UNOFFICIAL TRANSLATION

Although Japan Post Holdings Co., Ltd. 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.

April 25, 2017

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(Representative Executive Officer)
(Code number: 6178, First Section of the Tokyo Stock Exchange)
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Recognition of Impairment Loss, Revision of the Consolidated Financial Results Forecast for the Fiscal Year Ended March 31, 2017 and Recognition of Loss on Valuation of Stocks of Subsidiaries and Affiliates on the Non-consolidated Financial Results of a Subsidiary

Japan Post Holdings Co., Ltd. (the "Company") expects to recognize an impairment loss under extraordinary loss on the consolidated financial results for the fiscal year ended March 31, 2017 as follows.

Based on the above recognition of an impairment loss and recent financial results trend, we revised the consolidated financial results forecast for the fiscal year ended March 31, 2017 announced on May 13, 2016 as follows.

We also announce that Japan Post Co., Ltd., a consolidated subsidiary of the Company, expects to recognize a loss on valuation of stocks of subsidiaries and affiliates on its non-consolidated financial results for the fiscal year ended March 31, 2017.

1. Recognition of impairment loss

As a result of the revision of the financial results forecast for the international logistics business (Toll, Australia), the future cash flow associated with this business is expected to decrease sharply. Thus, we expect to recognize an impairment loss of ¥392.3 billion for all balance of goodwill and trademark rights related to this business and ¥8.0 billion for part of tangible fixed assets on the consolidated financial results for the fiscal year ended March 31, 2017.

2. Revision of the consolidated financial results forecast

(1) Revision of the consolidated financial results forecast for the fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)

	Ordinary income	Net ordinary income	Net income (loss) attributable to Japan Post Holdings	Net income (loss) per share
Latest forecast (A)	Million yen 13,240,000	Million yen 770,000	Million yen 320,000	Yen 77.74
Revised forecast (B)	13,330,000	780,000	(40,000)	(9.72)
Change (B-A)	90,000	10,000	(360,000)	
Change rate (%)	0.7	1.3	—	
(Reference) Financial results for the previous fiscal year (for the fiscal year ended March 31, 2016)	14,257,541	966,240	425,972	97.26

(2) Reasons for revision

We revised the consolidated financial results forecast announced on May 13, 2016 based on the above recognition of an impairment loss in the international logistics business and recent financial results trend, etc.

3. Measures to be taken

The financial results of the international logistics business during the fiscal year ended March 31, 2017 is expected to fall sharply below the previous fiscal year due to a sharp fall in commodity prices and a slowdown in the Australian and Chinese economy, etc. Given this background, Toll's senior management team was changed in January 2017 and, since then, we have taken measures to improve the financial results of Toll and lay the foundation for future growth mainly through cost reduction such as reducing headcount, cost centralization and unification of divisions.

We will continue to position Toll as the platform for global expansion and recover its financial results as soon as possible, and will carry out a structural reform program to contribute to the enhancement of the Group's corporate value.

4. Dividend forecast

Regarding the year-end dividend forecast for the fiscal year ended March 31, 2017, there is no change from the latest forecast of ¥25 per share (an annual dividend of ¥50 including an interim dividend of ¥25).

5. Recognition of loss on valuation of stocks of subsidiaries and affiliates on the non-consolidated financial results of a consolidated subsidiary (Japan Post Co., Ltd.)

As a result of the recognition of an impairment loss related to Toll as mentioned above, regarding Toll's shares held by the Company's subsidiary Japan Post Co., Ltd., approximately ¥545.0 billion loss on valuation of stocks of subsidiaries and affiliates is expected to be recognized as an extraordinary loss on the non-consolidated financial results of Japan Post Co., Ltd.

The loss on valuation of stocks of subsidiaries and affiliates is recorded solely on the non-consolidated financial results of Japan Post Co., Ltd, and there is no impact on the consolidated financial results and the non-consolidated financial results of the Company.

*The above financial results forecast is based on information available on the announcement date of this material. The actual future results may vary depending upon various factors in the future.

