

# 2009

**JAPAN POST GROUP Annual Report**  
Year ended March 31, 2009



# あたらしい ふつうをつくる。 “Atarashii-Futsu-wo-Tsukuru”<sup>(1)</sup>

## “Futsu”<sup>(2)</sup> expresses two thoughts

“Futsu” represents the peace of mind and trust  
which customers have when using our services  
and which are invaluable assets for the Japan Post Group.

“Futsu” also represents the services available to anyone in Japan.  
The Japan Post Group will maintain universal services,  
the sources of peace of mind and trust, even after privatization.

## Thoughts expressed in “Atarashii-Futsu-wo-Tsukuru”

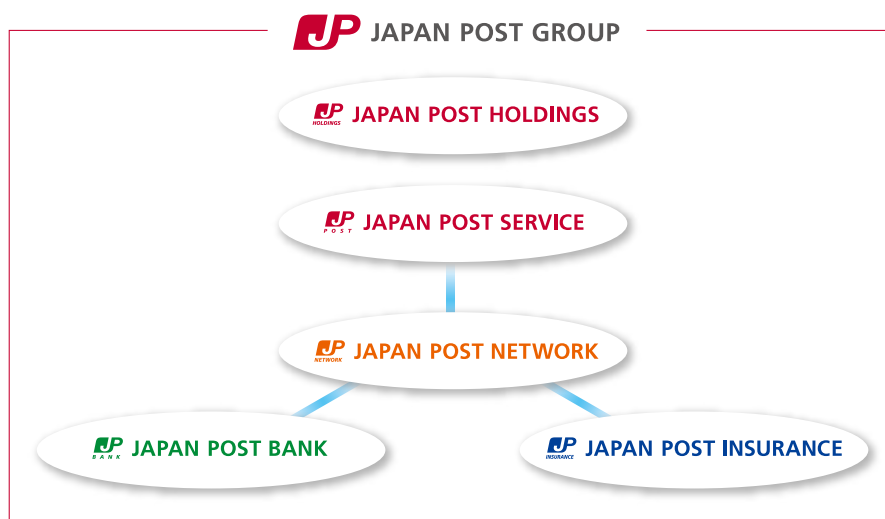
“Atarashii-Futsu”<sup>(3)</sup> should change constantly with the times,  
and as they do not come into existence automatically,  
we need to create them.

Taking advantage of privatization,  
we will become a corporate group that creates new universal service,  
while emphasizing customers’ peace of mind and trust.

Notes 1. A Japanese expression by which we intend to show the creation of new value services

2. A Japanese word by which we intend to provide value services

3. A Japanese expression by which we intend to provide new value services



## 1. The Group Logo



The new logo of the Japan Post Group, “JP,” has been designed to reflect our hearts supporting the “J” and “P” of Japan Post, symbolizing the highest quality of services for the convenience and security of our customers, regions and society and a reliable entity that continues to exist side by side with the customers we seek to benefit.

From another perspective, the “J” represents all our customers within the nation and internationally, and the “P” represents the Japan Post Group, through which we intend to express the supportive attitude of the Group toward our customers and society through Japan’s largest collection and delivery networks and through continuously providing universal services for the new era.

## 2. Japan Post Group Company Logos



### Japan Post Holdings Co., Ltd.

Japan Post Holdings has always used the traditional color red for its logo. As the holding company serving as the core of the Group, Japan Post Holdings will carry on the proud history of Japan’s postal business, while reforming it to meet the challenges of the new era. The refined, deep “Yusei red” is thus used to express the enhanced reliability of the newly privatized Japan Post Group.



### Japan Post Network Co., Ltd.

Japan Post Network uses “Yubinkyoku orange” for its logo to represent familiarity, security and comfort as a reliable entity closely connected to local communities.



### Japan Post Service Co., Ltd.

The color of this logo has been changed to the modern “Yubin red” (the same color as “Yusei red”), portraying the aim that Japan Post Service, like Japan Post Holdings, also assumes the task of advancing the history and tradition of Japan’s postal business and provides essential universal service for the coming new era.



### Japan Post Bank Co., Ltd.

Japan Post Bank has chosen “Yucho green” to express its refreshing image that is symbolic of becoming a more enterprising bank institution founded on the reliability that Japan Post has long fostered.



### Japan Post Insurance Co., Ltd.

Japan Post Insurance uses a refined, bright “Kanpo blue” for its logo expressive of its aim to become a more progressive life insurance company reflecting the security that Japan Post has long cultivated.

# Japan Post Group Highlights in Fiscal 2009

(April 1, 2008 to March 31, 2009)

## 2008

### April

#### ●4.1

Expanded the scope of financial institutions that can use accounts for making payments for insurance premiums through consignment of premium collection service to virtually all financial institutions nationwide.

#### ●4.1

##### Advertising business commenced.

Commenced an advertising business that makes effective use of extra space at post office counters by displaying posters and pamphlets of advertisers and providing this space for events.



#### ●●4.8

##### Joint collection of used ink cartridges started.

Started collection of used ink cartridges with the cooperation of six printer manufacturers and Japan Post Network and Japan Post Service.

#### ●4.18

Obtained approval for engaging in new businesses (credit card business; agency business of life insurance products, including individual variable annuities; and intermediary services for mortgage loans and other loans).

#### ●4.18

Obtained approval for new businesses (consented sales of insurance products for companies and revision of hospitalization riders).

#### ●4.24

##### Formed business alliance agreement with Suruga Bank Ltd. for offering loans for individuals, centering on mortgage loans



Japan Post Holdings President & CEO Nishikawa (center), Japan Post Bank President & COO Takagi (right) and Suruga Bank President & CEO Mitsuyoshi Okano (left)

#### ●4.25

Letter of understanding concluded between Japan Post Service and Nippon Express Co., Ltd. for integrating parcel delivery operations.

#### ●4.28

##### Launched sales of the frame stamp "Kagoshima, the hometown of Tenshouin Atsuhime."

Undertook sales for a limited period of an original frame stamp, with plans for selling various types of new and original frame stamps in the future.



### May

#### ●5.1

##### Issuance of JP BANK CARD started.



Began issuing Japan Post Bank's JP BANK CARD, which combines the convenience of both an ATM card and a credit card, at all 233 Japan Post Bank branches and at approximately 20,000 post offices.

#### ●5.12

##### Started intermediary services for mortgage loans (at 50 Japan Post Bank branches).

As an agent for Suruga Bank, Japan Post Bank began acting as an intermediary that offers that bank's mortgage loans at 50 branches in the Tokyo metropolitan area and Chubu and Kansai regions.



#### ●5.12-12.30

##### TEIGAKU deposit campaign implemented.

Implemented a campaign targeted at individual customers holding TEIGAKU deposits that reached the full 10-year maturity.

#### ◎5.24

Japan Post Forest program commenced.

#### ●5.24-26

Provided reusable shipping packaging for Express Mail Service (EMS) and Yu-Pack services. (Packaging used at the G8 environment ministers' meeting.)

#### ●●5.29

##### Sales of variable annuities started.

161 outlets (82 Japan Post Bank branches and 79 post offices)

#### ◎5.30

Japan Post Group's fiscal 2008 business results announced.

### June

#### ●6.1

##### Commenced sales of life insurance products for companies (for management-level personnel), with sales carried out at all directly managed Japan Post Insurance sales offices.

Started commissioned sales of life insurance products for corporate customers (for management-level personnel) at all directly managed Japan Post Insurance stores to respond to a variety of needs of top executives.

#### ●6.2

##### JP Express Co., Ltd. established.

Established JP Express Co., Ltd. to make preparations for integrating parcel delivery operations with Nippon Express Co., Ltd.

#### ●6.2

##### Fiscal 2009 Kamo-Mail postcards issued.



Began sales of Kamo-Mail summer greeting postcards sent to express concern about the physical well-being of the recipient during the peak summer heat.

#### ●6.2-8.1

Preferential interest rate campaign implemented.




#### ●●6.16-8.1

##### Summer Arigatou-Fair held.



Held the Summer Arigatou-Fair at all nationwide post offices and Japan Post Group branch offices. Customers using certain products and services were eligible for drawings and a total of 20,000 persons won "tasty gourmet rice sets" and "catalog gifts." The summer customer appreciation fair sought to appeal the various products and services offered by the Japan Post Group while also expressing our appreciation to our customers for their patronage.

## July

- 7.1  
 JAPAN POST SANKYU GLOBAL LOGISTICS Co., Ltd. established.
- 7.1  
 Home loan child-rearing support benefit program commenced.  
 Started "Home loan child-rearing support benefit program" that offers more beneficial interest rates to mortgage loan holders when a child is born.
- 7.1-9.30  
 Card loan enrollment campaign held.
- 7.1-10  
**Environmental measures implemented for the G8 Hokkaido Toyako Summit.**  
 Packaging for documents  
 Packaging for PCs  
 Provided durable environment-friendly packaging made with heavy-duty compressed cardboard material that allows the packaging to be reused around 100 times.
- 7.2  
 Began handling requests concerning an option that allows a designated third party to request insurance benefits
- 7.2  
**Sales of new hospitalization rider, Sono hi kara, commenced** その日から  
 Launched sales of a new hospitalization rider, *Sono hi kara*, as the first product following privatization. This hospitalization rider for life insurance policies is offered in a simple and easy-to-understand format and provides basic coverage beginning with single-day stays (daytime hospitalization with no overnight stay) while significantly expanding benefit payment coverage for surgery through ties with the public healthcare system.
- 7.2-8.29  
 Japan Post Insurance implemented a commemorative campaign marking the launch of the new hospitalization rider *Sono hi kara*.
- 7.2  
 Raised the upper age limit from 70 to 75 for subscriptions for ordinary endowment insurance.
- 7.27  
**The 47th Festival of 10 Million People's Radio Exercise and Minna no Taisou ("Exercise for Everyone") held to commemorate the 80th anniversary of radio exercise.**  
 Tokyo Big Sight
- 7.29  
 Agreement reached with France's La Poste for cooperation in international logistics, EMS and environmental fields.

## August

- 8.1  
**Comprehensive lifestyle referral services started at post offices.**  


Launched Post Office Referrals, comprehensive lifestyle referral services for home security, optic fiber connections and moving at 195 post offices and through the Japan Post Network website.
- 8.1  
 Began accepting change of address notifications (e-change of address) via the Internet.
- 8.6  
**Commenced merchandise sales (JP LAWSON stores) inside post offices.**  
 In cooperation with LAWSON, INC., small convenience store-type sales outlets called JP LAWSON were opened in waiting areas at six selected post offices.  


Nihombashi Post Office (Chuo-ku, Tokyo)
- 8.15-10.29  
 Pension campaign for beneficiaries held.
- 8.18  
 Internet-based shopping mall for Chinese customers established.

## September

- 9.1  
 Trial implementation of ID confirmation delivery service (conveys specific details)  
 Commenced service for conveying specific delivery details to the sender after delivery of mail.
- 9.1-12.30  
 Zero-commission campaign for *Yume Butai* Home Loan and Flat 35 Loan implemented.
- 9.12  
**Post office opened inside the Sakakimurakami LAWSON in Nagano Prefecture.**  
 Opened the Kamigomyo branch office of the Ueda Post Office inside the Sakakimurakami LAWSON and commenced postal service operations. Branch office became the Kamigomyo contracted post office on February 18, 2009.  

- 9.16-10.31  
**First anniversary commemorative campaign held.**  
 Held a nationwide unified campaign in conjunction with the first anniversary of Japan Post Insurance. During this campaign, goods such as outdoor mats were presented to people who allowed Japan Post Insurance to offer them coverage specifications for basic policies or sheets with life plan proposals.  


2008

## October

## ● 10.1

**Moyorino published.**

Published inaugural issue of *Moyorino* magazine to commemorate the first anniversary of the start of the Japan Post Group. This free magazine contains information about the Japan Post Group's products and services in addition to timely seasonal topics.



## ● 10.1

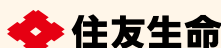
**Sales of third-sector insurance products commenced (at 300 post offices).**

- Product lineup

Aflac's Cancer Forte



Tayoreru YOU



## ● 10.1

**Sales of life insurance products for companies (for management-level personnel) commenced (at 55 post offices).**

- Product lineup

Super Phoenix 100EX, etc.



日本生命保険相互会社

NISSAY

Maturity at Age "99" Term Insurance (Term insurance/non-participation), "Nagawari" Term Insurance, etc.

東京海上日動あんしん生命

## ● 10.1

Number of post offices handling automobile insurance increased from 23 to 303.

## ● 10.1

Number of post offices handling variable annuities increased from 79 to 166.

## ● 10.1

Payment of costs corresponding to the expense for acquiring medical certificates started.

Commenced uniform ¥5,000 payments, which correspond to the cost of acquiring medical certificates, to eligible customers.

## ◎ 10.1

**"Write a letter to yourself in the future" project initiated.**

Started "Write a letter to yourself in the future" project. This project solicited letters "written to yourself in the future" from pre-teens and teens, who are impressionable and filled with concern over their future life path, relationships with friends and love.



## ● 10.1

**Started "Japan Post Bank Deposits for International Aid" scheme.**

Under this scheme, 20% of the interest on ordinary deposits of those customers holding this type of savings account are donated to help support the activities of private-sector aid organizations in developing countries and regions.



## ● 10.1

Number of branches selling variable annuities expanded.  
(Sold under a sales structure consisting of 164 Japan Post Bank branches)

## ● 10.1-

Extended period for the elimination of fees for internal transfer of funds through cash ATMs.

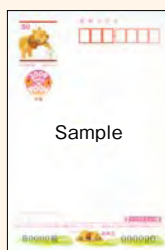
In response to being well received, the elimination of fees for internal transfer of funds was extended one year.

## ● ● ● 10.30-12.25

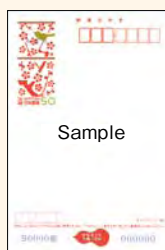
**Winter Arigatou-Fair held.**

The Winter *Arigatou*-Fair was held nationwide at all post offices and Japan Post Group branch offices. Customers using certain products and services were eligible for drawings and a total of 20,000 persons won "nationwide *furusato* (hometown) hot pot dishes" and "catalog gifts."

## ● 10.30

**New Year's postcards for 2009 issued**

Sample



Sample

Original postcards that promote a "desire to send postcards" were issued based on the main text theme that "New Year's postcards are gifts that enrich the heart of and give joy to the sender." In conjunction, various campaigns were carried out.

## ● 10.30-1.30

Winter preferential interest rate campaign implemented.

## November

## ● 11.4

**Launched post office mail-order shop.**

A shopping site on the Japan Post Network website was opened, featuring an assorted lineup of products that include original post office goods, beginning with stamps and local specialty products shipped directly from the regions of production.

## ● 11.11

**The 33rd piggy bank contest held.**

Entry period was from August 25 to September 16, 2008, and this contest drew 802,194 piggy banks based on fun ideas from 12,948 elementary schools across Japan. The prizewinners were decided after preliminary and secondary judging.

## ● 11.19

Expanded the mailing areas in Tokyo and Fukuoka enabling next-day delivery of EMS international express mail to certain destinations.

## ◎ 11.28

Japan Post Holding Group's fiscal 2009 interim business results announced.

## ● 11.29

"Let's send these messages to the future earth where living things exist!" Initiated a carbon offset New Year's postcard campaign to prevent global warming.

## December

## ● 12.2-3

**Ceremonies held to launch test demonstrations of environment-friendly vehicles.**

Ceremonies held at the Yokohama Minato branch (Kanagawa Prefecture) and at the Ginza branch (Tokyo) in conjunction with the launch of test demonstrations of electric vehicles.

## ● 12.15

Added new choices for exchanging JP BANK CARD points.



## January

## ● 1.1

**Held New Year's Day ceremony for the start of delivery of New Year's postcards.**

Thanks in part to the cooperation of customers who mailed their postcards by December 25 and increased installations of mail-sorting machines, a total of 2,089 million cards were delivered on New Year's Day, an increase of 53 million cards from the previous year.

## ● 1.5

**Joined Zengin Data Telecommunication System, Japan's major payment and inter-bank settlement system**

Fund transfers can now be made between Japan Post Bank and post offices and approximately 1,400 member financial institutions.



## ● ● 1.8

**Post Office × KitKat "Support for Students Taking School Entrance Exam Project" implemented.**

In the run-up to the school entrance examination season, Japan Post Network, Japan Post Service and Nestlé Confectionery K.K. implemented a project for supporting students taking school entrance examinations.



## ● 1.13

**Expanded comprehensive lifestyle referral services to post offices across Japan.**

## ● 1.13

**Issuance of the JP BANK JCB card commenced.**

Product lineup enhanced with the addition of the JP BANK JCB CARD along with the existing JP BANK CARD.

## ● 1.25

**Held lottery for 2009 New Year's lottery postcards and for New Year's postcard stamps with donations.**

## February

## ● 2.2

Commenced an Internet-based Yu-Pack label printing service (Web printing service).

## ● 2.6

Announced prizewinners of the 41st Letter Composition Contest.

## ● 2.16

Number of branches selling variable annuities expanded.  
(Sold under a sales structure encompassing all 233 Japan Post Bank branches)

## ● 2.19

**Areas where mobile post office (Poskuru) services are offered expanded.**

To ensure convenience for customers in regional locations, the areas where mobile post office services are offered as well as the scope of business of these post offices were expanded.

## ● 2.19&amp;3.2

**Held "Japan Post Insurance Health Promotion Symposium 2009 – Sending a present to yourself in the future."**

Panel discussions (in Tokyo and Osaka) convened based on the key theme of "health" and included a keynote address by Shinji Morisue, who won the gold medal in gymnastics at the Los Angeles Olympics.

## March

## ● 3.1

**Revised registered-type special handling services.**

A new type of acceptance-recorded service was established and simplified registered mail rates were reduced.

## ● 3.2

**New types of postal orders (TEIGAKU KOGAWASE) added.**

(Increased from 7 types to 12 types)

## ● ● ● 3.2-4.17

**Held Spring Arigatou-Fair.**

The Spring Arigatou-Fair was held nationwide at all post offices and Japan Post Group branch offices. Customers using certain products and services were eligible for drawings and a total of 50,000 persons won "fancy sweets sets" and "Yonezawa beef" sent directly from the regions where they are produced.

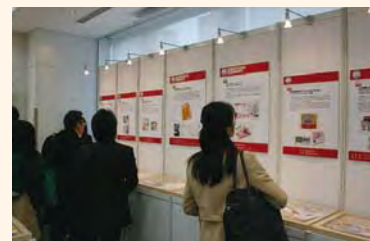
## ● 3.2-5.31

**Implemented First Paycheck JP BANK CARD Campaign.**

## ● 3.3&amp;4

**Direct Marketing Forum 2009 convened.**

This participatory learning-based forum featured lectures by specialists in various fields and attracted a total of over 2,000 attendees.



## ● 3.31

**Cargo collection using four-wheeled mini vehicles started.**

To respond to customer needs for post office cargo collection, collection using four-wheeled mini-vehicles began at 17 post offices.

## ● 3.31

**Total printing service started.**

Through the post office mail-order shop on the Japan Post Network website, customers can use a printing service that provides printing for greeting cards and business cards in addition to traditional New Year's postcard printing.

# 2009

## JAPAN POST GROUP Annual Report

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### About the Figures for the Previous Fiscal Year (Ended March 31, 2008)

The Japan Post Group launched its operations as a company limited following its privatization on October 1, 2007. Since Japan Post Holdings Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. were established earlier to prepare for the privatization, their fiscal years began on April 1, 2007. Therefore, the accounts for these companies include figures for the preparation planning companies. The accounts for Japan Post Network Co., Ltd. and Japan Post Service Co., Ltd. cover the period from October 1, 2007 through March 31, 2008.

This *Annual Report* is a translation of the *Disclosure Document* (the written explanation in Japanese of the Company's business and financial conditions) that was prepared pursuant to Article 52-29 of the Banking Act and Article 271-25 of the Insurance Business Act.

This *Annual Report* contains forward-looking statements regarding future performance and other matters. These forward-looking statements do not constitute guarantees of future performance and are subject to risks and uncertainties. Please note that actual performance may differ materially from these

statements as a result of changes in the underlying assumptions regarding the business environment.

Figures and percentages shown in this *Annual Report* have been rounded off, except for financial numbers in the accounting statements, etc., that have been truncated without rounding. As a consequence, sums of figures may not match the totals presented.

Figures and percentages, with exceptions as specifically indicated, are as of March 31, 2009.

# 1. Message from the President

I am pleased to have this opportunity to explain the business results and operations of the Japan Post Group to our customers, investors and other stakeholders in this annual report for fiscal 2009. We hope this annual report will deepen your understanding of the Japan Post Group.

## Review of Fiscal 2009

Looking at our business results for fiscal 2009 (April 1, 2008 to March 31, 2009), consolidated net ordinary income amounted to ¥830.5 billion and net income after tax was ¥422.7 billion. Despite the effects of the economic downturn and sluggish stock markets caused by the global financial crisis, particularly during the second half of the fiscal year, I believe the Japan Post Group performed well during the year. In addition to the success of group-wide initiatives to curb costs, these results also underscored solid performances by each Group company, including a slowing of the rate of decline of total deposits at Japan Post Bank, an increase in new insurance policies at Japan Post Insurance and a rise in the volume of Yu-Pack parcels handled by Japan Post Service.

Fiscal 2009 marked our first full year of operation as a privatized company. While continuing to offer the services inherited from Japan Post, which have a highly public nature, we have been building a business foundation that will enable customers to realize that we have enhanced our services through privatization by providing them with a diverse array of high-quality products and services.

As specific measures in working toward this objective, we are striving to maintain the nationwide post office network by increasing the number of regions where temporarily closed contracted post offices resume operations. In parallel, we have expanded the scope of business handled and regions served via mobile post offices and the provision of visiting services by sales personnel in rural areas. To help mitigate any inconveniences caused by decreases in service resulting from the elimination of comprehensive business, post offices have adopted an array of innovative approaches and are making unified responses to customers. Such measures include providing financial services by directly visiting customers in their homes and commencing mail collection using four-wheeled mini-vehicles.

In the wake of our privatization, we have also launched an array of new products and services that include variable annuities, third-sector insurance products, life insurance for companies (for management-level personnel) and *Sono hi kara*, a hospitalization rider for insurance policies. We also commenced fund transfers with other financial institutions throughout Japan by joining the Zengin Data Telecommunication System, Japan's major payment and inter-bank settlement system for depository institutions. By providing these products and services in this manner, we are determined to maintain a long tradition of supporting customers in all areas of their lives using a variety of formats.

We also enhanced convenience for customers by collaborating with companies possessing an abundance of know-how in various fields. Such collaborative initiatives included the establishment of JP Express Co., Ltd. for integrating the parcel delivery operations of Japan Post Service and Nippon Express Co., Ltd., as well as the commencement of intermediary services for providing home mortgage loans and other consumer loans via an alliance with Suruga Bank Ltd. At the same time, we moved to raise customer convenience by filing requests with the relevant government authorities for loosening restrictions on amount limits for products handled by Japan Post Bank and life insurance products sold by Japan Post Insurance.

Meanwhile, we continue to place top priority on raising levels of compliance and are undertaking ongoing measures to strengthen internal controls. Despite these efforts, we were regrettably involved in an incident pertaining to the misuse of the postal discount system for third-class mail intended for use by persons with disabilities as well as an incident in which a railway mail container and sea mail parcels were left unattended. In view of these incidents, we are determined to implement thorough measures to prevent any such recurrences. We will also use these incidents as an opportunity to further bolster our group-wide compliance structure and to build frameworks to ensure all operations are executed properly.

## Issues for the Future

The companies comprising the Japan Post Group aim to make a public offering, and each company will focus on strengthening its operational foundation and earnings power to realize a growth trajectory over the medium and long term.

To achieve these objectives, I believe that first of all we must optimally utilize the Group's wide diversity of management resources. At the same time, it will be necessary to dramatically simplify business operational flows, mainly at post office counters, as well as to combine strategic investments, beginning with those for systems. In particular, we will fully utilize the extensive customer base of our nationwide network of post offices—the Group's greatest strength—and make the efficient and stable operation of post offices a source of our competitiveness. The new businesses launched after privatization are still in their infancy, and we will adopt a host of innovative measures to nurture these businesses into future pillars of earnings.

As we undertake these management tasks, I believe we must also work to maximize corporate value of the entire Group. To do so, each Group company must continually strive to function independently as a leader in its respective business field while also strengthening collaboration from the perspectives of realizing overall optimization and achieving sustainable growth for the Japan Post Group. I am confident that we can fully utilize the Group's total capabilities by combining the unique strengths of each company in this manner and thus achieve our goal of raising the Group's corporate value.

We received various opinions and suggestions in the “Opinions of the Postal Services Privatization Committee Regarding the Comprehensive Review of the Progress of the Privatization of Japan Post” announced in March 2009. We will work to improve our operations based on these opinions and suggestions.

Regarding problems related to the contract for the bundled transfer of *Kanpo no Yado* inns, we seriously take to heart the business improvement order from the Minister of Internal Affairs and Communications. We are reflecting upon all necessary points and have formulated the requisite steps for making improvements and correcting the matters cited. At the same time, we are working to strengthen our corporate governance, raise fairness and transparency, and further enhance our accountability.

While using the expectations of stakeholders as a force for driving our reforms, all members of the Japan Post Group are working together with tireless resolve to offer a new type of “genuine postal services” that will give stakeholders a real sense that we are achieving growth and development as a private-sector company. As we work toward these objectives, we look forward to your continued support.

Yoshifumi Nishikawa  
President & CEO  
Japan Post Holdings Co., Ltd.  
July 2009

西川 善文



## 2. The Operations of the Japan Post Group

### 1. "Atarashii-Futsu-wo-Tsukuru"<sup>\*1</sup> — The Japan Post Group Post Office Network

The locations of post offices are indicated as dots on the map of Japan to the right. With 24,539 locations, this network covers all of Japan's 1,800 cities, towns and villages<sup>\*2</sup>. These post offices, which serve as bases for various services including postal, banking and insurance services that are offered by the Japan Post Group, have become an integral part of local communities for many years and the Japanese public has come to greatly appreciate this extensive network.

Looking to the future, we will redouble our efforts to maintain and upgrade this network and will undertake innovative approaches to further raise convenience for our customers. While placing high value on instilling a sense of "confidence" and "trust" in the numerous customers who use our services, we are committed to making group-wide efforts to create "Atarashii-Futsu."

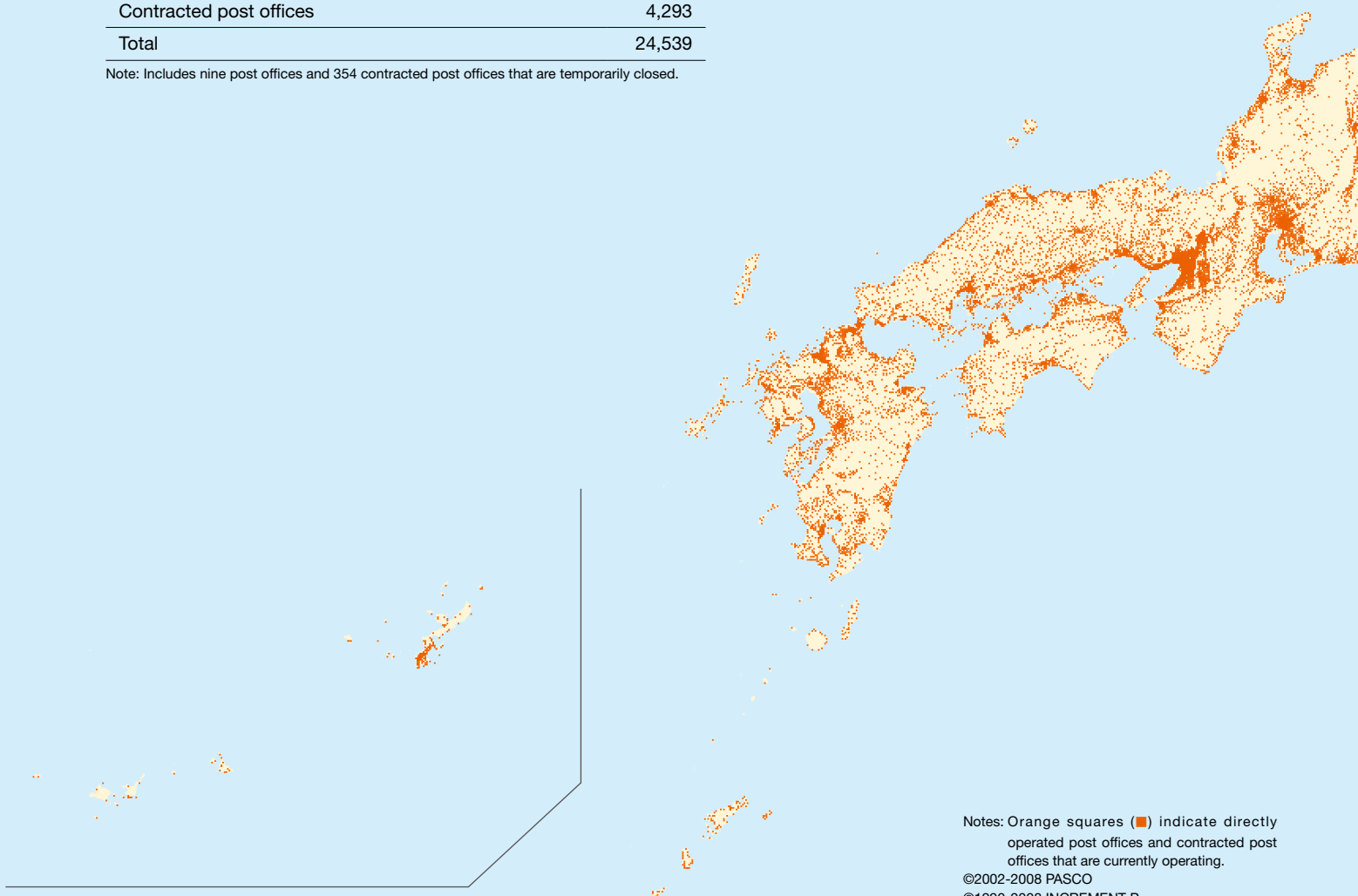
Initiatives currently being undertaken are explained below.

Notes: 1. A Japanese expression by which we intend to show the creation of new value services.  
2. Includes special wards of Tokyo

#### ■ Post Offices in Japan (As of March 31, 2009)

Directly operated post offices (including branch offices)	20,246
Contracted post offices	4,293
Total	24,539

Note: Includes nine post offices and 354 contracted post offices that are temporarily closed.



Notes: Orange squares (■) indicate directly operated post offices and contracted post offices that are currently operating.  
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©2008 Japan Digital Road Map Association

## 1. Measures for Maintaining and Upgrading Our Network of Post Offices

- Using our nationwide network of post offices, we offer universal services such as postal, banking and insurance services that are an indispensable part of people's lives.
  - To maintain the level of our post office network, we are implementing measures focused on our temporarily closed contracted post offices.  
(Refer to pages 28 and 29.)
- 1) We are taking measures to resume operations at contracted post offices that include reviewing handling fees paid to operators of contracted post offices.
  - 2) We are providing alternate services in regions where contracted post offices are temporarily closed including mobile post offices and the provision of visiting services by sales personnel in rural areas.
- In response to opinions that privatization has resulted in a decline in customer convenience, we are making the following improvements.

### Example 1

"At post offices that provided services in all three businesses, external staff would handle the payment of withdrawals from savings accounts while delivering mail. After privatization, however, the staff of Japan Post Service stopped handling these payments."

**At post offices in less-populated areas, we have appointed persons to be in charge of customer visits and began providing "home-visit financial services" that respond promptly to customer requests made by telephone and other means. (June 2009)**

### Example 2

"Our cargo used to be collected until recently. However, after Japan Post Network and Japan Post Service were spun off as separate companies, the post office no longer sends a vehicle to collect our cargo."

**Some post offices have introduced four-wheeled mini-vehicles and commenced Yu-Pack collection service. (March 2009)**

### Example 3

"Waiting times at post office counters have increased."

**We have simplified procedures, which include eliminating detailed customer code checks\* when replacing passbooks. (September 2008)**

\* Detailed customer code checks: To ensure limits on saving account amounts are strictly administered, these checks are made when replacing passbooks to confirm that the savings of a different person with the same name and date of birth have not been mixed into the account.

## 2. Measures to Assure “Confidence” and “Trust”

- Each Japan Post Group company has built its own governance structure. At the same time, Japan Post Holdings monitors Group operations to ensure proper governance for the Group as a whole.  
(Refer to pages 58 and 59.)
- Raising the level of compliance for the entire Japan Post Group is a top-priority issue. Accordingly, we have established a line of report for compliance, formulate a compliance program annually, and confirm and evaluate the status of initiatives taken under this program on a regular basis. Additionally, we have established the Internal Audit Department that is independent from divisions involved in executing business operations, whereby this department implements internal audits based on independent and objective perspectives.  
(Refer to pages 60 to 65.)
- With an emphasis on preventing risk from spreading among Japan Post Group companies, we are building a risk management system covering the entire Group. Japan Post Bank and Japan Post Insurance, both of which aim for a public listing, are also building adequate risk management systems as independent financial institutions and carrying out autonomous risk management.  
(Refer to pages 66 to 69.)
- Giving the highest priority to customers' viewpoints, we utilize their suggestions, ideas and other feedback and are making efforts to promote CS\*<sup>1</sup> to ensure that we can offer products and services that are truly acclaimed by customers.  
(Refer to page 70.)
- Besides our long-standing social and community contribution activities carried out prior to privatization, including the *Himawari* Service, third-class and fourth-class mail, radio exercises and emergency handing of mail, financial services and insurance services in times of disasters, we are also engaging in new CSR\*<sup>2</sup> activities such as the Japan Post Forest program.  
(Refer to pages 72 to 77.)
- In fiscal 2009, we were involved in an incident in which a railway mail container and sea mail parcels were left unattended as well as an incident pertaining to the misuse of the postal discount system for third-class mail intended for use by persons with disabilities. We are implementing measures to prevent any recurrences of such incidents and are also building and establishing a structure to ensure the proper operation of various systems and to ensure our business operations are carried out correctly. Regarding the management of insurance benefit payments, we are verifying the details of insurance benefits paid during the period when payments were handled by Japan Post and are working to solve any problems. Concerning problems related to the transfer of *Kanpo no Yado* inns, we are adhering to the stipulations of the report issued by the Minister of Internal Affairs and Communications on June 24, 2009 and are making improvements and necessary corrections.  
(Refer to pages 39, 50 and 54.)

\*1 Customer Satisfaction

\*2 Corporate Social Responsibility



### 3. Measures for Creating “Atarashi-Futsu”

- Privatization has paved the way for the Japan Post Group to launch a variety of new businesses, including those that offer new products and services which accurately meet customer needs. We believe

these new businesses will contribute to more stable operations and an improved earnings structure as we prepare for a stock market listing as early as fiscal 2010.

#### Example of New Businesses

- Issuance of the JP BANK CARD, a credit card, commenced. (May 2008)  
(Refer to page 47.)

- Agency business of life insurance products, including variable annuities, started. (May 2008)  
(Refer to pages 34 and 47.)

- Intermediary services, including for mortgage loans, commenced. (May 2008)  
(Refer to page 47.)

- Preparations started for establishing a business utilizing land owned by Japan Post Network including land at the site of the Tokyo Central Post Office. (June, etc., 2008)  
(Refer to page 33.)

- JP Express Co., Ltd. established for integrating parcel delivery operations with Nippon Express Co., Ltd. (June 2008)  
(Refer to page 39.)

- JAPAN POST SANKYU GLOBAL LOGISTICS Co., Ltd. established to engage in the international logistics business. (July 2008)  
(Refer to pages 38 and 39.)

- Sales of Japan Post Insurance hospitalization rider, *Sono hi kara*, started. (July 2008)  
(Refer to page 52.)

- Fund transfer service initiated by joining the Zengin Data Telecommunication System. (January 2009)  
(Refer to page 44.)

<Currently pending requests to government for legal revisions>

- Request for elimination of amount limits for liquid deposits and request for raising of insurance enrollment amount limits after a prescribed period of time elapses following initial enrollment. (Request submitted in April 2008.)  
(Refer to pages 45 and 50.)

- Request related to amount limits for third-sector products (cancer insurance). (Request submitted in March 2009.)  
(Refer to page 50.)

- With the aim of realizing easy-to-use post offices for our customers, we have begun establishing totally new types of post offices, including large-scale post offices and those inside commercial facilities.  
(Refer to page 29.)

- To spread risk in investment management operations and diversify sources of income in the banking and life insurance businesses, and thereby strengthen our business foundation, we have steadily begun dealing with syndicated loans (participation type), trust beneficiary rights, interest rate swaps, loan acquisitions and other financial instruments.  
(Refer to pages 45 and 50.)

## 2. Group Management Philosophy, Policy and Charter of Corporate Conduct

### 1. Group Management Philosophy

Stressing the security and confidence that Japan Post, as a public organization, has fostered, the Group, as a private corporation, will demonstrate creativity and efficiency to the greatest extent possible, meet customers' expectations, raise customer satisfaction and grow together with customers. The Group will also pursue managerial transparency on its own, observe rules and contribute to the development of society and the region.

### 2. Group Management Policy

1. We will duly consider our customers' viewpoints, exercise our creativity and provide through our nationwide network a selection of products and services that customers truly appreciate.
2. We will establish effective corporate governance and compliance programs, including internal audits and internal controls, required for the self-reliant management of our four businesses.
3. We will maintain the transparency of the Group's operations through the timely and proper disclosure of information, the appropriate use of intra-group transactions and other activities.
4. We will aim to dispose of the shares of Japan Post Bank and Japan Post Insurance as soon as possible. Japan Post Holdings will prepare to go public at about the same time as these two Group companies.
5. We will create opportunities for all employees, business partners and the community to grow and develop through mutual cooperation.

### 3. Japan Post Group Charter of Corporate Conduct

#### (1) Earn the trust of customers

- We earn the trust of customers by adopting their perspective and meeting their expectations.
- We protect and manage information strictly so that customers can use our services with peace of mind.
- We fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner.

#### (2) Observe ethical standards

- We continue to conduct business activities with sincerity by complying with laws, regulations, social standards and internal rules.
- We stand firmly against antisocial forces and organizations that threaten the order and safety of civil society.
- We maintain workplace discipline by clearly defining responsibilities and authority and fairly evaluating performance and results.

#### (3) Place priority on coexistence

- We actively promote environmental conservation and make a significant contribution to society through business activities.

- We aim for sustainable coexistence by placing importance on maintaining dialogues with diverse stakeholders.
- We respect human rights and provide safe and pleasant workplaces.

#### (4) Create value

- We provide valued and high-quality services that exceed customers' expectations.
- We create value consistently by pursuing greater operating efficiency.
- We play a role as individual employees to create corporate value by promoting mutual understanding and cooperation.

#### (5) Be a source of change

- We make improvements by responding swiftly to changes and emphasizing speed.
- We exercise our creativity from a broad viewpoint and lofty perspective.
- We aggressively take on the challenge of conducting global business activities.

### 3. Group Vision

The Japan Post Group will fully utilize the freedom gained by each Group company from the privatization. We will also reinforce internal controls, observe laws and regulations, improve efficiency and take other actions to maintain the strict discipline required to succeed as a private-sector organization. We believe that using these measures to make each company self-reliant and a leader in its respective business field will maximize the value of the entire Japan Post Group.

Japan Post Holdings will achieve this goal in its role as the Group's holding company, providing the required investments and other support.

We will make steady progress in long-term corporate reforms by taking the following three steps.

#### 1. Three Steps to Maximize the Japan Post Group's Value



#### 2. The Desired Shape of Group Companies

##### Japan Post Network

Serving as a sales base for the Japan Post brand, Japan Post Network will maintain partnerships with Japan Post Service, Japan Post Bank and Japan Post Insurance and will provide new financial products and services to customers nationwide as a financial services agent. The company will also achieve growth by adding new services that utilize its nationwide network of post offices.

##### Japan Post Service

Using postal mail as its business foundation, Japan Post Service will fulfill its responsibility to provide universal services while taking full advantage of its strategic freedom as a private-sector company. By adopting this approach, Japan Post Service will achieve growth while prevailing over intense competition in all business sectors that include mail, logistics, international logistics and other activities.

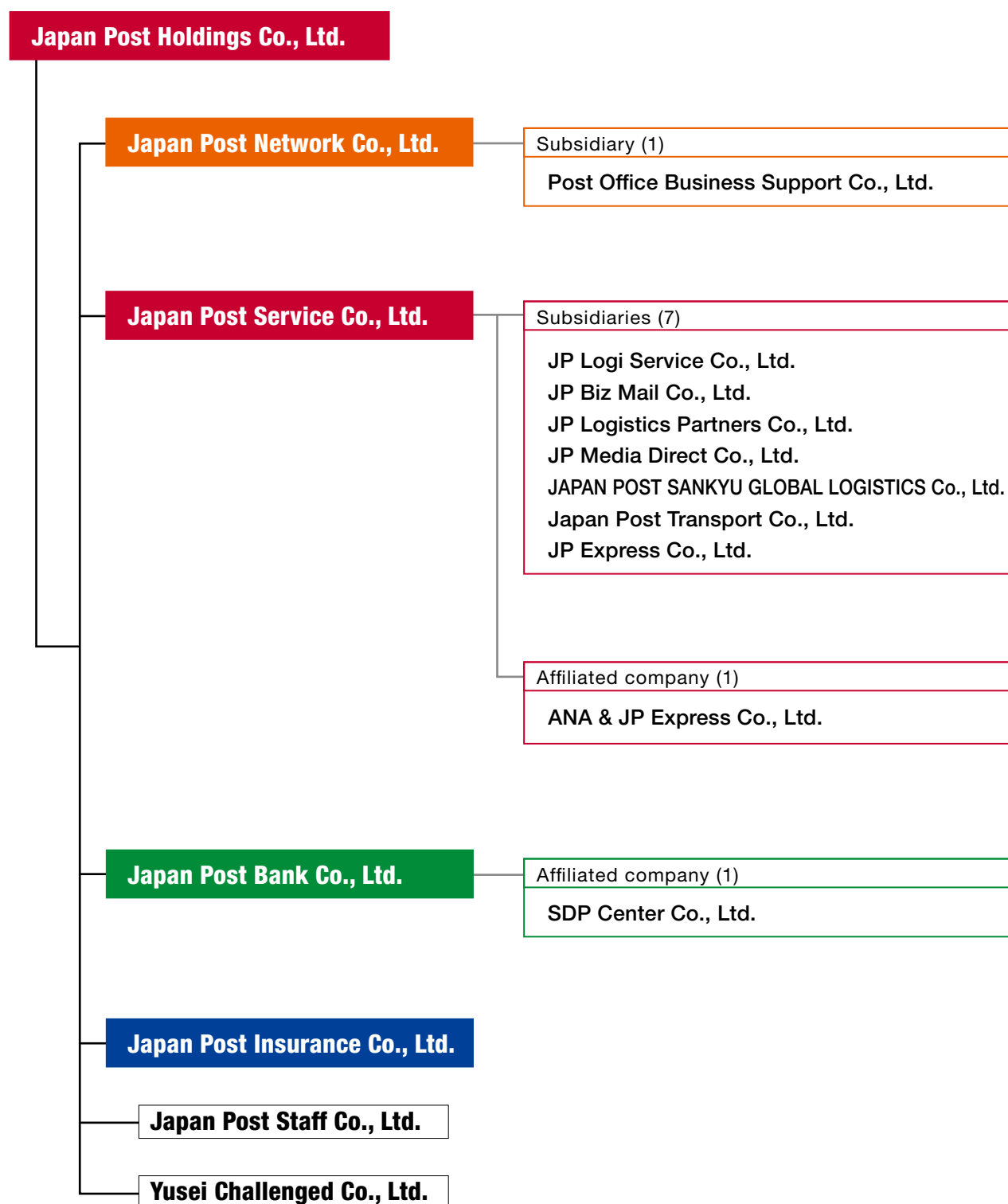
##### Japan Post Bank

##### Japan Post Insurance

To prepare for full privatization, both companies plan to become self-reliant financial institutions by complying with strict rules and standards for customer protection, investor protection and fair competition. In addition, the two companies will upgrade their specialized skills in risk management, investment management and the development of financial products, and will each transform into organizations befitting private-sector financial institutions.

## 4. Organization and Group Companies

(As of July 1, 2009)

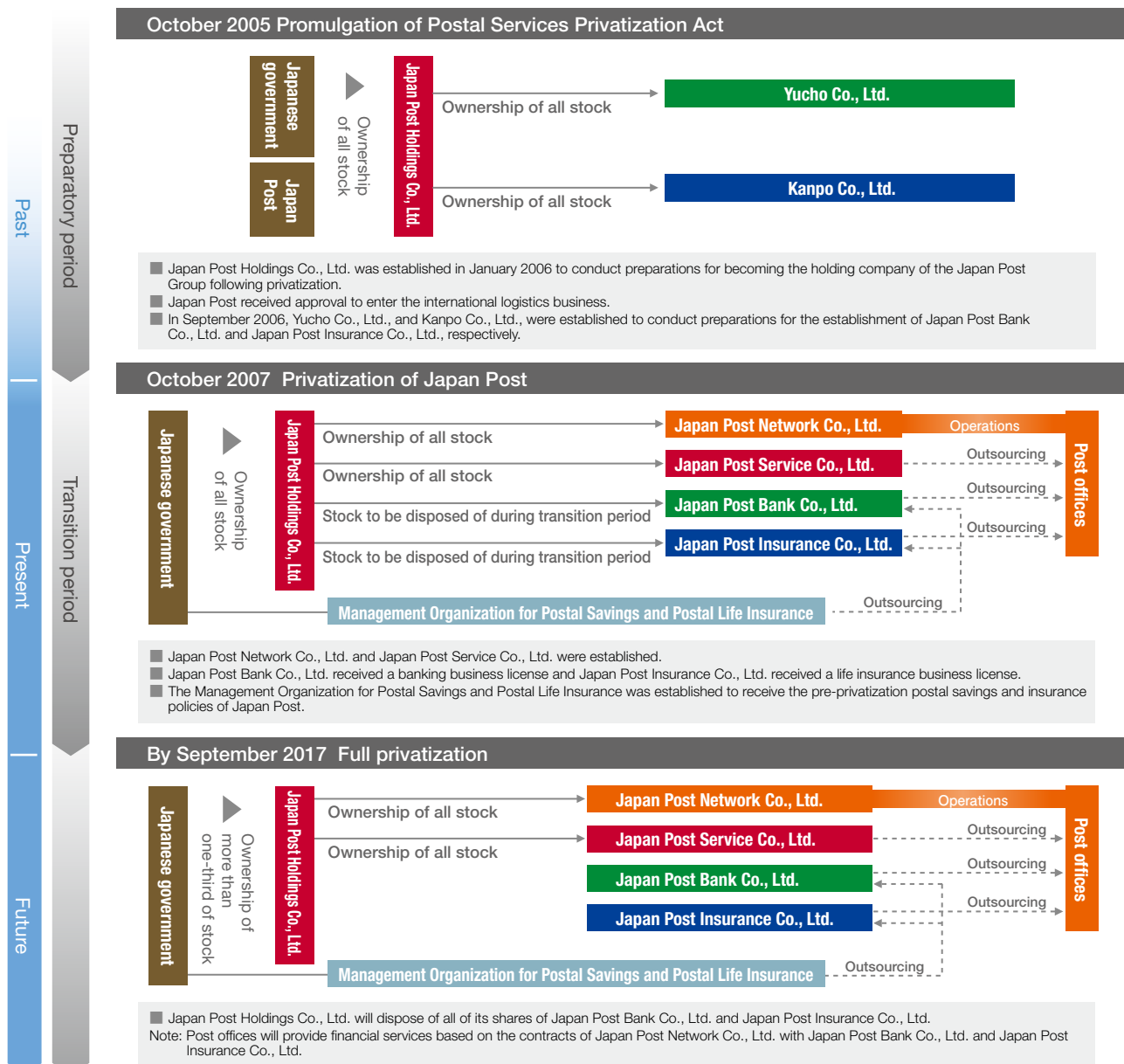


## 5. Privatization Schedule

### Privatization Scheduled to be Completed by September 2017

Following a preparatory period that ended in September 2007, Japan Post was privatized on October 1, 2007 and became the Japan Post Group. The next 10 years are positioned as a transition period that is to end in September 2017 with the full privatization of the Japan Post Group.

Specifically, under the Postal Services Privatization Act, Japan Post Holdings is to dispose of all of its stock in Japan Post Bank and Japan Post Insurance. These two financial services companies plan to go public as early as fiscal 2010 to become self-reliant as soon as possible. The goal is for Japan Post Holdings to dispose of all of its stock in Japan Post Bank and Japan Post Insurance within five years after both companies' initial public offering. Japan Post Holdings as well is preparing for an initial public offering that is to take place at about the same time as at the two financial services companies.



# 3. Japan Post Group Financial Review

## 1 Consolidated Summary (April 1, 2008 to March 31, 2009)

The Japan Post Group's consolidated net ordinary income was ¥830.5 billion and net income was ¥422.7 billion. At the end of the fiscal year, total assets amounted to ¥305,894.4 billion and net assets amounted to ¥8,746.1 billion.

### 1. Results of Operations (Year ended March 31, 2009)

	Japan Post Group (consolidated)	Japan Post Holdings (non-cons.)	Japan Post Network (non-cons.)	Japan Post Service (non-cons.)	Japan Post Bank (non-cons.)	Japan Post Insurance (non-cons.)
Net ordinary income	¥830.5 billion	¥109.9 billion	¥83.8 billion	¥58.9 billion	¥385.2 billion	¥214.2 billion
Net income	¥422.7 billion	¥109.0 billion	¥40.8 billion	¥29.8 billion	¥229.3 billion	¥38.3 billion

(Reference: Year ended March 31, 2008)

Net ordinary income	¥438.7 billion	¥37.8 billion	¥18.5 billion	¥113.7 billion	¥256.1 billion	¥11.9 billion
Net income	¥277.2 billion	¥42.5 billion	¥4.6 billion	¥69.4 billion	¥152.1 billion	¥7.6 billion

Notes: 1. Amounts less than ¥100 million are rounded down. The aggregate consolidated amounts and aggregate non-consolidated amounts do not correspond because of other consolidated accounting procedures.  
2. The amounts for the previous fiscal year (year ended March 31, 2008) include certain preparation planning companies.

The results of operations for the fiscal year ended March 31, 2009 for five companies (Japan Post Holdings, Japan Post Network, Japan Post Service, Japan Post Bank and Japan Post Insurance) are shown

above. After adding the results of operations of other subsidiaries and affiliated companies to consolidated operations, net income amounted to ¥422.7 billion.

### 2. Financial Condition (Year ended March 31, 2009)

	Japan Post Group (consolidated)	Japan Post Holdings (non-cons.)	Japan Post Network (non-cons.)	Japan Post Service (non-cons.)	Japan Post Bank (non-cons.)	Japan Post Insurance (non-cons.)
Total assets	¥305,894.4 billion	¥9,525.2 billion	¥3,256.5 billion	¥2,050.1 billion	¥196,480.7 billion	¥106,577.9 billion
Total liabilities	¥297,148.2 billion	¥1,378.1 billion	¥3,012.1 billion	¥1,768.2 billion	¥188,301.2 billion	¥105,505.2 billion
Net assets	¥8,746.1 billion	¥8,147.1 billion	¥244.3 billion	¥281.9 billion	¥8,179.5 billion	¥1,072.7 billion

(Reference: Year ended March 31, 2008)

Total assets	¥327,588.2 billion	¥9,705.5 billion	¥3,286.4 billion	¥2,149.5 billion	¥212,149.1 billion	¥112,524.6 billion
Total liabilities	¥319,276.8 billion	¥1,659.0 billion	¥3,081.8 billion	¥1,880.1 billion	¥204,072.3 billion	¥111,620.4 billion
Net assets	¥8,311.4 billion	¥8,046.5 billion	¥204.6 billion	¥269.4 billion	¥8,076.8 billion	¥904.2 billion

Note: Amounts less than ¥100 million are rounded down. The aggregate consolidated amounts and aggregate non-consolidated amounts do not correspond because of other consolidated accounting procedures.

Consolidated total assets at the end of the fiscal year were ¥305,894.4 billion, a year-on-year decrease of ¥21,693.8 billion. Assets included securities in the amount of ¥257,087.6 billion and loans and bills discounted in the amount of ¥22,376.5 billion. Consolidated total liabilities at the end of the fiscal year were ¥297,148.2 billion, a year-on-year decrease of ¥22,128.5 billion. Liabilities included deposits in the amount of ¥176,416.7 billion and policy reserves in the amount of ¥102,727.2 billion.

After excluding ¥8.5 billion in dividends within retained earnings and adding consolidated net income of ¥422.7 billion, net assets rose from ¥8,311.4 billion at the end of the previous fiscal year-end to ¥8,746.1 billion. Net assets included net unrealized losses on available-for-sale securities in the amount of ¥11.9 billion.

As of March 31, 2009, the consolidated capital adequacy ratio (domestic standard) was 67.62%.



### 3. Consolidated Financial Highlights (April 1, 2008 to March 31, 2009)

#### ■ Consolidated Results of Operations

<b>Ordinary income</b> (Year ended March 31, 2009) <b>¥19,961,705 million</b> (Year ended March 31, 2008) <b>¥10,097,968 million</b>		<b>Net ordinary income</b> (Year ended March 31, 2009) <b>¥830,565 million</b> (Year ended March 31, 2008) <b>¥438,739 million</b>		<b>Net income</b> (Year ended March 31, 2009) <b>¥422,793 million</b> (Year ended March 31, 2008) <b>¥277,290 million</b>	
<b>Net income per share</b> (Year ended March 31, 2009) <b>¥2,818.62</b> (Year ended March 31, 2008) <b>¥3,555.00</b> (Note 1)		<b>Diluted net income per share</b> (Year ended March 31, 2009) — (Year ended March 31, 2008) — (Note 2)			
<b>Return on equity</b> (Year ended March 31, 2009) <b>5.0%</b> (Year ended March 31, 2008) <b>6.4%</b>		<b>Net ordinary income/Total assets</b> (Year ended March 31, 2009) <b>0.3%</b> (Year ended March 31, 2008) <b>0.3%</b>		<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2009) <b>4.2%</b> (Year ended March 31, 2008) <b>4.3%</b>	

(Reference) Equity in losses of affiliates

Fiscal year ended March 31, 2009: ¥714 million Fiscal year ended March 31, 2008: ¥26 million

Notes: 1. Net income per share obtained by dividing net income following privatization on October 1, 2007 by the average number of shares of common stock during the six-month period ended March 31, 2008 is ¥1,868.94.

2. Because there was no dilution, the amount for net income per share after dilution is omitted.

#### ■ Financial Condition

<b>Total assets</b> (Year ended March 31, 2009) <b>¥305,894,430 million</b> (Year ended March 31, 2008) <b>¥327,588,290 million</b>		<b>Net assets</b> (Year ended March 31, 2009) <b>¥8,746,172 million</b> (Year ended March 31, 2008) <b>¥8,311,433 million</b>	
<b>Capital adequacy ratio</b> (Year ended March 31, 2009) <b>2.9%</b> (Year ended March 31, 2008) <b>2.5%</b> (Note 1)		<b>Net assets per share</b> (Year ended March 31, 2009) <b>¥58,301.42</b> (Year ended March 31, 2008) <b>¥55,374.35</b>	
<b>Consolidated capital adequacy ratio (domestic standard)</b> (Note 2) (Year ended March 31, 2009) <b>67.62%</b> (Year ended March 31, 2008) <b>60.91%</b>			

Notes: 1. The capital adequacy ratio is calculated by dividing net assets less minority interests at the end of the fiscal year by total assets at the end of the fiscal year.

2. The consolidated capital adequacy ratio (domestic standard) is calculated in line pursuant to Article 52-25 of the Banking Act, the bank holding company is required to calculate its capital adequacy in accordance with the capital adequacy ratio measurement guidelines, Financial Services Agency's Notice No. 20, March 27, 2006, which requires the bank holding company to calculate its capital adequacy based on assessment of the assets of the bank holding company and its subsidiaries.

(Reference) Equity capital

Fiscal year ended March 31, 2009 ¥8,745,212 million

Fiscal year ended March 31, 2008 ¥8,306,152 million

## 2 Japan Post Holdings Financial Highlights (April 1, 2008 to March 31, 2009)

Japan Post Holdings is a holding company that operates hospitals and hotels and also provides shared services to Group companies. Ordinary income was ¥307.1 billion, net ordinary income was ¥109.9 billion and net income was ¥109.0 billion.

#### ■ Results of Operations

<b>Operating income</b> (Year ended March 31, 2009) <b>¥303,099 million</b> (Year ended March 31, 2008) <b>¥132,904 million</b>		<b>Net operating income</b> (Year ended March 31, 2009) <b>¥107,173 million</b> (Year ended March 31, 2008) <b>¥ 34,369 million</b>		<b>Net ordinary income</b> (Year ended March 31, 2009) <b>¥109,919 million</b> (Year ended March 31, 2008) <b>¥ 37,824 million</b>		<b>Net income</b> (Year ended March 31, 2009) <b>¥109,026 million</b> (Year ended March 31, 2008) <b>¥ 42,598 million</b>	
<b>Net income per share</b> (Year ended March 31, 2009) <b>¥726.84</b> (Year ended March 31, 2008) <b>¥546.13</b>		<b>Diluted net income per share</b> (Note) — (Year ended March 31, 2008) —					
<b>Return on equity</b> (Year ended March 31, 2009) <b>1.3%</b> (Year ended March 31, 2008) <b>1.0%</b>		<b>Net ordinary income/Total assets</b> (Year ended March 31, 2009) <b>1.1%</b> (Year ended March 31, 2008) <b>0.8%</b>		<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2009) <b>35.4%</b> (Year ended March 31, 2008) <b>25.9%</b>			

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

#### ■ Financial Condition

<b>Total assets</b> (Year ended March 31, 2009) <b>¥9,525,259 million</b> (Year ended March 31, 2008) <b>¥9,705,592 million</b>		<b>Net assets</b> (Year ended March 31, 2009) <b>¥8,147,114 million</b> (Year ended March 31, 2008) <b>¥8,046,551 million</b>	
<b>Capital adequacy ratio</b> (Year ended March 31, 2009) <b>85.5%</b> (Year ended March 31, 2008) <b>82.9%</b>		<b>Net assets per share</b> (Year ended March 31, 2009) <b>¥54,314.10</b> (Year ended March 31, 2008) <b>¥53,643.68</b>	
		(Reference) Equity capital Fiscal year ended March 31, 2009 ¥8,147,114 million Fiscal year ended March 31, 2008 ¥8,046,551 million	

### 3 Japan Post Network Financial Highlights (April 1, 2008 to March 31, 2009)

Japan Post Network recorded an increase in operating income owing to resumption of sales activities at post offices while curbing increases in operating expenses. As a result, ordinary income amounted to ¥1,326.1 billion and net ordinary income was ¥83.8 billion.

#### Results of Operations

<b>Operating income</b> (Year ended March 31, 2009) <b>¥1,293,229 million</b> (Year ended March 31, 2008) <b>¥ 615,880 million</b>	<b>Net operating income</b> (Year ended March 31, 2009) <b>¥68,375 million</b> (Year ended March 31, 2008) <b>¥ 7,517 million</b>	<b>Net ordinary income</b> (Year ended March 31, 2009) <b>¥83,880 million</b> (Year ended March 31, 2008) <b>¥18,535 million</b>	<b>Net income</b> (Year ended March 31, 2009) <b>¥40,843 million</b> (Year ended March 31, 2008) <b>¥ 4,678 million</b>
<b>Net income per share</b> (Year ended March 31, 2009) <b>¥10,210.97</b> (Year ended March 31, 2008) <b>¥ 1,169.53</b>	<b>Diluted net income per share</b> (Note) (Year ended March 31, 2009) — (Year ended March 31, 2008) —		
<b>Return on equity</b> (Year ended March 31, 2009) <b>18.2%</b> (Year ended March 31, 2008) <b>2.3%</b>	<b>Net ordinary income/Total assets</b> (Year ended March 31, 2009) <b>2.6%</b> (Year ended March 31, 2008) <b>0.6%</b>	<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2009) <b>5.3%</b> (Year ended March 31, 2008) <b>1.2%</b>	

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

#### Financial Condition

Total assets	(Year ended March 31, 2009)	¥3,256,547 million	Net assets	(Year ended March 31, 2009)	¥244,352 million	
	(Year ended March 31, 2008)	¥3,286,487 million		(Year ended March 31, 2008)	¥204,678 million	
Capital adequacy ratio	(Year ended March 31, 2009)	7.5%	Net assets per share	(Year ended March 31, 2009)	¥61,088.12	(Reference) Equity capital
	(Year ended March 31, 2008)	6.2%		(Year ended March 31, 2008)	¥51,169.53	Fiscal year ended March 31, 2009 ¥244,352 million
						Fiscal year ended March 31, 2008 ¥204,678 million

### 4 Japan Post Service Financial Highlights (April 1, 2008 to March 31, 2009)

Japan Post Service handled a total of 23,929.94 million items, including 21,227.99 million items of mail, 277.06 million Yu-Pack parcels and 2,424.89 million Yu-Mail booklet parcels. Ordinary income was ¥1,887.4 billion, net ordinary income was ¥58.9 billion and net income was ¥29.8 billion.

#### Results of Operations

<b>Operating income</b> (Year ended March 31, 2009) <b>¥1,865,282 million</b> (Year ended March 31, 2008) <b>¥1,053,676 million</b>	<b>Net operating income</b> (Year ended March 31, 2009) <b>¥ 44,888 million</b> (Year ended March 31, 2008) <b>¥103,773 million</b>	<b>Net ordinary income</b> (Year ended March 31, 2009) <b>¥ 58,974 million</b> (Year ended March 31, 2008) <b>¥113,763 million</b>	<b>Net income</b> (Year ended March 31, 2009) <b>¥29,812 million</b> (Year ended March 31, 2008) <b>¥69,487 million</b>
<b>Net income per share</b> (Year ended March 31, 2009) <b>¥ 7,453.17</b> (Year ended March 31, 2008) <b>¥17,371.89</b>	<b>Diluted net income per share</b> (Note) (Year ended March 31, 2009) — (Year ended March 31, 2008) —		
<b>Return on equity</b> (Year ended March 31, 2009) <b>10.8%</b> (Year ended March 31, 2008) <b>29.6%</b>	<b>Net ordinary income/Total assets</b> (Year ended March 31, 2009) <b>2.8%</b> (Year ended March 31, 2008) <b>5.7%</b>	<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2009) <b>2.4%</b> (Year ended March 31, 2008) <b>9.8%</b>	

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

#### Financial Condition

Total assets	(Year ended March 31, 2009)	¥2,050,151 million	Net assets	(Year ended March 31, 2009)	¥281,928 million	
	(Year ended March 31, 2008)	¥2,149,599 million		(Year ended March 31, 2008)	¥269,487 million	
Capital adequacy ratio	(Year ended March 31, 2009)	13.8%	Net assets per share	(Year ended March 31, 2009)	¥70,482.09	(Reference) Equity capital Fiscal year ended March 31, 2009 ¥281,928 million Fiscal year ended March 31, 2008 ¥269,487 million
	(Year ended March 31, 2008)	12.5%		(Year ended March 31, 2008)	¥67,371.89	

## 5 Japan Post Bank Financial Highlights (April 1, 2008 to March 31, 2009)

Japan Post Bank carried out sales promotions and various campaigns in collaboration with Japan Post Network. As a result, deposits totaled ¥177,479.8 billion, deposits that included accrued interest amounted to ¥178,050.0 billion, ordinary income (revenues) was ¥2,488.5 billion, net ordinary income was ¥385.2 billion and net income was ¥229.3 billion.

### Results of Operations

<b>Ordinary income (Revenues)</b> (Year ended March 31, 2009) <b>¥2,488,552 million</b> (Year ended March 31, 2008) <b>¥1,328,904 million</b>		<b>Net ordinary income</b> (Year ended March 31, 2009) <b>¥385,243 million</b> (Year ended March 31, 2008) <b>¥256,171 million</b>		<b>Net income</b> (Year ended March 31, 2009) <b>¥229,363 million</b> (Year ended March 31, 2008) <b>¥152,180 million</b>	
<b>Net income per share</b> (Year ended March 31, 2009) <b>¥1,529.08</b> (Year ended March 31, 2008) <b>¥2,026.89</b> (Note 1)		<b>Diluted net income per share</b> (Note 2) (Year ended March 31, 2009) — (Year ended March 31, 2008) —			
<b>Return on equity</b> (Year ended March 31, 2009) <b>2.8%</b> (Year ended March 31, 2008) <b>3.8%</b>		<b>Net ordinary income/Total assets</b> (Year ended March 31, 2009) <b>0.1%</b> (Year ended March 31, 2008) <b>0.2%</b>		<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2009) <b>15.4%</b> (Year ended March 31, 2008) <b>19.3%</b>	

Notes: 1. Net income per share obtained by dividing net income following privatization on October 1, 2007 by the average number of shares of common stock during the six-month period ended March 31, 2008 is ¥1,019.41.

2. Because there was no dilution, the amount for net income per share after dilution is omitted.

### Financial Condition

<b>Total assets</b> (Year ended March 31, 2009) <b>¥196,480,796 million</b> (Year ended March 31, 2008) <b>¥212,149,182 million</b>		<b>Net assets</b> (Year ended March 31, 2009) <b>¥8,179,574 million</b> (Year ended March 31, 2008) <b>¥8,076,855 million</b>	
<b>Capital adequacy ratio</b> (Year ended March 31, 2009) <b>4.1%</b> (Year ended March 31, 2008) <b>3.8%</b>		<b>Net assets per share</b> (Year ended March 31, 2009) <b>¥54,530.49</b> (Year ended March 31, 2008) <b>¥53,845.70</b>	
		<b>Consolidated capital adequacy ratio (domestic standard)</b> (Note) (Year ended March 31, 2009) <b>92.09%</b> (Year ended March 31, 2008) <b>85.90%</b>	

Note: The capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 14-2 of the Banking Act and on the basis of calculation formulae prescribed under the criteria for judging whether a bank's capital adequacy ratio is appropriate in light of assets held (Financial Services Agency Notice No. 19, 2006).

(Reference) Equity capital

Fiscal year ended March 31, 2009 ¥8,179,574 million

Fiscal year ended March 31, 2008 ¥8,076,855 million

## 6 Japan Post Insurance Financial Highlights (April 1, 2008 to March 31, 2009)

Japan Post Insurance carried out sales promotions in collaboration with Japan Post Network and upgraded and expanded its lineup of products and services. As a result, new insurance policies for individuals amounted to 1.92 million policies, insurance premiums were ¥7,881.1 billion and core earnings were ¥432.4 billion. Retained income (reserve for price fluctuations in security investments and risk reserve) totaled ¥3,332.8 billion and the solvency margin ratio was 1,429.7% as of March 31, 2009.

### Results of Operations

<b>Ordinary income</b> (Year ended March 31, 2009) <b>¥15,533,727 million</b> (Year ended March 31, 2008) <b>¥7,686,842 million</b>		<b>Net ordinary income</b> (Year ended March 31, 2009) <b>¥214,285 million</b> (Year ended March 31, 2008) <b>¥11,991 million</b>		<b>Net income</b> (Year ended March 31, 2009) <b>¥38,316 million</b> (Year ended March 31, 2008) <b>¥7,686 million</b>	
<b>Net income per share</b> (Year ended March 31, 2009) <b>¥1,915.83</b> (Year ended March 31, 2008) <b>¥768.54</b> (Note 1)		<b>Diluted net income per share</b> (Note 2) (Year ended March 31, 2009) — (Year ended March 31, 2008) —			
<b>Return on equity</b> (Year ended March 31, 2009) <b>3.9%</b> (Year ended March 31, 2008) <b>1.7%</b>		<b>Net ordinary income/Total assets</b> (Year ended March 31, 2009) <b>0.2%</b> (Year ended March 31, 2008) <b>0.0%</b>		<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2009) <b>1.4%</b> (Year ended March 31, 2008) <b>0.2%</b>	

Notes: 1. Net income per share obtained by dividing net income following privatization on October 1, 2007 by the average number of shares of common stock during the six-month period ended March 31, 2008 is ¥385.37.

2. Because there was no dilution, the amount for net income per share after dilution is omitted.

### Financial Condition

<b>Total assets</b> (Year ended March 31, 2009) <b>¥106,577,963 million</b> (Year ended March 31, 2008) <b>¥112,524,670 million</b>		<b>Net assets</b> (Year ended March 31, 2009) <b>¥1,072,756 million</b> (Year ended March 31, 2008) <b>¥904,250 million</b>	
<b>Capital adequacy ratio</b> (Year ended March 31, 2009) <b>1.0%</b> (Year ended March 31, 2008) <b>0.8%</b>		<b>Net assets per share</b> (Year ended March 31, 2009) <b>¥53,637.80</b> (Year ended March 31, 2008) <b>¥45,212.54</b>	
		<b>(Reference) Equity capital</b> Fiscal year ended March 31, 2009 ¥1,072,756 million Fiscal year ended March 31, 2008 ¥904,250 million	

## 4. Group Company Messages



Shigeo Kawa

Chairman and CEO  
Japan Post Network Co., Ltd.

川 友夫

Maximizing the benefits of privatization, Japan Post Network will offer new products and services in postal, banking and insurance services—the core business of post offices—that can more closely respond to the diverse needs of our customers. These efforts are in keeping with our management philosophy of offering products and services transparently through readily available post office networks, aiming to contribute to “helping customers lead a better and more comfortable life at present and in the future.”

Turning to our performance in fiscal 2009, Japan Post Network worked to build a sales structure to maximize frontline capabilities and to promote collaboration with other companies in the Japan Post Group for holding such events as the post office fair. At the same time, we took steps to reduce personnel and non-personnel related expenses. As a result of these measures, Japan Post Network recorded operating income of ¥1,293.2 billion, net operating income of ¥68.3 billion, net ordinary income of ¥83.8 billion and net income of ¥40.8 billion.

Post offices serve as vital points of contact between the Japan Post Group and its customers and thus play a crucial role in the Group’s growth and development. In the future as well, we will strive to raise customer convenience and firmly establish compliance as part of efforts to create efficient and competitive sales bases through these post offices.

Specifically, backed by the strong trust of our customers and our extensive network of post offices that are deeply rooted in local communities, we will promote collaboration with Japan Post Service, Japan Post Bank and Japan Post Insurance to strengthen our sales capabilities and secure stable earnings. Moreover, as part of our strategy for establishing new earnings bases, we will expand the number of post offices handling new financial products and will undertake counter sales on a nationwide basis. At the same time, we will establish new businesses that make effective use of our real estate holdings.

On a different front, we are placing high priority on maintaining and utilizing our post office network. Accordingly, we are adopting various measures to quickly resume operations at temporarily closed contracted post offices and will continue to implement interim steps for immediate response such as providing counter services via mobile post offices as well as visiting services by sales personnel in rural areas. On the other hand, in regions where there is large demand for postal services, we are opening large-scale post offices on a trial basis.

Determined to maintain the trust of customers, all employees of Japan Post Network are committed to providing even higher quality services. We ask our customers for their continued patronage and use of our post offices as we strive to meet the expectations of all our stakeholders in the years ahead.

