

**Settlement of Accounts Meeting  
for the First Nine Months of Fiscal Year Ending  
March 31, 2014**



**January 30, 2014**

**YAMATO HOLDINGS CO., LTD.**

**Disclaimer:**

This material is intended for informational purposes and is not a solicitation or offer to buy or sell securities or related financial instruments. Ultimately it is the responsibility of investors to select and buy securities and the Company assumes no responsibility for investors who act on the basis of this material.

I am Makoto Kigawa, Representative Director and President of Yamato Holdings Co., Ltd.

I will now provide an explanation in line with the presentation materials.

# 1. Highlight

## Nine Month FY2014 Results Main Points

- Operating revenue up by ¥62.4 billion, but operating income down by ¥3.0 billion due to higher expenses such as for addressing the Cool TA-Q-BIN issue discovered at the end of Oct.
- TA-Q-BIN delivery volume was favorable, primarily with shipments from large-lot mail-order customers, and the retail market remained strong.
- The non-delivery businesses performed as expected overall despite weakness in BIZ-Logistics Business.

## Trends of Delivery Business

- Looking at TA-Q-BIN delivery volume for the nine months ended December 31, 2013, mail-order-related freight has continued to perform well.  
Volume was also strong in the retail market.  
The only reason for the fall in unit price is the changing freight product mix.
- Kuroneko Mail delivery volume for the nine months ended December 31, 2013, declined due to an increasingly competitive environment.  
Unit prices remained steady.

## Trends of Non-Delivery Business

- **BIZ-Logistics Business** Operating income ended within expectations despite a YoY decline as it was factored into the plan.
- **Home Convenience Business** The household effects delivery business and household equipment delivery service performed strongly with an operating revenue increase of ¥2.5 billion. Although ending with operating loss of ¥1.1 billion, the loss is less than a year ago.
- **e-Business** Due to strong results for e-money services and mail-order services, operating revenue and income increased YoY.
- **Financial Business** TA-Q-BIN Collect's performance was firm, and operating revenue and income increased YoY.
- **Autoworks Business** Vehicle maintenance volume increased steadily, and operating revenue and income increased YoY.

I will now give a summary for the nine months ended December 31, 2013.

As the detailed figures are shown on slide 2, please look at this slide as well.

- (1) In the nine months ended December 31, 2013, operating revenue rose in all segments, resulting in a substantial ¥62.4 billion YoY increase on a consolidated basis. This was particularly due to strong growth in the TA-Q-BIN delivery volume primarily with mail-order-related freight in the Delivery Business.
- (2) With respect to profits, however, operating income decreased by ¥3.0 billion YoY on a consolidated basis amid one-off increases in expenses incurred with systemic improvements that in part involved personnel and transportation equipment.
- (3) In regard to the recent issues caused by insufficiencies with operational rules for "Cool TA-Q-BIN" deliveries, we briefly reported on developments in that regard at the first half settlement of accounts meeting, given that the matter was still under internal investigation. Subsequently, at the end of November we publicly announced measures being taken to prevent recurrence, in line with findings of the internal investigation.

I won't get into specifics at this point, given that many of you have already looked over those details. However, the third quarter was one involving many TA-Q-BIN deliveries in comparison to typical quarters, particularly with shipments of Christmas, year-end, and New Year's gifts, and growth of the e-commerce market.

To ensure that this kind of situation does not occur again, the entire Group is placing high priority on restoring customer confidence through ongoing efforts to maintain and improve quality, and we have accordingly made systematic improvements such as with respect to personnel and transportation equipment.

- (4) Whereas we are releasing specifics on January 29, for now I will just say that with little time remaining in this fiscal year we continue to place top priority on improving and strengthening operational systems, and will further work toward promoting adequate freight charge collection policies for TA-Q-BIN unit price and toward achieving productivity results with the aim of heightened profitability in the next fiscal year and beyond.
- (5) In regard to our full-year forecast, we have revised our projections for consolidated operating income downward to ¥67.0 billion, from our previous ¥71.0 billion forecast, assuming maximum impact of fourth quarter results on revenues.

Trends with respect to the Non-delivery Business, as stated, have not changed significantly.

