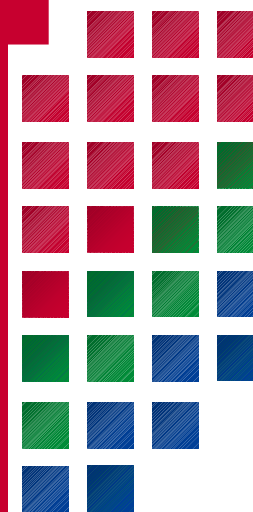


**Financial Highlights
for the Six Months Ended September 30, 2015**

November 13, 2015



Japan Post Group: Financial Highlights

■ Results of Operations for the Six Months Ended September 30, 2015

(Billions of yen)

| | Japan Post Group (Consolidated) | Japan Post (Consolidated) | Japan Post Bank | Japan Post Insurance (Consolidated) |
|---|------------------------------------|------------------------------|------------------|--|
| Ordinary income | 7,035.0 | 1,643.9 | 987.1 | 4,881.3 |
| Year-on-year (for the six months ended Sept.30, 2014) change | (70.6) (1.0)% | + 263.3 + 19.1% | (43.8) (4.2)% | (290.3) (5.6)% |
| Net ordinary income | 473.3 | (21.8) | 251.6 | 218.7 |
| Year-on-year (for the six months ended Sept.30, 2014) change | (45.4) (8.8)% | + 12.2 - | (21.3) (7.8)% | (44.7) (17.0)% |
| Net income | 213.3 | (12.5) | 171.5 | 48.5 |
| Year-on-year (for the six months ended Sept.30, 2014) change | (3.7) (1.7)% | + 23.3 - | (10.1) (5.5)% | (2.3) (4.5)% |

■ Forecast for the fiscal year ending March 31, 2016

| | | | | |
|--------------------------------|-------|------|-------|-------|
| Net ordinary income | 860.0 | 29.5 | 460.0 | 350.0 |
| Net income | 370.0 | - | 320.0 | 84.0 |

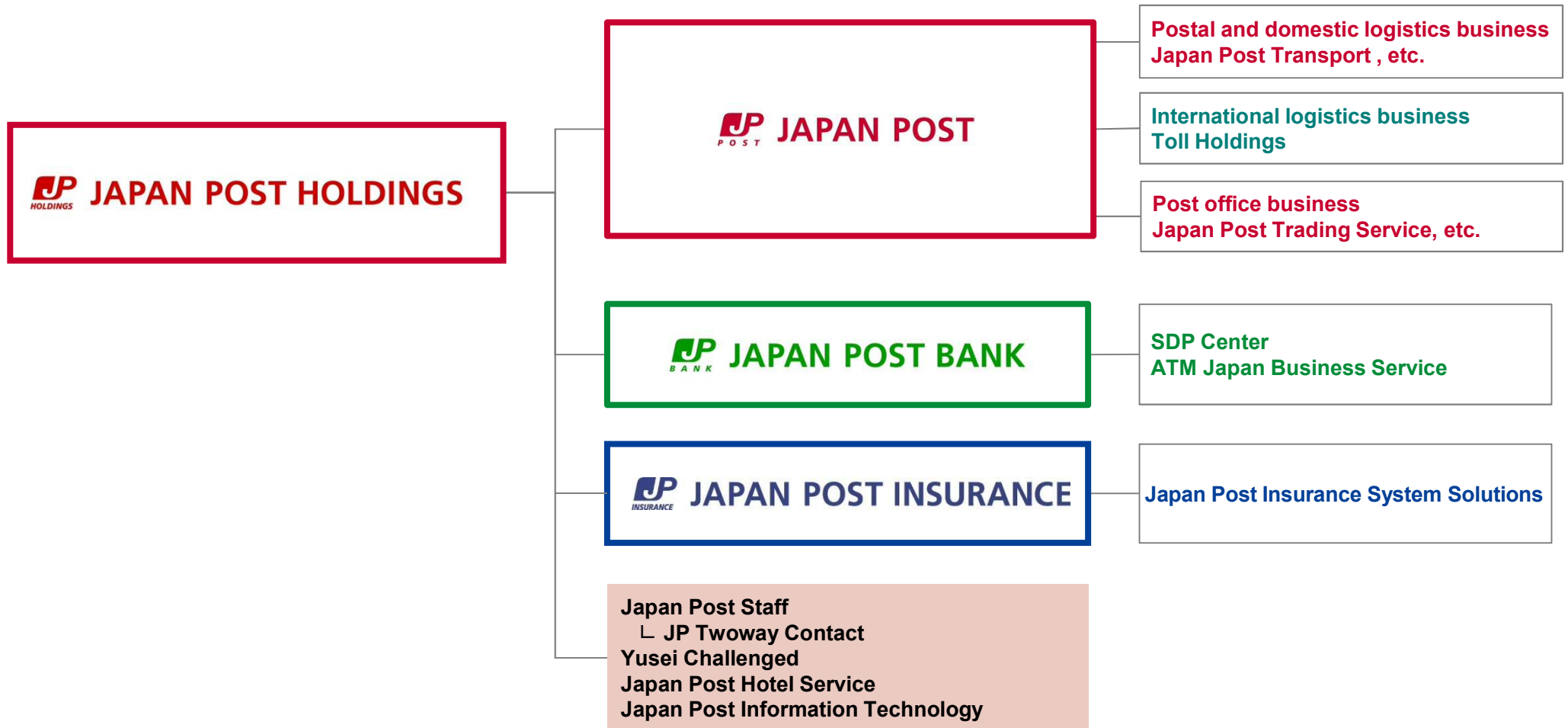
Notes: 1. Figures less than ¥0.1 billion are rounded down. The figures of Japan Post Group (consolidated) and the combined figures of each subsidiaries do not correspond because of other consolidated accounting procedures.

2. The amount of ordinary profit on the consolidated financial statements of Japan Post Insurance has been used for net ordinary income of Japan Post Insurance.

3. The amounts of net income attributable to Japan Post Holdings, net income attributable to Japan Post and net income attributable to Japan Post Insurance have been used for net income of Japan Post Group (consolidated), Japan Post (consolidated) and Japan Post Insurance (consolidated), respectively.

Japan Post Group: List of the Group Companies

Organization chart
(as of September 30, 2015)



Japan Post (Consolidated): Financial Highlights

Japan Post consolidated operating income for the six months ended September 30, 2015 increased by ¥260.8 billion year-on-year to ¥1,633.0 billion. Japan Post consolidated net operating loss improved by ¥9.0 billion year-on-year to ¥26.8 billion.

- Net operating loss of postal and domestic logistics business improved by ¥3.2 billion year-on-year to ¥46.3 billion due to an increase in volume of Yu-Pack and Express Mail Service (EMS) handled.
- Net operating income of post office business increased by ¥7.9 billion year-on-year to ¥21.6 billion mainly due to promoting the operating initiatives in cooperation with Japan Post Bank and Japan Post Insurance.
- Operating income and net operating income of international logistics business that represent financial results of Toll Holdings (the “Toll”) were ¥191.4 billion and ¥8.0 billion respectively.

(Billions of yen and millions of Australian dollars)

| Item | Japan Post (Consolidated) | | Postal and domestic logistics business | | ^(Note2) International logistics business | | Post office business | |
|-----------------------------------|---------------------------|---------------------|--|---------------------|---|---------------------|----------------------|--------|
| | Year-on-year change | Year-on-year change | Year-on-year change | Year-on-year change | Year-on-year change | Year-on-year change | Year-on-year change | |
| Operating income | 1,633.0 | + 260.8 | 868.1 | + 35.3 | 191.4 [2,156] | - | 666.3 | + 37.1 |
| Operating expenses | 1,659.9 | + 251.8 | 914.5 | + 32.0 | 183.4 [2,066] | - | 644.6 | + 29.1 |
| Personnel expenses | 1,111.0 | + 90.6 | 591.3 | + 15.5 | 59.4 [669] | - | 460.2 | + 15.6 |
| Other expenses | ^(Note1) 548.8 | + 161.1 | 323.1 | + 16.5 | 123.9 [1,396] | - | 184.4 | + 13.4 |
| Net operating income (loss) | (26.8) | + 9.0 | (46.3) | + 3.2 | 8.0 [90] | - | 21.6 | + 7.9 |
| Net ordinary income (loss) | (21.8) | + 12.2 | | | | | | |
| Income (loss) before income taxes | (11.2) | + 25.3 | | | | | | |
| Net income (loss) | (12.5) | + 23.3 | | | | | | |

- Notes: 1. Includes amortization of goodwill in connection with the acquisition of Toll which is ¥6.1 billion for the three-month period from July 2015 to September 2015.
2. International logistics business is presented as the financial results of Toll and in accordance with IFRS. Net operating income is presented as EBIT of Toll. Figures in square brackets are presented in millions of Australian dollars (Average exchange rate for the period: ¥88.77 to A\$1.00.).
3. Year-on-year change figures have not been presented because the previous corresponding period was before Toll acquisition.

