

The following is an English translation of the Notice of the 150th Ordinary General Meeting of Shareholders of Yamato Holdings Co., Ltd. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy.

Stock code: 9064
June 1, 2015

Yamato Holdings Co., Ltd.
16-10, Ginza 2-chome, Chuo-ku, Tokyo
President: Masaki Yamauchi

To Our Shareholders

Notice of the 150th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 150th Ordinary General Meeting of Shareholders of Yamato Holdings Co., Ltd. (hereinafter “the Company”), which will be held as described below.

If you are unable to attend the meeting in person, you can exercise your voting rights by using one of the following methods. Please review the “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights. All votes must be received by 5:00 p.m., Monday, June 22, 2015.

Voting by Mail

Please indicate your vote “for” or “against” each of the items on the enclosed Voting Rights Exercise Form, and return the form to the Company by the above time.

Voting via the Internet

Please access the Internet site for exercising voting rights designated by the Company. Then follow the instructions on the screen and enter your vote for each of the items by the above time. When exercising voting rights via the Internet, please review the “Exercise of Voting Rights via the Internet” on page 66.

The 150th Ordinary General Meeting of Shareholders

- 1. Date and Time:** Tuesday, June 23, 2015, 10:00 a.m.
- 2. Venue:** Ginza Blossom (Chuo Kaikan) Hall
15-6, Ginza 2-chome, Chuo-ku, Tokyo
(Please refer to the details on the last page.)

3. Objectives of Meeting

Matters to be reported:

1. Report of the Business Report, the Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the 150th Fiscal Year (from April 1, 2014 to March 31, 2015)
2. Report of the Non-consolidated Financial Statements for the 150th Fiscal Year (from April 1, 2014 to March 31, 2015)

Matters to be resolved:

- Agenda Item 1: Partial Amendments to the Articles of Incorporation
- Agenda Item 2: Election of Six (6) Directors
- Agenda Item 3: Election of One (1) Audit & Supervisory Board Member
- Agenda Item 4: Election of One (1) Substitute Audit & Supervisory Board Member

4. Items Decided for the Convocation of Meeting

(1) Treatment of duplicate voting

In the event that you exercise your voting rights, both by mail and via the Internet etc., the vote via the Internet etc. shall be upheld as the valid exercise of your voting rights. In the event of multiple voting via the Internet etc., your last vote shall be upheld as the valid exercise of your voting rights.

(2) Diverse exercise of voting rights

In the event that you exercise your voting rights diversely, you are required to send notice providing the details and reasons in writing. Please note that you must ensure the notice arrives three days prior to the day of the General Meeting of Shareholders.

©You are kindly requested to present the enclosed Voting Rights Exercise Form to the person at reception when you attend the meeting in person.

©If any changes have been made to the items on the attached documents to this convocation notice and/or the Reference Documents for the General Meeting of Shareholders, such changes will be posted on our website (<http://www.yamato-hd.co.jp/>).

(Attached Documents)

Business Report

(From April 1, 2014 to March 31, 2015)

1. Status of the Corporate Group

(1) Operating Performance

In the fiscal year ended March 31, 2015, despite a visible trend toward improvement in the overall economic environment in Japan amid improvement in corporate earnings, lagging recovery in personal consumption was evident given the post-consumption tax hike pull-back in demand, rising prices in step with the weakening yen, and other factors. Moreover, the Yamato Group also faced harsh operating circumstances as tight labor market conditions persisted.

Operating in this environment, we worked toward achieving the objectives of the Long-Term Management Plan “DAN-TOTSU Management Plan 2019” and the Medium-Term Management Plan “DAN-TOTSU Three-Year Plan STEP.” To that end, we focused our efforts on taking steps to create a business model for generating a high level of added value while pursuing greater sophistication of our existing businesses, by fusing logistics networks that have been developed and business resources of individual Group companies.

In the Delivery Business, delivery volumes were sluggish due in part to stagnating personal consumption and the effect of surging demand ahead of the consumption tax hike in the previous fiscal year. Nevertheless, revenue increased amid gains in TA-Q-BIN unit prices as a result of our efforts to promote collection of adequate fees. With respect to profits, income also increased due to factors that included thorough cost management in line with operating volumes encompassing personnel expenses, costs of outsourcing work, and other expenditures.

In the non-delivery businesses, we took steps to expand our existing service offerings by enlisting the strengths of Group companies, while also drawing on Group-wide ties as we continued to aggressively pursue solution sales geared toward addressing customers' business challenges.

Our consolidated financial results for the fiscal year ended March 31, 2015 were as follows.

| (Millions of yen) | | | | |
|-------------------|-------------|-------------|--------|-----------------------|
| Item | Fiscal 2014 | Fiscal 2015 | Change | Percentage change (%) |
| Operating Revenue | 1,374,610 | 1,396,708 | 22,098 | 1.6 |
| Operating Income | 63,096 | 68,947 | 5,850 | 9.3 |
| Ordinary Income | 64,664 | 70,889 | 6,225 | 9.6 |
| Net Income | 34,776 | 37,533 | 2,757 | 7.9 |

During the fiscal year ended March 31, 2015, we purchased treasury shares of 11.96 million shares, for a total acquisition cost of about 30.0 billion yen, and retired 19.12 million shares of treasury shares as a measure for shareholder return, based on a resolution passed at the Board of Directors meeting on October 30, 2014.

Initiatives for the entire Yamato Group

- (i) The Yamato Group has been pursuing its “Value Networking” design, on the basis of creating business models for generating a high level of added value through the combined efforts of our respective businesses, while at the same time contributing to growth strategies for the Japanese economy. Meanwhile, we are also taking steps to forge a robust corporate culture that acts as a foundation for business creation and development.
- (ii) To further promote our “Value Networking” design, we have been drawing on alliances with Group companies in promoting solution sales, and crafting business models that deliver a high level of added value by leveraging our business network. Also, to address varied customer needs in Japan and overseas, we have been making more effective use of our innovative network platform consisting of the “Haneda Chronogate,” “Atsugi Gateway” and “Okinawa International Logistics Hub” facilities, in addition to our existing “last mile” network.
- (iii) We continued to drive initiatives geared toward forging a more robust corporate culture. To that end, we worked on enhancing the efficiency and dependability of operations, in part by improving our transport systems and by using our information technology network to enable visual monitoring of operating volumes. In addition, we redoubled our employee education efforts and focused on building systems for ensuring that we honor promises made to our customers. Moreover, we actively engaged in CSR-related activities linked to Yamato Group business endeavors, such as through environmental and safety measures, and efforts to prosper communities.
- (iv) With respect to initiatives geared toward overseas markets, we have been expanding the nations where we do business by establishing local subsidiaries in Mexico and Vietnam, while also actively working to expand our networks through efforts that include launching sales of our “International Cool TA-Q-BIN” services for deliveries to Hong Kong, followed by deliveries to Taiwan.
- (v) We have been taking aggressive action to reduce costs through efforts that include implementing thorough controls on costs linked to operating volumes and also pursuing measures to improve productivity, amid a deteriorating external cost environment marked by a tightening labor market.

Business strategies of each business segment

Delivery

The delivery volumes of TA-Q-BIN and Kuroneko Mail services are as follows.

| Item | (Million parcels / units) | | | |
|---------------|---------------------------|-------------|--------|-----------------------|
| | Fiscal 2014 | Fiscal 2015 | Change | Percentage change (%) |
| TA-Q-BIN | 1,665 | 1,622 | (43) | (2.6) |
| Kuroneko Mail | 2,084 | 1,901 | (183) | (8.8) |

- (i) In the Delivery Business, the Yamato Group concentrated on TA-Q-BIN-centered business development, aiming to provide infrastructure that best suits our customers and contribute to enriching people's lives.
- (ii) We have been working to address our failure to fully implement in-house rules for the "Cool TA-Q-BIN" delivery service, which came to light in October 2013. To that end, we have established a department with full-time employees dedicated to the task of maintaining and improving service quality. We have also been working to upgrade systems, thereby bringing in the necessary equipment and supplies and making it possible to visually monitor operating volumes through enhancements to our IT platform. During the fiscal year ended March 31, 2015, these actions enabled us to maintain high quality service. Going forward, we will redouble our efforts to ensure better quality results, without fail, at a level that earns the trust of our customers.
- (iii) For our individual customers, we have been developing a range of services geared toward customers of the "Kuroneko Members" service. In the fiscal year ended March 31, 2015, we took steps to upgrade and expand our "TA-Q-BIN Pick-Up Location Selection Service" which offers our customers the option of picking up merchandise they have purchased online at either a Yamato Transport Co., Ltd. delivery depot or convenience store. We maintained favorable results with respect to customer use of Yamato Transport Co., Ltd.'s proprietary "Kuroneko Member Discount" service which offers TA-Q-BIN discount pricing through easy settlement of payments using e-money cards.
- (iv) With respect to corporate clients, we have been actively pursuing sales activities geared toward bringing about greater use of various services that provide high added value beyond TA-Q-BIN shipping. In addition, we continued to undertake initiatives for ensuring collection of adequate fees for the task of providing consistent quality with respect to TA-Q-BIN deliveries. Also, during the fiscal year ended March 31, 2015, the Yamato Group actively developed its "building and town management services" which centralize pickup and delivery within large commercial facilities and large multi-function complexes, thereby enabling us to generate new orders for business involving such operations in various regions nationwide.
- (v) Efforts in our business geared toward revitalizing communities have involved various initiatives to address locally-based hardships and challenges. For instance, we are working in collaboration with municipalities and other entities in providing support with regard to watching over elderly residents, helping those living in remote areas who face difficulties doing their shopping, and providing support in expanding sales channels for local products. Additionally, we have been developing services that provide greater convenience to people traveling in Japan accessing train stations and airports. Our service offerings in this area include temporary safekeeping of personal baggage and same-day baggage delivery to lodging facilities using our transportation network.

- (vi) During the fiscal year ended March 31, 2015, we discontinued our Kuroneko Mail service to eliminate risks posed to customers of potentially incurring penalties when shipping parcels, given prevailing legal ambiguities with respect to the postal mail “correspondence” designation. Also, we announced we would launch our new “Kuroneko DM-Bin” service on April 1, 2015, which takes the place of the discontinued Kuroneko Mail service. We also announced that in conjunction with that, we would launch two services on April 1, 2015, “TA-Q-BIN Compact” and “Nekopos,” for enabling simple deliveries of small parcels at reasonable fees in response to such needs in the growing mail-order market.
- (vii) Operating revenue amounted to 1,101,438 million yen, up 0.2% from the year-ago period as a result of better TA-Q-BIN unit pricing in part due to our ongoing efforts in promoting collection of adequate fees. Meanwhile, operating income was 39,205 million yen, up 9.6% from the year-ago period as a result of cost control initiatives which included pursuing efforts to keep costs in line with operating volumes and creating optimal designs for pickup and delivery operations and transportation systems.

BIZ-Logistics

- (i) In the BIZ-Logistics Business, the Yamato Group is providing customers with innovative logistics systems by combining management resources such as the TA-Q-BIN network with logistics functions, maintenance and recall handling functions, cleansing functions for medical devices and international transportation functions.
- (ii) We have been expanding the Yamato Group’s services for the mail-order industry into wide ranging offerings designed to address customer demands. Such services include support for placing and accepting orders, services for visually monitoring inventories and even assistance with shipments. In the fiscal year ended March 31, 2015, we increased revenues as a result of gaining new business for such services while growing sales to existing customers.
- (iii) With respect to our services that involve handling product maintenance and recalls, we have been developing integrated services where we handle collection, repairs and returns of faulty products, while also expanding total support services for dealing with corporate product recalls and product collection. In the fiscal year ended March 31, 2015, revenues increased steadily partially as a result of having achieved favorable results with respect to use of our integrated repair services, and landing new business involving product recalls.
- (iv) For medical service providers, we have been developing medical device loaner support (storage, cleaning and delivery) and other services that help revolutionize logistics operations. During the fiscal year ended March 31, 2015, we generated higher revenues in this area through active efforts to develop such business, including the launch of new logistics center operations in the Haneda Chronogate facility for a major foreign-owned medical device manufacturer.
- (v) Operating revenue amounted to 103,821 million yen, up 15.0% from the year-ago period mainly due to firm results with mail-order services and services that involve handling product maintenance and recalls. Operating income was 4,682 million yen, up 37.6% from the year-ago period.

Home Convenience

- (i) In the Home Convenience Business, we are working toward enabling customers to achieve greater convenience and comfort in their lives through lifetime lifestyle support businesses and corporate enterprise support business that draw on the Yamato Group’s nationwide network.
- (ii) With respect to individual customers, the Yamato Group operated a variety of services to assist in daily life such as the “Raku Raku Household TA-Q-BIN” service for delivering

large furniture items and home appliances and moving-related services. In the fiscal year ended March 31, 2015, we actively pursued sales activities, which included stepping up campaigns promoting our existing services while also engaging in nationwide sales of our “Comfortable Lifestyle Support Service” which helps resolve everyday inconveniences involving house cleaning and collection of unwanted items. In addition, we continued pushing forward in promoting our traveling sales services where we offer furniture and household electrical appliances to customers in remote areas.

- (iii) For our corporate clients, we have been developing business support services mainly geared toward corporations, including office relocation services and our “Technical Network Business” where the Yamato Group and our construction and installation contractors combine networks so that we can provide one-stop support handling everything from household equipment delivery and set-up, to installation and maintenance of such equipment. In the fiscal year ended March 31, 2015, we actively pursued sales activities for our “Technical Network Business,” thereby achieving far greater customer use of those services.
- (iv) Operating revenue amounted to 48,475 million yen, down 0.5% from the year-ago period despite aggressive sales activities in areas such as our “Comfortable Lifestyle Support Service” and our “Technical Network Business,” due to a decrease in delivery volumes of consumer durables such as furniture and home appliances in part as a result of a pullback in demand following the consumption tax hike. Operating income was 613 million yen, up 181.9% from the year-ago period, partially as a result of stringent cost management involving personnel-related expenses and other outlay, as well as productivity gains.

e-Business

- (i) In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively conducting solution platform business that combine logistics technology and financial technology with information technology.
- (ii) With respect to services for assisting with order-acceptance and dispatching operations, the Yamato Group provides a “Web-based Shipment Control” that comprehensively supports such operations as dispatch information processing, printing of delivery slips, and freight tracking. In the fiscal year ended March 31, 2015, service-use results were favorable, particularly among clients in the mail-order market who ship packages from multiple remote locations.
- (iii) The Yamato Group has been developing services for customers whose needs involve managing products on an individual basis, such that combine serial acceptance/dispatch control in warehouses, inventory tracking and other information-related services with services involving affixing data to products and partial processing of merchandise. In the fiscal year ended March 31, 2015, revenues increased steadily as use from telecommunications equipment-related services customers increased.
- (iv) For municipal governments, we have been actively developing services designed to lighten administrative workloads while helping to improve public services. For instance, we are now offering “Furusato Tax Program Total Support Service” and “Online Account Transfer Acceptance Service” that facilitates bank transfers for taxes and insurance premiums.
- (v) Operating revenue amounted to 40,486 million yen, down 0.8% from the year-ago period despite steady results with orders, due to factors such as a pullback in demand in IT-related investment associated with the consumption tax hike, and changes in scheduled delivery dates. Operating income was 7,756 million yen, down 3.7% from the year-ago period due in part to increased expenses associated with setting up new offices.

