

MEIJI LIFE

ANNUAL REPORT

Meiji Life Insurance Company

Year Ended March 31, 2001

Meiji Life was founded in 1881 as Japan's first modern life insurance company to bring insurance and financial services to individuals, families and businesses. Since that time, the Company has grown into one of the world's leading life insurance companies.

Today, Meiji Life's 39,196 employees and sales personnel serve its customers through a worldwide network that encompasses its headquarters in Tokyo, 83 regional offices, 20 group marketing offices and 1,191 agency offices in Japan. Overseas offices include subsidiaries and affiliates in 11 cities around the world. At the end of fiscal 2000, Meiji Life had ¥173 trillion (US\$1,402 billion) worth of life insurance in force and total assets of ¥17,469 billion (US\$141 billion).

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FINANCIAL HIGHLIGHTS

<i>As of March 31, 2001 and 2000</i>	Billions of Yen		Billions of U.S. Dollars*
	FY2000	FY1999	FY2000
Life Insurance in Force	¥173,709	¥174,631	\$1,402.0
Group Pensions in Force	4,803	5,052	38.8
Total Assets	17,469	16,846	141.0

<i>For the years ended March 31, 2001 and 2000</i>	FY2000	FY1999	FY2000
New Business**	13,361	8,610	107.8
Premium Income	2,294	2,299	18.5
Investment Income	404	458	3.3
Insurance Benefits Paid and Others	2,319	2,584	18.7

* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥123.90 to US\$1.00 prevailing on March 30, 2001.

**Figures in New Business are the amount of individual life insurance and annuity (adjusted for conversion).



A MESSAGE FROM THE MANAGEMENT

Overview of Fiscal 2000

Despite signs of a gradual recovery in the first half of fiscal 2000, the Japanese economy began to decelerate in tandem with economic slowdown overseas in the second half of the year ended March 31, 2001.

Along with this trend, the life insurance industry was confronted with three challenges: a rapidly changing market, continued deregulation and extremely low interest rates dictated by anemic economic growth. Meiji Life believes that presenting clear solutions for overcoming these challenges will provide the impetus for growth in the new century. Consequently, Meiji Life has exhaustively conducted insurance product reviews from the perspective of our customers. As a result of these reviews, Meiji Life developed the landmark life insurance product, "Life Account L.A.," in April 2000. Life Account L.A. is the first insurance product in Japan incorporating the concept in which the insurance product is unbundled into protection and saving. This transparent and flexible product enables customers to change their coverage or their premiums annually.

This new product immediately eliminated the discontent consumers have felt about life insurance up to now. This change in consumer attitudes enabled the product to become a stunning success. Since Meiji Life began offering Life Account L.A., we are pleased to see that one million policies have been issued in a very short period. As a result, the amount of new business (adjusted for conversion) for our individual life insurance and annuities has grown an unprecedented 55.2% from the year before.

Life Account L.A. has won wide acclaim from many sectors, receiving the grand prize in Nihon Keizai Shimbun's Nikkei Superior Products & Services Awards.

Development of this new product is in keeping with our tradition as an industry pioneer. In Japan, Life Account L.A. is beginning to be known as an unbundled life insurance product with an account feature. Meiji Life is confident that Life Account L.A. created an "Account Insurance" category and become the de facto standard for life insurance products.

The initial strength of sales of Life Account L.A. demonstrates our customer's satisfaction with the solutions we offer. Meiji Life firmly believes that our customers view us as No. 1 in Customer Trust and as the most reliable company among all insurers.

Meiji Life has continued our diligent efforts to bring greater efficiency to our operations. These efforts have borne fruit, as our surplus for the year totaled ¥118.4 billion, soaring 42.2% from the year before. In addition, our total assets stood at ¥17,469.4 billion, a 3.7% year-on-year increase.

Maintaining Financial Strength

As one of the industry's most reliable companies, Meiji Life is committed to maintaining high standards for financial soundness.

Meiji Life attaches the greatest importance to the foundation fund that is the equivalent of the equity capital of a corporation. This fund exclusively used by mutual companies gives us the financial muscle to offset the risk and to improve our ability to execute our customer's policies. As a result from the raising of 40.0 billion yen for the foundation fund in fiscal 2000, the combined total of the foundation fund and the amortization of foundation fund reserves has reached 160.0 billion yen.

Looking at our assets, the balance sheet entry showing the equivalent of unrealized gain on assets at the end of fiscal 2000 exceeded 1 trillion yen. Our percentage of non-performing loans has always been among the lowest in the industry, and it declined even further in fiscal 2000. At the end of March, the percentage of non-performing loans versus the total loan balance was a minuscule 0.78 percent.

As a result of maintaining this high level of financial soundness, our solvency margin ratio—the factor defining the ability to pay insurance benefits—was 667% as of the end of March. This is well over the 200% minimum target level set by the relevant government agency. Meiji Life also continues to receive high ratings from ratings agen-



Kenjiro Hata
Chairman of the Board



Ryotaro Kaneko
President

cies worldwide. As of July 2001, Meiji Life had an A+ rating from Standard & Poor's, an A+ rating from AM Best, and an AA- rating from the Japan Credit Rating Agency, Ltd.

Solutions for Customer Needs

Meiji Life Group's policy is to put its customers first and to do so we provide solutions to meet the needs of all our customers. To achieve these solutions, Meiji Life not only develops new products, but also seeks to form business alliances along business lines so as to provide tangible benefits and convenience to them.

Among our newly developed products Meiji Life has offered for sale the new Nursing Care rider for Life Account L.A. The Nursing Care rider is the industry's first rider that is linked to the public long-term care insurance system, and it represents a further stage of evolution in the development of Life Account L.A. Meiji Life will continue to develop riders for our products to meet customer needs.

Turning our attention to our business alliances, MEIJI Dresdner Asset Management Co., Ltd. (MEIJI Dresdner) now has more than 1 trillion yen of group annuities under management. In April 2000, MEIJI Dresdner began offering investment advice to our group annuity separate accounts and is continuously providing better and more comprehensive asset management services. Meiji General Insurance Co., Ltd. created a business alliance with QBE Insurance (International) Ltd. and QBE Trade Indemnity Ltd., members of the major Australian insurer QBE Insurance Group Ltd., to offer new trade credit insurance that minimizes the risk resulting from corporations unable to pay their debts. Concern with regard to the long-term care sector is rising with the introduction of the public long-term care insurance system. Meiji Life Group has created the largest long-term care network in the industry, of which each member entity is sensitive to the individual needs of its host community. In addition, Meiji Life began a partnership with Matsushita Electric Industrial Co., Ltd. in February 2001 to further enhance our services related to long-term care.

Meiji Life will continue to utilize external as well as internal resources to provide solutions that satisfy our customers.

Looking to the Future: Earning the Highest Level of Customer Trust and Confidence

Fiscal 2001 marks the 120th year since our founding. After the completion of the reform of the financial system, this fiscal year ushers in a new era of free market competition. Thus, Meiji Life has chosen this year as the one in which we re-define our corporate mission so as to commit to enhanced free competition and all that entails. Meiji Life has adopted a three-year corporate plan to manage our strategy regarding the reform of the life insurance industry. Our plan is based on the premise of creating an approach to internal management that is second to none. The objective of this corporate plan is to; while focusing on the core businesses of life insurance and non-life insurance plus annuities, asset management, and medical and long-term care services, utilize the strength of our products and information technology to achieve superior competitiveness in profitability and growth, soundness of operations and human resources.

By achieving these objectives, Meiji Life will meet the increasingly diverse needs of our customers in the comprehensive life planning and insurance service industry in the 21st century. Meiji Life will be able to provide our customers with new services of the highest quality such as attentive consulting sales service and excellent products as typified by Life Account L.A.

In conclusion, we at Meiji Life sincerely thank our customers and business associates for their unceasing support and patronage. Meiji Life will continue to conduct our business activities in a manner worthy of the high level of trust granted us by our customers.

波多健治郎

Kenjiro Hata
Chairman of the Board

金子亮太郎

Ryotaro Kaneko
President

BUSINESS ACTIVITIES

Insurance Services

Quality Product Line

Meiji Life's objective is to achieve the highest level of customer trust in the industry, and that is why Meiji Life has continued to develop new products based on customer needs. Our capability to develop new products has won us acclaim as an industry pioneer. In fiscal 2000, Meiji Life added the Life Account L.A. to its outstanding product lineup. Life Account L.A. includes several distinctive features. First of all, this product is flexible enough to enable customers to review and change their coverage and their premiums annually, maintaining the necessary coverage related to their current stage in the life cycle. Secondly, by utilizing the premium adjustment function, customers can increase their coverage without raising their premium. In addition, so as to allow customers to verify up-to-date policy content, Meiji Life delivers a detailed individualized report annually. Life Account L.A. also has many other innovative functions besides those above. Life Account L.A. gets high marks from consumers for its transparency and flexibility, and demand for Life Account L.A. continues to increase more than one year after their introduction.

Since January 2001, Meiji Life has offered a new Nursing Care rider for Life Account L.A. that is the industry's first rider linked to the public long-term care insurance system. The Nursing Care rider benefits are paid when the government qualifies the person for long-term care according to the public long-term care insurance system. Since Meiji Life offered it on the market, the

rider has been widely acclaimed for covering the initial costs required for long-term care.

