

6

Data

CONTENTS

1. Main Results Data	128
(1) OPERATIONAL INDICATORS	128
(2) INVESTMENT INDICATORS	129
(3) ACCOUNTING INDICATORS	135
(4) NUMBER OF POST OFFICES BY PREFECTURE	136
2. Main Financial Data	138
OUTLINE OF JAPAN POST'S ACCOUNTS SYSTEM AND RESTRUCTURING INTO SERVICE CLASSIFICATIONS	138
JAPAN POST AS A WHOLE	142
POSTAL SERVICE	145
POSTAL SAVINGS SERVICE	149
POSTAL LIFE INSURANCE SERVICE	152
3. Information Disclosure	155
DISCLOSURE BROCHURES	155
JAPAN POST WEBSITES	155

1. Operational Indicators

POSTAL SERVICE INCOME AND EXPENDITURE BY CLASS

Postal Service income and expenditure by category class of operating income and operating expenses by mail class based on profit and loss in the Postal Service.

Income and Expenditure by Mail Class for FY 2004

Unit: billion yen

Class	Operating income	Operating expenses	Operating profit
Letter post	1,524.7	1,502.7	22.0
First class (sealed letters)	848.8	772.9	76.0
Second class (postcards)	448.5	446.7	1.8
Third class (newspapers and magazines)	34.7	58.3	(23.6)
Fourth class (correspondence courses, etc.)	1.2	3.8	(2.5)
Special handling (registered delivery, express)	191.4	221.1	(29.6)
Parcel post	234.5	226.4	8.1
International mail	82.3	75.1	7.1
Total	1,841.5	1,804.3	37.2

Note 1: Operating expenses are the total of operating costs and SG&A expenses.

Note 2: The chart above covers the postal services specified in the Postal Act based on the provision of Article 75-2, paragraph 4 of the Postal Act and does not match with the figures on income statements related to postal service categories.

Reference: Income and Expenditure by Mail Class for FY 2003

Unit: billion yen

Class	Operating income	Operating expenses	Operating profit
Letter post	1,629.4	1,571.5	57.9
First class (sealed letters)	909.4	833.4	76.1
Second class (postcards)	472.7	457.2	15.6
Third class (newspapers and magazines)	44.3	65.9	(21.6)
Fourth class (correspondence courses, etc.)	1.6	4.5	(3.0)
Special handling (registered delivery, express)	201.3	210.6	(9.2)
Parcel post	168.6	167.6	1.0
International mail	83.3	79.8	3.6
Total	1,881.4	1,818.9	62.4

2. Investment Indicators

(I) MAIN ASSETS (POSTAL SAVINGS AND POSTAL LIFE INSURANCE SERVICES)

Composition and Changes in Main Assets (Postal Savings)

Unit: million yen, %

Item	Composition of assets				Change in assets End of FY 2004
	End of FY 2003	Percentage	End of FY 2004	Percentage	
Cash and deposits	6,675,733	2.4	6,088,163	2.3	(587,570)
Call loans	—	—	100,000	0.0	100,000
Receivable under resale agreements	780,247	0.3	209,906	0.1	(570,340)
Monetary claims bought	—	—	—	—	—
Money held in trust	3,776,056	1.3	3,388,064	1.3	(387,992)
Securities	109,160,507	39.1	132,546,189	50.3	23,385,682
Japanese bonds	105,659,344	37.8	129,432,240	49.1	23,772,895
Japanese government bonds	89,273,216	31.9	112,627,955	42.7	23,354,738
Japanese local government bonds	9,483,497	3.4	9,318,178	3.5	(165,319)
Japanese corporate bonds	6,902,630	2.5	7,486,106	2.9	583,475
Foreign bonds	3,501,162	1.3	3,113,949	1.2	(387,213)
Other securities	—	—	—	—	—
Deposits to the fiscal loan fund	156,095,400	55.9	117,611,900	44.6	(38,483,500)
Loans	2,786,193	1.0	3,708,422	1.4	922,229
Loans to depositors	575,477	0.2	481,420	0.2	(94,057)
Loans on security of government bonds	595	0.0	745	0.0	149
Loans to local governments	2,041,120	0.7	2,947,257	1.1	906,136
Loans to postal service	169,000	0.1	279,000	0.1	110,000
Total	279,274,138	100.0	263,652,646	100.0	(15,621,491)
Foreign currency-denominated assets within the above totals	3,114,419	1.1	2,938,485	1.1	(175,934)

Note 1: Foreign bonds are bonds issued by overseas issuers and include yen-dominated bonds.

Note 2: Cash and deposits covers cash, Bank of Japan deposits, certificates of deposit and private financial institution deposits.

Composition and Changes in Main Assets (Postal Life Insurance Service)

Unit: million yen, %

Item	Composition of assets				Change in assets End of FY 2004
	End of FY 2003	Percentage	End of FY 2004	Percentage	
Cash and deposits	1,954,154	1.6	2,045,679	1.7	91,524
Call loans	48,900	0.0	174,900	0.1	126,000
Receivable under resale agreements	—	—	—	—	—
Monetary claims bought	44,997	0.0	130,996	0.1	85,999
Money held in trust	11,718,855	9.7	8,930,071	7.4	(2,788,783)
Securities	81,670,671	67.9	84,731,266	70.7	3,060,594
Japanese bonds	80,073,795	66.6	83,168,630	69.4	3,094,834
Stocks	1,866	0.0	2,079	0.0	212
Foreign bonds	1,595,008	1.3	1,560,556	1.3	(34,452)
Other securities	—	—	—	—	—
Loans	24,755,338	20.6	23,898,551	19.9	(856,787)
Loans to policyholders	2,192,621	1.8	2,143,345	1.8	(49,276)
Loans to government finance and public corporations, etc.	3,253,551	2.7	2,221,345	1.9	(1,032,206)
Loans to local governments	19,116,552	15.9	19,364,544	16.1	247,992
Loans to postal service	192,614	0.2	169,317	0.1	(23,297)
Others	3,983	0.0	3,622	0.0	(360)
Total	120,196,900	100.0	119,915,087	100.0	(281,812)
Foreign currency-denominated assets within the above totals	1,031,230	0.9	1,096,141	0.9	64,911

Note 1: Foreign bonds are bonds issued by overseas issuers and include yen-dominated bonds.

Note 2: Fractions have been omitted.

Note 3: Unless otherwise noted, figures are amounts recorded on balance sheets.

(2) AVERAGE BALANCE OF MAIN ASSETS AND YIELD (POSTAL SAVINGS AND POSTAL LIFE INSURANCE SERVICES)

Average Balance of Main Assets and Yield (Postal Savings)

Unit: million yen, %

Item	FY 2003		FY 2004	
	Average balance	Yield	Average balance	Yield
Cash and deposits	4,158,469	0.00	4,590,172	0.00
Call loans	1,803	0.00	85,506	0.00
Receivable under resale agreements	696,852	0.01	950,475	0.01
Monetary claims bought	—	—	—	—
Securities	105,475,326	0.81	123,852,082	0.78
Japanese bonds	101,875,064	0.74	120,426,563	0.72
Japanese government bonds	85,924,705	0.56	103,594,010	0.59
Japanese local government bonds	9,402,921	2.23	9,434,349	2.04
Japanese corporate bonds	6,547,437	1.01	7,398,203	0.88
Japanese public corporations bonds	3,425,528	1.52	4,340,762	1.15
Foreign bonds	3,600,261	2.83	3,425,519	3.00
Other securities	—	—	—	—
Deposits to the fiscal loan fund	164,974,410	2.25	135,555,870	2.08
Loans	2,393,470	0.78	3,347,101	0.93
Loans to local governments	1,707,100	0.84	2,632,566	1.06
Total	277,700,331	1.65	268,381,209	1.42

Note 1: The average balance for money trusts (average month-end balance at market price) is 3,452,987 million yen (4,279,050 million yen in FY 2003).

Note 2: The time-weighted rate of return for money trusts (rate of return measured for portion excluding deposits) is 5.00% (41.60% in FY 2003).

Note 3: Cash and deposits covers Bank of Japan deposits, certificates of deposit and private financial institution deposits.