JAPAN POST GROUP

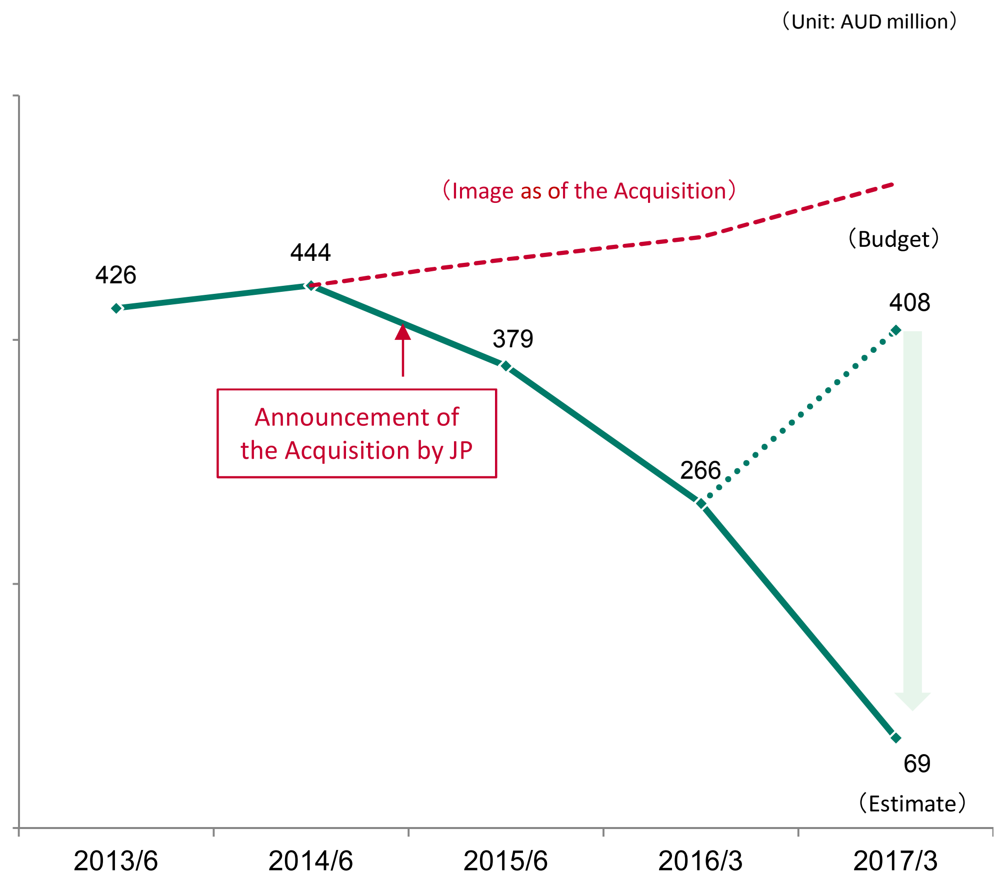
Supplemental material

Recognition of Impairment Loss as of March, 2017

April 25, 2017

Recognition of Goodwill and Impairment Testing

Historical EBIT of Toll



Note 1: Numbers as of 2016/3 relate to the Last Twelve Months. Numbers as of 2017/3 are estimates.
Note 2: Impairment loss (JPY) is estimated based on exchange rate of JPY 81.56 = 1 AUD (same as below)
Note 3: Historical balance of goodwill (million AUD): Beginning balance 5,276 – Amortization 466 = Ending balance 4,810
Note 4: Amortization of goodwill and other assets after 2018/3 1Q will be zero.

