

**Settlement of Accounts Meeting
for the First Half of Fiscal Year Ending
March 31, 2015**



October 31, 2014

YAMATO HOLDINGS CO., LTD.

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This material is intended for informational purposes and is not a solicitation or offer to buy or sell securities or related financial instruments. Ultimately it is the responsibility of investors to select and buy securities and the Company assumes no responsibility for investors who act on the basis of this material.

I am Makoto Kigawa, Representative Director and President of Yamato Holdings Co., Ltd.

Thank you for participating in today's Settlement of Accounts Meeting.

I will now provide an explanation in line with the presentation materials.

1. Highlight

First Half FY2015 Results Main Points

- In 1st Half FY2015, operating revenue was up YoY due to progress in ensuring collection of adequate fees in the delivery market combined with firm results in the non-delivery business.
- With regard to operating expenses, costs were rigorously managed with a focus on personnel expenses, but vehicle hiring expenses and other costs increased.
- Consequently, operating income ended the first half at ¥21.2 billion, largely on par with projections made at the beginning of the fiscal year, while revenue and income both increased YoY in 2Q (July-September).

Trends of Delivery Business

- TA-Q-BIN delivery volume for the 1st Half FY2015 decreased by 0.9% YoY, due to lagging economic recovery and some delivery business shifting to competitors. Meanwhile, the unit price increased 3.3% YoY given steady progress in negotiations to collection of adequate fees.
- Kuroneko Mail delivery volume for 1st Half FY2015 decreased by 8.6% YoY due to an increasingly competitive environment and contracting of the target direct mail market.

Trends of Non-Delivery Business

- **BIZ-Logistics Business** Revenue and income increased due to firm results from areas such as mail order services and service for product repair and the like.
- **Home Convenience Business** Revenue increased due to strong results from household equipment delivery and installation services, which helped reduce income losses.
- **e-Business** Revenue increased due to firm performance in the mail order market and services related to telecommunications equipment, but income remained roughly on par YoY given up-front expenses associated with business expansion.
- **Financial Business** Revenue increased but income decreased slightly on decreased revenues in the TA-Q-BIN Collect business but solid results from the vehicle leasing business.
- **Autoworks Business** Revenue and income increased due to steady growth in vehicle maintenance volume.

I will start off with a summary for the first half of the fiscal year 2015 ended September 30, 2014.

- (1) In the first half FY2015, revenues increased but earnings decreased YoY.
- (2) Entering the second quarter (July–September), consumer spending remained weak, despite a diminishing impact from the post-consumption tax hike pull-back in demand. In that environment, operating revenue increased as a result of Delivery Business' collection of adequate fees along with firm performance in the non-delivery businesses.
- (3) The first quarter (April–June), on the other hand, was characterized by a deteriorating cost environment marked by tightening labor market and high crude oil prices. Amid that scenario, income for the quarter decreased YoY, due to drastic volatility in business volume associated with the pre-consumption tax hike surge in demand, combined with costs spent to improve transportation systems. However, in the second quarter (July–September), we achieved increases both in revenue and income due to rigorous cost management initiatives that included measures to heighten productivity primarily in the Delivery Business.
- (4) Consequently, we ended the first half with operating income of ¥21.2 billion, which was slightly above the Company's ¥21.0 billion forecast made at the beginning of the fiscal year.
- (5) Trends of respective operating segments were as stated on this slide, and I will further discuss on them with subsequent slides.

2. Overview of Operating Results

| (Billions of Yen) | First Half FY2015 (Actual) | First Half FY2014 (Actual) | First Half FY2015 (July 2014 Forecast) | YoY Change | | Forecast Change | |
|--------------------|----------------------------------|----------------------------------|---|------------|-------|-----------------|-------|
| | | | | Amount | [%] | Amount | [%] |
| Operating revenues | | | | | | | |
| Delivery | 532.8 | 524.8 | - | 7.9 | 1.5 | - | - |
| Non-Delivery | 140.3 | 130.9 | - | 9.4 | 7.2 | - | - |
| Total | 673.2 | 655.8 | 688.0 | 17.4 | 2.7 | (14.7) | (2.1) |
| Operating income | 21.2 | 23.3 | 21.0 | (2.0) | (8.8) | 0.2 | 1.4 |
| [Profit margin] | 3.2% | 3.6% | 3.1% | - | - | - | - |
| Ordinary income | 22.3 | 23.9 | 21.5 | (1.5) | (6.6) | 0.8 | 3.8 |
| [Profit margin] | 3.3% | 3.6% | 3.1% | - | - | - | - |
| Net income | 12.1 | 12.3 | 11.5 | (0.2) | (1.8) | 0.6 | 5.6 |
| [Profit margin] | 1.8% | 1.9% | 1.7% | - | - | - | - |

(Note)

