

Dedicated to Providing the Public with the Best Possible Services

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1. Operations of Japan Post Network



Koji Furukawa
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Japan Post Network Co., Ltd.

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President
Japan Post Network Co., Ltd.

Message from the Company



Review of Fiscal 2012

Japan Post Network Co., Ltd. makes efforts to offer new products and services, mainly through our postal, banking and insurance services—the core businesses of post offices—in order to meet the diverse needs of our customers. These efforts are based on our management philosophy that we offer products and services transparently through post office networks close to customers, aiming to contribute to “helping customers lead a better and more comfortable life at present and in the future.”

In fiscal 2012, we regarded “thorough compliance” as one of our top management issues, whereby we promoted measures centering on top management with a particular emphasis on striving to eliminate misconduct based on the business improvement plan formulated in January 2010.

In order to strengthen our revenue base, we encouraged further use of post offices by customers through initiatives that included promotional campaigns in partnership with the companies of the Japan Post Group. We have

also endeavored to diversify our revenue sources through efforts such as expanding post offices that will handle new financial products, including catalogue sales business and automobile insurance. Additionally, we have taken measures to improve the efficiency of our business operations and develop necessary systems in order to strengthen our management foundation. As a result of these efforts, Japan Post Network recorded operating income of ¥1,208.4 billion, net ordinary income of ¥42.7 billion and net income of ¥18.8 billion.

Issues for the Future

Looking at the climate surrounding Japan Post Network, we are faced with an extremely harsh business environment due to various reasons, including our revenues which continue to decline every year as a result of such factors as a reduction in the volume of postal mail and the number of insurance policies in force. In terms of misconduct, although the number of cases has been reduced, cases

are still occurring.

Based on such circumstances, in fiscal 2013, we will undertake initiatives with the “improvement of management efficiency” and “thorough compliance” as our basic policy.

In regard to the improvement of management efficiency, we will develop initiatives to expand new customers while also enhancing efficiency in various fields in order to establish a management structure that is capable of generating profits even amid a harsh business environment. Specifically, based on the structural characteristic of an organization in which the majority of post offices are small in terms of size and operated with a small number of employees, we will conduct management by consolidating a designated number of post offices as a unit. In doing so, we will efficiently utilize management resources by area while also expanding self-sustained activities of respective organizations with the aim of appropriately addressing regional needs.

Regarding thorough compliance, we will further pursue the enhancement of our corporate culture, in which we will strive to eliminate misconduct by continuously promoting various measures promoted to date, including the business improvement plan.

Additionally, while the impact of the Great East Japan Earthquake that struck the nation on March 11, 2011 remains, we will continue our efforts toward recovery as well as contributing to such efforts as supporting the daily lives of people affected by the disaster through exercising the public nature of post offices and grasping local needs in an appropriate manner.

The “Act for Partial Revision of the Postal Service Privatization Act and others” was enacted on April 27, 2012. In order to steadily provide universal services, we will maintain the level of the post office network, which is a shared asset of the Japanese people, and enhance the convenience of post office services by a merger with Japan Post Service Co., Ltd. Accordingly, we will promote initiatives to comprehensively support local customers’ daily lives.

In order to maintain the trust of our customers, all employees of Japan Post Network are committed to providing higher quality services. We appreciate our customers and consignors for their continuous patronage and use of our post offices.

1. Overview of Operations

Japan Post Network is the company within the Japan Post Group that deals with post office businesses and functions.

Japan Post Network is maintaining the level of our nationwide post office network to provide fundamentally crucial products and services centered on postal, banking and insurance services—the core business of post offices—that can more closely respond to the diverse needs of our customers. These services are provided at post offices under consignment from other Japan Post Group companies and are an integral part of people's lives.

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

1. Postal Counter Operations of the Three Core Businesses

■ Counter Operations of the Three Core Businesses

- Postal counter operations: Under consignment from Japan Post Service, we accept and handle postal and Yu-Pack items and sell postage stamps and postcards as well as revenue stamps.
- Savings counter operations: Under consignment from Japan Post Bank, we handle ordinary deposits, *TEIGAKU* deposits and time deposits, provide remittance and settlement services in addition to handling public pension payments and carrying out counter sales of Japanese government bonds and investment trusts.
- Insurance counter operations: Under consignment from Japan Post Insurance, we solicit life insurance and handle premium payments.

■ Strengthen Sales Capabilities

Post offices serve as points of contact between customers and Japan Post Group companies. We worked to improve our sales capabilities in the three core businesses of postal, banking and insurance services by strengthening collaboration with Japan Post Group companies in order to curb the downward trend in sales of key products.

- Postal: We set up new displays and featured packaged products that were both appealing and easy to purchase by customers. We also made efforts to improve sales capabilities through collaboration with Japan Post Service.
- Savings: We have continued to offer special interest rates on *TEIGAKU* deposits carried out since April 2010 and worked to secure deposits. We also held pension advisory seminars and sought to maintain and expand the number of customers who automatically receive pension payments.
- Insurance: We established the activity of visiting policyholders as part of our “Comprehensive and Heartfelt Services” to follow up on the details of policies and worked to make customers feel more satisfied and confident in our services.

TOPICS

Opened JP Tower

Japan Post Network seeks to make effective utilization of real estate owned by the company as a new profit-making business.

One of those projects is JP Tower, which has been built in front of Tokyo Station. Plans were announced to rebuild the former Tokyo Central Post Office premises (Marunouchi, Chiyoda-ku) in June 2008 and construction was completed on May 31, 2012.

In addition to commercial offices equipped with state-of-the-art functionality, JP Tower has retained its historical aesthetics by preserving part of the former Tokyo Central Post Office building. It also includes advanced environment-friendly features such as LED lighting and air conditioning systems that use solar and geothermal energy. Besides office space, JP Tower contains a number of public contribution facilities that receive and transmit information and culture (international conference center, academic and cultural museum, and international business and tourist information center) as well as a number of attractive retail shops and restaurants. JP Tower will thus play an important role in making the district much livelier.

The Tokyo Central Post Office, housed within JP Tower, started operating on July 17, 2012. The grand opening of commercial and public contribution facilities is scheduled for spring 2013.

Aside from JP Tower, Japan Post Network operates real estate development business that covers sites where post offices are located in prime commercial areas as well as condominium apartment building business.



JP Tower

2. Providing New Products and Services

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

■ Expanded the Number of Post Offices Handling New Financial Services

We have gradually expanded the number of post offices that handle various new financial products to make them accessible to more customers. The number of post offices selling variable annuities has grown from 166 to 247 since October 2011, while the number handling life insurance for companies (for management-level personnel) has risen from 123 to 126 in the same period. The number of post offices handling automobile insurance has expanded from 600 to 701 since January 2012.

We will continue to strive to better meet the needs of more customers at post offices that are close to home.

■ Sales of *Atataka Mail*

Japan Post sold *Atataka Mail* (heart and body-warming mail) in cooperation with 20 major post offices and UNIQLO stores throughout Japan in October 2011.

With the service, customers can attach a free address sticker and stamp to a gift package of UNIQLO's functional Heatech winter underwear together with a message before sending it. This is the first time that post offices sold clothing items.

The sender can deliver a heartfelt message expressing gratitude for the year to family and friends living far away and the hope that they stay warm and comfortable during times of electricity conservation. The gift thus warms both the heart and body of someone dear.

■ Sales of *Kit Mail* to Deliver Hand-written Messages for Students Preparing for Entrance Exams

Japan Post sold *Kit Mail* as a jointly developed product with Nestlé Japan Ltd. in January 2012. With *Kit Mail*, people can mail a package of KitKat chocolate wafers with a ¥140 stamp to students about to take exams. KitKat, the pronunciation of which roughly resembles "*Kitto Katsu*" in Japanese (meaning a "surefire win") is regarded as a lucky charm. Senders can write an encouraging message on the package prior to sending it.

In addition to the KitKat snack, in which packages are red and white and these colors represent good luck in Japan, *Kit Mail* also includes a card on which recipients can write their hopes and goals and carry around with them. The title of the card also plays on

the word "*kitto*" to express the idea that the hopes and goals will "surely" be realized.



3. Social Contribution

Post offices throughout the nation have been implementing a diverse range of initiatives to vitalize local communities through collaboration with local governments, companies and organizations.

Some initiatives are closely related to our postal operations. We develop and sell frame stamps that use photographs for the promotion of local events and tourist spots and use small-size commemorative postmarks featuring particular local events. Other initiatives are based on our strong ties with local communities. These include allowing elementary school students to visit post offices and gather information as part of their town exploration class (school students explore the area around their school with a focus on its features and the people working in it). (See pages 80-87 "Japan Post Group CSR")

TOPICS

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

The "Let's Support East Japan! East Japan Recovery Support Catalog" was released to support the recovery of companies damaged in the Great East Japan Earthquake. Customers could order 19 different products from companies in the six prefectures of the Tohoku region as well as Ibaraki Prefecture at any post office nationwide between May 9 and June 30, 2011.

Let's Enjoy Regional Specialties and Support East Japan Catalog

The "Let's Enjoy Regional Specialties and Support East Japan Catalog" was released with the idea of revitalizing the regional economy. Customers could order 26 different products from companies in the six prefectures of the Tohoku region as well as Chiba, Ibaraki and Nagano prefectures at any post office nationwide between September 15 and October 31, 2011.

2. Products and Services

(As of April 1, 2012)

Post offices engage in the provision of postal, deposit and insurance products and services. In addition, post offices provide various types of new products and services that contribute to "helping customers lead a better and more comfortable life at present and in the future."

1. Products and Services of the Three Core Businesses

(1) Postal Counter Operations

We handle postal and Yu-Pack items and sell postage stamps and postcards as well as revenue stamps. For details, please refer to pages 32-37.

(2) Savings Counter Operations

We handle ordinary deposits, *TEIGAKU* deposits and time deposits, provide remittance and settlement services in addition to handling public pension payments and carrying out counter sales of Japanese government bonds and investment trusts. For details, please refer to pages 46-50.

(3) Insurance Counter Operations

We solicit life insurance and handle premium payments. For details, please refer to pages 56-60.

(2) Post Office Referrals Comprehensive Lifestyle Referral Services

We are implementing Post Office Referrals, which include moving, mobile phone, house cleaning, optic fiber connection and home security services, at all nationwide post offices as well as through a dedicated phone line.

*Some referral services may not be available at certain post offices.



2. Providing Services that Support People's Lives

(1) Working with Local Governments

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

(As of March 31, 2012)

Services	Prefectures	Municipalities	Post offices
1. Office certification documents (Issuance of copies of resident card, etc.)	0	166	635
2. Other services	1	108	3,486
(1) Sales	0	99	1,403
a. Multiple-ride bus tickets	0	23	235
b. Trash collection certificates	0	36	841
c. Sewage treatment certificates	0	6	25
d. Tickets to events (Tickets for events sponsored by local governments, etc.)	0	18	184
e. Merchandise certificates	0	0	0
f. Trash collection bags	0	53	353
(2) Distribution services (Issuance of bus tickets, etc.)	0	10	1,412
(3) Receipt of application forms (Receipt of application forms for using public facilities, etc.)	1	3	1,235
Total	1	253	4,056

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

(3) Sales of Catalog Products (*Furusato* Parcel Service)

We offer a number of catalog services, including the *furusato* parcel service, which allows customers to order desired products from catalogs listing specialty products from all regions of Japan or leaflets that feature products specific to a certain area, and to have these products delivered by Yu-Pack service. There is also a regular order service that lets customers enjoy the flavors and tastes of the regions of Japan once a month. We continually review catalog product lineups as we strive to introduce customers to even better products.



3. Responding to Customers' Various Needs

(1) Third-Sector Insurance Products

In order to respond to needs for healthcare coverage, which have been rising in years, we sell third-sector insurance at 1,000 post offices.

(Products Handled)

- **Days - Cancer insurance for daily living** [underwriter: Aflac (American Family Life Assurance Company of Columbus)]

A cancer insurance product that provides a lump-sum payment when a policyholder is diagnosed with cancer and benefits for hospitalization and treatment (surgery, radiation therapy and anticancer drugs). It also offers benefits for outpatient cancer treatment, which has been growing recently, and coverage for advanced medical treatments, which are not usually covered under the public health insurance plan.

- **Tayoreru YOU** [underwriter: Sumitomo Life Insurance Company] This whole life medical insurance (medical insurance with eased underwriting conditions) allows for the enrollment of persons with pre-existing conditions (diabetes, hypertension, etc.) who are not accepted under traditional health insurance*.

* Insurance products providing benefits for hospitalization or injury or when undergoing prescribed surgery

(2) Variable Annuity Sales

In order to further enhance our life planning and asset accumulation consulting-related products, we sell variable annuities at 247 post offices.

(Products Handled)

- **Yu Yu Tsumitate Nenkin** [underwriter: MetLife Alico Life Insurance K.K.]
- **Shiawase Teikibin** [underwriter: Mitsui Sumitomo Primary Life Insurance Co., Ltd.]

(3) Life Insurance for Companies (for Management-Level Personnel)

In order to respond to a variety of needs of executives, such as needs for retirement benefit-related measures, business insurance, business succession and inheritance countermeasures, we sell life insurance for companies (for management-level personnel) at 126 post offices.

(Products Handled)

- **Level term life insurance** ● **Increasing term life insurance** [underwriters: ING Life Insurance Company, Ltd., Sumitomo Life Insurance Company, Tokio Marine & Nichido Life Insurance Co., Ltd., Nippon Life Insurance Company, Mitsui Sumitomo Aioi Life Insurance Co., Ltd., Meiji Yasuda Life Insurance Company, MetLife Alico Life Insurance K.K.]

* Sumitomo Life Insurance Company only underwrites level term insurance.



TOPICS

Examples of Improvements Based on Customer Feedback

We work to improve services based on feedback gathered from customers. We will continue to listen closely to what customers have to say to make further improvements going forward.

<Examples of improvements based on customer feedback in fiscal 2012>

<Customer feedback>

The other day, I wanted to use a Yu-Pack with refrigerated delivery service (so-called chilled Yu-Pack), but it wasn't available at the post office that I went to. It would be nice if I find out on your website which post offices provide this service.

Improvement

Customers can now see whether the service is available or not by checking the "Available services" column for each post office by going to "Search Post Offices and ATMs" on the website.



(4) Automobile Insurance

As a non-life insurance agency, we have been handling post office automobile insurance in cooperation with six non-life insurance companies at 701 post offices.

(Products Handled)

● Post Office Automobile Insurance

[six underwriters: Aioi Nissay Dowa Insurance Co., Ltd., Sampo Japan Insurance Inc., Tokio Marine & Nichido Fire Insurance Co., Ltd., NIPPONKOA Insurance Co., Ltd., The Fuji Fire and Marine Insurance Co., Ltd. and Mitsui Sumitomo Insurance Co., Ltd.]

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



(5) Post Office Internet Shop

The Post Office Internet Shop is an online shopping site opened on Japan Post Network's website.

The shop offers a variety of products ranging from frame stamps to local specialty products provided under our *furusato* parcel service.



(6) Total Printing Service

We offer a Total Printing Service via our Post Office Internet Shop. In addition to conventional printing service for New Year's postcards, we now offer printing services for other greeting cards and business cards.



(7) Frame Stamps

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



4. Promoting the Effective Use of Post Offices

(1) Product Sales Utilizing Space at Post Offices

In order to improve convenience for customers who use post offices, from June 2009 we have been selling mail-related items such as letter paper, envelopes and pens and pencils at all nationwide post offices as well as at designated contracted post offices.

In addition, from September 2009 we started sales of *Gotochi* Form Cards, which enable non-standard sized mail items to be sent.



Gotochi Form Card (Miyagi Prefecture)



Gotochi Form Card (Tokyo)

TOPICS

"Posties" – Characters for the Japan Post Group

"Popock," "Kimick" and "Belrick" symbolize the brands of the Japan Post Group with their various individual characteristics: Popock is responsible for the delivery of important mail items, Kimick runs a flower shop and nurtures flowers and plants, and Belrick is an active athlete who hopes that everyone is always fit and well.



(2) Advertising Business

We implement an advertising business by deploying extra space at post offices and using our nationwide network of post offices to place advertisements by companies and local governments at around 20,000 sites. Using post offices as a medium, we have a menu of options available for corporate publicity and promotions, including such activities as placing advertisers' posters and pamphlets in post office lobbies, distributing advertisers' sample products at service counters, holding events inside post offices and enabling advertising outside our post offices.

Applications to use the space for advertising are channeled through advertising agencies. As of March 31, 2012, the Company had designated 79 such agencies for this purpose.



Event held in Tokyo

(3) Collection of Used Ink Cartridges

We started the "ink cartridge *satogaeri* project" for collecting used ink cartridges with the cooperation of six printer manufacturers.

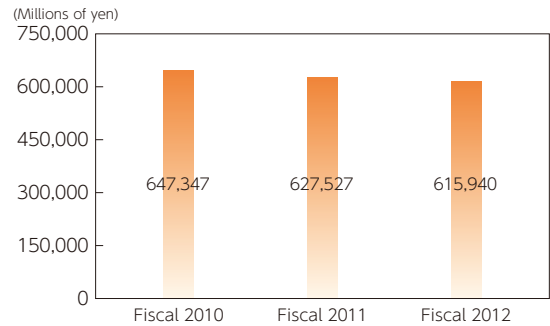
(Number of post offices with collection boxes as of March 31, 2012: 3,639)



3. Japan Post Network Business Performance

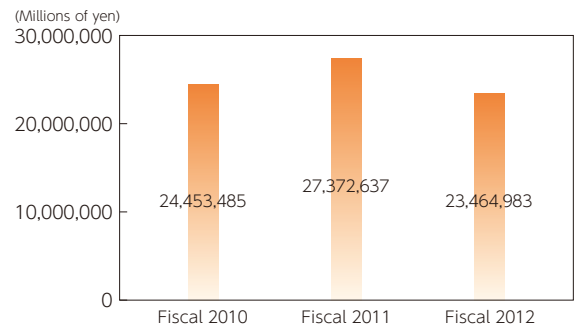
1 Postal Operating Revenues

Of the services such as mail and Yu-Pack provided by Japan Post Service, total sales handled through Japan Post Network are as follows.



