

Dedicated to Providing the Public with the Best Possible Services

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1. Operations of Japan Post



Toru Takahashi
President & CEO
Japan Post Co., Ltd.

Message from the Company



I would like to express my appreciation to our customers for your ongoing use of our post offices.

For over 140 years since the founding of our postal operations in 1871, post offices have provided postal, banking, and insurance services based on the concept of offering customers security while earning their trust.

Japan Post Co., Ltd. aims to be “an integrated lifestyle-support corporate group” that helps customers realize safe, secure, comfortable and enriched lives and lifestyles by providing each of them with a variety of products and services tailored to their diverse lifestyles and life stages.

Review of Fiscal 2015

During fiscal 2015, Japan Post worked to establish foundations for the future and reform our business style aimed at expanding earnings and driving sustainable growth in light of the shift to a period of economic recovery.

In response to expansion in the e-commerce market, we developed new services such as Yu-Packet and created

a sales system enabling us to meet diverse customer needs in the logistics field. In terms of financial services, we strengthened the customer responsiveness of our employees through training and revised our sales style. At the same time, we started handling the newly revised educational endowment insurance product *Hajime no Kanpo* and increased the number of post offices handling affiliated financial services such as cancer insurance.

In addition, we worked to further enhance productivity and the value of our network. Besides emphasizing thoroughgoing compliance based on our compliance program with the objective of maintaining and building upon trust from customers, we promoted restructuring the mail and logistics network and continued working to optimize our post office network by opening new outlets and making changes to post office locations in order to centralize sites handling sorting procedures for postal and other items.

As a result of these measures, Japan Post recorded operating income of ¥2,819.1 billion, net ordinary income

of ¥22.0 billion and net income of ¥15.4 billion.

Issues for the Future

The environment surrounding the company is changing every moment, characterized in particular by an increase in online selling, the proliferation of smartphones and tablet devices, and the diversification of customer needs related to service quality. On top of this, personnel expenses per employee are continuing to rise due mainly to tight conditions in the supply and demand of labor. To ensure that we can smoothly and reliably provide customers with services in the future, we recognize the importance of responding properly to such a business environment and establishing stable management as an urgent management issue.

In fiscal 2016, we will continue establishing foundations for the future. At the same time, it is necessary to proceed with preparations required to enable the early listing of shares for Japan Post Holdings Co., Ltd. and the disposal of shares by the government.

In light of these factors, in fiscal 2016 we will strive hard to further expand earnings in this period of economic recovery and thoroughly enhance our cost management with the aim of realizing higher sales and profits. We will also work to establish the internal controls required of a listed corporate group.

We will actively deploy business activities centered on the fast-growing e-commerce market and strive to increase

convenience for customers by establishing operational foundations and other means. We will also expand Yu-Pack, Yu-Mail and other services and seek to drive growth in our international logistics business after making Toll Holdings Limited a subsidiary. In addition, we aim to boost profitability by strengthening the customer responsiveness of our employees through ties with Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. and advancing our real estate development business. Elsewhere, we will look to increase productivity by reviewing our operations, which will include reorganizing postal and logistic networks. We will work to secure a stable labor force in response to environmental changes in the labor market and to enhance corporate value by establishing a service environment through upgrading structures and equipment including aging post office buildings.

On a different front, we will continue to implement thorough compliance based on our compliance program as we work to secure even greater trust from customers. We will also maintain our efforts to support reconstruction following the Great East Japan Earthquake and help support the daily lives of people affected by the disaster by deepening ties between Japan Post Group companies as before and working to reopen post offices in disaster-stricken areas.

Looking to the future, all employees of Japan Post are united in their efforts to provide even higher quality services. We appreciate your continuous patronage and use of our post offices.

1. Overview of Operations

Japan Post Co., Ltd. is the company in the Japan Post Group that deals with postal and logistics business as well as post office business.

In addition to impartially providing universal postal services at the lowest possible rates, we offer customers nationwide banking counter operations under consignment from Japan Post Bank and insurance counter operations under consignment from Japan Post Insurance through post offices.

Going forward, efforts will be made to maintain the level of the post office network, which is a shared asset of the Japanese people, and fully ensure major public benefits and contribute to local communities while making post office services even more convenient and promoting initiatives to comprehensively support the daily lives of local customers.

1. Overview of Operations and Services

■ Postal and Domestic Distribution Business

Japan Post 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 also provides international postal services (letter, parcel and EMS*) in accordance with the Universal Postal Convention and other international postal agreements. Japan Post is also commissioned by the Japanese government to sell documentary 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

■ Banking Counter Operations and Others

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 and Others

Under consignment from Japan Post Insurance, we solicit life insurance and handle premium payments. In addition, we sell individual variable annuities, life insurance for companies (for management-level personnel), cancer insurance, medical insurance with eased underwriting conditions and automobile insurance under consignment from life insurance companies and non-life insurance companies other than Japan Post Insurance.

■ International Logistics Business

In response to expanding needs for international logistics, we are promoting international logistics business with a strong focus on air cargo sector and international logistics sector.

We are also providing a wide range of international cargo services from small-lot to large-lot cargo mainly in the Asia region including Japan and China, to serve corporate customers in Japan and overseas primarily through Japan Post Sankyu Global Logistics Co., Ltd.

In addition, we have established Japan Post International Logistics Co., Ltd. as our overseas subsidiary in Shanghai, China, in September 2013 with full ownership of capital. It aims at further strengthening and expanding the international logistics business we have been engaged in over the years. This company provides comprehensive logistics solutions to customers who seek for business opportunity overseas and supports their international expansion as well as sale of Japanese products and goods overseas.

In October 2014, we started an international express service following a capital and business alliance with France-based GeoPost S.A. and Hong Kong-based Lenton Group Limited.

We intend to cultivate new markets by providing a high-grade express service that meets customer needs and complements our international postal service.

■ Logistics Business

We are deploying our logistics business in an integrated manner from the design, creation and operation of an optimal logistics strategy to the provision of a logistics system for customers in response to growing logistics outsourcing needs. We are also providing consulting services and settlement services aimed at improving logistics together with our subsidiaries JP Logi Service Co., Ltd. and Japan Post Finance Co., Ltd.

■ Real Estate Business

We are making effective use of the real estate held by Japan Post and are working on new profit-making businesses such as the leasing building business, which includes JP Tower constructed in front of Tokyo Station, housing business and parking space business.

2. Initiatives in Fiscal 2015

Amid continuous changes in the environment surrounding our operations, including the expansion of Internet shopping and proliferation of smartphones and tablets, we have been working to respond accurately to the environment changes and secure profits along with enhancing productivity in order to establish stable management.

In particular, we endeavored to strengthen product development and marketing capabilities and organizational effectiveness for Yu-Pack and Yu-Mail in response to growing fields such as the mail-order market. Also, we achieved a total of 485 million Yu-Pack items handled, which exceeded our target.

In addition, we took a variety of steps that included restructuring the mail and logistics network by way of centralized processing and automation of internal operations at collection and delivery branch; optimizing the post office network through such means as opening new post offices and relocating existing post offices; and developing human resources by way of different types of training in conjunction with Japan Post Bank and Japan Post Insurance.

On top of this, we made progress in such areas as establishing subsidiaries, concluding capital and business alliances and developing real estate.

Going forward, we will continue working to enhance profits while maintaining sound management by meeting the needs of a greater number of customers.

■ Establishment of Subsidiaries, etc.

● **JP MITSUKOSHI MERCHANDISING Co., Ltd. (established April 1, 2014)**
Through this company, the Japan Post Group and the Isetan Mitsukoshi Group are deploying a catalog mail-order business that makes the most of respective strengths to meet diverse customer needs.

● **Japan Post Delivery Co., Ltd. (established April 1, 2014)**
This company is under consignment for the pickup and delivery operations for Yu-pack and other items and will provide detailed services that include delivery during the early hours of the morning, pickup at times that were previously difficult and pickup and delivery in spots that use a certain area of a building as a base. In addition, pickup and delivery services are handled using carts and power-assisted bicycles, which will contribute to a reduction in CO₂.

● **Japan Post Finance Co., Ltd. (established on April 1, 2014)**
Based on a business alliance with Sumitomo Mitsui Trust Bank, Limited, this company will provide high-quality settlement services that are highly trustworthy and convenient for customers which include mail-order business operators.

● **Japan Post Communications Co., Ltd. (established August 8, 2014)**
This company sells post office advertising and plans, develops and proposes advertising materials and events that make use of space inside post offices and a nationwide network, which will help disseminate a variety of information from clients by using the post office as the base.

● **Japan Post Office Support Co., Ltd. (became a subsidiary on September 11, 2014)**
This company provides total support to office operations and environment improvement in response to customer needs, including from the sale of office supplies to general office management, through customer-first services.

● **Japan Post Maintenance Co., Ltd. (became a subsidiary on October 1, 2014)**
In order to ensure stable postal and logistics operations at Japan Post, this company supports the maintenance of vehicles for mail pickup and delivery and vehicles for transportation, both of which are increasing in line with growing demand for Yu-pack, Yu-mail and other items.

● **YY Gift Co., Ltd. (became a subsidiary on November 28, 2014) and JP Tokyo Tokusenkaï Co., Ltd. (became a subsidiary on March 2, 2015)**
YY Gift Co., Ltd., which has strengths in products for department stores, and JP Tokyo Tokusenkaï Co., Ltd., which has strengths in select items for long-established stores in Tokyo, have joined forces to enhance and expand the product lineup in the catalog mail-order business for post offices.

■ Acquired Shares in Australian Logistics Firm Toll Holdings Limited

An agreement was reached on February 18, 2015 setting forth Japan Post's acquisition of all Toll Holdings Limited shares in order to establish a solid position in the fast-growing Asian market and further expand global business of Japan Post.

The acquisition of all Toll shares was completed on May 28, 2015 after fulfilling certain conditions such as approval at an Extraordinary General Meeting of Toll regarding the proposal for the acquisition, approval from the Australian courts and approval from all required regulatory authorities.

■ Capital and Business Alliances

● **Credit Saison Co., Ltd. and Saison Asset Management Co., Ltd. (September 2014)**

We will enhance the awareness of products under Saison Asset Management by leveraging the post office network held by Japan Post and the customer base and know-how held by Credit Saison and promote the proliferation of investment trusts, contributing to broad expansion of the investment trust market.

● **GeoPost, a logistics subsidiary of France-based La Poste Group, and Hong Kong-based logistics firm Lenton Group (October 2014)**

We are committed to providing U-Global Express (UGX), a high-quality international express service for the growing international e-commerce market, by combining the global network of the two foreign companies above with the domestic network of Japan Post.

■ Real Estate Development

We are making the most effective use of real estate held by Japan Post as a new profit-making business.

The commercial facility KITTE located in JP Tower, which opened on March 21, 2013 and recently celebrated two years in business, has seen a large number of customers continue to visit the site, recording over 46 million visitors since opening as of the end of March 2015.

KITTE Garden, the rooftop garden on the top of KITTE, was certified as an Urban Oasis by the Organization for Landscape and Urban Green Infrastructure under its Social and Environmental Green Evaluation System (SEGES) due to its reproduction of a comfortable, attractive streetscape. KITTE Garden is being used by a large number of people due to its excellent location right in front of the high-rise buildings of Marunouchi and the brick building of Tokyo Station.

Also, the Sapporo Mitsui JP Building and the Omiya JP Building were completed on August 1, 2014 and August 29, 2014, respectively. In addition to the upgrade of the Sapporo Kita 3-jo Plaza, the Sapporo Mitsui JP Building contributes to the creation of a bustling new town developed to integrate with its surroundings due in particular to the incorporation of the expansive Atrium Terrace and the Observation Deck Gallery, which provides commanding views of the Red Brick Office and Sapporo Kita 3-jo Plaza.



Sapporo Mitsui JP Building

The Omiya JP Building is within walking distance from JR Omiya Station and boasts an exceptional location and functions as a business hub for the North Kanto, Shinetsu and Tohoku areas,

including a parking facility with capacity for approximately 440 vehicles.

We will strive to create spaces that connect people with people, people with goods and services, and towns with people and that can contribute to higher value for the region and community through our real estate development business.

Aside from these efforts, JP Tower Nagoya (scheduled for completion in November 2015), the Hakata Project (scheduled for completion in spring 2016) and other projects are currently under construction.

In the housing business, we continue to develop our condominium building operations in the Tokyo metropolitan area and the Kansai region following a project in Yakuin, Fukuoka, and have started rental housing operations mainly in the Tokyo metropolitan area.



Omiya JP Building

■ Activities for 2015 New Year's Postcards

We connected with the wireless telephony and mail application LINE so that New Year's postcards could be sent and received in a more fun manner and established the official account "Posukuma mori-no-nengajo-yasan," which creates designs for New Year's postcards immediately after a user sends in an image.

Approximately six million people have been added as friends on this official account, enabling people of all age groups to enjoy making New Year's postcards.

In terms of postcards issued by Japan Post, we introduced a Hello Kitty New Year's postcard with an augmented reality (AR) function for the first time. When a New Year's postcard that has been sent is read on a smartphone or other device, the recipient can enjoy the unreleased track of a well-known musical group and a 360° AR photo thanks to the AR function, which is just one of the new technologies that have been employed.



Posukuma mori-no-nengajo-yasan
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Hello Kitty New Year's postcard
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3. Extensive Products and Services

■ Expanded the Number of Post Offices Handling Affiliated Financial Service Products

We have gradually expanded the number of post offices that handle various affiliated financial service products to make them accessible to more customers. We will continue to strive to better meet the needs of more customers at post offices that are close to home.

■ Started Handling Return Packs

From May 1, 2014, we started handling Return Packs, which are special boxes that change in size once assembled and are made for corporate customers whose business involves retrieving items.

The Return Packs are sent out as Yu-Mail and assembled once they arrive. The item being retrieved is then placed in the box, which is returned as a cash-on-delivery Yu-Pack.

[Service Scheme]



Outward (Yu-Mail)

Inward (cash-on-delivery Yu-Pack)



■ Started Handling Yu-Packet

On June 1, 2014, we started handling Yu-Packet as a new service mainly for the delivery of small items for corporate customers engaged in Internet mail-order business.

Items are delivered to the mailbox of the recipient with delivery also possible on Sundays and public holidays. The delivery status of the items can be confirmed via a tracking service.

■ Started Handling Click Post

We started handling Click Post as a new service mainly for the delivery of small items for individual customers who use online auction services.

Users can complete delivery and payment procedures on a dedicated website and attach a shipment label on the package that has been issued online before putting the package in the post.

Items are delivered to the mailbox of the recipient with delivery also possible on Sundays and public holidays. The delivery status of the items can be confirmed via a tracking service.

■ Expanded Post Offices that Send Cool EMS and Shipping Regions

In addition to providing the Cool EMS service for small, temperature-sensitive parcels by way of Express Mail Service (EMS) to Taiwan and Singapore, we started handling parcels destined for Hong Kong, Malaysia, Vietnam and France as well on April 1, 2015. We also expanded the number of post offices that send the boxes to 78 in 37 prefectures as of April 1, 2015.

