

This is a translation of the original Japanese “Notice of the 113th Ordinary General Meeting of Shareholders” prepared for the convenience of non-Japanese speakers. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Securities Code No. 9062
June 6, 2019

To Our Shareholders

9-3, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
NIPPON EXPRESS CO., LTD.
Mitsuru Saito
President and Representative Director

NOTICE OF THE 113TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 113th Ordinary General Meeting of Shareholders of NIPPON EXPRESS CO., LTD. (the “Company”).

If you are unable to attend the aforesaid meeting, you can exercise your votes through either of the methods stated below. The Company respectfully requests that you review the “Reference Material Concerning the General Meeting of Shareholders” below and exercise your voting rights on or before 6:00 p.m. (JST) June 26, 2019 (Wednesday):

[By mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your consent or dissent to the proposals on the agenda, and return the form to the Company by mail on or before the time limit stated above.

[Via the Internet]

When exercising your right via the Internet, please carefully read Guidance regarding the exercise of voting rights via the Internet in the “Procedures for Exercising Voting Rights via the Internet” stated in page 3 of the Japanese original version (*Note: intentionally omitted as Internet voting service is only available in Japan with the Japanese language*).

(Note: The Company participates in the ICJ platform for institutional investors to vote from ProxyEdge® system of Broadridge. For further details, please consult with your custodian(s), nominee(s) and/or broker(s). Voting via Internet other than ICJ platform is only available for registered shareholders in Japan with Japanese language only.)

*(Note to shareholders residing outside Japan)
Your vote is important. We will appreciate your participation in the meeting of this Ordinary General Meeting of Shareholders of the Company through providing instruction to your custodians, brokers, nominees, voting agents or other authorized intermediaries to process your vote as soon as possible. We look forward to receiving your vote.*

- ① When you attend the meeting, please submit the enclosed document for the exercise of voting rights to the receptionist at the meeting place.
- ② Of the documents to be presented along with this notice, Notes to Consolidated Accounting Documents and Notes to Non-Consolidated Accounting Documents are posted on the Company’s website, pursuant to the relevant laws and regulations and Article 15 of the Articles of Incorporation of the Company, and thus are not attached to this notice. As such, reference materials to this notice are part of the Consolidated Accounting Documents and Non-Consolidated Accounting Documents audited by the Accounting Auditor for the purpose of preparing the

accounting audit report, and are part of the Consolidated Accounting Documents and Non-Consolidated Accounting Documents audited by the Audit & Supervisory Board Members for the purpose of preparing the auditor report.

- ⊙ In the event that any event occurs to amend the items to be presented in the Reference Document Concerning General Meeting of Shareholders, the Business Report, Consolidated Accounting Documents and Non-Consolidated Accounting Documents, please be informed that the Company will display the amended items on the Company's website.

⊙ **The Company will not provide gifts to shareholders attending the meeting.**

The Company's website: <https://www.nittsu.co.jp/>

Particulars

- 1. Date and Time:** 10:00 a.m. on June 27, 2019 (Thursday)
- 2. Place:** Large Conference Room, on the 2nd floor of Nippon Express Co., Ltd.
9-3, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
(Please refer to the guidance map to the place of the meeting stated at the end of this document.)

3. Objectives of the Meeting

Matters to be reported:

Report on Business, the Consolidated Accounting Documents, the Non-Consolidated Accounting Documents for the 113th Business Term (from April 1, 2018 to March 31, 2019), and the Report on the Results of Audit of Consolidated Accounting Documents by Accounting Auditor and Audit & Supervisory Board.

Matters to be resolved:

Proposal 1: Proposed Disposal of Surplus

Proposal 2: Partial Amendments to the Articles of Incorporation

Proposal 3: Election of Nine (9) Directors

Proposal 4: Partial Revision of Performance-based Stock Compensation Plan for Directors, etc.

Proposal 5: Presentation of Bonuses to Directors

4. Guidance for Exercising Voting Rights:

(Please refer to the [Guidance for Exercising Voting Rights] in the next page.)

(Note: This paragraph intentionally omitted as the Internet voting service is only available in Japan with the Japanese language)

- End -

<About the platform for exercising voting rights>

Nominal owners such as management trust banks (including standing proxies) may make prior application to use the electronic voting rights exercise platform (the so-called “TSE platform”) as an electronic method for exercising voting rights for this ordinary general meeting of shareholders instead of exercising the voting rights via the Internet.

Reference Material Concerning General Meeting of Shareholders

Proposals and References Materials

Proposal 1: Proposed Disposal of Surplus

The Company secures internal reserves to prepare for stronger management base and financial standing while taking into comprehensive consideration its profit situation, the dividend ratio, etc. The Company proposes that the year-end dividend for the business year under review be made as follows:

Matters related to year-end dividend

- (1) Kind of dividend property: Cash
- (2) Matters related to distribution of cash and total amount:
 Yen 85 per share of common stock of the Company
 The total amount: 8,042,219,665 yen
- (3) Effective date for distribution of surplus: June 28, 2019

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

The Company proposes that Article 23 of the current Articles of Incorporation be amended, in order to enable flexible administration of the Board of Directors meetings in accordance with the Board composition.

2. Details of the amendments

The details of the amendments are as follows:

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Convocation of Meetings and Chairman)</p> <p>Article 23. Except as otherwise provided by laws and regulations, the <u>President and Director</u> shall convene the meetings of the Board of Directors and act as the chairman thereof. If the <u>President and Director</u> is unable to so act, another Director, determined in accordance with an order of priority previously determined by resolution of the Board of Directors of the Company, shall convene the meetings of the Board of Directors and act as the chairman thereof.</p>	<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Convocation of Meetings and Chairman)</p> <p>Article 23. Except as otherwise provided by laws and regulations, the <u>Director previously determined by resolution of the Board of Directors</u> shall convene the meetings of the Board of Directors and act as the chairman thereof. If the <u>said Director</u> is unable to so act, another Director, determined in accordance with an order of priority previously determined by resolution of the Board of Directors of the Company, shall convene the meetings of the Board of Directors and act as the chairman thereof.</p>

Proposal 3: Election of Nine (9) Directors

The terms of office of all the fourteen (14) Directors will expire at the closing of this Ordinary General Meeting of Shareholders. Accordingly, in order to improve efficiency in the management structure, it is proposed to reduce the number of Directors by five (5), and elect Nine (9) Directors (three (3) of whom are Outside Directors).

The candidates for Directors are listed below.

Candidate Number	Name				Position and Responsibilities at the Company
1	Kenji Watanabe	Re-appointment			Chairman and Representative Director
2	Mitsuru Saito	Re-appointment			President, Chief Executive Officer and Representative Director Chief Executive Officer Corporate Strategy Section Chief Managing Officer of Corporate Strategy Headquarters
3	Takaaki Ishii	Re-appointment			Executive Vice President, Chief Operating Officer and Representative Director Business Solutions Section
4	Hisao Taketsu	Re-appointment			Executive Vice President, Chief Operating Officer and Representative Director Corporate Solutions Section Chief Managing Officer of Corporate Support Headquarters and CSR Headquarters
5	Susumu Akita	Re-appointment			Executive Vice President, Chief Operating Officer and Representative Director Japan Business Section Chief Managing Officer of Japan Business Headquarters and Network Transport Business Promotion Headquarters In charge of Japan Business Administration Division
6	Takashi Masuda	Re-appointment			Director and Executive Officer In charge of Corporate Planning Division and Financial Planning Division
7	Masahiro Sugiyama	Re-appointment	Outside	Independent	Outside Director
8	Shigeo Nakayama	Re-appointment	Outside	Independent	Outside Director
9	Sadako Yasuoka	Re-appointment	Outside	Independent	Outside Director

Reappointment: Candidate for reappointment as Director

Outside: Candidate for Outside Director

Independent: Candidate for independent officer

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
1	Kenji Watanabe (February 3, 1950) Reappointment	<p>April 1972 Joined the Company</p> <p>May 2005 Executive Officer, Regional General Manager, No. 9 Region, and General Manager, Osaka Branch</p> <p>June 2005 Director and Executive Officer, Regional General Manager, No. 9 Region, and General Manager, Osaka Branch</p> <p>May 2007 Director and Senior Managing Executive Officer, Regional General Manager, Tokyo Metropolitan Region, and General Manager, Tokyo Branch</p> <p>May 2009 Executive Vice President, Chief Operating Officer and Representative Director</p> <p>June 2011 President, Chief Executive Officer and Representative Director</p> <p>May 2017 Chairman and Representative Director (Incumbent)</p>	25,503
<p>[Reasons for the selection]</p> <p>Since his appointment as President, Chief Executive Officer and Representative Director of the Company in June 2011, Mr. Kenji Watanabe has been committed to driving the growth of the Nittsu Group, developing its operational base as a truly global logistics company, in addition to strengthening its domestic business. As he has been serving as Chairman and Representative Director since May 2017, the Company believes that his solid leadership and management capabilities based on his outstanding insight are crucial for strengthening the operational base of the entire Nittsu Group in order to realize its long-term vision of the New Business Plan, and thus proposes him as candidate for Director on a continuous basis.</p>			

