

Overview of Operations

Delivery

Masaki Yamauchi

Representative Director,
President and Executive Officer
of Yamato Transport Co., Ltd.



Guided by its basic corporate philosophy of “Total Reliability,” the Delivery Business utilizes the business resources of the Group in the Japanese and overseas markets to pursue business development that improves the convenience of customers’ lives. In the Japanese market, the Delivery Business aims to achieve further development of its *Takkyubin* service through the establishment of an overwhelming competitive advantage over our rivals. This is to be achieved through an enormous leap in quality of services based on the concept of “from home delivery to personal delivery,” and improvements in cost structure. In overseas markets, the Delivery Business is targeting expansion of its *Takkyubin* business in the Asia region. Efforts in Japan will also focus on meeting our responsibilities as an essential element of the social infrastructure following the Great East Japan Earthquake. As part of these efforts, the Delivery Business did everything in its power to bring about a swift recovery of the *Takkyubin* network and resume normal operation of *Takkyubin* services. In these ways and others, will continue to contribute to the speedy restoration of the affected regions.

Review of Fiscal 2011

The fiscal year ended March 31, 2011 marked the final year of our three-year medium-term management plan Create Satisfaction Three-Year Plan. As such, it was a year in which we completed the old plan as well as one in which we set the path for our transition to the next three-year plan. The backdrop to this year of change was a continued contraction in the delivery service market due to economic stagnation. Our response was to take full advantage of the opportunities offered to us by the existing competitive environment to attract new customers, mainly in the small lot commercial distribution sector, and increase deliveries to existing customers. As a result of these efforts, total delivery volume rose to record levels. While this increase was most welcome, we recognized the need to prevent an associated increase in costs. To this end we ensured that our cost management, particularly of personnel costs,

remained commensurate with both earnings and the volume of business. In the immediate aftermath of the Great East Japan Earthquake the Delivery Business spared no effort in fulfilling its mission as an essential element of the social infrastructure. In bringing about a speedy return to normal operations and delivering relief supplies to those in need, as well as in other ways, the Delivery Business hopes to contribute to the rebuilding and restoration of the affected regions.

As a result of the above, the Delivery Business was able to attain increases in both revenue and profit with operating revenues rising 3.0% year on year, to ¥995,651 million, and operating income climbing 6.6% to ¥40,578 million.

However, this result reflected a change in our accounting method affecting transactions conducted by transport companies that added approximately ¥4.9 billion to both operating revenues and expenses. On a real basis, therefore, operating revenues actually increased by 2.5%. The change in accounting method had no effect on operating income.

In Japan, we continued to boost sales through solutions such as *Today Shopping Service*, *Net Super Support* and other solutions that fully leverage the coordination within the Yamato Group and its functions. It is through such high-quality services that the Delivery Business meets the ever-diversifying needs of its customers. We have also made advances in the range of settlement methods our customers can select from electronic money (e-money), now in such widespread use in Japan as to be an essential part of daily life, can now be used to pay for product purchases, transport fees and others. The terminals our sales drivers carry are now capable of handling nanaco, Edy and WAON, making us the first in the industry to offer more than one of the major e-money services on a nationwide basis. Overseas, our main business activities focused on achieving borderless operations. We help customers to procure raw materials locally, produce products and import those goods to Japan through our *Global Direct* service. In addition, we further expanded our business in the Asia region by commencing *Takkyubin* services in Hong Kong in February 2011. Our more sophisticated lines, such as *Cool Takkyubin* and *Takkyubin Collect*, have been well received in our existing overseas markets, a trend reflected in a steady increase in delivery volumes.

Strategies in Fiscal 2012

The fiscal year ending March 31, 2012 marks the first year of our three-year medium-term management plan *DAN-TOTSU* Three-Year Plan HOP. This fiscal year will see the Delivery Business strive to remain one step ahead of our rivals in meeting customer needs. This in turn will, we believe, lead to increased market share, improved quality and stronger cost-competitiveness. Our aim is to establish a position, by the 100th anniversary of our founding in fiscal 2020, as the most

appreciated and best-known company in all communities. We will do so by pursuing two major business strategies. In Japan, we will further increase the quality of our operations to establish an overwhelming competitive advantage. Overseas, we will accelerate the expansion of our *Takkyubin* business in the Asia region.

Domestic Market: Achieving an enormous leap in quality through the adoption of a “regional- and lifestyle-oriented approach” and the provision of logistics solutions

One initiative for revitalizing the growth potential of our *Takkyubin* services is the construction of lifetime lifestyle support platforms based on members’ services such as *Kuroneko Members*, and an ever more refined *Takkyubin* network. We are also creating a new business model more closely tied to local communities by incorporating partnerships with local governments in order to provide services tailored to the unique characteristics of each local market. Additionally, an expansion of our *Net Super Support* services will help us to revitalize local retailers, as well as better support those whose access to shops and supermarkets is limited by old age or location. A good example would be an elderly person living in an isolated region. Our sales driver would be able to check up on the health and well-being of that customer at the same time as making the required delivery. This is an invaluable service in local communities and will cement further the *Takkyubin* network’s position in social infrastructure.

