

**UNOFFICIAL TRANSLATION**

Although Japan Post Insurance pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

June 29, 2017

Company Name: JAPAN POST INSURANCE Co., Ltd.

Representative: Mitsuhiko Uehira, Director and President, CEO, Representative Executive Officer

Stock exchange listing: Tokyo Stock Exchange (Code Number: 7181)

**Matters Concerning Controlling Shareholders, etc.**

JAPAN POST INSURANCE Co., Ltd. (the “Company”) hereby announces the following matters concerning controlling shareholders, etc. with respect to its parent company, JAPAN POST HOLDINGS Co., Ltd. (“Japan Post Holdings”) as of March 31, 2017.

1. Trade names, etc. of the parent company, controlling shareholders (other than the parent company), other subsidiaries and affiliates, or parent company of other subsidiaries and affiliates

(As of March 31, 2017)

Name	Relationship	Percentage of voting rights (%)			Financial instruments exchanges, etc., where issued share certificates are listed
		Direct ownership	Indirect ownership	Total	
JAPAN POST HOLDINGS Co., Ltd.	Parent company	89.00	—	89.00	Tokyo Stock Exchange First Section

2. Positioning of the Company within the corporate group of the parent company, etc., and other relationships with the parent company, etc.

- (1) Positioning of the Company within the corporate group of the parent company, etc., as well as personnel and capital relationship, and transaction relationship with the parent company, etc.

(Capital relationship)

Japan Post Holdings is the parent company of the Company and holds 89.00% of the voting shares in the Company. The corporate group that centers on Japan Post Holdings (the “Japan Post Group”) engages mainly in the postal and logistic business, post office business, banking business and life insurance business. The Company engages in the life insurance business within the Japan Post Group.

(Personnel relationship)

Of the 33 officers of the Company, three concurrently serve as officers at Japan Post Holdings and two concurrently serve as officers at subsidiaries and affiliates (JAPAN POST INFORMATION TECHNOLOGY Co., Ltd. and JAPAN POST STAFF CO., Ltd.).

(As of March 31, 2017)

Title at the Company	Name	Title at the parent company, etc.	Reason for assuming the positions
Director and President, CEO, Representative Executive Officer (Full-time)	Masami Ishii	JAPAN POST HOLDINGS Co., Ltd. Director (Part-time)	To enhance the effectiveness of the Group's business administration and the efficiency of management
Director and Deputy President, Representative Executive Officer (Full-time)	Kiyoshi Ido	JAPAN POST INFORMATION TECHNOLOGY Co., Ltd. Director (Part-Time)	To strengthen the Group's earning capacity and contribute to the improvement of the Group's business operations through enhancing efficiency of business operations using IT
Director (Part-time)	Masatsugu Nagato	JAPAN POST HOLDINGS Co., Ltd. President & CEO (Representative Executive Officer) (Full-time)	To strengthen group governance
		JAPAN POST Co., Ltd. Director (Part-time)	To strengthen group governance
		JAPAN POST BANK Co., Ltd. Director (Part-time)	To strengthen group governance
Senior Managing Executive Officer (Full-time)	Tetsuya Senda	JAPAN POST HOLDINGS Co., Ltd. Managing Executive Officer (Part-time)	To respond to technical questions concerning the Company made at the Diet as a representative of Japan Post Holdings, a corporation of which more than half of its capital is state-owned
Managing Executive Officer (Full-time)	Nobuyasu Kato	JAPAN POST STAFF Co., Ltd. Director (Part-Time)	To enhance the effectiveness of the Group's business administration and the efficiency of management

In addition, the Company has 146 employees seconded from Japan Post Holdings and its subsidiaries, JAPAN POST Co., Ltd. ("Japan Post Co.") and JAPAN POST BANK Co., Ltd. ("Japan Post Bank").