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
2	Mitsuru Saito (September 22, 1954) Reappointment	April 1978 Joined the Company May 2009 Executive Officer, Regional General Manager, Tohoku Region and General Manager, Sendai Branch May 2012 Managing Executive Officer June 2012 Director and Managing Executive Officer May 2014 Executive Vice President, Chief Operating Officer and Representative Director May 2017 President, Chief Executive Officer and Representative Director (Incumbent) (Duties in charge) Chief Executive Officer Corporate Strategy Section Chief Managing Officer of Corporate Strategy Headquarters	13,800
<p>[Reasons for the selection]</p> <p>Since his appointment as Executive Vice President, Chief Operating Officer and Representative Director in May 2014, Mr. Mitsuru Saito has implemented operational structural reforms leading to sustainable corporate growth in a prompt and precise manner as Chief Managing Officer of Administration Headquarters. As he has been serving as President and Representative Director of the Company since May 2017, the Company believes that his solid leadership and management capabilities based on his outstanding insight are crucial for implementing all strategies under the New Business Plan as Chief Executive Officer in a prompt and precise manner for the Nippon Express Group to grow into a logistics company with a strong presence in the global market, and thus proposes him as candidate for Director on a continuous basis.</p>			

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
3	Takaaki Ishii (October 12, 1954) Reappointment	<p>April 1978 Joined the Company</p> <p>June 2011 Executive Officer, Regional General Manager, North Kanto & Shin-Etsu Region, and General Manager, Gunma Branch</p> <p>December 2013 Executive Officer</p> <p>May 2014 Managing Executive Officer</p> <p>June 2014 Director and Managing Executive Officer</p> <p>May 2015 Director and Senior Managing Executive Officer, Regional General Manager, Kanto Region, and General Manager, Air Freight Business Branch</p> <p>May 2017 Executive Vice President, Chief Operating Officer and Representative Director (Incumbent)</p> <p>(Duties in charge) Business Solutions Section</p>	10,200
<p>[Reasons for the selection]</p> <p>Since his appointment as Executive Officer of the Company in June 2011, Mr. Takaaki Ishii has contributed greatly to management of the Company with executive responsibility for operations in broad areas primarily in the Kanto Region. As he has been serving as Executive Vice President, Chief Operating Officer and Representative Director since May 2017, the Company believes that his leadership and management capabilities based on his profound experience and knowledge are crucial for further strengthening its approaches based on both customer and business and developing its global logistics business while ensuring its solid competitiveness, and thus proposes him as candidate for Director on a continuous basis.</p>			

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
4	Hisao Taketsu (January 18,1958) Reappointment	April 1981 Joined the Company June 2011 Executive Officer, Regional General Manager, Shikoku Region, and General Manager, Shikoku Branch May 2013 Executive Officer May 2014 Managing Executive Officer, Regional General Manager, Tokyo Metropolitan Region, and General Manager, Tokyo Branch June 2014 Director and Managing Executive Officer, Regional General Manager, Tokyo Metropolitan Region, and General Manager, Tokyo Branch May 2015 Director and Managing Executive Officer, General Manager, Tokyo Metropolitan Branch May 2017 Executive Vice President, Chief Operating Officer and Representative Director (Incumbent) (Duties in charge) Corporate Solutions Section Chief Managing Officer of Corporate Support Headquarters and CSR Headquarters	8,700
<p>[Reasons for the selection]</p> <p>Since his appointment as Executive Officer of the Company in June 2011, Mr. Hisao Taketsu has contributed greatly to operational enhancement of the Shikoku Region and Tokyo Metropolitan Regions with executive responsibility. As he has been serving as Executive Vice President and Representative Director since May 2017, the Company believes that his leadership and management capabilities based on his extensive experience and knowledge are crucial for developing a rock-solid operational base to support its business growth strategy in the midst of an increasingly uncertain business environment, and thus proposes him as candidate for Director on a continuous basis.</p>			

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
5	Susumu Akita (September 7, 1959) Reappointment	April 1982 Joined the Company May 2014 Executive Officer, Regional General Manager, Tohoku Region, and General Manager, Sendai Branch May 2016 Executive Officer June 2016 Director and Executive Officer May 2017 Director and Managing Executive Officer April 2019 Executive Vice President, Chief Operating Officer and Representative Director (Incumbent) (Duties in charge) Japan Business Section Chief Managing Officer of Japan Business Headquarters and Network Transport Business Promotion Headquarters In charge of Japan Business Administration Division	3,500
<p>[Reasons for the selection]</p> <p>Since his appointment as Executive Officer of the Company in May 2014, Mr. Susumu Akita has contributed to the development of businesses in the Tohoku Region and has made great achievements as a company-wide manager of important sections such as general affairs, human resources and business administration sections. As he has been serving as Executive Vice President since April 15, 2019, the Company believes that his leadership and management capabilities based on his excellent insight are crucial for controlling its overall businesses in Japan, improving profitability and productivity, and advancing its strategy to enhance businesses, and thus proposes him as candidate for Director on a continuous basis.</p>			

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
6	Takashi Masuda (August 30, 1960) Reappointment	April 1984 Joined the Company May 2007 Managing Director, NIPPON EXPRESS CAPITAL CO., LTD. July 2009 Group General Manager, 3PL Division April 2010 Group General Manager, Global Logistics Solutions Division May 2013 General Manager, Finance & Accounting Division May 2015 Director and Executive Officer, NITTSU SHOJI CO., LTD. May 2017 Director and Managing Executive Officer, NITTSU SHOJI CO., LTD. May 2018 Executive Officer June 2018 Director and Executive Officer (Incumbent) (Duties in charge) In charge of Corporate Planning Division and Financial Planning Division	2,500
		[Reasons for the selection] Since his appointment as Executive Officer of the Company in charge of finance in May 2018, Mr. Takashi Masuda has promoted measures to reinforce its financial base and streamline company-wide accounting operations. The Company believes that his management capabilities based on his diversified experience and profound knowledge in finance and other areas are crucial for strengthening its operational base through highly strategic investments and realizing capital policies in ESG-oriented business management, and thus proposes him as candidate for Director on a continuous basis.	

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
7	Masahiro Sugiyama (February 25, 1941) Reappointment Outside Director Independent Officer	April 1971 Research Assistant, Waseda University School of Commerce April 1974 Lecturer, Waseda University School of Commerce April 1976 Associate Professor, Waseda University School of Commerce April 1977 Guest Researcher, Faculty of Law and Economics, University of Bonn, Germany April 1981 Professor, Waseda University School of Commerce and Graduate School of Commerce (From 2004, Professor, Waseda University Faculty of Commerce, due to the organization's name change) May 2011 Emeritus Professor, Waseda University (Incumbent) June 2014 Director, the Company (Incumbent) (Important Position of Other Organizations Concurrently Assumed) Vice Chairman, Japan Automobile Federation Director and Auditor, Japan Automobile Manufacturers Association	300
<p>[Reasons for the selection] Mr. Masahiro Sugiyama has many years of experience in research in the area of transport and freight as a university professor, and therefore the Company elects Mr. Sugiyama as Outside Director on a continuous basis in the judgment that he will be able to utilize his abundant experience and wide range of insight in the management of the Company. Mr. Sugiyama has no direct experience in managing a company other than serving as an outside Director, however, based on the above reason, the Company believes he will be able to carry out his duties as Outside Director appropriately.</p>			

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
8	Shigeo Nakayama (April 3, 1952) Reappointment Outside Director Independent Officer	<p>April 1978 Certified as an attorney (Daiichi Tokyo Bar Association) Joined Law Firm of Naritomi Yasunobu</p> <p>April 1987 Founded Law Firm of Nakayama Shigeo (In April 2005, name changed to Law Firm of Nakayama & Otokozawa) (Incumbent)</p> <p>June 2014 Director, the Company (Incumbent) (Important Position of Other Organizations Concurrently Assumed) Outside Corporate Auditor, Shizuoka Daiichi Television Corporation</p>	300
<p>[Reasons for the selection] Mr. Shigeo Nakayama has expert knowledge in Labor Law and the Labor Relations Act as an attorney, and therefore the Company elects Mr. Nakayama as Outside Director on a continuous basis in the judgment that he will be able to utilize his legal knowledge which he has cultivated over many years and his abundant experience in the management of the Company. Mr. Nakayama has no direct experience in managing a company other than serving as an outside Director and as an outside Audit & Supervisory Board Member, however, based on the above reason, the Company believes he will be able to carry out his duties as Outside Director appropriately.</p>			

Candidate Number	Name (Date of Birth)	Profile (Position and Responsibilities, and Important Position of Other Organizations Concurrently Assumed (if any))	Number of Company's Shares Held by Candidate
9	Sadako Yasuoka (December 2, 1960) Reappointment Outside Director Independent Officer	January 2005 Lecturer, Muryozan Denzuin Rongo School for Kids (In April 2013, name changed to Muryozan Denzuin Terakoya Rongo School) (Incumbent) August 2007 Teacher of Japanese, Seigakuin Junior & Senior High School October 2008 Representative, Ginza・Terakoya Rongo School for Kids (In April 2019, name changed to Ginza・Rongo School for Adults) (Incumbent) April 2009 Teacher of the Analects of Confucius (Rongo), Shukutoku SC Junior & Senior High School (Incumbent) November 2013 Representative, Sadako Yasuoka Office (Incumbent) June 2015 Director, the Company (Incumbent) (Important Position of Other Organizations Concurrently Assumed) None	300
[Reasons for the selection] Ms. Sadako Yasuoka has been engaged in educational activities for a broad range of generations including research of the Analects of Confucius (Rongo), and therefore the Company elects Ms. Yasuoka on a continuous basis as Outside Director in the judgment that she will be able to utilize her profound culture and extensive experience in the management of the Company. Ms. Yasuoka has no direct experience in managing a company other than serving as an outside Director, however, based on the above reason, the Company believes she will be able to carry out her duties as Outside Director appropriately.			

