

# Annual Report 2014

Meiji Yasuda Life Insurance Company, Year ended March 31, 2014



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# Corporate Profile



**Akio Negishi**  
President

**Nobuya Suzuki**  
Chairman of the Board

## • Company Name

Meiji Yasuda Life Insurance Company

## • Established

July 9, 1881

## • Location of Head Office

1-1, Marunouchi 2-chome, Chiyoda-ku,  
Tokyo 100-0005, Japan

## • Domestic Network

74 Regional Offices, 957 Agency Offices, and  
18 Group Marketing Departments (As of April 1, 2014)

## • Total Assets

¥34,317.7 billion

## • Foundation Funds

¥670 billion  
(Including accumulated redeemed foundation funds)

## • Life Insurance in Force

¥203,846.5 billion  
Individual Life Insurance, Individual Annuities: ¥92,840.5 billion  
Group Life Insurance: ¥111,005.9 billion

## • Number of Employees

37,129  
Sales personnel: 28,731

(As of March 31, 2014)

## Management Philosophy

As a pioneer in the life insurance industry, we commit ourselves to being a company that works to the spirit of mutual aid and endeavor to become “a company placing utmost value on our customers”; provides them with high-quality, comprehensive insurance services, in which life insurance plays a core role; and delivers assured ease of mind and wealth.

## Corporate Vision

1. A company that provides each customer with unwavering peace of mind
2. A company that values each customer's feedback and reflects it in future operations
3. A company that is always open to its customers and society

## Code of Conduct

1. Sincerity, proper bearing and a strong moral compass
2. Grateful and responsible to our customers
3. Passion and sense of mission to prove worthy of our customers' trust
4. Contribution to local society and consideration for the environment



# A Message from the President



## To Build Brand Recognition Based on Excellence in After-Sales Service

In January 2014, we celebrated the tenth anniversary of Meiji Yasuda Life's inauguration and, on behalf of the entire Company, I would like to extend my sincere gratitude for your continued support.

Since the launch of the "Meiji Yasuda New Development Plan" in fiscal 2011, our operating results have exceeded each management target set forth in this three-year plan. Moreover, the Company proactively invested in growth fields, thereby establishing a roadmap for securing sustainable growth over the long term.

Building upon this success, we are pleased to announce to our policyholders the results of our business performance during the year ended March 31, 2014 (fiscal 2013). For the third consecutive year, we recorded positive interest surplus, along with a fourth consecutive annual increase of base profit. Drawing on these favorable operating results, we were able to make upward revisions to dividend rates for some types of policies. All of these achievements are, we believe, only possible due to your steadfast support and encouragement.

## About the Meiji Yasuda NEXT Challenge Program

In April 2014, we launched a new three-year plan, the “Meiji Yasuda NEXT Challenge Program.” Amidst Japan’s graying society, in which the birth rate constantly declines, the domestic life insurance market will continue to contract over the medium to long term, while channels diversify and price competition intensifies. On the other hand, because of the growing need for solutions to complement the public social security system, we expect that life insurance companies will be called upon to fill an even greater role going forward.

Given these circumstances, we are implementing our brand strategy centered on after-sales services aimed at ensuring customers’ peace of mind and helping them enjoy affluent lives into the future. In this way, we will gain greater recognition from our customers for the usefulness and value of our after-sales services. At the same time, we will pursue a growth strategy by enhancing the lineup of our products and services in the domestic life insurance business, such as those in the areas of medical and nursing care insurance, while proactively expanding the overseas insurance business. Moreover, we will endeavor to reinforce our operating base to enable these strategies.

## Meiji Yasuda Life’s Ideal for After-Sales Service

Over the course of their lifespan, our customers may alter their lifestyles. Moreover, they may face social changes including revisions to tax and pension systems, medical insurance, nursing care insurance and other social benefits. These changes will affect their life planning significantly. Accordingly, we believe that the true value of life insurance derives not just from the content of coverage, but also from reliable and ongoing after-sales service that provides face-to-

face consultation.

To embody this belief, we released “Best Style” in June 2014. This new product is capable of providing comprehensive protection. By introducing this product, Meiji Yasuda Life aims to offer optimal coverage at the time of enrollment and subsequent flexibility in revising coverage as well as easy-to-understand insurance claim application procedures. Going forward, we will provide detailed consulting and after-sales services with the aim of satisfying each customer’s evolving needs.

Signing a policy is just the beginning of our service to policyholders. Since insurance is an intangible product, we are committed to providing policyholders with peace of mind through longstanding service over 30, 40 or more years following enrollment. As the population ages in Japan, the importance of after-sales service is rising. With this in mind, we will endeavor to create a company with unrivalled brand image based on excellence in after-sales service, striving to deliver an inspiring experience that provides customers with full certainty that Meiji Yasuda Life really is the best choice for them.

## Contributing to Local Society by Assisting J. League

As we aim to better serve customers and other stakeholders surrounding us, we have striven to assist the sound and sustainable development of society in line with the Meiji Yasuda Life Action Principles, under which we have maintained a motto of “contributing to local society and giving consideration for the environment.” To this end, we have been proactively engaged in social contribution and environmental protection initiatives. One such initiative began in January 2014 with the signing of official partner contracts with J. League. This is Japan’s leading professional football league that aims to foster the development of Japan’s sporting culture through the operation of sports clubs rooted in community.

Upon the signing of these contracts, we entered into partnerships with J. League Divisions 1, 2 and 3 as well as each football club operating under the divisions. In tandem with J. League, we will contribute to local society and a sound upbringing for children. To this end, we will embody the aforementioned motto of contributing to local society by making use of our robust domestic business network which encompasses all 47 prefectures and serves to deliver insurance products and services to customers throughout Japan.

We sincerely ask for your continued support and encouragement.

July 2014



**Akio Negishi**  
President

# A Message from the President

## Review of the Meiji Yasuda New Development Plan (Fiscal 2011 - 2013)

In January 2006, we formulated the Meiji Yasuda Revitalization Plan and pursued the restoration of customer trust for two years and three months. Upon success, we launched the three-year Meiji Yasuda Challenge Plan in April 2008 to achieve stable growth by enhancing customer satisfaction.

In April 2011, we proceeded with the three-year Meiji Yasuda New Development Plan. This consisted of the Medium-Term Business Plan and the MOT\* Project—Phase III. The Meiji Yasuda New Development Plan was based on “promoting Corporate Social Responsibility (CSR) management, including strict compliance” and “thoroughly enhancing customer satisfaction.” At the same time, we have sought to improve the quality indicators of our policies, achieve higher performance and respond accurately to changes transforming the market structure as we aim for steady growth over the long term.

\* MOT is an acronym for a Japanese phrase that means “Value the customer even more.”



### 1. Status of the Medium-Term Business Plan

#### (1) Achieved Stable Growth in Domestic Life Insurance Business

In our distribution channel of agency, we have been striving to achieve greater customer satisfaction through the ongoing reform efforts putting emphasis on this channel as a key sales channel. We accelerated such efforts, promoting optimization of our consulting services and development of training programs tailored to the needs of each sales personnel.

In October 2011, we launched four new riders including the “Whole Life Annuity Rider with Disability Income Benefit.” Responding to customer needs, this provides separate coverage for income protection in the event of serious illness or injury as well as survivor support.

In September 2012, we introduced “*Kaigo no Sasae*,” another type of annuity product designed in line with Japan’s long-term care insurance system, by providing a lump-sum benefit and initiating payment of a whole-life annuity at the time policy-

holders meet criteria requiring long-term nursing care as set forth in said system. Moreover, in February 2013 we launched “Meiji Yasuda Educational Endowment Insurance” designed to help prepare for educational expenses in an efficient way, and also introduced “Medical Insurance for Child Dependents,” which provides hospitalization and other types of coverage. In the field of nonlife insurance, we began handling bicycle insurance, “*MY Cycle Plus*.”

We also introduced “Meister Mobile” tablet terminals in September 2013, with the aim of enhancing our face-to-face consulting activities and making application and other procedures easier and quicker.

In the Bancassurance channel, we strove to expand our product lineup, with an emphasis on level premium products and protection-type products in addition to single premium products. At the same time, we provided detailed sales support to obtain stable sales at each financial institution.

To realize greater convenience for customers, we enriched



the contents of “MY Hoken Page,” a website dedicated to policyholder services. Furthermore, with the aim of developing new markets, we established the network of “Hoken ga Wakaru Desk” shops, which exclusively market our products in the metropolitan areas of Tokyo, Osaka and Nagoya, as well as “Hoken Port” shops, which are run jointly by an affiliate acting as an independent agency that sells both Meiji Yasuda Life products and those of other insurers.

In addition, we pursued Administrative Service Reforms, exhaustively reviewing existing services and application processes to prepare for a progressively graying society. More specifically, we promoted paperless and cashless procedures through the utilization of information and communication technology (ICT), employing the customer’s point of view to achieve even greater service quality.

## **(2) Actively Invested in Growth Fields— Overseas Insurance Business and Nursing Care Services Business**

As for the overseas insurance business, we have participated in the management of two major Polish insurers, TU Europa S.A. and TUIR Warta S.A., jointly with German-based insurer Talanx AG, thereby entering the Polish insurance market.

In Asia, we have a stake in PT Avrist Assurance (Indonesia) and Founder Meiji Yasuda Life Insurance Co., Ltd. (China). We have striven to get these affiliates on track and expand their businesses. Moreover, we have made a capital investment in Thai Life Insurance Public Company Limited, a major life insurance company in Thailand. These are some of the ways we promoted business expansion, mainly in regions where robust market growth is expected.

We have been engaged in multilateral operations in the nursing care service business. Specifically, we opened the “MY Kaigo-no-Hiroba” website service to provide nursing care information. Simultaneously, we have operated nursing care facilities through Sunvenus Tachikawa Company Limited (Japan), a nursing home operator we acquired in March 2012.

## **(3) Refined Risk Management Methods, Strengthened Capital and Financial Base**

To realize stable asset management, we have maintained a basic policy of focusing on asset types that reliably generate steady profits, such as domestic bonds and loans, while flexibly making adjustments in line with changes in the market environment.

Step by step, we also enhanced the enterprise risk management structure and adopted sophisticated risk management. For example, we have introduced various measures guarding against changes in interest rates. We also procured foundation funds through additional offerings and increased contingency reserves as well as reserves for price fluctuations. Moreover, we have increased operating base reinforcement reserves. By doing so, we have solidified our capital and financial base to maintain and enhance Meiji Yasuda Life’s financial soundness.

# A Message from the President

## 2. Status of the MOT Project—Phase III

With the president spearheading this project, which entered phase III, we rallied the strength of every officer and employee to enhance customer satisfaction, spreading awareness and adopting a proactive stance toward being “a company placing utmost value on our customers.”

More specifically, in addition to sharing customer feedback, especially about best practices that please our customers, we worked to improve day-to-day operations by utilizing “MOT suggestions” from employees with the aim of enhancing customer services. Furthermore, each business unit held “Workplace MOT Meetings” to discuss initiatives aimed at enhancing customer satisfaction. As such, we implemented various initiatives aimed at providing customers with better hospitality.

## 3. Progress in the Meiji Yasuda New Development Plan

### (1) Growth in Operating Results

Thanks to the success of the aforementioned initiatives, our fiscal 2013 operating results were well beyond the three management performance targets set forth in our Medium-Term Business Plan for annualized premiums from business in force in the individual insurance marketing field, premium income in group insurance marketing and European Embedded Value (EEV).