Japan Post (Consolidated) [Postal and Domestic Logistics Business]: Financial Results

- Operating income increased by ¥35.3 billion year-on-year because of the following factors: Volume of Yu-Pack handled increased for the third consecutive year, due to expansion of e-commerce market and the strengthened sales activities for small and medium-sized businesses; there was a continued increase in international parcel including EMS and international parcels for China since the latter half of the previous fiscal year; and efforts were made for expansion of new services such as Smart Letter.
- Net operating loss improved by ¥3.2 billion, because increase in operating expenses was well controlled by the measures including an improvement of productivity in pick-up and delivery services, despite negative factors including an increase in unit personnel expenses associated with an increase in volume of Yu-Pack and EMS handled.
- Furthermore, as part of the restructuring of the postal and logistics network for enhancing the productivity, Japan Post opened a new regional sorting facility covering Tokyo area in May 2015.

Results of Operations for the Six Months Ended September 30, 2015

| | (Billions of yen) | | |
|-----------------------------|--|--|------------------------|
| | For the six months ended Sept.30, 2015 | For the six months ended Sept.30, 2014 | Year-on-year change |
| Operating income | 868.1 | 832.8 | + 35.3 |
| Operating expenses | 914.5 | 882.4 | + 32.0 |
| Personnel expenses | 591.3 | 575.8 | + 15.5 |
| Other expenses | 323.1 | 306.6 | + 16.5 |
| Net operating income (loss) | (46.3) | (49.6) | + 3.2 |

Factors behind the increase in operating income

- Increase in volume of Yu-Pack and Yu-Mail handled
- Increase in volume of EMS and international parcel handled
- Increase in sales income of Letter Pack (including Smart Letter)

Factors behind the increase in personnel expenses

- Increase in salaries and allowances (including for fixed-term employees)
- Increase in legal welfare expenses

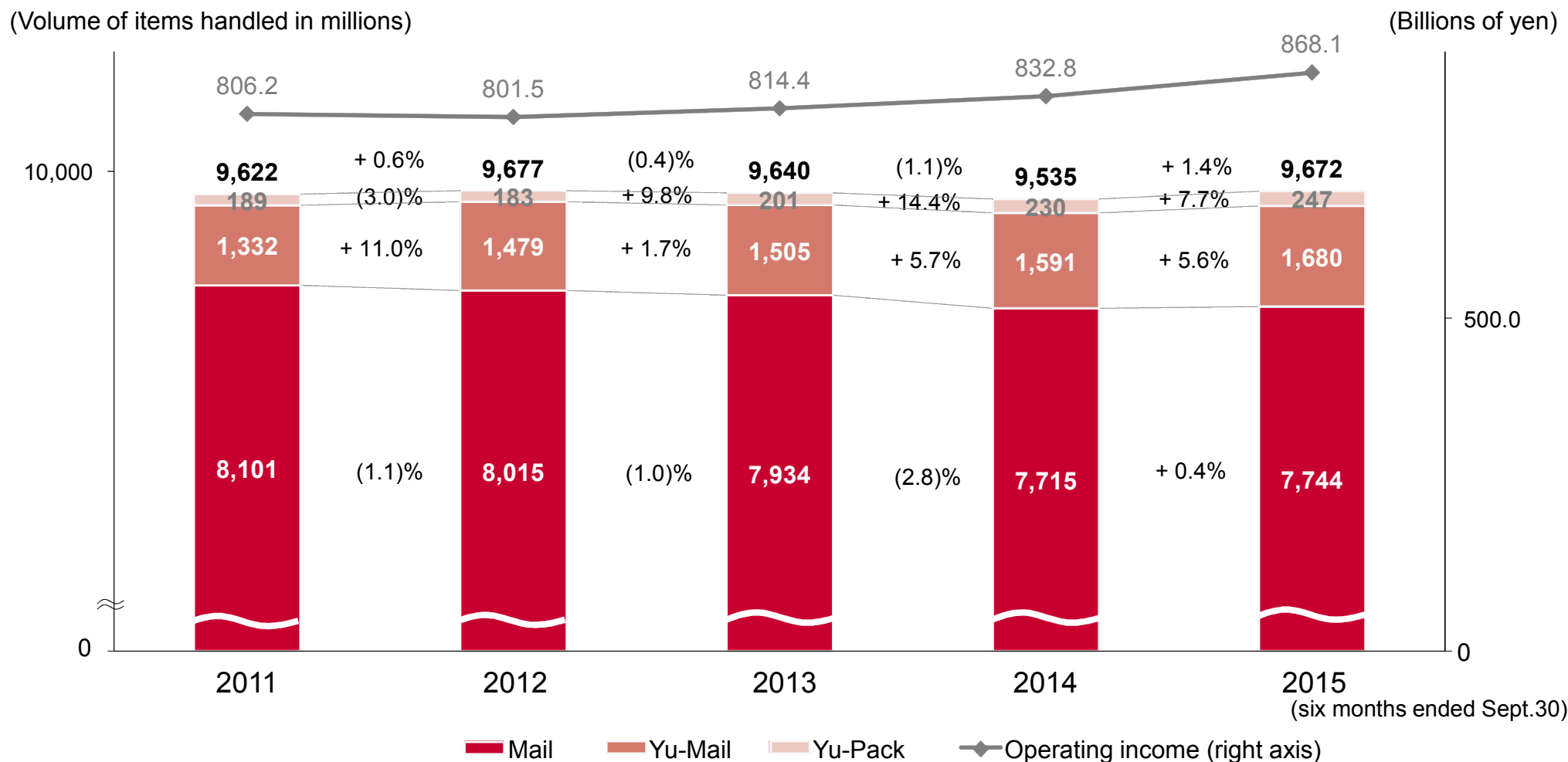
Factors behind the increase in other operating expenses

- Increase in international transportation fees associated with the increase in volume of EMS, etc.
- Increase in collection, transport and delivery outsourcing expenses associated with the increase in volume of Yu-Pack, etc.

Note: Net operating income (loss) for the six-month period is in deficit, due to the seasonal characteristics of the postal business in which income is concentrated in the second half due to new year's postcards demands.

Japan Post (Consolidated) [Postal and Domestic Logistics Business]: Trends in Volume of Items Handled

■ Total volume of items handled increased by 1.4% year-on-year. Of which, an increase in volume of mail handled increased by 0.4% year-on-year (as affected by the nationwide local elections). Volume of Yu-Pack and Yu-Mail handled increased by 7.7% and 5.6% year-on-year, respectively.



Note: Yu-Pack includes EXPACK parcels.

