

Nippon Express Group Corporate Strategy 2012 –Towards New Growth–

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Introduction

Economic Environment Forecast and Outlook for Cargo Transport

□ Economic Environment Forecast (2010)

▶ Japan

It is difficult to envisage a self-sustaining recovery driven by an upswing in domestic demand, and a strongly deflationary environment is likely to continue.

▶ Europe and the US

Although these economies are emerging from a severe recessionary phase, sluggish development is forecast.

▶ Asia (China)

The forecast is for a high level of export growth due to expansion in domestic demand.

□ Outlook for Cargo Transport (2010)

▶ Japan

As a recovery led by domestic demand is not on the cards, business results will be negative for the 11th successive year.

▶ Overseas

Exports will recover to near the level of the peak years (air cargo: 2006, marine cargo: 2007), while imports will also show a growing trend.

Source: Nittsu Research Institute and Consulting, Incorporated (NRIC)

New Corporate Strategy

Towards New Growth

Shifting the focus from enhancement of management infrastructure to new growth;
formulating a 3-Year Corporate Strategy to initiate a new business approach for the
Nippon Express Group

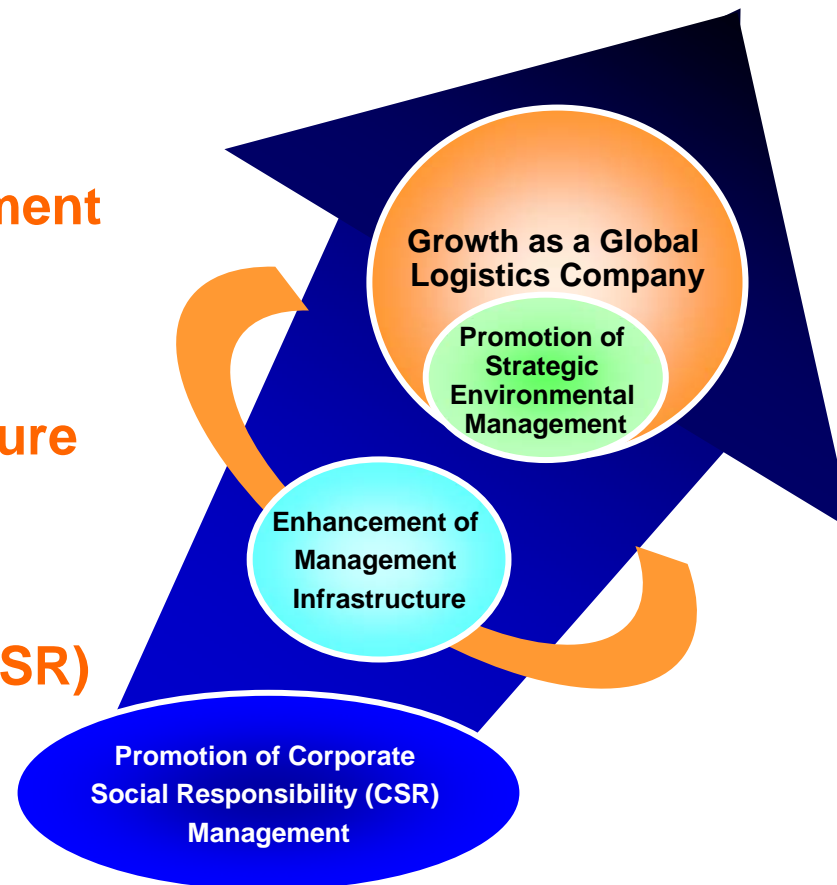


Key Strategies of the New Corporate Strategy

Taking “growth as a global logistics company” as the pillar of our growth strategy,
implement 4 key strategies through concerted Group action

■ Growth as a Global Logistics Company

- Promotion of Strategic Environmental Management
- Enhancement of Management Infrastructure
- Promotion of Corporate Social Responsibility (CSR) Management