Financial

- (i) In the Financial Business, the Yamato Group has been developing settlement and financial services tailored to a range of customer needs for payment collection on mail-order product deliveries, B2B transaction settlement, and vehicle leasing.
- (ii) With respect to payment settlement services, in addition to providing our mainstay product “TA-Q-BIN Collect,” we also promoted increased customer use of both our “Kuroneko Web Collect” comprehensive internet-based transaction settlement service and our e-money settlement services provided in conjunction with our e-Business operations. In the fiscal year ended March 31, 2015, we actively developed business through efforts that included further expanding capabilities of “Kuroneko Web Collect” by upgrading the service and pursuing alliances with e-commerce website design firms. With respect to e-money related services, we achieved increases both in numbers of e-money transactions and cash values of transactions. This was partially due to greater sales in rental services involving our “Multi e-money Settlement Terminals,” through which full-scale sales started during the fiscal year ended March 31, 2015.
- (iii) In the lease services business, there was growth in numbers of contracts and the amount of assets amid continuous efforts to propose solutions on the basis of extensive assessments of customer needs particularly with respect to leases of previously-owned cars. Moreover, we generated increased revenues as a result of accepting operating lease applications for high-quality vehicles from a broad base of customers including companies in transportation and food businesses, premised on the condition that they purchase or re-use the vehicles after their leases expire.
- (iv) Operating revenue amounted to 66,658 million yen, up 6.3% from the year-ago period, mainly owing to an increase in contracts for truck leases in the lease services business. Meanwhile, operating income was 8,918 million yen, down 5.2% from the year-ago period due in part to a decrease in “TA-Q-BIN Collect” delivery volumes stemming from factors such as lagging recovery in personal consumption.

Autoworks

- (i) In the Autoworks Business, the Yamato Group develops its “24-hour-a-day, 365-day-a-year service that enables customers to service their vehicles without stopping operation,” thereby providing value to logistics operations and logistics service providers primarily in the form of “vehicle maintenance convenience,” “ensuring compliance with statutory vehicle inspections,” and “reduced maintenance expenses.” Furthermore, to better provide one-stop service solutions geared toward customer business operations, we have added services for “maintaining and safeguarding logistics facilities and equipment, and improving such workplace environments,” along with “insurance agency services where we offer risk management-related insurance plans tailored to customer needs.”
- (ii) In the fiscal year ended March 31, 2015, the Yamato Group steadily increased the number of vehicles serviced partially as a result of the strong performance of the “Maintenance Package,” which evens out the monthly vehicle maintenance expenses along with moves to better differentiate ourselves from our competitors by expanding content of our “Repairworks” services entailing periodic on-site customer visits.
- (iii) Operating revenue amounted to 27,153 million yen, up 5.9% from the year-ago period due to favorable results from the mainstay truck maintenance and other services. Operating income was 3,733 million yen, up 14.1% from the year-ago period.

Other

- (i) The “JITBOX Charter service” provides transportation by transport box. The service takes advantage of its network consisting of multiple companies and provides added value to customers through timely delivery and frequent, right-volume delivery. In the fiscal year ended March 31, 2015, the service generated increased revenues partially as a result of developing information systems and improving service quality, and also due to favorable results from existing service offerings.
- (ii) Operating income in Other excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies increased 65.2% from the year-ago period to 1,577 million yen.

CSR Initiatives

- (i) The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. In the fiscal year ended March 31, 2015, a total of more than 2.58 million children have now participated in the “Safety Classes for Children” that the Group has continuously conducted in elementary schools, etc. across Japan. Moreover, we engaged in a range of Group-wide initiatives geared toward raising safety awareness and improving driving skills. This included the “Yamato Transport Nationwide Safety Competition,” which is held annually by Yamato Transport Co., Ltd. and drew participants from other Group companies. We have also initiated efforts aimed at helping to address the issue of traffic accidents in Malaysia. To that end, we work with a private Malaysian driving school, providing them with our expertise on traffic safety instruction which we have built up over time.
- (ii) The Yamato Group has established the “Environmental Conservation Declaration” on the basis of the Group corporate philosophy, and moreover works to ensure that our distribution mechanisms are environmentally sound. At the same time, the Yamato Group works to heighten employee awareness of environmental conservation issues, and accordingly the Group pursues environmental conservation initiatives under our policy of “Nekology” (combining “Kuroneko” with “ecology”). In February 2015, our “Yamato Group Corporate Social Responsibility Report 2014” received an award for “Excellence in Reporting Measures to Combat Global Warming” at the “18th Environmental Communication Awards” hosted by Japan’s Ministry of the Environment and other organizations.
- (iii) Aspiring to be a company that continually evolves in step with society, led by Yamato Welfare Foundation, the Yamato Group conducts various activities to help realize a society in which disabled people can freely enjoy a lifestyle as a member of the workforce. Specifically, we engage in ongoing programs that support economic independence of people with disabilities, such that include actively employing people with disabilities at the Swan Bakery which makes and sells bread, providing them with workplaces through the consigned delivery of Kuroneko Mail, and operating job-finding support facilities where they take part in training to acquire skills and knowledge necessary for employment.
- (iv) Aiming to create more sustainable social value, the Yamato Group promotes initiatives for sharing value with society based on “Creating Shared Value (CSV).” In the fiscal year ended March 31, 2015, the Yamato Group continuously worked in collaboration with government bodies on 1,012 separate occasions in providing support with regard to watching over elderly residents and helping those living in remote areas who face difficulties doing their shopping, lending support to small- and medium-sized enterprises in conjunction with local governments, and other such initiatives taken in the course of performing myriad services that draw on the Yamato Group’s managerial resources.

(2) Issues to Be Addressed

With the aim of achieving satisfaction among our shareholders, customers, society and employees, the Yamato Group will pursue the following strategies on the basis of the long-term business plan “DAN-TOTSU Management Plan 2019” and the medium-term business plan “DAN-TOTSU Three-Year Plan STEP” initiated in April 2014.

- (i) We will contribute to Japanese economic growth strategies by pushing ahead with our “Value Networking” design which aspires to revolutionize logistics. In that regard, during the previous fiscal year we further developed our “last mile” network through our new logistics centers which include the “Haneda Chronogate,” “Atsugi Gateway” and “Okinawa International Logistics Hub” facilities. Going forward, we will work toward creating and developing a business model that can generate a high level of added value that improves logistics speed, quality and costs, by fusing our business resources in areas such as information, logistics and transaction settlement within this network.
- (ii) With respect to business expansion in Asian and other overseas markets, we will steadily work toward developing our borderless logistics network centered on the Okinawa International Logistics Hub. We will also adequately assess local needs and do what it takes to more firmly establish our high-quality logistics services in local markets.
- (iii) With respect to the mail-order market which is expected to keep growing rapidly, we are supporting market growth with our new TA-Q-BIN services, “TA-Q-BIN Compact” and “Nekopos,” which provide heightened convenience in regard to picking up parcels, and address the needs for simple deliveries of small parcels for reasonable fees. We will also continue initiatives geared toward providing greater convenience to our customers who used our Kuroneko Mail service for sending direct mail and other items, by offering them our new “Kuroneko DM-Bin” mailbox posting service. Moreover, drawing on the Yamato Group’s business resources, we will promote our total solutions for mail-order business operators, including those that involve providing a comprehensive range of services spanning launch of mail-order websites, settlement of payments, order receipts management, inventory control and deliveries.
- (iv) We will place top priority on maintaining service quality levels as we strive to heighten productivity and control costs across every aspect of Group operations, including collection and delivery, back-office and sorting operations. Meanwhile, for the proprietary services and value-added business models provided by the Yamato Group, we will increasingly enhance our ability to generate profits by promoting our strategy of pricing adequately in line with costs.
- (v) We will rethink our attitudes toward the traditional working lifestyles, and address the issue of future labor shortage by offering a wide variety of working lifestyles that respectively suit women, seniors and foreigners. By promoting diversity initiatives that create opportunities for such working lifestyles, we will secure new labor capacity.
- (vi) Our efforts to forge a robust corporate culture will involve placing top priority on ensuring levels of quality that instill customer confidence while increasing employee satisfaction, strengthening both legal and financial governance, and pursuing CSR initiatives.
- (vii) We will build a platform that links us with government bodies and corporations in various regions throughout Japan, with the aim of providing support to people in their daily lives and revitalizing their local communities. Moreover, we will strive to become the group of companies which is the most appreciated and trusted by society by creating value that can be shared among corporations and society through efforts to promote safety, environmental and other measures as we engage in our core operations.

Through the Group’s unified efforts, Yamato will create greater corporate value.

We look to the continued understanding and support of our shareholders and investors.

(3) Business Performance and Changes in Financial Position

(Millions of yen)

| Item | FY2012 147 th | FY2013 148 th | FY2014 149 th | FY2015 150 th |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Operating revenue | 1,260,832 | 1,282,373 | 1,374,610 | 1,396,708 |
| Net income | 19,786 | 35,144 | 34,776 | 37,533 |
| Net income per share (Yen) | 46.00 | 81.85 | 82.22 | 90.41 |
| Total assets | 919,294 | 950,152 | 1,032,134 | 1,082,531 |
| Net assets | 523,783 | 542,914 | 560,172 | 571,199 |
| Net assets per share (Yen) | 1,197.26 | 1,261.35 | 1,316.12 | 1,368.66 |

Note: Net income per share is calculated based on the average number of shares outstanding in each fiscal year and net assets per share is calculated based on the total number of shares outstanding at the end of each fiscal year.

(4) Delivery Volume of Small Parcels

(Million parcels / units)

| Item | FY2012 147 th | FY2013 148 th | FY2014 149 th | FY2015 150 th |
|---------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| TA-Q-BIN | 1,423 | 1,487 | 1,665 | 1,622 |
| Kuroneko Mail | 2,187 | 2,112 | 2,084 | 1,901 |

(5) Principal Business Activities

The Yamato Group is active in the following business areas:

| Business area | Content of business |
|------------------|--|
| Delivery | Small parcel delivery services for the general public and corporations centering on TA-Q-BIN (door-to-door parcel delivery, Kuroneko Mail, and domestic air cargo transport business, etc.) |
| BIZ-Logistics | Logistics services for corporations (logistics, medical products distribution services, Maintenance Support Service, recall support service, international intermodal transportation service, and overseas lifestyle support services, etc.) |
| Home Convenience | Lifestyle support services for individual customers, business support services for corporate customers (pickup, delivery and installation of household goods and electric appliances, moving and lifestyle support services, and merchandising services, etc.) |
| e-Business | Outsourcing services for information processing and information system development business (system development, sales of system package solutions, distribution information services, and information security service, etc.) |
| Financial | Settlement services and financial products targeting business customers and general consumers (TA-Q-BIN Collect service, Internet total settlement service, Business-to-business logistics settlement service and comprehensive lease services, etc.) |
| Autoworks | Collective vehicle management agent business for transportation companies (vehicle maintenance business, fuel sales, and nonlife insurance agent business, etc.) |
| Other | Business-to-business logistics services by JITBOX Charter, staffing services, and shared services, etc. |

(6) Capital Expenditure

The capital expenditure for fiscal 2015 totaled 64,587 million yen and the principal components were as follows:

| (Millions of yen) | | | |
|-------------------|----------------------------|------------------------------------|-----------------|
| Business area | Company | Content of investment | Amount invested |
| Delivery | Yamato Transport Co., Ltd. | Purchase of vehicles (2,980 units) | 13,134 |
| | | Mikawa Gateway | 7,193 |
| Financial | Yamato Lease Co., Ltd. | Purchase of vehicles for leasing | 29,379 |

(7) Financing Activities

The Company procured funds of 20,000 million yen in long-term loans payable from financial institutions, based on a resolution of the Board of Directors on October 30, 2014. This procurement of funds was carried out to appropriate funds for the purchase of treasury shares, aiming to enhance capital efficiency and execute a flexible capital policy in response to changes in the business environment.

(8) Principal Creditors

| (Millions of yen) | |
|--|-----------------------|
| Creditors | Outstanding borrowing |
| Mizuho Bank, Ltd. | 62,765 |
| Sumitomo Mitsui Banking Corporation | 30,466 |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | 21,545 |

Note: The above refers to ongoing credit in the Financial segment.

(9) Employees

| (Persons) | | |
|------------------|---------------------|---------------------------------------|
| Business area | Number of employees | Changes from previous fiscal year-end |
| Delivery | 166,731 | 2,940 |
| BIZ-Logistics | 5,584 | 204 |
| Home Convenience | 5,191 | 53 |
| e-Business | 4,912 | 73 |
| Financial | 863 | 6 |
| Autoworks | 1,897 | 88 |
| Other | 11,878 | 546 |
| Total | 197,056 | 3,910 |

Note: The above numbers include 108,809 part timers (a year-on-year increase of 2,942).

(10) Vehicles

| (Units) | | |
|------------------|--------------------|---------------------------------------|
| Business area | Number of vehicles | Changes from previous fiscal year-end |
| Delivery | 45,672 | 462 |
| BIZ-Logistics | 978 | 8 |
| Home Convenience | 2,194 | 29 |
| e-Business | 146 | (3) |
| Financial | 629 | (63) |
| Autoworks | 701 | 20 |
| Other | 696 | 31 |
| Total | 51,016 | 484 |

(11) Major Subsidiaries

| Business area | Company | Capital stock | Ownership | Principal business activities |
|------------------|--|-------------------|-----------|---|
| | | (Millions of yen) | (%) | |
| Delivery | Yamato Transport Co., Ltd. | 50,000 | 100.00 | TA-Q-BIN; Kuroneko Mail |
| | Okinawa Yamato Transport Co., Ltd. | 50 | 100.00 | TA-Q-BIN, Kuroneko Mail in Okinawa |
| | Yamato Global Express Co., Ltd. | 1,000 | 100.00 | Domestic air cargo transport business |
| BIZ-Logistics | Yamato Logistics Co., Ltd. | 1,000 | 100.00 | Logistics service; overseas lifestyle support services including international moving, fine art transport business |
| | Yamato Global Logistics Japan Co., Ltd. | 1,880 | 100.00 | International air cargo service, handling of marine cargo, import/export customs clearance services |
| | Yamato Multi-Maintenance Solutions Co., Ltd. | 100 | 100.00 | Maintenance and repair services for electric appliances; manufacturer recall support services |
| | Yamato Packing Service Co., Ltd. | 80 | 100.00 | Packing, delivery and export agency operations business; enclosing, sealing, packaging and transport of printed matter |
| | YAMATO TRANSPORT U. S. A., INC. | US\$ 4,659,000 | 100.00 | Air and sea freight, international moving, and import and export customs clearance services in North America |
| Home Convenience | Yamato Home Convenience Co., Ltd. | 480 | 100.00 | Delivery, installation and setting up of furniture and electric appliances; moving and lifestyle support services; merchandising services |
| e-Business | Yamato System Development Co., Ltd. | 1,800 | 100.00 | Networking service; research, development, information, and consulting services for users of computer systems; software development, equipment sales, and online services |
| Financial | Yamato Financial Co., Ltd. | 1,000 | 100.00 | Collection service for payment of merchandise |
| | Yamato Lease Co., Ltd. | 30 | 100.00 | General lease services |
| Autoworks | Yamato Autoworks Co., Ltd. | 30 | 100.00 | Vehicle management service business; vehicle maintenance service; sales of fuel and auto parts; repair and sales of freezers, refrigerators and cargo-handling delivery equipment; agent services for general insurance |
| Other | YAMATO ASIA PTE. LTD. | S\$ 91,761,364 | 100.00 | Management of regional operations in Southeast Asia, business development and market research |

(12) Major Offices

| Business area | Company | Head office location | Number of offices (stores) |
|------------------|--|-------------------------|-------------------------------|
| Delivery | Yamato Transport Co., Ltd. | Chuo-ku, Tokyo | 6,369 |
| | Okinawa Yamato Transport Co., Ltd. | Itoman City, Okinawa | 35 |
| | Yamato Global Express Co., Ltd. | Minato-ku, Tokyo | 288 |
| BIZ-Logistics | Yamato Logistics Co., Ltd. | Chuo-ku, Tokyo | 93 |
| | Yamato Global Logistics Japan Co., Ltd. | Chuo-ku, Tokyo | 46 |
| | Yamato Multi-Maintenance Solutions Co., Ltd. | Chuo-ku, Tokyo | 15 |
| | Yamato Packing Service Co., Ltd. | Koto-ku, Tokyo | 16 |
| | YAMATO TRANSPORT U. S. A., INC. | New Jersey, U.S.A. | 31 |
| Home Convenience | Yamato Home Convenience Co., Ltd. | Chuo-ku, Tokyo | 167 |
| e-Business | Yamato System Development Co., Ltd. | Koto-ku, Tokyo | 45 |
| Financial | Yamato Financial Co., Ltd. | Chuo-ku, Tokyo | 83 |
| | Yamato Lease Co., Ltd. | Toshima-ku, Tokyo | 64 |
| Autoworks | Yamato Autoworks Co., Ltd. | Bunkyo-ku, Tokyo | 92 |
| Other | Yamato Holdings Co., Ltd. | Chuo-ku, Tokyo | 1 |
| | YAMATO ASIA PTE. LTD. | Singapore | 1 |

2. Overview of Shares (As of March 31, 2015)

(1) **Total Number of Shares Authorized:** 1,787,541,000 shares

(2) **Number of Shares Issued:** 435,564,792 shares

Note: The number of shares issued decreased by 19,120,200 shares from the end of the previous year due to the retirement of treasury shares carried out on November 13, 2014.

