

The KWE Grand Design for the 21st Century Phase III Medium Term Management Plan (Final Four Year)

(FY Ending March 2009 – FY Ending March 2012)



February 13, 2008

Global Logistics Partner

Kintetsu World Express, Inc.

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**The KWE Grand Design for the 21st Century
Progress to Date**

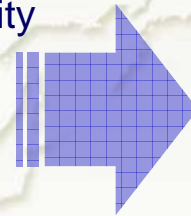
Overview — The KWE Grand Design for the 21st Century

Targets:

- Establishing ourselves as the Trans-Pacific Leader
- Consolidated Net Sales 500 billion yen

Global Logistics Partner providing high-quality one-stop services

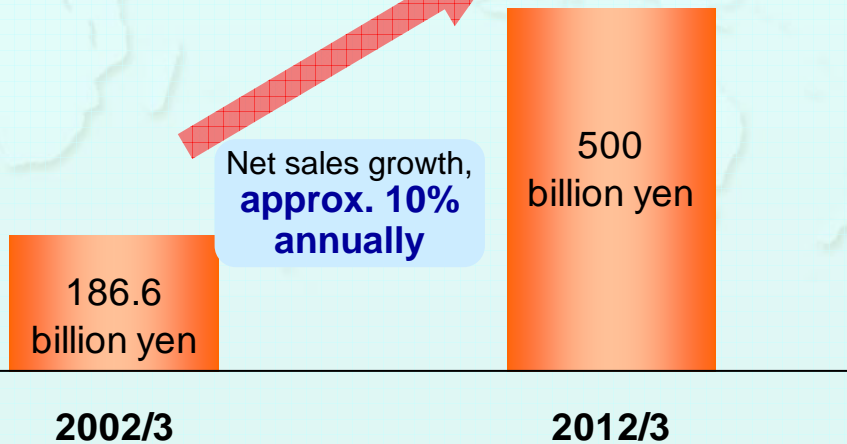
Develop image of what the business should be 10 years from 2002 (by March 2012)



To ensure its superior position among industry competitors for global markets, a certain scale of operations must be obtained. A target of 500 billion yen was set based on the scale of global competition.

Consolidated Net Sales

Scale of Business
in 10 Years



The Four Basic Strategies

1. Increase profits from our core operation (International Airfreight Forwarding)
2. Provide high-quality logistics services
3. Expand ocean freight forwarding
4. Develop business in the growing Chinese market

Review of Medium Term Management Plan

Phase I, FY ended March 2003 — FY ended March 2005

Phase II, FY ended March 2006 — FY ending March 2008

Phase I Medium Term Management Plan
(FY Ended March 2003 - FY Ended March 2005)

Phase II Medium Term Management Plan
(FY Ended March 2006 - FY Ending March 2008)

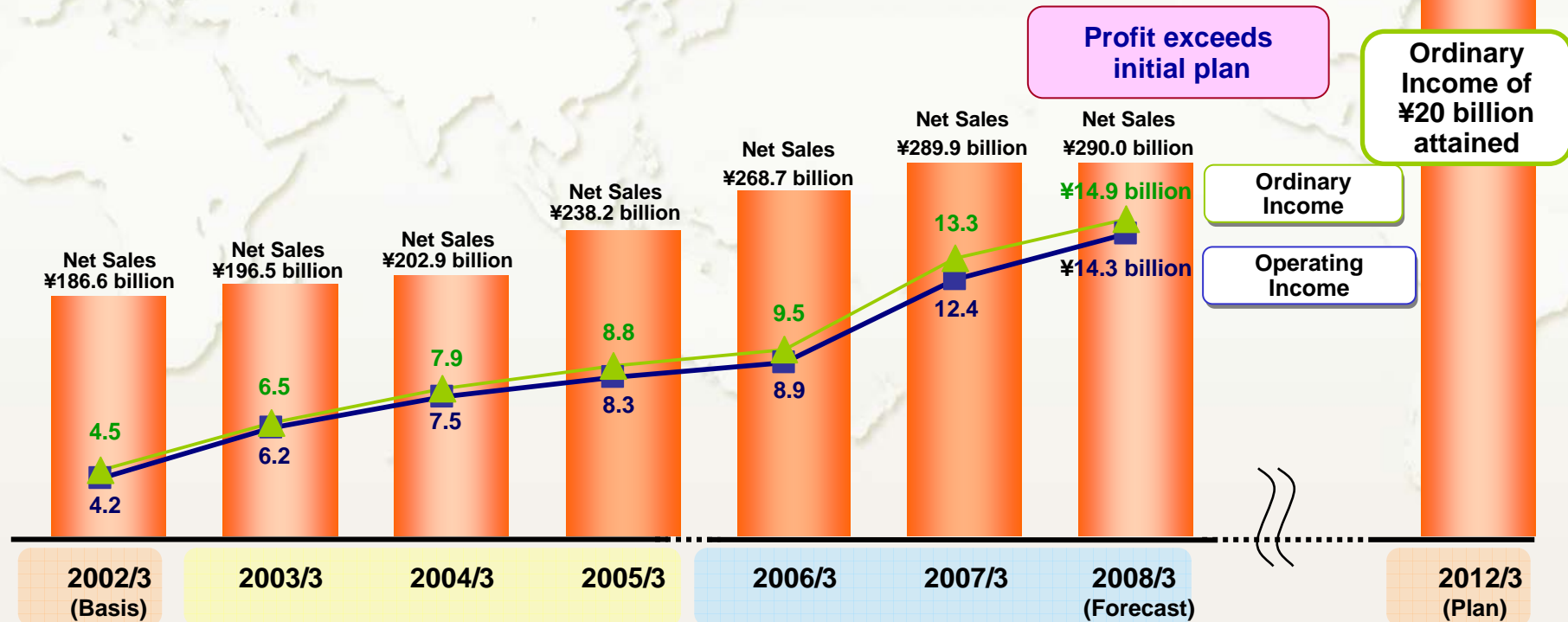
Attain consolidated net sales of ¥500 billion

Phase I Medium Term Management Plan Final Targets

Net Sales: 240 billion yen (1.3 X FY Ended March 2002)
Ordinary Income: 8 billion yen (1.8 X FY Ended March 2002)

Phase II Medium Term Management Plan Targets (Initial)

Net Sales: 320 billion yen (1.3 X FY Ended March 2005)
Ordinary Income: 12.8 billion yen (1.4 X FY Ended March 2005)
Ordinary Income Ratio: 4.0% (0.3% improvement over FY Ended March 2005)



