

## 2 Topics



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## Reorganization of Collection-and-Delivery Hubs

1 Highlights

In order to respond to a major change in the organizational framework due to the privatization and spin-off scheduled in October 2007, as well as for the purpose of developing an efficient and highly competitive network, we successively reorganized collection-and-delivery hubs, etc. from September 2006 and completed a new network in March 2007 (with parts of the network completed in May and July).

### Overview of measures

We grouped about 4,700 collection-and-delivery post offices and divided them into “Control Centers,” which consist of about 1,100 post offices that focus on sorting of mail items, and “Delivery Centers,” which are comprised of about 2,600 post offices that take charge of delivery of mail items sorted at Control Centers. In addition, about 1,000 post offices were transformed into non-collection-and-delivery post offices that only have service window functions by consolidating sorting and delivery operations to neighboring post offices.

### Service levels

The organization measures were developed with a thorough respect for the Postal Services Privatization Related Law, responses to questions in the Diet and additional resolutions, and we are committed not to degrade service levels through the following measures:

1. Post office service windows will remain unchanged and the post office network will be maintained.
2. Employees will continue to visit customers door-to-door to provide services of Postal Service, Postal Savings, and Postal Life Insurance as at present.
3. Social contribution activities such as Himawari Services will continue to be offered.
4. We will ensure the guaranteed delivery speed.
5. ATM's operating hours will be maintained.

### Responding to changes in services

Although Delivery Centers and consolidated post offices do not have Yu-Yu Service Windows for times outside of business hours, mail items such as registered mails that were not delivered due to absence of recipients will be redelivered daily, including Saturdays and Sundays, as in the case with private home-delivery services. In addition, service personnel from Delivery Centers nearby visit customers door-to-door to collect parcels. We thus are striving to maintain existing services by implementing alternative measures.

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## Launching “Frame Stamp” Service

In response to customers' request for a service in which you can purchase original stamps featuring one's favorite photos, we started the new service called the “Frame Stamp” that allows our customers to create their original stamps using their own photos and illustrations from September 1, 2006.

### What are Frame Stamps?

In the Frame Stamps service, we issue a sheet of postage stamps using a photo or picture selected by customers, and place such photos or pictures into a perforated blank tab space inside the framed stamps, making them look as if the photograph became a postage stamp.



# Postal Savings Campaigns

A Postal Savings promotion campaign was held at post offices nationwide with gift coupons given out to postal savings customers as an expression of gratitude for their patronage.

We plan to hold a variety of such campaigns in the future to promote postal savings among customers.

## Double-Start Campaign; Save and Invest

From March 5 to April 27, 2007, we held the “Double-Start Campaign; save and invest”, During this time we gave away one thousand yen gift coupons to customers for every 300,000 yen deposited in time savings (time savings which can be deposited using ordinary savings passbooks) and investment trusts (with the percentage of time savings and investment trusts being 50% each) at post offices handling investment trusts. The object of the campaign was to encourage balanced use of postal savings and investment trusts to help customers accumulate assets efficiently.

## Postal Savings Happy Pension Campaign

From May 28 to July 31, 2007, we gave away one thousand yen gift coupons to customers for every 300,000 yen deposited in Teigaku and Time savings (Teigaku and Time savings which can be deposited using ordinary savings passbooks) with these accounts designated as pension payment accounts (including those who plan to designate their accounts for pension payment) at post offices nationwide. The idea was to promote the community network of post offices as the most convenient and handy financial institution for retirees. In addition, we began the “Postal Savings Happy Pension Campaign,” in which 5,000 customers selected by lottery received accommodation coupons for traditional Japanese inns at hot spring resorts.

## “Dr. Money” Was Introduced to Help Customers Meet Their Asset Management Goals Nationwide

Since June 2007, we have been providing information on the necessity of making sound investments, helped customers gain a basic grasp of investments and educated them in investment methods and strategies.

Using a character called “Dr. Money” to raise awareness of investment opportunities, we prepared leaflets on such topics as “How much money you will need throughout your life” and “How much money you will need during your retirement. We also invited customers to investment seminars and in response to customer requests held asset management consultation services.

Please feel free to consult with us.



“Dr. Money”

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# Outline of Investment Trust Sales at Post Offices

## Post Offices Handling Investment Trusts

In October 2005, Japan Post launched a service to sell investment trusts at 575 post offices nationwide. Since then, we have successively increased the number of post offices handling investment trusts to 605 in June 2006 and 1,155 in October 2006 in response to the needs of customers.

