Settlement of Accounts Meeting for the First Nine Months of Fiscal Year Ending March 31, 2017

January 31, 2017

YAMATO HOLDINGS CO., LTD.

1. Highlight

YAMATO HOLDINGS CO., LTD.

Nine Months FY2017 Results Main Points

- In 3Q FY2017, operating revenue increased by ¥33.8 billion YoY. With respect to the Delivery Business, the increase was due to an increase in TA-Q-BIN delivery volume which was primarily due to growth in the mail order market and growth of the "TA-Q-BIN Compact" and "Nekopos" services that largely stemmed from business via flea market websites. With respect to the non-delivery businesses, the increase was primarily due to firm results from existing services.
- Operating income decreased by ¥4.0 billion YoY. The decrease was primarily attributable to factors in the Delivery Business which included high costs incurred for securing workforce capacity to handle higher operating volume amid a tightening labor market, and also attributable to higher expenses incurred due to external factors such as a higher size-based enterprise tax.

Trends of Delivery Business

- TA-Q-BIN delivery volume increased by 8.3% YoY. The increase was due to growth in delivery volume primarily involving large-lot mail-order business operators, and also due to an increase in delivery volume of the "TA-Q-BIN Compact" and "Nekopos" services largely stemming from business via flea market websites which drive expansion of the C2C market. Unit price decreased by 3.6% YoY due to a shift in the product mix.
- Kuroneko DM-Bin volume was largely unchanged, at a 0.3% decrease YoY, despite a sluggish market and adverse effects of the competitive landscape, largely due to an increase in deliveries from existing large-lot customers. Unit price decreased by 1.8% YoY.

Trends of Non-Delivery Business

- **BIZ-Logistics Business**: Despite progress made in expanding sales of business-to-business logistics related services, revenue and income decreased due to lackluster results in overseas transport services and a decrease in business involving product recalls.
- **Home Convenience Business**: Despite favorable results with respect to use of the "Comfortable Lifestyle Support Service," revenue and income decreased due to a decrease in business involving product recalls and the impact of a shrinking market for energy equipment for home use and other factors.
- **e-Business**: Using work speed and quality as strategic resources, revenue and income increased due to strong results from existing services, including extended sales of "setup and logistics services" geared toward mobile virtual network operators.
- **Financial Business**: Revenue increased amid strong results from the lease business, but income decreased due to lackluster results from our mainstay TA-Q-BIN Collect business.
- **Autoworks Business**: The number of vehicles serviced increased, however, revenue and income decreased due to the negative effect of lower unit prices on fuel sales.

[Results main points]

(1) In the nine months ended December 31, 2016, revenue increased but income decreased; operating revenue and operating income amounted to ¥1,118.1 billion and ¥58.0 billion, respectively.

(2) Operating revenue (YoY ↑ ¥33.8 billion)

Delivery Business: Delivery volume involving large-lot mail-order business operators increased, and delivery volume of the "TA-Q-BIN Compact" and "Nekopos" services also increased largely stemming from business via flea market websites which drive expansion of the C2C market.

Non-delivery businesses: Non-delivery business results were firm primarily from existing services such as business-to-business logistics service, despite lackluster performance in trading logistics and other overseas transport services and a decrease in business involving product recalls.

(3) Operating income (YoY ↓ ¥4.0 billion)

- Increased costs have been incurred to secure workforce capacity for handling greater-than-expected operating volumes primarily in the Delivery Business, and for maintaining service quality, amid an increasingly tightening labor market since entering 3Q.
- The decrease in income is attributable to a situation of parcel volume particularly concentrated in urban areas where securing labor capacity is difficult and further tightening of the labor market.
- Size-based enterprise tax and other external factors have been in line with forecasts (approx. ¥5.5 billion).

2. Overview of Operating Results

YAMATO HOLDINGS CO., LTD.

(Billions of Yen)		9 Months FY2017 Actual	9 Months FY2016 Actual	YoY Change Amount	YoY Change [%]
Operating revenues					
	Delivery	887.2	857.3	29.9	3.5
	Non-Delivery	230.8	226.9	3.8	1.7
	Total	1,118.1	1,084.2	33.8	3.1
Operating income		58.0	62.1	(4.0)	(6.5)
	[Profit margin]	5.2%	5.7%	-	-
Ordinary income		58.2	63.1	(4.8)	(7.7)
	[Profit margin]	5.2%	5.8%	-	-
Profit attributable to owners of parent		35.7	38.1	(2.4)	(6.3)
	[Profit margin]	3.2%	3.5%	-	-

