

# Overview of Operations

# Delivery

## Overview of Fiscal 2008

In the *Takkyubin* business, the Group sought to provide highly convenient services, based on its Total Reliability corporate philosophy.

In November 2007, we launched *Kuroneko Members*, a membership-based service for individual customers. During the year, we also introduced *Takkyubin Easy Address Label Issuance Service*, provided via service terminals installed at *Takkyubin* centers.

For corporate customers, we promoted solution-based marketing combining three key functions of the Yamato Group—logistics technology (LT), information technology (IT), and financial technology (FT)—as we strove to respond flexibly to customers' diversifying needs.

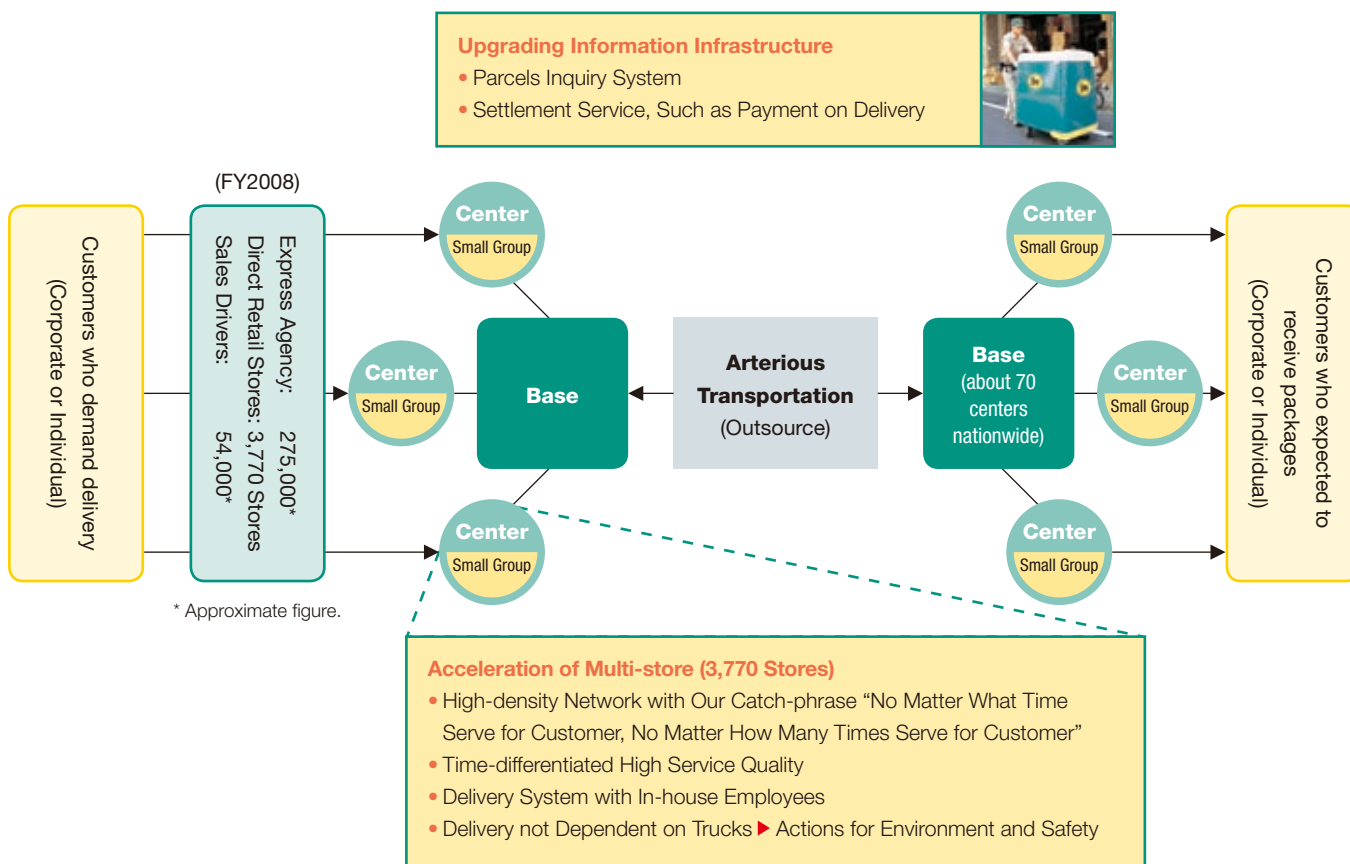
In the expanding direct mail market, the Group endeavored to increase transactions by assertively promoting the

*Kuroneko Mail* service to corporate customers, generating solid handling volume in the process.

