

UNOFFICIAL TRANSLATION

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

September 10, 2015

To the Person Concerned:

Company Japan Post Holdings Co., Ltd.
Representative President & CEO: Taizo Nishimuro
(Code No.: 6178 TSE)

Financial Results Forecast for the Fiscal Year Ending March 31, 2016

Our consolidated financial results forecast for the fiscal year ending March 31, 2016 (April 1, 2015–March 31, 2016) are as follows.

[Consolidated]

Fiscal Year	Fiscal year ending March 31, 2016 (Est.)			Three months ended June 30, 2015 (Actual)		Fiscal year ended March 31, 2015 (Actual)	
		Ratio against ordinary income	Changes from the previous corre- spond- ing pe- riods		Ratio against ordinary income		Ratio against ordinary income
Item	Million yen	%	%	Million yen	%	Million yen	%
Ordinary Income	14,210,000	100.0	(0.3)	3,446,514	100.0	14,258,842	100.0
Net Ordinary Income	860,000	6.1	(22.9)	242,704	7.0	1,115,823	7.8
Net Income Attributable to Japan Post Holdings	370,000	2.6	(23.3)	142,639	4.1	482,682	3.4
Net Income per Share			¥ 85.20		¥ 31.70		¥ 107.26
Dividend per Share			¥ 23.00		-		¥ 11.13

(Notes)

- In place of "revenue," in general, ordinary income is stated.
- Apart from routine repairs to the post office structures and related facilities, in order to redress decrepit structures and facilities suffering from past underinvestment, necessary refurbishments have been undertaken in an urgent manner to such structures and facilities that were economically past their available service life. In this context, an extraordinary loss is booked in the respective fiscal year as "Post Office refurbishment expenses."
The amounts of such losses are ¥22,071 million (actual) for the fiscal year ended March 31, 2015, ¥5,520 million (actual) for the three months ended June 30, 2016, and ¥56,000 million (est.) for the fiscal year ending March 31, 2016.
- Net Income Attributable to Japan Post Holdings for the fiscal year ending March 31, 2016 (est.) is calculated by deducting the net income attributable to non-controlling interests for three months after the assumed disposal date of shares (December 31, 2015) of the Company's subsidiaries, Japan Post Bank Co., Ltd. (hereinafter referred to as "Japan Post Bank"), and Japan Post Insurance Co., Ltd. (hereinafter referred to as "Japan Post Insurance"), based on the assumption that we will hold eighty-nine percent (89%) of the outstanding shares respectively of Japan Post Bank and Japan Post Insurance.
- A thirty-to-one (30-to-1) share split was conducted on August 1, 2015. Net Income per Share and Dividend per Share in the table above are calculated based on the assumption that such a share split was conducted at the beginning of the fiscal year ended March 31, 2015.

5. We intend to use the aggregate proceeds from the Concurrent Financial Subsidiary Offerings (selling approximately 11% of the outstanding shares of common stock of Financial Subsidiary (Japan Post Bank and Japan Post Insurance) in a global offering consisting of Japanese and international offerings) to repurchase shares of our common stock in a transaction we refer to as the Share Repurchase. Pursuant to a board resolution passed on September 10, 2015, we plan to conduct the Share Repurchase between the period beginning November 5, 2015 and ending March 31, 2016 through an off-auction share repurchase on the Tokyo Stock Exchange Trading NeTwork System (ToSTNeT-3).

In calculating the number of shares to be applied to derive the figures in the table above, we have estimated the number of shares as a result of the Share Repurchase to be 470 million. However, we may be unable to complete the Share Repurchase as anticipated. For example, insider trading rules under Japanese law prohibit us from conducting the Share Repurchase if we are in possession of material nonpublic information. We may also be unable to conduct the Share Repurchase when there has been a steep increase in the market price of our shares. And the actual number of shares to be acquired as a result of the Share Repurchase may change depending on the closing price of our shares on the business day immediately preceding implementation of the Share Repurchase.

