YAMATO HOLDINGS CO., LTD.

YAMATO HOLDINGS CO., LTD. Annual Report 2009

Creating Satisfaction

ALWAYS INNOVATING

Annual Report 2009

Year ended March 31, 2009

Profile

The Yamato Group consists of Yamato Holdings Co., Ltd. ("the Company"), 44 subsidiaries and four affiliated companies. It is primarily involved in seven business segments: Delivery, BIZ-Logistics, Home Convenience, e-Business, Financial, Truck Maintenance and Other, as well as services incidental to these activities.

The goal of the Yamato Group is to help bring about a better society by further refining the *Takkyubin* network, which is a part of the social infrastructure, creating services that facilitate more convenient, comfortable lifestyles, and developing innovative logistics systems. The Group has managed its businesses in pursuit of this goal, toward which it will continue to strive. To this end, the Group is working to maximize corporate value through improving quality by constantly putting ourselves in our customers' position, while also using the capabilities of the whole Group to develop unique services that further improve convenience for our customers.

Contents

Forward-Looking Statements

This annual report contains forward-looking statements concerning Yamato Holdings' future plans, strategies and performance. These statements represent assumptions and beliefs based on information currently available and are not historical facts. Furthermore, forward-looking statements are subject to a number of risks and uncertainties that include, but are not limited to, economic conditions, customer demand, foreign currency exchange rates, tax laws and other regulations.

Yamato Holdings therefore cautions readers that actual results may differ materially from these predictions.

To Our Shareholders

Creating Satisfaction
ALWAYS INNOVATING

Keiji Aritomi Kaoru Seto

Fiscal 2009, ended March 31, 2009, was the first year of our "Create Satisfaction Three-Year Plan" medium-term management plan. The Yamato Group worked toward the two major policies outlined in the plan: establishing the overwhelming leadership position in the parcel delivery service market and creating strategic global footholds in the Asian region.

However, due in part to the impact of the rapid economic deterioration triggered by the global financial crisis, the number of parcels handled in the *Takkyubin* business declined year on year for the first time since we began offering the service. The Yamato Group's consolidated operating revenues for the year totaled ¥1,251,922 million, while consolidated operating income amounted to ¥55,721 million.

For Yamato Holdings as well, the rapid economic deterioration has had no small impact on our results. Indeed, we have faced an extremely difficult management environment during the year.

Under these circumstances, we were able to receive two major types of feedback. The first is that through combining logistics technology (LT), information technology (IT), and financial technology (FT), we have been able to create a solutions business for corporation clients that our competitors will be hard pressed to duplicate. The second is that in the delivery business we have simultaneously achieved both stronger cost-competitiveness through productivity-enhancing innovations in *Takkyubin* operations and also improved our services.

I will explain in more detail later, but the summary is that, amid this economic slump, we have transformed ourselves into a solutions provider, while at the same time successfully reducing costs by implementing full-fledged reforms to our *Takkyubin* business, which we have continuously offered for over 30 years. I am firmly aware that these accomplishments are the result of our innovative spirit.

In last year's annual report, we described our stance as "Still a Leader, Still an Innovator." Carrying on that theme, this year our core concept is "Always Innovating." Going forward, we will continue to leverage the many valuable assets we have built up over the years to maximize corporate value.

Regarding dividends, in the fiscal year under review we paid a year-end dividend of ¥11 per share, as well as an interim dividend of ¥11 per share, for a total of ¥22 per share.

To all our shareholders, I ask for your continued support and encouragement going forward.

Keiji Aritomi

Keiji Aritomi
Director and Chairman

Kaoru Seto

Kaoru Seto
Representative Director,
President and Executive Officer

Six-Year Consolidated Financial Summary

	Millions of Yen						Thousands of U.S. Dollars (Note 1)
	2009	2008	2007	2006	2005	2004	**2009**
Operating revenues	**¥1,251,922**	¥1,225,974	¥1,161,568	¥1,144,961	¥1,071,903	¥1,011,344	**$12,744,802**
Delivery	**997,898**	981,142	934,607	908,228	–	–	**10,158,794**
Non-Delivery	**254,024**	244,832	226,961	236,733	–	–	**2,586,008**
Operating costs	**1,167,764**	1,129,008	1,064,044	1,043,372	998,786	945,201	**11,888,058**
Selling, general and administrative expenses	**28,437**	28,786	30,363	32,868	21,914	19,484	**289,494**
Operating income	**55,721**	68,180	67,161	68,721	51,203	46,659	**567,250**
Delivery (Note 2)	**31,344**	40,350	43,698	47,053	–	–	**319,094**
Non-Delivery (Note 2)	**24,376**	27,830	23,463	21,668	–	–	**248,156**
Income before income taxes and minority interests	**48,996**	67,596	66,825	7,712	61,741	87,293	**498,789**
Income taxes	**23,349**	31,447	32,470	31,276	27,959	37,515	**237,696**
Net income (loss)	**25,523**	35,353	33,813	(23,968)	33,848	49,783	**259,834**

	Yen						U.S. Dollars (Note 1)
Per share of common stock:							
Basic net income (loss)	**¥ 57.60**	¥ 79.80	¥ 75.59	¥ (53.47)	¥ 74.02	¥ 107.51	**$ 0.59**
Diluted net income	**56.45**	78.12	74.00		72.48	105.20	**0.57**
Cash dividends	**22.00**	22.00	20.00	20.00	18.00	18.00	**0.22**
Net assets per share	**1,073.86**	1,050.99	1,005.63	951.08	1,019.02	971.84	**10.93**

	Millions of Yen						Thousands of U.S. Dollars (Note 1)
Working capital	**¥ 159,937**	¥ 125,355	¥ 140,377	¥ 123,483	¥ 80,843	¥ 74,803	**$ 1,628,185**
Total shareholders' equity	**475,815**	465,801	445,263	423,690	458,792	443,715	**4,843,885**
Total assets	**869,606**	874,219	829,721	793,222	676,156	652,792	**8,852,750**
Capital expenditures	**45,856**	124,832	48,881	48,865	40,966	47,587	**466,821**
Depreciation and amortization	**42,697**	44,772	40,150	35,003	37,146	35,663	**434,662**
Net cash provided by operating activities	**84,463**	116,896	80,763	84,675	76,642	41,064	**859,847**
Operating income margin (%)	**4.45**	5.56	5.78	6.00	4.78	4.61	**–**
Return on revenues (%)	**2.04**	2.88	2.91	(2.09)	3.16	4.92	**–**
Return on assets (%)	**2.93**	4.15	4.17	(3.26)	5.09	7.61	**–**
Return on equity (%)	**5.42**	7.76	7.78	(5.43)	7.50	11.71	**–**
Current ratio (%)	**158.00**	144.89	149.30	143.77	142.85	142.39	**–**
Equity ratio (%)	**54.72**	53.28	53.66	53.41	67.85	67.97	**–**
Assets turnover (Times)	**1.44**	1.44	1.43	1.56	1.61	1.55	**–**
Interest coverage ratio (Times)	**58.57**	223.00	260.66	137.92	104.19	65.17	**–**
Number of employees	**170,662**	169,836	157,653	152,787	141,602	131,974	**–**
Full-time	**82,601**	80,843	77,170	75,552	74,571	69,398	**–**
Part-time	**88,061**	88,993	80,483	77,235	67,031	62,576	**–**
Takkyubin delivery volume (Millions of parcels)	**1,232**	1,236	1,174	1,128	1,063	1,011	**–**
Unit price (Note 3) (Yen)	**645**	644	647	653	666	682	**–**
Kuroneko Mail handling volume (Millions of units)	**2,231**	2,206	1,970	1,734	1,432	994	**–**
Unit price (Yen)	**65**	64	66	69	73	84	**–**

Notes: 1. U.S. dollar amounts have been translated, for convenience only, at the rate of ¥98.23 to U.S.$1.
2. In November 2005, the Yamato Group shifted to a pure holding company structure, with Yamato Holdings Co., Ltd. as the parent company. This decision was made in order to clarify the distinction between decision-making and business execution functions, with a view to optimizing the distribution of management resources and increasing the speed of operations. Since the year ended March 31, 2006, the Group has reported operating income for the delivery business and non-delivery businesses with eliminations or corporate allocated by segment. Eliminations or corporate for the current and previous fiscal years are shown with segment information on p.42. Eliminations or corporate for the year ended March 31, 2006 were ¥2,602 million. Elimination or corporate for the year ended March 31, 2007 were ¥31,889 million.
3. Operating revenues for *Takkyubin* operations for fiscal 2009 include the revenues of consigned business from the Domestic Air-Freight business as a result of the business' in-house spin-off. Unit price calculated by the same method as the previous year was ¥643.

An Always Innovative SOLUTIONS PROVIDER

Representative Director, President and Executive Officer **Kaoru Seto**

The Yamato Group Today

Fiscal 2009 marked the first year of our medium-term management plan "Create Satisfaction Three-Year Plan." Earnings-wise, we saw higher revenues but lower profits, with operating revenues growing 2.1% year on year, while operating income declined 18.3%. Excluding the impact of the spinoff of the express business from the delivery business, however, operating revenues were actually down by 0.2%. Operating income was not affected by the spinoff, and thus still fell by 18.3%. Thus, both revenues and profits declined year on year.

Beginning on page 10 of this report, we will explain the main results in each business. However, fiscal 2009 was a special year in many ways, not least in historical terms due to the rapid deterioration of the economy caused by the global financial crisis. In light of this, I would like to start by giving an overview of what we accomplished during that year.

First, with the aim of establishing long-term growth for the Group in the future, we promoted two major policies.

1. Establish an overwhelming leadership position in the parcel delivery service market, based around *Takkyubin*.
2. Bring together the logistics technology (LT), information technology (IT), and financial technology (FT) functions of the *Takkyubin* business to leverage the management resources of the Group as a whole and create new businesses.

Financial Results

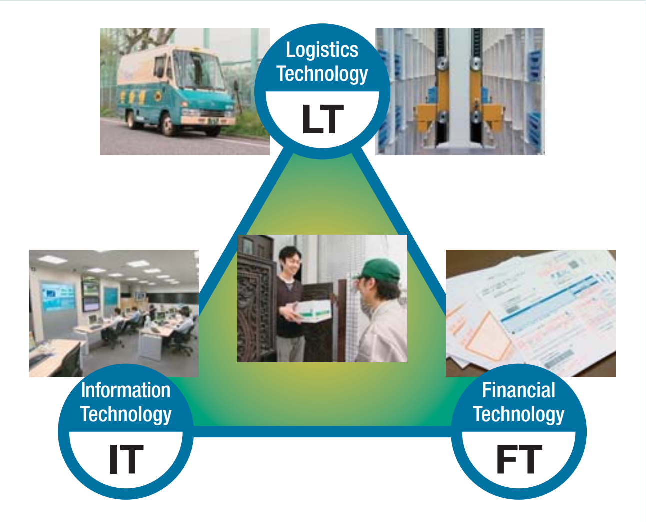
	Millions of Yen						
						Change	
	FY05/3	FY06/3	FY07/3	FY08/3	**FY09/3**	Increase/ Decrease	YoY (%)
Operating Revenues							
Delivery	–	¥ 908,228	¥ 934,607	¥ 981,142	**¥ 997,898**	¥ 16,756	1.7
Non–Delivery	–	236,733	226,961	244,832	**254,024**	9,192	3.8
Total	¥1,071,903	1,144,961	1,161,568	1,225,974	**1,251,922**	25,948	2.1
Operating Income	51,203	68,721	67,161	68,180	**55,721**	(12,459)	(18.3)
(Margin)	4.8%	6.0%	5.8%	5.6%	**4.5%**	–	–
Net Income (loss)	33,848	(23,968)	33,813	35,353	**25,523**	(9,830)	(27.8)
(Margin)	3.2%	(2.1)%	2.9%	2.9%	**2.0%**	–	–

In November 2005, we clearly separated decision-making functions from business execution functions, and transferred to a pure holding company system with the new Yamato Holdings Co., Ltd. as the parent company. This move enabled us to achieve optimal allocation of management resources and increase the speed of management, as well as to promote the smooth portfolio management needed to achieve our two policies.

Here I would like to stress that the core of the strategy that Yamato Group has been promoting is not simply to diversify our operations, but to combine the many valuable assets we have accumulated over the years to create new added value.

Based on this point, we placed special priority on two initiatives out of all those called for by a number of management issues, and worked to generate results.

First, we strove to make drastic revisions to the operating methods we have been using for over 30 years. To achieve this, for a short time we took on double our typical personnel costs. Despite these higher costs, however, we got the productivity-enhancing reforms to the *Takkyubin* operations up and running, and made progress toward further firming our



Results of Labor Productivity Improvement Measures

management base to allow the Yamato Group to realize continuous growth going forward.

Second, for our corporate clients in the manufacturing, mail-order sales and logistics industries, we not only offered high-quality, low-cost shipping, but also built various solutions businesses that provide new value such as improving cash flows through enhanced sales capabilities and reduced inventories. Over the year, we prepared a framework that will allow us to promote business still further from fiscal 2010.

Unfortunately, due to the rapid economic slowdown, we were unable to avoid a drop in operating revenues. However, we view our ability to make major improvements in cost management and transform ourselves into a solutions provider as a definite achievement.

Five Solution Models

Solution Name	Special Features	Target Market
1. Today Shopping Service	Japan's fastest, low-cost mail-order sales business operator support model operates 24 hours a day every day of the year, leveraging the Company's warehouses and *Takkyubin* network to achieve same-day delivery throughout Japan.	Mail-order sales Logistics
2. Net Super Support	A model that combines logistics technology (LT), information technology (IT), and financial technology (FT) to support the development of Internet supermarkets with low initial cost and in a short time frame.	Logistics
3. Maintenance Support	A model that leverages the *Takkyubin* network to provide total maintenance support, from same-day collection of items needing repair to simple repairs within the Group and return to customers.	Manufacturers
4. Import Direct	A model that enhances consumer satisfaction by delivering to consumers directly from overseas, enabling companies to eliminate their domestic inventory bases, shrink their inventories and reduce lead-time.	Manufacturers
5. Web Shipment Control	An ASP service that reduces the amount of complex business procedures that department stores, supermarkets, and other sellers must go through to make shipments to geographically remote areas by enabling web-based shipment orders and generating information exchange between the seller and the shipper.	Mail-order sales Logistics

Value
1. Shrink inventories 2. Total logistics cost reduction 3. Sales promotion 4. Back-office processes reduce work

Message from the Management II

Next Stage of Growth

In February 2008 the Yamato Group announced our new medium-term management plan, entitled "Create Satisfaction Three-Year Plan." The main objective of this plan is to lay the groundwork for the next stage of growth by expanding the Yamato Group's business territory to cover the Asian region. The plan also emphasizes Group-wide management, which is becoming more important than ever.

In last year's annual report, we stated our targets for fiscal 2011, the final year of the "Create Satisfaction Three-Year Plan" medium-term management plan: consolidated operating revenues of ¥1,450.0 billion and consolidated operating income of ¥100.0 billion. Alongside these targets, we were also aiming for an operating margin of 6.9% and ROE of 10.0%.

In fiscal 2009, however, we were faced with the rapid deterioration of the economy, and we regret to say that those targets now look extremely difficult to achieve. Still, there will be no changes to the basic policies and strategies set out in the "Create Satisfaction Three-Year Plan," and we have updated our fiscal 2009 action plan as follows for fiscal 2010.

1. Generate steady results in the solutions business for corporate clients in manufacturing, mail-order and logistics businesses, and continue to create new business models.
2. Conduct rigorous portfolio management in order to achieve optimal allocation of management resources.
3. Promote expansion into Asia.

We are placing particular emphasis on expansion into Asia in order to secure new growth capabilities.

In the future, we expect the international distribution business to gather pace due to the distance between the places where goods are made and where they are consumed. We also expect increased demand for distribution linking Japan to other countries. Over the next three years, therefore, we plan to expand the Group's business area to cover the Asian region. At the same time, we will build a differentiated foundation for business by providing seamless supply chain logistics services on a global scale. No other company, including importers, offers such comprehensive support services covering import administration, domestic delivery, payment agency, and tracking information.

To realize this differentiation strategy, we will draw on our solid domestic pickup and delivery network and on the expertise we have amassed over our many years in business. Thanks to our strengths in these areas, we believe that our competitors will be hard pressed to keep pace with us in both quantitative and qualitative terms. I believe that the initiatives taken during the previous three-year plan, Yamato Group Revolution 2007, will continue to bear fruit over the next three years.

Capital Strategy

The Yamato Group's earnings appropriation policy is to maintain a healthy balance between business investments and shareholder returns, including share buybacks. Through increases in net income, we also plan to improve net income per share, with the aim of reaching ROE of 10%.

Business investments will be used to generate growth for the entire Yamato Group. They will include capital expenditures centering on our network, as well as investments in new businesses and new product development and investments to raise corporate value.

We are also targeting a dividend payout ratio of 30% based on consolidated net income. At the same time, we will make flexible use of treasury stock, including to pursue M&A opportunities that are consistent with our capital strategy.

Delivery Business: Current Market Status and Future Outlook

The domestic market for home parcel deliveries grew sharply after the launch of *Takkyubin* in 1976 as a consumer-to-consumer (C2C) delivery service. According to some however, in recent years the market has begun contracting.

What is certain, however, is that the logistics business has changed considerably in the past several years, and I believe that this market remains on a path of growth. For example, the business-to-consumer (B2C) market, centering on mail order, continues to show solid growth. Japanese consumers are embracing a new lifestyle that allows them to conveniently purchase high-quality products at reasonable prices without leaving the comfort of their own homes. The increasing prevalence of this lifestyle has been the key factor in the success of the B2C model and we believe the trend is poised to strengthen.

The business-to-business (B2b) market, based on distribution between companies, is also growing, driven by companies in various industries that have adopted cash-flow-driven management policies. This model calls for maintenance of minimal inventories with sufficient stock for short-term sales only, or adopting made-to-order production. This trend has prompted many companies to use *Takkyubin* services. Although using *Takkyubin* causes delivery costs to increase vis-à-vis total distribution expenses, it significantly alleviates the cost burden of maintaining inventories in distribution warehouses. The result is a reduction in total distribution costs, achieved in a surprisingly simple way. More and more companies are coming to recognize the advantages of *Takkyubin* services, and more and more company and divisional managers are turning to logistics companies like Yamato.