As a result, total delivery volume in the parcel delivery business reached 1,236 million parcels in fiscal 2008, up 5.2% from the previous year. Handling volume by the *Kuroneko Mail* service increased 12.0%, to 2,206 million units.

Consequently, total operating revenues in the Delivery business segment reached ¥981,142 million, an increase of 5.0% from the previous year. However, operating income fell 7.9%, to ¥39,872 million. This was due to increased personnel costs necessary in order to maintain our meticulous service approach, as well as various expenses aimed at raising the quality of service. Another factor affecting segment earnings was surging prices of crude oil.

## Takkyubin Service



# BIZ-Logistics

## Overview of Fiscal 2008

BIZ-Logistics mainly entails provision of logistics services and international freight services.

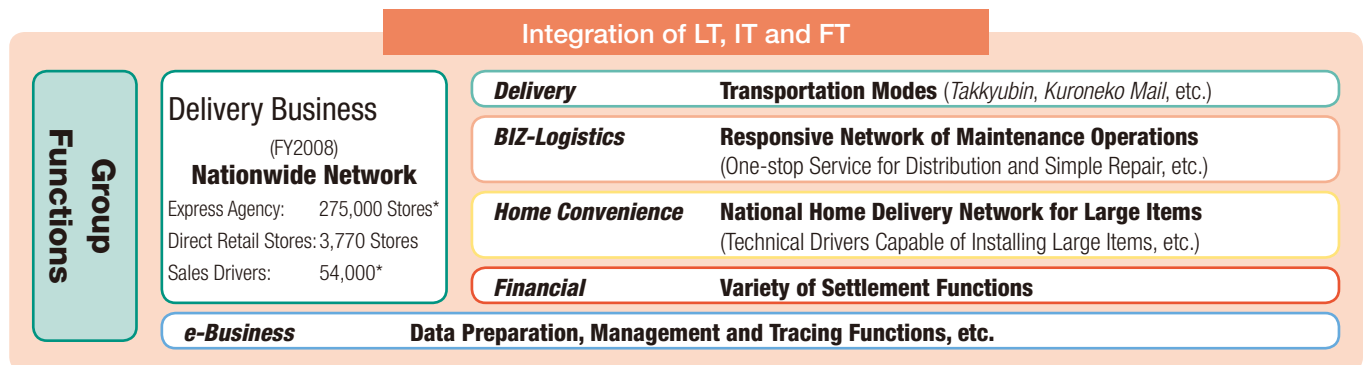
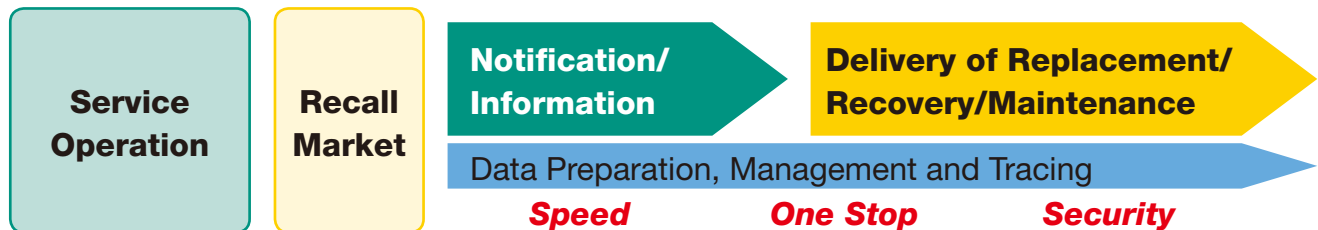
In October 2007, we launched the *Kuroneko Yamato Recall Support Service*. This is a one-stop service for corporate clients who need to recall or voluntarily collect their products, including notification, acceptance of recall requests, and collection on behalf of the client. It is based on a new business model that enables customers to minimize both time and risk. The new service has been warmly received, generating solid handling volume.

*Export Factory* is a trade logistics service that supports customers' export activities. An integrated outsourced service,

it combines multiple functions, including weighing and packaging, customs clearance, and arrangement for overseas delivery. In providing this service, we have built a business model that realizes reductions in the time and costs associated with the export business.

