

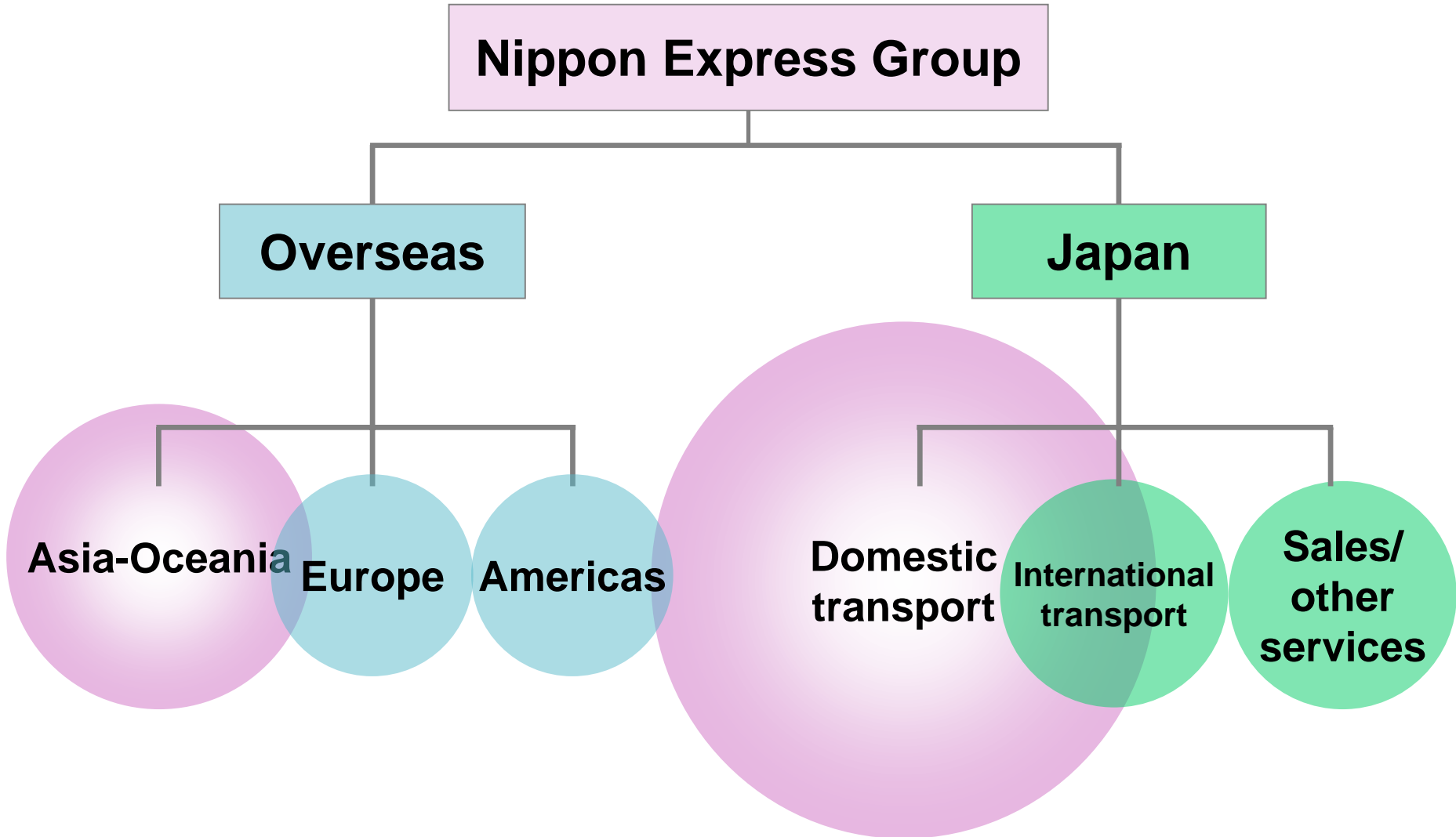


**Nippon Express  
Management Policy**

**Masanori Kawai  
President, CEO**

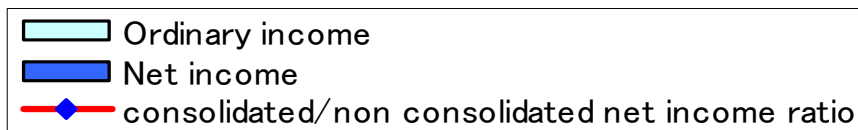
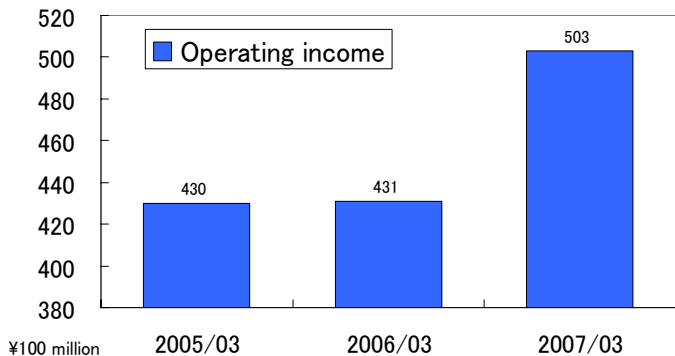
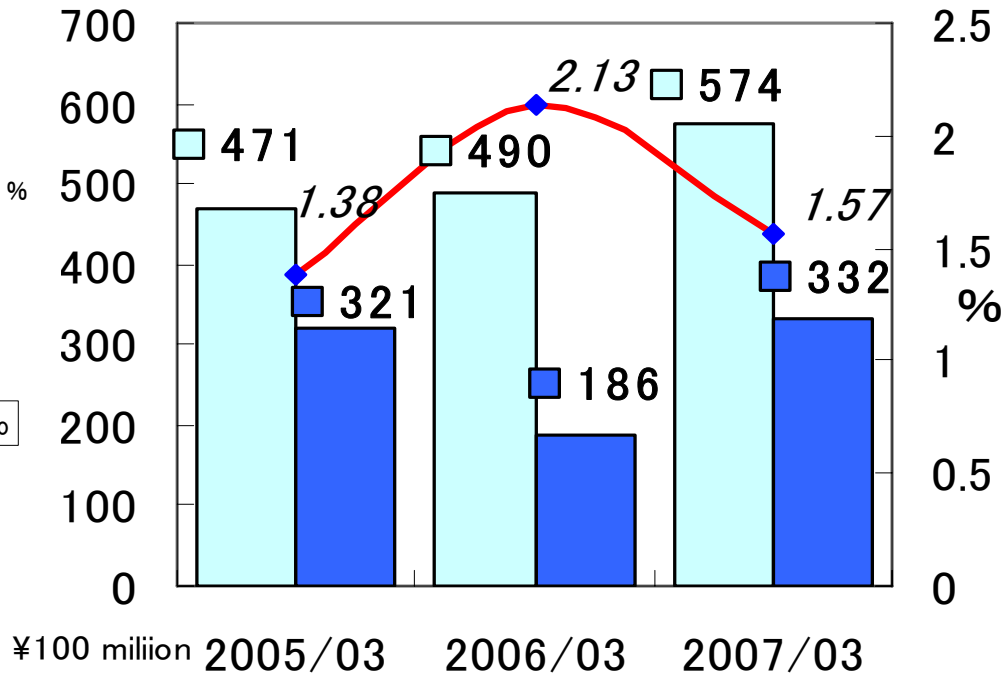
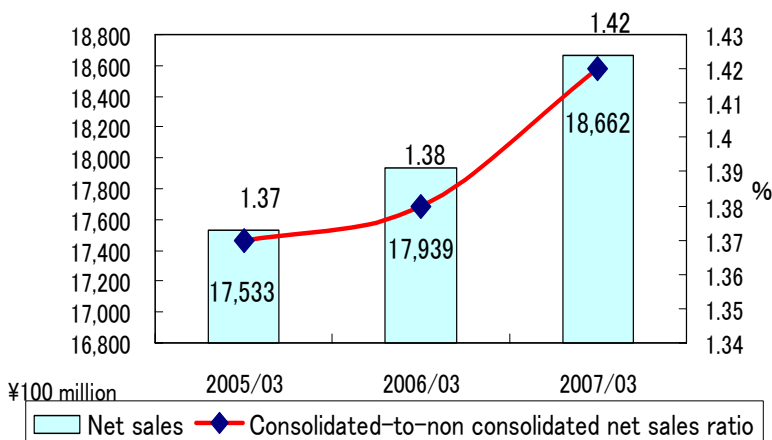
**July 2007**