Average Balance of Main Assets and Yield (Postal Life Insurance Service)

Unit: million yen, %

Item	FY 2003		FY 2004	
	Average balance	Yield	Average balance	Yield
Cash and deposits	2,465,426	0.03	1,460,933	0.02
Call loans	29,890	0.04	203,435	0.03
Receivable under resale agreements	49,356	0.02	24,878	0.01
Monetary claims bought	34,779	0.04	78,538	0.03
Money held in trust	9,931,042	6.77	8,195,598	7.71
Securities	82,270,123	0.94	84,097,918	0.96
Japanese bonds	80,597,475	0.94	82,471,050	0.94
Japanese government bonds	50,204,974	0.47	54,438,677	0.66
Japanese local government bonds	7,592,068	0.24	7,087,479	0.33
Japanese corporate bonds	22,800,431	2.16	20,944,893	1.87
Japanese public corporations bonds	19,382,327	2.45	17,774,172	2.13
Foreign bonds	1,670,927	1.13	1,625,146	2.00
Stocks	1,720	4.16	1,720	2.87
Other securities	—	—	—	—
Loans	25,613,058	3.27	24,866,673	3.14
Loans to local governments	19,206,174	3.19	19,701,162	3.01
Total investments	120,393,677	1.90	118,933,078	1.87
Overseas loans and investments	1,685,675	1.07	1,629,546	1.99
Total assets	122,427,507	1.87	120,565,998	1.84

(3) FISCAL INVESTMENT AND LOANS RELATED (POSTAL SAVINGS AND POSTAL LIFE INSURANCE SERVICES)

Amount of Fiscal Investment and Loan Bonds Underwritten (Postal Savings)

Unit: billion yen

Item	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 (Projected)
Two year bonds	4,674.9	5,439.9	4,059.9	8,864.9	4,785.0
Five year bonds	4,251.6	2,718.9	2,469.9	3,939.9	2,460.0
Ten year bonds	6,862.7	5,434.4	3,429.9	6,894.9	5,055.0
Total	15,789.4	13,593.3	9,959.9	19,699.8	12,300.0

Note: Amount of fiscal investment and loan bonds underwritten using postal savings assets as an interim measure accompanying the reform of fiscal investment and loan system (based on paid amounts excluding accrued interests).

Amount of Fiscal Investment and Loan Bonds Underwritten (Postal Life Insurance Service)

Unit: billion yen

Item	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 (Projected)
Two year bonds	360.0	309.9	—	—	—
Five year bonds	1,439.9	1,394.9	1,349.9	—	—
Ten year bonds	1,440.0	930.0	1,289.9	2,099.9	1,500.0
Twenty year bonds	359.9	464.9	299.9	299.9	300.0
Total	3,599.8	3,099.8	2,939.9	2,399.9	1,800.0

Kampo Fund Investment by FILP Agency (Postal Life Insurance Service)

Unit: million yen, % Reference

Unit: billion yen, %

Section		Fiscal year-end		FY 2003		FY 2004		FY 2000		FY 2001		FY 2002	
		Investment amount	Percentage	Investment amount	Percentage	Investment amount	Percentage	Investment amount	Percentage	Investment amount	Percentage		
Japanese government	Special Account for Measures to Cope with the More Sophisticated Demand Structure of Petroleum and Energy	22,603	0.1	13,403	0.0	—	—	—	—	—	—	—	—
	General Account	666,087	1.8	510,284	1.5	—	—	—	—	—	—	—	—
	Postal Services Special Account	—	—	—	—	304.1	0.7	256.2	0.6	216.9	0.5	—	—
Government finance and public corporations	Government Housing Loan Corporation	648,634	1.8	435,695	1.3	1,401.1	3.0	1,135.3	2.6	886.3	2.2	—	—
	National Life Finance Corporation	437,080	1.2	143,880	0.4	2,065.9	4.5	1,388.0	3.2	852.3	2.1	—	—
	Japan Finance Corporation for Small Business	1,454,053	4.0	1,034,261	3.1	2,722.4	5.9	2,260.5	5.3	1,851.3	4.6	—	—
	Agriculture, Forestry and Fisheries Finance Corporation	53,512	0.1	37,487	0.1	134.1	0.3	101.1	0.2	74.3	0.2	—	—
	Okinawa Development Finance Corporation	98,366	0.3	69,671	0.2	206.6	0.4	167.9	0.4	131.6	0.3	—	—
	Development Bank of Japan	409,552	1.1	280,874	0.9	859.3	1.9	718.1	1.7	563.4	1.4	—	—
	Japan Bank for International Cooperation	216,824	0.6	155,418	0.5	429.7	0.9	356.8	0.8	284.4	0.7	—	—
	Urban Development Corporation	2,122,336	5.8	—	—	2,707.6	5.9	2,513.1	5.8	2,334.7	5.8	—	—
	Urban Renaissance Agency	—	—	1,760,845	5.3	—	—	—	—	—	—	—	—
	Employment and Human Resources Development Organization of Japan	8,614	0.0	2,503	0.0	25.0	0.1	23.1	0.1	15.4	0.0	—	—
	Environmental Restoration and Conservation Agency	9,568	0.0	6,540	0.0	18.3	0.0	15.6	0.0	12.6	0.0	—	—
	Corporation for Advanced Transport & Technology	—	—	—	—	118.7	0.3	92.5	0.2	64.8	0.2	—	—
	Japan Railway Construction, Transport and Technology Agency	142,724	0.4	103,501	0.3	—	—	—	—	—	—	—	—
	Japan Regional Development Corporation	167,232	0.5	—	—	202.1	0.4	191.1	0.4	176.3	0.4	—	—
	Japan Sewage Works Agency	—	—	—	—	8.5	0.0	6.6	0.0	2.4	0.0	—	—
	Promotion and Mutual Aid Corporation for Private Schools of Japan	51,305	0.1	35,420	0.1	114.0	0.2	91.9	0.2	70.2	0.2	—	—
	Japan Small and Medium Enterprise Corporation	20,909	0.1	—	—	36.1	0.1	29.3	0.1	24.5	0.1	—	—
	Organization for Small & Medium Enterprises and Regional Innovation, Japan	—	—	42,840	0.1	—	—	—	—	—	—	—	—
	Japan Highway Public Corporation	7,438,395	20.4	6,125,124	18.6	10,562.4	22.9	9,476.2	22.0	8,485.0	21.2	—	—
	Metropolitan Expressway Public Corporation	1,455,947	4.0	1,177,824	3.6	2,325.6	5.0	2,052.3	4.8	1,770.9	4.4	—	—
	Hanshin Expressway Public Corporation	1,236,432	3.4	1,093,488	3.3	1,968.9	4.3	1,732.6	4.0	1,485.6	3.7	—	—
	Honshu-Shikoku Bridges Authority	73,381	0.2	73,398	0.2	1,169.2	2.5	1,033.2	2.4	886.6	2.2	—	—
	Japan Railway Construction Public Corporation	—	—	—	—	160.8	0.3	142.9	0.3	122.7	0.3	—	—
	Japan Water Agency	164,189	0.4	113,163	0.3	306.2	0.7	252.3	0.6	208.0	0.5	—	—
	Japan National Oil Corporation	—	—	—	—	54.3	0.1	43.2	0.1	31.6	0.1	—	—
	Postal Life Insurance Welfare Corporation	—	—	—	—	1.8	0.0	1.4	0.0	1.0	0.0	—	—
	Tokyo Metro Co., Ltd.	90,087	0.2	59,123	0.2	145.1	0.3	126.4	0.3	108.0	0.3	—	—
	Narita International Airport Corporation	97,216	0.3	64,662	0.2	229.5	0.5	163.0	0.4	126.9	0.3	—	—
	Electric Power Development Company	131,074	0.4	88,949	0.3	222.5	0.5	173.2	0.4	152.1	0.4	—	—
	East Japan Railway Company	—	—	—	—	11.3	0.0	—	—	—	—	—	—
Central Japan Railway Company	—	—	—	—	13.7	0.0	—	—	—	—	—	—	
West Japan Railway Company	—	—	—	—	11.3	0.0	—	—	—	—	—	—	
Loans to postal service	192,614	0.5	169,317	0.5	—	—	—	—	—	—	—	—	
Local governments	19,116,552	52.3	19,364,544	58.7	17,652.1	38.2	18,436.8	42.9	18,991.1	47.6	—	—	
Total	36,525,297	100.0	32,962,223	100.0	46,188.0	100.0	42,980.7	100.0	39,930.8	100.0	—	—	

Note 1: Japan National Oil Corporation bonds were taken over by the government (Special Account for Measures to Cope with the More Sophisticated Demand Structure of Petroleum and Energy) on April 1, 2003.

Note 2: Honshu-Shikoku Bridges Authority loans and some bonds were taken over by the government (General Account) on May 12, 2003.

Note 3: Postal Services Special Account and Postal Life Insurance Special Account loans (a portion relating to more efficient land usage) were taken over by Japan Post (loans to postal service) on April 1, 2003.

Note 4: Employment and Human Resources Development Organization bonds were taken over by the Employment and Human Resources Development Organization of Japan on March 1, 2004.

Note 5: Corporation for Advanced Transport & Technology loans and bonds and Japan Railway Construction Public Corporation bonds were taken over by Independent Administrative Corporation, Japan Railway Construction, Transport and Technology Agency on October 1, 2003.

Note 6: With the transfer of operations to local government bodies, Japan Sewage Works Agency loans were taken over by local government bodies on March 31, 2004.

Note 7: Water Resources Development Corporation loans and bonds were taken over by Independent Administrative Corporation, Japan Water Agency on October 1, 2003.

Note 8: Urban Development Corporation loans and bonds were taken over by Urban Renaissance Agency on July 1, 2004.

Note 9: Japan Environment Corporation loans were taken over by Environmental Restoration and Conservation Agency on April 1, 2004.

