

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



**July 31, 2013
YAMATO HOLDINGS CO., LTD.**

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I am Kenichi Shibasaki, and I am in charge of Financing and Accounting and Investor Relations at Yamato Holdings, Co, Ltd.

Thank you for participating in today's telephone meeting.

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

1. Highlight

Three Months FY 2014 Results Main Points

**1Q FY 2014 ended with operating income at the high level of ¥9.1 billion.
The Delivery Business had a large YoY increase in operating income with the TA-Q-BIN large-lot corporate client market benefiting from a dramatic increase in mail-order related freight and the retail market also faring strongly.**

Trends of Delivery Business

- Looking at the TA-Q-BIN delivery volume for 1Q FY 2014, mail-order related freight in the large-lot corporate client market continued to increase strongly. 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 1Q FY 2014 was level YoY despite the impact of stricter parcel acceptance policies and intensification of competition.

Trends of Non-Delivery Business

- **BIZ-Logistics Business** Operating income ended within expectations despite a slight YoY decline.
- **Home Convenience Business** The household effects delivery business performed strongly with an operating revenue increase of ¥0.7 billion yen. Although ending with operating loss of ¥0.3 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 increased firmly and operating revenue increased. Operating income was level YoY.

I will now give a summary for the three months ended June 30, 2013.

As the detailed figures are on slides 2 and 3, please look at these slides.

- (1) Consolidated operating revenue increased ¥15.7 billion to ¥314.5 billion, with revenue increases occurring in all segments.
- (2) Consolidated operating income rose ¥3.9 billion to ¥9.1 billion, a near-record high-level.
- (3) In the Delivery Business, mail-order related freight in the large-lot corporate client market increased strongly and the TA-Q-BIN delivery volume was strong. These results also exceeded the plan made based on the earnings forecasts.
- (4) In the non-delivery businesses, no significant changes in trends are occurring, and we ended roughly the same as forecasted. The circumstances for each business are as stated.

2. Overview of Operating Results (2)

(Billions of yen)

	3 Months FY2014 (Actual)	3 Months FY2013 (Actual)	YoY Change	
			Amount	[%]
Operating revenues				
Delivery	249.7	237.2	12.5	5.3
Non-Delivery	64.7	61.6	3.1	5.2
Total	314.5	298.8	15.7	5.3
Operating income	9.1	5.1	3.9	77.4
[Profit margin]	2.9%	1.7%	-	-
Ordinary income	9.4	5.6	3.7	65.8
[Profit margin]	3.0%	1.9%	-	-
Net income	4.7	2.2	2.5	114.3
[Profit margin]	1.5%	0.7%	-	-

Here we see the operating results.

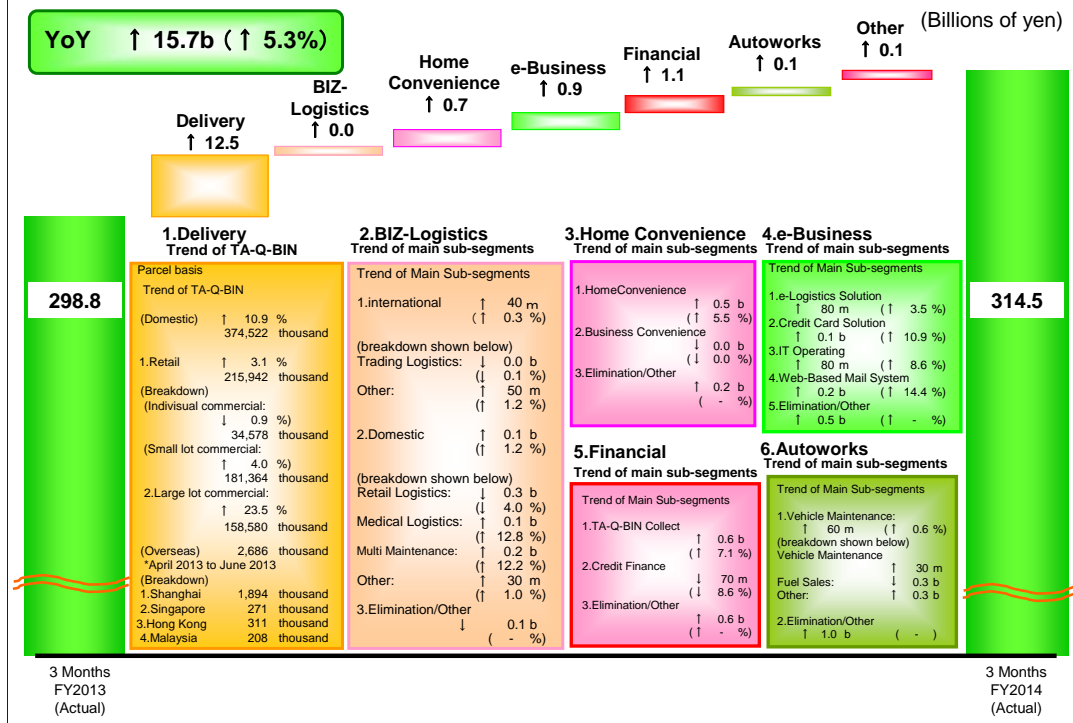
Operating revenue and operating income are as I explained.

