

Japan Post Group Medium-term Management Plan

New Japan Post Group Network Creation Plan 2017

April 1, 2015



JAPAN POST GROUP

Contents:

◆ Chapter I: Group Management Strategy (FY2016/3-2018/3)	
1. Purposes of the revision of the Group Medium-term Management Plan and achievements in FY2015/3	p. 3
1-(1) Changing business environment inside and outside of the Group	
1-(2) Stock listing scheme	
1-(3) Achievements in FY2015/3	
(i): Initiatives to bolster earning capacities and strengthen business foundations of three core businesses	
(ii) : Provision of universal services, etc.	
(iii): Initiatives to enhance our corporate value in preparation of the Group's stock listing	
1-(4) "Three challenges" to be an integrated lifestyle-support corporate group	
2. Group strategies for further growth and development	p. 11
2-(1) The concept for creation of the New Japan Post Group network	
2-(2) Strategies for business growth and development	
2-(3) Group strategies that support network expansion and evolving functions	
3. Consolidated business targets and dividend policy	p.28
3-(1) Consolidated business targets (FY2018/3)	
3-(2) Dividend policy immediately after stock listing (FY2018/3)	
◆ Chapter II: The Action Plans by Business Segment	
4. Japan Post Co., Ltd. (Postal and Logistics Business and Post Office Business)	p. 32
5. Japan Post Bank Co., Ltd. (Banking)	p. 46
6. Japan Post Insurance Co., Ltd. (Life insurance)	p. 61

Chapter I

Group Management Strategy (FY2016/3-2018/3)

1. Purposes of the Revision of the Group Medium-term Management Plan and Achievements in FY2015/3

1-(1) Changing business environment inside and outside of the Group

➤ External environment

- Enduring historically low interest rate environment
- Progress in low birthrate and aging, and more depopulation in rural areas
- Changes in customer needs associated with an increase in single-person households
- Spread of the Internet environment and expansion of e-commerce
- Worsening recruitment environment because of improved domestic employment conditions

➤ Internal environment

- **The stock listing scheme of the Group was formulated for Japan Post Holdings and two financial companies (Japan Post Bank and Japan Post Insurance).**
 - Efforts have been made for the simultaneous stock listing of the three companies and for a contribution to the financial resources for reconstruction from the Great East Japan Earthquake by buying back its new shares through Japan Post Holdings.
- **Reconfigured capital within the Group**
 - Part of the funds obtained in repurchasing shares scheme (1.3 trillion yen) by Japan Post Bank, which should be recognized as a capital increase (600 billion yen) for Japan Post, will be used as costs to made the “share of public service pension” an off-balance-sheet item at Japan Post Holdings Co., Ltd (approximately 630 billion yen).
- **Subsidiary strategy and cooperation with other firms aiming to expand business fields and for flexible service provision**
 - Conclusion of an agreement on the acquisition of Toll (Australia) (Feb. 2015)
 - Capital tie-up and business alliance was established (Oct. 2014) with GeoPost (France) and Lenton Group (Hong Kong).
 - Handling of Aflac's cancer insurance products was increased
 - Installation of ATMs at FamilyMart convenience stores
 - New subsidiaries: Japan Post Delivery Co., Ltd. (pickup and delivery services, started operations in Sept. 2014); Japan Post Finance Co., Ltd. (settlement services, started operations in Oct. 2014); JP Mitsukoshi Merchandising Company Limited (mail order business and wholesaling, started operations in Apr. 2014); and other subsidiaries

The Group Medium-term Management Plan will be updated annually to add a new strategy that corresponds to the changing environments surrounding the Group, reflecting the following:

- Changes in the business environment associated with the stock listing of Japan Post Holdings and the two financial companies
- The fundamental attitudes, as listed companies, required by stakeholders
- Initiatives in FY2015/3: evaluation and issues found

1-(2) Stock listing scheme

2014

June

October

December

The Fiscal System Council announces its report, "Stock Disposal of Japan Post Holdings Co., Ltd."

The Ministry of Finance selected lead-managing underwriters for the stock listing of Japan Post Holdings.

An integrated stock listing scheme was formulated for Japan Post Holdings, Japan Post Bank and Japan Post Insurance (two financial companies).

➤ Timing of the stock listings

- For the promotion of postal service privatization, a contribution to the financial resources necessary for reconstruction from the Great East Japan Earthquake, securing of discretion in management and other reasons, the Group aims to publicly offer and list shares of the two financial companies in the Group, simultaneously with the public offering and listing of Japan Post Holdings' shares by the Japanese Government, scheduled after mid-2015.

➤ Scale of the stock sales

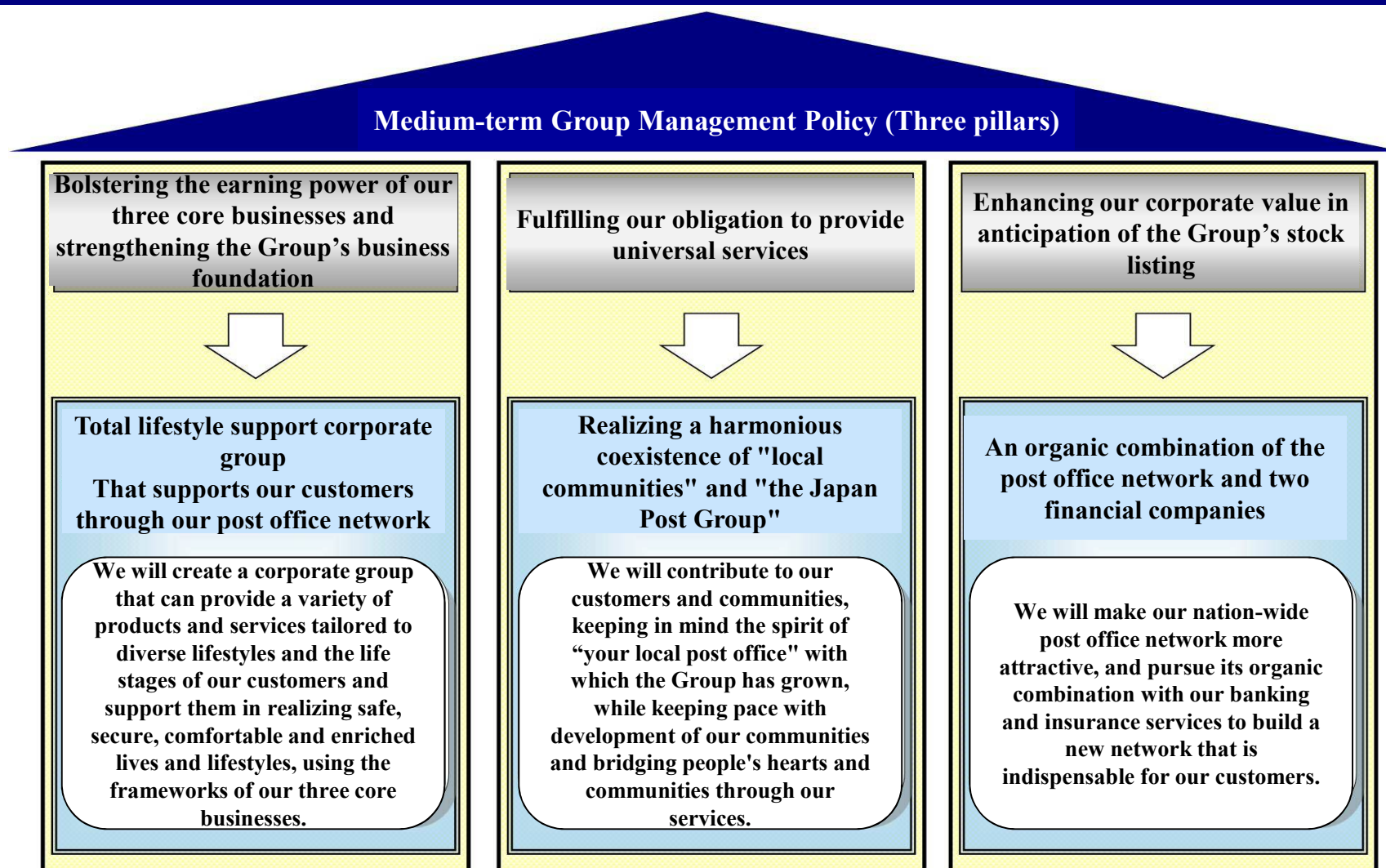
- The total volume of stocks sold by these three companies should be limited to a scale that will not create turmoil and can be absorbed smoothly in the stock market.
- The specific percentages of the shares sold from the total shares will be publicly announced when the securities registration statements are submitted, after making adjustments with the Tokyo Stock Exchange concerning the establishment of a special treatment on the percentages of new shares in the total outstanding shares at the time of the initial public offerings.
- In the future, shares of the two financial companies will be sold gradually until the ratio of shares of these companies held by Japan Post Holdings is close to 50 % each, with the intention to enhance the discretion in the management of these two financial companies and realize the unity and collective strength of the Group.

➤ How proceeds from the sales of shares of the two financial companies will be utilized

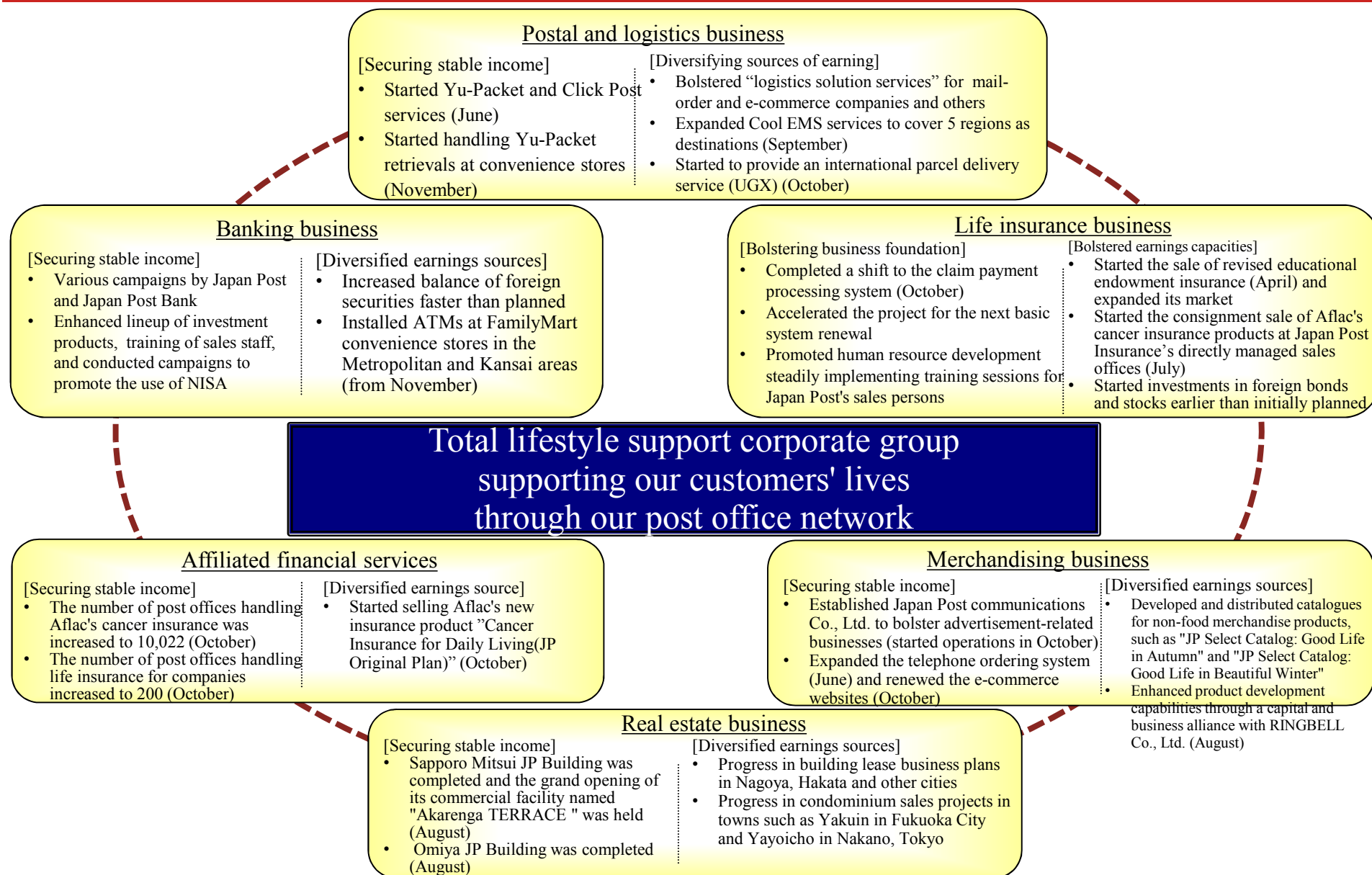
- Proceeds from the sales of shares of the two financial companies by Japan Post Holdings will be utilized for maintaining and improving the corporate value and the stock value of the Japan Post Group in the future.
- Furthermore, it is assumed that sales proceeds of the new listings of the shares of the two financial companies will be allocated for Japan Post Holdings to acquire its own shares (treasury stock) from the government, aiming to improve the capital efficiency of Japan Post Holdings, to contribute to securing financial resources for reconstruction from the Great East Japan Earthquake through repurchasing shares held by the Government, and to accelerate postal service privatization.

1-(3) Achievements in FY2015/3

In FY2015/3, initiatives to become an integrated lifestyle-support corporate group were proceeded based on the medium-term group management policy (consisting of Three pillars)



1-(3) Achievements in FY2015/3 (i): Initiatives to bolster the earning power of our three core businesses and strengthening the Group's business foundation



1-(3) Achievements in FY2015/3 (ii): Provision of universal services, etc.

Contributing to the reconstruction of local communities through initiatives to create the harmonious coexistence of "local communities" and "Japan Post Group":
Utilization of our post office network as a community infrastructure

Steady provision of universal services in the postal and financial fields

- Steady provision of universal services
 - Secured a provision for mail delivery six days a week and door-to-door
 - Secured banking counter operations and insurance counter operations
- Maintenance of the post office network
 - The number of post offices in operation (as of the end of Feb. 2015): 24,198
- Simplification of administrative work at post offices
 - Installation of terminals for sales offices (CTM6) (22,000 as of the end of Feb. 2015/ installation of 43,000 terminals scheduled to be completed in Aug. 2015)
- Deployment of a system for simple, prompt and accurate operations, from the underwriting of insurance policies to the payment of benefits
 - Implemented an appropriate explanation of our products for elderly people
 - Made more guidance available for insurance claims at post offices (Apr. 2014)

Expansion of community-based lifestyle support services utilizing the "Japan Post" brand image

- Commencement of study to evolve the "Post Office Watch Service" into a high-value-added service by combining this real network with some virtual networks, and to improve the service itself
- Development of the "Furusato hometown parcel service"
 - Expanded sale channels of local products with advertising catalogues featuring local specialty products and leaflets featuring products necessary for local people
- Cooperation with local governments
 - Provided governmental administration services consigned by local governments, such as certificate issuance, at post offices (the number of municipal offices that consigned certificate issuance (Sept. 2014): 163)
- Support for better health
 - Held gatherings of Radio Exercise and Minna no Taiso, etc. (FY2015/3 the Radio Exercise Summer Tour was held at 52 places with approximately 80,000 participants in total)

1-(3) Achievements in FY2015/3 (iii): Initiatives to enhance our corporate value in preparation for the Group's stock listing

Organic combination of the post office network and the two financial companies

Renewal of the managerial system

- Study of a new framework for group management
- Introduction of a new personnel and salary system (April)
 - Deployed course systems and created new general staff criterion (FY2015/3 new general office employees (expected): approximately 5,100)
 - Deployed a mission-based personnel system and well-modulated wage system
- Development of Human resources jointly by Japan Post, Japan Post Bank and Japan Post Insurance
 - Joint operation of training plans and joint sales activities
- Maintenance of basic systems of the group companies (Japan Post's next-generation postal system, CTM6, Japan Post Insurance's next basic system)
- Promotion of management focused on the group's functions

Creating an environment to ensure business continuity

- Implemented emergent construction work for deteriorated post office facilities (outer walls and elevators))

Strengthening internal controls and corporate governance

- Enhancement of a compliance system in the group companies for department crime extermination
- Established an IR system
- Disclosed documents including financial statements and securities reports quarterly and examined the IFRS introduction

Development of new services taking advantage of the Group's collective strength

- Provision of one-stop mail order solutions (13 logistics solution centers, as of Feb. 2015)
 - Supported operations ranging from the construction of e-commerce websites to the shipment of merchandise
- Development of a pickup and delivery network
 - Established Japan Post Delivery Co., Ltd. (Apr. 2014 (started its operations in September)) and the pickup and delivery bases (5 facilities as of Feb. 2015)
- Expansion of the product lineup for investment trusts (added 32 funds in Oct. 2014 and Jan. 2015 to total 95 funds)
- Sequentially installed Japan Post Bank ATMs at FamilyMart convenience stores in the Tokyo metropolitan and Kansai areas and completed their installation in March (approximately 500)
- Release of the revised educational endowment insurance (the aggregated amount of new business (as of the end of third-quarter): 514,000 (362.8% YoY))

Promotion of the alliance strategy using our post office network

- Strengthening alliance in the field of cancer insurance
 - Started selling the cancer insurance at Japan Post Insurance's directly managed sales offices (Jul.2014)
 - Increased the number of post offices handling the cancer insurance to 10,022 (Oct. 2014)
 - Started selling "Cancer Insurance for Daily Living(JP Original Plan)" (Oct. 2014)
- Alliance with international logistics business operators (expansion to Asian markets)
 - Started provision of an international parcel delivery service (UGX) (Oct. 2014)
 - Increased the number of post offices accepting the international parcel delivery service to 65 (Feb. 2015)

Investments to grow as a corporate group

- Reorganization of the postal and logistics network
 - Started full-scale operations in the East Kawasaki and South Fukui (Sep.2014) and South Yamagata (Oct. 2014) areas
 - Announced construction plans in 6 other areas※ (Oct. 2014)
※Iwate, Tokyo, Central Hokkaido, Shizuoka, Niigata, Yamaguchi
- Network optimization
 - Opened a post office in the underground mall in Yaesu targeting working women (Jun. 2014)
 - Renovated and reopened a post office in Oumicho, Kanazawa to support tourists (Nov.2014)
- System investment for IT renovations
 - Maintenance, etc. of basic systems of the group companies
 - Enhanced the Group's private cloud system, "JP Cloud," and started a service provision (Aug. 2014)

1-(4) "Three challenges" to be total lifestyle support corporate group

New "Three challenges"

based on the medium-term group management policy (with Three pillars), changes in the business environment, and our initiatives and achievements

Challenge (1): Pursuing greater profitability through the improvement of our total life support services

- Strengthen the profit-making capabilities in our three core businesses
- Development of new products and services
- Ensure the maximum use of the potential of our network

Challenge (2): Improving productivity via the enhancement of our management power for the sustainable growth and development of the Group

- Appropriate management of our manpower
- More efficient operations through the deployment of cutting-edge IT technologies
- Review our operational procedures (such as administrative office work flows) and implementation of business process reengineering (BPR)

