

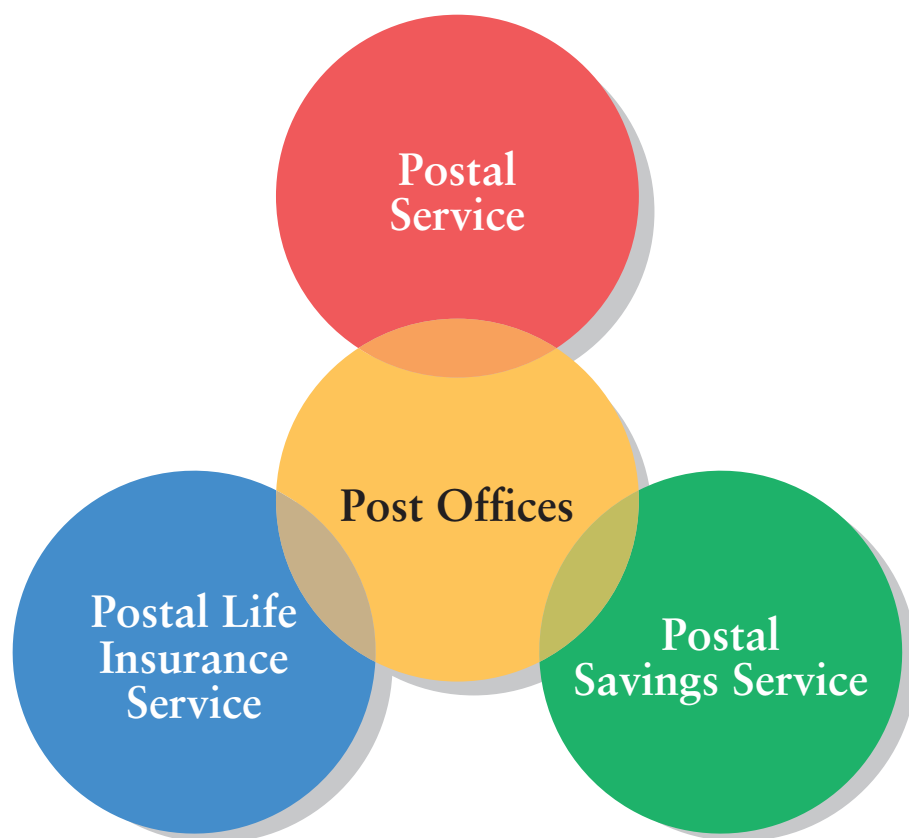
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Highlights

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Japan Post provides the following services through post offices in every city, town and village.



■ Number of post offices by type

Unit: post office

	Ordinary post offices			Special post offices			Postal agencies	Total
	Collection-and-delivery post offices	Non-collection-and-delivery post offices	Subtotal	Collection-and-delivery post offices	Non-collection-and-delivery post offices	Subtotal		
End of FY 2005	1,257	47	1,304	3,438	15,479	18,917	4,410	24,631
End of FY 2004	1,261	47	1,308	3,465	15,458	18,923	4,447	24,678

■ Employee situation

Unit: person

	Japan Post overall	Postal Business	Postal Savings Business	Postal Life Insurance Business	Others
End of FY 2005	256,572	110,579	55,410	41,248	49,335
End of FY 2004	261,937	114,158	56,316	41,994	49,469

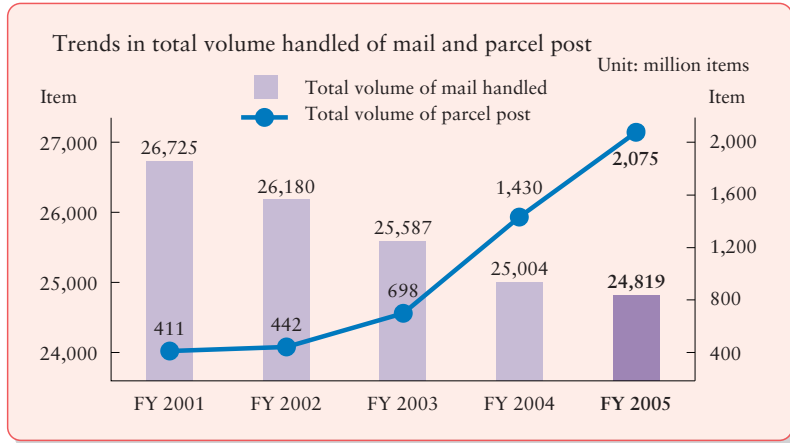
1. Overview of Postal Service

(1) VOLUME OF MAIL HANDLED

In fiscal 2005, the total volume of mail handled was 24,818.62 million items, down 0.7% or 185.71 million items from the previous year.

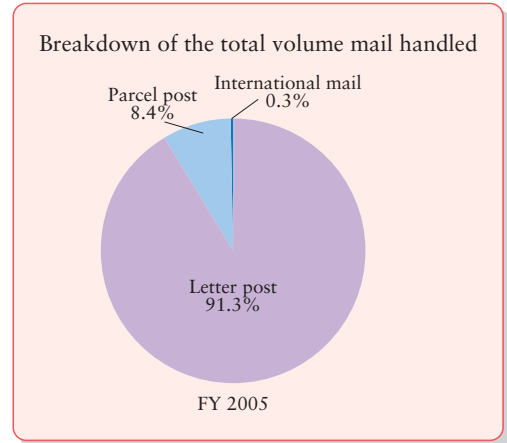
Annual per capita mail volume was 196 items, one item less than the previous fiscal year.

■ Total volume handled of mail and parcel post



Note: Figures are rounded off.

■ Total volume of mail handled

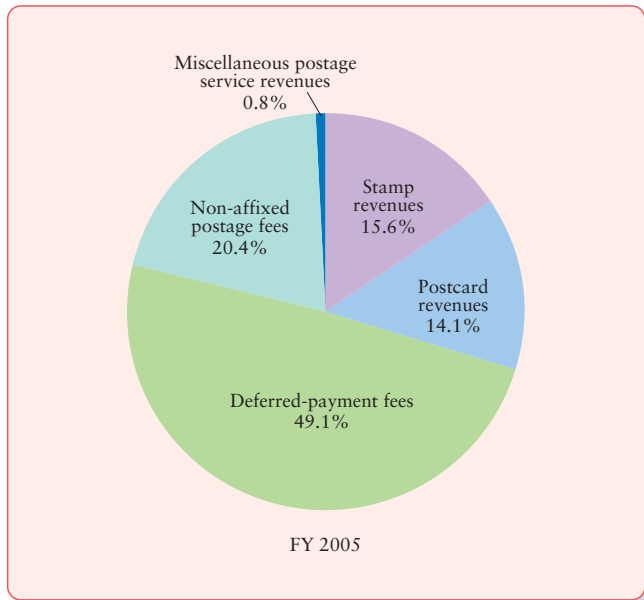


Note: Figures are rounded off to one decimal place.

