

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 31, 2018

Dear Shareholders,

Masatsugu Nagato

Director and Representative Executive Officer,
President & CEO

Japan Post Holdings Co., Ltd.

1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo

NOTICE OF THE 13TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 13th Annual General Meeting of Shareholders of Japan Post Holdings Co., Ltd. (hereinafter referred to as the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal voting or via the electromagnetic means (Internet, etc.). Prior to voting, please examine the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights as outlined later in this document.

<Instructions for the Methods of Exercise of Voting Rights>

By attending the General Meeting of Shareholders

Please bring the voting form with you and present it at the reception desk when you attend the meeting. Also, please be sure to bring this notice with you.

By submitting the voting form by mail

Please indicate your approval or disapproval on the voting form enclosed to exercise your voting rights, and return it to us by mail so it will arrive by 5:15 p.m. on Tuesday, June 19, 2018 (JST), which is the day immediately preceding the Annual General Meeting of Shareholders.

By the exercise of voting rights via the Internet, etc.

Please access the Internet voting website (<https://www.web54.net>) and input your approval or disapproval by 5:15 p.m. on Tuesday, June 19, 2018 (JST).

→Please refer to the attached “Instructions for Exercise of Voting Rights via the Internet, etc.” on page 5.

Details

- 1. Date and Time:** Wednesday, June 20, 2018 at 10 a.m. (JST)
(The reception of the attendees to the meeting at the reception desk shall start at 9:00 a.m.)
- 2. Place:** Ballroom, B2F, The Prince Park Tower Tokyo
4-8-1 Shibakoen, Minato Ward, Tokyo

Last year, the Company held the 12th Annual General Meeting of Shareholders at the Yokohama Arena in Yokohama City, Kanagawa Prefecture. We have decided to hold the meeting at the above venue to facilitate maximum attendance of shareholders.

3. Meeting Agenda

Matters to be reported:

1. The Business Report, Consolidated Financial Statements for the Company's 13th Term (April 1, 2017 to March 31, 2018) and results of audits by the Independent Auditor and the Audit Committee on the Consolidated Financial Statements.
2. Non-consolidated Financial Statements for the Company's 13th Term (April 1, 2017 to March 31, 2018)

Proposals to be resolved:

Company Proposal

- Proposal 1:** Election of Fifteen (15) Directors

Shareholder Proposals

- Proposal 2:** Partial Amendments to the Articles of Incorporation (Temporary Freeze on Additional Offerings of Shares)
- Proposal 3:** Partial Amendments to the Articles of Incorporation (Delisting through a TOB/MBO)
- Proposal 4:** Partial Amendments to the Articles of Incorporation (Disclosing Contracted Shipping Fees)

The outlines for the Shareholder Proposals (from Proposal 2 to Proposal 4) are provided in the "Reference Documents for the General Meeting of Shareholders" on pages 21 to 23.

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- * If you plan to attend in person, please present the enclosed voting form at the reception desk upon your arrival.
 - * Among the documents to be provided to this notice, the Notes to Consolidated Financial Statements and the Notes to Non-consolidated Financial Statements are posted on the Company's Web site pursuant to laws and regulations, as well as Article 16 of the Articles of Incorporation of the Company, and are accordingly not included with the documents attached with this notice. The Consolidated Financial Statements and Non-consolidated Financial Statements, which have been audited by the Audit Committee and Independent Auditor, include the Notes to Consolidated Financial Statements and the Notes to Non-consolidated Financial Statements posted on the Company's Web site (<http://www.japanpost.jp/en>).
 - * Any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements will be disclosed on the Company's Web site (<http://www.japanpost.jp/en/>).
 - * The meeting will be held in Japanese. We allow shareholders to be accompanied by an interpreter (sign-language interpreters included). If you wish to be accompanied by an interpreter, please apply for permission at the reception on the day. The Company is able to provide sign language interpretation; however, this is limited to the case of sign language interpretation in Japanese.
 - * We will not be handing out small gifts to the shareholders at the site of the meeting.

Instructions for Exercise Method of Voting Rights

A voting right at the General Meeting of Shareholders is an important right that entitles shareholders to participate in the Company's management. Please refer to the Reference Documents for the General Meeting of Shareholders later in this document (pages 8 to 23) and exercise your voting rights. You may exercise your voting rights by one of the following three methods:

1. By attending the General Meeting of Shareholders

Please submit the enclosed voting form to the reception desk of the meeting. (A personal seal will not be required.)

Date and Time: Wednesday, June 20, 2018 at 10 a.m. (The reception of the attendees to the meeting at the reception desk shall start at 9:00 a.m.) (JST)

Place: Ballroom, B2F, The Prince Park Tower Tokyo
4-8-1 Shibakoen, Minato Ward, Tokyo

2. By submitting the voting form by mail

Please indicate your approval or disapproval on the voting form and post it to the Company without a postage stamp. For details, please refer to "Instructions for Exercise of Voting Rights in writing" on the next page.

Exercise due date: To be received no later than 5:15 p.m. on Tuesday, June 19, 2018 (JST)

3. By the exercise of voting rights via the Internet, etc.

To exercise your voting rights via the Internet, please refer to the attached "Instructions for Exercise of Voting Rights via the Internet, etc." on page 5.

Exercise due date: No later than 5:15 p.m. on Tuesday, June 19, 2018 (JST)

To Institutional Investors

The electronic voting platform for institutional investors operated by Investor Communications Japan Inc. is available for institutional investors that have applied to use such platform in advance.

[Diverse exercise of voting rights]

Shareholders who will make a diverse exercise of voting rights are requested to notify the Company in writing of their intention to do so and state their reason for this no later than three (3) days before the General Meeting of Shareholders.

Instructions for Exercise of Voting Rights in writing

Exercise due date: To be received no later than 5:15 p.m. on Tuesday, June 19, 2018 (JST)

Please indicate your approval or disapproval on the voting form enclosed to exercise your voting rights, and return it to us by mail. In the event that no indication of approval or disapproval on the voting form has been made, this shall be treated as the intent of approval for the Company Proposal and disapproval for the Shareholder Proposals.

■ Instructions for entry method

議決権行使書

株主番号

議決権行使個数

個

日本郵政株式会社 御中

私は、2018年6月20日開催の当社第13回定時株主総会（継続会又は延会を含む）における各議案につき、右記（賛否を○印で表示）のとおり議決権を行使します。

2018年 月 日

議案	第1号案 (下の候補者を除く)			
会社提案	賛			
	否			

議案	第2号案	第3号案	第4号案
株主提案	賛	賛	賛
	否	否	否

(ご留意)
当社取締役会は株主提案につきまして、そのいづれにも反対しております。第2号議案以下につき、株主提案に賛成の場合は「賛」に、当社取締役会意見に賛成の場合は「否」に○印でご表示ください。

1. 株主総会にご出席願えない場合は、この議決権行使書用紙に賛否をご表示いただき、2018年6月19日午後5時15分までに到着するようご返送ください。

2. 第1号議案の賛否をご表示の際、一部の候補者につき異なる意思を表示される場合は、「株主総会参考」の番号をご記入ください。

3. 賛否のご表示ははっきりと○印

4. 議決権をインターネットで記載のコードとパスワードで、2018年6月19日午後5時15分までご投票権行使書を返送

Proposal 1 is a proposal by the Board of Directors and the Nomination Committee.

Proposals 2-4 are proposals by some of the shareholders.
The Board of Directors objects to each of these Proposals. For details, please refer to pages 21 to 23.

議決権を重複して行使された場合の取り扱いについては、招集通知をご参照ください。
株主総会にご出席の際は、この用紙の右片を切り離さずそのまま会場受付にご提出ください。

日本郵政株式会社

Please indicate your approval or disapproval for each proposal.

If you approve: Mark a ○ in the box marked “賛”

If you disapprove: Mark a ○ in the box marked “否”

■ Entry Example

If you approve Company Proposal and Opinion of the Board of Directors

議案	第1号案 (下の候補者を除く)	議案	第2号案	第3号案	第4号案
会社提案	○	株主提案	○	○	○
	○		○	○	○

If you disapprove Company Proposal and Opinion of the Board of Directors

議案	第1号案 (下の候補者を除く)	議案	第2号案	第3号案	第4号案
会社提案	○	株主提案	○	○	○
	○		○	○	○

Instructions for Exercise of Voting Rights via the Internet, etc.

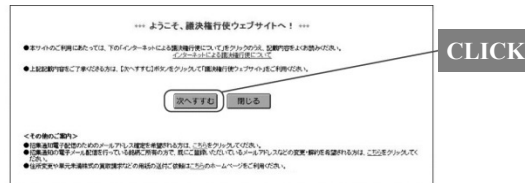
Exercise due date: No later than 5:15 p.m. on Tuesday, June 19, 2018 (JST)

1. Access the Internet voting website

Please access the Internet voting website and click on “次へすすむ (NEXT).”

Internet voting website

<https://www.web54.net>



2. Log in

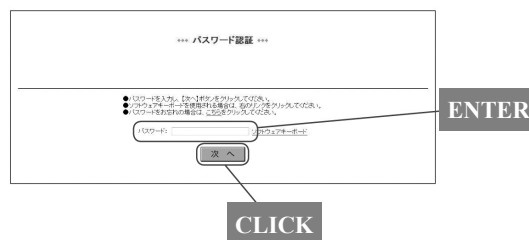
Enter the “議決権行使コード (voting code)” indicated on the voting form and click on “ログイン (Log in).”



3. Enter the password

Enter the “パスワード (password)” indicated on the voting form and click on “次へ (NEXT).”

If you received this notice by MyPost, the password column on the right hand side of the voting rights exercise card is displayed as “*****.” Please enter the password you selected when confirming registration of MyPost receipt.



Input your approval or disapproval by following the instructions displayed on the screen.

- * If you vote both by post and via the Internet, etc., we will treat only the vote submitted via the Internet, etc. as valid.
- * If you exercise your voting rights via the Internet, etc. multiple times, only the last vote exercised will be treated as valid.
- * The Internet voting website may not be available depending on usage environment of the Internet, etc., services to which you subscribe, or device model you use.
- * The costs incurred when accessing the Internet voting website, including Internet access fees and communication expenses will be the responsibility of the shareholder.

**If you have any technical inquiries regarding the operation of a PC, etc.
for voting on this website, contact the following:**

Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

Tel: 0120-652-031 (toll-free and available from 9:00 a.m. to 9:00 p.m., only in Japan)

**You can also receive this notice in digital format using MyPost. If you desire, please access the
following website from your computer and follow the directions.**

***MyPost is the name of an online postal mail receipt service provided by Japan Post.**

<https://www.mypost.post.japanpost.jp>

Inquiries on “MyPost”

Tel: 0120-343-389 (toll-free and available from 10:00 a.m. to 6:00 p.m. excluding Saturdays, Sundays,
holidays and the new year holidays (December 29 - January 3); only in Japan)

About the 13th Term Year-end Dividend

A resolution was passed by the Board of Directors on May 15, 2018 setting the year-end dividend at ¥32 per share, with the date of entry into force (payment start date) set as June 21, 2018, per the provisions of the Articles of Incorporation.

In addition to the year-end dividend of ¥25 per share as initially estimated, the amount includes the special dividend of ¥7 reflecting improved earnings and 10th anniversary of privatization of the Japan Post Group.

As the interim dividend of ¥25 per share has been already paid, the total annual payment of dividends for the fiscal year under review will be ¥57 per share.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Company Proposal

Proposal 1: Election of Fifteen (15) Directors

The terms of office of all of the current fifteen (15) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of fifteen (15) directors is proposed on the basis of the decision by the Nomination Committee.

The candidates for Directors are as follows:

Candidate No.	Name	Current position and responsibility in the Company	
1	Masatsugu Nagato	Director and Representative Executive Officer, President & CEO, Member of the Nomination Committee and Member of the Compensation Committee	Reelection
2	Yasuo Suzuki	Director and Representative Executive Officer, Senior Executive Vice President, in charge of Internal Control Management	Reelection
3	Norito Ikeda	Director	Reelection
4	Kunio Yokoyama	Director	Reelection
5	Mitsuhiko Uehira	Director	Reelection
6	Riki Mukai	Director, Member of the Audit Committee (standing)	Reelection
7	Miwako Noma	Outside Director, Member of the Audit Committee	Reelection Outside Independent
8	Akio Mimura	Outside Director, Chairperson of the Nomination Committee	Reelection Outside Independent
9	Tadashi Yagi	Outside Director, Chairperson of the Audit Committee (standing), Member of the Compensation Committee	Reelection Outside Independent
10	Kunio Ishihara	Outside Director, Member of the Nomination Committee	Reelection Outside Independent
11	Charles Ditmars Lake II	Outside Director	Reelection Outside Independent
12	Michiko Hirono	Outside Director	Reelection Outside Independent
13	Norio Munakata	Outside Director, Member of the Audit Committee	Reelection Outside Independent
14	Tsuyoshi Okamoto	–	New election Outside Independent
15	Miharu Koezuka	–	New election Outside Independent

Notes: 1. The Company has entered into limited liability agreement with Mr. Norito Ikeda, Mr. Kunio Yokoyama, Mr. Mitsuhiko Uehira, Mr. Riki Mukai, Ms. Miwako Noma, Mr. Akio Mimura, Mr. Tadashi Yagi, Mr. Kunio Ishihara, Mr. Charles Ditmars Lake II, Ms. Michiko Hirono and Mr. Norio Munakata to limit their liabilities, to the minimum liability amount stipulated by Article 425, paragraph 1 of the Companies Act. If they are reelected as directors, the Company plans to continue the above limited liability agreement with them. Furthermore, the Company plans to enter into limited liability agreement with Mr. Tsuyoshi Okamoto and Ms. Miharu Koezuka if their appointments are approved.

2. Ms. Noma, Mr. Mimura, Mr. Yagi, Mr. Ishihara, Mr. Lake, Ms. Hirono and Mr. Munakata are Independent Directors, whose appointment is required by the Tokyo Stock Exchange, Inc. to ensure the protection of general shareholders' interests. Mr. Okamoto and Ms. Koezuka satisfy the Tokyo Stock Exchange, Inc.'s requirements for Independent Director as well as the Company's own criteria for Independent Directors. The Company thus intends to register them as Independent Directors with the Tokyo Stock Exchange, Inc.
3. Ms. Hirono's name on her family register is Michiko Fujii.

