



Foundation for Value Creation

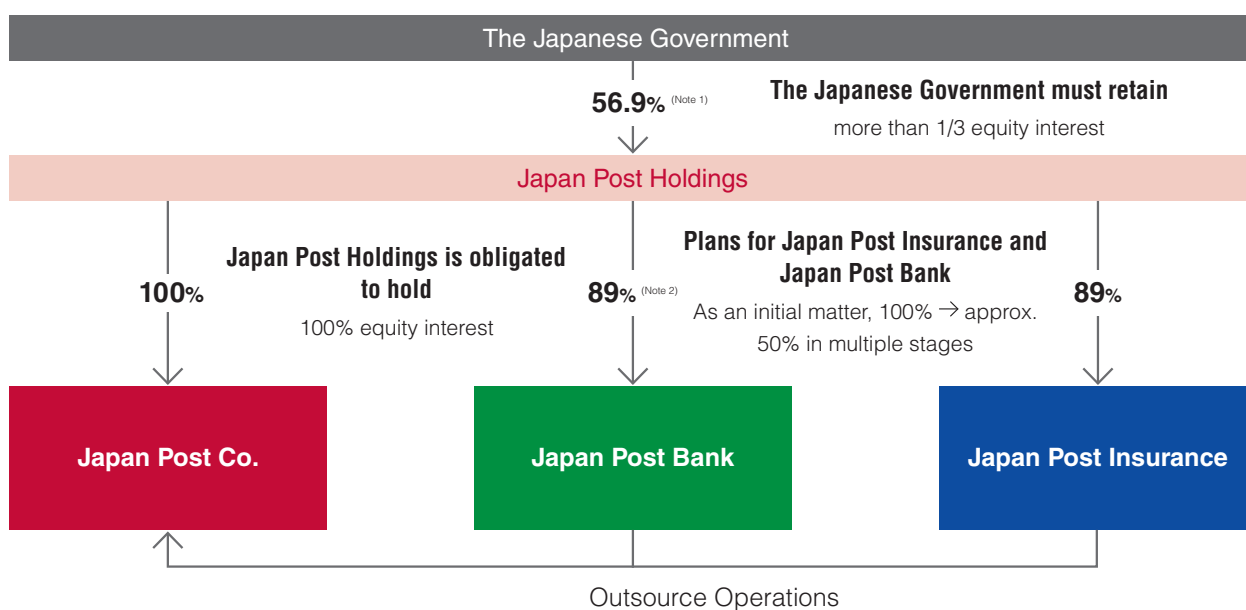
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Position within Japan Post Group

The life insurance business, which is carried out by Japan Post Insurance, is one of the three main businesses of the Japan Post Group.

In view of its universal service obligation, Japan Post Holdings aims to dispose of its entire equity interest in Japan Post Insurance and Japan Post Bank as soon as possible, in accordance with the Postal Service Privatization Act.

Capital relationship chart



Notes: 1. Shareholding ratio to the total number of issued shares

2. Shareholding ratio to the total number of issued and outstanding shares excluding treasury shares

Postal Service Privatization Act

Universal service obligation

Japan Post Holdings and Japan Post Co. are obligated to provide universal services including mail, banking and life insurance businesses

Shareholdings

Japan Post Holdings aims to dispose of its entire equity interest in Japan Post Insurance and Japan Post Bank (the “two financial companies”) as soon as possible

Additional regulatory restrictions applied to the two financial companies

Limitation on new business

- Current: regulatory approval required
- After disposal of 50% or more of Japan Post Holdings’ equity interest in the two financial companies: regulatory prior notification required

Limitation on coverage amount

- Prescribed in cabinet order

Removal of restrictions

- After 100% disposal of Japan Post Holdings’ equity interest in the two financial companies, the restrictions on their business will be removed, while after 50% or more disposal, the Prime Minister and Minister of Internal Affairs and Communications will consider lifting the said regulations

Sales Channels

Framework of Business Operations

Japan Post Insurance aims to provide protection that is truly satisfying to customers through an extensive nationwide network comprising post offices and the Company's branches, which together serve as bases for providing our products, various procedures and services.



Bases for providing our products and services

We are promoting the life insurance business with agencies (our business partners Japan Post Co., Ltd. (post offices) and contracted post offices) and the directly-managed offices (our branches) as our sales channels.

Agency sales channel

Japan Post Co., Ltd. ("Japan Post Co.") solicits our insurance products through its post offices which can be found in every corner of the country as bases of operations. Post offices provide simple and easy-to-understand products (with easy procedures and smaller coverage amounts) and services mainly to households and the individuals market, taking advantage of their nationwide network.

