

1 Highlights



1. Status of Operations	6
(1) OVERVIEW OF POSTAL SERVICE	6
(2) OVERVIEW OF POSTAL SAVINGS SERVICE	8
(3) OVERVIEW OF POSTAL LIFE INSURANCE SERVICE	10
2. Status of Achievement of Mid-term Management Goals	12
3. Financial Condition	13
(1) JAPAN POST	13
(2) POSTAL SERVICE	15
(3) POSTAL SAVINGS SERVICE	17
(4) POSTAL LIFE INSURANCE SERVICE	19
4. Fund Management	21
(1) POSTAL SAVINGS SERVICE	21
(2) POSTAL LIFE INSURANCE SERVICE	22
5. Overview of Privatization	23

1 Highlights

1. Status of Operations

1. Overview of Postal Service

(1) VOLUME OF MAIL HANDLED

In fiscal 2007, the total volume of mail handled was 10,618.11 million items, up 0.7% or 77.67 million items from the first half of the previous year.

Annual per capita mail volume was 84 items, one item more than the first half of the previous year.

An overview by mail category is as follows:

LETTER POST

First-class (letters) and second-class (postcards) mail, comprising about 90% of the total volume of mail, amounted to 8,845.13 million items (first class: 5,418.68 million items, second class: 3,426.45 million items [including election-related cards]), up 0.4% (for the total of first- and second-class mail) from the previous fiscal year.

Third-class mail decreased (down 13.9% from the first half of the previous year) to 259.13 million items, due mainly to a drop in the number of periodicals that are issued three times or more per month.

Fourth-class mail totaled 13.70 million items (down 11.2% from the first half of the previous year), due mainly to a decreased number of academic publications.

Specially handled mail increased to 288.22 million items (up 2.9% from the first half of the previous year) in total, due to a rise in delivery certified mails.

As a result, the total volume of letter post handled was 9,406.18 million items, down 1.58 million items from the first half of the previous year.

PARCEL POST

As for general parcels, Japan Post strove to expand its share in the small-item delivery market (total volume handled of private-sector home-delivery parcels and Japan Post's general parcels) by improving services and enhancing sales activities. As a result, the general parcels handled totaled 133.64 million items (up 6.1% from the first half of the previous year), due to an increase in the use of this service by department stores and mail-order companies.

The volume of book parcels (including simplified parcels) handled amounted to 1,046.71 million items, (up 7.4% from the first half of the previous year), thanks to a rise in the use of this service by mail-order companies and the like.

As a result, the total volume of parcel post handled was 1,180.35 million items, up 80.08 million items from the first half of the previous year.

INTERNATIONAL MAIL

i. Outbound mail

The volume handled of letter post bound for overseas totaled 25.81 million items (down 3.9% from the first half of the previous year), while that of international express mail (EMS) increased (up 3.2% from the previous year) to 5.01 million items.

Outbound parcels handled amounted to 0.76 million items (up 6.6% from the first half of the previous year).

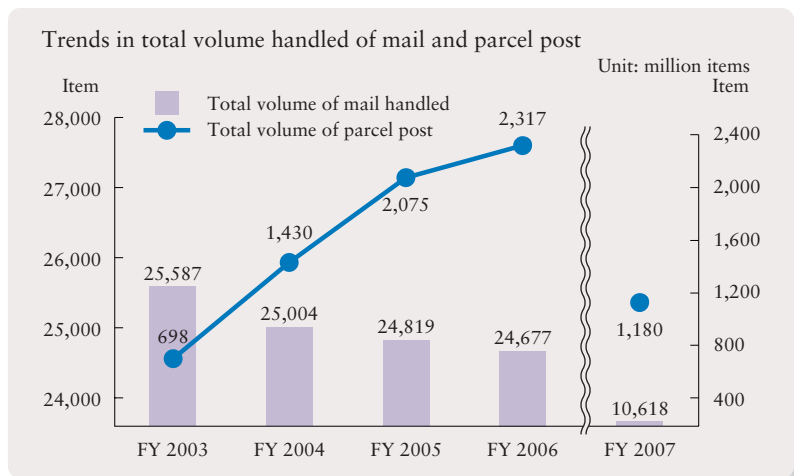
As a result, the total volume handled of international mail bound for overseas was 31.58 million items, down 0.84 million items from the previous year.

ii. Inbound mail

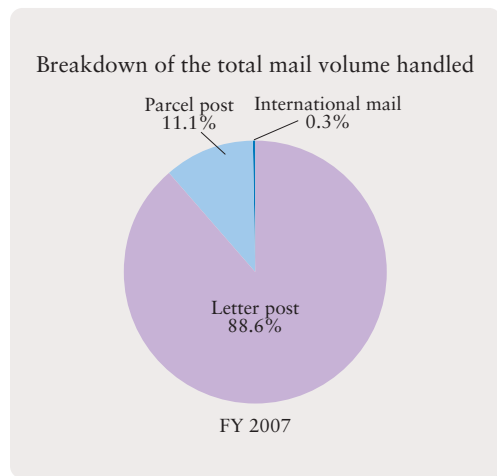
The volume handled of letter post from abroad totaled 85.20 million items, (down 8.7% from the first half of the previous year), that of inbound parcels amounted to 0.85 million items, (down 1.1% from the first half of the previous year), and that of EMS from overseas was 2.59 million items, (down 7.6% from the first half of the previous year). As a result, the total volume handled of international mail from abroad was 88.64 million items, down 8.37 million items

from the first half of the previous year.

■ Total volume handled of mail and parcel post



■ Total volume of mail handled



(2) Postal Service Operating Revenues

In fiscal 2007, Postal Service operating revenues (postal charge revenue from customer, excluding internal use by Japan Post) were 833.9 billion yen, up 0.9% or 7.4 billion yen from the first half of the previous year. A breakdown by type of revenue is as follows.

STAMP REVENUES

Stamp revenues (revenues from sales of postage stamps) were 126.4 billion yen (down 4.3% from the first half of the previous year), which comprised 121.1 billion yen in revenues from sales of ordinary stamps (down 4.4% from the first half of the previous year), due to a decline in the use of letters, and 5.3 billion yen in revenues from sales of special stamps (down 0.7% from the first half of the previous year).

POSTCARD REVENUES

As for revenues from sales of postcards, letter-cards, international postcards, air letters and standard-size parcels (EXPACK500), sales of ordinary postcards (including summer greeting postcards, picture postcards and postcards with advertisements) amounted to 37.3 billion yen, down 2.9%.

DEFERRED-PAYMENT FEES

Deferred-payment fees (revenues from fees for deferred-payment postal items) amounted to 494.0 billion yen, (up 3.5%), owing mainly to an increase in the use of month-discount mails.

NON-AFFIXED POSTAGE FEES

Non-affixed postage fees (revenues from fees for postage items with non-affixed postage fees) were 166.5 billion yen, down 3.8%, due mainly to customers' shift to deferred-payment fees.

MISCELLANEOUS POSTAL SERVICE REVENUES

Miscellaneous postal service revenues (revenues from postal business arising from postal operations other than those above, such as charges for goods sold) were 9.7 billion yen, up 70.9%.

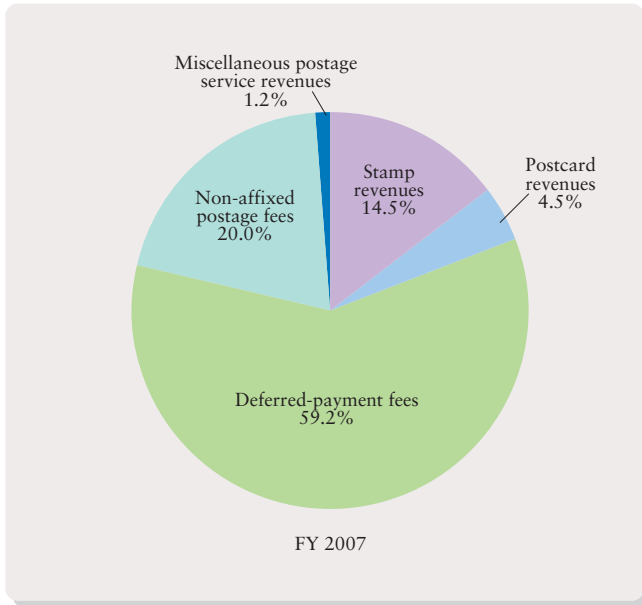
1 Highlights

2 Management Efforts

3 About Japan Post

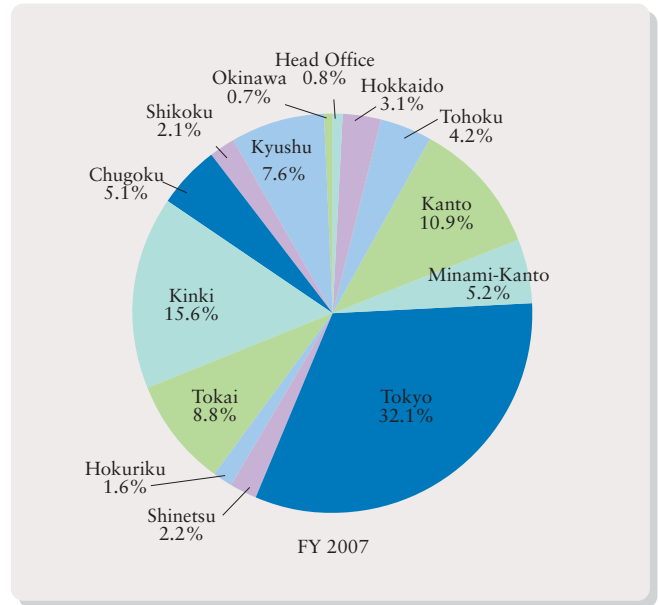
4 Data

Breakdown of operating revenues



Refer to P.57.