(2) POSTAL SERVICE OPERATING REVENUES

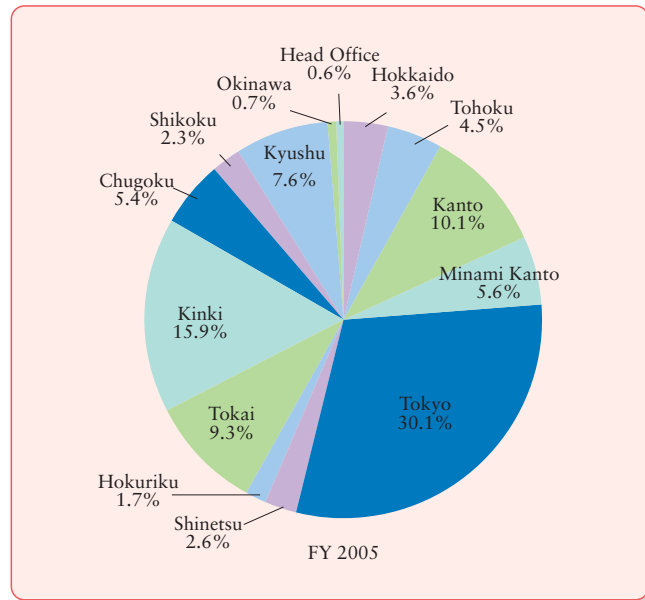
In fiscal 2005, Postal Service operating revenues (customer revenues from postal service charges, excluding internal use by Japan Post) were 1,855.6 billion yen, unchanged from the previous year.

■ Breakdown of operating revenues



Note: Figures are rounded off to one decimal place.

■ Breakdown of operating revenues by branch



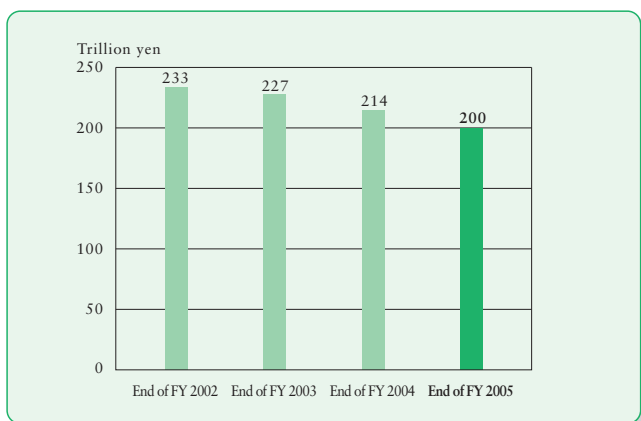
Note: Figures are rounded off to one decimal place.

2. Overview of Postal Savings Service

(1) BALANCE OF POSTAL SAVINGS

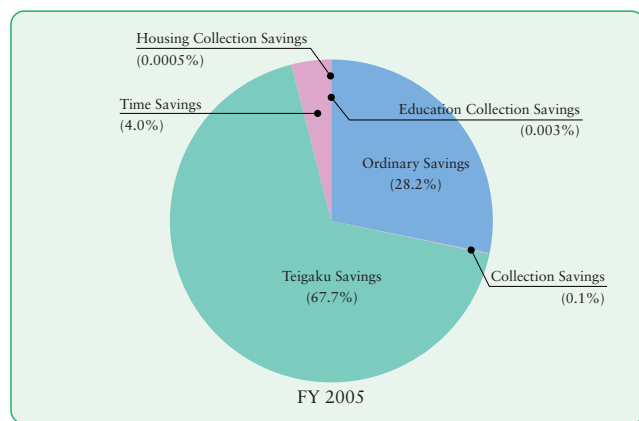
The balance of postal savings has continued to decrease since peaking at the end of fiscal 1999 due to the large volume of Teigaku Savings reaching maturity in fiscal 2000-2001. The balance at the end of fiscal 2005 was 200 trillion yen, down 6.6% or 14 trillion yen from a year earlier.

■ Trends in the balance of postal savings



Note: The figures given in the financial statement are not consistent as the balance includes unpaid interest on postal savings.

■ Balance of postal savings by type



Note: Ordinary Savings include New Ordinary Savings, while Teigaku Savings include Teigaku Savings for Wage Earners' Property Accumulation.

(2) MAIN SERVICE TRANSACTIONS

In fiscal 2005, there were 1,616.86 million postal giro transactions, up 2.9% or 45.16 million from the previous year, and 48.33 million postal money order transactions, up 17.9% or 7.35 million. Meanwhile, the number of affiliated service transactions, including ATM tie-up transactions, increased steadily. There were 70.524 million ATM entrustment handling transactions (See Note 1), up 12.2% or 7.640 million from a year earlier, and 91.463 million ATM customer handling transactions (See Note 2), up 18.6% or 14.351 million. Amid persistently ultra-low interest rates, counter sales of government bonds rose 14.5% or 357.9 billion yen year-on-year to 2,827.0 billion yen, due to sales efforts at post offices.

The sales volume of investment trusts, which Japan Post began handling in fiscal 2005, amounted to 167,000 units or 119.6 billion yen.

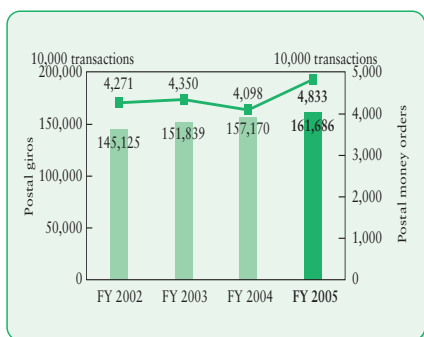
Note 1: ATM entrustment handling transactions

The handling of deposits, payments, cashing, balance inquiries and cashing inquiries at Postal Savings ATMs and cash dispensers nationwide using cash cards of financial institutions, such as banks, insurance companies, securities companies or credit card companies which have operational tie-ups with Japan Post (hereinafter referred to as "affiliated institutions").

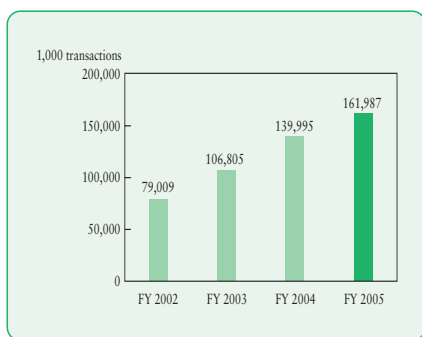
Note 2: ATM customer handling transactions

The handling of ordinary postal savings deposits, repayments and balance inquiries at the ATMs/Cash dispensers of affiliated financial institutions using Postal Savings cash cards.

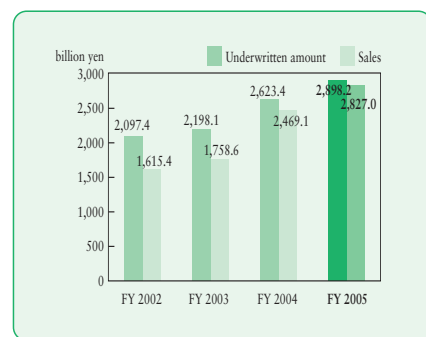
■ Transactions of postal money orders and postal giros



■ Affiliated services using ATMs and cash dispensers



■ Counter sales of government bonds



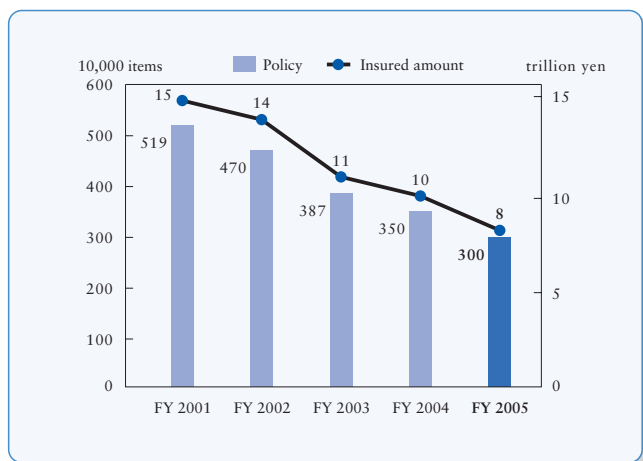
3. Overview of Postal Life Insurance Service

(1) NEW POLICIES FOR FISCAL 2005

The number of new insurance policies fell 14.4% or 503,000 year-on-year to 2.997 million, and the insured amount dropped 14.6% or 1.4448 trillion yen to 8.4697 trillion yen.

