

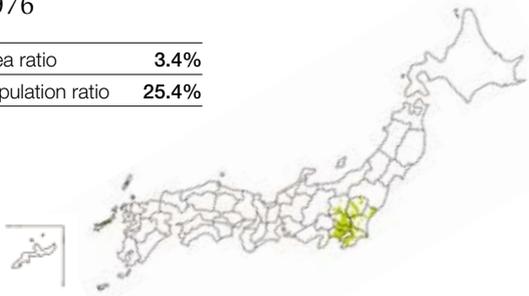
Business Foundation Expanded with *TA-Q-BIN* at Its Core *Expansion*

Not confining ourselves to simple “delivery,” in the case of *TA-Q-BIN* we are aiming for unique services that exceed the expectations of society and customers at the same time as services that provide high-value-added logistics infrastructure. Leveraging our network, which extends to every corner of Japan, to accurately assess the individual needs of our customers, from those sending packages to those receiving them, helps create more pleasant and convenient services.

Expansion of *TA-Q-BIN* Network

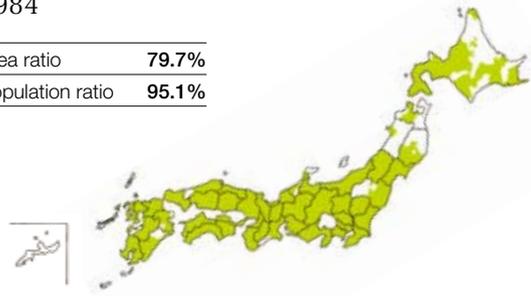
1976

Area ratio	3.4%
Population ratio	25.4%



1984

Area ratio	79.7%
Population ratio	95.1%



Founded in 1919, Yamato Transport Co., Ltd., launched its *TA-Q-BIN* business in 1976. Its initial delivery area was confined to the Kanto area, and business started on the first day with a mere 11 shipping items.

The *TA-Q-BIN* network expanded to cover approximately 80% of Japan, and the number of *TA-Q-BIN* agencies reached 80,000 in 1984. The number of employees exceeded 10,000, and Yamato had grown significantly as a company.

TA-Q-BIN Delivery Volume and Development History for Products and Services

(Millions of parcels)
2,000

1,800

1,600

1,400

1,200

1,000

800

600

400

200

0

1976

1980

1985

1990

1995

1976
Launch of *TA-Q-BIN* service

Need
Increased proliferation of package delivery services between people



1983 / 1984
Ski *TA-Q-BIN* service / Golf *TA-Q-BIN* service

Need
Increase in lifestyles that emphasize the easy enjoyment of leisure

1986

***TA-Q-BIN* Collect**

Need

Rise of varied settlement needs when utilizing mail-order sales operators



1988

Cool *TA-Q-BIN* service

Need

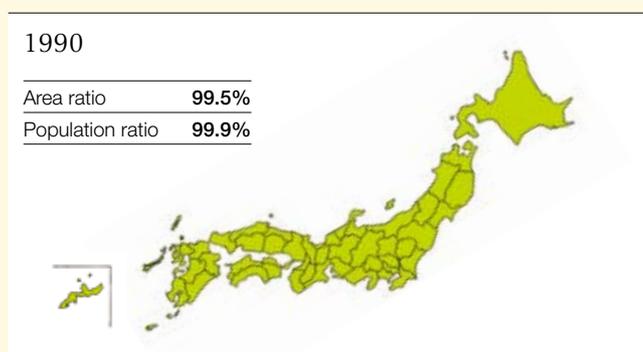
Heightened awareness of food freshness



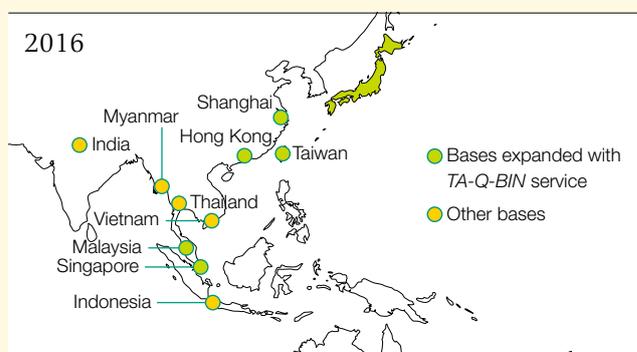
TA-Q-BIN is the Yamato Group's flagship service offering. Since its launch in 1976, we have pursued a strategy of differentiation based on the development of additional strategic offerings and an improvement in delivery quality. As a result of these efforts, the Yamato Group has outperformed the growth in the express parcel delivery market as a whole and steadily expanded its market share. The Yamato Group is currently developing its overseas TA-Q-BIN business across Asia.