Moreover, the consumer-to-business (C2B) market is expanding as major manufacturers in various industries jointly build platforms enabling customers to easily return products for recalls, repairs, recycling, and other reasons. At Yamato, we refer to recalls, repairs, and recycling as the “3 Rs.” In the past, most companies issuing recalls lacked the physical capability to collect defective product returns. Using the resources of the Yamato Group, however, they can now accept recalls in a seamless manner. In addition to pickup and delivery, we provide comprehensive support services to address complex back-office tasks, such as accepting telephone orders and account reconciliation after product collection.

With respect to repairs, using Yamato’s services purchasers of electronic goods and other products in need of repair or upgrade can simply send their items back to the manufacturer, and the repaired product can be delivered back to the customer via *Takkyubin* within two or three days. Under this innovative model, Yamato can also act as agent for collection of repair fees if required. Recycling works in a similar fashion, mainly with copier toner cartridges and similar products. The consumer sends back an empty cartridge, for example, and a refilled one is delivered. In all cases, customers can take advantage of our diverse network of sales channels. On regular business days, this consists of 32,000 sales routes, 3,900 directly managed operations, and roughly 270,000 outlets that handle our services. Customers also benefit from our comprehensive support resources, including guaranteed-quality delivery, tracking information, and payment agency services. This is a revolutionary framework that has earned us an excellent response from customers.

At a Glance

Business Description

Delivery

The Delivery business is involved in small parcel delivery services for the general public and corporations centering on Takkyubin and Kuroneko Mail.

The business has also quickly introduced to the market high value-added services developed from the customer's point of view, such as Cool Takkyubin and Takkyubin Collect.

BIZ-Logistics

BIZ-Logistics handles logistics and other B2B distribution operations.

BIZ-Logistics helps its corporate clients manage their supply chains by providing innovative logistics services and reducing total costs, and presents proposals for optimized logistics systems.

Home Convenience

Home Convenience is rooted in moving services, lifestyle support services and distribution services. It provides lifestyle support services tailored closely to the needs of particular regions. In particular, the installation delivery business which installs electrical appliances for customers is steadily gaining market penetration, with the high-value-added technical delivery services now available nationwide.

e-Business

e-Business is involved in a range of information services for corporations, including ASP services and information system development.

Based on the three keywords "tracking," "security," and "packages," the e-Business strives to provide unique services making the most of the Group's management resources.

Financial

The Financial business includes settlement and other financial services targeted at consumers and business customers, beginning with mail order firms.

The business offers several types of settlement methods, including payment on delivery and payment by credit card. Along with the increasing popularity of Internet shopping in recent years, we have constructed an environment that enables customers to conduct transactions with complete peace of mind.

Truck Maintenance
(Note)

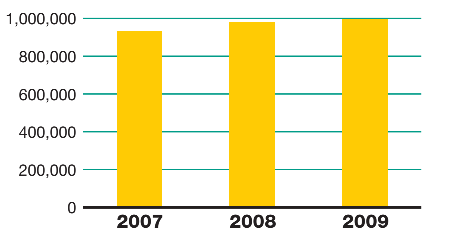
This business mainly comprises maintenance of trucks and other vehicles for transportation companies.

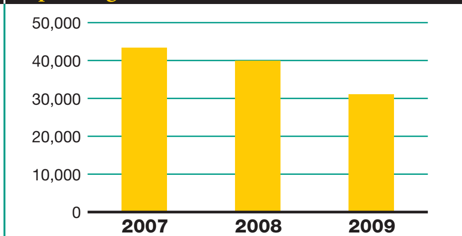
Other
(Note)

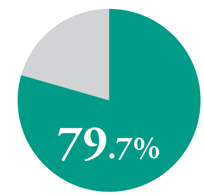
These businesses comprise a broad range of shared services, including highway transportation and personnel placement services.

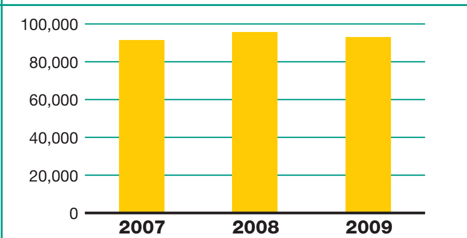
Note: Starting from fiscal 2009, a new Truck Maintenance business segment has been added, reflecting the strong performance and expectations for further growth of the vehicle maintenance operations previously accounted for under the Other business segment.

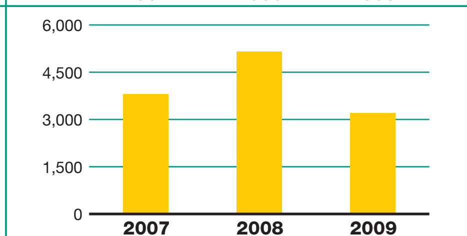
Operating Revenues (Millions of Yen)	Operating Income (Loss) (Millions of Yen)	Share of Net Sales

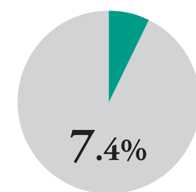


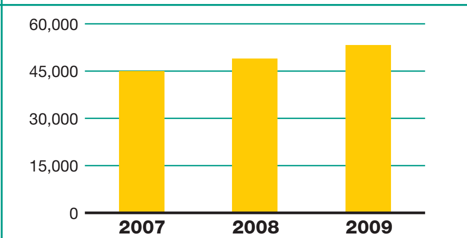


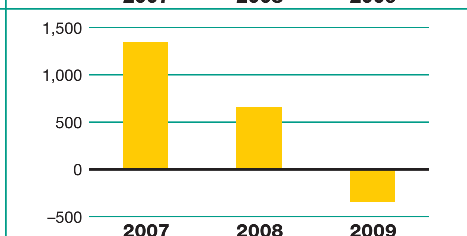


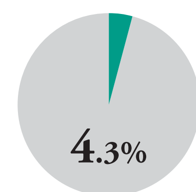


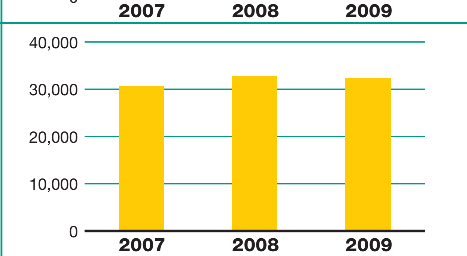


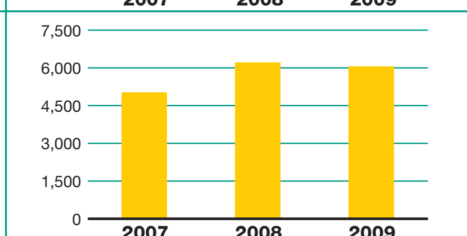


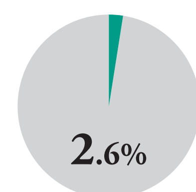


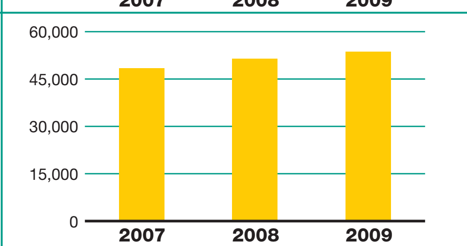


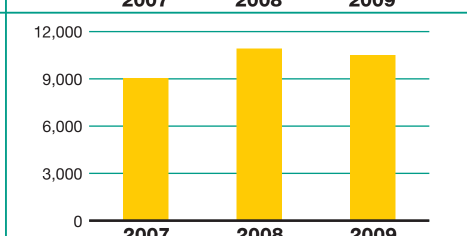


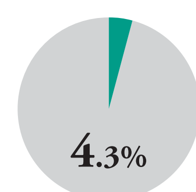


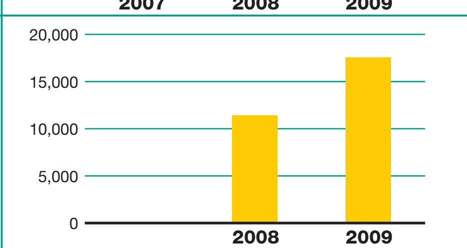


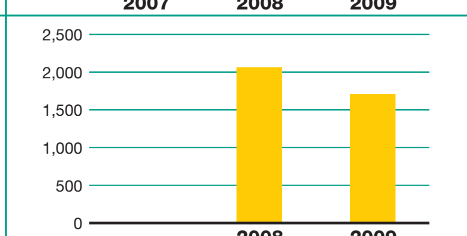


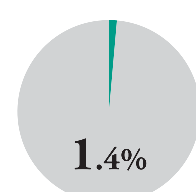


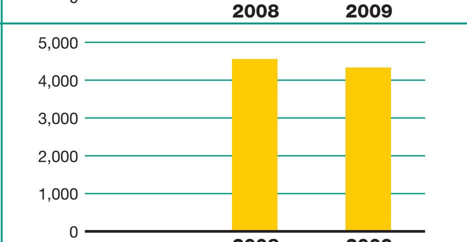


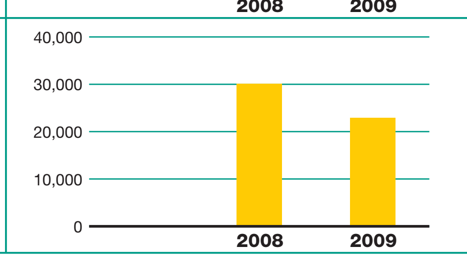


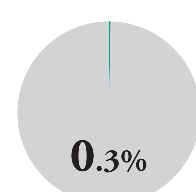












Overview of Fiscal 2009

Driven by the basic corporate philosophy in the Delivery Business of “Total Reliability,” the Yamato Group aggressively pursued the strategy of differentiation from competitors through proposal-type marketing approaches, in which it provides customers with its total service capability, and by sophistication of service quality.

For corporate clients, the Group strove to help them solve their logistics problems by offering a combination of its LT (logistics technology), IT (information technology) and FT (financial technology) functions that it had cultivated in the *Takkyubin* service.

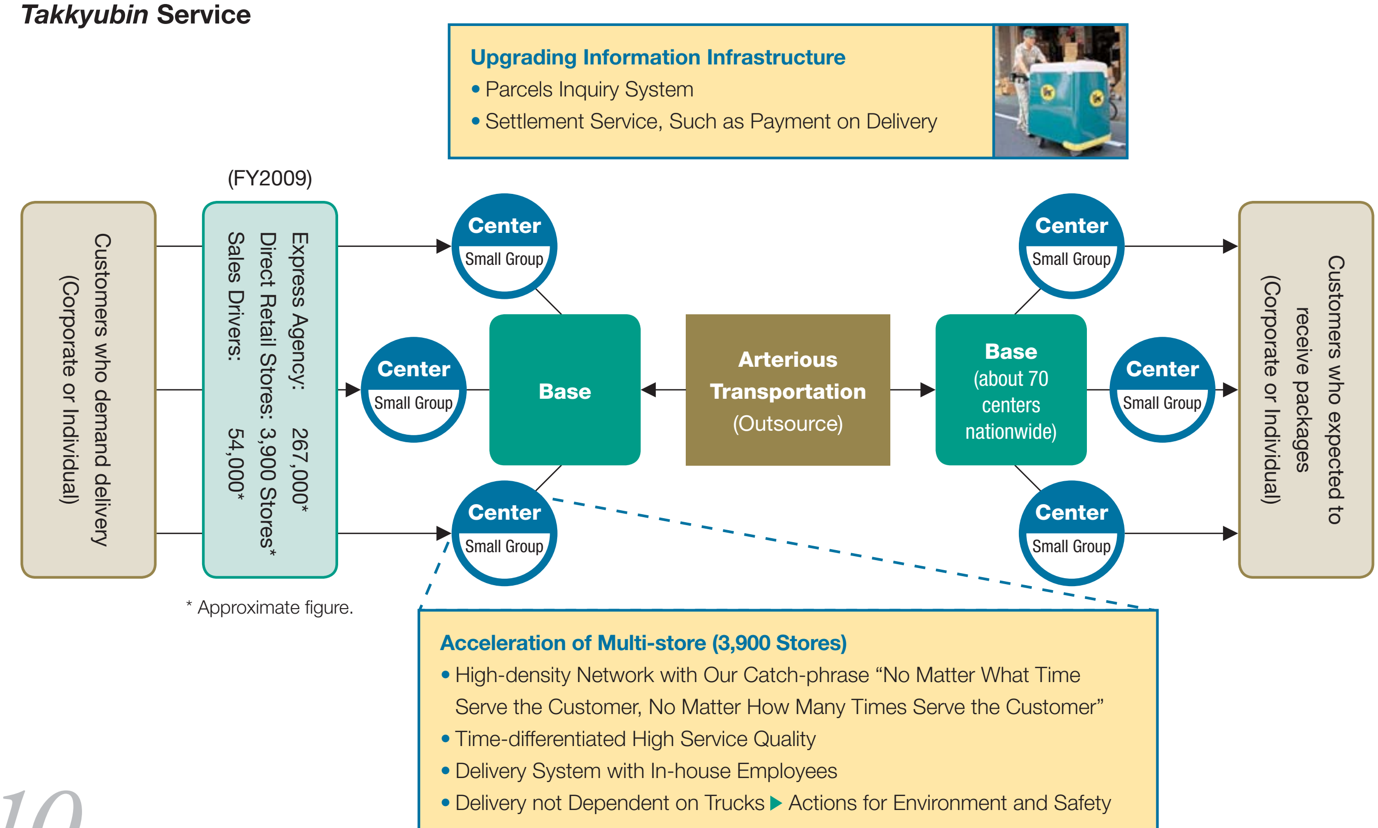
For individual customers, the Group promoted greater convenience by expanding the address label issuance service and tracking shipments service in its membership service called “*Kuroneko Members*,” in addition to providing refined services by expanding the network of service offices.

In the *Kuroneko Mail* service meanwhile, the Group increased business mainly with corporate clients and steadily boosted the delivery volumes by taking comprehensive proposal-type marketing approaches by adding value-added services such as enclosing and sealing of printed materials and provision of software for preparing address labels.

The Group has been making efforts to improve productivity with the aim of further strengthening its management foundation for sustained growth in the future, and has succeeded in introducing new mechanisms and assigning a proper workforce in accordance with the volume of business. From the current fiscal year, we have been seeing steady benefits in terms of reduced costs in proportion to income. Looking ahead, we will continue to pursue improvements to enhance our earnings structure.

As a result, operating revenues for the year under review for the Delivery Business were ¥997,898 million, up moderately by 1.7% from the previous fiscal year. However, operating income amounted to ¥31,123 million, down 21.9% from the previous fiscal year, despite the effect of reduction in various costs through productivity improvement due to the effect of underperformance of operating revenue compared with the performance forecasts.

***Takkyubin* Service**



BIZ-Logistics

Overview of Fiscal 2009

In the BIZ-Logistics Business, the Yamato Group aggressively took proposal-type marketing approaches that aim at suiting various customers by providing comprehensive logistics and international cargo transportation services within the Group.

Our sales & logistics service, particularly in the domestic logistics area, grew steadily as our business model that reduces the time and cost of logistics was well received by customers.

As a result, the Group aggressively expanded business by setting up "Auto-pick factory," an automated warehouse operated 24 hours a day, 365 days a year, in Misato City, Saitama, in October 2008, as well as in Narashino City, Chiba, in November 2008 and in Osaka City in February 2009.

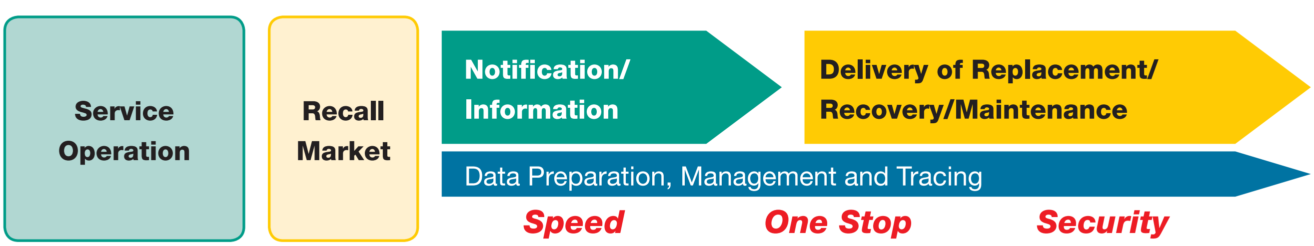
In the future, the Group will strive to expand business by aggressively emphasizing its competitive edge in the market by combining this Auto-pick factory service and refined network in the *Takkyubin* service business.

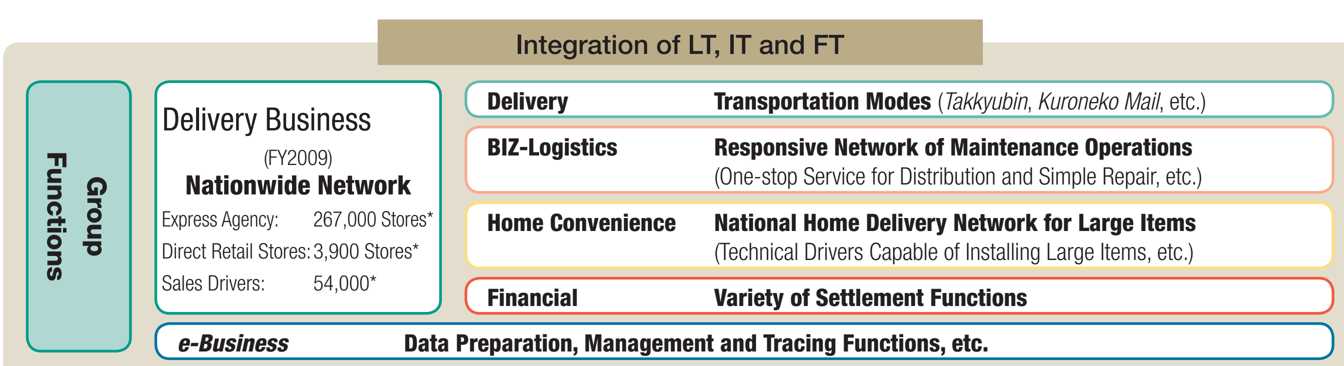
In the multi-maintenance business in the domestic logistics area, the Yamato Group provides one-stop services for product maintenance from accepting requests for collection of defective products, collection, repair and redelivery of repaired products within the Group, and these have been well received as services which increase the convenience of consumers who are users and enhance the customer satisfaction level of client companies. By taking such expansion of demand as a business opportunity, the Group spun off the multi-maintenance business as Yamato Multi-Maintenance Solutions Co., Ltd. in October in an effort to accelerate the speed of its growth.

