

2012

JAPAN POST GROUP Annual Report

Year ended March 31, 2012

2012 JAPAN POST GROUP Annual Report

C O N T E N T S

Japan Post Group Overview

- 1. Message from the President 2
- 2. Promulgation of “Act for Partial Revision of the Postal Service Privatization Act and others” 4
- 3. History of Japan Post Group 5
- 4. Japan Post Group Highlights in Fiscal 2012 6
- 5. Our Response to the Great East Japan Earthquake 10
- 6. Japan Post Group Financial Review 12
- 7. The Operations of the Japan Post Group 16

Dedicated to Providing the Public with the Best Possible Services

- 1. Operations of Japan Post Network 20
- 2. Operations of Japan Post Service 30
- 3. Operations of Japan Post Bank 44
- 4. Operations of Japan Post Insurance 54
- 5. Other Businesses 66

Dedicated to Becoming an Even More Trustworthy Group

- 1. Japan Post Group Corporate Governance 70
- 2. Japan Post Group Compliance Framework 72
- 3. Japan Post Group Internal Audit System 74
- 4. Japan Post Group Risk and Crisis Management 76
- 5. Japan Post Group Customer Satisfaction 78
- 6. Japan Post Group CSR 80

Data Compilation Corporate Data

● 1. Japan Post Group Management Philosophy, etc.	90
● 2. Outline of Japan Post Holdings Co., Ltd.	91
● 3. Outline of Japan Post Network Co., Ltd.	98
● 4. Outline of Japan Post Service Co., Ltd.	104
● 5. Outline of Japan Post Bank Co., Ltd.	110
● 6. Outline of Japan Post Insurance Co., Ltd.	115

Data Compilation Financial Data

● 1. Transition of Significant Management Indicators, etc.	120
● 2. Japan Post Group Companies—Consolidated Financial Data	122
● 3. Japan Post Holdings Co., Ltd.—Non-consolidated Financial Data . . .	145
● 4. Japan Post Network Co., Ltd.—Non-consolidated Financial Data . . .	150
● 5. Japan Post Service Co., Ltd.—Non-consolidated Financial Data . . .	155
● 6. Japan Post Bank Co., Ltd.—Non-consolidated Financial Data	160
● 7. Japan Post Insurance Co., Ltd.—Non-consolidated Financial Data . . .	180

Data Compilation Others

1. Service Hours and Points of Contact for Inquiries	192
2. Japan Post Group Privacy Policy	196
3. Japan Post Group Conflicts of Interest Management Policy	198
4. Japan Post Group Information Security Declaration	198

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, 2012.

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 2012.

The Japan Post Group has been working to enhance the convenience of post offices by placing customer service as the top priority. On this occasion, using the partial revision of the Postal Service Privatization Act and others as a springboard, we will strive further to enhance our services to start anew as a company that supports the daily lives of regional customers. We ask for your continued patronage of the Japan Post Group in this endeavor.

Review of Fiscal 2012

During fiscal 2012, the Japan Post Group companies focused on supporting reconstruction efforts following the Great East Japan Earthquake and improving services of our three core businesses of postal, banking and insurance services.

With regard to reconstruction support for the earthquake disaster, we have promoted various initiatives starting from the delivery of mail, Yu-Pack parcels and other relevant items to evacuation shelters, as well as the issuing of donation-added postage stamps and postcards and other services such as no commission

charge on the transfer of relief funds. Also, we commenced services using mobile post offices equipped with ATMs from July 2011.

Regarding improvements in service, we began handling a variety of new products and services with the aim of further improving convenience for our customers. In postal operations, we have launched an array of products and services such as offering a Yu-Pack Service for Online Auctions, in which special benefits are granted to customers who have shopped via the Internet, and cooperating with other companies to enhance the convenience of international mail. These initiatives have contributed to an increase in the use of Yu-Pack and Yu-Mail compared with the previous year.

In addition, Japan Post Bank Co., Ltd. developed a promotional campaign for offering preferential interest rates on *TEIGAKU* deposits, which received a lot of positive feedback. Along with expanding the products handled at post offices to make it possible for customers to choose products according to their needs, we have also introduced a service for accepting the opening of investment trust accounts via mail.

Japan Post Insurance Co., Ltd. held the "New Year Dream *Kanpo* Campaign 2012," in which customers who asked for a case design [policy summary] for our insurance products were encouraged to participate in a drawing to win such prizes as accommodation at *Kanpo no Yado* inns. This, in turn, has served as an opportunity for even more people to gain a deeper understanding of Japan Post Insurance's products.

As a result of customers' use and support, with regard to our business results, on a consolidated basis the Japan Post Group recorded net ordinary income of ¥1,176.8 billion, and net income of ¥468.9 billion, both representing increases compared with the previous fiscal year.

Issues for the Future

Although our business results for the fiscal year under review were satisfactory, we face numerous issues, including the following. In this respect, we will further make concerted efforts to resolve such issues.

The first issue is to enhance business performance, beginning with improving the operations of Japan Post Service, which recorded a large net operating loss in fiscal 2011. The business environment still remains harsh given such factors as the widespread use of email and continuous low interest rates. In order to overcome these circumstances, we must consider upgrading and improving products and services that have been handled previously such as expanding the areas handling Yu-Pack delivered on the same day, thereby continuously working to further enhance customers' convenience. Additionally, we will actively discuss various aspects, including developing new business and forming a partnership with other companies.

The second issue is preparations for the merger of Japan Post Service Co., Ltd. and Japan Post Network Co., Ltd. We will take advantage of this company integration to pursue swift service improvements that were inconvenient for customers until now

in order to further realize easy-to-use post offices for customers. Additionally, we will promote preparations for the merger by taking thorough measures to prevent causing inconvenience to our customers.

The Japan Post Group will continue to make collective efforts to support the rehabilitation of people who were affected by the Great East Japan Earthquake. As a corporate Group based in local communities, we will promote ongoing support through mail delivery and counter services at post offices so that those who were affected by the disaster can lead their lives with a sense of security.

Furthermore, since the disposal of shares of Japan Post Holdings, Co., Ltd. is expected to be provided for reconstruction funding, we will make greater efforts to enhance our corporate value in order to contribute to the recovery of the disaster-affected areas.

The enactment of the "Act for Partial Revision of the Postal Service Privatization Act and others" at this time is a perfect opportunity for us to accelerate innovation to become a more appealing company. Through our post office network nationwide and based on the universal services of our core three businesses of postal, banking and insurance services, as a Group that is intimately connected to customers in terms of their life stages, we will collectively promote corporate innovation initiatives in order to provide necessary services for customers.

Together with meeting expectations as the newly restructured Japan Post Group, we look forward to your further support.

Jiro Saito

President & CEO
Japan Post Holdings Co., Ltd.
July 2012

2. Promulgation of “Act for Partial Revision of the Postal Service Privatization Act and others”

On October 1, 2007, Japan Post (Nippon Yusei Kosha) transferred its businesses to Japan Post Holdings Co., Ltd. and four operating companies in accordance with the Postal Service Privatization Act. On April 27, 2012, around four and a half years after this privatization, the 180th session of the Diet passed and enacted the “Act for Partial Revision of the Postal Service Privatization Act and others.” The amended legislation was promulgated on May 8, 2012.

