

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.

This is a translation of the original Japanese version, which was prepared as of March 29, 2019. Therefore, this translation does not reflect any subsequent events, including the sale of shares of Japan Post Insurance Co., Ltd., by the Company on April 23, 2019.

March 29, 2019

Company name: Japan Post Holdings Co., Ltd.

Representative: Director and Representative Executive Officer, President & CEO Masatsugu Nagato
Stock Exchange Listing: Tokyo Stock Exchange (Code Number: 6178)

Approval of Business Plan for the Fiscal Year Ending March 31, 2020

Japan Post Holdings Co., Ltd. and its subsidiary, Japan Post Co., Ltd. hereby announce that approval of the Business Plan for the Fiscal Year Ending March 31, 2020 has been obtained today from the Minister of Internal Affairs and Communications as shown in the attachment.

Items requested from the Minister of Internal Affairs and Communications are annexed to the Business Plan for each company as in Attachment 1 with respect to Japan Post Holdings Co., Ltd. and Attachment 2 with respect to Japan Post Co., Ltd.

End

Fiscal Year 2020

From April 1, 2019 to March 31, 2020

15th Term

Business Plan

Japan Post Holdings Co., Ltd.

Foreword

Japan Post Holdings Co., Ltd. (hereafter, “Japan Post Holdings”) will formulate the basic management policies of Japan Post Co., Ltd. (hereafter, “Japan Post”), Japan Post Bank Co., Ltd. (hereafter, “Japan Post Bank”) and Japan Post Insurance Co., Ltd. (hereafter, “Japan Post Insurance”), and ensure the execution of thereof, and exercise its rights as shareholders thereof. Furthermore, Japan Post Holdings will support the businesses of its business subsidiaries, etc. by subcontracting indirect operations can achieve economies of scale. In addition, by conducting management of hospitals and lodging facilities, Japan Post Holdings will aim to provide customer-oriented service, support the lives of customers in the community, and ensure the happiness of both its customers and employees while demonstrating creativity and efficiency as a private enterprise to the greatest extent possible as the basis of trust and reassurance in the postal network. Also, Japan Post Holdings will conduct management of the company by making efforts to ensure that Japan Post Holdings demands management transparency from itself, follow the letter of the law, and is able to contribute to the development of society and the community. Furthermore, in the operation of these businesses, Japan Post Holdings will fulfill its duty to ensure that postal services, postal savings, remittance and credit settlement services as well as easily-accessible life insurance services, stipulated in the “Act for Partial Revision of the Postal Service Privatization Act and Others”, can be utilized consistently, universally, and fairly at post offices throughout the country via convenient customer-oriented methods, while striving to make greater use of the post office network with the aim of contributing to local communities.

At the same time, as a company with a strong public nature, Japan Post Holdings will continue to make efforts to support reconstruction from the Great East Japan Earthquake and the 2016 Kumamoto Earthquake as a group of companies united as a whole.

In the fiscal year ended March 31, 2016, Japan Post Holdings, together with Japan Post Bank and Japan Post Insurance listed its common stock on the First Section of the Tokyo Stock Exchange.

Japan Post Holdings and each member company of the Japan Post Group consider that it is necessary to continue the strengthening of internal controls in the group as a whole. Based on the situation where offenses continue to occur within the Japan Post Group, Japan Post Holdings, as the holding entity of the listed company group, will continue forthwith to endeavor to strengthen governance among the group as a whole and execute customer-oriented business conduct to secure transparency, full accountability, and proper operation of businesses. For this reason, Japan Post Holdings sees the improvement of compliance standards group-wide as an important issue for management in the fiscal year ending March 31, 2020 as well and will provide all necessary support and guidance to each group company by accurately grasping the formulation and promotion status of their compliance programs for the fiscal year ending March 31, 2020 as well as the condition and status of their internal audit systems. In particular, Japan Post Holdings will further promote and manage initiatives for preventing the reoccurrence of irregularities as well as measures against money laundering and the financing of terrorism as one of its biggest priorities.

In addition, Japan Post Holdings will make efforts to ensure the public utility and public natures of the services offered by each group company, and improve customer satisfaction (CS), also engage in corporate social responsibility (CSR) activities based on societal responsibilities of each group company. In particular, Japan Post Holdings will continue to promote cooperation in energy conservation that it has been engaged in since the fiscal year ended March 31, 2012, and continue to promote environmental preservation activities such as CO₂ reduction, et al. and environmental awareness activities such as the “JP Children’s Forest Creation Campaign”.

