The following is an English translation of the Notice of the 152nd 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, 2017

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

To Our Shareholders

Notice of the 152nd Ordinary General Meeting of Shareholders

You are cordially invited to attend the 152nd 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 mail or by electromagnetic means such as the Internet. 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., Thursday, June 22, 2017.

When exercising voting rights by attending the meeting in person
Please bring the enclosed Voting Rights Exercise Form and present the form to the person at reception.

When exercising voting rights 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 5:00 p.m., Thursday, June 22, 2017.

When exercising voting rights via the Internet
Please review the "Exercise of Voting Rights via the Internet" on page 3 and enter your vote for each of the items by 5:00 p.m., Thursday, June 22, 2017.

The 152nd Ordinary General Meeting of Shareholders

1. Date and Time: Friday, June 23, 2017, 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 152nd Fiscal Year (from April 1, 2016 to March 31, 2017)
2. Report of the Non-consolidated Financial Statements for the 152nd Fiscal Year (from April 1, 2016 to March 31, 2017)

Matters to be resolved:

Agenda Item 1: Election of Eight (8) Directors
Agenda Item 2: Election of One (1) 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.

◎Please note that if the venue is filled to capacity, we will escort you to another venue.

◎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.

Website: http://www.yamato-hd.co.jp/

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” (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) The deadline for voting is 5 p.m. (Japan Standard Time) on Thursday, June 22, 2017. The Company kindly requests that you enter your vote early.
3) If you exercise your voting rights, both by mail and via the Internet, only your vote exercised 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.

[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)

2. Exercise of Voting Rights via the ICJ Electronic Voting Platform

Institutional investors may use the ICJ platform to electronically exercise the voting rights for this General Meeting of Shareholders.

Reference Documents
for the General Meeting of Shareholders

Agenda Item 1. Election of Eight (8) Directors

The terms of all the five (5) Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we would like to propose the election of eight (8) Directors to strengthen our management structure to assist in reforming the business model of the entire Yamato Group, including structural reform of the Delivery Business.
Please note that Mr. Toshitaka Hagiwara, Mr. Masakatsu Mori and Ms. Mariko Tokuno are candidates for Outside Directors.

No.	Name of Candidate	Current Position at the Company	Attributes of Candidate
1	Makoto Kigawa	Representative Director and Chairman	Reelection
2	Masaki Yamauchi	Representative Director, President and Executive Officer	Reelection
3	Haruo Kanda	Representative Director, Vice President and Executive Officer	Reelection
4	Hitoshi Kanamori	Senior Managing Executive Officer	New election
5	Yutaka Nagao	Executive Officer	New election
6	Toshitaka Hagiwara	Director	Reelection Outside Independent
7	Masakatsu Mori	Director	Reelection Outside Independent
8	Mariko Tokuno		New election Outside Independent

New election New candidates for Directors Reelection Candidates for Directors to be reelected Outside Candidates for Outside Directors
Independent Independent officers

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	Reelection Makoto Kigawa (Dec. 31, 1949)	Apr. 1973 Joined the Fuji Bank, Limited 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) (Important Concurrent Positions at Other Organizations) Outside Director of Komatsu Ltd. [Reasons for nomination as a candidate for Director] Mr. Makoto Kigawa draws on the abundant business experience and considerable insight he has gained outside the Company, and furthermore possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he has been acting as Representative Director and Chairman of the Company since April 2015, after having served as Representative Director and President of the Company's subsidiary Yamato Transport Co., Ltd. and Representative Director and President of the Company. Accordingly, the Company proposes his reelection as Director.	58,900

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	Reelection Masaki Yamauchi (Jan. 11, 1961)	Apr. 1984 Joined the Company Apr. 2005 Executive Officer Apr. 2005 President, Tokyo Regional Office 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. Jun. 2011 Director and Executive Officer of the Company Apr. 2015 Representative Director, President and Executive Officer (current) (Important Concurrent Positions at Other Organizations) No significant concurrent positions. [Reasons for nomination as a candidate for Director] Mr. Masaki Yamauchi possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he has been acting as Representative Director and President of the Company since April 2015, after having served as Representative Director and President of the Company's subsidiary Yamato Logistics Co., Ltd., and as Representative Director and President of the Company's subsidiary Yamato Transport Co., Ltd. Accordingly, the Company proposes his reelection as Director.	31,800

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
3	Reelection Haruo Kanda (Sep. 26, 1952)	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. [Reasons for nomination as a candidate for Director] Mr. Haruo Kanda possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he has been acting as Representative Director, Vice President of the Company since April 2015, after having served as Executive Officer of the Company's subsidiary Yamato Transport Co., Ltd., and subsequently serving as an executive officer supervising administrative departments responsible for human resources strategy, network strategy, legal affairs, CSR strategy and audit. Accordingly, the Company proposes his reelection as Director.	24,000

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	New election Hitoshi Kanamori (Oct. 2, 1952)	Apr. 1979 Joined Yamato System Development Co., Ltd. Feb. 1996 General Manager of System Equipment Sales Division Apr. 2006 General Manager of Division of Information Systems of Yamato Transport Co., Ltd. Apr. 2007 Executive Officer, General Manager of Management Strategy Apr. 2008 Managing Executive Officer Apr. 2009 Representative Director and Managing Executive Officer Apr. 2011 Executive Officer of the Company Apr. 2011 Representative Director, President and Executive Officer of Yamato Logistics Co., Ltd. Apr. 2015 Senior Managing Executive Officer (current) Apr. 2017 Coordinator-General of Management Strategy, Global Business Strategy, IT Strategy, Key Account Management (current) (Important Concurrent Positions at Other Organizations) None [Reasons for nomination as a candidate for Director] Mr. Hitoshi Kanamori possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he has been acting as Senior Managing Executive Officer since April 2015 supervising administrative departments responsible for management strategy, global business strategy, and IT strategy after having served as Executive Officer of the Company's subsidiary Yamato Transport Co., Ltd., and Representative Director and President of the Company's subsidiary Yamato Logistics Co., Ltd. Accordingly, the Company proposes his election as Director.	12,700

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
5	New election Yutaka Nagao (Aug. 31, 1965)	Apr. 1988 Joined the Company Apr. 2004 Regional Branch Manager of Yamaguchi Regional Branch Apr. 2006 Regional Branch Manager of Saitama Regional Branch of Yamato Transport Co., Ltd. Apr. 2009 General Manager of TSS Sales Promotion Office Apr. 2010 Executive Officer and President of Kanto Regional Office Apr. 2013 Managing Executive Officer Apr. 2015 Executive Officer of the Company (current) Apr. 2015 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. (current) (Important Concurrent Positions at Other Organizations) Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. [Reasons for nomination as a candidate for Director] Mr. Yutaka Nagao possesses experience and achievements developed in the course of taking on leadership roles in the Group's core, the Delivery Business. In that regard, he has been acting as Representative Director and President of Yamato Transport Co., Ltd and Executive Officer of the Company since April 2015, after serving as Executive Officer and President of Kanto Regional Office and Managing Executive Officer of the Company's subsidiary Yamato Transport Co., Ltd. Accordingly, the Company proposes his election as Director.	8,200

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	Reelection Outside Independent Toshitaka Hagiwara (Jun. 15, 1940)	Dec. 1969 Joined Komatsu Ltd. 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 Director of Hino Motors, Ltd. Outside Director of Takamatsu Construction Group Co., Ltd. [Reasons for nomination as a candidate for Outside Director] Mr. Toshitaka Hagiwara possesses abundant experience and considerable insight as a corporate manager. Accordingly, the Company has determined that his advice regarding overall management of the Company will contribute to further enhancing our management structure, and continues to proposes his reelection as Outside Director.	4,100

