

Medium-Term Business Plan

Medium-Term Business Plan

Overview of "GO FORWARD, Yusen Logistics —Next Challenges—"

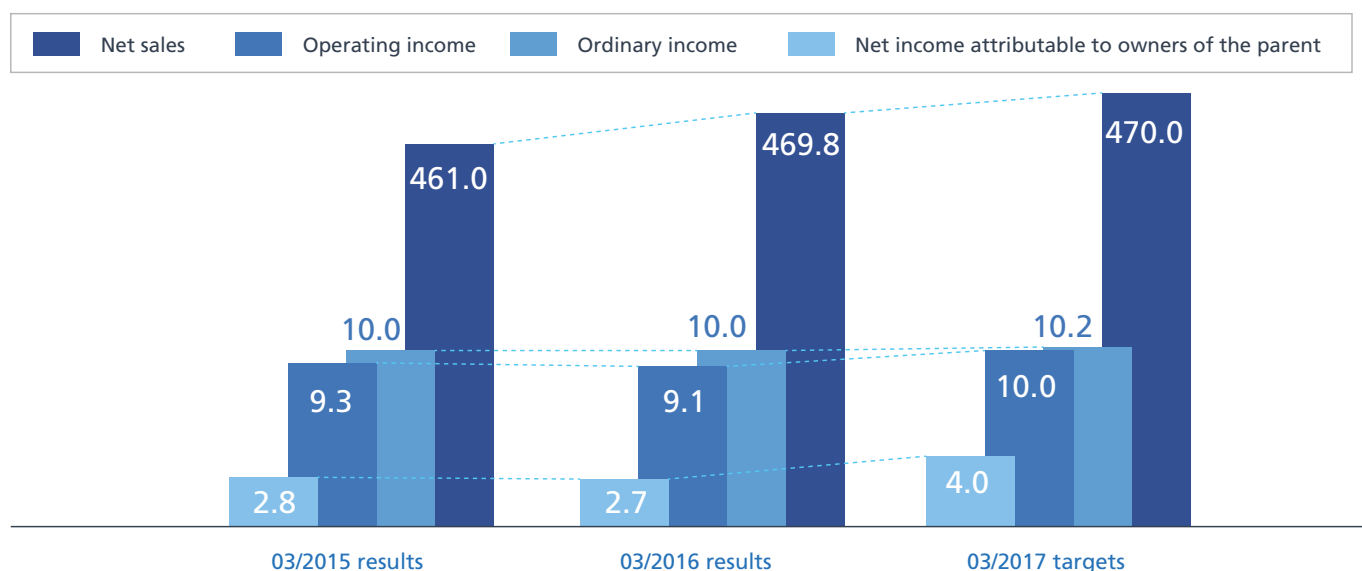
Under our Medium-Term Business Plan "GO FORWARD, Yusen Logistics —Next Challenges—," we have established performance targets for the fiscal year ending March 31, 2017 of ¥470.0 billion in consolidated net sales and ¥10.0 billion in consolidated operating income with handling targets of 770,000 TEU for ocean freight forwarding and 370,000 tons for air freight forwarding. In order to achieve these numerical targets, we will reinforce our business foundation of promoting sustainable growth for the future through our three key strategies: Growth Strategy, Operational Strategy and Investment Strategy.

We recognize our Medium-Term Business Plan as being important in positioning Yusen Logistics to achieve the long-term objective of combining our strengths to become a global top five logistics company and to hold the number one market position in Asia.

Revision of Numerical Targets

We have revised the numerical targets for the Medium-Term Business Plan as we announced on April 28, 2016. The following targets have been revised in light of conditions in the market environment that deviated from our initial expectations. We recognize that the achievement of the revised targets by steadily implementing the basic strategy stated in the Medium-Term Business Plan is one of our top priorities. With this in mind, we will make the utmost efforts to attain these goals.

Financial Results for 03/2015-03/2016 and Targets for 03/2017 (Billions of Yen)



