The following is an English translation of the Notice of the 153rd 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 5, 2018

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

To Our Shareholders

Notice of the 153rd Ordinary General Meeting of Shareholders

You are cordially invited to attend the 153rd 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., Wednesday, June 27, 2018.

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., Wednesday, June 27, 2018.

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., Wednesday, June 27, 2018.

The 153rd Ordinary General Meeting of Shareholders

1. Date and Time: Thursday, June 28, 2018, 10:00 a.m.

2. Venue: B1F Hall, Belle Salle Shiodome,
Sumitomo Realty & Development Shiodome Hamarikyu Building
21-1, Ginza 8-chome, Chuo-ku, Tokyo
(Please note that the venue of the 153rd Ordinary General Meeting of Shareholders has been changed from last year, and refer to "Access to the Venue" at the end of the Notice.)

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 153rd Fiscal Year (from April 1, 2017 to March 31, 2018)
2. Report of the Non-consolidated Financial Statements for the 153rd Fiscal Year (from April 1, 2017 to March 31, 2018)

Matters to be resolved:

Agenda Item 1: Election of Ten (10) Directors
Agenda Item 2: Election of One (1) Audit & Supervisory Board Member
Agenda Item 3: Revision of Remuneration Amount for Directors

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.

◎ 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. Access procedures by PC and mobile phone

STEP 1 Access the website.

https://soukai.mizuho-tb.co.jp/

(for mobile phones)

STEP 2 Enter “Exercise of Voting Rights Code” for the next step.

“Exercise of Voting Rights Code” and the “Password” are printed on the enclosed Voting Rights Exercise Form.

STEP 3 Enter “Password” for registration.

It is necessary for you to change your password when you log in for the first time. Please enter a new password to go to the screen of registration and voting.

STEP 4 Enter “for” or “against” in accordance with the guidance on the screen.

2. Regarding Exercise of Voting Rights via the Internet

1) The deadline for voting is 5 p.m. (Japan Standard Time) on Wednesday, June 27, 2018. The Company kindly requests that you enter your vote early.
2) 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.
3) Your password (including the password after you have changed it) shall be effective only for this General Meeting of Shareholders. At the time of the next General Meeting of Shareholders, a new password will be issued.
4) 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)

3. 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 Ten (10) Directors

The terms of all the eight (8) Directors will expire at the close of this General Meeting of Shareholders. Accordingly, we would like to propose the election of ten (10) Directors to strengthen our management structure geared to enhance our management foundations in order to continue achieving sustainable growth of the Yamato Group.
The following are the candidates for Directors.
Please note that Mr. Toshitaka Hagiwara, Mr. Masakatsu Mori, Ms. Mariko Tokuno and Mr. Yoichi Kobayashi are candidates for Outside Directors.

No.	Name of Candidate	Current Position at the Company	Attributes of Candidate
1	Makoto Kigawa	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	Representative Director, Vice President and Executive Officer	Reelection
5	Kenichi Shibasaki	Senior Managing Executive Officer	New election
6	Yutaka Nagao	Director, Executive Officer	Reelection
7	Toshitaka Hagiwara	Director	Reelection Outside Independent
8	Masakatsu Mori	Director	Reelection Outside Independent
9	Mariko Tokuno	Director	Reelection Outside Independent
10	Yoichi Kobayashi		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

[Reference]
“Policies and procedures for the Board of Directors in appointing senior management members and nominating candidates for positions as Directors and Audit & Supervisory Board Members”

Nominations are made following deliberations by the Nomination and Compensation Committee, which comprises over half Outside Officers, regarding whether the candidate has abundant experience and considerable insight relating to corporate management and business promotion, has a sense of humanity from observing and evaluating from diverse perspectives, is able to grasp the essence of the issues facing the Company, and has capabilities that will enhance our management structure.

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) Attendance to the Board of Directors Meetings FY2018: 18/18 (100%)	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 Apr. 2018 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 had been acting as Representative Director and Chairman of the Company from April 2015 to March 2018, 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, in order to maintain and enhance an entire management balance as Director and Chairman, the Company proposes his reelection as Director.	64,000

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
2	Masaki Yamauchi (Jan. 11, 1961) Reelection Attendance to the Board of Directors Meetings FY2018: 18/18 (100%)	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) None [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.	36,400

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) Attendance to the Board of Directors Meetings FY2018: 18/18 (100%)	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) None [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.	27,200

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
4	Reelection Hitoshi Kanamori (Oct. 2, 1952) Attendance to the Board of Directors Meetings FY2018: 14/14 (100%)	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 of the Company Apr. 2017 Responsible for Key Account Management and Coordinator-General of Management Strategy, Global Business Strategy, IT Strategy Jun. 2017 Director and Senior Managing Executive Officer Apr. 2018 Representative Director, Vice President and Executive Officer (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 and Director and Senior Managing Executive Officer since June 2017, 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. Since April 2018, he has been serving as Representative Director, Vice President and Executive Officer. Accordingly, In order to improve corporate value of the Group, the Company proposes his reelection as Director.	15,200

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
5	New election Kenichi Shibasaki (Oct. 16, 1955)	Apr. 1980 Joined the Company Jun. 1997 Regional Branch Manager of Saitama Regional Branch Jun. 1999 General Manager of Education Division Apr. 2003 General Manager of Operation Division Feb. 2006 Representative Director, President and Executive Officer of Yamato Financial Co., Ltd. Apr. 2006 Executive Officer of the Company Apr. 2012 Managing Executive Officer Apr. 2016 Senior Managing Executive Officer (current) Apr. 2017 Responsible for Financing Strategy and Coordinator-General of Investor Relations Strategy (current) (Important Concurrent Positions at Other Organizations) None [Reasons for nomination as a candidate for Director] Mr. Kenichi Shibasaki possesses experience and achievements developed in the course of taking on leadership roles in Group management. In that regard, he has been acting as Managing Executive Officer of the Company since April 2012 and Senior Managing Executive Officer since April 2016 supervising financing strategy and investor relations strategy, after having served as Representative Director, President and Executive Officer of Yamato Financial Co., Ltd. Accordingly, the Company proposes his election as Director.	24,600

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 Yutaka Nagao (Aug. 31, 1965) Attendance to the Board of Directors Meetings FY2018: 14/14 (100%)	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 Apr. 2015 Representative Director, President and Executive Officer of Yamato Transport Co., Ltd. (current) Jun. 2017 Director and Executive Officer of the Company (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 and Director and Executive Officer since June 2017, 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 reelection as Director.	10,800

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
7	Reelection Outside Independent Toshitaka Hagiwara (Jun. 15, 1940) Attendance to the Board of Directors Meetings FY2018: 17/18 (94%)	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 proposes his reelection as Outside Director.	6,200

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
8	Reelection Outside Independent Masakatsu Mori (Jan. 22, 1947) Attendance to the Board of Directors Meetings FY2018: 18/18 (100%)	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 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 proposes his reelection as Outside Director.	9,600

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
9	Reelection Outside Independent Mariko Tokuno (Oct. 6, 1954) Attendance to the Board of Directors Meetings FY2018: 14/14 (100%)	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 Jun. 2017 Director of the Company (current) (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 reelection as Outside Director.	400

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
10	New election Outside Independent Yoichi Kobayashi (Jul. 21, 1949)	Apr. 1973 Joined ITOCHU Corporation Jun. 2004 Executive Officer Apr. 2006 Managing Executive Officer Jun. 2006 Representative Executive Managing Director Apr. 2008 Representative Senior Managing Director Apr. 2011 Representative Director and Executive Vice President Apr. 2015 Senior Advisor Apr. 2016 Vice Chairman (current) (Important Concurrent Positions at Other Organizations) Vice Chairman of ITOCHU Corporation [Reasons for nomination as a candidate for Outside Director] Mr. Yoichi Kobayashi 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 proposes his 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, Mr. Masakatsu Mori and Ms. Mariko Tokuno 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 Mr. Yoichi Kobayashi is approved, the Company will appoint him as an independent officer and register the individual as such with that exchange.
   Mr. Toshitaka Hagiwara, Mr. Masakatsu Mori, Ms. Mariko Tokuno and Mr. Yoichi Kobayashi satisfy the requirements for Criteria for Determining Independence of the Company on page 19.
   (2) The number of years as Outside Director of the Company
   Mr. Toshitaka Hagiwara, Mr. Masakatsu Mori and Ms. Mariko Tokuno have been serving as the Company's Outside Directors for nine years, five years and one year, respectively, 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) 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.

