



Yamato Group Presentation of the New Medium-Term Management Plan

**January 30, 2014
Yamato Holdings Co., Ltd.**

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DAN-TOTSU Management Plan 2019 – Strategic and Conceptual Framework

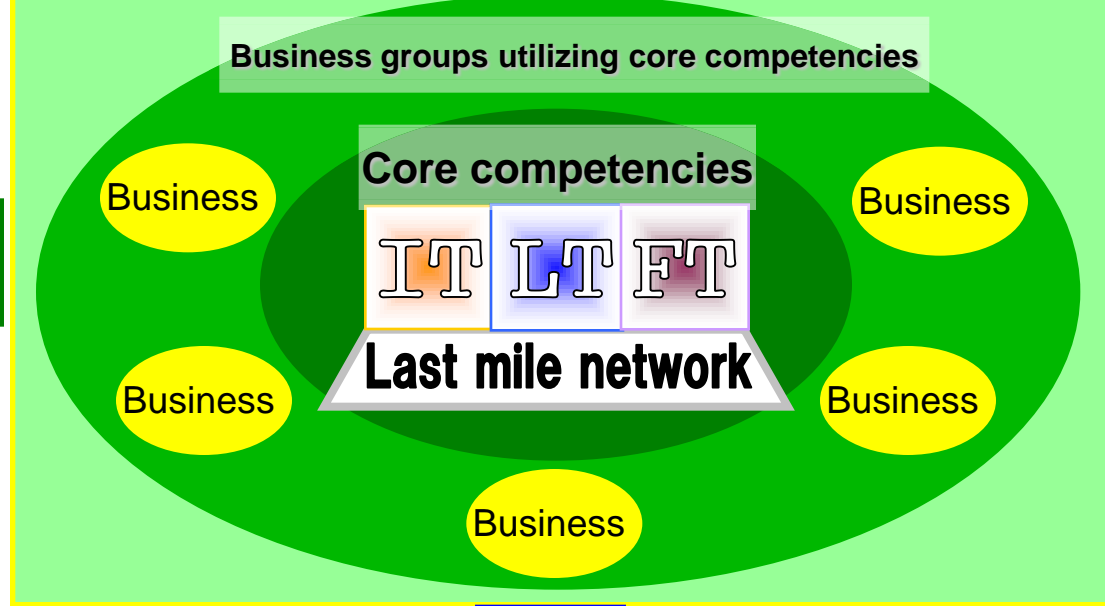
Create DAN-TOTSU business by high quality and customer satisfaction

Enhancement of Asian network

Customer satisfaction

- Domestic TA-Q-BIN delivery market share >>> exceed 50%
- Non-delivery share of operating income >>> exceed 50%
- Overseas sales ratio >>> 20%

Asia's No. 1 solution provider in distribution and lifestyle support



Social satisfaction

Safety
Environment
CSR

Become the company most loved and trusted by society

Employee satisfaction

Invigorating and fulfilling work place

Improved labor environment provisions

Shareholder satisfaction

Raise corporate value and pay stable high dividends

ROE >>> 11% and more

DAN-TOTSU Management Plan 2019 – Basic Strategies

Basic Strategies

- 1 Delivery: Use new TA-Q-BIN growth momentum to secure growth resources for non-delivery businesses
- 2 Non-delivery: Create businesses and accelerate growth momentum
- 3 Strengthen governance and promote CSR