# 1. Nippon Express Business Framework



## 2.Financial highlights for the fiscal year ended on March 31,2007

### Trend in net sales, operating income, ordinary income and net income in 3 years



Year ended on March 31, 2006:extraordinary losses

(¥13.7 billion in impairment losses,¥12.5 billion for Career change support measures,etc.)

## 3. Business efforts overseas

### A. Pursuing active investment

✓ Efforts in the Asia-Oceania region

- 1) Construction of Baraki International Logistics Town Bldg. 1 completed (June 2006)
- 2) Launched new warehouses in Ho Chi Minh City and Hanoi, Vietnam (July 2006) ✓
- 3) Opened logistics warehouse in Budapest, Hungary (September 2006)
- 4) Acquired marine transport agency business in Taiwan (November 2006) ✓
- 5) Acquired Indian logistics Agency (April 2007) ✓

### B. Expanding geographical scope of operations

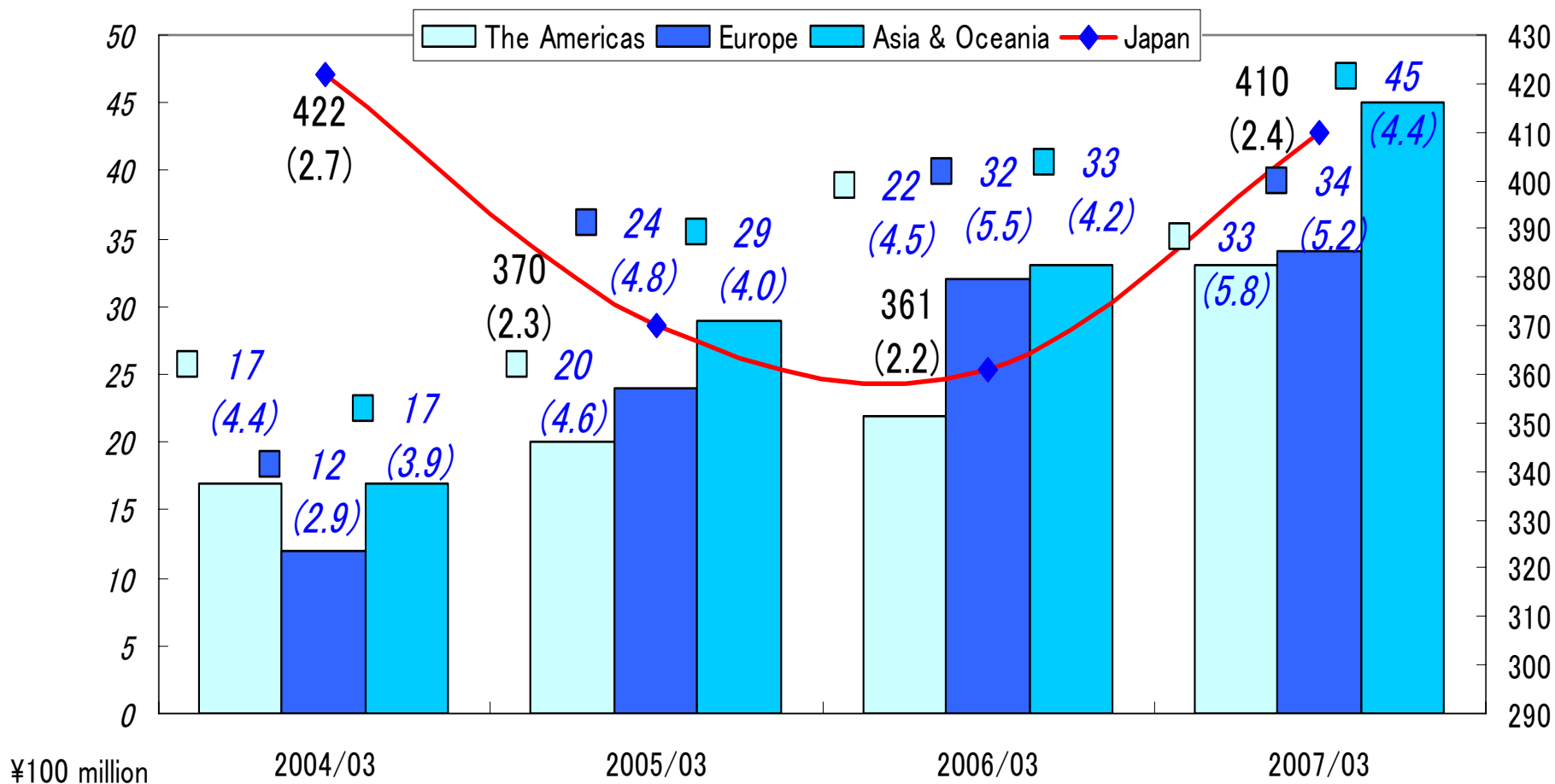
- 1) Established new company in Tijuana, Mexico (April 2006)
- 2) Established new company in St. Petersburg, Russia (July 2006)
- 3) Opened new branch in Poland to launch business operations (October 2006)
- 4) Established new company in the Philippines specializing in domestic distribution and warehousing (October 2006) ✓
- 5) Established Nippon Express (Middle East) LLC in Dubai, UAE (January 2007)
- 6) Established new branch in Moscow, Russia (July 2007)