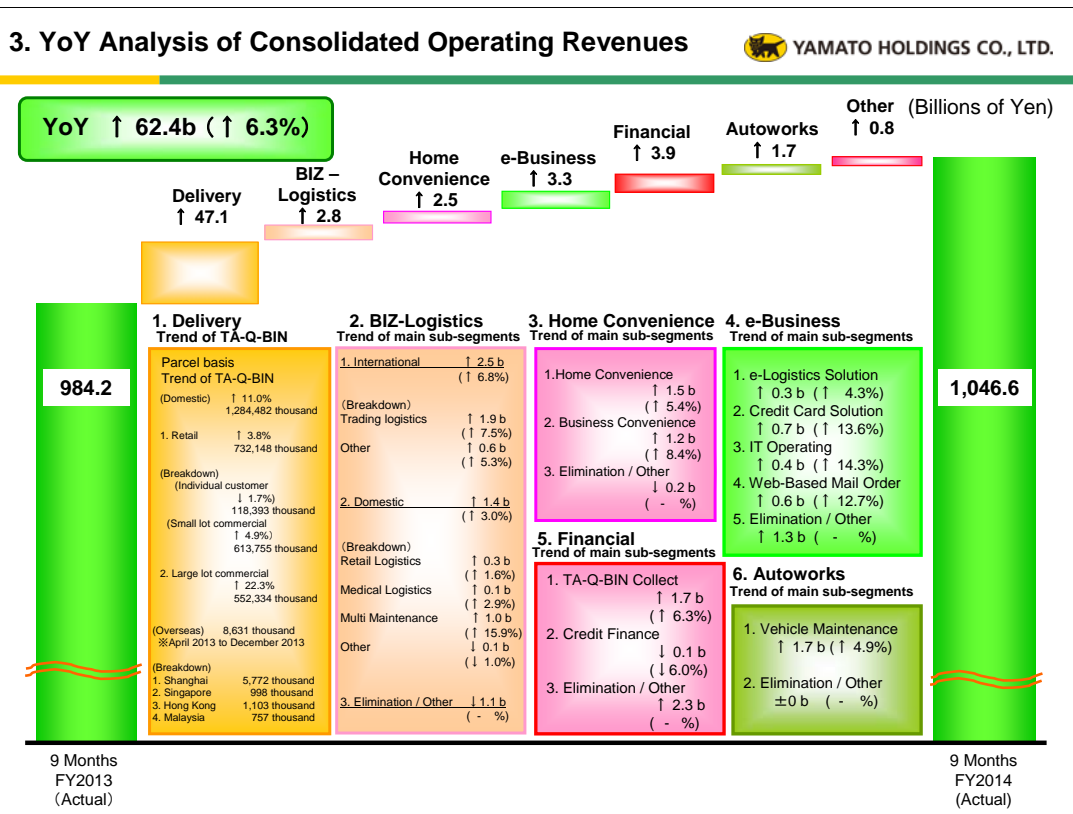
## 2. Overview of Operating Results

(Billions of Yen)

	9 Months FY2014 (Actual)	9 Months FY2013 (Actual)	YoY	
			Amount	[%]
<b>Operating revenues</b>				
Delivery	845.1	797.9	47.1	5.9
Non-Delivery	201.5	186.3	15.2	8.2
Total	1,046.6	984.2	62.4	6.3
<b>Operating income</b>	59.6	62.7	(3.0)	(4.9)
[Profit margin]	5.7%	6.4%	-	-
<b>Ordinary income</b>	60.6	64.0	(3.3)	(5.3)
[Profit margin]	5.8%	6.5%	-	-
<b>Net income</b>	33.2	34.7	(1.5)	(4.5)
[Profit margin]	3.2%	3.5%	-	-

Here we see the operating results.

- (1) Operating revenue and operating income are as I explained.
- (2) Net income decreased ¥1.5 billion YoY.
- (3) There was no extraordinary income or loss to make special note of during the nine months ended December 31, 2013.



Next is the YoY analysis of changes in consolidated operating revenue.

- (1) I will briefly touch on recent Non-Delivery Business trends, given that details here overlap with those provided with slide 1.
- (2) BIZ-Logistics Business

Whereas operating revenue is higher and operating income lower than the previous year, this segment performed largely as expected with no significant deviation from the outlook at the beginning of FY 2014.

In the Trading Logistics sub-segment, operating revenue increased by ¥1.9 billion YoY for the nine months ended December 31, 2013. However, given that this reflects the impact of the foreign exchange rate, results here in real terms remain unchanged from the previous year.

