



Section 7

Postal Service

1. Post office network

As of the end of fiscal 2006, 24,574 post offices (down 0.2% from the previous fiscal year) offered mail-handling facilities.

By type, there were 1,294 ordinary post offices (a decrease of 10 from the previous fiscal year), 18,924 special post offices (an increase of 7 from the previous fiscal year), and 4,356 postal agencies (a decrease of 54 from the previous fiscal year). Dividing ordinary and special post offices by collection-delivery facility and non-collection-delivery facility, there were 3,661 collection and delivery post offices (a decrease of 1,034 from the previous fiscal year) and 16,557 non-collection and delivery post offices (an increase of 1,031 from the previous fiscal year).

2. Volume of postal items

A total of 24.67724 billion (down 0.6% from the previous fiscal year) domestic and international postal items were processed in fiscal 2006.

3. Finances of postal service

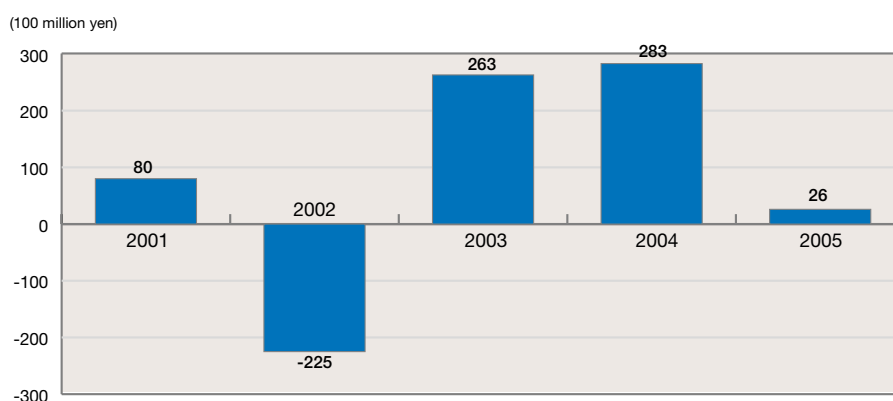
In fiscal 2005, amid rapid progress of ICT and increased competition, postal services recorded a surplus of 2.6 billion yen due to its effort for cost reductions such as reduction of fund procurement cost (**Graph 2-11**).

4. Correspondence delivery business

Following the implementation of the Law Concerning Correspondence Delivery by Private-Sector Operators (Act No. 99 of 2002) in April 2003, although no entry has been made to the general correspondence delivery business, the number of new entrants to the special correspondence delivery business has seen a steady growth, with a total of 213 new entrants as of the end of FY2006

Sales of special correspondence delivery operators have been increasing steadily, marking 1.2 billion yen at the end of FY2005.

Graph 2-11 Changes in earnings performance of postal service



* Care should be given when comparing the Graphs in FY2002 and those of FY2003 or thereafter, since the accounting method was changed to the method based on the business accounting principle following the public corporatization of Japan Post.