Evaluation of the Second Year of the Medium-Term Business Plan

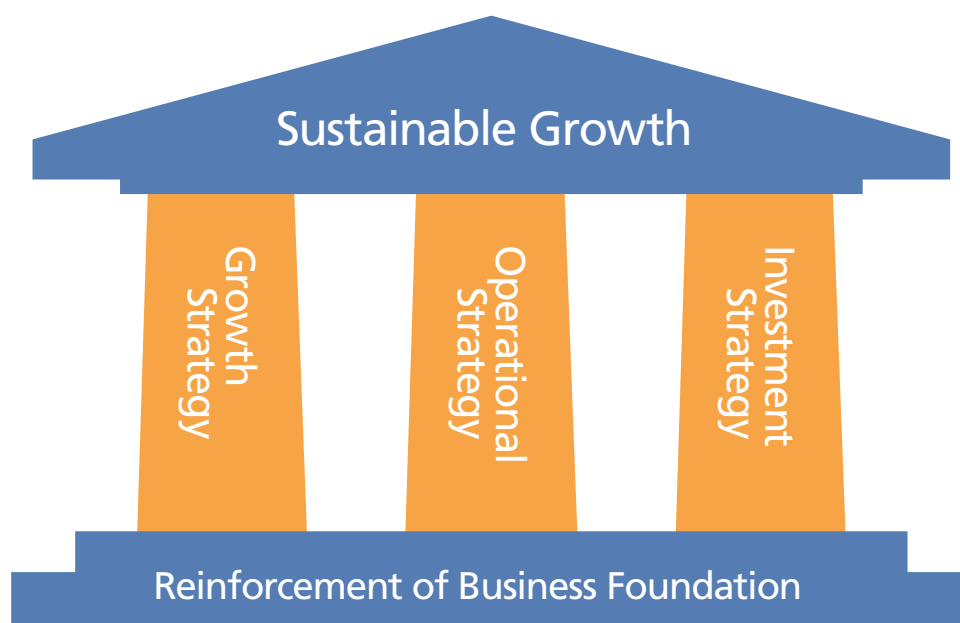
Our Medium-Term Business Plan progressed basically well in its second year with our effort to expand sales and to reform operations. In particular, the volume of ocean freight exports rose 16% year on year, with growth significantly exceeding that of the market.

In terms of initiatives to expand sales, we worked to improve and increase our service menu in targeted industry verticals under our Medium-Term Business Plan such as food and healthcare. Specifically, we opened a warehouse exclusively for pharmaceuticals in Europe, acquired Halal certification in our transportation and warehousing businesses to handle halal food, medicine and more to meet the need for distribution in Islamic countries, and invested in a logistics company specializing in the transportation of precision instruments in Australia. Through these and other initiatives, we are working to expand our services and enhance their quality to meet customer requirements, which has enabled us to steadily boost performance.

Basic Strategy

As our basic strategy, we will reinforce our business foundations in order to minimize any adverse economic impact on the Company.

Following this, we will implement our "Growth Strategy," "Operational Strategy" and "Investment Strategy" in order to achieve sustainable growth.



Growth Strategy

We aim to increase our handling of ocean and air freight cargo and to expand our logistics business. To achieve this, we will enhance our service menu to enable us to serve the diversifying needs of our customers. While strengthening Ready-Made Products^(*) in the freight forwarding service for ocean and air freight businesses and continuing to expand investment in South Asia in the logistics businesses, we aim to make effective use of the warehouses, trucks and other resources we currently have around the world to improve our earnings and to continuously streamline our operations. We will leverage our know-how in ocean freight, air freight and logistics with a focus on growth industries and emerging markets to deliver value-added total logistics services (Tailor-Made Services^(*)).

^(*) Ready-Made Products:

Ready-Made Products are the standard services we offer to customers at a competitive rate with high-quality operations and freight tracking information, primarily in the area of freight forwarding services.

^(*) Tailor-Made Services:

Tailor-Made Services are the services we propose and offer to customers by combining logistics technology, IT and Ready-Made Products with the aim of optimizing logistics on a global scale in the areas of contract logistics and freight forwarding services that require high added value.

Operational Strategy

In FY2013, we set up Project Re-engineering with the aim of streamlining operations in our administration, sales and business divisions and enhancing cost-competitiveness.

Under the Medium-Term Business Plan, we will further improve our operations by developing our Global BPM capabilities, coordinating our IT on a global level to increase operational efficiency, as we aim to improve competitiveness. We will pursue operation excellence through Global BPM as one of the centerpieces of the Medium-Term Business Plan.

Investment Strategy

We will make strategic investments in three main areas, which are investment in employees, investment in systems and investment in regions.

We will promote investment in employees with the goal of training our global human resources to handle ocean and air freight businesses as well as our total logistics services, investment in systems to improve our backbone systems and establish infrastructure for BPM and total logistics solutions, and investment in regions that includes expansion of our facilities and transportation networks with the aim of increasing our business in the Asian market.