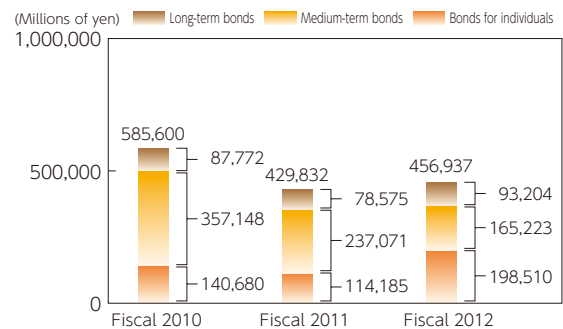
2 TEIGAKU and Time Deposits Handled

Of the *TEIGAKU* and time deposits provided by Japan Post Bank, the funds newly deposited by customers through the Japan Post Network are as follows.



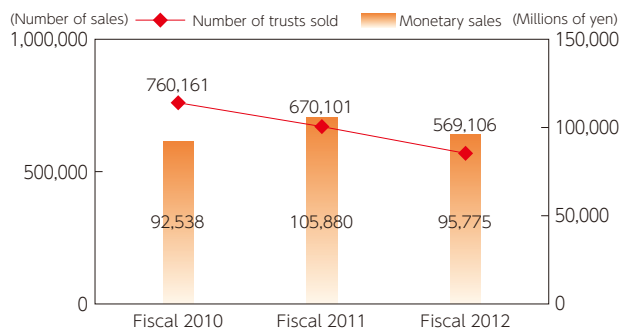
3 Sales of Japanese Government Bonds

Of the Japanese government bonds sold by Japan Post Bank, total sales handled through the Japan Post Network are as follows.



4 Investment Trust Sales

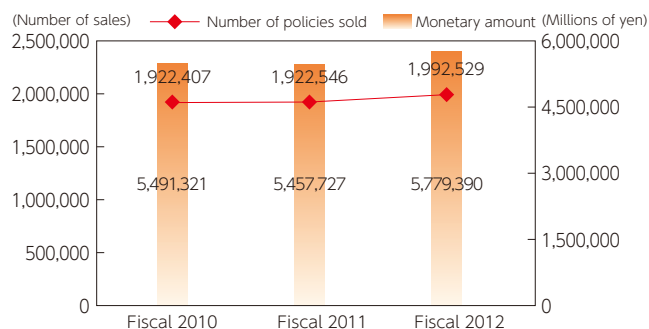
Of the investment trust products sold by Japan Post Bank, total sales handled through Japan Post Network are as follows.



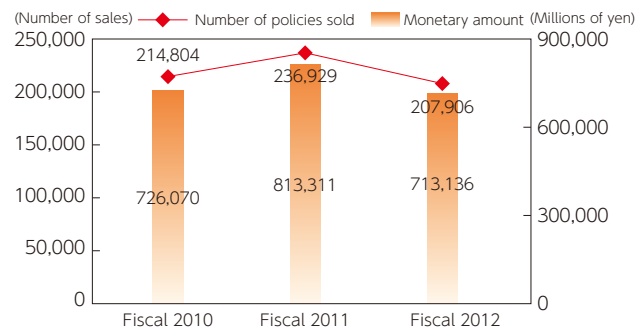
5 Life Insurance and Annuity Sales

Of the life insurance and annuity products sold by Japan Post Insurance, total sales of newly contracted policies handled through Japan Post Network are as follows.

Individual Insurance

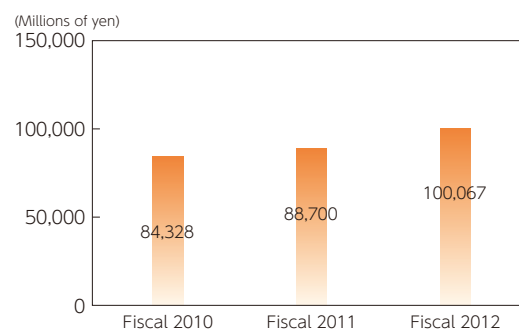


Individual Annuities



6 Merchandise Business

The sales of products and services sold through merchandise businesses such as catalog sales of Japan Post Network are as follows.



2. Operations of Japan Post Service



Shinichi Nabekura

President and CEO
Japan Post Service Co., Ltd.

Message from the Company



Review of Fiscal 2012

In reviewing fiscal 2012, let me first offer my thoughts and prayers for the persons who lost their lives in the Great East Japan Earthquake in March 2011 and express my heartfelt sympathy to the residents of the disaster-affected regions.

We made every effort to provide support for people in the affected areas following the disaster by delivering mail and Yu-Pack items to people living in evacuation shelters and those that had relocated to temporary housing establishments as well as by setting up post boxes for these establishments. At the same time, we exempted fees for cash registered mail containing disaster relief money and sold donation-added postage stamps to support those who suffered damage. We always received kind words of thanks from customers when we delivered mail to the evacuation shelters, which reaffirmed to us the importance of postage mail and the warmth that it can provide.

Japan Post Service Co., Ltd. will continue supporting local communities by providing reliable mail, Yu-Pack and other services as essential forms of communication and

logistics closely linked to people's daily lives. These services interconnect the disaster-affected areas and link them to other areas throughout Japan.

The environment surrounding Japan Post Service was harsh during the period. Mail volumes have been decreasing annually since the peak in fiscal 2002, particularly with the expanded use of Web-based invoices issued by companies in addition to the ongoing trend of cutbacks in communications and sales promotion expenses by corporate customers in fiscal 2012. Although we believe the market for small parcel deliveries has ongoing growth potential, competition has been intensifying particularly as companies improve services to meet customer needs.

At the end of fiscal 2011, Japan Post Service recorded a net operating loss of ¥103.4 billion, which was a significant decline from the previous fiscal year, owing primarily to lower revenues in line with a decrease in mail volumes coupled with an increase in expenses accompanying the business transfer from JP Express Co., Ltd. (JPEX) in July 2010. Despite these circumstances, in fiscal 2012 the entire company worked to implement measures aimed at achieving

a profitable balance in our revenues and expenses. These efforts included comprehensively reducing operational costs through the appropriate allocation of personnel based on amount of business as well as a review of collection and delivery consignment contracts while also strengthening sales to small- and medium-size customers. As a result, we improved net operating loss by ¥81.1 billion from ¥103.4 billion in the previous fiscal year to ¥22.3 billion at the end of fiscal 2012.

Issues for the Future

The business environment surrounding Japan Post Service is expected to remain severe owing primarily to continued fierce competition in the logistics industry in addition to a projected decline in mail volumes going forward. Against this backdrop, in the short term we will continue with measures introduced in fiscal 2012 to improve the bottom line in order to secure profitability on a single-year basis in fiscal 2013 as well as improve our system of management controls, which includes the management of revenues and expenses at the branch level, and enhance our education and training aimed at developing human resources.

Over the medium to long term, we will work to develop foundations that enable us to maintain sound management for the company as a whole. To achieve this, our top priority will be to address the structural issue of lower earnings due to declining mail volumes. We will also promote centralized

processing and mechanization of mail sorting and other jobs, develop information system foundations and examine the possibility of introducing a compensation and personnel system that rewards employees for their concerted efforts.

To diversify and fortify our earnings structure, we will further develop our logistics business to ensure that it effectively offers third-party logistics (3PL) services coupled with logistics consulting services. We will also seek to meet diverse customer needs through the provision of services that satisfy the mail-order market for overseas, which is continuing to grow.

For Japan Post Service to progressively improve the company's bottom line, we believe that, above all, ensuring the trust of our customers is essential. We will continue strengthening initiatives to heighten awareness of compliance among employees based on the formulation and implementation of a compliance program aimed at eliminating cases of breaches of compliance such as accidents and criminal offenses. We will also further promote compliance by strengthening the management system at branches through monitoring.

The "Act for Partial Revision of the Postal Service Privatization Act and others" was enacted in April of this year. Under the revised act, Japan Post Service will merge with Japan Post Network Co., Ltd. and provide services at integrated post offices. We will work to further improve postal services so that customers feel the merits of the merger.

Your continued support is appreciated as we move forward to achieve these goals.

1. Overview of Operations

Japan Post Service is responsible for the postal and parcel delivery operations of the Japan Post Group.

In addition to operating 1,090 branches and 2,524 collection and delivery centers, Japan Post Service has commissioned Japan Post Network to handle mail and sell postage stamps, postcards and revenue stamps at approximately 24,000 post offices throughout Japan. Besides providing 185,000 post boxes throughout the country, Japan Post Service has also commissioned the sale of various postage stamps and revenue stamps at approximately 144,000 locations in Japan.

Through this network, Japan Post Service delivers approximately 64 million pieces of mail daily to around 31 million homes and businesses throughout Japan (fiscal 2011 figures). In fiscal 2012, Japan Post Service delivered around 19,110 million postal items, around 380 million Yu-Pack items and around 2,870 million Yu-Mail items.

Looking ahead, while maintaining universal postal service, Japan Post Service will work to create a “network that conscientiously connects people, businesses and society” by providing communications that enable the public to feel safe and secure along with speedy logistics functions.

1. Postal and Domestic Distribution Business

Under the Postal Services Privatization Act, Japan Post Service impartially provides universal postal services at the lowest possible rates as well as Yu-Pack, Yu-Mail and other logistics services. In addition to domestic postal services, Japan Post Service also provides international postal services (letter, parcel and EMS*) in accordance with the Universal Postal Convention and other international postal agreements. Japan Post Service is also commissioned by the Japanese government to sell revenue stamps.

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

*EMS: Express Mail Service

■ Initiatives to Improve Earnings

We faced difficult business conditions in fiscal 2011, as we posted a net operating loss of ¥103.4 billion caused by a drop in earnings resulting from declining mail volumes and a rise in expenses associated with the integration of the parcel delivery service of JPEX in July 2010.

In fiscal 2012, although conditions remained challenging in terms of the continued downward tendency in mail volumes, we saw a greater increase in the volume of Yu-Pack parcels than anticipated. This, coupled with our efforts to expand earnings by thoroughly reducing operational costs, allowed us to improve net operating loss by ¥81.1 billion to ¥22.3 billion.

With an eye to maintaining sound management, we will make company-wide efforts to further increase earnings. As specific goals, we aim to generate net operating income from the entire postal and domestic distribution business in our fiscal 2013 full-

year results, while working to bring Yu-Pack service itself into the black on a single-year basis in fiscal 2016.

■ Implementation of “Pay-Later Post-In” Service

In August 2011, we started a “Pay-Later Post-In” service, for pay-later mail items, including standard-size mail, nonstandard-size mail* and Yu-Mail*. The conventional pay-later postal service requires customers to bring their mail to the postal counter. Under the new service, customers place their mail and labels in a free, special letter case lent by Japan Post Service and conveniently drop it in a nearby post box.

* This service is not available for certain types of nonstandard-size mail and Yu-Mail items.

■ Helping Customers Create Direct Mail (DM)

In September 2011, we started offering a range of services via the DM Factory page on the Japan Post Service website to assist corporate customers in preparing DM. Our DM Factory provides tools and resources for customers who wish to create DM but do not know how or those finding the task troublesome to easily design professional quality DM pieces and place orders for printing on demand. During the 2012 New Year’s postcards season, we also accepted orders for creating original design New Year’s postcards through the DM Factory.

■ Started Providing a Yu-Pack Service for Online Auctions

We started providing a Yu-Pack parcel service for online auction users. Users who send items sold through auction sites* by using our Yu-Pack service from post offices receive points that can be used on the corresponding website.

* Rakuten Auction, Inc. (from September 2011)
MOBAOKU (from January 2012)

We also started offering another discount and points giveaway service for auction users sending items from LAWSON convenience stores. If users print labels using Loppi terminals installed in about 9,000 Lawson stores nationwide, they will receive a ¥30 discount per Yu-Pack parcel and either Rakuten Super Points or MOBAOKU Points.

■ Started Yu-Pack Same-Day Delivery Service

In October 2011, we launched a same-day delivery service for Yu-Pack parcels in the Tokyo and Osaka metropolitan areas. This service is available for Yu-Pack parcels sent from branches of Japan Post Service in (1) certain areas within Tokyo's 23 wards, (2) certain areas in Tokyo other than 23 wards, and (3) certain areas in Osaka to addresses within 1) 23 wards in Tokyo, 2) Tokyo other than 23 wards (excluding islands and other areas) and 3) Osaka (excluding certain areas), respectively. A similar same-day delivery service has been provided by some branches when they accept Yu-Pack parcels sent to destinations within their respective delivery areas, or by branches serving as a logistics base in each region when they accept Yu-Pack parcels destined for addresses in delivery areas of branches located within that region. This service is now available at all branches nationwide.

■ Activities for 2012 New Year's Postcards

Under the main theme of "We deliver people's warm heart at the New Year," we once again sold a variety of New Year's postcards, including Disney character postcards. As for our Web-enabled services, we worked to enhance the contents of our special New Year's postcards website (yubin-nenga.jp) and opened a special page on Facebook, the world's largest social networking service. We also provided Yahoo! JAPAN *Nengajo*, mixi *Nengajo* and Webpo services, which enable users to send "real" New Year's postcards to their online, address-unknown friends and acquaintances.



© DISNEY. Based on the "Winnie the Pooh" works by A.A. Milne and E. H. Shepard.

■ Launched International e-Packet Service

In April 2012, we launched a service to apply a special rate, which is lower than normal fees, to small packets when customers use labels issued online to send these small packets by air as registered mail.

■ Initiatives for Expansion of the International Mail Order Market

In November 2011, eBay Japan and Japan Post Service reached an agreement to cooperate with each other in expanding the international e-commerce market. In April 2012, an agreement was also concluded between Rakuten, Inc. and Japan Post Service to provide mutual cooperation and support for the promotion of overseas business for retailers of Rakuten Ichiba, an online shopping mall, and a resulting expansion of overseas shipping volume.

More specifically, we intend to collaborate in increasing the use of our one-stop online shipping service for overseas destinations, which includes preparation of shipping labels, monitoring of delivery status and confirmation of shipping history, and expanding business opportunities in the field of international e-commerce.

2. International Logistics Business

In response to expanding needs for international logistics, we are promoting international logistics business with a strong focus on the air cargo sector. In cooperation with JAPAN POST SANKYU GLOBAL LOGISTICS Co., Ltd., a subsidiary jointly established with Sankyu Inc. in July 2008, we are providing a wide variety of international logistics services ranging from small-lot to large-lot cargo to domestic and overseas corporate customers primarily in Japan, China and other countries in Asia.

3. Logistics Business

We are deploying our logistics business in response to recent logistics outsourcing needs. Upon being consigned by client companies, we provide our third party logistics (3PL) services in an integrated manner, from optimized logistics plans to the building and operation of logistics systems, as well as the provision of consulting services relating to logistics improvements.

4. Social Contribution

Japan Post Service considers corporate social responsibility (CSR) to be a management issue of the highest priority and works to fulfill that responsibility as a company. (For details, please refer to "Japan Post Group CSR" on pages 80-87.)

TOPICS

Making New Year's Postcard Charitable Donations

We distributed ¥784.67 million raised from New Year's postcard donations to 331 welfare and social activity organizations, including 33 organizations providing support to disaster victims of the Great East Japan Earthquake and 17 organizations engaged in carbon offset efforts. These funds are used for the enhancement of social welfare, promotion of the sound development of young people, disaster relief and prevention, and protection of the environment.

2. Products and Services

1. Stamps and Postcards

(As of the end of May 2012)

Products	Description/Features
Ordinary stamps	Standard lineup of postage stamps.
Special stamps	Stamps issued for a special purpose, such as to commemorate an important national event in Japan or a significant campaign in Japan or another country. We also provide greeting postage stamps with designs suitable for use with greeting cards for celebrations and various other occasions.
Furusato stamps	Stamps issued to stimulate interest in specific regions of Japan using regional themes.
Donation-added New Year's postage stamps	These lottery stamps allow individuals who use their own New Year's postcards and letters to participate in the New Year's postcard lottery. There are two types: one for postcards and one for letters.
Frame stamps	An original postage stamp that is designed to look like a photo frame, with its inner blank space available for printing photographs, etc. Frame stamps can be ordered via the Internet or at a post office.
Standard postcards	In addition to the postage mark featuring a house sparrow, other postcards are available featuring a moth orchid, suitable for use for winter greetings or announcing a period of mourning.
New Year's postcards (New Year's lottery postcards)	These postcards are available in a standard format and with a donation added. A service called <i>Nenga Town Plus</i> is also available to deliver no name specified New Year's postcards to all households and offices within a particular town neighborhood, where there is a delivery of New Year's postcards on January 1.
Summer greeting postcards (Kamo-Mail)	Kamo-Mail is lottery postcards for summer greetings. A service called <i>Kamome Town Plus</i> is also available to deliver no name specified Kamo-Mail postcards, which are accepted during a specified period, to all households and offices within a particular town neighborhood.
e-sense cards	Sold for ¥50, these stylish postcards incorporate an illustration or picture provided by a company using the back of the card as advertising space.
Echo-postcards	Part of the postcard is used for advertising and the advertising income is used to reduce the price by ¥5 to ¥45.
Inkjet printing standard postcards	Postcards with a special coating that allows the tiny dots of inkjet printers to dry quickly, permitting the postcards to be used for printing photographs, pictures and other colorful images.
Reply-paid postcards	Two attached postcards folded in half, one to be used by the sender and the other by the recipient to send a reply back to the sender. We also offer unfolded reply-paid postcards. The absence of a fold allows these postcards to be easily used with a printer or copier. These postcards are useful for printing large numbers of invitations to parties, sales events, exhibitions and other events.
Four-surface printing postcards	With four postcards in a single sheet, these postcards are useful for situations where a large number of postcards need to be printed.
Postcards with indentations	These postcards have a semicircular indentation on the lower left corner of the front so that visually impaired individuals can tell the front and back and top and bottom of a postcard.
Picture postcards	Picture postcards featuring famous scenery and other sights from all over Japan.
International postcards	These postcards are used for international air mail and have the same rate (¥70) for every foreign country.
Mini-letters (Postal envelopes)	These sheets, in which writing space is three times the size of a postcard, are a combined letter and an envelope. Postage is printed on the front just as with a postcard. Items can be enclosed up to the limit of 25 g.
Letter Pack Plus*1 (Specified postage-paid envelope, with recorded delivery service)	This is a special purpose A4 file size, pre-paid envelope, with which correspondence and items can be sent nationwide for a flat rate (¥500). As the package is hand delivered to the recipient in exchange of his or her signature or seal, it offers a secure way to send items by post. A tracking service is available to check delivery status.
Letter Pack Light*2 (Specified postage-paid envelope, without recorded delivery service)	This is a special purpose A4 file size, pre-paid envelope, with which correspondence and items that do not exceed 3 cm in depth can be sent nationwide for a flat rate (¥350). This item is placed in the recipient's mail box and is therefore useful for persons who are not often at home to receive mail items. A tracking service is available to check delivery status.
Aerogrammes	The international mail version of the "mini-letter." Items can be enclosed up to a limit of 25 g. Space is three times the size of a postcard and postage is printed on the front. Air-mail postage is cheaper (¥90 for anywhere in the world).
Stamp booklets	Stamp booklets have a cover and contain several stamps or several dozen stamps, with an accompanying explanation of each stamp.