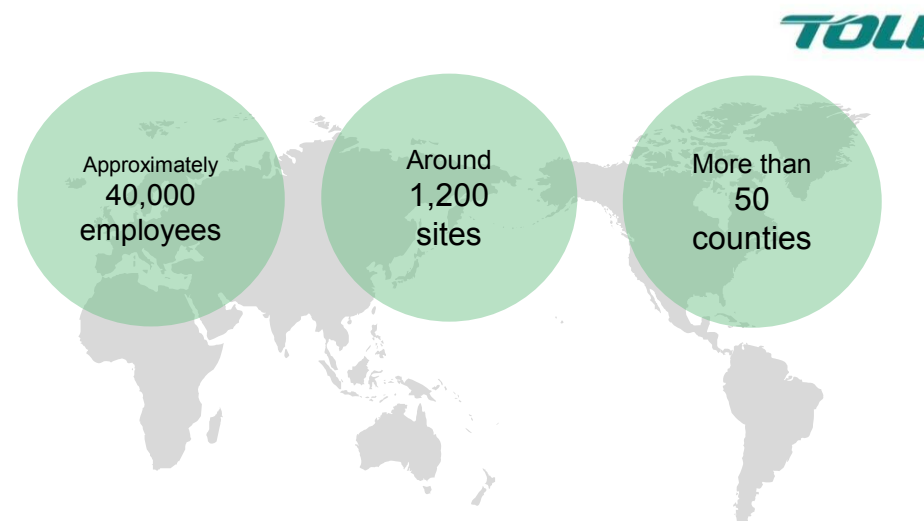
Japan Post (Consolidated) [International Logistics Business]: Financial Results of Toll

- Toll is an integrated international logistics provider with a strong operating base in Australia that engages in the forwarding business and third-party logistics (contract logistics) in the Asia Pacific region. The Japan Post Group has positioned Toll as the platform for global expansion of the Group and will promote growth of the international logistics business by taking full advantage of the knowledge and experience of Toll.
- Financial results of Toll for the three-month period from July 2015 to September 2015 has been included in the consolidated figures of the Japan Post Group. Operating income and net operating income of Toll were on par with levels of the previous year under the weak business environment in Australia and Asian countries.
- Although the Australian economy is under harsh conditions due to the drop in prices of resources, sustainable growth can be expected for the medium-to-long term, investments necessary for enhancing efficiency and productivity and for facilitating future growth shall be continued for the international logistics segment, the segment which Toll falls under, as we aim to maintain and enhance profitability.

Results of Operations for the Three Months Ended September 30, 2015 (Reference)

(Millions of Australian dollars)

| | (Note1) 2Q of FY 2016 | (Note2) 2Q of FY 2015 | (Note2) Year-on-year change |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------------|
| Operating income (revenue) | 2,156 | 2,140 | + 16 (+ 0.8%) |
| Operating expenses | 2,066 | 2,059 | + 6 (+ 0.3%) |
| Net operating income (EBIT) | 90 | 81 | + 9 (+ 12.1%) |



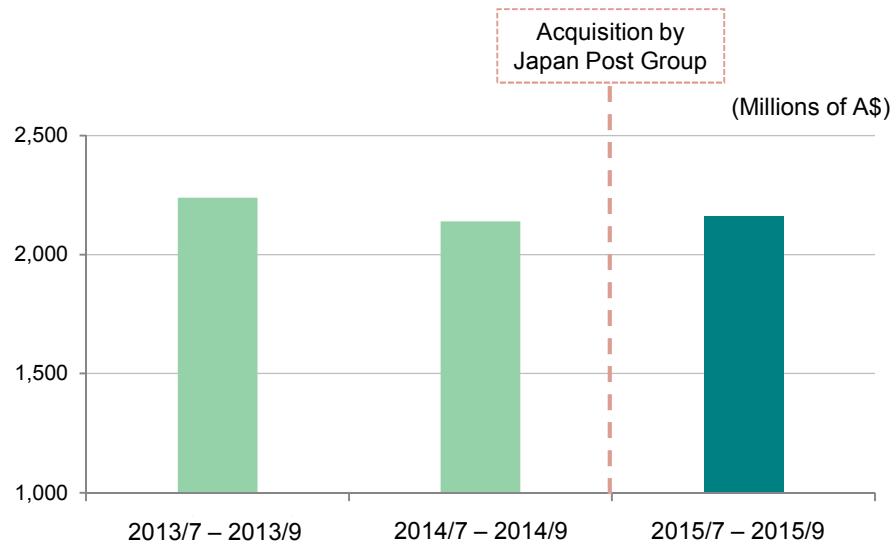
Notes: 1. As profit and loss of Toll have been included in the consolidated figures of Japan Post Group from July 2015, figures under "2Q of FY 2016" include profit and loss of Toll for the three-month period from July 2015 to September 2015.

2. Figures under "2Q of FY 2015" and "year-on-year change" are the figures of Toll for the three-month period in the previous fiscal year before it became a consolidated subsidiary of Japan Post Group, and are included for referential purposes only.

Japan Post (Consolidated) [International Logistics Business]: Trends of Operating Income and EBIT of Toll

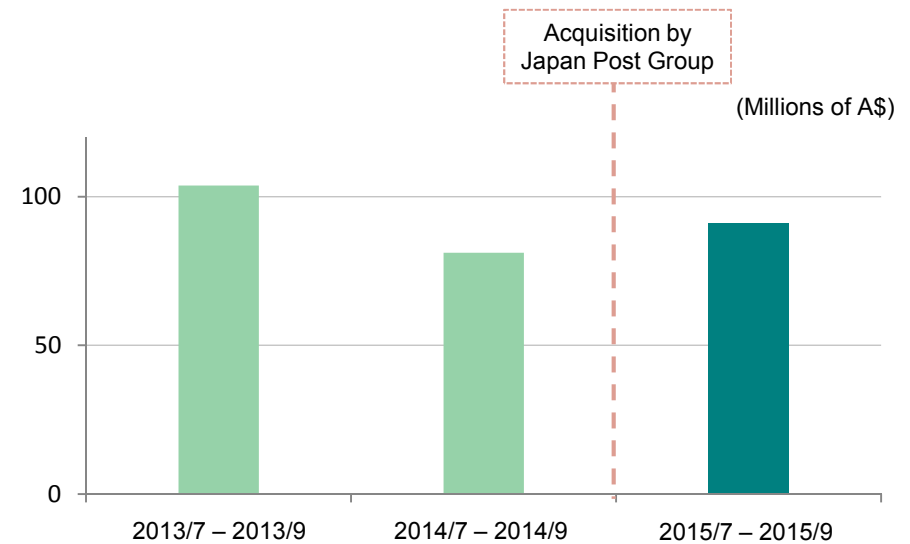
■ Revenue and EBIT for the same period for the three years

Trends of operating income (revenue)



- Operating income (revenue) for the period under review increased by A\$16 million to A\$2,156 million compared to the previous corresponding period.
- Operating income (revenue) was on par with the previous corresponding period due to factors including new contracts acquired in third-party logistics (contract logistics) despite the decline in income from businesses in Australia lead by the downturn of the Australian and Asian economies as a result of the drop in prices of resources.

Trends of net operating income (EBIT)



- Net operating income (EBIT) for the period under review increased by A\$9 million to A\$90 million compared to the previous corresponding period.
- Net operating income was on par with the previous corresponding period despite an adverse business environment due to factors including: implementation of measures aimed at acquiring new contracts in contract logistics, implementation of measures aimed at enhancing productivity, in addition to a strong existing customer base.

Note: Figures for 2013 and 2014 are financial figures of Toll before it became a consolidated subsidiary of Japan Post Group, and are included for referential purposes only.

- Commissions for banking business consignment and life insurance business consignment increased due to an increase in sales commissions and administrative fees from Japan Post Bank and an increase in the commissions for new policy sales from Japan Post Insurance, resulting from promoting the operating initiatives in cooperation with them.
- Furthermore, operating income increased by ¥37.1 billion year-on-year, because of an increase in catalog sales as part of merchandising business, increase in earnings from the development of real estate business, and improvement in third-party financial product agency services such as the expansion in July of the scope of post offices handling cancer insurance to 20,000 locations.
- Although operating expenses increased by ¥29.1 billion year-on-year resulting from an increase in salaries and allowances, legal welfare expenses and costs of sales, net operating income increased by ¥7.9 billion year-on-year.