In the trading logistics service in the international logistics area, the Yamato Group used aggressive marketing to increase the sales of "Export Factory" which enables clients to reduce the time and cost of exporting by simultaneously handling packaging for export, documentation and custom clearance procedures in one location. However, operating revenue in the business decreased due to a decline in exports notably for the U.S. as a result of the rapid economic deceleration.

Operating revenues for the year under review amounted to ¥92,947 million, down 2.9% from the previous fiscal year, due to the weak performance in the mainstay trading logistics service, in addition to the appreciation of the yen. In the meantime, operating income was ¥3,195 million, which was a decrease of 37.9% from the previous fiscal year.

Recall Support Service





* Approximate figure.

Home Convenience

Overview of Fiscal 2009

In the Home Convenience Business, the Yamato Group aggressively pursued business such as a nationwide rollout of high-value-added and technically-supported delivery that provides customers with convenient and comfortable living.

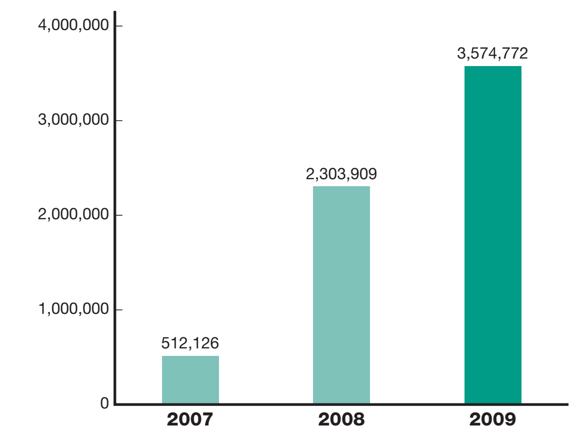
In particular, we were able to acquire new customers and accelerate the steady market penetration of our delivery with installation business, in which we install and set up electronic appliances, on the strength of our nationwide network and technology capability. However, operating income decreased mainly due to an increase in vehicle hiring expenses.

In the moving solution business, the Yamato Group made an effort to strengthen its competitive edge by renewing its moving services in October 2008 to enhance the moving business for corporate clients by offering a service of transportation using a transport box that takes advantage of our network. However, due partly to the continuation of weak market conditions in the overall moving industry, the Group was unable to make a profit.

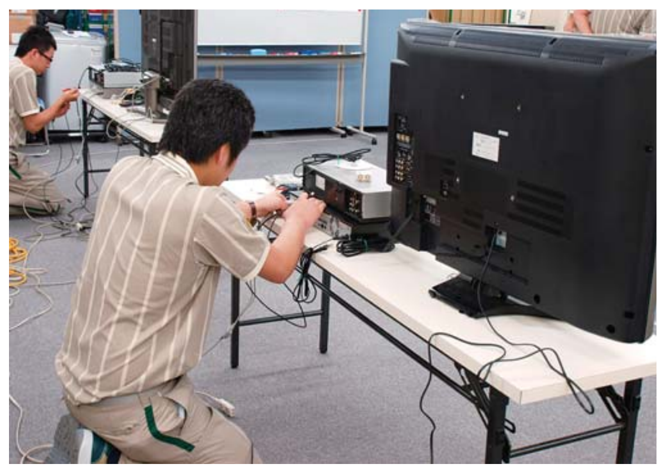
As a result, operating revenues rose 8.9% from the previous fiscal year to ¥53,315 million. On the cost front, subcontracting expenses for items such as hired vehicles increased. As a result, the Group posted an operating loss of ¥340 million.

Household Takkyubin Handling Volume

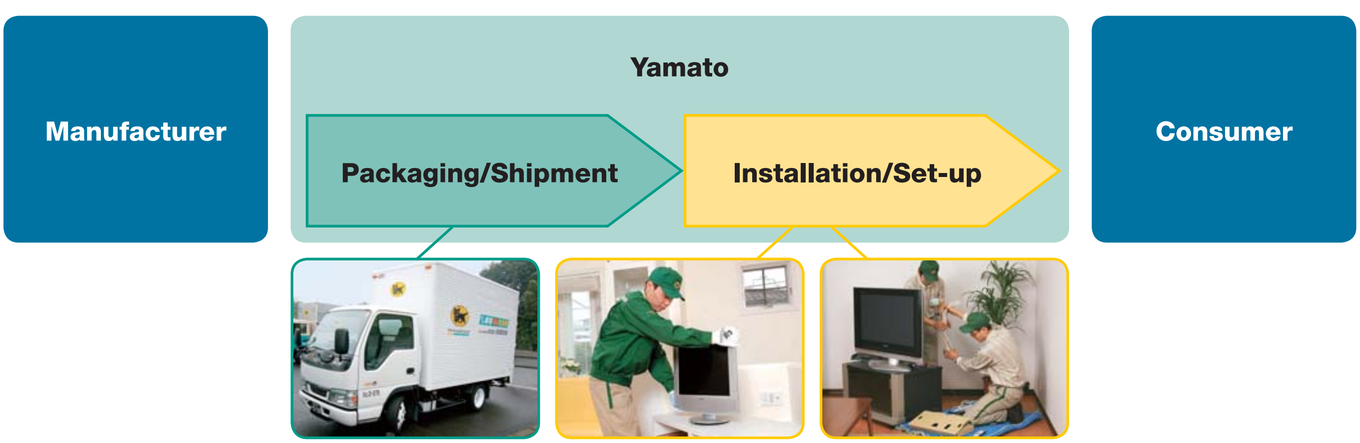
(Items)



Employees Practice Installation



Household Takkyubin Service



Overview of Fiscal 2009

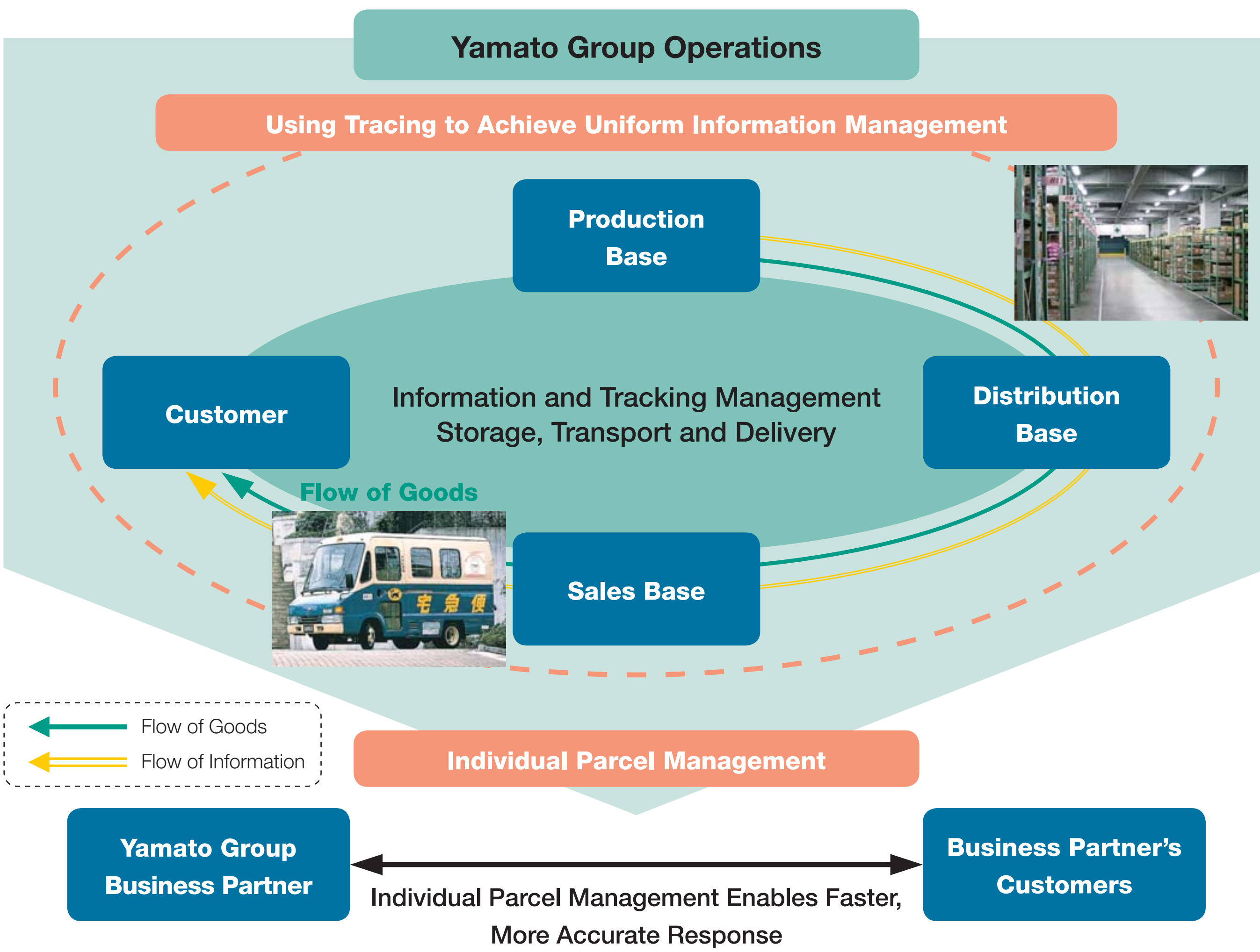
In the e-Business, the Yamato Group implemented proposal-type marketing that appropriately responds to diversifying needs of customers based on the keywords of “tracking,” which provides tracking information, “security,” which provides customers with security, and “package,” which includes high-quality, low-cost and early introduction of solutions.

In the “net-supermarket” business area, in which we expect demand will expand, the Yamato Group immediately seized a business opportunity and built a system to support supermarkets in the development of business with low initial costs in a short timeframe.

In the future, the Group will try to emphasize its competitive advantage that it is able to provide the comprehensive service capability of the Group to expand business promptly.

Operating revenues amounted to ¥32,273 million, down 1.6% from the previous fiscal year. Operating income was ¥6,059 million, down 2.7% from the previous fiscal year, due to the increase in subcontracting expenses for items such as cost of goods purchased.

e-Logistics Tracing Solution



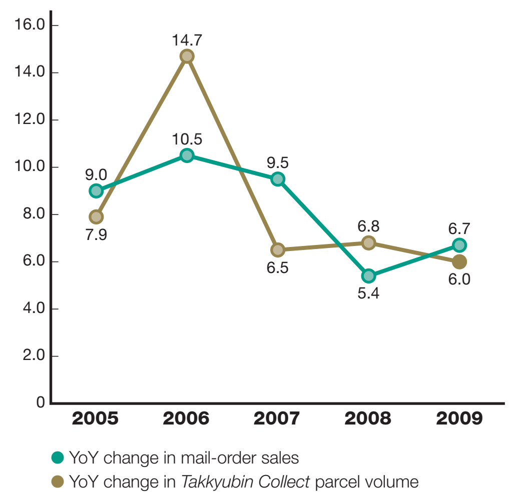
Overview of Fiscal 2009

In the Financial Business, the Yamato Group is endeavoring to respond to every means of settlement to meet the needs of customers in an effort to promote business expansion from collection on product delivery to B2B logistics settlement. Based on this policy, the Group emphasized the convenience to clients engaged in the mail-order business by launching the Internet total settlement service "*Kuroneko Web Collect*" on its PC website in August 2008 and on the mobile-based website in March 2009, and promoted businesses for supporting the enhancement of sales capabilities of mail-order companies.

Operating revenues amounted to ¥53,608 million, up 4.2% from the previous fiscal year. However, operating income was ¥10,506 million, down 3.8% from the previous fiscal year due partly to higher expenses.

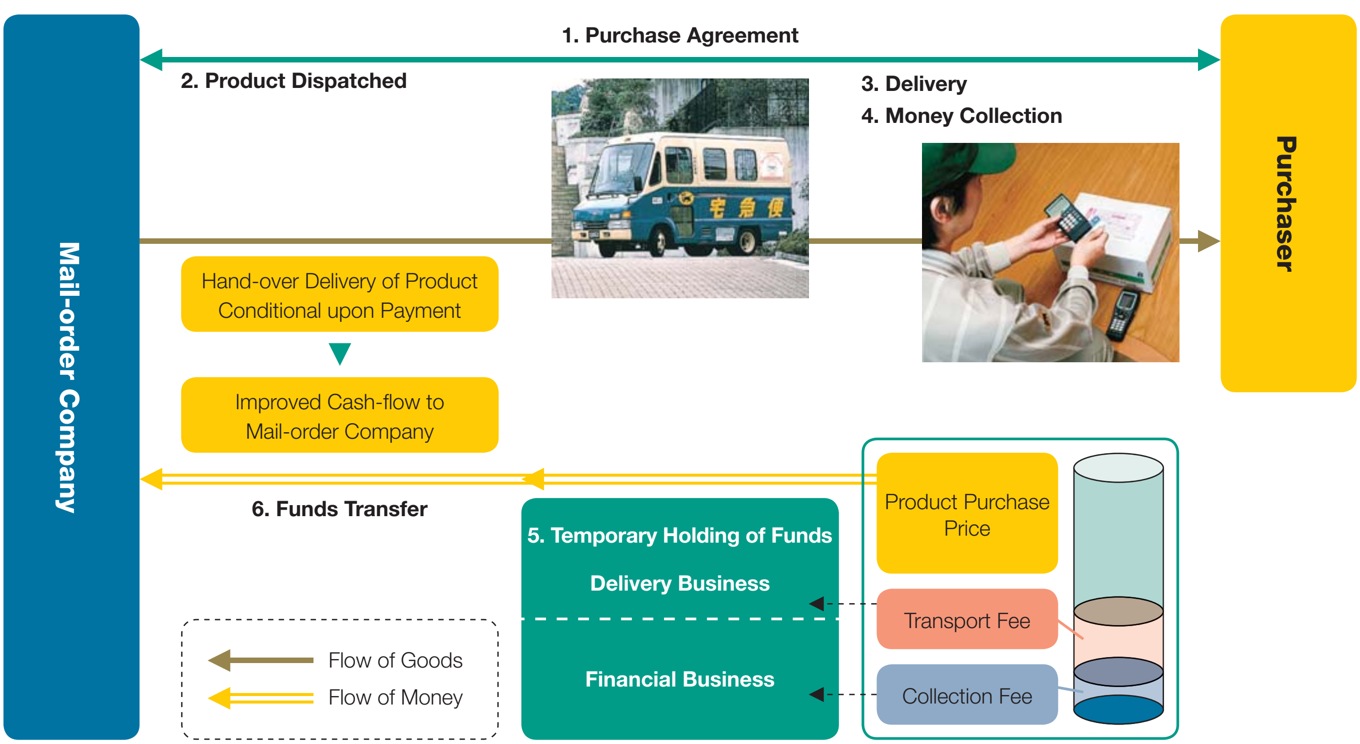
The Growing Mail-order Sales Market and *Takkyubin Collect*

(%)



Source: The Japan Direct Marketing Association

Cash on Delivery Service



Truck Maintenance

Overview of Fiscal 2009

In the Truck Maintenance Business, the Yamato Group supported truck transportation and bus service companies by providing vehicle maintenance service for 24 hours a day, 365 days a year, to enable customers to receive vehicle maintenance service without stopping operations.

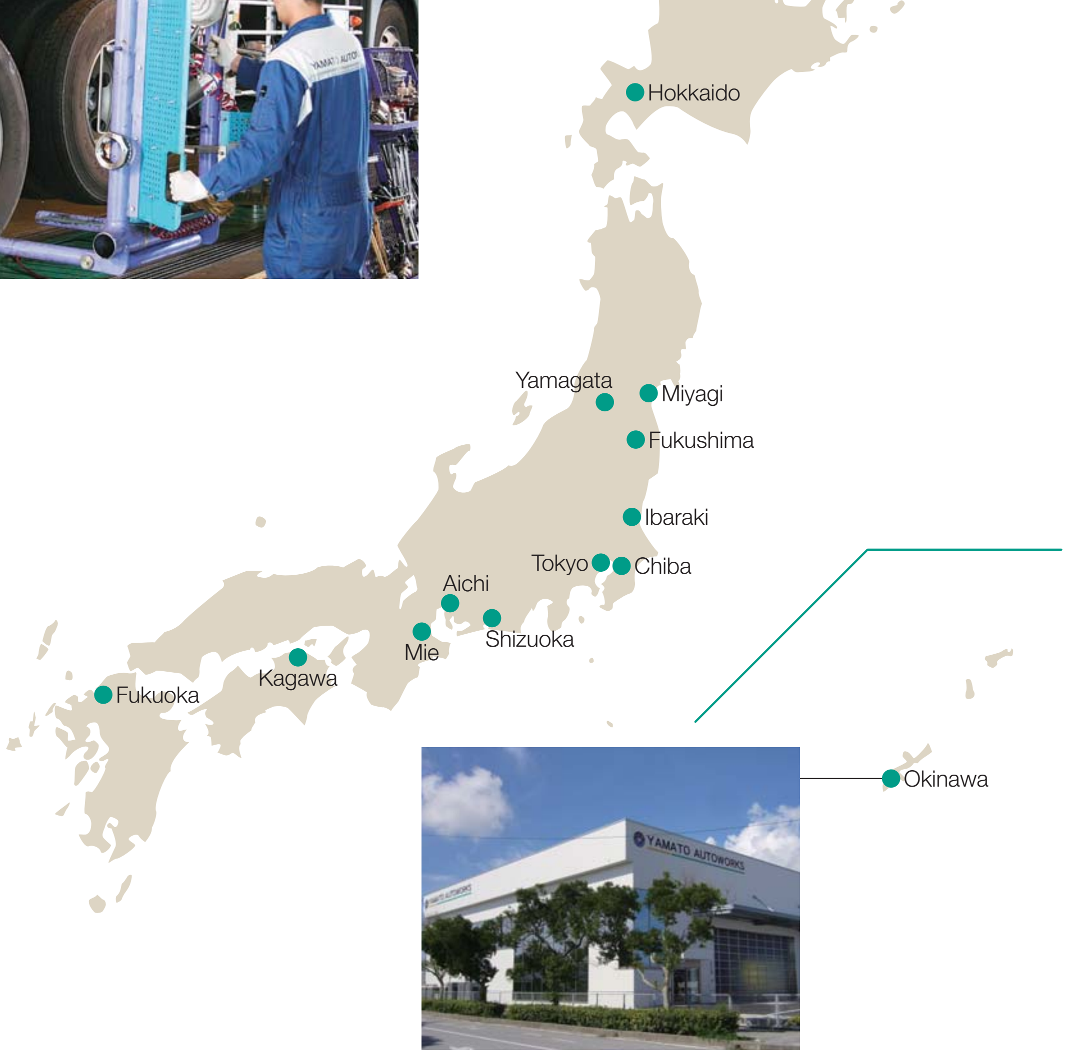
To do this, the Yamato Group aggressively expanded the number of “Superworks” vehicle maintenance plants to 13 by the end of the year, adding four plants, which included the full-scale start-up in July 2008 of the Chiba Plant’s “Superworks.”