6. Net Income per Share for the fiscal year ended March 31, 2015 (actual) and the three months ended June 30, 2015 (actual) in the table above were calculated based on the average number of shares during the corresponding periods. Net Income per Share for the fiscal year ending March 31, 2016 (est.) in the table above was calculated based on the estimated average number of shares during the corresponding period.
7. Following the listing of our shares on the Tokyo Stock Exchange through the year ending March 31, 2018, we intend to maintain a consolidated dividend payout ratio, which represents the total interim and annual dividends declared during a fiscal year expressed as a percentage of consolidated net income attributable to Japan Post Holdings for the same period of roughly 50% or higher. As only one recording date will fall within the first fiscal year following the listing of our shares, we will only declare annual dividends for the year ending March 31, 2016. As a result, we intend to achieve a consolidated dividend payout ratio of roughly 25% or higher for the year ending March 31, 2016.

[Assumptions for Financial Results Forecast for the Fiscal year Ending March 31, 2016]

(Unit: Million yen)

Fiscal Year Item	Fiscal year ending March 31, 2016 (Est.)		Fiscal year ended March 31, 2015 (Actual)	
	Ordinary Income	Segment Profit	Ordinary Income	Segment Profit
Postal and Domestic Logistics Business	1,880,000	5,000	1,871,304	1,820
International Logistics Business	661,000	28,000	-	-
Post Office Business	1,331,000	14,000	1,302,086	22,832
Banking Business	1,920,000	460,000	2,078,298	569,609
Life Insurance Business	9,550,000	350,000	10,169,241	492,625
Other Business	370,000	220,000	300,376	150,221
Adjustments	(1,520,000)	(220,000)	(1,462,465)	(121,286)
Total	14,210,000	860,000	14,258,842	1,115,823

(Notes)

1. "Segment Profit" is the net ordinary income of each reporting segment.
2. Starting from the second quarter of the fiscal year ending March 31, 2016, the reporting segment known as "Postal and Logistics Business" until the first quarter of the same fiscal year is renamed "Postal & Domestic Logistics Business" without any change to its scope. Meanwhile, the business concerned with Toll Holdings Limited (hereinafter referred to as "Toll Holdings") shall be contained in a new reporting segment named "International Logistics Business."

Further, although our consolidated balance sheet as of the end of the first quarter of the fiscal year ending March 31, 2016 reflects the assets and liabilities of Toll Holdings, our consolidated profit and loss accounts of the first quarter of the fiscal year ending March 31, 2016 do not include any contribution from Toll Holdings. Earnings of Toll Holdings shall be brought into our consolidated profit and loss accounts starting from the second quarter of the fiscal year ending March 31, 2016.

3. With respect to the financial results forecasts for "Banking Business" and "Life Insurance Business," it is assumed that the interest rates of both Japanese government bonds and U.S. Treasury bonds shall trade as indicated by the implied forward rates* (only interest rates of the Japanese government bonds are relevant to the "Life Insurance Business") as of the end of December 2014, and that other indicators shall stay at the levels as of the end of December 2014. Based on these assumptions, the economic environment forecast as of the end of March 2016 is as follows:

10-year JGB Yield	0.47%		
10-year U.S. Treasury Yield "Banking Business"	2.70%		
"Life Insurance Business"	2.17%		
Nikkei Stock Average (Relevant only to "Life Insurance Business")		¥17,450	
TOPIX (Relevant only to "Banking Business")		1,407 P	
Exchange Rate (USD/JPY)	\$1 = ¥120		

* The implied forward rates as of the end of December 2014 are a future interest rate forecast theoretically applying the market yield curve as of the end of December 2014, or the formulation point of the annual management plan to be a basis of the financial results forecast.

4. Item "Other Business" in the table above includes hospital business, hotel business, etc., which are not included in the reporting segments. It also includes our dividend income from subsidiaries and affiliates.
5. Segment Profit (Est.) of the item "Adjustments" in the table above for the fiscal year ending March 31, 2016 contains ¥19,000 million worth of goodwill amortization concerned with the consolidation of Toll Holdings.
6. Concerning the estimates for the fiscal year ending March 31, 2016, the sum of each item shall not exactly equate to the figures in the corresponding row of the "Total" due to rounding. (In the segments "Postal and Domestic Logistics Business," "International Logistics Business," and "Post Office Business," numbers are rounded down to the nearest ¥1,000 million, while in other segments, numbers are rounded down to the nearest ¥10,000 million.)

With respect to the financial results forecasts for the fiscal year ending March 31, 2016, the following are the major assumptions used for each segments:

(1) Postal and Domestic Logistics Business

Regarding postal mail services, a declining trend in domestic mail volumes continues primarily due to e-substitution. Though a partial offset caused by the temporary positive impact on mailings of the introduction of the Social Security and Tax Number ("My Number") system is expected, domestic mail volume is expected to decrease by 2% year on year to 17,791 million deliveries with implementation of paperless billing and similar web-based initiatives by business customers.