### C. Expanding business through alliances

- 1) Partnered with ANA and Japan Post to launch joint venture (ANA & JP Express) (April 2006) ✓
- 2) Started door-to-door transport service to 80 cities in China from locations throughout Japan (September 2006) ✓
- 3) Tie-up with logistics subsidiary of Dongfeng Motor Group Company Ltd. (China) (February 2007) ✓

### 3. Business efforts overseas

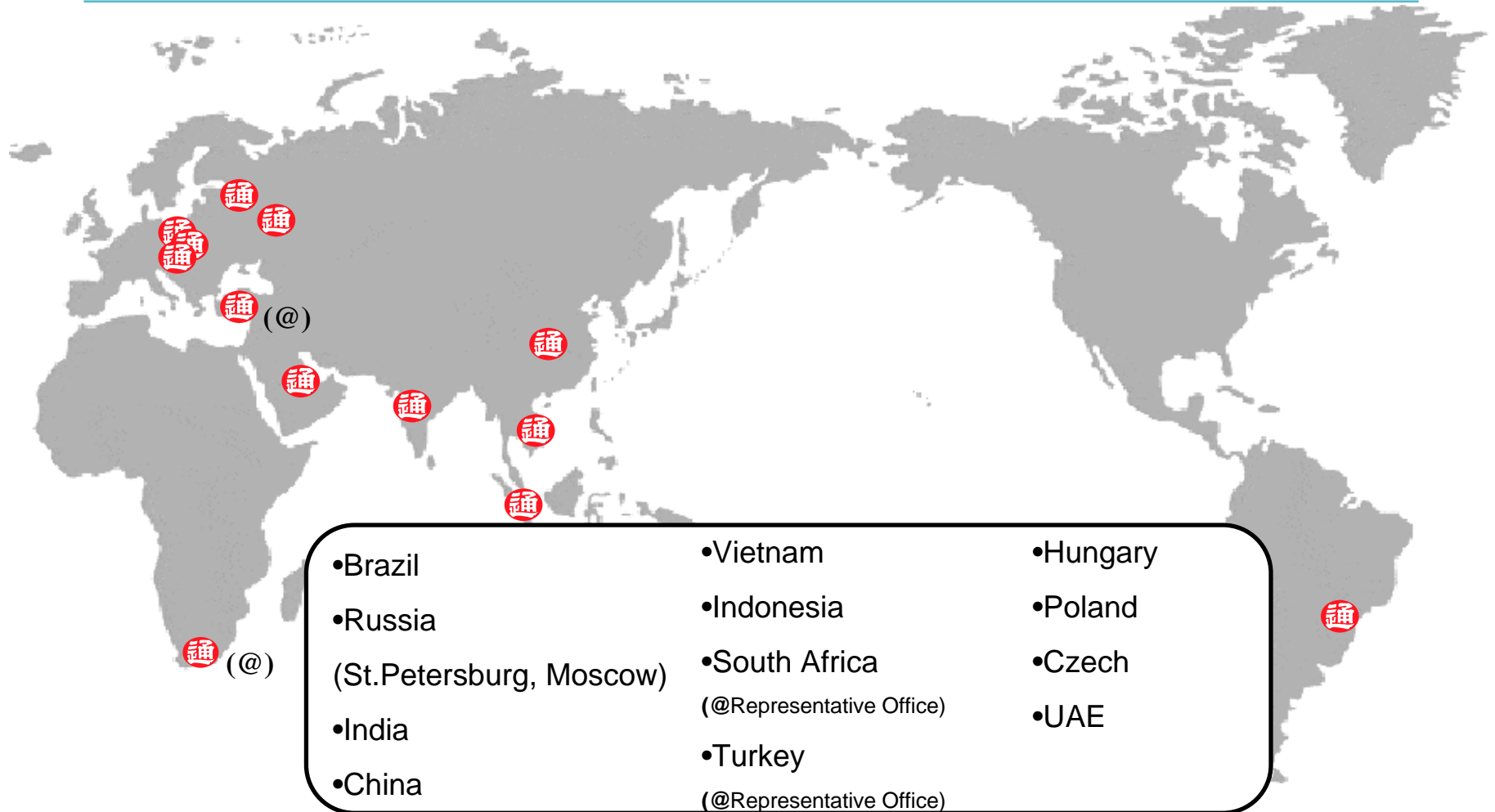
#### D.Trend in geographical segment operating income over the past 4 years



※(Operating income ratio %)