(1) Ordinary income and other results are as stated.

(2) There were no extraordinary income or loss to make special note of during the first quarter.

3. YoY Analysis of Consolidated Operating Revenues

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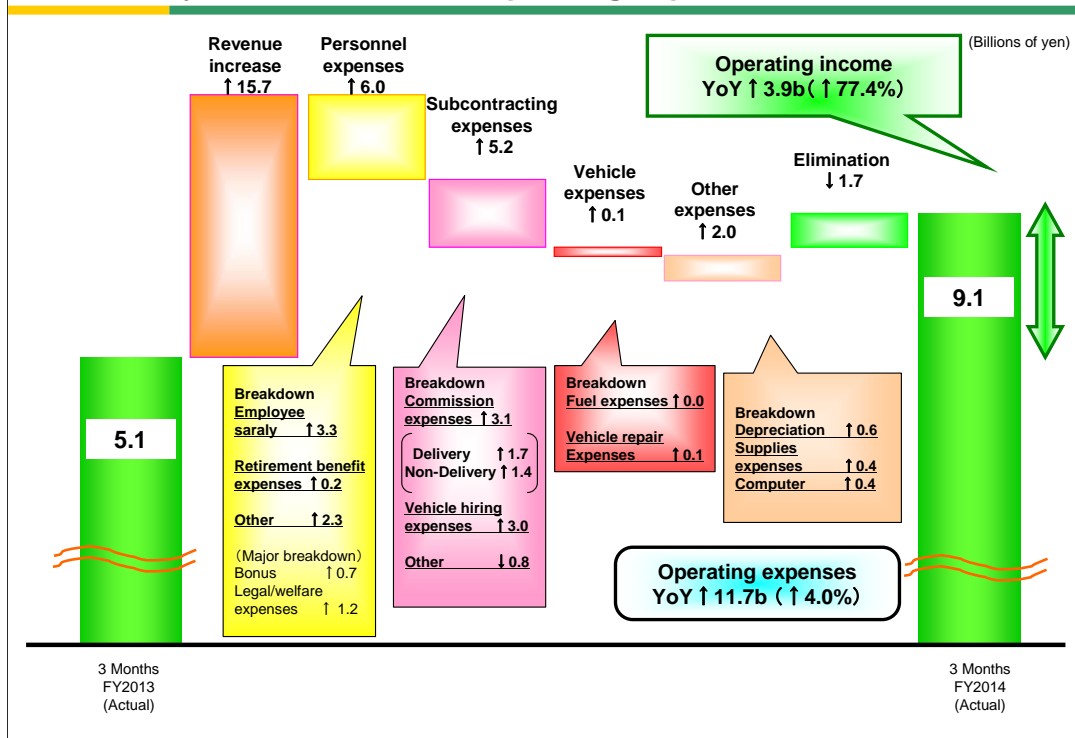


Next is the YoY analysis of changes in consolidated operating revenue.