2) Since June 2016, Ms. Mariko Tokuno has been serving as an Outside Director of Mitsubishi Materials Corporation. During this time, cases have been discovered in which said Mitsubishi Materials Corporation's consolidated subsidiaries Mitsubishi Cable Industries, Ltd., Mitsubishi Shindoh Co., Ltd., Mitsubishi Aluminum Co., Ltd., Tachibana Metal MFG Co., Ltd, and Diamet Corporation manufactured and sold products that deviated from customer standards or internal company specifications due to misconduct, including the rewriting of data.
   Although she was unaware of these cases until they were revealed, as an Outside Director at Mitsubishi Materials Corporation she has routinely spoken out from the perspective of enhancing governance structure. Since these cases were revealed, as chairperson of the special investigation committee, she has been making efforts to further enhance governance structure, including conducting investigations relating to the cases, identifying root causes, and providing advice on measures to prevent reoccurrences.
3) From June 2006 to March 2015, Mr. Yoichi Kobayashi served as a Representative Director of ITOCHU Corporation. In January 2018, ITOCHU Corporation received a cease and desist order from the Japan Fair Trade Commission for activities in breach of Japan's Antimonopoly Act regarding its sales of uniforms to the West Japan Railway Company during the period from April 2014 to September 2016.

3. Agreement on liability limitation
   The Company has concluded an agreement with Mr. Toshitaka Hagiwara, Mr. Masakatsu Mori and Ms. Mariko Tokuno 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 Mr. Yoichi Kobayashi is approved, the Company will conclude the said agreement with him.

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

The term of one (1) Audit & Supervisory Board Member, namely Ms. Kazuko Takahara, 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.
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
Mamoru Matsuno (Feb. 5, 1961) New election	Apr. 1981 Joined the Company Jun. 2000 Manager of Audit Section No. 1 of Audit Division Jun. 2002 Manager of Audit Section of Audit Division Jul. 2006 Audit Function Manager Apr. 2012 Audit Function Senior Manager Apr. 2018 Attached to the President (current) (Important Concurrent Positions at Other Organizations) None [Reasons for nomination as a candidate for Audit & Supervisory Board Member] The Company proposes the election of Mr. Mamoru Matsuno as an Audit & Supervisory Board Member. The Company has determined that he will provide appropriate oversight of Group-wide management from an objective perspective based on his experience of internal auditing duties, etc., cultivated over long years of acting as Audit Function Senior Manager from April 2012, after having served as Manager of Audit Section of Audit Division and Audit Function Manager.	2,100

Notes:
1. There are no particular vested interests between the Company and the candidate.
2. Agreement on liability limitation
   If the election of Mr. Mamoru Matsuno is approved, the Company will conclude an agreement with him regarding liability limitation according to the Companies Act, Article 423, Paragraph 1. According to the agreement, the maximum liability amount is the minimum amount stipulated by the Companies Act, Article 425, Paragraph 1.

Agenda Item 3. Revision of Remuneration Amount for Directors

Remuneration for the Company's Directors has remained at the monthly amount of up to 35 million yen approved at the 130th Ordinary General Meeting of Shareholders held on June 29, 1995 up to the current day.

In consideration of various factors seen during this period, such as an increase in Director's responsibilities accompanying changes in the business environment, the increase in transparency and vigor of Board of Director's operations, and an increase in the appointment of Directors with the aim of enhancing management oversight, we propose revising remuneration for Directors to a monthly amount of up to 45 million yen (of which up to 6 million is allocated to Outside Directors).

Furthermore, remuneration for Directors will not include the amount of employee's salary for a Director who also holds an employee post, as was previously the case.

Also, although there are currently eight (8) Directors (including three (3) Outside Directors), following the approval of agenda item 1., this will become ten (10) Directors (including four (4) Outside Directors).

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, a 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, 2017 to March 31, 2018)

1. Status of the Corporate Group

(1) Operating Performance

In the fiscal year ended March 31, 2018, the economic environment was plagued by ongoing uncertainties ahead due to factors that have included effects of political developments overseas, yet gradual economic recovery held course amid underlying strengths in corporate earnings. Moreover, the logistics industry continues to face a severe business environment partially due to tightening of the domestic labor market, which is in addition to an upward trend with respect to small parcel volume partially due to expansion of the e-commerce market brought about by rapidly changing styles of consumption.

Under such circumstances, the Yamato Group strived to enhance its management foundations in order to continue achieving sustainable growth and thereby enable the Group to keep providing high-quality services by drawing up its “KAIKAKU 2019 for NEXT100” medium-term management plan, which while “reforming working styles” is centered on management, focuses on reforms in the three areas of “structural reform in the Delivery Business,” “reform of revenue and business structure geared to achieving discrete growth,” and “reform of Group management structure geared to achieving sustainable growth.”

In the Delivery Business, we promoted our “structural reforms in the Delivery Business” initiatives which involve “improving and developing the employee working environment,” “placing controls on total TA-Q-BIN volume,” “optimizing the entire TA-Q-BIN delivery network,” “boosting efficiency by enhancing the ‘last mile’ network,” and “revising TA-Q-BIN basic fees and respective service standards.” This also involved gaining understanding and cooperation from many of our clients, particularly in terms of having made progress in negotiating review of our rates with respect to our corporate clients, and adjusting shipping schedules per requests made to some of our large-lot corporate clients. As a result, since the third quarter, our financial performance has remained on path to recovery due to TA-Q-BIN delivery volume taking a downward turn and the TA-Q-BIN unit price beginning to rise due to our adequate pricing initiatives, despite increasing expenses incurred largely from promoting our focus on “reforming working styles.”

In the non-delivery businesses, results were firm since 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.

Our consolidated financial results for the fiscal year ended March 31, 2018 were as follows.

(Millions of yen)

Item	Fiscal 2017	Fiscal 2018	Change	Percentage change (%)
Operating revenue	1,466,852	1,538,813	71,961	4.9
Operating profit	34,885	35,685	800	2.3
Ordinary profit	34,884	36,085	1,201	3.4
Profit attributable to owners of parent	18,053	18,231	178	1.0

As mentioned above, operating revenue amounted to 1,538,813 million yen, up 71,961 million yen from the year-ago period. This is largely attributable to an increase in the TA-Q-BIN unit price due to our adequate pricing initiatives, and despite a decrease in TA-Q-BIN delivery volume amid promotion of structural reforms in the Delivery Business. Operating expenses amounted to 1,503,127 million yen, up 71,161 million yen from the year-ago period. This is largely attributable to an increase in labor costs, including those of outsourcing workforce, in conjunction with higher delivery volume until the first half of the fiscal year and initiatives to reduce employee workloads, and also attributable to increases in commission expenses and other subcontracting expenses and personnel expenses amid progress made in employee recruitment. As a result, operating profit amounted to 35,685 million yen, up 800 million yen from the year-ago period partially due to effects of a decrease in amounts recorded as payments for specially acknowledged working hours recognized in the fiscal year ended March 31, 2017.

