Message from the Management II

Next Stage of Growth

Basic Strategies of "Create Satisfaction Three-Year Plan"

Initiatives for Achieving Our Numerical Targets

In February 2008 the Yamato Group announced our new medium-term management plan, entitled "Create Satisfaction Three-Year Plan." The main objective of this plan is to lay the groundwork for expanding the Yamato Group's business territory to cover the Asian region. The plan also emphasizes Groupwide management, which is becoming more important than ever. Here I will introduce the plan and its objectives.

As mentioned earlier the Group posted consolidated operating revenues of ¥1,225,974 million and consolidated operating income of ¥68,180 million in the year under review, the final year of "Yamato Group Revolution Plan 2007: New Value & Innovation Three-Year Plan."

Our new "Create Satisfaction Three-Year Plan" covers the next stage of growth. We have set the following consolidated targets for the year ending March 2011, the final year of the plan: operating revenues of ¥1,450,000 million, operating income of ¥100,000 million, an operating margin of 6.9%, and ROE of 10.0%.

To achieve these targets, the Yamato Group will pursue high but stable growth in its core Delivery business. At the same time, we will strive to realize uninterrupted expansion of our non-delivery businesses, such as BIZ-Logistics.

Numerical Targets

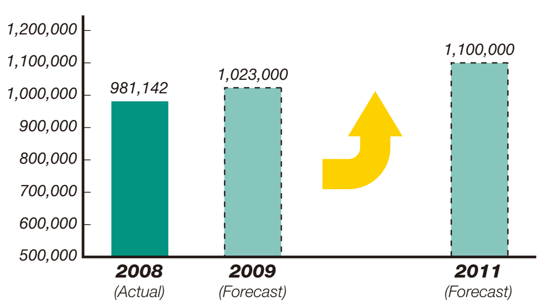
	Billions of Yen		
	2007 (Actual)	**2011 (Forecast)**	Change
Operating Revenues	¥1,161.5	**¥1,450.0**	24.8%
Operating Income	67.1	**100.0**	49.0%
Operating Margin	5.8%	**6.9%**	19.0%
ROE	7.8%	**10.0%**	28.2%

Numerical Targets: Delivery vs Non-Delivery

Delivery Business

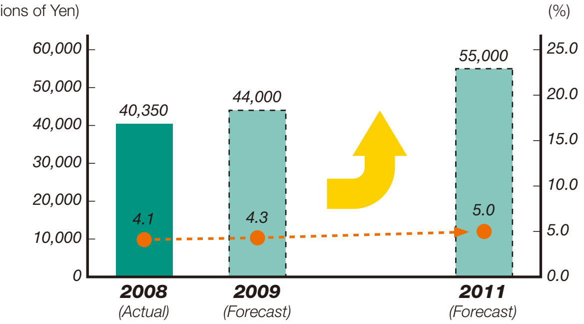
Operating Revenues

(Millions of Yen)



Operating Income / Operating Margin

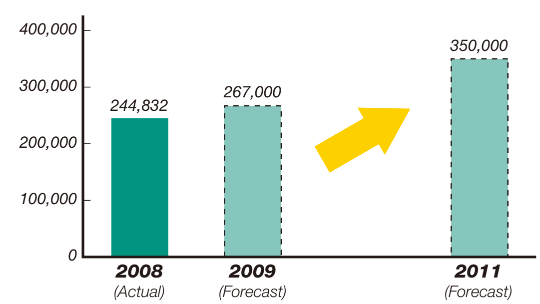
(Millions of Yen) (%)



Non-Delivery Business

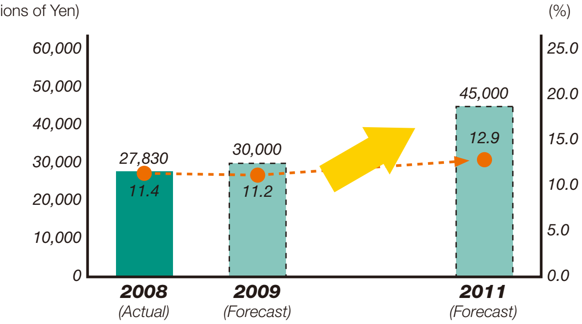
Operating Revenues

(Millions of Yen)



Operating Income / Operating Margin

(Millions of Yen) (%)



In the future, we expect the international distribution business to gather pace due to the distance between the places where goods are made and where they are consumed. We also expect increased demand for distribution linking Japan to other countries. Over the next three years, therefore, we plan to expand the Group's business area to cover the Asian region. At the same time, we will build a differentiated foundation for business by providing seamless supply chain logistics services on a global scale. No other company, including importers, offers such comprehensive support services covering import administration, domestic delivery, payment agency, and tracking information.

To realize this differentiation strategy, we will draw on our solid domestic pickup and delivery network and on the expertise we have amassed over our years in business. We believe that the initiatives taken during the last three-year plan will continue to bear fruit over the next three years.

Capital Strategy

The Yamato Group's earnings appropriation policy is to maintain a healthy balance between business investments and shareholder returns, including share buybacks. Through increases in net income, we also plan to improve net income per share, with the aim of reaching ROE of 10% by the year ending March 2011.

Business investments will be used to generate growth for the overall Yamato Group. They will include capital expenditures centering on our network, as well as investments in new businesses and new product development and investments to raise corporate value.

We are also targeting a dividend payout ratio of 30% based on consolidated net income. At the same time, we will make flexible use of treasury stock, including to pursue M&A opportunities that are consistent with our capital strategy.