■ Started Providing U-Global Express (UGX)

On October 30, 2014, in conjunction with excellent logistics service operators overseas, we started providing the UGX high-quality express service in line with customer needs that complements our conventional international postal service. With the UGX service, packages can be sent to 49 countries worldwide and the delivery status of the items can be confirmed via a tracking service.

■ Diversification in Sales of Catalog Products and Sales at Post Offices

In terms of sales of catalog products, we have been rolling out the JP Select catalog featuring non-food items such as clothing and fashion accessories nationwide. Also, in February 2015, we opened a dedicated drugstore page on our Post Office Internet Shop mail-order site and started handling such items as medicines and daily necessities.

In terms of sales at post offices, we started selling envelopes used to give pocket money gifts to children and grandchildren when they return to their hometown during the *Obon* holiday in summer as well as products featuring popular characters.

We also scored hits with such products as much-talked-about frame stamps featuring figure skaters Yuzuru Hanyu and Mao Asada, characters from the movie *Frozen* and the mascot character *Funassyi*, as well as "Osenko tayori suirei," an item that helps people convey their heartfelt feelings of condolence.



Money envelope for *Obon* monetary gift



"Osenko tayori suirei"

TOPICS

■ Initiatives to Encourage Letter Writing

Supported a Letter Writing Workshop Program

We sent tools such as textbooks, tutorial manuals and postcards to elementary schools, junior high and high schools nationwide that expressed interest in using the tools as part of experiential lessons in letter writing with the aim of encouraging exchange between children by way of letter correspondence.

The lessons have been conducted on a continuous basis since fiscal 2011, and in fiscal 2015, approximately 2,320,000 elementary school students from around 11,400 schools, approximately 740,000 junior high school students from around 3,200 schools and approximately 250,000 high school students from around 1,000 schools nationwide participated in the project.

Held an Event on Letter Writing Day

Japan Post held a Letter Writing Day event at 23 AEON MALL locations nationwide in cooperation with AEON MALL Co., Ltd. with the aims of having Letter Writing Day (*Fumi no Hi*) recognized by more people and building familiarity with writing letters. The first day of the event was July 23, 2014 (Letter Writing Day of July) and lasted around a month. Approximately 25,000 customers visited the event space during that time.



■ Held Japanese Products Business Convention in Shanghai

A business convention for Japanese products was held in Shanghai, China, on September 3-4, 2014. The meeting was staged overseas with the aim of further expanding international logistics business. It served as a bridge for individual business negotiations between Japanese companies with excellent products bearing the "Made in Japan" name with selected buyers on the Chinese side. Japan Post provided integrated support from follow-up talks between companies that had booths at the event and Chinese buyers after the business convention through to various logistics-related preparations after agreements have been reached, which is set to lead to the creation of new logistics and commercial distribution business.

■ Participated in 2nd Direct Commerce Solutions Expo

We ran booths at the Direct Commerce Solutions Expo held at Tokyo Big Sight in May and Makuhari Messe in October, where we introduced our systems and services to mail-order business operators as public relations for the mail-order solutions of Japan Post. This included showcasing the different services we can offer through our Group companies to customers engaged in the fast-growing mail-order business field.

On both occasions, a large number of visitors came to our booth, where lively business talks ensued. Many people said that they had high expectations in our operations.



■ Establishment of Female Empowerment Office

An office aimed at empowering females in the workplace was established on September 1, 2014 and is working on the dual pillars of "creating a pleasant, motivating work environment for women" and "realizing a product, service and sales framework that makes full use of the opinions and attributes of women."

In October 2014, the office introduced a support scheme in which former employees with business skills who have already retired are employed as temporary personnel to fill spaces left by employees on childcare leave. The scheme has been effective in ensuring smooth business operations.

In addition, the Kanazawa-omicho post office was reopened following renewal in November 2014 with the aim of creating a space more welcoming to tourists and females.

We also provided a service at post offices in different regions, which involved holding presentations on financial products in line with events such as nail art lessons and flower arrangement for female customers.

2. Products and Services

I Postal Services

1. Stamps and Postcards

(As of April 1, 2015)

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 other countries. 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-Mail</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</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.
Echo-postcards	Part of the postcard is used for advertising and the advertising income is used to reduce the price by ¥5 to ¥47.
Inkjet printing standard postcards	Postcards with a special coating permitting the postcards to be used for printing photographs, pictures and other colorful images. The postage mark is in the design of mountain cherry blossoms. Other postcards are available featuring a moth orchid, suitable for use for winter greetings or announcing a period of mourning.
Reply-paid postcards	This is two attached postcards, one to be used by the sender and the other by the recipient to send a reply back to the sender. The absence of a fold in the middle 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 (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 (¥510). 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 (Specified postage-paid envelope)	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 (¥360). 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.



Special stamps



Furusato stamps



Stamp booklets



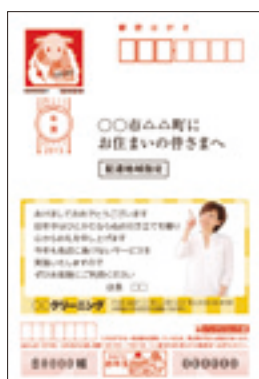
Frame stamps

2. Standard Mail Services

Category	Description/Features
First-class mail (<i>Dailishu 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. 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, discounts for the same destination, discounts for multiple parcels to the same destination simultaneously, volume discounts for 10 or more parcels, service that allows the user to specify the nearest post office to home or work for receipt of the package, forwarding to a second address when no one is at the primary address, notice of completed delivery service, same-day redelivery, specified time delivery service and same-day delivery (certain post offices and regions).
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 ¥360. Delivery confirmation is available online. No prior procedure is needed. 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.
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 and eligible recipients.



New Year's postcard
(Nenga Town-Mail)



Kamo-Mail (Kamome Town)



Letter Pack Plus



Letter Pack Light



Yu-Pack package (large box)



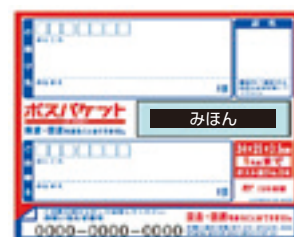
Yu-Pack package
(large pouch)



Yu-Pack package
(small pouch)






Yu-Pack package (small box)



Pos Packet

4. Major Supplementary Services

(As of April 1, 2015)




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.
New special express mail (<i>Shin tokkyu yubin</i>)	Delivers mail received around morning time by approximately 17:00 the same day.
Delivery time-specified mail (<i>Haitatsu-jikantai shitei yubin</i>)	This service enables delivery time to be delivered within the three specified timeframes of morning (8:00 to 12:00), afternoon (12:00 to 17:00) and evening (17:00 to 21:00) starting from the earliest possible delivery slot.
Registered mail (<i>Kakitome</i>)	Letters and parcels are tracked from acceptance to delivery. If the item is damaged or lost, 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 ¥510, 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 remitted to the sender's Japan Post Bank account. 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.
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 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.

* 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 from the date of submission at no charge. In addition to submitting an application using relocation forms, which are available at 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 postcards and postal envelopes, etc. where the printed postage stamp rate is soiled or damaged, and for soiled or damaged stamps.
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.)
Sales of documentary stamps	Revenue stamps, automobile weight tax documentary stamps, unemployment insurance documentary stamps, health insurance documentary stamps and patent documentary stamps are sold at sales outlets designated by the Ministry of Internal Affairs and Communications on behalf of the Japanese national government.

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)
Cool EMS	A speed post service for small, temperature-sensitive parcels by way of Express Mail Service (EMS) being provided as a trial for addresses in Taiwan, Hong Kong, Singapore, Malaysia, Vietnam and France.
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 special 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 service to apply a special rate, 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.

7. International Parcel Delivery

Services	Description/Features
U-Global Express (UGX)	An international small-lot delivery service provided in affiliation with excellent logistics service operators overseas. The service makes it possible to easily and securely send goods overseas at a trusted level of quality and an affordable price.



Shipping labels for EMS (Merchandise)



International registered mail label



International e-Packet label

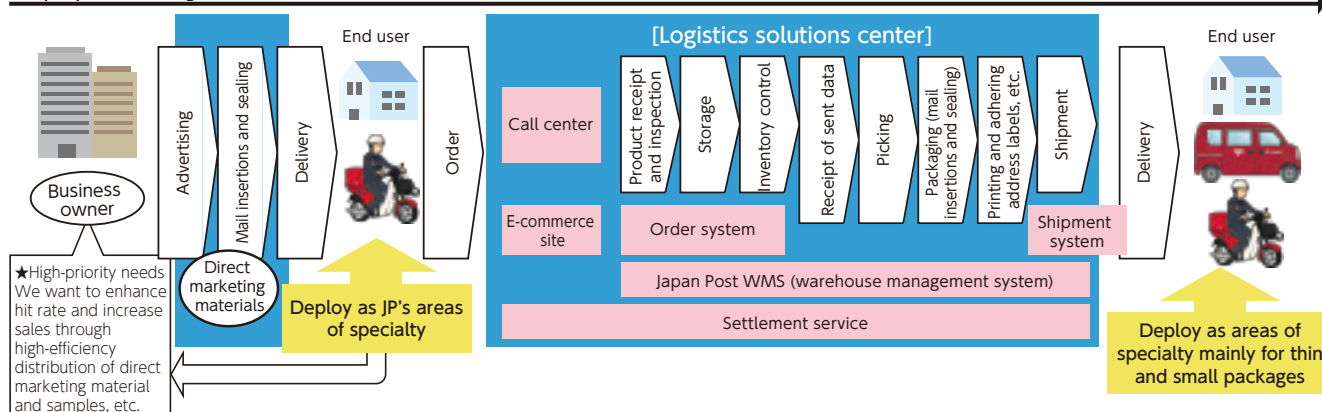


UGX label

8. Logistics Solutions

We provide from the delivery of direct marketing materials and samples to the ordering, shipment management, delivery and payment settlement of products in a one-stop package.

(Deployment of logistics solutions)



II Banking

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 48-52.)

III Insurance

We solicit life insurance and handle premium payments of Japan Post Insurance. (For details, please refer to pages 62-64.)

Other Insurance Products

(As of April 1, 2015)

Products	Description/Features
Cancer insurance	<p>Cancer insurance is provided at 10,013 post offices in order to meet the need to prepare fully for cancer as an illness that surrounds us. [Products handled]</p> <ul style="list-style-type: none"> • New Days - Cancer insurance for daily living [underwriter: Aflac (American Family Life Assurance Company of Columbus)] <p>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, and guarantee of treatment for female-specific cancer. * Guarantee of treatment for female-specific cancer (female cancer rider) can be added as an optional extra.</p>
Medical insurance with eased underwriting conditions	<p>In order to respond to needs for healthcare coverage, which have been rising in years, we sell medical insurance with eased underwriting conditions at 1,000 post offices. [Products handled]</p> <ul style="list-style-type: none"> • <i>Tayoreru YOU Plus</i> [underwriter: Sumitomo Life Insurance Company] <p>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</p>
Variable annuity	<p>In order to further enhance our life planning and asset accumulation consulting-related products, we sell variable annuities at 1,079 post offices. [Products handled]</p> <ul style="list-style-type: none"> • <i>Yu Yu Tsumitate Nenkin</i> [underwriter: MetLife Life Insurance K.K.] • <i>Shiawase Teikibin</i> [underwriter: Mitsui Sumitomo Primary Life Insurance Co., Ltd.]
Life insurance for companies (for management-level personnel)	<p>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 200 post offices. [Products handled]</p> <ul style="list-style-type: none"> • Level term life insurance • Increasing term life insurance <p>[underwriters: NN 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 Life Insurance K.K.] * Sumitomo Life Insurance Company only underwrites level term life insurance.</p>
Automobile insurance	<p>As a non-life insurance agency, we have been handling post office automobile insurance in cooperation with five non-life insurance companies at 1,495 post offices. [Products handled]</p> <ul style="list-style-type: none"> • Post Office Automobile Insurance <p>[five underwriters: Aioi Nissay Dowa Insurance Co., Ltd., Sompo Japan Nipponkoa Insurance Inc., Tokio Marine & Nichido Fire Insurance Co., Ltd., The Fuji Fire and Marine Insurance Co., Ltd. and Mitsui Sumitomo Insurance Co., Ltd.]</p> <p>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.</p>



IV Merchandise

Products	Description/Features
Sales of catalog products	<p>We offer a number of catalog services, including the <i>furusato</i> 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.</p> 
Sales at post offices	<p>We have been selling mail-related items such as letter paper, envelopes and pens and pencils at post offices nationwide (excluding certain outlets).</p> <p>In addition, we are also selling <i>Gotochi</i> Form Cards, which enable non-standard sized mail items to be sent, and limited-time original frame stamps.</p>  <p>Original frame stamp</p>  <p>Posukuma stuffed bears</p>
Post Office Internet Shop	<p>The Post Office Internet Shop is an online shopping site opened on Japan Post's website.</p> <p>The shop offers a variety of products ranging from frame stamps to local specialty products provided under our <i>furusato</i> parcel service.</p> <p>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.</p> <p>A web page dedicated to drugstore operations was opened in February 2015 and we started handling such items as medicines and daily necessities.</p> 

V Post Office Advertising

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.

Services	Description/Features
Posters	Posters can be displayed on poster boards designed exclusively for post office advertising or on clear wall space inside post office lobbies.
Flyers, pamphlets	Pamphlets and flyers can be placed in pamphlet racks designed exclusively for post office advertising or in clear space inside post office lobbies.
Advertising rack	A single company can have exclusive use of an advertising rack with space for a poster and four slots for pamphlets and flyers.
Film-coated posters	Posters coated with special film can be displayed on the glass area of the post office. The color of the poster does not fade even after prolonged display, making it a highly cost-effective form of advertising.
Event space	Space inside post office lobbies and outside post offices can be used for product PR and sales and to introduce services.
Sampling	Flyers and samples, etc. are handed to customers at post office counters.
Monitor showing fees at post office counters	Still-image advertisements are displayed on monitors showing postal fees at post offices nationwide. It is possible to present an advertisement on approximately 20,000 post office monitor screens at the same time by making use of the post office network.
Advertising outside post offices and vertical banners, etc.	Advertisements can be displayed on the walls, glass areas and vertical banners at post offices. It is possible to designate post offices in line with target area.
Post code book	It is possible to advertise in the post code book provided nationwide.