Initiatives for the entire Yamato Group

(i) The Yamato Group has been taking steps on a Group-wide basis to develop an upbeat working environment, which is more “employee-friendly” and “rewarding,” centered on the “Office for Reforming Working Styles” established in Yamato Transport Co., Ltd., and its “Working Styles Innovation Committees” in its respective Group companies, as a means of placing utmost priority on “reforming working styles” in order to practice “inclusive management,” a Yamato Group founding principle. Moreover, we have been pursuing our “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.

(iii) To further evolve 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 will make more effective use of our innovative network platform consisting of the “Haneda Chronogate,” “Atsugi Gateway,” “Chubu Gateway” and “Okinawa International Logistics Hub” facilities, as well as “Kansai Gateway” facility, which started its operation in November 2017, in addition to our existing “last mile” network.

(iv) In our business looking toward overseas markets, we have been working to forge collaboration among five regions, Japan, East Asia, South East Asia, Europe and the Americas, while strengthening our capabilities in each geographic region to respond to the growth of cross-border logistics. In the fiscal year ended March 31, 2018, we signed a comprehensive partnership agreement with the leading specialist for express parcel delivery in France. The agreement was entered into for the purpose of expanding our cross-border small parcel chilled and frozen transport business between Japan and France, and contains a cross license agreement for sharing both companies' know-how with respect to small parcel chilled and frozen transport. Furthermore, we have been promoting efforts to build cross-border networks that provide substantial added value primarily focusing on our cold chain network with initiatives involving seven Yamato Group companies acquiring certification under international standards pertaining to chilled and frozen goods delivery services, including Vietnam where the Group started handling of Cool TA-Q-BIN services in September 2017.

(v) With the aim of improving customer convenience particularly in the e-commerce market, we have been working to establish an environment that ensures customers ease in picking up their parcels. Moreover, to that end we have been actively promoting efforts to build an open-type network of parcel lockers primarily in train stations, convenience stores and other such locations. Also, we continued to conduct practical trial runs of our "RoboNeko Yamato" project which involves providing on-demand delivery services that make use of automated driving technologies and worked on other efforts for the development of next-generation logistics services, and we have been picking up the pace with respect to utilizing cutting-edge technologies geared to streamlining transportation, in part by adopting trailers with a new specification never before used in Japan. Moreover, in October 2017, we installed Japan's first automated fit-to-size packing system at our Atsugi Gateway facility, and have otherwise been taking steps that involve digitization and automation of our overall logistics operations in order to address challenges presented by society such as the labor shortage as it intensifies going forward, and in order to better serve the rapidly expanding e-commerce market.

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 2017	Fiscal 2018	Change	Percentage change (%)
TA-Q-BIN	1,867	1,836	(30)	(1.7)
Kuroneko DM-Bin	1,542	1,464	(77)	(5.0)

(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) Amid a severe business environment partially due to tightening of the domestic labor market, which is in addition to an upward trend with respect to small parcel volume partially due to expansion of the e-commerce market brought about by rapidly changing styles of consumption, we have promoted our "structural reforms in the Delivery Business" initiatives which involve "improving and developing the employee working environment," "placing controls on total TA-Q-BIN volume," "optimizing the entire TA-Q-BIN delivery network," "boosting efficiency by enhancing the 'last mile' network," and "revising TA-Q-BIN basic fees and respective service standards." With respect to our objective of "improving and developing the employee working environment," we have taken steps

geared to ensuring that employees are able to take lunch breaks while also preventing situations where they are subject to long working hours. To that end, we set earlier deadlines for accepting TA-Q-BIN deliveries, and we changed to a framework of five designated time slots for TA-Q-BIN deliveries, from six time slots previously. In addition, having revised our TA-Q-BIN basic fees in October 2017, we gained understanding and cooperation from many of our clients particularly in terms of having made progress in negotiating review of our rates with respect to our corporate clients, and adjusting shipping schedules per requests made to some of our large-lot corporate clients. We continue engaging in such dialogue with corporate clients with whom negotiations have been underway.

(iii) In the still growing e-commerce 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, and proceeded with offering a greater number of drop-off points for sending by collaborating with multiple flea market websites. During the fiscal year ended March 31, 2018, we have been taking steps to provide greater convenience to our customers. This has involved efforts such as collaborating with business operators who provide open platforms for e-commerce companies, and offering a service environment where customers who have purchased a product are able to specify either a business office of Yamato Transport Co., Ltd., a convenience store or an open-type parcel locker (PUDO) as a location for pick-up. This has also involved upgrading the "My Calendar" service of the "Kuroneko Members" service with the introduction of a new feature that enables customers to specify pick-up locations, in addition to their desired days of the week and time slots.

(iv) With respect to corporate clients, we have been accurately pinpointing managerial challenges and actively proposing solutions to address those challenges. Moreover, we have been working to boost profitability by making proposals that provide high added value using the Group's business resources. During the fiscal year ended March 31, 2018, we have promoted the use of our new "B2 Cloud" shipping label issuance service which operates using a cloud-based platform. Moreover, we have been working to provide new services that help e-commerce companies do business. For instance, we have been releasing to the public application programming interfaces (APIs) designed to facilitate convenient parcel pick-up and delivery, available through our "Yamato Business Members" service for corporate clients.

(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) The TA-Q-BIN unit price increased as a result of our having taken on adequate pricing initiatives that involved revising TA-Q-BIN basic fees and negotiating review of our rates with respect to our corporate clients. As a result, operating revenue amounted to 1,201,745 million yen, up 4.4% from the year-ago period. Operating profit has remained on a path to recovery from the third quarter onward amid increasing expenses largely as a consequence of promoting our focus on "reforming working styles." As a result, operating profit amounted to 6,758 million yen, up 19.9% from the year-ago period, for the fiscal year ended March 31, 2018.

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 e-commerce industry and others, we are offering one-stop services for various types of logistical support services in line with customer needs, including placing and accepting orders, visual monitoring of inventories for customers and enabling speedier shipments. During the fiscal year ended March 31, 2018, these operations generated favorable results due to factors that included an increased volume of existing services.

(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, 2018, results were firm due to an increase in use of such services among newly gained customers.

(iv) Operating revenue amounted to 121,939 million yen, up 12.2% from the year-ago period mainly due to favorable results from existing services for e-commerce business operators, and progress made in offering industry-specific solutions. Operating profit amounted to 4,087 million yen for the fiscal year ended March 31, 2018, up 0.4% from the year-ago period.

Home Convenience

(i) In the Home Convenience Business, we are working toward enabling customers to achieve greater convenience and comfort in their lives through lifetime lifestyle support businesses and corporate enterprise support business that draw on the Yamato Group's nationwide network.

(ii) With respect to individual customers, the Yamato Group operated a variety of services to assist in daily life such as the "Raku Raku Household TA-Q-BIN" service for delivering large furniture items and home appliances, moving-related services and "Comfortable Lifestyle Support Service" which aims to help customers resolve everyday inconveniences "inside the home." During the fiscal year ended March 31, 2018, we continued to take steps to achieve greater business volume with respect to our "Raku Raku Household TA-Q-BIN" service that makes it easy for customers to send large packages by linking up with flea market website applications, and we also aggressively forged ahead with efforts to increase sales of our "Comfortable Lifestyle Support Service."

(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. During the fiscal year ended March 31, 2018, we have steadily worked on receiving orders for office relocations.