Note 10: Teito Rapid Transit Authority loans and bonds were taken over by Tokyo Metro Co., Ltd. on April 1, 2004.

Note 11: Japan Regional Development Corporation loans and bonds were taken over by Urban Renaissance Agency, and Organization for Small & Medium Enterprises and Regional Innovation on July 1, 2004.

Note 12: Japan Small and Medium Enterprise Corporation bonds were taken over by Organization for Small & Medium Enterprises and Regional Innovation on July 1, 2004.

Note 13: New Tokyo International Airport Authority loans and bonds were taken over by Narita International Airport Corporation on April 1, 2004.

(4) PROPORTIONS OF FOREIGN BONDS BY CURRENCY AND REGION (POSTAL SAVINGS)

Proportion by Currency

Unit: million yen, %

Category	End of FY 2003		End of FY 2004	
	Amount invested	Percentage	Amount invested	Percentage
U.S. dollars	1,169,820	33.4	1,077,661	34.6
Euro	1,655,648	47.3	1,608,225	51.6
Japanese yen	404,383	11.5	194,135	6.2
Canadian dollars	129,964	3.7	96,142	3.1
British pounds	141,344	4.0	137,784	4.4
Total	3,501,162	100.0	3,113,949	100.0

Proportion by Region

Unit: million yen, %

Category	End of FY 2003		End of FY 2004	
	Amount invested	Percentage	Amount invested	Percentage
North America	1,134,422	32.4	1,092,951	35.1
America	938,049	26.8	938,091	30.1
Canada	196,373	5.6	154,860	5.0
Europe	2,054,054	58.7	1,783,178	57.3
Germany	831,808	23.8	708,721	22.8
Italy	342,938	9.8	261,910	8.4
France	323,749	9.2	338,110	10.9
Spain	126,472	3.6	103,085	3.3
U.K.	124,695	3.6	125,728	4.0
Other	304,390	8.7	245,621	7.9
Oceania	36,596	1.0	15,012	0.5
Australia	36,596	1.0	15,012	0.5
International institutions	276,089	7.9	222,806	7.2
Total	3,501,162	100.0	3,113,949	100.0

(5) OVERSEAS LOANS AND INVESTMENT (POSTAL LIFE INSURANCE)

Proportion by Assets

Unit: million yen, %

Category		End of FY 2003		End of FY 2004	
		Amount invested	Percentage	Amount invested	Percentage
Foreign currency dominated assets	Bonds	1,031,230	64.5	1,096,141	70.0
	Cash and deposits, others	—	—	—	—
	Sub-total	1,031,230	64.5	1,096,141	70.0
Foreign currency dominated assets with a fixed yen value	Bonds	—	—	—	—
	Cash and deposits, others	—	—	—	—
	Sub-total	—	—	—	—
Yen dominated assets	Bonds (yen dominated foreign bonds)	568,121	35.5	468,698	30.0
Total		1,599,351	100.0	1,564,840	100.0

Note: Foreign currency dominated assets with a fixed yen value are those which the yen value is fixed at the time of settlement through the use of foreign exchange contracts, and the same value is recorded in assets in the balance sheets.

Proportion by Region / Issuing Country

Unit: million yen, %

Country	Fiscal year-end	FY 2003		FY 2004	
		Amount invested	Percentage	Amount invested	Percentage
North America		415,599	26.1	447,189	28.7
America		415,599	26.1	447,189	28.7
Europe		896,174	56.2	813,385	52.1
Germany		395,986	24.8	424,498	27.2
France		149,368	9.4	128,680	8.2
U.K.		100,737	6.3	93,830	6.0
Sweden		50,379	3.2	49,549	3.2
Netherlands		41,598	2.6	41,242	2.6
Other		158,104	9.9	75,585	4.8
International institutions		283,234	17.8	299,981	19.2
Total		1,595,008	100.0	1,560,556	100.0

Reference

Unit: billion yen, %

Country	Fiscal year-end	FY 2000		FY 2001		FY 2002	
		Amount invested	Percentage	Amount invested	Percentage	Amount invested	Percentage
North America		1,548.7	40.4	973.3	38.9	343.3	24.9
America		1,273.9	33.2	743.0	29.7	244.7	17.8
Canada		274.7	7.2	230.3	9.2	98.6	7.2
Europe		1,560.9	40.7	1,008.9	40.3	772.9	56.1
Germany		611.7	15.9	370.2	14.8	318.6	23.1
France		267.0	7.0	127.1	5.1	102.9	7.5
Italy		139.0	3.6	100.6	4.0	65.6	4.8
Sweden		83.6	2.2	76.7	3.1	57.1	4.1
Other		459.6	12.0	334.3	13.4	228.7	16.6
Oceania		144.0	3.8	136.7	5.5	28.9	2.1
Asia		—	—	—	—	—	—
Central and South America		—	—	—	—	—	—
Africa		—	—	—	—	—	—
International institutions		584.3	15.2	384.7	15.4	231.5	16.8
Total		3,837.9	100.0	2,503.7	100.0	1,376.5	100.0

Note 1: Bonds issued by entities not residing in Japan (foreign bonds) are the targets of overseas fiscal loan investments.

Note 2: International institutions include International Bank for Reconstruction and Development (IBRD), European Investment Bank, American Development Bank, and Asian Development Bank.

Proportion by Currency

Unit: million yen, %

Currency	Fiscal year-end	FY 2003		FY 2004	
		Amount invested	Percentage	Amount invested	Percentage
Foreign currency denominated	US dollars	494,982	30.9	549,372	35.1
	Euro	421,744	26.4	438,094	28.0
	Pounds sterling	114,503	7.2	108,674	6.9
Foreign currency denominated subtotal		1,031,230	64.5	1,096,141	70.0
Yen denominated		568,121	35.5	468,698	30.0
Total		1,599,351	100.0	1,564,840	100.0

Reference

Unit: billion yen, %

Currency		FY 2002		FY 2003		FY 2004	
		Amount invested	Percentage	Amount invested	Percentage	Amount invested	Percentage
Foreign currency denominated	US dollars	2,124.8	55.4	1,472.9	58.8	667.1	48.5
	of which fixed redemption volume	(357.0)	(9.3)	(352.9)	(14.1)	(350.9)	(25.5)
	Euro	826.1	21.5	356.6	14.2	313.1	22.7
	of which fixed redemption volume	—	—	(0.6)	(0.0)	—	—
	Canadian dollars	223.5	5.8	190.5	7.6	98.6	7.2
	of which fixed redemption volume	(2.3)	(0.1)	(20.4)	(0.8)	(1.3)	(0.1)
	Australian dollars	123.2	3.2	89.4	3.6	38.9	2.8
	of which fixed redemption volume	(24.7)	(0.6)	(27.0)	(1.1)	(31.6)	(2.3)
	Italian lira	63.8	1.7	57.5	2.3	—	—
	of which fixed redemption volume	(63.8)	(1.7)	(57.5)	(2.3)	—	—
Pounds sterling	51.5	1.3	51.3	2.0	42.9	3.1	
Other currencies	11.2	0.3	11.0	0.4	10.7	0.8	
of which fixed redemption volume	—	—	—	—	(6.6)	(0.5)	
Foreign currency denominated subtotal		3,424.1	89.2	2,229.2	89.0	1,171.4	85.1
of which fixed redemption volume		(447.7)	(11.7)	(458.4)	(18.3)	(390.5)	(28.4)
Yen denominated		413.7	10.8	274.5	11.0	205.1	14.9
Total		3,837.9	100.0	2,503.7	100.0	1,376.5	100.0

Note 1: The portion with a fixed redemption amount is posted again, even though the conversion to yen at time of redemption is fixed through the use of foreign exchange contracts. There were no bonds with fixed redemption amounts in fiscal 2003 and 2004.

Note 2: Bonds issued by entities not residing in Japan (foreign bonds) were the targets of overseas fiscal loan investments through fiscal 2002.

3. Accounting Indicators

POLICY RESERVE

Unit: million yen

Account		End of FY 2000	End of FY 2001	End of FY 2002	End of FY 2003	End of FY 2004
Policy reserve (excluding contingency reserve)	Premium reserve	95,688,592	98,289,239	97,515,685	96,016,098	96,055,958
	[additional policy reserve]	[8,830,618]	[8,974,128]	[9,004,395]	[8,824,472]	[8,394,239]
	Unearned premium	18,516,199	19,042,554	18,703,319	18,047,810	17,380,929
	Subtotal	114,204,791	117,331,793	116,219,004	114,063,908	113,436,887
	Insurance	96,363,044	98,088,206	95,878,271	93,292,485	92,470,612
	Annuity insurance	17,841,747	19,243,586	20,340,732	20,771,422	20,966,275
Contingency reserve		1,371,218	1,731,882	814,036	814,036	844,438
Total		115,576,009	119,063,675	117,033,040	114,877,945	114,281,325

Note 1: Includes incurred but not reported reserve for outstanding claims for fiscal 2000.