We have placed organizations (Agency Relations Divisions) for agency support at 76 of the 82 branches (as of March 31, 2018) and offer support for sales promotion, as well as training and administration support. We also take advantage of our strengths while working as one with Japan Post Co. to promote the development of products that meet customers' needs, the development of new markets and channels, and the sophistication of sales processes. As of March 31, 2018, there were 20,047 post offices undertaking life insurance solicitations.

Contracted post offices (postal counter service consignees) provide simple and easy-to-understand products and services in the same manner as the post office channel. As of March 31, 2018, there were 580 contracted post offices that had concluded life insurance solicitation consignment contracts with Japan Post Insurance.

Note: In addition, some contracted post offices conduct work to refer customers to post offices.

Directly-managed wholesale channel

Whole Sales Divisions are placed at 76 of the 82 branches (as of March 31, 2018) of the Company, and we have also established the Whole Sales Department at the head office to provide our products and services primarily to the corporate and worksite market, as well as to handle other life insurance companies' products for corporate customers.

Bases for various procedures

For policies with Japan Post Insurance, we provide services for the collection of insurance premiums, the payment of insurance benefits and various other procedures at post offices throughout Japan.

In addition, following privatization, we have been commissioned with the management of Postal Life Insurance Policies by the Management Organization, which succeeded the Postal Life Insurance Policies from Japan Post. By consigning some of the commissioned tasks from the Management Organization to Japan Post Co., such as the collection of insurance premiums and the payment of insurance benefits, we provide services at post offices just as we did before privatization.

The Post Office Network and Japan Post Insurance Bases across Japan (As of March 31, 2018)

