

July 31, 2014

Yamato Holdings Co., Ltd.

Representative: Makoto Kigawa, Representative Director and President
(Stock code: 9064, First Section of the Tokyo Stock Exchange)

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**Announcement Regarding Making Consolidated Subsidiaries (2 Companies)
Wholly-Owned Subsidiaries through Short-Form Share Exchange**

Yamato Holdings Co., Ltd. (hereinafter, the “Company”) passed a resolution at the meeting of the Board of Directors held on July 31, 2014, to execute a share exchange (hereinafter, the “Share Exchange”) with the effective date of September 1, 2014, in which the Company becomes the wholly-owning parent company and its consolidated subsidiaries, Yamato Global Express Co., Ltd. (hereinafter, “Yamato Global Express”) and Yamato Global Logistics Japan Co., Ltd. (hereinafter, “Yamato Global Logistics Japan”), become the wholly-owned subsidiaries (hereinafter, collectively, the “Target Companies”), and concluded a share exchange agreement between the Company and each of the Target Companies in the manner shown below.

Because the Share Exchange qualifies as a short-form share exchange whereby consolidated subsidiaries are to become wholly-owned subsidiaries, disclosures that would otherwise be required are provided herein with certain omissions.

1. Purpose of Making the Target Companies Wholly-owned Subsidiaries through the Share Exchange

Yamato Global Express is engaged in the domestic air cargo transport business, and Yamato Global Logistics Japan is engaged in the business of import/export customs clearance services for international air cargo and marine cargo. Both companies are consolidated subsidiaries of the Company.

The Company decided to make the Target Companies wholly-owned subsidiaries with the aim of reinforcing Group management and building a more effective framework for consolidated management through accelerated decision making along with heightened agility and flexibility of Group management.

2. Outline of the Share Exchange

(1) Schedule of Share Exchange

Resolution at meetings of the Board of Directors (the Company and the Target Companies)	July 31, 2014
Signing of agreement (the Company and the Target Companies)	July 31, 2014
Resolution at extraordinary general meeting of shareholders (Yamato Global Logistics Japan)	August 15, 2014
Scheduled date of Share Exchange (effective date)	September 1, 2014 (scheduled)

Note 1: The Company will execute the Share Exchange without obtaining approval of the general meeting of shareholders based on the short-form share exchange procedure in accordance with the provisions of Article 796, Paragraph 3 of the Companies Act.

Note 2: Yamato Global Express will execute the Share Exchange without obtaining approval of the general meeting of shareholders based on the summary share exchange procedure in accordance with the provisions of Article 784, Paragraph 1 of the Companies Act.

(2) Method of the Share Exchange

This is a share exchange in which the Company becomes the wholly-owning parent company and the Target Companies become the wholly-owned subsidiaries.

(3) Allotment of shares related to the Share Exchange

	The Company (Wholly-owning parent company in share exchange)	Yamato Global Express (Wholly-owned subsidiary in share exchange)
Exchange ratio of shares for share exchange with Yamato Global Express	1	41.297

The Company will allot and deliver 41.297 shares of common shares of the Company to 1 share of common shares of Yamato Global Express. However, shares will not be allotted for 118,103 shares of common shares of Yamato Global Express owned by the Company in the Share Exchange.

	The Company (Wholly-owning parent company in share exchange)	Yamato Global Logistics Japan (Wholly-owned subsidiary in share exchange)
Exchange ratio of shares for the share exchange with Yamato Global Logistics Japan	1	5.621

The Company will allot and deliver 5.621 shares of common shares of the Company to 1 share of common shares of Yamato Global Logistics Japan. However, shares will not be allotted for 149,842 shares of common shares of Yamato Global Logistics Japan owned by the Company in the Share Exchange.

Note 1: Shares to be delivered for the Share Exchange

The shares to be delivered will be allocated from 896,425 treasury shares of the Company that are owned by the Company and new shares will not be issued.

Note 2: Treatment of fractional shares

Shareholders of the Company who will hold fractional shares of the Company (less than one unit (100 shares)) subsequent to the Share Exchange may not sell such shares in the Tokyo Stock Exchange or any other financial instruments exchange. However, shareholders holding fractional shares may make use of the following programs.

Issuer buyback of fractional shares (sale of shares less than one unit): Pursuant to Article 192, Paragraph 1 of the Companies Act, a shareholder holding a fractional shares may request the Company to repurchase those shares.

Additional share purchase to supplement fractional shares (acquisition of shares in addition to shares less than one unit to reach total shareholdings equal to one unit): Pursuant to Article 194, Paragraph 1 of the Companies Act, and pursuant to Article 9 of the Articles of Incorporation of the Company, a shareholder holding a fractional shares may request that the Company sell the shareholder the number of common shares needed to bring the shareholder's fractional holdings to one full unit (100 shares).

Note 3: Treatment of fractions of less than one share

The Company will handle matters in accordance with Article 234 of the Companies Act in cases where a shareholder is allotted a fractional holding of less than one share in the Share Exchange.

(4) Treatment of subscription rights to shares and bonds with subscription rights to shares of the wholly-owned subsidiaries in share exchange in the Share Exchange

There are no subscription rights to shares or bonds with subscription rights to shares issued by the Target Companies.