*1: Formerly called Letter Pack 500 *2: Formerly called Letter Pack 350



Special stamps and furusato stamps



Stamp booklets



Frame stamps

2. Standard Mail Services

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

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

Products	Description/Features
Yu-Pack	Yu-Pack is a domestic delivery service for sending parcels having the sum total of length, width and thickness of less than 170 cm and weighing less than 30 kg, with the receiver's address listed on an attached invoice. The Yu-Pack service offers a host of benefits and conveniences. These include discounts for parcels brought to post offices, volume discounts for 10 or more parcels, forwarding to a second address when no one is at the primary address, notice of completed delivery service, same-day redelivery and specified time delivery service.
Airport Yu-Pack	An easy and inexpensive way for travelers to ship their luggage to and from an airport. Luggage can be picked up at a designated counter at the airport. There is a reduction available for using the service on both outbound and inbound journeys.
Golf and Ski Yu-Pack	Golf and ski equipment is delivered to a hotel or other location by the day prior to the customer's arrival or back to the customer's home. There is a reduction available for using the service on both outbound and inbound journeys.
Pos Packet	A convenient service for sending small and light items anywhere in Japan at a flat rate of ¥350. Delivery confirmation is available online. Simply drop Pos Packet in a post box.
Yu-Mail (booklet parcels)	A service for sending books and other publications. No prior procedure is needed. Simply drop Yu-Mail in a post box. We offer special volume discounts for users sending a large quantity of parcels using this service.
Town Plus	A service to deliver Yu-Mail to all deliverable addresses within a particular town neighborhood without the name of receivers.
Yu-Mail for persons with disabilities	Yu-Mail for materials sent between libraries and persons with severe physical or mental disabilities.
Braille Yu-Pack	Used to send Braille materials.
Yu-Pack for the hearing impaired	Used to send videotapes for hearing-impaired individuals. Available for tapes sent between facilities approved by Japan Post Service and eligible recipients.



Letter Pack Plus



Letter Pack Light



Kamome Town Plus



Nenga Town Plus



Yu-Pack package (large box)



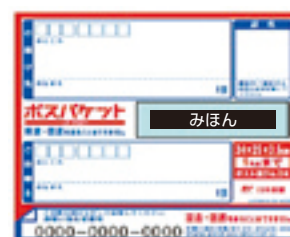
Yu-Pack package (small box)



Yu-Pack package (large pouch)






Yu-Pack package (small pouch)



Pos Packet

4. Major Supplementary Services

Services	Description/Features
Express mail (<i>Sokutatsu</i>)	The fastest form of delivery, in which mail receives priority over other letters and parcels in the same class.
Overnight mail "Morning 10"	Delivers mail received before the acceptance deadline by 10:00 the following morning.
New special express mail (<i>Shin tokkyu yubin</i>)	Delivers mail received around morning time by approximately 17:00 the same day.
Registered mail (<i>Kakitome</i>)	Letters and parcels are tracked from acceptance to delivery. If the item is damaged or does not reach its destination, the sender will be reimbursed for the actual loss based on the amount submitted when the item was sent. There are three types: cash registered mail, ordinary registered mail and simplified registered mail (discounted postage).
Security service	This service provides compensation for loss up to ¥500,000 in the event that a Yu-Pack is damaged or lost.
Acceptance-recorded mail (<i>Tokutei kiroku</i>)	A service for registering the acceptance and delivery of letters and parcels.
Recorded delivery mail (<i>Kofu kiroku yubin</i>)	This is a service provided for a flat rate of ¥500, using a specified postage-paid envelope, which records the delivery of the items in the specified envelope.
ID confirmation delivery service (<i>Honnin gentei uketori</i>)	This service provides delivery of letters and parcels only to a person whose name is listed on the letter or parcel. There are three types of service: basic, special-case and conveying specific details.
Cash on Delivery (<i>Daikin hikikae</i>)	The recipient pays the designated amount upon receipt of the letter or parcel. The amount due is paid to the sender using a Japan Post Bank remittance or ordinary remittance. For cash on delivery Yu-Pack parcels, we also offer Cash on Delivery and Remittance Service (<i>Daikin hikikae matome sokin</i>), a service to collect payments and make a lump-sum transfer of money in five-day increments to the sender, and Yu-Pack Collection Service, another payment collection service offered jointly with Nippon Express Capital Co., Ltd.
Refrigerated delivery service	A safe and reliable refrigerated delivery service for fresh produce and other goods to keep their freshness while in transport.
Delivery date-specified mail (<i>Haitatsu-bi shitei</i>)	The letter or parcel is delivered on the day specified by the sender.
Letax 	A service to deliver messages to recipients, such as congratulatory messages for weddings and condolence messages for funerals, using mat boards and designs specified by senders. It is possible to apply online via the Internet (Web Letax, Web <i>Sokutatsu</i>), or by telephone (Telephone Letax).
Computer mail 	The sender submits the recipient's name, address, electronic message and other data. Japan Post Service performs everything from printing to placing the messages in envelopes so they can be delivered using standard mail. It is possible to apply online via the Internet (Web Letter).
e-content certificate 	A service for using the Internet to conveniently send mail that requires certification of the contents; available on a 24-hour basis.
Certification service	Receipt time certification is for certifying the time a letter or parcel sent as registered mail was received. Delivery certification certifies the delivery of a letter or parcel sent as registered mail. Certification forms (which are verified by postal certification officers) state the date, sender and recipient, and contents of the letter or parcel, with certification by Japan Post Service.

* These services may not be available depending on the type of letter or parcel.

5. Other Services

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

6. International Mail

Services	Description/Features
EMS (Express Mail Service)	Letters and parcels are given the highest priority from the time of receipt through delivery. Status of delivery can be confirmed. (Note)
EMS delivery time guaranteed service (time certain service)	Provides a guarantee for delivery time for EMS mail sent from Tokyo or Osaka to five countries/regions (China, Hong Kong, Singapore, South Korea, Taiwan)
International parcels	Available in three types: air parcels where speed is the priority, surface (sea) parcels where low cost is the priority and economy air mail (SAL) small parcels that combine speed and low cost. (Note)
International letter-post mail	
International registered mail	A service to record acceptance and delivery of a mail item and to compensate for actual damage incurred when it gets damaged or lost, to the extent insured by the sender.
International e-Packet	A service to apply a special rate, which is lower than normal fees, to a small packet when customers use labels issued online to send these parcels by air as registered mail.
International insured mail	A service to record acceptance and delivery. If the item is damaged or does not reach its destination, the sender or the addressee will be reimbursed for the actual loss based on the amount submitted when the item was sent.
Letters	A frequently-used service to deliver letters to overseas addresses. Letters are divided into two categories: standard-size mail having specific weights and sizes and other nonstandard-size mail. This service is available to send letters or documents weighing up to 2 kg by air mail or surface mail. "Letters" include aerogrammes and greeting cards.
Postcards	A service to deliver postcards worldwide at a flat rate of ¥60 for surface mail and ¥70 for air mail.
Printed matter	A low-cost international mail service for periodicals, catalogs, direct marketing materials, business documents and other printed materials. Can be sent as air mail, surface mail or economy air mail (SAL).
Small packet	A service for sending parcels up to 2 kg to overseas destinations. Less expensive than EMS or international small parcels. Can be sent as air mail, surface mail or economy air mail (SAL).
D-mail, P-mail	A special rate is available when a single sender mails a large quantity of pre-sorted items at once at the specified post office (300 or more for printed matters and 50 or more for small packets).

Note: Tracking availability, maximum size and weights depend on each country.



EMS envelopes



Shipping labels for EMS (Merchandise)



Registered mail label



International e-Packet label

7. Logistics Services

Our logistics services offer a total logistics solution comprised of a consulting service for corporate logistics*1, information processing*2, transportation, storage, freight handling*3, distribution processing*4 and packaging.

*1 We analyze the logistics of companies engaged in shipping from the perspective of their current cost and quality situations and identify key issues and problems, and then make improvement proposals that include specific methods for building logistic systems.

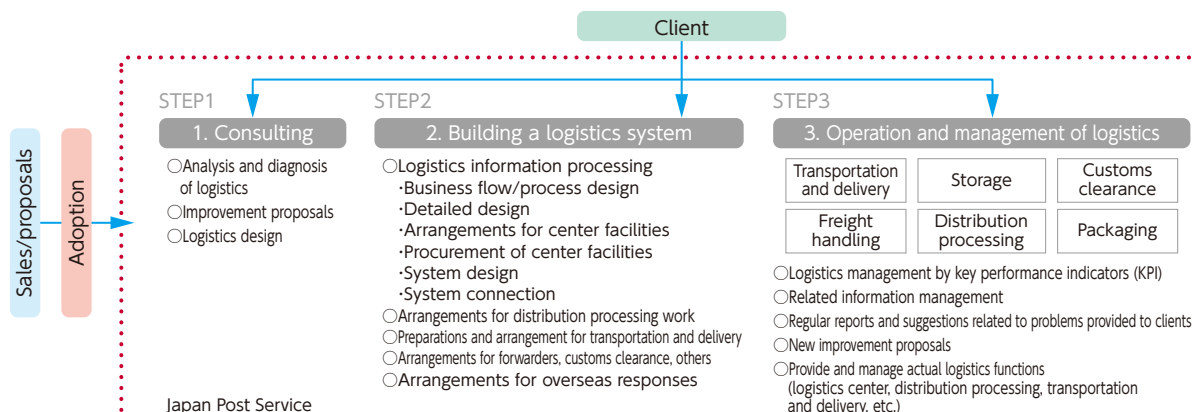
*2 We provide information systems for areas of logistics as such warehouse management and transport management.

*3 We load and unload, transport, stow, discharge, sort and organize freight during the logistics process.

*4 We handle such simple processing and assembly tasks as bagging, packaging, attaching labels, performing inspections and attaching price tags during the product distribution process.

Logistics business services (operations)

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



3. Japan Post Service Business Performance

1 Consigned Volume of Mail in Fiscal 2012

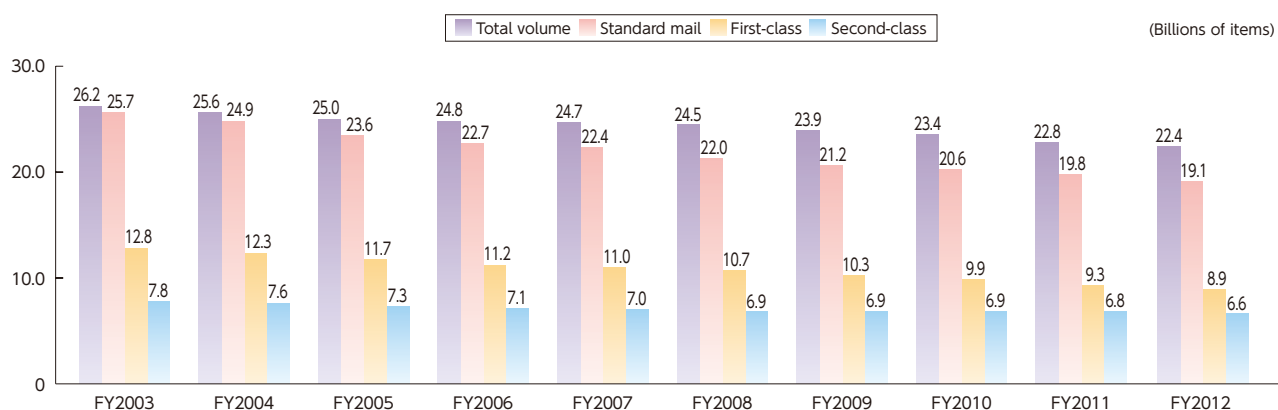
(Unit: 1,000 items, %)

Category	Fiscal 2010		Fiscal 2011		Fiscal 2012	
	Volume	Year-on-year change	Volume	Year-on-year change	Volume	Year-on-year change
Total	23,387,415	(2.3)	22,780,497	(2.6)	22,363,354	(1.8)
Mail	20,582,749	(3.0)	19,812,099	(3.7)	19,107,908	(3.6)
Domestic	20,521,443	(3.0)	19,757,937	(3.7)	19,058,414	(3.5)
Standard mail	20,054,205	(2.6)	19,299,629	(3.8)	18,598,039	(3.6)
First-class	9,915,441	(4.0)	9,319,093	(6.0)	8,912,926	(4.4)
Second-class	6,851,784	(0.2)	6,796,473	(0.8)	6,647,687	(2.2)
Third-class	346,552	(22.9)	297,611	(14.1)	274,843	(7.7)
Fourth-class	24,930	(3.3)	24,016	(3.7)	23,559	(1.9)
New Year's postcards	2,856,016	(1.5)	2,812,114	(1.5)	2,677,489	(4.8)
Election mail	59,481	422.1	50,321	(15.4)	61,534	22.3
Special mail	467,238	(18.2)	458,309	(1.9)	460,376	0.5
International (dispatched)	61,306	(11.5)	54,162	(11.7)	49,493	(8.6)
Standard mail	50,543	(12.6)	43,885	(13.2)	39,627	(9.7)
Parcels	1,531	(2.3)	1,402	(8.4)	1,297	(7.5)
EMS	9,233	(6.2)	8,874	(3.9)	8,569	(3.4)
Parcels	2,804,666	3.8	2,968,398	5.8	3,255,446	9.7
Yu-Pack	233,008	(5.8)	343,316	47.3	382,586	11.4
Yu-Mail	2,540,631	4.8	2,621,576	3.2	2,872,148	9.6
EXPACK	31,026	4.7	3,506	(88.7)	712	(79.7)

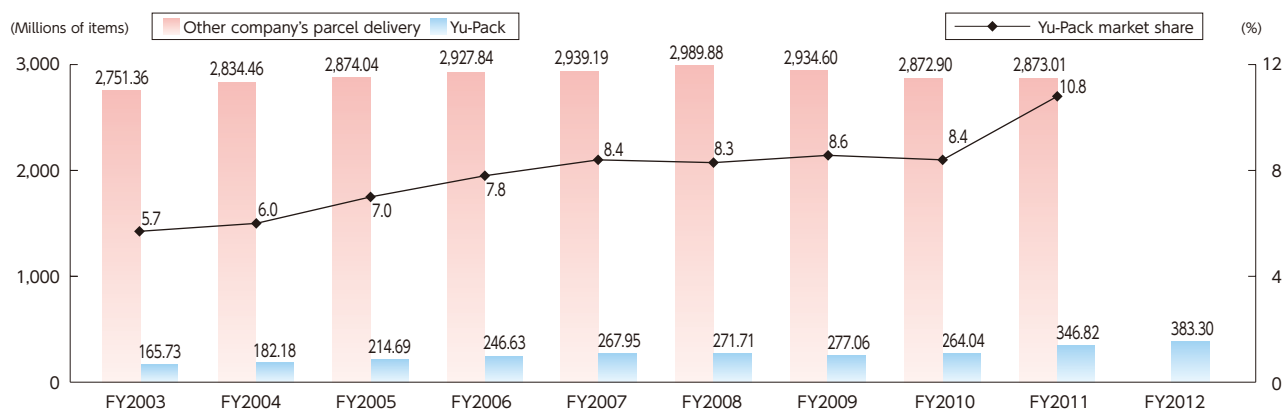
Notes: 1. Sums of individual items may not match totals due to rounding.