In addition, the Group strove to further improve the convenience of customers by launching operations of a vehicle management system, in which we perform statutory inspections on vehicles under management and provide maintenance-record information to corporate customer members on a website.

Operating revenues amounted to ¥17,555 million, an increase of 54.0% from the previous fiscal year, due to higher revenues from fuel sales. However, operating income was ¥1,711 million, down 16.9% from the previous fiscal year, due to an increase in upfront investment costs.

Superworks Locations

13 locations total (as of March 31, 2009)



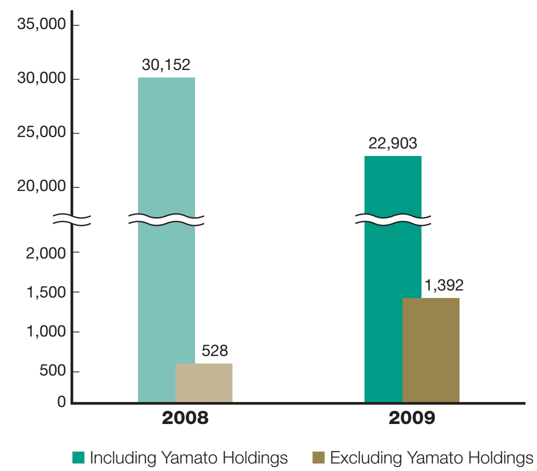
Overview of Fiscal 2009

With respect to "*JITBOX Charter*" service, the Yamato Group took aggressive marketing approaches, supported by a sales structure composed of 15 Group companies, to promote penetration of its product characteristics in inter-company distribution such as just-in-time and frequent, right-volume delivery by transport box. However, handling volume decreased due partly to sluggish shipment movements as a result of production adjustments by companies.

Operating income in other businesses excluding dividends which Yamato Holdings Co., Ltd. received from Group companies grew 163.9% from the previous fiscal year to ¥1,392 million.

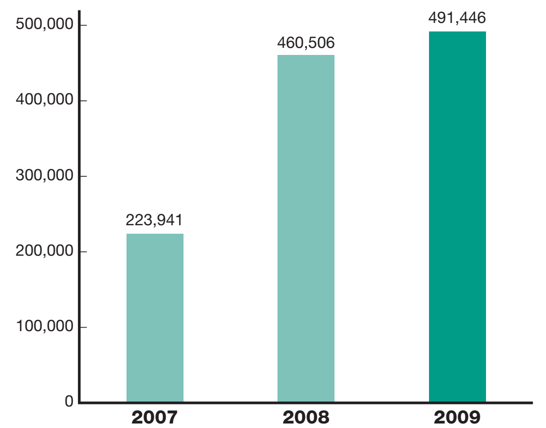
Operating Income

(Millions of Yen)



Track Record of *JITBOX Charter*

(Units)



Organization

(As of March 31, 2009)

- **Yamato Holdings Co., Ltd.**
  - **Delivery**
    - Yamato Transport Co., Ltd.
    - Okinawa Yamato Transport Co., Ltd.
    - Yamato Global Express Co., Ltd.
    - Yamato Architects & Designing Co., Ltd.
    - Yamato Dialog & Media Co., Ltd.
    - Express Network Co., Ltd.
  - **BIZ-Logistics**
    - Yamato Logistics Co., Ltd.
    - Yamato Global Logistics Japan Co. Ltd.
    - Yamato Multi-Maintenance Solutions Co., Ltd.
    - Yamato Packing Service Co., Ltd.
    - Yamato Packing Technology Institute Co., Ltd.
    - Konan Industry Co., Ltd.
    - Yamato Transport U.S.A., Inc.
    - Yamato Transport Europe B.V.
    - Yamato Transport (Hong Kong) Ltd.
    - Taiwan Yamato International Logistics Inc.
    - Yamato Transport (S) Pte. Ltd.
    - Yamato International Logistics Co., Ltd.
    - Yamato Transport (M) Sdn. Bhd.
    - Yamato Logistics India Pvt. Ltd.
    - Shanghai Wai Gao Qiao Bonded Logistics Zone Yamato Warehouse Co., Ltd.
  - **Home Convenience**
    - Yamato Home Convenience Co., Ltd.
  - **e-Business**
    - Yamato System Development Co., Ltd.
    - Yamato Career Service Co., Ltd.
    - Yamato Systems U.S.A., Inc.
  - **Financial**
    - Yamato Financial Co., Ltd.
    - Fine Credit Co., Ltd.
    - Yamato Lease Co., Ltd.
  - **Truck Maintenance**
    - Yamato Autoworks Co., Ltd.
    - Yamato Autoworks Hokushinetsu Co., Ltd.
    - Yamato Autoworks Okinawa Co., Ltd.
    - Yamato Autoworks Asahikawa Co., Ltd.
    - Yamato Autoworks Iwate Co., Ltd.
    - Yamato Autoworks Shikoku Co., Ltd.
  - **Other**
    - Box Charter Co., Ltd.
    - Yamato Box Charter Co., Ltd.
    - Yamato•Staff•Supply Co., Ltd.
    - Yamato Management Service Co., Ltd.
    - Yamato Multi Charter Co., Ltd.
    - Kobe Yamato Transport Co., Ltd.
    - Swan Co., Ltd.
    - Swan Net Co., Ltd.
    - Yamato Contact Service Co., Ltd.
    - Nekore Co., Ltd.

Consolidated subsidiaries

Non-consolidated subsidiaries

Corporate Social Responsibility

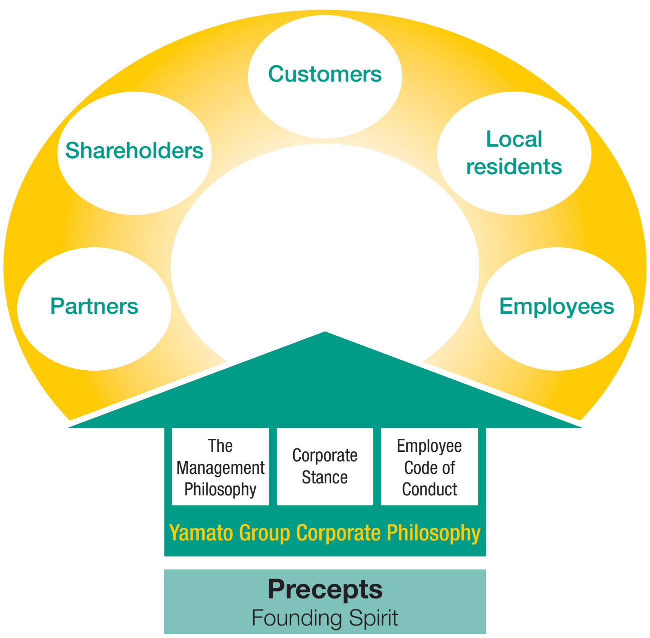
Compliance is one of the top priorities of management at the Group. As such, the Group believes that the company's sustained growth is largely contingent upon not only business profitability, but also proper conduct as a business group with operations that require a high degree of social interaction.

With the interests of all stakeholders in mind, the Group actively conducts social contribution activities to fulfill its Corporate Social Responsibility (CSR) from the perspectives of safety, the environment and society in line with the Yamato Group Corporate Philosophy.

The extensive promotion of CSR management in tandem with business expansion is also an integral part of the "Create Satisfaction Three-Year Plan," the Yamato Group's new medium-term management plan for guiding management policy that we launched in April 2008.

The Group is placing particular emphasis on two elements of the plan—compliance and environmental concerns.

Diagram of Yamato Group Corporate Philosophy



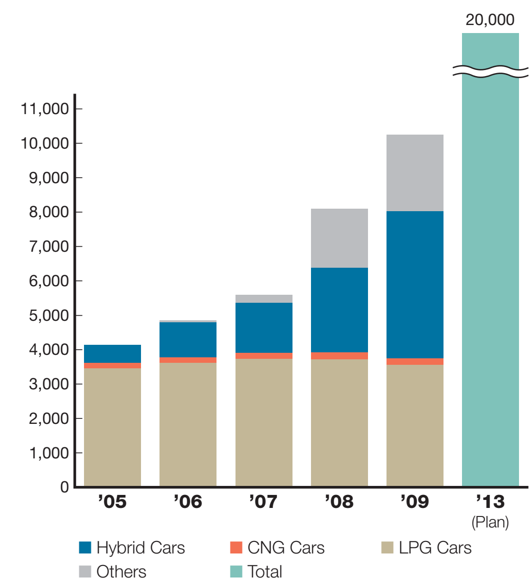
Environment

Deployment of Low-emission Delivery Vehicles

Under its medium-term plan, the "Create Satisfaction Three-Year Plan," the Yamato Group is aiming to reduce its overall CO_2 emission volume to 99% of the levels in fiscal 2007. The Group is striving to reach this goal through a more robust environmental stance, including reductions in fuel usage through the introduction of low-emission vehicles.

As a specific measure for achieving this objective, Yamato Transport is aiming to put 20,000 low-emission delivery

Changes in the Number of Low-emission Vehicles



vehicles into operation by fiscal 2013. In fiscal 2009, we added 2,238 low-emission vehicles, including 1,847 hybrids, to bring the total to 10,240. This number represents 22.4% of Yamato Transport's total fleet of vehicles, which accounts for 87% of the Group's total vehicle fleet.

Opening of Satellite Centers to Reduce Vehicle Usage

As of March 2009, Yamato Transport had a nationwide network of 958 satellite centers for parcel delivery located primarily in urban centers. Parcel delivery from these satellite centers is conducted primarily through the use of handcarts and bicycles with attached trailers, rather than motor vehicles.

The opening of more satellite centers reduces the parcel delivery volume per sales driver for a given delivery area. This lighter load not only enables drivers to provide more detailed services to each customer, but also helps to curb increases in the number of vehicles required to keep pace with increased parcel volume. The Group is targeting a network of 1,000 satellite centers across Japan by fiscal 2013.

Society

Safety Classes for Children

The Yamato Group always puts safety first in its business activities. Preventing traffic accidents involving children is an especially important safety issue. We have held safety classes for children since 1998. Held all over Japan, these classes seek to teach children ways to protect themselves from traffic accidents. Taught entirely by Yamato Transport employees, the fun and entertaining classes employ various means to teach children about traffic safety. In fiscal 2009, classes were held at 1,539 locations and around 170,000 children participated.

Outside Evaluation

The FTSE Group confirms that Yamato Holdings has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

FTSE4Good

Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards.

Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalize on the benefits of responsible business practices.

Corporate Governance

(As of March 31, 2009)

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 policies to this end.

Status of Corporate Governance Provisions

The Board of Directors, Management Advisory Committee and Executive Committee serve as administrative organs involved in decision-making, supervision and execution for the Yamato Group. This management structure enables decisions to be made rapidly and precisely on important matters. The number of Board members cannot exceed 12 as stipulated in the Company's articles of incorporation, and the term of office of directors has been set at one year in order to clarify management responsibilities for each fiscal year.

The Company' has six Board members, two of whom are outside directors. Outside directors provide necessary comments and advice on overall management as appropriate from the perspective of managers with rich experience.

The Board of Auditors is made up of two full-time auditors and two outside auditors. Auditors attend meetings of the Board of Directors and other important meetings to assist them in conducting audits on the legality of business execution, 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.

To further strengthen the audit organization, on June 25, 2009 the Company appointed an outside auditor who is a certified public accountant, making a total of one full-time auditor and three outside auditors.

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 including questions regarding management policy.

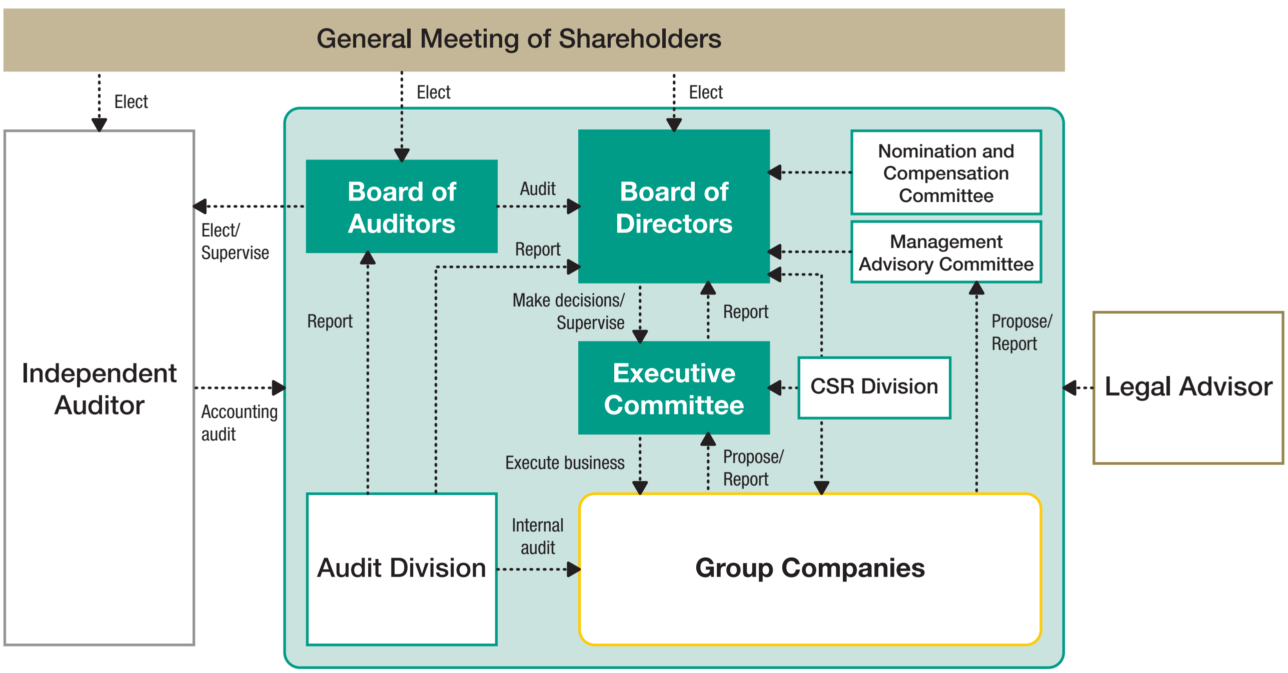
Internal audits are performed by a six-member team that operates independently from any other Group organ. These internal auditors check whether business and affairs of the Group as a whole are being carried out appropriately and efficiently based on the annual auditing plan. The results are reported 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 auditing policies and audit results, exchange information, and to otherwise enhance collaboration.

As the Group's appointed accounting auditor, Deloitte Touche Tohmatsu holds regular meetings with auditors and conducts effective accounting audits. Accounting audits are performed by two certified public accountants, Yutaka Kawakami and Takeshi Kosaka, assisted by another five certified public accountants, seven assistant accountants, and three others.

The current status of provision for oversight of business execution and management, internal control and related functions at Yamato Holdings is illustrated in the figure below.

Corporate Governance Framework



Directors and Auditors

(As of June 25, 2009)

Director and Chairman

Keiji Aritomi

Representative Director,
President and Executive Officer

Kaoru Seto

Representative Director,
Managing Executive Officer

Haruo Kanda
(Human Resources Strategy, Facilities Strategy and Audit)

Director and Executive Officer

Makoto Kigawa
(Representative Director and President of Yamato Transport Co., Ltd.)

Members of the Board

Masayoshi Sato
Toshitaka Hagiwara

Auditors

Hiroshi Kawada
Keiko Kitamura
Koji Okawa
Motoharu Yokose

Executive Officers

Kenji Minaki
(Representative Director and President of Yamato System Development Co., Ltd.)

Kenichi Shibasaki
(Representative Director and President of Yamato Financial Co., Ltd.)

Toshizo Kurisu
(Financing and Accounting, Investor Relations, Public Relations)

Masaki Yamauchi
(Representative Director and President of Yamato Logistics Co., Ltd.)

Makoto Hasegawa
(Representative Director and President of Yamato Home Convenience Co., Ltd.)