### Management Philosophy

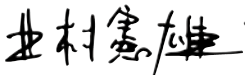
**Japan Post Network will offer products and services transparently through readily available post office networks, aiming to contribute to “helping customers lead a better and more comfortable life at present and in the future” and realize excellent management so that customers and consignors will use Japan Post Network’s services over the long term.**

1. We will supply products and services that precisely match customers’ needs from the perspective of each one of them.
2. We will create an even better infrastructure for our customers’ lives, constantly upgrading the post office network’s capabilities by evolving with social and regional changes.
3. We will fulfill our responsibilities as a corporate citizen by establishing corporate governance systems and strictly implementing compliance.
4. We will encourage all employees to refine their skills and aim for higher goals while interacting with society and the residents of the communities we serve



Norio Kitamura

Chairman and CEO  
Japan Post Service Co., Ltd.



For 130 years, the postal business was a government-operated entity that provided mail services to anyone, at any time and any place. This form of communication in Japan has been easily accessible as well as closely linked to people's daily lives.

Japan Post Service commenced operations on October 1, 2007 with the privatization of Japan Post. While maintaining universal services for postal businesses, Japan Post Service is undertaking its business based on the management philosophy of creating a “network that sincerely connects people, businesses and society” by providing services that enable the public to enjoy secure, certain and speedy communications and logistics functions.

Japan Post Service faces a severe business environment, as the volume of mail is declining due to the growing use of email, while intense competition persists in the parcel delivery market. Moreover, during fiscal 2009, the volume of mail was sluggish owing to cutbacks in company communications and promotional expenses accompanying the rapid deterioration of the economy from the second half of the year. Under these challenging conditions, Japan Post Service made company-wide efforts to maintain quality, strengthen its sales capabilities and streamline its management structure, in addition to increasing the volumes of Yu-Pack and Yu-Mail items handled. As a result, Japan Post Service recorded a stable level of earnings in fiscal 2009, with net ordinary income amounting to ¥58.9 billion.

As part of our commitment to further enhancing our services, we are working to ensure that the integration of our parcel delivery operations with Nippon Express gets off to a smooth start, thereby strengthening our market competitiveness in the domestic logistics business.

Turning to the field of international logistics, in July 2008 Japan Post Service and Sankyu Inc. established JAPAN POST SANKYU GLOBAL LOGISTICS Co., Ltd. as a jointly owned company. This company has begun operations mainly targeting diverse customer needs in China, Eastern Europe and Southeast Asia, where markets are expected to grow. The establishment of this company will also help Japan Post Service diversify and strengthen its overall earnings structure.

I firmly believe that maintaining the trust of our customers is crucial to fulfilling our mission of continuing to provide universal services for postal businesses. In fiscal 2009, however, we were involved in an incident in which a railway mail container and sea mail parcels were left unattended, as well as an incident pertaining to the misuse of the postal discount system for third-class mail intended for use by persons with disabilities. Regrettably, these incidents eroded the trust of customers and caused them major inconveniences.

To ensure that we execute our business properly in the future, we are actively strengthening internal controls that entail thorough internal audits, risk management and compliance, and are also building and establishing structures to ensure our business operations are carried out in an appropriate manner. At the same time, we will continue to provide our customers with high-quality services.

As Japan Post Service works to meet the diverse needs of our customers in the future, we ask all our stakeholders for their ongoing support.

## Management Philosophy

**While maintaining universal services for postal businesses, Japan Post Service will create a “network that sincerely connects people, businesses, and society” by providing services that enable the public to enjoy secure, certain and speedy communications and logistics functions.**

1. We will continue to provide universal postal service through more efficient business operations.
2. We will expand and upgrade logistics services in Japan and overseas by making extensive use of our resources with the aim of meeting customers' diversifying needs.
3. We will provide services that deliver true customer satisfaction, continually improving service quality and developing new service offerings, based on the perspective of our customers.
4. We will maintain effective corporate internal audits and internal controls and conduct a strict compliance program. We will appropriately disclose information to ensure the transparency of our business activities.
5. We will create opportunities for customers, employees and the general public to lead vibrant and enjoyable lives.



**Koji Furukawa**  
Chairman & CEO  
Japan Post Bank Co., Ltd.

古川 洽次

The year ended March 31, 2009 was marked by extremely severe operating conditions, as the financial crisis that originated from the sub-prime mortgage problem spread to the real economy while the Japanese economy deteriorated at an unprecedented abrupt pace.

Under a stringent risk management system, Japan Post Bank carried out investment in Japanese government bonds and other high-grade bonds and secured stable income. We also made significant strides in upgrading and expanding our line of products and services. To this end, in May 2008 we began issuing credit cards (JP BANK CARD), selling individual variable annuities and offering consumer loan intermediary services. We further enhanced our services in January 2009 when we started offering fund transfers with other financial institutions throughout Japan. In terms of deposits, which have been trending downward in recent years, we worked in unison with post offices to undertake sales activities that included implementing preferential interest rate campaigns. Consequently, Japan Post Bank slowed the rate of decline in deposits, with total deposits amounting to ¥178 trillion at the end of the fiscal year, down ¥4.3 trillion from a year earlier. As a result of these activities, Japan Post Bank recorded solid business results, and net income amounted to ¥229.3 billion.

Japan Post Bank aims for a public listing in the coming years. With this in mind, during fiscal 2010 we will strive to achieve stable earnings and sustainable growth by implementing our business model of “undertaking our mainstay retail banking and investment businesses” and “utilizing our agency network of post offices.”

Our business strategies focus on strengthening collaborative ties with Japan Post Network to curb the downtrend in total deposits and undertaking sound and stable operations. Concurrently, we will also take measures to ensure that we can continue to provide user-friendly products and services that earn the confidence and trust of customers throughout Japan.

Deploying a suitable structure for managing and controlling risk, we will expand our methods of managing investments to diversify sources of income and will use a more-advanced asset-liability management (ALM) system. We believe such measures will allow us to earn a more consistent stream of income. Additionally, we will strengthen internal controls and further improve compliance as well as the quality of our banking clerical operations. By taking such steps, we aim to establish a solid business foundation that spans our entire operations in the run-up to our initial public offering.

Backed by an expansive nationwide network of 233 directly operated branches and approximately 24,000 post offices that act as our agents, Japan Post Bank undertakes business adhering to its management philosophy of serving as “the most convenient and dependable bank in Japan,” with operations that are guided by the needs and wishes of our customers.

To ensure that customers can enjoy the benefits of our privatization, everyone at Japan Post Bank is committed to providing a wider range of products and services which are better suited to our customers’ needs. In doing so, we will continue to engage in ongoing dialogues with all current and future customers.

## Management Philosophy

**Japan Post Bank is dedicated to serving as “the most convenient and dependable bank in Japan,”  
with operations that are guided by the needs and wishes of our customers.**

- Dependability:** We will comply with laws regulations and other standards of behavior in order to earn the trust of markets, shareholders and employees and consistently serve as a responsible corporate citizen.
- Innovation:** We will constantly use innovative ideas to improve our management and business activities in response to input from customers and changes in market conditions.
- Efficiency:** We will pursue improvements in speed and efficiency in order to be a source of products and services that match our customers’ requirements.
- Expertise:** We will work continually on upgrading expertise in specialized fields with the aim of meeting the high expectations of our customers.





**Josuke Shindo**

Chairman, CEO  
Japan Post Insurance Co., Ltd.

連保史介

Looking at our performance in fiscal 2009, in insurance sales we achieved expanded sales of new insurance policies compared with the previous year and thereby attained a turnaround in sales for the first time in seven years. This increase was due to a strengthened sales promotion system through cooperation with Japan Post Network and an upgraded and expanded lineup of products and services that included the launch of a new hospitalization rider, *Sono hi kara*. In our asset management operations, we adhered to our fundamental asset management policy of managing yen-denominated interest-bearing assets and systematically reduced the proportion of our equities and other risk asset holdings. By taking this approach, we were able to minimize the deterioration of our asset management performance despite the severe global financial and economic crises. As a result, net ordinary income amounted to ¥214.2 billion and net income was ¥38.3 billion. These figures represent sharp increases from net ordinary income of ¥11.9 billion and net income of ¥7.6 billion in the previous fiscal year. Additionally, we maintained a strong financial base and sustained highly sound operations, as evidenced by a solvency margin ratio of 1,429% and real net assets of ¥6.2 trillion.

At present, our most crucial management task is to perform checks on insurance benefit payments and address cases of unclaimed benefits. For insurance benefits paid during the period when payments were handled by Japan Post (April 2003 to September 2007), we are verifying whether appropriate payments were made to beneficiaries. Regarding unclaimed benefits during this same time period, we are repeatedly advising concerned parties to submit their claims. We deeply apologize for causing concern to customers and concerned parties in this matter. We believe that providing proper and quick payments of insurance benefits is the most fundamental and crucial function and responsibility of a life insurance company. Based on the results of checks on payments and other measures, the entire Japan Post Group will undertake concerted efforts to advise customers quickly and correctly and to make proper payments without fail. We intend to complete our verifications of payments of insurance benefits and to address the cases of unclaimed benefits as soon as possible. Also, to prevent recurrence in the future, we will strengthen our claims payment management system.

Japan Post Insurance aims to enhance business performance in the sales of new insurance policies and will work to build a foundation for supporting sustainable and stable growth and development in preparation for a public offering. To achieve these goals, offering new products and services that respond closely to customer needs is paramount. Accordingly, we are making an effort toward the realization of the raising of insurance enrollment limit amounts after a prescribed period of time elapses following initial enrollment, the launch of a cancer insurance product being developed in collaboration with Nippon Life Insurance Company and other initiatives.

Japan Post Insurance will continue to carry out its inherited social mission of “providing basic coverage for the people of Japan with insurance using simple procedures,” which was the original goal of Postal Life Insurance when it was created in 1916. At the same time, we are guided by our management philosophy of moving forward with our customers while serving as “Japan’s most familiar and trusted insurance company.” As we fulfill our social mission, we will continually consider the customer’s point of view in offering easy-to-understand, easy-to-use products and services. In all our endeavors, we would appreciate your continued support.

## Management Philosophy

### Moving forward with our customers while serving as “Japan’s most familiar and trusted insurance company”

To translate this philosophy into specific activities, Japan Post Insurance makes the following promises to stakeholders.

#### Our promise to customers

We value every contact with customers. We will offer products and services that are easy to understand and use. We will supply accurate information so that customers can use these products and services with confidence.

#### Our promise to shareholders

We will aim to continuously enhance corporate value to fulfill our obligation to shareholders. We will use sound management systems backed by a suitable risk management framework. We will maintain strong lines of communication with shareholders and other investors.

#### Our promise to society

We will make compliance one of the most important elements of our business activities. We will actively contribute to public health. We will operate in a manner that is kind to people and eco-friendly.

#### Our promise to business partners

We will build mutually beneficial relationships based on close cooperation and extensive support. We will supply services and improve the quality of those services by working closely with our business partners. We will increase the value of our brand as a member of the Japan Post Group.

#### Our promise to employees

We will provide employees with a pleasant and rewarding workplace. We will respect each employee and provide equal opportunities to everyone. We will provide many forms of assistance for employees to upgrade their skills.

# Dedicated to Providing the Public with the Best Possible Services

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# 1. Operations of Japan Post Network

## 1. Ensuring that Post Offices Continue to Be Greatly Appreciated by the Public

Functioning as the Japan Post Group's points of interface where we meet and serve our customers, post offices provide postal, banking and insurance products and services and are widely used by the public. Japan Post Network is committed to maintaining the level of its

postal network while making unceasing efforts to create new types of post offices in striving to move forward together with the residents of the local communities we serve.

### 1. Initiatives for Maintaining the Post Office Network

Our post office network includes post offices directly operated by Japan Post Network and contracted post offices operated by local residents under outsourcing agreements.

Some operators of contracted post offices have been unable

to continue providing services for a variety of reasons, resulting in unavoidable temporary closures. In response, Japan Post Network works to quickly resume operations and provides alternative services in communities affected by the closure of contracted post offices.

#### (1) Initiatives for Resuming Operations at Temporarily Closed Contracted Post Offices

Japan Post Network has set up a working group to investigate ways to strengthen contracted post office service channels to formulate measures to ensure that operators of contracted post offices can continue operating these post offices and to secure new operators for contracted post offices that have been closed temporary. Based on the working group's final report, in March 2008 Japan Post Network carried out a sweeping review of its support measures for contracted operators with the aim of resuming operations at temporarily closed

post offices. As a result, the number of temporarily closed post offices, which stood at 417 at the time of privatization, was reduced to 354 as of the end of March 2009.



Mitate Contracted Post Office (Miyazaki Prefecture) that resumed operations after a temporary closure of six months

#### ■ Principal Areas Re-Evaluated in Working to Reopen Contracted Post Offices

##### ● Handling commission fees revised

Revisions were made to handling commission fees paid to contracted operators, which included a 40% increase in the fixed portion of commission fees. These revisions went into effect from August 2008.

##### ● System for subleasing of facilities created

In April 2008, Japan Post Network created a system whereby it leases and carries out interior remodeling of temporarily closed contracted post offices and then subleases the facilities on a fee basis to newly contracted operators.

##### ● Support structure improved

To ensure that contracted operators can carry out their work at post offices with a sense of reassurance, we established and upgraded training programs in addition to raising the operational knowledge of support managers who provide counseling to operators of contracted operators.

##### ● Operations and systems improved

We reviewed workflows with the aim of reducing operational burdens at post offices, including directly operated post offices. We are also proceeding with the introduction of new systems for raising the efficiency of operations at post office counters.

#### (2) Providing Substitute Services at Temporarily Closed Post Offices

We are providing the following alternate services in areas where the operations of temporarily closed post offices are unlikely to be resumed soon.

##### ■ Utilizing Sales Personnel

In a community where a contracted post office has been shut down, we are providing visiting services by sales personnel in rural areas to provide services at a public facility or other location (twice a week, a half-day each). Among the areas where contracted post offices have been temporarily shut down, these services were being provided at 121 locations as of the end of March 2009.



Implementation of service provided by sales personnel

### ■ Services Provided by Mobile Post Offices

Mobile post offices (*Poskuru*), which are specialized vehicles, are dispatched to provide various services. At the end of March 2009, mobile post offices were in operation in Toyota City, Aichi Prefecture, as well as in Naruto City and the surrounding areas in Tokushima Prefecture.



Mobile post office

### ■ Opening provisional branches by directly operated post offices

Directly operated post offices are opening provisional branches near post offices temporarily shut down in communities that have no

financial institutions, which includes post offices. At the end of March 2009, temporary branches were in operation at three locations.

### Recruitment of contracted post office operators

Japan Post Network seeks operators for contracted post offices who possess a firm understanding of social contribution and community activities and who are highly enthusiastic and can work harmoniously with post office staff. To secure such commissioned operators of contracted post offices, Japan Post Network has set up the Contracted Post Office Recruitment Site

on its website. This recruitment site explains the structure of contracted post offices, provides details about job content and necessary qualifications and features the opinions of people who actually work at contracted post offices throughout Japan. The site can be accessed at <http://www.jp-network.japanpost.jp/owner/>. (Japanese only)

## 2. Initiatives for Realizing Convenient Use of Post Offices

Japan Post Network is promoting the development and operation of a diverse assortment of post offices to realize post offices that can be even more conveniently used by numerous people. To the present, we have set up and operated post offices in convenient locations, such as inside the facilities of local government entities, so that postal

services can be offered along with various government services. In the future, we will aim to operate easy-to-use post offices by opening post offices that provide a high level of convenience for customers and that match the particular circumstances of each local community.

### (1) Trial Operation of Large-Scale Post Offices

In urban areas where significant numbers of people use post offices, we are opening large-scale conveniently situated post offices that can respond smoothly to a high volume of customers. An array of new approaches focused on our service methods and products are also being adopted in line with our efforts to create new types of post offices on a trial basis.

We opened the first such new-type post office in the Nishi Shinbashi district of Tokyo's Minato Ward, which has a large concentration of company office buildings. Situated facing a road that serves as the center of the district, this post office is easy to locate and easily accessible by customers. At the post office's service counter lobby, we have stationed concierges who explain various procedures and provide proper guidance to customers depending on the nature of the transaction, which also helps reduce waiting times and raises service levels.

A merchandise sales corner offers products matched to the needs of a wide range of customers. Customers can choose from various

commemorative stamps, *furusato* (hometown) parcels that enable customers to order local products and an abundant line of gift catalog products in addition to postal-related products and character merchandise.

This post office is designed to allow people outside to easily observe the atmosphere and appearance of the sales corner and other areas, thereby stimulating their interest and making them feel free to enter.



Nishi-Shimbashi Post Office (Tokyo)



### (2) Opening Post Offices in Commercial Facilities

We are combining post offices with convenience stores and opening post offices inside shopping malls to allow customers to use post offices in conjunction with their shopping activities.

We are also providing service that includes changing the operating hours of postal service counters to match the operating hours of shopping malls and other facilities, thereby enhancing ease of use for our customers.



EMIFULL MASAKI Post Office  
(Post office situated inside a shopping mall in Ehime Prefecture)



### 3. Initiatives for Becoming the Most Appreciated Post Office

#### (1) Arigatou-Fair Expresses Our Thanks

We conducted a Spring *Arigatou*-Fair (customer appreciation fair) from March through April 2009. Customers buying eligible products and services at nationwide post offices and branches of Japan Post Group companies during this period participated in a draw to receive gourmet food items and merchandise to support the start of new stages of their lives. This same fair was also held in spring, summer and winter 2008 and was favorably received by customers.

The customer appreciation fair is held to emphasize that post offices provide major conveniences by offering all the postal, banking and insurance services and merchandise of Japan Post Group companies as well as to express our appreciation to customers for their patronage.



#### (2) Publication of *Moyorino* Magazine Featuring Seasonal Information at Post Offices

We began publishing *Moyorino*, a free seasonal magazine containing a wealth of information, including lifestyle and community information helpful to customers, in addition to information on the products and services offered by the Japan Post Group as well as the Group's campaigns. This magazine is distributed at all post offices nationwide and at branches of Japan Post Group companies.

*Moyorino* is also filled with other information that customers can enjoy, including seasonal topics and mail-order products recommended by post offices.



Credit cards that benefit household budgets (Vol. 3, spring 2009)



Lead-story interview with Marina Watanabe (Vol. 4, summer 2009)



### (3) Post Office x KitKat “Support for Students Taking School Entrance Exam Project”

In the run-up to the 2009 school entrance examination season, from January 8, 2009 Japan Post Network, Japan Post Service and Nestlé Confectionery K.K. implemented a project that provided encouragement to students taking school entrance examinations. This project was implemented via close cooperation among post offices, which have numerous points of contact with student exam takers through the delivery of school applications and acceptance letters, and Nestle Confectionery K.K., which sells KitKat chocolate wafers that are highly popular among students. Based on the concept *Kitto Katsu* (“Surefire Win”), post offices sold various types of merchandise to support exam takers and set up *Sakura Saku* (successful exam

results) post offices that provided wrapping depicting cherry blossoms in full bloom. The project also featured various events and television commercials. In this way, we provided encouragement to exam takers as well as to people supporting these students.

On June 25, 2009, Kit Mail Campaign, part of the Post Office x KitKat “Support for Students Taking School Entrance Exam Project,” earned the Media Grand Prix, the top media award, at the 56th Cannes Lions International Advertising Festival, marking the first time this award has been won by a Japanese company. We were able to receive this esteemed award thanks to the many people who participated in the campaign.



Sakura Saku post office  
(Hongo Post Office, Tokyo)

### (4) Providing New Services

To ensure that post offices remain a close part of people's lives, we commenced sales of third-sector insurance products and launched referral services, including referrals for moving. (See pages 34-37.) We will continue to develop services that meet the needs of our customers.



## 2. Overview of Operations

### 1. Main Business Activities

Japan Post Network was established within the Japan Post Group as the operating company for taking over the post office counter-related business and functions from Japan Post. In accordance with the Postal Services Privatization Act, Japan Post Network is a fully owned subsidiary of Japan Post Holdings.

In keeping with our stated goal of “ensuring that post offices continue to be appreciated by the public,” Japan Post Network is maintaining the level of its nationwide post office network to provide fundamentally crucial products and services centered on postal, banking and insurance services—the core business of post offices—that can more closely respond to the diverse needs of our customers. These services are provided at post offices under consignment from other Japan Post Group companies and are an integral part of people’s lives.

Japan Post Network will offer products and services transparently through readily available post office networks, aiming to contribute to “helping customers lead a better and more comfortable life at present and in the future” and realize excellent management so that customers and consignors will use Japan Post Network’s services over the long term.

Japan Post Holdings is required to incrementally dispose of all of its shares of Japan Post Bank and Japan Post Insurance by September 2017. Because the present consignor-consignee relationship between Japan Post Network and these two companies represents a crucial business model, we believe it will be necessary to maintain this relationship on an across-the-board basis throughout Japan in the future.

#### (1) Japan Post Group Postal Counter Operations

##### (i) Postal counter operations

Under consignment from Japan Post Service, we accept and handle postal and Yu-Pack items and sell postage stamps and postcards as well as revenue stamps.

##### (ii) Savings counter operations

Under consignment from Japan Post Bank, we handle ordinary deposits, *TEIGAKU* deposits and time deposits, provide remittance and settlement services in addition to handling public pension payments and carrying out counter sales of Japanese government bonds and investment trusts.

##### (iii) Insurance counter operations

Under consignment from Japan Post Insurance, we solicit life insurance and handle premium payments.

#### (2) Providing New Products and Services

To respond to the diversified needs of customers and to upgrade the one-stop functions of post offices, we are successively offering new products and services. We handle a variety of new financial products, which include the sale of individual variable annuities, third-sector insurance products, life insurance for companies (for management-level personnel) and automobile insurance. We are also involved in a catalog sales business in which we serve as an intermediary for sales of products listed in catalogs and on flyers placed in post offices. Other services include the handling of work for local public entities such as delivering official certification documents as well as providing comprehensive referral services for home security and moving.

We are also establishing new businesses that make use of our real estate holdings as well as undertaking an advertising business utilizing extra space at post offices.

## 2. Management Initiatives

In fiscal 2009, we implemented a host of initiatives for providing a diverse range of one-stop services through easily accessible post offices with the aim of becoming a “comprehensive lifestyle support company” (life support network) that provides overall support for our customers’ life planning. Specifically, we worked to strengthen sales in our three core businesses, expand and upgrade our product lineup, thoroughly respond to customer preferences, establish a compliance structure and improve the quality of operations, and create a company that exists harmoniously with society.

### (1) Strengthen Sales in Our Three Core Businesses

Post offices serve as points of contact between customers and Japan Post Group companies. We strengthened our sales in the three core businesses of postal, banking and insurance services by taking such measures as holding the summer, winter and spring *Arigatou*-Fair and implementing other types of campaigns.

- **Postal:** We set up new displays and featured packaged products that were both appealing and easy to purchase by customers. We also made efforts to ensure that customers continue to use specialty product Yu-Pack service as well as to secure new customers for this service by strengthening collaboration with Japan Post Service.
- **Savings:** We implemented a marketing campaign offering our close customers premium interest rates on deposits during the summer and winter salary bonus seasons and also carried out a campaign that encouraged individuals to deposit their lump-sum retirement payments at Japan Post Bank and pension campaign. Additionally, from March through May 2009, we implemented the First Paycheck JP BANK CARD Campaign.
- **Insurance:** From July through August 2008, we implemented a commemorative campaign marking the launch of a new hospitalization rider and from September through October 2008 we held a commemorative campaign celebrating the first anniversary of Japan Post Insurance.

### (2) Expand and Upgrade Our Product Lineup

We provided a diverse array of new products and services and worked to help customers lead better and more comfortable lives at present and in the future. As part of these efforts, from October 2008 we expanded the number of post offices handling automobile insurance as well as commenced sales of variable annuities in May 2008, Consignment sales of corporate insurance products in October 2008 and third-sector insurance products also in October. Moreover, we expanded catalog sales to all nationwide post offices following privatization and added “post office gift selection” to our lineup in April 2008. In November 2008, we opened the post office mail-order shop on our website.

In other developments, we launched an advertising business that makes use of extra space at post offices in April 2008, began operation of small convenience store-type outlets in designated post offices in August 2008 and inaugurated comprehensive lifestyle referral services covering home security and moving services in August 2008.

We are also progressing with our real estate development, which includes design as well as discussing with other related parties in

working to commercialize a business for using land at the Tokyo Central Post Office and Osaka Central Post Office, which are situated in primary commercial districts. We also held discussions with related parties regarding the development of land suitable for the construction of condominiums as part of our real estate sub-division business.

### (3) Thoroughly Respond to Customer Preferences

We worked to raise customer satisfaction by promoting measures to improve and firmly instill CS (customer satisfaction) skills in each employee and strived to properly absorb the opinions of our customers so that we can provide even better services.

### (4) Establish a Compliance Structure and Improve the Quality of Operations

To ensure that post offices maintain the trust of customers, we have taken such measures as creating an operational framework that prevents compliance violations, thoroughly implemented measures to prevent any improprieties and implemented training and created rules to raise the compliance awareness of each employee.

From the perspective of raising the quality of our operations, we established a clerical work guidance structure encompassing all companies in the Japan Post Group and reviewed the workflow at post offices.

### (5) Create a Company that Exists Harmoniously with Society

To reduce the environmental load, we are adopting such measures as reducing CO<sub>2</sub> and cutting the amounts of copy paper used. Additionally, 71 post offices have obtained certification for ISO 14001, the international standard for environment management systems.

In line with efforts to cooperate with local communities, we have formed accident prevention agreements and landslide and mountain disaster prevention agreements with local government entities in addition to exchanging such information during disaster prevention activities and publicizing such activities. In cooperation with providing “safe havens for children,” we make our post offices available to children as places of refuge in emergencies or if their safety is threatened and also provide temporary shelter.

### 3. Products and Services

(as of July 1, 2009)

Post offices engage in the sale and provision of postal (refer to pages 40–43), banking (refer to pages 46–48) and insurance (refer to pages 51–53) products and services. In addition, post offices provide various types of new products and services that contribute to “helping customers lead a better and more comfortable life at present and in the future.”

#### 1. Responding to Customer Needs

##### (1) Start of Sales of Third-Sector Insurance Products

We responded to needs for healthcare coverage, which have been rising in recent years, by commencing sales of third-sector insurance products. We launched sales in October at 300 post offices and expanded these sales to 1,000 post offices by July 2009.

<Products Handled>

##### ● Aflac's Cancer Forte (underwriter: Aflac (American Family Life Assurance Company of Columbus))

Aflac's Cancer Forte provides a lump-sum payment when diagnosed with cancer (diagnosis benefit) and also pays hospitalization and surgery benefits when hospitalization and surgery are required. These benefits cover advanced medical treatments for cancer.



##### ● Tayoreru You (underwriter: Sumitomo Life Insurance Company)

This whole life medical insurance (medical insurance with eased underwriting conditions) allows for the enrollment of persons with pre-existing conditions (diabetes, hypertension, etc.) who are not accepted under traditional health insurance (insurance providing benefits for hospitalization or injury or when undergoing prescribed surgery).

##### (2) Start of Variable Annuity Sales

We commenced sales of variable annuities to further enhance our life planning and asset accumulation consulting-related products. We launched sales in May 2008 at 79 post offices and expanded these sales to 166 post offices by October 2008. In the future as well, we

will continue to upgrade our life planning and asset accumulation consulting-related products and respond to the diverse needs of customers through our network of readily available post offices.

##### (3) Start of Sales of Life Insurance for Companies (for Management-Level Personnel)

We began sales of life insurance for companies (for management-level personnel) to respond to a variety of needs of executives, such as needs for retirement benefit-related measures, business insurance, business succession and inheritance countermeasures. We launched sales in October 2008 at 55 post offices and expanded these sales to 124 post offices by July 2009.

<Products Handled>

##### ● Super Phoenix 100EX (underwriter: Nippon Life Insurance Company)

This term insurance provides business owners and top managers with long-term coverage lasting until age 100. This insurance is highly effective for asset accumulation and is particularly suited for serving as a provision for financial resources for retirement bonuses as well as for providing business insurance capital.



##### ● Maturity at Age “99” Term Insurance, Nagawari Term Insurance (Lapse-Supported Term Insurance) (Underwriter: Tokio Marine & Nichido Life Co., Ltd.)

This insurance provides long-term coverage in areas related to the responsibilities of business owners and top managers. The insurance not only provides coverage for any contingencies during the insured party's tenure, but the cancellation return in the case of voluntary retirement can be used as a financial source for a retirement bonus. Nagawari Term Insurance features relatively inexpensive premiums during the “low cancellation refund term” when the cancellation refund is low.

#### (4) Expansion of Sales of Automobile Insurance

As a non-life insurance agency, we began handling post office automobile insurance in October 2007 in cooperation with seven non-life insurance companies. We launched sales at 23 post offices and expanded these sales to 600 post offices by July 2009.

<Products Handled>

##### ● Post Office Automobile Insurance

(seven underwriters: coinsurance through seven companies that include Aioi Insurance Co., Ltd., AIU Insurance Company, Sampo Japan Insurance Inc., Tokio Marine & Nichido Fire Insurance Co., Ltd., Nissay Dowa General Insurance Co., Ltd., NIPPONKOA Insurance Co., Ltd. and Mitsui Sumitomo Insurance Co., Ltd.)

This insurance provides three types of basic coverage, namely, other-party coverage, personal coverage of the insured and vehicle coverage in addition to combining six types of support services ranging from accident-prevention support to support after an accident. Premium rates are set depending on the purpose of the vehicle usage and the category (color) of the driver's license held.



#### (5) Sales of Frame Stamps

In response to requests from customers to sell stamps that use photographs, we provide a service for creating and selling original frame stamps for our customers. We also commenced sales of frame stamps for limited periods. In the future we intend to sell various types of new and original frame stamps.



## 2. Providing Services that Support People's Lives

### (1) Working with Local Governments

As part of their services for the public, post offices conduct a number of services for local governments. For example, some post offices issue official certification documents and sell tickets for various government services.

(As of March 31, 2009)

Services	Prefectures	Municipalities	Post offices
1. Official certification documents	0	151	562
2. Other services	1	109	3,467
(1) Sales	0	103	1,386
a. Multiple-ride bus tickets	0	25	239
b. Trash collection certificates	0	33	757
c. Sewage treatment certificates	0	7	32
d. Tickets to events	0	21	212
e. Merchandise certificates	0	0	0
f. Trash collection bags	0	51	362
(2) Distribution services (issuance of bus tickets, etc.)	0	9	1,356
(3) Receipt of application forms for using services	1	1	1,238
Total	1	240	3,980

Note: Figures for "2. Other services," "(1) Sales" and "Total" exclude multiple use by the same person.



## (2) Start of Post Office Referrals Comprehensive Lifestyle Referral Services

We commenced Post Office Referrals, comprehensive lifestyle referral services covering home security, optic fiber connection and moving, at all nationwide post offices as well as through a dedicated phone line

and our post office website. In May 2009, we added “housecleaning” to our menu of referral services.



## (3) Sales of Catalog Products

The *furusato* parcel business allows customers to order desired products from catalogs and pamphlets listing specialty products from all regions of Japan and to receive their products directly from the regions where they are produced through Yu-Pack service. Meanwhile, “post office gift selection” enables persons to select their favorite items from a catalog. We continually review catalog product lineups as we strive to introduce customers to even better products.

### ■ Post office gift selection

Recipients of gifts can select an item from a catalog. This gift-giving system is ideal for weddings, the birth of a child, recovery from an illness, funerals, mid-year and year-end gifts and other occasions.

### ● Advantages of post office gift selection

- Easy gift giving even without knowledge of the recipient's preferences  
Gift recipients can choose from a variety of selected items in catalogs, including food, household goods and other products, from among a total of 3,500 items.



- Gift wrapping appropriate for the occasion  
We can deliver gifts with wrapping for weddings, funerals and other events. We can also include the recipient's name.
- Seven gift catalog categories to match all budgets  
Individuals giving gifts can select one of seven catalogs depending on the budget. Samples of all seven catalogs are available at all post offices.

## (4) Start of Post Office Mail-Order Shop Commenced

The post office mail-order shop is a shopping site on the Japan Post Network website. Original post office goods are offered as well as an assorted lineup of products such as *furusato* parcel specialty products, including mid-year and year-end gifts, which are sent directly from the supplier.



## (5) Start of Total Printing Service

In March 2009, we launched a total printing service on the post office mail-order shop site. The service enables customers to print greeting cards and business cards in addition to traditional New Year's postcards.



## (6) Asset Management Seminars Held

Post offices hold post office investment trust seminars, which provide customers with direct consultations about their asset management. The seminars are convened to provide explanations about the mechanisms of investment trusts and the investment environment as well to explain the details of and recommend individual products.

Participation is free of charge and customers can feel free to make inquiries. Information and inquiries about these seminars, including the regions where the seminars are held, locations, times and themes, are available on the Japan Post Network website.



### (7) Cargo Collection Using Four-Wheeled Mini Vehicles Started

To respond to customer needs for post office cargo collection, collection using four-wheeled mini-vehicles was started at 17 post offices from March 2009.



## 3. Promoting the Effective Use of Post Offices

### (1) Start of Sales of a Convenient Stationery for Sending Mail at Post Offices

To further enhance the convenience of post offices, in June 2009 we began selling mail-related items such as letter paper, envelopes and pen and pencils at all nationwide post offices as well as at certain contracted post offices. Prior to this, we started printing various greetings and designs onto our New Year's postcards and

selling these in packages containing several postcards at certain post offices in the Tokyo metropolitan area.



### (2) Opening of JP LAWSON Stores

In cooperation with LAWSON, INC., in August 2008 small convenience store-type outlets called JP LAWSON stores were opened in the Nihombashi Post Office (Tokyo) and five other post offices. Situated in waiting areas, these post office convenience stores have approximately 16.5 m<sup>2</sup> to 49.5 m<sup>2</sup> of sales floor space.



JP LAWSON store at the Nihombashi Post Office

### (3) Start of Advertising Business

In April 2008, Japan Post Network started an advertising business by deploying extra space at post offices and using its nationwide network of post offices to place advertisements by companies and local governments. Using post offices as a medium, we engaged in such activities as placing advertisers' posters and pamphlets in post office lobbies, distributed advertisers' sample products at service

counters, posted advertisements in an information magazine published by Japan Post Network and held various related events.



### (4) Start of Collection of Used Ink Cartridges

We started the "ink cartridge *satogaeri* project" for collecting used ink cartridges with the cooperation of six printer manufacturers. As of June 2009, collection boxes were placed in 3,639 major post offices (refer to page 74).



## 2. Operations of Japan Post Service

### 1. Overview of Operations

#### 1. Main Business Activities

Japan Post Service undertakes the postal business and parcel delivery business within the Japan Post Group. Japan Post Service was established as the operating company for taking over the postal-related business and functions from Japan Post. Under the Postal Services Privatization Act, Japan Post Service is a fully owned subsidiary of Japan Post Holdings.

In addition to operating 1,091 branches and 2,556 collection and delivery centers, Japan Post Service has commissioned Japan Post Network to handle mail and sell postage stamps, postcards and revenue stamps at approximately 24,000 post offices throughout Japan. While maintaining universal service for postal business, Japan Post Service will strive to create a “network that sincerely connects people, businesses, and society” by providing services that enable the public to enjoy secure, certain and speedy communications and logistics functions.

Japan Post Service's main business activities in the postal business and parcel delivery business are as follows.

##### (1) Postal and Domestic Distribution Business

As stipulated by the Postal Services Privatization Act, Japan Post Service provides universally fair postal services at the lowest possible rates (universal services) as well as Yu-Pack, Yu-Mail and other logistics services. In addition to domestic postal services, Japan Post Service also provides international postal services (ordinary, parcel and EMS\*) in accordance with international postal treaties and agreements including the Universal Postal Convention. Also, Japan Post Service has been commissioned by the Japanese government to sell revenue stamps.

To maintain universal mail service, Japan Post Service has set up 192,000 post boxes throughout Japan and has commissioned Japan Post Network to handle mail and sell postage stamps, postcards and revenue stamps at approximately 24,000 nationwide post offices. Moreover, we have commissioned the sale of various postage stamps and revenue stamps at approximately 144,000 locations in Japan. Through this network, Japan Post Service delivers approximately 68 million pieces of mail daily to around 32 million homes and businesses throughout Japan. In fiscal 2009, Japan Post Service delivered around 21,230 million postal items, around 280 million Yu-Pack items and around 2,420 million Yu-Mail items.

To respond to the one-stop outsourcing needs of customers, subsidiaries such as JP Biz Mail Co., Ltd. provide contracted one-stop total services that range from mail planning and preparation (printing) to mail inserting, sealing and sending.

##### (2) International Logistics Business

JAPAN POST SANKYU GLOBAL LOGISTICS Co., Ltd., established in July 2008 as a jointly owned company with Sankyu Inc., is providing extensive international logistics services, ranging from small-lot cargo to large-lot cargo, primarily between Japan and China and other areas of Asia. While continuing to primarily target China, Eastern Europe and Southeast Asia, where markets are expected to grow, we plan to collaborate in the postal business with the national postal groups of China and France, as we further expand our postal network.

##### (3) Logistics Business

Under consignment from Japan Post Network, Japan Post Bank and Japan Post Insurance, we provide one-stop logistics services that include transporting, storing and sorting materials used in business operations at post offices and their branch offices. We have also been consigned by other companies engaged in shipping to provide consulting related to improving logistics operations as well as to provide one-stop logistics services that include designing and establishing logistics flows optimally matched to each company as well as providing these companies with transportation, storage and sorting services.

\*EMS = Express Mail Service

## 2. Management Initiatives

In fiscal 2009, we undertook the following initiatives to “operate more efficiently,” “actively utilize management resources,” “provide services from the perspective of customers,” “maintain the trustworthiness and transparency of our operations” and “contribute to society and the region.”

### (1) Operate More Efficiently

To ensure we can provide postal service as a universal service, we made efforts to carry out efficient operations by taking such measures as curbing personnel expenses and reducing materials and non-personnel costs.

In transportation sectors, to further raise operational efficiency and strengthen governance, we converted 14 principal mail transportation companies into subsidiaries of Japan Post Service and in February 2009 integrated these companies into Japan Post Transport Co., Ltd.

Regarding parcel delivery operations, in June 2008 JP Express Co., Ltd. was established to make preparations for integrating these operations with Nippon Express Co., Ltd.

### (2) Actively Utilize Management Resources

In July 2008, JAPAN POST SANKYU GLOBAL LOGISTICS Co., Ltd. was established as a jointly owned company with Sankyu Inc., which is involved in the international logistics business.

From the perspective of actively utilizing its management resources, Japan Post Service will diversify and strengthen its earnings structure, which includes making considerations for entering new businesses.

### (3) Provide Services from the Perspective of Customers

We were able to maintain the volume of sales of New Year's postcards at virtually the same level as in fiscal 2008 by providing products and services matched to customers needs, including Disney character New Year's postcards and *Irodori* (colored) New Year's postcards. Also, we achieved an increase in the number of New Year's postcards delivered on New Year's Day by building a finely tuned postal operations structure.

We further enhanced our services in August 2008 when we began a service for accepting change of address notifications (e-change of address) via the Internet, while in February 2009 we commenced an Internet-based Yu-Pack label printing service. In March 2009, we revised our service concerning the recording of delivery processes, established a new acceptance-recorded mail and lowered rates for simplified registered mail.

As we accurately ascertain the needs of individual and corporate customers, we will strive to provide services that truly satisfy our customers by raising quality, re-evaluating the details and prices of our existing products, upgrading and improving existing services and developing new services.

### (4) Maintain the Trustworthiness and Transparency of Our Operations

In fiscal 2009, we were involved in an incident in which a railway mail container and sea mail parcels were left unattended as well as an incident pertaining to the misuse of postal discount system for third-class mail intended for use by person with disabilities. Regrettably, these incidents caused customers major inconveniences and Japan Post Service received an order for supervision from the Minister of Internal Affairs and Communications.

In response to the incident in which a railway mail container and sea mail parcels were left unattended, we are requiring mutual communication between branches involved in the dispatch and the receiving of mail and are implementing thorough inspections to ensure no mail is left unattended. At the same time, we will build a mail shipment dispatch and arrival management system that can confirm the dispatch and receipt of all deliveries. Regarding the incident pertaining to the misuse of the postal discount system for third-class mail intended for use by persons with disabilities, we will clarify the materials needed for verifying that conditions for authorized use of the discount system have been satisfied and will implement regular monitoring under a system for ascertaining the sending of third-class mail.

In addition to these steps, we are working to regain the trust of customers by actively strengthening and improving internal controls that entail thorough internal audits, risk management and compliance, while also building and firmly establishing structures to ensure our business operations are carried out in an appropriate manner. Through such measures, we are making group-wide efforts to continue providing high-quality services that satisfy our customers.

### (5) Contribute to Society and the Region

Japan Post Service promotes social contribution programs through making charitable donations via its New Year's postcards and also provides the *Himawari* Service for offering assistance to the elderly.

Japan Post Service is also tackling environmental problems by undertaking environmentally conscious operations. In doing so, we are promoting the conservation of electricity, gas and other energy sources, saving paper, water and other resources, and procuring environment-friendly goods and vehicles in line with efforts to reduce environmental loads. We also promote eco-driving practices, work to reduce CO<sub>2</sub> and NO<sub>x</sub> emissions to help curb atmospheric pollution and actively implement measures to combat global warming.

Regarding a problem concerning the percentage of recycled paper in New Year's postcards that came to light in January 2008, based on the recommendations from the Conference on Raising the Quality of Postcards, in August 2008 we formulated Policies for Raising the Quality of Postcards aimed at realizing a 40% or higher recycled paper content for postcards. Subsequently, we continued deliberations with paper manufacturers and decided to sell postcards that have a 40% or higher recycled paper content starting with our 2009 *Kamo-Mail* (summer greeting post card).

We also regard CSR as a top management issue and in the future we will continue to fulfill our corporate social responsibilities.

## 2. Products and Services

(as of July 1, 2009)

### 1. Stamps and Postcards

Products	Description/Features
<b>Ordinary stamps</b>	Standard lineup of postage stamps
<b>Special stamps</b>	Stamps issued for a special purpose, such as to commemorate an important national event in Japan or a significant campaign in Japan or another country
<b>Furusato stamps</b>	Stamps issued to stimulate interest in specific regions of Japan using regional themes
<b>New Year's postal stamps with donations</b>	These lottery stamps allow individuals who use their own New Year's postcards and letters to participate in the New Year's postcard lottery. There are two types: one for postcards and one for letters.
<b>Frame stamps</b>	These are frame like stamps with original photographs and other design elements to be printed in the stamps, which can be ordered using the Internet or at a post office.
<b>Greeting stamps</b>	Stamps with designs for use with greetings involving specific events
<b>Standard postcards</b>	Postcards with printed stamps and available in two types
<b>New Year's postcards (New Year's lottery postcards)</b>	These postcards are available in a standard plain format and with a donation added.
<b>Summer greeting postcard (Kamo-Mail)</b>	Postcards for summer greetings are available with standard postage and with a donation added.
<b>Carbon offset postcards</b>	We issue carbon offset New Year's postcards and carbon offset summer greeting postcards with donations. Donations are used for global warming prevention projects with the goal of helping achieve the 6% reduction in Japan's greenhouse gas emissions as prescribed in the Kyoto Protocol.
<b>e-sense cards</b>	Sold for ¥50, these stylish postcards incorporate an illustration or picture provided by a company using the back of the card as advertising space.
<b>Echo postcards</b>	Part of the postcard is used for advertising and the advertising income is used to reduce the price by ¥5, to ¥45.
<b>Inkjet printing standard postcards</b>	Postcards with a special coating that allows the tiny dots of inkjet printers to dry quickly, permitting the postcards to be used for printing photographs, pictures and other colorful images
<b>Reply-paid postcards with no fold</b>	The absence of a fold allows these postcards to be easily used with a printer or copier. These postcards are useful for printing large numbers of invitations to parties, sales events, exhibitions and other events.
<b>Four-surface printing postcards</b>	With four postcards in a single sheet, these postcards are useful for situations where a large number of postcards needs to be printed.
<b>Postcards with indentations</b>	These postcards have a semicircular indentation on the lower left corner of the front so that visually impaired individuals can tell the front and back and top and bottom of a postcard.
<b>Picture postcards</b>	Picture postcards featuring famous scenery and other sights from all over Japan
<b>International postcards</b>	These postcards are used for international air mail and have the same rate for every foreign country.
<b>Mini-letters (Postal envelopes)</b>	These sheets, in which writing space is three times the size of a postcard, are a combined letter and an envelope. Postage is printed on the front just as with a postcard. Items can be enclosed up to the limit of 25 g.
<b>Aerogrammes</b>	The international mail version of the "mini-letter." Items can be enclosed up to a limit of 25 g. Writing space is three times the size of a postcard and postage is printed on the front. Air-mail postage is cheaper (¥90 for anywhere in the world).
<b>Letter-writing sets</b>	A package of frequently used stamps and postcards
<b>Stamp booklets</b>	Stamp booklets have a cover and contain several stamps or several dozen stamps, with an accompanying explanation of each stamp.



Ordinary stamps



Special stamps/Furusato stamps



Standard postcards



Stamp booklets

## 2. Standard Mail Services

Services	Description/Features
<b>First-class mail</b> ( <i>Daiisshu yubin</i> )	This category includes letters and is divided into standard-size items of a certain size and weight and nonstandard-size items. This category also includes "mini-letters."
<b>Second-class mail</b> ( <i>Dainishu yubin</i> )	This is the category for postcards. There are two categories: standard postcards and reply-paid postcards.
<b>Third-class mail</b> ( <i>Daisanshu yubin</i> )	Newspapers, magazines and other periodicals issued at least four times each year and that have been approved by Japan Post Service. This includes third-class mail, which has discounted rates, and covers a portion of newspapers published three or more times monthly or publications containing one-day's content that are mailed by a publisher, seller or organization. Third-class mail at a discounted rate is also available for organizations for persons with disabilities that have the aim of promoting the welfare of persons with disabilities.
<b>Fourth-class mail</b> ( <i>Daiyonshu yubin</i> )	A reduced-rate or free postage category for materials associated with public service or welfare. Examples include correspondence education materials, braille materials, special recordings, plants and seeds, and academic publications.

## 3. Yu-Pack, Yu-Mail and Other Services

Services	Description/Features
<b>Yu-Pack</b>	Yu-Pack is a domestic delivery service for sending small lightweight parcels having three dimensions totaling less than 170 cm and weighing less than 30 kg, with the receiver's address listed on an attached invoice. The Yu-Pack service offers a host of benefits and conveniences. These include discounts for parcels brought to post offices, volume discounts for 10 or more parcels, forwarding to a second address when no one is at the primary address, notice of completed delivery service, same-day redelivery and specified-time delivery service.
<b>Refrigerated Yu-Pack</b>	A safe and reliable way to transport fresh produce and other goods that must be refrigerated
<b>Airport Yu-Pack</b>	An easy and inexpensive way for travelers to ship their luggage to and from an airport. Luggage can be picked up at a designated counter at the airport.
<b>Golf and Ski Yu-Pack</b>	Golf and ski equipment is delivered to a hotel or other location by the day prior to the customer's arrival or back to the customer's home.
<b>EXPACK500</b>	Allows customers to send any amount of items that will fit in the EXPACK500 envelope for a flat fee of ¥500, eliminating the need to calculate postage. Simply insert the items and drop in any post box.
<b>Pos Packet</b>	A convenient service for sending small and light items anywhere in Japan at a basic flat rate of ¥400. Delivery confirmation is available for an additional fee. Packets can be dropped in any post box.
<b>Yu-Mail (booklet parcels)</b>	A service for sending books and other publications at a lower cost than with Yu-Pack. No prior procedure is needed. Simply drop in any post box.
<b>Town Plus (Yu-Mail for designated delivery area)</b>	A service for delivering Yu-Mail to all homes and businesses within a particular neighborhood
<b>Yu-Mail for persons with disabilities</b>	Yu-Mail for materials sent between libraries and persons with severe physical or mental disabilities
<b>Braille Yu-Pack</b>	Used to send braille materials.
<b>Yu-Pack for the hearing impaired</b>	Used to send videotapes for hearing-impaired individuals. Available for tapes sent between facilities approved by Japan Post Service and eligible recipients.



Yu-Pack package (large box)



Yu-Pack package (small box)



Yu-Pack package (large pouch)



Yu-Pack package (small pouch)



EXPACK500 (front side)








EXPACK500 (rear side)



Pos Packet



## 4. Major Supplementary Services

Services	Description/Features
<b>Express mail (Sokutatsu)</b>	The fastest form of delivery, in which mail receives priority over other mail and parcels in the same class
<b>Overnight mail "Morning 10"</b> 	Delivers all mail received before the acceptance deadline by 10:00 the following morning.
<b>New special express mail (Shin tokkyu yubin)</b>	Delivers mail received around morning time by approximately 17:00 the same day
<b>Registered mail (Kakitome)</b>	Letters and parcels are tracked from acceptance to delivery. If the item is damaged or does not reach its destination, the sender will be reimbursed for the actual loss based on the amount submitted when the item was sent. There are three types: cash registered mail, ordinary registered mail and simplified registered mail (discounted postage).
<b>Acceptance-recorded mail (Tokutei kiroku yubin)</b>	A service for registering the acceptance and delivery of mail and parcels.
<b>Restricted delivery mail service (Honin gentei uketori yubin)</b>	This service provides delivery of mail and parcels only to a person whose name is listed on the mail or parcel. There are three types of service: basic, special-case and special-matter notification types.
<b>Cash on Delivery (Daikin hikikae yubin)</b>	The recipient pays the designated amount upon receipt of the letter or parcel. The amount due is paid to the sender using a Japan Post Bank transfer or ordinary transfer.
<b>Delivery date-specified mail (Haitatsu-bi shitei yubin)</b>	The letter or parcel is delivered on the day specified by the sender.
<b>Letax</b> 	This service provides quick delivery of greetings such as condolence and congratulatory messages, and senders can choose their favorite design, including mat board, depending on the situation.
<b>Computer mail</b> 	The sender submits the recipient's name, address, electronic message, and other data. Japan Post Service performs everything from printing to placing the messages in envelopes so they can be delivered nationwide using standard mail.
<b>Hybrid mail</b>  インターネットで送って、郵便で届く ハイブリッドめーる	A simple mail service that requires no envelopes, paper or stamps. An electronic message prepared on a computer is sent to Japan Post Service using the Internet and delivered using a hybrid mail envelope; available on a 24-hour basis
<b>e-content certificate</b> 	A service for using the Internet to conveniently send mail that requires certification of the contents; available on a 24-hour basis
<b>Certification services</b>	Receipt time certification is for certifying the time a letter or parcel sent as registered mail was received. Delivery certification certifies the delivery of a letter or parcel sent as registered mail. Certification forms (which are verified by postal certification officers) state the date, sender and recipient, and contents of the letter or parcel, with certification by Japan Post Service.

## 5. Other Services

Services	Description/Features
<b>Forwarding service</b>	When an individual relocates, mail is forwarded to the new address for one year at no charge. In addition to submitting an application using relocation forms, which are available at branches and post offices, a service has been launched for submitting applications via the Internet. For online service, access <a href="http://welcometown.post.japanpost.jp">http://welcometown.post.japanpost.jp</a> and fill in required items according to the instructions. Additionally, the status of applications can be checked online after submittal.
<b>Requests for alteration of address and withdrawal of mail</b>	When a sender realizes there was a mistaken entry for the sender or address after sending a letter or parcel, a request for change of recipient or return of the item can be submitted (a fee may be required).
<b>Stamp and postcard exchanges</b>	Postage stamps, non-usable postcards due to mistaken entries and other unneeded stamps and postcards can be exchanged for new ordinary stamps and postcards by paying the prescribed fee. Exchanges are not possible for soiled or damaged stamps and postcards and for postal envelopes where the printed postage stamp rate is soiled or damaged.
<b>Free exchanges of lottery number postcards, etc.</b>	New Year's postcards and stamps with lottery numbers that cannot be used due to the death of a close relative can be exchanged for ordinary postcards at no cost. Lottery postcards purchased by mistake and that can be resold can be exchanged at no cost for another type of lottery postcard for the same year.



## 6. International Mail

Services	Description/Features
<b>EMS (Express Mail Service)</b>	Letters and parcels are given the highest priority from the time of receipt through delivery. Status of delivery can be confirmed. (Note)
<b>EMS delivery time guaranteed service (time certain service)</b>	Provides a guarantee for delivery time for EMS mail sent from Tokyo or Osaka to five countries/regions (China, Hong Kong, Singapore, South Korea, Taiwan)
<b>International parcels</b>	Available in three types: small air parcels where speed is the priority, small surface (sea) parcels where low cost is the priority and economy air mail (SAL) small parcels that combine speed and low cost
<b>Printed matter</b>	A low-cost international mail service for periodicals, catalogs, direct marketing materials, business documents and other printed materials. Can be sent as air mail, surface mail or economy air mail (SAL).
<b>Small packet</b>	Service for sending parcels up to 2 kg to overseas destinations. Less expensive than EMS or international small parcels. Can be sent as air mail, surface mail or economy air mail (SAL).
<b>D-Mail, P-Mail</b>	A special rate is available when mailing 500 or more pre-sorted printed materials by a single sender that has been approved by Japan Post Service.
<b>International business reply service (IBRS)</b>	The recipient of international mail in Japan pays for the postage rather than the sender.

Note: Tracking availability in each country depends on maximum sizes and weights of items sent.



Shipping labels for EMS (Documents)



Shipping labels for EMS (Merchandise)



EMS package



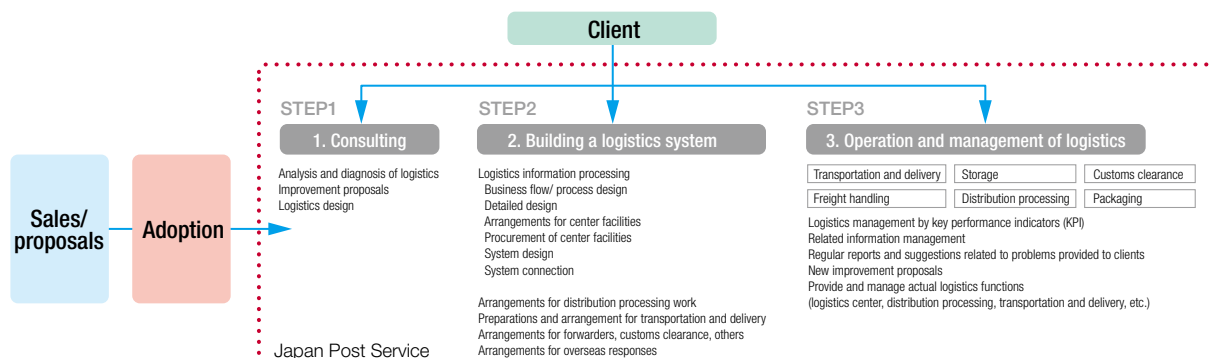
EMS envelope

## 7. Logistics Services

Services	Description/Features
<b>Consulting</b>	We analyze the logistics of companies engaged in shipping from the perspective of their current cost and quality situations and identify key issues and problems, and then make improvement proposals that include specific methods for building logistic systems.
<b>Logistics information processing</b>	We provide information systems for areas of logistics as such warehouse management and transport management.
<b>Transportation</b>	We handle point-to-point movements of freight in accordance with the mode of transportation being used, including truck, ship, air, rail and other types of transportation.
<b>Storage</b>	We store freight for certain time periods at a fixed location under proper management that includes maintaining quality and volume.
<b>Freight handling</b>	We load and unload, transport, stow, discharge, sort and organize freight during the logistics process
<b>Distribution processing</b>	We handle such simple processing and assembly tasks as bagging, packaging, attaching labels, performing inspections and attaching price tags during the product distribution process.
<b>Packaging</b>	We protect freight using appropriate materials and containers to maintain the value and condition of the freight during freight transportation, storage, handling and usage.

### Logistics business services (operations)

The specific operations of Japan Post Service's logistics business (3PL) are 1) providing consulting related to logistics improvements, 2) offering detailed design and building logistics systems based on one-stop consigned logistics, and 3) carrying out actual operational management under consignment after building a new logistics system.



# 3. Operations of Japan Post Bank

## 1. Overview of Operations

### 1. Main Business Activities

Japan Post Bank undertakes the banking business within the Japan Post Group. Japan Post Bank was established as the operating company for taking over the postal savings business and functions from Japan Post. Japan Post Bank provides an assortment of services that include deposits, fund transfers and settlement services through an extensive network that includes 233 branches as well as nearly 24,000 post offices nationwide that serve as agents. Japan Post Bank is dedicated to serving as “the most convenient and dependable bank in Japan,” with operations that are guided by the needs and desires of our customers.

Under the Postal Services Privatization Act, Japan Post Holdings is required to incrementally dispose of all of its shares of Japan Post Bank by September 2017. However, because Japan Post Bank’s present consignor-consignee relationship with Japan Post Network represents a crucial business model, we believe it will be necessary to maintain this relationship on an across-the-board basis throughout Japan in the future.

Our main business activities are as follows.

#### (1) Retail Business

##### (i) Basic services

Japan Post Bank branches offer basic financial products and services that include such liquid deposits as ordinary deposits and savings deposits; time and savings deposits such as time deposits and *TEIGAKU* deposits; and transfer and settlement services that include fund transfers and remittances.\*<sup>1</sup> Although deposits at Japan Post Bank are no longer covered by government payment guarantees following privatization, principal of up to ¥10 million in addition to interest are guaranteed through a deposit insurance scheme. At the end of March 2009, Japan Post Bank’s total deposits from customers in Japan amounted to ¥178 trillion\*<sup>2</sup>.

As additional services, Japan Post Bank also pays benefits from public pensions and sells Japanese government bonds and investment trusts.

##### (ii) New services

Besides offering these basic services that have been provided prior to privatization, we are working to further raise customer convenience by expanding and upgrading our lineup of products and services. As part of these efforts, we began issuing credit cards, selling individual variable annuities and other life insurance policies, and serving as an intermediary for consumer loans. Additionally, Japan Post Bank joined the Zengin Data Telecommunication System, Japan’s major payment and inter-bank settlement system which allows us to carry out fund transfers with other member financial institutions throughout Japan.

#### (2) Investment Business

Our earnings structure is currently centered on interest income from investments in Japanese government bonds. Utilizing a suitable structure for managing and controlling risk, we will expand our methods of managing investments to diversify sources of income and will use more advanced asset-liability management (ALM) techniques. These measures will allow us to create more value from our investments and earn a more consistent stream of income.

#### (3) Social Contribution

Japan Post Bank has designated corporate social responsibility (CSR) as one of the most important management missions. Accordingly, in fulfilling our corporate social responsibilities, we aim to be “the most convenient and dependable bank in Japan.” Specifically, we will carry out CSR activities focused on the primary issues of “offering services accessible to everyone,” “contributing to society and regional communities” and “promoting environmental protection activities.”

\*<sup>1</sup> The Management Organization for Postal Savings and Postal Life Insurance manages time deposits prior to privatization. However, Japan Post Bank is commissioned by that organization to handle withdrawals and other transactions. These transactions can therefore be carried out at post offices and Japan Post Bank branches.

\*<sup>2</sup> Includes accrued interest

## 2. Management Initiatives

During fiscal 2009, Japan Post Bank worked to achieve several concrete objectives, which were to “develop a retail business model,” “establish an investment business model and more advanced asset-liability management (ALM) system” and “improve internal control systems as soon as possible.” Concurrently, we promoted a host of CSR activities.

### (1) Develop a Retail Business Model

In April 2008, we obtained permission to issue credit cards, sell individual variable annuities and other life insurance policies and serve as an intermediary for mortgage loans and other loans. In doing so, we upgraded and expanded our lineup of products that respond to wide-ranging customer needs as part of efforts to be a convenient and dependable main bank.

Also during the year, we implemented preferential interest rate campaigns (June-August 2008 and October 2008-January 2009), while the elimination of fees for internal transfers of funds between accounts through cash ATMs was extended one year beyond the original termination date of September 2008. Meanwhile, in January 2009, Japan Post Bank joined the Zengin Data Telecommunication System, Japan's major payment and inter-bank settlement system.

Liquid deposit amount ceilings on accounts used by people for daily living needs requires the troublesome managing of bank accounts. To address this issue in working to develop a retail business model, Japan Post Bank submitted a government ordinance improvement request seeking the elimination of current deposit amount limits.

### (2) Establish an Investment Business Model and More Advanced Asset-Liability Management (ALM) System

Interest income primarily from investments in Japanese government bonds represents a large portion of our present earnings structure. From the perspective of maintaining sound management, it is imperative that we secure stable earnings with an investment business model that diversifies revenue sources and disperses risk through the diversification of investment methods while properly controlling interest rate risk. Accordingly, in fiscal 2009, we worked to secure stable interest spreads between assets and liabilities, which is our principal source of income, by hedging certain interest rate risk with interest rate swaps while properly monitoring the durations of our investment assets. At the same time, we also gradually began investing in local government bonds, corporate bonds, yen-denominated bonds issued by foreign entities (samurai bonds) and syndicated loans in addition to trust beneficiary rights. In doing so, we undertook investing activities aimed at dispersing risk and diversifying revenue sources. Regarding risk management, we adopted advanced risk management methods and verified our methods for measuring market risk.

### (3) Improve Internal Control Systems as Soon as Possible

In the areas of compliance, clerical operation quality and protection of customers, we implemented special investigations and inspections and strengthened and maintained internal control systems to ensure that sales of investment trusts and Japanese government bonds are carried out properly. From the perspective of further enhancing the quality of clerical operations, we continued to increase the installation of money-handling machines in addition to the ones installed in fiscal 2008, while establishing a guidance system for clerical personnel at Japan Post Bank branches and at post offices.

We also took other measures to strengthen guidance and enhance clerical efficiency at branches and post offices. To this end, we worked to upgrade customer services by eliminating “customer code checks,”\* which were a principal cause of long waiting times for customers. We also strived to strengthen guidance for clerical personnel by enhancing training and workshops. Moreover, we also simplified inheritance-related clerical work based on customer feedback. With the aim of enhancing efficiency, mainly for the administration of business affairs, we began re-evaluating the organization, authority and workflows of administration service centers. We also proceeded with the establishment of an IT infrastructure in working to reduce clerical work such as the monitoring of amount limits and performing checks on cash.

\* To assure proper management of amount limits on saving accounts, these checks are made when replacing passbooks to confirm that the savings of a different person with the same name and date of birth have not been mixed into the account.

### (4) CSR Activities

As part of efforts to offer services accessible to everyone, we strive to assure the satisfaction of elderly customers or physically challenged customers by providing a home-delivery service for pension benefits to recipients who are unable to visit Branch service counters as well as by ensuring that all ATMs have braille keyboards.






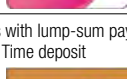
With regard to contributing to society and regional communities, initiatives include a service for sending remittances of donations for disaster relief to victims of natural disasters free of charge. Moreover, in October 2008, we set up the “Japan Post Bank Deposits for International Aid” to improve lifestyles and reduce poverty in developing countries and regions.

We are also active in various environmental activities. We participate in Team Minus 6%, a national project in Japan backed by the Ministry of the Environment to achieve a reduction in greenhouse gas emissions. We also participate in the Japan Post Forest program being undertaken by the Japan Post Group, as we actively participate in forest cultivation activities in various regions.

## 2. Products and Services

(as of July 1, 2009)

### 1. Deposits

	Product or service	Description	Time period/Unit of deposit
Liquid deposits	Ordinary deposits 	Useful for ATM card withdrawals, automatic deductions for utility and other bills, the receipt of salaries and annuities, and many other purposes	Unlimited deposits and withdrawals ¥1 or higher ¥1 unit
	Ordinary savings deposits 	These deposits provide more beneficial interest rates than ordinary deposits for balances of ¥100,000 or higher.	Unlimited deposits and withdrawals ¥1 or higher ¥1 unit
Time and savings deposits	TEIGAKU deposits 	Deposits that can be withdrawn at any time after six months and held for up to 10 years, with interest compounded semiannually. The initial interest rate is applicable until withdrawal.	Deferment period: six months (unlimited withdrawals after this period) ¥1,000 or higher ¥1,000 unit (8 types: deposits of ¥1,000, ¥5,000, ¥10,000, ¥50,000, ¥100,000, ¥500,000, ¥1 million and ¥3 million)
	Time deposits 	Deposits with maturities that can be selected based on short-term and medium-term requirements for funds and personal needs. The extension procedure is simplified if automatic extensions are selected, making this deposit convenient for people with busy schedules.	Deposit periods: one month, three months, six months, one year, two years, three years four years and five years (excluding one month deposits that serve as collateral) ¥1,000 or higher ¥1,000 unit
	Automatic-accumulation TEIGAKU deposits/Time deposits 	For these accumulation-type deposits, each month a fixed amount or an amount depending on the balance of an ordinary deposit account is transferred to a TEIGAKU deposit or time deposit. These automatic-accumulation deposits also allow funds to be deposited only in specifically designated months up to six times per year. Funds deposited in specifically designated months can also be combined with funds deposited regularly every month.	Accumulation period: Six years or less ¥1,000 or higher ¥1,000 unit
	Deposits with lump-sum payment at maturity Time deposit 	For these accumulation-type deposits, each month a fixed amount or an amount depending on the balance of an ordinary deposit account is transferred to a TEIGAKU deposit or time deposit. At a pre-designated date (date for receiving a lump-sum payment at maturity), the accumulated deposits are transferred to an ordinary deposit. This type of deposit allows systematic accumulations in accordance with a person's future goals.	Accumulation period: From one year up to three years ¥1,000 or higher ¥1,000 unit
	Asset accumulation TEIGAKU deposits	This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for three years or longer to help working people build assets.	Duration period: three years or more ¥1,000 or higher ¥1,000 unit
	Asset accumulation pension TEIGAKU deposits	This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for five years or longer to help working people live comfortable lives in retirement. Interest is tax exempt and can be received from age 60 based on a pension-type payout method.	Duration period: five years or more ¥1,000 or higher ¥1,000 unit
	Asset accumulation home TEIGAKU deposits	This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for five years or longer to accumulate funds for building, purchasing or renovating a home. Interest is tax exempt.	Duration period: five years or more ¥1,000 or higher ¥1,000 unit
	Others		
	Yucho pension time deposits	This one-year time deposit with preferential interest rates is designed for persons who automatically receive benefit payments from public pensions through Japan Post Bank, persons who will begin to automatically receive benefit payments from public pensions through Japan Post Bank and foreign residents of Japan aged 65 or older who do not qualify for benefits under a public pension scheme.	Deposit period: One year ¥1,000 or higher ¥1,000 unit
	New welfare time deposits	This one-year time deposit with preferential interest rates is designed for persons receiving disability, survivor and other similar public pensions. Up to ¥3 million can be deposited.	Deposit period: One year From ¥1,000 up to ¥3 million ¥1,000 unit

### 2. Domestic Remittances

Product or service	Description
Remittances	A simple and low-cost method for sending money anywhere in Japan. There are two types: ordinary remittances and postal orders (TEIGAKU KOGAWASE).
Ordinary remittances	Ordinary remittances allow cash to be exchanged for a money order that is sent to the recipient payee. The payee can then bring the certificate to a nearby Japan Post Bank branch or post office postal deposit counter and exchange the money order for cash.
Postal Orders	The mechanisms for these remittances are the same as for ordinary remittances. However, postal orders offer lower fees and convenience when remitting small amounts. There are 12-types of money orders for postal orders in denominations of ¥50, ¥100, ¥150, ¥200, ¥250, ¥300, ¥350, ¥400, ¥450, ¥500, ¥750 and ¥1,000.
Fund Transfers	An easy and reliable means of sending money by using a transfer account. In-payment and out-payment can be handled normally or by electronic transfer for urgent transfers.
In-payment	In-payment remittances by persons not holding a transfer account can be sent to persons holding transfer accounts (account holder).
Electronic transfers	Persons holding a transfer account (account holder) can send deposits in the transfer account to a transfer account held by another person.
Transfers	Persons holding a transfer account (account holder) can transfer funds to persons holding a savings account at another financial institution.
Out-payment	Persons holding a transfer account (account holder) can send funds to persons not holding a transfer account.

### 3. International Remittances

Product or service	Description
Payment to address	The remittance amount and charge are paid in cash and a money order or other document is delivered to the payee's address. The payee can then cash the money order or other document at a local post office. For remittances to the United States, the remitter must send the money order to the payee.
Payment to account	The remittance amount and charge are paid in cash, and the remittance amount is transferred to an overseas payee's bank or postal <i>giro</i> (postal transfer) account.
Account transfer	The remittance amount and charge are deducted from the remitter's integrated account or <i>giro</i> account and the remittance amount is transferred to an overseas-payee's bank or postal <i>giro</i> account.

### 4. Individual Loans

Product or service	Description
Loan intermediary service	Japan Post Bank serves as an agent for mortgage loans, specific-purpose loans and the card loans of Suruga Bank Ltd. based on an alliance with this bank. Customers can apply for these loans at selected Japan Post branches by telephone or via the Internet.
Yume Butai Home Loan	This line features 15 types of home loans matched to the lifestyle of each individual, including persons operating sole proprietorships, working women and seniors thinking ahead to the retirement stage of their lives. These home loans can be used for building a new home, expanding and renovating an existing home, moving to a new home and refinancing.
Yume Koro Free Loan	This line of loans is available in two types: a "purpose" type and "parental-devotion" type. The "purpose" type is offered in seven plans, including education, automobile and renovation plans, that are matched to the particular life stage of each person. The "purpose" type loan is available in amounts up to ¥5 million and "parental-devotion" type up to ¥10 million.
Shitaku Card Loan	This card loan requires no repayment account, while borrowing and repayment can be made directly from ATMs. No collateral is needed and loans are available up to ¥5 million (¥3 million for the first application).

### 5. Investment Products

Product or service	Description
Japanese government bonds (JGBs) and bond-secured loans	Sales of JGBs to be sold under the new OTC sales system (two-, five-, and ten-year maturities) and the nonmarketable JGBs for individual investors (five-year fixed rate and ten-year variable rate) to purchase and loans secured by these bonds
Investment trusts	Japan Post Bank branches and post offices serve as agents for the sale and repurchase of investment trusts and payments of income distributions and amounts due for fund maturities and redemptions.
Variable annuities	Intermediary services for sales of insurance products such as variable annuities

#### ■ Customer investment trust seminars

With the aim of providing customers with useful and easy-to-understand information concerning asset accumulation and asset management, Japan Post Bank and Japan Post Network are utilizing the nationwide Japan Post Bank and post office networks to carry out wide-ranging investment education activities. These activities include holding seminars about the investment environment and investment methods at our outlets.



A customer seminar

#### ■ Customer asset accumulation seminars

In conjunction with the sale of variable annuities, we hold customer seminars at branches, with regionally prominent persons and managers from life insurance companies invited as lecturers. These seminars cover the economic outlook, provide information that will help customers lead comfortable lives in the future and provide explanations about such topics as money plans.

Held on an as-needed basis at all outlets throughout Japan, each of our seminars has been well attended by customers, who use these events as valuable opportunities for listening to explanations from life-planning experts and other specialists.

Japan Post Bank will continue providing customers with an array of information to maintain long-term relationships with customers as "the most convenient and dependable bank in Japan."

### 6. Credit and Debit Cards

Product or service	Description
Credit cards (JP BANK CARD)	Japan Post Bank issues the JP BANK CARD, which is both an ATM card and a credit card. (Three types: VISA, MasterCard and JCB) We also offer family cards, ETC cards, PiTaPa cards*1, ID (cell phone) cards and QUICPay*2 (card and mobile). *1 VISA and MasterCard only *2 JCB only
Debit cards	After customers insert their debit card into a dedicated terminal and enter a personal identification number at such locations as retail electronics stores and supermarkets, purchase amounts are immediately debited within the limit of available funds in a general account.