Name (Date of birth)	Career Summary and Position in the Company	
<p>1</p> <p>Masatsugu Nagato (Nov. 18, 1948)</p> <p>Number of the Company's Shares Owned 2,400 shares</p> <p>Tenure as Director 3 years</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>Attendance at Nomination Committee's meetings 2/2 (100%)</p> <p>Attendance at Compensation Committee's meetings 4/4 (100%)</p> <p>[Reelection]</p>	<p>Apr. 1972</p> <p>Jun. 2000</p> <p>Jun. 2001</p> <p>Apr. 2002</p> <p>Apr. 2003</p> <p>Jun. 2006</p> <p>Jun. 2007</p> <p>Jun. 2010</p> <p>Jun. 2011</p> <p>Jan. 2012</p> <p>May 2015</p> <p>Jun. 2015</p> <p>Apr. 2016</p> <p>Jun. 2016</p>	<p>Joined The Industrial Bank of Japan, Limited.</p> <p>Executive Officer of The Industrial Bank of Japan, Limited.</p> <p>Managing Executive Officer of The Industrial Bank of Japan, Limited.</p> <p>Managing Executive Officer of Mizuho Bank, Ltd.</p> <p>Managing Executive Officer of Mizuho Corporate Bank, Ltd.</p> <p>Corporate Executive Vice President of Fuji Heavy Industries Ltd.</p> <p>Director of the Board, Corporate Executive Vice President of Fuji Heavy Industries Ltd.</p> <p>Representative Director of the Board, Deputy President of Fuji Heavy Industries Ltd.</p> <p>Director & Vice Chairman of Citibank Japan Ltd.</p> <p>Director & Chairman of Citibank Japan Ltd.</p> <p>President and Representative Executive Officer of Japan Post Bank Co., Ltd.</p> <p>Director of the Company</p> <p>Director and Representative Executive Officer, President & CEO of the Company (to present)</p> <p>Director of Japan Post Co., Ltd. (to present)</p> <p>Director of Japan Post Bank Co., Ltd. (to present)</p> <p>Director of Japan Post Insurance Co., Ltd. (to present)</p> <p>[Position and responsibilities]</p> <p>Director and Representative Executive Officer, President & CEO, Member of the Nomination Committee, Member of the Compensation Committee</p> <p>[Significant concurrent positions]</p> <p>Director of Japan Post Co., Ltd., Director of Japan Post Bank Co., Ltd., Director of Japan Post Insurance Co., Ltd.</p> <p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Masatsugu Nagato has held senior management posts such as Director & Chairman of Citibank Japan Ltd., and has been part of the management team of the Japan Post Group as Director and Representative Executive Officer, President & CEO of the Company. He can thus be expected to fulfill the responsibilities of making key executive decisions and supervising the execution of duties of executive officers by utilizing his extensive professional experience and track record.</p> <p>[Special interest between candidate for Director and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary and Position in the Company
<p style="text-align: center;">2</p> <p style="text-align: center;">Yasuo Suzuki (Apr. 23, 1950)</p> <p>Number of the Company's Shares Owned 6,900 shares</p> <p>Tenure as Director 5 years</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>[Reelection]</p>	<p>Apr. 1973 Joined the Ministry of Posts & Telecommunications</p> <p>May 2005 Director-General of the Postal Services Policy Department, Ministry of Internal Affairs and Communications</p> <p>Jul. 2006 Director-General of the Information and Communications Policy Bureau, Ministry of Internal Affairs and Communications</p> <p>Jul. 2007 Vice-Minister for Policy Coordination (Postal Service & Communication), Ministry of Internal Affairs and Communications</p> <p>Jul. 2009 Administrative Vice-Minister for Management and Coordination, Ministry of Internal Affairs and Communications</p> <p>Jan. 2010 Adviser to the Ministry of Internal Affairs and Communications</p> <p>Oct. 2010 Adviser to Sompo Japan Inc. (currently Sompo Japan Nipponkoa Insurance Inc.)</p> <p>Jun. 2013 Director and Representative Executive Officer, Executive Vice President of the Company</p> <p>Jun. 2015 Director and Representative Executive Officer, Senior Executive Vice President of the Company (to present)</p> <p>[Position and responsibilities] Director and Representative Executive Officer, Senior Executive Vice President, in charge of Internal Control Management</p> <p>[Significant concurrent positions] Director of Japan Post Co., Ltd.</p> <p>[Reasons for nomination as candidate for Director] Mr. Yasuo Suzuki has extensive career experience in postal service policy and other business areas as Director-General of the Postal Services Policy Department and Administrative Vice-Minister for Management and Coordination, Ministry of Internal Affairs and Communications. He has also been a member of the management team of the Japan Post Group as Director and Representative Executive Officer, Senior Executive Vice President of the Company. He can thus be expected to fulfill the responsibilities of making key executive decisions and supervising the execution of duties of executive officers by utilizing his extensive professional experience and track record.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary and Position in the Company
<p style="text-align: center;">3</p> <p style="text-align: center;">Norito Ikeda (Dec. 9, 1947)</p> <p>Number of the Company's Shares Owned 600 shares</p> <p>Tenure as Director 2 years</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>[Reelection]</p>	<p>Apr. 1970 Joined The Bank of Yokohama, Ltd.</p> <p>Jun. 1996 Director of The Bank of Yokohama, Ltd</p> <p>Apr. 2001 Representative Director of The Bank of Yokohama, Ltd</p> <p>Jun. 2003 Director of The Bank of Yokohama, Ltd and Representative Director and Chairman of Yokohama Capital Co., Ltd.</p> <p>Dec. 2003 President of The Ashikaga Bank, Ltd. (Representative Director)</p> <p>Jun. 2004 President of The Ashikaga Bank, Ltd. (Chief Executive Officer)</p> <p>Sep. 2008 Special advisor of A.T. Kearney</p> <p>Feb. 2012 President and Representative Director of the Organization to Support Revitalization of Businesses Affected by the Great East Japan Earthquake.</p> <p>Apr. 2016 President and Representative Executive Officer of Japan Post Bank Co., Ltd.</p> <p>Jun. 2016 Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd. (to present)</p> <p style="text-align: center;">Director of the Company (to present)</p> <p>[Position and responsibilities]</p> <p style="text-align: center;">Director</p> <p>[Significant concurrent positions]</p> <p>Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd., Outside Director of FANCL CORPORATION</p> <p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Norito Ikeda has held key management positions including President of the Ashikaga Bank, Ltd. (Representative Director), and has been a member of the management team of Japan Post Bank Co., Ltd., a major subsidiary of the Company, as Director, President and Representative Executive Officer. He can thus be expected to fulfill the responsibilities of making key executive decisions and supervising the execution of duties of executive officers by utilizing his extensive professional experience and track record.</p> <p>[Special interest between candidate for Director and the Company]</p> <p>Mr. Ikeda is currently President and Representative Executive Officer of Japan Post Bank Co., Ltd., which has entered into an agreement concerning group operations with the Company. Under the terms of the agreement, the Company receives payment of brand value usage fees from Japan Post Bank. The two companies also engage in business transactions such as the leasing of real estate.</p>

Name (Date of birth)	Career Summary and Position in the Company
<p style="text-align: center;">4</p> <p style="text-align: center;">Kunio Yokoyama (Aug. 4, 1956)</p> <p>Number of the Company's Shares Owned 1,400 shares</p> <p>Tenure as Director 2 years</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>[Reelection]</p>	<p>Apr. 1981 Joined The Sumitomo Bank, Limited</p> <p>Feb. 2006 Executive Officer of the Company</p> <p>Oct. 2007 Senior Managing Executive Officer of the Company</p> <p>Oct. 2009 Executive Officer of Sumitomo Mitsui Banking Corporation</p> <p>Apr. 2011 Managing Executive Officer of Sumitomo Mitsui Banking Corporation</p> <p>May 2013 Executive Deputy President of Sumitomo Mitsui Asset Management Company, Limited</p> <p>Jun. 2013 Director and Deputy President, Executive Deputy President of Sumitomo Mitsui Asset Management Company, Limited</p> <p>Apr. 2014 Representative Director, President & CEO of Sumitomo Mitsui Asset Management Company, Limited</p> <p>Jun. 2016 President & CEO (Representative Executive Officer) of Japan Post Co., Ltd. (to present)</p> <p style="padding-left: 40px;">Director of the Company (to present)</p> <p>[Position and responsibilities]</p> <p>Director</p> <p>[Significant concurrent positions]</p> <p>President & CEO (Representative Executive Officer) of Japan Post Co., Ltd.</p> <p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Kunio Yokoyama has held key management positions including Representative Director, President & CEO of Sumitomo Mitsui Asset Management Company, Limited, and has been a member of the management team of Japan Post Co., Ltd., a major subsidiary of the Company, as President & CEO (Representative Executive Officer). He can thus be expected to fulfill the responsibilities of making key executive decisions and supervising the execution of duties of executive officers by utilizing his extensive professional experience and track record.</p> <p>[Special interest between candidate for Director and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary and Position in the Company
<p style="text-align: center;">5</p> <p style="text-align: center;">Mitsuhiko Uehira (Feb. 19, 1956)</p> <p>Number of the Company's Shares Owned 200 shares</p> <p>Tenure as Director 1 year</p> <p>Attendance at Board of Directors' meetings 11/12 (91.7%)</p> <p>[Reelection]</p>	<p>Apr. 1979 Joined The Tokio Marine & Fire Insurance Co., Ltd.</p> <p>Jun. 2012 Executive Officer of Tokio Marine Holdings, Inc.</p> <p>Jun. 2013 Managing Executive Officer of Japan Post Insurance Co., Ltd.</p> <p>Jun. 2015 Senior Managing Executive Officer of Japan Post Insurance Co., Ltd.</p> <p>Jun. 2017 Director and President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd. (to present) Director of the Company (to present)</p> <p>[Position and responsibilities] Director</p> <p>[Significant concurrent positions] Director and President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd.</p> <p>[Reasons for nomination as candidate for Director] Mr. Mitsuhiko Uehira has held key management positions including Executive Officer of Tokio Marine Holdings, Inc., and has been part of the management team of Japan Post Insurance Co., Ltd., a major subsidiary of the Company, as Director and President, CEO Representative Executive Officer. He can thus be expected to fulfill the responsibilities of making key executive decisions and supervising the execution of duties of executive officers by utilizing his extensive professional experience and track record.</p> <p>[Special interest between candidate for Director and the Company] Mr. Uehira is currently Director and President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd., which has entered into an agreement concerning group operations with the Company. Under the terms of the agreement, the Company receives payment of brand value usage fees from Japan Post Insurance. The two companies also engage in business transactions such as the leasing of real estate.</p>

Name (Date of birth)	Career Summary and Position in the Company	
<p style="text-align: center;">6</p> <p style="text-align: center;">Riki Mukai (Oct. 1, 1956)</p> <p>Number of the Company's Shares Owned 600 shares</p> <p>Tenure as Director 1 year</p> <p>Attendance at Board of Directors' meetings 12/12 (100%)</p> <p>Attendance at Audit Committee's meetings 16/16 (100%)</p> <p>[Reelection]</p>	<p>Apr. 1981</p> <p>Jun. 2006</p> <p>Apr. 2007</p> <p>Oct. 2007</p> <p>Jun. 2017</p>	<p>Joined The Sumitomo Trust and Banking Company, Limited</p> <p>Joined the Company</p> <p>Executive Officer of Japan Post</p> <p>Managing Executive Officer of Japan Post Bank Co., Ltd.</p> <p>Director of the Company (to present)</p> <p>[Position and responsibilities] Director, Member of the Audit Committee (standing)</p> <p>[Reasons for nomination as candidate for Director] Mr. Riki Mukai has held key management positions including Managing Executive Officer of Japan Post Bank Co., Ltd., a major subsidiary of the Company. With his suitable knowledge and experience of management, finance and accounting, gained through his career, he can be expected to supervise and check the management of the Company.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>
<p style="text-align: center;">7</p> <p style="text-align: center;">Miwako Noma (Jul. 13, 1948)</p> <p>Number of the Company's Shares Owned 3,400 shares</p> <p>Tenure as Outside Director 5 years</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>Attendance at Audit Committee's meetings 22/22 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Apr. 1971</p> <p>Apr. 1973</p> <p>Feb. 1979</p> <p>Jan. 1989</p> <p>Jun. 2013</p>	<p>Joined Ando Corp.</p> <p>Joined Nezu Architects Office Ltd.</p> <p>Established Noma Architectural Design Office</p> <p>Representative Director of Noma Architectural Design Office Ltd. (currently Nippon Gurashi Co., Ltd.) (to present)</p> <p>Director of the Company (to present)</p> <p>[Position and responsibilities] Outside Director, Member of the Audit Committee</p> <p>[Significant concurrent positions] Representative Director of Nippon Gurashi Co., Ltd., Representative Director of Mochizuki Inc.</p> <p>[Reasons for nomination as candidate for Outside Director] Ms. Miwako Noma has many years' experience on the management team of a business corporation as Representative Director of Nippon Gurashi Co., Ltd. in Kyoto City and has worked intensively in the field of regional revitalization. She can thus be expected to supervise and check the management of the Company by utilizing her extensive professional experience and knowledge.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary and Position in the Company
<p style="text-align: center;">8</p> <p style="text-align: center;">Akio Mimura (Nov. 2, 1940)</p> <p>Number of the Company's Shares Owned – shares</p> <p>Tenure as Outside Director 5 years</p> <p>Attendance at Board of Directors' meetings 13/14 (92.9%)</p> <p>Attendance at Nomination Committee's meetings 2/2 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Apr. 1963 Joined Fuji Iron & Steel Co., Ltd. (currently Nippon Steel & Sumitomo Metal Corporation)</p> <p>Jun. 1993 Director of Nippon Steel Corporation (currently Nippon Steel & Sumitomo Metal Corporation)</p> <p>Apr. 1997 Managing Director of Nippon Steel Corporation</p> <p>Apr. 2000 Representative Director and Executive Vice President of Nippon Steel Corporation</p> <p>Apr. 2003 Representative Director and President of Nippon Steel Corporation</p> <p>Apr. 2008 Representative Director and Chairman of Nippon Steel Corporation</p> <p>Oct. 2012 Director and Senior Advisor to the Board of Nippon Steel Corporation</p> <p>Jun. 2013 Director of the Company (to present) Senior Adviser to the Board of Nippon Steel & Sumitomo Metal Corporation</p> <p>Nov. 2013 Senior Adviser to the Board and Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation (to present)</p> <p>[Position and responsibilities] Outside Director, Chairperson of the Nomination Committee</p> <p>[Significant concurrent positions] Senior Adviser to the Board and Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation, Chairman of the Japan Chamber of Commerce and Industry, Chairman of the Tokyo Chamber of Commerce and Industry, Outside Director of Development Bank of Japan Inc., External Director of Innovation Network Corporation of Japan, Outside Director of Tokio Marine Holdings, Inc., Outside Director of Nisshin Seifun Group Inc.</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. Akio Mimura has many years' experience on the management team of Fuji Iron & Steel Co., Ltd. and Nippon Steel Corporation (now Nippon Steel & Sumitomo Metal Corporation) as President and Chairman & Representative Director. He can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as a management expert.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary and Position in the Company	
<p style="text-align: center;">9</p> <p style="text-align: center;">Tadashi Yagi (Jan. 2, 1948)</p> <p>Number of the Company's Shares Owned 3,400 shares</p> <p>Tenure as Outside Director 5 years</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>Attendance at Audit Committee's meetings 22/22 (100%)</p> <p>Attendance at Compensation Committee's meetings 4/4 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Apr. 1971</p> <p>Jan. 2008</p> <p>Jun. 2010</p> <p>Jun. 2012</p> <p>Jun. 2013</p> <p>Jun. 2015</p> <p>Jun. 2016</p> <p>[Position and responsibilities]</p> <p>[Significant concurrent positions]</p> <p>[Reasons for nomination as candidate for Outside Director]</p> <p>[Special interest between candidate for Director and the Company]</p>	<p>Joined Kyodo News Service, Incorporated Association (currently Kyodo News Service, General Incorporated Association)</p> <p>Nagoya Bureau Chief of Kyodo News Service (Equivalent to Director)</p> <p>Managing Controller of Kyodo News Service</p> <p>Special Adviser of Kyodo News Service</p> <p>Director of the Company (to present)</p> <p>Corporate Auditor of Kyodo Tsushin Kaikan Co., Ltd.</p> <p>Corporate Auditor of K.K. Kyodo News</p> <p>Advisor of K.K. Kyodo News (to present)</p> <p>Outside Director, Chairperson of the Audit Committee (standing), Member of the Compensation Committee</p> <p>Advisor of K.K. Kyodo News</p> <p>Mr. Tadashi Yagi has deep and extensive knowledge of political, economic, and other factors that affect corporate management acquired in management positions of Kyodo News Service such as Nagoya Bureau Chief and Managing Controller. He can thus be expected to supervise and check the management of the Company by utilizing his extensive professional knowledge and experience.</p> <p>There is no special interest between the candidate and the Company.</p>
<p style="text-align: center;">10</p> <p style="text-align: center;">Kunio Ishihara (Oct. 17, 1943)</p> <p>Number of the Company's Shares Owned 4,300 shares</p> <p>Tenure as Outside Director 3 years</p> <p>Attendance at Board of Directors' meetings 13/14 (92.9%)</p> <p>Attendance at Nomination Committee's meetings 2/2 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Apr. 1966</p> <p>Jun. 1995</p> <p>Jun. 1998</p> <p>Jun. 2000</p> <p>Jun. 2001</p> <p>Apr. 2002</p> <p>Oct. 2004</p> <p>Jun. 2007</p> <p>Jul. 2008</p> <p>Jun. 2013</p> <p>Jun. 2015</p> <p>[Position and responsibilities]</p> <p>[Significant concurrent positions]</p> <p>[Reasons for nomination as candidate for Outside Director]</p> <p>[Special interest between candidate for Director and the Company]</p>	<p>Joined Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Director of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Managing Director of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Senior Managing Director of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Director and President of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Director and President of Millea Holdings, Inc.</p> <p>Director and President of Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>Director and Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>Director and Chairman of the Board of Millea Holdings, Inc.</p> <p>Director and Chairman of the Board of Tokio Marine Holdings Inc.</p> <p>Senior Adviser to the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. (to present)</p> <p>Director of the Company (to present)</p> <p>Outside Director, Member of the Nomination Committee</p> <p>Senior Adviser to the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd., External Corporate Auditor of Tokyu Corporation, External Director of NIKON CORPORATION</p> <p>Mr. Kunio Ishihara has many years' experience on the management team of Tokio Marine & Nichido Fire Insurance Co., Ltd. as Director and President/Chairman. He can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as a management expert.</p> <p>There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary and Position in the Company
<p style="text-align: center;">11</p> <p style="text-align: center;">Charles Ditmars Lake II (Jan. 8, 1962)</p> <p>Number of the Company's Shares Owned – shares</p> <p>Tenure as Outside Director 2 years</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Aug. 1992 Director for Japan Affairs of Office of the U.S. Trade Representative</p> <p>Jul. 1993 Director for Japan Affairs and Special Counsel to the Deputy U.S. Trade Representative</p> <p>Jan. 1995 Attorney at Dewey Ballantine LLP</p> <p>Jun. 1999 Vice President and Counsel of Japan Branch, American Family Life Assurance Company of Columbus (Aflac Japan)</p> <p>Jul. 2001 Deputy President of Aflac Japan</p> <p>Jan. 2003 President and Representative of Aflac Japan</p> <p>Apr. 2005 Vice Chairman and Representative of Aflac Japan</p> <p>Jul. 2008 Chairman and Representative of Aflac Japan</p> <p>Jan. 2014 President and Member of the Board of Directors of Aflac International Incorporated (to present)</p> <p>Jun. 2016 Director of the Company (to present)</p> <p>Apr. 2018 Chairman and Representative Director of Aflac Life Insurance Japan Ltd. (to present)</p> <p>[Position and responsibilities] Outside Director</p> <p>[Significant concurrent positions] Chairman and Representative Director of Aflac Life Insurance Japan Ltd., President and Member of the Board of Directors of Aflac International Incorporated, Outside Director of Tokyo Electron Ltd.</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. Charles Ditmars Lake II has many years' experience of corporate management as Chairman and Representative Director and other senior management positions in Aflac Life Insurance Japan Ltd. He can thus be expected to supervise and check the management of the Company by utilizing his experience and knowledge as a highly experienced management expert.</p> <p>[Special interest between candidate for Director and the Company] Mr. Charles Ditmars Lake II is Chairman and Representative Director of Aflac Life Insurance Japan Ltd., which has entered into a comprehensive business alliance with the Company. There are transactions between the said company and the Group related to a solicitation agent agreement and other agreements based on the said business alliance agreement. However, the business entrustment fees, etc. that the said company pays to the Group is immaterial and less than 1% of the average annual consolidated ordinary income of the Company for the past three fiscal years.</p>