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
7	Reelection Outside Independent Masakatsu Mori (Jan. 22, 1947)	Apr. 1969 Joined Arthur Andersen & Co. (currently: Accenture Japan Ltd) 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 [Reasons for nomination as a candidate for Outside Director] Mr. Masakatsu Mori possesses abundant experience and considerable insight as a corporate manager. Accordingly, the Company has determined that his advice regarding overall management of the Company will contribute to further enhancing our management structure, and continues to proposes his reelection as Outside Director.	7,500

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
8	New election Outside Independent Mariko Tokuno (Oct. 6, 1954)	Jan. 1994 Joined Louis Vuitton Japan KK Apr. 2002 Senior Director for Sales Administration Mar. 2004 Vice President of Tiffany & Co. Japan Inc. Aug. 2010 Representative Director and President of Christian Dior Japan KK Sep. 2013 Representative Director, President and CEO of Ferragamo Japan KK (Important Concurrent Positions at Other Organizations) Outside Director of Happinet Corporation Outside Director of Mitsubishi Materials Corporation [Reasons for nomination as a candidate for Outside Director] Ms. Mariko Tokuno possesses abundant experience and considerable insight as a corporate manager. Accordingly, the Company has determined that her advice regarding overall management of the Company will contribute to further enhancing our management structure, and proposes her election as Outside Director.	0

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. In addition, if the election of Ms. Mariko Tokuno is approved, the Company will appoint her as an independent officer and register the individual as such with that exchange.
   Mr. Toshitaka Hagiwara, Mr. Masakatsu Mori and Ms. Mariko Tokuno satisfy the requirements for Criteria for Determining Independence of the Company on page 15.
   (2) The number of years as Outside Director of the Company
   Mr. Toshitaka Hagiwara and Mr. Masakatsu Mori have been serving as the Company's Outside Directors for eight years and four 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).
      Mr. Toshitaka 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. In addition, if the election of Ms. Mariko Tokuno is approved, the Company will conclude the said agreement with her.

Agenda Item 2. Election of One (1) Audit & Supervisory Board Member

The term of one (1) Audit & Supervisory Board Member, namely Mr. Motoharu Yokose, will expire at the close of this General Meeting of Shareholders. Accordingly, we would like to propose the election of one (1) Audit & Supervisory Board Member.
The following is the candidate for Audit & Supervisory Board Member.
Please note that Mr. Takashi Yamashita is a candidate for 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
New election Outside Independent Takashi Yamashita (Feb. 18, 1956)	Oct. 1983 Joined Asahi Accounting Company Mar. 1987 Registered as a Certified Public Accountant May 2003 Representative Partner of Asahi & Co. (currently: KPMG AZSA LLC) Aug. 2014 Established Takashi Yamashita CPA Office, Representative (current) Jan. 2015 Registered as a Certified Tax Accountant (Important Concurrent Positions at Other Organizations) Representative of Takashi Yamashita CPA Office Outside Director of Shin Nippon Biomedical Laboratories, Ltd. [Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member] The Company proposes the election of Mr. Takashi Yamashita as Outside Audit & Supervisory Board Member in order to draw on his expertise related to finance and accounting as a certified public accountant with respect to the Company's audit structure. Although Mr. Takashi Yamashita does not have previous experience contributing to corporate management, the Company has determined that he will appropriately perform duties as Outside Audit & Supervisory Board Member because he possesses abundant experience and considerable insight as a certified public accountant.	0

Notes:
1. There are no particular vested interests between the Company and the candidate.
2. Additional information regarding the candidate of Outside Audit & Supervisory Board Member is as follows.
   (1) Independent officers
   If the election of Mr. Takashi Yamashita is approved, the Company will appoint him as an independent officer provided for under the provisions of the Tokyo Stock Exchange, Inc. and register the individual as such with that exchange. Mr. Takashi Yamashita satisfies the requirements for Criteria for Determining Independence of the Company on page 15.
   (2) Other information
   Mr. Takashi Yamashita has served as Outside Audit & Supervisory Board Member of the Company's subsidiary Yamato Transport Co., Ltd. since June 2016, but is scheduled to retire as such in June 2017.
3. Agreement on liability limitation
   If the election of Mr. Takashi Yamashita is approved, the Company will conclude an agreement with him on limiting liability under 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.

Criteria for Determining Independence in Electing Outside Officers of the Yamato Group

1. Criteria for determining independence
   Yamato Holdings Co., Ltd. has established the following criteria for determining the independence of the Outside Directors and Outside Audit & Supervisory Board Members of the Company (hereinafter collectively referred to as “Outside Officers”).

2. Independence requirements for Outside Officers
   A party with respect to whom any of the following apply shall be deemed as not having met the requirements for independence of an Outside Director or Outside Audit & Supervisory Board Member of the Company.

   (1) A party who is a major business partner of either the Company or a Group company (hereinafter collectively referred to as the “Company”), or otherwise if such party is a corporation or other such entity, an person who executes business thereof;

   (2) A major business partner of the Company, or otherwise if such party is a corporation or other such entity, a person who executes business thereof;

   (3) A consultant, accounting professional or legal professional who receives substantial monetary consideration and/or other economic benefits from the Company besides officer remuneration;

   (4) A consultant, accounting professional, legal professional or other such professional who is a member of a corporation or other such entity that provides professional services acting as a major business partner of the company;

   (5) A major shareholder of the Company, or otherwise if such major shareholder is a corporation or other such entity, a person who executes business thereof;

   (6) A recipient of donations from the Company or a person who executes business thereof;

   (7) A person who now serves or has served in the past as a Director (excluding Outside Director), Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member), Executive Officer, or employee of either the Company or one of its subsidiaries;

   (8) A close relative of a Director, Audit & Supervisory Board Member, Executive Officer or employee of the Company;

   (9) A close relative of a person (excluding inconsequential persons) with respect to whom any of the aforementioned apply.

(Attached Documents)

Business Report

(From April 1, 2016 to March 31, 2017)

1. Status of the Corporate Group

(1) Operating Performance

In the fiscal year ended March 31, 2017, the economic environment was plagued by ongoing uncertainties ahead due to factors such as effects of shifting U.S. government policy as a consequence of the administration changing hands and the political situation in Europe, yet gradual economic recovery held course amid underlying strengths in corporate earnings. Moreover, although small parcel volume has continued to increase partially due to accelerating growth in the mail order market, conditions surrounding the logistics industry have been increasingly severe amid further tightening of the domestic labor market.

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 on creation of a business model for generating substantial added value by building a premium-quality network to enable efficient logistics and fusing together the Group’s business resources.

In the Delivery Business, revenues increased against a backdrop of delivery volume having hit a new record high thanks to efforts geared to adding more points of service access for the “TA-Q-BIN Compact” and “Nekopos” services, along with continued growth in the mail order market. Still, earnings have come under pressure from factors that include rising labor costs such as those involving our outsourcing workforce needed in order to maintain service quality amid further tightening of the labor market.

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 aggressively promoted solution sales geared toward addressing customers’ business challenges.

In addition, we recorded payments for specially acknowledged working hours additionally recognized as the result of a fact-finding investigation into working hours of employees, which was carried out in the course of promoting “reforming working styles” across the entire Group.

Our consolidated financial results for the fiscal year ended March 31, 2017 were as follows.

(Millions of yen)

Item	Fiscal 2016	Fiscal 2017	Change	Percentage change (%)
Operating revenue	1,416,413	1,466,852	50,439	3.6
Operating income	68,540	34,885	(33,654)	(49.1)
Ordinary income	69,426	34,884	(34,541)	(49.8)
Profit attributable to owners of parent	39,424	18,053	(21,370)	(54.2)

During the fiscal year ended March 31, 2017, we purchased treasury shares of 4.23 million shares, for a total acquisition cost of about 10.0 billion yen as measures for shareholder return.