Principal Measures for Implementing Key Strategies

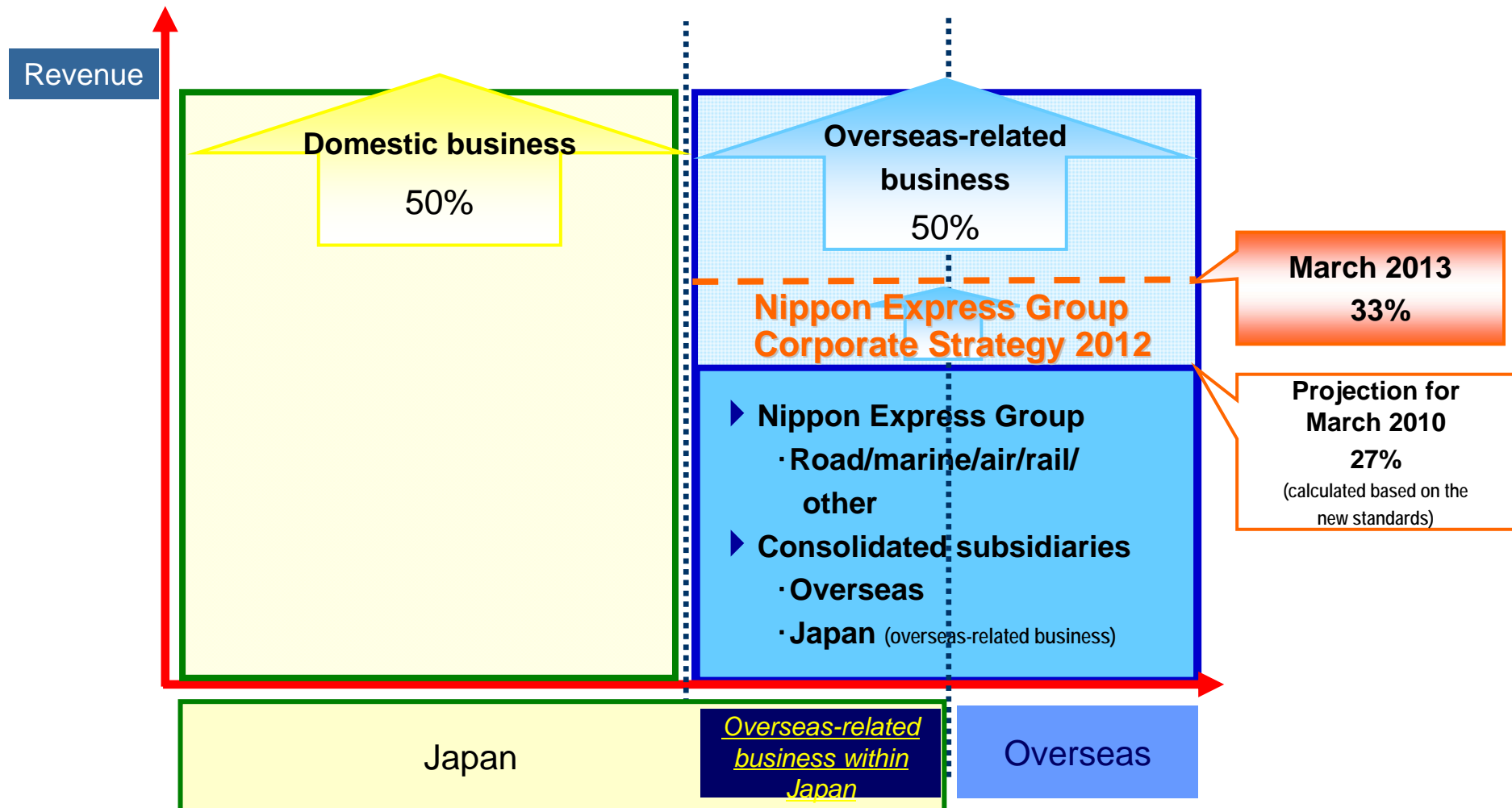
Growth as a Global Logistics Company

Realizing further growth by shifting business focus to the global market



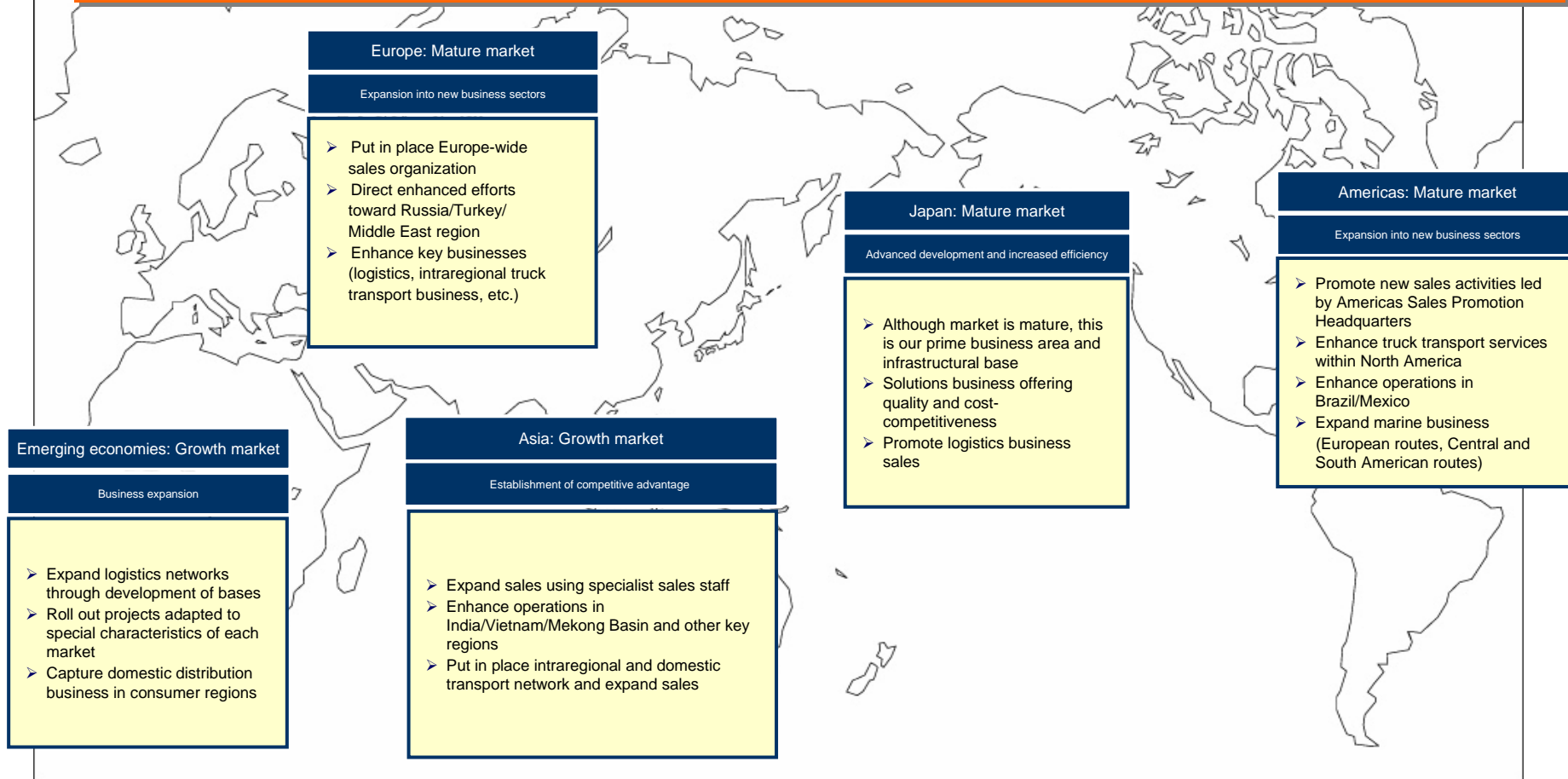
Growth as a Global Logistics Company

Increase the proportion of sales from the Group's overseas-related business to 50%



Growth as a Global Logistics Company

Action plan for the global market: pursue business strategies adapted to the special characteristics of each region



