

April 8, 2016

To whom it may concern

Name of the company	NIPPON EXPRESS CO., LTD.
Name of representative	Kenji Watanabe President and Representative Director (Code No. 9062 First Section of the Tokyo Stock Exchange)

Notice of Introduction of Performance-based Stock Compensation Plan

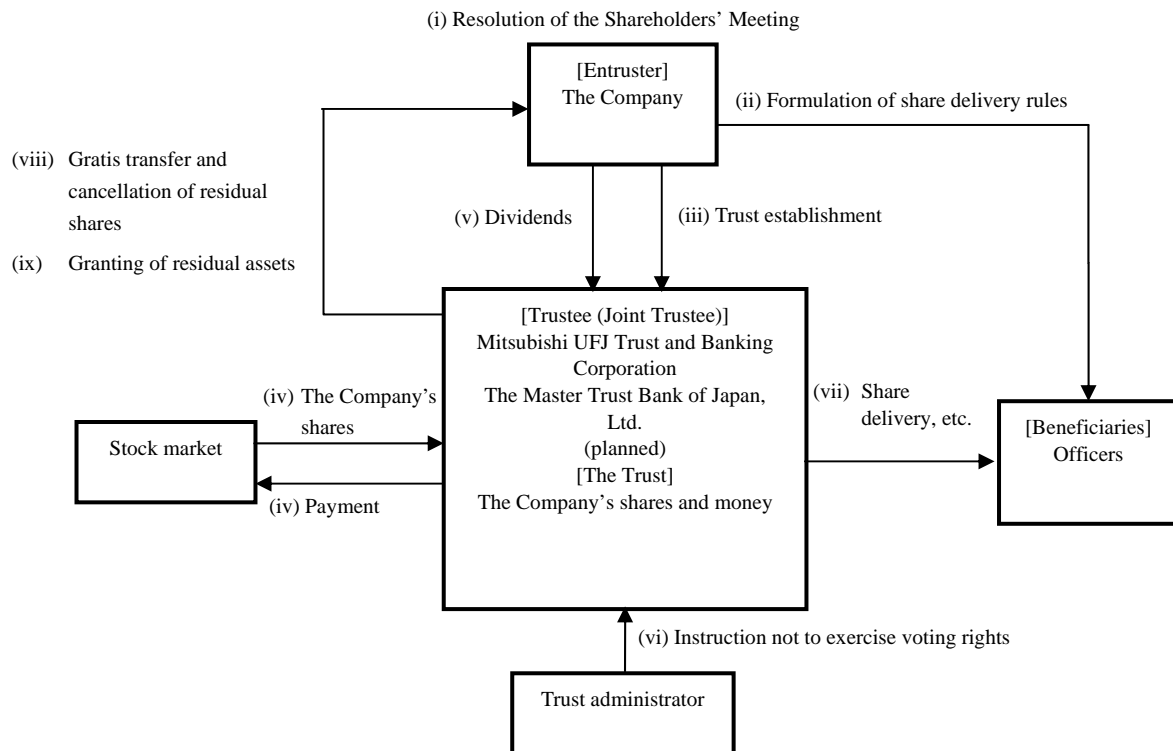
NIPPON EXPRESS CO., LTD. (the “Company”) hereby announces that, at the meeting of the Board of Directors held today, it has resolved to revise the current executive compensation system and introduce a performance-based stock compensation plan for its Directors and Executive Officers (excluding Outside Directors, Part-time Directors and those who do not reside in Japan; hereinafter collectively, the “Officers”) as described below.

The introduction of the plan will be proposed for approval at the 110th Ordinary General Meeting of Shareholders to be held in June 2016.

Notes

1. Introduction of the performance-based stock compensation plan
 - (1) The Company will introduce a performance-based stock compensation plan for its Officers (hereinafter the “Plan”) with the purpose of enhancing the motivation of the Officers to contribute to improved business performance and increased corporate value over the medium to long term.
 - (2) The introduction of the Plan is subject to the approval at the 110th Ordinary General Meeting of Shareholders (hereinafter the “Shareholders’ Meeting”).
 - (3) The Plan is a stock compensation system that is linked to the medium to long term performance of the Company using the Executive Compensation BIP (Board Incentive Plan) Trust (hereinafter the “BIP Trust”). The BIP Trust is a trust-type incentive plan based on the Performance Share Plan and the Restricted Stock Plan in the U.S. In this plan, the delivery, etc. of the Company’s shares to the Officers will be conducted according to the business performance, etc.
 - (4) After introducing the Plan, executive compensation will consist of existing monetary compensation of “basic compensation” and “bonuses” together with the performance-based “stock compensation” based on the Plan. With the introduction of the Plan, part of the “basic compensation” will be used as funds for “stock compensation,” whereby the performance-based compensation will account for a greater portion of executive compensation.

