

# 2011

**JAPAN POST GROUP Annual Report**  
Year ended March 31, 2011



# 2011 JAPAN POST GROUP Annual Report

## CONTENTS

### Japan Post Group Overview

- 1. Message from the President ..... 2
- 2. Our Response to the Great East Japan Earthquake ..... 4
- 3. 140 Years of Japan's Modern Postal Service ..... 10
- 4. Japan Post Group Highlights in Fiscal 2011 ..... 16
- 5. Japan Post Group Financial Review ..... 20
- 6. The Operations of the Japan Post Group ..... 24

### Dedicated to Providing the Public with the Best Possible Services

- 1. Operations of Japan Post Network ..... 28
- 2. Operations of Japan Post Service ..... 38
- 3. Operations of Japan Post Bank ..... 52
- 4. Operations of Japan Post Insurance ..... 62
- 5. Other Businesses ..... 74

### Dedicated to Becoming an Even More Trustworthy Group

- 1. Japan Post Group Corporate Governance ..... 78
- 2. Japan Post Group Compliance Framework ..... 80
- 3. Japan Post Group Internal Audit System ..... 82
- 4. Japan Post Group Risk and Crisis Management ..... 84
- 5. Japan Post Group Customer Satisfaction ..... 86
- 6. Japan Post Group CSR ..... 88

## **Data Compilation Corporate Data**

● 1. Japan Post Group Management Philosophy, etc. . . . .	100
● 2. Outline of Japan Post Holdings Co., Ltd. . . . .	101
● 3. Outline of Japan Post Network Co., Ltd. . . . .	108
● 4. Outline of Japan Post Service Co., Ltd. . . . .	114
● 5. Outline of Japan Post Bank Co., Ltd. . . . .	120
● 6. Outline of Japan Post Insurance Co., Ltd. . . . .	125

## **Data Compilation Financial Data**

● 1. Transition of Significant Management Indicators, etc. . . . .	130
● 2. Japan Post Group Companies—Consolidated Financial Data . . . .	132
● 3. Japan Post Holdings Co., Ltd.—Non-consolidated Financial Data . .	151
● 4. Japan Post Network Co., Ltd.—Non-consolidated Financial Data . .	156
● 5. Japan Post Service Co., Ltd.—Non-consolidated Financial Data . . .	161
● 6. Japan Post Bank Co., Ltd.—Non-consolidated Financial Data . . . .	166
● 7. Japan Post Insurance Co., Ltd.—Non-consolidated Financial Data	184

## **Data Compilation Others**

1. Business Hours and Points of Contact for Inquiries . . . . .	196
2. Japan Post Group Privacy Policy . . . . .	200
3. Japan Post Group Conflicts of Interest Management Policy . . .	202
4. Japan Post Group Information Security Declaration . . . . .	202

This Annual Report is a translation of the Disclosure Document (the written explanation in Japanese of the Company's business and financial conditions) that was prepared pursuant to Article 52-29 of the Banking Act and Article 271-25 of the Insurance Business Act.

This Annual Report contains forward-looking statements regarding future performance and other matters. These forward-looking statements do not constitute guarantees of future performance and are subject to risks and uncertainties. Please note that actual performance may differ materially from these statements as a result of changes in the underlying assumptions regarding the business environment.

Figures and percentages shown in this Annual Report have been rounded off, except for financial numbers in the accounting statements, etc., that have been truncated without rounding. As a consequence, sums of figures may not match the totals presented.

Figures and percentages, with exceptions as specifically indicated, are as of March 31, 2011.

# 1. Message from the President



I am pleased to have this opportunity to explain the business results of the Japan Post Group to our customers, investors and other stakeholders in this Annual Report for fiscal 2011.

In March 2011, the Great East Japan Earthquake, an epic disaster, caused enormous destruction mainly in the Tohoku region. I would like to express my deepest sympathies to all those persons who suffered damages from the earthquake as well as to their families and other affected people.

The Japan Post Group also was hit hard by the disaster, as numerous employees lost their lives, while damage to our buildings and vehicles was also extensive. Nonetheless, times of crisis such as this are precisely when our services are essential, and all employees on the front lines made their utmost efforts to live up to the expectations of our customers. In the future as well, we will work actively with everyone in local communities to rebuild each area and thus ask for your continued patronage of the Japan Post Group.

We have recently published this Japan Post Group Annual Report for fiscal 2011 and hope that reading this report will serve to deepen your understanding of the Group's business results for the term.

## Review of Fiscal 2011

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Through our nationwide network of post offices, the Japan Post Group made unrelenting efforts during fiscal 2011 to ensure that customers can use the services of our three businesses with a sense of reassurance. We also began offering several new products and services so that customers can even more conveniently make use of our three core businesses.

As prime examples, in April we began offering Letter Pack

500 and 350 services, which can carry personal letters with the package. This service represents an alternative to EXPACK, which does not allow letters to be enclosed. Additionally, we commenced a euro-denominated international remittance service that enables funds to be sent from overseas financial institutions to Japan Post Bank accounts. We also started charging a lower commission fee, which is the same as the fee charged when transferring money using ATMs, for visually impaired customers making money transfers at the counter.

During fiscal 2011, we completed the integration of the Pelican parcel delivery operations of JP Express Co., Ltd. and started providing a new Yu-Pack service. However, at the time of completion of integration in July, we experienced delays in deliveries that caused inconveniences to our customers. To address this problem, we subsequently established a structure and made efforts to raise the quality of these delivery services. Thanks to these efforts, we were able to achieve top-level quality in deliveries during the year-end busy period. Going forward, we will work to further improve our services and meet the expectations of our customers.

The Japan Post Group companies actively supported the communities devastated by the Great East Japan Earthquake. Despite some initial problems, such as slow response times that resulted from post offices and postal services being operated by two separate companies, we made deliveries to evacuation shelters and surmounted various transportation difficulties to deliver to each home in the stricken areas. Meanwhile, mobile post offices visited evacuation shelters to handle bank deposits on an emergency basis and provide insurance-related consultations. We also furnished free postcards and other items to disaster victims, accepted victims at *Kanpo no Yado* Inns and provided free health consultations through Teishin Hospitals.

Regarding our business results, Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. achieved growth in profits during fiscal 2011. However, on a consolidated basis the Japan Post Group recorded net ordinary income of ¥956.9 billion and net income of ¥418.9 billion, both representing slight decreases. The Japan Post Group is currently facing a harsh business environment. Of particular note, Japan Post Service Co., Ltd. incurred a large net operating loss of ¥103.4 billion, owing to the ongoing downtrend in the volume of postal mail as well as the impact of the earthquake and an increase in one-time expenses for responding to delays in deliveries. Although Japan Post Bank achieved increased profits with net income of ¥316.3 billion, the recent downtrend in deposits persisted. Similarly, while Japan Post Insurance achieved growth in profits and recorded net income of ¥77.2 billion, total assets and the number of policies in force declined. In this manner, each of our businesses is confronting tough circumstances. I believe we must devote our utmost management efforts to overcoming the severe circumstances we are facing.

## Issues in Fiscal 2012

In view of our business results in fiscal 2011, the Japan Post Group companies have positioned fiscal 2012 as the first year for going on the counteroffensive to ensure our postal business develops and grows over the medium and long terms. Accordingly, we will place priority on the following three issues.

The first issue is to rebuild the operations of Japan Post Service, which as I mentioned, recorded a large net operating loss in fiscal 2011. Our postal operations boast the longest history among our three businesses and this form of communication has been easily accessible to all as well as closely linked to enhancing people's daily lives. I believe that maintaining and further developing postal operations in the years ahead is the mission of the Japan Post Group. To ensure that customers across Japan can continue to use these services in the future with a sense of reassurance, we are committed to further raising customer convenience throughout our entire postal operations, including mail, Yu-Mail and Yu-Pack, while working to extensively raise productivity.

The second issue is to strengthen the Group's internal management systems. The trust the Group has earned from customers forms the cornerstone of our business operations and will serve as a major force driving the Group's counteroffensive. We will work to assure thoroughgoing compliance and management transparency and further raise operational quality with the aim of becoming a corporate group that customers regard as outstanding in every area.

The third issue is to expand the range of products and services handled by the Group. Having waited for the realization of postal reforms, we would like to begin providing easy-to-use products and services to better respond to the needs of customers. Also, we will undertake new businesses to strengthen the Group's management foundation and achieve further growth and development over the medium term.

In 2011, the Japan Post Group celebrates a noteworthy milestone, as we mark the 140th year since the establishment of postal operations in Japan. The Group plans to directly tackle various issues and work in concert to meet the challenges of executing reforms to ensure our customers can use our post offices across Japan with a sense of reassurance.

The Japan Post Group looks forward to your continued support.

**Jiro Saito**

President & CEO  
Japan Post Holdings Co., Ltd.  
July 2011



## 2. Our Response to the Great East Japan Earthquake

The Japan Post Group extends its heartfelt sympathy to the people who have suffered from the Great East Japan Earthquake that occurred on March 11, 2011.

The following sections describe the response and measures undertaken by each of the five companies in the Japan Post Group to support disaster victims.

The Japan Post Group itself sustained significant damage. Many of our employees were killed or are unaccounted for. Many post offices and related facilities were destroyed by the earthquake and subsequent tsunami. We are now devoting our utmost efforts to realize the earliest possible recovery of our operations.



# 1. Major Activities Taken by the Japan Post Group in Response to the Earthquake

## 1. Delivery of Mail and Yu-Pack Parcels

### ■ Resuming Delivery Service

Branches of Japan Post Service Co., Ltd. located in the devastated areas suffered major damage, with the massive tsunami sweeping up buildings, motorcycles and other facilities necessary for mail delivery.

We borrowed undamaged buildings in the neighboring areas for mail sorting and gathered motorcycles and other delivery vehicles from around the country. As a result of these efforts, we were able to resume our mail delivery service early on, when other means of communication, including telephone and Internet connections, were still not operating. Many of our employees or their families were impacted by the disaster. Their homes were damaged and they came to work from evacuation shelters. What moved them was a strong sense of responsibility, and the will to deliver mail without delay.

We recovered mail from delivery motorcycles as well as mail that was kept at our branches and swept up by the tsunami, and tried to deliver as much mail as possible to their recipients. After the earthquake, we also experienced a serious shortage of gasoline, and we delivered mail on foot or by bicycle in areas where mail is normally delivered by motorcycle.

Because the privatization of Japan Post resulted in separation of its businesses with mail delivery service now undertaken by Japan Post Service, there were cases in which customers made inquiries to post offices for undelivered letters, but Japan Post Network Co., Ltd. did not have the information necessary to trace them.

The separation of postal and banking/insurance services also caused inconvenience, in which Japan Post Service delivery staff could not give advice on banking and insurance matters when asked by disaster victims.

We worked to eliminate these inconveniences by promoting cooperation and collaboration among the Group companies.

### ■ Delivering Mail to Evacuation Shelters

Immediately after the earthquake, we had difficulty in delivering mail to our customers because many of their homes were destroyed and they moved to evacuation shelters. We worked with local governments and utilized our long-established relationships with regional communities to find out their whereabouts and started delivering mail to evacuation shelters immediately after the earthquake.

In the aftermath of the earthquake and tsunami, when telephone and other communication networks were still disrupted, our mail delivery service played a significant role in confirming the safety of persons affected by the disaster. Some posted mail to the stricken areas and were able to find their families, relatives and friends safe at evacuation shelters.

To accelerate delivery of mail to disaster victims, Japan Post Service handed out customer address confirmation sheets at its post offices, branches and evacuation shelters. If there was a change in address after the earthquake, we asked customers to submit this sheet or relocation form to ensure mail would be delivered to their latest addresses.

As of May 23, 2011, we have delivered mail to a total of 1,103 evacuation shelters, including 293 in Iwate Prefecture, 373 in Miyagi Prefecture, 128 in Fukushima Prefecture and 309 in other regions.