(iv) Operating revenue amounted to 48,900 million yen, down 0.5% from the year-ago period mainly due to controls placed on workloads during the peak moving and relocation season as we promote our focus on "reforming working styles," and despite favorable results with respect to use of our "Raku Raku Household TA-Q-BIN" service and "Comfortable Lifestyle Support Service." Operating profit amounted to 522 million yen for the fiscal year ended March 31, 2018, down 51.4% from the year-ago period.

e-Business

(i) In the e-Business, the Yamato Group helps customers streamline their business processes and solve potential issues by proactively developing 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, 2018, use of this service increased particularly among our existing large-lot customers, against a backdrop that included e-commerce market growth.

(iii) For our customers who mainly make use of pamphlets, catalogs and other such promotional materials in their marketing activities, we have been developing our e-On Demand Solutions business which involves providing total solutions in terms of systems for ordering promotional products, warehouse storage, administration, delivery and other logistics functions, and printing. During the fiscal year ended March 31, 2018, use of such services increased among newly gained customers and existing customers.

(iv) Operating revenue amounted to 46,480 million yen, up 1.8% from the year-ago period mainly as a result of having achieved a greater volume of business in the “Web-based Shipment Control” and an increase in use of e-On Demand Solutions business among customers. Operating profit was 10,587 million yen, up 13.0% 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, “Kuroneko Pay After Delivery Services” and our e-money settlement services. During the fiscal year ended March 31, 2018, we provided a wide range of payment settlement services to our customers by promoting use of our “Kuroneko Web Collect” and “Kuroneko Pay After Delivery Services,” and concurrently worked to increase profitability. Moreover, we took steps to improve our services in the e-commerce market, which is poised for expansion going forward. This involved launching sales of our “Raku-uru Cart” service that helps business operators enter the e-commerce market, and providing one-stop options in terms of payment settlement, delivery support and shopping cart features.

(iii) In the lease services business, we have been generating favorable 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 82,981 million yen, up 6.4% from the year-ago period, mainly due to favorable results in the lease services business. Operating profit was 7,912 million yen, down 4.0% from the year-ago period, mainly due to a decline in delivery volume of our mainstay service “TA-Q-BIN Collect” in line with shrinking market for cash-on-delivery.

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, 2018, we took steps to expand sales by aggressively marketing out “Repairworks” services entailing periodic on-site customer visits.

(iii) Operating revenue amounted to 24,641 million yen, up 0.1% from the year-ago period largely as a result of an increase in the number of vehicles serviced. Operating profit was 4,141 million yen, up 26.5% from the year-ago period, mainly due to progress made with respect to streamlining business processes, particularly in terms of standardizing and enabling visual monitoring of our business operations.

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, 2018, service use grew steadily due to favorable results with respect to existing services.

(ii) Operating profit excluding dividends which Yamato Holdings Co., Ltd. received from the Group companies increased 3.2% from the year-ago period to 2,252 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, 2018, the entire Yamato Group including its overseas operations carried out the “Zero Accident Campaign,” and Yamato Transport Co., Ltd. held the “7th 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 3.00 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 240 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, 2018, we have been promoting our “combined passenger-cargo” operations using scheduled-route passenger buses and railways in the ten geographic regions of Iwate prefecture, Miyazaki prefecture, Hokkaido, Kumamoto prefecture, Hyogo

prefecture, Nagano prefecture, Wakayama prefecture, Tokushima prefecture, Gifu prefecture and Aichi prefecture thereby helping to improve lifestyle services for local residents both by keeping scheduled bus and railway networks running in hilly and mountainous areas where populations are substantially declining and getting older, and also by streamlining distribution in those locations. In February, we also initiated joint transport arrangements under our “combined passenger-cargo” operations in Miyazaki prefecture, in partnership with other transportation companies with the aim of further streamlining distribution. In addition, we have been continuously promoting efforts to achieve streamlining of logistics operations and realize next-generation logistics services at our Next Delivery SQUARE facility which assumes the role of providing collective delivery services and other aspects of logistics infrastructure within the Fujisawa Sustainable Smart Town (Fujisawa SST) community which opened in Kanagawa Prefecture’s Fujisawa City. Moreover, we engaged 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 2,087 such endeavors thus far.

(v) In order to earn the confidence of Yamato Group’s customers and society through acting as a company that forms an important part of social infrastructure, we have been promoting management in conformity with compliance and working on Group-wide initiatives with respect to “reforming working styles” through developing upbeat working environment which is more “employee-friendly” and “rewarding” for employees, such as promoting reviewing our management rules on working hours and creating new working styles for our employees.

(2) Issues to Be Addressed

In order to achieve sustainable growth, the Yamato Group will continuously 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 strengthening ESG, which is to say increasing employee satisfaction, strengthening both legal and financial governance, and pursuing CSR initiatives. When it comes to increasing employee satisfaction in particular, we will place utmost priority on “reforming working styles,” thereby practicing the Yamato Group founding principle of “inclusive management” by making “employee-friendly” and “rewarding” working environments a reality across the entire Yamato Group. To such ends, we will take action that includes securing workforce capacity by upgrading to more appealing personnel systems that attract a diverse range of talent, while also fostering employee pride and motivation through initiatives that entail re-establishing an educational system and adopting a performance evaluation scheme that facilitates an upbeat approach to work by rewarding employee independence and autonomy

(ii) With respect to “reforming working styles” of Yamato Transport Co., Ltd. which is at the core entity of the Group, we will persist with initiatives that include “improving and implementing thorough labor management” and “encouraging a work-life balance” through efforts geared to placing top priority on “heightening employee satisfaction by bringing about a working environment where employees can take an upbeat approach to work.” At

the same time, 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 operations, back-office and sorting operations, by linking systems with business operators and more swiftly setting up open-type parcel lockers, as well as promoting active use of cutting-edge technologies. Furthermore, we will strike a balance between expanding collection and delivery capacity and regaining profitability through our efforts currently underway with respect to “rebuilding our ‘last mile’ network to make it more efficient” and “carrying out continuous and adequate pricing initiatives.”

(iii) 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, as well as “Kansai Gateway” facility, which started its operation in November 2017. Meanwhile, 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.

(iv) In our business looking toward overseas markets, leveraging certifications under international standards pertaining to chilled and frozen goods delivery services acquired by seven Yamato Group companies, we have been actively promoting efforts to build cross-border networks that provide substantial added value. In responding to the growth of cross-border logistics, we will continue working to forge collaboration among five regions, Japan, East Asia, South East Asia, Europe and the Americas, while strengthening our capabilities in each geographic region.

(v) With the aim of enhancing our management foundations, we will incorporate cutting-edge digital technologies as we create new businesses and bring about evolution and innovation of our existing ones. In addition, to heighten our “capacity to generate earnings” leveraging the collective strengths of the Group, we will reform the structure of Group management and upgrade to a management system that combines three components: accounts management, managerial accounting, and human resources (performance evaluation).

(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	FY2015 150th	FY2016 151st	FY2017 152nd	FY2018 153rd
Operating revenue	1,396,708	1,416,413	1,466,852	1,538,813
Profit attributable to owners of parent	37,533	39,424	18,053	18,231
Basic earnings per share (Yen)	90.41	96.45	45.37	46.24
Total assets	1,082,531	1,089,436	1,114,672	1,115,433
Net assets	571,199	543,855	545,559	557,586
Net assets per share (Yen)	1,368.66	1,349.56	1,367.51	1,395.74

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	FY2015 150th	FY2016 151st	FY2017 152nd	FY2018 153rd
TA-Q-BIN	1,622	1,731	1,867	1,836
Kuroneko DM-Bin	1,901	1,536	1,542	1,464

(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,
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 2018 totaled 71,509 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 (3,125 units)	13,687
		New Konan Building	3,253
		Kansai Gateway	1,662
BIZ-Logistics	Yamato Logistics Co., Ltd.	New facility in Keihinjima	1,423
Financial	Yamato Lease Co., Ltd.	Purchase of vehicles for leasing	32,308

(7) Financing Activities

Not applicable.