(1) As these have been mentioned in slide 1, I will omit the details, but all segments achieved revenue increases, the most notable of which was in the Delivery Business.

4. YoY Analysis of Consolidated Operating Expenses

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Now for the analysis of changes in consolidated operating expenses.

- (1) In general, there is overall control of costs. In comparison with a 5.3% YoY increase in operating revenue, operating expenses were constrained to a 4.0% YoY increase.
- (2) There were no changes in accounting standards or accounting items to make special note of during the first quarter.
- (3) As the statements for consolidated operating expenses and delivery business expenses are on slides 9 and 10, please look at these slides together with this slide.
- (4) Here I will add supplementary points for each expense item.

Personnel expenses rose ¥6.0 billion YoY.

Employee salary and retirement benefit expenses were as stated.

In a breakdown by segment, each segment ended roughly to plan but most of the increase was attributable to the Delivery Business.

In Other personnel expenses, there was a YoY increase of ¥2.3 billion.

Breakdown: (1) Welfare/Legal expenses +¥1.2 billion

(2) Bonus +¥0.7 billion

(3) Day laborer wages +¥0.4 billion

- (5) Subcontracting expenses rose ¥5.2 billion YoY.

Looking at the breakdown of this, commission expenses rose ¥3.1 billion YoY. This was a rise of ¥1.7 billion in the Delivery Business and a rise of ¥1.4 billion incurred along with revenue increases in the non-delivery businesses such as the BIZ-Logistics Business and Financial Business.

- (6) Vehicle hiring expenses rose ¥3.0 billion YoY.

The amount of increase in the Delivery Business was ¥2.7 billion YoY.

- (7) In Other subcontracting expenses, there was a decrease of ¥0.8 billion YoY.

There were decreases in inter-segment transactions, as well as purchase costs, etc.

- (8) Vehicle expenses rose ¥0.1 billion YoY. Vehicle repair expenses increased by the same amount.

Fuel expenses were about the same as for the previous year.

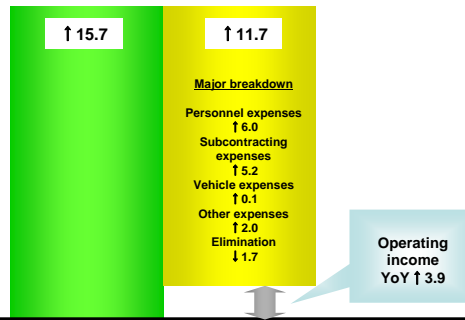
- (9) Other expenses increased ¥2.0 billion YoY.

Looking at the breakdown of this, although depreciation increased by ¥0.6, various other items included in other expenses such as computer expenses and facility expenses are tending to increase.

5. Quarterly YoY Trends of Consolidated Operating Income

In 1Q FY 2014, operating income rose ¥3.9 billion YoY to the high-level amount of ¥9.1 billion, owing to strong revenue performance coupled with cost control.

(Billions of yen)



1st Quarter
FY2014
(Actual)

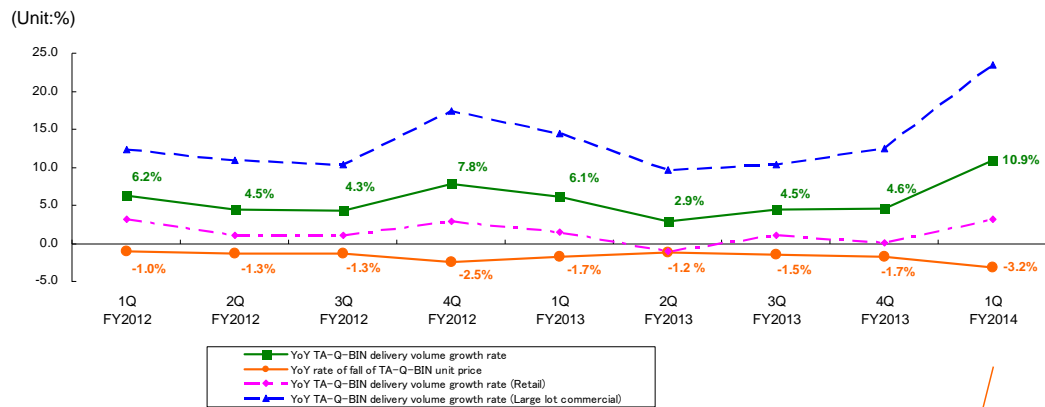
 YoY change in operating revenues  YoY change in operating expenses

