

2013

JAPAN POST GROUP Annual Report

Year ended March 31, 2013

Japan Post Group Management Philosophy

Stressing the security and confidence of the Japan Post Group network, the Group, as a private corporation, is demonstrating creativity and efficiency to the greatest extent possible and will provide customer-oriented services, support the lives of customers

in local communities and aim for the happiness of customers and employees. The Group will also pursue managerial transparency on its own, observe rules and contribute to the development of society and the region.

Group Management Policy

1. We will duly consider our customers' lives, exercise our creativity and provide through our nationwide network a selection of products and services needed by customers in every stage of their lives.
2. We will establish effective corporate governance and compliance programs, including internal audits and internal controls.
3. We will maintain the transparency of the Group's operations through the timely and proper disclosure of information, the appropriate use of intra-group transactions and other activities.
4. Japan Post Holdings Co., Ltd., a holding company, is raising its corporate value and making preparations for the quick disposal of its shares. Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. are also aiming for the quick disposal of their shares.
5. We will create opportunities for all employees, business partners and the community to mutually cooperate and for each and every employee to grow.

Japan Post Group Charter of Corporate Conduct

- (1) Earn the trust of customers
 - We earn the trust of customers by adopting their perspective and meeting their expectations.
 - We protect and manage information strictly so that customers can use our services with peace of mind.
 - We fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner.
- (2) Observe ethical standards
 - We continue to conduct business activities with sincerity by complying with laws, regulations, social standards and internal rules.
 - We stand firmly against antisocial forces and organizations that threaten the order and safety of civil society.
 - We maintain workplace discipline by clearly defining responsibilities and authority and fairly evaluating performance and results.
- (3) Place priority on coexistence
 - We actively promote environmental conservation and make a significant contribution to society through business activities.
 - We aim for sustainable coexistence by placing importance on maintaining dialogues with diverse stakeholders.
 - We respect human rights and provide safe and pleasant workplaces.
- (4) Create value
 - We will create new convenience for customers and provide them with high-quality services.
 - We will create stable value by providing universal services in our three core businesses through the Japan Post Group network.
 - We will utilize teamwork and create corporate value for the Japan Post Group by promoting mutual understanding and cooperation among employees and encouraging each and every employee to fulfill their roles and responsibilities.
- (5) Be a source of change
 - We will apply technological innovation and continually make innovative changes internally to provide stable services to our customers.
 - We exercise our creativity from a broad viewpoint and lofty perspective to promote the Group's development.
 - We aggressively take on the challenge of conducting global business activities.

2013 JAPAN POST GROUP Annual Report

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

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

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

Figures and percentages, with exceptions as specifically indicated, are as of March 31, 2013.

1. Message from the President



I am pleased to present the *Japan Post Group's Annual Report* for the year ended March 31, 2013.

I assumed the office of President and CEO of Japan Post Holdings on June 20, 2013, and I am committed to doing everything possible to ensure that our customers continue to enjoy reliable services at post offices across the nation.

Review of the Year ended March 31, 2013

The Japan Post Group delivered respectable performance. Net ordinary income rose to ¥1,225 billion, an increase of ¥48.2 billion, and net income reached ¥562.7 billion on a consolidated basis, up ¥93.8 billion over the previous year.

Japan Post was newly launched on October 1, 2012, as a result of the merger of Japan Post Service and Japan Post Network. The postal service business registered net operating income of ¥37.4 billion, representing a large increase of ¥59.7 billion over the previous year and marking the first profit in three years. Although mail volumes decreased, intensified sales efforts and cost reductions

contributed to improving profitability. The postal network business recorded net operating income of ¥27.2 billion, thanks to good collaboration with the Japan Post Group companies. JP Tower, a skyscraper with 38 floors above ground, has become a new landmark in the Marunouchi district near Tokyo Station, and the tower's KITTE commercial complex opened in March 2013.

Japan Post Bank continued to diversify its investment categories based on appropriate risk control through the enhancement of its asset liability management strategy. Moreover, its systems were upgraded and business process re-engineering was advanced with a view to raising operational productivity and reducing costs. As a result of these initiatives to secure stable revenues, net income rose to ¥373.9 billion, an increase of ¥39 billion over the previous year, despite the declining trend in long-term interest rates in Japan.

Japan Post Insurance sold 2.21 million new individual insurance policies, the highest number since privatization, by enhancing its sales promotion in collaboration with Japan Post. Japan Post Insurance recorded ¥570 billion in core profit, a basic periodical earnings indicator for life insurance companies, and this figure is at the same level as in the previous year. This is the result of improvement in the negative spread while the administrative expense margin decreased. Meanwhile, the solvency margin ratio, an indicator of financial soundness, remained at the high level of 1,467.9%.

Challenges for the Future

Our upcoming initial public offering is a key focus for us. To quickly become a company that is evaluated highly by investors and the market, we will develop new businesses, pursue efficient group operations and strengthen governance.

We are committed to making even better use of our network of 24,000 post offices throughout Japan. We will continue to provide universal postal, banking and insurance services to customers through our post offices and to contribute to the local community.

I ask for your continued patronage and assistance in these endeavors.

July 2013



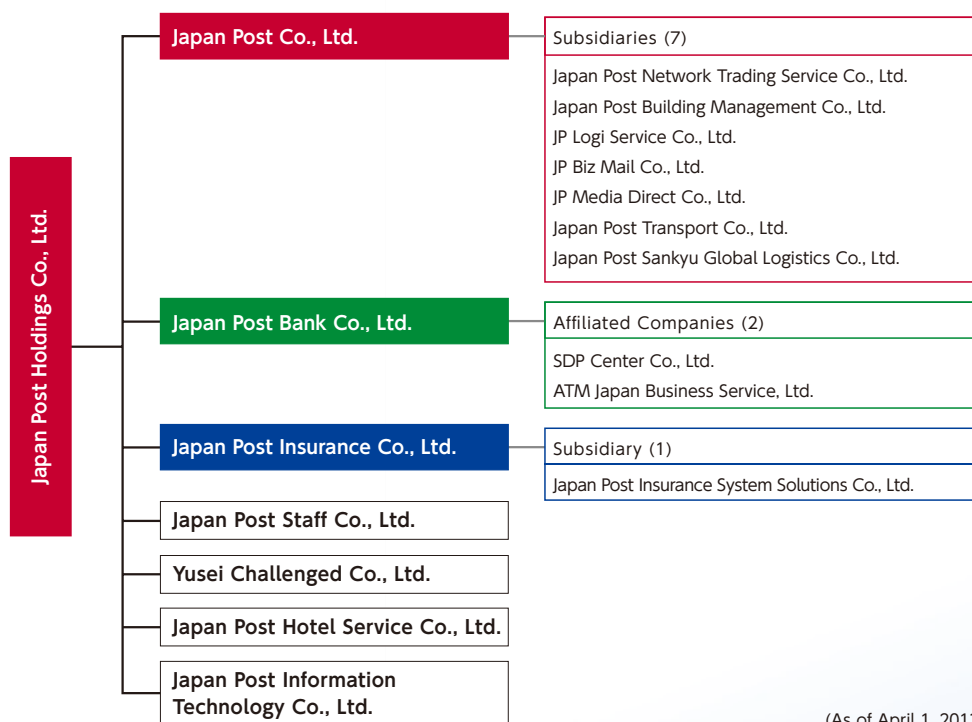
Taizo Nishimuro

President & CEO

Japan Post Holdings Co., Ltd.

2. The Operations of the Japan Post Group

1. Japan Post Group Structure



(As of April 1, 2013)

2. Nationwide Post Office Network

With 24,525 locations, our network of post offices covers all of Japan's 1,742 cities, towns, and villages*. These post offices, which serve as bases for various postal, banking, and insurance services that are offered by the Japan Post Group, have been an integral part of local communities for many years, and the Japanese public has come to greatly appreciate this extensive network.

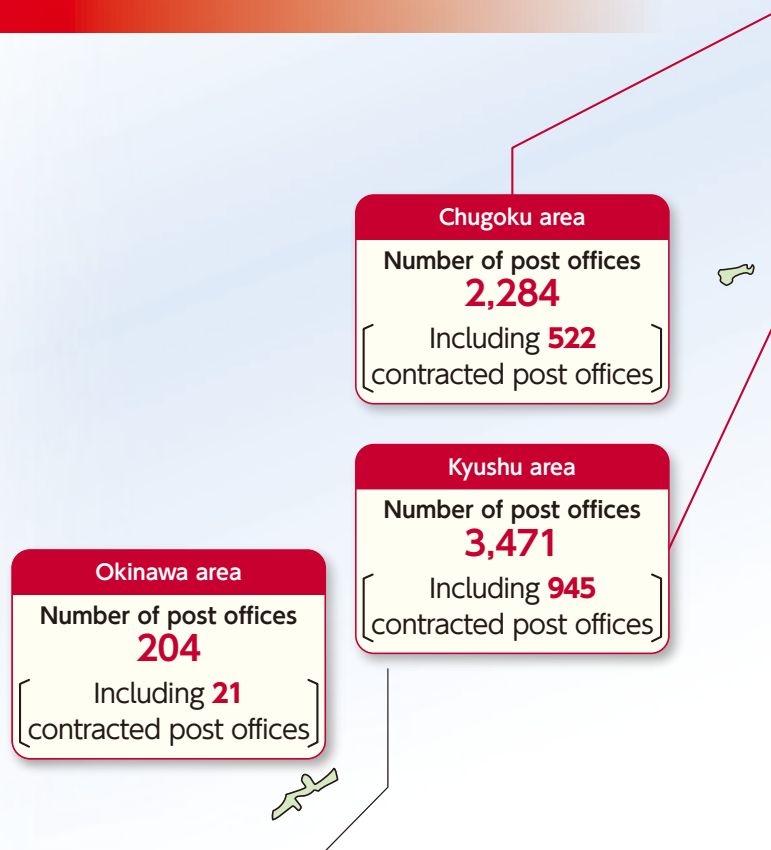
The Group looks forward to taking advantage of these post offices to provide convenient new services to residents of the communities we serve while ensuring their ability to access postal, banking, and insurance services in a unified manner throughout Japan.