Hand delivering mail to its addressee after checking the recipient's name and address

## 2. Post Office Counter Services

### ■ Providing Special Counter Services by Mobile Post Offices

We started operating mobile post offices on March 20. On March 28, a total of 15 mobile post offices commenced services in Iwate Prefecture (Miyako, Ofunato, Rikuzentakata and Kamaishi Cities, and Otsuchi Town and Yamada Town) and in Miyagi Prefecture (Sendai, Ishinomaki, Shiogama, Kesennuma, Natori, Tagajyo and Iwanuma Cities, and Watari Town, Yamamoto Town, Shichigahama Town, Onagawa Town and Minamisanriku Town).

At evacuation shelters and other places, these mobile post offices provided a range of services including 1) handling emergency withdrawals of ordinary deposits (allowing disaster victims who have lost their passbooks or seals to withdraw the maximum amount of ¥200,000/person); 2) accepting relocation

forms; 3) providing postcards to disaster victims free of charge; and 4) dealing with customers seeking insurance-related advice.

There was a delay of about one week before all 15 mobile post offices started providing services on March 28. This was because we had to settle some vehicle insurance matters for those mobile post offices lent from Japan Post Service to Japan Post Network.



Many people visited our mobile post offices.



### ■ Dispatching Post Office Staff to Evacuation Shelters

In Iwate and Miyagi Prefectures, Japan Post Network dispatched its post office staff to evacuation shelters to provide such services as handling emergency withdrawal of deposits and processing applications for reissue of cash cards as well as requests for reissue of insurance policies and certificates.

At evacuation shelters, we set up a long table in a vacant space and used it as a makeshift counter to provide services to evacuees. These were very difficult conditions, as we had to process everything by hand, but our staff members were eager to help those in need of support.



Many customers visited our makeshift counter for consultations.

## 3. Support for Earthquake and Tsunami Victims

### ■ Accepting Disaster Victims at *Kanpo no Yado* Inns

At the request of local governments, our *Kanpo no Yado* inns in Iwaki, Koriyama and other places have been accepting earthquake and tsunami victims (272 persons as of June 6, 2011).

Immediately following the earthquake, we started providing meals to victims at some of our *Kanpo no Yado* inns. *Kanpo no Yado* inns Yokote, for example, invited people staying at nearby evacuation shelters and provided bath and meal services. *Kanpo no Yado* inns Ichinoseki prepared meals outdoors and delivered them to several evacuation shelters by bus.

In addition, *Kanpo no Yado* inns Kamogawa took in all the elderly residents and staff from a care facility located in Fukushima Prefecture. Upon accepting these residents, we installed 120 hospital beds in the inn's large banquet room and guest rooms. Relocating the entire nursing facility served to facilitate their smooth transfer and provide an environment where the elderly residents could feel safe and secure.

For voluntary evacuees, we offered a special accommodation plan at 13 *Kanpo no Yado* inns. Under the plan, an accumulated total of 1,085 persons stayed at these inns during the period from March 11 to May 31, 2011.



Elderly residents and staff arriving by bus on March 18 (*Kanpo no Yado* inns Kamogawa)



The inn's banquet room equipped with hospital beds, hosting elderly refugees (*Kanpo no Yado* inns Kamogawa)

### ■ Medical Support by Teishin Hospitals

Immediately after the earthquake, about 50 people evacuated their home and took shelter at Sendai Teishin Hospital. On March 12, within a day after the disaster, we set up a free health consultation counter for disaster victims and offered consultation to about 20 patients a day.

To counter shortages in water, daily commodities, medical supplies and medical materials, we gathered these supplies from Teishin Hospitals across the country by utilizing the nationwide network of the Japan Post Group.



Staff members at the free health consultation counter

### ■ Support via "Yellow Post Box Fund-raising Campaign"

For supporting victims of the Great East Japan Earthquake, employee volunteers of the Japan Post Group organized the Japan Post Fundraising Association to promote the "Yellow Post Box Fund-raising Campaign." Small yellow post boxes were used to solicit donations at the counters of post offices across the country. This charity drive continued from March 22 to May 31, 2011.

On April 22, we announced the first fund allocation of ¥140 million to 74 cities, towns and villages affected by the earthquake. On April 23 and 24, we held the "Yellow Post Box Charity Event" in Tokyo. We invited children living in evacuation shelters located in Tokyo to clay works and other craft workshops.

As of the end of May, the total amount of donations exceeded ¥300 million, and we will make additional fund allocations to affected areas as they become ready for distribution, starting from June.



"Miniature Clay Food Workshop" given by Hitomi Okada, a pop idol and clay works artist



A donation box resembling a yellow post box



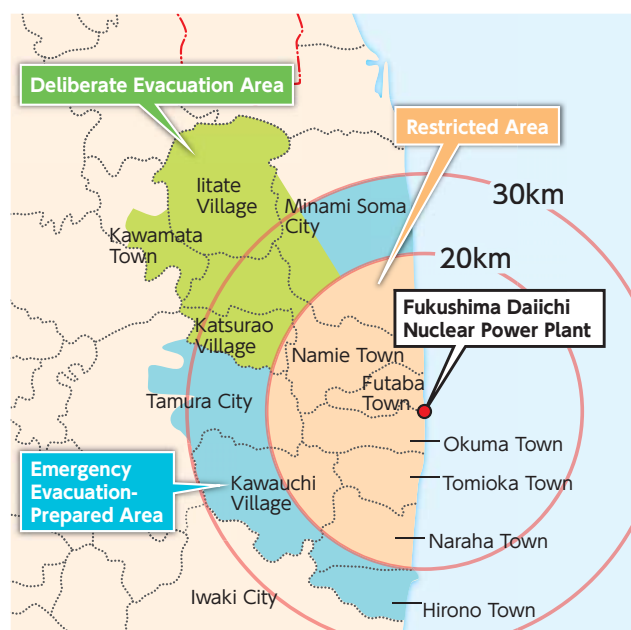
## 4. Response to the Evacuated Area Related to the Fukushima Daiichi Nuclear Power Plant Accident

Following the Fukushima Daiichi Nuclear Power Plant accident that occurred in the aftermath of the earthquake and the subsequent tsunami, the Japanese government issued instructions to residents within a 20-kilometer zone around the plant to evacuate the area and those living between 20 km and 30 km from the plant to stay in-house. Accordingly, we suspended our postal counter operations and mail collection and delivery services within a 30-kilometer radius. Mail and parcels to this zone were either transferred to other addresses or evacuation shelters as specified by evacuees, or hand delivered at Japan Post Services' branches or collection and delivery centers, which do not usually provide such services.

Within the "stay in-house" area in Minami Soma City, we reopened two post offices on April 4 and started distributing mail and parcels at branches of Japan Post Service on April 5.

On Friday, April 22, the 20-kilometer evacuation area was declared a restricted area by the Japanese government. The government also designated a deliberate evacuation area and an emergency evacuation-prepared area, while lifting its earlier instruction to stay in-house.

### ■ Post Offices and Postal Facilities in Restricted and Deliberate Evacuation Area



#### ■ Within Restricted Area

Post offices: 18 (including contracted post offices)  
Branch: 1  
Collection and delivery centers: 5

#### ■ Within Deliberate Evacuation Area

Post offices: 9 (including contracted post offices)  
Collection and delivery centers: 5

Following the designation, we reopened post offices and resumed mail collection and delivery services on Monday, April 25, in the emergency evacuation-prepared area and in other areas from which "stay in-house" restrictions were lifted. Two post offices and two collection and delivery centers remain closed in the formerly "stay in-house" areas that have become part of the deliberate evacuation area. In other parts of the deliberate evacuation area, we plan to determine the best way to provide our postal services through discussions with the relevant local authorities.

We are determined to maintain our mail delivery service for evacuees by transferring their mail and parcels to specified addresses, appropriate branches or evacuation shelters.



A checkpoint at the boundary of the restricted area (Naraha Town)

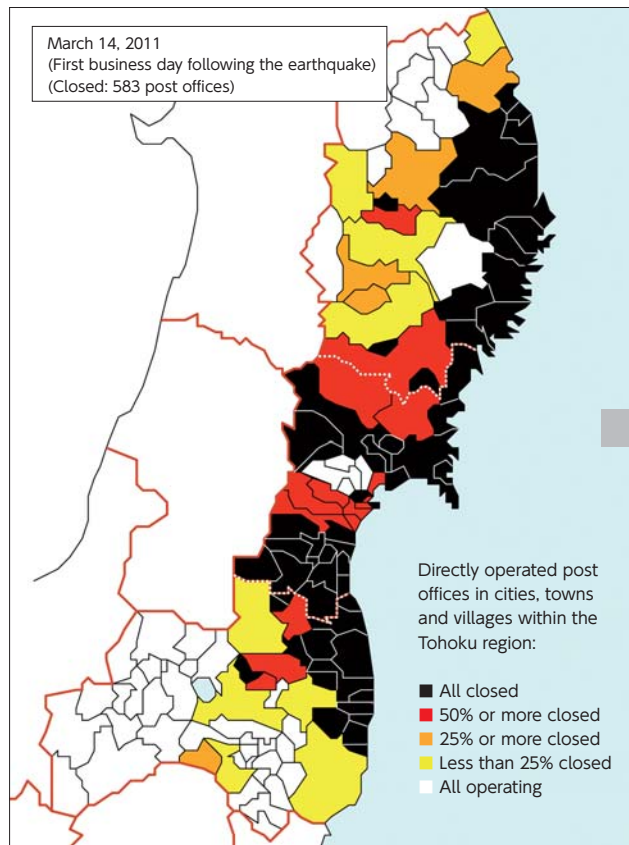


Gathering important documents in a closed post office within the restricted area (Namie Post Office)

## 2. Steps towards Recovery

On March 14, 2011, which was the first business day after the earthquake, the number of “out-of-service” post offices in the three prefectures in the Tohoku area (Iwate, Miyagi and Fukushima) was 583, approximately half of the 1,103 post offices located within the district. After the earthquake, we started providing special counter services through mobile post offices and via the dispatch of post office staff to evacuation shelters. We also opened post offices for extra hours on Saturdays, Sundays and public holidays. All of these efforts were aimed at making our services available to as many customers as possible.

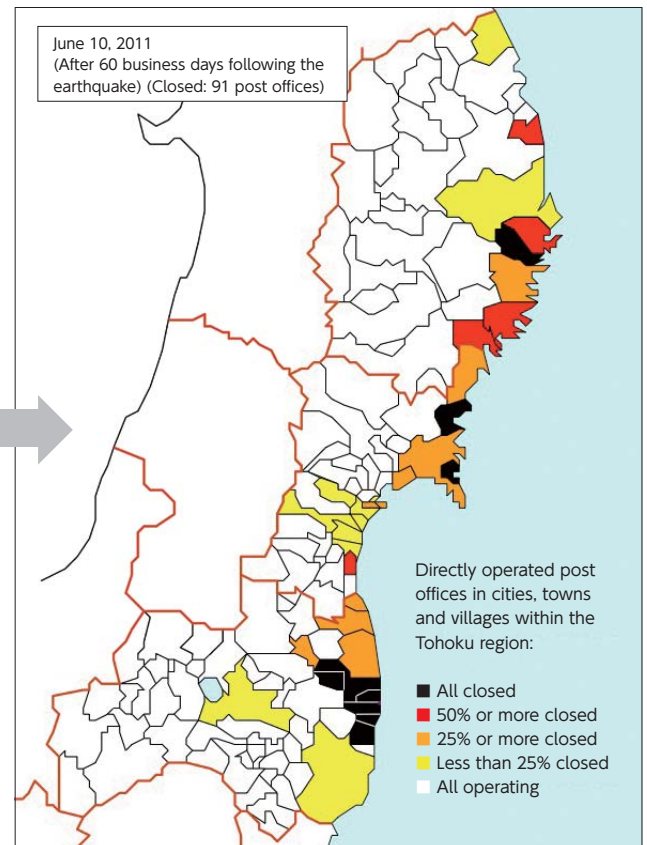
### ■ Reopening of Directly Operated Post Offices after the Earthquake (Iwate, Miyagi and Fukushima Prefectures)



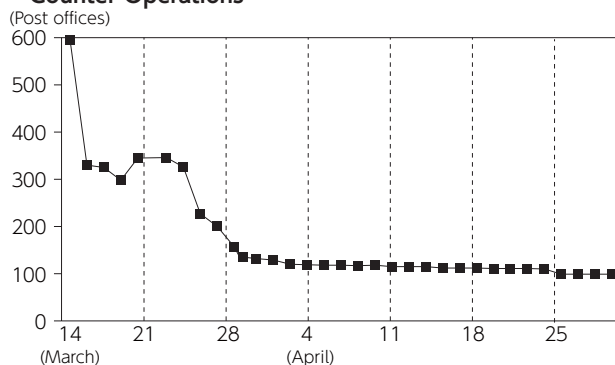
On April 26, we opened a makeshift post office (the Rikuzentakata Post Office) in Rikuzentakata City, Iwate Prefecture, and resumed normal counter operations and ATM services. The Ofunato Post Office and the Kamaishi Post Office, both of which suffered considerable damage, also resumed their counter operations and ATM services on June 10. The number of closed post offices as of June 10, 2011 decreased to 91.