Also, with regard to the employment of people with disabilities, Japan Post Holdings achieved the designated employment rate (2.2%) of persons with disabilities required by the Act for Promotion of Employment of Persons with Disabilities in the fiscal year ended March 31, 2019. Japan Post Holdings will continue efforts to promote the employment of people with disabilities to achieve the target in the fiscal year ending March 31, 2020 as well.

With regard to “promotion of success of women in the workplace”, in order to proactively address the promotion of women to management positions, Japan Post Holdings will enhance the awareness of female employees to increase their motivation to be promoted and systematically develop them with an eye to their expanded appointment. Along with these initiatives, Japan Post Holdings will work to create a workplace culture that can achieve work-life balance and improve various environments for female employees, among other efforts.

Furthermore, in accordance with the Postal Service Privatization Act, Japan Post Holdings is required to dispose of its entire equity interest in Japan Post Bank and Japan Post Insurance within the earliest possible timeframe while considering the business conditions of Japan Post Bank and Japan Post Insurance and any impact on the ability of Japan Post Holdings and Japan Post to fulfill their universal services obligation, Japan Post Holdings will make the necessary preparations. Meanwhile, Japan Post Holdings will make the necessary preparations to enable the government to dispose of its shares as required. Moreover, as a means of increasing corporate value of the Japan Post Group, Japan Post Holdings conducts management of the group in such a way that measures for enhancing the profitability, further optimization of management, securing new sources of revenue, and other objectives based on the group’s medium-term management plan can be steadily advanced. At the same time, with regard to management challenges faced by each company in the Japan Post Group, Japan Post Holdings will provide necessary support and work toward their resolution while deepening the collaboration between each company as the holding entity. Furthermore, as growth investments, Japan Post Holdings will make equity investments in Aflac Incorporated.

Based on the aforementioned basic policies and the opinions of the Postal Privatization Committee, Japan Post Holdings shall carry out business operations by giving priority to the following items and rapidly and flexibly respond to changes in the business environment.

1. Formulation of Business Subsidiary Basic Management Policy and Assurance of Execution thereof, et al.

Japan Post Holdings will formulate the basic management policies for Japan Post and ensure the execution thereof so that the latter can achieve its company objectives of ensuring universal services of postal, banking and insurance, and providing stable service through the conservation and utilization of the post office network. Specifically, Japan Post Holdings request consultation, approval, or reporting on an individual basis with regard to matters that have a significant impact on the group as a whole or are required to ensure management transparency for group management by concluding the Japan Post Group agreements and the Japan Post Group contracts pertaining to group operations with each business subsidiaries.

2. Business Support of Business Subsidiaries

Japan Post Holdings aims to improve the group’s management efficiency while supporting the business of its subsidiaries by subcontracting indirect operations can achieve economies of scale. Specifically, Japan Post Holdings will be entrusted the following indirect businesses from its business subsidiaries, and execute.

(1) Provision of Telecommunications and Data Processing Services

Japan Post Holdings will provide telecommunications with telecommunications equipment owned by Japan Post Holdings, and data processing services with data processing system.

(2) Human Resource and Finance Businesses

Through subsidiaries that conduct temporary staffing dispatch and introduction business, Japan Post Holdings will carry out payment of salaries of business subsidiary executives, allowance calculation and income clerical duties (creation/mail-out of invoices requests, bank account transfer requests, credit data reconciliation) as well as expenditure clerical duties (creation/mail-out of payout certificates requests, bank account transfer requests, creation/mail-out of payment notices, credit data reconciliation).

(3) Welfare Benefits-related Businesses

Japan Post Holdings will conduct recreation facility provision businesses for executives and employees, etc. of business subsidiaries and the Organization for Postal Savings, Postal Life Insurance and Post Office Network.

Furthermore, through subsidiaries that conduct temporary staffing dispatch and introduction business, Japan Post Holdings will conduct health management business based on the stipulations set forth in the Industrial Safety and Health Law for executives and employees, etc. of business subsidiaries and the Organization for Postal Savings, Postal Life Insurance and Post Office Network.