We will proceed with further development of existing business solutions to match changes in customers’ lifestyles. In certain areas, for example, our *Today Shopping Service* will deliver items on inventory at the center to a consumer in as little as four hours of a direct order being received. In addition, we will develop cutting-edge, cloud-based services that combine the *Takkyubin* network with logistics technology (LT),

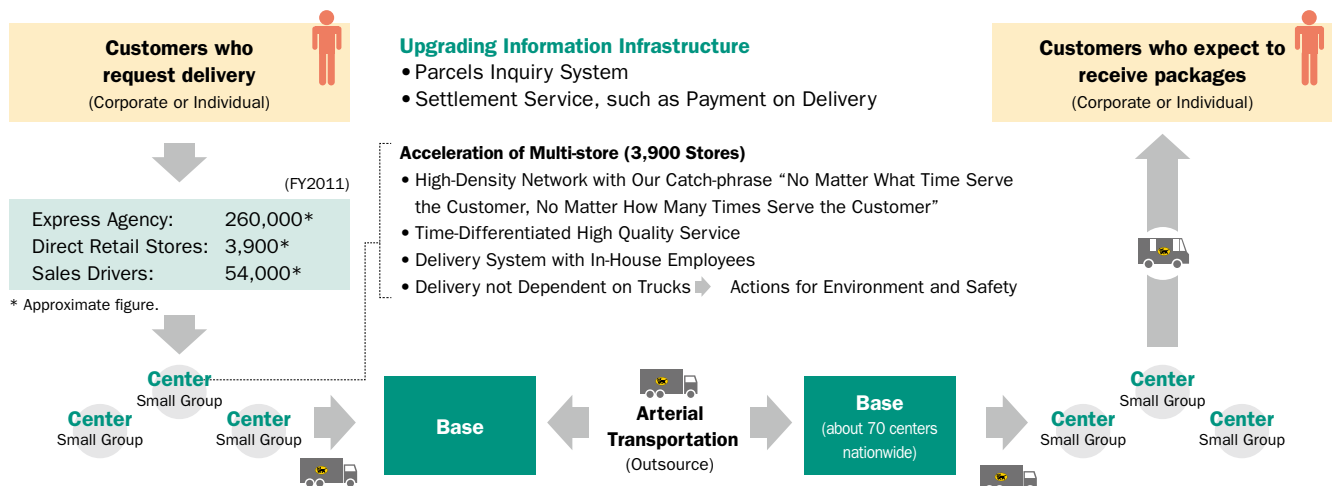
information technology (IT) and financial technology (FT) to provide flexible distribution solutions that best meet each customer’s needs. We will also make improvements to our supply chain based on our experiences after the Great East Japan Earthquake. The main elements of these improvements will be a more equal mix of dispersed and centralized inventories, and greater visualization of the flow of goods along the supply chain. By bringing these two elements together under a centralized system of control, we will be able to improve efficiency at the same time as providing better protection against risk, especially risks associated with breakdowns in distribution infrastructure.

Overseas Market: Accelerating and strengthening development of our *Takkyubin* service in Asia

In addition to our networks in Taiwan, Shanghai, Singapore, and Hong Kong, we intend to start offering our *Takkyubin* service in Malaysia from fall 2011. At the same time as expanding our distribution infrastructure across our Asia network, we will introduce the same range of high-quality, value-added products and services currently available in Japan in order to better support those companies setting up overseas operations in the region. Using the *Global Direct* service to gain a foothold, we intend to exceed the standards of conventional logistics centers in providing added-value corporate solutions to a range of industries, be it for procurement, product shipment or overseas delivery purposes, as well as for delivery of goods back to Japan.

As we proceed with these business activities, our strategies to improve convenience for our customers will be to optimize pickup and delivery team structure based on delivery schedule to provide better service at a time more convenient to the customer. In addition, we will look to embed the *Takkyubin* network further in local communities while improving productivity and increasing market share.

Takkyubin Service



BIZ-Logistics

Hitoshi Kanamori
Representative Director,
President and Executive Officer
of Yamato Logistics Co., Ltd..



The BIZ-Logistics Business aims to amaze and satisfy its customers and the consumers of their products and services by exceeding customers' expectations. The business realizes this goal by developing innovative eco-friendly packing materials and proprietary delivery solution models that leverage the Yamato Group's infrastructure, in particular the *Today Shopping Service*, the *Multi-Maintenance Solution* service and the *Global Direct Service*.

Review of Fiscal 2011

In the fiscal year ended March 2011, operating revenues increased 3.9% from a year earlier, to ¥82,008 million, and operating income jumped 37.9% to ¥3,664 million. The main contributory factors behind these increases were the economic recovery, the expansion of domestic business and the introduction of domestic business models to overseas markets.

The following are two examples of initiatives carried out in the period under review.

In case 1, in our medical logistics business we entered a new domain—maintenance services for medical equipment and instrumentation. These services begin with the collection of medical apparatus used in surgical procedures and other medical applications from hospitals. This apparatus then undergoes a number of treatments including cleaning, disinfection and sterilization in preparation for re-use at a medical facility in need of such apparatus. As the apparatus at the heart of this business is often essential for the saving and support of human life, it is of paramount importance that, in carrying out our tasks, we place a premium on both speed and attention to detail. To this end, we have established specialized maintenance service centers in Tokyo, Sapporo and Fukuoka. Major orders from several medical device manufacturers in the period under review made for an auspicious start in this new business. Going forward, we intend to broaden our network of medical maintenance centers to facilitate the further expansion of this business.