TA-Q-BIN Delivery Volume

1980
22.26 million parcels → 2016
1.7 billion parcels



By 1990, TA-Q-BIN network coverage extended to 99.5% of Japan. We commenced TA-Q-BIN services on the Bonin (Ogasawara) Islands in 1997, completing a nationwide TA-Q-BIN network.



TA-Q-BIN business in Taiwan commenced in 2000 as the first overseas base in Asia. As at the end of March 2016, the Company had a total of five overseas bases in operation: Shanghai, Singapore, Hong Kong, Malaysia, and Taiwan. We will extend the TA-Q-BIN business to other parts of the world in the years to come, focusing on East Asia and members of ASEAN.

1998
Time Period Delivery
Need
Growing need for specific time zone for delivery in keeping with changing lifestyles

2004
Driver Direct service
Need
Differentiation to speedily respond to customers' requests



2010
TA-Q-BIN service expansion in Asia
Need
Development of logistics infrastructure in Asia

2013
International Cool TA-Q-BIN service
Need
Further diversification and sophisticated TA-Q-BIN needs

2015
TA-Q-BIN Compact / Nekopos
Need
Attributable to an expanding e-commerce market, response to the need to send small packets at reasonable prices

2007
Kuroneko Members service
Need
Service diversification through proliferation of IT

2013
Completion of Haneda Chronogate, the largest general logistics terminal in Japan
Need
Creation of value added through logistics



2000 2005 2010 2015 2016

Management System That Creates New Value

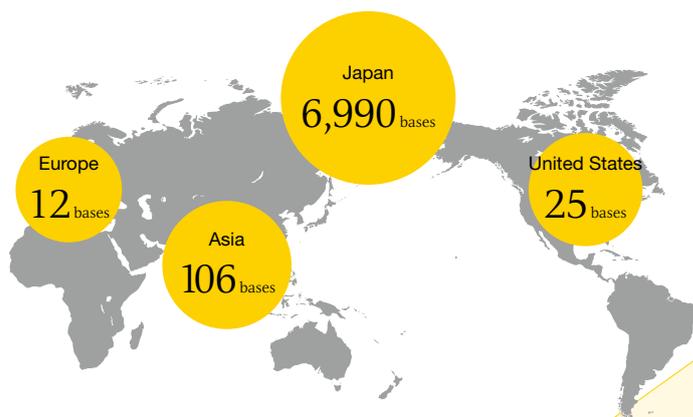
Value Creation

Management Philosophy

The Yamato Group helps enrich our society by enhancing the social infrastructure of *TA-Q-BIN* networks, creating more convenient services for comfortable lifestyles, and developing an innovative logistics system.

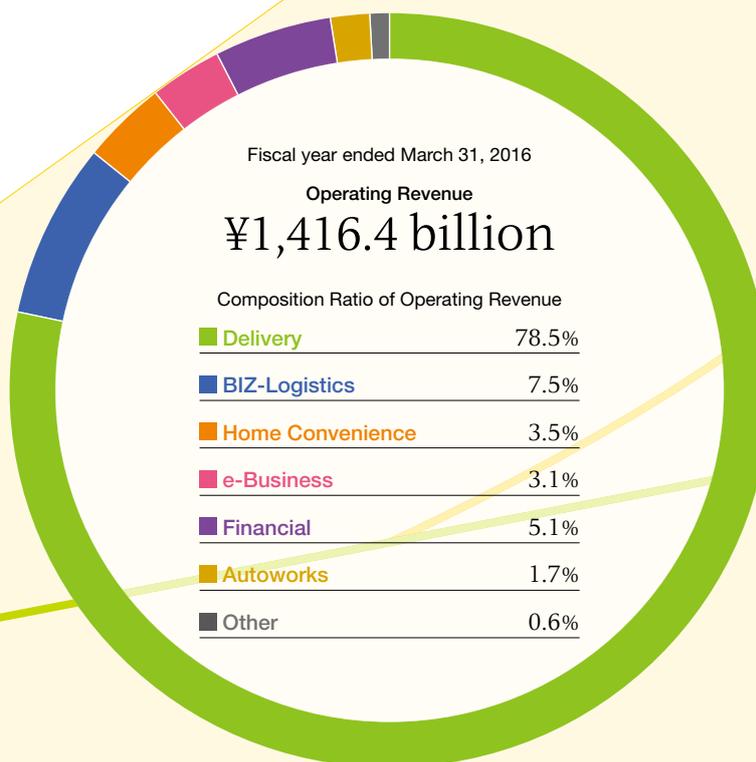
Growing Number of Business Facilities in Japan and Overseas