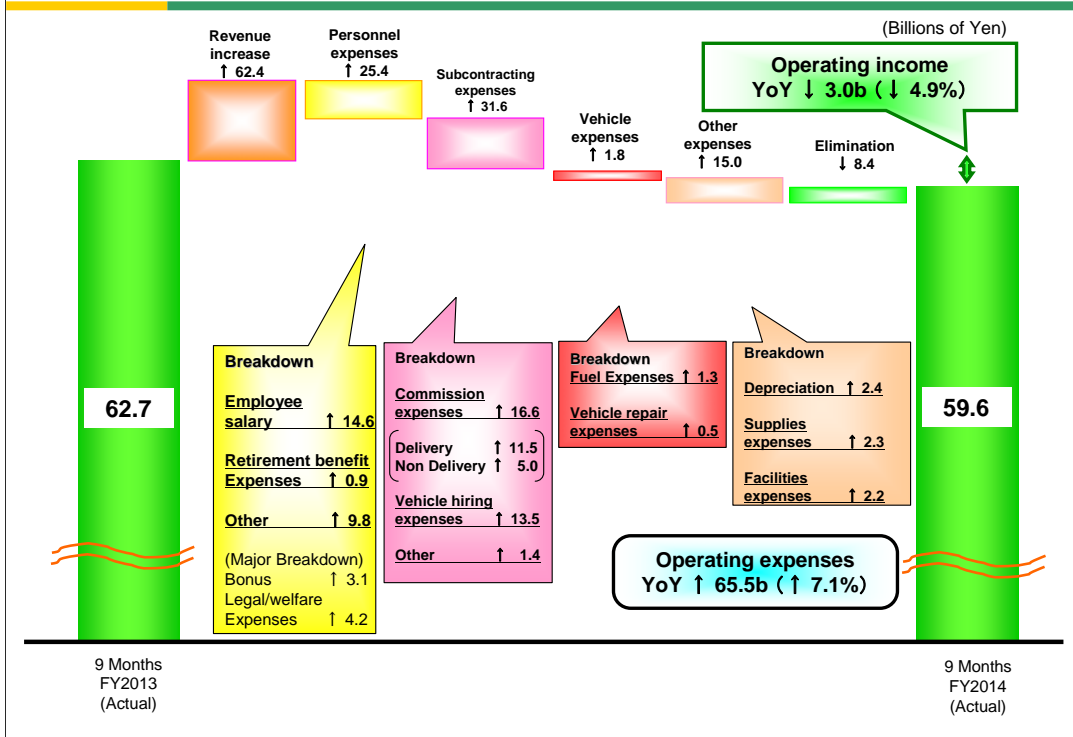
- (3) Home Convenience Business

Owing to firm performance in the household effects delivery business, the deficit has narrowed, albeit slightly, to show an improving trend YoY.

- (4) e-Business, Financial Business, and Autoworks Business

Operating revenue and income achieved stable growth in these segments ending within expectations.

#### 4. YoY Analysis of Consolidated Operating Expenses



Now for the analysis of changes in consolidated operating expenses.

- (1) During the nine months ended December 31, 2013, consolidated operating expenses increased 7.1% YoY in comparison with a 6.3% YoY increase in consolidated operating revenue.
- (2) Details of changes in operating expenses for the nine months ended December 31, 2013 are as stated.

This slide makes more sense viewed in relation to slide 5 showing quarterly YoY trends of consolidated operating income. In the third quarter (Oct. to Dec.), operating income declined with the rise in expenses outpacing the gain in revenues.

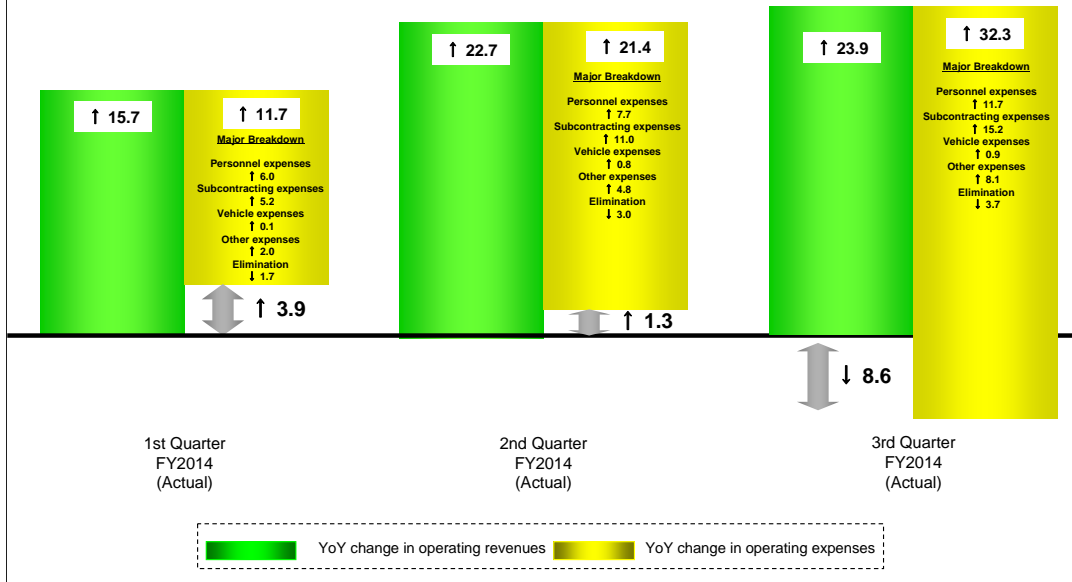
As pointed out earlier, through our efforts to bring about systemic improvements we incurred costs associated with pickups and deliveries primarily in the form of personnel expenses and commission expenses under subcontracting expenses necessary with respect to personnel, transportation equipment and other system-related upgrades geared toward sustaining and improving quality levels.

- (3) Otherwise, although fuel expenses increased somewhat in line with crude oil prices, there were no major changes with respect to other expense items.
- (4) Managing Executive Officer Shibasaki will go over specifics with respect to slide 10 showing breakdowns of consolidated operating expenses, and slide 11 showing breakdowns of operating expenses in the Delivery Business.

## 5. Quarterly YoY Trends of Consolidated Operating Income

In 3Q FY 2014 (Oct. to Dec.), operating income decreased by ¥3.0 billion YoY, due to higher expenses such as for addressing the Cool TA-Q-BIN issue discovered at the end of Oct.