In the general insurance sector, in April 2000, Meiji General Insurance Co., Ltd. created a business alliance with QBE Insurance (International) Ltd. and QBE Trade Indemnity Ltd., members of the major Australian insurer QBE Insurance Group Ltd., to offer new trade credit insurance that minimizes the risk resulting from corporations unable to pay their debts.

Meiji Life Group is committed to developing new

products of the highest quality in the future to respond rapidly to diverse customer needs in any field, be it life or general insurance, or individual or corporate insurance.

Consulting Services

In recent years, customer needs for consulting services from financial institutions have

increased. So as to meet those needs, Meiji Life has transferred financial planners to the staff of our regional offices nationwide. Our financial planners offer the most suitable plan for our customers as specialists based on family structure, annual income, assets, liabilities, and current insurance coverage. In addition to the abilities demonstrated by acquisition of the qualification conferred by the Japan Association for Financial Planners, our financial planners use their extensive knowledge of insurance, financial instruments and taxation to quickly formulate an insurance design in accordance with our customers' life cycles.

All our sales personnel carry palmtop computers with them to provide detailed information on existing policies

COMMEMORATING THE 120TH ANNIVERSARY SINCE FOUNDING, MEIJI LIFE REAFFIRMS COMMITMENT TO BEING "NO.1 IN CUSTOMER TRUST" AMONG ALL INSURERS ON WHICH CUSTOMERS CAN RELY FOR THEIR DIVERSE INSURANCE NEEDS.

and simulation of required coverage during visits to customers. These computers enable us to provide speedy attentive consulting services of every kind to meet the individual needs of our customers.

Improving Customer Convenience

Customer convenience is of paramount importance to Meiji Life, and we endeavor to utilize one of the industry's most advanced information technology systems to improve customer access and speed up our service. In fiscal 2000, Meiji Life expanded Internet services for responding to inquiries about existing policies and for various procedures. Also, our customers who have i-mode cellular phones can access the same services via their cellular phone.

Meiji Life has also developed a database known as "Voice of Customers" that is used to collect and analyze customers opinions, comments and needs. This system enables us to both respond more quickly to and incorporate customers' opinion in our new products and services to allow us to facilitate services for our customers.

Meiji Life's call center is the first in the industry to be staffed 24 hours a day, every day of the year. It handled roughly 260,000 inquiries in fiscal 2000.

Long-Term Care Services

With public interest regarding the long-term care sector rising due to the introduction of the public long-term care insurance system in April 2000, Meiji Life has set up seventeen advisory centers in major cities throughout Japan at which long-term care experts provide customers with professional advice and their optimum long-term care plan. Meiji Life provides the high quality long-term care services for our customers by utilizing the largest network in the industry. For those customers not in an

area with advisory centers nearby, consultation service is available 24 hours a day via telephone or the Internet.

Meiji Life Group organizes the "Meijiseimei Network for Long-Term Care," comprised of medical institutions, local government agencies, and other groups over the country that provide long-term care services. This network provides extensive long-term care services to customers, including services not covered by the public long-term care insurance system. This network is made up of roughly 2,500 institutions, making it the most extensive in the industry. Additionally, the industry's first software application (developed by Meiji Life Group to create long-term personalized care plans) has been upgraded so as to respond to customer requests, and is garnering wide acclaim.

Meiji Life formed a business alliance in the long-term care field with Matsushita Electric Industrial Co., Ltd., in February 2001. Approximately 4,000 electrical appliance stores nationwide handling Matsushita's health care products offer long-term care products to our customers at special prices.

Among our newly developed products, Meiji Life has offered for sale the new Nursing Care rider for Life Account L.A. Thus, Meiji Life provides long-term care coverage for customers through both products and service.

International Insurance Services

Since 1971, when we first entered into business alliances with four overseas insurance companies, Meiji Life has been a pioneer in the international insurance business. Using our extensive overseas network, Meiji Life conducts its insurance business throughout the world in four sectors: international insurance business, insurance brokerage and providing information services, international insurance networks and the international reinsurance business with overseas insurance companies.

The United States

Pacific Guardian Life Insurance Company, Limited (PGL), Hawaii's largest life insurer, is a wholly owned subsidiary of Meiji Life. It has been 25 years since Meiji Life participated in PGL's management in 1976. PGL now offers life insurance and annuities focusing on the needs of the local community, primarily in Hawaii, the West Coast of the United States, Guam and the Northern Mariana Islands. PGL has received an A rating from AM Best and an A+ rating from Standard & Poor's.

In addition, Meijiseimei Insurance Agency of America, Inc. provides the insurance products of associated insurers to U.S.-based Japanese companies.

Europe

Meiji Life's overseas offices located in London and Frankfurt provide information services to customers revolving around cooperative working agreements formed with the Allianz Group and Swiss Life.

Asia

Reflecting our long-term commitment to China, which is widely regarded as one of the fastest growing markets in

the 21st century, Meiji Life has invested in New China Life Insurance Co., Ltd.(NCL), China's fourth-largest life insurer in December 2000. Meiji Life is the first Japanese life insurer to have significant access to the Chinese life insurance market and we are privileged to cooperate with NCL in some areas and to introduce our advanced operational know-how for adjusting NCL to this rapidly expanding market.

Meijiseimei International Hong Kong, Ltd. provides insurance products of associated insurers in China (Hong Kong), the Philippines, Thailand, Malaysia, Taiwan, Singapore, and Indonesia. Meiji Life has also established representative offices in Seoul and Beijing, to strengthen its network in Asia.

International Insurance Networks

Several international life insurance company networks have been established in order to meet the group life insurance and pension plan needs of the overseas branches and subsidiaries of multinational corporations. Meiji Life is a member of All Net, administrated by Allianz, and the Swiss Life Network, run by Swiss Life. Through these networks, Meiji Life is now able to offer insurance services in more than 50 countries.

International Reinsurance Business

Meiji Life entered the international reinsurance field in 1981. Since then, we have assumed reinsurance of life, accident and health insurance policies from major foreign insurance companies around the world. Meiji Life has entered into reinsurance agreements with 20 insurers in 13 countries. Meiji Life will continue to seek opportunities to expand our operations in this field.

Asset Management Services

MEIJI Dresdner Asset Management Co., Ltd.

MEIJI Dresdner Asset Management Co., Ltd. (MEIJI Dresdner), an investment advisory company in Meiji Life Group, has an established reputation for its capabilities in global investment and developing new investment trust products. MEIJI Dresdner provides asset management services that meet the increasingly sophisticated and diverse investment needs of customers.

MEIJI Dresdner utilizes its global network to provide an extensive array of asset management instruments. This has been so widely recognized that group annuities under management have risen from 739 billion yen at the end of fiscal 1999 to 1,014.3 billion yen by the end of fiscal 2000.

Rating and Investment Information, Inc.'s Survey of Customer Evaluation of Asset Management Institutions 2000 conducted for Employees' Pension Funds and Tax Qualified Pension Plans ranked MEIJI Dresdner in third place among the all asset management institutions, a testament to our highly regarded and superior asset management services.

Investment Trust Business

Meiji Life has been selling investment trusts primarily to corporate clients since fiscal 1999. To respond to our individual customers' diversifying needs for financial instruments, Meiji Life began selling investment trusts, mainly developed by MEIJI Dresdner, nationwide to individuals through our sales personnel starting in fiscal 2000.

Defined Contribution Pension Plan

Within the social background of low interest rates and greater mobility in employment, a defined contribution pension plan system modeled on retirement plans specified under Section 401(k) of the U.S. Internal Revenue Code is to be introduced in fiscal 2001 to complement the current defined benefit pension plan system.

At present, Meiji Life provides its customers information on defined contribution pension plans by distributing

brochures, and uses questionnaires as part of its effort to grasp customers' needs and do market research. We also provide customers with consulting services in this area.

Along with the other three major Mitsubishi financial companies —The Bank of Tokyo-Mitsubishi Ltd., The Mitsubishi Trust and Banking

Corporation, and The Tokio Marine and Fire Insurance Co., Ltd.—Meiji Life has participated in new business activities related to defined contribution pension plans. In March 2001, Meiji Life joined with the other three companies to establish Defined Contribution Plan Consulting of Japan Co., Ltd. that conducts administrative business. The new company can use all the expertise available from the four founders to meet diverse customer needs resulting from the introduction of the defined contribution pension plan.

CUSTOMERS CAN RELY ON MEIJI LIFE GROUP TO APPLY ITS ASSET MANAGEMENT SERVICES FOR THEIR INCREASINGLY SOPHISTICATED AND DIVERSE INVESTMENT NEEDS. OUR STRENGTH IN INVESTMENT SERVICES IS WIDELY RECOGNIZED BY CUSTOMERS.

The Japanese Version of the Master Trust Business

Customer needs for more comprehensive asset management services are growing in the pension market, and Meiji Life believes that interest in the master trust business will rapidly increase hereafter.

Anticipating the mounting needs for the master trust business, Meiji Life joined the Mitsubishi Trust and Banking Corporation, Nippon Life Insurance Company,

and others to found The Master Trust Bank of Japan, Ltd. as the first full-scale trust bank in Japan for the master trust business. The new company aims to lay the groundwork for the master trust business by transcending the industry differences between life insurers and trust banks, and utilizing the operational resources, human resources, and expertise of the parent companies.