Actions and Strategies through 6 years (2002-2007) of Phase I and II Medium Term Management Plans

Management Selection and Focus

- **Liquidated 9 unprofitable subsidiaries in Central and South America**; consigned operations to major European freight forwarder Kuehne + Nagel (2002-2005)
- **Liquidated Kintetsu Intermodal US (KIU)**, and merged with US subsidiary (2005)
- **Closed Belgium warehouse to restructure Benelux subsidiary** (2006)
- **March 2002 - March 2008: Consolidated 12 domestic subsidiaries into 7**

Aggressive Management, Aggressive Operations

- **Expanded locations in China** from 24 in March 2002 to **113** in December, 2007
- **Divided our Asia region into two new regions**, transforming our previous Quadrilateral Management System into a **Five Regional Management System** (2006)
- **Began business and capital alliance with Mitsui O.S.K. lines and MOL Logistics** (May 2005)
- **Concluded an Agreement to be a Comprehensive Agency in Japan with Russia Railways subsidiary JSCO TransContainer** (July 2007)
- **Signed a memorandum of understanding with Nippon Express, and All Nippon Airways to establish a new joint venture company to provide international express delivery services** (December 2007)

Comparison: FY Ended March 2002 and Now

— In light of the basic strategies of the KWE Grand Design for the 21st Century —

Profitable Forwarding (Increase profits from our core operation)

- **Items Handled** (Japan-originated, net sales basis) — forwarding more freight other than electronics —
Electronics-related: 70% or more → **6- 8% reduction** → 64.9% (First Half, FY ending March 2008)
Automobile-related: 10.2% → **5.2% increase** → 15.4% (First Half, FY ending March 2008)

Valuable Logistics (Provide high-quality logistics services)

- **Consolidated net sales of Logistics** : ¥35.5billion → **54% increase**
→ ¥54.8billion (FY ending March 2008 forecast)
- **Total Group Logistics Facilities** : 459,520 m² → **62% increase**
→ 742,327 m² (First Half, FY ending March 2008)

Growing Ocean (Expand ocean freight forwarding)

- **Consolidated net sales of Ocean Freight** : ¥ 22.1 billion → **2.3 X**
→ ¥ 51.3billion (FY ending March 2008 forecast)
Ratio of ocean freight to overall consolidated net sales: 11.8% → **5.9 point increase**
→ 17.7%(FY ending March 2008 forecast)

China Linkage (Develop business in the growing Chinese market)

- **5 subsidiaries, 24 locations** → **increase by 6 subsidiaries, 89 locations**
→ 11 subsidiaries, 113 locations (December 31, 2007)



Phase III Medium Term Management Plan
FY Ending March 2009 - FY Ending March 2012

Phase III Medium Term Management Plan

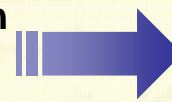
(4-year Consolidated Net Sales Targets)

Phase III Medium Term Management Plan


(FY Ending March 2009 ~ FY Ending March 2012)

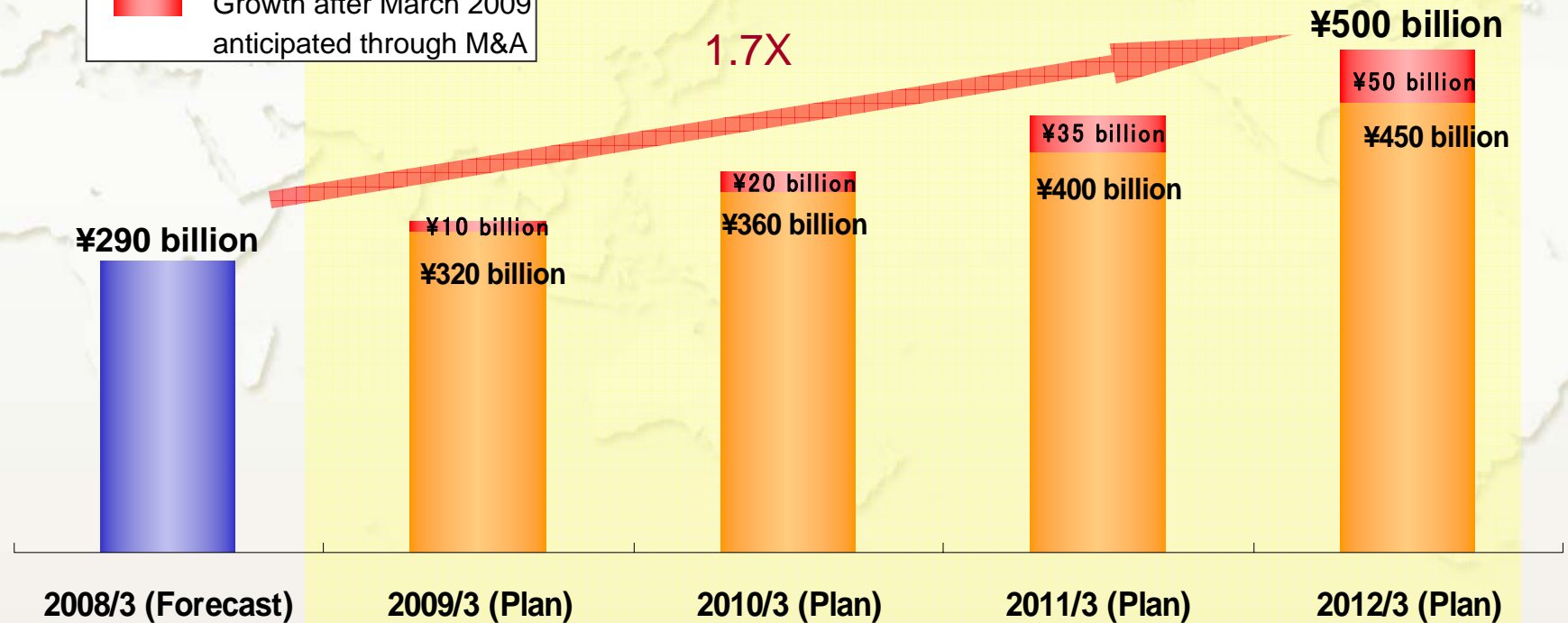
Consolidated
Net Sales:

290 billion yen
FY ending
March 2008



to 500 billion yen
FY ending
March 2012

 Growth after March 2009
anticipated through M&A



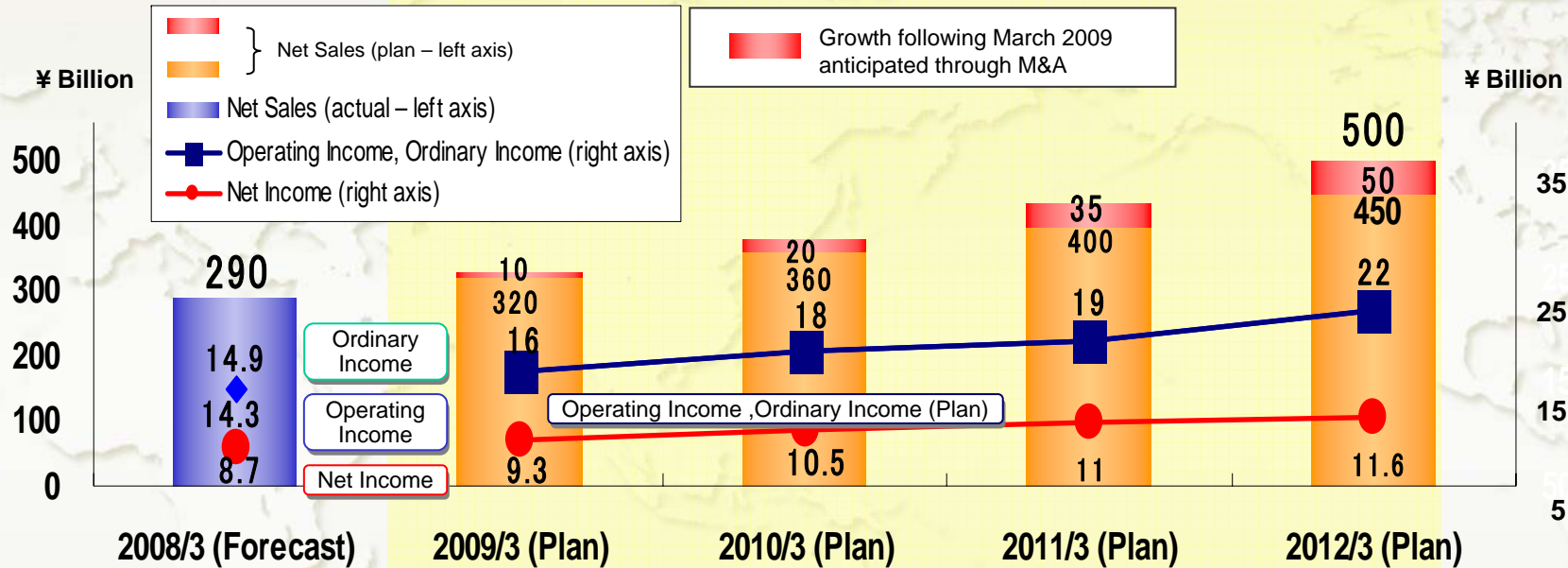
Phase III Medium Term Management Plan

(4-year basic targets)

Phase III Medium Term Management Plan (FY Ending March 2009 - FY Ending March 2012)

Consolidated Net Sales: ¥500 billion (1.7 X FY Ending March 2008)

Consolidated Ordinary Income: ¥22 billion (1.5 X FY Ending March 2008)



March 2008 (Forecast)	
Items	8,236
Weight	1,109
Volume	478



Items (thousands) Weight (1,000 tons) Volume (1,000 TEU)

March 2012 (Plan)	4 Year Change	Annual
10,300	25.1%	5.8%
1,500	35.3%	7.8%
900	88.3%	17.1%

Evolution of Net Sales Composition by Category

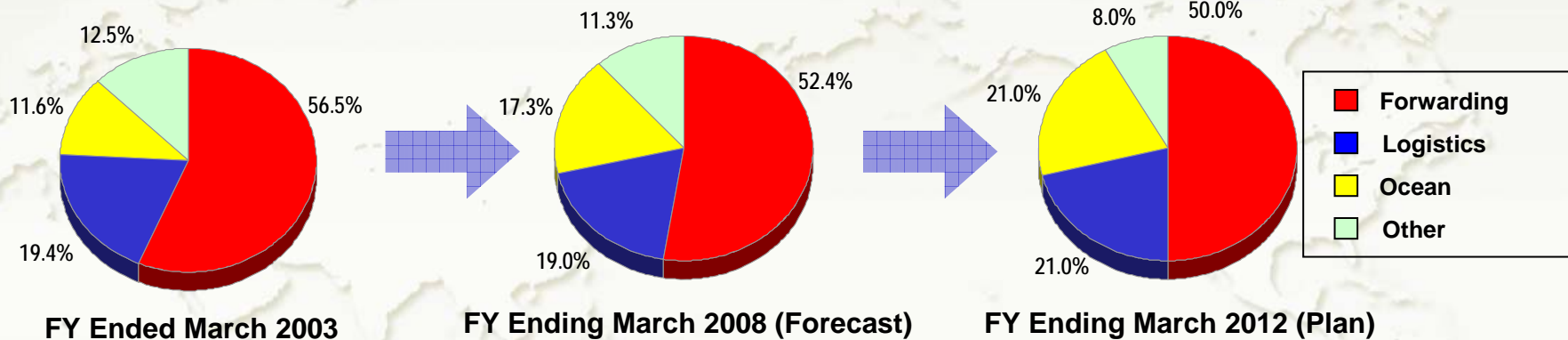
(Consolidated)

Net Sales by Category (Consolidated)

Grand Design, 1st Year

Grand Design, 6th Year

Grand Design, 10th (Final) Year



(Reference) ■ Results of FY Ended March 2007

Gross Profit Margin by Sales Category for KWE Japan (non-consolidated)

Forwarding: Approx. 15%

Logistics: Approx. 30%

Ocean : Approx. 20%

*It is difficult to precisely calculate operating margin by business, as some businesses may comprehensive, that is, integrating various different types of services. Overseas subsidiaries may not have different sales divisions for these businesses, accordingly, operating margin by category is difficult to be calculated.