(3) **Number of Shareholders:** 31,567 persons

(4) Principal Shareholders

| Shareholders | Number of shares owned | Ownership percentage |
|--|---------------------------|----------------------|
| | (Thousands of shares) | (%) |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 32,087 | 7.77 |
| State Street Bank and Trust Company 505223 | 27,335 | 6.62 |
| Yamato Employees' Shareholding Association | 17,763 | 4.30 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 16,650 | 4.03 |
| Mizuho Bank, Ltd. | 15,447 | 3.74 |
| Nippon Life Insurance Company | 14,270 | 3.45 |
| Meiji Yasuda Life Insurance Company | 12,264 | 2.97 |
| Yamato Trading-Partner Shareholding Association | 9,069 | 2.19 |
| The Bank of New York Mellon SA/NV 10 | 7,548 | 1.83 |
| Sompo Japan Nipponkoa Insurance Inc. | 6,033 | 1.46 |

Notes: 1. The Company holds 22,370,985 of its own shares as treasury shares, but this does not include voting rights. Therefore, the Company has been omitted from the above list of principal shareholders.

2. Ownership percentage is calculated exclusive of own shares.

3. Matters Concerning Subscription Rights to Shares of the Company

(1) Holding by Officers of the Company of Subscription Rights to Shares Issued as Compensation for the Execution of Duties as of the end of the fiscal year under review

Not applicable.

(2) Subscription Rights to Shares Issued to Employees as Compensation for the Execution of Duties during the Fiscal Year

Not applicable.

(3) Other Important Matters Concerning Subscription Rights to Shares

Outline of subscription rights to shares of euro-yen denominated convertible bonds (to mature in 2016) issued based on the resolution of the Board of Directors on February 17, 2011

| Item | Subscription rights to shares of euro-yen denominated convertible bonds (to mature in 2016) (Issued on March 7, 2011) |
|--|---|
| Number of subscription rights to shares | 966 (Note) |
| Type and number of shares underlying subscription rights to shares | Common stock of the Company The number of shares of common stock of the Company issued through the exercise of subscription rights to shares is the balance of face value of the corporate bonds associated with the request for exercise (i.e. 9,660 million yen) divided by the conversion price. |
| Payment amount for the subscription rights to shares | Gratis |
| Conversion price | 1,850 yen |
| Exercise period for subscription rights to shares | From March 22, 2011 to February 22, 2016 |
| Conditions for the exercise of subscription rights to shares | No partial exercise of each subscription right to shares Up till December 7, 2015, exercise is possible only in the event that, in any 20 transaction dates among the 30 consecutive transaction dates ending on the final transaction date of a quarter, the closing price of the common stock of the Company exceeds 120% of the applicable conversion price on the said final transaction date, during the period from the beginning to the end of the following quarter (provided, however, that this is in the quarter starting on October 1, 2015, December 6, 2015) |
| Balance of convertible bond-type bonds with subscription rights to shares | 9,660 million yen (Note) |

Note: As common stock of the Company was issued due to exercise of subscription rights to shares by holders of the bonds with subscription rights to shares, the amount of balance has changed from the initial issue price of 20,000 million yen. Consequently, the number of subscription rights has also changed from the initial number of 2,000 units.

4. Officers and Executives

(1) Directors and Audit & Supervisory Board Members

| Position | Name | Responsibilities and important concurrent positions at other organizations |
|--|--------------------|---|
| Representative Director and Chairman | Kaoru Seto | |
| Representative Director, President and Executive Officer | Makoto Kigawa | |
| Representative Director, Senior Managing Executive Officer | Haruo Kanda | In charge of human resources strategy, network strategy, legal affairs, CSR strategy and audit |
| Director and Managing Executive Officer | Kenji Minaki | In charge of management strategy and IT strategy |
| Director and Executive Officer | Masaki Yamauchi | Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. |
| Director | Toshitaka Hagiwara | Adviser of Komatsu Ltd. Outside Director of ZENSHO HOLDINGS CO., LTD. Outside Audit & Supervisory Board Member of Hino Motors, Ltd. Outside Director of Takamatsu Construction Group Co., Ltd. |
| Director | Masakatsu Mori | Vice Chairman of the International University of Japan (IUJ) Board of Director of SKY Perfect JSAT Holdings Inc. Board of Director of Stanley Electric Co., Ltd. Outside Audit & Supervisory Board Member of Kirin Holdings Company, Limited |
| Full-time Audit & Supervisory Board Member | Kazuko Takahara | |
| Audit & Supervisory Board Member | Motoharu Yokose | Corporate Advisor of Asahi Tax Corporation Supervisory Director of Nomura Real Estate Residential Fund, Inc. |
| Audit & Supervisory Board Member | Hiroyuki Kanae | Attorney at law |

- Notes:
1. Toshitaka Hagiwara and Masakatsu Mori serve as Outside Directors.
 2. Motoharu Yokose and Hiroyuki Kanae serve as Outside Audit & Supervisory Board Members.
 3. The Company appoints all Outside Directors and Outside Audit & Supervisory Board Members as independent officers provided under the provisions of the Tokyo Stock Exchange, Inc. and registers the individuals as such with that exchange.
 4. Motoharu Yokose, Audit & Supervisory Board Member, is a qualified Certified Public Accountant and Tax Accountant, and possesses considerable insights into finance and accounting related matters.
 5. Hiroyuki Kanae, Audit & Supervisory Board Member, is conversant with corporate legal affairs as an attorney and possesses considerable insight into finance and accounting related matters.
 6. On June 25, 2014, Toshitaka Hagiwara, Director, retired as Independent Director of NSK Ltd.
 7. Hiroshi Kawada and Koji Okawa, Audit & Supervisory Board Members, resigned from the post at the 149th Ordinary General Meeting of Shareholders held on June 24, 2014.
 8. There are no significant relationships between the Company and the other organizations where concurrent positions are held by Outside Directors and Outside Audit & Supervisory Board Members.

9. The following changes were made to the positions, responsibilities and important concurrent positions as of April 1, 2015.

| Position | Name | Responsibilities and important concurrent positions at other organizations |
|---|-----------------|--|
| Representative Director and Chairman | Makoto Kigawa | |
| Representative Director, President and Executive Officer | Masaki Yamauchi | |
| Representative Director, Vice President and Executive Officer | Haruo Kanda | Representative Director and Chairman of Yamato Transport Co., Ltd. |
| Director and Advisor | Kaoru Seto | |
| Director and Senior Managing Executive Officer | Kenji Minaki | In charge of regional management of East Asia |

(2) Outside Officers

1) Principal Activities

| Position | Name | Principal activities |
|----------------------------------|--------------------|--|
| Director | Toshitaka Hagiwara | Attended 18 of 19 meetings of the Board of Directors held in fiscal 2015, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical insight. |
| Director | Masakatsu Mori | Attended 18 of 19 meetings of the Board of Directors held in fiscal 2015, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical sight. |
| Audit & Supervisory Board Member | Motoharu Yokose | Attended all 19 meetings of the Board of Directors held in fiscal 2015, and offered necessary comments based on his expertise and rich experience in finance and accounting. Furthermore, he attended all 14 meetings of the Audit & Supervisory Board together with all regular exchanges held between the Representative Director and President and Outside Directors and the Audit & Supervisory Board Members. He submitted questions mainly concerning finance and accounting, and examined the execution of the Directors' duties. |
| Audit & Supervisory Board Member | Hiroyuki Kanae | Attended all 19 meetings of the Board of Directors held in fiscal 2015, and offered necessary comments based on his expertise and rich experience as an international attorney. Furthermore, he attended all 14 meetings of the Audit & Supervisory Board with all regular exchanges held between the Representative Director and President and Outside Directors and the Audit & Supervisory Board Members. He submitted questions mainly concerning foreign operation risk, and examined the execution of the Directors' duties. |

2) Outline of Limited Liability Agreements

In order to attract competent and able individuals as Outside Directors and Audit & Supervisory Board Members, and to provide ample scope for them to display their abilities, the Company's Articles of Incorporation allow for the conclusion of agreements limiting liability stipulated in the Companies Act, Article 423, Paragraph 1. Thus, the Company has concluded Limited Liability Agreements with all Outside Directors and Audit & Supervisory Board Members based on the Articles of Incorporation. The amount of liability allowed for in those agreements is as per the minimum amount of liability provided for under the Companies Act, Article 425, Paragraph 1.

(3) Amount Paid as Remuneration to Directors and Audit & Supervisory Board Members

| Position | Number paid | Amount paid | Remarks |
|-----------------------------------|-------------|-----------------|--|
| | Persons | Millions of yen | |
| Directors | 7 | 257 | Including 14 million yen for 2 Outside Directors |
| Audit & Supervisory Board Members | 5 | 32 | Including 12 million yen for 3 Outside Audit & Supervisory Board Members |
| Total | 12 | 290 | |

5. Accounting Auditor

(1) Name **Deloitte Touche Tohmatsu LLC**

(2) **Amount Paid as Remuneration to Accounting Auditor for the Fiscal Year**

| (Millions of yen) | |
|---|-------------|
| Type of remuneration | Amount paid |
| (1) Remuneration paid or payable to the Accounting Auditor concerning the operation prescribed in the Certified Public Accountant Act, Article 2, Paragraph 1 | 195 |
| (2) Remuneration other than (1) | 11 |
| (3) Remuneration to be paid to the Accounting Auditor by the Company and subsidiaries | 206 |

(3) Policy on Dismissal or Non-Reappointment of Accounting Auditor

If the Company's Audit & Supervisory Board recognizes a fact about the Accounting Auditor, as the Company's accounting auditor, that falls under the matters prescribed in each item of Article 340, Paragraph 1 of the Companies Act, it shall deliberate on the dismissal of the Accounting Auditor based on the fact, and dismiss the Accounting Auditor based on the consent of all members of the Audit & Supervisory Board.

If the Company's Audit & Supervisory Board recognizes a fact deemed to show that the audit quality and other standards of the Accounting Auditor, as the Company's accounting auditor, are insufficient for performing audit services, it shall deliberate on the non-reappointment of the Accounting Auditor based on the fact, and resolve on an agenda item for the non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

Note: In accordance with the coming into force of the "Act for Partial Revision of the Companies Act" (Act No. 90 of 2014) on May 1, 2015, the decision-making body for the resolution regarding the dismissal or non-reappointment of the Accounting Auditor has been changed from the Board of Directors to the Audit & Supervisory Board.

(4) Non-Audit Services

The Company entrusts the Accounting Auditor with services for the evaluation of the quality of internal auditing as non-audit services outside the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Act.

6. Corporate Governance and Company Policy

(1) Corporate Framework Ensuring that Execution of Duties by Directors of the Company Complies with Laws and Regulations and the Articles of Incorporation, and Other Systems for Ensuring the Proper Operation of the Corporate Group Consisting of the Company and its Subsidiaries

In accordance with the Companies Act and the Enforcement Regulations of the Companies Act, the Company has established Policy to develop its internal control system.

- 1) Corporate framework ensuring that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and other systems for ensuring the proper operation of the corporate group consisting of the Company and its subsidiaries
 - i. To ensure that execution of duties by directors of the Company complies with laws and regulations and the Articles of Incorporation, and to ensure the proper operation of the Company and each Group company, the Company has established the “Group Corporate Philosophy of Yamato Group” and the “Statement of Compliance”. The Representative Director of the Company is responsible for ensuring that these two directives are fully understood by directors of the Company and each Group company. At the same time, directors shall perform their duties in accordance with these directives.
 - ii. To ensure that the above directives are fully understood, the Company establishes “Compliance and Risk Committee” headed by the executive officer who oversees the Group’s compliance framework and shall monitor the undertaking of the Group-wide compliance and risk management. The Head of the committee shall monitor compliance at the Company and each Group company and report the situation to the Board of Directors of the Company.
 - iii. The Company shall develop a whistle-blower system for the Group to allow employees to report any compliance violations by directors of the Company and each Group company.
 - iv. In the “Corporate Stances” of the “Yamato Group Corporate Philosophy,” the Company shall declare its policy to thoroughly block any kind of relationship with antisocial forces and organizations that pose a threat to the order and safety of civil life, and shall station employees to perform related duties in the CSR Division of the Company and each Group company. The CSR Division makes systematic efforts in collaboration with outside specialized institutions, such as police and attorneys, to prevent antisocial forces from being involved in management and prevent possible damage caused by antisocial forces.
- 2) Framework for storing and managing information related to execution of duties by directors of the Company

Directors of the Company shall prescribe the retention period of the documents and the division in charge in the organization regulations and organization management regulations and prepare, store and manage the material documents in relation to the execution of duties by directors and minutes of each meeting.

- 3) Policy and framework for managing risks of loss of the Company and its subsidiaries
 - i. The Company shall assign an executive officer (to serve concurrently as an executive officer in charge of overall compliance management) to oversee Group-wide risk management. Employees shall be stationed to perform related duties in the CSR Division of the Company and each Group company.
 - ii. The Company shall develop a “Risk Management Basic Policy” as the basis of risk management. Each Group company shall also develop a “Risk Management Basic Policy” on the basis of this policy.
 - iii. The risk management division and the officer in charge shall be stationed at a key business formation representative company, which shall play the primary role in the Group companies, and large-scale companies under the Companies Act. The CSR Division of the Company shall oversee these divisions and monitor and manage risk conditions at each Group company in a timely manner.
 - iv. The Company shall establish an internal audit division, which shall audit the implementation status and the effectiveness of risk management at the Company and each Group company.
- 4) Framework ensuring the efficiency of execution of duties by directors of the Company and its subsidiaries
 - i. The Company shall adopt the executive officer system in order to realize the efficiency of the management and the clarification of responsibility through the clear division of management decision-making, supervision and execution.
 - ii. The Company shall hold the Board of Directors Meeting more than once a month. In addition, material matters to be deliberated at the Board of Directors Meeting shall be discussed and examined at the Management Advisory Council comprising full-time directors, full-time executive officers, and an audit & supervisory board member representing the Audit & Supervisory Board.
 - iii. The Company shall define in the organizational regulations the procedure and the officer in charge with respect to the execution of the business based on the resolution of the Board of Directors and at a meeting of Executive Officers of the Company as well as the resolution of each Group company’s Board of Directors.
- 5) Framework ensuring that execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation
 - i. To realize management in conformity with compliance at the Company and each Group company, the Company and each Group company shall formulate “Corporate Handbook” and “Employee Credo of Conduct” as directives applicable to all employees. The documents shall be distributed and training implemented.
 - ii. A key business segment representative company which shall play the primary role in the Group companies, and large companies under the Companies Act, shall establish a division in charge of compliance promotion, and assign an officer in charge of the same. The division in charge of CSR of the Company shall oversee this, and monitor and manage compliance promotion status at each Group company in a timely manner.
 - iii. The Company shall establish an internal audit division to audit the implementation status and the effectiveness of compliance at the Company and each Group company.
 - iv. The Company shall hold “Compliance and Risk Committee” meetings regularly to develop and promote specific measures to ensure compliance and monitor the progress at the Company and each Group company.