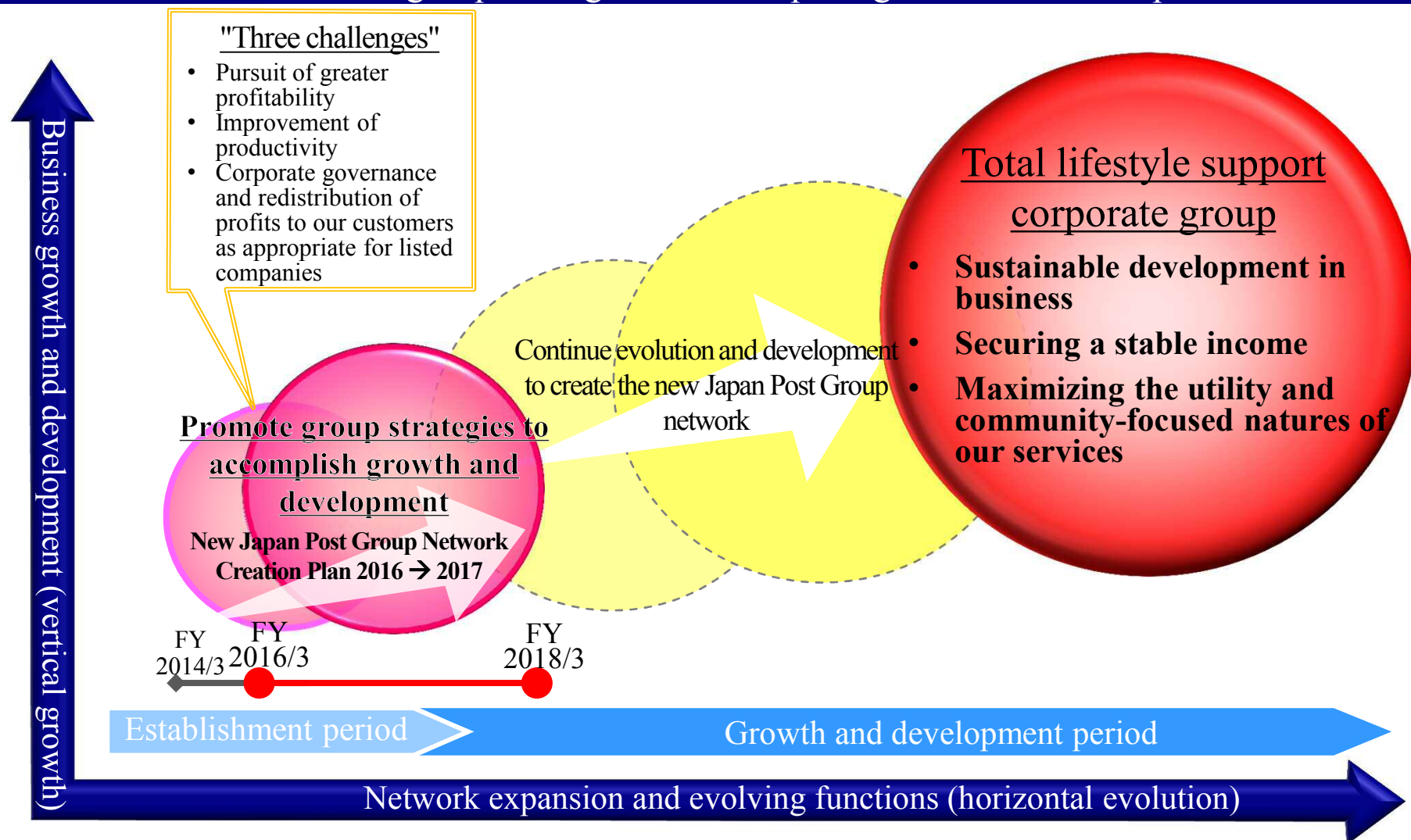
Challenge (3): Corporate governance and the redistribution of profits to our customers appropriate for listed companies to foster partnerships with our stakeholders

- Corporate governance as adequate listed companies
- Redistribution of profits to our customers as listed companies
- Redistribution of profits to our customers as an integrated lifestyle-support corporate group

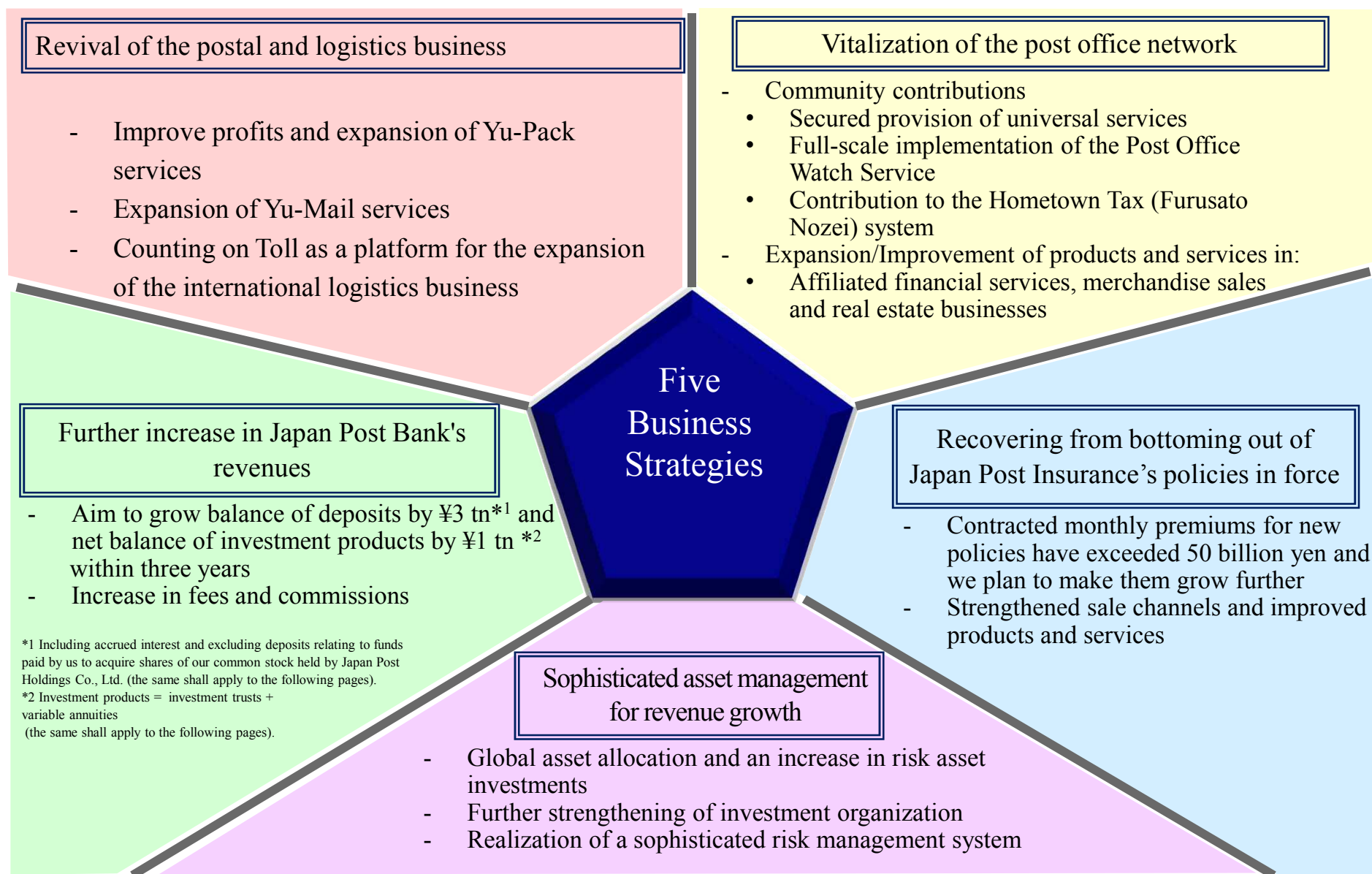
2. Group Strategies for Further Growth and Development

2-(1) Concepts for the creation of the new Japan Post Group network

Overcome the new "Three challenges"
and establish group strategies to accomplish growth and development



2-(2) Strategies for business growth and development

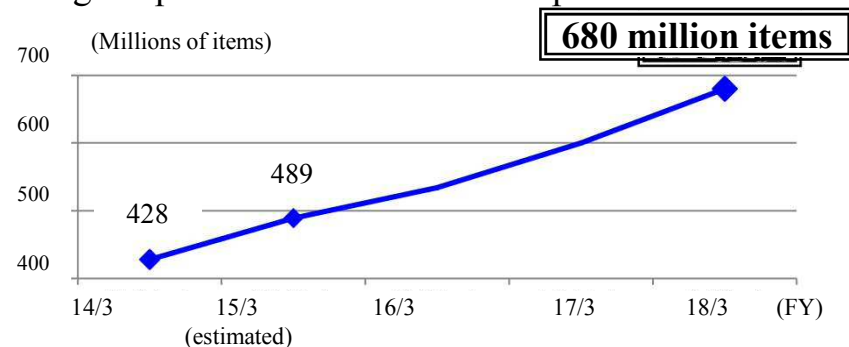


2-(2) Strategies for the growth and development of our business (i): Revival of the postal and logistics business

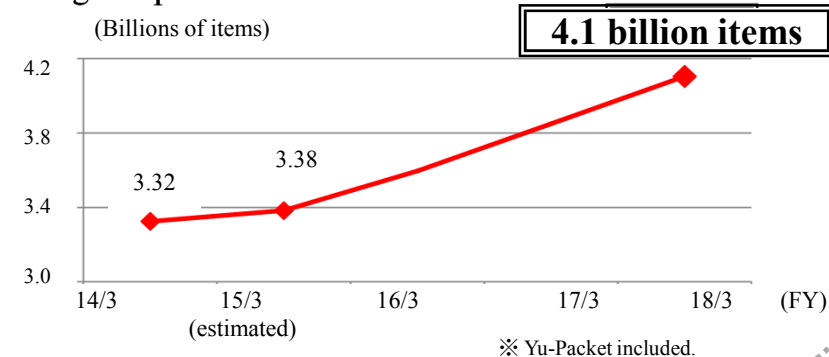
Securing revenues through the expansion of Yu-Pack and Yu-Mail services, development of international business operations and the maintenance of revenue from postal service businesses

- Improving profits and expansion of Yu-Pack services
 - Increase in parcel volume, from approx. 490 million in FY2015/3 (estimated) to approx. 680 million in FY2018/3.
- Expansion of Yu-Mail and Yu-Packet services
 - Increase in parcel volume, from approx. 3,380 million in FY2015/3 (estimated) to approx. 4,100 million in FY2018/3

Change in parcel volume of Yu-Pack parcels handled



Change in parcel volume of Yu-Mail*

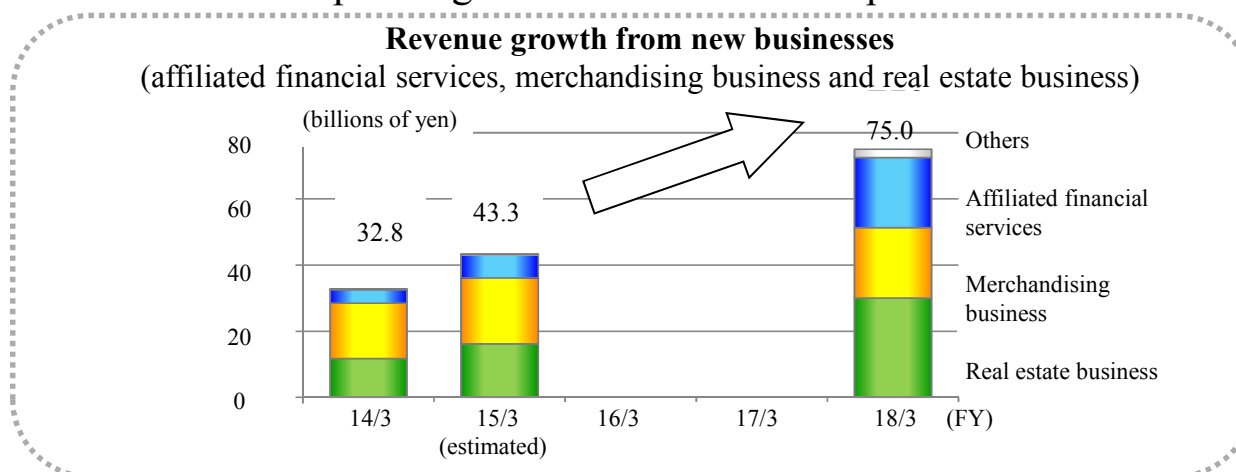


- Development of international operations business
 - Counting on Toll as a platform for the expansion of the international logistics business
 - Improvement in services such as EMS and international parcel deliveries, and the development of the international logistics business
 - Support for the expansion of overseas sales channels (e.g., contracted import/export services and business conventions)
- Development of new demands for postal services and the commencement of a new digital messaging service
 - Appeals for solutions and proposals on the usefulness of direct mail services, and the development and expansion of demands for postal services through the promotion of sending letters
 - Commencement of a new digital messaging service and the expansion and improvement of its functions

2-(2) Strategies for business growth and development (ii): Vitalization of the post office network

Integrating operations between Japan Post Bank, Japan Post Insurance and the post offices to develop total lifestyle support services to increase revenue

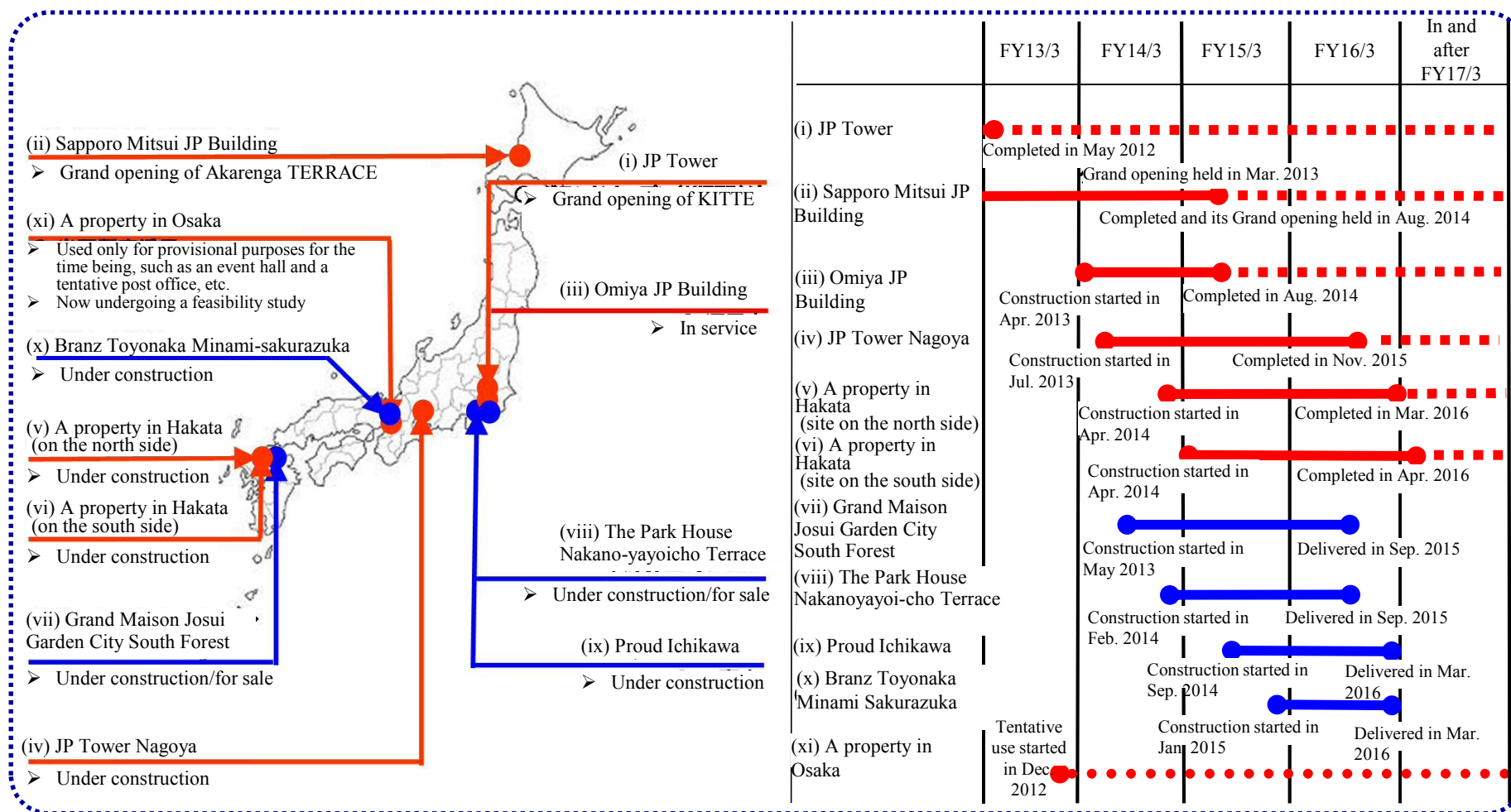
- Community contributions
 - Maintenance and vitalization of the post office network and the secured provision of universal services in the postal, banking and insurance fields
 - Provision and expansion of services that support a safe and secure life in local communities, such as the Post Office Watch Service
 - Support for the Hometown Tax system by distributing leaflets with its payment handling slips attached
- Improvement of products and services for revenue growth
 - Revenue growth from diversified affiliated financial services (4,1 billion yen in FY2014/3 → approx. 20 billion yen in FY2018/3)
 - Expansion of the merchandising business, from 16.7 billion yen in FY2014/3 to approx. 20 billion yen in FY2018/3 (consolidated sales: 150 billion yen)
 - Expansion of the real estate business, from 11.7 billion yen in FY2014/3 to a future operating income that should be around 25 billion yen)
 - Advertisements about our provision of products and services for working women
 - More flexible service hours corresponding to the locations of the post offices



2-(2) Strategies for business growth and development (ii): Development of the real estate business (for reference)

Commercialization of projects utilizing post office sites and other properties

- Development of office building, commercial facilities, etc.
- Development of real estate properties, such as condominiums sold in lots and rental houses and apartments



2-(2) Strategies for business growth and development (iii): Further growth of Japan Post Bank's revenue

Increase AUM and fee revenue

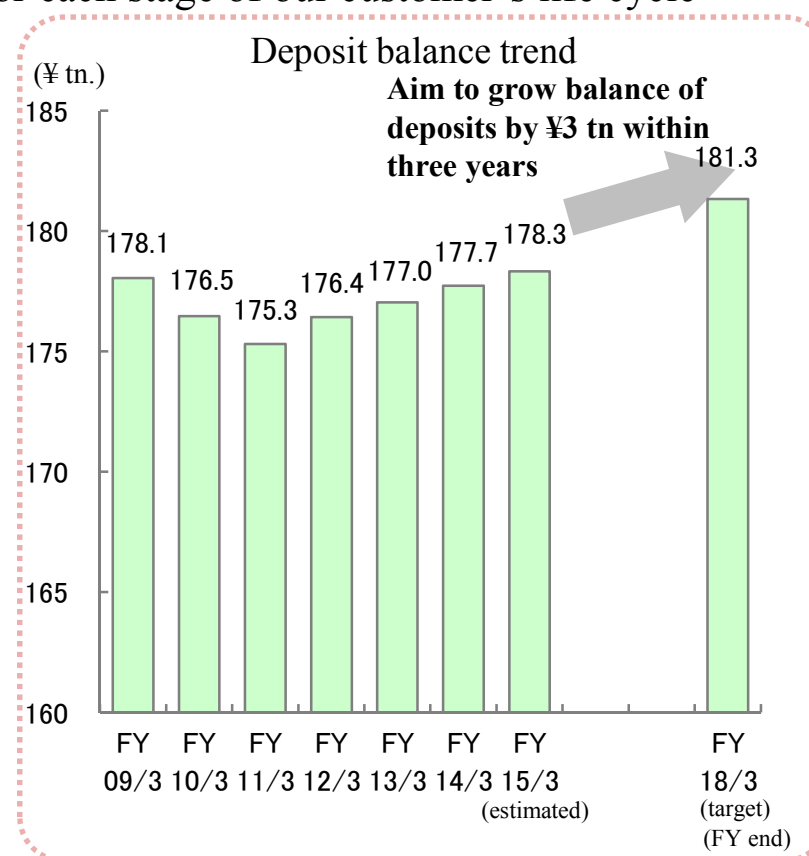
➤ Increase in AUM*

- Increase assets under management and secure stable client/profit base for the long-term
- Promote the use of our anchor products that are suitable for each stage of our customer's life cycle

