

(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.

JAPAN POST HOLDINGS

NOTICE OF THE 14TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Date and Time	Wednesday, June 19, 2019 at 10:00 a.m. (JST) (The reception of the attendees to the meeting at the reception desk shall start at 9:00 a.m.)
Place	Ballroom, B2F, The Prince Park Tower Tokyo 4-8-1 Shibakoen, Minato-ku, Tokyo *Please see the information map on the back cover.
For those who are unable to attend the meeting	
Voting Deadline	5:15 p.m. on Tuesday, June 18, 2019 (JST).

(Please exercise your voting rights by returning the enclosed voting form or via the Internet, etc.)

► For detail, please refer to “Instructions for Exercise Method of Voting Rights” on page 5.

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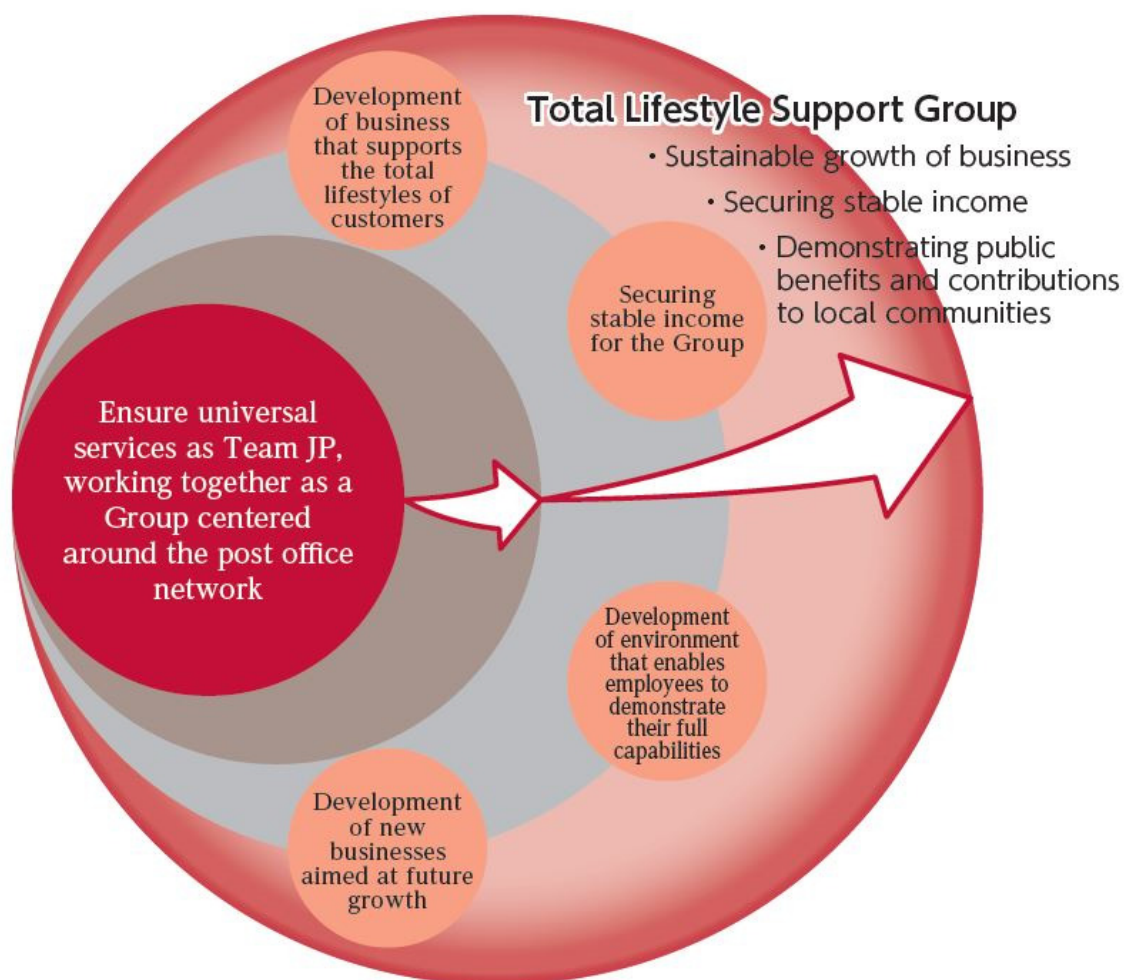
Japan Post Holdings Co., Ltd.

Securities Identification Code: 6178

Japan Post Group Management Philosophy

Stressing the security and confidence of the Japan Post Group network, the Group, as a private corporation, is demonstrating creativity and efficiency to the greatest extent possible and will provide customer-oriented services, support the lives of customers in local communities and aim for the happiness of customers and employees.

The Group will also pursue managerial transparency on its own, observe rules and contribute to the development of society and the region.



To Our Shareholders

Thank you for your continued support and patronage of the Japan Post Group.

My name is Masatsugu Nagato, Director and Representative Executive Officer, President & CEO of Japan Post Holdings Co., Ltd.

In May 2018, we announced our Group Medium-term Plan spanning the three-year period from fiscal 2018 to fiscal 2020, which marked a new start for the Japan Post Group. Over these three years, we will implement a number of initiatives across each of our businesses and strive to realize stable profits and sustainable growth, despite the severe management environment characterized by historically low interest rates and tight labor market.

In fiscal 2018, we posted business performance that greatly exceeded our forecast due to strong sales of Yu-Pack, etc., in the postal and domestic logistics business. In addition, aimed at our further growth, last December we concluded a comprehensive partnership agreement with Aflac Incorporated, and we began investing in Aflac Incorporated from April of this year. Looking ahead, we will seek out further development by making similar types of growth investments.

Recently, greater emphasis is being placed on initiatives for building a sustainable environment and society. Over the years since we initiated postal services in 1871, the Group has supported the infrastructure of lifestyle of local communities' members through postal, savings and insurance services. Society's needs are diversifying together with the times. Utilizing the Group's post office network, our greatest asset, we are committed to providing services that support a sustainable society.

As new initiatives in fiscal 2019, the second year of the Medium-term Plan, in April we began selling, new products in the insurance business including advanced medical care riders and products for which underwriting standards were loosened, and in May we launched a new smartphone payment service called "Yucho Pay" in the banking business. Looking ahead to the 150th anniversary of Japan's postal services in 2021, we will work together as "Team JP," under the slogan "We work for you because we are close to you," to grow and develop into a "Total Lifestyle Support Group" capable of meeting and exceeding the expectations of our shareholders.

I kindly ask that our shareholders continue to support and encourage the Japan Post Group more than ever, as we move forward.

Japan Post Holdings Co., Ltd.
Director and Representative Executive Officer, President & CEO
Masatsugu Nagato



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May 31, 2019

Dear Shareholders,

Masatsugu Nagato

Director and Representative Executive Officer,
President & CEO

Japan Post Holdings Co., Ltd.

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

NOTICE OF THE 14TH 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 14th 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.). 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 submit 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 18, 2019 (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 18, 2019 (JST).

→Please refer to the attached “Instructions for Exercise of Voting Rights via the Internet, etc.” on page 6.

Details

1. Date and Time: Wednesday, June 19, 2019 at 10:00 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-ku, Tokyo

3. Meeting Agenda

Matters to be reported:

1. The Business Report, Consolidated Financial Statements and results of audits by the Independent Auditor and the Audit Committee on the Consolidated Financial Statements for the Company's 14th Term (April 1, 2018 to March 31, 2019).
2. Non-consolidated Financial Statements for the Company's 14th Term (April 1, 2018 to March 31, 2019)

Proposals to be resolved:

Proposal: Election of Fifteen (15) Directors

* If you plan to attend in person, please submit 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 (<https://www.japanpost.jp/en>) 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.

* 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 (<https://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 in Japanese, please request at the reception in necessary.

* We will not be handing out small gifts to the shareholders at the meeting.

Instructions for Exercise Method of Voting Rights

A voting right at the General Meeting of Shareholders is an important right of shareholders. Please refer to the Reference Documents for the General Meeting of Shareholders later in this document (pages 9 to 22) 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 19, 2019 at 10:00 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
(Please see the information map at the end)

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.

Exercise due date: To be received no later than 5:15 p.m. on Tuesday, June 18, 2019 (JST)

■ Instructions for entry method of the voting form

議決権行使書	株主番号	議決権行使回数	目	お 願 い
日本郵政株式会社 <small>〒100-8199 東京都千代田区有明2-2-1 日本郵政ビルディング5階</small>				
<p>敬啟者、2019年6月19日開催の第14回定時株主総会（議決権及び賛否を含む）における議決書の承認、否認（賛否を〇印で表示）のとおり議決権を行使いたします。</p> <p>2019年 月 日</p>				
				
		議 決 権 行 使 数 議決権行使回数 議決権行使回数 議決権行使回数	議 決 権 行 使 方 法 議決権行使方法 議決権行使方法 議決権行使方法	<p>1. 株主総会への出席できない場合は、この議決権行使票に賛否を記載してください。 2019年6月18日午後5時15分までに宛先へ送達してください。</p> <p>2. 議決権行使書が複数枚ある場合、一部の議決権行使書に不十分な意思表示される場合は、1議決権行使書と併せて送達の上当該議決権行使書の番号を記入してください。</p> <p>3. 議決権行使は、届出のバーコードにより、バーコードと同じに記入ください。</p> <p>4. 議決権行使が「インターネット」で受けられる場合は、以下のURLからウェブ上で議決権行使の手続きができます。あらかじめメールアドレスを登録してください。 http://www.jpnc.or.jp/eag また、2019年6月18日午後5時15分までにご送達ください。この場合、議決権行使書を返送する必要はありません。</p>

Please indicate your approval or disapproval for each proposal.