Breakdown of operating revenues by branch



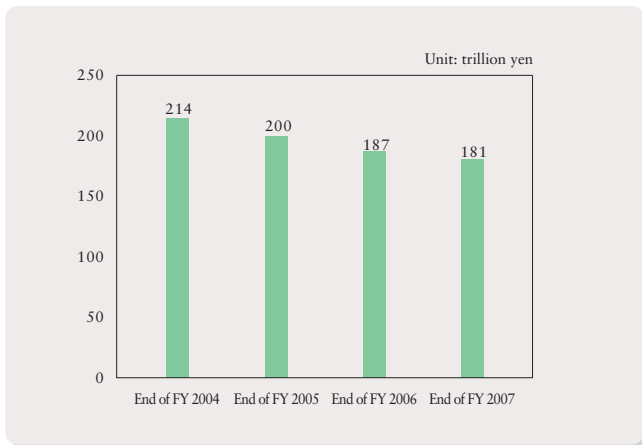
Refer to P.57.

2. Overview of Postal Savings Service

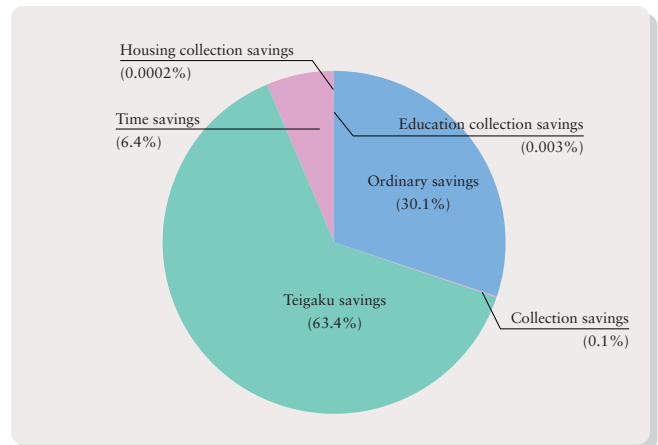
(1) BALANCE OF POSTAL SAVINGS

The balance of postal savings 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 2007 was 180,909.9 billion yen, down 3.2% or 6,059.3 billion yen from end of the previous year.

Trends in the balance of postal savings



Balance of postal savings by type End of FY 2007



Classification	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
Ordinary Savings	55,705.6	56,355.4	56,108.4	54,420.1
Collection Savings	334.0	282.9	227.9	204.2
Teigaku Savings	146,440.1	135,393.1	120,994.7	114,680.1
Time Savings	11,660.1	7,962.9	9,631.7	11,599.5
Housing Collection Savings	1.5	1.1	0.6	0.4
Education Collection Savings	7.6	7.0	5.9	5.5
Total	214,149.0	200,002.3	186,969.2	180,909.9

Unit: billion yen

Note 1: The figures given in the financial statement are not consistent as the balance includes unpaid interest on postal savings.

Note 2: Ordinary Savings include New Ordinary Savings, while Teigaku Savings include Teigaku Savings for Wage Earners' Property Accumulation

(2) MAIN SERVICE TRANSACTIONS

In fiscal 2007, there were 816.44 million postal giro transactions, down 1.3% from the first half of the previous year, and 28.74 million postal money order transactions, up 30.9%. Meanwhile, the number of affiliated service transactions, including ATM tie-up transactions, showed that there were 33,038 thousand ATM entrustment handling transactions (See Note 1), down 6.0% from the first half of the previous year.

ATM customer handling transactions (See Note 2) were up 4.4% or 52,596 thousand. Counter sales of government bonds totaled to 1,174.8 billion yen (down 14.9% from the first half of the previous year).

The sales volume of investment trusts, which Japan Post began handling in fiscal 2005, amounted to 1,165 thousand units or 356.9 billion yen, up 211.6% and 48.6% respectively from the first half of the previous year. The net asset balance was 1,008.3 billion yen, up 42.6% from the first half of the previous year.

Note 1: ATM entrustment handling transactions

The handling of deposits, payments, cashing 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.

■ Postal money orders and postal giros

Unit: transactions in ten thousands, billion yen

Classification	FY2004		FY2005		FY2006		FY2007	
	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount
Postal money orders	4,098	231.7	4,833	208.8	4,392	165.0	2,874	67.1
Postal giros	157,170	74,422.6	161,686	81,340.7	163,968	83,734.8	81,644	45,549.5
In-payments	128,395	32,993.2	131,943	35,694.5	132,446	37,010.2	65,956	21,501.1
Transfers	5,805	9,633.2	6,599	11,284.0	6,823	11,269.3	3,156	5,878.1
Out-payments	22,970	31,796.2	23,144	34,362.2	24,699	35,455.3	12,532	18,170.3

■ Affiliated services using ATMs and cash dispensers

Unit: transactions in thousands, billion yen

Classification	FY2004		FY2005		FY2006		FY2007	
	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount
Transactions using ATMs and cash dispensers	139,995	7,778.8	161,987	9,226.8	168,820	8,802.6	85,634	4,361.5
At post offices with cash cards issued by private banking institutions	62,883	6,146.6	70,524	7,286.0	69,149	6,758.6	33,038	3,302.0
At private banking institutions with Postal Savings cash cards	77,112	1,632.2	91,463	1,940.8	99,672	2,044.0	52,596	1,059.5
Mutual remittances	251	1,856.2	273	2,496.9	274	2,796.9	144	1,574.8

■ Counter sales of government bonds

Unit: billion yen

Classification	FY2004		FY2005		FY2006		FY2007	
	Underwritten	Sold	Underwritten	Sold	Underwritten	Sold	Underwritten	Sold
Long-term government bonds	200.0	199.6	300.0	295.7	400.0	180.6	76.0	58.9
Medium-term government bonds	1,598.4	1,454.0	1,698.2	1,637.2	1,795.6	1,466.3	940.0	692.4
Bonds for individuals	825.0	815.4	900.0	894.1	900.0	890.2	620.0	423.5
Total	2,623.4	2,469.1	2,898.2	2,827.0	3,095.6	2,537.1	1,636.0	1,174.8

Note: In "Postal Services in Japan 2007," Japan Post failed to book some sales figures for fiscal 2005 (that is, 300 million yen in long-term government bonds and 900 million yen in medium-term government bonds), which was corrected in this report as shown above.

3. Overview of Postal Life Insurance Service

(1) NEW OR IN-FORCE POLICIES

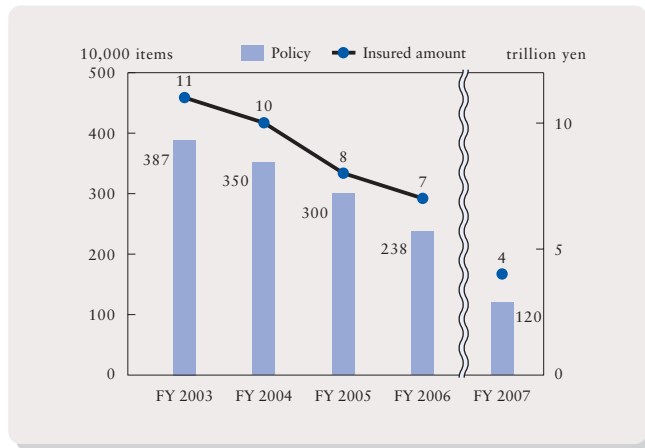
New or in-force policies for fiscal 2007 are described below.

(1) New Policies for Fiscal 2007

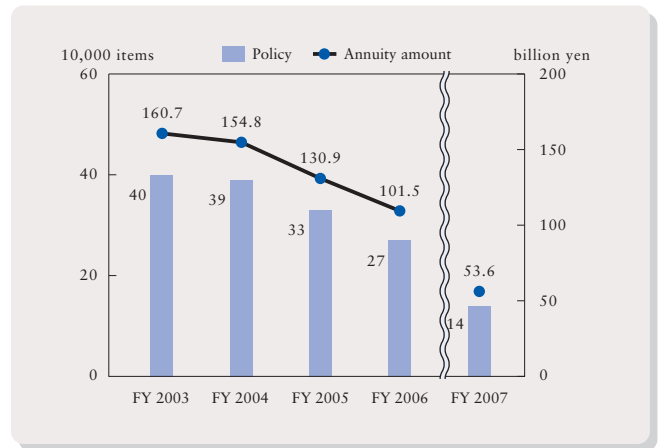
The number of new insurance policies fell 4.7% or 59,000 from the first half of the previous year to 1.198 million, and the insured amount dropped 2.2% or 79.2 billion yen to 3,551.8 billion yen.

The number of new annuity insurance policies increased 2.4% or 3,000 from the first half of the previous year to 138,000 and the annuity amount increased 4.5% or 2.3 billion yen to 53.6 billion yen.

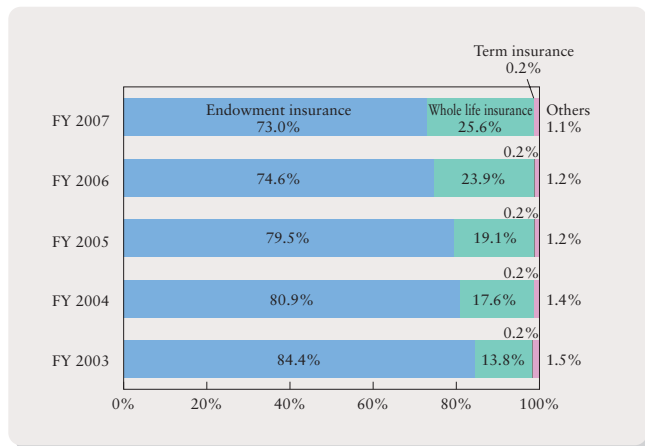
■ Trends in new policies of life insurance



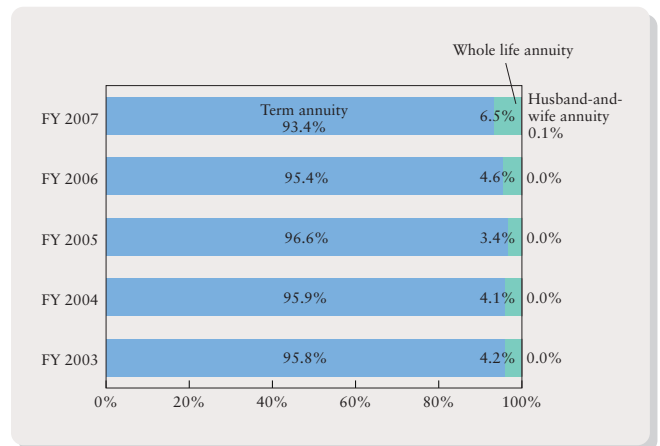
■ Trends in new policies of annuity insurance