- (Notes)
1. There is no special interest between the Company and each of the candidates.
 2. The Company has provided notice to the Tokyo Stock Exchange of Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka being independent officers.
 3. Office Term of Outside Directors
 - (1) Messrs. Masahiro Sugiyama and Shigeo Nakayama are currently Outside Directors of the Company, and their terms of office as Outside Directors will be five (5) years at the close of this Ordinary General Meeting of Shareholders.
 - (2) Ms. Sadako Yasuoka is currently Outside Director of the Company, and her term of office as Outside Director will be four (4) years at the close of this Ordinary General Meeting of Shareholders.
 4. Agreement to limit Outside Director's liability
 In accordance with the Articles of Incorporation, the Company has entered into agreements with Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka which limit Outside Director's liabilities when applicable under the requirements of laws and regulations. The limit of liability under the agreement shall be an amount provided for in the laws and regulations. When the election of Messrs. Masahiro Sugiyama, Shigeo Nakayama and Ms. Sadako Yasuoka is approved and resolved in this proposal, the Company will continue the agreement with them.

Proposal 4: Partial Revision of Performance-based Stock Compensation Plan for Directors, etc.

The Company introduced the performance-based stock compensation Plan (the “Plan”) for its Directors and Executive Officers (excluding Outside Directors and those who do not reside in Japan; collectively the “Directors, etc.”), which was approved by shareholders at the 110th Ordinary General Meeting of Shareholders held on June 29, 2016.

Following the expiry of the period of three business years initially covered by the Plan (from the business year ended March 31, 2017 to the business year ended March 31, 2019), we ask for the approval of this proposal to partially revise the content of the Plan to continue the Plan in and after the business year ending March 31, 2020.

This proposal is to indicate the amount and content of compensation, etc. for Directors in the total compensation, including that for Executive Officers, based on the Plan. If Proposal 3, “Election of Nine (9) Directors” is approved as originally proposed, the number of Directors eligible for the Plan will be six (6). In addition, the number of eligible Executive Officers (those who do not concurrently serve as Directors at the present) will be twenty-four (24).

1. Reason for the revision of the Plan, and reasonable grounds for such revision

The Plan is intended to enhance the motivation of the Directors, etc. to contribute to improving the business results and corporate value of the Company over the medium to long term, and thus the Company believes that it is reasonable to continue as well as revise the Plan.

2. Amount and content, etc. of the compensation, etc. under the Plan

For continuing the Plan, the Company proposes to partially revise the former content of the Plan.

The revised content of the Plan shall be as follows:

(1) Outline of the Plan

The Plan is a performance-based stock compensation plan for Directors, etc. using the trust.

Under the Plan, the Company will contribute money not exceeding 800 million yen for compensation for the Directors, etc. for every assessment target period over the five business years and establish a trust of about a five-year period with the Directors, etc. who satisfy the beneficiary requirements as beneficiaries (the “Trust”). According to the instructions of the trust administrator, the Trust will acquire the shares of the Company from the stock market using the contributed money. (See (2) below.)

During the trust term, the Directors, etc. will be granted a certain number of points increasing or decreasing according to the factors including the level of attainment of the corporate performance targets of each business year belonging to the assessment target period and the level of attainment of the corporate performance targets over the assessment target period. (See (3) below.)

The Directors, etc. who meet the designated requirements will, in principle, receive the Company’s shares and money equivalent to the amount obtained by converting the number of the Company’s shares into money (the “Share Delivery, etc.”) from the Trust according to the number of owned points following the expiry of the assessment target period. (See (4) below.)

(2) Upper limit of money to be contributed to the Trust

Under the Plan with the assessment target period of five business years, from the business year ending March 31, 2020 to the business year ending March 31, 2024, for established trusts whose term expires on August 31, 2019, the trust term shall be extended for five years, and money not exceeding 800 million yen shall be contributed as compensation for the Directors, etc. for such extended assessment target period.

Even after the expiry of the assessment target period up to the business year ending March 31, 2024, the Company may continue the Plan by setting a new assessment target period of five business years and the same shall apply to the assessment target period thereafter. In continuing the Plan, the Company may extend the Trust instead of setting a new trust by changing the trust agreement and contributing additional money. The upper limit of money to be contributed or to be contributed additionally shall be 800million yen for each term, and the trust term to be extended shall be, in principle, for five years.

In addition, the Company’s shares remaining in the Trust at the time of extending the Trust (which are for the Share Delivery, etc. corresponding to the points granted to the Directors, etc. at the time of extending the Trust but excluding those whose Share Delivery, etc. is not completed) can be used as shares for the Share Delivery, etc. corresponding to a new assessment target period, and the money can

be used for acquiring shares for the Share Delivery, etc. corresponding to a new assessment target period.

- (3) Calculation method and upper limit of the number of the Company's shares for the Share Delivery, etc. to the Directors, etc.

The number of the Company's shares for the Share Delivery, etc. to the Directors, etc. shall be calculated based on the points to be granted according to the position of the Directors, etc. and the level of attainment of the performance targets.

At first, on the day which is set as a base day of each business year belonging to the assessment target period, points set according to the position of a Director, etc. are granted to the Directors, etc. who meet designated requirements as the base points for the relevant business year (the "Base Points"). The Base Points will be increased or decreased according to the attainment level, etc. of various performance targets, including consolidated revenues and consolidated operating income in the business year relevant to said points, to determine the number of points in the relevant business year (the "Annual Points"). (The work to determine the number of the Annual Points is hereinafter referred to as the "Annual Performance Assessment.") The Annual Points will be accumulated during the assessment target period including the business years relevant to said points. If, however, the Directors, etc. engage in any act that is deemed to be inappropriate in light of the aim of the Plan to enhance corporate value and shareholder value over the medium to long term, such as violation of laws and regulations as well as the regulations of the Company, the points held by the Directors, etc. may be forfeited.

After the expiry of the assessment target period, the total number of the Annual Points accumulated during said assessment target period will be increased or decreased according to the level of attainment of various performance targets, such as consolidated revenues, consolidated operating income and consolidated ROE (return on equity) over the assessment target period to determine the final points for the relevant assessment target period. (The work to determine the final number of points is hereinafter referred to as the "Mid-term Performance Assessment.")

The range of the increase or decrease according to the attainment, etc. of the performance targets shall be from 0% to 150%, with the base level corresponding to the attainment, etc. of the performance target set at 100% throughout the Annual Performance Assessment and the Mid-term Performance Assessment.

One point shall correspond to one share of the Company's shares*, and the Directors, etc. who satisfy the beneficiary requirements will receive the Share Delivery, etc. corresponding to the points held by said Directors, etc. after the expiry of the assessment target period. (See (4) below.)

The upper limit of the number of the Company's shares (points) which are subject to the Share Delivery, etc. corresponding to one business year under the Plan shall be 23,000 shares (23,000 points). As such, the upper limit of the number of the Company's shares belonging to the Trust for each trust term of five years shall be 115,000 shares (115,000 points), the number obtained by multiplying the number of the Company's shares for the Share Delivery, etc. corresponding to one business year by the number of years of the assessment target period, which is five.

* If a share split, reverse share split, etc. is implemented during the trust term and it is considered to be appropriate to adjust the number of points and the Company's shares, such adjustment shall be made to the number of the Company's shares per point according to the ratio of the share split, reverse share split, etc.

- (4) Timing and details of the Share Delivery, etc. to the Directors, etc.

The Directors, etc. who satisfy the beneficiary requirements will, in principle, receive the Share Delivery, etc. after the expiry of the assessment target period.

The Company's shares corresponding to a half of the points held by the Directors, etc. (the number of shares less than one trading unit will be rounded down) shall be delivered in the form of the Company's shares. The Company's shares corresponding to the remaining half of the points will be paid in money equivalent to the amount obtained by converting the remaining number of the Company's shares into money within the Trust for the purpose of paying income tax, etc. (The amount of money remaining after tax payment by the Company shall be paid to the Directors, etc.)

If, however, the Directors, etc. retire from office during the assessment target period, the Company will carry out the Share Delivery, etc. for the number of points held by said Directors, etc. at the time of retirement of said Directors, etc. The details of the Share Delivery, etc. shall be the same as the Share Delivery, etc. to be made after the end of the assessment target period.

In addition, in case of death of a Director, etc. during the trust term, the Company will convert the Company's shares corresponding to the points held by said Director, etc. at the time of death of said

Director, etc. into money within the Trust, and deliver the money equivalent to such converted amount to his/her family member who satisfy designated requirements.

(5) Exercise of voting rights related to the Company's shares within the Trust

To maintain neutrality of the Trust to the Company's management, the voting rights of the Company's shares within the Trust shall not be exercised during the trust term.

(6) Other details of the Plan

Other details of the Plan shall be determined by the Board of Directors whenever the Trust is established, the trust agreement is revised and additional contribution to the Trust is made.

In addition, for the details of the partial revision of the Plan, please refer to "Notice of Continuation and Partial Revision of Performance-based Stock Compensation Plan" released on May 24, 2019.

Proposal 5: Presentation of Bonuses to Directors

Taking into account the amounts provided as bonuses in the past and the results of operation for the business year under review, it is proposed that a total amount of 110,000,000 yen for bonuses be paid to a total of eleven (11) Directors excluding three (3) Outside Directors as a group.