JP BANK VISA Card



JP BANK MasterCard



JP BANK JCB Card

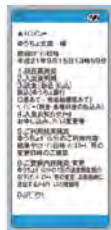


## 7. Internet Banking Services

Product or service	Description
<b>Yucho Direct</b> (Internet, mobile phone and telephone banking services)	This service allows customers to use a PC, mobile phone, telephone or facsimile machine to make deposits in <i>TEIGAKU</i> deposits and time deposits used as collateral, make deposits, electronic transfers (between Japan Post Bank accounts), transfer funds to another financial institution and verify account deposit and withdrawal transactions.
<b>Yucho Pay-Easy Service</b>	This service enables taxes and various types of fees to be paid through ATMs and <i>Yucho Direct</i> (Internet and mobile phone banking services). The service also immediately reports data concerning completed payments to the recipient financial institution.
<b>Toshin (investment trust) Direct</b>	We sell investment trusts via the Internet (PCs).



Yucho Direct  
(Internet banking services)



Yucho Direct  
(Mobile phone banking services)



Toshin Direct  
(Providing information for investment trusts)

## 8. Other Services

Product or service	Description
<b>"Japan Post Bank Deposits for International Aid"</b>	"Japan Post Bank Deposits for International Aid" sets aside 20% of after-tax interest received on ordinary deposits and ordinary savings for use as contributions to support private-sector assistance organizations that improve daily living, reduce poverty and protect the environment in developing countries and regions. These contributions are made via the JICA Donation Fund for the People of the World.
<b>ATM/CD alliance</b>	ATM cards and other eligible cards issued by affiliated financial institutions can use Japan Post Bank ATMs, and vice versa.
<b>Foreign currency exchange</b>	Eight currencies: U.S. dollar, Chinese yuan, Canadian dollar, British pound sterling, South Korean won, Australian dollar, Swiss franc and euro (Chinese yuan is exchangeable only at certain outlets.)
<b>Traveler's checks</b>	Six currencies: U.S. dollar, Canadian dollar, British pound sterling, Australian dollar, euro and Japanese yen
<b>Payment of benefits from pensions and other types of assistance</b>	Japan Post Bank handles the payment of benefits from various pensions and assistance schemes that include the payment of benefits from pensions, senior welfare pension, national pension, employees' pension, mariners' insurance pension, workers' compensation pension insurance, cover pension, child-rearing allowance, special child-rearing allowance and mutual aid pension. Japan Post Bank also provides payments from registered bonds and annual payouts (national tax refunds).
<b>Collecting fees for public utility and other service payments</b>	Japan Post Bank collects various types of payments. These include payments for national taxes (personal income and corporate taxes), local taxes (local inhabitant tax and fixed-property tax), various types of pensions, health insurance (national health insurance, employee health insurance), public housing fees, such public utility and service fees as electricity gas, water and NHK public television fees, traffic violation fines and radio utilization fees.

Notes: 1) Payments received from various types of pensions are paid by automatic deposit into the customer's ordinary deposit account.

2) Some payments and public utility fees are paid automatically through withdrawals from the customer's ordinary deposit account.

## 9. Services Available in Braille

Product or service	Description
<b>Ordinary deposit statement</b>	Customers receive by mail a braille statement once or twice each month listing deposits, withdrawals, utility payments, account balances and other information. For deposit passbooks, we can attach a braille sticker showing the type of deposit (and a sticker with the individual's name for passbook storage envelopes).
<b>Time deposits and <i>TEIGAKU</i> deposit terms</b>	With a deposit certificate, we provide a braille document that explains the time deposit's contract terms. We can attach a braille seal to the deposit certificate showing the type of deposit (and a sticker with the individual's name for certificate storage envelopes). For loans secured by time deposits and other deposits, we provide a braille document explaining the terms of the loan. In addition, upon maturity of the deposit, we send the customer a braille notice of the maturity date and the amount that will be received.
<b>Notice of account transfers</b>	Each time a payment is made to or from an account, we send a braille notice of the amount received or paid to the account holder. However, this does not include the name of the individual who has sent the money.
<b>Use of ATMs</b>	Japan Post Bank ATMs have braille instructions and braille keyboards, thereby allowing visually impaired customers to use ATMs with a sense of reassurance. Furthermore, receivers allow customers to use a telephone or their own earphones to receive instructions and get information such as remittance and account balances.
<b>Braille ATM Card</b>	Customers can ask for an ATM card with their name printed in braille as well as a separate braille explanation of how the card can be used.
<b>Product and service pamphlets in braille</b>	Customers can receive braille pamphlets explaining products and services at any Japan Post Bank branch or postal savings counters at post offices. Customers can ask for these pamphlets when using products and services. This publication is also available at braille libraries.



# 4. Operations of Japan Post Insurance

## 1. Overview of Operations

### 1. Main Business Activities

Japan Post Insurance was established as the operating company within the Japan Post Group for taking over services and functions related postal life insurance from Japan Post. Japan Post Insurance provides definitive security through agents (the post offices of Japan Post Network and contracted post offices have a network of approximately 20,000 directly operated post offices nationwide), as well as 80 directly operated sales offices (branches). The management philosophy of Japan Post Insurance is “moving forward with our customers while serving as ‘Japan’s most familiar and trusted insurance company’.”

Under the Postal Services Privatization Act, Japan Post Holdings is required to incrementally dispose of all of its stock in Japan Post Insurance by September 2017. However, because Japan Post Insurance’s present consignor-consignee relationship with Japan Post Network represents a crucial business model, we believe it will be necessary to maintain this relationship on an across-the-board basis throughout Japan in the future.

Our main business activities are as follows.

#### (1) Provision of Insurance Products and Various Services

Japan Post Insurance carries on the social mission of postal life insurance purported prior to the privatization of Japan Post to “providing basic coverage for the people of Japan with insurance using simple procedures” through the provision of easy-to-understand and easy-to-use products and services developed from a customer standpoint.

Life insurance contracts with Japan Post Insurance following privatization differ from those prior to privatization in that there is no payment guarantee from the government.\* As with other life insurance companies in Japan, however, a policyholder protection scheme provides protection to a certain degree.

##### (i) Agents

Japan Post Insurance uses the post offices of Japan Post Network for the nationwide provision of simple and easy-to-understand products in small amounts and through simple procedures, as well as the provision of associated services. Services primarily target households and individuals.

Japan Post Insurance has established a Agency Relations Division for 80 directly managed sales offices to support sales promotion, training and development and administrative affairs to help promote sales.

In addition, we work with Japan Post Network to develop products that meet customers’ needs, develop new markets and service channels and upgrading sales processes, taking advantage of our unique characteristics.

##### (ii) Directly managed sales offices

Japan Post Insurance has 80 wholesale divisions in directly managed sales offices, serving all major cities in Japan (in all 47 prefectures as of July 2009). These divisions are responsible for providing products and services primarily to companies and in the workplace, mostly at small and midsize companies.

In order to respond to the needs of our customers, which are becoming more diverse, we monitor market trends, accumulate extensive sales know-how and build an effective sales framework through this sales and service channel.

#### (2) Maintenance and Management of Insurance Contracts

We use the nationwide network of post offices for the collection of premiums, payment of benefits and other policyholder procedures.

When Japan Post was privatized, the management of postal life insurance policies was transferred to the Management Organization for Postal Savings and Postal Life Insurance, which consigned this operation to Japan Post Insurance. We have also consigned certain operations to Japan Post Network, including the collection of premiums and payment of benefits. As a result, customers can receive insurance services at post offices just as they did prior to the privatization.

#### (3) Asset Management

At Japan Post Insurance, asset management operations are based on asset-liability management (ALM) in order to maintain sound management and ensure the payment of benefits. In concrete terms, we match asset cash flow from yen-denominated interest-bearing assets that have high affinity to liability characteristics, with future liability cash flow, aiming to minimize interest rate risk and secure stable income.

\*The Management Organization for Postal Savings and Postal Life Insurance manages life insurance taken out prior to the privatization of Japan Post, while administrative affairs have been entrusted by this organization to Japan Post Insurance. The collection of premiums, payment of benefits and other procedures have been reconsigned to Japan Post Network. As such, the payment of premiums and collection of benefits can still be done through counter services and external sales personnel of post offices.

## 2. Management Initiatives

Japan Post Insurance implemented the following measures in fiscal 2009, including conducting checks on insurance benefit payments, improving products and services, diversifying asset management procedures and contributing to society and local communities.

### (1) Conducting Checks on Insurance Benefit Payments

The management of postal life insurance policies has been consigned from the Management Organization for Postal Savings and Postal Life Insurance to Japan Post Insurance. However, for insurance benefits paid during the period when payments were handled by Japan Post (April 2003 to September 2007), we are verifying whether appropriate payments were made to policyholders. Regarding unclaimed benefits during this same time period, we are repeatedly advising concerned parties to submit their claims. These initiatives are still in progress despite our meticulous efforts following the public announcement made at the time of Japan Post. We deeply apologize for causing concern to customers and others in this matter.

The payment of insurance benefits is viewed as the most fundamental and crucial function in the management of postal life insurance policies. We will undertake concerted efforts to advise customers quickly and correctly and to make proper payments without fail.

We treat items requiring improvement with regard to the payment of insurance benefits based on the results of these initiatives as priority management challenges, and we will do our utmost to overcome these challenges.

### (2) Improving Products and Services

In order to meet the need for a high level of insurance coverage in the corporate sector that cannot be provided by Japan Post Insurance products alone, we started consignment sales of level term insurance and increasing term life insurance in June 2008.

In response to requests for short-term hospitalization coverage, in July 2008 we started offering *Sono hi kara*, a hospitalization rider (nonparticipating accident hospitalization rider and nonparticipating illness hospitalization and accident hospitalization rider) that pays benefits from single-day hospitalization and that expands the scope of payment for surgery. At the same time, we raised the upper age limit from 70 to 75 for subscriptions for ordinary endowment insurance to meet the needs of elderly subscribers due to Japan's aging society.

Aiming to raise customer convenience, we expanded financial institutions that can use accounts for making payments by automatic withdrawal for insurance premiums and started covering the amount equivalent to the cost of acquiring a medical certificate according to prescribed conditions, along with offering an option that allows a designated third party to request insurance benefits.

In addition, as a means of meeting specific needs, in April 2008 we submitted a request to the government to revise the cabinet order regarding insurance enrollment amount limits after a prescribed period of time elapses following initial enrollments,

asking that the amount excluded from calculation be increased from ¥3 million to ¥10 million. We also submitted a request to the government in March 2009 to revise the cabinet order and categorize separately the limit for third-sector insurance products from the current limits for the sale of cancer insurance.

### (3) Diversifying Asset Management Procedures

Japan Post Insurance is subject to limitations on asset management procedures in accordance with the Postal Service Privatization Act. To improve risk management and raise profitability, we received approval for new asset management procedures from the Financial Services Agency and the Ministry of Internal Affairs and Communications in December 2007. In line with this, we commenced asset management using trust beneficiary rights in July 2008, syndicated loans (participation type) in August 2008, interest rate swap transactions in December 2008 and acquisition of credited loans in March 2009.

### (4) Strengthening Compliance Framework

Japan Post Insurance has been working to strengthen compliance. In aiming to become Japan's most familiar and trusted insurance company, as stated in our management philosophy, we recognize the importance of ensuring thorough compliance and will continue to undertake efforts to do so.

### (5) Contributing to Society and Local Communities

With the objective of contributing to the health of everyone in society, we teamed up with NHK (Japan Broadcasting Corporation) and Japan Radio-taiso Federation to hold the Special Tour Radio Exercise/*Minna no Taiso* ("Exercise for Everyone") at 11 venues nationwide from May to October 2008, and the Summer Tour Radio Exercise/*Minna no Taiso* ("Exercise for Everyone") at 43 venues nationwide from July to August 2008. One of the venues for the summer radio exercise tour was used for Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone"). To celebrate 80 years of radio exercise, a commemorative event was held at Tokyo Big Sight on July 27, 2008.

## 2. Products and Services

(As of July 1, 2009)

### 1. Types of Insurance

Aim of contract	Type of insurance	Subscription age									
		0	10	20	30	40	50	60	70	80	
For those considering lifetime security	Fixed whole life insurance				20~65						
For those considering balance of lifetime security	Whole life insurance with twofold insurance coverage				20~60						
	Whole life insurance with fivefold insurance coverage				20~55						
For those who want to add <i>Tanoshimi</i> (enjoyment) to lifetime security	Special whole life insurance				20~65						
Play a part in alleviating concerns in retirement	Whole life insurance with nursing benefit				20~65						
Increase security with minimal burden	Ordinary term insurance			15~50							
For those considering both security and maturity	Ordinary endowment insurance	0~75									
For those considering both enhanced security and maturity	Special endowment insurance with twofold insurance coverage			15~65							
	Special endowment insurance with fivefold insurance coverage			15~60							
	Special endowment insurance with tenfold insurance coverage			15~55							
For those struggling with illness	Designated endowment insurance					40~65					
For people considering making preparations for education funds	Educational endowment insurance	0~12									
				18~55 (male)							
				16~55 (female)							
For people who want to add further security in preparations for education funds	Educational endowment insurance with scholarship annuity	0~12									
				18~55 (male)							
				16~55 (female)							
Lifetime security and pension in one	Whole life insurance with whole life annuity				25~55						
For people considering a comfortable retirement	Fixed whole life annuity				20~75						
For enjoying a long life-span	Increasing whole life annuity				20~75						
Support those in need of nursing care	Whole life annuity with additional nursing annuity				25~65						
For people considering a comfortable retirement	Term annuity					45~70					
For asset accumulation as wage earners	Asset-formation savings insurance			15~65							
	Asset-formation housing funding insurance			15~54							
	Asset-formation whole life annuity					36~54					

\*Subscription age for educational endowment insurance and educational endowment insurance with scholarship annuity is shown in pink for persons insured and in light blue for policyholders.

## 2. Principal Riders and Provisions

(As of July 1, 2009)

Name of rider/provision	Outline of riders
<b>Accident rider</b>	Rider concerning provision for death or physical disability caused by an unforeseen accident
<b>Nursing rider</b>	Rider concerning provision for death or physical disability caused by an unforeseen accident and rider concerning provision for conditions required specific nursing care due to an unforeseen accident or illness
<b>Nonparticipating accident hospitalization rider</b>	Rider concerning provision for predefined hospitalization, surgery or long-term hospitalization caused by an unforeseen accident
<b>Nonparticipating illness hospitalization and accident hospitalization rider</b>	Rider concerning provision for predefined hospitalization, surgery or long-term hospitalization caused by illness or an unforeseen accident
<b>Option that allows a designated third-party to request insurance benefits</b>	A designated third party (family etc.) can submit requests for insurance benefits on behalf of the beneficiary (insured person) when he or she is unable to do so due to special circumstances.

\*Additional information concerning conditions for the payment of rider benefits and restrictions on these payments is listed in the policy information and policy agreement pamphlets.

### ● Nonparticipating accident hospitalization rider, Nonparticipating illness hospitalization and accident hospitalization rider



We started offering *Sono hi kara*, a hospitalization rider that pays benefits beginning with the first day in the hospital. Furthermore, we significantly extended the scope of surgery covered by our

rider to match the government health insurance system. Sales of this product started in July 2008 in line with our policy of providing insurance coverage that is simple and easy to understand.

#### ■ Coverage of hospitalization rider *Sono hi kara*

Benefits (For nonparticipating illness hospitalization and accident hospitalization rider) ¥15,000 daily payment in hospital stay (Rider insurance amount: ¥10 million)	
Hospitalization for illness or injury (Hospitalization benefit) Benefit starting with the first day of hospitalization (even for a single-day stay in the hospital (Note 1))	¥15,000×days of hospitalization (Daily payment of hospitalization benefit) (120 day limit)
Surgery for illness or injury (Surgery benefit) Payments for surgery requiring hospitalization (Note 2)	Depending on the type of surgery: ¥15,000×5, 10, 20, or 40 times (Daily payment of hospitalization benefit)
Long-term hospitalization for illness or injury (Long-term hospitalization, one-time payment) Payment made when hospital stay reaches 120 consecutive days.	¥300,000 (3% of rider insured amount)

Notes: 1. A single-day stay in the hospital is defined as when the hospital admittance and discharge days are the same. Decisions regarding hospitalization will be based on whether or not the hospitalization basic fee was paid and on other factors.  
2. Surgery covered by the rider has been expanded to cover surgery eligible under the specified government health insurance system, such as tonsil removal that requires hospitalization.

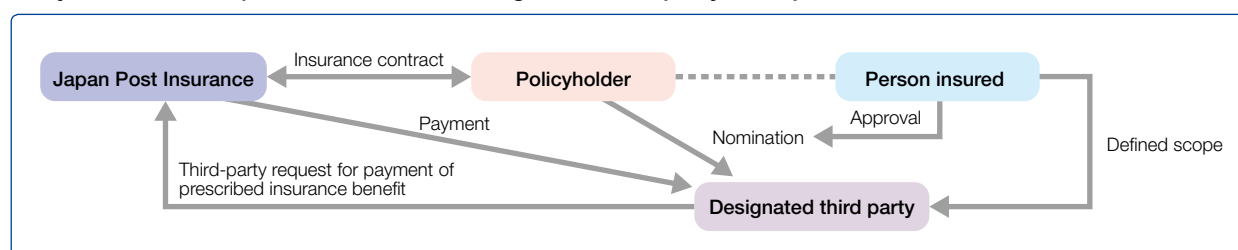
\*Additional information concerning conditions for the payment of rider benefits and restrictions on these payments is listed in the policy information and policy agreement pamphlets.

### ● Start of system with an option that allows a designated third-party to request insurance benefits

With this system, policyholders designate in advance a third party that can act as an agent for requesting the payment of insurance benefits. This may be useful when the insured party who is the

beneficiary is unable to submit the request due to a serious illness or injury.

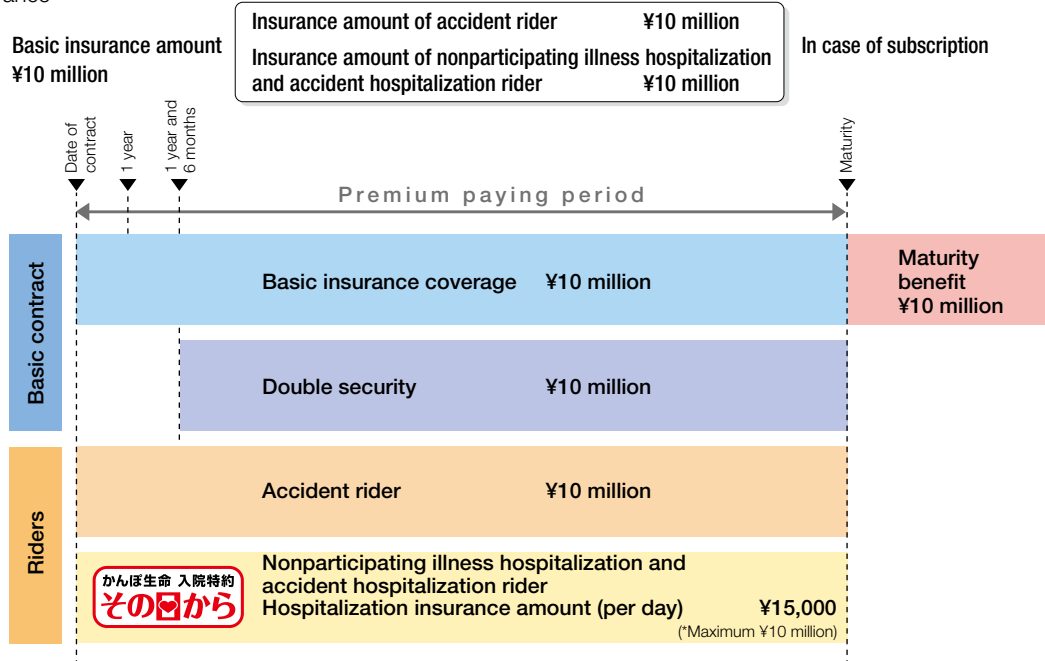
#### ■ System with an option that allows a designated third-party to request insurance benefits



## Insurance schemes

### ●Outline of endowment insurance schemes

Ordinary endowment insurance

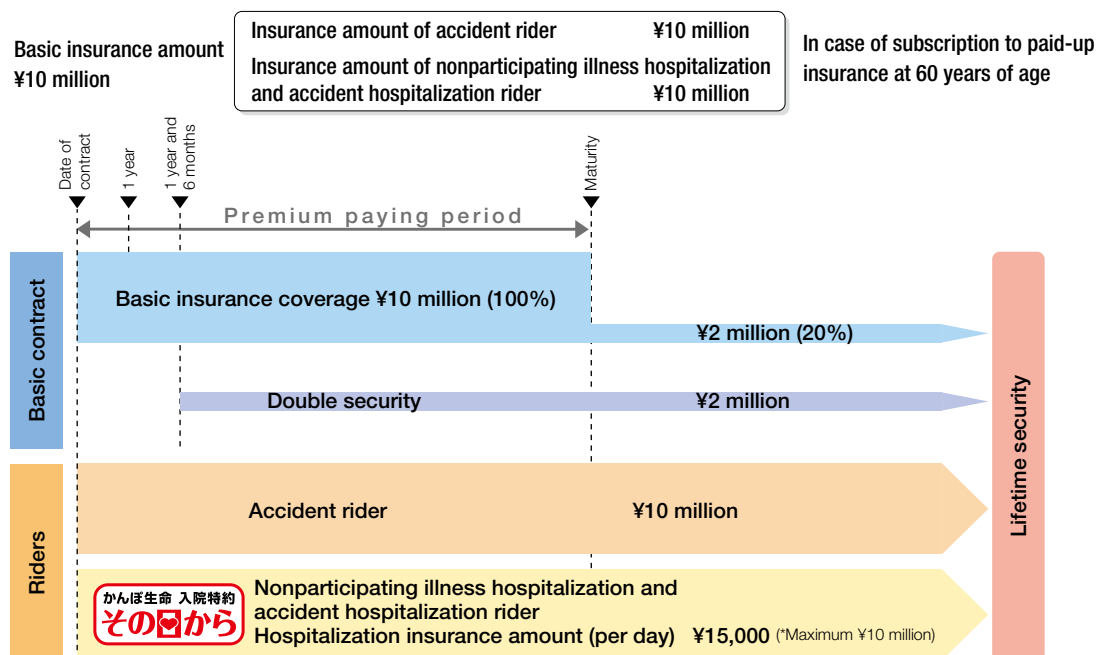


#### <Features>

- We pay maturity benefits when the term of the insurance has matured while the insured person is still alive and death benefits to a beneficiary when the insured person has passed away during the term of the insurance. (The amount is the same for both maturity benefit and death benefits.)
- Maturity can be set in one-year increments and insurance premiums will not change until maturity.

### ●Outline of whole life insurance schemes

Whole life insurance with fivefold insurance coverage



#### <Features>

- Payment of death benefits made in case of death of insured person.
- Unnecessary to make insurance payments following maturity of premium paying period.
- Lifetime security
- Death insurance amount following maturity of premium paying period will be equivalent to 20% of the amount of death insurance amount prior to maturity.

# 5. Other Businesses

## 1. Hospital Business

Japan Post Holdings has established 14 Teishin Hospitals around Japan that serve as corporate hospitals for the Group and contribute to the health of persons in the surrounding regions. (Please refer to p.103 for locations).

Notably, Tokyo Teishin Hospital has 514 sickbeds, high-quality, advanced medical care and medical equipment, and cutting-edge medical research.

## 2. Hotel Business

Article 2, Paragraph 1 of Supplementary Provisions of the Japan Post Holdings Co., Ltd. Act stipulates that Japan Post Holdings must transfer or stop running all *Kanpo no Yado* inns by September

30, 2012 (within five years of privatization). Accordingly, Japan Post Holdings will work to improve the facilities before that time.

Note: Number of facilities as of March 31, 2009

### 1. Outline of Facilities (Please refer to pp.104-106 for locations)

#### (1) *Kanpo no Yado* inns

There are 65 *Kanpo no Yado* inns nationwide (including three that are temporarily closed). Most of these facilities are near tourist spots.

#### (2) *Kanpo no Sato* inns

There are four *Kanpo no Sato* inns in Japan, where people can enjoy sports and other leisure activities in a natural setting.

#### (3) *Rafre Saitama* and other facilities

*Rafre Saitama* is a lodging facility located near Saitama Shintoshin station serving the Saitama New Urban Center that has a conference room, banquet hall and fitness center.

A "Recreation Center" in Setagaya Ward, Tokyo, includes tennis courts, a heated indoor swimming pool, a gym, a fitness center and other facilities.

#### (4) U-Port

The Tokyo hotel U-Port was built to promote the health and welfare of policyholders of the former government-run life insurance programs called *Kanpo*. In December 2008, Japan Post Holdings concluded a fixed-term lease agreement with Seiyō Food-Compass Group, Inc. and Central Sports Co., Ltd., which currently run the facility.

#### (5) MIELPARQUE

MIELPARQUE hotels were established to promote the former government-run postal savings and operate under consignment. In October 2008, Japan Post Holdings concluded a fixed-term lease agreement with Watabe Wedding Corp., whose subsidiary currently runs the facilities.

### 2. Transfer of *Kanpo no Yado* facilities

On April 3, 2009, Japan Post Holdings received an order for supervision from the Minister of Internal Affairs and Communications concerning the tender procedures and decision-making posture for the transfer of *Kanpo no Yado* facilities. In light of discussion by a third-party review committee concerning the sale of real estate\*1, Japan Post Holdings announced that it would make the following improvements and corrective measures on June 24, 2009\*2.

#### (1) Establish rules for the sale of real estate

- Establish a sales procedure that recognizes the assets as the common property of the people
- Guarantee fairness and transparency in the procedure
- Establish a tender procedure for business transfer concerning real estate

#### (2) Set up a board of review for the sale of real estate

Japan Post Holdings shall set up the Examining Board for the Sales of Real Estate that will examine the appropriateness and reasonableness of procedures in the sale of real estate.

#### (3) Strengthen corporate governance

- Strengthen involvement by management and overall corporate governance by establishing rules for reporting to management the results of the Examining Board for the Sales of Real Estate.
- Establish the Japan Post Group Management Advisory Council (provisional name) with the aim of ensuring the accountability of the Japan Post Group
- Delegate post office monitors and hold the National Conference of Post Office Monitors

#### (4) Personal information protection

Require that the party acquiring real estate protect the personal information it assumes.

Notes: 1. Set up as a consultative body for the president of Japan Post Holdings in order to develop basic ideas regarding the sale of real estate. The committee's report can be accessed on the following page of the Japan Post Holdings website: <http://www.japanpost.jp/information/other/pdf/report01.pdf> (Japanese only)

2. For details, please refer to the report concerning measures in response to the order for supervision based on Article 14, Paragraph 2 of the Japan Post Holdings Co., Ltd. Act announced on June 24, 2009. <http://www.japanpost.jp/pressrelease/detail.php?code=2009062401> (Japanese only)





# Dedicated to Becoming an Even More Trustworthy Group

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# 1 Japan Post Group Corporate Governance

## 1. Fundamental Policy for Corporate Governance

At the Japan Post Group, all Group companies establish their own corporate governance systems, and Japan Post Holdings, as the holding company, uses the following system to oversee management of the Group. The objective is to establish an appropriate corporate governance system for the entire Japan Post Group.

### 1. Group management

Japan Post Holdings has management control agreements between its four major subsidiaries. In addition, the holding company establishes basic Group policies concerning important management items and asks all Group companies to follow these policies. Group companies must receive approval by the holding company or submit

reports to the holding company with regard to items that have a significant effect on the entire Group and items required to maintain management transparency. Through these activities, Japan Post Holdings oversees management of the Japan Post Group.

### 2. Internal controls

Japan Post Holdings, in accordance with management policies for the Japan Post Group, has established the Fundamental Policy for Establishment of Internal Control Systems for Japan Post Holdings Co., Ltd. for the purpose of establishing programs that ensure sound and proper business operations. In addition, the holding company has established basic Group policies for matters concerning such areas as compliance, internal audits, risk management, information security

and other items. Group companies are asked to establish their own systems based on these policies.

Furthermore, Japan Post Holdings constantly monitors Group companies to ensure proper business operations by asking Group companies to submit reports. This enables the holding company to assist Group companies in making improvements as needed.

### 3. Separation of Business Execution and Supervision

Japan Post Holdings is a company with committees, in which responsibilities for execution of business activities and oversight of management are separated for the purpose of strengthening corporate governance for the entire Japan Post Group. The president and CEO quickly makes decisions concerning business activities. The Board of Directors, which includes seven outside directors of nine directors, provides appropriate supervision of business activities.

In addition, there is a Nomination Committee, Audit Committee and Compensation Committee, each with a majority of outside directors. The Nomination Committee decides on proposals regarding candidates for director while the Audit Committee monitors the business execution functions of executive officers and other relevant individuals, and the Compensation Committee determines compensation for executive officers and other relevant individuals.

### 4. Management Meeting and Special Committees

Japan Post Holdings has a Management Meeting made up of executive officers that serves as an advisory body to the president and CEO. This meeting discusses important matters involving business activities and submits reports.

In addition, there are two special committees, the Compliance

Committee and Corporate Social Responsibility (CSR) Committee, that serve as advisory bodies to the Management Meeting. Having these committees examine specialized matters and submitting the results to the Management Meeting better enables the Japan Post Group to solve problems involving all aspects of management.

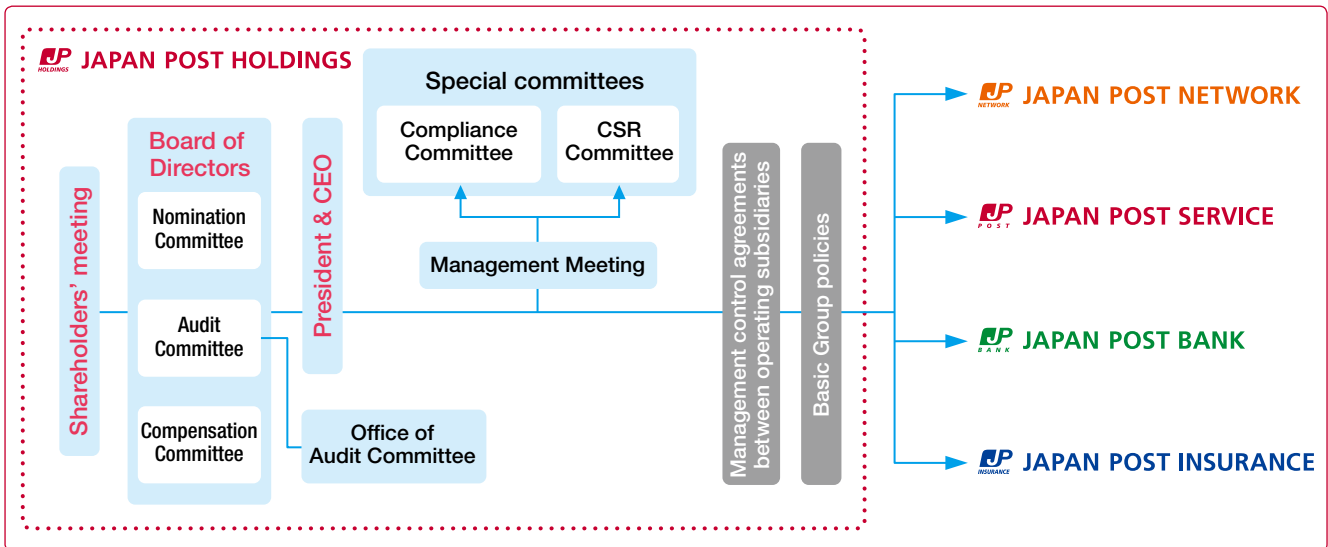
### 5. Administrative Management

Japan Post Holdings has set forth a basic policy concerning the creation of administrative management systems that requires each Group company to continually strive to maintain and improve administrative quality by promoting rationalization and streamlining of administrative operations and procedures.

To support the development and improvement of administrative

management systems at each Group company and ensure cooperation between Group companies, Japan Post Holdings requests information necessary to evaluate the administrative management system of each Group company and makes recommendations for improvement as required.

## ■ Japan Post Group Corporate Governance System



## ■ Declaration by Top Management regarding the Elimination of Relationships with Antisocial Forces

To eliminate any relationships with antisocial forces and prevent damage to the organization, the Japan Post Group has made the following declaration in line with the Fundamental Policy for Establishment of Internal Control Systems.

### (1) Organizational response

In firm recognition of its social responsibility and to strengthen management based on compliance, the Japan Post Group, as an organization in its entirety, will ensure that any relationships with antisocial forces are eliminated.

### (2) Complete elimination of relationships, including transactions

The Japan Post Group will have no relationships whatsoever with antisocial forces, including transactions.

### (3) Legal measures and prohibition of secret negotiations

The Japan Post Group will strongly refuse any unjustified demands by antisocial forces and will take legal measures, either via a civil court or a criminal court, or both. The Japan

Post Group will never negotiate in secrecy with antisocial forces, even if their unjustified demands are to conceal matters related to any misconduct of the Group's own activities or that of its staff.

### (4) Cooperation with outside experts

The Japan Post Group will establish close relationships with outside experts in preparation for any unjustified demands by antisocial forces in order to ensure the safety of its staff against such demands.

### (5) Prohibiting financing for antisocial forces

The Japan Post Group will never engage in financing for antisocial forces.

## 2. Corporate Governance Systems of Group Companies

Japan Post Network and Japan Post Service, for which Japan Post Holdings is required to hold all outstanding shares, adopt a companies with auditors system. Half of the directors at these Group companies are outside directors, and all corporate auditors are outside auditors. Japan Post Bank and Japan Post Insurance, in which Japan Post Holdings must dispose of all stock held by October 2017, adopt a companies with committees system and have more than half of their directors as outside directors, and maintain a Nomination Committee, Audit Committee and Compensation Committee, each with a majority of outside directors.

Japan Post Network, Japan Post Service, Japan Post Bank and Japan Post Insurance have a Management Meeting made up of executive officers that serves as an advisory body to the chairman and president. This meeting discusses important matters involving business activities and submits reports. In addition, there is a Compliance Committee, a Risk Management Committee and other special committees that serve as advisory bodies to the Management Meeting and deliberate on specialized matters.

## 2. Japan Post Group Compliance Framework

Compliance is one of the highest management priorities of the Japan Post Group. To conduct rigorous compliance activities, all Group companies build an effective compliance framework with the guidance and support of Japan Post Holdings.

### 1. Japan Post Group Compliance Framework

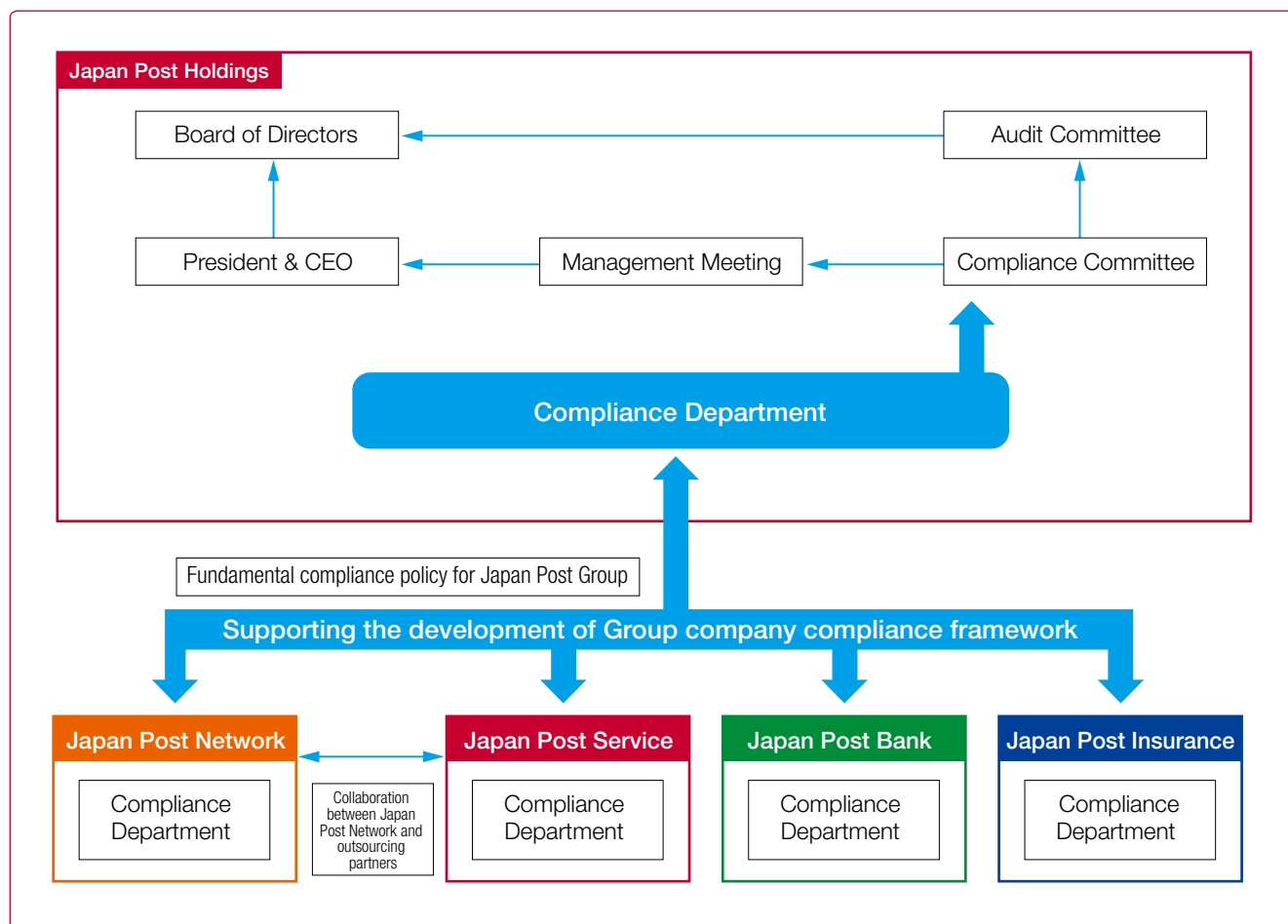
The Japan Post Group employs a common compliance framework. Each company establishes a compliance department to unify the management of compliance-related matters.

In addition, each Group company has a Compliance Committee that reports to its Management Meeting to review the compliance policy, framework, specific activities and associated issues. A compliance department has been set up to propose and manage measures to

promote compliance through a director in charge of compliance.

The Compliance Department of Japan Post Holdings establishes a fundamental compliance policy for the entire Group. This department also provides Group companies with guidance and support to make improvements as required. These activities make it possible to maintain and improve compliance functions for the Group as a whole.

#### ■ Compliance Flowchart for Japan Post Group





## 2. Group Company Compliance Framework

Japan Post Group companies have built a compliance framework as outlined below and use various measures to promote compliance so that the compliance framework can function effectively.

### 1. Compliance Framework

#### (a) Line of responsibility for compliance activities

Each Group company has a compliance department that is independent from departments related to business execution in order to promote compliance activities throughout the company. This department and other departments at respective head offices have a compliance officer who is responsible for executing specific compliance activities. In addition, compliance managers have been appointed at all head office departments, regional offices, branch offices and post offices in order to establish a line of report for compliance activities.

#### (b) Internal reporting system

In each Group company, the compliance department has a compliance hotline that can be used by employees and others. In addition, reports of compliance infringement at any Group company can be submitted at a designated law firm, which provides an external reporting channel. This reporting system makes it possible to quickly deal with compliance violations and prevent such violations from spreading as well as maintain a structure to resolve issues at the earliest stage.

#### (c) Listening to customers

All Group companies are dedicated to using feedback from customers concerning business operations and other items for the purpose of making improvements. A CS promotion department has been established at each Group company to identify breaches of compliance and issues that may lead to infringement. These departments work together on compliance related matters.

### 2. Compliance Activities

#### (a) Establishment of compliance program

Each fiscal year, a compliance program is established to provide a plan for specific actions involving compliance. Progress is then checked and evaluated on a regular basis.

#### (b) Activities related to compliance items

At Group companies, specific compliance items have been selected and departments have been assigned to take responsibility for individual compliance items in order to promote compliance in a focused manner. The compliance department oversees the compliance promotion activities undertaken by these units and conducts integrated management of compliance-related issues across-the-board.

#### (c) Preparation and distribution of compliance manual

A compliance manual is prepared to serve as a practical guide to promote compliance. The manual explains the compliance framework, matters concerning areas of compliance and other subjects. All employees receive a compliance handbook that summarizes the contents of the manual in a format that is easy to understand, and is used in training programs and other activities to raise awareness among employees of the importance of compliance.

#### (d) Implementation of compliance-related training

Each Group company conducts a variety of training activities to promote better understanding of legal matters and other areas, and to raise awareness of compliance.

### 3. Conflicts of Interest Management Policy

The Banking Act, Insurance Business Act and other legislation have been revised in line with the bill for amendment of the Financial Instruments and Exchange Act, etc. (Act 65 of 2008) that went into effect on June 6, 2008, making it obligatory for financial institutions and financial holding companies to establish a system that protects the interests of customers. (The revised Acts went into force on June 1, 2009.)

In response, the Japan Post Group announced its Conflicts of Interest Management Policy, and based on this policy, manages

transactions with conflicts of interest on a group-wide basis to ensure that the interests of customers are not unduly impaired.

Japan Post Holdings has also set up a system to appropriately manage transactions with conflicts of interest, which includes establishing a department that handles such conflicts of interest (the Compliance Department) to ensure business is carried out fairly pursuant to laws, ordinances and internal regulations, and that the interests of customers are not unduly impaired.

#### ■ Japan Post Group Conflicts of Interest Management Policy

##### Details of policy

The Japan Post Group ("the Group") conducts business activities fairly based on laws, ordinances and internal regulations so that the interests of customers are not unduly impaired due to transactions that may give rise to a conflict of interest.

1. The following companies in the Japan Post Group ("Group companies") fall within the scope of the Conflicts of Interest Management Policy

- Japan Post Bank
- Japan Post Insurance
- Japan Post Network

2. The Group will manage conflicts of interest for the transactions stipulated below.

(1) Transactions that may unduly impair the interests of customers among the following transactions:

- Transaction with a customer that has an interest in one of the Group companies based on an agreement
- Transaction with a party that has conflicting interests or is competing with a customer that has an interest in one of the Group companies based on an agreement
- Transaction that makes wrongful use of information gained from a customer with an interest in one of the Group companies based on an agreement

(2) Any transaction aside from the aforementioned that may unduly impair the interests of the customer due to a conflict of interest

3. The Group will select one or a combination of the following methods and other measures to manage transactions with a conflict of interest:

- (1) Separate the business unit conducting the target transaction and the business unit conducting the secondary transaction with the customer
- (2) Amend the terms and conditions or method of the target transaction or the secondary transaction with the customer
- (3) Discontinue the target transaction or the secondary transaction with the customer
- (4) Properly disclose to the customer that the target transaction may unduly impair his or her interests

4. The Group will establish a department that handles conflicts of interest independent from business departments that will specify target transactions and properly manage conflicts of interest. In addition, the Group will educate and train executives and employees so that they comply with laws, ordinances and internal regulations set down regarding the management of conflicts of interest.

5. The Group will continuously review its management stance regarding conflicts of interest and strive to make improvements.



# 3. Japan Post Group Internal Audit System

The Japan Post Group has established an effective internal audit system at each Group company in order to ensure sound administration and proper operations aimed at building customer trust.

## 1. Japan Post Group Internal Audit System Framework

The Japan Post Group has formulated a Basic Policy on Internal Auditing that sets forth the fundamental items necessary to create an internal audit system framework. Based on this policy, each Group company develops an effective internal audit system framework befitting the nature of the business and the degree of risk.

The Internal Audit Department of Japan Post Holdings monitors the audit regulations, audit plans and progress of audits of the Internal Audit departments of Japan Post Network, Japan Post Service,

Japan Post Bank and Japan Post Insurance from the perspective of enhancing the internal audit system framework of the entire Group. This Internal Audit Department also evaluates and examines the internal audit system of Group companies and provides guidance and advice, as well as makes recommendations for improvements and conducts audits when required.

## 2. Internal Audit System at Group Companies

### 1. Overview

Each Group company has an Internal Audit Department independent from departments related to business execution, which conducts internal audits from an independent and objective standpoint.

In addition, the scope of the internal audits extends to all business sites and administrative affairs, so each company has set up an Internal Audit Department within its head office. Besides this, Japan

Post Network, which has approximately 24,000 post offices, has established audit offices at 50 locations nationwide, while Japan Post Service, which has around 1,100 branch offices, has established 13 nationwide. This ensures that internal audits are carried out at a sufficient frequency and in appropriate detail.

### 2. Implementation of Effective Internal Audits

The Internal Audit Department of each Group company evaluates the sites and departments within the scope of the internal audit, or more precisely, the different types and extent of risks in business operations. Audit frequency and audit items are determined in line with these evaluations, and risk-based internal audits carried out.

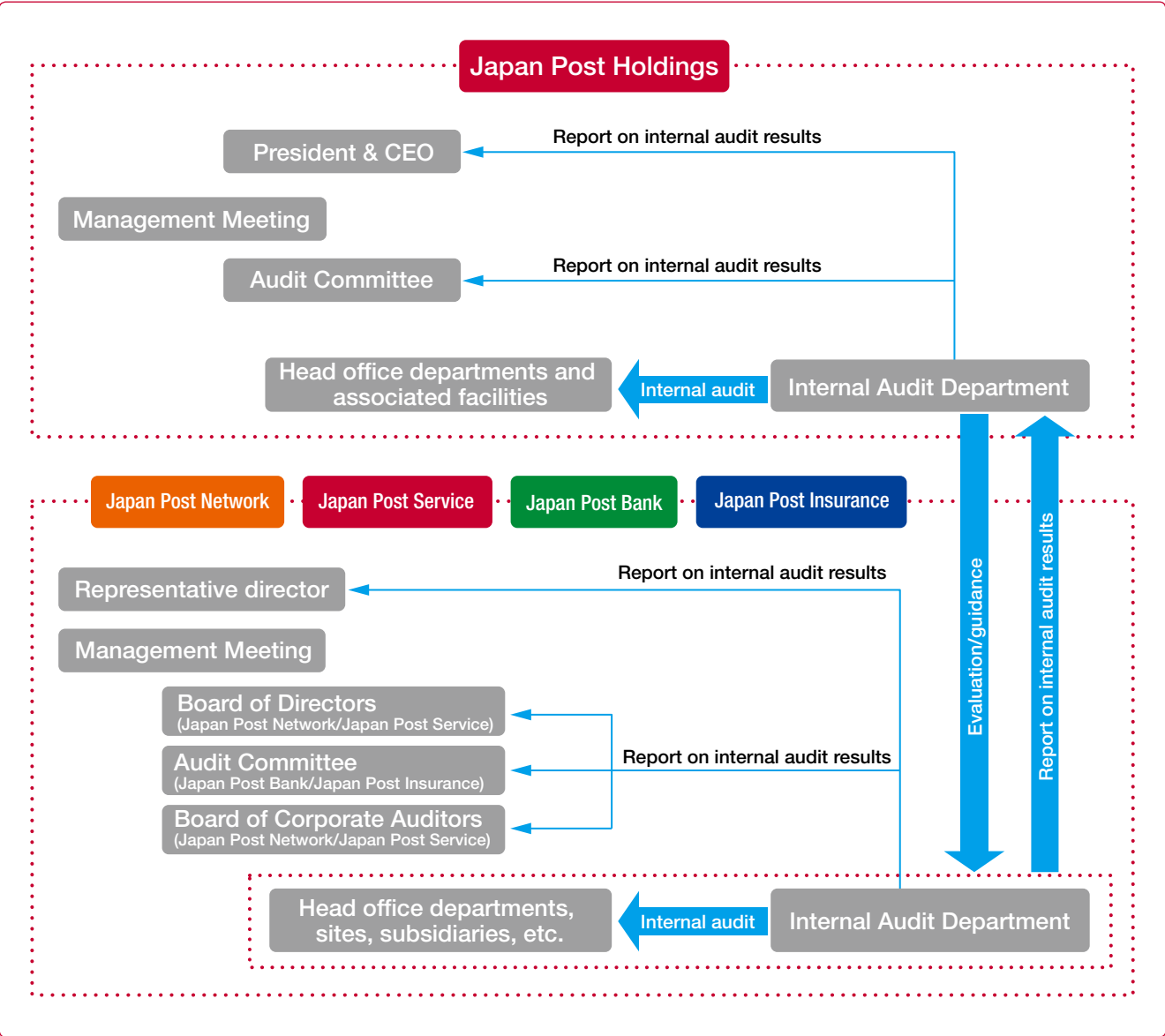
Elsewhere, efforts are made to ensure efficient and effective internal audits through attendance at daily meetings and off-site monitoring that includes gathering materials related to internal management.

### 3. Reporting on Results of Internal Audits and Making Improvements

The Internal Audit Department of each Group company reports the results of its internal audit, which includes recommendations for improvement, to the department audited followed by the representative director and the Audit Committee or Board of Corporate Auditors.

Moreover, each Internal Audit Department works to improve operations in respective companies. To this end, progress reports of improvement-requested items indicated in audit reports are periodically made to the representative director.

■ Japan Post Group Internal Audit System



# 4. Japan Post Group Risk Management

## 1. Group Risk Management Framework

Japan Post Holdings, as the holding company of the Japan Post Group, recognizes that properly managing risk within the Group is one of management's highest priorities. Basic items concerning Group risk management are set forth in the Basic Policy for Group Risk Management. Japan Post Holdings utilizes this policy as the basis for establishing risk management systems for the Group.

Japan Post Holdings is committed to preventing the transfer of risk from one Group company to another. Japan Post Holdings is also committed to assuring that Japan Post Bank and Japan Post Insurance, the Group's financial companies, both of which aim to be publicly listed, continue to strengthen their risk management systems as autonomous financial institutions and develop systems that make them self-reliant.

### 1. Group Risk Management Systems

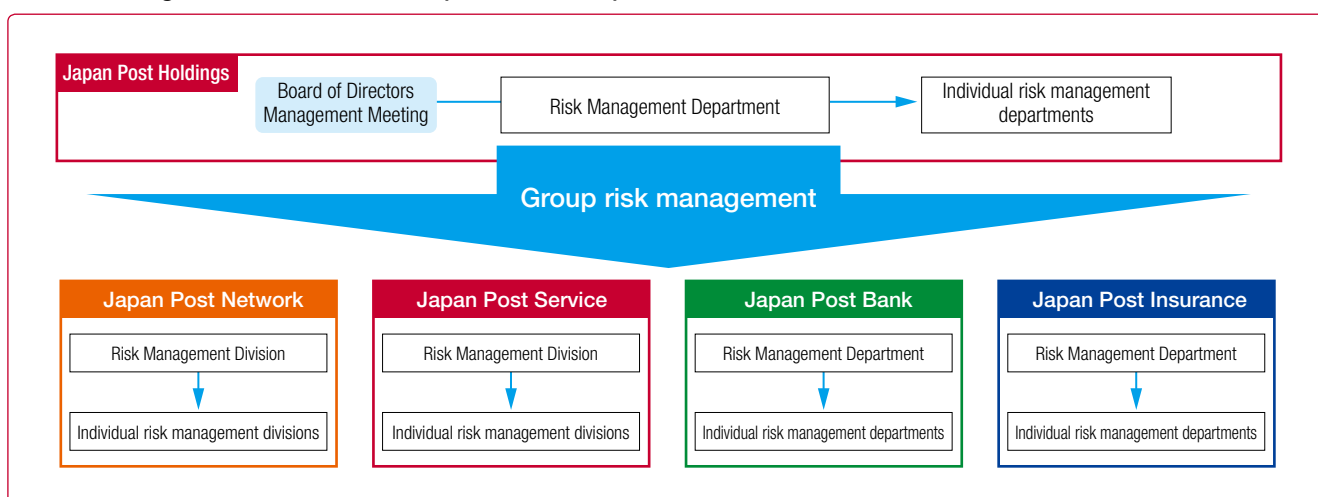
The Basic Policy for Group Risk Management classifies and defines risk categories managed by Group companies and prescribes basic policy that must be followed by Group companies.

In addition, Japan Post Holdings has a Risk Management Department, which has authority that is independent of other departments, for the purpose of monitoring risk for the entire Japan Post Group. The Risk Management Department makes use of reports and discussions to establish a framework for executing group-wide risk management. The objective is to establish systems that properly monitor risk for the Group as a whole.

The Risk Management Department periodically submits Group company risk management reports to the Management Meeting in which the Group's risk management policies and risk management systems are discussed.

We take care to prevent any conflicts of interests between the risk management organization and executives or employees concerning their authority and responsibility, and provide a system of checks and balances by maintaining independence from other businesses.

### ■ Risk Management Flowchart for Japan Post Group





## 2. Risk Categories and Definitions

Risk categories that must be managed by the Japan Post Group and definitions of these risks are presented below. Each Group company identifies risks in accordance with its business activities and properly

manages these risks by means of frameworks that reflect the nature of such risks.

Risk category	Definition
<b>Insurance underwriting risk</b>	Risk of incurring losses due to the deviation of economic conditions and incident rates of accidents from forecasts established at the time insurance premiums were set
<b>Credit risk</b>	Risk of incurring losses caused when assets (including off-balance-sheet assets) decline in value or become worthless due to deterioration in the financial position of the obligor.
<b>Market risk</b>	Risk of incurring losses due to changes in the value of assets (including off-balance-sheet assets) due to changes in risk factors involving interest rates, securities prices, and foreign exchange and other markets Market risk is divided into the following three categories.
1) Interest rate risk	Risk of incurring losses due to fluctuation in interest rates; the risk of a decline in earnings or losses caused by interest rate volatility when there are mismatches of interest rates and interest rate periods between assets and liabilities
2) Price volatility risk	Risk of declines in value of assets due to fluctuation in value of securities and other financial instruments
3) Foreign exchange risk	Risk of incurring losses due to differences in foreign exchange rates from initial assumed rates in cases where there is a net surplus of assets or liabilities for assets or liabilities denominated in foreign currencies
<b>Asset management risk</b>	This risk has the following three components:
1) Credit risk	Same as credit risk above
2) Market risk	Same as credit risk above
3) Real estate investment risk	Risk of incurring losses due to a decline in profitability of real estate caused by changes in real estate leases and other items or by declines in the value of real estate itself due to changes in market conditions
<b>Liquidity risk</b>	(1) Cash flow risk: Risk of incurring losses due to cash flow problems caused by the inability to procure sufficient funds, the need to procure funds at an interest rate that is extremely higher than normal because of a worsening financial condition (Japan Post Bank), Risk of incurring losses due to the need to sell assets at prices far below normal in order to procure funds in response to deteriorating cash flows caused by a decline in insurance premiums because of a decrease in new policies, an increase in repayments to customers accompanying the cancellation of large policies associated with a worsening financial condition, or cash outflows resulting from a significant natural disaster (Japan Post Insurance). (2) Market liquidity risk: Risk of incurring losses due to the inability to conduct transactions or to the need to conduct transactions at prices that are much less favorable than normal because of market turmoil.
<b>Operational risk</b>	Risk of incurring losses due to improper business processing, inappropriate actions by executives and employees, improper computer system operation or to an external event There are three categories of operational risk that apply to the entire Group: (1) processing risk, (2) computer system risk, and (3) information assets risk. The subsidiaries also define other risk categories of their own that are added to the list of operational risks after consultation with the holding company.
1) Processing risk	Risk of incurring losses due to executives, employees and others neglecting to perform their clerical process properly resulting in errors or other incidents, or engaging in unlawful activities
2) Computer system risk	Risk of incurring losses due to system failures, including disruptions, errors or other problems; risk of incurring losses due to the unlawful use of computers
3) Information assets risk	Risk of incurring losses due to a computer system malfunction, improper clerical processing or another problem that results in a loss, alteration, unlawful use, leak to external parties or other problem associated with information

## 3. Group Risk Management Activities

Japan Post Bank and Japan Post Insurance are exposed to market risk, credit risk and other types of risk that are unique to the provision of financial services. Each company identifies risks that can be quantified and then uses VaR (value at risk, a measure of the maximum expected loss that could occur due to events with a certain probability) and other methods to measure these risks.

Japan Post Holdings manages risk by confirming that the amount of risk measured at each of these two companies is suitable in relation to each company's equity capital.

Operational risk is managed for the work performed under consignment by Japan Post Network, mainly at post offices, and for the business activities of Japan Post Service, Japan Post Bank and Japan Post Insurance. Operational risk management is monitored on a regular basis to properly supervise this risk. In addition, actions are taken to enable Group companies to work more closely together in order to prevent the recurrence of problems and strengthen risk management.

## 2. Japan Post Group Risk Management System

### 1. Japan Post Holdings

Japan Post Holdings, as the holding company of the Japan Post Group, recognizes the importance of not only managing risk at each Group company but also the need to properly manage risks for Japan Post Holdings' own businesses, such as hotels and hospitals. Japan Post Holdings has established a risk management system based on the Basic Policy for Group Risk Management and manages risk inherent in the nature of each business.

In accordance with the Basic Policy for Group Risk Management, market risk, market liquidity risk and operational risk (processing risk, computer system risk and information assets risk) are defined as risks to be managed. This management is performed in accordance with the characteristics of each category of risk.

In the management of market risk and market liquidity risk

associated with the asset management operations of Japan Post Holdings, a transactions section (Finance Department), an administrative management section (Accounting Department) and a market risk management section (Risk Management Department) are separated to create a framework of mutual checks and balances.

To manage operational risk, risks associated with business activities are identified and the importance of each risk is determined based on two factors: the frequency at which the risk occurs and the magnitude of the impact of the risk. Risks to be managed are designated in accordance with their degree of importance. For risks designated as requiring management, policies are determined for actions to mitigate exposure to the risk. Each department involved with risk management conducts periodic monitoring to control these risks.

### 2. Japan Post Network

Japan Post Network recognizes that the proper management of risk is an important management issue. Risk management is needed to maintain the soundness of management and to help customers lead more fulfilling lives today and in the future as well as to win the trust of the customers who use our large network of post offices. For this purpose, we have established a risk management framework based on the Basic Policy for Group Risk Management and manage risks in accordance with the nature of our business activities.

Japan Post Network, in accordance with the Basic Policy for Group Risk Management, defines operational risk (processing risk, computer system risk and information assets risk) as risks to be managed.

The operations of Japan Post Network involve primarily activities performed for other companies, including activities of a different nature for postal, banking and insurance businesses. We are aware

that outsourced business operations are exposed to operational risks. We evaluate, monitor and control these risks in order to improve the quality of business activities by minimizing exposure to these risks.

In particular, we have established a reporting system to detect errors, accidents, unlawful activities, complaints and other items appropriately at post offices, the front line of our operations. With this system, both our senior management and companies outsourcing work to Japan Post Network receive reports concerning the occurrence of problems associated with these frontline risks.

With regard to information concerning the occurrence of problems, we have an appropriate system for the determination of causes, analysis of problems and other activities. To prevent problems from recurring, we are strengthening collaboration among Group companies and taking other actions to reinforce risk management.

### 3. Japan Post Service

Japan Post Service, in accordance with the Basic Policy for Group Risk Management, has a risk management system that reflects the unique nature of the company's business activities. This system maintains the reliability and transparency of management. Risk management also underpins the universal services of the postal businesses, which involves the reliable delivery of customers' postal items. Risk management further contributes to reliable communications and the provision of dependable and fast logistics services.

Japan Post Service, in accordance with the Basic Policy for Group Risk Management, defines operational risk (processing risk, computer

system risk and information assets risk) as risks to be managed.

The Risk Management Division monitors the status of risk management in risk management departments, and provides the required directives regarding correction and other issues to the respective risk management departments when deemed necessary based on the results.

The Business Processing Management Division monitors risk management at branch offices, regional offices and other locations. The division also checks the status of risk management and ensures the effectiveness of risk management by upgrading crime prevention training, guidance and other activities.

### 4. Japan Post Bank

Japan Post Bank positions risk management as one of its most important management activities. We consider that the basic principle for risk management is to use capital effectively by managing risk appropriately in accordance with management strategies and the nature of risks, with the goal of increasing corporate value while maintaining financial soundness and conducting business activities

properly. We have established a risk management system that conforms to the Basic Policy for Group Risk Management and conduct risk management autonomously.

Japan Post Bank, in accordance with the Basic Policy for Group Risk Management, defines market risk, market liquidity risk, cash flow liquidity risk, credit risk and operational risk (processing risk, computer

system risk and information assets risk) as risks to be managed. Furthermore, we have added the following risks: legal risk, human resources risk, tangible assets risk and reputational risk to the list of risks to be managed. We manage these risks from both quantitative and qualitative perspectives in a manner that reflects the nature of each risk.

For quantitative risk management, Japan Post Bank adopts an integrated risk management approach. This approach allows us to make advance allocation of capital for taking risk, appropriately and

objectively quantify market risk and credit risk using a unified measure called value at risk (VaR) and control each risk so as not to exceed the allocated amount of capital.

For qualitative management of risk, we carry out management that reflects the characteristics of each type of risk along with the quantitative management of those risks. For example, for operational risk, we have a unified process known as the PDCA (plan-do-check-act) cycle for the recognition, evaluation, management and reduction of this risk.

## 5. Japan Post Insurance

Japan Post Insurance positions the appropriate management of risk associated with the insurance business as one of its most important management activities. We conduct risk management based on the nature of each type of risk. This type of management is needed to maintain the long-term soundness of business activities and ensure confidence in our ability to provide a means to ensure the livelihood of customers by taking care of valuable funds entrusted to us. We have established a risk management system that conforms to the Basic Policy for Group Risk Management and conduct risk management autonomously.

Japan Post Insurance, in accordance with the Basic Policy for Group Risk Management, defines insurance underwriting risk, asset

management risk (credit risk, market risk and real estate investment risk), liquidity risk (cash flow risk and market liquidity risk) and operational risk (processing risk, computer system risk and information assets risk) as risks to be managed. The different categories of risks are managed based on a principle of providing a system of checks and balances.

To maintain the soundness of business activities, Japan Post Insurance specifies that risks that can be quantified should be managed. Our fundamental principle for overall risk management is to manage the volume of these risks in relation to our risk capital. We establish standards and methods for risk management for risks that cannot be quantified.

## 3. Crisis Management for Disasters

The Japan Post Group has established a Basic Policy for Crisis Management and each Group company also has its own system for dealing with a crisis. Crisis management is needed to ensure the stability and soundness of the business activities of Group companies. Group companies are prepared to respond appropriately to earthquakes and other natural disasters, suspensions in the operation of data management systems and other crises.

Group companies prepare manuals and establish plans that facilitate the rapid restoration of required operations and other actions after a crisis occurs. In the event of a major crisis, we will quickly establish a

joint task force on-scene that is made up of representatives of Group companies. This unit will be responsible mainly for considering and establishing methods to enhance the smooth provision of services to customers.

In response to new types of influenza, the Japan Post Group has established an action plan and business continuity plan in accordance with government and other guidelines. If a global pandemic occurs, the Group is prepared to take the actions needed to ensure that there are minimal disruptions in business activities and customer services.

## 4. Japan Post Group Information Security Declaration

Services provided by Japan Post Holdings, Japan Post Network, Japan Post Service, Japan Post Bank and Japan Post Insurance as the Japan Post Group are used by a large number of customers. Information about these customers must be strictly managed. In addition, we believe that the services used by customers must be absolutely safe.

We understand that information security is essential for customers to

use our services with confidence. Our activities reflect this awareness of the importance of information security. We place priority on the following items in order to manage information about customers safely and to protect this information from leaks and alterations resulting from unauthorized access and from disruptions in services caused by accidents, natural disasters and other events.

1. We will establish a basic policy regarding information security for the Japan Post Group and follow this policy for the purpose of conducting information security activities.
2. We will conduct a continuous information security training program for the purpose of maintaining a strong awareness among employees of the importance of information security and reinforcing that awareness.
3. We will conduct continuous inspections of information security activities and make revisions and improvements whenever needed for the purpose of maintaining and enhancing the effectiveness of information security activities.

## 5. Japan Post Group Customer Satisfaction

### Promoting Customer Satisfaction

The Japan Post Group duly considers its customers' point of view and provides a selection of products and services that customers truly appreciate. To achieve this, all directors and employees listen closely to customers' opinions as a means to raise customer satisfaction (CS).

#### 1. Listening to Customers

Each Group company analyzes customer feedback collected from post offices, branches, call centers and its own website with the aim of making required improvements and providing products and services that bring customer satisfaction.

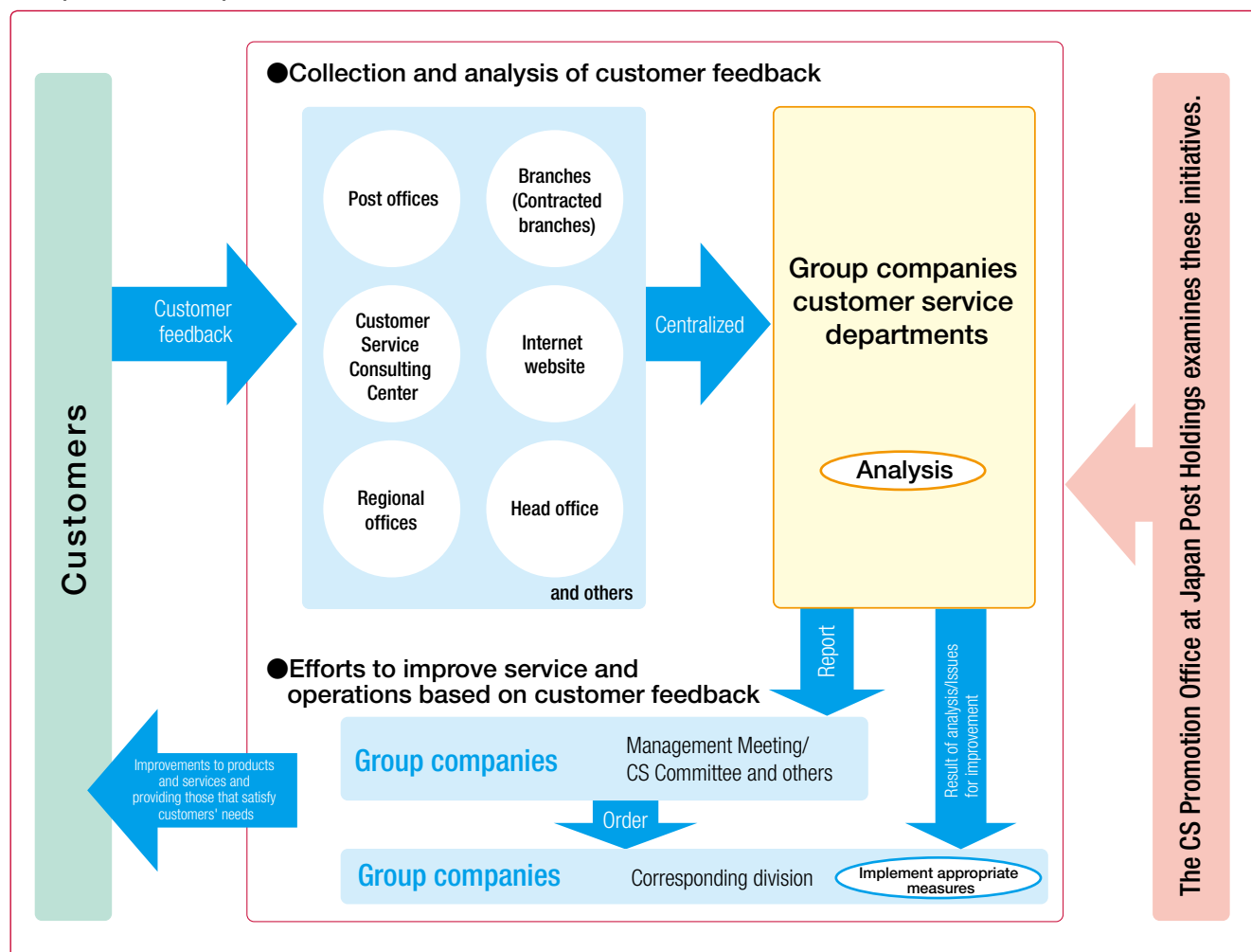
The CS Promotion Office at Japan Post Holdings devises ways to utilize customer opinions gathered from Group companies in its management operations.

\*Please refer to the respective Group company website as well as the annual reports of Japan Post Bank and Japan Post Insurance.

#### 2. Customer Service Consulting Center

Customer opinions are gathered at all post offices, branches and call centers nationwide, as well as from respective websites. Please refer to pages 188-191 for business hours at post offices and branches, and for telephone numbers and business hours of Group company call centers.

#### ■ Japan Post Group CS Promotion



## Second Japan Post Group Customer Satisfaction Survey

In order to accurately comprehend the way customers view its products and services as well as to meet new needs, Japan Post Holdings conducted a survey concerning the degree of customer satisfaction, intention of use and other evaluations, as well as any shift in opinion following privatization, with regard to post offices and other areas of operations (Japan Post Network, Japan Post Service, Japan Post Bank and Japan Post Insurance).

In light of the results of the survey, the Japan Post Group is working to further raise customer satisfaction while making fixed-point observations, and analyzing issues identified through the survey that can be used in management.

### Overview of survey

- Period: Wed., February 18 – Tues., February 24, 2009
- Method: Internet survey
- Targets: (1) Males and females over 20 years of age nationwide who use post offices, etc., and (2) people who use post offices, etc. (including ATMs) more than once a month and who fall into one of the following categories:
  - Have used Yu-Pack or other postal items within the past year
  - Have an account at Japan Post Bank
  - Have a policy with Japan Post Insurance
- \*Excludes media, other companies in same industry and parties with an interest in the post office, etc.
- Valid responses: 4,380 people (64.8% of total responses from 6,758 people)

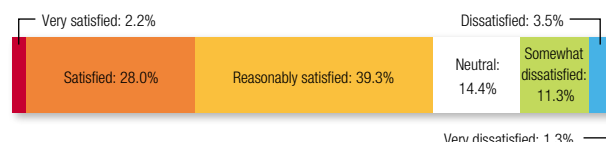
**The proportion of respondents who were satisfied with the post office significantly exceeded those who were dissatisfied.**

◇(Satisfied: 69.5%, Dissatisfied: 16.1%)

<Q5>

In general, how satisfied are you with the post office and its service?

[Overall level of satisfaction (post office, service)] Sample: 4,380



**In individual evaluations, the degree of dissatisfaction outweighed the degree of satisfaction in certain areas.**

### <Top three areas of satisfaction>

- Welcome greeting (Satisfied: 73.2%, Dissatisfied: 7.7%)
- Convenience of location (Satisfied: 71.4%, Dissatisfied: 12.2%)
- Polite and clear response (Satisfied: 67.7%, Dissatisfied: 11.2%)

### <Top three areas of dissatisfaction>

- Number of ATMs (Dissatisfied: 50.2%, Satisfied: 25.4%)
- Parking space (Dissatisfied: 46.3%, Satisfied: 19.6%)
- Length of business hours (Dissatisfied: 35.0%, Satisfied: 33.8%)

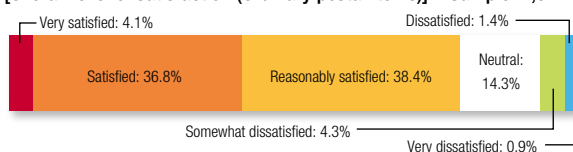
**The degree of satisfaction with services at Japan Post Service, Japan Post Bank and Japan Post Insurance significantly exceeded the degree of dissatisfaction.**

◇Post office services (Satisfied: 79.3%, Dissatisfied: 6.6%)

<Q19>

In general, how satisfied are you with the delivery services of ordinary postal items (letters, post cards, direct mails, catalogs and other items) at post offices, etc.?