In case 2, the period under review saw us continue to expand the same-day delivery network for the *Today Shopping Service*. More concretely, we built new *Auto Pick Factory* facilities (automated warehousing) in Amagasaki City (Nishi-Osaka), Komaki City (Aichi) and Taoyuan County (Taiwan). The Taiwan facility is the first use of *Auto Pick Factory* services for warehousing overseas. The new domestic centers use their special features as “directly linked *Takkyubin*” facilities to allow the delivery of items on inventory at the center to a consumer in as few as four hours from a direct sales order being received. This “four-hour delivery service,” available in certain areas, is a service our competitors cannot match.



Auto Pick Factory

In order to meet the demand from consumers for faster delivery of mail-order items, the Group will continue to pursue advances in the *Today Shopping Service*, while at the same time, increasing the number of *Auto Pick Factory* facilities compliant with *Takkyubin* services both at home and abroad.

As a result of the above, the BIZ-Logistics Business posted improved results for the period under review. In addition, the period also saw us enter a new business domain, as well as expand our domestic business model into overseas markets.

Strategies in Fiscal 2012

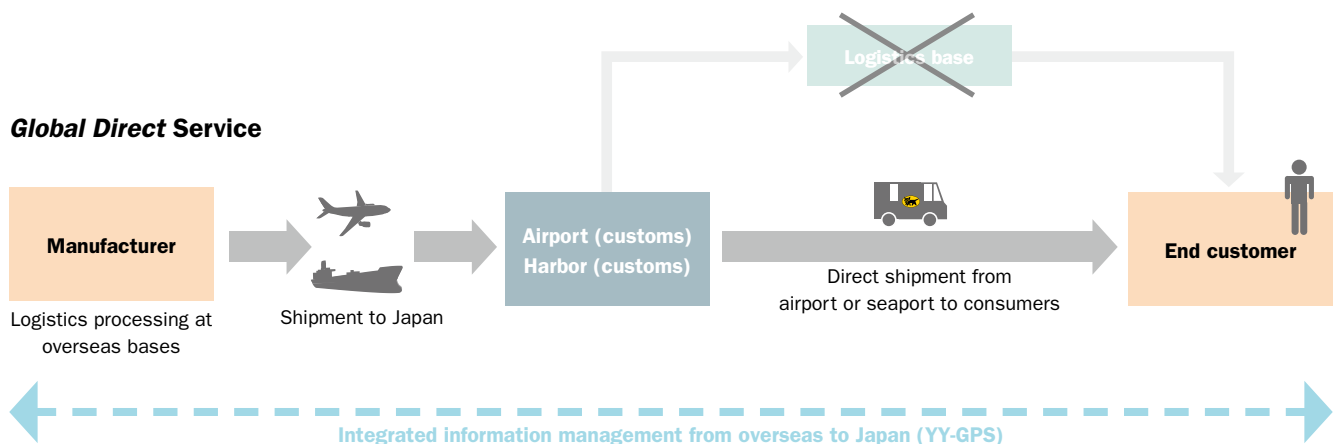
In the fiscal year ending March 31, 2012, the BIZ-Logistics Business will aim to attain further business development and to amaze and satisfy its customers and the consumers of their products and services. We will do so by achieving advances in business solutions, such as the *Today Shopping Service*, the *Multi-Maintenance Solution* service and the *Global Direct* service, that harness the information technology (IT), logistics technology (LT) and financial technology (FT) of the Yamato Group. Through these initiatives, the BIZ-Logistics Business intends to get both the DAN-TOTSU Three-Year Plan HOP and DAN-TOTSU Management Plan 2019 off to an auspicious start.

The following are examples of specific initiatives planned for fiscal 2012. One such example is the construction of *Haneda Chronogate*. A key advantage of the *Haneda Chronogate* project is its location. Not only does it stand at the gateway between Japan and the rest of the world, but it is also a “connecting point” at which land, air and sea transport networks converge. Another advantage is the concentration of

numerous Yamato Group functions within a single facility. The BIZ-Logistics Business will use these two advantages to provide a speedy connection between all corners of Japan and the global markets beyond its borders, at the same time as offering the Yamato Group’s value-added solutions for all processing, repair and settlement needs. *Haneda Chronogate* will have all Yamato Group companies located there, with four main functions: the Direct Transport function, which will handle products received from overseas without turning them into inventory in domestic warehouses, resulting in significant reductions in lead times; the Global Cross-Docking function, which will sort products received from overseas, improving inventory turnover rates and minimizing inventory volume; the Product/Distribution Processing function, which will support customer operations such as product processing, kitting and maintenance, etc.; and the Multi-Transport function, which will provide the optimal mode of transport from among diverse methods of transportation. By creating an integrated distribution platform consisting of these functions and opening it up to customers, *Haneda Chronogate* will offer a completely new design for distribution, one never seen before, and will serve as the impetus for new innovation in Japanese logistics.

In addition to the expansion into Asia of *Takkyubin* services, fiscal 2012 will see the transfer of our domestic business model to overseas markets. Services such as the *Today Shopping Service* mentioned above, *Multi-Maintenance Solution* and *Document Secure Solution* will be rolled out, in collaboration with overseas subsidiaries, in step with the expansion of the *Takkyubin* network.

Global Direct Service



Home Convenience



Atsushi Ichino
Representative Director,
President and Executive Officer of
Yamato Home Convenience Co., Ltd.