Results of Operations for the Six Months Ended September 30, 2015

(Billions of yen)

| | For the six months ended Sept.30, 2015 | For the six months ended Sept.30, 2014 | Year-on-year change |
|----------------------|--|--|---------------------|
| Operating income | 666.3 | 629.1 | + 37.1 |
| Operating expenses | 644.6 | 615.4 | + 29.1 |
| Personnel expenses | 460.2 | 444.5 | + 15.6 |
| Other expenses | 184.4 | 170.9 | + 13.4 |
| Net operating income | 21.6 | 13.6 | + 7.9 |

Breakdown of operating income

(Billions of yen)

| Item | For the six months ended Sept.30, 2015 |
|---|--|
| Commissions for business consignment | 577.9 |
| Other income | 88.3 |
| Merchandising business | 61.9 |
| Real estate business | 14.8 |
| Third-party financial product agency services | 5.4 |

Factors behind the increase in personnel expenses

- Increase in salaries and allowances (including for fixed-term employees)
- Increase in legal welfare expenses

Factors behind the increase in other expenses

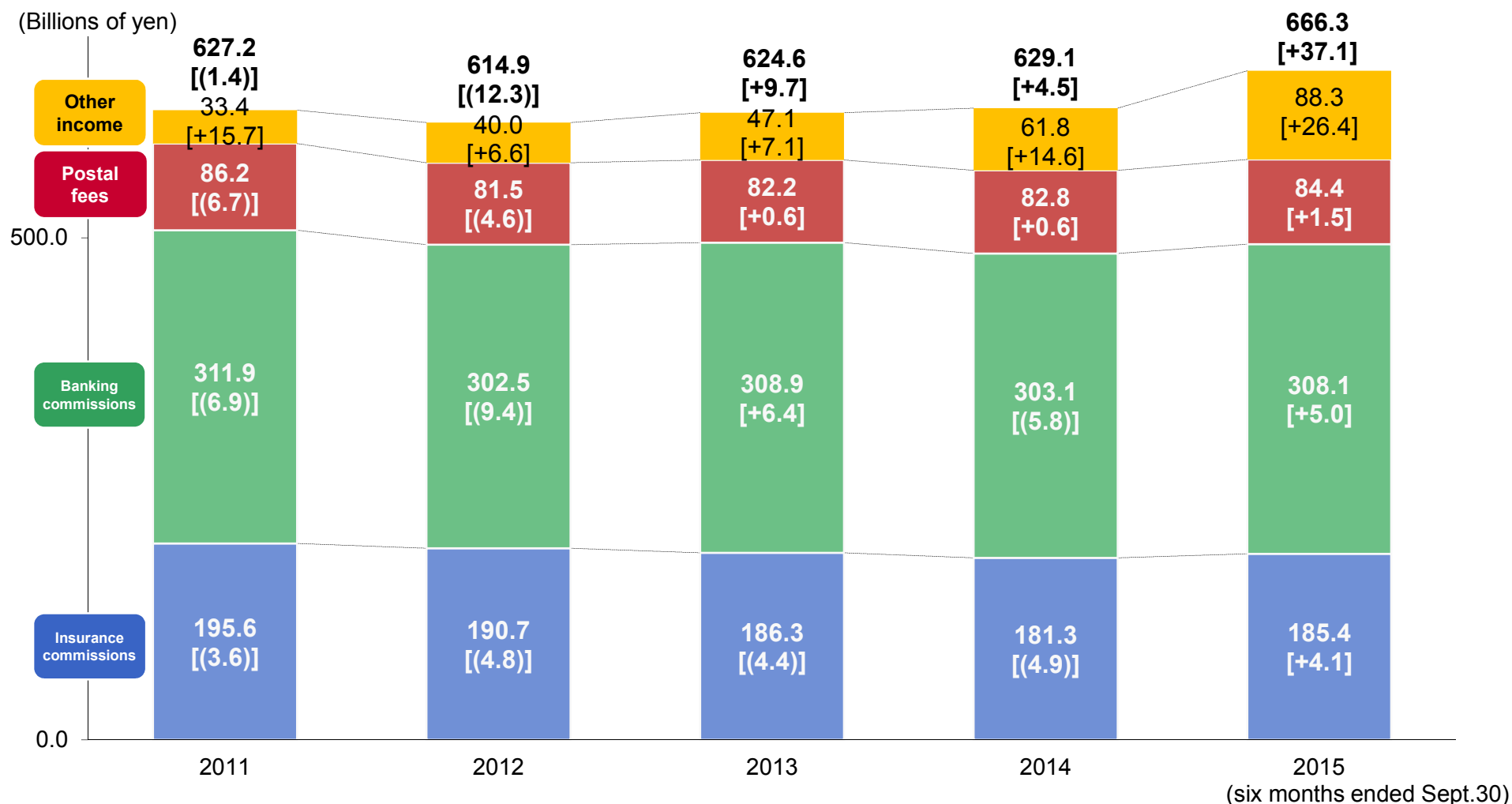
- Increase in cost of sales for merchandising business
- Increase in cost of sales associated with unit sales of residential real estate

Factors behind the decrease in other expenses

- Reduction of the expenses for the nationwide replacement of computer terminals

Japan Post (Consolidated) [Post Office Business]: Changes in the Earnings Structure

- Commissions from Japan Post Bank and Japan Post Insurance increased year-on-year due to promoting the operating initiatives in cooperation with them.
- Other operating income showed steady increase due to expansion of merchandising business and real estate business.



Japan Post Bank: Financial Highlights

Results of Operations for the Six Months Ended September 30, 2015

(Billions of yen)

| | For the six months ended | | Year-on-year change |
|---|--------------------------|---------------|---------------------|
| | Sept.30, 2015 | Sept.30, 2014 | |
| Gross operating profit | 759.4 | 821.4 | (61.9) |
| Net interest income | 699.4 | 777.1 | (77.6) |
| Net fees and commissions | 46.9 | 44.5 | + 2.4 |
| Net other operating income (loss) | 13.1 | (0.2) | + 13.3 |
| General and administrative expenses <small>(Note1)</small> | 531.6 | 565.1 | (33.4) |
| Provision for general reserve for possible loan losses | (0.0) | - | (0.0) |
| Net operating profit | 227.8 | 256.2 | (28.4) |
| Non-recurring gains (losses) | 23.8 | 16.7 | + 7.1 |
| Net ordinary income | 251.6 | 273.0 | (21.3) |
| Net income | 171.5 | 181.7 | (10.1) |
| Ordinary income | 987.1 | 1,030.9 | (43.8) |
| Ordinary expenses | 735.4 | 757.9 | (22.4) |
| | As of | | Year-on-year change |
| | Sept.30, 2015 | Sept.30, 2014 | |
| Deposits <small>(Note2)</small> | 177,131.0 | 177,946.5 | (815.4) |
| Capital adequacy ratio <small>(non-consolidated, domestic standard)</small> | 30.45% | 44.91% | (14.46)% |

Overview

- Gross operating profit for the six months ended September 30, 2015 decreased by ¥61.9 billion year-on-year to ¥759.4 billion. Net interest income decreased year-on-year, while net fees and commissions and net other operating income increased year-on-year.
- General and administrative expenses decreased by ¥33.4 billion year-on-year to ¥531.6 billion mainly due to the effects of the reduction in the deposit insurance premium rate.
- In the adverse business environment with the prolonged period of historically low interest rates, net operating profit decreased by ¥28.4 billion year-on-year to ¥227.8 billion and net ordinary income decreased by ¥21.3 billion year-on-year to ¥251.6 billion.
- Net income decreased by ¥10.1 billion year-on-year to ¥171.5 billion, which equated to 53.6% of the earnings forecasts of ¥320.0 billion for the fiscal year ending March 31, 2016.
- Deposits as of September 30, 2015 amounted to ¥177,131.0 billion (¥178,500.1 billion including accrued interest).
- Capital adequacy ratio (non-consolidated, domestic standard) as of September 30, 2015 was 30.45%.

