

## Questions and Answers (Digest)

**The Financial Results Meeting  
for the first six months of the fiscal year ending March 31, 2014  
held on October 31, 2013**

Q1

It was explained that supply-demand conditions in the labor market are tightening. Please explain about securing personnel and your projections for personnel expenses and subcontracting expenses.

A1

- The effective ratio of job vacancies to job applicants is rising, and it is becoming more difficult to secure personnel. The main regions where we believe it will become gradually more difficult to secure personnel are the metropolitan regions of Tokyo, Osaka and Nagoya.
- Accordingly, the task of securing full-time staff will also become more difficult, and it may be difficult to gather applicants even if we actively advertise for positions vacant.
- With respect to advertising for part-time positions, as our company seeks personnel for specific times of the day, these positions are not as difficult to fill as full-time positions. However, there is a general trend of rising hourly wages in society overall.
- Among our external resources as well, we are witnessing a trend of rising commission unit prices.

Q2

Please tell us about the condition of, and your projections for TA-Q-BIN unit prices.

A2

- We are conducting reviews of contract unit prices with each client and the unit prices in the small-lot-commercial market have been rising year on year.
- Looking forward, in addition to carefully examining the unit prices of each client, we will also aim to raise profitability by proposing value added services based on the “value networking” design.

Q3

Please tell us your projections regarding the mail-order market environment and future shipment trends.

A3

- We believe the mail-order market will continue to expand for both large lots and for medium and small lots.
- Furthermore, in the mail order market, we realize the importance of providing convenience to purchasers when they receive their products. We aim to focus on this point as a way to differentiate our services from those of competitors.
- Therefore, due to the expanding market and our efforts to differentiate our service from competitors, we believe that we can continue to expand TA-Q-BIN delivery volume to customers in the mail order market.

Q4

Please tell us your projections for the depreciation burden related to the “value networking” design.

A4

- Our total investment in the “value networking” design is of a scale of ¥200.0 billion when including all prior investment.
- The burden of depreciation has already started for a portion of this investment. We expect the period of greatest depreciation burden to be the Medium-Term Management Plan that starts next fiscal year (from the fiscal year ending March 31, 2015 to the fiscal year ending March 31, 2017).
- We expect to reap the profits during the Medium-Term Management Plan that starts from the fiscal year ending March 31, 2018.

Q5

Please tell us about additional investments related to the “value networking” design.

A5

- With respect to large investment projects, “Gateway” centers are to be constructed in the Chubu and Kansai areas. The cost of these projects will not be much higher than the amount of investment that would normally be required to build replacement base terminals.

Q6

Please tell us about the current condition of “Field Casts” design.

\* The Field Casts design refers to the method of team-based pickup and delivery involving Sales Drivers and part-time employees to conduct *en masse* delivery during the time zones that our customers are most frequently at home.

A6

- Until last year, investment for the Field Casts have been implemented as testing for its introduction. The places where the Field Casts design promises to be most effective in improving labor productivity have been identified.
- Our next move is to realize improved labor productivity by promoting pickup-and-delivery reform modeled on the Field Casts design in these effective areas.
- Even in areas with weaker effect, we will continue to consider implementing pickup-and-delivery reform as it can be applied to the respective area.