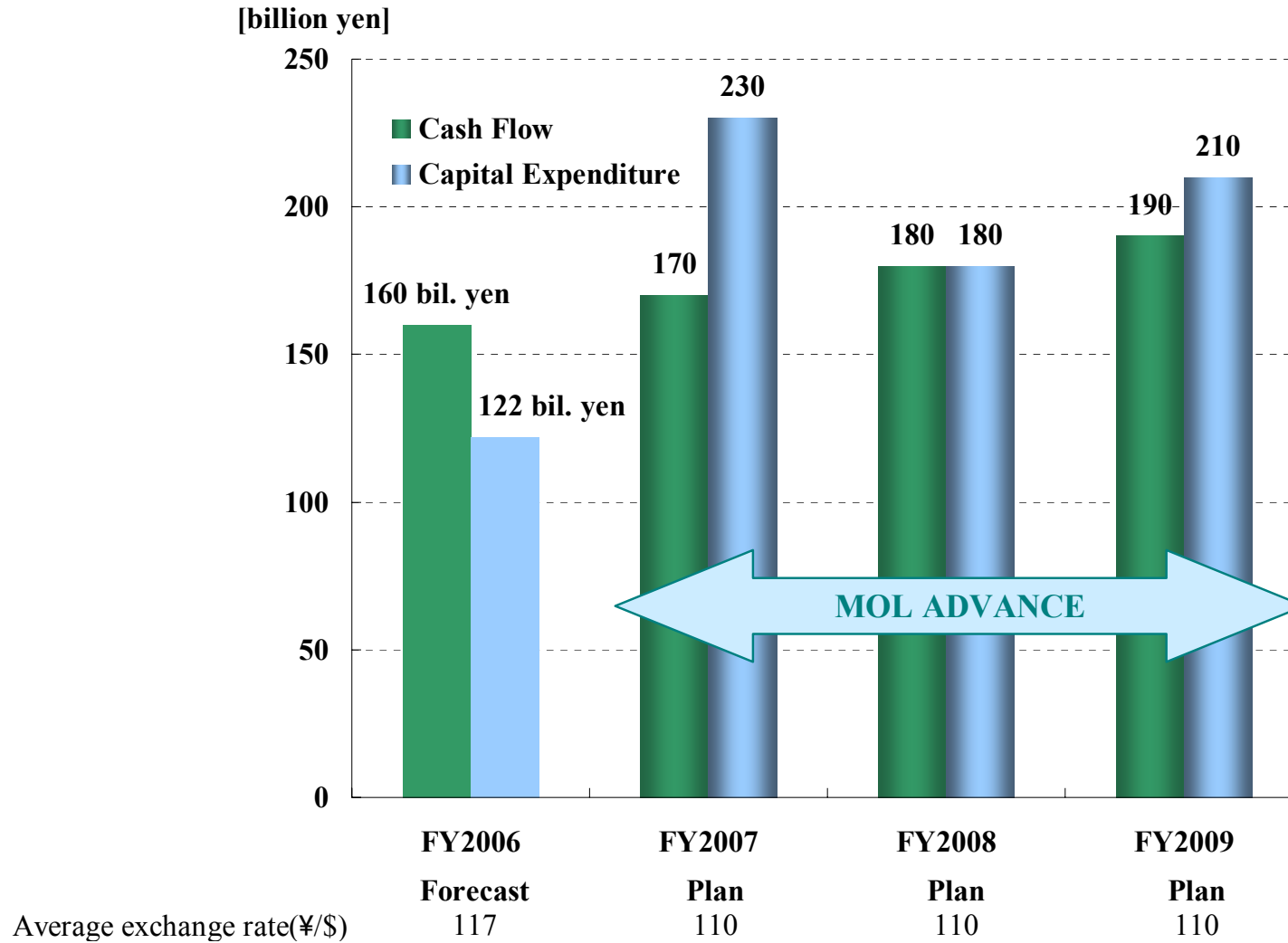
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Segment Information

(billion yen)		FY2006 (Forecast)	FY2007 (Plan)	FY2008 (Plan)	FY2009 (Plan)	FY2012 (Target)
Bulkships	Revenue	782	790	810	870	980
	Ordinary income	157	161	164	168	183
Containerships	Revenue	570	620	820	910	1,200
	Ordinary income	3	10	20	30	50
Logistics	Revenue	57	66	84	105	140
	Ordinary income	2	3	4	5	7
Ferry & domestic transport	Revenue	50	53	54	57	65
	Ordinary income	0	2	3	3	5
Associated businesses	Revenue	102	102	103	109	110
	Ordinary income	12	13	13	13	14
Others	Revenue	9	9	9	9	5
	Ordinary income	2	3	3	3	3
Elimination	Revenue	-	-	-	-	-
	Ordinary income	△ 1	△ 2	△ 1	△ 2	△ 1
Consolidated	Revenue	1,570	1,640	1,880	2,060	2,500
	Ordinary income	175	190	205	220	260