This amended law will see Japan Post Service Co., Ltd. and Japan Post Network Co., Ltd. merge (hereinafter, “Japan Post Co., Ltd.” as the merged company). The Japan Post Group will thus be restructured from five companies to four companies.

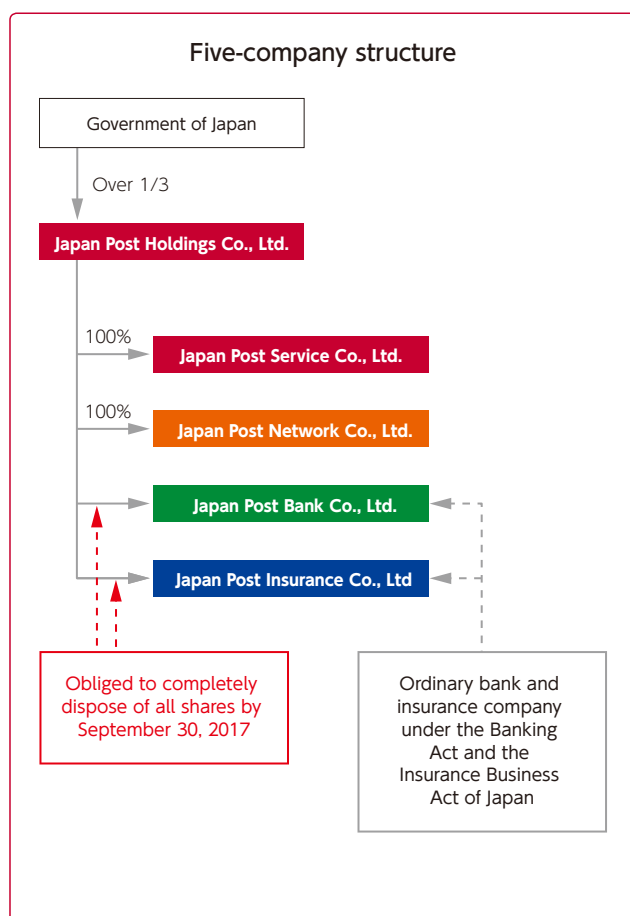
Furthermore, the scope of universal services will be widened and enhanced. Japan Post Holdings Co., Ltd. and Japan Post Co., Ltd. will ensure that customers can use not only postal services but also basic banking and insurance services at post offices.

The law requires Japan Post Holdings Co., Ltd. to aim to dispose of all shares of Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. as soon as possible, while considering the management situation of both companies and the impact on the fulfillment of obligations of Japan Post Holdings Co., Ltd. and Japan Post Co., Ltd. to ensure universal services to customers.

Regarding the shares of Japan Post Holdings Co., Ltd., on November 30, 2011 the 179th session of the Diet passed and enacted the “Act on Special Measures to Secure the Financial Resources to Implement the Restoration from the Great East Japan Earthquake.” Under this law, the Japanese government is obliged to dispose of its shares as soon as possible based on the results of studies into the method of disposal, while taking into consideration the management situation, earnings forecasts and other matters at Japan Post Holdings, in order to secure funds for redeeming reconstruction bonds.

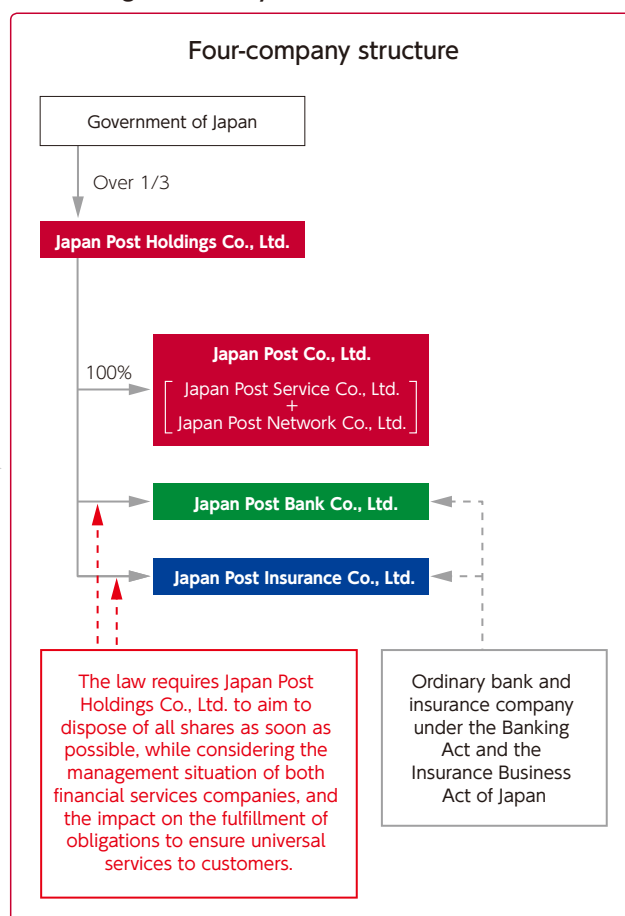
■ Before Amendment

(Came into force on October 1, 2007)



■ After Amendment

(Promulgated on May 8, 2012)



3. History of Japan Post Group

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
1975	Express mail service (EMS) launched

Year	Major Event
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 Services 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 Sales of automobile insurance begun
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
2009	Online connection to the Zengin Data Telecommunication System (Zengin System) established
2010	Letter Pack service launched

4. Japan Post Group Highlights in Fiscal 2012

2011

April

May

June

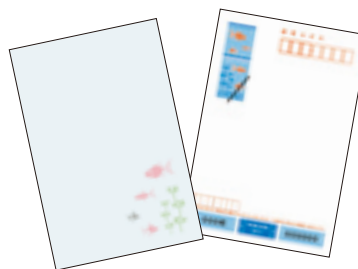


Spring *Hajimeyou*-Fair at post offices (3.1 to 4.28)



"Let's Support East Japan! East Japan Recovery Support Catalog" (5.9 to 6.30)

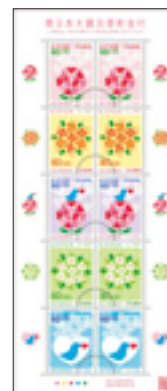
Held the All-Japan Stamp Exhibition. (4.29 to 5.1)



Sales of Kamo-Mail (6.1 to 8.26)



Donation-added "Summer Gift Catalog" (6.1 to 8.19)



Sales of postage stamps with donations for the Great East Japan Earthquake (6.21)

■ 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.

■ 4.1 ●●●●

New discount services for EMS and international registered mail

Initiated a new discount service for express mail service (EMS), which is based on the number of items sent during the previous year, and another volume-related discount service for international registered mail.

■ 4.1 ●●●●

Continued to offer preferential interest rates on TEIGAKU deposits.

Extended the period for offering preferential interest rates on TEIGAKU deposits, which started in April 2010, until the end of March 2012.

■ 4.29 to 5.1 ●●●●

Held the All-Japan Stamp Exhibition.

