# A Message from the Management

### **OVERVIEW OF FISCAL 2001**

Commemorating our 120th anniversary on July 9, 2001, Meiji Life Insurance Company ("Meiji Life") defined this first fiscal year of the new century, ended March 2002, as a novel starting point for the pursuit of an innovative business model for Japan's life insurance industry in the 21st century and for becoming the most reliable company for customers in the industry. Meiji Life strived to attain superior competitiveness in growth and profitability as well as enhance the soundness of operations and human resources throughout the core businesses of insurance/annuities, asset management, and medical insurance and long-term care services. As a result, although a decline in life insurance in force has been seen in the life insurance industry in general in the past few years, Meiji Life successfully registered an increase compared with the end of fiscal 2000.

Within the above setting, in January 2002 Meiji Life consummated a comprehensive strategic alliance agreement with The Yasuda Mutual Life Insurance Company ("Yasuda Life") with the ultimate goal of future business integration. By combining and leveraging the strengths and distinguishing characteristics of the two companies, including sound financial and business foundations, Meiji Life and Yasuda Life will efficiently reallocate the increased quality and size of management resources, and will establish a new insurance business model in which life insurance plays a core role. Accordingly, a higher level of growth, profitability and financial soundness will be realized, thereby enhancing customer trust and confidence to the future integration. In the period up to the integration, the companies will work closely and exhaustively to reinforce this alliance primarily by both merging and streamlining business infrastructures and promoting joint development and the standardization of products and customer services.

In the individual insurance sector, a series of innovative cancer and hospitalization riders was introduced, advancing

and adding further innovations to "Life Account L.A.," an account-type insurance in its second year on the market. As of the end of fiscal 2001, the number of new policies for this product stood at 1.36 million, with the number having passed the one million mark in August 2001. In addition, a new account-type medical insurance named "medical account m.a." was launched in October 2001. This product is the first account-type medical insurance in Japan that allows customers to adjust premiums and coverage on a yearly basis.

In the group insurance and annuities field, Meiji Life boosted its capabilities to satisfy employee benefit needs, and as a result, group insurance in force was up 11.9% from the previous year. Group pensions in force by Meiji Life Group, including MEIJI Dresdner Asset Management Co., Ltd., grew 3.6% on a year-on-year basis.

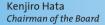
At the end of fiscal 2001, the aggregate amount of individual life insurance, individual annuities, and group life insurance in force increased 0.8% over the previous year, to ¥175.1 trillion.

### **MAINTAINING FINANCIAL SOUNDNESS**

Meiji Life elevated profitability through improved operating cost efficiency and also maintained a high level of financial soundness by reducing exposure to equity and other assets with inherent risk. Stock equivalent to ¥270.1 billion was sold or liquidated and reinvested in blue chips, and, via these measures, we made progress in improving our portfolio during the period under review.

Consequently, despite the unfavorable business environment plagued by prolonged stagnation, base profit, an indicator of earnings performance from mainstay insurance operations, stood at ¥258.6 billion. Looking at our assets, Meiji Life maintained a leading position within the industry with the balance sheet entry showing the equivalent of unrealized gains on total assets for the general account







Ryotaro Kaneko

amounting to \$770.1 billion. Actual net assets stood at \$1.62 trillion yen (9.5% as a percent of total assets) and the percentage of non-performing loans to loans outstanding was a miniscule 0.57%.

Meiji Life's solvency margin ratio, the measure defining our ability to pay insurance benefits, was 609.4% at year-end. As of May 2002, we had an "A" rating from Standard & Poor's, and an "A+" rating from both the Japan Credit Rating Agency, Ltd., and AM Best.

#### **EVOLVING CUSTOMER SERVICE**

Meiji Life continuously provides the latest, highest quality services to meet diverse customer needs. In the insurance and annuities field, we have developed over a four-year period the "Next-Generation Individual Insurance System," creating new core system foundations for the Company. This customer-oriented system makes it possible to offer services that directly address individual customer needs. In June 2001, Meiji Life commenced distribution of the so-called "Happy Report" for policyholders of Life Account L.A. and improved its follow-up services. This is the industry's first comprehensive policy statement which updates the policy status on an anniversary date basis.

Turning to asset management, consulting service capabilities for defined contribution pension plans were boosted by utilizing several joint ventures, including The Master Trust Bank of Japan, Ltd., and another by four Mitsubishi Group financial institutions that is known as Defined Contribution Plan Consulting of Japan Co., Ltd. In the area of defined benefit pension plans, Meiji Life and seven other domestic life insurance companies have established Japan Pension Service Co., Ltd., bolstering the ability to provide services in this area and reducing costs related to systems investment.

In the medical insurance and long-term care field, Meiji Life

promoted its total consulting services through the use of new technologies by jointly establishing Wellness Care Network Co., Ltd., with four other companies, in March 2002. Each of the five companies contributes specific strengths in relevant fields.

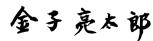
## PURSUING BUSINESS INTEGRATION TO BE THE LEADING LIFE INSURANCE COMPANY

Meiji Life and Yasuda Life, both groundbreaking life insurance companies, consummated a comprehensive strategic alliance agreement with the ultimate goal of business integration. Through this, Meiji Life is making every effort to strengthen sales and service competencies, asset management capabilities, and financial soundness in order to build a firm structure to increase life insurance in force by earning a higher level of trust from customers. We will continue to provide top-of-the-line products and the latest, highest quality services to customers to further enhance growth and profitability. We will move steadily forward in the 21st century as a leading life insurance company measured both by quality and size.

Lastly, we at Meiji Life would like to express our gratitude for the continued support and patronage of all customers and all business acquaintances. We promise to continue to merit the trust of our customers by developing our business in the years to come.

处多健化的

Kenjiro Hata Chairman of the Board



Ryotaro Kaneko President