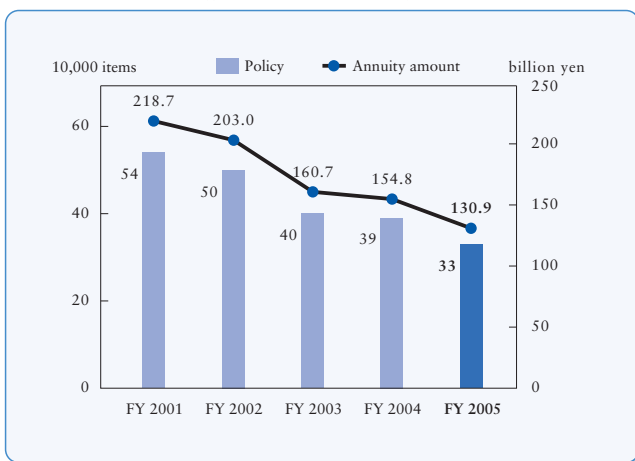
The number of new annuity insurance policies declined 13.5% or 52,000 from the previous year to 334,000, and the annuity amount dropped 15.4% or 23.9 billion yen to 130.9 billion yen.

■ Trends in new policies of life insurance



Note: Figures are rounded off.

■ Trends in new policies of annuity insurance

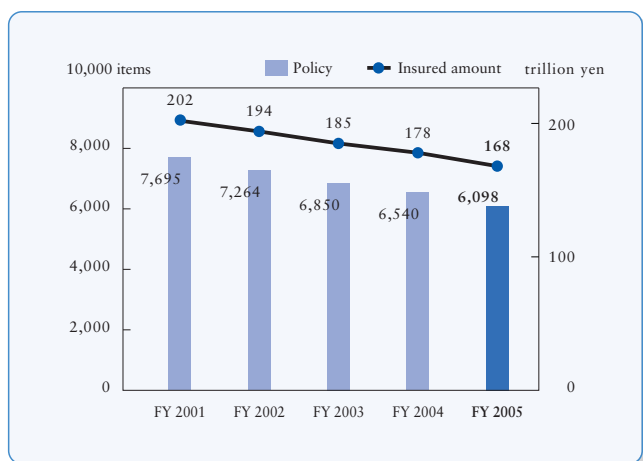


(2) POLICIES IN FORCE AT THE END OF FISCAL 2005

There were 60.98 million policies in force at the end of fiscal 2005, down 6.8% or 4.42 million from a year earlier, and the insured amount totaled 167.8115 trillion yen, down 6.0% or 10.6523 trillion yen.

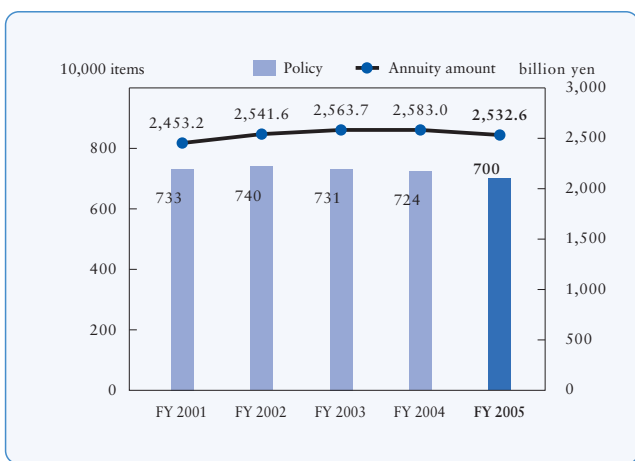
There were 7.00 million annuity insurance policies in force as of the end of fiscal 2005, down 3.4% or 240,000 from the previous year, and the annuity amount dropped 2.0% or 50.4 billion yen to 2,532.6 billion yen.

■ Trends in policies in force



Note: Figures are rounded off.

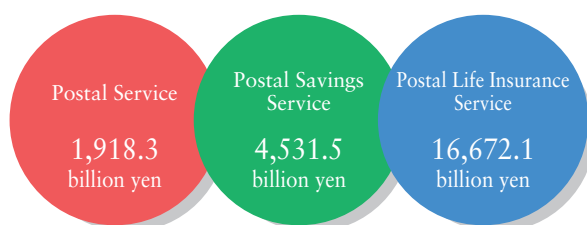
■ Trends in annuity policies in force



1. Japan Post

PROFIT AND LOSS

■ Ordinary income by service



(Note)

Japan Post overall



Note: Discrepancies between the total of figures for each service and the figures for Japan Post overall are due to the offsetting and elimination of transactions between the Postal, Postal Savings, and Postal Life Insurance Services as internal transactions within the corporation.

■ Ordinary Income, Ordinary Expenses and Net Ordinary Income

In the year ended March 31, 2006, Japan Post saw the total volume of letter post and the number of new insurance policies decrease. Amid such a harsh business environment, the corporation strove to ensure earnings in the Postal, Postal Savings and Postal Life Insurance Services as well as to reduce costs. Thanks to these efforts, the corporation's ordinary income and net ordinary income increased from the previous year.

Specifically, ordinary income was 1,880.9 billion yen in the Postal Service, 4,526.5 billion yen in the Postal Savings Service and 16,653.8 billion yen in the Postal Life Insurance Service. Overall, ordinary income posted 23,061.2 billion yen, up 2,427.9 billion yen from the previous year's 20,633.3 billion yen. Ordinary expenses for Japan Post were up 1,644.0 billion yen from 18,750.2 billion yen in the previous year to 20,394.3 billion yen due to increased insurance payments, etc., despite our efforts to reduce expenses such as procurement costs. As a result, net ordinary income was up 783.9 billion yen from 1,883.0 billion a year earlier to 2,666.9 billion yen.

■ Extraordinary Gains and Losses

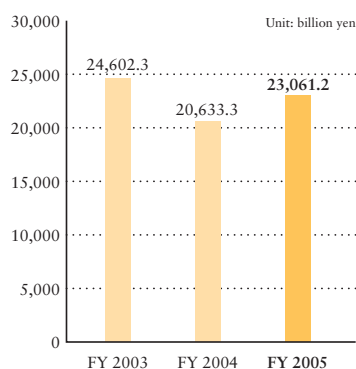
In fiscal 2005, Japan Post booked extraordinary gains of 26.6 billion yen derived mainly from gains from sales of premises and equipment. Meanwhile, extraordinary losses were 610.1 billion yen. Such losses were attributable chiefly to losses of 300.0 billion yen from transfer of shares to the government that were acquired following the government's investment in Japan Post Co. pursuant to Article 36 of the Japan Postal Public Corporation Law, and 229.0 billion yen in impairment losses on Teishin (communication) hospitals, facilities for promoting and advertising Postal Savings, and welfare institutions for Postal Life Insurance policyholders.