* AUM = Assets under management(the same shall apply to the following pages)

➤ Increase in fees and commissions

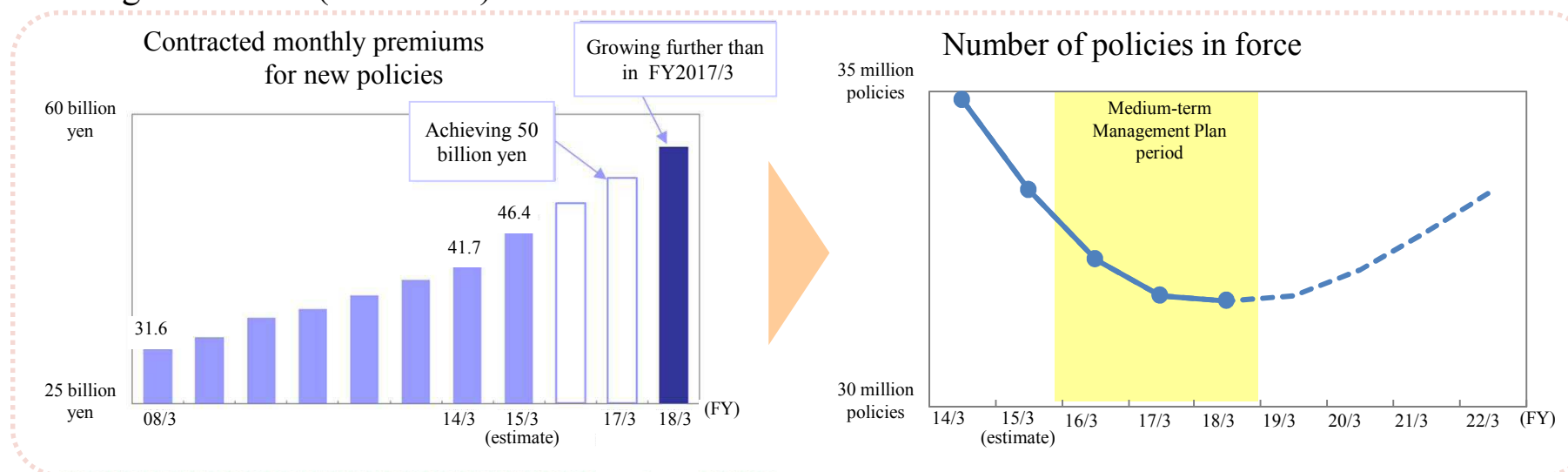
- Expand in expected growth areas such as investment products, ATM alliances, credit cards, etc.
-
- #### ➤ The largest network among Japanese banks
- Flexible installation of small-sized ATMs at conveniently accessible locations
 - Business partnerships with regional financial institutions
-
- #### ➤ Secure stable client base through direct channels
- Improve our Internet service and call centers



2-(2) Strategies for business growth and development (iv): Reversal of Japan Post Insurance's policies in force

Reversing the decreasing trend by acquiring new policies

- Accelerate expansion of new policy sales by strengthening quality and quantity of sales force
- Aim to reverse the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (FY2018/3)



- **Enhancing Sales Force of Distribution Channel**
 - Through closely cooperating with Japan Post Co, Japan Post Insurance should boost its sales capabilities via post offices, to strengthen the sales of the endowment and whole life insurance policies that are designated as its universal service products, as well as to beef up its wholesale operations at directly managed sales offices.
- **Develop products that satisfy our customers' needs and improve services for older-adult people**
 - Develop endowment insurance with short-term premium payments, the age limit for endowment and whole life insurance policies, and expand/improve services for older adults

2-(2) Strategies for business growth and development (v): Sophisticated asset management for revenue growth

Securing high-level risk management and asset management systems to pursue further investment income

- Japan Post Bank

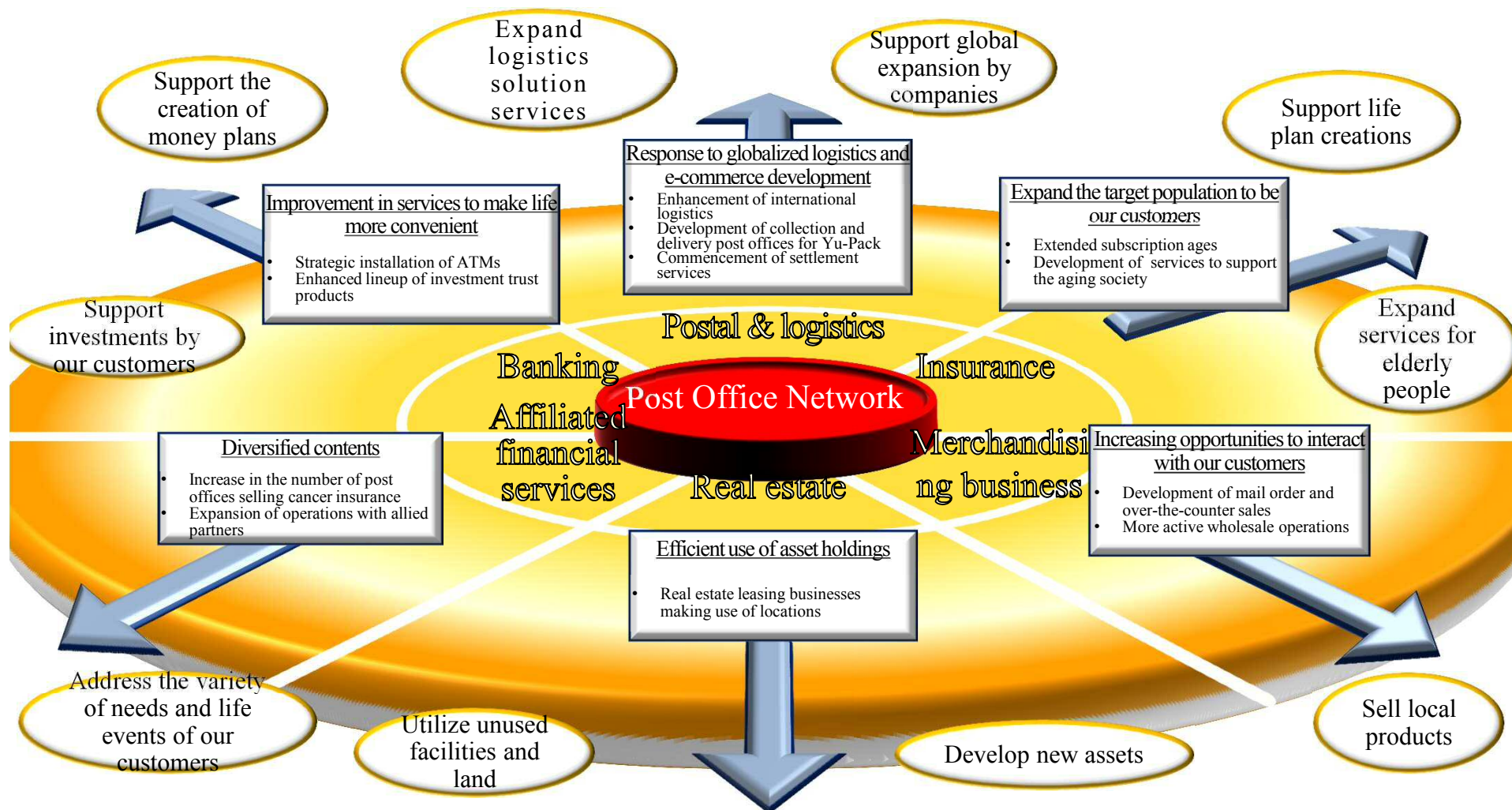
- Enhance and promote global asset allocation under prudent risk management to increase the satellite portfolio balance to ¥60tn at the end of FY2018/3
 - Start active investment management for funds managed by asset management companies
 - Encourage targeted deals
- Further strengthening of investment organization

- Japan Post Insurance

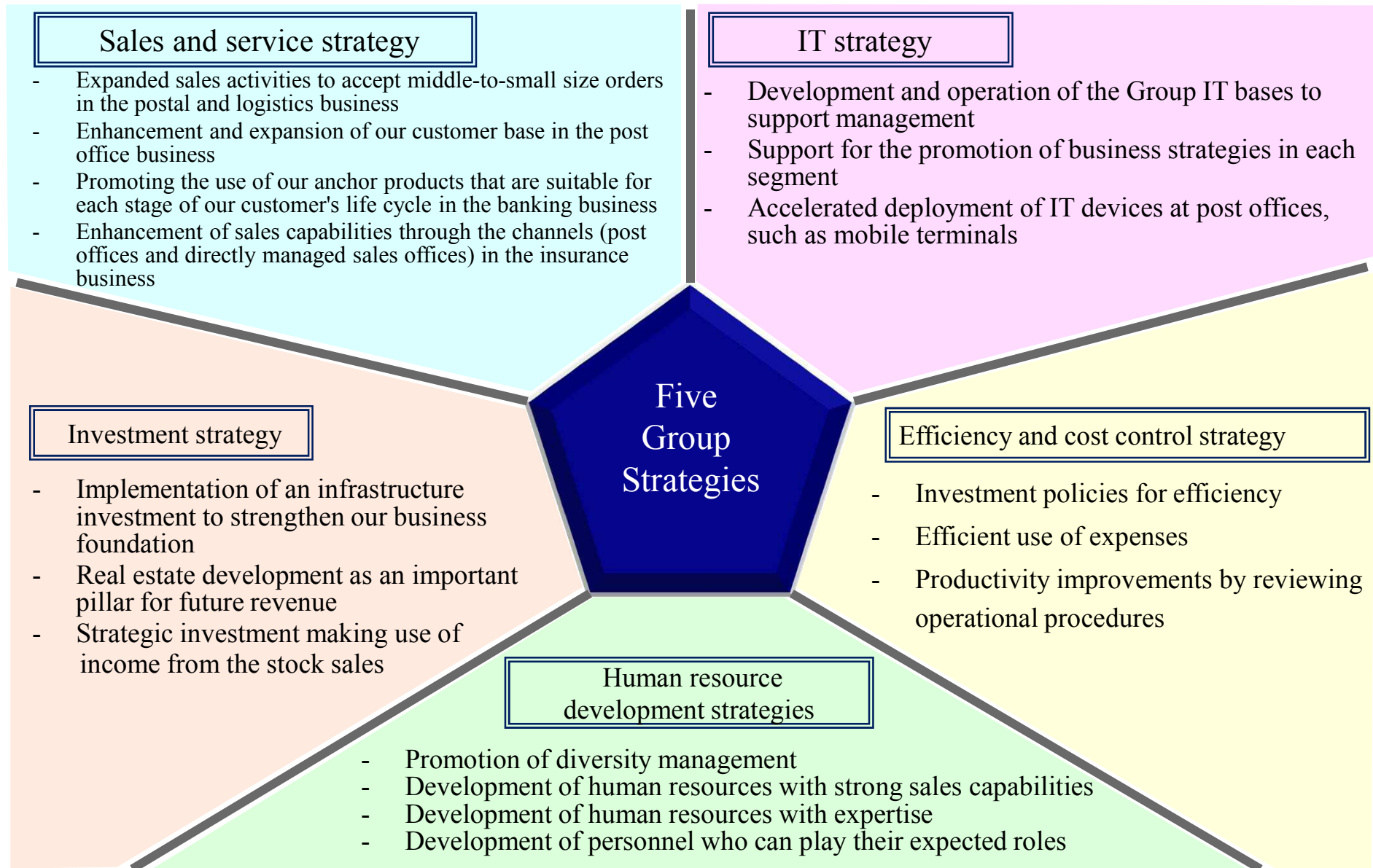
- Accelerate diversification of investment assets
 - Promote matching between assets and liabilities and assume risks in asset management (as far as acceptable) to improve profitability
- Strengthen risk management
 - Strive for stable and sustainable income and enhance our corporate value, while trying to maintain soundness of our finance and improve our capital efficiency (profitability) using Enterprise Risk Management (ERM)

2-(2) Strategies for business growth and development: Future image of the post office network

Enhancing the post office network through further business growth and development



2-(3) Group strategies that support network expansion and the evolution of functions



2-(3) Group strategies that support network expansion and the evolution of functions (i): Sales and service strategies

Fully utilizing opportunities to make contact with our customers through the post office network

➤ Postal and logistics business

- Expanded sales activities to accept middle-to-small size orders, improvement of sales skills, and strengthened pick-up capacities
- Sales promotion of logistics solutions

➤ Post office business

- Expansion of business activities through activities related to post offices and new business methods
- Establishment of sales system with 20,000 field sales personnel
- Enhancement and expansion of our customer base
 - Deep penetration into the senior group and increased accessibility to our services in the young generation, strengthening of business power to sell financial products with enhanced specialties, and the promotion of cross-selling through the construction of an integrated database

➤ Banking business

- Promoting the use of our anchor products that are suitable for each stage of the life cycles of our customers, and sales efforts that correspond to each customer's transactions with us

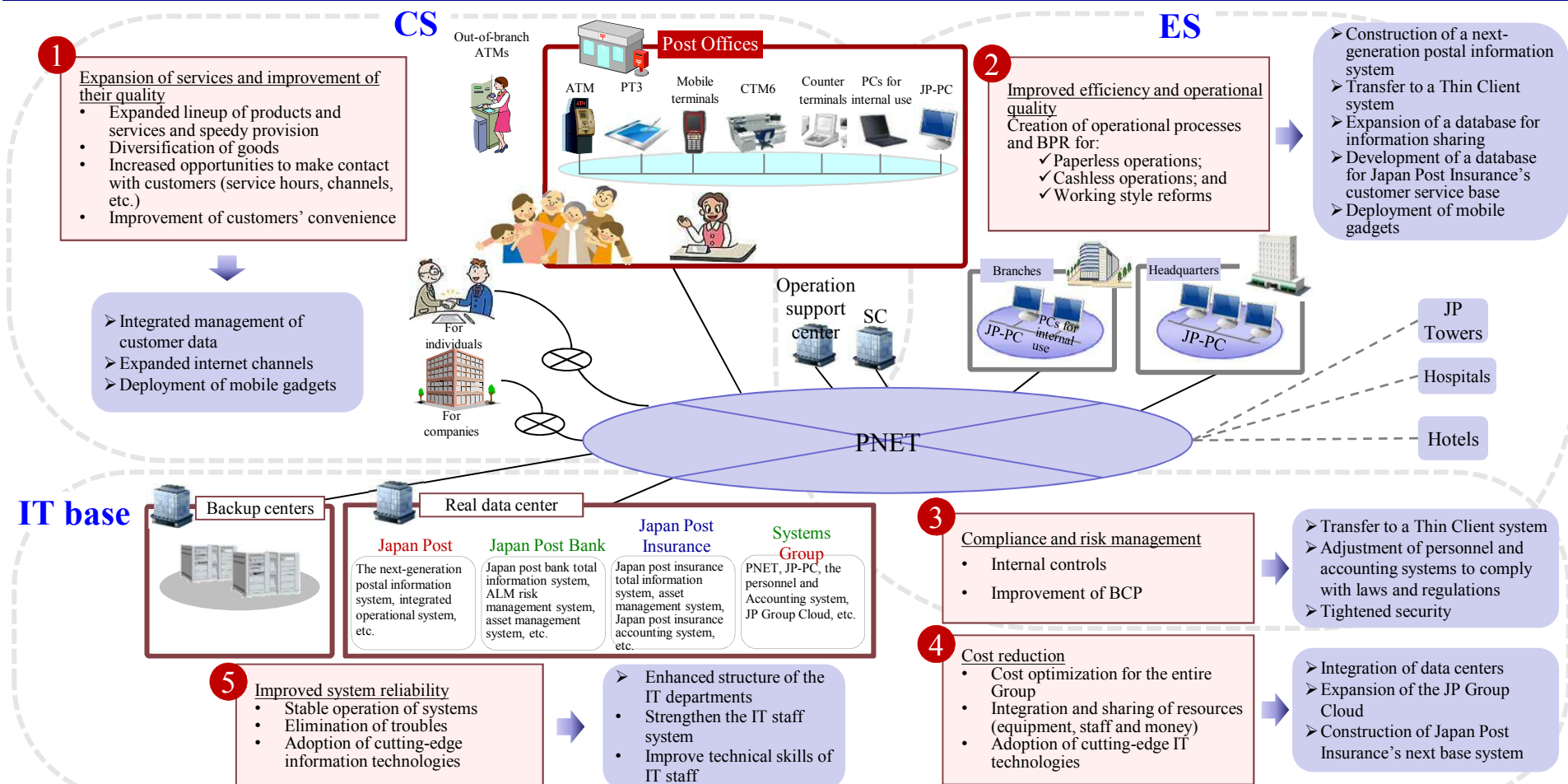
➤ Life insurance business

- Increasing contact with our customers to expand opportunities to propose our products
 - Efforts to sell substitute products before the maturity of policies in force, visiting the homes of existing subscribers, development of new customers by introducing revised educational endowment insurance and developing the market for workplace insurance

2-(3) Group strategies that support network expansion and the evolution of functions (ii): IT strategies

Encouraging the development and operation of the Group IT base to support management
Supporting the promotion of business strategies in each business segment, regarding:

- (i) Expansion of services and the improvement of their quality;
- (ii) Improved efficiency and operational quality;
- (iii) Compliance and risk management;
- (iv) Cost reduction; and
- (v) Improvement of system reliability



2-(3) Group strategies that support network expansion and the evolution of functions

(3): Investment strategies

Basic investment policy in FY2016/3-2018/3

- Accelerating the infrastructure development that would help in strengthening our business foundation, such as improvements in customer satisfaction, sales capabilities and business efficiency
- Promotion of real estate development projects (in Nagoya and Hakata)
- Implementing strategic investments that would help the Group to grow, using income from the stocks of the two financial companies

➤ Japan Post Group's investment amounts planned in FY2016/3-2018/3

FY2015/3 investment (estimated)	Investment in facilities and equipment	System investment	Investment in real estate development	Strategic investment contributing to growth ※	Total amount in FY2016/3-2018/3
390 billion yen	670 billion yen	420 billion yen	70 billion yen	800 billion yen	1.9 trillion yen

[For reference: Group's investment amounts planned in FY2015/3-2017/3]

※Including the investment relating to the acquisition of Toll (620 billion yen)

Investment in facilities and equipment	System investment	Investment in real estate development	Investment contributing to network sophistication	Total
550 billion yen	490 billion yen	100 billion yen	160 billion yen	1.3 trillion yen

➤ Investments in FY2015/3

- Investments to enhance the business foundation, which could help improve services for customers, employee satisfaction and business efficiency, such as investments to repair post office buildings and other facilities, and the renovation of base systems to control daily operations, were smoothly executed.
- Construction of large-scale projects such as the Sapporo Mitsui JP Building and Omiya JP Building were completed in August and their operations have started.
- Network sophistication has been accelerated through the establishment of new logistics bases and the opening of post offices with specific concepts.