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 and international competitive strengths of 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) 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. 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. On the other hand, working environment has been deteriorating amid a situation where our efforts to build an operational framework have not kept pace with a recently surging mail order market and other such developments. To address such issues we launched initiatives for promoting “reforming working styles” on a Group-wide basis, and accordingly on February 1, 2017 Yamato Transport Co., Ltd. established a “office for reforming working styles,” while respective Group companies established “working styles innovation committees.” Moreover, successive fact-finding investigations into working hours across the entire Group have revealed issues whereby many employees find themselves unable to take long enough breaks. We are taking this matter very seriously, and accordingly have been taking steps to develop a more employee friendly working environment. As such, we have decided to make payments for specially acknowledged working hours additionally recognized as part of our efforts to heighten employee satisfaction. Moreover, to ensure that this never happens again we have been implementing “reforming working styles” throughout the entire Group, with such efforts centered on the “office for reforming working styles” of Yamato Transport Co., Ltd., and the “working styles innovation committees” of respective Group companies.

(iii) To further promote our “Value Networking” design, we have been crafting business models that deliver a high level of added value by leveraging the Yamato Group’s 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,” “Chubu Gateway” and “Okinawa International Logistics Hub” facilities, in addition to our existing “last mile” network.

(iv) In our business looking toward overseas markets, we have been working to forge inter-regional collaboration while strengthening our capabilities in respective geographic regions in order to invigorate our cross-border transportation services involving shipping between five points in Japan, East Asia, Europe and the Americas, with a focus on the ASEAN region. During the fiscal year ended March 31, 2017, we have been actively promoting efforts to build our cross-border network by further extending it geographically over the ASEAN and East Asian regions. For instance, we have acquired a cross-border line-haul trucking company headquartered in Malaysia, reached agreement involving investment in an international logistics enterprise based in Guangzhou, China. In January, we have launched TA-Q-BIN services domestically in Thailand and in March, we have made the decision to commence sales involving “International Cool TA-Q-BIN” services there.

(v) With the aim of improving customer convenience particularly in the mail order market, we have been working to establish an environment that ensures customers ease in picking up their parcels. To that end, we have embarked on efforts to build an open-type network of parcel lockers primarily in train stations and other such locations. Moreover, we have

started reviewing opportunities for rolling out cutting-edge technologies with our sights set on development of next-generation logistics services. Our efforts to that end have included collaborating with major companies that provide Internet services and also embarking on our “RoboNeko Yamato” project which involves providing on-demand delivery services that make use of automated driving technologies.

Business strategies of each business segment

Delivery

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

(Million parcels / units)

Item	Fiscal 2016	Fiscal 2017	Change	Percentage change (%)
TA-Q-BIN	1,731	1,867	136	7.9
Kuroneko DM-Bin	1,536	1,542	5	0.4

(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) With respect to working environment of our employees, we have been developing a framework for broad reform of work arrangements for employees given the urgent need to improve the workplace environment with the aim of securing labor capacity amid substantially increasing parcel volume brought about by the recently surging mail order market and the tightening labor market. Moreover, we have embarked on initiatives geared to making the working environment more employee-friendly upon having made decisions with respect to taking action in areas of "reforming working styles." This includes improving and implementing thorough labor management, encouraging a work-life balance, modifying service level, placing controls on total TA-Q-BIN volume, and revising basic fees for TA-Q-BIN delivery services.

(iii) Given expectations for growth in the mail order market, we have been taking steps to expand sales of the "TA-Q-BIN Compact" and "Nekopos" services which enable customers to send small parcels simply at reasonable fees, and otherwise engaging in efforts to provide greater convenience to our customers who use mail-order services by collaborating with multiple flea market websites and offering delivery services at a greater number of service access points.

(iv) With respect to corporate clients, we have been accurately pinpointing managerial challenges and actively proposing solutions to address those challenges. Moreover, we worked to boost profitability by making proposals that provide high added value using the Group's business resources.

(v) In our business geared toward revitalizing communities, we have been taking steps to improve services for residents by collaborating with numerous municipalities and companies in efforts to provide support with regard to helping those who face difficulties doing their shopping and watching over elderly residents. Moreover, we have also been helping to revitalize local industry through initiatives that include lending support for enabling communities to achieve higher sales of locally produced products by offering swift delivery to Asia of perishable goods and other agricultural products in a manner that ensures they stay fresh.

(vi) Operating revenue amounted to 1,151,028 million yen, up 3.5% from the year-ago period due to an increase in delivery volume of TA-Q-BIN resulting from continuous efforts to increase sales to mail-order business operators, initiatives pursued to increase the use of the "TA-Q-BIN Compact" and "Nekopos" services. As for profits, the segment posted operating income of 5,638 million yen, down 85.2% from the year-ago period. The decrease is attributable to a situation where earnings have come under pressure amid factors such as rising labor costs including those involving outsourcing workforce in order to maintain service quality amid further tightening of the labor market, an increase in expenses attributable to external factors such as a higher size-based enterprise tax, and the recording of payments for specially acknowledged working hours additionally recognized.

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) For the mail-order industry and others, we are offering one-stop services involving various types of logistical support in line with customer needs, including support for facilitating everything from placing and accepting orders to visual monitoring of inventories and enabling speedier shipments. During the fiscal year ended March 31, 2017, these operations generated favorable results due to factors that included an increased volume of business-to-business logistics related services launched in the previous fiscal year.
(iii) 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, 2017, we have been actively promoting efforts to increase sales, in part by working to bring in new customers.
(iv) Operating revenue amounted to 108,643 million yen, up 1.7% from the year-ago period due to favorable results from services related to business-to-business logistics. As for profits, the segment posted operating income of 4,072 million yen, down 17.0% from the year-ago period mainly due to lackluster results in overseas transport services and a decrease in business involving product recalls.

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. During the fiscal year ended March 31, 2017, we aggressively forged ahead with efforts to increase the sales of "Comfortable Lifestyle Support Service," which aims to help customers resolve everyday inconveniences associated with house cleaning, home organization and storage, and collection of unwanted items.
(iii) For our corporate clients, we have been developing our business support services including "Technical Network Business" where we combine the networks of the Yamato Group and our construction and installation contractors so that we can provide one-stop support in handling everything from household equipment delivery and set-up, to installation and maintenance of such equipment. In the fiscal year ended March 31 2017, we actively worked to increase sales involving services for facilitating procurement of return presents of hometown tax payments and other such goods, and office support services.
(iv) Operating revenue amounted to 49,163 million yen, up 0.4% from the year-ago period mainly due to favorable results with respect to use of our "Comfortable Lifestyle Support Service" and our service for facilitating procurement. As for profits, the segment posted an operating income of 1,076 million yen, down 6.1% from the year-ago period mainly due to a decrease of highly profitable one-off business.

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. In addition, with the aim of helping to accelerate growth of Yamato Group businesses, we have been moving beyond conventional information technologies through efforts geared to promoting use of emerging technologies that harness artificial intelligence (AI), the Internet of things (IoT) and other such innovations.

(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, 2017, use of this service increased particularly among our existing large-lot customers, against a backdrop that included mail-order market growth.

(iii) For customers whose needs involve managing products on an individual basis, such as telecommunications equipment business operators, the Yamato Group has been developing its “setup and logistics solutions business” which offers services that involve bringing tasks of affixing data to products and partial processing of merchandise into alignment with information system functions such as serial acceptance/dispatch control in warehouses and inventory tracking. During the fiscal year ended March 31, 2017, we aggressively forged ahead with efforts to increase the sales of these services to IoT equipment business operators, drawing on the setup technologies and logistics know-how we have amassed so far.

