

Highlights of the Year

Yamato Turns Late-Night Flights Into Industry's First *Air Speed Takkyubin* Service

Late-night flights between Japan's Kanto region and Hokkaido, operating since November 2003, have enabled Yamato to launch *Air Speed Takkyubin*, a new next-day delivery service. From July 2004, the service also began utilizing flights between the Kanto region and Kyushu. Until now, distance had proven a significant hurdle, making 2-day service the only viable option for deliveries to Hokkaido, Kyushu and surrounding regions. The long-awaited arrival of late-night flights has finally allowed Yamato to extend its service area for next-day deliveries. Reducing delivery dates by a full day is solidifying *Air Speed Takkyubin's* reputation as the delivery service to choose when time is of the essence. New delivery possibilities include official documents and other time-sensitive materials for business use, the delivery of food products native to Hokkaido and Kyushu to the Kanto region, and the shipment of components and raw materials from the Kanto region to factories in Hokkaido, Kyushu and outlying areas.



Air Speed Takkyubin

Yamato Launches e-Mail Delivery Notification Service

Since July 2004, Yamato has made it possible for registered customers to receive notification of parcel delivery times and dates via e-mail. This *Mail Notification Service* also allows customers to change target delivery dates and times to fit their schedule. Previously, Yamato had launched a service in February 2002 that enabled parcel senders requesting such to notify the recipient of impending delivery via e-mail. In response to strong demand to make this kind of service available for all parcels, Yamato enhanced its existing service by creating a system whereby recipients registered as users can receive e-mail notification. In commercial-use parcels, this service is allowing customers, particularly mail-order companies, to raise the level of their own services and improve business efficiency, two points that have led to its widespread use.

Better Services via *Kuroneko Mail* and Expanded Cash Settlement and Service Counters

Payment options for *Kuroneko Mail* were initially limited to the conclusion of a prior contract and credit sales. To increase customer convenience, Yamato received approval from Japan's Ministry of Land, Infrastructure and Transport to alter the contract terms for *Kuroneko Mail*, making Yamato, from March 2004, the first in the industry to offer

cash settlement for this service to customers without an individual service contract. At the same time, Yamato revised procedures that required *Kuroneko Mail* to be collected by sales-drivers or brought directly to its handling centers. As a result, certain convenience stores began handling *Kuroneko Mail* from May 2004. And from July 2004, Seven-Eleven Japan Co., Ltd. has been offering *Kuroneko Mail* at its 10,000-store nationwide network, expanding this service and making it readily available to customers across Japan.

Yamato Establishes Yamato (Shanghai) Logistics Co., Ltd. as a Local Subsidiary in China

In response to the rising demand for logistics services as Japanese enterprises expand their business operations in China, Yamato established a local



Yamato (Shanghai) Logistics Co., Ltd.

subsidiary in Shanghai called Yamato (Shanghai) Logistics Co., Ltd. that opened its doors in October 2003. The company acts as a hub for collecting goods and parts supplied from all over China, utilizing the *Takkyubin* network to offer logistics services for shipping to locations across Japan.

Strategically Strengthening Business Ties with UPS

Since creating a jointly operated company in 1990, the Yamato Group and United Parcel Service of America, Inc. (UPS) have extended their network for the shipment of small-lot freight to and from Japan worldwide—a step that has been yielding tangible results. The market environment, however, has changed in the 18 years since the companies first established ties, prompting Yamato and UPS to reassess their business arrangement. To make Yamato's *Takkyubin*, *Kuroneko Mail* and the logistics service network available to a greater number of customers around the world and to enhance the quality of services provided, the two companies moved from a joint business contract to a more strategic business configuration.

In April 2000, the jointly operated company was separated into three surviving entities, UPS Yamato Co., Ltd. (Yamato 50%, UPS 50%), UPS Yamato Express Co., Ltd. (UPS 51%, Yamato 49%), and Yamato UPS International Air Cargo Co., Ltd. (UPS 49%, Yamato 51%; name changed to Yamato Global Freight Co., Ltd. upon becoming a wholly owned subsidiary in 2002). Of the three, UPS Yamato Express Co., Ltd. became a wholly owned subsidiary of UPS following the transfer of Yamato's 49% share in the company at the close of March 2003.

Just as under their previous tie-up, this new business arrangement will permit Yamato to sell UPS services in Japan and to conduct domestic shipping operations utilizing its finely tuned network.

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