Growth as a Global Logistics Company

Performance and strategy going forward in Asian and emerging markets

China

Expansion into interior

Expansion of Chinese bases (as of Dec. 31, 2009)
32 cities, 20 companies, 101 bases



Strategy in China

- Enhance logistics bases (32 cities, 101 bases)
- Build Chinese domestic transport network

ASEAN

Expansion of intraregional transport

Outline of SS7000 transport route

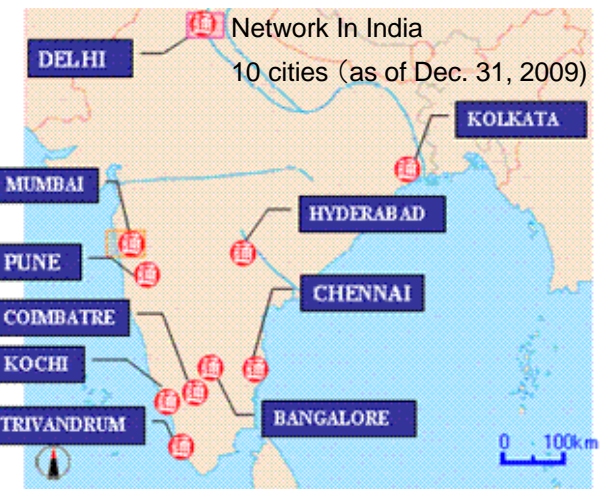


Strategy in ASEAN

- Expand NVOCC sales
- SS7000 (Shanghai-Singapore 7,000km)

