

Corporate Governance

As of March 31, 2012

Basic Position on Corporate Governance

Based on its corporate philosophy, the Yamato Group carries out business activities in accordance with the law and social norms and actively promotes compliance management.

Striving to maximize corporate value by effectively utilizing the management resources of the Group is one of the top priorities of management, and we work to bolster management systems and implement corporate governance policies to this end.

The current status of provision for oversight of business execution and management, internal control and related functions at the Yamato Group is illustrated as follows.

Status of Corporate Governance

The Board of Directors, Management Advisory Committee and Executive Committee serve as administrative organs involved in decision-making, execution and supervision of the Yamato Group. This management structure enables decisions to be made rapidly and precisely on important

business matters.

The number of Board members cannot exceed 12 as stipulated in the Company's articles of incorporation. The term of office for directors has been set at one year in order to clarify management responsibilities for each fiscal year.

Outside Directors and Outside Auditors

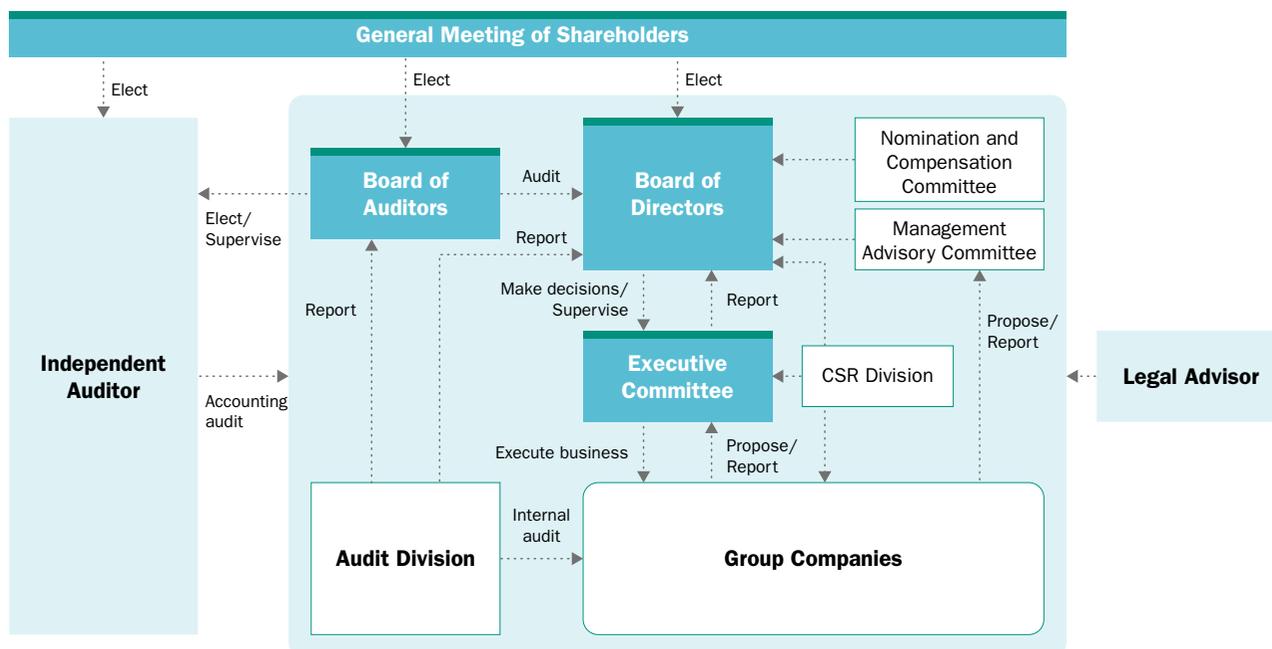
To ensure objective checks of management, two of the six directors are outside directors.

Similarly, three of the four auditors are outside auditors to reinforce supervision of business execution.

Both outside directors have ample experience and extensive knowledge, Masayoshi Sato being a lawyer and Toshitaka Hagiwara being a businessman. They comment and advise as needed on all aspects of business management. Collaboration with the Independent Auditor and the Audit Division enhances governance.

Similarly, all outside auditors have ample expertise in finance and accounting. They are Keiko Kitamura, an accounting professor at a university, Koji Okawa, whose

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experience has included working for a financial institution and a tax and accounting firm, and Motoharu Yokose, a certified public accountant.

Outside auditors attend Board of Auditors meetings as well as periodic meetings to exchange opinions with the president and auditors and to present opinions from their own standpoint as auditors. These meetings also serve to confirm the status of directors' execution of duties, by means of including questions regarding management policy.

The abovementioned two outside directors and three outside auditors have no conflicts of interest with the Group.

The Group maintains a policy of satisfying the independence criteria of the Tokyo Stock Exchange, Inc., when choosing outside directors and auditors.