[Overall level of satisfaction (Ordinary postal items)] Sample: 1,621

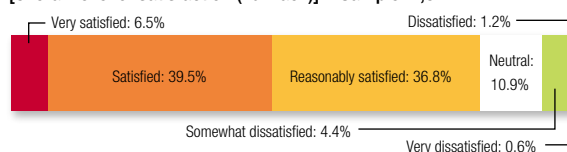


◇Yu-Pack (Satisfied: 82.8%, Dissatisfied: 6.2%)

<Q25>

In general, how satisfied are you with the delivery services (Yu-Pack) of the post office, etc.?

[Overall level of satisfaction (Yu-Pack)] Sample: 1,621

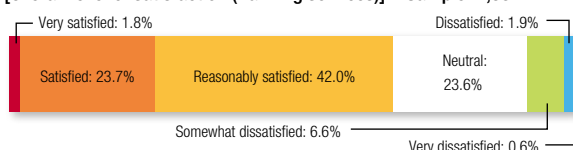


◇Banking services (Satisfied: 67.5%, Dissatisfied: 9.1%)

<Q34>

In general, how satisfied are you with the banking services of the post office, etc.?

[Overall level of satisfaction (Banking services)] Sample: 1,594

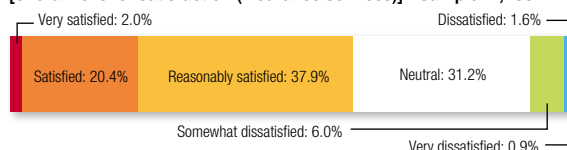


◇Insurance services (Satisfied: 60.3%, Dissatisfied: 8.5%)

<Q43>

In general, how satisfied are you with the insurance services of the post office, etc.?

[Overall level of satisfaction (Insurance services)] Sample: 1,165



\*Since the figures in graphs have been rounded, the total response rate may not add up to 100%.

Survey results can be found in a press release dated June 5, 2009 on the Japan Post Holdings website (<http://www.japanpost.jp/>) (Japanese only)

# 6. Japan Post Group CSR

## 1. Group CSR Activities

Following privatization, the Japan Post Group clarified its position towards corporate social responsibility (CSR) that it adopted as a public enterprise, which stipulates issues to be systematically addressed in fields that include environmental protection, social contribution, increasing customer satisfaction, compliance and information disclosure.

At the Japan Post Group, CSR is a means of doing business in line with the high standards that the Group has established for itself. Operating in this manner contributes to achieving the Group's management philosophy and ensuring sustainable growth.

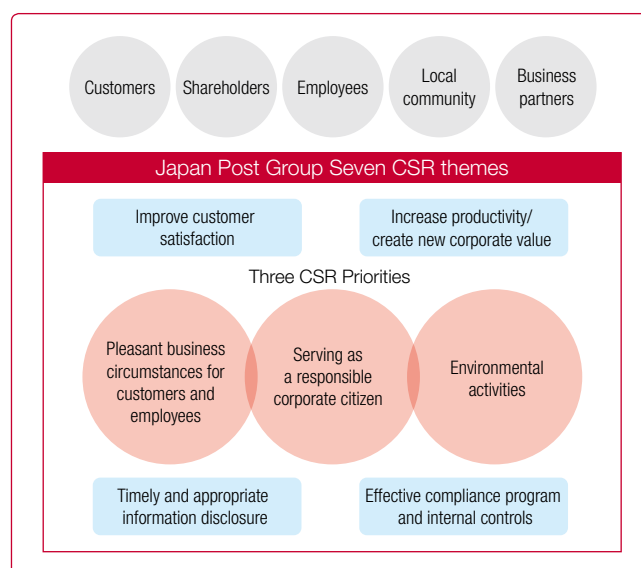
In accordance with this approach, we have defined seven CSR themes in order to conduct activities with specific objectives. We place particular priority on three themes as common issues to be tackled by the Group. All Group companies are playing a part in CSR activities and achieving our objectives.

### 1. Seven CSR Themes and Three CSR Priorities

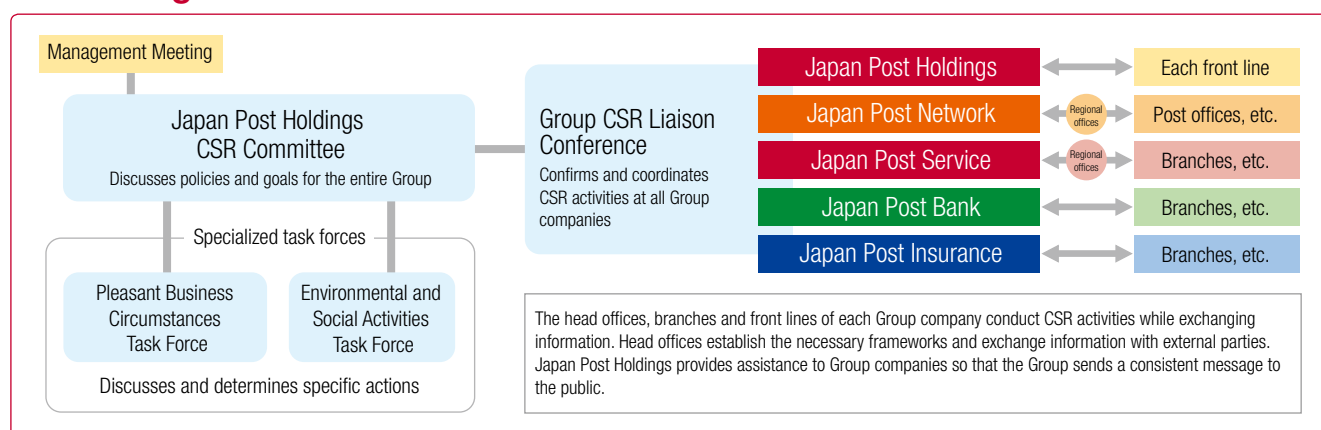
Of the seven CSR themes, the following four represent initiatives demanded by shareholders that concern the business operations of the Japan Post Group: "Improve customer satisfaction," "Increase productivity/create new corporate value," "Timely and appropriate information disclosure" and "Effective compliance program and internal controls." Each Group company takes voluntary and proactive steps towards achieving these goals based on a clear understanding of their importance as CSR issues.

The three remaining themes, "Pleasant business circumstances for customers and employees," "Serving as a responsible corporate citizen" and "Environmental activities," are positioned as CSR priorities common throughout the Group. It is the obligation of the Group as a provider of products and services to many people nationwide to fulfill these responsibilities, which are also recognized as indispensable to secure sustainable growth for the Group from a medium- to long-term perspective.

Accordingly, the Japan Post Group strives to conduct meaningful activities related to these three critical areas from a long-term standpoint that will be valued by society. By implementing these concepts, the Group gains more competitiveness with greater brand power, which in turn serves as a driving force for sustainable growth.



### 2. CSR Organization





## 2. Initiatives for CSR Priorities

### 1. Pleasant Business Circumstances for Customers and Employees

We are using a comprehensive approach to the universal design concept for the network of Japan Post Group business locations, which cover every area of Japan. We are dedicated to providing facilities, equipment and services that can satisfy all customers,

including senior citizens and individuals with special needs.

This objective also includes the provision of workplaces that enable employees to do their jobs well and making improvements wherever possible.

**Group companies' specific action**    ● Japan Post Holdings    ● Japan Post Network    ● Japan Post Service    ● Japan Post Bank    ● Japan Post Insurance

#### ●●●●● Services in braille

For visually impaired customers, we provide various services in braille.

	Contents
Japan Post Service	<ul style="list-style-type: none"> <li>Collection times displayed in braille on post boxes</li> <li>Braille notices of undelivered mail</li> </ul>
Japan Post Bank	<ul style="list-style-type: none"> <li>Ordinary deposit statement</li> <li>Braille keyboards on ATM</li> <li>Braille ATM card</li> <li>Product and service pamphlets in braille</li> </ul>
Japan Post Insurance	<ul style="list-style-type: none"> <li>Provision of explanation of contract in braille</li> <li>Information about a policy's maturity, annuity payments, loans and the repayment of loans</li> </ul>

#### ● Barrier-free facilities and equipment

About 10,000 of these post offices have barrier-free designs. We will continue to meet the need for barrier-free post offices by incorporating the universal design concept whenever possible at post offices that are replaced or renovated.



Braille block



Parking for physically challenged persons

#### ● Yu-Mail for mentally or physically challenged, Yu-Pack and Braille Yu-Pack for visually impaired customers

We reduce postal rates on videotape Yu-Packs and large braille-publication Yu-Packs sent between designated facilities and visually impaired individuals. We also reduce postal rates on books sent by Yu-Mail between libraries that have registered with us and persons with disabilities.

#### ● Free distribution of Blue Bird postcards (every year since 1976)

Each year, we provide at no cost 20 stamped postcards with dimples packaged in specially-made envelopes to individuals with severe mental or physical limitations.

#### ● Postcards for individuals with impaired vision (dimpled postcards)

These postcards have a semicircular indentation on the lower left corner of the front so that visually impaired individuals can distinguish the front and back and top and bottom of a postcard. They are sold at all branches nationwide and delivered to a person's residence upon request.

#### ● Pension delivery service

For customers who are unable to visit our branches to receive pension payments because of advanced age, physical limitations, etc., we have home-delivery service for pensions.

#### ● New welfare time deposits

We offer these one-year time deposits, which feature a higher than normal interest rate, to individuals receiving disability, survivor and other public pensions. Each eligible customer can make a deposit of up to ¥3 million.

## 2. Serving as a Responsible Corporate Citizen

The Japan Post Group will continue to provide assistance to victims of natural disasters by offering free postal and money transfer services and other forms of support. Each Group company uses its

respective business operations as the base for its own education and awareness-raising programs for communities.

### Specific Initiatives

#### ●●Disaster prevention agreements

We have disaster prevention agreements with local government agencies and other organizations. We also put up posters and distribute pamphlets on soil and water conservation, as well as set up rain gauges and indicators at post offices based on agreements involving the prevention of landslides and other disasters in mountainous areas.

#### ◎Assistance in cases of emergency

In the event of a natural disaster or other major incident, we provide special services to victims at our post offices.

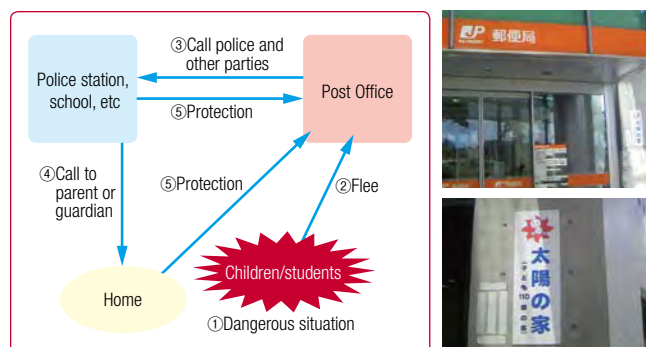
	Main Content
Japan Post Service	<ul style="list-style-type: none"> <li>Free postcards distributed to disaster victims</li> <li>No postage for postal items mailed by persons in disaster areas</li> <li>Free postage for items such as registered mail used to send cash donations for organizations that aid disaster victims</li> <li>Provision of evacuation information to disaster victims</li> <li>Provision of information on road damage</li> <li>Installation of temporary post boxes at evacuation centers</li> </ul>
Japan Post Bank	<ul style="list-style-type: none"> <li>Remittances of donations for disaster relief at no charge to aid victims of natural disasters. Donations are transferred at no cost to the Japanese Red Cross Society, Community Chest and local governments</li> <li>Emergency handling of savings when bankbook has been lost</li> </ul>
Japan Post Insurance	<ul style="list-style-type: none"> <li>Extension of deadline for payment of insurance premiums</li> <li>Emergency immediate payments of insurance benefits</li> </ul>

#### ◎Education and awareness

- Acceptance of requests from elementary schools for post office tours
- Use of lobby space for community activities
- Participation in radio exercise, sporting and other community events

#### ●Emergency assistance for children

To protect children from crime and accidents, post offices provide safe havens for children in danger. We provide temporary shelter for children and notify the police and others as required.



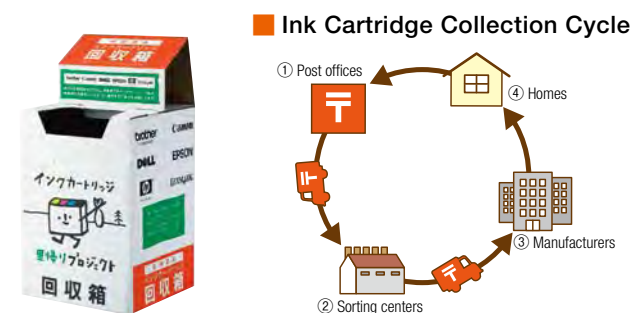
#### ●●●Supporting organizations that aim to increase social welfare

We charge no postage or special handling fees for registered mail used to send cash as donations to the Community Chest, the Japanese Red Cross Society or other designated charities, and do not charge a fee to transfer money to the accounts of these organizations.

#### ●●Collection of used ink cartridges

We cooperate with six printer manufacturers to collect used ink cartridges made by these companies. As of June 2009, there were collection boxes at 3,639 large post offices in all areas of Japan.

Used cartridges are sent to sorting centers using our Yu-Pack service and then returned to the respective companies for resource recycling.



We also collect used fire extinguishers and used personal computers at collection depots and post offices.

#### ●Reduced rates or free postage for periodicals and publications

We lower or eliminate postage for approved periodicals published at least four times each year and materials that promote education or welfare (teaching materials, braille materials, specified recordings, plants and seeds, and academic publications).

### ● Making charitable donations via New Year's postcards

In continuation of past efforts, to mark our 60th anniversary in fiscal 2010, ¥3 from every New Year's postcard was put aside for charitable donations. Around ¥45.4 billion had been collected as of fiscal 2009. These funds were distributed to organizations engaged in 10 different fields with the approval of the Ministry of Internal Affairs and Communications, including to enhance social welfare, foster the sound development of young people and protect the environment. Charitable donations in the amount of ¥446.02 million collected for fiscal 2010 were distributed to 266 organizations.



### ● The Himawari Service

Japan Post Service cooperates with local governments and welfare organizations to provide assistance to the elderly in sparsely populated areas under a program called the *Himawari Service*. This service has many elements, including greetings from post office external sales personnel, collection of letters and other postal items, regular messages of encouragement from elementary school students, handling of orders and deliveries for household items, as well as other services.

### ● Piggy bank contests

We hold piggy bank contests to make children more interested in saving and help nurture creativity.

Many children have taken part since the first contest in 1975, and there were a total of 802,194 entries from 12,948 elementary schools nationwide in fiscal 2009. A total of ¥24.50 million was donated to UNICEF in Japan in line with the number of entries.

### ● "Japan Post Bank Deposits for International Aid"

A total of 20% (after tax) of the interest from ordinary deposits and ordinary savings held by customers can be used to support activities by private aid agencies such as non-governmental organizations (NGOs) to alleviate poverty and enhance people's lives in developing countries and regions, as well as for environmental conservation, through the JICA Donation Fund for the People of the World.

Since starting this initiative on October 1, 2008, we have received 10,070 applications (as of March 31, 2009) from customers for us to use this portion of the interest for charitable purposes, resulting in donations of ¥390,000, which were provided to the JICA Fund on June 4, 2009.



### ● Lecture presentation on preventing bank transfer scams

In order to prevent a rising number of bank transfer scams, Japan Post Bank has contacted customers and posted warning messages at ATMs, and asked people from the Japan Association of Consumer Affairs Specialists to hold lectures on the topic. Presentations on how to avoid being scammed were held at eight locations in Japan during the year.

### ◎ Studies on the history and culture of postal services

We have been conducting research on the history and culture of postal services using related materials at the Communications Museum (Tei-Park) since October 2008. We will continue to promote social contribution activities of the Japan Post Group and work to strengthen our ability to disseminate related information through such research.

### ● Promotion of radio exercise program

Today, radio exercise is still a popular exercise program that can be enjoyed by people of all ages at any time and any place.

Carrying on this proud tradition, Japan Post Insurance, together with NHK (Japan Broadcasting Corporation) and the Japan Radio-taiso Federation, holds events to popularize radio exercise and continues to play an active role in helping the Japanese public lead a healthy lifestyle.

### Summer Tour Radio Exercise / *Minna no Taiso* ("Exercise for Everyone")

The Summer Tour Radio Exercise, which began in 1953, visits 43 locations nationwide over a period of 43 days from July 20 to August 31 every year. NHK Radio 1 broadcasts the radio exercise throughout Japan.

### Festival of 10 Million People's Radio Exercise / *Minna no Taiso* ("Exercise for Everyone")

This event was started in 1962 as the largest radio exercise event. It is not only broadcast on the radio but also by NHK General TV and NHK BS2 nationwide.

### Special Tour Radio Exercise / *Minna no Taiso* ("Exercise for Everyone")

The Special Tour Radio Exercise, which started in 1978, is held at 10 venues throughout Japan on Sundays and public holidays from April to the end of October every year (except when it coincides with the summer tour radio exercise). This event is broadcast nationwide by NHK Radio 1.



The 47th Festival of 10 Million People's Radio Exercise / *Minna no Taiso* ("Exercise for Everyone") (Tokyo Big Sight, July 2008)

### 3. Environmental Activities

We have established the Japan Post Group Environmental Vision covering the five-year period from fiscal 2009 through fiscal 2013. The

vision positions global warming initiatives and programs for sustainable forests as the two core environmental themes of the Group.

#### ■ Japan Post Group Environmental Vision

●The Japan Post Group recognizes its obligation to pass the Earth on to future generations as a beautiful and pleasant place to live. Preservation of the global and regional environments is therefore one of the Group's highest priorities. We are also dedicated to complying with laws, regulations, agreements, and other environmental standards, and to preventing pollution and other environmental problems associated with our business activities.

●We will monitor the status of the global and regional environments and verify the environmental burden of the Japan Post Group's business activities. We will then establish specific targets and periodically review those targets to make continuous improvements. We will strive to conduct innovative environmental activities as we place emphasis on the following themes.

##### (1) Measures to combat global warming

We will establish targets based on total emission volumes in order to take actions aimed at reducing our CO<sub>2</sub> emissions. We will establish and execute a systematic carbon management

strategy for the appropriate management of direct and indirect CO<sub>2</sub> emissions associated with our business activities.

##### (2) Programs for sustainable forests

We will establish targets based on total volumes of copy paper used to reduce the use of copy paper so that our business activities and CSR activities both contribute to the sustainability of forests.

●In addition to voluntary activities linked to our business operations, our environmental programs will take advantage of the diversity of the Group's businesses and the ability to cooperate with customers nationwide. We will use this as the basis for providing products that help preserve the environment and conducting community activities.

●All Japan Post Group companies will observe this Environmental Vision, provide information about environmental activities and make this vision available to the public.

\*The CO<sub>2</sub> targets in this vision are limited to CO<sub>2</sub> emissions from fossil fuels.

##### (1) Measures to combat global warming

For the five-year period ending in fiscal 2013, which corresponds to the first commitment period of the Kyoto Protocol, we are striving to reduce the Group's total CO<sub>2</sub> emissions by 15% (compared with fiscal 2007 levels).

##### (2) Programs for sustainable forests

Paper that uses wood from trees is the basis for much of the operations of the Japan Post Group. We have established the ambitious goal of cutting the use of copy paper by 25% during

the five-year period ending in fiscal 2013 (compared with fiscal 2007 levels). In addition, executives and employees volunteer to plant trees as part of the Japan Post Forest program, and we provide support for a children's tree-planting campaign that aims to increase awareness of a healthy environment and foster an appreciation of the power of nature through the experience of tree planting.

Through these initiatives, we are working to promote sustainable forest development through both our business activities and social contribution activities.



Employee volunteers planting trees



Children planting acorns

## Specific Initiatives at Group Companies

### ● Reduction of CO<sub>2</sub> emissions

We are working to enlighten employees on the need to conserve energy in order to reduce CO<sub>2</sub> emissions.

### ●●● Eco-friendly driving practices

We encourage eco-friendly and well-mannered driving that helps reduce CO<sub>2</sub> emissions by reducing fuel consumption as well as prevent traffic accidents.

Japan Post Service seeks to increase awareness of eco-friendly driving by placing stickers on vehicles used by external sales personnel nationwide, releasing information on initiatives in a public relations magazine and running company contests.

### ● Introduction of eco-friendly vehicles

In order to significantly reduce CO<sub>2</sub> emitted from vehicles, we have started actively introducing electric cars for general business and commercial vehicles in fiscal 2010 after initial field trials on next-generation models equipped with lithium ion batteries. We will also conduct trials to assist in the development of an electric car for postal services as well as for a rapid charger expected for general use.

Elsewhere, we will introduce hybrid cargo trucks as well as power-assisted bicycles with a rear cart for collecting and delivering postage items around branch offices.



### ● Eco post offices

When building new post offices or expanding or renovating existing ones, we transform facilities into "eco post offices" with environmental technologies and other environmental features. We perform energy conservation evaluations of branches with high CO<sub>2</sub> emissions and energy consumption, and have started introducing energy-saving equipment using subsidies, and are considering using an ESCO (Energy Service Company) business to achieve further reductions of CO<sub>2</sub> emissions.

### ●●● Receipt of ISO 14001 certification

Japan Post received ISO 14001 certification for environmental management systems for 71 post offices of Japan Post Network, 77 branches of Japan Post Service and 27 branches of Japan Post Bank in March 2007. All of these sites still maintain this certification following privatization.

### ● Donations from carbon offset postcards

The Japan Post Group released carbon offset New Year's postcards and summer greeting postcards (*Kamo-Mail*), whereby ¥5 from each card plus the same amount matched by Japan Post Service (for a total of ¥10) was donated to Japanese non-profit organizations (NPOs) active in the field of environmental preservation. These NPOs used the money to acquire carbon credits gained from a clean development mechanism (CDM) in developing countries certified by the United Nations. (Donations of about ¥151.41 million will be distributed to 12 organizations in fiscal 2010).

This endeavor also contributes to Team Minus 6%, which aims to reduce greenhouse gases in Japan by 6%, a target established under the Kyoto Protocol, by assisting businesses in activities and education related to forest development and CO<sub>2</sub> reductions.



## Participation in Team Minus 6% and the United Nations Global Compact

To provide a basis for more effective CSR activities, the Japan Post Group participates in Team Minus 6%, a program promoted by the Japanese government to fight global warming.

Additionally, Japan Post Holdings as a representative of the Japan Post Group participates in the United Nations Global Compact, a voluntary framework for businesses that are committed to 10 universally accepted principles of corporate citizenship.

\*Team Minus 6% is a national project led by the Ministry of the Environment aimed at cutting greenhouse gas emissions by 6%, a figure set by the Kyoto protocol. Specifically, individuals and organizations promote voluntary activities to reduce greenhouse gas emissions.

\*The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations with 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.



# Business Performance

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# 1. Japan Post Network Business Performance

## 1 Postal Operating Revenues and Mail Volume Handled

Operating revenues and the volume of mail handled associated with counter sales of postal services are shown below. The primary components of counter sales are postage stamps, postcards and EXPACK500 (¥500

parcels) together with the handling of domestic and international mail, Yu-Pack and Yu-Mail, EMS (international express mail) and other services.

(Millions of yen)

	Fiscal 2008	Fiscal 2009
<b>Total sales</b>	¥391,600	¥683,526

Note: Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

## 2 Time and TEIGAKU Deposits Handled

(Millions of yen)

	Fiscal 2008	Fiscal 2009
<b>New deposits</b>	¥14,851,000	¥32,260,656

Note: Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

## 3 Counter Sales of Japanese Government Bonds

(Millions of yen)

Category	Fiscal 2008	Fiscal 2009
<b>Long-term bonds</b>	¥ 37,516	¥ 84,028
<b>Medium-term bonds</b>	354,625	747,189
<b>Bonds for individuals</b>	220,497	261,777
<b>Total</b>	¥612,638	¥1,092,994

Note: Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

## 4 Investment Trust Sales

Japan Post Network sells investment trusts to meet the medium- and long-term savings and asset management needs of its customers. Investment trust sales are shown below.

Investment trust activities are divided into the following

categories: 1) sales activities, 2) agent services for payment of distributions and other payments, 3) transfer operations with account management agencies, and 4) purchases of investment trusts.

	Fiscal 2008	Fiscal 2009
<b>Number of trusts sold</b>	680,329	1,010,339
<b>Monetary sales</b> (Millions of yen)	¥ 95,749	¥ 119,677

Note: Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

## 5 Life Insurance and Annuity Sales

Sales of new policies were as follows.

### Individual Insurance

	Fiscal 2008	Fiscal 2009
Number of policies sold	557,918	1,800,248
Monetary amount (Millions of yen)	¥1,520,387	¥5,025,265

Note: Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

### Individual Annuities

	Fiscal 2008	Fiscal 2009
Number of policies sold	61,120	181,013
Monetary amount (Millions of yen)	¥212,463	¥620,633

Note: Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

## 6 Merchandise Sales

Japan Post Network has been directly operating a merchandise sales business since its establishment in October 2007.

The primary activity is sales promotion via catalogs.

(Millions of yen)

	Fiscal 2008	Fiscal 2009
Total sales	¥32,954	¥72,771

Note: Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

## 2. Japan Post Service Business Performance

### 1 Consigned Volume of Mail in Fiscal 2009

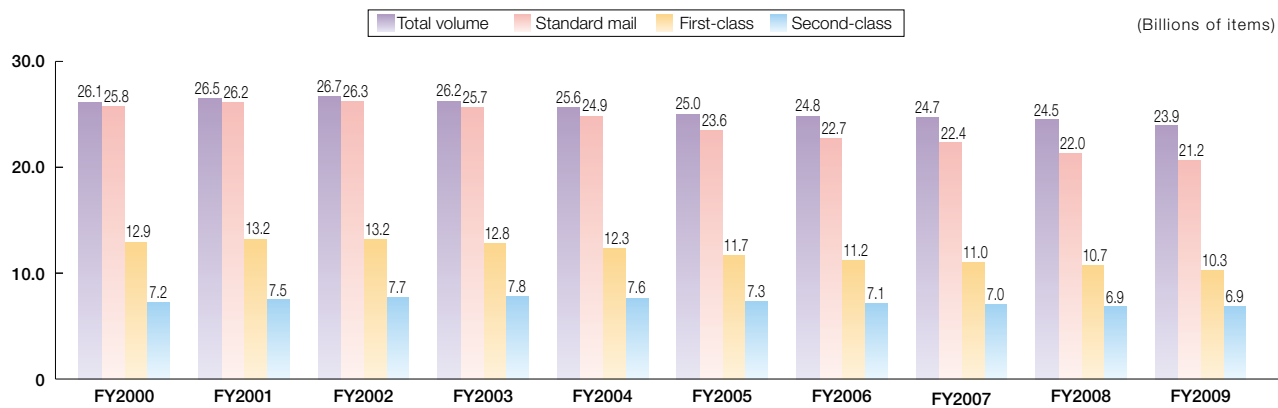
■ **Consigned Volume of Mail in Fiscal 2009: 23,929.94 million items, a decrease of 2.4% (592.55 million items) compared with one year earlier**

- (1) Standard mail: 21,227.99 million items, down 3.5% (766.64 million items)
- First-class mail: 10,332.28 million items, down 3.7% (397.21 million items)
  - Second-class mail: 6,867.69 million items, down 1.1% (78.31 million items)
- (2) International mail: 69.25 million items, down 4.8% (3.48 million items)
- (3) Parcels: 2,701.95 million items, up 6.9% (174.09 million items)
- Yu-Pack: 277.06 million items, up 2.0% (5.35 million items)
  - Yu-Mail: 2,424.89 million items, up 7.5% (168.74 million items)

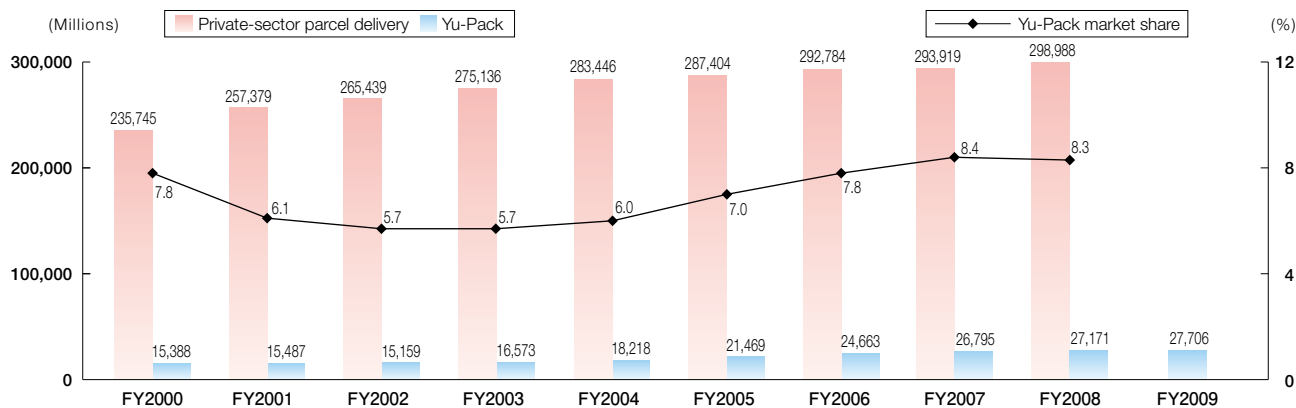
Category	Fiscal 2008		Fiscal 2009	
	Volume (thousand items)	Year-on-year change (%)	Volume (thousand items)	Year-on-year change (%)
<b>Total</b>	24,522,487	(0.6)	<b>23,929,935</b>	<b>(2.4)</b>
<b>Mail</b>	21,994,621	(1.6)	<b>21,227,985</b>	<b>(3.5)</b>
<b>Domestic</b>	21,921,898	(1.6)	<b>21,158,740</b>	<b>(3.5)</b>
Standard mail	21,317,816	(1.8)	20,587,495	(3.4)
First-class	10,729,495	(2.9)	10,332,283	(3.7)
Second-class	6,946,000	(0.7)	6,867,688	(1.1)
Third-class	532,923	(9.3)	449,705	(15.6)
Fourth-class	27,466	(7.9)	25,785	(6.1)
New Year's postcards	2,979,700	(1.8)	2,900,641	(2.7)
Election mail	102,233	537.3	11,393	(88.9)
Special mail	604,081	5.5	571,245	(5.4)
<b>International</b>	72,724	(3.9)	<b>69,245</b>	<b>(4.8)</b>
Standard mail	60,837	(5.1)	57,835	(4.9)
Parcels	1,568	5.7	1,567	(0.1)
EMS	10,319	2.5	9,843	(4.6)
<b>Parcels</b>	2,527,865	9.1	<b>2,701,950</b>	<b>6.9</b>
Yu-Pack	271,709	1.4	277,057	2.0
Yu-Mail	2,256,157	10.1	2,424,893	7.5

Note: Sums of individual items may not match totals due to rounding.

## 2 Total Consigned Volume of Mail

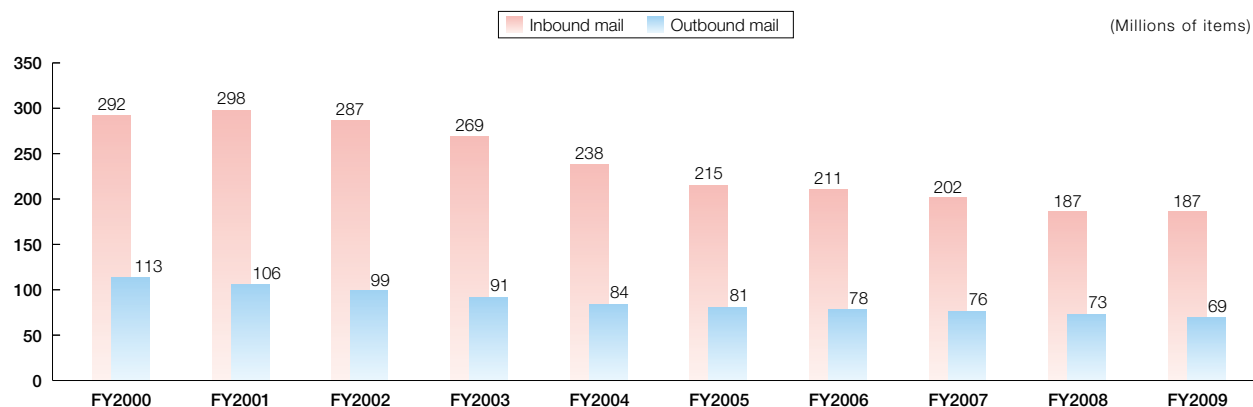


## 3 Yu-Pack and Private-Sector Parcel Delivery Volume and Market Share



Note: Fiscal 2009 private-sector parcel delivery volume has not yet been announced (as of June 30, 2009).

## 4 Volume of International Mail



## 5 Daily Mail Delivery Volume and Points

	Fiscal 2009
Daily mail delivery volume	About 68 million items
Daily delivery points	About 32 million points

## 6 Postal Service Quality Survey (Days to Arrival)

Beginning in fiscal 1999, an annual survey has been conducted to determine the percentage of mail delivered within the targeted number of days, with the results made public. The purposes of the survey are to supply accurate information concerning the quality of postal services and further improve the quality of services.

All branch offices display a Postal Delivery Time Table (Service Level

Table) that provides information to the public regarding the times needed for mail to reach its destination. Survey results are shown as the percentage of total items sent that were delivered within the number of days prescribed in the Postal Delivery Time Table.

Survey results in fiscal 2009 were as follows.

### ■ Nationwide Achievement Rate of Average Days to Delivery

	Fiscal 2008	Change (FY2007 results in parentheses)	Fiscal 2009	Change (Fiscal 2008 results in parentheses)
Nationwide average	97.8%	0.5% (97.3%)	<b>98.3%</b>	<b>0.5% (97.8%)</b>
For mail within the same prefecture	98.3%	0.2% (98.1%)	<b>98.6%</b>	<b>0.3% (98.3%)</b>
For mail to a neighboring prefecture	97.0%	0.5% (96.5%)	<b>97.8%</b>	<b>0.8% (97.0%)</b>
For mail to other prefectures	97.4%	1.0% (96.4%)	<b>98.1%</b>	<b>0.7% (97.4%)</b>



## 7 Outsourced Operations

In addition to postal operations, Japan Post Service has the following business activities as prescribed by law.

### Documentary Stamp Sales

Sales of documentary stamps for the Japanese national government were as follows.

(Millions of yen)

Category	Fiscal 2008	Fiscal 2009
Revenue stamps	¥ 453,085	¥ 803,307
Automobile weight tax documentary stamps	608,094	1,121,981
Unemployment insurance documentary stamps	266	506
Health insurance documentary stamps	1,325	2,912
Patent documentary stamps	76,048	126,493
Registration documentary stamps	38,559	65,590
Total	¥1,177,377	¥2,120,789

Notes: 1. Figures shown are gross sales for each category of documentary stamp. These proceeds are submitted to the Japanese national government after deduction of handling fees (including consumption and other taxes). The handling fee is 5.25% for unemployment insurance and health insurance documentary stamps and 3.15% for all other documentary stamps (including consumption tax).

2. Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

## 8 Outsourcing

Japan Post Service outsources some of its business activities as prescribed by law.

### Outsourcing of Transport of Postal Materials, etc.

The following table shows the status for the outsourcing of the collection, transport and delivery operations to transport companies and other parties as prescribed in the Law for Outsourcing Postal Material Transport (1949 Law No. 284).

(Millions of yen)

Category	Fiscal 2008	Fiscal 2009
Collection, delivery and transport outsourcing expenses	¥90,286	¥146,024

Notes: 1. Collection, delivery and transport expenses include expenses paid for the outsourcing of the collection, transport and delivery of postal materials, etc., to transport companies, etc. In addition, these expenses include miscellaneous expenses for the outsourcing of the collection, transport and delivery of postal materials, etc., such as the cost of renting the collection and delivery worksite, expressway tolls and other items.

2. Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

### Outsourcing of Sale of Postage Stamps, etc.

The following table shows the status of outsourcing of the sale of postage stamps, etc., as prescribed in the Law Concerning Locations for the Sale of Postage Stamps (1949 Law No. 91).

(Millions of yen)

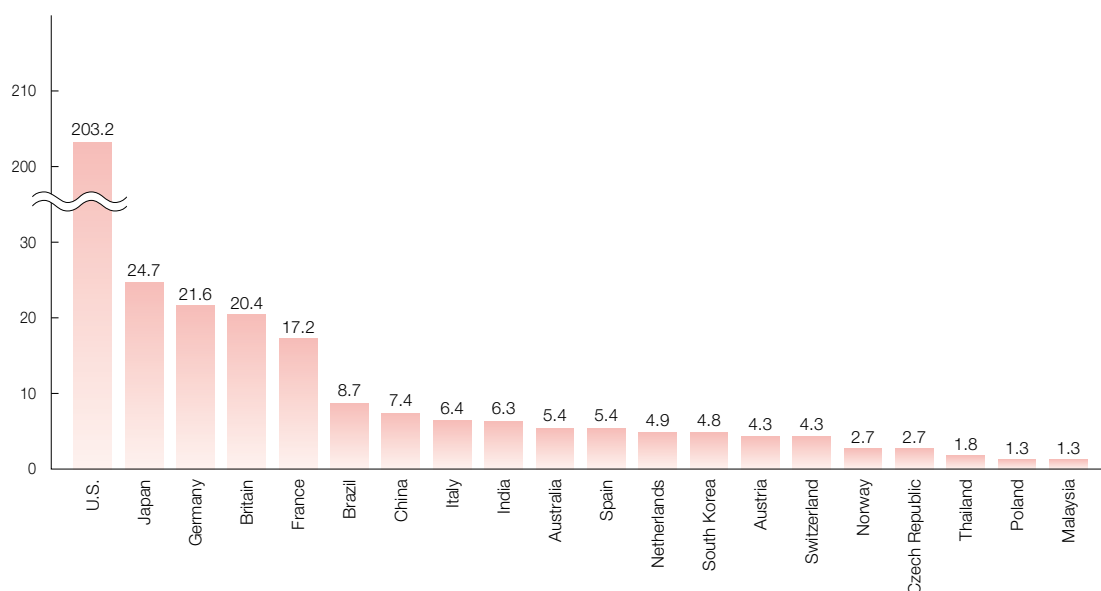
Category	Fiscal 2008	Fiscal 2009
Fees paid to locations selling postage stamps	¥13,667	¥23,571

Note: Figures for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

## Reference: Postal Services in Other Countries

### 1. Volume of Mail Received (Top 20 Countries in 2007)

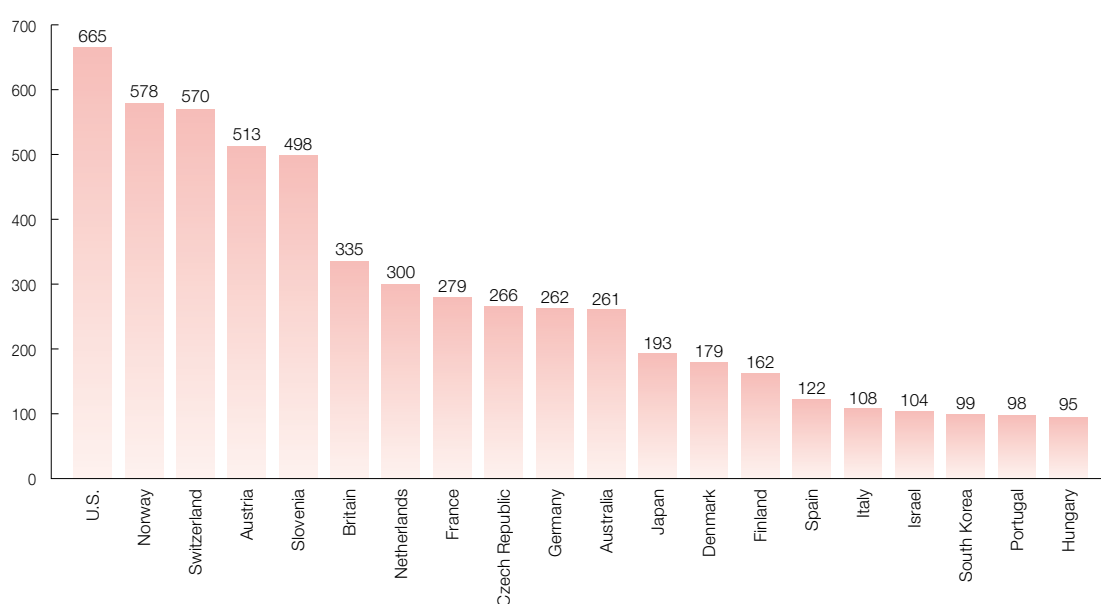
(Billions of items)



Source: Universal Postal Union Postal Operations Statistics (2007)

### 2. Annual Mail Volume Per Capita (Top 20 Countries in 2007)

(Items per person)



Source: Universal Postal Union Postal Operations Statistics (2007)

## Reference: International Comparison of Postage Rates

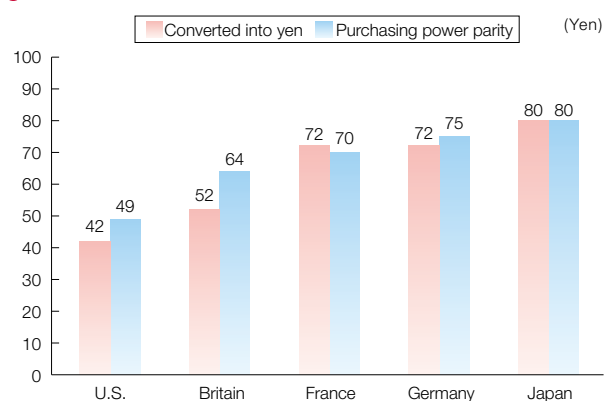
### ■ Comparison of Domestic Postage Rates

Based on conversions of foreign postage rates into yen, the domestic letter rate in Japan is slightly higher than those in major European countries (Britain, France, Germany) due to the effect of the strong yen since the latter half of 2008; however, postcard rates are still lower in Japan.

In the United States, the postage rates for both domestic letters and postcards are lower than in Japan. The reason is that the volume of mail handled in the United States is approximately eight times greater than in Japan (the amount of mail sent per capita is roughly threefold higher), thereby resulting in higher delivery efficiency.

### ■ Comparison of Domestic Letter and Postcard Postage Rates in Major Countries

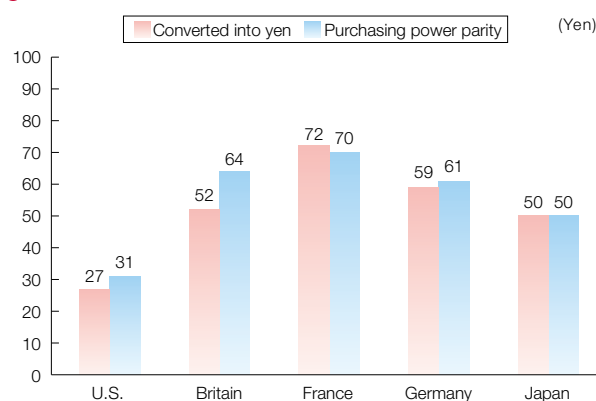
#### ● Letter rate



	U.S.	Britain	France	Germany	Japan
Currency	\$0.42	£0.36	€0.55	€0.55	¥80
Yen equivalent	¥42	¥52	¥72	¥72	¥80
Purchasing power parity	¥49	¥64	¥70	¥75	¥80

Notes: 1. Only Japanese postage rates include consumption tax.  
 2. Yen conversions use the exchange rate as of March 31, 2009 (Bank of Tokyo-Mitsubishi UFJ TTS rate).  
 3. Purchasing power parities use exchange rates that make price levels equal in Japan and the other countries. Calculations are based on Purchasing Power Parities (2008 average OECD Main Economic Indicators).

#### ● Postcard rate



	U.S.	Britain	France	Germany	Japan
Currency	\$0.27	£0.36	€0.55	€0.45	¥50
Yen equivalent	¥27	¥52	¥72	¥59	¥50
Purchasing power parity	¥31	¥64	¥70	¥61	¥50

	Exchange rate	Purchasing power parity
\$1 (U.S.)	¥99.23	¥116.32
£1 (Britain)	¥144.45	¥178.17
€1 (France)	¥131.34	¥127.69
€1 (Germany)	¥131.34	¥136.67

### ■ Comparison of International (Air) Postage Rates

The following table shows postage rates for air mail sent in both directions between Japan and four major countries. Postage rates for

mail sent from Japan are cheaper in all cases except for air mail (25 g) from the United States to Japan.

	Air mail letter (25 g)		Postcard	
	Local currency	Yen equivalent	Local currency	Yen equivalent
Japan to the four other countries	-	¥110	-	¥70
U.S. to Japan	\$0.94	¥93	\$0.94	¥93
Britain to Japan	£1.22	¥176	£0.56	¥81
France to Japan	€1.70	¥223	€0.85	¥112
Germany to Japan	€2.20	¥289	€1.00	¥131

Note: Yen conversions use the exchange rate as of March 31, 2009 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

# 3. Japan Post Bank Business Performance

## 1 Key Financial Indicators

(Millions of yen)

	Fiscal 2008	Fiscal 2009
Revenues	¥ 1,328,904	¥ 2,488,552
Operating profit (before provision for (reversal of) general reserve for possible loan losses)	302,859	480,602
Net operating profit	301,945	480,602
Net ordinary income	256,171	385,243
Net income	152,180	229,363
Common stock	3,500,000	3,500,000
Shares outstanding (thousand shares)	150,000	150,000
Net assets	8,076,855	8,179,574
Total assets	212,149,182	196,480,796
Deposits	181,743,807	177,479,840
Loans	3,771,527	4,031,587
Securities	172,532,116	173,551,137
Capital adequacy ratio (non-consolidated, domestic standard)	85.90%	92.09%
Dividend payout ratio	14.98%	24.98%
Employees	11,201	11,675

Notes:

1. Earnings for the fiscal year ended March 31, 2008 essentially reflect banking operations for the six-month period following Japan Post Bank's incorporation on October 1, 2007. In addition, gains and losses (including a net loss of ¥731 million) of the preparatory planning company for privatization during the first half of the fiscal period have been included.
2. Deposits are as defined by the corresponding liability item in the Ordinance for Enforcement of Banking Act.
3. The balance of deposits including accrued interest for the current period is ¥178,050,017 million. (¥182,384,346 million for fiscal 2008)
4. The capital adequacy ratio is calculated based on standards stipulated by Article 14-2 of the Banking Act (Financial Services Agency Notification No. 19, March 27, 2006) for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments. Japan Post Bank adheres to capital adequacy standards applicable in Japan.
5. The number of employees excludes Japan Post Bank employees assigned to other companies by Japan Post Bank but includes employees assigned to Japan Post Bank by other companies. The figures do not include short-term contract and part-time employees.

## 2 Balances by Type of Deposit

### 1. At End of Fiscal Period

(Millions of yen, %)

		March 31, 2008		March 31, 2009	
		Amount	% of total	Amount	% of total
Domestic operations	Liquid deposits	¥ 63,482,363	34.92	¥ 59,660,898	33.61
	Time deposits	117,887,704	64.86	117,488,226	66.19
	Other deposits	373,739	0.20	330,715	0.18
	Sub-total	181,743,807	100.00	177,479,840	100.00
	Negotiable certificates of deposit	—	—	—	—
	Total	¥181,743,807	100.00	¥177,479,840	100.00
International operations	Total	¥ —	—	¥ —	—
Total		¥181,743,807	—	¥177,479,840	—
Deposits including accrued interest		¥182,384,346	—	¥178,050,017	—

Notes:

1. Liquid deposits = Transfer deposits + Ordinary deposits + Savings deposits + Special deposits (equivalent to ordinary savings)
2. Time deposits = Time deposits + TEIGAKU deposits + Special savings deposits (Time equivalent + TEIGAKU savings equivalent + Accumulation postal savings equivalent + Housing accumulation postal savings equivalent + Education accumulation postal savings equivalent)
3. "Transfer deposits" correspond with "Current deposits;" "TEIGAKU deposits" with "Other deposits" under Liabilities in accordance with the Ordinance for Enforcement of Banking Act.
4. Special savings deposits are deposits with banks from the Management Organization for Postal Savings and Postal Life Insurance and represent the postal savings of this organization that were passed on to Japan Post Bank from Japan Post.
5. Special deposits (equivalent to ordinary postal deposits) are the portion of deposits from the Management Organization for Postal Savings and Postal Life Insurance representing matured postal savings for time savings, TEIGAKU savings, accumulation postal savings, housing accumulation postal savings and education accumulation postal savings that were passed on to this organization from the former Japan Post.
6. Figures for fiscal 2008 are for the six-month period from October 1, 2007 to March 31, 2008.

### 2. Average Balances

(Millions of yen, %)

		Fiscal 2008		Fiscal 2009	
		Amount	% of total	Amount	% of total
Domestic operations	Liquid deposits	¥ 64,155,140	34.56	¥ 62,009,526	34.53
	Time deposits	121,094,085	65.23	117,184,987	65.25
	Other deposits	377,268	0.20	378,761	0.21
	Sub-total	185,626,493	100.00	179,573,276	100.00
	Negotiable certificates of deposit	—	—	—	—
	Total	¥185,626,493	100.00	¥179,573,276	100.00
International operations	Total	¥ —	—	¥ —	—
Total		¥185,626,493	—	¥179,573,276	—
Deposits including accrued interest		¥186,332,521	—	¥180,149,837	—

### 3 Loans by Category

#### 1. At End of Fiscal Period

(Millions of yen)

	March 31, 2008	March 31, 2009
<b>Domestic operations</b>		
Loans on notes	¥ –	¥ –
Loans on deeds	3,502,875	3,790,537
Overdrafts	268,651	241,050
Notes discounted	–	–
<b>Sub-total</b>	<b>3,771,527</b>	<b>4,031,587</b>
<b>International operations</b>		
<b>Sub-total</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>¥3,771,527</b>	<b>¥4,031,587</b>

#### 2. Average Balances

(Millions of yen)

	Fiscal 2008	Fiscal 2009
<b>Domestic operations</b>		
Loans on notes	¥ –	¥ –
Loans on deeds	3,631,550	3,573,023
Overdrafts	276,688	247,793
Notes discounted	–	–
<b>Sub-total</b>	<b>3,908,239</b>	<b>3,820,816</b>
<b>International operations</b>		
<b>Sub-total</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>¥3,908,239</b>	<b>¥3,820,816</b>

Note: Figures for fiscal 2008 are for the six-month period from October 1, 2007 to March 31, 2008.

### 4 Balance by Type of Securities

#### 1. At End of Fiscal Period

(Millions of yen)

	March 31, 2008	March 31, 2009
<b>Domestic operations</b>		
Japanese Government Bonds	¥156,773,157	¥155,490,155
Japanese local government bonds	7,499,247	6,177,212
Commercial paper	–	542,904
Japanese corporate bonds	7,801,698	9,880,462
Stocks	–	900
Others	–	–
<b>Total</b>	<b>¥172,074,103</b>	<b>¥172,091,634</b>
<b>International operations</b>		
Others	¥ 458,012	¥ 1,459,503
Foreign bonds	458,012	1,284,502
Foreign stocks	–	–
<b>Total</b>	<b>¥ 458,012</b>	<b>¥ 1,459,503</b>
<b>Total</b>	<b>¥172,532,116</b>	<b>¥173,551,137</b>

#### 2. Average Balances

(Millions of yen)

	Fiscal 2008	Fiscal 2009
<b>Domestic operations</b>		
Japanese Government Bonds	¥156,740,162	¥157,557,897
Japanese local government bonds	7,906,902	6,861,037
Commercial paper	–	437,789
Japanese corporate bonds	7,445,295	8,557,389
Stocks	–	833
Others	–	–
<b>Total</b>	<b>¥172,092,360</b>	<b>¥173,414,947</b>
<b>International operations</b>		
Others	¥ 331,451	¥ 879,468
Foreign bonds	331,451	829,676
Foreign stocks	–	–
<b>Total</b>	<b>¥ 331,451</b>	<b>¥ 879,468</b>
<b>Total</b>	<b>¥172,423,811</b>	<b>¥174,294,416</b>

Note: Figures for fiscal 2008 are for the six-month period from October 1, 2007 to March 31, 2008.

## 5 Over-the-Counter Sales of Japanese Government Bonds

(Millions of yen)

	Fiscal 2008	Fiscal 2009
Long-term bonds	¥ 40,389	¥ 90,731
Medium-term bonds	383,662	806,190
Bonds for individuals	235,485	285,003
Total	¥659,537	¥1,181,926

Note: Figures for fiscal 2008 are for the six-month period from October 1, 2007 to March 31, 2008.

## 6 Domestic Exchanges

(Thousands of remittances, millions of yen)

	Fiscal 2008		Fiscal 2009	
	Remittances	Amount	Remittances	Amount
Sent	108	¥1,564,318	1,668	¥4,215,404
Received	38	203,405	1,145	1,464,417

Notes: 1. For the fiscal year ended March 31, 2008 and for the period from April 1, 2008 to December 30, 2008, domestic exchange balances reflected mutual remittances services between Japan Post Bank and other financial institutions. Effective January 5, 2009, the Bank became a member of the Zengin DataTelecommunication System (the "Zengin System") and all remittances are now transferred through that system. Accordingly, the number of remittances and amount of domestic exchanges with other financial institutions for the fiscal year ended March 31, 2009 are the sum of the mutual remittances services and the Zengin System remittances.

2. Figures and amounts for fiscal 2008 are for the six-month period from October 1, 2007 to March 31, 2008.

## 7 Transfer Deposits

(Thousands of remittances, millions of yen)

	Fiscal 2008		Fiscal 2009	
	Remittances	Amount	Remittances	Amount
In-payment	628,644	¥34,631,336	1,236,168	¥68,146,219
Transfers	39,948	34,638,839	87,756	62,125,079
Out-payment	61,768	35,524,900	131,003	67,532,728

Notes: 1. Figures for fiscal 2008 and during the period from April 1, 2008 to December 30, 2008 include the aforementioned domestic exchanges.

2. Figures and amounts for fiscal 2008 are for the six-month period from October 1, 2007 to March 31, 2008.

## 8 Ordinary Remittances and Postal Orders (TEIGAKU KOGAWASE)

(Thousands of remittances, millions of yen)

	Fiscal 2008		Fiscal 2009	
	Remittances	Amount	Remittances	Amount
Ordinary remittances	2,590	¥42,155	4,359	¥64,312
Postal orders (TEIGAKU KOGAWASE)	11,935	5,977	24,079	11,314

Note: Figures and amounts for fiscal 2008 are for the six-month period from October 1, 2007 to March 31, 2008.

## 9 Foreign Exchanges

(Thousands of remittances, millions of U.S. dollars)

Fiscal 2008		Fiscal 2009	
Remittances	Amount	Remittances	Amount
230	\$632	427	\$1,114

Notes: 1. Foreign exchange figures represent the total of international remittances and purchases and sales of traveler's checks.

2. Figure and amount for fiscal 2008 are for the six-month period from October 1, 2007 to March 31, 2008.



## 10 Investment Trust Sales (Contract Basis)

(Thousands of contracts, millions of yen)

	Fiscal 2008	Fiscal 2009
Number of contracts	1,063	1,598
Sales value	¥147,498	¥171,395

(Thousands of accounts, millions of yen)

	March 31, 2008	March 31, 2009
Number of investment trust accounts	508	551
Net assets	¥978,531	¥815,666

Notes: 1. Figures have been rounded off.

2. Account numbers and amounts for fiscal 2008 are for the period from October 1, 2007 to March 31, 2008.

## 11 Other Businesses

### Credit Cards

(Cards)

	Fiscal 2009
Cards issued (outstanding)	366,798

### Mortgage Loans

(Millions of yen)

	Fiscal 2009
New credit extended (as intermediary)	¥56,247

### Variable Annuity Policies

(Policies, millions of yen)

	Fiscal 2009
Number of policies	3,786
Value of policies	¥17,615

Notes: 1. Japan Post Bank launched the credit card business on May 1, 2008, the mortgage loan intermediary business on May 12, 2008 and the variable annuity business on May 29, 2008.

2. Japan Post Bank acts the intermediary for Suruga Bank Ltd.'s mortgage loan business.

## 4. Japan Post Insurance Business Performance

### 1 Sound Management Indicators

#### 1. Core profit

Core profit is a basic periodical earnings indicator for life insurance companies. Core profit primarily consists of insurance income less such related expenses as insurance payments and other expenses and operational costs plus the portion of investment income, including interest and dividend income and interest expenses, corresponding to projected profits of the investment operations using the assumed interest rate.

Core profit is not listed on the Statement of Income, and is obtained by deducting capital gains and losses, such as gains and losses on sale of securities, and extraordinary gains and losses from net ordinary income.

Core profit includes the negative spread, and securing sufficient core profit ensures that income will exceed the negative spread in the main insurance business.

Japan Post Insurance's core profit for fiscal 2009 was ¥432.4 billion. The Company covered a negative spread amounting to ¥350.0 billion with mortality and morbidity rate margin, which represents gains from a decline in the mortality rate and hospitalization rate, etc., and administrative expense margin, which are gains resulting from business efficiency improvements. In other words, core profit, which reflects the Company's three main profit sources, was positive.

The average assumed interest rate was 2.03%, while the interest rate yield was 1.66%, resulting in a difference of 0.36%. In recent years, this difference has been narrowing due to the maturation of contracts with high average assumed interest rates.

**Core profit    ¥432.1billion**

Core profit breakdown (Three major profit sources) (Billions of yen)

	Fiscal 2008	Fiscal 2009
Core profit	¥ 267.2	¥ 432.4
Negative spread	(200.0)	(350.0)
Mortality and morbidity rate margin	170.0	350.0
Administrative expense margin	290.0	430.0

Note: Breakdown figures are rounded to the nearest ¥10 billion.

(Billions of yen, rounded down)

	Fiscal 2008	Fiscal 2009
Core profit A	¥ 267.2	¥ 432.4
Capital gains	30.7	66.6
Gains on investment of money held in trust	—	—
Gains from trading securities	—	—
Gains on sales of securities	30.7	66.6
Gains from derivative financial instruments	—	—
Gains on foreign exchanges	—	—
Other capital gains	—	—
Capital losses	526.0	474.7
Losses on investment of money held in trust	318.5	296.7
Losses from trading securities	—	—
Losses on sales of securities	62.4	107.1
Losses on valuation of securities	105.5	58.7
Losses on derivative financial instruments	—	—
Losses on foreign exchanges	6.2	0.2
Other capital losses	33.2	11.8
Capital losses B	(495.2)	(408.1)
Core profit including capital loss A+B	(228.0)	24.2
Extraordinary gains	240.0	190.0
Reinsurance income	—	—
Reversal of contingency reserve	240.0	190.0
Other extraordinary gains	—	—
Extraordinary losses	—	—
Reinsurance premiums	—	—
Provision to contingency reserve	—	—
Provision to individual allowance for doubtful accounts	—	—
Provision for reserve for specific overseas loans	—	—
Depreciation of loans	—	—
Other extraordinary losses	—	—
Extraordinary gains C	240.0	190.0
Net ordinary income A+B+C	¥ 11.9	¥ 214.2

Note: Amounts (¥33.2 billion in fiscal 2008 and ¥11.8 billion in fiscal 2009) corresponding to income gains among "loss from money held in trust" have been recorded in "other capital expenses" and are included in core profit as "other core income."

## 2. Solvency Margin Ratio

Life insurance companies accumulate policy reserves to provide for anticipated payment of insurance claims and other benefits. They also cover exposure to risks that can be predicted under normal conditions within the scope of these policy reserves.

The solvency margin ratio is an indicator by which regulatory agencies determine whether or not a company has the sufficient financial resources for its obligations to pay benefits in the event a normally unforeseeable risk should materialize, such as a major catastrophe or stock market collapse.

If the ratio is less than 200%, regulatory agencies will take early corrective measures. On the other hand, if the ratio is greater than 200%, it indicates that the insurance company has satisfied one of the standards for sound management.

Japan Post Insurance's solvency margin ratio as of March 31, 2009 was 1,429.7 %, indicating a high degree of management soundness. We will continue to take the actions needed to maintain adequate financial resources to fulfill our obligations.

**Solvency Margin Ratio 1,429.7%**

Note: Above figures are calculated based on Article 86 and Article 87 of the Enforcement Regulations of the Insurance Business Law and the provisions of Ordinance No. 50 issued by the Ministry of Finance in 1996. ("Excess of continued Zillmerised reserve" is calculated based on the provisions of Article 1, Paragraph 3, Item 1 of Ordinance No. 50.)

(Billions of yen, rounded down)

	Fiscal 2008	Fiscal 2009
<b>Total amount of solvency margin (A)</b>	<b>¥4,515.3</b>	<b>¥4,539.5</b>
Capital stock, etc.	1,027.9	1,056.6
Reserve for price fluctuations in security investments	559.0	446.5
Contingency reserve	3,076.2	2,886.2
General allowance for doubtful accounts	0.0	0.0
Net unrealized gains (losses) on available-for-sale securities x 90% (if negative, x 100%)	(193.8)	9.2
Net unrealized gains (losses) on real estate x 85% (if negative, x 100%)	2.5	0.3
Excess of continued Zillmerised reserve	15.4	80.6
Capital raised through debt financing	—	—
Deductions	—	—
Other	28.1	59.8
<b>Total amount of risk (B)</b>	<b>¥808.9</b>	<b>¥635.0</b>
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$		
Underwriting risk R <sub>1</sub>	192.7	187.9
Underwriting risk of third-sector insurance R <sub>8</sub>	197.7	179.0
Anticipated yield risk R <sub>2</sub>	82.8	71.9
Investment risk R <sub>3</sub>	600.9	424.9
Business management risk R <sub>4</sub>	21.4	17.2
Minimum guarantee risk R <sub>7</sub>	—	—
<b>Solvency Margin Ratio (A) / ((1/2) × (B)) × 100</b>	<b>1,116.3%</b>	<b>1,429.7%</b>

### ● (A) Total solvency margin (total of amounts on the right)

Capital stock etc., reserve for price fluctuations in security investments, contingency reserve, general allowance for doubtful accounts, net unrealized gains (losses) on available-for-sale securities x 90% (see note), net unrealized gains (losses) on real estate x 85% (see note), excess of continued Zillmerised reserve, capital raised through debt financing, deductions, other

Note: 100% for negative figures

### ● (B) Total amount of risk

Total risk factors in various risks, such as underwriting risk, anticipated yield risk, investment risk and business management risk, which exceed the normal foreseeable risks

#### Underwriting risk (R1)

... Amount equivalent to the risk of a sudden increase in insurance payments following the occurrence of a major catastrophe or similar event

#### Underwriting risk of third-sector insurance (R8)

... Amount equivalent to the risk of a rapid increase in insurance payments and other payments involving third-sector insurance, which includes hospitalization riders and certain other types of insurance

#### Anticipated yield risk (R2)

... An amount equivalent to exposure to the risk of the return on investment falling below the anticipated investment yield due to downturn in the investment climate

#### Investment risk (R3)

... Amount equivalent to the risk of a sharp drop in the value of assets caused by a major downturn in stock prices, volatility in foreign exchange markets or other events; also an amount equivalent to the risk of a rapid increase in non-performing loans caused by bankruptcies among obligors and other events

#### Business management risk (R4)

... Amount equivalent to exposure to the risk of the occurrence of a larger-than-expected problem involving the management of business operations

#### Minimum guarantee risk (R7)

... Amount equivalent to the risk involving minimum guarantees for insurance benefit of variable insurance and variable annuities

### 3. Accumulation Status of Contingency Reserve and Reserve for Price Fluctuations in Security Investments

(Billions of yen, rounded down)

	End of Fiscal 2008 (As of March 31, 2008)	End of Fiscal 2009 (As of March 31, 2009)
Contingency reserve	¥3,076.2	<b>¥2,886.2</b>
Limit amount	3,569.0	<b>3,358.8</b>
Reserve for price fluctuations in security investments	559.0	<b>446.5</b>
Limit amount	559.0	<b>446.5</b>
Total	¥3,635.2	<b>¥3,332.8</b>

Life insurance companies accumulate a contingency reserve and reserve for price fluctuations for the purpose of ensuring the soundness and stability of management in the future. These reserves provide protection against risks associated with changes in the operating climate for the life insurance industry. Such changes include fluctuations in prices of financial assets, the occurrence of a major catastrophe and other events.

As of March 31, 2009, Japan Post Insurance had a contingency reserve of ¥2,886.2 billion and a reserve for price fluctuations in security investments of ¥446.5 billion, a total of ¥3,332.8 billion.

**Contingency Reserve and Reserve for Price Fluctuations in Security Investments    ¥3,332.8 billion**

### 4. Real Net Assets

Real net assets are calculated by subtracting liabilities, other than the contingency reserve and reserve for price fluctuations and other high capital debt items, from total assets at market value. Regulatory agencies use real net assets as an indication of an insurer's financial soundness at the end of a fiscal period. A negative figure shows that an insurer effectively has a negative net worth and may lead to an order to suspend operations or other regulatory actions.

At March 31, 2009, Japan Post Insurance had a sufficient level of real net assets, at ¥6,203.6 billion.

(Billions of yen, rounded down)

Category	End of Fiscal 2008 (As of March 31, 2008)	End of Fiscal 2009 (As of March 31, 2009)
Real Net Assets	¥6,013.1	<b>¥6,203.6</b>

### 5. Net Unrealized Gains (Losses) on Securities

Net unrealized gains and losses on assets are the differentials between fair market value and book value.

At the end of fiscal 2009, Japan Post Insurance recorded a net unrealized gain on securities of ¥1,723.5 billion.

We recorded a ¥16.8 billion net unrealized loss on money held in trust and a ¥10.2 billion overall net unrealized gain on available-for-sale securities, an improvement from a net unrealized loss in the previous fiscal year. Although net unrealized gains on available-for-sale securities are not recorded on the income statement, an amount deducting the tax-effect amount is recorded on the balance sheet as "net unrealized gains (losses) on available-for-sale securities" within net assets.

(Billions of yen)

	End of Fiscal 2008 (As of March 31, 2008)	End of Fiscal 2009 (As of March 31, 2009)
	<b>Net unrealized gain (loss)</b> (before tax effects)	
Total	¥1,331.6	<b>¥1,723.5</b>
Held-to-maturity securities	820.5	<b>998.4</b>
Bonds earmarked for policy reserves	704.8	<b>714.8</b>
Available-for-sale securities	(Note 1) (193.8)	<b>(Note 2) 10.2</b>
Securities, etc.	22.9	<b>27.0</b>
Money held in trust	(216.7)	<b>(16.8)</b>

Notes: 1. This figure after tax effects was a loss of ¥123.6 billion.  
2. This figure after tax effects was ¥6.5 billion

### 6. Risk-Monitored Loans

Loans with repayment conditions that are not normal are termed risk-monitored loans. None of Japan Post Insurance's loans fall into this category.

## 2 Insurance Policies

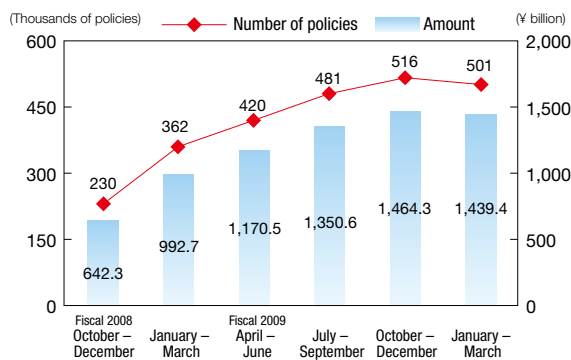
### New Policies and Policies in Force

In fiscal 2009, Japan Post Insurance sold 1,917 thousand individual insurance policies with an insured amount of ¥5,424.9 billion, and 183 thousand individual annuity policies with an annuity amount of ¥628.8 billion.

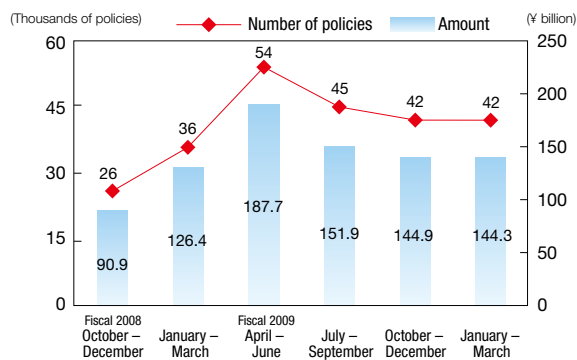
As of March 31, 2009, there were 2,445 thousand individual insurance policies, and policies in force was ¥6,870.8 billion. There were 243 thousand individual annuity policies with an annuity amount of ¥824.1 billion.

Regarding the postal life insurance policies received from the Management Organization for Postal Savings and Postal Life Insurance in the form of reinsurance, policies reinsured by Japan Post Insurance amounted to 46,026 thousand life insurance policies with an insured amount of ¥127,523.3 billion and 5,806 thousand annuity policies with an annuity amount of ¥2,136.6 billion.

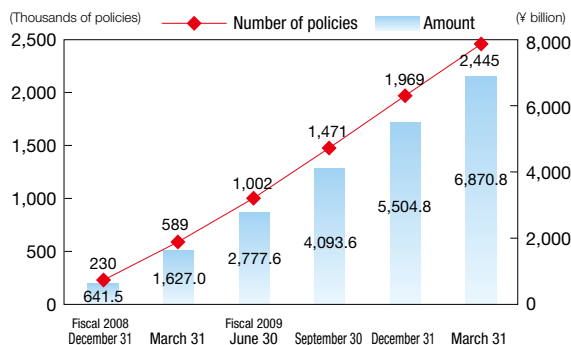
#### New Policies by Quarter (Individual Insurance)



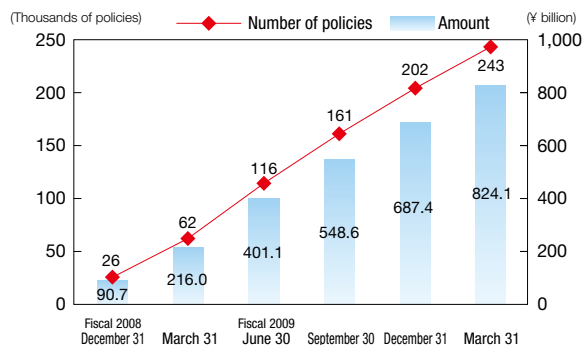
#### New Policies by Quarter (Individual Annuities)



#### Policies in Force by Quarter (Individual Insurance)



#### Policies in Force by Quarter (Individual Annuities)



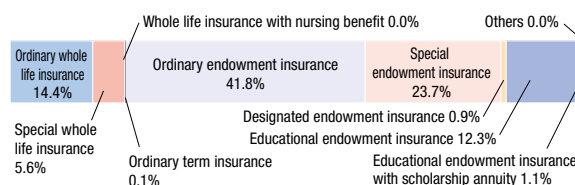
#### Reference: Reinsured Postal Life Insurance Policies

(Thousands of policies, billions of yen)

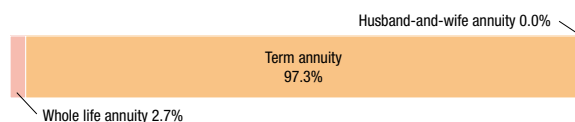
	End of Fiscal 2008		End of Fiscal 2009	
	Number of policies	Insured amount/ Annuity amount	Number of policies	Insured amount/ Annuity amount
Life insurance	52,180	¥144,156.4	46,026	¥127,523.3
Annuity	6,298	2,310.2	5,806	2,136.6

Note: Figures are based on publicized standards by the Management Organization for Postal Savings and Postal Life Insurance.