■ New insurance policies by type (number of policies)



■ New annuity policies by type (number of policies)

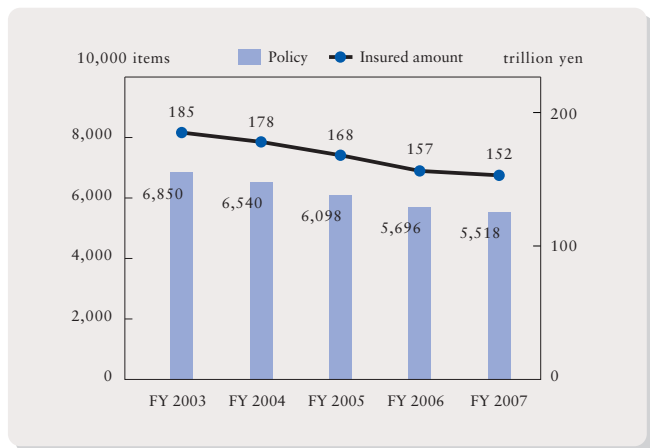


(2) Policies in Force at the End of Fiscal 2007

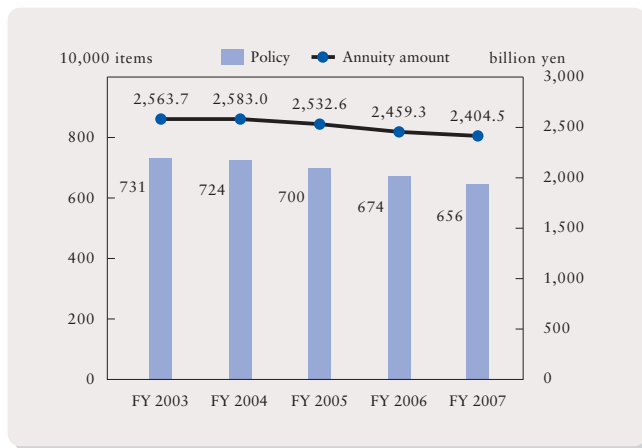
There were 55.18 million insurance policies in force at the end of fiscal 2007, down 6.6% or 3.90 million policies from the first half of the previous year, and the insured amount totaled 152,298.9 billion yen, down 6.3% or 10,324.5 billion yen from the first half of the previous year.

There were 6.56 million annuity insurance policies in force as of the end of fiscal 2007, down 4.3% or 300,000 from the first half of the previous year, and the annuity amount dropped 3.7% or 91.3 billion yen from the first half of the previous year to 2,404.5 billion yen.

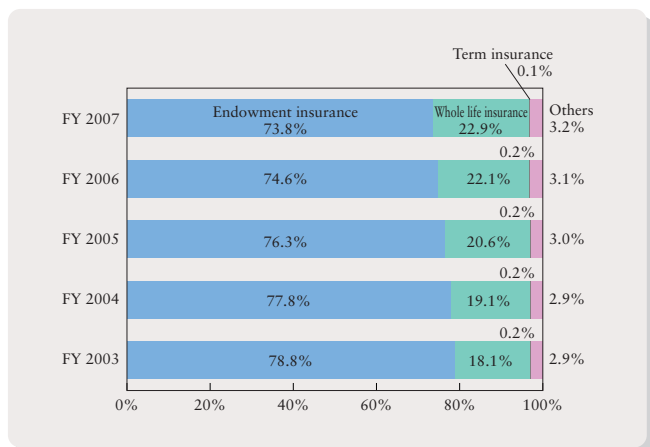
■ Trends in policies in force



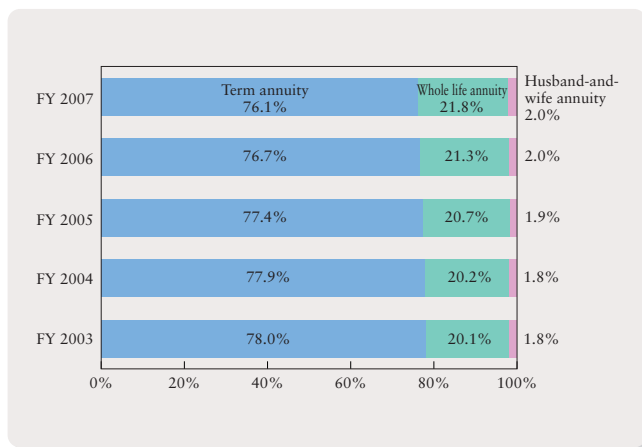
■ Trends in annuity policies in force



■ Insurance policies in force by type (number of policies)



■ Annuity policies in force by type (number of policies)



1 Highlights

2 Management Efforts

3 About Japan Post

4 Data

2. Status of Achievement of Mid-term Management Goals

Japan Post established goals for the Second Mid-term Management Plan (April 1, 2007 through September 30, 2007), including “ensuring management soundness,” “maintenance and enhancement of service level,” “enhancement of internal control structure,” such as thoroughgoing implementation of compliance, and “smooth shift to new company.” These goals were approved by the Minister of Internal Affairs and Communications in March 2007.

To achieve the above goals, Japan Post steadily carried out the Second Mid-term Management Plan, which was approved by the minister simultaneously with these goals.

Status of achievement of management goals is as follows:

		Targets ^(Note 1)	Actual Results ^(Note 1)	
Postal Service	Accumulated funds	-105.0 billion yen or more	-125.0 billion yen ^(Note 2)	
	Business expense rate ^(Note 3)	109.5% or less	106.8%	
	On-time delivery rate	97.0 % or higher	98.0%	
Postal Savings Service	Accumulated funds	290.0 billion yen or more	763.7 billion yen	
	Business expense rate ^(Note 3)	0.62 % or less	0.58%	
Postal Life Insurance Service	Total added contingency reserve and price fluctuation reserve	140.0 billion yen or more	167.3 billion yen	
	Business expense rate ^(Note 3)	7.0 % or less	5.61%	
	Lapse and surrender rates	Insurance	1.80 % or less	1.64%
		Annuity insurance	1.15 % or less	0.82%

Note 1: Financial numerical targets for accumulated funds and business expense rate exclude the influence of allowance for recognition of obligations under the Public Official Mutual Assistance Association Law and capital gains (insurance), and actual values are also based on this.

Note 2: During the period of the Second Mid-term Management Plan, Japan Post booked the allowance for the government employees' accident compensation, which it did not assume at the time of establishing goals for the plan. Without this factor, accumulated funds of postal service were minus 102.3 billion yen.

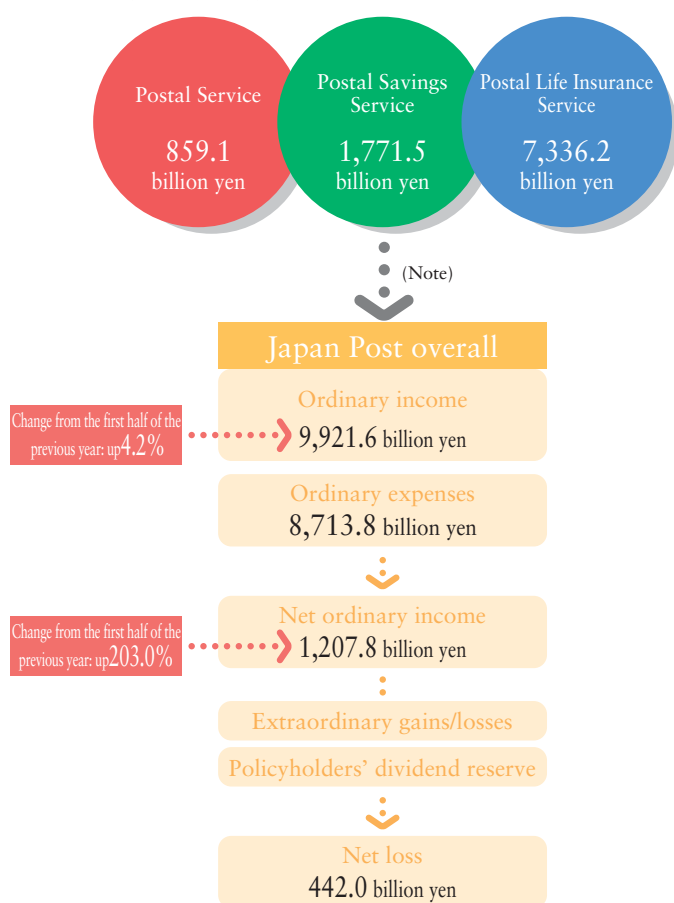
Note 3: Business expense rate of Postal Service = (Operating cost + Sales, general and administrative expenses) / Operating income × 100
 Business expense rate of Postal Savings Service = General and administrative expenses / Balance of Postal Savings (average end-of-month balance) × 100 / 183 days × 365 days
 Business expense rate of Postal Life Insurance Service = Operating expenses / Insurance premium income × 100

3. Financial Condition

1. Japan Post

(1) PROFIT AND LOSS

■ Ordinary income 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.

■ Ordinary Income, Ordinary Expenses and Net Ordinary Income

During this period, Japan Post saw the total volume of letter post and the number of new insurance policies decreased. 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. As a result, the corporation's ordinary income and net ordinary income exceeded the first half of the previous year.

Specifically, ordinary income was 835.2 billion yen in the Postal Service, 1,768.1 billion yen in the Postal Savings Service and 7,318.2 billion yen in the Postal Life Insurance Service.

Overall, ordinary income posted 9,921.6 billion yen, up 403.8 billion yen from the first half of the previous year's 9,517.8 billion yen.

On the other hand, ordinary expenses for Japan Post were down 405.3 billion yen from 9,119.1 billion yen in the first half of the previous year to 8,713.8 billion yen because of decreased insurance payments, etc. As a result, net ordinary income was up 809.1 billion yen from 398.6 billion in the first half of the previous year to 1,207.8 billion yen.

■ Extraordinary gains/losses

In fiscal 2007, Japan Post booked extraordinary gains of 20.5 billion yen and extraordinary losses of 1,579.2 billion yen.