Held the 2011 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 ●●●●

Sponsoring *Yucho LETTER for LINKS*

We sponsor *Yucho LETTER for LINKS*, an FM radio program about "Ties of the Heart," broadcast on every Sunday from 15:00 to 15:30 by 38 member radio stations of the Japan FM Network across the country, including TOKYO FM.

[Go to P.47](#)

■ 5.9 to 6.30 ●●●●

Let's Support East Japan! East Japan Recovery Support Catalog

In order to support the recovery of companies which suffered damage caused by the Great East Japan Earthquake, we accepted orders at post offices across the country for 19 food products offered by local companies in Ibaraki Prefecture and six prefectures in the Tohoku region.

[Go to P.23](#)

■ 5.26 ●●●●

Finalized distribution of New Year's postcard charitable donations for fiscal 2012.

From the funds raised from New Year's postcard donations, distributed general aid of ¥358.02 million to 184 organizations and ¥100.84 million to seven organizations to assist disaster victims of the Great East Japan Earthquake. Also allotted ¥115.08 million raised from carbon offset New Year's postcard donations to 12 organizations. In addition, Japan Post Service independently made donations amounting to ¥7.56 million to support global warming prevention projects.

[Go to P.10, 83](#)

■ 6.1 to 8.19 ●●●●

Donation-added "Summer Gift Catalog"

As a program to support the recovery from the Great East Japan Earthquake, we issued a donation-added "Summer Gift Catalog" and accepted orders at post offices across the country. In October 2011, we donated 3% of the proceeds, amounting to ¥112.86 million, to the Japanese Red Cross Society.

[Go to P.11](#)

■ 6.1 to 8.26 ●●●●

Sales of Kamo-Mail

Sold Kamo-Mail summer 2011 greeting postcards available in six types: one plain, three illustrated, one with donations added for the Great East Japan Earthquake and one carbon offset type.

■ 6.21 ●●●●

Sales of donation-added postage stamps for the Great East Japan Earthquake

Continued to sell donation-added postage stamps for the purpose of assisting disaster victims of the Great East Japan Earthquake until September 30, 2011. These postage stamps feature heart, flower and blue bird motifs that deliver the heartfelt feelings of many people to disaster victims and encompass our wish for the earliest possible recovery.

[Go to P.10](#)

July

August

September



Sales of the second series of Disney *Gotochi* Letter Sets (7.20)
©Disney



At the 35th JAPAN U-12 FOOTBALL CHAMPIONSHIP in 2011 (8.1 to 8.6)



Held the PHILA NIPPON 2011. (7.28 to 8.2)



Festival of 10 Million People's Radio Exercise and *Minna no Taiso* (7.31)



"Let's Enjoy Regional Specialties and Support East Japan Catalog" (9.15 to 10.31)



Yucho Direct page on smartphones (from 9.21 onward)

■ 7.20 ● Sales of the second series of Disney *Gotochi* Letter Sets

Released the second series of Disney *Gotochi* Letter Sets, each featuring Disney characters, which are popular among all generations, together with tourist spots, events and products representative of each region.

■ 7.28 to 8.2 ● Held PHILA NIPPON 2011.

Held PHILA NIPPON (Japan World Stamp Exhibition) 2011, showcasing postage stamps of Japan and other countries in the world.

■ 7.31 ● Festival of 10 Million People's Radio Exercise and *Minna no Taiso*

Held the 50th Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone") in Hamamatsu City, Shizuoka Prefecture. [Go to P.57, 83](#)

■ 8.1 ● Implemented "Pay-Later Post-In" service.

Started a new service for pay-later mail items, which allows customers to place their mail and labels in a special letter case and drop it in a nearby post box instead of bringing their mail to the postal counter. [Go to P.32](#)

■ 8.1 ● Enhanced our lineup of *Toshin* (investment trust) Direct products.

Began sales of 11 new investment trust products through *Toshin* Direct (an Internet transaction service), bringing the total to 32 products. [Go to P.46](#)

■ 8.1 to 8.6 ● Support for the JAPAN U-12 FOOTBALL CHAMPIONSHIP

With the aim of supporting children with great promise, and to foster their sound physical and mental growth and development, we provided support to the ongoing 35th JAPAN Under-12 FOOTBALL CHAMPIONSHIP. The national tournament was held at the Susono Soccer Field in Gotenba Kogen Tokino Sumika, Shizuoka Prefecture, and at other venues in August 2011. [Go to P.47, 83](#)

■ 9.1 ● Started providing DM Factory services.

Opened a new page, DM Factory, on the Japan Post Service website, which allows customers to easily design direct mail (DM) pieces and place orders for printing. [Go to P.32](#)

■ 9.1 ● Renewal of the *Kanpo no Yado* inns website

Totally renewed our *Kanpo no Yado* inns website, disseminating information on hot springs, specialty dishes and other attractive points of *Kanpo no Yado* inns and their latest news. The new website features a simple and easy process for anyone to make reservations online.

■ 9.15 to 10.31 ● Let's Enjoy Regional Specialties and Support East Japan Catalog

To assist the recovery of the regional economy in eastern Japan, we issued the "Let's Enjoy Regional Specialties and Support East Japan Catalog" and accepted orders at post offices nationwide for 26 products offered by companies in six prefectures in the Tohoku region, Chiba Prefecture, Ibaraki Prefecture and Nagano Prefecture. [Go to P.23](#)

■ 9.16 ● Started providing a Yu-Pack service for online auctions.

Started providing a convenient and money-saving Yu-Pack parcel service for online auction users*.

* Users of Rakuten Auction (from September 16, 2011) and MOBAOKU (from January 24, 2012) [Go to P.32](#)

■ 9.21 ● Rolled out *Yucho* Direct on smartphones.

Launched a specialized *Yucho* Direct (Internet banking service) page on smartphones. [Go to P.46](#)

2011

October

November

December



Sales of In print New Year's lottery postcards (11.1 to 1.13)



JP BANK JCB Card EXTAGE



Sales of New Year's postcards (11.1 to 1.13)
©DISNEY. Based on the "Winnie the Pooh" works by A.A. Milne and E.H. Shepard.



Held "Kanpo Kids Smile World®." (11.11 and 12)



Piggy bank that won the Great Idea Award (sixth grade group) (11.29)



JP Post website accessible via smartphones (from 12.9 onward)

- 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 2012.

- 10.20 Started sales of *Atataka Mail*.

Started sales of *Atataka Mail* at 20 major post offices nationwide and all UNIQLO stores across the country.

- 10.20 Started a Yu-Pack same-day delivery service.

Launched a same-day delivery service for Yu-Pack parcels submitted to branches of Japan Post Service by around noon.
* Deliverable areas may vary depending on locations of branches.

- 10.24 Initiated a mail order service to open investment trust accounts.

Customers having general accounts at Japan Post Bank can now open investment trust accounts by sending an application form by postal mail.

- 11.1 to 1.13 Sales of New Year's postcards

Started sales of 2012 New Year's postcards.

- 11.1 to 1.13 Sales of In print New Year's lottery postcards, *Otoshidama* (New Year's money) envelopes and other items

Sold In print New Year's lottery postcards with pre-printed illustrations and greeting messages, New Year's stickers, *Otoshidama* (New Year's money) gift envelopes and *Otoshidama* KitKat with *Otoshidama* envelope.