#### Composition of New Policies (Percentage of New Policies): Individual Insurance



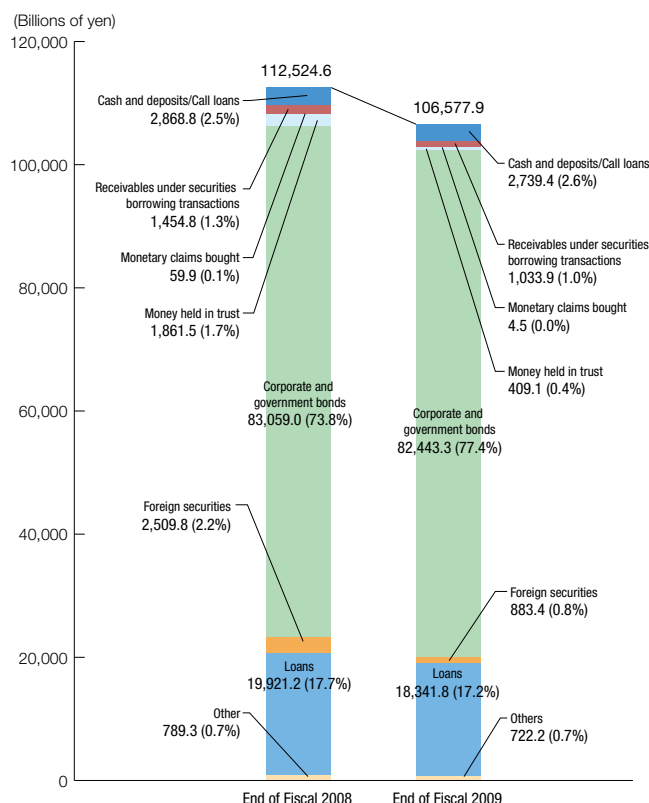
#### Composition of New Policies (Percentage of Total Policies): Individual Annuities



## 3 Asset Management Overview (General Account)

### 1. Assets

#### ■ Composition of assets



At March 31, 2009, total assets of Japan Post Insurance amounted to ¥106.5 trillion, a decrease of ¥5.9 trillion from fiscal 2008 (¥112.5 trillion).

Our investment policy in fiscal 2009 was to invest primarily in yen-denominated interest-bearing assets that provide stable interest income.

During the fiscal year under review, we increased our corporate and government bond holdings, primarily of long-term bonds, in view of their value as assets that secure stable income.

Meanwhile, we reduced our holdings of foreign securities in consideration of exchange rate fluctuation risk.

Although our management of investments of money held in trust currently centers on domestic equities and real estate, we reduced our holdings of equities from the perspective of streamlining risk assets in our portfolio.

Loan receivables decreased due to the repayment of loans made to the Management Organization for Postal Savings and Postal Life Insurance. Previously, we dealt only with insurance policy loans and loans to local governments, but from fiscal 2009 we also began investing in syndicated loans.

### 2. Asset Management Yield

Amid the sharp deterioration of the global financial and economic environments triggered by the U.S. subprime loan problem, Japan Post Insurance systematically reduced the amount of risk assets in its portfolio and invested carefully, principally in yen-denominated interest-bearing assets. As a result, investment expenses improved compared with the previous fiscal year, producing an asset management yield of 1.15%.

#### ■ Asset Management Yield

Item	Fiscal 2008 (October 1, 2007 to March 31, 2008)	Fiscal 2009 (April 1, 2008 to March 31, 2009)
Yield	0.67% (1.68%)	1.15% (1.66%)

Note: Asset management yield includes capital gains and losses, etc. The figures in parentheses indicate interest yield.

### 3. Holdings of Securitized Financial Instruments and Investments Related to Subprime Loans

#### ■ Holdings of Securitized Financial Instruments

(Billions of yen)

Item	End of Fiscal 2008 (March 31, 2008)		End of Fiscal 2009 (March 31, 2009)	
	Market value	Unrealized gain (loss)	Market value	Unrealized gain (loss)
RMBS	¥180.7	¥3.0	¥250.4	¥(1.6)

Note: Residential Mortgage-backed Securities (RMBS) are a type of security backed by mortgages. The RMBS held by Japan Post Insurance are backed by housing loans in Japan.

#### ■ Investments Related to Subprime Loans

Japan Post Insurance has no investments related to subprime loans.



# Corporate Data

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# 1. Outline of Japan Post Holdings Co., Ltd.

## 1 Company Outline

Company name (in Japanese):	Nippon Yusei Kabushiki Kaisha
Company name:	JAPAN POST HOLDINGS Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥3,500.0 billion
Date of establishment:	January 23, 2006
Legal basis:	Established under the Japan Post Holdings Co., Ltd. Act (Law No. 98 of October 21, 2005)
Lines of business:	Management of Group companies
Principal business locations:	Human Affairs and Accounting Consolidating Center: 1; Health Management Administration Center: 1; Health Management Offices: 48; Facility Management Centers: 7; hospitals: 14; hotels: 71; postal museum: 1

## 2 Information on Shares

### 1. Number of Shares

<b>Authorized number of shares</b>	600,000,000
<b>Total shares issued</b>	150,000,000
<b>Number of shareholders as of the end of fiscal 2009</b>	One

### 2. Shareholder

<b>Minister of Finance</b>	<b>Condition of holdings</b>	
	<b>Shares owned</b>	<b>Percentage of total issued</b>
	150,000,000	100%

### 3. Information on Rights to Purchase New Shares, etc.

None outstanding

### 3 Number of Employees

3,332\* (as of March 31, 2009)

\* Number of regular employees. Includes employees seconded to Japan Post Holdings Co., Ltd. Excludes employees seconded to other companies and temporary employees.

### 4 List of Directors, Executive Officers and Management Committees

(As of June 29, 2009)

#### 1. Directors

President & CEO (Representative Executive Officer)	Yoshifumi Nishikawa	(Concurrently holds the positions of Director of Japan Post Network Co., Ltd., Director of Japan Post Service Co., Ltd. and Director of Japan Post Bank Co., Ltd.)
Deputy President (Representative Executive Officer)	Shokichi Takagi	(Concurrently holds the position of President & COO of Japan Post Bank Co., Ltd.)
Director (Outside)	Jiro Ushio	(Concurrently holds the position of Representative Director and Chairman of Ushio Inc.)
Director (Outside)	Hiroshi Okuda	(Concurrently holds the position of Senior Advisor of Toyota Motor Corporation)
Director (Outside)	Takashi Nishioka	(Concurrently holds the position of Senior Advisor of Mitsubishi Heavy Industries, Ltd.)
Director (Outside)	Uichiro Niwa	(Concurrently holds the position of Director and Chairman of ITOCHU Corporation)
Director (Outside)	Reiko Okutani	(Concurrently holds the position of Representative Director and President of The R Co., Ltd.)
Director (Outside)	Hitomi Takahashi	(Concurrently holds the position of Senior Partner at Seinan & Co.)
Director (Outside)	Kazuhiko Shimokobe	(Concurrently holds the position of Attorney-at-Law)

#### 2. Executive Officers

Deputy President and Representative Executive Officer (Concurrently holds the position of President of Japan Post Service Co., Ltd.)	Hiroaki Dan	Managing Executive Officer	Yoshiaki Senoh
Deputy President (Concurrently holds the position of President of Japan Post Network Co., Ltd.)	Motoyuki Terasaka	Managing Executive Officer	Kenichiro Hamada
Deputy President (Concurrently holds the position of Director and COO of Japan Post Insurance Co., Ltd.)	Izumi Yamashita	Managing Executive Officer	Kunio Tanigaki
Senior Managing Executive Officer (Concurrently holds the position of Director of Japan Post Insurance Co., Ltd.)	Kunio Yokoyama	Executive Officer	Yoshihiro Chiba
Senior Managing Executive Officer (Concurrently holds the position of Executive Vice President of Japan Post Bank Co., Ltd.)	Tomohiro Yonezawa	Executive Officer	Hiroyuki Shimizu (Concurrently holds the position of Executive Officer of Japan Post Network Co., Ltd.)
Senior Managing Executive Officer	Hideharu Sasaki	Executive Officer	Kazuhiro Ito
Senior Managing Executive Officer	Eisuke Fujimoto	Executive Officer	Yoshiki Terasaki
Senior Managing Executive Officer	Toshiro Ito	Executive Officer	Tetsuhiko Yoshizawa
(Concurrently holds the position of First Executive Officer of Japan Post Service Co., Ltd.)		Executive Officer	Hisao Yamano
			Noboru Ichikura

### 3. Nomination Committee

Chairperson	Hiroshi Okuda
Members	Yoshifumi Nishikawa
	Shokichi Takagi
	Jiro Ushio
	Uichiro Niwa

### 4. Audit Committee

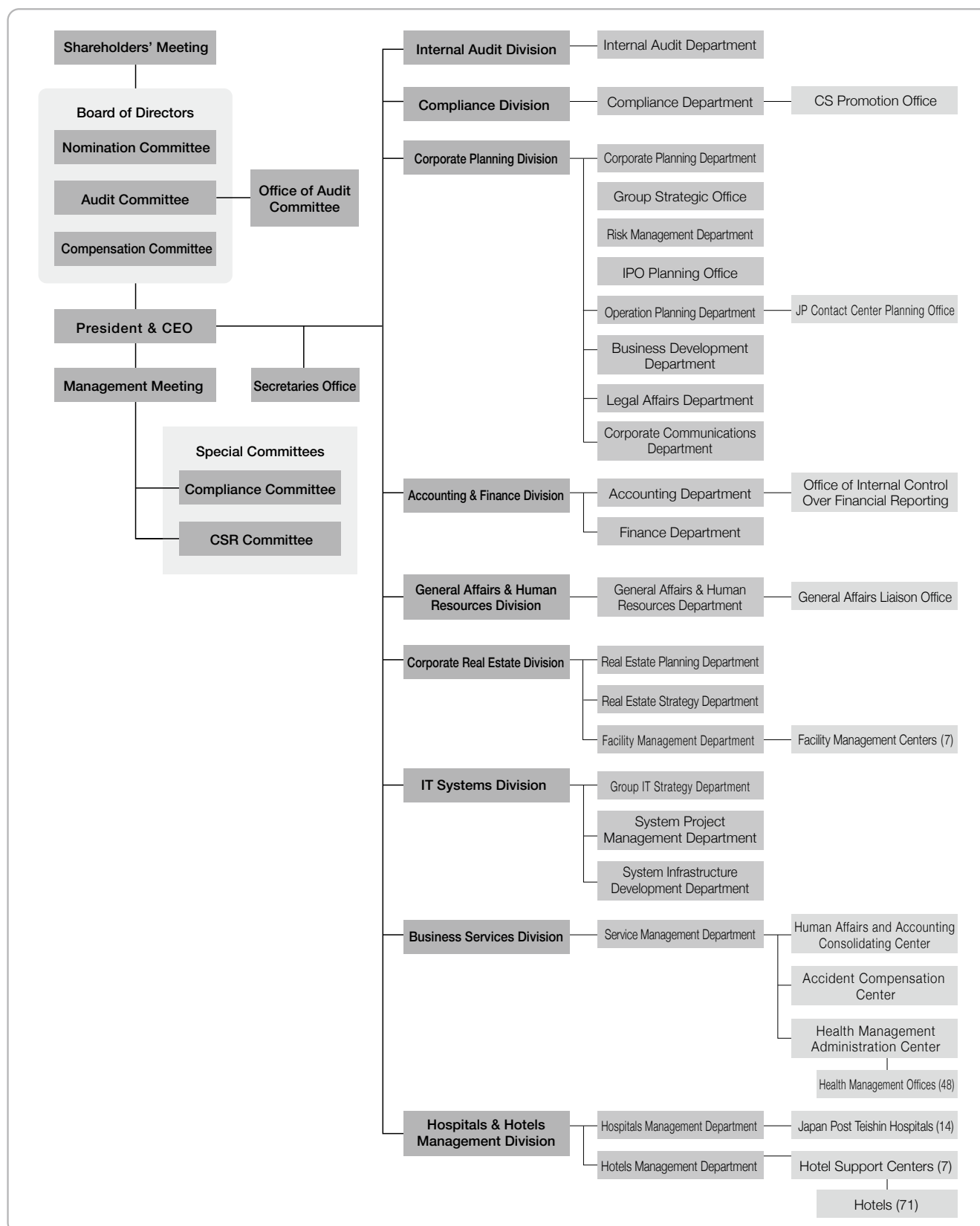
Chairperson	Hitomi Takahashi
Members	Reiko Okutani
	Kazuhiko Shimokobe

### 5. Compensation Committee

Chairperson	Hiroshi Okuda
Members	Yoshifumi Nishikawa
	Shokichi Takagi
	Takashi Nishioka
	Reiko Okutani

## 5 Organization Chart

(As of July 1, 2009)



## 6 Principal Subsidiaries and Affiliates of Japan Post Holdings

(As of March 31, 2009)

Affiliation	Company name	Location	Issued capital (millions)	Main business	Date of establishment	Percentage ownership of voting rights
Consolidated subsidiaries	Japan Post Network Co., Ltd.	Chiyoda-ku, Tokyo	¥100,000	Post office counter-related business	October 1, 2007	100.0% (0.0%)
	Japan Post Service Co., Ltd.	Chiyoda-ku, Tokyo	¥100,000	Postal service business, freight distribution business	October 1, 2007	100.0% (0.0%)
	Japan Post Bank Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000	Banking business	September 1, 2006	100.0% (0.0%)
	Japan Post Insurance Co., Ltd.	Chiyoda-ku, Tokyo	¥500,000	Life insurance business	September 1, 2006	100.0% (0.0%)
	Japan Post Staff Co., Ltd.	Chuo-ku, Tokyo	¥90	Contract staffing service	July 3, 2007	100.0% (0.0%)
	Yusei Challenged Co., Ltd.	Setagaya-ku, Tokyo	¥5	Office cleaning	November 20, 2007	100.0% (0.0%)
	Post Office Business Support Co., Ltd.	Koto-ku, Tokyo	¥100	Receipt and forwarding of orders for catalog merchandise	September 11, 2007	100.0% (100.0%)
	JP Logi Service Co., Ltd.	Chuo-ku, Osaka	¥34	Preparation and posting of postal items, parcels, and mail items	October 15, 1968	67.6% (67.6%)
	JP Biz Mail Co., Ltd.	Adachi-ku, Tokyo	¥100	Preparation and posting of postal items	February 1, 2006	58.5% (58.5%)
	DM Leading Co., Ltd.	Kawasaki-ku, Kawasaki, Kanagawa	¥50	Preparation and posting of postal items	November 1, 2004	100.0% (100.0%)
	JP Logistics Partners Co., Ltd.	Koto-ku, Tokyo	¥100	Facilitation of sales campaigns	September 1, 2004	51.0% (51.0%)
	JP Media Direct Co., Ltd.	Minato-ku, Tokyo	¥250	Product development of direct media	February 29, 2008	51.0% (51.0%)
	JAPAN POST SANKYU GLOBAL LOGISTICS Co., Ltd.	Chuo-ku, Tokyo	¥300	Truck cargo transportation	July 1, 2008	60.0% (60.0%)
	Japan Post Transport Co., Ltd.	Minato-ku, Tokyo	¥18,250	Truck cargo transportation	November 30, 2007	100.0% (100.0%)
Affiliated companies accounted for under the equity method	ANA & JP Express Co., Ltd.	Minato-ku, Tokyo	¥80	Air cargo transportation	February 1, 2006	33.3% (33.3%)
	JP Express Co., Ltd.	Minato-ku, Tokyo	¥300	Truck cargo transportation	June 2, 2008	50.0% (50.0%)
	SDP Center Co., Ltd.	Chuo-ku, Tokyo	¥2,000	Bank agency operations	May 28, 1980	45.0% (45.0%)

Note: The figures in parentheses in the column showing percentage ownership of voting rights indicate the percentage of indirect ownership through subsidiaries.



## 7 Museums and Libraries

The Japan Post Group has museums and libraries relating to its activities, including Tei-Park (Communications Museum), which is Japan's only comprehensive museum related to postal services and telecommunications.

Name of facility	Address	Telephone number
Tei-Park (Communications Museum)	3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-0004	03-3244-6811
Maejima Memorial Museum	1317-1, Shinmeigae, Shimo Ikebe, Joetsu, Niigata 943-0119	025-524-5550
Sakano Memorial Museum	1039-1, Kaidani, Okayama, Okayama 701-1144	086-294-5851
Postal Museum in Meiji-mura (Ujiyamada Post Office)	Museum Meiji-mura, 1 Uchiyama, Inuyama, Aichi 484-0000	0568-67-0314
Atomic Bomb Information Museum, located in the former Outpatient Wing of the Japan Post Hiroshima Teishin Hospital	19-8, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-0004	Note
Okinawa Postal Museum	3-8, Tsubokawa 3-chome, Naha, Okinawa 900-8799	098-854-0255

Note: Persons wishing to visit the Atomic Bomb Information Museum located in the former Outpatient Wing of the Japan Post Hiroshima Teishin Hospital should contact the General Affairs section of the Japan Post Hiroshima Teishin Hospital at 082-224-5350 (Japanese only).

## 8 Japan Post Teishin Hospitals

Name of facility	Location	Telephone number
Japan Post Sapporo Teishin Hospital	1-5-1, Kawazoe 14-jo, Minami-ku, Sapporo, Hokkaido 005-8798	011-571-5103
Japan Post Sendai Teishin Hospital	5-1, Chuo 4-chome, Aoba-ku, Sendai, Miyagi 980-8798	022-268-3150
Japan Post Yokohama Teishin Hospital	13-10, Nishi Kanagawa 1-chome, Kanagawa-ku, Yokohama, Kanagawa 221-8798	045-321-4783
Japan Post Tokyo Teishin Hospital	14-23, Fujimi 2-chome, Chiyoda-ku, Tokyo 102-8798	03-5214-7111
Japan Post Niigata Teishin Hospital	2-8, Yachiyo 2-chome, Chuo-ku, Niigata, Niigata 950-8798	025-244-4700
Japan Post Toyama Teishin Hospital	2-29, Kashima-machi 2-chome, Toyama, Toyama 930-8798	076-423-7727
Japan Post Nagoya Teishin Hospital	2-5, Izumi 2-chome, Higashi-ku, Nagoya, Aichi 461-8798	052-932-7152
Japan Post Kyoto Teishin Hospital	109, Nishi Rokkakuchō, Shinmachi Nishiiru, Rokkakutori, Nakagyo-ku, Kyoto, Kyoto 604-8798	075-241-7167
Japan Post Osaka kita Teishin Hospital	1-6, Nakazaki 1-chome, Kita-ku, Osaka, Osaka 530-8798	06-6361-2071
Japan Post Kobe Teishin Hospital	2-43, Kami-tsutsui Dori 6-chome, Chuo-ku, Kobe, Hyogo 651-8798	078-232-7516
Japan Post Hiroshima Teishin Hospital	19-16, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-8798	082-224-5350
Japan Post Tokushima Teishin Hospital	19-2, Iga-cho 3-chome, Tokushima, Tokushima 770-8798	088-623-8611
Japan Post Fukuoka Teishin Hospital	6-11, Yakuin 2-chome, Chuo-ku, Fukuoka, Fukuoka 810-8798	092-741-0300
Japan Post Kagoshima Teishin Hospital	12-1, Shimo Ishiki 1-chome, Kagoshima, Kagoshima 890-8798	099-223-6013

## 9 Hotels

The Japan Post Group owns the following hotels.

\*Number of hotels as of March 31, 2009.

### 1. Kanpo no Yado Inns

Name of facility	Location	Telephone number	Number of rooms	Conclusion of disaster and accident prevention agreements
Otaru	2-670, Asarigawa Onsen, Otaru, Hokkaido 047-0192	0134-54-8511	31	○
Tokachigawa	9-1, Kita, Tokachigawa Onsen, Otohuke-cho, Katou-gun, Hokkaido 080-0262	0155-46-2141	43	○
Ichinoseki	147-5, Horyu, Genbi-cho, Ichinoseki, Iwate 021-0101	0191-29-2131	55	○
Yokote	1-20, Shiotsuke, Mutsunari, Yokote, Akita 013-0008	0182-32-5055	42	○
Matsushima	89-53, Minami-akasaki, Nobiru, Higashi-matsushima, Miyagi 981-0411	0225-88-3411	54	○
Koriyama	3-198, Atami, Atami-machi, Koriyama, Fukushima 963-1380	024-984-3511	36	
Iwaki	60, Shibazaki, Tairafujima, Iwaki, Fukushima 970-0103	0246-39-2670	59	○
Oarai	7986-2, Isohama-cho, Oarai-machi, Higashi-ibaraki-gun, Ibaraki 311-1301	029-267-3191	52	○
Itako	1830-1, Mizuhara, Itako, Ibaraki 311-2404	0299-67-5611	58	○
Shiobara	1256, Shiobara, Nasushiobara, Tochigi 329-2921	0287-32-2845	39	○
Tochigi Kisuregawa Onsen	5296-1, Kisuregawa, Sakura, Tochigi 329-1412	028-686-2822	53	○
Kusatsu	464-1051, Kusatsu, Kusatsu-machi, Agatsuma-gun, Gunma 377-1794	0279-88-5761	48	○
Isobe	22, Gobara, Annaka, Gunma 379-0135	027-385-6321	51	○
Yorii	2267, Sueno, Yorii-machi, Osato-gun, Saitama 369-1205	048-581-1165	51	○
Kamogawa	1137, Nishi-cho, Kamogawa, Chiba 296-0043	04-7092-1231	53	○
Asahi	2280-1, Nittama, Asahi, Chiba 289-2525	0479-63-2161	75	○
Katsuura	2183-5, Ubara, Katsuura, Chiba 299-5243	0470-76-3011	50	○
Ome	668-2, Komaki-cho 3-chome, Ome, Tokyo 198-0053	0428-23-1171	52	○
Hakone	159, Motohakone, Hakone-machi, Ashigarashimo-gun, Kanagawa 250-0522	0460-84-9126	29	
Isawa	348-1, Matsumoto, Isawa-cho, Fufuki, Yamanashi 406-0021	055-262-3755	54	○
Kashiwazaki	2-15, Kotobuki-cho, Kashiwazaki, Niigata 945-0846	—	—	—
Suwa	15-16, Owa 2-chome, Suwa, Nagano 392-0001	0266-52-1551	36	○
Atami (Main Building)	12-3, Minaguchi-cho 2-chome, Atami, Shizuoka 413-0016	0557-83-6111	159	
Atami (Annex)	13-77, Minaguchi-cho 2-chome, Atami, Shizuoka 413-0016	0557-83-6111	45	
Shuzenji	1257-4, Kumasaka, Izu, Shizuoka 410-2411	0558-72-3151	32	○
Izukogen	1104-5, Yawatano, Ito, Shizuoka 413-0232	0557-51-4400	59	○
Toyama	5691-2, Hane, Fuchu-machi, Toyama, Toyama 939-2694	076-469-3135	40	○
Yamashiro	32-1, Onsen-dori, Yamashiro Onsen, Kaga, Ishikawa 922-0254	0761-77-1600	46	○
Fukui	43-17, Fuchi-machi, Fukui, Fukui 918-8026	0776-36-5793	33	○
Yaizu	1375-2, Hamatome, Yaizu, Shizuoka 425-8533	054-627-0661	43	○
Hamanako-Mikkabi	2977-2, Tsuzuki, Mikkabi-cho, Kita-ku, Hamamatsu, Shizuoka 431-1496	053-526-1201	41	○

Name of facility	Location	Telephone number	Number of rooms	Conclusion of disaster and accident prevention agreements
Sangane	1-221, Nyukaizan, Higashi hazu, Hazu-cho, Hazu-gun, Aichi 444-0701	0563-62-2650	32	○
Chita-Mihama	39, Suhara, Okuda, Mihama-cho, Chita-gun, Aichi 470-3233	0569-87-1511	42	○
Ena	2709, Oi-cho, Ena, Gifu 509-7201	0573-26-4600	54	○
Gifu-Hashima	1041, Umaminami, Kuwabara-cho, Hashima, Gifu 501-6323	058-398-2631	40	○
Toba	1200-7, Arashima-cho, Toba, Mie 517-0021	0599-25-4101	60	○
Kumano	1020-7, Ido-cho, Kumano, Mie 519-4324	0597-89-4411	27	○
Hikone	3759, Matsubara-cho, Hikone, Shiga 522-0002	0749-22-8090	41	○
Maizuru	224-5, Ueyasu, Maizuru, Kyoto 624-0912	—	—	—
Tondabayashi	880-1, Ryusen, Tondabayashi, Osaka 584-0053	0721-33-0700	43	○
Yamatoheguri	16-1, kamisho 2-chome, Heguri-cho, Ikoma-gun, Nara 636-0905	0745-45-0351	34	○
Nara	9-1, Nijo-cho 3-chome, Nara, Nara 630-8002	0742-33-2351	40	○
Shirahama	1688-2, Shirahama-cho, Nishimuro-gun, Wakayama 649-2211	0739-42-2980	31	○
Kii-Tanabe	24-1, Mera, Tanabe, Wakayama 646-8501	0739-24-2900	52	○
Arima	1617-1, Arima-cho, Kita-ku, Kobe, Hyogo 651-1401	078-904-0951	53	○
Ako	883-1, Misaki, Ako, Hyogo 678-0215	0791-43-7501	50	○
Awajishima	824, Toshima, Awaji, Hyogo 656-1711	0799-82-1073	40	○
Kaike	1-7, Kaikeshinden 3-chome, Yonago, Tottori 683-0002	0859-33-4421	35	○
Mimasaka Yunogo	674-7, Nakayama, Mimasaka, Okayama 707-0061	0868-72-5551	35	○
Takehara	442-2, Nishino-cho, Takehara, Hiroshima 725-0002	0846-29-0141	40	○
Hikari	31-1, Murozumi-Higashinosho, Hikari, Yamaguchi 743-0005	0833-78-1515	40	○
Yuda	1-42, Kanda-cho, Yamaguchi, Yamaguchi 753-0064	083-922-5226	40	○
Kanonji	1101-4, Ikenoshiri-cho, Kanonji, Kagawa 768-0031	0875-27-6161	39	○
Sakaide	2048-91, Takaya-cho, Sakaide, Kagawa 762-0017	0877-47-0531	41	○
Tokushima	3-70, Nakatsuyama, Hachiman-cho, Tokushima, Tokushima 770-8071	088-625-1255	46	○
Dogo	3-1, Mizonobe-machi, Matsuyama, Ehime 791-0101	089-977-0460	32	○
Ino	1569, Hakawa, Ino-cho, Agawa-gun, Kochi 781-2128	088-892-1580	52	○
Kitakyushu	2829, Arige, Wakamatsu-ku, Kitakyushu, Fukuoka 808-0123	093-741-1335	50	○
Yanagawa	10-1, Yashiro-machi, Yanagawa, Fukuoka 832-0057	0944-72-6295	40	○
Shimabara	8362-3, Hakusan-machi, Shimabara, Nagasaki 855-0824	—	—	—
Beppu	457, Tsurumi, Beppu, Oita 874-0844	0977-66-1271	49	
Hita	685-6, Nakanoshima-machi, Hita, Oita 877-0074	0973-24-0811	53	○
Yamaga	2450, Shijiki, Yamaga, Kumamoto 861-0542	0968-43-5121	28	○
Aso	5936, Miyaji, Ichinomiya-machi, Aso, Kumamoto 869-2612	0967-22-1122	66	○
Nichinan	2228-1, Hoshikura, Nichinan, Miyazaki 889-2533	0987-22-5171	46	○
Recreation Center in Naha	9-15, Minato-machi 2-chome, naha, Okinawa 900-0001	098-862-4740	76	○

## 2. Kanpo no Sato Inns

Name of facility	Location	Telephone number	Number of rooms	Conclusion of disaster and accident prevention agreements
Sakata	17-26, Imoriyama 3-chome, Sakata, Yamagata 998-8588	0234-31-4126	39	○
Hakusanoguchi	43-3, U, Seto, Hakusan, Ishikawa 920-2331	076-256-8080	43	○
Shobara	281-1, Shinjo-cho, Shobara, Hiroshima	0824-73-1800	62	○
Usa	1571-1, Kawabe, Usa, Oita 879-0452	0978-37-2288	32	○

## 3. Rafre Saitama and Other Facilities

Name of facility	Location	Telephone number	Number of rooms	Conclusion of disaster and accident prevention agreements
Rafre Saitama	3-2, Shintoshin, Chuo-ku, Saitama, Saitama 330-0081	048-601-1111	187	○
U-Port Recreation Center in Setagaya	17-1, Kamata 2-chome, Setagaya, Tokyo 157-0077	03-3709-0161	–	○

Note 1: For more details, contact the hotels directly or call the customer service center of *Kanpo no Yado* inns at 0120-715294 (weekdays: 9:30 to 18:15).

2: *Kanpo no Yado* inns located in Kashiwazaki, Maizuru and Shimabara are temporary closed.

3: Rooms for long-stay customers at *Kanpo no Yado* inns (former welfare facilities for elderly policyholders) have been closed as of March 31, 2009.

## 10 History of the Japan Post Group

April 1871	Modern postal service introduced
January 1875	Government mail offices and mail handling offices renamed post offices
	Postal money order service established
May 1875	Postal savings service inaugurated
December 1885	Ministry of Communications established
March 1906	Postal <i>giro</i> service inaugurated
October 1916	Postal life insurance services inaugurated
June 1949	The Ministry of Posts and Telecommunications established
January 2001	In accordance with the central government reform, Ministry of Public Management, Home Affairs and Posts and Telecommunications (MPHPT) and Postal Service Agency established
April 2003	Japan Post established (and integrated with the Postal Life Insurance Welfare Corporation)
October 2005	Postal Services Privatization Act passed
January 2006	Japan Post Holdings Co., Ltd. established as a preparation and planning company for privatization
October 2007	Japan Post Group (Japan Post Holdings Co., Ltd., Japan Post Network Co., Ltd., Japan Post Service Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.) established
	Basic agreement for integrating parcel delivery operations with Nippon Express Co., Ltd. concluded
February 2008	Agreement to establish a comprehensive alliance with LAWSON, INC. signed
May 2008	Japan Post Forest program launched
June 2008	Redevelopment plan of Tokyo Central Post Office announced
October 2008	"Write a letter to yourself in the future" project implemented (until January 2009)
December 2008	Development plan of Osaka western district, including Osaka Central Post Office, announced
	Basic concept of city development in 1-banchi, 1-chome area of Nagoya Station announced

## 2. Outline of Japan Post Network Co., Ltd.

### 1 Company Outline

Company name (in Japanese):	Yubinkyoku Kabushiki Kaisha
Company name:	JAPAN POST NETWORK Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥100 billion
Date of establishment:	October 1, 2007
Legal basis:	Established under the Japan Post Network Act (Law No. 100 of October 21, 2005)
Lines of business:	Postal counter operations for regular mail, parcels and other items; sales of revenue stamps; bank agency services; intermediary services for financial products; solicitation of life and non-life insurance; real estate business; merchandise sales; and operations consigned by local government entities

### 2 Information on Shares

#### 1. Number of Shares

<b>Total shares issued</b>	4,000,000
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#### 2. Shareholder

Japan Post Holdings	Condition of holdings	
	Shares owned	Percentage of total issued
	4,000,000	100%

### 3 Number of Employees

112,726\* (as of March 31, 2009)

\* Number of regular employees. Includes employees seconded to Japan Post Network Co., Ltd. Excludes employees seconded to other companies and temporary employees.

### 4 List of Directors, Auditors and Executive Officers

(As of June 24, 2009)

#### 1. Directors

Chairman & CEO ..... Shigeo Kawa

President ..... Motoyuki Terasaka (Concurrently holds the position of Deputy President of Japan Post Holdings Co., Ltd.)

Executive Vice President..... Takamasa Mori

Director (Outside)..... Hidekazu Inoue (Concurrently holds the position of Senior Adviser at Nippon Telegraph and Telephone East Corporation)

Director (Outside)..... Seisuke Ueshima (Formerly held the position of Chairman of Yamaha Corporation)

Director (Outside)..... Yoshifumi Nishikawa (Concurrently holds the position of Representative Executive Officer and President & CEO of Japan Post Holdings Co., Ltd.)

#### 2. Auditors

Haruki Iinuma

Chikanori Saio

Kiyoshi Nishimura

Yoshikazu Yamaguchi

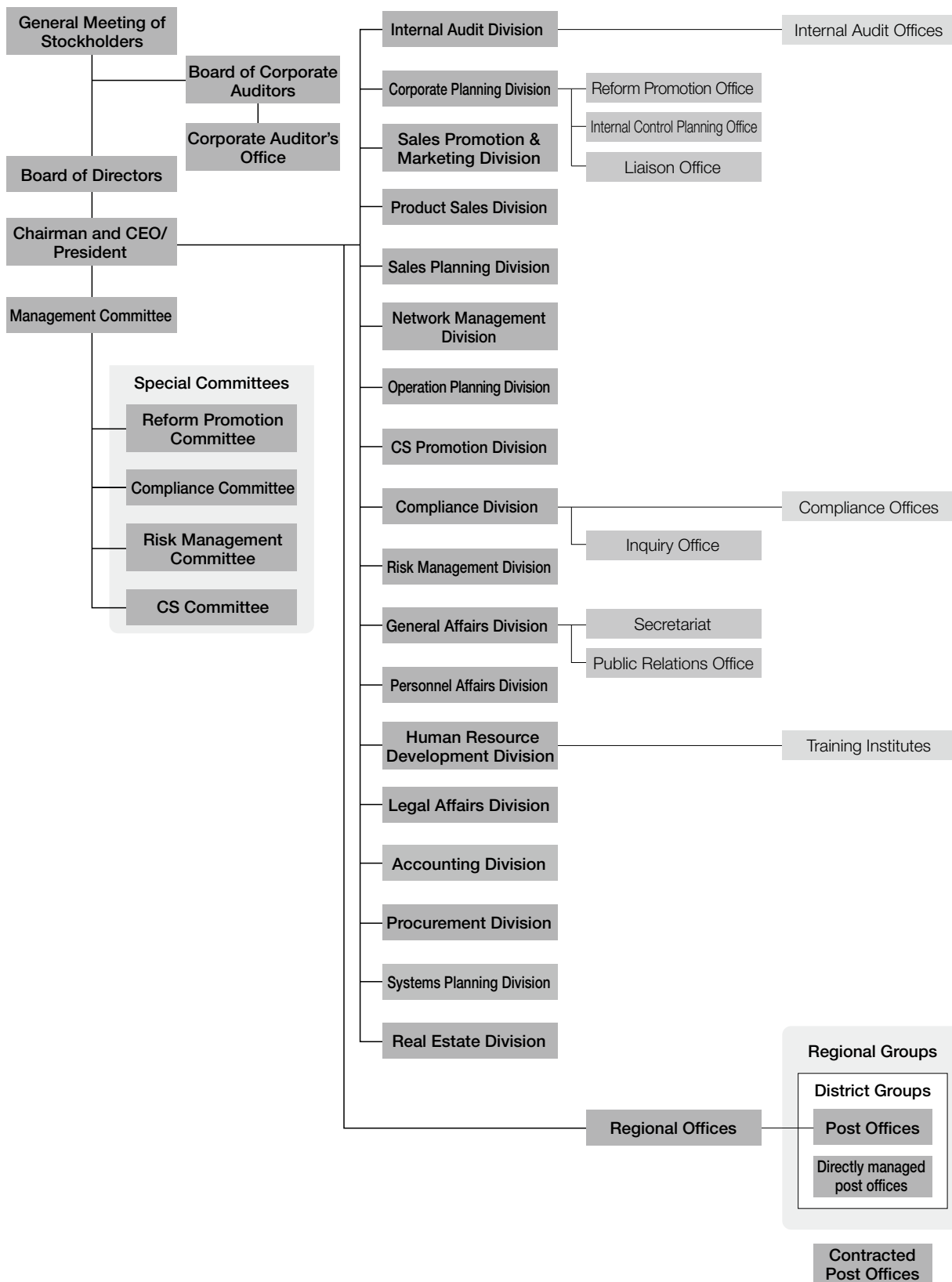
#### 3. Executive Officers

Senior Managing Executive Officer	Kiyoteru Suzuki	Executive Officer	Shin Ueda
Senior Managing Executive Officer	Nobuyuki Hidaka	Executive Officer	Atsuko Onodera
Senior Managing Executive Officer (Concurrently holds the position of Senior Managing Executive Officer of Japan Post Bank Co., Ltd.)	Akira Iwasaki	Executive Officer	Kikuo Kushibiki
Managing Executive Officer	Manabu Kawamura	Executive Officer	Yoshikazu Kurita
Managing Executive Officer	Hitoshi Shirakawa	Executive Officer	Kiyoshi Kobayashi
Managing Executive Officer	Kinzo Nakazawa	Executive Officer (Concurrently holds the position of Executive Officer of Japan Post Holdings Co., Ltd.)	Hiroyuki Shimizu
Managing Executive Officer (Concurrently holds the position of Managing Executive Officer of Japan Post Bank Co., Ltd.)	Satoru Ito	Executive Officer	Hideki Yanagihara
Managing Executive Officer	Seiji Katsuno		
Managing Executive Officer	Toshihiro Tsuboi		



## 5 Organization Chart

(As of July 1, 2009)



## 6 Names and Locations of Regional Offices

(As of July 1, 2009)

Name of regional office	Location
Hokkaido	4-3, Kita 2-jo Nishi, Chuo-ku, Sapporo, Hokkaido 060-8797
Tohoku	1-34, Ichiban-cho 1-chome, Aoba-ku, Sendai, Miyagi 980-8797
Kanto	3-1, Shintoshin, Chuo-ku, Saitama, Saitama 330-9797
Tokyo	6-19, Azabudai 1-chome, Minato-ku, Tokyo 106-8797
Minami Kanto	1-1, Sakuragi-cho, Naka-ku, Yokohama, Kanagawa 231-8694
Shinetsu	801, Kurita, Nagano, Nagano 380-8797
Hokuriku	1-1, Owari-cho 1-chome, Kanazawa, Ishikawa 920-8797
Tokai	2-5, Marunouchi 3-chome, Naka-ku, Nagoya, Aichi 469-8797
Kinki	3-9, Kitahama Higashi, Chuo-ku, Osaka, Osaka 530-8797
Chugoku	19-8, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-8797
Shikoku	8-5, Miyata-cho, Matsuyama, Ehime 790-8797
Kyushu	1-1, Joto-machi, Kumamoto, Kumamoto 860-8797
Okinawa	26-29, Higashi-machi, Naha, Okinawa 900-8797

## 7 Training Institutes and Internal Audit Offices

Training Institutes: 11

Internal Audit Offices: 50

\*The number of training institutes includes Postal College.

## 8 Post Offices by Prefecture

(As of March 31, 2009)

Prefecture	Post offices in service				Post offices out of service				Grand total
	Directly managed post offices		Contracted post offices	Total	Directly managed post offices		Contracted post offices	Total	
	Regular post offices	Post office branches			Regular post offices	Post office branches			
Hokkaido	1,215	1	270	1,486	0	0	29	29	1,515
Aomori	267	0	94	361	0	0	1	1	362
Iwate	308	0	119	427	0	0	5	5	432
Miyagi	363	0	88	451	0	0	5	5	456
Akita	273	0	127	400	0	0	1	1	401
Yamagata	289	0	108	397	0	0	1	1	398
Fukushima	432	0	107	539	0	0	9	9	548
Ibaraki	465	0	54	519	0	0	2	2	521
Tochigi	311	0	40	351	0	0	7	7	358
Gunma	302	0	36	338	0	0	2	2	340
Saitama	623	0	16	639	0	0	3	3	642
Chiba	692	0	31	723	0	0	3	3	726
Kanagawa	753	1	13	767	0	0	1	1	768
Yamanashi	201	0	57	258	0	0	9	9	267
Tokyo	1,499	5	7	1,511	8	0	0	8	1,519
Niigata	535	2	131	668	0	0	16	16	684
Nagano	445	0	193	638	0	0	22	22	660
Toyama	212	0	74	286	0	0	5	5	291
Ishikawa	254	1	69	324	0	0	3	3	327
Fukui	210	0	30	240	0	0	3	3	243
Gifu	355	1	84	440	0	0	18	18	458
Shizuoka	484	0	82	566	0	0	37	37	603
Aichi	835	5	69	909	0	0	25	25	934
Mie	372	0	79	451	0	0	16	16	467
Shiga	229	0	29	258	0	0	3	3	261
Kyoto	441	2	34	477	1	0	0	1	478
Osaka	1,092	6	28	1,126	0	0	3	3	1,129
Hyogo	840	3	118	961	0	0	5	5	966
Nara	241	0	79	320	0	0	3	3	323
Wakayama	263	0	52	315	0	0	2	2	317
Tottori	147	0	93	240	0	0	7	7	247
Shimane	257	0	110	367	0	0	12	12	379
Okayama	419	3	96	518	0	0	18	18	536
Hiroshima	583	1	108	692	0	0	13	13	705

Prefecture	Post offices in service				Post offices out of service				Grand total
	Directly managed post offices		Contracted post offices	Total	Directly managed post offices		Contracted post offices	Total	
	Regular post offices	Post office branches			Regular post offices	Post office branches			
Yamaguchi	354	2	57	413	0	0	8	8	421
Tokushima	203	0	28	231	0	0	8	8	239
Kagawa	189	0	28	217	0	0	10	10	227
Ehime	317	0	76	393	0	0	6	6	399
Kochi	229	0	90	319	0	0	4	4	323
Fukuoka	714	0	88	802	0	0	9	9	811
Saga	166	0	38	204	0	0	2	2	206
Nagasaki	311	0	135	446	0	0	3	3	449
Kumamoto	391	0	175	566	0	0	3	3	569
Oita	308	0	91	399	0	0	3	3	402
Miyazaki	196	0	113	309	0	0	1	1	310
Kagoshima	436	2	275	713	0	0	8	8	721
Okinawa	180	1	20	201	0	0	0	0	201
Nationwide total	20,201	36 <sup>Note 1</sup>	3,939	24,176	9	0	354 <sup>Note 2</sup>	363	24,539

\* The respective number of post offices include those that are not commissioned to carry out bank agency and insurance operations and excludes mobile post offices.

\* Contracted post offices operate under consignment contracts.

\* Post offices out of service are those post offices where customers have been informed that the office is being closed temporarily and counter services have been suspended.

Note 1: Of this total of 36, three post office branches were established temporarily while a contracted post office was closed provisionally as an emergency measure

2: Services in areas where contracted post offices have been closed are as follows. Additionally, since October 1, 2007, 203 contracted post offices that have been temporarily closed resumed operations, and the number of contracted post offices temporarily closed has been reduced by 63.

Number of contracted post offices out of service	Number of instances where services are provided by personnel dispatched to the location	Number of instances where services are provided by mobile post offices
354	121	5 (2 vehicles)

## 9 Outline of Subsidiary

(As of March 31, 2009)

Company name	Location	Paid-in capital (Millions of yen)	Line of business	Date of establishment	Japan Post Network ownership	Ownership of voting shares
Post Office Business Support Co., Ltd.	Koto-ku, Tokyo	¥100	Processing of orders received and placed for catalog sales operations	September 11, 2007	100.0%	100.0%

## 10 History of Japan Post Network

April 1871	Modern postal service introduced
January 1875	Government mail offices and mail handling offices renamed post offices
	Postal money order service established
May 1875	Postal savings service inaugurated
December 1885	Ministry of Communications established
March 1906	Postal <i>giro</i> service inaugurated
October 1916	Postal life insurance services inaugurated
June 1949	The Ministry of Posts and Telecommunications established
January 2001	Postal Service Agency established as part of realignment of government ministries
April 2003	Japan Post established
October 2005	Postal Services Privatization Act passed
January 2006	Japan Post Holdings Co., Ltd. established as a preparation and planning company for privatization
October 2007	Japan Post Group established
	Japan Post Network Co., Ltd. established
	Sales of automobile insurance commenced
December 2007	Forum to investigate ways to strengthen contracted post office service channels established (until March 2008)
February 2008	Alternative services to replace temporarily closed contracted post offices initiated (via external sales and service personnel and mobile post offices)
March 2008	Spring <i>Arigatou</i> -Fair implemented
April 2008	Advertising business started by making effective use of extra space at post offices
May 2008	Variable annuity sales commenced
June 2008	Summer <i>Arigatou</i> -Fair implemented (until August 2008)
August 2008	Post Office Referrals comprehensive lifestyle referral services launched
	Sales of products and services at post offices started (JP LAWSON stores)
October 2008	Sales of third-sector insurance commenced
	Sales of life insurance for companies (for management-level personnel) commenced
	Winter <i>Arigatou</i> -Fair implemented (until December 2008)
November 2008	Post office mail-order shop launched on website
January 2009	Transfer services with other financial institutions via the Zengin Data Telecommunication System started
March 2009	Total printing service launched
	Cargo collection using four-wheeled mini-vehicles started
	Spring <i>Arigatou</i> -Fair implemented (until April 2009)
June 2009	Sales of mail-related products commenced in post offices
	Home-visit financial services commenced at post offices in less-populated areas
July 2009	Increasing term life insurance sales commenced

### 3. Outline of Japan Post Service Co., Ltd.

#### 1 Company Outline

Company name (in Japanese):	Yubin Jigyo Kabushiki Kaisha
Company name:	JAPAN POST SERVICE Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥100 billion
Date of establishment:	October 1, 2007
Legal basis:	Established under the Japan Post Service Act (Law No. 99 of October 21, 2005)
Lines of business:	Postal service business, domestic distribution and delivery business, international cargo transport and agency services for air cargo business, logistics business., etc.

#### 2 Information on Shares

##### 1. Number of Shares

<b>Total shares issued</b>	4,000,000
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##### 2. Shareholder

Japan Post Holdings	Condition of holdings	
	Shares owned	Percentage of total issued
	4,000,000	100%

## 3 Number of Employees

95,631\* (as of March 31, 2009)

\* Number of regular employees. Includes employees seconded to Japan Post Service Co., Ltd. Excludes employees seconded to other companies and temporary employees.

## 4 List of Directors, Auditors and Executive Officers

(As of June 26, 2009)

### 1. Directors

Chairman and CEO ..... Norio Kitamura

President and COO ..... Hiroaki Dan (Concurrently holds the position of Deputy President and Representative Executive Officer of Japan Post Holdings Co., Ltd.)

Executive Vice President ..... Yoshiro Nakajo

Director (Outside) ..... Yoshifumi Nishikawa (Concurrently holds the position of Representative Executive Officer and President & CEO of Japan Post Holdings Co., Ltd.)

Director (Outside) ..... Satoru Matsubara (Concurrently holds the position of professor at Toyo University)

Director (Outside) ..... Masafumi Yokota (Concurrently holds the position of partner with Corporate Direction Co., Ltd.)

### 2. Auditors

Katsuyuki Okada

Hisamitsu Gannyo

Yoshio Haibara

### 3. Executive Officers

First Executive Officer ..... Toshiro Ito  
(Concurrently holds the position of Senior Managing Executive Officer at Japan Post Holdings Co., Ltd. as of June 29, 2009)

First Executive Officer ..... Sakon Uda

First Executive Officer ..... Ikuo Shirakane

First Executive Officer ..... Hiroshige Nagoya

Senior Executive Officer ..... Tameyasu Tsukada

Senior Executive Officer ..... Takao Miwa

Executive Officer ..... Shuji Obu

Executive Officer ..... Hatsumi Shimizu

Executive Officer ..... Kazuaki Daikaku

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Executive Officer

Naoki Nakashima

Seiki Fukuda

Hideyuki Hokazono

Tokio Matsumoto

Masaharu Matsumoto

Junichiro Miyazaki

Keiichi Yano

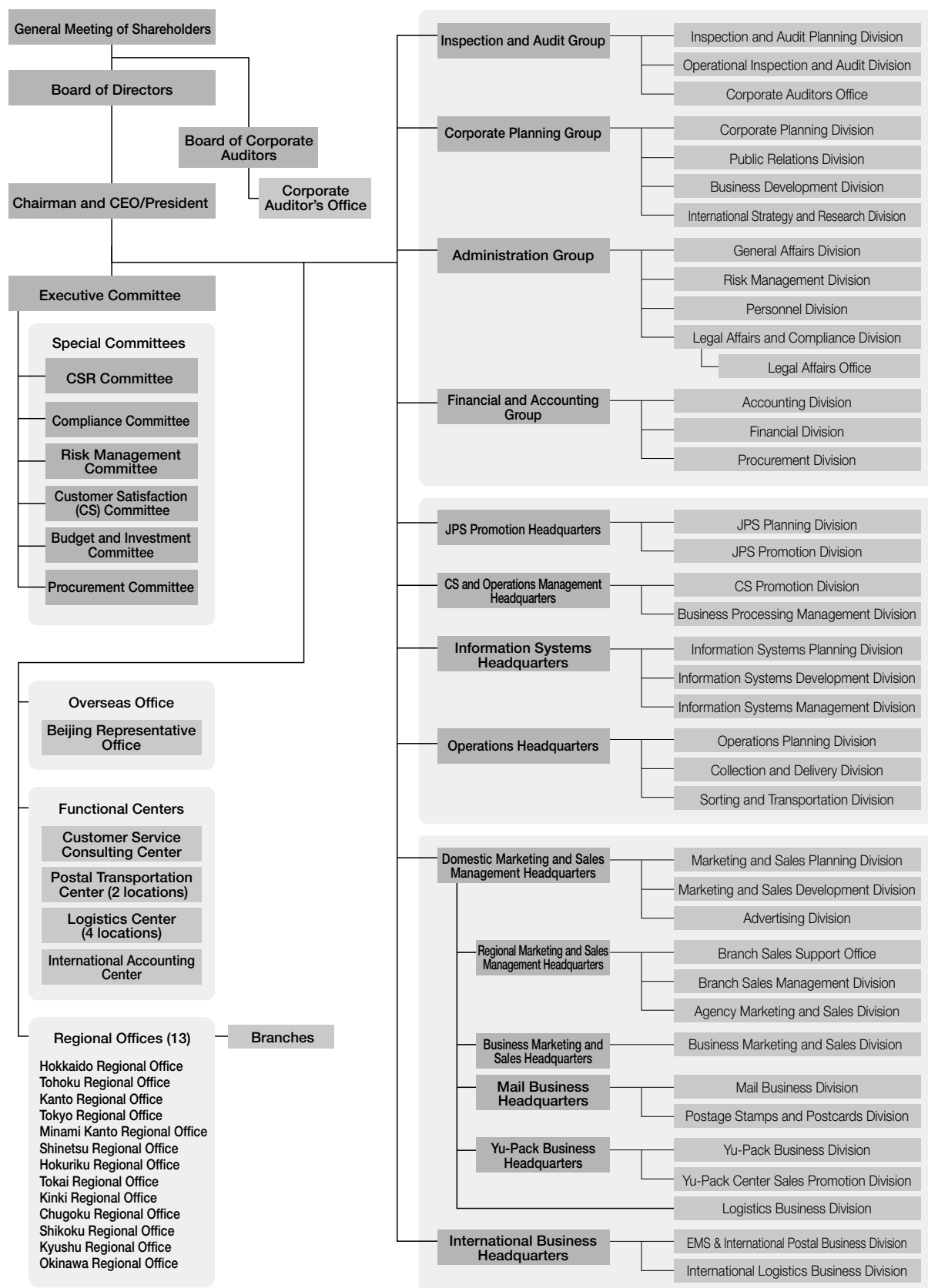
Kazuya Yamaguchi

Yoshio Yuzawa



## 5 Organization Chart

(As of July 1, 2009)



## 6 Names and Locations of Regional Offices

(As of July 1, 2009)

Name of regional office	Location
Hokkaido	4-3, Kita 2-jo Nishi, Chuo-ku, Sapporo, Hokkaido 060-8797
Tohoku	1-34, Ichiban-cho 1-chome, Aoba-ku, Sendai, Miyagi 980-8797
Kanto	3-1, Shintoshin, Chuo-ku, Saitama, Saitama 330-9797
Tokyo	6-19, Azabudai 1-chome, Minato-ku, Tokyo 106-8797
Minami Kanto	14-2, Takashima 2-chome, Nishi-ku, Yokohama, Kanagawa 220-8998
Shinetsu	801, Kurita, Nagano, Nagano 380-8797
Hokuriku	1-1, Owari-cho 1-chome, Kanazawa, Ishikawa 920-8797
Tokai	2-5, Marunouchi 3-chome, Naka-ku, Nagoya, Aichi 469-8797
Kinki	3-9, Kitahama Higashi, Chuo-ku, Osaka, Osaka 530-8797
Chugoku	19-8, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-8797
Shikoku	8-5, Miyata-cho, Matsuyama, Ehime 790-8797
Kyushu	1-1, Joto-machi, Kumamoto, Kumamoto 860-8797
Okinawa	26-29, Higashi-machi, Naha, Okinawa 900-8797

## 7 Number of Offices by Prefecture

(As of March 31, 2009)

Prefecture	Number of offices	Prefecture	Number of offices
Hokkaido	57	Shiga	12
Aomori	10	Kyoto	27
Iwate	15	Osaka	68
Miyagi	18	Hyogo	46
Akita	11	Nara	15
Yamagata	11	Wakayama	12
Fukushima	20	Tottori	4
Ibaraki	30	Shimane	7
Tochigi	17	Okayama	19
Gunma	16	Hiroshima	27
Saitama	51	Yamaguchi	18
Chiba	47	Tokushima	7
Kanagawa	55	Kagawa	10
Yamanashi	11	Ehime	16
Tokyo	89	Kochi	9
Niigata	27	Fukuoka	45
Nagano	24	Saga	8
Toyama	12	Nagasaki	12
Ishikawa	12	Kumamoto	16
Fukui	10	Oita	11
Gifu	19	Miyazaki	6
Shizuoka	31	Kagoshima	11
Aichi	62	Okinawa	14
Mie	16	Nationwide total	1,091

## 8 Number of Collection and Delivery Centers

Collection and delivery centers: 2,556

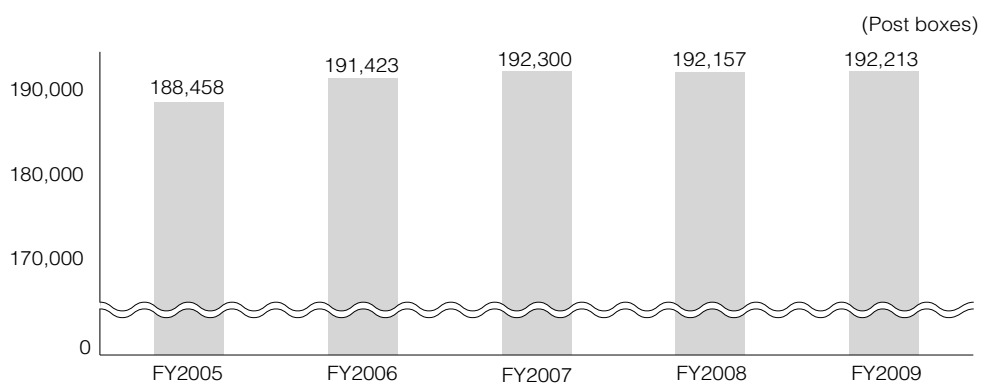
(As of March 31, 2009)

## 9 Subsidiaries and Affiliated Companies

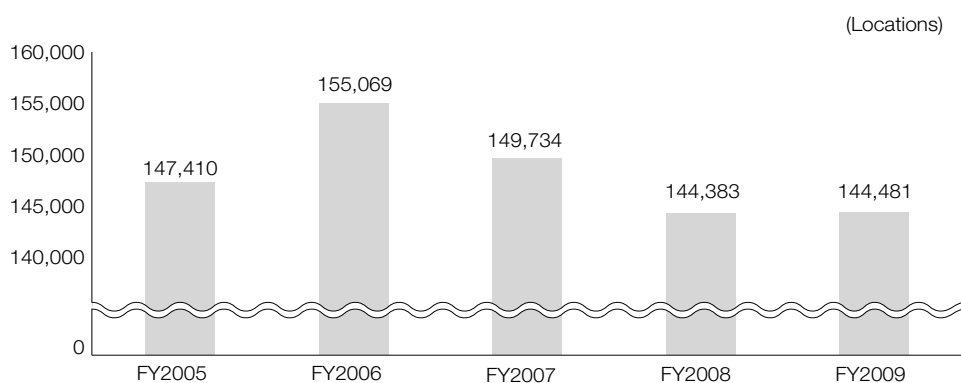
(As of March 31, 2009)

Affiliation	Company name	Location of principal office	Paid-in capital (millions)	Line of business	Date of establishment	Japan Post Service ownership	Ownership of voting shares
Consolidated subsidiaries	JP Logi Service Co., Ltd.	Japan Post Group Osaka Bldg., 3-9 Kitahama higashi, Chuo-ku, Osaka 540-0031	¥34	Preparation and posting of postal items, parcels and mail items	October 15, 1968	67.6%	67.6%
	JP Biz Mail Co., Ltd.	42-4, Senjuakebono-cho, Adachi-ku, Tokyo 120-0023	¥100	Preparation and posting of postal items	February 1, 2006	51.0%	58.5%
	DM Leading Co., Ltd.	Talkpia Kawasaki Bldg., 5-1, Fujisaki 3-chome, Kawasaki-ku, Kawasaki, Kanagawa 210-0804	¥50	Preparation and posting of postal items	November 1, 2004	0.0%	100.0%
	JP Logistics Partners Co., Ltd.	4-23, Shinsuna 2-chome, Koto-ku, Tokyo 137-8799	¥100	Facilitation of sales campaigns	September 1, 2004	51.0%	51.0%
	JP Media Direct Co., Ltd.	Toranomon NN Bldg. 5F, 21-17, Toranomon 1-chome, Minato-ku, Tokyo 105-0001	¥250	Product development of direct media	February 29, 2008	51.0%	51.0%
	Japan Post Transport Co., Ltd.	4-1 Shiba-koen 2-chome, Minato-ku, Tokyo 105-0011	¥18,250	Truck cargo transportation	November 30, 2007	100.0%	100.0%
	JAPAN POST SANKYU GLOBAL LOGISTICS Co., Ltd.	Hokusui Bldg No. 2, 11-11 Kachidoki 5-chome, Chuo-ku, Tokyo 104-0054	¥300	International air freight forwarding	July 1, 2008	60.0%	60.0%
Affiliated companies accounted for under the equity method	ANA & JP Express Co., Ltd.	5-2, Higashi Shinbashi 1-chome, Minato-ku, Tokyo 105-7133	¥80	Air cargo transportation	February 1, 2006	33.3%	33.3%
	JP Express Co., Ltd.	Shin-Nikko Bldg West 10F, 10-1 Toranomon 2-chome, Minato-ku, Tokyo 105-0001	¥300	Preparation for integration of small-parcel delivery services	June 2, 2008	50.0%	50.0%

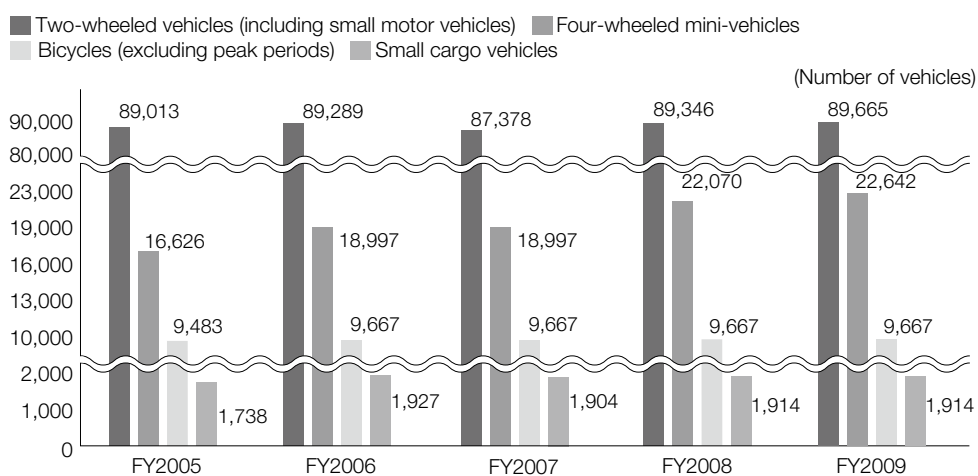
## 10 Number of Post Boxes



## 11 Number of Locations Selling Postage Stamps and Revenue Stamps



## 12 Number of Vehicles Owned



## 13 History of Japan's Postal Services Business and Japan Post Service

April 1871	Modern postal service introduced
	Issuance of postal stamps begun
August 1872	Nationwide implementation of the postal services system
December 1885	Ministry of Communications established
February 1887	The 〒 mark adopted as the logo for the Ministry of Communications
October 1892	Parcel post services begun
June 1949	The Ministry of Posts and Telecommunications established
December 1949	Issuance of New Year's lottery postcards begun
January 2001	Postal Service Agency established as part of realignment of government ministries
April 2003	Japan Post established
October 2005	Postal Services Privatization Act passed
January 2006	Japan Post Holdings Co., Ltd. established as a preparation and planning company for privatization
February 2006	ANA & JP Express Co., Ltd. established as a joint company
	JP Biz Mail Co., Ltd. established
September 2006	Sale of frame stamps with photos introduced
	Realignment of collection and delivery centers (from September 2006 through March 2007)
September 2007	Implementation plan related to the transfer of business operations to Japan Post approved
October 2007	Japan Post Group established
	Japan Post Service Co., Ltd. established
November 2007	First New Year's greeting postcards with donation feature for environmental carbon offset purposes introduced
February 2008	Joint venture with Dentsu Inc. and Dentsu Tech Inc. established
April 2008	Agreement to integrate parcel delivery operations with Nippon Express Co., Ltd. concluded
July 2008	Establishment of jointly owned company with Sankyu Inc.
August 2008	Application for forwarding service via the Internet initiated
	Internet shopping mall newly established for China
December 2008	Ceremonies to launch test demonstrations of environment-friendly vehicles held
February 2009	Integration of major 14 transportation companies into Japan Post Transport Co., Ltd. completed
April 2009	Postal services for delivering specific items for designated persons expanded nationwide
	Commission fees on Yu-Pack cash-on-delivery service eliminated

## 4. Outline of Japan Post Bank Co., Ltd.

### 1 Company Outline

Company name (in Japanese):	Kabushiki Kaisha Yucho Ginko
Company name:	JAPAN POST BANK Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥3,500 billion
Date of establishment:	September 1, 2006 (On October 1, 2007, the name was changed from Yucho Co., Ltd. to Japan Post Bank Co., Ltd.)
Line of business:	Banking
Financial institution code number:	9900

### 2 Information on Shares

#### 1. Number of Shares

<b>Total shares issued</b>	150,000,000
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#### 2. Shareholder

Japan Post Holdings	Condition of holdings	
	Shares owned	Percentage of total issued
	150,000,000	100%

### 3 Number of Employees

11,675\* (as of March 31, 2009)

\* Number of regular employees. Includes employees seconded to Japan Post Bank Co., Ltd. Excludes employees seconded to other companies and contract and temporary employees.

## 4 List of Directors, Executive Officers and Management Committees

(As of June 29, 2009)

### 1. Directors

Chairman & CEO	Koji Furukawa
President & COO	Shokichi Takagi (Concurrently holds the position of Representative Executive Officer and Deputy President of Japan Post Holdings Co., Ltd.)
Director (Outside)	Atsushi Kinebuchi (Formerly held the position of Director and Executive Vice President of Nomura Asset Management Co., Ltd.)
Director (Outside)	Yoshifumi Nishikawa (Concurrently holds the position of Representative Executive Officer and President & CEO of Japan Post Holdings Co., Ltd.)
Director (Outside)	Fumio Masada (Formerly held the position of Director and Executive Vice President of Nippon Life Insurance Company)
Director (Outside)	Noboru Matsuda (Concurrently holds the position of Attorney-at-Law)

### 2. Executive Officers

Executive Vice President (Concurrently holds the position of Senior Managing Executive Officer of Japan Post Holdings Co., Ltd.)	Tomohiro Yonezawa	Managing Executive Officer	Riki Mukai
Executive Vice President	Sumio Fukushima	Managing Executive Officer	Masahiro Murashima
Senior Managing Executive Officer	Tomohisa Mase	Executive Officer	Hiroichi Shishimi
Senior Managing Executive Officer (Concurrently holds the position of Senior Managing Executive Officer of Japan Post Network Co., Ltd.)	Akira Iwasaki	Executive Officer	Takashi Usuki
Senior Managing Executive Officer	Toru Takahashi	Executive Officer	Yoko Makino
Managing Executive Officer	Shyuichi Ikeda	Executive Officer	Masaya Aida
Managing Executive Officer	Susumu Tanaka	Executive Officer	Naoto Misawa
Managing Executive Officer	Hiroshi Yamada	Executive Officer	Masato Wakai
Managing Executive Officer	Satoshi Hoshino	Executive Officer	Katsumi Amano
Managing Executive Officer (Concurrently holds the position of Managing Executive Officer of Japan Post Network Co., Ltd.)	Satoru Ito	Executive Officer	Kunihiko Amaha
			Osami Niihori

### 3. Nomination Committee

Chairperson	Yoshifumi Nishikawa	
Members	Koji Furukawa	Atsushi Kinebuchi
	Shokichi Takagi	Fumio Masada

### 4. Audit Committee

Chairman	Noboru Matsuda	
Members	Atsushi Kinebuchi	Fumio Masada

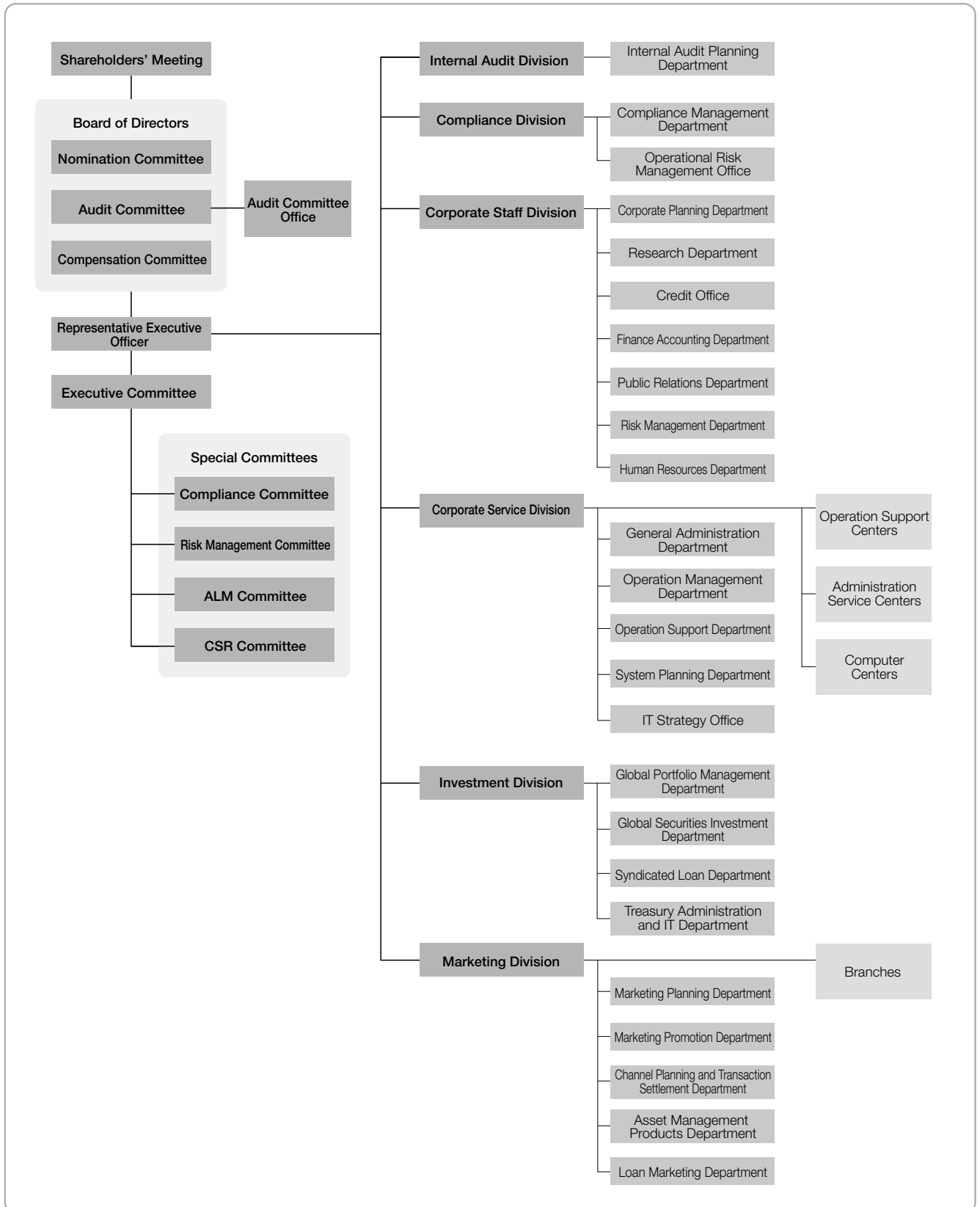
### 5. Compensation Committee

Chairman	Yoshifumi Nishikawa	
Members	Koji Furukawa	Atsushi Kinebuchi
	Shokichi Takagi	Fumio Masada



## 5 Organization Chart

(As of July 1, 2009)



## 6 Principal Business Locations

Principal business locations include the Head Office, 234 marketing offices, 49 operation support centers, 11 administration service centers and 2 computer centers.