■ Net Income

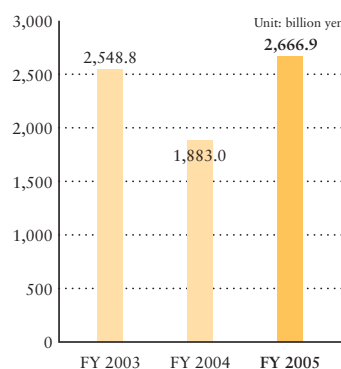
Overall, Japan Post recorded a net income of 1,933.1 billion yen, up 695.2 billion yen from the previous year's 1,237.8 billion yen, as a result of incorporating extraordinary gains and losses into net ordinary income, and transferring an additional 150.2 billion yen to the policyholders' dividend reserve in the Postal Life Insurance Service. All this net income will be added to the reserve fund as appropriated retained earnings, the same as we did last year, pursuant to Article 36, Paragraph 1 of the Japan Postal Public Corporation Law.

Net income rose 695.2 billion yen from a year earlier, mainly because money trust management income in the Postal Savings Service rose 1,096.7 billion yen.

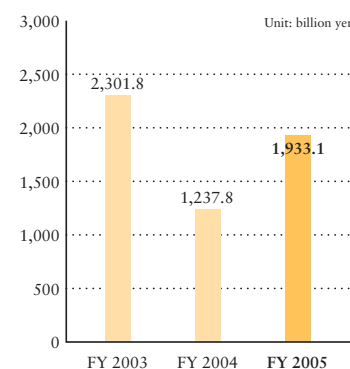
■ Trends in ordinary income



■ Trends in net ordinary income

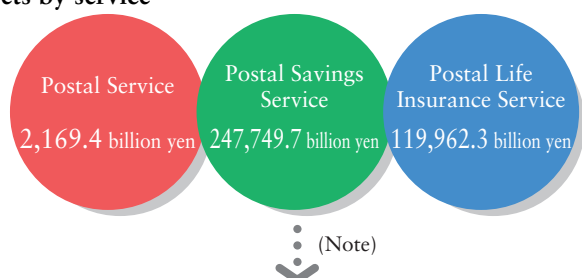


■ Trends in net income



ASSETS AND LIABILITIES

■ Total assets by service



Note: Discrepancies between the total of figures for each service and the figures for Japan Post overall are due to the offsetting and elimination of transactions between the Postal, Postal Savings, and Postal Life Insurance Services as internal transactions within the corporation.

■ Assets

The total assets of Japan Post were 369,481.3 billion yen as of the end of fiscal 2005, down 18,390.9 billion yen from the previous year's 387,872.2 billion yen.

This decline is attributable mainly to a fall in deposits to the fiscal loan fund because of loan maturity.

■ Liabilities

The total liabilities of Japan Post amounted to 360,214.9 billion yen at the end of fiscal 2005, down 21,517.9 billion yen from the preceding year's 381,732.9 billion yen.

The decrease in total liabilities is due chiefly to a drop of 12,813.6 billion yen in the balance of postal savings (excluding unpaid interest on postal savings) and a repayment of 5,000.0 billion yen, which was borrowed for investment management from the fiscal loan fund.

■ Capital

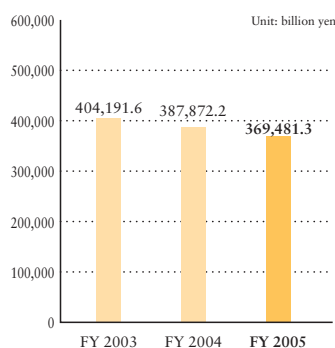
Total capital stood at 9,266.3 billion yen as of the end of fiscal 2005, up 3,127.0 billion yen from the previous year's 6,139.2 billion yen. This increase is ascribed primarily to the booking of 1,268.8 billion yen in capital, 5,472.8 billion yen in retained earnings including a net income of 1,933.1 billion yen, and 2,524.7 billion yen in net unrealized gains on securities. As a consequence, the capital ratio (See Note) rose 0.9 percentage points year-on-year to 2.5%.

Note: Capital ratio = (Total capital at the fiscal year-end/Total assets at the fiscal year-end) × 100

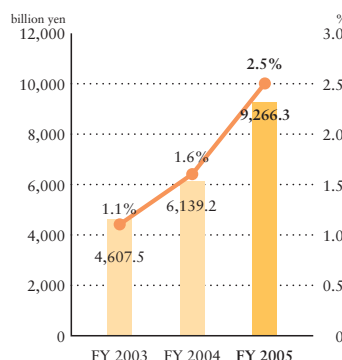
■ Statements of cash flows

	Unit: billion yen		
	FY 2004	FY 2005	
		Change	
Cash flows from operating activities	(16,360.1)	(20,794.9)	(4,434.7)
Cash flows from investing activities	15,900.1	21,118.7	5,218.5
Cash flows from financial activities	(143.1)	(4.2)	138.8
Cash and cash equivalents at the end of the year	8,642.1	8,962.3	320.1

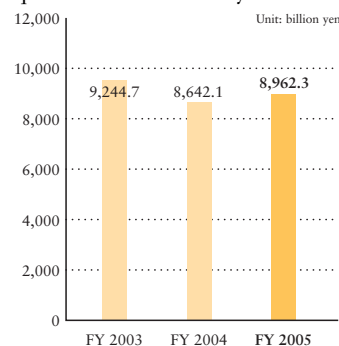
■ Trends in total assets



■ Trends in capital and capital ratio



■ Trends in the balance of cash and cash equivalents at the fiscal year-end



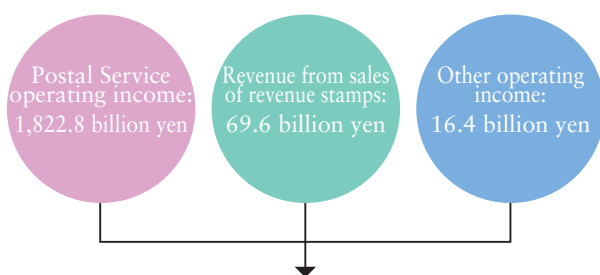
2. Postal Service

PROFIT AND LOSS

At present, the Postal Service is in a business environment that has become more severe due to the advance of IT technology and intensifying competition from private sector operators. To cope with this, in fiscal 2005 Japan Post made proactive sales efforts in the parcel post sector, including reviewing charges for booklet parcels and improving services, such as renewing the Yu-Pack service. Thanks to these efforts, the number of ordinary parcels we handled came to a record 246.63 million items, while the total volume of letter post handled, which accounts for about 90% of the total domestic mail handled, decreased. As a result, operating income for Postal Service dropped 15.8 billion yen year-on-year to 1,909.0 billion yen. Profits were adversely affected by reduced operating income and the implementation of advance investment in the enhancement of competitiveness, despite our efforts to reduce the number of full-time employees, raise productivity based on the JSP, and slash procurement costs. Consequently, net operating income decreased 16.0 billion yen from the previous year to 14.7 billion yen, net ordinary income fell 11.0 billion yen to 15.1 billion yen, and net income declined 25.6 billion yen to 2.6 billion yen. The sharp decrease in net income is attributable to extraordinary losses of 25.4 billion yen, including impairment losses.

OUTLOOK FOR FISCAL 2006

Taking into account the downtrend in the total volume of mail handled, Japan Post will focus on the provision of goods and services that satisfy customer needs, as well as on the parcel post and international distribution markets that are expected to grow significantly. We will also strive to cut down on expenses (excluding costs for privatization), aiming to secure 30.0 billion yen in profits.



