

Japan Post Group Medium-term Management Plan: New Japan Post Group Network Creation Plan 2017

On April 1, 2015, the Japan Post Group announced its “Japan Post Group Medium-term Management Plan: New Japan Post Group Network Creation Plan 2017,” a medium-term management plan covering the period from fiscal year 2016/3 to 2018/3.

Toward the 100th anniversary of the establishment of Postal Life Insurance in fiscal year 2017/3 and the 10th anniversary of Japan Post Insurance’s privatization in fiscal year 2018/3, Japan Post Insurance will accelerate our efforts to build a stable foundation for our sustainable growth and development in aiming for being the “No.1 Japanese Insurance Company Selected by Customers.”

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	
<ul style="list-style-type: none"> ■ 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

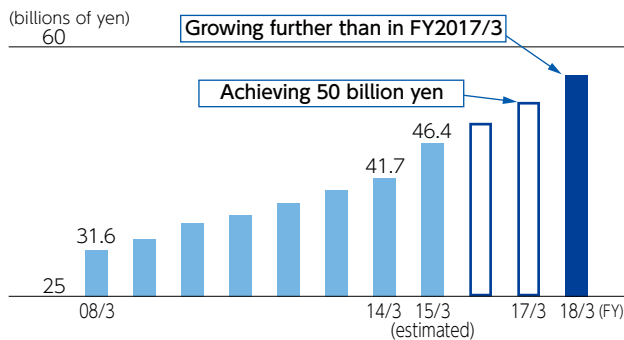


To prepare for the 100th anniversary of the establishment of Postal Life Insurance (in FY2017/3) and the 10th anniversary of Japan Post Insurance’s privatization (in FY2018/3), accelerate our efforts to build a stable foundation for our sustainable growth and development.

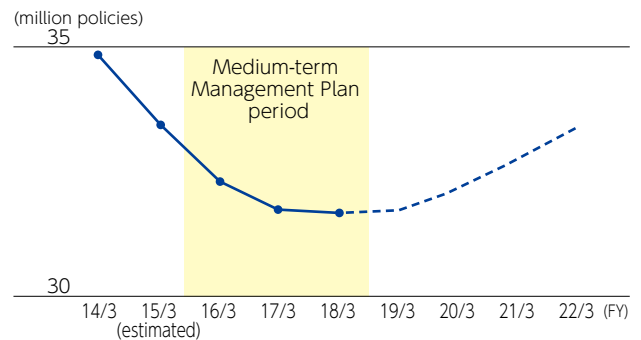
2. Reversal of Policies in Force

- 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.

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

[Services 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

Major Initiatives

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

[IT System]

Strengthen IT system infrastructure

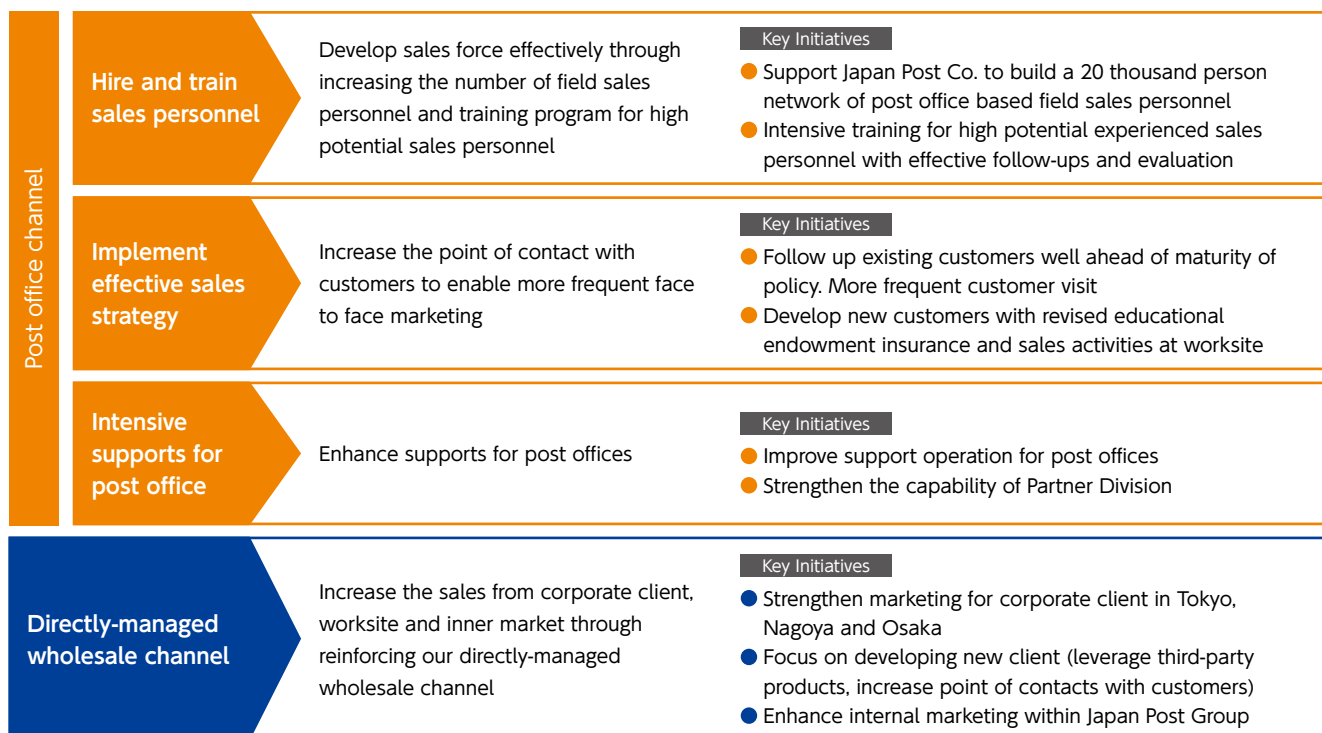
Renewal of our core IT system in 2017, install in industry standard machines, enhance system development, recruitment and training of human resources, and new designs for administrative work

