

2012 Business Year

From April 1, 2012 to March 31, 2013

8th Term

Business Plan

Japan Post Holdings Co., Ltd.

Foreword

In addition to formulating and ensuring the execution of the basic management policies of Japan Post Co., Ltd., Japan Post Bank Co., Ltd., and Japan Post Insurance Co., Ltd. (hereafter, “business subsidiaries”) and exercising our rights as shareholders thereof, Japan Post Holdings Co., Ltd. (hereafter, “Japan Post Holdings”) will support the businesses of its business subsidiaries, etc. by subcontracting indirect operations from them and executing such operations 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 provide customer-oriented service, support the lives of customers in the community, and ensure the happiness of both its customers and employees while demonstrating creativity and efficiency as a private enterprise to the greatest extent possible as the basis of trust and reassurance in the postal network. Also, 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. Furthermore, in the operation of these businesses, it will fulfill its duty to ensure that postal services, postal savings, remittance and credit settlement services as well as easily-accessible life insurance services stipulated in Article 5, Paragraph 1 of the “Act for Partial Revision of the Postal Service Privatization Act and Others” can be utilized consistently, universally, and fairly at post offices throughout the country via convenient customer-oriented methods. At the same time, as a company with a strong public nature, it will make efforts to support recovery from the Great East Japan Earthquake that occurred last year as a group of companies united as a whole.

A current issue facing Japan Post Holdings and each member company of the Japan Post Holdings group is the strengthening of internal controls. In the 2011 business year, it promoted the strengthening of internal controls in Japan Post Holdings and each group company, such as improving rules and regulations, tightening management, and the operating a review board for disposing of real estate assets et al. and believes that it has achieved a certain measure of results in the transparency of the disposal procedures. However, based on the situation where offenses continue to occur within the company, Japan Post Holdings will continue forthwith to endeavor to strengthen governance among the group as a whole to ensure transparency, thorough awareness of accountability, and proper operation of businesses.

For this reason, Japan Post Holdings sees the improvement of compliance standards group-wide as the most important issue for management in FY2012 as well and will provide all necessary support and guidance to each group company by accurately grasping the formulation and promotion status of each company’s compliance programs for FY2012 as well as the condition and status of each company’s internal audit systems. In particular, with regard to preventing the reoccurrence of irregularities, it shall make strengthening initiatives to do so a top priority; specifically, top management will encourage employees to help eradicate such irregularities and will further promote and manage said initiatives. Concomitantly, it will establish a mechanism to tackle the task of improving the corporate culture and structure of the group. Also, with regard to corporate entities related to the postal business, together with moving forward with partial subsidiarization of entities based on a policy to do so where it is deemed necessary from a business standpoint within the group, it will continue to promote improvements in its business transactions.

In addition, together with making efforts to ensure the commitment to the public good and public nature of the services offered by each group company and improve customer satisfaction (CS), Japan Post Holdings will also engage in corporate social responsibility (CSR) activities based on its societal responsibilities and those of each group company.

In particular, based on the renewed awareness of the importance of the postal business in the support of the recovery from the Great East Japan Earthquake, Japan Post Holdings will make use of the results of the “Questionnaire Survey for Customers in the Disaster Area” that it conducted last fiscal year and make efforts united as a group as a whole toward supporting the livelihoods of disaster victims this year as well so that it can provide services that match

the needs of its customers. Also, it will promote cooperation in energy conservation that it engaged in last year. Furthermore, it will continue to promote environmental awareness activities through environmental preservation activities such as the “JP Forest” afforestation program, environmental awareness activities aimed at small children, CO₂ reduction among each group company, et al.

Also, with regard to the employment of people with disabilities, Japan Post Holdings achieved the designated employment rate (1.8%) of persons with disabilities required by the Act for Promotion of Employment of Persons with Disabilities in FY2011 and will continue to address the promotion of employment of people with disabilities in FY2012.

Furthermore, with regard to the review of the current system related to postal services, given the fact that measures were taken to partially revise the Postal Service Privatization Act, Japan Post Holdings will endeavor to engage in appropriate business operations in accordance with the spirit of the law. At the same time, with regard to management issues faced by each company in the Japan Post Holdings group, it will provide necessary support and work toward their resolution while deepening the collaboration between each company as the holding entity.

Based on the aforementioned basic policies, 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. Formulation of Business Subsidiary Basic Management Policy and Assurance of Execution et al.