My name is Atsushi Ichino, and I became the new president of Yamato Home Convenience Co., Ltd. on April 1, 2011. I would like to start by saying that our prayers go out to those who lost their lives in the Great East Japan Earthquake, and we wish to express our heartfelt sympathies for those affected by this terrible disaster.

The Home Convenience Business is responsible for offering life environment services that take a step inside the lifestyles of customers. The business is developing and providing comprehensive lifestyle support services that enrich and make customers' lives more convenient not only in the home, but also in the office.

Review of Fiscal 2011

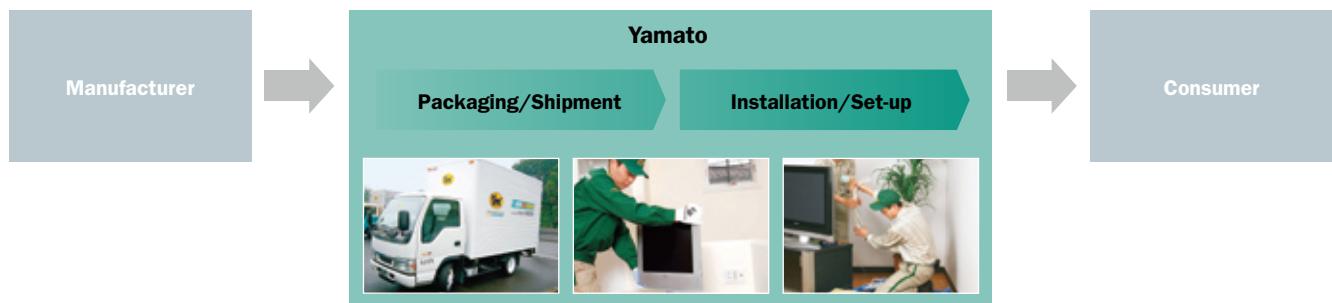
In our delivery with installation business, a service that not only delivers but also installs and assembles large-sized furniture and appliances, we sought to meet the demands of customers wishing to use delivered furniture and equipment immediately after delivery, based on the strengths of our nationwide network and the service itself. We also started offering new services that include repair, maintenance and after-care.

Revenues grew in the period under review, in part as a result of strong performance in repair services for large-sized appliances, in addition to installation services for appliances.

In the moving business, we offered a range of lifestyle-related services aimed at removing the hassle associated with moving house, as well as leveraging the special strengths of our network to enable the transport of individual moving crates.

In response to requests from corporate personnel being transferred away from their families to a new city or town, as well as their employers, we started offering a new price plan that took the actual number of items being transported into account. We also increased flexibility to allow multiple pickups and/or deliveries at the convenience of the customer. Further innovations aimed at reducing the amount of items moved, and by extension the fuss and cost of moving, included new services offering customers rental or used appliances for their new home or the opportunity to recycle their unwanted consumer electronics before moving.

Household Takkyubin Service



Intensified competition in the moving market exacerbated the impact of the Great East Japan Earthquake which occurred mid-March, the peak moving season, leading to the cancellation or postponing of orders. As a result, operating revenues slipped 2.7% year on year, to ¥48,997 million.

Similarly, we posted an operating loss of ¥618 million. However, thanks to productivity increases and cost cuts, this was an improvement of ¥83 million on the operating loss suffered last year.

Strategies in Fiscal 2012

The period under review will mark the first year of both our long-term management plan DAN-TOTSU Management Plan 2019, and our medium-term management plan DAN-TOTSU Three-Year Plan HOP. Our strategy in the coming year will focus on developing services that add a new dimension to customers' home convenience experience. Another important aspect will be providing support to those in need in areas affected by the Great East Japan Earthquake.

By harnessing our collective strengths we intend to offer a lineup of products and services designed to supplement improved comfort and convenience in the homes of all our customers. In doing so, we hope to evolve into a company that provides value to society, and live up to our name—the Home Convenience Company. We will also seek to probe new sources of demand in both the home and office markets. By establishing businesses that will expand our range of activities, we intend to achieve two important goals: increased productivity of management resources, and a reduction in seasonal fluctuations of revenue—an issue for the Home Convenience Business. The

products and services we offer will maximize the Group's nationwide network, a major management resource in and of itself, and will reflect the characteristics of the local community.

We have established our own technological capability qualification standards to be used in the development of our technicians and drivers, who are usually the last to interact with customers at the end of the service provision process. Based on those standards, we will continue our development and training programs with the goal of upgrading and expanding technician and driver skills.

We will continue to devote all possible resources to restoration activities in areas affected by the Great East Japan Earthquake. Efforts will include the installation and assembly of furniture and consumer electronics at temporary housing and the provision of daily necessities at lower than normal prices. Although market conditions will probably remain challenging for some time to come, we intend to continue with our disaster relief activities, and at the same time offer enhanced customer convenience through an expansion in our range of services. In turn these efforts will lead to stronger corporate value and sustained growth over the long term.

e-Business



Kenji Minaki
Representative Director,
President and Executive Officer of
Yamato System Development Co., Ltd.

Our e-Business is involved in a range of information services for corporations, including Application Service Provider (ASP) services and information system development.

Using Information and Communication Technology (ICT), the e-Business works in partnership with customers in promoting efficient business processes. Based on these services, the e-Business provides solutions for potential business problems and proactively proposes solutions that result in sales growth and cost reductions for customers.