- 11.8 Collaboration between eBay Japan and Japan Post Service for expansion of the international e-commerce market

Reached an agreement with eBay Japan to cooperate with each other in expanding the international e-commerce market (sales by Japanese retailers to overseas customers) and increasing the use of international postal mail through eBay's international e-commerce services.

- 11.11 and 12 Held "Kanpo Kids Smile World®."

Held a childcare support event, including various fun programs enjoyed by both parents and children, at the Tokyo Dome City Prism Hall in Bunkyo-ku, Tokyo.

- 11.25 to 3.31 "JP BANK Card EXTAGE presents Song of *Arigatou* Campaign"

For promotion of our JP BANK JCB Card EXTAGE, we ran a "Song of *Arigatou* Campaign" to produce and publish a song based on *Arigatou* ("Thank you") stories solicited on Twitter.

- 11.29 Secondary judging for the original piggy bank design contest and a donation presentation ceremony

Conducted the secondary judging for the 36th original piggy bank design contest, announced the prizewinners and held a ceremony to present donation to the Japan Committee for UNICEF.

- 12.1 Finalized distribution of donations for the Great East Japan Earthquake.

Distributed ¥892.97 million raised from sales of Kamo-Mail postcards and donation-added postage stamps for the Great East Japan Earthquake to 83 local public organizations affected by the disaster.

- 12.9 JP Post website accessible via smartphones

Started providing certain contents of the JP Post website on smartphones. The mobile JP Post website on smartphones uses icons and link buttons to represent individual top menu items, enabling users to reach their destination pages quickly and efficiently.

2012

January

February

March



Sales of Kit Mail (1.5)



Postcard that won the Japan Post Award in the Letter Writing Contest (1.24)



Postcard that won the Excellent New Year's Postcard Award in the All-Japan New Year's Postcard Contest (2.20)



Promotional website for the Yucho Toshin WEB Premier service (from 3.26 onward)

"New Year Dream Kanpo Campaign 2012" (1.10 to 3.2)



"Freshers Campaign" (2.1 to 5.31)

- 1.1 ●
Delivery of New Year's postcards
Delivered 1,925 million New Year's postcards nationwide on January 1, 2012.
- 1.5 ●
Sales of Kit Mail
Sold Kit Mail, a product jointly developed with Nestlé Japan Ltd., for sending messages of support to students taking entrance examinations in 2012.
- 1.10 to 3.2 ●●
"New Year Dream Kanpo Campaign 2012"
Held a "New Year Dream Kanpo Campaign 2012" at post offices and branches of Japan Post Insurance nationwide. [Go to P.57](#)
- 1.22 ●
Held a drawing for New Year's lottery postcards.
Held a drawing for 2012 New Year's lottery postcards at the Communications Museum and picked the winning numbers for the first to fourth prizes.
- 1.24 ●
Announced the prizewinners for the Letter Writing Contest.
Announced the prizewinners for the 44th Letter Writing Contest (held from August 22 to September 22, 2011).
- 1.29 ●
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.

- 2.1 to 5.31 ●●
"Freshers Campaign"
Held a "Freshers Campaign" at post offices and branches of Japan Post Bank nationwide, giving out special goods featuring Yucho Kazoku (Yucho Family).
- 2.1 ●●
Started a Yu-Pack same-day delivery service at post offices.
Also started a same-day delivery service for Yu-Pack parcels submitted to post offices co-located with branches of Japan Post Service in Tokyo and Osaka.
- 2.11 and 18 ●
Held "Japan Post Insurance Health Promotion Living Symposium 2012."
Held a symposium under the theme of "Move One Step Forward and Find a New Self," including a keynote speech by former speed skater Hiroyasu Shimizu and panel discussions exploring the topic of promotion of health. [Go to P.84](#)
- 2.20 ●
Announced the prizewinners for the All-Japan New Year's Postcard Contest.
Announced the prizewinners for the 9th All-Japan New Year's Postcard Contest (held from November 7 to December 12, 2011).

- 3.1 ●
Opened the mobile website of Kanpo no Yado inns.
Certain contents of the Kanpo no Yado inns website were made available on cell phones and smartphones, enabling users to view information on Kanpo no Yado inns anytime, anywhere, e.g., while on the move or traveling from one place to another.
- 3.26 ●
Yucho Toshin WEB Premier service
Before the launch of Yucho Toshin WEB Premier, a members-only Internet investment trust service, in May 7, 2012, started accepting applications on March 26. [Go to P.46](#)
- 3.29 ●
Finalized distribution of New Year's postcard charitable donations for fiscal 2013.
From the funds raised from New Year's postcard donations, distributed a general aid of ¥557.37 million to 281 organizations and ¥130.87 million to 33 organizations to assist disaster victims of the Great East Japan Earthquake and disaster prevention (recovery) efforts. Also allotted ¥91.42 million raised from carbon offset New Year's postcard donations to 17 organizations (including 12 organizations to which Japan Post Service independently made donations amounting to ¥5 million to support global warming prevention projects). [Go to P.10, 33, 83](#)

5. 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. We have implemented a series of initiatives aimed at supporting the swiftest recovery possible of people affected by the disaster.

1. Status of Resuming Operations of Post Offices

On March 14, 2011, which was the first business day after the earthquake, the number of "out-of-service" directly operated post offices and contracted post offices in three prefectures in the Tohoku region (Iwate, Miyagi and Fukushima prefectures) was 583 (out of 1,103) and 100 (out of 319), respectively, or approximately half of the total post offices located within the district. We gradually resumed operations primarily through makeshift post offices, and



A makeshift office used by the Sanriku Post Office (Iwate Prefecture)

as of May 31, 2012, had reduced the number of "out-of-service" directly operated post offices and contracted post offices to 53 and 27, respectively.

These figures include 20 directly operated post offices and seven contracted post offices in restricted areas due to the Fukushima Daiichi Nuclear Power Plant accident.



A makeshift office used by the Arahama Post Office (Miyagi Prefecture)

2. Assistance for Disaster Victims

1. Postal Operations

■ Delivering Mail to Temporary Housing Units

Mail was delivered to temporary housing units after confirming the address of customers who relocated there from evacuation shelters. Additionally, we set up post boxes inside temporary housing complexes in conjunction with local authorities (136 post boxes in the three prefectures of Tohoku as of March 31, 2012) and worked to improve customer convenience.

■ No Postal Charge on Registered Mail Used to Send Cash for Disaster Relief Purposes

Registered mail was handled without charging postage when used to send cash for disaster relief to organizations engaged in disaster relief activities. (March 14, 2011~)

■ Offering Postcards Free of Charge

Five postcards and one postal envelope were provided free of charge to each household in the affected areas (in 313 locations in municipalities applicable under the Disaster Relief Act). Disaster victims were also exempt from paying postal fees (March 16 to April 15, 2011).

■ Issuance of Donation-added Postcards and Postage Stamps

Around 12 million donation-added postcards and 42 million donation-added postage stamps were sold for the purpose of helping disaster victims. Total donations raised in the amount of ¥892.97 million were distributed to 83 local governments affected by the disaster.