(Transaction relationship)

The major transactions between the Company and Japan Post Holdings and other group companies of Japan Post Group are as follows:

Transaction details	Counterparty
Payment of brand royalty fees	JAPAN POST HOLDINGS Co., Ltd.
Payment of system usage fees	JAPAN POST HOLDINGS Co., Ltd.
Payments for commissions of agency services	JAPAN POST Co., Ltd.
Postage, etc.	JAPAN POST Co., Ltd.
Rental on buildings owned by Japan Post Co.	JAPAN POST Co., Ltd.
Payment of counter computer terminal usage fees	JAPAN POST BANK Co., Ltd.

(2) Benefits, limitations and risks from an operational standpoint of belonging to the corporate group of the parent company, etc.

The Company engages in life insurance business within the Japan Post Group. As a part of Japan Post Group, the Company is able to utilize the brand power of the Group in its business activities. Another benefit from belonging to the Group comes from the fact that group companies can mutually cooperate and collaborate, creating synergy effects that can lead to the enhancement of corporate value of group companies and ultimately the Group.

As no other company in the Japan Post Group engages in the same business as that conducted by the Company, there is no critical overlapping of business domains, and the Company is not bound by any operational restrictions as a result of belonging to Japan Post Group. On the other hand, the Company is required to follow additional procedures in accordance with the Postal Service Privatization Act when starting new businesses which is not imposed on other life insurance companies. In addition, designing of a new product to be offered by the Company is also subject to the statutory limitations that are not imposed on other life insurance companies. Such regulations will remain in effect until the earlier of the day on which Japan Post Holdings disposes of its entire equity interest in the Company, or the day on which Japan Post Holdings disposes of 50% or more of its equity interest in the Company and the Prime Minister as well as the Minister for Internal Affairs and Communications deem that there are no concerns over interference with fair competition and the provision of appropriate services to customers and thereby determine that these regulations should be lifted.

Japan Post Holdings holds 89% of the total voting rights in the Company as of March 31, 2017, which might have an influence on the results of resolutions of the general meeting of shareholders of the Company, including the appointment and dismissal of officers of the Company, mergers with other companies and other corporate restructuring, reductions in share capital, and amendments to the Articles of Incorporation.

- (3) Impacts from aspects such as personnel and capital relationship, and transaction relationship with the parent company, etc. on management and business activities and stance toward maintaining a certain degree of independence from the parent company, etc.

(Personnel relationship)

Three officers of the Company concurrently serve as officers of Japan Post Holdings, and two officers of the Company concurrently serve as officers of subsidiaries and affiliates. These arrangements were made in an aim to improve the effectiveness of the Group's business administration and the efficiency of management, as well as to strengthen group governance, among others. At the same time, the Company appoints seven Outside Directors from outside the Japan Post Group and designates all of them as independent officers as stipulated by the Tokyo Stock Exchange, and less than half of the Directors of the Company serve concurrently as officers of Japan Post Holdings. As such, the Company secures the position where it can make independent management decisions.

In addition, the Company has 146 employees seconded from Japan Post Holdings and its subsidiaries, Japan Post Co. and Japan Post Bank. The objectives of this acceptance of seconded employees are to promote personnel interaction, strengthen intragroup business cooperation, and provide support such as monitoring to post offices and other means. None of these seconded employees has assumed a position that might affect important decisions to be made by the Company.

(Transaction relationship)

The Company conducts life insurance business in accordance with the Insurance Business Act. In order to comply with "arm's-length rule" (under which insurance companies shall not carry out transactions, etc. with specific related parties such as its parent company and the parent company's subsidiaries under conditions that are substantially different from normal conditions, and thereby are called the name mentioned above) in the Insurance Business Act when conducting transactions with Japan Post Holdings and other group companies of Japan Post Group, the Company checks from the perspective of necessity of intragroup transactions, appropriateness of

transaction conditions, etc.

In addition, to ensure the appropriateness of the intragroup transaction conditions, the Company has established a system, whereby any new important transactions or any changes in the conditions of the existing important transaction will be decided by resolution of the Board of Directors, whose members include Outside Directors.