(iv) Operating revenue amounted to 45,639 million yen, up 5.3% from the year-ago period mainly as a result of having achieved a greater volume of business in the “setup and logistics solutions business.” Operating income was 9,368 million yen, up 4.0% from the year-ago period.

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 of mail-order products, business-to-business transaction settlement, and vehicle leasing.

(ii) With respect to our payment settlement services, in addition to providing our mainstay service “TA-Q-BIN Collect,” we have also been promoting increased customer use of both our “Kuroneko Web Collect” comprehensive internet-based transaction settlement service and our e-money settlement services. During the fiscal year ended March 31, 2017, we provided a wide range of payment settlement services to our customers who use the “TA-Q-BIN Collect” service by promoting use of our “Kuroneko Web Collect” and “Kuroneko Pay After Delivery” services, and concurrently worked to increase profitability. With our e-money related services, we persisted in our efforts to increase sales generated by our “Multi e-money Settlement Terminals” rental service.

(iii) In the lease services business, we have been generating steady results with respect to financial leases primarily involving trucks and installment sales. We have also been developing peripheral operations that include providing vehicle referrals and resale support, while forging ahead in making proposals involving total solutions related to vehicles.

(iv) Operating revenue amounted to 77,985 million yen, up 7.6% from the year-ago period due to steady results of lease services business. As for profits, operating income was 8,243 million yen, down 5.3% from the year-ago period largely due to lackluster results with respect to volume handled through our mainstay TA-Q-BIN Collect service.

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 in the form of "improvement of vehicle maintenance convenience" 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 "offering insurance plans tailored to customer risk management needs" which provide coverage for such assets.

(ii) In the fiscal year ended March 31, 2017, we took steps to expand sales by aggressively marketing out "Repairworks" services entailing periodic on-site customer visits.

(iii) Operating revenue amounted to 24,613 million yen, up 0.6% from the year-ago period as a result of an increase in the number of vehicles serviced. As for profits, operating income amounted to 3,273 million yen, down 2.9% from the year-ago period largely as a result of initial investment in new services.

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, 2017, service use grew steadily due to favorable results with respect to chilled transport and other optional services, in addition to the existing services.

(ii) Operating income in Other excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies increased 3.5% from the year-ago period to 2,182 million yen.

CSR Initiatives

(i) The Yamato Group places utmost priority on protecting human life and conducts a range of safety measures. During the fiscal year ended March 31, 2017, we held the "6th Yamato Transport Nationwide Safety Competition" and engaged in efforts to enhance the skills of the Group's professional drivers with respect to safe vehicle operation, while also heightening safety awareness and improving driving skills on a Group-wide basis. In addition, since 1998 we have been holding our "Safety Classes for Children," through which we convey the importance of traffic safety, in day care facilities, kindergartens and elementary schools across Japan. A total of about 2.99 million people have now participated.

(ii) The Yamato Group works to ensure that its distribution mechanisms are environmentally sound, under its policy of "Nekology" (combining "Kuroneko" with "ecology") for promoting its environmental conservation initiatives. We also hold "Kuroneko Yamato Environmental Class" sessions designed to provide support for environmental education of children who will bear responsibilities of the next generation. We have held such classes on an ongoing basis nationwide since 2005, attracting about 230 thousand participants so far.

(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 DM-Bin, 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)." During the fiscal year ended March 31, 2017, we initiated our "combined passenger-cargo" operations using scheduled-route passenger buses in Hokkaido and Kumamoto prefecture, which is in addition to Iwate prefecture and Miyazaki prefecture with such operations already, thereby helping to improve lifestyle services for local residents both by keeping scheduled bus networks running in hilly and mountainous areas where populations are substantially declining and getting older, and also by streamlining distribution in those locations. In addition, in Miyazaki prefecture we handled "Cool TA-Q-BIN" shipments by implementing a scheduled-route passenger bus equipped with a storage box exclusively for chilled and frozen goods which is the first in Japan. Moreover, we continued to engage in efforts geared to revitalizing communities and resolving issues by leveraging the Yamato Group's management resources, with respect to initiatives that include helping to watch over elderly residents, supporting tourism, and expanding sales channels for specialty products in respective regions throughout Japan. As a result, we have worked with government bodies on 1,928 such endeavors thus far.

(v) In order to earn the confidence of Yamato Group's customers and society acting as a company that forms an important part of social infrastructure, we embarked on Group-wide initiatives with respect to "reforming working styles." To such ends, we forged ahead in developing a more comfortable working environment for employees through efforts that included promoting management in conformity with compliance, reviewing our management rules on working hours, and a framework for broad reform of work arrangements for our employees.

(2) Issues to Be Addressed

The Yamato Group will take steps to bring about an approach to management that places top priority on employee satisfaction, which is to say improving working environment ("reforming working styles"), in a manner that first takes prevailing changes in the business environment into account. At the same time, we will push ahead in bringing about transformation of the overall Group's business model so that it is better aligned with the coming era, and will also work to satisfy our shareholders, customers, society and employees. To such ends, the Yamato Group will pursue the following strategies:

(i) 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.

(ii) With respect to the "reforming working styles" of Yamato Transport Co., Ltd. which is at the core entity of the Group, we will pursue efforts geared to placing top priority on "heightening employee satisfaction through efforts that involve overhauling the workplace into a more upbeat working environment for employees." In addition to improving and developing working environment to such ends, we will also set our sights on redesigning and transforming the business model of the overall Delivery Business so that it is better aligned with the coming era, and accordingly pursue initiatives under a basic framework that is five-fold in terms of improving and implementing thorough labor management, encouraging a work-life balance, modifying service level, placing controls on total TA-Q-BIN volume, and revising basic fees for TA-Q-BIN delivery services.

(iii) In addressing the issue of the labor shortage as it extends into the future, we will work to heighten productivity across every aspect of Group operations, including collection and delivery, back-office and sorting operations, by means of stepping up efforts that involve linking systems with business operators and setting up open-type parcel lockers, as well as promoting active use of cutting-edge technologies. Moreover, to further achieve growth of the business going forward, we will promote initiatives geared to management centered on "reforming working styles," and enlist the entire Group in efforts to establish working environments and personnel systems that are more employee-friendly. We will secure new sources of labor by promoting diversity-related initiatives that involve creating a greater variety of work arrangements than has been the case thus far, and by expanding opportunities that enable women, seniors, foreign nationals and others to actively flourish in the workplace.

(iv) We will contribute to Japanese economic growth strategies by pushing ahead with our "Value Networking" design which aspires to revolutionize logistics. We will persist with efforts to further develop our "last mile" network, the greatest strength of the Yamato Group, by making use of our "Haneda Chronogate," "Atsugi Gateway," "Chubu Gateway" and "Okinawa International Logistics Hub" facilities. Furthermore, 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.

(v) With respect to establishing business foundations in overseas markets primarily in Asia, we will promote cross-border opportunities leveraging the Yamato Group's capabilities such as those available through the "Okinawa International Logistics Hub." We will make the notion of a borderless logistics network that provides value-added functions a reality by engaging in efforts to expand our cold chain business primarily in Asia. In part, we have issued international standards relating to small-lot chilled and frozen goods delivery services in collaboration with international standards-setting organizations.

(vi) 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. 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 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	FY2014 149th	FY2015 150th	FY2016 151st	FY2017 152nd
Operating revenue	1,374,610	1,396,708	1,416,413	1,466,852
Profit attributable to owners of parent	34,776	37,533	39,424	18,053
Basic earnings per share (Yen)	82.22	90.41	96.45	45.37
Total assets	1,032,134	1,082,531	1,089,436	1,114,672
Net assets	560,172	571,199	543,855	545,559
Net assets per share (Yen)	1,316.12	1,368.66	1,349.56	1,367.51

Note: Basic earnings 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	FY2014 149th	FY2015 150th	FY2016 151st	FY2017 152nd
TA-Q-BIN	1,665	1,622	1,731	1,867
Kuroneko DM-Bin	2,084	1,901	1,536	1,542

(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 DM-Bin, 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 and shared services, etc.