2-(3) Group strategies that support network expansion and the evolution of functions (3): Investment strategies (major investment plans)

➤ Major investments in facilities and equipment

Title	Total investment	Possible effect
Improvement of the service provision environment	480 billion yen	<ul style="list-style-type: none"> Improved customer satisfaction Improved working environment for employees
Installation of additional automatic teller machines, etc.	42 billion yen	Improvement of the operational quality and productivity of businesses
Renovation of facilities and equipment, including the operation support centers of Japan Post Bank	22 billion yen	Elimination of aged and space-restricted facilities
Repair work for the branches and service centers of Japan Post Insurance	46 billion yen	Improvement of the office environment in aged, small and dispersed facilities

➤ Major system investment

Title	Total investment	Possible effect
Renewal of internet banking system of Japan Post Bank	1.2 billion yen (Total project investment: 3.5 billion yen)	Improvement of customer satisfaction
Renewal of Japan Post Insurance's next basic system	60 billion yen	Improved productivity through software development
Deployment of a system to complete operations, starting from the underwriting of insurance policies and ending with the payment of benefits in a simple, quick and accurate manner	50 billion yen	Reinforcement of the insurance policy management system (for the provision of high quality services)

➤ Major investments for real estate developments and strategic investments contributing to growth

Title	Total investment	Possible effect
Development of the real estate business	70 billion yen	Securing of revenue through building leases and condominium apartments sold in lots
Establishment of logistics solution centers	20 billion yen	Securing of revenue through the promotion of the logistics solution business

2-(3) Group strategies that support network expansion and the evolution of functions (iv): Strategies for efficiency and cost controls

Controlling costs based on how much costs are reduced through new investments and according to workloads

➤ Major investment plans contributing to cost reductions

Title	Total investment	Possible effect
Reorganization of the postal and logistics network	130 billion yen	<ul style="list-style-type: none">• Cost cuts through productivity growth in the whole postal and logistics network• Responses to expansions of the logistics business
Development of a next-generation postal information system	60 billion yen	Cost cuts through an improvement of business efficiency and a reduction of running costs
Deployment of terminals for sales offices (CTM6)	9 billion yen	<ul style="list-style-type: none">• Improvement of the quality and productivity of businesses• Reduction of system costs

➤ Cost controls under appropriate manpower management (Japan Post)

Making efforts towards productivity growth and controlling costs, while expecting a certain increase in workloads and workers

Main factors that will increase manpower

- Increase in handling items through Yu-Pack and other services
- Construction of a sales framework with 20,000 field sales personnel

Initiatives for productivity improvement

- Reduction of administrative jobs through the systemization and introduction of new terminals
- Review of operational procedures (office work flows), etc.

2-(3) Group strategies that support network expansion and the evolution of functions (v): Human resource development strategies

Seeking growth of the Group by focusing on support for women to work actively, and human resource development

➤ Promotion of diversity management

- Targets and a deadlines are specified regarding the appointment of female managers.

	Japan Post	Japan Post Bank	Japan Post Insurance	Japan Post Holdings
Target for appointments	Around 7%	Around 10%	Around 10%	Around 9.5%
Deadline	April 1, 2016			

*These targets are set up as a promise of our utmost efforts.

- Implementation of various training sessions and seminars for female employees, to stimulate their motivation and to prepare for their appointment as officers and managers
- Creation of a women-friendly working environment through efforts to acquire the "KURUMIN Mark" which certifies that a company supports its employees' child-raising activities

➤ Development of human resources with strong sales capabilities

- Enhancement of sales education for younger staff members and the improvement of mid-career staff's leadership in sales activities
- Implementation of joint training sessions, etc., for sales staff by Japan Post and the two financial companies

➤ Development of human resources with expertise

- Development of expert staff with special knowledge and skills, as well as global human resources
- Development of human resources with high-level IT skills

➤ Development of employees who can play their expected roles

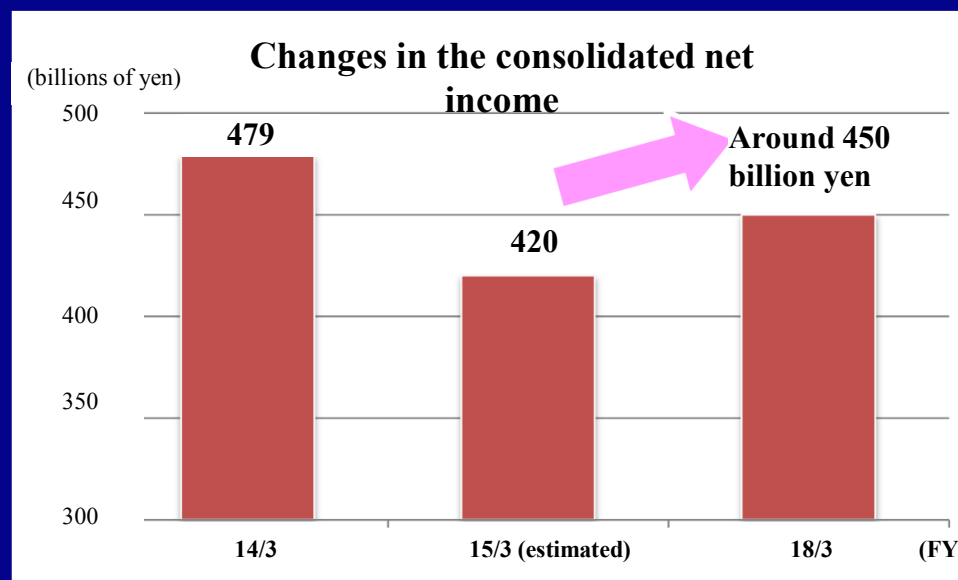
- Introduction of well-planned human resource development systems corresponding to the employees' career paths and enhanced support for self-development
- Implementation of training sessions to select candidates for management

3. Consolidated Business Targets and our Dividend Policy

3-(1) Consolidated business targets (FY2018/3)

✓ **Consolidated net income** ※
Around 450 billion yen

* Net income after the adoption of Accounting Standards for Business Combinations (ASBJ, amended in 2013), which includes minority interests (profits or losses belonging to non-controlling shareholders). In addition, domestic interest rates are assumed to be implied forward rates (IFRs), as of the end of December, 2014.



Japan Post ※

- Consolidated operating income: 3,100 billion yen
Income from the postal and logistics business: 2 trillion yen
Income from the post office business : 1.1 trillion yen
- Consolidated ordinary income: Around 35 billion yen
- Consolidated net income: Around 30 billion yen
- EBITDA: Around 190 billion yen

Japan Post Bank

- Assets under management (April 1, 2015 to March 31, 2018)
Deposits : + 3 trillion yen
Investment products: + 1 trillion yen
- Net ordinary income: Around 480 billion yen
- Net income: Around 330 billion yen
- The reduction of non-personnel expenses: 50 billion yen or more (compared to FY2015/3)

Japan Post Insurance

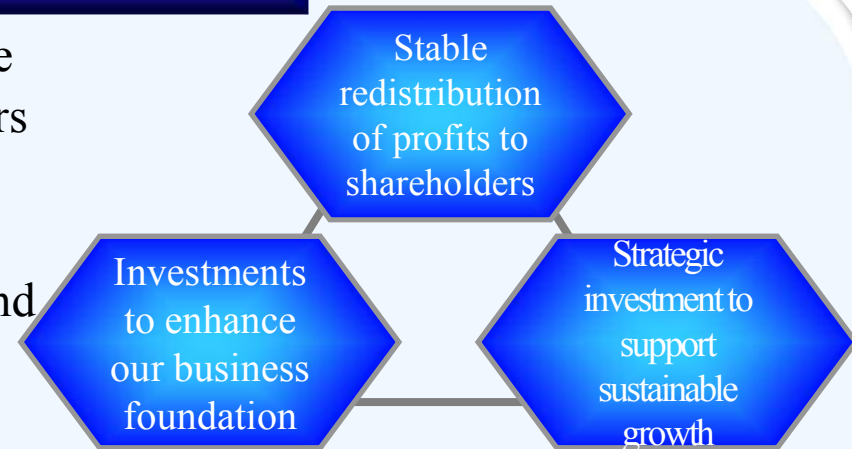
- Monthly premiums for new policies: Aim to achieve 50 billion yen in FY2017/3 and continue to grow
- Net income: Around 80 billion yen

*Figures relating to Toll are excluded.

3-(2) Dividend policy immediately after the stock listing

Ideas on the redistribution of profits to shareholders (on a consolidated basis)

- We will seek for the continuous and stable redistribution of profits to our shareholders in accordance with our performance.
- We will secure the retained earnings necessary to grow steadily in the future and to address changes in the business environment.



✓ Targeted payout ratio target: 50% or more

Japan Post Bank

Dividend payout ratio :
approx. 50% or more

Japan Post Insurance

Targeted payout ratio target:
Around 30-50%

Chapter II

The Action Plans by Business Segment

4. Japan Post Co., Ltd. (Postal and Logistics Business and Post Office Business)

**Action plans to grow to become one of the leading logistics companies in Japan,
aiming at:**

Business development as an total lifestyle support corporate group

4-(1) Market environment and other factors

(i) Decreasing domestic population with advancing aging and depopulation

- Concentrated holdings of personal financial assets by elderly people
- Overconcentration of populations in cities
- Weaker connections between regions and between family members within each household

(ii) Spread of the Internet

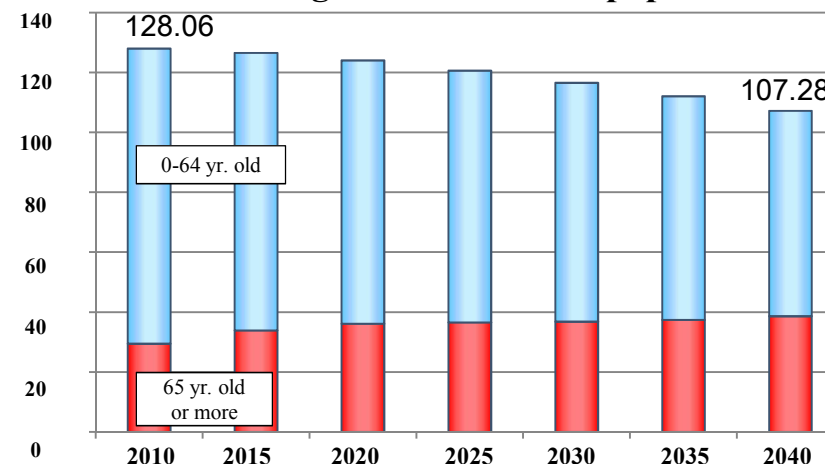
- Advancing WEB billing
- Expansion of the mail order and parcel delivery markets associated with the spread of e-commerce
- Development of various services on the Internet

(iii) Expansion of international transportation and the globalization of logistics

(iv) Competition with convenience stores that can provide a variety of services including ATM services

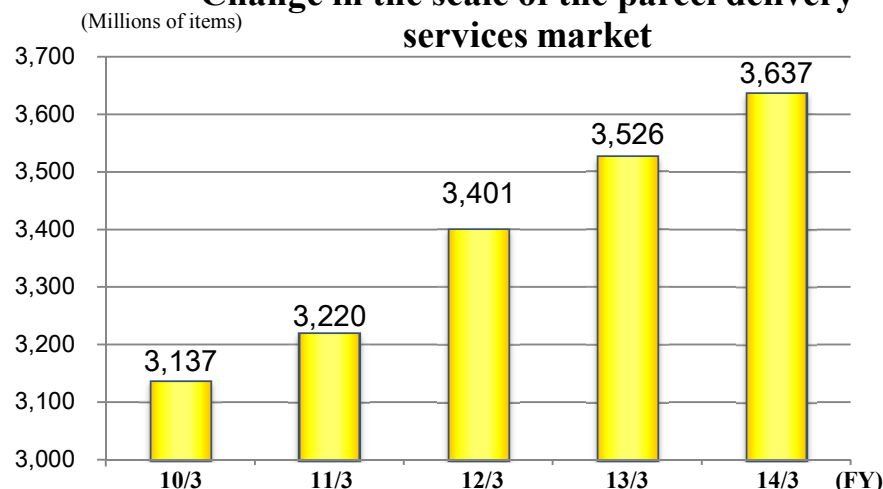
(millions of people)

Change in the domestic population



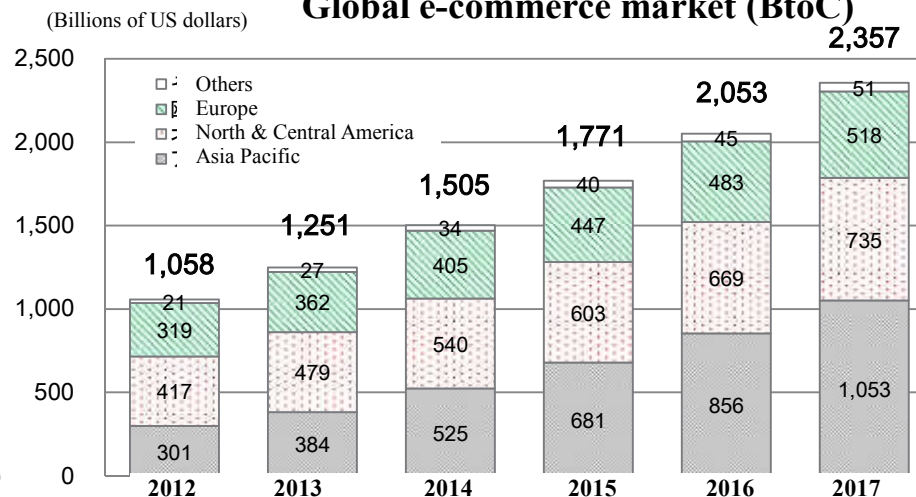
(Source) National Institute of Population and Social Security Research
(estimated in January, 2012)

Change in the scale of the parcel delivery services market



(Source) The Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Global e-commerce market (BtoC)



(Source) eMarketer (estimated in February, 2014)
"Global B2C Ecommerce Sales to Hit \$1.5 Trillion This Year Driven by Growth in Emerging Markets"

4-(2) Business objectives (FY2018/3): Japan Post

- Create a business base for the future and develop initiatives, including investments, to improve the service provision environment to embed profitability into the postal and logistics business and to secure stable profits through the expansion of post office business
- In addition, the international logistics business should be expanded, counting on Toll as our platform.

<FY2018/3 business targets*>

Consolidated operating income	3.1 trillion yen Income from postal and logistics business: 2 trillion yen Income from post office business : 1.1 trillion yen
Consolidated net ordinary income	Around 35 billion yen
Consolidated net income	Around 30 billion yen
EBITDA	Around 190 billion yen

*Figures related to Toll are not included.

4-(3) Management policy for further growth and development

[Growth strategy to become the company that we should be]

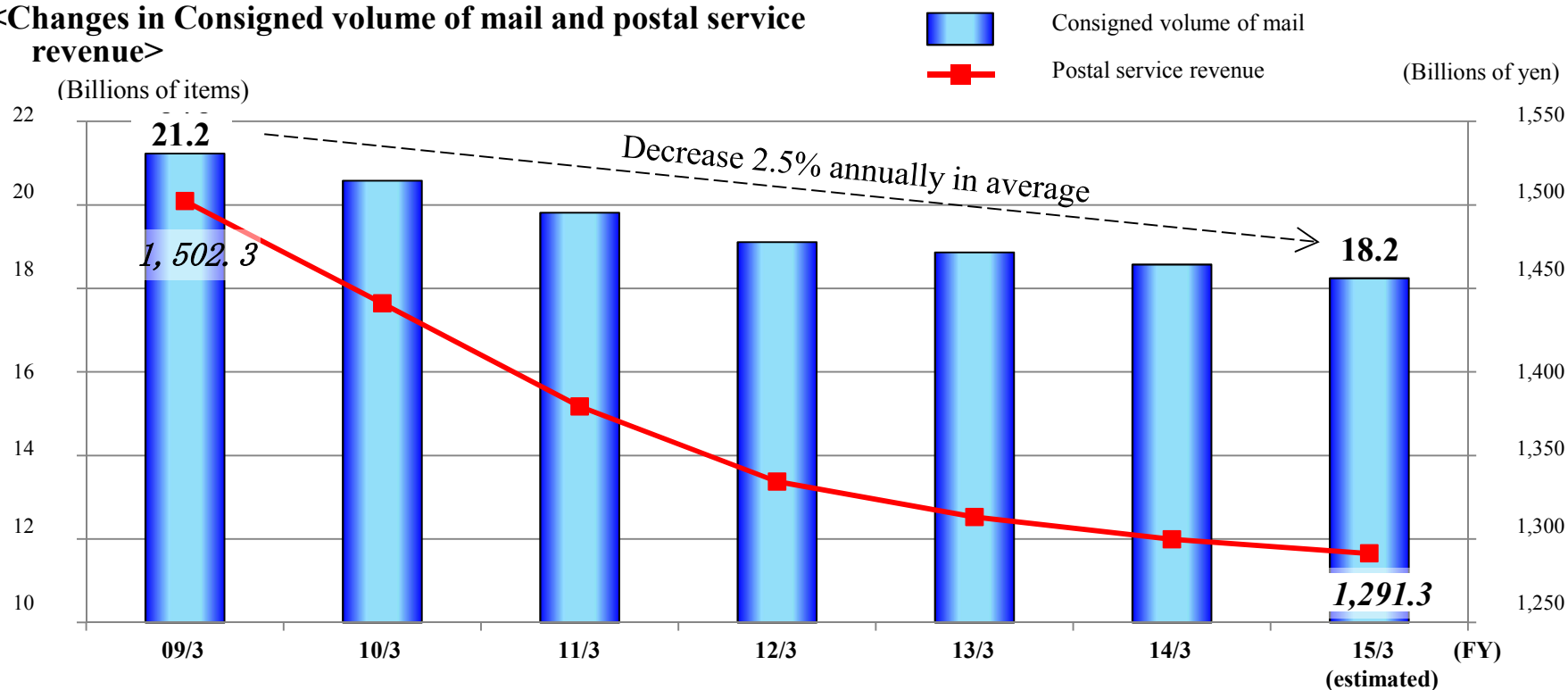
	Postal and logistics business: grow to be one of the leading logistics companies in Japan	Post office business : business development as an integrated lifestyle-support company
Pursuit of further profitability	<ul style="list-style-type: none"> ➤ Seek to make profits in FY2017/3 and 1 billion parcel deliveries in FY2022/3 through Yu-Pack operations ➤ Maintain current earnings in the postal business and create new sources of earnings through the provision of new digital message services, new investments and new alliances ➤ Increase shares in international businesses to become a full-service logistics business operator in Asia 	<ul style="list-style-type: none"> ➤ Improvement of the earning capacities in the post office network through the provision of high-value-added services ➤ Sales of related products and services utilizing our existing customer base
Appropriate manpower management and the promotion of BPR	<ul style="list-style-type: none"> ➤ Formulate and execute personnel policies while considering increasing personnel expenses. ➤ Improve productivity through the reorganization of the postal and logistics network and the introduction of a next-generation postal information system 	<ul style="list-style-type: none"> ➤ System investments to make operations more efficient and to manage the entire manpower appropriately ➤ Improve operational quality and productivity through efforts such as the deployment of recycle cash service machine and maintenances and other equipment
Maximizing the utility and the community-focused natures of our services	<ul style="list-style-type: none"> ➤ Maintenance and vitalization of the post office network ➤ Steady provision of post office business and the community-based management of post offices ➤ Continuous provision of universal services in the future 	

4-(4) Initiatives for revenue growth (i): Domestic postal services

(i) Postal Service Business

- **Reclamation of new demands for postal services by stimulating demand for DMs and by promoting communication with letters**
 - Expansion of the demand for DMs by promoting their appeal and usefulness and proposing solutions using DMs
 - Promotion of culture of letter writing which could nurture future mail services
- **Creation of new sources of earnings by initiating new digital messaging services and improving the functions of such services**

<Changes in Consigned volume of mail and postal service revenue>



4-(4) Initiatives for revenue growth (ii): Domestic logistics business

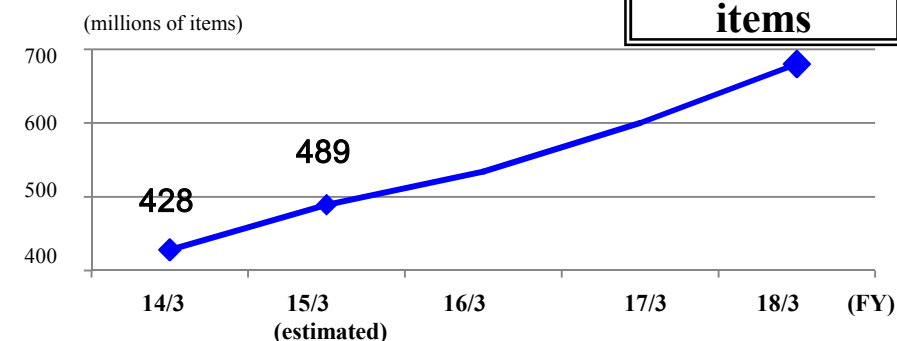
(ii) Domestic logistics business

We seek to expand our Yu-Pack and Yu-Mail services (including Yu-Packet), through aggressive sales activities mainly concentrating on the rapidly-growing mail order and e-commerce markets, and to improve our operational bases and accessibility.