RISK MANAGEMENT

Meiji Life generally divides the risk incurred in the insurance business into two broad categories: first, financial; and second, customer service. Meiji Life has developed a structure that minimizes the impact of these risks through efforts to control and reduce both by reinforcing our guidelines and executing preventive measures.

In the management of the general account in particular, our priority is to maintain cash flow for the payment of benefits and other outlays. Meiji Life has created a strong asset and liability management structure by utilizing several simulation systems and the comprehensive oversight of an in-house committee, and by formulating detailed investment policies in conformity with our liability structure in every sector.

FIVE-YEAR SUMMARY

	Millions of Yen				
	FY2000	FY1999	FY1998	FY1997	FY1996
Total Ordinary Income	¥ 3,252,679	¥ 3,740,755	¥ 3,612,334	¥ 3,811,164	¥ 3,736,771
Ordinary Profits	180,226	191,746	124,009	31,232	207,576
Surplus for the Period	118,488	83,350	10,078	123,569	177,395
Total Amount of Foundation Funds (Note 1)	160,000	120,000	120,000	60,000	60,000
Total Assets	17,469,453	16,846,236	17,281,569	17,045,566	16,709,123
Assets in the Separate Accounts	1,068,990	1,117,837	1,062,850	835,949	748,744
Liability Reserves	14,780,891	15,010,745	15,428,586	15,511,605	15,118,609
Loans	5,481,142	5,821,168	6,010,684	6,332,558	6,131,375
Securities	9,559,776	8,679,444	8,412,351	8,303,269	7,774,624
Solvency-Margin Ratio (Note 2)	667%	731%	706%	720%	—
Life Insurance in Force (Note 3)	173,709,515	174,631,695	181,745,584	187,090,929	214,037,049
Group Pensions in Force (Note 4)	4,803,208	5,052,582	5,426,443	5,571,925	5,312,081

Note 1. Total amount of foundation funds includes reserves with amortization of foundation funds.

Note 2. The method for calculating solvency margin ratio, including expressions and standards, was changed in fiscal 1998 and 1999 in accordance with directives from the Financial Supervisory Agency and the Ministry of Finance and in fiscal 2000 in accordance with directives from the Financial Services Agency.

Note 3. Life Insurance in force is the sum total of individual life insurance, individual annuities and group life insurance in force.

Note 4. Group pensions in force are the sum total of liability reserves for group pensions.

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-Consolidated Balance Sheet

As of March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars*
	FY2000	FY1999	FY2000
ASSETS			
Cash and deposits:			
Cash	¥ 3,313	¥ 2,562	\$ 27
Deposits	135,732	283,877	1,095
Call loans	1,035,300	550,000	8,356
Monetary claims bought	13,929	4,825	112
Money-placed-in-trust	43,212	91,830	349
Securities:			
Domestic bonds:			
Government bonds	3,019,048	3,242,713	24,367
Municipal bonds	268,140	268,918	2,164
Corporate bonds	1,298,046	936,879	10,477
Domestic stocks	3,740,863	3,119,813	30,193
Foreign securities	1,195,237	1,073,571	9,647
Other securities	38,439	28,949	310
Securities lending	—	8,597	—
Loans:			
Policy loans	378,734	387,743	3,057
Financial loans	5,102,408	5,433,425	41,182
Real estate and movables:			
Land	625,178	570,342	5,046
Buildings	335,353	364,047	2,707
Movable properties	9,882	12,866	80
Buildings and repairing suspense account	40,072	26,112	323
Reinsurance account receivable	3,883	3,688	31
Other assets:			
Account receivable	45,200	36,818	365
Prepaid expenses	15,698	6,344	127
Accrued investment income	62,012	59,198	501
Security deposits and rental deposits	6,988	5,223	56
Deposits on financial futures	62	3,351	1
Margins on financial futures	26	2	0
Derivative financial instruments	1,128	—	9
Suspense payment	24,027	21,778	194
Miscellaneous assets	60,825	107,941	491
Deferred tax assets	—	226,397	—
Customers' liabilities for acceptances and guarantees	10,700	26,000	86
Reserves for possible loan losses	(43,995)	(57,586)	(355)
TOTAL ASSETS	¥17,469,453	¥16,846,236	\$140,996

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥123.90 to US\$1.00 prevailing on March 30, 2001.

	Millions of Yen		Millions of
	FY2000	FY1999	U.S. Dollars*
			FY2000
LIABILITIES AND SURPLUS			
(Liabilities)			
Policy reserves:			
Reserves for outstanding claims	¥ 86,185	¥ 66,380	\$ 696
Liability reserves	14,780,891	15,010,745	119,297
Reserves for policyholder dividends	486,477	525,390	3,926
Reinsurance account payable	3,725	3,565	30
Other liabilities:			
Loans payable	1	3	0
Corporate income tax payable and others	23,770	—	192
Account payable	26,777	21,657	216
Unpaid expenses	38,487	26,146	311
Unearned investment income	9,717	11,480	78
Employees' and agents' savings deposits	23,535	23,533	190
Deposits received for guarantee	34,800	37,048	281
Margins on financial futures	26	2,936	0
Derivative financial instruments	8,508	—	69
Suspense receipts	19,512	19,798	157
Deposits received on bonds lending	741,696	428,230	5,986
Reserves for retirement allowances	—	85,832	—
Reserves for retirement annuities	—	55,031	—
Reserves for retirement benefits	139,709	—	1,128
Reserves for losses on sales of claims	26	177	0
Reserves for support to specific borrowers	4,362	5,712	35
Reserves for asset value fluctuations	90,100	84,663	727
Deferred tax liabilities	24,073	—	194
Deferred tax liabilities on revaluation of land	34,373	24,756	277
Acceptances and guarantees	10,700	26,000	86
TOTAL LIABILITIES	¥16,587,459	¥16,459,091	\$133,878
(Surplus)			
Foundation funds	¥ 80,000	¥ 60,000	\$ 646
Legal reserves:			
Revaluation surplus reserves	289	289	2
Reserves with amortization of foundation funds	80,000	60,000	646
Reserves for losses	1,343	979	11
Revaluation reserves of land	60,711	43,726	490
Surplus retained:			
Voluntary reserves:			
Accumulated reserves for contingencies	41,908	41,908	338
Reserves for foreign investment losses	9	13	0
Fund for retirement allowances	1,382	1,297	11
Fund for promotion of welfare	422	424	3
Reserves with compressed entry of real estate	977	—	8
Special reserves	2,000	2,000	16
Unappropriated surplus for the period	135,267	176,506	1,092
(Surplus for the period)	118,488	83,350	956
Net unrealized gains on investments	477,684	—	3,855
TOTAL SURPLUS	881,994	387,144	7,119
TOTAL LIABILITIES AND SURPLUS	¥17,469,453	¥16,846,236	\$140,996

Non-Consolidated Operations and Surplus

For the years ended March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars*
	FY2000	FY1999	FY2000
ORDINARY INCOME			
Premium income and reinsurance refunds:			
Premium income	¥2,294,293	¥2,299,509	\$18,517
Refunds on reinsurance	735	935	6
Investment income and gain:			
Interest and dividends:			
Interest on deposits	825	2,118	7
Interest and dividends on securities	191,311	225,353	1,544
Interest on loans	170,799	183,429	1,379
Rental income	34,477	35,618	278
Other interest and dividends	6,857	9,271	55
Money-placed-in-trust income	—	2,827	—
Gains on securities sold	96,684	263,633	780
Gains on securities redeemed	—	2,602	—
Gains on separate account assets appraised	—	30,490	—
Gains on foreign exchange	853	—	7
Other investment income	651	924	5
Other ordinary income:			
Annuity supplementary contract premiums	2,484	2,840	20
Benefits left to accumulate at interest	196,800	254,279	1,588
Reversal of reserves for outstanding claims	—	3,432	—
Reversal of liability reserves	229,853	417,840	1,855
Reversal of reserves for retirement allowances	—	4,057	—
Reversal of reserves for retirement benefits	25,031	—	202
Miscellaneous income	1,020	1,588	8
TOTAL ORDINARY INCOME	¥3,252,679	¥3,740,755	\$26,252
ORDINARY EXPENSES			
Insurance benefits paid and others:			
Claims paid	¥ 674,101	¥ 856,979	\$ 5,441
Annuities paid	119,902	109,843	968
Benefits on policies paid	545,560	501,516	4,403
Surrender benefits paid	653,645	533,890	5,276
Other refunds paid	326,055	580,926	2,632
Reinsurance premiums	731	970	6
Transfers to policy reserves:			
Reserves for outstanding claims	19,804	—	160
Interest on dividend reserves	2,238	5,060	18
Investment expenses and losses:			
Interest paid	1,586	985	13
Losses on money-placed-in-trust	11,393	—	92
Losses on securities sold	45,926	157,997	371
Losses on securities appraised	15,219	147,465	123
Losses on securities redeemed	—	44,241	—
Losses on separate account assets appraised	—	14,210	—
Expenses for derivative financial instruments	19,302	—	156
Losses on foreign exchange	—	7,012	—
Transfer to reserves for possible loan losses	—	12,988	—
Write-off of loans	4,647	—	38
Depreciation on real estate for rent	9,308	9,681	75
Other investment expenses	20,562	13,557	166
Losses on separate account assets investment	24,870	—	201
Operating expenses	306,729	292,614	2,476
Other ordinary expenses:			
Payments of benefits left to accumulate at interest	232,834	219,067	1,879
Taxes	18,219	18,348	147
Depreciation	19,663	19,981	159
Transfer to reserves for retirement annuities	—	1,542	—
Miscellaneous expenses	149	127	1
TOTAL ORDINARY EXPENSES	¥3,072,453	¥3,549,008	\$24,798

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥123.90 to US\$1.00 prevailing on March 30, 2001.