(As of March 31, 2009)

Name of branch	Location
Sapporo Branch	4-3, Kita Nijo Nishi, Chuo-ku, Sapporo, Hokkaido
Sendai Branch	1-3-3, Ichibancho, Aoba-ku, Sendai, Miyagi
Saitama Branch	7-1-12, Bessho, Minami-ku, Saitama, Saitama
Central Branch	Yusen Building, 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Nagano Branch	1085-4, Minami Agata-machi, Nagano, Nagano
Kanazawa Branch	1-1, Sanja-machi, Kanazawa, Ishikawa
Nagoya Branch	3-1-10, Otsu, Naka-ku, Nagoya, Aichi
Osaka Branch*	2-4, Umeda 3-chome, Kita-ku, Osaka, Osaka
Hiroshima Branch	6-36, Moto-machi, Naka-ku, Hiroshima, Hiroshima
Matsuyama Branch	3-5-2, Sanban-cho, Matsuyama, Ehime
Kumamoto Branch	1-1, Joto-machi, Kumamoto, Kumamoto
Naha Branch	1-1-1, Kumoji, Naha, Okinawa

\* The Osaka Branch moved to the following address as of May 7, 2009: Osaka-Ekimae Daiichi Bldg 2F, 3-1, Umeda 1-chome, Kita-ku, Osaka, Osaka 530-0001  
Telephone: 06-6347-8112

## 7 Japan Post Bank Offices by Prefecture

(As of March 31, 2009) (Branches/Post offices)

Prefecture	Head Office/ Principal prefectural offices	Sub-branches	Japan Post Bank agents		Total
			Post offices	Contracted post offices	
Hokkaido	1	4	1,211	268	1,484
Aomori	—	2	265	90	357
Iwate	—	1	307	115	423
Miyagi	1	1	361	87	450
Akita	—	1	273	124	398
Yamagata	—	1	288	107	396
Fukushima	—	3	430	107	540
Ibaraki	—	3	462	54	519
Tochigi	—	2	309	40	351
Gunma	—	3	299	36	338
Saitama	1	16	606	15	638
Chiba	—	13	679	32	724
Kanagawa	—	31	723	13	767
Yamanashi	—	1	200	56	257
Tokyo	1	40	1,463	7	1,511
Niigata	—	3	534	127	664
Nagano	1	2	441	182	626
Toyama	—	2	210	72	284
Ishikawa	1	—	253	69	323
Fukui	—	1	209	29	239
Gifu	—	2	354	77	433
Shizuoka	—	5	478	70	553
Aichi	1	13	826	65	905
Mie	—	2	370	74	446
Shiga	—	1	228	29	258
Kyoto	—	4	439	34	477
Osaka	1	23	1,073	28	1,125
Hyogo	—	12	830	118	960
Nara	—	2	239	80	321
Wakayama	—	1	262	52	315
Tottori	—	1	146	92	239
Shimane	—	1	256	110	367
Okayama	—	2	420	96	518
Hiroshima	1	3	580	108	692
Yamaguchi	—	3	353	56	412
Tokushima	—	1	202	27	230
Kagawa	—	2	187	27	216
Ehime	1	1	315	76	393
Kochi	—	1	228	88	317
Fukuoka	—	4	710	83	797
Saga	—	1	165	36	202
Nagasaki	—	2	309	133	444
Kumamoto	1	1	389	173	564
Oita	—	2	306	88	396
Miyazaki	—	1	195	111	307
Kagoshima	—	1	437	271	709
Okinawa	1	—	180	20	201
Total	12	222	20,000	3,852	24,086

Note 1: The number of post offices refers to the number of sales offices and branches handling bank agency operations (including branches). However, the number of mobile post offices (2 branches in Aichi and Tokushima prefectures) is excluded.

2: The number of mobile post offices refers to the number of sales offices or branches commissioned to handle bank agency operation by Japan Post Service on behalf of Japan Post Bank.

## 8 Number of ATMs by Prefecture

(As of March 31, 2009)

Prefecture	Number of ATMs
Hokkaido	1,680
Aomori	313
Iwate	342
Miyagi	493
Akita	311
Yamagata	318
Fukushima	498
Ibaraki	561
Tochigi	368
Gunma	351
Saitama	891
Chiba	934
Kanagawa	1,119
Yamanashi	217
Tokyo	2,519
Niigata	646
Nagano	531
Toyama	251
Ishikawa	318
Fukui	241
Gifu	410
Shizuoka	578
Aichi	1,128
Mie	424

Prefecture	Number of ATMs
Shiga	283
Kyoto	559
Osaka	1,518
Hyogo	1,099
Nara	290
Wakayama	297
Tottori	165
Shimane	289
Okayama	506
Hiroshima	773
Yamaguchi	432
Tokushima	234
Kagawa	247
Ehime	403
Kochi	272
Fukuoka	980
Saga	209
Nagasaki	369
Kumamoto	466
Oita	340
Miyazaki	228
Kagoshima	489
Okinawa	246
Nationwide total	26,136

\*Number of ATMs of mobile post offices in Aichi and Tokushima prefectures not included.

## 9 Outline of Affiliated Company

(As of March 31, 2009)

Company name	Location	Paid-in capital (Millions of yen)	Line of business	Date of establishment	Japan Post Bank ownership	Ownership of voting shares
SDP Center Co., Ltd.	Chuo-ku, Tokyo	¥2,000	Bank agency operations	May 28, 1980	45.0%	45.0%

## 10 History of Japan's Postal Savings and Japan Post Bank

January 1875	Postal money order service established
May 1875	Postal savings service inaugurated
December 1885	Ministry of Communications established
March 1906	Postal <i>giro</i> service inaugurated
June 1949	The Ministry of Posts and Telecommunications established
January 2001	Postal Service Agency established as part of realignment of government ministries
April 2003	Japan Post established
October 2005	Postal Services Privatization Act passed
September 2006	Yucho Co., Ltd. established as a preparation and planning company for Japan Post Bank Co., Ltd.
September 2007	Implementation plan approved for transfer of operations of Japan Post Agreement reached between Sugura Bank Ltd. and Japan Post Holdings for an operational alliance in the field of consumer lending
October 2007	Japan Post Group established
	Name changed to Japan Post Bank Co., Ltd., and operations started
	Campaign launched to commemorate privatization (featuring a lottery campaign and the elimination of fees for internal transfers of funds through Japan Post Bank ATMs)
December 2007	First preferential interest rate campaign launched
	Approval for new business obtained (liberalization of certain investment products)
January 2008	ATMs available during the first three days of the New Year for the first time
April 2008	New business activities approved: Issuance of credit cards, acting as agent for sale of individual variable annuities and offering intermediary services for mortgage loans and other loans
	Formed business alliance agreement with Suruga Bank for offering loans for individuals, centering on mortgage loans
May 2008	Issuance of JP BANK CARD (VISA, MasterCard) begun
	Intermediary services for individual loans launched
	Agent sales of variable annuities begun
January 2009	Transfer services with other financial institutions via the Zengin Data Telecommunication System started
	Issuance of JP BANK JCB card begun
March 2009	Issuance of five types of postal orders newly started
April 2009	Handling of <i>Yucho Nenkin Teiki</i> and <i>Yucho Tokimeki Kurabu</i> started
	Handling of <i>Yucho IC Cash Card Suica</i> started
May 2009	Additional service menu added for Yucho Direct (including <i>TEIGAKU</i> and time deposits that serve as collateral and transfers to other financial institutions)

## 5. Outline of Japan Post Insurance Co., Ltd.

### 1 Company Outline

Company name (in Japanese):	Kabushiki Kaisha Kanpo Seimei Hoken
Company name:	JAPAN POST INSURANCE Co., Ltd.
Head office location:	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
Telephone:	03-3504-4411 (Japan Post Group main number)
Paid-in capital:	¥500 billion
Date of establishment:	September 1, 2006 (The name of the company was changed from Kanpo Co., Ltd. to Japan Post Insurance Co., Ltd., on October 1, 2007.)
Line of business:	Life insurance

### 2 Information on Shares

#### 1. Number of Shares

Total shares issued	20,000,000
---------------------	------------

#### 2. Shareholder

Japan Post Holdings	Condition of holdings	
	Shares owned	Percentage of total issued
	20,000,000	100%

### 3 Number of Employees

5,770\* (as of March 31, 2009)

\* Number of regular employees. Includes employees seconded to Japan Post Insurance Co., Ltd. Excludes employees seconded to other companies and contract and temporary employees.

## 4 List of Directors, Executive Officers and Management Committees

(As of July 1, 2009)

### 1. Directors

Director and Chairman .....	Josuke Shindo
Director and President.....	Izumi Yamashita (Concurrently holds the position of Deputy President of Japan Post Holding Co., Ltd.)
Director (Outside) .....	Toshiaki Katsushima (Concurrently holds the position of Certified Public Accountant)
Director (Outside) .....	Hiroshi Koshida (Formerly Chairman of the Japan Securities Dealers' Association)
Director (Outside) .....	Masaharu Hino (Concurrently holds the position of Attorney-at-Law)
Director (Outside) .....	Kunio Yokoyama (Concurrently holds the position of Senior Managing Executive Officer of Japan Post Holdings Co., Ltd.)

### 2. Executive Officers

Deputy President	Kazuo Miyazaki	Executive Officer	Yoshifumi Ikeda
Senior Managing Executive Officer	Takao Ito	Executive Officer	Hiroshi Imoto
Senior Managing Executive Officer	Masaro Sugimoto	Executive Officer	Kazuhide Kinugawa
Managing Executive Officer	Yukiharu Aoki	Executive Officer	Masanori Sato
Managing Executive Officer	Shoji Awakura	Executive Officer	Masahiko Sugimori
Managing Executive Officer	Masaaki Kamohara	Executive Officer	Akihiro Takeuchi
Managing Executive Officer	Masatoshi Shinoda	Executive Officer	Kiyotaka Fujimoto
Managing Executive Officer	Toshihisa Minakata	Executive Officer	Masatoki Hosonuma
		Executive Officer	Masaaki Horigane

### 3. Nomination Committee

Chairman	Kunio Yokoyama	
Members	Josuke Shindo	Hiroshi Koshida
	Izumi Yamashita	Masaharu Hino

### 4. Audit Committee

Chairman	Masaharu Hino	
Members	Toshiaki Katsushima	Hiroshi Koshida

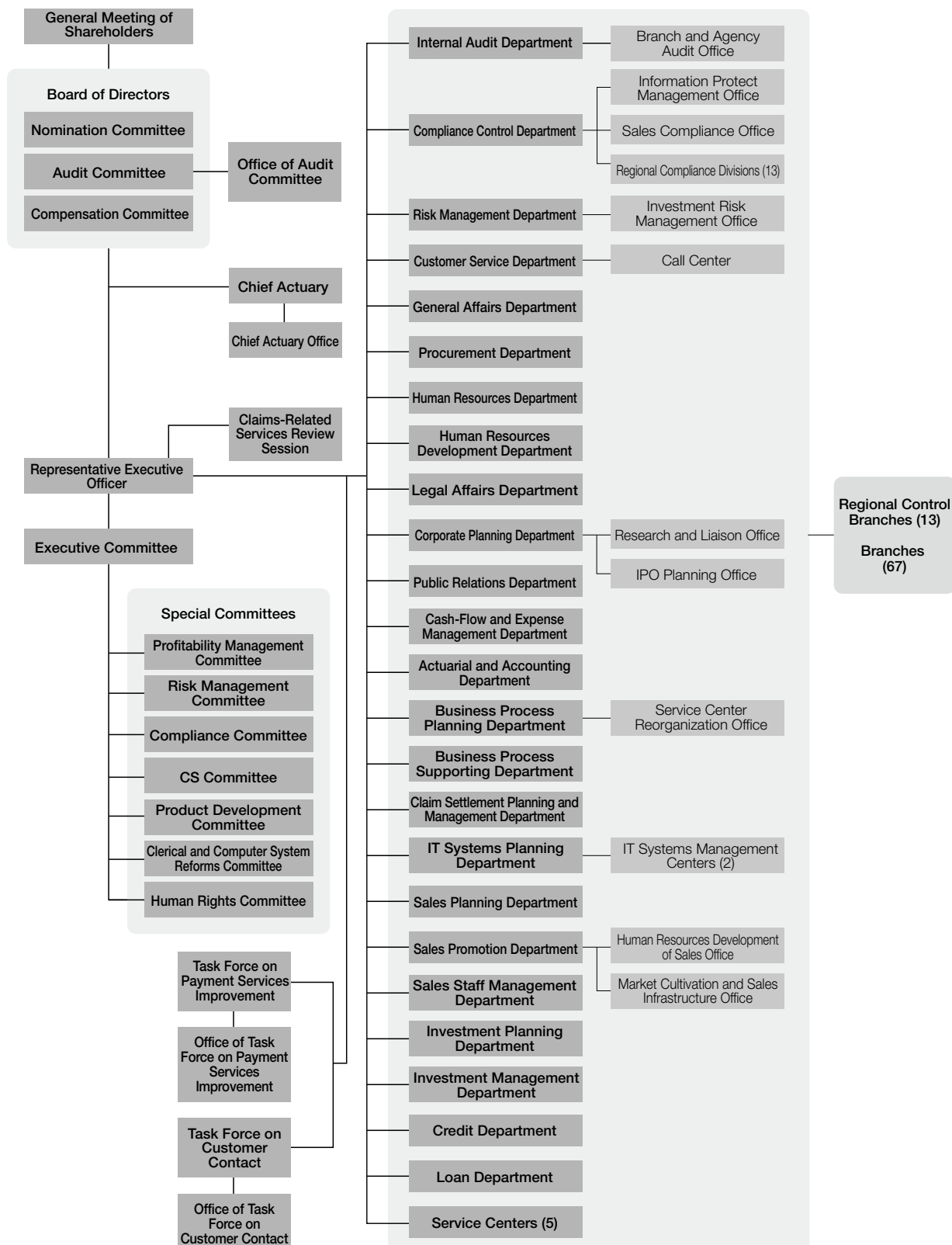
### 5. Compensation Committee

Chairman	Kunio Yokoyama	
Members	Josuke Shindo	Toshiaki Katsushima
	Izumi Yamashita	Hiroshi Koshida



## 5 Organization Chart

(As of July 1, 2009)



## 6 Principal Branches (Regional Control Offices)

(As of July 1, 2009)

Name of branch	Location	Telephone number
Sapporo	2-1, Odori Higashi, Chuo-ku, Sapporo, Hokkaido 060-0041	011-221-6375
Sendai	1-1-34, Ichibancho, Aoba-ku, Sendai, Miyagi 980-8797	022-267-7849
Saitama	3-1, Shintoshin, Chuo-ku, Saitama, Saitama 330-9797	048-600-2066
Yokohama	5-3, Nihon Odori, Naka-ku, Yokohama, Kanagawa 231-8799	045-212-3928
Azabu	6-19, Azabudai 1-chome, Minato-ku, Tokyo 106-8799	03-3583-9928
Nagano	801, Kurita, Nagano, Nagano 380-8797	026-231-2342
Kanazawa	1-1, Owari-cho 1-chome, Kanazawa, Ishikawa 920-8797	076-220-3171
Nagoya	2-5, Marunouchi 3-chome, Naka-ku, Nagoya, Aichi 469-8797	052-963-6351
Osaka	3-9, Kitahama Higashi, Chuo-ku, Osaka, Osaka 530-8797	06-6944-5765
Hiroshima	19-8, Higashi Hakushima-cho, Naka-ku, Hiroshima, Hiroshima 730-8797	082-224-5165
Matsuyama	8-5, Miyata-machi, Matsuyama, Ehime 790-8797	089-936-5612
Kumamoto	1-1, Joto-machi, Kumamoto, Kumamoto 860-8797	096-328-5343
Naha	3-3-8, Tsubogawa, Naha, Okinawa 900-8799	098-833-5516

Note: In addition to the above, there are 67 other branches.

## 7 History of Japan's Postal Life Insurance and Japan Post Insurance

October 1916	Postal life insurance services inaugurated
October 1926	Postal life annuity business inaugurated
June 1949	The Ministry of Posts and Telecommunications established
January 2001	Postal Service Agency established as part of realignment of government ministries
April 2003	Japan Post established
October 2005	Postal Services Privatization Act passed
September 2006	Kanpo Co., Ltd. established
October 2007	Japan Post Group established
	Name changed to Japan Post Insurance Co., Ltd.
	Japan Post Insurance operations commenced
December 2007	Approval for new business obtained (liberalization of investment products)
February 2008	Partial alliance with Nippon Life Insurance Company concluded
April 2008	Expanded the scope of financial institutions that can use accounts for making payments for insurance premiums
	New business activities approved (commissioned sales of insurance products for companies, revision of hospitalization riders)
June 2008	Commission sales of life insurance products for companies
July 2008	A new hospitalization rider, <i>Sono hi kara</i> , launched
	Offering of an option that allows a designated third party to request insurance benefits begun
	Expanded subscription age limits for ordinary endowment insurance
October 2008	Coverage of the amount equivalent to the cost of acquiring medical certificates started
April 2009	Transfers of various payments including insurance premiums via the introduction of mobile settlement terminals commenced
	Scope of coverage of the amount equivalent to the cost of acquiring medical certificates expanded
July 2009	Branch offices established in all prefectures in line with the establishment of the Nara Branch and Wakayama Branch



# Financial Data

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# 1. Japan Post Group Companies

## — Consolidated Financial Data

The consolidated balance sheets as of March 31, 2009 and 2008 and the consolidated statements of income and changes in net assets for the years then ended ("consolidated financial statements") of Japan Post Group Companies were audited by KPMG AZSA & Co. in accordance with Article 396, Paragraph 1 of the Company Act of Japan. (The following are translations into English of the audited financial statements in Japanese.)

### 1 Consolidated Balance Sheets

(Millions of yen)

Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)	Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)
<b>Assets</b>			<b>Liabilities</b>		
Cash and due from banks	¥ 12,474,560	¥ 9,522,062	Deposits	¥180,743,367	¥176,416,748
Call loans and bills bought	4,443,686	511,442	Policy reserves	108,479,918	102,727,247
Receivables under resale agreements	149,803	—	Reserve for outstanding claims	888,173	1,165,595
Receivables under securities borrowing transactions	1,454,885	1,759,763	Policy reserve	104,735,362	98,801,221
Monetary claims bought	80,889	70,937	Reserve for policyholders' dividends	2,856,381	2,760,430
Trading account securities	172	159	Payables under securities lending transactions	1,636,572	2,126,106
Money held in trust	2,274,112	1,633,866	Borrowed money	20,722,339	8,719,130
Securities	258,124,148	257,087,635	Foreign exchanges	327	102
Loans and bills discounted	23,670,811	22,376,512	Other liabilities	3,216,236	2,901,860
Foreign exchanges	13,453	9,872	Reserve for employees' bonuses	124,055	123,436
Deposits to the Fiscal Loan Fund	20,700,000	8,700,000	Reserve for employees' retirement benefits	3,767,187	3,663,646
Other assets	819,246	831,591	Reserve for directors' retirement benefits	477	436
Tangible fixed assets	2,996,088	2,910,307	Reserve under the special laws	559,002	446,581
Buildings	1,257,530	1,192,149	Reserve for price fluctuations in security investments	559,002	446,581
Land	1,463,579	1,457,815	Deferred tax liabilities	10,133	21,083
Construction in progress	2,775	4,456	Negative goodwill	17,239	1,877
Other tangible fixed assets	272,202	255,886	<b>Total Liabilities</b>	<b>¥319,276,857</b>	<b>¥297,148,258</b>
Intangible fixed assets	122,749	160,084	<b>Net Assets</b>		
Software	119,397	157,467	Capital stock	¥ 3,500,000	¥ 3,500,000
Goodwill	784	4	Capital surplus	4,503,856	4,503,856
Other intangible fixed assets	2,567	2,612	Retained earnings	347,695	751,066
Deferred tax assets	268,757	320,280	Total shareholders' equity	8,351,551	8,754,922
Allowance for doubtful accounts	(5,075)	(4,481)	Contribution to society and community funds	4,259	15,162
Contribution to society and community funds assets	—	4,395	Valuation and translation adjustments of contribution to society and community funds	—	56
			Net unrealized gains (losses) on available-for-sale securities	(49,658)	(11,954)
			Deferred gains (losses) on derivatives under hedge accounting	—	(12,974)
			Total valuation and translation adjustments	(49,658)	(24,928)
			Minority interests	5,280	959
<b>Total Assets</b>	<b>¥327,588,290</b>	<b>¥305,894,430</b>	<b>Total Net Assets</b>	<b>¥ 8,311,433</b>	<b>¥ 8,746,172</b>
			<b>Total Liabilities and Net Assets</b>	<b>¥327,588,290</b>	<b>¥305,894,430</b>

## 2 Consolidated Statements of Income

(Millions of yen)

Item	2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
<b>Ordinary income</b>	<b>¥10,097,968</b>	<b>¥19,961,705</b>
Postal service income	1,038,373	1,835,096
Banking service income	1,324,950	2,486,006
Insurance service income	7,680,841	15,533,433
Other ordinary income	53,802	107,168
<b>Ordinary expenses</b>	<b>9,659,228</b>	<b>19,131,180</b>
Operating expenses	8,306,319	16,413,691
Personnel expenses	1,191,164	2,372,296
Depreciation	111,200	212,164
Other ordinary expenses	50,544	133,029
<b>Contribution to society and community funds investment income (expenses)</b>	<b>—</b>	<b>40</b>
Contribution to society and community funds investment income	—	40
Contribution to society and community funds investment expenses	—	0
<b>Net ordinary income</b>	<b>438,739</b>	<b>830,565</b>
<b>Extraordinary gains</b>	<b>114,817</b>	<b>125,224</b>
Gains on sales of fixed assets	11	1,800
Gains on collection of written-off claims	174	63
Reversal of reserve under the special laws	113,536	112,420
Reversal of reserve for price fluctuations in security investments	113,536	112,420
Other extraordinary gains	1,095	10,940
<b>Extraordinary losses</b>	<b>3,308</b>	<b>20,798</b>
Losses on sales and disposal of fixed assets	2,323	8,540
Impairment losses	864	2,655
Other extraordinary losses	119	9,602
<b>Provision for reserve for policyholders' dividends</b>	<b>106,910</b>	<b>275,913</b>
<b>Net income before income taxes and minority interests</b>	<b>443,338</b>	<b>659,077</b>
Income taxes current	336,515	277,359
Income taxes deferred	(170,696)	(41,130)
<b>Total income taxes</b>		<b>236,229</b>
<b>Minority interests</b>	<b>229</b>	<b>54</b>
<b>Net income</b>	<b>¥ 277,290</b>	<b>¥ 422,793</b>

### 3 Consolidated Statements of Changes in Net Assets

(Millions of yen)

	2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)		2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
<b>Shareholders' equity</b>			<b>Valuation and translation adjustments</b>		
Capital stock			Net unrealized gains (losses) on available-for-sale securities		
Balance at the end of the previous fiscal year	¥ 150,000	¥3,500,000	Balance at the end of the previous fiscal year	¥ 258	¥ (49,658)
Changes during the period			Changes during the period		
Issuance of new shares	3,350,000	—	Net changes other than shareholders' equity	(49,916)	37,704
Total changes during the period	3,350,000	—	Total changes during the period	(49,916)	37,704
Balance at the end of the current fiscal year	¥3,500,000	¥3,500,000	Balance at the end of the current fiscal year	¥ (49,658)	¥ (11,954)
Capital surplus			Deferred gains (losses) on derivatives under hedge accounting		
Balance at the end of the previous fiscal year	¥ 150,000	¥4,503,856	Balance at the end of the previous fiscal year	¥ —	¥ —
Changes during the period			Changes during the period		
Issuance of new shares	4,353,856	—	Net changes other than shareholders' equity	—	(12,974)
Total changes during the period	4,353,856	—	Total changes during the period	—	(12,974)
Balance at the end of the current fiscal year	¥4,503,856	¥4,503,856	Balance at the end of the current fiscal year	¥ —	¥ (12,974)
Retained earnings			Valuation and translation adjustments		
Balance at the end of the previous fiscal year	¥ 51	¥ 347,695	Balance at the end of the previous fiscal year	¥ 258	¥ (49,658)
Changes during the period			Changes during the period		
Tax effect (deferred) due to privatization	74,613	—	Net changes other than shareholders' equity	(49,916)	24,729
Cash dividends	—	(8,520)	Total changes during the period	(49,916)	24,729
Net income for the period	277,290	422,793	Balance at the end of the current fiscal year	¥ (49,658)	¥ (24,928)
Contribution to society and community funds	(4,259)	(10,902)	<b>Minority interests</b>		
Total changes during the period	347,643	403,370	Balance at the end of the previous fiscal year	¥ —	¥ 5,280
Balance at the end of the current fiscal year	¥ 347,695	¥ 751,066	Changes during the period		
Total shareholders' equity			Net changes other than shareholders' equity	5,280	(4,321)
Balance at the end of the previous fiscal year	¥ 300,051	¥8,351,551	Total changes during the period	5,280	(4,321)
Changes during the period			Balance at the end of the current fiscal year	¥ 5,280	¥ 959
Issuance of new shares	7,703,856	—	<b>Total net assets</b>		
Tax effect (deferred) due to privatization	74,613	—	Balance at the end of the previous fiscal year	¥ 300,310	¥8,311,433
Cash dividends	—	(8,520)	Changes during the period		
Net income for the period	277,290	422,793	Cash dividends	—	(8,520)
Contribution to society and community funds	(4,259)	(10,902)	Issuance of new shares	7,703,856	—
Total changes during the period	8,051,499	403,370	Tax effect (deferred) due to privatization	74,613	—
Balance at the end of the current fiscal year	¥8,351,551	¥8,754,922	Net income for the period	277,290	422,793
<b>Contribution to society and community funds</b>			Contribution to society and community funds	(4,259)	(10,902)
Balance at the end of the previous fiscal year	¥ —	¥ 4,259	Net changes other than shareholders' equity	(40,376)	31,367
Changes during the period			Total changes during the period	8,011,123	434,738
Net changes other than shareholders' equity	4,259	10,902	Balance at the end of the current fiscal year	¥8,311,433	¥8,746,172
Total changes during the period	4,259	10,902			
Balance at the end of the current fiscal year	¥ 4,259	¥ 15,162			
Valuation and translation adjustments of contribution to society and community funds					
Balance at the end of the previous fiscal year	¥ —	¥ —			
Changes during the period					
Net changes other than shareholders' equity	—	56			
Total changes during the period	—	56			
Balance at the end of the current fiscal year	¥ —	¥ 56			



## 4 Consolidated Statement of Cash Flows

(Millions of yen)

	2009 (From April 1, 2008 to March 31, 2009)		2009 (From April 1, 2008 to March 31, 2009)
<b>Cash flows from operating activities:</b>		<b>Cash flows from investing activities:</b>	
Net income before income taxes and minority interests	¥ 659,077	Payments for purchase of call loans	(34,180,058)
Depreciation	212,164	Proceeds from redemption of call loans	34,508,486
Impairment loss	2,655	Payments for purchase of monetary claims bought	(34,588)
Increase (decrease) in reserve for outstanding claims	277,421	Proceeds from sales and redemption of monetary claims bought	89,970
Increase (decrease) in policy reserve	(5,934,141)	Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions	105,671
Interest on reserve for policyholders' dividends	25,357	Payments for purchase of securities	(83,218,490)
Provision for reserve for policyholders' dividends	275,913	Proceeds from sales of securities	16,535,645
Amortization of goodwill including impairment	809	Proceeds from redemption of securities	67,780,540
Amortization of negative goodwill	(18,190)	Payments for increase in money held in trust	(1,034,037)
Equity in (earnings) losses of affiliates	714	Proceeds from decrease in money held in trust	1,380,895
Increase (decrease) in allowance for doubtful accounts	(594)	Payments for loans	(2,971,384)
Increase (decrease) in reserve for employees' bonuses	(890)	Proceeds from collection of loans	4,547,466
Increase (decrease) in reserve for employees' retirement benefits	(103,540)	Payments for purchase of tangible fixed assets	(115,485)
Increase (decrease) in reserve for directors' retirement benefits	(41)	Proceeds from sales of tangible fixed assets	6,366
Increase (decrease) in reserve for price fluctuations in security investments	(112,420)	Payments for purchase of intangible fixed assets	(52,740)
Interest and dividend income—accrual basis	(1,649,925)	Payments for share acquisition from minority shareholders	(1,718)
Interest expenses—accrual basis	6,407	Payments for share acquisition of affiliated companies	(1,200)
Interests and dividend income	(2,309,794)	Proceeds from purchase of shares accompanied by change of scope of consolidation	154
Interest expenses	657,022	Others	(62,276)
Losses (gains) related to securities	99,211	<b>Net cash provided by investing activities</b>	<b>3,283,214</b>
Losses (gains) on money held in trust	396,979	<b>Cash flows from financing activities:</b>	
Losses (gains) on foreign exchanges	550	Proceeds from borrowings	16,140
Losses (gains) on sales and disposal of fixed assets	6,740	Repayments of borrowings	(19,350)
Net (increase) decrease in loans and bills discounted	(282,128)	Dividends paid	(8,520)
Net increase (decrease) in deposits	(4,326,618)	Cash dividends to minority shareholders	(8)
Proceeds from redemption of deposits to the fiscal loan fund	12,000,000	Others	(1,694)
Net increase (decrease) in borrowed money	(12,000,000)	<b>Net cash used in financing activities</b>	<b>(13,432)</b>
Net (increase) decrease in negotiable certificates of deposit	514,000	<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>575</b>
Net (increase) decrease in call loans	3,708,044	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,262,381)</b>
Net (increase) decrease in receivables under securities borrowing transactions	(725,786)	<b>Cash and cash equivalents at beginning of year</b>	<b>8,660,443</b>
Net increase (decrease) in payables under securities lending transactions	804,770	<b>Cash and cash equivalents at end of year</b>	<b>¥ 6,398,062</b>
Net (increase) decrease in foreign exchange assets	3,581		
Net increase (decrease) in foreign exchange liabilities	(225)		
Interests and dividends received	2,387,091		
Interest paid	(744,332)		
Others	(351,658)		
Subtotal	(6,521,774)		
Interests and dividend income—cash basis	1,888,962		
Interest expenses—cash basis	(6,603)		
Dividends to policyholders paid	(396,351)		
Income taxes paid	(496,971)		
<b>Net cash used in operating activities</b>	<b>(5,532,739)</b>		

## 5 Basis of Presentation of Consolidated Financial Statements

Note: Amounts are rounded down to the nearest million yen.

### 1. Matters concerning the scope of consolidation

#### (1) Consolidated subsidiaries: 14

Principal group companies:

Japan Post Network Co., Ltd.  
Japan Post Service Co., Ltd.  
Japan Post Bank Co., Ltd.  
Japan Post Insurance Co., Ltd.

Japan Post Sankyu Global Logistics Co., Ltd., which was newly established during the fiscal year, is included in the scope of consolidation.

Japan Post Transport Co., Ltd. and 13 other companies which were merged during the fiscal year were excluded from the scope of consolidation.

#### (2) Non-consolidated subsidiaries: 5

Principal companies:

Tokyo Beiyu Co., Ltd.  
Nittei Buturyu Gijyutu Co., Ltd.

The respective and aggregate effects of the companies, which are excluded from consolidation, on total assets, revenues, surplus in the current fiscal year and surplus at the end of the fiscal year are immaterial. This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position of the Japan Post Group and its subsidiaries and the result of their operations.

### 2. Matters concerning application of the equity method

#### (1) Non-consolidated subsidiaries accounted for by the equity method

None

#### (2) Equity-method affiliates: 3

Principal companies:

ANA & JP Express Co., Ltd.  
JP Express Co., Ltd.  
SDP Center Co., Ltd.

JP Express Co., Ltd., which was newly established during the fiscal year, and SDP Center Co., which was newly acquired during the fiscal year are accounted for under the equity method.

#### (3) Non-consolidated subsidiaries not accounted for by the equity method: 5

Principal companies:

Tokyo Beiyu Co., Ltd.  
Nittei Buturyu Gijyutu Co., Ltd.

The respective and aggregate effects of the companies, which are not accounted for under the equity method, consolidation, on total assets, revenues, surplus in the current fiscal year and surplus at the end of the fiscal year are immaterial. This exclusion from the equity method does not prevent a reasonable judgment of the consolidated financial position of the Japan Post Group and its subsidiaries and the result of their operations.

#### (4) Affiliates not accounted for by the equity method

None

### 3. Matters concerning the balance sheet dates of consolidated subsidiaries

Fiscal year-end for consolidated subsidiaries

End of March: 14 companies

### 4. Summary of significant accounting policies

#### (1) Valuation criteria and methods for trading securities

Trading securities are stated at fair market value.

#### (2) Valuation criteria and methods for securities

(i) Held-to-maturity debt securities are stated at amortized cost (straight-line method) using the moving-average method. Bonds classified as debt securities earmarked for policy reserves are stated at amortized cost (straight-line method) using the moving-average method in accordance with "Temporary Treatment of Accounting and Auditing Concerning Bonds Earmarked for Policy Reserves in the Insurance Industry" (Industry Audit Committee Report No. 21 issued by the Japanese Institute of Certified Public Accountants (JICPA)). Shares of non-consolidated subsidiaries and affiliates not accounted for by the equity method and shares of affiliates not accounted for by the equity method are stated

at cost using the moving-average method. Equity securities included in available-for-sale securities with market quotations are stated at the average market price for the one-month period prior to the balance sheet date. Available-for-sale securities with market quotations are stated at fair market value on the balance sheet date (The cost of securities sold is primarily calculated using the moving-average method.). Securities without market quotations are stated at cost or amortized cost (straight-line method) using the moving-average method.

Net unrealized gains or losses on available-for-sale securities (including gains/losses arising from foreign exchange rate changes, but excluding those securities whose principal is hedged to protect from the risk of potential foreign exchange rate changes) is included in net assets.

(ii) Securities managed as assets of money held in trust are valued at amortized cost by a method similar to the one stated in (i). The buildings portion of real estate comprising trust assets is stated at amortized cost using the straight-line method. Real estate, excluding buildings, is stated at amortized cost using the declining-balance method.

#### (3) Valuation criteria and methods for derivative transactions

Derivative transactions are valued by the market value method.

#### (4) Depreciation methods of fixed assets

##### (i) Tangible fixed assets (excluding leased assets)

Depreciation of tangible fixed assets (excluding structures and equipment) is computed by the straight-line method. Depreciation on movable property, other than buildings, is computed using the declining-balance method.

Useful lives of principal assets are as follows:

Buildings: 2-65 years

Other: 2-75 years

##### (ii) Intangible fixed assets (excluding leased assets)

Amortization of intangible fixed assets, except software intended for internal use, is computed by the straight-line method. The development costs of software intended for internal use are amortized over the expected useful lives of five years by the straight-line method.

##### (iii) Leased assets

Finance lease assets not involving the transfer of ownership are depreciated to the residual value of zero or guaranteed value by the straight-line method during the lease term.

(Change in Accounting Policy)

Effective from the fiscal year ended March 31, 2009, Japan Post Holdings adopted the "Accounting Standard for Lease Transactions (ASBJ Statement No.13, revised on March 30, 2007)" and "Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16)" issued by the Accounting Standards Board of Japan. These changes had no material impact on the consolidated financial statement for the year ended March 31, 2009.

#### (5) Recognition of allowance for doubtful accounts

(i) To provide for credit losses on accounts receivable, the Company and its consolidated subsidiaries other than Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. provide an allowance for doubtful accounts for specifically identified doubtful accounts in the amount deemed uncollectible based on an assessment of each account, and for all other accounts based on historical loss ratios.

(ii) Allowance for doubtful accounts of Japan Post Bank Co., Ltd. is provided in accordance with the predefined standards for write-offs and provision of allowance. Normal assets and assets requiring caution are classified in accordance with the Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions (JIPCA, Special Committee for Audits of Banks, etc., Report No. 4) and an allowance is provided based on historical write-off ratios. Claims are classified into normal assets and assets requiring caution and into certain categories, and an allowance for doubtful accounts is provided based on estimated loss ratios. In the case of claims against potentially bankrupt obligors, an allowance is provided in the amount deemed necessary based on the overall solvency assessment of the loan, net of the amount expected to be collected from collateral and guarantees. In the case of

claims against bankrupt obligors and effectively bankrupt obligors, an allowance is provided in the amount equivalent to the claim, net of the portion of the claim expected to be collected by collateral or guarantees.

At the banking subsidiary, all asset evaluation is based on self-evaluation in accordance with the internal rules and carried out by the Asset Evaluation Division in cooperation with the Marketing Unit. The above allowances are provided based on the results of asset evaluation.

- (iii) To provide for losses on outstanding claims, Japan Post Insurance Co., Ltd. makes a self-assessment of claims in accordance with the rules for self-assessment of asset quality, write-off and reserve standards and provides a reserve based on the historical write-off ratio, in addition to an allowance for doubtful accounts for specifically identified doubtful claims in the amount deemed uncollectible based on an assessment of each account.

In addition, all claims are assessed by asset-related departments in accordance with the rules for self-assessment of asset quality. Subsequently, the asset auditing departments, which are independent from other asset-related departments, conduct audits of the assessment results of the other asset-related departments. Allowance for doubtful accounts is accounted for based on such assessment results as stated above.

(6) Reserve for employees' bonuses

To provide for the payment of bonuses to employees, a reserve is provided in the amount expected to be incurred at the end of the fiscal year based on the projected obligations at the end of the fiscal year.

(7) Reserve for employees' retirement benefits

- (i) To provide for the payment of retirement benefits to employees, an amount expected to be incurred at the balance sheet date is provided based on the estimated projected benefit obligations at the balance sheet date.

The actuarial difference is amortized as follows:

The actuarial difference is amortized using the straight-line method over certain years (8-14 years) within the estimated average remaining service lives for employees from the fiscal year following the fiscal year in which the difference is recognized.

Past service liability is amortized using the straight-line method over certain years (8-14 years) within the estimated average remaining service lives for employees in the fiscal year the difference is incurred.

- (ii) Among expenses for the mutual aid pension program of national public service personnel, charges for the expenses concerning the pension benefits for the service period in and before December 1958 of those personnel who had worked for the then Ministry of Communications and the then Ministry of Posts and Telecommunications (engaged in postal services) and retired in and after January 1959 (hereinafter referred to as "share of public service pension") are recognized as part of reserve for employees' retirement benefits.

The actuarial difference is amortized using the straight-line method over certain years (10 years) within the estimated average remaining payment periods for eligible personnel from the fiscal year after the difference is incurred.

- (iii) Among expenses for the mutual aid pension program of national public service personnel, charges for the expenses concerning the pension benefits for those personnel who had worked for the then Ministry of Communications and the then Ministry of Posts and Telecommunications (engaged in postal services) (hereinafter referred to as "share of another public service pension") and retired in and before December 1958 are recognized as part of reserve for employees' retirement benefits.

The actuarial difference is amortized using the straight-line method over certain years (five years) within the estimated average remaining payment periods for eligible personnel from the fiscal year after the difference is incurred.

(8) Reserve for directors' retirement benefits

To provide for the payment of retirement benefits to directors, the Company provides a reserve for directors' retirement benefits, in accordance with its internal rules, that is deemed to have accrued on the balance sheet date.

(9) Translation of foreign currency-denominated assets and liabilities

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the fiscal year-end.

(10) Accounting for hedges

(i) Hedge accounting for interest rate risks

The Company and its consolidated subsidiaries apply deferred hedge accounting to account for transactions they enter into to hedge interest rate risks on financial assets and liabilities. With respect to methods for evaluating the effectiveness of this hedging, for hedging to offset rate fluctuations, the Company and its consolidated subsidiaries implement hedge designation, for which crucial conditions concerning the hedged interest rates and hedging methods are virtually the same as the requirements for the exceptional accrual method for interest rate swaps. Accordingly, such hedges are considered as highly effective, resulting in a substitution for evaluating the effectiveness of the hedging transactions. In addition to the above, the Company and its consolidated subsidiaries apply exceptional treatment for certain interest swap contracts that meet the criteria for the exceptional treatment, under which eligible interest rate swap contracts are accounted for on an accrual basis.

(ii) Hedge accounting for foreign exchange risks

The Company and its consolidated subsidiaries apply deferred hedges and market hedges for hedging foreign exchange fluctuation risk for other foreign currency-denominated securities.

With respect to evaluation of hedge efficiency, the Company and its consolidated subsidiaries and affiliates use forward foreign exchange contracts with the same currencies, the same settlement dates and the same notional principals as the hedged assets. Thus the relationship between cash flows from the hedged assets and the hedging instruments is closely correlated. As a result, their hedges are deemed to be highly effective.

(11) Reserve for price fluctuations in security investments

To provide for losses from price fluctuations of marketable securities, reserve for price fluctuations in security investments is computed based on Article 115 of the Insurance Business Law.

(12) Principal matters serving as the basis for preparing financial statements

1) Consumption taxes

All figures are net of consumption taxes.

2) Consolidated tax provision

The Company and certain consolidated subsidiaries adopt the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company.

3) Policy reserve

A policy reserve is a reserve set forth in accordance with Article 116 of the Insurance Business Law. A policy reserve is recognized by performing a calculation based on the following methodology:

- (i) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (ordinance No. 48 issued by the Ministry of Finance in 1996).

- (ii) Reserves for other contracts are computed based on the net level premium method.

- 4) Accumulations for contribution to society and community funds are made as stipulated by Article 13 of the Japan Post Holdings Co., Ltd. Law.

5. Assets and liabilities of consolidated subsidiaries

The full valuation method is adopted in valuing assets and liabilities of consolidated subsidiaries.

6. Matters concerning amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized up to five years depending on the cause of amortization using the straight-line method. However, immaterial goodwill and negative goodwill are charged or credited to income in the year of acquisition.

7. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, deposits that can be withdrawn at any time and short-term investments with a maturity of three month or less when purchased which can easily be converted to cash and are subject to little risk of change in value (excluding negotiable certificates of deposit held by the banking subsidiary included in "cash and due from banks").

## 6 Notes to Consolidated Financial Statements

### 1. Notes to Consolidated Balance Sheets

- Affiliate company shares (and investment in capital) totals (excluding equity securities of consolidated subsidiaries and investment in capital) ¥933 million
- For securities borrowed using unsecured consumption loan contracts (securities lending transactions) and securities received using transactions with repurchase agreements or bond lending transactions secured by cash, the balance of the portion of securities where the Company has the right to unrestricted disposal of securities through sales or the reuse (pledge) as collateral was ¥727,271 million.
- The amount of securities (Japanese government bonds) in the securities trust established to engage in securities lending transactions for income was ¥2,006,892 million.
- There were no claims against bankrupt obligors, past-due claims, past-due claims (three months or more) and reconstructed claims in loans (loans and bills discounted).

- Loans and bills discounted account included the portion of loans extended to originators based on loan participation agreements, as permitted by the JICPA Accounting Committee Report No. 3 in the amount of ¥98,786 million.

- Assets pledged as collateral are as follows:

#### Assets pledged as collateral

Securities	¥79,724,923 million
Tangible fixed assets	¥12,156 million
Others	¥1,061 million

#### Liabilities corresponding to assets pledged as securities:

Deposits	¥76,852,848 million
Payables under securities lending transactions	¥804,770 million
Borrowed money	¥9,097 million

In addition to the above, assets pledged as collateral include securities pledged as collateral for an overdraft facility at the Bank of Japan, foreign exchange settlements and derivative transactions in the amount of ¥3,081,318 million.

- Consolidated subsidiaries obtain securities as collateral for customers using their advanced postage payment service. The market value of securities deposited as collateral was ¥98 million at the balance sheet date.
- Overdraft protection on current accounts and contracts for the commitment line for loans are contracts by which Japan Post Bank Co., Ltd. is bound to extend loans up to the prearranged amount, at the request of customers, unless the customer is in breach of contract conditions. The unutilized balance of these contracts amounted to ¥1,200 million. Of this amount, ¥1,200 million relates to contracts in which the original contractual maturity is one year or less, or which are unconditionally cancelable at any time.

Since many of these contracts expire without the rights exercised, the unutilized balance itself does not necessarily affect future cash flows. A provision is included in many of these contracts that entitle the banking subsidiary to refuse the execution of loans, or reduce the maximum amount under contracts when there is a change in the financial situation, necessity to preserve a claim or other similar reasons. The banking subsidiary obtains, moreover, real estate or securities as collateral at the time the contracts are entered into, if needed, and periodically monitors a customer's business condition, based on and in accordance with established internal procedures, and takes measures to control credit risks such as making amendments to contracts, if needed.

- Accumulated depreciation of tangible fixed assets: ¥296,325 million

- Changes in reserve for policyholders' dividends

Amount at the previous fiscal year-end:	¥2,856,381 million
Dividends to policyholders paid in the current fiscal year:	¥396,351 million
Increase in interest:	¥25,357 million
Decrease due to increased annuity purchases:	¥870 million
Provision for reserve for policyholders' dividends:	¥275,913 million
Amount at the end of the current fiscal year:	¥2,760,430 million

- The policy reserves (except for the risk reserve) related to the reinsurance contracts with the Management Organization for Postal Savings and Postal Life Insurance amount to ¥93,166,194 million. The amount was calculated based on the prescribed calculation method for premiums and policy reserves and it will not be lower than the amount calculated by the calculation method for the policy reserves of postal life insurance pursuant to the Law of the Management Organization for Postal Savings and Postal Life Insurance (No. 101, 2005).

In addition, with the reinsurance-related segment used as the source, ¥2,885,580 million in risk reserve and ¥446,581 million in reserve for price fluctuations in security investments are provided.

- At the end of the current fiscal year, the insurance subsidiary's expected future liabilities for the Life Insurance Policyholders Protection Corporation of Japan pursuant to Article 259 of the Insurance Business Act amounted to ¥1,384 million.

- "Deposits" on the consolidated balance sheets correspond with the account of "Deposits" under Liabilities in accordance with the Ordinance for Enforcement of the Banking Act.

- Expected future amounts of payments for contracts for services rendered for systems are as follows (for combined contracts for using hardware, software, communications services and maintenance as a single unit).

Within one year:	¥38,888 million
More than one year:	¥89,202 million

- Contingent liabilities

The Company's consolidated subsidiaries and affiliates have assumed the leasing agreements for certain post offices from the former Japan Post. Such contracts state that the lesser retains the right to call for compensation if the Company's consolidated subsidiaries or affiliates cancel all or part of the lease contracts. The amount of such cancellation compensation is to be calculated based on the remaining part of the initial investment that has not been recovered as of the cancellation date. As of March 31, 2009, the potential cancellation claims were ¥168,366 million.

Because specific computation methods for determining cancellation compensation are still undetermined, a certain provisionally calculated amount is recorded.

However, if the buildings that used to house post offices are not to be demolished, the compensation does not cover all of the remaining part of the initial investment.

### 2. Notes to Consolidated Statements of Income

- "Other ordinary income" includes amortization of negative goodwill in the amount of ¥18,190 million and equity in earnings of affiliates in the amount of ¥1 million.
- "Other ordinary expenses" includes amortization of goodwill in the amount of ¥809 million and equity in losses of affiliates in the amount of ¥716 million.
- Under the reinsurance contract concluded with the Management Organization for Postal Savings and Postal Life Insurance, an independent

administrative entity, ¥275,913 million is provided for reserve for policyholders' dividends based on the performance of the segment related to reinsurance.

### 3. Notes to Consolidated Statements of Changes in Net Assets

#### 1. Type and number of shares issued

(Thousands of shares)

	Number of shares as of previous fiscal year-end	Increase in number of shares in current fiscal year	Decrease in number of shares in current fiscal year	Number of shares as of current fiscal year-end	Remarks
Shares issued					
Common shares	150,000	-	-	150,000	

#### 2. Dividends

In accordance with Article 11 of the Japan Post Holdings Law, dividend distribution from retained earnings is subject to approval by the Minister of Internal Affairs and Communications.

Dividends paid for the year ended March 31, 2009

(Resolution)	Type of shares	Aggregate amount of dividends (millions of yen)	Dividends per share: (yen)	Record date	Effective date
Meeting of the Board of Directors on June 25, 2008	Common shares	8,520	56.80	March 31, 2008	June 26, 2008

### 4. Notes to Consolidated Statement of Cash Flows

#### 1. The reconciliation of cash and cash equivalents in the consolidated statement of cash flows to cash and due from banks as stated in the consolidated balance sheets as of March 31, 2009 is as follows.

Cash and due from banks:	¥9,522,062 million
Negotiable certificates of deposit held by the banking subsidiary included in cash and due from banks:	¥(3,300,000) million
Negotiable certificates of deposit included in securities:	¥176,000 million
Deposits with maturities of more than 90 days:	—
Cash and cash equivalents:	¥6,398,062 million

#### 2. Contribution to society and community funds included in "Payments for increase in money held in trust" in cash flows from investing activities amounted to ¥4,259 million.

### 5. Securities

In addition to securities carried on the consolidated balance sheet, securities include trading securities, negotiable certificates of deposit included in cash and due from banks (or cash and savings deposits due from banks) and trust beneficiary certificates included in monetary claims bought.

#### 1. Trading securities (As of March 31, 2009)

(Millions of yen)

	Amount carried on the balance sheet	Net unrealized gain/loss charged to period income
Trading securities	159	-

#### 2. Held-to-maturity bonds with market quotations (As of March 31, 2009)

(Millions of yen)

	Consolidated balance sheet amount	Market value	Net unrealized gain/loss	Of which gain	Of which loss
Japanese government bonds	152,796,511	155,961,797	3,165,285	3,215,739	50,454
Japanese local government bonds	7,724,528	7,857,004	132,476	136,647	4,170
Japanese corporate bonds	9,219,745	9,368,648	148,903	151,168	2,265
Total	169,740,785	173,187,450	3,446,665	3,503,556	56,891

Note 1: Market value: Fair market price on the consolidated balance sheet date

Note 2: "Of which gain" and "of which loss" are net unrealized valuation gains and losses, respectively.

#### 3. Bonds with market quotations earmarked for policy reserves (As of March 31, 2009))

(Millions of yen)

	Consolidated balance sheet amount	Market value	Net unrealized gain/loss	Of which gain	Of which loss
Japanese government bonds	36,591,781	37,267,019	675,237	759,948	84,711
Japanese local government bonds	2,089,484	2,112,242	22,757	24,875	2,118
Japanese corporate bonds	2,139,953	2,156,763	16,810	17,696	885
Total	40,821,219	41,536,025	714,805	802,520	87,715

Note 1: Market value: Fair market price on the consolidated balance sheet date

Note 2: "Of which gain" and "of which loss" are net unrealized valuation gains and losses, respectively.

#### 4. Available-for-sale securities with market quotations (As of March 31, 2009)

(Millions of yen)

	Acquisition cost	Consolidated balance sheet amount	Net unrealized gain/loss	Of which gain	Of which loss
Stocks	19,309	16,763	(2,546)	-	2,546
Bonds	43,233,625	43,444,203	210,577	308,739	98,161
Japanese government bonds	35,628,670	35,789,910	161,240	242,986	81,746
Japanese local government bonds	910,235	919,541	9,306	10,022	715
Japanese corporate bonds	6,694,719	6,734,750	40,031	55,730	15,699
Others	2,433,422	2,415,473	(17,949)	20,153	38,102
Total	45,686,358	45,876,439	190,081	328,893	138,811

Note 1: Consolidated balance sheet amount: Equity securities: Average market price for the one-month period up to the balance sheet date; Available-for-sale securities: Fair market value on the balance sheet date

Note 2: "Of which gain" and "of which loss" are net unrealized gain and loss, respectively.

Note 3: Others: Primarily foreign bonds

#### 5. Held-to-maturity bonds sold during the fiscal year (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Cost of securities sold	Sales amount	Gain/loss on sales
Japanese government bonds	6,039,501	6,039,766	265
Total	6,039,501	6,039,766	265

Rationale: The above securities were sold in accordance with Article 282 of the Accounting Industry Audit Committee Report No. 14 ("Practical Guidance on Accounting for Financial Products") issued by JICPA.

#### 6. Bonds earmarked for policy reserves sold during the fiscal year (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Proceeds from sale	Total profit on sale	Total loss on sale
Bonds earmarked for policy reserves	1,147,258	7,655	6,140

#### 7. Available-for-sale securities sold during the fiscal year (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Proceeds from sale	Total profit on sale	Total loss on sale
Available-for-sale securities	9,348,959	112,063	153,940

#### 8. Securities without market quotations and carrying value on the consolidated balance sheet (As of March 31, 2009)

(Millions of yen)

Item	Amount
Subsidiary and affiliated-company stock	933
Available-for-sale securities	5,168,294
Certificates of deposit	4,625,100
Short-term corporate bonds	542,904
Privately held stock	183
Other	107

#### 9. Reclassified securities (From April 1, 2008 to March 31, 2009)

None

10. Redemption schedule of available-for-sale securities with maturity dates, securities held to maturity and bonds earmarked for policy reserves (As of March 31, 2009)

(Millions of yen)

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Bonds	50,627,039	105,566,449	82,110,429	16,245,742
Japanese government bonds	44,876,487	94,316,420	71,049,917	14,935,927
Japanese local government bonds	1,930,134	3,767,510	4,843,711	192,198
Short-term corporate bonds	542,904	-	-	-
Japanese corporate bonds	3,277,513	7,482,518	6,216,800	1,117,616
Others	4,753,758	1,445,165	269,444	316,354
Total	55,380,798	107,011,615	82,379,874	16,562,096

## 6. Money Held in Trust

1. Money held in trust for trading purposes (As of March 31, 2009)  
None
2. Money held in trust classified as held-to-maturity (As of March 31, 2009)  
None
3. Other money held in trust (excluding that classified as for trading and held to maturity) (As of March 31, 2009)

(Millions of yen)

	Acquisition cost	Consolidated balance sheet amount	Net unrealized gain/loss	Of which gain	Of which loss
Other money held in trust	1,849,139	1,638,261	(210,877)	7,611	218,489

Note 1: Consolidated balance sheet amount: Equity securities: Average market price for the one-month period up to the balance sheet date; Available-for-sale securities: Fair market value on the balance sheet date

Note 2: Money held in trust in contribution to society and community funds is included in the above table.

Note 3: "Of which gain" and "of which loss" are net unrealized gain and loss, respectively.

## 7. Retirement Benefit Plans

1. Summary of retirement benefit scheme  
The Company and its principal consolidated subsidiaries have defined-benefit plans, i.e., lump-sum payment plans.

2. Information about retirement benefit obligation

(Millions of yen)

Fiscal year (March 31, 2009)	
Retirement benefit obligation	(3,632,145)
Pension assets	15,390
Unfunded retirement benefit obligation	(3,616,755)
Unrecognized actuarial differences	(47,470)
Unrecognized prior service cost	578
Net retirement benefit obligation	(3,663,646)
Reserve for employees' retirement benefits	(3,663,646)

3. Information about retirement benefit expenses

(Millions of yen)

Fiscal year (From April 1, 2008 to March 31, 2009)	
Service cost	118,866
Interest cost	63,100
Expected return on pension assets	(385)
Amortization of prior service cost	(7)
Amortization of actuarial differences	(1,593)
Retirement benefit expenses	179,980

Note: Retirement benefit expenses for consolidated subsidiaries adopting the simplified method are included in "service cost."

4. Basis for calculation of retirement benefit obligation

Fiscal year (At March 31, 2009)	
Discount rate:	1.6% - 2.0%
Expected rate of return on pension assets:	2.0%
Periodical allocation method of estimated retirement benefit:	Straight-line method over the determined period
Amortization of prior service cost:	8 years - 14 years
Method of amortizing actuarial differences:	8 years - 14 years

## 8. Per Share Information

(Yen)

Fiscal year (From April 1, 2008 to March 31, 2009)	
Net assets per share	53,301.42
Net income per share	2,818.62

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

## 9. Risk-Monitored Loans

	2008 (At March 31, 2008)	2009 (At March 31, 2009)
Bankrupt loans	-	-
Non-accrual delinquent loans	-	-
Past-due loans (three months or more)	-	-
Restructured loans	-	-

## 10. Subsequent Events

Acceptance of third-party allotment capital increase from JP Express Co., Ltd.  
A resolution was passed at a meeting of the Board of Directors on February 26, 2009 for Japan Post Service Co., Ltd., a consolidated subsidiary, to accept the entire amount of a third-party allotment capital increase from affiliated company JP Express Co., Ltd. On April 1, 2009 Japan Post Service acquired 654,000 common shares from JP Express Co., Ltd. and made that company a consolidated subsidiary.

Overview of third-party allotment capital increase

Stock payment date: April 1, 2009

Number of shares accepted: 654,000 shares

Issue price: ¥50,000 per share

Total amount accepted: ¥32,700 million

Party to which allotted: Japan Post Service Co., Ltd.



## 7 Capital Adequacy

### 1. Qualitative Disclosure

#### 1. Scope of consolidation

- (1) Differences between companies belonging to the Japan Post Group that calculate the consolidated capital adequacy ratio in accordance with Article 15 of the Financial Service Agency's (FSA) Consolidated Capital Adequacy Ratio Disclosure Notice and companies that are included in the scope of consolidation in accordance with Regulations for Consolidated Financial Statements

The Company calculates its consolidated capital ratio as follows.

Pursuant to Article 52-25 of the Banking Act, the bank holding company is required to calculate its capital adequacy in accordance with the capital adequacy ratio measurement guidelines, FSA's Notice No. 20, March 27, 2006 (hereafter, Consolidated Capital Adequacy Ratio Disclosure Notice), which requires the bank holding company to calculate its capital adequacy based on assessment of the assets of the bank holding company and its subsidiaries. Accordingly, the Group is comprised of the following 13 companies (hereafter the "Group") for the calculation of the consolidated capital ratio: Japan Post Network Co., Ltd., Japan Post Service Co., Ltd., Japan Post Bank Co., Ltd., Japan Post Staff Co., Ltd., Yusei Challenged Co., Ltd., Post Office Business Support Co., Ltd., JP Logi Service Co., Ltd., JP Biz Mail Co., Ltd., DM Leading Co., Ltd., JP Logistics Partners Co., Ltd., JP Media Direct Co., Ltd., JP Sankyu Global Logistics Co., Ltd. and Japan Post Transport Co., Ltd. Japan Post Insurance Co., Ltd., an insurance subsidiary, is not included in the scope of consolidation. Furthermore, Japan Post Insurance Co., Ltd. falls under the deduction item to shareholders' equity in accordance with Article 20, Paragraph 1-2 (insurance affiliate) of the FSA's Capital Adequacy Ratio Disclosure Notice.

However, according to the Regulations of Consolidated Financial Statements, the scope of consolidation includes 14 companies, comprising 13 consolidated subsidiaries and Japan Post Insurance Co., Ltd., a Group company.

Further details on Japan Post Insurance Co., Ltd. are presented on pages 49 through 53.

- (2) Number of consolidated subsidiaries and principal subsidiaries

For the purpose of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice, the Group comprises the Company and the 13 companies noted above.

Principal subsidiaries are: Japan Post Service Co., Ltd., Japan Post Network Co., Ltd. and Japan Post Bank Co., Ltd. See pages 28 to 48 for details on activities of the individual companies.

- (3) Affiliates to which Article 21 of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice is applicable

None

- (4) Companies to which Article 20, Paragraph 1, Subparagraph 2, Items (i) to (iii) (deductions) of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice is applicable:

- (a) Companies to which Item (ii) is applicable

Tokyo Beiyu Co., Ltd., Nittei Buturyu Gijyutu Co., Ltd., Nagoya Yubin Yuso Co., Ltd., Kinki Kosoku Yubin Yuso Co., Ltd. and Osaka Air Mail Co., Ltd.

- (b) Companies to which Item (iii) is applicable:

Japan Post Insurance Co., Ltd.

- (5) Companies engaged primarily in the business defined in Article 52-23-1, Subparagraph 10-(i) of the Banking Act or companies falling under Article 52-23-1, Subparagraph 11 but not belonging to the Group

None

- (6) Restrictions on transfer of funds and common stock among companies in the holding company group

None

#### 2. Summary of capital funding methods

The Company raises capital through equity financing (issuance of common stock). The Ministry of Finance holds 100% of the outstanding stock of the Company.

#### 3. Summary of evaluation method for capital adequacy of holding company group concerning the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice

With regard to the current adequacy of capital, the consolidated capital adequacy ratio as of March 31, 2009 calculated in accordance with the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice was 67.62% (Tier I ratio was 76.42%). This level is substantially higher than the 4% capital adequacy ratio required as a minimum standard for banks that operate only in Japan. When calculating the consolidated capital adequacy ratio, the standardized approach is used for credit risk and the basic indicator approach is used for operational risks. A figure for market risk is not included.

\*Japan Post Bank holds most of the assets with risk exposure concerning risk categories for companies belonging to the holding company's group with regard to the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice. Consequently, the following section covers primarily risk management at Japan Post Bank.

As a bank holding company, Japan Post Holdings monitors the overall risk management framework at Japan Post Bank. In addition, the holding company supervises risk management for the entire Group in accordance with the Basic Policy for Group Risk Management. Please refer to "4. Group Risk Management" on pages 66 through 69 for more information about risk management for the Japan Post Group.

#### 4. Credit risk

- (1) Summary of risk management policy and procedures

Credit risk is the risk of incurring a loss due to a decline in the value of assets (including off-balance-sheet assets), or total loss of value due to the deteriorating financial condition of an obligor or to other factors.

Japan Post Bank uses a statistical method called value at risk (VaR) to quantify credit risk exposure. Risk is monitored and managed by establishing a credit line and credit limit so that the amount of credit risk does not exceed the amount of capital allocated for credit risk, based on the Bank's equity and other resources. In addition, Japan Post Bank performs stress tests to be prepared for an increase in credit problems resulting from a major shift in the economy that exceeds the range that can be statistically foreseen.

To control credit concentration risk, Japan Post Bank provides credit limits for individual companies and corporate groups and supervises these limits during each fiscal year. The Bank plans to upgrade its credit portfolio management capabilities due to the expected growth in the number of obligors.

To provide a system of checks and balances for credit risk management, Japan Post Bank has a Risk Management Department, positioned as a middle management unit, and a Credit Office, positioned as a credit control unit. Within the Bank's organization, these units are independent of front-office and back-office operations.

The Risk Management Department is responsible for the internal credit rating system, self-assessments of loans and other credit risk activities.

The Credit Office is responsible for monitoring individual credit accounts, including the assignment of internal credit ratings, monitoring of status of borrowers and overseeing of large borrowers and screening of loans.

The Risk Management Committee, ALM Committee and Executive Committee hold discussions and reach decisions on matters concerning the establishment and operation of credit risk management programs and on credit risk management.

Japan Post Bank conducts credit business with the fundamental principles of public welfare, financial soundness and profitability. The Bank has a "Credit Business Code" to underpin sound and appropriate credit business activities by all executives and employees, in which the Bank has defined in writing its basic philosophy, behavior guidelines and other items of credit business.

The allowance for doubtful accounts is based on predetermined standards for writing off loans and making additions to this allowance. Japan Post Bank provides this reserve as follows for each obligor category prescribed by the Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions (JICPA, Special Committee for Audits of Banks, etc., Report No. 4). In accordance with self-assessment standards for assets, all loans are categorized by asset assessment departments with the cooperation of marketing departments.

Japan Post Bank continuously monitors obligors' ability to meet the financial obligations, their financial condition and other factors affecting their credit standing in order to check obligors' credit risk in a timely and suitable manner.

(2) Portfolios where the standardized approach is applied

(i) Qualified rating agencies, etc. used in making judgments on risk weights

When making judgments on risk weights, Japan Post Bank uses the credit ratings of four rating agencies and the Organization for Economic Cooperation and Development (OECD). The four credit rating agencies are Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); and Standard & Poor's Ratings Services (S&P).

For the calculation of the consolidated capital adequacy ratio, Japan Post Holdings also uses the ratings of Fitch Ratings.

(ii) Qualified rating agencies, etc. used in making judgments on risk weights for each category of exposure

Japan Post Bank uses the following qualified rating agencies, etc. for the following credit risk exposure categories.

When there are ratings from more than one rating agency, Japan Post Bank bases risk weighting decisions on Ministerial Notification of Capital Adequacy Ratio of the Financial Services Agency No. 19, March 27, 2006 (hereafter "Capital Adequacy Ratio Notice"). Based on this standard, the Bank uses the rating corresponding to the second-smallest risk weighting from among all ratings.

Risk exposure		Rating agencies used
National governments and central banks	Residential	R&I, JCR, Moody's, S&P
	Non-residential	Moody's, S&P, OECD
Japanese local governments and their agencies		R&I, JCR, Moody's, S&P
Foreign public-sector entities other than national governments		Moody's, S&P, OECD
International development banks		Moody's, S&P
Japanese national government-affiliated agencies		R&I, JCR, Moody's, S&P
Financial institutions Primary financial instrument dealers	Residential	R&I, JCR, Moody's, S&P
	Non-residential	Moody's, S&P, OECD
Corporate	Residential	R&I, JCR, Moody's, S&P
	Non-residential	Moody's, S&P
Securitization		R&I, JCR, Moody's, S&P

## 5. Summary of risk management policy and procedures for credit risk mitigation techniques

When calculating the capital adequacy ratio, Japan Post Bank applies "credit risk mitigation techniques" prescribed in the Capital Adequacy Ratio Notice. These techniques are used to incorporate the risk mitigation effects of collateral, guarantees and other items in the capital adequacy ratio. These techniques include qualified financial collateral, the netting of loans and offsetting self-deposits, and credit derivatives.

■ Types of qualified financial collateral

Japan Post Bank accepts cash, self-deposits and securities as qualified financial collateral.

■ Summary of policy and procedures for valuation and management of collateral

Japan Post Bank uses the "simple approach" prescribed in the Capital Adequacy Ratio Notice for credit risk mitigation techniques.

There are internal bank procedures to permit the timely disposal or acquisition of qualified financial collateral based on contracts concerning collateral as prescribed in loan agreements, etc.

■ Summary of policy and procedures for offsetting loans and self-deposits and types and scope of applicable transactions

For the use of the netting of loans and self-deposits, as prescribed in the special terms for netting in the bank transaction agreement, etc., the remaining amount after netting loans and self-deposits is used as the amount of exposure for calculating the capital adequacy ratio.

This does not currently apply to Japan Post Bank.

■ Categories and credit standing of guarantors and major credit derivative counterparties

Principal guarantor is a national government or corporate entity to which a lower risk weighting than the guaranteed obligation is applied. There is no balance of credit derivatives.

■ Summary of policy and procedures when using legally binding mutual netting contracts for derivative transactions and transactions with repurchase agreements and categories and scope of applicable transactions

None

■ Information concerning concentrations of credit risk and market risk associated with the use of credit risk mitigation techniques

None

## 6. Summary of risk management policy and procedures for counterparty risk concerning derivative transactions and transactions with long-term settlements

(1) Policy for calculating collateral protection and derivative transaction loss allowance, impact in the event of need for provision of additional collateral due to downturn in credit standing of Japan Post Bank

As required, Japan Post Bank enters into contracts for the mitigation of credit risk in which collateral is periodically submitted or received with the derivative transaction counterparty in order to cover rebuilding and other costs. Under the provision of these contracts, a decline in the financial condition of Japan Post Bank may require the provision of additional collateral to the counterparty. However, the Bank believes that the impact would be negligible.

The collateral concerning derivative transactions provided as of March 31, 2009 was ¥18,985 million.

The policy for calculating the allowance for derivative transaction losses is the same as for ordinary balance sheet assets.

(2) Policy for credit lines and allocation of capital for risk exposure

Japan Post Bank assigns credit ratings based on an evaluation of the credit standing of all counterparties. There are no particular concerns about the credit standings of counterparties.

When conducting derivative transactions, Japan Post Bank assigns obligor ratings to all counterparties and provides credit lines in accordance with the rating of each counterparty. These limits are monitored on a daily basis. In addition, to manage credit risk, the balance of credit extended is calculated using the current exposure method, which takes into account the market value of derivatives and future price volatility risk.

The allocation of capital for taking on risk for derivative transactions is included in the allocation of capital for market risk.

## 7. Securitization exposure to securitized instruments

(1) Summary of risk management policy and procedures

As an investor, Japan Post Bank is exposed to risks associated with securitization. When purchasing securitization exposure, the Bank provides credit limits based on obligor ratings assigned in accordance not only with external credit ratings but also with the Bank's own thorough examination of underlying assets, the senior/subordinate rights structure, the nature of securitization scheme and other factors. Following a purchase, the Bank monitors external credit ratings, the status of recovering underlying assets and other factors. In addition, credit risk with securitization exposure is included in the calculation of credit risk and interest rate risk is included in the calculation of market risk.

(2) Method used to calculate credit risk and assets for securitization exposure

Japan Post Bank uses the standardized approach prescribed in the Capital Adequacy Ratio Notice for calculating credit risk for securitization exposure.



(3) Accounting policy on securitized transactions

For the recognition, valuation and accounting treatment of origination and extinguishment of financial assets and liabilities associated with securitized transactions, Japan Post Bank uses Corporate Accounting Standard No. 10 "Accounting Standard for Financial Instruments" (January 22, 1999, Business Accounting Council).

(4) Qualified rating agencies used in making judgments on risk weights for securitization exposure by category

Japan Post Bank uses the ratings of four credit rating agencies for the calculation of credit risk exposure and assets involving securitized instruments: Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); and Standard & Poor's Ratings Services (S&P).

## 8. Operational risk

(1) Summary of risk management policy and procedures

The Japan Post Group defines operational risk as the risk of incurring losses caused by inappropriate activity involving business processes, the activities of executives, employees or computer systems, or by external events.

Japan Post Bank has seven categories of operational risk: processing risk, computer system risk, information assets risk, legal risk, human resources risk, tangible assets risk and reputational risk. To maintain the suitability of business operations, Japan Post Bank manages operational risk by using the basic approach of identifying, evaluating, controlling, monitoring and reducing these risks.

To manage risk, Japan Post Bank identifies risks associated with business operations and evaluates these risks based on the frequency of their occurrence and the scale of the impact on operations. The Bank provides controls in accordance with the importance of each risk, monitors these risks and takes actions as required.

In addition, Japan Post Bank prepares a list of operational risks associated with business processes, products, computer systems and other items. The Bank periodically uses a Risk & Control Self-assessment (RCSA) process to determine the effectiveness of management systems aimed at reducing exposure to these risks. Through RCSA, areas in which risk management needs to be improved and areas in which risk management needs to be reinforced are identified.

(2) Method used and name for the calculation of an amount equivalent to operational risk

Japan Post Bank uses the "basic indicator approach" prescribed in the Capital Adequacy Ratio Notice with regard to the calculation of an amount equivalent to operational risk.

## 9. Summary of risk management policy and procedures for investments, stocks and other exposure in banking account

Japan Post Bank, which is a company engaged in the banking business that belongs to the holding company's group as prescribed in the consolidated Capital Adequacy Ratio Notice, has no exposure to investments, etc. or stock, etc.

## 10. Interest rate risk in the banking account

(1) Summary of risk management policy and procedures

Interest rate risk is the risk of incurring a loss due to changes in interest rates and the risk of a decline in earnings or loss resulting from changes in interest rates when there is an interest rate or maturity mismatch between assets and liabilities.

At Japan Post Bank, market investments (Japanese government bonds) account for the majority of assets and *TEIGAKU* deposits account for the majority of liabilities. The Bank has a market risk management system that reflects the characteristics and risk profile of these operations.

When measuring the volume of market risk, Japan Post Bank uses a statistical method called VaR to quantify the amount of market risk. Risk is monitored and managed by establishing market risk limits and loss limits so that the amount of market risk does not exceed the amount of capital allocated for market risk, in accordance with the Bank's equity

capital and other indicators of financial resources. In addition, Japan Post Bank performs stress tests to simulate extreme market volatility that exceeds the range of statistical estimates.

To provide a system of checks and balances for market risk management, Japan Post Bank has established a Market Risk Management Office within the risk management units, which is positioned as a middle office unit that is independent of front office and back office units.

The Risk Management Committee, ALM Committee and Executive Committee hold discussions and reach decisions concerning matters involving the establishment and operation of the market risk management system and the execution of market risk management.

For reaching proper decisions quickly, daily reports are submitted to senior management concerning the volume of market risk (VaR), compliance with limits and loss limits for market risk and other items. In addition, Japan Post Bank analyzes risk on a regular basis by using back testing and stress testing and reports the results of these tests to the ALM Committee and other organizational units. These activities are aimed at consistently generating earnings while properly controlling market risk.

(2) Summary of method for calculating banking account interest rate risk for internal management

Japan Post Bank uses the historical simulation method for the internal model used to measure the volume of market risk (VaR). The Bank uses a one-tailed confidence interval of 99%, a holding period of 240 business days (one year) and an observation period of 1,200 business days (five years).

For liquid deposits, Japan Post Bank uses as core deposits the smallest of (a) the smallest balance over the past five years, (b) the current balance (on the record date) less the maximum annual outflow over the past five years and (c) 50% of the current balance (on the record date). The Bank assumes that the maximum maturity is five years (average of about 2.5 years). For time deposits, the Bank performs measurements by using estimated future cash flows based on a model.