2. Outline of the Plan



- (i) The Company will obtain approval for executive compensation in relation to the introduction of the Plan at the Shareholders' Meeting.
- (ii) The Company will formulate the rules for executive compensation in relation to the Plan (share delivery rules) at the meeting of the Board of Directors.
- (iii) The Company will entrust money to the extent approved at the Shareholders' Meeting in (i) above and establish a trust with Officers who satisfy the beneficiary requirements as beneficiaries (hereinafter the "Trust").
- (iv) In accordance with the trust administrator's instructions, the Trust will acquire the Company's shares from the stock market using the entrusted money in (iii) within the upper limit approved at the Shareholders' Meeting in (i).
- (v) Dividends for the Company's shares in the Trust will be distributed in the same way as for other shares.
- (vi) The voting rights entitled to the Company's shares in the Trust will not be exercised during the trust term.
- (vii) During the trust term, in accordance with the share delivery rules, the Officers will be granted a certain number of points according to the factors including the level of attainment of the performance targets. The delivery, etc. of the Company's shares from the Trust will be conducted for the Officers who satisfy the beneficiary requirements based on the points held. The half of the shares will be delivered in the form of the Company's shares (the number of shares less than one trading unit will be rounded down) and the remaining half will be paid in cash equivalent to the amount obtained by converting the remaining number of the Company's shares into cash.

- (viii) If there are residual shares at the expiry of the trust term, due to non-attainment of the performance targets or other reasons during the trust term, the Company may continue to use the Trust by means of revising the trust agreement and contributing additional money to the Trust, or the residual shares will be transferred from the Trust to the Company without compensation and the Company will cancel these shares by resolution of the Board of Directors.
- (ix) At the time of the liquidation of the Trust, residual assets after distribution to beneficiaries are to be granted to the Company within the scope of the reserve for trust expenses after deducting funds to acquire the Company's shares from trust money.

(1) Outline of the Plan

The Plan is a performance-based stock compensation plan for the Officers to receive the Company's shares, etc. from the Trust as compensation for their services based on the points granted according to the factors including the level of attainment of the performance targets over the three-year period from the business year ending March 31, 2017 to the business year ending March 31, 2019 (hereinafter the "initial assessment target period") and the level of attainment of the performance targets for each business year during the initial assessment target period. In principle, the delivery, etc. of the Company's shares will be conducted following the expiry of the initial assessment target period.

Following the expiry of the initial assessment target period, the Company may set up a new assessment target period of three business years to continue the Plan.

(2) Procedures for the introduction of the Plan

The Shareholders' Meeting will resolve the upper limit of trust money to be contributed to the Trust, the maximum number of the Company's shares to be delivered, etc. (see (6) below) and other necessary matters.

(3) Eligibility under the Plan (beneficiary requirements)

Under the Plan, the Officers will receive the Company's shares, etc. from the Trust following the expiry of the initial assessment target period, in principle, if they meet the following beneficiary requirements.

- (i) A person who is in the office of Officer during the initial assessment target period (including a person who is newly appointed as Officer during such period)
- (ii) A person who holds points granted during the initial assessment target period
- (iii) A person who satisfies other requirements deemed necessary to attain the purpose of the performance-based stock compensation plan.

(4) Trust term

The trust term will be three years from September 2016 (planned) to August 2019 (planned).

If the Trust is to be continued at the expiry of the trust term, the Company may extend the Trust and entrust additional money by resolution of the Board of Directors to the extent approved at the Shareholders' Meeting. In principle, the trust term may be extended for the same period as the initial trust term (three years).

(5) Timing and details of the delivery, etc. of the Company's shares to the Officers

The Officers who satisfy the beneficiary requirements will receive the Company's shares, etc. from the Trust based on the number of points held following the expiry of the initial assessment target period, in principle.