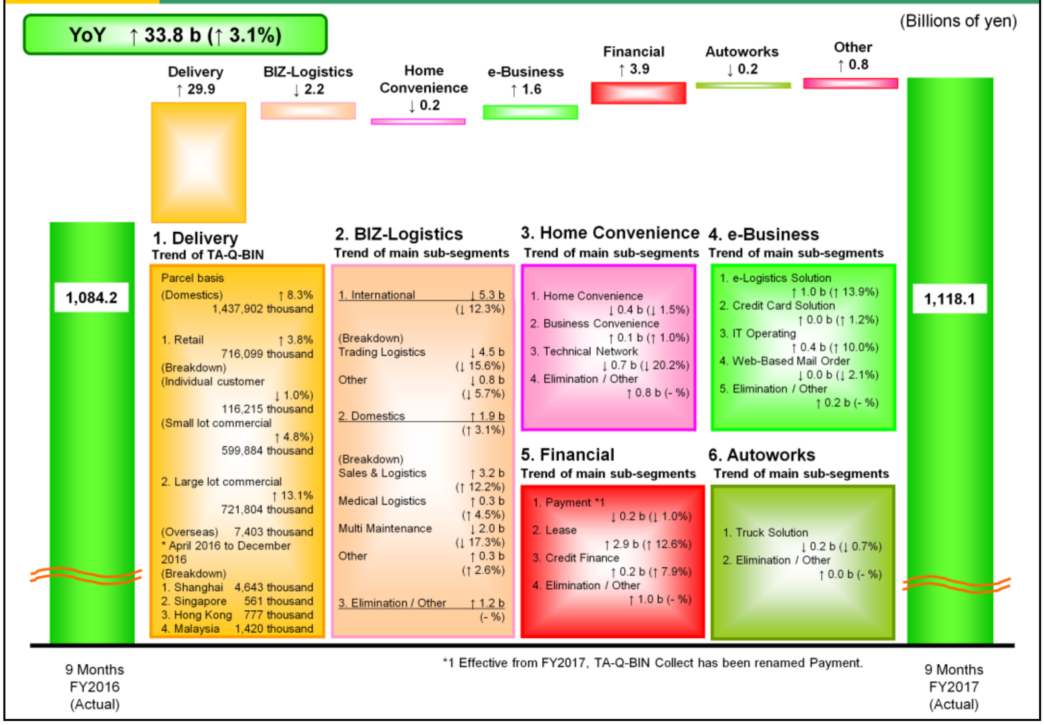
[Operating results in the nine months ended December 31, 2016]

(1) Nothing noteworthy has emerged in terms of non-operating income, non-operating loss, extraordinary income and extraordinary loss.

(2) Profit attributable to owners of parent was ¥35.7 billion.

3. YoY Analysis of Consolidated Operating Revenues

YAMATO HOLDINGS CO., LTD.



[Major factors of changes in revenues by segment]
Positive: Factors underpinning revenue gains; Negative: Factors underpinning revenue losses

(1) Delivery Business (Revenue increase, income decrease)
Positive: TA-Q-BIN delivery volume: ↑ 8.3%
(Retail: ↑ 3.8%; Large lot commercial: ↑ 13.1%); operating revenue: ↑ 4.3%
Increase in delivery volume particularly in urban areas.
Negative: Kuroneko DM-Bin volume: ↓ 0.3%; operating revenue: ↓ 3.3%

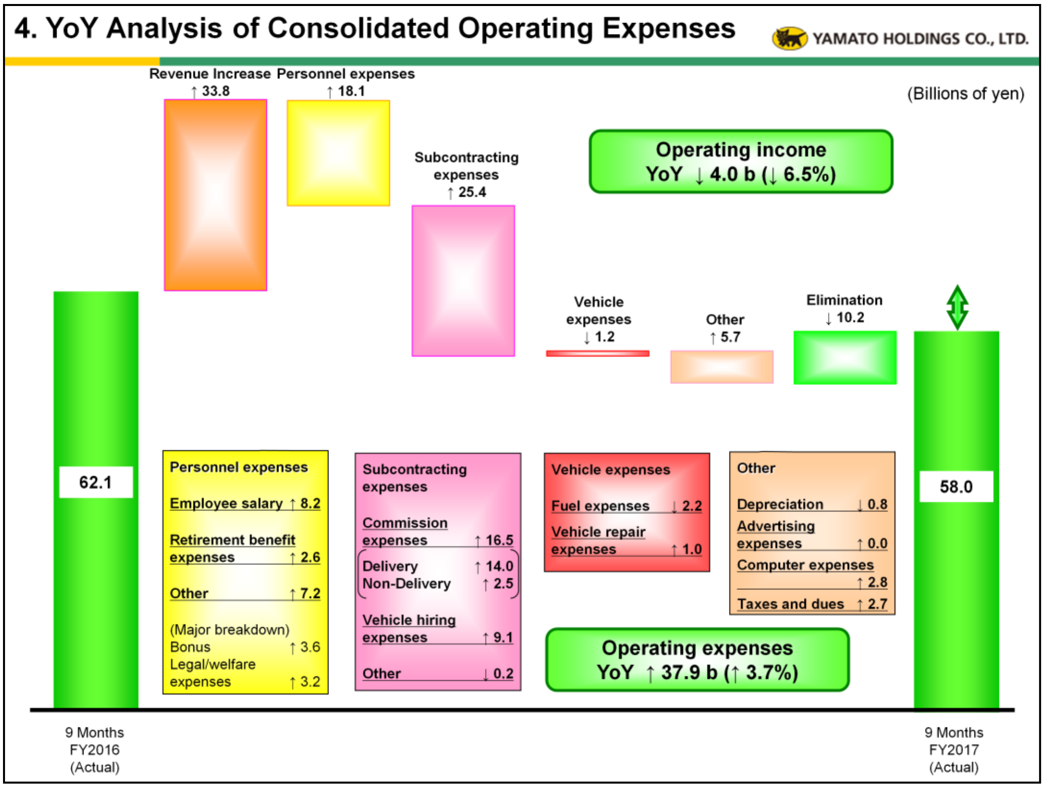
(2) BIZ-Logistics Business (Revenue and income decrease)
Positive: Sales & Logistics (Favorable results in use of business-to-business logistics services by existing customers)
Negative: Overseas transport services (Sluggish freight movement mainly among automotive customers in trading logistics)
Multi Maintenance business (Lack of revenues sufficient to cover revenue gains of business involving product recalls achieved in the previous fiscal year)