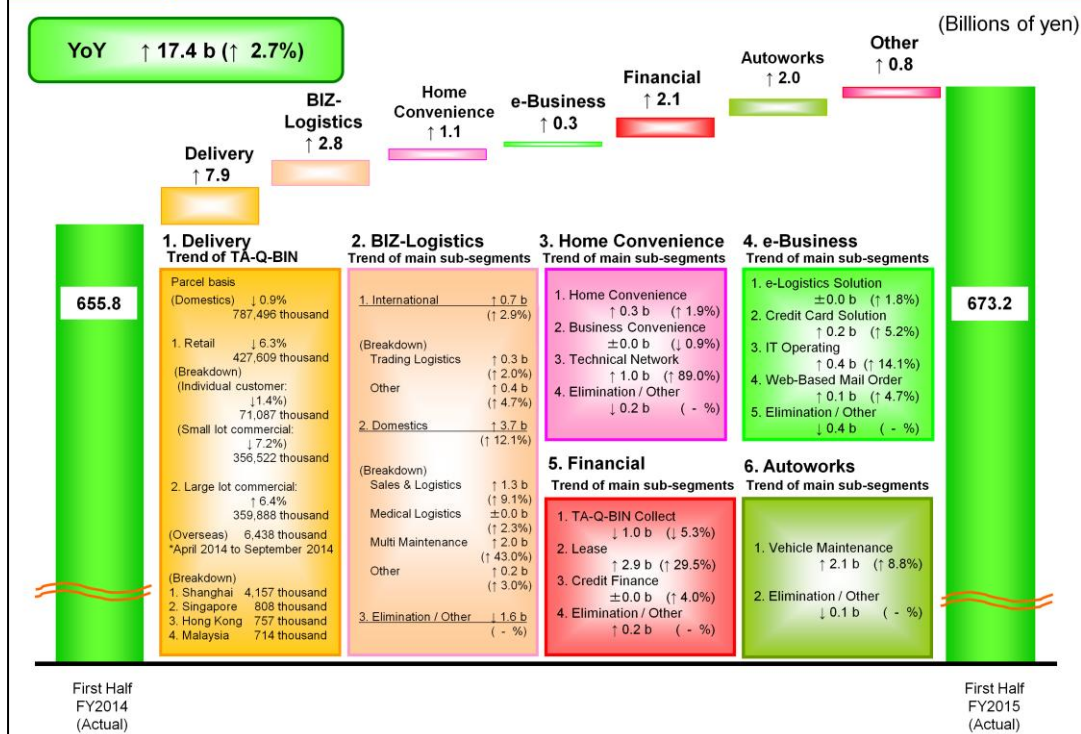
Starting with FY2015, Yamato Contact service, which was previously included in e-Business segment, has been shifted to Delivery Business segment. With this change between the segments, FY2014 results for e-Business segment and Delivery Business segment have been modified to meet the current structure.

Next, let's move on to operating results.

- (1) This table provides a summary of year-on-year results and comparative forecasts for operating revenue, operating income, and other earnings results.
- (2) Net income decreased by ¥0.2 billion YoY, to ¥12.1 billion.
- (3) In the first half, there are no items to make special note of, other than extraordinary income associated with the sale of a subsidiary's business office.

3. YoY Analysis of Consolidated Operating Revenues

 YAMATO HOLDINGS CO., LTD.



Next is the YoY analysis of changes in consolidated operating revenues.

- (1) Revenues by operating segment were as stated on this slide.

In the first half, the company faced a harsh business environment, particularly in terms of personal consumption. Still, as you can see, we generated increased revenues across the board in all of our operating segments. This is a result of collection of adequate fees in the Delivery Business, combined with firm results in our non-delivery businesses.

- (2) Revenues in the Delivery Business increased by ¥7.9 billion YoY.

For now I will discuss some key points, and will provide more detail when we reach a subsequent slide pertaining to TA-Q-BIN and Kuroneko Mail. TA-Q-BIN delivery volume decreased by 0.9% YoY, due to weak personal consumption and the some delivery business shifting to competitors resulting from our initiative to collect adequate fees.

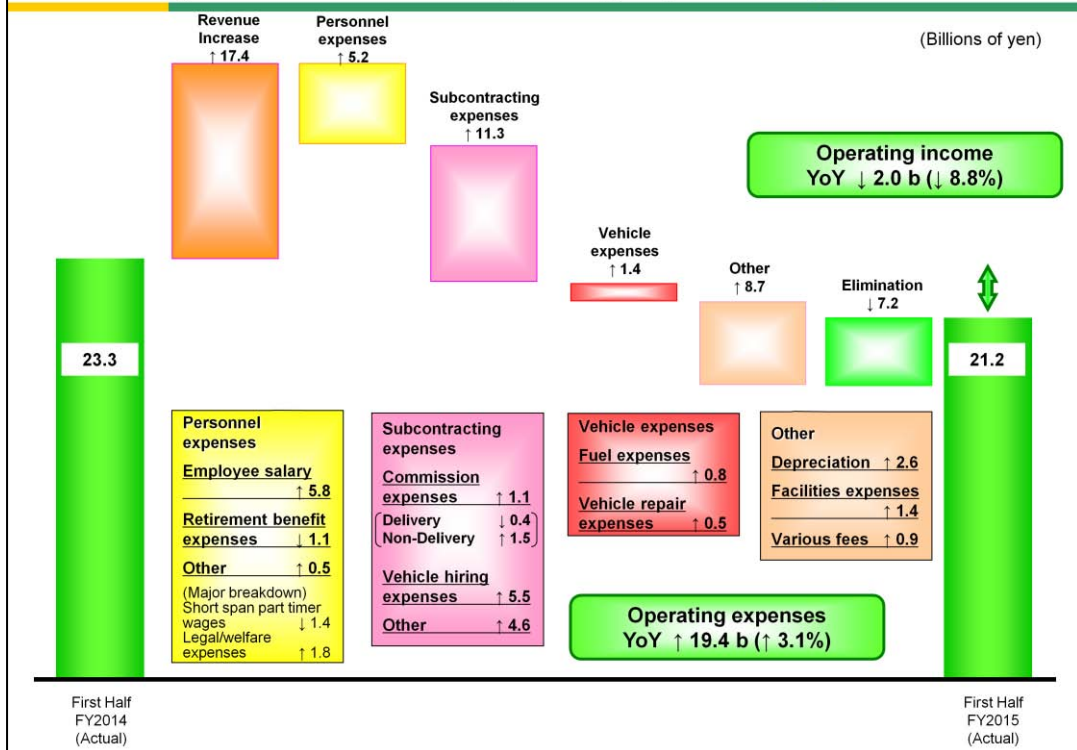
Meanwhile, the unit price increased by 3.3% due to steady progress made with initiatives to ensure that we collect adequate fees.

Kuroneko Mail delivery volume decreased by 8.6% YoY, while business trends in that area have remained largely unchanged since the first quarter.

Over the three months of the second quarter (July–September), unit price shifted higher YoY.