(4) Real Estate Management-related Businesses

Japan Post Holdings will conduct support of management, improvement planning, operational upkeep and design/construction supervision or transaction/leasing related to real estate such as land and buildings as well as equipment associated with said real estate that is either currently owned or leased by business subsidiaries or will be owned or leased by them in the future.

(5) Temporary Staffing and Introduction Businesses

Through subsidiaries that conduct temporary staffing dispatch and introduction business, Japan Post Holdings will conduct solicitations for and employment of staff and introduce and dispatch them to each group member company. Also, the company will be entrusted with the human resource-related businesses of each group company.

(6) Call Center-related Businesses

Through subsidiaries that conduct temporary staffing dispatch and introduction business, Japan Post Holdings will carry out the provision and management of call center facilities and systems to business subsidiaries.

(7) Talent Development-related Businesses

Through the Postal College, Japan Post Holdings will execute cross-group training and aim for the improvement of employee capabilities in each group company.

3. Hospital Operation

Japan Post Holdings will proceed with administrative improvement through revenue-increasing measures by coordinating with community healthcare and enhancing emergency medicine, and engaging in cost-cutting through the enhancement of operational efficiency and reviews including the handover of business, as well as operate Teishin Hospital as a company-founded hospital. Also, it will promote the improvement of medical services, response to local healthcare needs, and patient satisfaction.

4. Lodging Facilities Operation et al.

With regard to former postal life insurance subscriber facilities, Japan Post Holdings will steadily promote revenue-increasing measures such as increasing the number of users of lodging facilities, thorough management of food costs, and optimization through reviews of the distribution of facilities based on changes in the external environment such as the economic trend in recent years and future forecasts. In so doing, Japan Post Holdings shall plan for administrative improvement with the aim of achieving single-fiscal year profitability.

Also, as part of its community contribution measures, Japan Post Holdings will continue to lend part of its former postal life insurance subscriber facilities to preventative long-term care providers and engage in preliminary trials of businesses to provide opportunities designed to improve the physical functioning of individuals certified as requiring support.

Appendix Financial Plan
 Income and Expenditure Budget

■ Financial Plan

The financial plan for the fiscal year ending March 31, 2020 is as follows.

Unit: 100 mil JPY

Item	Amount
Cash inflow	
Balance carried over from previous term	1,198
Dividend income	3,053
Former savings accounting subsidy	5
Brand royalty fees	149
Indirect business commissions	269
Hotel business income	253
Medical business income	146
Other income	813
Borrowings	2,823
Total	8,709
Cash outflow	
Personnel expenses	844
Non-personnel expenses	551
Taxes and dues	1
Investment expenses	516
Securities	2,823
Loans	355
Other expenses	2,275
Balance carried forward to next term	1,344
Total	8,709

N.B.: 1) Total figures do not match due to rounding.

■ Income and Expenditure Budget

The income and expenditure budget for the fiscal year ending March 31, 2020 is as follows.

Unit: 100 mil JPY

Item	Amount
Ordinary Income/Loss Section	
Operating Income/Loss Section	
Operating revenue	2,825
Dividend income	2,053
Former savings accounting subsidy	5
Brand royalty fees	137
Indirect business commissions	255
Hotel business income	233
Medical business income	142
Operating expenses	681
Personnel expenses	47
Non-personnel expenses	525
Depreciation costs	85
Taxes and dues	24
Operating Income	2,143
Non-operating Income/Loss Section	
Non-operating Income	10
Ordinary profit	2,153
Extraordinary gain and loss section	
Extraordinary gains	62
Extraordinary losses	162
Income before income taxes	2,053
Income taxes current	-168
Net income	2,221

N.B.: 1) Total figures do not match due to rounding.

1. Looking ahead to Society 5.0, Japan Post Holdings shall engage in group management from a long-term perspective based on a strong awareness of the possibility of fundamental changes technological innovations would bring about to the three pillars of the postal business—postal, banking and insurance.
2. Japan Post Holdings shall appropriately and steadily promote group management through the enhancement of the group’s profitability, improvement of managerial efficiency, the strengthening of governance and the development of new growth fields, in order to reliably provide universal services and further utilize the post office network. For the development of new growth fields, Japan Post Holdings shall carry out discussions sufficiently in advance and practice strict management.
3. Japan Post Holdings shall appropriately respond to the revision of the limit on the amount of postal savings per depositor to be implemented by Japan Post Bank on April 1, 2019, based on the “Opinion of the Postal Privatization Committee regarding the Comprehensive Review of the Progress of Postal Privatization (December 2018),” to avoid any confusion among the users and other consequences.
4. Japan Post Holdings shall appropriately handle the disposal of shares of Japan Post Bank and Japan Post Insurance while ascertaining the impact on their ability to fulfill their obligation to provide universal service.
5. Japan Post Holdings shall continue to proceed steadily with initiatives for management improvement with regard to hotel and hospital businesses.