3. Basis of Calculation of the Allotment of Shares Pertaining to the Share Exchange

In order to ensure fairness and appropriateness with respect to calculations of the share exchange ratio for the Share Exchange, the Company retained and commissioned KPMG FAS Co., Ltd., a third-party appraiser independent of both the Company and the Target Companies, to perform those calculations. KPMG FAS Co., Ltd. calculated respective share exchange ratios, using the average market share price method with respect to the share value of the Company given that the Company is publicly listed, and using the discounted cash flow method with respect to the share values of the Target Companies given that they are not listed. The Company's share value has been determined, with the base date of calculations of July 30, 2014, on the basis of closing share price on the base date, and average closing share prices for the prior one-, three- and six-month periods running up to base date.

The table below shows calculation results of the exchange ratios for the Share Exchange, relative to a per-share value of 1 for the Company's shares.

Target Companies	Share exchange ratio calculation results
Yamato Global Express	37.259 – 45.336
Yamato Global Logistics Japan	5.061 – 6.181

The Company ultimately determined that the share exchange ratios provided in section 2. (3) above, are appropriate, upon duly engaging in a series of negotiations and consultations regarding the share exchange ratios with Target Companies in reference to the results of the share exchange ratio calculations performed by the third-party appraiser.

Assumptions for the share allotments do not anticipate significant increases or decreases in earnings of either the Company or the Target Companies.

4. Overview of the Parties Involved in the Share Exchange (as of March 31, 2014)

(1)	Name	Yamato Holdings Co., Ltd. (Wholly-owning parent company in share exchange)	
(2)	Location	16-10, Ginza 2-chome, Chuo-ku, Tokyo	
(3)	Representative	Makoto Kigawa, Representative Director and President	
(4)	Business description	Management of group companies through the possession of group company shares, and business incidental thereto	
(5)	Paid-in capital	¥127,234 million	
(6)	Established	November 29, 1919	
(7)	Number of issued shares	454,684,992 shares	
(8)	Fiscal year-end	March 31	
(9)	Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.33%
		State Street Bank and Trust Company 505223	4.97%
		Yamato Employees' Shareholding Association	4.02%
		Japan Trustee Services Bank, Ltd. (Trust Account)	3.61%
		Mizuho Bank, Ltd.	3.60%
(10)	Consolidated financial position and operating results in the most recent fiscal year (fiscal year ended March 31, 2014)		
	Net assets	¥560,172 million	
	Total assets	¥1,032,134 million	
	Net assets per share	¥1,316.12	
	Operating revenue	¥1,374,610 million	
	Operating income	¥63,096 million	
	Ordinary income	¥64,664 million	
	Net income	¥34,776 million	
	Net income per share	¥82.22	

	Wholly-owned subsidiaries in share exchange	
(1) Name	Yamato Global Express Co., Ltd.	Yamato Global Logistics Japan Co., Ltd.
(2) Location	3-27, Konan 5-chome, Minato-ku, Tokyo (Whereas the address shown is registered location of the head office, the company operates at the address: 6-2, Hamamatsu-cho 2-chome, Minato-ku, Tokyo)	10-14, Shinkawa 1-chome, Chuo-ku, Tokyo
(3) Representative	Toshikatsu Hirota, Representative Director and President	Takeo Kosugi, President, Director & Chief Executive Officer
(4) Business description	Domestic air cargo transport business	International air cargo service, handling of marine cargo, import/export customs clearance services
(5) Paid-in capital	¥1,000 million	¥1,880 million
(6) Established	July 10, 2007	November 17, 1999
(7) Number of issued shares	131,069 shares	214,060 shares
(8) Fiscal year-end	March 31	March 31
(9) Major shareholders and shareholding ratios	Yamato Holdings Co., Ltd. 90.11% Nippon Yusen Kabushiki Kaisha 9.89%	Yamato Holdings Co., Ltd. 70.00% Nippon Yusen Kabushiki Kaisha 30.00%
(10) Non-consolidated financial position and operating results in the most recent fiscal year (fiscal year ended March 31, 2014)		
Net assets	¥10,167 million	¥8,431 million
Total assets	¥17,548 million	¥12,904 million
Net assets per share	¥77,571.31	¥39,387.95
Operating revenue	¥49,794 million	¥16,672 million
Operating income	¥2,211 million	¥252 million
Ordinary income	¥2,250 million	¥230 million
Net income	¥1,246 million	¥89 million
Net income per share	¥9,508.05	¥419.70

5. Status after the Share Exchange

After the Share Exchange, there will be no changes with respect to the Company's name, head office location, titles and names of representatives, business description, paid-in capital, or fiscal year-end.

6. Future Prospects

The Share Exchange is expected to have immaterial impact on the consolidated financial results of the Company as the Target Companies are consolidated subsidiaries of the Company.

(Reference)

Yamato Holdings' Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2015 (announced July 31, 2014) and Previous Consolidated Fiscal Year Financial Results

(Millions of yen)

	Operating revenue	Operating income	Ordinary income	Net income
Earnings forecasts (Fiscal year ending March 31, 2015)	1,437,000	70,000	71,000	41,000
Previous financial results (Fiscal year ended March 31, 2014)	1,374,610	63,096	64,664	34,776