	Millions of Yen		Millions of U.S. Dollars*
	FY2000	FY1999	FY2000
ORDINARY PROFITS	¥180,226	¥191,746	\$1,455
Special profits:			
Gains on disposals of real estate and movables	5,552	6,537	45
Reversal of reserves for possible loan losses	4,971	—	40
Special losses:			
Losses on disposals of real estate and movables	27,142	73,212	219
Transfer to reserves for losses on sales of claims	0	25	0
Transfer to reserves for asset value fluctuations	5,436	5,222	44
Losses on compressed entry of real estate	123	3	1
Donations for promotion of welfare	702	624	6
Transfer to reserves for retirement allowances	—	53,934	—
Amortization of transition amount for retirement benefits	13,751	—	111
SURPLUS BEFORE TAXES	143,591	65,261	1,159
Provision for corporate income taxes	35,466	9,610	286
Corporate income tax equivalent adjustment	(10,363)	(27,700)	(84)
SURPLUS FOR THE PERIOD	118,488	83,350	956
Surplus brought forward	32,714	92,153	264
Reversal of revaluation reserves of land	(16,985)	—	(137)
Reversal of fund for retirement allowances	347	377	3
Reversal of fund for promotion of welfare	702	624	6
UNAPPROPRIATED SURPLUS FOR THE PERIOD	¥135,267	¥176,506	\$1,092

Appropriation of Surplus

For the years ended March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars*
	FY2000	FY1999	FY2000
Unappropriated surplus for the period	¥135,267	¥176,506	\$1,092
Reversal of voluntary reserves:			
Reserves for foreign investment losses	9	4	0
TOTAL UNAPPROPRIATED SURPLUS	135,276	176,511	1,092
Transfer to reserves for policyholder dividends	79,404	120,752	641
Net surplus for the period:			
Transfer to reserves for losses	241	364	2
Transfer to reserves with amortization of foundation funds	20,000	20,000	161
Interest on foundation funds	678	518	5
Bonuses for directors and auditors:			
Bonuses for directors	41	42	0
Bonuses for auditors	6	9	0
Transfers to voluntary reserves:			
Fund for retirement allowances	352	432	3
Fund for promotion of welfare	700	700	6
Reserves with compressed entry of real estate	—	977	—
Reserves with separate account compressed entry of real estate	4,666	—	38
SURPLUS CARRIED FORWARD	¥ 29,186	¥ 32,714	\$ 236

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥123.90 to US\$1.00 prevailing on March 30, 2001.

Notes to Non-Consolidated Financial Statements

1. Basis of Preparation of Financial Statements

The financial statements are prepared in accordance with the Insurance Business Law and the Enforcement Regulations thereunder, and in accordance with standard accounting principles and procedures followed by life insurance companies in Japan.

2. Significant Accounting Policies

(1) Application of New Accounting Standards

The Accounting Standards for Financial Instruments

- (a) The Accounting Standards for Financial Instruments (Opinion on Setting Accounting Standards for Financial Instruments, the Business Accounting Deliberation Council, January 22, 1999) are applied starting from FY2000. Changes include the valuation of securities, derivative transactions, and hedge accounting.
- (b) These changes have increased both ordinary profits and surplus before taxes for FY2000 by ¥179,782 million.
- (c) The amendment of the Enforcement Regulations of the Insurance Business Law in conjunction with the application of Accounting Standards for Financial Instruments (Opinion on Setting Accounting Standards for Financial Instruments, the Business Accounting Deliberation Council, January 22, 1999) in FY2000 has resulted in these changes in notation for the Operations and Surplus.
 - i) The difference in interest rate adjustments for bonds and debentures had been recorded in profit and loss on gains on securities redeemed. From this fiscal year, it is included in interest and dividends on securities.
 - ii) All income and expenses accruing from money-placed-in-trust is recorded under losses on money-placed-in-trust.
 - iii) Income and expenses related to derivative transactions are recorded under expenses for derivative financial instruments.
 - iv) Income and expenses related to separate accounts had been included in the investment income and gain and investment expenses and losses. From this fiscal year, they are included in losses on separate account assets investment.

The Accounting Standards for Foreign Currency Translation

- (a) The Accounting Standards for Foreign Currency Translation after amendment (Opinion on Setting Accounting Standards for Foreign Currency Translation, the Business Accounting Deliberation Council, October 22, 1999) are applied starting from FY2000.
- (b) These changes have increased both ordinary profits and surplus before taxes for FY2000 by ¥1,531 million.

The Accounting Standards for Retirement Benefits

- (a) The Accounting Standards for Retirement Benefits (Opinion on Setting Accounting Standards for Retirement Benefits, the Business Accounting Deliberation Council, June 16, 1998) are applied starting from FY2000.
- (b) These changes have increased ordinary profits by ¥22,579 million, and increased surplus before taxes for FY2000 by ¥8,828 million.
- (c) Retirement allowances and retirement annuities are included in retirement benefits starting FY2000.

(2) Securities

- (a) Trading Securities are stated at fair value.
- (b) Held-to-Maturity Debt Securities are stated at amortized cost using the moving average.
- (c) Stock Securities Issued by Subsidiaries and Affiliates are stated at cost using the moving average.
- (d) Other Securities are:
 - Securities for which market quotations are available are stated at fair value.
 - Securities for which market quotations are unavailable
 - i) Bonds and debentures (including bonds issued overseas) for which the difference in acquisition amounts are recognized as the difference in interest rate adjustments are stated at amortized cost using the moving average.
 - ii) Securities that are not classified in categories (a) through (d)-i are stated at cost using the moving average.
 - Net unrealized gains on "Other Securities" are reported as "Net unrealized gains on investments" in the surplus at a net-of-tax amount.

(3) Derivative Transactions

Derivative transactions are stated at fair value.

(4) Depreciation of Real Estate and Movables

Depreciation of buildings is determined according to the straight line method, while depreciation of movables is determined according to the declining balance method.

(5) Depreciation of Computer Software

Depreciation of computer software included under miscellaneous assets is calculated according to the straight line method based on the useful life of the product.

(6) Foreign Exchange Rate

Assets and liabilities other than the stock issued by subsidiaries and affiliates are converted into yen at the exchange rates prevailing on the last business day of March. The stock issued by subsidiaries and affiliates is converted into yen at the exchange rates prevailing on the date of their acquisition.

(7) Reserves for Possible Loan Losses

- a. Reserves for possible loan losses are calculated according to the company's internal standards for risk assessment of assets and the rules for the write-off and provision of reserves. All loans are assessed by the departments concerned and the results are audited by the independent Auditing Department.
- b. For loans to legally bankrupt and substantially bankrupt borrowers, reserves are provided at the balance outstanding after the direct deduction shown below and deduction of the net amount collectible through the disposal of collateral or the execution of guarantees.
- c. For loans to borrowers with high likelihood of bankruptcy, reserves are provided at the required portion of the balance outstanding, based on a general assessment of financial solvency, after deduction of the net amount collectible through the disposal of collateral or the execution of guarantees.
- d. Reserves for possible loan losses on other loans are calculated on a historical basis according to the actual rate of loan losses over a given period.
- e. For overseas loans in specific countries, specific reserves for country risk are provided at the balance considered uncollectible, based on the assessment of the political and economic conditions of the individual countries. Specific reserves for country risk include reserves for foreign investment losses.
- f. Where loans to legally bankrupt or substantially bankrupt borrowers are covered by collateral or guarantees, the balance after deduction of the assessed value of the collateral and the amount considered to be collectible through the execution of guarantees is directly deducted from the loans outstanding. In FY2000, these direct deductions amounted to ¥28,453 million.

(8) Reserves for Retirement Benefits

To provide for the payment of retirement benefits in the future, the retirement benefits are provided at the amount accrued at the end of the year, based on the Accounting Standards for Retirement Benefits.

(9) Reserves for Losses on Sales of Claims

Reserves for losses on sales of claims are for those claims sold to the Cooperative Credit Purchasing Company, Ltd., in accordance with Article 287-2 of the Commercial Law.

(10) Reserves for Support to Specific Borrowers

Reserves for support to specific borrowers are provided in accordance with Article 287-2 of the Commercial Law, based on a rational assessment of the amount of financial support that will be required in the future.

(11) Reserves for Asset Value Fluctuations

Reserves for asset value fluctuations are calculated in accordance with Article 115 of the Insurance Business Law.

(12) Accumulated Reserves for Contingencies

Accumulated reserves for contingencies are provided in accordance with Article 11-2 of the Enforcement Regulations of the Insurance Business Law.

(13) Method of the Hedge Accounting

Hedging transaction has been accounted for in accordance with the Opinion on Setting Accounting Standards for Financial Instruments (the Business Accounting Deliberation Council, January 22, 1999) starting FY2000. Mainly, interest rate swaps are used for the purpose of hedging the risk of future interest rate changes related to loans, which are treated exceptionally.