Now we come to quarterly YoY trends of consolidated operating income.

(1) As I explained at the start, the first quarter demonstrated a good performance, ending with a near-record high level of operating income.

6. Quarterly YoY Trends of TA-Q-BIN Delivery Volume and Unit Price YAMATO HOLDINGS CO., LTD.

Concerning TA-Q-BIN delivery volume, mail-order related freight in the large-lot corporate client market increased strongly. The retail market was also strong. The only reason for the fall in unit price is the changing freight product mix.



1Q FY2014 unit price fall rate by market (YoY)

Retail: ↓ 0.5%

Large lot commercial: ↓ 3.2%

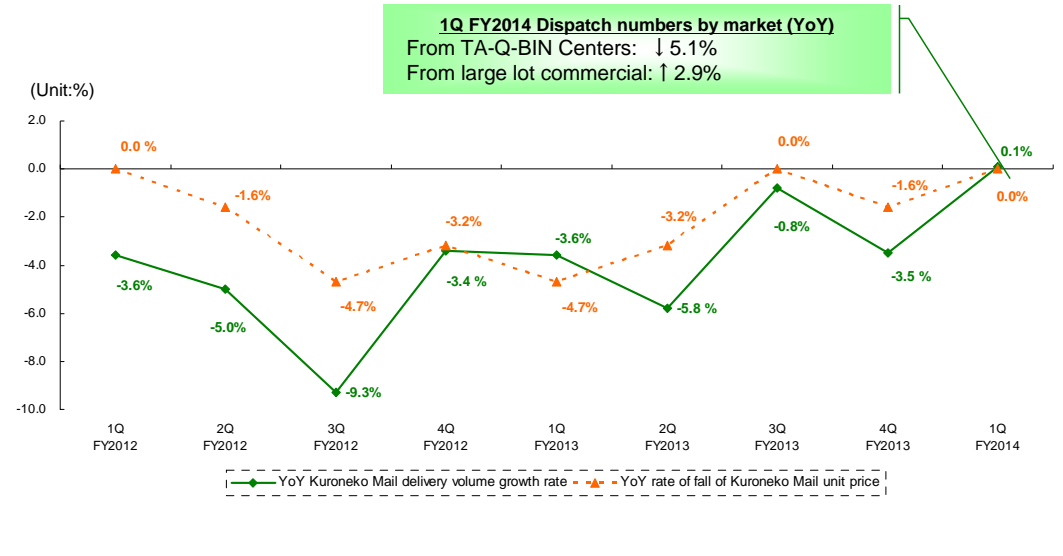
(excluding major large lot customers ↓ 0.7%)