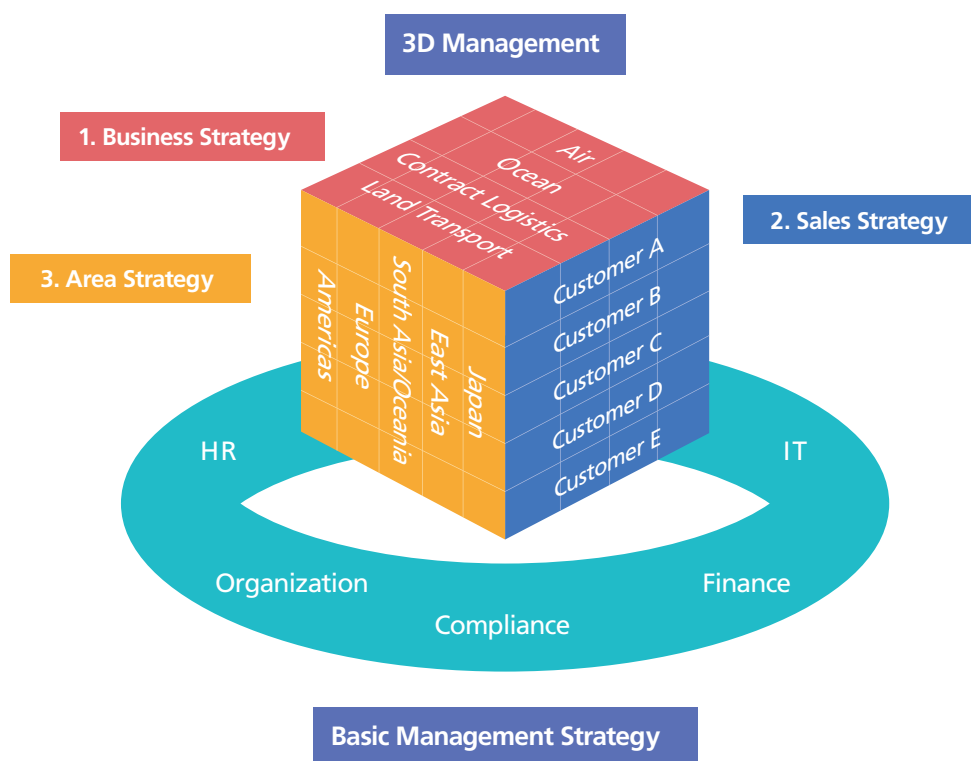
Sales Composition by Segment

We aim to increase sales in each business segment to support our overall growth, with a particular focus on expanding the ocean freight forwarding business.

For our regional growth, we will continue our aggressive investment in Asia to further expand sales, while maintaining a balanced geographical portfolio.

Strategic Framework

We will promote our Business Strategy, Sales Strategy, and Area Strategy founded on our Basic Management Strategy.



Basic Management Strategy

1. HR Strategy / Organization Strategy

We will continue to develop our overall international capabilities by encouraging employee networking and communication between regions, and promoting global transfer programs across the business.

We are also promoting an HR Strategy that includes providing management and sales programs aimed at fostering professional managers and salespersons, as well as initiatives to promote women to managerial positions.

2. Strategy to Enhance Compliance

In addition to assigning compliance officers to each of the five global regions under the Chief Compliance Officer (CCO), we established the Compliance Committee at each Group company as we seek to enhance and disseminate our global compliance system.

3. Financial Strategy

We will strengthen our financial standing by improving the efficiency of financial flows within the Group.

In particular, we will promote reduction of external interest-bearing liabilities and aim to streamline settlements for intra-Group transactions.

4. IT Strategy

We will promote innovation in our IT infrastructure by reviewing our groupware and global network and shifting them to an environment that is suited to the times. At the same time, we aim to strengthen our IT governance.

5. Contribution to Stakeholders

In addition to strengthening the fair and impartial disclosure of information inside and outside the Company, we will promote our branding strategy as we work to increase corporate value.

Business Strategy

■ Forwarding Business

Ocean freight handling target for FY2016: 770,000 TEU

Air freight handling target for FY2016: 370,000 tons

We will deliver high-quality and competitive services in our forwarding business by combining our growth strategy with operational reform.

Aiming for the same direction in the ocean and air forwarding businesses, on the sales front we will promote expansion in handling our Ready-Made Products and global accounts, chiefly in freight cargo to and from Asia. In terms of purchasing, we will further boost our purchasing power through strategic partnerships with core carriers.

We aim to be a leading world-class forwarder based on these strategies.

■ Contract Logistics Business

Aim to be No.1 Kaizen (improvement) company

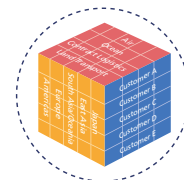
We deliver high-quality services that are selected and continue to be selected by customers across the globe, utilizing our warehousing network of two million square meters.

We continue to promote the building of a strong Gemba or frontline as the nucleus of our total logistics business by combining product enhancement and profitability. At the core of our strategy, we will pursue the development of global human resources and the strengthening of logistics technology and IT, aiming to be the No.1 Kaizen (improvement) company.