Major Initiatives

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

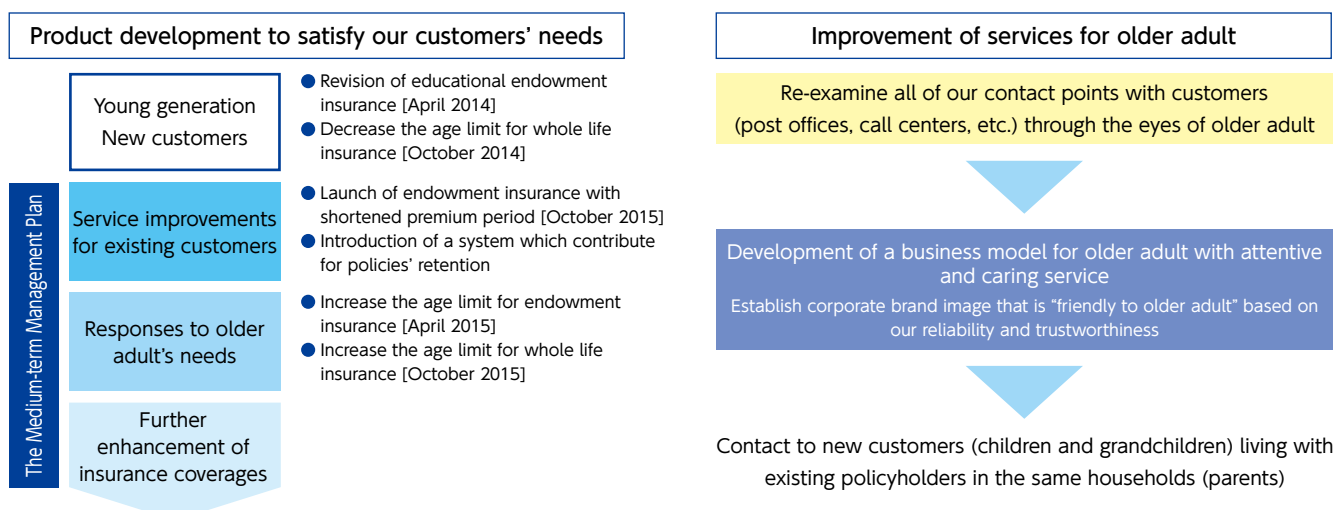
4. Enhancing Sales Force of Distribution Channel

- 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



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

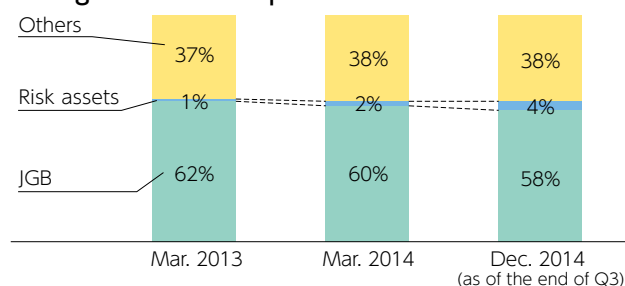


6. Improve Capacity for Earnings from Investment

- 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

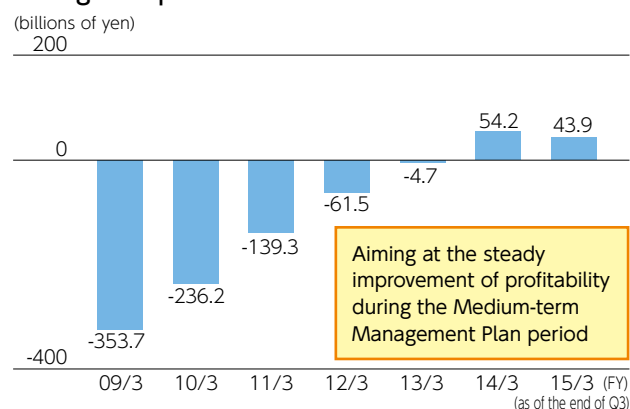


Asset management strategy

- Promote matching between assets and liabilities
- +
- Accelerate diversification of investment assets, as far as it is acceptable

Improve profitability

Change in spread



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).

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.