The Group has notified the Tokyo Stock Exchange that all the above outside directors and auditors are independent, as required.

Outside Auditor Keiko Kitamura resigned at the closing of the Ordinary Meeting of Shareholders on June 26, 2012. In her place, Hiroyuki Kanae was nominated and appointed as a new outside auditor.

Status of Internal Audits, Audits by Auditors and Accounting Audits

The Board of Auditors is made up of one full-time auditor and three outside auditors. Auditors attend meetings of the Board of Directors and other important meetings to audit the execution of duties by the directors, and otherwise endeavor to improve the soundness of management and the trust of the public.

A full-time staff member has been appointed to assist

the auditors to put in place a framework that enables the auditors to smoothly carry out their functions.

In addition, Group Auditors' Liaison Meetings are held periodically for the full-time auditors of the major operating companies to confer on auditing policies and procedures, exchange information and otherwise enhance collaboration. Meetings with internal auditors are also held periodically to exchange information.

Internal audits are performed by a 10-member team that operates independently from any other Group organ. Together with the 115 employees who conduct internal audits for Group companies, the Yamato Group has a total of 125 internal auditors, who check whether the business and affairs of the Group as a whole are being carried out appropriately and efficiently based on the annual auditing plan. A structure is in place under which results are reported to the Board of Directors and the Board of Auditors.

Also, the Group Internal Auditing Committee meets regularly for the internal auditors of the operating companies to confer on problems and proposed improvements based on auditing policies and audit results. At the same time, management collaborates with Group companies' internal control divisions to improve and build systems to validate internal controls.

As the Group's appointed Independent Auditor, Deloitte Touche Tohmatsu LLC holds regular meetings with auditors and conducts effective accounting audits. Accounting audits are performed by two certified public accountants, Yoshiaki Kitamura and Kazuhide Kobori, assisted by another six certified public accountants and 12 other staff members.

Compensation of Directors and Auditors

Details of Compensation for Directors and Auditors

Director and auditor category	Total compensation and other remuneration (Millions of Yen)	Total by compensation and remuneration category (Millions of Yen)		Headcount of eligible directors and auditors
		Basic compensation		
Directors (excluding outside directors)	222	222		5
Auditors (excluding outside auditors)	20	20		1
Outside directors and auditors	34	34		5

To ensure the objectivity and transparency of policies for determining director compensation, deliberations are through the Nomination and Compensation Committee, more than half of whose members are outside directors, with the Board of Directors making resolutions.

Director compensation comprises fixed remuneration that reflects external standards and performance-based amounts. The compensation of auditors and external directors is fixed in keeping with the nature of their work.

Compensation of Accounting Auditor

Details of Compensation for Certified Public Accountants and Staff of the Accounting Auditor

Category	Fiscal year ended March 31, 2011		Fiscal year ended March 31, 2012	
	Compensation paid for audit certification activities (Millions of Yen)	Compensation paid for non-audit activities (Millions of Yen)	Compensation paid for audit certification activities (Millions of Yen)	Compensation paid for non-audit activities (Millions of Yen)
Yamato Holdings Co., Ltd.	40	62	41	8
Consolidated subsidiaries	133	—	133	—
Total	173	62	174	8

Other Important Compensation Details

Fiscal year ended March 31, 2011

The compensation that eight overseas subsidiaries, including consolidated subsidiary Yamato Transport U.S.A., Inc., paid to Deloitte Touche Tohmatsu Limited, which is part of the same network of the accounting firm that audits Yamato Holdings, was as follows.

Compensation paid for audit certification and related activities: ¥89 million

Fiscal year ended March 31, 2012

The compensation that 10 overseas subsidiaries, including consolidated subsidiary Yamato Transport U.S.A., Inc., paid to Deloitte Touche Tohmatsu Limited, which is part of the same network of the accounting firm that audits Yamato Holdings, was as follows.

Compensation paid for audit certification and related activities: ¥82 million

Details of Non-Audit Activities of Certified Public Accountants and Staff of the Accounting Auditor

Fiscal year ended March 31, 2011

The non-audit activities for which the Company paid the certified public accountants and staff of the accounting auditors mainly entailed producing comfort letters in connection with the issue of euro-yen denominated convertible corporate bonds with subscription rights to shares that mature in 2016, as well as providing advice and guidance relating to the introduction of International Financial Reporting Standards.

Fiscal year ended March 31, 2012

Non-audit activities for which the Company paid the certified public accountants and staff of the accounting auditors entailed advice and guidance on the introduction of International Financial Reporting Standards.

Policy for Determining Accounting Auditor Compensation

We determine audit compensation for the certified public accountants and staff of the accounting auditor based on the number of days required for audits, the Company's size, and the nature of its operations.