Note 2: The additional policy reserve is set aside for the case in which the original policy reserve which is based on calculations at the time of entry is not enough to compensate for deficiencies in insurance and other payments due to possible negative net worth.

4. Number of Post Offices by Prefecture

As of March 31, 2005

	Ordinary post offices			Special post offices			Postal agencies	Total	Branch offices (separate tabulation)	
	Collection-and-delivery post offices	Non-collection-and-delivery post offices	Subtotal	Collection-and-delivery post offices	Non-collection-and-delivery post offices	Subtotal				
Total	1,261	47	1,308	3,465	15,458	18,923	4,447	24,678	38	
Hokkaido	72	1	73	375	771	1,146	316	1,535	1	
Tohoku	Aomori	11	—	11	68	188	256	95	362	—
	Iwate	15	—	15	97	196	293	132	440	—
	Miyagi	18	3	21	82	262	344	93	458	—
	Akita	10	—	10	85	178	263	128	401	—
	Yamagata	13	—	13	77	199	276	112	401	—
	Fukushima	22	—	22	126	285	411	126	559	—
	Subtotal	89	3	92	535	1,308	1,843	686	2,621	—
Kanto	Ibaraki	39	—	39	62	364	426	58	523	—
	Tochigi	22	—	22	57	232	289	50	361	—
	Gunma	21	—	21	45	236	281	40	342	—
	Saitama	55	1	56	25	543	568	25	649	—
	Chiba	49	1	50	53	590	643	40	733	2
	Subtotal	186	2	188	242	1,965	2,207	213	2,608	2
Minami kanto	Kanagawa	58	3	61	11	682	693	17	771	—
	Yamanashi	15	—	15	32	154	186	73	274	—
	Subtotal	73	3	76	43	836	879	90	1,045	—
Tokyo	88	26	114	16	1,379	1,395	10	1,519	6	
Shinetsu	Niigata	32	—	32	127	376	503	162	697	1
	Nagano	29	—	29	121	294	415	233	677	1
	Subtotal	61	—	61	248	670	918	395	1,374	2
Hokuriku	Toyama	20	—	20	27	165	192	85	297	—
	Ishikawa	11	—	11	51	193	244	83	338	1
	Fukui	10	—	10	46	155	201	36	247	—
	Subtotal	41	—	41	124	513	637	204	882	1
Tokai	Gifu	24	—	24	99	232	331	103	458	1
	Shizuoka	37	—	37	78	371	449	120	606	—
	Aichi	68	1	69	53	715	768	99	936	6
	Mie	17	—	17	80	275	355	98	470	—
	Subtotal	146	1	147	310	1,593	1,903	420	2,470	7
Kinki	Shiga	16	—	16	40	173	213	32	261	—
	Kyoto	28	—	28	46	368	414	39	481	2
	Osaka	69	7	76	8	1,010	1,018	34	1,128	7
	Hyogo	51	—	51	93	696	789	129	969	2
	Nara	17	—	17	42	182	224	88	329	—
	Wakayama	14	—	14	53	196	249	54	317	—
	Subtotal	195	7	202	282	2,625	2,907	376	3,485	11
Chugoku	Tottori	4	—	4	46	97	143	100	247	—
	Shimane	9	—	9	97	151	248	122	379	—
	Okayama	23	—	23	94	302	396	114	533	2
	Hiroshima	29	2	31	123	430	553	121	705	1
	Yamaguchi	20	—	20	97	237	334	65	419	2
	Subtotal	85	2	87	457	1,217	1,674	522	2,283	5
Shikoku	Tokushima	10	—	10	58	135	193	36	239	—
	Kagawa	15	—	15	30	144	174	38	227	—
	Ehime	18	—	18	68	231	299	81	398	—
	Kochi	14	1	15	60	154	214	94	323	—
	Subtotal	57	1	58	216	664	880	249	1,187	—
Kyushu	Fukuoka	58	—	58	54	602	656	97	811	—
	Saga	13	—	13	36	117	153	40	206	—
	Nagasaki	16	—	16	102	193	295	138	449	—
	Kumamoto	18	—	18	92	282	374	178	570	—
	Oita	16	—	16	76	216	292	94	402	—
	Miyazaki	11	—	11	65	120	185	114	310	—
	Kagoshima	23	—	23	136	277	413	283	719	2
	Subtotal	155	—	155	561	1,807	2,368	944	3,467	2
Okinawa	13	1	14	56	110	166	22	202	1	

Note 1: Showa Base post office and on-board post offices are not included.
 Note 2: The number of post offices includes those temporary closed.

Reference: Transition of the number of post offices

	End of FY 2001	End of FY 2002	End of FY 2003	End of FY 2004
Ordinary post offices	1,308	1,310	1,310	1,308
Collection-and-delivery post offices	1,257	1,260	1,262	1,261
Non-collection-and-delivery post offices	51	50	48	47
Special post offices	18,934	18,941	18,935	18,923
Collection-and-delivery post offices	3,627	3,563	3,530	3,465
Non-collection-and-delivery post offices	15,307	15,378	15,405	15,458
Postal agencies	4,531	4,501	4,470	4,447
Total	24,773	24,752	24,715	24,678
Branch offices (separate tabulation)	40	39	38	38

Note 1: Showa Base post office and on-board post offices are not included.

Note 2: The number of post offices includes those temporary closed.

Outline of Japan Post's Accounts System and Restructuring into Service Classifications

According to Article 29 of the Japan Postal Public Corporation Law, in which it is stipulated that Japan Post's accounts are to be based on standard business accounting practices, financial statements (balance sheet, statement of income, statement of cash flows, appended statements, etc.) will be prepared that, for example, evaluate securities according to classifications based on the purposes for which they are held.

Because Japan Post has postal, postal savings, and postal life insurance services that have differing characteristics and objectives, we will not only prepare financial statements for the entire corporation, but in order to meet our obligations of accountability relating to each service area, we are required to clarify the financial positions and management results of each service through separate financial statements for each of these service areas. This will also make it possible to make comparisons with similar private-sector businesses.

In order to provide appropriate financial information for each of the different services, appropriate standards are used for new acquisitions, assets, liabilities, and income and expenses generated in two or more of these service classifications, and these are included under their respective classifications.

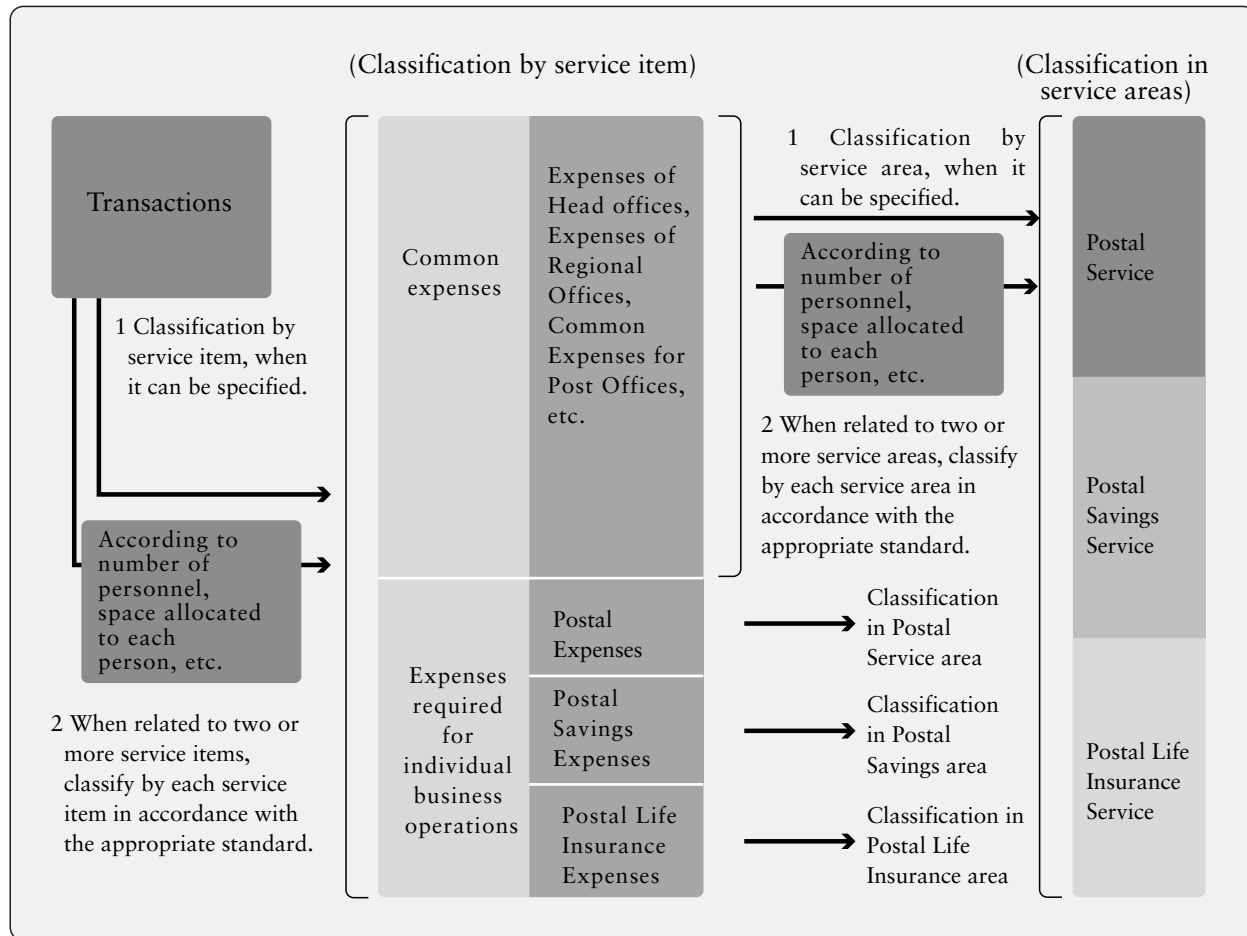
The following provides further details on the format adopted for these service classifications:

1. Assets, liabilities and income that clearly belong to any of these service classifications will be included under the relevant service, and assets relating to two or more of these service areas are included under each classification according to the proportion of expenditure ratio, liability, and income generated for that purpose at the time of acquisition.
2. Expenses required directly for the operation of each service, such as for the salaries of employees engaged in the postal, postal savings and postal life insurance services provided by post offices, are included under the respective service classifications.
3. Expenses for management divisions such as the head office and regional offices and expenses for post offices for which the generation of such expenses is clearly attributable to one of the services (expenses required by Postal Business Headquarters, Postal Savings Business Headquarters, and Postal Life Insurance Business Headquarters at Japan Post's head office), are included under their respective classifications.

All other expenses are included under each service classification in appropriate and fair proportions according to criteria such as the ratio of employee working hours.

Furthermore, the financial statements for Japan Post as a whole and for each of the service areas are reviewed by independent auditors in addition to internal auditors, which will ensure the appropriateness and objectivity of financial information, thereby enhancing the transparency of management.

Flowchart for allocating expenses to service classifications



- 1 Highlights
- 2 Topics
- 3 Management Policy
- 4 Management Efforts
- 5 About Japan Post
- 6 Data

SIGNIFICANT ACCOUNTING POLICIES

1 Highlights

2 Topics

3 Management Policy

4 Management Efforts

5 About Japan Post

6 Data

(1) Securities

(a) Held-to-maturity debt securities

Stated at amortized cost (straight-line method) using the moving-average method.

(b) Bonds classified as debt securities earmarked for policy reserves

Stated at amortized cost (straight-line method) using the moving-average method in accordance with Industry Audit Committee Report No. 21 “Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Policy Reserves in Insurance Industry” issued by Japanese Institute of Certified Public Accountants (“JICPA”).

(c) Investments in subsidiaries and affiliates

Stated at cost using the moving-average method.

(d) Available-for-sale securities

i Securities with fair market value

Stated at fair market value (and cost of securities sold is calculated using the moving-average method).

Net unrealized gains and losses on investments are reported as a separate component of capital.

ii Securities without fair market value

Stated at cost or amortized cost (straight-line method) using the moving-average method.

(2) Money held in trust

(a) For trading purposes

Securities included in money in trust for trading purposes are stated at fair market value.

(b) For other purposes

i Securities with fair market value

Stated at fair market value (and cost of securities sold is calculated using the moving-average method).

Net unrealized gains and losses on investments are reported as a separate component of capital.

ii Securities without fair market value

Stated at cost or amortized cost (straight-line method) using the moving-average method.

The building portion of the premises which constitutes the trust asset is valued after considering depreciation under the straight-line method.

(3) Inventories

Stated at cost using the moving-average method.

(4) Premises and equipment

(a) Premises and equipment

Buildings (excluding structure and equipment)
the straight-line method

Others

Declining-balance method

The useful lives of the major premises and equipment are as follows:

Buildings 2-50 years

Structures 3-75 years

Machinery and equipment 5-17 years

Automotive equipment 3- 7 years

Tools, furniture and fittings 2-20 years

(b) Software

Amortized over the straight-line method over its estimated useful life of 5 years, which is included in other assets.

(5) Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Japanese Yen at the current exchange rates prevailing at the fiscal year end.

(6) Reserves and allowances

(a) Allowance for doubtful accounts

An allowance for doubtful accounts is provided for specifically identified doubtful accounts in the amount deemed uncollectable based on an assessment of each account, and for all other accounts based on the historical ratio of losses.

(b) Reserve for employees' bonuses

A reserve for employees' bonuses is provided based on the estimated amounts to be paid, allocated over the period which the bonuses are applicable.

(c) Reserve for employees' retirement benefits

To provide against the payment of retirement benefits to employees, a reserve for employees' retirement benefits is established based on the estimated projected benefit obligations at the fiscal year ended.

The actuarial difference is amortized using the straight-line method over the estimated average remaining service lives (fourteen years) of employees commencing with the following period.

From the fiscal year ended March 31, 2005, the amortization period for the actuarial difference was changed from fifteen years to fourteen years based on the change of the estimated average remaining service lives of employees. The impact of this change is considered to be immaterial.

(d) Reserve for directors' retirement benefits

To provide against the payment of retirement benefits to directors, a reserve for directors' retirement benefits is established based on the required amount under the liability of retirement benefits at the fiscal year end according to the internal corporate policy.

(7) Leases

Finance leases, excluding those leases that are considered to transfer the ownership of the leased properties to the lessees, are accounted for by a method similar to that used for operating leases.

(8) Hedge accounting

Postal life insurance service adopts assignment accounting or deferred hedge methods in the forward foreign exchange contract of foreign currency assets.

With respect to evaluation of hedge efficiency, Japan Post uses 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 cashflows from the hedged assets and the hedging instruments are closely correlated. As a result, Japan Post deems its hedges to be highly effective.

(9) Derivative transactions

Derivative transactions are valued by the market value method. However, assignment accounting is used for such transactions that meet the requirement for such accounting, such as the forward foreign exchange contracts.

(10) 'Cash and cash equivalents'

'Cash and cash equivalents' in the statements of cash flows are composed of 'Cash and Deposits'.

(11) Others

(a) Policy reserves

Policy reserves are based on Article 34 of The Japan Post Law (Law No.97 of 2002). Insurance reserves are recorded as the higher of the following calculations as required by the method stipulated by the Minister of Public Management, Home Affairs, Posts and Telecommunications (Notification No.82 by Ministry of Public Management, Home Affairs, Posts and Telecommunications (MPHPT) of 2003).

i The amount calculated at the end of the fiscal year based on the calculation method instruction statement on the policy reserves for a postal life insurance (average net premium method).

ii Present value amount which is deemed necessary based on the future income and expenditure of the postal life insurance contracts owned at the end of the current accounting period.

Any amendment of the calculation method instruction statement for postal life insurance, which is the basis for recording policy reserves at the end of the current fiscal year, is required to be approved by the Minister of Public Management, Home Affairs, Posts and Telecommunications.

(b) The policyholders' dividend reserve

The policyholders' dividend reserve is a reserve based on Article 28 of The Enforcement Ordinance of the Japan Post Law (the Ministerial Ordinance No. 4 of 2003 by MPHPT) and is recorded in accordance with the calculation method instruction statement for postal life insurance (including policyholders' dividend which will be paid out in the following fiscal year).

(c) The reserve for price fluctuation

The amount of the reserve for price fluctuation is recorded pursuant to the provisions of Article 32 of The Japan Post Law (Law No.97 of 2002).

Incidentally, any unmaintained portion of the reserve for price fluctuation is required to be approved by the Minister of Public Management, Home Affairs, Posts and Telecommunications.

(d) Accounting policies for consumption tax and local consumption tax

Amounts are recorded exclusive of tax.