(Billions of Yen)

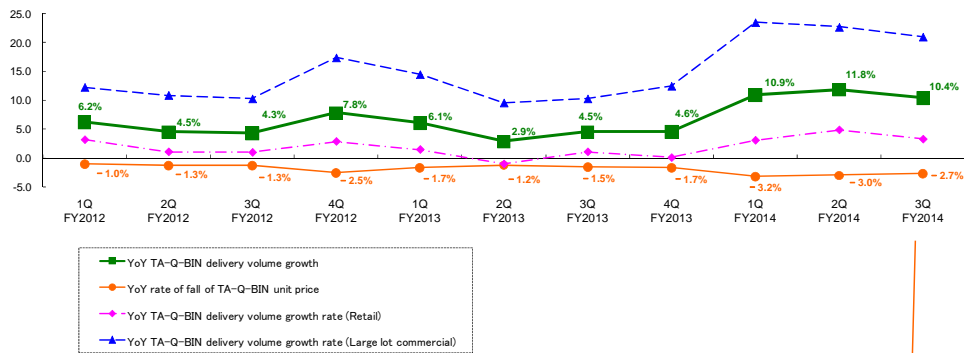


Now we come to quarterly YoY trends of consolidated operating income. Because this was explained in slide 4, I will not go over it again here.

## 6. Quarterly YoY Trends of TA-Q-BIN Delivery and unit price

Looking at TA-Q-BIN delivery volume for the nine months ended December 31, 2013, mail-order-related freight has continued to perform well. Volume was also strong in the retail market. The only reason for the fall in unit price is the changing freight product mix.

(Unit : %)



### 3Q FY2014 unit price fall rate by market (YoY)

Retail : ↓ 0.3 %  
 Large lot commercial : ↓ 2.6%  
 (excluding major large lot customers ↓ 0.1%)

Next, we will move on to quarterly YoY trends of TA-Q-BIN delivery volume and unit price.

(1) The competitive environment in the TA-Q-BIN market remained consistent.

TA-Q-BIN delivery volumes experienced healthy growth, with ongoing gains exceeding 10% YoY, mainly in the large-lot commercial market as a result of an expanding mail-order market.

(2) The TA-Q-BIN unit price also remained stable.

Unit prices continued to slide by around negative 3.0% YoY due to a substantial increase in freight for the large-lot commercial market with volume discounts.

(3) Breaking down the rate of unit price downturn by market, the YoY difference in the third quarter (Oct. to Dec.) was negative 0.3% for the retail market, and negative 2.6% for the large-lot commercial market. Meanwhile, both the small-lot commercial market and the individual customer (C2C) market, which together make up the retail market, remained roughly unchanged YoY.

(4) As noted at the outset of this presentation, with respect to unit pricing we are working to further promote adequate freight charge collection policies, with the aim of achieving future profitability gains.

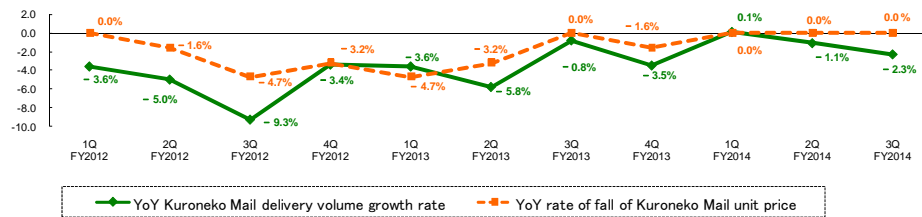
7. Quarterly YoY Trends of Kuroneko Mail Delivery Volume and unit price  YAMATO HOLDINGS CO., LTD.

Kuroneko Mail delivery volume for the nine months ended December 31, 2013, declined due to an increasingly competitive environment. Unit prices remained steady.

**3Q FY2014 shipment volume by market (YoY)**

From TA-Q-BIN Centers : ↓ 4.6%  
From large lot commercial : ↓ 1.2%

(Unit : %)