The Japan Post Group will continue to strive for a swift recovery and work to provide sufficient and adequate services to its customers in devastated areas.

Note: The number of post offices mentioned in the above paragraphs only includes directly operated post offices.



### ■ Number of Directly Operated Post Offices Suspending Counter Operations



A makeshift office used by the Rikuzentakata Post Office

## 3. Support Provided by the Japan Post Group to Disaster Victims

### Counter Operations

#### ○ Extra counter service hours

Opened post offices and branches of Japan Post Bank within the Tohoku region for extra hours on Saturdays, Sundays and public holidays to handle emergency deposit withdrawals by disaster victims.

#### ○ Special counter services by mobile post offices

Provided special counter services through mobile post offices to handle emergency deposit withdrawals, offer postcards free of charge and provide consultations on insurance matters.

#### ○ Counter services via dispatch of staff to evacuation shelters

Dispatched post office staff to evacuation shelters to handle emergency deposit withdrawals by disaster victims.

### Postal Operations

#### ○ Offering postcards free of charge

Provided postcards free of charge to disaster victims and handled their mail without charging postage.

#### ○ Delivery of mail and Yu-Pack parcels to evacuation shelters

#### ○ No postal charge on registered mail used to send cash for disaster relief purposes

Handled registered mail without charging postage when used to send cash for disaster relief to organizations engaged in disaster relief activities.

#### ○ Issuing of donation-added postage stamps and postcards

Issued 28 million donation-added postcards on June 1 and 70 million donation-added postage stamps on June 21. Donations will be made for the purpose of helping disaster victims.

#### ○ Allocation of New Year's postcard charitable donations

For a portion of the New Year's postcard charitable donations for fiscal 2011 amounting to ¥100 million, we solicited applicants again and distributed these donations to organizations providing support to disaster victims.

### Financial Services

#### ○ Emergency deposit withdrawals and insurance payments

Provided an emergency deposit withdrawal service (maximum amount of ¥200,000/person) for disaster victims who have lost their passbooks, insurance policies or seals, extending the grace period (the period in which the insurance stays in force when there is a delay in premium payment) to a total of nine months and making emergency insurance payments (as of June 1, 2011).

#### ○ No commission charge on transfer of relief funds

Handled transfer of relief funds to organizations engaged in disaster relief activities without charging commission fees when transfer was made manually at the post office counter.

### Others

#### ○ Accepting disaster victims at *Kanpo no Yado* inns

Accepted disaster victims at *Kanpo no Yado* inns. Offered other available company houses and accommodation facilities to national and relevant local governments.

#### ○ Medical support by Teishin Hospitals

Accepted patients from Ishinomaki and Shiogama Cities and provided a free health consultation service for disaster victims at Sendai Teishin Hospital. Transported medical supplies, medical materials and emergency preserved foods for patients from Teishin Hospitals across the country.

#### ○ "Yellow Post Box Fund-raising Campaign"

Post offices nationwide supported a charity drive organized by employee volunteers from each of the Group companies by soliciting donations at the counter.

#### ○ Monetary donations

Japan Post Holdings, Japan Post Bank and Japan Post Insurance made monetary donations totaling ¥300 million (¥100 million each) on March 31.

## 4. Impact of the Disaster on the Japan Post Group

### 1. Casualties

(As of June 20, 2011 Persons)

		Killed	Missing
Post offices	Directly operated post offices	14	6
	Contracted post offices	7	1
Japan Post Service Co., Ltd.		22	6
Japan Post Holdings Co., Ltd.		3	—
Other Subsidiaries		2 (*)	—
Total		48	13

\* Employees of Japan Post Transport Co., Ltd.

### 2. Damage to Buildings

(Immediately after the earthquake)

#### Japan Post Network Co., Ltd.

##### ■ Directly operated post offices

(Unit: post offices)

Prefecture	No. of post offices	Totally destroyed	Partial / Minor damage	Flooded
Hokkaido	1,215	0	0	2
Aomori	267	0	0	2
Iwate	308	27	2	4
Miyagi	363	24	9	22
Fukushima	432	7	4	1
Ibaraki	465	0	0	1
Chiba	691	0	0	1
Total	3,741	58	15	33

Total number of post offices damaged: 106

##### ■ Contracted post offices

(Unit: post offices)

Prefecture	No. of post offices	Totally destroyed	Partial / Minor damage	Flooded
Iwate	118	13	2	1
Miyagi	89	9	1	2
Fukushima	112	2	0	1
Ibaraki	54	1	0	0
Total	373	25	3	4

Total number of post offices damaged: 32

Damage to ATMs: 131 (only including those installed at post offices)

#### Japan Post Service Co., Ltd.

(Numbers in parentheses refer to the number of collection and delivery centers, as shown separately.)

(Branches)

Prefecture	No. of branches	Totally destroyed	Partial / Minor damage	Flooded
Iwate	15(75)	2(3)	1(1)	(1)
Miyagi	18(67)	(8)	(1)	3(4)
Fukushima	21(105)	0	(1)	0
Ibaraki	31(53)	0	0	(1)
Chiba	48(48)	0	0	(1)
Total	133(348)	2(11)	1(3)	3(7)

Sorting machines damaged: 3 / Vehicles damaged: 470\*

(Breakdown) Two-wheeled: 325 / Four-wheeled: 145

\* Survey is still ongoing, and figures may vary.

#### Japan Post Holdings Co., Ltd.

##### *Kanpo no Yado* Inns

##### ■ Inns closed due to damage to buildings

(Prefecture)

Iwate:	1 (Ichinoseki)	Ibaraki:	2 (Oarai and Itako)
Akita:	1 (Yokote)	Tochigi:	1 (Tochigi Kitsuregawa Onsen)
Miyagi:	1 (Matsushima)	Chiba:	1 (Asahi)
Yamagata:	1 (Sakata)		
Fukushima:	2 (Koriyama and Iwaki)	Total:	10

Facilities owned by Japan Post Bank and Japan Post Insurance also sustained partial or minor damage.



# 3. 140 Years of Japan's Modern Postal Service

Japan's modern postal service was founded in 1871 and celebrates its 140th anniversary in 2011. Since its founding, the postal service has been offering various products and services through post offices, remaining close to people's lives in each period.

The following sections provide a brief overview of the progress of Japan's modern postal service over the course of 140 years.

## 1. Founding of Modern Postal Service and Hisoka Maejima



A portrait of Hisoka Maejima on a postage stamp

Portraits of Hisoka Maejima have been used on numerous stamps, appearing first on the commemorative postage stamp issued in 1921. This is the current one-yen ordinary stamp, redesigned in 2010.

Japan's modern postal service was founded on March 1 (or April 20 in the Gregorian calendar) in 1871 based on a proposal made by Hisoka Maejima, a government official working for the newly inaugurated Meiji government. Born in present-day Joetsu City, Niigata Prefecture, he came to Edo (now Tokyo) to receive the latest education. His encounter with the black ships of Commodore Perry during his stay in Edo turned his interest toward national defense and

marine transportation, and he consequently learned ship handling and navigation. At that time, sending information to a remote location relied on private *hikyaku* messengers. This *hikyaku* runner service took days to deliver messages, was expensive with fees determined by negotiation between clients and runners, and was not always available in rural areas. Maejima himself felt these inconveniences when he exchanged letters with his home town. After becoming a deputy director of the government office responsible for transportation and communications, he made a proposal on the establishment of an easily accessible postal service that is universally and equally available to everyone, allowing people to send letters at the lowest possible cost and have their letters delivered quickly using a relay system. To improve the accessibility of the service, he devised a system in which people buy postage stamps in advance, put them on letters and drop letters in letter collection boxes, now called post boxes.

Despite the Meiji government's tight budget, a nationwide postal service network (excluding a part of Hokkaido) was set up almost within a year from the founding of the postal service. This was the result of dedicated efforts by mail handling agents in each region, who turned their homes into mail handling offices and worked for free, although they were treated as government officials. Most of them were former officials of inn towns along major roads, owners of official-use accommodation facilities in these towns and village mayors. The number of government mail offices and mail handling offices (both later renamed post offices), which was only 65 at the beginning, rapidly increased to over 1,100 by the end of the next year.

Immediately after making his proposal, Maejima visited the U.K. on the order of the Meiji government. Upon returning, he applied for and assumed the position of director of the said government office and established a nationwide flat-rate system on April 1, 1873 based on the findings during his trip to the U.K.



Early postage stamps [from Postal Museum collection]

Japan's first postage stamps were issued when the postal service was founded in 1871. Stamps shown here are called *ryu-mon* stamps because they bear a *ryu* (dragon) pattern and have a denomination value in *mon* (a unit of money used during the Edo era).

In addition to the postal service, postal money transfer service and postal savings service (the predecessors of the remittance and savings services now undertaken by Japan Post Bank) were established on January 2, 1875 and May 2, 1875, respectively, again following Maejima's proposals. He also proposed the launch of postal life insurance service (the predecessor of the life insurance service now undertaken by Japan Post Insurance) at around the same time, but had to wait until October 1, 1916 to see the actual start of the service.

As described above, Hisoka Maejima built up the foundation of the current postal service in Japan. He also played a significant role in other fields ranging from marine transportation, newspaper, telephone and railway to education, including efforts to refine the use of *kanji* characters.



Tokyo Post Office Lobby from the *Mail Handling Picture Book* by Shinsai Shibata (1884) [from Postal Museum collection]



## 2. Establishment of Postal Service

The history of modern postal service is also the history of modern transportation service. In 1872, the year following the founding of the postal service, transportation of mail by horse-drawn wagons began under the name *yubin basha*. Later in the same year, transportation of mail by rail was initiated as a railway line began operating on a trial basis between Shinagawa and Yokohama. The speed of mail delivery increased significantly as a result of the continued expansion of the railway network throughout the country and the launch of on-board mail sorting for relay in 1892. Automobiles and aircraft were used to transport mail for the first time in 1908 and 1919, respectively.



**Mail Wagon and Hand Cart in the Snow from the *Mail Handling Picture Book* by Shinsai Shibata (1884) [from Postal Museum collection]**  
A flag with a red circle and a horizontal line is attached to the wagon.



**Mail Wagons, Tokyo Post and Telegraph Office from the *Mail Operations Picture Book* by Beisen Kubota (1893) [from Postal Museum collection]**  
A flag bearing the same 卐 mark as used now is attached to the wagon.



**Loading and unloading of mail bags by a loading machine (1907) [from Postal Museum collection]**

A machine developed to load/unload mail bags onto/from railway mail cars attached to express trains at way stations. The loading/unloading of large mail bags were unsafe and prone to failing because of frequent machine troubles and operator errors. Consequently, the use of this machine was discontinued in 1939.

