

# Dedicated to Providing the Public with the Best Possible Services

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# 1. Operations of Japan Post Network

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

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

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

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

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

Some operators of contracted post offices have been unable

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

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

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

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



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

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

##### ● Handling commission fees revised

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

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

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

##### ● Support structure improved

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

##### ● Operations and systems improved

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

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

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

##### ■ Utilizing Sales Personnel

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



Implementation of service provided by sales personnel

### ■ Services Provided by Mobile Post Offices

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



Mobile post office

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

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

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

### Recruitment of contracted post office operators

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

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

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

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

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

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

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

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

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

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

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



Nishi-Shimbashi Post Office (Tokyo)



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

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

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



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



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

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

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

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



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

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

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



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



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

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

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

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

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



Sakura Saku post office  
(Hongo Post Office, Tokyo)

### (4) Providing New Services

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



## 2. Overview of Operations

### 1. Main Business Activities

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

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

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

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

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

##### (i) Postal counter operations

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

##### (ii) Savings counter operations

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

##### (iii) Insurance counter operations

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

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

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

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

## 2. Management Initiatives

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

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

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

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

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

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

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

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

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

### (3) Thoroughly Respond to Customer Preferences

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

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

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

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

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

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

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



### 3. Products and Services

(as of July 1, 2009)

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

#### 1. Responding to Customer Needs

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

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

<Products Handled>

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

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



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

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

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

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

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

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

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

<Products Handled>

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

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



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

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

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

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

<Products Handled>

##### ● Post Office Automobile Insurance

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

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



#### (5) Sales of Frame Stamps

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



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

### (1) Working with Local Governments

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

(As of March 31, 2009)

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

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

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

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

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

## (3) Sales of Catalog Products

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

### ■ Post office gift selection

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

### ● Advantages of post office gift selection

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



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

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

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



## (5) Start of Total Printing Service

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



## (6) Asset Management Seminars Held

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

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

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

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



## 3. Promoting the Effective Use of Post Offices

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

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

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



### (2) Opening of JP LAWSON Stores

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



JP LAWSON store at the Nihombashi Post Office

### (3) Start of Advertising Business

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

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



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

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



## 2. Operations of Japan Post Service

### 1. Overview of Operations

#### 1. Main Business Activities

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

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

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

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

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

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

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

##### (2) International Logistics Business

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

##### (3) Logistics Business

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

\*EMS = Express Mail Service



## 2. Management Initiatives

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

### (1) Operate More Efficiently

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

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

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

### (2) Actively Utilize Management Resources

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2. Products and Services

(as of July 1, 2009)

### 1. Stamps and Postcards

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



Ordinary stamps



Special stamps/Furusato stamps



Standard postcards



Stamp booklets

## 2. Standard Mail Services

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

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

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



Yu-Pack package (large box)



Yu-Pack package (small box)



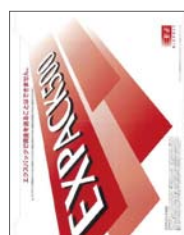
Yu-Pack package (large pouch)



Yu-Pack package (small pouch)



EXPACK500 (front side)








EXPACK500 (rear side)



Pos Packet

## 4. Major Supplementary Services

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

## 5. Other Services

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

## 6. International Mail

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

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



Shipping labels for EMS (Documents)



Shipping labels for EMS (Merchandise)



EMS package



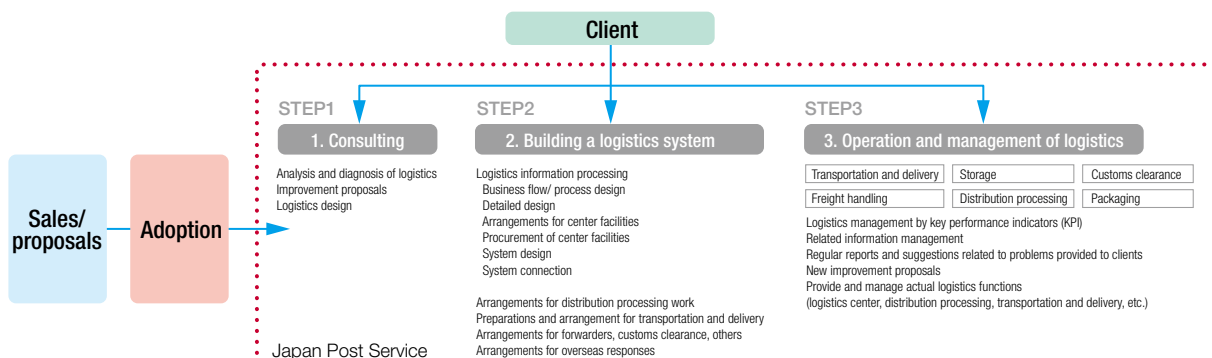
EMS envelope

## 7. Logistics Services

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

### Logistics business services (operations)

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





# 3. Operations of Japan Post Bank

## 1. Overview of Operations

### 1. Main Business Activities

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

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

Our main business activities are as follows.