End

(Appendix)

Business Report (From April 1, 2018 to March 31, 2019)

1. Status of the Corporate Group

(1) Business Status for the Fiscal Year

1) Business Development and Results

During the consolidated fiscal year ended March 31, 2019 (FY2018), the Japanese economy continued on a gradual recovery trend led by strong corporate earnings, but future prospects remained uncertain due to pronounced downward pressure on the economy, such as a slowdown in the global economy especially in China and rising geopolitical risks.

Under these economic conditions, cargo movement in domestic freight was slow due to a series of natural disasters and other factors, while international freight was generally strong due to expanding demand mainly in automobile-related freight and electronic components.

In this management environment, the Nippon Express Group made united efforts to implement two key strategies, “area strategies” and “functional strategies,” aiming to achieve the targets based on its three-year business plan “Nippon Express Group Corporate Strategy 2018 – New Sekai-Nittsu –,” which is beginning its final year.

Area Strategies

- In Japan, mainly in the regions encompassing Tokyo, Nagoya and Osaka, the Group has promoted one-stop sales and account management in order to expand businesses with global companies, while promoting reform of organizations to further strengthen its domestic business.
- Overseas, the Group continued to concentrate management resources mainly in South Asia to strengthen its warehouse-centered network, while developing business in priority industries such as luxury apparel and fashion items in Europe and expanding sales to non-Japanese companies in all regions.

Functional Strategies

- In terms of “thoroughly strengthening sales activities,” we strongly promoted one-stop sales and account management to expand business fields handled for existing customers, and expanded new transactions mainly with non-Japanese companies.
- In terms of “strengthen and upgrade core businesses,” we made efforts in the forwarding business to further promote global procurement, while also expanding forwarding products that utilize railways between China and Europe. In addition, the logistics business was further strengthened through initiatives to commercialize cutting-edge technologies in warehouse operations.
- With regard to “strengthening Group management,” we advanced initiatives to build industry-specific platforms that leverage the strengths of each Group company.
- As for “reinforcing management infrastructure,” we promoted organizational consolidation and strengthened logistics functions through the use of IT while making efforts to improve productivity such as by promoting the use of robotic process automation (RPA).
- In terms of “further strengthening the Group’s CSR management,” we actively advanced work style reforms, including efforts to promote diversity management and reduce excessively long working hours.

As a result of the above, our consolidated business results for the 113th term were as follows: Revenues of ¥2,138.5 billion (up 7.2% year-on-year), operating income of ¥79.5 billion (up 13.3% year-on-year), ordinary income of ¥85.8 billion (up 15.3% year-on-year), and profit attributable to owners of parent of ¥49.3 billion (up 655.0% year-on-year).

Business results by main segment are summarized below.

Logistics

Japan

In the railway segment, the demand for modal shift is rising in a bid to cope with shortages of truck drivers and alleviate the industry's environmental footprint. Amid this environment, joint delivery of beverages and other services recorded strong performance. However, revenues for the segment fell below those of the previous year, due mainly to reduced shipments of agricultural products due to inclement weather, and the impact of a series of natural disasters on transportation.

In the motor transportation segment, the Company worked to secure profits, increasing inter-company logistics for key industries such as automotive-related and steel, and continuing its initiatives to collect appropriate rates and fees.

In the warehousing segment, the Company increased revenues centered on consumer-related freight through expanding sales activity in the growing e-commerce industry and offering diverse services with high added value, including order processing, inventory management and logistics processing leveraging IT systems.

In the moving & relocation segment, the Company worked to improve profitability by actively targeting sales at corporate relocations and large-scale relocations of office buildings, hospitals, and other facilities, while working to expand sales at fair prices.

In the air freight segment, the Company worked on international air freight by cultivating new customer base through expanded one-stop sales and strengthening the logistics business. Furthermore, the Company steadily capitalized on transport demand mainly for semiconductors, electronic components, automotive-related and machine-related freight. As a result, revenues for the segment surpassed those of the previous year.

In addition, in domestic air freight, the Company worked to expand sales targeting a balance of growth with profitability, resulting in robust movement of automotive-related freight. Security services and other high value-added products and logistics-related operations also grew.

In the marine transportation segment, the Company had robust revenues in overseas shipping, including growth of automotive- and construction equipment-related exports and electronic components- and apparel-related imports.

Moreover, in the coastal shipping business, the Company worked to increase loading rates and volumes through efficient operation of each route, despite the effects of natural disasters.

As a result, revenues for Japan (Logistics) were ¥1,256.8 billion (up 5.7% year-on-year), and operating income was ¥55.9 billion (up 22.7% year-on-year).

The Americas

In addition to growth of air-freight imports and exports, mainly in automotive-related freight, warehousing and distribution as well as motor transportation were robust. However, the Company recorded a reactionary decrease from refunds received of overpaid forwarding costs from past years in the previous year. As a result, revenues were ¥98.6 billion (up 8.0% year-on-year), and operating income was ¥4.2 billion (down 4.9% year-on-year).

Europe

Air freight expanded mostly for automotive-related freight, and warehousing and distribution expanded in the Netherlands. This and the addition of Traconf as a consolidated subsidiary contributed in an increase in revenues. However, due to the slowdown of the European economy, an increase in amortization of goodwill and other factors, revenues were ¥114.8 billion (up 19.5% year-on-year), and operating income was ¥2.2 billion (down 45.3% year-on-year).

East Asia

Although air forwarding costs in China stayed high after the expiration of charter flight regulations, the Company worked to reduce costs by passing on these costs to fares and streamlining. Furthermore, revenues from automotive- and electronic components-related freight were robust. As a result, revenues were ¥122.7 billion (up 4.5% year-on-year), and operating income was ¥3.0 billion (up 62.9% year-on-year).

South Asia & Oceania

Air freight exports of automobiles, electronic components, pharmaceutical-related and others as well as automotive and apparel-related warehousing and distribution were robust. As a result, revenues were ¥91.8 billion (up 7.6% year-on-year), and operating income was ¥3.7 billion (up 9.3% year-on-year).

To summarize, revenues and operating income for Logistics were as follows:

(Billions of yen)			
Revenues	Japan	1,256.8	Up 5.7%
	The Americas	98.6	Up 8.0%
	Europe	114.8	Up 19.5%
	East Asia	122.7	Up 4.5%
	South Asia & Oceania	91.8	Up 7.6%
Operating income	Japan	55.9	Up 22.7%
	The Americas	4.2	Down 4.9%
	Europe	2.2	Down 45.3%
	East Asia	3.0	Up 62.9%
	South Asia & Oceania	3.7	Up 9.3%

Security Transportation

Although the Company worked to expand sales of the cash logistics and capture back-yard operations of regional financial institutions, due to factors including an increase in personnel expenses and fuel costs, revenues and operating income for Security Transportation were as follows:

	Billions of yen	Year-on-year change
Revenues	72.6	Up 0.9%
Operating income	1.2	Down 41.9%

Heavy Haulage & Construction

In spite of a reactionary decrease from the absence of large overseas projects and a decline in plant construction and maintenance work, as transportation and installation works for power-related facilities increased in Japan, revenues and operating income for Heavy Haulage & Construction were as follows:

	Billions of yen	Year-on-year change
Revenues	47.7	Up 0.3%
Operating income	4.5	Up 11.3%

Logistics Support

As a result of increased revenues owing to an increase in the unit selling price of oil, and robust performance by the logistics support business, including export packing services, revenues and operating income for Logistics Support were as follows:

	Billions of yen	Year-on-year change
Revenues	483.9	Up 9.2%
Operating income	12.7	Up 9.0%

(Note) On April 1, 2018, the Company made organizational reform relating to the Security Transportation business. Consequently, part of the organization included in "Japan (Logistics)" was changed to "Security Transportation" effective from the fiscal year under review.

Figures for year-on-year change are calculated using figures for the previous year that are reclassified to reflect the segment change.

2) Capital Investment

Total capital investment for the fiscal year under review was ¥79,518 million, mainly comprising ¥17,010 million in vehicles, ¥30,173 million in buildings including distribution hubs and commercial warehouses that are geared for reform in the logistics structure, and ¥8,023 million in leased assets (including those leased among consolidated subsidiaries).

3) Funding

The Group raised ¥10.0 billion on August 31, 2018 (for four years), ¥8.0 billion on September 28, 2018 (for six years), and ¥12.0 billion on February 28, 2019 (for four years) through bank loans to enhance capital relating to its leasing business.

(2) Assets, Profit and Loss

(Millions of yen, unless otherwise stated)

Category	110th Term FY2015	111th Term FY2016	112th Term FY2017	113th Term FY2018
Revenues	1,909,105	1,864,301	1,995,317	2,138,501
Operating income	54,778	57,431	70,269	79,598
Ordinary income	62,394	63,806	74,395	85,802
Profit attributable to owners of parent	35,659	36,454	6,534	49,330
Basic earnings per share (Yen)	35.61	371.32	68.06	515.13
Total assets	1,484,953	1,521,800	1,517,060	1,536,677
Net assets	538,018	552,985	547,494	560,444
Net assets per share (Yen)	521.77	5,586.52	5,519.09	5,749.60

- Notes: 1. The number of shares used to calculate basic earnings per share is the average number of shares during the period less the average number of treasury stock during the period.
2. The number of shares used to calculate net assets per share is the total number of issued shares at the end of the period less the total number of treasury stock at end of the period.
3. The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, basic earnings per share and net assets per share were calculated assuming that the said share consolidation was implemented at the beginning of the 111th term.
4. The Company adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended March 31, 2019. This accounting standard has been applied retrospectively to total assets for the 112th term.