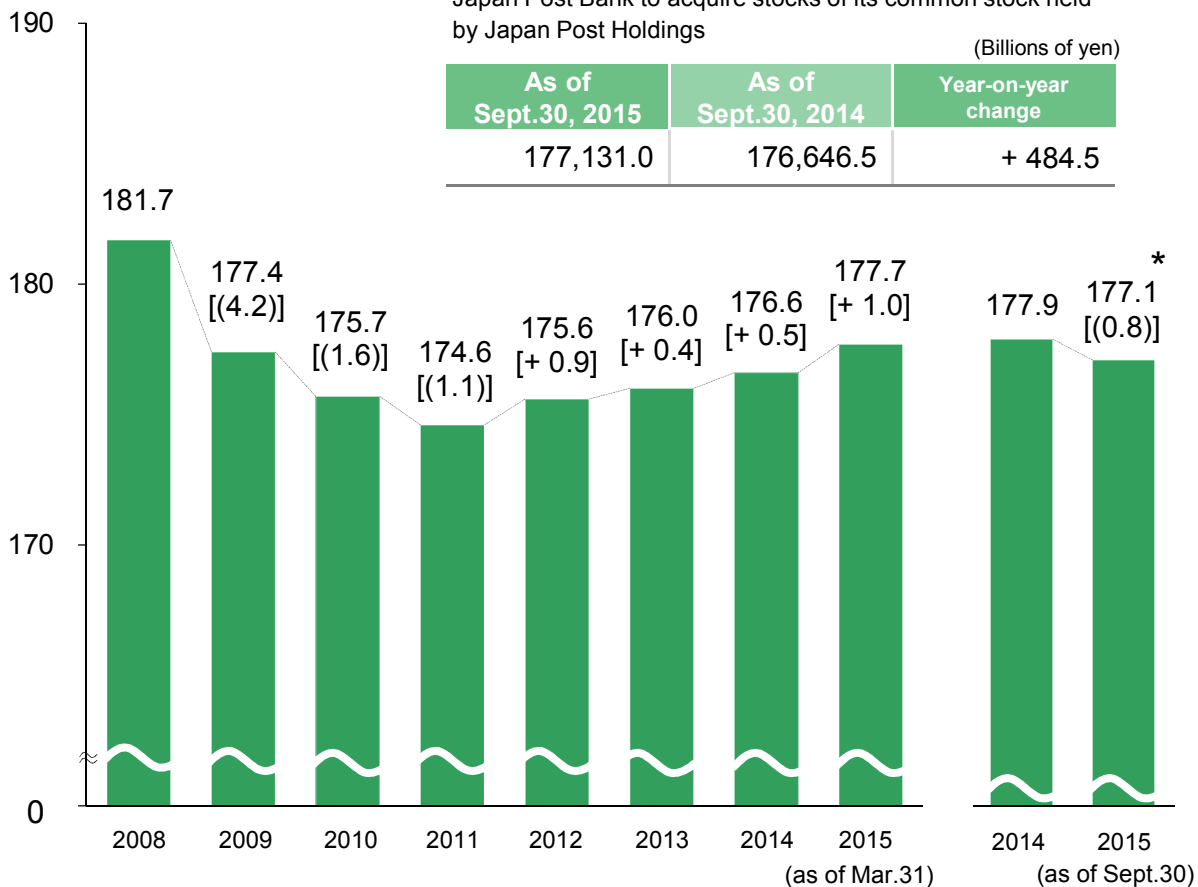
Notes: 1. Excludes non-recurring losses.
2. Excludes accrued interest.

Japan Post Bank: Business Results

■ Deposit balance as of September 30, 2015 was ¥177.1 trillion. Investment trust sales amount was ¥231.4 billion and variable annuity insurance sales amount was ¥48.0 billion for the six months ended September 30, 2015.

Deposit Balance (period-end)

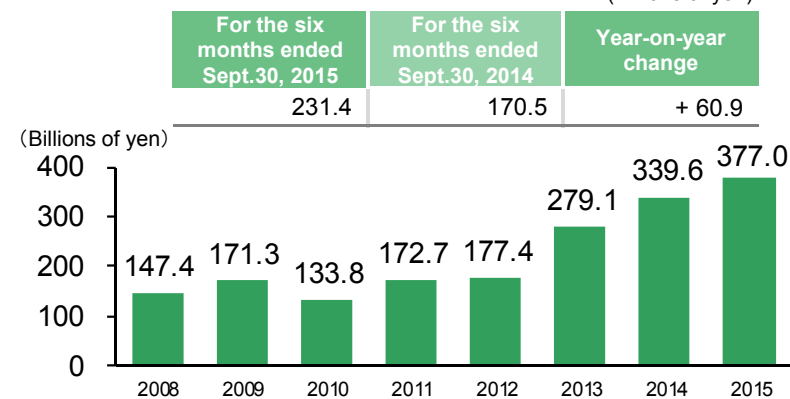
(Trillions of yen)



Note: Figures are rounded down to the first decimal place.

Investment Trust Sales

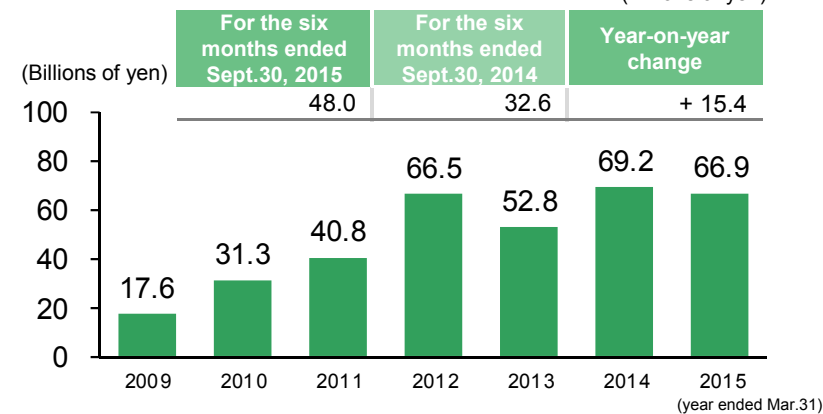
(Billions of yen)



Note: 2008 represent the six-month period from October 1, 2007 to March 31, 2008.

Variable Annuity Insurance Sales

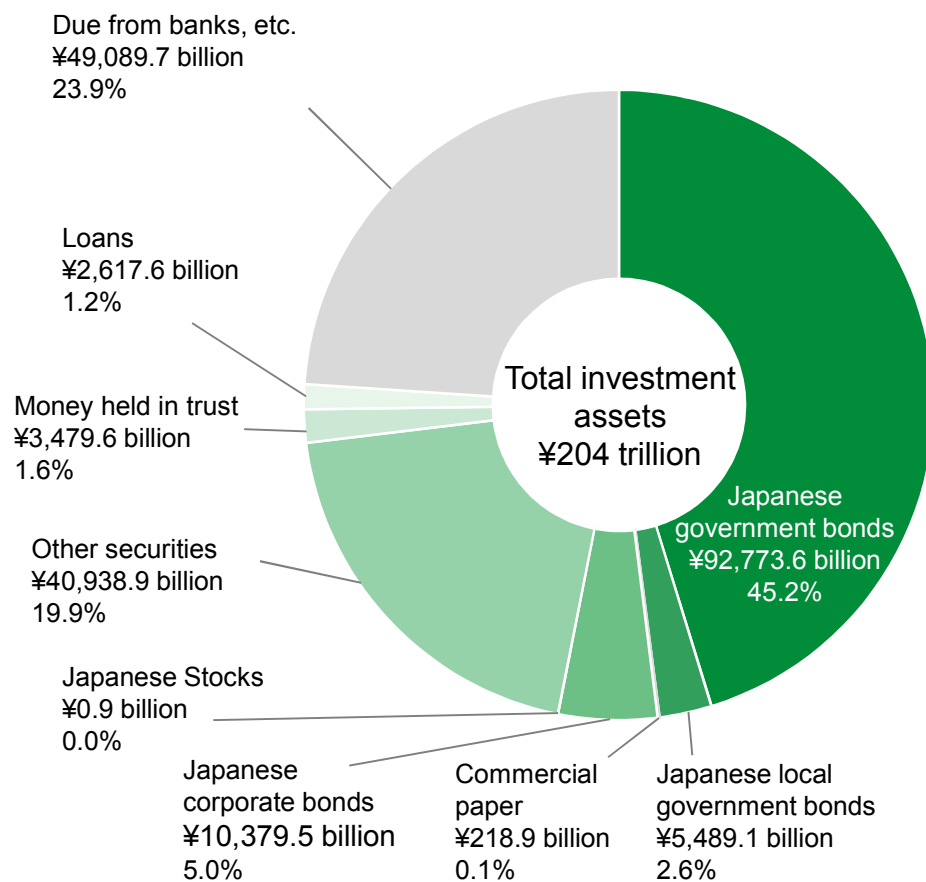
(Billions of yen)



Note: Japan Post Bank began offering variable annuity insurance on May 29, 2008.

Japan Post Bank: Details of Investment Assets

■ Securities, which consisted of Japanese government bonds, etc., were ¥149.8 trillion, while loans were ¥2.6 trillion as of September 30, 2015.