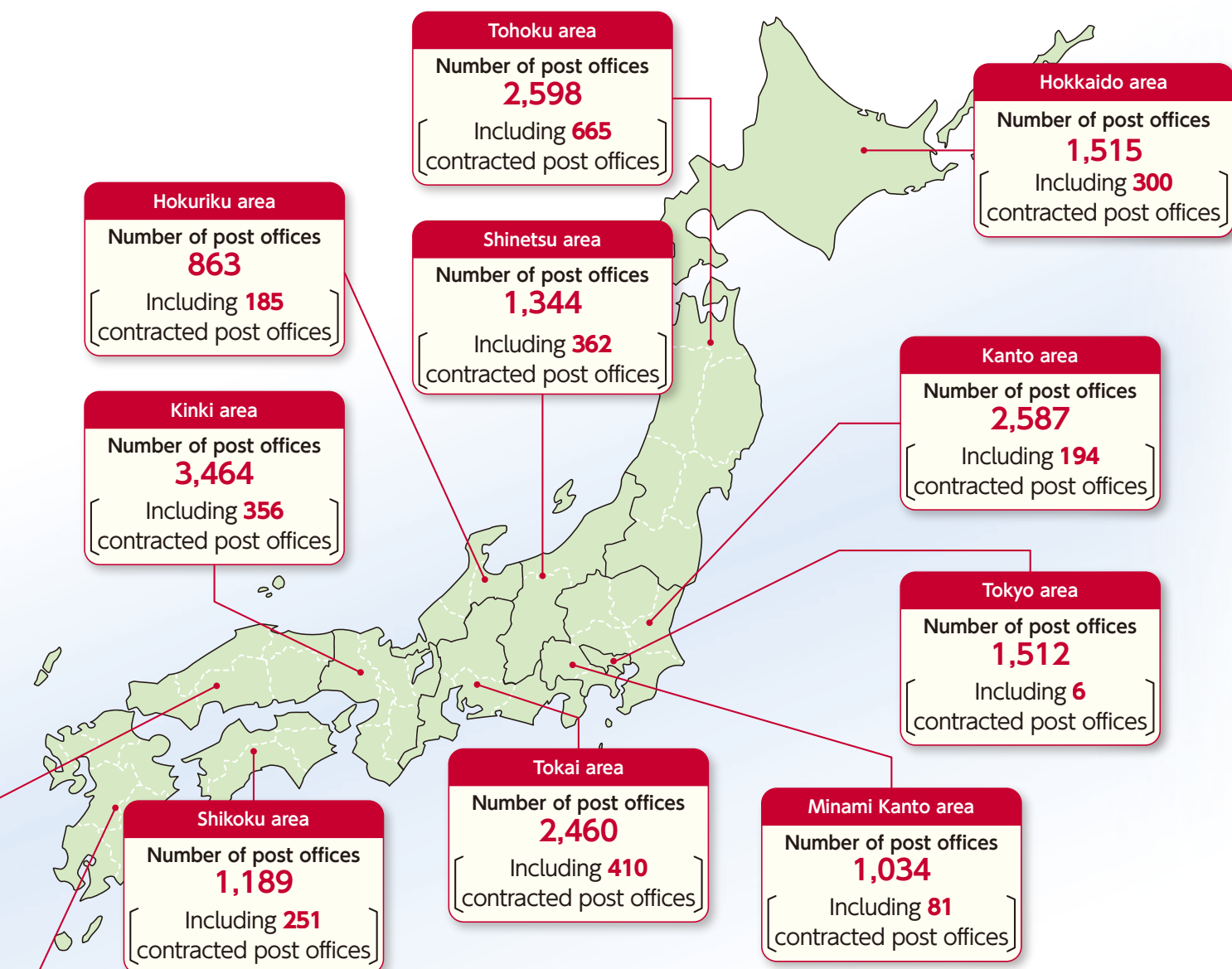
*Includes Tokyo's 23 special wards (as of January 1, 2013).

■ Post Offices in Japan (As of March 31, 2013)

Directly operated post offices (including branch offices)	20,227
Contracted post offices	4,298
Total	24,525

Note: Includes 63 directly operated post offices and 232 contracted post offices that are temporarily closed.





■ Initiatives for Maintaining the Post Office Network

Our post office network includes post offices directly operated by Japan Post and contracted post offices operated by local residents under outsourcing agreements. Some operators of contracted post offices have been unable to continue providing services for a variety of reasons, resulting in unavoidable temporary closures.

In response, Japan Post works to quickly resume operations and provides alternative services and other measures in communities affected by the temporary closure of contracted post offices.

● Initiatives for Resuming Operations at Temporarily Closed Contracted Post Offices

Since March 2008, support measures for contracted operators have been implemented, including an increase in handling commission fees paid to contractors and the implementation of a system for subleasing of facilities. As a result of these measures, the number of temporarily closed contracted post offices, which stood at 417 at the time of privatization, decreased to 232 as of March 31, 2013 (20 of which are due to the earthquake disaster).

● Provide Provisional Services for Temporary Closed Contracted Post Offices

In areas where the operations of temporarily closed post offices are unlikely to be resumed soon, we are providing the following provisional services.

○ Visiting Services Provided by Personnel from Directly Operated Post Offices

We are providing visiting services by personnel from directly operated post offices to rural areas to provide services at a public facility or other location (twice a week, a half-day each). Among the areas where contracted post offices have been temporarily closed, these services were being provided at 47 locations as of March 31, 2013.

○ Services Provided by Temporary Branches

Directly operated post offices are opening temporary branches near post offices temporarily closed in communities that have no financial institutions, which includes post offices. As of March 31, 2013, temporary branches were in operation at one location.

○ Services Provided by Mobile Post Offices

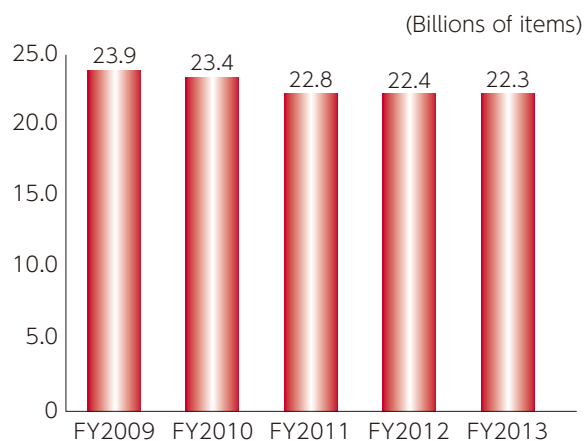
We are dispatching mobile post offices (*Poskuru*), which are specialized vehicles, to provide various services in Toyota City, Aichi Prefecture, as well as Naruto City and the surrounding area in Tokushima Prefecture.

Additionally, as of March 31, 2013, services of mobile post offices in Toyota City, Aichi Prefecture are temporarily suspended to provide services in the disaster-affected areas of the Great East Japan Earthquake.

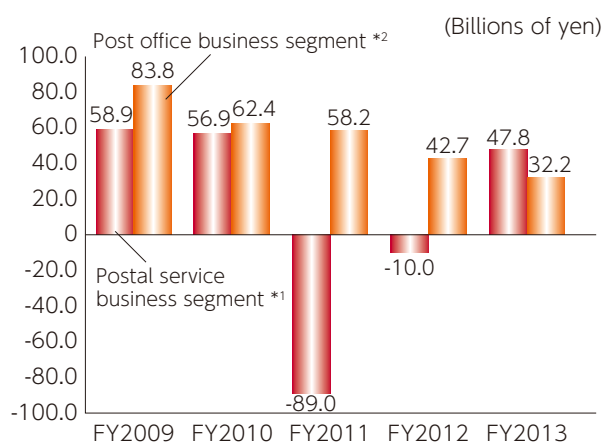
3. Business Volume and Profits of Group Companies

Japan Post Co., Ltd.

Total consigned volume of mail



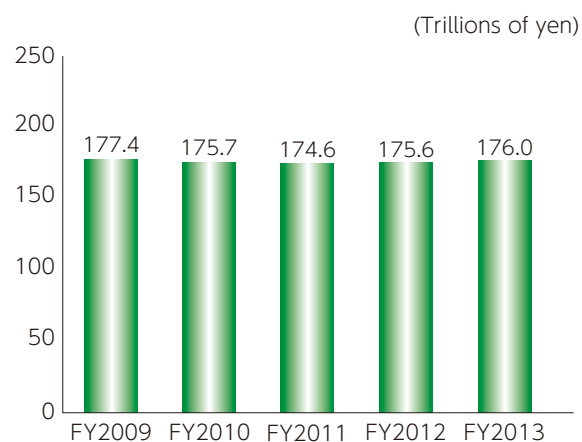
Net ordinary income



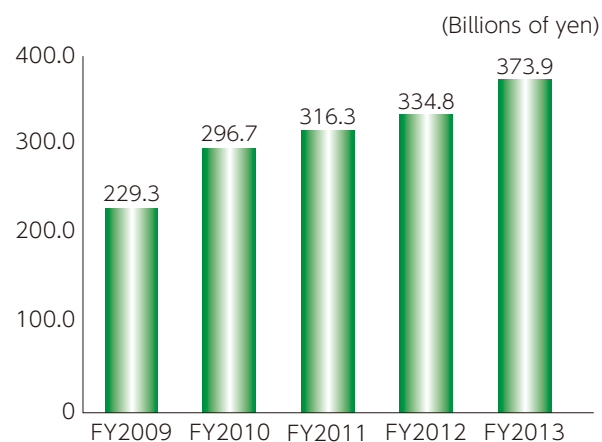
Notes: 1. The figures for Japan Post Service Co., Ltd. prior to the merger and for the postal service business segment after the merger are listed.
2. The figures for Japan Post Network Co., Ltd. prior to the merger and for the post office business segment after the merger are listed.

Japan Post Bank Co., Ltd.

Deposits



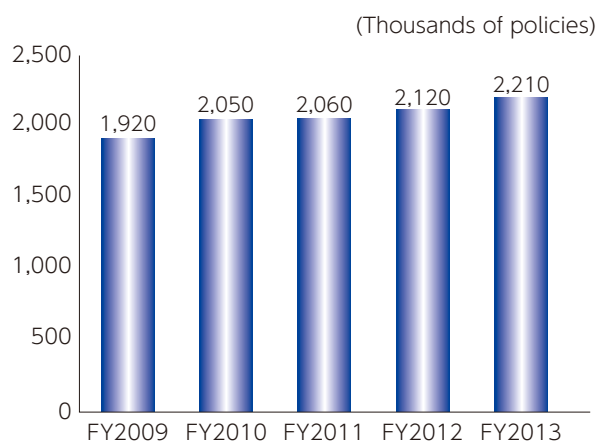
Net income



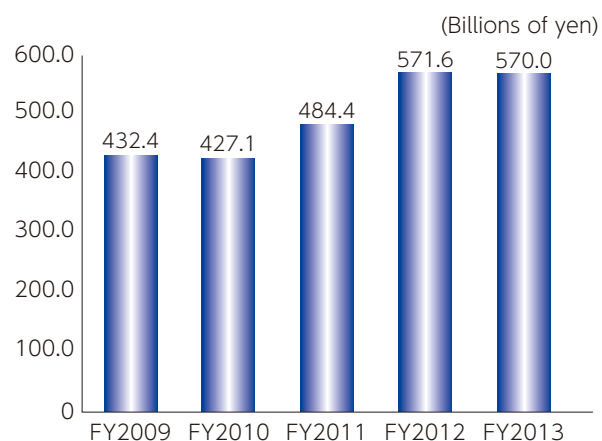
Note: Accrued interest is not included herein.

Japan Post Insurance Co., Ltd.

Number of new policies (individual insurance)



Core profit



4. Group Companies Data

(As of July 1, 2013) *Number of employees as of March 31, 2013

Japan Post Holdings Co., Ltd.



Company name: JAPAN POST HOLDINGS Co., Ltd. (URL: <http://www.japanpost.jp/>)
 Head office location: 3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
 Telephone: 03-3504-4411 (Japan Post Group main number)
 Paid-in capital: ¥3,500 billion
 Date of establishment: January 23, 2006
 Legal basis: Established under the Japan Post Holdings Co., Ltd. Act (Law No. 98 of October 21, 2005)
 Lines of business: Management of Group companies
 Principal business locations: Health Management Administration Center (1), Health Management Offices (49), Facility Management Centers (7), Japan Post Teishin Hospitals (14), Hotels (71), Postal College (1), Kumamoto Administration Office (1)

■ Information on Shares
 1. Number of Shares
 Total shares issued: 150,000,000
 Number of shareholders as of March 31, 2013: One
 2. Shareholder

Minister of Finance	Condition of holdings	
	Shares owned	Percentage of total issued
	150,000,000	100%

■ Number of Employees: 3,227*
 * The number of employees excludes employees assigned to other companies by Japan Post Holdings Co., Ltd. but includes employees assigned to Japan Post Holdings Co., Ltd. by other companies. The figures do not include part-time employees.

Japan Post Co., Ltd.