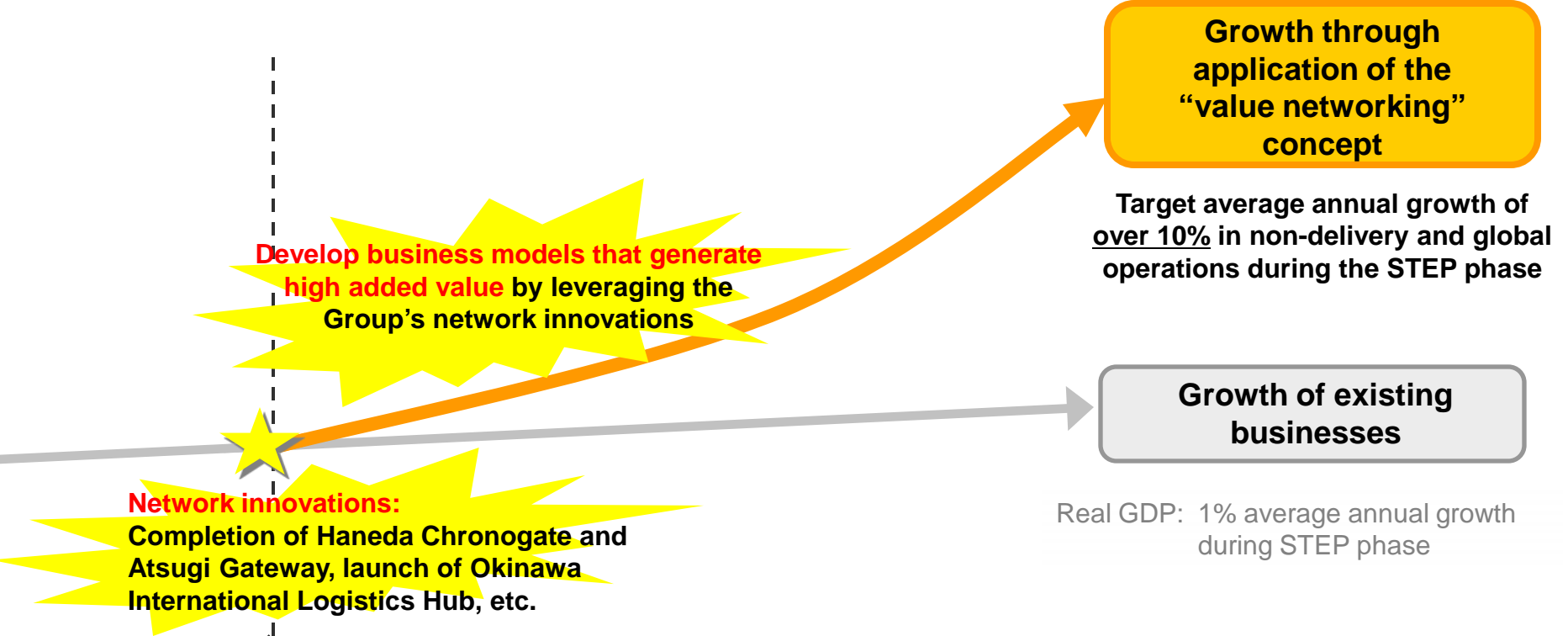
Key Tasks

- Basic strategy 1
- (1) Deploy innovations to create TA-Q-BIN growth momentum
 - 1) Enhance Asian network
 - 2) Advance TA-Q-BIN merchantability
 - 3) Establish community-based lifetime lifestyle support platform
 - (2) Reform cost structure to realize higher profit margin
- Basic strategy 2
- (1) Utilize core competencies to create “only-one” solution businesses
 - (2) Construct global distribution platform
- Basic strategy 3
- (1) Reorganize business formation to eliminate overlaps in business
 - (2) Establish advanced management accounting to complement enhanced matrix management
 - (3) Fully digitalize and utilize ICT to establish creation and promotion of business
 - (4) Train management personnel and promote diversity strategy
 - (5) Strengthen initiatives for environmental activities, safety measures and social contribution activities

DAN-TOTSU Management Plan 2019

- Domestic TA-Q-BIN delivery market share exceed 50%
- Non-delivery share of operating income exceed 50%
- Overseas sales ratio exceed 20%
- ROE 11%

We will apply our “value networking” concept to accomplish the third innovation, with the aim of becoming Asia’s No. 1 solution provider in distribution and lifestyle support



January 2014



Forge a robust corporate culture (Strengthen governance and promote CSR)

(1) Key performance indicators (KPIs)

	FY2011 Actual Result	FY2014			
		HOP Plan	Projection	Difference from HOP Plan	Difference from FY2011
Consolidated operating revenue (Billions of yen)	1,236.5	1,440.0	1,360.0	(80.0)	+123.5
Consolidated operating income (Billions of yen)	64.3	88.0	67.0	(21.0)	+2.7
Operating margin (%)	5.2	6.1	4.9	(1.2)	(0.3)
ROE (%)	6.5	8.5	6.5	(2.0)	0.0
Domestic TA-Q-BIN delivery volume (million parcels)	1,348	1,560	1,641	+81	+293