## 4. Business efforts in Japan

### Nippon Express subsidiaries in emerging economics (BRICs, VISTA ,etc)

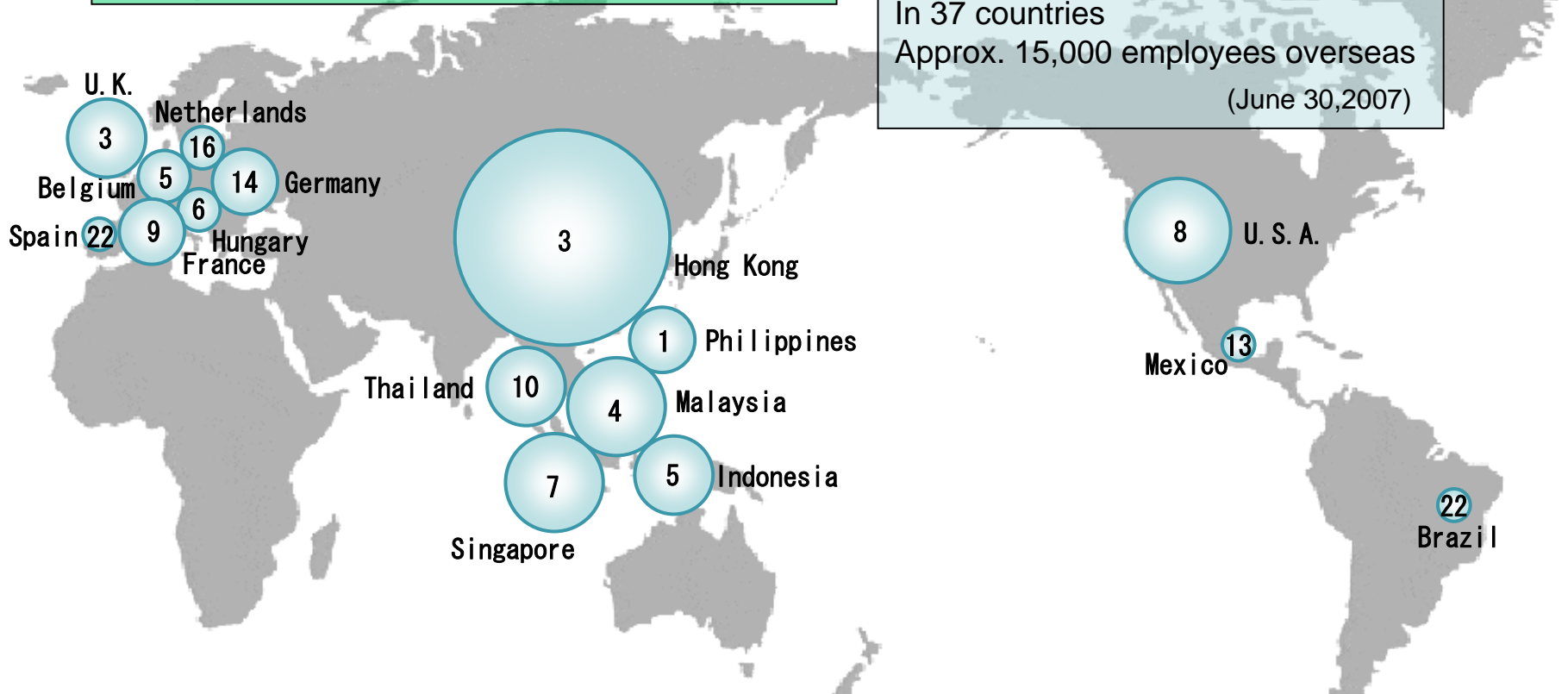


# 3. Business efforts in Japan

## 2005 International Air Transport Association (IATA) Rankings

2nd among air forwarders worldwide  
1st among air forwarders in the Asia-Pacific region

349 business locations  
In 204 cities  
In 37 countries  
Approx. 15,000 employees overseas  
(June 30, 2007)



Ranking of Group companies in their respective countries

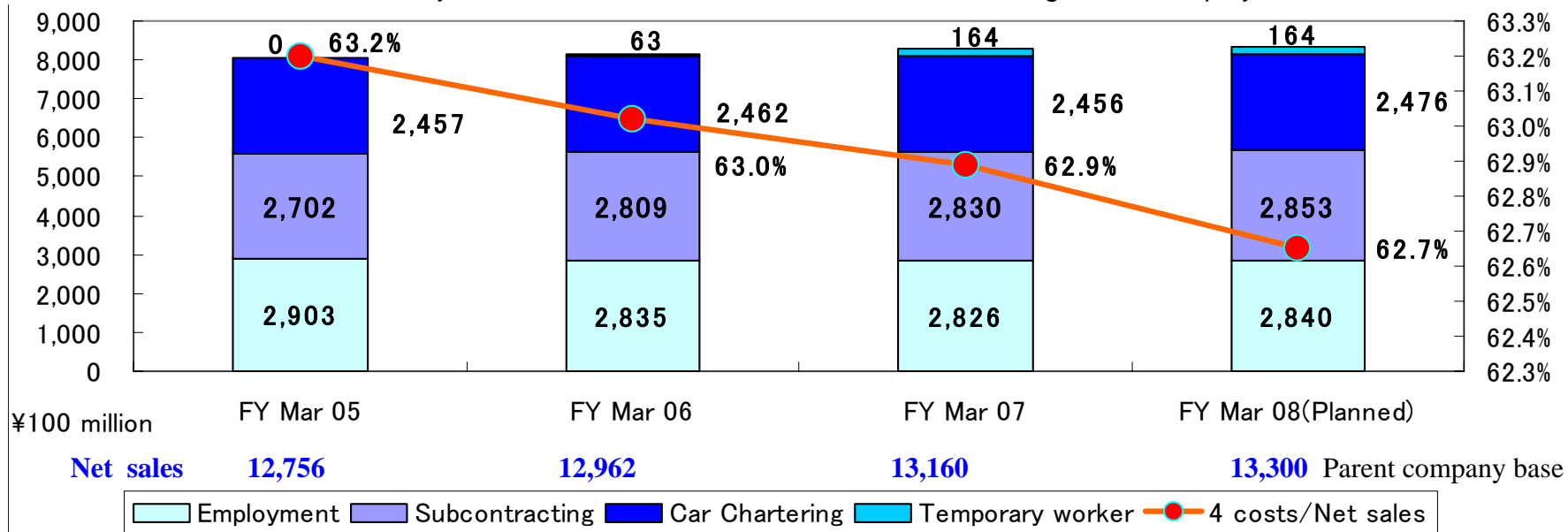
## 4. Business efforts in Japan

### A. Personnel

- 1) Transition to in-house temporary staffing operations – acquired temporary staffing business of Shimomura Business Works

Goals: Maintain steady supply of temporary workers  
 Reduce outflow from outsourcing  
 New business expansion by outside sales

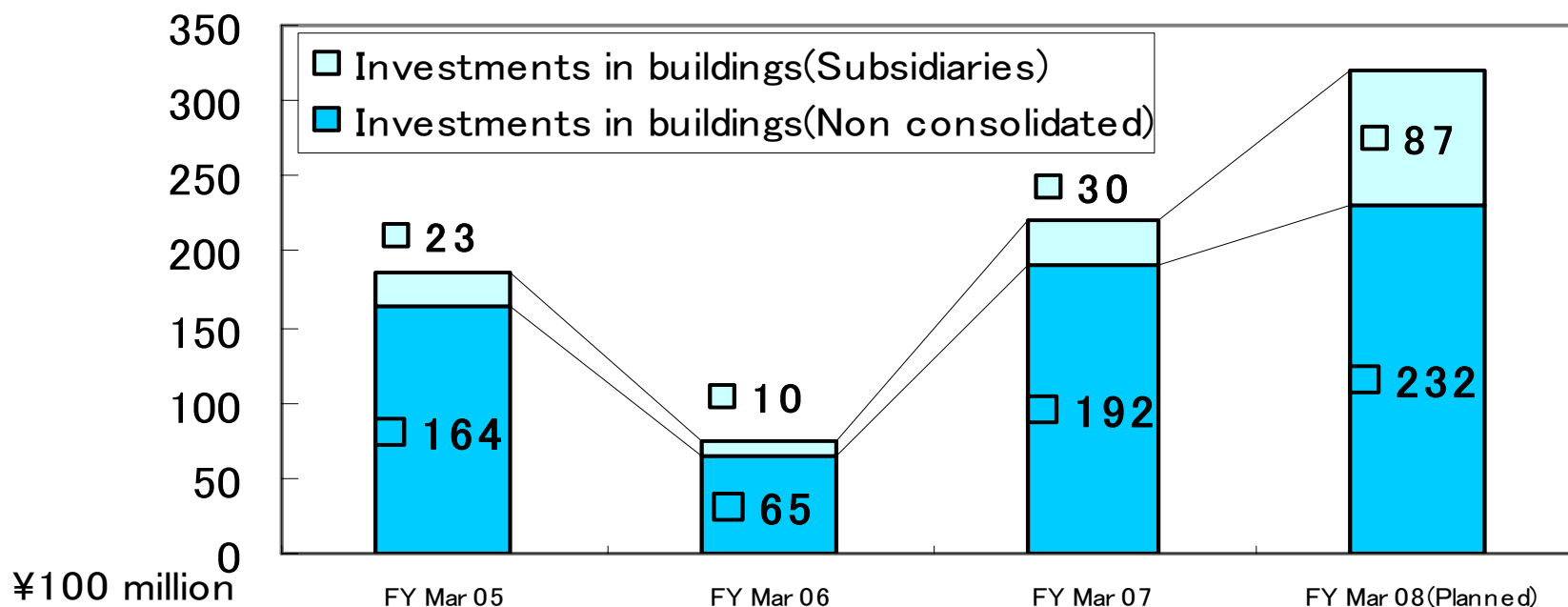
- 2) Promote direct employment of local staff – Raise retirement age of nationwide employees & increase hiring of local employees  
 ~Net sales and four major costs~