Name (Date of birth)	Career Summary and Position in the Company
<p style="text-align: center;">12</p> <p style="text-align: center;">Michiko Hirono (Michiko Fujii) (Mar. 18, 1961)</p> <p>Number of the Company's Shares Owned 1,300 shares</p> <p>Tenure as Outside Director 2 years</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Feb. 1989 Joined Venture Link Co., Ltd.</p> <p>Jul. 1993 Joined Plaza Create Co., Ltd.</p> <p>May 1997 Managing Director of PokkaCreate Co., Ltd.</p> <p>Jul. 1998 Senior Vice-President, K.K. MVC</p> <p>Jul. 1998 Vice President of Tully's Coffee Japan Co., Ltd.</p> <p>Mar. 2000 Found 21 Lady Co., Ltd, President (to present)</p> <p>Jun. 2002 Representative Director and President of HIROTA Co, Ltd.</p> <p>Mar. 2010 Representative Director and President of Illums Japan Co., Ltd. (to present)</p> <p>Nov. 2011 Representative Director, Chairman and President of HIROTA Co, Ltd. (to present)</p> <p>Jun. 2014 Outside Director of Japan Post Co., Ltd.</p> <p>Jun. 2016 Director of the Company (to present)</p> <p>Jun. 2017 Outside Director of NEC Networks & System Integration Corporation (to present)</p> <p>[Position and responsibilities] Outside Director</p> <p>[Significant concurrent positions] President of 21 Lady Co., Ltd., Representative Director and President of Illums Japan Co., Ltd., Representative Director, Chairman and President of HIROTA Co, Ltd., Outside Director of NEC Networks & System Integration Corporation</p> <p>[Reasons for nomination as candidate for Outside Director] Ms. Michiko Hirono has many years' experience on the management teams of business corporations such as 21 Lady Co., Ltd. as President. She can thus be expected to supervise and check the management of the Company by utilizing her knowledge and experience as a management expert.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>
<p style="text-align: center;">13</p> <p style="text-align: center;">Norio Munakata (Jan. 12, 1942)</p> <p>Number of the Company's Shares Owned – shares</p> <p>Tenure as Outside Director 2 years</p> <p>Attendance at Board of Directors' meetings 14/14 (100%)</p> <p>Attendance at Audit Committee's meetings 22/22 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Apr. 1968 Public Prosecutor of the Tokyo District Public Prosecutors Office</p> <p>Jul. 1993 Manager of Special Investigation Department, Tokyo District Public Prosecutors Office</p> <p>Nov. 2000 Manager of Detective Department, Supreme Public Prosecutors Office</p> <p>Jul. 2001 Chief Public Prosecutor of Takamatsu High Public Prosecutors Office</p> <p>Feb. 2003 Chief Public Prosecutor of Nagoya High Public Prosecutors Office</p> <p>Feb. 2004 Registered as Attorney (to present)</p> <p>Apr. 2004 Professor, Chuo University Law School</p> <p>Jun. 2016 Director of the Company (to present)</p> <p>[Position and responsibilities] Outside Director, Member of the Audit Committee</p> <p>[Significant concurrent positions] Attorney, Advisor of Cabinet Secretary</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. Norio Munakata has a long and distinguished career in law, including Chief Public Prosecutor of Nagoya High Public Prosecutors Office, and can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as a legal expert. He has not been involved in corporate management other than as an Outside Director, but we consider him to be a suitable candidate to perform the duties of Outside Director of the Company for the reasons stated above.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary and Position in the Company
<p style="text-align: center;">14</p> <p style="text-align: center;">Tsuyoshi Okamoto (Sep. 23, 1947)</p> <p>Number of the Company's Shares Owned – shares</p> <p>[Candidate for Outside Director] [Independent Director] [New Election]</p>	<p>Apr. 1970 Joined Tokyo Gas Co., Ltd.</p> <p>Jun. 2002 Executive Officer of Tokyo Gas Co., Ltd.</p> <p>Apr. 2004 Senior Executive Officer of Tokyo Gas Co., Ltd.</p> <p>Jun. 2004 Director, Senior Executive Officer of Tokyo Gas Co., Ltd.</p> <p>Apr. 2007 Representative Director, Executive Vice President of Tokyo Gas Co., Ltd.</p> <p>Apr. 2010 Representative Director, President of Tokyo Gas Co., Ltd.</p> <p>Apr. 2014 Director, Chairman of Tokyo Gas Co., Ltd.</p> <p>Jun. 2016 Outside Director of Japan Post Bank Co., Ltd. (to present)</p> <p>Apr. 2018 Director, Senior Corporate Advisor of Tokyo Gas Co., Ltd. (to present)</p> <p>[Significant concurrent positions] Director, Senior Corporate Advisor of Tokyo Gas Co., Ltd., Outside Director of Japan Post Bank Co., Ltd.</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. Tsuyoshi Okamoto has many years' experience on the management team of Tokyo Gas Co., Ltd. as Representative Director, President and Chairman. He can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as a management expert.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>
<p style="text-align: center;">15</p> <p style="text-align: center;">Miharu Koezuka (Sep. 2, 1955)</p> <p>Number of the Company's Shares Owned – shares</p> <p>[Candidate for Outside Director] [Independent Director] [New Election]</p>	<p>Apr. 1979 Joined Takashimaya Company, Limited</p> <p>May 2007 Executive Officer of Takashimaya Company, Limited</p> <p>Mar. 2009 Senior Executive Officer of Takashimaya Company, Limited</p> <p>Feb. 2010 President (Representative Director) of Okayama Takashimaya Co., Ltd.</p> <p>May 2013 Director of Takashimaya Company, Limited</p> <p>Sep. 2013 Senior Managing Director (Representative Director) of Takashimaya Company, Limited Director of Okayama Takashimaya Co., Ltd. (to present)</p> <p>Mar. 2016 Director of Takashimaya Company, Limited</p> <p>May 2016 Advisor of Takashimaya Company, Limited (to present)</p> <p>Oct. 2016 Representative Director and President of Dear Mayuko Co., Ltd.</p> <p>Mar. 2018 Advisor of Dear Mayuko Co., Ltd. (to present)</p> <p>[Significant concurrent positions] Advisor of Takashimaya Company, Limited, Director of Okayama Takashimaya Co., Ltd., Advisor of Dear Mayuko Co., Ltd.</p> <p>[Reasons for nomination as candidate for Outside Director] Ms. Miharu Koezuka has many years' experience on the management team of Takashimaya Company, Limited as Senior Managing Director (Representative Director). She can thus be expected to supervise and check the management of the Company by utilizing her knowledge and experience as a management expert.</p> <p>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>

- Notes: 1. Attendance at Board of Directors' meetings, Nomination Committee's meetings, Auditing Committee's meetings, and Compensation Committee's meetings refers to attendance in the fiscal year ended March 31, 2018. In case where a person has assumed office in the middle of the fiscal year, attendance after assuming office is stated.
2. Tenure refers to the number of years served as of the date of the conclusion of this Annual General Meeting of Shareholders.
3. Tokyo Gas Co., Ltd., at which Mr. Okamoto serves as Director and Senior Corporate Advisor, received a cease and desist order from the Consumer Affairs Agency in July 2017, which was during Mr. Okamoto's tenure as Director and Chairman. The order was issued because a leaflet for an event held in November 2016 contained misleading representation of advantages prohibited under the Act against Unjustifiable Premiums and Misleading Representations.

4. Mr. Okamoto will retire as Outside Director of Japan Post Bank Co., Ltd. on June 19, 2018, and Director of Tokyo Gas Co., Ltd. on June 28, 2018 due to expiration of his terms of office. Also, he will assume office as Outside Director of Asahi Kasei Corporation on June 27, 2018.

Reference: Japan Post Holdings Co., Ltd. Standards for Designating Independent Directors

Japan Post Holdings Co., Ltd. shall designate Independent Directors as specified by the Tokyo Stock Exchange among those who do not fall under any of the following categories.

1. Person who has been an Executive of the Japan Post Group
2. Party for whom the Japan Post Group is a major business partner, or an Executive (or other) thereof
3. Major business partner of the Japan Post Group, or an Executive (or other) thereof
4. Consultant, accounting expert or legal expert who receives or has received a large amount of monetary consideration or other property from the Japan Post Group other than director compensation (if the recipient of the said consideration is a corporation, partnership, or other organization, a person who is or was a member of the organization)
5. Major shareholder of the Company (if the shareholder is a corporation other than the government, an Executive (or other) thereof)
6. Spouse or relative within the second degree of kinship of the following persons (other than persons of low importance)
 - (1) Persons who fall under any of the categories 1. – 5. above
 - (2) Executives of subsidiaries of the Company
7. Executive (or other) of another company in which an Executive (or other) of the Japan Post Group serves as an outside director/ Audit & Supervisory Board Member
8. Person who receives a large amount of donations from the Japan Post Group (if the recipient of the said donations is a corporation, partnership, or other organization, a person who executes business thereof, or an equivalent person).

(Notes)

1. Terms appearing in “Japan Post Holdings Co., Ltd. Standards for the Independence of Outside Directors” are defined as follows.

The Group	Japan Post Holdings Co., Ltd. and its subsidiaries
Executive	Executive as defined in Article 2, paragraph 3, item 6 of the Ordinance for Enforcement of the Companies Act
Executive (or other)	Executive or a person who was previously an executive
Party for whom the Group is a major business partner	Party who has received an average annual payment in the past three fiscal years from the Japan Post Group that is more than 2% of the average annual consolidated gross sales of the past three fiscal years of the said party
Major business partner of the Group	Party whose average annual payment to the Japan Post Group in the past three fiscal years is over 2% of the average annual consolidated ordinary income of the past three fiscal years of the Company
Large amount of monetary consideration	Monetary consideration of an average annual amount in the past three fiscal years is ¥10 million or more
Major shareholder	Major shareholder as provided in Article 163, paragraph 1 of the Financial Instruments and Exchange Act
Large amount of donations	Donations of an average annual amount in the past three fiscal years of ¥10 million or more

2. Regarding attribute information of Independent Directors, entry of the said attribute information will be omitted if the transaction or donation concerning the said Independent Director falls under any of the “insignificance criteria” below, because they are considered to have no effect on the independence of the said Independent Director.

(1) Business transactions

- 1) Average annual payment in the past three fiscal years by the Group to the business partner is less than 1% of the average annual consolidated gross sales in the past three fiscal years of the said business partner.
- 2) Average annual payment in the past three fiscal years to the Group by the business partner is less than 1% of the average annual consolidated gross ordinary income of the Company in the past three fiscal years.

(2) Donations

Average annual donations given by the Group in the past three fiscal years is less than ¥5 million.

Shareholder Proposals

Proposal 2: Partial Amendments to the Articles of Incorporation (Temporary Freeze on Additional Offerings of Shares)

1. Outline of Proposal

Add the following provision in the Articles of Incorporation.

“The Company shall freeze additional offerings of shares by the Ministry of Finance if its share price has dropped below ¥2,000 any time in the previous six months.”

2. Reason for Proposal

Immediately after extensively publicizing the festive stock listing to make general investors buy shares at a high price, the share price crashed due to the huge loss registered by Toll Holdings and the adoption of negative interest rates, which greatly harmed the earnings of the group companies of the Company. Ensuing aggressive additional offerings of shares then precipitated a further slump in the share price. This was clearly a malicious act of fraud committed by the Ministry of Finance, the Bank of Japan, and the Japanese government working in cahoots to deceive shareholders. If this had not happened, the share price would have stabilized above ¥2,000, as calculated from the Nikkei Average at the time. Therefore, the Company should not conduct additional offerings of shares at less than ¥2,000.

(Note from the Company) The outline of proposal and reason for proposal are verbatim from the original text [in Japanese].

[Opinion of the Board of Directors]

The Board of Directors objects to this proposal.

Article 3 in the Supplementary Provisions of the Act on Japan Post Holdings Co., Ltd. states that “The government shall dispose of the Company shares [omitted] it holds as early as possible.” Based on both the aforementioned Article 3 and Article 14 in the Supplementary Provisions of the Act on Special Measures Concerning Securing Financial Resources Necessary for Implementing Measures for Reconstruction in Response to the Great East Japan Earthquake, the government offered the shares it owned in November 2015 in the form of IPO which enabled all citizens to equally purchase them. The government then subsequently had a secondary offering of the Company shares in September 2017.

As described above, government offerings of the Company shares are stipulated by law, and we believe it would be inappropriate to freeze additional offerings of shares just because the share price goes below a certain level. The Company conducted the required procedures for secondary offering of the Company shares at a meeting of the Board of Directors in response to the government’s plan to publicly offer such shares, and we plan to continue to cooperate with the government’s policies for offering the Company shares.

Proposal 3: Partial Amendments to the Articles of Incorporation (Delisting through a TOB/MBO)

1. Outline of Proposal

Add the following provision in the Articles of Incorporation.

“The Company or the Ministry of Finance shall delist the Company through a TOB/MBO at ¥2,000 per share or higher.”

2. Reason for Proposal

The act of extensively publicizing the festive stock listing to make general investors buy shares at a high price while hiding huge unrealized losses of Toll Holdings and the plan of the adoption of negative interest rates absolutely cannot be forgiven. It is no exaggeration to call this a case of organized massive fraud committed by the government. The Company and the Ministry of Finance must take responsibility to delist the Company through a TOB/MBO at ¥2,000 per share or higher, a price where no one will lose out.

(Note from the Company) The outline of proposal and reason for proposal are verbatim from the original text [in Japanese].

[Opinion of the Board of Directors]

The Board of Directors objects to this proposal.

The reason for our objection is the same as for Proposal 2.

Proposal 4: Partial Amendments to the Articles of Incorporation (Disclosing Contracted Shipping Fees)

1. Outline of Proposal

Add the following provision to the Articles of Incorporation.

“The shipping fees of senders with contract-specified fees suspected of wrongdoing shall be disclosed to the receiver.”

2. Reason for Proposal

Mail order companies and E-commerce sellers on auction sites such as Yahoo! Auctions rampantly abuse the fact that the shipping fees billed to the customer is not indicated with “fee deferred payment,” etc. and they bill more than the regular price or bill the regular price although a discounted rate was used. Since goods are sent with a discounted rate, the Company should disclose the shipping fees to stop the kickback system that makes the delivery person work in inferior condition, which is regarded as a problem, and makes recipients pay high shipping fees. That money should be used to improve the working conditions of employees.

(Note from the Company) The outline of proposal and reason for proposal are verbatim from the original text [in Japanese].

[Opinion of the Board of Directors]

The Board of Directors objects to this proposal.

The purpose of the Company, as stipulated by law and in the Articles of Incorporation, is to conduct business management of Japan Post Co., Ltd. and assist business operation of Japan Post Co., Ltd. Because the Company does not engage in business of conducting delivery by receiving shipping fees from contract partners (such as the motor vehicle transportation business), we believe that adding the proposed provision to the Articles of Incorporation of the Company would be inappropriate.

Although our subsidiary Japan Post Co., Ltd. operates Yu-Pack and Yu-Mail businesses, we believe that it would be inappropriate to add the provision related to the specific method for business operation in the Articles of Incorporation of the Company, whose purpose is to conduct business management and assist business operation of the aforementioned company.

Furthermore, even if it concerns the Articles of Incorporation of Japan Post Co., Ltd., we believe it would be inappropriate to establish the provision regarding specific businesses, as the purpose of the Articles of Incorporation is to define the basic policy of a company.

Business Report

(April 1, 2017 – March 31, 2018)

1. Items Relating to the Company's Current State

(1) Progress and Results of the Group's Businesses and Others

Contents of Major Businesses of the Group

The main business entities of the Japan Post Group (hereinafter referred to as the "Group") are Japan Post Co., Ltd. (hereinafter referred to as, "Japan Post Co."), 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"). These business entities are engaged, in the postal and domestic logistics business, the post office business, the international logistics business, the banking business, and the life insurance business.