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 stable.
- (2) Delivery volume in TA-Q-BIN grew firmly, particularly for large-lot corporate client market, in line with mail-order market growth. Specifically, in the first quarter, the impact from receiving many shipments from mail-order related large-lot customers resulted in a 10.9% increase YoY on a TA-Q-BIN delivery volume basis. As a breakdown of this, the impact from the increase in shipments from large-lot customers was about 4.0%.
- (3) In a breakdown by market, the retail market had an increase of 3.1% YoY and the large-lot corporate client market rose 23.5% YoY.
- (4) Unit prices in TA-Q-BIN also remained stable. The YoY difference in the rate of fall of unit price in the first quarter was minus 3.2% due to a substantial increase in freight for large-lot corporate clients using volume discounts. Although the rate of fall appears to be bigger, this decreasing trend is the result of changes to the freight product mix.
- (5) Breaking the rate of fall of unit price by market, the YoY difference in the first quarter was minus 0.5% for the retail market and minus 3.2% for the large-lot corporate client market. The retail market can be grouped into the small-lot commercial market and the individual customer (C2C) market. Looking at unit prices in the small-lot commercial market only, they were roughly unchanged YoY. Moreover, if the major mail-order related large-lot customers are excluded from the large-lot corporate client market, the unit price in the large-lot corporate client market was also roughly unchanged YoY at minus 0.7%.

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

Kuroneko Mail delivery volume was level YoY despite the impact of stricter parcel acceptance policies and intensification of competition.



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

(1) Overall, Kuroneko Mail delivery volume for the first quarter increased 0.1% YoY.

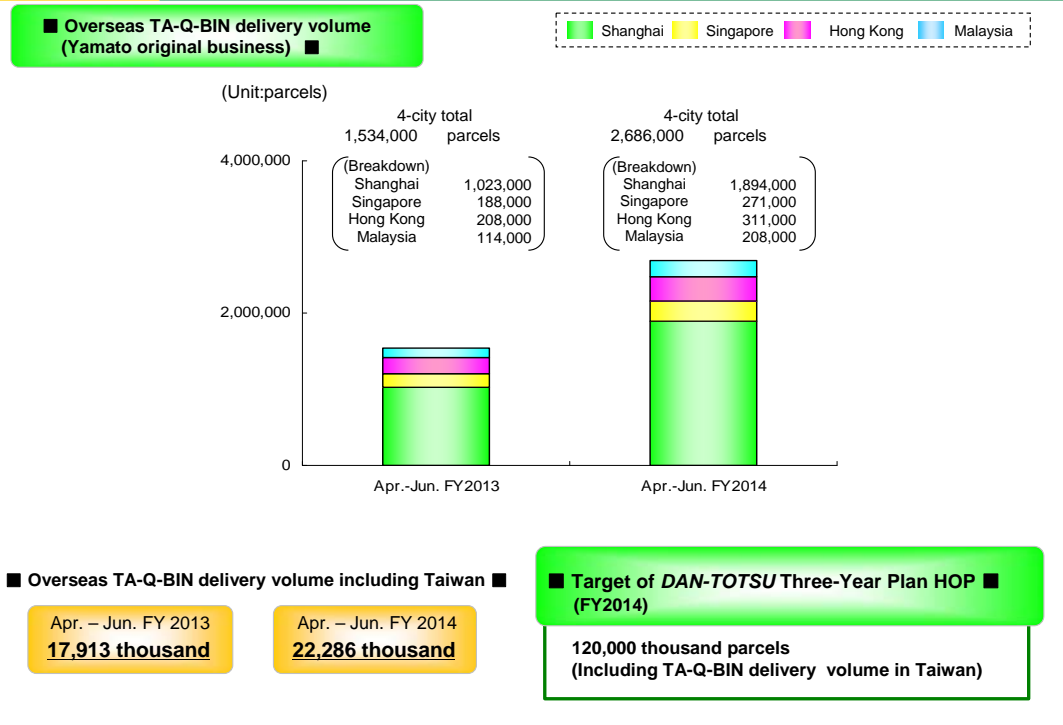
In the large-lot corporate client market, which mostly consisted of direct mail, delivery volume increased 2.9%, while in the small-lot commercial market, for which deliveries are dispatched from TA-Q-BIN centers, it decreased 5.1%.

(2) While the impact of stricter parcel acceptance policies has almost come to an end, the intensification of competition in the current environment affected the results.

(3) Kuroneko Mail unit price in the first quarter ended unchanged YoY.

8. Progress of TA-Q-BIN Business Overseas

 YAMATO HOLDINGS CO., LTD.