- v. The Company shall establish a whistle-blower system for the Group to develop an environment in which compliance violations are promptly reported.
- 6) Framework ensuring that business activities are conducted in an appropriate manner throughout the corporate group consisting of the Company and its subsidiaries
- i. To ensure that business activities at the Company and each Group company are in conformity with compliance, the Company shall establish "Group Corporate Philosophy." The Company and each Group company shall formulate their company rules and conduct business activities accordingly.
 - ii. The Company shall assign an executive officer to be in charge of basic strategy for Group-wide management, and station employees to perform related duties at the division in charge of management strategy at the Company and each Group company.
 - iii. The Company, as a pure holding company, shall be responsible for the planning and control of each Group company's operation in accordance with the executive management contract that prescribes the management duties that the Company will execute with respect to each Group company.
 - iv. Each Group company shall execute business in accordance with the management policy formulated by the Company, and shall obtain the approval of the Company's Board of Directors' Meeting or the Board of Executive Officers' Meeting in advance, when executing material matters. In addition, all material management matters shall be reported to the Company's related division.
- 7) Appointment of supporting personnel, when audit & supervisory board members of the Company request such personnel
- The internal audit division shall provide support to audit & supervisory board members and personnel shall be appointed when deemed necessary in consultation with the Audit & Supervisory Board.
- 8) Securing independence of the personnel in the preceding item from directors and effectiveness of instructions from audit & supervisory board members
- The personnel in the preceding item cannot hold a concurrent position that has the duties of planning or control of business operations. Accordingly, reassignment, evaluation, or disciplinary action against the supporting personnel requires the approval of the Audit & Supervisory Board in advance.
- 9) Framework for reporting to audit & supervisory board members by directors and employees of the Company and framework for reporting to audit & supervisory board members of the Company by directors, audit & supervisory board members and employees of subsidiaries, or those who have received reports from the said persons
- i. In addition to matters designated by law, directors and employees of the Company and directors, audit & supervisory board members and employees of each Group company shall report the following to audit & supervisory board members of the Company without delay.
 - a. Material violations of laws and regulations and the Articles of Incorporation as well as misconduct, by directors or employees
 - b. Crucial information obtained through whistle blowing
 - c. Other facts that threaten to cause significant losses to the Company and each Group company
 - ii. The Company and each Group company shall create a framework to ensure that persons who have reported to audit & supervisory board members of the Company

and each Group company are not treated disadvantageously because of the said report.

- 10) Policy on procedures for advance payment or reimbursement of expenses incurred in the execution of duties by audit & supervisory board members of the Company, and other expenses incurred in the said execution of duties, or handling of debts

The Company shall develop a policy regarding the handling of audit expenses and secure a budget of a certain amount to cover audit expenses.

- 11) Framework ensuring the effectiveness of auditing by audit & supervisory board members of the Company

- i. In addition to the Board of Directors' Meeting, audit & supervisory board members of the Company may attend other important meetings, including those of the Management Advisory Council and executive officers, and understand the process of important decision-making and execution status of business, and provide necessary advice.
- ii. The Company shall establish regular meetings between audit & supervisory board members and the representative director to exchange opinions.
- iii. The internal audit division of the Company shall report progress and results of internal audits of the Company and each Group company as necessary to audit & supervisory board members to realize a collaborative framework for effective audits.
- iv. Audit & supervisory board members of the Company and each Group company shall exchange information and enhance collaboration throughout the Group at Group Audit & Supervisory Board Members' Liaison Meetings.
- v. The Company shall establish a liaison office for the Audit & Supervisory Board and Group Audit & Supervisory Board Members' Liaison Meetings in the internal audit division of the Company to promote efficient audits by audit & supervisory board members of the Company and each Group company.
- vi. The Company shall receive explanations on the contents of its accounts from the Accounting Auditor as needed and exchange information to realize a collaborative framework for effective audits.

Note: In accordance with the enforcement of the "Act for Partial Revision of the Companies Act" (Act No. 90 of 2014) and the "Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Companies Act" (Ordinance of the Ministry of Justice No. 6 of 2015) on May 1, 2015, part of the contents of the Policy were revised by resolution of the Company's Board of Directors on April 16, 2015, and the above Policy is one after the said revision.

In the revised contents, the wording was changed to specific and clear wording to be in keeping with a review of the framework ensuring proper business activities at the Yamato Group and the framework for auditing in light of the present state of the Yamato Group, as well as with revisions to laws and regulations.

(2) Policy on Decision of Appropriation of Surplus

As a pure holding company, the Company conducts its business with the goal of maximizing the entire Group's corporate value. Accordingly, with respect to the appropriation of surplus, the Company's policy is to pay dividends with the goal of having a payout ratio of 30% of consolidated net income. Retained earnings are used to facilitate the growth of the Group as a whole through capital expenditure—to strengthen the network, one of our management resources, and develop new businesses and products, for example—and investments are aimed at raising the corporate value in the future. Finally, the use of treasury shares is strategically positioned for flexible utilization, such as M&A, as a part of our capital policy.

Consolidated Balance Sheet

(As of March 31, 2015)

(Millions of yen)

| Assets | | Liabilities | |
|---------------------------------------|--------------------|---|--------------------|
| Current assets | 566,205 | Current liabilities | 357,034 |
| Cash and deposits | 247,398 | Notes and accounts payable - trade | 157,479 |
| Notes and accounts receivable - trade | 187,833 | Short-term loans payable | 34,443 |
| Accounts receivable - installment | 42,007 | Current portion of bonds with subscription rights to shares | 9,660 |
| Lease investment assets | 44,948 | Lease obligations | 2,733 |
| Inventories | 3,335 | Income taxes payable | 20,024 |
| Deferred tax assets | 15,687 | Deferred installment income | 5,655 |
| Other | 26,333 | Provision for bonuses | 30,236 |
| Allowance for doubtful accounts | (1,338) | Other | 96,800 |
| Non-current assets | 516,325 | Non-current liabilities | 154,297 |
| Property, plant and equipment | 420,101 | Long-term loans payable | 83,876 |
| Buildings and structures | 148,497 | Lease obligations | 4,655 |
| Machinery and equipment | 19,741 | Deferred tax liabilities | 3,947 |
| Vehicles | 17,992 | Net defined benefit liability | 53,023 |
| Land | 187,964 | Other | 8,794 |
| Leased assets | 6,846 | | |
| Construction in progress | 16,025 | | |
| Other | 23,033 | | |
| Intangible assets | 17,600 | | |
| Software | 12,646 | | |
| Other | 4,953 | | |
| Investments and other assets | 78,624 | Total liabilities | 511,331 |
| Investment securities | 34,567 | | |
| Long-term loans receivable | 1,040 | | |
| Lease deposits | 17,901 | | |
| Net defined benefit asset | 255 | | |
| Deferred tax assets | 21,977 | | |
| Other | 3,998 | | |
| Allowance for doubtful accounts | (1,116) | | |
| | | Net assets | |
| | | Shareholders' equity | 549,789 |
| | | Capital stock | 127,234 |
| | | Capital surplus | 70,209 |
| | | Retained earnings | 395,352 |
| | | Treasury shares | (43,007) |
| | | Accumulated other comprehensive income | 15,731 |
| | | Valuation difference on available-for-sale securities | 13,847 |
| | | Foreign currency translation adjustment | 1,169 |
| | | Remeasurements of defined benefit plans | 715 |
| | | Minority interests | 5,678 |
| | | Total net assets | 571,199 |
| Total assets | 1,082,531 | Total liabilities and net assets | 1,082,531 |

Consolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

| | |
|--|------------------|
| Operating revenue | 1,396,708 |
| Operating cost | 1,290,714 |
| Operating gross profit | 105,993 |
| Selling, general and administrative expenses | 37,046 |
| Operating income | 68,947 |
| Non-operating income | |
| Interest and dividend income | 673 |
| Other | 2,296 |
| | 2,969 |
| Non-operating expenses | |
| Interest expenses | 398 |
| Other | 629 |
| | 1,027 |
| Ordinary income | 70,889 |
| Extraordinary income | |
| Gain on sales of non-current assets | 410 |
| Compensation for damage received | 257 |
| Compensation income | 245 |
| Penalty received | 232 |
| Other | 43 |
| | 1,190 |
| Extraordinary losses | |
| Loss on retirement of non-current assets | 412 |
| Impairment loss | 1,791 |
| Loss on litigation | 704 |
| Other | 13 |
| | 2,921 |
| Income before income taxes and minority interests | 69,157 |
| Income taxes-current | 29,814 |
| Income taxes-deferred | 1,739 |
| | 31,554 |
| Income before minority interests | 37,602 |
| Minority interests in income | 69 |
| Net income | 37,533 |

Consolidated Statement of Comprehensive Income

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

| | |
|---|--------|
| Income before minority interests | 37,602 |
| Other comprehensive income | |
| Valuation difference on available-for-sale securities | 5,370 |
| Foreign currency translation adjustment | 826 |
| Remeasurements of defined benefit plans, net of tax | 2,442 |
| Total other comprehensive income | 8,640 |
| Comprehensive income | 46,243 |
| (Breakdown) | |
| Comprehensive income attributable to owners of parent | 45,877 |
| Comprehensive income attributable to minority interests | 365 |

Consolidated Statement of Changes in Equity

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

| | Shareholders' equity | | | | Total shareholders' equity |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | |
| Balance as of April 1, 2014 | 127,234 | 100,863 | 371,965 | (56,079) | 543,984 |
| Cumulative effects of changes in accounting policies | | | (4,080) | | (4,080) |
| Restated balance | 127,234 | 100,863 | 367,884 | (56,079) | 539,903 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (10,065) | | (10,065) |
| Net income | | | 37,533 | | 37,533 |
| Purchase of treasury shares | | | | (30,587) | (30,587) |
| Disposal of treasury shares | | (404) | | 10,745 | 10,340 |
| Retirement of treasury shares | | (31,507) | | 31,507 | – |
| Change in ownership interest of parent related to transactions with non-controlling interests | | 1,257 | | 1,406 | 2,664 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | – | (30,654) | 27,467 | 13,071 | 9,885 |
| Balance as of March 31, 2015 | 127,234 | 70,209 | 395,352 | (43,007) | 549,789 |

(Millions of yen)

| | Accumulated other comprehensive income | | | | Minority interests | Total net assets |
|---|---|---|---|--|--------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance as of April 1, 2014 | 8,769 | 342 | (1,717) | 7,395 | 8,792 | 560,172 |
| Cumulative effects of changes in accounting policies | | | | | (17) | (4,097) |
| Restated balance | 8,769 | 342 | (1,717) | 7,395 | 8,775 | 556,074 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | (10,065) |
| Net income | | | | | | 37,533 |
| Purchase of treasury shares | | | | | | (30,587) |
| Disposal of treasury shares | | | | | | 10,340 |
| Retirement of treasury shares | | | | | | – |
| Change in ownership interest of parent related to transactions with non-controlling interests | | | | | | 2,664 |
| Net changes of items other than shareholders' equity | 5,077 | 826 | 2,432 | 8,336 | (3,097) | 5,239 |
| Total changes of items during period | 5,077 | 826 | 2,432 | 8,336 | (3,097) | 15,124 |
| Balance as of March 31, 2015 | 13,847 | 1,169 | 715 | 15,731 | 5,678 | 571,199 |

Notes to Consolidated Financial Statements

1. Basis of Preparation of the Financial Statements

(1) Amounts described are rounded down to the nearest million yen.

(2) Scope of Consolidation

1) Consolidated Subsidiaries

| | | |
|-------------------------------------|---|--|
| Yamato Transport Co., Ltd. | Okinawa Yamato Transport Co., Ltd. | Yamato Global Express Co., Ltd. |
| Yamato Logistics Co., Ltd. | Yamato Global Logistics Japan Co., Ltd. | Yamato Multi-Maintenance Solutions Co., Ltd. |
| Yamato Packing Service Co., Ltd. | YAMATO TRANSPORT U. S. A., INC. | Yamato Home Convenience Co., Ltd. |
| Yamato System Development Co., Ltd. | Yamato Financial Co., Ltd. | Yamato Lease Co., Ltd. |
| Yamato Autoworks Co., Ltd. | YAMATO ASIA PTE. LTD. | |

39 companies including those listed above are included within the scope of consolidation.

2) Non-consolidated Subsidiaries

YAMATO LOGISTICS INDIA PVT. LTD. and certain other subsidiaries are not included within the scope of consolidation. The total assets, operating revenue, net income, and retained earnings of these non-consolidated subsidiaries are immaterial and, even taken together as a group, they do not exert a significant influence on the consolidated financial statements.

(3) Equity Method

The equity method is not applied to YAMATO LOGISTICS INDIA PVT. LTD. and certain other non-consolidated subsidiaries, along with YAMATO UNYU (THAILAND) CO., LTD. and certain other associated companies. The net income and the retained earnings of these companies are immaterial and, even taken together as a group, they do not exert a significant influence on the consolidated financial statements.

(4) Closing Date of Consolidated Subsidiaries

Of consolidated subsidiaries, YAMATO TRANSPORT U.S.A., INC., and other ten overseas subsidiaries have December 31 as their financial year end. Financial statements as of this closing date were used in the preparation of the consolidated financial statements. However, the consolidated figures have been adjusted as required to reflect significant transactions occurring between December 31, 2014 and March 31, 2015 that is the consolidated closing date.

(5) Accounting Policies

1) Valuation Basis and Methods for Securities

| | |
|------------------------------|--|
| Securities held to maturity: | Amortized cost method (Straight-line method) |
|------------------------------|--|

Available-for-sale securities

Securities with fair market value:

Stated at the fair market value based on the quoted market price as of the fiscal year end (valuation differences are recognized in net assets; the cost of securities sold is the moving-average method)

Securities without fair market value:

Stated at the cost by moving-average method

2) Valuation Basis and Methods for Inventories

Stated at the cost by first-in first-out method (for the value stated in the balance sheet, book value is written down based on the decreased profitability)

3) Depreciation and Amortization Methods of Non-current Assets

Property, plant and equipment:
(excluding leased assets)

Declining-balance method
Straight-line method is adopted for the buildings acquired on or after April 1, 1998 (excluding fixtures).
For overseas consolidated subsidiaries' assets, straight-line methods based on estimated useful lives is adopted.

Intangible assets:
(excluding leased assets)

Straight-line method, but software is amortized by the straight-line method over the estimated useful life (five years).

Leased assets:

Straight-line method where the useful life of leased assets shall be equal to the lease period and their residual value shall be zero.

4) Accounting Method for Provision

Allowance for doubtful accounts:

The allowance for doubtful accounts is provided to prepare for loss from uncollectible credits. For ordinary receivables, the amount is estimated using the rate based on the historical bad debt experience. For special receivables with higher uncertainty, collectivity is considered on individual cases, and prospective uncollectible amount is provided.

Provision for bonuses:

The provision for bonuses is provided for payment of bonuses to employees based on an amount expected to be paid.

This provision is not applicable for overseas subsidiaries.

5) Method of Accounting for Retirement Benefits

i. Method of attributing expected retirement benefit to periods

In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligation attributed to service performed up to the end of the fiscal year under review.

ii. Method of recognizing actuarial differences

Actuarial differences are recognized in profit or loss in the year following the year in which a respective gain or loss arises, and are amortized proportionally on a straight-line basis over a period of five years, which is within the average remaining years of service of the eligible employees.

iii. Method of accounting for unrecognized actuarial difference

Unrecognized actuarial difference is accounted for in remeasurements of defined benefit plans, after adjusting for tax effects, under accumulated other comprehensive income of net assets.