Financial and Economic Environment

Looking at the economic climate in Japan during the fiscal year ended March 31, 2018, an ongoing moderate recovery was seen thanks to continued improvement in personal consumption, increased export and production, and steady improvement in the employment situation.

The global economy, on the whole, has continued to grow moderately.

In the financial and capital markets, the yield of ten-year Japanese government bonds has remained at 0.0 to 0.1% overall because of quantitative and qualitative monetary easing policy, despite a temporary drop into negative territory due to concerns about the situation with North Korea. The Nikkei Stock Average remained around ¥20,000 overall despite the tension caused by the situation with North Korea, but from October 2017, the index rose due to robust corporate earnings and, by January 2018, recovered to the ¥24,000 range for the first time in about 26 years. After that, the Nikkei Stock Average moved downward due to falling global stock prices and the appreciation of the yen, and fell below the ¥21,000 range.

In the logistics industry, the courier services market is growing with the expansion in e-commerce markets. At the same time, the industry must deal with labor shortages given the increased incidence of re-deliveries triggered by recipients not being home at the time of delivery, while there is severe competition as companies work to improve the quality of services in response to growing customer needs for service quality. In the postal business, the volume of mail continues to decline due to the widespread use of the Internet. In addition, unit personnel expenses are rising mainly as a result of the tight labor market.

In the banking industry, during the fiscal year ended March 31, 2018, real deposits at banks nationwide increased year-on-year and loans also increased for seven consecutive years. The financial system remains stable as a whole, and no major problems have arisen with respect to funding by financial institutions in an environment of monetary easing.

The life insurance industry is playing a larger role in supporting the self-help efforts of customers by strengthening sales channels and developing products in response to diversification of customer needs and growing selectivity which mainly reflect the progress of aging population combined with low birthrates and single-person households and changes in lifestyle.

Progress and Results of the Group's Businesses

The fiscal year under review was a year for completing the “Japan Post Group Medium-term Management Plan - New Japan Post Group Network Creation Plan 2017” (hereinafter referred to as the “Group Medium-term Plan”). It is also positioned as a year for drawing a road map for further sustainable growth and development towards becoming a “Total Lifestyle Support Group,” and the Group focused on achieving the Group Medium-term Plan, expanding and advancing customer services, and creating a workplace that enables the ability of our employees to be fully demonstrated, based on corporate governance appropriate for a listed corporate group.

As the Group's holding company, the Company worked on Group management with an aim to improve the corporate value of the Group. This included steadily promoting the expansion of income and management efficiency, etc. of Group companies, as well as making efforts to achieve our goals, such as securing universal service in postal services, postal savings and life insurance services, and providing steady services preserving and using the post office network. To ensure the properness of operations, the Company also made efforts to promote internal controls in the entire group and to strengthen its corporate governance, by accurately understanding the status of formulation and promotion of compliance programs for each group company and their internal audit structure and audit status, and providing the required support and guidance. In addition to encouraging group companies to outsource the execution of peripheral business when such subcontracting supports greater consolidation and efficiency of those operations, the Company endeavored to improve the management and operation of its hospital and hotel businesses. Additionally, the Company published its “Basic Policy for Customer-oriented Business Operations” to further promote customer oriented business management.

Moreover, while making efforts to maintain the utility and public value of the services each group company offers and to increase customer satisfaction, each group company is implementing initiatives to increase CSR activities and providing reconstruction aid to disaster areas based on the Group's responsibility to society.

As a result of these initiatives, in the fiscal year under review, the Group posted consolidated ordinary income of ¥12,920.3 billion (a year-on-year decrease of 3.04%), consolidated net ordinary income of ¥916.1 billion (a year-on-year increase of 15.20%), and net income attributable to Japan Post Holdings of ¥460.6 billion (net loss attributable to Japan Post Holdings of ¥28.9 billion in the previous year).

(Reference) Business Results for the Fiscal Year Ended March 31, 2018

Consolidated ordinary income	¥12,920.3 billion	(Year-on-year decrease of 3.04%)
Consolidated net ordinary income	¥916.1 billion	(Year-on-year increase of 15.20%)
Net income attributable to Japan Post Holdings	¥460.6 billion	(Net loss attributable to Japan Post Holdings of ¥28.9 billion in the previous year)

Postal and Domestic Logistics Business

In Japan Post Co.'s postal and domestic logistics business, initiatives were carried out aimed at reinforcing the earnings power. These included efforts to maintain and increase the use of mail through SNS-linked services using smartphones and other devices for New Year's cards and activities aimed at conveying the joy of writing letters, as well as promoting services offering highly convenient delivery options, making efforts to strengthen sales activities for small and medium-sized customers, and building a sales structure that responds collectively to a wide range of customer needs.

Furthermore, as the volume of mail continues to decrease, measures have been taken to reduce various costs and enhance productivity, such as by mechanization. Yet, in consideration of the worsening of income and expenses of the postal business due to the recent rise in cost of wages etc., a part of the postage rates were revised in June 2017 so that stable provision of service in the future will be maintained.

With regard to Yu-Pack, in March 2018 Japan Post Co. began providing a service that allows customers to specify the date/time and place of delivery before the first delivery attempt and revised the basic shipping fees for Yu-Pack. Also, amid increasing demand for delivery services due to the expanding market for e-commerce, Japan Post Co. supported the expansion of Yu-Pack and other services while securing operations.

Moreover, with regard to the digital message service MyPost, efforts have been made from July 2017 to link it with the government's My Number Portal and provide a one-stop service as well as further promoting and publicizing the service.

As initiatives to improve productivity and network value, with the goal of optimizing and advancing the network, Japan Post Co. promoted the reorganization of the postal and logistics network, which included opening nine new regional sorting facilities, to concentrate and mechanize administrative work at collection and delivery departments. Additionally, efforts toward raising the productivity of collection and delivery operations and increasing transport efficiency continued in an effort to improve the operational efficiencies of post offices, while efforts were made to effectively recruit new employees and retain them so as to secure the necessary labor force for operations, based on local situations.

As a result of these initiatives, in the fiscal year under review, the postal and domestic logistics business, on a consolidated basis of the Company, posted ordinary income of ¥2,025.5 billion (a year-on-year increase of 4.78%) and net ordinary income of ¥43.7 billion (a year-on-year increase of 205.31%). The postal and domestic logistics business, on a consolidated basis of Japan Post Co., posted operating income of ¥2,022.5 billion (a year-on-year increase of 4.79%) and net operating income of ¥41.9 billion (a year-on-year increase of 247.65%).

With regard to the volume of items handled for the fiscal year ended March 31, 2018, the volume of mail handled decreased by 2.86% year-on-year to 17,222.11 million, the volume of Yu-pack handled increased by 25.61%* year-on-year to 875.88 million and the volume of Yu-Mail parcels handled increased by 3.98%* year-on-year to 3,637.43 million.

* As a result of the basic shipping fees being established in October 2016, the volume of Yu-Packet items handled has been recorded as part of the number of Yu-Pack items accepted since October 2016. Accordingly, the number of Yu-Packet items handled in the first half of the previous fiscal year, which were included in Yu-Mail in the Business Report for the previous fiscal year, has been recorded as part of the number of Yu-Pack items.

Post Office Business

In Japan Post Co.'s post office business, the Company carried out various initiatives to improve profitability. These included not only enhancing the sales skills of employees through training in collaboration with Japan Post Bank and Japan Post Insurance, and further instilling a sales style that emphasizes financial assets on deposit through sales of investment trusts, but also increasing new contracts and new customers. In terms of affiliated financial services, such as cancer insurance, efforts were also made to strengthen the sales skills of employees through training. Furthermore, in the merchandising business, we have expanded and developed products while promoting diversification of sales channels in order to better respond to customer needs. In the real estate business, we promoted the leasing business covering office buildings such as JP Towers, commercial facilities, housing, and daycare facilities.

Additionally, ongoing efforts were dedicated to optimize the post office network through new openings and relocations of post offices, as measures aimed at enhancing network value. For the handling of cash at post offices, we enhanced the cash management system by increasing the number of machines installed, and worked to improve service quality by enhancing support and related tools for visitors to post offices.

The Post Office Watch Over Service, which aims to contribute to improved convenience for local residents, also started nationwide in October 2017.

As a result of these initiatives, in the fiscal year under review, the post office business, on a consolidated basis of the Company, recorded ordinary income of ¥1,360.6 billion (a year-on-year decrease of 1.96%) and net ordinary income of ¥40.9 billion (a year-on-year decrease of 36.13%). The post office business, on a consolidated basis of Japan Post Co., recorded operating income of ¥1,358.7 billion (a year-on-year decrease of 1.99%) and net operating income of ¥39.7 billion (a year-on-year decrease of 37.20%).

Based on the fundamental idea that compliance is the most important management challenge, Japan Post Co. endeavored to prevent internal crimes and critical incidents, protect customer information, prevent any other inappropriate cases, and respond to social requirements, together with the consignor companies. As a part of these endeavors, Japan Post Co. took steps to eliminate cases involving the inappropriate receipt of fees by, e.g., establishing a department to ensure the appropriate receipt of fees.

International Logistics Business

In Japan Post Co.'s international logistics business, Toll Holdings Limited (hereinafter referred to as "Toll"), a subsidiary of Japan Post Co., continued to play a central role in global expansion, while measures to improve management were executed so as to contribute to the enhanced corporate value of the Group. These measures include the integration and simplification of departments and consequent workforce reduction, and other management improvement measures. In addition, Toll worked to improve its consolidated financial results by promoting growth strategies such as capturing the logistics needs in high growth fields such as health care, among other measures.

As a result of these initiatives, in the fiscal year under review, the international logistics business, on a consolidated basis of the Company, generated ordinary income of ¥704.8 billion (a year-on-year increase of 9.28%) and net ordinary income of ¥6.5 billion (net ordinary loss of ¥0.4 billion in the previous fiscal year). The international logistics business, on a consolidated basis of Japan Post Co., generated operating income of ¥704.3 billion (a year-on-year increase of 9.29%) and net operating income (EBIT) of ¥10.2 billion (a year on- year increase of 81.72%).

Overall, in the fiscal year under review, Japan Post Co. generated consolidated operating income of ¥3,881.9 billion (a year-on-year increase of 3.27%) and consolidated net operating income of ¥86.5 billion (a year-on-year increase of 62.01%).

Banking Business

As for the banking business, Japan Post Bank made efforts to “Secure our customer base and strengthening our fee business,” “Advance and diversify operations,” and “Strengthen our business foundation.”

Efforts to secure our customer base and strengthen our commission business involved implementing customer-oriented business operations to support customer asset formation by providing consulting sales that meet customer needs and lifestyles and launching asset management products that utilize the post office network. Furthermore, efforts to expand our ATM network and smartphone services involved continued installation of compact ATMs supporting 16 languages in Family Mart stores nationwide, and launching of the “JAPAN POST BANK ATM Finder” and “JAPAN POST BANK Direct Balance Inquiry App” smartphone apps. Japan Post Bank also made efforts to expand its payment functions, with payments from Japan Post Bank accounts becoming possible from the “PayB” smartphone payment app provided by Billing System Corporation from July 2017, and enhancing links with securities companies, etc. via an instant transfer service.

As an initiative to enhance and diversify operations, Japan Post Bank expanded its investment in foreign securities, focused on overseas investment grade bonds, due to the continuing low-interest rate environment in Japan. Furthermore, Japan Post Bank continued to steadily build up alternative investments such as hedge funds, real estate funds, and private equity funds which invest in unlisted companies, etc. that are expected to grow. Additionally, in cooperation with Japan Post Insurance, Japan Post Bank established Japan Post Investment Corporation in February 2018 for further expanding earnings via private equity investment. Other efforts included joining multiple regional vitalization funds with the goal of assisting business succession and start-ups and new business establishment by continuing to link with regional financial institutions, in order to circulate customers’ precious funds within the community. In line with these enhanced and diversified operations, Japan Post Bank strived to secure a stable supply of foreign currency funds and strengthen asset management by appointing specialist human resources from outside the Group and cultivating internal human resources. Moreover, responding to the expansion of investment targets to include alternative investments and more, Japan Post Bank put effort into the strengthening of risk management structure by, for example, enhancing monitoring.

Efforts to strengthen our management foundation involved reinforcing the internal control system to improve corporate value, including customer protections during sales of asset management products, and the greater penetration of compliance awareness through various types of training, based on the strong conviction that “a company cannot continue as a going concern without compliance.” In addition, we published our Basic Policy for Customer-oriented Business Operations in June 2017, and strived for its establishment and promotion.

On June 19, 2017, Japan Post Bank received approval for overdraft services, cooperation with regional financial institutions and market investment-related business, from the standpoint of further improving corporate value, based on the three points of “Provide high-quality financial services focused on customers,” “Facilitate fund circulation in communities,” and “Promote increasingly sophisticated and diversified investments.”

As a result of these initiatives, in the fiscal year under review, the banking business, on a consolidated basis of the Company, posted ordinary income of ¥2,044.9 billion (a year-on-year increase of 7.78%) and net ordinary income of ¥499.6 billion (a year-on-year increase of 13.01%).

Life Insurance Business

As for the life insurance business, Japan Post Insurance has succeeded the social mission of the Postal Life Insurance Services of “protecting the means of fundamental livelihood of the public through simple procedures,” and based on the management philosophy to “be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” we provided simple, small-scale products and hospitable customer services primarily through Feel Secure with Kampo activities. During the fiscal year under review, we mainly worked on the following measures.

As for product development in tune with customer needs, in order to respond to environmental changes such as longer life spans, the continuing low interest rate environment, and advancements in medical

technologies and to meet customer needs, in October 2017 we started selling: (i) medical care riders that covers initial costs when admitted to a hospital and outpatient surgery; (ii) whole life insurance that reduces the burden of insurance premiums as a part of the coverage itself by setting low surrender benefits that result from, for example, the cancellation of a contract during the insurance premium payment period; and (iii) pension insurance that provide increased pension payments to people who live longer.

In terms of reinforcing sales abilities in sales channels, we increased contact points with customers via various measures such as campaigns, life plan consultation meetings, and the Feel Secure with Kampo activities. Furthermore, we have been able to reliably sell security-type products as a result of accurately understanding customer life plans and needs and working on improving sales skills for such products and implementing various training to enable us to propose satisfying products to our customers.

As for enhancing services provided to seniors, we are modifying the way we operate in and all contact points with customers with seniors in mind. In this manner, we promoted the “Kampo Platinum Life Service,” which provides senior-friendly services that deliver peace of mind and trust. In addition, based on the “Basic Policy for Customer-oriented Business Operations” released in April 2017, we made efforts to improve ease-of-understanding and quality from the customer’s perspective such as simplifying the procedures for insurance claims and other claims.

In terms of system improvements for simplifying, speeding up and ensuring the accuracy of services, from underwriting to payment, we worked to improve the quality of our insurance benefit payment screening operations and accelerate the payments by adopting IBM’s Watson. In addition, Watson was also adopted in our call center work in April 2017, which will enable us to build office/system infrastructure that will lead to enhanced customer service and corporate growth.

In terms of improving asset management returns, to ensure a stable profit margin given the continuing low interest rate environment, we increased investments in profit-seeking assets, mainly foreign bonds and stocks, within a certain risk buffer, based on ALM*. We are steadily promoting diversification of asset management by starting alternative investment in hedge funds and real estate, etc. in earnest. In addition, Japan Post Investment Corporation was established in February 2018 in cooperation with Japan Post Bank in order to further expand earnings via private equity investment.

As for efforts to supplement and strengthen the internal control system, we formulated our “Compliance Program,” a concrete implementation plan for promoting compliance, and are promoting efforts to improve the compliance awareness of our employees via training and various other measures. As a comprehensive measure for improving solicitation quality, for applications where the policyholder is 70 years or older, we have a family member present when listening to an explanation of the content of the product mainly using a document containing the contract details. We take particular care to ensure that a family member agrees with the insurance contract application for customers that are 80 years or older.

In addition, we are promoting further sophistication of integrated risk management to maintain financial health and improve capital efficiency, while also securing stable earnings and continuously improving corporate value.

* ALM stands for Asset Liability Management and refers to the comprehensive management of assets and liabilities.

As a result of these initiatives, in the fiscal year under review, the life insurance business, on a consolidated basis of the Company, posted ordinary income of ¥7,952.9 billion (a year-on-year decrease of 8.15%) and consolidated net ordinary income of ¥309.2 billion (a year-on-year increase of 10.52%).

Issues to Be Addressed

In May 2018, the Group announced the “Japan Post Group Medium-term Management Plan 2020” for the plan period from fiscal 2018 to fiscal 2020.

The new medium-term management plan includes four medium-term basic Group policies: (1) Development of business that supports the total lifestyles of customers; (2) Securing stable income for the Group; (3) Development of environment that enables employees to demonstrate their full capabilities; and (4) Development of new businesses aimed at future growth.