## 2. Quantitative Disclosure

### 1. Names of companies with lower-than-required level of capital adequacy and the total amount of shortfall

Names of companies with lower-than-required level of capital adequacy and the total amount of shortfall among companies qualifying for deduction to capital in accordance with Article 8, Paragraph 1-2, Items (a) to (c) and Article 20, Paragraph 1-2, Items (a) to (c) of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice  
None

### 2. Capital structure

Consolidated capital ratio (domestic standard)

(Millions of yen)

Item		March 31, 2008	March 31, 2009
Core capital (Tier 1)	Capital stock	3,500,000	3,500,000
	Of which non-accumulating permanent preferred stock	—	—
	Deposit for subscription to shares	—	—
	Capital surplus	4,503,856	4,503,856
	Retained earnings	319,840	684,917
	Treasury stock (deduction)	—	—
	Deposit for subscription to treasury stock	—	—
	Amount scheduled for disbursement	(8,520)	(27,256)
	Net unrealized gain/loss on available-for-sale securities	—	—
	Foreign currency translation adjustments	—	—
	Stock acquisition rights	—	—
	Minority interests in consolidated subsidiaries	5,280	959
	Preferred securities issued by foreign Special Purpose Companies (SPCs)	—	—
	Trade rights equivalents (deduction)	—	—
	Goodwill equivalents (deduction)	(784)	(4)
	Intangible fixed assets equivalents recognized as a result of merger (deduction)	—	—
	Amount equivalent to increase in shareholders' equity resulting from securitization transactions (deduction)	—	—
	Deduction for deferred tax assets	—	—
	Total core capital (Tier I) (A)	8,319,673	8,662,471
	Equity securities, etc., with probability of being redeemed (carrying covenant regarding step-up interest rate) (Note 3)	—	—
Supplementary capital (Tier 2)	Amount equivalent to 45% of the difference between reappraised land value and book value immediately before revaluation	—	—
	Allowance for doubtful accounts (general reserve)	1,088	2,239
	Capital raised through debt financing	—	—
	Total supplementary capital, Tier II capital (B)	1,088	2,239
Sub-supplementary capital (Tier 3)	Short-term subordinated debt	—	—
	Total sub-supplementary capital, Tier III capital (C)	—	—
Deduction item	Total of deduction items (D) (Note 4)	1,000,198	1,000,169
(Total) qualifying capital	(Total) qualifying capital (A+B+C-D)(E)	7,320,563	7,664,542
(Total) risk-adjusted assets	Assets (on-balance-sheet items)	6,676,684	7,067,982
	Off-balance-sheet transactions, etc.	882,911	73,249
	Amount of market risk equivalent, divided by 8%	—	—
	Amount of operational risk equivalent, divided by 8%	4,458,789	4,193,000
	(Total) risk-adjusted assets (F)	12,018,385	11,334,231
Consolidated capital ratio (domestic standard) (E/F) x 100 (%)		60.91%	67.62%
Tier 1 (A/F) x 100 (%)		69.22%	76.42%

Note 1: The above data is calculated in line with the provisions of Article 52-25 of the Banking Act and on the basis of calculation formulae prescribed under the criteria to be used by a Bank Holding Company for deciding whether or not the adequacy of equity capital of the Bank Holding Company and its Subsidiary Companies is appropriate in light of the circumstances such as the assets owned by that Bank Holding Company and its Subsidiaries (Financial Services Agency Notification No. 20 of 2006). The data is calculated on a consolidated basis and according to the domestic standard.

Note 2: In accordance with Article 15, Paragraph 2 of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice, Japan Post Insurance Co., Ltd. is not included in the scope of consolidation.

Note 3: Step-up callable equity securities, etc. (carrying covenant regarding step-up interest rate for redemption), under Article 17, Paragraph 2 of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice

Note 4: Calculated based on Article 20 of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice and includes capital investments in Japan Post Insurance Co., Ltd. and other companies.

### 3. Capital adequacy

(1) Amount of required capital for credit risk (On-balance-sheet items)

(Millions of yen)

Item	March 31, 2008	March 31, 2009
1 Cash	—	—
2 Japanese government and the Bank of Japan	—	—
3 Foreign national governments and central banks	61	50
4 Bank for International Settlements, etc.	—	—
5 Japanese local public agencies	—	—
6 Foreign public sector agencies, other than central governments	421	1,571
7 Multilateral Development Banks	0	—
8 Japan Finance Organization for Municipal Enterprises	—	562
9 Japanese government agencies	19,187	18,963
10 Three regional public corporations	0	0
11 Financial institutions and Class 1 financial product brokers	70,964	40,597
12 Corporations	37,638	53,813
13 Small and medium-sized enterprises and individuals	8	7
14 Residential housing mortgages	—	—
15 Project finance (acquisition of real estate)	—	—
16 Past due (three months or more)	1,665	65
17 Outstanding drafts	—	—
18 Guaranteed by Credit Guarantee Association	—	0
19 Guaranteed by Industrial Revitalization Corporation of Japan	—	—
20 Investments in capital and others	15,820	43,607
21 Other than above	120,928	122,118
22 Securitization (originator only)	—	—
23 Securitization (excluding originator)	370	1,362
24 Assets (assets comprised of pooled assets such as funds, etc.) difficult to identify specifically	—	—
<b>Total</b>	<b>267,067</b>	<b>282,719</b>

Note: Required capital: Credit risk-adjusted assets x 4%

(2) Amount of required capital for credit risk (Off-balance-sheet items)

(Millions of yen)

Item	March 31, 2008	March 31, 2009
1 Commitment lines that can be cancelled automatically or unconditionally at any time	—	—
2 Commitment lines with original contracts of one year or less	—	9
3 Short-term trade contingent liabilities	—	—
4 Contingent liabilities arising from specific transactions (principal reimbursement trust deeds with restructuring)	—	—
5 NIF or RUF	—	—
6 Commitment lines with an original duration of one year or longer	—	—
7 Contingent liabilities arising from directly substituted credit (of which secured with loan guarantees) (of which secured with securities) (of which secured with drafts) (of which principal reimbursement trust deeds without restructuring) (of which secured with credit derivative protection)	—	—
8 Assets sold with repurchase agreements or assets sold with right of claim (adjusted) Assets sold with repurchase agreements or assets sold with right of claim (not adjusted) Deduction	—	—
9 Futures bought, forward delivery deposits, partially subscribed equity shares, partially subscribed bonds	—	—
10 Securities lending, cash or securities collateral, or sale of securities with repurchase agreement or purchase with resale agreement	35,310	2,765
11 Derivative transactions (1) Foreign exchange related transactions (2) Interest rate related transactions (3) Gold-related transactions (4) Equity security related transactions (5) Precious metal related transactions (excluding gold) (6) Other commodity-related transactions (7) Credit derivative transactions (counterparty risk) Write-off of credit equivalent amount under close-out netting agreement (deduction)	5 0 4 — — — — —	155 109 42 — — — 3 —
12 Long-term settlements	0	0
13 Outstanding transaction	—	—
14 Providing adequate liquidity related to securitization exposure and adequate servicer cash advance	—	—
15 Off-balance-sheet securitization exposure other than the above	—	—
<b>Total</b>	<b>35,316</b>	<b>2,929</b>

Note: Required capital: Credit risk-adjusted assets x 4%

(3) Amount of required capital for operational risk

(Millions of yen)

Item	March 31, 2008	March 31, 2009
Basic indicator approach	178,351	167,720
<b>Total</b>	<b>178,351</b>	<b>167,720</b>

Capital required: Amount of operational risk equivalent ÷ 8% × 4%

(4) Consolidated capital adequacy ratio, consolidated Tier I capital ratio, total amount of consolidated required capital

(Millions of yen, %)

Item	March 31, 2008	March 31, 2009
Consolidated capital adequacy ratio	60.91%	67.62%
Consolidated Tier I capital ratio	69.22%	76.42%
Total amount of consolidated required capital	480,735	453,369
Credit risk-adjusted assets × 4%	302,383	285,649
Assets (on-balance-sheet items) × 4%	267,067	282,719
Off-balance-sheet transactions, etc. × 4%	35,316	2,929
Amount of operational risk equivalent ÷ 8% × 4%	178,351	167,720

#### 4. Credit risk

(1) Credit risk exposure by region, industry and customer

(Millions of yen)

Counterparts		As of March 31, 2008				
		Loans and deposits	Bonds	Derivatives	Others	Total
Domestic	Sovereign	25,253,758	164,635,783	–	26,987	189,916,529
	Financial institutions	130,141,659	3,803,232	697	26,497	133,972,086
	Corporations, etc.	20,728	4,034,632	–	317,730	4,373,091
	Small and medium-sized enterprises and individuals	–	–	–	351	351
	Others (excluding the above)	2,112,075	90,857	–	3,052,296	5,255,229
	<b>Domestic total</b>	<b>157,528,221</b>	<b>172,564,505</b>	<b>697</b>	<b>3,423,863</b>	<b>333,517,288</b>
Overseas total		–	–	–	–	–
<b>Total</b>		<b>157,528,221</b>	<b>172,564,505</b>	<b>697</b>	<b>3,423,863</b>	<b>333,517,288</b>

Counterparts		As of March 31, 2009				
		Loans and deposits	Bonds	Derivatives	Others	Total
Domestic	Sovereign	16,501,558	162,123,242	–	25,312	178,650,112
	Financial institutions	86,524,207	5,220,703	16,188	27,448	91,788,547
	Corporations, etc.	472,012	5,629,764	–	288,857	6,390,634
	Small and medium-sized enterprises and individuals	–	–	–	329	329
	Others (excluding the above)	2,965,916	327,436	–	3,245,110	6,538,463
	<b>Domestic total</b>	<b>106,463,693</b>	<b>173,301,146</b>	<b>16,188</b>	<b>3,587,058</b>	<b>283,368,087</b>
Overseas total		–	–	–	–	–
<b>Total</b>		<b>106,463,693</b>	<b>173,301,146</b>	<b>16,188</b>	<b>3,587,058</b>	<b>283,368,087</b>

Note 1: All subsidiaries other than Japan Post Bank Co., Ltd. do not engage in loan operations, in principle, and therefore do not categorize credit by industry sector. Accordingly, a breakdown by customer is presented in the above table.

Note 2: "Domestic" and "overseas" refer to the domicile of the main branch (head office).

Note 3: Loans and deposits include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc. other than derivatives.

Note 4: Bonds include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 5: Derivatives include interest rate swaps and forward foreign exchange contracts.

Note 6: "Sovereign" includes central governments, central banks, public-sector entities, etc.

Note 7: Financial institutions include the Multilateral Development Banks, Bank for International Settlements, etc.

Note 8: "Corporations, etc." include foreign non-government public-sector entities, Japanese government agencies, three regional government corporations and business corporations.

Note 9: In calculating credit risk, credit risk related to exposure of certain subsidiaries which are unlikely to have any significant effect in the context of the overall exposure is included in "corporations, etc." and "others" under "others (excluding the above)." "Others" under "others (excluding the above)" includes fixed assets in the amount of ¥2.8815 trillion at the end of March 2009 (¥2.9766 trillion at the end of March 2008).

## (2) Credit risk exposure by maturity

(Millions of yen)

Remaining period	As of March 31, 2008				
	Loans and deposits	Bonds	Derivatives	Others	Total
1 year or less	137,822,484	38,735,219	110	359,367	176,917,181
Over 1 year to 3 years	8,763,973	46,753,093	586	82	55,517,735
Over 3 years to 5 years	128,149	35,054,014	–	–	35,182,164
Over 5 years to 7 years	192,334	19,674,057	–	–	19,866,391
Over 7 years to 10 years	905,027	29,625,054	–	–	30,530,082
Over 10 years	2,235,888	2,723,066	–	–	4,958,955
Perpetual	7,480,363	–	–	3,064,413	10,544,776
<b>Total</b>	<b>157,528,221</b>	<b>172,564,505</b>	<b>697</b>	<b>3,423,863</b>	<b>333,517,288</b>

Remaining period	As of March 31, 2009				
	Loans and deposits	Bonds	Derivatives	Others	Total
1 year or less	91,789,682	41,644,824	173	299,608	133,734,289
Over 1 year to 3 years	2,168,776	47,142,135	2,658	4	49,313,574
Over 3 years to 5 years	488,315	30,756,048	8,774	27	31,253,164
Over 5 years to 7 years	378,748	24,627,186	–	–	25,005,935
Over 7 years to 10 years	2,331,840	25,915,436	4,582	–	28,251,859
Over 10 years	3,450,433	3,215,515	–	–	6,665,948
Perpetual	5,855,897	–	–	3,287,418	9,143,316
<b>Total</b>	<b>106,463,693</b>	<b>173,301,146</b>	<b>16,188</b>	<b>3,587,058</b>	<b>283,368,087</b>

Note 1: Loans and deposits include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc. other than derivatives.

Note 2: Bonds include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 3: Derivatives include interest rate swaps and forward foreign exchange contracts.

Note 4: "Others" under "Perpetual" includes fixed assets in the amount of ¥2.8815 trillion at the end of March 2009 (¥2.9766 trillion at the end of March 2008).

## (3) Outstanding period-end exposure to claims due three months or more by region, industry type and counterparty

(Millions of yen)

Counterparts		As of March 31, 2008					As of March 31, 2009				
		Loans and deposits	Bonds	Derivatives	Others	Total	Loans and deposits	Bonds	Derivatives	Others	Total
Domestic	Sovereign	–	–	–	–	–	–	–	–	–	–
	Financial institutions	–	–	–	0	0	–	–	–	–	–
	Corporations, etc.	–	–	–	1	1	–	–	–	3	3
	Small and medium-sized enterprises and individuals	–	–	–	58	58	–	–	–	85	85
	Others (excluding the above)	–	–	–	28,802	28,802	–	–	–	2,351	2,351
	<b>Domestic total</b>	–	–	–	28,862	28,862	–	–	–	2,440	2,440
Overseas total		–	–	–	–	–	–	–	–	–	–
<b>Total</b>		–	–	–	28,862	28,862	–	–	–	2,440	2,440

Note 1: "Domestic" and "overseas" refer to the domicile of the main branch (head office).

Note 2: Loans and deposits include loans and bills discounted, due from banks, call loans and off-balance-sheet assets, etc. other than derivatives.

Note 3: Bonds include Japanese government bonds, local government bonds, corporate bonds, etc.

Note 4: Derivatives include interest rate swaps and forward foreign exchange contracts.

Note 5: "Sovereign" includes central governments, central banks, public-sector entities, etc.

Note 6: Financial institutions include the Multilateral Development Banks, Bank for International Settlements, etc.

Note 7: "Corporations, etc." include foreign non-government public-sector entities, Japanese government agencies, three regional government corporations and business corporations.

Note 8: In calculating credit risk, credit risk related to exposures at certain subsidiaries which are unlikely to have any significant effect in the context of the overall credit exposure is included in "corporations," and "others" under "others (excluding the above)."

- (4) Year-end balances and changes during the period of allowance for doubtful accounts (general reserve), allowance for doubtful accounts (specific reserve) and allowance for specific doubtful accounts (overseas claims reserve)

Year-end balance	(Millions of yen)		Change during the period	(Millions of yen)	
	March 31, 2008	March 31, 2009		2008 (Year ended March 31, 2008)	2009 (Year ended March 31, 2009)
Allowance for doubtful accounts (general reserve)	8	112	Allowance for doubtful accounts (general reserve)	8	103
Allowance for doubtful accounts (specific reserve)	—	—	Allowance for doubtful accounts (specific reserve)	—	—
Allowance for doubtful accounts (overseas claims reserve)	—	—	Allowance for doubtful accounts (overseas claims reserve)	—	—

Note 1: Allowance for doubtful accounts represents an allowance for possible losses on loans and bills discounted.  
Note 2: Breakdown by industry and region is not presented since only an allowance for doubtful accounts (general reserve) is provided.

- (5) The amount of write-off of loans and bills discounted by industry and obligor  
There were no write-offs.

- (6) Amount of exposure by risk weight category

Risk weight	As of March 31, 2008		As of March 31, 2009	
	Rated	Not rated	Rated	Not rated
0%	187,979,836	118,520,961	175,751,946	88,790,976
10%	—	10,930,561	—	5,521,771
20%	11,797,004	31	7,917,505	36
35%	—	—	—	—
50%	406,315	1,665	825,325	2,221
75%	—	292	—	243
100%	124,076	3,729,345	134,975	4,422,741
150%	0	27,197	124	219
350%	—	—	—	—
Other	—	—	—	—
Less capital invested by the Bank	—	—	—	—
<b>Total</b>	<b>200,307,232</b>	<b>133,210,055</b>	<b>184,629,876</b>	<b>98,738,210</b>

Note 1: Ratings include only those rated by eligible rating agencies.

Note 2: Regarding assets to which the Company applies credit risk mitigation techniques for a portion of its exposure, the Company previously recorded the entire amount of exposure in risk weighted categories prior to the application of its credit risk mitigation techniques. From fiscal 2009, the Company has changed to a method whereby it records exposure amounts in weighted categories after the application of credit risk mitigation techniques. The Company also used the revised method for recording exposure amounts as of the end of fiscal 2008.

## 5. Credit risk mitigation methodology

Exposure amount to which credit risk mitigation methods are applied

(Millions of yen)

Item	As of March 31, 2008		As of March 31, 2009	
	Exposure amount	Composition ratio	Exposure amount	Composition ratio
Self-deposits of Japan Post Bank (Note 1)	109,788,309	96.34%	78,604,285	93.03%
Guarantees (Note 2)	4,164,102	3.65%	5,883,870	6.96%
<b>Total</b>	<b>113,952,412</b>	<b>100.00%</b>	<b>84,488,155</b>	<b>100.00%</b>

Note 1: Japan Post Bank accepts cash, self-deposits and marketable securities as qualified financial collateral.

Note 2: Principal guarantor is a national government or corporate entity to which a lower risk weighting than the guaranteed obligation is applied.

## 6. Derivative transactions and transactions with long-term settlements

Derivative transactions and long-term settlements

(Millions of yen)

Item	As of March 31, 2008			As of March 31, 2009		
	Aggregate sum of amounts of gross reconstruction costs	Aggregate sum of gross add-on amounts	Credit equivalents	Aggregate sum of amounts of gross reconstruction costs	Aggregate sum of gross add-on amounts	Credit equivalents
Interest rate related transactions						
Interest rate swaps	86	500	586	303	4,335	4,638
Currency-related transactions						
Forward foreign exchange contracts	26	84	110	23	11,526	11,549
Long-term settlements	6	—	6	0	—	0
<b>Total</b>	<b>119</b>	<b>584</b>	<b>704</b>	<b>327</b>	<b>15,861</b>	<b>16,189</b>

Note 1: Credit equivalent amounts are calculated by the "current exposure method."

Note 2: There were no risks mitigated using the risk mitigation by collateral method and credit derivatives.

Note 3: Limited to transactions on which gross reconstruction costs are not less than zero.

Note 4: In accordance with Article 57, Paragraph 1 of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice, derivatives do not include foreign exchange related transactions with original contract periods of five days or less.

Note 5: Long-term settlement period transactions are transactions resulting from receipt/delivery of securities with transaction settlement periods of five trading days or longer.

## 7. Securitization exposure

Securitization exposure in which the Group invests:

(1) Breakdown by type of original asset (Millions of yen)

Type of original asset	As of March 31, 2008	As of March 31, 2009
Residential mortgages	22,706	87,598
Auto loans	8,406	13,592
Leases	10,206	19,581
Consumer loans	5,005	13,742
Corporate entities and others	–	71,669
<b>Total</b>	<b>46,323</b>	<b>206,184</b>

(2) Balance by risk weight and amount of required capital (Millions of yen)

Risk weight	As of March 31, 2008		As of March 31, 2009	
	Capital invested	Required capital	Capital invested	Required capital
To 20%	–	–	71,669	286
20%	46,323	370	134,514	1,076
50%	–	–	–	–
100%	–	–	–	–
150%	–	–	–	–
Capital deduction	–	–	–	–
<b>Total</b>	<b>46,323</b>	<b>370</b>	<b>206,184</b>	<b>1,362</b>

Note 1: Required capital: Credit risk assets × 4%

Note 2: There were no credit risk assets falling under Article 15 of Supplementary Provisions of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice.

Note 3: There was no securitization exposure deducted from capital under Article 225 of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice.

## 8. Market risk

Not applicable since the Group, based on Article 16 of the FSA's Consolidated Capital Adequacy Ratio Disclosure Notice, does not enter market risk equivalent amounts in the calculation formulae prescribed under Article 14 of the said notice

## 9. Equity exposure in the banking account

(1) Amount carried on the consolidated balance sheet and market value (Millions of yen)

	March 31, 2008		March 31, 2009	
	Amount carried on the balance sheet	Market value	Amount carried on the balance sheet	Market value
Listed equities exposure	–	–	–	–
Investment and equities exposure not corresponding to listed equities exposure	–	–	67,379	67,379
<b>Total</b>	<b>–</b>	<b>–</b>	<b>67,379</b>	<b>67,379</b>

Note: Equity securities managed in money held in trust are not included.

(2) Gains and losses accompanying the sale or amortization of investment or stock exposure (Millions of yen)

	2008 (Year ended March 31, 2008)	2009 (Year ended March 31, 2009)
Gain (Loss)	–	–
Gain on sale	–	–
Loss on sale	–	–
Amortization	–	–

Note: Gains and losses on the sale of stock are listed in the Consolidated Statements of Income

(3) Amounts of valuation gains and losses recognized on Consolidated Balance Sheet not recognized previously on the Consolidated Statements of Income (Millions of yen)

Amounts of valuation gains and losses recognized on Consolidated Balance Sheet not recognized previously on the Consolidated Statements of Income	2008 (Year ended March 31, 2008)	2009 (Year ended March 31, 2009)
	–	(82)

Note: Stocks with market quotations of affiliated companies are listed.

(4) Amounts of valuation gains and losses not recognized on the consolidated Balance Sheet and the Consolidated Statements of Income (Millions of yen)

Amounts of valuation gains and losses not recognized on the Consolidated Balance Sheet and the Consolidated Statements of Income	2008 (Year ended March 31, 2008)	2009 (Year ended March 31, 2009)
	–	–

Note: Stocks with market quotations of affiliated companies are listed.

## 10. Exposures calculated by credit risk asset supervisory formulae

Not applicable, since the standardized approach is used

## 11. Interest rate risk in the banking account

Profit/loss related to interest rate shock or changes in economic value used for management purposes in the Group for managing interest rate risk in the banking account

Loss	March 31, 2008	March 31, 2009
	20,847	18,083

Note: Interest rate scenarios use 1% and 99% percentiles for interest rate fluctuations based on a holding period of one year and an observation period of five years.



## 2. Japan Post Holdings Co., Ltd. —Non-consolidated Financial Data

The balance sheets as of March 31, 2009 and 2008 and the statements of income and changes in net assets for the years then ended ("non-consolidated financial statements") were audited by KPMG AZSA & Co. in accordance with Article 396, Paragraph 1 of the Company Act of Japan.

(The following are translations into English of the audited financial statements in Japanese.)

### 1 Balance Sheets

(Millions of yen)

Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)	Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)
<b>Assets</b>			<b>Liabilities</b>		
Current assets (excluding contribution to society and community funds assets)			Current liabilities		
Cash and deposits	¥ 27,296	¥ 13,935	Short-term borrowings	¥ 22,000	¥ —
Accounts receivable	271,699	101,253	Accounts payable	30,117	31,370
Inventories	390	1,014	Income taxes payable	249,446	68,334
Short-term loan	—	110	Consumption taxes payable	641	823
Prepaid expenses	61	62	Accrued expenses	1,024	1,332
Other current assets	32	147	Reserve for employees' bonuses	2,134	2,290
Allowance for doubtful accounts	(32)	(29)	Other current liabilities	1,340	599
Total current assets	299,447	116,493	Total current liabilities	306,705	104,750
Non-current assets (excluding contribution to society and community funds assets)			Long-term liabilities		
Tangible fixed assets			Reserve for employees' retirement benefits	1,321,456	1,238,286
Buildings—net	46,331	43,377	Reserve for directors' retirement benefits	39	73
Structures—net	846	791	Reserve for compensation for accidents in the course of duty	28,809	27,586
Machinery—net	631	559	Deferred tax liabilities	1,733	6,208
Vehicles—net	54	128	Other long-term liabilities	296	1,240
Tools and fixtures—net	37,923	40,148	Total long-term liabilities	1,352,335	1,273,394
Land	95,747	94,465	<b>Total Liabilities</b>	<b>¥1,659,040</b>	<b>¥1,378,144</b>
Construction in progress	16	308	<b>Net Assets</b>		
Total tangible fixed assets	181,552	179,779	Shareholders' equity		
Intangible fixed assets			Capital stock	¥3,500,000	¥3,500,000
Software	29,494	28,366	Capital surplus		
Other intangible fixed assets	206	1,204	Capital reserve	4,503,856	4,503,856
Total intangible fixed assets	29,701	29,571	Total capital surplus	4,503,856	4,503,856
Investments and other assets			Retained earnings		
Stock of related parties	9,194,774	9,194,774	Other retained earnings		
Long-term prepaid expenses	104	122	Unappropriated retained earnings	38,435	128,039
Claims in bankruptcy	40	82	Total retained earnings	38,435	128,039
Other investments	12	121	Total shareholders' equity	8,042,291	8,131,895
Allowance for doubtful accounts	(40)	(82)	Contribution to society and community funds	4,259	15,162
Total investments and other assets	9,194,890	9,195,019	Valuation and translation adjustments of contribution to society and community funds	—	56
Total non-current assets	9,406,144	9,404,370	<b>Total Net Assets</b>	<b>¥8,046,551</b>	<b>¥8,147,114</b>
Contribution to society and community funds assets			<b>Total Liabilities and Net Assets</b>	<b>¥9,705,592</b>	<b>¥9,525,259</b>
Money held in trust	—	4,395			
Total contribution to society and community funds assets	—	4,395			
<b>Total Assets</b>	<b>¥9,705,592</b>	<b>¥9,525,259</b>			



## 2 Statements of Income

(Millions of yen)

Item	2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
<b>Operating income</b>		
Commissions from subsidiaries and affiliates	¥ 13,443	¥ 19,695
Dividend income from affiliated companies	—	41,341
Income from consigned businesses	37,113	83,467
Subsidies related to former savings accounts	51,185	97,732
Income from medical services	12,222	23,193
Income from accommodation services	18,938	37,668
<b>Total operating income</b>	<b>132,904</b>	<b>303,099</b>
<b>Operating expenses</b>		
Expenses for consigned businesses	36,549	83,307
Expenses for medical services	13,762	28,253
Expenses for accommodation services	19,357	42,871
Administrative expenses	28,864	41,493
<b>Total operating expenses</b>	<b>98,534</b>	<b>195,925</b>
<b>Net operating income</b>	<b>34,369</b>	<b>107,173</b>
<b>Other income</b>		
Interest on securities	2,278	—
Rents received	1,541	3,143
Others	451	914
<b>Total other income</b>	<b>4,270</b>	<b>4,058</b>
<b>Other expenses</b>		
Interest expenses	264	134
Lease cost	483	961
Others	68	255
<b>Total other expenses</b>	<b>816</b>	<b>1,352</b>
<b>Income (expenses) from contribution to society and community fund assets</b>		
Income from contribution to society and community fund assets	—	40
Expenses for contribution to society and community fund assets	—	0
<b>Total income from contribution to society and community fund assets</b>	<b>—</b>	<b>40</b>
<b>Net ordinary income</b>	<b>37,824</b>	<b>109,919</b>
<b>Extraordinary gains</b>		
Reversal of allowance for doubtful accounts	52	—
Gains on sales of fixed assets	9	19
Reversal of pension mutual aid program contribution	—	3,922
Other extraordinary gains	0	12
<b>Total extraordinary gains</b>	<b>62</b>	<b>3,954</b>
<b>Extraordinary losses</b>		
Losses on sales of fixed assets	25	—
Losses on disposal of fixed assets	160	3,988
Impairment losses	599	2,358
Other extraordinary losses	—	590
<b>Total extraordinary losses</b>	<b>785</b>	<b>6,937</b>
<b>Net income before income taxes</b>	<b>37,101</b>	<b>106,936</b>
Income taxes current	(7,230)	(6,525)
Income taxes deferred	1,733	4,436
<b>Total income taxes</b>	<b>(5,497)</b>	<b>(2,089)</b>
<b>Net income</b>	<b>¥ 42,598</b>	<b>¥109,026</b>

### 3 Statements of Changes in Net Assets

(Millions of yen)

	2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)		2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
<b>Shareholders' equity</b>			<b>Contribution to society and community funds</b>		
Capital stock			Balance at the end of the previous fiscal year	¥ —	¥ 4,259
Balance at the end of the previous fiscal year	¥ 150,000	¥3,500,000	Changes during the period		
Changes during the period			Net changes other than shareholders' equity	4,259	10,902
Issuance of new shares	3,350,000	—	Total changes during the period	4,259	10,902
Total changes during the period	3,350,000	—	Balance at the end of the current fiscal year	¥ 4,259	¥ 15,162
Balance at the end of the current fiscal year	¥3,500,000	¥3,500,000	<b>Valuation and translation adjustments of contribution to society and community funds</b>		
Capital surplus			Balance at the end of the previous fiscal year	¥ —	¥ —
Capital reserve			Changes during the period		
Balance at the end of the previous fiscal year	¥ 150,000	¥4,503,856	Net changes other than shareholders' equity	—	56
Changes during the period			Total changes during the period	—	56
Issuance of new shares	4,353,856	—	Balance at the end of the current fiscal year	¥ —	¥ 56
Total changes during the period	4,353,856	—	<b>Valuation and translation adjustments</b>		
Balance at the end of the current fiscal year	¥4,503,856	¥4,503,856	Net unrealized gains (losses) on available-for-sale securities		
Retained earnings			Balance at the end of the previous fiscal year	¥ 258	¥ —
Other retained earnings			Changes during the period		
Unappropriated retained earnings			Net changes other than shareholders' equity	(258)	—
Balance at the end of the previous fiscal year	¥ 96	¥ 38,435	Total changes during the period	¥ (258)	¥ —
Changes during the period			Balance at the end of the current fiscal year	—	—
Cash dividends	—	(8,520)	<b>Total net assets</b>		
Net income for the period	42,598	109,026	Balance at the end of the previous fiscal year	¥ 300,355	¥8,046,551
Contribution to society and community funds	(4,259)	(10,902)	Changes during the period		
Total changes during the period	38,338	89,603	Issuance of new shares	7,703,856	—
Balance at the end of the current fiscal year	¥ 38,435	¥ 128,039	Cash dividends	—	(8,520)
Total shareholders' equity			Net income for the period	42,598	109,026
Balance at the end of the previous fiscal year	¥ 300,096	¥8,042,291	Contribution to society and community funds	(4,259)	(10,902)
Changes during the period			Net changes other than shareholders' equity	4,001	10,959
Issuance of new shares	7,703,856	—	Total changes during the period	7,746,196	100,563
Cash dividends	—	(8,520)	Balance at the end of the current fiscal year	¥8,046,551	¥8,147,114
Net income for the period	42,598	109,026			
Contribution to society and community funds	(4,259)	(10,902)			
Total changes during the period	7,742,194	89,603			
Balance at the end of the current fiscal year	¥8,042,291	¥8,131,895			

## 4 Significant Accounting Policies

Note: Amounts are rounded down to the nearest million yen.

### 1. Significant Accounting Policies

#### 1. Valuation criteria and methods for securities and money held in trust

(1) Shares of non-consolidated subsidiaries and affiliates not accounted for by the equity method and shares of affiliates not accounted for by the equity method are stated at cost using the moving-average method. Equity securities included in available-for-sale securities with market quotations are stated at the average market price for the one-month period prior to the balance sheet date. Available-for-sale securities with market quotations are stated at fair market value on the balance sheet date (The cost of securities sold is primarily calculated using the moving-average method.). Securities without market quotations are stated at cost or amortized cost (straight-line method) using the moving-average method.

(2) Securities managed as assets of money held in trust are valued at amortized cost by a method similar to the one stated in (1).

Valuation and translation adjustments of contribution to society and community funds assets are listed under "Valuation and translation adjustments of contribution to society and community funds" in net assets as prescribed by the provisions of Article 12, Paragraph 4 of the Japan Post Holdings Law.

#### 2. Valuation criteria and methods for inventories

Inventories are stated at cost using the moving-average method (writing down the book value of inventories based on decreased profitability).

(Change in accounting policy)

Effective from the current fiscal year, the Company has adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) by the Accounting Standards Board of Japan. This change has no impact on the financial statements.

#### 3. Depreciation/amortization method for non-current assets

##### (1) Tangible fixed assets (excluding leased assets)

Tangible fixed assets are depreciated using the declining-balance method (except for buildings, which are depreciated using the straight-line method).

Useful lives for main depreciable items are as follows:

Buildings: 2-50 years

Others: 2-60 years

##### (2) Intangible fixed assets (excluding leased assets)

Intangible fixed assets are amortized using the straight-line method.

The useful lives are determined in accordance with the Corporation Tax Law.

The software used in-house is amortized over the prescribed useful lives (mainly 5 years).

##### (3) Leased assets

Finance lease assets not involving the transfer of ownership are depreciated to the residual value of zero by the straight-line method during the lease term.

(Changes in accounting policy)

Effective from the current fiscal year, Japan Post Holdings adopted the "Accounting Standard for Lease Transactions (ASBJ Statement No.13, revised on March 30, 2007)" and "Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16)" issued by the Accounting Standards Board of Japan.

The effect of this change was immaterial to the financial statement.

#### 4. Criteria for allowances and reserves

##### (1) Allowance for doubtful accounts

To reserve for losses on doubtful accounts, general allowances is provided using a rate determined by past bad debt experience and also specific allowances is provided for the estimated amounts considered to be uncollectible after reviewing individual collectability of certain doubtful accounts.

##### (2) Reserve for employees' bonuses

To provide for payment of bonuses to employees, reserve for employees' bonuses is recorded in an amount expected to be paid.

##### (3) Reserve for employees' retirement benefits

(i) To provide for employee retirement benefits, reserve for employees' retirement benefits is recorded based on the projected retirement benefit obligation at the end of the current fiscal year.

Actuarial differences are to be charged to expenses from the following fiscal year using the straight-line method over determined years (10 years) within the average remaining service years of the employees when incurred.

(ii) Among expenses for the mutual aid pension program of national public service personnel, charges for the expenses concerning the pension benefits for the service period in and before December 1958 of those personnel who had worked for the then Ministry of Communications and the then Ministry of Posts and Telecommunications (engaged in postal services) and retired in and after January 1959 (hereinafter referred to as "share of public service pension") are recognized as part of reserve for employees' retirement benefits.

The actuarial difference is amortized using the straight-line method over certain years (10 years) within the estimated average remaining payment periods for eligible personnel from the fiscal year after the difference is incurred.

(iii) Among expenses for the mutual aid pension program of national public service personnel, charges for the expenses concerning the pension benefits for those personnel who had worked for the then Ministry of Communications and the then Ministry of Posts and Telecommunications (engaged in postal services) (hereinafter referred to as "share of another public service pension") and retired in and before December 1958 are recognized as part of reserve for employees' retirement benefits.

The actuarial difference is amortized using the straight-line method over certain years (five years) within the estimated average remaining payment periods for eligible personnel from the fiscal year after the difference is incurred.

##### (4) Reserve for directors' retirement benefits

To provide for the payment of retirement benefits to directors, reserve for directors' retirement benefits is recorded in an actual amount needed at the end of the current fiscal year based on the Company's regulations.

##### (5) Reserve for compensation for accidents in the course of duty

To provide for the need to pay compensation to employees (or the families of the deceased) for accidents they were involved in during their duty or during commuting, reserve for compensation for accidents in the course of duty is posted as liabilities in the current fiscal year.

Actuarial differences are to be charged to expenses from the following fiscal year using the straight-line method over determined years (15 years) within the average remaining service years of the employees when incurred.

#### 5. Principal matters serving as the basis for preparing financial statements

##### (1) Accounting for consumption taxes

All figures are net of consumption taxes.

##### (2) Adoption of the consolidated tax payment system

The Company employs the consolidated tax payment system, with Japan Post Holdings Co., Ltd. as the parent company.

##### (3) Contribution to society and community funds is stipulated in Article 13 of the Japan Post Holdings Law.

### 2. Change in Presentation

#### (Statements of Income)

Because of its decreased importance, "interest on securities" (¥20 million in the current fiscal year," which was listed as a separate category in the previous fiscal year, is included in "other" within other ordinary income beginning in the current fiscal year.

## 5 Notes to Financial Statements

### 1. Notes to Balance Sheets

1. Accumulated depreciation of tangible fixed assets:	¥23,073 million
2. Assets in affiliated companies	
Accounts receivable	¥97,190 million
3. Inventories	
Supplies	¥1,014 million

### 2. Notes to Statements of Income

The following shows operating transactions and other transactions with affiliates.

Operating income	
Income from consigned businesses	¥83,125 million
Subsidies related to former savings account	¥97,732 million
Other income	
Rents received	¥3,107 million

### 3. Notes to Statements of Changes in Net Assets

Dividends

Article 11 of the Japan Post Holdings Law provides that dividends from retained earnings are to be approved by the Minister of Internal Affairs and Communications.

Dividend Payments

(Resolution)	Type of stock	Total dividends (millions of yen)	Total dividends per share (yen)	Record date	Effective date
Date approved by resolution of the Board of Directors: June 25, 2008	Common stock	8,520	56.80	March 31, 2008	June 26, 2008

### 4. Notes to Retirement Benefits

#### 1. Retirement benefits

##### (1) Summary of retirement benefits

Japan Post Holdings has a lump-sum severance payment plan based on an in-house savings system in accordance with the Company's regulations on retirement benefits in addition to the mutual aid pension program in accordance with the Law Concerning the Mutual Aid Association of National Public Workers.

##### (2) Information about retirement benefit obligation

(Millions of yen)

2009 (As of March 31, 2009)	
Retirement benefit obligation	(35,780)
Unfunded pension liabilities	(35,780)
Unrecognized actuarial differences	(274)
Reserve for employees' retirement benefits	(36,055)

##### (3) Information about retirement benefit expenses

(Millions of yen)

2009 (From April 1, 2008 to March 31, 2009)	
Service cost	1,983
Interest cost	572
Amortized actuarial differences	(76)
Retirement benefit expenses	2,479

##### (4) Assumptions for the calculation of pension liabilities

2009 (As of March 31, 2009)	
Recognition of projected pension liabilities:	Straight-line method over the determined period
Discount rate:	1.6%
Recognition period of actuarial differences:	10 years

#### 2. Share of public service pension

##### (1) Retirement benefit obligation related to share of public service pension

(Millions of yen)

2009 (As of March 31, 2009)	
Retirement benefit obligation related to share of public service pension	(1,183,963)
Unrecognized actuarial differences	(14,620)
Reserve for employees' retirement benefits related to share of public service pension	(1,198,584)

##### (2) Retirement benefit expenses related to share of public service pension (For the period from April 1, 2008 to March 31, 2009)

(Millions of yen)

2009 (From April 1, 2008 to March 31, 2009)	
Interest cost	21,793
Amortized actuarial difference	130
Retirement benefit expenses related to share of public service pension	21,924

##### (3) Assumptions for the calculation of pension liabilities

2009 (As of March 31, 2009)	
Discount rate:	1.7%
Recognition period of actuarial differences:	10 years

#### 3. Share of another public service pension

##### (1) Information about the share of another public service pension

(Millions of yen)

2009 (As of March 31, 2009)	
Retirement benefit obligation related to share of another public service pension	(3,622)
Unrecognized actuarial differences	(23)
Reserve for share of another public service pension	(3,646)

##### (2) Retirement benefit expenses related to share of another public service pension

(Millions of yen)

2009 (From April 1, 2008 to March 31, 2009)	
Interest cost	46
Amortized prior service cost	(4)
Retirement benefit expenses related to share of another public service pension	42

##### (3) Assumptions for retirement benefit obligation

2009 (As of March 31, 2009)	
Discount rate:	1.1%
Recognition period of actuarial differences:	5 years

### 5. Notes to Deferred Tax Assets and Liabilities

The major components causing deferred tax assets are as follows.

Deferred tax assets	
Reserve for employees' retirement benefits:	¥ 503,848 million
Reserve for employees' bonuses:	¥ 931 million
Operating loss carryforwards:	¥ 6,252 million
Others:	¥ 2,737 million
Sub-total:	¥ 513,771 million
Valuation allowance for deferred tax assets:	¥ (513,771) million
Total deferred tax assets:	- million
Deferred tax liabilities	
Contribution to society and community funds:	¥ 6,169 million
Valuation and translation adjustments of contribution to society and community funds:	¥ 38 million
Total deferred tax liabilities:	¥ 6,208 million
Net deferred tax assets (negative for liabilities):	¥ (6,208) million

## 6. Leased Fixed Assets

In addition to the fixed assets on the balance sheet, some other tools and fixtures are used under finance lease contracts that do not involve title transfer.

## 7. Notes to Transactions with Related Parties

Type of relationship	Subsidiary
Company name	Japan Post Bank Co., Ltd.
Ownership	Directly Owns 100% of the stock
Description of relationship	Important subsidiary engaged in operating the banking business
Description of transactions	Receiving subsidies (Note 1)
Transaction amount (millions of yen)	97,732
Account name	-
Balance as of March 31, 2009	-

The transaction amount does not include consumption taxes.

Conditions of transactions and policies for deciding such conditions

Note 1: We receive subsidies in accordance with Article 122 of the Postal Services Privatization Act (2005, Law No. 97).

## 8. Per Share Information

Net assets per share:	¥54,314.10
Net income per share:	¥726.84

## 9. Others

Reserve for compensation for accidents in the course of duty

(1) Information about the compensation for accidents in the course of duty

(Millions of yen)

2009 (As of March 31, 2009)	
Obligation related to compensation for accidents in the course of duty	(29,855)
Unrecognized actuarial differences	2,269
Reserve for compensation for accidents in the course of duty	(27,586)

(2) Information about the cost for compensation for accidents in the course of duty

(Millions of yen)

2009 (From April 1, 2008 to March 31, 2009)	
Interest cost	608
Amortized actuarial difference	109
Cost for compensation for accidents in the course of duty	718

(3) Assumptions for calculating the obligation for compensation

2009 (As of March 31, 2009)	
Discount rate:	2.0%
Recognition period of actuarial differences:	15 years

## 10. Subsequent Events

None

# 3. Japan Post Network Co., Ltd.

## — Non-consolidated Financial Data

The balance sheets as of March 31, 2009 and 2008 and the statements of income and changes in net assets for the years then ended ("non-consolidated financial statements") were audited by KPMG AZSA & Co. in accordance with Article 396, Paragraph 1 of the Company Act of Japan.

(The following are translations into English of the audited financial statements in Japanese.)

### 1 Balance Sheets

(Millions of yen)

Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)	Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)
<b>Assets</b>			<b>Liabilities</b>		
Current assets			Current liabilities		
Cash and deposits	¥1,992,488	¥1,888,026	Accounts payable—trade	¥ 3,918	¥ 4,791
Accounts receivable—trade	106,243	109,276	Accounts payable	88,168	123,520
Securities	—	96,000	Postal service business consignment payable	18,731	16,072
Real estate for sale in progress	—	1,576	Banking business consignment payable	—	38,443
Merchandise	—	19	Accrued expenses	33,537	23,591
Supplies	870	1,251	Income taxes payable	7,340	11,326
Prepaid expenses	574	453	Consumption taxes payable	25,172	10,129
Accounts receivable	7,270	6,689	Deposits received	4,382	4,246
Banking business consignment receivable	42,469	—	Fund deposits for post offices	1,650,000	1,550,000
Insurance business consignment receivable	35,939	76,522	Reserve for employees' bonuses	57,871	55,929
Other current assets	35,649	28,094	Other current liabilities	1,991	1,301
Allowance for doubtful accounts	(25)	(32)	Total current liabilities	1,891,115	1,839,354
Total current assets	2,221,481	2,207,877	Long-term liabilities		
Non-current assets			Long-term debt	213	142
Tangible fixed assets			Reserve for employees' retirement benefits	1,183,445	1,161,975
Buildings—net	380,845	363,529	Reserve for directors' retirement benefits	23	72
Structures—net	18,216	16,169	Reserve for loss on rebuilding of branches	—	4,127
Machinery—net	323	259	Negative goodwill	894	696
Automobiles and other vehicles—net	621	860	Other long-term liabilities	6,116	5,827
Tools and fixtures—net	37,961	27,998	Total long-term liabilities	1,190,694	1,172,841
Land	620,558	615,725	<b>Total Liabilities</b>	<b>¥3,081,809</b>	<b>¥3,012,195</b>
Construction in progress	756	2,764	<b>Net Assets</b>		
Total tangible fixed assets	1,059,283	1,027,306	Shareholders' equity		
Intangible fixed assets			Capital stock	¥ 100,000	¥ 100,000
Leaseholds	1,666	1,667	Capital surplus		
Telephone rights	159	159	Capital reserve	100,000	100,000
Software	2,620	3,558	Total capital surplus	100,000	100,000
Other intangible fixed assets	91	219	Retained earnings		
Total intangible fixed assets	4,538	5,605	Other retained earnings		
Investments and other assets			Unappropriated retained earnings	4,678	44,352
Investment securities	—	14,450	Total retained earnings	4,678	44,352
Stock of related parties	200	200	Total shareholders' equity	204,678	244,352
Other assets	1,264	1,520	<b>Total Net Assets</b>	<b>¥ 204,678</b>	<b>¥ 244,352</b>
Allowance for doubtful accounts	(279)	(413)			
Total investments and other assets	1,184	15,758	<b>Total Liabilities and Net Assets</b>	<b>¥3,286,487</b>	<b>¥3,256,547</b>
Total non-current assets	1,065,006	1,048,670			
<b>Total Assets</b>	<b>¥3,286,487</b>	<b>¥3,256,547</b>			

## 2 Statements of Income

(Millions of yen)

Item	2008 (From October 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
<b>Operating income</b>		
Commissions for postal service business consignment	¥103,066	¥ 213,201
Commissions for banking business consignment	301,046	648,147
Commissions for insurance business consignment	207,942	415,210
Other fees and commissions	3,825	16,670
<b>Total operating income</b>	<b>615,880</b>	<b>1,293,229</b>
Operating expenses	555,340	1,112,405
<b>Gross operating income</b>	<b>60,539</b>	<b>180,823</b>
Sales, general and administrative cost	53,021	112,448
<b>Net operating income</b>	<b>7,517</b>	<b>68,375</b>
<b>Other income</b>		
Rents received	15,797	25,834
Others	2,682	7,125
<b>Total other income</b>	<b>18,480</b>	<b>32,960</b>
<b>Other expenses</b>		
Lease cost	7,152	15,884
Others	309	1,570
<b>Total other expenses</b>	<b>7,462</b>	<b>17,455</b>
<b>Net ordinary income</b>	<b>18,535</b>	<b>83,880</b>
<b>Extraordinary gains</b>		
Gain on sales of fixed assets	2	1,136
Compensation for transfer	298	420
Other extraordinary gains	26	24
<b>Total extraordinary gains</b>	<b>327</b>	<b>1,581</b>
<b>Extraordinary losses</b>		
Losses on sales of fixed assets	0	6
Losses on disposal of fixed assets	196	239
Impairment losses	257	230
Provisions for losses on rebuilding of branches	—	4,127
Other extraordinary losses	10	42
<b>Total extraordinary losses</b>	<b>464</b>	<b>4,646</b>
<b>Net income before income taxes</b>	<b>18,397</b>	<b>80,815</b>
Income taxes current	13,719	34,283
Income taxes for prior periods	—	5,688
<b>Total income taxes</b>	<b>13,719</b>	<b>39,971</b>
<b>Net income</b>	<b>¥ 4,678</b>	<b>¥ 40,843</b>

### 3 Statements of Changes in Net Assets

(Millions of yen)

	<b>2008</b> (From October 1, 2007 to March 31, 2008)	<b>2009</b> (From April 1, 2008 to March 31, 2009)
<b>Shareholders' equity</b>		
Capital stock		
Balance at the end of the previous fiscal year	¥100,000	¥100,000
Balance at the end of the current fiscal year	¥100,000	¥100,000
Capital surplus		
Capital reserve		
Balance at the end of the previous fiscal year	¥100,000	¥100,000
Balance at the end of the current fiscal year	¥100,000	¥100,000
Retained earnings		
Other retained earnings		
Unappropriated retained earnings		
Balance at the end of the previous fiscal year	¥ —	¥ 4,678
Changes during the period		
Cash dividends	—	(1,169)
Net income	4,678	40,843
Total changes during the period	4,678	39,674
Balance at the end of the current fiscal year	¥ 4,678	¥ 44,352
Total shareholders' equity		
Balance at the end of the previous fiscal year	¥200,000	¥204,678
Changes during the period		
Cash dividends	—	(1,169)
Net income	4,678	40,843
Total changes during the period	4,678	39,674
Balance at the end of the current fiscal year	¥204,678	¥244,352



## 4 Significant Accounting Policies

Note: Amounts are rounded down to the nearest million yen.

### 1. Valuation criteria and methods for securities

#### (1) Held-to-maturity securities

Held-to-maturity securities are stated at amortized cost (straight-line method) using the moving-average method.

#### (2) Shares of subsidiaries and related parties

Shares of subsidiaries and related parties is recognized at cost using the moving-average method.

#### (3) Available-for-sale securities

Securities without market quotations are stated at cost using the moving-average method.

### 2. Valuation criteria and methods for inventories

#### (1) Real estate for sale in progress (Real estate under development)

Real estate for sale in progress is recognized at cost based on the specific cost method (writing down the book value of inventories based on decreased profitability).

#### (2) Other inventories

Other inventories are recognized at cost based on the moving-average method (writing down the book value of inventories based on decreased profitability).

(Change in accounting policy)

Effective from the current fiscal year, the Company has adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) by the Accounting Standards Board of Japan.

This change has no impact on the financial statements.

### 3. Depreciation/amortization method for non-current assets

#### (1) Tangible fixed assets (excluding leased assets)

Tangible fixed assets are depreciated using the declining-balance method (except that buildings excluding accompanying equipment employ the straight-line method).

Useful lives in general are as follows:

Buildings: 2-50 years

Others: 2-60 years

#### (2) Intangible fixed assets

Intangible fixed assets are amortized using the straight-line method.

The software used in-house is amortized over the prescribed useful lives (5 years).

#### (3) Leased assets

Finance lease assets not involving the transfer of ownership are depreciated to the residual value of zero by the straight-line method during the lease term.

(Changes in accounting policy)

Effective from the current fiscal year, the Company adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, revised on March 30, 2007) and the "Guidance on Accounting Standards for Lease Transactions" (ASBJ Guidance No. 16) issued by the Accounting Standards Board of Japan.

These changes had no material impact on the financial statements.

### 4. Criteria for allowances and reserves

#### (1) Allowance for doubtful accounts

To reserve for losses on doubtful accounts, general allowance is provided using a rate determined by past bad debt experience and also specific allowance is provided for the estimated amounts considered to be uncollectible after reviewing individual collectibility of certain doubtful accounts.

#### (2) Reserve for employees' bonuses

To provide for payment of bonuses to employees, reserve for employees' bonuses is recorded in an amount expected to be paid.

#### (3) Reserve for employees' retirement benefits

To provide for employee retirement benefits, reserve for employees' retirement benefits is recorded based on the projected retirement benefit

obligation and related pension assets at the end of the current fiscal year. Prior service cost is to be charged to expenses using the straight-line method based on determined years (14 years) within the average remaining service years of the employees when incurred.

Actuarial differences are to be charged to expenses from the following fiscal year using the straight-line method based on determined years (14 years) within the average remaining service years of the employees when incurred.

#### (4) Reserve for directors' retirement benefits

To provide for the payment of retirement benefits to directors, the Company provides a reserve for directors' retirement benefits, in accordance with its internal rules, that is deemed to have accrued on the balance sheet date.

#### (5) Reserve for loss on rebuilding of branches (post offices)

To provide for losses incurred in rebuilding branches (post offices) as part of the real estate development business, the Company records the amount of expected losses as of the end of the fiscal year. Specifically, reserve for loss on rebuilding of branches is recorded based on expected losses at the end of the fiscal year. The losses are mainly composed of those of existing buildings and expected removal.

### 5. Other important assumptions for financial statements

#### (1) Consumption taxes

All figures are net of consumption taxes.

#### (2) Consolidated tax payment system

The consolidated tax payment system is employed, with Japan Post Holdings Co., Ltd. as the parent company.

#### (3) Amortization of negative goodwill

The business that mediates delivery of *furusato kozutsumi* ("small parcels from hometown"), which used to be operated by the Postal Service Center, a juridical foundation, was transferred to Japan Post Network on October 1, 2007, and negative goodwill was recognized concerning the transfer.

The negative goodwill is amortized by the straight-line method (over 5 years).

## 5 Notes to Financial Statements

### 1. Notes to Balance Sheets

#### 1. Notes to Balance Sheets

(1) The following is pledged as collateral for performing services as the Bank of Japan revenue sub-agents:

Investment securities: ¥14,450 million

(2) Pledged as collateral for a long-term loan of ¥142 million

Land: ¥1,489 million

Buildings and others: ¥1,142 million

2. Accumulated depreciation of tangible fixed assets: ¥62,742 million

#### 3. Contingent liabilities

Some of the lease contracts for the precincts of post offices have been taken over from the former Japan Post. Such contracts state that the lesser retains the right to call for compensation if Japan Post Network Co., Ltd. cancels all or part of the lease contracts. The amount of such cancellation compensation is to be calculated based on the remaining portion of the initial investment that has not been recovered as of the cancellation date. As of March 31, 2009, the potential cancellation claims were ¥168,366 million.

However, if the buildings are not to be demolished, the compensation does not cover the entire remaining portion of the initial investment.

#### 4. Receivables and payables involving related parties

Short-term receivables: ¥184 million

Short-term payables: ¥12,327 million

#### 5. Others

The fund deposits for post offices presented on the balance sheets are those received in advance to prepare for the need to refund deposits and pay insurance benefits in accordance with the consignment agreements with Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.

The following shows the details of such deposits.

Japan Post Bank Co., Ltd.: ¥1,340,000 million

Japan Post Insurance Co., Ltd.: ¥210,000 million

### 2. Notes to Statements of Income

The following shows operating transactions and other transactions with affiliates.

Operating transactions (received): –

Operating transactions (paid): ¥30,441 million

Transactions other than operational (received): ¥1,835 million

Transactions other than operational (paid): ¥0 million

### 3. Notes to Statements of Changes in Net Assets

#### 1. Information concerning outstanding shares

(Shares)

Type of shares	Number of shares as of March 31, 2008	Increase	Decrease	Number of shares as of March 31, 2009
Common	4,000,000	-	-	4,000,000

#### 2. Appropriation of retained earnings

##### (1) Cash dividends (paid)

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Regular shareholders meeting on June 18, 2008	Common	1,169	292.39	March 31, 2008	June 18, 2008

(2) The following dividends are those recorded during the term but effective only in the next term.

Resolution planned	Type of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Regular shareholders meeting on June 24, 2009	Common	Retained earnings	10,211	2,552.75	March 31, 2009	June 24, 2009

### 4. Notes to Deferred Tax Assets and Liabilities

The major components causing deferred tax assets are as follows.

Reserve for employees' retirement benefits: ¥472,798 million

Reserve for employees' bonuses: ¥22,757 million

Others: ¥17,915 million

Sub-total: ¥513,471 million

Valuation allowance for deferred tax assets: ¥(513,471) million

Total deferred tax assets: –

Net deferred tax assets: –

## 5. Notes to Transactions with Related Parties

Fellow subsidiaries

Type of relationship	Company name	Voting rights (owning or being owned by)	Description of relationship		Description of transactions	Transaction amount (millions of yen)	Account name	Balance at the end of the term (millions of yen)
			Interlocking directors	Business Relationship				
Subsidiary of the common parent	Japan Post Service Co., Ltd.	-	One concurrent	Business consignment	Commissions for business consignment	213,201	Accounts receivable	16,625
					Rents receivable	18,500	Outstanding collections	1,634
Subsidiary of the common parent	Japan Post Bank Co., Ltd.	-	Three concurrent	Business consignment	Commissions for business consignment	648,147	Accounts receivable	54,838
					Funds received and paid pursuant to consigned business	1,380,712	Fund deposits for post offices Banking business consignment receivable	1,340,000 38,443
Subsidiary of the common parent	Japan Post Insurance Co., Ltd.	-	-	Business consignment	Commissions for business consignment	415,210	Accounts receivable	37,320
					Funds received and paid pursuant to consigned business	210,000	Fund deposits for post offices Insurance business consignment receivable	210,000 76,522

Note 1: The transaction amount does not include consumption taxes. However, the balance at the end of the term includes consumption taxes.

Note 2: Conditions of transactions and policies for deciding such conditions

- Commissions for business consignment: Commissions are determined based on the volume of business in accordance with the consignment agreement with each affiliated company.
- Rents receivable: Rents are determined considering the market price.
- Fund deposits for post offices: Fund deposits for post offices are deposits received in advance to prepare for the need to pay insurance benefits in accordance with the consignment agreement with Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.
- Business consignment receivable/payable: Funds received and paid at the post office windows pursuant to the business consignment agreements are settled with each affiliated company. Transaction amounts are settled two days after the transactions. However, the transaction volume is so huge that the actual transaction amounts are not disclosed.

## 6. Notes to Retirement Benefits

### 1. Summary of retirement benefits

Japan Post Network has a defined benefit pension plan, and also provides lump-sum severance payments in accordance with the company's regulations on retirement benefits.

### 2. Information about retirement benefit obligation

1 Retirement benefit obligation:	¥(1,152,414)million
2 Pension assets:	-
3 Unfunded pension liabilities (1+2):	¥(1,152,414)million
4 Unrecognized actuarial differences:	¥ (10,434)million
5 Unrecognized prior service cost:	¥873 million
6 Net amount on balance sheet (3+4+5):	¥(1,161,975)million
7 Prepaid retirement benefit expenses:	-
8 Reserve for employees' retirement benefits (6-7):	¥(1,161,975)million

### 3. Information about retirement benefit expenses

1 Service cost:	¥57,312 million
2 Interest cost:	¥19,956 million
3 Expected return on pension assets:	-
4 Amortized prior service cost:	¥67 million
5 Amortized actuarial differences:	¥(602)million

### 4. Assumptions for the calculation of pension liabilities

1 Recognition of projected pension liabilities: Straight-line method over the determined period	
2 Discount rate:	1.7%
3 Recognition period of actuarial differences:	14 years
4 Recognition period of prior service cost:	14 years

## 7. Per Share Information

Net assets per share:	¥61,088.12
Net income per share:	¥10,210.97

## 8. Subsequent Events

None

## 4. Japan Post Service Co., Ltd.

### — Non-consolidated Financial Data

The balance sheets as of March 31, 2009 and 2008 and the statements of income and changes in net assets for the years then ended ("non-consolidated financial statements") were audited by KPMG AZSA & Co. in accordance with Article 396, Paragraph 1 of the Company Act of Japan.

(The following are translations into English of the audited financial statements in Japanese.)

#### 1 Balance Sheets

(Millions of yen)

Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)	Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)
<b>Assets</b>			<b>Liabilities</b>		
Current assets			Current liabilities		
Cash and deposits	¥ 520,015	¥ 393,491	Accounts payable-trade	¥ 55,690	¥ 51,495
Accounts receivable-trade	150,185	132,129	Accounts payable	152,227	139,890
Securities	—	80,000	Accrued expenses	6,641	8,802
Merchandise	1,847	2,574	Income taxes payable	16,863	—
Supplies	2,473	3,373	Consumption taxes payable	36,902	—
Prepaid expenses	1,154	1,175	Advance postal fees received	42,126	39,774
Income taxes receivable	—	3,653	Deposits received	440,424	399,586
Other current assets	7,094	11,812	Reserve for employees' bonuses	53,500	54,087
Allowance for doubtful accounts	(1,010)	(188)	Other current liabilities	1,328	963
Total current assets	681,758	628,022	Total current liabilities	805,706	694,600
Non-current assets			Long-term liabilities		
Tangible fixed assets			Reserve for employees' retirement benefits	1,070,414	1,068,797
Automobiles and other vehicles-net	2,853	1,557	Reserve for directors' retirement benefits	20	62
Buildings-net	703,264	664,450	Reserve for refund for Fumi Cards	897	510
Structures-net	16,010	14,522	Other long-term liabilities	3,074	4,251
Machinery-net	30,828	25,771	Total long-term liabilities	1,074,406	1,073,622
Tools and fixtures-net	24,338	18,569	<b>Total Liabilities</b>	<b>¥1,880,112</b>	<b>¥1,768,223</b>
Land	634,098	634,083	<b>Net Assets</b>		
Construction in progress	1,922	398	Shareholders' equity		
Total tangible fixed assets	1,413,316	1,359,352	Capital stock	¥ 100,000	¥ 100,000
Intangible fixed assets			Capital surplus		
Software	14,243	20,114	Capital reserve	100,000	100,000
Other intangible fixed assets	1,829	1,980	Total capital surplus	100,000	100,000
Total intangible fixed assets	16,073	22,094	Retained earnings		
Investments and other assets			Other retained earnings	69,487	81,928
Stock of related parties	37,692	38,799	Unappropriated retained earnings	69,487	81,928
Claims in bankruptcy	1,412	1,843	Total retained earnings	69,487	81,928
Other assets	758	1,873	Total shareholders' equity	269,487	281,928
Allowance for doubtful accounts	(1,412)	(1,835)	<b>Total Net Assets</b>	<b>¥ 269,487</b>	<b>¥ 281,928</b>
Total investments and other assets	38,451	40,681			
Total non-current assets	1,467,841	1,422,128	<b>Total Liabilities and Net Assets</b>	<b>¥2,149,599</b>	<b>¥2,050,151</b>
<b>Total Assets</b>	<b>¥2,149,599</b>	<b>¥2,050,151</b>			

## 2 Statements of Income

(Millions of yen)

Item	2008 (From October 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
Operating income	¥1,053,676	¥1,865,282
Operating expenses	893,647	1,724,671
<b>Gross operating income</b>	<b>160,028</b>	<b>140,611</b>
Sales, general and administrative cost	56,254	95,722
<b>Net operating income</b>	<b>103,773</b>	<b>44,888</b>
<b>Other income</b>		
Rents received	13,269	19,610
Others	1,401	2,601
<b>Total other income</b>	<b>14,670</b>	<b>22,211</b>
<b>Other expenses</b>		
Lease cost	3,971	6,888
Others	709	1,236
<b>Total other expenses</b>	<b>4,680</b>	<b>8,125</b>
<b>Net ordinary income</b>	<b>113,763</b>	<b>58,974</b>
<b>Extraordinary gains</b>		
Gains on revision of income and expense in the previous year	—	1,122
Reversal of allowance for doubtful accounts	—	292
Reversal of reserve for refund for Fumi Cards	207	284
Other extraordinary gains	4	121
<b>Total extraordinary gains</b>	<b>211</b>	<b>1,822</b>
<b>Extraordinary losses</b>		
Losses on revision of income and expense in the previous year	—	3,118
Losses on disposal of fixed assets	1,271	977
Other extraordinary losses	107	3
<b>Total extraordinary losses</b>	<b>1,379</b>	<b>4,099</b>
<b>Net income before income taxes</b>	<b>112,595</b>	<b>56,697</b>
Income taxes current	43,108	23,353
Income taxes for prior periods	—	3,530
<b>Total income taxes</b>	<b>43,108</b>	<b>26,884</b>
<b>Net income</b>	<b>¥ 69,487</b>	<b>¥ 29,812</b>

### 3 Statements of Changes in Net Assets

(Millions of yen)

	<b>2008</b> (From October 1, 2007 to March 31, 2008)	<b>2009</b> (From April 1, 2008 to March 31, 2009)
<b>Shareholders' equity</b>		
Capital stock		
Balance at the end of the previous fiscal year	¥100,000	¥100,000
Balance at the end of the current fiscal year	¥100,000	¥100,000
Capital surplus		
Capital reserve		
Balance at the end of the previous fiscal year	¥100,000	¥100,000
Balance at the end of the current fiscal year	¥100,000	¥100,000
Retained earnings		
Other retained earnings		
Unappropriated retained earnings		
Balance at the end of the previous fiscal year	¥ —	¥ 69,487
Changes during the period		
Cash dividends	—	(17,371)
Net income	69,487	29,812
Total changes during the period	69,487	12,440
Balance at the end of the current fiscal year	¥ 69,487	¥ 81,928
Total shareholders' equity		
Balance at the end of the previous fiscal year	¥200,000	¥269,487
Changes during the period		
Cash dividends	—	(17,371)
Net income	69,487	29,812
Total changes during the period	69,487	12,440
Balance at the end of the current fiscal year	¥269,487	¥281,928

## 4 Significant Accounting Policies

Note: Amounts are rounded down to the nearest million yen.

### 1. Significant Accounting Policies

#### 1. Valuation criteria and methods for assets

##### (1) Valuation criteria and methods for securities

Shares of subsidiaries and related parties

Shares of subsidiaries and related parties is stated at cost using the moving-average method.

Available-for-sale securities

Securities without market quotations are stated at cost using the moving-average method.

##### (2) Valuation criteria and methods for inventories

Merchandise and supplies are recognized at cost using the moving-average method (carrying amounts on the balance sheet are computed by writing down the book value of inventories based on decreased profitability).

(Change in accounting policy)

Effective from the end of the current fiscal year, the Company has adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) by the Accounting Standards Board of Japan. This change has no impact on the financial statements.

#### 2. Depreciation/amortization method for non-current assets

##### (1) Tangible fixed assets

Buildings (excluding fixtures) are depreciated using the straight-line method.

Others are depreciated using the declining-balance method.

Useful lives for main depreciable items are as follows:

Vehicles: 2-7 years

Buildings: 2-50 years

Structures: 2-75 years

Machinery: 2-17 years

Tools, apparatus, equipment: 2-20 years

##### (2) Intangible fixed assets

Intangible fixed assets are amortized using the straight-line method.

The software used in-house is amortized over the prescribed useful lives (5 years).

#### 3. Criteria for allowances and reserves

##### (1) Allowance for doubtful accounts

To reserve for losses on doubtful accounts, general allowances is provided using a rate determined by past bad debt experience and also specific allowances is provided for the estimated amounts considered to be uncollectible after reviewing individual collectibility of certain doubtful accounts.

##### (2) Reserve for employees' bonuses

To provide for payment of bonuses to employees, reserve for employees' bonuses is recorded in an amount expected to be paid.

##### (3) Reserve for employees' retirement benefits

To provide for employee retirement benefits, reserve for employees' retirement benefits is recorded based on the projected retirement benefit obligation and related pension assets at the end of the current fiscal year.

Actuarial differences are to be charged to expenses from the following fiscal year using the straight-line method over determined years (13 years) within the average remaining service years of the employees when incurred.

##### (4) Reserve for directors' retirement benefits

To provide for directors' retirement benefits, reserve for directors' retirement benefits is recorded in an actual amount needed at the end of the current fiscal year based on the company's regulations.

##### (5) Reserve for refund for Fumi Cards

To provide for refund for Fumi Cards, reserve for refund for Fumi Cards is recorded in a projected amount for the end of the current fiscal year.

#### 4. Other important assumptions for financial statements

##### (1) Consumption taxes

All figures are net of consumption tax.

##### (2) Consolidated tax payment system

The consolidated tax payment system is employed, with Japan Post Holdings Co., Ltd. as the parent company.

### 2. Change in presentation

#### Balance sheet presentation

In the previous fiscal year, "consumption taxes payable" was presented as current liabilities. Because of its decreased importance, "consumption taxes payable" is included in accounts payable within current liabilities. "Consumption taxes payable" in accrued expenses within current liabilities in the current fiscal year amounted to ¥141 million.

## 5 Notes to Financial Statements

### 1. Notes to Balance Sheets

- Accumulated depreciation of tangible fixed assets: ¥102,874 million
- Receivables and payables involving related parties
 

Short-term receivables:	¥4,200 million
Short-term payables:	¥25,241 million
- Assets pledged as collateral  
As prescribed by laws concerning regulations on prepaid vouchers, other assets within investments and other assets includes assets pledged as collateral of ¥1,061 million.
- Monetary assets as collateral  
Japan Post Service holds securities as collateral pledged by users of its pay-later postal services. Such securities are valued at ¥98 million as of March 31, 2009.

### 2. Notes to Statements of Income

- The following shows operating transactions and other transactions with affiliates.
 

Operating transactions (received):	¥5,911 million
Operating transactions (paid):	¥101,448 million
Transactions other than operational (received):	¥988 million
- Gains and losses on revision of income and expense in the previous year
  - Gains on revision of income and expense in the previous year ¥995 million
 

Selling, general and administrative cost (personnel expenses)	¥127 million
Total	¥1,122 million
  - Losses on revision of income and expense in the previous year
 

Operating income:	¥3,118 million
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- Details of loss on disposal of fixed assets
 

Buildings:	¥212 million
Structures:	¥56 million
Machinery:	¥589 million
Tools and fixtures:	¥119 million
Total:	¥977 million

### 3. Notes to Statements of Changes in Net Assets

- Information concerning outstanding shares

(Shares)

	Number of shares as of March 31, 2008	Increase	Decrease	Number of shares as of March 31, 2009
Common	4,000,000	—	—	4,000,000

- Appropriation of retained earnings

The following dividends are those recorded during the term but effective only in the next term.

Resolution planned	Type of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective Date
Regular shareholders meeting on June 26, 2009	Common	Unappropriated retained earnings	7,453 million	1,863.29	March 31, 2009	June 26, 2009

### 4. Notes to Deferred Tax Assets and Liabilities

The major components causing deferred tax assets and liabilities are as follows.

Deferred tax assets	
Reserve for employees' retirement benefits:	¥434,885 million
Reserve for employees' bonuses:	¥22,007 million
Others:	¥8,805 million
Sub-total:	¥465,698 million
Valuation allowance for deferred tax assets:	¥(465,698) million
Total deferred tax assets:	-



## 5. Notes to Transactions with Related Parties

Fellow subsidiaries

Type of relationship	Company name	Voting rights (owning or being owned by)	Description of relationship	Description of transactions	Transaction amount (Note 3) (millions of yen)	Account name	Balance as of March 31, 2009 (Note 3) (millions of yen)
Subsidiary of the common parent	Japan Post Network Co., Ltd.	None	We entrust postal service counter work, sales of revenue stamps and some work related to transport of parcels; lease property; and undertake distribution operation for the fellow subsidiary.	Postal service business consignment (Note 1)	213,185	Accounts payable operation	16,622
				Leasing of counter facilities (Note 2)	15,387	Other (Current assets)	1,342

Conditions of transactions and policies for deciding such conditions

Note 1: Commissions for postal service counter work are determined based on the final cost Japan Post Network Co., Ltd. has incurred with respect to the consigned business.

Note 2: Leasing fees for counter facilities are determined based on to actual conditions in surrounding areas.

Note 3: The transaction amount does not include consumption taxes. However, the balance at the end of the term includes consumption taxes.

## 6. Per Share Information

Net assets per share:	¥70,482.09
Net income per share:	¥7,453.17

## 7. Subsequent Events

Matter concerning the integration of parcel delivery operations with Nippon Express Co., Ltd.