■ Post offices

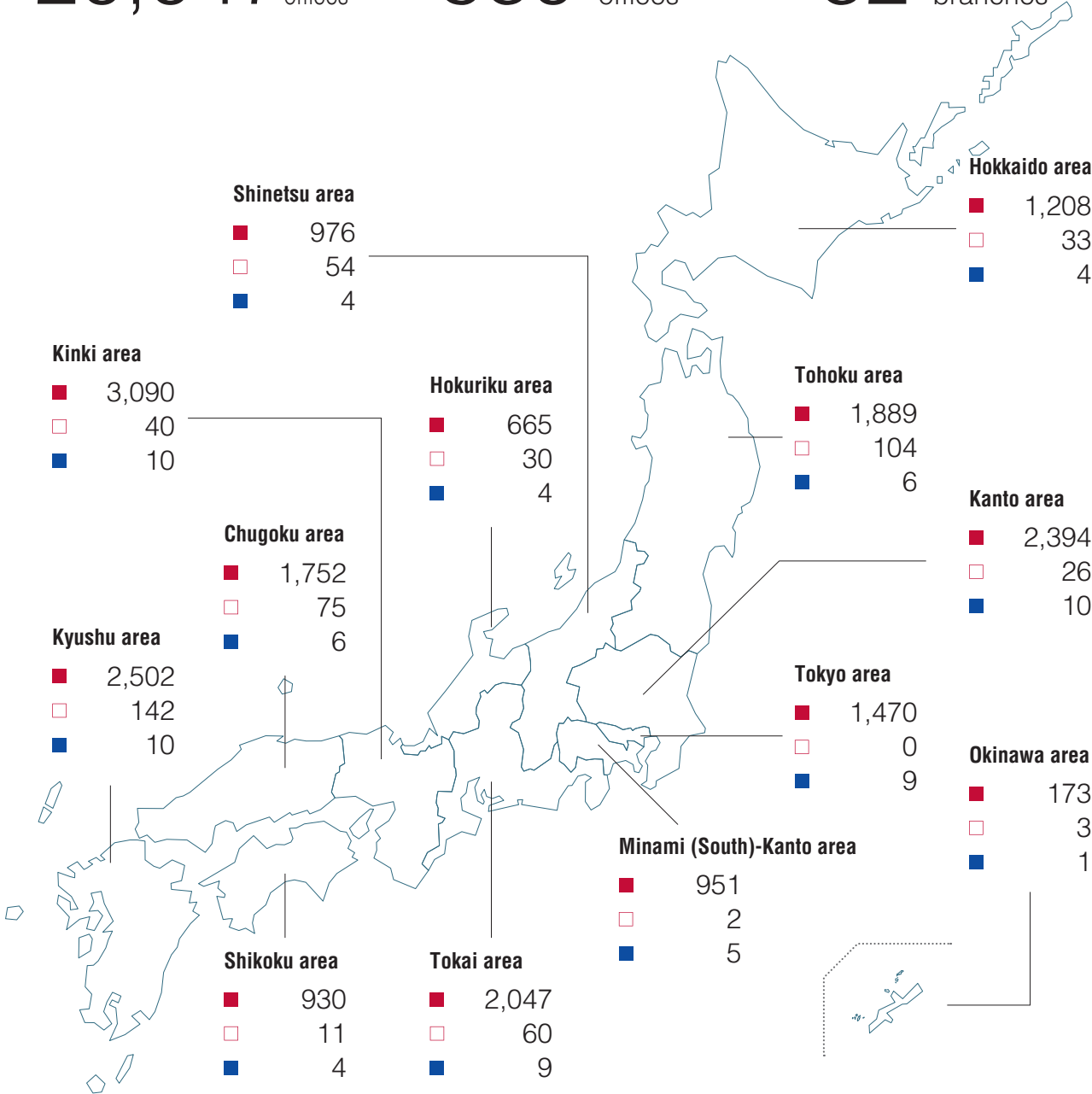
□ Contracted post offices

■ Japan Post Insurance branches

20,047 offices

580 offices

82 branches



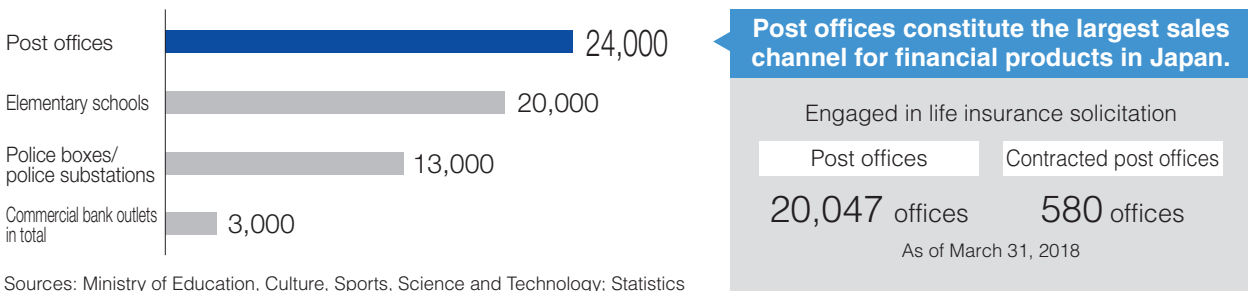
Note: "Post offices" indicates the number of post offices undertaking life insurance solicitation, and "Contracted post offices" indicates the number of contracted post offices that have concluded life insurance solicitation consignment contracts.

Business Development Centering on Post Offices

Nationwide Coverage of Overwhelming Sales Channel Network

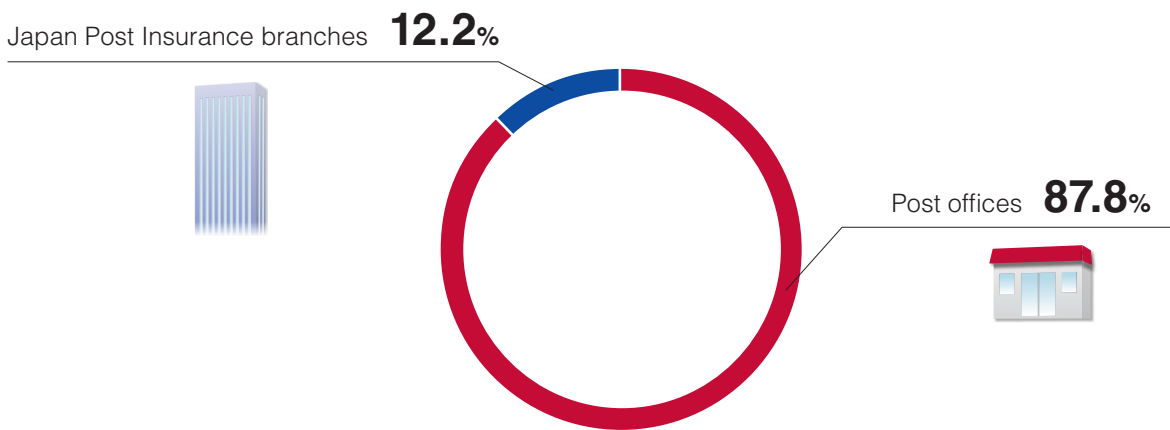
We provide products and services to customers through a nationwide network of more than 20,000 post offices and our branches.