■ Allocation of New Year's Postcard Charitable Donations

In fiscal 2011, a portion of the donations collected through the donation-added New Year's postcards amounting to ¥100 million was distributed to organizations providing support to disaster victims after once again soliciting applicants.

For donation-added New Year's postcards in fiscal 2012, the amount of donation per card was increased from the standard ¥3 to ¥5, while a special amount was set and distributed to organizations involved in rescuing disaster victims from the Great East Japan Earthquake and promoting prevention (recovery).

2. Financial Services

■ Emergency Deposit Withdrawals and Insurance Payments

Withdrawals of up to ¥200,000 on ordinary savings are permitted to depositors who have lost their deposit passbooks, deposit certificates, seals, etc., as a result of the Great East Japan Earthquake, 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.

■ No Commission Charge on Transfer of Relief Funds

We handled the transfer of relief funds to organizations engaged in disaster relief activities without charging commission fees when the transfer was made manually at the post office counter (Number of transfers: approximately 3 million; Amount transferred: approximately ¥86.9 billion (as of May 31, 2012)).

3. Counter Operations

■ Special Counter Services by Mobile Post Offices

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



Special counter services at a mobile post office
(Kumano Shrine office car park in Iwate Prefecture)

■ Extra Counter Service Hours

Some post offices and branches of Japan Post Bank were opened within the Tohoku region for extra hours on Saturdays, Sundays and public holidays from March 13 to April 24, 2011 to handle services such as emergency deposit withdrawals.

■ Counter Services via Dispatch of Staff to Evacuation Shelters

Post office staff were dispatched to nine evacuation shelters in Miyagi Prefecture and six in Iwate Prefecture to handle emergency deposit withdrawals. We also began dispatching personnel to provide services to 25 evacuation shelters in Miyagi Prefecture and three in Iwate Prefecture in May 2011.

4. Others

■ Donation-added "Summer Gift Catalog"

Japan Post Network issued a donation-added "Summer Gift Catalog" as a project supporting recovery following the Great East Japan Earthquake. Applications were accepted at all post offices nationwide and 3% of total sales amounting to ¥112.86 million was donated to the Japanese Red Cross Society in October 2011.

The "Let's Support East Japan! East Japan Recovery Support Catalog" and "Let's Enjoy Regional Specialties and Support East Japan Catalog" were also issued.



■ Acceptance of Disaster Victims at *Kanpo no Yado* Inns

Six *Kanpo no Yado* inns accepted disaster victims (a total of 551 people at the peak). For voluntary evacuees, we offered accommodation at a special low rate (1,110 people stayed at 14 locations (total from March 11 to September 17, 2011)).

■ Medical Support by Teishin Hospitals

Together with accepting a total of 82 patients from disaster medical centers in Ishinomaki and Shiogama Cities, Sendai Teishin Hospital set up a free health consultation counter for disaster victims. Medical supplies, medical materials and emergency preserved foods for patients were provided by Teishin Hospitals across the country.

■ Supported "Yellow Post Box Fundraising Campaign"

Post offices nationwide supported a charity drive organized by employee volunteers from each of the Group companies by placing donation boxes at the counter. A total of ¥308.4 million was raised (donated to 128 municipalities affected by the Great East Japan Earthquake).



Donation box resembling a yellow post box

6. Japan Post Group Financial Review

1

Consolidated Summary (April 1, 2011 to March 31, 2012)

The Japan Post Group's consolidated net ordinary income was ¥1,176.8 billion and net income was ¥468.9 billion. At the end of the fiscal year, total assets amounted to ¥292,126.5 billion and net assets totaled ¥10,935.3 billion.

1. Results of Operations (Year ended March 31, 2012)

	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.)
Ordinary income	¥16,661.4 billion	¥291.1 billion	¥1,236.2 billion	¥1,787.2 billion	¥2,234.5 billion	¥12,538.6 billion
Net ordinary income	¥1,176.8 billion	¥135.7 billion	¥42.7 billion	(¥10.0 billion)	¥576.2 billion	¥531.3 billion
Net income	¥468.9 billion	¥151.4 billion	¥18.8 billion	(¥4.5 billion)	¥334.8 billion	¥67.7 billion

(Reference: Year ended March 31, 2011)

Ordinary income	¥17,468.9 billion	¥309.3 billion	¥1,284.9 billion	¥1,803.2 billion	¥2,205.3 billion	¥13,375.4 billion
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

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, 2012 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 ¥468.9 billion.

2. Financial Conditions (Year ended March 31, 2012)

	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	¥292,126.5 billion	¥9,747.1 billion	¥3,120.9 billion	¥1,851.9 billion	¥195,819.8 billion	¥93,688.6 billion
Total liabilities	¥281,191.1 billion	¥1,250.6 billion	¥2,820.2 billion	¥1,664.9 billion	¥186,001.7 billion	¥92,396.5 billion
Net assets	¥10,935.3 billion	¥8,496.5 billion	¥300.7 billion	¥187.0 billion	¥9,818.1 billion	¥1,292.0 billion

(Reference: Year ended March 31, 2011)

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

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 ¥292,126.5 billion, a year-on-year decrease of ¥806.4 billion. Assets included securities of ¥250,715.4 billion and loans discounted of ¥18,063.5 billion.

Consolidated total liabilities at the end of the fiscal year were ¥281,191.1 billion, a year-on-year decrease of ¥1,741.8 billion. Liabilities included deposits of ¥174,434.0 billion and policy reserves of ¥88,651.0 billion.

After excluding ¥38.4 billion in dividends within retained earnings and adding consolidated net income of ¥468.9 billion, net assets rose from ¥9,999.9 billion at the end of the previous fiscal year-end to ¥10,935.3 billion. Net assets included net unrealized gains on available-for-sale securities of ¥997.3 billion.

As of March 31, 2012, the consolidated capital adequacy ratio (domestic standard) was 57.70%.

3. Consolidated Financial Highlights (April 1, 2011 to March 31, 2012)

■ Consolidated Results of Operations

Ordinary income (Year ended March 31, 2012) ¥16,661,440 million (Year ended March 31, 2011) ¥17,468,947 million	▶	Net ordinary income (Year ended March 31, 2012) ¥1,176,860 million (Year ended March 31, 2011) ¥956,917 million	▶	Net income (Year ended March 31, 2012) ¥468,907 million (Year ended March 31, 2011) ¥418,929 million
Net income per share (Year ended March 31, 2012) ¥3,126.05 (Year ended March 31, 2011) ¥2,792.86		Diluted net income per share (Note) (Year ended March 31, 2012) — (Year ended March 31, 2011) —		
Return on equity (Year ended March 31, 2012) 4.5% (Year ended March 31, 2011) 4.3%		Net ordinary income/Total assets (Year ended March 31, 2012) 0.4% (Year ended March 31, 2011) 0.3%		Net ordinary income/Ordinary income (Year ended March 31, 2012) 7.1% (Year ended March 31, 2011) 5.5%

(Reference) Equity in earnings of affiliates
 Fiscal year ended March 31, 2012: ¥29 million
 Fiscal year ended March 31, 2011: ¥31 million