Emerging economies

Market entry support for Japanese companies

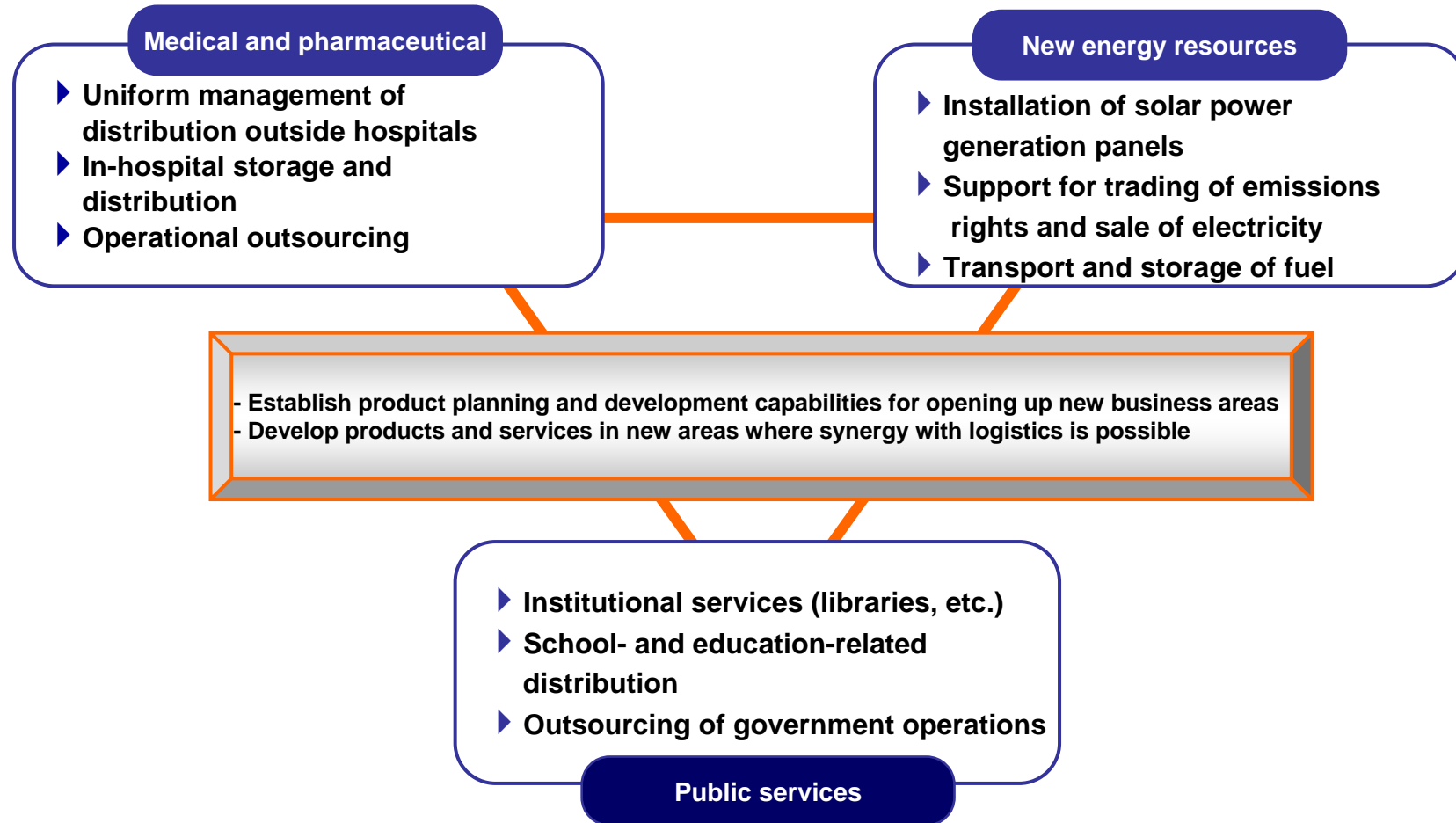


Strategy in India

- Acquire local logistics company (JI Logistics Private Ltd.)
- Set up large-scale warehouses (Neemrana Industrial Area, Rajasthan)