#### (1) Retail Business

##### (i) Basic services

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

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

##### (ii) New services

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

#### (2) Investment Business

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

#### (3) Social Contribution

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

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

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

## 2. Management Initiatives

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

### (1) Develop a Retail Business Model

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

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

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

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

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

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

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

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

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

### (4) CSR Activities

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






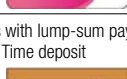
With regard to contributing to society and regional communities, initiatives include a service for sending remittances of donations for disaster relief to victims of natural disasters free of charge. Moreover, in October 2008, we set up the “Japan Post Bank Deposits for International Aid” to improve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

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

## 2. Products and Services

(as of July 1, 2009)

### 1. Deposits

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

### 2. Domestic Remittances

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

### 3. International Remittances

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

### 4. Individual Loans

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

### 5. Investment Products

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

#### ■ Customer investment trust seminars

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



A customer seminar

#### ■ Customer asset accumulation seminars

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

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

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

### 6. Credit and Debit Cards

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



JP BANK VISA Card



JP BANK MasterCard



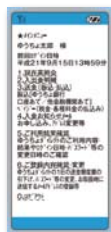
JP BANK JCB Card

## 7. Internet Banking Services

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



Yucho Direct  
(Internet banking services)



Yucho Direct  
(Mobile phone banking services)



Toshin Direct  
(Providing information for investment trusts)

## 8. Other Services

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

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

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

## 9. Services Available in Braille

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



# 4. Operations of Japan Post Insurance

## 1. Overview of Operations

### 1. Main Business Activities

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

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

Our main business activities are as follows.

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

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

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

##### (i) Agents

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

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

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

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

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

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

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

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

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

#### (3) Asset Management

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

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

## 2. Management Initiatives

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

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

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

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

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

### (2) Improving Products and Services

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

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

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

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

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

### (3) Diversifying Asset Management Procedures

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

### (4) Strengthening Compliance Framework

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

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

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

## 2. Products and Services

(As of July 1, 2009)

### 1. Types of Insurance

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

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

## 2. Principal Riders and Provisions

(As of July 1, 2009)

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

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

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



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

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

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

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

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

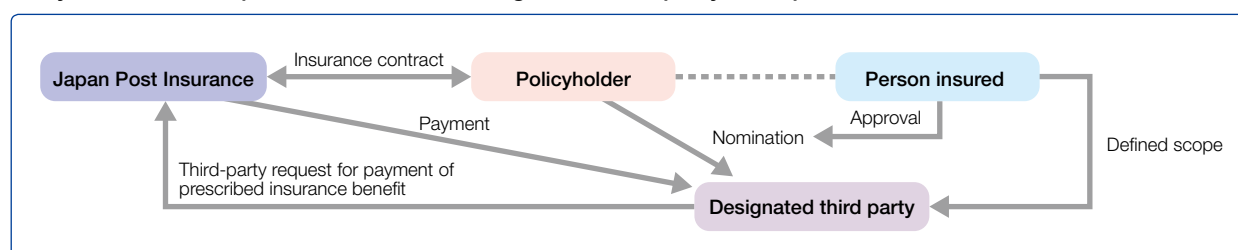
\*Additional information concerning conditions for the payment of rider benefits and restrictions on these payments is listed in the policy information and policy agreement pamphlets.