Regarding Yu-Pack and Yu-Mail services, with the expected recovery of the DM market from a cooling down evident in particular in the Yu-Mail market, parcel volume is expected to improve year on year by 10% to 534 million deliveries for Yu-Pack and by 7% to 3,595 million deliveries for Yu-Mail owing to our increased marketing activities directed at the rapidly growing e-commerce and mail-order market, efforts to streamline our operation, and customer convenience of delivery receipt.

The operating cost of Japan Post Co., Ltd. (hereinafter referred to as "Japan Post Co."), the main operating company of this business segment, is expected to increase by 2% year on year to ¥1,870,000 million (personnel expenses ¥1,167,000 million and other expenses ¥703,000 million), as growing parcel volumes and wages raise our personnel and collection and delivery and transportation expenses, while the management makes efforts to continue adjusting the size of the labor force in proportion to handling volumes to enhance productivity, such as upgrades to our collection, delivery, and transportation network and post office computer system.

Accordingly, ordinary income is expected to increase by 0.5% year on year to ¥1,880,000 million and segment profit is expected to increase by 175% year on year to ¥5,000 million.

(2) International Logistics Business^(Note 1)

With respect to the business of Toll Holdings, operating income is expected to increase by 8% year on year to ¥661,000 million (Estimated^(Note 2)) with steady growth in the e-commerce market and global forwarding business (supply chain management services of import/export freight such as bilateral transport or cross-transport by providing the consignor means of transportation) in Asia, new customer acquisition arising from the growth in domestic forwarding business in the Australia and NZ market, and a weaker Australian dollar, while a partial offset is expected, caused by lower profitability from the existing customer base, reflecting decelerating economic growth in China and declines in the price of natural resources.

And, operating expenses are expected to increase by 8% year on year to ¥629,000 million (Estimated^(Note 2)), reflecting inflation and a weaker Australian dollar despite measures to improve efficiency.

Consequently, ordinary income of ¥661,000 million and segment profit of ¥28,000 million are expected.

(Notes) 1. Although acquisition of outstanding shares of Toll Holdings was concluded on May 28, 2015, in the financial results, such acquisition is assumed to have concluded on the last date of the first quarter of fiscal year ending March 31, 2016 (June 30, 2015), and a consolidation of Toll Holdings shall be as of such date. Moreover, since the end of Toll Holdings' fiscal year is expected to be moved from June to March starting from the current fiscal year, which ends March 31, 2016, the financial results forecast of Toll Holdings for the current fiscal year covers the period from July 1, 2015, to March 31, 2016. Assumption of the exchange rate is ¥95 per one Australian dollar (as of the end of May 2015).

2. Since Toll Holdings has not released quarterly financial results prior to its acquisition by Japan Post Co., a year on year comparison is an estimate based on the consolidated earnings of Toll Holdings for the year ended June 30, 2015, and is presented here for reference purposes.

(3) Post Office Business

Concerning financial services such as banking and life insurance agency services,^(Note 1) Japan Post Co. aims to increase both Japan Post Bank's deposit balance and new policies written by Japan Post Insurance, as a result not only of training initiatives developed in cooperation with Japan Post Bank and Japan Post Insurance aimed at improving performance by sales personnel, but also by adopting a sales approach focusing on growing total assets under management and higher sales, mainly in endowment insurance and whole life insurance with product development to satisfy customer needs, coupled with enhancement of services for older adult customers. Commissions for banking business consignment^(Note 2) are expected to increase by 0.4% year on year to ¥605,000 million, reflecting an increase in deposits balance, higher sales of investment trusts, and so on. Commissions for life insurance business consignment^(Note 3) are expected to increase by 5% year on year to ¥380,000 million owing to an increase in new insurance policy contracts. Furthermore, an increase in the number of post offices that handle third-party financial products such as cancer insurance (e.g., expansion of the number of post offices dealing with cancer insurance from 10,022 as of October 1, 2014, to 20,076 as of July 1, 2015) is also expected to contribute to higher profitability.