(Billions of yen)

| Type | As of Sept.30, 2015 | Composition ratio (%) | As of Mar.31, 2015 | Composition ratio (%) |
|---|---------------------|-----------------------|--------------------|-----------------------|
| Loans | 2,617.6 | 1.2 | 2,783.9 | 1.3 |
| Securities | 149,801.1 | 73.0 | 156,169.7 | 75.8 |
| Japanese government bonds | 92,773.6 | 45.2 | 106,767.0 | 51.8 |
| Japanese local government bonds | 5,489.1 | 2.6 | 5,525.1 | 2.6 |
| Commercial paper | 218.9 | 0.1 | 226.9 | 0.1 |
| Japanese corporate bonds | 10,379.5 | 5.0 | 10,756.0 | 5.2 |
| Japanese Stocks | 0.9 | 0.0 | 0.9 | 0.0 |
| Other securities ^(Note1) | 40,938.9 | 19.9 | 32,893.6 | 15.9 |
| Money held in trust | 3,479.6 | 1.6 | 3,491.6 | 1.6 |
| Due from banks, etc. ^(Note2) | 49,089.7 | 23.9 | 43,419.9 | 21.0 |
| Total investment assets | 204,988.1 | 100.0 | 205,865.4 | 100.0 |

Notes: 1 "Other securities" consists of foreign securities.

2 "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits, call loans, receivables under securities borrowing transactions, and monetary claims bought, etc.

Results of Operations for the Six Months Ended September 30, 2015

(Billions of yen, number of policies in thousands)

| | For the six months ended | | Year-on-year change |
|--|--------------------------|---------------|---------------------|
| | Sept.30, 2015 | Sept.30, 2014 | |
| Ordinary income | 4,881.3 | 5,171.7 | (290.3) |
| Ordinary expenses | 4,662.5 | 4,908.2 | (245.6) |
| Ordinary profit | 218.7 | 263.5 | (44.7) |
| Net income | 48.5 | 50.8 | (2.3) |
| Core profit | 239.9 | 268.0 | (28.0) |
| Number of new policies (individual insurance) | 1,170 | 1,240 | (70) |
| Annualized premiums from new policies (individual insurance) | 238.1 | 238.1 | + 0.0 |

| | As of | | change |
|--|-----------------|--------------|---------|
| | Sept. 30, 2015 | Mar.31, 2015 | |
| Number of policies in force (including postal life insurance policies) | 32,820 | 33,480 | (650) |
| Solvency margin ratio (Consolidated) | 1,579.4% | 1,644.2% | (64.8)% |
| EV | 3,568.1 | 3,501.3 | + 66.8 |

Overview

- Ordinary profit decreased by ¥44.7 billion year-on-year to ¥218.7 billion, while net income decreased by ¥2.3 billion year-on-year to ¥48.5 billion. Net income demonstrated a steady performance and achieved 57.8% of the earning forecast for the fiscal year ending March 31, 2016.
- The number of new endowment insurance policies increased as a result of strengthened collaboration with Japan Post, while that of new educational endowment insurance policies, which released in April 2014, decreased. As a result of this, the number of new individual insurance policies amounted to 1,170 thousand (a decrease of 70 thousand policies year-on-year).

Annualized premiums of new policies were on par with the previous corresponding period at ¥238.1 billion. Annualized premiums from new policies for medical care showed a recovery trend, increasing 17.7% year-on-year to ¥24.6 billion.

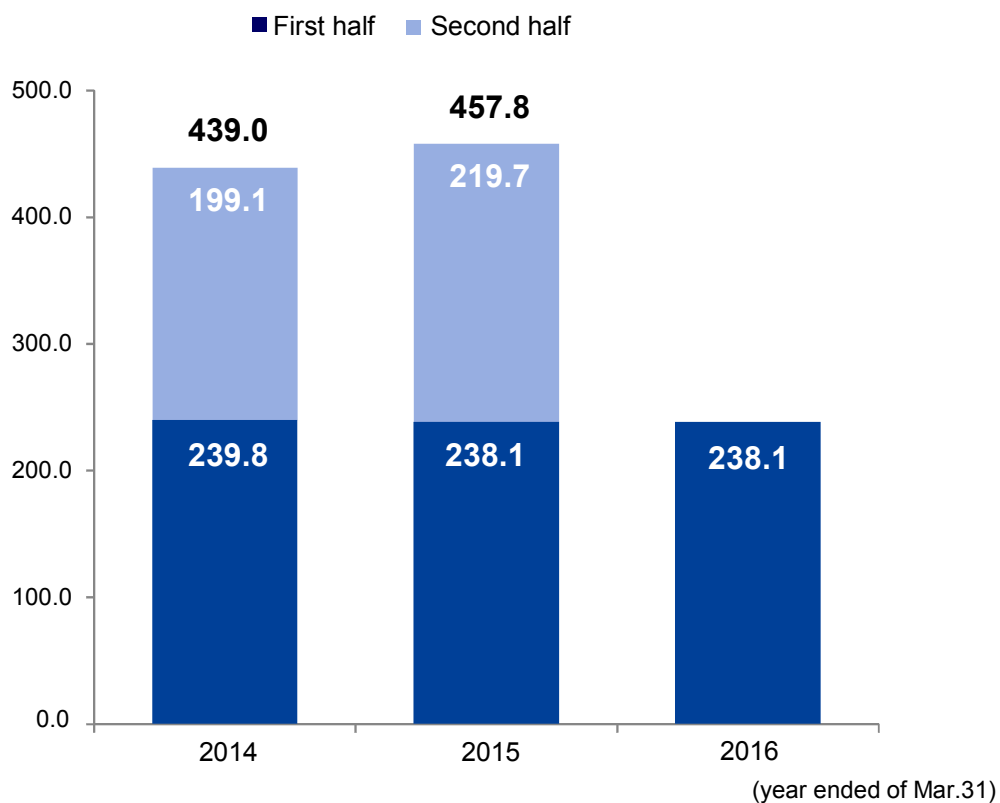
There were 32,820 thousand policies in force (including postal life insurance policies), a decrease of 650 thousand policies from the end of the previous fiscal year.

- Retained earnings, which are the sum of contingency reserve and reserve for price fluctuations, amounted to ¥3,180.0 billion.
- Solvency margin ratio, an indicator of the financial soundness, amounted to 1,579.4%, continuously maintaining a high level of financial soundness.
- EV, an indicator of measuring corporate value and performance of life insurance companies, increased by ¥66.8 billion year-on-year to ¥3,568.1 billion.

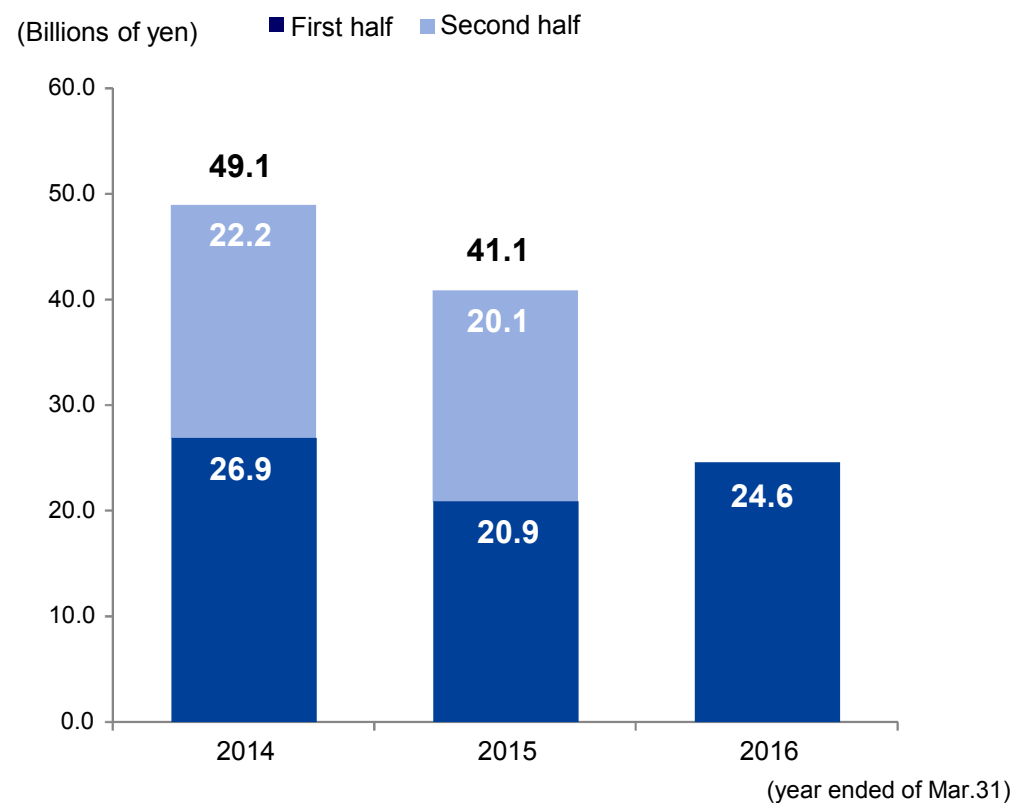
Notes: 1. Postal life insurance policies refer to the reinsurance contracts of postal life insurance received from Management Organization for Postal Savings and Postal Life Insurance.
2. Number of policies is rounded down to the nearest ten thousand.