Takahiro Nishio
(IT Planning, CSR)

Atsushi Ichino
(Planning and Administration)

Financial SECTION

Contents

Growth in the Express Home Delivery Market

Trends in Parcel Delivery Volume

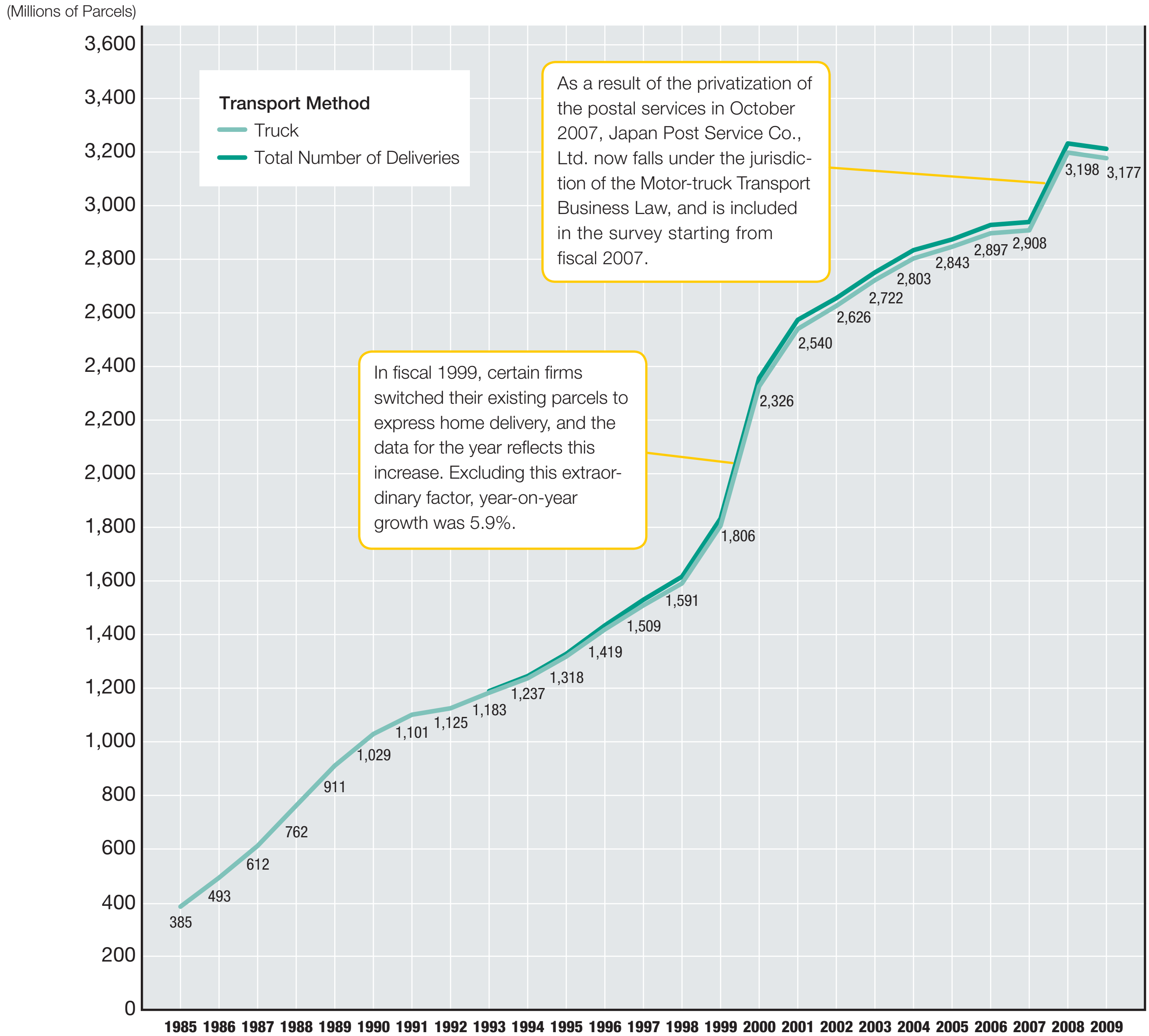
This survey uses company-reported parcel delivery volume data compiled by the Ministry of Land, Infrastructure, Transport and Tourism. In the data, "parcels" denotes individual packages weighing less than 30 kg, irrespective of the type of delivery (C2C, B2C, or B2B).

However, lots in which multiple packages are sent together and parcels that do not require a signature on delivery are not counted as "parcels" for the purposes of the survey.

Growth of *Takkyubin*

Takkyubin is the Yamato Group's flagship service offering. Since its launch in 1976, we have pursued a strategy of differentiation based on development of additional strategic offerings such as *Cool Takkyubin* and *Takkyubin Collect*, and improvement of delivery quality, including enhanced features such as *Time Period Delivery* and *Driver Direct* services. As a result of these efforts, the Yamato Group outperformed the growth in the express home delivery market as a whole, and we steadily expanded our market share.

Trends in Delivery Volume



Notes: 1. "Total Number of Deliveries" includes express home delivery services involving transport by truck, air, and other methods.

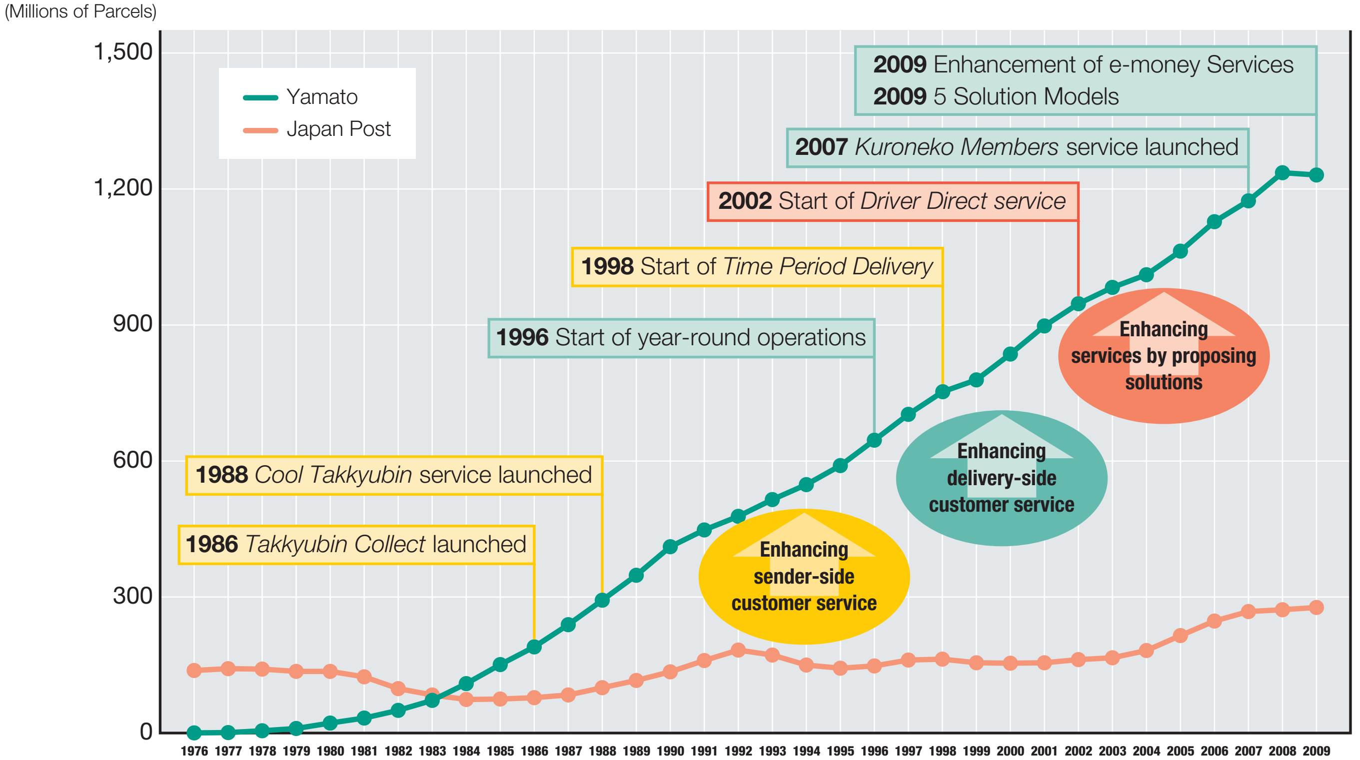
2. The number of Hikyaku Express (Sagawa Express Co., Ltd.) deliveries in 2008 has been revised from 1,078,520,000 to 1,049,380,000.

Source: Statistical survey from the Ministry of Land, Infrastructure, Transport and Tourism.

Currently, we are moving beyond developing strategic offerings and simply improving service quality. Targeting business areas where future growth is anticipated, we are creating new businesses and solution models driven by the three functions of logistics technology (LT), information technology (IT), and financial technology (FT), to achieve further growth in the *Takkyubin* service.

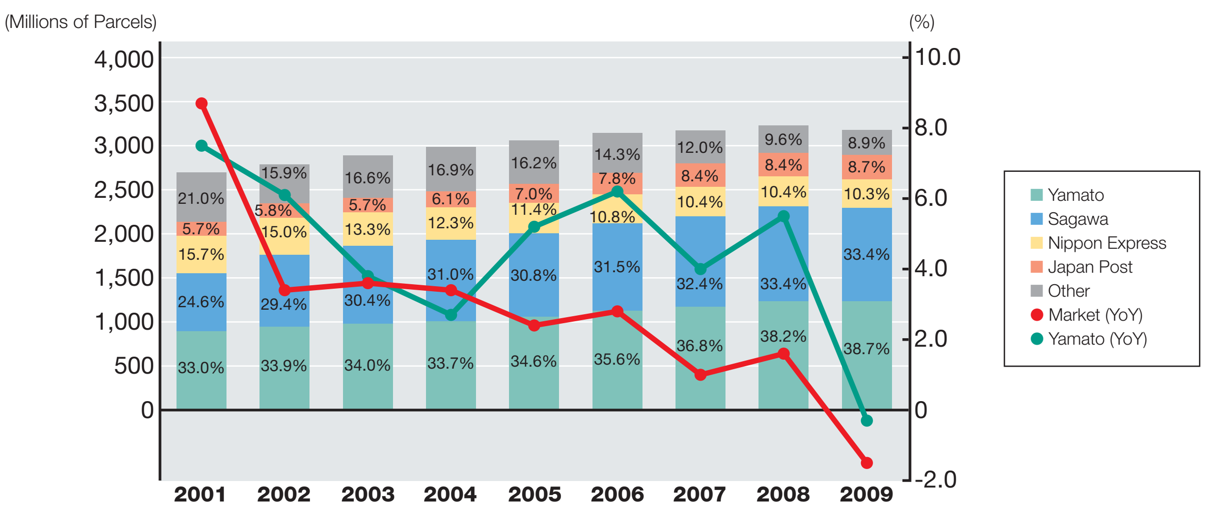
In fiscal 2009, the Yamato Group transformed itself into a solution provider, and at the same time implemented fundamental operational reforms in the *Takkyubin* business which we have been running for over 30 years. The fact that our *Takkyubin* service has been able to continuously hold the top market share among parcel delivery services is a testimony to the innovative spirit we have displayed ever since our founding.

Timeline of New Product Development



Source: Japan Post Service Co., Ltd.
Japan Post Holdings Co., Ltd.

Market Share



Sources: Ministry of Land, Infrastructure, Transport and Tourism and Japan Post Holdings Co., Ltd.

Management's Discussion and Analysis

Scope of Consolidation

At the end of the fiscal year ended March 31, 2009 (fiscal 2009), the Yamato Group consisted of Yamato Holdings Co., Ltd. (the Company), 44 subsidiaries, and four affiliated companies.

The number of subsidiaries included in the consolidated statements was 29 at the previous fiscal year-end, but increased to 32 at the end of fiscal 2009. Three subsidiaries which have increased in importance have been added to the scope of consolidation from fiscal 2009: Yamato Global Express Co., Ltd., which took over express operations from Yamato Transport, Co., Ltd., Yamato Global Logistics Japan Co., Ltd., which took over international distribution service operations primarily in forwarding for the BIZ-Logistics business, and Yamato Multi-Maintenance Solutions Co., Ltd., which took over maintenance operations from Yamato Logistics Co., Ltd. There were no affiliates accounted for by the equity method at the end of the period under review.

Results of Operations

In the fiscal year ended March 31, 2009, the business environment remained extremely challenging as a result of the sudden economic deterioration triggered by the global financial crisis.

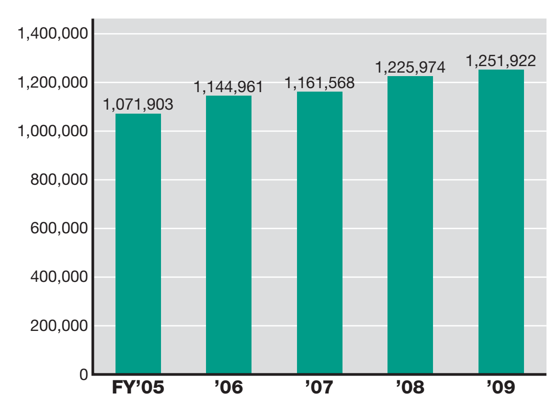
Under these conditions, the Yamato Group rallied together to actively develop business under the "Create Satisfaction Three-Year Plan," which began in the fiscal year under review. These efforts included creating a solutions business geared toward corporate clients, combining logistics technology (LT), information technology (IT), and financial technology (FT).

In particular, in the Delivery business, the Group sought to boost cost-competitiveness and enhance service at the same time by reforming *Takkyubin* operations to improve productivity, while aiming to further strengthen the management base with a view to realizing sustained growth.

As a result, consolidated operating revenues for the year amounted to ¥1,251,922 million, up 2.1%, from the previous fiscal year. Operating income, however, was down 18.3% year on year to ¥55,721 million. Ordinary income was ¥57,822 million, 18.1% lower than the previous fiscal year. Net income fell 27.8%, to ¥25,523 million.

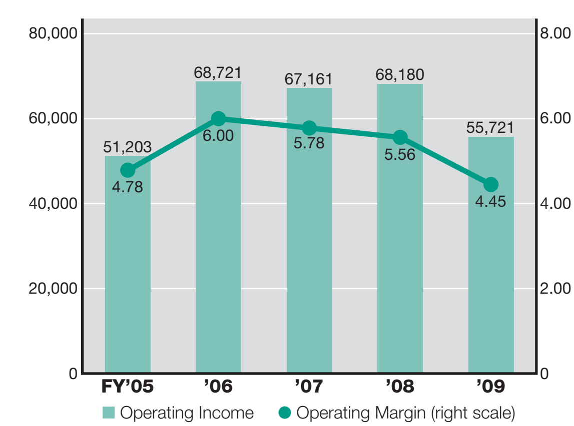
Operating Revenues

(Millions of Yen)



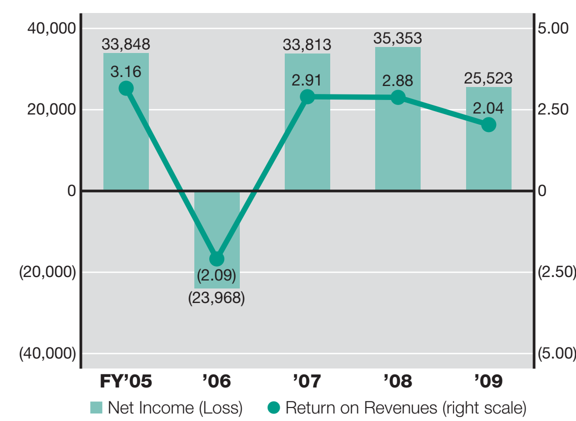
Operating Income / Operating Margin

(Millions of Yen, %)



Net Income (Loss) / Return on Revenues

(Millions of Yen, %)



Review by Operating Segment

Creation of New Business Category

Starting from the fiscal year ended March 31, 2009, the Truck Maintenance business has been added, reflecting the strong performance and expectations for further growth of the vehicle maintenance operations previously accounted for under Other business.

Delivery

The Delivery business faced a challenging business environment due to the sudden economic deterioration triggered by the global financial crisis. Nevertheless, the door-to-door parcel delivery market as a whole remained relatively firm, falling only 0.6% year on year.

The Yamato Group struggled with lower unit prices for *Takkyubin* services, which affected revenues. Due to efforts to minimize the drops in unit prices, total delivery volume only nudged down 0.3% from the previous fiscal year to 1,232 million parcels, although marking the first year-on-year decline since the launch of *Takkyubin* services in 1976.

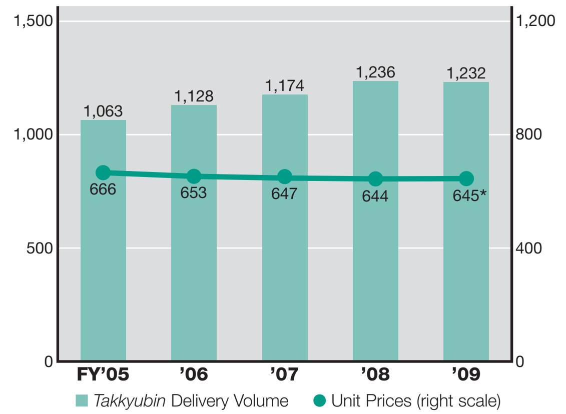
In *Kuroneko Mail* services, total handling volume rose by 1.2% to 2,231 million units thanks to comprehensive proposal sales offering value-added products such as printed enclosures, seals, and provision of address label printing software.

Management believes it has achieved a certain level of success in aggressively pursuing cost competitiveness through reforms to the *Takkyubin* operations, and for the Group's ability to limit costs in line with revenues, particularly in the second half. The same is true for the gradual effects of the solutions business geared toward corporate clients fusing logistics technology (LT), information technology (IT), and financial technology (FT).

As a result, operating revenues in the Delivery business were ¥997,898 million, a slight increase of 1.7%, falling short of target. As a result, despite cost-reduction effects achieved through increased productivity, operating income fell to ¥31,123 million, down 21.9% year on year.

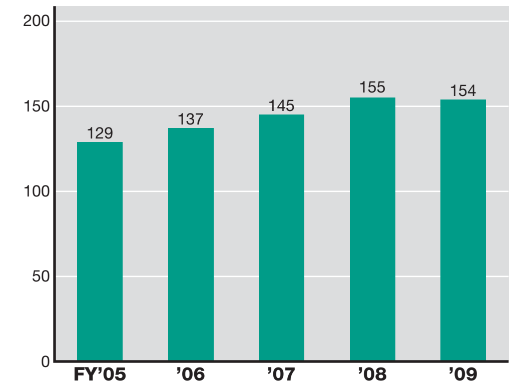
Takkyubin Delivery Volume / Unit Prices

(Millions of Parcels, Yen)



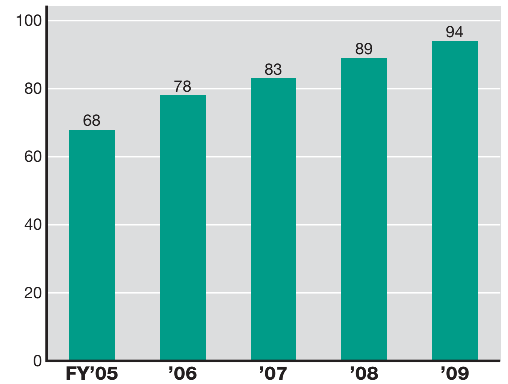
Cool Takkyubin Handling Volume

(Millions of Parcels)



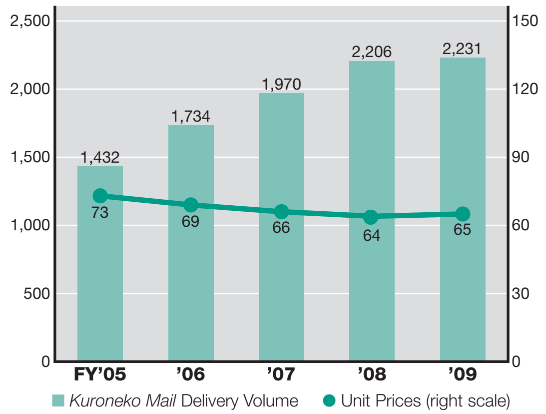
Takkyubin Collect Handling Volume

(Millions of Parcels)



Kuroneko Mail Delivery Volume / Unit Prices

(Millions of Units, Yen)



* In line with the division of the express business, starting from the fiscal year under review, this figure includes the ¥2,960 million for parcels delivered by Yamato Global Express. If calculated on the same basis as last year, the unit price for the previous fiscal year would be ¥643.