Company name: JAPAN POST Co., Ltd. (URL: <http://www.post.japanpost.jp/>)
 Head office location: 3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
 Telephone: 03-3504-4411 (Japan Post Group main number)
 Paid-in capital: ¥100 billion
 Date of establishment: October 1, 2007
 Legal basis: Established under the Japan Post Co., Ltd. Act (Law No. 100 of October 21, 2005)
 Lines of business: Postal operations; banking counter operations; insurance counter operations; sales of documentary stamps; operations consigned by local government entities; bank and life and non-life insurance agency services other than those mentioned previously; domestic distribution and delivery business and international cargo transport and agency services for air cargo business; logistics business; real estate business; and merchandise sales
 Principal business locations: Regional Offices (13), Post Offices (24,525), Training Institutes (10), Customer Service Center (1), Logistics Center (4), International Quality Control and Accounting Center (1), Postal Items Verification Center (1), Postal Accounting Center (1), Payment Center (1), Yu-Pack Accounting Center (1), Employee Compensation and Welfare Center (1), Tokyo Logistics Center (1)

■ Information on Shares
 1. Number of Shares
 Total shares issued: 4,000,000
 2. Shareholder

Japan Post Holdings Co., Ltd.	Condition of holdings	
	Shares owned	Percentage of total issued
	4,000,000	100%

■ Number of Employees: 200,601*
 * The number of employees excludes employees assigned to other companies by Japan Post Co., Ltd. but includes employees assigned to Japan Post Co., Ltd. by other companies. The figures do not include part-time employees.

*Number of post offices is as of March 31, 2013 and includes 4,298 contracted post offices.

Japan Post Bank Co., Ltd.



Company name: JAPAN POST BANK Co., Ltd. (URL: <http://www.jp-bank.japanpost.jp/>)
 Head office location: 3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
 Telephone: 03-3504-4411 (Japan Post Group main number)
 Paid-in capital: ¥3,500 billion
 Date of establishment: September 1, 2006 (On October 1, 2007, the name was changed from Yucho Co., Ltd. to Japan Post Bank Co., Ltd.)
 Lines of business: Banking
 Principal business locations: Regional Headquarters (13), Branches (234), Administration Service Centers (49), Operation Support Centers (11), Seal Card Management Center (1), Data Centers (2), Credit Card Collection Service Center (1), Overseas Representative Offices (2)
 Financial institution code number: 9900

■ Information on Shares
 1. Number of Shares
 Total shares issued: 150,000,000
 2. Shareholder

Japan Post Holdings Co., Ltd.	Condition of holdings	
	Shares owned	Percentage of total issued
	150,000,000	100%

■ Number of Employees: 12,922*
 * The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include short-term contract and part-time employees.

Japan Post Insurance Co., Ltd.



Company name: JAPAN POST INSURANCE Co., Ltd. (URL: <http://www.jp-life.japanpost.jp/>)
 Head office location: 3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo 100-8798, Japan
 Telephone: 03-3504-4411 (Japan Post Group main number)
 Paid-in capital: ¥500 billion
 Date of establishment: September 1, 2006 (On October 1, 2007, the name was changed from Kanpo Co., Ltd. to Japan Post Insurance Co., Ltd.)
 Lines of business: Life insurance
 Principal business locations: Regional Headquarters (13), Branches (79), Service Centers (5)

■ Information on Shares
 1. Number of Shares
 Total shares issued: 20,000,000
 2. Shareholder

Japan Post Holdings Co., Ltd.	Condition of holdings	
	Shares owned	Percentage of total issued
	20,000,000	100%

■ Number of Employees: 6,789*
 * The number of employees excludes employees assigned to other companies by Japan Post Insurance Co., Ltd. but includes employees assigned to Japan Post Insurance Co., Ltd. by other companies. The figures do not include short-term contract and part-time employees.

3. Reorganization of the Japan Post Group

I. Group Reorganization

1. Overview of Group Reorganization

On October 1, 2012, Japan Post Service Co., Ltd. and Japan Post Network Co., Ltd. were merged to form Japan Post Co., Ltd.

As a result of the Group's reorganization, the Japan Post Group has made a fresh start by restructuring from a 5-company to a 4-company structure. As before, the Japan Post Group will continue to provide postal, basic banking and insurance services at post offices nationwide.

Main Points of the Group's Reorganization

As a result of the Group's reorganization, the Group has put in place a structure to provide even better services to customers. The main points of the Group's new structure are as follows:

■ Providing Postal, Basic Banking and Insurance Services to All Customers

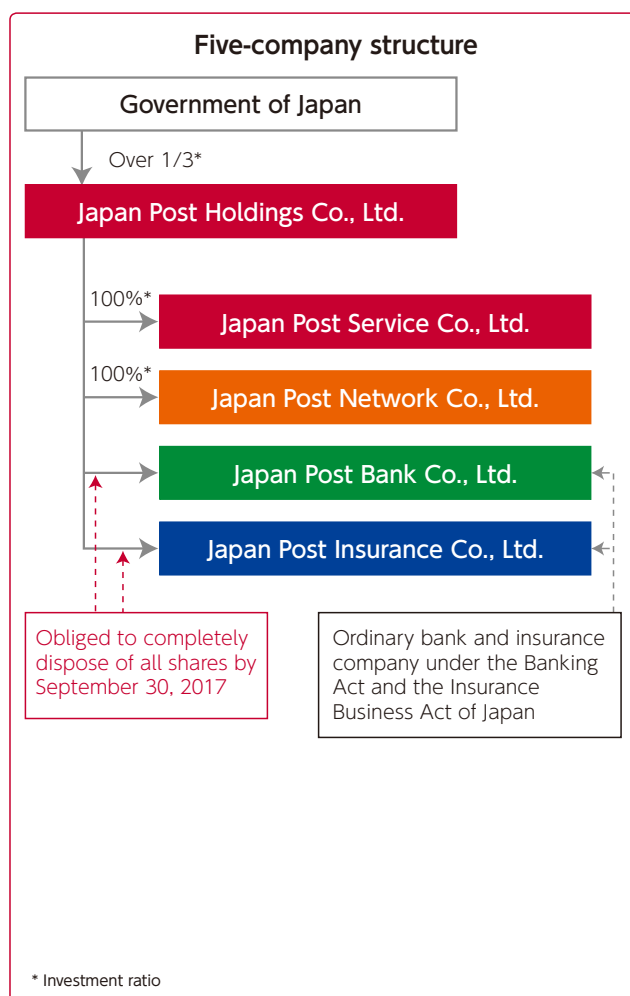
The Japan Post Group will provide basic services in its three core businesses of postal, banking and insurance services nationwide as an integrated lifestyle-support corporate group. In the process, the Group will remain closely rooted in every customer's daily life. The Group's services will be provided at post offices, which serve as the hub for the Group's businesses.

■ Towards Enhanced Corporate Value

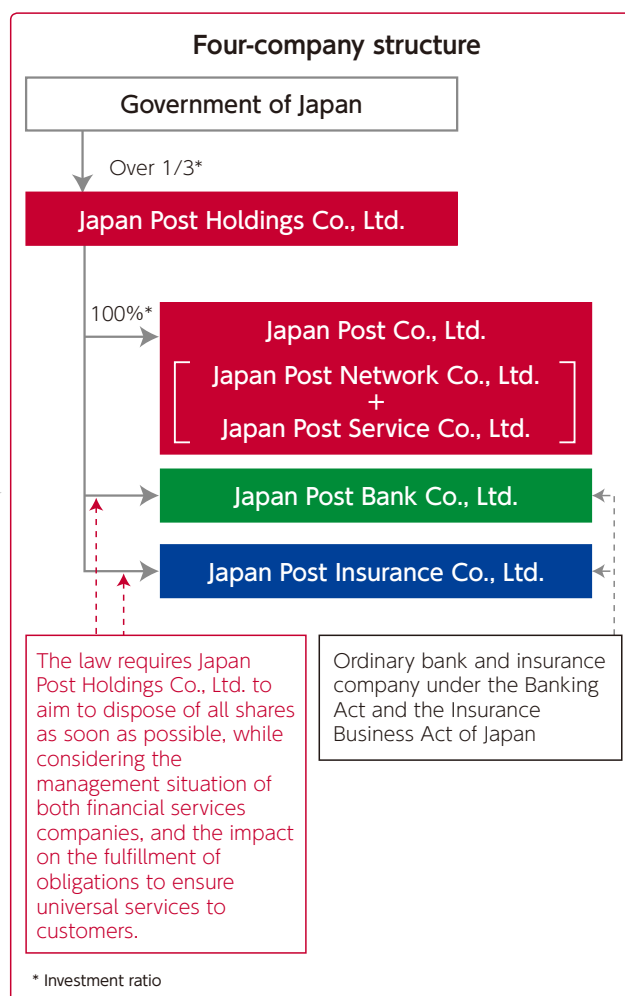
With the Group's reorganization, Japan Post Holdings Co., Ltd. will now aim for a near-term stock listing. The listing of Japan Post Holdings Co., Ltd. will carry the same significance as a stock listing of the entire Group. To achieve this near-term stock listing, the Group will continue working to establish sound operating platforms, and to provide appealing products and services, as it endeavors to further enhance its corporate value.

Group Reorganization Following Enforcement of "Act for Partial Revision of the Postal Service Privatization Act and Others"

■ Before Amendment (Came into force on October 1, 2007)



■ After Amendment (Came into force on October 1, 2012)



2. Stock Listing by Japan Post Holdings Co., Ltd.

Along with the Group's reorganization, we indicate our basic policies in once again aiming for a stock listing by Japan Post Holdings Co., Ltd. In adhering to these policies, we will work to raise corporate value and grow to become a group that earns the support of all stakeholders.

Basic Policies for Stock Listing

■ Requests to Secure Financial Resources for Earthquake Disaster Restoration

The November 2011 enactment of the "Act on Special Measures to Secure the Financial Resources to Implement the Restoration from the Great East Japan Earthquake" has led to requests for the early disposal of Japan Post Holdings Co., Ltd.'s stock to obtain necessary financial resources for restoration in the aftermath of the Great East Japan Earthquake.

■ Enactment of the "Act for Partial Revision of the Postal Service Privatization Act and others"

In April 2012, the "Act for Partial Revision of the Postal Service Privatization Act and others" was enacted, thereby lifting the freeze on the disposal of stock of Japan Post Holdings Co., Ltd., Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.