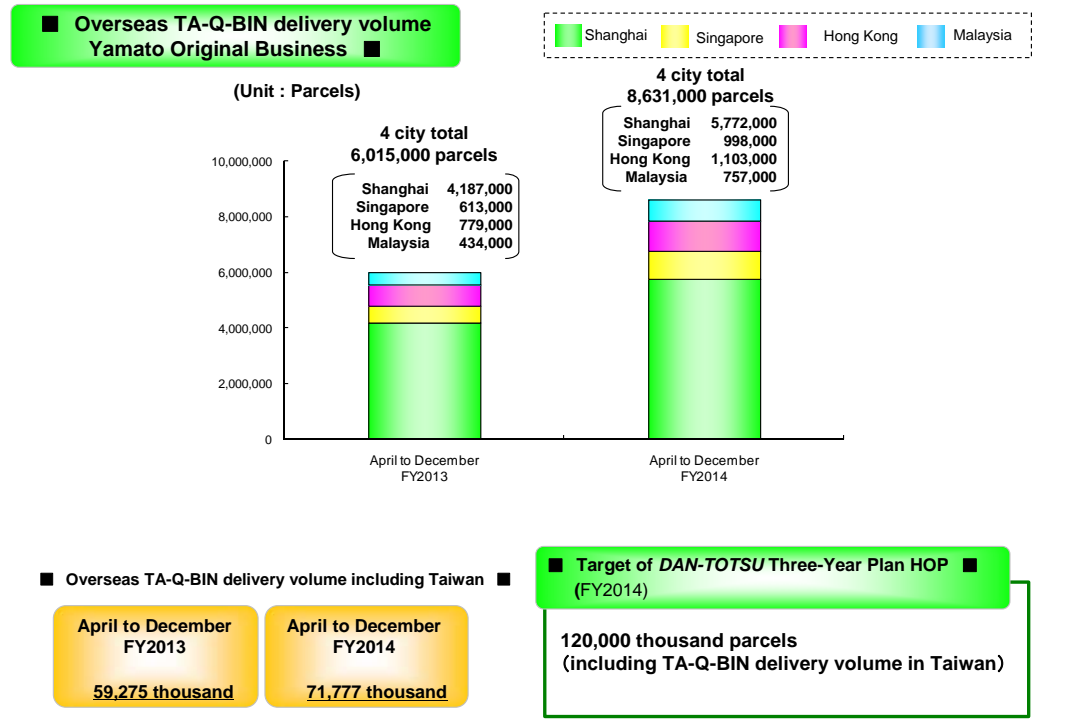


This shows quarterly YoY trends of Kuroneko Mail delivery volume and unit price.

- (1) Overall, Kuroneko Mail delivery volume did not change significantly, decreasing by 1.1% YoY over the nine months ended December 31, 2013.
- (2) As noted here, in 3Q (Oct. to Dec.) delivery volume marked a 2.3% decline. Delivery volume was down 1.2% in the large-lot commercial market, much of which centered on direct mail, and down 4.6% in the small-lot commercial market, for which deliveries are dispatched from TA-Q-BIN centers at above-average unit prices.
- (3) The Kuroneko Mail unit price has remained steady and unchanged YoY at ¥61.



## 8. Progress of TA-Q-BIN Business overseas



Here is a progress report of the TA-Q-BIN business overseas.

(1) As stated here, delivery volume is growing steadily.

The figures reported here include the delivery volume of Taiwan.

## 9. Forecasts of FY 2014 Operating Results (1)

(Billions of Yen)

	FY2014 (New Forecast) A	FY2013 (Actual)	FY2014 (October 2013 Forecast) B	YoY		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
<b>Operating revenue</b>	<b>1,360.0</b>	<b>1,282.3</b>	<b>1,345.0</b>	<b>77.6</b>	<b>6.1</b>	<b>15.0</b>	<b>1.1</b>
<b>Operating income</b>	<b>67.0</b>	<b>66.2</b>	<b>71.0</b>	<b>0.7</b>	<b>1.2</b>	<b>(4.0)</b>	<b>(5.6)</b>
[Profit margin]	<b>4.9%</b>	<b>5.2%</b>	<b>5.3%</b>	-	-	-	-
<b>Ordinary income</b>	<b>68.0</b>	<b>67.9</b>	<b>72.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(4.0)</b>	<b>(5.6)</b>
[Profit margin]	<b>5.0%</b>	<b>5.3%</b>	<b>5.4%</b>	-	-	-	-
<b>Net income</b>	<b>36.0</b>	<b>35.1</b>	<b>40.5</b>	<b>0.8</b>	<b>2.4</b>	<b>(4.5)</b>	<b>(11.1)</b>
[Profit margin]	<b>2.6%</b>	<b>2.7%</b>	<b>3.0%</b>	-	-	-	-

Here are our full-year operating forecasts for FY 2014.

- (1) In consideration of our financial results up to 3Q, we have revised our previous operating revenue forecast upward by ¥15.0 billion, and revised our previous operating income forecast downward by ¥4.0 billion.
- (2) In 4Q (Jan. to Mar.) we anticipate operating income of ¥7.3 billion, the highest ever. Meanwhile, although we still can't be optimistic about reaching our fiscal year targets, we are thoroughly improving and strengthening operational systems to provide added momentum to our Medium-Term Management Plan beginning next fiscal year.
- (3) Next, Managing Executive Officer Shibasaki will report on the operating forecasts for each segment and explain the cost assumptions of these forecasts.

That concludes my explanation.

## **Expense Analysis Assumptions of Forecasts**

I am Kenichi Shibasaki, and I am in charge of Finance and Accounting and Investor Relations.

Thank you for participating in today's Settlement of Accounts Meeting.

I will now provide an explanation on the settlement of accounts, in line with the presentation materials.

## 10. YoY Analysis of Consolidated Operating Expenses



(Millions of Yen)

	9 Months FY2014 (Actual)	9 Months FY2013 (Actual)	YoY Change	
			Amount	[%]
Operating revenues	1,046,682	984,221	62,460	6.3
Operating expenses	987,007	921,461	65,545	7.1
Personnel expenses	532,067	506,605	25,462	5.0
Employee salary	362,474	347,813	14,661	4.2
Retirement benefit expenses	11,051	10,111	939	9.3
Other personnel expenses	158,541	148,679	9,861	6.6
Subcontracting expenses	397,098	365,465	31,633	8.7
Commission expenses	159,153	142,513	16,639	11.7
Vehicle hiring expenses	125,919	112,337	13,581	12.1
Other subcontracting expenses	112,026	110,613	1,412	1.3
Vehicle expenses	35,812	33,917	1,894	5.6
Fuel expenses	21,057	19,695	1,361	6.9
Other operating expenses	207,446	192,426	15,019	7.8
Depreciation	29,866	27,410	2,456	9.0
Elimination	(185,418)	(176,953)	(8,464)	4.8

This slide contains the statement of consolidated operating expenses for the nine months ended December 31, 2013. Together with this slide, you should also look at slide 11 which shows the statement of operating expenses for the Delivery Business.