2. EXPACK service was discontinued at the end of March 2010.

2 Total Consigned Volume of Mail



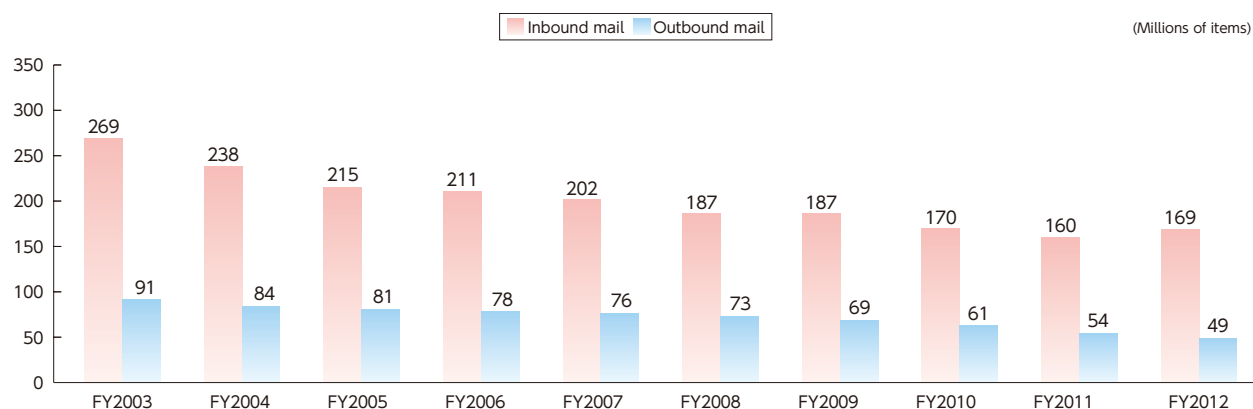
3 Yu-Pack and Other Companies' Parcel Delivery Volume and Market Share



Notes: 1. Fiscal 2012 other companies' parcel delivery volume has not yet been announced (as of June 30, 2012).

2. The number of Yu-Pack parcels includes EXPACK parcels.

4 Volume of International Mail



5 Daily Mail Delivery Volume and Points

	Fiscal 2009	Fiscal 2011
Daily mail delivery volume	About 68 million items	About 64 million items
Daily delivery points	About 32 million points	About 31 million points

Note: No survey for fiscal 2010 and 2012 have been implemented.

6 Postal Service Quality Survey (Days to Arrival)

Beginning in fiscal 1999, an annual survey has been conducted to determine the percentage of mail delivered within the targeted number of days, with the results made public. The purposes of the survey are to supply accurate information concerning the quality of postal services and further improve the quality of services.

All branch offices display a Postal Delivery Time Table (Service

Level Table) that provides information to the public regarding the times needed for mail to reach its destination. Survey results are shown as the percentage of total items sent that were delivered within the number of days prescribed in the Postal Delivery Time Table.

■ Nationwide Achievement Rate of Average Days to Delivery

	Fiscal 2010	Year-on-year change	Fiscal 2011	Year-on-year change	Fiscal 2012	Year-on-year change
Nationwide average	98.5%	0.2%	98.5%	0.0%	98.6%	0.1%
For mail within the same prefecture	98.7%	0.1%	98.9%	0.2%	99.0%	0.1%
For mail to a neighboring prefecture	98.2%	0.4%	98.0%	(0.2%)	97.8%	(0.2%)
For mail to other prefectures	98.3%	0.2%	98.0%	(0.3%)	98.1%	0.1%

Note: The percentage of New Year's postcards accepted by December 25, 2011 and delivered on January 1, 2012 reached 99.8% as compared to the target figure of 99.5%.

In addition to postal operations, Japan Post Service has documentary stamp sales business activities.

■ Documentary Stamp Sales

Sales of documentary stamps for the Japanese national government were as follows.

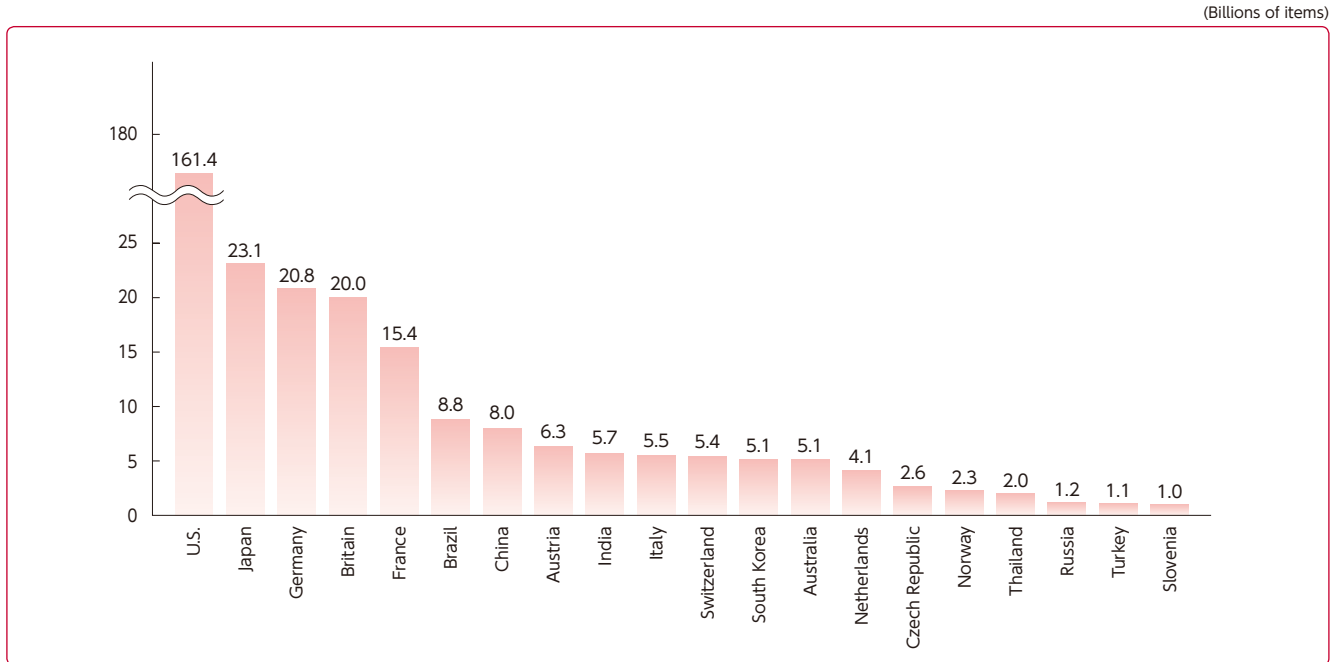
(Millions of yen)

Category	Fiscal 2010	Fiscal 2011	Fiscal 2012
Revenue stamps	771,644	745,239	778,400
Automobile weight tax documentary stamps	996,348	789,683	781,412
Unemployment insurance documentary stamps	452	449	470
Health insurance documentary stamps	2,656	3,271	3,355
Patent documentary stamps	101,638	102,906	95,057
Registration documentary stamps	53,273	46,628	—
Total	1,926,011	1,688,176	1,658,694

Note: Figures shown are gross sales for each category of documentary stamp. These proceeds are submitted to the Japanese national government after deduction of handling fees (including consumption and other taxes). The handling fee is 5.25% for unemployment insurance and health insurance documentary stamps and 3.15% for all other documentary stamps (including consumption tax). Sale of registration documentary stamps for the Japanese national government was discontinued at the end of fiscal 2011.

Reference: Postal Services in Other Countries

1. Volume of Mail Received (Top 20 Countries in 2010)

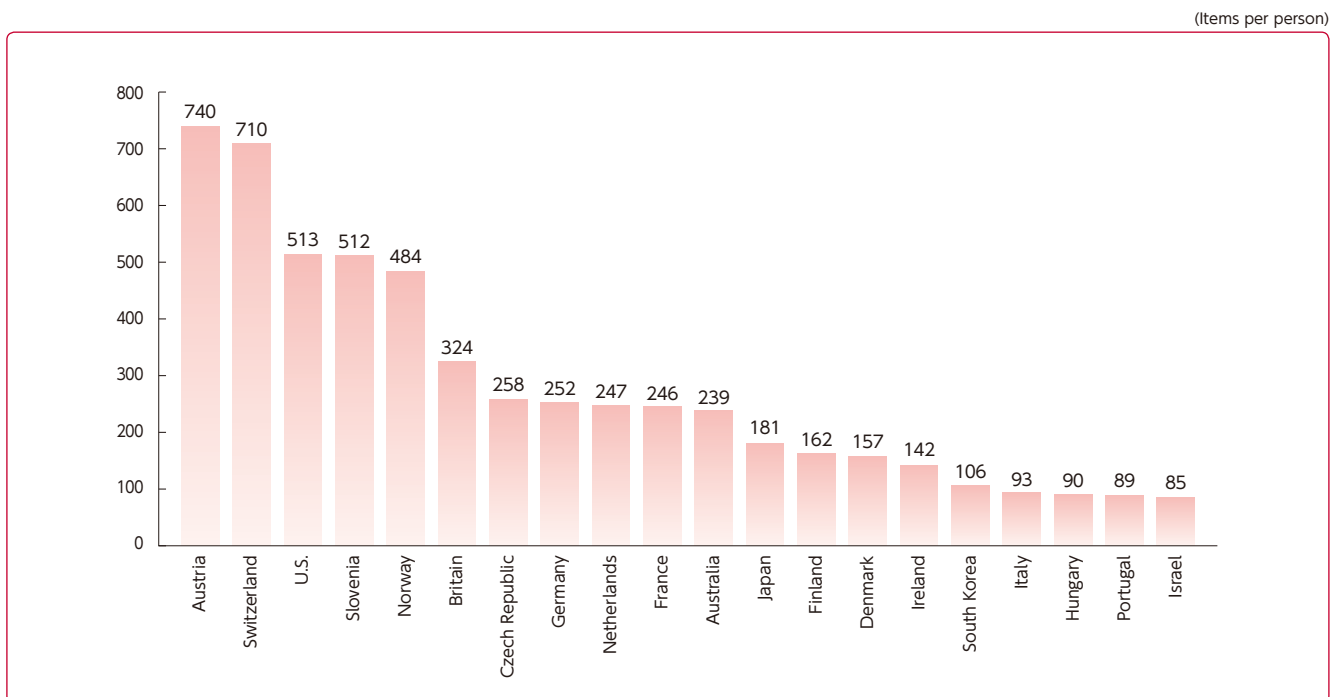


Notes: 1. Source: Universal Postal Union Postal Operations Statistics (2010).

2. "Mail volume" is the total for all domestic and international (dispatched) ordinary and express mail, parcels and insured mail items.

3. As the publication of mail volume figures and classifications differ by country, the totals here are only for the publicized volumes, which are ranked in order.

2. Annual Mail Volume Per Capita (Top 20 Countries in 2010)



Notes: 1. Source: Universal Postal Union Postal Operations Statistics (2010).

2. "Mail volume" is the total for all domestic and international (dispatched) ordinary and express mail, parcels and insured mail items.

3. As the publication of mail volume figures and classifications differ by country, the totals here are only for the publicized volumes, which are ranked in order.

Reference: International Comparison of Postage Rates

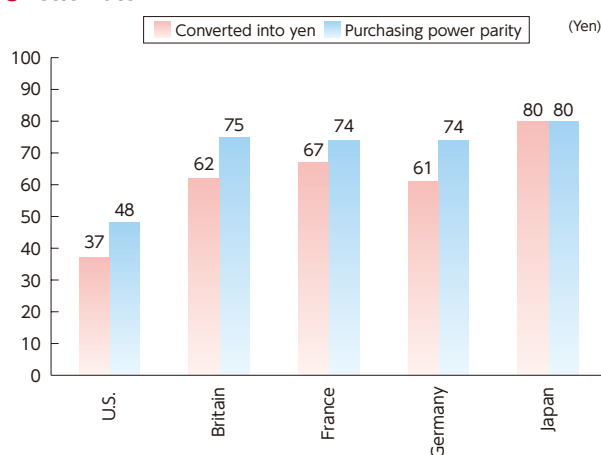
■ Comparison of Domestic Postage Rates

Domestic postage rates in Japan are generally at around the same level as major European countries (Britain, France, Germany) for letters. Postcard rates are lower in Japan.

In the United States, postage rates for both domestic letters and postcards are lower than in Japan. The reason is that the volumes of mail handled in the United States are approximately seven times greater than in Japan (the amount of mail sent per capita is roughly threefold higher), thereby resulting in higher delivery efficiency.

■ Comparison of Domestic Letter and Postcard Postage Rates in Selected Countries

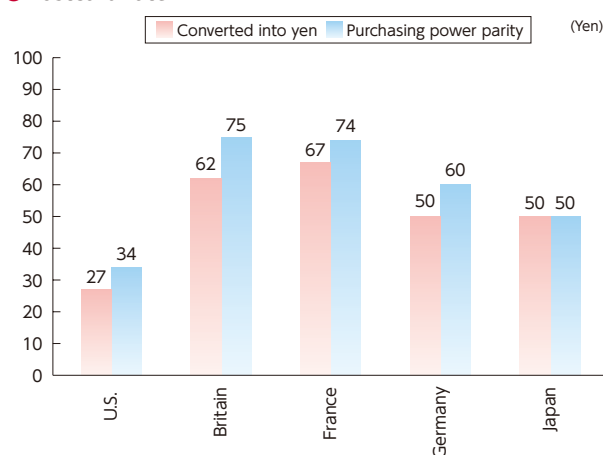
● Letter rate



	U.S.	Britain	France	Germany	Japan
Currency	\$0.45	£0.46	€0.60	€0.55	¥80
Yen equivalent	¥37	¥62	¥67	¥61	¥80
Purchasing power parity	¥48	¥75	¥74	¥74	¥80

Notes: 1. Only Japanese postage rates include consumption tax.
2. Yen conversions use the exchange rate as of March 31, 2012 (Bank of Tokyo-Mitsubishi UFJ TTS rate).
3. Purchasing power parities use exchange rates that make price levels equal in Japan and the other countries. Calculations are based on Purchasing Power Parities (2011 average OECD Main Economic Indicators).

● Postcard rate



	U.S.	Britain	France	Germany	Japan
Currency	\$0.32	£0.46	€0.60	€0.45	¥50
Yen equivalent	¥27	¥62	¥67	¥50	¥50
Purchasing power parity	¥34	¥75	¥74	¥60	¥50

	Exchange rate	Purchasing power parity
\$1 (U.S.)	¥83.19	¥106.88
£1 (Britain)	¥135.34	¥162.14
€1 (France)	¥111.30	¥123.28
€1 (Germany)	¥111.30	¥133.91

■ Comparison of International (Air) Postage Rates

The following table shows postage rates for air mail sent in both directions between Japan and four major countries. Postage rates

for mail sent from Japan are cheaper in all cases except for air mail (25 g) from the United States to Japan.

	Letter (25 g)		Postcard	
	Local currency	Yen equivalent	Local currency	Yen equivalent
Japan to the four other countries	—	¥110	—	¥70
U.S. to Japan	\$1.05	¥87	\$1.05	¥87
Britain to Japan	£1.65	¥223	£0.76	¥103
France to Japan	€1.75	¥195	€0.89	¥99
Germany to Japan	€1.45	¥161	€0.75	¥83

Note: Yen conversions use the exchange rate as of March 31, 2012 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

3. Operations of Japan Post Bank



Shigeo Kawa
Director, Chairman
Japan Post Bank Co., Ltd.

Yoshiyuki Izawa
Director, President & CEO
Japan Post Bank Co., Ltd.

Message from the Company



Review of Fiscal 2012

It is my pleasure to address all stakeholders in this message. We will continue to further fortify our core business foundation and work solidly to provide even better products and services for our customers, with the aim of being *“the most accessible and trustworthy Bank in Japan.”*

During the past fiscal year, we aspired to further strengthen and underpin our business foundation, focusing on three themes within our management model: securing stable income; emphasizing the public service and region-focused nature of our operations; and improving the integrated capabilities of the Japan Post Group.

Specifically, under the rigorous policy “Compliance First,” we forged ahead with upgrading and expanding marketing and public relations strategies, implementing a sophisticated asset-liability management (ALM) strategy, bolstering management systems and enhancing internal control procedures.

First, in our effort to enhance our internal control procedures, we strengthened our compliance and systems

for protecting customer assets and information as well as raised the quality and promoted reforms of banking clerical operations. In addition, we bolstered the crisis management system based on lessons from the Great East Japan Earthquake.

Next, in our effort to enhance our marketing and public relations strategies, we made further efforts to support the activities of Japan Post Network Co., Ltd., our banking agency. Specifically, we upgraded and enlarged the functions of Regional Headquarters, which manage our branches while providing marketing support to banking agents and enhancing retail sales capabilities. We also installed new and additional ATMs primarily in train stations and shopping centers. Furthermore, we carried out sales campaigns targeting university students and young adults entering the workforce, with the aim of cultivating young customers.

In our efforts to augment our sophisticated ALM strategy, while accurately controlling interest rate risk we have endeavored to diversify business risk and revenue sources mainly by extending credit to Japanese local government through bonds and loans, both of which contribute to the revitalization of regional economies. Other measures

included investing in foreign bonds, participating in syndicated loans and investing in investment trusts.

Core measures to bolster our management systems include continuing to strengthen and expand human resource development and provide appropriate training programs according to staff function and employee skill level. In addition, we implemented “Business Process Re-engineering” (BPR) across the Bank, in an effort to enhance productivity and reduce costs. We also opened overseas representative offices in London and Hong Kong to strengthen the Bank’s research framework by gathering information on overseas economies, financial markets, financial systems and other topics, which aid management decision-making.

Further, Japan Post Bank Co., Ltd. has historically positioned corporate social responsibility (CSR) as one of management’s highest priorities. In relation, in order to support the people and areas affected by the Great East Japan Earthquake, we handled emergency deposit withdrawals and provided extra counter service hours as well as a service to send disaster relief funds free of charge.

As a result of these efforts, despite the difficult environment, which was characterized by the debt crisis in Europe, continued low interest rates and the yen’s appreciation, we recorded net income of ¥334.8 billion in fiscal 2012, which surpassed our initial target.

Issues for the Future

We have determined the fiscal year ending March 31, 2013 as another year for further strengthening our business base and will implement the following strategies under the rigorous policy “Compliance First” by leveraging our

nationwide post office network.

To further enhance internal control systems, we will continue to fortify our compliance management and safeguard customers’ asset and personal information. In addition, the Group-wide crisis management system will be refined in partnership with Japan Post Group companies.