Operating income
 1,909.0 billion yen (down 0.8% from the previous year)

Operating costs 1,792.3 billion yen
 Sales, general and administrative expenses 101.9 billion yen

Net operating income
 14.7 billion yen (down 52.1%)

Non-operating income 9.3 billion yen

Non-operating expenses 8.9 billion yen

Net ordinary income
 15.1 billion yen (down 42.1%)

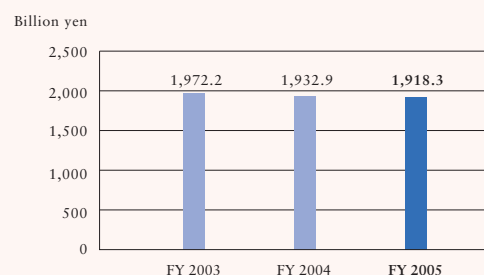
Extraordinary gains 12.9 billion yen

Extraordinary losses 25.4 billion yen

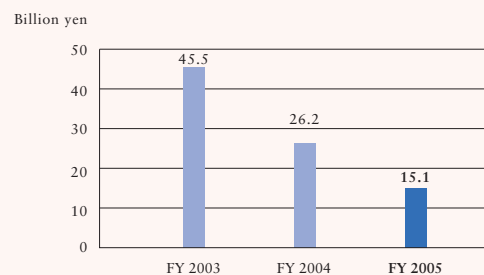
Net income 2.6 billion yen (down 90.5%)

The figures in parentheses represent percentage changes from the previous fiscal year.

■ Trends in ordinary income



■ Trends in net ordinary income



■ Trends in operating expense ratios

Fiscal Year	FY 2003	FY 2004	FY 2005
Operating expense ratio	96.9%	98.4%	99.2%

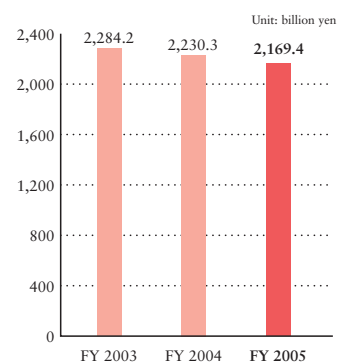
Operating expense ratio = ((Operating costs + Selling, general and administrative expenses)/Operating income) × 100

ASSETS AND LIABILITIES

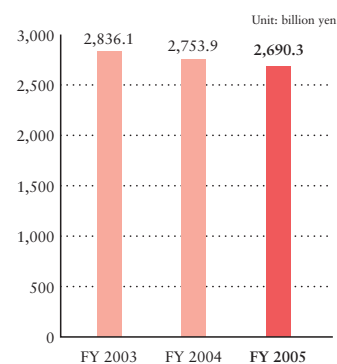
Total assets for the Postal Service were 2,169.4 billion yen at the end of fiscal 2005, down 60.9 billion yen from the previous year, due mainly to a reduction in fixed assets. Total capital stood at minus 520.8 billion yen, up 2.6 billion yen.

Assets		Liabilities	
Total assets 2,169.4 billion yen		Total liabilities 2,690.3 billion yen	
Major items		Major items	
Current assets	327.2 billion yen	Current liabilities	1,033.9 billion yen
Fixed assets	1,842.1 billion yen	Long-term liabilities	1,656.3 billion yen
Tangible fixed assets	1,828.2 billion yen		
Intangible fixed assets	12.3 billion yen		
Investment and other assets	1.5 billion yen		
		Capital	
		Total capital (520.8 billion yen)	
		Difference of assets and liabilities at the time of establishment of Japan Post (578.2 billion yen)	
		Retained earnings 57.3 billion yen	

■ Trends in total assets



■ Trends in total liabilities



■ Statements of cash flows

	Unit: billion yen		
	FY 2004	FY 2005	
			Change
Cash flows from operating activities	26.4	124.6	98.1
Cash flows from investing activities	(25.1)	(10.6)	14.5
Cash flows from financial activities	(0.1)	(93.7)	(93.6)
Cash and cash equivalents at the end of the year	183.4	203.7	20.2

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3. Postal Savings Service

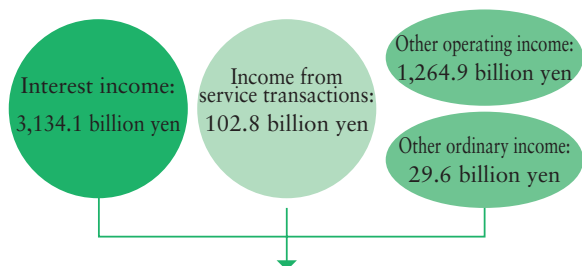
PROFIT AND LOSS

Ordinary income for the Postal Savings Service stood at 4,531.5 billion yen in fiscal 2005, up 432.5 billion yen from a year earlier. This increase is attributable to a rise in income from service transactions reflecting revenues on fees from investment trust sales and a sharp climb in money trust management income, the main component of other operating income, amid rising stock prices. Ordinary income increased despite a year-on-year drop of 688.8 billion yen in interest income, which accounts for the majority of ordinary income, owing primarily to a drop in interest earned from deposits to the fiscal loan fund in the wake of repaying deposits that matured. Due mainly to a fall in interest expenses, a reduction in general and administrative expenses and an expansion in interest surplus of cash flows, net ordinary income increased 1,108.1 billion year-on-year to 2,331.7 billion yen, and net income rose 720.8 billion yen to 1,930.4 billion yen. We recorded 99.5 billion yen in impairment loss as extraordinary losses, and 300.0 billion yen in loss from the transfer of Japan Post Co. shares (See Note).

Note: This is the loss derived from Japan Post's free transfer of shares to the government that were acquired when the government invested 300.0 billion yen in Japan Post Co. when it was established (Article 36, Paragraphs 7 and 11 of the Postal Privatization Law).

OUTLOOK FOR FISCAL 2006

Japan Post will maintain and strengthen its customer base by enhancing customer services and improving the quality of operations, while securing cash flows through appropriate asset and liability management (ALM) and increasing revenues on fees. In addition, we will take measures for improved cost efficiency, including making operations at post offices more efficient, with the aim of securing a profit of 700.0 billion yen (excluding money trust management income/loss and costs for privatization).



Ordinary income
4,531.5 billion yen (up 10.6% from the previous year)

Ordinary expenses
2,199.7 billion yen (down 23.5%)

Interest expenses	1,151.7 billion yen
Expenses for service transactions	16.9 billion yen
Other operating expenses	46.5 billion yen
General and administrative expenses	979.8 billion yen
Other ordinary expenses	4.6 billion yen

Net ordinary income
2,331.7 billion yen (up 90.6%)

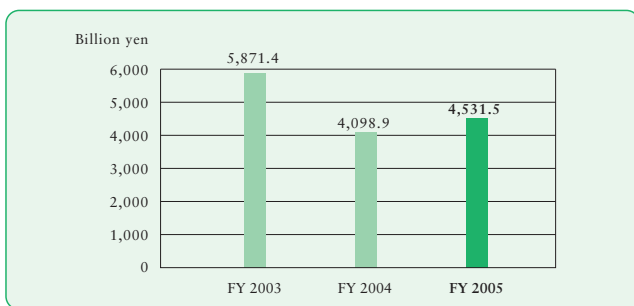
Extraordinary gains 5.9 billion yen

Extraordinary losses 407.2 billion yen

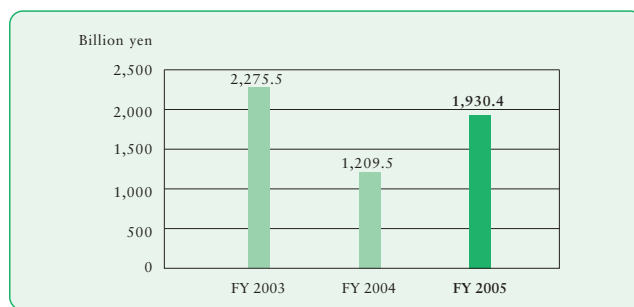
Net income 1,930.4 billion yen (up 59.6%)

The figures in parentheses represent percentage changes from the previous fiscal year.