Fiscal Year 2020

From April 1, 2019 to March 31, 2020

13th Term

Business Plan

Japan Post Co., Ltd.

Foreword

Japan Post Co., Ltd. (hereafter, “Japan Post”) conducts its business operations with the responsibility to ensure that customers can use basic services related to the postal business (hereafter, “universal services”) consistently, universally and fairly at post offices throughout the country.

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 to fully ensure major public benefits and contribute to local communities, while raising the value of the post office network by making post office services even more convenient and promoting initiatives to comprehensively support the daily lives of local customers.

Part 1 Basic Policy on Business Operations

In the fiscal year ended March 31, 2019, Japan Post strived to strengthen its postal and logistics functions and ensure stable profits by further expanding earnings in this period of economic recovery and thoroughly enhancing cost management, while at the same time reviewing its products and services as well as operations.

Meanwhile, the environment surrounding Japan Post is changing every moment, characterized in particular by a decrease in the volume of mail due mainly to the widespread use of the Internet, an increase in parcel demand as a result of the expansion of the e-commerce market, and diversification of customer needs related to service quality, amid social changes such as the increasing need for regional revitalization due to population decline and further globalization of the economy. On top of this, personnel expenses per employee are continuing to rise due mainly to the tight conditions in the labor market. To ensure that Japan Post can smoothly and reliably provide customers with services in the future from the users’ viewpoint, Japan Post recognizes responding properly to such a business environment and promoting initiatives to realize work style reforms, as well as establishing stable management as urgent management issues.

In order to continue providing stable postal services in such a business environment, Japan Post has made requests to the government for approval to ease the standards for postal delivery frequency and the number of days required for delivery, and will continue to appropriately respond to the government’s discussion.

In light of these factors, in the fiscal year ending March 31, 2020, Japan Post will seek to further expand earnings in this period of economic recovery and thoroughly enhance its cost management. At the same time, by developing services that keep pace with the changes in the business environment, Japan Post will strive to strengthen its postal and logistics functions and post office network to ensure stable profits. Specific policies are as follows.

1. Enhancement of Profitability

With regard to the postal and logistics business, Japan Post aims to maintain and expand use of the postal service through SNS tie-up services using smartphones for New Year’s cards and other products, and by carrying out activities that convey the pleasure of letter-writing. At the same time, Japan Post will strengthen sales for small and medium customers and build a sales structure to enable one-stop services to the wide-ranging needs of customers.

Furthermore, to keep up with the increasing demand for parcels amid the expansion of the e-commerce market, Japan Post will continue to make efforts in providing services that heighten the convenience of posting and receiving parcels.

Japan Post will consider appropriately reflecting consumption taxes in the postage rates based on future discussions about the consumption tax increase.

As for financial services including banking counter operations and insurance counter operations, Japan Post aims to promote the shift “from savings to asset formation,” and to increase the number of new contracts and new customers. To this end, Japan Post will strengthen the sales capabilities of employees through a collaborative training with our consignors Japan Post Bank Co., Ltd. (hereafter, “Japan Post Bank”) and Japan Post Insurance Co., Ltd. (hereafter, “Japan Post Insurance”) and by selling investment trusts.

Japan Post will also work to enhance employee’s sales capabilities through training with regard to affiliated financial services such as cancer insurance.

With regard to the merchandise business, Japan Post will enhance and develop products through measures including business alliance with other companies, while promoting the diversification of sales channels. In the real estate business, Japan Post will promote the leasing business for office premises in buildings including JP Tower, commercial facilities, residential properties, nurseries and other properties.