Accordingly, the Japanese government will dispose of up

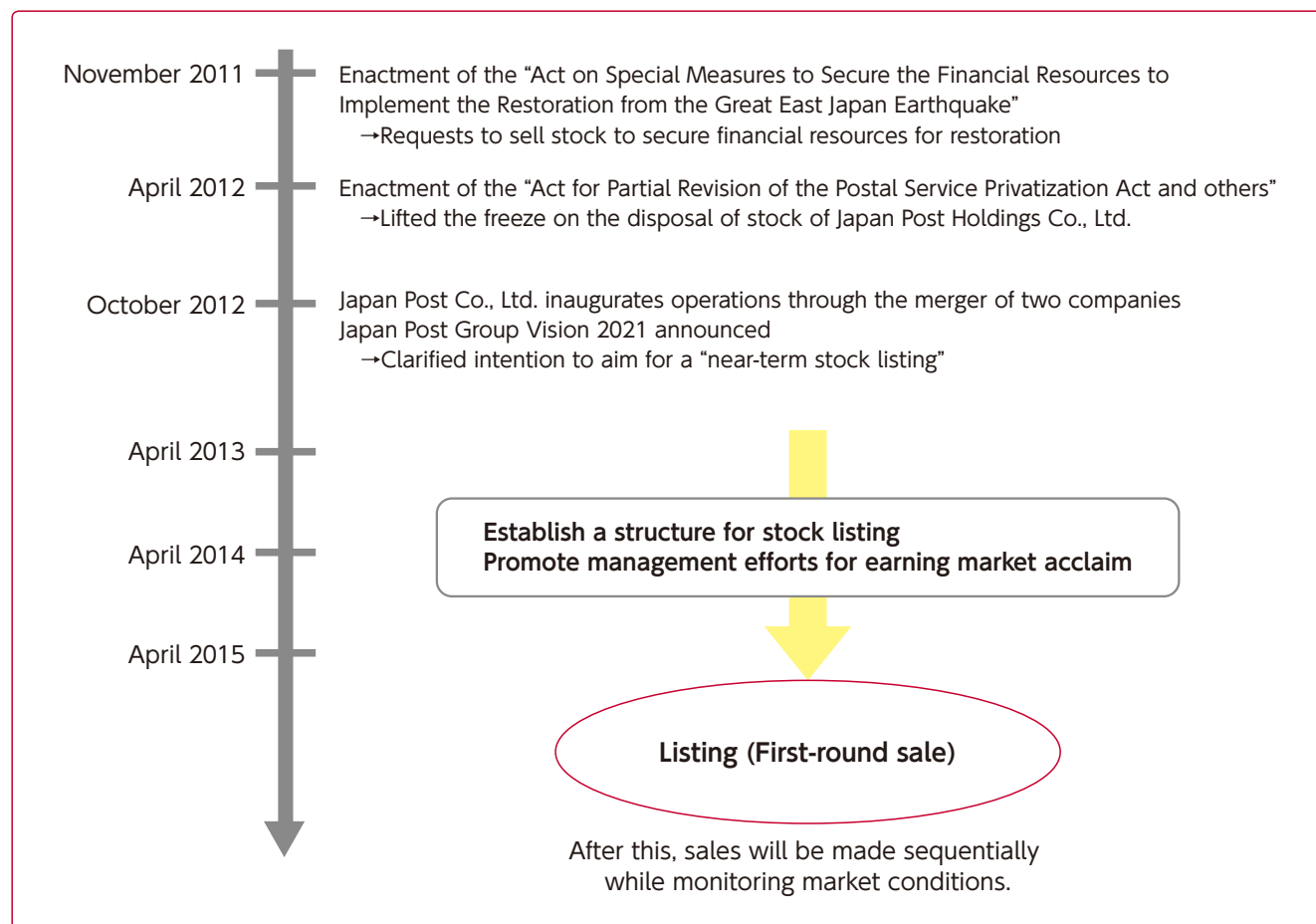
to two thirds of its shares in Japan Post Holdings Co., Ltd. as soon as possible.

Additionally, Japan Post Holdings Co., Ltd. aims to dispose of all its shares in Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd., and in considering the impact of this on the fulfillment of responsibilities for assuring universal services, Japan Post Holdings will dispose of this stock as soon as possible.

■ Policies for the Japan Post Group

Owing to the preceding factors, under the Japan Post Group Vision 2021 announced on October 1, 2012, the Group has clarified its intention to aim for a near-term stock listing of Japan Post Holdings Co., Ltd. (However, the actual timing of the listing will be decided by the Japanese government, which is the stockholder.)

■ Sequence of Events up to Listing and Image

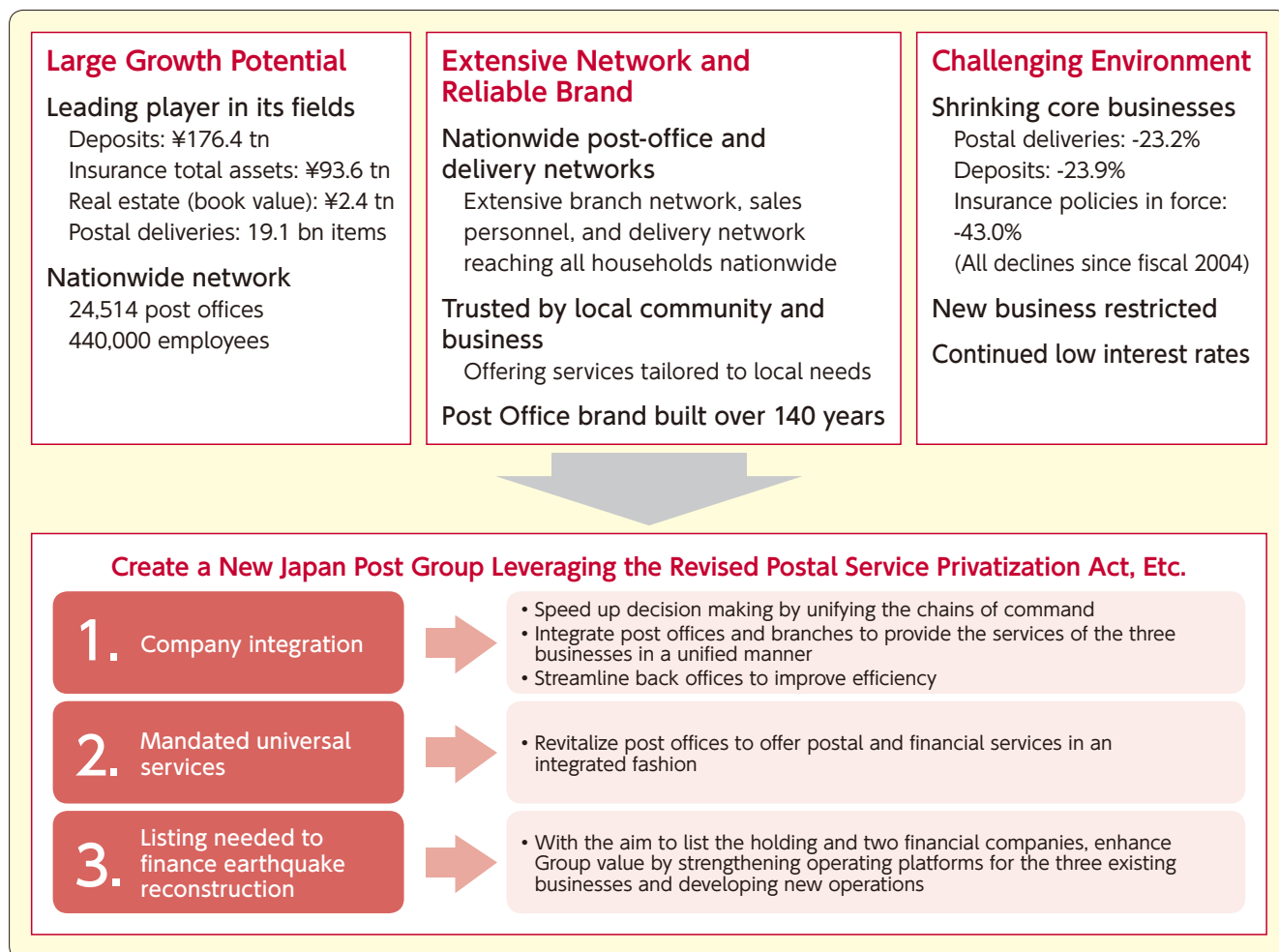


II. Japan Post Group Vision 2021

1. Development of the Japan Post Group: Toward Our 150th Anniversary

Following the enactment on April 27, 2012 of the Act for Partial Revision of the Postal Service Privatization Act and Others, a new Japan Post Group was created on October 1, 2012. We have announced a new Group vision for 2021, the year marking our 150th anniversary. It provides a roadmap for improvements the new Group should implement while articulating the Group's aspirations for the future.

(* Figures on this page are as of March 31, 2012)



Three Improvements

Development of the new Japan Post Group with post offices as its hubs

Create a network of efficient, functional post offices that meet customer needs and serve as hubs offering safety, security, reliability, and convenience (Offering universal services with a commitment to local communities and public interests)

1. Service Improvement:

Become an integrated lifestyle-support corporate group

Make a concerted effort across the Group to provide products and services for different lifestyles and life cycles through various channels

2. Managerial Improvement:

Revitalize the nationwide post-office network

Transform the former public corporation into a competitive and profitable private entity while maintaining the public-service nature of post offices

3. Culture Improvement:

Create a new corporate culture for Japan Post

Create a rewarding workplace by supporting employees as they rise to the challenge of change

Business Development Initiatives

Postal Business

Use logistics excellence to compensate for the IT-driven decline in demand for mail service and maintain universal services

- (1) Secure the competitiveness of parcel deliveries → Share the network with postal service
- (2) Achieve growth in postal service → Expand direct mail use and offer new IT-based services
- (3) Improve productivity → Restructure networks
→ Improve front-line management methods
- (4) Develop new businesses → Promote effective use of post office space

➡ **Ensure stable operations by generating profits for FY2013 and making parcel services profitable by FY2016**

Banking Business

- (1) Serve public interests and address local needs
→ Contribute to convenient living by offering universal services
→ Retain regional deposits in the local economy and society
- (2) Tailor services to customers' individual needs
→ Offer products that meet the needs of customers at different life stages
- (3) Maintain stable profits
→ Enhance profitability by expanding operations

➡ **Become the most friendly financial-service provider to local customers by leveraging the post-office network**

Insurance Business

- (1) Respond to the diverse insurance needs of an aging society
→ Improve tuition insurance and other existing products
→ Broaden the lineup of mortality and medical coverage
- (2) Build systems enabling speedy and accurate operations from underwriting to payment
→ Develop productive offices and systems
- (3) Maintain a sound management base
→ Build advanced risk management systems
→ Strengthen asset management expertise as an institutional investor

➡ **Shift to a growth path to steadily provide universal services through post offices**

New Business

- (1) Develop operations using the post-office network
→ Expand catalogue-sales products and diversify sales channels
→ Increase lifestyle-related services intermediated by and items sold at post offices
- (2) Enhance real estate businesses
→ Expand office leasing, residential unit sales, and other real estate related businesses
- (3) Strengthen international operations
→ Market overseas merchandise
→ Provide post-office operation know-how

➡ **Take full advantage of the Group's underlying ability to diversify revenue streams**

Regional, Social Contribution

- (1) Provide universal services through the post-office network
- (2) Develop regionally based services
→ Offer neighborhood watch and shopping support services for the elderly
→ Provide one-stop public administration services
- (3) Contribute to regional development
→ Collaborate with local companies for catalogue sales and other businesses
- (4) Promote environmentally friendly operations with proactive corporate social responsibility (CSR) efforts

➡ **Contribute to and grow together with local communities and society by forging close ties**

2. Three Improvements: Refine, Expand, and Connect

The three improvements comprising service, managerial and cultural improvements will be taken to the next level based on three themes: refine, expand and connect. Examples of specific measures are as follows:

	Refine	Expand	Connect
1. Service Improvement Become an integrated lifestyle/e-support corporate group	Improve products and services to make the post office more customer-friendly <ul style="list-style-type: none"> Expand products sold through catalogues (such as <i>Furusato</i> [hometown] parcel service) and increase items sold at or lifestyle-related services intermediated by post offices Enhance services provided through ATMs, the Internet, and mobile phones to offer greater customer convenience Develop tuition insurance that offers peace of mind at affordable cost Improve services at Teishin Hospitals and <i>Kanpo no yado</i> inns (e.g., upgrade medical treatment and check-up services and improve web functions) 	Develop new businesses and services that meet customer needs <ul style="list-style-type: none"> Expand shopping support services for the elderly Develop local neighborhood watch services Launch new operations using post offices and other spaces Develop loans with broader customer appeal (home mortgages, card, and education loans) Offer new insurance products for illness and accidents Enhance real estate businesses 	Expand customer contact: Improve services by adopting advanced technologies and collaborating with corporations inside and outside the Group <ul style="list-style-type: none"> Improve relocation services Expand postal tie-ups with e-commerce businesses (parcel deliveries for auction users, etc.) Offer advanced services using videotelephony Provide insurance products through third-party tie-ups (entrustment, consignment, and reinsurance) Expand one-stop services for public administration
2. Managerial Improvement Revitalize the nationwide post-office network	Revitalize the post-office network: Deepen area management and enhance business administration <ul style="list-style-type: none"> Restructure the postal network and improve the efficiency of collection and delivery systems Promote autonomous, efficiently managed post offices (innovations, personnel and profit/loss management, etc., at the office and area level) Design personnel policies and a salary structure to motivate employees Upgrade and streamline the post-office network using information and communications technologies 	Pursue new Group opportunities <ul style="list-style-type: none"> Broaden revenue streams by promoting new business development, investment, and tie-ups Diversify employment systems, e.g., by introducing new full-time positions Revitalize personnel rotations Effectively invest in systems to create new services and improve business efficiencies 	Introduce integral Group management with post offices as its hubs <ul style="list-style-type: none"> Strengthen communication with employees Implement personnel exchange across the Group Introduce Group recruitment of new graduates as generalists Boost CSR efforts with consideration for the community and the environment
3. Culture Improvement Create a new corporate culture for Japan Post	Refine Japan Post DNA to serve customers and communities <ul style="list-style-type: none"> Do away with institutional sectionalism and create a customer-oriented culture while maintaining the original mission and pride of postal operations Thoroughly implement and share customer-oriented approaches (proactively incorporate customer opinions to refine services) Develop a workplace where employees are able to have a sense of purpose and fulfillment (provide opportunities to improve skills) 	Help Group employees develop their maximum potential <ul style="list-style-type: none"> Train employees to be autonomous and to constantly take on new challenges with creativity Improve personnel career paths Develop programs to heighten employees' motivation (e.g., introduce programs to help employees obtain qualifications, study abroad, and launch internal ventures) 	Unify the hearts and minds of Group employees <ul style="list-style-type: none"> Share and increase understanding of the Group's management philosophy, top message, and vision Form a 100-person project reflecting the proposals and opinions of the workplace Establish a system for promoting Group-wide culture improvements, and increase a sense of belonging and nurture a sense of loyalty to the Group

* The services described above include those requiring regulatory approval.

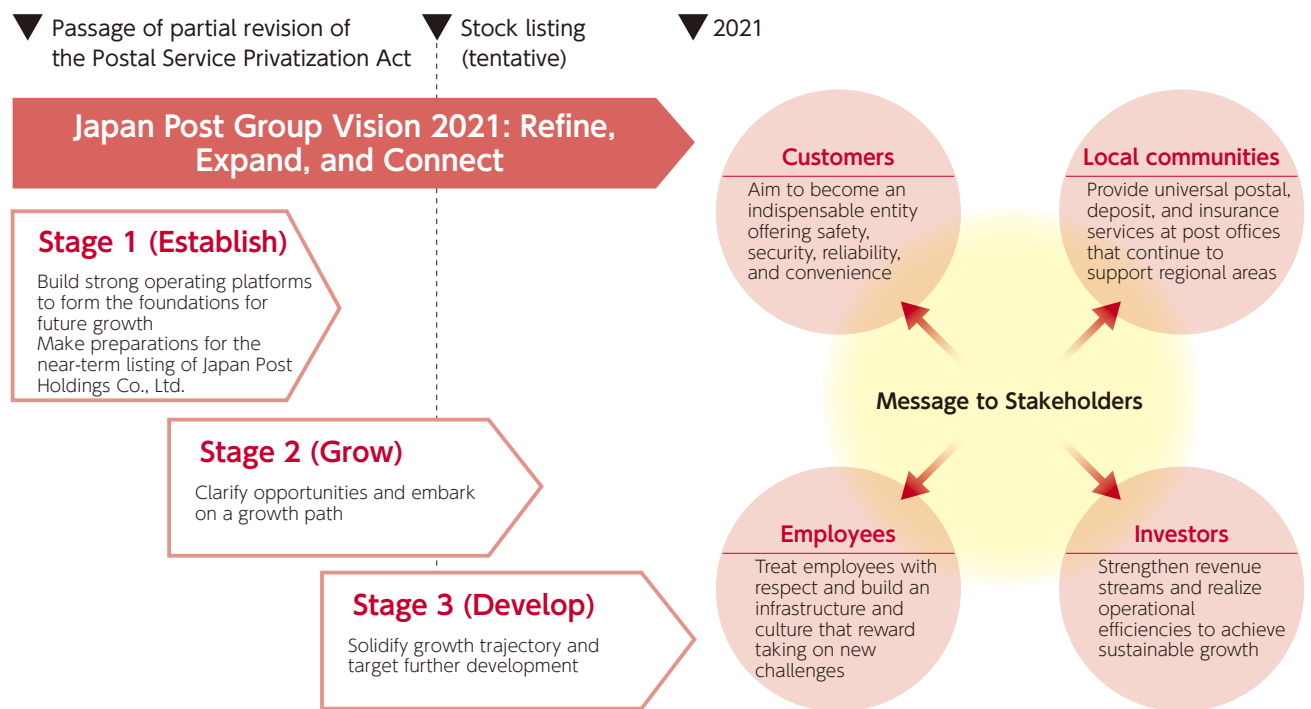
3. Three Stages of Improvement (2012-21): Establish, Grow, and Develop

“Japan Post Group Vision 2021” is a roadmap for becoming the company we aspire to be by 2021, the year marking our 150th anniversary. Improvements will be carried out in three stages to ensure that we achieve our goals.

Stage 1 (Establish): With revision of the Postal Service Privatization Act, we will establish strong operating platforms and build the foundations for future growth. Measures include changing the mindset of employees, creating a sense of unity and encouraging tie-ups within the Group, invigorating the post-office network, streamlining existing businesses, strengthening internal controls, developing new products and services, and launching new businesses.
We will also prepare for the near-term stock listing of Japan Post Holdings Co., Ltd.

Stage 2 (Grow): The Group’s growth opportunities will be clarified and aggressively pursued. With the aim of winning the full confidence and support of investors, profitability for existing businesses will be improved and strategic investment in new fields initiated in Stage 1 will be continued to diversify revenue streams by developing new products, services, and businesses.

Stage 3 (Develop): The Japan Post Group will develop itself even more by advancing further the growth initiatives promoted in Stage 2 and securing the Group’s growth path.



Aim for a Near-Term Stock Listing

- As funds raised from listing Japan Post Holdings Co., Ltd. will be used to redeem reconstruction bonds issued after the Great East Japan Earthquake, a “near-term listing” at “maximum equity value” is desired.
- While strengthening corporate governance, compliance, and management practices, a growth strategy must be implemented by improving our three existing businesses, making strategic investments, and moving into new areas. We aim to become a corporate group highly valued by investors.
- The Japan Post Group is obligated to realize the near-term listing of Japan Post Holdings Co., Ltd. at maximum equity value. We will consistently carry out the three improvements described in “Japan Post Group Vision 2021” to achieve these goals.

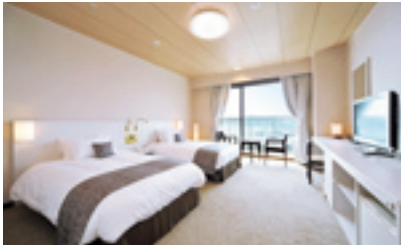
4. Japan Post Group Highlights in Fiscal 2013

2012

April

May

June



Guest room of *Kanpo no Yado* Inn Hikari
Refurbished some guest rooms and other facilities at several *Kanpo no Yado* inns. (4.28 to 3.26)

Launched *Yucho Toshin* WEB Premier service. (5.7)



Sales of the second series of ONE PIECE *Gotochi* Letter Sets (5.14 to 10.31)
©Eiichiro Oda/SHUEISHA Inc., Fuji Television Network, Inc. and TOEI ANIMATION CO., LTD.



Letter Pack Plus



Letter Pack Light



Sales of Kamo-Mail (6.1 to 8.24)

■ 4.1

Started International e-Packet service.

Started a service to offer a special rate, which is lower than normal fees, for customers using labels issued online to send small packets by air as registered mail.

■ 4.1

Increased the number of branches handling specific-purpose loans and card loans.

Increased the number of Japan Post Bank branches handling specific-purpose loans and card loans to all 233 branches.

■ 4.1

Opened Kazeru Otaru.

Opened Kazeru Otaru, a fee-paying residential-style nursing home.

■ 4.16

Support for domestic e-commerce (EC) retailers for promoting overseas sales

An agreement was concluded with Rakuten, Inc. 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.

■ 4.28 to 3.26

Refurbished some guest rooms and other facilities at several *Kanpo no Yado* inns.

Completed partial refurbishment of guest rooms and other facilities at the following *Kanpo no Yado* inns: Tochigi Kitsuregawa Onsen (Apr. 2012); Kusatsu (May); Isawa (July); Takehara (Sep.); Sakaide (Oct.); Itako, Ome, Yamatoheguri, Arima and Yanagawa (Feb. 2013); and Fukui, Awajishima and Hikari (Mar.).

■ 5.7

Launched *Yucho Toshin* WEB Premier service.

Launched a members-only Internet investment trust service, *Yucho Toshin* WEB Premier. [Go to P.50](#)

■ 5.14 to 10.31

Sales of the second series of ONE PIECE *Gotochi* Letter Sets

Released "ONE PIECE *Gotochi* Letter Sets - New World Version," each featuring characters from ONE PIECE, a popular animation series, together with tourist spots, events and products representative of each region.

■ 5.16

Changed Letter Pack names and designs.

Changed the names and package designs of Letter Pack envelopes. [Go to P.32](#)

■ 6.1 to 8.24

Sales of Kamo-Mail

Sold Kamo-Mail summer 2012 greeting postcards available in four types: one plain and three illustrated.

■ 6.1

Increased the number of post offices providing a Yu-Pack same-day delivery service.

Our Yu-Pack same-day delivery service* is now available nationwide at post offices having collection and delivery functionality. Within Tokyo, where this service was previously available only at certain post offices, all post offices with collection and delivery functionality now accept Yu-Pack parcels for delivery on the same day between areas within Tokyo's 23 wards and between areas in other parts of Tokyo (excluding islands).

*A service to deliver Yu-Pack parcels, submitted to post offices by around noon, on the same day. [Go to P.31](#)

July

August

September



Festival of 10 Million People's Radio Exercise and *Minna no Taiso* (7.22)



Support for the 36th JAPAN U-12 FOOTBALL CHAMPIONSHIP (7.30 to 8.4)



Sales of *Posukuma* goods (9.21)



■ 7.19 Started providing assistance for students studying abroad.

Japan Post (formerly Japan Post Service) decided to team up with Ryugaku Journal Inc., ALC Press Inc. and tenso.com, Inc. to provide mutual support and cooperation for bringing greater convenience to students studying abroad and expanding opportunities to receive education overseas. As part of this effort, Japan Post opened a special website, "International Postal Mail *Raku Raku* (Quick and Easy) Navi," to communicate various useful information, including how to use international postal mail.

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

Held the 51st Festival of 10 Million People's Radio Exercise and *Minna no Taiso* ("Exercise for Everyone") in Sapporo City, Hokkaido.

[Go to P.65, 91](#)

■ 7.25 Expanded the number of post offices handling variable annuities and life insurance for companies (for management-level personnel).

The number of post offices handling variable annuities and life insurance for companies (for management-level personnel) increased from 247 to 508 and from 126 to 134, respectively.

[Go to P.30](#)

■ 7.30 to 8.4 Support for the 36th JAPAN U-12 FOOTBALL CHAMPIONSHIP

With the aim of supporting children with great promise, and to foster their sound physical and mental growth and development, we provided support to the 36th JAPAN Under-12 FOOTBALL CHAMPIONSHIP. The national tournament was held at Gotemba Kogen Toki no Sumika in Shizuoka Prefecture from July 30 to August 4.