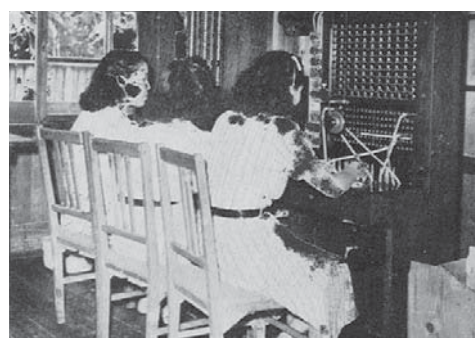
From the very beginning, a flag with a red circle and a horizontal line was used as a symbol of the postal service. In 1887, it was replaced by the 卐 mark, a symbol of the Ministry of Communications. This mark is still used to represent postal service and post offices and is a brand logo of the Japan Post Group. Some say this mark has taken its shape from the first *katakana* letter, 万, of the ministry's name.

By the middle of the Meiji era, the postal service became prevalent among Japanese citizens, and the number of postcards sent for New Year's greeting purposes was showing a steady increase every year. In response, post offices launched a special New Year's postcards delivery service in 1899, in which New Year's postcards were collected from December 20 until 30 and delivered on the first day of the next year, with a postmark showing the date January 1 stamped on each postcard.

The first type of post box introduced in the year following the founding of the postal service was painted black. In 1901, red and round column post boxes were introduced, and they became a prototype of the ones currently in use. There were also concrete or ceramic post boxes used during the Second World War, but the color always remained red.

In the latter half of the Meiji era, the number of post offices offering telegraph and telephone switching services increased in rural areas. This resulted in a rapid spread of the use of telegrams and telephones across the country. These telegraph and telephone switching services at post offices continued for a long time after the Second World War. The latter service continued until a nationwide automatic telephone switching network was established in 1979.

In 1934, the operation of the postal service was removed from the government's general account and placed under one of its special accounts. Since then, the postal service has been operating on a stand-alone basis without getting financial support from the general account (i.e., tax money), except when commodity prices skyrocketed during the post-war period.



**Telephone switching service at a post office (1940, Miyakejima Post Office) [from Postal Museum collection]**

A photograph showing the early telephone switching operation at a post office. Many of the post offices across the country provided telegraph and telephone switching services on consignment from Nippon Telegraph and Telephone Public Corporation during the post-war period.

### 3. Recovery from Disaster, War-Damage Reconstruction and Postal Service

Post offices and facilities used for postal operations sustained considerable damage from the Great Kanto Earthquake that occurred in 1923 and the resulting fire that spread across the Kanto region. They were again badly damaged during the Second World War by air raids over major cities and the land battle in Okinawa. At both occasions, a great number of postal service employees and their families were killed or reported missing, becoming disaster/war victims themselves.

Under these circumstances, post office staff dedicated themselves to restoring normal postal operations, and the postal service became an important part of the infrastructure required for recovery and reconstruction during the post-disaster and post-war periods.

Immediately after the Great Kanto Earthquake, post offices quickly started offering emergency postal services similar to those provided today, such as deployment of mobile post offices using bicycles and handling of emergency withdrawals and insurance payments for people who lost their passbooks or insurance policies.

Following the Great Hanshin Awaji Earthquake in 1995 and the Niigata Chuetsu Earthquake in 2004, post offices in these damaged areas undertook similar activities to support disaster victims. These included checking the whereabouts of evacuees and delivering mail to evacuation shelters, charging no fees on registered mail or money transfers when used to send disaster relief funds and offering postal counter services via mobile post offices.



**Delivery of mail in areas damaged by the Great Kanto Earthquake** [from Postal Museum collection]

A photograph showing delivery of mail after the Great Kanto Earthquake. Post office staff tried to locate recipients by visiting each temporary shelter built in burnt-out areas and delivered mail to them.



**Delivery of mail after the Great Hanshin Awaji Earthquake**

Mail carriers leaving the Nagata Post Office (in Nagata-ku, Kobe City) to deliver mail in disaster-stricken areas after the earthquake on January 23, 1995.



**Emergency postal services after the Great Hanshin Awaji Earthquake**

A photograph showing emergency postal services provided at the Nagata Post Office.

#### History of Post Boxes



**Letter Collection Box, 1871**

The first type of post box introduced in urban areas upon the founding of the postal service. Said to be used in the Kansai region.



**Black Pillar Box (Replica), 1872**

The word *yubin bako* (post box) is written on its front in white lacquer. There is a humorous episode that some gentlemen from rural areas misread the word and mistook it for a public toilet.



**Tawaraya-Type Post Box, 1901**

An iron post box designed by Takashichi Tawaraya. The first post box to be painted red, with its shape resembling the round column post box currently in use (Post Box No. 1 – Round Type).



**Rotary Disk Post Box, 1908**

The first officially-designated prototype post box made of iron and painted red. Rotating the round disk attached to its front after inserting a letter from the slot drops it downward.



## 4. Development of Postal Service

During the end of the Meiji era, mail carriers began to use bicycles to collect and deliver mail. Motor scooters were first deployed to post offices in 1948. Later, red motorcycles called *yubin bike* became the primary means of delivering mail, while red four-wheeled mini vehicles were also used to collect and deliver small parcels (now Yu-Pack parcels).

Also in 1948, post offices resumed the special delivery service of New Year's postcards, which was suspended in 1940, the year before the Second World War started. They issued their first New Year's lottery postcards in December of the next year (1949). For that year, the special prize was high-grade sewing machines, and the first prize was pure wool clothing materials. At that time, clothes were still a controlled item requiring rationing coupons.



**First issuance of New Year's lottery postcards [from Postal Museum collection]**

A poster announcing the issuing of the country's first New Year's lottery postcards. Each postcard had a lottery number, and prize winners were determined by a drawing. Some were donation-added postcards. It was a truly unique, epoch-making initiative, bringing fun and serving to promote social welfare at the same time.

In 1968, a three- or five-digit postal code system was introduced. The system allowed sorting machines to automatically read postal codes and sort mail and parcels by delivery post office, thereby increasing the speed of mail delivery service.



**Postal code book [from Postal Museum collection]**

Distributed to households and offices throughout the country for customers' convenience. The photograph shows the 1975 edition.



**Automation of postal service operations [from Postal Museum collection]**

The introduction of the postal code system allowed postal code reading/sorting machines to automatically sort letters and postcards by postal code.

### Changes in New Year's Postcards Lottery Prizes

	1950	1957	1967	1987	2011
Special prize	High-grade sewing machines	Electric washing machines			
1st prize	Pure wool clothing materials	Bicycles	Portable TVs	Hi-Fi video tape recorders	40-inch hi-vision LCD TVs / Overseas/domestic travel packages of customer's choice / Office supplies sets of customer's choice / Laptop PCs and others / Electric bicycles
2nd prize	Baseball gloves for schoolchildren	Vinylon blankets (double-sized)	10-transistor radios	Electromagnetic cookers	Home-use video game machines / Digital cameras and others / Humidifiers/air cleaners / Dinner coupons and others / Coffee machines
3rd prize	Umbrellas for schoolchildren	Clothes irons	Bedding sheets	Western tableware sets	Regional brand food and specialty of customer's choice
4th prize	Postcard boxes	Facial soaps	Envelope sets	Letter paper sets	Sheets of New Year's postage stamps
5th prize	Letter paper and envelope sets	Sheets of New Year's postage stamps	Sheets of New Year's postage stamps	Sheets of New Year's postage stamps	
6th prize	Sheets of New Year's postage stamps				



**Post Box No. 1 – Round Type, 1949**

Put into practical use as a new iron post box in the post-war period, and is still in use. Its circular face is considered to take its shape from the rotary disk post box.



**Post Box No. 3, 1951**

Designed to respond to increasing mail volume following the progress in the war-damage reconstruction. A rectangular steel-plate post box with increased capacity.



**Post Box No. 7, 1962**

A post box developed for more efficient mail sorting and speedy delivery. People drop letters by destination in either of these two slots.



**Post Box No. 13, 1996**

A modern post box developed in 1996. Has larger slots for easy dropping of large envelopes. Also painted red, but in a brighter tone.

Note: Photos are from the Postal Museum collection.

During the mid-1960s through the mid-1980s, the expansion of the expressway network and improved vehicle performance triggered a gradual shift of railway cargo transport to road transport. In 1971, upon the 100th anniversary of the postal service, the first long-distance land mail transportation service was launched between Tokyo and Osaka, and the primary mode of transport used in the national mail transportation system switched from railways to motor vehicles in February 1984. This also resulted in discontinuation of the on-board mail sorting service. Railway transport of mail (excluding rail container transportation of bulk mail) was discontinued by the end of September 1986.



Suyu-15 type railway mail car (1978) [from Postal Museum collection]



Postal staff sorting mail onboard the railway mail car (1975)  
[from Postal Museum collection]

Mail bags, which had been used to transport mail for a long time, were replaced by roll pallets and roll pallet cases throughout the country in 1990. The replacement served to prevent accidental damage to mail during handling and improve the efficiency of work within post offices.



Mail bags piling up high in a post office (1968, former Tokyo Northern Parcel Collection Center) [from Postal Museum collection]



Loading and unloading of roll pallets  
(2011, Shiba Branch, Japan Post Service Co., Ltd.)

Letters and postcards are placed in roll pallet cases and then loaded onto aluminum roll pallets for transportation, while Yu-Pack parcels are directly loaded onto roll pallets.

A seven-digit postal code system was introduced in 1998. This enabled sorting machines to automatically arrange letters in the order of delivery, further speeding up mail delivery.

For the last 140 years, our mail and Yu-Pack services have been well used by a large number of customers and have become an essential part of their lives and economic and social activities. Despite the intensifying competition with other communications means and parcel delivery companies, the number of mail/parcels handled per year has shown a drastic increase from 10 million in 1873, the year following the completion of the nationwide postal network, to around 20 billion today. The number of post offices also increased from about 1,100 to 24,000 during the same period, and they offer communication, logistics and financial services closely linked to each community. The Japan Post Group will continue to provide useful and convenient services to its customers and to economic and social activities of the country through its truly nationwide network of post offices which are close to its customers.



## (Reference) History of Postal Products and Services

○ Japan Post Group   ● Japan Post Network   ● Japan Post Service   ● Japan Post Bank (remittance and postal deposits business before privatization)  
● Japan Post Insurance (postal life insurance business before privatization)

Year	Major Event
1871	● Modern postal service established (new postal system set up between Tokyo and Kyoto and Tokyo and Osaka)
1872	● Registered mail service launched ● Nationwide postal network completed
1873	● Nationwide flat-rate system introduced ● Issuance of postcards begun
1875	● Government mail offices and mail handling offices renamed post offices ● Postal money order service established ● International mail service launched ● Postal savings service established
1877	● Joined the Universal Postal Union
1880	● Foreign postal money order service launched
1885	● Issuance of reply-paid postcards begun ○ Ministry of Communications established
1887	○ The 〒 mark adopted as the logo for the Ministry of Communications
1892	● Parcel post service begun
1894	● First commemorative stamps (two types; celebrating the 25th royal wedding anniversary of the Meiji Emperor) issued
1899	● Special New Year's postcards delivery service launched (suspended in 1923, when the Great Kanto Earthquake occurred, and in the pre- and post-war periods from 1940 to 1947)
1901	● Red post boxes introduced
1906	● Postal <i>giro</i> service established
1910	● Annuities and government pensions payment service launched
1911	● Express mail service launched
1916	● Postal life insurance service established
1926	● Postal life annuity business established
1928	● <i>Kokumin Hoken Taiso</i> (radio exercise) program launched
1931	● Foreign postal <i>giro</i> service launched
1941	● <i>TEIGAKU</i> deposits introduced
1944	● System allowing payment of postage in arrears introduced
1949	○ The Ministry of Posts and Telecommunications established ○ Law Concerning Contracted Post Offices went into effect ● Issuance of New Year's lottery postcards begun
1950	● Issuance of summer greeting postcards begun
1951	● New radio exercise program launched
1961	● Postal orders ( <i>TEIGAKU KOGAWASE</i> ) service introduced
1968	● Three- or five-digit postal code system introduced
1973	● Depositor loan service introduced

