

March 22, 2016

To whom it may concern

NIPPON EXPRESS CO., LTD.

Notice of Fund Procurement through Hybrid Finance (Subordinated Loan)

NIPPON EXPRESS CO., LTD. (“NIPPON EXPRESS”) hereby announces that it has executed an agreement for fund procurement through hybrid finance (subordinated loan) (hereinafter referred to as the “the Subordinated Loan”) as follows:

1. Background and Purpose

The Subordinated Loan is a type of hybrid finance arrangement that has an intermediate nature between debt finance and equity finance. Despite its legal status as a loan, it has various characteristics similar to equity capital, such as: (i) NIPPON EXPRESS has an option to suspend interest payments, (ii) a very long maturity term, and (iii) subordination in certain events, including insolvency of NIPPON EXPRESS. In light of these characteristics, it is expected that Rating and Investment Information, Inc. will deem 50% of the loan amount as equity capital.

NIPPON EXPRESS has decided to undertake fund raising through the Subordinated Loan, considering that this is a new financing measure enabling NIPPON EXPRESS to keep its capital efficiency and to seek both “Growth” and “Financial Stability” at the same time. NIPPON EXPRESS believes that the Subordinated Loan will (i) enable NIPPON EXPRESS to substantially strengthen its financial condition without dilution of its existing shares, and (ii) contribute to improve flexibility in its capital policies.

2. Outline of the Subordinated Loan

Loan Amount	50 billion yen
Signing Date	March 22, 2016
Closing Date	March 25, 2016
Use of Proceeds	The proceeds from the Subordinated Loan will be used for repayment of the interest-bearing debt relating to the acquisition of shares in Wanbishi Archives Co., Ltd. (Note 1)
Maturity Date	March 25, 2076 The Subordinated Loan can be prepaid fully or in part on any interest payment date on or after March 25, 2021. (Note2)
Interest Rate	From and including March 25, 2016 to but excluding March 25,

	2026: floating rate based on 3-month Euro Yen LIBOR On or after March 25, 2026: another 1.00% shall be added to the foregoing floating rate
Interest Payment	Optional suspension of interest payment
Subordination	In the case of liquidation, bankruptcy, corporate reorganization or civil rehabilitation proceedings or any other similar proceedings under non-Japanese law regarding NIPPON EXPRESS, the lenders' claims related to the Subordinated Loan shall be subordinated to all claims of its senior creditors. No provision of the Subordinated Loan agreement may be amended if such amendment would bring any disadvantage to NIPPON EXPRESS's senior creditors.
Equity Credit to Be Given by Rating Agency (Expected)	Class 3 / 50 (by Rating and Investment Information, Inc.)

(Note 1) For details of acquisition of shares in Wanbishi Archives Co., Ltd., please refer to the press release dated October 30, 2015, "Notice of Acquisition of Shares in Wanbishi Archives Co., Ltd."

(Note 2) Upon repayment of the Subordinated Loan prior to the maturity, NIPPON EXPRESS intends to raise funds for such repayment through a measure whereby the rating agency is to give an equity credit equal to or higher than that of the Subordinated Loan; however such scheme may not be used if both of the following apply to NIPPON EXPRESS:

- (i) its consolidated shareholders' equity has increased by 50 billion yen or more from its consolidated shareholders' equity as of September 30, 2015; and
- (ii) the ratio of its shareholders' equity to its consolidated total assets is not less than such ratio as of September 30, 2015.

End