(6) Capital Expenditure

The capital expenditure for fiscal 2017 totaled 59,553 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 (2,594 units)	11,910
		Chubu Gateway	6,858
		Kansai Gateway	1,633
BIZ-Logistics	Yamato Logistics Co., Ltd.	Purchase of land for new facility construction in Keihinjima	2,614
Financial	Yamato Lease Co., Ltd.	Purchase of vehicles for leasing	25,841

(7) Financing Activities

Not applicable.

(8) Principal Creditors

(Millions of yen)

Creditors	Outstanding borrowing
Mizuho Bank, Ltd.	55,467
Sumitomo Mitsui Banking Corporation	41,765
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	33,341

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	180,716	5,255
BIZ-Logistics	5,962	138
Home Convenience	5,067	(179)
e-Business	4,586	(339)
Financial	851	0
Autoworks	2,164	124
Other	2,438	203
Total	201,784	5,202

Note: The above numbers include 111,047 part timers (a year-on-year increase of 3,577).

(10) Vehicles

(Units)

Business area	Number of vehicles	Changes from previous fiscal year-end
Delivery	45,358	(168)
BIZ-Logistics	958	(10)
Home Convenience	2,045	(59)
e-Business	133	(8)
Financial	665	9
Autoworks	745	22
Other	891	137
Total	50,795	(77)

(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 DM-Bin
	Okinawa Yamato Transport Co., Ltd.	50	100.00	TA-Q-BIN, Kuroneko DM-Bin 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.	million US$ 4	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	Settlement 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.	million S$ 352	100.00	Management of regional operations in Southeast Asia, business development and market research

Note: The status of a specified wholly owned subsidiary company as of March 31, 2017 is as follows.

(Millions of yen)

Company	Location	Book value of the shares in the Company	Total assets of the Company
Yamato Transport Co., Ltd.	16-10, Ginza 2-chome, Chuo-ku, Tokyo	239,575	518,865

(12) Major Offices

Business area	Company	Head office location	Number of offices (stores)
Delivery	Yamato Transport Co., Ltd.	Chuo-ku, Tokyo	6,697
	Okinawa Yamato Transport Co., Ltd.	Itoman City, Okinawa	37
	Yamato Global Express Co., Ltd.	Minato-ku, Tokyo	295
BIZ-Logistics	Yamato Logistics Co., Ltd.	Chuo-ku, Tokyo	90
	Yamato Global Logistics Japan Co., Ltd.	Chuo-ku, Tokyo	40
	Yamato Multi-Maintenance Solutions Co., Ltd.	Chuo-ku, Tokyo	25
	Yamato Packing Service Co., Ltd.	Koto-ku, Tokyo	18
	YAMATO TRANSPORT U. S. A., INC.	New Jersey, U.S.A.	30
Home Convenience	Yamato Home Convenience Co., Ltd.	Chuo-ku, Tokyo	173
e-Business	Yamato System Development Co., Ltd.	Koto-ku, Tokyo	40
Financial	Yamato Financial Co., Ltd.	Chuo-ku, Tokyo	81
	Yamato Lease Co., Ltd.	Toshima-ku, Tokyo	66
Autoworks	Yamato Autoworks Co., Ltd.	Chuo-ku, Tokyo	110
Other	Yamato Holdings Co., Ltd.	Chuo-ku, Tokyo	1
	YAMATO ASIA PTE. LTD.	Singapore	1

2. Overview of Shares (As of March 31, 2017)

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

(2) Number of Shares Issued: 411,339,992 shares

(3) Number of Shareholders: 36,390 persons

(4) Principal Shareholders

Shareholders	Number of shares owned	Ownership percentage
	(Thousands of shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	36,160	9.17
State Street Bank and Trust Company 505223	25,922	6.57
Japan Trustee Services Bank, Ltd. (Trust Account)	22,518	5.71
Yamato Employees' Shareholding Association	18,719	4.75
Nippon Life Insurance Company	14,770	3.75
Meiji Yasuda Life Insurance Company	14,314	3.63
Mizuho Bank, Ltd.	13,247	3.36
Yamato Trading-Partner Shareholding Association	8,745	2.22
Japan Trustee Services Bank, Ltd. (Trust Account 5)	6,570	1.67
State Street Bank West Client Treaty 505234	6,324	1.60

Notes: 1. The Company holds 17,062,391 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. Officers and Executives

(1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities and important concurrent positions at other organizations
Representative Director and Chairman	Makoto Kigawa	Outside Director of Komatsu Ltd.
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	Toshitaka Hagiwara	Adviser of Komatsu Ltd. Outside Director of Zensho Holdings Co., Ltd. Outside Director 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	
Full-time Audit & Supervisory Board Member	Etsuo Ogawa	
Audit & Supervisory Board Member	Motoharu Yokose	Corporate Advisor of Asahi Tax Corporation Executive Director of Nomura Real Estate Private REIT, 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. Etsuo Ogawa, Audit & Supervisory Board Member, has experienced Director, responsible for Financing and Accounting of the Company and possesses considerable insights into finance and accounting related matters.
5. 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.
6. 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.
7. 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.

(2) Limited Liability Agreements

The Company's Articles of Incorporation allow for the conclusion of agreements with Directors (excluding Executive Directors, etc.) and Audit & Supervisory Board Members limiting liability stipulated in the Companies Act, Article 423, Paragraph 1. Thus, the Company has concluded Limited Liability Agreements with Directors, Toshitaka Hagiwara, Masakatsu Mori, and all 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

1) Total Amount Paid as Remuneration

Position	Number paid	Amount paid	Remarks
	Persons	Millions of yen	
Directors	6	311	Including 26 million yen for 2 Outside Directors
Audit & Supervisory Board Members	4	66	Including 19 million yen for 2 Outside Audit & Supervisory Board Members
Total	10	377	

2) Total Amount of Officer Remuneration Received by Outside Officers from Subsidiaries of the Company

During the fiscal year ended March 31, 2017, total remuneration received from subsidiaries of the Company by outside officers acting as officers amounted to 1 million yen.

(4) Outside Officers

Principal Activities

Position	Name	Principal activities
Director	Toshitaka Hagiwara	Attended 16 of 17 meetings of the Board of Directors held in fiscal 2017, 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 all 17 meetings of the Board of Directors held in fiscal 2017, and provided necessary comments and advice on overall management as appropriate from his perspective as a manager with rich experience and profound critical insight.
Audit & Supervisory Board Member	Motoharu Yokose	Attended all 17 meetings of the Board of Directors held in fiscal 2017, and offered necessary comments based on his expertise and rich experience in finance and accounting. Furthermore, he attended all 18 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 16 of 17 meetings of the Board of Directors held in fiscal 2017, and offered necessary comments based on his expertise and rich experience as an international attorney. Furthermore, he attended 17 of 18 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.

4. 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	204
(2) Remuneration other than (1)	1
(3) Remuneration to be paid to the Accounting Auditor by the Company and subsidiaries	206

Note: The Audit & Supervisory Board furnished its consent with respect to remuneration payable to the Accounting Auditor upon having verified as necessary content of the Accounting Auditor's audit plan, circumstances with respect to performing duties of the accounting audit, the basis for calculating estimates of the remuneration and other such details.

(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.

(4) Non-Audit Services

The Company entrusts the Accounting Auditor with services that have involved the training programs offered to its officers, as well as financial officers of business companies as non-audit services outside the scope of services stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Act.