(3) Home Convenience Business (Revenue and income decrease)
Negative: Technical Network business (Shrinking market for energy equipment for home use, in addition to a lack of revenues sufficient to cover revenue gains of business involving product recalls in the previous fiscal year)

(4) e-Business (Revenue and income increase)
Positive: e-Logistics Solution (Growth of mail-order business and intra-warehouse logistics support business)
Setup and Logistics services (Continued favorable results of services geared toward mobile virtual network operators)

(5) Financial Business (Revenue increase, income decrease)
Positive: Lease business (Steady results generated from financial leases primarily involving trucks and installment sales)
Negative: Lackluster results of the Payment business (formerly referred to as the TA-Q-BIN Collect business) due to a shrinking market for cash-on-delivery settlements.

(6) Autoworks Business (Revenue and income decrease)
Positive: Number of vehicles serviced increased.
Negative: Lower unit prices on fuel sales.



[Major changes in consolidated operating expenses]

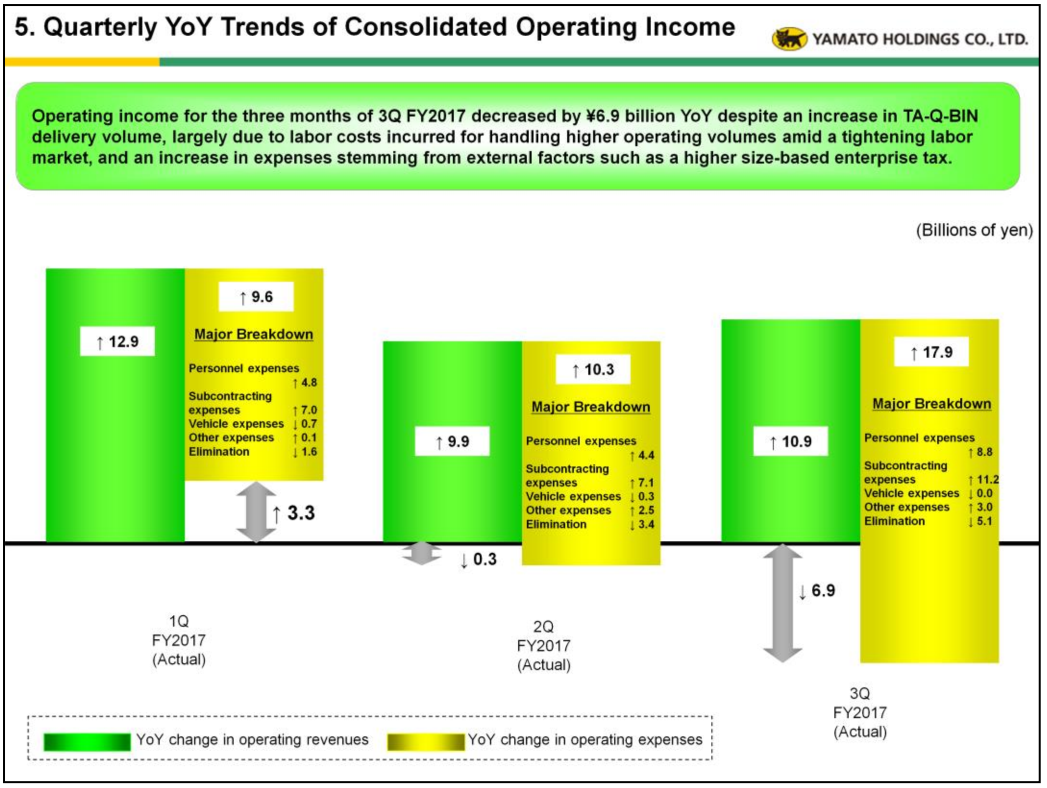
(1) Consolidated operating expenses increased by 3.7% YoY.