On the marketing front, we will take steps to increase deposits and enhance the profit base of each product, while striving to develop preparations for future growth. We will endeavor to strengthen the Japan Post Bank brand in addition to enhancing retail sales capabilities, upgrading and enlarging the functions of Regional Headquarters, and enhancing marketing platforms and sales channel strategies.

In terms of investment, we will work positively to secure more stable earnings and diversify the asset portfolio by broadening investment fields based on formulated control of risk by further sophistication of our ALM system. We will also strengthen our risk control and credit screening function.

Further, we will develop our human resources by enhancing training programs based on staff function and employee skill level as well as further developing on-the-job training (OJT). We will also implement a Bank-wide BPR plan to further improve productivity. At the same time, we will strengthen the management system through the use of overseas representative offices to improve our research framework.

On April 27, 2012, the “Act for Partial Revision of the Postal Service Privatization Act and others” was enacted. As a member of the Japan Post Group, Japan Post Bank intends to address this development appropriately.

Going forward, the management and employees of the Japan Post Bank will vigorously continue working together and we ask for your continued support.

1. Overview of Operations

Japan Post Bank undertakes the banking business within the Japan Post Group.

The company provides a range of services including deposits, fund transfers and settlement services through an extensive network consisting of 24,000 facilities nationwide, including post offices that serve as agents as well as branches. Japan Post Bank is dedicated to serving as "the most accessible and trustworthy Bank in Japan," with operations that are guided by the needs and desires of its customers.

1. Products and Services

■ Basic Services

Post offices nationwide and Japan Post Bank branches offer basic financial products and services that include such liquid deposits in the form of ordinary deposits and savings deposits; fixed-term deposits such as *TEIGAKU* deposits and time deposits; and transfer and settlement services that include fund transfers and remittances. For ordinary, *TEIGAKU* and other deposits at Japan Post Bank, principal of up to ¥10 million and interest are protected per depositor (or the full amount of deposit for transfer deposits) under a deposit insurance scheme. At the end of March 2012, Japan Post Bank's total deposits from customers across Japan amounted to ¥175,635.3 billion, or ¥176,430.3 billion including accrued interest for the current period.

As additional services, Japan Post Bank also pays benefits from public pensions, sells Japanese government bonds and investment trusts, offers home loan and other intermediary services, and operates a credit card business.

* The Management Organization for Postal Savings and Postal Life Insurance manages fixed-term deposits established prior to privatization. However, Japan Post Bank is commissioned by that organization to handle withdrawals and other transactions. These transactions can therefore be carried out at post offices and Japan Post Bank branches.

■ Enhancing Products and Services

● Started *Yucho Toshin* WEB Premier service

In May 2012, we launched a members-only Internet investment trust service, *Yucho Toshin* WEB Premier, available as a free or paid membership. Paid members are further divided into Gold members and Silver members with annual tax-inclusive fees of ¥5,040 and ¥1,260, respectively.

This service allows members to conduct transactions at their convenience via the Internet at home or other places. They can also purchase 11 new investment trust products exclusively made available to them in addition to the existing products handled by Japan Post Bank.



Promotional website

The service provides a variety of privileges to members depending on the type of membership, such as market information, tools for portfolio analysis and benefits offered by tie-up companies. Depending on the type of membership, we also offer a cashback service based on the amount of investment trusts held by each member (for paid members only).

● Enhanced our lineup of *Toshin* (Investment Trust) Direct Products

In August 2011, we started sales of 11 new products through *Toshin* Direct (an Internet transaction service). Our lineup now comprises 32 investment trust products, offering an increasingly extensive range of choice for customers.

● Started a Mail Order Service to Open Investment Trust Accounts

In October 2011, we initiated a mail order service for opening 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.

● Rolled Out *Yucho* Direct on Smartphones

In response to the recent, rapidly expanding use of smartphones, we started offering *Yucho* Direct (Internet banking service) on smartphones in September 2011. As of July 2012, services available on smartphones include checking bank account balances, verifying deposit and withdrawal transactions, making electronic transfers between Japan Post Bank accounts and transferring funds to another financial institution.



Yucho Direct page on smartphone

TOPICS

Nippon Zenkoku, Yucho Kazoku Series of TV Commercials

We are broadcasting a series of TV commercials across the country, *Nippon Zenkoku, Yucho Kazoku* ("Anywhere in Japan, we are Yucho family"), centered around the concept of creating a bond of happiness. Launched in August 2010, this commercial series features a humorous and heart-warming story of a young man, who has come to work in a big city, and his ties with people around him and his family back in his hometown. The story tells the significance of having a bond with someone and how we could help to build this bond of happiness through our services. These TV commercials show our extensive, convenient and friendly line of products and services for people of all generations, available at about 24,000 post offices and our branches throughout the country.



Special Yucho Kazoku page (rendering)

On the special *Yucho Kazoku* page on our website, a *Yucho* concierge provides guidance on our products and services by answering questions from members of the *Yucho* family. Users can also view the TV commercials and other information on this special page.
<http://www.yucho-kazoku.jp/>

Yucho LETTER for LINKS, an FM Radio Program about "Ties of the Heart"

We sponsor an FM radio program, *Yucho LETTER for LINKS*, 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.

With "Ties of the Heart" as its main theme, this heart-warming weekly program opens with a letter from the guest of the week and goes on to explore the origin of his or her ties of the heart. Those memories and encounters let us discover again the significance of being connected with someone and the strength of our words. The program also features "Link Makers" who are putting into practice the idea of building ties between people and between people and regional communities.

Through communication emphasizing the strength of words, we hope to bring an opportunity for listeners to recognize the warmth and strength of people, what families and friends mean and the importance of having a bond with local communities.



Yucho LETTER for LINKS official website (rendering)

The official site provides text data of the previous broadcasts and stories related to ties sent from listeners around the country.

* Also available on podcast.
<http://www.tfm.co.jp/links/>

2. Investment

Interest income, primarily from investment in Japanese government bonds, carries a large amount of weight in our current earnings structure. With a view to securing stable periodical income, we continued to promote dispersion of risk and diversification of revenue sources through the adoption of more diverse investment methods, while performing appropriate control of interest risk.

More specifically, we conducted adequate management of the duration of managed assets based on liabilities and other conditions and under a range of plausible interest scenarios, and strived to secure a stable interest spread between assets and liabilities, which is our principal source of revenue, by hedging certain interest rate risk with interest rate swaps.

We also worked to disperse risk and diversify sources of revenue through measures such as investing in Japanese local government bonds, Japanese corporate bonds and foreign bonds; participating in syndicated loans (joint financing); and managing investment trusts.

3. Community Service

Japan Post Bank considers CSR to be a management issue of the highest priority. We are committed to fulfilling that responsibility while seeking to become "the most accessible and trustworthy Bank in Japan." (For details, please refer to "Japan Post Group CSR" on pages 80-87.)

TOPICS

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 provide support to the annual JAPAN Under-12 FOOTBALL CHAMPIONSHIP.

This championship, sponsored by the Japan Football Association and other organizations, is the largest football championship in Japan for children in elementary school. In the ongoing 36th championship in 2012, more than 8,500 teams nationwide are competing for the No. 1 position in Japan.







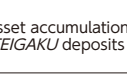
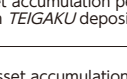
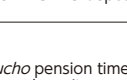
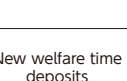



At the 35th championship

2. Products and Services

1. Deposits

(As of July 1, 2012)

Product or service		Description	Time period/unit of deposit	
Liquid deposits	Ordinary deposits 	These deposits are useful for ATM card withdrawals, automatic deductions for utility and other bills, the receipt of salaries and annuities, and many other purposes.	Unlimited deposits and withdrawals ¥1 or more ¥1 unit	
	Ordinary savings deposits 	These deposits provide more beneficial interest rates than ordinary deposits for balances of ¥100,000 or higher. (Interest rates may be the same as the one for ordinary deposits depending on the interest rate trends.)	Unlimited deposits and withdrawals ¥1 or more ¥1 unit	
Fixed-term deposits	TEIGAKU deposits 	These deposits can be withdrawn at any time after six months and held for up to ten years, with interest compounded semiannually. The initial interest rate is applicable until withdrawal.	Deferment period: Six months (unlimited withdrawals after this period) ¥1,000 or more ¥1,000 unit (Eight types: Deposits of ¥1,000, ¥5,000, ¥10,000, ¥50,000, ¥100,000, ¥500,000, ¥1 million, and ¥3 million)	
	Time deposits 	These deposits have maturities that can be selected based on short-term and medium-term requirements for funds and personal needs. The extension procedure is simplified if automatic extensions are selected, making this deposit convenient for people with busy schedules.	Deposit periods: One month, three months, six months, one year, two years, three years, four years, and five years (excluding one-month deposits kept in deposit combined accounts) ¥1,000 or more ¥1,000 unit	
	Accumulation-type deposits	Automatic-accumulation TEIGAKU deposits/time deposits 	For these accumulation-type deposits, each month a fixed amount or an amount depending on the balance of an ordinary deposit account is transferred to a TEIGAKU deposit or time deposit. These automatic-accumulation deposits also allow funds to be deposited only in specifically designated months up to six times per year. Funds deposited in specifically designated months can also be combined with funds deposited regularly every month.	Accumulation period: Six years or less ¥1,000 or more ¥1,000 unit
		Time deposits with lump-sum payment at maturity 	For these accumulation-type deposits, each month a fixed amount or an amount depending on the balance of an ordinary deposit account is transferred to a time deposit. At a pre-designated date (date for receiving a lump-sum payment at maturity), the accumulated deposits are transferred to an ordinary deposit. This type of deposit allows systematic accumulations in accordance with a person's future goals.	Accumulation period: From one year up to three years ¥1,000 or more ¥1,000 unit
	Asset accumulation	Asset accumulation TEIGAKU deposits 	This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for three years or longer to help working people build assets.	Duration: Three years or more ¥1,000 or more ¥1,000 unit
		Asset accumulation pension TEIGAKU deposits 	This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for five years or longer to help working people live comfortable lives in retirement. Interest is tax exempt and can be received from age 60 based on a pension-type payout method.	Duration: Five years or more ¥1,000 or more ¥1,000 unit
		Asset accumulation home TEIGAKU deposits 	This type of TEIGAKU deposit enables the accumulation of funds withheld from a salary and salary bonus continuously for five years or longer to accumulate funds for building, purchasing, or renovating a home. Interest is tax exempt.	Duration: Five years or more ¥1,000 or more ¥1,000 unit
	Others	Yucho pension time deposits 	This one-year time deposit with preferential interest rates is designed for persons who automatically receive benefit payments from public pensions through Japan Post Bank, persons who will begin to automatically receive benefit payments from public pensions through Japan Post Bank, and foreign residents of Japan aged 65 or older who do not qualify for benefits under a public pension scheme. (Available period: April 2, 2012–March 29, 2013)	Deposit period: One year ¥1,000 or more ¥1,000 unit
New welfare time deposits 		This one-year time deposit with preferential interest rates is designed for persons receiving disability, survivor, and other similar public pensions. Up to ¥3 million can be deposited.	Deposit period: One year From ¥1,000 up to ¥3 million ¥1,000 unit	

2. Domestic Remittances

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

3. International Remittances

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

4. Individual Loans

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

5. Investment Products

Product or service	Description
Japanese government bonds (JGBs)	Sales of JGBs to be sold (two-, five- and ten-year maturities) and nonmarketable JGBs for individual investors (three- and five-year fixed rate and ten-year variable rate) to purchase and loans secured by these bonds *Since December 2011, JGBs for individual investors have been sold as "Reconstruction Bonds for Retail Investors." We also started handling "Reconstruction Supporters' Bonds for Retail Investors" in March 2012.
Investment trusts	Sale and repurchase of investment trusts and payments of income distributions and amounts due for fund maturities and redemptions
Variable annuities	Intermediary services for sales of insurance products such as variable annuities

■ Customer Seminars to Assist in Asset Accumulation

In addition to holding seminars on investment trusts and variable annuities, including such topics as the investment environment, investment awareness and investment reporting, we offer a variety of seminars such as large-scale sessions with outside economic analysts, certified social insurance labor consultants and other experts and hands-on seminars utilizing portfolio games in order to provide useful information for asset accumulation and asset management by customers.

Customer seminars, which are held at Japan Post Bank branches nationwide, provide a valuable opportunity to listen to explanations from financial experts, and they are consistently attended by large customer audiences.

For more information about upcoming seminars, visit the Japan Post Bank website.



A customer seminar

6. Credit and Debit Cards

Product or service	Description
Credit cards (JP BANK CARD)	Japan Post Bank issues the JP BANK CARD, which is both an ATM card and a credit card (available in three types: Visa, MasterCard and JCB). In addition, we also offer another combo card, JP BANK JCB Card EXTAGE, for young generation customers aged 18 to 29. We also offer family cards, ETC cards, WAON cards*1, PiTaPa cards*1, iD (cell phone) cards*1 and QUICPay*2 (card and mobile). *1 Visa and MasterCard only. *2 JCB only.
Debit cards	After customers scan their debit card using a dedicated terminal and enter a personal identification number at such locations as retail electronics stores and supermarkets, purchase amounts are immediately debited from their general account (subject to an upper limit).



JP BANK VISA Card



JP BANK MasterCard



JP BANK JCB Card



JP BANK JCB Card EXTAGE

7. Internet Banking Services

Product or service	Description
Yucho Direct	This service allows customers to use a PC, smartphone, mobile phone, telephone or facsimile machine to make deposits to <i>TEIGAKU</i> deposits and time deposits used as collateral, initiate electronic transfers (between Japan Post Bank accounts), transfer funds to another financial institution and verify account deposit and withdrawal transactions.
Yucho Pay-Easy Service	This service enables taxes and various types of fees to be paid through ATMs and <i>Yucho Direct</i> (PCs and mobile phones). The service also immediately reports data concerning completed payments to the recipient financial institution.
Toshin (investment trust) Direct	We sell investment trusts via the Internet (PCs).
Yucho Toshin WEB Premier	A members-only Internet investment trust service, offering new, member exclusive investment products in addition to the existing investment trust products handled by Japan Post Bank. Various exclusive services for members are also available.



Yucho Direct (PCs)



Yucho Direct (Smartphones)



Yucho Direct (Mobile phones)



Toshin Direct (Providing information for investment trusts)

8. Other Services

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

Notes: 1. Payments received from various types of pensions are paid by automatic deposit into the customer's ordinary deposit account.
2. Some payments and public utility fees are paid automatically through withdrawals from the customer's ordinary deposit account.

9. Services Available in Braille

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

3. Japan Post Bank Business Performance

1 Key Financial Indicators

(Millions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Revenue	2,207,942	2,205,344	2,234,596
Operating profit (before provision for general reserve for possible loan losses)	489,157	508,753	495,470
Net operating profit	489,032	508,362	495,470
Net ordinary income	494,252	526,550	576,215
Net income	296,758	316,329	334,850
Common stock	3,500,000	3,500,000	3,500,000
Shares outstanding (thousand shares)	150,000	150,000	150,000
Net assets	8,839,547	9,093,634	9,818,162
Total assets	194,678,352	193,443,350	195,819,898
Deposits	175,797,715	174,653,220	175,635,370
Loans	4,022,547	4,238,772	4,134,547
Securities	178,230,687	175,026,411	175,953,292
Capital adequacy ratio (non-consolidated, domestic standard) (%)	91.62	74.82	68.39
Dividend payout ratio (%)	24.96	25.00	25.00
Employees (persons)	12,060	12,351	12,796

Notes:

- The balance of deposits including accrued interest for fiscal 2012 is ¥176,430,388 million. (¥175,304,051 million for fiscal 2011 and ¥176,468,699 million for fiscal 2010).
- 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).
- The number of employees excludes Japan Post Bank employees assigned to other companies by Japan Post Bank but includes employees assigned to Japan Post Bank by other companies. The figures do not include short-term contract and part-time employees.

2 Balances by Type of Deposit

1. At End of Fiscal Period

(Millions of yen, %)

		March 31, 2010		March 31, 2011		March 31, 2012	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	57,113,869	32.48	59,846,906	34.26	60,194,830	34.27
	Transfer deposits	7,597,731	4.32	8,714,719	4.98	9,474,107	5.39
	Ordinary deposits, etc.	49,087,540	27.92	50,709,948	29.03	50,309,540	28.64
	Savings deposits	428,597	0.24	422,238	0.24	411,182	0.23
	Fixed-term deposits	118,381,289	67.33	114,504,523	65.56	115,180,951	65.57
	Time deposits, etc.	27,475,685	15.62	22,005,855	12.59	18,426,695	10.49
	TEIGAKU deposits, etc.	90,891,424	51.70	92,494,319	52.95	96,750,382	55.08
	Other deposits	302,556	0.17	301,789	0.17	259,588	0.14
	Subtotal	175,797,715	100.00	174,653,220	100.00	175,635,370	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total	175,797,715	100.00	174,653,220	100.00	175,635,370	100.00	
International operations	Total	—	—	—	—	—	—
Total	175,797,715	100.00	174,653,220	100.00	175,635,370	100.00	
Deposits including accrued interest	176,468,699		175,304,051		176,430,388		

Notes:

- Liquid deposits = Transfer deposits + Ordinary deposits, etc. + Savings deposits Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)
- Fixed-term deposits = Time deposits, etc. + TEIGAKU deposits, etc. + Special deposits (Installment savings equivalent + Savings for housing installments + Education installment savings equivalent)
Time deposits etc. = Time deposits + Special deposits (Time savings equivalent)
TEIGAKU deposits, etc. = TEIGAKU deposits + Special deposits (TEIGAKU savings equivalent)
- Transfer deposits correspond to current deposits, and "TEIGAKU deposits" correspond to "other deposits" under liabilities as defined by the Ordinance for Enforcement of the Banking Act.
- Special deposits represent deposits received from Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency.
- Special deposits (corresponding to ordinary savings) are the portion of deposits received from Management Organization for Postal Savings and Postal Life Insurance corresponding to savings for time savings, TEIGAKU savings, installment savings, savings for housing, installments, and education installment savings that had reached full term and were passed on to the organization by Japan Post.
- TEIGAKU deposits are a kind of 10-year-maturity time deposits unique to Japan Post Bank. The key feature is that depositors have the option to withdraw money anytime after six months from the inception of the deposits. The effective interest rates put on deposits rise in a staircase pattern, with duration of up to three years.