In order to farther promote sales of investment trusts at post offices, a fixture in the local community, we plan to increase the number of post offices handling investment trusts to approximately 1,550 nationwide (including post offices that have directly managed branches of JAPAN POST BANK inside the office) at the time of privatization in October 2007.

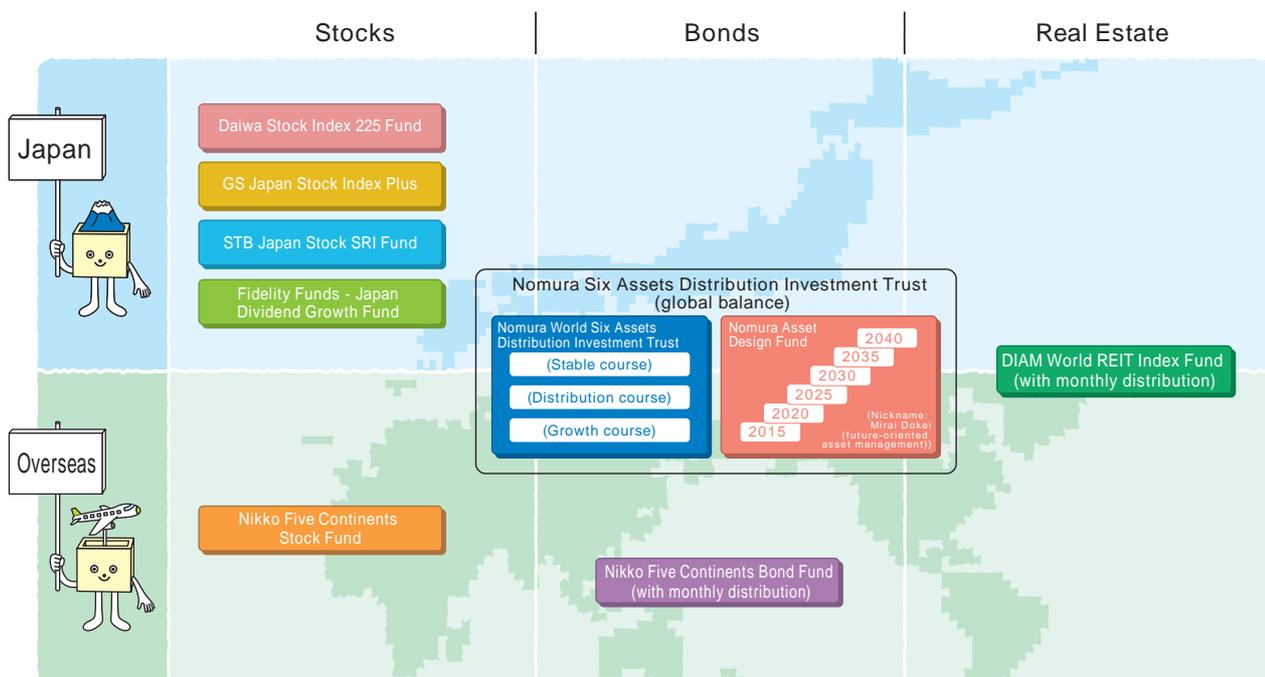
## The Line-up of Investment Trust Products Handled at Selected Post Offices

We sold only 3 types (5 products) of investment trusts at the time of introduction of investment trust service. However, after listening to the needs of our customers, we have successively expanded the line-up of investment trust products handled at selected post offices to 7 types (9 products) in June 2006 and 9 types (16 products) in June 2007. As a result, we now provide selected line-up of investment trusts, including a fund that diversifies investment portfolios to different assets such as Japanese and foreign stocks, bonds and REITs (real estate investment trusts) and funds that invests in asset that allow customers to develop appropriate portfolios depending on their investment purposes and risk tolerances.

As our customers come to us with more feedback, we will strive to enhance the line-up of investment trust products further through means such as introduction of products that are appropriate for post offices.