## 4. Business efforts in Japan

### B. Goods and Services

1) Accelerating warehouse construction to expand 3PL business



2) Established Real Estate Development Division (October 2006)

Goals: Efficient use of Company-owned real estate

Studied possible conversion and disposal of owned real estates

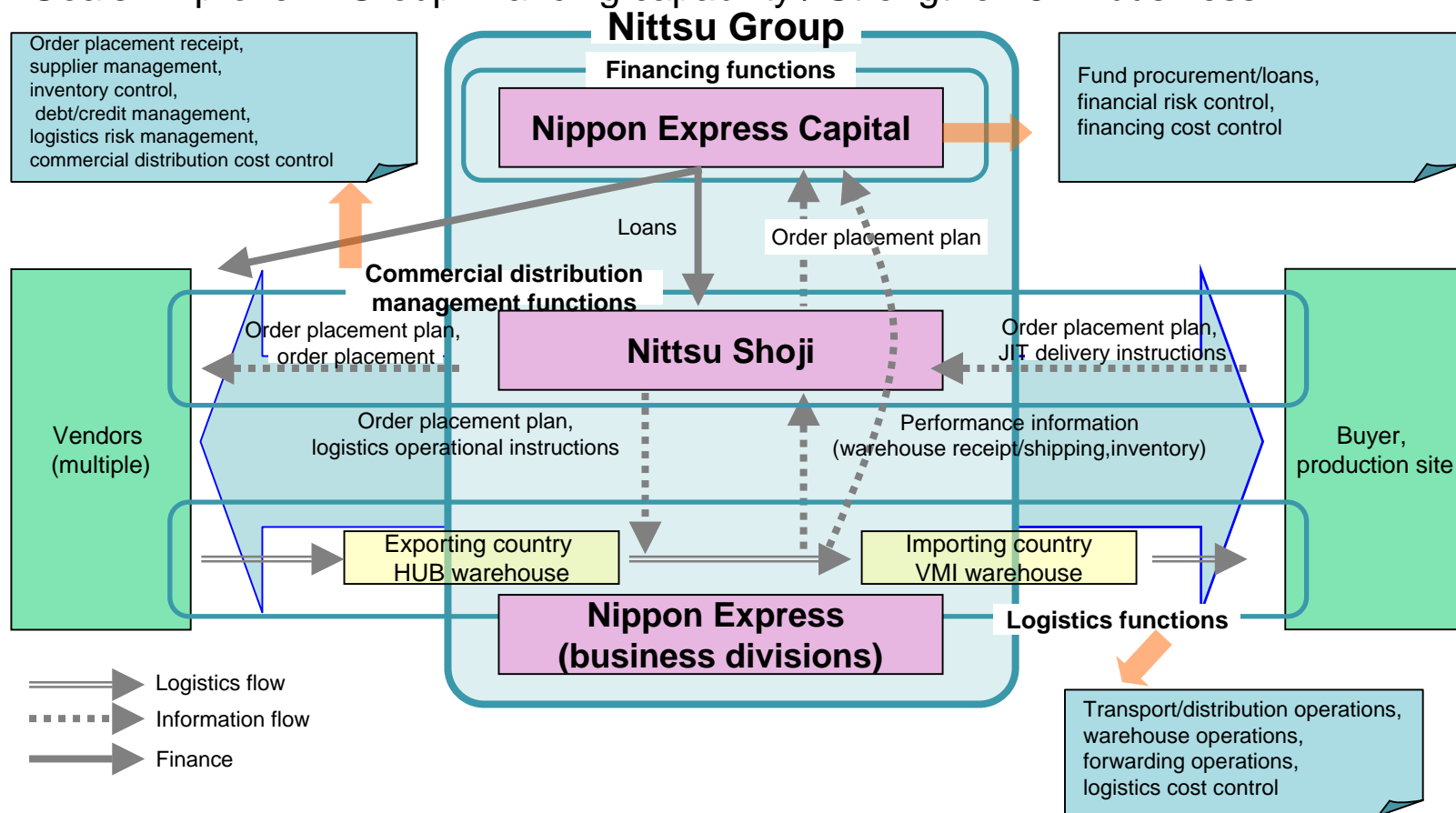
e.g. Shinjuku Branch facility will be rebuilt as a leased office facility