- (1) As with 2Q, changes such as to account items and accounting standards do not impact the consolidated operating expenses. As President Kigawa pointed out, operating income declined given that increases in personnel expenses and subcontracting expenses, which include commission expenses and vehicle hiring expenses, outstripped gains in operating revenue. As was touched on at the beginning of this presentation, this was a result of our placing priority on systemic improvements with respect to personnel, transportation equipment and other aspects of operations, with the aim of sustaining and improving quality levels, in our run-up to implementing the Medium-Term Management Plan slated for the next fiscal year.
- (2) Next, I will add supplementary details for the expense items.  
 Personnel expenses rose ¥25.4 billion YoY.  
 Employee salary and retirement benefit expenses are as stated.  
 Other personnel expenses rose ¥9.8 billion YoY. The breakdown of this is as follows:
- 1) Legal/welfare expenses and bonus      ↑ ¥7.4 billion
  - 2) Day laborer wages                      ↑ ¥2.4 billion
- (3) Subcontracting expenses rose ¥31.6 billion YoY.  
 That amount includes a ¥16.6 billion increase in commission expenses, ¥11.5 billion of which corresponds to an increase from the Delivery Business, and the remaining roughly ¥5.0 billion increase is mainly attributable to increases against higher revenues in non-delivery businesses such as the BIZ-Logistics Business and Financial Business.  
 There was a ¥13.5 billion YoY increase in vehicle hiring expenses, ¥12.6 billion of which corresponded to an increase in the Delivery Business.  
 Other subcontracting expenses were about the same as in the previous year, at an increase of ¥1.4 billion YoY.  
 The breakdown of this is as follows:
- 1) Mixed freightage expenses              ↓ ¥0.1 billion
  - 2) Purchase costs, etc.                      ↑ ¥1.4 billion
- The increase in purchase costs, etc. is mainly attributable to increases against higher revenues in the non-delivery businesses.
- (4) Vehicle expenses rose ¥1.8 billion YoY. The breakdown of this is as follows:
- 1) Due to higher fuel unit prices, even though mileage was relatively unchanged from the previous year  
     Fuel expenses                              ↑ ¥1.3 billion
  - 2) Vehicle repair expenses                      ↑ ¥0.5 billion
- (5) Other operating expenses increased ¥15.0 billion YoY. Of this, depreciation increased by ¥2.4 billion.  
 Looking at the other operating expense items that increased significantly, excluding depreciation: ¥2.3 billion YoY corresponds to higher supplies expenses resulting partially from purchases of items needed to handle Cool TA-Q-BIN quality improvements; ¥2.2 billion corresponds to higher facility expenses accompanying expansion in non-delivery businesses such as the BIZ-Logistics Business and e-Business, and; ¥1.5 billion YoY corresponds with computer expenses for boosting the data processing volume accompanying an increase in TA-Q-BIN delivery volume.  
 Furthermore, various other expense items have been showing a gradual upward trend.

## 11. YoY Analysis of Delivery Business Expenses

(Millions of Yen)

	9 Months FY2014 (Actual)	9 Months FY2013 (Actual)	YoY Change	
			Amount	[%]
Operating revenues	845,119	797,919	47,199	5.9
Operating expenses	805,064	752,325	52,738	7.0
Personnel expenses	452,209	430,116	22,093	5.1
Employee salary	304,370	291,708	12,661	4.3
Retirement benefit expenses	9,006	8,030	976	12.2
Other personnel expenses	138,832	130,376	8,456	6.5
Subcontracting expenses	240,898	219,459	21,438	9.8
Commission expenses	90,137	78,548	11,588	14.8
Vehicle hiring expenses	120,794	108,175	12,619	11.7
Other subcontracting expenses	29,966	32,736	(2,769)	(8.5)
Vehicle expenses	30,656	29,006	1,650	5.7
Fuel expenses	17,062	15,971	1,091	6.8
Other operating expenses	152,657	140,249	12,408	8.8
Depreciation	21,837	20,013	1,823	9.1
Elimination	(71,359)	(66,506)	(4,852)	7.3

(Note) The figures above include operating expenses related to overseas TA-Q-BIN services.

This slide shows the statement of operating expenses for the Delivery Business.  
I have just covered these details, so will now move on to the next slide.