(2) Lower crude oil prices
→ Fuel expenses decreased by ¥2.2 billion YoY

(3) Tightening labor market
→ • Rising costs associated with securing labor capacity, including recruitment costs and per unit labor costs.
• Increase in operating volumes, and increasing not-at-home rate due to growth in the mail order market
→ Trend of further increases in labor costs incurred to secure labor capacity and maintain service quality

(4) The increase in expenses attributable to external factors
• Tax increase in size-based enterprise tax: ¥2.6 billion
• Increase in retirement benefit expenses : ¥2.3 billion
• Expanded scope of social insurance eligibility (from October): ¥0.4 billion
→ Difficulties in securing part-time employees amid moves to shorten contract durations and further need for employees

(5) Cost increases thus far have been absorbed through measures taken to improve productivity, but the situation is becoming severe.



[Quarterly trends of operating income]

(1) Bar chart of a YoY comparison of operating revenues and operating expenses

(2) In the three months of 3Q, operating income decreased by ¥6.9 billion YoY, and has significantly deteriorated since entering 3Q.

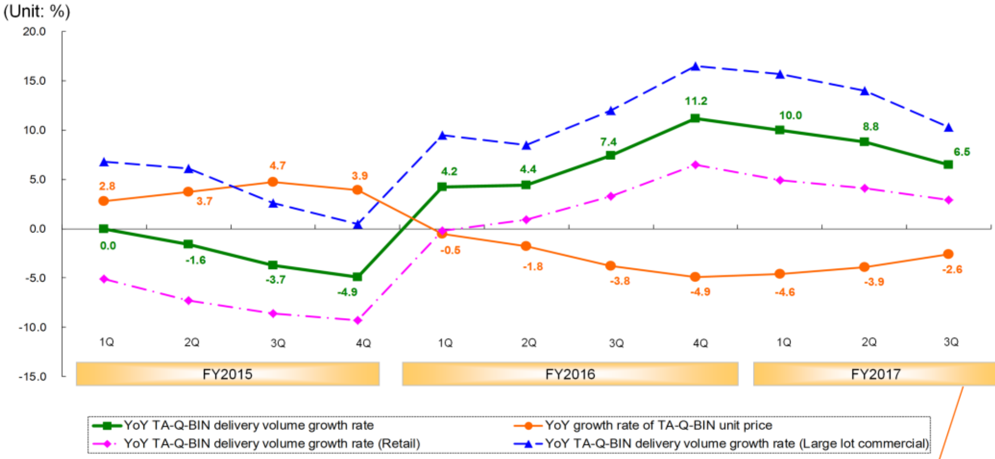
(3) Major factors of increase in operating costs in 3Q
- The supply of labor becoming increasingly tight amid increasing operating volumes, as is evident from the increasing effective ratio of job vacancies to job applicants
- Increase in bonus payment

(4) Cost environment in 4Q and beyond
- Higher operating volumes and ongoing tightening labor market will continue
- Possibility of further costs incurred to improve the workplace environment

6. Quarterly YoY Trends of TA-Q-BIN Delivery and Unit Price

YAMATO HOLDINGS CO., LTD.

TA-Q-BIN delivery volume increased by 8.3% YoY. The increase was due to growth in delivery volume primarily involving large-lot mail-order business operators, and also due to an increase in delivery volume of the “TA-Q-BIN Compact” and “Nekopos” services underpinned by factors such as an increase in C2C transactions via flea market websites. Unit price decreased by 3.6% YoY due to a shift in the product mix.



<u>3Q FY2017 unit price growth rate by market (YoY)</u>
Retail: ↓ 1.5%   Large lot commercial: ↓ 2.0%

(Note)
Figures for TA-Q-BIN delivery volume include delivery volumes of the TA-Q-BIN Compact and Nekopos services.

[Trends of TA-Q-BIN]

(1) TA-Q-BIN delivery volume up 8.3% YoY
- Business involving large-lot mail-order customers continued to grow substantially.
- Sales of “TA-Q-BIN Compact” and “Nekopos” services were expanded.
- Shipments for small-lot commercial have been heading higher (delivery volume up 4.8% YoY)

(2) The unit price was down 3.6% YoY
- The decrease was associated with an increase in shipments primarily for large-lot mail-order customers and increasing sales of “TA-Q-BIN Compact” and “Nekopos” services.
- However, the rate of unit price decrease has been diminishing as a result of collecting adequate fees in proportion to parcel sizes and price increases applicable to some large-lot customers.