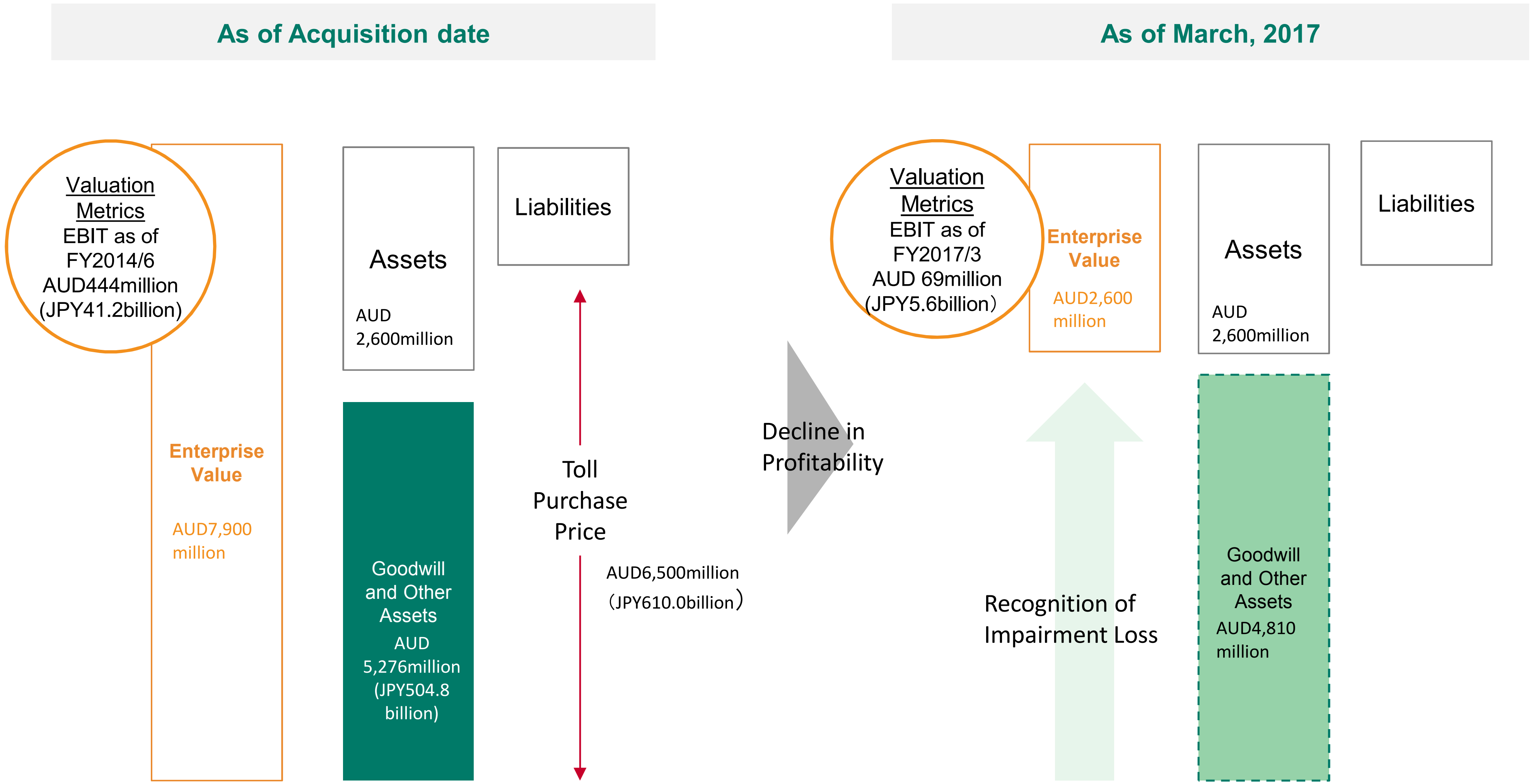
Background to the Recognition of Impairment Loss

- ✓ Upon JP's acquisition of Toll in May 2015, goodwill and trademark rights amounting to AUD5,276 million (JPY504.8billion) were recognized. Amortization of goodwill and trademark rights of AUD263 million (JPY21.5billion) per year was expected for the next 20 years.
- ✓ Toll's EBIT for FY2017/3 is expected to be significantly lower than the previous financial year's, reflecting the sharp fall in commodity prices, the slowdown in the Australian and Chinese economies.
- ✓ Following an impairment test based on current forecasts, an impairment loss of JPY392.3 billion for all balance of goodwill and trademark rights and JPY8.0 billion for tangible fixed assets (total JPY400.3 billion) are recorded as an extraordinary loss at the end of March 2017.
- ✓ Toll Group's new management team, effective January 2017, has been building a sound foundation through reducing headcount, cost centralization and pursuing a number of other improvement measures.