- (3) Operating revenues in the BIZ-Logistics Business increased significantly, in line with new orders, particularly in Sales and Logistics and Multi Maintenance.
- (4) Revenue increased significantly in the Home Convenience Business, due to firm results from the household effects delivery business, along with strong performance also with business related to household and commercial facility which began operations this fiscal year.
- In terms of expenses, we initiated thorough controls with respect to personnel-related expenses, while also working to raise productivity. These efforts enabled us to curb operating loss and reduce losses.
- (5) In the Financial Business, revenue from TA-Q-BIN Collect decreased in line with lower TA-Q-BIN delivery volume. However, revenues in the Financial Business overall increased due to more new contracts in the lease services business. Nevertheless, income decreased slightly because the revenue gain was not enough to cover the full extent of the downturn in the TA-Q-BIN Collect business.
- (6) The e-Business fell somewhat short in view of earnings trends up to now. Yet, as same as the Autoworks Business, similarly performed within expectations.

4. YoY Analysis of Consolidated Operating Expenses



Next for the analysis of changes in consolidated operating expenses.

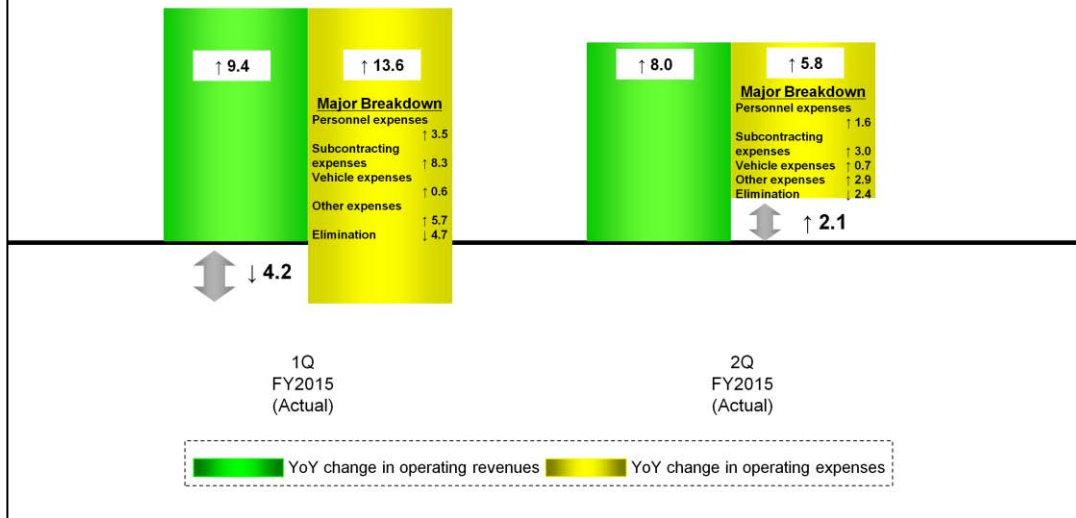
- (1) As I mentioned at the beginning of this presentation, consolidated operating expenses increased by 3.1% YoY in the first half. The higher figure is attributable to an increase in costs incurred for improving transportation systems undertaken to achieve better service quality, amid changes in the external environment in the form of high crude oil prices and a tightening labor market, and sharp volatility in business volume associated with the pre-consumption tax hike surge in demand.
- (2) Details regarding changes in operating expenses are as indicated on this slide.

Managing Executive Officer Shibasaki will cover specifics with slide 12 which provides an analysis of changes in consolidated operating expenses, and also with slide 13 which provides an analysis of changes in operating expenses of the Delivery Business.

5. Quarterly YoY Trends of Consolidated Operating Income

In 2Q FY2015 (July-September), revenue and income increased YoY on progress in ensuring collection of adequate fees in the delivery market, and because of rigorous cost management focused on personnel expenses.

(Billions of yen)

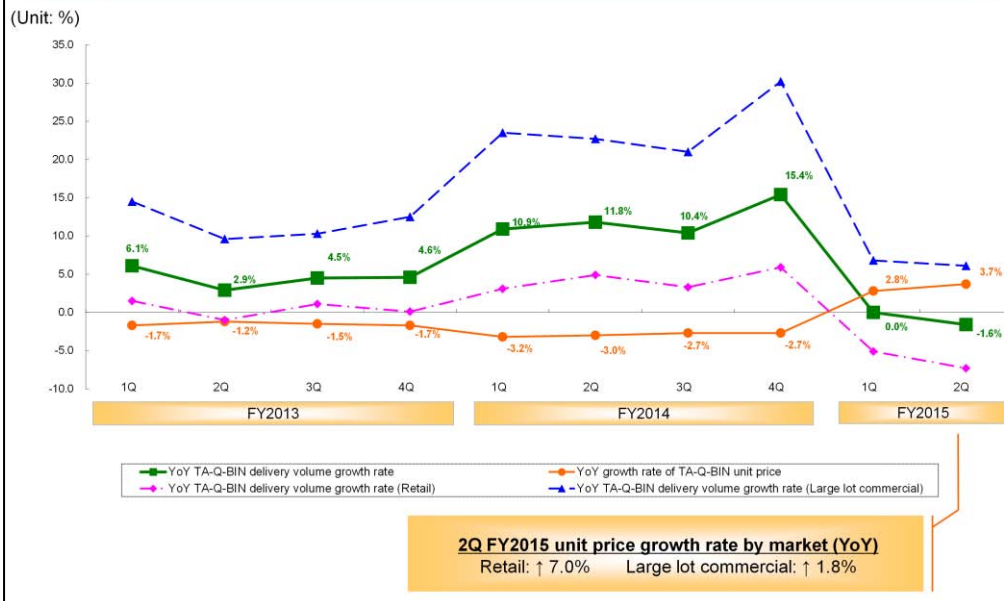


Now we come to quarterly YoY trends for consolidated operating income.