(3) Significant Subsidiaries (As of March 31, 2019)

1) Significant Subsidiaries

Company name	Paid-in capital or investment	Voting right ratio	Main businesses
NITTSU SHOJI CO., LTD.	JPY 4,000 million	100.0%	Logistics Support
NITTSU REAL ESTATE CO., LTD.	JPY 240 million	100.0%	Logistics Support
NIPPON EXPRESS CAPITAL CO., LTD.	JPY 2,000 million	100.0%	Logistics Support
CAREERROAD CO., LTD.	JPY 100 million	100.0%	Logistics Support
NITTSU TRANSPORT CO., LTD.	JPY 410 million	100.0%	Logistics (Japan)
NITTSU PANASONIC LOGISTICS CO., LTD.	JPY 1,800 million	66.7%	Logistics (Japan)
NITTSU NEC LOGISTICS, LTD.	JPY 380 million	70.0%	Logistics (Japan)
WANBISHI ARCHIVES CO., LTD.	JPY 4,000 million	100.0%	Logistics (Japan)
NIPPON EXPRESS U.S.A., INC.	USD 6,000 thousand	100.0%	Logistics (The Americas)
NIPPON EXPRESS EUROPE GMBH	EUR 17,898 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (DEUTSCHLAND) GMBH	EUR 3,508 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (U.K.) LTD.	GBP 2,850 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (NEDERLAND) B.V.	EUR 5,448 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (BELGIUM) N.V./S.A.	EUR 2,625 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS FRANCE, S.A.S.	EUR 1,216 thousand	100.0%	Logistics (Europe)
Franco Vago, S.P.A.	EUR 980 thousand	100.0%	Logistics (Europe)
TRACONF S.r.l.	EUR 1800 thousand	100.0%	Logistics (Europe)
NIPPON EXPRESS (H.K.) CO., LTD.	HKD 88,000 thousand	100.0%	Logistics (East Asia)
NIPPON EXPRESS (CHINA) CO., LTD.	RMB 127,500 thousand	100.0%	Logistics (East Asia)
NIPPON EXPRESS (TAIWAN) CO., LTD.	NTD 150,000 thousand	100.0%	Logistics (East Asia)
APC Asia Pacific Cargo (H.K.) LTD.	HKD 1,100 thousand	100.0%	Logistics (East Asia)
NIPPON EXPRESS (SOUTH ASIA & OCEANIA) PTE. LTD.	SGD 379,263 thousand	100.0%	Logistics (South Asia & Oceania)
NIPPON EXPRESS (SINGAPORE) PTE. LTD.	SGD 300 thousand	100.0%	Logistics (South Asia & Oceania)
NIPPON EXPRESS (THAILAND) CO., LTD.	THB 20,000 thousand	100.0%	Logistics (South Asia & Oceania)

Company name	Paid-in capital or investment	Voting right ratio	Main businesses
PT NEX LOGISTICS INDONESIA	IDR 809,424,000 thousand	100.0%	Logistics (South Asia & Oceania)
NIPPON SHIPPING CO., LTD.	JPY 1,000 million	100.0%	Logistics (Japan)
Hokuoh Transportation Inc.	JPY 45 million	80.0%	Logistics (Japan)
Kita-Nihon Kaiun Co., Ltd.	JPY 40 million	99.5%	Logistics (Japan)
Shiogama Koun Co., Ltd.	JPY 120 million	97.4%	Logistics (Japan)
Osaka Warehouse Co., Ltd.	JPY 240 million	79.4%	Logistics (Japan)
Bingo Express Co., Ltd.	JPY 50 million	100.0%	Logistics (Japan)
Sakaiminato Kairiku Unso Co., Ltd.	JPY 28 million	100.0%	Logistics (Japan)
Tokushima Express Co., Ltd.	JPY 50 million	100.0%	Logistics (Japan)

Notes: 1. The voting right ratio includes indirect holdings.

2. Please refer to “(5) Main Businesses” on page 8 for details of main operations of each business.

2) Significant Affiliates

Company name	Paid-in capital or investment	Voting right ratio	Main businesses
Meitetsu Transport Co., Ltd.	JPY 2,065 million	20.1%	Logistics (Japan)

(4) Issues to Be Addressed

Future economic trends are overshadowed by uncertainties. In the overseas economy, a slowdown is expected in the Chinese economy as well as in economic growth worldwide, while the Japanese economy is expected to be affected by the unstable economy overseas.

Industry-wide efforts are called for in the face of issues prevalent in the logistics industry, including labor shortages associated with the decline in the working-age population and initiatives related to work style reforms, as well as the application of cutting-edge technologies such as AI and IoT.

In this management environment, the Nippon Express Group has formulated its five-year business plan, “Nippon Express Group Business Plan 2023 – Dynamic Growth–” and has been making united efforts since April 1, 2019.

The new business plan has been formulated to realize the new long-term vision, which has been set as the Group’s ideal of the future – to become “a logistics company with a strong presence in the global market” – in 2037, the 100th anniversary of the Group. In formulating the new long-term vision, the Group has combined two approaches, i.e. the approach of continuing and accelerating existing measures and the approach of backcasting the necessary measures for sustainable growth for achieving the long-term vision. The key strategies of the plan are as follows.

Business Growth Strategy

- The “growth strategy for core businesses” positions the business supporting the production and sales supply chain, which is the Company’s strength, as our core business. We will work to powerfully advance our approach on three axes—customers (industries), businesses, and areas—and work to improve profitability worldwide, including in Japan.

- The “strategy to enhance domestic businesses in Japan” thoroughly focuses on improving the profitability of each business in Japan in order to further enhance the management of businesses in Japan which are the core of our management. Under this strategy, we will work on “improving profitability of specified business segment,” “improving productivity of sales and business process” and make “drastic reforms to low-profitable businesses.”

Efforts to Implement our Long-term Vision

- Under the “inorganic growth strategy,” we will clarify our M&A strategy and work to strengthen and enhance our global management base.
- Under “reinforcing functions to support challenges,” we will work to strengthen our management base through innovations in IT strategy, R&D, human resources strategy, and public relations strategy.
- Under “ESG-oriented business management to realize sustainable development and improve corporate value,” we will work to achieve sustainable development and improve our corporate value by strongly committing to safety, compliance, and quality, as well as transforming into a company where employees can feel satisfied and fulfilled and reducing CO₂ emissions.

As “a logistics company with a strong presence in the global market,” the Nippon Express Group will focus on steadily implementing the aforementioned key strategies, strive for greater growth, and further enhance corporate value, in order to meet the expectations of all shareholders. We would be grateful for your continued understanding and support.

(5) Main Businesses (As of March 31, 2019)

The main businesses of the Nippon Express Group are as follows:

Logistics business

Reportable segment	Main products and services	Main operations
Japan	Railway utilization transportation, chartered truck services, combined delivery services, air freight forwarding, travel, marine & harbor transportation, moving & relocation, warehousing & distribution processing, in-factory work, information asset management, real estate rental, fine arts transportation, security transportation, heavy haulage & construction	Railway forwarding, motor cargo transportation, air freight forwarding, travel, marine transportation, harbor transportation, warehousing, in-factory work, information asset management, real estate
The Americas	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
Europe	Railway utilization transportation, air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
East Asia	Railway utilization transportation, air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services	Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation
South Asia & Oceania	Railway utilization transportation, air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, heavy haulage & construction, travel	Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation, heavy haulage and construction, travel

Security Transportation business

Reportable segment	Main products and services	Main operations
Security Transportation	Security transportation	Security guard, motor cargo transportation

Heavy Haulage & Construction business

Reportable segment	Main products and services	Main operations
Heavy Haulage & Construction	Heavy haulage & construction	Heavy haulage and construction

Logistics Support business

Reportable segment	Main products and services	Main operations
Logistics Support	Lease, sale of petroleum, etc., sale of others, real estate, finance, others	Sale of distribution equipment, wrapping and packaging materials, vehicles, petroleum, liquefied petroleum (LP) gas, etc., lease, vehicle maintenance, insurance agency, mediation, planning, designing and management of real estate, investigation and research, logistics finance, automobile driving instruction, employee dispatching

(6) Main Business Locations (As of March 31, 2019)

1) Main Domestic Locations

The Company	Headquarters	9-3, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
	Branches and other locations	The Company has a total of 344 branches, sub-branches and offices including Sapporo Branch, Sendai Branch, Tokyo Metropolitan District Branch (Chuo-ku, Tokyo), Air Freight Business Branch (Minato-ku, Tokyo), Marine Transport Business Branch (Minato-ku, Tokyo), Nagoya Branch, Osaka Branch, Hiroshima Branch, Fukuoka Branch, and Kanto Security Transport Branch (Koto-ku, Tokyo).
Domestic subsidiaries	NITTSU SHOJI CO., LTD. (Minato-ku, Tokyo), NITTSU REAL ESTATE CO., LTD. (Minato-ku, Tokyo), NIPPON EXPRESS CAPITAL CO., LTD. (Minato-ku, Tokyo), CAREERROAD CO., LTD. (Minato-ku, Tokyo), NITTSU TRANSPORT CO., LTD. (Toshima-ku, Tokyo), NITTSU PANASONIC LOGISTICS CO., LTD. (Settsu City), NITTSU NEC LOGISTICS, LTD. (Kawasaki City), WANBISHI ARCHIVES CO., LTD. (Minato-ku, Tokyo), NIPPON SHIPPING CO., LTD. (Minato-ku, Tokyo), Hokuoh Transportation Inc. (Tomakomai City), Kita-Nihon Kaiun Co., Ltd. (Hakodate City), Shiogama Koun Co., Ltd. (Shiogama City), Osaka Warehouse Co., Ltd. (Osaka City), Bingo Express Co., Ltd. (Fukuyama City), Sakaiminato Kairiku Unso Co., Ltd. (Sakaiminato City), Tokushima Express Co., Ltd. (Tokushima City), etc.	

