

## Questions and Answers (Digest)

**The Financial Results Meeting  
for the first three months of the fiscal year ending March 31, 2013  
held on July 31, 2012**

### Q1

The rate of fall in the TA-Q-BIN unit price for the first three months of the fiscal year ending March 31, 2013 was 1.7%.

Was any part of this decline in the unit price the result of competition?

Reference material: Slide 6 (Quarterly YoY Trends of TA-Q-BIN Delivery Volume and Unit Price)

### A1

- The YoY difference in the TA-Q-BIN rate of decline of “minus 1.7%” was caused by changes in the freight product mix. It was not a result of competition. In the first three months of the previous year, the delivery volume of higher unit-price individual customer freight temporarily increased due to the effect of the earthquake disaster. However, in the first quarter, individual customer freight returned to normal levels. Also, there was a strong performance in the current period for freight for large-lot corporate clients, which also contributed to a fall in the unit price.

### Q2

Your forecast for the delivery volume of Kuroneko Mail (full-year forecast) for the fiscal year ending March 31, 2013 has not been changed from 2,188,000 (thousand units) announced in the forecast at the beginning of the fiscal year.

If you consider the 538,017 (thousand units) result at the end of the first quarter, it would appear that the initial target will be difficult to achieve. Please explain the outlook for a recovery.

Likewise, the unit price (full-year forecast) has not been changed from the forecast made at the beginning of the fiscal year of a plus/minus zero rate of decline. If you consider the YoY difference in the rate of decline was “minus 4.7%” for the first quarter, achieving this forecast would appear difficult.

Should we expect the unit price to begin to gradually rise?

Reference material: Slide 7 (Quarterly YoY Trends of Kuroneko Mail Delivery Volume and Unit Price)

### A2

- Concerning the delivery volume of Kuroneko Mail, the impact of the stricter policies on parcel acceptance due to compliance obligations, which took full effect

from September 2011, will have run the full course by the end of the first six months of the current fiscal year. Up until this time, we expect to observe YoY declines.

- When we enter the third quarter, the effect of the stricter policies on parcel acceptance to settle. Considering this, we still view the range of the initial full-year forecast to be achievable.
- In particular, in the small-lot commercial cargo market that was considerably influenced by the stricter policies on parcel acceptance, we are actively putting efforts into sales. We have also introduced value-added services such as envelop filling and sealing services, and we are striving to achieve recovery in the delivery volume through further raising customer convenience in this way.
- Concerning the unit price, at the end of the first quarter, the small-lot commercial cargo market, which has a higher-than-average unit price, was trending in a minus direction, whereas the large-lot corporate market, which has a lower-than-average unit price, was trending in a plus direction. Therefore, the unit price is dropping due to the effect of the freight product mix.

From the third quarter onwards, because the effect of the stricter parcel acceptance policies will have run the full course, we expect to see recovery centered on the small-lot commercial cargo market and the rate of fall that is affected by the freight product mix is expected to settle.

### Q3

During the first quarter, the number of personnel in the Delivery Business increased by 4,773 persons, compared with the year-ago period, most of whom are part-timers.

However, you have downwardly revised your forecast for the number of personnel during the full-year ending March 31, 2013 by 3,500 persons from the initial forecast of 154,400 persons to the new forecast of 150,900 persons.

What is the reason for this?

### A3

- During the first quarter, in order to carry out team pickup/delivery aimed at realizing improvements in both pickup/delivery efficiency and quality of service to customers, investment was made into part-timers called the “Field Cast”
- The downward revision to the plan for required personnel during the fiscal year ending March 31, 2013 is a regular occurrence. Although there is no exceptional reason, the main factors for the revision are as follows: (1) the level of training and development of the Field Cast hired in the first quarter is expected to gradually advance, contributing to the productivity growth, and (2) considering the hiring that was carried out in the first quarter, the plan for required personnel for each area has been revised.

**Q4**

What was the self-delivery ratio of Kuroneko Mail (the ratio of the entire delivery volume that was delivered by the Yamato Group) in the first quarter?  
Also, what is the trend with respect to subcontracting to Kuroneko Mates?

**A4**

- The self-delivery ratio was about 30%.
- As for subcontracting to Kuroneko Mates, the amount of subcontracting is steadily decreasing due to a decrease in delivery volumes.

**Q5**

What was the delivery volume of TA-Q-BIN for July?

**A5**

- July 2012 has one extra business day than July 2011. This influence is about “plus 2.0%”
- Please note, however, that July includes the summer gift-giving season, which means that the scale of delivery volume is about 1.5 times the average month. Therefore, in comparison with the rate of growth of each of the months from April to June, the rate of growth of July is relatively low.
- We plan to announce the delivery volume in July in a news release on Monday, August 6.

**Q6**

Although there are no changes to the initial (full-year) forecast concerning TA-Q-BIN delivery volume, the (full-year) forecast for vehicle hiring expenses has been upwardly revised by 1.0 billion yen compared with the initial forecast. There seems to be some discrepancy concerning the balance of operating revenues and operating expenses. Hypothetically, if the (full-year) forecast of operating revenues for the fiscal year ending March 31, 2013 was not achieved, what would be the chances of achieving operating income of 70.0 billion yen?

**A6**

- Concerning the full-year forecast for vehicle hiring expenses, considering the current trends, 1.0 billion yen has been added to the forecast based on slightly conservative estimates.
- Hypothetically, if operating revenues were not achieved, the expenses, which are linked to sales, would also fall, providing some leeway to adjust costs.
- We are working hard to achieve our operating income target of 70.0 billion yen.

**Q7**

Your full-year forecast for capital expenditure for the fiscal year ending March 31, 2013 was downwardly revised from 99.0 billion yen in the initial forecast to 92.0 billion yen in the current forecast. What is the reason for this 7.0 billion yen decrease?

**A7**

- Based on a review conducted of facility repairs, capital investment has been downwardly revised by 7.0 billion yen.
- For details, please refer to page 16 of the Supplementary Materials, which presents a breakdown of the newly revised capital expenditure plan.

**Q8**

No changes have been made to the full-year forecasts for operating revenue and operating income by segment for the fiscal year ending March 31, 2013. Nevertheless, what would the distinguishing features of the operating results of each segment in the non-delivery businesses in terms of upswings or downswings? Reference material: Slide 12 (Forecasts of FY 2013 Operating Results (2))

**A8**

- BIZ-Logistics, e-Business and Truck Maintenance are faring firmly, and generally according to plan.
- The business environments for Home Convenience and Financial are slightly harsher than the initial plan.
- For Home Convenience, if the current situation were to continue, business conditions would definitely be harsh. Looking to view our current outlook, we plan to review the situation from the second half of August, which is when the impact from last year's earthquake disaster will have run a full course.

**Q9**

What were the revenues and expenses of the TA-Q-BIN business overseas during the first quarter?

Reference material: Slide 8 (Progress of TA-Q-BIN business Overseas)

**A9**

- In the first quarter, the operating loss of the TA-Q-BIN business overseas was 0.7 billion yen.
- This is 0.2 billion yen worse than the year-ago period due to the addition of the TA-Q-BIN business in Malaysia, which has been newly consolidated, among other factors.