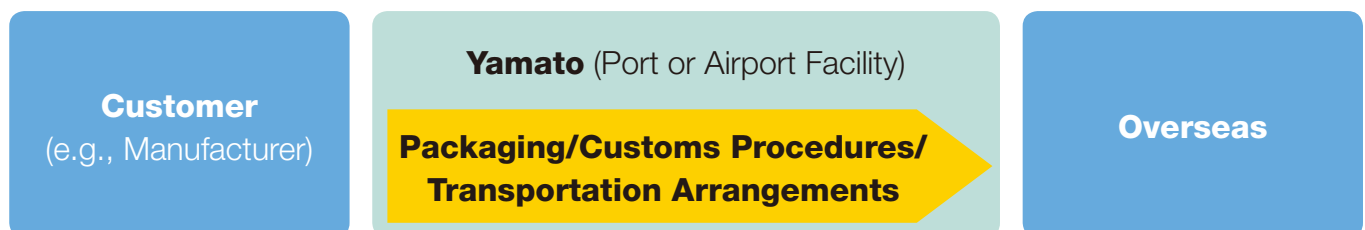
Operating revenues in the BIZ-Logistics business segment rose 4.7% year on year, to ¥95,693 million. On the expenses side, we leveraged our alliance with the NYK LINE Group to promote joint loading and other initiatives, and we sought to constrict loading fares and otherwise reduce subcontracting expenses. As result, segment operating income jumped 35.7%, to ¥5,148 million.

### Recall Support Service



\* Approximate figure.

### Export Factory Service



# Home Convenience

## Overview of Fiscal 2008

Home convenience services consist mainly of various moving and lifestyle support services.

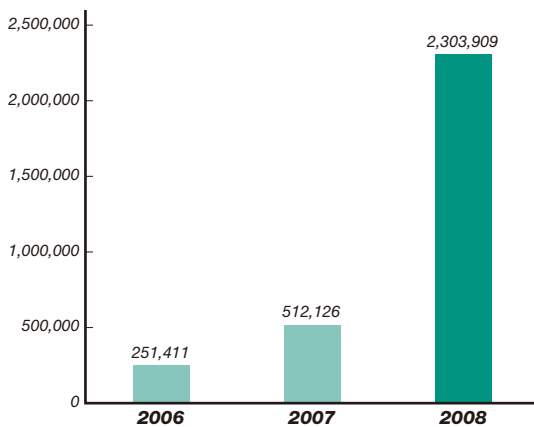
In September 2007, we reinforced our sales system by integrating the home convenience businesses of Yamato Home Convenience Co., Ltd. and the delivery business of MOVING CO., LTD., a member of the MARUI GROUP. The integration aimed to bring together the respective strengths of the two companies—nationwide delivery network and home electronic product installation know-how. One outcome of the integration is *Household Takkyubin*, a unique service that

combines delivery and installation functions. *Household Takkyubin* has thoroughly penetrated the market, attracting an increase in corporate customers. In January 2008, we merged the operations of Yamato Home Convenience and eight regional Home Convenience companies in the Yamato Group, thus further enhancing business efficiency.

Operating revenues in this segment rose 8.8%, to ¥48,938 million. However, operating income fell 51.3%, to ¥657 million, due to an increase in initial costs associated with the integration with MOVING, as well as higher subcontracting expenses for hired vehicles and other items.

## Household Takkyubin Handling Volume

(Items)