Flyers and pamphlets



Advertising rack



Event space



Sampling

3. Japan Post Business Performance

I Postal and Logistics Business Performance

1

Consigned Volume of Mail in Fiscal 2015

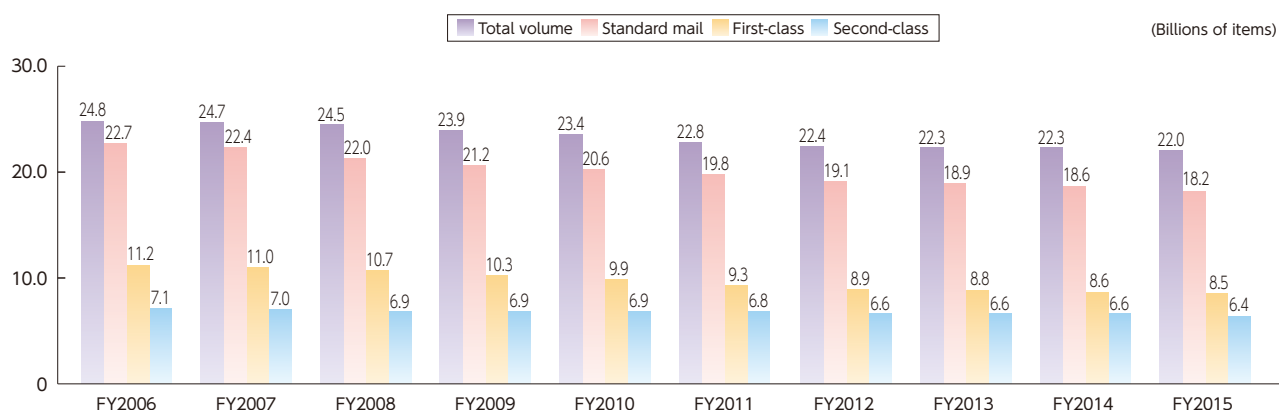
(Unit: 1,000 items, %)

Category	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Volume	Year-on-year change	Volume	Year-on-year change	Volume	Year-on-year change
Total	22,345,745	(0.1)	22,324,419	(0.1)	22,035,617	(1.3)
Mail	18,862,295	(1.3)	18,571,775	(1.5)	18,188,628	(2.1)
Domestic	18,814,393	(1.3)	18,524,615	(1.5)	18,142,041	(2.1)
Standard mail	18,351,697	(1.3)	18,054,960	(1.6)	17,661,265	(2.2)
First-class	8,797,746	(1.3)	8,569,925	(2.6)	8,531,556	(0.4)
Second-class	6,608,692	(0.6)	6,640,507	0.5	6,398,122	(3.7)
Third-class	252,744	(8.0)	241,483	(4.5)	230,229	(4.7)
Fourth-class	21,685	(8.0)	21,484	(0.9)	19,931	(7.2)
New Year's postcards	2,612,749	(2.4)	2,532,433	(3.1)	2,431,779	(4.0)
Election mail	58,081	(5.6)	49,128	(15.4)	49,648	1.1
Special mail	462,696	0.5	469,655	1.5	480,777	2.4
International (dispatched)	47,901	(3.2)	47,160	(1.5)	46,587	(1.2)
Standard mail	37,840	(4.5)	34,548	(8.7)	29,503	(14.6)
Parcels	1,293	(0.3)	1,797	39.0	3,038	69.0
EMS	8,768	2.3	10,815	23.3	14,047	29.9
Parcels	3,483,450	7.0	3,752,644	7.7	3,846,989	2.5
Yu-Pack	382,206	(0.3)	428,437	12.1	485,044	13.2
Yu-Mail	3,101,244	8.0	3,324,206	7.2	3,361,944	1.1

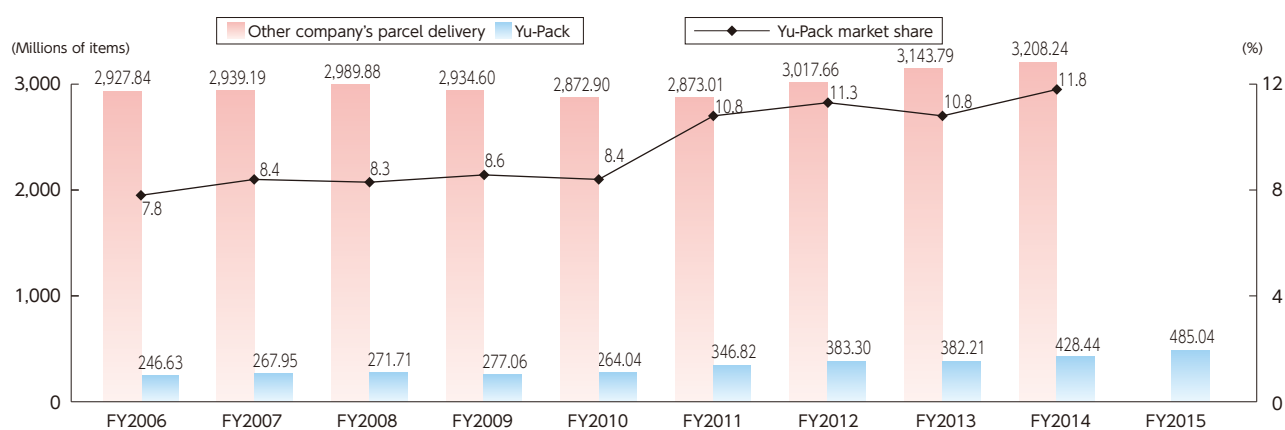
Notes: 1. Sums of individual items may not match totals due to rounding.

2. The number of Yu-Pack parcels includes EXPACK parcels. EXPACK service was discontinued at the end of March 2010.

2 Total Consigned Volume of Mail

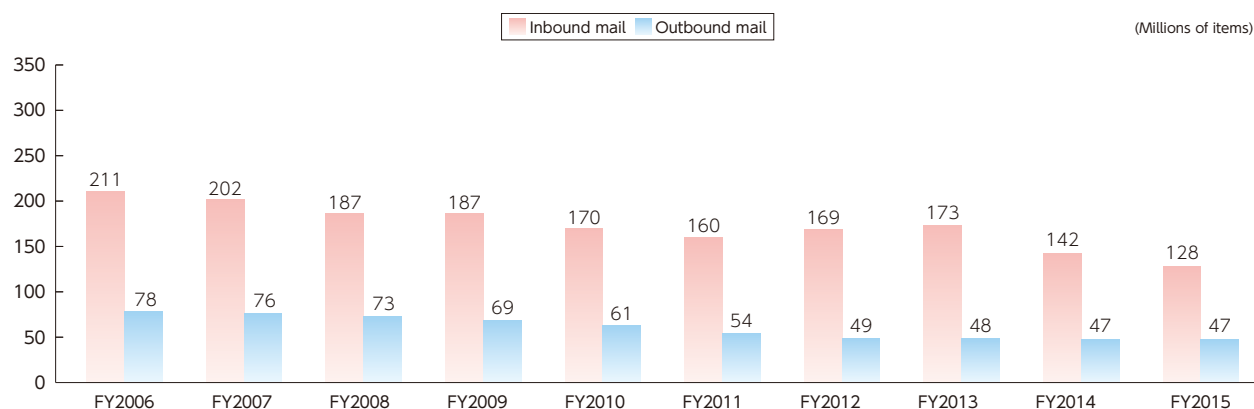


3 Yu-Pack and Other Companies' Parcel Delivery Volume and Market Share



Notes: 1. Fiscal 2015 other companies' parcel delivery volume has not yet been announced (as of June 30, 2015).
2. The number of Yu-Pack parcels includes EXPACK parcels.

4 Volume of International Mail



5 Daily Mail Delivery Volume and Points

	Fiscal 2011	Fiscal 2014	Fiscal 2015
Daily mail delivery volume	About 64 million items	About 62 million items	About 61 million items
Daily delivery points	About 31 million points	About 31 million points	About 31 million points

Note: No surveys for fiscal 2012 and 2013 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 post 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 2013	Year-on-year change	Fiscal 2014	Year-on-year change	Fiscal 2015	Year-on-year change
Nationwide average	98.5%	(0.1%)	98.6%	0.1%	98.6%	0.0%
For mail within the same prefecture	98.9%	(0.1%)	99.0%	0.1%	99.1%	0.1%
For mail to a neighboring prefecture	98.0%	0.2%	98.0%	0.0%	97.8%	(0.2%)
For mail to other prefectures	97.8%	(0.3%)	98.0%	0.2%	98.0%	0.0%

Note: The percentage of New Year's postcards accepted by December 25, 2014 and delivered on January 1, 2015 reached 99.8% as compared to the target figure of 99.5%.

In addition to postal operations, Japan Post 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 2013	Fiscal 2014	Fiscal 2015
Revenue stamps	800,178	829,309	757,658
Automobile weight tax documentary stamps	693,228	666,614	655,200
Unemployment insurance documentary stamps	478	480	473
Health insurance documentary stamps	3,496	3,255	3,600
Patent documentary stamps	91,359	91,711	90,807
Total	1,588,739	1,591,369	1,507,738

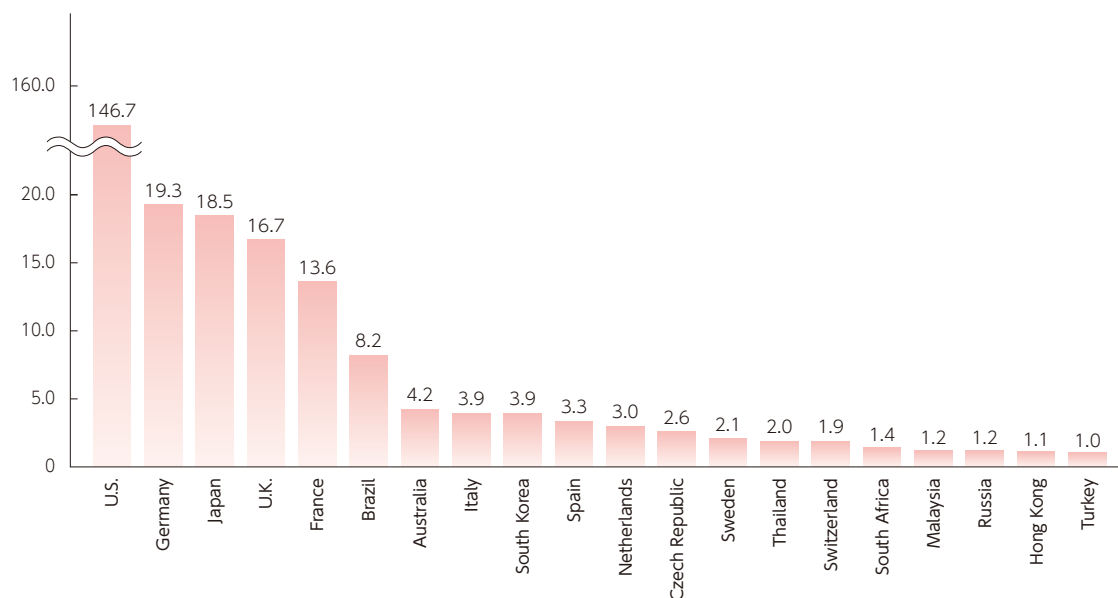
Note 1: Figures shown are gross sales for each category of documentary stamp. These proceeds are submitted to the Japanese national government after deduction of handling fees (including consumption and other taxes).

Note 2: Documentary stamp sales were consigned to the former Japan Post Service until September 2012.

Reference: Postal Services in Other Countries

1. Volume of Mail Received (Top 20 Countries in 2013)

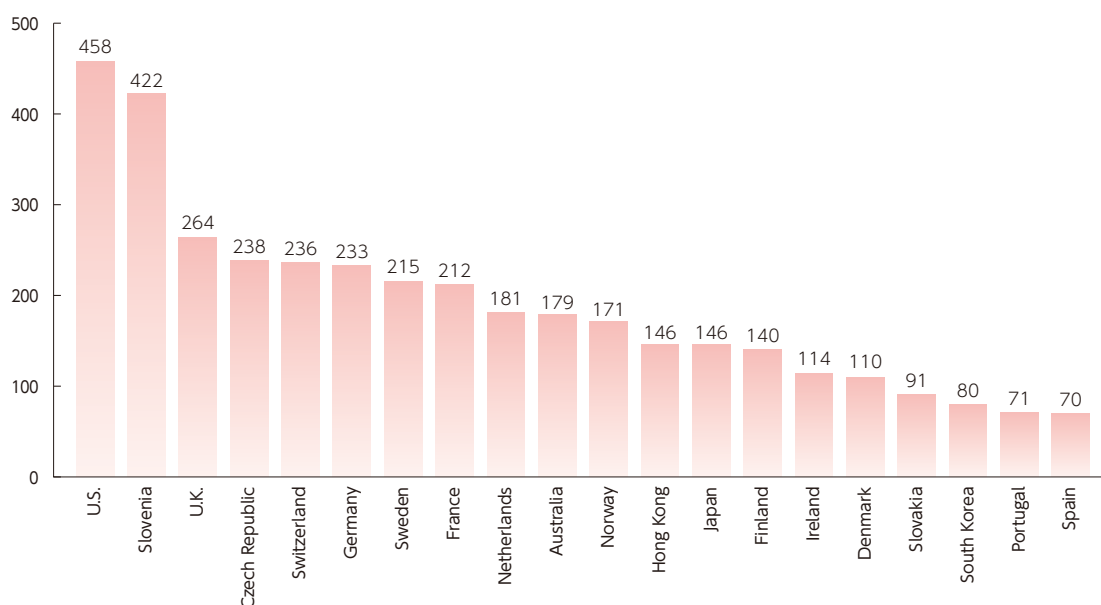
(Billions of items)



Notes: 1. Source: Universal Postal Union Postal Statistics (2013)
2. "Mail volume" is the total for all domestic mail items.

2. Annual Mail Volume Per Capita (Top 20 Countries in 2013)

(Items per person)



Notes: 1. Source: Universal Postal Union Postal Statistics (2013)
2. "Mail volume" is the total for all domestic mail items.

Reference: International Comparison of Postage Rates

■ Comparison of Domestic Postage Rates

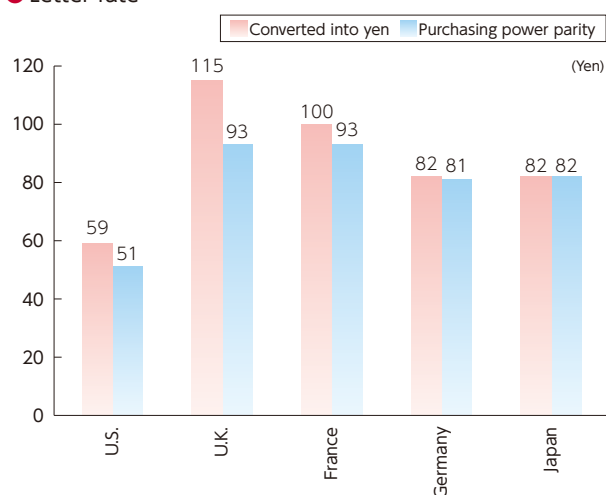
Domestic postage rates (letters and postcards) in Japan are generally lower than major European countries (U.K., France, Germany).