■ Annualized premiums from new policies were on par with the previous corresponding period at ¥238.1 billion. Meanwhile, annualized premiums from new policies for medical care showed a recovery trend, increasing 17.7% year-on-year to ¥24.6 billion.

**Annualized Premiums from New Policies
(Individual Insurance)**

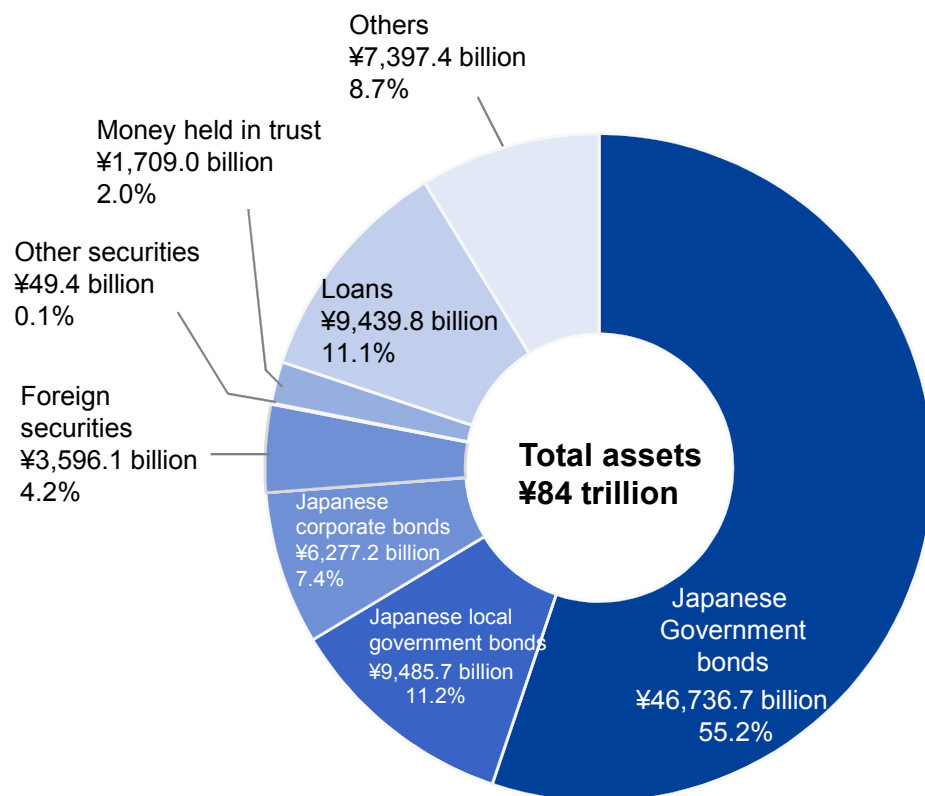


**Annualized Premiums from New Policies
(Medical Care)**



Note: Figures less than ¥0.1 billion are rounded down.

■ Securities, which consisted of Japanese government bonds, etc., were ¥66.1 trillion, while loans were ¥9.4 trillion as of September 30, 2015.



(Billions of yen)

| Type | As of Sept.30, 2015 | Composition ratio (%) | As of Mar.31, 2015 | Composition ratio (%) |
|---------------------------------|---------------------|-----------------------|--------------------|-----------------------|
| Loans | 9,439.8 | 11.1 | 9,977.3 | 11.7 |
| Securities | 66,145.4 | 78.1 | 66,276.2 | 78.1 |
| Japanese government bonds | 46,736.7 | 55.2 | 48,086.4 | 56.6 |
| Japanese local government bonds | 9,485.7 | 11.2 | 9,555.8 | 11.3 |
| Japanese corporate bonds | 6,277.2 | 7.4 | 6,652.4 | 7.8 |
| Foreign securities | 3,596.1 | 4.2 | 1,981.4 | 2.3 |
| Other securities | 49.4 | 0.1 | - | - |
| Money held in trust | 1,709.0 | 2.0 | 1,434.9 | 1.7 |
| Others | 7,397.4 | 8.7 | 7,226.4 | 8.5 |
| Total assets | 84,691.8 | 100.0 | 84,915.0 | 100.0 |

Japan Post Group :

Progress of Forecast and Main Focus for the Second Half

■ Progress of net income for the fiscal year ending March 31, 2016

(Billions of yen)

| | (1) For the six months ended Sept.30, 2015 | (2) Forecast for the fiscal year ending Mar.31, 2016 | Progress (1) / (2) |
|---|--|--|--------------------|
| (Note) Japan Post Holdings (Consolidated) | 213.3 | 370.0 | 57.7% |
| Japan Post Bank | 171.5 | 320.0 | 53.6% |
| Japan Post Insurance (Consolidated) | 48.5 | 84.0 | 57.8% |

Evaluation of the result for the first half and main focus for the second half

- The result for the first half of the year demonstrated a steady progress against the forecast for the fiscal year ending March 31, 2016.
- In the second half of the year, efforts will be made to steadily accomplish the management goals for the current fiscal year, as well as to establish and strengthen the management base in view of sustainable growth and enhancement of corporate value.
- The result for the first half of the year demonstrated a steady progress against the forecast for the fiscal year ending March 31, 2016.
- In the second half of the year, efforts will be focused on diversification of fund management and expansion of total assets on deposits. Japan Post Bank also plans to launch the sale of products of the newly established asset management company.
- The result for first half of the year demonstrated a steady progress against the forecast for the fiscal year ending March 31, 2016.
- In the second half of the year, to expand sales of new policies, Japan Post Insurance plan to launch new products and services as follows:
 - Sales of short-term premium payment endowment insurance
 - An increase in the age limit for whole life insurance

■ Progress of net ordinary income (loss) for the fiscal year ending March 31, 2016

| | | | |
|---------------------------|--------|------|---|
| Japan Post (Consolidated) | (21.8) | 29.5 | — |
|---------------------------|--------|------|---|

- The result for the first half of the year demonstrated a progress as planned against the forecast for the fiscal year ending March 31, 2016, since the income is concentrated in the second half of the year due to the sales of new year's postcards, etc.
- As the main focus for the second half of the year, Japan Post takes initiatives in ensuring delivery of the mailing materials concerning the common number system for social security and tax, increase in revenue from the busy season towards year-end including delivery of new year's postcards and year-end gifts and associated cost control, securing deposits in the bonus season, and increase in sales of new insurance products of Japan Post Insurance.

Note: The Japan Post Group adopts the consolidated tax payment system, under which Japan Post Holdings Co., Ltd. is the parent company. In connection with the sale of shares of Japan Post Bank and Japan Post Insurance in November of this year, those two companies will no longer adopt the consolidated tax payment system thereafter, and therefore no reduction in corporation taxes will arise during and after the third quarter of the year under review. The forecast for the year under review has been prepared based on the aforementioned assumption.