Japan Post as a Whole

NON-CONSOLIDATED BALANCE SHEETS (JAPAN POST AS A WHOLE)

Unit: million yen

	As of March 31, 2004	As of March 31, 2005
Assets		
Cash and deposits	9,244,735	8,642,188
Call loans	48,900	274,900
Receivable under resale agreements	780,247	209,906
Monetary receivables purchased	44,997	130,996
Money held in trust	15,494,911	12,318,135
Securities	190,831,254	217,277,532
Deposits to the fiscal loan fund	156,095,400	117,611,900
Loans	27,179,918	27,158,657
Premises and equipment, net	3,567,467	3,392,725
Other assets	924,358	875,260
Allowance for doubtful accounts	(20,492)	(19,934)
Total assets	404,191,698	387,872,267
Liabilities		
Postal savings	220,049,821	210,908,618
Policy reserves	119,735,410	118,689,934
Borrowings	43,201,401	38,200,000
Other liabilities	13,699,163	10,550,918
Reserve for employees' bonuses	129,325	130,178
Reserve for employees' retirement benefits	2,764,859	2,727,790
Reserve for directors' retirement benefits	47	72
Reserve for price fluctuations	4,122	525,460
Total liabilities	399,584,152	381,732,973
Capital		
Capital	1,268,807	1,268,807
Government investment in capital	1,268,807	1,268,807
Retained earnings	2,301,841	3,539,735
Reserve fund	—	2,301,841
Net income	2,301,841	1,237,893
Net unrealized gains on securities	1,036,896	1,330,750
Total capital	4,607,546	6,139,294
Total liabilities and capital	404,191,698	387,872,267

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF INCOME (JAPAN POST AS A WHOLE)

	Unit: million yen	
	For the fiscal year ended March 31, 2004	For the fiscal year ended March 31, 2005
Ordinary income	24,602,332	20,633,322
Postal service income	1,921,943	1,890,545
Postal savings service income	5,868,822	4,095,089
Postal life insurance service income	16,811,565	14,647,687
Ordinary expenses	22,053,497	18,750,257
Operating expenses	19,302,934	16,000,666
Personnel expenses	2,436,333	2,435,237
Taxes and dues	32,263	41,399
Depreciation	270,777	263,208
Other expenses	11,188	9,744
Net ordinary income	2,548,835	1,883,065
Special gains	24,882	30,991
Gain on sale of premises and equipment	208	2,167
Gain on adjustment to income and losses in the previous year	—	24,645
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	19,999	—
Other special gains	4,674	4,178
Special losses	106,090	548,810
Loss on disposal of premises and equipment	28,595	23,397
Provision for reserve for price fluctuations	4,122	521,337
Loss on adjustment to income and losses in the previous year	—	117
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	62,701	—
Other special losses	10,670	3,958
Provision for policyholders' dividend reserve	165,785	127,352
Net income	2,301,841	1,237,893

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS (JAPAN POST AS A WHOLE)

	Unit: million yen	
	As of March 31, 2004	As of March 31, 2005
Unappropriated retained earnings at end of period	2,301,841	1,237,893
Net income	2,301,841	1,237,893
Appropriation of retained earnings	2,301,841	1,237,893
Reserve fund	2,301,841	1,237,893

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (JAPAN POST AS A WHOLE)

Unit: million yen

	For the fiscal year ended March 31, 2004	For the fiscal year ended March 31, 2005
Cash flows from operating activities		
Net income	2,301,841	1,237,893
Gain on adjustment to income and losses in the previous year	—	(24,645)
Loss on adjustment to income and losses in the previous year	—	117
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	(19,999)	—
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	62,701	—
Depreciation	271,534	263,451
Net change in policy reserves	(1,952,727)	(543,058)
Net change in allowance for doubtful accounts	20,492	(557)
Net change in reserve for employees' bonuses	(6,774)	852
Net change in reserve for employees' retirement benefits	(183,820)	(37,068)
Net change in reserve for directors' retirement benefits	47	25
Net change in reserve for price fluctuations	4,122	521,337
Net gain on investing activities	(5,514,042)	(4,324,757)
Net losses from disposal of premises and equipment	28,481	21,271
Net change in loans	(842,884)	(812,229)
Net change in postal savings	(3,483,497)	(9,141,202)
Net change in borrowings	(4,750,000)	(5,000,000)
Interest received	5,211,785	4,344,052
Interest paid	(5,068,161)	(6,149,003)
Other, net	(727,510)	1,525,233
Subtotal	(14,648,410)	(18,118,287)
Interest and dividends received	2,347,298	2,260,430
Interest paid	(7,191)	(2,856)
Dividend payment to insurance policyholders	(577,118)	(499,480)
Net cash used in operating activities	(12,885,422)	(16,360,194)
Cash flows from investing activities		
Purchases of monetary receivables purchased	(204,987)	(482,978)
Proceeds from sale and redemption of monetary receivables purchased	199,000	397,000
Proceeds from redemption of deposits to the fiscal loan fund	21,468,000	38,483,500
Purchases of securities	(72,915,609)	(93,391,788)
Proceeds from sale of securities	3,048,403	1,464,110
Proceeds from redemption of securities	54,327,744	66,152,741
Proceeds from sale of money held in trust	2,733,970	2,652,374
Investment in loans	(4,717,655)	(4,297,336)
Collection of loans	5,426,459	5,153,986
Purchases of premises and equipment	(111,687)	(97,735)
Proceeds from sale of premises and equipment	572	18,021
Other, net	(3,358)	(151,732)
Net cash provided by investing activities	9,250,850	15,900,163
Cash flows from financing activities		
Repayment of borrowings	(571,286)	(1,401)
Repayment of lease obligations	(54,524)	(141,729)
Net cash used in financing activities	(625,811)	(143,130)
Effect of exchange rate changes on cash and cash equivalents	372	613
Net decrease in cash and cash equivalents	(4,260,010)	(602,547)
Cash and cash equivalents at the beginning of the year	13,504,708	9,244,735
Adjustment at the time of establishment of Japan Post	37	—
Cash and cash equivalents at the end of the year	9,244,735	8,642,188

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED BALANCE SHEETS (POSTAL SERVICE)

Unit: million yen

As of March 31, 2004 As of March 31, 2005

Assets	As of March 31, 2004	As of March 31, 2005
Current assets		
Cash and deposits	182,262	183,456
Accounts receivable — trade	105,687	116,333
Inventories	8,727	6,490
Advance payments	4	—
Prepaid expenses	436	488
Accounts receivable — other	4,337	4,927
Other current assets	1,045	767
Allowance for doubtful accounts	(37)	(29)
Total current assets	302,464	312,435
Fixed assets		
Tangible fixed assets		
Automotive equipment	5,256	7,866
Accumulated depreciation	(1,733)	(3,906)
Buildings	970,384	981,748
Accumulated depreciation	(56,948)	(111,491)
Structures	29,792	32,813
Accumulated depreciation	(3,226)	(6,537)
Machinery and equipment	77,885	80,123
Accumulated depreciation	(14,596)	(27,072)
Tools, furniture and equipment	49,376	52,919
Accumulated depreciation	(15,942)	(27,655)
Land	924,941	926,448
Construction in progress	5,884	3,327
Total tangible fixed assets	1,971,073	1,908,584
Intangible fixed assets		
Leaseholds	111	111
Telephone subscription rights	452	453
Software	9,065	6,720
Software in progress	145	—
Other intangible assets	201	1,613
Total intangible assets	9,976	8,899
Investments and other assets		
Long-term prepaid expenses	458	435
Claims in provable bankruptcy	2,007	—
Other investments and other assets	18	1,628
Allowance for doubtful accounts	(1,714)	(1,589)
Total investments and other assets	769	474
Total fixed assets	1,981,819	1,917,958
Total assets	2,284,284	2,230,393

Note: All the amounts presented discard fractions less than ¥1 million.

As of March 31, 2004 As of March 31, 2005

Liabilities		
Current liabilities		
Accounts payable — trade	45,304	47,241
Short-term borrowings from other business segments of Japan Post	169,000	279,000
Current portion of long-term borrowings	18	—
Current portion of long-term borrowings from other business segments of Japan Post	23,297	21,517
Current portion of lease obligations	7,044	4,210
Accounts payable — other	96,684	109,223
Accrued expenses	8,715	8,798
Advances received	1,719	1,598
Postage received in advance	60,606	49,921
Deposits received	450,257	443,580
Contribution money from post card with donation	1,208	895
Reserve for employees' bonuses	72,635	72,912
Accrued consumption tax	70,125	—
Other current liabilities	1,185	13,558
Total current liabilities	1,007,802	1,052,457
Long-term liabilities		
Long-term borrowings	829	—
Long-term borrowings from other business segments of Japan Post	169,317	147,800
Deposits received	5,671	4,544
Reserve for employees' retirement benefits	1,552,718	1,531,935
Reserve for directors' retirement benefits	15	24
Lease obligations	87,118	3,977
Other long-term liabilities	12,703	13,209
Total long-term liabilities	1,828,375	1,701,491
Total liabilities	2,836,177	2,753,949
Capital		
Difference of assets and liabilities at the time of establishment of Japan Post	(578,220)	(578,220)
Retained earnings	26,326	54,663
Reserve fund	—	26,326
Net income	26,326	28,337
Total capital	(551,893)	(523,556)
Total liabilities and capital	2,284,284	2,230,393

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF INCOME (POSTAL SERVICE)

	Unit: million yen	
	For the fiscal year ended March 31, 2004	For the fiscal year ended March 31, 2005
Operating income	1,966,693	1,924,851
Operating costs	1,813,662	1,794,185
Gross margin	153,030	130,665
Selling, general and administrative expenses	92,524	99,893
Personnel expenses	51,573	51,215
Depreciation	12,001	14,470
Advertising expenses	9,072	10,272
Rental expenses	4,426	—
Taxes and dues	540	7,291
Provision for allowance for doubtful accounts	881	—
Loss from bad debts	538	6
Other	13,488	16,635
Net operating income	60,506	30,772
Non-operating income	5,560	8,133
Interest income	0	0
Income from rental property	3,534	5,551
Income from compensation payment for damages	1,040	1,448
Other non-operating revenues	985	1,132
Non-operating expenses	20,557	12,703
Interest expenses	16,880	11,329
Provision for allowance for doubtful accounts	870	—
Loss from bad debts	810	183
Other non-operating expenses	1,995	1,190
Net ordinary income	45,509	26,202
Special gains	4,366	6,867
Gain on adjustment to income and losses in the previous year	—	6,327
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	3,591	—
Gain on sale of fixed assets	125	83
Gain on compensation for transfer	644	—
Other special gains	5	456
Special losses	23,549	4,733
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	6,300	—
Loss on sale of fixed assets	0	172
Loss on disposal of fixed assets	12,325	4,504
Loss on valuation of inventories	1,871	—
Loss on cancellation of leases contracts	3,051	—
Other special losses	—	55
Net income	26,326	28,337