# 4. Business efforts in Japan

## C. Finances

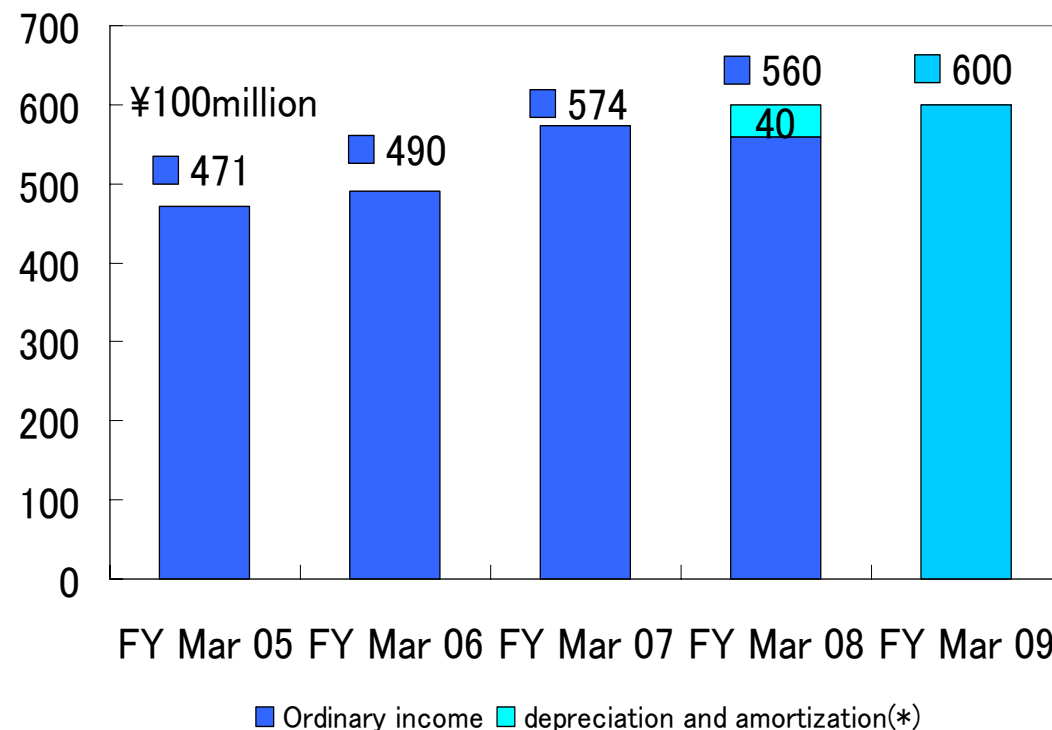
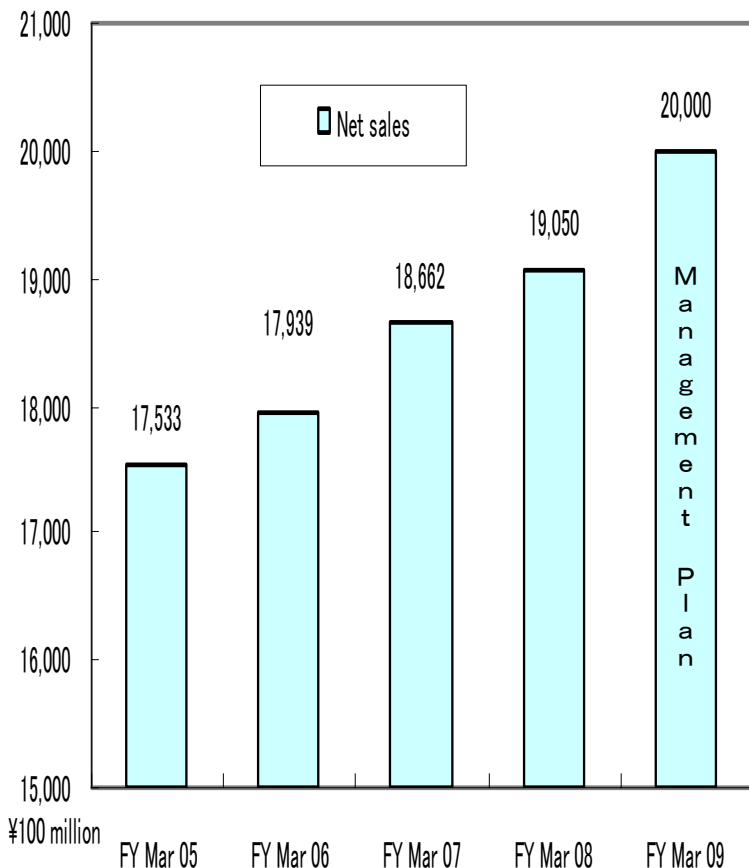
1) Established Nippon Express Capital Co, Ltd (business starting in April 2007)

Goals: Improve in-Group financing capability / Strengthen 3PL business



# 5. Second year of Mid-Term Management Plan

## Projected earnings for the year ending on March 31, 2008



※Increase of tax-related write-off due to tax system reform : ¥4 billion

Actual profit targets for the year ending on March 31, 2009, are to be achieved one year earlier than planned

## 5. Second year of Mid-Term Management Plan

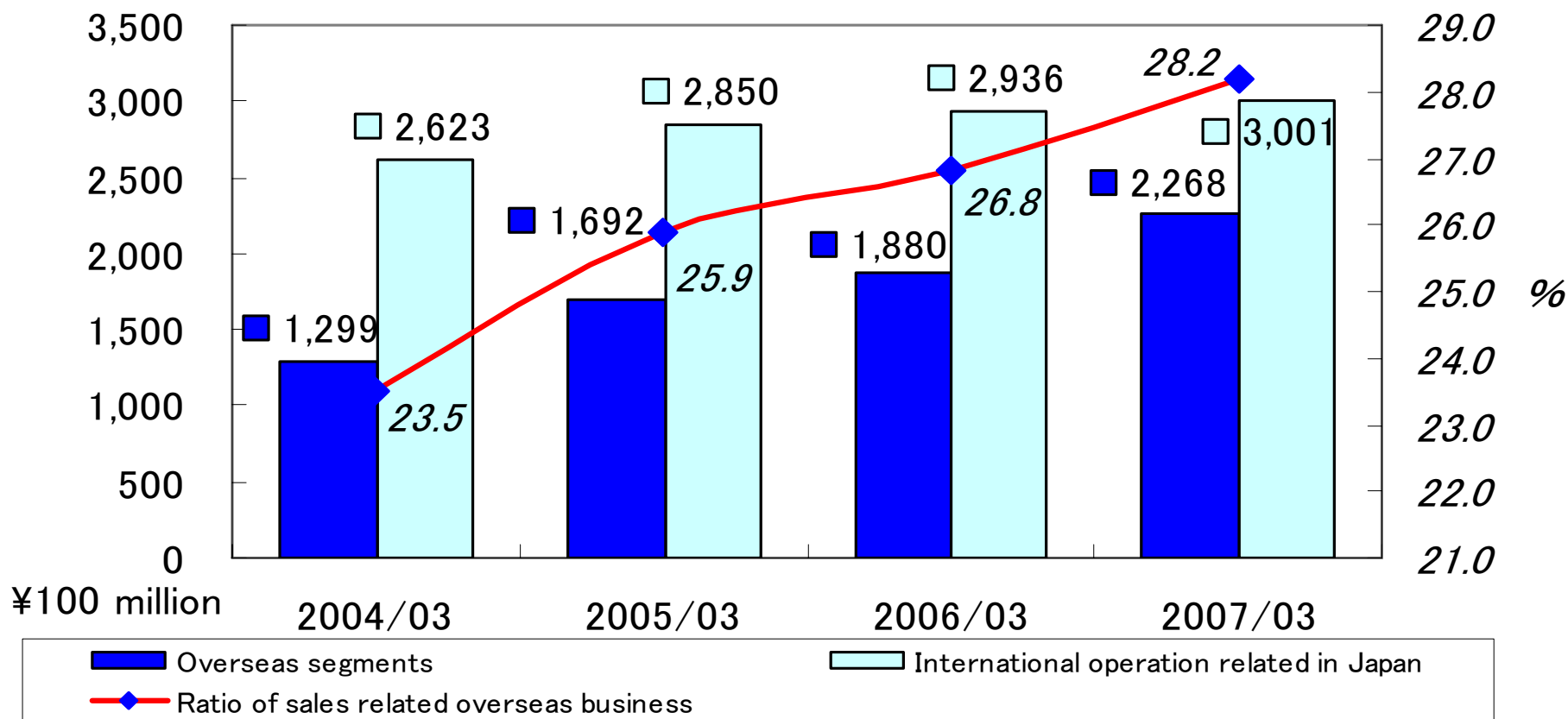
### Plans for the year ending on March 31, 2008 :Measures to be promoted