Year	Major Event
1975	● Express mail service (EMS) launched
1977	● Online postal life insurance service launched
1978	● Online postal savings service launched
1980	● Cash dispensers (CDs) for postal savings introduced
1981	● Automatic teller machines (ATMs) for postal savings introduced ● Trial service for electronic postal mail launched
1983	● <i>Furusato</i> parcel service launched
1986	● Automatic insurance premiums transfer service launched
1988	● Sales of Japanese government bonds begun
1989	● Issuance of regional stamps (later renamed <i>Furusato</i> stamps) and New Year's lottery stamps begun ● New general passbook service launched
1991	● Issuance of <i>Furusato</i> picture postcards and donation-added New Year's lottery stamps begun ● Foreign exchange service launched
1998	● Seven-digit postal code system introduced
1999	● ATM/CD alliance service with private-sector financial institutions launched ● <i>Minna no Taiso</i> ("Exercise for Everyone") program developed ● Sales of lotteries begun
2000	● Mutual remittance services between post offices and private-sector financial institutions begun
2001	○ Postal Service Agency established
2002	● Defined contribution pensions (individual annuities) service begun
2003	○ Japan Post established ● EXPACK500 standard-size parcel service launched
2005	● Sales of investment trusts begun
2007	○ Japan Post Group established ● Carbon offset New Year's postcards added to the lineup of 2008 New Year's postcards
2008	● Issuance of JP BANK CARD begun ● Intermediary service for individual loans launched ● Agent sales of individual annuities begun ● A new hospitalization rider, <i>Sono hi kara</i> , launched ● Post Office Referrals comprehensive lifestyle referral services launched ● Sales of third-sector insurance begun ● Sales of life insurance for corporate clients (for management-level personnel) begun ● Online connection to the Zengin Data Telecommunication System (Zengin System) established
2010	● Letter Pack service launched

# 4. Japan Post Group Highlights in Fiscal 2011

2010

April

May

June



Launched Letter Pack services. (4.1)



Exhibition at 2010 Shanghai Expo (5.1 to 10.31)



Started sales of Kamo-Mail. (6.1)



Original "Penguin" Goods Giveaway Campaign (4.1 to 5.31)



"Flowers" promotional campaign (5.10 to 6.30)



Japanese Bank in Association with Visa



Supported the 2010 FIFA (International Federation of Association Football) World Cup in South Africa. (6.1 to 7.11)

Sold Pocari Sweat Natsu Gokoro Letter. (6.15 to 8.31)



## ■ 4.1 ..... ●

### Launched Letter Pack services.

Launched Letter Pack services, which can carry personal letters that were prohibited in our previous EXPACK500 service. [Go to P.40](#)

## ■ 4.1 ..... ●●

### Reinforced verification of relocation forms.

Reinforced our ID/address check process to counter fraud cases involving fake relocation forms being used to intercept mail and parcels. [Go to P.40](#)

## ■ 4.1 ..... ●

### Started an automatic transfer service.

Started an automatic transfer service to make periodic money transfers to other financial institutions' accounts.

## ■ 4.1 to 3.31 ..... ●●

### Yucho Arigatou Campaign

Held a Yucho Arigatou Campaign to show our appreciation to customers for their patronage.

## ■ 4.1 to 5.31 ..... ●●

### Original "Penguin" Goods Giveaway Campaign

Ran a campaign to celebrate the first anniversary of Yucho IC Cash Card Suica, a combined ATM/Suica card.

## ■ 4.23 to 4.25 ..... ●

### 2010 All-Japan Stamp Exhibition

Held the 2010 All-Japan Stamp Exhibition to show the value of letters and the joy of the collection and study of stamps to a wide range of audiences.

## ■ 5.1 to 10.31 ..... ●

### Exhibition at 2010 Shanghai Expo

The Japan Post Group operated a hands-on theater in the Japan Industry Pavilion under the theme of "Mediator of Communication," which combined animation films, illumination works, sculptures and information. The Group was also commissioned to design and construct the pavilion, provide international logistics services for the event and orchestrate various stage performances.

## ■ 5.10 to 6.30 ..... ●●

### "Flowers" promotional campaign

Ran a "Flowers" promotional campaign, a tie-up with the movie *Flowers*. It was the first movie tie-up project for Japan Post Insurance. [Go to P.65](#)

## ■ 5.10 ..... ●

### Expanded the number of branches handling mortgage loans.

Expanded the number of branches handling mortgage and other loans by 32 to 82 branches across the country.

## ■ 5.20 ..... ●

### Finalized distribution of New Year's postcard charitable donations.

Allotted ¥400.46 million raised from New Year's postcard donations to 236 organizations and ¥156.5 million raised from carbon offset postcards donations to 19 organizations. [Go to P.91.96](#)

## ■ 5.28 ..... ●●

### Announced an outline of JP Tower (tentative name) construction plan.

Announced an outline of the plan to construct JP Tower (tentative name; 38 stories above ground and 4 below; construction scheduled to be completed in 2012) on the site formerly used by the Tokyo Central Post Office.

## ■ 6.1 ..... ●●

### Started sales of Kamo-Mail.

Started sales of Kamo-Mail summer 2010 greeting postcards available in five types: one plain, three illustrated and one with donations added.

## ■ 6.1 to 7.11 ..... ●

### Supported the 2010 FIFA World Cup in South Africa.

Supported the 2010 FIFA World Cup in South Africa under a sublicensing agreement with Visa in the banking category. Japan Post Bank will also support the 2014 FIFA World Cup in Brazil.

## ■ 6.15 to 8.31 ..... ●

### Sold Pocari Sweat Natsu Gokoro Letter.

Japan Post Network and Otsuka Pharmaceutical Co., Ltd. jointly conducted sales of *Natsu Gokoro Letter*, a package containing powder of the sports drink Pocari Sweat, which can be sent by mail with a message, at about 7,000 post offices around the country. [Go to P.31](#)

## ■ 6.18 ..... ●

### Lowered designated fees on ATM/CD alliance services.

Lowered designated service fees charged when putting or withdrawing money to/from ordinary deposits (including automatic loans) on ATMs/CDs of partner financial institutions.

## ■ 6.18 to 7.25 ..... ●

### Held a special exhibition entitled "Railways and Postal Service."

Held a special exhibition entitled "Railways and Postal Service" at the Communications Museum to show the history of postal service' deep relationship with railways.

## ■ 6.24 ..... ●

### Launched an intermediary sales service for a direct marketing e-learning program.

Launched an intermediary sales service for a direct marketing e-learning program provided by the U.S. Direct Marketing Association (DMA).

## July

## August

## September



Began sales of the second series of *Gotochi* Form Cards. (7.1)

"Support for Miyazaki" Fair (8.2 to 9.30)



Fall Arigatou-Fair at Post Offices (9.1 to 10.29)



Festival of 10 Million People's Radio Exercise and Minna no Taiso (8.1)



Launched a series of TV commercials, *Nippon Zenkoku*, *Yucho Kazoku*. (8.16)



Held a special exhibition, "*Tegami de egao wo kanadeyou* ♪ meets Taro Hakase." (9.11 to 11.7)

- 7.1 ..... ●  
**Began sales of the second series of *Gotochi* Form Cards.**  
 Released 47 new designs for *Gotochi* Form Cards, each bearing illustrations of local products, tourist spots, events or individuals representative of each prefecture. [Go to P.31,89](#)
- 7.1 ..... ●  
**Integrated Yu-Pack and Pelican delivery services.**  
 Took over Pelican parcel delivery service of JP Express Co., Ltd. and started providing a new Yu-Pack service on July 1. We apologize for delivery delays immediately following the launch, causing inconveniences to our customers. (The service has been restored by July 15.) [Go to P.40](#)
- 7.1 ..... ●  
**Launched an Internet label printing service for Pos Packet parcels.**  
 Launched an online service that enables customers to print Pos Packet labels using their personal computers and printers.
- 7.29 ..... ●  
**Finalized distribution of postage stamp donations for animal protection.**  
 Issued special donation-added postage stamps commemorating the 60th anniversary of Be Kind to Animals Week in Japan in fiscal 2010 and allotted ¥41.67 million to 24 organizations. [Go to P.91](#)

- 8.1 ..... ●  
**Festival of 10 Million People's Radio Exercise and Minna no Taiso**  
 Japan Post Insurance, NHK (Japan Broadcasting Corporation) and NPO Japan Radio-taiso Federation jointly held the 49th Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone") in Oita City. [Go to P.65](#)
- 8.2 to 9.30 ..... ●  
**"Support for Miyazaki" Fair**  
 Ran a "Support for Miyazaki" Fair at post offices across the country to provide assistance to Miyazaki Prefecture, which suffered considerable economic damage caused by an outbreak of foot-and-mouth disease, and donated 5% of the proceeds, amounting to ¥6,431,790, to Miyazaki Prefecture. [Go to P.31,89](#)
- 8.16 ..... ●  
**Launched a series of TV commercials, *Nippon Zenkoku*, *Yucho Kazoku*.**  
 Launched a series of TV commercials for broadcast across the country, *Nippon Zenkoku*, *Yucho Kazoku*, centered around the concept of creating a bond of happiness. [Go to P.54](#)

- 9.1 to 10.29 ..... ●●●●●  
**Fall Arigatou-Fair at Post Offices**  
 Held the Fall Arigatou-Fair at all post offices nationwide and Japan Post Group branch offices, giving out special gifts, such as a selection of food from northern Japan and accommodation coupons for *Kampo no Yado* inns, to a total of 100,000 winners.
- 9.11 to 11.7 ..... ●  
**Held a special exhibition, "*Tegami de egao wo kanadeyou* ♪ meets Taro Hakase."**  
 Held a special exhibition called "*Tegami de egao wo kanadeyou* ♪ meets Taro Hakase" at the Communications Museum, consisting of an exhibition and events based on the themes of "smile" and "letters."



2010

October

November

December



EMS 35th Anniversary Campaign (10.1)



©Disney  
Started sales of New Year's postcards. (11.1)



Started sales of In print New Year's postcards and Otoshidama envelopes. (11.15)



Yu Aoi, the "image character" of 2011 New Year's postcard campaign

Exhibited at Eco-Products 2010. (12.9 to 12.11)



Piggy bank that won the Minister of Education, Culture, Sports, Science and Technology Incentive Award (first grade group) in the original piggy bank design contest



- 10.1 ..... ●  
**EMS 35th Anniversary Campaign**  
Opened a special website, "EMS 35th Anniversary Special Site," and ran a campaign to celebrate the 35th anniversary of the express mail service (EMS).

- 10.1 ..... ●●  
**Extended period for the elimination of fees for internal transfer of funds.**  
Extended the period for eliminating fees for transfer of funds between Japan Post Bank accounts through cash ATMs, which started in October 2007, until the end of September 2011.

- 10.1 ..... ●●  
**Started over-the-counter sales of Toshin Direct products.**  
Started sales of four products, originally sold through Toshin Direct (an Internet transaction service), at the counter of Japan Post banks and post offices and through a telephone transaction service called "Investment Trust Home Service." The fees on purchases made through Toshin Direct are now 20% lower than those on over-the-counter purchases.

- 10.4 ..... ●  
**Began accepting international remittance to Japan Post Bank accounts in Euros.**  
Started handling international remittance in Euros from overseas banks to Japan Post Bank accounts in addition to the conventional service available in U.S. dollars.

- 11.1 ..... ●●  
**Started sales of New Year's postcards.**  
Started sales of 2011 New Year's postcards. Yu Aoi, a Japanese actress, appeared as the "image character" in the promotional campaign. [Go to P.41](#)

- 11.15 ..... ●  
**Started sales of In print New Year's postcards and Otoshidama (New Year's money) envelopes.**  
Once again, sold In print New Year's lottery postcards and Otoshidama (New Year's money) gift envelopes. Conducted sales of Otoshidama KitKat with Otoshidama envelope, a product jointly developed with Nestlé Japan Ltd., which was also offered last year. [Go to P.31](#)

- 11.22 ..... ●●  
**Tie-up with China Post Group Corp. for expansion of international logistics business**  
Reached an agreement with China Post Group Corp. to strengthen cooperation in seeking new opportunities and challenges for the promotion of Japan-China international logistics business. [Go to P.41](#)

- 11.27 to 1.30 ..... ●  
**Held a special exhibition entitled "Nenga Hakurankai."**  
Held a special exhibition entitled "Nenga Hakurankai" at the Communications Museum to show New Year's customs and the history and culture of New Year's postcards in Japan.