Japan Post Holdings will formulate the basic management policies for Japan Post Co., Ltd. and ensure the execution thereof so that the latter can achieve its company objectives of ensuring universal postal, savings, and insurance services and providing stable service through the maintenance and effective utilization of the post office network.

Specifically, Japan Post Holdings will carry out executive management of the group by requiring that business subsidiaries observe policies that relate to important management matters and requesting 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. In particular, with regard to the soundness of the former Japan Post Service Co., Ltd.’s management, it has strengthened collaboration and provided support for specific measures for bolstering management therein. It will continue to support the formulation and execution of sound management practices at Japan Post Co., Ltd. and will conduct thorough management supervision so that improvements can be undertaken in executive management.

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 3 of the Post Office Act (Act No. 213 of 1949), it will provide telecommunications services and data processing services that employ data processing systems to individuals entrusted with business by Japan Post Co., Ltd. in accordance with said Act.

- (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 staff and introduce and dispatch them to each group member company. Also, it will carry out subcontracting of the human resource-related businesses of each group company.

(6) Call Center-related Businesses

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

(7) Talent Development-related Businesses

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

3. Hospital Operation

Together with operating Teishin Hospital as a company-founded hospital, Japan Post Holdings will proceed with administrative improvement at each hospital through revenue-increasing measures by coordinating with community healthcare and enhancing emergency medicine, and engaging in cost-cutting through reviews of outsourcing contracts. Also, it will promote the improvement of medical services, response to local healthcare needs, and patient satisfaction.

4. Lodging Facilities Operation et al.

With regard to facilities for publicizing the former postal savings system (11 locations) and former postal life insurance subscriber facilities (71 locations), Japan Post Holdings will steadily promote optimization through revenue-increasing measures such as increasing the number of users of lodging facilities and thorough management of food costs based on changes in the external environment such as the economic trend in recent years, future forecasts, reviews of postal privatization, et al. In so doing, it shall plan for administrative improvement with the aim of achieving single-fiscal year profitability.

Also, as part of its community contribution measures, Japan Post Holdings will continue to lend part of its former postal life insurance subscriber facilities to preventative long-term care providers and engage in preliminary trials of businesses to provide opportunities designed to improve the physical functioning of individuals certified as requiring support while repairing for-profit nursing homes anew and conducting a trial operation of facilities where senior citizens can enjoy piece of mind and spend a fulfilling retirement.

■ Financial Plan

The financial plan for the 2012 business year is as follows.

Unit: 100 mil JPY

Item	Amount
Income Section	
Balance carried over from previous term	766
Dividend income	1,054
Former savings accounting subsidy Executive management fee	330
Indirect business commissions	109
Lodging business income	732
Medical business income	370
Other income	261
Loans	933
	-
Total	4,555
Expense Section	
Labor costs	1,369
Equipment costs	931
Sundry taxes expense	57
Investment expenditures	107
Securities	211
Other expenditures	484
Balance of carried forward to next term	1,396
Total	4,555

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

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

■Income and Expenditure Budget

The income and expenditure budget for the 2011 business year is as follows.

Unit: 100 mil JPY

Item	Amount
Ordinary Income/Loss Section (Operating Income/Loss Section)	
1. Operating revenue	2,801
Dividends	1,054
Former savings accounting subsidy	330
Executive management fee	103
Indirect business commissions	698
Lodging business income	355
Medical business income	262
2. Operating expenses	1,564
Labor costs	537
Equipment costs	866
Depreciation costs	113
Sundry taxes expense	48
Operating Income	
	1,238
(Non-operating Income/Loss Section)	
Non-operating Income/Loss	24
Investment income from social/community contribution funds	24
Ordinary profit	
	1,285
Extraordinary profit and loss section	
1. Extraordinary profit	-
2. Extraordinary loss	20
Current net income before tax	
Corporation, resident, and business taxes	1,265
Adjustments for corporation tax, etc.	1
Current net income	(229)
	1,493

N.B.:

- 1) Total figures do not match due to rounding.
- 2) ”-“ means that the figure does not exist.

Based on the aim of partial revisions of laws such as the Postal Service Privatization Act, the Japan Post Holdings group as a whole conduct appropriate management supervision so that it can demonstrate its commitment to public and community good while at the same time utilizing the advantages of integration.