### Yu-Yu Fund Series (Line-up of investment trust products sold at the selected post offices)

Type	Management Company	Outline
Nomura World Six Assets Distribution Investment Trust (Stable course) (Distribution course) (Growth course)	Nomura Asset Management Co., Ltd.	A balanced investment trust product that invests in index funds of six assets from among Japanese and foreign stocks, bonds and real estate investment trusts (REITs).
Daiwa Stock Index 225 Fund	Daiwa Asset Management Co., Ltd.	An investment trust that seeks investment returns linked to the Nikkei Stock Average (Nikkei 225).
GS Japan Stock Index Plus	Goldman Sachs Asset Management Japan Limited	An investment trust that seeks a narrow range of profit (alpha), taking into account the linkage with TOPIX.
Nikko Five Continents Bond Fund (with monthly distribution)	Nikko Asset Management Co., Ltd.	An investment trust that makes diversified investments in government bonds from developed nations and emerging countries, aiming for returns linked to the overall movement of the global bond market.
Nikko Five Continents Stock Fund	Nikko Asset Management Co., Ltd.	An investment trust that makes diversified investment in stocks from developed nations and emerging countries, aiming for returns linked to the overall movement of the global stock market.
DIAM World REIT Index Fund (with monthly distribution)	DLIBJ Asset Management Co., Ltd.	An investment trust that aims for returns linked to the S&P/Citigroup Global REIT index (denominated in yen; without hedging).
STB Japan Stock SRI Fund	STB Asset Management Co., Ltd.	A balanced investment trust product that invests in Japanese listed stocks through beneficiary certificates of STB SRI Mother Fund, aiming for returns that exceed the benchmark TOPIX in the medium and long terms.
Nomura Asset Design Fund (Nickname: Mirai Dokei)(2015/2020/2025/2030/2035/2040)	Nomura Asset Management Co., Ltd.	A balanced investment trust product that invests in index funds of six assets from among Japanese and foreign stocks, bonds and real estates (REITs), aiming at achieving returns in a target year by periodically adjusting asset allocation ratio.
Fidelity Funds – Japan Dividend Growth Fund	Fidelity Investment Trust Management Co., Ltd.	An investment trust that invests in Japanese listed stocks, aiming to achieve higher dividend income and long-term growth in investment trust assets.



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Introduction of the Investment Trust Service through the Investment Trust Call Center and the Internet (Investment Trust Direct)

In order to improve convenience for customers, Japan Post introduced Investment Trust Service that includes purchase, cancellation and acquisition of investment trusts through Investment Trust Call Center on January 22, 2007 and the Internet (Investment Trust Direct) on May 28, 2007.

Details of the service are as follows:

	Investment Trust Call Center	Internet (Investment Trust Direct)
Target customers	Customers who opened investment trust accounts with post offices	Customers who opened investment trust accounts with post offices and signed up for the Postal Savings Internet Home Service
Service menus	(1) Investment trust transactions <ul style="list-style-type: none"> <li>• Application for purchase of investment trust products</li> <li>• Application for cancellation, purchase and switching of investment trust products</li> <li>• Application for automatic collection contracts; application for change of details (collection amount and collection period, etc.) and cancellation</li> </ul> (2) Reference service <ul style="list-style-type: none"> <li>• Making a reference about appraisal value of investment trust account, statement of money entrusted and statement of transactions</li> <li>• Making a reference about details of automatic collection contracts</li> </ul>	Same as for Investment Trust Call Center
Operating hours	9:00 a.m. to 6:00 p.m. Monday to Friday (excluding national holidays and the period between December 31 and January 3)	12:05 a.m. to 2:00 a.m. and 6:00 p.m. to 11:40 p.m. (excluding the hours between 8:00 p.m. on Sundays and 6:30 a.m. on the following Mondays; between 11:40 p.m. on December 31 and 6:30 a.m. on January 4; and between 11:40 p.m. on May 3 and 6:30 a.m. on May 5)
Line-up of products	Same as those offered at selected post offices counters	Same as for Investment Trust Call Center

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## Rolling Out a Campaign Celebrating the 90th Anniversary of Kampo (Postal Life Insurance)

### 1 Highlights

In order to express our gratitude toward customers for their long-term patronages, we rolled out a campaign titled “Kampo’s 90th anniversary campaign” at post offices nationwide for Kampo (Postal Life Insurance) which celebrated its 90th anniversary on October 1, 2006. As part of such efforts, we designed a character for this campaign which symbolizes the 90th anniversary to express a connection with and trust from the society, including people/community, which Kampo has developed over these 90 years. The character, which was nicknamed Cute-kun, was designed with rounded face to express cheerfulness and positive attitude based on the numerical character of “90.” The smiling face of Cute-kun overlaps Kampo’s brand image of senses of security and togetherness, successfully making Kampo known to many customers.



**Kampo 90周年**

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