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 eight 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

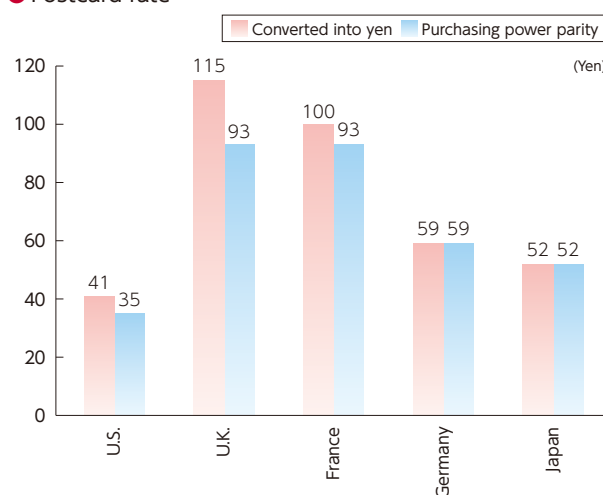


Prepared by Japan Post Co., Ltd. from various publicly disclosed materials

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.49	£0.63	€0.76	€0.62	¥82
Yen equivalent	¥59	¥115	¥100	¥82	¥82
Purchasing power parity	¥51	¥93	¥93	¥81	¥82

Notes: 1. Only Japanese postage rates include consumption tax.
 2. Yen conversions use the exchange rate as of March 31, 2015 (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 (2014 average OECD Main Economic Indicators).

● Postcard rate



Prepared by Japan Post Co., Ltd. from various publicly disclosed materials

	U.S.	U.K.	France	Germany	Japan
Local currency	\$0.34	£0.63	€0.76	€0.45	¥52
Yen equivalent	¥41	¥115	¥100	¥59	¥52
Purchasing power parity	¥35	¥93	¥93	¥59	¥52

	Exchange rate	Purchasing power parity
\$1 (U.S.)	¥121.17	¥104.00
£1 (U.K.)	¥182.07	¥148.36
€1 (France)	¥131.82	¥122.64
€1 (Germany)	¥131.82	¥130.49

■ 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.

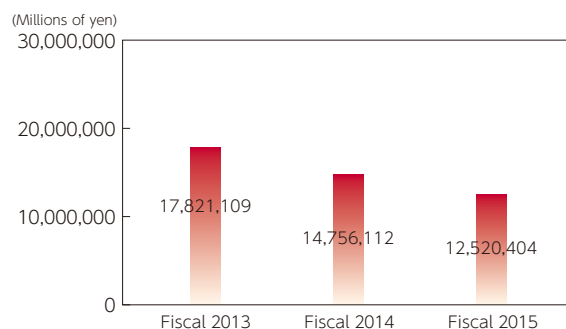
	Letter (25 g)		Postcard	
	Local currency	Yen equivalent	Local currency	Yen equivalent
Japan to the four other countries	—	¥110	—	¥70
U.S. to Japan	\$1.15	¥139	\$1.15	¥139
U.K. to Japan	£2.25	¥410	£1.00	¥182
France to Japan	€2.10	¥277	€1.20	¥158
Germany to Japan	€1.50	¥198	€0.80	¥105

Note: Yen conversions use the exchange rate as of March 31, 2015 (Bank of Tokyo-Mitsubishi UFJ TTS rate).

II Financial Services Counter Sales Business Performance

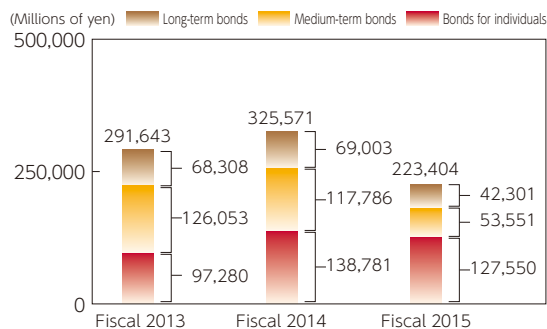
1 *TEIGAKU* and Time Deposits Handled

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



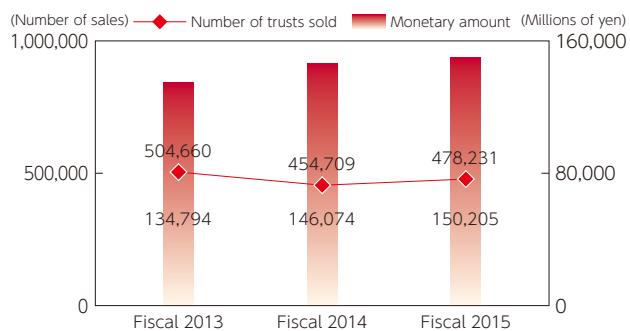
2 Sales of Japanese Government Bonds

Of the Japanese Government Bonds sold by Japan Post Bank, total sales handled through Japan Post are as follows.



3 Investment Trust Sales

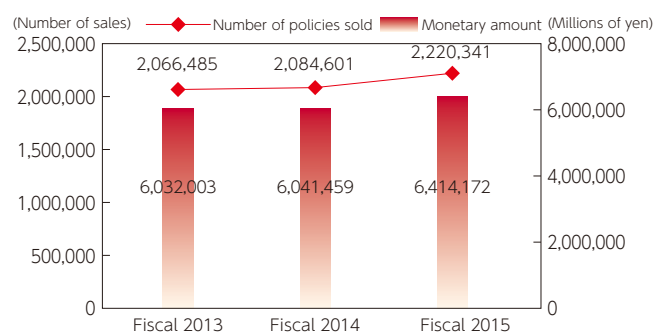
Of the investment trust products sold by Japan Post Bank, total sales handled through Japan Post are as follows.



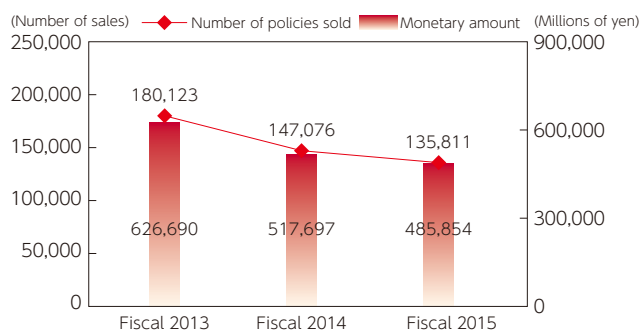
4 Life Insurance and Annuity Sales

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

Individual Insurance

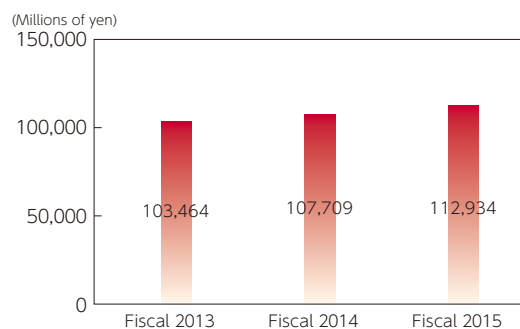


Individual Annuities



5 Merchandise Business

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



2. Operations of Japan Post Bank



Masatsugu Nagato

Representative Executive Officer (President & CEO)
Japan Post Bank Co., Ltd.

Message from the Company



I am Masatsugu Nagato and I assumed the duties of Representative Executive Officer (President & CEO) of Japan Post Bank Co., Ltd. on May 11, 2015. In assuming my new position, I would like to take this opportunity to address everyone affiliated with the Bank, beginning with our customers who give us their loyal patronage each day. I will make my utmost efforts in solemnly carrying out my duties as I fulfill my heavy responsibilities.

We at Japan Post Bank will further strengthen our network consisting of 24,000 post offices throughout Japan that we have built to the present. To continue providing even better services that are “unique to Japan Post Bank,” all employees will work as one to build a bank that is even more trusted.

Review of Fiscal 2015

Initiatives in the Fiscal Year Ended March 2015

Japan Post Bank positioned fiscal 2015 as a year for continuing to steadily progress with the “strengthening of our management foundation” to become “the most accessible and trustworthy bank in Japan” that uses the opinions of customers as a compass toward the future. In doing so, we implemented a variety of measures that included expanding and upgrading sales strategies, implementing our asset-liability management (ALM) strategy, and enhancing internal control procedures and strengthening management approaches.

■Expanding and Upgrading Sales Strategies

For individual customers, we utilized Information & Communication Technology (ICT) to clearly identify our customers at each Japan Post Bank branch and post office and to propose products matched to the needs of these customers as we carried out sales focused on expanding total deposits. Regarding corporate customers, we earned acclaim for our proposal-based sales that provide solutions tailored to the needs and issues faced by these customers. These efforts resulted in the increased use of the Bank’s services by these customers that included the greater use of accounts for receiving salaries.

■Executing Our ALM Strategy

In our investment operations, we executed ALM that is based on two pillars. These consist of a “base portfolio” aimed at building an income foundation mainly through JGB investments for the purpose of securing stable medium-term income and a “satellite portfolio” that pursues higher returns through internationally diversified investments. As a result, despite a severe environment of historically low yen interest rates, we were able to diversify our investment portfolio and disperse risk by upgrading and expanding our “satellite portfolio.”

Additionally, we diversified our currency funding channels by including overseas financial institutions as foreign currency funding counterparties, which further contributed to strengthening our stable fund-raising capacity.

■Enhancing Internal Control Structure

Under our basic policy of "Compliance First," together with Japan Post Co., Ltd., we implemented a business improvement plan that was submitted to the Financial Services Agency in January 2010. Through this plan, we are making efforts to bolster thorough compliance awareness via training and to further permeate a mindset through which employees think and act in terms of compliance on their own initiative.

■Strengthening the Management System

In December 2014, the Japan Post Group announced the scheme for its public listing. Preparations are underway for the triple public listing of Group companies Japan Post Holdings Co., Ltd., Japan Post Insurance Co., Ltd., and the Bank (Japan Post Bank Co., Ltd.) sometime after mid fiscal 2016.

In line with the Group capital policy of Japan Post Holdings Co., Ltd., on September 30, 2014 the Bank purchased 25,017,500 shares of treasury stock (total value of approximately ¥1,299.9 billion) for the purpose of shareholder returns and raising the Bank's return on equity (ROE).

Strategies for the Future

The Bank has designated fiscal 2016 as a year for "further strengthening our management foundation as a listed company" and will steadily execute the following measures.

■Expanding and Upgrading Sales Strategies

The Bank will work to further expand "total client assets" such as deposits and investment management products by continuing and strengthening integrated sales and consulting-based sales with Japan Post (post offices). We will also strive to undertake sales that can respond to a variety of needs and to build a stable customer base for the future by taking such measures as offering services for receiving salaries and pension benefits and providing *TEIGAKU* deposits and investment trusts in accordance with the lifecycles of customers.

We will also work to raise profitability of our ATM business and credit card business as we strengthen our fee-based businesses. Regarding our ATM business, we are promoting the flexible installation of ATMs in locations with even greater convenience to enable numerous customers to use the Bank's ATMs. In the credit card business, we will focus on securing young customers, who have high card usage rates, while encouraging the use of our high-profit gold cards.

We will also strengthen the functions of our non-face-to-face channels for individual customers by introducing "Yucho Direct [JAPAN POST BANK Direct] + (Plus)", a passbook-free general account service. Meanwhile, for our corporate customers we will enhance our real-time service for large-volume remittances and payment collections. By taking these measures, we aim to expand and upgrade our customer base.

■Execution of Investment Strategy

We will strive to sophisticate our investment strategies to secure further income by upgrading our basic securities investment framework under a stable fund raising structure. Specifically, in our "base portfolio", we aim to accumulate stable income over the medium term under an investment style which focuses on securing profit margins mainly through JGB investments, while managing yen interest rates risk and liquidity risk in a timely manner.

In our "satellite portfolio", we aim to sophisticate our investment strategy mainly through promoting investments in credit risk and market risk products. In particular, we will enhance in-house and outsourced management for internationally diversified investments, and will cultivate new investment frontiers such as alternative investment products.

In tandem with this diversification of investment products, we will also focus on implementing thorough factor analysis of investment performance, strengthening risk analysis and risk management structure to counter future market fluctuations and sophisticating our credit risk management capacity.

■Enhancing Internal Control Procedures

There is a saying that "a castle is built in three years but destroyed in three days." Something leading to the instant loss of a distinguished name or brand power that took years to build is a compliance-related issue. Based on our strong conviction that "a company cannot continue to exist without compliance," we will collaborate with Japan Post and continue to rigorously implement our business improvement plan as well as further permeate a mindset through which employees think and act in terms of compliance on their own initiative by conveying the importance of compliance starting from top management and strengthening various types of training. Through these measures, we aim to instill a thorough awareness of compliance required of employees of a listed company and to enhance our internal control procedures.

Additionally, we will work to improve our customer protection and other control procedures by taking steps such as further reinforcing rules on customer personal information management and basic actions and improving our system for providing explanations in accordance with customer attributes, needs and risks when selling investment management products. Also, we will take the initiative in terminating all relationships with anti-social forces and continue to enhance security to prevent illegal remittances and cyberattacks on "Yucho Direct [JAPAN POST BANK Direct]".

■Strengthening Management Approaches

In the run-up to the simultaneous public listing of three Group companies after the middle of fiscal 2016, we are proceeding with preparations for this listing that include building disclosure and investor relations (IR) systems appropriate for a listed company.

Additionally, to further raise employee motivation we will operate balanced personnel and salary systems that further reward those persons who make outstanding efforts, as well as retirement benefit systems that better reflect the contribution levels of employees during their tenure at the Bank. In tandem, we will continue to enhance the development of human resources, promote diversity that includes supporting active roles for women and make efficient use of human resources through strategic personnel assignments. We will also continue with bank-wide Business Process Re-engineering (BPR) initiatives to raise productivity and work to achieve cost efficiency.

A Member of the Japan Post Group That Aims to Be "An Integrated Lifestyle-support Corporate Group"

As the Japan Post Group aims to be "an integrated lifestyle-support corporate group," the Bank will work as one to deepen "organic linkages with the post office network" and through the previously mentioned measures raise corporate value and be "the most accessible and trustworthy bank in Japan" that provides services that are "No. 1 in customer satisfaction."

1. Overview of Operations

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

The company provides a range of financial products and services through an extensive network of post offices and Japan Post Bank 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 wishes of our customers.

1. Basic Services

Main business lines of Japan Post Bank are as listed below. At the end of March 2015, Japan Post Bank's total deposits from customers across Japan amounted to ¥177,710.7 billion, or ¥179,009.5 billion including accrued interest at the end of the fiscal period.

(1) Deposits

We handle various types of deposits, including transfer deposits, ordinary deposits, ordinary savings deposits, time deposits, TEIGAKU deposits and separate deposits.

(2) Loans

We handle loans on deeds and overdrafts.

(3) Securities investment

We invest in Japanese Government Bonds, Japanese local government bonds, Japanese corporate bonds and other securities for accumulating payment reserves and for fund management.

(4) Domestic remittances

We handle remittances, fund transfers and transfers.

(5) Foreign remittances

We handle international remittances and provide foreign exchange services.

(6) Major associated services

- * Agency services
 - Services for the Bank of Japan as its revenue and government bond representative
 - Handling public money for local governments
 - Services under consignment from the Management Organization for Postal Savings and Postal Life Insurance
 - Intermediary services for individual loans
- * Counter sales of Japanese Government Bonds, investment trust products and insurance products
- * Deposits for safekeeping
- * Credit card services
- * Operation and management of defined contribution pensions (only those related to individual annuities)

2. Initiatives of Japan Post Bank

■ To Satisfy Customer Needs

● More than 100 Investment Trust Products Now Available for Purchase

Since first starting to handle investment trust products in October 2005, we have been steadily expanding our lineup. As of April 2015, the lineup includes 105 products, from simple and easy-to-understand products to those for more experienced customers, thereby offering a broad range of choices matched to customers' individual life plans and asset management needs.