## Household Takkyubin Service



# e-Business

## Overview of Fiscal 2008

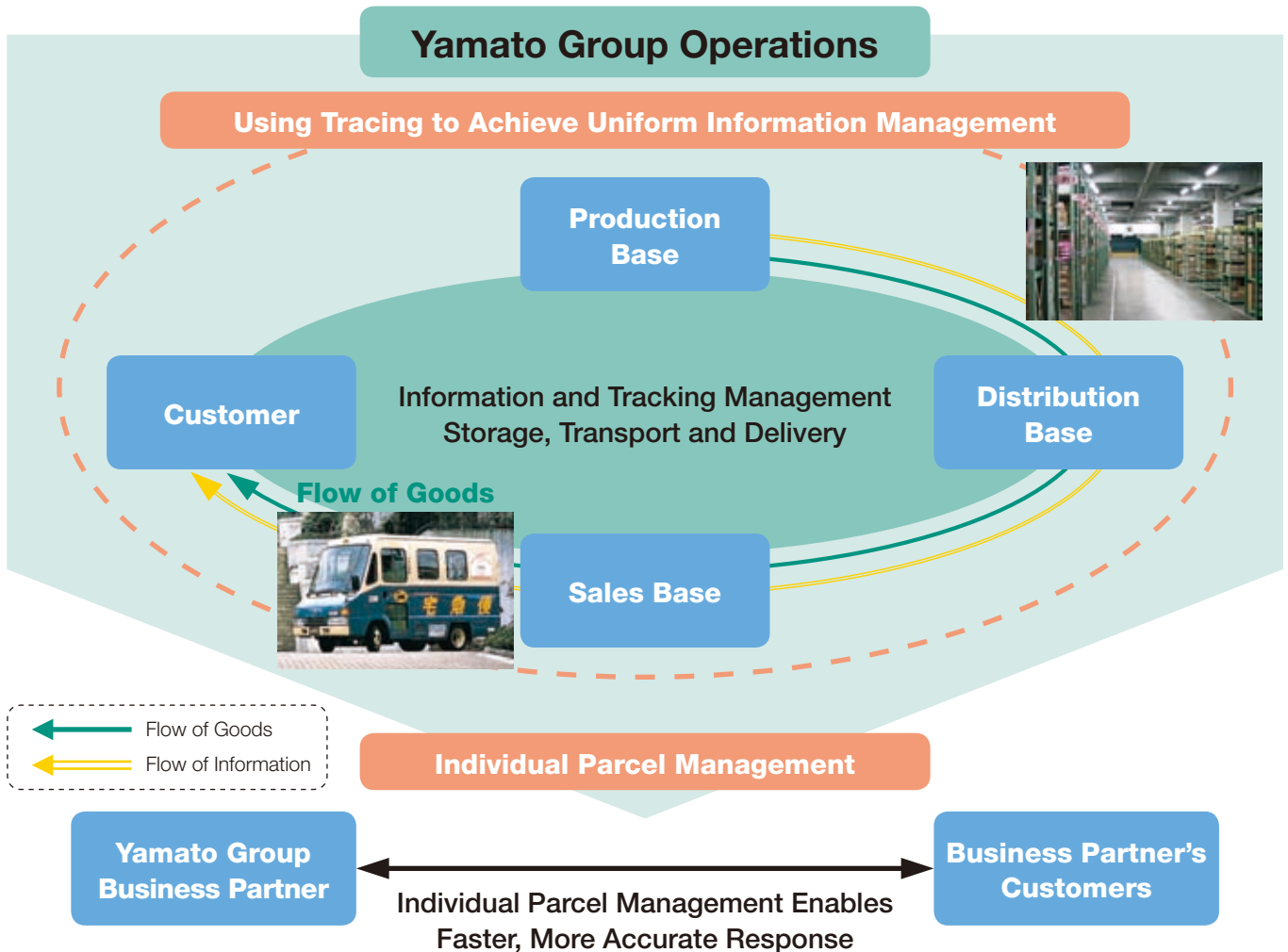
In the e-Business segment, the Group deployed its expertise in parcel delivery tracking systems to provide logistics information services and develop information systems. The three keywords in e-Business are “tracking” (providing tracing data based on a 24-hour nationwide information management system), “security” (giving peace of mind to customers), and “packages” (allowing increased versatility and multifaceted sales solutions).

In the year under review, we actively promoted solutions-based marketing tailored to industry and business segment

needs, achieving solid progress. One of our services is *e-Logistics Tracing Solution* for customers who require traceability of specific items. Through unified management and sharing of tracking data, this service realizes total optimization by enabling customers to visualize the movement of products shipped and thus cut excessive inventories.

Operating revenues in this segment grew 6.8%, to ¥32,795 million, and operating income rose 23.8%, to ¥6,228 million.