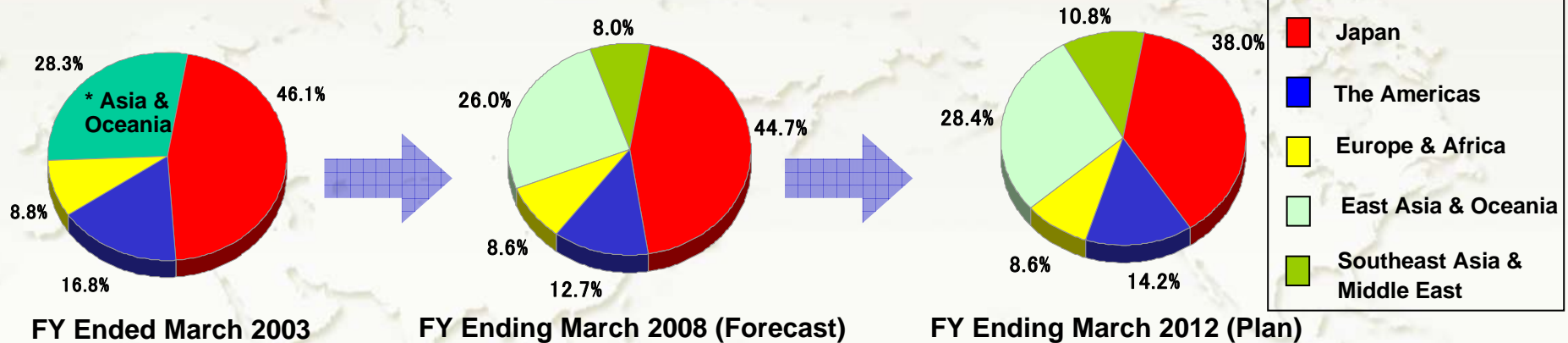
Evolution of Net Sales and Operating Income Composition by Region (Consolidated)

Net Sales Composition by Region (Consolidated)

Grand Design, 1st Year

Grand Design, 6th Year

Grand Design, 10th (Final) Year

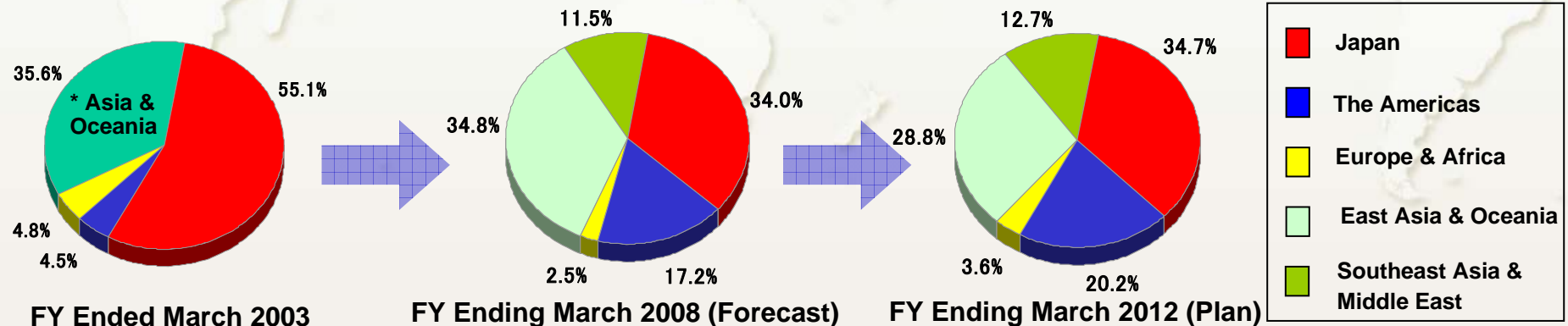


Operating Income Composition by Region (Consolidated)

Grand Design, 1st Year

Grand Design, 6th Year

Grand Design, 10th (Final) Year



*In January 2006, we split Asia & Oceania region into two areas: "East Asia & Oceania" and "Southeast Asia & Middle East."

Outline of Phase III Medium Term Management Plan

Accomplishing The KWE Grand Design for the 21st Century through establishment of a robust growth strategy for the next 10 years

FY Ending March 2012 Consolidated Net Sales: ¥500 billion (1.7 X FY Ending March 2008)

FY Ending March 2012 Consolidated Ordinary Income: ¥22 billion (1.5 X FY Ending March 2008)



Expand Freight Volume within Asia and Pacific Rim

— Business Expansion Through Optimum Utilization of our Strengths —

(1) Further expansion of business in the Chinese market

Ongoing expansion of distribution facilities and KWE's independently owned domestic truck network with a vision to establishing a network of 200 locations

(2) Expansion of freight volume transported from Asia to North America (Trans-Pacific Development promotion)

Strategic response to global tenders

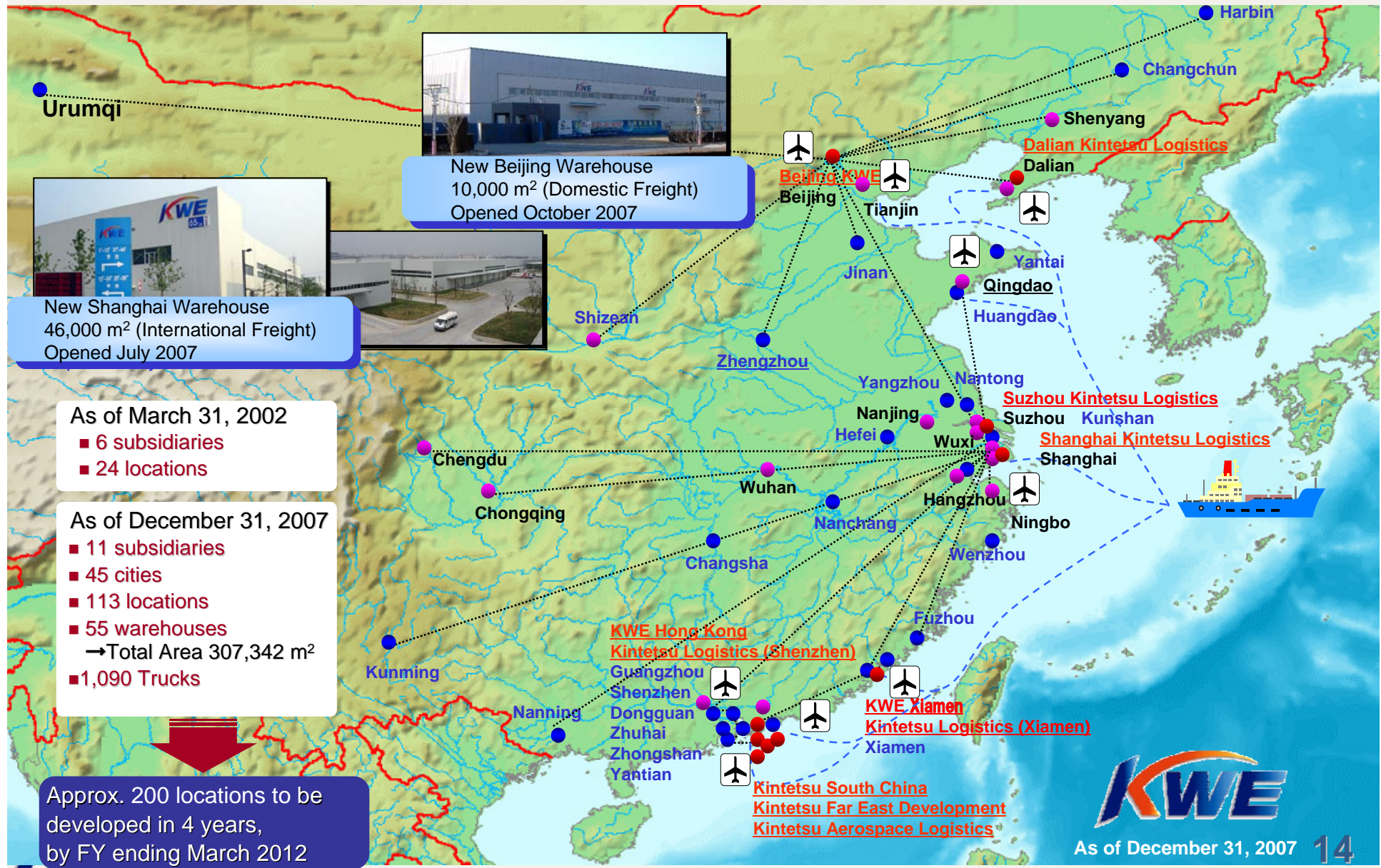
(3) Construction of a logistics model to expand air and ocean freight imports to the U.S.A.