[Go to P.91](#)

■ 8.1 Expanded the number of post offices handling automobile insurance.

The number of post offices handling automobile insurance increased from 701 to 1,241.

[Go to P.30](#)

■ 8.6 Started "Online" direct mail (DM)-related service to assist retailers in initiating mail order and e-commerce businesses.

Started providing a one-stop DM-related service called *Online* jointly with JP Media Direct Co., Ltd., one of our subsidiaries, to support retailers initiating mail order and e-commerce businesses. The service covers preparation of DM lists, printing and sending DM, payment settlement and confirmation and order shipments.

■ 8.31 Expanded over-the-counter lineup of investment trust products.

Started sales of two products, originally sold through our Internet transaction service, at all Japan Post Bank branches and post offices (handling investment trust products) and through a telephone transaction service called "Investment Trust Home Service." Also started sales of another product at the counter and through all other sales channels.

■ 9.1 to 12.28 Conducted a "*Kanpo no Yado* Inns Premium Weekdays" campaign.

As part of our "*Kanpo no Yado* Inns Premium Weekdays" campaign, we conducted a "General Election to Select the Most Attractive Weekdays Accommodation Plan" and a "Sign-up Campaign for *New Kanpo no Yado* Inns Membership Card."

■ 9.3 Opened a patient library in Tokyo Teishin Hospital.

Opened a patient library in Tokyo Teishin Hospital, with assistance from the NPO "Medical Service Quality Study Group" as part of its "Patient Library Project." The library is available for patients, their families, visitors and local community members and is designed to foster deeper understanding on various diseases and treatments.

■ 9.21 Sales of *Posukuma* goods

Started sales of three types of goods featuring *Posukuma* bear (*Posukuma* mobile phone charms, *Posukuma* stickers and *Posukuma* 3D postcards) at about 6,000 post offices nationwide.

[Go to P.30](#)

■ 9.24 25th Universal Postal Congress

Japan was elected chairman of the Postal Operations Council (POC) of the Universal Postal Union (UPU).



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Sales of New Year's postcards (11.1 to 1.11)



Piggy bank that won the Minister of Education, Culture, Sports, Science and Technology Incentive Award (first grade group) in the JAPAN POST BANK Piggy Bank Design Contest (12.4)



Sales of In print New Year's lottery postcards, *Otoshidama* (New Year's money) envelopes and other items (11.1 to 1.11)



Held "Kanpo Kids Smile World" 2012." (11.10)



Yucho Okane no Chishiki (for first to third graders in elementary school)



Sales of *Kit Mail* (12.5 to 3.29)

■ 10.1

Reorganization of the Japan Post Group
Upon the enactment of the "Act for Partial Revision of the Postal Service Privatization Act and others," Japan Post Service Co., Ltd. and Japan Post Network Co., Ltd. merged into a new company, Japan Post Co., Ltd. [Go to P.8](#)

■ 10.1

Japan Post Group Vision 2021
Announced the Japan Post Group Vision 2021 to lay down our vision toward 2021, the year during which Japan's postal service will celebrate its 150th anniversary. [Go to PP10-13](#)

■ 10.1 to 10.31

"New Japan Post Group" Commemoration Campaign
Sent notice of merger to every household throughout the country, and conducted a commemorative campaign that included giving out gifts to those who have responded to the questionnaire enclosed with the notice.

■ 10.1

Decided to eliminate fees for internal transfers using ATMs for two years.
Eliminated fees for transfers between Japan Post Bank accounts through ATMs for two years, in commemoration of the newly established Japan Post Group.

■ 11.1 to 1.11

Sales of New Year's postcards
Sold 2013 New Year's postcards. [Go to P.30](#)

■ 11.1 to 1.11

Sales of In print New Year's lottery postcards, *Otoshidama* (New Year's money) envelopes and other items
Sold In print New Year's lottery postcards with pre-printed illustrations and greeting messages, New Year's stickers, *Otoshidama* (New Year's money) gift envelopes, *Fudepen* (pen with a brush-like tip) and *Otoshidama* KitKat with *Otoshidama* envelope.

■ 11.10

Held "Kanpo Kids Smile World" 2012.
Held a child care support event, including various fun programs enjoyed by both parents and children, at the Tokyo Dome City Prism Hall in Bunkyo-ku, Tokyo. [Go to P.91](#)

■ 11.12

Started offering new products via *Yucho Toshin* WEB Premier service.
We started offering five new products via our members-only Internet investment trust service, *Yucho Toshin* WEB Premier. A total of 49 investment trust products are now available through this service. [Go to P.50](#)

■ 11.26

Providing a service to support international e-commerce business
Singapore Post and Japan Post reached an agreement to collaborate in expanding the international e-commerce market and provide an easy fulfillment service for international e-commerce retailers. [Go to P.31](#)

■ 12.4

Announced the prizewinners for JAPAN POST BANK Piggy Bank Design Contest.
Conducted the final judging and announced the prizewinners for the 37th JAPAN POST BANK Piggy Bank Design Contest. Also donated about ¥8.11 million (calculated based on the number of piggy bank entries) to provide support for children in Japan, who were affected by the Great East Japan Earthquake, and children suffering from poverty in other parts of the world. [Go to P.90](#)

■ 12.5 to 3.29

Sales of *Kit Mail*
Sold *Kit Mail*, a product jointly developed with Nestlé Japan Ltd. [Go to P.30](#)

■ 12.12

Opened *Yucho Okane no Chishiki*, a financial literacy web page for various age groups.
As an activity to promote financial enlightenment, we opened a financial literacy page for various age groups, "*Yucho Okane no Chishiki*," on the Japan Post Bank website.

■ 12.15

Held Japan Post New Year's Postcard Design Contest in cooperation with the Universal Postal Union (UPU).
Held a postcard design contest for the first time for New Year's postcards sent from Japan to the UPU headquarters in Switzerland, with representatives of postal service operators of respective countries serving as judges. [Go to P.30](#)

2013

January

February

March



"Dream Kanpo Campaign 2013" (1.15 to 3.15)

Postcard that won a Minister of Education, Culture, Sports, Science and Technology Award in the Letter Writing Contest (1.25)



Introduction of new cover designs for general account passbooks (2.1)



"Freshers Campaign" (2.1 to 5.31)



Started offering JP BANK VISA Card Alente. (2.1)



Postcard that won an Excellent New Year's Postcard Award in the All-Japan New Year's Postcard Contest (3.5)

Reopening of Kanpo no Yado inn Hikone after renewal (3.30)



Grand opening of JP Tower (3.21)



- 1.1 ●
Delivery of New Year's postcards
Delivered 1,899 million New Year's postcards nationwide on January 1, 2013.
- 1.15 to 3.15 ●●
"Dream Kanpo Campaign 2013"
Held a "Dream Kanpo Campaign 2013" at post offices and branches of Japan Post Insurance nationwide. [Go to P.65](#)
- 1.20 ●●
Held a drawing for New Year's lottery postcards.
Held a drawing for 2013 New Year's lottery postcards at the Communications Museum and picked the winning numbers for the first to fourth prizes.
- 1.25 ●●
Announced the prizewinners for the Letter Writing Contest.
Announced the prizewinners for the 45th Letter Writing Contest (held from July 17 to September 18, 2012).
- 1.25 ●●
Basic agreement on preparations for the establishment of a joint venture by Japan Post Network Trading Service Co., Ltd. and Isetan Mitsukoshi Direct Shopping Ltd.
Japan Post and Isetan Mitsukoshi Holdings Ltd. reached a basic agreement to initiate preparations for the establishment of a joint venture by their respective subsidiaries, Japan Post Network Trading Service and Isetan Mitsukoshi Direct Shopping. The new company will be engaged in procurement of products and development of shopping catalogs.
- 1.27 ●●
Held the National Presentation Contest for Communication by Postcard.
Encouraged elementary schools that have participated in the letter writing workshop program to send in heart-warming postcards exchanged in their classrooms, and selected and announced outstanding ones at this national contest.
- 1.29 ●●
Basic agreement on trial implementation of a delivery service for temperature-sensitive parcels by way of Express Mail Service (EMS)
Japan Airlines Co., Ltd. and Japan Post reached a basic agreement on the provision of a delivery service for small, temperature-sensitive parcels by way of EMS ("Cool EMS") on a trial basis. [Go to P.31](#)

- 2.1 ●●
Introduction of new cover designs for general account passbooks
Two new cover designs, one featuring colorful illustrations and the other with black-themed stylish patterns, were added to our cover designs of general account passbooks. [Go to P.51](#)
- 2.1 ●●
Started offering JP BANK VISA Card Alente.
Started offering a combined ATM/credit card, JP BANK VISA Card Alente, targeting customers aged 18 to 29. [Go to P.50](#)
- 2.1 to 5.31 ●●●
"Freshers Campaign"
Held a "Freshers Campaign" at post offices and branches of Japan Post Bank nationwide.
- 2.11, 17 ●●
Held "Japan Post Insurance Health Promotion Living Symposium 2013."
Held a symposium in fiscal 2013 under the theme of "Keep Your Spirit of Challenge and Tackle the Future" in Chuo-ku, Tokyo and in Akita City, Akita Prefecture. The symposium included the keynote speech by wrestling coach Kazuhito Sakae of Shigakkan University, the wrestling club of which is famous for turning out a number of Olympic gold medalists, and a talk session on the topic of promoting physical and mental health with Saori Yoshida, who won a gold medal in women's wrestling at the London 2012 Summer Olympics. [Go to P.91](#)

- 3.1 ●●●
Established a palliative care ward in Tokyo Teishin Hospital.
Established a palliative care ward in Tokyo Teishin Hospital to provide pain relief for cancer patients and at the same time ease emotional distress of families supporting them.
- 3.5 ●●●
Announced the prizewinners for the All-Japan New Year's Postcard Contest.
Announced the prizewinners for the 10th All-Japan New Year's Postcard Contest (held from November 5 to December 14, 2012).
- 3.21 ●●●
Grand opening of JP Tower
JP Tower, including "KITTE" commercial complex, fully opened on March 21, 2013. The new facility has already become a popular site to visit with a total number of visitors as of the end of May 2013 already exceeding five million. [Go to P.29](#)
- 3.21 to 5.19 ●●●
Held an event to use ucodeNFC tags attached to post boxes to disseminate information.
Conducted an experimental event using NFC^{*1} tags containing ucode^{®2}, which have recently been attracting much public attention. The event, "Kokosil^{®3} Marunouchi Post Box Rally," was a fun quest for post boxes in the Marunouchi area (Tokyo) attached with these tags. By scanning the tag on each post box with their smartphones, users were able to obtain information on public facilities and shops within buildings around that particular post box as well as the nearest train station and bus stop.
*1. NFC (Near Field Communication): A set of international standards compatible with different wireless communication standards for contactless IC cards
*2. ucode: An identification scheme that uniquely identifies objects or places in the real world. An international standard was approved by the Telecommunication Standardization Sector of the International Telecommunication Union (ITU-U) in June 2012. Allows anyone at anywhere to identify a specific object or place, and can be commonly used for various applications across multiple companies or countries.
*3. Kokosil: A service operated by Ubiquitous Computing Technology Corporation to provide information relevant to where a person is, and a platform on which websites and dedicated applications work together to provide various location-based information.
- 3.30 ●●●
Reopening of Kanpo no Yado inn Hikone after renewal
Totally refurbished the facility, including the addition of a special Western-style room with a lake-view bath. The facility reopened after renewal on March 30, 2013.