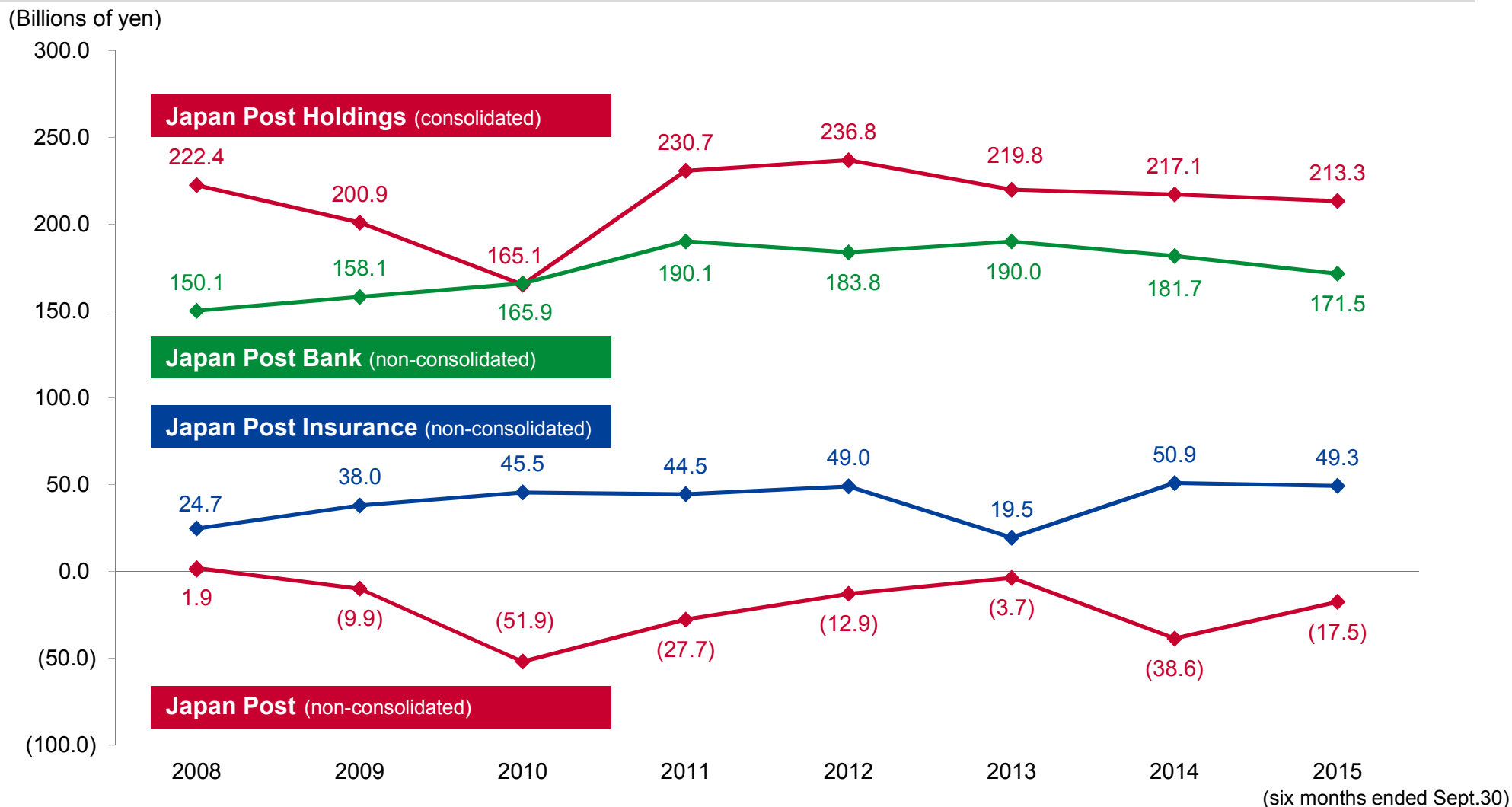
Appendix

Japan Post Group: Five Business Strategies (Medium-Term Business Plan)

| | | Segment |
|---|---|--|
| 1 | Turnaround efforts by postal and logistics business <ul style="list-style-type: none"> ◆ Turning Yu-Pack business profitable and its expansion ◆ Expansion of Yu-Mail business ◆ Expansion of international logistics business positioning Toll as the platform company | Postal and domestic logistics business International logistics business |
| 2 | Activation of the post office network <ul style="list-style-type: none"> ◆ Regional contribution <ul style="list-style-type: none"> ▪ Firm maintenance of the universal service, full-scale implementation of the Watch Over service, contribution to the hometown tax payment ◆ Enhancement of products and services <ul style="list-style-type: none"> ▪ Third-party financial product agency services, merchandising, real estate | Post office business |
| 3 | Earnings growth at Japan Post Bank <ul style="list-style-type: none"> ◆ Expansion of total assets on deposits <ul style="list-style-type: none"> ▪ Aiming to increase deposits by ¥3 trillion and increase asset management products by ¥1 trillion within three years. ◆ Increase of service fee | Banking business |
| 4 | Reversal and Growth of policies in force at Japan Post Insurance <ul style="list-style-type: none"> ◆ Exceeding the contracted monthly insurance premiums for new policies beyond ¥50 billion, and expanding further ◆ Strengthen sales force of post office channel and enhancement of products and services | Life insurance business |
| 5 | Sophistication of fund management with a view to greater earnings <ul style="list-style-type: none"> ◆ Expansion of globally diversified investment and investment in risk assets ◆ Development and enhancement of the investment framework ◆ Achievement of sophisticated risk management framework | Banking business Life insurance business |

Japan Post Group: Trends of Net Income

■ Trends of net income of Japan Post Holdings (consolidated) and principal subsidiaries after the privatization are as follows.



Note: Net incomes of Japan Post (non-consolidated) for the six months ended 2008, 2009, 2010, 2011, 2012 have been derived from net incomes of Japan Post Service Co. and those of Japan Post Network Co.

Japan Post Holdings (Non-Consolidated): Financial Highlights

Results of Operations for the Six Months Ended September 30, 2015

(Billions of yen)

| | | For the six months ended | | Year-on-year change |
|--|---------------------------------|--------------------------|---------------|---------------------|
| | | Sept.30, 2015 | Sept.30, 2014 | |
| Net operating income | | 221.7 | 135.0 | + 86.7 |
| Corporate income | | 223.5 | 138.1 | + 85.3 |
| Dividend income from subsidiaries and affiliates | | 209.2 | 119.5 | + 89.7 |
| Subsidy payment equivalent to deposit insurance premiums | | 4.9 | 11.2 | (6.3) |
| Brand royalty fees, etc. (Note) | | 9.3 | 7.3 | + 1.9 |
| Business income (loss) | Business consignment income | 1.9 | 1.4 | + 0.4 |
| | Hospital business income (loss) | (2.7) | (3.0) | + 0.3 |
| | Hotel business income (loss) | (0.9) | (1.5) | + 0.6 |
| Net ordinary income | | 222.7 | 135.9 | + 86.7 |
| Net income | | 214.7 | 140.5 | + 74.1 |
| (As stated previously) | | | | |
| Ordinary income | | 260.8 | 190.2 | + 70.5 |

Overview

- Net operating income increased by ¥86.7 billion year-on-year to ¥221.7 billion.
 - Corporate income increased by ¥85.3 billion year-on-year to ¥223.5 billion mainly due to an increase in dividends from subsidiaries and affiliates.
 - Business consignment income increased by ¥0.4 billion year-on-year to ¥1.9 billion mainly due to an increase in the income from facilities business.
 - Hospital business loss improved by ¥0.3 billion year-on-year to ¥2.7 billion mainly due to the business transfer at the beginning of the year of the three hospitals with no prospect of operational improvement.
 - Hotel business loss improved by ¥0.6 billion year-on-year to ¥0.9 billion mainly due to the abolition in the previous fiscal year of seven hotels with no prospect of operational improvement.
- Net ordinary income increased by ¥86.7 billion year-on-year to ¥222.7 billion.
- Net income increased by ¥74.1 billion year-on-year to ¥214.7 billion, comprising net ordinary income and other factors including extraordinary losses (¥14.6 billion) and the effect of refunded income taxes (¥6.6 billion) resulting from consolidated tax payment system.

Note: Consisting of brand royalty fees (Japan Post Holdings received “commissions from subsidiaries and affiliates” up to the fiscal year ended March 31, 2015) and administrative expenses

- Forecasts and other forward-looking statements presented in this document are based on information available to Japan Post Holdings Co., Ltd (the “Company”) at present and certain assumptions that the Company has deemed reasonable, and the Company provides no assurance that the forecasts will be achieved or with respect to any other forward-looking statements. The actual future results may vary considerably depending upon various factors.