(14) Consumption Tax

Consumption and local consumption taxes and the base price are recorded separately. Note that deferred consumption taxes on assets that do not qualify as deductive expenses are recorded as prepaid expenses and amortized on a straight line basis over a five year period. Other consumption taxes that do not qualify as deductive expenses are recorded as expenses for the fiscal year in which they are incurred.

(15) Liability Reserves

Liability reserves are provided in accordance with Article 116 of the Insurance Business Law. The amount is calculated using the following methods.

- a. Reserves for policies subject to the standard liability reserve requirement are calculated according to ordinances stipulated by the Prime Minister.
- b. Reserves for other policies are calculated on the basis of the net level premium method.

3. Balance Sheet

(1) Depreciation of Real Estate and Movables

Accumulated depreciation for real estate and movables totaled ¥327,113 million.

(2) Assets and Liabilities for Separate Accounts

Combined assets and liabilities for separate accounts, prescribed in Article 118 of the Insurance Business Law, amounted to ¥1,068,990 million.

(3) Net Assets

The amount of net assets in accordance with the provisions of Article 55-2-6 of the Insurance Business Law is ¥471,267 million.

(4) Monetary Claims on and Liabilities to Subsidiaries

Total monetary claims receivable from the company's subsidiaries amounted to ¥23,103 million, while total monetary liabilities owed to subsidiaries amounted to ¥1,541 million.

(5) Leased Movables

The company holds leased movables, including computers and peripherals, in addition to the real estate and movables reported on the Balance Sheet.

(6) Reserves for Policyholder Dividends

Changes in the reserves for policyholder dividends for FY2000 are shown below:

- a. Amount at the end of FY1999 ¥525,390 million
- b. Transfer from surplus for FY1999 ¥120,752 million
- c. Dividends to policyholders in FY2000 ¥161,903 million
- d. Interest on reserves ¥ 2,238 million
- e. Balance at the end of FY2000 ¥486,477 million

(7) Assets and Liabilities Denominated in Foreign Currencies

Assets denominated in foreign currencies totaled ¥1,070,696 million.

(The main foreign currencies are EUR4,030 million and US\$3,550 million.)

Liabilities denominated in foreign currencies totaled ¥2,793 million.

(The main foreign currency is US\$20 million.)

(8) Foundation Fund

Foundation fund was raised by ¥40,000 million in accordance with Article 60 of the Insurance Business Law.

Total foundation fund amounted to ¥160,000 million when reserves with amortization of foundation funds are taken into account.

(9) Foundation Fund Amortization

Foundation fund was amortized by ¥20,000 million.

(10) Assets Pledged as Collateral

Assets pledged as collateral amounted to ¥62,868 million.

(11) Non-Performing Loans

- a. Non-performing loans are classified according to the three categories of loans to bankrupt borrowers, past due loans, and restructured loans.
- b. Loans to bankrupt borrowers are nonaccrual loans whose borrowers are recognized to qualify under conditions prescribed in Articles 96-1-3 and 96-1-4 of the Enforcement Regulations of the Corporate Income Tax Law. Accrued interest is not recorded as income due to substantial doubt over ability to collect interest or principal because of delay in payment for extended periods. These loans totaled ¥3,136 million.

- c. Past due loans are nonaccrual loans, other than loans to bankrupt borrowers and loans whose interest payments are postponed to support the reconstruction efforts of borrowers. These loans totaled ¥16,957 million. Accrued interest was not recorded as income.
- d. Restructured loans, excluding the above, totaled ¥22,589 million. Restructured loans are those subject to certain favorable concessions, including reduced interest rates or moratorium on interest payment, moratorium on repayment, or release of credit, which are made to support the reconstruction efforts of borrowers.
- e. The estimated uncollectible amount for loans to bankrupt borrowers and past due loans was directly deducted from the outstanding balance. These deductions came to ¥11,749 million for loans to bankrupt borrowers and ¥16,703 million for past due loans.

(12) Securities Lent

Securities lent under consumption loan agreements, excluding sales and repurchase transactions ("repo") had been recorded as securities lending. From this fiscal year, such securities will be recorded separately by asset class. The Balance Sheet amount of the securities lent under consumption loan agreements, including repo was ¥809,429 million.

(13) The balance of funds not yet provided in financing through commitment line agreements for loans

The balance of funds not yet provided in financing through commitment line agreements for loans totaled ¥10,272 million.

(14) Contribution to Policyholders' Protection Fund

The amount of the future contribution to the Policyholders' Protection Fund, which was succeeded by the Life Insurance Policyholders Protection Corporation of Japan in accordance with Article 140-5 of the Supplementary Provisions of the Financial System Reform Law, is estimated at ¥12,291 million.

The contribution is recorded as an operating expense at the time of payment.

(15) Contribution to Life Insurance Policyholders' Protection Corporation of Japan

The amount of the future contribution to the Life Insurance Policyholders' Protection Corporation of Japan, founded in accordance with Article 259 of the Insurance Business Law, is estimated at ¥40,547 million.

The contribution is recorded as an operating expense at

the time of payment.

(16) Liability for Retirement Benefits

Itemization of Liability for Retirement Benefits are listed below:

a. Benefit obligation	¥288,763 million
b. Plan assets	¥105,522 million
c. Non-accumulated liability for	
retirement benefits (a+b)	¥183,241 million
d. Unrecognized transition amount	¥ 55,005 million
e. Unrecognized actuarial loss	¥ 3,551 million
f. Unrecognized prior service cost	¥ 2,068 million
g. Pre-paid plan cost	¥ 12,957 million
h. Reserves for retirement benefits	
(c+d+e+f-g)	¥139,709 million

Calculation of Liability for Retirement Benefits are listed below:

a. Allocation of expected retirement benefit payments	
Fixed payments over a period of time	
b. Discount rate	3.0%
c. Expected rate of return on plan assets	3.0%
d. Years for amortization of transition amount	5 years
e. Years for amortization of actuarial loss	10 years
f. Years for amortization of prior service cost	10 years

(17) Deferred Tax Assets and Liabilities

- Deferred tax assets, which amount to ¥249,537 million, consists mainly of ¥103,209 million on policy reserves, ¥40,635 million on reserves for retirement benefits, ¥32,571 million on reserves for asset value fluctuations, ¥30,403 million on losses on securities appraised, and ¥19,258 million on reserves for possible loan losses.
- Deferred tax liabilities, which amount to ¥273,611 million, consists mainly of ¥270,451 million on unrealized gains of "other securities."
- The statutory effective income tax rate for FY2000 was 36.15%, while the tax burden ratio came to 39.11% as a result of tax effect accounting.

(18) Revaluation of Land for Business

- Land used for the company's business was revalued at publicly disclosed prices, in accordance with the law governing revaluation of land, at the end of FY1999.
- Estimated taxes on the balance on revaluation of land are reported as deferred tax liabilities on revaluation of land under Liabilities. The net gains on revaluation of land after deducting the estimated taxes are reported as revaluation reserves

of land under Surplus.

- The difference in the total market value at the end of FY2000 for the land for business use revalued in accordance with Article 10 of the law and the total book value of the said land for business use after revaluation..... ¥19,434 million

(19) Subsidiaries' Shares

The shares of subsidiaries were valued at ¥145,392 million.

4. Operations and Surplus

(1) Transactions with Subsidiaries

Total profits from transactions with the company's subsidiaries amounted to ¥5,860 million, while total expenses amounted to ¥15,359 million.

(2) Gains on Securities Sold

Gains on securities sold are listed below:
¥1,754 million from domestic bonds, ¥87,313 million from domestic stocks, and ¥6,252 million from foreign securities.

(3) Losses on Securities Sold

Losses on securities sold are listed below:
¥7,097 million from domestic bonds, ¥24,292 million from domestic stocks, and ¥14,500 million from foreign securities.

(4) Losses on Securities Appraised

Losses on securities appraised are listed below:
¥14,736 million from domestic stocks, and ¥483 million from foreign securities.

(5) Losses on Money-placed-in-trust

Losses on money-placed-in-trust are included valuation gains of ¥1,159 million

(6) Expenses for Derivative Financial Instruments

Expenses for derivative financial instruments include valuation losses of ¥7,400 million.

(7) Cost of Retirement Benefits

Itemization of cost of retirement benefits are listed below:

a. Service cost	¥ 8,820 million
b. Interest cost	¥ 8,862 million
c. Expected return on plan assets	¥ 2,851 million
d. Amortization of transition amount	¥13,751 million
e. Amortization of actuarial loss	¥ 394 million
f. Amortization of prior service cost	¥ 167 million

Net Benefit Cost amounted to ¥28,809 million. (a+b+c+d+e+f)

Supplementary Financial Information

1. Outline of Life Insurance and Group Pension Business

1-1. Life Insurance and Group Pensions in Force

	(Millions of Yen)	
	FY2000	FY1999
Individual life insurance	¥118,108,417	¥120,246,274
Individual annuities	8,039,171	8,409,913
Group life insurance	47,561,926	45,975,507
Group pensions*	4,803,208	5,052,582

*Group pensions in force are the sum total of liability reserves for group pensions.

1-2. Life Insurance and Group Pensions New Business

	(Millions of Yen)	
	FY2000	FY1999
Individual life insurance	¥13,229,310	¥8,392,683
Individual annuities	131,702	217,379
Group life insurance	650,454	392,564
Group pensions*	16,237	7,466

*New business of group pensions is the sum total of first premiums.