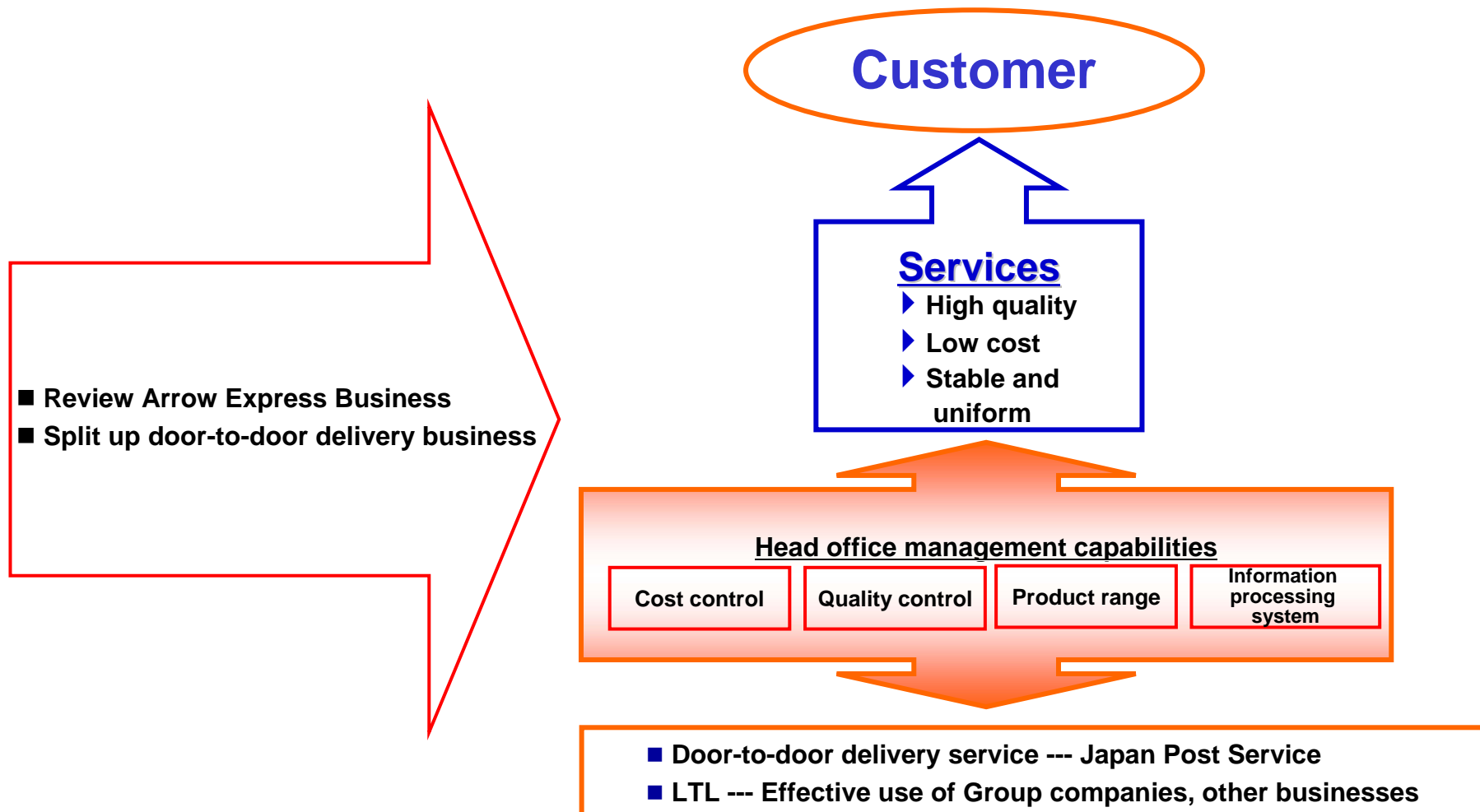
Growth as a Global Logistics Company

Develop new business areas by developing products and services for sectors expecting growth and establish respective businesses



Growth as a Global Logistics Company

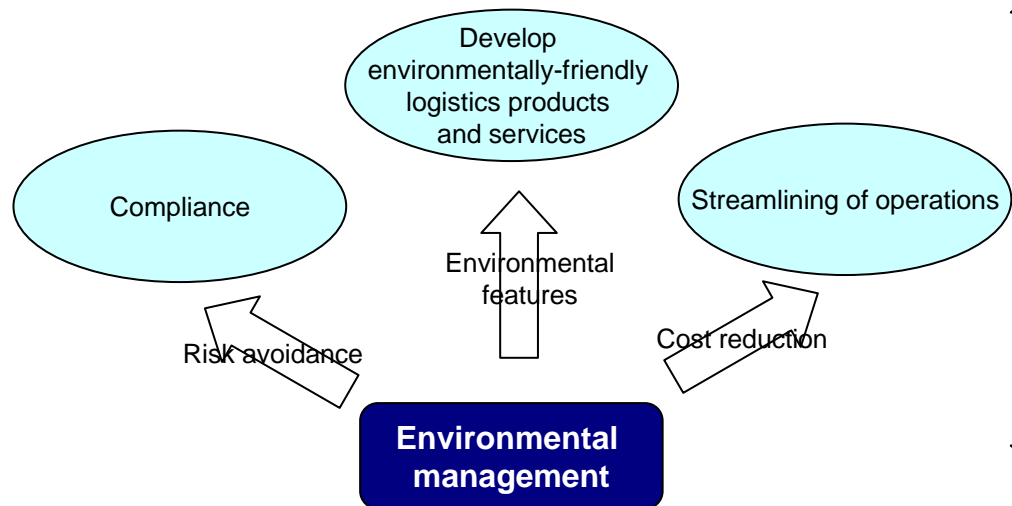
**Strengthen head office management capabilities
in order to develop small-lot cargo business structures**