(2) Action plan analysis and policies for drafting the next Medium-Term Management Plan

Promotion of Group alliances focused on joint support team (“JST”)

Embarking on opportunities in distribution and lifestyle support

Revamping of cost structures in part by overhauling pickup and delivery operations

Launching of network innovation strategy involving Haneda Chronogate, Atsugi Gateway, Asian TA-Q-BIN, etc.

Lack of new business creation and insufficient growth in non-deliveries

Implementation of action plans fails to produce KPI results set forth in the Medium-Term Management Plan

Yamato Group founding principles shaken in part by operational insufficiencies with respect to Cool TA-Q-BIN delivery rules

Bring about greater transparency among Group company alliances

Develop operational infrastructure drawing on the entire Group

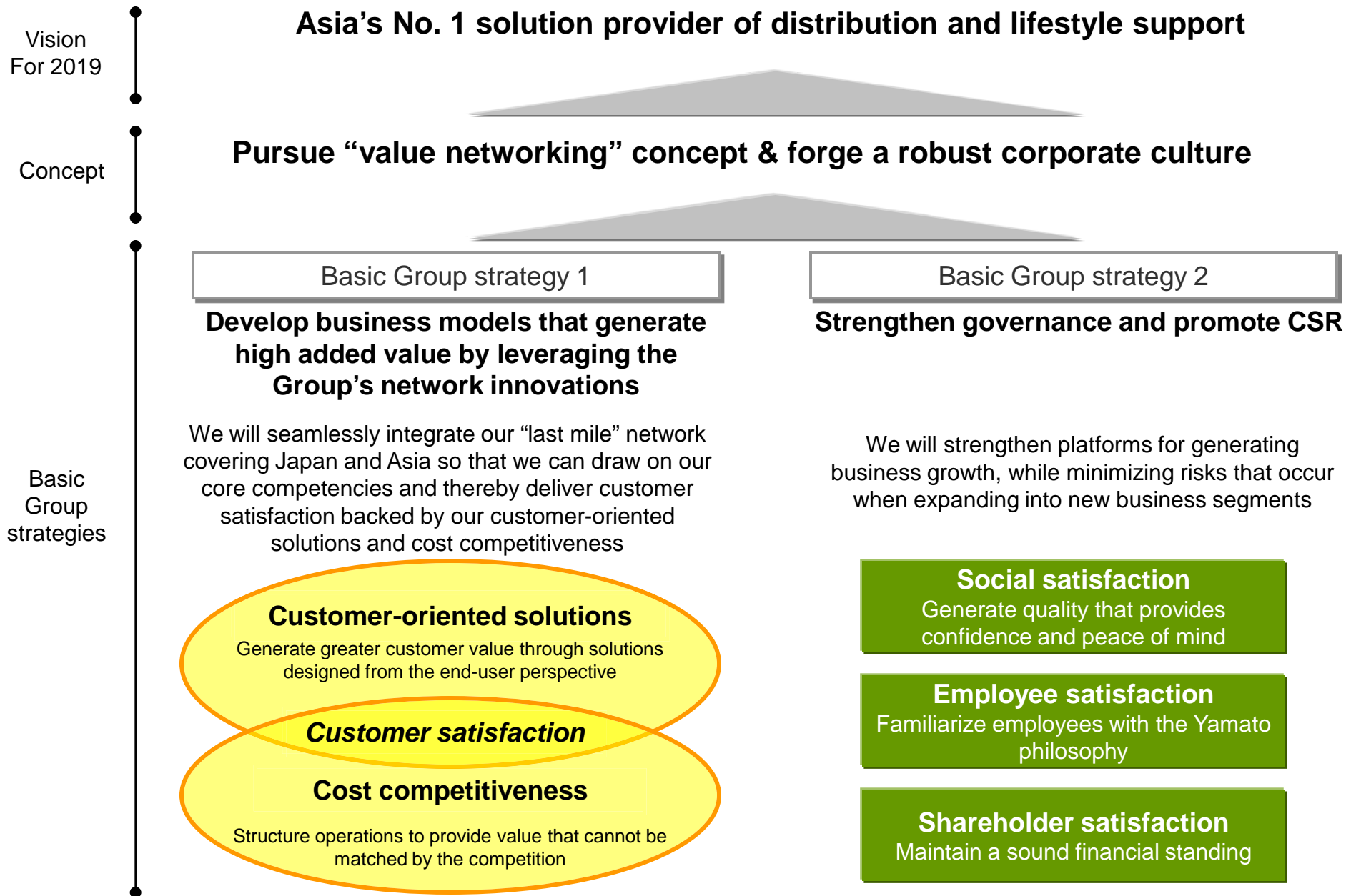
Step up efforts toward creating and pursuing new strategic models and business ventures