2) Main Overseas Locations

Overseas subsidiaries	<p>NIPPON EXPRESS U.S.A., INC. (U.S.A.) NIPPON EXPRESS EUROPE GMBH (Germany) NIPPON EXPRESS (DEUTSCHLAND) GMBH (Germany) NIPPON EXPRESS (U.K.) LTD. (U.K.) NIPPON EXPRESS (NEDERLAND) B.V. (The Netherlands) NIPPON EXPRESS BELGIUM N.V/S.A. (Belgium) NIPPON EXPRESS (FRANCE) S.A.S. (France) Franco Vago S.P.A. (Italy) TRACONF S.r.l (Italy) NIPPON EXPRESS (H.K.) CO., LTD. (China) NIPPON EXPRESS (CHINA) CO., LTD. (China) NIPPON EXPRESS (TAIWAN) CO., LTD. (Taiwan) APC Asia Pacific Cargo (H.K.) LTD. (China) NIPPON EXPRESS (SOUTH ASIA & OCEANIA) PTE. LTD. (Singapore) NIPPON EXPRESS (SINGAPORE) PTE. LTD. (Singapore) NIPPON EXPRESS (THAILAND) CO., LTD. (Thailand) PT.NEX LOGISTICS INDONESIA (Indonesia) and others</p>
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(7) Employees (As of March 31, 2019)

1) Employees of the Corporate Group

Business	Number of employees (Persons)	Year-on-year change (Persons)
Logistics	60,094	1,813
Security Transportation	6,489	(27)
Heavy Haulage & Construction	867	42
Logistics Support	3,934	9
Corporate (common)	141	16
Total	71,525	1,853

- Notes: 1. The number of employees above indicates the number of active employees.
2. The average number of temporary employees during the period for Logistics, Security Transportation, Heavy Haulage & Construction and Logistics Support is 14,645, 1,973, 46 and 646, respectively.
3. In accordance with organizational changes relating to the Security Transportation business made on April 1, 2018, part of the Japan (Logistics) segment was changed to the Security Transportation segment from the 113th term. Accordingly, year-on-year changes are calculated by reclassifying the number of employees as of March 31, 2018 to reflect the segment change.

2) Employees of the Company

Category	Number of employees (Persons)	Year-on-year change (Persons)	Average age (Years old)	Average years of service (Years)
Office personnel	15,397	201	44.3	21.3
Drivers/workers	16,883	208	42.4	16.6
Total	32,280	409	43.3	18.8

- Notes: 1. The number of employees above indicates the number of active employees, and does not include those seconded outside the Company, on leave, or dispatched.
2. Average age and average years of service are calculated based on the statistics as of January 1, 2019.
3. The average number of temporary employees during the period is 8,137.

(8) Main Lenders (As of March 31, 2019)

Lenders	Borrowings (Millions of yen)
Mizuho Bank, Ltd.	87,597
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	56,601
Asahi Mutual Life Insurance Company	20,370
Sumitomo Mitsui Banking Corporation	12,334
Development Bank of Japan Inc.	10,650
Mizuho Trust & Banking Co., Ltd.	6,000
JAPAN POST INSURANCE Co., Ltd.	4,430
Jabank Gifu	3,000
The Keiyo Bank, Ltd.	2,980
Sumitomo Mitsui Trust Bank, Limited	2,603

2. Status of the Company

(1) Shares (As of March 31, 2019)

- | | |
|---|--------------------|
| 1) Total number of shares authorized to be issued | 398,800,000 shares |
| 2) Total number of shares issued | 98,000,000 shares |
| 3) Number of shareholders | 50,175 persons |
| 4) Major shareholders | |

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Account in Trust)	9,355	9.9%
Japan Trustee Services Bank, Ltd. (Account in Trust)	8,563	9.1%
Asahi Mutual Life Insurance Company	5,601	5.9%
Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benefit Trust of Mizuho Bank, Ltd. (re-entrusted by Trust & Custody Services Bank, Ltd.)	4,150	4.4%
Sompo Japan Nipponkoa Insurance Inc.	3,972	4.2%
Nippon Express Employees' Shareholding Association	3,418	3.6%
Japan Trustee Services Bank, Ltd. (Account in Trust No. 4)	1,784	1.9%
Japan Trustee Services Bank, Ltd. (Account in Trust No. 9)	1,694	1.8%
MUFG Bank, Ltd.	1,492	1.6%
Japan Trustee Services Bank, Ltd. (Account in Trust No. 5)	1,458	1.5%

Notes: 1. Although the Company owns 3,385 thousand shares of treasury stock, it is excluded from the major shareholders stated above.

2. The shareholding ratio above is calculated excluding treasury stock.

(2) Company Officers

1) Directors and Audit & Supervisory Board Members (As of March 31, 2019)

Positions	Responsibilities and significant concurrent positions	Name
Chairman and Representative Director		Kenji Watanabe
President and Representative Director (Chief Executive Officer)		Mitsuru Saito
Executive Vice President and Representative Director (Chief Operating Officer)	Chief Managing Officer, International Business Headquarters	Yutaka Ito
Executive Vice President and Representative Director (Chief Operating Officer)	Chief Managing Officer, Global Sales Strategy Headquarters	Takaaki Ishii
Executive Vice President and Representative Director (Chief Operating Officer)	Chief Managing Officer, Network Transport Business Promotion Headquarters and Chief Managing Officer, Administration Headquarters	Hisao Taketsu
Director (Senior Managing Executive Officer)	Regional General Manager, Kantokoshinetsu Region	Katsuhiro Terai
Director (Managing Executive Officer)	In charge of Kanto & Shin-Etsu Area and General Manager, Tokyo Metropolitan Branch	Fumihiko Sakuma
Director (Managing Executive Officer)	In charge of Logistics Engineering Strategy Division, Business Profit Improvement Promotion Division, Public Relations & Advertising Division, General Affairs & Labor Division, Business Division and Nittsu Group University	Susumu Akita
Director (Managing Executive Officer)	In charge of Corporate Planning Division and Group Management Division	Satoshi Horikiri
Director (Executive Officer)	General Manager, Air Freight Business Branch	Yoshiyuki Matsumoto
Director (Executive Officer)	In charge of Finance & Accounting Division and Group CRE Management Division	Takashi Masuda
Director		Masahiro Sugiyama
Director		Shigeo Nakayama
Director		Sadako Yasuoka
Full-time Audit & Supervisory Board Member		Tatsuya Suzuki
Full-time Audit & Supervisory Board Member		Tadashi Kanki
Full-time Audit & Supervisory Board Member		Naoya Hayashida
Audit & Supervisory Board Member		Toshiaki Nojiri
Audit & Supervisory Board Member		Yoshio Aoki

Notes: 1. Directors Masahiro Sugiyama, Shigeo Nakayama and Sadako Yasuoka are Outside Directors, and have been registered as independent officers with the Tokyo Stock Exchange.

2. Audit & Supervisory Board Members Tadashi Kanki, Toshiaki Nojiri and Yoshio Aoki are Outside Audit & Supervisory Board Members, and have been registered as independent officers with the Tokyo Stock Exchange.

3. Audit & Supervisory Board Member Tadashi Kanki has years of experience at financial institutions and substantial insight into finance and accounting.

4. Audit & Supervisory Board Member Yoshio Aoki is a certified public accountant and has substantial insight into finance and accounting.

5. Significant concurrent positions of Directors Masahiro Sugiyama and Shigeo Nakayama as

well as Audit & Supervisory Board Members Toshiaki Nojiri and Yoshio Aoki are stated in “4) Outside Officers” below.

2) Outline of Liability Limitation Agreements

In accordance with the Articles of Incorporation, the Company has entered into agreements with Directors and Audit & Supervisory Board Members which limit their liability when applicable under the requirements of laws and regulations. The limit of liability under the agreement shall be an amount provided for in the laws and regulations.

3) Total Amount of Compensation, etc. for Directors and Audit & Supervisory Board Members

Category	Number of recipients (Persons)	Total amount of compensation, etc. (Millions of yen)
Director [of which, Outside Directors]	16 [3]	630 [36]
Audit & Supervisory Board Member [of which, Outside Audit & Supervisory Board Members]	6 [3]	102 [46]
Total	22	732

- Notes: 1. Compensation for Directors has been resolved to be no more than ¥55.0 million per month at the 100th Ordinary General Meeting of Shareholders held on June 29, 2006.
2. Compensation for Audit & Supervisory Board Members has been resolved to be no more than ¥10.0 million per month at the 100th Ordinary General Meeting of Shareholders held on June 29, 2006.
3. The number of recipients and total amount of compensation, etc. includes the following:
- * Compensation, etc. for two (2) Directors and one (1) Audit & Supervisory Board Member who retired at the closing of the 112th Ordinary General Meeting of Shareholders held on June 28, 2018.
 - * Directors’ bonuses to be submitted to the 113th Ordinary General Meeting of Shareholders to be held on June 27, 2019.
Eleven (11) Directors: ¥110,000,000
4. In addition to the above payments, the Company recorded ¥34,325,600 in expenses for thirteen (13) Directors (excluding three (3) Outside Directors) in accordance with the performance-based stock compensation plan resolved at the 110th Ordinary General Meeting of Shareholders held on June 29, 2016, separately from the compensation limit amount described in 1. above.