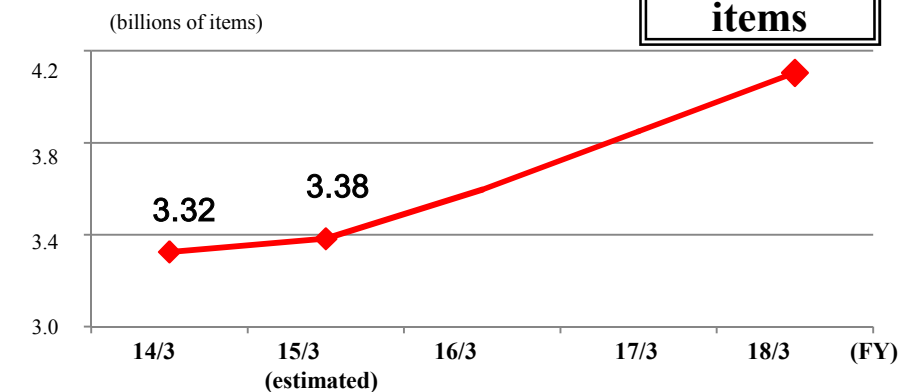
Outline	Target
Expansion of Yu-Pack services	<u>Approx. 680 million items</u>
Expansion of Yu-Mail services	<u>Approx. 4.1 billion items</u>

- Expansion of sales activities to include middle-to-small size orders, improvement of sales skills, strengthened pick-up capacities, etc.
- Improved convenience by increasing the postal and delivery items that can be received at convenience stores and post offices, and by deploying delivery locker service
- Sales promotion of our logistics solutions
- Improved efficiency in transportation and pickup and delivery, and the enhancement of collection and delivery post offices and processing and distribution centers
- Acquisition of market shares from other parcel delivery companies through the introduction of the Yu-Packet for small and thin items
- Deployment of large-sized receiving boxes
- Improved profitability by reviewing the terms and conditions of transactions

Yu-Pack



Yu-Mail



4-(4) Initiatives for revenue growth (iii): International operations business

(iii) International operations business

- Improvement of services such as EMS and international parcel deliveries and support for the expansion of overseas sales channels (e.g., contracted import/export services and business conventions)
- We seek to become one of the leading providers in the global logistics industry, making use of Toll's numerous achievements in M&A and its global management abilities, and completing more M&As in Asia, Europe and the American regions.

Japan Post + Toll = One of the top 5 global logistics companies*

Universal services in Japan

- Provision of universal postal, banking and insurance services utilizing the post office network

International logistics business

- A platform to expand our overseas operation, which will drive growth in the future

Our original growth model to
satisfy the various needs of
our customers



*Researched internally.

Japan Post has extracted samples from companies primarily engaging in mail carrier businesses, forwarding businesses and third-party logistics (3PL) businesses (deducing non-logistics business segments (such as finance) from the actual sales figures available as of the end of January 2015 (for the most recent 12 months)).

In addition, Japan Post's actual sales values as of the end of September 2014, and Toll's actual sales values as of the end of June 2014, were used for this calculation, applying the exchange rate on the last day of the acquisition period.

4-(4) Initiatives for revenue growth (iv): Post office business

➤ (iv) Post office business

- We seek to increase our revenue in each segment by taking measures such as the expansion and enhancement of our lineup of items and our sales channels in the merchandising business, the stable advancement of real estate projects and an increase in the number of post offices handling affiliated financial products.

Outline	Target
Increase the number of post offices handling affiliated financial products and revenue growth	<u>Increase the number of post offices handling cancer insurance, and increase revenue to 20 billion yen</u>
Steady advancement of real estate developments	<u>Stable operating income of 25 billion yen</u>
Expansion of our lineup and our sales activities in the merchandising business	<u>Consolidated sales of 150 billion yen (non-consolidated revenue: 20 billion yen)</u>

- (i) Enhancement of our service provision system
- Fusion of the real post office network and virtual networks
 - Expansion of our business activities through sales activities at post offices and new business methods
 - Establishment of a sales system with 20,000 field sales personnel

- (ii) Enhanced lineup of our products and services
- Advertisement of our provision of products and services for working women
 - Introduction of new services such as the Post Office Watch Service and expansion and improvement of our product lineup
 - More flexible service hours considering the locations of the post offices

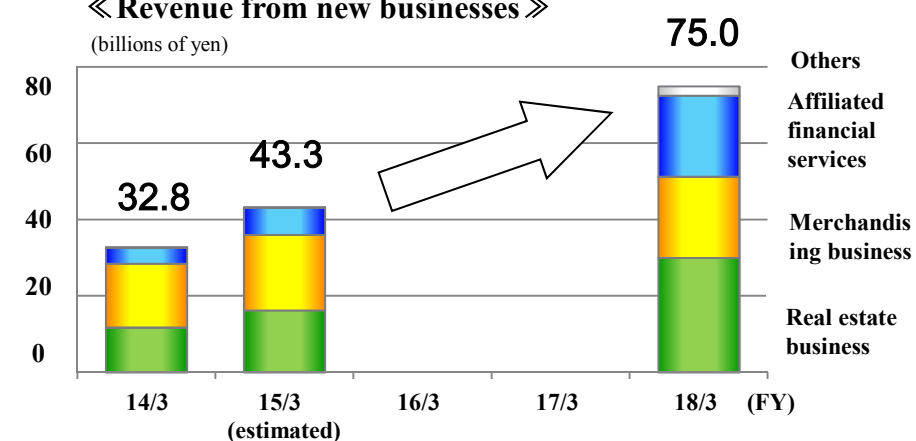
- (iii) Enhancement and expansion of our customer base
- Penetration into the senior markets and increased use by the young generation
 - Enhancement of our finance sales power by a focus on specialty areas
 - Promotion of cross-selling through the construction of an integrated database

- (iv) Strengthened management and human resource development
- Systematized and sophisticated training
 - Improved management focused on functions

- Ensuring good business performance and operational quality through our integrated management with Japan Post Bank and Japan Post Insurance
- Revenue growth through new businesses ※
- (* These businesses include: the real estate business, the merchandising business and affiliated financial services)

《Revenue from new businesses》

(billions of yen)



4-(5) Initiatives to improve productivity (i): Review and improvement of operations

(i) Review and improvement of operations

We will adjust our manpower in accordance with increases or decreases in workloads and improve productivity through reviews of work procedures, as well as achieving labor saving through the mechanization of work and controlling personnel expenses and manpower.

[Postal and logistics operations]

- Reorganization of the postal and logistics network
- Reduction of costs to cope with deliveries during the recipients' absence

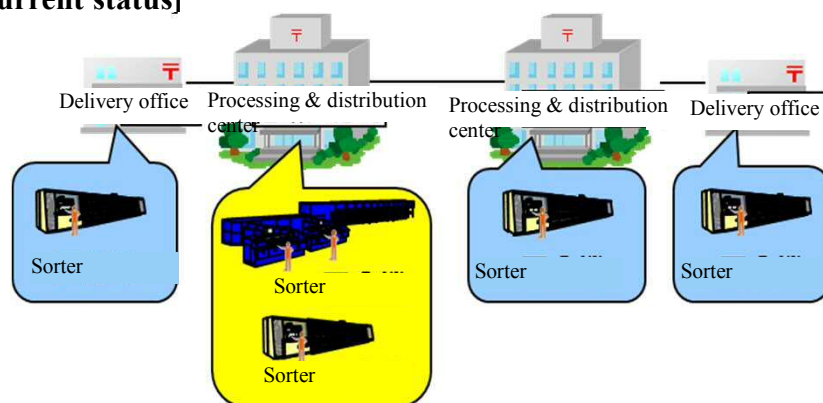
[Post office business]

- Deployment of Recycle cash service machine and maintenances and other equipment

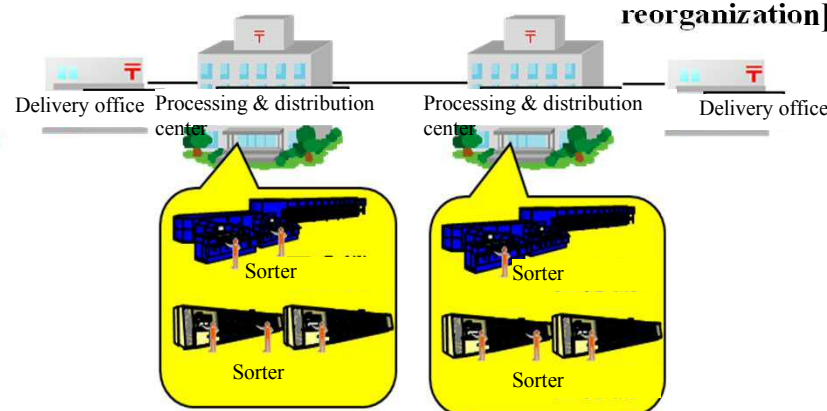
<Image of the reorganization of the postal and logistics network>

We will concentrate our sorting operations for items such as letters, Yu-Pack and Yu-Mail (that are currently handled at each post office) into several sorting bases and raise the machine processing rate to significantly improve the productivity of the whole postal and logistics network, and to contribute to the establishment of a foundation for future growth.

[Current status]



[After reorganization]



4-(5) Initiatives to improve productivity (ii): Productivity growth through securing manpower and human resource development

(ii) Productivity growth through securing manpower and human resource development

- Push forward the employment of (new graduate) general staff to secure stable manpower in response to changes in the labor market environment
- Strengthen incentives and improve productivity through the introduction and establishment of a new personnel and salary system
- Review the management system of post offices focusing on their functions
- Systematized and sophisticated training
- Implement support for women to work actively

<Projection of future manpower*>

	FY2015/3 (estimates)	FY2018/3
The number workers in the entire Group	361,714	370,000
(New graduate) general staff	4,997	20,000

*The number of regular employees and temporary employees (including short-term employees, re-employed senior employees and employees with shorter working hours (the total working hours is divided by eight hours to be converted into the number of workers of this type) and excluding dispatched employees)

4-(6) Investments that support revenue growth and productivity improvement

- Implementation of capital investments and system investments to build a foundation for our growth strategies, which includes the reorganization of the postal and logistics network, the installation of a next-generation postal information system and the establishment of post offices next to convenience stores
- Investment in real estate development and other projects to secure new revenue
- Supplement the insufficient investments in the past, such as for the repair of post office facilities, and aggressively invest in improving post office counter lobbies in order to provide a better environment for service provision

<Major investment policies and investment amounts>

Title	Investment amount (FY2016/3-2018/3)	Expected effect
Reorganization of the postal and logistics network	130 billion yen	<ul style="list-style-type: none">• Productivity growth in the entire mail and logistics network to cut costs• Support for the expanded logistics business
Next-generation postal information system	60 billion yen	<ul style="list-style-type: none">• Business efficiency improvements and reduction of running costs to cut costs
Development of the real estate business	70 billion yen	<ul style="list-style-type: none">• Secure revenue through building leases and condominium apartments sold in lots
Development of the service provision environment	480 billion yen	<ul style="list-style-type: none">• Enhanced customer satisfaction• Improved working environment for employees

4-(7) Community contributions

We will create new values by providing support for the safe and secure life of elderly people and will contribute to the sustainable development of our society, using the post office network and through our business activities.

- Maintenance and vitalization of the post office network and the provision of universal services in the postal, banking and insurance fields
<Change in the number of post offices>

	As of Oct . 1, 2007	As of Oct. 1, 2012	As of the end of Mar. 2014
The number of post offices in operation	24,116	24,233	24,224
The number of post offices in operation in underpopulated areas*2	7,355	7,679	7,698

*1 Contracted post offices are included.

*2 Underpopulated areas according to the old Act on Japan Post Network Co., Ltd. shall mean regions specified in the following acts as of October 1, 2007: the Remote Islands Development Act, the Act on Special Measures for the Amami Islands Promotion and Development, the Mountain Villages Development Act, the Act on Special Measures for the Ogasawara Islands Development, the Peninsular Areas Development Act, the Act on Special Measures for Promotion for Independence for Underpopulated Areas and the Act on Special Measures for the Promotion and Development of Okinawa. In addition, underpopulated areas in the Act on Japan Post Co., Ltd. shall also include the regions additionally specified in the above seven acts on and after October 1, 2007. Because the definitions of underpopulated areas in these two postal acts are different, the number of post offices has been fluctuating since October 1, 2012.

- Provision and development of services that could contribute to the development of local communities, such as support for the domestic expansion of sales channels and for overseas business expansions.
- Provision of services to support the safe and sound life of local communities, such as the Post Office Watch Service.
- Support for the Hometown Tax system by distributing leaflets with payment handling slips attached
- Support for next-generation development in communities, such as lessons on how to write letters
- Support for local social contribution groups through New Year's Postcard Donations Aid Program
- Collaborations with municipal governments, such as the handling of consigned public administrative work by municipal offices

4-(8) Initiatives in FY2015/3: Evaluation and issues found (i): The postal and logistics business

(i) The postal and logistics business

➤ Decrease in mail volume

- Consigned volume of mail : 18.2 billion items
(a 1.8% decrease YoY)

→ Even though there was a special demand derived from the Lower House election, mail deliveries continued to decrease in line with the spread of the Internet.

➤ Increase in parcel volume

- Volume of Yu-Pack : 489 million
(a 14.3% increase YoY)

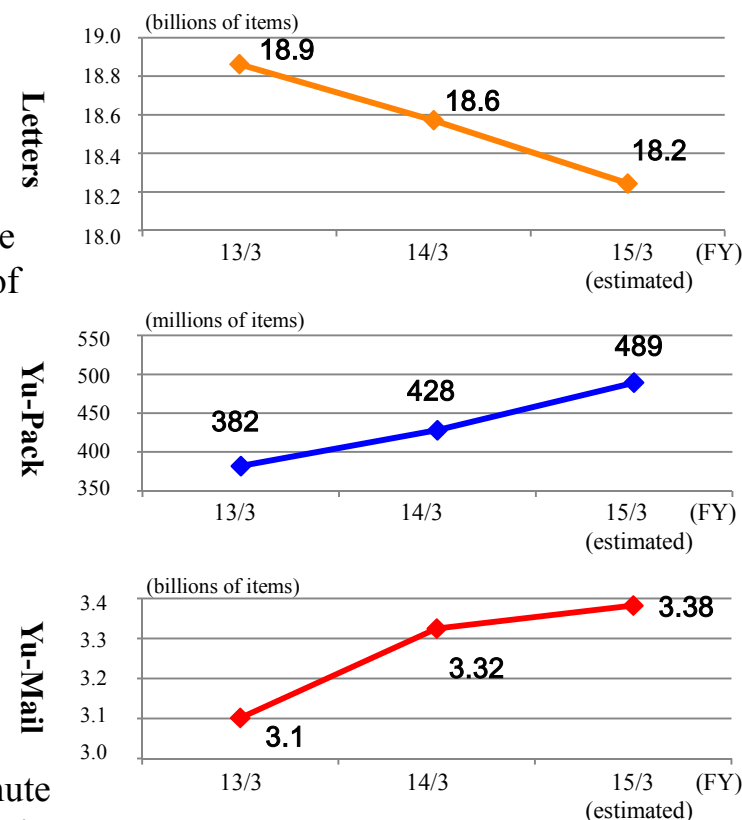
→ Increased drastically against the backdrop of the mail order expansion and strengthened sales activities

- Volume of Yu-Mail : 3.38 billion
(a 1.7% increase YoY)

→ Although we tried to strengthen our sales activities for Yu-Mail, the sales increase was marginal because of a reaction after the last-minute demand buying before the rise in the consumption tax and a cool-down in DM markets.

➤ Management of personnel expenses

- We have delayed to take actions to address changes in the business environment, such as the tightening of the labor market and increased workloads.
- We are facing challenges in productivity growth, such as securing stable manpower and the flexible rearrangement of necessary staff to correspond to workloads.



4-(8) Initiatives in FY2015: evaluation and issues found (ii): Post office business

(ii) Post office business

➤ Banking and insurance agency service

- Even though the net increase of the total savings deposits has increased slowly, the revised educational endowment insurance "Hajime no Kampo", launched in April 2014, has sold well, and we have succeeded in our expansion of the educational endowment insurance market.
- Sales in this field have generally increased due to an increase in the number of post offices selling cancer insurance policies and the launching of new products (both in October 2014).

➤ Merchandise and the real estate businesses

- Retail of non-food products by catalog (fashion and interior products) has been expanded nationwide, and efforts have been made to improve the usability of our e-commerce websites.
- Real estate developments are advancing smoothly, as is seen by the completion of the Sapporo Mitsui JP Building and the Omiya JP Building.