Fully implement plan-do-check-act (PDCA) practices for management plans based on KPIs

Generate quality that instills customer confidence and continually pursue improvement

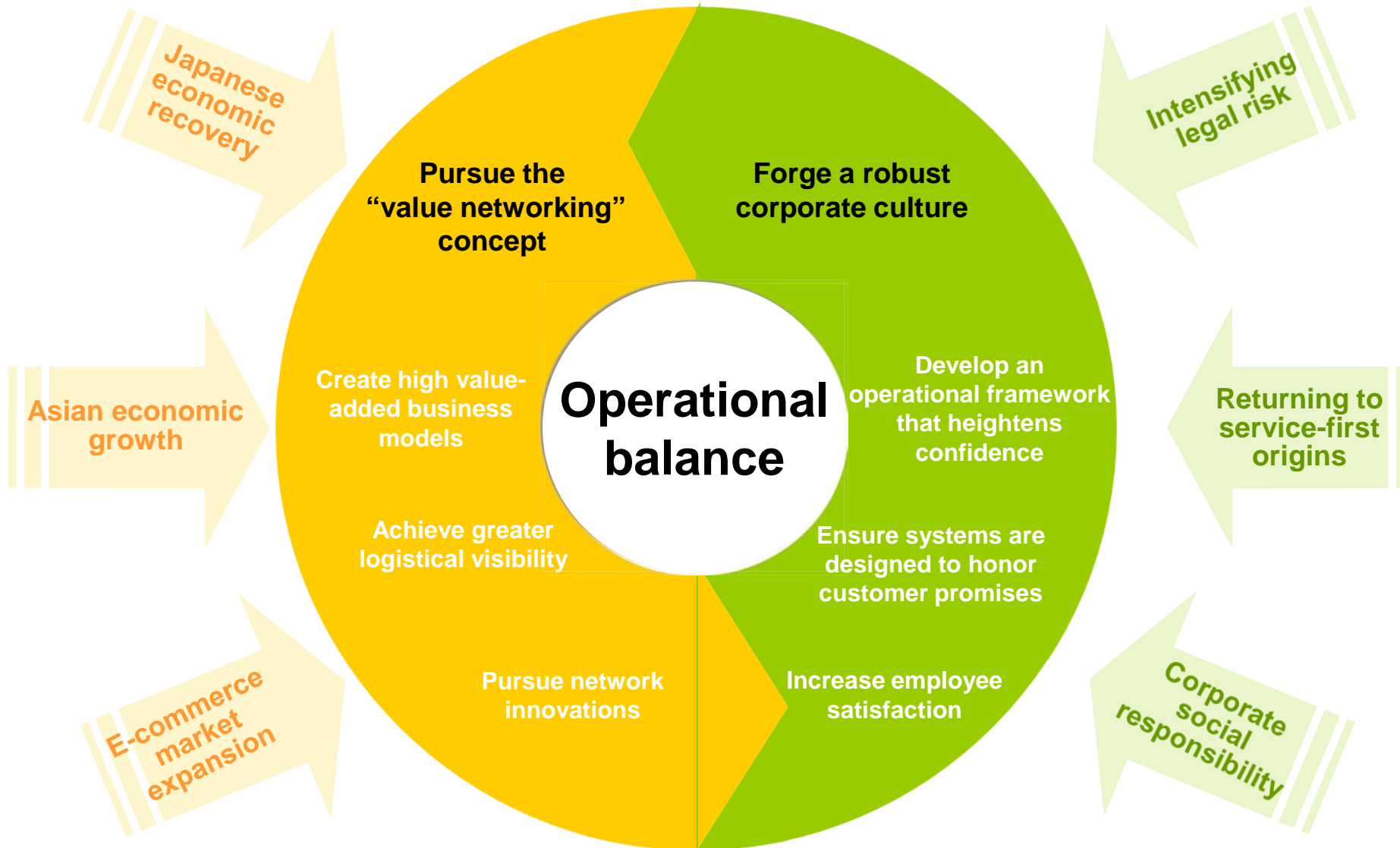
Achieve greater employee satisfaction

DAN-TOTSU Three-Year Plan STEP



Achieve Operational Balance

We aim to achieve operational balance through a two-pronged approach of pursuing our “value networking” concept while also forging a robust corporate culture



Basic Strategy 1 — Pursue “Value Networking” Concept

We will seamlessly integrate our “last mile” network covering Japan and Asia so that we can draw on our core competencies and thereby deliver customer satisfaction backed by our customer-oriented solutions and cost competitiveness

- 1. **Customer-oriented solutions** Achieve greater value through solutions that take an end-user perspective
- 2. **Cost competitiveness** Structure operations to provide value that the competition can’t match

Assist our corporate customers with their borderless operations by leveraging our seamlessly-linked global networks and combining IT systems with our logistics services

Asian TA-Q-BIN network

Support our customers in their efforts to revolutionize their logistics operations by leveraging our fast and highly-efficient networks and by creating business models that deliver added value while moving goods throughout those networks

Gateway network

Provide lifestyle and community support that generate significant added value such as through on-site and in-home agency services, by leveraging community-based “last mile” strengths