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF OPERATING COSTS (POSTAL SERVICE)

	Unit: million yen	
	For the fiscal year ended March 31, 2004	For the fiscal year ended March 31, 2005
Personnel costs	1,351,335	1,369,563
Provision for reserve for employees' bonuses	69,864	69,945
Expenses for employees' retirement benefits	100,008	98,826
Other costs		
Fuel costs	5,935	6,514
Repair costs for automotive equipment	5,690	5,441
Procurement costs for stamps and postcards	14,335	12,088
Depreciation	85,381	74,847
Rental expenses	29,136	29,336
Taxes and dues	369	1,432
Fees for entrusting collection and delivery	184,572	169,842
Handling costs	33,509	30,273
Other	103,397	94,845
Total costs	462,327	424,622
Total operating costs	1,813,662	1,794,185

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (POSTAL SERVICE)

Unit: million yen

	For the fiscal year ended March 31, 2004	For the fiscal year ended March 31, 2005
Cash flows from operating activities		
Net income	26,326	28,337
Gain on adjustment to income and losses in the previous year	—	(6,327)
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	(3,591)	—
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	6,300	—
Depreciation	98,139	89,560
Net change in allowance for doubtful accounts	1,751	(132)
Net change in reserve for employees' bonuses	(2,738)	277
Net change in reserve for employees' retirement benefits	(102,371)	(20,783)
Net change in reserve for directors' retirement benefits	15	8
Interest income	(0)	(0)
Interest expenses	16,880	11,329
Gain on sale of tangible fixed assets	(127)	(88)
Loss on sale of tangible fixed assets	11	176
Loss on disposal of tangible fixed assets	12,364	4,477
Net change in accounts receivable — trade	(3,570)	(10,625)
Net change in inventories	6,543	2,237
Net change in accounts payable — trade	1,028	1,936
Net change in accrued payables — other	(390,922)	14,798
Net change in deposits received	448,689	(7,803)
Net change in accrued consumption tax	33,434	(56,719)
Other, net	(3,452)	(12,740)
Subtotal	144,713	37,918
Interest received	0	0
Interest paid	(17,223)	(11,441)
Net cash provided by operating activities	127,489	26,477
Cash flows from investing activities		
Purchases of tangible fixed assets	(25,820)	(22,648)
Proceeds from sales of tangible fixed assets	377	799
Other, net	(2,200)	(3,312)
Net cash used in investing activities	(27,643)	(25,161)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,995,000	2,230,000
Repayment of short-term borrowings	(2,422,131)	(2,120,000)
Repayment of long-term borrowings	—	(24,145)
Repayment of lease obligations	(24,407)	(85,974)
Net cash used in financing activities	(451,538)	(120)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	(351,692)	1,194
Cash and cash equivalents at the beginning of the year	533,915	182,262
Adjustment at the time of establishment of Japan Post	38	—
Cash and cash equivalents at the end of the year	182,262	183,456

Note: All the amounts presented discard fractions less than ¥1 million.

Postal Savings Service

NON-CONSOLIDATED BALANCE SHEETS (POSTAL SAVINGS SERVICE)

	Unit: million yen	
	As of March 31, 2004	As of March 31, 2005
Assets		
Cash and deposits	6,675,733	6,088,163
Call loans	—	100,000
Receivables under resale agreements	780,247	209,906
Money held in trust	3,776,056	3,388,064
Securities	109,160,507	132,546,189
Deposits to the fiscal loan fund	156,095,400	117,611,900
Loans	2,786,193	3,708,422
Other assets	417,704	411,161
Premises and equipment, net	878,422	818,181
Allowance for doubtful accounts	(17,257)	(17,001)
Total assets	280,553,007	264,864,987
Liabilities		
Postal money order	9,776	10,280
Postal giro	4,343,090	5,193,930
Postal savings	220,049,821	210,908,618
Borrowings	43,200,301	38,200,000
Other liabilities	8,577,305	4,580,866
Reserve for employees' bonuses	33,312	34,016
Reserve for directors' bonuses	—	15
Reserve for employees' retirement benefits	673,071	665,039
Reserve for directors' retirement benefits	15	24
Total liabilities	276,886,695	259,592,792
Capital		
Difference of assets and liabilities at the time of establishment of Japan Post	1,804,415	1,804,415
Retained earnings	2,275,515	3,485,071
Reserve fund	—	2,275,515
Net income	2,275,515	1,209,556
Net unrealized losses on securities	(413,619)	(17,292)
Total capital	3,666,311	5,272,194
Total liabilities and capital	280,553,007	264,864,987

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF INCOME (POSTAL SAVINGS SERVICE)

Unit: million yen

	For the fiscal year ended March 31, 2004	For the fiscal year ended March 31, 2005
Ordinary income	5,871,450	4,098,979
Interest income	4,589,446	3,822,959
Fees and commissions	85,042	94,678
Other operating income	1,181,482	164,269
Other ordinary income	15,479	17,072
Ordinary expenses	3,600,665	2,875,423
Interest expenses	2,498,814	1,830,110
Fees and commissions	9,532	14,441
Other operating expenses	12,556	22,475
General and administrative expenses	1,053,867	1,003,983
Other ordinary expenses	25,894	4,413
Net ordinary income	2,270,784	1,223,555
Special gains	14,027	1,232
Gain on disposal of premises and equipment	54	68
Gain on bad debt recovered	30	55
Tax refund in connection with fund management	1,179	690
Gain on compensation for transfer	163	400
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	12,574	—
Other special gains	25	17
Special losses	9,297	15,231
Loss on disposal of premises and equipment	7,505	8,065
Loss on adjustment to income and losses in the previous year	—	7,087
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	1,773	—
Other special losses	18	78
Net income	2,275,515	1,209,556

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (POSTAL SAVINGS SERVICE)

Unit: million yen

	For the fiscal year ended March 31, 2004	For the fiscal year ended March 31, 2005
Cash flows from operating activities		
Net income	2,275,515	1,209,556
Loss on adjustment to income and losses in the previous year	—	7,087
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	(12,574)	—
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	1,773	—
Depreciation	111,842	115,957
Net change in allowance for doubtful accounts	17,257	(255)
Net change in reserve for employees' bonuses	(2,646)	704
Net change in reserve for directors' bonuses	—	15
Net change in reserve for employees' retirement benefits	(45,277)	(8,031)
Net change in reserve for directors' retirement benefits	15	8
Interest income	(4,589,446)	(3,822,959)
Interest expense	2,498,814	1,830,110
Net gain on securities	(6,270)	3,947
Gain on money held in trust	(1,158,643)	(143,468)
Foreign exchange losses, net	11,138	16,161
Net loss on disposal of premises and equipment	7,451	7,997
Net change in loans	(1,011,884)	(922,229)
Net change in postal money order	(817)	503
Net change in postal giro	(198,499)	850,839
Net change in postal savings	(3,483,497)	(9,141,202)
Net change in borrowings	(4,750,000)	(5,000,000)
Net change in call loans, bills bought and receivables under resale agreements	(695,258)	470,340
Interest received	5,211,791	4,344,059
Interest paid	(5,068,161)	(6,149,003)
Other, net	(669,499)	83,808
Net cash used in operating activities	(11,556,877)	(16,246,053)
Cash flows from investing activities		
Proceeds from redemption of deposits to the fiscal loan fund	21,467,900	38,483,500
Purchases of securities	(51,817,150)	(78,817,495)
Proceeds from sale of securities	485,699	219,557
Proceeds from redemption of securities	36,915,273	55,351,103
Payment due to increase in money held in trust	—	(234,541)
Proceeds from sale of money held in trust	1,891,099	766,001
Purchases of premises and equipment	(75,034)	(64,827)
Proceeds from sale of premises and equipment	115	297
Other, net	(17,862)	(13,130)
Net cash provided by investing activities	8,850,040	15,690,466
Cash flows from financing activities		
Repayment of borrowings	(260)	(301)
Repayment of lease obligations	(15,353)	(32,295)
Net cash used in financing activities	(15,613)	(32,597)
Effect of exchange rate changes on cash and cash equivalents	372	613
Net decrease in cash and cash equivalents	(2,722,078)	(587,570)
Cash and cash equivalents at the beginning of the year	9,397,822	6,675,733
Adjustment at the time of establishment of Japan Post	(10)	—
Cash and cash equivalents at the end of the year	6,675,733	6,088,163

Note: All the amounts presented discard fractions less than ¥1 million.