The three years starting from fiscal 2018 are positioned as a period for securing stable earnings within a severe business environment and starting on the track to sustainable growth, and the entire Group will work together as “Team JP,” centered on the post office network, with ensuring universal services, continuing to aim to be a total life-style support group.

In fiscal 2018, the first fiscal year of the medium-term management plan, the Company will endeavor to ensure establishment and implementation of each group company’s basic management policy in order to secure universal services of mail, savings deposits, and insurance and provide steady services preserving and using the post office network.

In accordance with the Postal Service Privatization Act, the Company will make required preparations to dispose of its entire shareholdings in Japan Post Bank and Japan Post Insurance as early as possible, upon consideration of the condition of business of both companies, impact on fulfilling its obligation to secure universal services and other factors.

The Company will also make necessary preparations to offer the shares held by the government when the need arises.

In addition, group management will be undertaken for the enhancement of the Group’s corporate value and steadily promoting the bolstering of earnings and business efficiency of each group company based on the above policy.

Together with this, in order to resolve the management challenges faced by the Group, management as a holding company is being carried out to provide necessary support with deepening the collaboration between each group company.

To ensure the properness of operations, with the goal of further strengthening corporate governance, the Company continues to promote the enhancement of internal controls in the entire group. Also, with improvement of compliance standards as the main challenge, necessary support and guidance is provided to each group company.

In particular, prevention of the reoccurrence of irregularities will be further promoted and handled as one of the highest priority issues.

We will also strive to implement customer-oriented business operations to ensure proper business practices.

Moreover, while making efforts to maintain the utility and public value of the services each group company offers and to increase customer satisfaction, each group is implementing initiatives to increase CSR activities and providing reconstruction aid to disaster areas based on the Group’s responsibility to society.

Furthermore, since human resources are the most important business resource for the Group, which provides services that are highly dependent on humans, we will promote work style reforms and diversity management.

Issues to be addressed by each operating segment are as follows.

Postal and Domestic Logistics Business

The postal and domestic logistics business is striving to strengthen profitability and enhance productivity and network value by implementing the measures outlined below.

1) Measures to strengthen profitability

In the postal and domestic logistics business, efforts will be made to maintain and increase the use of mail through SNS-linked services using smartphones and other devices for New Year's cards and activities aimed at conveying the joy of writing letters, while making efforts to strengthen sales activities for small and medium-volume customers, and building a sales structure that responds collectively to a wide range of customer needs.

The fee for New Year's cards in 2019 will be unified with the price of regular postcards, which is 62 yen, based on opinions from customers and the sales of New Year's cards in 2018.

Furthermore, with the expanding market for e-commerce and the increasing use of courier services by individual customers, we will improve the Yu-Pack service such as introducing web settlement Yu-pack service and delivery service to the designated place based on the concept of "Accessible drop off, accessible pick up" in order to handle societal and lifestyle changes, such as the increasing numbers of one-person households and households in which both the husband and wife work.

2) Measures to improve productivity and network value

In order to improve the efficiency of work at post offices, we will strive to improve the efficiency of transportation, improve the productivity of collection and delivery work, and promote the concentration and mechanization of internal work at collection and delivery departments, as well as promote measures to effectively recruit and stabilize employees based on local conditions in each region to ensure the required labor force for conducting our work.

We will also strive to maintain the facilities, transportation, and collection/delivery required to handle increasing amount of parcel.

Post Office Business

The post office business is striving to strengthen profitability and enhance productivity and network value by implementing the measures outlined below.

1) Measures to increase income

For the financial services, including banking counter operations and insurance counter operations, the post office business will work to further instill a sales style that emphasizes financial assets on deposit and increase new contracts as well as to expand sales to new customers by enhancing the sales skills of employees through training in collaboration with Japan Post Bank and Japan Post Insurance and through sales of investment trusts.

In addition, we will conduct training programs, among others, to strengthen employees' sales skills for affiliated financial services, such as cancer insurance.

The merchandising business will continue to develop and offer new products made available by tie-ups with other companies. We will also promote diversification of its sales and marketing channels.

The real estate business will promote leasing business including office buildings such as JP Towers, commercial facilities, housing and nurseries.

Furthermore, the Post Office Watch Service will be promoted to contribute to the added convenience of the local community.

2) Measures to enhance productivity and network value

As for the post office network, Japan Post Co. will continue to optimize post office network by opening new post offices and relocating existing post office placement. In addition, Japan Post Co. will continue to improve its cash management at post offices by installing more equipment inside post offices. Further, Japan post Co. will continue to enhance service quality by expanding in-office support and increasing the availability of related tools for post office.

International Logistics Business

In Japan Post Co.'s international logistics business, it is steadily implementing measures to improve the business at Toll. Japan Post Co. will continue to focus on business expansion through growth strategies centered on expanding into growth areas and through efforts including acquiring new business starting with Japanese companies in Asia and the Pacific by enhancing collaboration between itself and Toll.

Banking Business

With the severe business environment expected to continue for Japan Post Bank, including the continuation of low interest rates, we will secure stable earnings and focus on the following measures to build a base for deploying new services.

1) Providing high-quality customer-oriented financial services

We will strive to provide asset management products such as investment trusts via product proposals that meet customer needs and investment experience, to ensure that we can assist customers build up assets based on customer-oriented business operations.

Furthermore, we will promote consulting sales by expanding "post offices that handle investment trusts," while also working on expanding the number of, and training asset management consultants and enhancing sales activity tools such as tablets.

We will also handle diverse needs to build up assets by proposing "Tsumitate NISA" products and providing a product lineup that meets various customer needs.

Japan Post Bank will expand use of existing services, such as the instant transfer service, and continue with preparations for adopting new transfer payment services, such as overdraft service and smartphone payments.

We will continue effectively locating ATMs and expand installations of compact ATMs in highly convenient locations, and also work on improving the functionality of ATMs by making it possible to replenish electronic money with cash.

2) Diversification and sophistication of investment management

With low interest rates being in place for ever longer periods of time in Japan, the business environment surrounding investment management is extremely severe, so we will aim to secure stable earnings by promoting diversified international investment with the effective use of capital, expanding investment to risk assets, and improving profitability by utilizing derivative transactions, etc.

In regards to risk asset investment, we will continue to promote foreign security investment and alternative investment.

Of the various types of alternative investment, for investment in private equity funds, we will utilize investment opportunities via Japan Post Investment Corporation and supply risk capital to domestic industry to contribute to industrial development.

With international financial regulations becoming gradually stricter, our capital adequacy ratio is expected to decrease as we promote more diversified and sophisticated operations, but we will secure a capital adequacy ratio sufficient to ensure both stable earnings and financial soundness.

We will also adopt a risk appetite framework* for ALM (asset liability management) and investment management operations to enhance our management system.

* A risk appetite framework refers to a framework for enhancing risk governance by clarifying the types and levels of risks required for ensuring both stable earnings and financial soundness and increasing the accountability of executives (management team) and the effectiveness of supervisory functions (Board of Directors).

3) Funds flow to regional communities

We will continue to link and work together with regional financial institutions to contribute to the development and growth of regional economies.

This involves promoting investment in regional vitalization funds and improving collaboration with regional financial institutions by utilizing our ATM network and cooperating in administrative matters, etc.

We also aim to participate in the fund management business (as General Partner) to select projects and make investment decisions, to contribute further.

4) Strengthening of the business management systems

In order to strengthen our corporate governance, we will implement phased adoption of a risk appetite framework that will become the core of our risk governance, and aim for enhanced business management.

We will also fulfill our social responsibility by strengthening our measures for preventing money laundering and the funding of terrorist activities, while also striving to continue to protect our customers in the sales of asset management products and further establishing awareness of compliance.

Furthermore, we will focus on cultivating human resources, centered on fields of growth and fields requiring enhancement, including investment trust sales expansion and diversified and sophisticated investment management.

Moreover, we will intensify cost management via business streamlining and improved productivity enabled by utilizing Fintech and digitalization.

By reallocating our management resources from transaction operations (standardized operation performed at customer counters etc.) to consulting services, we will promote the effective use of human resources and enrich our customer services.

In addition, we will promote the maintenance and expansion of the system infrastructure (API for external linking) required for enhanced linking between the Japan Post Bank system and the systems of other banks, in order to improve customer convenience.

Life Insurance Business

While ensuring to conduct solicitation that places the highest priority on customer, Japan Post Insurance aims to reverse and grow of annualized premiums for policies in force and improve earnings in terms of sales and asset management despite the extremely low-interest rate environment, based on the pillars of “Ensuring customer-oriented business operations,” “Achieving sustainable growth,” and “Ensuring the soundness of our business management.”

More specifically, this will involve the following major measures.

- 1) Strengthening of sales activities focusing on protection needs, improvement in solicitation quality, Cultivation of new customer base, Development of new products, Establishment of sales foundation

We will ensure to conduct solicitation that places the highest priority on customer, in order to appropriately respond to the customer’s intent and provide products and services that the customer is truly satisfied with.

We will strive to improve the sales skills that meet customers’ protection needs by, e.g., training our solicitation agents. New contracts shall be secured by developing the market for those uninsured and young to middle-aged adults.

At the same time, we will improve the quality of our solicitation by making our solicitation materials easier to understand and introducing of policy maintenance evaluation, etc. to strive for comprehensive initiatives.

In addition, we will achieve diversification of protection-type products by developing new products, such as those for the third sector, and improve our sales infrastructure by introducing new mobile devices for sales, in order to continue providing products and services according to customer needs.

Through these initiatives, we will strive to reverse and grow annualized premiums for policies in force.

2) Improving service and enhancing the efficiency in back-office administration through use of ICT

We will strive to provide high quality services that satisfy customers by utilizing ICT^{*1}.

We aim for further customer service improvements by adopting an automated assessment system via mobile devices for sales carried by sales representatives, receiving various requests via the Web, etc.

In addition, we will digitize paper forms at the service center and promote labor-saving in data entry by the stepwise introduction of RPA^{*2}, in order to reduce office work.

*1 ICT stands for Information and Communication Technology and is a general term for technology related to information and communication.

*2 RPA stands for Robotic Process Automation and refers to the automation of operations using robots.

3) Diversification of asset management and sophistication of risk management

By promoting ERM*, we will maintain financial soundness and improve earnings with appropriate risk management, and thereby respond to the expectations and trust of all of our shareholders.

We will promote the diversification of asset management by increasing the weight of Return-seeking assets within a certain risk buffer, based on ALM, and through the diversification of foreign bond investment and alternative investment, and the expansion of in-house management of stocks, etc.

Furthermore, we will enhance our risk management and strive to improve returns on risk under ERM framework.

* ERM stands for Enterprise Risk Management and refers to integrated risk management.

The Group will make every effort to achieve sound results for the initiatives outlined above and hopes that in doing so it fully meets the expectations of our shareholders.

To all our shareholders, we greatly appreciate your understanding and support and look forward to your continued support in the future.

(2) Trends of Assets and Profit and Loss Accounts of the Group and the Company

a. The Group's trends of assets and profit and loss accounts

(Millions of yen)

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Ordinary income	14,258,842	14,257,541	13,326,534	12,920,375
Net ordinary income	1,115,823	966,240	795,237	916,144
Net income attributable to Japan Post Holdings	482,682	425,972	(28,976)	460,623
Comprehensive income	2,212,035	(177,994)	8,867	118,564
Net assets	15,301,561	15,176,088	14,954,581	14,743,234
Total assets	295,849,794	291,947,080	293,162,545	290,640,154

Note: Figures are rounded down to the nearest million yen.

b. The Company's trends of assets and profit and loss accounts

(Millions of yen)

Classification	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Operating income	251,919	309,975	303,808	280,850
Dividend income	119,517	209,245	208,657	198,891
Japan Post Co., Ltd.	8,721	–	11,811	–
Japan Post Bank Co., Ltd.	93,987	184,717	166,851	166,851
Japan Post Insurance Co., Ltd.	16,808	24,527	29,904	32,040
Other subsidiaries, etc.	–	–	90	–
Subsidiaries	–	–	90	–
Net income	131,181	94,311	207,015	196,232
Net income per share	(Yen) 29.15	(Yen) 21.53	(Yen) 50.29	(Yen) 48.13
Total assets	9,107,178	8,418,459	8,261,109	8,127,442
Shares of Japan Post Co., Ltd.	1,000,000	1,000,000	1,000,000	1,000,000
Shares of Japan Post Bank Co., Ltd.	6,494,540	5,780,141	5,780,141	5,780,141
Shares of Japan Post Insurance Co., Ltd.	1,000,044	890,039	890,039	890,039
Shares of other subsidiaries, etc.	7,714	7,714	7,714	10,714
Shares of subsidiaries	7,714	7,714	7,714	10,714

Notes: 1. Figures are rounded down to the nearest million yen.

2. Japan Post Bank Co., Ltd. operates banking business, and Japan Post Insurance Co., Ltd. operates life insurance business.
3. The Company conducted a stock split of common stock at a ratio of 30-for-1 on August 1, 2015. Net income per share is calculated based on the assumption that such a stock split was conducted at the beginning of the fiscal year ended March 31, 2015.

(3) The Group's Principal Offices

a. The Company

Company name	Office name	Location	Date of establishment
Japan Post Holdings Co., Ltd.	Head Office	1-3-2, Kasumigaseki, Chiyoda-ku, Tokyo	October 1, 2007

b. Postal and domestic logistics business, post office business and international logistics business

Company name	Office name	Location	Date of establishment
Japan Post Co., Ltd.	Head Office	1-3-2, Kasumigaseki, Chiyoda-ku, Tokyo	October 1, 2007

Note: Japan Post Co., Ltd., as of the end of this fiscal year, in addition to the above office, has established 13 regional offices and 24,033 post offices (including 3,947 contracted post offices). Also, there are 50 temporarily closed post offices (including 13 contracted post offices) due to the Great East Japan Earthquake.

c. Banking business

Company name	Office name	Location	Date of establishment
Japan Post Bank Co., Ltd.	Head Office	1-3-2, Kasumigaseki, Chiyoda-ku, Tokyo	October 1, 2007

Note: Japan Post Bank Co., Ltd., as of the end of this fiscal year, in addition to the above office, has established 13 regional headquarters and 234 branches.

d. Life insurance business

Company name	Office name	Location	Date of establishment
Japan Post Insurance Co., Ltd.	Head Office	1-3-2, Kasumigaseki, Chiyoda-ku, Tokyo	October 1, 2007

Note: Japan Post Insurance Co., Ltd., as of the end of this fiscal year, in addition to the above office, has established 13 regional headquarters and 82 branches.

(4) The Group's Employees

(Persons)

Classification	As of March 31, 2017	As of March 31, 2018	Increase (decrease)
Postal and domestic logistics business	96,880	97,210	330
Post office business	101,614	100,019	(1,595)
International logistics business	25,592	24,213	(1,379)
Banking business	12,965	13,022	57
Life insurance business	7,965	8,112	147
Other	3,368	3,287	(81)
Other of the Company	2,761	2,422	(339)
Total	248,384	245,863	(2,521)

Note: The number of employees represents the number of persons actually at work, excluding non-regular employees (including the indefinite-term employees (associates, etc.) based on the indefinite-term employment conversion system).

(5) The Group's Principal Lenders

None.

(6) The Group's Financing Activities

None.

(7) The Group's Capital Investment Activities**a. Total capital investments**

(Millions of yen)

Classification	Amount
Postal and domestic logistics business	84,615
Post office business	24,618
International logistics business	50,902
Banking business	58,835
Life insurance business	34,637
Other	21,622
Total	275,231

Note: Figures are rounded down to the nearest million yen.

b. Establishment of principal facilities, etc.

(Millions of yen)

Classification	Description	Amount
Postal and domestic logistics business	Renovations of aging post office buildings and other structures and facilities	38,832
	Reorganization of the postal and logistics network	33,077
Post office business	Renovations of aging post office buildings and other structures and facilities	15,785
Banking business	Development of Japan Post Bank Total Information System	26,610
	Automatic teller machines	10,586

Note: Figures are rounded down to the nearest million yen.

c. Disposal and Retirements of principal facilities

Classification	Description
Life insurance business	Japan Post Insurance Co., Ltd. transferred the former Tokyo service center (land and building) it owned relating to the insurance business and insurance-related business.

(8) Parent and Principal Subsidiaries**a. Parent**

None.

b. Principal subsidiaries

Name	Location	Major business	Date of establishment	Capital stock	The Company's ownership ratio of voting rights	Other
Japan Post Co., Ltd.	Chiyoda-ku, Tokyo	Postal and domestic logistics business, post office business (including bank agent and life insurance solicitation), and international logistics business	October 1, 2007	¥400,000 million	100.00%	–
Japan Post Bank Co., Ltd.	Chiyoda-ku, Tokyo	Banking business	September 1, 2006	¥3,500,000 million	89.00%	–
Japan Post Insurance Co., Ltd.	Chiyoda-ku, Tokyo	Life insurance business	September 1, 2006	¥500,000 million	89.00%	–

(9) The Group's Acquisition and Transfer of Business

None.