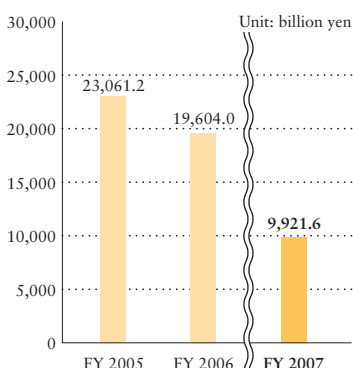
The losses are attributable to a one-time charge of 1,419.5 billion yen for recognition of obligations under the Public Official Mutual Assistance Association Law, 46.0 billion yen in provision of reserve for price fluctuations in the Postal Life Insurance Service, and 38.5 billion yen in impairment losses.

■ Net loss

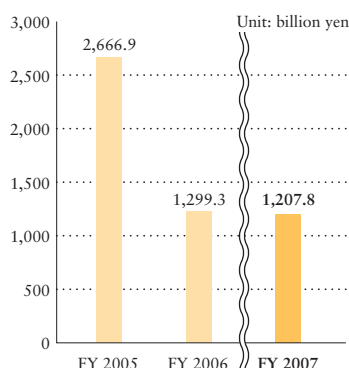
Japan Post recorded a net loss of 442.0 billion yen in fiscal 2007, down 679.7 billion yen from a net income of 237.7 billion yen for the first half of the previous year, as a result of incorporating extraordinary gains and losses into net ordinary income, and transferring an additional 91.1 billion yen to the policyholders' dividend reserve in the Postal Life Insurance Service.

The net loss is attributable mainly to one-time booking of 1,419.5 billion yen-worth charge for recognition of obligations under the Public Official Mutual Assistance Association Law as extraordinary losses.

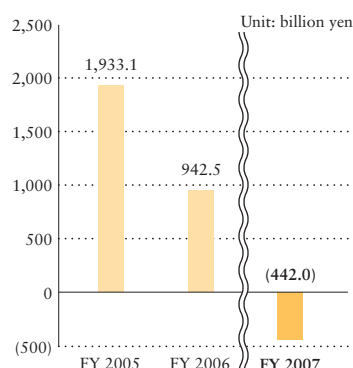
■ Trends in ordinary income



■ Trends in net ordinary income

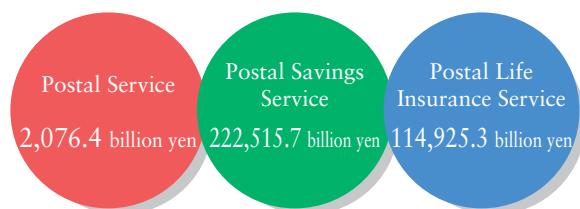


■ Trends in net income



(2) ASSETS AND LIABILITIES

■ Total assets by service



(Note)



■ Assets

The total assets of Japan Post were 338,456.8 billion yen as of the end of fiscal 2007, a decrease of 11,361.6 billion yen from the first half of the previous year's 349,818.4 billion yen.

The assets' decrease is mainly due to the fall in deposits to the fiscal loan fund because of the maturity.

■ Liabilities

The total liabilities of Japan Post amounted to 330,775.3 billion yen at the end of fiscal 2007, a decrease of 8,910.5 billion yen from the previous year's 339,685.9 billion yen.

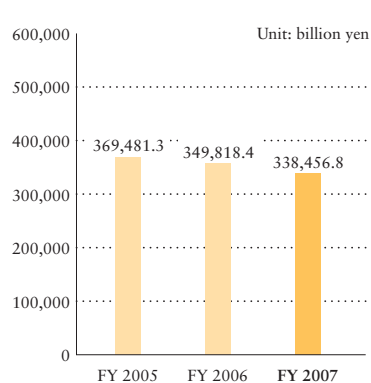
The main factors of the decrease were a drop of 5,758.4 billion yen in the balance of postal savings and a repayment of 3,390.0 billion yen to the fiscal loan fund, which was borrowed for investment management.

■ Capital

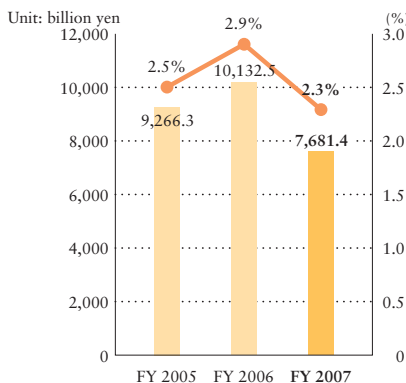
Total capital stood at 7,681.4 billion yen as of the end of fiscal 2007, as a result of booking 1,268.8 billion yen in capital; 5,010.8 billion yen in retained earnings, including a current net loss of 442.0 billion yen; and 1,401.7 billion yen in net unrealized profit or loss on securities.

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.

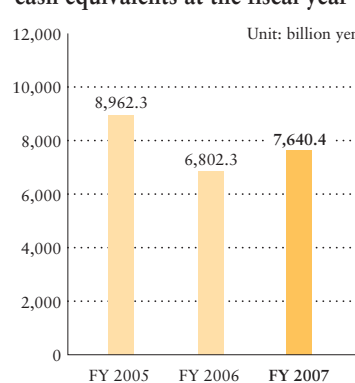
■ Trends in total assets



■ Trends in capital and capital ratio



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



(3) CASH FLOWS

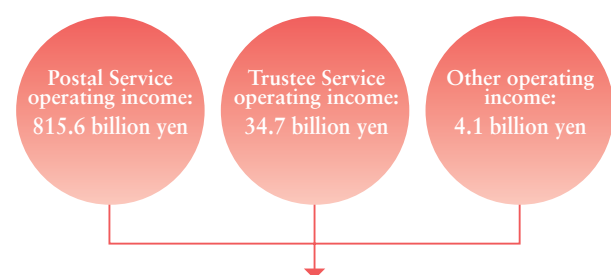
■ Statements of cash flows

	First half of FY 2006	FY 2007	Change
Cash flows from operating activities	(10,829.5)	(10,946.8)	(117.3)
Cash flows from investing activities	8,120.2	11,796.9	3,676.7
Cash flows from financial activities	(3.7)	(12.3)	(8.5)
Cash and cash equivalents at the end (end of the interim) of the year	6,249.5	7,640.4	1,390.8

2. Postal Service

(1) PROFIT AND LOSS

With regard to the Postal Service, the total volume of mail handled had a tendency to decrease due to the recent intense competition. Amid this situation, Japan Post implemented proactive sales activities in the parcel post sector, which resulted in increasing the use of the sector's service by department stores and mail-order companies. Ordinary parcels handled reached 133.64 million items. As a result, ordinary income increased 4.0 billion yen from the first half of the previous fiscal year to 859.1 billion yen. As for profit, Japan Post also made considerable efforts to reduce personnel expenses and outsourcing costs for collection, delivery, and transport. Consequently, net operating loss was reduced by 34.0 billion yen to 32.3 billion yen, and net ordinary loss was reduced by 33.6 billion yen to 32.2 billion yen. Meanwhile, net loss was 814.6 billion yen, which worsened by 743.2 billion yen from the first half of fiscal 2006, influenced by extraordinary gains of 1.8 billion yen, including gains on return of reserve for reimbursement for Fumi Cards, and extraordinary losses of 784.2 billion yen, including a one-time charge for recognition of obligations under the Public Official Mutual Assistance Association Law.



Operating income
854.4 billion yen (up 0.4% from the first half of the previous year)

Operating costs 833.1 billion yen
Sales, general and administrative expenses 53.6 billion yen

Net operating loss 32.3 billion yen

Non-operating income 4.6 billion yen

Non-operating expenses 4.5 billion yen

Net ordinary loss 32.2 billion yen

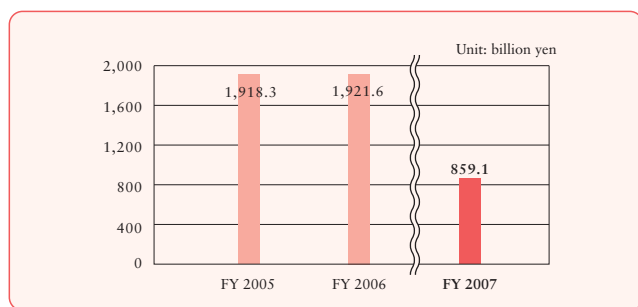
Extraordinary gains 1.8 billion yen

Extraordinary losses 784.2 billion yen

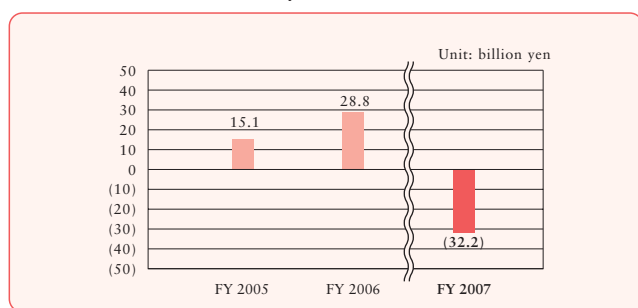
Net loss 814.6 billion yen

The figures in parentheses represent percentage changes from the first half of the previous year.

■ Trends in ordinary income



■ Trends in net ordinary income



■ Trend in business expense ratio

FY 2005	FY 2006	FY 2007
99.2%	98.5%	103.8%

Business expense rate of Postal Service = (Operating cost + Sales, general and administrative expenses) / Operating income × 100

(2) ASSETS AND LIABILITIES

Total assets for the Postal Service were 2,076.4 billion yen at the end of fiscal 2007, a decrease of 168.8 billion yen from the first half of the previous fiscal year, due to a decrease in current assets (mainly in cash and deposits) and etc. Total capital stood at minus 1,333.6 billion yen, down 814.6 billion from the first half of the previous fiscal year.