Operating income attributable to businesses other than the three main businesses (postal and domestic logistics agency services, banking agency services, and life insurance agency services) of Japan Post Co. is expected to increase by 34% year on year to ¥58,000 million. In its merchandising business, Japan Post Co. intends to enhance and develop its product offering and diversify sales channels in cooperation with other companies. And in its real estate business, office and retail leasing business for JP Tower, JP Tower Nagoya, and Omiya JP Building, etc., residential housing business, and parking lot business are further promoted.

Meanwhile, operating expenses of Post Office Business of Japan Post Co. are expected to increase by 4% year on year to ¥1,210,000 million (personnel expenses ¥920,000 million, and other expenses ¥290,000 million), reflecting increased depreciation and amortization due to the maintenance and refurbishment of aging post offices to provide better service environment, and equipment upgrades.

Accordingly, ordinary income is expected to increase by 2% year on year to ¥1,331,000 million and segment profit is expected to decrease by 39% year on year to ¥14,000 million.

(Notes) 1. Banking agency services for Japan Post Bank: Japan Post Co. provides agency services relating to ordinary, TEIGAKU, and time Deposits and certain remittance and fund transfer services as an authorized banking agent of Japan Post Bank. Life insurance agency services for Japan Post Insurance: Japan Post Co. offers and sells insurance products written by Japan Post Insurance (e.g., Ordinary Whole Life Insurance, Special Whole Life Insurance, Ordinary Endowment Insurance, and Special Endowment Insurance) as an authorized agent of Japan Post Insurance, including accepting insurance claim submissions.

2. Commissions for banking business consignment are calculated to be equivalent to the cost of providing the agency services based on the costs Japan Post Bank would have incurred to provide the same services at Japan Post Bank's directly operated branches and the actual volume of transactions and services handled by Japan Post Co., plus an incentive component for achieving certain sales targets and improving service quality.

3. Commissions for life insurance business consignment consists mainly of sales commissions and maintenance commissions. Sales commission are payable in installments over a period of several years, the same as other life insurance companies adopting an agency system. Maintenance commissions are determined with reference to surveys of the actual time and personnel expenses associated with Japan Post Co. providing such services.

(4) Banking Business^(Note 1)

Regarding net interest income, etc.^(Note 2), from the base portfolio, net interest income, etc., is expected to decrease by 20% year on year to ¥896,000 million, reflecting the fact that high-yield assets acquired by Japan Post Bank in the past are now maturing and will be successively replaced by low-yield assets amid the projected continuation of a historically low interest rate environment. Meanwhile, in order to offset the projected decline in income from the base portfolio, Japan Post Bank will increase the satellite portfolio balance, centered on foreign securities, while managing risk appropriately in tandem with monitoring market trends and other factors. Through these efforts, Japan Post Bank will aim to achieve the targeted satellite portfolio balance of ¥60 trillion as of March 31, 2018 under the Japan Post Group Medium-term Management Plan. Net interest income, etc., from the satellite portfolio is expected to increase by 17% year on year to ¥548,000 million. Accordingly, overall net interest income, etc., is forecast to decline by 9% year on year to ¥1,444,000 million.

Regarding net fees and commissions,^(Note 3) on the other hand, sales of investment trusts are expected to increase by 11% year on year to ¥420,000 million based on training, staff increases, and other initiatives targeting sales consultant personnel. Combined with measures to enhance the convenience of ATMs and increase their usage, net fees and commissions are expected to increase by 3% year on year to ¥92,000 million.

In addition, general and administrative expenses are expected to decrease by 3% year on year to ¥1,075,000 million, benefiting from the decrease (¥48,000 million year on year) in deposit insurance expenses paid to the Deposit Insurance Corporation of Japan and other related expenses in line with the reduction in the deposit insurance premium rate (from 0.07% to 0.042%).

Consequently, segment profit is expected to decrease by 19% year on year to ¥460,000 million.

(Notes)1. Banking business's earnings comprise two main components: net interest income, etc., and net fees and commissions. Segment profit represents these two earnings components less general and administrative expenses.

2. Net interest income, etc., is calculated as "(interest income - interest expenses) + (other operating income - other operating expenses) + (gains on money held in trust - losses on money held in trust)."

Furthermore, as an ALM (Asset Liability Match) framework, the Base Portfolio and Satellite Portfolio are managed separately in the fund management operation. Mainly investing in JGBs, the objective of the Base Portfolio is to secure a stable return while managing interest rate and liquidity risk. Meanwhile, the objective of the Satellite Portfolio is to achieve a higher return by taking mainly credit and market risk and specifically investing in corporate bonds, foreign securities, equities (money held in trust), etc.