The Yamato Group is currently operating 7,133 business facilities in the world. With the aim of becoming Asia's No. 1 solution provider in distribution and lifestyle support, our goal in the final year of the long-term *DAN-TOTSU Management Plan 2019* that was formulated in 2011, we are naturally making progress as a unified Group with the enhancement of domestic business as well as overseas business, including the growth market of Asia.



Creation of New Value following Organic Integration of Delivery Business and Non-Delivery Businesses

Under the previous operating holding company structure, Yamato Transport Co., Ltd., had both a management supervisory function and a delivery business execution function. Therefore, the management of the entire Group was biased toward the delivery business. In November 2005, we launched a pure holding company, Yamato Holdings Co., Ltd., which assumed the decision-making and supervisory functions, and under the new structure each business company, including Yamato Transport Co., Ltd., fulfills executive functions as part of the holding company. This move was designed to grow not only the delivery business but also the non-delivery businesses by accelerating the management speed.



Amid diversifying social needs, we generated business beyond the *TA-Q-BIN* framework, inaugurated a holdings system in 2005 to continue business promotion, and formulated a new management philosophy.

Delivery Business



Delivery

The Delivery Business provides small parcel delivery services for the general public and corporations. Guided by its basic corporate philosophy of "Total Reliability," the business provides mainly *TA-Q-BIN* services to improve convenience in customers' lives.

Non-Delivery Businesses



BIZ-Logistics

The BIZ-Logistics Business is a corporate distribution operation involved in services such as logistics and medical products distribution. The business provides customers with an innovative logistics system by combining management resources such as the *TA-Q-BIN* network with maintenance and recall response as well as international transport functions.



Home Convenience

The Home Convenience Business is a community-based lifestyle support operation that provides services such as the pickup, delivery, and assembly and installation of home furnishings and appliances. The business provides lifestyle-related services utilizing the Yamato Group's nationwide network, with the aim of supporting the convenient and comfortable lifestyles of customers.



e-Business

The e-Business comprises operations in contract data processing and information systems development. The e-Business provides solutions that integrate data, distribution, and settlement functions to raise business process efficiency and solve potential business problems that customers face.



Financial

The Financial Business provides settlement services and financial products for corporations and the general public. From payment collection on mail-order product deliveries to business-to-business (B2B) logistics settlement, the Financial Business is striving to respond to every means of settlement to meet the needs of customers.



Autoworks

The Autoworks Business performs the maintenance and upkeep of trucks and other vehicles for logistics and distribution business operators under contract. Utilizing technologies for reliably maintaining and repairing trucks, the Autoworks Business provides three forms of value: 1) compliance with statutory vehicle inspections, 2) convenient vehicle maintenance, and 3) reduced maintenance and repair costs.



Other

The Yamato Group's Other segment provides box charter business, such as the *JITBOX Charter* service, and extensive shared services centered on the trunk-route transport business.