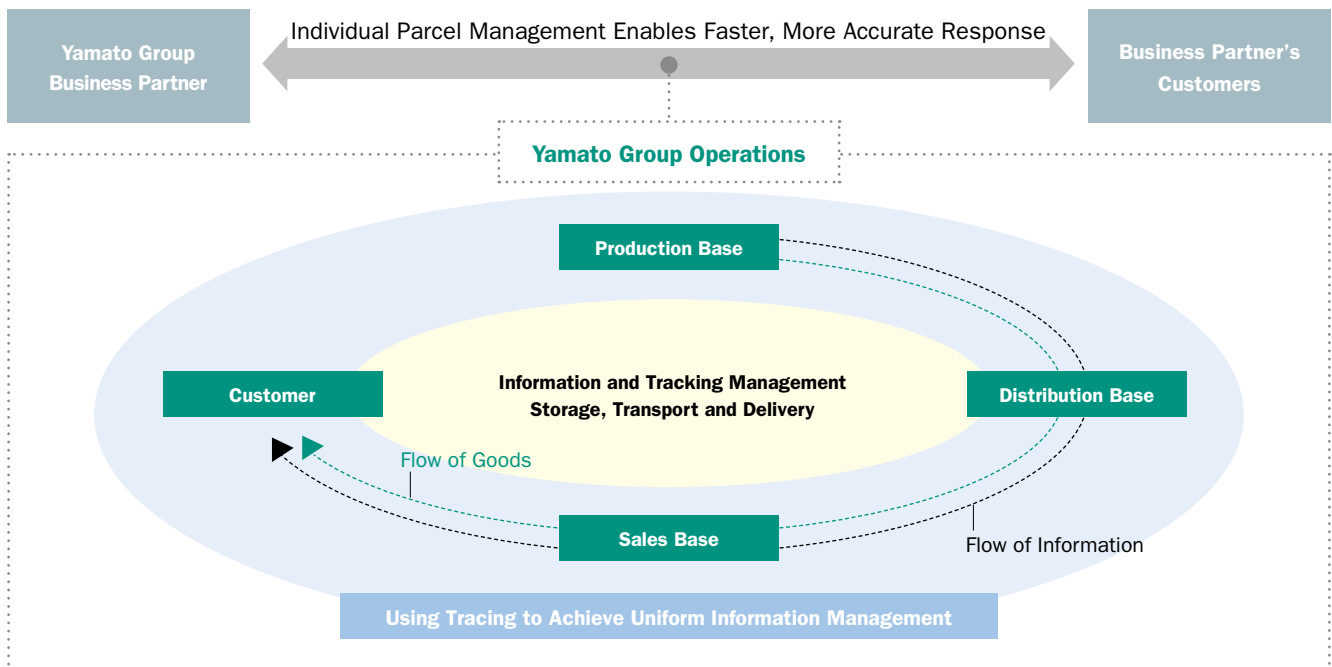
Review of Fiscal 2011

During the year under review, the e-Business contributed to improving the efficiency of its customers' business processes by providing ASP services, developing information systems and other actions. At the same time, we actively suggested solutions for potential business problems to our customers. Furthermore, keeping up with the aggressive business development of the Yamato Group, we developed and operated Group systems.

Our Asian developments also continued with a focus on promoting *Takkyubin* services by leveraging ICT. *Takkyubin* businesses were initiated in Singapore and Shanghai in 2010, and in Hong Kong in 2011. Using know-how gained in operating our domestic business, we developed a version of our *Takkyubin* system tailored to Asia for use as a shared ASP system in all countries across the continent. Regarding the Group's new in-house ICT system, the *7th generation NEKO system*, we established a relay system to provide settlement information to our customers in the electronic money business.

Our *Web-Based Mail Order solution business*, which develops business outside the Group, took steps to develop the *Net Super Support* business, in which we expect demand will

e-Logistics Solution



expand. The business targeted retail business customers, such as supermarkets and department stores, in expanding its *Net Super Support* service, a comprehensive service offering web system creation, delivery of items and collection of payments. Taking advantage of the multifunctionality of the Yamato Group, this service has gained a strong reputation for its overall power as a service that deals with the underlying social trends of an aging society and the depopulation of rural areas. Consequently, business is expanding firmly.

In our *e-Logistics Solution Business*, we worked to provide services that contribute to the reduction of customers' inventories and costs through the integration of distribution and information functions.

In *e-On Demand Solutions*, business expanded in the fiscal year under review thanks to the development of services, for the pharmaceutical industry in particular that support improved sales efficiency and inventory reductions through the management, on-demand printing, and just-in-time delivery of customers' sales promotion materials.

Revenues of the *IT Operating Business* increased on the strength of expanded demand for its *PC Life Cycle Service*, which increases the efficiency of customers' PC management operations. The business provides a full service for customers' personal computers throughout this life cycle, from purchasing to disposal, and includes installation and setting up of software, delivery, on-site installation, operating support and maintenance services.

Although the measures mentioned above supported expansion in Internet direct sales, tracing services and services for the credit card industry, the current curtailing of ICT capital investments by existing corporate clients reduced overall demand. Despite the less than favorable business climate, operating revenues increased 2.2% year on year, to ¥32,799 million, while operating income rose 11.5%, to ¥6,710 million.

Strategies in Fiscal 2012

Our first strategy is to promote the provision of advanced solutions to customers in order to build a foundation as a solution provider.