In addition, assuming that proper business operations are ensured in existing businesses such as the postal business, Japan Post aims to diversify and enhance its profit structure as a whole, including subsidiaries and affiliates, by considering and embarking on expansion of, investment in and alliances with new businesses from the perspective of actively using management resources. In the international logistics business, in light of the harsh business environment surrounding Toll Holdings Limited, Japan Post will make further efforts to implement measures to improve management, while at the same time continue to leverage the knowledge and experience of Toll to expand the business.

2. Improving Productivity and Enhancing Network Value

Seeking to improve operational efficiency at post offices, Japan Post will work to increase productivity of pickup, delivery and other operations, and improve the efficiency of delivery. Japan Post will also carry out initiatives aimed at effectively recruiting and securing labor, taking into consideration the situation in each region, so as to secure a stable labor force needed to operate its business. Furthermore, Japan Post will make efforts to develop a system for facilities, transportation, and pickup and delivery that can respond to an increase in parcels. At the same time, it will explore the possibility of utilizing advanced technologies such as drones and self-driving vehicles.

Regarding the post office network, Japan Post will continue to take steps to optimize the post office network through such means as opening new post offices and relocating existing post offices. Furthermore, Japan Post will make efforts to improve service quality by enhancing support and related tools for visitors to post offices.

3. Strengthening the Corporate Foundation

The services provided by Japan Post depend heavily on humans. Recognizing that human resources are the most important management resource for us, Japan Post will create a human resources educational program that enables employees to improve themselves by actively

developing their own skills in the roles expected of them, and will also promote initiatives to realize work style reform and empower women in the workplace.

Japan Post will promote initiatives based on a management system focused on post office functions as well as thoroughly ensure profit-and-loss management in accordance with the management system in order to improve financial results.

In order to develop the environment in which services are provided, Japan Post will carry out renovations of aging post office buildings and other structures and facilities.

Furthermore, Japan Post will work to establish internal controls including thorough compliance, in order to continue to secure the trust that the postal business has built up thus far and in the future.

With regard to compliance, Japan Post will create a compliance program, and ensure that the program is rigorously promoted by strengthening management systems at post offices through monitoring.

Japan Post will continue to strive to eradicate internal offenses through the continuation of various policies implemented thus far.

As for abandonment or concealment of mail, Japan Post, taking its responsibility to reliably deliver mail seriously, will strive to eradicate such incidents by continuing to develop measures to enhance employee education, as well as aiming to firmly establish priority rules for crime prevention by making them fully aware to employees and providing them thorough instruction.

In due recognition of the fact that the inappropriate collection of postal fees will undermine customers' trust, Japan Post will continue to take thorough measures to prevent the reoccurrence of such incident.

In addition to steadily carrying out initiatives to eliminate antisocial forces, Japan Post will fulfill its social responsibility as a corporation, positioning CSR (Corporate Social Responsibility) as an important management challenge in terms of contributing to society and the local community.

4. Reconstruction Support following the Great East Japan Earthquake and the 2016 Kumamoto Earthquake

In terms of support for reconstruction following the Great East Japan Earthquake and the 2016 Kumamoto Earthquake, post office services including mail, deposits, and insurance are indispensable for the maintenance of daily lives by those affected by the disaster. Japan Post will therefore continue to deepen ties between Japan Post Group companies to contribute to supporting the daily lives of people affected by the disaster by reopening post offices and other efforts.

Part 2 Plans Regarding Operations Stipulated in Article 4, Paragraph 1 through 3 of the Japan Post Co., Ltd. Act

Japan Post ensures implementation of operations including postal operations, banking counter operations, and insurance counter operations stipulated in Article 4, Paragraph 1 of the Japan Post Co., Ltd. Act (Act No. 100 of 2005), in addition to conducting operations as stipulated in Paragraph 2 and Paragraph 3 of the same Article. Principal operations are as shown below.

With regard to operations stipulated in Article 4, Paragraph 2, Item 3 and Paragraph 3 of the Japan Post Co., Ltd. Act, the plan is formulated based on provisions of Article 92 of the Postal Service Privatization Act (Act No. 97 of 2005) which stipulates that special care should be taken not to unfairly harm the interests of businesses engaged in the same type of operation as Japan Post.

1. Postal Operations

Japan Post carries out postal operations as stipulated in the Postal Act (Law No. 165 of 1947) as well as operations related to preparation and posting of mail items and other associated operations.