At a Meeting of the Board of Directors on February 26, 2009, a resolution was passed for accepting the entire amount of a third-party allotment capital increase from affiliated company JP Express Co., Ltd. On April 1, 2009 Japan Post Service acquired 654,000 common shares from JP Express Co., Ltd. and made that company a consolidated subsidiary. The acceptance was in accordance with a letter of understanding between Japan Post Service and Nippon Express Co., Ltd. on October 25, 2007; a letter of understanding between the two companies on April 25, 2008 for integrating parcel delivery operations; and a statement of mutual agreement pertaining to an agreement between Nippon Express Co., Ltd. and its shareholders on August 28, 2008 and between Japan Post Service and shareholders on January 23, 2009.

Overview of third-party allotment capital increase

Stock payment date: April 1, 2009

Number of shares accepted: 654,000 shares

Issue price per share: ¥50,000

Total amount accepted: ¥32,700 million

Party to which allotted: Japan Post Service Co., Ltd.

Future parcel delivery service and schedule

Parcel delivery service is to be integrated during the period from April 1, 2009 to the end of September 2009.

Following the completion of integration, service is scheduled to begin from October 1, 2009. Until this time, the services provided are as follows.

	Yu-Pack	Pelican
Services offered	Japan Post Service will continue providing Yu-Pack service until the end of September 2009.	JP Express Co., Ltd. will provide service under the Pelican brand until the end of September. (The Company will consign deliveries and collections in some regions.)
Services and fees	Present Yu-Pack services and fees will be continued until the end of September.	Rates set by JP Express Co., Ltd. will be applied.
Handling locations	Yu-Pack items will be handled by the present handling locations that include the Company's branch offices, post offices, convenience stores and other locations that handle Yu-Pack items until the end of September.	Pelican services will be handled by the present handling locations that include JP Express branch offices and sale offices, convenience stores and other locations that handle Pelican items until the end of September.

## 8. Notes to Retirement Benefits

### 1. Summary of retirement benefits

Japan Post Service has a lump-sum severance payment plan based on an in-house saving system in accordance with the company's regulations on retirement benefits.

### 2. Information about retirement benefit obligation

(Millions of yen)

2009 (March 31, 2009)	
1 Retirement benefit obligation	(1,052,113)
2 Unrecognized actuarial differences	(16,684)
3 Reserve for employees' retirement benefits (1+2)	(1,068,797)

### 3. Information about retirement benefit expenses

(Millions of yen)

2009 (From April 1, 2008 to March 31, 2009)	
Retirement benefit expenses	66,221
1 Service cost	49,342
2 Interest cost	17,152
3 Amortized actuarial differences	(272)

### 4. Assumptions for the calculation of pension liabilities

2009 (From April 1, 2008 to March 31, 2009)	
1 Recognition method of projected pension liabilities	Straight-line method over the determined period
2 Discount rate	1.6%
3 Recognition period of actuarial differences	13 years

# 5. Japan Post Bank Co., Ltd.

## — Non-consolidated Financial Data

The balance sheets as of March 31, 2009 and 2008 and the statements of income and changes in net assets for the years then ended ("non-consolidated financial statements") were audited by KPMG AZSA & Co. in accordance with Article 396, Paragraph 1 of the Company Act of Japan.

(The following are translations into English of the audited financial statements in Japanese.)

### 1 Balance Sheets

(Millions of yen)

Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)	Item	2008 (As of March 31, 2008)	2009 (As of March 31, 2009)
<b>Assets</b>			<b>Liabilities</b>		
Cash and due from banks	¥ 8,835,055	¥ 5,999,116	Deposits	¥181,743,807	¥177,479,840
Cash	192,491	124,681	Transfer deposits	7,500,480	7,269,971
Due from banks	8,642,564	5,874,434	Ordinary deposits	48,243,513	46,109,765
Call loans	3,655,000	51,184	Savings deposits	511,045	466,585
Receivables under resale agreements	149,803	—	Time deposits	5,798,826	17,408,597
Receivables under securities borrowing transactions	—	725,786	Special deposits	109,519,634	76,835,303
Monetary claims bought	20,908	66,409	TEIGAKU deposits	9,796,566	29,058,902
Trading account securities	172	159	Other deposits	373,739	330,715
Trading Japanese government bonds	172	159	Payables under securities lending transactions	—	804,770
Money held in trust	412,570	1,224,742	Borrowed money	20,700,000	8,700,000
Securities	172,532,116	173,551,137	Borrowings	20,700,000	8,700,000
Japanese Government Bonds	156,773,157	155,490,155	Foreign exchanges	327	102
Japanese local government bonds	7,499,247	6,177,212	Foreign bills sold	227	37
Commercial paper	—	542,904	Foreign bills payable	100	64
Japanese corporate bonds	7,801,698	9,880,462	Other liabilities	1,496,986	1,182,240
Stocks	—	900	Domestic exchange settlement account, credit	22,451	20,177
Other securities	458,012	1,459,503	Income taxes payable	43,457	42,313
Loans	3,771,527	4,031,587	Accrued expenses	867,260	792,908
Loans on deeds	3,502,875	3,790,537	Unearned income	12	22
Overdrafts	268,651	241,050	Derivatives other than that for trading	120	23,304
Foreign exchanges	13,453	9,872	Other liabilities	563,684	303,513
Due from foreign banks	13,362	9,814	Reserve for employees' bonuses	6,227	6,542
Foreign bills bought and foreign exchanges purchased	90	58	Reserve for employees' retirement benefits	124,932	127,584
Other assets	22,514,239	10,480,635	Reserve for directors' retirement benefits	45	141
Domestic exchange settlement account-debit	14,748	12,999	<b>Total Liabilities</b>	<b>¥204,072,327</b>	<b>¥188,301,222</b>
Pre-paid expenses	423	200	<b>Net Assets</b>		
Accrued income	333,950	331,348	Common stock	¥ 3,500,000	¥ 3,500,000
Derivatives other than that for trading	26	271	Capital surplus	4,296,285	4,296,285
Deposits to the fiscal loan fund	20,700,000	8,700,000	Capital surplus reserve	4,296,285	4,296,285
Other assets	1,465,090	1,435,816	Retained earnings	206,577	413,140
Tangible fixed assets	186,469	170,392	Other retained earnings	206,577	413,140
Buildings	80,470	75,862	Retained earnings brought forward	206,577	413,140
Land	27,121	27,121	Total shareholders' equity	8,002,862	8,209,426
Construction in progress	44	52	Net unrealized gains (losses) on available-for-sale securities	73,992	(16,877)
Other tangible fixed assets	78,833	67,355	Unrealized gains (losses) on hedging derivatives	—	(12,974)
Intangible fixed assets	27,106	29,586	Total valuation and translation adjustments	73,992	(29,851)
Software	22,652	29,192	<b>Total Net Assets</b>	<b>8,076,855</b>	<b>8,179,574</b>
Other intangible fixed assets	4,454	394	<b>Total Liabilities and Net Assets</b>	<b>¥212,149,182</b>	<b>¥196,480,796</b>
Deferred tax assets	32,269	141,273			
Reserve for possible loan losses	(1,510)	(1,087)			
<b>Total Assets</b>	<b>¥212,149,182</b>	<b>¥196,480,796</b>			

## 2 Statements of Income

(Millions of yen)

Item	2008 (From October 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
<b>Revenues</b>	<b>¥1,328,904</b>	<b>¥2,488,552</b>
Interest income	1,265,087	2,309,926
Interest on loans	22,847	45,185
Interest and dividends on securities	936,981	1,940,865
Interest on call loans	5,993	14,333
Interest on receivables under resale agreements	297	2,366
Interest on receivables under securities borrowing transactions	15,767	28,589
Interest on deposits with banks	9,222	23,288
Other interest income	273,977	255,297
Fees and commissions	59,556	112,334
Fees and commissions on domestic and foreign exchanges	35,296	66,592
Other fees and commissions	24,259	45,742
Other operating income	703	53,791
Gain on sale of Japanese government bonds and other bonds	366	53,067
Others	336	723
Other income	3,557	12,500
Others	3,557	12,500
<b>Expenses</b>	<b>1,072,732</b>	<b>2,103,308</b>
Interest expenses	394,863	657,022
Interest on deposits	181,412	373,863
Interest on call money	—	0
Interest on payables under securities lending transactions	15,536	25,878
Interest on borrowings	197,357	255,091
Interest on interest rate swaps	—	1,591
Other interest expenses	557	597
Fees and commissions	9,704	21,238
Fees and commissions on domestic and foreign exchanges	37	297
Other fees and commissions	9,666	20,940
Other operating expenses	1,218	53,452
Losses on foreign exchange transactions	1,214	536
Loss on sales of bonds	3	52,915
Loss on redemption of bonds	0	0
Others	0	—
General and administrative expenses	617,787	1,266,205
Other expenses	49,158	105,390
Provision for reserve for possible loan losses	495	—
Written-off of loans	12	—
Loss on money held in trust	14,905	100,200
Others	33,745	5,189
<b>Net ordinary income</b>	<b>256,171</b>	<b>385,243</b>
<b>Extraordinary gain</b>	<b>159</b>	<b>465</b>
Reversal of reserve for possible loan losses	—	417
Gains on collection of written-off claims	159	47
<b>Extraordinary losses</b>	<b>490</b>	<b>1,495</b>
Loss on disposal of fixed assets	489	1,432
Impairment loss	1	63
<b>Income before income taxes</b>	<b>255,840</b>	<b>384,213</b>
Income taxes current	132,277	192,604
Income taxes deferred	(28,617)	(37,754)
<b>Total income taxes</b>		<b>154,850</b>
<b>Net income</b>	<b>¥ 152,180</b>	<b>¥ 229,363</b>

### 3 Statements of Changes in Net Assets

(Millions of yen)

	2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)		2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
<b>Shareholders' equity</b>			<b>Valuation and translation adjustments</b>		
Common stock			Net unrealized gains (losses) on available-for-sale securities		
Balance at beginning of year	¥ 50	¥3,500,000	Balance at beginning of year	¥ —	¥ 73,992
Changes during the period			Changes during the period		
Issuance of new stock	3,499,950	—	Net changes other than shareholders' equity	73,992	(90,869)
Total changes during the period	3,499,950	—	Total changes during the period	73,992	(90,869)
Balance at end of year	¥3,500,000	¥3,500,000	Balance at end of year	¥ 73,992	¥ (16,877)
Capital surplus			Unrealized gains (losses) on hedging derivatives		
Capital surplus reserve			Balance at beginning of year	¥ —	¥ —
Balance at beginning of year	¥ 50	¥4,296,285	Changes during the period		
Changes during the period			Net changes in other than shareholders' equity	—	(12,974)
Issuance of new stock	4,296,235	—	Total changes during the period	—	(12,974)
Total changes during the period	4,296,235	—	Balance at end of year	¥ —	¥ (12,974)
Balance at end of year	¥4,296,285	¥4,296,285	Total valuation and translation adjustments		
Retained earnings			Balance at beginning of year	¥ —	¥ 73,992
Other retained earnings			Changes during the period		
Retained earnings brought forward			Net changes other than shareholders' equity	73,992	(103,844)
Balance at beginning of year	¥ (21)	¥ 206,577	Total changes during the period	73,992	(103,844)
Changes during the period			Balance at end of year	¥ 73,992	¥ (29,851)
Cash dividends	—	(22,800)	<b>Total net assets</b>		
Tax effect (deferred) due to privatization	54,418	—	Balance at beginning of year	¥ 78	¥8,076,855
Net income	152,180	229,363	Changes during the period		
Total changes during the period	206,598	206,563	Issuance of new stock	7,796,185	—
Balance at end of year	¥ 206,577	¥ 413,140	Cash dividends	—	(22,800)
Total shareholders' equity			Tax effect (deferred) due to privatization	54,418	—
Balance at beginning of year	¥ 78	¥8,002,862	Net income	152,180	229,363
Changes during the period			Net changes other than shareholders' equity	73,992	(103,844)
Issuance of new stock	7,796,185	—	Total changes during the period	8,076,777	102,718
Cash dividends	—	(22,800)	Balance at end of year	¥8,076,855	¥8,179,574
Tax effect (deferred) due to privatization	54,418	—			
Net income	152,180	229,363			
Total changes during the period	8,002,784	206,563			
Balance at end of year	¥8,002,862	¥8,209,426			

## 4 Statement of Cash Flows

(Millions of yen)

	2009 (From April 1, 2008 to March 31, 2009)		2009 (From April 1, 2008 to March 31, 2009)
<b>Cash flows from operating activities:</b>		<b>Cash flows from investing activities:</b>	
Income before income taxes	¥ 384,213	Purchases of securities	(66,091,066)
Depreciation and amortization	54,797	Proceeds from sales of securities	13,095,782
Losses on impairment of fixed assets	63	Proceeds from maturity of securities	51,684,625
Net change in reserve for possible loan losses	(422)	Investment in money held in trust	(1,029,778)
Net change in reserve for employees' bonuses	314	Proceeds from disposition of money held in trust	25,300
Net change in reserve for employees' retirement benefits	2,652	Purchases of tangible fixed assets	(31,692)
Net change in reserve for directors' retirement benefits	95	Proceeds from sales of tangible fixed assets	436
Interest income	(2,309,926)	Purchases of intangible fixed assets	(9,631)
Interest expense	657,022	Proceeds from sales of intangible fixed assets	120
Net securities gains	(151)	Other-net	(291)
Gains on money held in trust-net	100,200	<b>Net cash used in investing activities</b>	<b>(2,356,193)</b>
Losses on foreign exchange-net	292	<b>Cash flows from financing activities:</b>	
Losses on sale and disposal of fixed assets-net	1,432	Cash dividends	(22,800)
Net change in loans	(260,128)	<b>Net cash used in financing activities</b>	<b>(22,800)</b>
Net change in deposits	(4,263,966)	<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>575</b>
Proceeds from maturity of deposits to the fiscal loan fund	12,000,000	<b>Net decrease in cash and cash equivalents</b>	<b>(2,321,939)</b>
Net change in borrowed money	(12,000,000)	<b>Cash and cash equivalents at beginning of year</b>	<b>5,021,055</b>
Net change in negotiable certificates of deposit	514,000	<b>Cash and cash equivalents at end of year</b>	<b>¥ 2,699,116</b>
Net change in call loans	3,708,044		
Net change in receivables under securities borrowing transactions	(725,786)		
Net change in payables under securities lending transactions	804,770		
Net change in foreign exchange assets	3,581		
Net change in foreign exchange liabilities	(225)		
Interest received	2,387,231		
Interest paid	(744,332)		
Other-net	(26,452)		
Subtotal	287,319		
Income taxes paid	(230,841)		
<b>Net cash provided by operating activities</b>	<b>56,478</b>		

## 5 Significant Accounting Policies

Note: Amounts are rounded down to the nearest million yen.

The balance sheets and statements of income of Japan Post Bank Co., Ltd. (the "Bank") comply with the provisions of the Ordinance for Enforcement of Banking Act (1982 Finance Ministry Order No. 10).

"Deposits" in the balance sheet correspond with "Deposits" under liabilities in accordance with the Ordinance for Enforcement of Banking Act. Accordingly, transfer deposits correspond to current deposits, ordinary deposits with ordinary deposits, savings deposits with savings deposits, time deposits with time deposits and TEIGAKU deposits and other deposits with other deposits. Special deposits are deposits made by the Management Organization for Postal Saving and Postal Life Insurance.

Interest on deposits in the statements of income correspond to interest on deposits included in other expenses under the Ordinance for Enforcement of Banking Act.

1. Trading Account Securities, Securities and Money Held in Trust  
Securities are classified into four categories, based principally on the Bank's intent, as follows:

- (1) Trading account securities which are held in the short term are reported at fair value, and the related unrealized gains and losses are included in earnings;
- (2) Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost using the straight-line method;
- (3) Investments in affiliates are reported at cost determined by the moving-average method; and
- (4) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, reported in a separate component of net assets.

Available-for-sale securities whose fair value is not available are reported at cost or amortized cost determined by the moving-average method. In addition, the costs of available-for-sale securities sold are determined primarily based on the moving-average method.

Securities (stocks) invested in money held in trust, which is solely entrusted by the Bank for security trading purposes, are stated at the fair market value. Realized gains and losses on these securities are computed using the average market price of the final month in the fiscal year. Unrealized gains and losses on these securities are reported, net of applicable income taxes, in a separate component of net assets.

2. Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of tangible fixed assets, except for buildings (excluding building attachments) which are depreciated using the straight-line method, is computed by the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 75 years for others.

3. Intangible Fixed Assets

The amortization of intangible fixed assets is computed by the straight-line method. Capitalized cost of computer software developed/obtained for internal use is amortized by the straight-line method over the estimated useful lives of 5 years.

4. Foreign Currency Transactions

Foreign currency-denominated assets and liabilities at the balance sheet date are translated into Japanese yen principally at the exchange rates in effect at the balance sheet date. Exchange gains and losses are recognized in the fiscal year in which they occur.

5. Reserve for Possible Loan Losses

Reserve for possible loan losses is provided for in accordance with the write-off and provision standards as described below:

Loans to normal borrowers and borrowers requiring caution, as provided by "Practical Guidance for Checking Internal Controls for Self-Assessments

of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" (Japanese Institute of Certified Public Accountants, Special Committee for Audits of Banks, etc., Report No. 4), are classified into certain groups, and a reserve is provided for each group based on the estimated rate of loan losses.

For loans to doubtful borrowers, a reserve is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and considered to be necessary based on a solvency assessment. For loans to bankrupt or effectively/substantially bankrupt borrowers, a reserve is provided based on the amount of loans, net of amounts expected to be collected through disposition of collateral or to be recoverable under guarantees.

The asset evaluation department assesses all loans in accordance with the self-assessment rule in cooperation with the marketing related divisions.

6. Reserve for Employees' Bonuses

Reserve for employees' bonus is provided for the estimated employees' bonuses attributable to the fiscal year.

7. Reserve for Employees' Retirement Benefits

Reserve for employees' retirement benefits is provided based on the projected benefit obligation at the balance sheet date.

Actuarial gains and losses are recognized in income or expenses using the straight-line method over the average expected remaining service years (10 years) from the following year after they are incurred.

8. Reserve for Directors' Retirement Benefits

Reserve for directors' retirement benefits is provided for the estimated retirement benefits which are attributable to the fiscal year.

9. Derivatives and Hedging Activities

Derivatives are recognized as either assets or liabilities and stated at fair value. Gains or losses on derivative transactions are recognized in the statements of income.

Hedging against interest rate risks:

For the fiscal year ended March 31, 2009, the Bank used interest rate swaps to reduce its exposure to interest rate risk on its monetary assets and liabilities. In principle, the Bank applied the deferred-hedge accounting method for interest rate swaps. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria were not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income. For some financial assets and liabilities, the Bank applied special accounting treatment for interest rate swaps.

For the fiscal year ended March 31, 2008, the Bank applied special accounting treatment for interest rate swaps for some financial assets and liabilities.

Hedging against foreign exchange fluctuation risks:

The Bank uses the deferred tax accounting method and the fair value hedge accounting method to reduce its exposure to exchange rate fluctuations on the portion of the net unrealized gains/losses on available-for-sale securities exposed to the risks of foreign exchange fluctuation risk.

The Bank specifies hedges in such a way that major conditions of hedged items and hedging instruments are almost the same, and accordingly, considers that hedges are highly effective instead of making judgments on effectiveness.

10. Cash and Cash Equivalents

For purpose of the statement of cash flows, cash and cash equivalents represent cash and due from banks on the balance sheet, excluding negotiable certificates of deposit in other banks.

11. Consumption Taxes

The Bank is subject to Japan's national and local consumption taxes. Japan's national and local consumption taxes are excluded from transaction amounts.

12. Income Taxes

The Bank adopts the consolidated taxation system designating Japan Post Holdings Co., Ltd. as the parent company.

## 6 Notes to Financial Statements

### 1. Notes to Balance Sheets

- For securities borrowed using unsecured consumption loan contracts (securities lending transactions) and securities received using transactions with bond lending transactions secured by cash, the balance of the portion of securities where the Bank has the right to unrestricted disposal of securities through sales or reuse (pledge) as collateral was ¥727,271 million.
- In loans, there were no claims against bankrupt obligors, past-due claims, past-due claims (three months or more) and reconstructed claims in loans (loans receivable).
- Accumulated depreciation on tangible fixed assets: ¥67,836 million
- Monetary claims related to affiliates  
Total amount of monetary claims related to affiliates: ¥40 million  
Total amount of monetary liabilities related to affiliates: ¥62,928 million

### 2. Notes to Statements of Income

- Income from transactions with related parties  
Total interest income: ¥132 million  
Total income from fees and commissions: ¥11 million  
Total other operating income and other income: ¥140 million  
Total income from other transactions: –
- Expense for transactions with related parties  
Total interest expense: –  
Total fees and commissions expense: –  
Total for other operating expenses and other expenses: –  
Total expense for other transactions: ¥146,893 million

### 3. Notes to Statements of Changes in Net Assets

- Type and number of outstanding shares issued for the fiscal years ended March 31, 2009 was as follows:

	March 31, 2008	Increase	Decrease	March 31, 2009
Type of shares				
Common shares	150,000	–	–	150,000

- Dividends distributed during the fiscal year ended March 31, 2009  
Cash dividends (paid) applicable to the current fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends per share (yen)	Record date	Effective date
May 29, 2008	Common stock	¥22,800	¥152	March 31, 2008	May 30, 2008

### 4. Cash and Cash Equivalents

The reconciliation between cash and cash equivalents in the statement of cash flows and cash and due from banks in the balance sheet at March 31, 2009 was as follows:

Cash and due from banks	¥5,999,116 million
Due from banks, excluding negotiable certificates of deposit in other banks	¥(3,300,000) million
Cash and cash equivalents	¥2,699,116 million

### 5. Income Taxes

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2009 was as follows:

	Amount (Millions of yen)
Deferred tax assets	
Reserve for possible loan losses	¥ 442
Reserve for employees' retirement benefits	51,913
Accumulated depreciation	20,847
Accrued interest on deposits	22,265
Impairment losses of money held in trust	11,764
Net unrealized losses on available-for-sale securities	11,578
Other	26,213
Total deferred tax assets	145,025
Total deferred tax liabilities	3,751
Net deferred tax assets (liabilities)	¥141,273

### 6. Fair Value Information for Securities

Securities discussed here include "Trading account securities," negotiable certificates of deposit recorded under "Cash and due from banks," trust beneficiary rights under "Monetary claims bought" and "Money held in trust," in addition to "Securities" in the balance sheets.

Trading account securities:

- Net unrealized gains on trading account securities for the years ended March 31, 2009 was as follows:

	Amount on the balance sheet	Net unrealized gains
Trading account securities	159	–

- Held-to-maturity securities whose fair value is available:

Held-to-maturity securities whose fair value is available at March 31, 2009 consisted of the following:

	Amount on the balance sheet	Unrealized gains	Unrealized losses	Fair value
Japanese Government Bonds	¥123,534,320	¥2,343,773	¥47,000	¥125,831,093
Japanese local government bonds	5,279,006	78,553	1,598	5,355,960
Japanese corporate bonds	5,552,480	75,535	1,701	5,626,314
Total	¥134,365,807	¥2,497,861	¥50,300	¥136,813,368

Note: Fair value is determined based on the market price at the balance sheet date.

- Equities with market quotations of subsidiaries and affiliated companies (at March 31, 2009)

None

- Available-for-sale securities whose fair value is available:

Available-for-sale securities whose fair value is available at March 31, 2009 consisted of the following:

	Cost	Unrealized gains	Unrealized losses	Amount on the balance sheet
Debt securities:	¥36,988,754	¥276,609	¥83,340	¥37,182,023
Japanese Government Bonds	31,790,638	236,899	71,702	31,955,835
Japanese local government bonds	889,016	9,905	715	898,206
Japanese corporate bonds	4,309,099	29,804	10,921	4,327,982
Other securities (mainly foreign bonds)	1,553,501	9,357	36,946	1,525,912
Total	¥38,542,255	¥285,967	¥120,287	¥38,707,936

Note: The amounts on the balance sheets is determined using the market price at the balance sheet date.

- Held-to-maturity securities

Held-to-maturity securities sold during the fiscal years ended March 31, 2009 consisted of the following:

	Cost of sales	Sales proceeds	Realized gains
Japanese Government Bonds	¥6,039,501	¥6,039,766	¥265
Total	¥6,039,501	¥6,039,766	¥265

These held-to-maturity securities were sold in accordance with Article 282 of the Industry Audit Committee Report No. 14 ("Practical Guidance on Accounting for Financial Products") issued by JICPA.

Realized gains are included in "Interest and dividends on securities" in the accompanying statements of income.



## 6. Available-for-sale securities

Available-for-sale securities sold during the fiscal years ended March 31, 2009 consisted of the following:

(Millions of yen)

	Sales proceeds	Realized gains	Realized losses
Available-for-sale securities	¥7,057,106	¥53,067	¥52,915
Total	¥7,057,106	¥53,067	¥52,915

## 7. Securities with no available fair value

Securities with no available fair value at March 31, 2009 was as follows:

	Amount on the balance sheet (Millions of yen)
Available-for-sale securities:	
Negotiable certificates of deposit	¥3,300,000
Commercial paper:	542,904
Investment in unconsolidated subsidiaries and affiliates:	
Investments in affiliates	900

## 8. Reclassified securities (From April 1, 2008 to March 31, 2009)

None

## 9. Scheduled redemption amounts for bonds held-to-maturity and available-for-sale securities with maturity at end of fiscal years

Scheduled redemption amounts for bonds held-to-maturity and available-for-sale securities with maturity at March 31, 2009 consisted of the following:

(Millions of yen)

	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Debt securities:	¥41,320,145	¥76,937,168	¥50,550,631	¥3,282,790
Japanese Government Bonds	37,801,603	70,105,908	44,970,374	2,612,270
Japanese local government bonds	1,564,228	2,718,315	1,894,669	-
Commercial paper	542,904	-	-	-
Japanese corporate bonds	1,411,409	4,112,944	3,685,587	670,520
Other (mainly foreign bonds)	3,302,069	1,171,408	148,385	29,048
Total	¥44,622,214	¥78,108,576	¥50,699,016	¥3,311,838

## 7. Money Held in Trust

The Bank did not hold money held in trust for the purpose of trading nor holding to maturity for the fiscal years ended March 31, 2009.

Money held in trust at March 31, 2009 and 2008 was as follows:

(Millions of yen)

	Cost	Unrealized gains	Unrealized losses	Amount on the balance sheet
Money held in trust classified as:				
Available-for-sale	¥1,418,878	¥6,201	¥200,337	¥1,224,742

Notes: 1. The amounts on the balance sheets are stated at the average market price of the final month for the fiscal year for equity securities and at the market price at the balance sheet date for other securities.

2. Securities (equity securities) with market quotations under management as trust assets, whose market values showed a substantial decline from their acquisition costs and were not judged to recover to their book values are restated at fair market price on the balance sheet and valuation differences are charged to income (hereafter "losses on impairment of fixed assets") in the year in which they are recognized. The amount of losses on impairment of fixed assets for the fiscal years ended March 31, 2009 and 2008 amounted to ¥56,131 million, respectively. Securities were judged as impaired when their market values showed a substantial decline from their book value.

The criteria for determining if such decline is significant are as follows:

Securities whose fair value is 50% or less than the acquisition cost, or Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

## 8. Equity Earnings of Affiliates

The details for the fiscal year ended March 31, 2009 were as follows:

Investment in unconsolidated subsidiaries and affiliates:

Investments in affiliates	¥900 million
Investments, if equity method is adopted for accounting	¥791 million
Investment losses, if equity method is adopted for accounting	¥108 million

The Bank recorded no equity earnings of affiliates for the fiscal year ended March 31, 2008.

## 9. Reserve for Retirement Benefits

The Bank has a lump-sum retirement payment plan for employees based on the internal retirement benefit rule.

Reserve for employees' retirement benefits at March 31, 2009 consisted of the following:

2009	
Projected benefit obligation	¥(124,752) million
Unfunded projected benefit obligation	(124,752) million
Unrecognized net actuarial losses	(2,832) million
Net amount recorded on the balance sheets	(127,584) million
Reserve for employees' retirement benefits	¥(127,584) million

The breakdown of total retirement benefit costs for the years ended March 31, 2009 was as follows:

2009	
Service cost	¥5,922 million
Interest cost on projected benefit obligation	2,117 million
Amortization of unrecognized net actuarial losses	(57) million
Total retirement benefit costs	¥7,982 million

Assumptions used in the calculation of the above information for the years ended March 31, 2009 were set forth as follows:

2009	
Method of attributing the projected benefits to periods of service	Straight-line method over the determined period
Discount rate	1.7%
Amortization period of unrecognized actuarial losses	10 years

## 10. Per Share Data

Net assets per share at March 31, 2009 and net income per share for the years then ended were as follows:

2009	
Net assets per share	¥54,530.49
Net income per share	¥1,529.08

Note: Diluted net income per share is not presented since there has been no potential dilution for the year ended March 31, 2009.

## 11. Subsequent Event

None



## 6. Japan Post Insurance Co., Ltd.

### — Non-consolidated Financial Data

The balance sheets as of March 31, 2009 and 2008 and the statements of income and changes in net assets for the years then ended ("non-consolidated financial statements") were audited by KPMG AZSA & Co. in accordance with Article 396, Paragraph 1 of the Company Act of Japan.

(The following are translations into English of the audited financial statements in Japanese.)

#### 1 Balance Sheets

(Millions of yen)

Item	2008 (March 31, 2008)	2009 (March 31, 2009)	Item	2008 (March 31, 2008)	2009 (March 31, 2009)
<b>Assets</b>			<b>Liabilities</b>		
Cash and deposits	¥ 2,080,139	¥ 2,279,210	Policy reserves:	¥108,479,918	¥102,727,247
Cash	10,298	7,416	Reserve for outstanding claims	888,173	1,165,595
Deposits	2,069,841	2,271,794	Policy reserve	104,735,362	98,801,221
Call loans	788,686	460,258	Reserve for policyholders' dividends	2,856,381	2,760,430
Receivables under securities borrowing transactions	1,454,885	1,033,977	Accrued payables related to reinsurance	192	237
Monetary claims bought	59,981	4,527	Other liabilities	2,528,971	2,277,410
Money held in trust	1,861,542	409,123	Payables under securities lending transactions	1,636,572	1,321,335
Securities	85,568,884	83,326,846	Income taxes payable	26,300	—
Japanese government bonds	68,959,931	69,673,325	Accounts payable	254,961	585,386
Japanese local government bonds	3,711,596	4,556,326	Accrued expenses	6,963	14,854
Japanese corporate bonds	10,387,483	8,213,710	Unearned revenues	0	1
Foreign securities	2,509,872	883,483	Deposits received	8,207	11,536
Loans	19,921,240	18,341,808	Deposits from the Organization	565,804	322,468
Loan on policies	17	440	Temporary payment received	26,923	20,970
General loans	12,278	217,386	Other liabilities	3,237	857
Loans related to the Organization	19,908,944	18,123,982	Reserve for employees' retirement benefits	52,316	53,667
Tangible fixed assets	97,892	115,906	Reserve for directors' retirement benefits	19	62
Land	40,726	40,726	Reserve under the special laws	559,002	446,581
Buildings	37,266	36,485	Reserve for price fluctuations in security investments	559,002	446,581
Construction in progress	9	28	<b>Total Liabilities</b>	<b>¥111,620,419</b>	<b>¥105,505,207</b>
Other tangible fixed assets	19,890	38,666	<b>Net Assets</b>		
Intangible fixed assets	44,340	72,912	Capital stock	¥ 500,000	¥ 500,000
Software	44,326	72,895	Capital reserve	500,044	500,044
Other intangible fixed assets	13	16	Capital reserve	500,044	405,044
Accrued receivables from insurance agents	137,754	96,140	Other capital surplus	—	95,000
Other assets	275,835	262,121	Retained earnings	27,858	66,174
Accounts receivable	1,264	14,189	Other retained earnings	27,858	66,174
Prepaid expenses	293	238	Unappropriated retained earnings	27,858	66,174
Accrued revenue	255,925	241,771	Total shareholders' equity	1,027,902	1,066,218
Deposits to the Fiscal Loan Fund	76	1,205	Net unrealized gains (losses) on available-for-sale securities	(123,651)	6,537
Temporary payment	17,219	2,864	Total valuation and translation adjustments	(123,651)	6,537
Other assets	1,056	1,852	<b>Total Net Assets</b>	<b>¥ 904,250</b>	<b>¥ 1,072,756</b>
Deferred tax assets	234,196	175,888	<b>Total Liabilities and Net Assets</b>	<b>¥112,524,670</b>	<b>¥106,577,963</b>
Allowance for doubtful accounts	(707)	(759)			
<b>Total Assets</b>	<b>¥112,524,670</b>	<b>¥106,577,963</b>			

## 2 Statements of Income

(Millions of yen)

Item	2008 (From October 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
<b>Ordinary income</b>	<b>¥7,686,842</b>	<b>¥15,533,727</b>
Insurance premiums and other revenues	3,886,601	7,881,174
Insurance premiums	3,886,601	7,881,174
Investment income	871,353	1,713,929
Interest and dividend income	839,559	1,646,201
Interest on bank deposits	2,549	5,342
Interest/dividends on securities	546,885	1,105,874
Interest accrued on loans	2	1,707
Interest accrued on loans to the Organization	285,570	521,851
Other interest and dividends	4,551	11,426
Gains on sales of securities	30,779	66,632
Gains from redemption of securities	16	36
Other gains on investments	997	1,058
Other ordinary income	2,928,888	5,938,624
Reversal of policy reserves	2,922,887	5,934,141
Reversal of reserve for retirement benefits	666	—
Others	5,334	4,483
<b>Ordinary expenses</b>	<b>7,674,850</b>	<b>15,319,442</b>
Insurance payments and other expenses	6,149,669	13,935,765
Insurance payments	6,147,434	13,866,946
Additional pension contracts	960	14,765
Benefits	13	1,007
Payment due to redemption	239	10,347
Other refund	1,021	42,697
Provision for policy reserves	739,579	302,778
Provision for policy reserves	726,697	277,421
Interest on reserve for dividends to policyholders	12,881	25,357
Investment expenses	494,801	469,410
Interest expenses	1,788	5,987
Losses on investment of money held in trust	318,576	296,779
Losses on sales of securities	62,449	107,165
Losses on valuation of securities	105,568	58,738
Losses from redemption of securities	44	74
Losses on foreign exchanges	6,231	230
Provisions for allowance for doubtful accounts	—	13
Other losses on investments	143	421
Operational costs	266,550	548,122
Other ordinary expenses	24,249	63,364
Taxes	15,176	37,455
Depreciation	8,299	23,896
Provisions for reserve for employees' retirement benefits	—	856
Provision for reserve for directors' retirement benefits	19	42
Others	754	1,112
<b>Net ordinary income</b>	<b>11,991</b>	<b>214,285</b>
<b>Extraordinary gains</b>	<b>113,552</b>	<b>115,731</b>
Reversal of reserve under the special laws	113,536	112,420
Reversal of reserve for price fluctuations in security investments	113,536	112,420
Other extraordinary gains	15	3,311
<b>Extraordinary losses</b>	<b>168</b>	<b>1,844</b>
Losses on sales and disposal of fixed assets	162	1,844
Impairment losses	6	—
<b>Provision for reserve for policyholders' dividends</b>	<b>106,910</b>	<b>275,913</b>
<b>Net income before income taxes</b>	<b>18,465</b>	<b>52,258</b>
Income tax current	154,586	29,534
Income tax deferred	(143,807)	(15,593)
<b>Total income tax</b>	<b>10,779</b>	<b>13,941</b>
<b>Net income</b>	<b>¥ 7,686</b>	<b>¥ 38,316</b>

### 3 Statements of Changes in Net Assets

(Millions of yen)

	2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
<b>Shareholders' equity</b>		
Capital stock		
Balance at the end of the previous fiscal year	¥ 50	¥500,000
Changes during the period		
Issuance of new shares	499,950	—
Total changes during the period	499,950	—
Balance at the end of the current fiscal year	¥500,000	¥500,000
Capital surplus		
Capital reserve		
Balance at the end of the previous fiscal year	¥ 50	¥500,044
Changes during the period		
Issuance of new shares	499,994	—
Decrease in capital reserve	—	(95,000)
Total changes during the period	499,994	(95,000)
Balance at the end of the current fiscal year	¥500,044	¥405,044
Other capital surplus		
Balance at the end of the previous fiscal year	¥ —	¥ —
Changes during the period		
Increase in other capital surplus	—	95,000
Total changes during the period	—	95,000
Balance at the end of the current fiscal year	¥ —	¥ 95,000
Total capital surplus		
Balance at the end of the previous fiscal year	¥ 50	¥500,044
Changes during the period		
Issuance of new shares	499,994	—
Decrease in capital reserve	—	(95,000)
Increase in other capital surplus	—	95,000
Total changes during the period	499,994	—
Balance at the end of the current fiscal year	¥500,044	¥500,044
Retained earnings		
Other retained earnings		
Unappropriated retained earnings		
Balance at the end of the previous fiscal year	¥ (22)	¥ 27,858
Changes during the period		
Tax effect adjustments due to privatization	20,194	—
Net income for the period	7,686	38,316
Total changes during the period	27,880	38,316
Balance at the end of the current fiscal year	¥ 27,858	¥ 66,174

	2008 (From April 1, 2007 to March 31, 2008)	2009 (From April 1, 2008 to March 31, 2009)
Total shareholders' equity		
Balance at the end of the previous fiscal year	¥ 77	¥1,027,902
Changes during the period		
Issuance of new shares	999,944	—
Decrease in capital reserve	—	(95,000)
Increase in other capital surplus	—	95,000
Tax effect adjustments due to privatization	20,194	—
Net income for the period	7,686	38,316
Total changes during the period	1,027,825	38,316
Balance at the end of the current fiscal year	¥1,027,902	¥1,066,218
<b>Valuation and translation adjustments</b>		
Net unrealized gains (losses) on available-for-sale securities		
Balance at the end of the previous fiscal year	¥ —	¥ (123,651)
Changes during the period		
Net changes other than shareholders' equity	(123,651)	130,188
Total changes during the period	(123,651)	130,188
Balance at the end of the current fiscal year	¥ (123,651)	¥ 6,537
<b>Total net assets</b>		
Balance at the end of the previous fiscal year	¥ 77	¥ 904,250
Changes during the period		
Issuance of new shares	999,944	—
Decrease in capital reserve	—	(95,000)
Increase in other capital surplus	—	95,000
Tax effect adjustments due to privatization	20,194	—
Net income for the period	7,686	38,316
Net changes other than shareholders' equity	(123,651)	130,188
Total changes during the period	904,173	168,505
Balance at the end of the current fiscal year	¥ 904,250	¥1,072,756

## 4 Statement of Cash Flows

(Millions of yen)

	2009 (From April 1, 2008 to March 31, 2009)		2009 (From April 1, 2008 to March 31, 2009)
<b>Cash flows from operating activities:</b>		<b>Net cash used in operating activities</b>	<b>(5,526,985)</b>
Net income before income taxes and minority interests	¥ 52,258	<b>Cash flows from investing activities:</b>	
Depreciation	23,896	Payments for purchase of call loans	(34,180,058)
Increase (decrease) in reserve for outstanding claims	277,421	Proceeds from redemption of call loans	34,508,486
Increase (decrease) in policy reserve	(5,934,141)	Payments for purchase of monetary claims bought	(34,588)
Interest on policyholders' dividends	25,357	Proceeds from sales and redemption of monetary claims bought	89,970
Provision for reserve for policyholders' dividends	275,913	Proceeds from decrease in money held in trust	1,355,595
Increase (decrease) in allowance for doubtful accounts	51	Payments for purchase of securities	(17,113,164)
Increase (decrease) in reserve for employees' retirement benefits	1,351	Proceeds from sales and redemption of securities	19,534,039
Increase (decrease) in reserve for directors' retirement benefits	42	Payments for loans	(2,967,687)
Increase (decrease) in reserve for price fluctuations in security investments	(112,420)	Proceeds from collection of loans	4,547,148
Interests and dividend income—accrual basis	(1,646,201)	Net increase (decrease) in receivables under securities borrowing transactions and payables under securities lending transactions	105,671
Losses (gains) on money held in trust	296,779	Others	(57,575)
Losses (gains) related to securities	99,309	Investment activities plan	5,787,837
Interest expenses—accrual basis	5,987	(Sales activities and investment activities plan)	260,852
Losses (gains) on foreign exchanges	230	Payments for purchase of tangible fixed assets	(31,117)
Losses (gains) related to tangible fixed assets	1,449	Proceeds from sales of tangible fixed assets	316
Net decrease (increase) in accrued receivables from agents	41,613	Others	(30,980)
Net decrease (increase) in other assets (excluding investment and financing activities)	9,434	<b>Net cash provided by investing activities</b>	<b>5,726,056</b>
Net increase (decrease) in accrued payables related to reinsurance	45	<b>Cash flows from financing activities:</b>	
Net increase (decrease) in other liabilities (excluding investment and financing activities)	(246,199)	<b>Net cash provided by (used in) financing activities</b>	<b>—</b>
Others	(3,418)	<b>Foreign currency translation adjustments on cash and cash equivalents</b>	<b>—</b>
Subtotal	(6,831,238)	<b>Increase (decrease) in cash and cash equivalents</b>	<b>199,070</b>
Interest and dividend income—cash basis	1,885,530	<b>Cash and cash equivalents at beginning of year</b>	<b>2,080,139</b>
Interest expenses—cash basis	(6,191)	<b>Cash and cash equivalents at end of year</b>	<b>¥ 2,279,210</b>
Dividends to policyholders paid	(396,351)		
Income taxes paid	(178,734)		

## 5 Significant Accounting Policies

Note: Amounts are rounded down to the nearest million yen.

### 1. Valuation criteria and methods for securities

Securities (including those securities that are included in "bank deposits" and "monetary claims bought") and deemed equivalent to securities are classified and accounted for as follows:

- (1) Held-to-maturity securities are stated at amortized cost using the moving-average method (straight-line method).
- (2) Bonds earmarked for policy reserves (in accordance with Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Bonds Earmarked for Policy Reserves in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants) are stated at amortized cost using the moving-average method (straight-line method).
- (3) Available-for-sale securities
  - (i) With market quotations  
Available-for-sale securities with market quotations are stated at fair market value as of the balance sheet date. (The cost of sold securities is calculated using the moving-average method.)
  - (ii) Without market quotations  
Available-for-sale securities without market quotations are stated at amortized cost using the moving-average method (straight-line method).  
The net unrealized gain/loss on available-for-sale securities without market quotations is directly charged to net assets.

### 2. Valuation criteria and methods for money held in trust

Securities which are part of money held in trust (other than trading securities and held-to-maturity securities) are stated at fair market value as of the balance sheet date. (However, the values of shares are determined using the average market price over the past one month.)

Property as part of trust assets is stated net of accumulated depreciation. Buildings are depreciated by the straight-line method and components of property other than buildings are depreciated by the declining-balance method.

The net unrealized gain/loss with respect to money held in trust is directly charged to net assets.

### 3. Valuation criteria and methods for derivatives

Derivatives are stated at fair market value.

### 4. Depreciation/amortization method for tangible fixed assets

Tangible fixed assets are depreciated as follows:

- Buildings: Straight-line method
- Others: Declining-balance method

### 5. Depreciation/amortization method for intangible fixed assets

Intangible fixed assets are amortized as follows.

- Software: Straight-line method over the prescribed useful lives.

### 6. Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the balance sheet date.

As stated in the Corporation Tax Law, assets and liabilities involving extreme fluctuations in foreign exchange rates that seem unrecoverable are translated using the exchange rates prevailing on the balance sheet date.

### 7. Criteria for allowances and reserve

#### (1) Allowance for doubtful accounts

Japan Post Insurance's allowance for doubtful accounts is provided pursuant to its standards for self-assessment of asset quality, and general allowances is provided using a rate determined by past bad debt experience. In addition, specific allowances, which are determined after reviewing individual collectibility of accounts, are provided for.

#### (2) Reserve for employees' retirement benefits

To provide for employee retirement benefits, reserve for employees'

retirement benefits is recorded in the amount which is considered to have accrued in the current fiscal year in line with the "Opinion for Setting Up Accounting Standards with Regards to Retirement Benefits," released by the Corporate Accounting Committee on June 16, 1998.

#### (3) Reserve for directors' retirement benefits

To provide for the payment of retirement benefits to directors, reserve for directors' retirement benefits is recorded in an actual amount recognized at the current year-end based on the company's regulations in accordance with "Auditing Treatment relating to Reserve defined under the Special Tax Measurement Law, Reserve defined under the Special Law and Reserve for Director and Corporate Auditor Retirement Benefits" (JIPCA, Auditing and Assurance Practice Committee, Issuance No. 42).

#### 8. Reserve for price fluctuations in security investments

To provide for losses from price fluctuations of marketable securities, reserve for price fluctuations in security investments is computed based on Article 115 of the Insurance Business Law.

#### 9. Scope of cash in Statement of Cash Flows

Cash and cash equivalents, for the purpose of reporting cash flows, are composed of cash in hand and deposits held at call with banks.

#### 10. Other important assumptions for financial statements

- (1) Consumption tax with respect to the accounting of consumption tax and prefectural consumption tax  
All figures are net of consumption tax.

#### (2) Policy reserve

A policy reserve is a reserve set forth in accordance with Article 116 of the Insurance Business Law. A policy reserve is recognized by performing a calculation based on the following methodology:

- (i) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (ordinance No. 48 issued by the Ministry of Finance in 1996).
- (ii) Reserves for other contracts are computed based on the net level premium method.

#### (3) Consolidated tax payment system

The consolidated tax payment system is employed, with Japan Post Holdings Co., Ltd. as the parent company.

## 6 Notes to Financial Statements

### 1. Notes to Balance Sheets

- The amount of securities (Japanese government bonds) in the securities trust established to engage in securities lending transactions for income is ¥2,006,892 million.
- Balance sheet amount, market value and risk management policy for bonds earmarked for policy reserves are as follows.
  - (1) The carrying value on the balance sheet of bonds earmarked for policy reserves is ¥40,821,219 million and market value is ¥41,536,025 million.
  - (2) Risk management policy for bonds earmarked for policy reserves is as follows.  
Japan Post Insurance has set up sub-categories according to the characteristics of the insurance contracts. The durations of the bonds earmarked for policyholders and those of the policy reserves in each sub-category are matched within a fixed range to manage interest rate fluctuation risk. The durations of the bonds earmarked for policy reserves and the policy reserves in each sub-category are periodically ascertained.
- Accumulated depreciation on tangible fixed assets: ¥14,147 million.
- The following shows changes in reserve for policyholders' dividends.
 

Balance at of the end of previous fiscal year:	¥2,856,381 million
Dividend to policyholders paid during the year:	¥396,351 million
Increase due to interest accrued during the year:	¥25,357 million
Decrease due to purchasing additional benefit contracts:	¥870 million
Provision for reserve for policyholders' dividends:	¥275,913 million
Reserves at the end of the current fiscal year:	¥2,760,430 million
- The amounts of future contributions to the Life Insurance Policyholder Protection Corporation of Japan, in accordance with Article 259 of the Insurance Business Law, are estimated to be ¥1,384 million at the end of the current fiscal year.  
The contribution amounts are recognized as operating expenses at the time of payment.
- As policy reserves (except for the risk reserve) related to the reinsurance contracts undertaken by the Management Organization for Postal Savings and Postal Life Insurance ("the Organization"), ¥93,166,194 million is reserved. The amount is calculated in accordance with the calculation method prescribed by the company for premiums and policy reserves, and thus it exceeds the amount calculated according to the method prescribed in the calculation rule on policy reserves for postal life insurance pursuant to the Law of the Management Organization for Postal Savings and Postal Life Insurance (No. 101, 2005).  
The company has also provisioned a risk reserve of ¥2,885,580 million and ¥446,581 million of reserve for price fluctuations in security investments which are arising from these reinsurance contracts.
- "Deposits from the Organization" stated on the balance sheet are equivalent to the outstanding amount as of the end of the current fiscal year of reserves at the company for indemnification and litigation which previously belonged to the Management Organization for Postal Savings and Postal Life Insurance and were transferred at the time of privatization to Japan Post Insurance under the insurance business consignment agreement with the Organization.
- Japan Post Insurance is currently investigating whether there are some cases in which additional insurance benefits should be paid. The investigation is ongoing and calculating the additional future payments is difficult at this moment.

### 2. Notes to Statements of Income

- Revenues from transactions with related parties are ¥12 million, while expenses are ¥7,500 million.
- Main components of the gains on sales of securities are those of ¥9,318 million on sales of Japanese government bonds and other bonds and ¥57,313 million on sales of foreign securities.
- Main components of the losses on sales of securities are those of ¥6,392 million on sales of Japanese government bonds and other bonds and ¥100,772 million on sales of foreign securities.

- The main component of the losses on valuation of securities is ¥58,738 million for foreign securities.
- Losses on money held in trust includes those on valuation of securities of ¥243,989 million.
- Premiums include the premiums of ¥5,629,491 million for accepted reinsurance paid by the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative entity, under a contract concerning reinsurance concluded with the entity.
- Insurance payments include an insurance payment of ¥13,865,789 million to the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative entity, under the reinsurance contract concluded with the entity.
- Losses on sales and disposal of fixed assets consist primarily of ¥1,420 million for tools and fixtures and ¥392 million for software.
- Other extraordinary gains consists primarily of a ¥3,019 million tax refund from the United States.

### 3. Notes to Statements of Changes in Net Assets

- Information concerning type and number of outstanding shares  
(Thousands of shares)

	Number of shares at the end of the previous term	Increase	Decrease	Number of shares as of March 31, 2009
Outstanding shares				
Common	20,000	-	-	20,000

- Matters concerning dividends  
Cash dividends (paid) applicable to the current fiscal year  
None

### 4. Notes to Statement of Cash Flows

Relationship between cash and cash equivalents at the end of the period and amounts in categories on the balance sheet

Cash and deposits	¥2,279,210 million
Cash and cash equivalents	¥2,279,210 million

### 5. Notes to Tax Effect Accounting

The major components causing deferred tax assets and liabilities are as follows (as of March 31, 2009):

Deferred tax assets:	
Losses on investment of money held in trust	¥51,948 million
Reserve for outstanding claims	¥48,238 million
Policy reserves	¥40,273 million
Reserve for employees' retirement benefits	¥19,432 million
Net unrealized gains (losses) on available-for-sale securities	¥12,121 million
Reserve for price fluctuations in security investments	¥8,117 million
Others	¥13,083 million
Sub-total	¥193,214 million
Valuation allowance for deferred tax assets	¥(91)million
Total deferred tax assets	¥193,122 million

Deferred tax liabilities:	
Net unrealized gains (losses) on available-for-sale securities	¥(15,832)million
Others	¥(1,401)million
Total deferred tax liabilities	¥(17,233)million

## 6. Securities

### 1. Trading securities (As of March 31, 2009)

None

### 2. Held-to-maturity bonds with market quotations (As of March 31, 2009)

(Millions of yen)

Type	Carrying values on the balance sheet at balance sheet date	Market value	Net unrealized gain/loss
Securities with market values exceeding carrying values on the balance sheet	(1) Corporate and government bonds	34,122,116	35,127,199
	1. Japanese government bonds	28,588,952	29,460,308
	2. Japanese local government bonds	2,040,042	2,098,137
	3. Japanese corporate bonds	3,493,120	3,568,753
	(2) Foreign securities	–	–
	(3) Others	–	–
	Sub-total	34,122,116	35,127,199
Securities with market values not exceeding carrying values on the balance sheet	(1) Corporate and government bonds	1,238,024	1,231,434
	1. Japanese government bonds	658,615	655,161
	2. Japanese local government bonds	405,464	402,892
	3. Japanese corporate bonds	173,944	173,380
	(2) Foreign securities	–	–
	(3) Others	–	–
	Sub-total	1,238,024	1,231,434
Total	35,360,140	36,358,633	998,492

### 3. Bonds earmarked for policy reserves with market quotations (As of March 31, 2009)

(Millions of yen)

Type	Carrying values on the balance sheet at balance sheet date	Market value	Net unrealized gain/loss
Securities with market values exceeding carrying values on the balance sheet	(1) Corporate and government bonds	36,182,607	36,985,127
	1. Japanese government bonds	33,302,757	34,062,706
	2. Japanese local government bonds	1,102,319	1,127,195
	3. Japanese corporate bonds	1,777,530	1,795,226
	(2) Foreign securities	–	–
	(3) Others	–	–
	Sub-total	36,182,607	36,985,127
Securities with market values not exceeding carrying values on the balance sheet	(1) Corporate and government bonds	4,638,612	4,550,897
	1. Japanese government bonds	3,289,024	3,204,313
	2. Japanese local government bonds	987,165	985,046
	3. Japanese corporate bonds	362,422	361,536
	(2) Foreign securities	–	–
	(3) Others	–	–
	Sub-total	4,638,612	4,550,897
Total	40,821,219	41,536,025	714,805

### 4. Available-for-sale securities with market quotations (As of March 31, 2009)

(Millions of yen)

Type	Acquisition cost	Carrying values on the balance sheet at balance sheet date	Net unrealized gain/loss
Securities with market values exceeding carrying values on the balance sheet	(1) Stocks	–	–
	(2) Corporate and government bonds	3,401,255	3,433,385
	1. Japanese government bonds	1,493,549	1,499,636
	2. Japanese local government bonds	21,219	21,335
	3. Japanese corporate bonds	1,886,487	1,912,413
	(3) Foreign securities	422,069	432,802
	1. Foreign corporate and government bonds	422,069	432,802
	2. Foreign stocks	–	–
	3. Other foreign securities	–	–
	(4) Others	–	–
Securities with market values not exceeding carrying values on the balance sheet	Sub-total	3,823,324	3,866,188
	(1) Stocks	–	–
	(2) Corporate and government bonds	2,843,421	2,828,616
	1. Japanese government bonds	2,344,382	2,334,338
	2. Japanese local government bonds	–	–
	3. Japanese corporate bonds	499,038	494,278
	(3) Foreign securities	451,583	450,681
	1. Foreign corporate and government bonds	451,583	450,681
	2. Foreign stocks	–	–
	3. Other foreign securities	–	–
Total	(4) Others	4,600	4,527
	Sub-total	3,299,604	3,283,825
	Total	7,122,928	7,150,014
			27,085

Note 1: Beneficiary rights in trust recorded as monetary claims bought on the balance sheet (balance sheet amount of ¥4,527 million) are included in available-for-sale securities.

Note 2: Impairment losses on available-for-sale securities with market quotations are ¥58,738 million.

The losses on foreign securities of those are impaired if the exchange rate declines by 15% or more regardless of market quotations.

### 5. Held-to-maturity bonds sold during the fiscal year (From April 1, 2008 to March 31, 2009)

None

### 6. Bonds earmarked for policy reserves sold during the fiscal year (From April 1, 2008 to March 31, 2009)

(Millions of yen)

Proceeds from sale	Total profit on sale	Total loss on sale
1,147,258	7,655	6,140

### 7. Available-for-sale securities sold during the fiscal year (From April 1, 2008 to March 31, 2009)

(Millions of yen)

Proceeds from sale	Total profit on sale	Total loss on sale
2,291,802	58,976	101,024



8. Securities without market quotations stated at cost on the balance sheet (As of March 31, 2009)

(Millions of yen)

Category	Balance sheet amount
(1) Held-to-maturity securities	–
Non-listed overseas securities	–
Others	–
(2) Bonds earmarked for policy reserves	–
(3) Equities of subsidiaries and affiliated companies	–
(4) Other marketable securities	1,149,100
Non-listed domestic equities (excluding OTC traded equities)	–
Non-listed overseas equities (excluding OTC traded equities)	–
Non-listed overseas bonds	–
Others	1,149,100

Note: This graph includes negotiable certificates of deposit (carrying value on balance sheet of ¥1,149,100 million) expressed as cash and deposits.

9. Reclassified securities (From April 1, 2008 to March 31, 2009)

None

10. Redemption schedule of available-for-sale securities with maturity and securities held to maturity (As of March 31, 2009)

(Millions of yen)

Type	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
(1) Corporate and government bonds	9,306,515	28,629,097	31,544,798	12,962,951
1. Japanese government bonds	7,074,714	24,210,409	26,064,543	12,323,657
2. Japanese local government bonds	365,896	1,049,190	2,949,041	192,198
3. Japanese corporate bonds	1,865,904	3,369,496	2,531,213	447,096
(2) Foreign securities	206,315	273,717	121,059	282,392
1. Foreign corporate and government bonds	206,315	273,717	121,059	282,392
2. Foreign stocks	–	–	–	–
3. Other foreign securities	–	–	–	–
(3) Others	1,149,100	–	–	4,527
Total	10,661,930	28,902,814	31,665,857	13,249,872

## 7. Money Held in Trust

1. Money held in trust for trading purposes (As of March 31, 2009)

None

2. Money held in trust classified as held-to-maturity and earmarked for policy reserves (As of March 31, 2009)

None

3. Other Money held in trust (As of March 31, 2009)

(Millions of yen)

	Acquisition cost	Balance sheet amount	Net unrealized gain/loss
Other money held in trust	425,960	409,123	(16,837)

Note: Impairment losses on other money held in trust are ¥243,989 million.

The losses on domestic shares composed of those are impaired if the average market rate during the month prior to the fiscal year-end declines by 30% or more.

## 8. Per Share Information

(Yen)

2009 (From April 1, 2008 to March 31, 2009)	
Net assets per share	53,637.80
Net income per share	1,915.83

Note: Net income per share after adjustment for dilutive effect is not presented as no dilutive securities exist.

## 9. Subsequent Events

None





# Business Hours and Points of Contact for Inquiries

## 1 Business Hours

### 1. Japan Post Network (Post Offices)

#### ■ Post Office Business Hours

Days of the week	Mail services	Deposit services	Insurance services
Monday through Friday	9:00 to 17:00 (Some offices are open until 19:00)	9:00 to 16:00 (Some offices are open until 18:00)	9:00 to 16:00 (Some offices are open until 18:00)
Saturday	Closed (Some offices are open from 9:00 to 15:00 or 9:00 to 17:00)	Closed	Closed
Sunday and holidays	Closed (Some offices are open from 9:00 to 12:30)	Closed	Closed

Notes: 1. Hours of certain offices may differ from the above because of their location or other factors.

2. Offices are closed from December 31 through January 3; however, certain offices are open during this period.

### 2. Japan Post Service

#### ■ Yu-Yu Window

Branches of Japan Post Service offer “Yu-Yu Window” services after normal post office hours. In addition, at 372 branches (as of March 31, 2009), Yu-Yu Window services are offered on a 24-hour basis. Services include (a) acceptance of regular mail, Yu-Pack parcel post and certain other items; (b) access to mail returned because of the

absence of the recipient from his/her home; and (c) sale of postal stamps, revenue stamps and certain other items.

Please confirm the service hours of individual branches via our website (<http://www.post.japanpost.jp/index.html>) (Japanese only).

### 3. Japan Post Bank

#### ■ Service Hours

Days of the week	Hours services are available
Monday through Friday	9:00 to 16:00 (Some offices are open until 18:00)
Saturday, Sunday and holidays	Closed

Notes: 1. Offices are closed from December 31 to January 3.

2. Service hours of some offices may differ from those listed above.

## ■ ATM Service Hours

Service hours of ATMs are set individually according to their location, but the typical hours when ATM services are available are shown in the table below.

For the service hours of individual ATMs, check the information posted at the respective ATMs or “Branches and ATM Information”

on the Japan Post Bank website ([http://www.jp-bank.japanpost.jp/access/access\\_index.html](http://www.jp-bank.japanpost.jp/access/access_index.html)) (Japanese only) or “Search Post Offices and ATMs” via the Japan Post Group website (<http://map.japanpost.jp/pc>) (Japanese only).

Days of the week	Japan Post Bank branches	Post offices (Japan Post Bank agents)	Sub-branches
Monday through Friday	8:00 to 21:00 (7:00 to 23:00 at some branches)	9:00 to 17:30 (7:00 to 23:00 at some post offices)	9:00 to 19:00 (7:00 to 23:00 at some sub-branches)
Saturday	9:00 to 19:00 (9:00 to 21:00 at some branches)	9:00 to 12:30 (9:00 to 21:00 at some post offices)	9:00 to 17:00 (9:00 to 21:00 at some sub-branches)
Sunday and holidays	9:00 to 19:00	9:00 to 17:00 (9:00 to 19:00 at some post offices)	9:00 to 17:00 (9:00 to 19:00 at some sub-branches)

Notes: 1. The service hours listed above are typical ATM operating hours, but actual hours may differ by ATM.  
 2. Certain ATMs are not available for service on Saturday, Sunday and holidays.  
 3. The following services are not available via ATMs on (a) Monday through Friday before 7:00 and after 21:00, and (b) before 9:00 and after 17:00 on Saturday, Sunday and holidays: making ordinary deposits, coin withdrawals and fund transfers.  
 4. Transfers (making remittances to other financial institutions) for which applications are accepted after 15:00 from Monday to Friday and/or for those accepted on Saturday, Sunday and holidays will be handled on the following business day.  
 5. Certain ATM and cash dispenser (CD) services are not available at the ATMs and CDs of affiliated financial institutions at certain times.  
 6. The Japan Post Group is currently conducting trials of 24-hour ATM services at 16 locations nationwide.

## 4. Japan Post Insurance

Insurance services are available at the insurance counters of post offices.

## 2 Points of Contact for Inquiries

### 1. For Information and Advice Related to Post Offices and Postal Services

#### ■ Customer Service Consulting Center

Telephone inquiries regarding services available at post offices and postal services in general may be addressed to our Customer Service Consulting Center during the following hours:

Business hours	Telephone number
Weekdays: 8:00 to 22:00	<b>0120-23-28-86</b> (Japanese only) For those who wish to use English, please dial the following number: <b>0570-046-111</b> (Communications charge must be paid by the customer.) (Calls cannot be made from overseas.)
Saturday, Sunday and holidays: 9:00 to 22:00	

- Customer inquiries using mobile phones can be made via the following number.

**0570-046-666** (Communications charge must be paid by the customer.)

## 2. For Telephone Inquiries Regarding Services of Japan Post Bank

\* Unless otherwise noted, telephone numbers are available toll-free using mobile and Personal Handyphone System (PHS) phones. There are certain cases where Internet Protocol (IP) phones and other equipment cannot be used.

### ■ Card Loss Center

A toll-free phone number is exclusively available for notification regarding loss or stolen bankbooks (certificates) or cash cards. Notifications can be also reported at the nearest Japan Post Bank or post office deposit service counter.

Service hours	Telephone number
Available 24 hours all year round	<b>0120-794889</b> (Japanese only) Calls from overseas: <b>+81-48-600-3305</b> (Communication charges required) (Japanese only)

### ■ Japan Post Bank Call Center

Contact the following number for inquiries and consultation regarding products and services.

Service hours	Telephone number
Weekdays: 8:30 to 21:00	<b>0120-108420</b> (Japanese only)
Saturday, Sunday and holidays: 9:00 to 17:00	

Note: Service is available from 9:00 to 17:00 during the period from December 31 to January 3.

### ■ Investment Trust Call Center (*Toushin Oshiete Call*)

Information regarding investment trusts is also available via the call center and our investment trust website.

Investment trust website: <a href="http://www.jp-bank.japanpost.jp/toushin/">http://www.jp-bank.japanpost.jp/toushin/</a> (Japanese only)
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Service hours	Telephone number
9:00 to 18:00	<b>0800-800-4104</b> (Japanese only)

Note: Excluding Saturday, Sunday, holidays and the period from December 31 to January 3

### ■ Defined Contribution Pension Call Center

Material requests and inquiries regarding enrollment of defined contribution pensions (individual annuities) can be made via the following number.

Service hours	Telephone number
9:00 to 21:00	<b>0120-401034</b> (Japanese only) Alternative phone number when the number above is not available: <b>044-753-5835</b> (Communication charges required) (Japanese only)

Note: Excluding Saturday, Sunday, holidays and the period from December 31 to January 3

### ■ Japan Post Bank Transfers Inquiry Center

Inquiries regarding transfers between other financial institutions, including branch name, deposit item and account number can be made via the following number.

Service hours	Telephone number
Available 24 hours all year round	<b>0120-253811</b> (Japanese only)

### ■ Japan Post Bank Internet Help Desk

Inquiries regarding operating instructions of Yucho Direct (online and mobile services) on PCs and cellular phones can be made via the following number.

**Yucho Direct Internet Service Guide**  
**[http://www.jp-bank.japanpost.jp/direct/pc/dr\\_pc\\_index.html](http://www.jp-bank.japanpost.jp/direct/pc/dr_pc_index.html)** (Japanese only)

Service hours	Telephone number
Weekdays: 9:00 to 24:00	<b>0120-108954</b> (Japanese only) Alternative phone number when the number above is not available: <b>098-941-2077</b> (Communication charges required) (Japanese only)
Saturday, Sunday and holidays: 9:00 to 22:00	

Note: Excluding the period from January 1 to January 3

### ■ English-Language Information Services

For those who wish to make inquiries in English regarding the products and services of Japan Post Bank, please call the following number during the hours indicated.

Service hours	Telephone number
Weekdays: 8:30 to 18:00	<b>0120-085420</b>

Notes: 1. Excluding Saturday, Sunday, holidays and the period from December 31 to January 3  
2. Calls to this number cannot be made from mobile phones, PHS, IP or certain other types of devices.

### ■ Japan Post Bank Consultation Service

Consultants are consigned to provide support service to resolve claims and incidents related to products and services.

Service hours	Telephone number
9:00 to 17:00	<b>03-5574-9868</b> (Japanese only)

Notes: 1. Excluding Saturday, Sunday, holidays and the period from December 29 to January 3  
2. Consultants are not Japan Post Bank employees.

## 3. For Information and Advice Related to Japan Post Insurance

### ■ Japan Post Insurance Call Center

Japan Post Insurance Call Center responds to general inquiries including insurance products and premium rates. For inquiries regarding individual contracts such as status of respective insurance payment after application submittal, calls are forwarded to the service center in charge and staff at the respective center will address such matters.

Service hours	Telephone number
Weekdays: 9:00 to 21:00	<b>0120-552950</b> (Japanese only)
Saturday, Sunday and holidays: 9:00 to 17:00	

Notes: 1. Excluding the period from January 1 to January 3  
2. The Japan Post Insurance Call Center responds to general inquiries including insurance products and premiums.

## 3 Online Inquiries

Click on "Inquiries" via Japan Post Holdings website (<http://www.japanpost.jp/faq/>) (Japanese only) and make inquiries by clicking the relevant buttons from among inquiries related to "Mail," "Deposits," "Insurance" and "Post Offices."

For inquiries related to Japan Post Holdings Co., Ltd., click where indicated and use inquiry forms for submittal.

# Japan Post Group Privacy Policy

## 1 Japan Post Group Privacy Policy

**The Japan Post Group is dedicated to providing services that can achieve a high degree of customer satisfaction. Properly protecting personal data is vital to accomplishing this goal. Accordingly, the Group has established the following fundamental policy for protecting personal data, which is generally known as the Group's privacy policy.**

**(1) Compliance with laws and regulations**

When handling personal data, the Group complies with all laws and regulations associated with protecting personal data, national government policies and the provisions of the privacy policy ("laws, regulations, etc.," hereafter).

**(2) Purpose of using personal data**

The Group specifies the purpose of using personal data and uses this data solely for achieving this purpose. The purposes for which Group companies use personal data are listed in the privacy policies on each company's website and where applicable.

**(3) Acquisition of personal data**

The Group acquires personal data using methods that are legal and proper.

**(4) Security measures for management of personal data**

The Group uses an appropriate security management system to prevent leaks, losses or alterations of personal data. In addition, the Group properly supervises employees and outsourcing parties.

**(5) Provision of personal data to third parties**

Except in cases where required by laws, regulations, etc., the Group does not supply personal data to third parties without the prior consent of each individual. In cases where two or more Group companies share the same personal data, this sharing is performed only after providing prior notice or public announcements of items required by law.

**(6) Procedures for requesting disclosure of personal data**

The Group responds in a sincere manner in cases where there are requests for the notification of the purpose of use or for the disclosure, correction or termination of use of personal data as prescribed by laws, regulations, etc. The disclosure request procedures for each company can be found on their respective websites and where applicable.

**(7) Points of contact for inquiries**

Inquiries and requests regarding disclosure and other uses of personal data can be made to designated points of contact.

**(8) Continuous improvements**

The Group constantly reviews and improves its management and handling methods for the protection of personal data in response to advances in information technology and shifts in social demands.

## 2 Sharing of Personal Data among Japan Post Group Companies

The Japan Post Group began with the October 2007 privatization of Japan's postal system. Japan Post Group companies consist of Japan Post Holdings Co., Ltd., Japan Post Network Co., Ltd., Japan Post Service Co., Ltd., Japan Post Bank Co., Ltd., Japan Post Insurance Co., Ltd. and several other subsidiaries and affiliated companies.

Each Japan Post Group company uses its respective specialized skills to provide high-quality services. The objective is to achieve even greater customer satisfaction. To accomplish this goal, the Japan Post Group wishes to share customers' personal data solely to the degree required and within the scope explained below. This data is used to conduct business activities performed directly by Group companies or through outsourcing parties.

The Group asks for customers' understanding, and pledges that strict information management will be used during the shared use of personal data.

### (1) Personal data items for shared use

Shared use covers names, birth dates, addresses, telephone numbers and other contact information, family members, occupations and data concerning business transactions with the Group. However, this excludes information about materials sent or delivered by postal mail or any sensitive information.

### (2) Scope of parties involved in shared use

Shared use is limited to the Japan Post Group. However, this applies only to companies included in the consolidated financial statements, including equity-method affiliates, of Japan Post Holdings Co., Ltd., as prescribed by laws, regulations, etc., and is limited to the companies listed on the right.

### (3) Purpose of use

- a. Distribution of information about services and research and development involving services
- b. Decisions involving the provision of services
- c. For the proper management of Group business operations primarily for the purpose of monitoring and managing risks

### (4) Name of party with responsibility for managing personal data

Japan Post Holdings Co., Ltd.

### (5) Other items

- a. Customer data from pre-privatization postal insurance policy contracts will be used for insurance sales activities only after receiving the prior consent of the applicable customers.
- b. Prior consent of the applicable customers will be received before using data on savings transactions (private financial information) for insurance sales activities and before using data on transactions (private financial information) involving life insurance policies (including postal insurance) to sell savings products.

### ■ For inquiries regarding shared use of personal data

Telephone: 03-3539-1125 (Japanese only)

(Service hours: 9:00 to 17:00, excluding Saturday, Sunday, holidays and holidays designated by Japan Post Holdings)

### ■ List of companies involved in shared use of personal data

Japan Post Holdings Co., Ltd., Japan Post Network Co., Ltd., Japan Post Service Co., Ltd., Japan Post Bank Co., Ltd., Japan Post Insurance Co., Ltd.

**Japan Post Holdings Co., Ltd.**

July 2009

3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo  
100-8798, Japan

URL: <http://www.japanpost.jp/>



# Guide to Websites of the Japan Post Group



<http://www.japanpost.jp/>

**日本郵政**  
HOLDINGS  
JAPAN POST HOLDINGS



<http://www.jp-network.japanpost.jp/>

**郵便局**  
NETWORK  
JAPAN POST NETWORK



<http://www.post.japanpost.jp/>

**日本郵便**  
POST  
JAPAN POST SERVICE



<http://www.jp-bank.japanpost.jp/>

**ゆうちょ銀行**  
BANK  
JAPAN POST BANK



<http://www.jp-life.japanpost.jp/>

**かんぽ生命**  
INSURANCE  
JAPAN POST INSURANCE

(Japanese only)



<http://www.japanpost.jp/financial/index02.html>

**Announcement of Financial Results**

(Japanese only)