6) Basis of Revenue Recognition

Deferred installment income

The prorated amounts for the shopping loan service are recognized as income when the due date comes.

7) Method of Significant Hedge Accounting

i. Method of hedge accounting

Interest rate swaps are accounted for using the exceptional treatment as they satisfy the applicable conditions.

ii. Hedging instrument and hedged item

Hedging instrument: Interest rate swaps

Hedged item: Interest on loans

iii. Hedging policy

Interest rate swap transactions are used to avoid interest rate fluctuation risk associated with fund procurement.

iv. Method of evaluating hedge effectiveness

Hedging effectiveness in interest rate swap transactions is not evaluated as they are accounted for using the exceptional treatment.

8) Accounting for Consumption Taxes

The consumption taxes are excluded from transaction amounts.

2. Changes in Accounting Policies

(1) Application of “Accounting Standard for Retirement Benefits” and Its Guidance

Effective from the fiscal year ended March 31, 2015, for the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), the Company has additionally applied the provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits.

Due to this, the Company reviewed the calculation method of retirement benefit obligations and current service costs and amended the determination of discount rate from one that is based on the period of years approximate to the expected average remaining working lives of employees to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

Application of the Accounting Standard for Retirement Benefits and its Guidance is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the review in the determination of retirement benefit obligations and current service costs has been added to or deducted from retained earnings as of the beginning of the fiscal year ended March 31, 2015.

As a result of this change, as of the beginning of the fiscal year ended March 31, 2015, net defined benefit liability increased 6,262 million yen, deferred tax assets increased 2,214 million yen, and retained earnings decreased 4,080 million yen. The impact of such change on profit and loss is immaterial.

Net assets per share decreased by 9.87 yen.

(2) Application of “Accounting Standard for Business Combinations,” etc.

Effective from the beginning of the fiscal year starting on or after April 1, 2014, it has become possible to apply the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. Accordingly, the Company has applied these accounting standards (except for the provisions of Paragraph 39 of the Accounting Standard for Consolidated Financial Statements) effective from the fiscal year ended March 31, 2015. As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after April 1, 2014, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the tentative accounting treatment is reflected in the consolidated financial statements for the fiscal year in which the business combination occurs.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. Application of the standard commenced on April 1, 2014, and will continue going forward.

As a result of this change, as of March 31, 2015, capital surplus increased 834 million yen. The impact of such change on profit and loss is immaterial.

Net asset per share increased by 2.02 yen.

3. Additional Information

Effect of change in corporation tax rates, etc.

On March 31, 2015, the government promulgated the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015), and the “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 2 of 2015). As a result, the normal effective statutory tax rate of 35.6% previously applied in calculating the amount of deferred tax assets and liabilities has been reduced to 33.1% with respect to the temporary differences expected to be resolved in the fiscal year beginning April 1, 2015. Also, the normal effective statutory tax rate will be further reduced to 32.3% with respect to the temporary differences expected to be resolved in the fiscal year beginning April 1, 2016, and subsequent fiscal years. This has resulted in a decrease in deferred tax assets of 3,277 million yen (after subtraction of deferred tax liabilities; of which, the effect of the tax rate change amounts to 2,912 million yen) and an increase in income taxes - deferred of 3,753 million yen (of which, the effect of the tax rate change amounts to 3,388 million yen).

4. Notes to the Consolidated Balance Sheet

Accumulated Depreciation of Property, Plant and Equipment: 477,055 million yen

5. Notes to the Consolidated Statement of Income

Impairment loss

During the fiscal year under review, the Yamato Group posted an impairment loss on the following asset group.

| (Millions of yen) | | | |
|--|-----------------------------------|---|---------------------------|
| Use of asset | Type of asset | Region | Amount of impairment loss |
| Branch and distribution center and other | Other intangible assets and other | Yamato (China) Transport Co., Ltd. (Shanghai, China) and ten other premises | 1,791 |

The Yamato Group grouped the assets based on the classification in managerial accounting and the unit in making investment decisions, with Yamato Transport Co., Ltd. treating primarily a main branch and subordinate branches as one unit and the Company and other consolidated subsidiaries based on the unit of department.

As a result, the Group recognized a continuous decrease in profit and loss arising from operating activities or significant declines in market prices for the asset group consisting of Yamato (China) Transport Co., Ltd. and ten other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 1,791 million yen to extraordinary losses as an impairment loss. A breakdown of this decrease shows that 328 million yen was attributable to buildings, 290 million yen was attributable to land and 847 million yen was attributable to other intangible assets.

Where the recoverable value of a relevant asset group is calculated on the basis of value in use, the calculation is made by discounting future cash flows by a discount rate of between 5.65% and 6.15%. Also, where the recoverable value is calculated based on net realizable value, the amount is valued based mainly on real estate appraisal standards, assessed value of property tax or the posted land price.

6. Notes to the Consolidated Statement of Changes in Equity

(1) Class and Total Number of Issued Shares and Treasury Shares: (Thousands of shares)

| | Number of shares as of beginning of fiscal year under review | Number of increased shares in fiscal year under review | Number of decreased shares in fiscal year under review | Number of shares as of end of fiscal year under review |
|-----------------------------|--|--|--|--|
| Issued shares | | | | |
| Common shares* ¹ | 454,684 | — | 19,120 | 435,564 |
| Total | 454,684 | — | 19,120 | 435,564 |
| Treasury shares | | | | |
| Common shares* ² | 35,742 | 12,235 | 25,606 | 22,370 |
| Total | 35,742 | 12,235 | 25,606 | 22,370 |

Notes:

- The decrease of 19,120 thousand shares of issued shares of common shares resulted from a decrease due to retirement of treasury shares.
- The increase of 12,235 thousand shares of treasury shares of common shares resulted from an increase of 11,962 thousand shares due to the purchase of treasury shares and other increases. The decrease of 25,606 thousand shares of treasury shares of common shares resulted from a decrease of 19,120 thousand shares through retirement of treasury shares, a decrease of 5,589 thousand shares through the exercise of subscription rights to shares attached to bonds with subscription rights to shares and other decreases.

(2) Dividends

1) Payments of dividends

| Resolution | Type of shares | Total amount of dividends | Dividend per share | Record date | Effective date on and after |
|--|----------------|---------------------------|--------------------|--------------------|-----------------------------|
| | | Millions of yen | Yen | | |
| The Board of Directors Meeting on May 16, 2014 | Common shares | 5,027 | 12 | March 31, 2014 | June 3, 2014 |
| The Board of Directors Meeting on October 30, 2014 | Common shares | 5,038 | 12 | September 30, 2014 | December 10, 2014 |

2) Dividends with a record date that falls within the fiscal year under review but an effective date starting in the upcoming fiscal year

| Resolution | Type of shares | Total amount of dividends | Source of dividend | Dividend per share | Record date | Effective date on and after |
|--|----------------|---------------------------|--------------------|--------------------|----------------|-----------------------------|
| | | Millions of yen | | Yen | | |
| The Board of Directors Meeting on May 14, 2015 | Common shares | 5,371 | Retained earnings | 13 | March 31, 2015 | June 2, 2015 |

(3) Subscription rights to shares

(Thousands of shares)

| Classification | Subscription rights to shares | Type of share for subscription rights | Number of shares for warrants | | | |
|----------------|---|---------------------------------------|---|--|--|---------------------------------------|
| | | | As of beginning of fiscal year under review | Increased shares in fiscal year under review | Decreased shares in fiscal year under review | As of end of fiscal year under review |
| The Company | Subscription rights to shares of euro-yen denominated convertible bonds (to mature in 2016) | Common shares | 10,810 | — | 5,589 | 5,221 |

Note: The decrease in the number of shares for subscription rights in the fiscal year under review is the result of exercise of subscription rights to shares.

7. Notes to the Financial Instruments

(1) Matters concerning the status of financial instruments

1) Policy on financial instruments

To finance further business growth, the Yamato Group raises capital through bank loans and bond issuances based on a facilities investment scheme that includes the network development plan. One-time surplus funds are invested in safe financial assets. Derivative products are mainly used for hedging against variable interest rate risk, and no speculative transactions are undertaken.

Some of the Group's consolidated subsidiaries are engaged in businesses such as leasing and third-party credit sales.

2) Features and risks of financial instruments and risk management structure

Operating receivables such as notes and accounts receivable - trade and accounts receivable - installment carry credit risk of trading partners, and thus the Company manages and controls cash received, as well as outstanding receivables, for each period to identify the credit risk of each trading partner.

Regarding investment securities, the Yamato Group mainly holds shares of companies with which the Group has business relationships or forms a capital alliance, and such shares involve the risk of stock price fluctuations.

The majority of operating payables, such as notes and accounts payable - trade, are due within one year.

Short-term loans payable and long-term loans payable are mainly used to raise capital for the Group's financial business. Some of the loans payable are procured at variable rates of interest, and the Group employs interest rate swaps for a portion of those loans to hedge interest rate risk associated with fundraising. Interest rate swap transactions are executed in conformity with the Group's regulations for authorizing derivative transactions.

Within the Yamato Group, each Group company controls liquidity risk associated with operating payables and loans by monitoring payments and settlements, bookkeeping, and balances, as well as managing cash positions.

3) Supplemental remarks on the fair value of the financial instruments

The fair value of financial instruments refers to their market value or value reasonably calculated based on certain assumptions if market value is not available. Therefore, the estimated fair value may vary with different assumptions.

(2) Matters concerning fair value of financial instruments

The table below shows the amounts recorded on the consolidated balance sheet as of March 31, 2015, their fair values, and differences between them. Some financial instruments are excluded because it is extremely difficult to identify their fair value (see Note 5).

| | (Millions of yen) | | |
|---|--|------------|------------|
| | Amount on the consolidated balance sheet | Fair value | Difference |
| (1) Cash and deposits | 247,398 | 247,398 | – |
| (2) Notes and accounts receivable - trade | 187,833 | | |
| Allowance for doubtful accounts | (121) | | |
| | 187,712 | 188,298 | 586 |
| (3) Accounts receivable - installment | 42,007 | | |
| Allowance for doubtful accounts | (802) | | |
| Deferred installment income | [5,655] | | |
| | 35,550 | 40,979 | 5,428 |
| (4) Investment securities | | | |
| Available-for-sale securities | 33,016 | 33,016 | – |
| (5) Notes and accounts payable - trade | [157,479] | [157,479] | – |
| (6) Short-term loans payable | [34,443] | [34,514] | 70 |
| (7) Long-term loans payable | [83,876] | [83,834] | (41) |
| (8) Derivatives | – | – | – |

Notes:

- Items recognized as liabilities are shown in square parentheses [] both under Amount on the consolidated balance sheet and Fair value.
- Notes and accounts receivable - trade are presented after deducting allowance for doubtful accounts set up for notes and accounts receivable - trade not payable in the short term.
- Accounts receivable - installment is presented after deducting the relevant allowance for doubtful accounts and deferred installment income.
- Method of calculating fair value of financial instruments and other matters concerning securities and derivatives.

(1) Cash and deposits

Because all deposits are short-term deposits and their fair values are approximately equal to their book values, fair value is the same as book value.

(2) Notes and accounts receivable - trade

Because notes and accounts receivable - trade are usually settled in a short period and their fair values are approximately equal to their book values, fair value is the same as book value. A portion of notes and accounts receivable - trade are grouped by classification categories and computed on the basis of the present value of future cash flow discounted at a rate based on the yield of Japanese Government Bonds.

(3) Accounts receivable - installment

The fair values of accounts receivable - installment are grouped by classification categories and computed on the basis of the present value of future cash flow discounted at the rate based on market interest rate.

(4) Investment securities

The fair values of listed equity shares in investment securities are based on quoted market prices.

(5) Notes and accounts payable - trade

As most notes and accounts payable - trade are due within one year and their fair values are approximately equal to their book values, fair value is the same as book value.

(6) Short-term loans payable and (7) Long-term loans payable

The fair value of short-term loans payable, long-term loans payable, and long-term loans payable meeting the requirements of exceptional treatment for interest rate swaps and being treated together with interest swaps are computed on the basis of the total amount of principal and interest discounted at the interest rate applicable to new loans carrying the same conditions.

(8) Derivatives

The exceptional treatment of interest rate swaps is applied to the Group's interest rate swaps, and these transactions are treated together with long-term loans payable with the relevant hedging instruments. Therefore, their fair value is included among long-term loans payable.

5. It is extremely difficult to determine the fair values of unlisted securities (the amount recorded on consolidated balance sheet is 1,550 million yen) because they do not have quoted market prices and their future cash flow cannot be estimated. Therefore, they are excluded from (4) Investment securities/Available-for-sale securities.

8. Per Share Information

| | |
|--------------------------|--------------|
| (1) Net assets per share | 1,368.66 yen |
| (2) Net income per share | 90.41 yen |

9. Notes to Business Combinations

Transactions under common control

(1) Outline of transactions

On September 1, 2014, the Company conducted an exchange of shares to make two of its consolidated subsidiaries wholly owned subsidiaries, with the aims of bringing about stronger Group management and building a more efficient framework for consolidated management by enabling swifter decision making along with greater agility and flexibility in managing the Group.

1) Names and business of combined entities

- i. Combining entity (wholly owning parent company through share exchange)

Name: Yamato Holdings Co., Ltd. (the Company)

Business: ... Management control of Group companies and incidental operations thereof, on the basis of Group company share holdings

- ii. Combined entities (wholly owned subsidiaries through share exchange)

Name: Yamato Global Express Co., Ltd. ("Yamato Global Express")

Business: ... Domestic air cargo transport business

Name: Yamato Global Logistics Japan Co., Ltd. ("Yamato Global Logistics Japan")

Business: ... International air cargo service, handling of marine cargo, import/export customs clearance services

2) Date of business combination

September 1, 2014 (effective date)

3) Legal form of business combination

The exchange of shares that involves the Company as the wholly owning parent company through share exchange, and Yamato Global Express and Yamato Global Logistics Japan (the “Target Entities”) as the wholly owned subsidiaries through share exchange

(2) Outline of applied accounting treatment

The Company has opted for early adoption of the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures ” (ASBJ Guidance No. 10, September 13, 2013), and transactions with non-controlling shareholders are accordingly accounted for as transactions, etc. under common control.

(3) Matters concerning additional acquisition of subsidiary shares

1) Breakdown of acquisition cost of subsidiary shares additionally acquired and types of consideration

| Subsidiaries | Acquisition cost (Millions of yen) | Type of consideration |
|-------------------------------|---------------------------------------|--|
| Yamato Global Express | 1,093 | (Consideration for acquisition: Common stock of the Company) |
| Yamato Global Logistics Japan | 736 | (Consideration for acquisition: Common stock of the Company) |
| Total acquisition cost | 1,830 | |

2) Exchange ratio by type of shares, method of calculation, and number of shares delivered

i. Exchange ratio by type of shares

Type of shares: Common stock

| | Wholly owning parent company | Wholly owned subsidiaries | |
|----------------------|------------------------------|---------------------------|-------------------------------|
| | The Company | Yamato Global Express | Yamato Global Logistics Japan |
| Share exchange ratio | 1 | 41.297 | 5.621 |

ii. Method of calculating exchange ratio

To ensure impartiality and validity in calculating the exchange ratio for the share exchange, KPMG FAS Co., Ltd., (“KPMG”) was employed to perform the calculation in its capacity as a third-party appraiser that is independent from both the Company and the Target Entities. Because the Company is listed on the stock exchange while the Target Entities are unlisted, KPMG calculated the share exchange ratio using the average market price method to value the Company’s shares while using the discounted cash flow method to value shares of the Target Entities. The value of the Company’s shares is calculated on the basis of the average of the sum of the respective closing prices of the shares as of the calculation base date of July 30, 2014, one month prior to the base date, three months prior to the base date, and six months prior to the base date.