We also hold seminars and campaigns on a new tax exemption scheme for small-amount investments called NISA (short for Nippon Individual Savings Account) to convey to customers the merits of the scheme and why asset management is needed.



Investment trust leaflet



"Investment Trust - Masu Masu Kun's Room" page on our website

■ Holding Various Seminars Tailored to Customer Needs

At Japan Post Bank branches nationwide, we host seminars and consulting sessions matched to customer needs in various life events.

Our inheritance seminars, in particular, gained popularity as a result of the revision to Japanese inheritance and gift taxes that was enforced in January 2015, and were held more than 1,000 times nationwide in fiscal 2015.

For customers who do not have access to our services during business hours on weekdays, we provide financial and life planning advice services through evening seminars and weekend individual consulting sessions.

Japan Post Bank will continue to plan and hold a range of seminars and other events to satisfy needs of our customers.

3. Investment

We implement expeditious risk management for the entire portfolio based on the economic conditions and monetary policies both in and outside Japan. In order to secure stable current profits under our profit-earning structure that heavily relies on interest income primarily from investment in Japanese Government Bonds, we continue to diversify risks and revenue sources while performing appropriate control of interest rate risk.

TOPICS

● Japan Post Bank's First Corporate Advertisement Campaign "People on Yucho Street No. 1"

— Your Money Grows and Walks with You —

We are currently broadcasting the "People on Yucho Street No.1" series of our first corporate TV commercials nationwide.

This series, which was launched in March 2015, takes place in a fictitious town called Yucho Street No. 1 and features four people living in town: two men (acted by Takeru Satoh and Tsurube Shofukutei) and two women (acted by Hideko Hara and Masami Nagasawa) of different ages and backgrounds. They have their own inner struggles but try to positively look to the future. We convey our corporate attitude by showing that post offices are always there to help them move forward with hopes in their minds.

The catch line, "Your Money Grows and Walks with You," embraces our determination to safeguard our customers' "invaluable" money deposited to us together with their thoughts, memories and aspirations.



● Providing a Dementia Supporters Training Program

We offer a Dementia Supporters Training Program to cultivate the correct knowledge on dementia and provide an opportunity to learn appropriate ways to interact with people with dementia. We launched the program in fiscal 2014 for counter staff and external sales personnel of Japan Post Bank branches nationwide. In fiscal 2015, about 150 participants became "Caravan-Mates" to serve as lecturers in the program. As of March 31, 2015, more than 6,000 employees are active as Dementia Supporters. We will continue to promote the program and increase the number of these supporters in the future as well.

* Dementia Supporters are people who support people with dementia and their families.



Dementia Supporters sticker



Caravan-Mates training session

2. Products and Services

(As of July 1, 2015)

1. Deposits

Liquid deposits

Ordinary deposits

These deposits are useful for ATM card withdrawals, automatic deductions for utility and other bills, the receipt of salaries and automatic receipt of pension payments, and many other purposes.

- Unlimited deposits and withdrawals
- Deposit amount: ¥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
- Deposit amount: ¥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)
- Deposit amount: ¥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)
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Automatic-accumulation TEIGAKU deposits/time deposits (Accumulation-type 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
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Time deposits with lump-sum payment at maturity (Accumulation-type 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 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
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Asset accumulation TEIGAKU deposits (Asset accumulation)

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
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Asset accumulation pension TEIGAKU deposits (Asset accumulation)

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
- Deposit amount: ¥1,000 or more, ¥1,000 unit

Asset accumulation home TEIGAKU deposits (Asset accumulation)

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
- Deposit amount: ¥1,000 or more, ¥1,000 unit

New welfare time deposits (Others)

This one-year time deposit with preferential interest rates is designed for persons receiving disability, survivor and other similar public pensions and other eligible persons. Up to ¥3 million can be deposited.

- Deposit period: One year
- Deposit amount: From ¥1,000 or more, ¥1,000 unit, up to ¥3 million per depositor

Also Convenient

● All-in-one general accounts useful in daily lives

General accounts allow customers to manage ordinary, *TEIGAKU*, time and other deposits in one account and serve as customers' personal wallets that are conveniently available at post offices as well as Japan Post Bank branches and ATMs nationwide.

● Also convenient as accounts to receive salaries

A nationwide network of Japan Post Bank branches and post offices ensures convenience and security for customers at every opportunity, including when they are on a business trip.

Japan Post Bank ATMs are available 365 days a year with no withdrawal fees.

● Automatic deduction feature for quick and easy payment of utility and other bills

A worry-free automatic and continuous deduction feature is available to pay utility bills, mobile phone charges, rent and other expenses from ordinary deposits.

● Japan Post Bank ATMs of Japan Post Bank conveniently located throughout Japan

We operate approximately 27,200 ATMs throughout Japan. These ATMs charge no fees for deposits and withdrawals to and from Japan Post Bank accounts 365 days a year. Sending money from ATMs (electronic transfers) between Japan Post Bank accounts is also free of charge (until September 30, 2016).

2. Domestic Remittances

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

Account transfer

The remittance amount and fee is withdrawn from the remitter's integrated account or giro account and deposited to an overseas-payee's bank or postal giro account.

Payment to account

The remittance amount and fee is paid in cash and deposited to an overseas-payee's bank or postal giro account.

Payment to address

The remittance amount and fee is paid in cash, and the money order is delivered to the payee's address. The payee can then cash the money order at their local post office. Only in the case of remittances to the United States is a money order issued to the remitter, after which the remitter sends the money order to the payee by international mail, etc.

4. Individual Loans

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 selected 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

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

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

6. Credit and Debit Card Services

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 to another combo card lineup, JP BANK VISA Card ALente and JP BANK JCB Card EXTAGE, for young generation customers aged 18 to 29 (excluding high school students), we provide the JP BANK VISA Card Gold, JP BANK MasterCard Gold and JP BANK JCB Card Gold with an extensive range of privileges.

We also offer family cards, ETC cards, WAON cards*1, PiTaPa cards*1, iD (cell phone)*1, Plus EX cards*1 and QUICPay*2 (card and mobile).

*1 Visa and MasterCard only

*2 JCB only



JP BANK VISA Card



JP BANK MasterCard



JP BANK JCB Card



JP BANK VISA Card ALente



JP BANK JCB Card EXTAGE



JP BANK VISA Card Gold



JP BANK MasterCard Gold



JP BANK JCB Card Gold

Debit Card Services

After customers scan their ATM cards using dedicated terminals and enter their personal identification numbers at locations such as retail electronics stores and supermarkets, purchase amounts are immediately debited from their general accounts (subject to an upper limit).

7. Internet Banking Services

JAPAN POST BANK Direct

This service allows customers to use a PC, smartphone, mobile phone, telephone or facsimile machine to make deposits to *TEIGAKU* deposits and time deposits used as collateral, to initiate transfers to Japan Post Bank accounts (wire transfers), transfer funds to another financial institution, to perform investment trust transactions and to verify account deposit and withdrawal transactions.

* Some services may not be available depending on the device used.



JAPAN POST BANK Direct (PCs)



JAPAN POST BANK Direct (Smartphones)



JAPAN POST BANK Direct (Mobile phones)

JAPAN POST BANK Investment Trust WEB Premier

A members-only Internet investment trust service, offering new, members exclusive investment products in addition to the existing investment trust products handled by Japan Post Bank. Various exclusive services for members are also available.

8. Other Services

“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.

JAPAN POST BANK Pay-easy Service

This service enables taxes and various types of fees to be paid through ATMs and JAPAN POST BANK Direct (PCs and mobile phones). The service also immediately reports data concerning completed payments to the recipient financial institution.

Foreign currency exchange

Exchange services are provided for eight currencies: U.S. dollar, Euro, South Korean won, British pound, Australian dollar, Canadian dollar, Chinese yuan and Swiss franc. (Available currencies vary according to outlets.)

Traveler's Checks

Traveler's Checks issued only by American Express are exchangeable for Japanese yen. (Sales of traveler's checks have been discontinued.)

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 television fees; traffic violation fines; and radio utilization fees.

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

3. Japan Post Bank Business Performance

1 Key Financial Indicators

(Millions of yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Ordinary income	2,125,888	2,076,397	2,078,179
Operating profit (before provision for general reserve for possible loan losses)	512,808	472,687	519,998
Net operating profit	512,808	472,687	519,998
Net ordinary income	593,535	565,095	569,489
Net income	373,948	354,664	369,434
Capital stock	3,500,000	3,500,000	3,500,000
Shares outstanding (thousands of shares)	150,000	150,000	150,000
Net assets	10,997,558	11,464,524	11,630,212
Total assets	199,840,681	202,512,882	208,179,309
Deposits	176,096,136	176,612,780	177,710,776
Loans	3,967,999	3,076,325	2,783,985
Securities	171,596,578	166,057,886	156,169,792
Capital adequacy ratio (non-consolidated, domestic standard) (%)	66.04	56.81	38.42
Dividend payout ratio (%)	25.00	26.50	50.00
Employees (persons)	12,922	12,963	12,889

Notes:

1. The balance of deposits including accrued interest at the end of fiscal 2015 is ¥179,009,556 million (¥177,734,274 million at the end of fiscal 2014 and ¥177,038,298 million at the end of fiscal 2013).
2. The capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006). Japan Post Bank has applied Japanese domestic Basel III capital adequacy standards since the year ended March 2014.
3. The number of employees excludes Japan Post Bank 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.

2 Balances by Type of Deposit

1. Balances at the End of Fiscal Period

(Millions of yen, %)

		March 31, 2013		March 31, 2014		March 31, 2015	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	59,971,472	34.05	60,200,571	34.08	61,053,645	34.35
	Transfer deposits	10,209,954	5.79	10,925,669	6.18	11,747,374	6.61
	Ordinary deposits, etc.	49,358,959	28.02	48,878,529	27.67	48,912,826	27.52
	Savings deposits	402,558	0.22	396,371	0.22	393,443	0.22
	Fixed-term deposits	115,878,602	65.80	116,157,689	65.76	116,453,033	65.52
	Time deposits	18,817,949	10.68	14,781,463	8.36	13,569,920	7.63
	TEIGAKU deposits, etc.	97,057,788	55.11	101,374,092	57.39	102,881,558	57.89
	Other deposits	246,060	0.13	254,519	0.14	204,097	0.11
	Subtotal	176,096,136	100.00	176,612,780	100.00	177,710,776	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total		176,096,136	100.00	176,612,780	100.00	177,710,776	100.00
International operations	Total	—	—	—	—	—	—
Total		176,096,136	100.00	176,612,780	100.00	177,710,776	100.00
Deposits including accrued interest		177,038,298		177,734,274		179,009,556	

Notes:

1. Liquid deposits = Transfer deposits + Ordinary deposits, etc. + Savings deposits
Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)
2. Fixed-term deposits = Time deposits + TEIGAKU deposits, etc. + Special deposits (Savings for housing installments equivalent + Education installment savings equivalent)
TEIGAKU deposits, etc. = TEIGAKU deposits + Special deposits (TEIGAKU savings equivalent)
3. "Transfer deposits" correspond to "Current deposits" and "TEIGAKU deposits" to "Other deposits" in liabilities in accordance with the Ordinance for Enforcement of the Banking Act.
4. Special deposits, which represent deposits received from the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency, correspond to postal savings that were passed on to the organization by Japan Post.
5. Special deposits (equivalent to ordinary savings) are the portion of deposits received from the 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.

2. Average Balances

(Millions of yen, %)

		Fiscal 2013		Fiscal 2014		Fiscal 2015	
		Amount	%	Amount	%	Amount	%
Domestic operations	Liquid deposits	60,631,246	34.38	60,550,882	34.21	61,057,460	34.35
	Transfer deposits	9,825,702	5.57	10,591,337	5.98	11,365,224	6.39
	Ordinary deposits, etc.	50,398,750	28.58	49,559,468	28.00	49,296,826	27.73
	Savings deposits	406,793	0.23	400,075	0.22	395,409	0.22
	Fixed-term deposits	115,424,575	65.46	116,144,774	65.63	116,441,954	65.52
	Time deposits	18,437,969	10.45	16,818,118	9.50	14,163,314	7.96
	TEIGAKU deposits, etc.	96,983,112	55.00	99,324,145	56.12	102,276,763	57.55
	Other deposits	272,366	0.15	268,336	0.15	211,981	0.11
	Subtotal	176,328,187	100.00	176,963,992	100.00	177,711,397	100.00
	Negotiable certificates of deposit	—	—	—	—	—	—
Total		176,328,187	100.00	176,963,992	100.00	177,711,397	100.00
International operations	Total	—	—	—	—	—	—
Total		176,328,187	100.00	176,963,992	100.00	177,711,397	100.00
Deposits including accrued interest		177,187,194		177,981,354		178,911,788	

3 Loans by Category

1. Balances at the End of Fiscal Period

	(Millions of yen)		
	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	3,695,308	2,830,118	2,549,816
Overdrafts	235,189	246,206	234,169
Notes discounted	—	—	—
Subtotal	3,930,497	3,076,325	2,783,985
International operations			
Loans on notes	—	—	—
Loans on deeds	37,501	—	—
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	37,501	—	—
Total	3,967,999	3,076,325	2,783,985

2. Average Balances

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Domestic operations			
Loans on notes	—	—	—
Loans on deeds	3,734,255	3,185,218	2,740,220
Overdrafts	224,637	232,891	232,114
Notes discounted	—	—	—
Subtotal	3,958,893	3,418,109	2,972,334
International operations			
Loans on notes	—	—	—
Loans on deeds	37,506	13,340	—
Overdrafts	—	—	—
Notes discounted	—	—	—
Subtotal	37,506	13,340	—
Total	3,996,399	3,431,450	2,972,334

4 Balances by Type of Securities

1. Balances at the End of Fiscal Period

	(Millions of yen)		
	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015
Domestic operations			
Japanese government bonds	138,198,732	126,391,090	106,767,047
Japanese local government bonds	5,806,099	5,550,379	5,525,117
Commercial paper	548,975	333,979	226,986
Japanese corporate bonds	11,304,010	11,050,163	10,756,050
Japanese stocks	935	935	935
Other securities	30,072	—	—
Subtotal	155,888,824	143,326,547	123,276,136
International operations			
Other securities	15,707,754	22,731,338	32,893,656
Foreign bonds	11,646,446	14,532,618	18,817,706
Investment trusts	—	8,120,582	13,967,716
Foreign stocks	—	—	—
Subtotal	15,707,754	22,731,338	32,893,656
Total	171,596,578	166,057,886	156,169,792

2. Average Balances

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Domestic operations			
Japanese government bonds	138,803,297	135,713,497	116,413,435
Japanese local government bonds	5,764,674	5,652,880	5,570,677
Commercial paper	408,392	552,167	293,887
Japanese corporate bonds	11,985,480	11,237,582	10,999,777
Japanese stocks	902	935	935
Other securities	30,000	29,917	—
Subtotal	156,992,748	153,186,980	133,278,712
International operations			
Other securities	12,611,611	19,197,622	26,849,989
Foreign bonds	9,821,147	12,929,369	16,653,595
Investment trusts	—	6,191,298	10,117,574
Foreign stocks	—	—	—
Subtotal	12,611,611	19,197,622	26,849,989
Total	169,604,359	172,384,603	160,128,701

5 Over-the-Counter Sales of Japanese Government Bonds

(Millions of yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Long-term bonds	73,731	73,867	45,243
Medium-term bonds	134,567	123,770	56,805
Bonds for individuals	106,910	152,288	139,475
Total	315,209	349,927	241,524

6 Domestic Exchanges

(Millions of yen)

	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Sent	19,311	15,874,930	21,642	17,697,182	24,252	21,769,194
Received	45,108	12,079,552	53,810	13,621,048	67,192	15,415,275

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

7 Transfer Deposits

(Millions of yen)

	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
In-payment	1,181,903	55,216,110	1,182,252	59,028,061	1,171,772	68,295,736
Transfers	104,578	85,537,247	107,492	87,321,165	112,041	81,957,838
Out-payment	120,588	48,102,643	123,361	50,848,174	120,517	56,831,965

8 Ordinary Remittances and Postal Orders (TEIGAKU KOGAWASE)

(Millions of yen)

	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Ordinary remittances	1,704	39,241	2,023	40,309	1,607	34,492
Postal orders (TEIGAKU KOGAWASE)	16,378	9,101	16,671	9,254	16,679	9,288

9 Foreign Exchanges

(Millions of U.S. dollars)

Fiscal 2013		Fiscal 2014		Fiscal 2015	
Remittances (thousands)	Amount	Remittances (thousands)	Amount	Remittances (thousands)	Amount
390	1,307	372	1,263	352	1,112

Note: Foreign exchanges represent the total of international remittances and purchases and sales of traveler's checks (purchases only in Fiscal 2015).