5. History of the Japan Post Group

Year	Major Event
1871	Modern postal service established (new postal system set up between Tokyo and Kyoto and Tokyo and Osaka)
1872	Registered mail service launched Nationwide postal network completed
1873	Nationwide flat-rate system introduced Issuance of postcards begun
1875	Government mail offices and mail handling offices renamed post offices Postal money order service established International mail service launched Postal savings service established
1877	Joined the Universal Postal Union
1880	Foreign postal money order service launched
1885	Issuance of reply-paid postcards begun Ministry of Communications established
1887	The 〒 mark adopted as the logo for the Ministry of Communications
1892	Parcel post service begun
1894	First commemorative stamps (two types; celebrating the 25th royal wedding anniversary of the Meiji Emperor) issued
1899	Special New Year's postcards delivery service launched (suspended in 1923, when the Great Kanto Earthquake occurred, and in the pre- and post-war periods from 1940 to 1947)
1901	Red post boxes introduced
1906	Postal <i>giro</i> service established
1910	Annuities and government pensions payment service launched
1911	Express mail service launched
1916	Postal life insurance service established
1926	Postal life annuity business established
1928	<i>Kokumin Hoken Taisho</i> (radio exercise) program launched
1931	Foreign postal <i>giro</i> service launched
1941	<i>TEIGAKU</i> deposits introduced
1944	System allowing payment of postage in arrears introduced
1949	The Ministry of Posts and Telecommunications established Law Concerning Contracted Post Offices went into effect Issuance of New Year's lottery postcards begun
1950	Issuance of summer greeting postcards begun
1951	New radio exercise program launched
1961	Postal orders (<i>TEIGAKU KOGAWASE</i>) service introduced
1968	Three- or five-digit postal code system introduced
1973	Depositor loan service introduced
1975	Express mail service (EMS) launched

Year	Major Event
1977	Online postal life insurance service launched
1978	Online postal savings service launched
1980	Cash dispensers (CDs) for postal savings introduced
1981	Automatic teller machines (ATMs) for postal savings introduced Trial service for electronic postal mail launched
1983	<i>Furusato</i> parcel service launched
1986	Automatic insurance premiums transfer service launched
1988	Sales of Japanese Government Bonds begun
1989	Issuance of regional stamps (later renamed <i>Furusato</i> stamps) and New Year's lottery stamps begun New general passbook service launched
1991	Issuance of <i>Furusato</i> picture postcards and donation-added New Year's lottery stamps begun Foreign exchange service launched
1998	Seven-digit postal code system introduced
1999	ATM/CD alliance service with private-sector financial institutions launched <i>Minna no Taisho</i> ("Exercise for Everyone") program developed Sales of lotteries begun
2000	Mutual remittance services between post offices and private-sector financial institutions begun
2001	Postal Services Agency established
2002	Defined contribution pensions (individual annuities) service begun
2003	Japan Post established EXPACK500 standard-size parcel service launched
2005	Sales of investment trusts begun
2007	Japan Post Group established Carbon offset New Year's postcards added to the lineup of 2008 New Year's postcards Agent sales of automobile insurance begun
2008	Issuance of JP BANK CARD begun Intermediary service for individual loans launched Agent sales of Variable Annuities Policies begun A new hospitalization rider, <i>Sono hi kara</i> , launched Post Office Referrals comprehensive lifestyle referral services launched Agent sales of third-sector insurance begun Sales of life insurance for corporate clients (for management-level personnel) begun
2009	Online connection to the Zengin Data Telecommunication System (Zengin System) established
2010	Letter Pack service launched
2012	The "Act for Partial Revision of the Postal Service Privatization Act and others" went into effect, Japan Post Service and Japan Post Network merged, and Japan Post Co., Ltd. established Japan Post Group Vision 2021 announced
2013	Grand opening of JP Tower

6. Our Response to the Great East Japan Earthquake

The Japan Post Group extends its heartfelt sympathy to the people who have suffered from the Great East Japan Earthquake that occurred on March 11, 2011. We have implemented a series of initiatives aimed at supporting the swiftest recovery possible of people affected by the disaster.

1. Status of Resuming Operations of Post Offices

On March 14, 2011, which was the first business day after the earthquake, the number of "out-of-service" directly operated post offices and contracted post offices in three prefectures in the Tohoku region (Iwate, Miyagi and Fukushima prefectures) was 583 (out of 1,103) and 100 (out of 319), respectively, or approximately half of the total post offices located within the district. We gradually undertook efforts to set up temporary post offices and reconstruct permanent buildings, and as of March 31, 2013, had

reduced the number of "out-of-service" directly operated post offices and contracted post offices to 49 and 20, respectively.

These figures include six directly operated post offices and four contracted post offices, which are unable to operate due to the government's instructions, such as the designation of areas in which residents have difficulties in returning associated with the Fukushima Daiichi Nuclear Power Plant accident.



A temporary post office used by the Kamaishiheita Post Office (Iwate Prefecture)



Reconstructed Ofunatoekimae Post Office (Iwate Prefecture)

2. Assistance for Disaster Victims

1. Postal Operations

■ Delivering Mail to Temporary Housing Units

Mail was delivered to temporary housing units after confirming the address of customers who relocated there from evacuation shelters. Additionally, we set up post boxes inside temporary housing complexes in conjunction with local authorities (169 post boxes in the three prefectures of Tohoku as of March 31, 2013) and worked to improve customer convenience.

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

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

2. Financial Services

■ Emergency Handling of Deposits and Insurance Payments

We have permitted withdrawals of up to ¥200,000 per person from ordinary deposit accounts by depositors who have lost their deposit passbooks, deposit certificates, seals or other such articles as a result of the Great East Japan Earthquake (from March 13, 2011). Additionally, the handling of insurance matters includes making emergency insurance payments (from March 14, 2011).

■ Free-of-charge Money Transfers for Natural Disaster Relief Donations

We offered free money transfers by ordinary in-payment for natural disaster relief donations in support of relief activities for victims of the Great East Japan Earthquake. These free money transfers were sent to the accounts of organizations engaged in relief and other related activities such as the Japanese Red Cross Society and the Central Community Chest of Japan.

As of May 31, 2013, the Bank had processed a total of approximately 3.15 million free money transfers for disaster relief donations in the total transfer amount of approximately ¥90.8 billion.

3. Counter Operations

■ Special Counter Services by Mobile Post Offices

Services are provided at two locations in Iwate Prefecture that include accepting and handling postal and Yu-Pack items as well as enabling deposits and withdrawals of ordinary deposits through ATM.



Special counter services at a mobile post office (former Raga Elementary School in Iwate Prefecture)

7. Japan Post Group Financial Review

1 Consolidated Summary (April 1, 2012 to March 31, 2013)

The Japan Post Group's consolidated net ordinary income was ¥1,225.0 billion and net income was ¥562.7 billion. At the end of the fiscal year, total assets amounted to ¥292,892.9 billion and net assets totaled ¥12,448.1 billion.

1. Results of Operations (Year ended March 31, 2013)

	Japan Post Group	Japan Post Holdings	Japan Post		Japan Post Bank	Japan Post Insurance
			Postal service	Post office		
Ordinary income	¥15,849.1 billion	¥268.7 billion	¥1,773.1 billion	¥1,210.3 billion	¥2,125.8 billion	¥11,834.9 billion
Net ordinary income	¥1,225.0 billion	¥125.6 billion	¥47.8 billion	¥32.2 billion	¥593.5 billion	¥529.3 billion
Net income	¥562.7 billion	¥145.2 billion	¥31.1 billion	¥28.9 billion	¥373.9 billion	¥91.0 billion

(Reference: Year ended March 31, 2012)

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

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

The results of operations for the fiscal year ended March 31, 2013 for four principal companies are shown above. After adding the results

of operations of other subsidiaries and affiliated companies to consolidated operations, net income amounted to ¥562.7 billion.

2. Financial Conditions (Year ended March 31, 2013)

	Japan Post Group	Japan Post Holdings	Japan Post	Japan Post Bank	Japan Post Insurance
Total assets	¥292,892.9 billion	¥9,711.1 billion	¥4,806.5 billion	¥199,840.6 billion	¥90,462.3 billion
Total liabilities	¥280,444.7 billion	¥1,108.3 billion	¥4,263.4 billion	¥188,843.1 billion	¥88,997.5 billion
Net assets	¥12,448.1 billion	¥8,602.8 billion	¥543.0 billion	¥10,997.5 billion	¥1,464.7 billion

(Reference: Year ended March 31, 2012)

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

Notes: 1. Amounts less than ¥100 million are rounded down. The aggregate consolidated amounts and aggregate non-consolidated amounts do not correspond because of other consolidated accounting procedures.

2. Within the figures for Japan Post Co., Ltd. for the fiscal year ended March 2013, total assets in the postal service business segment were ¥1,859.7 billion and total assets in the post office business segment were ¥3,009.2 billion.

The figures for Japan Post Co., Ltd. for the fiscal year ended March 2012 list the figures for Japan Post Network Co., Ltd.

Consolidated total assets at the end of the fiscal year were ¥292,892.9 billion, a year-on-year increase of ¥766.4 billion. Assets included securities of ¥244,330.3 billion and loans discounted of ¥16,659.5 billion.

Consolidated total liabilities at the end of the fiscal year were ¥280,444.7 billion, a year-on-year decrease of ¥746.4 billion. Liabilities included deposits of ¥174,857.2 billion and policy reserves of ¥84,746.0 billion.

After excluding ¥37.8 billion in dividends within retained earnings and adding consolidated net income of ¥562.7 billion, net assets rose from ¥10,935.3 billion at the end of the previous fiscal year-end to ¥12,448.1 billion. Net assets included net unrealized gains on available-for-sale securities of ¥2,292.5 billion.

As of March 31, 2013, the consolidated capital adequacy ratio (domestic standard) was 57.38%.

3. Consolidated Financial Highlights (April 1, 2012 to March 31, 2013)

■ Consolidated Results of Operations

Ordinary income (Year ended March 31, 2013) ¥15,849,185 million (Year ended March 31, 2012) ¥16,661,440 million	▶	Net ordinary income (Year ended March 31, 2013) ¥1,225,094 million (Year ended March 31, 2012) ¥1,176,860 million	▶	Net income (Year ended March 31, 2013) ¥562,753 million (Year ended March 31, 2012) ¥468,907 million
Net income per share (Year ended March 31, 2013) ¥3,751.69 (Year ended March 31, 2012) ¥3,126.05		Diluted net income per share (Note) (Year ended March 31, 2013) — (Year ended March 31, 2012) —		
Return on equity (Year ended March 31, 2013) 4.8% (Year ended March 31, 2012) 4.5%		Net ordinary income/Total assets (Year ended March 31, 2013) 0.4% (Year ended March 31, 2012) 0.4%		Net ordinary income/Ordinary income (Year ended March 31, 2013) 7.7% (Year ended March 31, 2012) 7.1%

(Reference) Equity in earnings of affiliates

Year ended March 31, 2013: ¥22 million

Year ended March 31, 2012: ¥29 million

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

■ Consolidated Financial Condition

Total assets (Year ended March 31, 2013) ¥292,892,975 million (Year ended March 31, 2012) ¥292,126,555 million		Net assets (Year ended March 31, 2013) ¥12,448,197 million (Year ended March 31, 2012) ¥10,935,358 million
Capital adequacy ratio (Note 1) (Year ended March 31, 2013) 4.2% (Year ended March 31, 2012) 3.7%	Net assets per share (Year ended March 31, 2013) ¥82,978.51 (Year ended March 31, 2012) ¥72,893.42	Consolidated capital adequacy ratio (domestic standard) (Note 2) (Year ended March 31, 2013) 57.38% (Year ended March 31, 2012) 57.70%

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

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

(Reference) Equity capital

Year ended March 31, 2013: ¥12,446,776 million

Year ended March 31, 2012: ¥10,934,013 million

2 Japan Post Holdings Financial Highlights (April 1, 2012 to March 31, 2013)

In addition to serving as a holding company, Japan Post Holdings operates hospitals and hotels and also contracts to provide shared services to Group companies. Ordinary income was ¥268.7 billion, net ordinary income was ¥125.6 billion and net income was ¥145.2 billion.