The Company determined the share exchange ratio through a process of thorough negotiations and discussions with the Target Entities regarding the respective share exchange ratios, with reference to the outcome of the ratio calculation performed by the third-party appraiser.

- iii. Number of shares delivered
896,425 shares

The Company allocated treasury shares it held for the shares of the Company delivered for the share exchange, and did not issue any new shares.

(4) Changes in the Company's equity interests related to transactions with non-controlling shareholders

- 1) Amount of capital surplus increase attributable to transactions with non-controlling shareholders:
1,558 million yen

- 2) Main reasons for change

The change in the Company's equity interests is mainly attributable to the difference between the cost of acquiring the additional shares of subsidiaries and the reduction in the amount of non-controlling interests associated with acquiring the additional shares.

Non-consolidated Balance Sheet

(As of March 31, 2015)

(Millions of yen)

| Assets | | Liabilities | |
|---------------------------------------|----------------|---|----------------|
| Current assets | 165,476 | Current liabilities | 133,091 |
| Cash and deposits | 145,117 | Operating accounts payable | 304 |
| Operating accounts receivable | 12 | Short-term loans payable | 6,653 |
| Short-term loans receivable | 15,246 | Current portion of bonds with subscription rights to shares | 9,660 |
| Deferred tax assets | 92 | Income taxes payable | 64 |
| Income taxes receivable | 4,536 | Accrued expenses | 51 |
| Other | 470 | Deposits received | 116,018 |
| | | Provision for bonuses | 51 |
| | | Other | 288 |
| Non-current assets | 362,150 | | |
| Property, plant and equipment | 6,641 | Non-current liabilities | 16,413 |
| Vehicles | 8 | Long-term loans payable | 11,129 |
| Buildings | 738 | Deferred tax liabilities | 3,264 |
| Tools, furniture and fixtures | 33 | Provision for retirement benefits | 76 |
| Land | 5,840 | Provision for loss on business of subsidiaries and associates | 1,804 |
| Other | 19 | Other | 138 |
| | | Total liabilities | 149,504 |
| Intangible assets | 1,489 | Net assets | |
| Software | 1,487 | Shareholders' equity | 366,292 |
| Other | 1 | Capital stock | 127,234 |
| | | Capital surplus | 69,375 |
| Investments and other assets | 354,019 | Legal capital surplus | 36,822 |
| Investment securities | 26,355 | Other capital surplus | 32,552 |
| Shares of subsidiaries and associates | 294,806 | Retained earnings | 212,690 |
| Long-term loans receivable | 38,055 | Other retained earnings | 212,690 |
| Other | 103 | General reserve | 188,965 |
| | | Retained earnings brought forward | 23,724 |
| Allowance for investment loss | (5,301) | Treasury shares | (43,007) |
| | | Valuation and translation adjustments | 11,830 |
| | | Valuation difference on available-for-sale securities | 11,830 |
| | | Total net assets | 378,122 |
| Total assets | 527,627 | Total liabilities and net assets | 527,627 |

Non-consolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

| | |
|---|---------------|
| Operating revenue | 27,756 |
| Selling, general and administrative expenses | 4,684 |
| Operating income | 23,071 |
| Non-operating income | |
| Interest and dividend income | 866 |
| Other | 587 |
| | 1,454 |
| Non-operating expenses | |
| Interest expenses | 60 |
| Other | 50 |
| | 110 |
| Ordinary income | 24,415 |
| Extraordinary losses | |
| Provision of allowance for investment loss | 3,374 |
| Provision for loss on business of subsidiaries and associates | 1,804 |
| Other | 2 |
| | 5,181 |
| Income before income taxes | 19,234 |
| Income taxes - current | 142 |
| Income taxes - deferred | 459 |
| | 601 |
| Net income | 18,632 |

Non-consolidated Statement of Changes in Equity

(From April 1, 2014 to March 31, 2015)

(Millions of yen)

| | Shareholders' equity | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Other retained earnings | |
| | | | | | General reserve | Retained earnings brought forward |
| Balance as of April 1, 2014 | 127,234 | 36,822 | 64,041 | 100,863 | 174,965 | 29,161 |
| Cumulative effects of changes in accounting policies | | | | | | (5) |
| Restated balance | 127,234 | 36,822 | 64,041 | 100,863 | 174,965 | 29,156 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | (10,065) |
| Net income | | | | | | 18,632 |
| Purchase of treasury shares | | | | | | |
| Disposal of treasury shares | | | 18 | 18 | | |
| Retirement of treasury shares | | | (31,507) | (31,507) | | |
| Provision of general reserve | | | | | 14,000 | (14,000) |
| Net changes of items other than shareholders' equity | | | | | | |
| Total changes of items during period | — | — | (31,488) | (31,488) | 14,000 | (5,432) |
| Balance as of March 31, 2015 | 127,234 | 36,822 | 32,552 | 69,375 | 188,965 | 23,724 |

(Millions of yen)

| | Shareholders' equity | | | Valuation and translation adjustments | Total net assets |
|--|-------------------------|-----------------|----------------------------|---|------------------|
| | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | |
| | Total retained earnings | | | | |
| Balance as of April 1, 2014 | 204,127 | (56,079) | 376,146 | 7,503 | 383,650 |
| Cumulative effects of changes in accounting policies | (5) | | (5) | | (5) |
| Restated balance | 204,122 | (56,079) | 376,141 | 7,503 | 383,645 |
| Changes of items during period | | | | | |
| Dividends of surplus | (10,065) | | (10,065) | | (10,065) |
| Net income | 18,632 | | 18,632 | | 18,632 |
| Purchase of treasury shares | | (30,587) | (30,587) | | (30,587) |
| Disposal of treasury shares | | 12,152 | 12,170 | | 12,170 |
| Retirement of treasury shares | | 31,507 | — | | — |
| Provision of general reserve | — | | — | | — |
| Net changes of items other than shareholders' equity | | | | 4,326 | 4,326 |
| Total changes of items during period | 8,567 | 13,071 | (9,849) | 4,326 | (5,522) |
| Balance as of March 31, 2015 | 212,690 | (43,007) | 366,292 | 11,830 | 378,122 |

Notes to Non-consolidated Financial Statements

1. Amounts described are rounded down to the nearest million yen.

2. Summary of Significant Accounting Policies

(1) Valuation Basis and Methods for Securities

| | |
|--|---|
| Securities held to maturity: | Amortized cost method (Straight-line method) |
| Available-for-sale securities | |
| Securities with fair market value: | Stated at the fair market value based on the quoted market price as of the fiscal year end (valuation differences are recognized in net assets; the cost of securities sold is the moving-average method) |
| Securities without fair market value: | Stated at the cost by moving-average method |
| Shares of subsidiaries and associates: | Stated at the cost by moving-average method |

(2) Depreciation and Amortization Methods of Non-current Assets

| | |
|-------------------------------|--|
| Property, plant and equipment | |
| Buildings: | Straight-line method |
| Other than Buildings: | Declining-balance method |
| Intangible assets: | Straight-line method, but software is amortized by the straight-line method over the estimated useful life (five years). |

(3) Accounting Method for Provision

Provision for bonuses:

The provision for bonuses is provided for payment of bonuses to employees based on an amount expected to be paid.

Allowance for investment loss:

To prepare for devaluation loss of investments in subsidiaries and associates, allowances are provided considering the status of subsidiaries and associates' assets.

Provision for loss on business of subsidiaries and associates

To prepare for loss on business of subsidiaries and associates, the amount expected to be borne by the Company with respect to the said loss is provided.

Provision for retirement benefits:

To provide for employees' retirement benefits, provision for retirement benefits is recorded based on the projected retirement benefit obligations and related pension assets as of the end of the fiscal year ended March 31, 2015.

- i. Method of attributing expected retirement benefit to periods
In calculating the retirement benefit obligations, the straight-line basis is used in determining the amount of the expected retirement benefit obligation attributed to service performed up to the end of the fiscal year under review.
- ii. Method of recognizing actuarial differences

Actuarial differences are recognized in profit or loss in the year following the year in which a respective gain or loss arises, and are amortized proportionally on a straight-line basis over a period of five years, which is within the average remaining years of service of the eligible employees.

(Changes in accounting policies)

Application of “Accounting Standard for Retirement Benefits” and Its Guidance

Effective from the fiscal year ended March 31, 2015, for the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), the Company has additionally applied the provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits.

Due to this, the Company reviewed the calculation method of retirement benefit obligations and current service costs and amended the determination of discount rate from one that is based on the period of years approximate to the expected average remaining working lives of employees to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

Application of the Accounting Standard for Retirement Benefits and its Guidance is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the review in the determination of retirement benefit obligations and current service costs has been added to or deducted from retained earnings as of the beginning of the fiscal year ended March 31, 2015. The impact of such change is immaterial.

(4) Method of Accounting for Retirement Benefits

The method of accounting for unrecognized actuarial differences on retirement benefits is different to the method in the consolidated financial statements.

(5) Method of significant hedge accounting

1) Method of hedge accounting

Interest rate swaps are accounted for using the exceptional treatment as they satisfy the applicable conditions.

2) Hedging instrument and hedged item

Hedging instrument: Interest rate swaps

Hedged item: Interest on loans

3) Hedging policy

Interest rate swap transactions are used to avoid interest rate fluctuation risk associated with fund procurement.

4) Method of evaluating hedge effectiveness

Hedging effectiveness in interest rate swap transactions is not evaluated as they are accounted for using the exceptional treatment.

(6) Accounting for Consumption Taxes

The consumption taxes are excluded from transaction amounts.

3. Additional Information

Effect of change in income tax rates, etc.

On March 31, 2015, the government promulgated the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015), and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015). As a result, the normal effective statutory tax rate of 35.6% previously applied in calculating the amount of deferred tax assets and liabilities has been reduced to 33.1% with respect to the temporary differences expected to be resolved in the fiscal year beginning April 1, 2015. Also, the normal effective statutory tax rate will be further reduced to 32.3% with respect to the temporary differences expected to be reversed in the fiscal year beginning April 1, 2016, and subsequent fiscal years. This has resulted in an increase in deferred tax assets of 98 million yen (after subtraction of deferred tax liabilities; of which, the effect of the tax rate change amounts to 330 million yen) and an increase in income taxes - deferred of 282 million yen (of which, the effect of the tax rate change amounts to 50 million yen).

4. Notes to the Non-consolidated Balance Sheet

| | |
|--|---------------------|
| (1) Accumulated depreciation of property, plant and equipment: | 415 million yen |
| (2) Balance of liabilities on guarantee | 3,800 million yen |
| i. Joint and several guarantee for debt financing: | 2,913 million yen |
| ii. Pledge of letter of management support concerning debt financing: | 587 million yen |
| iii. Joint and several guarantee based on clearing agreements with other transportation companies: | 300 million yen |
| (3) Short-term loans receivable from subsidiaries and associates: | 15,341 million yen |
| Long-term loans receivable from subsidiaries and associates: | 37,068 million yen |
| Short-term loans payable to subsidiaries and associates: | 116,167 million yen |

5. Notes to the Non-consolidated Statement of Income

| | | |
|---|----------------------------|--------------------|
| Transaction with subsidiaries and associates: | Operating revenue | 27,739 million yen |
| | Operating expenses | 698 million yen |
| | Non-operating transactions | 425 million yen |

6. Notes to the Non-consolidated Statement of Changes in Equity

Class and Total Number of Treasury Shares:

| (Thousands of shares) | | | | |
|-----------------------|--|--|--|--|
| | Number of shares as of beginning of fiscal year under review | Number of increased shares in fiscal year under review | Number of decreased shares in fiscal year under review | Number of shares as of end of fiscal year under review |
| Common shares* | 35,742 | 12,235 | 25,606 | 22,370 |

Note:

The increase of 12,235 thousand shares of treasury shares of common shares resulted from an increase of 11,962 thousand shares due to the purchase of treasury shares and other increases.

The decrease of 25,606 thousand shares of treasury shares of common shares resulted from a decrease of 19,120 thousand shares through retirement of treasury shares, a decrease of 5,589 thousand shares through the exercise of subscription rights to shares attached to bonds with subscription rights to shares and other decreases.

7. Notes to Tax Effect Accounting

Detailed deferred tax assets and deferred tax liabilities

(Millions of yen)

| | | |
|---|-----------------|----------------|
| Deferred tax assets (current assets) | | |
| Provision for bonuses | | 17 |
| Accrued enterprise tax | | 14 |
| Loss carried forward | | 87 |
| Other | | 9 |
| Deferred tax assets (current assets) | Total | 128 |
| Deferred tax assets (non-current assets) | | |
| Provision for retirement benefits | | 24 |
| Loss on valuation of investment securities | | 1,478 |
| Shares of subsidiaries and associates | | 35,917 |
| Loss carried forward | | 2,030 |
| Other | | 2,378 |
| Deferred tax assets (non-current assets) | Subtotal | 41,829 |
| Allowance for devaluation | | (41,373) |
| Deferred tax assets (non-current assets) | Total | 456 |
| Deferred tax liabilities (current liabilities) | | |
| Other | | (36) |
| Deferred tax liabilities (current liabilities) | Total | (36) |
| Deferred tax liabilities (non-current liabilities) | | |
| Valuation difference on available-for-sale securities | | (3,685) |
| Other | | (35) |
| Deferred tax liabilities (non-current liabilities) | Total | (3,721) |
| Net deferred tax assets (liabilities) | | (3,172) |

8. Notes to Dealings with Related Parties

Subsidiaries, etc.

(Millions of yen)

| Status | Company | Location | Capital | Main business | Holding of voting rights | Relationship | |
|--------------|-------------------------------------|----------------|-----------------|---|--------------------------|---------------------------------------|--|
| | | | | | | Concurrent positions held by officers | Business relationships |
| Subsidiaries | Yamato Transport Co., Ltd. | Chuo-ku, Tokyo | 50,000 | TA-Q-BIN; Kuroneko Mail | Direct holdings 100.00% | Concurrent 5 persons | Executive management Loans for funding |
| Subsidiaries | Yamato (China) Transport Co., Ltd. | Shanghai | RMB 200,000,000 | TA-Q-BIN business in China | Direct holdings 82.50% | Concurrent 2 persons | Executive management Loans for funding Loan guarantees |
| Subsidiaries | Yamato System Development Co., Ltd. | Koto-ku Tokyo | 1,800 | System development | Direct holdings 100.00% | Concurrent 2 persons | Executive management Operational management of system |
| Subsidiaries | Yamato Financial Co., Ltd. | Chuo-ku, Tokyo | 1,000 | Collection service for payment of merchandise | Direct holdings 100.00% | Concurrent 2 persons | Executive management |

(Millions of yen)

| Status | Company | Dealings | Dealing amount | Account item | Balance at end of period |
|--------------|-------------------------------------|--|----------------|---|--------------------------|
| Subsidiaries | Yamato Transport Co., Ltd. | Receipt of executive management fee | 3,278 | — | — |
| | | Loans for capital funding | 20,000 | | |
| | | Repayment of loans for capital funding | (13,292) | Short-term loans receivable Long-term loans receivable | 13,306 31,911 |
| | | Receipt of interest | 218 | | |
| | | Funding | 43,231 | | |
| | | Payment of interest | 17 | Deposits received | 58,224 |
| | | | | | |
| Subsidiaries | Yamato (China) Transport Co., Ltd. | Loan of working capital | 2,235 | | |
| | | Repayment of working capital | (2,040) | Long-term loans receivable | 2,323 |
| | | Receipt of interest | 85 | | |
| | | Underwriting of loan guarantee | 2,913 | — | — |
| | | Receipt of guarantee commission | 3 | Other current assets | 1 |
| Subsidiaries | Yamato System Development Co., Ltd. | Funding | (205) | | |
| | | Payment of interest | 1 | Deposits received | 5,670 |
| Subsidiaries | Yamato Financial Co., Ltd. | Funding | (11,877) | | |
| | | Payment of interest | 10 | Deposits received | 34,051 |

Note: Trade terms and decision policy of the dealing

- 1) The executive management fee is determined reasonably through mutual consultation, considering the business contents, etc.
- 2) Interest on deposits received and loans receivable is determined based on market interest rates.