There now follows an explanation of the TA-Q-BIN business overseas.

- (1) Delivery volume is growing steadily and parcel-delivery-service needs in the respective overseas markets are clearly emerging.
- (2) In addition to boosting our business in existing overseas markets, we plan to expand international intermodal transportation services linking each of these countries and regions.
- (3) As one of our initiatives toward constructing an international intermodal transportation service in the Asian region, in November 2012, we started a next-day document delivery service that utilizes the Okinawa International Logistics Hub.

From May 2013, we commenced a next-day delivery service for small-lot parcels, which signifies steady expansion of our business overseas.

9.YoY Analysis of Consolidated Operating Expenses

(Millions of yen)

	3 Months FY2014 (Actual)	3 Months FY2013 (Actual)	YoY Change	
			Amount	[%]
Operating revenues	314,551	298,807	15,744	5.3
Operating expenses	305,414	293,656	11,758	4.0
Personnel expenses	168,850	162,839	6,011	3.7
Employee salary	116,019	112,644	3,374	3.0
Retirement benefit expenses	3,661	3,375	286	8.5
Other personnel expenses	49,169	46,819	2,350	5.0
Subcontracting expenses	120,373	115,091	5,281	4.6
Commission expenses	47,981	44,854	3,126	7.0
Vehicle hiring expenses	38,240	35,195	3,045	8.7
Other subcontracting expenses	34,151	35,041	(890)	(2.5)
Vehicle expenses	11,076	10,899	176	1.6
Fuel expenses	6,485	6,430	54	0.9
Other operating expenses	62,708	60,682	2,026	3.3
Depreciation	8,794	8,193	601	7.3
Elimination	(57,595)	(55,856)	(1,738)	3.1

An explanation on operating expenses has already been provided for in slide 4.

Please refer to slides 9 and 10 for statements of expenses.

10.YoY Analysis of Delivery Business Expenses

(Millions of yen)

	3 Months FY2014 (Actual)	3 Months FY2013 (Actual)	YoY Change	
			Amount	[%]
Operating revenues	249,756	237,200	12,555	5.3
Operating expenses	246,537	237,584	8,953	3.8
Personnel expenses	142,564	137,426	5,137	3.7
Employee salary	96,734	93,978	2,756	2.9
Retirement benefit expenses	2,985	2,688	297	11.1
Other personnel expenses	42,843	40,759	2,083	5.1
Subcontracting expenses	71,289	67,696	3,592	5.3
Commissison expenses	25,554	23,851	1,703	7.1
Vehicle hiring expenses	36,447	33,702	2,745	8.1
Other subcontracting expenses	9,286	10,143	(856)	(8.4)
Vehicle expenses	9,446	9,282	164	1.8
Fuel expenses	5,204	5,175	29	0.6
Other operating expenses	45,287	43,833	1,454	3.3
Depreciation	6,311	5,802	509	8.8
Elimination	(22,050)	(20,654)	(1,395)	6.8

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

An explanation on operating expenses has already been provided for in slide 4.
Please refer to slides 9 and 10 for statements of expenses.

11. Forecasts of FY 2014 Operating Results (1)

(Billions of yen)

	FY2014 (New Forecast) A	FY2013 (Actual)	FY2014 (April 2013 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,345.0	1,282.3	1,337.0	62.6	4.9	8.0	0.6
Operating income	71.0	66.2	70.0	4.7	7.2	1.0	1.4
[Profit margin]	5.3%	5.2%	5.2%	-	-	-	-
Ordinary income	72.0	67.9	71.0	4.0	5.9	1.0	1.4
[Profit margin]	5.4%	5.3%	5.3%	-	-	-	-
Net income	40.5	35.1	40.0	5.3	15.2	0.5	1.3
[Profit margin]	3.0%	2.7%	3.0%	-	-	-	-

I will now explain the full-year forecasts for operating revenue and operating income.