2. Directors and Executive Officers of the Company

(1) Status of the Directors and Executive Officers of the Company

(As of March 31, 2018)

Name	Position and responsibilities	Significant concurrent positions	Others
Masatsugu Nagato	Director and Representative Executive Officer, President & CEO Member of the Nomination Committee Member of the Compensation Committee	Director of Japan Post Co., Ltd. Director of Japan Post Bank Co., Ltd. Director of Japan Post Insurance Co., Ltd.	
Yasuo Suzuki	Director and Representative Executive Officer, Senior Executive Vice President In charge of Internal Control Management	Director of Japan Post Co., Ltd.	
Norito Ikeda	Director	Director, President and Representative Executive Officer of Japan Post Bank Co., Ltd. Director of FANCL CORPORATION (Outside Director)	
Kunio Yokoyama	Director	President & CEO (Representative Executive Officer) of Japan Post Co., Ltd.	
Mitsuhiko Uehira	Director	Director and President, CEO Representative Executive Officer of Japan Post Insurance Co., Ltd.	Became Director of the Company on June 22, 2017
Riki Mukai	Director Member of the Audit Committee		Became Director of the Company on June 22, 2017
Miwako Noma	Director (Outside Director) Member of the Audit Committee	Representative Director of Nippon Gurashi Co., Ltd. Representative Director of Mochizuki Inc.	
Akio Mimura	Director (Outside Director) Chairperson of the Nomination Committee	Senior Adviser to the Board and Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation Chairman of Japan Chamber of Commerce and Industry Chairman of Tokyo Chamber of Commerce and Industry Director of Development Bank of Japan Inc. (Outside Director) Director of Innovation Network Corporation of Japan (Outside Director) Director of Tokio Marine Holdings, Inc. (Outside Director) Director of Nisshin Seifun Group Inc. (Outside Director)	
Tadashi Yagi	Director (Outside Director) Chairperson of the Audit Committee Member of the Compensation Committee	Advisor of K.K. Kyodo News	
Satoshi Seino	Director (Outside Director) Chairperson of the Compensation Committee	Chairman & Director of East Japan Railway Company Director of Tohoku Electric Power Co., Inc. (Outside Director)	

(As of March 31, 2018)

Name	Position and responsibilities	Significant concurrent positions	Others
Kunio Ishihara	Director (Outside Director) Member of the Nomination Committee	Senior Adviser to the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. Corporate Auditor of Tokyu Corporation (Outside Corporate Auditor) Director of NIKON CORPORATION (Outside Director)	
Yasuo Inubushi	Director (Outside Director)	Emeritus Adviser to the Board of Kobe Steel, Ltd. Representative Director and Chairman of Kobe-Osaka International Port Corporation	
Charles Ditmars Lake II	Director (Outside Director)	Chairman and Representative in Japan of American Family Life Assurance Company of Columbus President and Member of the Board of Directors of Aflac International Incorporated Corporate Director of Tokyo Electron Limited (Outside Director)	
Michiko Hirono	Director (Outside Director)	Representative Director and President of 21 Lady Co., Ltd. Representative Director and President of Illums Japan Co., Ltd. Representative Director, Chairman and President of HIROTA Co, Ltd. Member of the Board of NEC Networks & System Integration Corporation (Outside Director)	
Norio Munakata	Director (Outside Director) Member of the Audit Committee	Attorney Advisor of Cabinet Secretary	
Toshihide Komatsu	Representative Executive Officer, Executive Vice President In charge of the IT Systems Division		
Yoshifumi Iwasaki	Representative Executive Officer, Executive Vice President In charge of the Real Estate Division		
Noboru Ichikura	Senior Managing Executive Officer In charge of the Accounting & Finance Division		
Kazuhide Kinugawa	Senior Managing Executive Officer In charge of the General Affairs & Human Resources Division		
Atsuhiko Ikeda	Senior Managing Executive Officer In charge of the Internal Audit Division		Became Senior Managing Executive Officer of the Company on June 22, 2017

(As of March 31, 2018)

Name	Position and responsibilities	Significant concurrent positions	Others
Toru Inasawa	Senior Managing Executive Officer In charge of the Compliance Division, the Corporate Planning Division (supervision of risk management, customer satisfaction promotion and related business) and the General Affairs & Human Resources Division (crisis management)		Became Senior Managing Executive Officer of the Company on June 22, 2017
Tetsuya Senda	Senior Managing Executive Officer Special assignment		Became Senior Managing Executive Officer of the Company on November 1, 2017
Kenji Fukumoto	Managing Executive Officer In charge of the Hospitals & Hotels Management Division In sub-charge of the Corporate Planning Division (government relations)		
Kimihiro Oku	Managing Executive Officer In sub-charge of the Real Estate Division		
Yoshiharu Miyazaki	Managing Executive Officer In sub-charge of the Real Estate Division (Real Estate Strategy Department)	Managing Executive Officer of Japan Post Co., Ltd.	
Chikashi Isayama	Managing Executive Officer Special assignment	Vice President of Japan Post Co., Ltd.	Became Managing Executive Officer of the Company on April 25, 2017
Susumu Tanaka	Managing Executive Officer Special assignment	Director and Representative Executive Vice President of Japan Post Bank Co., Ltd.	
Nobuyasu Kato	Managing Executive Officer Special assignment	Managing Executive Officer of Japan Post Insurance Co., Ltd.	Became Managing Executive Officer of the Company on June 22, 2017
Makoto Sakurai	Executive Officer In sub-charge of the Hospitals & Hotels Management Division (Hotel Business)		
Tsutomu Shomura	Executive Officer In sub-charge of the IT Systems Division (information security)		
Mamiko Izumi	Executive Officer In sub-charge of the General Affairs & Human Resources Division (General Affairs Department)		
Katsumi Amano	Executive Officer In sub-charge of the IT Systems Division		

(As of March 31, 2018)

Name	Position and responsibilities	Significant concurrent positions	Others
Shinji Denishi	Executive Officer In sub-charge of the Hospitals & Hotels Management Division (Hospitals Management)		
Noriko Kinoshita	Executive Officer In sub-charge of the Corporate Planning Division (public relations, the Olympics and the Paralympics)		
Kenji Ogata	Executive Officer In sub-charge of the Corporate Planning Division (Corporate Planning Department)		
Toshiyuki Yazaki	Executive Officer Special assignment	Executive Officer of Japan Post Co., Ltd.	
Katsuhiko Sato	Executive Officer In sub-charge of the General Affairs & Human Resources Division (Postal College)		Became Executive Officer of the Company on June 22, 2017
Seiji Yukino	Executive Officer In sub-charge of the IT Systems Division (Group IT Management)		Became Executive Officer of the Company on June 22, 2017
Toshitaka Shima	Executive Officer In sub-charge of the General Affairs & Human Resources Division (Human Resources)		Became Executive Officer of the Company on June 22, 2017

- Notes: 1. Director Mr. Riki Mukai possesses suitable knowledge relating to finance and accounting, which he has gained through serving in such roles as Managing Executive Officer of Japan Post Bank Co., Ltd.
2. With the aim of ensuring the effectiveness of the Audit Committee's activities, the Company appointed Mr. Tadashi Yagi and Mr. Riki Mukai as standing member of the Audit Committee.
3. The Company's outside directors, Ms. Miwako Noma, Mr. Akio Mimura, Mr. Tadashi Yagi, Mr. Satoshi Seino, Mr. Kunio Ishihara, Mr. Yasuo Inubushi, Mr. Charles Ditmars Lake II, Ms. Michiko Hirono and Mr. Norio Munakata are such Independent Directors as provided for by Tokyo Stock Exchange, Inc.
4. Ms. Hirono's name on her family register is Michiko Fujii.
5. Mr. Satoshi Seino retired from office as Chairman & Director of East Japan Railway Company on March 31, 2018, and assumed office as Adviser of the aforementioned company on April 1, 2018. He also assumed office as Chairman of Japan National Tourism Organization on April 1, 2018.
6. All the business of Japan Branch of American Family Life Assurance Company of Columbus was succeeded to Aflac Life Insurance Japan Ltd. due to the conversion to Japanese subsidiary on April 2, 2018. Mr. Charles Ditmars Lake II assumed office as Chairman and Representative Director of the said company on the same date.

Directors and Executive Officers of the Company that Resigned during this Fiscal Year

Name	Position and responsibilities	Significant concurrent positions	Others
Toru Inasawa	Managing Executive Officer Special assignment	Senior Managing Executive Officer of Japan Post Co., Ltd.	Resigned from Managing Executive Officer of the Company on April 24, 2017
Hiroshi Shiraishi	Executive Officer In sub-charge of the Accounting & Finance Division		Became Executive Officer of the Company on June 22, 2017 Resigned from Executive Officer of the Company on February 28, 2018
Ryosuke Haraguchi	Senior Managing Executive Officer In charge of the Corporate Planning Division		Resigned from Senior Managing Executive Officer of the Company on March 30, 2018
Satoru Tatebayashi	Managing Executive Officer Special assignment	Managing Executive Officer of Japan Post Co., Ltd.	Resigned from Managing Executive Officer of the Company on March 31, 2018
Hidetake Kikuhara	Executive Officer In sub-charge of the IT Systems Division (Project Management)		Resigned from Executive Officer of the Company on March 31, 2018
Katsuyuki Takahashi	Executive Officer In sub-charge of the IT Systems Division (New Business)	Executive Officer of Japan Post Co., Ltd.	Resigned from Executive Officer of the Company on March 31, 2018

Note: The position, responsibilities, and significant concurrent positions stated above are the ones held at the time of resignation.

(2) Compensation for the Directors and Executive Officers of the Company

(Millions of yen)

Classification	Number of persons paid (Persons)	Compensation, etc.
Director	11	104
Executive Officer	30	732
Total	41	836

Notes: 1. Figures are rounded down to the nearest million yen.

2. The Company does not pay compensation for being a director of the Company to 2 directors who concurrently hold office as an executive officer and the 4 directors who concurrently hold positions at major subsidiaries and solely execute business at the respective subsidiary. Also, the Company does not pay compensation for being an executive officer of the Company to 8 executive officers who concurrently hold positions at major subsidiaries and solely execute business at the respective subsidiaries.
3. The retirement benefits or bonuses for officers system are not paid.
4. Executive officer compensation includes ¥153 million in stock compensation recorded as expense in the fiscal year under review.

Amount of Compensation, etc. paid to the Directors and Executive Officers of the Company and Decision on the Method of Calculating the Amount

The Compensation Committee establishes the “Policy regarding decision on the amount of compensation for each director and executive officer” as follows, and the amount of compensation paid to all the directors and executive officers of the Company is determined on the basis of this policy.

1. Compensation Structure

- (1) Only the executive officer compensation is paid to the executive officers who concurrently hold office as a director.
- (2) Fixed compensation is paid to the directors of the Company on the basis of their responsibilities, considering the scope and weight of their responsibility in management and other activities.
- (3) Compensation paid to the Company’s executive officers shall comprise basic compensation (fixed compensation) based on their responsibilities and performance-linked stock compensation as a mechanism to function as a sound incentive for the sustained growth of the Company.

2. Director’s Compensation

Fixed compensation of a certain amount is paid to directors on the basis of their responsibilities considering their major role as a management supervisor, and the amount of the compensation needs to be reasonable in light of the weight of their responsibilities as directors and the current company situation.

3. Executive Officer’s Compensation

Compensation for the Company’s executive officers is paid out as basic compensation (fixed compensation) following a predefined standard based on their responsibilities and performance-linked stock compensation that considers the extent to which the management plan has been achieved, considering the differences in responsibilities for each position.

The level of basic compensation is commensurate with the extent of the executive officer’s responsibilities and the current situation of the Company; provided, however that in the case of executive officers who take charge of fields that demand special knowledge and skill, if the amount of the basic compensation based on his/her responsibilities is considerably lower than the standard level of compensation generally received by officers in charge of such field in other companies, the amount of the basic compensation will be determined taking into account the compensation level of other companies as a standard.

Stock compensation shall be paid out in the form of stock based on the total number of points accumulated at retirement and a cash amount obtained from the realization of a certain percentage of such stock, from the perspective of providing a sound incentive for the sustained growth of the Company. The points are calculated every year by multiplying (i) the sum of basic points determined based on roles and responsibilities and evaluation points determined based on individual evaluations by (ii) a coefficient that fluctuates based on the extent to which the management plan has been achieved.

In the case that a national government official who has been seconded to the Company takes up the position of an executive officer, a retirement benefit may be provided. The retirement benefit shall be determined in accordance with the rules for retirement benefits for employees by adding the period of his/her service as a national government official to the length of his/her service in the Company at the time of his/her retirement (excluding the case where he/she returns to the capacity of national government official after retirement from the Company).

(3) Limited Liability Agreements

Name	Summary of Limited Liability Agreement
Norito Ikeda	In accordance with Article 427, paragraph 1 of the Companies Act and the Articles of Incorporation, the Company may enter into an agreement with directors (limiting to non-executive directors as stipulated in such article and provision) to limit their liability under Article 423, paragraph 1 of the said Act. The limit of liability under such agreement shall be the total amount of each item provided in the Article 425, paragraph 1 of the said Act.
Kunio Yokoyama	
Mitsuhiko Uehira	
Riki Mukai	
Miwako Noma	
Akio Mimura	
Tadashi Yagi	
Satoshi Seino	
Kunio Ishihara	
Yasuo Inubushi	
Charles Ditmars Lake II	
Michiko Hirono	
Norio Munakata	

Note: The names in the above list are those of directors who had limited liability agreement as of March 31, 2018.

3. Outside Directors

(1) Concurrent Positions and Other Statuses of Outside Directors

(As of March 31, 2018)

Name	Concurrent Positions and Other Status
Miwako Noma	Representative Director of Nippon Gurashi Co., Ltd. Representative Director of Mochizuki Inc.
Akio Mimura	Senior Adviser to the Board & Chairman Emeritus of Nippon Steel & Sumitomo Metal Corporation Chairman of Japan Chamber of Commerce and Industry Chairman of Tokyo Chamber of Commerce and Industry Director of Development Bank of Japan Inc. (Outside Director) Director of Innovation Network Corporation of Japan (Outside Director) Director of Tokio Marine Holdings, Inc. (Outside Director) Director of Nippon Flour Mills Co., Ltd. (Outside Director)
Tadashi Yagi	Advisor of K.K. Kyodo News
Satoshi Seino	Chairman & Director of East Japan Railway Company Director of Tohoku Electric Power Co., Inc. (Outside Director)
Kunio Ishihara	Senior Adviser to the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. Corporate Auditor of Tokyu Corporation (Outside Corporate Auditor) Director of NIKON CORPORATION (Outside Director)
Yasuo Inubushi	Emeritus Adviser to the Board of Kobe Steel, Ltd. Representative Director and Chairman of Kobe-Osaka International Port Corporation
Charles Ditmars Lake II	Chairman and Representative in Japan of American Family Life Assurance Company of Columbus President and Member of the Board of Directors of Aflac International Incorporated Corporate Director of Tokyo Electron Limited (Outside Director)
Michiko Hirono	President of 21 Lady Co., Ltd. Representative Director and President of Illums Japan Co., Ltd. Representative Director, Chairman and President of HIROTA Co, Ltd. Member of the Board of NEC Networks & System Integration Corporation (Outside Director)
Norio Munakata	Attorney Advisor of Cabinet Secretary

Note: There is no relationship to be disclosed between the Company and corporations at which the outside directors hold concurrent positions.

(2) Major Activities of Outside Directors

Name	Term of office	Attendance at Board of Directors' meetings, etc.	Statement and other activities at Board of Directors' meetings, etc.
Miwako Noma	4 years and 9 months	Attended all 14 Board of Directors' meetings and all 22 Audit Committee meetings during this fiscal year.	Miwako Noma expressed her views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of her experience as a management executive.
Akio Mimura	4 years and 9 months	Attended 13 of 14 Board of Directors' meetings during this fiscal year.	Akio Mimura expressed his views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of his experience as a management executive.
Tadashi Yagi	4 years and 9 months	Attended all 14 Board of Directors' meetings and all 22 Audit Committee meetings during this fiscal year.	Tadashi Yagi expressed his views, which are necessary for dealing with the Company's management issues, on the basis of his experience and insight that he accumulated through working for a major news service agency.
Satoshi Seino	3 years and 9 months	Attended all 14 Board of Directors' meetings during this fiscal year.	Satoshi Seino expressed his views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of his experience as a management executive.
Kunio Ishihara	2 years and 9 months	Attended 13 of 14 Board of Directors' meetings during this fiscal year.	Kunio Ishihara expressed his views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of his experience as a management executive.
Yasuo Inubushi	2 years and 9 months	Attended all 14 Board of Directors' meetings during this fiscal year.	Yasuo Inubushi expressed his views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of his experience as a management executive.
Charles Ditmars Lake II	1 year and 9 months	Attended all 14 Board of Directors' meetings during this fiscal year.	Charles Ditmars Lake II expressed his views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of his experience as a management executive.
Michiko Hirono	1 year and 9 months	Attended all 14 Board of Directors' meetings during this fiscal year.	Michiko Hirono expressed her views from the management aspect, which are necessary for dealing with the Company's management issues, on the basis of her experience as a management executive.
Norio Munakata	1 year and 9 months	Attended all 14 Board of Directors' meetings and all 22 Audit Committee meetings during this fiscal year.	Norio Munakata expressed his views, which are necessary for dealing with the Company's management issues, on the basis of his experience and insight in the legal profession.