- (1) This bar chart provides a YoY comparison of operating revenues and operating expenses.
- (2) The chart's comparison of first quarter (April–June) and second quarter (July–September) figures suggests that we are becoming better at controlling costs.

6. Quarterly YoY Trends of TA-Q-BIN Delivery and Unit Price

- TA-Q-BIN delivery volume in 2Q FY2015 (July-September) decreased 1.6% YoY, due to lagging economic recovery and some delivery business shifting to competitors.
- The unit price increased 3.7% YoY given steady progress in negotiations to ensure collection of adequate fees.



Next, we will move on to quarterly YoY trends of TA-Q-BIN delivery volume and unit price.

- (1) In the three months of the second quarter, TA-Q-BIN delivery volume decreased by 1.6%, but the TA-Q-BIN unit price increased by 3.7% due to progress made in ensuring that we collect adequate fees.
- (2) As shown in this slide, a breakdown indicating the rate of unit price increase by market reveals a 7.0% increase in the retail market and a 1.8% increase in the large-lot commercial market.

The retail market consists of both the small-lot commercial market and the individual customer (C2C) market. Of those, the overall unit price increase is mainly attributable to the higher unit price (up 8.7%) in the small-lot commercial market. Meanwhile, unit prices in the C2C market ended the quarter largely unchanged YoY.

7. Quarterly YoY Trends of Kuroneko Mail Delivery Volume and Unit Price  YAMATO HOLDINGS CO., LTD.

- Kuroneko Mail delivery volume for 2Q FY2015 (July-September) decreased by 8.0% YoY due to an increasingly competitive environment and contracting of the target direct mail market.
- The unit price increased by 1.6% YoY.



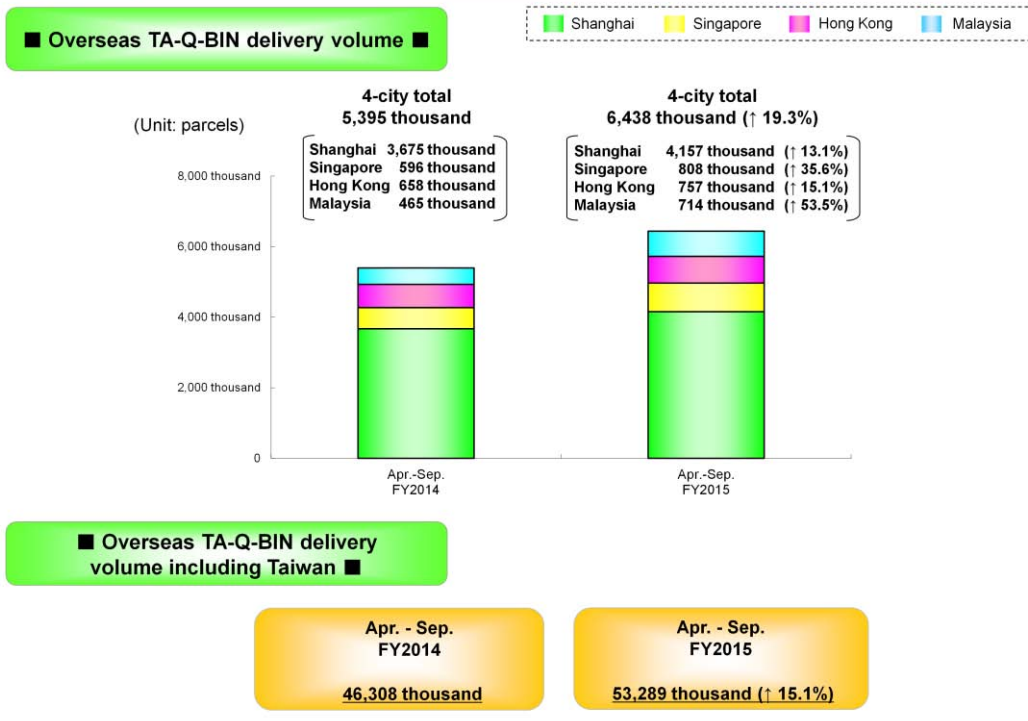
2Q FY2015 shipment volume by market (YoY)

From TA-Q-BIN Centers: ↓ 5.5%
From large lot commercial: ↓ 9.3%

Next we move on to quarterly YoY trends of Kuroneko Mail delivery volume and unit price.

- (1) Overall, Kuroneko Mail delivery volume decreased by 8.0% YoY due to a downturn in direct mail shipping given expectations of consumer reluctance to make purchases after the consumption tax hike, and also due to intensifying competition.
- (2) As for handling volumes by market, as shown in this slide, deliveries from large lot commercial primarily of direct mail decreased by 9.3%, and deliveries in the small-lot commercial market which are dispatched from TA-Q-BIN centers decreased by 5.5%.
- (3) The Kuroneko Mail delivery unit price began to increase in the second quarter (July-September), and was at ¥62.

8. Progress of TA-Q-BIN Business Overseas



Next we look at progress achieved by the TA-Q-BIN business overseas.

As shown in this slide, delivery volume has been growing steadily.

The total delivery volume including that of Taiwan is listed in the lower part of this slide.