1-3. Premium Income

	(Millions of Yen)	
	FY2000	FY1999
Individual life insurance	¥1,132,345	¥1,193,654
Individual annuities	203,642	218,869
Group life insurance	154,891	150,044
Group pensions	755,863	687,101
TOTAL*	¥2,294,293	¥2,299,509

*Total includes premium income from other types of insurance and annuities.

1-4. Insurance Benefits Paid

	FY2000					FY1999
	Individual life	Individual annuities	Group life	Group pensions	Total*	Total*
Claims paid:						
Death benefits	¥231,654	¥ 2,506	¥ 85,471	¥ —	¥323,899	¥333,483
Accidental death benefits	5,106	7	61	—	5,244	5,834
Disability benefits	15,356	230	3,605	—	19,197	20,497
Maturity benefits	281,952	—	14	42,006	325,743	497,144
Others	—	—	3	—	16	19
Annuities paid	13,939	28,375	966	74,493	119,902	109,843
Benefits on policies paid:						
Death benefits	410	6,225	2	—	6,833	6,244
Hospitalization benefits	35,948	1,856	157	—	38,234	38,904
Operation benefits	8,460	568	—	—	9,028	8,741
Injury benefits	736	13	30	—	780	896
Survivor benefits	98,289	3,774	—	2,360	107,660	113,644
Lump sum benefits	—	—	14	372,179	372,194	320,479
Others	6,794	149	—	3,790	10,829	12,605
Surrender benefits paid	239,851	101,004	421	278,623	653,645	533,890

*Total includes insurance benefits paid to other types of insurance and annuities.

2. Outline of Investments (General Account)

2-1. Breakdown of Assets

	(Millions of Yen)	
	FY2000	FY1999
Cash, deposits and call loans	¥ 1,148,882	¥ 700,133
Monetary claims bought	13,929	—
Money-placed-in-trust	43,212	91,830
Securities:		
Domestic bonds	4,238,720	4,046,498
Domestic stocks	3,347,385	2,831,633
Foreign securities:		
Foreign bonds	450,188	441,100
Foreign stocks	463,720	375,125
Others	38,439	28,949
Loans:		
Policy loans	378,734	387,743
Financial loans	5,102,379	5,433,377
Real estate	1,000,604	960,503
Deferred tax assets	—	226,397
Others	234,066	279,321
Reserves for possible loan losses	(43,995)	(57,585)
TOTAL	¥16,416,269	¥15,745,028
(Assets denominated in foreign currencies)	795,331	692,856

2-2. Average Balances of Assets

	(Millions of Yen)	
	FY2000	FY1999
Cash, deposits and call loans	¥ 410,172	¥ 736,218
Monetary claims bought	79,199	—
Money-placed-in-trust	102,135	176,559
Domestic bonds	4,196,739	3,785,017
Domestic stocks	2,875,834	3,030,153
Foreign securities:		
Foreign bonds	459,879	396,788
Foreign stocks	388,975	387,653
Loans	5,702,537	5,901,957
(Financial Loans)	5,319,917	5,510,958
Real estate	988,881	952,190
TOTAL	¥15,789,679	¥15,963,242
(Overseas Investments)	1,623,741	1,623,556

2-3. Investment Income and Gain

	(Millions of Yen)	
	FY2000	FY1999
Interest and dividends	¥404,272	¥429,373
Money-placed-in-trust income	—	2,827
Gains on securities sold	96,684	176,346
Gains on securities redeemed	—	2,602
Gains on foreign exchange	853	—
Others	651	469
TOTAL	¥502,460	¥611,618

2-4. Investment Expenses and Losses

	(Millions of Yen)	
	FY2000	FY1999
Interest paid	¥ 1,586	¥ 985
Losses on money-placed-in-trust	11,393	—
Losses on securities sold	45,926	94,252
Losses on securities appraised	15,219	147,465
Losses on securities redeemed	—	43,373
Expenses for derivative financial instruments	19,302	—
Losses on foreign exchange	—	7,452
Transfer to reserves for possible loan losses	—	12,988
Write-off of loans	4,647	—
Depreciation of real estate for rent	9,308	9,681
Others	20,562	13,530
TOTAL	¥127,946	¥329,729

2-5. Net Investment Returns

	(%)	
	FY2000	FY1999
Cash, deposits and call loans	0.20	0.14
Monetary claims bought	0.39	—
Money-placed-in-trust	(11.17)	0.78
Domestic bonds	2.28	2.43
Domestic stocks	3.46	0.50
Foreign securities:		
Foreign bonds	0.72	(9.85)
Foreign stocks	0.95	4.79
Loans	2.90	2.90
(Financial loans)	2.74	2.74
Real estate	1.72	1.78
TOTAL	2.37	1.77
(Overseas Investments)	2.22	0.34

2-6. Breakdown of Securities Investment

	(Millions of Yen)	
	FY2000	FY1999
Domestic bonds:		
Government bonds	¥2,778,777	¥2,898,258
Municipal bonds	267,810	268,604
Corporate bonds	1,192,133	871,037
(Public corporation bonds)	678,207	378,322
Domestic stocks	3,347,385	2,831,633
Foreign securities:		
Foreign bonds	450,188	441,100
Foreign stocks	463,720	375,125
Securities lending	—	8,597
Others	38,439	28,949
TOTAL	¥8,538,455	¥7,723,307

2-7. Breakdown of Loans

	(Millions of Yen)	
	FY2000	FY1999
Policy loans	¥ 378,734	¥ 387,743
Financial loans:		
(Overseas loans)	696,179	721,696
Corporate loans	3,722,797	3,969,930
(to domestic corporations)	3,464,328	3,691,865
Loans to governments and supranationals	310,212	329,342
Loans to public organizations	353,035	352,924
Housing loans	486,476	521,450
Consumer loans	202,976	224,042
Others	26,881	35,687
TOTAL	¥5,481,114	¥5,821,120

*Securities and Others with Market Value

	(Millions of Yen)				
	FY 2000				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds	¥4,182,346	¥4,443,497	¥261,150	¥ 262,068	¥ 917
Domestic stocks	2,658,370	3,144,954	486,584	666,311	179,727
Foreign securities:					
Foreign bonds	401,037	454,738	53,701	53,904	203
Foreign stocks	170,830	328,893	158,063	161,109	3,046
Other securities	19,572	16,911	(2,660)	39	2,700
Others**	10,073	10,394	321	321	—
TOTAL	¥7,442,230	¥8,399,390	¥957,159	¥1,143,754	¥186,594

* The above table shows information regarding securities and other instruments with a market price.

* Trading securities are not included.

**Others include those instruments treated as securities regulated by the Securities and Exchange Law, such as monetary claims bought.

*Marketable Securities

	(Millions of Yen)				
	FY 1999				
	Balance sheet amount	Market value	Net unrealized gains	Gross unrealized gains	Gross unrealized losses
Domestic bonds	¥3,401,096	¥3,537,226	¥ 136,130	¥ 138,663	¥2,533
Domestic stocks	2,698,997	3,651,579	952,582	957,144	4,561
Foreign securities:	460,460	555,669	95,209	95,209	—
Foreign bonds	329,735	330,170	434	434	—
Foreign stocks	130,724	225,498	94,774	94,774	—
Others	—	—	—	—	—
TOTAL	¥6,560,553	¥7,744,475	¥1,183,921	¥1,191,016	¥7,094

2-8. Distribution of Foreign Securities Investment and Overseas Loans

(Millions of Yen)

	FY2000				FY1999			
	Foreign securities			Overseas loans	Foreign securities			Overseas loans
	Total	Bonds	Stocks		Total	Bonds	Stocks	
North America	¥252,536	¥149,387	¥103,148	¥160,048	¥267,803	¥198,982	¥ 68,821	¥178,890
Europe	508,660	238,161	270,498	241,893	389,196	178,467	210,729	248,213
Oceania	8,000	8,000	—	72,320	8,000	8,000	—	72,320
Asia	9,146	2,000	7,146	78,897	17,622	4,102	13,520	100,588
Latin America	120,237	37,310	82,927	11,405	118,054	35,999	82,054	11,686
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	9,280	—	—	—	3,705
Supranationals	15,328	15,328	—	122,334	15,548	15,548	—	106,293
TOTAL	¥913,909	¥450,188	¥463,720	¥696,179	¥816,225	¥441,100	¥375,125	¥721,696

3. Non-performing Loans

(Millions of Yen)

	FY2000	FY1999
Nonaccrual loans:		
Loans to bankrupt borrowers	¥ 3,136	¥ 482
Past due loans	16,957	43,538
Loans past due 3 months or more	—	3,063
Restructured loans	22,589	68,955
TOTAL	¥ 42,684	¥ 116,039
Non-performing loans/total loans	0.78%	1.99%
Non-performing loans/total financial loans	0.84%	2.14%

4. Outline of Reserves

4-1. Liability Reserves

(Millions of Yen)

	FY2000	FY1999
Liability reserves:		
Individual life insurance	¥ 6,890,677	¥ 7,086,168
Individual annuities	2,597,819	2,480,934
Group life insurance	12,101	11,048
Group pensions	4,803,208	5,052,582
Others	239,431	239,085
Reserves for contingencies	237,653	140,926
TOTAL	¥14,780,891	¥15,010,745

4-2. Other Reserves

(Millions of Yen)