BIZ-Logistics

BIZ-Logistics leverages logistics technology (LT), information technology (IT), and financial technology (FT) to create a business model that supports customers' sales and production operations, and aggressively developed sales.

In the domestic sales of logistics services, performance was strong in the *Today Shopping Service* solution model for corporate clients, which supports sales through shortened lead-times and by lowering costs through dispersed inventories and consolidated shipping. The *Multi-Maintenance* solution for manufacturers, which reduces the lead-time for consumers for repair or maintenance, also performed strongly. In the wake of the sudden economic recession, however, trade logistics services, which supports international exports, saw lower revenues as a result of decreased export volume, particularly to the U.S.

As a result, operating revenues in the BIZ-Logistics segment dropped 2.9% to ¥92,947 million, while operating income fell 37.9% to ¥3,195 million.

Home Convenience

In September 2007, the Yamato Group integrated MOVING CO., LTD., working to achieve steady market penetration by leveraging the Group's nationwide delivery network in the Installation Delivery service, which combines a household appliance and furniture delivery function with a technical installation component.

In the moving services business, the Group sought to strengthen its competitiveness by revamping its moving services lineup in October 2008, hoping to take advantage of its network to attract corporate customers through box-unit shipping. Amid the overall slump in the moving industry, however, the business was not able to generate a profit.

As a result, operating revenues in the Home Convenience segment rose 8.9% to ¥53,315 million. However, the segment posted an operating loss of ¥340 million.

e-Business

In the e-Business segment, the Group promotes its sales support solution model, in which the Group leverages logistics technology (LT), information technology (IT), and financial technology (FT) under the keywords of 'tracking,' 'security,' and 'package,' providing high quality at a low cost and with short introduction times.

In the Internet supermarket field, where demand is projected to grow, the Group took steps to seize this business opportunity as early as possible. To this end, it created a business support system for supermarkets that can be implemented quickly and at low initial cost.

Operating revenues in the e-Business segment declined 1.6% to ¥32,273 million, while operating income fell 2.7% to ¥6,059 million.

Financial

The Financial business is currently expanding from delivery settlement services to business-to-business logistics settlement. During the year under review, the business took steps to respond with increasingly diverse settlement methods tailored to customer requirements.

For customers involved in the mail-order business, in August 2008 the Group launched the PC-based version of *Kuroneko web Collect*, a comprehensive web-based settlement service. In March 2009, a mobile version was added to enhance the convenience of the service, in addition to other steps to promote business development and lead to increased sales power for mail-order companies.

Operating revenues in the Financial segment rose 4.2% to ¥53,608 million, while operating income dropped 3.8% to ¥10,506 million, due in part to various costs.

Truck Maintenance

The Truck Maintenance business expanded its business by providing year-round, 24-hour a day vehicle servicing to support customers operating truck and bus transport.

The Group aggressively expanded the number of vehicle service locations. Four new facilities were added, including the Chiba Superworks facility, which began full-fledged operations from July 2008, bringing the total number of locations to 13 as of March 31, 2009.

In addition, a Vehicle Management System was launched, allowing member clients to view managed vehicle servicing histories on the Web. Through these and other measures, the company strove to enhance convenience to customers.

Operating revenues were ¥17,555 million, up 54.0% year on year. Operating income however decreased by 16.9% to ¥1,711 million due to increased costs resulting from up-front investments.

Other

The *JITBOX Charter* service, which provides just-in-time, high-frequency, right-volume delivery by transport box for customers distributing goods between companies, aggressively sought to expand sales through its sales structure based on a group of 15 companies. From the second half of the year, however, the number of deliveries fell under the impact of slower shipments due to corporate production adjustments.

Excluding dividends received by Yamato Holdings Co., Ltd. from Group companies, operating income amounted to ¥1,392 million, up 163.9% from the previous fiscal year.

Financial Review

Operating Costs

In fiscal 2009, the Company recorded consolidated operating costs and expenses of ¥1,196,201 million, up 3.3%, from the previous fiscal year. Significant components of the operating costs were as follows.

From the fiscal year under view, the express business of Yamato Transport Co., Ltd. has been handled by Yamato Global Express Co., Ltd. The resulting subcontracting expenses are as follows.

The chart below includes the impact of the division.

Breakdown of operating costs (Millions of Yen)

Years ended March 31	2008	**2009**	Change
Personnel expenses	¥ 609,994	**¥ 621,115**	¥ 11,121
Subcontracting expenses	430,023	**490,941**	60,918
Vehicle expenses	38,946	**41,664**	2,718
Other expenses	256,668	**248,258**	(8,410)
Elimination of internal procurement costs	(177,837)	**(205,777)**	(27,940)
Total	¥1,157,794	**¥1,196,201**	¥ 38,407

Significant components of the operating costs excluding the impact of the division of the express business were as follows.

(Reference) Breakdown of operating costs (Millions of Yen)

Years ended March 31	2008	**2009**	Change
Personnel expenses	¥ 609,994	**¥ 619,077**	¥ 9,083
Subcontracting expenses	430,023	**436,074**	6,051
Vehicle expenses	38,946	**41,664**	2,718
Other expenses	256,668	**258,313**	1,645
Elimination of internal procurement costs	(177,837)	**(186,440)**	(8,603)
Total	¥1,157,794	**¥1,168,688**	¥10,894

Net Income

In fiscal 2009, income before income taxes and minority interests decreased ¥18,600 million, or 27.5%, to ¥48,996 million. Income taxes declined ¥8,098 million, to ¥23,349 million.

After deducting income taxes of ¥23,349 million and minority interests of ¥124 million, net income was ¥25,523 million, down ¥9,830 million, or 27.8% year on year. As a result, net income per share was ¥57.60, and return on equity (ROE) was 5.4%.

The annual dividend was ¥22.00 per share.

Cash Flows

Operating Activities

Net cash provided by operating activities in fiscal 2009 amounted to ¥84,463 million. Major factors included ¥48,996 million in income before income taxes and minority interests, as well as ¥42,697 million in depreciation and amortization.

Investing Activities

Net cash used in investing activities totaled ¥23,095 million. This mainly reflected ¥36,986 million in purchases of property, plant and equipment, partially offset by a ¥13,160 million gain on sale of investment securities.

Financing Activities

Net cash used in financing activities was ¥28,830 million. This was primarily due to ¥10,387 million in dividends paid and a ¥13,809 million decrease in loans.

Financial Condition

At March 31, 2009, total assets amounted to ¥869,606 million, down ¥4,613 million from a year earlier. This was mainly due to recording of ¥9,092 million in lease assets as a result of the application of the accounting standard for lease transactions, which was outweighed by a ¥15,650 million decrease in installment receivables in the Financial business.

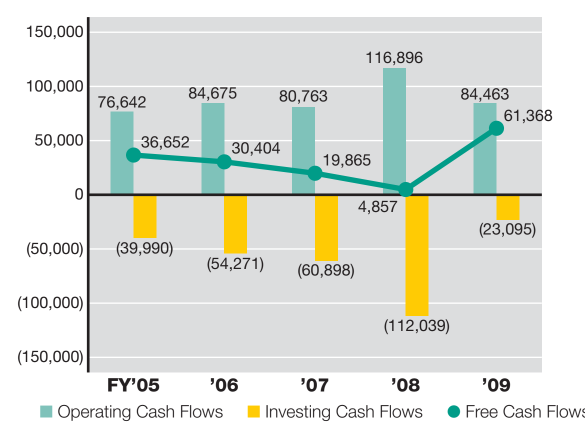
Liabilities totaled ¥383,347 million, down ¥14,888 million from the previous year-end. This was due primarily to a decrease of ¥13,806 million in short-term bank loans and long-term debt.

Total equity at March 31, 2009 amounted to ¥486,259 million, up ¥10,275 million from the previous fiscal year-end. This was due mainly to an increase of ¥15,324 million in retained earnings resulting from ¥25,523 million in net income and ¥10,193 million in payment of cash dividends.

As a result of the above, the equity ratio rose from 53.3% to 54.7%.

Operating and Investing Cash Flows / Free Cash Flows*

(Millions of Yen)



* Free Cash Flows = Operating Cash Flows + Investing Cash Flows

Capital Expenditures

Capital expenditures in fiscal 2009 totaled ¥45,856 million, down ¥78,976 million, or 63.3%, from the previous fiscal year. The following is a breakdown of capital expenditures.

(Millions of Yen)

	2008	**2009**
Delivery	¥106,991	**¥33,923**
BIZ-Logistics	1,437	**2,153**
Home Convenience	375	**627**
e-Business	606	**3,824**
Financial	13,503	**1,912**
Truck Maintenance	–	**3,099**
Other	1,912	**292**
Eliminations or Corporate	8	**26**
Total	¥124,832	**¥45,856**

Major changes in the delivery business network are detailed below.

Network

	2008	**2009**	Increase/ Decrease
Number of vehicles	52,947	**52,287**	(660)
Number of delivery channels	13,391	**13,301**	(90)
Number of sub-agents	274,924	**266,896**	(8,028)

Forecasts for Fiscal 2010

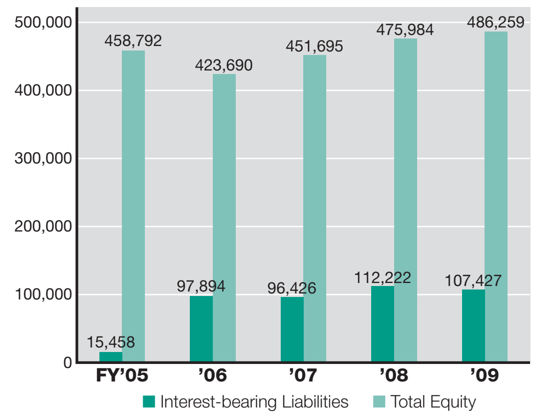
The domestic economy is expected to see negative growth in the shadow of global-scale economic deterioration, and conditions are set to remain challenging going forward.

The Yamato Group, however, sees changes in the supply chain and general consumer purchasing styles as a business opportunity. Going forward, the Group will work to further differentiate itself by creating a solutions business geared toward the high growth-potential area of corporate clients, combining logistics technology (LT), information technology (IT), and financial technology (FT) and increasing market penetration of the *Kuroneko Members* individual members' service. At the same time, aggressive efforts will be made to promote stronger cost-competitiveness through productivity-enhancing reforms to *Takkyubin* operations.

Management forecasts operating revenues of ¥1,227 billion, operating income of ¥58.5 billion, ordinary income of ¥61.0 billion, and net income of ¥31.5 billion for fiscal 2010.

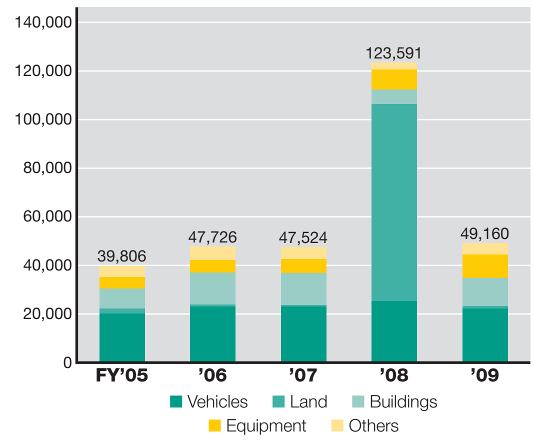
Interest-bearing Liabilities / Total Equity

(Millions of Yen)



Capital Expenditures

(Millions of Yen)



Note: Total capital expenditures for 2008 include the expenditures related to Haneda Logistics Terminal of ¥81,190 million.

Major Risk Factors

The Yamato Group believes that the following matters related to the implementation of the Group's business operations may have a significant impact on the decisions of investors. It should be noted that forward-looking statements in this document are based on information available as of March 31, 2009.

(1) Legal Regulation

The Group's business activities could be restricted by law or ordinance, resulting in a decline in sales and an increase in costs to achieve legal compliance.

(2) High Dependency on *Takkyubin* Business for Operating Revenues

1. The rate of growth in the home delivery market could slow due to domestic economic trends, the natural environment, including inclement weather conditions, changing customs with regard to sending midsummer, year-end and other gifts, or other factors.
2. Unit prices could decline beyond the range expected and the Group's customers could switch to its competitors as a result of fierce price competition among companies in the industry.

(3) Securing Human Resources

The Yamato Group could be unable to continuously hire competent staff, allocate staff to appropriate positions, and keep employees in the Group by developing a good work environment and improving training and education systems.

(4) Leakage of Business Know-how Resulting From Personnel Leaving the Group

Various kinds of know-how, such as ways to develop new products and methods of building networks, could be leaked outside the Group when personnel leave their employment and it may not be possible to effectively prevent a third party from providing similar services.

(5) Loss of Trust in the Yamato Group

An incident such as damage to or loss of packages entrusted to *Takkyubin* or *Kuroneko Mail*, or a similar major flaw in services or products could lead to a loss of society's trust in the Group.

(6) Leak of Customer Information

Leakage of information outside the Group due to negligent controls over customer information or similar could lead to a loss of society's trust in the Group or a claim for payment of damages.

(7) Administrative Sanction and loss of Social Trust as a Result of a Major Traffic Accident

1. A major traffic accident could occur, leading to a decline in the degree of social trust accorded to the Group.
2. The Group could be placed under government sanction and ordered to halt use of vehicles, and offices could be required to halt business or their business permissions could be revoked, causing discontinuities or cessation of business.

(8) Official Regulation due to Environmental Issues

Unexpectedly strict environmental regulations could be enacted.

(9) Natural Disaster, Power Outages, Etc.

Roads and other infrastructure could be damaged as a result of a natural disaster, or cargos could become stalled if electric power supply is cut off due to a natural disaster or power outage.

(10) Computer Viruses and Criminal Hacking Activity

The Yamato Group could be subject to an unanticipated regional disaster, computer virus infection, or attack by hackers.

(11) International Factors

1. The geographical regions where the Yamato Group or its main business partners are active could be subject to acts of terrorism, war or other international conflicts, or spread of disease such as new strains of influenza.
2. The stable supply of diesel or other fuel could be restricted due to international events, or fuel prices could remain persistently high.

(12) Credit Exposure Management and Interest Rate Fluctuations

1. Personal bankruptcies could remain at a high rate due to economic trends and other factors, making increases in the cost of credit exposure management likely.
2. It could become difficult to absorb the rising cost of funding procurement due to greater-than-anticipated, sharp increases in long- and short-term interest rates.

Consolidated Balance Sheets

March 31, 2009 and 2008

ASSETS	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
CURRENT ASSETS:			
Cash (Note 2.d)	**¥ 179,753**	¥ 147,569	**$ 1,829,920**
Notes and accounts receivable:			
Trade	**138,405**	144,275	**1,408,984**
Installment (Note 3)	**62,062**	77,712	**631,800**
Lease (Note 11)	**19,778**		**201,344**
Allowance for doubtful accounts	**(5,405)**	(5,477)	**(55,026)**
Inventories (Note 4)	**2,388**	2,298	**24,312**
Deferred tax assets (Note 10)	**18,017**	17,686	**183,416**
Prepaid expenses and other current assets	**20,711**	20,531	**210,847**
Total current assets	**435,709**	404,594	**4,435,597**
PROPERTY, PLANT AND EQUIPMENT—At cost:			
Land (Note 6)	**177,761**	176,916	**1,809,635**
Buildings and structures (Note 6)	**261,077**	252,399	**2,657,817**
Vehicles	**177,590**	173,383	**1,807,901**
Leased assets (Note 11)	**15,338**		**156,146**
Machinery and equipment	**96,183**	91,135	**979,155**
Construction in progress	**638**	746	**6,498**
Others	**1,627**	34,598	**16,566**
Total	**730,214**	729,177	**7,433,718**
Accumulated depreciation	**(371,409)**	(361,841)	**(3,781,019)**
Net property, plant and equipment	**358,805**	367,336	**3,652,699**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 5)	**18,930**	41,726	**192,709**
Investments in and advances to non-consolidated subsidiaries and affiliates, net of valuation allowance of ¥91 million ($926 thousand) in 2009 and ¥118 million in 2008	**731**	1,309	**7,445**
Long-term loans	**2,014**	2,862	**20,501**
Lease deposits	**24,617**	25,521	**250,601**
Deferred tax assets (Note 10)	**15,458**	13,215	**157,370**
Other assets	**13,342**	17,656	**135,828**
Total investments and other assets	**75,092**	102,289	**764,454**
TOTAL	**¥ 869,606**	¥ 874,219	**$ 8,852,750**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2009	2008	Thousands of U.S. Dollars (Note 1) 2009
CURRENT LIABILITIES:			
Short-term bank loans (Note 7)	**¥ 14,450**	¥ 18,249	**$ 147,109**
Current portion of long-term debt (Note 7)	**32,889**	22,008	**334,814**
Notes and accounts payable:			
Trade	**117,899**	122,791	**1,200,230**
Construction	**10,432**	7,291	**106,198**
Income taxes payable	**17,569**	20,571	**178,860**
Employees' savings deposits	**3,382**	3,359	**34,429**
Accrued expenses	**52,487**	52,820	**534,327**
Deferred profit on installment sales (Note 3)	**11,556**	16,096	**117,643**
Other current liabilities	**15,108**	16,054	**153,802**
Total current liabilities	**275,772**	279,239	**2,807,412**
LONG-TERM LIABILITIES:			
Long-term debt (Note 7)	**60,088**	71,965	**611,710**
Long-term accounts payable	**15,770**	15,784	**160,544**
Liability for employees' retirement benefits (Note 8)	**28,397**	27,215	**289,086**
Retirement allowances for directors and corporate auditors	**8**	14	**81**
Deferred tax liabilities (Note 10)	**573**	2,019	**5,830**
Other long-term liabilities	**2,739**	1,999	**27,882**
Total long-term liabilities	**107,575**	118,996	**1,095,133**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11 and 12)			
EQUITY (Notes 7, 9 and 15)**:**			
Common stock—authorized, 1,787,541,000 shares in 2009 and 2008; issued, 457,315,176 shares in 2009 and 457,309,400 shares in 2008	**120,729**	120,725	**1,229,042**
Capital surplus	**114,814**	114,847	**1,168,833**
Retained earnings	**266,035**	250,711	**2,708,287**
Unrealized gain on available-for-sale securities	**1,552**	5,994	**15,800**
Deferred loss on derivatives under hedge accounting		(63)	
Foreign currency translation adjustments	**(877)**	(93)	**(8,934)**
Treasury stock—at cost, 14,227,149 shares in 2009 and 14,106,234 shares in 2008	**(26,438)**	(26,320)	**(269,143)**
Total	**475,815**	465,801	**4,843,885**
Minority interests	**10,444**	10,183	**106,320**
Total equity	**486,259**	475,984	**4,950,205**
TOTAL	**¥869,606**	¥874,219	**$8,852,750**