(Billions of Yen)

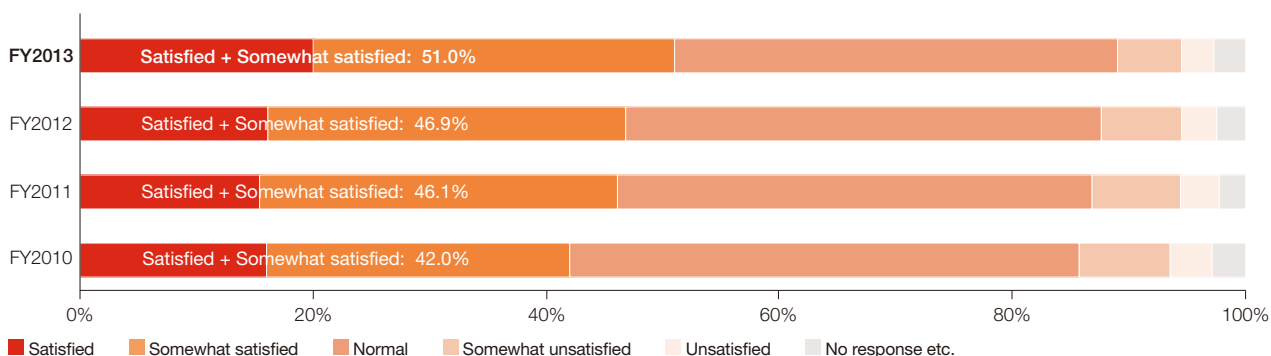
Management Performance Targets	FY2011	FY2012	FY2013	Medium-Term Business Plan Targets
Individual insurance marketing: Annualized premiums from business in force	1,951.8	2,025.3	2,083.8	1,960.0
Group insurance marketing: Premium income	1,101.1	1,152.0	1,243.6	1,050.0
Corporate value: EEV*	2,706.7	3,012.4	3,419.4	2,900.0

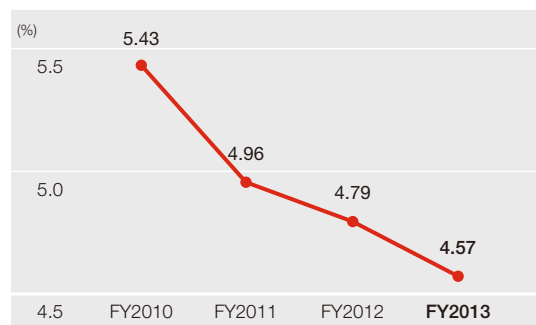
\* Values are based on the investment environment as of the end of fiscal 2010, when the targets were set.

### (2) Management Quality

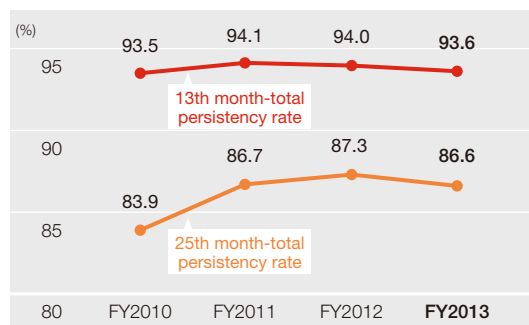
Total customer satisfaction (the proportion of “Satisfied” and “Somewhat satisfied”) stood at 51.0% for the first time since we began customer satisfaction surveys in fiscal 2005. This was attributable to the success of our initiatives aimed at improving the quality indicators of our policies and enhancing after-sales service. Moreover, surrender and lapse rates decreased and the persistency rate improved.

Total Customer Satisfaction Ratings from Customer Satisfaction Surveys



**Trend in Surrender and Lapse Rates**

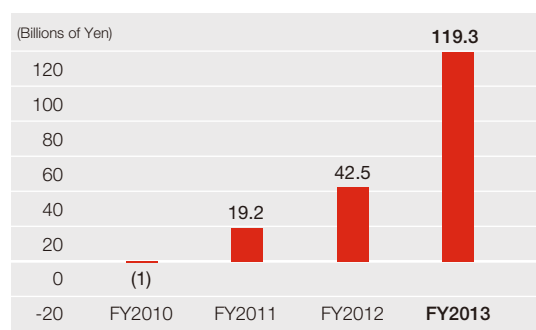
Note: Surrender and lapse rates represent the proportion of surrendered or lapsed policies as of the end of the fiscal year, to policies in force at the beginning of the fiscal year. The rates are calculated based on the coverage amount of surrendered and lapsed policies.

**Trend in Total Persistency Rate**

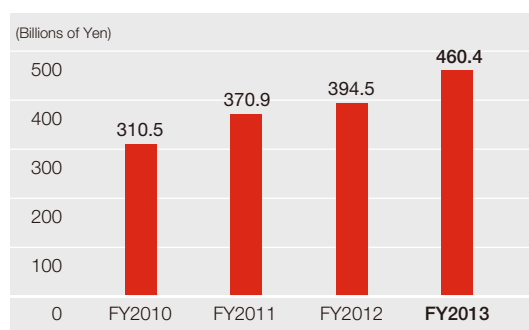
Note: Total persistency rate is based on the coverage amount of policies in force.

**(3) Profitability**

In fiscal 2011, we accomplished our longstanding target of making a turnaround from negative spread, for the first time in the 20 years. Fiscal 2013 marks the fourth consecutive annual increase of base profit.

**Trend in Interest Surplus (positive/negative spread)**

Note: Figures in (parentheses) represent negative spread.

**Trend in Base Profit****(4) Financial Soundness**

Our solvency margin ratio (one of several regulatory indicators displaying the soundness of life insurers) stood at 945.5%, maintaining the industry's leading level. In terms of other financial soundness indicators, we are also securing high levels.

	End of FY2010	End of FY2013
<b>Solvency margin ratio</b>	663.6%	945.5%
<b>Real net assets</b>	¥3,422.3 billion	¥6,438.0 billion
Proportion in general account assets	13.0%	19.2%
<b>Unrealized gains/losses on general account assets</b>	¥1,276.8 billion	¥3,454.5 billion
Unrealized gains/losses on securities with market prices*	¥1,017.6 billion	¥3,170.4 billion

\* Including monetary claims bought, etc.

# A Message from the President

## Overview of the Meiji Yasuda NEXT Challenge Program (Fiscal 2014 - 2016)

From fiscal 2014, we are implementing the Meiji Yasuda NEXT Challenge Program, a three-year plan that entails a new Medium-Term Business Plan and the “Kando” Realization Project. Under this program, we will persist with and advance our longstanding efforts to become a life insurer capable of providing each customer with inspiring experience that makes an impression, with all officers and employees working as one. Moreover, we will promote our brand and growth strategies, along with the reinforcement of our operating base that enables these strategies. In these ways, we will continuously and steadily enhance our corporate value.

### 1. New Medium-Term Business Plan

#### (1) Brand Strategy

Life insurance is an intangible product. Therefore, as an insurance company, we recognize that our mission is to ensure each customer’s peace of mind over 30, 40 or more years by providing longstanding services. In line with this recognition, we will implement various initiatives centered on the provision of active, face-to-face after-sales services tailored to each customer primarily through our sales personnel. By doing so, we will establish an unrivaled brand image based on excellence in after-sales service.

### *Advancing Brand Strategy = Providing Active, Face-to-Face After-Sales Services*



## (2) Growth Strategy

In the domestic life insurance business, we will enrich the lineup of our products and services, such as those in the areas of medical and nursing care insurance, to accurately address customer needs.

<p><b>Products &amp; Services</b></p> <p>(Mainly initiatives in the distribution channel of agency)</p>	<ul style="list-style-type: none"> <li>• Released “Best Style,” a new product capable of providing comprehensive protection that’s highly flexible and responsive to evolving coverage needs, as well as “Medical Style,” a third-sector product in the field of medical and nursing care insurance (June 2014)</li> <li>• Offer a wide range of optional services to policyholders, such as medical and health care-related services, including second opinion and illness prevention services</li> <li>• Use “Meister Mobile” tablet terminals for more conversational consulting services and quick and easy application processes (expand paperless services)</li> </ul>
<p><b>Channels</b></p>	<ul style="list-style-type: none"> <li>• Distribution channel of agency: Thoroughly review and enhance all systems relevant to employee evaluation, education and human resource development. Work to improve sales services through measures that include the creation of new channels to better serve customers in urban areas</li> <li>• Bancassurance channel: Expand lineup of single premium products and diversify our range of products, including level premium protection-type products</li> <li>• Group insurance marketing channel: Expand products and services aimed at corporations. Strengthen cooperation with the distribution channel of agency</li> </ul>
<p><b>Administrative Service</b></p>	<ul style="list-style-type: none"> <li>• Respond appropriately to demographic aging and diversifying channels while realizing greater customer convenience by revising rules for application and other processes and by actively utilizing ICT</li> <li>• Enhance policy underwriting structure to provide coverage to more customers</li> </ul>

# A Message from the President

In addition, we will proactively expand our overseas insurance business to secure greater opportunities for future profit.

<p><b>Overseas Insurance Business</b></p>	<ul style="list-style-type: none"> <li>• Work toward medium- to long-term profit expansion for existing affiliates and subsidiary (6 companies in 5 countries)</li> <li>• Promote new investment with consideration given to the developmental stage of each country and geographical diversification in pursuit of further global growth (upper investment limit is set at ¥250 billion throughout the implementation period of the Medium-Term Business Plan)</li> </ul>
<p><b>Other Businesses</b></p>	<ul style="list-style-type: none"> <li>• Asset management business: Reinforce our service capability in asset management through such measures as expanding the product lineup</li> <li>• Nursing care service business: Enhance content of our website that provides nursing care-related information and consider expansion of our nursing care facility network</li> <li>• Nonlife insurance: Realize greater synergies with the life insurance business</li> </ul>

### (3) Operating Base Reinforcement

To strengthen brand and growth strategies, we will maintain an adequate level of equity and pursue sophisticated enterprise risk management, thereby ensuring continued financial soundness and securing an even stronger financial base. At the same time, we will strive to nurture and secure ambitious human resources.

<p><b>Capital Policy &amp; Risk Management</b></p>	<ul style="list-style-type: none"> <li>• Strengthen enterprise risk management and continuously advance surplus management-type ALM as well as risk reduction efforts</li> <li>• While working to ensure stable dividends to policyholders, improve resilience to risks with the target of achieving a ¥500 billion increase in equity or greater by the end of the Medium-Term Business Plan</li> </ul>
<p><b>Human Resource Management</b></p>	<ul style="list-style-type: none"> <li>• Exhaustively revise human resource management and development systems to ensure that all employees can realize their full potential and fulfill their roles in the Company, to further improve their value as human resources, and to strengthen diversity management, including efforts to promote advancement of women</li> </ul>

## 2. The “Kando” Realization Project

To become a life insurer capable of providing each customer with inspiring experience that makes an impression, it is essential to pursue proactive initiatives placing the utmost value on customers. With this in mind, we are implementing the “Kando” Realization Project. With the president spearheading the project, we are striving to enhance customer services mainly through the “MoT\* Campaign,” an initiative carried out in small groups. This campaign aims to facilitate a corporate culture that emphasizes organizational team strength, which will, in turn, help every officer and employee to proactively fulfill their duties in each business unit.

\* Moment of Truth Campaign: An initiative to create more “moments of truth,” in which our services provide customers with an inspiring experience that absolutely confirms that Meiji Yasuda Life is the best choice for them

### 3. Management Performance Targets

By implementing the aforementioned initiatives, we will strive to achieve the following management performance targets set for fiscal 2016, the final year of the Meiji Yasuda NEXT Challenge Program.

Fiscal 2016 Targets	
Corporate value: EEV	¥5,300 billion (approximately 25%* improvement from the end of fiscal 2013)
Individual insurance marketing	Annualized premiums from business in force totaling <b>¥2,198 billion</b> (approximately 5.5% improvement from the end of fiscal 2013)
Group insurance marketing	Group life insurance: Maintaining our <b>No. 1</b> domestic market share  Group pension: <b>Maintaining</b> and <b>steadily increasing</b> assets under management

\* Based on the asset management environment as of the end of fiscal 2013 when the Company established these targets.

**Pursuing unrivalled after-sales service,  
Meiji Yasuda Life aims to redefine the  
true value of insurance.**



# Our Overseas Insurance Initiatives

## Strengthening the Overseas Insurance Business to Reinforce the Group's Operating Base

While enriching our product and service lineup in the domestic life insurance business, we are simultaneously promoting the overseas insurance business in a proactive manner to secure greater opportunities for future profit.

Specifically, we are working toward medium- to long-term profit expansion for our six existing affiliates and subsidiary spanning five countries, with the aim of securing a growth path for the entire Group. Moreover, in pursuit of further global growth, we will promote new investment with consideration given to the developmental stage of each country and geographical diversification.

(As of March 2014)



## Poland

In 2012, we acquired shares of two major Polish insurers TU Europa S.A. and TUiR Warta S.A. jointly with our alliance partner Talanx AG, a well known German insurer, thereby making these two companies our affiliates. By doing so, we became the first Japanese insurer to enter the Polish insurance market. Since then, we have been striving to expand business in the country by strengthening the business foundation with the integration of the existing Polish operations of Talanx AG and TUiR Warta S.A. A local financial newspaper has commended TU Europa S.A. as a “friendly insurance company,” while TUiR Warta S.A. was selected as “the most influential business brand in Poland” by a world-leading brand accreditation institution.

## China

In 2010, forward-looking capital investment led to a Chinese life insurance company becoming our affiliate and subsequently renamed Founder Meiji Yasuda Life Insurance Co., Ltd. We will endeavor to expand business at this joint venture with the other two shareholders, namely, Peking University Founder Group Co., Ltd. (the enterprise group created by Peking University) and Haier Group (a leading Chinese manufacturer of consumer electronics and home appliances). Founder Meiji Yasuda Life was selected as an insurance company with the highest growth potential in the 2013 CBN Annual Financial Value Ranking sponsored by *China Business News*, a prominent economic newspaper in China.