Promotion of Strategic Environmental Management

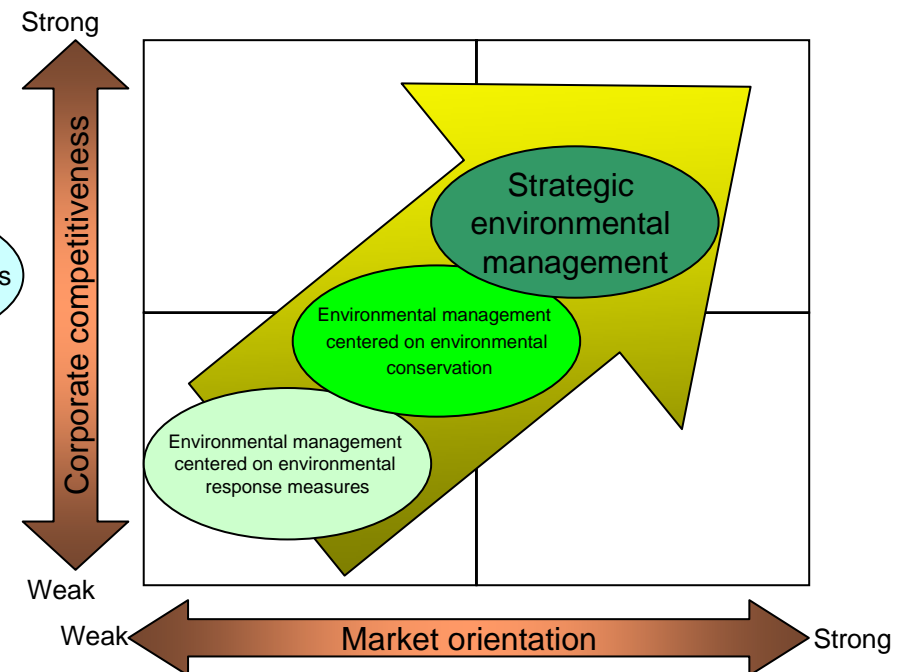
Using environmental initiatives to enhance competitiveness

Changes in the business environment and environmental management



Source: Nittsu Research Institute and Consulting, Inc., "Collection and Analysis of Examples of Systems for Improving Environmental Awareness Among Employees"

Promotion of environmental management



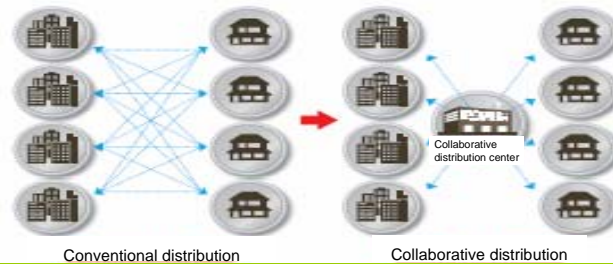
Source: Takayuki Nagasaki, "A Study on Creating Strategic Environmental Management for Businesses"

Promotion of Strategic Environmental Management

**Strategically develop environmental management
and achieve sustainable growth**

Devising transport methods to reduce CO₂ emissions while continuing to meet customer transport needs

Improvement of truck loading efficiency and reduction of vehicle exhaust



Reduction of environmental impact through modal shift



Marine transport

Rail transport

Environmentally friendly logistics through appropriate combinations of marine, rail and road transport

Contributing in the transport field to projects that serve global environmental conservation

Bullet train track-laying operations and transport



Wind turbine transport and erection



Contributing to global environmental conservation as a united Nippon Express Group

Environmentally-friendly distribution bases



Promoting introduction of environmentally-friendly vehicles



Enhancement of Management Infrastructure

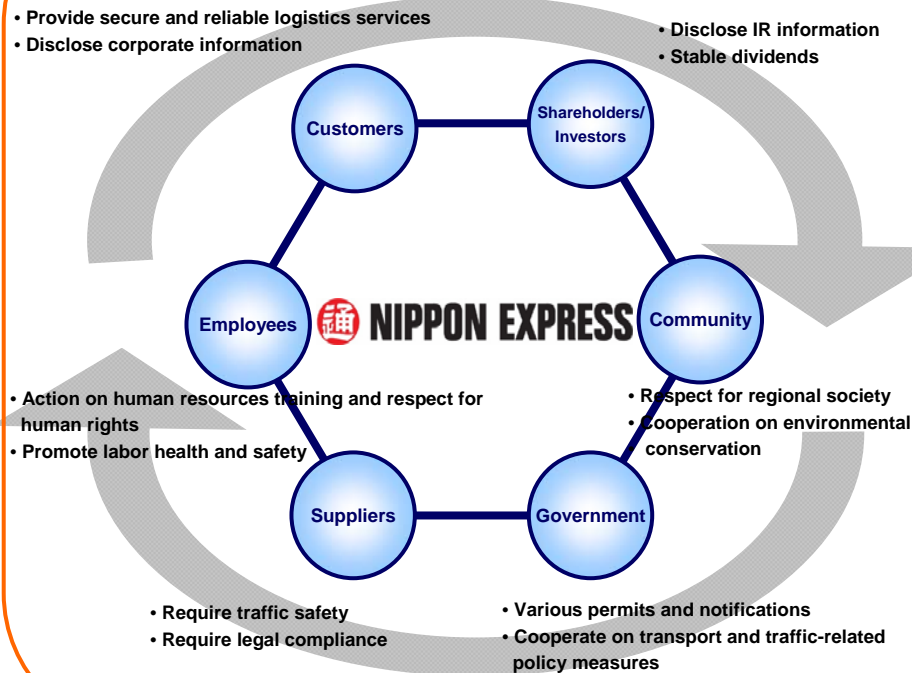
Boost competitiveness and promote group management