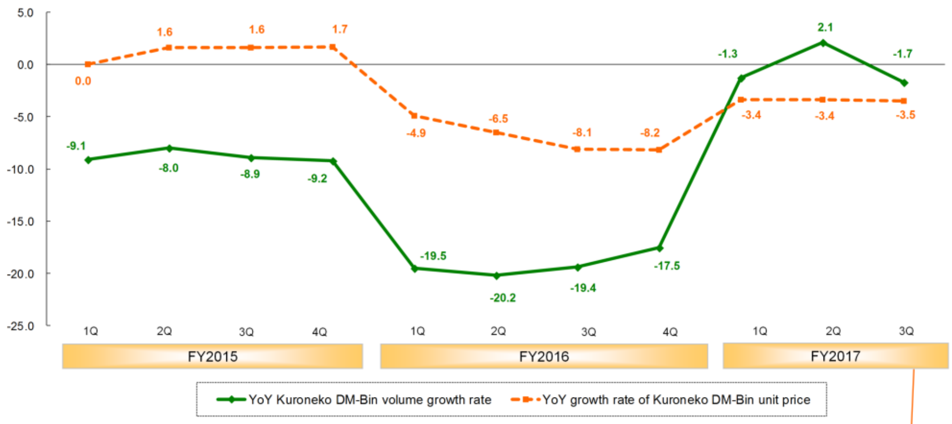
(3) Trends with “TA-Q-BIN Compact” and “Nekopos” services
- Greater delivery volume against a backdrop of growth in the C2C market
- Promoting more sales also in the B2B market

7. Quarterly YoY Trends of Kuroneko DM-Bin Volume and Unit Price

YAMATO HOLDINGS CO., LTD.

Kuroneko DM-Bin volume was largely unchanged at a 0.3% decrease YoY despite a sluggish market and adverse effects of the competitive landscape, largely due to an increase in deliveries from existing large-lot customers. Unit price decreased by 1.8% YoY.

(Unit: %)



3Q FY2017 shipment volume by market (YoY)
From TA-Q-BIN Centers: ↓ 2.9%
From large lot commercial: ↓ 1.2%

(Note)
Kuroneko Mail service has been discontinued in FY2016, and Kuroneko DM-Bin service is being offered in its place.

[Trends of Kuroneko DM-Bin]

(1) Kuroneko DM-Bin volume down 0.3% YoY

- Volume has been on par with previous year levels despite signs of sluggishness in the overall market, largely due to increased sales to existing large-lot customers.

(2) Unit price: YoY ↓ 1.8%

- The unit price has decreased as a result of the increase in deliveries among large-lot customers.

8. Progress of TA-Q-BIN Business Overseas

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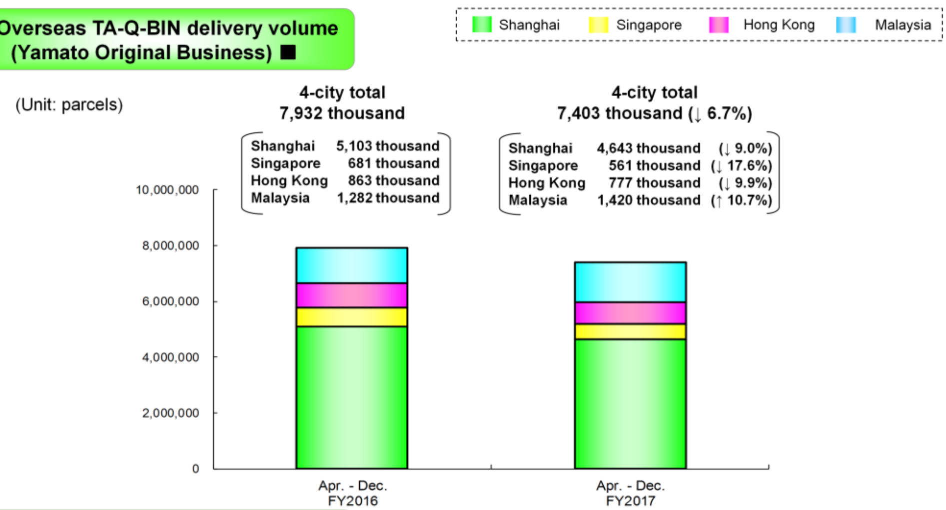
■ Overseas TA-Q-BIN delivery volume (Yamato Original Business) ■



■ Overseas TA-Q-BIN delivery volume including Taiwan ■

Apr. - Dec. FY2016	Apr. - Dec. FY2017
86,636 thousand	90,783 thousand (↑ 4.8%)

[Progress achieved by the TA-Q-BIN business overseas]

(1) Delivery volume continued to decrease as a result of efforts to review unprofitable transactions.

(2) Operating income has been improving.

9. Forecast of FY2017 Operating Results (1)

YAMATO HOLDINGS CO., LTD.

(Billions of Yen)	FY2017 (New Forecast) A	FY2016 (Actual)	FY2017 (October 2016 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,460.0	1,416.4	1,460.0	43.5	3.1	0.0	0.0
Operating income	58.0	68.5	65.0	(10.5)	(15.4)	(7.0)	(10.8)
[Profit margin]	4.0%	4.8%	4.5%	-	-	-	-
Ordinary income	58.5	69.4	65.5	(10.9)	(15.7)	(7.0)	(10.7)
[Profit margin]	4.0%	4.9%	4.5%	-	-	-	-
Profit attributable to owners of parent	34.0	39.4	39.0	(5.4)	(13.8)	(5.0)	(12.8)
[Profit margin]	2.3%	2.8%	2.7%	-	-	-	-

[Forecast of FY2017 operating results]

(1) Consolidated operating revenues: Projections for operating revenues remain unchanged from the previous forecast.