- (1) Considering the current operating results, we now expect the operating results will exceed the operating forecasts for the six months that we announced at the beginning of the year. Accordingly, we upwardly revised our forecasts for operating revenue and operating income for the six months.

Based on this, we also upwardly revised our full-year forecasts for both operating revenue and operating income to reflect the revision made to the operating forecasts for the six months.

12.Forecast of FY2014 Operating Results (2)

 YAMATO HOLDINGS CO., LTD.

(Millions of yen)

	FY2014 (New Forecast) A	FY2013 (Actual)	FY2014 (April 2013 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues							
Delivery	1,072,000	1,028,219	1,063,000	43,780	4.3	9,000	0.8
BIZ-Logistics	94,000	86,806	94,000	7,193	8.3	0	0.0
Home Convenience	48,500	44,601	48,500	3,898	8.7	0	0.0
e-Business	41,000	37,060	41,000	3,939	10.6	0	0.0
Financial	60,000	56,710	59,000	3,289	5.8	1,000	1.7
Autoworks	23,500	23,228	25,500	271	1.2	(2,000)	(7.8)
Other	6,000	5,746	6,000	253	4.4	0	0.0
Total	1,345,000	1,282,373	1,337,000	62,626	4.9	8,000	0.6
Operating income							
Delivery	44,500	41,908	43,500	2,591	6.2	1,000	2.3
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	7,000	6,986	7,000	13	0.2	0	0.0
Financial	9,100	8,516	9,100	583	6.9	0	0.0
Autoworks	3,100	2,666	3,100	433	16.3	0	0.0
Other	26,100	18,762	26,600	7,337	39.1	(500)	(1.9)
Subtotal	94,200	82,407	93,700	11,792	14.3	500	0.5
Elimination	(23,200)	(16,204)	(23,700)	(6,995)	-	500	-
Total	71,000	66,202	70,000	4,797	7.2	1,000	1.4
[Profit margin]	5.3%	5.2%	5.2%	-	-	-	-
Ordinary income							
Total	72,000	67,991	71,000	4,008	5.9	1,000	1.4
[Profit margin]	5.4%	5.3%	5.3%	-	-	-	-
Net income							
Total	40,500	35,144	40,000	5,355	15.2	500	1.3
[Profit margin]	3.0%	2.7%	3.0%	-	-	-	-

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

- (1) We aim to increase operating revenue and operating income in all segments.

We have slightly adjusted the breakdown of operating revenue and operating income forecasts by segment in light of current operating performance trends. The major reason for the upward revision was that the TA-Q-BIN delivery volume is expected to be more than assumed by the forecast announced at the beginning of the fiscal year. The revisions are therefore mostly centered on the Delivery Business.

- (2) As the forecast related figures are stated on pages 10 onwards in the Supplementary Materials, please have a look at those pages. Here is a simple explanation of the forecast assumptions.

In the Delivery Business, we aim to increase operating revenue by ¥43.7 billion YoY and operating income by ¥2.5 billion YoY.

Compared with the forecasted figures at the beginning of FY2014, the amounts of upward revision in these forecasts are ¥9.0 billion in operating revenue and ¥1.0 billion in operating income.

We expect the delivery volume to increase 8.6% YoY to 1,615 million parcels, and the unit price to drop 3.2% to ¥572.

Compared with the forecast at the beginning of FY2014, this is an upward revision in the delivery volume by 43 million parcels and a downward revision in unit price by ¥11.

As the current competitive environment is stabilizing and there appears to be strong growth centered on the large-lot corporate client market driven by expansion in the mail order market, we expect this trend to continue in FY2014.

- (3) Based on current trends, we expect Kuroneko Mail will also gradually recover. We assume the delivery volume will increase 2.4% YoY to 2,163 million parcels and the unit price will drop 1.6% YoY to ¥60.

Compared with the forecast at the beginning of FY2014, the delivery volume has been revised upwardly by 5 million parcels but the unit price remains unchanged.

13. Forecasts of FY 2014 Operating Results (3)

 YAMATO HOLDINGS CO., LTD.