“Last mile” network



Network innovation

Speed



Cost



Quality

Delivery

BIZ-Logistics

Home Convenience

e-Business

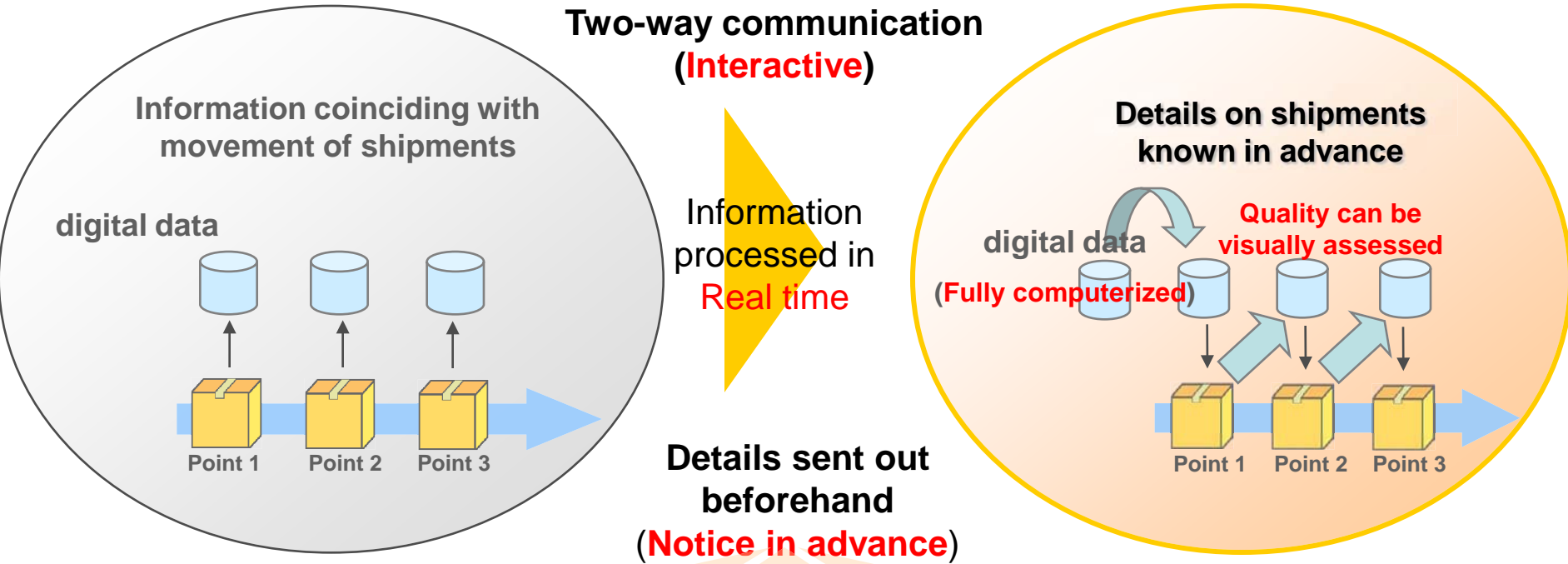
Financial

Autoworks

Other

Build Next-Generation Backbone IT Systems

We will upgrade from using systems dedicated to deliveries to a Group-wide system, and advance during the *DAN-TOTSU* Three-Year Plan STEP phase toward implementation of an open information platform



Better-quality service and greater customer confidence

Operational transparency brings new business opportunities

Data leveraged for greater efficiency with pickup, delivery, workflow and office operations

Basic Strategy 2 – Forge a Robust Corporate Culture

We will structure operations to achieve quality levels that instill customer confidence, and at the same time will strengthen governance and promote CSR initiatives to minimize risks that occur when expanding into new business segments

Achieve greater employee satisfaction

- Develop an open workplace environment
- Further familiarize employees with the Yamato philosophy

Develop an operational framework that boosts confidence

- Set up operations that are highly-efficient and rational (pursue IT and automation)
- Ensure that systems are designed to honor customer promises (visual assessment of quality, ongoing improvements)