9. Forecasts of FY2015 Operating Results (1)

| (Billions of Yen) | FY2015 Forecast | FY2014 Actual | FY2015 (July 2014 Forecast) | YoY Change | | Forecast Change | |
|--------------------|--------------------|------------------|-----------------------------------|------------|------|-----------------|-------|
| | | | | Amount | [%] | Amount | [%] |
| Operating revenues | 1,400.0 | 1,374.6 | 1,437.0 | 25.3 | 1.8 | (37.0) | (2.6) |
| Operating income | 70.0 | 63.0 | 70.0 | 6.9 | 10.9 | 0.0 | 0.0 |
| [Profit margin] | 5.0% | 4.6% | 4.9% | - | - | - | - |
| Ordinary income | 71.0 | 64.6 | 71.0 | 6.3 | 9.8 | 0.0 | 0.0 |
| [Profit margin] | 5.1% | 4.7% | 4.9% | - | - | - | - |
| Net income | 41.0 | 34.7 | 41.0 | 6.2 | 17.9 | 0.0 | 0.0 |
| [Profit margin] | 2.9% | 2.5% | 2.9% | - | - | - | - |

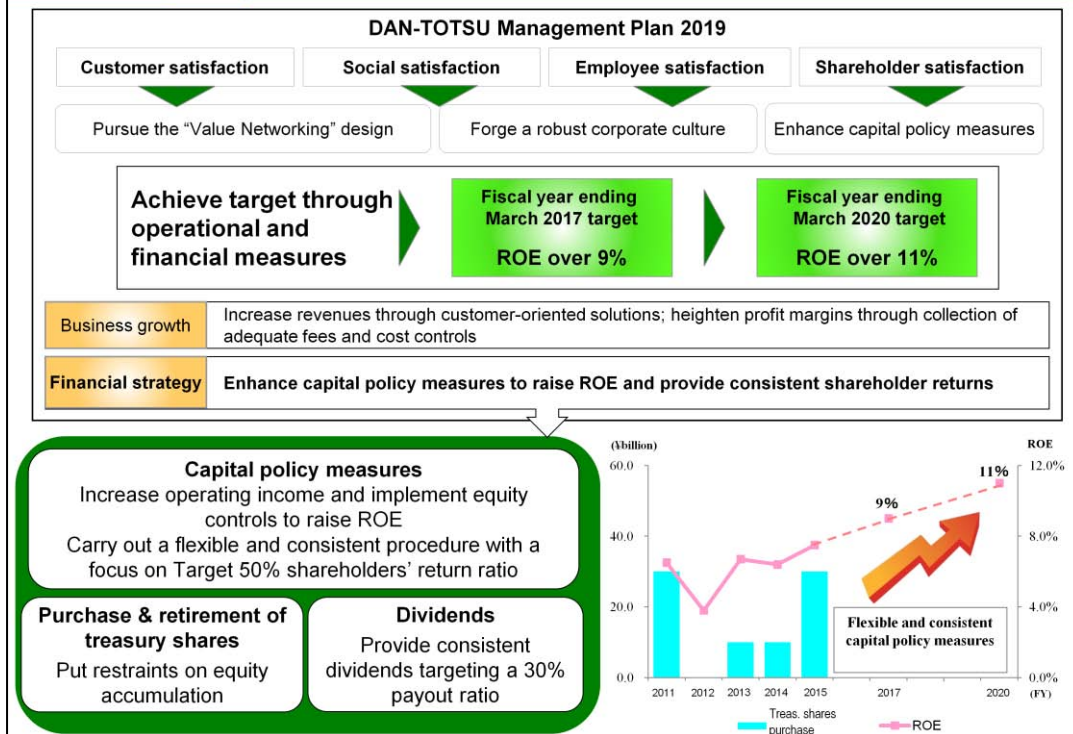
Here are our full-year operating results forecasts for FY2015.

- (1) In view of prevailing trends, we have revised our operating revenues forecast downward by ¥37.0 billion, factoring in a more conservative outlook only in terms of operating revenues.

We have not changed forecasts for operating income or the other earnings figures given that the results of the first half are in line with company projections. Furthermore, Yamato Group will work hard as a team to generate record profits.

This concludes my discussion of earnings results.

10. DAN-TOTSU Management Plan 2019
Approach to capital policy measures and shareholder returns



- (1) Yesterday (October 30), in addition to the financial results announcement, we also revealed our initiative to purchase treasury shares of ¥30.0 billion and retire shares of that same value.

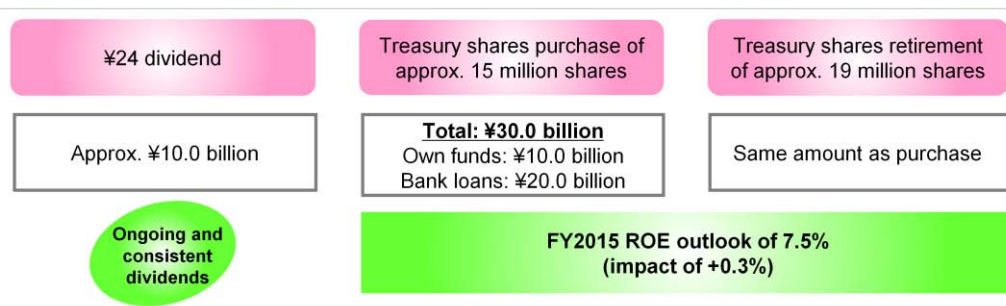
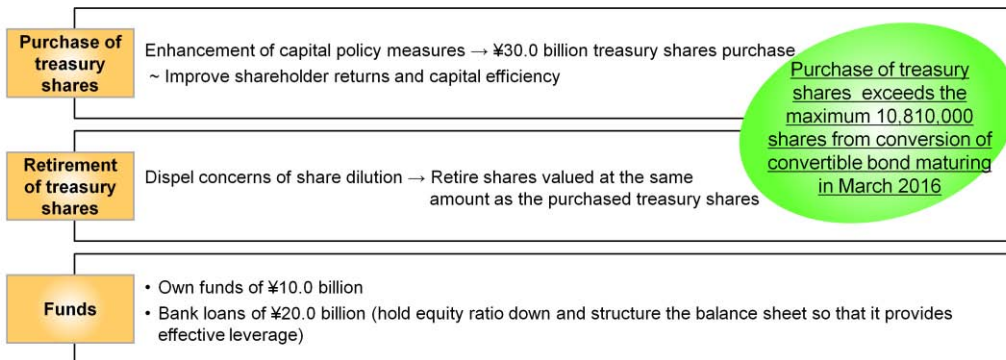
We are currently in the second phase (FY2015 – FY2017) of our DAN-TOTSU Management Plan 2019, which acts as our long-term management plan running to the fiscal year ending March 31, 2020. As such, this would be a good opportunity for me to set the record straight in terms of the Company's capital policy measures and our views on shareholder returns under the long-term management plan.