Item	Consigned volume of items (plan)	Compared to previous year's plan
Domestic mail	16,247 million	(-0.2%)
First-class mail	7,839 million	(-0.1%)
Second-class mail	7,716 million	(-0.4%)
Third-class mail	186 million	(-3.3%)
Fourth-class mail	15 million	(-7.6%)
Special mail	490 million	(+4.7%)
International mail	43 million	(-3.9%)

2. Banking Counter Operations, etc.

Under consignment or reconsignment from Japan Post Bank, Japan Post conducts banking counter operations stipulated in Article 4, Paragraph 1, Item 2 of the Japan Post Co., Ltd. Act, operations stipulated in Item 3 of the same Paragraph, and operations stipulated in Article 2, Paragraph 1, Item 1 of the supplementary provisions to the same Act.

In addition, under consignment from Japan Post Bank, Japan Post carries out banking agency services other than the aforementioned banking counter operations.

Furthermore, under consignment from Japan Post Bank, Japan Post conducts sales of Japanese Government Bonds and investment trusts as financial instruments intermediary service provider.

Item	Planned amount
Number of accounts for pension acquired	486,000
Number of accounts for salary acquired	374,000
Investment trust sales	¥300.0 billion

3. Insurance Counter Operations, etc.

Under consignment or reconsignment from Japan Post Insurance, Japan Post conducts insurance counter operations stipulated in Article 4, Paragraph 1, Item 4 of the Japan Post Co., Ltd. Act, operations stipulated in Item 5 of the same Paragraph, and operations stipulated in Article 2, Paragraph 1, Item 2 of the supplementary provisions to the same Act.

In addition, under consignment from Japan Post Insurance, Japan Post engages in insurance solicitation and operational agency other than the aforementioned insurance counter operations.

Furthermore, regarding insurance solicitation and operational agency carried out for entrusting insurance companies other than Japan Post Insurance, Japan Post handles Aflac's cancer insurance, as well as handling medical insurance with eased underwriting conditions, individual variable annuities, and life insurance for companies (for management-level personnel).

Japan Post also handles automobile and other insurance as insurance solicitation and related operations carried out for entrusting insurance companies such as non-life insurance companies or foreign non-life insurance companies.

Item	Planned amount
Number of new life insurance policies (for Japan Post Insurance)	1,660,000

4. Sales of Documentary Stamps

Japan Post conducts sales of revenue stamps, unemployment insurance documentary stamps, health insurance documentary stamps, automobile weight tax documentary stamps, and patent documentary stamps and associated operations on behalf of the Japanese government.

Item	Planned amount to be sold	Compared to previous year's plan
Revenue stamps	¥719.4 billion	(-4.3%)
Unemployment insurance documentary stamps	¥0.2 billion	(-20.4%)
Health insurance documentary stamps	¥1.9 billion	(-18.2%)
Automobile weight tax documentary stamps	¥624.9 billion	(-7.2%)
Patent documentary stamps	¥95.5 billion	(-0.6%)

5. Issuing of New Year's Lottery Postcards, etc.

Japan Post issues New Year's lottery postcards, etc. (New Year's lottery postcards, etc., as stipulated in Article 1, Paragraph 1 of the Act for New Year's Lottery Postcards, etc. (Act No. 224 of 1949)) and donation-added postcards, etc. (donation-added postcards, etc., as stipulated in Article 5, Paragraph 1 of the same Act) and conducts associated operations.

6. Administrative Work Consigned from Local Governments

Japan Post carries out operations related to administrative work handled at the post office (issuance of certificates) stipulated in Article 3, Paragraph 1, Item 1 of the Act for Handling by the Post Office of Specified Administrative Work of Local Governments (Act No. 120 of 2001).

With regard to other consigned counter administrative work, Japan Post carries out operations including sales of garbage disposal labels and issuance of bus tickets.

Furthermore, as operations using mail delivery personnel, Japan Post conducts services such as “*Himawari* Service”.

7. Sales of Products Using Catalogues and Intermediation of Contracts Related to Sales Thereof

Together with subsidiaries and affiliates, Japan Post carry out operations including sales of products or rights using catalogues, etc., intermediation of contracts related to provision of services, and collection of fees related to such contracts. Specific operations include sales of locally selected items, printing service for New Year's postcards, sales of framed stamps, and display and sales of postal-related products such as stationery, as well as counter sales and sales by external sales personnel along with online and direct marketing sales.