Strengthening of 3PL sales, construction of a truck transportation network, growth of its customs clearance department

Basic Policy 1-(1)

Further Expansion of Business in the Chinese Market

Ongoing expansion of distribution facilities and domestic truck network with a vision to establishing a network of 200 locations



Expansion of Freight Volume Transported from Asia to North America

Push the Trans-Pacific Development Promotion

October 2006

Trans-Pacific Development Project Launched
to Strategically Respond to Global Tenders



KWE

Increase tonnage by 50% over the two years

2006

24,000 tons

50%UP

2007 Results (January-December)
29,000 tons (17% increase year on year)

2008

36,000 tons

Strengthen Functions as a Comprehensive Freight Forwarder

— Strengthen Logistics, Ocean and Land Transportation —

(1) Strategic investment in reliable and high quality logistics facilities, specialized human resource and IT

(2) Construction of new business models

Development of a global VMI model, expansion of rail transport services (particularly in Russia and China)

(3) Expand and diversify the range of items handled

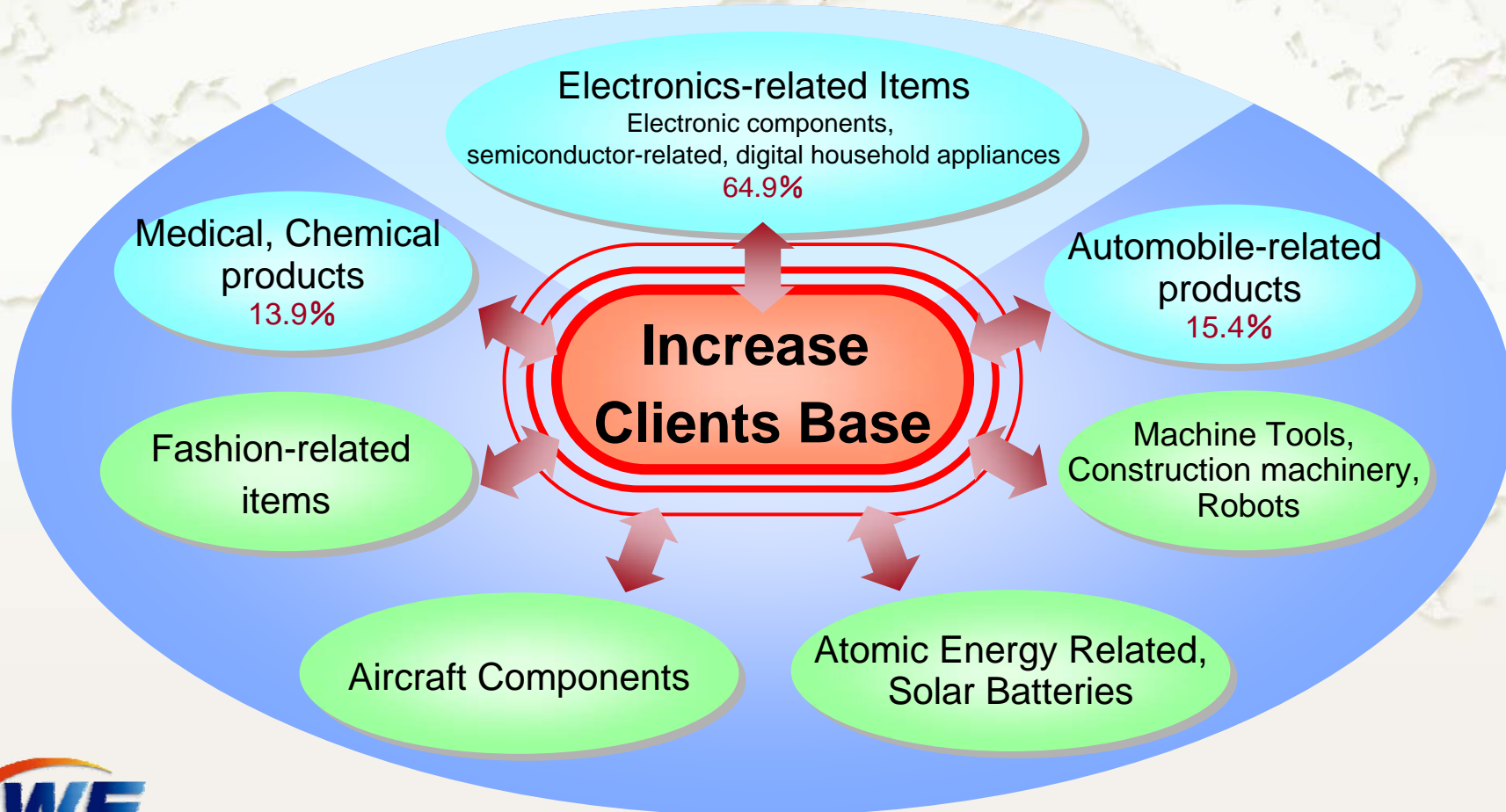
Aiming for a composition of 50% electronics-related freight and 50% other freight