## 12. Forecasts of FY2014 Operating Results (2)



( Millions of Yen )

	FY2014 (New Forecast) A	FY2013 (Actual)	FY2014 (October 2013 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
<b>Operating revenues</b>							
Delivery	1,088,000	1,028,219	1,076,000	59,780	5.8	12,000	1.1
BIZ-Logistics	92,000	86,806	90,000	5,193	6.0	2,000	2.2
Home Convenience	48,000	44,601	47,500	3,398	7.6	500	1.1
e-Business	41,000	37,060	41,000	3,939	10.6	0	0.0
Financial	61,000	56,710	61,000	4,289	7.6	0	0.0
Autoworks	24,000	23,228	23,500	771	3.3	500	2.1
Other	6,000	5,746	6,000	253	4.4	0	0.0
Total	1,360,000	1,282,373	1,345,000	77,626	6.1	15,000	1.1
<b>Operating income</b>							
Delivery	40,500	41,908	44,500	(1,408)	(3.4)	(4,000)	(9.0)
BIZ-Logistics	4,100	4,094	4,100	5	0.1	0	0.0
Home Convenience	300	(527)	300	827	-	0	0.0
e-Business	7,400	6,986	7,400	413	5.9	0	0.0
Financial	9,100	8,516	9,100	583	6.9	0	0.0
Autoworks	3,000	2,666	3,000	333	12.5	0	0.0
Other	25,800	18,762	25,800	7,037	37.5	0	0.0
Subtotal	90,200	82,407	94,200	7,792	9.5	(4,000)	(4.2)
Elimination	(23,200)	(16,204)	(23,200)	(6,995)	-	0	0.0
Total	67,000	66,202	71,000	797	1.2	(4,000)	(5.6)
[Profit margin]	4.9%	5.2%	5.3%	-	-	-	-
<b>Ordinary income</b>							
Delivery	68,000	67,991	72,000	8	0.0	(4,000)	(5.6)
[Profit margin]	5.0%	5.3%	5.4%	-	-	-	-
<b>Net income</b>							
Delivery	36,000	35,144	40,500	855	2.4	(4,500)	(11.1)
[Profit margin]	2.6%	2.7%	3.0%	-	-	-	-

The full-year forecasts for operating revenue and operating income by business segment are as follows.

As President Kigawa noted earlier, in consideration of our financial results up to 3Q, we have revised our previous operating revenue forecast upward by ¥15.0 billion on a consolidated basis, while revising our previous operating income forecast downward by ¥4.0 billion.

(1) In view of our current operating results, with respect to operating revenue, we have revised upward our previous forecasts for the Delivery Business, the BIZ-Logistics Business, the Home Convenience Business, and the Autoworks Business by ¥12.0 billion, ¥2.0 billion, ¥0.5 billion and ¥0.5 billion, respectively.

Meanwhile, with respect to operating income, we are staying with all previous forecasts, except for the Delivery Business which we have revised downward by ¥4.0 billion.

(2) Specifics pertaining to operating revenue and income in respective segments are as provided in this slide.

Please look at this slide conjunction with slide 13 and page 10 onwards in the Supplementary Materials.

Here is a simple explanation of the forecast assumptions.

(3) In the Delivery Business, we anticipate an increase in operating revenue by ¥59.7 billion YoY and a decrease in operating income by ¥1.4 billion YoY.

With respect to TA-Q-BIN, our mainstay product, we anticipate ¥14.0 billion more in revenues in comparison to the prior forecast, premised on our view that the current trend of healthy performance in this product is bound to continue.

We expect delivery volume to increase 10.3% YoY to 1,641 million parcels, and unit price to decrease 2.4% YoY to ¥577.

We adjusted our prior forecast in terms of delivery volume and unit price, thereby increasing our projection for deliveries by 11 million parcels, while also increasing the unit price by ¥5 in anticipation that the adequate freight charge collection policies will have an impact in that regard.

With respect to Kuroneko Mail, in consideration of current trends we anticipate ¥2.0 billion less in revenues in comparison to the prior forecast.

We expect delivery volume to decrease 1.6% YoY to 2,080 million units, and a unit price of ¥61.

Compared with our prior forecast, our updated forecast projects 40 million fewer parcel deliveries, with the unit price projection unchanged.

(4) BIZ-Logistics Business

In the BIZ-Logistics Business overall, we aim to increase operating revenue by ¥5.1 billion YoY and operating income by ¥5 million YoY.

We increased our operating revenue forecast by ¥2.0 billion over our previous forecast, in accordance with an upturn in revenues generated by subsidiaries overseas as a result of yen depreciation.

We anticipate operating income of ¥4.1 billion, unchanged from the prior forecast.

(5) In the Home Convenience Business and the Autoworks Business, we have revised only the operating revenue forecasts, increasing the figures by ¥0.5 billion for each of the segments to reflect current upside in revenues.

(6) In the e-Business and Financial Business segments, our prior forecast remains unchanged in terms of both operating revenue and operating income, as shown in this slide.

