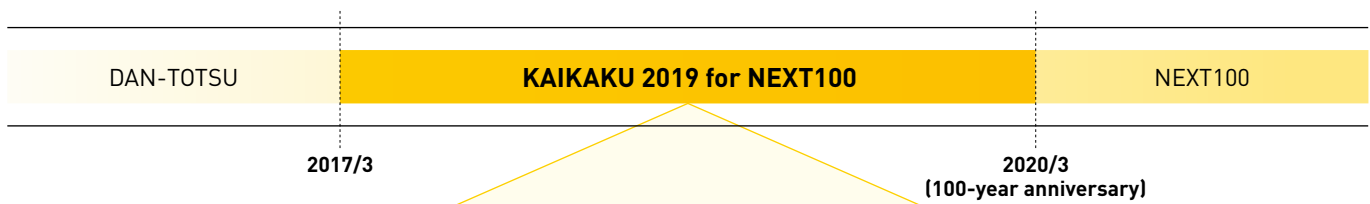
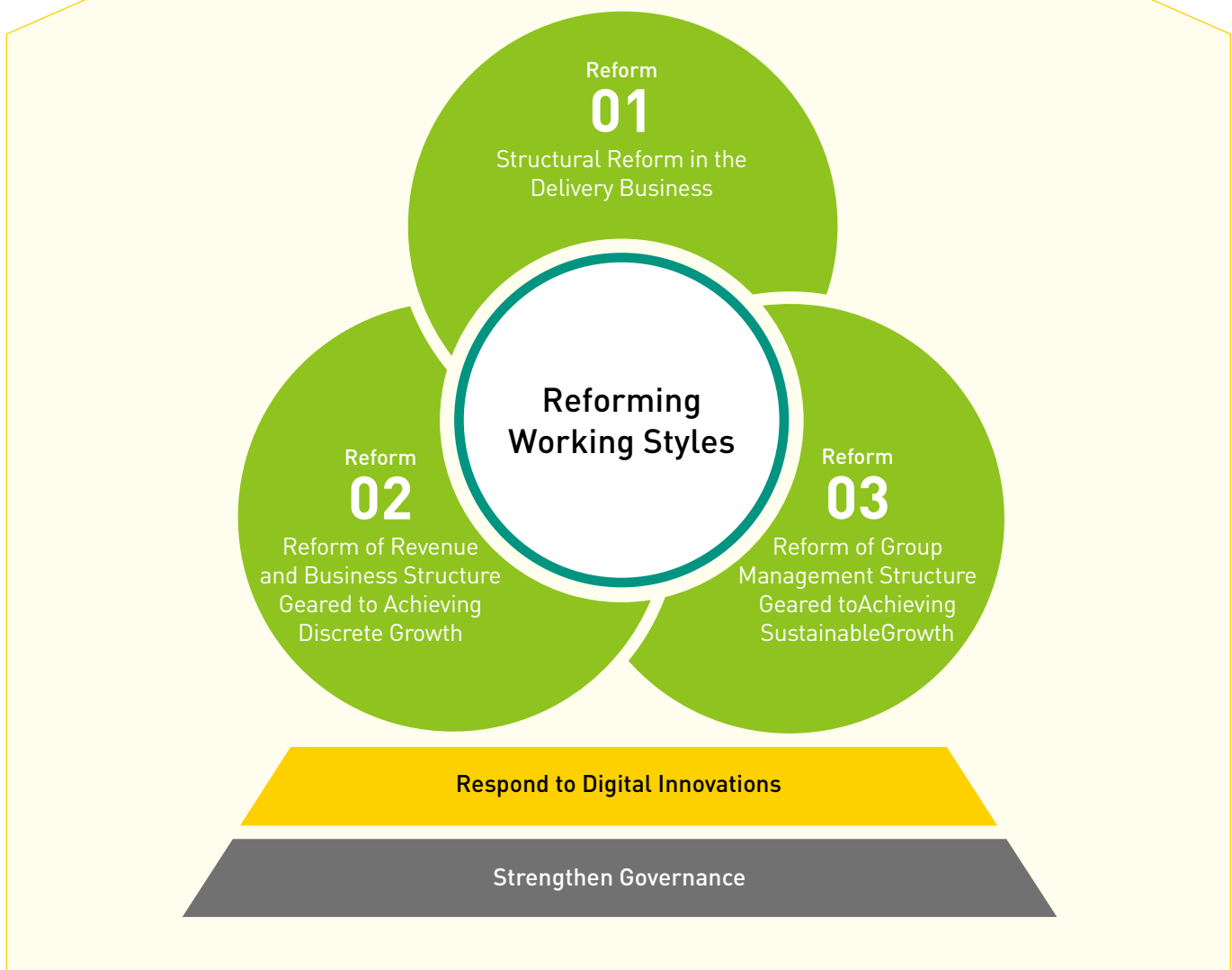


The Yamato Group's New Medium-Term Management Plan “KAIKAKU 2019 for NEXT100”

In September 2017, the Yamato Group announced its new medium-term management plan “KAIKAKU 2019 for NEXT100.” In November 2019, the Group will celebrate its 100-year anniversary, which it views as a major milestone. Looking beyond this milestone, the Group will strive to realize its aim of “Reforming Working Styles” as well as carrying out three major structural reforms. In doing so, the Group will reinforce a management foundation that will allow it to realize sustainable growth for the next 100 years.



Overview of “KAIKAKU 2019 for NEXT100”



Reforming Working Styles



➤ Reforming Working Styles to Implement “Inclusive Management”

We will make the notion of “Reforming Working Styles” a matter of priority, thereby practicing “inclusive management,” a Yamato Group founding principle, by developing “employee-friendly” and “rewarding” working environments across the entire Yamato Group.