- Global business
  - Further expansion of international forwarding service
  - Investment in new warehouse
  - Expansion of distribution service in China, Europe and the Americas
  - Expansion of business in areas where new business operations have been launched (India, Russia, and others)
  
- 3PL business
  - Continuous active investment in warehousing business
  - Utilization of financing function of Nippon Express Capital Co
  
- Differentiated Products
  - Increased in sales of railway container service
  - Increased in sales of 'Ecology Konpo' home removal products
  - Expansion of Security transport services
  
- Small-lot cargo business
  - Preparation for overall restructuring

## 5. Second year of Mid-Term Management Plan

### (1) Global business

~Trend in International operation-related in Japan, trend in overseas business segment sales and ratio of overseas segment sales against total consolidated sales~



## 5. Second year of Mid-Term Management Plan

### (2) 3PL business

#### 1) Accelerating warehouse construction to expand 3PL business

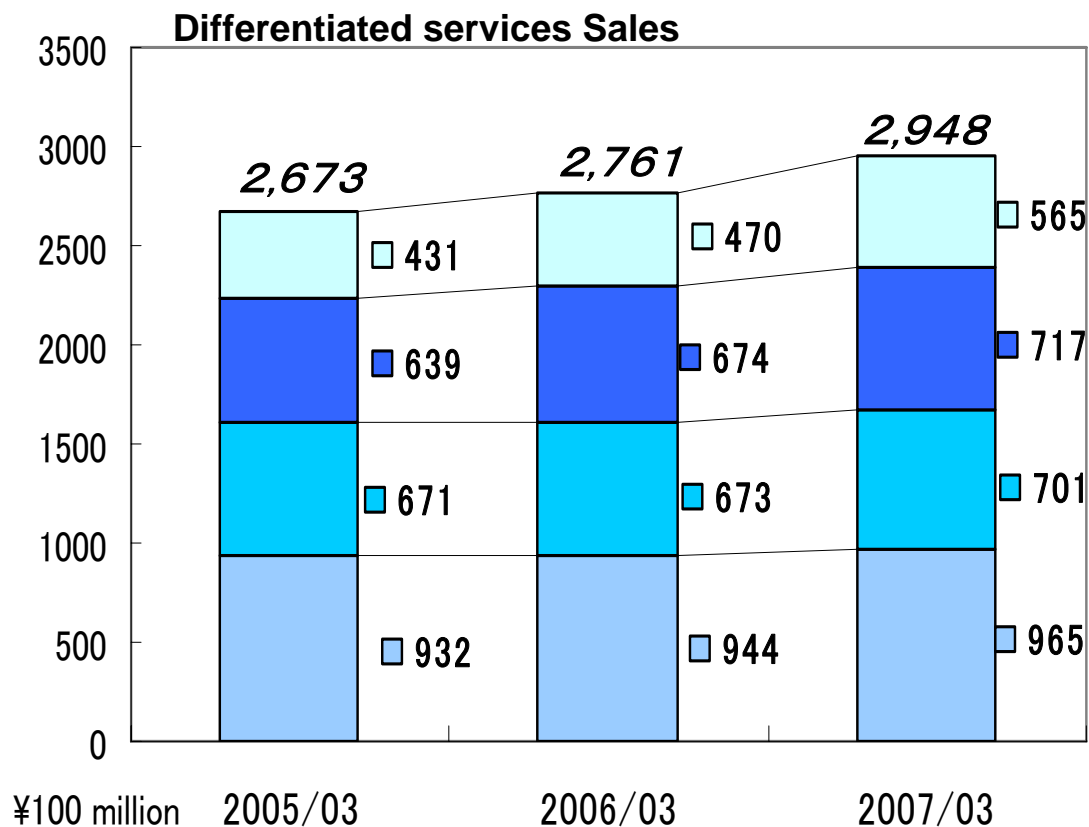
Invested ¥19.2 billion in warehouses during FY2007, mostly done by FY2008.  
 Increasing the total storage space at our domestic commercial warehouses by about 10%.

Planning to invest in warehouses as the same level as previous fiscal year.

Major investments			
Location	Use	Scale (m2)	Scheduled completion
Tokyo	Trunk room	22,737	April 2007
Kanazawa	Commercial warehouse	18,965	May 2007
Osaka	Commercial warehouse	47,242	June 2007
Yokohama	Research facility	10,860	July 2007
Nagoya	Commercial warehouse	27,449	November 2007
Kyoto	Logistics center	14,536	March 2008
Tokyo (sublease)	Commercial warehouse	56,710	December 2007
Tokyo (sublease)	Truck terminal	24,000	July 2007

# 5. Second year of Mid-Term Management Plan

## (3) differentiated services



	Share (%)	Rank	Source
Railway	42.7	1	JR Freight FY 2007
Moving	19.2	1	Market announcement
Cash transport	45.1	1	Keibihosyo Newspaper

■ Railway transport 
 ■ Moving 
 ■ Security Transport 
 ■ Heavy hauledged and construction