Sapporo Mitsui JP Building

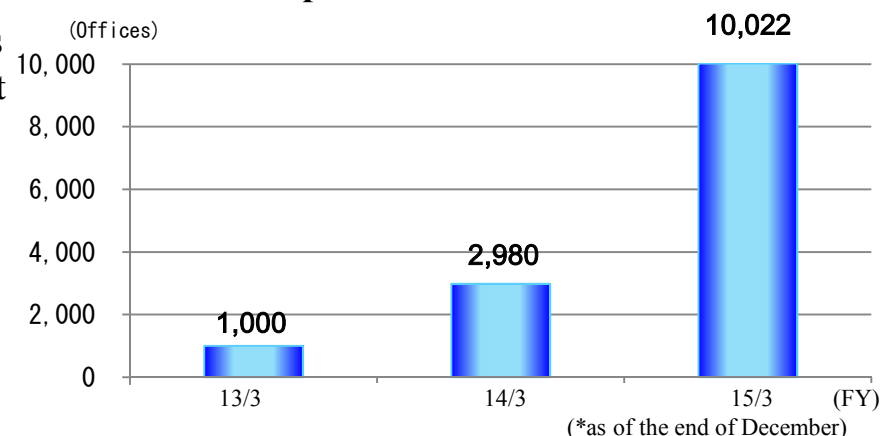
- Scale: 20 floors above the ground and three underground floors
- Height: approx. 100m
- Total floor space: approx. 68,000 square meters
- Main intended purposes: offices, shops and a car parking space
- Completion: August 2014



Omiya JP Building

- Scale: an office building with 20 floors above the ground and no underground floors, and a car parking building with five floors (six parking levels) above the ground
- Height: approx. 90m
- Total floor space: approx. 45,700 square meters
- Main intended purposes: offices, a post-office and a car parking space
- Completion: August 2014

<The number of post offices handling cancer insurance products>

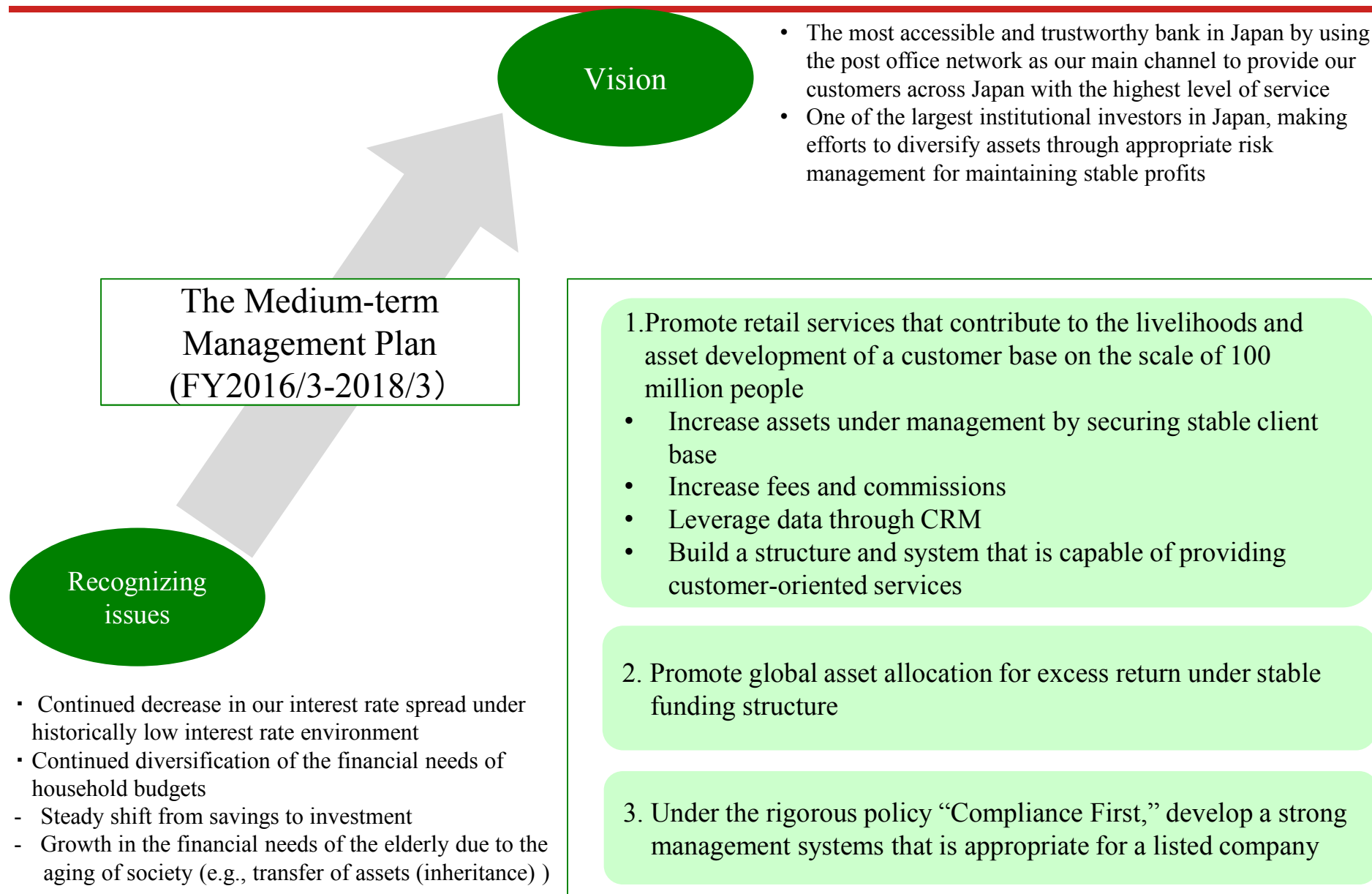


5. Japan Post Bank Co., Ltd. (Banking)

"To be the most accessible and trustworthy bank in Japan,"

"Securing stable revenues by diversification of investments"

5-(1) Management Policy for Further Growth and Development



5-(2) Financial Targets (FY2018/3) and Dividend Policy

Financial Targets in FY2018/3

Assets under management (April 1, 2015 to March 31, 2018)	Deposits: (+) ¥3 trillion^{*1} Investment products: (+) ¥1 trillion^{*2}
Net ordinary income	Around ¥480 billion^{*3}
Net income	Around ¥330 billion^{*3}
The reduction of non-personnel expenses (compared to FY2015/3)	Reduction of ¥50 billion or more

^{*1} Including accrued interest and excluding deposits relating to funds paid by us to acquire shares of our common stock held by Japan Post Holdings Co., Ltd. (the same shall apply to the following pages)

^{*2} Investment products = investment trusts + variable annuities (the same shall apply to the following pages).

^{*3} Important assumptions for the financial targets are as specified on P.50.

Dividend Policy

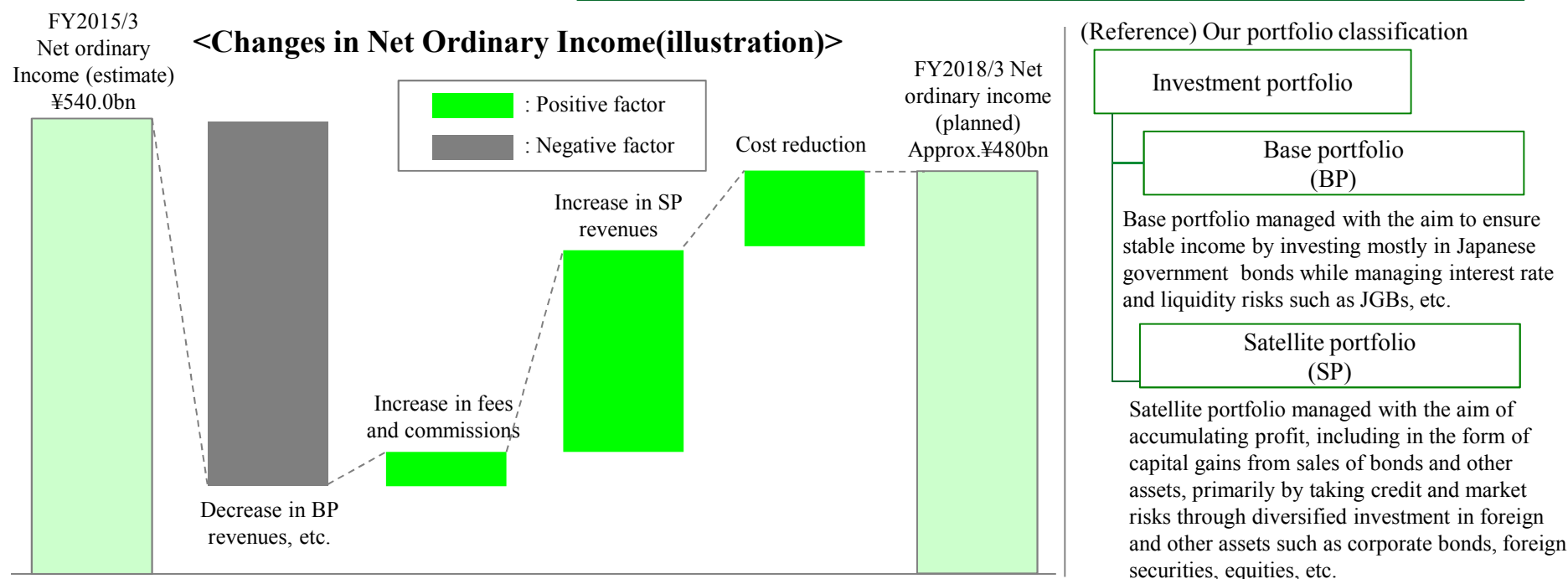
Compelling/Stable Shareholder Return

Dividend payout ratio: approx. 50% or more

5-(3) Growth Strategy

Japan Post Bank will be striving to secure stable profit even under the historically low interest rate environment, by implementing growth strategy

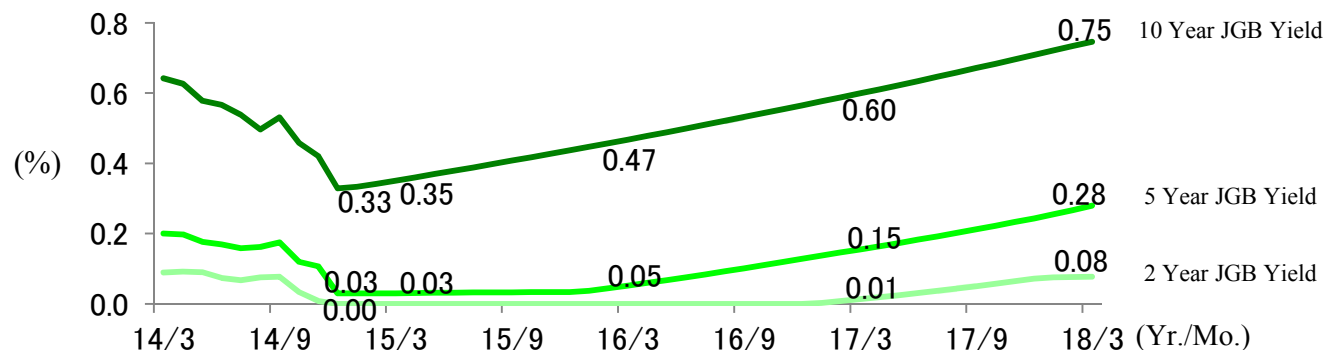
Marketing strategy	Increase in AUM	<ul style="list-style-type: none"> Increase assets under management and secure stable client/profit base for the long-term
	Increase in fees and commissions	<ul style="list-style-type: none"> Expand in expected growth areas such as investment products, ATM alliances, credit cards, etc.
Investment strategy	Expansion of the satellite portfolio	<ul style="list-style-type: none"> Enhance and promote global asset allocation under prudent risk management to increase the satellite portfolio balance to ¥60 tn at the end of FY 2018/3 Realize FX gains on maturing bonds initially invested under a stronger yen
Development of a management system	Cost reduction	<ul style="list-style-type: none"> Enhance cost reduction efforts such as IT cost, etc. Aim to reduce non-personnel expenses (including deposit insurance premiums)



5-(3) Assumptions for the Financial Targets and Sensitivity of the Planned Profit to Market Conditions (for reference)

Assumptions

- **Domestic interest rates** : Based on the implied forward rates as of December 31, 2014



- **Overseas interest rates** : Based on the implied forward rates as of December 31, 2014
- **Exchange rate (USD/JPY)** : \$1=¥120 (fixed during the Medium-term Management Plan)
- **Stock prices (TOPIX)** : 1,407 points (fixed during the Medium-term Management Plan (only the dividend income is included in the calculation for revenue from stocks))
- **Consumption tax rate**: will be raised to 10% in April 2017
- **Effective statutory tax rate**: a two-step reduction (FY16/3 :(-) 2.51%; FY17/3 : (-) 0.78%)

* In addition to the above assumptions, the financial targets assume stable economic conditions and implementation of our portfolio strategy as planned

Sensitivity to market conditions*1

	Fluctuation range*2	Changes in FY18/3 net ordinary income
Domestic interest rates	(+) 0.1%	(+) ¥65 billion
Overseas interest rates	(+) 0.1%	(-) ¥10 billion*3
Overseas credit spreads	(+) 0.1%	(+) ¥21 billion

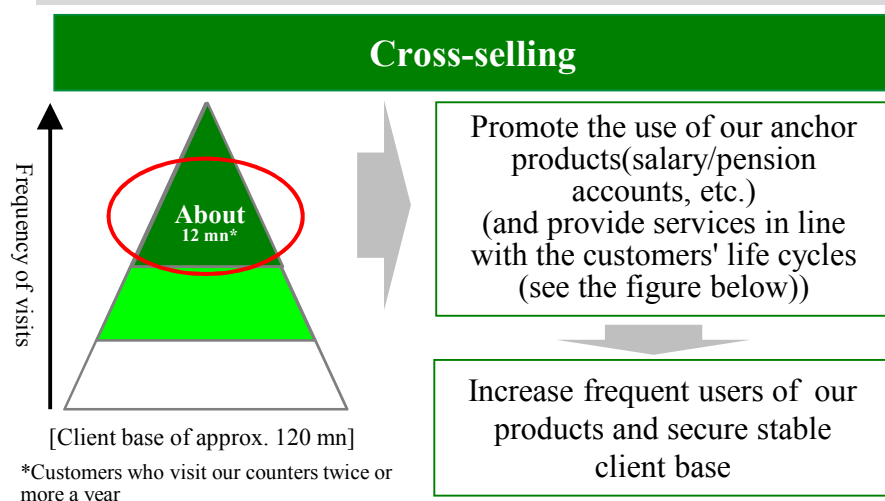
*1 This sensitivity assumes the implementation of our portfolio strategy as planned

*2 Assuming increase/decrease applies throughout the planned period

*3 Revenue growth from rising interest rates and increasing in funding and hedge costs are considered

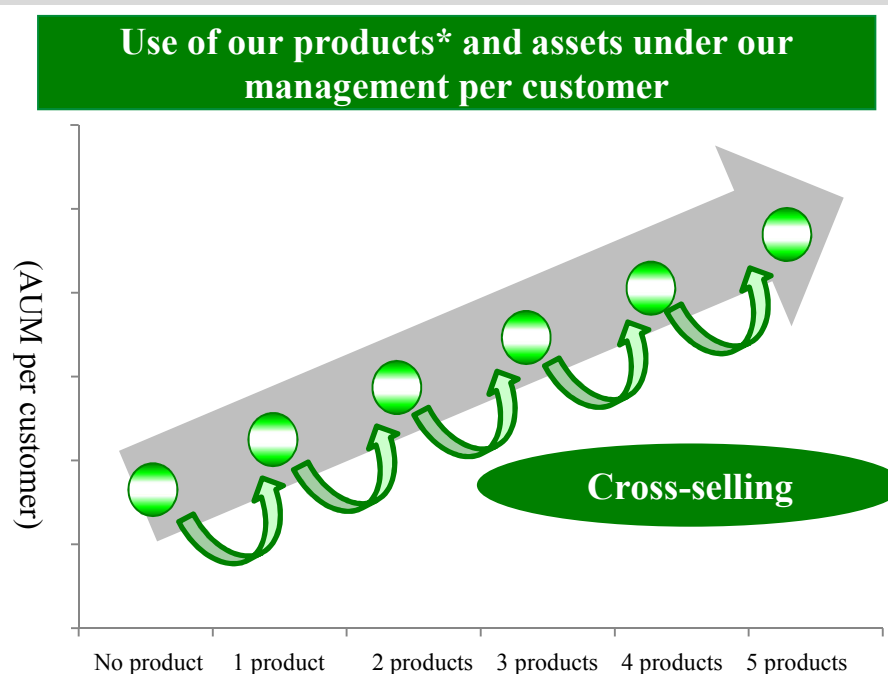
5-(4) Marketing Strategy (i): Expansion of Assets under Management by Creating a Stable Client Base (1)

- Cross-selling of our anchor products (salary/pension accounts, etc.) among frequent users of our services leads to stable client base, which will support:
 - (i) Contribution to profit recovery when domestic interest rates normalize; (ii) Increase in our fees and commissions; and (iii) Building client base for our new products
- Aim to grow balance of deposits by ¥3 tn and net balance of investment products by ¥1 tn within three years



(For reference) Products used by customer segment

Segment	Products					
Youth	New account openings					
Workers	Salary accounts	<div>Credit cards</div> <div>Loans (Brokering)</div>		Investment products (including NISAs)	Time/TEIGAKU deposits (including automatic accumulation types)	Automatic payment
		Pension accounts				
Seniors						



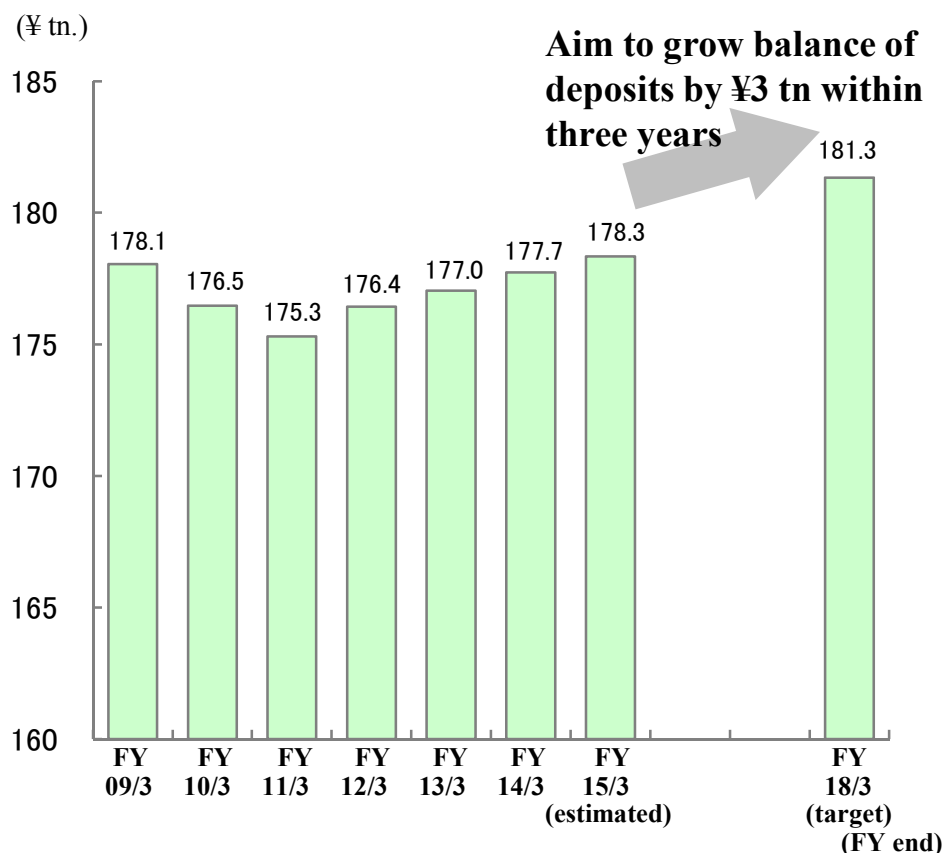
*Salary/pension accounts, automatic payment, investment trusts, automatic accumulation TEIGAKU and time deposits, credit cards