Consolidated Statements of Income

Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
OPERATING REVENUES	**¥1,251,922**	¥1,225,974	**$12,744,802**
OPERATING COSTS AND EXPENSES:			
Operating costs	**1,167,764**	1,129,008	**11,888,058**
Selling, general and administrative expenses	**28,437**	28,786	**289,494**
Total operating costs and expenses	**1,196,201**	1,157,794	**12,177,552**
Operating income	**55,721**	68,180	**567,250**
OTHER (INCOME) EXPENSES:			
Interest and dividend income	**(859)**	(905)	**(8,744)**
Interest expense	**955**	307	**9,724**
Gain on sales of marketable and investment securities	**(128)**	(1,216)	**(1,305)**
Loss (gain) on sales of investments in subsidiaries	**357**	(1)	**3,629**
Loss on valuation of investment securities	**6,209**	2,439	**63,212**
Loss on disposal of property, plant and equipment	**1,138**	399	**11,581**
Loss on impairment of long-lived assets (Note 6)	**974**		**9,920**
Bond issuance costs	**14**	14	**144**
Other—net	**(1,935)**	(453)	**(19,700)**
Other expenses—net	**6,725**	584	**68,461**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**48,996**	67,596	**498,789**
INCOME TAXES (Note 10)**:**			
Current	**25,447**	31,927	**259,054**
Deferred	**(2,098)**	(480)	**(21,358)**
Total income taxes	**23,349**	31,447	**237,696**
MINORITY INTERESTS IN NET EARNINGS OF CONSOLIDATED SUBSIDIARIES	**124**	796	**1,259**
NET INCOME	**¥ 25,523**	¥ 35,353	**$ 259,834**

	Yen		U.S. Dollars
	2009	2008	**2009**
PER SHARE OF COMMON STOCK (Notes 2.s and 13)**:**			
Basic net income	**¥ 57.60**	¥ 79.80	**$ 0.59**
Diluted net income	**56.45**	78.12	**0.57**
Cash dividends applicable to the year	**22.00**	22.00	**0.22**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Years Ended March 31, 2009 and 2008

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2007	442,770	¥120,717	¥114,894	¥224,226	¥12,583		¥ (26)	¥(27,131)	¥445,263	¥ 6,432	¥451,695
Net income				35,353					35,353		35,353
Cash dividends, ¥20 per share				(8,860)					(8,860)		(8,860)
Adjustment of retained earnings for changes in the scope of consolidation				(8)					(8)		(8)
Purchase of treasury stock	(158)							(267)	(267)		(267)
Disposal of treasury stock	577		(56)					1,078	1,022		1,022
Shares issued on conversion of convertible debt	14	8	9						17		17
Net change in the year					(6,589)	¥(63)	(67)		(6,719)	3,751	(2,968)
BALANCE, MARCH 31, 2008	443,203	120,725	114,847	250,711	5,994	(63)	(93)	(26,320)	465,801	10,183	475,984
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)				(4)					(4)		(4)
Net income				25,523					25,523		25,523
Cash dividends, ¥23 per share				(10,193)					(10,193)		(10,193)
Adjustment of retained earnings for changes in the scope of consolidation				(2)					(2)		(2)
Purchase of treasury stock	(172)							(213)	(213)		(213)
Disposal of treasury stock	51		(36)					95	59		59
Shares issued on conversion of convertible debt	6	4	3						7		7
Net change in the year					(4,442)	¥ 63	(784)		(5,163)	261	(4,902)
BALANCE, MARCH 31, 2009	**443,088**	**¥120,729**	**¥114,814**	**¥266,035**	**¥ 1,552**		**¥(877)**	**¥(26,438)**	**¥475,815**	**¥10,444**	**¥486,259**

	Thousands of U.S. Dollars (Note 1)									
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2008	$1,229,006	$1,169,163	$2,552,282	$ 61,018	$(636)	$ (949)	$(267,939)	$4,741,945	$103,661	$4,845,606
Adjustment of retained earnings due to an adoption of PITF No. 18 (Note 2.b)			(43)					(43)		(43)
Net income			259,834					259,834		259,834
Cash dividends, $0.23 per share			(103,767)					(103,767)		(103,767)
Adjustment of retained earnings for changes in the scope of consolidation			(19)					(19)		(19)
Purchase of treasury stock							(2,167)	(2,167)		(2,167)
Disposal of treasury stock		(365)					963	598		598
Shares issued on conversion of convertible debt	36	35						71		71
Net change in the year				(45,218)	$ 636	(7,985)		(52,567)	2,659	(49,908)
BALANCE, MARCH 31, 2009	**$1,229,042**	**$1,168,833**	**$2,708,287**	**$ 15,800**		**$(8,934)**	**$(269,143)**	**$4,843,885**	**$106,320**	**$4,950,205**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 48,996**	¥ 67,596	**$ 498,789**
Adjustments for:			
Income taxes—paid	**(27,370)**	(32,396)	**(278,631)**
Depreciation and amortization	**42,697**	44,772	**434,662**
Loss on disposal of property, plant and equipment	**1,138**	399	**11,581**
Loss on impairment of long-lived assets	**974**		**9,920**
Loss (gain) on sales of marketable and investment securities	**229**	(1,222)	**2,324**
Loss on valuation of investment securities	**6,209**	2,439	**63,212**
Changes in assets and liabilities, net of effects from newly consolidated subsidiaries:			
Decrease in notes and accounts receivable	**16,963**	17,501	**172,691**
Decrease (increase) in inventories	**782**	(67)	**7,961**
(Decrease) increase in notes and accounts payables	**(4,026)**	15,497	**(40,983)**
Increase in liability for employees' retirement benefits	**1,193**	1,292	**12,143**
Other—net	**(3,322)**	1,085	**(33,822)**
Total adjustments	**35,467**	49,300	**361,058**
Net cash provided by operating activities	**84,463**	116,896	**859,847**
INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment	**559**	1,114	**5,691**
Purchases of property, plant and equipment	**(36,986)**	(114,778)	**(376,521)**
Proceeds from sales of marketable and investment securities	**10,158**	9,423	**103,415**
Purchases of marketable and investment securities	**(11)**	(1,011)	**(112)**
Payment for acquisition and succeeding the delivery business		(5,570)	
Increase in investments in and advances to non-consolidated subsidiaries and affiliates	**(403)**	(262)	**(4,101)**
Cash collected from long-term loans	**1,384**	1,940	**14,086**
Cash advanced for long-term loans	**(533)**	(1,633)	**(5,431)**
Other	**2,737**	(1,262)	**27,867**
Net cash used in investing activities	**(23,095)**	(112,039)	**(235,106)**
FINANCING ACTIVITIES:			
Proceeds from short-term bank loans	**114,500**	33,750	**1,165,632**
Repayments of short-term loans	**(122,784)**	(49,442)	**(1,249,966)**
Proceeds from long-term debt	**12,000**	34,000	**122,162**
Repayments of long-term debt	**(22,008)**	(2,737)	**(224,046)**
Dividends paid	**(10,387)**	(9,023)	**(105,745)**
Repurchase of treasury stocks	**(154)**	755	**(1,569)**
Other	**3**	(2)	**35**
Net cash (used in) provided by financing activities	**(28,830)**	7,301	**(293,497)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(458)**	(22)	**(4,662)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**32,080**	12,136	**326,582**
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	**101**	23	**1,027**
CASH AND CASH EQUIVALENTS INCREASED BY CORPORATE DIVISION		17	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**142,321**	130,145	**1,448,859**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 2.d)	**¥ 174,502**	¥ 142,321	**$ 1,776,468**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years Ended March 31, 2009 and 2008

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2008 consolidated financial statements to conform to the classifications and presentations used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yamato Holdings Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23 to $1, the approximate rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its 32 significant (29 in 2008) subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The remaining non-consolidated subsidiaries, whose combined assets, net sales, net income and retained earnings in the aggregate are not significant to the consolidated financial statements, have not been consolidated with the Company.

There were no affiliates accounted for by the equity method in 2009 or 2008.

Investments in the remaining non-consolidated subsidiaries and affiliates are stated at cost less a valuation allowance representing possible losses on the investments that are deemed to be other than temporary. If the equity method of accounting had been applied to the investments in such companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the costs over the underlying net equity of investments in consolidated subsidiaries is recognized as goodwill and amortized on a straight-line basis over a five-year period, with the exception of minor amounts which are charged or credited to income in the period of acquisition.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (e) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and (f) exclusion of minority interests from net income, if contained. PITF No. 18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008, and adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

The effect of this change on the consolidated financial statements was not material.

c. Recognition of Operating Revenues—The Group recognizes freight charge income as operating revenues at the time when freight has been received from the shipping customer for transportation.

The Group also records installment sales receivables, which include principal and fees from customers, after the Group has accepted the relevant contracts which are referred to the Group by participating member stores. Fees from customers and member stores were generally recognized in equal installments over the lives of each respective contract.

d. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificate of deposits and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

The difference between cash and time deposits in the accompanying consolidated balance sheets and cash and cash equivalents in the accompanying consolidated statements of cash flows is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Cash	**¥179,753**	¥147,569	**$1,829,920**
Time deposits due beyond three months	**(5,000)**	(5,000)	**(50,901)**
Bank overdraft included in cash	**(251)**	(248)	**(2,551)**
Cash and cash equivalents	**¥174,502**	¥142,321	**$1,776,468**

e. Inventories—Prior to April 1, 2008, inventories were stated at cost, determined by the first-in, first out method. In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

The Company applied the new accounting standard for measurement of inventories effective April 1, 2008.

The effect of this change on the consolidated financial statements was not material.

f. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in near term are reported at fair value, and the related unrealized gains and losses are included in earnings, (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and (3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The Group has no trading securities at March 31, 2009 and 2008, respectively.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment excluding leased assets of the Company and its domestic consolidated subsidiaries is computed substantially by the declining-balance method, while the straight-line method is applied to the buildings acquired after April 1, 1998. Depreciation of leased assets is computed on the straight-line method over the lease period with no residual value carried. Because of a revision in the tax law in fiscal year 2009 the Group revised its estimated useful lives of plant from 7–15 years to 12–15 years.

The depreciation of property, plant and equipment of foreign consolidated subsidiaries is computed on the straight-line method over the estimated useful lives of the assets. The range of useful lives is principally as follows:

Buildings and structures	7–60 years
Vehicles	2– 7 years
Machinery and equipment	2–20 years

Maintenance and repairs, including minor renewals and improvements, are charged to income as incurred.

h. Long-lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

i. Other Assets—Amortization of intangible assets is computed on the straight-line method.

Bond issuance costs are deferred as other assets and amortized on the straight-line method over a repayment method.

Depreciation of leased assets is computed on the straight-line method over the lease period with no residual value carried.

j. Retirement and Pension Plan—The Company and substantially most domestic consolidated subsidiaries have a contributory trusteed pension plan and an unfunded retirement benefit plan. In addition, a defined contribution retirement plan was introduced for these defined benefit pension plans on December 1, 2006. Certain domestic consolidated subsidiary participates a cooperative welfare pension fund as a substitution for the aforementioned contributory trusteed pension plan. The foreign subsidiaries have respective defined contribution retirement plans.

Directors and corporate auditors are not covered by the retirement and pension plans described above. Benefits paid to such persons are charged to income as paid. Any amounts payable to directors and corporate auditors upon retirement are subject to the approval of the shareholders.

k. Retirement Allowances for Directors and Corporate Auditors—Retirement allowances for directors and corporate auditors for certain subsidiaries are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

l. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet.

The Company applied the revised accounting standard effective April 1, 2008. The effect of this change as lessor was to increase current assets by ¥19,778 million ($201,344 thousand) and to decrease property, plant and equipment-at cost by the same amount.

The effect of this change as lessee was to increase property, plant and equipment-at cost by ¥15,338 million ($156,146 thousand), current liabilities by ¥4,141 million ($42,154 thousand) and long-term liabilities by ¥4,878 million ($49,662 thousand).

The effect of this change on the consolidated statements of income was not material.

m. Bonuses to Directors—Bonuses to directors is accrued at the year end to which such bonuses are attributable.

n. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

o. Appropriations of Retained Earnings—Appropriations of retained earnings at each year end are reflected in the consolidated financial statements for the following year upon shareholders' approval.

p. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

q. Derivative Financial Instruments—Certain consolidated subsidiaries use derivative financial instruments to manage their exposures to fluctuations in interest rates. Interest rate swaps are utilized by the consolidated subsidiaries to reduce interest rate risks. The consolidated subsidiaries do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

r. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date.

s. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders, by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

3. NOTES AND ACCOUNTS RECEIVABLE

Sales recorded on the installment basis were 0.7% and 0.8% of operating revenues in 2009 and 2008, respectively.

Annual maturities of notes and accounts receivable—installment at March 31, 2009 and related amortization of deferred profit on installment sales are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Receivables	Deferred Profit on Installment Sales	Receivables	Deferred Profit on Installment Sales
2010	**¥34,452**	**¥ 5,264**	**$350,730**	**$ 53,586**
2011	**15,239**	**3,278**	**155,138**	**33,371**
2012	**7,657**	**1,812**	**77,949**	**18,441**
2013	**3,134**	**794**	**31,899**	**8,083**
2014	**1,154**	**290**	**11,752**	**2,956**
2015 and thereafter	**426**	**118**	**4,332**	**1,206**
Total	**¥62,062**	**¥11,556**	**$631,800**	**$117,643**

4. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Merchandise	¥ 855	¥ 693	$ 8,701
Work in process	325	520	3,313
Raw materials and supplies	1,208	1,085	12,298
Total	¥2,388	¥2,298	$24,312

5. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Non-current:			
Marketable equity securities	¥16,944	¥28,475	$172,492
Non-marketable equity securities	1,870	3,015	19,034
Other	116	10,236	1,183
Total	¥18,930	¥41,726	$192,709

Information regarding each category of the securities classified as available-for-sale and held-to-maturity at March 31, 2009 and 2008 was as follows:

	Millions of Yen			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥15,068	¥2,560	¥684	¥16,944

	Millions of Yen			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥20,126	¥8,932	¥582	¥28,476
Other	10,025	95		10,120

	Thousands of U.S. Dollars			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$153,396	$26,059	$6,963	$172,492

The majority of available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for-sale:			
Equity securities	¥1,870	¥3,015	$19,034

Proceeds from the sales of available-for-sale securities for the years ended March 31, 2009 and 2008 were ¥10,158 million ($103,414 thousand) and ¥4,231 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, were ¥128 million ($1,305 thousand) and ¥1,216 million for the years ended March 31, 2009 and 2008, respectively.

6. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2009. As a result, the Group recognized an impairment loss of ¥974 million ($9,920 thousand) as other expense for the asset groups of the Chitose Regional Branch of Yamato Transport Co., Ltd. and another five regional branches for the year ended March 31, 2009 due to continuous operating losses of those units. The carrying amounts of the relevant asset groups were written down to the recoverable amounts. In the case where net selling prices were used as recoverable amounts, relevant buildings were evaluated based on assessed value of fixed assets, and relevant land was evaluated based on posted land price. No impairment loss was recognized for the year ended March 31, 2008.

7. BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2009 and 2008 consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the bank loans ranged from 0.650% to 8.50% and 1.020% to 4.750% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
0.650% to 2.100% loans from a Japanese bank due 2009 to 2013	¥ 65,895	¥ 75,903	$ 670,823
Lease obligations due in November 2015	9,019		91,816
Unsecured 1.59% bonds due in November 2010	5,000	5,000	50,901
Unsecured 1.2% convertible debentures, convertible into common stock at ¥1,211.80 per share, due in September 2009	13,063	13,070	132,984
Total	92,977	93,973	946,524
Less current portion	(32,889)	(22,008)	(334,814)
Total	¥ 60,088	¥ 71,965	$ 611,710

Annual maturities of long-term debt at March 31, 2009 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥45,952	$467,798
2011	14,296	145,532
2012	13,568	138,125
2013	18,995	193,379
2014	154	1,569
2015 and thereafter	12	121
Total	¥92,977	$946,524

Convertible debentures of the Company at March 31, 2009, were convertible into 10,780 thousand shares of common stock of the Company. The conversion prices are subject to adjustments to reflect stock splits and certain other events.