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

■ Consolidated Financial Condition

Total assets (Year ended March 31, 2012) ¥292,126,555 million (Year ended March 31, 2011) ¥292,933,013 million		Net assets (Year ended March 31, 2012) ¥10,935,358 million (Year ended March 31, 2011) ¥ 9,999,952 million
Capital adequacy ratio (Note 1) (Year ended March 31, 2012) 3.7% (Year ended March 31, 2011) 3.4%	Net assets per share (Year ended March 31, 2012) ¥72,893.42 (Year ended March 31, 2011) ¥66,658.19	Consolidated capital adequacy ratio (domestic standard) (Note 2) (Year ended March 31, 2012) 57.70% (Year ended March 31, 2011) 61.30%

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, 2012: ¥10,934,013 million
 Fiscal year ended March 31, 2011: ¥ 9,998,728 million

2 Japan Post Holdings Financial Highlights (April 1, 2011 to March 31, 2012)

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 ¥291.1 billion, net ordinary income was ¥135.7 billion and net income was ¥151.4 billion.

■ Results of Operations

Operating income (Year ended March 31, 2012) ¥287,633 million (Year ended March 31, 2011) ¥305,878 million	▶	Net operating income (Year ended March 31, 2012) ¥133,264 million (Year ended March 31, 2011) ¥140,752 million	▶	Net ordinary income (Year ended March 31, 2012) ¥135,773 million (Year ended March 31, 2011) ¥143,466 million	▶	Net income (Year ended March 31, 2012) ¥151,404 million (Year ended March 31, 2011) ¥153,622 million
Net income per share (Year ended March 31, 2012) ¥1,009.36 (Year ended March 31, 2011) ¥1,024.15		Diluted net income per share (Note) (Year ended March 31, 2012) — (Year ended March 31, 2011) —				
Return on equity (Year ended March 31, 2012) 1.8% (Year ended March 31, 2011) 1.8%		Net ordinary income/Total assets (Year ended March 31, 2012) 1.4% (Year ended March 31, 2011) 1.5%		Net operating income/Operating income (Year ended March 31, 2012) 46.3% (Year ended March 31, 2011) 46.0%		

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, 2012) ¥9,747,186 million (Year ended March 31, 2011) ¥9,648,973 million		Net assets (Year ended March 31, 2012) ¥8,496,547 million (Year ended March 31, 2011) ¥8,382,804 million
Capital adequacy ratio (Year ended March 31, 2012) 87.2% (Year ended March 31, 2011) 86.9%	Net assets per share (Year ended March 31, 2012) ¥56,643.65 (Year ended March 31, 2011) ¥55,885.36	(Reference) Equity capital Fiscal year ended March 31, 2012: ¥8,496,547 million Fiscal year ended March 31, 2011: ¥8,382,804 million

3 Japan Post Network Financial Highlights (April 1, 2011 to March 31, 2012)

As a result of strengthening collaboration with the Japan Post Group companies and promoting sales activities, operating income amounted to ¥1,208.4 billion, and net operating income totaled ¥33.4 billion. Ordinary income was ¥1,236.2 billion, net ordinary income was ¥42.7 billion and net income was ¥18.8 billion.

Results of Operations

Operating income (Year ended March 31, 2012) ¥1,208,447 million (Year ended March 31, 2011) ¥1,256,349 million	Net operating income (Year ended March 31, 2012) ¥33,417 million (Year ended March 31, 2011) ¥49,548 million	Net ordinary income (Year ended March 31, 2012) ¥42,745 million (Year ended March 31, 2011) ¥58,260 million	Net income (Year ended March 31, 2012) ¥18,826 million (Year ended March 31, 2011) ¥30,661 million
Net income per share (Year ended March 31, 2012) ¥4,706.63 (Year ended March 31, 2011) ¥7,665.40	Diluted net income per share (Note) (Year ended March 31, 2012) — (Year ended March 31, 2011) —		
Return on equity (Year ended March 31, 2012) 6.4% (Year ended March 31, 2011) 11.0%	Net ordinary income/Total assets (Year ended March 31, 2012) 1.3% (Year ended March 31, 2011) 1.8%	Net operating income/Operating income (Year ended March 31, 2012) 2.8% (Year ended March 31, 2011) 3.9%	

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, 2012) ¥3,120,978 million (Year ended March 31, 2011) ¥3,249,823 million	Net assets (Year ended March 31, 2012) ¥300,700 million (Year ended March 31, 2011) ¥289,538 million	
Capital adequacy ratio (Year ended March 31, 2012) 9.6% (Year ended March 31, 2011) 8.9%	Net assets per share (Year ended March 31, 2012) ¥75,175.00 (Year ended March 31, 2011) ¥72,384.73	(Reference) Equity capital Fiscal year ended March 31, 2012: ¥300,700 million Fiscal year ended March 31, 2011: ¥289,538 million

4 Japan Post Service Financial Highlights (April 1, 2011 to March 31, 2012)

Japan Post Service handled a total of 22,363.35 million items (a year-on-year decrease of 1.8%), including 19,107.91 million items of mail (down 3.6%), 382.59 million Yu-Pack parcels (up 11.4%) and 2,872.15 million Yu-Mail booklet parcels (up 9.6%). Amid a continued downtrend in the number of items of mail handled, the implementation of measures to raise profitability led to a significant improvement in profits and losses, resulting in ordinary income of ¥1,787.2 billion, a net operating loss of ¥22.3 billion, a net ordinary loss of ¥10.0 billion and a net loss of ¥4.5 billion.

Results of Operations

Operating income (Year ended March 31, 2012) ¥1,764,861 million (Year ended March 31, 2011) ¥1,779,870 million	Net operating income (Year ended March 31, 2012) (¥22,354 million) (Year ended March 31, 2011) (¥103,473 million)	Net ordinary income (Year ended March 31, 2012) (¥10,007 million) (Year ended March 31, 2011) (¥89,093 million)	Net income (Year ended March 31, 2012) (¥4,525 million) (Year ended March 31, 2011) (¥35,435 million)
Net income per share (Year ended March 31, 2012) (¥1,131.36) (Year ended March 31, 2011) (¥8,858.86)	Diluted net income per share (Note) (Year ended March 31, 2012) — (Year ended March 31, 2011) —		
Return on equity (Year ended March 31, 2012) (2.4%) (Year ended March 31, 2011) (16.9%)	Net ordinary income/Total assets (Year ended March 31, 2012) (0.5%) (Year ended March 31, 2011) (4.7%)	Net operating income/Operating income (Year ended March 31, 2012) (1.3%) (Year ended March 31, 2011) (5.8%)	

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, 2012) ¥1,851,928 million (Year ended March 31, 2011) ¥1,863,433 million	Net assets (Year ended March 31, 2012) ¥187,020 million (Year ended March 31, 2011) ¥191,546 million	
Capital adequacy ratio (Year ended March 31, 2012) 10.1% (Year ended March 31, 2011) 10.3%	Net assets per share (Year ended March 31, 2012) ¥46,755.24 (Year ended March 31, 2011) ¥47,886.61	(Reference) Equity capital Fiscal year ended March 31, 2012: ¥187,020 million Fiscal year ended March 31, 2011: ¥191,546 million

5 Japan Post Bank Financial Highlights (April 1, 2011 to March 31, 2012)

As a result of sales efforts aimed of maintaining the balances of many matured *TEIGAKU* deposits, Japan Post Bank held deposits totaling ¥175.6 trillion (¥176.4 trillion including accrued interest). Ordinary income (revenues) was ¥2,234.5 billion, net ordinary income was ¥576.2 billion and net income was ¥334.8 billion. Capital adequacy ratio (non-consolidated, domestic standard) was 68.39%.