**Pacific Guardian Life Insurance Company, Limited (Honolulu, U.S.A.)**  
Made subsidiary in fiscal 1975

**PT Avrist Assurance (Jakarta, Indonesia)**  
Made affiliate in fiscal 2012

## Overview of the Overseas Insurance Business

### The United States

In 1976, we acquired a majority equity stake in Pacific Guardian Life Insurance Company, Limited (PGL) headquartered in Hawaii. By doing so, we became the first Japanese life insurer to participate in the management of a life insurance company in the United States. In 1985, we went on to increase the proportion of our equity stake in PGL to 100%, making it our wholly-owned subsidiary. PGL provides life insurance tailored for the needs of customers in local communities, mainly in Hawaii and the west coast. In 2013, PGL was honored by the Japanese Cultural Center of Hawaii\* as a community leader that proactively exemplifies “Sharing the Spirit of Aloha (hospitality)” through its longstanding contribution to the center’s activities.

\* A non-profit organization that aims to share the history, heritage and culture of the Japanese American in Hawaii with present and future generations.

### Indonesia

In 2010, we invested in Indonesian life insurer PT Avrist Assurance, becoming the first Japanese life insurance company to expand into Indonesia. In 2012, we increased our shareholdings in Avrist to make it our affiliate. In 2014, we further increased the proportion of our equity stake in Avrist, thereby building an even closer business alliance.

### Thailand

In 2013, we invested in Thai Life Insurance Public Company Limited, a major life insurer in Thailand, and thus made it our affiliate. Along with a track record that extends more than 70 years since its founding, Thai Life boasts significant brand recognition as an insurer run by Thai people for Thai people. As a strategic partner, Meiji Yasuda Life will bring its know-how together with Thai Life’s superior brand capabilities, thereby providing insurance services with even higher quality.


# New Products

Meiji Yasuda Life believes the true value of life insurance is dependent on proactive and ongoing after-sales services that entail face-to-face consultation, in addition to the content of coverage. To embody this belief, in June 2014, the new product “Best Style” was released.

“Best Style” boasts three key features: the provision of optimal coverage at the time of enrollment; flexibility in revising coverage after enrollment; and easy-to-understand insurance claim application procedures.

## “Best Style” Provides for Customer Needs with Optimal Coverage over 30 to 40 Years



At the time of enrollment	After enrollment	Claim application
<p><b>“Easy-to-tailor” coverage</b></p> <ul style="list-style-type: none"> <li>• Our lineup of riders spans four categories of coverage, offering tailored insurance to provide each customer with peace of mind.</li> <li>• An expanded range of programs, encompassing riders in all categories, offers discounts to policyholders with high premiums.</li> </ul>  <ul style="list-style-type: none"> <li>1 Coverage for <b>illness and injuries</b></li> <li>2 Coverage for <b>serious illness</b></li> <li>3 Coverage for <b>disabilities and nursing care</b></li> <li>4 Coverage for <b>death and permanent disabilities</b></li> </ul>	<p><b>“Easy-to-revise” coverage</b></p> <ul style="list-style-type: none"> <li>• Coverage can be revised in step with changes in the social environment, advancing medical technologies and other developments to ensure each policyholder’s peace of mind over their entire lifetime.</li> <li>• After-sales service is provided through face-to-face consultations until the conclusion of the insurance policy.</li> </ul>	<p><b>“Easy-to-understand” procedures</b></p> <ul style="list-style-type: none"> <li>• Since the policy provides for medical expenses in excess of the government’s universal health insurance coverage, the claim application process is straightforward, thus ensuring policyholders’ peace of mind.</li> <li>• Various types of coverage can be managed under a single policy.</li> </ul>

## The “Anshin Roadmap” booklet provides details about our after-sales services aimed at ensuring peace of mind over the long term.

The “Anshin Roadmap” booklet is distributed to “Best Style” policyholders through sales personnel (MY life plan advisors) appointed to each policyholder.



**Two key services for policyholders who received the “Anshin Roadmap”**

1. Basic service comprising periodic consultations to review coverage, and assistance with claim and other applications
2. Option services aimed at meeting customers’ individual requests

Note: In no way does this description constitute an offer to sell insurance or a solicitation of an offer to enroll in any insurance policy. For details on the Company’s insurance products, please refer to the corresponding product pamphlets.

# Social Contribution Activities

Meiji Yasuda Life has signed official partner contracts with the Japan Professional Football League (J. League) to support the league together with community residents.

With the slogan of “We’re all supporters,” Meiji Yasuda Life contributes to local society and a sound upbringing for children by assisting local football clubs.



J. League aims to foster the development of Japan’s sporting culture through the operation of sports clubs rooted in community. Recognizing the substantial overlap between the league’s aim and our motto of contributing to local society, we became an official partner of J. League, successfully signing top partner contracts for Divisions 1 and 2. Moreover, we entered into a title partner contract for the newly formulated Division 3. Meiji Yasuda Life has been supporting J. League from January 2014.

Across Japan, we are implementing activities aimed at contributing to local society and a sound upbringing for children.

## The “Common Bond J. League Assistance” campaign April–November 2014 (scheduled)

The campaign invites fans to vote for the club they support by checking the name of their favorite club on the voting form. For every 1,000 votes, we will make a donation of sporting goods to one elementary school, with the ultimate aim of making donations to schools nationwide.

## The “Common Bond J. League Assistance” football clinics June–December 2014

We hold football clinics for elementary school students at 83 nationwide locations, mainly in regions where Meiji Yasuda Life has regional offices and operation bases. These stimulating clinics feature players, coaches and ex-players from J. League clubs as lecturers.



# Profitability

## Premium Income

# ¥3,616.2 billion

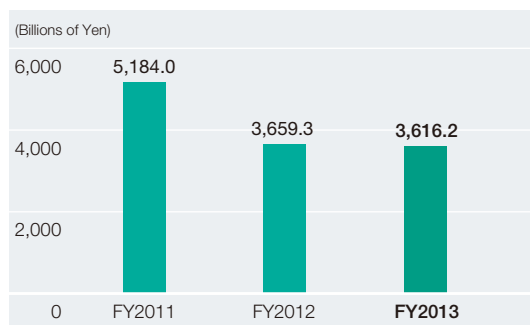
### Carefully securing insurance premiums paid by our policyholders

Premium income represents gains from insurance premiums paid by policyholders and proceeds from reinsurance refunds (collectively presented on the statement of operations and surplus as “premium income and reinsurance refunds”). In fiscal 2013, the Company’s premium income stood at ¥3,616.2 billion, down only slightly 1.2% year on year, virtually maintaining the level of the previous fiscal year. This was mainly attributable to the success of the Company’s efforts aimed at marketing protection-type products, such as medical and nursing care insurance, which almost offset such negative factors as the effect of the downward revisions in assumed interest rates for saving-type products and the deliberate sales reduction carried out for products sold through the Bancassurance channel from the perspective of risk management.

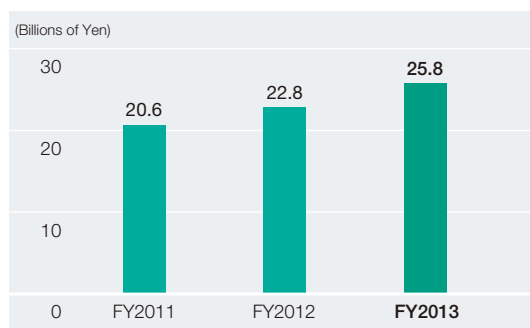
In addition, third-sector insurance is one of the strategic fields that Meiji Yasuda Life is focusing on. Annualized new premiums\* of third-sector insurance totaled ¥25.8 billion, up 13.2% year on year, achieving a second consecutive annual increase.

\* A performance indicator that represents the annualized total of insurance premiums paid for new policies.

Premium Income



Annualized New Premiums (third-sector insurance)



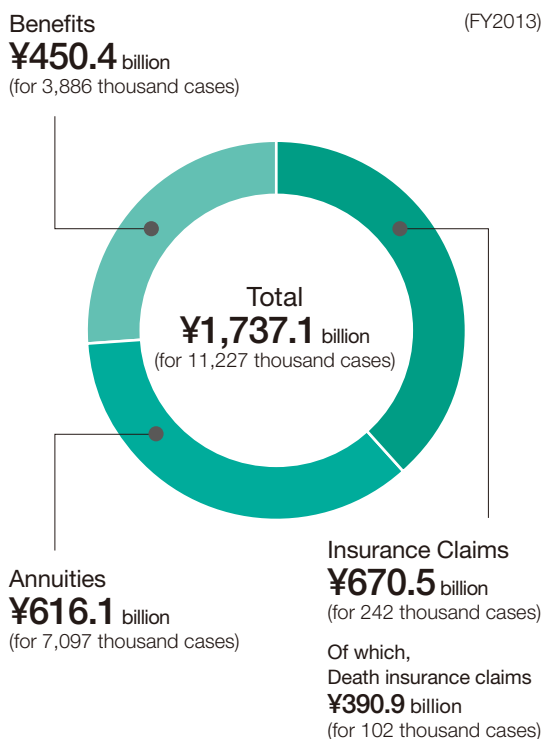
## Insurance Claims, Annuities and Benefits on Policies Paid

# ¥1,737.1 billion

### Painstakingly ensuring that every eligible claim and benefit is paid with no claims unfulfilled

During fiscal 2013 the total of insurance claims, annuities and benefits on policies paid stood at ¥1,737.1 billion, approximately ¥4.8 billion per day. Going forward, Meiji Yasuda Life will continue to make sure that these payments are promptly and accurately carried out. By doing this, we will continue to provide reliable insurance service that brings our customers peace of mind.

Note: Benefits include hospitalization benefits, surgical benefits and benefits paid under the Happy L.A. bonus program as well as living benefits.



## Base Profit

# ¥460.4 billion

### Achieving a fourth consecutive annual increase of base profit

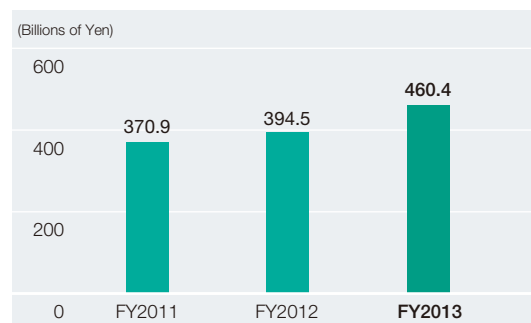
Base profit is an indicator of annualized earnings from mainstay insurance operations. Base profit consists of gains and losses from life insurance business, such as premium income, insurance claims and business expenses, as well as gains and losses attributable to asset management activities, including interest and dividend income. In fiscal 2013, the Company's base profit totaled ¥460.4 billion, up ¥65.8 billion year on year.

#### Components of Base Profit

	(Billions of Yen)		
	FY2011	FY2012	FY2013
Base profit	370.9	394.5	460.4
Expense profit	48.2	53.5	53.5
Mortality profit	303.5	298.3	287.5
Interest surplus	19.2	42.5	119.3

Note: From fiscal 2013 onward, the Company revised its methods for calculating components of base profit.

#### Base Profit



- Expense profit:** Difference between the actual amount of business expenses and the expected business expenses calculated using the business expense rates estimated at the time the premium was fixed
- Mortality profit:** Difference between the actual amount of insurance claims and benefit payments, and the expected amount of insurance claims and benefit payments calculated using the occurrence rates of insurance events estimated at the time the premium was fixed
- Interest surplus:** The spread between investment returns and yields guaranteed to policyholders at the time the premium was fixed

	(Billions of Yen)		
	FY2011	FY2012	FY2013
Base profit (A: 1 - 2)	370.9	394.5	460.4
Base revenues (1)	5,988.0	4,539.2	4,520.6
Premium income	5,184.0	3,659.3	3,616.2
Investment income and gains	602.3	707.8	758.2
Base expenses (2)	5,617.0	4,144.7	4,060.2
Insurance benefits paid and others	2,277.6	2,288.8	2,276.1
Provision for policy reserves <sup>*1</sup>	2,692.8	1,273.4	1,230.0
Investment expenses and losses	27.9	28.0	22.7
Operating expenses	399.7	353.0	352.0
Capital gains/losses (B) <sup>*2</sup>	1.8	72.8	133.4
Temporary gains/losses (C) <sup>*3</sup>	(1.1)	(70.4)	(172.1)
Ordinary income (A + B + C)	371.7	396.9	421.6

\*1 Excluding those presented on the statement of operations and surplus as provision for policy reserves deemed to be temporary gains/losses.