	FY2000	FY1999
Reserves for possible loan losses:		
General reserves for possible loan losses	¥ 38,826	¥42,207
Specific reserves for possible loan losses	5,143	15,350
Specific reserves for country risk	25	28
Reserves for retirement allowances	—	85,832
Reserves for retirement annuities	—	55,031
Reserves for retirement benefits	139,709	—
Reserves for losses on sales of claims	26	177
Reserves for support to specific borrowers	4,362	5,712
Reserves for asset value fluctuations	90,100	84,663

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

As of March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars*
	FY2000	FY1999	FY2000
ASSETS			
Cash and deposits	¥ 155,697	¥ 301,912	\$ 1,257
Call loans	1,035,300	550,000	8,356
Monetary claims bought	13,929	4,825	112
Money-placed-in-trust	43,212	91,830	349
Securities	9,554,575	8,655,254	77,115
Loans	5,477,778	5,837,916	44,211
Real estate and movables	1,054,867	978,685	8,514
Agency account receivable	543	323	4
Reinsurance account receivable	4,004	3,919	32
Other assets	237,100	259,036	1,914
Deferred tax assets	493	204,819	4
Customers' liabilities for acceptances and guarantees	10,700	26,000	86
Reserves for possible loan losses	(47,229)	(62,570)	
TOTAL ASSETS	¥17,540,974	¥16,851,953	\$141,574
LIABILITIES AND SURPLUS			
(Liabilities)			
Policy reserves:			
Reserves for outstanding claims	¥ 89,947	¥ 69,625	\$ 726
Liability reserves	14,839,773	15,058,980	119,772
Reserves for policyholder dividends	486,477	525,914	3,926
Agency account payable	7	1	0
Reinsurance account payable	3,985	3,658	32
Other liabilities	955,060	586,555	7,708
Reserves for retirement allowances	—	86,060	—
Reserves for retirement annuities	—	55,031	—
Reserves for retirement benefits	140,067	—	1,130
Reserves for losses on sales of claims	26	177	0
Reserves for asset value fluctuations	90,657	84,684	732
Deferred tax liabilities	38,282	—	309
Deferred tax liabilities on revaluation of land	34,373	24,756	277
Acceptances and guarantees	10,700	26,000	86
TOTAL LIABILITIES	16,689,360	16,521,447	134,700
MINORITY INTERESTS	4,071	3,143	33
(Surplus)			
Foundation funds	80,000	60,000	646
Revaluation surplus reserves	289	289	2
Reserves with amortization of foundation funds	80,000	60,000	646
Revaluation reserves of land	60,711	43,726	490
Consolidated surplus	160,983	222,725	1,299
Net unrealized gains on investments	482,297	—	3,893
Currency translation adjustment	(16,738)	(59,378)	(135)
TOTAL SURPLUS	847,543	327,362	6,841
TOTAL LIABILITIES, MINORITY INTERESTS AND SURPLUS	¥17,540,974	¥16,851,953	\$141,574

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥123.90 to US\$1.00 prevailing on March 30, 2001.

Consolidated Operations and Surplus

For the years ended March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars*
	FY2000	FY1999	FY2000
ORDINARY INCOME			
Premium income and reinsurance refunds	¥2,321,130	¥2,323,084	\$18,734
Investment income and gain:			
Interest and dividends	408,226	462,054	3,295
Money-placed-in-trust income	—	2,827	—
Gains on securities sold	97,038	263,931	783
Gains on securities redeemed	—	2,607	—
Gains on separate account assets appraised	—	30,490	—
Gains on foreign exchange	1,379	—	11
Other investment income	8,425	3,707	68
Other ordinary income	456,117	693,363	3,681
TOTAL ORDINARY INCOME	3,292,317	3,782,066	26,572
ORDINARY EXPENSES			
Insurance benefits paid and others:			
Claims paid	683,212	863,925	5,514
Annuities paid	120,512	110,118	973
Benefits on policies paid	547,003	502,735	4,415
Surrender benefits paid	654,861	534,990	5,285
Other refunds paid and expenses	326,786	581,896	2,637
Transfers to policy reserves:			
Reserves for outstanding claims	20,236	1,019	163
Liability reserves	—	6,413	—
Interest on dividend reserves	2,238	5,060	18
Investment expenses and losses:			
Interest paid	2,708	985	22
Losses on money-placed-in-trust	11,393	—	92
Losses on securities sold	45,979	158,241	371
Losses on securities appraised	15,219	144,959	123
Losses on securities redeemed	—	44,760	—
Losses on separate account assets appraised	—	14,210	—
Expenses for derivative financial instruments	19,302	—	156
Losses on foreign exchange	—	9,275	—
Transfer to reserves for possible loan losses	—	11,568	—
Write-off of loans	4,647	—	38
Depreciation on real estate for rent	11,296	9,681	91
Other investment expenses	20,588	6,858	166
Losses on separate account assets investment	24,870	—	201
Operating expenses	319,562	304,626	2,579
Other ordinary expenses	282,538	283,931	2,280
TOTAL ORDINARY EXPENSES	3,112,958	3,595,256	25,125
ORDINARY PROFITS	179,358	186,809	1,448
Special profits:			
Gains on disposals of real estate and movables	5,570	6,537	45
Reversal of reserves for possible loan losses	4,708	—	38
Other special profits	223	160	2
Special losses:			
Losses on disposals of real estate and movables	56,055	73,267	452
Transfer to reserves for asset value fluctuations	5,439	5,222	44
Losses on compressed entry of real estate	123	3	1
Transfer to reserves for retirement allowances	—	53,934	—
Amortization of transition amount for retirement benefits	13,769	—	111
Other special losses	999	875	8
NET SURPLUS BEFORE TAXES	113,473	60,204	916
Provision for corporate income taxes	37,483	10,301	303
Corporate income tax equivalent adjustment	(20,925)	(26,310)	(169)
Losses on minority interests	647	171	5
NET SURPLUS FOR THE PERIOD	¥ 96,268	¥ 76,043	\$ 777

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥123.90 to US\$1.00 prevailing on March 30, 2001.

Consolidated Statement of Surplus

For the years ended March 31, 2001 and 2000

	Millions of Yen		Millions of U.S. Dollars*
	FY2000	FY1999	FY2000
Consolidated surplus at the beginning of the period	¥222,725	¥271,632	\$1,798
Decrease in consolidated surplus:			
Change of scope of consolidation	—	2,518	—
Reversal of revaluation reserves of land	16,985	—	137
Transfer to reserves for policyholder dividends	120,440	61,910	972
Transfer to reserves with amortization of foundation funds	20,000	59,000	161
Interest on foundation funds	518	1,446	4
Bonuses for directors and auditors	66	74	1
Net surplus for the period	96,268	76,043	777
Consolidated surplus at the end of the period	¥160,983	¥222,725	\$1,299

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥123.90 to US\$1.00 prevailing on March 30, 2001.

Note: Consolidated companies include Meiji Life Insurance Agency, Ltd., Meisei Credit Guarantee Co., Ltd., Meisei System Service Co., Ltd., MEIJI Dresdner Asset Management Co., Ltd., Meiji General Insurance Co., Ltd., Pacific Guardian Life Insurance Co., Ltd., Meijiseimei Realty of America, Inc., Meijiseimei Property U.K. Ltd., Meijiseimei Property Germany GmbH (Immobilieninvestitionen), Meijiseimei Realty (USA), Inc. and Meijiseimei Properties (USA), Inc.

In addition to the above-mentioned companies, Meijiseimei Leasing Co., Ltd. is consolidated as equity method investee.

DIRECTORS AND AUDITORS

As of July 3, 2001

BOARD OF DIRECTORS

Kenjiro Hata	Chairman of the Board	Kouichi Hagari	Managing Director Chief General Manager, Nagoya
Ryotaro Kaneko	President	Ryusuke Inagaki	General Manager, Special Corporate Marketing Department
Shigeo Inoue	Deputy President	Yutaka Ando	General Manager, Investment Planning & Administration
Yukichi Ozawa	Senior Managing Director Chief Executive, Investment	Shinkichi Mori	General Manager, Corporate Marketing Department
Motonori Kinugawa	Senior Managing Director Chief Executive, Corporate Marketing	Kunio Momoi	Chief General Manager, Fukuoka General Manager, Fukuoka Regional Office
Toshio Akimoto	Senior Managing Director	Masuo Kuroki	General Manager, Sapporo Regional Office
Yasuharu Mochizuki	Managing Director Chief Executive, Marketing	Michio Kondo	General Manager, Agency Department
Shigeru Hirata	Managing Director Chief Executive, Customer Service	Tatsuo Shionozaki	General Manager, Tokyo Chuo Metropolitan Office
Kiyoshi Awazu	Managing Director Chief General Manager, Osaka	Kenji Matsuo	General Manager, Real Estate Department
Toru Matsuura	Managing Director	Toshio Abe	General Manager, Personnel Department