## e-Logistics Tracing Solution



# Financial

## Overview of Fiscal 2008

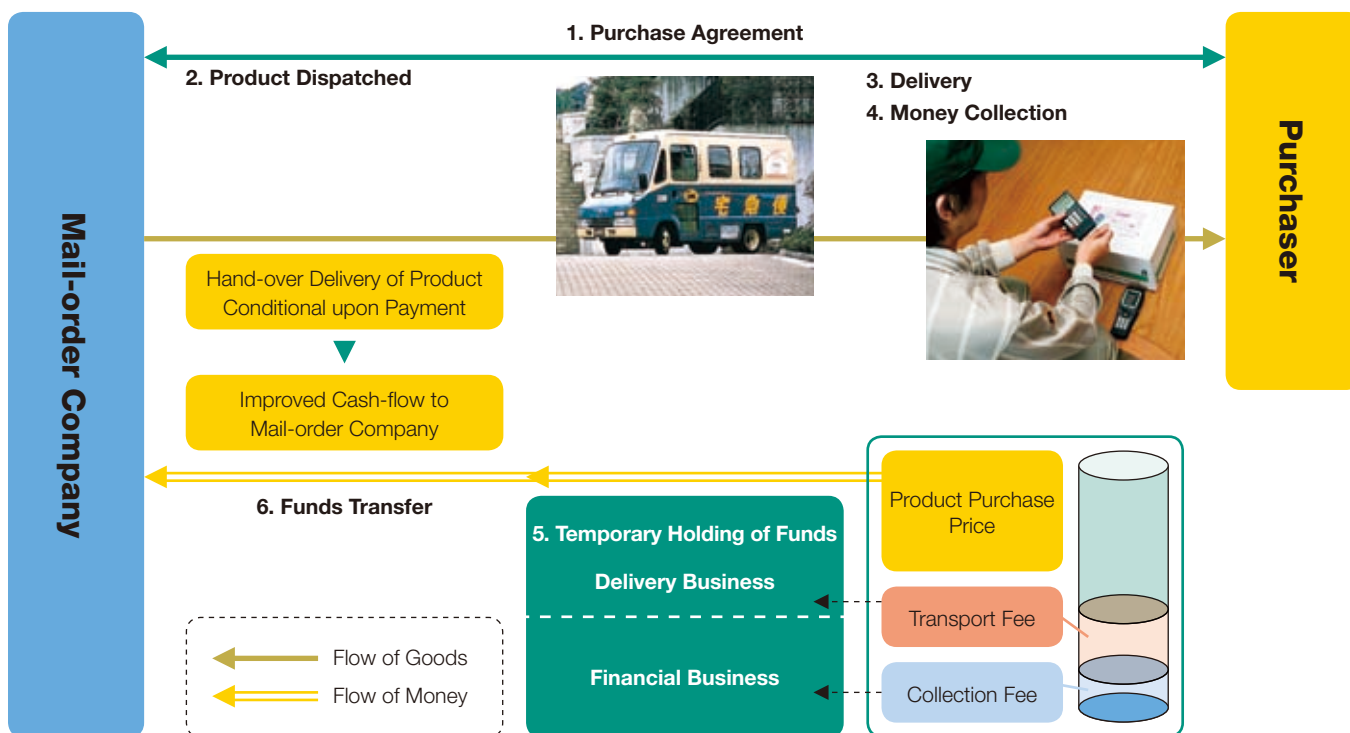
In this segment, we are currently diversifying our offerings from collection of payment upon delivery to provision of inter-company logistics settlement services.

In July 2007, we launched *Payment Slip Issuance Service*, which provides all-round support for customers engaged in the mail-order business, from issuance of payment slips to delivery and collection of payment. In November 2007, we added an electronic money (Edy) settlement service to the various

payment options provided under our *Takkyubin Collect* service, thus further expanding our settlement offerings. Striving to enhance customer convenience, in February 2008 we introduced *Kuroneko Mail Collect*, which simplifies the payment collection process by issuing an all-in-one payment slip that includes the address label.

As a result, operating revenues in this segment climbed 6.3%, to ¥51,458 million, and operating income rose 20.7%, to ¥10,925 million.

## Cash on Delivery Service



# Other

## Overview of Fiscal 2008

In this business segment, Yamato provides vehicle maintenance services aimed at enhancing convenience for truck and bus transport operators. We offer these services 24 hours a day, 365 days a year, to help these customers keep their vehicles on the road.

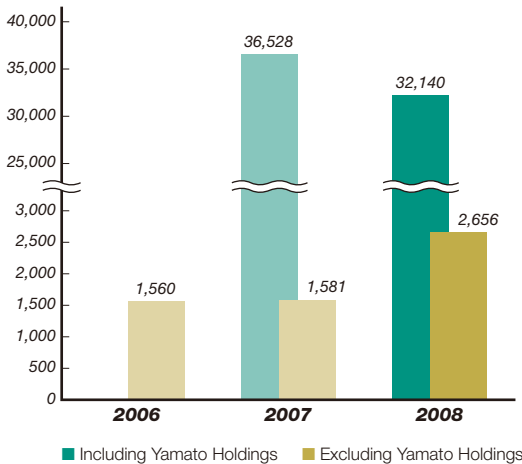
In fiscal 2008, we actively promoted solutions to help reduce overall vehicle operation costs by providing all-inclusive agency services that include maintenance, fuel and parts procurement, and insurance. The number of vehicles handled by this business increased as a result.

In fiscal 2008, we aggressively promoted our *JITBOX Charter* service, which is underpinned by a sales structure based on a group of 15 companies. Here, we provided services to meet the diversified needs of customers distributing goods between companies, including just-in-time, high-frequency, right-volume delivery by transport box. In this way, we sought to raise our presence in product-driven markets, and the number of *JITBOX Charter* deliveries grew steadily as a result.

Operating income in this segment surged 68.0%, to ¥2,656 million, excluding dividends received by Yamato Holdings from other companies in the Group.

## Operating Income

(Millions of Yen)



## Track Record of *JITBOX Charter*

(Units)