Measures and objectives	Details of initiatives
Provide outstanding quality	<ul style="list-style-type: none"> ▶ Implement "customer first" principle thoroughly ▶ Pass on high level skills
Strengthen financial foundation	<ul style="list-style-type: none"> ▶ Manage invested capital efficiently ▶ Procure and manage funds efficiently
Implement strategic investment through selection and focus	<ul style="list-style-type: none"> ▶ Strengthen capabilities through M & A and capital alliances ▶ Develop global business base capabilities worldwide
Streamline infrastructure to improve management of business categories	<ul style="list-style-type: none"> ▶ Implement management visualization to understand businesses and customer specific income and expenditures ▶ Formulate business content verification process and establish business assessment system
Strengthen group management further	<ul style="list-style-type: none"> ▶ Provide mutual support for business development that takes advantage of each company's special features ▶ Align corporate planning and sales planning functions within the group
Train and utilize personnel effectively	<ul style="list-style-type: none"> ▶ Utilize a diversity of personnel ▶ Develop a unified structure for training group personnel
Streamline global IT infrastructure	<ul style="list-style-type: none"> ▶ Develop a long-term IT strategy ▶ Develop an IT governance structure

Promotion of Corporate Social Responsibility (CSR) Management

**Strengthen governance of business activities in general
and fulfill our social responsibilities**

Overview of Nippon Express Group CSR



Nippon Express Group Vision

- A Global Logistics Company
- A Company that Fulfills its Responsibilities to the Earth
- A People-friendly Company

Promote compliance management

Undertake challenge of eliminating traffic and work-related accidents

Establish risk management systems

Enhance communication with the broader society

Promote work-life balance

Numerical Targets

Projections for the Fiscal Year Ending March 2010

Enhancement of management infrastructure

	Targets for the term ending March 2010	Projections for the term ending March 2010
Revenue	1.58 trillion yen	1.539 trillion yen
Operating income	31.3 billion yen	35 billion yen
Ordinary income	36.6 billion yen	33 billion yen
Net income	21.3 billion yen	10.5 billion yen

Results Targeted in the 3rd Year of the Corporate Strategy

Targeted increases in revenue and operating income
(compared to projections for the term ending March 2010)

	Revenue	Operating income
Unconsolidated	200 billion yen	17 billion yen
Japanese subsidiaries	41.7 billion yen	0.4 billion yen
Overseas subsidiaries	88.9 billion yen	5.2 billion yen
Consolidated total	261 billion yen*	23 billion yen*

* Includes increases in consolidated eliminations

Numerical Targets

Financial Targets	
	Targets for term ending March 2013 (consolidated total)
Revenue	1.8 trillion yen
Operating income	58 billion yen
Net income	35 billion yen
ROE	7.0%
Capital expenditures (FY2010-FY2012)	192 billion yen

Environmental Targets
With respect to CO ₂ emissions, the Nippon Express Group will reduce emissions by an annual average of at least 1% per basic unit in the three-year period up to the end of FY2012, using the FY2009 output as the benchmark.



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