10 Investment Trust Sales (Contract Basis)

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Number of contracts (thousands)	1,090	952	1,061
Sales amount	279,187	339,685	377,000

Note: Figures have been rounded off.

	(Millions of yen)		
	March 31, 2013	March 31, 2014	March 31, 2015
Number of investment trust accounts (thousands)	622	644	665
Net assets	1,016,814	977,638	1,118,791

11 Other Businesses

Credit Cards

	(Thousands)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Number of cards issued	94	70	60

	(Thousands)		
	March 31, 2013	March 31, 2014	March 31, 2015
Outstanding	2,081	1,976	1,573

Mortgage Loans (as intermediary)

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Amount of new credit extended	24,047	24,438	34,833

	(Millions of yen)		
	March 31, 2013	March 31, 2014	March 31, 2015
Amount of new credit extended (cumulative)	247,710	272,148	306,981

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

Variable Annuity Policies

	(Millions of yen)		
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Number of policies	10,259	12,214	11,987
Sales amount	52,865	69,286	66,914

	(Millions of yen)		
	March 31, 2013	March 31, 2014	March 31, 2015
Number of policies (cumulative)	41,355	53,569	65,556
Sales amount (cumulative)	209,251	278,537	345,452

3. Operations of Japan Post Insurance



Masami Ishii

President, CEO
Representative Executive Officer
Japan Post Insurance Co., Ltd.

Message from the Company



I would like to express my deep appreciation for your kind support for Japan Post Insurance Co., Ltd.

Review of the Year Ended March 2015

During the fiscal year ended March 31, 2015, we made steady progress in various initiatives specifically undertaken to reinforce our management foundation.

Firstly, as part of an effort to organize and reinforce our payments management structure for providing better customer service through simple, prompt and accurate payments of insurance benefits, we started the phased implementation of an Claim Payment Processing System (SATI) in April 2014 and completed the task in October of the same year. This system offers enhanced IT-supported assistance to the payment examination process and

enables us to implement a fundamental reform of the examination flow for further upgrading our payment operations and improving payment processing efficiency. By leveraging this system and enhancing development of human resources, we intend to attain the industry's highest-quality payments management structure.

Based on customer feedback collected via our call center, which we regard as an important asset, we have been working to ensure better customer service through various improvement activities. These include making statements on various notifications easier to understand for customers and simplifying claim filing procedures.

In promoting sales, we strived to strengthen our sales capabilities through the marketing of new products and products offered under business alliances. In April 2014, we commenced sales of the educational endowment

insurance product *Hajime no Kanpo*, which has gained popularity among customers. We also launched sales of cancer insurance products of American Family Life Assurance Company of Columbus (Aflac) in July and started selling another cancer product, New Cancer Days - Cancer Insurance for Daily Living (JP Only Product), developed by Aflac for the Japan Post Group, in October 2014.

In addition, we obtained approval from the Financial Services Agency and the Ministry of Internal Affairs and Communications for sales of our Short-Term Premium Payment Endowment Insurance in April 2015. This product is ordinary endowment insurance, in which the premium paying period is shorter than the term of the insurance. The product releases customers from the burden of paying premiums early, and we believe that it can still satisfy customer needs for higher savings performance.

Amid these circumstances, Japan Post Insurance enhanced its collaboration with Japan Post Co., Ltd. and successfully sold 2,380 thousand individual insurance policies (6.6% increase from the previous fiscal year) for the insured amount of ¥7,002.5 billion (6.8% increase), with both figures exceeding the record high since privatization attained in the previous fiscal year.

Looking at financial results, non-consolidated core profit for the year ended March 31, 2015 increased from the previous fiscal year to ¥515.4 billion. Core profit is a basic periodical earnings indicator for life insurance companies. Japan Post Insurance also posted year-on-year increases in ordinary profit and net income, which amounted to ¥492.6 billion and ¥81.3 billion, respectively.

Meanwhile, the consolidated solvency margin ratio, an indicator of the financial soundness of life insurance companies, stood at 1,644.2%. Among liabilities, our internal reserves that combine a contingency reserve and a reserve for price fluctuations amounted to ¥3,210.8 billion, thereby continuing to secure a strong financial base.

I would like to express our appreciation again to our customers, who supported the realization of these solid results.

Future Outlook

As management tasks, we focus on implementing four priority measures. These are: 1) deployment of administrative and IT system 2) enhancing sales force of distribution channel 3) product development corresponding to customers' needs 4) improve capacity for earnings from investment 5) enhance our internal control system and human resource development

During the fiscal year ending March 2016, at the timing of a stock listing of Japan Post Holdings Co., Ltd. and disposal of a portion of shares owned by the Japanese government, we also aim to go public and dispose of a portion of our shares for the purpose of promoting postal privatization, financing earthquake reconstruction and increasing managerial discretion.

Moreover, the fiscal year ending March 2017 marks the 100th anniversary of our Postal Life Insurance services. Toward this commemorative year, we will steadily implement the priority measures mentioned above to reinforce our management foundation as required for future growth while seeking to move onto a growth path by developing products and services that can increase our already distinguished strengths.

As a member of the Japan Post Group and as "an integrated lifestyle-support corporate group," Japan Post Insurance will provide comprehensive support to our customers' daily lives. At the same time, Japan Post Insurance will continue to carry out its inherited social mission of "providing basic measures of life with simple procedures for the people of Japan," which was the original goal of Postal Life Insurance when it was created in 1916. Under the policy of aiming to be the "No. 1 Japanese insurance company selected by customers" all employees are joining forces with a united spirit to challenge each difficulty and further strengthen our management base for attaining even greater corporate value.

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) as well as directly managed 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 postal privatization 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 utilizes a nationwide supply network of the post offices operated by the newly reorganized Japan Post to provide simple and easy-to-understand products in small amounts and through simple procedures, along with associated services. These products and services provided via post offices primarily target individuals and households.

Japan Post Insurance has also established Agency Relations Divisions for 76 directly managed sales offices (as of April 30, 2015) in major cities throughout the country to support sales promotion, training and development, and administrative affairs to help promote sales.

In addition, leveraging our unique features, we work with Japan Post 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 Whole Sales Divisions in directly managed sales offices, and these divisions are responsible for providing products and services primarily to companies and in the workplace at small and mid-sized companies and other entities.

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 postal privatization. Japan Post Insurance has been entrusted with administrative affairs by this organization but has outsourced some of those operations to Japan Post, allowing premiums to be paid and benefits collected through post office offsite sales personnel and counter services.

2. Enhancing Products and Services

■ Promotion of “Kanpo Platinum Life Service” (Service Focusing on Elderly Customers)

We are conducting an initiative called “Kanpo Platinum Life Service” to offer age-friendly services that emphasize a sense of security and trust by improving every customer contact from the elderly customer’s perspective.

This initiative aims to provide services and develop products, both matched to the needs of elderly customers. Under the initiative, we intend to encourage improvement at each customer contact point and build a business model that is friendly to elderly customers.

The following highlights examples of major activities conducted to date.

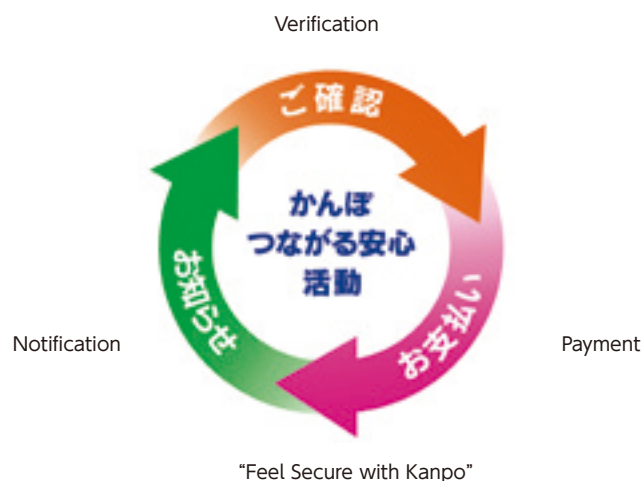
- Extending the upper age limit of our ordinary endowment insurance
- Efforts for explaining our products to elderly customers more easily and thoroughly in the solicitation process, including requesting the presence of a family member
- Establishment of a dedicated call center for elderly customers
- Efforts for more legible and easier notifications
- Holding a free seminar on the use of tablet devices

■ Comprehensive and Heartfelt Services (“Feel Secure with Kanpo” Activities)

We provide “Comprehensive and Heartfelt Services” at post offices across the country.

As part of this effort, we are engaging in “Feel Secure with Kanpo” activities to verify with policyholders the details of coverage provided by their respective insurance contracts and identify any missed claims. At the same time, we deliver various notifications to customers to explain the procedures for specifying a bank account to quickly and reliably receive benefits and inform the availability of an option that allows a designated third party to request insurance benefits.

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



■ Initiatives for Making Benefit and Other Payments in a Simple, Prompt and Accurate Manner

The most crucial mission of an insurance company is to ensure benefit and other payments are made to customers as promised.

In order to fulfill this mission faithfully from a customer perspective, we seek to ensure a payment management structure of the highest quality and are undertaking a range of initiatives to make benefit and other payments in a simple, prompt and accurate manner.

Specifically, we are working to provide meticulous procedural guidance for filing claims and enhance our insurance notification service by identifying the availability of any additional benefits. We are also promoting the development of specialists who have expert knowledge and skills required to perform claim payment assessments through various education and training programs.

In addition, we are making efforts to improve the quality of the claim review. One example is the introduction of a Claim Payment Processing System (SATI) that builds on advanced image work flow (IWF) technology. This system offers enhanced IT-supported operational assistance and enables us to conduct a fundamental reform of our payment examination flow. The phased deployment of the system began in April 2014 and was completed in October of the same year.

We will move ahead and devise ways to further upgrade of our claims payment processing based on cutting-edge technology developed by International Business Machines Corp. (IBM).

Capitalizing on our system infrastructure, we will continue to reinforce our payment management structure by enhancing the plan-do-check-act (PDCA) cycle through more and effective use of data in order to ensure even higher operational quality and business processing efficiency.

■ Launched Sales of *Hajime no Kanpo* Educational Endowment Insurance

Our educational endowment insurance products, originally launched in September 1971 by the then Ministry of Posts and Telecommunications, have been used by a large number of customers. To respond to their diverse, ever-changing needs, we updated these products and commenced sales of *Hajime no Kanpo* (official names: Educational Endowment Insurance (H24) and Educational Endowment Insurance (H24) (without Premium Protection Agreement)) in April 2014.

These new products are highly savings based compared with our conventional products, and enable customers to efficiently accumulate education funds. With the introduction of the new programs, including the one that covers funds for enrolling in university and the subsequent four years of education, our lineup of educational endowment insurance now responds to a broader range of customer needs.

■ Obtaining Approval for Short-Term Premium Payment Endowment Insurance

Pursuant to Article 138 (1) of the Postal Service Privatization Act, Japan Post Insurance submitted an application for sales of endowment insurance with a shortened premium period (ordinary endowment insurance having a shorter premium payment period than the term of the insurance) to the Commissioner of the Financial Services Agency and the Minister of Internal Affairs and

Communications on February 19, 2015 and obtained approval on April 15, 2015.

We plan to initiate sales of 10-year premium payment 15-year maturity endowment insurance (ordinary endowment insurance with the premium period of 10 years and the term of the insurance of 15 years) in October 2015. We believe that this product will contribute to increasing convenience for our customers and ensuring the stability of our operations.

3. Asset Management

Our basic policy toward asset management is 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 diversify our asset management operations while enforcing adequate risk management and take advantage of other assets such as Japanese local government bonds, Japanese corporate bonds, foreign securities and stocks, which can be expected to generate higher interest than Japanese government bonds from the standpoint of improving profits.

TOPICS

"Life is Full of Dreams."

In November 2014, we rolled out a new series of our "Life is Full of Dreams" corporate advertising campaign.

This campaign conveys the message: "Life is not just a source of joy. It sometimes lets you fail and makes you cry. Still, life is beautiful."

Our message has been disseminated primarily through TV commercials, as well as via a special page on our website and by putting up posters at post offices nationwide.



Sponsoring a Musical by the Takarazuka Revue Company

As part of our cultural contribution activities to support people taking on challenges toward fulfilling their life's dreams, we sponsored a musical program by the "Moon Troupe" of the Takarazuka Revue Company, "Kanpo Dream Theater Le Spectacle Musical: 1789 – Les Amants de la Bastille."

Through the Takarazuka's performance, we deliver dreams to everyone.



2. Products and Services

1. Major Types of insurance

(As of April 2, 2015)

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			15* to 65							
For those considering the balance of lifetime security	Whole life insurance with twofold insurance coverage			15* to 60							
	Whole life insurance with fivefold insurance coverage			15* to 55							
For those who want to add <i>Tanoshimi</i> (enjoyment) to lifetime security	Special whole life insurance			15* to 65							
For those who wish to increase security with a minimum burden	Ordinary term insurance			15 to 50							
For those considering both security and maturity	Ordinary endowment insurance	0 to 80									
For those considering both enhanced security and maturity	Special endowment insurance with twofold insurance coverage			15 to 70							
	Special endowment insurance with fivefold insurance coverage			15 to 65							
	Special endowment insurance with tenfold insurance coverage			15 to 60							
For those struggling with illness	Designated endowment insurance					40 to 65					
For those considering making preparations for education funds	Educational endowment insurance (H24)	(Hajime no Kanpo) 0 to 12									
				18 to 65 (male)							
				16 to 65 (female)							
	Educational Endowment Insurance (H24) (without Premium Protection Agreement)	(Hajime no Kanpo) 0 to 12									
For those considering a comfortable retirement	Term annuity						45 to 70				
For those who wish to accumulate assets as wage earners	Asset-formation savings insurance			15* to 65							
	Asset-formation housing funding insurance			15* to 54							
	Asset-formation whole life annuity					36 to 54					

Note: Subscription age is insurance age (except for *marks).