Aim to grow balance of deposits by ¥3 tn and net balance of investment products by ¥1 tn within three years

5-(4) Marketing Strategy (i): Expansion of Assets under Management by Creating a Stable Client Base (2)

- We will promote the use of our anchor products that are suitable for each stage of the life cycles of our customers, and sales efforts that correspond to each customer's transactions with us, aiming to grow balance of deposits by ¥3 tn within three years
- Aim to grow net balance of investment products by ¥1 tn within three years through enhancement consulting marketing(see p.53 for specific initiatives)

Deposit balance trend



Initiatives and measures

- Promoting the use of our anchor products that are suitable for each stage of our customer's life cycle
- ✓ Promoting the use of pension accounts
 - Organizing more consultation meetings and seminars on pensions
 - Improving our member services (Japan Post Bank TOKIMEKI Club)
- ✓ Promoting the use of salary accounts
 - Increase our sales staff in urban areas
 - Thorough sales efforts targeting large and medium companies
- Develop activities according to each customer's transactions with us
- ✓ Sales approaches triggered by inheritance
 - Enhance the provision of information "through the eyes of our customers" and undertake a drastic review of current procedures
 - Introduce an inheritance guidance system on the web
 - Thoroughly implement the sales process to accept more inherited funds
- ✓ Approach our customers when they receive large amounts of funds

- Leverage data through CRM

5-(4) Marketing Strategy (ii): Expansion of Our Fees and Commissions (1)

- Aim to grow net balance of investment products by ¥1 tn within three years through development of consulting marketing personnel
- Develop investment trust products which are easy to understand and meet the needs of our customers

Enhancement of consulting marketing

- Develop and increase personnel engaging in consulting marketing
 - Train sales staff to have high levels of consulting skills (mainly in investment products)
 - Approximately 1,000 salespersons have already been trained to be consulting staff at branches, as of the end of FY2015/3, and these initiatives are now being expanded to post offices

(For reference) Outline of the consulting services provided by the trained staff at Japan Post Bank branches (as of FY2015/3)

	Door-to-door sales staff	Sales staff at counters
The number of employees	Approx. 500 people	Approx. 500 people
Target	Wealthy class	Asset formation stage
The number of the targeted customers *	Approx. 150-200 people	Approx. 100 people
Points	<ul style="list-style-type: none"> • Each consulting personnel is in charge of specific customers to offer comprehensive consulting services • Seek to increase assets under management by focusing on investment products 	

* The number of customers per sales person

Enhanced expert skills

- Promote the acquisition of various qualification
 - Support employees in acquiring finance-related qualifications to enhance their expert skills (FPs, social insurance consultants, etc.)

Enhanced lineup of products and services

<Investment trusts>

- Develop investment trust products which are easy to understand and meet the needs of our customers
- Expansion to new customers through the NISA
 - Increase of new customers triggered by a revision of the NISA(introduction of the Junior NISA and the increased investment ceiling)

< Variable annuity insurance >

- Introduction of new products which correspond to the needs for financial instruments and services in cases of inheritance

5-(4) Marketing Strategy (ii): Expansion of Fees and Commissions (2)

- Expand ATM network at conveniently accessible locations, grow alliances with regional financial institutions
- In the credit card business, we will expand our services by facilitating the use of our credit cards as the main cards by our customers through increased membership of the younger generation and by encouraging heavy users of general cards to replace them with our gold cards

ATM business

- Strategic installation of out-of-branch ATMs
 - Flexible installation of small-sized ATMs at conveniently accessible locations

(Initiatives in the past)

- Installed approximately 500 ATMs in FamilyMart convenience stores in FY2015/3
- Business partnerships with regional financial institutions
 - Make efforts to have Japan Post Bank's ATM network broadly available for customers of regional financial institutions
- Appealing convenience of Japan Post Bank ATMs
- Reduction of ATM-related costs

Credit card business

Promoting continuous use of our services

Gold card member

- Encourage members whose use amounts are large to replace their cards with the gold cards to provide enriched services

General card member

- Offer benefits to members who use a certain amounts on their cards to promote card usage

Younger card member

- Cross-selling of anchor products, such as salary accounts with the credit cards

Nonmember

- Approach new customers to make our cards become their "first credit card"
- Increase student members

Individual loans (brokering) business

- Increase card loan members and revenue growth ("new contracts campaign," etc.)

5-(4) Marketing Strategy (iii): Leveraging Data through CRM

- Create more time for sales activities by introducing terminals for our sales offices that are superior in their operability and abolish/simplify part of administrative work and accelerating BPR
- We will leverage ICT (CRM and other systems) to strengthen cross-selling/upselling

Creation of time for sales activities by promoting efficiency

- Introduction of terminals for our sales offices (CTM6) and penetration of their usage
- Creating more time for sales person to approach customers by: (i) preventing them from leaving their terminals; and (ii) improving customer services at counters and the operability of the terminals



Improved operability and customer services at counters by:

- Use of mice for better operability
- Browsing of the Intranet on the terminal

Stand-type scanner for:

- Reducing manual inputs and system checking of inputted information

- BPR projects
- Considering the abolishment and simplification of administrative work across the company to create more time for sales activities

Leveraging of ICT

<Deposits>

- Leveraging of the CRM system for:
 - Comprehending the situation of a customer's product use and transactions
 - Making proposals according to the customers' product use to deepen our relationship with them

[Image]

<Investment products>

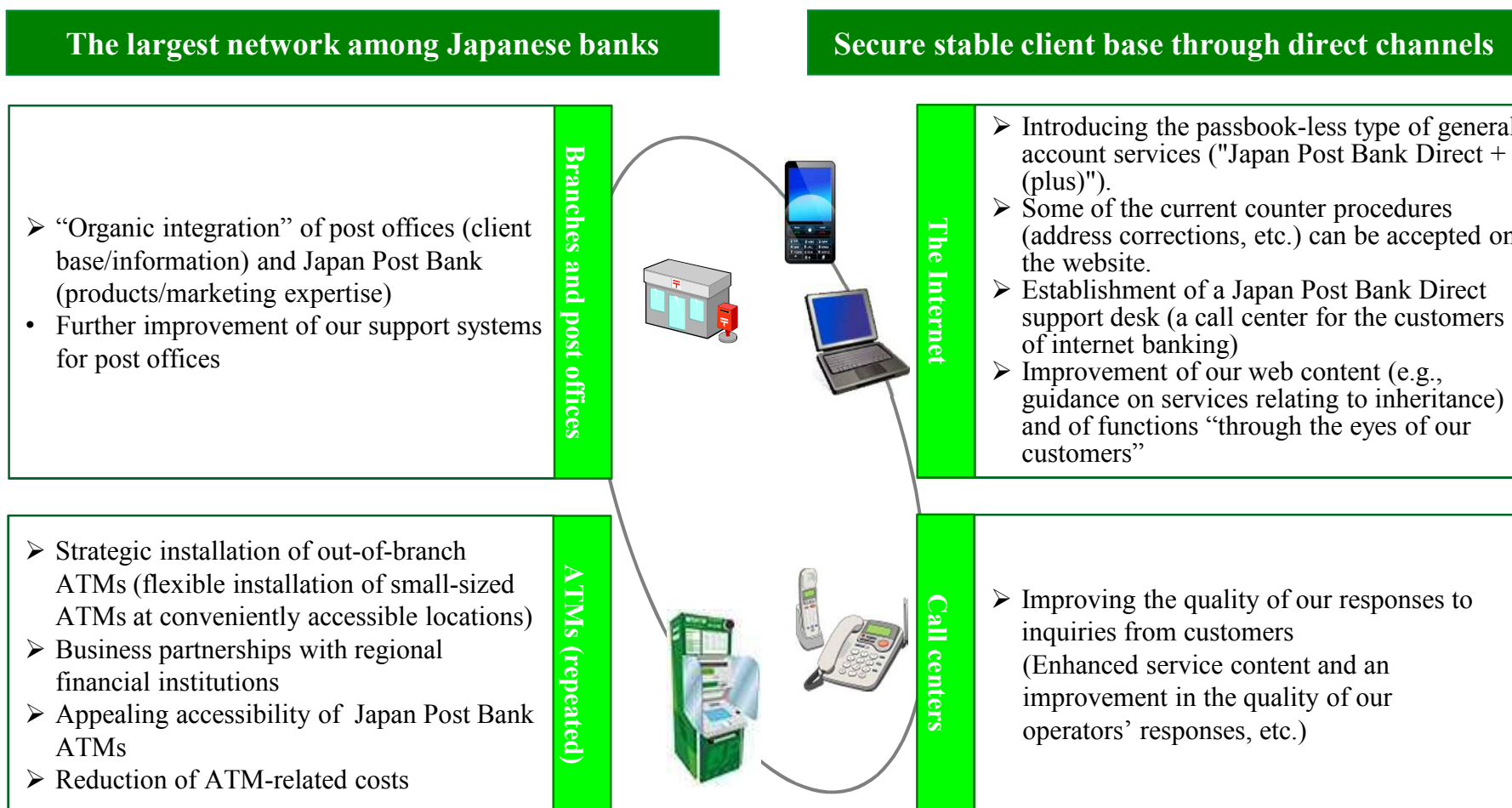
- Leveraging of tablets for:
 - Explaining market information and our products clearly, and making proposals during asset management consultations with our customers
- Introduction of the CAT (Customer Action Tool) system for:
 - Consolidating management of the transaction history, negotiations history and assets portfolio of our customers
 - Making proposals after appropriately grasping the needs of each customer

<Investment simulation>



5-(4) Marketing Strategy (iv): Build a Structure and System that is Capable of Providing Customer-oriented Services

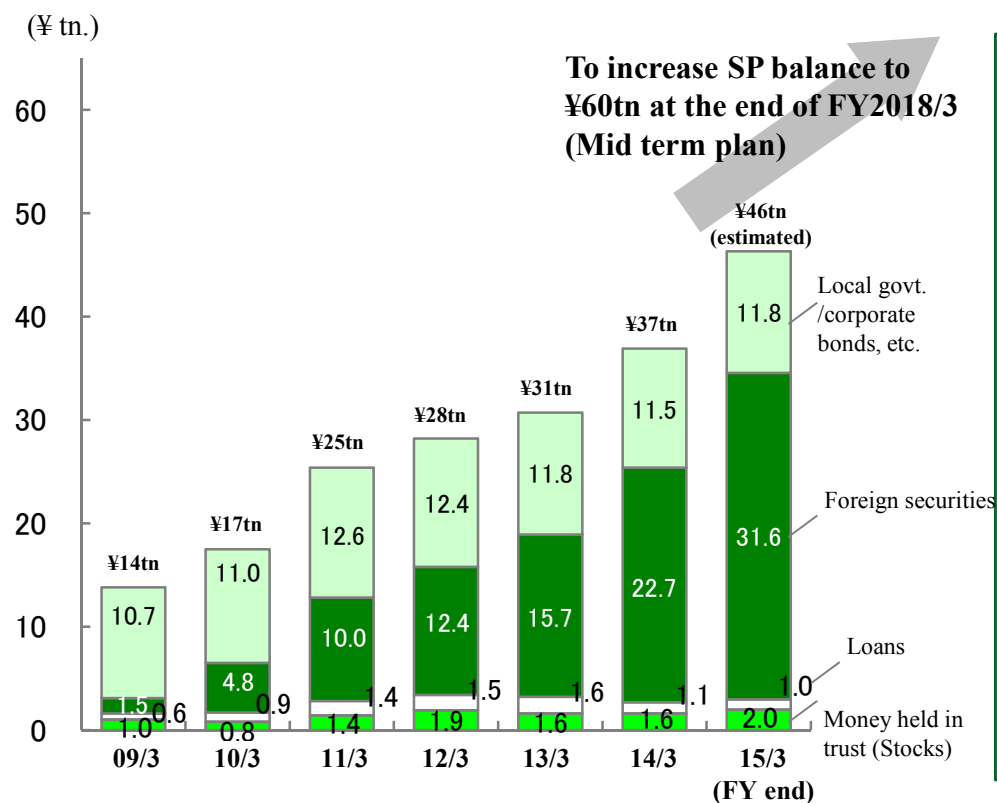
- We offer reliable financial services primarily for retail customers in Japan through the largest network among Japanese banks
- We will improve our Internet service and call centers



5-(5) Investment Strategy

- Enhance and promote global asset allocation under prudent risk management to increase the satellite portfolio balance to ¥60tn at the end of FY2018/3
- We will expand our investment area, such as alternative investments, to increase revenues

Breakdown of the Satellite Portfolio



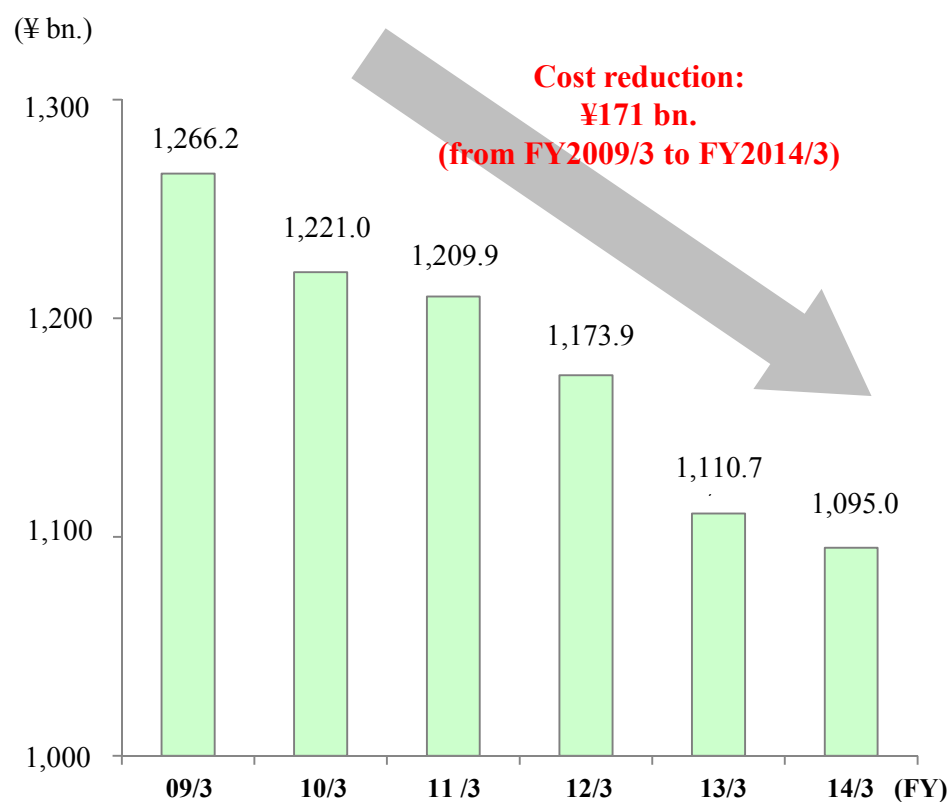
Initiatives and measures

- Enhance and promote global asset allocation to increase the SP balance to ¥60tn at the end of FY2018/3
- Expansion our investment area
 - Begin to invest in alternative assets
- Start active investment management for funds managed by asset management companies
 - Expanding the discretion asset managers regarding asset allocations for entrusted investments
- Encouraging targeted deals
 - Expanding direct transactions with leading companies through enhanced communication with the issuers of securities
- Considering initiatives to support vitalization of the local economies
- Further strengthening of investment organization

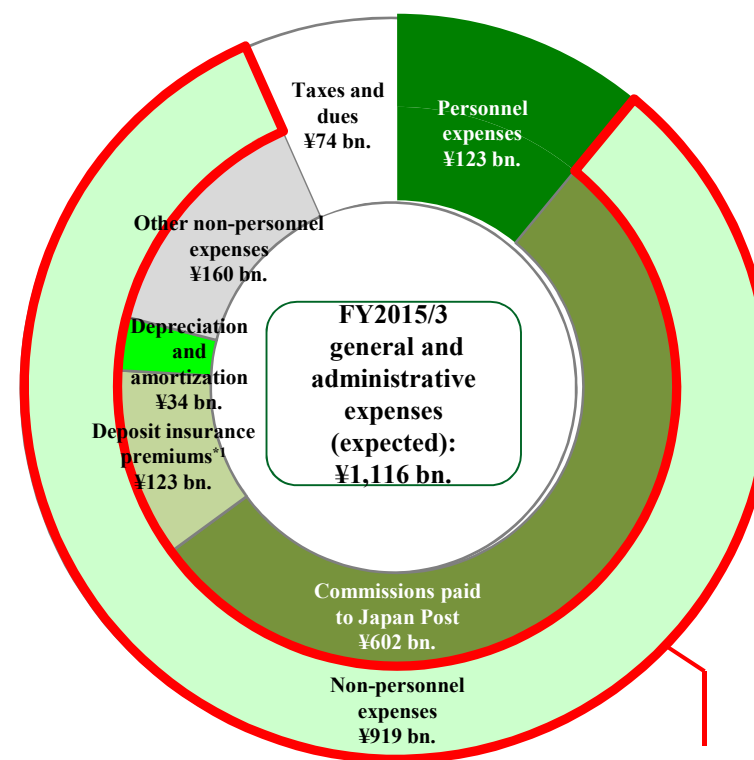
5-(6) Development of a Management System (i): Cost Reduction

- We have reduced our general and administrative expenses of approx. ¥170 bn, after privatization
- Enhance cost reduction efforts such as IT cost, etc.
- Aim to reduce non-personnel expenses (including deposit insurance premiums , excluding consumption tax, etc.) by ¥50bn in FY2018/3 compared to FY2015/3

Trend of G&A expenses



Composition of G&A expenses (expected in FY2015/3)



*1 Including payments of grants to Japan Post Holdings

Aim to reduce costs by ¥50 bn. in FY2018/3

5-(6) Development of a Management System (ii): Various Initiatives

- Under the rigorous policy “Compliance First,” develop a strong management systems that is appropriate for a listed company

Enhanced governance,
as appropriate for a
listed company

- Further sophistication of the corporate governance system, as a company with committees which separate the responsibilities for the execution of business activities from the oversight of management
- Establishment of a system for disclosures and investor relations, as required as a listed company

Further improvement
of our risk
management system

- Improvement of the risk management system to diversify investments
- Improvement of the operational risk management system

Human resource
strategy

- Promotion of human resource development
 - Further improvement of our training for post office staff
 - Enhancement of training by rank
 - Upbringing of professionals (expert members and global human resources with expert knowledge and skills)
- Realization of strategic human resource allocations
- Support for women to work actively

System security

- Strengthened customer protection pertaining to illegal money transfers
- Tightened protection of customer information and information systems

BPR

- Making administrative work paperless and centralized at the Operation Support Center (introduction of “Image Work Flow system”)

Next-generation system

- Formulation of a plan for a next-generation system to improve the speed and costs of our system development and quality

5-(7) Initiatives in FY2015/3: Evaluation and issues found

- We will maintain stable income by diversifying revenue source under historically low interest rate environment

Profits

- Profits in 3Q of FY2015/3 exceeded the 3Q of FY2014/3
- Revised upward for FY2014/3 to Net Income of ¥350 bn. (increased by ¥90 bn. from the last announcement)

<Comparison of profits with the preceding fiscal year>

	FY2015/3 (3Q)	FY2014/3 (3Q)	Difference
Net ordinary income	¥419.9 bn.	¥416.9 bn.	(+) ¥2.9 bn.
Net income for the quarter	¥280 bn.	¥264.6 bn.	(+) ¥15.3 bn.