- (2) The basic policy of our long-term management plan, while obviously calling for business growth, also fully involves capital policy measures and shareholder returns. This is particularly the case with ROE, for which the plan targets ROE exceeding 9.0% by the fiscal year ending March 31, 2017, and ROE exceeding 11.0% by the final fiscal year of the plan.

Our current purchase and retirement of treasury shares is also geared toward achieving the ROE target.

11. Latest Purchase and Retirement of Treasury Shares YAMATO HOLDINGS CO., LTD.

■ Implementation details (Assumption: Net income forecast of ¥41.0 billion)



This slide outlines specifics regarding the latest plan for purchase and retirement of treasury shares.

We are embarking on this initiative with a view toward further strengthening our capital policy measures, while structuring the balance sheet so that it provides effective leverage.

That concludes my explanation.

Expense Analysis Assumptions of Forecasts

My name is Kenichi Shibasaki, and I am in charge of Finance and Accounting, and Investor Relations.

Thank you for participating in today's Financial Results Meeting.

I will now provide an explanation on our financial results, in line with the presentation materials.

12. YoY Analysis of Consolidated Operating Expenses

| (Millions of Yen) | First Half FY2015 Actual | First Half FY2014 Actual | YoY Change | |
|-------------------------------|--------------------------------|--------------------------------|------------|--------|
| | | | Amount | [%] |
| Operating revenues | 673,237 | 655,818 | 17,418 | 2.7 |
| Operating expenses | 651,953 | 632,468 | 19,485 | 3.1 |
| Personnel expenses | 351,623 | 346,380 | 5,243 | 1.5 |
| Employee salary | 242,132 | 236,316 | 5,815 | 2.5 |
| Retirement benefit expenses | 6,248 | 7,349 | (1,101) | (15.0) |
| Other personnel expenses | 103,242 | 102,714 | 528 | 0.5 |
| Subcontracting expenses | 261,427 | 250,067 | 11,359 | 4.5 |
| Commission expenses | 100,664 | 99,543 | 1,121 | 1.1 |
| Vehicle hiring expenses | 84,778 | 79,183 | 5,594 | 7.1 |
| Other subcontracting expenses | 75,984 | 71,340 | 4,643 | 6.5 |
| Vehicle expenses | 24,464 | 23,060 | 1,404 | 6.1 |
| Fuel expenses | 14,657 | 13,827 | 830 | 6.0 |
| Other operating expenses | 140,215 | 131,502 | 8,713 | 6.6 |
| Depreciation | 21,173 | 18,486 | 2,686 | 14.5 |
| Elimination | (125,777) | (118,541) | (7,235) | 6.1 |

- (1) Specifics regarding operating expenses in the first half are as previously reported by Kigawa in slide 4.

In particular, we have implemented rigorous cost management initiatives since the beginning of the second quarter (July–September) amid changes in the external environment in the form of high crude oil prices and a tightening labor market, and sharp volatility in business volume associated with the pre-consumption tax hike surge in demand.

Consequently, in the first quarter (April–June), operating expenses increased 4.5% YoY, but in the second quarter (July–September) they increased 1.8% YoY. Overall, operating expenses for the first half increased by 3.1% YoY.

We find that management has improved its ability to control costs, particularly with respect to personnel expenses and subcontracting expenses (commission expenses).

- (2) Details regarding changes in operating expenses are as indicated on this slide.

- (3) Personnel expenses rose ¥5.2 billion YoY. Employee salary and the retirement benefit expenses are as stated in this slide.

Other personnel expenses increased ¥0.5 billion YoY.

The breakdown of this is as follows:

1. Legal/welfare-related expenses increased due to a rate hike regarding legal welfare expenses: ↑ ¥1.8 billion
2. Short span part timer expenses decreased due to lower delivery volumes and conversion of some of the outsourcing workforce to employee status: ↓ ¥1.4 billion

- (4) Subcontracting expenses rose ¥11.3 billion YoY.

That amount includes a ¥1.1 billion YoY increase in commission expenses. Whereas the increase is attributable to higher revenues of non-delivery businesses, the Delivery Business posted a decrease in those expenses.

Vehicle hiring expenses increased by ¥5.5 billion YoY (+7.1%). (10.3% YoY increase in the first quarter, and a 4.0% increase in the second quarter)

This increase is attributable to the Delivery Business prioritizing moves to secure transportation systems, amid a scenario of sharp volatility in operating volumes and increasingly tight supply in the vehicle hire market from the end of previous fiscal year into the first quarter.

“Other subcontracting expenses” rose ¥4.6 billion YoY, primarily due to higher costs of purchases and sales.

The increase reflects a greater number of lease transactions in the Financial Business and higher fuel purchasing costs in the Autoworks Business, and is in line with higher revenues in the non-delivery businesses.

- (5) Vehicle expenses rose ¥1.4 billion YoY. Of that amount fuel expenses rose ¥0.8 billion, attributable to higher unit prices.

- (6) “Other operating expenses” increased ¥8.7 billion YoY. Of that amount, depreciation increased by ¥2.6 billion.

Besides depreciation, “other operating expenses” also increased mainly due to higher facilities expenses and other such costs incurred in line with the revenue gains from non-delivery businesses.