- 12.2 ..... ●  
**Announced the prizewinners for the original piggy bank design contest.**  
Announced the prizewinners for the 35th original piggy bank design contest (held from August 23 to September 30, 2010). [Go to P.55,93](#)

- 12.9 to 12.11 ..... ●○  
**Exhibited at Eco-Products 2010.**  
Exhibited at Eco-Products 2010, one of the largest environment-related exhibitions held at Tokyo Big Sight. Presented environmental initiatives, including the donation of funds raised through sales of carbon offset postcards and tree-planting activities by the Japan Post Group company employees, using video and panel displays.



2011

January

February

March



Launch of Kit Mail (1.6)



"New Year Dream Kanpo" Campaign (1.11 to 3.11)



"Freshers Campaign" (2.1 to 5.31)

Debut of JP BANK JCB Card EXTAGE (2.1)



Spring Hajimeyou-Fair at post offices (3.1 to 4.28)



Postcard that won the Minister of Education, Culture, Sports, Science and Technology Award in the Letter Writing Contest (2.25)



- 1.1 .....  
**Delivery of New Year's postcards**  
 Delivered 2,084 million New Year's postcards nationwide on January 1, 2011.

- 1.4 .....  
**Started providing a special fee discount for the visually impaired customers.**  
 Started charging a lower commission fee, which is the same as the one charged when transferring money using ATMs, for visually impaired customers making money transfers at the counter. [Go to P.55,91](#)

- 1.6 .....  
**Started sales of Kit Mail.**  
 Started sales of Kit Mail, a product jointly developed with Nestlé Japan Ltd., for sending messages of support to students taking entrance examinations in 2011. [Go to P.31](#)

- 1.11 to 3.11 .....  
**Held a "New Year Dream Kanpo Campaign."**  
 Held a "New Year Dream Kanpo Campaign" at post offices and branches of Japan Post Insurance nationwide. [Go to P.65](#)

- 1.23 .....  
**Held a drawing for New Year's lottery postcards.**  
 Held a drawing for 2011 New Year's lottery postcards at the Communications Museum and picked the winning numbers for the first to fourth prizes.

- 2.1 .....  
**Started offering JP BANK JCB Card EXTAGE.**  
 Started offering a combined ATM/credit card, JP BANK JCB Card EXTAGE, targeting customers aged 18 to 29. [Go to P.54](#)

- 2.1 to 5.31 .....  
**Held the "Freshers Campaign."**  
 Held the "Freshers Campaign" at post offices and branches of Japan Post Bank nationwide. [Go to P.54](#)

- 2.5 and 2.26 .....  
**Held "Japan Post Insurance Health Promotion Living Symposium 2011: The First Step toward a Healthy Life in the Future."**  
 Held panel discussions exploring the topic of health, including a keynote speech by Kenji Ogiwara, an Olympic gold medalist in the Nordic combined team event. [Go to P.94](#)

- 2.20 .....  
**Held the National Presentation Contest for Communication by Postcard.**  
 Encouraged elementary schools that have participated in the letter writing workshop program to send in heart-warming postcards exchanged in their classrooms, and selected and announced outstanding ones at this national contest. [Go to P.93](#)

- 2.25 .....  
**Announced the prizewinners for the Letter Writing Contest.**  
 Announced the prizewinners for the 43rd Letter Writing Contest (held from July 1 to September 13, 2010). [Go to P.93](#)

- 2.28~ .....  
**Started a service to issue pension records.**  
 Started a service to issue pension records at designated post offices on consignment from the Japan Pension Service.

- 3.1 to 4.28 .....  
**Spring Hajimeyou-Fair at Post Offices**  
 Held a Spring Hajimeyou-Fair at post offices nationwide and branches of Japan Post Group companies, which is designed to provide support to new students, new employees and new community members starting a new life in April with a diverse range of products and services. [Go to P.30](#)

- 3.1 to 5.31 .....  
**"Suica Points" Giveaway Campaign**  
 Held the "Suica Points" Giveaway Campaign to give 10,000 Suica points (maximum) to winners who used Yucho IC Cash Card Suica during the campaign period.

- 3.8 .....  
**Announced the prizewinners for the All-Japan New Year's Postcard Contest.**  
 Announced the prizewinners for the 8th All-Japan New Year's Postcard Contest (held from November 15 to December 17, 2010). [Go to P.93](#)

- 3.11 .....  
**Great East Japan Earthquake occurred.** [Go to P.4](#)

# 5. Japan Post Group Financial Review

## 1

### Consolidated Summary (April 1, 2010 to March 31, 2011)

The Japan Post Group's consolidated net ordinary income was ¥956.9 billion and net income was ¥418.9 billion. At the end of the fiscal year, total assets amounted to ¥292,933.0 billion and net assets totaled ¥9,999.9 billion.

#### 1. Results of Operations (Year ended March 31, 2011)

	Japan Post Group (consolidated)	Japan Post Holdings (non-cons.)	Japan Post Network (non-cons.)	Japan Post Service (non-cons.)	Japan Post Bank (non-cons.)	Japan Post Insurance (non-cons.)
Net ordinary income	¥956.9 billion	¥143.4 billion	¥58.2 billion	(¥89.0 billion)	¥526.5 billion	¥422.2 billion
Net income	¥418.9 billion	¥153.6 billion	¥30.6 billion	(¥35.4 billion)	¥316.3 billion	¥77.2 billion

(Reference: Year ended March 31, 2010)

Net ordinary income	¥1,007.2 billion	¥147.1 billion	¥62.4 billion	¥56.9 billion	¥494.2 billion	¥379.6 billion
Net income	¥450.2 billion	¥145.3 billion	¥32.9 billion	(¥47.4 billion)	¥296.7 billion	¥70.1 billion

Note: Amounts less than ¥100 million are rounded down. The aggregate consolidated amounts and aggregate non-consolidated amounts do not correspond because of other consolidated accounting procedures.

The results of operations for the fiscal year ended March 31, 2011 for five companies (Japan Post Holdings, Japan Post Network, Japan Post Service, Japan Post Bank and Japan Post Insurance) are shown

above. After adding the results of operations of other subsidiaries and affiliated companies to consolidated operations, net income amounted to ¥418.9 billion.

#### 2. Financial Conditions (Year ended March 31, 2011)

	Japan Post Group (consolidated)	Japan Post Holdings (non-cons.)	Japan Post Network (non-cons.)	Japan Post Service (non-cons.)	Japan Post Bank (non-cons.)	Japan Post Insurance (non-cons.)
Total assets	¥292,933.0 billion	¥9,648.9 billion	¥3,249.8 billion	¥1,863.4 billion	¥193,443.3 billion	¥96,786.7 billion
Total liabilities	¥282,933.0 billion	¥1,266.1 billion	¥2,960.2 billion	¥1,671.8 billion	¥184,349.7 billion	¥95,579.0 billion
Net assets	¥9,999.9 billion	¥8,382.8 billion	¥289.5 billion	¥191.5 billion	¥9,093.6 billion	¥1,207.6 billion

(Reference: Year ended March 31, 2010)

Total assets	¥298,571.3 billion	¥9,625.5 billion	¥3,252.3 billion	¥1,963.4 billion	¥194,678.3 billion	¥100,969.7 billion
Total liabilities	¥288,945.3 billion	¥1,360.1 billion	¥2,985.1 billion	¥1,736.4 billion	¥185,838.8 billion	¥99,800.4 billion
Net assets	¥9,625.9 billion	¥8,265.3 billion	¥267.1 billion	¥226.9 billion	¥8,839.5 billion	¥1,169.3 billion

Note: Amounts less than ¥100 million are rounded down. The aggregate consolidated amounts and aggregate non-consolidated amounts do not correspond because of other consolidated accounting procedures.

Consolidated total assets at the end of the fiscal year were ¥292,933.0 billion, a year-on-year decrease of ¥5,638.3 billion. Assets included securities in the amount of ¥252,377.0 billion and loans discounted in the amount of ¥18,786.2 billion.

Consolidated total liabilities at the end of the fiscal year were ¥282,933.0 billion, a year-on-year decrease of ¥6,012.2 billion. Liabilities included deposits in the amount of ¥173,589.1 billion and policy reserves in the amount of ¥92,817.8 billion.

After excluding ¥36.3 billion in dividends within retained earnings and adding consolidated net income of ¥418.9 billion, net assets rose from ¥9,625.9 billion at the end of the previous fiscal year-end to ¥9,999.9 billion. Net assets included net unrealized gains on available-for-sale securities in the amount of ¥412.4 billion.

As of March 31, 2011, the consolidated capital adequacy ratio (domestic standard) was 61.30%.

### 3. Consolidated Financial Highlights (April 1, 2010 to March 31, 2011)

#### ■ Consolidated Results of Operations

<b>Ordinary income</b> (Year ended March 31, 2011) <b>¥17,468,947 million</b> (Year ended March 31, 2010) <b>¥18,773,630 million</b>		<b>Net ordinary income</b> (Year ended March 31, 2011) <b>¥956,917 million</b> (Year ended March 31, 2010) <b>¥1,007,260 million</b>		<b>Net income</b> (Year ended March 31, 2011) <b>¥418,929 million</b> (Year ended March 31, 2010) <b>¥450,220 million</b>	
<b>Net income per share</b> (Year ended March 31, 2011) <b>¥2,792.86</b> (Year ended March 31, 2010) <b>¥3,001.47</b>		<b>Diluted net income per share (Note)</b> (Year ended March 31, 2011) — (Year ended March 31, 2010) —			
<b>Return on equity</b> (Year ended March 31, 2011) <b>4.3%</b> (Year ended March 31, 2010) <b>4.9%</b>		<b>Net ordinary income/Total assets</b> (Year ended March 31, 2011) <b>0.3%</b> (Year ended March 31, 2010) <b>0.3%</b>		<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2011) <b>5.5%</b> (Year ended March 31, 2010) <b>5.4%</b>	

(Reference) Equity in earnings of affiliates

Fiscal year ended March 31, 2011: ¥31 million

Fiscal year ended March 31, 2010: ¥17 million

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

#### ■ Consolidated Financial Condition

<b>Total assets</b> (Year ended March 31, 2011) <b>¥292,933,013 million</b> (Year ended March 31, 2010) <b>¥298,571,321 million</b>		<b>Net assets</b> (Year ended March 31, 2011) <b>¥9,999,952 million</b> (Year ended March 31, 2010) <b>¥9,625,962 million</b>	
<b>Capital adequacy ratio (Note 1)</b> (Year ended March 31, 2011) <b>3.4%</b> (Year ended March 31, 2010) <b>3.2%</b>		<b>Net assets per share</b> (Year ended March 31, 2011) <b>¥66,658.19</b> (Year ended March 31, 2010) <b>¥64,165.72</b>	
		<b>Consolidated capital adequacy ratio (domestic standard) (Note 2)</b> (Year ended March 31, 2011) <b>61.30%</b> (Year ended March 31, 2010) <b>69.77%</b>	

Notes: 1. The capital adequacy ratio is calculated by dividing net assets less minority interests at the end of the fiscal year by total assets at the end of the fiscal year.

2. The consolidated capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 52-25 of the Banking Act and on the basis of criteria for judging whether a bank holding company's capital adequacy ratio and that of its subsidiaries are appropriate in light of assets held (Financial Services Agency Notice No. 20, 2006).

(Reference) Equity capital

Fiscal year ended March 31, 2011: ¥9,998,728 million

Fiscal year ended March 31, 2010: ¥9,624,858 million

## 2

### Japan Post Holdings Financial Highlights (April 1, 2010 to March 31, 2011)

In addition to serving as a holding company, Japan Post Holdings operates hospitals and hotels and also contracts to provide shared services to Group companies. Ordinary income was ¥309.3 billion, net ordinary income was ¥143.4 billion and net income was ¥153.6 billion.