5. Corporate Governance and Company Policy, and Operational Status

(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 Council comprising full-time directors, executive officers, and full-time audit & supervisory board members.

   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 the Management Council 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 Management Council 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 Council and the Executive Council, 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.

(2) Operational Status of Systems for Ensuring Proper Operations

Details are provided as follows on the operational status of systems for ensuring proper operations.

1) Execution of duties by directors

The Board of Directors holds 17 meetings which are attended by the directors and audit & supervisory board members. Those in attendance adopt resolutions on individual proposals in accordance with decision-making standards, and also discuss matters and make resolutions with respect to issues of managerial importance encompassing areas such as growth strategy, investment, capital management policy and human resources strategy.

2) Compliance

The "Compliance and Risk Committee" meets once every quarter, with such meetings attended by the Company's executive officers in charge of legal affairs and CSR strategy, full-time audit & supervisory board members, outside attorneys at law, and managers in

charge of compliance of major Group companies, and oversees Group-wide compliance initiatives across the organization.

Moreover, the Company has developed mechanisms for a whistle-blower system for the Group to allow employees to report compliance violations of the Company and respective Group companies.

In addition, in order to raise awareness of compliance issues and call attention to such matters, all business offices of the Company and respective Group companies display "Statement of Compliance" posters which declare their vow to observe laws, regulations and corporate ethics.

The Company has been taking steps to ensure that everyone is well aware that all ties with antisocial forces must be rejected. To that end, such matters have been stipulated in the "Yamato Group Corporate Philosophy" which outlines the Yamato Group's responsibilities to society and its stance toward issues in that regard, and furthermore pamphlets detailing such content are distributed to all employees of the Company and respective Group companies.

The Company and respective Group companies have primarily engaged in a labor-intensive industry, centered on the Delivery Business, and implemented "reforming working styles" throughout the entire Group, and promoted management in conformity with compliance including complete adherence to and review of rules.

3) Risk management

Managers in charge of compliance and risk oversight are stationed at the Company and respective Group companies, and have been developing systems to address risk in a swift and harmonious manner.

When an emergency arises, the Company's executive officers in charge of legal affairs and CSR strategy, and its full-time audit & supervisory board members, are notified of the situation without delay, through a Group-wide system for ensuring availability of up-to-the-minute details on emergency matters.

In addition, the Company's "Compliance and Risk Committee" considers key risks by sharing examples of such risks and discussing related measures.

4) Audit structure

Company employees in charge of audits and departments of major Group companies in charge of internal audits respectively check to make sure that operations are being performed effectively in accordance with the rules, and they accordingly develop frameworks to immediately rectify matters when aberrations are found to exist.

Moreover, audit & supervisory board members of the Company and full-time audit & supervisory board members of respective Group companies hold monthly Group Audit & Supervisory Board Members' Liaison Meetings. In so doing, they collaborate by sharing information, and effectively monitor operations in a manner that is coordinated with Group management.

(3) 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 profit attributable to owners of parent. 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, 2017)

(Millions of yen)

Assets		Liabilities	
Current assets	**586,510**	**Current liabilities**	**371,848**
Cash and deposits	230,128	Notes and accounts payable - trade	155,736
Notes and accounts receivable - trade	208,130	Short-term loans payable	60,974
Accounts receivable - installment	46,141	Lease obligations	2,427
Lease investment assets	50,777	Income taxes payable	14,399
Inventories	2,775	Deferred installment income	6,010
Deferred tax assets	20,684	Provision for bonuses	31,948
Other	29,154	Provision for special wage payments	15,129
Allowance for doubtful accounts	(1,282)	Other	85,222
Non-current assets	**528,162**	**Non-current liabilities**	**197,264**
Property, plant and equipment	405,070	Bonds payable	20,000
Buildings and structures	144,889	Long-term loans payable	89,900
Machinery and equipment	19,531	Lease obligations	4,866
Vehicles	16,401	Deferred tax liabilities	3,162
Land	178,620	Net defined benefit liability	70,952
Leased assets	8,001	Other	8,383
Construction in progress	11,749	**Total liabilities**	**569,113**
Other	25,876		
Intangible assets	21,671	**Net assets**	
Software	18,149	**Shareholders' equity**	**534,241**
Other	3,522	Capital stock	127,234
Investments and other assets	101,420	Capital surplus	36,813
Investment securities	54,281	Retained earnings	409,270
Long-term loans receivable	1,360	Treasury shares	(39,077)
Lease deposits	16,231	**Accumulated other comprehensive income**	**4,938**
Net defined benefit asset	117	Valuation difference on available-for-sale securities	10,975
Deferred tax assets	26,643	Foreign currency translation adjustment	(422)
Other	3,564	Remeasurements of defined benefit plans	(5,614)
Allowance for doubtful accounts	(778)	**Non-controlling interests**	**6,379**
		Total net assets	**545,559**
Total assets	**1,114,672**	**Total liabilities and net assets**	**1,114,672**

Consolidated Statement of Income

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

Operating revenue	**1,466,852**
Operating cost	1,385,492
Operating gross profit	**81,359**
Selling, general and administrative expenses	46,474
Operating income	**34,885**
Non-operating income	
Interest and dividend income	846
Other	1,197
	2,044
Non-operating expenses	
Interest expenses	430
Share of loss of entities accounted for using equity method	799
Other	816
	2,045
Ordinary income	**34,884**
Extraordinary income	
Gain on sales of non-current assets	157
Gain on sales of investment securities	599
	757
Extraordinary losses	
Loss on retirement of non-current assets	220
Impairment loss	1,284
Loss on valuation of investment securities	210
Disaster recovery expenses for the Kumamoto Earthquake	885
Other	3
	2,603
Profit before income taxes	**33,037**
Income taxes-current	22,093
Income taxes-deferred	(7,421)
	14,672
Profit	**18,364**
Profit attributable to non-controlling interests	311
Profit attributable to owners of parent	**18,053**

Consolidated Statement of Comprehensive Income

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

Profit	18,364
Other comprehensive income	
Valuation difference on available-for-sale securities	1,268
Foreign currency translation adjustment	(1,174)
Remeasurements of defined benefit plans, net of tax	4,456
Share of other comprehensive income of entities accounted for using equity method	0
Total other comprehensive income	4,551
Comprehensive income	22,916
(Breakdown)	
Comprehensive income attributable to owners of parent	22,518
Comprehensive income attributable to non-controlling interests	398

Consolidated Statement of Changes in Equity

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2016	127,234	36,813	402,375	(29,075)	537,348
Changes of items during period					
Dividends of surplus			(11,158)		(11,158)
Profit attributable to owners of parent			18,053		18,053
Purchase of treasury shares				(10,002)	(10,002)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	0	6,895	(10,001)	(3,106)
Balance as of March 31, 2017	127,234	36,813	409,270	(39,077)	534,241

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling 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, 2016	9,790	750	(10,067)	473	6,034	543,855
Changes of items during period						
Dividends of surplus						(11,158)
Profit attributable to owners of parent						18,053
Purchase of treasury shares						(10,002)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	1,184	(1,173)	4,453	4,464	345	4,810
Total changes of items during period	1,184	(1,173)	4,453	4,464	345	1,703
Balance as of March 31, 2017	10,975	(422)	(5,614)	4,938	6,379	545,559

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) Number of Consolidated Subsidiaries: 39

Names of major 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.	

In the fiscal year under review, YAMATO INTERNATIONAL LOGISTICS (HONG KONG) LTD., which is the surviving company, implemented an absorption-type merger and the two companies YAMATO TRANSPORT (HK) LTD. and YAMATO PAYMENT SERVICE (HK) LTD., were absorbed in the merger, and changed its corporate name to YAMATO LOGISTICS (HK) LTD.
YAMATO INVESTMENT (HONG KONG) LIMITED, established during the fiscal year under review, is included in the scope of consolidation from the fiscal year under review.