2. Average Balances

(Millions of yen, %)

		Fiscal 2010		Fiscal 2011		Fiscal 2012	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	58,514,727	33.03	59,037,126	33.59	61,076,039	34.78
	Transfer deposits	7,480,475	4.22	8,252,069	4.69	9,131,582	5.20
	Ordinary deposits, etc.	50,589,235	28.56	50,360,275	28.66	51,525,050	29.34
	Savings deposits	445,016	0.25	424,781	0.24	419,406	0.23
	Fixed-term deposits	118,321,109	66.80	116,377,366	66.23	114,227,838	65.05
	Time deposits, etc.	23,381,719	13.20	24,842,977	14.13	20,309,899	11.56
	TEIGAKU deposits, etc.	94,912,487	53.58	91,527,146	52.08	93,913,747	53.48
	Other deposits	279,331	0.15	298,601	0.16	271,556	0.15
	Subtotal	177,115,167	100.00	175,713,095	100.00	175,575,435	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total	177,115,167	100.00	175,713,095	100.00	175,575,435	100.00	
International operations	Total	—	—	—	—	—	—
Total	177,115,167	100.00	175,713,095	100.00	175,575,435	100.00	
Deposits including accrued interest	177,722,433		176,364,573		176,285,970		

3 Loans by Category

1. At End of Fiscal Period

	(Millions of yen)		
	March 31, 2010	March 31, 2011	March 31, 2012
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	3,749,285	3,973,296	3,875,315
Overdrafts	238,741	222,961	221,724
Notes discounted	—	—	—
Subtotal	3,988,027	4,196,258	4,097,039
International operations			
Loans on notes	—	—	—
Loans on deeds	34,520	42,514	37,507
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	34,520	42,514	37,507
Total	4,022,547	4,238,772	4,134,547

2. Average Balances

	(Millions of yen)		
	Fiscal 2010	Fiscal 2011	Fiscal 2012
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	3,716,669	4,011,813	3,946,754
Overdrafts	233,365	224,029	216,790
Notes discounted	—	—	—
Subtotal	3,950,035	4,235,842	4,163,545
International operations			
Loans on notes	—	—	—
Loans on deeds	27,758	35,833	39,001
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	27,758	35,833	39,001
Total	3,977,793	4,271,676	4,202,546

4 Balance by Type of Securities

1. At End of Fiscal Period

	(Millions of yen)		
	March 31, 2010	March 31, 2011	March 31, 2012
Domestic operations			
Japanese government bonds	155,891,563	146,460,963	144,939,816
Japanese local government bonds	5,289,202	5,658,837	5,735,585
Commercial paper	364,959	102,999	180,989
Japanese corporate bonds	11,916,270	12,804,753	12,665,384
Stocks	900	900	900
Others	—	29,916	30,072
Subtotal	173,462,895	165,058,368	163,552,748
International operations			
Others	4,767,791	9,968,043	12,400,544
Foreign bonds	3,714,033	7,374,930	9,439,955
Foreign stocks	—	—	—
Subtotal	4,767,791	9,968,043	12,400,544
Total	178,230,687	175,026,411	175,953,292

2. Average Balances

	(Millions of yen)		
	Fiscal 2010	Fiscal 2011	Fiscal 2012
Domestic operations			
Japanese government bonds	155,881,773	148,115,419	142,753,072
Japanese local government bonds	5,761,489	5,505,745	5,651,021
Commercial paper	394,109	314,284	187,641
Japanese corporate bonds	10,914,713	12,542,962	12,655,076
Stocks	900	900	900
Others	—	15,040	29,999
Subtotal	172,952,986	166,494,352	161,277,711
International operations			
Others	2,927,861	7,631,071	10,851,851
Foreign bonds	2,411,658	5,745,404	8,124,318
Foreign stocks	—	—	—
Subtotal	2,927,861	7,631,071	10,851,851
Total	175,880,847	174,125,423	172,129,563

5 Over-the-Counter Sales of Japanese Government Bonds

	(Millions of yen)		
	Fiscal 2010	Fiscal 2011	Fiscal 2012
Long-term bonds	94,120	84,372	100,887
Medium-term bonds	382,707	253,713	174,859
Bonds for individuals	152,949	123,573	215,341
Total	629,777	461,658	491,089

6 Domestic Exchanges

	Fiscal 2010		Fiscal 2011		Fiscal 2012	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Sent	9,994	10,777,302	13,937	12,917,217	17,200	14,534,436
Received	12,741	7,482,213	23,412	9,715,296	34,617	11,113,645

Note: All remittances are transferred through the Zengin Data Telecommunication System (Zengin System).

7 Transfer Deposits

(Millions of yen)

	Fiscal 2010		Fiscal 2011		Fiscal 2012	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
In-payment	1,215,514	59,349,149	1,197,860	55,567,603	1,180,919	53,627,980
Transfers	93,288	52,372,599	97,914	52,221,009	103,055	87,563,532
Out-payment	130,615	56,384,340	125,914	50,583,116	124,372	47,825,119

8 Ordinary Remittances and Postal Orders (TEIGAKU KOGAWASE)

(Millions of yen)

	Fiscal 2010		Fiscal 2011		Fiscal 2012	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Ordinary remittances	3,772	59,714	2,384	44,200	2,027	40,064
Postal orders (TEIGAKU KOGAWASE)	19,647	10,381	17,367	9,369	16,155	8,811

9 Foreign Exchanges

(Millions of U.S. dollars)

	Fiscal 2010		Fiscal 2011		Fiscal 2012	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
	402	1,037	405	1,303	397	1,401

Note: Foreign exchanges represent the total of international remittances and purchases and sales of traveler's checks.

10 Investment Trust Sales (Contract Basis)

(Millions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of contracts (thousands)	1,279	1,345	1,314
Sales value	133,885	172,714	177,421

(Millions of yen)

	March 31, 2010	March 31, 2011	March 31, 2012
Number of investment trust accounts (thousands)	577	604	615
Net assets	980,930	960,336	902,646

Note: Figures have been rounded off.

11 Other Businesses

Credit Cards

(Thousands)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Cards issued	837	647	487

(Thousands)

	March 31, 2010	March 31, 2011	March 31, 2012
Cards issued (outstanding)	1,136	1,686	2,072

Mortgage Loans

(Millions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
New credit extended (as intermediary)	74,045	61,865	31,504

(Millions of yen)

	March 31, 2010	March 31, 2011	March 31, 2012
New credit extended (as intermediary) (cumulative)	130,293	192,158	223,662

Japan Post Bank acts as the intermediary for Suruga Bank Ltd.'s mortgage loan business.

Variable Annuity Policies

(Millions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of policies	6,216	8,022	13,072
Value of policies	31,359	40,866	66,545

(Millions of yen)

	March 31, 2010	March 31, 2011	March 31, 2012
Number of policies (cumulative)	10,002	18,024	31,096
Value of policies (cumulative)	48,974	89,840	156,386

4. Operations of Japan Post Insurance



Izumi Yamashita
Director and Chairman
Japan Post Insurance Co., Ltd.

Masami Ishii
Director and President, CEO
Japan Post Insurance Co., Ltd.

Message from the Company



Review of Fiscal 2012

More than one year has passed since the Great East Japan Earthquake. After the disaster, Japan Post Insurance Co., Ltd. worked to collect and identify accurate information on the earthquake damage each day and swiftly implemented disaster relief measures in devastated areas.

We will make our utmost efforts to fulfill our responsibility as a life insurance company by ensuring payment of insurance claims and continue to focus on providing support to disaster-stricken areas through collaboration with the Japan Post Group companies.

Looking back at fiscal 2012, although the Japanese economy continued to show modest signs of a recovery driven by steady foreign demand primarily in emerging countries, uncertainties remained about the future of the economy due to the impact of such factors as the strong yen and a global economic downturn following the prolonged debt crisis in Europe.

In the life insurance industry, the rapid aging of the

population, declining birthrate and a rise in the number of single-person households in Japan continued to result in a further shift in customer needs away from death insurance products to endowment insurance products covering cancer and other medical treatments and nursing care.

Amid this business environment, Japan Post Insurance sustained a moderate recovery in sales of new policies, with both the insured amount and the number of new individual insurance policies achieving growth over the previous fiscal year and reaching the highest levels since the privatization. We attribute this favorable performance to the establishment of a sales promotion system in cooperation with Japan Post Network.

In asset management operations, although we continued to face such issues as low interest rates, the persistently strong yen and low stock prices due in part to the unstable economic conditions in Europe, Japan Post Insurance secured stable profits by undertaking asset management based on yen-denominated interest-bearing assets with a high affinity to insurance liabilities.

As a result, in fiscal 2012 Japan Post Insurance recorded

net ordinary income of ¥531.3 billion and net income of ¥67.7 billion (compared with net ordinary income of ¥422.2 billion and net income of ¥77.2 billion in fiscal 2011). We achieved an increase in net ordinary income, but revised corporate tax rates and other factors resulted in lower net income. Regarding the financial condition, we continue to maintain a strong financial base, as evidenced by a solvency margin ratio of 1,336.1% and real net assets of ¥8,083.6 billion.

Issues for the Future

In fiscal 2013, we will continue to focus on making adequate responses, including paying insurance benefits to customers who suffered damages in the Great East Japan Earthquake. Concurrently, we will undertake various initiatives focused on “four pillars” that we have designated as our highest priority management issues, namely: 1) further enhance customer service; 2) promote integrated sales and administrative operations with post offices; 3) achieve a sustainable improvement in corporate value; and 4) reinforce efforts to become an “excellent company” with a rewarding workplace.

Among these four initiatives, in our efforts to further enhance customer service, we are accelerating the reforms of our administrative operations and IT systems, which underpin our entire business process, to provide accurate, fast and highly convenient services to our customers. As part of these reforms, we have established a taskforce for promoting operational reforms jointly led by the chairman and president. We aim to fortify our structure to develop and manage IT systems by clearly defining roles and responsibilities of business departments and IT systems

departments, strengthen our benefit and other payments management structure, and reinforce our internal audit system by upgrading our ability to perform audits on system-related and payment-related operations. With particular emphasis on the management of benefit and other payments, we will work to introduce a new claim payment processing system to increase the use of IT systems, improve the quality of claim assessment through reinforcement of our manual assessment structure and promote the process standardization. In collaboration with Japan Post Insurance System Solutions Co., Ltd., our subsidiary in charge of IT systems-related operations, we will further strive to raise the levels of system development quality and productivity while promoting the acquisition and development of system engineers and in-house development of IT systems.

As for our internal control system, which forms the foundation of customer trust, we will continue to steadily implement the business improvement plan for preventing the recurrence of misconduct and ensure fair and appropriate sales activities and thoroughgoing management of customer information through employee education.

With all employees working in concert, Japan Post Insurance will continue to carry out its inherited social mission of “providing basic coverage for the people of Japan with insurance using simple procedures,” which was the original goal of Postal Life Insurance when it was created in 1916.

The “Act for Partial Revision of the Postal Service Privatization Act and others” was enacted on April 27, 2012. We will respond appropriately to the revision as a member of the Japan Post Group.

In all our endeavors, we request and appreciate your continued support.

1. Overview of Operations

Japan Post Insurance undertakes the insurance business within the Japan Post Group.

The company provides definitive security through agents (the post offices of Japan Post Network) as well as directly operated sales offices (branches). The management philosophy of Japan Post Insurance is "moving forward with our customers while serving as 'Japan's most familiar and trusted insurance company.'"

1. Provision of Insurance Products and Services

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

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

(1) Agents

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

Japan Post Insurance has also established an Agency Relations Division for 80 directly managed sales offices in 80 major cities throughout the country to support sales promotion, training and development, and administrative affairs to help promote sales.

In addition, leveraging our unique characteristics, we work with Japan Post Network to develop products that meet customers' needs, develop new markets and service channels and upgrade sales processes.

(2) Directly Managed Sales Offices

Japan Post Insurance has wholesale divisions in directly managed sales offices, and these divisions are responsible for providing products and services primarily to companies and in the workplace, mostly at small and mid-size companies.

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

*The Management Organization for Postal Savings and Postal Life Insurance manages life insurance taken out prior to the privatization of Japan Post. Japan Post Insurance has been entrusted with administrative affairs by this organization but has outsourced some of those operations to Japan Post Network, allowing premiums to be paid and benefits collected through post office external sales personnel and counter services.

2. Enhancing Products and Services

■ "Comprehensive and Heartfelt Services"

(Enhancement of After-Sales Services for Customers)

In October 2010, we rolled out "Comprehensive and Heartfelt Services" at post offices across the country.

We provide "Comprehensive and Heartfelt Services" at the postal counter and through home visits, verifying with policyholders the details of coverage provided by their respective insurance contracts and making sure that they have made every insurance claim to which they are entitled. We also explain the procedures for receiving benefits, merits of cashless transactions and availability of an option that allows a designated third party to request insurance benefits.

These activities have been well received by our customers, with many finding these services useful in identifying missed insurance claims and confirming the details of their insurance coverage.

Currently, we conduct home visits primarily to policyholders who will soon be receiving maturity benefits or other proceeds to be paid during their lifetime or policyholders who have completed the payment of premiums. We plan to extend the scope of our activities in the future and pay a visit at other opportunities to other policyholders.

We will continue to enhance collaboration with Japan Post Network and deliver "Comprehensive and Heartfelt Services" to bring even greater satisfaction to our customers.



TOPICS

"New Year Dream Kanpo Campaign 2012"

From January 10 through to March 2, 2012, post offices* and branches of Japan Post Insurance throughout the country hosted the "New Year Dream Kanpo Campaign 2012" to thank our customers. It also served to provide an opportunity for a broad range of customers to know about and purchase our products and services.

During the campaign, customers who asked for a case design [policy summary] for our insurance products (excluding annuities) were encouraged to participate in a drawing. A variety of prizes, including pairs of tickets for an exclusive performance by the Takarazuka Revue Company, coupons for accommodation for two persons at *Kanpo no Yado* inns and popular gourmet foods, were given to a total of 16,400 winners.

Japan Post Insurance will continue to offer a range of insurance products optimally matched to a particular life stage of each customer, providing adequate coverage and lifelong confidence.



*The campaign was limited to post offices offering insurance services, including contracted post offices.

■ Introduction of a New Policy Processing System

As part of our efforts to enhance customer service, we started implementing a New Policy Processing System in October 2010, which transforms the administrative procedures for applying for insurance into a more "accurate, simple and speedy" process.

This new system has been deployed to post offices as well as branches and Service Centers of Japan Post Insurance. It serves to reform both the sales and business processes for better customer service by allowing efficient and effective sales activities at post offices and accurate and quick business processing at our Service Centers.

More specifically, the system enables us to develop easy-to-understand case designs [policy summaries], simplify the process of filling out an application and accelerate the signing of the policy.

Customers who have applied for insurance under the New Policy Processing System provided positive feedback, placing great value on its simplicity (only requiring customers' signature and seal) and a high level of confidence (quick delivery of insurance policies). In order to make the experience of applying for insurance more convenient and secure for customers, we will step up our efforts toward easier-to-understand services and more efficient business procedures.

3. Asset Management

Japan Post Insurance seeks to match asset and liability cash flows by building a portfolio of long-term yen-denominated interest-bearing assets based on the characteristics of our liabilities in order to maintain sound management and ensure the payment of benefits. Going forward, we will work to take advantage of other yen-denominated assets such as Japanese local government bonds and Japanese corporate bonds that can be expected to generate higher interest than Japanese government bonds from the standpoint of improving profits while striving to strengthen our risk management system.

4. Contributing to Local Communities

Being engaged in the life insurance business, which entails a strong community role, Japan Post Insurance actively seeks ways to contribute to society by popularizing and promoting the Radio Exercise program, providing support for the sound development of children and child care and promoting environmental conservation activities. Our efforts are centered on the three pillars of "actively contributing to people's health," "operating in a manner that is friendly to people" and "conducting business in an environment-friendly way."

(For details, please refer to "Japan Post Group CSR" on pages 80-87.)

■ Held the 50th Festival of 10 Million People's Radio Exercise and *Minna no Taiso*

We held the 50th Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone") at 5:50 a.m. on July 31, 2011 at Hamanako Garden Park in Hamamatsu City, Shizuoka Prefecture, jointly with NHK (Japan Broadcasting Corporation) and the NPO Japan Radio-taiso Federation.

Despite the early morning time, about 5,000 people participated, including radio exercise fans from around Japan as well as local elementary school students and their parents. By promoting radio exercises, Japan Post Insurance will continue to support people's health, which is essential for leading a rich and fulfilling life.