Number of Locations



Sources: Ministry of Education, Culture, Sports, Science and Technology; Statistics Bureau of Ministry of Internal Affairs and Communications; Japanese Bankers Association

Breakdown of New Policy Sales^(Note) by Channel

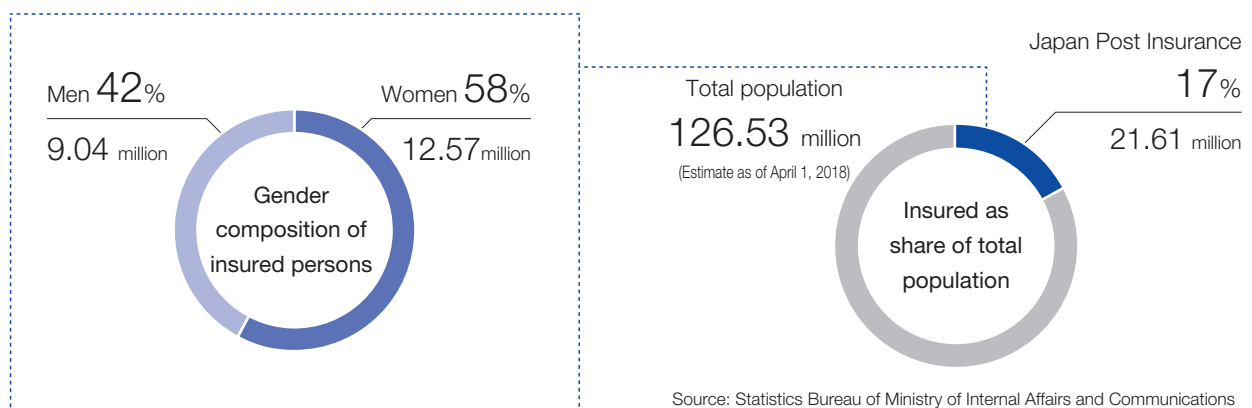


Note: Based on contracted monthly insurance premiums from new policies (estimate)

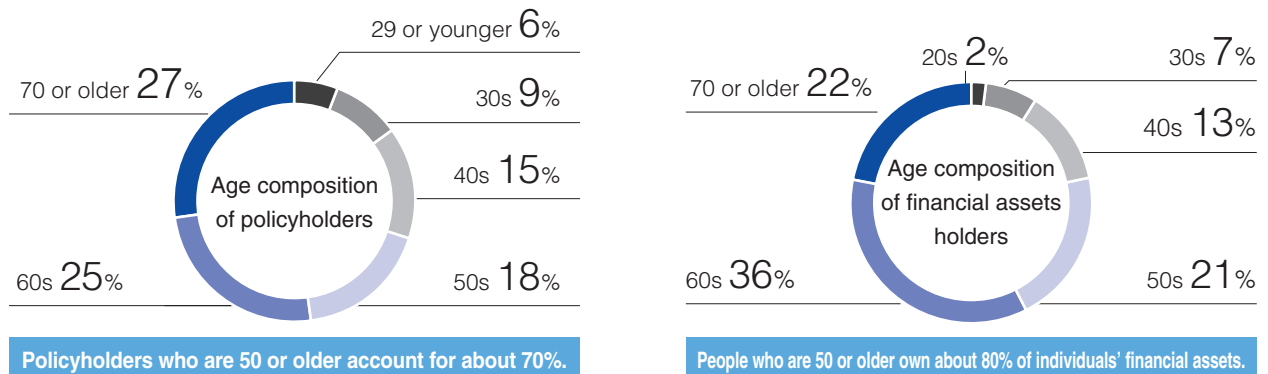
Customer Base with Strong Following among Female Customers, the Middle Aged and the Elderly

The number of insured persons covered by our policies is equivalent to about 20% of Japan's population, of whom about 60% are female. Regarding the age composition of policyholders, the middle-aged and elderly people who are 50 years or older account for about 70%. Thus, our products have a particularly strong following among females, the middle-aged and the elderly.

Gender composition of insured
(Number of insured persons (individual insurance) as of April 1, 2018)



Age composition of policyholders
(Number of new policies (individual insurance) for FY2018/3)



Policyholders who are 50 or older account for about 70%.

People who are 50 or older own about 80% of individuals' financial assets.