Item	Amount
Total Impairment Loss	JPY400.3 billion (AUD4,908 million)
Goodwill (Total Residual Book Value)	JPY368.2 billion (AUD4,514 million)
Trademark Rights (Total Residual Book Value)	JPY24.1 billion (AUD295 million)
Tangible Fixed Assets	JPY8.0 billion (JPY98 million)

Recognition of Goodwill and Impairment Testing（2）

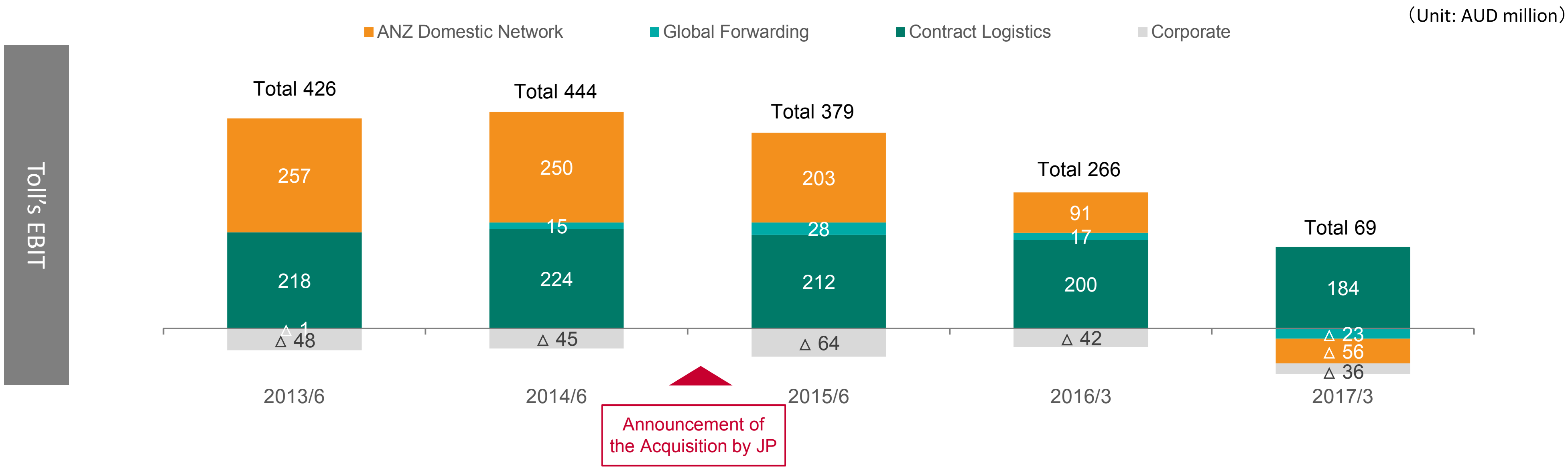
<Image of Recognition of Goodwill and Impairment Loss>



Note1: Average exchange rate in the fiscal year ended June 2014, JPY 92.79 = AUD 1
Note2: Numbers other than goodwill and intangible assets are shown in approximate numbers.

Decline in Toll's Financial Results （1）

- Toll's business is divided into three parts: (1) ANZ Domestic Network (2) Global Forwarding and (3) Contract Logistics.
- The recent decline in profitability is driven by poor performance in ANZ Domestic Network and Global forwarding.



<Historical Economic Indicators>

	2013/6	2014/6	2015/6	2016/3	2017/3
Crude Oil Price	92.2	101.3	69.5	45.1	47.9
Iron Ore Price	127.6	123.4	71.7	52.1	67.5
Australia GDP Growth Rate	2.6%	2.6%	2.4%	1.9%	-
New South Wales GDP Growth Rate （Urban area）	1.7%	2.5%	3.4%	2.9%	-
Queensland GDP Growth Rate （Mining area）	1.3%	1.5%	(3.1)%	(1.4)%	-

Note1: Crude oil price is based on WTI future crude oil price (USD/barrel), Iron ore price is average price during the period based on spot iron ore prices (USD/meter ton) provided by Metal Bulletin
Note2: GDP of Australia and its states were estimated by the company based on real growth rates published by Australian Bureau of Statistics

Decline in Toll’s Financial Results (2)

Toll’s features:

Toll has grown through more than 100 M&A activities.

Strengths:
- Managing acquired companies as independent business units (BU, Profit and Loss unit).
- Secure autonomy of each BU, and clarify their roles and responsibilities.