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

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

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

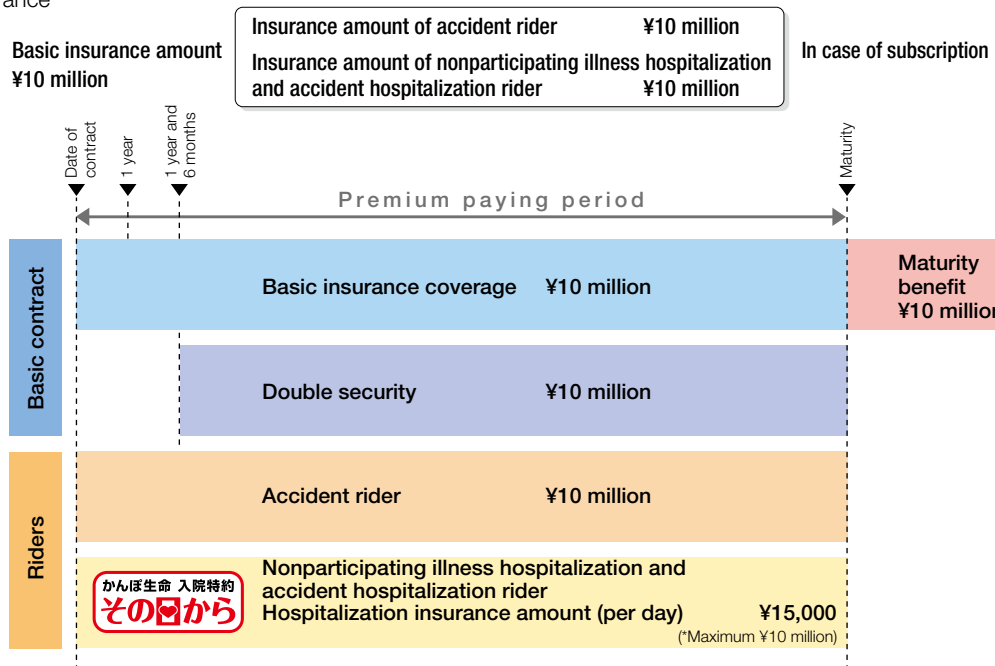
#### ■ System with an option that allows a designated third-party to request insurance benefits



## Insurance schemes

### ●Outline of endowment insurance schemes

Ordinary endowment insurance

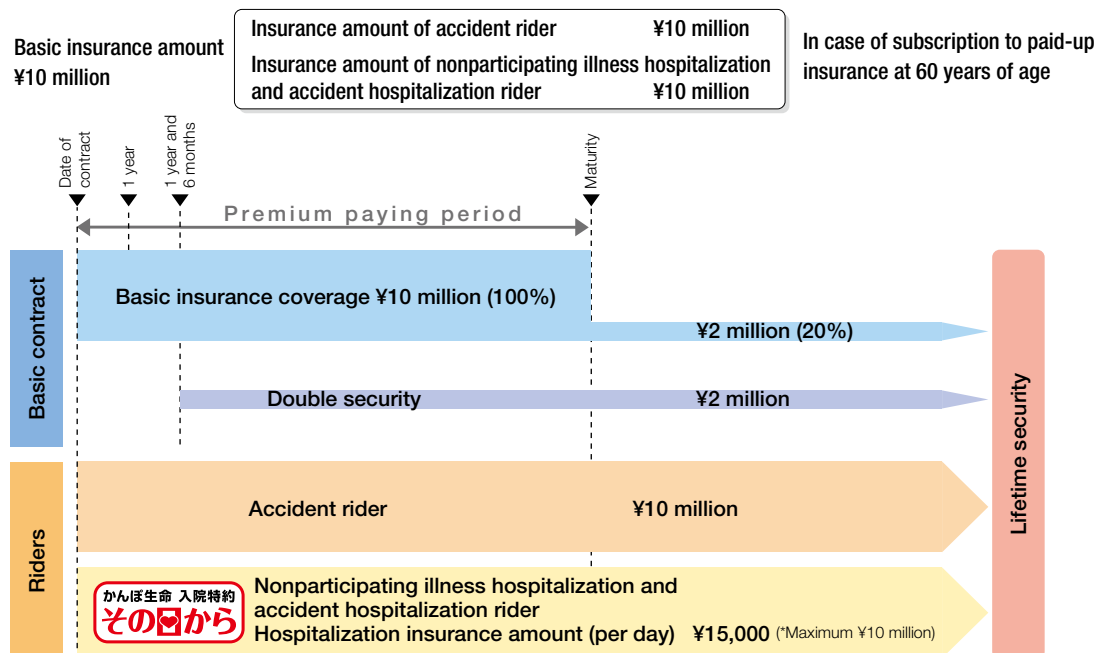


#### <Features>

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

### ●Outline of whole life insurance schemes

Whole life insurance with fivefold insurance coverage



#### <Features>

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



# 5. Other Businesses

## 1. Hospital Business

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

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

## 2. Hotel Business

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

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

Note: Number of facilities as of March 31, 2009

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

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

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

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

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

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

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

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

#### (4) U-Port

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

#### (5) MIELPARQUE

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

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

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

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

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

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

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

#### (3) Strengthen corporate governance

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

#### (4) Personal information protection

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

Notes: 1. Set up as a consultative body for the president of Japan Post Holdings in order to develop basic ideas regarding the sale of real estate. The committee's report can be accessed on the following page of the Japan Post Holdings website: <http://www.japanpost.jp/information/other/pdf/report01.pdf> (Japanese only)  
2. For details, please refer to the report concerning measures in response to the order for supervision based on Article 14, Paragraph 2 of the Japan Post Holdings Co., Ltd. Act announced on June 24, 2009. <http://www.japanpost.jp/pressrelease/detail.php?code=2009062401> (Japanese only)