YoY ↑ ¥43.5 billion, ↑ 3.1%

(2) Consolidated operating income: Projections for operating income downward by ¥7.0 billion from the previous forecast to ¥58.0 billion.

(3) The downward revision is mainly attributable to a greater-than-anticipated increase in operating volumes and the tightening labor market.

(4) As was mentioned in Slide 5, we intend to disclose forecasts again in the event that costs incurred to improve the working environment affect our operating results.

Expense Analysis
Assumptions of Forecasts

10. YoY Analysis of Consolidated Operating Expenses

YAMATO HOLDINGS CO., LTD.

(Millions of Yen)	9 Months FY2017 Actual	9 Months FY2016 Actual	YoY Change	
			Amount	[%]
Operating revenues	1,118,143	1,084,286	33,856	3.1
Operating expenses	1,060,079	1,022,178	37,901	3.7
Personnel expenses	563,653	545,511	18,141	3.3
Employee salary	385,524	377,287	8,236	2.2
Retirement benefit expenses	12,675	9,992	2,683	26.9
Other personnel expenses	165,453	158,232	7,221	4.6
Subcontracting expenses	442,338	416,933	25,405	6.1
Commission expenses	180,142	163,638	16,504	10.1
Vehicle hiring expenses	142,785	133,654	9,130	6.8
Other subcontracting expenses	119,410	119,640	(229)	(0.2)
Vehicle expenses	31,413	32,621	(1,207)	(3.7)
Fuel expenses	14,494	16,721	(2,226)	(13.3)
Other operating expenses	231,959	226,193	5,766	2.5
Depreciation	33,129	33,979	(849)	(2.5)
Elimination	(209,285)	(199,081)	(10,204)	5.1

[Analysis of consolidated operating expenses]

(1) Operating expenses increased by 3.7% YoY against a 3.1% YoY increase in operating revenues.

(2) Personnel expenses: YoY ↑ ¥18.1 billion (↑3.3%)

Retirement benefit expenses: YoY ↑ ¥2.6 billion (↑26.9%) ....Of this amount, a ¥2.3 billion increase is attributable to the shift in the discount rate

Other personnel expenses: YoY ↑ ¥7.2 billion

- Legal welfare expenses..........YoY ↑ ¥3.0 billion→Of this amount, a ¥0.4 billion increase is attributable to the expanded scope of social insurance eligibility
- Short-span part timer wages...YoY ↑ ¥0.2 billion→Although the securing of workforce capacity began in the early stages, the amount of increased expense has been limited
- Bonus payment..........YoY ↑ ¥3.6 billion

(3) Subcontracting expenses: YoY ↑ ¥25.4 billion (↑6.1%)

Commission expenses: YoY ↑ ¥16.5 billion (↑10.1%)

- Delivery Business..................YoY ↑ ¥14.0 billion

  Outsourcing of TA-Q-BIN deliveries increased as a consequence of increased TA-Q-BIN delivery volume and tight labor markets.

- Non-delivery businesses.........YoY ↑ ¥2.5 billion

  Primarily in the e-Business segment, there was increased use of subcontracting and other such services associated with higher revenues due to greater numbers of development projects.

Vehicle hiring expenses: YoY ↑ ¥9.1 billion (↑6.8%)

In line with accounting item reclassification taking effect this fiscal year, expressway tolls incurred by hired vehicles, which were previously recorded under "expressway tolls," are now recorded under "vehicle hiring expenses" (¥4.0 billion). Vehicle hiring expenses increased by 3.8% excluding effects of this change, which reflects efforts to keep such expenses appropriately under control relative to delivery volume increases.

Other subcontracting expenses: YoY ↓ ¥0.2 billion

→ Cost of sales increased due to robust results in the lease business.
Cost of purchases decreased due to lower crude oil prices.

(4) Vehicle expenses: YoY ↓ ¥1.2 billion (↓3.7%) Impact from lower crude oil prices

(5) Other operating expenses: YoY ↑ ¥5.7 billion (↑2.5%)

- Size-based enterprise tax......... ↑ ¥2.6 billion (taxes and dues)

11. YoY Analysis of Operating Expenses in Delivery Business

YAMATO HOLDINGS CO., LTD.