\*2 Including gains/losses on securities sold, which are posted as components of investment income and gains or investment expenses and losses as part of total ordinary revenue or expenses.

\*3 Including provision for or reversal of specific reserves for possible loan losses, provision for or reversal of contingency reserves and provision for additional policy reserves which are posted as components of total ordinary revenue or expenses. These gains/losses exclude base profit and capital gains/losses.

## Policyholder Dividends

### Raising dividend rates for individual life insurance and annuities

In fiscal 2013, Meiji Yasuda Life achieved a fourth consecutive annual growth in earnings while securing interest surplus for the third consecutive year. In light of these results, we raised fiscal 2014 dividend rates for policies that significantly contributed to securing the surplus.

Notes: 1. The Company plans to transfer ¥158.0 billion from unappropriated surplus for the period to reserves for policyholder dividends since it has obtained the approval of the fiscal 2013 financial results by the Board of Policyholder Representatives Meeting in July 2014.

2. Dividend rates for group pensions will also be raised.

# Financial Soundness

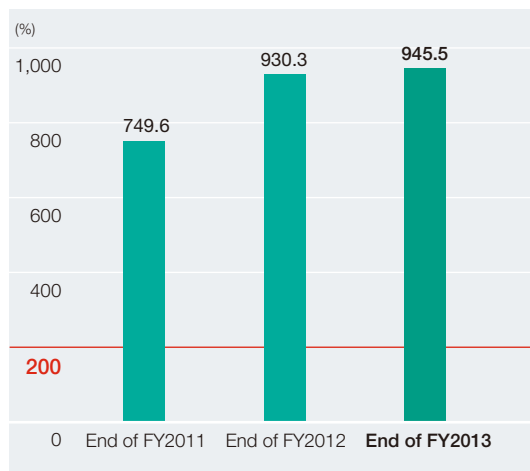
## Solvency Margin Ratio

# 945.5 %

### Maintaining sufficient claims-paying ability that allows us to withstand an unprecedented risk

The solvency margin ratio is one of several regulatory indicators displaying the soundness of insurers. The solvency margin ratio is presented to determine whether or not the insurer has sufficient claims-paying ability capable of withstanding the occurrence of such events as a collapse of stock prices that goes beyond usually predictable risk. When an insurer fails to maintain its solvency margin ratio at 200% or greater, such insurer is subject to a business improvement order and other administrative orders issued by a supervisory authority. In fiscal 2013, the Company's solvency margin ratio stood at 945.5%, up 15.2 percentage points from the end of fiscal 2012.

Solvency Margin Ratio



## Strengthening Our Equity Position

### Securing a robust financial base capable of withstanding various risks

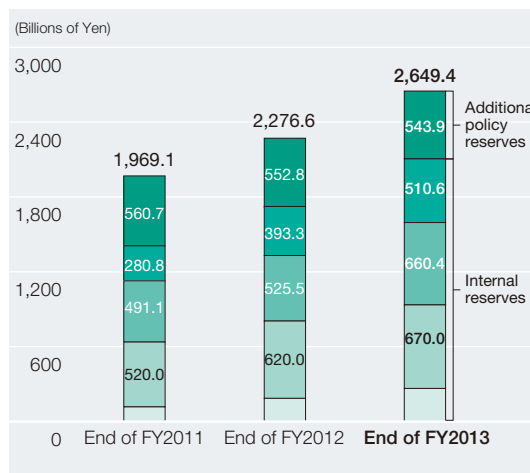
#### Internal Reserves/ Additional Policy Reserves

To enhance the soundness of our financial base, we are strengthening our equity by securing greater internal reserves,<sup>\*1</sup> including contingency reserves, reserves for price fluctuations and operating base reinforcement reserves.<sup>\*2</sup> By doing so, we are maintaining our preparedness to various risks, such as drastic changes in the investment environment and the occurrence of major earthquakes, pandemics and other disasters.

In fiscal 2013, Meiji Yasuda Life's internal reserves stood at ¥2,105.4 billion, up ¥381.6 billion from the end of fiscal 2012. This reflects the Company's efforts to enhance its resilience to diverse risks through increases in contingency reserves, reserves for price fluctuations as well as procurement of foundation funds through additional offerings.

Moreover, from fiscal 2007 onward we have been deliberately building additional policy reserves.<sup>\*3</sup> As a result, the total of internal reserves and additional policy reserves stood at ¥2,649.4 billion as of March 31, 2014. Going forward, we will strive to secure an even stronger financial base.

Internal Reserves/ Additional Policy Reserves



- Additional policy reserves
- Reserves for price fluctuations and accumulated fund for price fluctuations\*
- Contingency reserves
- Foundation funds and accumulated redeemed foundation funds
- Other\*

\* Figures reflect the appropriation of surplus.

<sup>\*1</sup> Internal reserves are maintained to secure the insurer's preparedness to withstand diverse types of risk that exceed the scope of usual predictions. Meiji Yasuda Life's internal reserves include foundation funds, accumulated redeemed foundation funds, reserves for price fluctuations, contingency reserves and operating base reinforcement reserves.

<sup>\*2</sup> Although operating base reinforcement reserves are not mandatory for insurers, the Company has secured these reserves from fiscal 2009 onward in preparation for the underwriting of new types of risks and to counter the materialization of a major risk.

<sup>\*3</sup> Prior to the introduction of international accounting standards governing the fair value accounting of insurance liabilities, Meiji Yasuda Life successfully increased policy reserves throughout the three year period beginning in fiscal 2007; thereby minimizing the possibility of negative spread, which could hinder the Company's ability to maintain the stable payment of dividends. In addition, the Company worked to increase policy reserves for policies that commenced annuity payments in and after fiscal 2010.

## European Embedded Value (EEV)

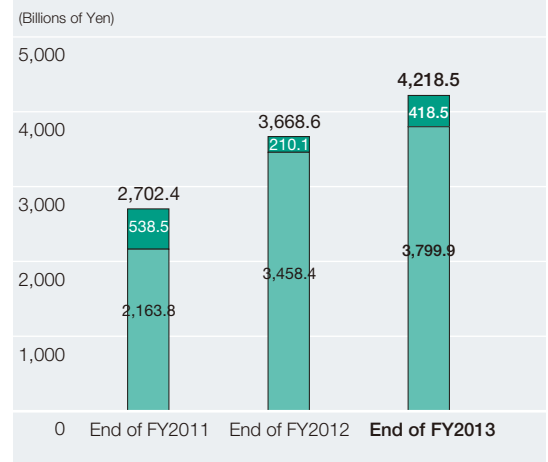
# ¥4,218.5 billion

### Achieving even greater corporate value by increasing EEV ¥549.9 billion year on year

EEV is an indicator that shows the corporate value of insurance companies. We began disclosing EEV in fiscal 2010 as we believe EEV provides more useful information to our customers and others under current trends in the international regulatory framework and accounting standards. As of the end of fiscal 2013, our EEV stood at ¥4,218.5 billion, an increase of ¥549.9 billion from a year prior. Looking at each EEV component, the value of in-force business increased ¥208.3 billion year on year to ¥418.5 billion, due mainly to the success of the Company's efforts aimed at obtaining new policies, while adjusted net worth rose by ¥341.5 billion to ¥3,799.9 billion reflecting increase in unrealized gain on securities and internal reserves.

Note: From fiscal 2013 onward, the Company calculates EEV by using yield on Japanese government bonds as the discount rate. (Interest swaps were used until fiscal 2012). The EEV as of the fiscal 2013 year-end would amount to ¥4,512.2 billion (up ¥843.6 billion year on year) if said calculation had been made using interest rate swaps.

### EEV



■ The value of in-force business  
■ Adjusted net worth

### European Embedded Value (EEV)

EEV comprises the total value of in-force business (the expected future profit from life insurance in force) and adjusted net worth (total net assets adjusted for unrealized gains (losses) as well as reserves in liability such as contingency reserves and reserves for price fluctuations).

## Ratings

### We receive consistent recognition from rating agencies for our financial soundness and profitability.

(As of July 2, 2014)

#### Rating and Investment Information (R&I)

Insurance claims-paying ability

# AA-

#### Japan Credit Rating Agency (JCR)

Insurance claims-paying ability rating

# A+

#### Standard & Poor's (S&P)

Insurer financial strength rating

# A

### Notes

1. Ratings represent a ranking of businesses or other entities on the basis of such factors as their profitability and financial standing. After making comprehensive assessment of these factors from various perspectives, rating agencies provide ratings, using easily-understandable letter code designations.
2. Insurance claims-paying ability represents an agency's evaluation of the likelihood that a particular insurer will be able to fulfill its outstanding insurance obligations based on existing policies. An insurer financial strength rating represents an agency's evaluation of a particular insurer's financial position, which secures its ability to pay claims and benefits in accordance with conditions set forth in policies.
3. The ratings presented above were provided upon the request of Meiji Yasuda Life.
4. The abovementioned agencies are registered as credit rating agencies certified by Japan's Financial Services Agency.
5. The above ratings are presented with no intention of encouraging the enrollment, surrender or extension of individual insurance policies.
6. These ratings simply represent the agencies' evaluation as of the date stated above. Therefore, they could be changed, suspended or withdrawn in the future.

# Business Activities

## Individual Insurance Marketing

In response to the downward revision of standard prospective yield in April 2013, we reduced assumed interest rates with an eye on trends in the investment environment and market interest rates. We did, however, succeed in limiting the extent of the reduction in assumed interest rates for individual life insurance and individual annuities to less than the decline in standard prospective yield. We maintained the level of premiums for protection-type products virtually unchanged and also managed to suppress the increase of premiums for saving-type products.

In our distribution channel of agency, we have continually promoted phase II reform of our individual insurance marketing since fiscal 2011. This initiative built on and expanded reforms launched in fiscal 2008.

Specifically, to further improve customer satisfaction, we are striving to secure a sufficient number of face-to-face meetings with customers under the “Ease of Mind Service Activities Program.” To that end, we are working to develop contact points with customers who have difficulties in attending such meetings. Moreover, we are implementing the “Meiji Yasuda Life 10th Anniversary Gratitude Project” to express our thanks to customers for their support.

To develop a strong sales force of 30,000 sales personnel, we have been working to increase the number of recruits. At the same time, we are strengthening our employee training and education structure, utilizing a system to nurture sales personnel during the first five years. During this period, we provide in-house training and examination programs, assessments of sales capability with main products, and consulting training.

Furthermore, we are providing additional categories and levels of training opportunities that more precisely correspond to the capabilities of our sales personnel while enhancing the content of other education and training programs with interactive content delivered via IT communication systems.

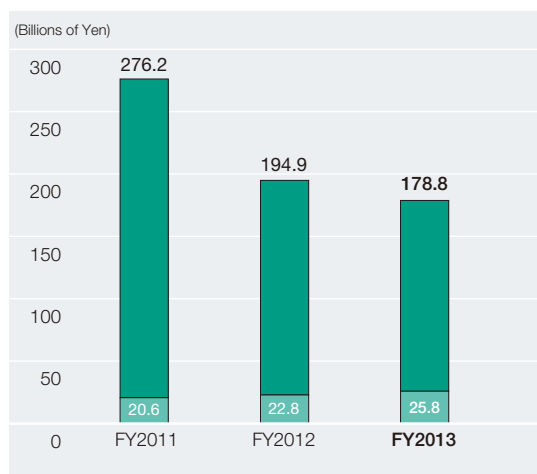
We also worked to create more opportunities for proposals on nursing care and medical life insurance products, as we recognize growing customer needs in these areas. With the aim of developing new points of contact with potential customers who have yet to use our life insurance products, we started to handle nonlife insurance products such as “MY Cycle Plus” that provides coverage for damage caused by bicycle accidents, in addition to “Meiji Yasuda Educational Endowment Insurance” released in February 2013.

Moreover, in September 2013, we introduced “Meister Mobile” tablet terminals equipped with advanced mobile communication functions, with the aim of enhancing our face-to-face consulting services.

In addition, efforts are now under way to establish a sales channel in April 2015 that will be maintained by newly recruited sales personnel, with the aim of developing new customers through worksite marketing in urban areas.