(1) Make new working styles a reality

- Drastically reduce total working hours
- Adopt personnel systems that enable working styles tailored to an individual's stage of life
- Develop programs that enable part-time employees (temporary and permanent) to enhance their abilities
- Promote work-life balance
- Enhance managerial assignments exhibiting greater care toward employees

Upgrade to an attractive personnel system that gathers together a diverse group of talent in order to secure workforce capacity

(2) Maximize “individual capabilities”

- Establish an educational system
- Set up a framework for leveraging the opinions of employees in management
- Encourage the active role of overseas, elderly, and female employees through the further promotion of diversity
- Realize an employment ratio for persons with disabilities of 2.5%

Enhance employee awareness of management planning; establish an environment that fosters employee pride and motivation

(3) Thoroughly streamline operations

- Expand open-type parcel lockers (PUDO*)
- Enhance efficiency of pickup and delivery operations through the 8th NEKO System
- Fully leverage technologies such as AI and robotics

Thoroughly reinforce operational efficiency, which provides the foundation for an employee-friendly workplace

* Pick Up & Drop Off station

Three Structural Reforms



➤ Reform 01: Structural Reform in the Delivery Business

By rebuilding our “last mile” network to make it more efficient and carrying out continuous and adequate pricing initiatives, we will strike a balance between expanding pickup and delivery capacity and regaining profitability.

- (1) Rebuild business structure to enable sustainable growth
- (2) Recover profit margins by implementing a pricing strategy and thoroughly streamlining operations
- (3) Develop foundations for businesses that can solve community issues

➤ Reform 02: Reform of Revenue and Business Structure Geared to Achieving Discrete Growth

Our “Value Networking” design combines value-added functions with the rapid transportation network. We aim to further develop this by organically linking our main core terminals, including *Haneda Chrono-gate*, the *Atsugi Gateway*, the *Chubu Gateway*, the *Kansai Gateway*, and the Okinawa International Logistics Hub *Okinawa Southern Gate*, to our cross-border network extending primarily throughout Asia.

- (1) Develop an industry-wide platform
- (2) Develop a cross-border platform
- (3) Promote an account management approach
- (4) Develop a platform for e-commerce (EC)

➤ Reform 03: Reform of Group Management Structure Geared to Achieving Sustainable Growth

To heighten our “capacity to generate earnings,” leveraging the collective strengths of the Group, we will pursue structural reforms throughout its organization and upgrade to a management system that combines three components: accounts management, managerial accounting, and human resources (performance evaluation).

Implement the following five reforms by transitioning from:

- (1) A “function-oriented organizational structure” to a “customer-oriented organizational structure”
- (2) “Individual optimization” to “overall optimization”
- (3) “Income and expenditure controls per vertically segmented organization unit” to “account management”
- (4) “Investment on a per-business function basis” to “forward-looking investment through an ‘R&D + D’ approach”
- (5) “Self-sufficiency” to an “open approach”

Strengthen Management Foundation



➤ Respond to Digital Innovations

The Group will incorporate cutting-edge digital technologies as it creates new businesses and evolves and innovates its existing ones. In addition, the Group will flexibly respond to the changing business environment by pushing forward with the introduction of groundbreaking business models in its existing businesses.

(1) Three-pronged “R&D + D” strategy

- Develop and use a Kuroneko big data approach
- Use a corporate venturing approach
- Promptly identify business models that can bring about disruptive innovation, and draw up action plans in that regard

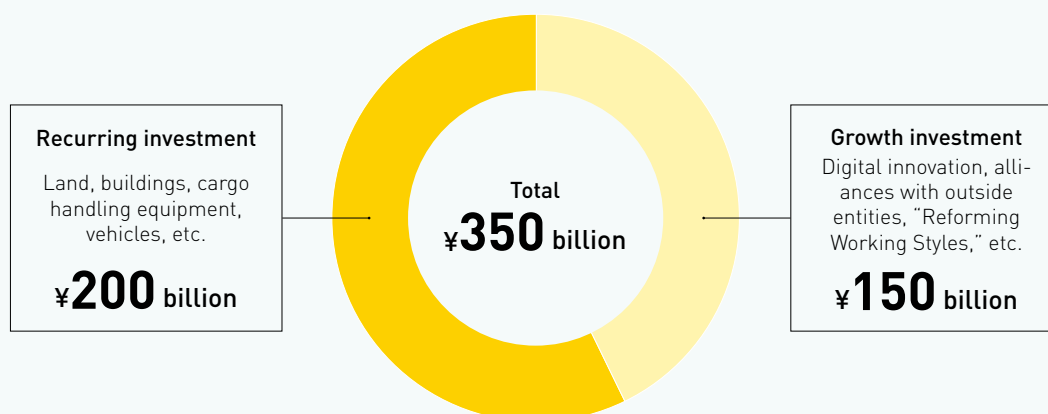
(2) Established Yamato Digital Innovation Center (YDIC) in April 2017

➤ Strengthen Governance

Amid progressing globalization, we will upgrade to a governance structure befitting of a global corporation and strengthen our risk management.

Key Management Indicators

Proactive Investments



Targets

Consolidated operating revenue	Consolidated operating profit	Consolidated operating margin	ROE
2017/3 (actual result) ¥1,466.8 billion	2017/3 (actual result) ¥34.8 billion	2017/3 (actual result) 2.4%	2017/3 (actual result) 3.4%
✓ +¥203.1 billion (+13.8%)	✓ +¥37.1 billion (+106.4%)	✓ +1.9 percentage points	✓ +4.3 percentage points
2020/3 (plan) ¥1,670.0 billion	2020/3 (plan) ¥72.0 billion	2020/3 (plan) 4.3%	2020/3 (plan) 7.7%