Under the Plan, the Officers will be granted points according to the factors including 1) the level of attainment of each of the performance targets including consolidated net sales and consolidated operating income for each business year during the initial assessment target period and 2) the level of attainment of each of the performance targets including consolidated net sales, consolidated operating income and consolidated return on assets (ROA) through the initial assessment target period. The number of points to be granted will vary in a range between 0% and 150% with the base level corresponding to the performance targets, etc. being set to 100%.

The Officers who satisfy the beneficiary requirements will receive the Company's shares, etc. at a ratio of one point to one Company's share. The half of the shares will be delivered in the form of the Company's shares (the number of shares less than one trading unit will be rounded down) and the remaining half will be paid in cash equivalent to the amount obtained by converting the remaining number of the Company's shares into cash.

During the trust term, if there is a share split, reverse share split or any other event in which it is considered to be appropriate to adjust the number of points, such adjustments will be made to the number of shares to be delivered, etc. for one point.

(6) Upper limit of trust money to be contributed to the Trust and the maximum number of the Company's shares to be delivered

The Company plans to propose for approval at the Shareholders' Meeting that the upper limit of money to be contributed to the Trust be set at 400 million yen for each trust term (hereinafter the "Trust Money Amount"). The Company also plans to propose that the maximum number of the Company's shares to be delivered, etc. to the Officers for each business year under the Plan be set at 300,000 shares.

Accordingly, the maximum number of the Company's shares to be attributed to the Trust for each trust term (hereinafter the "Share Acquisition Number") is expected to be the number corresponding to the maximum number of the Company's shares to be delivered for each business year multiplied by the number of years of the initial assessment target period (i.e., three), which equals to 900,000 shares. However, if there is a share split, reverse share split or any other event during the trust term, the adjustments will be made according to the relevant ratio of the share split, reverse share split, etc.

(7) Method of acquiring the Company's shares by the Trust

The Trust will initially acquire the Company's shares from the stock market to the extent of the Trust Money Amount and the Share Acquisition Number.

If the number of the Company's shares in the Trust is likely to fall short of the number of shares to be delivered during the trust term, the Company may contribute additional money to the Trust to the extent of the Trust Money Amount and the Share Acquisition Number so that the Trust can additionally acquire the Company's shares.

(8) Exercise of voting rights related to the Company's shares in the Trust

To ensure the neutrality of the Company's management, the voting rights of the Company's shares in the Trust will not be exercised during the trust term.

(9) Handling of dividends for the Company's shares in the Trust

Dividends for the Company's shares in the Trust will be used for trust fees and other operational expenses of the Plan. Any residual dividends at the expiry of the trust term after being applied to such expenses will be donated to organizations that have no conflict of interest with the Company and the Officers.

(10) Handling of shares at the expiry of the trust term

Any residual shares of the Company at the expiry of the trust term are to be transferred to the Company without compensation, provided that the Company will subsequently cancel these shares as a measure for the return to shareholders.

(Reference)

[Contents of the trust agreement]

(1) Type of trust	Monetary trust other than a specified solely-administered monetary trust (third-party beneficiary trust with beneficiaries yet to exist)
(2) Purpose of trust	To provide incentives to the Officers of the Company
(3) Entruster	The Company
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Joint Trustee: The Master Trust Bank of Japan, Ltd.) (planned)
(5) Beneficiaries	Officers who satisfy the beneficiary requirements
(6) Trust administrator	Third party having no conflict of interest with the Company (certified public accountant)
(7) Date of trust agreement	August 2016 (planned)
(8) Trust term	September 2016 (planned) to August 2019 (planned)
(9) Commencement of the Plan	September 2016 (planned)
(10) Exercise of voting rights	Voting rights will not be exercised
(11) Class of shares to be acquired	Common stock of the Company
(12) Upper limit of trust money	400 million yen (planned) (including trust fees and trust expenses)
(13) Rights holder	The Company
(14) Residual assets	The Company, as the rights holder, may receive residual assets within the scope of the reserve for trust expenses after deducting funds to acquire the Company's shares from trust money.

[Details of administration relating to the trust and shares]

(1) Trust-related administration	Mitsubishi UFJ Trust and Banking Corporation and The Master Trust Bank of Japan, Ltd. are to be the trustees of the BIP Trust and will conduct trust-related administration.
(2) Share-related administration	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will conduct administration related to the delivery of the Company's shares to beneficiaries based on the administration service contract.

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