Proposal

If you approve all candidates:

Mark a ☐ in the box marked “贊”

If you disapprove all candidates:

Mark a ☐ in the box marked “否”

If you disapprove of some candidates:

Mark a ☐ in the box marked “贊” and write the candidates’ number of whom you disapprove.

- You will need the voting rights exercise code and password given on the enclosed voting form in order to vote via the Internet.

[Handling of the exercise of voting rights]

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 Proposal.

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 6.

Exercise due date: No later than 5:15 p.m. on Tuesday, June 18, 2019 (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 via the Internet, etc.

Exercise due date: No later than 5:15 p.m. on Tuesday, June 18, 2019 (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>

*** ようこそ、議決権行使ウェブサイトへ! ***

●本サイトのご利用にあたっては、「インターネットによる議決権行使について」の取組内容をよく読み、いただき、ご了承の上からアクセスしてください。

次へすすむ 戻る

＜その他の案内＞

- 本サイトにアクセスする際は、インターネットの接続環境が安定していることを確認してください。
- 本サイトにアクセスする際は、インターネットの接続環境が安定していることを確認してください。
- 本サイトにアクセスする際は、インターネットの接続環境が安定していることを確認してください。

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).”

*** ログイン ***

●本サイトにアクセスする際は、インターネットの接続環境が安定していることを確認してください。

議決権行使コード

ログイン 戻る

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.

*** パスワード確認 ***

●パスワードを入力し、入力内容を確認してください。

パスワード

次へ 戻る

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 borne by the shareholder.

**If you have any technical inquiries regarding the operation of a PC, etc.
for voting via the Internet, etc., please 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 14th Term Year-end Dividend

We hereby notice that a resolution was passed by the Board of Directors Meeting held on May 15, 2019 as follows:

1. Year-end Dividend
¥25 per share
2. Date of Entry into Force
June 20, 2019

A resolution was passed by the Board of Directors Meeting held on May 15, 2019 setting the year-end dividend at ¥25 per share, with the date of entry into force (payment start date) set as June 20, 2019, per the provisions of the Articles of Incorporation.

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 ¥50 per share.

“Annual Dividend Receipt” (“Dividend Calculation Sheet” and “Payment of Dividend via Bank Transfer” for shareholders who have requested dividend payment via bank transfer) will be enclosed and delivered with the notice of resolution at the 14th Annual General Meeting of Shareholders to be held on June 19, 2019.

Description of main procedures, queries and other matters	Description of main procedures, queries and other matters
<ul style="list-style-type: none">▪ Procedures for designating the method of receiving dividend payments▪ Procedures for change of address, name and other details▪ Procedures for requesting the buyback or additional purchase of shares constituting less than one unit	<ul style="list-style-type: none">▪ Queries about dividends after the payment period has passed▪ Queries about the shipping and return of shipment▪ General inquiries about other stock handling matters
Contact	Contact
Securities companies and other entities where brokerage accounts are opened	2-8-4 Izumi, Suginami-ku Tokyo, 168-0063, Japan Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 0120-580-840 (toll free in Japan) (Open weekdays except holidays from 9:00 a.m. to 5:00 p.m.)

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal: 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 responsibilities 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	Akio Mimura	Outside Director, Chairperson of the Nomination Committee	Reelection Outside Independent
8	Tadashi Yagi	Outside Director, Chairperson of the Audit Committee (standing), Member of the Compensation Committee	Reelection Outside Independent
9	Kunio Ishihara	Outside Director, Member of the Nomination Committee	Reelection Outside Independent
10	Charles Ditmars Lake II	Outside Director	Reelection Outside Independent
11	Michiko Hirono	Outside Director	Reelection Outside Independent
12	Tsuyoshi Okamoto	Outside Director, Chairperson of the Compensation Committee	Reelection Outside Independent
13	Miharu Koezuka	Outside Director, Member of the Audit Committee	Reelection Outside Independent
14	Takayuki Aonuma	–	New election Outside Independent
15	Sakie Akiyama	–	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, Mr. Akio Mimura, Mr. Tadashi Yagi, Mr. Kunio Ishihara, Mr. Charles Ditmars Lake II, Ms. Michiko Hirono, Mr. Tsuyoshi Okamoto and Ms. Miharu Koezuka 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. Takayuki Aonuma and Ms. Sakie Akiyama if their appointments are approved.
2. Mr. Akio Mimura, Mr. Tadashi Yagi, Mr. Kunio Ishihara, Mr. Charles Ditmars Lake, Ms. Michiko Hirono, Mr. Tsuyoshi Okamoto and Ms. Miharu Koezuka are Independent Directors, whose appointment is required by the

Tokyo Stock Exchange, Inc. to ensure the protection of general shareholders' interests. Mr. Takayuki Aonuma and Ms. Sakie Akiyama satisfy the Tokyo Stock Exchange, Inc.'s criteria for Independent Directors 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. Michiko Hirono's name on her family register is Michiko Fujii.

