

Questions and Answers (Digest)

**The Financial Results Meeting
for the first nine months of the fiscal year ending March 31, 2015
held on January 30, 2015**

Q1 Although you explained that third quarter results steadily aligned with targets, could you also touch on steps you have taken to hold down personnel and subcontracting expenses? Also, please update us on your earnings outlook for the fourth quarter.

- Carrying on from the second quarter, we worked to ensure that personnel are allocated in line with operating volumes in order to improve pickup and delivery mechanisms along with our line haul structure.
- We also raised productivity thanks to progress made in developing capabilities of key employees who we hired to help address a substantial increase in TA-Q-BIN delivery volumes centered on the internet mail-order market last year (fiscal year ended March 31, 2014).
- Consequently, we were able to curb costs associated with pickup and delivery outsourcing and achieved higher earnings in the third quarter amid a significant surge in delivery volumes.
- We expect to hit earnings targets in the fourth quarter as well, amid higher unit pricing as a result of measures to ensure collection of adequate fees and ongoing efforts to control costs.

Q2 Please update us on your outlook regarding TA-Q-BIN delivery volumes and unit pricing for next fiscal year (fiscal year ending March 31, 2016).

- Although TA-Q-BIN delivery volumes next fiscal year (fiscal year ending March 31, 2016) are apt to hinge on economic trends, we are likely to see a moderate upward trajectory in line with increase of demand primarily in the internet mail-order market.
- It also seems likely that the measures for ensuring collection of adequate fees will continue to have a positive impact on unit pricing next fiscal year, resulting in unit price gains up to the first half of the next fiscal year, albeit not to the extent of increases seen this fiscal year.

Q3 What are your thoughts about the potential impact on revenues and expenses of your moves to discontinue the Kuroneko Mail service along with expansion of the TA-Q-BIN services?

- Revenues will be affected by the loss of customers when we discontinue the Kuroneko Mail service, and will also be influenced by the transition over to new services from TA-Q-BIN due to our service expansion initiative.
- On the other hand, we will keep impact of lower revenues to a minimum through expansion of the new TA-Q-BIN quality services which will target a yet-untapped service area, amid growing demand in the e-commerce market for shipping of daily commodities and small items.
- Even after the changes, our pickup and delivery mechanisms will remain largely unchanged because we intend to stay with our existing Kuroneko Mail service framework.

Meanwhile, we intend to curb rising expenses by using specialized package boxes to improve loading efficiencies, promoting digitalization to simplify tasks performed when collecting parcels and other items and through other measures to raise productivity.