

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.

December 21, 2015

For Immediate Release

Company Name: Japan Post Holdings Co., Ltd.

Representative: Director and Representative Executive Officer, President & CEO Taizo Nishimuro

Stock Exchange Listing: Tokyo Stock Exchange (Code Number: 6178)

For Inquiries: Secretaries Office

Notice Regarding the Introduction of a New Performance-Linked Stock Compensation System for Executive Officers and Directors of Japan Post Group

Japan Post Holdings Co., Ltd. (the “Company”) hereby announces that the Compensation Committee of the Company resolved on the new introduction of a performance-linked stock compensation system, utilizing a trust (hereinafter the “System”) for its Executive Officers and Directors (excluding Directors who are not in charge of business execution) and Executive Officers of its subsidiary, Japan Post Co., Ltd. (combined with Japan Post Holdings, hereinafter the “Group”), on December 21, 2015.

Details of the System including timing of the trust establishment, timing of share acquisition, total amount of shares to be acquired, etc. will be notified promptly upon determination.

1. Objective of the System

The objective of the System is to further enhance Executive Officers and Directors’ awareness of contribution toward achieving sustainable growth and enhancing the medium-to-long-term corporate value of the Group through clarification of the linkage between the compensation of Executive Officers and Directors responsible for the business execution of the Group, and share value of the Group, so that Executive Officers and Directors share with the shareholders not only the benefits from rising share prices, but also the risks associated with falling the share prices.

Accordingly, the compensation of Executive Officers and Directors who are responsible for the business execution of the Group shall consist of a “base compensation” as fixed compensation, and a “performance-linked stock compensation” as variable compensation.

The Company has adopted a company with a three-committee structure, and compensation of Executive Officers and Directors is determined by the Compensation Committee.

2. Persons subject to the System

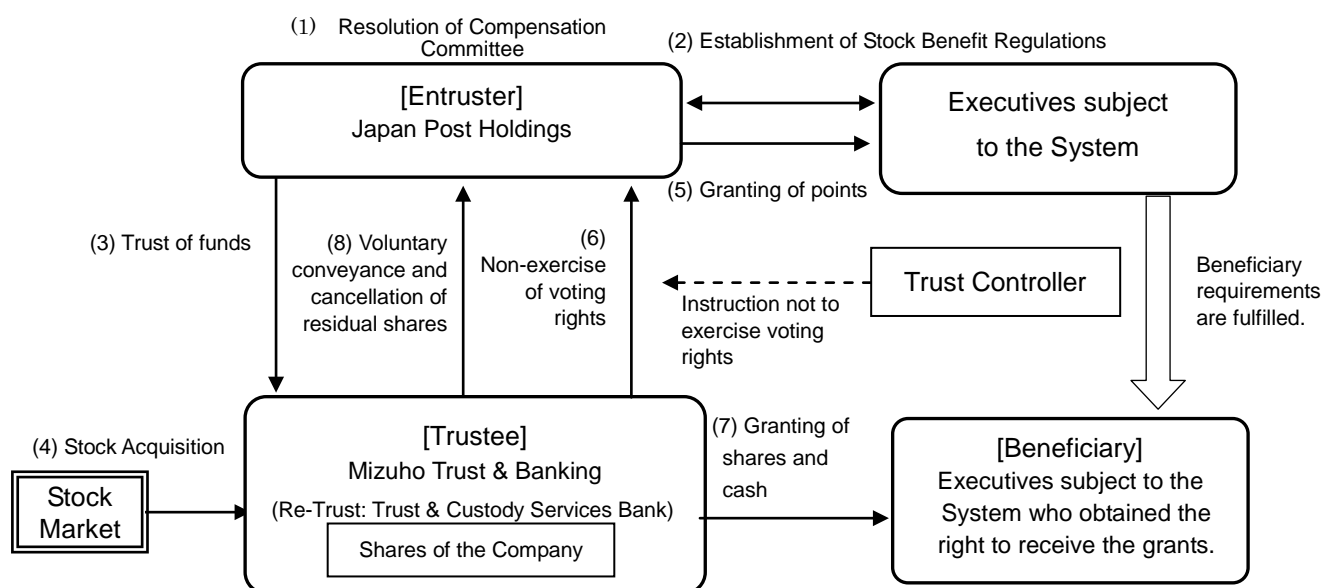
Executive Officers of the Company and Directors (excluding Directors who are not in charge of business execution) and Executive Officers of Japan Post Co., Ltd. (collectively, referred to as Executives subject to the System) are subject to the System.

3. Overview of the System

The System adopts a structure called a “Board Benefit Trust.” A Board Benefit Trust is a performance-linked stock compensation system whereby shares of the Company are acquired from stock markets through a trust using monetary assets of the Company as capital, and the acquired shares are granted to Executives subject to the System, in accordance with the predetermined Stock Benefit Regulations. In principle, shares of the Company are provided to Executives subject to the System upon their retirement as Executive Officers or Directors of the Group.

Voting rights of the shares of the Company attributable to trust assets of the trust shall not be executed.

4. Mechanism of the System (Planned)



- (1) The Company will resolve the introduction of the System at the Compensation Committee. On the other hand, Japan Post Co., Ltd. will submit an agenda on compensation for executives to its general meeting of shareholders to seek approval for the introduction of the System.
- (2) To introduce the System, the Group will establish Stock Benefit Regulations related to compensation for executives and Directors in each company.
- (3) The Company will entrust monetary assets according to the resolution by the Compensation Committee in (1) (hereinafter, the trust that will be set up with entrusted monetary assets will be referred to as “the Trust”).
- (4) The Trust will acquire shares of the Company from stock markets, using the monetary assets entrusted in (3) as capital.
- (5) The Group will grant points to Executives subject to the System, pursuant to the Stock Benefit Regulations.
- (6) In the Trust, the voting rights related to the shares of the Company held in the account of the Trust will not be exercised following the instruction of the trust controller, who is independent from the Company.
- (7) Under the Trust, shares of the Company depending on points granted to Executives subject to the System and cash realized from a certain percentage of shares of the Company will be granted to Executives subject to the System who fulfilled the beneficiary requirements provided in the Stock Benefit Regulations.
- (8) If residual shares remain when the Trust terminates, the Trust will transfer the said residual shares to the Company without consideration. The Company will cancel the shares.