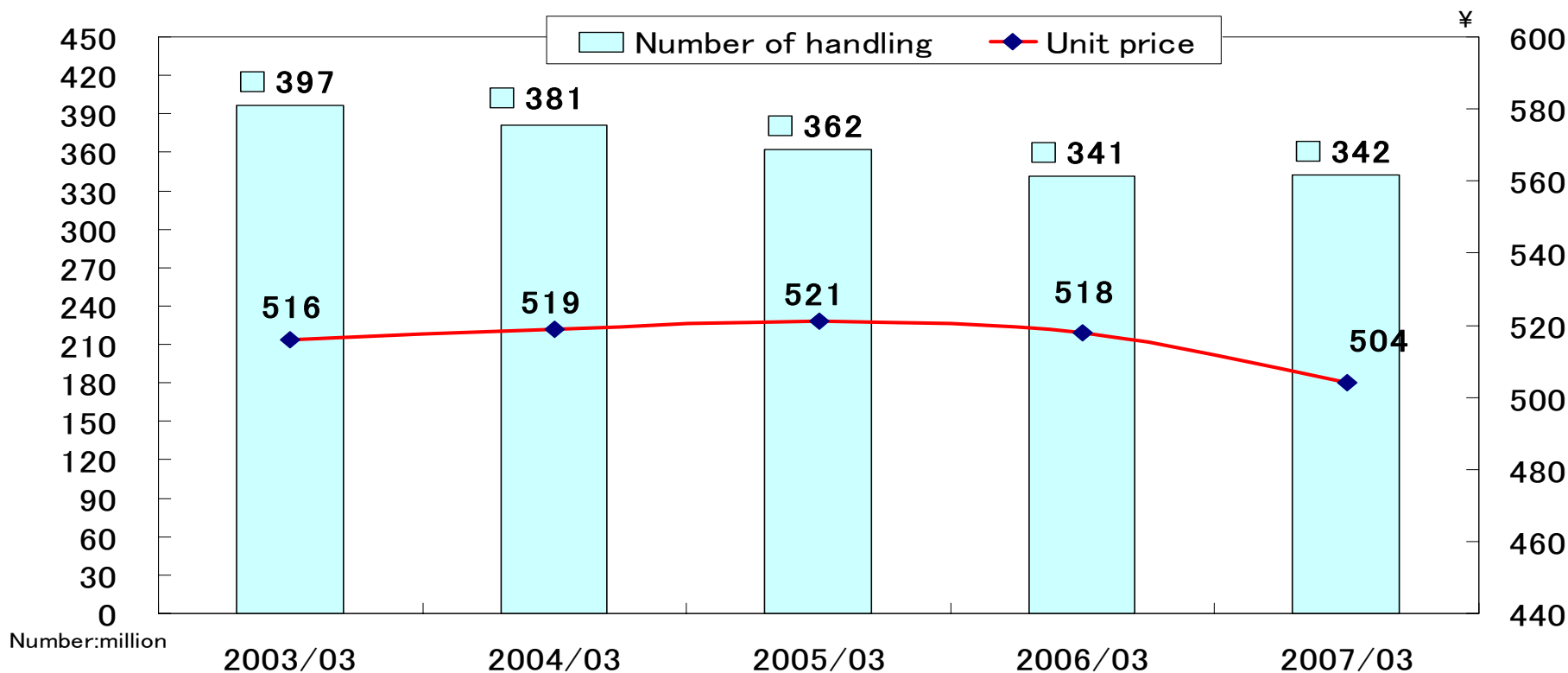
## 5. Second year of Mid-Term Management Plan

### (4) Restructuring of small-lot business(e.g Home delivery services)

~Trend in number & unit price of Pelican-Bin services handled ~

\*Stop decrease of total number of handling.

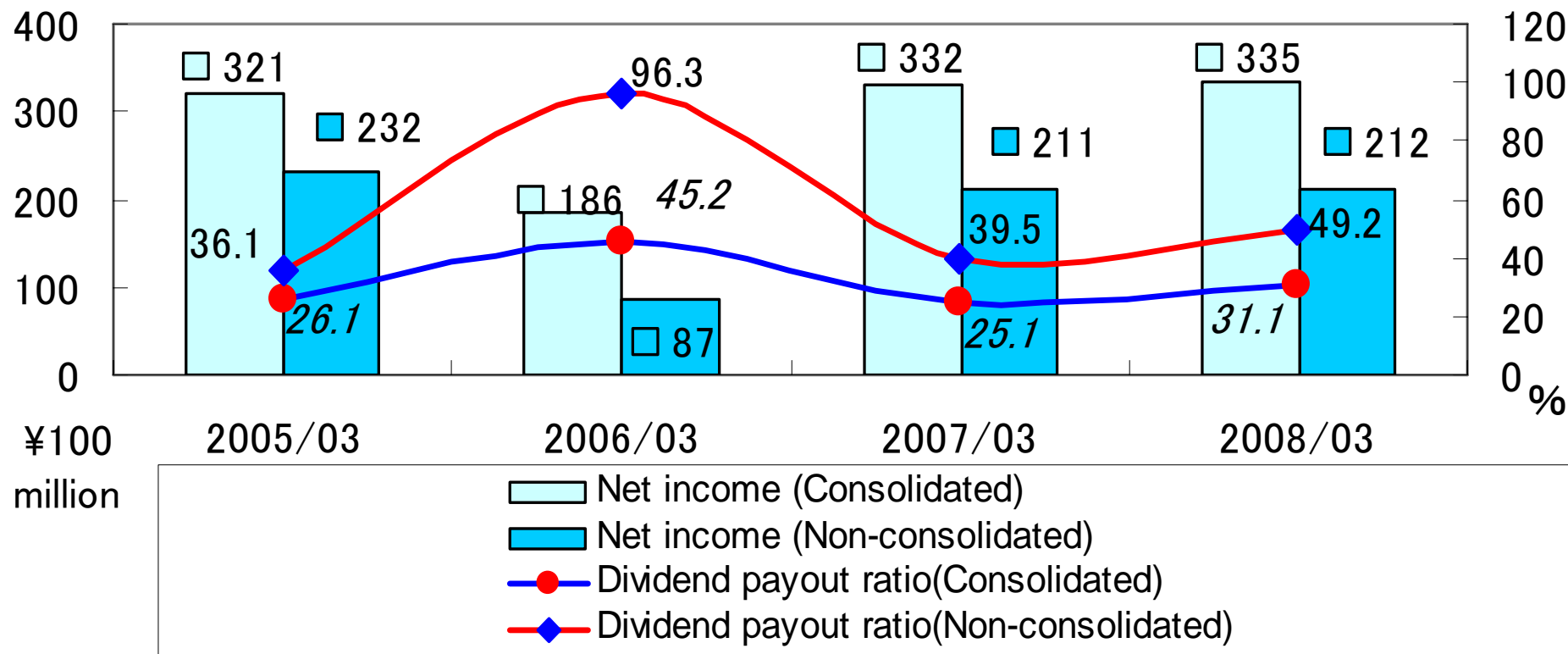
\* Drop in unit price caused by change in cargo mix



## 6.Dividend policy

### Dividend policy

In view of prospects that Nippon Express is steadily moving toward achieving ¥60 billion in ordinary income according to the management plan. We plan to pay a dividend of ¥10 per share for the year ending March 2008, a ¥2 increase from the preceding year.





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