Yamato Group's Medium- to Long-Term Management Plan

Strategy

Based on the nine-year, long-term *DAN-TOTSU Management Plan 2019* that is designed to establish the Yamato Group in the position of being Asia's No. 1 solution provider in distribution and lifestyle support by the fiscal year ending March 31, 2020, which will mark the 100th anniversary of the Company's founding, the Group is aiming to create new businesses and accelerate growth. Dividing the nine years into the three stages of *HOP*, *STEP*, and *JUMP*, under the second-stage *DAN-TOTSU Three-Year Plan STEP* medium-term management plan (from the year ended March 2015 to the year ending March 2017), the Group is leveraging and strengthening the business foundation built under *HOP* and ensuring a sure-footed leap in the final *JUMP* phase by enhancing its underpinning growth strategy.

HOP

Year Ended March 31, 2012—Year Ended March 31, 2014

- Further strengthening the business foundation and networks

Overview of *DAN-TOTSU Three-Year Plan STEP*

Under *DAN-TOTSU Three-Year Plan STEP*, the Company is carrying out a plan based on two strategies: promoting the "Value Networking" design and forging a robust corporate culture.

In promoting the "Value Networking" design, the Company creates high-value-added business models by further strengthening the business foundation, such as *Atsugi Gateway* and *Haneda Chronogate*, which were constructed under the previous medium-term management plan *HOP*, and by promoting logistics network innovation. By making thorough

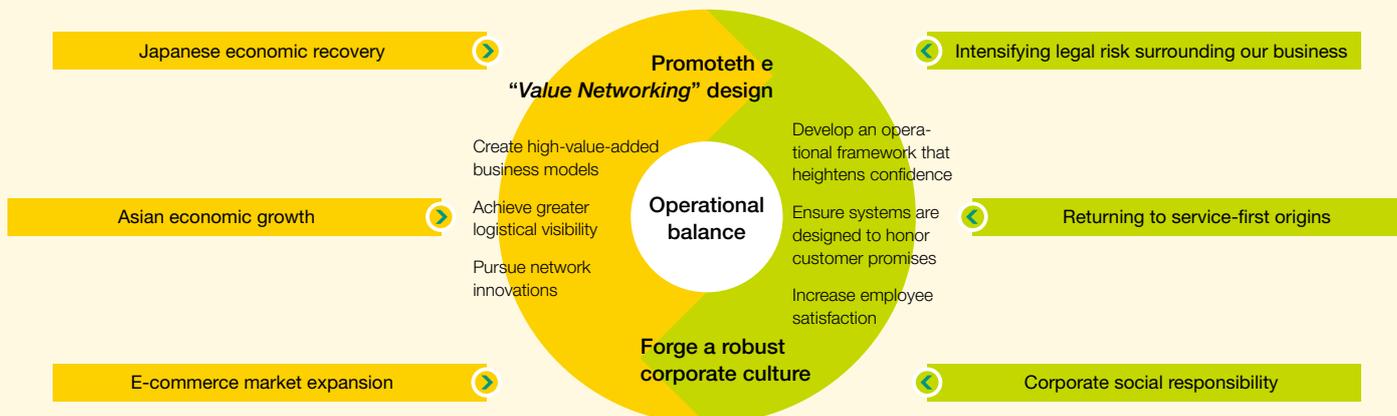
STEP

Year Ended March 31, 2015—Year Ending March 31, 2017

- Leveraging the business foundation built under *HOP*
- Ongoing efforts to further strengthen the business foundation and networks

improvements in cost, quality, and speed, the Company brought about an evolution in logistics and the means to create value. In addition, from a global perspective, the Company is aiming to create new markets centered on Yamato Asia, its supervisory company in the ASEAN region.

In forging a robust corporate culture, the Company has put in place a framework to maintain quality that will be trusted by customers by further enhancing its governance and the promotion of CSR and by planning to build a stable business foundation to bring about business creation and growth.



The Yamato Group is making headway in its aim to become Asia's No. 1 solution provider in distribution and lifestyle support to maximize both corporate earnings and corporate value.

JUMP

Year Ending March 31, 2018—Year Ending March 31, 2020

Long-term DAN-TOTSU Management Plan 2019 Asia's No. 1 solution provider in distribution and lifestyle support

Long-term DAN-TOTSU Management Plan 2019

- (1) Delivery: Secure growth resources for non-delivery businesses through recovery in TA-Q-BIN growth momentum
- (2) Non-delivery: Create businesses and accelerate growth momentum
- (3) Strengthen governance and promote CSR