(a) Contracts with Japan Post Holdings

The Company has entered into “Japan Post Group Operating and Trademark Arrangements” with Japan Post Holdings, Japan Post Co. and Japan Post Bank, and “Japan Post Group Operating Agreement” with Japan Post Holdings. As mutual corporation and collaboration between group companies of Japan Group creates synergy effects and contributes to the enhancement of corporate value of group companies and ultimately the Group, principal matters concerning group operation including common philosophies and policies are stipulated under the said Arrangements, etc. so as to facilitate smooth group operation. Under the said Arrangements, etc., the Company is able to utilize the brand power of the Japan Post Group in its business activities, and utilize “JP,” “Japan Post Insurance” and other trademarks owned by Japan Post Holdings.

The Company pays brand royalty fees to Japan Post Holdings for the use of brand power and other benefits derived from its membership in Japan Post Group (royalty for the use of Japan Post Group brands and trademarks). With respect to annual brand royalty fees, based on the concept that the benefits of brand value enjoyed by the Company from maintaining its membership in Japan Post Group is reflected on the Company’s performance, it has been determined, upon mutual consultation between the Company and Japan Post Holdings, that the amount shall be equal to 0.0036% of the amount of insurance policies in force as of the end of the previous fiscal year, which is a financial indicator whereupon such benefits have been reflected. The said rate shall not change unless due to compelling reasons, such as dramatic changes in economic conditions. Based on the said calculation method, the Company will pay ¥3.1 billion by monthly installments for the fiscal year ending March 31, 2018. The Company will continue to pay the fee for the use of brand value as long as it maintains the membership in the Japan Post Group. Payment obligation of the fee by the Company will continue as long as the Company carries out its operations as an affiliated insurance company defined in the Act on Japan Post Co., regardless of the ratio of Japan Post Holding’s equity interest in the Company.

When conducting the aforementioned transactions with Japan Post Holdings, the Company will comply with the said arm’s-length rule. In addition, matters necessary to conducting appropriate and smooth group management and matters that require management by Japan Post Holdings, etc. in accordance with laws and regulations, etc. are subject to consultation with Japan Post Holdings beforehand or report to Japan Post Holdings. However, the “Japan Post Group Operating Agreement” stipulates that such prior consultation will not deter or bind the Company from making its own decisions. As such, the Company recognizes that it maintains a certain degree of independence from the parent company, etc.

(b) Arrangements with Japan Post Co.

The Company has entered into a life insurance sales and maintenance agreement and life insurance counter services agreement with Japan Post Co., whereby offsite sales personnel and counters at nationwide post offices of Japan Post Co. are its primary sales channel. While it is a competitive advantage for the Company to have the extensive nationwide network of over 20,000 post offices as its primary sales channel, as approximately 90% of new

policy sales for the fiscal year ended March 31, 2017 was derived from the post office network, if the number of the post offices' customers or their frequency of usage were to decrease, or ratio of the Company's products and services handled at Japan Post Co. were to decline, our business, performance and financial position might be negatively affected. The life insurance counter services agreement has been entered into to discharge the responsibility of the Company to "provide easy-to-use life insurance services from an user-oriented standpoint in a manner that preserves equal and convenient access to such services in all regions of Japan" under the universal services obligation to which Japan Post Co. is obliged to provide based on the Japan Post Company Act, and such entering into the said agreement has been stipulated by the Articles of Incorporation of the Company. Pursuant to the life insurance counter services agreement, Japan Post Co. markets, sells and accepts insurance claim submissions for ordinary and special whole life and endowment insurance products at post offices under the universal services obligation. Therefore, the collaboration between the two parties is indispensable in operating the Company's business and performing the universal services obligation assumed by Japan Post Co.