Basic Policy 2-(3)

Expand and Diversify the Range of Items Handled

— Continue to increase proportion of items other than electronics-related items —
Aiming for a composition of 50% electronics-related freight and 50% other freight

Breakdown of Sales – Airfreight exports originating from Japan –
(First Half, FY ending March 2008)



Expand into Emerging Markets

— Secure Revenue Bases for Future Growth —

- (1) Expansion in the freight volume transported to or through Russia and other CIS countries, through utilization of the Trans-Siberian railway**
- (2) Business expansion in Central and Eastern Europe**
Business expansion into Czech Republic, Poland, Hungary, Romania and Slovakia
- (3) Further business expansion into growing markets**
Expansion of networks in India, Vietnam and similarly emerging countries
- (4) Expansion of business sites in South-East Asia**
Expansion into Cambodia, Bangladesh, Laos, Myanmar, Pakistan

Basic Policy 3

Expand into Emerging Markets

— Secure Revenue Bases for Future Growth —



Strengthen truck transportation capabilities in Russia

Expansion in the freight volume transported to or through Russia and other CIS countries through the Trans-Siberian railway



Build service infrastructure using the Trans-Siberian railway

Business expansion in Central and Eastern Europe
Czech Republic, Poland, Hungary, Romania, Slovakia

Expansion of business locations in South-East Asia
Cambodia, Bangladesh, Laos, Myanmar, Pakistan

Further business expansion into growing markets
India, Vietnam, etc.



Reinforce logistics business in India



Business Alliance and M&A Implementation to Support Growth Strategies

(1) Expansion of M&A target corporations to include not only Japanese companies but also superiors companies located abroad

(2) Achievement of net sales of 50 billion yen by the final year of the Phase III Medium Term Management Plan through M&A

Target is ¥50 billion in net sales and ¥2 billion each in operating income and ordinary income by the last year of the plan.

(3) Ongoing re-construction of operations to response to clients' needs

Develop international express operations within Asia

A new joint venture company to provide international express delivery services to be established in association with Nippon Express, and All Nippon Airways in April 2008

Transform into a Truly Global Company

— Create a Corporate Culture that is Unique —



Promote human resource globalization

Actively educate and foster international human resource and advance those personnel who will form the backbone of KWE's overseas subsidiaries

Develop a diverse KWE corporate culture

Establish business strategies and management infrastructure for next generation growth

- Strengthen governance functions
- Promote CSR management
- Expand global network



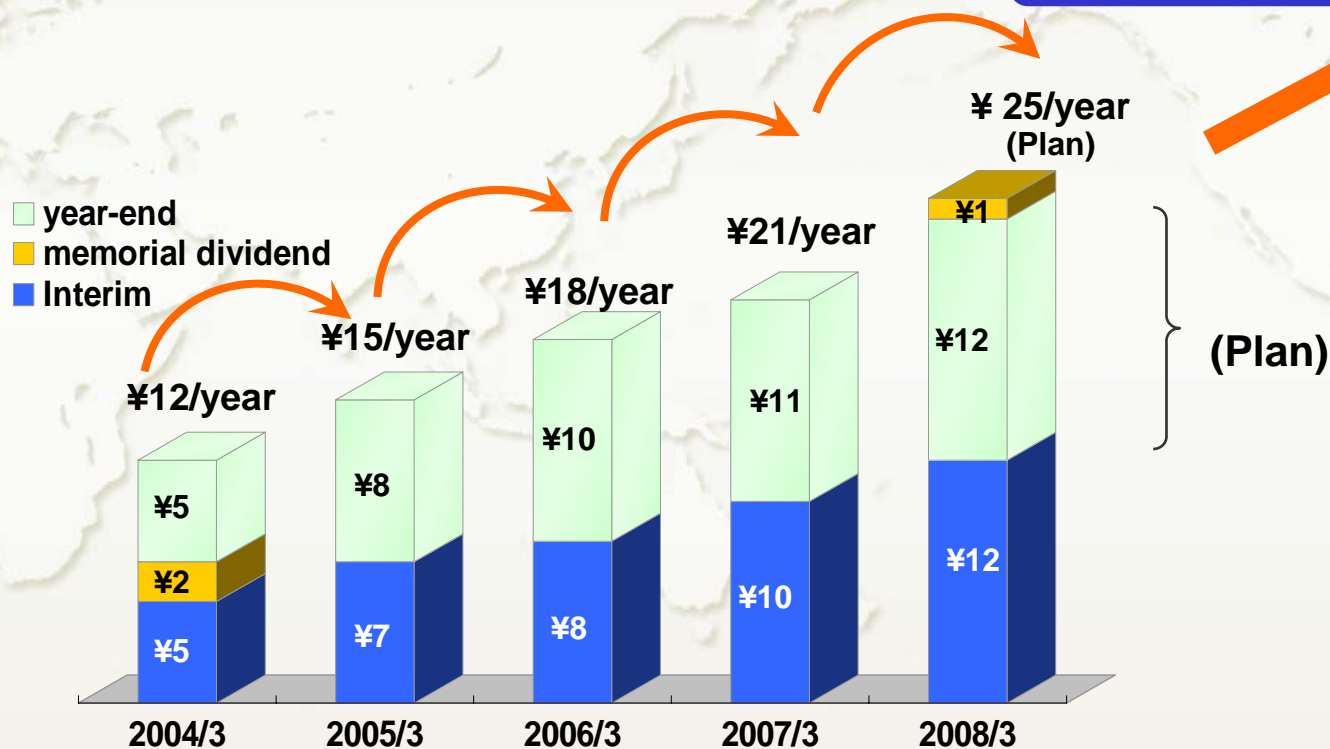
Policies Carried On

- **Focused Restructuring of Unprofitable Subsidiaries**
 - Management reorganization at Benelux Subsidiary.
- **Further Expansion of Domestic Sales Network**
 - Expand to Kyushu, Tohoku, and other areas
- **Improve Profitability**

Policy Regarding the Return to Shareholders

Currently targeting 30% of non-consolidated net income

In future, 20% of consolidated net income will be targeted





Supplementary Material

Investment Plan

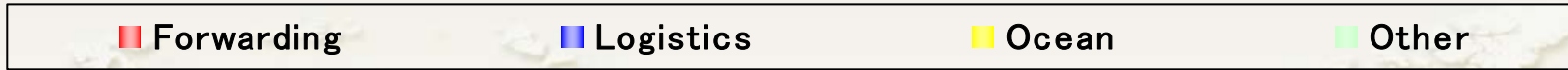
■ Anticipated Investment Amount

¥ 5 - 6 Billion is expected to be invested in offices, logistics facilities and IT.