Results of Operations

Ordinary income (Year ended March 31, 2012) ¥2,234,596 million (Year ended March 31, 2011) ¥2,205,344 million		▶	Net ordinary income (Year ended March 31, 2012) ¥576,215 million (Year ended March 31, 2011) ¥526,550 million		▶	Net income (Year ended March 31, 2012) ¥334,850 million (Year ended March 31, 2011) ¥316,329 million	
Net income per share	(Year ended March 31, 2012) ¥2,232.33 (Year ended March 31, 2011) ¥2,108.86		Diluted net income per share (Note)	(Year ended March 31, 2012) — (Year ended March 31, 2011) —			
Return on equity	(Year ended March 31, 2012) 3.5% (Year ended March 31, 2011) 3.5%	Net ordinary income/Total assets	(Year ended March 31, 2012) 0.2% (Year ended March 31, 2011) 0.2%	Net ordinary income/Ordinary income	(Year ended March 31, 2012) 25.7% (Year ended March 31, 2011) 23.8%		

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, 2012) ¥195,819,898 million (Year ended March 31, 2011) ¥193,443,350 million	Net assets	(Year ended March 31, 2012) ¥9,818,162 million (Year ended March 31, 2011) ¥9,093,634 million
Capital adequacy ratio	(Year ended March 31, 2012) 5.0% (Year ended March 31, 2011) 4.7%	Net assets per share	(Year ended March 31, 2012) ¥65,454.41 (Year ended March 31, 2011) ¥60,624.23
		Capital adequacy ratio (non-consolidated, domestic standard) (Note)	(Year ended March 31, 2012) 68.39% (Year ended March 31, 2011) 74.82%

Note: The capital adequacy ratio (non-consolidated, 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, 2012: ¥9,818,162 million
Fiscal year ended March 31, 2011: ¥9,093,634 million

6 Japan Post Insurance Financial Highlights (April 1, 2011 to March 31, 2012)

As a result of efforts to strengthen its sales promotion capabilities in collaboration with Japan Post Network, Japan Post Insurance established 2.12 million new insurance policies for individuals (a year-on-year increase of 68 thousand), posting ordinary income of ¥12,538.6 billion, net ordinary income of ¥531.3 billion and net income of ¥67.7 billion. Insurance premiums amounted to ¥6,856.4 billion, and core profit was ¥571.6 billion, while retained earnings (reserve for price fluctuations and contingency reserve) totaled ¥3,241.9 billion, for a solvency margin ratio of 1,336.1%.

Results of Operations

Ordinary income (Year ended March 31, 2012) ¥12,538,618 million (Year ended March 31, 2011) ¥13,375,468 million		▶	Net ordinary income (Year ended March 31, 2012) ¥531,388 million (Year ended March 31, 2011) ¥422,207 million		▶	Net income (Year ended March 31, 2012) ¥67,734 million (Year ended March 31, 2011) ¥77,276 million	
Net income per share	(Year ended March 31, 2012) ¥3,386.70 (Year ended March 31, 2011) ¥3,863.81		Diluted net income per share (Note)	(Year ended March 31, 2012) — (Year ended March 31, 2011) —			
Return on equity	(Year ended March 31, 2012) 5.4% (Year ended March 31, 2011) 6.5%	Net ordinary income/Total assets	(Year ended March 31, 2012) 0.6% (Year ended March 31, 2011) 0.4%	Net ordinary income/Ordinary income	(Year ended March 31, 2012) 4.2% (Year ended March 31, 2011) 3.2%		

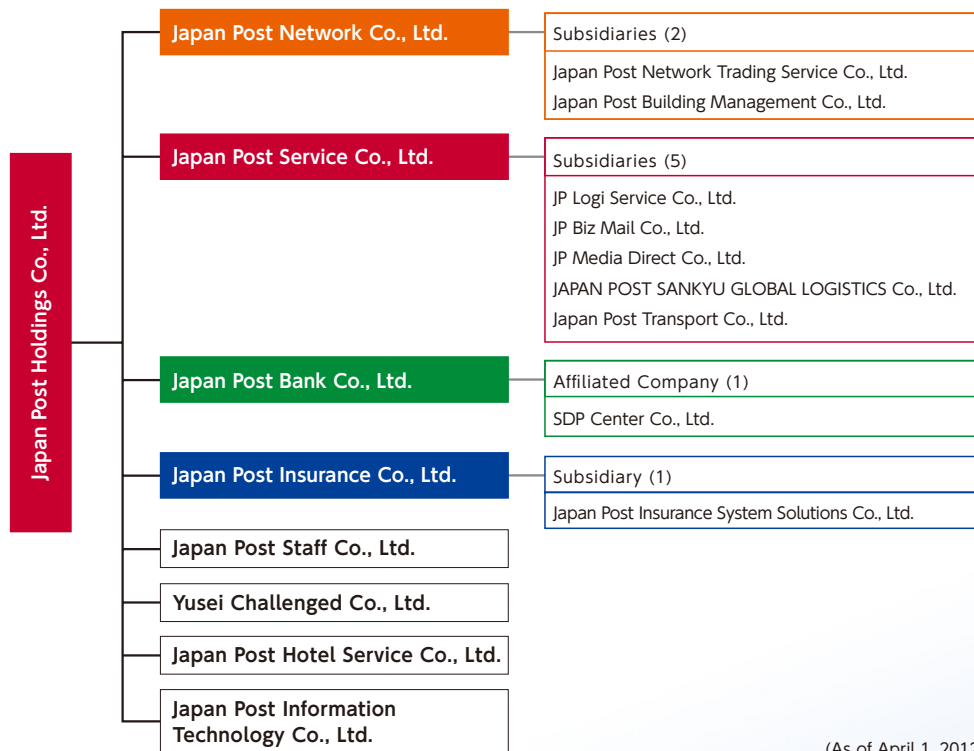
Note: Because there was no dilution, the amount for net income per share after dilution is omitted.

Financial Condition

Total assets	(Year ended March 31, 2012) ¥93,688,672 million (Year ended March 31, 2011) ¥96,786,765 million	Net assets	(Year ended March 31, 2012) ¥1,292,077 million (Year ended March 31, 2011) ¥1,207,690 million
Capital adequacy ratio	(Year ended March 31, 2012) 1.4% (Year ended March 31, 2011) 1.2%	Net assets per share	(Year ended March 31, 2012) ¥64,603.86 (Year ended March 31, 2011) ¥60,384.51
		(Reference) Equity capital	Fiscal year ended March 31, 2012: ¥1,292,077 million Fiscal year ended March 31, 2011: ¥1,207,690 million

7. The Operations of the Japan Post Group

1. Japan Post Group Structure



2. Nationwide Post Office Network

With 24,514 locations, our network of post offices covers all of Japan's 1,742 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.

