

Questions and Answers (Digest)

**The Financial Results Meeting (conference call)
for the first three months of the fiscal year ending March 31, 2014
held on July 31, 2013**

Q1

In your view, did the financial results for the first quarter exceed Yamato's plan at the start of the fiscal year?

A1

- Our view is that the financial results exceeded our plan at the start of the fiscal year by quite a margin.
- The primary factors behind this are the fact that delivery consignments by major large-lot customers exceeded the projection made at the beginning of the fiscal year and our receipt of a large number of delivery consignments for other customers, particularly in mail order-related markets, resulted in increased revenue.
- We were also successful in controlling costs across the board, according to our analysis.

Q2

You have revised your full-year forecasts for the year ending March 31, 2014, after considering the financial results for the first quarter. Please tell us the assumptions behind your forecasts.

A2

- For the first six months ending September 30, 2013 (first half of the fiscal year), we have upwardly revised our forecasts from those made at the beginning of the fiscal year, by ¥9.0 billion for operating revenue and by ¥1.0 billion for operating income. For the second half of the fiscal year, we have left the forecasts unchanged.
- Although we have upwardly revised our forecasts for the first half of the fiscal year after considering the financial results for the first quarter, and factored this rise into our full-year forecasts, we intend to reconsider our full-year forecasts again after observing results in the third quarter, during which delivery volumes are usually at their highest.

Q3

Please tell us about the current condition of TA-Q-BIN.

A3

- There has been no substantial change in trends from the results up to June, which we have already released. TA-Q-BIN is continuing to grow, particularly in mail order-related markets.
- Because whole-quantity delivery consignments by major large-lot customers, which was a special factor in the first quarter, continued in July and will continue after July, we can expect strong growth to continue from now. There is, however, a possibility that such delivery consignments will cease to be whole-quantity ones as a result of policies among major large-lot customers to avoid relying on just one company for delivery outsourcing. Still, even without such consignments, we can expect growth of around 9 or 10%.

Q4

You have upwardly revised your plan for Kuroneko Mail delivery volume. Is it possible to achieve this?

A4

- While the competitive environment remains difficult, we are still receiving shipment orders, particularly from large-lot customers. Looking forward, we expect delivery volume to follow a trend of recovery, though this will be moderate. We believe it is possible to meet our target.

Q5

In your results for the first quarter, the number of part-time employees in the Delivery Business increased by about 3,000 persons. Could you provide a breakdown of that increase?

A5

- About 70% of the increase is attributable to a rise in staff numbers at base terminals. Because this is based on our strategy of converting employees classed as day laborers (hired on a daily basis) and dispatch workers to part-time employees, the increase is part of our plan.

Q6

There is no change in the forecast you made at the beginning of the fiscal year for employee salaries in personnel expenses. Could this have an impact on matters such as quality as TA-Q-BIN delivery volume increases?

A6

- I understand your concern. We also believe that to ensure quality, it is necessary to carry out work with our own employees rather than outsourcing work, but employee salaries may rise as a result. We intend to control such costs by allocating employees appropriately in accordance with work volumes.