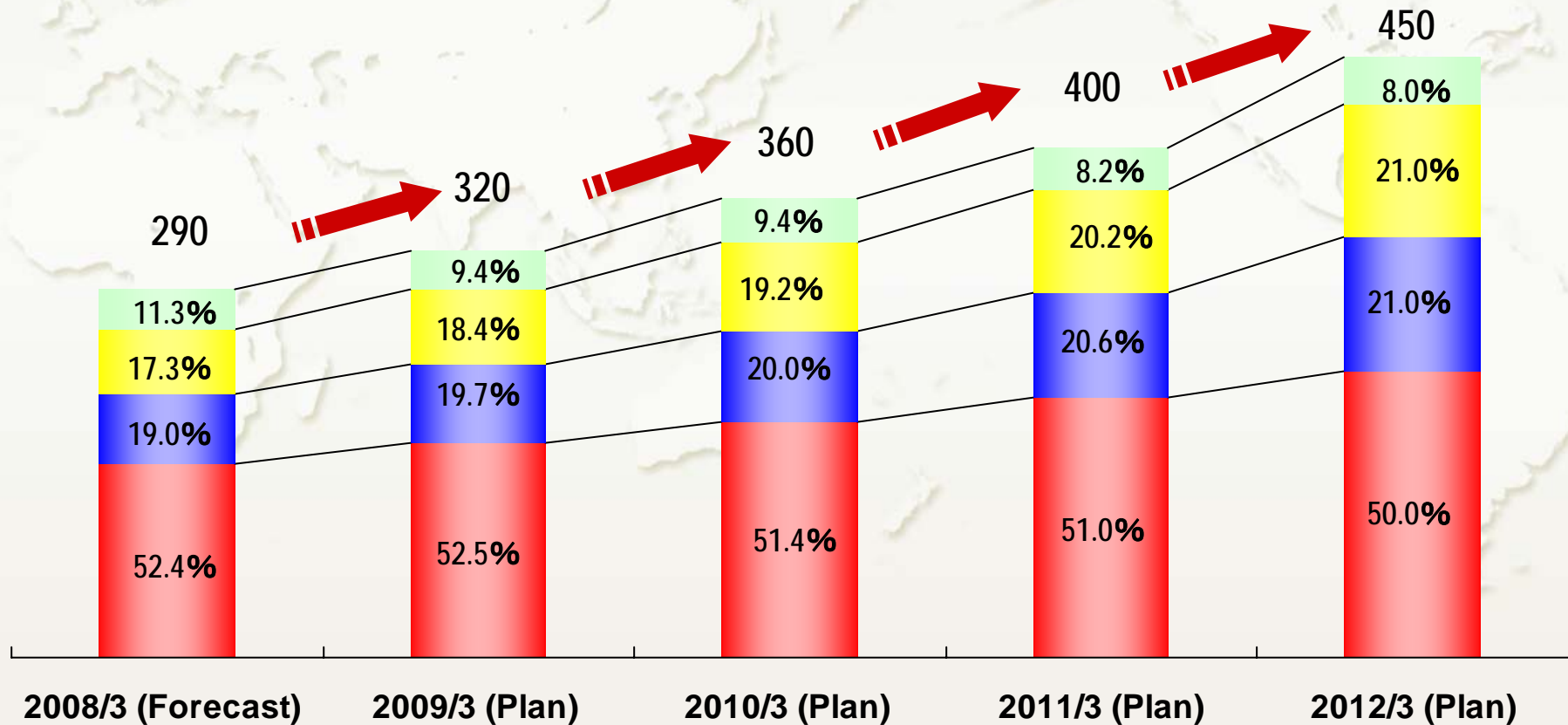
— Narita Terminal will be expanded in FY 2008 - 2009. Construction is scheduled to begin October 2008. Total investment is anticipated to be between ¥2.0 Billion and ¥2.5 Billion.

Phase III Medium Term Management Plan

Net Sales by Business Segment (Consolidated / Plan)