(8) Principal Creditors

(Millions of yen)

Creditors	Outstanding borrowing
Mizuho Bank, Ltd.	40,100
Sumitomo Mitsui Banking Corporation	37,990
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	29,010

Notes: 1. The above refers to ongoing credit in the Financial segment.
2. On April 1, 2018, The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd.

(9) Employees

(Persons)

Business area	Number of employees	Changes from previous fiscal year-end
Delivery	191,433	10,717
BIZ-Logistics	6,253	291
Home Convenience	4,937	(130)
e-Business	4,890	304
Financial	828	(23)
Autoworks	2,176	12
Other	2,579	141
Total	213,096	11,312

Note: The above numbers include 119,562 part timers (a year-on-year increase of 8,515).

(10) Vehicles

(Units)

Business area	Number of vehicles	Changes from previous fiscal year-end
Delivery	45,580	222
BIZ-Logistics	944	(14)
Home Convenience	1,966	(79)
e-Business	143	10
Financial	671	6
Autoworks	777	32
Other	1,060	169
Total	51,141	346

(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.	(Millions of 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.	(Millions of yen) 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

Business area	Company	Capital stock	Ownership	Principal business activities
		(Millions of yen)	(%)	
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 nonlife insurance
Other	YAMATO BOX CHARTER CO., LTD	400	100.00	Transportation service, box charter business
	YAMATO (CHINA) CO., LTD	(Millions of RMB) 50	100.00	Management of regional operations in East Asia, business development and market research
	YAMATO INVESTMENT (HONG KONG) LIMITED	(Millions of HK$) 691	100.00	Management of regional operations in East Asia, business development and market research
	YAMATO ASIA PTE. LTD.	(Millions of S$) 352	100.00	Management of regional operations in Southeast Asia, business development and market research

Note: As of April 1, 2018, Yamato Multi-Maintenance Solutions Co., Ltd. ceases to exist upon absorption-type merger having been carried out with Yamato Logistics Co., Ltd., the surviving company.

Note: The status of a specified wholly owned subsidiary company as of March 31, 2018 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	538,306

(12) Major Offices

Business area	Company	Head office location	Number of offices (stores)
Delivery	Yamato Transport Co., Ltd.	Chuo-ku, Tokyo	7,188
	Okinawa Yamato Transport Co., Ltd.	Itoman City, Okinawa	39
	Yamato Global Express Co., Ltd.	Minato-ku, Tokyo	300
BIZ-Logistics	Yamato Logistics Co., Ltd.	Chuo-ku, Tokyo	96
	Yamato Global Logistics Japan Co., Ltd.	Chuo-ku, Tokyo	34
	Yamato Multi-Maintenance Solutions Co., Ltd.	Chuo-ku, Tokyo	17
	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	175
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	64
Autoworks	Yamato Autoworks Co., Ltd.	Chuo-ku, Tokyo	109
Other	Yamato Holdings Co., Ltd.	Chuo-ku, Tokyo	1
	YAMATO BOX CHARTER CO., LTD	Chuo-ku, Tokyo	58
	YAMATO (CHINA) CO., LTD	Shanghai, China	1
	YAMATO INVESTMENT (HONG KONG) LIMITED	Hong Kong	1
	YAMATO ASIA PTE. LTD.	Singapore	1

Note: As of April 1, 2018, Yamato Multi-Maintenance Solutions Co., Ltd. ceases to exist upon absorption-type merger having been carried out with Yamato Logistics Co., Ltd., the surviving company.

2. Overview of Shares (As of March 31, 2018)

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

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

(3) Number of Shareholders: 39,593 persons

(4) Principal Shareholders

Shareholders	Number of shares owned	Ownership percentage
	(Thousands of shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	41,711	10.58
Japan Trustee Services Bank, Ltd. (Trust Account)	24,644	6.25
Yamato Employees' Shareholding Association	19,610	4.97
JPMorgan Chase Bank, N.A. 380055	17,074	4.33
Nippon Life Insurance Company	14,770	3.75
Meiji Yasuda Life Insurance Company	14,314	3.63
Mizuho Bank, Ltd.	11,747	2.98
Yamato Trading-Partner Shareholding Association	8,610	2.18
State Street Bank and Trust Company 505223	8,556	2.17
Japan Trustee Services Bank, Ltd. (Trust Account 5)	6,344	1.61

Notes: 1. The Company holds 17,064,197 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, Senior Managing Executive Officer	Hitoshi Kanamori	Coordinator-General of Management Strategy, Global Business Strategy, IT Strategy, Key Account Management
Director, Executive Officer	Yutaka Nagao	Representative Director, President and Executive Officer of Yamato Transport Co., Ltd.
Director	Toshitaka Hagiwara	Adviser of Komatsu Ltd. Outside Director of Zensho Holdings Co., Ltd. Outside 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 Stanley Electric Co., Ltd. Outside Audit & Supervisory Board Member of Kirin Holdings Company, Limited
Director	Mariko Tokuno	Outside Director of Happinet Corporation Outside Director of Mitsubishi Materials Corporation
Full-time Audit & Supervisory Board Member	Kazuko Takahara	
Full-time Audit & Supervisory Board Member	Etsuo Ogawa	
Audit & Supervisory Board Member	Hiroyuki Kanae	Attorney at law
Audit & Supervisory Board Member	Takashi Yamashita	Representative of Takashi Yamashita CPA Office Outside Director of Shin Nippon Biomedical Laboratories, Ltd.

Notes:
1. Toshitaka Hagiwara, Masakatsu Mori and Mariko Tokuno serve as Outside Directors.
2. Hiroyuki Kanae and Takashi Yamashita 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. Hiroyuki Kanae, Audit & Supervisory Board Member, is conversant with corporate legal affairs as an attorney and possesses considerable insight into finance and accounting related matters.
6. Takashi Yamashita, Audit & Supervisory Board Member, is a qualified Certified Public Accountant and Tax Accountant, and possesses considerable insights into finance and accounting related matters.
7. On June 23, 2017, Masakatsu Mori, Director, resigned as Board of Director of SKY Perfect JSAT Holdings Inc.
8. There are no significant relationships between the Company and the other organizations where concurrent positions are held by Outside Directors and Outside Audit & Supervisory Board Members.

9. On April 1, 2018, there were changes in responsibilities and important concurrent positions at other organizations as follows:

Position	Name	Responsibilities and important concurrent positions at other organizations
Representative Director and Chairman	Makoto Kigawa	Outside Director of Komatsu Ltd.
Representative Director, Vice President and Executive Officer	Haruo Kanda	
Representative Director, Vice President and Executive Officer	Hitoshi Kanamori	

(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, Mariko Tokuno, 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	8	314	Including 39 million yen for 3 Outside Directors
Audit & Supervisory Board Members	5	70	Including 22 million yen for 3 Outside Audit & Supervisory Board Members
Total	13	384	

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

During the fiscal year ended March 31, 2018, total remuneration received from subsidiaries of the Company by outside officers acting as officers amounted to 2 million yen.

3) Policies Related to Methods for Calculation and Determination of Officer Remuneration

To ensure the objectivity and transparency of policies for determining officer remuneration, deliberations are conducted through the Nomination and Compensation Committee, more than half of whose members are outside directors, with the Board of Directors making resolutions. Director remuneration comprises fixed remuneration that reflects external standards and performance-based amounts. In addition, a certain percentage of their remuneration is allocated to purchase shares of Company through the Officers and Executives' Shareholding Association.

The remuneration of Audit & Supervisory Board Members and outside officers is fixed in keeping with the nature of their work.