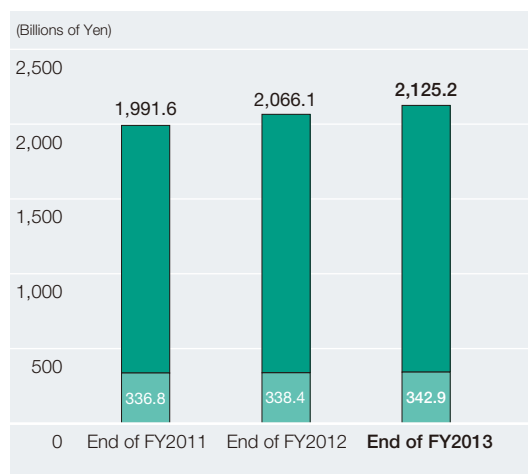
We also maintain a network of 14 shops. These consist of 10 “Hoken ga Wakaru Desk” shops, which exclusively handle our products and operate in the metropolitan areas of Tokyo, Osaka and Nagoya; along with four “Hoken Port” shops, which are run jointly by an affiliate acting as an independent agency, that sell both Meiji Yasuda Life products and those of other insurers.

**Annualized New Premiums**  
(individual life insurance and individual annuities)



■ Medical insurance, living benefits, etc.

**Annualized Premiums in Force**  
(individual life insurance and individual annuities)



■ Medical insurance, living benefits, etc.



## Group Insurance Marketing

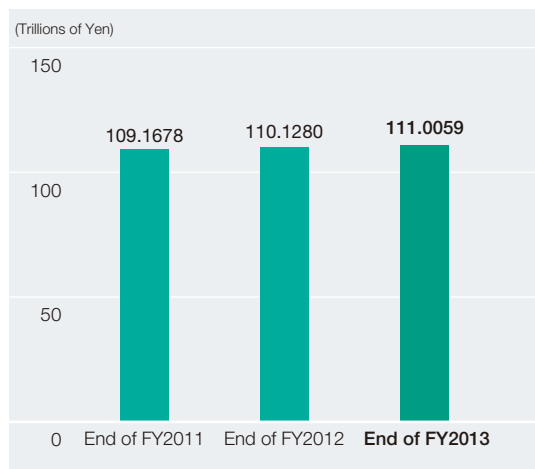
We are putting greater emphasis on proposing solutions tailored to the needs of our corporate customers, especially private companies. Simultaneously, we are working to facilitate enrollment in our policies, especially of young customers and female customers working at government and public offices. These are some of the ways we are striving to increase the number of policyholders of group term insurance. We are also making efforts to increase the number of policyholders enrolled in our third-sector insurance, with emphasis on helping corporate policyholders introduce new plans, as we expect growth in this insurance field.

In group pensions, we are stepping up support services to

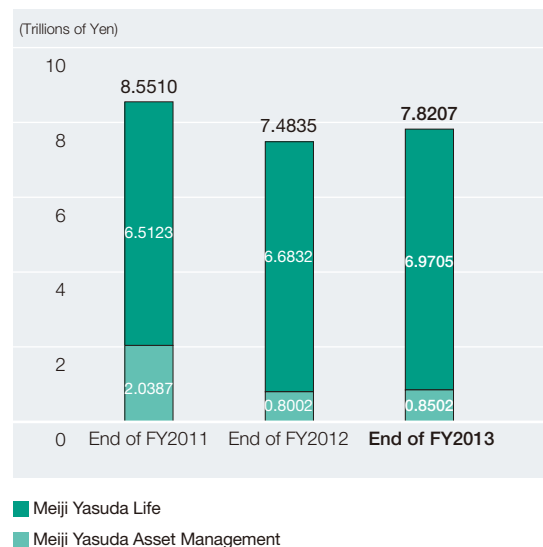
help customers make certain their pension plans remain responsive to law revisions. To meet the asset management needs of our customers, we are also providing ongoing management of general account assets while promoting investment products with performance-based dividends, which we broker through our investment advisory service.

In addition, we are reinforcing our consulting services for policyholders approaching retirement age, thereby promoting continued enrollment even after retirement. We are also working to develop a stronger structure for collaboration with our individual insurance marketing organization.

**Life Insurance in Force  
(group life insurance)**



**Group Pension Assets held by  
the Meiji Yasuda Life Group\***



\* Group pension assets held by Meiji Yasuda Asset Management include net assets of investment trust managed for defined contribution pension plans and are presented based on their fair values.

## General Agent Marketing

In the Bancassurance channel, we purposely suppressed the sale of single premium whole life insurance as we did in fiscal 2012, limiting the number of such products sold by each financial institution with an eye to potential risk that might emerge from an interest rate hike. On the other hand, in step with a decline in market interest rates, in January 2014 we reduced the assumed interest rates of "Everybody," a single premium whole life insurance whose rates we had previously revised in April 2013. In addition, we enriched the lineup of our level premium products, introducing a non-participating whole life nurs-

ing care insurance in September 2013. We are also expanding the network of financial institutions that handle our level premium individual annuities. To step up assistance for agencies, we introduced new terminal devices for their sales personnel, enabling them to provide even better after-sales services. Moreover, we are striving to secure a greater number of corporate agencies and tax accountant agencies while providing nonlife insurance agencies with training and other assistance, thereby cultivating new markets in the field of group insurance.

# Business Activities

## Asset Management

We have implemented asset management activities centered on the surplus management type of asset liability management (ALM) while controlling interest rate risk.

In fiscal 2012, we began reshuffling our domestic bond portfolio to make it more resilient to rising interest rates. In fiscal 2013, we went on to sell domestic bonds that had been held as available-for-sale securities, reducing such bonds by approximately ¥2,370 billion. In the same year, we purchased super long-term domestic bonds totaling approximately ¥3,000 billion mainly as policy-reserve-matching bonds.

We also sold stocks and real estate to mitigate the risk of

price fluctuation. Moreover, to enhance profitability, we purchased more foreign bonds in light of the gap between domestic and overseas interest rates and trends in foreign exchange rates while investing indirectly through funds in overseas corporate bonds.

In the asset management business, our broking business introduces customers to fund products for pension plans developed by Meiji Yasuda Asset Management Company Ltd. This subsidiary endeavors to achieve greater sales and market presence by leveraging the strengths of its channels in the sale of investment trust products.

## Overview of Asset Management Results (General Account Assets)

We aim to promote asset management centered on ALM and to secure steady profit over the long term. As such, we allocate the majority of our asset portfolio to domestic bonds and loans that provide stable profit. In line with our asset management policy, we have continued to avoid increasing our stock and real estate allocations as these are more vulnerable to price fluctuation.

General account assets as of the end of fiscal 2013 stood at ¥33,504.5 billion, up ¥1,263.8 billion compared with the end of fiscal 2012. Detailed year-on-year comparisons by asset type follow.

Domestic bonds increased ¥363.5 billion as we implemented asset management centered on ALM and we continued to

purchase policy-reserve-matching bonds aimed at reinforcing control over interest rate risk.

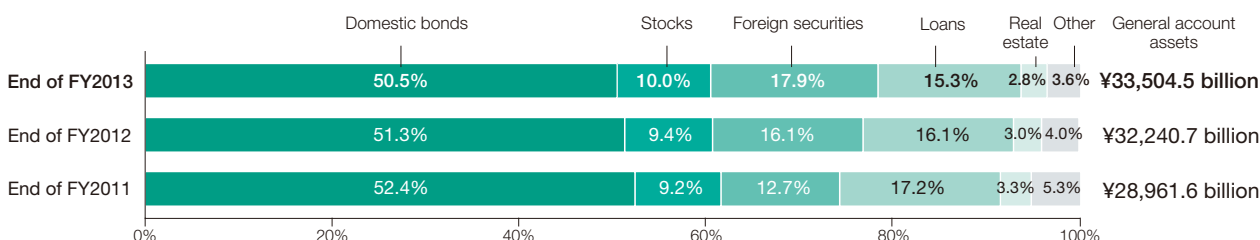
Despite our ongoing sell-off, the value of stocks held increased ¥310.2 billion reflecting the rising equity prices of our holdings.

Foreign securities increased ¥777.3 billion, due mainly to the additional purchase of foreign bonds in light of foreign exchange rates and the gap between domestic and overseas interest rates.

Loans decreased ¥61.3 billion. This was attributable to repayments executed during the fiscal year, which offset our efforts aimed at making loans to leverage interest rate spread.

Real estate holdings decreased by ¥25.3 billion, due to property sales and depreciation.

The Status of Allocation of Assets



## Proceeds from Investment

Investment income and gains grew 19.2% year on year to ¥926.0 billion reflecting increases in interest and dividend income, as well as gains on securities sold. On the other hand, investment expenses and losses rose 2.9% year on year to ¥109.9 billion, due to rising expenses for derivative financial instruments. As a result, proceeds from investment climbed 21.8% year on year to ¥816.0 billion.

## Rate of Return

	FY2011	FY2012	FY2013
<b>Investment Return on Base Profit =</b> (proceeds from investment in base profit – provision for interest on dividend reserves)/policy reserves in general account	2.33%	2.33%	2.54%
<b>Investment Return =</b> net investment income/average daily balance of general account assets	2.10%	2.33%	2.71%

## Enhancing Customer Services

In the individual insurance field, we are continuously pursuing Administrative Service Reforms, exhaustively reviewing such service from the customer's point of view. Generally, life insurance policies required cash payment of the first premium, even if they allowed account transfer from the second premium onward. With the aim of eliminating the customer inconvenience of carrying cash, however, Meiji Yasuda Life has begun accepting account transfers for the first premium payment. At the same time, we are simplifying application processes for insurance claims and benefits while adopting paperless systems, which are quicker and easier, for such processes as applying for dividend withdrawals or policyholder loans. This is being done in concert with the introduction of "Meister Mobile" tablet terminals. Moreover, we are striving to identify policies with unclaimed proceeds and encourage holders of such policies to apply for their eligible benefits. Also, efforts are now underway to ease procedures required by policyholder services, with due consideration given to usability for the elderly. Along with the annual "Notification from Meiji Yasuda Life" that is distributed to all of our policyholders, those over the age of 65 simultaneously receive a booklet specially designed to explain the content of their policies in a straightforward, easy-to-understand manner.

In the field of group insurance marketing, we are also simplifying application procedures while enhancing our structure to ensure the prompt payment of insurance claims and benefits by adopting more sophisticated systems. Furthermore, we are revising notifications of claim and benefit payments to enhance readability. For older customers, we are also making follow-up calls after executing the payment so that they can rest assured. With the aim of realizing greater convenience for customers and enhancing their satisfaction, we have begun promoting Administrative Service Reforms similar to initiatives being undertaken in the individual insurance field.

In addition, we are striving to enhance service quality by drawing on customer feedback. We are making efforts to collect and analyze complaints, and thereby formulate and actively implement steps aimed at addressing the causes of these complaints. We also share examples of best practice that pleased customers Companywide through the analysis of results gleaned from customer satisfaction surveys.

We utilize the Customer Satisfaction Advisory Council, an advisory body to the President which involves external specialists, so we can seek advice leveraging their extensive knowledge in the field of consumer affairs. We are summarizing our initiatives aimed at enhancing customer satisfaction and presenting them in an annual white paper on "*The opinions voiced by our customers.*" This white paper also covers the implementation status of measures incorporating customer suggestions to improve daily operations. The latest 2013 white paper was issued in June 2013 (available only in Japanese).

### Developing Assistance Systems Aimed at Enhancing Face-to-Face Customer Services

The introduction of "Meister Mobile" tablet terminals helped enhance face-to-face consulting services undertaken by approximately 30,000 sales personnel nationwide under "Ease of Mind Service Activities Program" aimed at providing customers with helpful information in an easy-to-understand manner.

More specially, we developed a system that utilizes mobile communication technologies and thereby enables Meiji Yasuda Life to provide more detailed consulting services through personalized dialog prior to and after enrollment in life insurance policies, including the confirmation of policy contents, the analysis of coverage needs and advice about coverage revision in line with each customer's unique situation.