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p>1</p> <p>Masatsugu Nagato (Nov. 18, 1948)</p> <p>Number of the Company's Shares Owned 3,800 shares</p> <p>Tenure as Director 4 years</p> <p>Attendance at Board of Directors' meetings 11/12 (91.7%)</p> <p>Attendance at Nomination Committee's meetings 3/3 (100%)</p> <p>Attendance at Compensation Committee's meetings 3/3 (100%)</p> <p>[Reelection]</p>	<p>Apr. 1972 Joined The Industrial Bank of Japan, Limited.</p> <p>Jun. 2000 Executive Officer of The Industrial Bank of Japan, Limited.</p> <p>Jun. 2001 Managing Executive Officer of The Industrial Bank of Japan, Limited.</p> <p>Apr. 2002 Managing Executive Officer of Mizuho Bank, Ltd.</p> <p>Apr. 2003 Managing Executive Officer of Mizuho Corporate Bank, Ltd.</p> <p>Jun. 2006 Corporate Executive Vice President of Fuji Heavy Industries Ltd.</p> <p>Jun. 2007 Director of the Board, Corporate Executive Vice President of Fuji Heavy Industries Ltd.</p> <p>Jun. 2010 Representative Director of the Board, Deputy President of Fuji Heavy Industries Ltd.</p> <p>Jun. 2011 Director & Vice Chairman of Citibank Japan Ltd.</p> <p>Jan. 2012 Director & Chairman of Citibank Japan Ltd.</p> <p>May 2015 President and Representative Executive Officer of Japan Post Bank Co., Ltd.</p> <p>Jun. 2015 Director of the Company</p> <p>Apr. 2016 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>Jun. 2016 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, Position and Responsibilities in the Company
<p data-bbox="363 562 379 584">2</p> <p data-bbox="284 622 459 678">Yasuo Suzuki (Apr. 23, 1950)</p> <p data-bbox="204 712 539 790">Number of the Company's Shares Owned 8,800 shares</p> <p data-bbox="284 824 459 880">Tenure as Director 6 years</p> <p data-bbox="204 902 539 981">Attendance at Board of Directors' meetings 12/12 (100%)</p> <p data-bbox="308 1014 435 1037">[Reelection]</p>	<p data-bbox="557 264 655 286">Apr. 1973</p> <p data-bbox="557 297 655 320">May 2005</p> <p data-bbox="557 353 655 376">Jul. 2006</p> <p data-bbox="557 421 655 443">Jul. 2007</p> <p data-bbox="557 488 655 510">Jul. 2009</p> <p data-bbox="557 555 655 577">Jan. 2010</p> <p data-bbox="557 589 655 611">Oct. 2010</p> <p data-bbox="557 656 655 678">Jun. 2013</p> <p data-bbox="557 757 655 779">Jun. 2015</p> <p data-bbox="557 813 847 835">[Position and responsibilities]</p> <p data-bbox="557 857 1361 902">Director and Representative Executive Officer, Senior Executive Vice President, in charge of Internal Control Management</p> <p data-bbox="557 925 882 947">[Significant concurrent positions]</p> <p data-bbox="557 958 863 981">Director of Japan Post Co., Ltd.</p> <p data-bbox="557 992 1050 1014">[Reasons for nomination as candidate for Director]</p> <p data-bbox="557 1025 1394 1272">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 data-bbox="557 1283 1201 1305">[Special interest between candidate for Director and the Company]</p> <p data-bbox="557 1317 1217 1339">There is no special interest between the candidate and the Company.</p>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p>3</p> <p>Norito Ikeda (Dec. 9, 1947)</p> <p>Number of the Company's Shares Owned 1,100 shares</p> <p>Tenure as Director 3 years</p> <p>Attendance at Board of Directors' meetings 12/12 (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>Director of the Company (to present)</p> <p>[Position and responsibilities]</p> <p>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. Norito 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, Position and Responsibilities 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 2,300 shares</p> <p>Tenure as Director 3 years</p> <p>Attendance at Board of Directors' meetings 12/12 (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="text-align: center;">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, Position and Responsibilities in the Company
<p>5</p> <p>Mitsuhiko Uehira (Feb. 19, 1956)</p> <p>Number of the Company's Shares Owned 700 shares</p> <p>Tenure as Director 2 years</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. Mitsuhiko 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>
<p>6</p> <p>Riki Mukai (Oct. 1, 1956)</p> <p>Number of the Company's Shares Owned 1,500 shares</p> <p>Tenure as Director 2 years</p> <p>Attendance at Board of Directors' meetings 12/12 (100%)</p> <p>Attendance at Audit Committee's meetings 20/20 (100%)</p> <p>[Reelection]</p>	<p>Apr. 1981 Joined The Sumitomo Trust and Banking Company, Limited</p> <p>Jun. 2006 Joined the Company</p> <p>Apr. 2007 Executive Officer of Japan Post</p> <p>Oct. 2007 Managing Executive Officer of Japan Post Bank Co., Ltd.</p> <p>Jun. 2017 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>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p style="text-align: center;">7</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 6 years</p> <p>Attendance at Board of Directors' meetings 10/12 (83.3%)</p> <p>Attendance at Nomination Committee's meetings 3/3 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Apr. 1963 Joined Fuji Iron & Steel Co., Ltd. (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 1993 Director of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Apr. 1997 Managing Director of Nippon Steel Corporation (current NIPPON STEEL CORPORATION)</p> <p>Apr. 2000 Representative Director and Executive Vice President of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Apr. 2003 Representative Director and President of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Apr. 2008 Representative Director and Chairman of Nippon Steel Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Oct. 2012 Director and Senior Advisor to the Board of Nippon Steel & Sumitomo Metal Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 2013 Director of the Company (to present)</p> <p>Nov. 2013 Senior Adviser to the Board and Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Jun. 2018 Honorary Company Fellow and Honorary Chairman of Nippon Steel & Sumitomo Metal Corporation (currently NIPPON STEEL CORPORATION)</p> <p>Apr. 2019 Honorary Company Fellow and Honorary Chairman of NIPPON STEEL CORPORATION (to present)</p> <p>[Position and responsibilities] Outside Director, Chairperson of the Nomination Committee</p> <p>[Significant concurrent positions] Honorary Company Fellow and Honorary Chairman of NIPPON STEEL 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 INCJ (Innovation Network Corporation of Japan), Ltd., 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 (currently NIPPON STEEL 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, Position and Responsibilities in the Company
<p>8</p> <p>Tadashi Yagi (Jan. 2, 1948)</p> <p>Number of the Company's Shares Owned 5,400 shares</p> <p>Tenure as Outside Director 6 years</p> <p>Attendance at Board of Directors' meetings 12/12 (100%)</p> <p>Attendance at Audit Committee's meetings 20/20 (100%)</p> <p>Attendance at Compensation Committee's meetings 3/3 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Apr. 1971 Joined Kyodo News Service, Incorporated Association (currently Kyodo News Service, General Incorporated Association)</p> <p>Jan. 2008 Nagoya Bureau Chief of Kyodo News Service (Equivalent to Director)</p> <p>Jun. 2010 Managing Controller of Kyodo News Service</p> <p>Jun. 2012 Special Adviser of Kyodo News Service</p> <p>Jun. 2013 Director of the Company (to present) Corporate Auditor of Kyodo Tsushin Kaikan Co., Ltd.</p> <p>Jun. 2015 Corporate Auditor of K.K. Kyodo News</p> <p>Jun. 2016 Advisor of K.K. Kyodo News (to present)</p> <p>[Position and responsibilities] Outside Director, Chairperson of the Audit Committee (standing), Member of the Compensation Committee</p> <p>[Significant concurrent positions] Advisor of K.K. Kyodo News</p> <p>[Reasons for nomination as candidate for Outside Director] 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>[Special interest between candidate for Director and the Company] There is no special interest between the candidate and the Company.</p>
<p>9</p> <p>Kunio Ishihara (Oct. 17, 1943)</p> <p>Number of the Company's Shares Owned 6,200 shares</p> <p>Tenure as Outside Director 4 years</p> <p>Attendance at Board of Directors' meetings 12/12 (100%)</p> <p>Attendance at Nomination Committee's meetings 3/3 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</p>	<p>Apr. 1966 Joined Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Jun. 1995 Director of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Jun. 1998 Managing Director of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Jun. 2000 Senior Managing Director of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Jun. 2001 Director and President of Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Apr. 2002 Director and President of Millea Holdings, Inc.</p> <p>Oct. 2004 Director and President of Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>Jun. 2007 Director and Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. Director and Chairman of the Board of Millea Holdings, Inc.</p> <p>Jul. 2008 Director and Chairman of the Board of Tokio Marine Holdings, Inc.</p> <p>Jun. 2013 Senior Adviser to the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. (to present)</p> <p>Jun. 2015 Director of the Company (to present)</p> <p>[Position and responsibilities] Outside Director, Member of the Nomination Committee</p> <p>[Significant concurrent positions] 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>[Reasons for nomination as candidate for Outside Director] 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>[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, Position and Responsibilities in the Company
<p style="text-align: center;">10</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 3 years</p> <p>Attendance at Board of Directors' meetings 12/12 (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 agreement etc. 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, Position and Responsibilities in the Company
<p>11</p> <p>Michiko Hirono (Michiko Fujii) (Mar. 18, 1961)</p> <p>Number of the Company's Shares Owned 2,300 shares</p> <p>Tenure as Outside Director 3 years</p> <p>Attendance at Board of Directors' meetings 12/12 (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</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.</p> <p>Nov. 2011 Representative Director, Chairman and President of HIROTA Co, Ltd.</p> <p>Jun. 2014 Outside Director of Japan Post Co., Ltd.</p> <p>Jun. 2016 Director of the Company (to present)</p> <p>[Position and responsibilities] Outside Director</p> <p>[Significant concurrent positions] 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>12</p> <p>Tsuyoshi Okamoto (Sep. 23, 1947)</p> <p>Number of the Company's Shares Owned 600 shares</p> <p>Tenure as Outside Director 1 year</p> <p>Attendance at Board of Directors' meetings 10/10 (100%)</p> <p>Attendance at Compensation Committee's meetings 2/2 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</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.</p> <p>Apr. 2018 Director, Senior Corporate Advisor of Tokyo Gas Co., Ltd.</p> <p>Jun. 2018 Director of the Company (to present)</p> <p>Jul. 2018 Senior Corporate Advisor of Tokyo Gas Co., Ltd. (to present)</p> <p>[Position and responsibilities] Outside Director, Chairperson of the Compensation Committee</p> <p>[Significant concurrent positions] Senior Corporate Advisor of Tokyo Gas Co., Ltd., Outside Director of Asahi Kasei Corporation</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>

Name (Date of birth)	Career Summary, Position and Responsibilities in the Company
<p>13</p> <p>Miharu Koezuka (Sep. 2, 1955)</p> <p>Number of the Company's Shares Owned 400 shares</p> <p>Tenure as Outside Director 1 year</p> <p>Attendance at Board of Directors' meetings 10/10 (100%)</p> <p>Attendance at Audit Committee's meetings 15/15 (100%)</p> <p>[Candidate for Outside Director] [Independent Director] [Reelection]</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>Jun. 2018 Director of the Company (to present)</p> <p>[Position and responsibilities] Outside Director, Member of the Audit Committee</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>

Name (Date of birth)	Career Summary
<p>14</p> <p>Takayuki Aonuma (Feb. 25, 1955)</p> <p>Number of the Company's Shares Owned – shares</p> <p>[Candidate for Outside Director] [Independent Director] [New Election]</p>	<p>Apr. 1982 Prosecutor of Tokyo District Public Prosecutors Office</p> <p>Apr. 2005 Director of Trial Department, Osaka District Public Prosecutors Office</p> <p>Jan. 2010 Prosecutor of Supreme Public Prosecutors Office</p> <p>Dec. 2010 Director-General of the Rehabilitation Bureau, Ministry of Justice</p> <p>Jul. 2014 Chief Prosecutor of Tokyo District Public Prosecutors Office</p> <p>Dec. 2015 Deputy Prosecutor-General of Supreme Public Prosecutors Office</p> <p>Sep. 2016 Superintending Prosecutor of Nagoya High Public Prosecutors Office</p> <p>Feb. 2018 Attorney of City-Yuwa Partners (to present)</p> <p>[Significant concurrent positions] Attorney, Outside Corporate Auditor of FamilyMart UNY Holdings Co., Ltd.</p> <p>[Reasons for nomination as candidate for Outside Director] Mr. Takayuki Aonuma has many years' experience in the legal profession, including serving as Superintending Prosecutor of Nagoya High Public Prosecutors Office. He can thus be expected to supervise and check the management of the Company by utilizing his knowledge and experience as a legal expert developed throughout his career. 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>
<p>15</p> <p>Sakie Akiyama (Dec. 1, 1962)</p> <p>Number of the Company's Shares Owned – shares</p> <p>[Candidate for Outside Director] [Independent Director] [New Election]</p>	<p>Apr. 1987 Joined Arthur Andersen & Co. (currently Accenture Japan Ltd)</p> <p>Apr. 1994 Found Saki Corporation, Representative Director and President</p> <p>Sep. 2018 Founder (Advisor) of Saki Corporation (to present)</p> <p>[Significant concurrent positions] Founder (Advisor) of Saki Corporation</p> <p>[Reasons for nomination as candidate for Outside Director] Ms. Sakie Akiyama has many years' experience in the management of Saki Corporation as Representative Director and President. She can thus be expected to supervise and check the management of the Company by utilizing her knowledge and experience as an expert in management developed throughout her career.</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, 2019. 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 Meeting.
3. Ms. Michiko Hirono will retire as Outside Director of NEC Networks & System Integration Corporation on June 21, 2019 due to expiration of her term of office.
4. Mr. Tsuyoshi Okamoto will assume the position as Outside Director of Mitsubishi Estate Co., Ltd. at late June 2019.
5. Tokyo Gas Co., Ltd., at which Mr. Tsuyoshi Okamoto serves as Senior Corporate Advisor, received a cease and desist order from the Consumer Affairs Agency in July 2017. The order was issued because a leaflet for an event held in November 2016, which was during Mr. Tsuyoshi Okamoto's tenure as Director and Chairman, contained misleading representation of advantages prohibited under the Act against Unjustifiable Premiums and Misleading Representations.
6. Ms. Miharu Koezuka will assume the position as Outside Director of Nankai Electric Railway Co., Ltd. on June 21, 2019.
7. Takashimaya Company, Limited, at which Ms. Miharu Koezuka serves as Advisor, received cease and desist order and payment surcharge order by Japan Fair Trade Commission in July 2018 and in October 2018 for its acts violating Article 3 of the Anti-monopoly act (Prohibition of Undue Restriction on Business Activities) in taking orders of office wears and uniforms and setting shipping charges for products up to fiscal 2018, including the term when she served the company as Director.
8. Ms. Sakie Akiyama will assume the position as Outside Director of Sony Corporation on June 18, 2019 and Outside Director of ORIX Corporation on June 21, 2019.