Source: Public Opinion Survey on Household Financial Behavior (2017) by The Central Council for Financial Services Information of the Bank of Japan

Number of customers

27.99 million

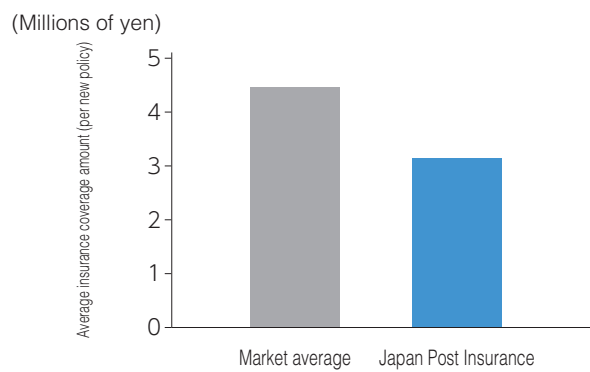
Note: The number of customers is the sum of policyholders and insured persons (including individual insurance and individual annuities as well as Postal Life Insurance reinsured by us under commission from the Management Organization).

Easy-to-understand Products with Smaller Coverage Amounts

Inheriting the Postal Life Insurance Service social mission of “protecting the means of fundamental livelihood of the public through simple procedures,” the Company provides simple and easy-to-understand products (with easy procedures and smaller coverage amounts) and services through the nationwide network of post offices.

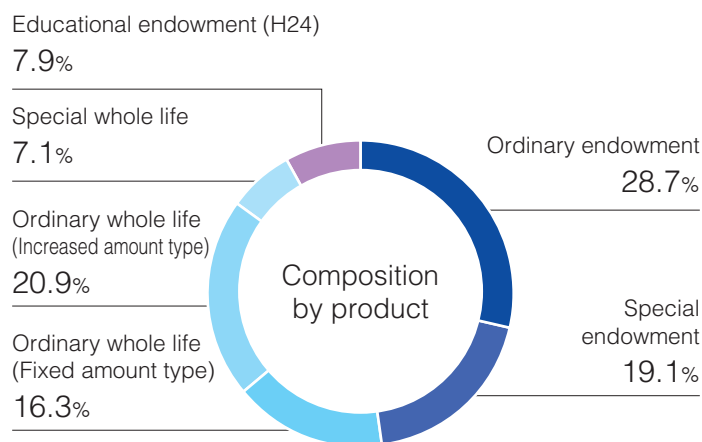
Our insurance products can be purchased without examination. The lineup mainly consists of endowment insurance and whole life insurance with a relatively small death benefit.

Average insurance coverage amount (Per new policy (individual insurance) for FY2018/3)



Source: Life Insurance Statistics Summary (Contract Performance List 2017)

Composition by product (Number of new policies (individual insurance) for FY2018/3)



The basic sales approach is to add medical riders to insurance policies.

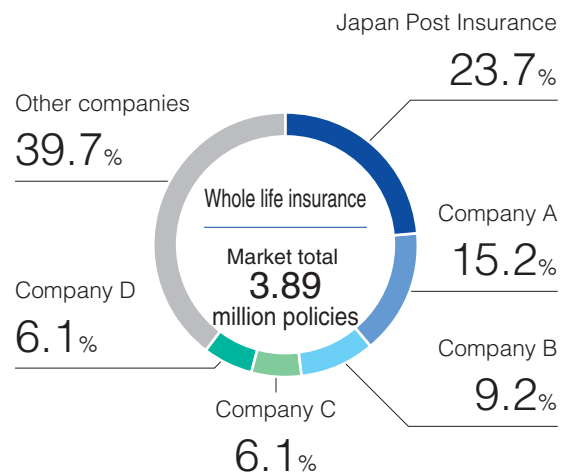
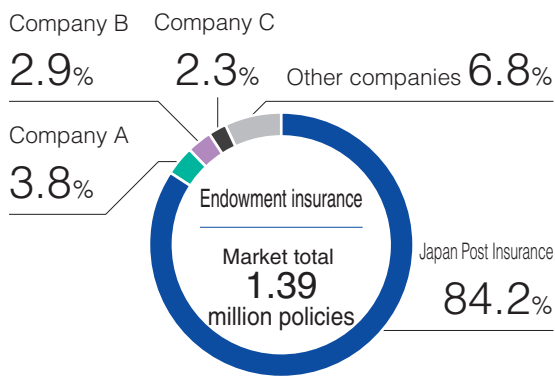
Endowment Insurance and Whole Life Insurance with Medical Care Riders

We have the top share in the industry for endowment insurance and whole life insurance products, which are our mainstay products, in terms of the number of new policies.

Endowment insurance and whole life insurance products are within the scope of universal financial services offered by our business partner, Japan Post Co., Ltd. Our basic approach is to sell policies with medical riders.

We will strive to enhance the attractiveness of our products and deliver peace of mind to customers through insurance.

Market Share (Number of new policies, FY2017/3)



Source: Insurance Life Insurance Statistics Issue (2017 edition)