Notes: 1. The terms of office stated above are the current terms as of March 31, 2018.

2. The terms of office stated above have been rounded down to eliminate periods less than one month.

(3) Compensation for Outside Directors

(Millions of yen)

	Number of persons paid (Persons)	Compensation paid by the Company	Compensation paid by the parent of the Company
Total amount	10	82	–

Notes: 1. Figures are rounded down to the nearest million yen.

2. The retirement benefits or bonuses are not paid.

4. Matters Concerning Shares

(1) **Number of Shares** Total number of authorized shares: 18,000,000 thousand shares

Total number of issued shares: 4,500,000 thousand shares

(2) **Total Number of Shareholders (As of March 31, 2018):** 722,030

(3) Major Shareholder

Name	Capital contribution to the Company	
	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Minister of Finance	2,559,524	63.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	64,897	1.60
Japan Post Holdings Employee Shareholding Association	53,482	1.32
Japan Trustee Services Bank, Ltd. (Trust Account)	48,946	1.21
State Street Bank West Client - Treaty 505234	28,562	0.70
Japan Trustee Services Bank, Ltd. (Trust Account 5)	20,721	0.51
JP Morgan Chase Bank 385151	17,866	0.44
State Street Bank and Trust Company 505225	15,932	0.39
State Street Bank - West Pension Fund Clients - Exempt 505233	15,745	0.38
The Bank of New York 133524	15,645	0.38

Notes: 1. Number of shares held is rounded down to the nearest thousand.

2. Shareholding ratio is calculated by means of deducting the treasury stock (456,139 thousand shares).

The number of treasury stock does not include the shares of the Company held by the management board benefit trust (698 thousand shares).

3. Pursuant to the provisions of the Articles of Incorporation in accordance with item 1 of Article 459, paragraph 1 of the Companies Act, the Company has resolved regarding the acquisition of treasury stocks at the Board of Directors' meeting held on September 11, 2017, and executed as follows.

(1) Reason for the acquisition of treasury stock

From the perspectives of enhancing returns to shareholders and mitigating the impact on supply and demand of shares related to disposition of shares owned by the government, and in light of the sale of common stock that was announced on September 11, 2017, in the "Notice Regarding the Offering of Shares of Common Stock," the Company implemented repurchases of its own shares.

(2) Summary of the acquisition

(i) Class of shares: Common stock of the Company

(ii) Total number of shares: 72,833,200 shares

(iii) Total amount of shares acquired: ¥99,999,983,600

(iv) Acquisition date: Wednesday, September 13, 2017

5. Matters Concerning Stock Acquisition Rights

None.

6. Matters Concerning the Independent Auditor

(1) Status of Independent Auditor

(Millions of yen)

Name	Compensation, etc. for this fiscal year	Other
KPMG AZSA LLC Designated Limited Liability Partner Kazuhiko Azami Designated Limited Liability Partner Yoichi Ozawa Designated Limited Liability Partner Takahiro Toyama	234	The Company pays a fee to the independent auditor for advisory services related to the Group's fund management which are services other than those stipulated in Article 2, paragraph 1 of the Certified Public Accountants Act (non-auditing services).

Notes: 1. Figures are rounded down to the nearest million yen.

2. Within the accounting audit contract between the Company and accounting auditor, the compensation paid for the audit under the Companies Act and the compensation paid for the audit under the Financial Instruments and Exchange Act are not distinguished, and as such the total amount is presented because these categories cannot be distinguished effectively.
3. The Audit Committee has reviewed the appropriateness of the contents of the audit plan, the status of execution of the accounting audit and the calculation basis of the estimated compensation amount of the independent auditor. As the aforementioned was judged to be appropriate as a result, the compensation amount and other amounts payable to the independent auditor have been agreed.
4. Total amount of money and other economic benefits to be paid by the Company and its subsidiaries was ¥905 million. This amount excludes ¥65 million that is included in the Company's "Compensation, etc. for this fiscal year" above but is not recorded in the Consolidated Statement of Income for this fiscal year.

(2) Limited Liability Agreements

None.

(3) Other Matters Concerning the Independent Auditor

■ Policy regarding decisions to dismiss or not to reappoint an independent auditor

The Audit Committee shall dismiss an independent auditor if the independent auditor is deemed to fall under any of the items of Article 340, paragraph 1 of the Companies Act. Also, the Audit Committee comprehensively evaluates the independent auditor's execution of its duty and, if deemed necessary, shall determine a proposal for the dismissal or non-reappointment of the independent auditor to be submitted to the general meeting of shareholders.

■ Audit of financial statements of major subsidiaries of the Company by certified public accountants or audit corporations other than the Independent Auditor of the Company

None.

7. Systems to Ensure the Properness of Operations

The Board of Directors has resolved the “systems to ensure the properness of operations” provided in the Companies Act and the Ordinance for Enforcement of the Companies Act. The details are as follows.

1. System to ensure the properness of operations in the Group which consists of the Company and its subsidiaries
 - (1) The Company has concluded agreements on the Japan Post Group’s operation and management (“JP Group Management Agreements”) with Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. (hereinafter collectively referred to as the “Three Business Companies”). The Company seeks from them the application for prior approval or reporting (prior consultation or reporting with respect to Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd.) concerning matters necessary to achieve proper and smooth operation of the Group.
 - (2) In order for intragroup transactions be appropriately carried out without having significant effect on the soundness of each Group companies, the Company states the basic policy regarding intragroup transactions as well as matters to be complied by each Group companies in JP Group Management Agreements.
2. System to ensure that executive officers and employees of the Company, and directors, executive officers and employees of its subsidiaries execute their duties in accordance with laws and regulations and the Articles of Incorporation
 - (1) The Company establishes the management philosophy, management policy and Charter of Corporate Conduct of the Group and strives to disseminate them so that officers and employees of each group company comply with laws and regulations in every aspect of business operations. Also, the Company develops a basic framework of a compliance system in JP Group Management Agreements.
 - (2) The Company establishes a department supervising the Group compliance and makes efforts to promote compliance. Concurrently, the Company establishes the Compliance Committee, which discusses compliance policy on Group management, its specific application, and coping with various problems, and reports important matters to the Management Meeting and Audit Committee.
 - (3) The Company strives to be thorough with compliance through preparation of a compliance manual mentioning explanations about laws and regulations related to the Company’s business activities and implementation of training regarding laws and regulations as well as internal regulations officers and employees must comply with. Also, in JP Group Management Agreements, the Company requires the Three Business Companies to be thorough with compliance through preparation of a compliance manual and implementation of training.
 - (4) As for antisocial elements, which threaten the order and the safety of civil society, in accordance with the Charter of Corporate Conduct of the Group, the Group as a whole is resolved to fight against them, not to have any relations with them, and to exclude them. Also, the Company regularly cooperates with each Group company and outside professional institutions such as police and firmly copes with illegal activities and unreasonable demands.
 - (5) To secure the properness of the Group’s financial statements and other relevant information, the Company establishes rules on establishment, operation, evaluation, and reporting of internal controls over financial reporting in JP Group Management Agreements. Also, the Company establishes a department supervising the establishment of internal controls over financial reporting and a department independently evaluating internal controls over financial reporting, makes efforts to secure the reliability of the Group’s financial reporting, and reports important matters, if necessary, to the Management Meeting and Audit Committee.
 - (6) In addition to establishing a reporting rule in case of violations of laws and regulations and internal rules, the Company establishes internal hotline inside and outside the Company and disseminates the use of them to officers and employees.

- (7) The internal audit division, which is independent of the other divisions audited, executes effective internal audit, including the situation of compliance with laws and regulations. Also, the Company requires the Three Business Companies to execute effective internal audit in JP Group Management Agreements, monitors the situation of execution of internal audit and internal audit system, and reports the results to the Management Meeting and Audit Committee.

3. Policies and other systems on management of risk of the Company and its subsidiaries

- (1) The Company provides in JP Group Management Agreements, fundamental principles of risk management and basic matters which are to be complied with in risk management such as risks subject for management as the basic policy of Group's risk management.
- (2) The Company establishes a department supervising risk management of the Group, grasps the situation of risks in the Group, and analyzes and manages the risks. Concurrently, the Company implements correction of the handling and management method of outstanding risks. Also, the Company reports the situation of execution of risk management of the Group to the Management Meeting.
- (3) Regarding the risk management of the Company, the Company establishes and executes classification of risks, management methods, and management system in accordance with its risk management policy and risk management rules. Also, the Management Meeting deliberates important matters regarding risk management.
- (4) To swiftly and properly cope with risks and take corrective measures in case of the occurrence of such risks that seriously affect the management, the Company establishes rules regarding crisis management system and crisis handling measures in JP Group Management Agreements.

4. System for the storage and management of information related to the execution of duties by executive officers

In the Management Meeting Regulations and the Document Management Rules, the Company clarifies method and system for the storage and management of information related to the execution of duties by executive officers such as the minutes of the Management Meeting and approval documents and strives to properly store and manage such information. Concurrently, according to requests by the Audit Committee and the internal audit division, the Company provides the requested documents for reading and copying.

5. System to ensure that executive officers of the Company, and directors and executive officers of its subsidiaries efficiently execute their duties

- (1) The Management Meeting consisting of executive officers is held every week as a rule and deliberates matters delegated by the Board of Directors and matters to be discussed by the Board of Directors. Also, the Company establishes a special committee as an advisory body to the Management Meeting, if necessary.
- (2) The Company establishes the Organization Rules and Management Authority Rules, clarifies roles of each organization, and management authorities and responsibilities of executive officers, and strives to make execution of duties by executive officers efficient.
- (3) For the purpose of promoting an efficient and effective Group management, the Company establishes a Group Steering Committee so that important matters concerning Group management may be discussed and information shared on an issue-by-issue basis.

6. Matters concerning employees who assist the Audit Committee in fulfilling its duties

The Company establishes an Office of Audit Committee to assist the Audit Committee in fulfilling its duties and place exclusive employees with necessary knowledge and ability to assist the Audit Committee.

7. Matters concerning the independence of employees who assist the Audit Committee from the executive officers

Employment, transfer, evaluation, and discipline of employees belonging to the Office of Audit Committee require prior consent of the Audit Committee or a member thereof designated by the Audit Committee.

8. Matters concerning to ensure the effectiveness of instructions for employees who assist the Audit Committee

Employees of the Office of Audit Committee follow orders and instructions of the Audit Committee or the members thereof designated by the Audit Committee, and perform their duties such as conducting investigations and receiving reports.

9. System to report to the Audit Committee

- (1) The executive officer supervising internal controls periodically reports the situation of execution of his/her duties concerning internal controls of the Group to the Audit Committee.
- (2) The executive officer supervising the Internal Audit Division periodically reports the situation of execution of internal audit of the Group and results to the Audit Committee, and promptly reports matters that may seriously affect the management to the members of the Audit Committee.
- (3) An executive officer in charge of the Compliance Division periodically reports to the Audit Committee regarding the situation of promoting Group's compliance and occurrences of compliance violations.

Also, the Group's material compliance violation cases (including cases which may result in a material compliance violation) revealed through internal hotline and other means are promptly reported to the members of the Audit Committee.

- (4) Executive officers and employees promptly report matters that may seriously affect the management of the Group to the members of the Audit Committee.
 - (5) Executive officers and employees report the situation of execution of their duties of the Group upon the Audit Committee's request.
 - (6) Person engaged in the reporting to the Audit Committee or the members of the Audit Committee shall not be treated disadvantageously by reason of being engaged in such reporting.
10. Matters concerning procedures for advance payments or reimbursement arising from execution of duties relating to the Audit Committee and policy regarding the handling of expenses or debts arising from other such execution of duties
- If any member of the Audit Committee requests necessary expenses to the Company for seeking opinion to lawyers, certified public accountants and other outside professionals, or entrusting investigations, appraisals, and other administrations in executing the Audit Committee's duties, executive officers and employees shall not refuse the request except where the Company proves that such requested expenses are unnecessary for the Audit Committee to execute its duties.

11. Other systems to ensure effective auditing by the Audit Committee

- (1) The representative executive officers periodically exchange opinions and make efforts to foster mutual understanding with the Audit Committee about important management matters including the basic policy of the Company's management, issues to be addressed, and the situation of functioning of the internal control systems.

- (2) The Audit Committee receives explanations on audit plan from the independent auditor in advance, periodically receives audit reports, and makes efforts to cooperate through exchange of opinions, if necessary, to always grasp important points of financial audit.
- (3) In executing its duties, the Audit Committee makes efforts to cooperate with audit committees or Audit & Supervisory Board Members of the Three Business Companies by periodically exchanging information and opinion.

The operating status of “systems to ensure the properness of operations” is as follows:

1) Overall internal control systems

- For the purpose of further fortifying the internal control and corporate governance of the Group, the Company has established an “Internal Control General Meeting” where necessary issues regarding internal control or corporate governance are being discussed.
- The Company confirms whether the internal control system is effectively functioning by reporting the operational status of the “Fundamental Policy for Establishment of Internal Control Systems” to the Internal Control General Meeting, the Board of Directors’ meetings, etc. (Board of Directors’ meeting, Audit Committee and Management Meeting; the same shall apply hereinafter) on a quarterly basis.

2) Group operation system

- The Company has concluded the JP Group Management Agreements with the Three Business Companies, whereby a consensus has been reached on basic matters related to the Group’s common philosophy, policies and other aspects of Japan Post Group’s management, and a system is in place for approving or consulting, or reporting, necessary matters for achieving proper and smooth operation of the Group.
- In accordance with the JP Group Management Agreements, the Company receives reports of important intragroup transactions from the Three Business Companies, and verifies that intragroup transactions are carried out appropriately after conducting its own inspection.

3) Compliance system

- The Group acknowledges compliance as one of the highest management issues and each group company has built an effective compliance framework by establishing a Compliance Committee, and a Compliance Department that is independent from departments related to business execution, among others.
- Each group company draws up a “Compliance Program,” a plan for specific actions to promote compliance, every fiscal year and the initiatives and progress are reported quarterly to the Compliance Committee, the Board of Directors’ meetings, etc.
- Each group company has prepared and distributed a “Compliance Handbook,” and is taking initiatives to enhance awareness of compliance to officers and employees through training programs and other means.
- Reporting rules are in place for compliance violations, while an internal compliance hotline has been set up both inside and outside the Company. The use of such hotline is made known to executive officers and employees through training and other means.

4) System for exclusion of antisocial forces

- The Group has posted “Japan Postal Group Charter of Corporate Conduct,” and “Declaration by Top Management (“Basic Rules on Dealings with Antisocial Forces”)” on the website of each group company, and internally and externally declares to prevent possible damages by eliminating any and all relationships with antisocial forces.

- With regard to responding to antisocial forces, the Group has established an office for managing its response to antisocial forces and mainly conducted integrated management of related information, preparation of the response manual and guidance of introduction of a clause regarding the exclusion of “boryokudan” (organized crime group) in agreements. Also, in liaison with each group company and outside professional institutions, the Group is implementing elimination and exclusion of the relationships with such forces as an organization in its entirety.

5) Risk management system

- In accordance with the Basic Policy for Group Risk Management, the Company reports the situation of risk management in the Group and the Company on a quarterly basis to the Board of Directors’ meetings, etc.
- In accordance with the rules regarding crisis management systems and crisis response measures provided in JP Group Management Agreements, the Company implements checking on the effectiveness of crisis management system of each group company, reporting and sharing of information in the event of a disaster, and checking on the system of communication in the event of an emergency, and the Company reports the situation of development and training of crisis management systems to the Japan Post Group Crisis Management Committee.

6) Internal audit system

- In accordance with the audit plan, internal audits are conducted and results are reported to the Board of Directors’ meetings, etc.
- The status of corrective actions and improvement of the internal audit findings are checked, and the results are reported quarterly to the Board of Directors.
- The auditing activities of the Three Business Companies are recognized and evaluated quarterly, and reported to the Board of Directors.

7) System of internal controls over financial reporting

- In accordance with the Financial Instruments and Exchange Act, the Company designs, implements and operates internal controls over financial reporting of the Group, and in order to secure reliability of such financial reporting, it performs assessments of internal controls regarding financial reporting pursuant to the “On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” (Business Accounting Council). Also, the Company reports assessment plans for the fiscal year, its progress status, results of evaluation of the effectiveness of internal controls over financial reporting of the Group to the Board of Directors’ meetings, etc.

8) Information preservation and management system

- The Company provides rules and measures for preservation and management of various types of information in the Document Management Rules.
- In order to speed up decision making procedures for operational execution at the head office and to heighten internal control, the “Integrated Document Management System” has been introduced to digitalize authorization procedures. The said system is operating effectively. In addition, in order to expand the storage functions for digital documents, the operation of new storage system “Group Shared Folder” is started.
- Management Meeting minutes are accurately recorded and prepared, information being appropriately preserved and managed.