- 3) The amount of "Funding" records the net gain or loss during the period.
- 4) Underwriting of loan guarantee is guarantee for borrowing by a subsidiary from a financial institution. Guarantee commission is determined reasonably through consultation.
- 5) To prepare for loss on business of subsidiaries, with respect to loans receivable and the like, in the fiscal year under review, 888 million yen of provision of allowance for investment loss and 1,804 million yen of provision for loss on business of subsidiaries and associates were recorded.
As a result, the balance of allowance for investment loss became 2,235 million yen and the balance of provision for loss on business of subsidiaries and associates became 1,804 million yen.

9. Per Share Information

| | |
|--------------------------|------------|
| (1) Net assets per share | 915.12 yen |
| (2) Net income per share | 44.88 yen |

(TRANSLATION)

Audit Report of Accounting Auditor on Consolidated Financial Statements

Independent Auditors' Report

May 1, 2015

Deloitte Touche Tohmatsu LLC

Yoshihiro Tsuda
Designated Limited Liability and
Engagement Partner
Certified Public Accountant
(seal)

Kazuhide Kobori
Designated Limited Liability and
Engagement Partner
Certified Public Accountant
(seal)

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

We have audited the consolidated financial statements, namely, the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and Notes to the Consolidated Financial Statements of Yamato Holdings Co., Ltd. for the consolidated fiscal year from April 1, 2014 to March 31, 2015, in accordance with the Companies Act, Article 444, Paragraph 4.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yamato Holdings Co., Ltd. and its consolidated subsidiaries for the related consolidated fiscal year, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of Certified Public Accountant Act.

End

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

Audit Report of Accounting Auditor on Non-consolidated Financial Statements

Independent Auditors' Report

May 1, 2015

Deloitte Touche Tohmatsu LLC

Yoshihiro Tsuda
Designated Limited Liability and
Engagement Partner
Certified Public Accountant
(seal)

Kazuhide Kobori
Designated Limited Liability and
Engagement Partner
Certified Public Accountant
(seal)

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

We have audited the non-consolidated financial statements, namely, the Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity, and Notes to Non-consolidated Financial Statements of Yamato Holdings Co., Ltd., for the 150th business year from April 1, 2014 to March 31, 2015, in accordance with the Companies Act, Article 436, Paragraph 2, Item (1).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of non-consolidated financial statements and accompanying detailed statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and accompanying detailed statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and accompanying detailed statements based on our audit. We conducted our audit 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 non-consolidated financial statements and accompanying detailed statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and accompanying detailed statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and accompanying detailed statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the non-consolidated financial statements and accompanying detailed statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management,

as well as evaluating the overall presentation of the non-consolidated financial statements and accompanying detailed statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the non-consolidated financial statements and accompanying detailed statements referred to above present fairly, in all material respects, the financial position of Yamato Holdings Co., Ltd. for the business year under review, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of Certified Public Accountant Act.

End

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Audit Report of the Audit & Supervisory Board

AUDIT REPORT

Regarding the performance of duties by the Directors for the 150th business year from April 1, 2014 to March 31, 2015, the Audit & Supervisory Board hereby submits its audit report, which has been prepared through discussions based on the audit report prepared by each Audit & Supervisory Board Member.

1. Auditing Methods Employed by the Audit & Supervisory Board Members and Audit & Supervisory Board and Details of Such Methods

The Audit & Supervisory Board established auditing policies, allocation of duties, and other relevant matters, and received reports from Audit & Supervisory Board Members regarding their audits and results thereof, as well as received reports from the Directors, other relevant personnel, and Accounting Auditors regarding performance of their duties, and sought explanations as necessary.

Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the auditing policies, allocation of duties, and other relevant matters, communicated with the Directors, the internal audit division, other employees, and any other relevant personnel, and made efforts to optimize the environment for information collection and audit, and participated in the Board of Directors' Meetings and other important meetings, received reports from the Directors, employees, and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and principal offices.

We received periodic reports from Directors and employees and sought explanations as necessary on the details of the resolution of the Board of Directors related to the provision of a system described in paragraphs 1 and 3 of Article 100 of the Companies Act Enforcement Regulations that not only ensures Directors are carrying out their duties indicated in the business report in compliance with laws and regulations and the Articles of Incorporation, but also ensures the propriety of the work activities of other companies. We also received periodic reports from Directors and employees, sought explanations and expressed an opinion as necessary on the status of development and operation of the system (internal control system) put in place in accordance with the aforesaid resolution.

With respect to internal control related to financial reporting, we received reports from Directors and other relevant personnel, and Deloitte Touche Tohmatsu LLC on the status of assessment and audit on the relevant internal control and requested explanations when necessary.

With respect to subsidiaries, we communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other relevant personnel of the subsidiaries, and received business reports from subsidiaries as necessary.

Based on the above methods, we examined the business report and supporting schedules related to the relevant business year.

Furthermore, we monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditors regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditors that "the system for ensuring that duties are performed properly" (matters set forth in each Item of Article 131 of the Accounting Rules) is organized in accordance with the "product

quality management standards regarding audits” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the non-consolidated financial statements (Non-consolidated Balance Sheet, Non-consolidated Statement of Income, Non-consolidated Statement of Changes in Equity, and Notes to the Non-consolidated Financial Statement) and supporting schedules, as well as consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, and Notes to the Consolidated Financial Statements) related to the relevant business year.

2. Audit Results

(1) Results of Audit of Business Report and Other Reference Documents

1. In our opinion, the business report and supporting schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
2. With regard to the performance of duties by the Directors, we have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation.
3. In our opinion, the contents of the resolutions of the Board of Directors regarding the internal control system are fair and reasonable. In addition, we have found no matters on which to remark in regard to the performance of duties of the Directors regarding the internal control system, including those regarding internal controls related to financial reporting.

(2) Results of Audit of Non-consolidated Financial Statements and Supporting Schedules

In our opinion, the methods and results employed and rendered by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

May 13, 2015

Audit & Supervisory Board, Yamato Holdings Co., Ltd.

| | | |
|--|-----------------|--------|
| Full-time Audit & Supervisory Board Member | Kazuko Takahara | (seal) |
| Outside Audit & Supervisory Board Member | Motoharu Yokose | (seal) |
| Outside Audit & Supervisory Board Member | Hiroyuki Kanae | (seal) |

Reference Documents for the General Meeting of Shareholders

Agenda Items and Related Information

Agenda Item 1. Partial Amendments to the Articles of Incorporation

We propose to make a partial amendment to the Articles of Incorporation as described below.

1. Reasons for Amendment

- (1) In accordance with the enforcement of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014) on May 1, 2015, it is now permitted to enter into limited liability agreements with Directors other than Executive Directors and Audit & Supervisory Board Members other than Outside Audit & Supervisory Board Members. Accordingly, to enable the said Directors and Audit & Supervisory Board Members to fully perform the roles expected of them, we propose to make partial amendments to Articles 29 and 37 of the current Articles of Incorporation.
The Company has obtained the approval of each Audit & Supervisory Board Member for the amendment to Article 29.
- (2) To prepare for a case in which the number of Audit & Supervisory Board Members falls short of the number stipulated by laws and regulations, and to continuously secure reliable personnel, we propose to newly establish a provision specifying that a resolution for the election of a substitute Audit & Supervisory Board Member shall be effective for four years, as Article 34 in the proposed amendments to the Articles of Incorporation.
- (3) In addition, in line with the new establishment of the above-mentioned Article 34, we propose to move the article numbers down in the Articles of Incorporation.

2. Details of Proposed Amendment

Current Articles of Incorporation and proposed amendments are as follows.

(Underlining denotes amendment.)

| Current Articles of Incorporation | Proposed Amendments |
|---|---|
| <p>(Exemption of Directors from Liability)</p> <p>Article 29: Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt a Director (including a former Director) from liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the extent prescribed by laws and regulations.</p> <p>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an <u>Outside Director</u> to limit his or her liability for damages provided for in Article</p> | <p>(Exemption of Directors from Liability)</p> <p>Article 29: Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt a Director (including a former Director) from liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the extent prescribed by laws and regulations.</p> <p>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with a <u>Director (excluding an Executive Directors, etc.)</u> to limit his or her liability for</p> |

(Underlining denotes amendment.)

| Current Articles of Incorporation | Proposed Amendments |
|--|--|
| <p>423, Paragraph 1 of the Companies Act; provided, however, that the amount of the liability limitation under the said agreement is the amount stipulated by laws and regulations.</p> <p>(New)</p> <p><u>Article 34.</u> (Omitted)</p> <p><u>Article 36.</u> (Exemption of Audit & Supervisory Board Members from Liability)</p> <p><u>Article 37:</u> Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Audit & Supervisory Board Member (including a former Audit & Supervisory Board Member) from liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the extent prescribed by laws and regulations.</p> <p>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an <u>Outside Audit & Supervisory Board Member</u> to limit his or her liability for damages provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the amount of the liability limitation under the said agreement is the amount stipulated by laws and regulations.</p> <p><u>Article 38.</u> (Omitted)</p> <p><u>Article 43.</u></p> | <p>damages provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the amount of the liability limitation under the said agreement is the amount stipulated by laws and regulations.</p> <p><u>(Effective Period of Resolution to Elect Substitute Audit & Supervisory Board Member)</u></p> <p><u>Article 34:</u> The effective period of a resolution regarding the election of a substitute Audit & Supervisory Board Member is until the start of the Ordinary General Meeting of Shareholders pertaining to the last business year ending no later than four years from the time of the said resolution.</p> <p><u>Article 35.</u> (Unchanged)</p> <p><u>Article 37.</u> (Exemption of Audit & Supervisory Board Members from Liability)</p> <p><u>Article 38:</u> Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt an Audit & Supervisory Board Member (including a former Audit & Supervisory Board Member) from liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the extent prescribed by laws and regulations.</p> <p>Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with an <u>Audit & Supervisory Board Member</u> to limit his or her liability for damages provided for in Article 423, Paragraph 1 of the Companies Act; provided, however, that the amount of the liability limitation under the said agreement is the amount stipulated by laws and regulations.</p> <p><u>Article 39.</u> (Unchanged)</p> <p><u>Article 44.</u></p> |

Agenda Item 2. Election of Six (6) Directors

The terms of all the seven (7) Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we would like to propose the election of six (6) Directors.

The following are the candidates for Directors.

Please note that Messrs. Toshitaka Hagiwara and Masakatsu Mori are candidates for Outside Directors.

| No. | Name of Candidate (Date of Birth) | Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations) | | Number of Shares Owned |
|-----|--------------------------------------|---|---|------------------------------|
| 1 | Makoto Kigawa (Dec. 31, 1949) | Apr. 1973 | Joined the Fuji Bank, Limited | 49,300 |
| | | Apr. 2004 | Managing Director, Chief Risk Officer / Head of Risk Management Group, and Chief Human Resources Officer / Head of Human Resources Group of Mizuho Corporate Bank, Ltd. | |
| | | Apr. 2005 | Joined the Company | |
| | | Jun. 2005 | Managing Director | |
| | | Nov. 2005 | Representative Managing Director | |
| | | Apr. 2006 | Representative Director and Managing Executive Officer | |
| | | Jun. 2006 | Representative Director and Senior Managing Executive Officer | |
| | | Mar. 2007 | Representative Director and Executive Officer | |
| | | Mar. 2007 | Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. | |
| | | Jun. 2008 | Director and Executive Officer of the Company | |
| | | Apr. 2011 | Representative Director, President and Executive Officer | |
| | | Apr. 2015 | Representative Director and Chairman (current) | |

| No. | Name of Candidate (Date of Birth) | Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations) | | Number of Shares Owned |
|-----|--------------------------------------|---|---|------------------------------|
| 2 | Masaki Yamauchi (Jan. 11, 1961) | Apr. 1984 | Joined the Company | 24,900 |
| | | Apr. 2005 | Executive Officer | |
| | | Apr. 2005 | President, Tokyo Branch | |
| | | Nov. 2005 | Executive Officer of Yamato Transport Co., Ltd. | |
| | | Nov. 2005 | General Manager of Human Resources and Administration | |
| | | Mar. 2007 | Executive Officer of the Company | |
| | | Mar. 2007 | Responsible for Human Resources Strategy | |
| | | May 2007 | Responsible for Management Strategy | |
| | | Apr. 2008 | Representative Director, President and Executive Officer of Yamato Logistics Co. Ltd. | |
| | | Apr. 2011 | Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. | |
| 3 | Haruo Kanda (Sep. 26, 1952) | Jun. 2011 | Director and Executive Officer of the Company | 19,600 |
| | | Apr. 2015 | Representative Director, President and Executive Officer (current) | |
| | | Jan. 1985 | Joined the Company | |
| | | Apr. 2004 | General Manager of Human Resources | |
| | | Aug. 2005 | Executive Officer | |
| | | Nov. 2005 | Executive Officer of Yamato Transport Co., Ltd. | |
| | | Jul. 2006 | Managing Executive Officer | |
| | | Apr. 2008 | Managing Executive Officer of the Company | |
| | | Jun. 2008 | Representative Director and Managing Executive Officer | |
| | | Apr. 2013 | Representative Director and Senior Managing Executive Officer | |
| | | Apr. 2014 | Responsible for Human Resources Strategy, Network Strategy, Legal Affairs, CSR Strategy and Audit | |
| | | Apr. 2015 | Representative Director, Vice President and Executive Officer (current) | |
| | | (Important Concurrent Positions at Other Organizations) Representative Director and Chairman of Yamato Transport Co., Ltd. | | |

| No. | Name of Candidate (Date of Birth) | Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations) | | Number of Shares Owned | |
|--|---------------------------------------|---|--|------------------------------|--|
| 4 | Kaoru Seto (Nov. 16, 1947) | Apr. 1970 | Joined the Company | 57,001 | |
| | | Jun. 1997 | President, Chugoku Branch | | |
| | | Jun. 1999 | Director | | |
| | | Jun. 1999 | President, Kansai Branch | | |
| | | Jun. 2004 | Managing Executive Officer | | |
| | | Jun. 2004 | Responsible for Human Resources and Business Improvement | | |
| | | Apr. 2005 | Responsible for CSR Promotion Office and Human Resources and Information | | |
| | | Apr. 2006 | Responsible for Delivery, Home Convenience, and Group Support Businesses | | |
| | | Jun. 2006 | Representative Director, President and Executive Officer | | |
| | | Apr. 2011 | Representative Director and Chairman | | |
| Apr. 2015 | Director and Advisor (current) | | | | |
| 5 | Toshitaka Hagiwara (Jun. 15, 1940) | Dec. 1969 | Joined Komatsu Ltd. | 3,000 | |
| | | Jun. 1990 | Director | | |
| | | Jun. 1995 | Managing Director | | |
| | | Jun. 1997 | Executive Managing Director | | |
| | | Jun. 1999 | Executive Vice President | | |
| | | Jun. 2003 | Chairman and Representative Director of the Board | | |
| | | Jun. 2007 | Councilor and Senior Adviser | | |
| | | Jun. 2009 | Director of the Company (current) | | |
| | | Jul. 2011 | Senior Adviser of Komatsu Ltd. | | |
| | | Jul. 2013 | Adviser (current) | | |
| | | (Important Concurrent Positions at Other Organizations) | | | |
| | | Adviser of Komatsu Ltd. | | | |
| | | Outside Director of ZENSHO HOLDINGS CO., LTD. | | | |
| | | Outside Audit & Supervisory Board Member of Hino Motors, Ltd. | | | |
| Outside Director of Takamatsu Construction Group Co., Ltd. | | | | | |

| No. | Name of Candidate (Date of Birth) | Brief Background, Position and Responsibility at the Company (Important Concurrent Positions at Other Organizations) | | Number of Shares Owned |
|-----|--------------------------------------|---|---|------------------------------|
| 6 | Masakatsu Mori (Jan. 22, 1947) | Apr. 1969 | Joined Arthur Andersen & Co. (currently: Accenture Japan Ltd.) | 3,500 |
| | | May 1972 | Qualified as Certified Public Accountant | |
| | | Sep. 1981 | Partner (business partner) of Arthur Andersen & Co. (currently: Accenture Japan Ltd.) | |
| | | Feb. 1989 | President of Andersen Consulting (currently: Accenture Japan Ltd.) | |
| | | | Board Member of Andersen Consulting (Global) (currently: Accenture) | |
| | | Apr. 2003 | Representative Director and Chairman of Accenture Japan Ltd. | |
| | | Sep. 2007 | Corporate Advisor of Accenture Japan Ltd. | |
| | | Oct. 2009 | President of the International University of Japan (IUJ) | |
| | | Apr. 2013 | Senior Advisor of IUJ | |
| | | Jun. 2013 | Director of the Company (current) | |
| | | Nov. 2013 | Vice Chairman of IUJ (current) | |
| | | (Important Concurrent Positions at Other Organizations) | | |
| | | Vice Chairman of the International University of Japan | | |
| | | Board of Director of SKY Perfect JSAT Holdings Inc. | | |
| | | Board of Director of Stanley Electric Co., Ltd. | | |
| | | Outside Audit & Supervisory Board Member of Kirin Holdings Company, Limited | | |