Item	Planned amount
Sales amount	¥106.5 billion

8. Domestic Distribution Operations

Japan Post carries out operations related to the truck cargo transportation business and consigned freight forwarding business for domestic cargo transportation and associated operations equivalent to parcel delivery and mail service (Yu-Pack and Yu-Mail).

In relation to the above operations, Japan Post also conducts sales of Yu-Pack packages, etc., collection of product payment through cash on delivery services, operations related to preparing and sending Yu-Pack, and other associated operations.

Item	Consigned volume of items (plan)	Compared to previous year's plan
Yu-Pack	1,079 million	(+13.5%)
Yu-Mail	3,638 million	(+0.4%)

9. International Logistics Operations

Toll Holdings Limited, a subsidiary of Japan Post, provides services including express logistics in Oceania and Asia, domestic cargo transportation in Australia and New Zealand, a full line of international cargo transportation centered on exports from Asia, and transportation and warehouse management services as a 3PL provider in the Asia Pacific region.

In addition, subsidiaries and affiliates of Japan Post engages in consigned freight forwarding business using transportation services provided by actual carriers based on orders received from shippers, and carries out other operations related to international cargo transportation as well as associated businesses thereto.

10. Logistics Business

Under consignment from Japan Post Bank and Japan Post Insurance, Japan Post carries out operations related to logistics business, namely the comprehensive distribution operations for the Japan Post Group.

In addition, with regard to distribution operations for other shippers, Japan Post accepts consignments from the shippers to perform consulting aimed at improvement of distribution operations, and carries out operations related to the logistics business, a comprehensive distribution operation encompassing transportation, storage, and cargo handling of the shipper, enabled through designing and development of an optimal distribution operation flow for the shipper.

11. Real Estate Operations (limited to real estate leasing and management business, property sales and purchase business, land purchase and sales business.)

Japan Post carries out leasing and operations management of JP Tower and other buildings together with subsidiaries and affiliates and is also engaged in the leasing business for residential properties, nurseries and other properties.

Part 3 Basic Plan for Establishment and Elimination of Post Offices and Company Offices for which Notification is Required under the Stipulations of Article 6, Paragraph 2 of the Japan Post Co., Ltd. Act

1. Establishment of Post Offices, etc.

With regard to establishment of post offices, etc., Japan Post makes it a policy to maintain the level of the post office network in underpopulated areas based on Article 6 of the Japan Post Co., Ltd. Act and Article 4 of the Ordinance for Enforcement of the Japan Post Co., Ltd. Act (Ordinance of the Ministry of Internal Affairs and Communications No. 37 of 2007), and thereby ensure steady provision of universal services.

As for contracted post offices that are temporarily “out of service,” Japan Post will continue with our efforts to promptly reopen these facilities regardless of whether they are in underpopulated areas as stipulated in Article 4, Paragraph 5 of the Ordinance for Enforcement of the Japan Post Co., Ltd. Act.

When temporary measures are needed, Japan Post will make efforts to provide counter services through “mobile post offices,” according to the local situation and status of use by customers.

2. Establishment of New Post Offices, etc.

With the aim of improving customer service and expanding the products and services handled at post offices, etc., in response to diverse customer needs, Japan Post will press ahead with efforts to open post offices in areas where an increase in customer use is expected as a result of regional changes and other factors.

3. Elimination of Post Offices, etc.

Japan Post will review the location of post offices in line with resolving issues such as decreasing customer demand and aging facilities.

In addition, Japan Post will revise the operational format of post offices which require improvement in management in terms of operational efficiency, such as those post offices with limited user groups and limited services in need.

Regarding contracted post offices that have been “out of service” for a long period of time, Japan Post will review the situation in light of local demand and location of other post offices, and make adjustments in cases where other post offices can be easily used given the movement of residents in their daily lives.

Part 4 Operation of Other Businesses

1. Maintenance and Utilization of Post Office Network

Japan Post will continue to ensure that the level of the post office network, which is a shared asset of the Japanese people, is maintained by utilizing subsidies and contribution systems to support the maintenance of the post office network, which is scheduled to commence operations in April 2019. Japan Post will also work on restoration of post offices, etc., as an initiative to support the reconstruction from the Great East Japan Earthquake and the 2016 Kumamoto Earthquake. At the same time, Japan Post will pursue measures to enhance the functions of local one-stop administrative services and revitalize the local community, so as to fully ensure major public benefits and contribute to local communities as post offices rooted in the region, in order to realize increased network value and greater convenience for local residents.