1 Highlights

2 Topics

3 Management Policy

4 Management Efforts

5 About Japan Post

6 Data

Postal Life Insurance Service

NON-CONSOLIDATED BALANCE SHEETS (POSTAL LIFE INSURANCE SERVICE)

Unit: million yen

	As of March 31, 2004	As of March 31, 2005
Assets		
Cash and deposits	2,392,308	2,390,576
Call loans	48,900	174,900
Monetary receivables purchased	44,997	130,996
Money held in trust	11,718,855	8,930,071
Securities	81,670,747	84,731,342
Loans	24,755,338	23,898,551
Premises and equipment, net	718,986	666,976
Other assets	563,344	346,751
Allowance for doubtful accounts	(1,483)	(1,313)
Total assets	121,911,996	121,268,853
Liabilities		
Policy reserves	119,735,410	118,689,934
Other liabilities	116,872	108,730
Reserve for employees' bonuses	23,377	23,233
Reserve for employees' retirement benefits	539,068	530,815
Reserve for directors' retirement benefits	15	24
Reserve for price fluctuations	4,122	525,460
Total liabilities	120,418,868	119,878,198
Capital		
Difference of assets and liabilities at the time of establishment of Japan Post	42,612	42,612
Retained earnings	—	—
Net income	—	—
Net unrealized gains on securities	1,450,515	1,348,043
Total capital	1,493,128	1,390,655
Total liabilities and capital	121,911,996	121,268,853

Note: All the amounts presented discard fractions less than ¥1 million.

NON-CONSOLIDATED STATEMENTS OF INCOME (POSTAL LIFE INSURANCE SERVICE)

Unit: million yen

	For the fiscal year ended March 31, 2004	For the fiscal year ended March 31, 2005
Ordinary income	16,857,789	14,665,085
Insurance premiums	12,291,569	11,666,599
Investment income	2,310,013	2,242,071
Other ordinary income	2,256,206	756,414
Ordinary expenses	16,625,249	14,031,778
Insurance claims and other insurance payments	15,867,720	13,358,136
Provision for reserve for insurance contracts	37,601	18,680
Investment expenses	25,703	20,417
Operating expenses	616,701	559,454
Other ordinary expenses	77,522	75,088
Net ordinary income	232,540	633,307
Special gains	8,864	29,894
Gain on disposal of premises and equipment	28	2,015
Gain on adjustment to income and losses in the previous year	—	25,288
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	6,163	—
Other special gains	2,672	2,591
Special losses	75,619	535,849
Loss on disposal of premises and equipment	9,263	10,859
Provision for reserve for price fluctuations	4,122	521,337
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	56,956	—
Other special losses	5,276	3,652
Provision for policyholders' dividend reserve	165,785	127,352
Net income	—	—

Note: All the amounts presented discard fractions less than ¥1 million.

1 Highlights

2 Topics

3 Management Policy

4 Management Efforts

5 About Japan Post

6 Data

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (POSTAL LIFE INSURANCE SERVICE)

Unit: million yen

	For the fiscal year ended March 31, 2004	For the fiscal year ended March 31, 2005
Cash flows from operating activities		
Net income	—	—
Gain on adjustment to income and losses in the previous year	—	(25,288)
Gain on adjustment to assets and liabilities at the time of establishment of Japan Post	(6,163)	—
Loss on adjustment to assets and liabilities at the time of establishment of Japan Post	56,956	—
Depreciation	61,552	57,933
Net change in reserve for outstanding claims	(1,019)	(92,473)
Net change in reserve for insurance contracts	(2,155,094)	(596,619)
Provision for accumulated interest of policyholders' dividends	37,601	18,680
Provision for policyholders' dividend reserve	165,785	127,352
Net change in allowance for doubtful accounts	1,483	(169)
Net change in reserve for employees' bonuses	(1,388)	(144)
Net change in reserve for employees' retirement benefits	(36,172)	(8,253)
Net change in reserve for directors' retirement benefits	15	8
Net change in reserve for price fluctuations	4,122	521,337
Interest, dividends and other income	(1,622,664)	(1,596,504)
Gain on money held in trust	(672,796)	(632,258)
Net loss on securities	6,465	11,018
Foreign exchange losses, net	9,424	718
Net loss on disposal of premises and equipment	9,234	8,708
Net change in other assets (excluding investing and financing activity-related assets)	(185,772)	187,566
Net change in other liabilities (excluding investing and financing activity-related assets)	71,275	16,035
Other, net	(4,709)	(3,330)
Subtotal	(4,261,862)	(2,005,680)
Interest, dividends and other income received	2,357,350	2,268,981
Interest paid	(25)	(4)
Dividend payment to insurance policyholders	(577,118)	(499,480)
Net cash used in operating activities	(2,481,656)	(236,183)
Cash flows from investing activities		
Purchase of call loans	(366,200)	(2,420,000)
Proceeds from redemption of call loans	317,300	2,294,000
Purchase of monetary receivables purchased	(204,987)	(482,978)
Proceeds from sale and maturity of monetary receivables purchased	199,000	397,000
Proceeds from sales of money held in trust	842,871	2,120,913
Payments for purchases of securities	(21,098,458)	(14,574,292)
Proceeds from sale and redemption of securities	19,975,174	12,046,190
Purchases of receivables under resale agreements	(703,068)	(1,097,973)
Proceeds from collection of receivables under resale agreements	778,068	1,097,973
Investments in loans	(4,717,655)	(4,297,336)
Collection of loans	5,451,779	5,177,283
Other, net	148	37
Subtotal	473,972	260,818
(Net cash used in operating activities + subtotal)	(2,007,684)	24,635
Purchases of premises and equipment	(10,857)	(9,851)
Proceeds from sale of premises and equipment	79	16,494
Other, net	(9,511)	(9,301)
Net cash provided by investing activities	453,682	258,159
Cash flows from financing activities		
Repayment of borrowings	(215)	(250)
Repayment of lease obligations	(14,763)	(23,458)
Net cash used in financing activities	(14,978)	(23,709)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net decrease in cash and cash equivalents	(2,042,952)	(1,732)
Cash and cash equivalents at the beginning of the year	4,435,251	2,392,308
Adjustment at the time of establishment of Japan Post	9	—
Cash and cash equivalents at the end of the year	2,392,308	2,390,576

Note: All the amounts presented discard fractions less than ¥1 million.

3

Information Disclosure

Japan Post aims to be open and trusted by society as a whole and to ensure their achievement by further improving communications and proactively disclosing appropriate corporate information.

Disclosure Brochures

Customers can browse the disclosure brochures below at all Japan Post branches and post offices nationwide.

Japan Post Disclosure Brochures in 2005



Japan Post Websites

JAPAN POST WEBSITE

The Japan Post website (<http://www.japanpost.jp/>) offers various information related to the corporation, including press materials, and corporate and IR information.

In addition, the corporate/IR information area provides management information such as a corporate overview, financial information and other information concerning Japan Post, and customers can browse corporate disclosure brochures and download them to their personal computers.



POST OFFICE WEBSITE

The Post Office website (<http://yuubinkyoku.com>) offers a comprehensive guide to post office services, provided so that customers can easily access information on postal products and services.

The website acts as a general information portal, providing for our customers' convenience search functions such as "keyword search," "50 letter alphabet search," "search by objective," and "post office and ATM search."

The website also provides various additional information, covering post office events, Kids' Land information for children, and distribution of an email magazine.



YUBIN WEBSITE

The Yubin website (<http://www.post.japanpost.jp/>) offers a range of information related to postal business activities.

Among the information available on this website are an introduction to each postal product, and a zip code index, as well as a mail tracking service and a postal fee calculating simulator.

The Yubin website also provides an online redelivery desk, accepts orders for hybrid mail, and offers certification of the content of electronic files.



YUCHO (POSTAL SAVINGS) WEBSITE

The Yucho website (<http://www.yu-cho.japanpost.jp/>) provides the Yucho Internet Home Service along with a variety of information, including the latest news, product guides, and information on postal savings interest rates.

With the Yucho Internet Home Service, you can send money by telegraphic transfer (transfer money between accounts), pay taxes and various types of fees (with the Yucho Pay-easy Service), request home cash delivery, view your current balance, and also pay directly from your account when shopping on the Internet.



KAMPO (POSTAL LIFE INSURANCE) WEBSITE

The Kampo website (<http://www.kampo.japanpost.jp/>) offers information on products and services, and on the various procedures involved.

The website also hosts the “Kampo Net Club,” through which contract customers are provided a contract information service and an Internet notification service. In addition, you can use various other services such as places to ask questions about the use of various services, in particular including a desk for prospective customers to consult on insurance purchases.



Japan Post

1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo

100-8798, Japan

URL: <http://www.japanpost.jp/>



Printed with "aroma-free" soy ink on
100% recycled paper.

Printed in Japan