13. YoY Analysis of Delivery Business Expenses

| (Millions of Yen) | First Half FY2015 Actual | First Half FY2014 Actual | YoY Change | |
|-------------------------------|--------------------------------|--------------------------------|------------|--------|
| | | | Amount | [%] |
| Operating revenues | 532,857 | 524,874 | 7,982 | 1.5 |
| Operating expenses | 524,763 | 513,437 | 11,326 | 2.2 |
| Personnel expenses | 298,241 | 294,604 | 3,637 | 1.2 |
| Employee salary | 203,273 | 198,761 | 4,511 | 2.3 |
| Retirement benefit expenses | 5,151 | 5,987 | (835) | (14.0) |
| Other personnel expenses | 89,816 | 89,854 | (38) | (0.0) |
| Subcontracting expenses | 152,924 | 149,821 | 3,103 | 2.1 |
| Commission expenses | 54,439 | 54,864 | (424) | (0.8) |
| Vehicle hiring expenses | 80,602 | 75,791 | 4,811 | 6.3 |
| Other subcontracting expenses | 17,882 | 19,166 | (1,284) | (6.7) |
| Vehicle expenses | 21,151 | 19,768 | 1,383 | 7.0 |
| Fuel expenses | 11,996 | 11,228 | 768 | 6.8 |
| Other operating expenses | 101,115 | 96,381 | 4,734 | 4.9 |
| Depreciation | 15,159 | 13,473 | 1,685 | 12.5 |
| Elimination | (48,669) | (47,137) | (1,531) | 3.2 |

(Note)

- Starting with FY2015, Yamato Contact service, which was previously included in e-Business segment, has been shifted to Delivery Business segment.
With this change between the segments, FY2014 results for e-Business segment and Delivery Business segment have been modified to meet the current structure.
- The figures above include operating expenses related to overseas TA-Q-BIN services.

This slide contains the statement of operating expenses for the Delivery Business.
I have just covered these details, so will now move on to the next slide.

14. Forecast of FY2015 Operating Results (2)

| (Millions of Yen) | FY2015 (New Forecast) A | FY2014 (Actual) | FY2015 (July 2014 Forecast) B | YoY Change | | Forecast Change (A-B) | |
|---------------------------|-------------------------------|--------------------|--|------------|-------|--------------------------|-------|
| | | | | Amount | [%] | Amount | [%] |
| Operating revenues | | | | | | | |
| Delivery | 1,107,000 | 1,099,399 | 1,137,500 | 7,600 | 0.7 | (30,500) | (2.7) |
| BIZ-Logistics | 98,000 | 90,254 | 98,000 | 7,745 | 8.6 | 0 | 0.0 |
| Home Convenience | 51,000 | 48,723 | 51,000 | 2,276 | 4.7 | 0 | 0.0 |
| e-Business | 43,000 | 40,831 | 46,000 | 2,168 | 5.3 | (3,000) | (6.5) |
| Financial | 66,000 | 62,727 | 69,000 | 3,272 | 5.2 | (3,000) | (4.3) |
| Autoworks | 27,500 | 25,650 | 28,000 | 1,849 | 7.2 | (500) | (1.8) |
| Other | 7,500 | 7,022 | 7,500 | 477 | 6.8 | 0 | 0.0 |
| Total | 1,400,000 | 1,374,610 | 1,437,000 | 25,389 | 1.8 | (37,000) | (2.6) |
| Operating income | | | | | | | |
| Delivery | 41,000 | 35,784 | 41,000 | 5,215 | 14.6 | 0 | 0.0 |
| BIZ-Logistics | 4,700 | 3,403 | 4,700 | 1,296 | 38.1 | 0 | 0.0 |
| Home Convenience | 500 | 217 | 500 | 282 | 129.9 | 0 | 0.0 |
| e-Business | 8,400 | 8,057 | 8,400 | 342 | 4.3 | 0 | 0.0 |
| Financial | 9,600 | 9,405 | 9,600 | 194 | 2.1 | 0 | 0.0 |
| Autoworks | 3,600 | 3,272 | 3,600 | 327 | 10.0 | 0 | 0.0 |
| Other | 22,700 | 24,956 | 22,700 | (2,256) | (9.0) | 0 | 0.0 |
| Subtotal | 90,500 | 85,097 | 90,500 | 5,402 | 6.3 | 0 | 0.0 |
| Elimination | (20,500) | (22,000) | (20,500) | 1,500 | (6.8) | 0 | 0.0 |
| Total | 70,000 | 63,096 | 70,000 | 6,903 | 10.9 | 0 | 0.0 |
| [Profit margin] | 5.0% | 4.6% | 4.9% | - | - | - | - |
| Ordinary income | 71,000 | 64,664 | 71,000 | 6,335 | 9.8 | 0 | 0.0 |
| [Profit margin] | 5.1% | 4.7% | 4.9% | - | - | - | - |
| Net income | 41,000 | 34,776 | 41,000 | 6,223 | 17.9 | 0 | 0.0 |
| [Profit margin] | 2.9% | 2.5% | 2.9% | - | - | - | - |

(Note)

Starting with FY2015, Yamato Contact service, which was previously included in e-Business segment, has been shifted to Delivery Business segment.

With this change between the segments, FY2014 results for e-Business segment and Delivery Business segment have been modified to meet the current structure.

The forecasts for operating revenue and operating income by business segment for the full year ending March 31, 2015 are as follows.

- From this fiscal year, the contact service which had been included in the e-Business segment will now be included in the Delivery Business segment.
Prior fiscal year figures for the Delivery Business and e-Business segments have been restated in accordance with this change.
- I now turn to the overall full-year operating results forecast, as detailed in the meeting materials. In view of results of the first half, we have revised our operating revenue forecast downward by ¥37.0 billion to ¥1,400.0 billion for the full year.
Operating income, ordinary income and net income remain unchanged from the previously-released forecast.
- Please look at this slide in conjunction with slide 15 and the supplementary materials beginning with page 10, as I provide you with a brief explanation of our forecast assumptions.
- With respect to TA-Q-BIN services, the mainstay product in our Delivery Business, we anticipate delivery volume of 1,645 million parcels for a 1.3% decrease YoY, which is 55 million fewer parcels than in the previous forecast, despite a gradually diminishing adverse impact from the post-consumption tax hike pull-back in demand. This projection accounts for factors such as the slow economic recovery and some delivery business shifting to competitors resulting from our move to collect adequate fees.
We anticipate average unit pricing of ¥594, an increase of 3.5% YoY, on the basis of prevailing circumstances.
- With respect to Kuroneko Mail, in consideration of the prevailing circumstances, we estimate volume of 1,935 million units, 7.2% fewer YoY, or 10 million fewer units than in the previous forecast. Our forecast for unit pricing of ¥61 yen remains unchanged from the previous fiscal year.