■ Trends in ordinary income



■ Trends in net income



■ Trends in expense ratios

Fiscal Year	FY 2003	FY 2004	FY 2005
Expense Ratio	0.46%	0.45%	0.47%

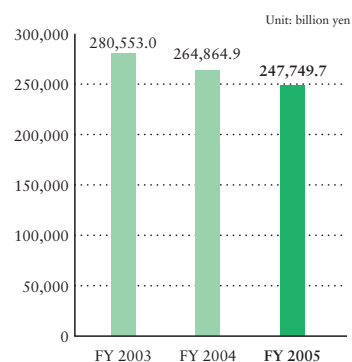
Expense ratio = (General and administrative expenses/Balance of postal savings (average end-of-month balance)) × 100

ASSETS AND LIABILITIES

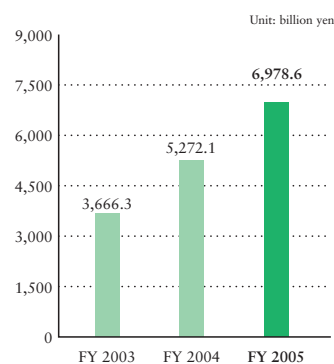
At the end of fiscal 2005, total assets for the Postal Savings Service amounted to 247,749.7 billion yen, down 17,115.2 billion yen from the previous year, due mainly to a decline in deposits to the fiscal loan fund. Capital increased 1,706.4 billion from a year earlier to 6,978.6 billion yen.

Assets		Liabilities	
Total assets 247,749.7 billion yen		Total liabilities 240,771.1 billion yen	
Major items		Major items	
Cash and deposits	6,833.5 billion yen	Postal money orders	9.8 billion yen
Call loans	100.0 billion yen	Postal giro	5,800.5 billion yen
Receivables under resale agreements	159.4 billion yen	Postal savings	198,094.9 billion yen
Money held in trust	3,321.3 billion yen	Borrowings	33,200.0 billion yen
Securities	152,241.5 billion yen	Other liabilities	2,975.8 billion yen
Deposits to the fiscal loan fund	79,896.9 billion yen	Reserve for employees' bonuses	33.9 billion yen
Loans	4,126.9 billion yen	Reserve for directors' bonuses	0.0 billion yen
Other assets	414.8 billion yen	Reserve for employees' retirement benefits	655.9 billion yen
Premises and equipment, net	669.3 billion yen	Reserve for directors' retirement benefits	0.0 billion yen
Allowance for doubtful accounts	(14.1 billion yen)		
		Capital	
		Total capital 6,978.6 billion yen	
		Difference of assets and liabilities at the time of establishment of Japan Post	
		1,804.4 billion yen	
		Retained earnings	
		5,415.5 billion yen	
		Net unrealized losses on securities	
		(241.2 billion yen)	

Trends in total assets



Trends in total capital



Statements of cash flows

	Unit: billion yen	
	FY 2004	FY 2005
		Change
Cash flows from operating activities	(16,246.0)	(17,857.3) (1,611.2)
Cash flows from investing activities	15,690.4	18,602.1 2,911.7
Cash flows from financial activities	(32.5)	(0.0) 32.5
Cash and cash equivalents at the end of the year	6,088.1	6,833.5 745.4

Highlights

Topics

Management Policy

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About Japan Post

Data

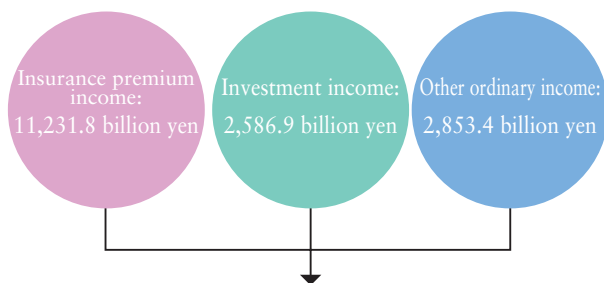
4. Postal Life Insurance Service

PROFIT AND LOSS

Ordinary income for the Postal Life Insurance Service was 16,672.1 billion yen in fiscal 2005, up 2,007.0 billion yen, because of an increase in investment income amid rising stock prices and an increase in ordinary income due to extra income from return of policy reserve, despite decreased insurance premium income due to a drop in the number of policies in force. Ordinary expenses were up 2,320.3 billion yen year-on-year to 16,352.1 billion yen, owing to a rise in insurance claims and other insurance payments reflecting a growth in insurance reaching maturity. Operating expenses fell 13.3 billion yen year-on-year to 546.1 billion yen as a result of cost cutting. Net ordinary income, which is calculated by subtracting ordinary expenses from ordinary income, was 320.0 billion yen, down 313.2 billion yen, influenced by the addition of a contingency reserve in preparation for insurance underwriting risks. The full amount of 150.2 billion yen, obtained by incorporating extraordinary gains and losses into net ordinary income, was transferred to the policyholders' dividend reserve.

OUTLOOK FOR FISCAL 2006

Placing emphasis on the provision of first-class services to customers, Japan Post will enhance its marketing capabilities, aiming to secure 55.0 billion yen in new policy premiums. We will also increase internal reserves by 210.0 billion yen through efforts to improve operational efficiency and reduce costs.



Ordinary income 16,672.1 billion yen

Ordinary expenses 16,352.1 billion yen

Insurance claims and other insurance payments	15,444.4 billion yen
Provision for reserve for insurance contracts	264.4 billion yen
Asset management expenses	38.0 billion yen
Operating expenses	546.1 billion yen
Other ordinary expenses	59.0 billion yen

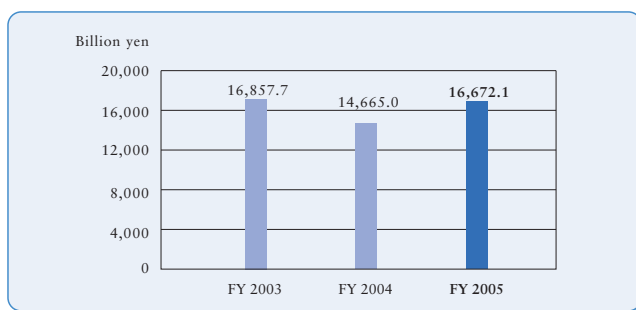
Net ordinary profit 320.0 billion yen

Extraordinary gains 7.7 billion yen

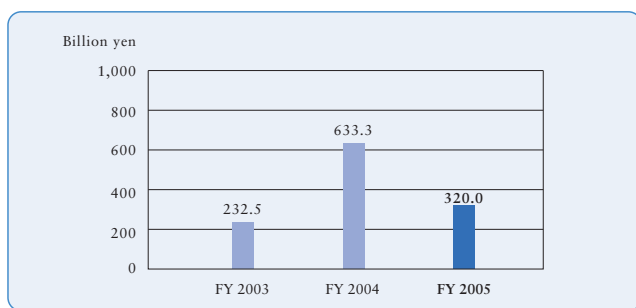
Extraordinary losses 177.5 billion yen

Provision for policyholders' dividend reserve 150.2 billion yen

■ Trends in ordinary income



■ Trends in net ordinary income



■ Trends in operating expense ratio

FY 2003	FY 2004	FY 2005
5.02%	4.80%	4.86%

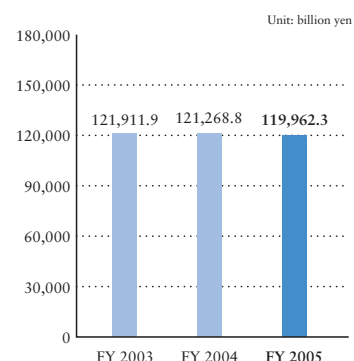
Operating expense ratio = (Operating expenses/Insurance premium income) × 100