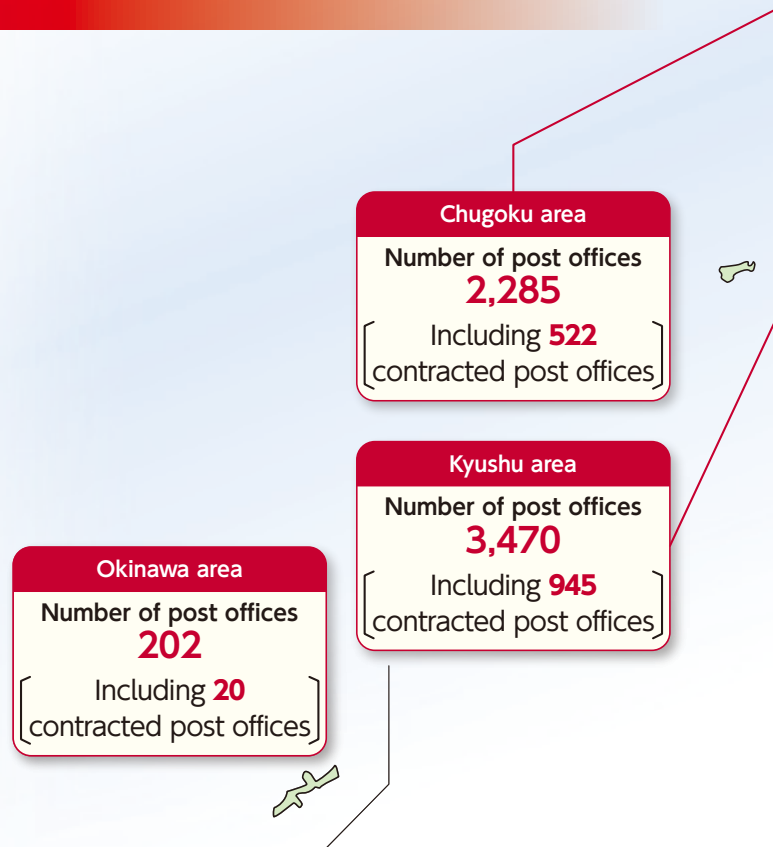
The Group looks forward to taking advantage of these post offices to provide convenient new services to residents of the communities we serve while ensuring their ability to access postal, banking, and insurance services in a unified manner throughout Japan.

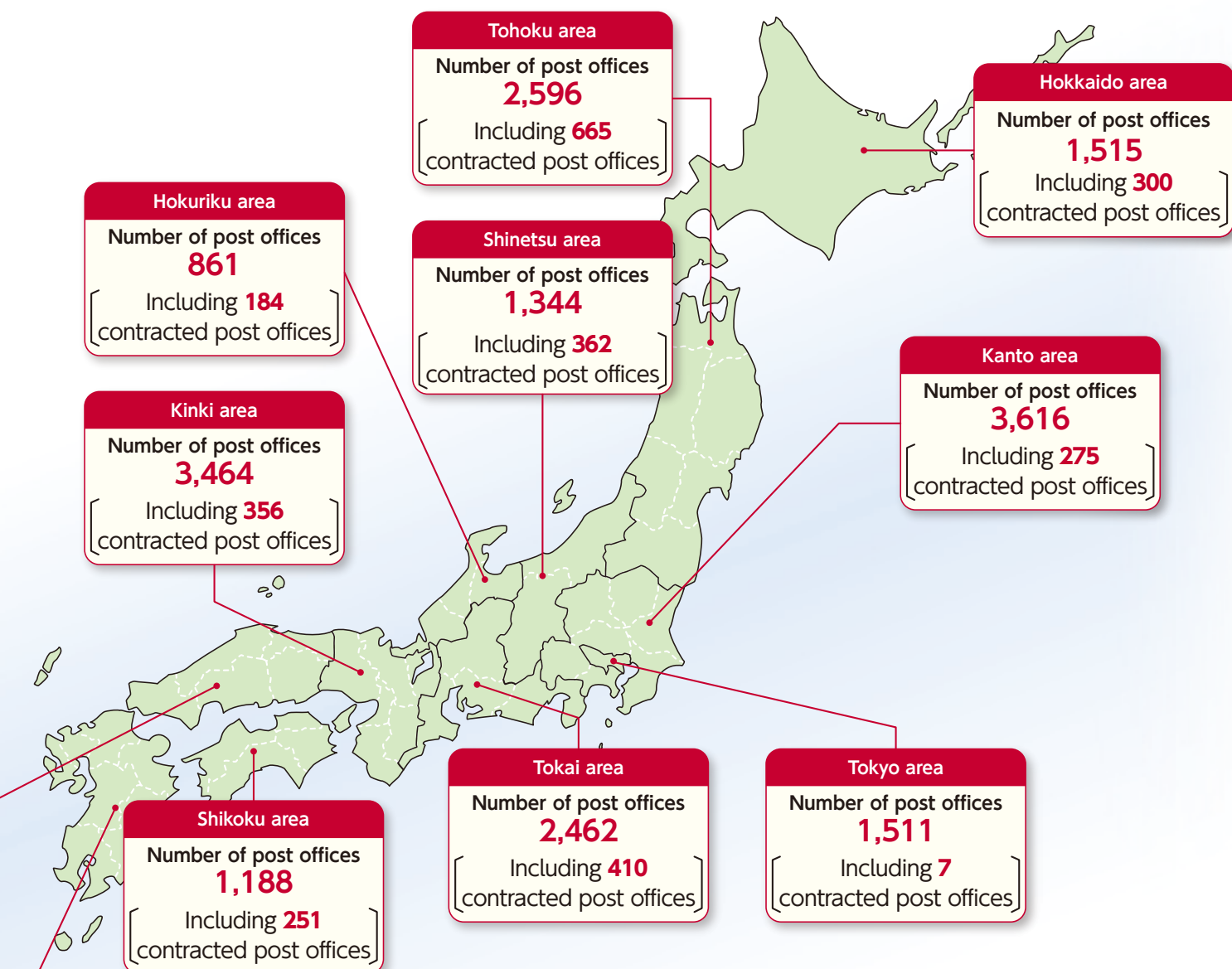
*Includes Tokyo's 23 special wards (as of March 31, 2012).

■ Post Offices in Japan (As of March 31, 2012)

Directly operated post offices (including branch offices)	20,217
Contracted post offices	4,297
Total	24,514

Note: Includes 64 directly operated post offices and 228 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 contracted post offices, which stood at 417 at the time of privatization, decreased to 228 as of March 31, 2012 (29 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 the 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 52 locations as of March 31, 2012.

○ 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. As of March 31, 2012, temporary branches were in operation at one location.

○ 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 March 31, 2012, services of mobile post offices in Toyota City, Aichi Prefecture are temporarily suspended to provide services in the disaster-affected areas of the Great East Japan Earthquake.