1 Highlights

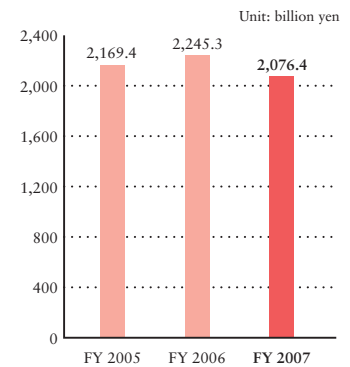
2 Management Efforts

3 About Japan Post

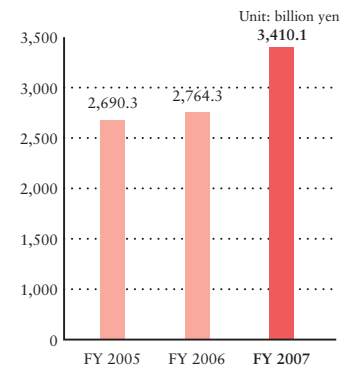
4 Data

Assets		Liabilities	
Total assets 2,076.4 billion yen		Total liabilities 3,410.1 billion yen	
Major items		Major items	
Current assets	229.2 billion yen	Current liabilities	1,305.2 billion yen
Fixed assets	1,847.2 billion yen	Long-term liabilities	2,104.9 billion yen
Tangible fixed assets	1,817.2 billion yen		
Intangible assets	28.2 billion yen		
Investment and other assets	1.7 billion yen		
Capital			
Total capital (1,333.6 billion yen)			
Difference of assets and liabilities at the time of establishment of Japan Post (578.2 billion yen)			
Retained earnings (755.4 billion yen)			

■ Trends in total assets



■ Trends in total liabilities



(3) CASH FLOWS

■ Statements of cash flows

	First half of FY 2006	FY 2007	Change
Cash flows from operating activities	(207.6)	(302.6)	(95.1)
Cash flows from investing activities	(12.0)	(100.5)	(88.5)
Cash flows from financial activities	87.6	188.2	(100.5)
Cash and cash equivalents at the end (end of the interim) of the year	71.8	101.8	(30.0)

3. Postal Savings Service

(1) PROFIT AND LOSS

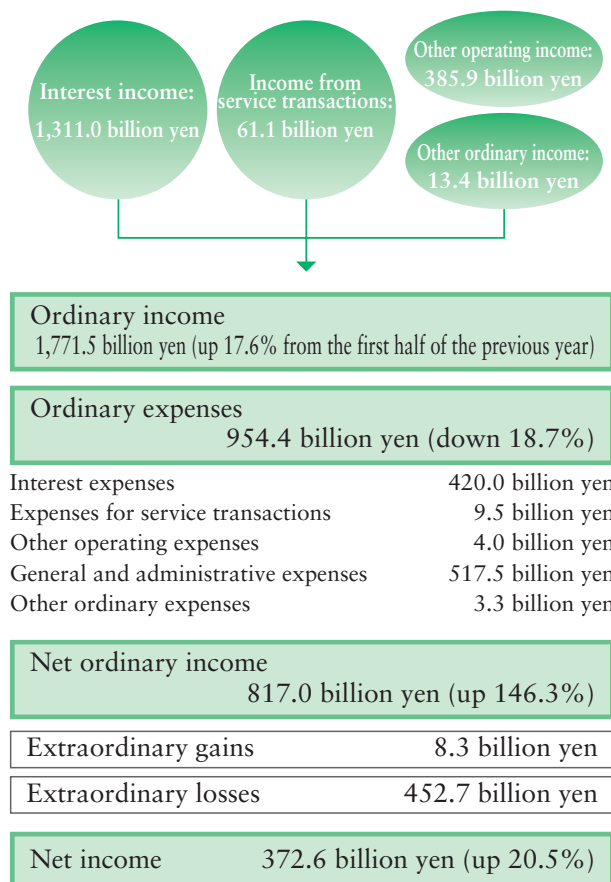
Ordinary income for the Post Savings Service was 1,771.5 billion yen, up 265.6 billion yen from the first half of the previous fiscal year's 1,505.8 billion yen. Ordinary expenses were 954.4 billion yen, down 219.6 billion yen from the first half of the previous fiscal year's 1,174.0 billion yen. As a result, net ordinary income was 817.0 billion yen, up 485.2 billion yen from the first half of the previous fiscal year's 331.8 billion yen.

To diversify risks in the medium and long term, Japan Post held stocks through money held in trust. In fiscal 2007, it posted income from money held in trust of 29.1 billion yen, up 153.7 billion yen against losses of 124.5 billion yen in the first half of the previous fiscal year.

Extraordinary gains were 8.3 billion yen, while extraordinary losses were 452.7 billion yen, including a one-time charge of 411.2 billion yen for recognition of obligations under the Public Official Mutual Assistance Association Law.

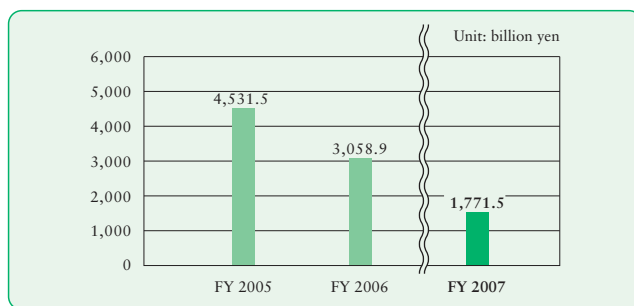
As a result of incorporating extraordinary gains and losses into net ordinary income, net income in fiscal 2007 was 372.6 billion yen, up 63.4 billion yen from the first half of the previous fiscal year's 309.2 billion yen. Net income excluding income and losses from money held in trust decreased 90.2 billion to 343.4 billion yen, compared with 433.7 billion yen in the preceding year.

Japan Post secured cash flows of 890.9 billion yen through appropriate asset and liability management (ALM).

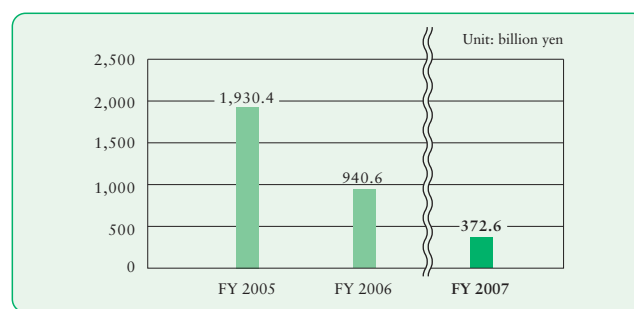


The figures in parentheses represent percentage changes from the first half of the previous year.

■ Trends in ordinary income



■ Trends in net income



■ Trend in business expense ratio

Fiscal Year	FY 2005	FY 2006	FY 2007
Business expense ratio	0.47%	0.51%	0.58%

Note 1: Business expense rate of Postal Savings Service = General and administrative expenses / Balance of Postal Savings (average end-of-month balance) × 100 (FY2005, FY 2006)

Business expense rate of Postal Savings Service = General and administrative expenses / Balance of Postal Savings (average end-of-month balance) × 100 × 365 days / 183 days (FY 2007)

Note 2: General and administrative expenses for fiscal 2007 exclude the influence of a decrease in expenses of 14.7 billion yen associated with recognition of obligations under the Public Official Mutual Assistance Association Law.

(2) ASSETS AND LIABILITIES

At the end of fiscal 2007, total assets were 222,515.7 billion yen, down 9,112.4 billion yen from the end of the previous fiscal year, in which amounted to 231,628.2 billion yen. Total liabilities stood at 214,929.9 billion yen, down 8,283.8 billion yen from the end of the previous fiscal year's 223,213.7 billion yen.

Balance of postal savings (including interest on postal savings) was on the decrease, posting 180,909.9 billion yen at the end of fiscal 2007, down 6,059.2 billion yen from the end of the previous fiscal year's 186,969.1 billion yen.

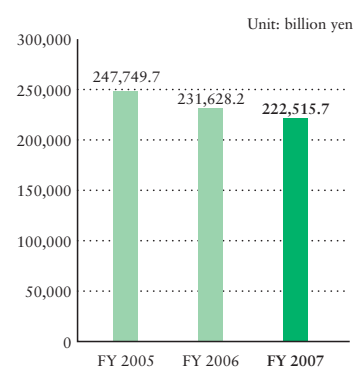
Unit: billion yen

	End of FY 2003	End of FY 2004	End of FY 2005	End of FY 2006	End of FY 2007
The balance of postal savings	227,382.0	214,149.0	200,002.3	186,969.2	180,909.9
Amount of increase or decrease	(5,864.5)	(13,233.0)	(14,146.7)	(13,033.1)	(6,059.2)

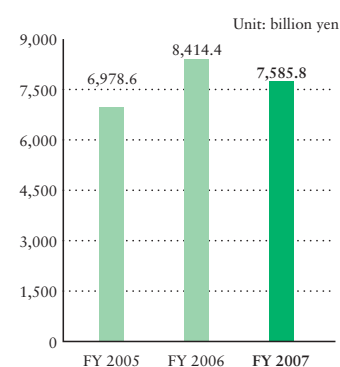
Capital was 7,585.8 billion yen at the end of fiscal 2007, down 828.5 billion yen from the end of the previous fiscal year's 8,414.4 billion yen, due to the following factors: Of the reserves of 6,356.2 billion yen at the beginning of the fiscal year under review, Japan Post paid 962.5 billion yen as funds earmarked for the national coffer; Japan Post booked: 1,804.4 billion yen in difference of assets and liabilities at its establishment; retained earnings of 5,766.3 billion yen including a net income of 372.6 billion yen; and net unrealized profit or loss on securities of 15.1 billion yen.