Hiromi Okamoto Managing Director

Hiroshi Katayama Managing Director
Chief General Manager,
Tokyo Marketing Bureau

Masato Komura Managing Director

Katsuzo Iwata Managing Director

BOARD OF AUDITORS

Masakazu Masaki Senior Corporate Auditor

Yoshio Ishihara Senior Corporate Auditor

Satoru Kishi Chairman of the Board
The Bank of Tokyo-Mitsubishi, Limited

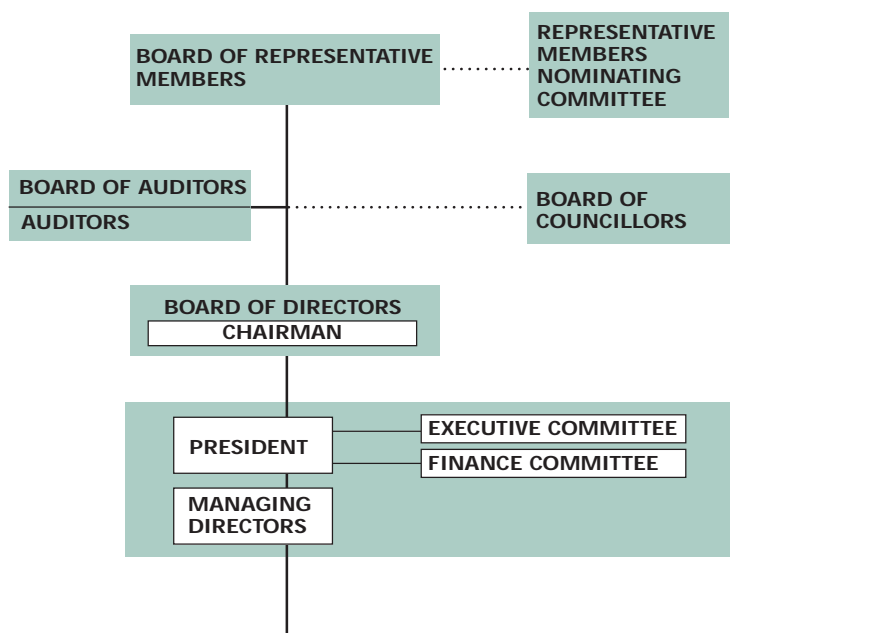
Yasuhiro Satoh Chairman
Kirin Brewery Company, Limited

SENIOR CORPORATE ADVISOR

Terumichi Tsuchida

COMPANY ORGANIZATION

As of July 3, 2001



Marketing
Agency Department
Tokyo Marketing Bureau
Financial Planning Education Department
Corporate Marketing
Corporate Marketing Department
Special Corporate Marketing Department
Special Group Marketing Department
Group Service Department
Field Personnel Department
Marketing Planning & Research Department
Market Development Department
Product Development Department
Pension Fund Investment & Services Bureau
Asset Management Department
Health Care Service Department
Customer Service
Customer Service Center
Service Planning & Administration
Underwriting
Medical
Customer Support
Customers Services
Osaka Customer Service Center
Investment
Investment Planning & Administration
Credit Analysis Department
Corporate Finance & Personal Loan Department
Securities Investment Department
Separate Account Investment Department
Investment Administration Department
Real Estate Department
International Department
Personnel Department
General Affairs Department
Information Systems Department
Profit Management & Actuarial Department
Affiliated Companies Department
Corporate Planning & Research Department
Secretary's Department
Osaka General Affairs Department
Auditing Department
Tokyo 1st Group Marketing Department
Tokyo 2nd Group Marketing Department
Tokyo 3rd Group Marketing Department
Tokyo 4th Group Marketing Department
Nagoya Group Marketing Department
Osaka Group Marketing Department
Tokyo 1st Corporate Group Marketing Department
Tokyo 2nd Corporate Group Marketing Department
Nagoya Corporate Group Marketing Department
Osaka Corporate Group Marketing Department
Metropolitan Area Corporate Marketing Department
Kinki Area Corporate Marketing Department
Hokkaido Area Corporate Marketing Department
Tohoku Area Corporate Marketing Department
North-Metropolitan Area Corporate Marketing Department
Chubu Area Corporate Marketing Department
Shizuoka Area Corporate Marketing Department
Tokai Area Corporate Marketing Department
Chugoku-Shikoku Area Corporate Marketing Department
Kyusyu Area Corporate Marketing Department
Corporate Marketing Divisions (34)
Regional Offices (81)
Tokyo Chuo Metropolitan Office
Tokyo Shin-toshin Metropolitan Office
Agency Offices (1,191)
Corporate Marketing Divisions (21)

DOMESTIC SUBSIDIARIES AND AFFILIATES

As of July 3, 2001

General Insurance Business	Meiji General Insurance Co., Ltd.
Insurance-Related Services	Meiji Life Insurance Agency, Ltd. Meisei Inspection Co., Ltd. MT Insurance Service Co., Ltd.
Investment- and Finance-Related Business	MEIJI Dresdner Asset Management Co., Ltd. Meijiseimei Leasing Co., Ltd. Meisei Credit Guarantee Co., Ltd. Meijiseimei Capital Co., Ltd. The Mitsubishi Asset Brains Co., Ltd. Defined Contribution Plan Consulting of Japan Co., Ltd.
Building Maintenance Services	Meisei Real Estate Management Co., Ltd. ASBP Community, Inc.
Research, Development, Medical and Welfare Services	Meijiseimei FinanSurance Institute, Inc. Meiji Life Foundation of Health and Welfare
Others	Meisei System Service Co., Ltd. Diamond Athletics, Ltd. Meijiseimei Staffing Service Co., Ltd. Meisei Business Service, Ltd. Meisei Printing Co., Ltd.

INTERNATIONAL DIRECTORY

As of July 3, 2001

HEAD OFFICE

Yukichi Ozawa

Senior Managing Director
Chief Executive, Investment

Hiromi Okamoto

Managing Director
in charge of
International Department
International Finance

Masato Komura

Managing Director
in charge of
Group Service Department
Asset Management Department
Securities Investment Department
Separate Account Investment Department

Yutaka Ando

Director & General Manager,
Investment Planning & Administration

Hiroaki Tonooka

General Manager,
Asset Management Department

Koichi Hayamizu

General Manager,
Credit Analysis Department

Shinichi Yasuda

General Manager,
Corporate Finance & Personal Loan Department

Yasuhiro Hisamura

General Manager,
Securities Investment Department

Kuniyoshi Takai

General Manager,
Separate Account Investment Department

Iku Mitsueda

General Manager,
Investment Administration Department

Hitoshi Yoshida

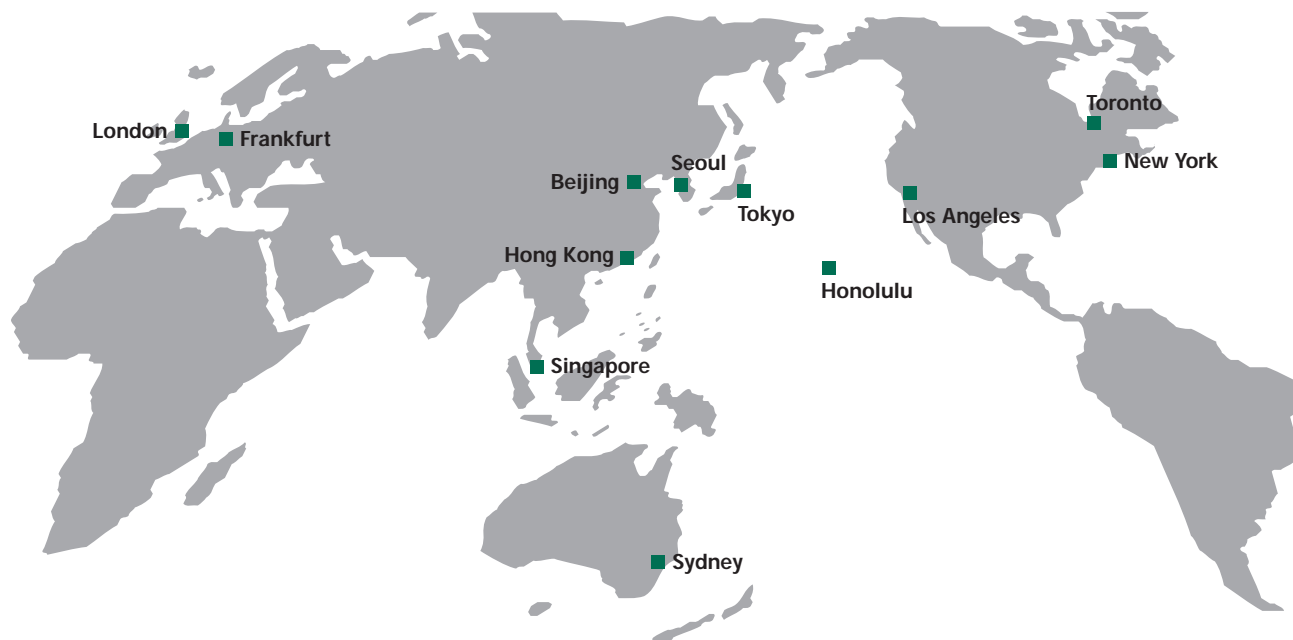
General Manager,
International Department

Hideaki Hattori

Resident General Manager for Hawaii & California,
International Department

Katsuki Takashima

General Manager, International Insurance,
International Department



THE AMERICAS

Honolulu

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President: Yasushi Wada

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Meiji-Alliance Capital Corporation
Meijiseimei Realty (USA), Inc.
Meijiseimei Properties (USA), Inc.

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Meijiseimei Property U.K. Ltd.
Managing Director: Masato Takada
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Managing Director: Seiji Okamoto
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