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

The Company 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/ outside auditor
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 2% or more 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 2% or more 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.

Business Report

(April 1, 2018 – March 31, 2019)

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, 2019, the economy grew moderately on the back of not only a high level of corporate profits, but also a moderate increase in personal consumption and the positive cyclical mechanism of shifting from income to expenditures, driven by a steadily improving employment and income environment.

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 close to zero overall because of Quantitative and Qualitative Monetary Easing with Yield Curve Control policy. The Nikkei Stock Average regained the ¥24,000 mark in September, as excessive concerns about the impact of trade issues between the US and China waned, but stock prices fell sharply in October following a similar drop in US equities caused by rising long-term interest rates in US. After that, the Nikkei Stock Average was generally between ¥20,000 and ¥22,000, despite momentarily breaking below the ¥20,000 level on worsening US-China relations, and other factors.

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, 2019, real deposits at banks nationwide increased year-on-year and loans also increased for eight consecutive years. The financial system remains stable as a whole, despite an ongoing weakening in the basic earnings power of financial institutions due to the protracted low interest rate environment.

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 continuing low interest rate environment, progress of aging population combined with low birthrates and single-person households, and changes in lifestyle.

As for legislative revisions related to the Group, the Act for Partial Revision to the Act on the Management Organization for Postal Savings and Postal Life Insurance, which establishes a subsidy and contribution system for supporting the maintenance of the post office network, was passed in June 2018, and fully implemented in April 2019. In addition, under the Postal Service Privatization Act, Japan Post Bank is restricted in the amount of deposits it can receive from an individual depositor in principle, excluding transfer accounts equivalent to current accounts, but of these, deposit limits to ordinary accounts and fixed-term savings accounts was changed from a total of ¥13 million to ¥13 million for each type, effective April 2019.

Progress and Results of the Group's Businesses

The fiscal year under review was the first year under the “Japan Post Group Medium-term Management Plan 2020” (hereinafter referred to as the “Group Medium-term Plan”) that covers the period from fiscal 2018 to fiscal 2020. Based on the appropriate foundation for corporate governance as a listed corporation, the Group worked on the basic policies of the Group Medium-term Plan that include (1) Development of business that supports the total lifestyles of customers; (2) Securing stable income for the Group; (3) Development of an environment that enables employees to demonstrate their full capabilities; and (4) Development of new businesses aimed at future growth.

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, in December 2018, the Company agreed to a “Strategic Alliance Based on Capital Relationship” with Aflac Incorporated and Aflac Life Insurance Japan Ltd. based on a capital relationship with the aim of creating a sustained cycle of growth for both companies.

Moreover, while making efforts to maintain the utility and public value of the services each group company offers and to engage in customer-oriented operations, the entire Group is working together to implement CSR activities and provide reconstruction aid to disaster areas, in order to contribute to the creation of a sustainable society in the future.

As a result of these initiatives, in the fiscal year under review, the Group posted consolidated ordinary income of ¥12,774.9 billion (a year-on-year decrease of 1.12%), consolidated net ordinary income of ¥830.6 billion (a year-on-year decrease of 9.32%), and net income attributable to Japan Post Holdings of ¥479.4 billion (a year-on-year increase of 4.08%).

(Reference) Business Results for the Fiscal Year Ended March 31, 2019

Consolidated ordinary income	¥12,774.9 billion	(Year-on-year decrease of 1.12%)
Consolidated net ordinary income	¥830.6 billion	(Year-on-year decrease of 9.32%)
Net income attributable to Japan Post Holdings	¥479.4 billion	(Year-on-year increase of 4.08%)

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 greeting postcards and activities aimed at conveying the joy of writing letters, as well as making efforts to strengthen sales activities for small and medium-sized customers through improving sales and management skills, and building a sales structure that responds collectively to a wide range of customer needs.

The fee for New Year's greeting postcards for 2019 was revised to 62 yen as same as a regular postcard, based on feedback from customers and the sales of New Year's greeting postcards for 2018.

In addition, as the e-commerce market grows and there are increasing opportunities for individual customers to use delivery services, we launched new services such as Yu-Pack Smartphone Discount and e Receiving Assist, under "send and receive with greater ease" concept, and made improvements to Yu-Pack services, such as expanding times for delivery requests, in order to accommodate changes in lifestyle and society, such as the increase in dual income households and single person households.

Aimed at streamlining operations at post offices, we worked to concentrate and mechanize internal work and improve transport efficiency at collection and delivery departments, while also increasing productivity of mail delivery and parcel collection/delivery, among other measures. In addition, we took steps to cope with an increasing volume of parcels by maintaining the facilities and systems for transport, collection and delivery. Efforts were also made to effectively recruit new employees based on local situations, and were made to retain them through developing these employees with a focus on enhanced communication, so as to secure the necessary labor force for operations.

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 ¥2,119.3 billion (a year-on-year increase of 4.63%) and net ordinary income of ¥124.4 billion (a year-on-year increase of 184.56%). The postal and domestic logistics business, on a consolidated basis of Japan Post Co., posted operating income of ¥2,114.9 billion (a year-on-year increase of 4.56%) and net operating income of ¥121.3 billion (a year-on-year increase of 189.68%).

With regard to the volume of items handled for the fiscal year ended March 31, 2019, the volume of mail handled decreased by 2.56% year-on-year to 16,780.57 million, the volume of Yu-pack handled increased by 7.57% year-on-year to 942.21 million and the volume of Yu-Mail parcels handled increased by 0.35% year-on-year to 3,650.42 million.

Post Office Business

In Japan Post Co.'s post office business, various initiatives were carried out to strengthen profitability. These included not only enhancing the sales skills of employees and improving managers' ability to manage through training in collaboration with Japan Post Bank and Japan Post Insurance, but also further instilling a sales style that emphasizes financial assets on deposit through expansion in the number of post offices selling investment trusts and holding comprehensive financial consulting seminars, in order to increase 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, including launching sales agent services for moving service catalogues, 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, as initiatives to improve the network value of the post office, we took a strategic approach of post office placement, including opening new post offices in shopping centers, to optimize the network. For the handling of cash at post offices, we completed the installation or addition of machines for our cash management system by the end of March 2019, and we introduced a new operational flow at all post offices, along with improving operational quality by enhancing post office support through visits and guidance from branch office specialists and related tools.

The Post Office Watch Over Service, which aims to contribute to improved convenience for local residents, was also provided.

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 ¥1,363.7 billion (a year-on-year increase of 0.22%) and net ordinary income of ¥59.8 billion (a year-on-year increase of 46.00%). The post office business, on a consolidated basis of Japan Post Co., recorded operating income of ¥1,362.5 billion (a year-on-year increase of 0.27%) and net operating income of ¥59.6 billion (a year-on-year increase of 49.90%).

Based on the fundamental idea that “compliance is the most important management task”, 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. Regarding the inappropriate receipt of fees and abandonment and concealment of postal mail, etc., thorough efforts were made for appropriate handling by providing coaching, including various meetings and training sessions and seeking to promote understanding and penetration among employees. In addition, as for inappropriate sales, we promoted appropriate sales activities following the “Basic Policy for Customer-oriented Business Operations” announced in March 2018.

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, we took steps to improve management, by developing a new finance and accounting system and streamlining operations through the introduction of shared services, so as to contribute to the enhanced corporate value of the Group. Toll also worked to improve financial performance by promoting growth strategies that include expanding into high growth fields such as healthcare and opening TollCity, a cutting-edge logistics hub. However, Toll continues to record downtrodden financial results, particularly in the express business, due to the ongoing nature of the external environment, including the slowdown in China’s economy, US-China trade friction, a downturn in Australia’s ground transport sector and natural disasters.

In October 2018, JP TOLL LOGISTICS Co., Ltd. was launched with the aim of providing integrated solutions by engaging in the comprehensive logistics business inside and outside of Japan.

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 ¥701.2 billion (a year-on-year decrease of 0.51%) and net ordinary income of ¥5.0 billion (a year-on-year decrease of 22.14%). The international logistics business, on a consolidated basis of Japan Post Co., generated operating income of ¥700.6 billion (a year-on-year decrease of 0.51%) and net operating income (EBIT) of ¥10.3 billion (a year on- year increase of 0.44%).

Overall, in the fiscal year under review, Japan Post Co. generated consolidated operating income of ¥3,960.6 billion (a year-on-year increase of 2.02%) and consolidated net operating income of ¥182.0 billion (a year-on-year increase of 110.27%).