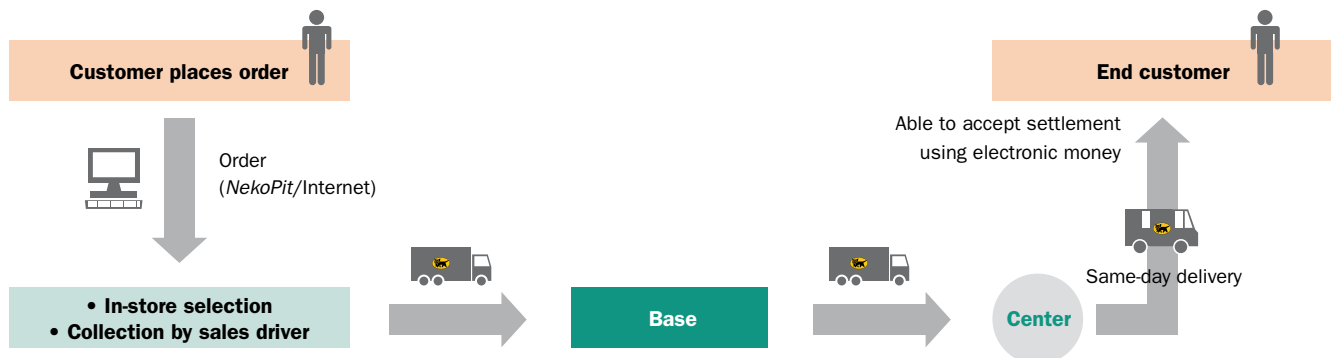
Our second strategy is to employ ICT to nurture human resources with the capability of creating total solutions that combine logistics technology (LT) and financial technology (FT). These employees will then be dispersed throughout the Group to make effective use of their skills.

Our third strategy is to create new services and promote them using all our resources in order to increase the number of businesses involved with e-Business formation.

The last strategy is to transfer and develop the high-quality *Takkyubin* system developed in Japan to countries in Asia in support of the Group's development of its *Takkyubin* business in Asia. At the same time, we will also look to promote other products and services developed in Japan in the rest of Asia.

Going forward, we will strive for superior ability to use the combined power of the Group in our business, continuing to offer new solutions that contribute to improved efficiency in the business processes of our customers.

Net Super Support Service



Financial



Kenichi Shibasaki
Representative Director,
President and Executive Officer
of Yamato Financial Co., Ltd.

Review of Fiscal 2011

The Financial Business proposes total comprehensive solutions for mail-order companies that offer greater convenience for purchasers (end-users) and an improved business environment for the mail-order companies.

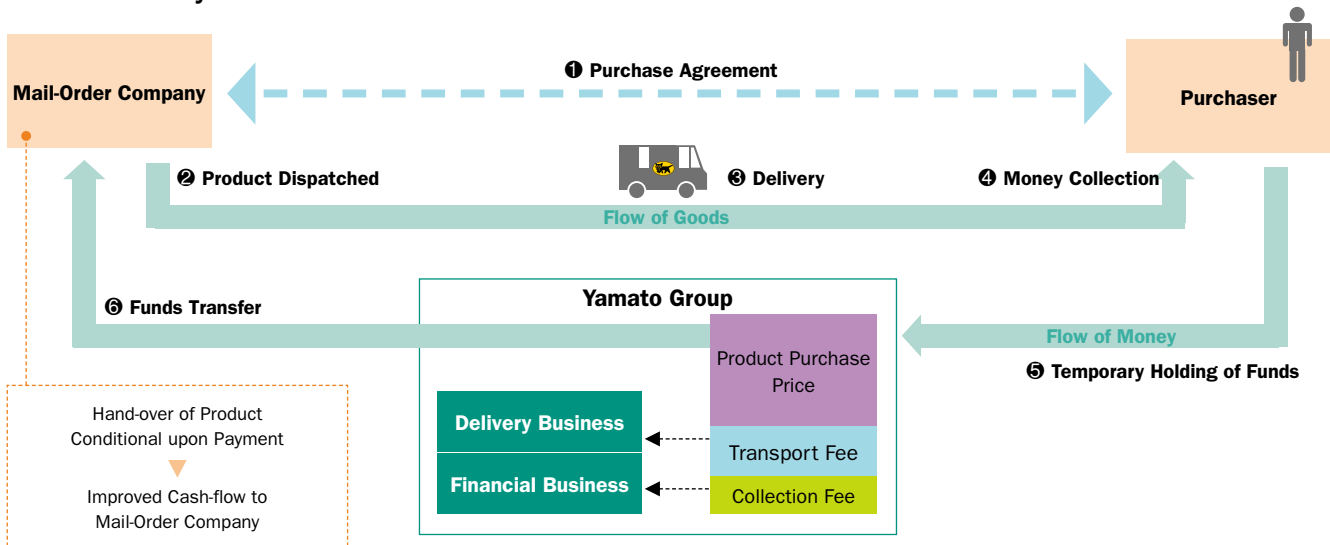
Our high-quality services and wide range of settlement methods offer purchasers who use mail-order shopping the same secure, comfortable shopping environment they have when shopping in a store. Purchasers who are satisfied with the service become repeat customers, which leads to higher revenues for mail-order companies.

