

2007 Business Year

From April 1, 2007 to March 31, 2006

3rd Term

Business Plan

Japan Post Holdings Co., Ltd.

Based on the fact that Japan Post Holdings Co., Ltd. (hereafter, “Japan Post Holdings”) will conduct business operations as a preparation planning company during the preparation period (from April 1 to September 30, 2007) with the aim of actualizing privatization on October 1 of the same year and then conduct business operations as a holding company thereafter (from October 1, 2007 to March 31, 2008), it sets forth its business plan separated into the preparation period and post-privatization period, respectively, as follows.

(Furthermore, changes are planned to be made to this business plan once the content of business management et al. is finalized after privatization.)

## I. Preparation Period (from April 1 to September 30, 2007)

Japan Post Holdings will carry out the drafting and application for approval of the execution plan (hereafter, “Execution Plan”) related to the succession of the businesses et al. of Japan Post as well as the establishment of Japan Post Service Co., Ltd. and Japan Post Network Co., Ltd. as two successor companies in order to ensure the actualization of privatization on October 1, 2007. Concomitantly, it will proceed with negotiations on and execution of labor agreements between labor unions that employees of Japan Post form or participate in as well as preparation work such as the creation of information systems and will make efforts so that the businesses of each successor company can be conducted in an appropriate fashion and so that they can provide suitable and attractive service to customers nationwide hereafter.

On this occasion, it will strive to achieve sufficient mutual understanding with Japan Post while taking into account the debate thus far in the Diet and instructions from the Prime Minister and Minister of Internal Affairs and Communications as well as the findings indicated by the Committee on Postal Privatization.

In the preparation period, based on the aforementioned way of thinking, Japan Post Holdings shall carry out business operations in a flexible manner by giving priority to the following items with the aim of carrying them out while adapting to changes in the management environment.

### 1. Drafting of and Application for Approval of Execution Plan

When drafting the Execution Plan, Japan Post Holdings will apply to the Prime Minister and Minister of Internal Affairs and Communications for approval of the plan by April 30, 2007 with regard to items (1) through (4) below based on the “Basic Plan Concerning the Succession of the Businesses et al. of Japan Post” (hereafter, “Basic Plan”), the “Decree Concerning the Execution Plan Involving the Succession of the Businesses et al. of Japan Post”, and the “Framework of the Execution Plan Concerning the Succession of the Businesses et al. of Japan Post”.

- (1) Items concerning the businesses as well as types and scope of other functions that will be continued by the successor companies
- (2) Items concerning assets as well as debts and other rights and obligations inherited by successor companies
- (3) Items concerning employees who will be transferred to the successor companies
- (4) Items concerning the proper and smooth transmission of other businesses et al. to the successor companies

### 2. Successor Company Startup Preparations

Based on the laws and ordinances relating to postal service privatization and the framework indicated in the Basic Plan, Japan Post Holdings will conduct preparations for a smooth startup, such as examination of the operating structure and management policies of the successor companies, application of approval to relevant government agencies, and changes to the Articles of Incorporation.

#### 1. Negotiation of and Conclusion of Labor Agreements

The Postal Service Privatization Act stipulates that Japan Post Holdings 1) is permitted to negotiate with labor unions that employees of Japan Post form or participate in for the purpose of concluding labor agreements pertaining to the working terms of successor employees et al.; 2) can conclude successor labor agreements, and 3) shall pay due consideration to the compensation of Japan post employees, working time, and other terms of employment when it sets the working terms for successor employees. Based on this fact, it will conduct smooth negotiations with aim of concluding labor agreements pertaining to such items.

## 2. Other

### (1) Examination of Share Divestiture

Japan Post Holdings will conduct an examination of specific measures to execute the public listing of shares of Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. at an early stage and carry out preparations to make an early-term public listing of its own shares and divestiture by the government possible.

### (2) Reliable and Advantageous Management of Investment Capital

With regard Japan Post Holding's investment capital, together with managing the assets of Japan Post via reliable and advantageous methods based on the fact that it will inherit them from the latter at the time of privatization, it will make efforts toward the optimization of execution of expenses and enforce fair and proper financial processing.

## II. Post-Privatization (from October 1, 2007 to March 31, 2008)

In addition to ensuring the formulation and execution of the basic management policies of Japan Post Service Co., Ltd., Japan Post Network Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. (hereafter, "business subsidiaries") and exercising its rights as shareholders thereof, Japan Post Holdings will support the businesses of its subsidiaries by subcontracting indirect operations from the latter and executing them where said execution is anticipated to be more efficient by consolidating it in one location rather than doing so among individual companies in the group. In addition, by conducting management of hospitals and lodging facilities, it will aim to increase the satisfaction of customers by responding to their needs and grow together with them while demonstrating creativity and efficiency as a private enterprise to the greatest extent possible as the basis of trust and reassurance that has been cultivated as public institution thus far. Also, it will basically conduct management of the company by making efforts to ensure that it demands management transparency from itself, follow the letter of the law, and is able to contribute to the development of society and the community.

Based on the aforementioned way of thinking, after privatization Japan Post Holdings shall carry out business operations in a flexible manner by giving priority to the following items with the aim of carrying them out while adapting to changes in the management environment.