8. RETIREMENT AND PENSION PLANS

The Group has severance payment plans for employees.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of government bonds, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from the consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age. The retirement benefits for directors and corporate auditors are not included in aforementioned plans, which are paid subject to the approval of the shareholders.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Projected benefit obligation	**¥ 82,691**	¥ 81,422	**$ 841,806**
Fair value of plan assets	**(48,520)**	(56,988)	**(493,941)**
Unrecognized actuarial (loss) gain	**(5,982)**	2,728	**(60,900)**
Prepaid pension cost	**208**	53	**2,121**
Net liability	**¥ 28,397**	¥ 27,215	**$ 289,086**

The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Service cost	**¥ 4,718**	¥ 4,567	**$ 48,031**
Interest cost	**1,615**	1,562	**16,445**
Expected return on plan assets	**(1,127)**	(1,199)	**(11,478)**
Recognized actuarial loss	**795**	1,691	**8,097**
Net periodic benefit costs	**¥ 6,001**	¥ 6,621	**$ 61,095**

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%
Amortization period of prior service cost	**1 year**	1 year
Recognition period of actuarial gain/loss	**5 years**	5 years

9. EQUITY

On and after May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity.

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Deferred tax assets:			
Current:			
Accrued expenses	**¥ 10,703**	¥ 10,878	**$ 108,959**
Enterprise tax	**1,691**	1,964	**17,216**
Allowance for doubtful accounts	**1,643**	1,417	**16,724**
Legal welfare expense	**1,453**	1,460	**14,788**
Other	**2,667**	2,109	**27,154**
Deferred tax assets—current	**¥ 18,157**	¥ 17,828	**$ 184,841**
Non-current:			
Liability for employees' retirement benefits	**¥ 11,278**	¥ 10,833	**$ 114,813**
Investment securities	**3,734**	3,541	**38,009**
Investment in and advances to non-consolidated subsidiaries and affiliates	**29**	265	**297**
Loss on devaluation of land	**27,181**	27,181	**276,712**
Loss on impairment of long-lived assets	**3,663**	3,265	**37,287**
Loss on devaluation of telephone subscription rights	**615**	600	**6,261**
Unrealized profit	**898**	760	**9,139**
Other	**3,486**	2,167	**35,489**
Less valuation allowance	**(34,677)**	(34,079)	**(353,014)**
Deferred tax assets—non-current	**¥ 16,207**	¥ 14,533	**$ 164,993**
Deferred tax liabilities:			
Current—other	**¥ 140**	¥ 142	**$ 1,425**
Deferred tax liabilities—current	**¥ 140**	¥ 142	**$ 1,425**
Non-current:			
Unrealized gain on available-for-sale securities	**¥ 532**	¥ 2,741	**$ 5,421**
Other	**789**	596	**8,033**
Deferred tax liabilities—non-current	**¥ 1,321**	¥ 3,337	**$ 13,454**
Deferred tax assets—net	**¥ 32,903**	¥ 28,882	**$ 334,955**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
Normal effective statutory tax rate	40.0%	40.0%
Per capita levy of local taxes	5.5	3.7
Valuation allowance	1.2	2.8
Other—net	1.0	0.0
Actual effective tax rate	47.7%	46.5%

11. LEASES

(1) Lessee

The Group leases certain machinery, computer equipment and other assets.

Pro forma information for the year ended March 31, 2008 of leased assets such as acquisition cost, accumulated depreciation, and obligations under finance leases that do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen				
	2008				
	Buildings and Structures	Vehicles	Machinery and Equipment	Other Assets	Total
Acquisition cost	¥102	¥647	¥20,221	¥471	¥21,441
Accumulated depreciation	55	287	10,083	243	10,668
Net leased property	¥ 47	¥360	¥10,138	¥228	¥10,773

Obligations under finance leases which included the imputed interest expense portion, and noncancelable operating leases as of March 31, 2008 was as follows:

	Millions of Yen	
	2008	
	Finance Lease	Operating Lease
Due within one year	¥ 4,152	¥485
Due after one year	6,621	80
Total	¥10,773	¥565

The minimum rental commitments under noncancellable operating leases at March 31, 2009 was as follows :

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Due within one year	¥135	$1,372
Due after one year	63	648
Total	¥198	$2,020

(2) Lessor

The net investement in lease as of March 31, 2009 are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Gross lease receivables	¥21,674	$220,647
Unguaranteed residual values	1,926	19,602
Unearned interest income	(3,822)	(38,905)
Investments in lease, current	¥19,778	$201,344

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee are as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 7,385	$ 75,186
2011	6,020	61,280
2012	4,766	48,524
2013	2,819	28,695
2014	678	6,898
2015 and thereafter	6	64
Total	¥21,674	$220,647

The minimum rental commitments under noncancellable operating leases at March 31, 2009 was as follows :

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Due within one year	¥ 74	$ 755
Due after one year	275	2,796
Total	¥349	$3,551

12. CONTINGENT LIABILITIES

Contingent liabilities for guarantees and items of a similar nature at March 31, 2009 amounted to ¥76 million ($769 thousand) as guarantees of loans of a non-consolidated subsidiary.

13. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the year ended March 31, 2009 and 2008 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year ended March 31, 2009	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥25,523	443,140	¥57.60	$0.59
Effect of dilutive securities—Convertible bonds	99	10,782		
Diluted EPS—Net income for computation	¥25,622	453,922	¥56.45	$0.57
Year ended March 31, 2008				
Basic EPS—Net income available to common shareholders	¥35,353	443,023	¥79.80	
Effect of dilutive securities—Convertible bonds	98	10,788		
Diluted EPS—Net income for computation	¥35,451	453,811	¥78.12	

14. SEGMENT INFORMATION

Information about industry segments, geographic segments and operating revenues to foreign customers of the Company and consolidated subsidiaries for the years ended March 31, 2009 and 2008 is as follows:

(1) Industry Segments

	Millions of Yen								
	2009								
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Truck Maintenance	Other	Eliminations or Corporate	Consolidated
a. Operating revenues and operating income:									
Operating revenues to customers	**¥ 997,898**	**¥ 92,947**	**¥53,315**	**¥32,273**	**¥ 53,608**	**¥17,555**	**¥ 4,326**		**¥1,251,922**
Intersegment operating revenues	**42,478**	**11,627**	**16,115**	**20,076**	**3,772**	**25,171**	**50,406**	**¥(169,645)**	
Total operating revenues	**1,040,376**	**104,574**	**69,430**	**52,349**	**57,380**	**42,726**	**54,732**	**(169,645)**	**1,251,922**
Operating costs and expenses	**1,009,253**	**101,379**	**69,770**	**46,290**	**46,874**	**41,015**	**31,829**	**(150,209)**	**1,196,201**
Operating income (loss)	**¥ 31,123**	**¥ 3,195**	**¥ (340)**	**¥ 6,059**	**¥ 10,506**	**¥ 1,711**	**¥22,903**	**¥ (19,436)**	**¥ 55,721**
b. Assets, depreciation and capital expenditures:									
Assets	**¥ 526,645**	**¥ 45,808**	**¥24,492**	**¥28,159**	**¥186,378**	**¥16,123**	**¥10,491**	**¥ 31,510**	**¥ 869,606**
Depreciation	**34,950**	**1,479**	**1,212**	**2,493**	**784**	**692**	**1,062**	**25**	**42,697**
Capital expenditures	**33,923**	**2,153**	**627**	**3,824**	**1,912**	**3,099**	**292**	**26**	**45,856**

	Thousands of U.S. Dollars								
	2009								
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Truck Maintenance	Other	Eliminations or Corporate	Consolidated
a. Operating revenues and operating income:									
Operating revenues to customers	**$10,158,794**	**$ 946,221**	**$542,761**	**$328,543**	**$ 545,733**	**$178,709**	**$ 44,041**		**$12,744,802**
Intersegment operating revenues	**432,432**	**118,358**	**164,054**	**204,377**	**38,402**	**256,247**	**513,144**	**$(1,727,014)**	
Total operating revenues	**10,591,226**	**1,064,579**	**706,815**	**532,920**	**584,135**	**434,956**	**557,185**	**(1,727,014)**	**12,744,802**
Operating costs and expenses	**10,274,387**	**1,032,053**	**710,274**	**471,238**	**477,180**	**417,535**	**324,034**	**(1,529,149)**	**12,177,552**
Operating income (loss)	**$ 316,839**	**$ 32,526**	**$ (3,459)**	**$ 61,682**	**$ 106,955**	**$ 17,421**	**$233,151**	**$ (197,865)**	**$ 567,250**
b. Assets, depreciation and capital expenditures:									
Assets	**$ 5,361,342**	**$ 466,339**	**$249,338**	**$286,659**	**$1,897,360**	**$164,133**	**$106,797**	**$ 320,782**	**$ 8,852,750**
Depreciation	**355,795**	**15,052**	**12,335**	**25,381**	**7,985**	**7,048**	**10,811**	**256**	**434,663**
Capital expenditures	**345,344**	**21,920**	**6,383**	**38,928**	**19,466**	**31,550**	**2,965**	**265**	**466,821**

	Millions of Yen								
	2008								
	Delivery	BIZ-Logistics	Home Convenience	e-Business	Financial	Truck Maintenance	Other	Eliminations or Corporate	Consolidated
a. Operating revenues and operating income:									
Operating revenues to customers	¥ 981,142	¥ 95,693	¥48,938	¥32,795	¥ 51,458	¥11,396	¥ 4,552		¥1,225,974
Intersegment operating revenues	38,239	12,530	15,199	18,497	6,900	22,951	56,741	¥(171,057)	
Total operating revenues	1,019,381	108,223	64,137	51,292	58,358	34,347	61,293	(171,057)	1,225,974
Operating costs and expenses	979,509	103,075	63,480	45,064	47,433	32,289	31,141	(144,197)	1,157,794
Operating income	¥ 39,872	¥ 5,148	¥ 657	¥ 6,228	¥ 10,925	¥ 2,058	¥30,152	¥ (26,860)	¥ 68,180
b. Assets, depreciation and capital expenditures:									
Assets	¥ 525,683	¥ 49,613	¥24,940	¥25,709	¥193,469	¥14,375	¥ 8,780	¥ 31,650	¥ 874,219
Depreciation	31,149	1,056	878	969	9,852	459	379	30	44,772
Capital expenditures	106,991	1,437	375	606	13,503	1,629	283	8	124,832

Notes: Delivery: Small-parcel delivery services such as *Takkyubin* (door-to-door parcel delivery) and *Kuroneko Mail*
BIZ-Logistics: Intercompany logistics services, aimed at the B2B supply-chain management market
Home Convenience: Lifestyle support services intimately connected with the needs of local markets, such as moving and household effects delivery services
e-Business: Information services targeted at the business market, including ASP services and the development of information systems
Financial: Financial services targeted at business customers and consumers, such as settlement and collection
Truck Maintenance: Vehicle maintenance services and fuel supply targeted at transport companies
Other: Group support services, shared services centering on arterial transport and staffing services

As discussed in Note 2.l, effective April 1, 2008, the Company and its domestic subsidiaries applied “Accounting Standard for Lease Transactions” and “Application plan of Accounting Standard for Lease Transaction.” The effect of this change was to increase assets of Delivery by ¥4,579 million ($46,094 thousand) and of e-Business by ¥3,738 million ($38,056 thousand) for the year ended March 31, 2009. The effect for the other industries segments was not material.

(2) Geographic Segments
The geographic segments of the Company and consolidated subsidiaries for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of Yen					
	2009					
	Japan	U.S.A.	Europe	Asia	Eliminations or Corporate	Consolidated
Operating revenues:						
Outside customers	**¥1,232,517**	**¥10,672**	**¥2,745**	**¥5,988**		**¥1,251,922**
Interarea	**4,794**	**3,848**	**1,747**	**3,361**	**¥(13,750)**	
Total operating revenues	**1,237,311**	**14,520**	**4,492**	**9,349**	**(13,750)**	**1,251,922**
Operating costs and expenses	**1,181,772**	**14,131**	**4,489**	**9,269**	**(13,460)**	**1,196,201**
Operating income	**¥ 55,539**	**¥ 389**	**¥ 3**	**¥ 80**	**¥ (290)**	**¥ 55,721**
Assets	**¥ 789,878**	**¥ 2,613**	**¥1,409**	**¥3,000**	**¥ 72,706**	**¥ 869,606**

	Thousands of U.S. Dollars					
	2009					
	Japan	U.S.A.	Europe	Asia	Eliminations or Corporate	Consolidated
Operating revenues:						
Outside customers	**$12,547,260**	**$108,644**	**$27,942**	**$60,956**		**$12,744,802**
Interarea	**48,794**	**39,171**	**17,790**	**34,220**	**$(139,975)**	
Total operating revenues	**12,596,054**	**147,815**	**45,732**	**95,176**	**(139,975)**	**12,744,802**
Operating costs and expenses	**12,030,654**	**143,852**	**45,707**	**94,361**	**(137,022)**	**12,177,552**
Operating income	**$ 565,400**	**$ 3,963**	**$ 25**	**$ 815**	**$ (2,953)**	**$ 567,250**
Assets	**$ 8,041,109**	**$ 26,599**	**$14,340**	**$30,541**	**$ 740,161**	**$ 8,852,750**

	Millions of Yen					
	2008					
	Japan	U.S.A.	Europe	Asia	Eliminations or Corporate	Consolidated
Operating revenues:						
Outside customers	¥1,201,726	¥12,205	¥4,051	¥7,992		¥1,225,974
Interarea	5,821	3,727	1,930	4,463	¥(15,941)	
Total operating revenues	1,207,547	15,932	5,981	12,455	(15,941)	1,225,974
Operating costs and expenses	1,139,607	15,482	5,922	12,094	(15,311)	1,157,794
Operating income	¥ 67,940	¥ 450	¥ 59	¥ 361	¥ (630)	¥ 68,180
Assets	¥ 803,258	¥ 3,085	¥1,992	¥5,115	¥ 60,769	¥ 874,219

Operating revenues and assets are summarized by geographic area based on the countries where subsidiaries are located.

(3) Operating Revenues to Foreign Customers
Operating revenues to foreign customers for the years ended March 31, 2009 and 2008 amounted to ¥21,042 million ($214,208 thousand) and ¥26,123 million, respectively.

15. SUBSEQUENT EVENTS

Appropriations of Retained Earnings
The following appropriations of retained earnings at March 31, 2009 were approved at the Company's board of directors meeting held on May 14, 2009:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥11.00 ($0.11) per share	¥4,874	$49,618

Independent Auditors' Report

Deloitte.

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To the Board of Directors of
Yamato Holdings Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Yamato Holdings Co., Ltd. (the "Company") and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Yamato Holdings Co., Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 15, 2009

Corporate Data

(As of March 31, 2009)

Head Office

Yamato Holdings Co., Ltd.
16-10, Ginza 2-chome, Chuo-ku, Tokyo
104-8125, Japan
Telephone: (03) 3541-4141
Facsimile: (03) 5565-3427

Common Stock

Authorized: 1,787,541,000 shares
Issued: 457,315,176 shares

Stock Exchange Listing

Tokyo Stock Exchange

Transfer Agent and Registrar

Mizuho Trust & Banking Co., Ltd.

Annual Meeting

The annual meeting of shareholders is normally held in June in Tokyo, Japan.

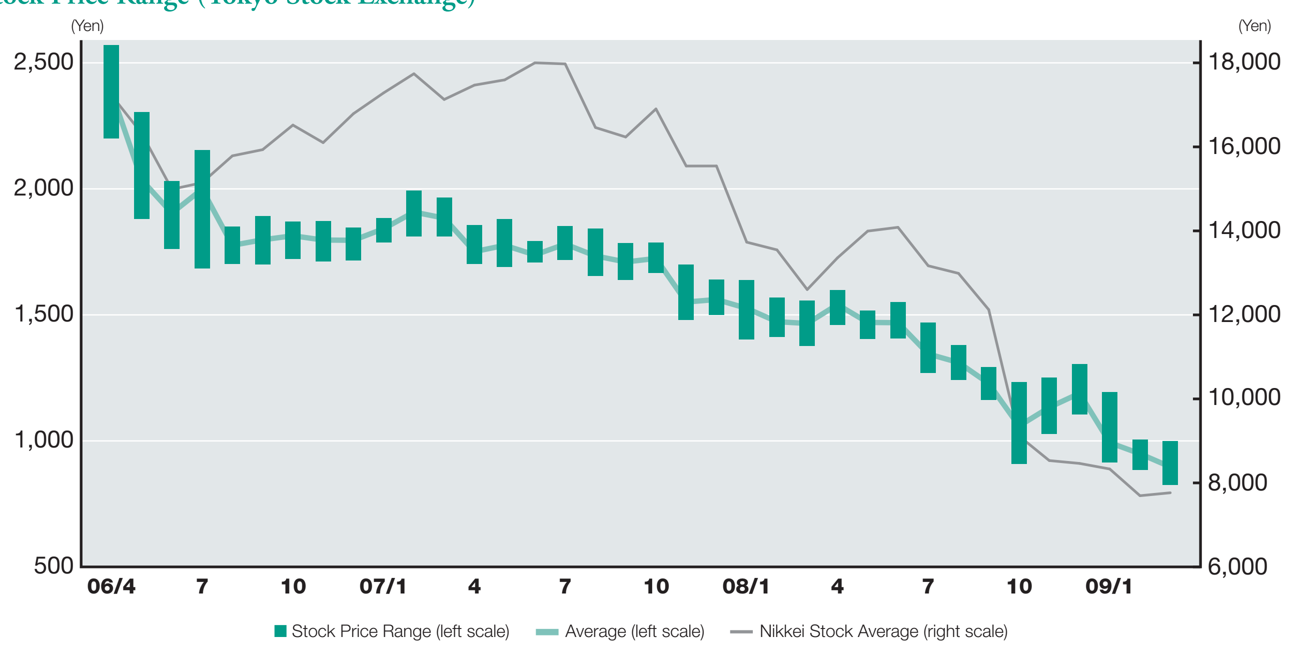
Auditors

Deloitte Touche Tohmatsu
(by Tohmatsu & Co., the Japanese member of Deloitte Touche Tohmatsu)

Principal Shareholders

	Percentage of total shares outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account)	7.05%
Japan Trustee Services Bank, Ltd. (Trust Account)	6.79%
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	5.53%
Mizuho Bank, Ltd.	3.77%
Yamato Employees' Shareholding Association	3.48%
State Street Bank and Trust Company 505223	2.69%
Nippon Life Insurance Company	2.68%
Meiji Yasuda Life Insurance Company	2.68%
Yamato Trading-Partner Shareholding Association	2.32%
Sumitomo Life Insurance Company	1.85%
Total	38.87%

Stock Price Range (Tokyo Stock Exchange)



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