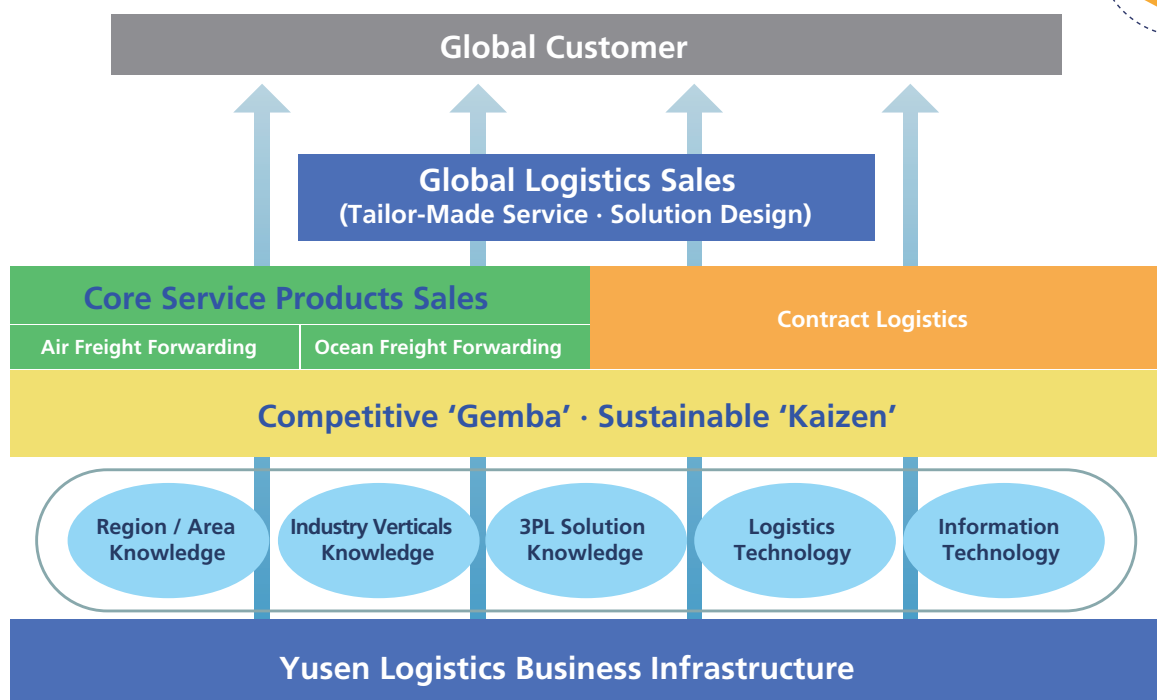
Sales Strategy

We aim to be a world-class Global Logistics Service Provider that is capable of supporting our customers by combining Ready-Made Product sales with global logistics sales.

Ready-Made Products sales are sales activities that offer competitive rates, high-quality operations and freight tracking information, primarily in the area of freight forwarding services. Global logistics sales, or Tailor-Made Services, are proposed and delivered by combining logistics technology, IT and Ready-Made Products with the aim of delivering logistics solutions on a global basis.



**Goal: An Industry Leading Global Logistics Service Provider with
"Enhanced Core Service Products" & "Sophisticated Logistics Solution Design"**



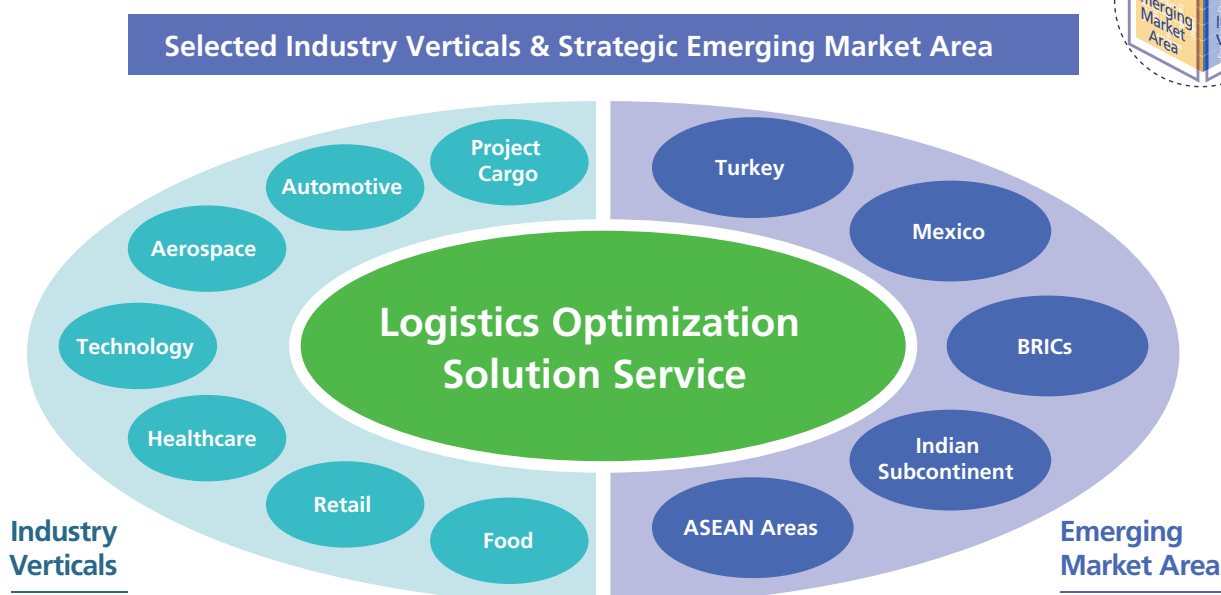
Global Logistics Sales Approach

We intend to take a sales approach by identifying seven industries where we will strengthen our operations, and five countries and regions, chiefly emerging countries, to be strengthened.

In terms of industry sectors, we will seek to further increase sales for industries where we have already established a track record.

Moreover, we established a new Project Cargo Team to handle specialized transportation like project cargo, thereby establishing a track record while building up know-how.