ASSETS AND LIABILITIES

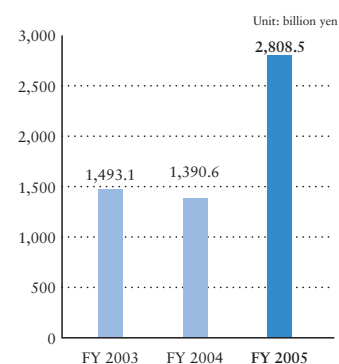
At the end of fiscal 2005, total assets were 119,962.3 billion yen, down 1,306.5 billion yen from the previous year. Capital increased 1,417.9 billion yen to 2,808.5 billion yen.

Assets		Liabilities	
Total assets 119,962.3 billion yen		Total liabilities 117,153.7 billion yen	
Major items		Major items	
Cash and deposits	1,946.7 billion yen	Policy reserves	115,907.2 billion yen
Call loans	367.2 billion yen	Other liabilities	125.8 billion yen
Monetary receivables purchased	59.9 billion yen	Reserve for employees' bonuses	22.4 billion yen
Money held in trust	9,151.7 billion yen	Reserve for employees' retirement benefits	520.9 billion yen
Securities	84,850.6 billion yen	Reserve for directors' retirement benefits	0.0 billion yen
Loans	22,757.1 billion yen	Reserve for price fluctuations	577.3 billion yen
Premises and equipment, net	515.2 billion yen		
Other assets	315.0 billion yen		
Allowance for doubtful accounts	(1.4 billion yen)		
		Capital	
		Total capital 2,808.5 billion yen	
		Difference of assets and liabilities at the time of establishment of Japan Post 42.6 billion yen	
		Retained earnings -	
		Net unrealized gains on securities 2,765.9 billion yen	

■ Trends in total assets



■ Trends in total capital



■ Statements of cash flows

	FY 2004	FY 2005	
			Change
Cash flows from operating activities	(236.1)	(2,992.4)	(2,756.2)
Cash flows from investing activities	258.1	2,548.6	2,290.4
Cash flows from financial activities	(23.7)	(0.0)	23.6
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Net decrease in cash and cash equivalents	(1.7)	(443.7)	(442.0)
Cash and cash equivalents at the beginning of the year	2,392.3	2,390.5	(1.7)
Cash and cash equivalents at the end of the year	2,390.5	1,946.7	(443.7)

Highlights

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1. Postal Savings Service

Investment of Postal Savings Funds

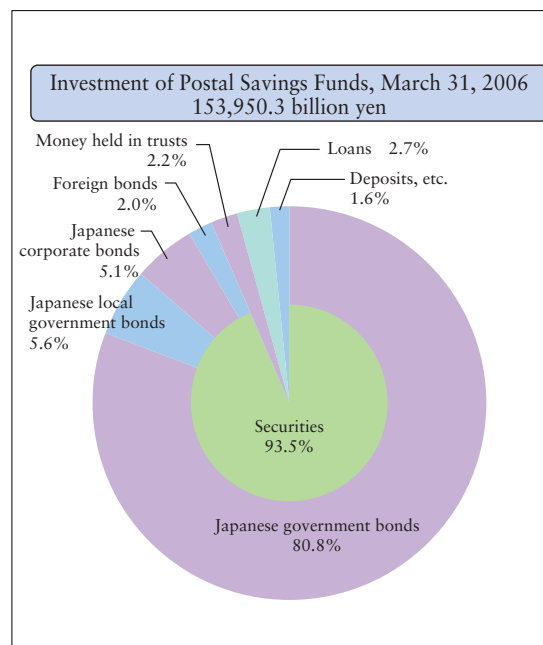
As of March 31, 2006

Classification	Balance of assets (billion yen)	Percentage (%)
Securities	143,981.0	93.5
Japanese government bonds	124,339.3	80.8
Japanese local government bonds	8,659.2	5.6
Japanese corporate bonds	7,841.5	5.1
Public corporation bonds, etc.	5,126.1	3.3
Foreign bonds	3,140.9	2.0
Money held in trusts	3,321.3	2.2
Loans	4,126.9	2.7
Loans to local governments	3,506.6	2.3
Loans to depositors, etc.	409.3	0.3
Loans to Postal Service	211.0	0.1
Deposits, etc.	2,521.0	1.6
Total	153,950.3	100.0

Note 1: The balance of assets in financial instruments is calculated in accordance with accounting standards.

Note 2: Foreign bonds are bonds issued by overseas issuers and include yen-dominated bonds.

Note 3: In addition to the amounts above, there is also 46,610.0 billion yen in entrusted money (excludes entrusted money corresponding to the former Special Fund to Cope with Financial Deregulation), making a total of 200,560.3 billion yen.



2. Postal Life Insurance Service

Investment of Kampo Funds

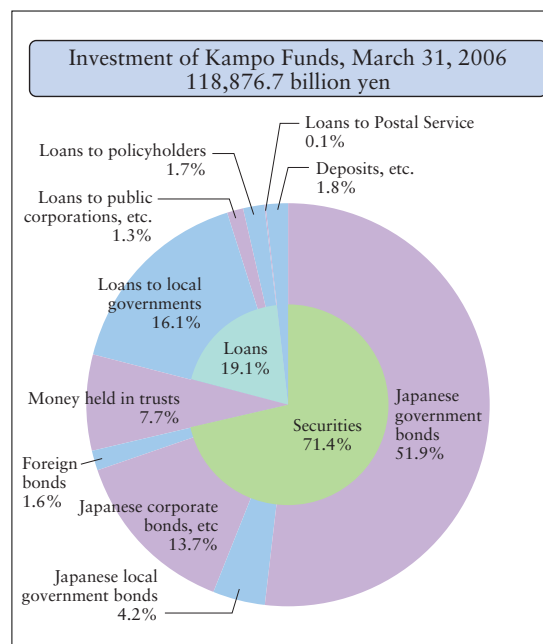
As of March 31, 2006

Classification	Balance of assets (billion yen)	Percentage (%)
Securities	84,850.5	71.4
Japanese government bonds	61,691.1	51.9
Japanese local government bonds	4,980.7	4.2
Japanese corporate bonds, etc.	16,323.5	13.7
Public corporation bonds, etc.	13,718.7	11.5
Foreign bonds	1,855.0	1.6
Money held in trusts	9,151.7	7.7
Loans	22,757.1	19.1
Loans to local governments	19,124.9	16.1
Loans to public corporation, etc.	1,503.5	1.3
Loans to policyholders	1,980.8	1.7
Loans to Postal Service	147.8	0.1
Deposits, etc.	2,117.3	1.8
Total	118,876.7	100.0

Note 1: There may be discrepancies between the balance of assets and funds because of the application of market prices to the relevant financial instruments in accordance with accounting standards.

Note 2: Foreign bonds are bonds issued overseas and include yen-dominated bonds.

Note 3: Figures in the balance of assets are rounded down, and consequently the sum of these figures does not match the figure in Total.