Banking Business

As for the banking business, Japan Post Bank worked on measures of “Providing high-quality customer-oriented financial services,” “Diversification and sophistication of investment management,” “Funds flow to local communities,” and “Strengthening of the business management systems.”

Efforts for providing high-quality customer-oriented financial services involved focusing on increasing the number of asset management consultants and developing human resources through coaching and training so that we can meet customers’ asset formation needs in a useful manner. We also took steps to solidify our sales structure of asset management products utilizing the post office network, including expanding the number of post offices selling investment trusts and launching trial services of a face-to-face consulting service for iDeCO (individual-type defined contribution pension plan) at certain post offices.

Efforts to expand our ATM network involved continued installation and relocation of ATMs in highly convenient locations, along with the installation of compact ATMs mainly in Family Mart stores. In August 2018, we installed compact ATMs at branches of Aozora Bank, Ltd. Furthermore, in conjunction with the expanded operation (24 hours a day 365 days a year) of the Data Telecommunications System of All Banks in Japan (Zengin System) in October 2018, we extended the hours for immediate deposits in transfers to and from other financial institutions.

As an initiative for diversification and sophistication of investment management, Japan Post Bank diversified its investment in international markets under an appropriate risk management regime in order to secure stable profitability given the continuing low interest rate environment in Japan. As for investments in risk assets, we purchased foreign securities and alternative investments^{*1}, considering the market environment. In addition, we secured a necessary sufficient capital adequacy ratio from the standpoint of financial soundness within the process of promoting enhanced and diversified asset management operations. We enhanced our governance structure by introducing a risk appetite framework^{*3} within our ALM^{*2} and asset management operations, in order to balance stable profits and financial soundness.

^{*1} Alternative investments refer to investments in private equity funds that invest in private companies with growth expectations or real estate funds, etc.

^{*2} ALM stands for Asset Liability Management and refers to the comprehensive management of assets and liabilities.

^{*3} Risk appetite framework refers to a framework for enhancing the effectiveness of supervisory (Board of Directors) functions and strengthening risk governance through the clarification and visualization of risk appetite (identifying the risk types and levels appropriate for Japan Post Bank necessary for ensuring financial soundness and securing stable profitability over the medium to long term).

As an initiative for funds flow to local communities, Japan Post Bank newly joined 6 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.

Efforts for strengthening of the business management systems involved further reinforcing the internal management system, including achieving greater penetration of compliance awareness and appropriate sales of asset management products. We worked for providing high-quality customer-oriented financial services by establishing and publishing results indicators, in order to regularly confirm the status of initiatives under our Basic Policy for Customer-oriented Business Operations. Considering growing international and social demands for measures against money laundering and financing of terrorism, we made efforts to reinforce our organization, including establishing a new dedicated department for carrying out central and swift countermeasures.

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 ¥1,845.4 billion (a year-on-year decrease of 9.75%) and net ordinary income of ¥373.9 billion (a year-on-year decrease of 25.15%).

Life Insurance Business

As for the life insurance business, Japan Post Insurance worked mainly in the following areas:

“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,” “Improving service and enhancing the efficiency in back-office administration through the use of ICT” and “Diversification of asset management and sophistication of risk management.”

As for the strengthening of sales activities focusing on protection needs, cultivation of new customer base, development of new products, establishment of sales foundation,” we took steps to develop sales staff and enhance selling skills in order to appropriately address the customers’ life planning and guarantees needs.

As for the improvement in solicitation quality, we prepared solicitation materials that are easy to comprehend and carried out comprehensive measures aimed at eradicating inappropriate solicitation, including reinforcing confirmation of intentions for elderly customers and introducing a contract renewal rate as an evaluation criteria of sales employees, in order to thoroughly ensure customer-oriented sales activities.

In regard to the cultivation of new customer base, we continued to follow-up with insured customers through “Feel Secure with Kampo activities,” while taking initiatives to cultivate a new customer base such as actively seeking out family members who are uninsured and young to middle-aged adults utilizing the family registration system and other means. As a result, new contracts among the young and middle-aged (50s or under) segment increased year on year, and the segment now accounts for around 50% of new contracts.

In terms of the development of new products, we acquired a license to sell advanced medical care riders and products for which underwriting standards were loosened including endowment insurance, whole-life insurance, etc. in December 2018. As a result, we have become able to broadly provide guarantees to customers who in the past had not applied for insurance due to health reasons.

Concerning the establishment of sales foundation, we took steps to reinforce sales support in terms of systems, by making preparations toward the introduction of new sales terminals and providing information and services through LINE and a health support app “Sukoyakanpo,” which enabled us to increase digital contact with customers.

As for “Improving service and enhancing the efficiency in back-office administration through the use of ICT,” in order to bring about simple and easy-to-comprehend claim procedures, we have been introducing in stages since October 2018 the Insurance Procedure Support System, which reduces customer burdens by preparing claims mechanically based on contract information and claim details. In addition, we worked on preparations for the introduction of “My Page,” a web service for insured customers that enables them to perform processes such as registering a change of address without restrictions in terms of time or place.

As to “Diversification of asset management and sophistication of risk management,” we expanded investments in profit-focused assets within a risk buffer based on ALM, with the goal of securing stable asset management returns in the continuing low interest rate environment. Specifically, we managed yen interest rate assets, while steadily diversifying assets being managed, including expanding in-house management of overseas credit and equities, and alternative investments, along with newly starting investment in overseas real estate and in-house management of US corporate bonds. These asset management initiatives are being carried out within an ERM* framework to secure financial soundness and improve risk return. We also continue to focus on securing and developing specialist human resources who will support asset management diversification and enhanced risk management.

* ERM stands for Enterprise Risk Management, which refers to a form of risk management encompassing a company’s entire operations by comparing and contrasting the company’s risks with the equity of the company’s shareholders and other indicators, based on a holistic view that includes latent and material risks.

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 ¥7,916.6 billion (a year-on-year decrease of 0.45%) and consolidated net ordinary income of ¥264.8 billion (a year-on-year decrease of 14.34%).

Issues to Be Addressed

Fiscal 2019 is the intermediate year of the Group Medium-term Plan released in May 2018. Continuing from fiscal 2018, fiscal 2019 is 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, aiming to be a total life-style support group.

In addition, we will harness subsidies and contribution systems to contribute to local communities by fulfilling our duty to offer universal services for postal mail, savings and insurance. We established a basic management policy for each Group company which we are now working to implement, in order to provide stable services by further utilizing and maintaining the post office network.

In April 2019, we carried out the secondary offering of common stock of Japan Post Insurance.

In accordance with the Postal Service Privatization Act, we will make required preparations to dispose of its 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.

We will also make preparations to offer the shares held by the government as necessary.

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, we 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, measures for preventing money laundering and funding of terrorist activities, etc. 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.

We are working as a group to implement cybersecurity measures to combat the increasingly complex and sophisticated nature of cyberattacks.

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.

In addition, we are working to further enhance corporate value by having the entire group promotes ESG (Environment, Social and Governance) initiatives based on the Sustainable Development Goals, a set of international goals adopted by the United Nations.

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 of Japan Post Co. 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 greetings postcards 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.

We will continue to provide highly convenient drop off and pick-up services in order to address increasing demand for delivery services driven by the growth in e-commerce.

Furthermore, we will consider an appropriate level to pass on the future consumption tax hike to postal rates taking into account future discussions.

2) Measures to enhance productivity and network value

In order to improve the efficiency of work at post offices, we will strive to improve the efficiency of transportation, enhance the productivity of collection and delivery work, and slim down operations. Efforts will be made to effectively recruit new employees and retain them, along with developing these employees with a focus on enhanced training and communication, so as to secure the necessary labor force for operations, based on local situations.

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

We will also continue to explore the potential for utilizing cutting edge technology such as drones and autonomous driving, etc.

Post Office Business

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

1) Measures to strengthen profitability

For the financial services, including banking counter operations and insurance counter operations, the post office business will work to promote the trend of “from savings to asset formation” 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 day cares. Furthermore, the Post Office Watch Service will be promoted to contribute to the added convenience of the local residents.

2) Measures to enhance productivity and network value

As for the post office network, we will continue to optimize post office network by opening new post offices and relocating existing post office placement. In addition, we will continue to improve our cash management at post offices by installing more equipment inside post offices. Further, we 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 international logistics business of Japan Post Co., we continue working to improve the management of Toll, including reducing operational costs, considering the severe business climate surrounding the company. We will now work to expand Toll's business by focusing on major regions and regions with high growth potential along with making inroads into high growth areas.

Additionally, we will utilize JP TOLL LOGISTICS, established in fiscal 2018, to work toward expanding the B-to-B business *2 in Japan mainly focused on contract logistics*1.

*1 Contract logistics refers to services for increasing the efficiencies of transport, inventory and shipping operations under a contract which a third party not involved in buying or selling enters into with a specific shipper to provide services.

*2 B-to-B business stands for Business-to-Business and refers to business by companies for companies.

Banking Business

With the severe business environment expected to continue, including the continuation of low interest rates, Japan Post Bank will focus on the following measures to secure stable earnings and strengthen our business management systems.

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's lifestyle and needs, to ensure that we can assist customers build up assets based on customer-oriented business operations.

Furthermore, with regard to Yucho Pay that enables payments by smartphone, we will promote initiatives for increasing the number of corporate customers adopting Yucho Pay, promoting its spread, and expanding services, etc.

Additionally, we will focus also on corporate services, such as Internet banking service Yucho Biz Direct, that offers functions received many requests by customers along with remittance services, such as general transfers and payroll deposits.

In addition, we will continue effectively locating ATMs and expand installations of compact ATMs in highly convenient locations.