9) System for efficient execution of duties

- The Management Meeting is held every week as a rule and deliberates matters delegated by the Board of Directors and matters to be discussed by the Board of Directors. Also, the Company periodically holds Group Steering Committee and discusses issues pertaining to important matters in the Group management.
- The Company establishes the Organization Rules and Management Authority Rules, clarifies roles of each organization, management authorities and responsibilities of executive officers, and strives to ensure efficient execution of duties by executive officers.

10) System relating to the Audit Committee

- Executive officers who are in charge of internal control departments such as the Internal Audit Division and Compliance Division periodically report to the Audit Committee, while officers and employees report information necessary for the Audit Committee audit, whenever necessary.
- In order to assist the Audit Committee in fulfilling its duties, the Company has established an executive office independent from execution departments and has posted the necessary personnel. Also, regarding the expenses necessary in executing duties of the Audit Committee, the Company appropriates the necessary amounts in the budget so that activities of the Audit Committee may be conducted without constraints.
- Representative executive officers and the Audit Committee periodically exchange opinions regarding important management matters and are making efforts to deepen mutual understandings. The Audit Committee makes efforts to cooperate with the independent auditor and audit committees or Audit & Supervisory Board Members of the Three Business Companies by periodically exchanging information and opinion.

8. Policy on Exercise of Authority if Articles of Incorporation Allow Distribution of Surplus by Resolution of the Board of Directors

The Company considers returning profits to shareholders to be an important management issue and sets out its basic policy to continuously provide stable return to shareholders, in accordance with the results of operation.

With regard to dividends from surplus, we aim to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency. Accordingly, the Company had been aiming to maintain a consolidated dividend payout ratio of roughly 50% or higher until the year ended March 31, 2018, while maintaining stable dividends per share.

In order to ensure flexible management operations, the decision-making body concerning dividends from surplus is set to be the Board of Directors as per the provisions of the Articles of Incorporation. In addition, it is stipulated that dividends from surplus be paid with March 31 and September 30 of each year as record dates.

Including the special dividend of 7 yen reflecting 10th anniversary of the privatization of the Japan Post Group, the full-year dividend for the fiscal year under review will be 57 yen per share for common stock (including the 25 yen per share interim dividend), based on a comprehensive determination of earnings and other matters.

In order to provide stable returns to shareholders while maintaining required internal reserves and paying attention to capital efficiency, the Company intends to maintain stable dividends per share, aiming to maintain annual dividend of 50 yen or higher per share until the year ending March 31, 2021.

Internal reserves will be utilized mainly for investments to capture growth opportunities and capital policies with awareness on capital efficiency, aiming at enhancement of corporate value.

In accordance with Article 11 of the Act on Japan Post Holdings Co., Ltd., payment of dividends from surplus or other appropriation of surplus (excluding disposition of loss) of the Company shall not be effective without approval of the Minister of Internal Affairs and Communications.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Cash and due from banks	50,782,381	Deposits	178,489,035
Call loans	745,000	Payables under repurchase agreements	1,985,285
Receivables under securities borrowing transactions	11,520,376	Policy reserves and others	69,948,383
Monetary claims bought	454,635	Reserve for outstanding claims	548,196
Trading account securities	32	Policy reserves	67,777,297
Money held in trust	7,056,398	Reserve for policyholder dividends	1,622,889
Securities	199,363,017	Payables under securities lending transactions	17,475,671
Loans	13,772,684	Commercial papers	191,481
Foreign exchanges	87,487	Foreign exchanges	309
Other assets	2,365,569	Other liabilities	3,350,756
Tangible fixed assets	3,154,613	Reserve for bonuses	126,869
Buildings	1,195,097	Liability for retirement benefits	2,256,418
Land	1,544,016	Reserve for employee stock ownership plan trust	809
Construction in progress	83,165	Reserve for management board benefit trust	727
Other tangible fixed assets	332,333	Reserve for reimbursement of deposits	86,114
Intangible assets	329,880	Reserve for price fluctuations	916,743
Software	309,572	Deferred tax liabilities	1,068,313
Goodwill	2,885		
Other intangible assets	17,421	Total liabilities	275,896,920
Asset for retirement benefits	43,694	Net assets	
Deferred tax assets	970,601	Capital stock	3,500,000
Reserve for possible loan losses	(6,217)	Capital surplus	4,135,462
		Retained earnings	3,551,054
		Treasury stock	(831,945)
		Total shareholders' equity	10,354,570
		Net unrealized gains (losses) on available-for-sale securities	2,688,219
		Net deferred gains (losses) on hedges	2,784
		Foreign currency translation adjustments	(85,870)
		Accumulated adjustments for retirement benefits	294,238
		Total accumulated other comprehensive income	2,899,371
		Non-controlling interests	1,489,292
		Total net assets	14,743,234
Total assets	290,640,154	Total liabilities and net assets	290,640,154

Consolidated Statement of Income
(For the fiscal year ended March 31, 2018)

(Millions of yen)

Items	Amount	
Ordinary income		12,920,375
Postal business income	2,676,204	
Banking business income	2,042,980	
Life insurance business income	7,952,894	
Other ordinary income	248,296	
Ordinary expenses		12,004,230
Operating expenses	8,971,688	
Personnel expenses	2,629,701	
Depreciation and amortization	279,165	
Other ordinary expenses	123,674	
Net ordinary income		916,144
Extraordinary gains		92,141
Gains on sales of fixed assets	88,182	
Gains on negative goodwill	568	
Compensation for transfer	190	
Compensation income	176	
Settlement received	1,001	
Gains on transfer of business	2,005	
Other extraordinary gains	15	
Extraordinary losses		181,358
Losses on sales and disposal of fixed assets	4,762	
Losses on impairment of fixed assets	17,964	
Provision for reserve for price fluctuations	128,031	
Post office refurbishment expenses	25,213	
Other extraordinary losses	5,387	
Provision for reserve for policyholder dividends		117,792
Income before income taxes		709,134
Income taxes current	357,503	
Income taxes deferred	(160,395)	
Total income taxes		197,107
Net income		512,027
Net income attributable to non-controlling interests		51,404
Net income attributable to Japan Post Holdings		460,623

Consolidated Statement of Changes in Net Assets

(For the fiscal year ended March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,135,414	3,294,130	(731,992)	10,197,552
Changes in the fiscal year					
Cash dividends			(204,013)		(204,013)
Net income attributable to Japan Post Holdings			460,623		460,623
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		47			47
Purchases of treasury stock				(99,999)	(99,999)
Disposals of treasury stock				46	46
Changes in the scope of consolidation			314		314
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	47	256,923	(99,953)	157,018
Balance at the end of the fiscal year	3,500,000	4,135,462	3,551,054	(831,945)	10,354,570

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income (loss)		
Balance at the beginning of the fiscal year	3,105,162	(103,790)	(80,730)	333,571	3,254,213	1,502,815	14,954,581
Changes in the fiscal year							
Cash dividends							(204,013)
Net income attributable to Japan Post Holdings							460,623
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							47
Purchases of treasury stock							(99,999)
Disposals of treasury stock							46
Changes in the scope of consolidation							314
Net changes in items other than shareholders' equity in the fiscal year	(416,943)	106,575	(5,140)	(39,333)	(354,842)	(13,522)	(368,365)
Net changes in the fiscal year	(416,943)	106,575	(5,140)	(39,333)	(354,842)	(13,522)	(211,347)
Balance at the end of the fiscal year	2,688,219	2,784	(85,870)	294,238	2,899,371	1,489,292	14,743,234

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	269,830	Current liabilities	47,864
Cash and deposits	194,746	Accounts payable	40,739
Inventories	371	Accrued expenses	1,078
Prepaid expenses	164	Income taxes payable	200
Short-term loan	18,620	Consumption taxes payable	150
Accounts receivable	17,310	Reserve for bonuses	1,904
Income taxes receivable	31,003	Reserve for point service program	505
Others	7,620	Others	3,285
Reserve for possible loan losses	(6)	Long-term liabilities	129,455
Non-current assets	7,857,612	Reserve for retirement benefits	94,866
Tangible fixed assets	167,831	Reserve for management board benefit trust	166
Buildings	30,544	Reserve for compensation for accidents in the course of duty	18,989
Structures	599	Others	15,432
Machinery and equipment	1,393		
Vehicles	219	Total liabilities	177,320
Tools and fixtures	3,456		
Land	97,871	Net assets	
Construction in progress	33,747	Shareholders' equity	7,950,122
Intangible assets	10,447	Capital stock	3,500,000
Software	4,980	Capital surplus	4,503,856
Others	5,467	Capital reserve	875,000
Investments and other assets	7,679,332	Other capital surplus	3,628,856
Stocks of subsidiaries and affiliates	7,680,895	Retained earnings	778,212
Long-term loan	3,160	Other retained earnings	778,212
Claims provable in bankruptcy	79	Retained earnings brought forward	778,212
Long-term prepaid expenses	205	Treasury stock	(831,945)
Others	224		
Reserve for possible loan losses	(79)	Total net assets	7,950,122
Allowance for investment loss	(5,152)		
Total assets	8,127,442	Total liabilities and net assets	8,127,442

Non-consolidated Statement of Income
(For the fiscal year ended March 31, 2018)

(Millions of yen)

Items	Amount	
Operating income		280,850
Brand royalty income	13,567	
Dividend income from subsidiaries and affiliates	198,891	
Income from business consignment	17,463	
Subsidy income equivalent to deposit insurance premiums	5,679	
Income from hospital business	18,733	
Income from hotel business	26,514	
Operating expenses		62,123
Expenses for business consignment	20,424	
Expenses for hospital business	23,612	
Expenses for hotel business	29,491	
Administrative expenses	(11,406)	
Net operating income		218,727
Other income		3,273
Interest income	32	
Rent income	2,543	
System modification fees	155	
Others	541	
Other expenses		2,272
Rent expenses	1,295	
System modification expenses	115	
Offering related costs	582	
Others	278	
Net ordinary income		219,729
Extraordinary gains		2,144
Gains on sales of fixed assets	61	
Compensation income	163	
Gains on transfer of business	1,687	
Others	231	
Extraordinary losses		34,908
Losses on sales and disposal of fixed assets	23	
Losses on impairment of fixed assets	6,256	
Share of post office refurbishment expenses	26,560	
Others	2,067	
Income before income taxes		186,965
Income taxes current	(9,266)	
Total income taxes		(9,266)
Net income		196,232

Non-consolidated Statement of Changes in Net Assets

(For the fiscal year ended March 31, 2018)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance at the beginning of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	785,993	785,993
Changes in the fiscal year						
Cash dividends					(204,013)	(204,013)
Net income					196,232	196,232
Purchases of treasury stock						
Disposals of treasury stock						
Net changes in the fiscal year	-	-	-	-	(7,781)	(7,781)
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	778,212	778,212

	Shareholders' equity		Total net assets
	Treasury stock	Total shareholders' equity	
Balance at the beginning of the fiscal year	(731,992)	8,057,856	8,057,856
Changes in the fiscal year			
Cash dividends		(204,013)	(204,013)
Net income		196,232	196,232
Purchases of treasury stock	(99,999)	(99,999)	(99,999)
Disposals of treasury stock	46	46	46
Net changes in the fiscal year	(99,953)	(107,734)	(107,734)
Balance at the end of the fiscal year	(831,945)	7,950,122	7,950,122

Report of Independent Auditor on Consolidated Financial Statements (Copy)

[English Translation of the Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 14, 2018

The Board of Directors
Japan Post Holdings Co., Ltd.

KPMG AZSA LLC

Kazuhiko Azami (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoichi Ozawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takahiro Toyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Japan Post Holdings Co., Ltd. as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit

also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of Japan Post Holdings Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report of Audit Committee on Consolidated Financial Statements (Copy)

[English Translation of the Audit Report Originally Issued in the Japanese Language]

Audit Report on Consolidated Financial Statements

We, the Audit Committee of Japan Post Holdings Co., Ltd., have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Japan Post Holdings Co., Ltd. at the end of, and during, its 13th business year, the period from April 1, 2017 to March 31, 2018. Our audit method and results are as follows.

1. Auditing Method and Details Thereof

In accordance with the auditing policies, we established, the Audit Committee received reports on the consolidated financial statements from executive officers, etc., requesting explanations when necessary.

Furthermore, the Audit Committee monitored and inspected whether the independent auditor performed proper audits while assuring said auditor's independence, and received reports from the independent auditor on the execution of its duties, requesting explanations when necessary.

The Audit Committee was also informed by the independent auditor that the "System to ensure proper execution of its duties" (as set forth in items of Article 131 of the Ordinance on Accounting of Companies) has been developed in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and others, requesting explanations when necessary.

Through the above method, the Audit Committee reviewed the consolidated financial statements for said business year.

2. Results of Audit

In our opinion, the auditing method of KPMG AZSA LLC, the independent auditor, and the results of its audit are appropriate.

May 14, 2018

Audit Committee of Japan Post Holdings Co., Ltd.

Standing Member of the Audit Committee
Tadashi Yagi (Seal)

Member of the Audit Committee
Miwako Noma (Seal)

Member of the Audit Committee
Norio Munakata (Seal)

Standing Member of the Audit Committee
Riki Mukai (Seal)

Note: Members of the Audit Committee Tadashi Yagi, Miwako Noma and Norio Munakata are outside directors as stipulated in Article 2, item 15, and Article 400, paragraph 3 of the Companies Act.

Report of Independent Auditor on Non-consolidated Financial Statements (Copy)
[English Translation of the Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 14, 2018

The Board of Directors
Japan Post Holdings Co., Ltd.

KPMG AZSA LLC

Kazuhiko Azami (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoichi Ozawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takahiro Toyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Japan Post Holdings Co., Ltd. as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the

supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Japan Post Holdings Co., Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit Report of Audit Committee (Copy)

[English Translation of the Audit Report Originally Issued in the Japanese Language]

Audit Report

We, the Audit Committee of Japan Post Holdings Co., Ltd., have audited the execution of duties by directors and executive officers at the end of, and during, its 13th business year, the period from April 1, 2017 to March 31, 2018. Our audit method and results are as follows.

1. Auditing Method and Details Thereof

The Audit Committee periodically received reports on the resolutions of the Board of Directors and the status of establishment and operation of the system (Internal Control System) developed under such resolutions with regard to matters referred to in Article 416, paragraph 1, item 1, sub-items (b) and (e) of the Companies Act and requested explanations when necessary from directors and executive officers as well as employees, etc., and expressed our opinions to them. At the same time, the Audit Committee performed audits by the following method:

- (i) In accordance with the auditing policies, we established, the members of the Audit Committee, working closely with the internal audit division and other related organizations, attended important meetings, received reports from directors, executive officers, and other related persons on the matters regarding the execution of their duties and requested explanations when necessary, inspected important written approvals and other documents, and examined the status of business operations and assets of the Company. As for the subsidiaries of the Company, the Audit Committee communicated and exchanged information with the directors, audit committee members, and Audit & Supervisory Board Members of the subsidiaries and received reports from the subsidiaries regarding their business when necessary.
- (ii) The Audit Committee monitored and inspected whether the independent auditor performed proper audits while assuring said auditor's independence, and received reports from the independent auditor on the execution of its duties, requesting explanations when necessary. The Audit Committee was also informed by the independent auditor that the "System to ensure proper execution of its duties" (as set forth in items of Article 131 of the Ordinance on Accounting of Companies) has been developed in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and others, requesting explanations when necessary.

Through the above method, the Audit Committee reviewed the business report and the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules for said business year.

2. Audit Results

(1) Audit Results of Business Report, etc.

- (i) In our opinion, the business report and its supplementary schedules fairly present the situation of the Company in accordance with laws and regulations as well as the Articles of Incorporation.
- (ii) We found no wrongful act or material fact in violation of laws and regulations, or the Articles of Incorporation regarding the execution of duties by directors and executive officers.
- (iii) In our opinion, the resolutions of the Board of Directors with respect to the internal control system are appropriate. The Company's internal control system is undergoing continuous improvement, and we found no matter that needed to be addressed regarding the execution of duties by the directors and executive officers with respect to the internal control system.

As stated in the business report, the Japan Post Group is promoting initiatives designed to strengthen the internal control of the Group as a whole. Accordingly, the Audit Committee will continue to keep an eye on the progress of such efforts.

(2) Audit Results of the Financial Statements and its Supplementary Schedules

In our opinion, the auditing method of KPMG AZSA LLC, the Accounting Auditor, and the results of its audit are appropriate.

May 14, 2018

Audit Committee of Japan Post Holdings Co., Ltd.

Standing Member of the Audit Committee
Tadashi Yagi (Seal)

Member of the Audit Committee
Miwako Noma (Seal)

Member of the Audit Committee
Norio Munakata (Seal)

Standing Member of the Audit Committee
Riki Mukai (Seal)

Note: Members of the Audit Committee Tadashi Yagi, Miwako Noma and Norio Munakata are outside directors as stipulated in Article 2, item 15, and Article 400, paragraph 3 of the Companies Act.