4) Outside Officers

- a. Significant concurrent positions at other corporations, etc. and relationship of the Company with that entity
- Director Masahiro Sugiyama concurrently serves as the Vice Chairman of the Japan Automobile Federation and Director and Auditor of the Japan Automobile Manufacturers Association. There are no special interests between the Company and the above entities.
 - Director Shigeo Nakayama concurrently serves as an Outside Corporate Auditor of Shizuoka Daiichi Television Corporation. There are no special interests between the Company and Shizuoka Daiichi Television Corporation.
 - Audit & Supervisory Board Member Toshiaki Nojiri concurrently serves as the Director of Nittsu Gakuen Educational Corporation and the President of Ryutsu Keizai University. There are no special interests between the Company and the above entities.
 - Audit & Supervisory Board Member Yoshio Aoki concurrently serves as an Outside Corporate Auditor of NIPPON DENKO CO., LTD. and Polyplastics Co., Ltd. There are no special interests between the Company and the above entities.

b. Main activities in the fiscal year under review
 - Attendance at meetings of the Board of Directors and the Audit & Supervisory Board

Outside Officer		Attendance		Participation in discussions
		Board of Directors	Audit & Supervisory Board	
Director	Masahiro Sugiyama	20/20 (100%)	—	Mr. Masahiro Sugiyama makes appropriate remarks as necessary regarding the agenda and the matters discussed, leveraging his abundant experience and wide range of insight as a university professor.
Director	Shigeo Nakayama	20/20 (100%)	—	Mr. Shigeo Nakayama makes appropriate remarks as necessary regarding the agenda and the matters discussed, leveraging his legal knowledge and abundant experience as an attorney.
Director	Sadako Yasuoka	20/20 (100%)	—	Ms. Sadako Yasuoka makes appropriate remarks as necessary regarding the agenda and the matters discussed, leveraging her profound culture and extensive experience as an educator.
Audit & Supervisory Board Member	Tadashi Kanki	20/20 (100%)	8/8 (100%)	Mr. Tadashi Kanki makes appropriate remarks as necessary at the meetings of the Audit & Supervisory Board regarding the agenda and the matters discussed, leveraging his abundant accounting expertise. He also provides guidance and suggestions at the meetings of the Board of Directors to ensure the validity and appropriateness of decision-making by the Board of Directors.
Audit & Supervisory Board Member	Toshiaki Nojiri	20/20 (100%)	8/8 (100%)	Mr. Toshiaki Nojiri makes appropriate remarks as necessary at the meetings of the Audit & Supervisory Board regarding the agenda and the matters discussed, leveraging his expertise as a scholar and insight as a manager of educational institutions. He also provides guidance and suggestions at the meetings of the Board of Directors to ensure the validity and appropriateness of decision-making by the Board of Directors.
Audit & Supervisory Board Member	Yoshio Aoki	20/20 (100%)	8/8 (100%)	Mr. Yoshio Aoki makes appropriate remarks as necessary at the meetings of the Audit & Supervisory Board regarding the agenda and the matters discussed, leveraging his abundant experiences as a certified public accountant and expertise in finance and accounting. He also provides guidance and suggestions at the meetings of the Board of Directors to ensure the validity and appropriateness of decision-making by the Board of Directors.

(3) Accounting Auditor

1) Name Ernst & Young ShinNihon LLC

2) Compensation, etc.

a. Compensation, etc. to be paid by the Company	¥174 million
b. Total of cash and other property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	¥301 million

- Notes: 1. The Audit & Supervisory Board has confirmed the actual audit hours and audit fee trends per audit item and audit level in the audit plan of past fiscal years, as well as how the Accounting Auditor's duties were fulfilled, and verified the appropriateness of the audit plan and audit fees for the fiscal year under review pursuant to "Practical Guidelines for Cooperation with Accounting Auditors" announced by the Japan Audit & Supervisory Board Members Association. As a result, the Audit & Supervisory Board agreed to the audit fees, etc. to be paid to the Accounting Auditor referred to in Article 399, Paragraph 1 of the Companies Act.
2. The audit agreement between the Company and the Accounting Auditor makes no clear distinction between the audit fees, etc. for audits based on the Companies Act and those based on the Financial Instruments and Exchange Act, and since it is practically impossible to distinguish between these two types of fees, the sum of these amounts are stated in a. above.
3. The Company's significant subsidiaries are audited by audit firms other than the Company's Accounting Auditor (Ernst & Young, Deloitte & Touche, PricewaterhouseCoopers, etc.).

3) Non-audit services

The Company consigns advisory services, etc. relating to accounting which are services other than those specified in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

4) Policy on determining dismissal or non-reappointment of Accounting Auditor

The Audit & Supervisory Board will determine the contents of proposals to be submitted to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the Accounting Auditor, if it deems it necessary, for example in the event it is difficult for the Accounting Auditor to perform its duties.

Furthermore, the Audit & Supervisory Board will dismiss the Accounting Auditor in the event the Accounting Auditor falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act upon the unanimous consent of the Audit & Supervisory Board Members. In such case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the dismissal and the reasons of the dismissal at the first General Meeting of Shareholders convened after the dismissal.

(4) System for Ensuring Operational Integrity

The system to ensure that business execution by Directors complies with laws and the Articles of Incorporation and other systems to ensure operational integrity resolved by the Board of Directors, are as follows:

- 1) System to ensure that business execution by Directors complies with laws and the Articles of Incorporation
- a. The Company shall establish the "Nippon Express Charter of Conduct" as a standard to ensure Directors comply with laws, the Articles of Incorporation and other internal regulations, as well as socially accepted norms.
- b. The Board of Directors meetings shall be convened and issues shall be resolved in compliance with provisions stipulated by the "Regulations on the Board of Directors" and "Standards for Discussions in Board of Director Meetings."

- c. The Representative Director and other Directors shall report on the status of execution of duties and important issues to the Board of Directors in compliance with provisions stipulated by the “Regulations on the Board of Directors” and “Standards for Discussions in Board of Director Meetings.”
 - d. Pursuant to provisions stipulated by the “Regulations on the Audit & Supervisory Board Members” and “Auditing Standards for Audit & Supervisory Board Members,” Audit & Supervisory Board Members shall conduct audits to ensure that Directors properly execute their duties in compliance with laws, the Articles of Incorporation and others.
- 2) System to store and manage information concerning business execution by Directors
- Pursuant to provisions stipulated by the “Document Management Regulations,” documents and other information concerning business execution by Directors must be managed by properly storing or destroying them. Also, inspections on status of application of the management as well as reviews of regulations shall be conducted when necessary.
- 3) Rules to manage the risk of losses and other systems
- a. The Company shall set out a series of “Crisis Management Guidelines” and establish the “Board of Risk Management” at the head office, with the aim of preventing the materialization of risks that would adversely affect business operations and establishing a risk management structure that enables the Company to take prompt and accurate action when a crisis occurs.
 - b. The Internal Audit Division shall provide guidance, advice and recommendations in accordance with provisions stipulated by the “Nippon Express Group Auditing Regulations,” in order to prevent the risk of losses caused by management.
- 4) System for ensuring efficient business execution by Directors
- a. The Board of Directors meetings shall be convened and issues shall be resolved in compliance with provisions stipulated by the “Regulations on the Board of Directors” and “Standards for Discussions in Board of Director Meetings.”
 - b. Operations of the Company shall be performed by “Executive Officers” elected and delegated with their designated duties by the Board of Directors in accordance with matters resolved by the Board of Directors. The Board of Directors shall also supervise their performance.
- 5) System to ensure that business execution by employees complies with laws and the Articles of Incorporation
- a. The Company shall establish the “Nippon Express Charter of Conduct” and “Compliance Regulations.” The Charter of Conduct and Regulations serve as a guideline for employees to comply with laws, the Articles of Incorporation and other internal regulations as well as socially accepted norms.
 - b. In order to ensure thorough compliance by employees, the Company shall establish “Compliance Committee” at the head office and appoint staff members in charge of compliance and compliance promoters at the head office and each branch office.
 - c. The Company shall set up “Nittsu Speak Up,” an internal reporting system for the prevention, early detection and correction of legal violations, dishonesty or ethical misconduct by employees.
 - d. In accordance with provisions stipulated by the “Nippon Express Group Auditing Regulations,” the Internal Audit Division shall conduct an audit to confirm that business execution by employees is conducted according to laws, the Articles of Incorporation and others.

- 6) System for ensuring operational integrity of the corporate group comprising the Company, parent company and its subsidiaries
 - a. Pursuant to regulations stipulated by the Company, Directors of the Group shall report important matters concerning business operations to relevant departments in charge of administrative operations within the Company.
 - b. In order to respond to various risks related to the Group, each group company shall cooperate with relevant departments in charge of administrative operations within the Company and manage risks.
 - c. Group companies shall establish “Regulations on the Board of Directors” that clarify responsibilities and roles of the Boards of Directors and shall execute roles accordingly.
 - d. All operations for the Nippon Express Group are conducted in accordance with provisions stipulated by the “Nippon Express Charter of Conduct” and “Nittsu Group Compliance Guideline.” Business activities shall be sound, transparent and fair; they should be based on social norms such as laws, socially accepted morals and ethics as well as internal norms such as internal regulations.
 - e. The Company shall set up “Nittsu Speak Up,” an internal reporting system for the prevention, early detection and correction of legal violations, dishonesty or ethical misconduct by the Group.
 - f. Audit & Supervisory Board Members conduct inspections of the Group in terms of consolidated management and operational enforcement relating to consolidated statements.
 - g. Audit & Supervisory Board Members shall cooperate and exchange information with Audit & Supervisory Board Members of the Group and perform effective audits, in order to prevent improper transactions or accounting procedures between the Company and the Group and others.
 - h. In accordance with provisions stipulated by the “Nippon Express Group Auditing Regulations,” the Internal Audit Division shall conduct audits to confirm that business operations of the Group are conducted according to laws, the Articles of Incorporation and others.