(Millions of Yen)	9 Months FY2017 Actual	9 Months FY2016 Actual	YoY Change	
			Amount	[%]
Operating revenues	887,270	857,311	29,958	3.5
Operating expenses	851,033	817,565	33,468	4.1
Personnel expenses	489,222	472,966	16,255	3.4
Employee salary	334,210	326,664	7,546	2.3
Retirement benefit expenses	10,565	8,314	2,251	27.1
Other personnel expenses	144,445	137,987	6,458	4.7
Subcontracting expenses	267,014	243,893	23,120	9.5
Commission expenses	102,957	88,912	14,044	15.8
Vehicle hiring expenses	136,687	127,477	9,210	7.2
Other subcontracting expenses	27,369	27,503	(134)	(0.5)
Vehicle expenses	27,885	28,601	(715)	(2.5)
Fuel expenses	11,995	13,764	(1,768)	(12.9)
Other operating expenses	161,113	161,904	(790)	(0.5)
Depreciation	22,368	23,713	(1,345)	(5.7)
Elimination	(94,201)	(89,799)	(4,402)	4.9

(Notes)
1. Starting with FY2017, Yamato Payment Service (HK) Ltd., which was previously included in Financial Business segment, has been shifted to Delivery Business segment. With this change between the segments, FY2016 results for Delivery Business segment and Financial Business segment have been modified to meet the current structure.
2. The figures above include operating expenses related to overseas TA-Q-BIN services.

[Analysis of operating expenses in Delivery Business]

For this slide, refer to explanation given in relation to the previous slide.

12. Forecast of FY2017 Operating Results (2)

YAMATO HOLDINGS CO., LTD.

(Millions of Yen)	FY2017 (New Forecast) A	FY2016 (Actual)	FY2017 (October 2016 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues							
Delivery	1,150,000	1,111,875	1,150,000	38,124	3.4	0	0.0
BIZ-Logistics	104,500	106,822	104,500	(2,322)	(2.2)	0	0.0
Home Convenience	49,500	48,981	49,500	518	1.1	0	0.0
e-Business	47,000	43,357	47,000	3,642	8.4	0	0.0
Financial	75,000	72,446	75,000	2,553	3.5	0	0.0
Autoworks	25,000	24,458	25,000	541	2.2	0	0.0
Other	9,000	8,470	9,000	529	6.3	0	0.0
Total	1,460,000	1,416,413	1,460,000	43,586	3.1	0	0.0
Operating income							
Delivery	29,000	38,176	36,000	(9,176)	(24.0)	(7,000)	(19.4)
BIZ-Logistics	5,300	4,905	5,300	394	8.0	0	0.0
Home Convenience	1,500	1,146	1,500	353	30.8	0	0.0
e-Business	9,300	9,009	9,300	290	3.2	0	0.0
Financial	8,800	8,702	8,800	97	1.1	0	0.0
Autoworks	3,600	3,372	3,600	227	6.7	0	0.0
Other	34,500	26,515	34,500	7,984	30.1	0	0.0
Subtotal	92,000	91,829	99,000	170	0.2	(7,000)	(7.1)
Elimination	(34,000)	(23,288)	(34,000)	(10,711)	46.0	0	0.0
Total	58,000	68,540	65,000	(10,540)	(15.4)	(7,000)	(10.8)
[Profit margin]	4.0%	4.8%	4.5%	-	-	-	-
Ordinary income	58,500	69,426	65,500	(10,926)	(15.7)	(7,000)	(10.7)
[Profit margin]	4.0%	4.9%	4.5%	-	-	-	-
Profit attributable to owners of parent	34,000	39,424	39,000	(5,424)	(13.8)	(5,000)	(12.8)
[Profit margin]	2.3%	2.8%	2.7%	-	-	-	-

(Note)
Starting with FY2017, Yamato Payment Service (HK) Ltd., which was previously included in Financial Business segment, has been shifted to Delivery Business segment. With this change between the segments, FY2016 results for Delivery Business segment and Financial Business segment have been modified to meet the current structure.

[Operating results forecast by business segment]

(1) Delivery Business

- TA-Q-BIN: Increase of 9 million parcels from the previous forecast to reflect prevailing circumstances (We forecast a 8.0% YoY increase for the full year)

  Unit pricing is ¥1 below the previous forecast.

- Kuroneko DM-Bin: Unchanged from the previous forecast (We forecast a 1.7% YoY decrease for the full year)
- The operating income forecast is ¥7.0 billion below the previous forecast due to the likelihood of the challenging cost environment persisting along with increases in costs incurred for securing workforce capacity and maintaining service quality.

(2) Non-delivery businesses

- The forecasts for operating revenue and operating income remain unchanged.

13. Forecast of FY2017 Operating Results (3)

YAMATO HOLDINGS CO., LTD.