Weaknesses :
- Back office operations are not integrated.
- The IT system is not centralized.
- The ratio of fixed costs is high due to a lack of integration and centralization.

Economy expansion period

- Due to repeated M&A activities, Toll’s increased service lines.
- Weaknesses, such as a lack of cost competitiveness were not apparent

Expansion plan centering on M&A

High priority

TOLL
Old management

TOLL
New management

Economy slowdown period

- An inefficient way of managing businesses such as multiple BU’s competing with one another to get their own business partners whilst sales are declining due to the slowdown of the Australian economy.
- Redundant operations by independent BU’s and the high ratio of fixed costs.

Insufficient

High priority

Cost restructuring reform

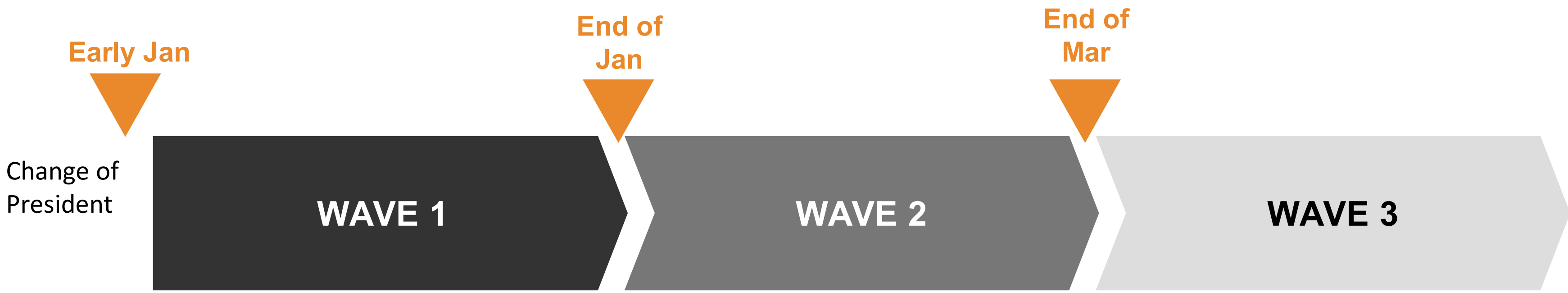
・Elimination of redundancies and centralized IT system

Direction of Recovery Plans

Steps to Improve	Contents
1 Establishing Foundation to be Competitive	Reorganization targeting at realizing "One Toll"
2 Cost Reduction / Review	Extensive cost reduction
3 Differentiation	Customer-centricity, improvement of quality of service, differentiation
4 Synergy	Fostering an integrated sales-force
5 Selection and Concentration	Concentration in priority regions and businesses and withdrawal from unprofitable operations

Business Improvement Measures / Role Reduction

- From January to March 2017, more than 300 roles predominantly in managerial positions were made redundant.
- Headcount is expected to be reduced by a further 1,700 employees during FY2018.



Outline :

- Change of reporting lines and roles
- Reduction plan and its early implementation
- Integration and simplification of divisions and business units

Impacts:

Restructure of senior management (Completed)

Reduction of more than 300 fulltime positions (Completed)

Headcount reduction of a further 1,700 positions during FY2018

Developing Businesses and Strengthening Governance

Developing Businesses

Toll is still a core company in JP group

TOLL	• Establish its status in the main regions (Australia, New Zealand, Singapore and China) and industries (e.g. energy, retail sales, manufacturing) • Concentrate management resources in areas where growth is highly expected (e.g. Asia, China and USA) • Expand into industries where growth is highly expected (e.g. pharmaceutical and agriculture) • Ensure cost competitiveness
JP	• Leverage Japanese enterprises in Toll's existing markets. • Opportunities in the Japanese market (e.g. Global Forwarding) • Make use of JP's B2C know-how

Strengthening Governance

Item	JP	TOLL
Vision and strategies	Share vision and strategies	
Governance	• The majority of Toll's board members • Approval is needed from JPH for material matters • Dispatch officers	• Manage operations • Approval is needed from its parent company for material matters.
Management	• Provide oversight and monitor risk-controlling • Performance evaluation and decision of remuneration policy • Nominate senior management	• Report status of operations and investments • Performance and risk reporting