In accordance with the said agreement, etc., the Company has stipulated the rules on agency commissions, etc. and pays commissions to Japan Post Co. The total amount paid for this transaction was ¥392.7 billion for the fiscal year ended March 31, 2017, of which ¥190.3 billion was attributable to sales commissions, ¥202.3 billion was attributable to maintenance commissions, and ¥0 billion was attributable to commissions for management of contracted post offices. The rules on agency commissions, etc. are in principal established by the Company and Japan Post Co. is informed thereof. In reality, in establishing the rules on agency commissions, etc., the Company makes administrative adjustments with Japan Post Co. in advance, and secures the opportunity of mutual consent between the parties through consultations at management meetings and approval of the Representative Executive Officer, etc. by both companies. Regarding the incentive mechanism pertaining to the commission, the Company establishes the details and rates of the commission while ensuring consistency thereof with the Company's business strategy for each fiscal year, and revises the details and rates of the commission every fiscal year in consultation with Japan Post Co.

In carrying out this transaction with Japan Post Co., the Company complies with the aforementioned arm's-length rule and adheres to the "Prohibition of Excessively Favorable Treatment to Specific Insurance Agencies, etc." rule which is set forth in "Comprehensive Guidelines for Supervision of Insurance Companies" and "Inspection Manual for Insurance Companies" established by the Financial Services Agency. Therefore, the Company recognizes that it maintains a certain degree of independence from the parent company, etc.

### 3. Matters relating to transactions with controlling shareholders, etc.

Consolidated fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

#### (1) Parent company and major corporate shareholders, etc.

Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Parent company	JAPAN POST HOLDINGS Co., Ltd.	Chiyoda-ku, Tokyo	¥3,500,000 million	Holding company	Directly owned 89%	Group management Interlocking officers	Payments of brand royalty fees (Note 1)	¥3,259 million	Accounts payable-other	¥293 million

Transaction conditions and policies for determining the conditions, etc.

Notes: 1. Based on the concept that the benefits of brand value enjoyed by the Company from maintaining its membership in Japan Post Group are reflected on the Company's performance, brand royalty fees are

calculated by multiplying the amount of insurance policies in force as of the end of the previous fiscal year, which is a financial indicator whereupon such benefits have been reflected, by a fixed rate.

2. Transaction amount does not include consumption taxes. Year-end balance includes consumption taxes.

(2) Fellow subsidiaries, etc.

Type	Company name	Location	Capital	Business	Percentage of voting rights	Relationship	Transaction	Transaction amount	Account	Year-end balance
Subsidiary of parent company	JAPAN POST Co., Ltd.	Chiyoda-ku, Tokyo	¥400,000 million	Postal and logistics business Post office business	-	Insurance agency Interlocking officers	Payments for commission of agency services (Note 1)	¥392,768 million	Agency accounts payable	¥43,812 million

Transaction conditions and policies for determining the conditions, etc.

Notes: 1. The Company makes payments including commission of insurance solicitation calculated by multiplying the insurance amounts and insurance premiums of each contract by commission rates set for each class of insurance, and commission of maintenance and collection calculated by multiplying unit prices set for outsourcing services, such as collection of insurance premiums and payments for insurance money, by the volume of work.

2. Transaction amount does not include consumption taxes. Year-end balance includes consumption taxes.

4. Progress of implementation of measures to protect minority shareholders when conducting transactions, etc. with controlling shareholders

When conducting transactions with the parent company, Japan Post Holdings, and other group companies of Japan Post Group, the Company engages in fair transactions in compliance with the arm's-length rule pursuant to the Insurance Business Act.

In order to ensure the appropriateness of intragroup transactions, all transactions of the Company are checked beforehand in the department responsible for the transactions to confirm whether they fall under the category of intragroup transactions or not. In the case of transactions with any group companies of Japan Post Group, the Company checks if the appropriateness of the transaction is secured by conducting preliminary checks based on a predefined checklist, from the perspective of the necessity for the intragroup transaction, appropriateness of the transaction conditions and other aspects. The appropriateness of details of the check is confirmed by a specialized department (the Legal Affairs Department). In addition, a supervisory department (the Corporate Planning Department) also conducts a check after the completion of the transaction. Inappropriate transactions have not been identified by any checks conducted after the completion of the transaction.