Note: Subscription age for educational endowment insurance (H24) is shown in pink for insured person and in yellow for policyholders. There is no limit on subscription age for Educational Endowment Insurance (H24) (without Premium Protection Agreement).

Note: We may refrain from selling some products depending on the interest rates and other situations.

2. Principal Riders and Provisions

(As of April 2, 2015)

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.

Note: 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



The Japan Post Insurance *Sono hi kara* Hospitalization Rider provides basic insurance coverage that is simple and easy to understand. This rider pays benefits beginning with the first day in the hospital

and covers an extended scope of surgery to match the government health insurance system.

■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.

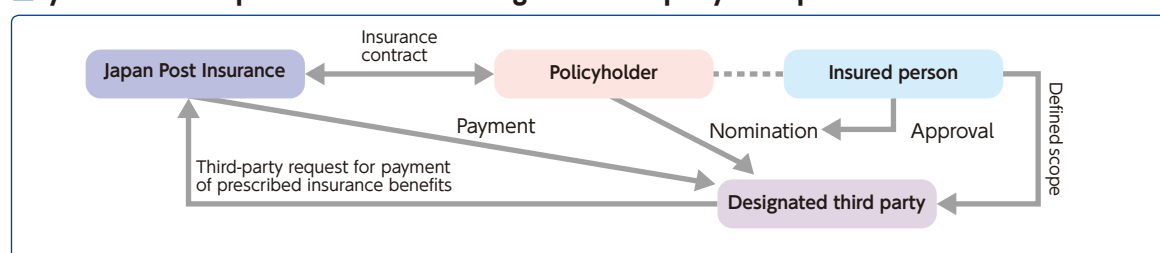
Note: Additional information concerning conditions for the payment of rider benefits and restrictions on these payments is listed in the policy information and policy agreement pamphlets.

●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.

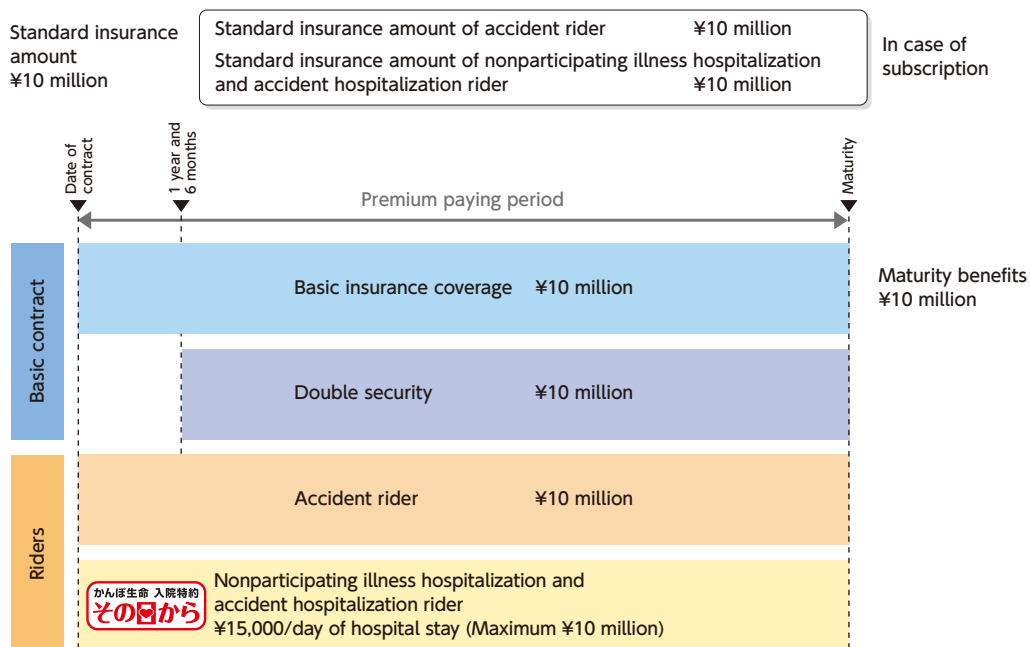
■System with an option that allows a designated third party to request insurance benefits



Insurance schemes

●Outline of endowment insurance schemes

Ordinary endowment insurance

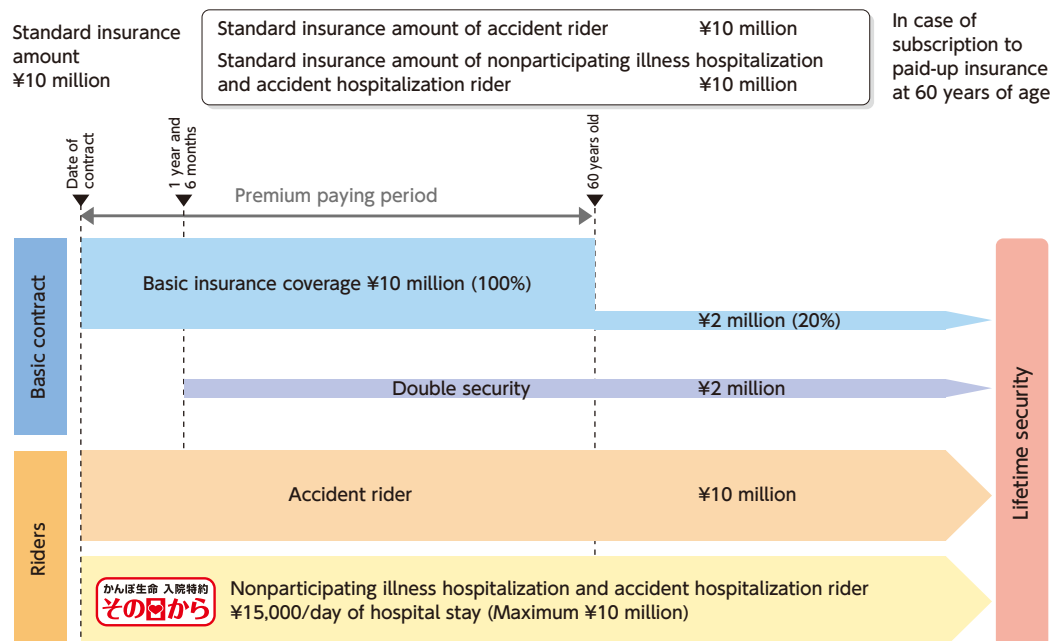


Features

- 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 premiums and others, insurance claims and others and operating expenses, as well as investment-related income and expenses, which consist primarily of interest and dividend income.

Japan Post Insurance's core profit for fiscal 2015 was ¥515.4 billion.

Core Profit ¥515.4 billion

(Billions of yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Core income (1)	¥ 11,850.7	¥ 11,240.1	¥ 10,185.7
Insurance premiums and others	6,481.7	5,911.6	5,956.7
Investment income (Note 1)	1,500.4	1,458.3	1,366.0
Reversal of policy reserves (Note 2)	3,813.2	3,736.8	2,719.2
Core expenses (2)	11,280.7	10,758.0	9,670.3
Insurance claims and others	10,673.0	10,160.8	9,059.5
Provision for policy reserves and others	9.0	4.6	1.4
Investment expenses (Note 1)	4.7	5.7	5.2
Operating expenses	512.9	513.0	512.4
Core profit ((1)-(2)) A	570.0	482.0	515.4
Net capital gains B	30.7	61.7	64.1
Other one-time profits C	(71.3)	(80.3)	(86.4)
Ordinary profit A+B+C	¥ 529.3	¥ 463.5	¥ 493.1

Notes: 1. Excluding the amount regarding net capital gains

2. Excluding the amount regarding other one-time profits (reversal of contingency reserve and others)

Core Profit Breakdown (Three Major Profit Sources)

(Billions of yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015
Core profit	¥ 570.0	¥ 482.0	¥ 515.4
Spread	(4.7)	54.2	66.9
Mortality and morbidity rate margin	385.2	290.4	342.0
Administrative expense margin	189.5	137.3	106.3

2. Solvency Margin Ratio

Life insurance companies accumulate policy reserves to provide for anticipated payment of insurance claims and others. 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 the regulatory agency determines whether or not an insurance 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%, the regulatory agency will take prompt corrective action. On the other hand, if the ratio is greater than or equal to 200%, it indicates that the insurance company has satisfied one of the standards for sound management.

Japan Post Insurance's solvency margin ratio at the end of fiscal 2015 was 1,641.4%, 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
1,641.4%**

(Billions of yen)

	End of fiscal 2013	End of fiscal 2014	End of fiscal 2015
Total amount of solvency margin (A)	¥ 5,000.0	¥ 5,130.0	¥ 5,697.2
Capital stock, etc.	1,286.2	1,332.8	1,386.5
Reserve for price fluctuations	522.8	614.2	712.1
Contingency reserve	2,683.6	2,588.7	2,498.7
General reserve for possible loan losses	0.0	0.0	0.0
Net unrealized gains (losses) on available-for-sale securities (before taxes) × 90% (if negative, × 100%)	202.4	238.9	703.5
Net unrealized gains (losses) on real estate × 85% (if negative, × 100%)	(3.3)	(3.4)	(10.0)
Excess of continued Zillmerised reserve	308.1	358.5	406.2
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)	¥ 681.2	¥ 632.0	¥ 694.1
$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$			
Insurance risk R ₁	172.9	168.4	163.7
Underwriting risk of the third-sector insurance R ₈	113.1	99.9	88.5
Anticipated yield risk R ₂	218.5	198.1	184.4
Minimum guarantee risk R ₇	—	—	—
Investment risk R ₃	380.1	355.8	443.2
Business management risk R ₄	17.6	16.4	17.6
Solvency margin ratio (A) / (1/2) × (B) × 100	1,467.9%	1,623.4%	1,641.4%

Note: The 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.

3. Status of Accumulation of Internal Reserves

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 environment for the life insurance industry. Such changes include fluctuations in prices of financial assets, the occurrence of a major catastrophe and other events.

At the end of fiscal 2015, Japan Post Insurance had a contingency reserve of ¥2,498.7 billion and a reserve for price fluctuations of ¥712.1 billion, a total of ¥3,210.8 billion.

(Billions of yen)

	End of fiscal 2013	End of fiscal 2014	End of fiscal 2015
Total	¥ 3,206.4	¥ 3,203.0	¥ 3,210.8
Contingency reserve	2,683.6	2,588.7	2,498.7
Reserve for price fluctuations	522.8	614.2	712.1

Total of Contingency Reserve and Reserve for Price Fluctuations **¥3,210.8 billion**

4. Real Net Assets

"Real net assets" is calculated by subtracting liabilities, other than the contingency reserve and reserve for price fluctuations and other liabilities with equity characteristics, from total assets measured at market value. The regulatory agency uses real net assets as an indication of an insurance company'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).

At the end of fiscal 2015, Japan Post Insurance had a sufficient level of ¥11,512.2 billion in real net assets.

(Billions of yen)

	End of fiscal 2013	End of fiscal 2014	End of fiscal 2015
Real net assets	¥ 10,107.4	¥ 9,442.2	¥ 11,512.2

Real Net Assets **¥11,512.2 billion**

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 2015, Japan Post Insurance recorded a net unrealized gain on securities of ¥6,494.0 billion.

We recorded a ¥355.2 billion net unrealized gain on money held in trust and a ¥781.7 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.

(Billions of yen)

	End of fiscal 2013	End of fiscal 2014	End of fiscal 2015
Net unrealized gains (losses)			
Total	¥ 5,287.2	¥ 4,534.4	¥ 6,494.0
Held-to-maturity securities	3,643.1	3,169.7	4,537.1
Policy-reserve-matching bonds	1,419.1	1,099.1	1,175.2
Available-for-sale securities (before tax effects)	(Note 1) 224.9	(Note 2) 265.5	(Note 3) 781.7
Money held in trust	43.3	82.5	355.2

Notes: 1. After applying tax-effect accounting, a gain of ¥155.7 billion
2. After applying tax-effect accounting, a gain of ¥184.7 billion
3. After applying tax-effect accounting, a gain of ¥558.0 billion

Net Unrealized Gains (Losses) **¥6,494.0 billion**

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.

2 Policyholder Dividends

Insurance premiums are calculated based on assumed mortality rates, assumed rates of return and projected expenses for policy administration. If these assumed figures exceed actual mortality rates or administration expenses, or if the actual investment returns exceed assumed rates of return, the surplus will be returned to policyholders in the form of dividends ("policyholder dividends") in accordance with the terms of their respective policies.

For fiscal 2015, we posted provision for reserve for policyholder dividends of ¥200.7 billion.

- For Japan Post Insurance Policies, we accounted for provision for reserve for policyholder dividends of ¥10.3 billion.
- For Postal Life Insurance Policies, we posted provision for reserve for policyholder dividends of ¥190.3 billion under the reinsurance agreement concluded with the Management Organization for Postal Savings and Postal Life Insurance, based on the performance of the segment related to reinsurance. Policyholder dividends on Postal Life Insurance Policies are determined by the Management Organization.

Provision for Reserve for Policyholder Dividends **¥200.7 billion**

3 Embedded Value (EV)

Embedded value (EV) is one of the corporate value indicators for life insurance companies.

The profit-loss structure in the life insurance business involves a loss at the time of sale and profit over a policy's duration. A loss occurs temporarily at the time of sale, caused by a considerable amount of expenses generally incurred with the sale of a policy. Future profit is generated as the policy's long duration serves to provide revenues over a long period of time, covering these initial expenses.

Under the current statutory accounting practices in Japan, gains and losses are recognized as they occur in each fiscal year. EV, on the other hand, is used to represent the present value of gains and losses that cover the entire duration. EV is the sum of the adjusted net worth, which reflects gains and losses from business activities in the past, and the value of in-force covered business, which is the present value of the expected future profits from the in-force covered business.

Since fiscal 2013, Japan Post Insurance has been disclosing EV calculated on the basis of the European Embedded Value Principles ("EEV Principles") as additional information supplementary to the

financial data provided under the current statutory accounting practices.

The EV of Japan Post Insurance at the end of fiscal 2015 was ¥3,501.3 billion, an increase of ¥114.5 billion from the end of fiscal 2014.

*We requested a third party (actuarial firm) with actuarial expertise and knowledge to review the methodology and assumptions used to calculate the EV results and obtained a written opinion verifying the validity. For details of this third party opinion, please refer to our website (<http://www.jp-life.japanpost.jp/en/index.html>). The calculation of EV is based on many assumptions, including future outlook, which involves certain risks and uncertainties. Since actual performance may differ materially from the assumptions, we strongly recommend that the users exercise caution.