- 7) Matters related to employees who support Audit & Supervisory Board Members and matters to ensure the effectiveness of instructions given to such employees, in cases where Audit & Supervisory Board Members require employees to support them with their duties
 Matters concerning support for the duties of Audit & Supervisory Board Members shall be in accordance with the instructions given by Audit & Supervisory Board Members and implemented by “Audit & Supervisory Board Members’ staff,” which belongs to the Audit Division in charge of internal auditing.

- 8) Matters related to the independence from Directors of the employees described in the preceding item
 For personnel matters concerning “Audit & Supervisory Board Members’ staff,” serious consideration must be given to opinions of the Audit & Supervisory Board.

- 9) System for Directors and employees to report to Audit & Supervisory Board Members; system for Directors, Audit & Supervisory Board Members, and employees who execute operations of the Company’s subsidiaries and those who received information from these persons to report to Audit & Supervisory Board Members of the Company; system for ensuring no person who has reported such matters is unfavorably treated on the grounds for doing so
 Directors and Directors of the Group shall report promptly to Audit & Supervisory Board Members, either directly or through relevant departments in charge of handling administrative work within the Company, on the matters set out below. The Group must comply with laws to ensure that those who reported such matters will not be treated unfavorably as a result of doing so.
 - a. Important management matters and implementation of internal audits

- b. Serious violations of laws or Articles of Incorporation, or misconducts on business execution
- c. Matters that may inflict significant losses on the Company

10) System for ensuring effective audits by Audit & Supervisory Board Members and other matters

- a. Audit & Supervisory Board Members shall attend Board of Directors' meetings and in order to grasp the important decision-making process and implementation of business execution, shall attend meetings of the Board of Executives, and the Board of Officers as well as other important meetings. In case they do not attend these meetings, Audit & Supervisory Board Members shall receive explanations about the discussions and read relevant materials.
- b. Audit & Supervisory Board Members and the Audit & Supervisory Board shall meet with the Representative Director on a regular basis and make efforts to enhance mutual understanding and deepen their trust. To this end, they shall exchange their opinions concerning not only management policies, issues to be addressed and risks surrounding the Company but also on status of improvements in the auditing environment of Audit & Supervisory Board Members, important issues in auditing, and others.
- c. In accordance with regulations on "Important Documents to be Returned to Audit & Supervisory Board Members," Audit & Supervisory Board Members shall review major approval documents and other important documents on business execution, and as needed, they should seek explanations from and provide their opinions to the Directors, Executive Officers or employees.
- d. If the Audit & Supervisory Board Members deem it necessary, they may utilize lawyers, certified public accountants, consultants or other outside experts who support the audits of Audit & Supervisory Board Members and the Company shall bear the relevant expenses.

11) Basic policies for elimination of antisocial forces and implementation of policies

Nippon Express will take firm action to practice social justice and recognizes the Company's social responsibility to not conduct any business with forces or groups that cause societal harm.

Our basic policy states clearly that any relationship with forces harmful to society is prohibited as described in the Nippon Express Charter of Conduct and the Compliance Regulations. We have established an educational system to have officers and employees comply with the basic policy.

In addition, we established an internal countermeasures division to collect information daily from outside specialists to familiarize employees with countermeasures against forces harmful to society. To prepare for such contingencies, we are developing a system for prompt action to guard against funding forces harmful to society, in close collaboration with the relevant government institutions, corporate lawyers, and other outside specialists.

(5) Overview of Operational Status of System for Ensuring Operational Integrity

The Company's Board of Directors has established a compliance promotion division and internal control promotion division regarding financial reporting, and has in place a system to prevent and manage risks.

The Compliance Committee, which is chaired by the President, is briefed on all internal reporting, and verifies its contents and the operational status of the related system. The Director in charge reports on the operational status of the internal reporting system and the initiatives of the Compliance Committee to the Board of Directors.

With regard to internal control over financial reporting, the Company monitors company-wide internal control and the developmental and operational status of internal control over business processes through internal audits, etc. The results are reported to the Representative Directors, Audit & Supervisory Board Members and others as appropriate. Furthermore, the Company implements sequential training for its employees.

Audit & Supervisory Board Members attend the meetings of the Board of Directors and other important meetings to grasp the execution status of businesses based on the procedure for important decision-making. In addition, in the event there is insufficient information gathered for auditing, mainly full-time Audit & Supervisory Board Members request Directors and related divisions for explanation, information and materials required. In addition, Audit & Supervisory Board Members meet with the Representative Director on a regular basis and state their opinions concerning not only management policies, issues to be addressed and risks surrounding the Company but also on status of improvements in the auditing environment of Audit & Supervisory Board Members, important issues in auditing, and others.

(6) Basic Policy on Entities That Control Decisions on the Company's Financial and Business Policies

I Details of the Basic Policy

As an entity listing its stock on the financial instruments exchange, the Company respects the free trading of its stock on the market. Even in the event of a large-scale purchase of its stock by a specific entity, as long as the purchase is conducive to securing and enhancing the corporate value of the Group and in turn the common interests of its shareholders, the Company does not unconditionally reject such a purchase. The Company believes that the decision on whether or not to accept a large-scale purchase proposal of its stock should ultimately be made by the shareholders.

However, some large-scale purchases of stock may prevent the Group from maintaining good relationships with its stakeholders, or have other effects which may impair the corporate value of the Group and in turn the common interests of its shareholders, may not sufficiently reflect the value of the Group, or may not provide sufficient information needed for shareholders to make a final decision.

The Company's Board of Directors believes that it is its duty, as an organ entrusted by shareholders with the management of the Company, to secure sufficient time and information as well as to negotiate with the large-scale purchaser of stock on behalf of its shareholders.

II Initiatives to Contribute to Achieving the Basic Policy

The Company takes measures to secure and enhance the corporate value of the Group and in turn the common interests of its shareholders.

1. Business Plan

The Group has formulated its five-year business plan, "Nippon Express Group Business Plan 2023 – Dynamic Growth–" and has been making united efforts since April 1, 2019. The Group will strive to steadily carry out the key strategies in order to realize the new long-term vision, to become "a logistics company with a strong presence in the global market," which has been set for 2037, the 100th anniversary of the Group, and aim for continued growth and further improvement of corporate value.

2. Initiatives to Strengthen Corporate Governance

(1) The Company's Basic Views on Corporate Governance

The Company believes that its mission is to resolve societal issues through logistics and support the sustainable development and growth of society, based on the "Nippon Express Group Corporate Philosophy." We also believe that collaborating with all our stakeholders, including shareholders and investors, and respecting their positions will lead to realizing sustainable growth of the Company and increased corporate value. Thorough compliance, ensuring management transparency, as well as maintaining speedy management through rapid decision-making and the clarification of responsibility are vital for achieving this, and building and operating these systems are our basic view to corporate governance. We are working to continually evolve and enhance our corporate governance based on this basic view.

[Nippon Express Group Corporate Philosophy]

Our Mission:

Be a Driving Force for Social Development

Our Challenge:

Create New Ideas and Value that Expand the Field of Logistics

Our Pride:

Inspire Trust Every Step of the Way

(2) Specific Measures Taken Regarding Corporate Governance

We are a Company with Audit & Supervisory Board members. In addition to the Board of Directors and Audit & Supervisory Board, the Company has introduced a Board of Officers system with the goal of ensuring rapid decision-making and business execution.

The Board of Directors and the Board of Executive Officers generally meets once per month or whenever necessary. The Audit & Supervisory Board generally meets once every three months or whenever necessary.

III Framework to Prevent Entities Deemed Inappropriate in Light of the Basic Policy from Controlling Decisions on the Company's Financial and Business Policies

The Company has resolved to discontinue the countermeasures for large-scale purchases of the Company's stock, etc. (the "Takeover Defense Measure") at the meeting of the Board of Directors held on May 9, 2017, and has abolished the Takeover Defense Measure at the closing of the Ordinary General Meeting of Shareholders held on June 29, 2017 due to expiration.

Even after abolishing the Takeover Defense Measure, the Company will interact with entities who intend to make large-scale purchases of the Company's stock to demand that they provide necessary and sufficient information for shareholders to appropriately determine whether or not to accept the large-scale purchase. It will also disclose the opinions, etc. of the Board of Directors, secure time and information for shareholders to examine the purchase, and take other appropriate measures as necessary pursuant to the Financial Instruments and Exchange Act, the Companies Act and other relevant laws and regulations.

The Company will respect shareholders' rights to accept the tender offer and will not unreasonably prevent it.

IV Decision of the Board of Directors Regarding the Initiative Above and Its Reason

The Company believes that the aforementioned frameworks are compatible with the basic policy stated in I above and are conducive to the Company's corporate value and in turn the common interests of its shareholders.

Note:

In this Business Report, the amounts and number of shares less than the presented unit are disregarded, while ratios, basic earnings per share and net assets per share less than the presented unit are rounded off.