Global Logistics Sales Approach



Medium-Term Business Plan

Action for Targeted Industry Verticals

Targeted Industry Verticals

Yusen Logistics provides value-added supply chain and logistics expertise for all kinds of industries, with an emphasis on our customers' business. In particular, we are working to strengthen sales in seven industries positioned as selected industries we are focused on enhancing under our Medium-Term Business Plan, "GO FORWARD, Yusen Logistics—Next Challenges—," namely the automotive, aerospace, retail, healthcare, technology, food, and project cargo industries.



Automotive Logistics

The multi complex structures and supply chain of the automotive industry impose big challenges on logistics services, and require expertise in the design of supply chain management, process planning and operations efficiency. This is because the delivery of components from numerous companies in different countries must be carefully coordinated to ensure a smooth manufacturing and assembly process.

Our experts in each global region will work with our clients to provide tailor-made solutions to meet any specific needs and requirements. Yusen Logistics offers world-wide, entire supply chain solutions including inbound procurement, production logistics, service parts distribution, and finished vehicle transportation.



Aerospace Logistics

The aerospace industry is under extreme competitive pressures to maintain margins, achieve best value in manufacturing and to keep planes in service, all in an increasingly complex and regulated global market. In response, supply chain optimization has become a key strategy to speed processes and reduce costs in production, materials movement, maintenance, repair and overhaul operations.

Over the years, Yusen Logistics has become an important player in the global aerospace supply chain, streamlining the flow of parts, developing relationships with component vendors and providing comprehensive AOG services. It is not by chance that we are certified with Aerospace Quality System Standard AS9001 and we are the first logistics company certified with Quality Management System for Aerospace parts JISQ-9100. And it is no surprise that we have invested in dedicated facilities, such as our Distribution Center in the heart of the Nagoya aerospace industry cluster.



Retail Logistics

Yusen Logistics understands that every customer has their own unique supply chain characteristics. Our dedicated retail team provides our customers with tailored solutions and process to fit the specific customer and product requirements. This enables our customers to maintain a cost efficient supply chain while ensuring that their inventory arrives on time in full where it needs to be, and without the need to run high risk-averse stock levels close to their points of sale.



Healthcare Logistics

Yusen Logistics has invested heavily over the past 20 years in developing specialist new services and resources in the global pharma, biotech and healthcare supply chain. That is why we can bring you so much extra value, allowing your supply chain to deliver strategic competitive advantage rather than simply being an unavoidable operational cost.

Solutions range from the delivery of raw materials into the manufacturing process to the delivery of finished drugs and equipment to in-market distributors, hospitals, pharmacies and surgeries.

Whether modeling and executing complex global solutions or providing regional operations, we have the logistics network and industry expertise to support the highly complex healthcare supply chain across all modes of air, ocean, road and rail.



Technology Logistics

For years, our experts have been pioneering innovative solutions to meet the special demands of hi-tech logistics, including the speed to market and the flexibility to meet ever changing consumer demand.

Working in partnership with leading industrial, commercial and consumer hi-tech companies, our supply chain and sector expertise extends all the way from the factory floor to the final destination. Our specialists design tailored services as diverse as vendor managed inventory, distribution center management, the movement of precision instruments, and sensitive cargo logistics.



Food Logistics

The food and beverage supply chain is highly demanding and, as you would expect, Yusen Logistics covers all the bases. From temperature controlled warehousing and distribution to value-added services and supply chain visibility, we provide fast, reliable dynamic supply chain solutions. Additionally, our food industry logistics specialists can use their expertise to help companies enter new markets, or exploit existing ones more effectively.