2. Products and Services

1. Types of insurance

(As of April 1, 2012)

Aim of contract	Type of insurance	Subscription age																		
		0	10	20	30	40	50	60	70	80										
For those considering lifetime security	Fixed whole life insurance																			
For those considering the balance of lifetime security	Whole life insurance with twofold insurance coverage																			
	Whole life insurance with fivefold insurance coverage																			
For those who want to add <i>Tanoshimi</i> (enjoyment) to lifetime security	Special whole life insurance																			
For those who wish to increase security with a minimum burden	Ordinary term insurance																			
For those considering both security and maturity	Ordinary endowment insurance																			
For those considering both enhanced security and maturity	Special endowment insurance with twofold insurance coverage																			
	Special endowment insurance with fivefold insurance coverage																			
	Special endowment insurance with tenfold insurance coverage																			
For those struggling with illness	Designated endowment insurance																			
For those considering making preparations for education funds	Educational endowment insurance																			
For those who want to add further security in preparations for education funds	Educational endowment insurance with scholarship annuity																			
For those considering a comfortable retirement	Term annuity																			
For those who wish to accumulate assets as wage earners	Asset-formation savings insurance																			
	Asset-formation housing funding insurance																			
	Asset-formation whole life annuity																			

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

2. Principal Riders and Provisions

(As of April 1, 2012)

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

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

● Nonparticipating accident hospitalization rider and nonparticipating illness hospitalization and accident hospitalization rider



We started offering the Japan Post Insurance *Sono hi kara* Hospitalization Rider, which pays benefits beginning with the first day in the hospital. Furthermore, we significantly extended the scope of surgery covered by our rider to match the government

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

■ Coverage of Japan Post Insurance *Sono hi kara* Hospitalization Rider

Benefits (for nonparticipating illness hospitalization and accident hospitalization rider) ¥15,000 daily payment in hospital stay (Rider standard insurance amount: ¥10 million)

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

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

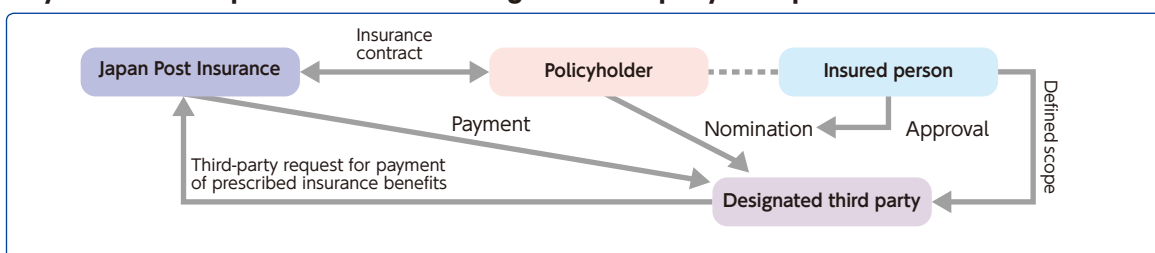
*Additional information concerning conditions for the payment of rider benefits and restrictions on these payments is listed in the policy information and policy agreement pamphlets.

● System with an option that allows a designated third party to request insurance benefits

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

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

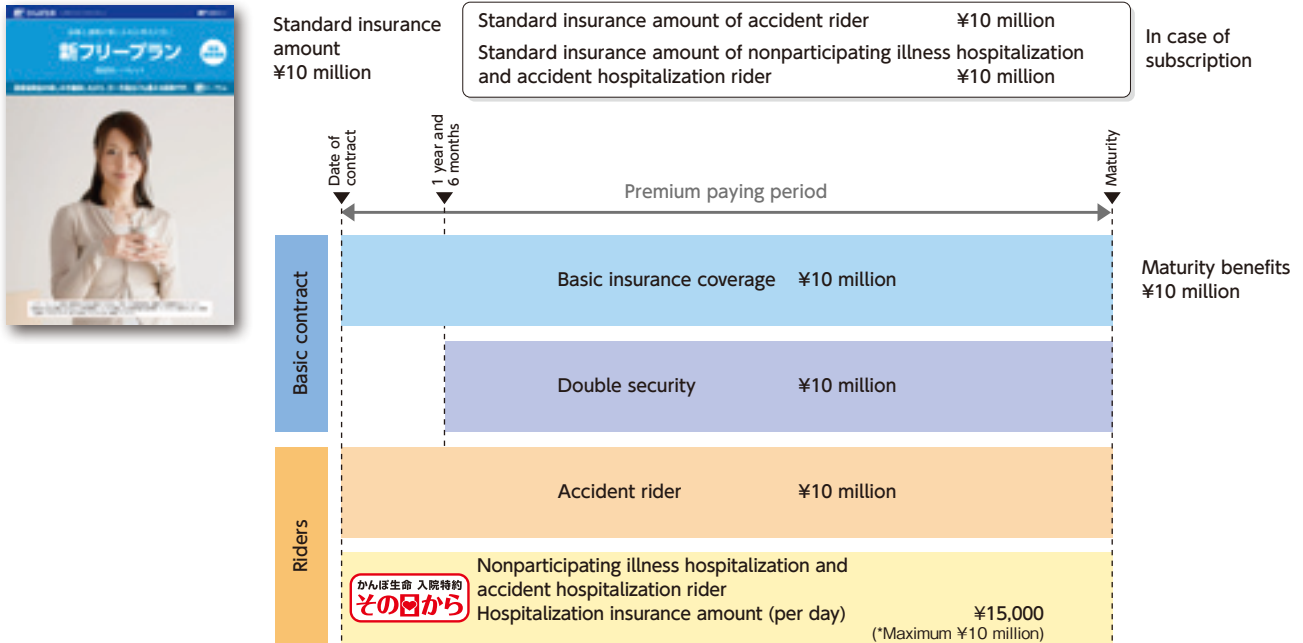
■ System with an option that allows a designated third party to request insurance benefits



Insurance schemes

●Outline of endowment insurance schemes

Ordinary endowment insurance

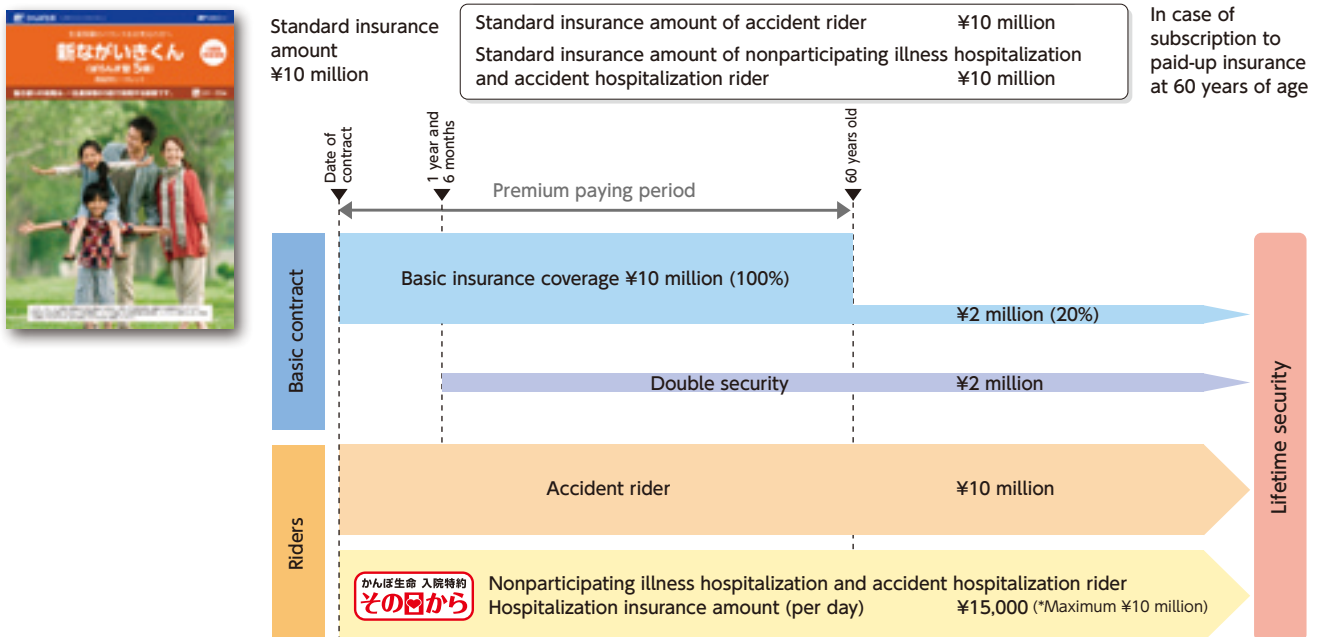


Features

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

●Outline of whole life insurance schemes

Whole life insurance with fivefold insurance coverage



Features

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

3. Japan Post Insurance Business Performance

1 Sound Management Indicators

1. Core Profit

Core profit is a basic periodical earnings indicator for life insurance companies. Core profit is determined by insurance-related income and expenses such as insurance premium income, insurance claims and others, and operating expenses as well as investment-related income and expenses, which consist primarily of interest and dividends income.

Core profit is not listed on the Statements of Income, and is obtained by deducting capital gains and losses, such as gains and losses on sales of securities and other one-time gains and losses from net ordinary income.

Core profit includes the negative spread, and securing sufficient core profit ensures that income will exceed the negative spread in the main insurance business.

Japan Post Insurance's core profit for fiscal 2012 was ¥571.6 billion. The Company covered a negative spread amounting to ¥61.5 billion with the mortality and morbidity rate margin, which represents gains from a decline in the mortality rate and hospitalization rate, etc., and administrative expense margin, which are gains resulting from business efficiency improvements. In other words, core profit, which reflects the Company's three main profit sources, was positive.

The average assumed interest rate was 1.91%, while the interest rate yield was 1.83%, resulting in a difference of 0.07%. In recent years, this difference has been narrowing due to the maturation of contracts with high average assumed interest rates.

Core profit ¥571.6 billion

Core Profit Breakdown (Three Major Profit Sources) (Billions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Core profit	¥ 427.1	¥ 484.4	¥ 571.6
Negative spread	(236.2)	(139.3)	(61.5)
Mortality and morbidity rate margin	324.7	357.2	381.9
Administrative expense margin	338.6	266.5	251.2

(Billions of yen)

	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)	Fiscal 2012 (April 1, 2011 to March 31, 2012)
Core profit A	¥ 427.1	¥ 484.4	¥ 571.6
Capital gains	48.8	82.6	90.3
Gains on money held in trust	38.7	15.7	—
Gains from trading securities	—	—	—
Gains on sales of securities	10.0	66.9	90.3
Gains on derivatives	—	—	—
Foreign exchange gains	—	—	—
Other capital gains	—	—	—
Capital losses	31.9	48.8	66.1
Losses on money held in trust	—	—	26.2
Losses from trading securities	—	—	—
Losses on sales of securities	26.4	24.9	30.2
Losses on valuation of securities	—	16.9	—
Losses on derivatives	0.2	0.1	0.3
Foreign exchange losses	0.9	2.0	3.1
Other capital losses	4.4	4.6	6.2
Net capital gains B	16.8	33.8	24.1
Core profit including capital losses A+B	444.0	518.3	595.7
Other one-time gains	—	64.6	102.2
Reinsurance income	—	—	—
Reversal of contingency reserve	—	64.6	102.2
Reversal of individual allowance for doubtful accounts	—	—	—
Others	—	—	—
Other one-time losses	64.3	160.7	166.6
Reinsurance premiums	—	—	—
Provision for contingency reserve	64.3	—	—
Provision for individual allowance for doubtful accounts	—	—	—
Provision for reserve for specific overseas loans	—	—	—
Depreciation of loans	—	—	—
Others	—	160.7	166.6
Other one-time profits C	(64.3)	(96.1)	(64.3)
Net ordinary income A+B+C	¥ 379.6	¥ 422.2	¥ 531.3

Notes: 1. Amounts (¥4.4 billion in fiscal 2010, ¥4.6 billion in fiscal 2011 and ¥6.2 billion in fiscal 2012) corresponding to income gains among gains from money held in trust have been recorded in "Other capital losses" and are included in core profit as "other core income."

2. The accumulated amount (¥160.7 billion in fiscal 2011 and ¥166.6 billion in fiscal 2012) of additional policy reserves as stipulated under Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act is listed in "Others" of "Other one-time losses."

2. Solvency Margin Ratio

Life insurance companies accumulate policy reserves to provide for anticipated payment of insurance claims and other benefits. They also cover exposure to risks that can be predicted under normal conditions within the scope of these policy reserves.

The solvency margin ratio is an indicator by which regulatory agencies determine whether or not a company has the sufficient financial resources for its obligations to pay benefits in the event a normally unforeseeable risk should materialize, such as a major catastrophe or stock market collapse.

If the ratio is less than 200%, regulatory agencies will take early corrective measures. On the other hand, if the ratio is greater than 200%, it indicates that the insurance company has satisfied one of the standards for sound management.

Japan Post Insurance's solvency margin ratio as of March 31, 2012 was 1,336.1%, indicating a high degree of management soundness. We will continue to take the actions needed to maintain adequate financial resources to fulfill our obligations.

Solvency margin ratio
1,336.1%

3. Status of Accumulation of Contingency Reserve and Reserve for Price Fluctuations

Life insurance companies accumulate a contingency reserve and reserve for price fluctuations for the purpose of ensuring the soundness and stability of management in the future. These reserves provide protection against risks associated with changes in the operating climate for the life insurance industry. Such changes include fluctuations in prices of financial assets, the occurrence of a major catastrophe and other events.

As of March 31, 2012, Japan Post Insurance had a contingency reserve of ¥2,783.7 billion and a reserve for price fluctuations of ¥458.2 billion, a total of ¥3,241.9 billion.

Contingency reserve and reserve for price fluctuations ¥3,241.9 billion

(Billions of yen)

	End of fiscal 2011 (March 31, 2011)	End of fiscal 2012 (March 31, 2012)
Total amount of solvency margin (A)	¥ 4,675.2	¥ 4,791.8
Capital stock, etc.	1,167.1	1,217.9
Reserve for price fluctuations	409.6	458.2
Contingency reserve	2,885.9	2,783.7
General reserves for possible loan losses	0.0	0.0
Net unrealized gains (losses) on available-for-sale securities × 90% (if negative, × 100%)	29.8	74.4
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(25.6)	(3.1)
Excess of continued Zillmerised reserve	208.0	260.4
Capital raised through debt financing	—	—
Amounts within "excess of continued Zillmerised reserve" and "capital raised through debt financing" not calculated into the margin	—	—
Deductions	—	—
Other	—	—
Total amount of risk (B)	810.3	717.2
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$		
Underwriting risk R ₁	180.5	177.0
Underwriting risk of third-sector insurance R ₈	143.2	127.5
Anticipated yield risk R ₂	256.8	237.5
Minimum guarantee risk R ₇	—	—
Investment risk R ₃	463.1	391.2
Business management risk R ₄	20.8	18.6
Solvency margin ratio (A) $\frac{(A)}{(1/2) \times (B)} \times 100$	1,153.9%	1,336.1%

Note: The fiscal 2012 figures are calculated based on Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the provisions of Ordinance No. 50 issued by the Ministry of Finance in 1996.

Following Cabinet Office Ordinance No. 23 in 2010 and Financial Services Agency Ordinance No. 48 in 2010, a partial revision has been made to standards for calculating the total amount of solvency margin and the total amount of risk, requiring more stringent margin calculations and more strict and refined risk measurements (effective as of March 31, 2012). The figures for fiscal 2011 shown above are those disclosed at the end of fiscal 2011, which were calculated assuming that the revision had been adopted one year earlier as of March 31, 2011.

(Billions of yen)

	End of fiscal 2010 (March 31, 2010)	End of fiscal 2011 (March 31, 2011)	End of fiscal 2012 (March 31, 2012)
Contingency reserve	¥ 2,950.6	¥ 2,885.9	¥ 2,783.7
Limit amount	3,162.3	3,010.8	3,047.9
Reserve for price fluctuations	¥ 421.4	¥ 409.6	¥ 458.2
Limit amount	421.4	409.6	787.1
Total	¥ 3,372.0	¥ 3,295.6	¥ 3,241.9

Note: The method of calculating limit amount is changed from March 31, 2012.

4. Real Net Assets

Real net assets are calculated by subtracting liabilities, other than the contingency reserve and reserve for price fluctuations and other high capital debt items, from total assets at market value. Regulatory agencies use real net assets as an indication of an insurer's financial soundness at the end of a fiscal period. A negative figure may lead to an order to suspend operations or other regulatory actions. (However, such regulatory action is not generally taken if the amount after subtracting unrealized losses associated with held-to-maturity securities and policy reserve-matching bonds is positive and liquid assets have been set aside).

As of March 31, 2012, Japan Post Insurance had a sufficient level of ¥8,083.6 billion in real net assets.

5. Net Unrealized Gains (Losses) on Securities

Net unrealized gains and losses on assets reflect the differential between fair market value and book value.

At the end of fiscal 2012, Japan Post Insurance recorded a net unrealized gain on securities of ¥3,349.4 billion.

We recorded a ¥0.1 billion net unrealized loss on money held in trust and a ¥82.7 billion overall net unrealized gain on available-for-sale securities. Although net unrealized gains on available-for-sale securities are not recorded on the Statements of Income, an amount deducting the tax-effect amount is recorded on the Balance Sheets as "Net unrealized gains (losses) on available-for-sale securities" within net assets.

6. Risk-monitored Loans

Loans with repayment conditions that are not normal are termed risk-monitored loans. None of Japan Post Insurance's loans fall into this category.

(Billions of yen)

	End of fiscal 2010 (March 31, 2010)	End of fiscal 2011 (March 31, 2011)	End of fiscal 2012 (March 31, 2012)
Real net assets	¥ 6,598.7	¥ 6,905.6	¥ 8,083.6

(Billions of yen)

	End of fiscal 2010 (March 31, 2010)	End of fiscal 2011 (March 31, 2011)	End of fiscal 2012 (March 31, 2012)
	Net unrealized gains (losses)		
Total	¥ 1,966.4	¥ 2,241.0	¥ 3,349.4
Held-to-maturity securities	1,003.8	1,205.5	2,088.8
Policy reserve-matching bonds	895.8	1,002.2	1,177.7
Available-for-sale securities (before tax effects)	(Note 1) 66.7	(Note 2) 33.2	(Note 3) 82.7
Securities, etc.	55.0	37.2	82.8
Money held in trust	11.7	(4.0)	(0.1)

Notes: 1. After applying tax-effect accounting, a gain of ¥42.5 billion
 2. After applying tax-effect accounting, a gain of ¥21.1 billion
 3. After applying tax-effect accounting, a gain of ¥57.1 billion

2 Policyholders' Dividends

¥271.9 billion

Insurance premiums are calculated based on assumed rates concerning future insurance benefit and other payments, investment yield and expenses for policy administration. If these assumed figures exceed actual results, the surplus will be returned to policyholders in the form of dividends ("policyholders' dividends") in accordance with the terms of their respective policies.