We offer support to mail-order companies in building and improving mail-order systems, while also offering systems for reducing costs relating to settlement processing. The proposals we make to increase revenues and cut costs contribute to improved business environments for corporate customers.

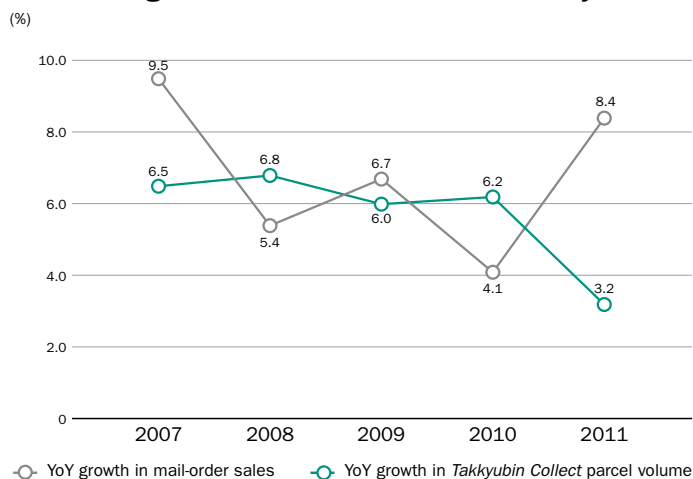
Moreover, we continue to pursue greater convenience in methods of payment, actively promoting electronic money (e-money) payments in addition to payments by cash, credit or debit card. As a settlement method, e-money has grown in importance in recent years to the point that it is now an integral part of daily life in Japan. Transactions settled using e-money stood at ¥1.3 trillion in 2009.

In response to this trend, we developed a number of initiatives geared towards e-money transactions. The first of these was the introduction of systems for accepting payment for the *Takkyubin Collect* service using a PC or mobile phone in November 2007. Since then the scope of users has expanded, and in June 2010 we introduced a single terminal able to process settlements using a variety of e-money brands, a first in Japan. We also launched a service allowing recipients to pay by e-money at the time of delivery. Initially, the service was limited to settlements using retail and independent electronic prepaid cards such as nanaco, Edy and WAON. However, from May

Cash on Delivery Service



The Growing Mail-order Sales Market and *Takkyubin Collect*



Source: The Japan Direct Marketing Association

2011, the terminals used by our sales drivers was adapted to accept payments from transit-based electronic prepaid cards such as SUICA, ICOCA and PASMO. As a result, our customers will be able to use 99% of all e-money types currently available in Japan to make their purchases. This is the only service of its kind in Japan's home delivery market and offered exclusively by the Yamato Group.

Operating revenues for this segment for fiscal 2011 were ¥52,393 million, down 0.5% year on year, partly because of a contraction in the shopping credit business despite healthy numbers of settlements in the *Takkyubin Collect* service. Operating income for the Financial Business declined 3.1% to ¥9,938 million.

Strategies for Fiscal 2012

The Financial Business will continue to work on creating convenient, user-friendly services to suit a range of settlement scenarios for all corporate customers and end-user in regional areas.

For our corporate customers in the business-to-consumer (B2C) mail-order market, we will propose optimal solutions for innovating logistics operations, thereby contributing to a

flourishing mail-order shopping market and comfortable lifestyles supported by mail-order shopping. For individual users, we will continue to develop a universal settlement platform that will make purchasing a simpler, more convenient experience by removing the hassle associated with making payments.

In the business-to-business (B2B) market, we will assist the expansion of our client companies' businesses by providing optimized services that leverage the Group's management resources and solutions in the settlement and finance fields. These services will be designed to address the financial issues associated with delivery and procurement operations encountered in logistics. Moreover, we have embarked upon an initiative that is centered on a cash-on-delivery settlement service for handling the import and export of goods between companies in conjunction with the *Global Procurement Support Service*, a service set up to address the international procurement needs of mid-sized component manufacturers. We will continue to pursue further improvements in convenience for client companies by providing a range of services covering the full range of client needs from logistics (order processing, warehousing and delivery) through to finance.

Truck Maintenance

Keishiro Sasaki

Representative Director,
President and Executive Officer
of Yamato Autoworks Co., Ltd.



The Direction of This Business

The Truck Maintenance Business operates vehicle servicing plants for logistics companies. Over the years, the business has expanded the industry's first maintenance service into a 24 hours a day, 365 days a year service that enables customers to service their vehicles without stopping operations, schedule automobile safety inspections and have routine check-ups.

Our vision is to transform this business from being the number one for truck maintenance in Japan to the only one customers choose. "Transform inconvenience into convenience from the customer's standpoint" is the corporate DNA of the Yamato Group. Based on this perspective, the business offers services, chiefly for logistics companies, that go beyond vehicle maintenance to provide a one-stop solution covering body and tire maintenance, as well as fuel supplies. In addition, in providing inspection consultations as a partner that helps customers manage risk associated with their operations, and management solutions that allow customers to get the most out of their facilities, plants and logistics equipment, we are aiming for total vehicle management services that contribute to the revitalization of the logistics businesses of customers.

Review of Fiscal 2011

In fiscal 2011, we posted increases in both revenues and profit. Our operating revenues amounted to ¥19,696 million (an increase of 23.1% year on year), while operating income was ¥2,134 million (an increase of 29.4%).