Assumptions of forecasts

Operating revenues

Delivery Business

- TA-Q-BIN parcels (thousands; forecast) 1,615,000 (YoY ↑ 8.6%)
- TA-Q-BIN unit price (forecast) ¥572 (YoY ↑ 3.2%)
- Kuroneko Mail units (thousands; forecast) 2,163,000 (YoY ↑ 2.4%)
- Kuroneko Mail unit price (forecast) ¥60 (YoY ↓ 1.6%)

(Millions of yen)

	FY2014 (New Forecast) A	FY2013 (Actual)	FY2014 (April 2013 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,345,000	1,282,373	1,337,000	62,626	4.9	8,000	0.6
Operating expenses	1,274,000	1,216,170	1,267,000	57,829	4.8	7,000	0.6
Personnel expenses	694,000	666,637	691,000	27,362	4.1	3,000	0.4
Employee salary	478,000	458,451	478,000	19,548	4.3	0	0.0
Retirement benefit expenses	15,000	14,501	15,000	498	3.4	0	0.0
Other personnel expenses	201,000	193,684	198,000	7,315	3.8	3,000	1.5
Subcontracting expenses	507,000	483,326	503,000	23,673	4.9	4,000	0.8
Commission expenses	202,000	189,555	197,000	12,444	6.6	5,000	2.5
Vehicle hiring expenses	158,000	148,213	154,000	9,786	6.6	4,000	2.6
Other subcontracting expenses	147,000	145,556	152,000	1,443	1.0	(5,000)	(3.3)
Vehicle expenses	45,500	43,741	44,500	1,758	4.0	1,000	2.2
Fuel expenses	28,000	25,779	27,000	2,220	8.6	1,000	3.7
Other operating expenses	273,500	255,436	272,500	18,063	7.1	1,000	0.4
Depreciation	44,500	37,935	44,500	6,564	17.3	0	0.0
Elimination	(246,000)	(232,970)	(244,000)	(13,029)	-	(2,000)	-

Personnel expenses

- Employee salary, Employees (consolidated; forecast) Total 192,400 (YoY ↑ 15,292 / ↑ 8.6%)
- Full-time 86,700 (YoY ↑ 2,278 / ↑ 2.7%)
- Part-time 105,700 (YoY ↑ 13,014 / ↑ 14.0%)
- Other personnel expenses Increase due to revision to the rate of social insurance

Capital Expenditure

- Capital Expenditure (millions, forecast) 90,000

Lastly, this slide shows our forecasts of consolidated operating expenses.

(1) The FY2014 forecasts of each operating expense item are as shown in the slide.

In light of current trends, we have also made revisions to each expense item.

(2) In Personnel expenses, we upwardly revised other personnel expenses by ¥3.0 billion compared with the forecast at the beginning of FY2014.

The reasons for this were an increase due to revision to the rate of social insurance, and increases in bonuses and welfare expenses, etc. accompanying increased personnel in the Delivery Business.

(3) In Subcontracting expenses, Commission expenses was revised upwardly by ¥5.0 billion and Vehicle hiring expenses was revised upwardly by ¥4.0 billion. These revisions can be considered as being almost linked to the increased TA-Q-BIN delivery volume.

Other subcontracting expenses was revised because of its link with the drop in the cost of fuel purchases, etc. in the Autoworks Business.

(4) Other operating expenses was upwardly revised by ¥1.0 billion from the forecast announced at the beginning of the fiscal year. Although depreciation remained unchanged, communication and transportation expenses, etc. increased accompanying the firm growth of the e-Business.

(5) The forecast of capital expenditure remained unchanged from the forecast at the beginning of FY2014 with respect to both the total amount and the breakdown.

(6) Although the performance in the first quarter was extremely good, in the Delivery Business in particular, we will not relax our efforts in the second quarter and beyond. While expanding operating revenue and tightening cost control, we will strive to achieve an operating income of ¥71.0 billion, which will surpass our record for highest income.

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