For fiscal 2012, we posted provision for reserve for policyholders' dividends of ¥271.9 billion.

- For Japan Post Insurance policies, we accounted for provision for reserve for policyholders' dividends of ¥12.4 billion and will pay dividends to policyholders starting from fiscal 2013.
- For postal life insurance policies, we posted provision for reserve for policyholders' dividends of ¥259.5 billion under the reinsurance contract concluded with the Management Organization for Postal Savings and Postal Life Insurance, based on the performance of the segment related to reinsurance. Policyholders' dividends on postal life insurance policies are determined by the Management Organization.

3

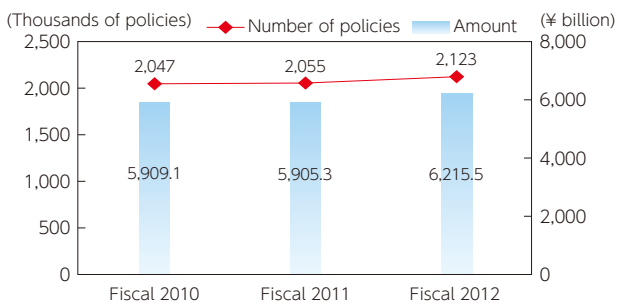
Insurance Policies

New Policies and Policies in Force

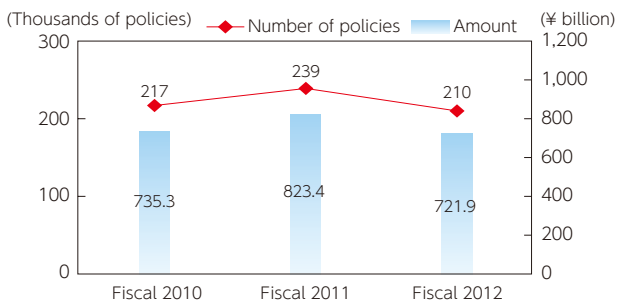
In fiscal 2012, Japan Post Insurance sold 2,123 thousand individual insurance policies with an insured amount of ¥6,215.5 billion, and 210 thousand individual annuity policies with an annuity amount of ¥721.9 billion.

As of March 31, 2012, there were 8,019 thousand individual insurance policies, and policies in force totaled ¥23,043.2 billion. There were 887 thousand individual annuity policies with an annuity amount of ¥2,781.5 billion.

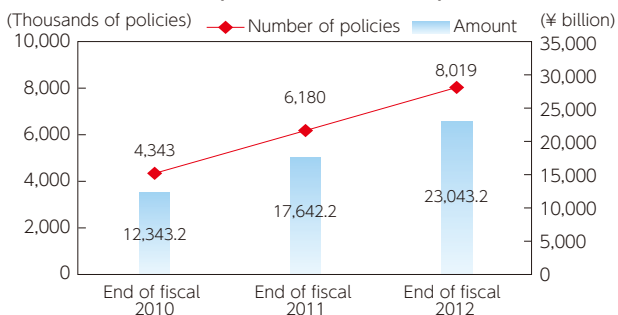
New Policies (Individual Insurance)



New Policies (Individual Annuities)

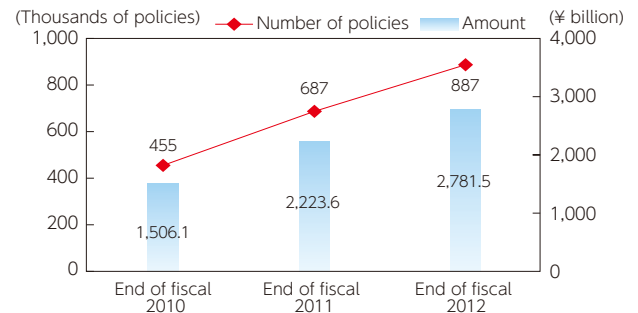


Policies in Force (Individual Insurance)

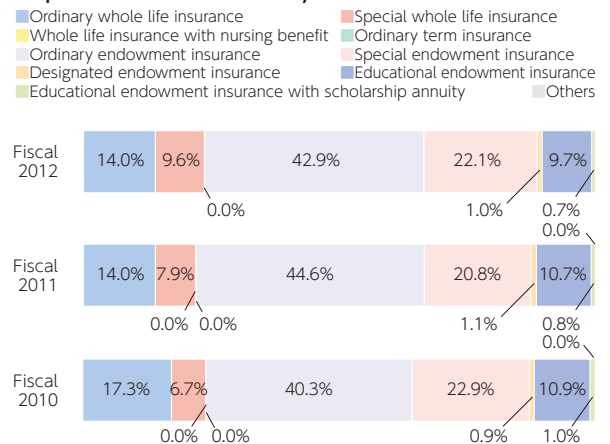


Regarding the postal life insurance policies received from the Management Organization for Postal Savings and Postal Life Insurance in the form of reinsurance, policies reinsured by Japan Post Insurance amounted to 31,016 thousand life insurance policies with an insured amount of ¥85,854.2 billion and 4,393 thousand annuity policies with an annuity amount of ¥1,628.5 billion.

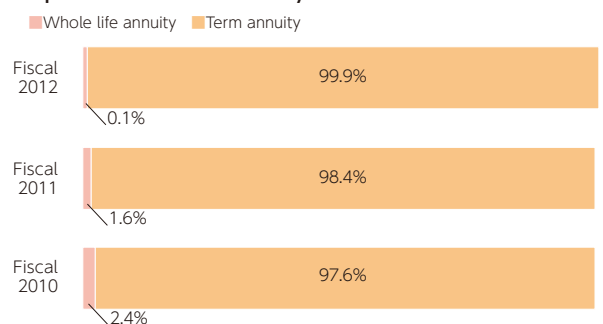
Policies in Force (Individual Annuities)



Composition of New Policies by Product: Individual Insurance



Composition of New Policies by Product: Individual Annuities



Reference: Reinsured Postal Life Insurance Policies

(Thousands of policies, billions of yen)

	End of fiscal 2010 (March 31, 2010)		End of fiscal 2011 (March 31, 2011)		End of fiscal 2012 (March 31, 2012)	
	Number of policies	Insured amount/Annuity amount	Number of policies	Insured amount/Annuity amount	Number of policies	Insured amount/Annuity amount
Life insurance	40,308	112,069.4	35,496	98,910.0	31,016	85,854.2
Annuity	5,361	1,980.4	4,886	1,809.4	4,393	1,628.5

Note: These figures are based on standards published by the Management Organization for Postal Savings and Postal Life Insurance.

4 Performance Overview

1. Assets

At March 31, 2012, total assets of Japan Post Insurance amounted to ¥93.6 trillion, a decrease of ¥3.0 trillion from fiscal 2011 (¥96.7 trillion).

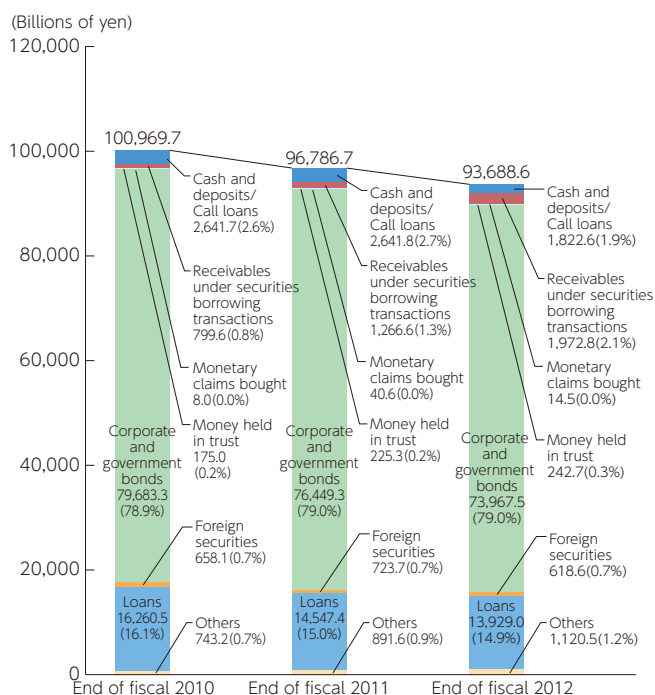
Our investment policy in fiscal 2012 was to continue investing primarily in yen-denominated interest-bearing assets that provide stable interest income.

During the fiscal year under review, we made investments in corporate and government bond holdings, primarily of long-term and super-long-term bonds, in view of their value as assets that secure stable income.

Our management of investments of money held in trust centers on domestic equities and real estate.

Loans receivables include syndicated loans, loans to local governments and policy loans. The loans receivables balance decreased due to the repayment of loans made to the Management Organization for Postal Savings and Postal Life Insurance.

■ Composition of Assets



2. Asset Management Yield

Despite the continued trends toward lower interest rates, a strong yen and weak stock markets, careful investment primarily in yen-denominated interest-bearing assets gave Japan Post Insurance an asset management yield of 1.66%.

■ Asset Management Yield

Item	Fiscal 2010 (April 1, 2009 to March 31, 2010)	Fiscal 2011 (April 1, 2010 to March 31, 2011)	Fiscal 2012 (April 1, 2011 to March 31, 2012)
Yield	1.58%	1.64%	1.66%

Note: Asset management yield includes capital gains and losses, etc.

3. Holdings of Securitized Financial Instruments and Investments Related to Subprime Loans

■ Holdings of Securitized Financial Instruments

(Billions of yen)

Item	End of fiscal 2010 (March 31, 2010)		End of fiscal 2011 (March 31, 2011)		End of fiscal 2012 (March 31, 2012)	
	Market value	Unrealized gain (loss)	Market value	Unrealized gain (loss)	Market value	Unrealized gain (loss)
RMBS	311.9	6.4	370.0	7.6	434.1	14.5

Note: Residential Mortgage-backed Securities (RMBS) are a type of security backed by mortgages. The RMBS held by Japan Post Insurance are backed by housing loans in Japan.

■ Investments Related to Subprime Loans

Japan Post Insurance has no investments related to subprime loans.

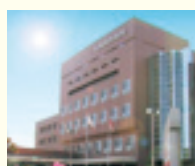
5. Other Businesses

1. Hospital Business

Japan Post Holdings has established 14 Teishin Hospitals around Japan that serve as corporate hospitals for the Japan Post Group. Teishin Hospitals are open for the use of any member of the public, as well as Group employees and their families, and they provide medical services and medical check-up services, which contribute to the health of everyone in the community. For details, please refer to page 95.

Notably, Tokyo Teishin Hospital has 514 sickbeds, advanced medical care and medical equipment, and cutting-edge medical research. Its medical check-up center, which was reopened in September 2010 following renewal, was utilized by approximately 12,000 people during fiscal 2012.

List of 14 Teishin Hospitals nationwide



Sapporo Teishin Hospital
Departments
Internal medicine, surgery, ophthalmology, otolaryngology, orthopedics



Kyoto Teishin Hospital
Departments
Internal medicine, surgery, gynecology, pediatrics, ophthalmology, otolaryngology, orthopedics, radiology, anesthesiology



Sendai Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, surgery, gynecology, ophthalmology, dermatology, otolaryngology, orthopedics, proctology



Osaka Kita Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, surgery, pediatrics, ophthalmology, otolaryngology, radiology, anesthesiology, proctology



Yokohama Teishin Hospital
Departments
Internal medicine, surgery, gynecology, pediatrics, ophthalmology, orthopedics, anesthesiology



Kobe Teishin Hospital
Departments
Internal medicine, surgery, gynecology, pediatrics, ophthalmology, otolaryngology, orthopedics, radiology



Tokyo Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, cardiology, respiratory, psychiatry, surgery, neurosurgery, gynecology, pediatrics, ophthalmology, dermatology, urology, otolaryngology, orthopedics, radiology, dental/oral surgery, rehabilitation, anesthesiology, emergency and general medicine, endoscopy center, medical check-up center, pathology, clinical laboratory



Hiroshima Teishin Hospital
Departments
Internal medicine, surgery, obstetrics and gynecology, pediatrics, ophthalmology, orthopedics



Niigata Teishin Hospital
Departments
Internal medicine, cardiology, surgery, obstetrics and gynecology, pediatrics, ophthalmology, orthopedics



Tokushima Teishin Hospital
Departments
Internal medicine, surgery, gynecology, ophthalmology, orthopedics



Toyama Teishin Hospital
Departments
Internal medicine, surgery, gynecology, ophthalmology, orthopedics



Fukuoka Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, cardiology, surgery, gynecology, pediatrics, ophthalmology, dermatology, otolaryngology, orthopedics, radiology, anesthesiology



Nagoya Teishin Hospital
Departments
Internal medicine, surgery, obstetrics and gynecology, pediatrics, ophthalmology, dermatology, otolaryngology, orthopedics



Kagoshima Teishin Hospital
Departments
Internal medicine, gastroenterohepatology, liver internal medicine, surgery, gynecology, ophthalmology, orthopedics, proctology

2. Hotel Business

1. Kanpo no Yado Inns and Kanpo no Sato Inns

There are 66 *Kanpo no Yado* inns nationwide (including three that are temporarily closed and one currently suspending operations). These facilities are near tourist spots. *Kanpo no Yado* inns are available for the use of all persons, in the same way as regular *ryokan* and hotels, regardless of whether guests possess insurance policies of Japan Post Insurance.

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

In April 2012, we opened Kazeru Otaru, a fee-paying residential-style nursing home, on the site of *Kanpo no Yado* inn Otaru, to ensure enriched lives for elderly people.

For details, please refer to pages 96-97.

2. Rafre Saitama and other facilities

Rafre Saitama is a lodging facility located near Saitama Shintoshin station that has conference rooms, banquet halls and a fitness center. In May 2012, we started providing a service to support prevention of nursing care, including physical exercise guidance by preventive exercise instructors.

U-Port Recreation Center in Setagaya Ward, Tokyo, includes tennis courts, a heated indoor swimming pool, a gym, a fitness center and other sports facilities.

MIELPARQUE and U-Port hotels provide accommodations, conference rooms, banquet and wedding halls, restaurants and other facilities.

Notes: 1. The nursing care preventive facility in Rafre Saitama has been run by Central Sports Co., Ltd. since May 2012 under a fixed-term lease agreement with Japan Post Holdings.
2. MIELPARQUE hotels have been run by a subsidiary of Watabe Wedding Corp. since October 2008 under a fixed-term lease agreement with Japan Post Holdings. MIELPARQUE Kyoto does not have accommodation and wedding facilities.
3. U-Port has been run by Seiyo Food-Compass Group, Inc. and Central Sports Co., Ltd. since December 2008 under a fixed-term lease agreement with Japan Post Holdings.


List of Accommodation Facilities Nationwide

1 Otaru (Kazeru Otaru Annex)	24 Atami (Main Building)	46 Ako	67 Hakusan-Oguchi
2 Tokachigawa	Atami (Annex)	47 Awajishima	68 Shobara
3 Ichinoseki	25 Shuzenji	48 Kaike	69 Usa
4 Yokote	26 Izukogen	49 Mimasaka Yunogo	70 Rafre Saitama
5 Matsushima*2	27 Toyama	50 Takehara	71 U-Port Recreation Center in Setagaya (No accommodation facilities)
6 Sakata	28 Yamashiro	51 Hikari	
7 Koriyama	29 Fukui	52 Yuda	
8 Iwaki	30 Yaizu	53 Kanonji	
9 Oarai	31 Hamanako-Mikkabi	54 Sakaide	
10 Itako	32 Sangane	55 Tokushima	
11 Shiobara	33 Chita-Mihama	56 Dogo	
12 Tochigi Kitsuregawa Onsen	34 Ena	57 Ino	
13 Kusatsu	35 Gifu-Hashima	58 Kitakyushu	
14 Isobe	36 Toba	59 Yanagawa	
15 Yorii	37 Kumano	60 Shimabara*1	
16 Kamogawa	38 Hikone	61 Beppu	
17 Asahi	39 Maizuru*1	62 Hita	
18 Katsuura	40 Tondabayashi	63 Yamaga	
19 Ome	41 Yamatoheguri	64 Aso	
20 Hakone	42 Nara	65 Nichinan	
21 Isawa	43 Shirahama	66 Recreation Center in Naha	
22 Kashiwazaki*1	44 Kii-Tanabe		
23 Suwa	45 Arima		

*1 Temporarily closed (as of July 1, 2012)
*2 Suspending operations (as of July 1, 2012)


On our recommendation list:

6 Kanpo no Yado inn Sakata




Featuring various types of baths, including an open-air bath. The facility prides itself on superb dishes using plenty of local vegetables from the Shonai Plain, fresh local fish from Sakata Port and other delicacies of the season.

12 Kanpo no Yado inn Tochigi Kitsuregawa Onsen



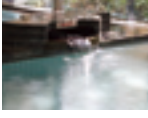
The pride of the facility is its hot spring baths, chosen as one the three most beautiful hot springs in Japan. From April 2012, the facility offers special Japanese / Western combination-style rooms with individual open-air baths.

26 Kanpo no Yado inn Izukogen




One of the best highlands resorts in Izu surrounded by the mountains and the sea. Within walking distance of the famous Jogasaki Coast, this hilltop facility offers a panoramic view of the Izu Islands.

53 Kanpo no Yado inn Kanonji



Sitting on a hill, the facility looks down on the quiet Seto Inland Sea. Guests can enjoy and relax in the abundant waters of the high-quality natural hot springs. Fresh produce from the Seto Inland Sea and the Sanuki Plain are another attraction of the facility.

58 Kanpo no Yado inn Kitakyushu



Its exceptional location facing a vast expanse of sea, exquisite dishes using fresh local seafood and an open-air bath offering a full view of the Sea of Genkai promise a relaxing stay for guests.