

Message From the Management



The Yamato Group is dedicated to refining its *Takkyubin* (door-to-door parcel delivery) service, developing revolutionary approaches to logistics, and providing ever-more convenient services.

Yamato Transport Co., Ltd. again faced an extremely competitive operating environment in fiscal 2004, ended March 31, 2004, as personal consumption remained weak despite signs of economic recovery in Japan, and fees in the truck transport industry showed no prospects for recovery.

Under these conditions, we refined our core delivery business under a plan to "reengineer our *Takkyubin* network" and further segment it to provide more detailed and satisfactory service to our customers. We also demarcated lines of responsibility more clearly in each of our businesses and spun off some business units to increase the speed and accuracy of management decision-making. These activities resulted in a 4.0% rise in consolidated operating revenues to ¥1,011,344 million (U.S.\$9,569 million), breaking the ¥1 trillion mark for

the first time in the Group's history. Reflecting expenses related to restructuring of *Takkyubin* operations and investment to strengthen *Kuroneko Mail*, operating income declined 17.9% to ¥46,659 million (U.S.\$441 million). However, this was offset by write-backs from the reserve for retirement benefits associated with the switch to a new corporate pension system. Consequently, net income rose 2.6% to ¥49,783 million (U.S.\$471 million).

Progress in Achieving Medium-Term Plan Targets

In fiscal 2004, the Yamato Group continued to refine its *Takkyubin* business and strengthen Group management as called for in its current medium-term business plan, inaugurated in April 2002. As part of this effort, we increased the number of our *Takkyubin* delivery centers to deepen the roots of our service network in local communities and to ensure that our services are always close at hand for our customers. We also shifted toward a personnel structure based on small groups to better allow our employees to demonstrate their full abilities, sought to ensure that all of our businesses are capable of operating as

stand-alone units, and pursued greater administrative efficiency, all with the aim of creating a system capable of generating sustainable growth. And although costs associated with structural reforms and renewing our *Kuroneko Mail* service put pressure on earnings, we remained true to the corporate philosophy that has guided operations for three decades: "Service First." Ultimately, we chose to give priority to maintaining the quality of our services, even if that meant higher costs on the year.

We look forward to your continued support in these endeavors.

Keiji Aritomi

Keiji Aritomi
Chairman

Atsushi Yamazaki

Atsushi Yamazaki
President



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