Notes:

1. There are no particular vested interests between the Company and the candidates.
2. Additional information regarding the candidates of Outside Directors is as follows.
 - (1) Independent officers
The Company appointed Mr. Toshitaka Hagiwara and Mr. Masakatsu Mori as independent officers provided for under the provisions of the Tokyo Stock Exchange, Inc. and registered the individuals as such with that exchange. The Company plans on having the officers keep their position if their reelection is approved.
 - (2) Reasons for selecting the candidates as Outside Directors and the number of years in that position
Messrs. Toshitaka Hagiwara and Masakatsu Mori as corporate managers possess abundant experience and considerable insight. The Company has determined that the candidates' support in the overall management of the Company will contribute to further enhancing our management structure, and proposes to reelect the candidates as Outside Directors.
Messrs. Toshitaka Hagiwara and Masakatsu Mori have been serving as the Company's Outside Directors for six years and two years as of the closing of this General Meeting of Shareholders.
 - (3) Inappropriate conducts of business occurred and corrective and preventive measures implemented against such conducts during the past five years at another company at which a candidate served as a director
 - 1) Mr. Toshitaka Hagiwara served as an outside director of NSK Ltd. from June 2010 to June 2014. In July 2011, NSK was subject to an on-site inspection by the Japan Fair Trade Commission for violation of the Antimonopoly Act of Japan regarding sales of bearing products. Following that, NSK was fined by the Tokyo District Court in February 2013, and received a cease and desist order and a penalty payment order from the Japan Fair Trade Commission in March 2013 in accordance with such Act. Furthermore, NSK and its subsidiaries were investigated by the relevant competition law authorities in respective countries, resulting in a plea bargain agreement that included payment of a fine, entered into with the United States Department of Justice in September 2013. The companies were also ordered to pay penalties and other fines in 2014 by the relevant authorities and courts in Canada (January), Europe (March), Australia (May), Singapore (May) and China (August). In addition, in November 2014 the Korea Fair Trade Commission determined that the companies had engaged in acts that were in violation of South Korean antitrust law, and in September 2014, Fair Trade Commission issued its finding that NSK

subsidiary Amatsuji Steel Ball Mfg. Co., Ltd. had engaged in acts deemed in violation of antitrust law of South Korea. In each of those cases, surcharges and other payments were waived as a result of the companies' full cooperation with the authorities in the course of the investigations.

Business activities conducted while serving of Mr. Toshitaka Hagiwara as NSK outside director have been subject to administrative sanctions, adjudication and other decisions of relevant authorities and the courts of Japan, United States, Canada, Europe, Australia, Singapore, South Korea and China.

Moreover, business activities while his serving as outside director could be subject to ongoing investigations and other probes conducted by the relevant authorities.

Mr. Hagiwara had not been aware of the aforementioned violations of antitrust law until those incidents came to light, but as an outside director he had routinely provided NSK advice from the perspective of regulatory compliance while promoting awareness of the importance of such compliance. Upon revelation of aforementioned incidents, he participated in meetings of the board of directors and other such forums where he examined the facts regarding the violations, enhanced and ensured regulatory compliance, and called for putting appropriate measures in place to prevent recurrence of such incidents. By properly executing his duties in this way, he worked to restore trust in the corporate group of NSK Ltd.

- 2) Since June 2010, Mr. Toshitaka Hagiwara has been serving as an outside director of ZENSHO HOLDINGS CO., LTD. That company maintains full ownership of subsidiary Zensho Co., Ltd. (now named Sukiya Co. Ltd.), operator of *gyudon* (Japanese hot pot) chain restaurant Sukiya, which was subject to a directive from the Labour Standards Inspection Office and other authorities to take remedial measures after findings that some of its employees had experienced excessive working conditions from February to March, 2014. Zensho took the matter seriously, and in April 2014 organized a third-party panel of experts tasked with thoroughly looking into factors causing the incidents and providing suggestions for improvement. The panel gave Zensho its report in July 2014. In line with the suggestions of the report, Zensho took steps to make improvements that included organizing a panel in November 2014 for promoting a better workplace environment, composed of five experts tasked with accelerating and fully implementing such improvements. As a result, in March 2015 the panel provided Zensho with a report summarizing and evaluating progress made in that regard.

As an outside director, Mr. Toshitaka Hagiwara has routinely provided Zensho Holdings with advice from the perspective of regulatory compliance, and since the aforementioned incident he has been properly executing his duties by taking part in meetings of the company's board of directors and other such forums where he has been working to further strengthen and ensure compliance practices, while calling for appropriate measures for preventing incidents such as the above to be put in place from the perspective of regulatory compliance.

- 3) Mr. Masakatsu Mori has been serving as an outside director of Stanley Electric Co., Ltd. since June 2010. The company underwent an on-site inspection by the Japan Fair Trade Commission in March 2012 regarding sales of automotive lamps. In March 2013, the Commission made reference that the company had violated the Antimonopoly Act of Japan.

Mr. Masakatsu Mori as an outside director has routinely provided comments as appropriate on the importance of regulatory compliance and its thoroughness on occasions such as board meetings. He has executed his duties in an appropriate manner as evidenced after the above alleged violation against the Antimonopoly Act of Japan was revealed. He offered various recommendations and opinions for a further, stronger internal control that would enable the company to conduct a fact-finding investigation and putting preventive measures in place.

3. Agreement on liability limitation

The Company has concluded an agreement with Mr. Toshitaka Hagiwara and Mr. Masakatsu Mori regarding liability limitation according to the Companies Act, Article 423, Paragraph 1. According to the agreement, the maximum liability amount is the minimum amount stipulated by the Companies Act, Article 425, Paragraph 1. If the reelection proposal is approved, the Company will continue its agreement with them. Moreover, if Mr. Kaoru Seto's reelection is approved, the Company intends to also conclude the agreement with him, on the condition that Agenda Item 1 for "Partial Amendments to the Articles of Incorporation" is approved and adopted as proposed.

Agenda Item 3. Election of One (1) Audit & Supervisory Board Member

We would like to propose the election of one (1) Audit & Supervisory Board Member to further strengthen the Company's audit structure by adding one more member to the Audit & Supervisory Board.

The following is the candidate for Audit & Supervisory Board Member.

In addition, the Audit & Supervisory Board has already approved this proposal.

| Name of Candidate (Date of Birth) | Brief Background and Position at the Company (Important Concurrent Positions at Other Organizations) | | Number of Shares Owned |
|--|---|---|---------------------------------------|
| Etsuo Ogawa (Sep. 4, 1950) | Nov. 1973 | Joined the Company | 14,800 |
| | Jun. 2002 | President, Chugoku Branch | |
| | Jun. 2003 | Director | |
| | Apr. 2004 | Responsible for Financing and Accounting | |
| | Jun. 2004 | Director and Managing Executive Officer | |
| | Jun. 2005 | Managing Executive Officer | |
| | Oct. 2005 | Representative Director, President and Executive Officer of Yamato Logistics Co. Ltd. | |
| | Apr. 2008 | Director and Chairman of the Board | |
| | Jun. 2009 | Audit & Supervisory Board Member of Yamato Home Convenience Co., Ltd. | |
| | Jun. 2014 | Audit & Supervisory Board Member of Yamato Transport Co., Ltd. (current) | |

Notes:

1. Mr. Etsuo Ogawa is a new candidate for Audit & Supervisory Board Member.
2. There are no particular vested interests between the Company and the candidate.
3. Agreement on liability limitation
If Mr. Etsuo Ogawa's election is approved, the Company intends to conclude an agreement with him regarding liability limitation according to the Companies Act, Article 423, Paragraph 1, on condition that Agenda Item 1 for "Partial Amendments to the Articles of Incorporation" is approved and adopted as proposed. The maximum liability amount according to the contract will be the minimum amount stipulated by the Companies Act, Article 425, Paragraph 1.

Agenda Item 4. Election of One (1) Substitute Audit & Supervisory Board Member

The resolution for the election of both Hiroshi Kawada and Koji Okawa who were elected as substitute Audit & Supervisory Board Members at the 149th Ordinary General Meeting of Shareholders held on June 24, 2014, is to remain in effect until commencement of this General Meeting of Shareholders. Accordingly, to prepare for a case in which the number of Audit & Supervisory Board Members falls short of the number stipulated by laws and regulations, we would like to propose the election of one (1) substitute Audit & Supervisory Board Member. In addition, the effectiveness of the election under this proposal may be cancelled on the basis of resolution of the Board of Directors and with approval of the Audit & Supervisory Board, provided that such cancellation is prior to the assumption of office.

The following is the candidate for substitute Audit & Supervisory Board Member.

Mr. Koji Okawa is a candidate for substitute Outside Audit & Supervisory Board Member.

In addition, the Audit & Supervisory Board has already approved this proposal.

| Name of Candidate (Date of Birth) | Brief Background and Position at the Company (Important Concurrent Positions at Other Organizations) | Number of Shares Owned |
|---|---|------------------------------|
| Koji Okawa (Oct. 13, 1945) | Apr. 1970 Jun. 1997 Jan. 2000 Sep. 2003 | 0 |
| | Joined the Industrial Bank of Japan, Ltd. General Manager of International Business Department of the Industrial Bank of Japan, Ltd. Director and Chief Financial Officer of Japan Marine Technologies Ltd. | |
| | May 2005 | |
| | Senior Advisor for Hongo Tsuji Tax & Consulting (current) | |
| | Apr. 2006 | |
| | Founder and CEO of Corporate Doctor Corporation (current) | |
| | Jun. 2008 Audit & Supervisory Board Member of the Company | |
| (Important Concurrent Positions at Other Organizations) Founder and CEO of Corporate Doctor Corporation Senior Advisor for Hongo Tsuji Tax & Consulting | | |

Notes:

- There are no particular vested interests between the Company and the candidate.
- Additional information regarding the candidate of Outside Audit & Supervisory Board Member is as follows.
 - Reasons for selecting the candidate as a substitute Outside Audit & Supervisory Board Member
Mr. Koji Okawa has appropriately executed his duties as an Outside Audit & Supervisory Board Member of the Company for six years since June 2008, has abundant experience at entities including a financial institution and an accounting firm, and possesses expertise in taxation and accounting. Therefore, the Company proposes to appoint Mr. Koji Okawa as a substitute Outside Audit & Supervisory Board Member based on the judgment that the candidate is capable of contributing to the Company's audit structure by making use of his experience and expertise.
Mr. Koji Okawa previously served at the Industrial Bank of Japan, Ltd., retiring from the Bank in October 2000. However, since the Company's main financing bank at that time was former The Fuji Bank, Limited, the Company has determined there is no problem with the independence of Mr. Okawa as an Outside Audit & Supervisory Board Member.
 - Other information
Mr. Koji Okawa served as the Company's Outside Audit & Supervisory Board Member from June 2008 to June 2014.
- Agreement on liability limitation
If Mr. Koji Okawa's election is approved and he assumes office as an Audit & Supervisory Board Member, the Company will conclude an agreement with him regarding liability limitation according to the Companies Act, Article 423, Paragraph 1. According to the agreement, the maximum liability amount is the minimum amount stipulated by the Companies Act, Article 425, Paragraph 1.

Exercise of Voting Rights via the Internet

Exercise of Voting Rights via the Internet

1. Regarding Exercise of Voting Rights via the Internet

1) Instead of voting by mail, you may vote via the Internet by accessing the designated “Exercise of Voting Rights Website” by PC or mobile phone (refer to the URL below). To use this website, you need to log in with the “Exercise of Voting Rights Code” and the “Password” printed on the right-hand side of the enclosed Voting Rights Exercise Form, and enter information in accordance with the instructions on the screen. For security reasons, it is necessary for you to change your password when you log in for the first time.

<http://www.it-soukai.com/>



(for mobile phones)

- 2) Because the deadline for voting is 5 p.m. (Japan Standard Time) on Monday, June 22, 2015, online votes must be entered by that time. The Company kindly requests that you enter your vote early.
- 3) If you exercise your voting rights by both sending the Voting Rights Exercise Form and via the Internet, only your vote via the Internet shall be deemed effective. If you exercise your voting rights several times via the Internet, only your final vote shall be deemed effective.
- 4) Your password (including the password after you have changed it) shall be effective only for this Ordinary General Meeting of Shareholders. At the time of the next Ordinary General Meeting of Shareholders, a new password will be issued.
- 5) You shall bear your own expenses for connection to the Internet.

(Notes)

- The password is a means to confirm that the person voting is the relevant shareholder. The Company will not contact you to ask for your password.
- If you enter your password incorrectly for a certain number of times, the password will be locked and you will no longer be able to use it. If this occurs, please complete the procedures indicated in the guidance on the screen.
- Although operational checks have been carried out for the Exercise of Voting Rights Website for common Internet connection equipment, there is a possibility that you may be unable to use the site due to the equipment you are using.

2. For your inquiries

If you have any inquiries, please contact the Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd., which is the Company's shareholder registry administrator, as shown below.

- 1) Inquiries regarding operation of the Exercise of Voting Rights Website:

Tel: 0120—768—524 (toll free only from Japan) (Business hours: 9 a.m. to 9 p.m. on weekdays)

- 2) Inquiries regarding share procedures other than the above:

Tel: 0120—288—324 (toll free only from Japan) (Business hours: 9 a.m. to 5 p.m. on weekdays)

[Exercise of Voting Rights via the ICJ Electronic Voting Platform]

Institutional investors, who have applied in advance for the electronic voting rights exercise platform operated by ICJ, may use the ICJ platform to electronically exercise the voting rights for this General Meeting of Shareholders.

Access to the Venue

Location: Ginza Blossom (Chuo Kaikan) Hall
15-6, Ginza 2-chome, Chuo-ku, Tokyo
TEL: 03-3542-8585

Tokyo Metro subway:

3 minutes walk from Shintomicho Station (Exit 1) on the Yurakucho Line

15 minutes walk from Ginza Station (Exit A13) on the Ginza Line

10 minutes walk from Higashi Ginza Station (Exit 5) on the Hibiya Line

Toei subway:

10 minutes walk from Higashi Ginza Station (Exit A7 or A8) on the Toei Asakusa Line

JR:

20 minutes walk from Yurakucho Station (Central Exit) on the Yamanote Line
or the Keihin-tohoku Line

Note: Vehicle parking will not be available at the meeting venue, so we ask that you refrain from coming to the event by car.