3. Net fees and commissions are calculated as "fees and commissions income - fees and commissions expenses."

(5) Life Insurance Business

Because of our efforts, such as expansion of our younger customer base with the revised educational endowment insurance, further cultivation of our existing customer base by expanding the scope of our insurance underwriting, and development of older adult customer base by increasing the age limit for new policies, the number of new policies has been increasing since the privatization of the postal service in October 2007. For the fiscal year ending March 31, 2016, contracted monthly insurance premium for new policies is expected to increase by 5% year on year to ¥49,000 million, mainly in endowment insurance and whole life insurance, through strengthening the sales capability of our distribution channel as well as product development to satisfy customer needs, coupled with the enhancement of services for older adult customers. On the other hand, insurance premiums and others are expected to decrease by 9% year on year to ¥5,430,000 million, primarily due to the decrease in the number of policies in force (total number of policies underwritten by Japan Post Insurance and Postal Life Insurance Policies ceded from the Management Organization for Postal Savings and Postal Life Insurance) by 4% year on year to 32 million policies as a result of maturity of policies and other factors.

Investment income is expected to decrease by 10% year on year to ¥1,320,000 million, mainly due to a decrease in total assets associated with a decrease in the number of policies in force, coupled with the prolonged low interest rate environment. Other ordinary income is expected to increase by 2% year on year to ¥2,800,000 million, mainly due to an increase in the reversal of policy reserves as a result of a decrease in the number of policies in force.

Insurance claims and others are expected to decrease by 6% year on year to ¥8,550,000 million, mainly due to a decrease in the number of maturity. Meanwhile, operating expenses are expected to increase by 5% year on year to ¥540,000 million, primarily due to an increase in the expenses such as sales commissions incurred associated with the acquisition of new policies. In consideration of factors, including depreciation and amortization for assets held, ordinary expenses are expected to decrease by 5% year on year to ¥9,200,000 million.

Consequently, ordinary income is expected to decrease by 6% year on year to ¥9,550,000 million and segment profit is expected to decrease by 29% year on year to ¥350,000 million.

(6) Other Business

Concerning our hospital business, a tough operating environment is set to continue despite implementation of our management improvement initiatives designed in line with each hospital's respective situation, such as revenue growth measures through cooperation with local medical bodies and the enhancement of emergency medical service provision as well as cost-cutting measures such as the review of service contracts. Thus, operating income is expected to decrease by 9% year on year to ¥22,000 million.

Concerning our hotel business, based on an assumption of unit sales per guest and the number of guests for each hotel, after taking into account such management initiatives as the reinforcement of marketing force, enhancement of accommodation and facilities through renovation work, and closure or abolition of some unprofitable hotels following a review of their location, operating income is expected to decrease by 4% year on year to ¥29,000 million.

In addition, thanks to the contribution of ¥209,245 million (year on year increase of 75%) as dividend income from subsidiaries and affiliates, ordinary income is expected to increase by 23% year on year to ¥370,000 million, and segment profit of "Other Business" is expected to increase by 46% year on year to ¥220,000 million.

As result of the above, in our consolidated financial results forecast for the fiscal year ending March 31, 2016, ordinary income is expected to be ¥14,210,000 million, with net ordinary income expected to be ¥860,000 million. Moreover, extraordinary loss of ¥96,000 million is forecast. It includes post office refurbishment expenses (¥56,000 million). Provision of reserve for policyholder dividends of ¥190,000 million, net income attributable to non-controlling interests of ¥10,000 million, and net income attributable to Japan Post Holdings of ¥370,000 million are expected.

Forecasts and other forward-looking statements presented in this document are based on information available to 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 such as interest rate fluctuations, stock price fluctuations, foreign exchange fluctuations, asset value fluctuations, changes in the economic and financial environment, changes in competition terms, the occurrence of large-scale disasters, etc., and changes in laws and regulations.

Note: This document is a press release for public announcement and has not been prepared for the purpose of soliciting investments or other conduct of a similar nature, whether in Japan or overseas. With respect to investment decisions in connection to the offering of the Company's common stock as determined by the resolution of the Board of Directors meeting held on September 10, 2015, investors are advised to do so based on their sole judgment after reviewing the "Prospectus for Offers of Shares" (and revisions thereto) prepared by the Company. The prospectus of such (and revisions thereto) is available from the securities underwriting companies.

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