#### ■ Results of Operations

<b>Operating income</b> (Year ended March 31, 2011) <b>¥305,878 million</b> (Year ended March 31, 2010) <b>¥317,087 million</b>		<b>Net operating income</b> (Year ended March 31, 2011) <b>¥140,752 million</b> (Year ended March 31, 2010) <b>¥144,339 million</b>		<b>Net ordinary income</b> (Year ended March 31, 2011) <b>¥143,466 million</b> (Year ended March 31, 2010) <b>¥147,179 million</b>		<b>Net income</b> (Year ended March 31, 2011) <b>¥153,622 million</b> (Year ended March 31, 2010) <b>¥145,389 million</b>	
<b>Net income per share</b> (Year ended March 31, 2011) <b>¥1,024.15</b> (Year ended March 31, 2010) <b>¥969.26</b>		<b>Diluted net income per share (Note)</b> (Year ended March 31, 2011) — (Year ended March 31, 2010) —					
<b>Return on equity</b> (Year ended March 31, 2011) <b>1.8%</b> (Year ended March 31, 2010) <b>1.8%</b>		<b>Net ordinary income/Total assets</b> (Year ended March 31, 2011) <b>1.5%</b> (Year ended March 31, 2010) <b>1.5%</b>		<b>Net operating income/Operating income</b> (Year ended March 31, 2011) <b>46.0%</b> (Year ended March 31, 2010) <b>45.5%</b>			

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

#### ■ Financial Condition

<b>Total assets</b> (Year ended March 31, 2011) <b>¥9,648,973 million</b> (Year ended March 31, 2010) <b>¥9,625,504 million</b>		<b>Net assets</b> (Year ended March 31, 2011) <b>¥8,382,804 million</b> (Year ended March 31, 2010) <b>¥8,265,323 million</b>	
<b>Capital adequacy ratio</b> (Year ended March 31, 2011) <b>86.9%</b> (Year ended March 31, 2010) <b>85.9%</b>		<b>Net assets per share</b> (Year ended March 31, 2011) <b>¥55,885.36</b> (Year ended March 31, 2010) <b>¥55,102.16</b>	

(Reference) Equity capital

Fiscal year ended March 31, 2011: ¥8,382,804 million

Fiscal year ended March 31, 2010: ¥8,265,323 million

### 3 Japan Post Network Financial Highlights (April 1, 2010 to March 31, 2011)

As a result of strengthening collaboration with the Japan Post Group companies and promoting sales activities, operating income amounted to ¥1,256.3 billion, and net operating income totaled ¥49.5 billion. Ordinary income was ¥1,284.9 billion, net ordinary income was ¥58.2 billion and net income was ¥30.6 billion.

#### Results of Operations

<b>Operating income</b> (Year ended March 31, 2011) <b>¥1,256,349 million</b> (Year ended March 31, 2010) <b>¥1,263,975 million</b>	<b>Net operating income</b> (Year ended March 31, 2011) <b>¥49,548 million</b> (Year ended March 31, 2010) <b>¥52,173 million</b>	<b>Net ordinary income</b> (Year ended March 31, 2011) <b>¥58,260 million</b> (Year ended March 31, 2010) <b>¥62,439 million</b>	<b>Net income</b> (Year ended March 31, 2011) <b>¥30,661 million</b> (Year ended March 31, 2010) <b>¥32,981 million</b>
<b>Net income per share</b> (Year ended March 31, 2011) <b>¥7,665.40</b> (Year ended March 31, 2010) <b>¥8,245.29</b>	<b>Diluted net income per share (Note)</b> (Year ended March 31, 2011) — (Year ended March 31, 2010) —		
<b>Return on equity</b> (Year ended March 31, 2011) <b>11.0%</b> (Year ended March 31, 2010) <b>12.9%</b>	<b>Net ordinary income/Total assets</b> (Year ended March 31, 2011) <b>1.8%</b> (Year ended March 31, 2010) <b>1.9%</b>	<b>Net operating income/Operating income</b> (Year ended March 31, 2011) <b>3.9%</b> (Year ended March 31, 2010) <b>4.1%</b>	

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

#### Financial Condition

Total assets	(Year ended March 31, 2011) ¥3,249,823 million (Year ended March 31, 2010) ¥3,252,318 million	Net assets	(Year ended March 31, 2011) ¥289,538 million (Year ended March 31, 2010) ¥267,122 million
Capital adequacy ratio	(Year ended March 31, 2011) 8.9% (Year ended March 31, 2010) 8.2%	Net assets per share	(Year ended March 31, 2011) ¥72,384.73 (Year ended March 31, 2010) ¥66,780.65
(Reference) Equity capital Fiscal year ended March 31, 2011: ¥289,538 million Fiscal year ended March 31, 2010: ¥267,122 million			

### 4 Japan Post Service Financial Highlights (April 1, 2010 to March 31, 2011)

Japan Post Service handled a total of 22,780.50 million items (a year-on-year decrease of 2.6%), including 19,812.10 million items of mail (down 3.7%), 343.32 million Yu-Pack parcels (up 47.3%) and 2,621.58 million Yu-Mail booklet parcels (up 3.2%). A decrease in revenue accompanying the decline in the number of items handled and an increase in expenses associated with taking over business operations from JP Express, resulted in ordinary income of ¥1,803.2 billion, a net ordinary loss of ¥89.0 billion, and a net loss of ¥35.4 billion.

#### Results of Operations

<b>Operating income</b> (Year ended March 31, 2011) <b>¥1,779,870 million</b> (Year ended March 31, 2010) <b>¥1,813,048 million</b>	<b>Net operating income</b> (Year ended March 31, 2011) <b>(¥103,473 million)</b> (Year ended March 31, 2010) <b>¥42,779 million</b>	<b>Net ordinary income</b> (Year ended March 31, 2011) <b>(¥89,093 million)</b> (Year ended March 31, 2010) <b>¥56,997 million</b>	<b>Net income</b> (Year ended March 31, 2011) <b>(¥35,435 million)</b> (Year ended March 31, 2010) <b>(¥47,493 million)</b>
<b>Net income per share</b> (Year ended March 31, 2011) <b>(¥ 8,858.86)</b> (Year ended March 31, 2010) <b>(¥11,873.34)</b>	<b>Diluted net income per share (Note)</b> (Year ended March 31, 2011) — (Year ended March 31, 2010) —		
<b>Return on equity</b> (Year ended March 31, 2011) <b>(16.9%)</b> (Year ended March 31, 2010) <b>(18.7%)</b>	<b>Net ordinary income/Total assets</b> (Year ended March 31, 2011) <b>(4.7%)</b> (Year ended March 31, 2010) <b>2.8%</b>	<b>Net operating income/Operating income</b> (Year ended March 31, 2011) <b>(5.8%)</b> (Year ended March 31, 2010) <b>2.4%</b>	

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

#### Financial Condition

Total assets		(Year ended March 31, 2011) ¥1,863,433 million (Year ended March 31, 2010) ¥1,963,440 million		Net assets		(Year ended March 31, 2011) ¥191,546 million (Year ended March 31, 2010) ¥226,981 million	
Capital adequacy ratio	(Year ended March 31, 2011) 10.3% (Year ended March 31, 2010) 11.6%	Net assets per share	(Year ended March 31, 2011) ¥47,886.61 (Year ended March 31, 2010) ¥56,745.46	(Reference) Equity capital Fiscal year ended March 31, 2011: ¥191,546 million Fiscal year ended March 31, 2010: ¥226,981 million			



## 5 Japan Post Bank Financial Highlights (April 1, 2010 to March 31, 2011)

As a result of sales efforts for keeping the balances of many matured *TEIGAKU* deposits, Japan Post Bank held deposits totaling ¥174.6 trillion (down ¥1.1 trillion from the year ended March 31, 2010) (deposits including unpaid interest amounted to ¥175.3 trillion [down ¥1.1 trillion]). Ordinary income (revenues) was ¥2,205.3 billion, net ordinary income was ¥526.5 billion and net income was ¥316.3 billion. Net operating profit was ¥508.3 billion, while the capital adequacy ratio (Basel II) was 74.82%.

### Results of Operations

<b>Ordinary income</b> (Year ended March 31, 2011) <b>¥2,205,344 million</b> (Year ended March 31, 2010) <b>¥2,207,942 million</b>		<b>Net ordinary income</b> (Year ended March 31, 2011) <b>¥526,550 million</b> (Year ended March 31, 2010) <b>¥494,252 million</b>		<b>Net income</b> (Year ended March 31, 2011) <b>¥316,329 million</b> (Year ended March 31, 2010) <b>¥296,758 million</b>	
<b>Net income per share</b> (Year ended March 31, 2011) <b>¥2,108.86</b> (Year ended March 31, 2010) <b>¥1,978.38</b>		<b>Diluted net income per share (Note)</b> (Year ended March 31, 2011) — (Year ended March 31, 2010) —			
<b>Return on equity</b> (Year ended March 31, 2011) <b>3.5%</b> (Year ended March 31, 2010) <b>3.4%</b>		<b>Net ordinary income/Total assets</b> (Year ended March 31, 2011) <b>0.2%</b> (Year ended March 31, 2010) <b>0.2%</b>		<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2011) <b>23.8%</b> (Year ended March 31, 2010) <b>22.3%</b>	

Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

### Financial Condition

<b>Total assets</b> (Year ended March 31, 2011) <b>¥193,443,350 million</b> (Year ended March 31, 2010) <b>¥194,678,352 million</b>		<b>Net assets</b> (Year ended March 31, 2011) <b>¥9,093,634 million</b> (Year ended March 31, 2010) <b>¥8,839,547 million</b>	
<b>Capital adequacy ratio</b> (Year ended March 31, 2011) <b>4.7%</b> (Year ended March 31, 2010) <b>4.5%</b>		<b>Net assets per share</b> (Year ended March 31, 2011) <b>¥60,624.23</b> (Year ended March 31, 2010) <b>¥58,930.31</b>	
		<b>Capital adequacy ratio (domestic standard) (Note)</b> (Year ended March 31, 2011) <b>74.82%</b> (Year ended March 31, 2010) <b>91.62%</b>	

Note: The capital adequacy ratio (domestic standard) is calculated in line with provisions of Article 14-2 of the Banking Act and on the basis of calculation formulae prescribed under the criteria for judging whether a bank's capital adequacy ratio is appropriate in light of assets held (Financial Services Agency Notice No. 19, 2006). (Reference) Equity capital  
Fiscal year ended March 31, 2011: ¥9,093,634 million  
Fiscal year ended March 31, 2010: ¥8,839,547 million

## 6 Japan Post Insurance Financial Highlights (April 1, 2010 to March 31, 2011)

As a result of efforts to strengthen its sales promotion capabilities in collaboration with Japan Post Network, Japan Post Insurance established 2.06 million new insurance policies for individuals (a year-on-year increase of 8 thousand), which is almost same level as in the previous year, posting ordinary income of ¥13,375.4 billion, net ordinary income of ¥422.2 billion and net income of ¥77.2 billion. Insurance premiums amounted to ¥7,342.3 billion, and core profit was ¥484.4 billion, while retained earnings (reserve for price fluctuations and contingency reserve) totaled ¥3,295.6 billion, for a solvency margin ratio of 1,821.6%.

