

**Financial Results & Corporate strategy Meeting
for the Six Months Ended September 30, 2019
Summary of Q & A**

Date & time: Friday, November 22, 2019, 2:30 to 4:00 p.m.

* The statements have been partially edited for clarity.

[Business Model]

Q The removal of additional restrictions is one possible solution to issues involving the product lineup and dependence on a single channel. What conditions must be met in order to lower the voting rights ratio of Japan Post Holdings Co., Ltd. (assume it JPH as follows)?

- We believe it is essential to expand the product lineup and review the channel strategies.
- In terms of removing additional restrictions, we are addressing this issue with a strong interest in lowering JPH's voting rights ratio to 50% or less. However, we believe that the Company has to restore its sales force to normal conditions, as preconditions for further public offerings of the Company's shares and a share repurchase. To this end, we also need to thoroughly conduct the currently ongoing investigation, recompense disadvantages caused to customers, and create a system to avoid recurrence.

Q With regard to reconstruct the business model, the Company has mentioned the development of new products and a revision of channel strategies. How long does the Company expect this process to take?

- We believe that the development of attractive products is an indispensable condition for the revision of channel strategies. However, we are considering moving up the implementation period of the system development required for the policy conversion system from April 2021. The launch of new products is expected to take place thereafter. We plan to review our channel strategies from a broad perspective, but it is not something we can dive into from the next term. Therefore, we would like to ask for some time to consider this matter.

Q With regard to the current rewriting issues, what does the Company think is the main subject and what do you intend to do to improve the situation?

- We would like to refrain from giving any specifics as of now, as the Special Investigative Committee is currently in the process of conducting causal analysis. However, it is obvious that the Company has issues that require improvement, and we intend to address them thoroughly.

Q If sales continue to stagnate in and after the next fiscal year, the number of policies in force is also expected to decline at a greater pace. If so, then would profits also decrease in line with the decline in business scale?

- The number of policies in force has been falling since privatization. However, the main reason is the termination of insurance policies with high assumed rates of return from before privatization, due to maturity and other factors. The products that are currently being marketed have improved profitability, due to their lower assumed rates of return. Additionally, we have been shifting sales from endowment insurance to whole life insurance. As whole life insurance policies have longer terms than endowment insurance policies, we believe this difference has a certain effect in slowing down the pace of decline in the number of policies in force. Furthermore, the policies prior to privatization were ones with policyholder dividends, yet riders, among the products currently being marketed, are without policyholder dividends. Consequently, there is a higher proportion of profits being recognized as net income. Therefore, the decrease in the number of policies in force does not immediately equate to lower profits.

Q Considering the obligation of universal service provision imposed on Japan Post Co., Ltd. and the dependence of Japan Post Insurance on Japan Post Co., Ltd. for 90% of its individual insurance policies, it is unlikely that the Company could terminate its consignment contracts with Japan Post Co., Ltd., despite the rewriting issues. Under such circumstances, it is assumed that all post offices would be expected to improve their solicitation quality to levels required by the Financial Services Agency. Which company among the two related parties would bear the expenses associated with the improvement?

- The future systems and their structures, as well as the costs associated with them, will be discussed between the two companies going forward.

[Investigation of Rewritten Insurance Policies]

Q As for the final report scheduled for the end of December, is there any possibility that it might be postponed, depending on the progress being made in the investigations? Additionally, is there any possibility to postpone the restart of sales activities?

- At the time of the interim report at the end of September, the intentions of a certain percentage of customers could not be confirmed. However, we currently have diversified the methods for contacting customers, and would like to lower the percentage of these customers as much as possible by the final report. We also strive to recompense of customers' disadvantages and investigate sales personnel, and plan to report on these matters by the end of the year.
- As for a restart of sales activities, we will be seeking the right time to do this by consulting with related parties. For our part, the Company will aim for an early restart.

Q Why is the introduction of the policy conversion system set in April 2021?

- Although system development will take time and we cannot implement it immediately, we are making preparations to introduce the system at the earliest possible date.

Q At the time of the interim report at the end of September, there was a certain number of customers whose intentions could not be confirmed. Was maintenance of the policies done appropriately? Furthermore, in light of this confirmation status, doesn't the Company verify the appropriateness of the maintenance commissions paid to Japan Post Co., Ltd.?

- Given that this issues stems from the solicitation quality of Japan Post Co., Ltd., the first step taken by Japan Post Insurance was to directly contact the customers. The number, as of the end of September, is of customers whose intentions Japan Post Insurance could not confirm by phone. Currently, we are visiting them to confirm their intentions, and the number of customers whose intentions could not be confirmed is decreasing. Therefore, please understand that the failure to confirm some customers' intentions was not due to inappropriate maintenance of insurance policies.

[Commissions to Japan Post Co.]

Q As for the formula of commissions, the Company mentioned that revisions would be made on a stock basis, rather than a flow basis. What specifically does the Company have in mind?

- In a broad sense, we are considering a revision of the formula of commissions. For example, sales commissions are currently paid in L-shaped installment payments over seven years, but we are considering revising the payment method and other changes.

Q Is the new formula of commissions going to be incorporated into the business plans for the next fiscal year or the medium-term management plan? Will suspension of proactive sales activities in this fiscal year also lower commissions to a certain extent for the next fiscal year and increase profits?

- Nothing is definite at present regarding the outlook for the next fiscal year, but details will be disclosed appropriately and in a timely manner.

Q Under the existing formula, the commissions to be paid to Japan Post Co., Ltd. in and after the next fiscal year will gradually decrease. However, is there a possibility of raising the proportion of maintenance commissions through a revision? In such a case, how will the Company explain this to investors?

- Japan Post Insurance has always paid commissions in line with the enhancement of its corporate value. We believe that the commissions may change depending on the contribution to the enhancement of the Company's corporate value.

[Financial Results Forecasts]

Q As for the financial results for the next fiscal year, how much impact will there be on profits if Japan Post Insurance smoothly acquires new policies from April 2020?

- In terms of sales commissions paid to Japan Post Co., Ltd., for the 12 months from the month in which the new policy is acquired, a larger amount is paid than the amount of loading in the premiums collected from the customers. Therefore, acquiring new policies will be a negative factor for profits for that year.
- However, the decline in sales commissions as a result of not being able to acquire new policies will continue for the following 12 months. Therefore, the current decline in the level of new policies will be a factor for lowering sales commissions for at least the first half of the next fiscal year, and a positive factor for profits in the next fiscal year.
- On the other hand, a certain level of increase in expenses is also expected, including the costs necessary to establish a structure for improving solicitation quality.

Q Do you have an outlook on the levels of new policies in the next fiscal year?

- We cannot provide any specific figures at present on the levels of new policies for the next fiscal year, but the new policies for previous years include the rewriting of insurance policies in which existing policies were canceled and applications were made for new policies. For our future outlook, we need at least to exclude the new policies resulting from the rewriting of existing insurance policies.

[Shareholder Return]

Q Are you considering a special dividend in light of the current upward revision of the financial results forecast?

- Our basic policy is to aim for a steady increase in dividend per share while considering earning prospects and financial soundness, but nothing has been determined at present.

Q Have you considered issuing subordinated bonds in preparation for a share repurchase? Have you considered, for example, issuing subordinated bonds to individual investors?

- We are aware that the issue of subordinated bonds is one of the effective ways of fund-raising.

<Disclaimer>

The financial results forecasts and other forward-looking statements herein are based on certain assumptions deemed reasonable by Japan Post Insurance at the time of the disclosure.

Please note that actual results may differ from the forecast figures due to various factors including changes in assumptions regarding the operating environment.