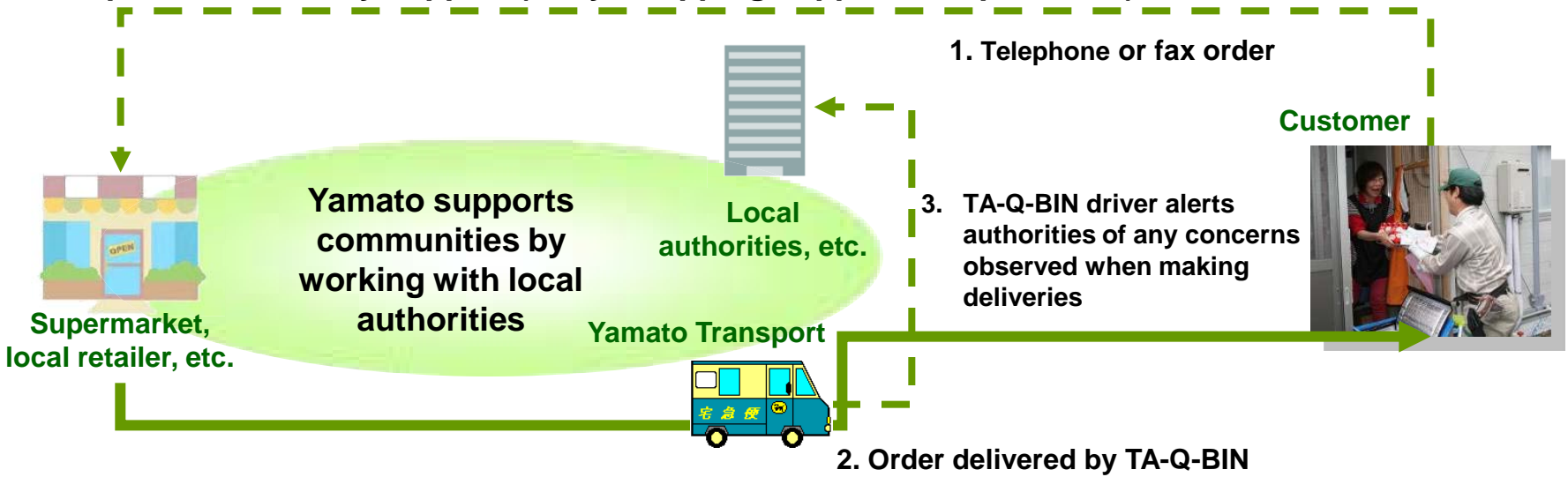
Strengthen governance and promote CSR

- Build a governance framework conforming to the global strategy
 - Establish regional headquarters in Southeast Asia (Jan. 2014 ~)
- Promote strategic legal affairs, along with risk management and preventative legal affairs
- Pursue CSR initiatives (Safety campaigns, “Nekology,” CSV)
- Maintain a sound financial standing

Community Support Through Cooperation with Local Authorities

We will pursue initiatives for creating shared value (“CSV”) (addressing social issues in the course of business)