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, we will aim to secure stable earnings through effectively using capital by promoting diversified international investment, and improving profitability by expanding investment to risk assets.

In regards to risk asset investment, using appropriate risk management practices, we will increase mainly overseas credit assets, and we will selectively invest in alternative assets, considering changes in the market environment.

3) Funds flow to local communities

We will continue to coordinate and cooperate with local financial institutions to contribute to the development and growth of local economies.

This involves promoting investment in local vitalization funds and improving collaboration with local financial institutions by utilizing the 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 expand the target of the risk appetite framework, which will become the core of our risk governance, from ALM and investment management operations to overall operations, and aim for enhanced business management.

We are working to monitor unauthorized access and prevent damages, and we will continue to enhance our cybersecurity system based on the latest trends to combat increasingly complex and sophisticated cyberattacks.

We will strive to continue appropriate sales of asset management products and further establish awareness of compliance.

We will also further strengthen our measures for preventing money laundering and the funding of terrorist activities. Through these initiatives, we will fulfill our social responsibility.

Furthermore, we will thoroughly manage costs based on cost effectiveness and utilize digital technology to streamline operations and increase productivity. By reallocating our management resources to consulting services with the downsizing of transaction operations (standardized operation performed at customer counters etc.), 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, and introduction of the biometrics systems in JAPAN POST BANK Direct (internet banking service), in order to improve customer convenience.

Life Insurance Business

Japan Post Insurance will implement the following strategies in accordance with the Medium-term Management Plan that started in fiscal 2018, which covers from fiscal 2018 to fiscal 2020, to achieve sustainable growth over the long term.

- 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 reinforce efforts in both acquiring new policies and keeping existing policies (preventing lapses and cancellations), with "reversing and growing of policies in force" as our greatest issue.

In order to establish and reinforce protection-focused sales, we will work with Japan Post Co. to step up efforts to further increase solicitation quality by carrying out comprehensive measures, such as reinforcing confirmation of the intentions of elderly customers, while focusing further on developing post office employees and improving sales skills that can meet the protection needs of customers.

In April 2019 we commenced sales of advanced medical care riders and products for which underwriting standards were loosened. In addition to increasing new policies, we will further review the development of protection-type products including in the third field, so that we can continue to respond appropriately to the diverse needs of customers in the future.

We will increase engagement with uninsured and young to middle-aged adults in order to secure opportunities to meet with even more customers.

Additionally, we began introducing new mobile sales terminals in stages, from April 2019 in order to raise the efficiencies of sales activities even higher.

- 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.

Specifically, we will make administrative processes more efficient by digitizing paperwork and simplifying procedures for insurance claims, etc.

In addition, we will further increase customer services by promoting swift and efficient reviews of direct claims made over the telephone, etc.

3) Diversification of asset management and sophistication of risk management

As for asset management, given that the low interest rate environment is expected to continue for the time being, we will continue increasing investment in profit-focused assets and diversifying asset management, with the aim of increasing medium- to long-term returns, including expanding the targets of investment in each investment class and promoting a diversified investment strategy, etc.

Under an ERM framework, we will build an asset management system capable of securing stable returns despite a low interest rate environment, by diversifying ALM and asset management and continuing to work to reinforce specialist human resources to support our initiatives.

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

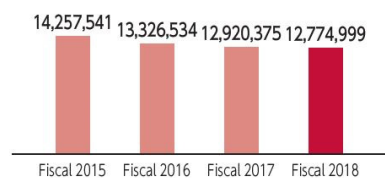
(Millions of yen)

Classification	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Ordinary income	14,257,541	13,326,534	12,920,375	12,774,999
Net ordinary income	966,240	795,237	916,144	830,696
Net income attributable to Japan Post Holdings	425,972	(28,976)	460,623	479,419
Comprehensive income	(177,994)	8,867	118,564	291,836
Net assets	15,176,088	14,954,581	14,743,234	14,788,654
Total assets	291,947,080	293,162,545	290,640,154	286,170,709

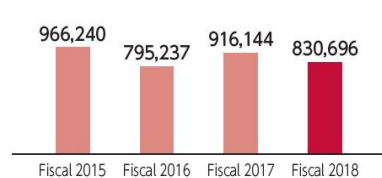
Note: Figures are rounded down to the nearest million yen.

(Reference) Consolidated Financial Summary

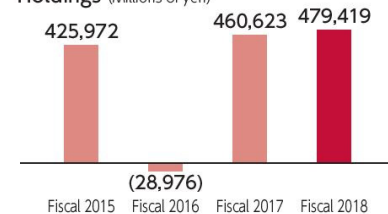
Ordinary income (Millions of yen)



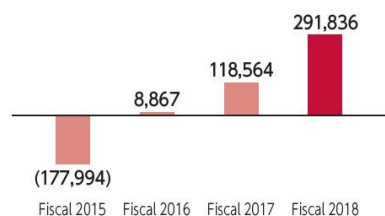
Net ordinary income (Millions of yen)



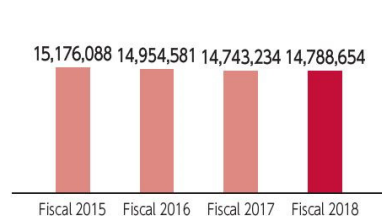
Net income attributable to Japan Post Holdings (Millions of yen)



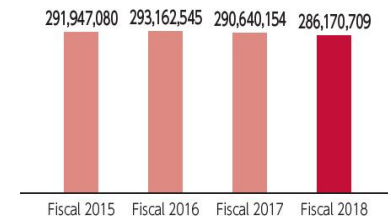
Comprehensive income (Millions of yen)



Net assets (Millions of yen)



Total assets (Millions of yen)



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

(Millions of yen)

Classification	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Operating income	309,975	303,808	280,850	274,551
Dividend income	209,245	208,657	198,891	203,163
Japan Post Co., Ltd.	—	11,811	—	—
Japan Post Bank Co., Ltd.	184,717	166,851	166,851	166,851
Japan Post Insurance Co., Ltd.	24,527	29,904	32,040	36,312
Other subsidiaries, etc.	—	90	—	—
Subsidiaries	—	90	—	—
Net income	94,311	207,015	196,232	220,791
Net income per share	(Yen) 21.53	(Yen) 50.29	(Yen) 48.13	(Yen) 54.61
Total assets	8,418,459	8,261,109	8,127,442	8,079,602
Shares of Japan Post Co., Ltd.	1,000,000	1,000,000	1,000,000	970,761
Shares of Japan Post Bank Co., Ltd.	5,780,141	5,780,141	5,780,141	5,780,141
Shares of Japan Post Insurance Co., Ltd.	890,039	890,039	890,039	890,039
Shares of other subsidiaries, etc.	7,714	7,714	10,714	59,195
Shares of subsidiaries	7,714	7,714	10,714	59,195

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, 2016.

(3) The Group's Principal Offices

a. The Company

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

Note: During the fiscal year under review, Japan Post Holdings Co., Ltd. relocated to the address shown in the "Location" column.

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	2-3-1, Otemachi, Chiyoda-ku, Tokyo	October 1, 2007

Notes: 1. Japan Post Co., Ltd., as of the end of this fiscal year, in addition to the above office, has established 13 regional offices and 23,953 post offices (including 3,879 contracted post offices).

Also, there are 48 temporarily closed post offices (including 12 contracted post offices) due to the Great East Japan Earthquake.

2. During the fiscal year under review, Japan Post Co., Ltd. relocated to the address shown in the "Location" column.

c. Banking business

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

Notes: 1. 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.

2. During the fiscal year under review, Japan Post Bank Co., Ltd. relocated to the address shown in the "Location" column.

d. Life insurance business

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

Notes: 1. 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.

2. During the fiscal year under review, Japan Post Insurance Co., Ltd. relocated to the address shown in the "Location" column.

(4) The Group's Employees

(Persons)

Classification	As of March 31, 2018	As of March 31, 2019	Increase (decrease)
Postal and domestic logistics business	97,210	97,712	502
Post office business	100,019	98,294	(1,725)
International logistics business	24,213	25,770	1,557
Banking business	13,022	12,821	(201)
Life insurance business	8,112	8,269	157
Other	3,287	3,056	(231)
Other of the Company	2,422	2,106	(316)
Total	245,863	245,922	59

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	33,940
Post office business	69,500
International logistics business	61,004
Banking business	49,351
Life insurance business	56,787
Other	31,851
Total	302,434

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	14,164
Post office business	Development expenses for the Iikura site	42,003
International logistics business	Purchase of vehicles, etc.	20,553
Banking business	Development of Japan Post Bank Total Information System	16,672
	Automatic teller machines	13,457
Life insurance business	Construction of next-generation open system	21,124
	Head office function relocation	11,295
Other	Head office function relocation	16,603

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

c. Disposal and Retirements of principal facilities

Classification	Description
Post office business	Disposal associated with right conversion of Tokyo Head Office

(8) Parent and Principal Subsidiaries

a. Parent

None.

b. Principal subsidiaries

(As of March 31, 2019)

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, 2019)

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.	
Riki Mukai	Director Member of the Audit Committee		
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	Honorary Company Fellow 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 INCJ, Ltd. (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	
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)	

(As of March 31, 2019)