# Governance and Compliance

## Operation of Mutual Company

### Framework of the Mutual Company System

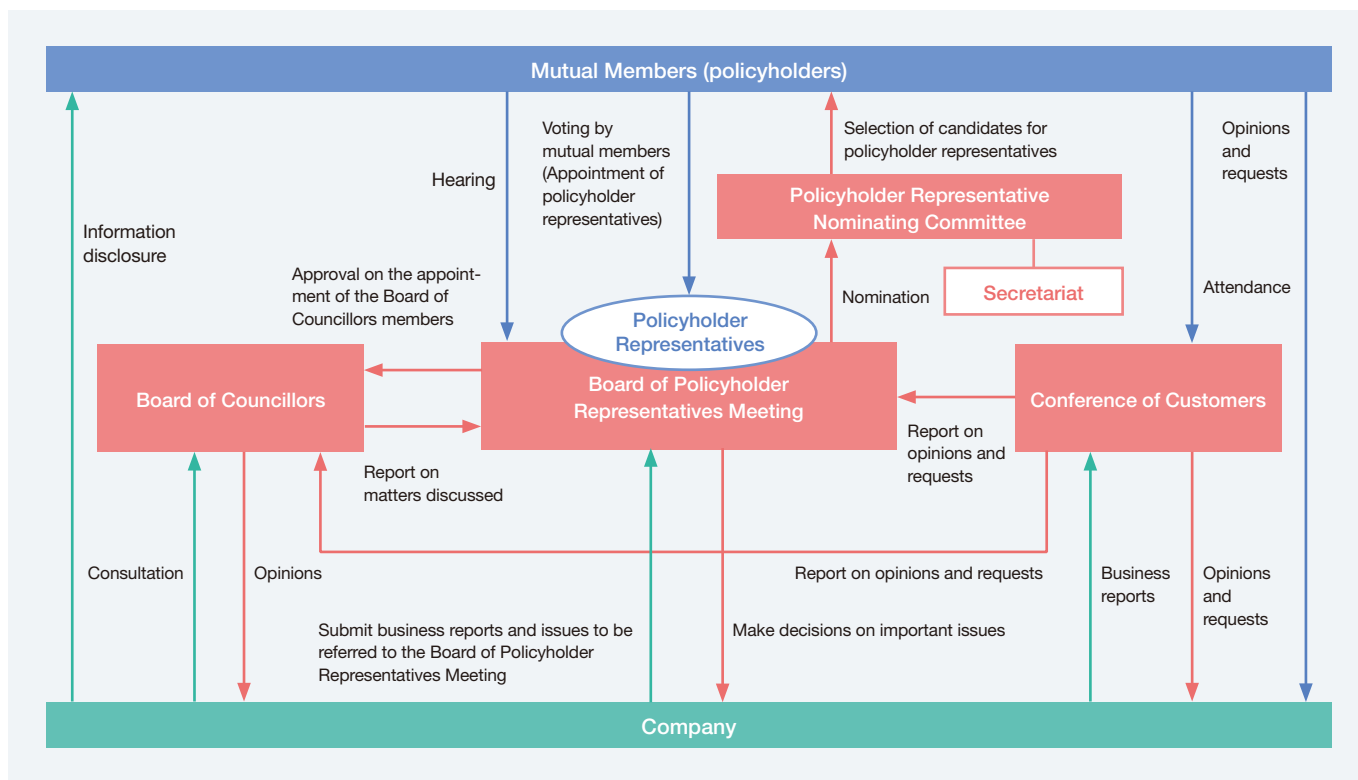
Although a life insurance company can be established as either a “stock company” or a “mutual company,” Meiji Yasuda Life was founded as a mutual company in accordance with Japan’s Insurance Business Law.

A mutual insurance company is an incorporated body in which those who enroll in its insurance policies also become “mutual members” (excluding those who enroll only in policies without dividends). These members own the mutual company, just as shareholders own a stock company.

Since Meiji Yasuda Life operates in the form of a mutual company, it is committed to placing the utmost emphasis on the interests of its policyholders. In addition to the Board of Policyholder Representatives Meeting, Meiji Yasuda Life maintains the Policyholder Representative Nominating Committee and the Board of Councillors, as well as the Conference of Customers to enhance the operation of its governance system to ensure that policyholders’ opinions and requests are better reflected in the Company’s management.

As of the end of fiscal 2013, Meiji Yasuda Life’s mutual members numbered approximately 6.6 million.

### Framework of the Mutual Company System



### Board of Policyholder Representatives Meeting

In order to operate the Company in the way that directly reflects every member’s opinion, it is necessary to hold a “General Meeting of Policyholders.” In reality, however, inviting roughly 6.6 million policyholders nationwide to attend a single meeting is simply impossible.

Meiji Yasuda Life therefore has the Board of Policyholder Representatives Meeting, which consists of representatives selected from policyholders in accordance with the Insurance

Business Law. As the highest decision making body of the Company, the Board of Policyholder Representatives Meeting reviews reports on financial results and deliberates on the appropriation of surplus and the appointment of directors, before making decisions on these and other important management issues.

#### • Policyholder Representatives

In line with its Articles of Incorporation, Meiji Yasuda Life has set the number of policyholder representatives at 222. Of these, 120 representatives are selected from all 47 prefectures

throughout Japan. While using a proportional representation system based on the number of policyholders residing in each prefecture, the Company selects a minimum of one representative from every prefecture. An additional 80 representatives are selected irrespective of where they reside. These measures are designed to ensure that representatives reflect the diverse demographic base of our mutual members, including people from every region and age group, as well as various occupations. Furthermore, the Company appoints 22 representatives from policyholders who voluntarily apply to become candidates. As such, Meiji Yasuda Life maintains robust and transparent processes for the selection of its policyholder representatives.

We believe the size of this body is appropriate to reflect the consensus of all policyholders, supervise management from diverse perspectives and support practical discussions at the Board of Policyholder Representatives Meeting that involve question and answer sessions.

## Policyholder Representative Nominating Committee

The Policyholder Representative Nominating Committee consists of members selected from policyholders and appointed by the Board of Policyholder Representatives Meeting. The number of committee members is limited to 10 or less.

In addition, Meiji Yasuda Life maintains a secretariat team to assist the Policyholder Representative Nominating Committee. With the aim of securing a transparent selection process that is independent of management, the Company consigns supervision of this team to an outside individual who is not an employee of the Company.

## Board of Councillors

The Board of Councillors serves as an advisory body to management and is in charge of addressing policyholders' opinions and requests that are deemed important management issues, as well as other significant matters of concern. The board meets three times a year, and matters discussed at these meetings are reported to the Board of Policyholder Representatives Meeting.

The members of the Board of Councillors are appointed from policyholders or academic experts upon the approval of the Board of Policyholder Representatives Meeting. The number of such members is limited to 20 or less.

## Conference of Customers

Ahead of other insurers in Japan, in 1973 Meiji Yasuda Life began holding an annual Conference of Customers on a nationwide basis. In fiscal 2013, some 75 regional offices across Japan held these meetings from January to February 2014, with a total of 1,709 policyholders attending.

The fiscal 2013 conference provided briefings on the operating results for the first half of fiscal 2013, Meiji Yasuda Life's initiatives aimed at enhancing after-sales services with MY life plan advisors, and the Company's social contribution activities. In addition, a total of 3,758 opinions and requests were submitted by attendees, including many helpful suggestions.

These opinions and requests are reported to the Board of Policyholder Representatives Meeting and the Board of Councillors. In addition, whenever we receive opinions identifying issues in need of improvement, the department in charge of addressing the particular issue considers options and implements improvement measures, while the Customer Satisfaction Promotion Committee, an advisory body to the Management Council, follows up to verify the status of implementation.

Policyholder representatives who attend the Conference of Customers are asked to make suggestions at the Board of Policyholder Representatives Meeting to reflect the policyholders' opinions and requests submitted at the conference. Moreover, we select a certain number of policyholder representatives from the attendees of the conference. These are some of the ways the Board of Policyholder Representatives Meeting and the Conference of Customers complement each other.

To notify our members of the application procedures to attend the upcoming fiscal 2014 Conference of Customers, we will display posters at regional offices and other business bases, as well as making this information available via our website, prior to holding the conference. Related information is also available to policyholders upon inquiry at the nearest Meiji Yasuda Life regional office or business base.



Conference of Customers

# Governance and Compliance

## Risk Management Structure

### Basic Policy and Risk Management Structure

#### • Basic Recognition, Risk Management Policies and Rules

Meiji Yasuda Life recognizes the importance of ensuring sound management and faithfully fulfilling contractual obligations over the long term to achieving its goal of being “a company placing utmost value on our customers.” Accordingly, we view risk management as one of the most crucial elements of business management. Our Board of Directors, Management Council and various risk management-related committees set risk management policies and rules.

### Risk Management Structure

The department in charge of overall risk management (the Risk Management Control Department) develops and promotes the overall risk management system, integrating our risk management structure. It monitors and supervises risk management at each of the individual departments in charge of risk control and provides them with expert advice.

Aiming to ensure regular monitoring and appropriate control of various risks, we have also established the Risk Management Committee, which advises the Management Council and works to advance our risk management structure.

To enhance the effectiveness of our risk management, the Internal Audit Department undertakes internal audits, while the Audit Committee and the External Auditor carry out inspections. In these ways, we examine the appropriateness and efficacy of risk management functions, as well as the risk management system.

### Management Structure for Enterprise Risk and Category-Specific Risk

As for enterprise risk, we aim to perceive and manage various risks arising in our business in a comprehensive and integrated manner. In category-specific risk, we identify, categorize, aggregate and examine individual risks on a quantitative or qualitative basis, addressing each in the manner best suited to the characteristics of the particular risk, with results reported regularly to the Risk Management Committee and other risk management bodies.

Anticipating changes in our business environment and regulatory trends, we are introducing more precise and sophisticated risk measurement methods and examining capital allocation based on the risk weighting, thereby progressively enhancing the enterprise risk management system.

We also adopt Asset Liability Management (ALM), a method used for enterprise risk management with the aim of appropriately allocating assets and liabilities. Category-specific risk associated with ALM is managed in a comprehensive manner and is regularly reported to the ALM Sub-committee. Moreover, we are developing an ALM structure aimed at securing the effectiveness of risk management processes.

As for category-specific risk, the Risk Management Control Department is in charge of overall risk management and the body placed above three tiers of risk management departments. The Risk Management Control Department oversees and supervises each of the individual departments in charge of risk control to ensure that such risk is appropriately controlled. The individual departments in charge of risk control suggest measures for improvement and provide specialized advice to the departments in charge of risk management through monitoring and analysis of risk management conditions in these departments. The departments in charge of risk management are responsible for identifying potential risks for the business unit or category they supervise and developing appropriate risk management systems. The Risk Management Sub-committees, placed under the Risk Management Committee, conduct specialized risk management responding to the characteristics of each category of risk.

### Management Structure for Unit-Specific Risk

Besides category-specific risk management, our structure manages business unit-specific risk.

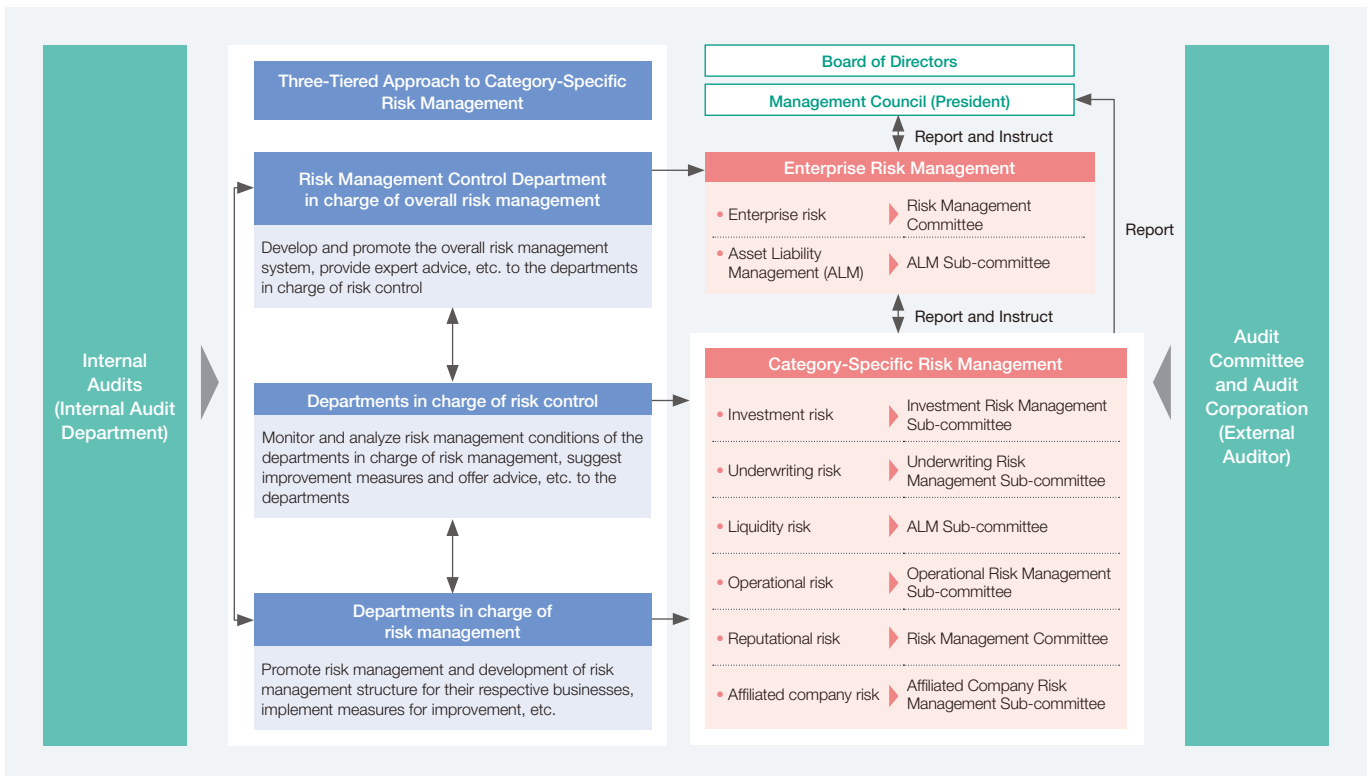
While the department in charge of overall risk management (the Risk Management Control Department) oversees overall business unit-specific risk management, risk management managers and staff are appointed in each business unit of our head office departments, group marketing departments and regional offices to check and confirm the status of operational risk management, consider ways to mitigate risks, prevent potential risk, and to avoid recurrences of past issues.