(4) Outside Officers

Principal Activities

Position	Name	Principal activities
Director	Toshitaka Hagiwara	Attended 17 of 18 meetings of the Board of Directors held in fiscal 2018, 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 18 meetings of the Board of Directors held in fiscal 2018, 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	Mariko Tokuno	Attended all 14 meetings of the Board of Directors held after June 23, 2017 when she was appointed as Director, and provided necessary comments and advice on overall management as appropriate from her perspective as a manager with rich experience and profound critical insight.
Audit & Supervisory Board Member	Hiroyuki Kanae	Attended all 18 meetings of the Board of Directors held in fiscal 2018, and offered necessary comments based on his expertise and rich experience as an international attorney. Furthermore, he attended all 20 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.
Audit & Supervisory Board Member	Takashi Yamashita	Attended 11 of 14 meetings of the Board of Directors held after June 23, 2017 when he was appointed as Audit & Supervisory Board Member, and offered necessary comments based on his expertise and rich experience in finance and accounting. Furthermore, he attended all 14 meetings of the Audit & Supervisory Board held after that day 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.

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	220
(2) Remuneration other than (1)	27
(3) Remuneration to be paid to the Accounting Auditor by the Company and subsidiaries	248

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 advisory services for the enhancement of the administrative framework of its subsidiaries as non-audit services outside the scope of services prescribed in the Certified Public Accountant Act, Article 2, Paragraph 1.

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 Business 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 business 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 business operation of the Company and each Group company, the Company has established the “Group Corporate Philosophy” 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 businesses 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 “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 businesses 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 businesses 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. 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 risk management, 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 risk status at each Group company in a timely manner.

   iv. The Company shall establish an internal audit division to 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 business operation 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 Stances” 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 the proper business operation of the corporate group consisting of the Company and its subsidiaries

i. To ensure the proper business operation of the Company and each Group company, the Company shall establish “Group Corporate Philosophy.” The Company and each Group company shall formulate their company rules and execute business operations 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 businesses 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 operations 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 status of business operation, and provide necessary opinions.

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 Business Operations

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

1) Execution of duties by directors

The Board of Directors holds 18 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 each Group company.

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

The Company and each Group company 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 each Group company, 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.

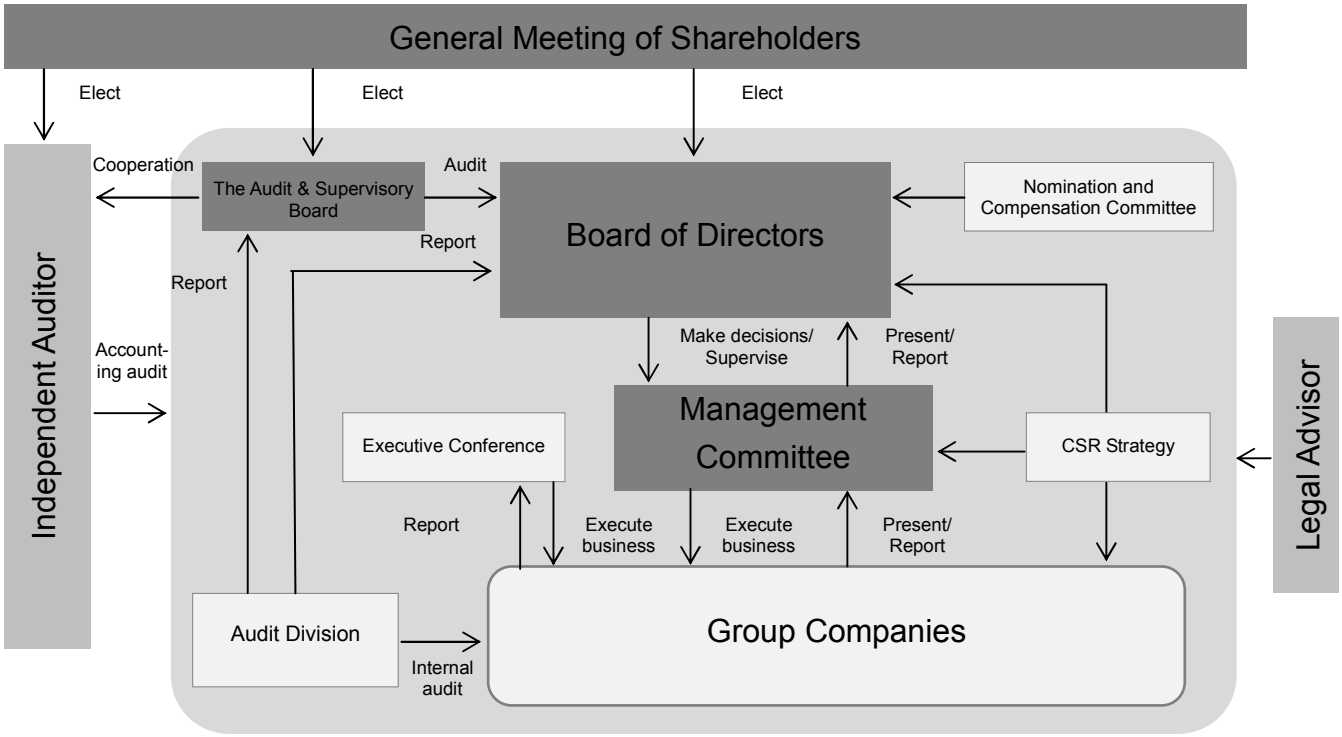
4) Audit structure

Company employees in charge of audits and departments of major Group companies in charge of internal audits respectively check to make sure that business 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 each Group company 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.

[Reference]

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



(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, 2018)

(Millions of yen)

Assets		Liabilities	
Current assets	**578,880**	**Current liabilities**	**395,037**
Cash and deposits	204,422	Notes and accounts payable - trade	155,323
Notes and accounts receivable - trade	224,099	Short-term loans payable	66,952
Accounts receivable - installment	46,692	Current portion of bonds	10,000
Lease investment assets	52,641	Lease obligations	2,239
Inventories	2,815	Income taxes payable	11,019
Deferred tax assets	19,245	Deferred installment income	5,900
Other	30,328	Provision for bonuses	33,208
Allowance for doubtful accounts	(1,365)	Other	110,392
Non-current assets	**536,553**	**Non-current liabilities**	**162,809**
Property, plant and equipment	**405,057**	Bonds payable	10,000
Buildings and structures	138,447	Long-term loans payable	60,300
Machinery and equipment	21,835	Lease obligations	3,548
Vehicles	17,257	Deferred tax liabilities	4,650
Land	174,959	Net defined benefit liability	75,495
Leased assets	6,595	Other	8,814
Construction in progress	16,200	**Total liabilities**	**557,846**
Other	29,760		
Intangible assets	**20,131**	**Net assets**	
Software	17,259	**Shareholders' equity**	**541,821**
Other	2,872	Capital stock	127,234
Investments and other assets	**111,363**	Capital surplus	36,813
Investment securities	59,841	Retained earnings	416,854
Long-term loans receivable	2,978	Treasury shares	(39,081)
Lease deposits	17,391	**Accumulated other comprehensive income**	**8,486**
Net defined benefit asset	129	Valuation difference on available-for-sale securities	12,958
Deferred tax assets	28,340	Foreign currency translation adjustment	1,146
Other	3,730	Remeasurements of defined benefit plans	(5,618)
Allowance for doubtful accounts	(920)	**Non-controlling interests**	**7,279**
Allowance for investment loss	(126)	**Total net assets**	**557,586**
Total assets	**1,115,433**	**Total liabilities and net assets**	**1,115,433**

Consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Operating revenue	**1,538,813**
Operating cost	1,452,485
Operating gross profit	**86,327**
Selling, general and administrative expenses	50,642
Operating profit	**35,685**
Non-operating income	
Interest and dividend income	980
Other	1,615
	2,596
Non-operating expenses	
Interest expenses	271
Share of loss of entities accounted for using equity method	1,355
Other	569
	2,196
Ordinary profit	**36,085**
Extraordinary income	
Gain on sales of non-current assets	179
Gain on sales of investment securities	1,639
Other	3
	1,821
Extraordinary loss	
Loss on retirement of non-current assets	1,148
Impairment loss	3,241
Loss on valuation of investment securities	55
Provision of allowance for investment loss	126
Provision of allowance for doubtful accounts	136
Other	75
	4,783
Profit before income taxes	**33,123**
Income taxes-current	14,621
Income taxes-deferred	(186)
	14,435
Profit	**18,688**
Profit attributable to non-controlling interests	456
Profit attributable to owners of parent	**18,231**

Consolidated Statement of Comprehensive Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Profit	18,688
Other comprehensive income	
Valuation difference on available-for-sale securities	2,514
Foreign currency translation adjustment	1,569
Remeasurements of defined benefit plans, net of tax	0
Share of other comprehensive income of entities accounted for using equity method	(0)
Total other comprehensive income	4,084
Comprehensive income	22,772
(Breakdown)	
Comprehensive income attributable to owners of parent	21,779
Comprehensive income attributable to non-controlling interests	992

Consolidated Statement of Changes in Equity

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2017	127,234	36,813	409,270	(39,077)	534,241
Changes of items during period					
Dividends of surplus			(10,645)		(10,645)
Decrease in retained earnings owing to changes in scope of equity method application			(2)		(2)
Profit attributable to owners of parent			18,231		18,231
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	0	7,584	(4)	7,580
Balance as of March 31, 2018	127,234	36,813	416,854	(39,081)	541,821

(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, 2017	10,975	(422)	(5,614)	4,938	6,379	545,559
Changes of items during period						
Dividends of surplus						(10,645)
Decrease in retained earnings owing to changes in scope of equity method application						(2)
Profit attributable to owners of parent						18,231
Purchase of treasury shares						(4)
Disposal of treasury shares						0
Net changes of items other than shareholders' equity	1,983	1,569	(4)	3,548	899	4,447
Total changes of items during period	1,983	1,569	(4)	3,548	899	12,027
Balance as of March 31, 2018	12,958	1,146	(5,618)	8,486	7,279	557,586

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: 40

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 BOX CHARTER CO., LTD	YAMATO (CHINA) CO., LTD.
YAMATO INVESTMENT (HONG KONG) LIMITED	YAMATO ASIA PTE. LTD.	

YAMATO (CHINA) CO., LTD. is included in the scope of consolidation effective from the fiscal year under review, due to being newly established by the Company.
As of April 1, 2018, Yamato Multi-Maintenance Solutions Co., Ltd. ceases to exist upon absorption-type merger having been carried out with Yamato Logistics Co., Ltd., the surviving company.

2) Non-consolidated Subsidiaries, etc.

CKE TRANSPORT AGENCY SDN.BHD. 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: 16

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 SCG YAMATO EXPRESS CO., LTD. and one other company, largely due to their increased materiality.

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

Entities not subject to the equity method such as CKE TRANSPORT AGENCY SDN.BHD. 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 ten overseas subsidiaries have December 31 as their financial year end. Financial statements as of this closing date were used in the preparation of the consolidated financial statements. However, the consolidated figures have been adjusted as required to reflect significant transactions occurring between December 31, 2017 and March 31, 2018 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.
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.

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 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 consolidated subsidiaries.

5) Method of Accounting for Retirement Benefits

i. Method of attributing expected retirement benefit to periods

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

ii. Method of recognizing actuarial differences

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

iii. Method of accounting for unrecognized actuarial difference

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

6) Basis of Revenue Recognition

Deferred installment income

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

7) Method of Significant Hedge Accounting

i. Method of hedge accounting

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

ii. Hedging instrument and hedged item

Hedging instrument: Interest rate swaps
Hedged item: Interest on loans

iii. Hedging policy

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

iv. Method of evaluating hedge effectiveness

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

8) Accounting for Consumption Taxes

The consumption taxes are excluded from transaction amounts.

2. Notes to the Consolidated Balance Sheet

Accumulated Depreciation of Property, Plant and Equipment: 493,289 million yen

3. 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., Miyagi Regional Branch (Sendai City, Miyagi) and fourteen other premises	3,241

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., Miyagi Regional Branch and fourteen other premises, and it decreased the book value of the relevant asset group to the recoverable value and posted the relevant decrease of 3,241 million yen to extraordinary loss as an impairment loss.

A breakdown of this decrease shows that 1,326 million yen was attributable to land, 1,074 million yen was attributable to buildings and structures and 530 million yen was attributable to software.

If the recoverable value of such asset group is calculated based on value in use, the amount is valued by discounting future cash flows with a discount ratio of 5.26%. 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.

4. 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 (Note)	17,062	1	0	17,064
Total	17,062	1	0	17,064

Note: The increase of one thousand shares of treasury shares of common shares resulted from an increase of one thousand shares due to the purchase of shares less than one unit.
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 17,2017	Common shares	5,519	14	March 31, 2017	June 2, 2017
The Board of Directors Meeting on October 31, 2017	Common shares	5,125	13	September 30, 2017	December 8, 2017

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, 2018	Common shares	5,519	Retained earnings	14	March 31, 2018	June 6, 2018

5. 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. Most loans payable are procured at fixed rates of interest.

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, 2018, 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	204,422	204,422	–
(2) Notes and accounts receivable - trade	224,099		
Allowance for doubtful accounts	(112)		
	223,986	223,780	(205)
(3) Accounts receivable - installment	46,692		
Allowance for doubtful accounts	(754)		
Deferred installment income	[5,900]		
	40,038	45,781	5,743
(4) Investment securities			
Available-for-sale securities	34,217	34,217	-
Shares of subsidiaries and associates	13,591	21,258	7,667
(5) Notes and accounts payable - trade	[155,323]	[155,323]	-
(6) Short-term loans payable	[66,952]	[66,966]	13
(7) Long-term loans payable	[60,300]	[60,282]	(17)

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.

(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 and long-term loans payable is computed as the present value on the basis of the total amount of principal and interest discounted at the interest rate applicable to new loans carrying the same conditions.

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	6,411
Available-for-sale securities	5,620

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.

6. Per Share Information

(1) Net assets per share 1,395.74 yen
(2) Basic earnings per share 46.24 yen

Non-consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Assets		Liabilities	
Current assets	**161,730**	**Current liabilities**	**146,590**
		Operating accounts payable	839
Cash and deposits	102,553	Short-term loans payable	25,000
Operating accounts receivable	51	Current portion of bonds	10,000
Short-term loans receivable	54,720	Income taxes payable	181
Deferred tax assets	288	Accrued expenses	93
Income taxes receivable	3,595	Deposits received	110,067
Other	520	Provision for bonuses	87
		Other	321
Non-current assets	**376,576**	**Non-current liabilities**	**33,302**
Property, plant and equipment	**6,591**	Bonds payable	10,000
Vehicles	10	Long-term loans payable	20,000
Buildings	700	Deferred tax liabilities	3,084
Tools, furniture and fixtures	29	Provision for retirement benefits	72
Land	5,840	Other	144
Other	10		
		Total liabilities	**179,893**
		Net assets	
Intangible assets	**395**	**Shareholders' equity**	**349,156**
Software	392	Capital stock	127,234
Other	2	Capital surplus	36,822
		Legal capital surplus	36,822
		Other capital surplus	0
Investments and other assets	**369,589**	Retained earnings	224,181
Investment securities	25,505	Other retained earnings	224,181
Shares of subsidiaries and associates	325,867	General reserve	188,965
Long-term loans receivable	27,501	Retained earnings brought forward	35,215
Other	114	Treasury shares	(39,081)
Allowance for investment loss	(9,399)		
		Valuation and translation adjustments	**9,256**
		Valuation difference on available-for-sale securities	9,256
		Total net assets	**358,413**
Total assets	**538,306**	**Total liabilities and net assets**	**538,306**