Deposits

- Deposits as of the end of FY2015/3 (estimated) were ¥178.3tn, an increase by ¥0.6tn from FY2014/3 (+0.3%)
- Growth of our deposits was less than growth of individual deposit in other domestic banks

Asset management

- Increased balance of foreign securities through promoting global asset allocation (from approx. ¥23tn in end of FY2014/3 to approx. ¥30tn in FY2015/3(3Q))
- Unrealized gains in money held in trust (stocks) increased to approx. ¥900 bn, as of the end of December 2014 because of the rising stock prices (increased by approx. 300 billion yen compared to the end of FY2014/3)

Capital investment

- Implemented the deployment of terminals for sales offices (CTM6), the development of new direct channels systems, and the installation of ATMs at FamilyMart convenience stores

6. Japan Post Insurance Co., Ltd. (Life Insurance)

**Aiming to be the “No. 1 Japanese Insurance Company,
Selected by Customers”**

6-(1) Management strategy for further growth and development

Business model

customer

Further cultivate our existing customer base consists of 35 million policies in force and 25 million of insured (women, middle-aged and older adult customer are the core groups)

channel

Pursue a business model to grow in cooperation with Japan Post Co.

product

Start from revising existing products to expand gradually the lineup of products with death benefits and medical coverage

Realize simple, prompt and accurate operations to differentiate our products and services

"Ensuring the quality of our product solicitation and achieving thorough compliance" are the platforms for our further growth

Strategic goals

- Establish our financial management base which will be necessary for growth
- Develop products and services to enhance our strengths
- Aim for the reversal of the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (FY2018/3)

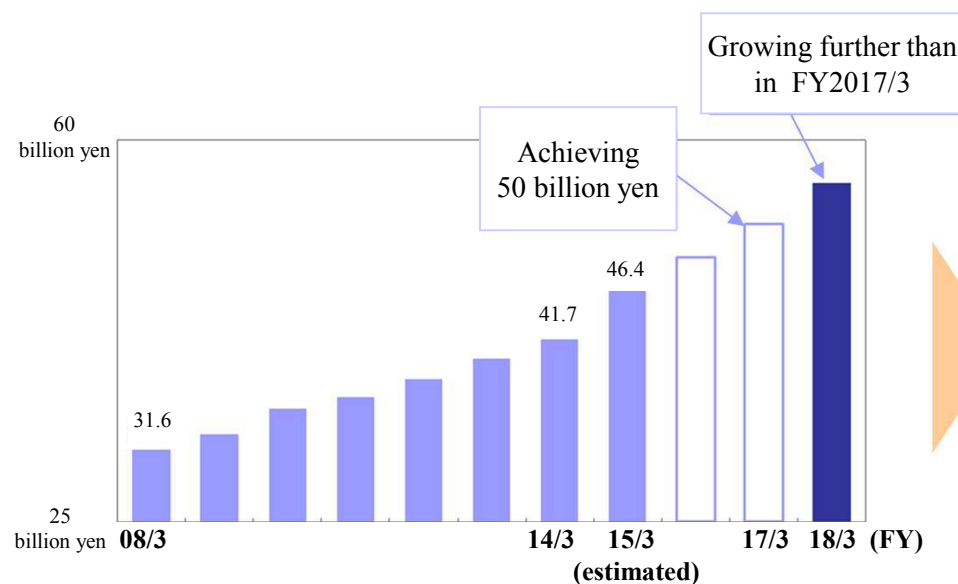
Paving the way for a real growth to improve the corporate value of the Japan Post Group, as a whole

To prepare for the 100th anniversary of the establishment of Postal Life Insurance (in FY2017/3) and the tenth anniversary of Japan Post Insurance's privatization (in FY2018/3), Accelerate our efforts to build a stable foundation for our sustainable growth and development.

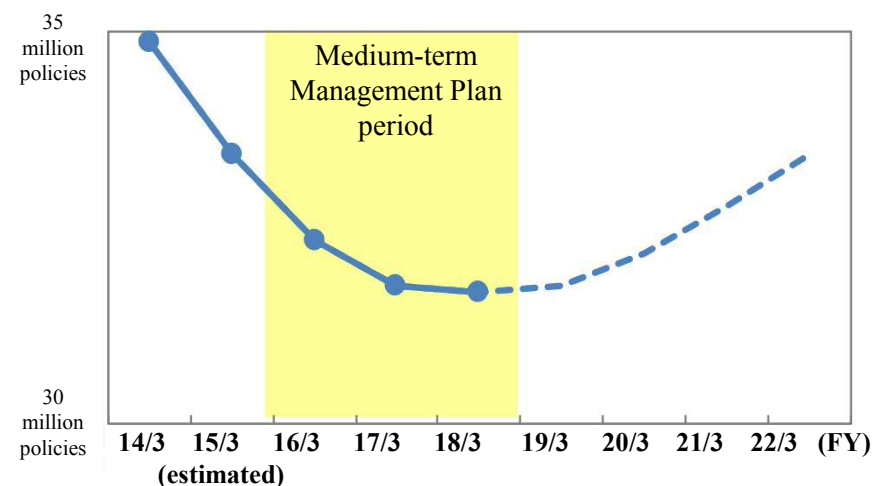
6-(2) Reversal of policies in force

- Accelerate expansion of new policy sales by strengthening quality and quantity of sales force
- Aim to reverse the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (FY2018/3)

Contracted monthly premiums for new policies



Number of policies in force



During the Medium-term Management Plan, we will strive to generate stable profits.

After the recovery of the number of policies in force, we will move on to the next phase of profit growth.

6-(3) Deployment of administrative and IT system

- Establish our administrative and IT system infrastructure, as a competitive edge for drawing future growth strategies
- Establish a simple, prompt and accurate infrastructure and strengthen our frame of administering policies, provide high quality services and be an "insurance company selected by customers"

[Post Offices]

Leverage IT

Lightening front-line administrative workloads and improving customer services at the same time as the active utilization of ICT

Major initiatives

- Introduce paperless applications

[Service Centers]

Strengthen administrative capabilities based on Image Work Flow

facilitate an improvement in the quality of our administrative work and productivity, and promote the further sophistication of operations through the active utilization of ICT

- Consolidate organization among HQ and service center (from Oct 2015)
- Leverage advanced technologies to upgrade our benefit payment operations

[IT System]

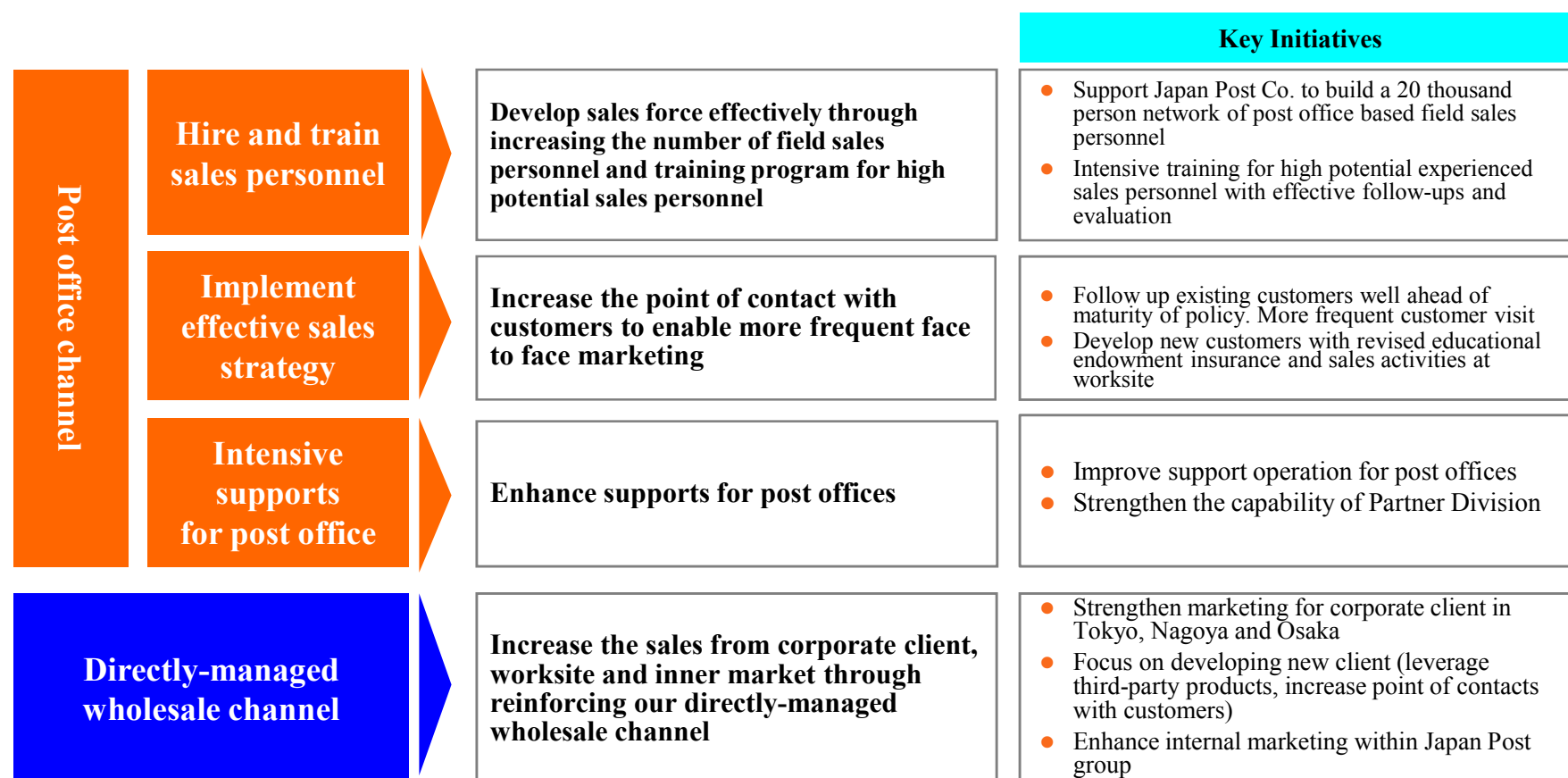
Strengthen IT system infrastructure

Renewal of our core IT system in 2017, install in industry standard machines, enhance system development, recruitment and training of human resources, and new designs for administrative work

- Strengthen our capability to develop and maintain IT system
- Enhance governance of IT system

6-(4) Enhancing Sales Force of Distribution Channel

- Together with Japan Post Co., strengthen sales force of post office channel to promote universal service products; endowment and whole life insurance
- Reinforce directly-managed wholesale channel to expand sales from corporate client, worksite, and internal market within Japan Post group



6-(5) Product development corresponding to customers' needs

- Enhance products and services lineup that correspond to customers' needs, for their accessibility and our sales of new policies
- Develop a business model for older adult customers with attentive and caring service, to acquire overwhelming support from its market, that is predicted to expand in the future

Product development to satisfy our customers' needs

Young generation New customers

- Revision of educational endowment insurance [April 2014]
- Decrease the age limit for whole life insurance [October 2014]

Service improvements for existing customers

- Launch of endowment insurance with shortened premium period [October 2015]
- Introduction of a system which contribute for policies' retention

Responses to older adult's needs

- Increase the age limit for endowment insurance [April 2015]
- Increase the age limit for whole life insurance [October 2015]

Further enhancement of insurance coverages

The Medium-term Management Plan

Improvement of services for older adult

Re-examine all of our contact points with customers (post offices, call centers, etc.) through the eyes of older adult

Development of a business model for older adult with attentive and caring service

Establish corporate brand image that is "friendly to older adult" based on our reliability and trustworthiness

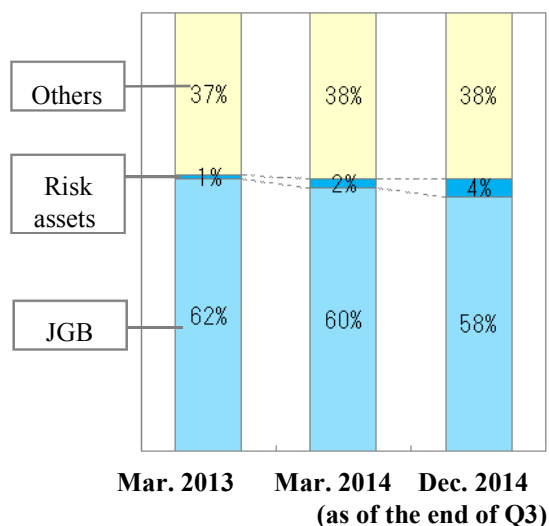
Contact to new customers (children and grandchildren) living with existing policyholders in the same households (parents)

6-(6) Improve capacity for earnings from investment

- Promote matching between assets and liabilities
- Take asset management risks as far as acceptable and push forward the diversification of our investment assets to improve profitability.

Promotion of diversified investments

Change in our asset portfolio



Asset management strategy

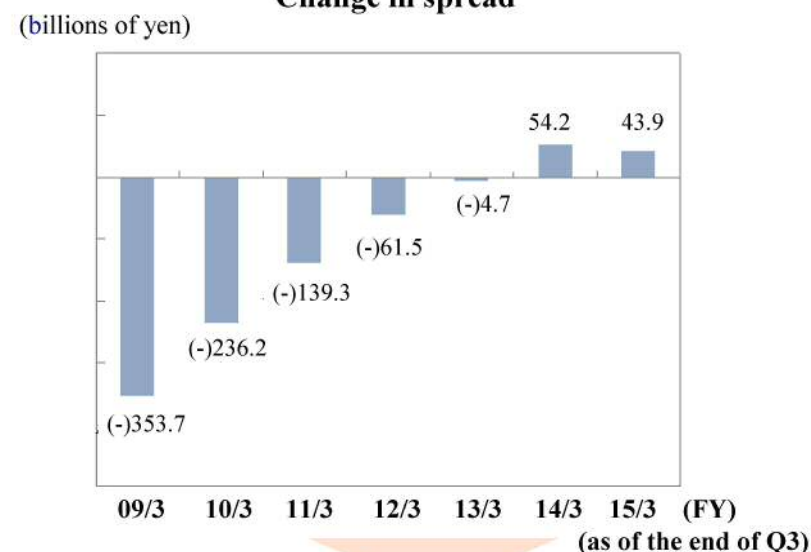
Promote matching between assets and liabilities

+

Accelerate diversification of investment assets, as far as it is acceptable

Improve profitability

Change in spread



Aiming at the steady improvement of profitability during the Medium-term Management Plan period

6-(7) Enhance our internal control system and human resource development

- Strengthen our internal control system, assuming the ensured quality of our product solicitation and achievement of thorough compliance, which are the bases and the main prerequisites
- Promote human resource development and diversity management to establish the foundation for the sound and perpetual growth and development

Ensure the quality of our product solicitation and achieve thorough compliance

- Strengthen our framework to prevent misconduct and incidents before they happen, or to detect them in early stages, in cooperation with Japan Post Co., and by providing focused instructions utilizing data extracted from past experiences.

Facilitate initiatives to make use of our customers' voices in management

- Promote initiatives to improve our businesses based on customer feedback.

Enhancement of risk management

- Seek to maintain financial soundness and to improve our capital efficiency (profitability) based on Enterprise Risk Management (ERM), and make a 6-8% RoEV as our benchmark in the medium and long term, aim for stable and sustainable income and the improvement of our corporate value.

Strengthen our information security management system

- Develop and strengthen our information security management system for the stricter management of customer information, etc.

Enhancement of our internal audit system

- Enhance our internal auditing system, to utilize internal audits proactively to improve our business operations.

Enhancement of human resource development

- Train and educate employees who will play the core rolls in the company's operations, as well as those who will become the foundation of our competitiveness, and creating a working environment for a variety of people to work together comfortably (which means the promotion of diversity management).

6-(8) Business objectives (FY2018/3)

- **Contracted monthly insurance premiums from new policies**

Our target is to **achieve 50 billion yen** in contracted monthly premiums from new policies by the 100th anniversary of the establishment of Postal Life Insurance (in FY2017/3) and to **make them grow further**, aiming to reverse the decreasing trend of policies in force after the final fiscal year of the Medium-term Management Plan (FY2018/3) and enter into growth phase.

- **Net income**

Assuming no drastic changes in the market environment, our target is to secure **around 80 billion yen** in net income.

- **Dividend payout ratio**

We will redistribute profits to our shareholders steadily, setting a dividend payout ratio **within the range of roughly 30-50%**, while considering financial soundness and balance between shareholder and policyholder dividends.

6-(9) Initiatives in FY2015/3: Evaluation and issues found

<p>Sales</p>	<p><Release of the revised educational endowment insurance></p> <ul style="list-style-type: none"> ● The revised educational endowment insurance was released in April. Appeals were made to customers regarding the importance of that product and its market was expanded. <p>* Q3 of FY2015: 760,000 policies sold in the entire industry [183% increase YoY] 510,000 policies sold by Japan Post Insurance [354% increase YoY]</p> <p><Development of sales personnel at post offices></p> <ul style="list-style-type: none"> ● Human resource development was promoted steadily, in cooperation with Japan Post Co. including the organization of training sessions for Japan Post's sales personnel. <p><Utilization of affiliated financial products at the directly managed sales offices of Japan Post Insurance></p> <ul style="list-style-type: none"> ● Sales on consignment of Aflac cancer insurance were started in July.
<p>Administrative and IT systems</p>	<p><Introduction of a claim payment processing system></p> <p>The transition to the new system was started gradually, at five service centers in April, and was completed in October.</p> <p><Promotion of cashless operations></p> <ul style="list-style-type: none"> ● Applications for the registration of bank accounts to receive benefits from existing policies began to be accepted in April.
<p>Asset management</p>	<p><Promotion of diversified investments></p> <p>Investments in foreign bonds and domestic equities started earlier than initially planned, and contributed to the improvement of our profit-making capabilities.</p> <p>*The percentage of risk assets (foreign securities and domestic equities) in our overall investments: 2% as of the end of March 2014 → 4% as of the end of December 2014</p>

Notes

This document contains forward-looking statements regarding the outlook and targets of the Japan Post Group and its group companies.

These statements are based on the information available when this document was produced, or our expectations derived from projections or assumptions made at the time of producing this document.

Please note that these forward-looking statements are subject to a broad range of risks and uncertainties, including changes in the economic conditions or business trends, and revisions to laws or regulations. As a result, the actual results may vary from such statements.

This document is not intended to constitute a solicitation to invest in the stocks or any other securities issued by Japan Post Holdings or its subsidiaries.

Furthermore, this document is not intended to constitute a public offering of securities in the United States. No person shall not conduct a public offering or sales of securities in the United States unless such securities are registered or are exempted from registration in accordance with the US Securities Act of 1933. In case a public offering of securities is conducted in the United States, an English prospectus shall be prepared in accordance with the US Securities Act of 1933. The prospectus may be obtained from the issuer or persons engaged in the secondary distribution of the relevant securities, and shall contain detailed information on the issuer, its executive officers and its financial statements.