Name	Position and responsibilities	Significant concurrent positions	Others
Charles Ditmars Lake II	Director (Outside Director)	Chairman and Representative Director of Aflac Life Insurance Japan Ltd. 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)	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	
Tsuyoshi Okamoto	Director (Outside Director) Chairperson of the Compensation Committee	Senior Corporate Advisor, Tokyo Gas Co., Ltd. Director, Asahi Kasei Corporation (Outside Director)	Became Director of the Company on June 20, 2018
Miharu Koezuka	Director (Outside Director) Member of the Audit Committee	Advisor, Takashimaya Co., Ltd. Director, Okayama Takashimaya Co., Ltd. Advisor, Dear Mayuko Co., Ltd.	Became Director of the Company on June 20, 2018
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		
Toru Inasawa	Senior Managing Executive Officer In charge of the Compliance Division, the Corporate Planning Division (supervision of risk management and customer satisfaction promotion) and the General Affairs & Human Resources Division (crisis management)		

(As of March 31, 2019)

Name	Position and responsibilities	Significant concurrent positions	Others
Kenji Fukumoto	Managing Executive Officer In charge of the Hospitals & Hotels Management Division In charge of the Corporate Planning Division (government relations)		
Kimihiko 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	Managing Executive Officer of Japan Post Co., Ltd.	
Hiroaki Kawamoto	Managing Executive Officer In charge of the Corporate Planning Division (related business)		Became Managing Executive Officer of the Company on April 1, 2018
Kenji Ogata	Managing Executive Officer In charge of the Corporate Planning Division		
Chikashi Isayama	Managing Executive Officer Special assignment	Vice President of Japan Post Co., Ltd.	
Kunio Tanigaki	Managing Executive Officer Special assignment	Vice President of Japan Post Co., Ltd.	Became Managing Executive Officer of the Company on April 1, 2018
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.	
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)		
Noriko Kinoshita	Executive Officer In sub-charge of the Corporate Planning Division (Public Relations Department, the Olympics and the Paralympics)		
Katsuhiko Sato	Executive Officer In sub-charge of the General Affairs & Human Resources Division (Postal College)		
Toshitaka Shima	Executive Officer In sub-charge of the General Affairs & Human Resources Division (Human Resources Department)		

(As of March 31, 2019)

Name	Position and responsibilities	Significant concurrent positions	Others
Kozo Otaka	Executive Officer In sub-charge of the Real Estate Division (facilities)		Became Executive Officer of the Company on April 1, 2018
Nobuo Tsuruda	Executive Officer In sub-charge of the Corporate Planning Division (IR Office)		Became Executive Officer of the Company on April 1, 2018
Makoto Kazamatsuri	Executive Officer In sub-charge of the Corporate Planning Division (Corporate Planning Department)		Became Executive Officer of the Company on April 1, 2018
Hitoshi Arawaka	Executive Officer Special assignment	Executive Officer of Japan Post Co., Ltd.	Became Executive Officer of the Company on June 22, 2018

- 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 further enhancing 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. Kunio Ishihara, Mr. Charles Ditmars Lake II, Ms. Michiko Hirono, Mr. Norio Munakata, Mr. Tsuyoshi Okamoto and Ms. Miharuko Koezuka are such Independent Directors as provided for by Tokyo Stock Exchange, Inc.
4. Mr. Charles Ditmars Lake II assumed office as Chairman and Representative Director of Aflac Life Insurance Japan Ltd. on April 2, 2018.
5. Director Michiko Hirono's name on her family register is Michiko Fujii.
6. Director Michiko Hirono retired from office as Representative Director and President of 21 Lady Co., Ltd. and Representative Director of HIROTA Co, Ltd. on June 27, 2018. She also retired from office as Representative Director of Illums Japan Co., Ltd. on July 25, 2018, and Director of Illums Japan Co., Ltd. on August 2, 2018.
7. Major change in officers during this fiscal year is as follows:

Name	Position after change	Position before change	Date of change
Kenji Ogata	Managing Executive Officer	Executive Officer	April 1, 2018

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

Name	Position and responsibilities	Significant concurrent positions	Others
Tetsuya Senda	Senior Managing Executive Officer Special assignment		Resigned from Senior Managing Executive Officer of the Company on March 31, 2019
Shinji Denishi	Executive Officer In sub-charge of the Hospitals & Hotels Management Division (Hospitals Management)		Resigned from Executive Officer of the Company on March 31, 2019
Seiji Yukino	Executive Officer In sub-charge of the IT Systems Division (Group IT Management)		Resigned from Executive Officer of the Company on March 31, 2019

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	12	111
Executive Officer	26	768
Total	38	880

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 3 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 6 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 are not paid.
4. Executive officer compensation includes ¥141 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 situation of the Company.

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).

4. Other

In case any of the Company's Directors or Executive Officers serve concurrently as Director(s), Auditor(s), Executive Officer(s) of a Group company, the said Director(s) or Executive Officer(s) will receive compensation from the company at which they perform their main duties.

(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	
Kunio Ishihara	
Charles Ditmars Lake II	
Michiko Hirono	
Norio Munakata	
Tsuyoshi Okamoto	
Miharu Koezuka	

Note: The names in the above list are those of directors who executed limited liability agreement as of March 31, 2019.

3. Outside Directors

(1) Concurrent Positions and Other Statuses of Outside Directors

(As of March 31, 2019)

Name	Concurrent Positions and Other Status
Miwako Noma	Representative Director of Nippon Gurashi Co., Ltd. Representative Director of Mochizuki Inc.
Akio Mimura	Honorary Company Fellow & 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 INCJ, Ltd. (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
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)
Charles Ditmars Lake II	Chairman and Representative Director of Aflac Life Insurance Japan Ltd. President and Member of the Board of Directors of Aflac International Incorporated Corporate Director of Tokyo Electron Limited (Outside Director)
Michiko Hirono	Member of the Board of NEC Networks & System Integration Corporation (Outside Director)
Norio Munakata	Attorney Advisor of Cabinet Secretary
Tsuyoshi Okamoto	Senior Corporate Advisor, Tokyo Gas Co., Ltd. Director, Asahi Kasei Corporation (Outside Director)
Miharu Koezuka	Advisor, Takashimaya Co., Ltd. Director, Okayama Takashimaya Co., Ltd. Advisor, Dear Mayuko Co., Ltd.

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	5 years and 9 months	Attended all 12 Board of Directors' meetings and all 20 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	5 years and 9 months	Attended 10 of 12 Board of Directors' meetings and all 3 Nomination Committee 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	5 years and 9 months	Attended all 12 Board of Directors' meetings, all 20 Audit Committee meetings, and all 3 Compensation 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.
Kunio Ishihara	3 years and 9 months	Attended all 12 Board of Directors' meetings and all 3 Nomination Committee 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.
Charles Ditmars Lake II	2 years and 9 months	Attended all 12 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	2 years and 9 months	Attended all 12 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	2 years and 9 months	Attended all 12 Board of Directors' meetings and 19 of 20 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.
Tsuyoshi Okamoto	9 months	Attended all 10 Board of Directors' meetings and all 2 Compensation Committee meetings during this fiscal year since taking office.	Tsuyoshi Okamoto 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.
Miharu Koezuka	9 months	Attended all 10 Board of Directors' meetings and all 15 Audit Committee meetings during this fiscal year since taking office.	Miharu Koezuka 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.

Notes: 1. The terms of office stated above are the current terms as of March 31, 2019.

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	11	84	—

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, 2019):** 623,985

(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)	93,685	2.31
Japan Trustee Services Bank, Ltd. (Trust Account)	65,445	1.61
Japan Post Holdings Employee Shareholding Association	60,379	1.49
State Street Bank West Client - Treaty 505234	33,702	0.83
Japan Trustee Services Bank, Ltd. (Trust Account 5)	30,736	0.76
Japan Trustee Services Bank, Ltd. (Trust Account 9)	27,873	0.68
JP Morgan Chase Bank 385151	26,023	0.64
State Street Bank and Trust Company 505103	21,216	0.52
Japan Trustee Services Bank, Ltd. (Trust Account 1)	20,427	0.50

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 (656 thousand shares).

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	228	The Company pays a fee to the independent auditor for advisory services related to adoption of accounting treatment for revenue recognition 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 is ¥909 million.

(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 the 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 through reporting the operational status of the “Fundamental Policy for Establishment of Internal Control Systems” by Executive Officer in charge of Internal Control Division 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 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”), 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.
- The Company appropriately operates the Integrated Document Management System which digitizes processes from document approvals to retention.
- Minutes for Management Meeting, special committee, etc. 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 intends to maintain annual dividend of 50 yen or higher per share until the year ended March 31, 2021, 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.

The full-year dividend for the fiscal year under review will be 50 yen per share for common stock (including the 25 yen per share interim dividend), based on a comprehensive determination of earnings and other matters.