2) Non-consolidated Subsidiaries, etc.

YAMATO LOGISTICS INDIA PVT. LTD. and certain other subsidiaries are not included within the scope of consolidation. The total assets, operating revenue, profit, 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) Application of Equity Method

1) Number of Affiliates Accounted for by Equity Method: 14

Names of major equity method affiliates:

GD EXPRESS CARRIER BHD.	Packcity Japan Co., Ltd.	GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD.

Effective from the fiscal year under review, the scope of equity method application encompasses GD EXPRESS CARRIER BHD., Packcity Japan Co., Ltd. and GUANGZHOU WISEPOWER TRANSPORTATION & DISTRIBUTION GROUP CO., LTD. upon having newly acquired stock of those three entities, and also encompasses 11 subsidiaries of GD EXPRESS CARRIER BHD.

2) Non-consolidated Subsidiaries and Affiliates Not Accounted for by Equity Method

Entities not subject to the equity method such as YAMATO LOGISTICS INDIA PVT. LTD. and certain other non-consolidated subsidiaries and YAMATO UNYU (THAILAND) CO., LTD. and certain other affiliated companies are excluded from the scope of entities accounted for using the equity method because they do not exert a significant influence on the consolidated

financial statements even when taken together as a group, given immateriality of their profit, retained earnings and other financial results.

3) Special Note on the Application of Equity Method

The fiscal year-end dates of certain entities accounted for using the equity method differ from the consolidated fiscal year-end date, and accordingly the financial statements have been prepared on the basis of the financial statements and provisional financial results for the respective fiscal years of each of those entities.

(4) Closing Date of Consolidated Subsidiaries

Of consolidated subsidiaries, YAMATO TRANSPORT U.S.A., INC., and other nine 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, 2016 and March 31, 2017 that is the consolidated closing date.

(5) Accounting Policies

1) Valuation Basis and Methods for Securities

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 However, the straight-line method is adopted for buildings acquired on or after April 1, 1998 (excluding fixtures) and for facilities attached to buildings and structures acquired on or after April 1, 2016. For overseas consolidated subsidiaries' assets, straight-line methods based on estimated useful lives is adopted.

(Changes in accounting policies)
Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016

Following the revision to the Corporation Tax Act, the Company has applied the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (ASBJ PITF No.32, June 17, 2016) from the fiscal year ended March 31, 2017, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.
As a result, we posted 189 million yen increases across the board in operating income, ordinary income, and profit before income taxes for the fiscal year ended March 31, 2017.

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.

Provision for special wage payments:

The provision for special wage payments has been recorded on the basis of the estimated amount of payment with respect to consideration for labor to be paid on the basis of working hours deemed subject to consideration as a result of the fact-finding investigation regarding work performed during the fiscal year ended March 31, 2017.

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. Additional Information

Application of ASBJ Guidance on Recoverability of Deferred Tax Assets

Effective from the fiscal year ended March 31, 2017, the Company has applied the Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26, March 28, 2016).

3. Notes to the Consolidated Balance Sheet

Accumulated Depreciation of Property, Plant and Equipment: 484,016 million yen

4. 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	Buildings and structures, land and other	Yamato Transport Co., Ltd., Aomori Regional Branch (Aomori City, Aomori) and nine other premises	1,284

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 regional 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 Transport Co., Ltd., Aomori Regional Branch and nine other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 1,284 million yen to extraordinary losses as an impairment loss. A breakdown of this decrease shows that 509 million yen was attributable to buildings and structures, 470 million yen was attributable to land and 102 million yen was attributable to machinery and equipment.

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.

5. 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	411,339	–	–	411,339
Total	411,339	–	–	411,339
Treasury shares				
Common shares*	12,823	4,239	0	17,062
Total	12,823	4,239	0	17,062

Note:

The increase of 4,239 thousand shares of treasury shares of common shares resulted from an increase of 4,238 thousand shares due to the purchase of treasury shares and other increases.

The decrease of 0 thousand shares of treasury shares of common shares resulted from a decrease of 0 thousand shares due to sale of shares less than one unit.

(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 19, 2016	Common shares	5,977	15	March 31, 2016	June 3, 2016
The Board of Directors Meeting on October 31, 2016	Common shares	5,180	13	September 30, 2016	December 9, 2016

Note:

The dividend per share of 15 yen based on the resolution at the Board of Directors Meeting on May 19, 2016 includes commemorative dividends of 2 yen.

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 17, 2017	Common shares	5,519	Retained earnings	14	March 31, 2017	June 2, 2017

6. 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, 2017, 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	230,128	230,128	–
(2) Notes and accounts receivable - trade	208,130		
Allowance for doubtful accounts	(133)		
	207,997	207,983	(13)
(3) Accounts receivable - installment	46,141		
Allowance for doubtful accounts	(763)		
Deferred installment income	[6,010]		
	39,367	45,229	5,862
(4) Investment securities			
Available-for-sale securities	31,349	31,349	–
Shares of subsidiaries and associates	13,711	13,884	172
(5) Notes and accounts payable - trade	[155,736]	[155,736]	–
(6) Short-term loans payable	[60,974]	[60,996]	22
(7) Long-term loans payable	[89,900]	[89,896]	(3)
(8) Derivatives	–	–	–

Notes:

1. Items recognized as liabilities are shown in square parentheses [ ] both under Amount on the consolidated balance sheet and Fair value.
2. 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.
3. Accounts receivable - installment is presented after deducting the relevant allowance for doubtful accounts and deferred installment income.
4. 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. Financial instruments whose fair value is extremely difficult to determine

(Millions of yen)

Classification	Amount on the consolidated balance sheet
Investment securities	
Shares of subsidiaries and associates	5,861
Available-for-sale securities	3,358

It is extremely difficult to determine the fair values of these financial instruments because they do not have quoted market prices and their future cash flow cannot be estimated. Therefore, they are excluded from (4) Investment securities.

7. Per Share Information

(1) Net assets per share 1,367.51 yen
(2) Net income per share 45.37 yen

Non-consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Assets		Liabilities	
Current assets	**153,831**	**Current liabilities**	**123,116**
		Operating accounts payable	627
Cash and deposits	134,389	Short-term loans payable	14,476
Operating accounts receivable	58	Income taxes payable	126
Short-term loans receivable	11,010	Accrued expenses	91
Deferred tax assets	152	Deposits received	107,449
Income taxes receivable	7,215	Provision for bonuses	77
Other	1,005	Other	267
Non-current assets	**365,034**	**Non-current liabilities**	**42,585**
Property, plant and equipment	**6,535**	Bonds payable	20,000
Vehicles	12	Long-term loans payable	20,000
Buildings	651	Deferred tax liabilities	2,362
Tools, furniture and fixtures	16	Provision for retirement benefits	79
Land	5,840	Other	143
Other	13		
		Total liabilities	**165,701**
		Net assets	
Intangible assets	526	**Shareholders' equity**	**344,603**
Software	524	Capital stock	127,234
Other	1	Capital surplus	36,822
		Legal capital surplus	36,822
		Other capital surplus	0
Investments and other assets	357,973	Retained earnings	219,623
Investment securities	24,387	Other retained earnings	219,623
Shares of subsidiaries and associates	326,852	General reserve	188,965
Long-term loans receivable	14,720	Retained earnings brought forward	30,657
Other	142	Treasury shares	(39,077)
Allowance for investment loss	(8,130)		
		Valuation and translation adjustments	**8,561**
		Valuation difference on available-for-sale securities	8,561
		Total net assets	**353,164**
Total assets	**518,865**	**Total liabilities and net assets**	**518,865**