Especially, each head office department formulates a risk management action plan upon recognition of the fundamental risks involved. These departments document every business process, comprehensively identify risks related to operations, develop measures against the risks and implement systems for such measures. Moreover, upon careful examination of the overall magnitude of risk, these departments constantly monitor the status of countermeasures being implemented to control risks related to critical operations. In these and other ways, we are striving to enhance the effectiveness of our risk management.

• **Stress Test**

Although the Value at Risk (VaR) method is used to measure the maximum foreseeable loss due to enterprise risk, stress tests are regularly performed to simulate conditions that exceed normal forecasts and cannot be assessed with Value at Risk. These stress tests extend to events such as drastic economic deterioration and major disasters including earthquake. Through stress tests, we multilaterally analyze such factors as assumed impact on assets and liabilities and level of increase in insurance payments. Test results are regularly reported to the Risk Management Committee, Management Council and Board of Directors. The results are utilized to discuss management strategies and measures for strengthening the financial foundation.

**Overview of the Risk Management Structure**



# Governance and Compliance

## Promoting Compliance

In line with its Basic Code of Compliance, Meiji Yasuda Life defines compliance as “acting with fairness and integrity, not only by complying with laws and internal rules, but also through the exercise of common sense.” We recognize that every officer and employee of the Group must practice compliance to achieve management’s goal of becoming a life insurer capable of providing each customer with inspiring experience that makes an impression. With this in mind, we are implementing the following initiatives to promote compliance.

### Thoroughly Disseminating Our Philosophy on Compliance

Our “Code of Conduct” defines our basic compliance policies and standards, setting forth rules governing the behavior and actions of each member of the Meiji Yasuda Life Group to ensure we fulfill our customers’ expectations and gain their trust.

The “Meiji Yasuda Sales and Service Policy” lays out our motto of enhancing after-sales service, the rule of providing detailed product explanations, especially for the elderly, and other matters such as responding appropriately to antisocial forces. By doing so, it aims to ensure compliance throughout our business operations, including the solicitation of insurance, with the aim of maintaining the trust of customers.

Moreover, to ensure that every officer and employee practices compliance to build closer relationships with customers, “Our Pledge” sets out commitments to maintain proper bearing and a strong moral compass, as well as to act appropriately with sincerity in fulfilling work responsibilities.

To ensure that we never lose sight of the significance of compliance, every member of the Group carries a card bearing the “Code of Conduct,” “Meiji Yasuda Sales and Service Policy,” and “Our Pledge” so that each of us will always remain faithful to our customers. In these ways, we are striving to instill deep-seated awareness toward compliance.

### Compliance Promotion Structure

To develop a sophisticated compliance promotion structure, we have put the Compliance Control Department in place to carry out integrated management of compliance issues throughout the Meiji Yasuda Life Group, including subsidiaries and affiliates.

In April 2014, we established the Financial Crime Prevention Office under the Compliance Control Department, with the aim of building an enhanced structure to counter financial crimes and antisocial forces through the integration of related functions. In this way, we are ensuring that appropriate countermeasures are in place against money laundering, insider trading and other financial crimes as well as the threat of antisocial forces.

In cooperation with compliance managers and team leaders assigned to each business section, the Compliance Control Department also implements preemptive measures such as compliance education while dealing with compliance issues when improprieties are identified. If fraudulent behavior occurs, it is reported to the Compliance Control Department through



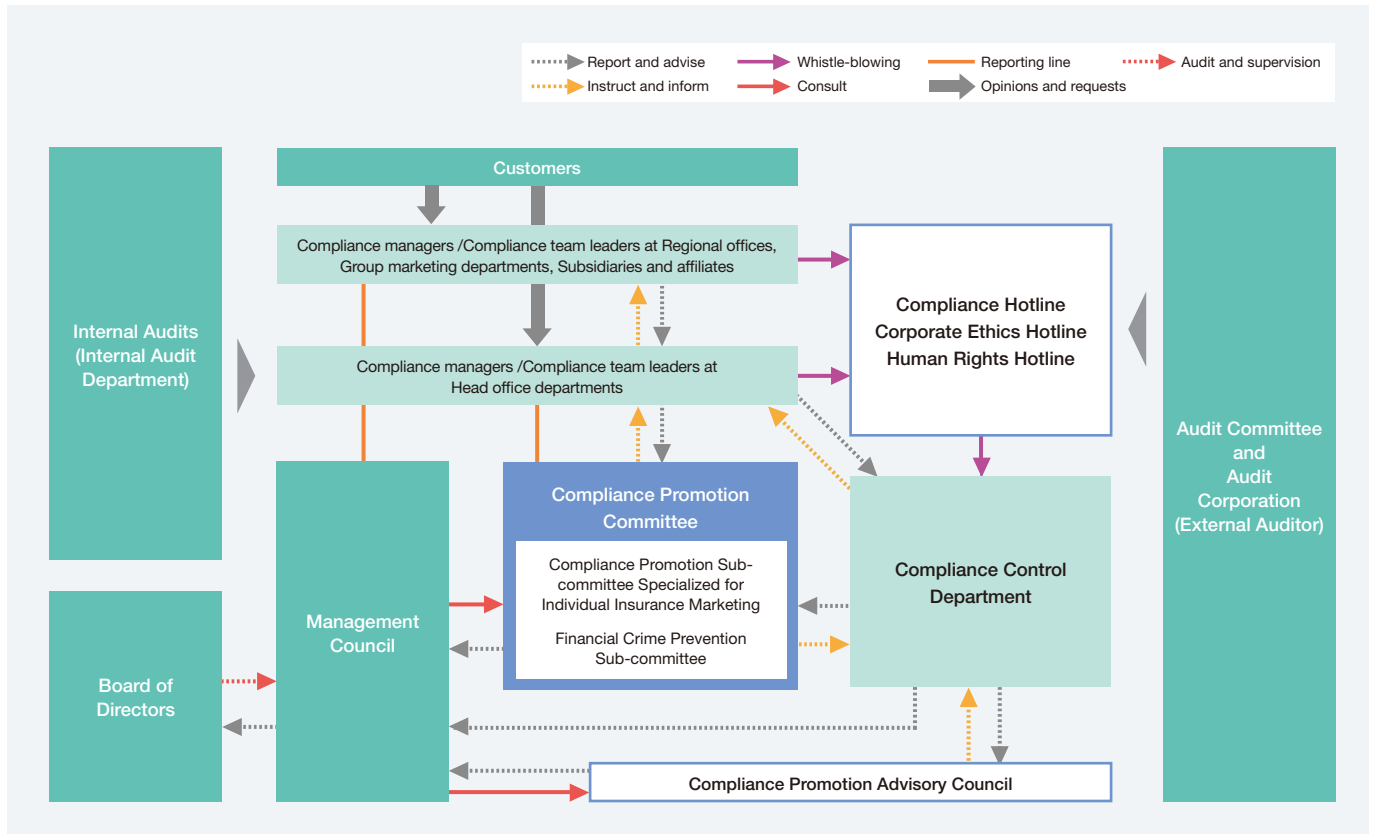
the compliance managers and team leaders of the departments in question. We also have a “Compliance Hotline,” a “Human Rights Hotline” and a “Corporate Ethics Hotline” to enable people discovering such behavior to report it directly.

The “Compliance Promotion Committee” pursues compliance on a comprehensive basis. It plans and develops compliance systems throughout the Meiji Yasuda Life Group. Moreover, we have established the “Compliance Promotion Advisory Council,” which includes external members and acts as an advisory body to the Management Council. It was set up to discuss important matters concerning compliance promotion and reflect the opinions of external experts.

### “Compliance Program” Guides Compliance Efforts

Every fiscal year, we draw up a “Compliance Program” setting forth concrete action plans aimed at promoting compliance. In line with the Companywide action plan, the head office and regional offices, as well as group marketing departments, each formulate their own specific action plans to address individual issues confronting them and thereby work to ensure compliance in a proactive manner. The Compliance Promotion Advisory Council and other bodies report the status of these action plans to the Board of Directors.

### Overview of Compliance Promotion Structure



# Governance and Compliance

## Management Structure

Meiji Yasuda Life has adopted the “Company-with-Committees” system to strengthen its corporate governance and increase transparency. The Board of Directors consists of 11 elected directors, including six outside directors who make up the majority. The Company also maintains Nominating, Audit, and Compensation committees, with the majority of each committee comprised of outside directors. Moreover, Meiji Yasuda Life has designated executive officers in charge of business execution, thereby ensuring clear institutional separation between management supervision and executive functions. In these ways, the Company secures a transparent management structure capable of ensuring solid oversight.

## Board of Directors

The Board of Directors reaches decisions on important management issues while supervising business execution undertaken by directors and executive officers. It also monitors the status of insurance claim payments, customer complaints, legal compliance and risk management by periodically reviewing reports on these matters at board meetings.

### Nominating Committee

The Nominating Committee determines proposals related to the election and dismissal of directors. These are submitted to the Board of Policyholder Representatives Meeting.

- Yuko Tashima\*
- Seiichi Ochiai\*
- Teruo Kise\*
- Nobuya Suzuki
- Akio Negishi

### Audit Committee

The Audit Committee audits the business execution of directors and executive officers, and prepares audit reports. It also submits recommendations to the Board of Policyholder Representatives Meeting on the election and dismissal of accounting auditors.

- Seiichi Ochiai\*
- Yoshihide Munekuni\*
- Teruo Kise\*
- Miyako Suda\*
- Kenji Kojo

### Compensation Committee

The Compensation Committee formulates the overall policy on remuneration for individual directors and executive officers, and thereby determines the content of remuneration for individual directors and executive officers.

- Shigehiko Hattori\*
- Yuko Tashima\*
- Miyako Suda\*
- Nobuya Suzuki
- Akio Negishi

○ Chairman of the Committee  
\* Outside Director

# Company Information

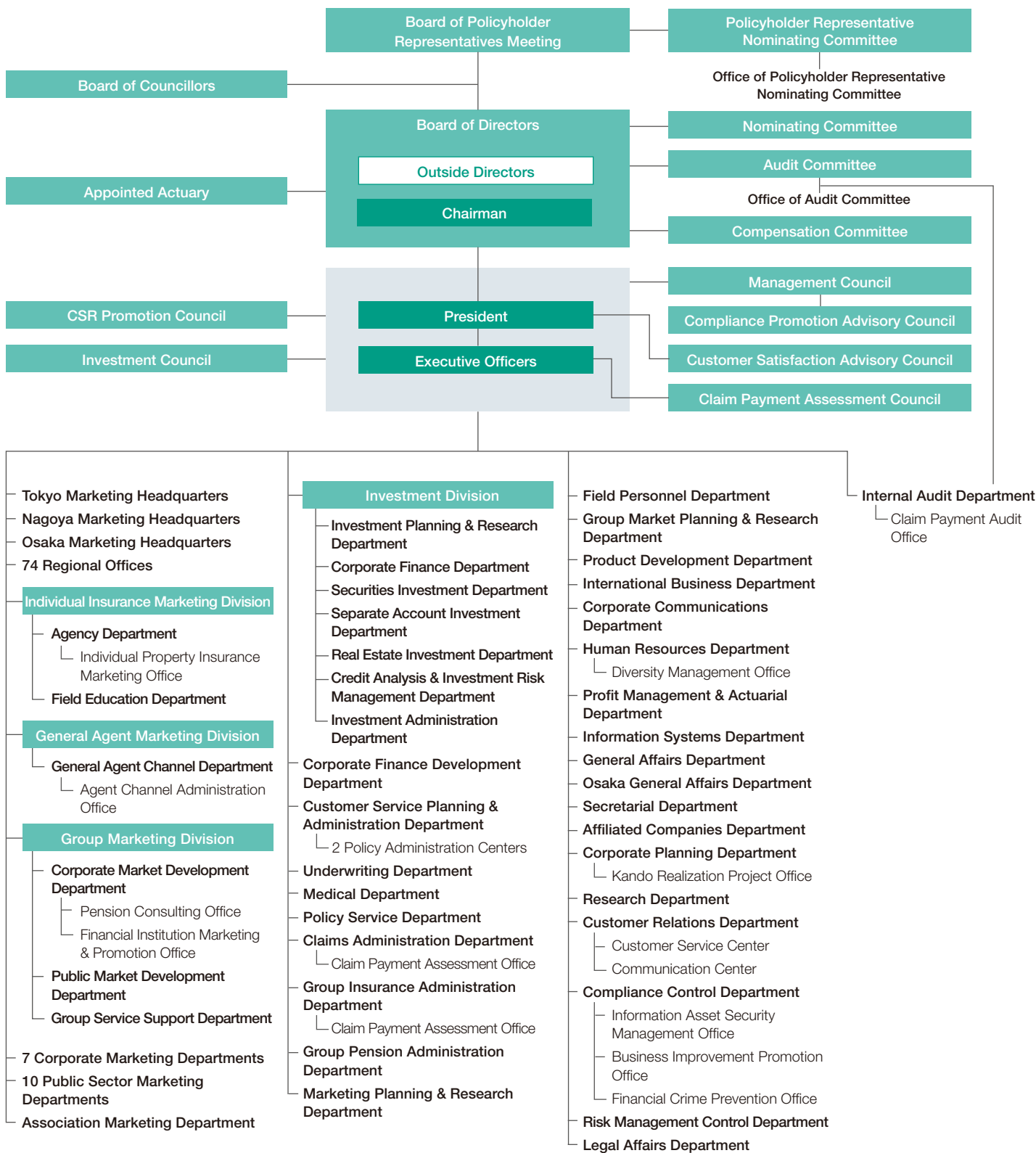
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# Company Organization