Assets		Liabilities	
Total assets 222,515.7 billion yen		Total liabilities 214,929.9 billion yen	
Major items		Major items	
Cash and deposits	5,703.4 billion yen	Postal money orders	13.0 billion yen
Call loans	800.0 billion yen	Postal giros	6,442.0 billion yen
Receivables under resale agreements	—	Postal savings	180,064.1 billion yen
Money held in trust	603.1 billion yen	Borrowings	24,810.0 billion yen
Securities	170,509.2 billion yen	Other liabilities	2,555.8 billion yen
Deposits to the fiscal loan fund	38,858.5 billion yen	Reserve for employees' bonuses	37.5 billion yen
Loans	4,561.6 billion yen	Reserve for employees' retirement benefits	1,003.2 billion yen
Other assets	794.2 billion yen		
Premises and equipment, net	686.7 billion yen		
Allowance for doubtful accounts	(1.2 billion yen)		
		Capital	
		Total capital 7,585.8 billion yen	
		Difference from assets and liabilities at the time of establishment of Japan Post 1,804.4 billion yen	
		Retained earnings 5,766.3 billion yen	
		Net unrealized profit or loss on securities 15.1 billion yen	

Trends in total assets



Trends in total capital



(3) CASH FLOWS

Statements of cash flows

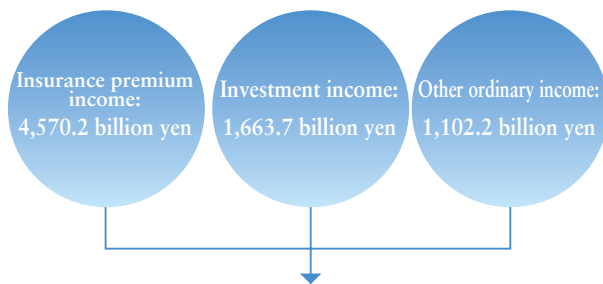
Unit: billion yen

	First half of FY 2006	FY 2007	Change
Cash flows from operating activities	(8,989.2)	(9,175.5)	(186.2)
Cash flows from investing activities	7,086.8	9,501.2	2,414.4
Cash flows from financial activities	(0)	(0)	0
Cash and cash equivalents at the end (end of the interim) of the year	4,931.5	5,703.4	771.9

4. Postal Life Insurance Service

(1) PROFIT AND LOSS

With regard to the Postal Life Insurance Service, the number of new policies for annuity increased, while the number of new policies for insurance and the number of policies in force for both insurance and annuity decreased. Against the backdrop, ordinary income for the service was 7,336.2 billion yen in fiscal 2007, an increase of 150.6 billion yen from the first half of the previous fiscal year. The reason behind this increase is because investment income rose 382.6 billion yen to 1,663.7 billion yen influenced by booking of capital gains and losses, although insurance premium income dropped 232.4 billion yen to 4,570.2 billion yen due mainly to a decline in the number of policies in force. Ordinary expenses were 6,895.7 billion yen, down 156.9 billion yen, as insurance claims and other insurance payments decreased 72.5 billion yen to 6,580.2 billion yen due to a fall in insurance that matured. As a result, net ordinary income was 440.4 billion yen, up 307.6 billion yen from the first half of the previous fiscal year. Extraordinary gains were 10.3 billion yen, while extraordinary losses stood at 359.6 billion yen, including a one-time charge of 269.3 billion yen for recognition of obligations under the Public Official Mutual Assistance Association Law and 46.0 billion yen in provision of reserve for price fluctuations. Japan Post transferred for the full amount of 91.1 billion yen obtained by incorporating extraordinary gains and losses into net ordinary income to the policyholders' dividend reserve.



Ordinary income
7,336.2 billion yen (up 2.1% from the first half of the previous year)

Ordinary expenses
6,895.7 billion yen (down 2.2%)

Insurance claims and other insurance payments 6,580.2 billion yen
 Provision for reserve for insurance contracts 11.5 billion yen
 Investment expenses 22.3 billion yen
 Operating expenses 256.3 billion yen
 Other ordinary expenses 25.2 billion yen

Net ordinary income
440.4 billion yen (up 231.6%)

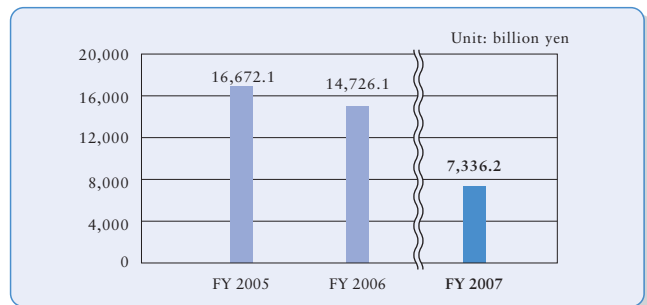
Extraordinary gains 10.3 billion yen

Extraordinary losses 359.6 billion yen

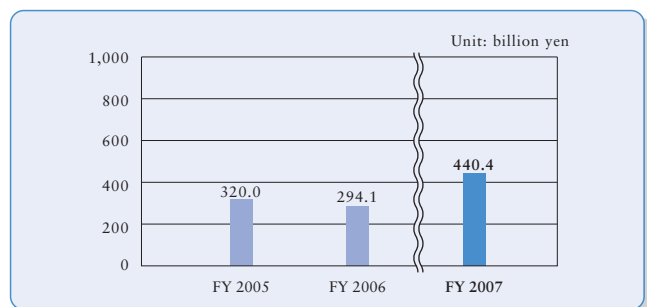
Provision for policyholders' dividend reserve
91.1 billion yen (up 34.4%)

The figures in parentheses represent percentage changes from the first half of the previous year.

■ Trends in ordinary income



■ Trends in net ordinary income



■ Trend in business expense ratio

Fiscal Year	FY 2005	FY 2006	FY 2007
Business expense ratio	4.86%	6.10%	5.61%

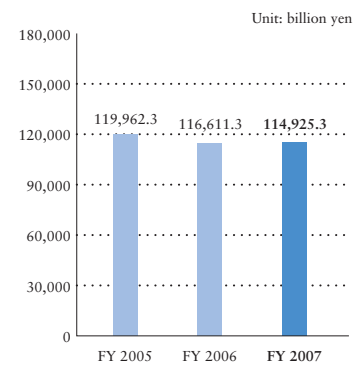
Business expense rate of Postal Life Insurance Service = Operating expenses / Insurance premium income × 100

(2) ASSETS AND LIABILITIES

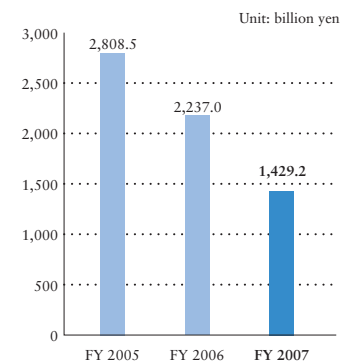
As of the end of fiscal 2007, total assets were 114,925.3 billion yen, down 1,685.9 billion yen from the end of the previous fiscal year. Capital stood at 1,429.2 billion yen, including 42.6 billion yen in difference from assets and liabilities at Japan Post's establishment and 1,386.6 billion yen in net unrealized profit or loss on securities.

Assets		Liabilities	
Total assets 114,925.3 billion yen		Total liabilities 113,496.0 billion yen	
Major items		Major items	
Cash and deposits	2,001.5 billion yen	Policy reserves	111,936.9 billion yen
Money held in trust	5,899.4 billion yen	Other liabilities	124.4 billion yen
Securities	84,289.9 billion yen	Reserve for employees' bonuses	22.4 billion yen
Loans	21,533.5 billion yen	Reserve for employees' retirement benefits	734.2 billion yen
Premises and equipment, net	445.9 billion yen	Allowance for compensation for accidents in the line of duty	5.4 billion yen
Other assets	755.7 billion yen	Reserve for price fluctuations	672.5 billion yen
Allowance for doubtful accounts	(0.8 billion yen)		
Capital			
Total capital 1,429.2 billion yen			
Difference from assets and liabilities at the time of establishment of Japan Post 42.6 billion yen			
Retained earnings —			
Net unrealized profit or loss on securities 1,386.6 billion yen			

■ Trends in total assets



■ Trends in total capital



(3) CASH FLOWS

■ Statements of cash flows

	Unit: billion yen		
	First half of FY 2006	FY 2007	Change
Cash flows from operating activities	(1,750.7)	(1,525.3)	225.4
Cash flows from investing activities	1,055.0	2,404.5	1,349.5
Cash flows from financial activities	(0)	(0)	0
Effect of exchange rate changes on cash and cash equivalents	—	—	—
Net increase (or decrease) in cash and cash equivalents	(695.7)	879.1	1,574.9
Cash and cash equivalents at the beginning of the year	1,946.7	1,122.3	(824.4)
Cash and cash equivalents at the end (end of the interim) of the year	1,251.0	2,001.5	750.4

4. Funds Management

1. Postal Savings Service

Investment of Postal Savings Funds

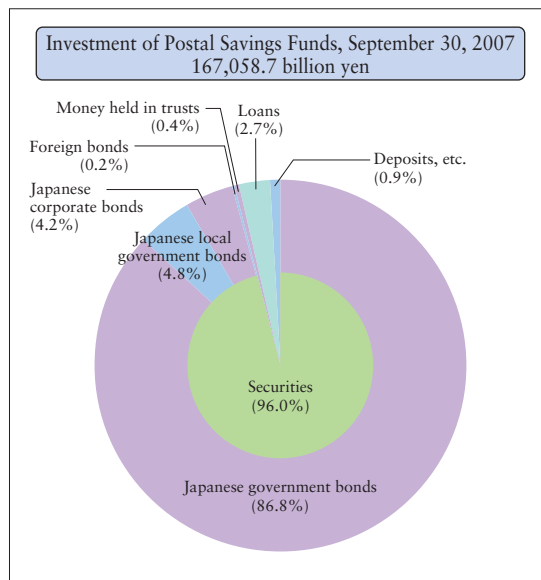
As of September 30, 2007

Classification	Balance of assets (billion yen)	Percentage (%)
Securities	160,330.4	96.0
Japanese government bonds	145,032.0	86.8
Japanese local government bonds	8,007.6	4.8
Japanese corporate bonds	7,023.1	4.2
Public corporation bonds, etc.	4,409.6	2.6
Foreign bonds	267.5	0.2
Money held in trusts	603.1	0.4
Loans	4,561.6	2.7
Loans to local governments	3,688.8	2.2
Loans to depositors, etc.	303.7	0.2
Loans to Postal Service	569.0	0.3
Deposits, etc.	1563.5	0.9
Total	167,058.7	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 14,000 billion yen in entrusted money (excludes entrusted money corresponding to the former Special Fund to Cope with Financial Deregulation), making a total of 181,058.7 billion yen.