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, 2019)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Cash and due from banks	52,244,467	Deposits	179,625,834
Call loans	550,000	Payables under repurchase agreements	11,569,371
Receivables under resale agreements	8,368,139	Policy reserves and others	67,093,751
Receivables under securities borrowing transactions	2,792,202	Reserve for outstanding claims	519,568
Monetary claims bought	650,638	Policy reserves	65,060,549
Trading account securities	2	Reserve for policyholder dividends	1,513,634
Money held in trust	6,778,335	Payables under securities lending transactions	5,896,268
Securities	195,647,107	Commercial papers	28,029
Loans	12,083,499	Foreign exchanges	628
Foreign exchanges	80,396	Bonds	100,000
Other assets	2,419,069	Other liabilities	2,755,370
Tangible fixed assets	3,155,062	Reserve for bonuses	122,665
Buildings	1,172,950	Liability for retirement benefits	2,236,273
Land	1,538,589	Reserve for employee stock ownership plan trust	839
Construction in progress	113,808	Reserve for management board benefit trust	1,033
Other tangible fixed assets	329,714	Reserve for reimbursement of deposits	88,332
Intangible assets	321,964	Reserve for price fluctuations	897,492
Software	299,378	Deferred tax liabilities	966,160
Goodwill	2,718		
Other intangible assets	19,867		
Asset for retirement benefits	50,214	Total liabilities	271,382,054
Deferred tax assets	1,035,930	Net assets	
Reserve for possible loan losses	(6,323)	Capital stock	3,500,000
		Capital surplus	4,135,429
		Retained earnings	3,799,974
		Treasury stock	(831,887)
		Total shareholders' equity	10,603,516
		Net unrealized gains (losses) on available-for-sale securities	2,580,765
		Net deferred gains (losses) on hedges	(55,415)
		Foreign currency translation adjustments	(89,350)
		Accumulated adjustments for retirement benefits	253,992
		Total accumulated other comprehensive income	2,689,992
		Non-controlling interests	1,495,145
		Total net assets	14,788,654
Total assets	286,170,709	Total liabilities and net assets	286,170,709

Consolidated Statement of Income
(For the fiscal year ended March 31, 2019)

(Millions of yen)

Items	Amount	
Ordinary income		12,774,999
Postal business income	2,767,219	
Banking business income	1,843,742	
Life insurance business income	7,916,596	
Other ordinary income	247,440	
Ordinary expenses		11,944,302
Operating expenses	9,014,985	
Personnel expenses	2,613,671	
Depreciation and amortization	269,382	
Other ordinary expenses	46,263	
Net ordinary income		830,696
Extraordinary gains		29,410
Gains on sales of fixed assets	7,230	
Reversal of reserve for price fluctuations	19,251	
Compensation for transfer	2,345	
Other extraordinary gains	583	
Extraordinary losses		52,811
Losses on sales and disposal of fixed assets	8,310	
Losses on impairment of fixed assets	12,927	
Post office refurbishment expenses	18,315	
Other extraordinary losses	13,258	
Provision for reserve for policyholder dividends		111,806
Income before income taxes		695,487
Income taxes current	255,828	
Income taxes deferred	(82,829)	
Total income taxes		172,999
Net income		522,488
Net income attributable to non-controlling interests		43,069
Net income attributable to Japan Post Holdings		479,419

Consolidated Statement of Changes in Net Assets

(For the fiscal year ended March 31, 2019)

(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	4,135,462	3,551,054	(831,945)	10,354,570
Changes in the fiscal year					
Cash dividends			(230,500)		(230,500)
Net income attributable to Japan Post Holdings			479,419		479,419
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders		(32)			(32)
Disposals of treasury stock				58	58
Net changes in items other than shareholders' equity in the fiscal year					
Net changes in the fiscal year	-	(32)	248,919	58	248,945
Balance at the end of the fiscal year	3,500,000	4,135,429	3,799,974	(831,887)	10,603,516

	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	2,688,219	2,784	(85,870)	294,238	2,899,371	1,489,292	14,743,234
Changes in the fiscal year							
Cash dividends							(230,500)
Net income attributable to Japan Post Holdings							479,419
Changes in equity of Japan Post Holdings due to transactions with non-controlling shareholders							(32)
Disposals of treasury stock							58
Net changes in items other than shareholders' equity in the fiscal year	(107,454)	(58,199)	(3,479)	(40,245)	(209,379)	5,853	(203,525)
Net changes in the fiscal year	(107,454)	(58,199)	(3,479)	(40,245)	(209,379)	5,853	45,419
Balance at the end of the fiscal year	2,580,765	(55,415)	(89,350)	253,992	2,689,992	1,495,145	14,788,654

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	210,560	Current liabilities	40,894
Cash and deposits	116,252	Accounts payable	33,672
Inventories	356	Accrued expenses	1,180
Prepaid expenses	360	Income taxes payable	521
Short-term loan	15,054	Reserve for bonuses	1,701
Accounts receivable	41,872	Reserve for point service program	450
Income taxes receivable	30,147	Others	3,367
Others	6,521	Long-term liabilities	98,265
Reserve for possible loan losses	(4)	Reserve for retirement benefits	67,156
Non-current assets	7,869,041	Reserve for management board benefit trust	281
Tangible fixed assets	138,186	Reserve for compensation for accidents in the course of duty	18,197
Buildings	33,203	Others	12,629
Structures	647		
Machinery and equipment	706	Total liabilities	139,159
Vehicles	242		
Tools and fixtures	4,132	Net assets	
Land	92,151	Shareholders' equity	7,940,472
Construction in progress	7,103	Capital stock	3,500,000
Intangible assets	14,606	Capital surplus	4,503,856
Software	3,103	Capital reserve	875,000
Others	11,503	Other capital surplus	3,628,856
Investments and other assets	7,716,249	Retained earnings	768,504
Investment securities	16,873	Other retained earnings	768,504
Stocks of subsidiaries and affiliates	7,700,137	Retained earnings brought forward	768,504
Long-term loan	3,020	Treasury stock	(831,887)
Claims provable in bankruptcy	62	Valuation and translation adjustments	(29)
Long-term prepaid expenses	1,160	Net unrealized gains (losses) on available-for-sale securities	(29)
Others	210		
Reserve for possible loan losses	(62)	Total net assets	7,940,442
Allowance for investment loss	(5,152)		
Total assets	8,079,602	Total liabilities and net assets	8,079,602

Non-consolidated Statement of Income
(For the fiscal year ended March 31, 2019)

(Millions of yen)

Items	Amount	
Operating income		274,551
Brand royalty income	13,605	
Dividend income from subsidiaries and affiliates	203,163	
Income from business consignment	15,464	
Subsidy income equivalent to deposit insurance premiums	1,619	
Income from hospital business	16,757	
Income from hotel business	23,941	
Operating expenses		60,927
Expenses for business consignment	16,690	
Expenses for hospital business	22,118	
Expenses for hotel business	27,698	
Administrative expenses	(5,580)	
Net operating income		213,623
Other income		3,825
Interest income	45	
Rent income	2,689	
System modification fees	132	
Others	958	
Other expenses		1,548
Rent expenses	1,219	
System modification expenses	128	
Others	200	
Net ordinary income		215,900
Extraordinary gains		7,292
Gains on sales of fixed assets	6,769	
Others	523	
Extraordinary losses		25,588
Losses on disposal of fixed assets	857	
Losses on impairment of fixed assets	2,386	
Share of post office refurbishment expenses	20,216	
Others	2,128	
Income before income taxes		197,604
Income taxes current	(23,187)	
Total income taxes		(23,187)
Net income		220,791

Non-consolidated Statement of Changes in Net Assets

(For the fiscal year ended March 31, 2019)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	778,212	778,212
Changes in the fiscal year						
Cash dividends					(230,500)	(230,500)
Net income					220,791	220,791
Disposals of treasury stock						
Net changes in items other than shareholders' equity in the fiscal year						
Net changes in the fiscal year	-	-	-	-	(9,708)	(9,708)
Balance at the end of the fiscal year	3,500,000	875,000	3,628,856	4,503,856	768,504	768,504

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(831,945)	7,950,122	-	-	7,950,122
Changes in the fiscal year					
Cash dividends		(230,500)			(230,500)
Net income		220,791			220,791
Disposals of treasury stock	58	58			58
Net changes in items other than shareholders' equity in the fiscal year			(29)	(29)	(29)
Net changes in the fiscal year	58	(9,650)	(29)	(29)	(9,679)
Balance at the end of the fiscal year	(831,887)	7,940,472	(29)	(29)	7,940,442

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, 2019

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, 2019 and for the year from April 1, 2018 to March 31, 2019 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.

Emphasis of Matter

We draw attention to Note “Subsequent Events” to the consolidated financial statements. Japan Post Holdings Co., Ltd. sold a portion of the shares of common stock of Japan Post Insurance Co., Ltd., which is a consolidated subsidiary, on April 8 and 23, 2019 as described on the subsequent events in the notes to consolidated financial statements.

Our opinion is not modified in respect of this matter.

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.

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, 2019

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, 2019 and for the year from April 1, 2018 to March 31, 2019 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.

Emphasis of Matter

We draw attention to Note "Subsequent Events" to the financial statements. Japan Post Holdings Co., Ltd. sold a portion of the shares of common stock of Japan Post Insurance Co., Ltd., which is a consolidated subsidiary, on April 8 and 23, 2019 as described on the subsequent events in the notes to financial statements.

Our opinion is not modified in respect of this matter.

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 14th business year, the period from April 1, 2018 to March 31, 2019. 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, etc., 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 its supplementary schedules, the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and their supplementary schedules in addition to 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 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. We found no matter that needed to be addressed regarding the content of the business report or the execution of duties by the directors and executive officers, with respect to the internal control system.

(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.

(3) Audit Results of the Consolidated Financial Statements

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

May 14, 2019

Audit Committee of Japan Post Holdings Co., Ltd.

Member of the Audit Committee
Tadashi Yagi (Seal)

Member of the Audit Committee
Miwako Noma (Seal)

Member of the Audit Committee
Norio Munakata (Seal)

Member of the Audit Committee
Riki Mukai (Seal)

Member of the Audit Committee
Miharu Koezuka (Seal)

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

Information Map of the General Meeting of Shareholders

Place

Ballroom, B2F, The Prince Park Tower Tokyo

4-8-1 Shibakoen, Minato Ward, Tokyo

- * Please note that the Prince Park Tower Tokyo is located some distance away from The Tokyo Prince Hotel.
- * Please do not come to the venue by car.
- * We will not be handing out small gifts to the shareholders at the meeting.