Non-consolidated Statement of Income

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

Operating revenue	**43,963**
Selling, general and administrative expenses	8,601
Operating income	**35,361**
Non-operating income	
Interest and dividend income	789
Other	52
	841
Non-operating expenses	
Interest expenses	70
Other	287
	357
Ordinary income	**35,846**
Extraordinary income	
Gain on sales of investment securities	460
	460
Extraordinary losses	
Provision of allowance for investment loss	4,914
Other	61
	4,975
Profit before income taxes	**31,331**
Income taxes - current	157
Income taxes - deferred	22
	180
Profit	**31,150**

Non-consolidated Statement of Changes in Equity

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
					Other retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	General reserve	Retained earnings brought forward
Balance as of April 1, 2016	127,234	36,822	–	36,822	188,965	10,665
Changes of items during period						
Dividends of surplus						(11,158)
Profit						31,150
Purchase of treasury shares						
Disposal of treasury shares			0	0		
Net changes of items other than shareholders' equity						
Total changes of items during period	–	–	0	0	–	19,992
Balance as of March 31, 2017	127,234	36,822	0	36,822	188,965	30,657

(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, 2016	199,630	(29,075)	334,612	7,644	342,257
Changes of items during period					
Dividends of surplus	(11,158)		(11,158)		(11,158)
Profit	31,150		31,150		31,150
Purchase of treasury shares		(10,002)	(10,002)		(10,002)
Disposal of treasury shares		0	0		0
Net changes of items other than shareholders' equity				916	916
Total changes of items during period	19,992	(10,001)	9,990	916	10,907
Balance as of March 31, 2017	219,623	(39,077)	344,603	8,561	353,164

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

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: Primarily the straight-line method

(Changes in accounting policies)
Application of Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016

Following the revision to the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (ASBJ PITF No.32, June 17, 2016) from the fiscal year ended March 31, 2017, and changed the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.
The impact of such change on operating income, ordinary income and profit before income taxes for the fiscal year ended March 31, 2017 is immaterial.

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 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, 2017.

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.

(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

Application of ASBJ Guidance on Recoverability of Deferred Tax Assets
Effective from the fiscal year ended March 31, 2017, the Company has applied the Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26, March 28, 2016).

4. Notes to the Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment: 553 million yen

(2) Balance of liabilities on guarantee

i. Joint and several guarantee based on clearing agreements with other transportation companies: 300 million yen

ii. Pledge of letter of management support concerning debt financing: 245 million yen

iii. Joint and several guarantee for debt financing: 34 million yen

(3) Loans receivable from, and loans payable to, subsidiaries and associates

Short-term loans receivable: 11,653 million yen

Long-term loans receivable: 13,789 million yen

Short-term loans payable: 107,601 million yen

5. Notes to the Non-consolidated Statement of Income

Transaction with subsidiaries and associates:	Operating revenue	43,943 million yen
	Operating expenses	1,638 million yen
	Non-operating transactions	251 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*	12,823	4,239	0	17,062

Note:
The increase of 4,239 thousand shares of treasury shares of common shares resulted from an increase of 4,238 thousand shares due to the purchase of treasury shares and other increases.
The decrease of 0 thousand shares of treasury shares of common shares resulted from a decrease of 0 thousand shares through the sale of shares less than one unit.

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		24
Accrued enterprise tax		26
Loss carried forward		90
Other		11
Deferred tax assets (current assets)	**Total**	**152**
Deferred tax assets (non-current assets)		
Provision for retirement benefits		24
Loss on valuation of investment securities		1,393
Shares of subsidiaries and associates		36,227
Loss carried forward		1,624
Other		2,607
Deferred tax assets (non-current assets)	**Subtotal**	**41,877**
Allowance for devaluation		(41,709)
Deferred tax assets (non-current assets)	**Total**	**167**
Deferred tax liabilities (non-current liabilities)		
Valuation difference on available-for-sale securities		(2,499)
Other		(30)
Deferred tax liabilities (non-current liabilities)	**Total**	**(2,529)**
Net deferred tax assets (liabilities)		**(2,210)**

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 DM-Bin	Direct holdings 100.00%	Concurrent 2 persons	Executive management Loans for funding
Subsidiaries	Yamato Global Express Co., Ltd.	Minato-ku, Tokyo	1,000	Domestic air cargo transport business	Direct holdings 100.00%	None	Executive management
Subsidiaries	YAMATO (CHINA) TRANSPORT CO., LTD.	Shanghai	million RMB 550	TA-Q-BIN business in China	Direct holdings 100.00%	Concurrent 1 person	Executive management
Subsidiaries	YAMATO LOGISTICS (HK) LTD.	Hong Kong	million HK$ 691	Air cargo transport business and TA-Q-BIN business in Hong Kong	Direct holdings 100.00%	Concurrent 1 person	Executive management
Subsidiaries	Yamato System Development Co., Ltd.	Koto-ku, Tokyo	1,800	System development	Direct holdings 100.00%	Concurrent 2 persons	Executive management Entrusted with system operation and management
Subsidiaries	Yamato Financial Co., Ltd.	Chuo-ku, Tokyo	1,000	Settlement service for payment of merchandise	Direct holdings 100.00%	Concurrent 2 persons	Executive management
Subsidiaries	Yamato Autoworks Co., Ltd.	Chuo-ku, Tokyo	30	Vehicle management service business	Direct holdings 100.00%	Concurrent 3 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	4,943	—	–
		Repayment of loans for capital funding	12,024	Short-term loans receivable	11,002
		Receipt of interest	119	Long-term loans receivable	8,885
		Funding	(23,421)	Deposits received	31,045
		Payment of interest	6		
Subsidiaries	Yamato Global Express Co., Ltd.	Funding	738	Deposits received	5,734
		Payment of interest	0		
Subsidiaries	YAMATO (CHINA) TRANSPORT CO., LTD.	Acquisition of new shares	5,843	—	—
Subsidiaries	YAMATO LOGISTICS (HK) LTD.	Acquisition of new shares	8,603	—	—
Subsidiaries	Yamato System Development Co., Ltd.	Funding	4,420	Deposits received	10,682
		Payment of interest	0		
		Payment of system operation and maintenance costs	1,071	Operating accounts payable	117
Subsidiaries	Yamato Financial Co., Ltd.	Funding	(1,210)	Deposits received	38,660
		Payment of interest	2		
Subsidiaries	Yamato Autoworks Co., Ltd.	Funding	2,955	Deposits received	5,357
		Payment of interest	0		

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) System operation and maintenance costs are determined through mutual consultation in the same way as for general transactions.
5) The acquisition of new shares by YAMATO LOGISTICS (HK) LTD. includes payment loans in kind using the debt/equity swap method.

9. Per Share Information

(1) Net assets per share 895.73 yen
(2) Net income per share 78.28 yen

(TRANSLATION)

Audit Report of Accounting Auditor on Consolidated Financial Statements

Independent Auditors' Report

May 3, 2017

Deloitte Touche Tohmatsu LLC

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

Yoshihiro Ishida
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, 2016 to March 31, 2017, 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 3, 2017

Deloitte Touche Tohmatsu LLC

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

Yoshihiro Ishida
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 152nd business year from April 1, 2016 to March 31, 2017, 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.

(TRANSLATION)

Audit Report of the Audit & Supervisory Board

AUDIT REPORT

Regarding the performance of duties by the Directors for the 152nd business year from April 1, 2016 to March 31, 2017, 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

(1) 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.

(2) 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. We have executed the audit based on the following methods.
    1) Each Audit & Supervisory Board Member 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. 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.
    2) 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 the corporate group consisting of the Company and its subsidiaries. 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.
    3) 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 business report and supporting schedules, 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.

(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 12, 2017

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

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

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.