1 Highlights

2 Management Efforts

3 About Japan Post

4 Data

2. Postal Life Insurance Service

Investment of Kampo Funds

As of September 30, 2007

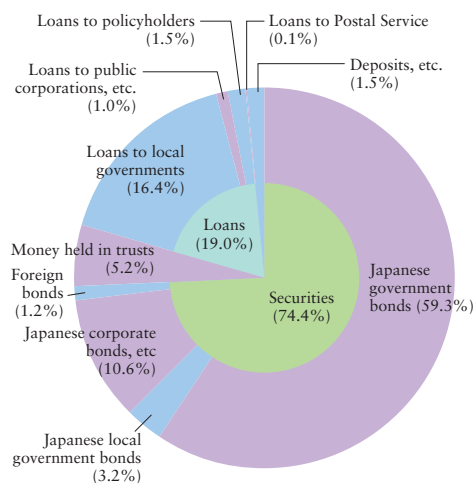
Classification	Balance of assets (billion yen)	Percentage (%)
Securities	84,289.8	74.4
Japanese government bonds	67,219.3	59.3
Japanese local government bonds	3,628.2	3.2
Japanese corporate bonds, etc.	12,048.0	10.6
Public corporation bonds, etc.	9,694.5	8.6
Foreign bonds	1,394.1	1.2
Money held in trusts	5,899.4	5.2
Loans	21,533.5	19.0
Loans to local governments	18,553.0	16.4
Loans to public corporation, etc.	1,111.5	1.0
Loans to policyholders	1,748.5	1.5
Loans to Postal Service	120.3	0.1
Deposits, etc.	1,645.3	1.5
Total	113,368.1	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.

Investment of Kampo Funds, As of September 30, 2007
113,368.1 billion yen



5. Overview of Privatization

On October 1, 2007, Japan Post was privatized in accordance with Japan Post privatization and related laws, handing over its operations and others to holding company JAPAN POST HOLDINGS Co., Ltd. and four companies.

Placing emphasis on security and confidence that Japan Post, as a public organization, has fostered, each JAPAN POST GROUP unit will offer products and services which satisfy customers by using the freedom of management as a private company and exerting its originality and ingenuity, strengthen its earnings power, and secure independent, sound management.

The outline of the succeeding companies based on (Implementation Plan Concerning the Business Succession of Japan Post,) which was approved by the government on September 10, 2007, is as follows.

OVERVIEW OF THE SUCCEEDING COMPANIES

JAPAN POST HOLDINGS Co., Ltd.

Group management philosophy

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

Group governance

1. Two financial companies are required to go public in four years after the privatization at latest or three years, if possible, and dispose of stocks in five years after the privatization. Prior to listing, control will be made taking into account the balance of management structures required for financial holding companies and independence from the holding company. JAPAN POST HOLDINGS Co., Ltd. also needs to prepare so that it will be able to go public at the same time as the two financial companies do so, while pursuing management according to market rules. Ahead of its listing, JAPAN POST HOLDINGS will direct and supervise the two non-financial companies in formulating and implementing their business plan, manage the progress and control, if necessary, by providing proper support.
2. JAPAN POST HOLDINGS will be a company with committees, and establish the nomination, compensation and audit committees. Under the management meeting, it will also set up special committees, such as the compliance committee and the CSR committee.
3. JAPAN POST HOLDINGS will formulate basic policies of the Group and require each company to follow them. In case there are matters affecting the entire Group, JAPAN POST HOLDINGS will administer the Group's operations by giving approval to and requesting reports on individual such matters. Such administration will be revised as needed responding to, for example, listing of the two financial companies. Each Group unit will draw up a medium-term business plan, and carry out the Group's management strategies along the time axis, formulate an annual business plan, and manage earnings based on managerial accounting on a monthly basis.
4. JAPAN POST HOLDINGS will establish fundamental policies of internal control, including internal audits, risk management, compliance and information security, require each company to improve the structure for internal control and report on the status of internal control, and direct it in improving its measures, when necessary.

Long-term strategy vision

JAPAN POST HOLDINGS will assume the following three steps over the long term, provide necessary investments and supports as a holding company, and require each company to make reforms to become independent, aiming to maximize the Group's value.

- First step: Each company will strengthen its capabilities as a private corporation and establish a solid corporate foundation. Two financial companies aim to go public at latest in the fourth year after the privatization or third year, if possible. JAPAN POST HOLDINGS will also prepare so that it will be able to go public at the same time as the two financial companies do so.
- Second step: JAPAN POST HOLDINGS will accelerate strategic investments so that each company will be able to realize a self-sustaining growth. The two financial companies will achieve complete privatization, as well as each company will realize continuous growth by diversifying and strengthening earnings sources.
- Third step: JAPAN POST HOLDINGS will make efforts toward a new growth after the period of privatization process ends.

Organization

Corporate center functions: Inspection & audit, corporate planning, compliance, finance/accounting, personnel/general affairs, and CRE (corporate real estate) departments

Functions to handle operations common to the entire Group: System department, personnel/accounting integration center, health management center, facility management department, and facility center

Business operating functions: Hospitals (14) and accommodations (82)

Employees

JAPAN POST HOLDINGS will take over about 3,500 employees of Japan Post, as well as reappointed staff.

*The entire JAPAN POST GROUP is expected to take over a total of about 240,100 full-time employees from Japan Post.

Financial conditions

(Non-consolidated)

Assets: 9,458.0 billion yen (including the head office, hospitals, accommodations and four subsidiaries' shares)

Liabilities: 1,519.0 billion yen (including reserve for employees' retirement benefits)

Net assets: 7,939.0 billion yen

(Consolidated)

Total assets: 338,830.0 billion yen

Net assets: 7,939.0 billion yen

Outlook for profit/loss

(Non-consolidated)

Net income: 143.0 billion yen (FY2008)

287.0 billion yen (FY2011)

(Consolidated)

Net income: 508.0 billion yen (FY2008)

587.0 billion yen (FY2011)

Note 1: The figures in Financial Conditions and Outlook for profit/loss are those estimated as of April 27, 2007, when the implementation plan was submitted to the government for approval, and actual results may differ from the above forecasts impacted by Japan Post's earnings results in the future and evaluation of succeeded assets as well as changes in financial and economic conditions, such as interest rates and stock prices.

Note 2: The figures in Outlook for profit/loss do not include any impact of new products and services that need to be submitted, but include the impact of new businesses, etc. that JAPAN POST NETWORK Co., Ltd. will conduct by filing reports.

Note 3: The figures in Financial conditions on a consolidated basis represent those obtained by partially offsetting lending and borrowing among the five succeeding companies from total assets and liabilities of these companies. The figures in Outlook for profit/loss on a consolidated basis represent those obtained by partially offsetting internal transactions and dividends that occur among the five succeeding companies from total assets and liabilities of these companies.

JAPAN POST SERVICE Co., Ltd.

Management philosophy

While maintaining universal services for postal businesses, JAPAN POST SERVICE will create a “network that sincerely connects people, corporations and society,” by providing communications in which the public feels secure, and certain and speedy logistics functions.

Corporate governance

1. JAPAN POST SERVICE will be a company with board of corporate auditors. Under the management meeting, it will set up special committees, such as the risk management committee and the compliance committee.
2. JAPAN POST SERVICE will establish the inspection & audit department that is independent from departments to be audited, and 13 regional inspection & audit offices.
3. JAPAN POST SERVICE will establish compliance supervisory offices at the head office and regional offices, where compliance officers will be assigned. JAPAN POST SERVICE will also post personnel in charge of compliance at each department of the head office and regional offices and at branch offices.

Business strategy

1. Provision of services meeting customers' needs

Such services include the issuance of attractive stamps and postcards, comprehensive DM service from planning to mailing, faster and better quality EMS, real-time provision of information on delivery of Yu-Pack parcels, and Web service for sending mails through personal computer.

2. Establishment of bases to support services

JAPAN POST SERVICE will expand the urban bases to receive Yu-Pack parcels, enhance the corporate business system, activate the functions of access points such as Yu-Pack parcel handling offices, improve the sales system and implement business management with emphasis on profitability and efficiency.

3. Enhancement of management base

JAPAN POST SERVICE will distribute manpower according to business volume, promote JPS activities, make mechanization and computerization more efficient, build an efficient transport network, establish personnel and wage systems in which employees' capabilities and performance are appropriately evaluated, and employ fixed assets effectively.

4. Entry into new growth fields

- Domestic logistics field: JAPAN POST SERVICE will propose measures for more efficient logistics operations, and offer a logistics service which undertakes comprehensively a series of logistics operations, including transport, storage, disposal, etc. of products.

- International logistics field: JAPAN POST SERVICE will advance into the international express business, centering on the Asian region, and expand the international logistics business.

5. Securing reliability and transparency of management

JAPAN POST SERVICE will promote CSR efforts, boost CS activities, strengthen internal control, including measures for ensuring conformity to the Financial Instruments and Exchange Law, and make efforts toward information security and personal information protection.

Organization

JAPAN POST SERVICE will consist of the head office, 13 regional offices, 1,093 branch offices, one international accounting center, two mail transportation centers, four logistics centers, and one customer service inquiry center.

Employees

JAPAN POST SERVICE will take over about 99,700 employees of Japan Post, as well as reappointed staff and postal short-time workers.

Financial conditions

Assets: 1,942.0 billion yen (including branch offices, the logistics center, stocks of subsidiaries, such as JP Biz Mail Co., Ltd.)

Liabilities: 1,742.0 billion yen (including reserve for retirement benefits)

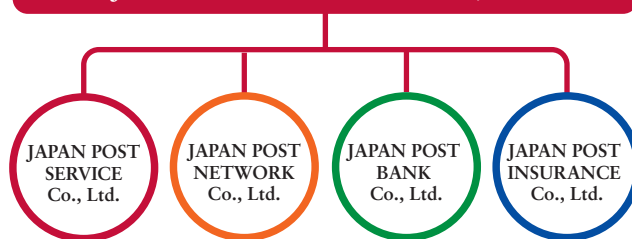
Net assets: 200.0 billion yen

Outlook for profit/loss

Net income: 34.0 billion yen (FY2008)

45.0 billion yen (FY2011)

JAPAN POST HOLDINGS Co., Ltd.



JAPAN POST NETWORK Co., Ltd.

Management philosophy

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

Corporate governance

1. JAPAN POST NETWORK will be a company with board of corporate auditors. Under the management meeting, it will establish special committees, such as the compliance committee and the risk management committee.
2. JAPAN POST NETWORK will establish the inspection & audit department that is independent from departments to be audited, and 50 regional inspection & audit offices nationwide.
3. JAPAN POST NETWORK will establish the compliance supervisory department at the head office, and the compliance office at regional offices, where compliance officers will be assigned. JAPAN POST SERVICE will also post personnel in charge of compliance at each department and post office.