(1) Enhancing the Functions of Local One-Stop Administrative Services

Japan Post will work on various measures in consultation with related parties in order to enhance the functions of local one-stop administrative services utilizing the post office network that is a shared asset of the Japanese people and contribute to the promotion of the spread of the Individual Number Card.

(2) Collaboration with Local Communities

In collaboration with local businesses, governments, and schools, Japan Post will actively promote efforts to support local communities based on the needs of each area, through measures such as catalogue sales of local selected items, promotion of letter-writing culture, and dissemination of local information. Japan Post will also provide the “Watch Over Service”, with the aim of contributing to greater convenience for local residents.

Furthermore, Japan Post will promote consultations with local governments toward conclusion of disaster prevention agreements nationwide for the purpose of mutual cooperation when disaster strikes.

2. Installing Post Boxes

Japan Post will continue striving to maintain the same number of post boxes throughout the country as when the post office became a public corporation.

3. Number of Days Required for Delivery of Mails

As a specific target for reliable delivery of mail, Japan Post will work toward a 97.0% or higher national average rate of achieving targeted days for delivery.

4. International Harmony and Collaboration

In addition to steadily fulfilling its obligations based on the Universal Postal Convention, as the country chairing the Postal Operations Council of the Universal Postal Union (UPU), Japan Post will promote international harmony and collaboration and seek to improve the quality of the international postal services by actively participating in the activities of the Council. In addition, Japan Post will use its knowhow with regard to the post and post office networks to actively cooperate with postal business entities in other countries.

Appendix Financial Plan
 Income and Expenditure Budget

Financial Plan for the Fiscal Year Ending March 31, 2020

Unit: 100 mil JPY

Item	Amount
Cash inflow	
Balance carried over from previous term	8,935
Income from postal business	14,325
Documentary stamps income	13,949
Income from deposits and insurance outsourced operations	7,338
Subsidies	2,952
Other operating income	9,383
Other financial income	-
Borrowings	-
Total	56,882
Cash outflow	
Personnel expenses	22,096
Non-personnel expenses	7,699
Taxes and dues	3,676
Investment expenses	885
Documentary stamps payment	13,949
Redemption of borrowings	-
Balance carried forward to next term	8,576
Total	56,882

N.B.: 1) Total figures do not match due to rounding.

2) “-” means that the figure does not exist.

Income and Expenditure Budget for the Fiscal Year ending March 31, 2020

Unit: 100 mil JPY

Item	Amount
Operating income	31,355
Postal service business income	13,324
Documentary stamps outsourced operations income	433
Commissions for banking and insurance business consignment	6,732
Subsidies	2,952
Other operating income	7,913
Operating costs	28,045
Personnel expenses	20,540
Costs	7,506
Non-personnel expenses	6,085
Depreciation costs	1,181
Other costs	240
Sales, general and administrative costs	2,120
Personnel expenses	886
Non-personnel expenses	865
Other costs	369
Net operating income (loss)	1,190
Other income	43
Other expenses	17
Net ordinary income (loss)	1,216
Extraordinary gains	175
Extraordinary losses	210
Income (loss) before income taxes	1,182
Income taxes current	182
Net income (loss)	1,000

N.B.: 1) Total figures do not match due to rounding.

1. Japan Post shall maintain and strengthen the post office network, while reliably providing universal services by utilizing subsidies and contribution systems to support the maintenance of the post office network, which is scheduled to commence operations in April 2019. Japan Post shall also actively undertake efforts to promote wider use of the Individual Number Card and initiatives that contribute to the establishment of sustainable local communities, among others.
2. Japan Post shall respond to the decrease in postal demand, the spread of e-commerce and changes to the social environment including work style reforms and the empowerment of women in the workplace, and, looking ahead to Society 5.0, enhance the convenience of users and improve managerial efficiency through the adoption of latest technologies.
3. Japan Post shall carry out diversification and enhancement of its profitability, such as the improvement of international logistics operations, while steadily strengthening governance, including the compliance management systems. In addition, in conducting the sales of financial products such as investment trusts, Japan Post shall be mindful to carry out appropriate sales activities truly in line with user needs.