(Millions of Yen)	FY2017 (New Forecast) A	FY2016 (Actual)	FY2017 (October 2016 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,460,000	1,416,413	1,460,000	43,586	3.1	0	0.0
Operating expenses	1,402,000	1,347,872	1,395,000	54,127	4.0	7,000	0.5
Personnel expenses	743,500	718,980	744,000	24,519	3.4	(500)	(0.1)
Employee salary	511,000	499,660	511,000	11,339	2.3	0	0.0
Retirement benefit expenses	17,000	13,404	17,500	3,595	26.8	(500)	(2.9)
Other personnel expenses	215,500	205,915	215,500	9,584	4.7	0	0.0
Subcontracting expenses	583,000	550,188	573,000	32,811	6.0	10,000	1.7
Commission expenses	236,000	217,524	226,000	18,475	8.5	10,000	4.4
Vehicle hiring expenses	186,000	176,885	186,000	9,114	5.2	0	0.0
Other subcontracting expenses	161,000	155,778	161,000	5,221	3.4	0	0.0
Vehicle expenses	41,500	40,924	42,000	575	1.4	(500)	(1.2)
Fuel expenses	21,500	20,987	22,000	512	2.4	(500)	(2.3)
Other operating expenses	309,000	299,296	311,000	9,703	3.2	(2,000)	(0.6)
Depreciation	45,000	46,739	47,000	(1,739)	(3.7)	(2,000)	(4.3)
Elimination	(275,000)	(261,517)	(275,000)	(13,482)	5.2	0	0.0

Assumptions of forecasts

Operating revenues

Delivery Business

- TA-Q-BIN parcels (forecast)
  1,870,000 thousand (YoY ↑ 8.0%)
- TA-Q-BIN unit price (forecast)
  ¥556 (YoY ↓ 3.8%)
- Kuroneko DM-Bin units (forecast)
  1,510,000 thousand (YoY ↓ 1.7%)
- Kuroneko DM-Bin unit price (forecast)
  ¥55 (YoY ↓ 3.5%)

Personnel expenses

- Employee salary (consolidated; forecast)
  Total 200,500 persons (YoY ↑ 3,918 / ↑ 2.0%)
  Full-time 90,800 persons (YoY ↑ 1,688 / ↑ 1.9%)
  Part-time 109,700 persons (YoY ↑ 2,230 / ↑ 2.1%)
- Other personnel expenses
  - Expanded scope of social insurance eligibility
  - Higher retirement benefit expenses attributable to a shift in the discount rate

Capital Expenditure

Capital Expenditure (Millions of Yen, forecast) ¥65,000

[Forecast of operating expenses]

(1) We have increased our full-year forecast for overall operating expenses by ¥7.0 billion in comparison with the previous forecast factoring in current challenging cost environment.

We project increases in operating revenues and operating expenses of 3.1% YoY and 4.0% YoY, respectively.

(2) Changes from the previous forecast: Forecast updates made on the basis of prevailing trends

- Commission expenses: We increased the forecast by ¥10.0 billion in comparison with the previous forecast in order to ensure sufficient workforce capacity amid a tightening labor market.
- Vehicle expenses: We decreased the forecast by ¥0.5 billion in comparison with the previous forecast to reflect the likelihood of crude oil prices below previous year levels.
- In addition, we decreased the forecasts for retirement benefit expenses by ¥0.5 billion and depreciation by ¥2.0 billion in comparison with the previous forecasts to reflect prevailing circumstances.

YAMATO HOLDINGS CO., LTD.

These presentation materials (with explanatory notes) and the minutes of the financial results meeting Q&A are posted in PDF format on the Company's website in the Investor Relations section.

[Release of Medium-Term Management Plan]

(1) The next Medium-Term Management Plan is slated for implementation beginning next fiscal year, but management has deemed that priority should be placed on responding promptly to sudden changes now underway. It is necessary to incorporate measures to address such changes in the business environment into our next Medium-Term Management Plan which has been under review. In so doing, we will scrutinize how these changes are likely to affect our operating results, and will then present such details in the plan. As such, we have decided to postpone the plan's release date. We now intend to release it by September at the latest.

(2) We intend to provide an explanation regarding measures we are taking to address changes in the business environment of the Delivery Business, our core business segment, at our Financial Results Meeting for the full fiscal year. That meeting is scheduled for May 1, 2017.

(3) Priority issues of the Delivery Business

- Adequate pricing

  →We realize that we are bound to face difficulties with respect to ensuring profits solely on the basis of our own efforts to address the matter of increases in various costs. We need to ensure that we allocate costs necessary for maintaining service quality while also generating adequate profits.

- Review of the new "last mile" network

  →We are looking into possibilities, mainly including non-person-to-person delivery networks such as those involving parcel lockers geared to meeting diverse customer needs, based on characteristics of respective geographic areas such as parcel concentrations and not-at-home rate.

- Developing an employee friendly working environment

  →With respect to securing labor capacity from this point forward, we will take steps geared to ensuring adequate human resources and employee retention. This will involve adequately monitoring the state of the workplace and developing a more employee friendly working environment for a diverse range of personnel, while addressing the government's objective of "reforming working styles."

(4) We recognize that there are opportunities for us to vigorously forge ahead in making structural reforms, particularly now that we are facing extreme changes in the business environment.

[Purchase of treasury shares]

(1) To provide shareholder returns, we will purchase treasury shares amounting to as much as 5.3 million shares and valued at up to ¥10.0 billion over the period extending up to March 31, 2017.