Business strategy

1. Establishment of a hub-and-spoke system based on post office networks nationwide

JAPAN POST NETWORK will enhance its consulting service for customers on their life plan and asset building, for example, by providing investment trusts under a close cooperation between post offices with smaller number of staff (spoke) and post offices which have specialist staff to sell investment trusts (hub).

2. Active sales of various financial products meeting customers' needs

JAPAN POST NETWORK will increase the number of post offices which provide investment trusts, expand its lineup of investment trusts, and actively sell automobile insurance products (immediately after the privatization), and life and non-life insurance products, such as variable annuities and third-sector insurance products.

3. Business strategy for new businesses such as real estate

JAPAN POST NETWORK will engage in the real estate development business, and rent, manage and sell its three central post offices as offices, commercial facilities and housing. It will also conduct the real estate leasing/management business, including operations of parking lots and shops for rent by effectively utilizing less or unused properties, as well as the mail-order business such as catalog sales.

4. Improvement of operations quality

JAPAN POST NETWORK will give operational guidance to post offices and inspect post offices, maintain a high security level by providing thoroughgoing training, etc., manage personal information appropriately as a bank agency and a financial product agency, and secure internal control for financial reports that conform to examination requirements for three Group companies' listing.

5. Improvement of efficiency

JAPAN POST NETWORK will standardize and simplify various operations processing schemes, and improve service counter staff's knowledge and skills.

6. Reform of wage system

JAPAN POST NETWORK will establish a wage system based on employees' ability and performance, taking into account various allowances to enhance employees' incentive.

7. Autonomous management through profit/loss management by post office and introduction of unique systems

JAPAN POST NETWORK will introduce a profit/loss management by post office and general-purpose terminals, and develop full-scale systems.

8. Promotion of CSR

JAPAN POST NETWORK will manage its offices with emphasis on conservation of energy and natural resources and on environmental protection, actively subcontract operations for local public organizations, provide nationwide information on regional special products, and implement exchanges with local residents.

Organization

JAPAN POST NETWORK will consist of the head office, 13 regional offices, about 24,000 post offices, 10 training centers and 50 regional inspection & audit offices.

* 10 to 20 post offices constitute an area group and about 10 area groups constitute a region group.

Employees

JAPAN POST NETWORK will take over about 119,900 employees of Japan Post, as well as reappointed staff.

Financial conditions

Assets: 3,340.0 billion yen (including cash, regional offices, three central post offices, non-collection and delivery post offices, company houses and staff training institutes)

Liabilities: 3,140.0 billion yen (including deposits from two financial companies and reserve for retirement benefits)

Net assets: 200.0 billion yen

Outlook for profit/loss

Net income: 50.0 billion yen (FY2008)

49.0 billion yen (FY2011)

JAPAN POST BANK Co., Ltd.

Management philosophy

JAPAN POST BANK aims to become the a “most reliable bank that is readily available” with customers’ voice as a compass for the future.

Corporate governance

1. JAPAN POST BANK will be a company with committees, and establish the nomination, audit and compensation committees. Under the management meeting, it will also set up special committees, such as the risk management committee, the compliance committee and the ALM committee.
2. JAPAN POST BANK will establish the inspection & audit department that is independent from departments to be audited, and this department will support the audit committee.
3. JAPAN POST BANK will introduce the “integrated risk management” method, as well as the RCSA method against operational risks to implement quantitative and qualitative risk management according to risk characteristics.
4. JAPAN POST BANK will establish a compliance supervisory office, where compliance officers will be assigned. It will also post personnel in charge of compliance at each office.
5. JAPAN POST BANK will reinforce the system for managing and supervising the agent (JAPAN POST NETWORK).

Business strategy

1. Realization of business models and sophistication of ALM

JAPAN POST BANK will disperse risks and diversify earnings sources, by diversifying means of investments (into trading of derivatives, acquisition and sales of monetary credits, syndicated loans, securitized products, beneficiary rights, and investments in stocks), while controlling interest rates-associated risks appropriately.

2. Realization of retail business models

- Development and selection of distinctive products

JAPAN POST BANK will implement unique product strategies, including development of custom-made investment products, which are attractive so that investors want to hold over the long term, easy-to-understand, and of low costs/high quality.

- Producing group synergies from combination with JAPAN POST NETWORK

JAPAN POST BANK will strengthen channels of post office networks, by providing its infrastructure and sales support tools, improve the compliance system, help improve quality and enhance training programs.

- Establishment of consulting-based marketing

JAPAN POST BANK will boost consulting-based marketing activities about customers’ life plan and asset building (through proposal of investment portfolios consisting of deposits, investment trusts, etc., promotion of the businesses of housing loans, card loans and credit cards, and operations of offices specializing in consulting services).

3. Enhancement of internal control

JAPAN POST BANK will overhaul its operational flows, etc., in preparation for its listing, including measures for ensuring conformity to the Financial Instruments and Exchange Law, and further improve and strengthen its internal control system.

4. Strengthening of management foundations

JAPAN POST BANK will reform and enhance the personnel system by adopting the evaluation and wage systems with emphasis on employees’ capabilities and performance, and make operations more efficient.

Organization

JAPAN POST BANK will consist of the head office, 234 offices, 49 regional centers, 11 Postal Savings Operations Centers and two Postal Savings Computer Centers.

Employees

JAPAN POST BANK will take over about 11,600 employees of Japan Post as well as reappointed staff.

Financial conditions

Assets: 222,225.0 billion yen (including securities, loans to the Deposit Insurance Corporation and postal savings operations centers)

Liabilities: 214,558.0 billion yen (including transfer savings, ordinary savings, special savings, borrowings and reserve for employees’ retirement benefits)

Net assets: 7,667.0 billion yen

Outlook for profit/loss

Net income: 321.0 billion yen (FY2008)
304.0 billion yen (FY2011)

Balance of savings: 188 trillion yen (at the time of privatization)
164 trillion yen (at the end of fiscal 2011)

JAPAN POST INSURANCE Co., Ltd.

Management philosophy

JAPAN POST INSURANCE aims to be the “most reliable insurance company that is readily available,” while gazing into the future together with customers.

Corporate governance

1. JAPAN POST INSURANCE will be a company with committees, and establish the nomination, audit and compensation committees. Under the management meeting, it will also set up special committees, such as the risk management committee, the compliance committee and the earnings management committee.
2. JAPAN POST INSURANCE will establish the inspection & audit division that is independent from departments to be audited, and this division will support the audit committee.
3. To promote appropriate solicitation of insurance, JAPAN POST INSURANCE will provide education and training for life insurance solicitors, and inspect received contracts on the spot.
4. JAPAN POST INSURANCE will establish the risk management supervisory division to comprehensively manage risks according to risk characteristics.
5. JAPAN POST INSURANCE will set up the compliance supervisory branch at the head office and area compliance offices at 13 supervisory branch offices, where full-time compliance officers are assigned. It will also post personnel in charge of compliance at directly-run offices, service centers, etc.

Business strategy

1. Establishment of new sales models

(Channel of post offices)

- Product strategy

-- JAPAN POST INSURANCE will regard Education Endowment Insurance and Endowment Insurance as mainstay products, as it has done so far, and aim to increase profits by improving medical riders and introducing new products, including the one in which the maximum amount is increased in case of the elapse of a certain period after the entry.

-- JAPAN POST INSURANCE will reconsider eligible ages for Ordinary Endowment Insurance, etc.

-- JAPAN POST INSURANCE will reinforce its management structure, and develop/offer new products including third-sector products. To this end, JAPAN POST INSURANCE may form an alliance with other companies.

- Market/channel strategies

-- JAPAN POST INSURANCE will expand sales of guarantee-type products (such as Special Endowment Insurance and 2-fold Coverage Type Whole Life Insurance) through salespersons, and sales of saving-type products (such as Education Endowment Insurance and Endowment Insurance) through post office counters.

(Channel of directly-run offices)

- Product strategy

JAPAN POST INSURANCE will make Endowment Insurance, which is designed for employees’ welfare, its mainstay product for corporations, while undertaking from other companies insurances for managers, including Long-Term Level Term Life Insurance, and offering them.

- Market strategy

JAPAN POST INSURANCE will position contracts by small and midsize firms as its main business domain, while exploring the market for individuals.

2. Improvement of business infrastructures

- Overhaul of operations and system infrastructures

JAPAN POST INSURANCE will standardize operations so that it can efficiently assign staff, and systematize operations to make undertaking and payment operation flows efficient.

- Reform of personnel and wage systems

JAPAN POST INSURANCE will adopt the double track personnel administration system and the incentive-based wage system.

3. Establishment and enhancement of internal control, etc.

JAPAN POST INSURANCE will reinforce its internal control system in preparation for its listing, including measures for ensuring conformity to the Financial Instruments and Exchange Law, establish a system for managing undertaking and payment by systematizing checking functions and assigning staff on a priority basis, and improve a system for managing personal information.

4. Maintaining soundness of financial foundation

JAPAN POST INSURANCE will expand profit-earning opportunities through enhancement of internal management accounting, improvement of its ALM method, sophistication of ALM by improving and boosting systems, and diversified investment vehicles (such as syndicated loans, beneficiary rights and investments in stocks).

5. Contribution to regions and society

JAPAN POST INSURANCE will proactively contribute to improving people’s health, and operate businesses that are friendly to people and the environment.

Organization

JAPAN POST INSURANCE will consist of the head office, 81 directly-run offices, five service centers and one call center.

Employees

JAPAN POST INSURANCE will take over about 5,400 employees of Japan Post as well as reappointed staff.

Financial conditions

Assets: 112,855.0 billion yen (including securities, loans to the Deposit Insurance Corporation and the Postal Life Insurance Operations Center)

Liabilities: 111,855.0 billion yen (including policy reserves, reserve for price fluctuations and reserve for employees’ retirement benefits)

Net assets: 1 trillion yen

Outlook for profit/loss

Net income: 41.0 billion yen (FY2008)
130.0 billion yen (FY2011)

Balance of total assets: 113 trillion yen (at the time of privatization)
91 trillion yen (at the end of fiscal 2011)

1 Highlights

2 Management Efforts

3 About Japan Post

4 Data