Non-consolidated Statement of Income

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

Operating revenue	**27,384**
Selling, general and administrative expenses	10,044
Operating profit	**17,340**
Non-operating income	
Interest and dividend income	991
Other	81
	1,072
Non-operating expenses	
Interest expenses	86
Other	60
	146
Ordinary profit	**18,266**
Extraordinary income	
Gain on sales of investment securities	1,570
	1,570
Extraordinary loss	
Provision of allowance for investment loss	4,072
Other	188
	4,260
Profit before income taxes	**15,575**
Income taxes - current	392
Income taxes - deferred	(20)
	372
Profit	**15,203**

Non-consolidated Statement of Changes in Equity

(From April 1, 2017 to March 31, 2018)

(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, 2017	127,234	36,822	0	36,822	188,965	30,657
Changes of items during period						
Dividends of surplus						(10,645)
Profit						15,203
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	–	4,557
Balance as of March 31, 2018	127,234	36,822	0	36,822	188,965	35,215

(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, 2017	219,623	(39,077)	344,603	8,561	353,164
Changes of items during period					
Dividends of surplus	(10,645)		(10,645)		(10,645)
Profit	15,203		15,203		15,203
Purchase of treasury shares		(4)	(4)		(4)
Disposal of treasury shares		0	0		0
Net changes of items other than shareholders' equity				694	694
Total changes of items during period	4,557	(4)	4,553	694	5,248
Balance as of March 31, 2018	224,181	(39,081)	349,156	9,256	358,413

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
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, 2018.

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. Notes to the Non-consolidated Balance Sheet

(1)	Accumulated depreciation of property, plant and equipment:	440 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:	267 million yen
	iii. Joint and several guarantee for debt financing:	169 million yen
(3)	Loans receivable from, and loans payable to, subsidiaries and associates	
	Short-term loans receivable:	55,047 million yen
	Long-term loans receivable:	26,558 million yen
	Short-term loans payable:	110,312 million yen

4. Notes to the Non-consolidated Statement of Income

Transaction with subsidiaries and associates:	Operating revenue	27,354 million yen
	Operating expenses	1,661 million yen
	Non-operating transactions	353 million yen

5. 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 (Note)	17,062	1	0	17,064

Note: The increase of one thousand shares of treasury shares of common shares resulted from an increase of one thousand shares due to the purchase of shares less than one unit.

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.

6. Notes to Tax Effect Accounting

Detailed deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets (current assets)		
Provision for bonuses		26
Accrued enterprise tax		36
Loss carried forward		211
Other		13
Deferred tax assets (current assets)	**Total**	288
Deferred tax assets (non-current assets)		
Provision for retirement benefits		22
Loss on valuation of investment securities		1,251
Shares of subsidiaries and associates		37,143
Loss carried forward		1,011
Other		2,959
Deferred tax assets (non-current assets)	**Subtotal**	42,388
Allowance for devaluation		(42,338)
Deferred tax assets (non-current assets)	**Total**	49
Deferred tax liabilities (non-current liabilities)		
Valuation difference on available-for-sale securities		(3,105)
Other		(29)
Deferred tax liabilities (non-current liabilities)	**Total**	**(3,134)**
Net deferred tax assets (liabilities)		**(2,796)**

7. 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 3 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%	Concurrent 1 person	Executive management
Subsidiaries	Yamato System Development Co., Ltd.	Koto-ku, Tokyo	1,800	System development	Direct holdings 100.00%	Concurrent 3 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 Lease Co., Ltd.	Toshima-ku, Tokyo	30	General lease services	Direct holdings 100.00%	None	Executive management Loans for funding
Subsidiaries	Yamato Autoworks Co., Ltd.	Chuo-ku, Tokyo	30	Vehicle management service business	Direct holdings 100.00%	Concurrent 2 persons	Executive management
Subsidiaries	YAMATO INVESTMENT (HONG KONG) LIMITED	Hong Kong	(Millions of HK$) 691	Management of regional operations in Southeast Asia, business development and market research	Direct holdings 100.00%	None	Management of regional operations in Southeast Asia, business development and market research

(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	4,997	—	—
		Loans for working capital	26,000	Short-term loans receivable Long-term loans receivable	16,265 12,836
		Repayment of loans for capital funding	11,002		
		Repayment of working capital	5,784		
		Receipt of interest	90		
		Funding	8,401	Deposits received	39,447
		Payment of interest	4		
Subsidiaries	Yamato Global Express Co., Ltd.	Funding	425	Deposits received	6,159
		Payment of interest	0		
Subsidiaries	Yamato System Development Co., Ltd.	Funding	3,302	Deposits received	13,985
		Payment of interest	1		
		Payment of system operation and maintenance costs	1,112	Operating accounts payable	180
Subsidiaries	Yamato Financial Co., Ltd.	Funding	(10,718)	Deposits received	27,942
		Payment of interest	1		
Subsidiaries	Yamato Lease Co., Ltd.	Loans for working capital	42,982	Short-term loans receivable Long-term loans receivable	32,982 10,000
		Receipt of interest	23		
Subsidiaries	Yamato Autoworks Co., Ltd.	Funding	1,045	Deposits received	6,403
		Payment of interest	0		
Subsidiaries	YAMATO INVESTMENT (HONG KONG) LIMITED	Acquisition of new shares	9,310	—	—

Notes: 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) System operation and maintenance costs are determined through mutual consultation in the same way as for general transactions.
4) The amount of “Funding” records the net gain or loss during the period.
5) Of loans for working capital to Yamato Lease Co., Ltd., the dealing amount of short-term loans receivable records the net amount of increase or decrease during the period.

8. Per Share Information

(1) Net assets per share 909.04 yen
(2) Basic earnings per share 38.56 yen

(TRANSLATION)

Audit Report of Accounting Auditor on Consolidated Financial Statements

Independent Auditors' Report

May 4, 2018

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, 2017 to March 31, 2018, 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 4, 2018

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 153rd business year from April 1, 2017 to March 31, 2018, 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 153rd business year from April 1, 2017 to March 31, 2018, 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 11, 2018

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	Hiroyuki Kanae	(seal)
Outside Audit & Supervisory Board Member	Takashi Yamashita	(seal)

Access to the Venue

Date and time: **Thursday, June 28, 2018, 10:00 a.m. (The reception desk will open at 9:00 a.m.)**

Location: **B1F Hall, Belle Salle Shiodome,**
Sumitomo Realty & Development Shiodome Hamarikyu Building
21-1, Ginza 8-chome, Chuo-ku, Tokyo

TEL: **03-3541-4141**

Please note that the venue of the 153rd Ordinary General Meeting of Shareholders has been changed from last year.

JR Line: Shimbashi Station
15 minutes walk from Shimbashi Station (Shiodome Exit or Karasumori Exit)

Toei Asakusa Line: Shimbashi Station
15 minutes walk from the Exit for JR Shimbashi Station and Shiodome district.

Tokyo Metro Ginza Line: Shimbashi Station
15 minutes walk from Shimbashi Station (Exit 4)

Toei Oedo Line: Shiodome Station
10 minutes walk from the Exit for JR Shimbashi Station

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