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

Japan Post Holdings will ensure the formulation and execution of the basic management policies of its business subsidiaries with the aim of maintaining uniform postal service nationwide and the post office network with regard to Japan Post Service Co., Ltd. and Japan Post Network Co., Ltd. Likewise, it will do so with aim of taking Japan Post Bank Co., Ltd. and Japan Post Insurance Co., Ltd. companies public in the third year after privatization if possible or in the fourth year at the latest.

Specifically, Japan Post Holdings will require that business subsidiaries establish and observe policies that relate to important management matters and request they obtain approval from or report to the former on an individual basis with regard to matters that have a significant impact on the group as a whole or are required to ensure executive management transparency.

## 2. Business Support of Business Subsidiaries

By subcontracting indirect operations from business subsidiaries and executing them where said execution is anticipated to be more efficient by consolidating it in one location rather than doing so among individual companies in the group, Japan Post Holdings aims to improve the group's management efficiency while supporting the business of its subsidiaries. Specifically, Japan Post Holdings will subcontract and execute the following indirect businesses from its business subsidiaries.

### (1) Provision of Telecommunications and Data Processing Services

Based on stipulations of business subsidiaries that employ telecommunications equipment owned by Japan Post Holdings and those set forth in Article 4 of the Act Relating to the Consignment of Postal Window Services (Act No. 213 of 1949), it will provide telecommunications services and data processing services that employ data processing systems to individuals re-entrusted with business falling within the scope of consigned services stipulated Article 3, Paragraph 1 of said Act by Japan Post Network Co., Ltd.

### (2) Human Resource and Finance-related Business

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

### (3) Welfare Benefits-related Businesses

Japan Post Holdings will conduct health management and recreation facility provision businesses based on the stipulations set forth in the Industrial Safety and Health Law (Act No. 57 of 1972) for executives and employees, etc. of business subsidiaries and the Management Organization for Postal Savings and Postal Life Insurance.

### (4) Real Estate Management-related Businesses

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

### (5) Temporary Staffing and Introduction Businesses

Through subsidiaries that conduct temporary staffing dispatch and introduction business, Japan Post Holdings will conduct solicitations for and employment of part-time staff to work at its business subsidiaries as well as services to introduce them to said business subsidiaries and dispatch primarily retired group employees to each group member company. Also, it will carry out subcontracting of the human resource-related businesses of each group company.

## 3. Hospital Operation

Japan Post Holdings will operate Teishin Hospital as a company-founded hospital and make efforts toward administrative improvement. Under the guidance of external experts, it will manage the status of progress in said administrative improvement, and together with addressing revenue-increasing measures et al. through coordination with community healthcare, it will engage in cost-cutting through reviews of outsourcing contracts. Also, it will promote even greater improvement of medical services, patient satisfaction, management efficiency, and thoroughness of internal controls.

## 4. Operation of Lodging Facilities



■ Financial Plan (Preparation Period)

The financial plan for the 2007 business year (preparation period) is as follows.

Unit: 1 mil JPY

Item	Amount
<b>Income Section</b>	
Balance carried over from previous term	1,800
Interest income	2,160
<b>Total</b>	<b>3,960</b>
<b>Expense Section</b>	
<b>Labor costs</b>	
Office building lease costs	1,034
Consulting commission fees	189
Office equipment costs et al.	1,654
Other management expenses	25
Corporation tax et al.	783
Balance carried forward to next term	—
<b>Total</b>	<b>3,960</b>

■Income and Expenditure Budget (Preparation Period)

The income and expenditure budget for the 2007 business year (preparation period) is as follows.

Unit: 1 mil JPY

Item	Amount
Ordinary Income/Loss Section (Operating Income Section)	
1 Operating revenue	0
2 Operating expenses	3,966
Executive compensation	114
Salaries/benefits	920
Allowance for bonus/retirement benefits reserves	260
Office building lease-related costs	189
Office equipment et al. costs	25
Consulting commission fees	1,654
Sundry taxes expense	219
Depreciation costs	17
Other management expenses	564
Operating Income	(3,966)
(Non-operating Income/Loss Section)	2,339
1. Non-operating income interest	2,339
2. Non-operating Expenses	—
Ordinary income	(1,627)
Extraordinary profit and loss section	
1. Extraordinary profit	0
2. Extraordinary loss	0
Current net income before tax	(1,627)
Corporation, resident, and business taxes	0
Adjustments for corporation tax, etc.	0
Current net income	(1,627)

■Financial Plan (Post-privatization)

The financial plan for the 2007 business year (post-privatization) is as follows.

Unit: 100 mil JPY

Item	Amount
Income Section	1,250
Startup cash	1,320
Income	511
Former savings accounting subsidy	95
Executive management fee	370
Indirect business commissions	196
Lodging business income	126
Medical business income	21
Other income	500
Loans	
Total	3,070
Expense Section	
Expenses	3,028
Labor costs	1,316
Equipment costs	1,662
Sundry taxes expense et al.	49
Balance carried forward to next term	41
Total	3,070

■Income and Expenditure Budget (Post-privatization)

The income and expenditure budget for the 2007 business year (post-privatization) is as follows.

Unit: 100 mil JPY

Item	Amount
1. Ordinary income	1,407
Former savings accounting subsidy	511
Executive management fee	109
Indirect business commissions	430
Lodging business income	206
Medical business income	129
Other income	21
2. Operating expenses	1,280
Labor costs	298
Equipment costs	759
Depreciation costs	172
Sundry taxes expense et al.	49
Ordinary income	127
Current net income before tax	127
Current net income	127