The number of automobile safety inspections done for companies outside the Yamato Group totaled 34,899 vehicles, up 14.2% from the previous fiscal year. This was the result of a number of factors. During the fiscal year under review, we strengthened our network of 70 vehicle maintenance plants, focused mainly on those 18 plants that have been upgraded to high-operating-efficiency *Superworks* plants. We also aggressively

Superworks vehicle maintenance plants— in search of greater gains in operating efficiency



External view



Inside the plant



A mechanic at work

promoted a number of other services. These included *Off-Time Vehicle Inspection* which allows customers to schedule automobile safety inspections during a time period more convenient for them, and the *12-Month Fixed-Price Maintenance Package*, which evens out monthly vehicle maintenance expenses.

The East Japan Earthquake that struck on March 11, 2011, resulted in damage to our facilities, as well as to the vehicles operated by our customers. Not only were there delays in the submission of vehicles by customers, but our work schedules were also adversely affected. We expended every effort to minimize the negative impact of these delays on customer operations by reallocating work to other Yamato Group facilities nearby. We also worked proactively to bring about a speedy recovery of lifeline services and logistics infrastructure by providing maintenance services for vehicles used in the relief efforts.

Strategies in Fiscal 2012

In fiscal 2012, we aim to introduce a new, more environmentally friendly model to further strengthen our *Superworks* vehicle maintenance plants. As part of this plan, two plants are scheduled for construction in the Kanto region, complete with solar power generation systems and energy conserving LED lighting. We will also look to develop a comprehensive consulting business designed to cover all aspects of vehicle management.

Moreover, we plan to broaden the focus of our activities beyond just maintenance to include a more management-oriented approach in the services we provide. Through the promotion of the existing *12-Month Fixed-Price Maintenance Package*, as well as new services for managing wear and tear on tires and vehicle bodies, we intend to provide a more comprehensive solution that goes beyond simple maintenance and repair when the need arises. These new mechanisms will allow our customers to manage maintenance of their vehicles in ways that enable managers to more accurately budget for maintenance costs in advance, rather than on a case-by-case basis. This will in turn lead to greater improvements in the cash flows of our customers.

Our expectations for these new schemes are substantial. We forecast new maintenance contracts for 25,000 vehicles. For the fiscal year ahead, our performance targets in the one million vehicle strong commercial truck market will be 151,700 vehicles under management, 81,700 automobile safety inspections, and a 13.0% increase in the number of vehicles serviced for non-Group companies. The coming year will also see us continue in efforts to restore all our facilities in quake-hit regions to working order so as to help our customers get their operations back to normal as soon as possible.

Expanding our Superworks network

18 locations out of 70 in total (as of March 31, 2011)
 ◊ to be increased to 20



Basic Concept—“The Four Cs”

Yamato Autoworks pursues one-stop services for vehicles based on observing “The Four Cs.”

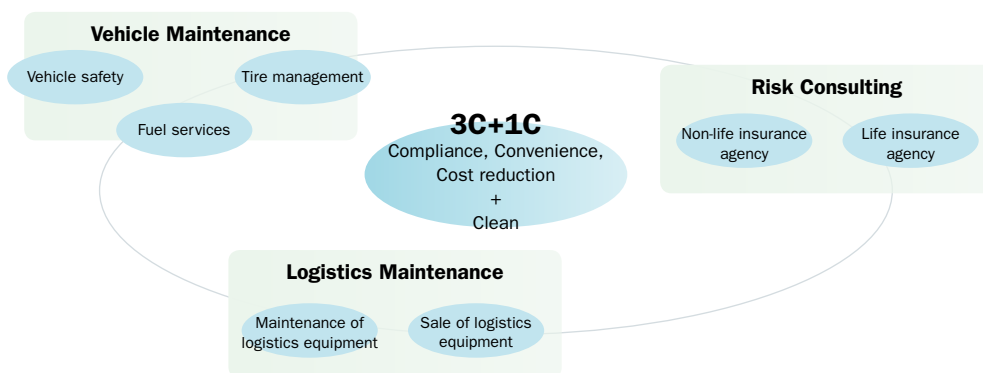
The first “C” is Compliance. Using our *Repairworks* mobile plants that enable vehicle inspections in customers’ garages, we have contributed to improving the completion rate for statutory vehicle inspections of our customers. We also promote a Manager Development Support Program for G Mark and Green Management certified operations.

Next, we have Convenience. Based on this concept, we support improvement in operating rates for commercial

vehicles by operating 24 hours a day, 365 days a year in order to carry out vehicle inspections when the vehicles are not in operation.

Our third “C” stands for Cost reduction. By increasing the completion rate for statutory vehicle inspections, we have made it possible to implement preventative maintenance, which helps limit occurrences of unexpected costs.

Finally, we have Clean. Guided by this concept, we support our customers’ efforts to deal with environmental issues through such measures as installing LED or other energy-saving lighting and recommending the use of rebuilt parts.



Other



JITBOX Charter

The *JITBOX Charter* service is a service that provides transportation by transport box. The service takes advantage of the Yamato Group network consisting of 16 companies to provide value to customers through delivery timed to suit the customer's needs and frequent right-volume delivery. In fiscal 2011, although there was an expansion in the transportation of large equipment such as copier machines and equipment pickup and delivery, such as for exhibitions, handling volume declined overall from the previous year.

As a result, operating income in Other, excluding other income and expenses such as dividends which Yamato Holdings received from Group companies, decreased 59.0% to ¥767 million.