(Billions of yen)

	End of fiscal 2013	End of fiscal 2014	End of fiscal 2015
EV	¥ 2,866.2	¥ 3,386.8	¥ 3,501.3
Adjusted net worth	2,242.2	2,295.9	2,975.5
Value of in-force covered business	624.0	1,090.9	525.8
	Fiscal 2013	Fiscal 2014	Fiscal 2015
Value of new business	¥ 181.6	¥ 185.1	¥ 134.2

Embedded Value (EV) **¥3,501.3 billion**

4 Insurance Policies

During fiscal 2015, Japan Post Insurance sold 2,381 thousand individual insurance policies with a total policy amount of ¥7,002.5 billion and 137 thousand individual annuity policies with a total policy amount of ¥493.5 billion.

At the end of fiscal 2015, we had 13,539 thousand individual insurance policies in force with a total policy amount of ¥39,159.0 billion and 1,318 thousand individual annuity policies in force with a total policy amount of ¥3,615.9 billion.

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 19,950 thousand insurance policies

with an insured amount of ¥54,322.4 billion and 2,951 thousand annuity policies with an annuity amount of ¥1,077.9 billion.

Reference: Reinsured Postal Life Insurance Policies

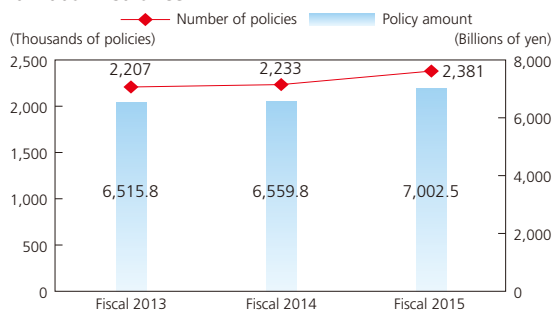
(Thousands of policies, billions of yen)

	End of fiscal 2013		End of fiscal 2014		End of fiscal 2015	
	Number of policies	Insured amount/Annuity amount	Number of policies	Insured amount/Annuity amount	Number of policies	Insured amount/Annuity amount
Insurance	26,934	73,991.4	23,196	63,358.9	19,950	54,322.4
Annuities	3,878	1,434.6	3,396	1,250.6	2,951	1,077.9

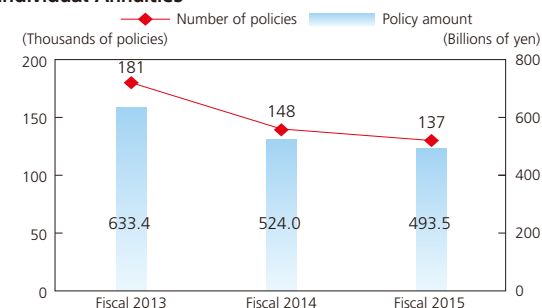
Note: These figures are based on standards published by the Management Organization for Postal Savings and Postal Life Insurance.

New Policies

Individual Insurance



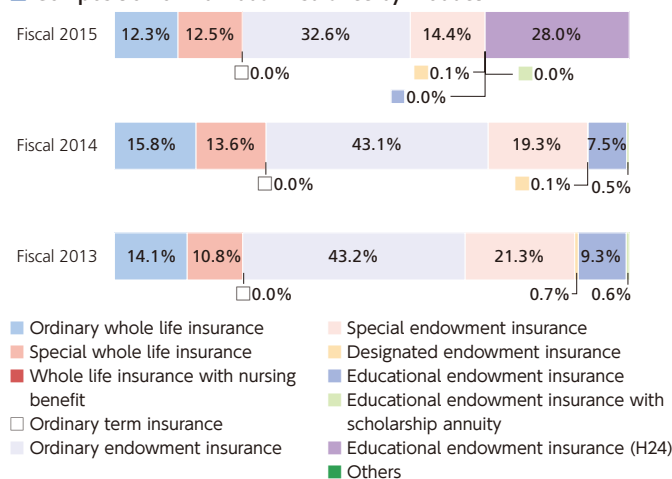
Individual Annuities



Notes:

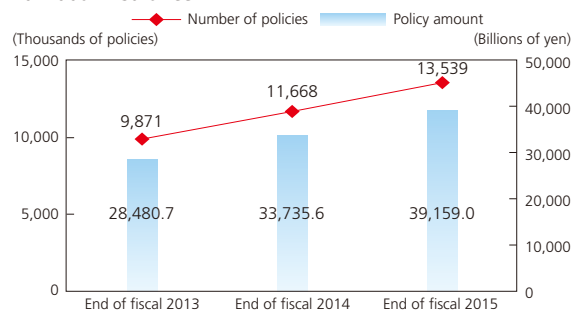
- Policy amounts for individual annuities are the total of accumulated contribution payment as of the date of annuity payment commencement.
- Starting from the fiscal year under review, the number of policies and policy amounts (including those for previous fiscal years) are truncated, instead of being rounded.

Composition of Individual Insurance by Product

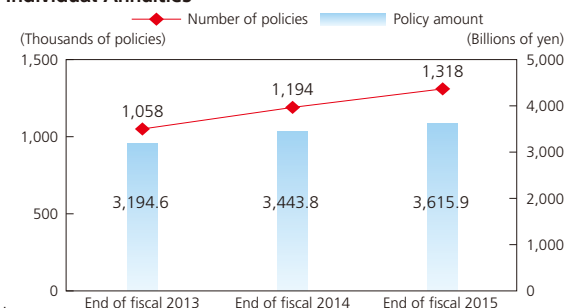


Policies in Force

Individual Insurance



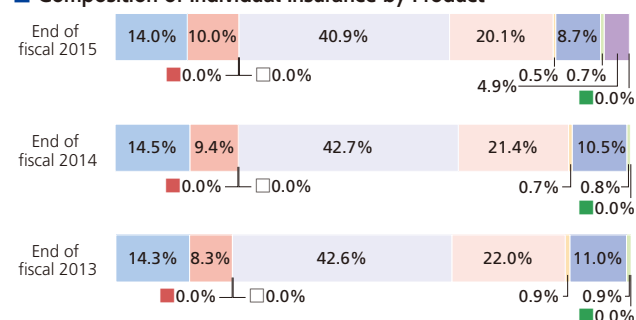
Individual Annuities



Notes:

- Individual insurance and individual annuities do not include the Postal Life Insurance Policies received from the Management Organization for Postal Savings and Postal Life Insurance in the form of reinsurance.
- Policy amounts for individual annuities are the total of (a) the accumulated contribution payment as of the date of annuity payment commencement for the annuity before payments commence and (b) amount of policy reserves for the annuity after payments have commenced.
- Starting from the fiscal year under review, the number of policies and policy amounts (including those for previous fiscal years) are truncated, instead of being rounded.

Composition of Individual Insurance by Product



5 Performance Overview

1. Assets

At the end of fiscal 2015, total assets of Japan Post Insurance amounted to ¥84.9 trillion, a decrease of ¥2.1 trillion from fiscal 2014 (¥87.0 trillion).

In terms of investment, we continued to invest primarily in yen-denominated interest-bearing assets that provide stable interest income. We also invested in risk assets, such as foreign securities and stocks, while enforcing adequate risk management.

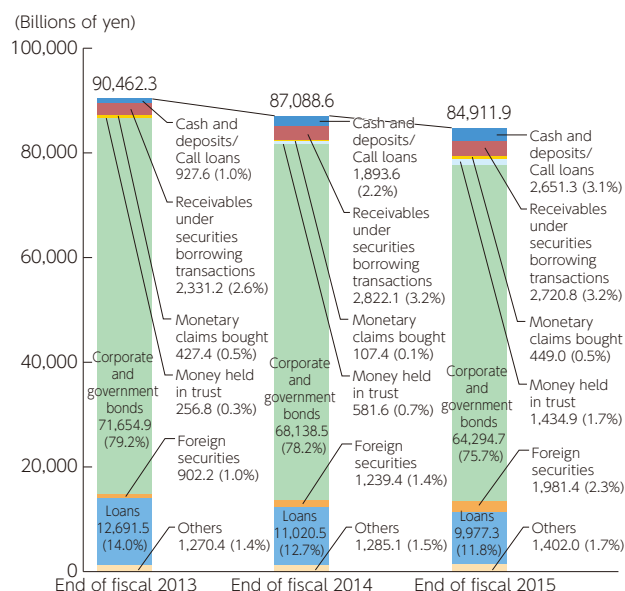
During the fiscal year under review, we made investments in corporate and government bond holdings, primarily of long-term and super-long-term bonds, in view of their value as assets that secure stable income.

As for foreign securities, our investments focused on government bonds issued by foreign governments.

Our management of investments of money held in trust centers on domestic stocks and others.

Loans receivables include syndicated loans, loans to local governments and policy loans.

■ Composition of Assets



2. Asset Management Yield

■ Asset Management Yield

Item	Fiscal 2013	Fiscal 2014	Fiscal 2015
Yield	1.67%	1.71%	1.70%

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 2013		End of fiscal 2014		End of fiscal 2015	
	Market value	Unrealized gain (loss)	Market value	Unrealized gain (loss)	Market value	Unrealized gain (loss)
RMBS	450.1	22.9	446.9	20.1	486.7	24.0

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.

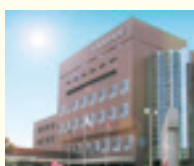
4. Other Businesses

1. Hospital Business

Japan Post Holdings has established 11 Teishin Hospitals around Japan as corporate hospitals of 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. Please refer to page 98 for details including locations.

Notably, Tokyo Teishin Hospital has 477 sickbeds, advanced medical care and medical equipment, and cutting-edge medical research. Approximately 12,000 people utilized medical check-up services during fiscal 2015.

List of 11 Teishin Hospitals nationwide



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



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



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



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



Nagoya Teishin Hospital
Departments
Internal medicine, surgery, obstetrics and gynecology, pediatrics, ophthalmology, dermatology, otolaryngology, orthopedics, medical check-up center



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



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



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



Tokushima 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



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

2. Hotel Business

1. Kanpo no Yado Inns and Kanpo no Sato Inns

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.

These facilities are near tourist spots, with many of them incorporating universal designs throughout bathrooms and guest rooms, thereby ensuring that guests can stay with peace of mind.

Kanpo no Sato inns are lodging facilities where people can enjoy sports and other leisure activities in a natural setting.

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 99-100.

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.

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. MIELPARQUE hotels have been run by a subsidiary of Watabe Wedding Corp. under a fixed-term lease agreement with Japan Post Holdings. MIELPARQUE Kyoto does not have accommodation and wedding facilities.
2. U-Port has been run by Seiyo Food-Compass Group, Inc. and Central Sports Co., Ltd. under a fixed-term lease agreement with Japan Post Holdings.

List of Accommodation Facilities Nationwide

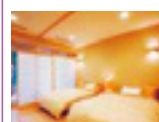
- | | | | |
|------------------------------|--------------------------|----------------------|--|
| 1 Otaru (Kazeru Otaru Annex) | 21 Atami (Main Building) | 40 Arima | 60 Nichinan |
| 2 Ichinoseki | Atami (Annex) | 41 Ako | 61 Recreation Center in Naha*2 |
| 3 Matsushima*1 | 22 Izukogen | 42 Awajishima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

*1 Temporarily closed (as of July 1, 2015)

*2 Closed as of check-out on August 31, 2015

On our recommendation list:

9 Kanpo no Yado inn Shiobara



Located in Nikko National Park and surrounded by mountains, guests can experience amazing nature during all four seasons at Kanpo no Yado inn Shiobara. Try out various hot springs in the famous Shiobara Hot Springs Village, which has a history dating back about 1,200 years.

16 Kanpo no Yado inn Ome



Enjoy the beautiful views of the Mitake Ravine from this riverfront inn overlooking the Tama River. Some of the guestrooms were renewed in fiscal 2014 to ensure even greater comfort.

40 Kanpo no Yado inn Arima



Luxuriate in the red-brown, iron-rich hot water, which directly flows from the well-known Kinsen ("gold spring") hot spring on the premises of the inn. Go for a stroll through Arima Onsen, a historical hot springs resort.

52 Kanpo no Yado inn Ino



Enjoy a relaxing view of the clear waters of the Niyodo River from all guestrooms. Soak in a comfortable hot spring high in salinity, and enjoy the exciting local cuisine of Tosa that lavishly uses nature's blessings.

53 Kanpo no Yado inn Kitakyushu



Situated at the head of the Iwaya Coast in Genkai Quasi-National Park, Kanpo no Yado inn Kitakyushu has a superb view. Enjoy a beautiful panoramic sunset over the Genkai Sea, while fishing lamps glimmer from the coast and stars sparkle in the sky.

3. Japan Post Group Women's Athletics Team

The Japan Post Group established the Japan Post Group Women's Athletics Team in April 2014, making it the first company sports team since its founding.

In fiscal 2016, which marks the second year since its establishment, the team, currently comprising 10 members (as of April 1, 2015) with the addition of four members, and will aim to participate and strive to take the top positions in various competitions, including the All-Japan Women's Corporate Ekiden Championships.

The Japan Post Group will continue to develop middle-distance runners with a focus on competing in road relay races (*ekiden*), as well as to contribute to local communities and society through sports activities. We will promote the team's activities to help cultivate a sense of unity among employees of the Japan Post Group through participation in various competitions, while always keeping in mind the affinity between our postal service that connects people by mail and the *ekiden* that connects runners by a sash.

■ Major Activities and Results in Fiscal 2015

Month/Year	Activity/Competition	Athlete	Result	Record
April 2014	Team established	—	—	—
June 2014	16th Asian Junior Athletics Championships (women's 3000 m)	Hanami Sekine	2nd (silver medal)	9.17.55
August-September 2014	High-altitude training in Boulder, U.S.A.	—	—	—
September 2014	239th Nittaidai Time Trials Track Meet (women's 3000 m)	Ayuko Suzuki	1st	8.58.01* ¹
October 2014	62nd National Corporate Track and Field Championships (women's 5000 m)	Ayuko Suzuki	1st	15.14.96* ²
November 2014	East Japan Women's Ekiden (Tokyo team / Leg 1)	Hanami Sekine	1st in Leg 1	19.02
November 2014	2014 Hanji Aoki Cup International Chiba Ekiden (Japanese national team / Leg 2)	Ayuko Suzuki	1st in Leg 2	15.21
January 2015	Inter-Prefectural Women's Ekiden* ³	Ayuko Suzuki Hanami Sekine	2nd in Leg 9 (MVP) 39th in Leg 1	32.25 20.27
March 2015	Team dorm completed, accepting members	—	—	—

*1: Best among Japanese athletes in 2014, and personal best

*2: All-time 12th among all Japanese athletes, best among Japanese athletes in 2014, and personal best

*3: Ayuko Suzuki represented Aichi Prefecture (Leg 9: 10km), and Hanami Sekine represented Tokyo (Leg 1: 6km).



Ayuko Suzuki, setting new records among Japanese athletes in the women's 3,000 m and 5,000 m categories in 2014



Members of the Japan Post Group Women's Athletics Team (fiscal 2015)



Hanami Sekine, winning the silver medal in the women's 3,000 m category in the 16th Asian Junior Athletics Championships