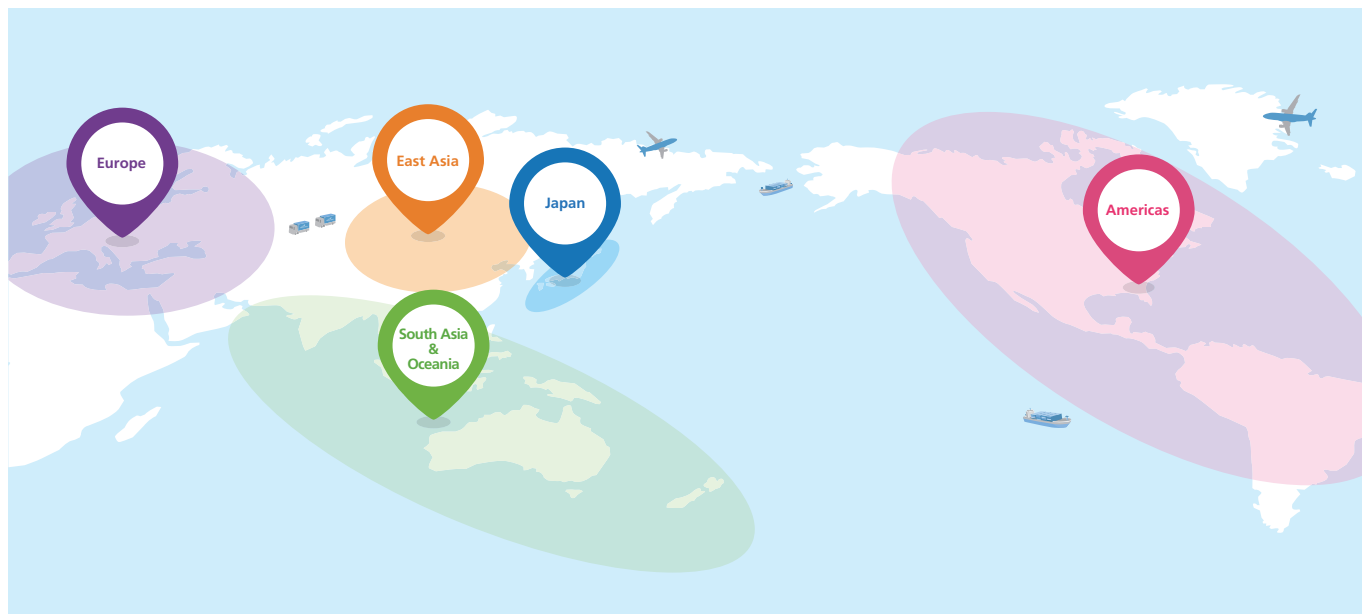


Project Cargo Logistics

Because Yusen Logistics manages so many different modes of transportation around the world, our Project Cargo team has a wealth of local, practical expertise to call on. Working closely with your own people, they will build and manage your special projects from first concept through to delivery. Whatever the size, weight or complexity of handling.

Initiatives in FY2015

Below, we introduce examples of initiatives in targeted industry verticals. We are working to expand our services and improve quality to meet customer needs in each field.



■ Japan

Yusen Logistics Enhances Food Logistics with New Controlled Atmosphere Solution "Maxtend"

Yusen Logistics Co., Ltd. has started providing a transportation service using reefer containers with Controlled Atmosphere (CA) technology, "Maxtend." Yusen Logistics concluded an agreement with Mitsubishi Australia Limited, which developed "Maxtend," and we became the only logistics company in Japan able to provide CA transportation service using this technology. We aim to create a market for CA transportation by promoting it as a more affordable form of transportation than air freight, with the capacity to keep food fresher and in better condition than ordinary reefer transportation, and we will strive to promote the export of agricultural produce of Japanese origin.



Filling the container with nitrogen gas

With the "Maxtend" system, nitrogen gas is flushed into the reefer container, and special equipment is used to ensure that the inside of the container maintains the ideal atmospheric composition with controlled oxygen density during transportation. The technology thus enhances the ability to keep agricultural produce fresh. While conventional reefer transportation inhibits the respiration and metabolism of agricultural produce by keeping containers refrigerated or frozen, reefer containers with the "Maxtend" system have a controlled atmosphere, which doubles produce freshness.



Peaches shipped using the "Maxtend" system on sale in Singapore

The ability of "Maxtend" to maintain freshness was demonstrated when Fuju Co., Ltd., a fruit and vegetable wholesaler in Gunma Prefecture, exported agricultural produce from Japan to Singapore in July 2015. Approximately 30 items of produce were exported, with the journey taking 17 days. The quality of the produce was deemed to be significantly higher than transportation by ordinary reefer container, while shipment costs were half those of air freight.

The new service is underway for shipments originating from Tokyo and Yokohama Port, and we are considering the possibility of extending the service to other major ports around Japan. By providing this service, we will be able to meet demand for ocean route transportation, especially for items that previously could not be shipped by sea. In addition, we will strive to boost cost-competitiveness for agricultural export by cutting transportation costs and enhance transportation quality, and create a market for CA transportation for Japan's agricultural produce.

Yusen Logistics is promoting total logistics business that leverages logistics technology under the business strategy of the Group's Medium-Term Business Plan, "GO FORWARD, Yusen Logistics —Next Challenges—." Going forward, we aim to continue optimizing our customers' logistics through the combination of transportation services and logistics technology.

■ Americas

Yusen Logistics Builds Bajio Logistics Center to Expand Service in Mexico Auto Market

Yusen Logistics, a leading third-party logistics provider, announced the start of construction of a logistics center near Celaya, Mexico, to meet the growing demands of its domestic and international automotive customers. The Company celebrated with a groundbreaking ceremony in Apaseo el Grande, Guanajuato, on March 11, 2016. Kunihiro Miyoshi, Chief Regional Officer of Yusen Logistics' Americas Region, presided over the event, which was attended by officials and representatives from the Guanajuato governor's office and the office of the Celaya mayor.



Artist's rendering of the warehouse

"The automotive industry is growing at a tremendous pace in Mexico. In recent years, a number of major auto manufacturers invested in large assembly plants in the Bajio area. This is bringing many Tier 1 and Tier 2 auto suppliers into the region as well," said Miyoshi. "Our Bajio Logistics Center is in an ideal location to support the logistics needs of these companies and positions us as a key service provider, building on our existing strengths and capabilities. We look forward to serving our automotive customers as well as supporting the local community."