■ Results of Operations

Operating income (Year ended March 31, 2013) ¥265,304 million (Year ended March 31, 2012) ¥287,633 million	▶	Net operating income (Year ended March 31, 2013) ¥121,207 million (Year ended March 31, 2012) ¥133,264 million	▶	Net ordinary income (Year ended March 31, 2013) ¥125,666 million (Year ended March 31, 2012) ¥135,773 million	▶	Net income (Year ended March 31, 2013) ¥145,228 million (Year ended March 31, 2012) ¥151,404 million
Net income per share (Year ended March 31, 2013) ¥ 968.19 (Year ended March 31, 2012) ¥1,009.36		Diluted net income per share (Note) (Year ended March 31, 2013) — (Year ended March 31, 2012) —				
Return on equity (Year ended March 31, 2013) 1.7% (Year ended March 31, 2012) 1.8%		Net ordinary income/Total assets (Year ended March 31, 2013) 1.3% (Year ended March 31, 2012) 1.4%		Net operating income/Operating income (Year ended March 31, 2013) 45.7% (Year ended March 31, 2012) 46.3%		

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

■ Financial Condition

Total assets (Year ended March 31, 2013) ¥9,711,170 million (Year ended March 31, 2012) ¥9,747,186 million		Net assets (Year ended March 31, 2013) ¥8,602,843 million (Year ended March 31, 2012) ¥8,496,547 million
Capital adequacy ratio (Year ended March 31, 2013) 88.6% (Year ended March 31, 2012) 87.2%	Net assets per share (Year ended March 31, 2013) ¥57,352.29 (Year ended March 31, 2012) ¥56,643.65	(Reference) Equity capital Year ended March 31, 2013: ¥8,602,843 million Year ended March 31, 2012: ¥8,496,547 million

3 Japan Post Financial Highlights (April 1, 2012 to March 31, 2013)

In the postal service business, we handled a total of 22,345.75 million items including 18,862.29 million items of mail, 382.21 million Yu-Pack parcels and 3,101.24 million Yu-Mail booklet parcels. Amid a decline in income from the transport of mail, parcels, cargo, and other items, the implementation of measures including sales efforts and cost reductions to raise profitability led to a significant improvement in profits, resulting in operating income of ¥1,754.4 billion, net operating income of ¥37.4 billion, ordinary income of ¥1,773.1 billion, net ordinary income of ¥47.8 billion and net income of ¥31.1 billion.

In the post office business, as a result of promoting sales activities based on strengthened collaboration with the Japan Post Group companies, along with the selling of financial products such as auto insurance and variable insurance, operating income amounted to ¥1,187.9 billion, and net operating income totaled ¥27.2 billion. Ordinary income was ¥1,210.3 billion, net ordinary income was ¥32.2 billion and net income was ¥28.9 billion.

■ Results of Operations

Operating income (Year ended March 31, 2013) ¥2,054,124 million (Year ended March 31, 2012) ¥1,208,447 million	Net operating income (Year ended March 31, 2013) ¥91,219 million (Year ended March 31, 2012) ¥33,417 million	Net ordinary income (Year ended March 31, 2013) ¥100,299 million (Year ended March 31, 2012) ¥ 42,745 million	Net income (Year ended March 31, 2013) ¥83,012 million (Year ended March 31, 2012) ¥18,826 million
Net income per share	(Year ended March 31, 2013) ¥20,753.19 (Year ended March 31, 2012) ¥ 4,706.63	Diluted net income per share (Note 2)	(Year ended March 31, 2013) — (Year ended March 31, 2012) —
Return on equity	(Year ended March 31, 2013) 19.7% (Year ended March 31, 2012) 6.4%	Net ordinary income/Total assets	(Year ended March 31, 2013) 2.5% (Year ended March 31, 2012) 1.3%
		Net operating income/Operating income	(Year ended March 31, 2013) 4.4% (Year ended March 31, 2012) 2.8%

Notes: 1. The fiscal year ended March 2012 lists the settlement figures for Japan Post Network Co., Ltd. Regarding figures for the fiscal year ended March 2013, the settlement figures of the original Japan Post Service Co., Ltd. from October 2012 onward have been added to the settlement figures of the original Japan Post Network Co., Ltd.
 2. Because there was no dilution, the amount for net income per share after dilution is omitted.

■ Financial Condition

Total assets	(Year ended March 31, 2013) ¥4,806,509 million (Year ended March 31, 2012) ¥3,120,978 million	Net assets	(Year ended March 31, 2013) ¥543,076 million (Year ended March 31, 2012) ¥300,700 million
Capital adequacy ratio	(Year ended March 31, 2013) 11.3% (Year ended March 31, 2012) 9.6%	Net assets per share	(Year ended March 31, 2013) ¥135,769.05 (Year ended March 31, 2012) ¥ 75,175.00

(Reference) Equity capital
 Year ended March 31, 2013: ¥543,076 million
 Year ended March 31, 2012: ¥300,700 million

Note: The fiscal year ended March 2012 lists the settlement figures for Japan Post Network Co., Ltd.

■ Results of Operations by segment

Postal service business segment (Note)

Operating income (Year ended March 31, 2013) ¥1,754,426 million (Year ended March 31, 2012) ¥1,764,861 million	Net operating income (Year ended March 31, 2013) ¥37,405 million (Year ended March 31, 2012) (¥22,354 million)	Net ordinary income (Year ended March 31, 2013) ¥47,835 million (Year ended March 31, 2012) (¥10,007 million)	Net income (Year ended March 31, 2013) ¥31,146 million (Year ended March 31, 2012) (¥4,525 million)
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Note: The fiscal year ended March 2012 lists the settlement figures for Japan Post Service Co., Ltd. Regarding figures for the fiscal year ended March 2013, the settlement figures of the original Japan Post Service Co., Ltd. from April to September 2012 onward have been added to the settlement figures of Japan Post Co., Ltd.

Post office business segment

Operating income (Year ended March 31, 2013) ¥1,187,938 million (Year ended March 31, 2012) ¥1,208,447 million	Net operating income (Year ended March 31, 2013) ¥27,216 million (Year ended March 31, 2012) ¥33,417 million	Net ordinary income (Year ended March 31, 2013) ¥32,296 million (Year ended March 31, 2012) ¥42,745 million	Net income (Year ended March 31, 2013) ¥28,915 million (Year ended March 31, 2012) ¥18,826 million
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4 Japan Post Bank Financial Highlights (April 1, 2012 to March 31, 2013)

Deposits at Japan Post Bank totaled ¥176,096.1 billion (¥177,038.2 billion including accrued interest) as result of strengthened sales promotion capabilities in collaboration with Japan Post Co., Ltd. Ordinary income (revenues) were ¥2,125.8 billion, net ordinary income was ¥593.5 billion and net income was ¥373.9 billion. The capital adequacy ratio (non-consolidated, domestic standard) was 66.04%.

Results of Operations

Ordinary income (Year ended March 31, 2013) ¥2,125,888 million (Year ended March 31, 2012) ¥2,234,596 million	▶	Net ordinary income (Year ended March 31, 2013) ¥593,535 million (Year ended March 31, 2012) ¥576,215 million	▶	Net income (Year ended March 31, 2013) ¥373,948 million (Year ended March 31, 2012) ¥334,850 million
Net income per share (Year ended March 31, 2013) ¥2,492.98 (Year ended March 31, 2012) ¥2,232.33		Diluted net income per share (Note) (Year ended March 31, 2013) — (Year ended March 31, 2012) —		
Return on equity (Year ended March 31, 2013) 3.5% (Year ended March 31, 2012) 3.5%		Net ordinary income/ Total assets (Year ended March 31, 2013) 0.3% (Year ended March 31, 2012) 0.2%		Net ordinary income/ Ordinary income (Year ended March 31, 2013) 27.9% (Year ended March 31, 2012) 25.7%

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

Financial Condition

Total assets (Year ended March 31, 2013) ¥199,840,681 million (Year ended March 31, 2012) ¥195,819,898 million		Net assets (Year ended March 31, 2013) ¥10,997,558 million (Year ended March 31, 2012) ¥ 9,818,162 million
Capital adequacy ratio (Year ended March 31, 2013) 5.5% (Year ended March 31, 2012) 5.0%	Net assets per share (Year ended March 31, 2013) ¥73,317.05 (Year ended March 31, 2012) ¥65,454.41	Capital adequacy ratio (non-consolidated, domestic standard) (Note) (Year ended March 31, 2013) 66.04% (Year ended March 31, 2012) 68.39%

Note: The capital adequacy ratio (non-consolidated, domestic standard) is calculated in line with the provisions of Article 14-2 of the Banking Act and on the basis of calculation formulae prescribed under the criteria for judging whether a bank's capital adequacy ratio is appropriate in light of assets held (Financial Services Agency Notice No. 19, 2006). (Reference) Equity capital
 Year ended March 31, 2013: ¥10,997,558 million
 Year ended March 31, 2012: ¥ 9,818,162 million

5 Japan Post Insurance Financial Highlights (April 1, 2012 to March 31, 2013)

As a result of efforts to strengthen its sales promotion capabilities in collaboration with Japan Post Co., Ltd., Japan Post Insurance established 2.21 million new insurance policies for individuals, posting ordinary income of ¥11,834.9 billion, net ordinary income of ¥529.3 billion and net income of ¥91.0 billion. Insurance premiums amounted to ¥6,481.7 billion, and core profit was ¥570.0 billion, while retained earnings (reserve for price fluctuations and contingency reserve) totaled ¥3,206.4 billion, for a solvency margin ratio of 1,467.9%.

Results of Operations

Ordinary income (Year ended March 31, 2013) ¥11,834,920 million (Year ended March 31, 2012) ¥12,538,618 million	▶	Net ordinary income (Year ended March 31, 2013) ¥529,375 million (Year ended March 31, 2012) ¥531,388 million	▶	Net income (Year ended March 31, 2013) ¥91,000 million (Year ended March 31, 2012) ¥67,734 million
Net income per share (Year ended March 31, 2013) ¥4,550.02 (Year ended March 31, 2012) ¥3,386.70		Diluted net income per share (Note) (Year ended March 31, 2013) — (Year ended March 31, 2012) —		
Return on equity (Year ended March 31, 2013) 6.6% (Year ended March 31, 2012) 5.4%		Net ordinary income/ Total assets (Year ended March 31, 2013) 0.6% (Year ended March 31, 2012) 0.6%		Net ordinary income/ Ordinary income (Year ended March 31, 2013) 4.5% (Year ended March 31, 2012) 4.2%

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

Financial Condition

Total assets (Year ended March 31, 2013) ¥90,462,364 million (Year ended March 31, 2012) ¥93,688,672 million		Net assets (Year ended March 31, 2013) ¥1,464,771 million (Year ended March 31, 2012) ¥1,292,077 million
Capital adequacy ratio (Year ended March 31, 2013) 1.6% (Year ended March 31, 2012) 1.4%	Net assets per share (Year ended March 31, 2013) ¥73,238.56 (Year ended March 31, 2012) ¥64,603.86	(Reference) Equity capital Year ended March 31, 2013: ¥1,464,771 million Year ended March 31, 2012: ¥1,292,077 million