### 13. Forecasts of FY 2014 Operating Results (3)

#### Assumptions of forecast

( Millions of Yen )

	FY2014 (New Forecast) A	FY2013 (Actual)	FY2014 (October 2013 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,360,000	1,282,373	1,345,000	77,626	6.1	15,000	1.1
Operating expenses	1,293,000	1,216,170	1,274,000	76,829	6.3	19,000	1.5
Personnel expenses	699,500	666,637	697,000	32,862	4.9	2,500	0.4
Employee salary	480,000	458,451	480,000	21,548	4.7	0	0.0
Retirement salary	15,000	14,501	15,000	498	3.4	0	0.0
Other personnel expenses	204,500	193,684	202,000	10,815	5.6	2,500	1.2
Subcontracting expenses	519,000	483,326	508,000	35,673	7.4	11,000	2.2
Commission expenses	207,500	189,555	203,000	17,944	9.5	4,500	2.2
Vehicle hiring expenses	163,500	148,213	161,000	15,286	10.3	2,500	1.6
Other subcontracting expenses	148,000	145,556	144,000	2,443	1.7	4,000	2.8
Vehicle expenses	46,000	43,741	45,500	2,258	5.2	500	1.1
Fuel expenses	28,500	25,779	28,000	2,720	10.6	500	1.8
Other operating expenses	274,000	255,436	271,000	18,563	7.3	3,000	1.1
Depreciation	42,000	37,935	43,500	4,064	10.7	(1,500)	(3.4)
Elimination	(245,500)	(232,970)	(247,500)	(12,529)	-	2,000	-

#### Operating revenues

##### Delivery Business

•TA-Q-BIN parcels  
(thousand ; forecast)  
1,641,000 (YoY ↑ 10.3%)  
•TA-Q-BIN unit price ( forecast )  
¥ 577 ( ↓ 2.4%)  
•Kuroneko Mail units  
(thousand ; forecast)  
2,080,000 (YoY ↓ 1.6%)  
•Kuroneko Mail Unit Price (forecast )  
¥ 61 (YoY ±0%)

#### Personnel expenses

•Employee salary, Employees  
(Consolidated ; forecast)  
Total 194,500  
(YoY ↑ 17,392 / ↑ 9.8%)  
Full-time 88,200  
(YoY ↑ 3,778 / ↑ 4.5%)  
Part-time 106,300  
(YoY ↑ 13,614 / ↑ 14.7%)  
•Other personnel expenses increase  
due to revision of social insurance  
rate

#### Capital Expenditure

Capital Expenditure  
(Millions ; forecast) 85,000

This slide shows our forecasts for consolidated operating expenses.

- (1) We increased our total operating expense forecast by ¥19.0 billion over the prior forecast. Please refer to the slide for full-year forecasts of respective expense items.
- (2) Breaking down forecast changes, personnel expenses were increased by ¥2.5 billion, subcontracting expenses by ¥11.0 billion, vehicle expenses by ¥0.5 billion, other operating expenses by ¥3.0 billion, and eliminations by ¥2.0 billion.
  - 1) Personnel expenses  
Employee salary and retirement salary are roughly as anticipated, and accordingly those forecasts remain unchanged from prior levels. We increased our forecast for personnel expenses overall by ¥2.5 billion, to reflect the cost of wages paid to day laborers involved in base terminal sorting operations, amid increasing TA-Q-BIN delivery volumes. With respect to anticipated workforce numbers, we now project the need for 800 fewer new hires on a consolidated basis. In that regard, our updated forecast calls for 300 more full-time employees than our prior forecast, but 1,100 fewer part-time employees, mainly as part of our pickup and delivery strategy in the Delivery Business.
  - 2) Subcontracting expenses  
We project increases in commission expenses, vehicle hiring expenses, and other subcontracting expenses, and have accordingly revised the combined total of those amounts upward by ¥11.0 billion. We increased our forecast for commission expenses by ¥4.5 billion over the previous forecast to reflect costs associated with external pickup and delivery capabilities, considering current trends. The vehicle expense increase corresponds with an increase in delivery volumes. We increased our forecast for other subcontracting expenses by ¥4.0 billion to reflect increased purchases of equipment for Cool TA-Q-BIN and fuel.
  - 3) Vehicle expenses  
We increased our forecast for vehicle expenses by ¥0.5 billion in view of currently rising unit fuel prices and other such cost increases.
  - 4) Other operating expenses  
We increased our forecast for other operating expenses by ¥3.0 billion to reflect costs of addressing quality issues with Cool TA-Q-BIN and increased delivery volumes. Whereas that figure factors in ¥1.5 billion less for depreciation, forecasted at ¥43.5 billion previously, in light of lower capital expenditures, it also factors in increased purchases of equipment for Cool TA-Q-BIN, and higher computer expenses.
- (3) We plan for total capital expenditure of ¥85.0 billion, which comes to ¥5.0 billion less than in the prior forecast.
- (4) While you should refer to page 16 of the Supplementary Materials for an itemized account of capital expenditure, items that have been updated from the previous forecast include an increase of ¥3.0 billion for vehicle investment, an increase of ¥6.0 billion for buildings, and a decrease of ¥2.0 billion for cargo handling equipment. The ¥3.0 billion increase in vehicle investment is not attributable to the Company, but rather the entire amount is associated with expansion of the lease business which is part of the Financial Business segment.

That concludes my explanation.

This presentation material is posted on the Company's website in the Investor Relations section in PDF format.

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