

**Nippon Express  
Three-Year Group Management Plan**

**April 2001**

**Nippon Express Co., Ltd.**

## **1. Plan name**

Nippon Express Three-year Group Management Plan

## **2. Plan term**

1 April 2001 – 31 March 2004

## **3. Fundamental objectives and priorities**

To meet all of the needs of a “new age of logistics” and fulfill our social responsibilities as a global logistics company, the Company will build a new Nippon Express Group for the 21<sup>st</sup> century around “logistics services.”

**A. Fundamental objectives** – To build a “new” Nippon Express Group for the 21<sup>st</sup> century, to firmly establish the Nippon Express Group as a world class leader in providing logistics services:

- **Satisfy shareholders/investors by providing increased profitability**
- **Satisfy our customers by offering high quality services ( highly reliable services at a fair price and a clearly superior value );**  
**Nippon Express Group will help our customers to serve their customers better**
- **Act as a good corporate citizen by tackling environmental conservation and reacting to provide essential services in times of need**
- **Contribute to and reward the continued professional development of our employees**

## **B. Priority issues to be addressed**

- **Maximize the Group’s corporate value**
  - Make more efficient use of total ( hard and soft ) assets
  - Establish shared Group infrastructure
  - Create a business system that leverages business procedures and technology to promote Group management and our ability to satisfy our customers’ business needs
- **Further expand logistics business globally**
  - Promote sales of global logistics services through improved collaboration and communications between overseas and domestic branches

- Develop efficient sales through “multi-modal services”
- Further improve/expand overseas business
- **Strengthen the domestic integrated business -- Road transport, Railway forwarding, Warehousing, Removals, Security transport, and other high value-add services, such as Supply Chain Management and Third Party Logistics**
  - Improve the responsiveness of sales efforts and customer services in individual localities to customers closely tied to those areas
  - Strengthen our expertise in network-based comprehensive logistics solutions
  - Improve productivity by pursuing greater operational efficiency in our Group resources
- **Expand the Nippon Express Group’s small-package business -- Pelican and Arrow Express Parcel Delivery Services --**
  - Aggressively pursue both profitability and high quality
  - Enhance the mission of the Nippon Express Group as a whole
  - Promote new small-package business to take advantage of the strengths and expertise of the Nippon Express Group
- **Utilize IT more effectively**
  - Develop new businesses and services that use IT
  - Establish information/telecommunications infrastructures
  - Cut costs by proceeding with operational reforms

#### 4. Targets for final year of Management Plan

Item	Consolidated	Nippon Express Co., Ltd.
Revenues	¥1,900.0 billion level	¥1,400.0 billion level
Recurring profits (Margin)	¥54.0 billion or higher (approx. 2.8%)	¥41.0 billion or higher (approx. 2.8%)
Net income for current term (Margin)	Approx. ¥32.0 billion (approx. 1.6%)	Approx. ¥26.0 billion (approx. 1.8%)
ROE	Approx. 7.8%	Approx. 7.5%
Capital Expenditure	-----	Approx. ¥105.0 billion over three years

## 5. Promoting the plan

In order to implement this Management Plan and achieve its aims, the Company will establish and reinforce a system of assigning responsibility for implementation, such as Corporate Officer System.

More specifically, this approach will be built on the following three pillars:

- **Clearly delineating responsibility for business results**
  - Introduction of a regional block supervision system (and a domestic counterpart)
  - Increasing the efficiency of branch management functions
- **Restructuring of Management functions -- Establish a system for assigning responsibility for implementation**
  - Accelerate management decision-making (speed management)
  - Downsize and reorganize the Group Head Office to reflect the speed management
- **Restructure the Operational Functions -- Improve profitability by integrating sales, operations, and management**
  - Head Office will assign priority within sales departments to regions that support key markets
  - Improve profitability by implementing enhanced expense control processes
  - Promote efficient management through thoroughgoing cost control

Through this new framework, the Company will establish a system of specific measures for pursuing profitability and ensuring high quality, the essential aims of this Management Plan, and the Nippon Express Group will work as one to achieve these objectives.