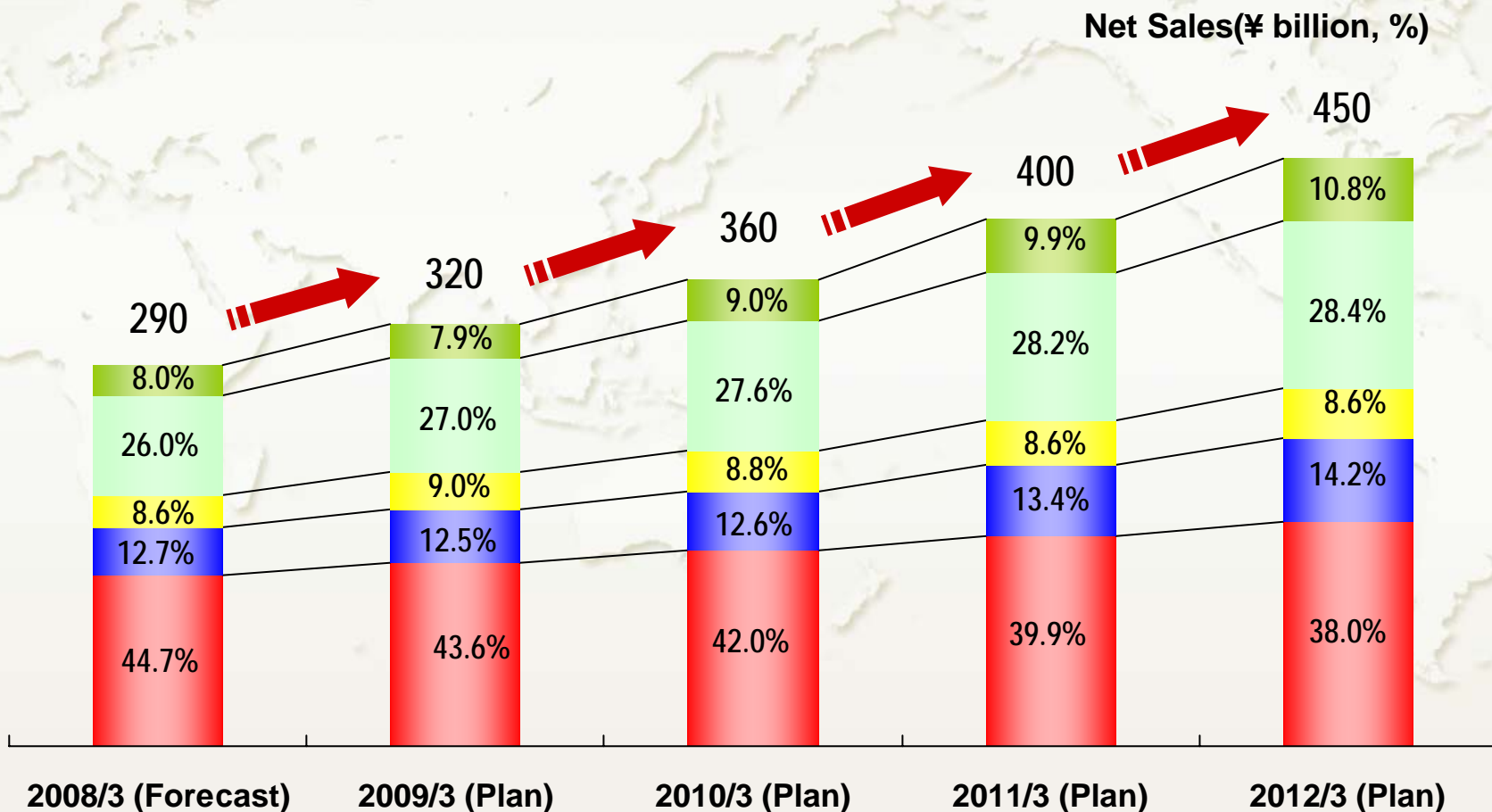


Net Sales (¥ billion, %)



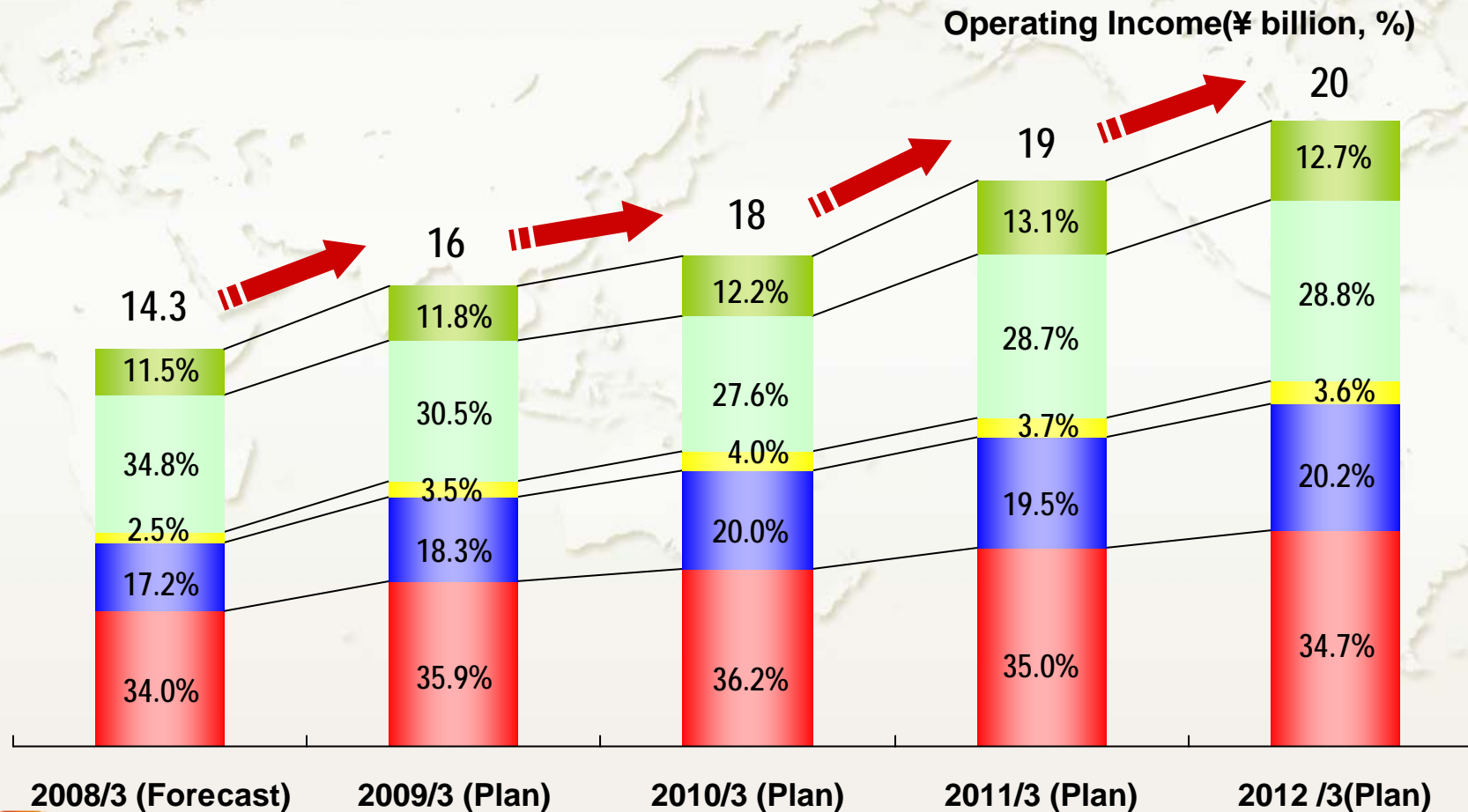
Phase III Medium Term Management Plan

Net Sales by Region (Consolidated / Plan)



Phase III Medium Term Management Plan

Operating Income by Region (Consolidated / Plan)





Global Logistics Partner

**Kintetsu World Express, Inc.
General Affairs Dept.**

Website: <http://www.kwe.co.jp/en/index.html>

* The information contained herein does not constitute an offer to solicit investment which can only be made by formal prospectus. The forward-looking statements contained herein are not intended to assure or guarantee future performance. Actual results may vary from that projected herein.