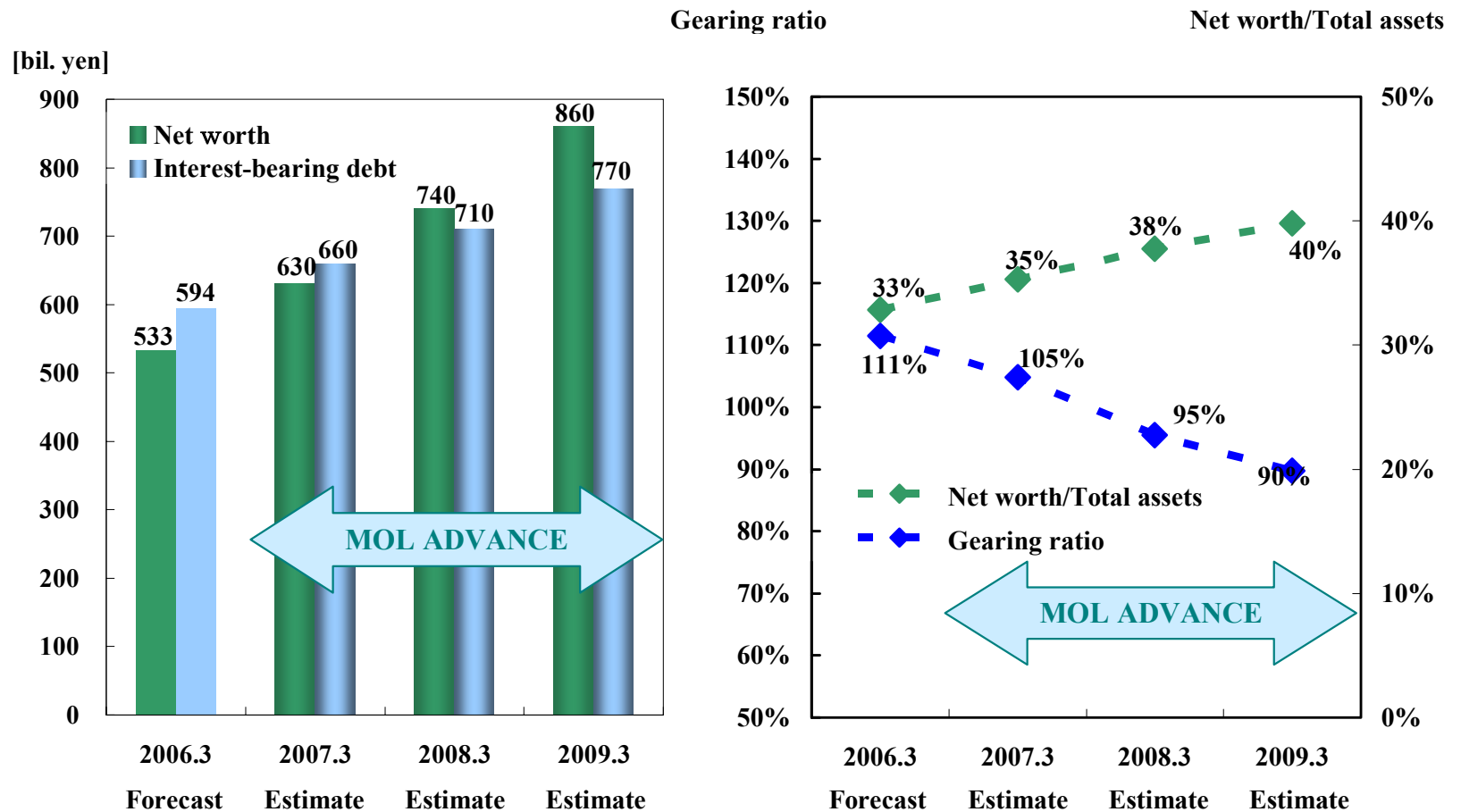
* "Revenue" = Revenues from customers, non-consolidated subsidiaries and affiliated companies

Capital Expenditure and Cash Flow



Cash flow = Net income + Depreciation - Dividend

Net Worth and Interest-Bearing Debt



Term-end exchange rate(¥/\$)	2006.3	2007.3	2008.3	2009.3
MOL	120	110	110	110
Overseas subsidiaries	119	110	110	110

Gearing ratio = Interest bearing debt/Net worth

Creative Efforts on Cost Reduction

(billion yen)

	FY2007	FY2008	FY2009	Total
Sales Division (Voyage expenses, container expenses, etc.)	6.5	11.0	11.0	28.5
Administration Division (Administration expenses, interest payments, etc.)	2.5	2.0	2.0	6.5
Total	9.0	13.0	13.0	35.0
MOL(Non-Consolidated)	8.0	12.0	12.5	32.5
Group Companies	1.0	1.0	0.5	2.5

Mitsui O.S.K. Lines