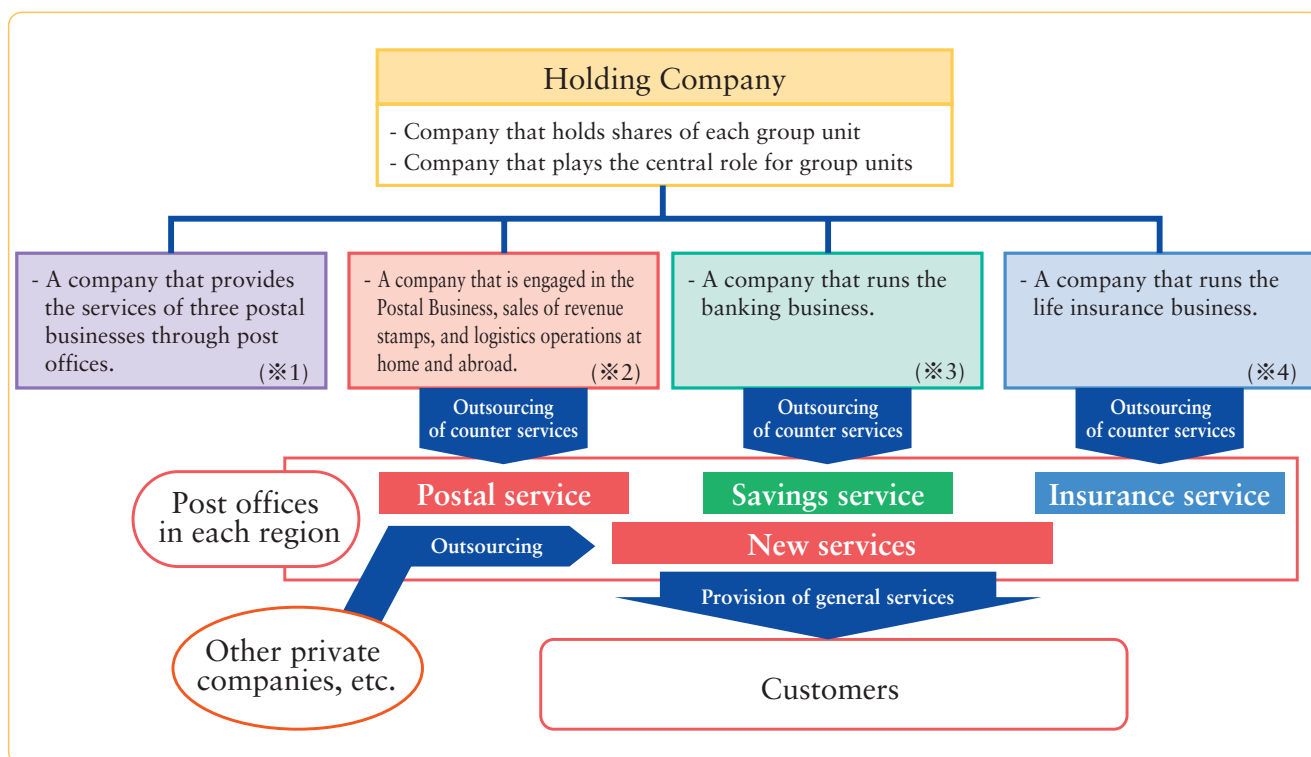
Overview of Privatization and Split-up

1. Overview of Japan Post's Privatization and Split-up

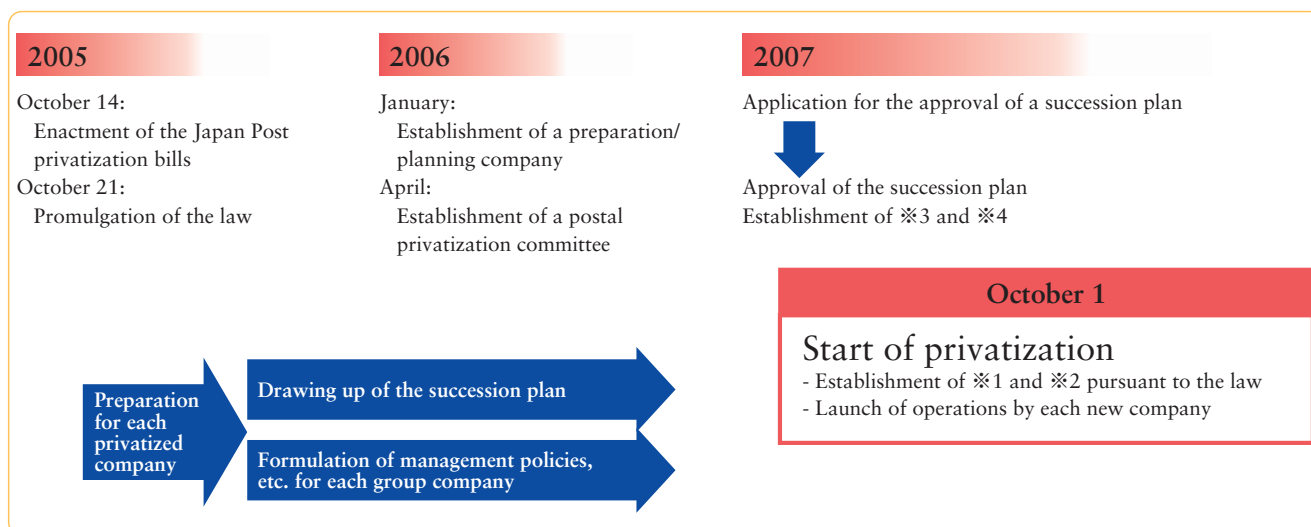
On October 14, 2005, the six Japan Post privatization bills were passed and went into force, and Japan Post will be privatized and divided into a holding company and four companies on October 1, 2007.

Using the advantage of privatization, Japan Post will make every effort to further serve the community.

STRUCTURE AFTER PRIVATIZATION AND SPLIT-UP



SCHEDULE FOR PRIVATIZATION AND SPLIT-UP



2. Handling of Services and Products after Privatization

Postal service

After privatization, the same services will be offered as at present. Customers can put stamped mail into their nearest mailbox, knowing the mail will be sent to any address in Japan.

Even after privatization, we will fairly offer nationwide postal services at the lowest prices possible, in the same way as we have been doing. The stamps you have now will be still be valid.

After privatization, we will continue to offer third- and fourth-class mail services.

Even after privatization, we will offer the services both third-class mail, such as newspapers and magazines, and fourth-class mail, such as mail for educational correspondence courses or postal materials in braille, at inexpensive prices.

Savings service

The government will continue to guarantee deposits in Teigaku Savings and Time Savings even after privatization. The amount deposited at the new company after privatization will be protected by the deposit insurance system, in the same way as with ordinary banks.

○Payment guarantee for postal savings after privatization

	Postal deposits made by the end of September 2007	Deposits to be made on and after October 1, 2007
Ordinary savings, postal giro, etc.	Shift to protection by the deposit insurance system	Protected by the deposit insurance system
Time deposits (Teigaku Savings, Time Savings, Collection Savings, Housing Collection Savings and Education Collection Savings)	Continuation of government guarantee	

Insurance service

After privatization the government will continue to guarantee postal life insurance policies in force. Insurance policies taken out after privatization will be compensated by the insurance policyholders protection system as in the case of general life insurance companies.

○Payment guarantee after the privatization

Insurance policies to be taken out by the end of September 2007	Insurance policies to be taken out on and after October 1, 2007
Continuation of government guarantee	Compensated by the insurance policyholders protection system