Example of community support (Daily Shopping support & supervision)



Instances of Yamato Transport lending support to local authorities (as of Dec. 31, 2013)

Total instances
491

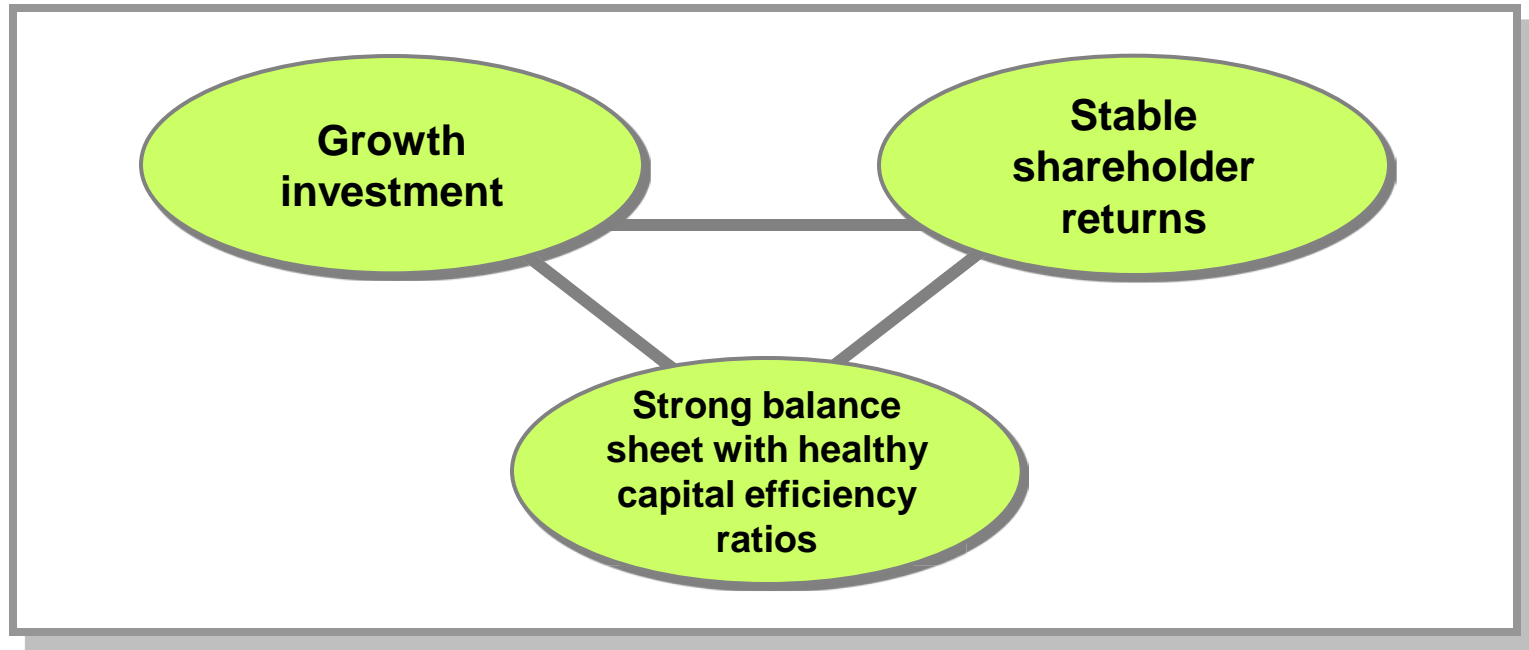
Ongoing instances
134

Agreements concluded
90

Agreements concluded with local authorities

Type of agreement	Number
Supervision, wellbeing checks, shopping support	36
Support for promoting local agricultural & marine products	4
Support for tourism and community events	3
Reconstruction and disaster relief	36
Other	11
Total number of agreements	90