15. Forecasts of FY2015 Operating Results (3)

Assumptions of forecasts

| (Millions of Yen) | FY2015 (New Forecast A) | FY2014 (Actual) | FY2015 (July 2014 Forecast B) | YoY Change | | Forecast Change (A-B) | |
|-------------------------------|----------------------------------|--------------------|--|------------|--------|--------------------------|-------|
| | | | | Amount | [%] | Amount | [%] |
| Operating revenues | 1,400,000 | 1,374,610 | 1,437,000 | 25,389 | 1.8 | (37,000) | (2.6) |
| Operating expenses | 1,330,000 | 1,311,513 | 1,367,000 | 18,486 | 1.4 | (37,000) | (2.7) |
| Personnel expenses | 712,000 | 704,338 | 729,000 | 7,661 | 1.1 | (17,000) | (2.3) |
| Employee salary | 491,000 | 484,094 | 500,000 | 6,905 | 1.4 | (9,000) | (1.8) |
| Retirement benefit expenses | 13,000 | 14,834 | 14,000 | (1,834) | (12.4) | (1,000) | (7.1) |
| Other personnel expenses | 208,000 | 205,408 | 215,000 | 2,591 | 1.3 | (7,000) | (3.3) |
| Subcontracting expenses | 541,000 | 528,105 | 557,000 | 12,894 | 2.4 | (16,000) | (2.9) |
| Commission expenses | 209,000 | 211,837 | 214,000 | (2,837) | (1.3) | (5,000) | (2.3) |
| Vehicle hiring expenses | 176,000 | 168,104 | 182,000 | 7,895 | 4.7 | (6,000) | (3.3) |
| Other subcontracting expenses | 156,000 | 148,163 | 161,000 | 7,836 | 5.3 | (5,000) | (3.1) |
| Vehicle expenses | 48,500 | 46,288 | 48,500 | 2,211 | 4.8 | 0 | 0.0 |
| Fuel expenses | 29,500 | 27,622 | 29,500 | 1,877 | 6.8 | 0 | 0.0 |
| Other operating expenses | 292,500 | 277,920 | 296,500 | 14,579 | 5.2 | (4,000) | (1.3) |
| Depreciation | 46,000 | 42,285 | 48,000 | 3,734 | 8.8 | (2,000) | (4.2) |
| Elimination | (264,000) | (245,140) | (264,000) | (18,859) | 7.7 | 0 | 0.0 |

Operating revenues

Delivery Business

- TA-Q-BIN parcels (forecast)
1,645,000 thousand (YoY ↓ 1.3%)
- TA-Q-BIN unit price (forecast)
¥594 (YoY ↑ 3.5%)
- Kuroneko Mail units (forecast)
1,935,000 thousand (YoY ↓ 7.2%)
- Kuroneko Mail unit price (forecast)
¥61 (YoY ±0%)

Personnel expenses

- Employee salary
(consolidated; forecast)
Total 200,500 persons
(YoY ↑ 7,354 / ↑ 3.8%)
Full-time 89,100 persons
(YoY ↑ 1,821 / ↑ 2.1%)
Part-time 111,400 persons
(YoY ↑ 5,533 / ↑ 5.2%)
- Other personnel expenses
Increase due to revision to the rate
of social insurance

Capital Expenditure

Capital Expenditure
(Millions of Yen, forecast) ¥75,000

This last slide of the presentation shows our full-year forecasts for consolidated operating expenses.

- Revisions have been made with respect to our full-year forecasts for individual expense items, as shown in this slide, in light of results of the first half.
- I will go over matters with respect to items that have been revised since release of our previous forecast:
 - Personnel expenses

The personnel expenses forecast was decreased by ¥17.0 billion overall as compared with the previous forecast, upon review of employee numbers.

The retirement benefit expenses forecast has been decreased by ¥1.0 billion.

With respect to projections for other personnel expenses, welfare expenses, etc. were decreased in line with our review of employee numbers.
 - Subcontracting expenses

We decreased our forecast for subcontracting expenses by ¥16.0 billion overall as compared with the previous forecast.

As shown in this slide, our forecasts for both commission expenses and vehicle hiring expenses were decreased, due to a downward revision of TA-Q-BIN delivery volume and efforts to raise productivity.

The "other subcontracting expenses" forecast was decreased to reflect sales in the non-delivery businesses.
 - Other operating expenses

The forecast for other operating expenses was lowered by ¥4.0 billion overall, reflecting a combined ¥2.0 billion decrease in depreciation and a ¥2.0 billion decrease in other operating expenses.
- The forecast for total capital expenditure now amounts to ¥75.0 billion, an overall decrease of ¥5.0 billion as compared with the previous forecast reflecting respective decreases in investment for vehicles, buildings and material handling equipment of ¥1.0 billion, ¥2.0 billion and ¥2.0 billion, respectively.
Please look at this slide in conjunction with page 16 of the supplementary materials for an itemized breakdown of the capital expenditures forecast.
- Finally, in connection with the purchase and retirement of treasury shares, as Kigawa explained earlier, we are strongly committed to achieving the medium- to long-term ROE target.
Our decisions regarding timing and scale of this purchase and retirement of treasury shares also take into account the need for pre-emptive action regarding the prospect of equity dilution resulting from conversion of convertible bonds, given that the convertible bond we issued in 2011 is set to mature in FY2016.

That concludes my explanation.

These presentation materials (with explanatory notes) and the minutes of the financial results meeting Q&A are posted in PDF format on the Company's website in the Investor Relations section.

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