

**Questions and Answers (Digest)**  
**The Financial Results Meeting**  
**for the first nine months of the fiscal year ending March 31, 2017**  
**held on January 31, 2017**

Q1 Please provide us with your views on reassessing unit pricing.

- Despite having made progress in achieving productivity gains and otherwise reducing costs so far, we realize that efforts we pursue on our own will be insufficient to fully absorb costs, particularly amid a scenario where TA-Q-BIN delivery volume is increasing beyond our expectations and the business environment is changing drastically due to a tightening labor market.
- We realize that our unit pricing is an issue that must be reviewed given the need to maintain service quality and adequate profits, and we intend to do so with a sense of urgency.
- We have arrived at a phase where the overall operating environment surrounding our industry is set to go through some changes, including consumer perceptions.
- We will provide details on our method and timing in this regard at a future date.

Q2 Please explain your outlook regarding your ability to secure a labor force as the labor market tightens, and also tell us about what measures you are taking in that regard.

- Recruitment primarily in urban areas becomes increasingly difficult from the third quarter onward, as the tight labor market persists going forward.
- We anticipate a scenario of rising labor costs, including those involving outsourcing workforce, to secure labor resources required to ensure service quality as our operating volume increases.
- With respect to securing labor resources from this point forward, we will adequately monitor the state of the workplace and develop a workplace environment that enables a diverse range of employees to work effectively, while addressing the government's objective of "reforming working styles."
- Also, going forward we will continue to heighten our productivity through automation and labor saving strategies that draw on new technologies, on the basis of our "Value Networking" design.

Q3 Please tell us how you intend to improve your shipment and delivery networks to cope with increasing volume.

- Volume has been increasing in business related to the e-commerce market which has been beyond our expectations. Given that situation, we are going to look into various possibilities, mainly including non-person-to-person delivery networks

such as those involving parcel lockers geared to meeting diverse customer needs, based on characteristics of respective geographic areas such as parcel concentrations and not-at-home rate.

- We are poised to make even greater progress than before with respect to our initiatives geared to further streamlining pickup and delivery through efforts that include building a new pickup/delivery system (Eighth NEKO System).