Capital Policy Measures



- **Investment geared toward business growth**
- **Shareholder returns**
 - Consistent dividends
 - Flexible acquisition of treasury stock
- **Strong balance sheet with healthy capital efficiency ratios**

Support for creating high value-added business models: 3 billion yen
Planned investment: 200 billion yen

Target payout ratio: 30% or higher
Also monitor the total shareholders' return ratio

Boost capital efficiency
ROE target: Over 9.0%

Implementation of the DAN-TOTSU Management Plan 2019

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

Upgrade IT infrastructure Pursue capital policy measures Actively leverage external business resources

Pursue "value networking" concept

Forge a robust corporate culture

DAN-TOTSU Three-Year Plan STEP Implementation Cycle
Track implementation progress with respect to KPIs, flexibly address changes in the business environment, and achieve Medium-Term Management Plan objectives

Overview and analyze the entire Group (See + Check)

Gear up for business strategy implementation (Plan)

Set objectives (Plan & mission) (Plan + Do)

Upgrade managerial accounting practices to achieve greater operational transparency

Key Performance Indicators (KPIs)

	FY2011 Actual Result	FY2014		FY2017		FY2020 Plan
		Projection	Difference from FY2011	Plan	Difference from FY2014	
Consolidated operating revenue (Billions of yen)	1,236.5	1,360.0	+123.5 (+10.0%)	1,550.0	+190.0 (+14.0%)	-
Consolidated operating income (Billions of yen)	64.3	67.0	+2.7 (+4.2%)	90.0	+23.0 (+34.3%)	-
Consolidated operating margin (%)	5.2	4.9	(0.3)	5.8	+0.9	-
Domestic TA-Q-BIN delivery market share (%)	42.2	44.0	+1.8	48.0	+4.0	Exceed 50%
Non-delivery share of operating income (%)	35.0	38.1	+3.1	48.0	+9.9	Exceed 50%
Overseas sales ratio (%)	4.0	4.4	+0.4	6.0	+1.6	Exceed 20%
ROE (%)	6.5	6.6	+0.1	9.0	+2.4	11.0
Domestic TA-Q-BIN delivery volume (million parcels)	1,348	1,641	293	1,820	179	-

Operating Revenue and Operating Income by Operating Segment

	Operating revenue (Billions of yen)			Operating income (Billions of yen)			Operating margin (%)	
	FY2014 Projection	FY2017 Plan	Difference from FY2014 (%)	FY2014 Projection	FY2017 Plan	Difference from FY2014 (%)	FY2014 Projection	FY2017 Plan
Delivery	1,182.0	1,270.0	+7.4	40.5	49.0	+21.0	3.4	3.9
BIZ-Logistics	122.0	160.0	+31.1	4.1	9.0	+119.5	3.4	5.6
Home Convenience	62.0	80.0	+29.0	0.3	1.5	+400.0	0.5	1.9
e-Business	74.0	110.0	+48.6	7.4	14.0	+89.2	10.0	12.7
Financial	66.0	85.0	+28.8	9.1	13.0	+42.9	13.8	15.3
Autoworks	56.0	80.0	+42.9	3.0	5.0	+66.7	5.4	6.3
Other	39.0	45.0	+15.4	1.0	1.5	+50.0	2.6	3.3

(Note: The figures shown reflect results prior to eliminations and adjustments, and as such vary from consolidated results reported for operating revenue and operating income.)

Investment Plan

(Billions of yen)

	Total of FY2015 to FY 2017
Network related investment (*)	120.0
Others	80.0
Total	200.0

*Land, buildings, cargo handling equipment, vehicles etc.