The 53,820-square-foot warehouse is strategically located on a 17-acre site in the world-class Amistad Industrial Park in the Bajio region, one of the largest automotive clusters in Latin America. The industrialized area offers access to a highly developed road and rail network, and strengthens Yusen Logistics' global capabilities to offer automotive supply chain solutions to OEMs, as well as Tier 1 and Tier 2 suppliers, conducting business in Mexico.

"Building the logistics center is an important milestone for our company," said Jordan Dewart, the newly appointed President of Yusen Logistics (Mexico) S.A. de C.V. "This investment demonstrates our commitment to meet the growing logistics needs of the markets we serve. Yusen Logistics' global reach gives us a clear advantage in the Mexico automotive market."

Services include just-in-time scheduling, domestic truck, rail and intermodal transportation, international freight forwarding, project cargo, import/export services, warehousing and value-add services, and trade compliance.

The warehouse, slated to be operational by the end of 2016, will feature 10,764 square feet of office space, 10 dock doors, a large trailer yard and an ocean container depot. There is room for expansion, including the capacity to double the amount of warehouse and office space and add a cross-dock facility with 30 dock doors.

Last year, Yusen Logistics (Mexico) S.A. de C.V. launched an Automotive Logistics division in Celaya, Mexico, and established a customs office in the Mexico City Airport, as well as a cross-dock office for air exports outside the airport. The company also arranges significant U.S./Mexico cross-border rail and trucking for its customers and partners with its affiliate, Yusen Logistics (Americas), which operates a 100,000-square-foot warehouse in Laredo, Texas.

Overview of the facility

Name	The Bajío Logistics Center
Address	Parque Industrial Amistad Bajío, Apaseo El Grande, State of Guanajuato, Mexico
Total site area	<p>Approx. 67,000 m²</p> <ul style="list-style-type: none"> • Warehouse (5,000 m²) • Container depot (7,260 m²) • Trailer yard (4,440 m²) • Office (1,000 m²) <p>Note: Yusen Logistics is considering expanding the warehouse in line with demand.</p>



Groundbreaking ceremony held on March 11, 2016
 From left: Kunihiro Miyoshi (in charge of the Americas region and President of Yusen Logistics (Americas) Inc.), Gonzalo Gonzalez Centeno (Mayor of Apaseo el Grande), and Jordan Dewart (Vice President of Yusen Logistics (Mexico), S.A. de C.V.)

■ Europe

Yusen Logistics Opens Global Pharma Airfreight Gateway at Amsterdam Schiphol

Yusen Logistics announces the opening of its dedicated Pharma Gateway at Amsterdam Schiphol. This new operation represents the official launch of Yusen Logistics' GDP compliant global pharma airfreight services, the latest step in the Company's customer-driven development in the pharmaceutical supply chain.

The official opening ceremony was performed by Mr. Hiromitsu Kuramoto, President of Yusen Logistics. Mr. Kuramoto joined with Yusen Logistics colleagues in welcoming guests including customers, airport officials and customs authorities at the inauguration event.

Mr. Kuramoto commented: "This opening represents the next step in the realization of our global healthcare strategy, with this strategic European operation at its very heart. Yusen Logistics Europe is playing an outstanding and important role in leading our global business in this sector. I am very much honored to be here today, on the occasion of this key milestone. As we make this important step today, I confirm Yusen Logistics' commitment to further developing and improving our services to the healthcare sector. We shall work to support and maintain our strong relationships with our pharmaceutical manufacturer customers into the future, as they continue to develop ever more sophisticated products. I would like to take this opportunity to sincerely thank them all for entrusting us with their products. We never forget that at the end of the supply chain, there is a patient."

Following a warm welcome and thanks for his support, Mr. Bart Pouwels, Director Business Development Amsterdam Airport Schiphol Cargo, commented:

"We welcome the opening of this new GDP pharma facility at Schiphol, which will form the heart of Yusen's global pharma distribution system. We are delighted that they have added to Schiphol's collective pharma capability with this significant investment, and that they have identified the strong advantages of Schiphol as the ideal location for their hub. Schiphol's global network, frequency of service, choice of carrier, streamlined handling processes and supportive Customs are all part of its unique pharma offering. Yusen is now positioned to take full advantage of these factors in developing its global pharma product."



The traditional Kagami-wari Ceremony - From Left to Right:

Etienne Vesseur, Branch Manager Yusen Logistics Schiphol
Ian Veitch, CRO Yusen Logistics Europe
Hiromitsu Kuramoto, President Yusen Logistics
Piet Boogaard, Managing Director Yusen Logistics Benelux
Bart Pouwels, Director Business Development Amsterdam Airport Schiphol Cargo

This new operation has been developed in close consultation with Yusen Logistics' pharma customers, who are increasingly looking for new ways to optimize flows within the constraints of GDP. The operation links Yusen Logistics' Antwerp import/export consolidation center and European central warehouse (EDC) with its Schiphol Air operations, to form a true multi-modal hub. This is managed from a single Control Tower, manned by a UK based international team linked to Yusen Logistics' offices around the world.

