

Highlights of the Year

Takkyubin Celebrates Thirty Years, Further Service Improvements Made

Takkyubin celebrated its thirtieth anniversary on January 20, 2006. On the very first day the service was launched, it handled only 11 packages, but the employees at the time put their hearts into their work because they firmly believed that there would be significant demand for the service one day. As a result, Takkyubin ended up successfully earning customer support, grew by leaps and bounds, and now handles over 1.1 billion parcels annually. During that time the spirit with which those first 11 packages were delivered has been passed down to Yamato Group employees in an unbroken chain, and has inspired the pursuit of systems and services for delivering diverse types of parcels quickly and efficiently. Based on this orientation and



on our commitment to serving customers, the Yamato Group engages in difficult negotiations with the regulating authorities to provide innovative services like *Golf Takkyubin* and *Ski Takkyubin*, *Collect Service* and *Time Service*. In doing so the Yamato Group has written a new page in the history of delivery and distribution in Japan.

Locally-rooted networks, information systems, operations know-how, and skilled human resources developed during this process of growth have served not only as the foundation for providing reliable services to customers, but also as invaluable assets for the Yamato Group. Utilizing this wealth of assets, we intend to refine Takkyubin services going forward, as well as develop new services and businesses. In fiscal 2006, we launched new services with a view to further improving convenience, including *Collect Service*, a comprehensive settlement service for

mail-order companies and *Takkyubin Store Pickup Service*. We also made all delivery information available in real time.

The Yamato Group will continue to improve quality to earn the satisfaction of as many customers as possible. Our aim in doing so will be always to offer services that are the best they can be from the customer's perspective.

Launch of JITBOX Charter

The Yamato Group's *Kuroneko Box Charter* service, originally launched in May 2004, was relaunched in April 2006 as *JITBOX Charter* through a business alliance concluded in February 2006 with Seino Holdings. The relaunched business targets product logistics for manufacturers with supply chain management needs and delivery logistics for parts and materials manufacturers required to provide just-in-time delivery. By working to enhance the sales and operation systems of the business, we hope to establish it as the new de facto standard for business-to-business logistics. Going forward, we plan to develop it by leveraging the respective strengths of the two companies, namely, Yamato's know-how and management in the area of transport using roll box pallets, and Seino's mainline transportation capacities based on its nationwide network.



In May 2006 we concluded a business agreement with Nippon Express and in June we joined forces with 12 trucking companies to put a system in place for supplying services to customers in a bid to quickly become the de facto standard in business-to-business logistics.

Establishment of Yamato Dialog & Media and start of operations

Yamato Holdings teamed up with DHL Global Mail (Japan), an affiliate of Deutsche Post World Net, to establish a joint venture for direct marketing in Japan. Operations were launched at the new company on April 3, 2006. The joint venture was brought about partly by the need to facilitate further growth in *Kuroneko Mail* by providing high value-added solutions in the non-correspondence direct mail market, where the most future



growth is anticipated. An additional factor was Deutsche Post World Net's desire to provide services in the Japanese market that leverage its expertise. We plan to offer high value-added solutions to customers by fusing the Yamato Group's delivery network and Deutsche Post World Net's integrated upstream to downstream solutions know-how in direct mail and by jointly developing peripheral businesses centered on direct marketing.

Yamato Holdings has a 51% share in the venture, and DHL Global Mail (Japan) has a 49% share.

Company name:

Yamato Dialog & Media Co., Ltd.

URL: <http://www.yamato-dm.co.jp>

Strategic Alliance Between the NYK Group and the Yamato Group

Yamato Holdings and NYK Line agreed to a strategic operational and capital alliance in May 2006. The purpose of the alliance is to accommodate the diverse multinational needs of customers and provide advanced strategic services by organically and efficiently maximizing the domestic and overseas management resources possessed by both groups. The two groups will work to expand their business operations in a mutually complementary fashion and develop a broad operational

alliance that spans land, air and sea. The two groups will also consider integrated operations for their respective air forwarding businesses in order to expand their sales networks and customer bases, as well as boost competitiveness. Moreover, with a view to further developing this strategic alliance, a joint working committee was established to pursue a broad-ranging partnership that takes best advantage of the assets and expertise of both groups. Specifically, we have begun developing a system to initiate the co-loading of air cargo by Yusen Air & Sea Service and Yamato Logistics and have started preparations for the establishment of a joint operating company.

By accomplishing and deepening this strategic alliance we will seek to establish a leading position in comprehensive global logistics and further enhance customer services.