### Results of Operations

<b>Ordinary income</b> (Year ended March 31, 2011) <b>¥13,375,468 million</b> (Year ended March 31, 2010) <b>¥14,591,640 million</b>		<b>Net ordinary income</b> (Year ended March 31, 2011) <b>¥422,207 million</b> (Year ended March 31, 2010) <b>¥379,623 million</b>		<b>Net income</b> (Year ended March 31, 2011) <b>¥77,276 million</b> (Year ended March 31, 2010) <b>¥70,126 million</b>	
<b>Net income per share</b> (Year ended March 31, 2011) <b>¥3,863.81</b> (Year ended March 31, 2010) <b>¥3,506.34</b>		<b>Diluted net income per share (Note)</b> (Year ended March 31, 2011) — (Year ended March 31, 2010) —			
<b>Return on equity</b> (Year ended March 31, 2011) <b>6.5%</b> (Year ended March 31, 2010) <b>6.3%</b>		<b>Net ordinary income/Total assets</b> (Year ended March 31, 2011) <b>0.4%</b> (Year ended March 31, 2010) <b>0.4%</b>		<b>Net ordinary income/Ordinary income</b> (Year ended March 31, 2011) <b>3.2%</b> (Year ended March 31, 2010) <b>2.6%</b>	

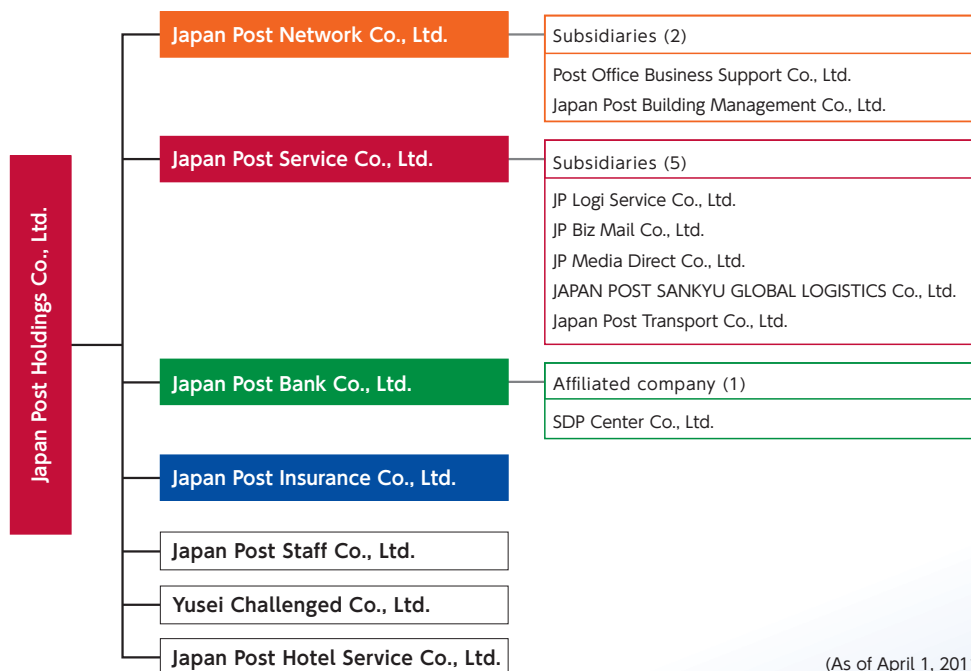
Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

### Financial Condition

<b>Total assets</b> (Year ended March 31, 2011) <b>¥ 96,786,765 million</b> (Year ended March 31, 2010) <b>¥100,969,782 million</b>		<b>Net assets</b> (Year ended March 31, 2011) <b>¥1,207,690 million</b> (Year ended March 31, 2010) <b>¥1,169,366 million</b>	
<b>Capital adequacy ratio</b> (Year ended March 31, 2011) <b>1.2%</b> (Year ended March 31, 2010) <b>1.2%</b>		<b>Net assets per share</b> (Year ended March 31, 2011) <b>¥60,384.51</b> (Year ended March 31, 2010) <b>¥58,468.32</b>	
		(Reference) Equity capital Fiscal year ended March 31, 2011: ¥1,207,690 million Fiscal year ended March 31, 2010: ¥1,169,366 million	

# 6. The Operations of the Japan Post Group

## 1. Japan Post Group Structure



## 2. Nationwide Post Office Network

With 24,529 locations, our network of post offices covers all of Japan's 1,750 cities, towns, and villages\*. These post offices, which serve as bases for various postal, banking, and insurance services that are offered by the Japan Post Group, have been an integral part of local communities for many years, and the Japanese public has come to greatly appreciate this extensive network.

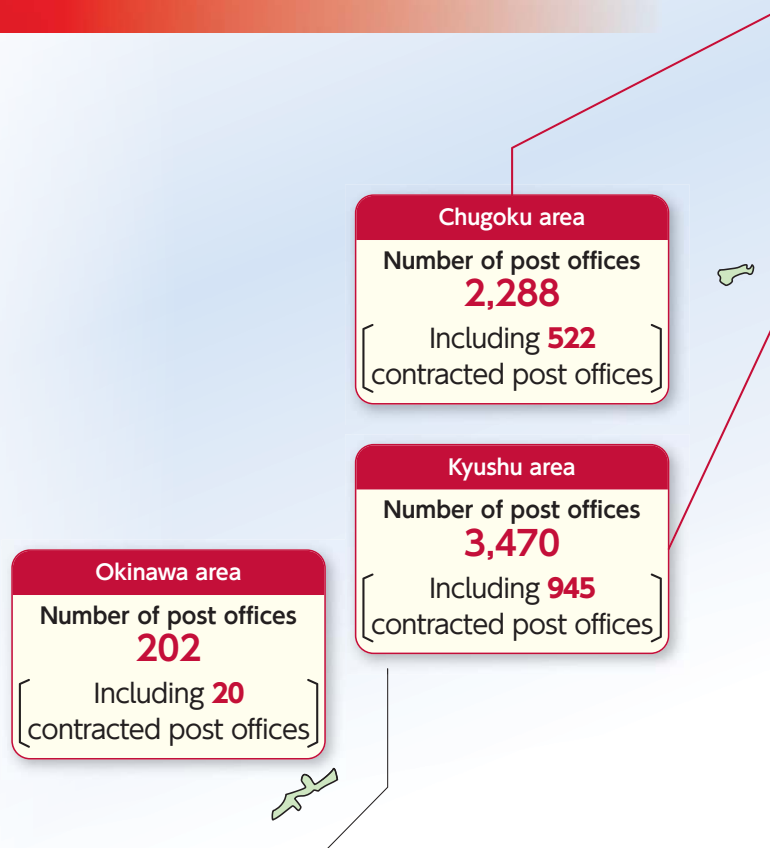
The Group looks forward to taking advantage of these post offices to provide convenient new services to residents of the communities we serve while ensuring their ability to access postal, banking, and insurance services in a unified manner throughout Japan.

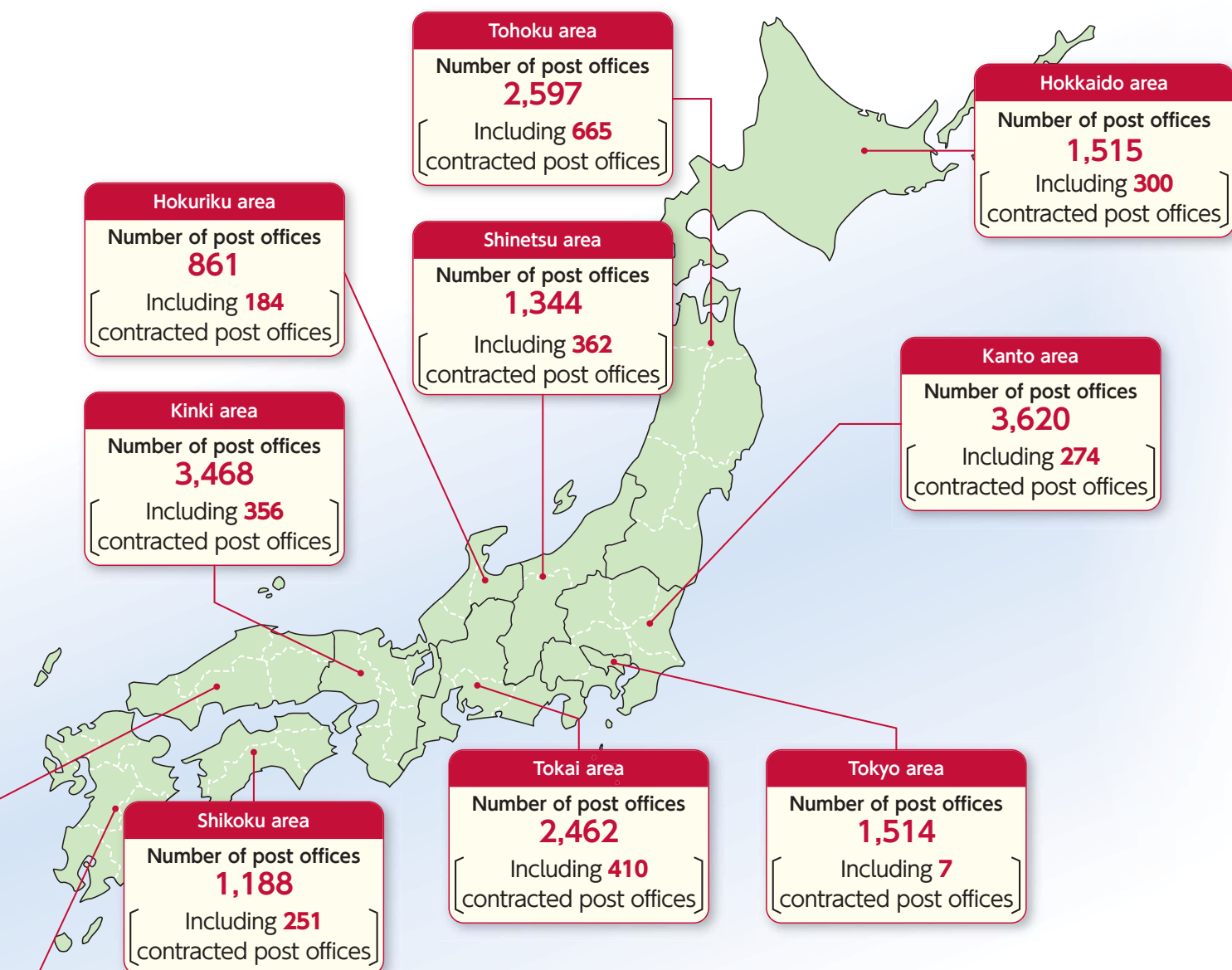
\*Includes Tokyo's 23 special wards (as of March 31, 2011).

### ■ Post Offices in Japan (As of March 31, 2011)

Directly operated post offices (including branch offices)	20,233
Contracted post offices	4,296
<b>Total</b>	<b>24,529</b>

Note: Includes 137 directly operated post offices and 255 contracted post offices that are temporarily closed.





## ■ 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 and other measures in communities affected by the temporary closure of contracted post offices.

### ● Initiatives for Resuming Operations at Temporarily Closed Contracted Post Offices

Since March 2008 support measures for contracted operators have been implemented, including an increase in handling commission fees paid to contractors and the implementation of a system for subleasing of facilities. As a result of these measures, the number of temporarily closed post offices, which stood at 417 at the time of privatization, was reduced to 200 as of the end of February 2011. However, the number of temporarily closed post offices was 255 due to the impact of the Great East Japan Earthquake as of the end of March 2011 (61 of which are due to the earthquake disaster).

● Provide Provisional Services for Temporary Closed Contracted Post Offices  
In areas where the operations of temporarily closed post offices are unlikely to be resumed soon, we are providing following provisional services.

### ○ Visiting Services Provided by Personnel from Directly Operated Post Offices

We are providing visiting services by personnel from directly operated post offices to 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 closed, these services were being provided at 65 locations.

### ○ Services Provided by Temporary Branches

Directly operated post offices are opening temporary branches near post offices temporarily closed in communities that have no financial institutions, which includes post offices. At the end of March 2011, temporary branches were in operation at two locations.

### ○ Services Provided by Mobile Post Offices

We are dispatching mobile post offices (*Poskuru*), which are specialized vehicles, to provide various services in Toyota City, Aichi Prefecture, as well as Naruto City and the surrounding area in Tokushima Prefecture.

Additionally, as of the end of March 2011, services of mobile post offices in the respective regions are temporarily suspended to provide services in the disaster-affected areas of the Great East Japan Earthquake.