Customers can now call off full / or part load consignments for movement by air, sea or road through the Yusen Logistics European Pharmaceutical Superhighway. This gives Yusen Logistics the flexibility to create efficiencies, driving out cost, providing value to customers in this highly demanding environment.

The European Pharmaceutical Superhighway is already contracted to carry over 1.6 million pallets this year, providing shared and single use solutions to highly complex supply chain requirements for our customers.

The service is dedicated solely to the stringent requirements of the pharmaceutical and healthcare industry, with over 50,000 delivery points in Europe alone. Yusen is currently making 20,000 deliveries per week across 36 countries.

Features and Dimensions of Yusen Logistics Pharma Gateway Amsterdam

- 1,200 sqm bonded GDP compliant warehouse
- Full temperature control 15-25°C (ambient), pest control, separation pharma / general cargo
- Cold store unit (2-8°C) capacity: 125 m³ / 45 pallet positions

Destinations

Main destinations for Yusen Logistics' Pharmaceutical Airfreight shipments from Amsterdam include: JFK, São Paulo, Toronto, Santiago de Chile, Japan, Korea, Manila and Sydney

Products handled

Products handled include a vast variety of products and raw materials; from prescription medicines, "live" materials such as vaccines, antibiotics, biotechnology and healthcare equipment.

■ East Asia

Yusen Logistics Enhances Air Import Capability with New Temperature-Controlled Facility in Hong Kong

Yusen Logistics (Hong Kong) Limited opened a temperature-controlled facility at the Tsuen Wan Logistics Center in Hong Kong on March 14. The facility, the company's first refrigerated storage operation in Hong Kong, will support the rising demand for food imports from Japan and Europe, primarily driven by e-commerce.

The facility enhances Yusen Logistics' air import capability in the region and strengthens its presence in the food industry, one of its key growth segments.

The 17,000-square-meter Tsuen Wan Logistics Center is strategically located 25 kilometers from the Hong Kong Airport and 5 kilometers from the container terminal. The facility had previously provided various types of logistics services for electrical and electronic goods.

The chilled facility provides storage at a temperature range between 2°C and 5°C and the frozen facility provides storage between -18°C and -15°C. This enables Yusen Logistics to handle a wide range of products, including processed foods, perishable commodities and alcoholic beverages.

In addition to handling refrigerated and frozen goods, the facility provides storage, entering and dispatching, processing for distribution (sorting and labeling), packaging and inventory for non-residents. Yusen Logistics takes advantage of its CFS (Container Freight Station) capabilities as a base for its reefer ocean consolidation service.

Name	Tsuen Wan Logistics Center
Address	14/F, Ever Gain Center, 43-57 Wang Wo Tsai Street, Tsuen Wan, N.T. Hong Kong
Dimension	Tsuen Wan Logistics Center (17,000 m ²) <ul style="list-style-type: none">• Chilled facility (100 m²)• Frozen facility (100 m²)
Operation start	March 14, 2016



■ South Asia & Oceania

Yusen Logistics Australia Acquires Hitech Asia Pacific Business to Enhance Supply Chain Offerings

Yusen Logistics (Australia) Pty. Ltd. (Managing Director: Ian Pemberton) hereby announces the acquisition on March 1 of the Hitech Asia Pacific brand businesses from the Hi-tech Express Group (CEO: Tom Devjak; hereinafter "Hitech"), a logistics provider based in Australia.

Hitech specializes in domestic logistics, offering an end-to-end logistics service that integrates the land transportation, installation and calibration of sensitive freight such as medical and business machinery. The company has eight locations across Australia and New Zealand, having a share of approximately 70% of the medical equipment transportation market.

This acquisition will expand and improve the quality of Yusen Logistics' services, increasing our presence through the expansion of new bases in New Zealand which complement our Group's capabilities. Yusen Logistics will grow sales in the high-value-added logistics service of sensitive freight and by integrating this service with our ocean and air freight forwarding and contract logistics services, the company aims to further expand its business.

Ian Pemberton, Managing Director of Yusen Logistics Australia, said: "We are very excited about the opportunities Hitech will bring Yusen Logistics and the additional services we will be able to offer to our customers. Hitech's skills in sensitive freight are highly complementary to Yusen Logistics' global capabilities. We will be positioned to deliver top quality logistical and transport services with a fully integrated service combining every aspect of the supply chain."

Tom Devjak, CEO of Hitech, said: "We are delighted to be joining Yusen Logistics. Hitech will benefit from access to Yusen Logistics' extensive global network including prime airport locations and international freight forwarding capabilities. We will now be able to offer customers seamless global transportation services."

Hi-tech Express Group Company Profile

Company name: Hi-tech Express Group Pty Ltd

Headquarters: 160 Newton Road, Wetherill Park NSW 2164

Representative: CEO, Tom Devjak

Founded: 2000

Employees: 110

Acquired businesses: Sensitive freight logistics and installation services