(As of July 2, 2014)



## Sources of Foundation Funds/ Status of Employees

### Contributors

(As of March 31, 2014)

Contributors	Size of Contribution	
	Amounts Contributed (millions of yen)	Proportion (%)
Meiji Yasuda Life 2012 Fund Special Purpose Company, Ltd.	100,000	38.46
Meiji Yasuda Life 2011 Fund Special Purpose Company, Ltd.	50,000	19.23
Meiji Yasuda Life 2013 Fund Special Purpose Company, Ltd.	50,000	19.23
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,000	3.85
Mizuho Bank, Ltd.	10,000	3.85
Mitsubishi UFJ Trust and Banking Corporation	5,000	1.92
The Bank of Yokohama, Ltd.	3,000	1.15
The Hachijuni Bank, Ltd.	3,000	1.15
The Shizuoka Bank, Ltd.	3,000	1.15
The Bank of Fukuoka, Ltd.	3,000	1.15
The Bank of Iwate, Ltd.	2,000	0.77
The 77 Bank, Ltd.	2,000	0.77
The Toho Bank, Ltd.	2,000	0.77
The Hokuetsu Bank, Ltd.	2,000	0.77
The Hokuriku Bank, Ltd.	2,000	0.77
The Hokkoku Bank, Ltd.	2,000	0.77
The Ogaki Kyoritsu Bank, Ltd.	2,000	0.77
The Yamaguchi Bank, Ltd.	2,000	0.77
The Shikoku Bank, Ltd.	2,000	0.77
The Higo Bank, Ltd.	2,000	0.77
Shinkin Central Bank	2,000	0.77
The Hiroshima Bank, Ltd.	1,000	0.38

Notes:

- Contributors are listed in order of the amounts contributed.
- Meiji Yasuda Life 2011 Fund Special Purpose Company, Ltd., Meiji Yasuda Life 2012 Fund Special Purpose Company, Ltd. and Meiji Yasuda Life 2013 Fund Special Purpose Company, Ltd. have issued special corporate bonds, backed by claims on the funds. Proceeds from bond issuance are used to purchase claims on the funds. The Company has not made investments in any of these special purpose companies.

### Status of Employees

Category	Total Employees			New Recruits			End of FY2013	
	End of FY2011	End of FY2012	End of FY2013	FY2011	FY2012	FY2013	Average age	Average length of service
Permanent staff	8,892	8,649	8,398	178	188	211	42 years, 0 months	18 years, 0 months
Male	4,810	4,689	4,607	96	95	100	43 years, 6 months	19 years, 9 months
Female	4,082	3,960	3,791	82	93	111	40 years, 2 months	15 years, 9 months
Sales personnel	29,284	28,925	28,731	4,667	5,165	5,526	47 years, 6 months	10 years, 9 months
Male	10	10	10	0	0	0	70 years, 10 months	40 years, 5 months
Female	29,274	28,915	28,721	4,667	5,165	5,526	47 years, 6 months	10 years, 9 months

Notes:

- Total employees (permanent staff) excludes those seconded to external companies, those taking long-term leave and those dedicated to service for labor unions.
- New recruits (permanent staff) indicates the number of new employees who joined the Company immediately after graduation.
- The average length of service for sales personnel for fiscal 2012 and 2013 includes time spent as sales personnel under consignment contracts with the Company upon reaching age 60 or thereafter.

## Directors and Executive Officers

(As of July 2, 2014)

Directors	
<b>Chairman of the Board</b>	Nobuya Suzuki
<b>Directors</b>	Akio Negishi
	Hiroaki Tonooka
	Kiyotaka Fuke
	Kenji Kojo
	Yuko Tashima* Attorney at Law
	Shigehiko Hattori* Chairman of the Board, Shimadzu Corporation
	Seiichi Ochiai* Professor of Law, Chuo Law School
	Yoshihide Munekuni* A former Chairman of the Board, Honda Motor Co., Ltd.
	Teruo Kise* Senior Advisor, TOTO LTD.
	Miyako Suda* Special Advisor, The Canon Institute for Global Studies
Executive Officers	
	Nobuya Suzuki**
<b>President</b>	Akio Negishi**
<b>Deputy Presidents</b>	Hiroaki Tonooka
	Kiyotaka Fuke
	Ichiro Wakasa
<b>Senior Managing Executive Officers</b>	Yasushi Wada
	Hiroshi Tokuoka
	Katsunari Maeda Chief General Manager, Tokyo Marketing Headquarters
	Toshihiko Yamashita Chief Executive, Investment
	Takashi Ito Chief Executive, Individual Insurance Marketing
<b>Managing Executive Officers</b>	Tatsuo Ogoshi Chief Executive, General Agent Marketing
	Hiromasa Suzuki
	Masahiro Ifuku
	Kikuo Asano
	Akio Sakai Chief Executive, Group Marketing
	Masahiko Sagara
	Shigeru Kawamoto
	Kazuhito Nakakuma Chief General Manager, Nagoya Marketing Headquarters
	Tadashi Onishi
<b>Executive Officers</b>	Masao Aratani
	Shinya Makino General Manager, Product Development Department
	Takashi Tsunematsu General Manager, Agency Department
	Tetsuo Maejima General Manager, Corporate Market Development Department
	Takashi Kikugawa Chief General Manager, Osaka Marketing Headquarters
	Yasuyuki Ayai General Manager, General Agent Channel Department
	Teruki Umezaki General Manager, Human Resources Department
	Kazunori Yamauchi General Manager, International Business Department

\* Outside Director

\*\* Representative Executive Officer

## Domestic Subsidiaries and Affiliates

(As of March 31, 2014)

Company name	Main business site	Capital or investment (millions of yen)	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)
Meiji Yasuda General Insurance Co., Ltd.*	Chiyoda-ku, Tokyo	52,000	August 8, 1996	Nonlife insurance (property and casualty)	100.0
Meiji Yasuda Insurance Service Company, Limited	Shinjuku-ku, Tokyo	30	April 5, 1984	Insurance agency	100.0
Meiji Yasuda Asset Management Company Ltd.*	Minato-ku, Tokyo	1,000	November 15, 1986	Investment advisory and agency business, investment management business	92.9
Meiji Capital 8th Investment Partnership	Chiyoda-ku, Tokyo	686 (investment)	April 8, 2005	Investment in unlisted companies and management of invested capital	—
Meiji Capital 9th Investment Partnership	Chiyoda-ku, Tokyo	297 (investment)	May 22, 2008	Investment in unlisted companies and management of invested capital	—
RP Alpha Tokutei Mokuteki Kaisha	Chuo-ku, Tokyo	15,210	August 7, 2001	Real estate and related investment	—
Meiji Yasuda Real Estate Management Company Limited	Shinagawa-ku, Tokyo	10	April 30, 1963	Building management	100.0
Meiji Yasuda Life Planning Center Company, Limited	Toshima-ku, Tokyo	10	November 10, 1978	Insurance-related clerical work; insurance agency; survey and research regarding life planning; consulting service	10.0
Meiji Yasuda System Technology Company Limited*	Koto-ku, Tokyo	100	April 1, 1982	Development, operation and management of systems; consulting service; payment collection; services related to nursing care and disease prevention	6.6
MYJ Co., Ltd.	Koto-ku, Tokyo	100	April 1, 1987	Accounting and record keeping related to policyholder services; life insurance contract confirmation; printing, book binding, packaging and distribution; insurance agency; clerical work related to employee benefit programs	100.0
Diamond Athletics, Ltd.	Minato-ku, Tokyo	50	July 1, 1983	Operation of athletic clubs	10.0
Meiji Yasuda Institute of Life and Wellness, Inc.	Chiyoda-ku, Tokyo	25	July 1, 1991	Survey, research and consulting regarding pension plans, healthcare, medical care, nursing care and life planning aimed at promoting wellness in an aging society	12.0
Sunvenus Tachikawa Company Limited	Tachikawa City, Tokyo	490	December 1, 1987	Operation of private nursing home	100.0
MST Insurance Service Co., Ltd.	Shinjuku-ku, Tokyo	1,010	October 1, 2003	Insurance agency	16.1
Yasuda Enterprise Development Co., Ltd.	Chiyoda-ku, Tokyo	400	December 17, 1996	Venture capital	50.0
The Mitsubishi Asset Brains Company, Limited	Minato-ku, Tokyo	480	December 25, 1998	Research and evaluation of investment trusts; investment advisory and agency business	25.0
Defined Contribution Plan Consulting of Japan Co., Ltd.	Chiyoda-ku, Tokyo	4,000	March 16, 2001	Operation and management of defined contribution pension plans	20.0
THE YASUDA ENTERPRISE DEVELOPMENT III, LIMITED PARTNERSHIP	Chiyoda-ku, Tokyo	980 (investment)	May 31, 2005	Investment in unlisted companies and management of invested capital	—
THE YASUDA ENTERPRISE DEVELOPMENT IV, LIMITED PARTNERSHIP	Chiyoda-ku, Tokyo	5,112 (investment)	January 31, 2008	Investment in unlisted companies and management of invested capital	—
KSP COMMUNITY, Inc.	Kawasaki City, Kanagawa	20	October 25, 1988	Management of Kanagawa Science Park Building	10.0
Japan Pension Service Co., Ltd.	Osaka City, Osaka	2,000	April 1, 1988	Clerical work and system development related to corporate pensions	39.7
Meiji Yasuda Life Foundation of Health and Welfare	Shinjuku-ku, Tokyo	250 (basic fund)	June 6, 1962	Assistance with research and other activities aimed at promoting health and strengthening the physical wellbeing of the general public	
Meiji Yasuda Mental Health Foundation	Toshima-ku, Tokyo	460 (basic fund)	March 26, 1965	Assistance with research aimed at addressing issues regarding social welfare; operation of consulting center; provision of training programs	
The Meiji Yasuda Cultural Foundation	Shinjuku-ku, Tokyo	1,520 (basic fund)	June 10, 1991	Fostering artists and other human resources in the field of music; the maintenance of cultural traditions, including nurturing successors, to ensure the preservation of these traditions	

\* Consolidated subsidiaries as of March 31, 2014

## Notes:

- In addition to those listed above, the Company's subsidiaries and affiliates include THE YASUDA ENTERPRISE DEVELOPMENT RB I, LIMITED PARTNERSHIP, which was under liquidation proceedings as of March 31, 2014.
- The investment amounts in Meiji Capital 8th Investment Partnership, Meiji Capital 9th Investment Partnership, THE YASUDA ENTERPRISE DEVELOPMENT III, LIMITED PARTNERSHIP and THE YASUDA ENTERPRISE DEVELOPMENT IV, LIMITED PARTNERSHIP represent figures as of December 31, 2013.

## Overseas Subsidiaries and Affiliates

(As of March 31, 2014)

Company name	Main business site	Capital	Establishment	Principal business	Proportion of voting rights held by Meiji Yasuda Life (%)
Pacific Guardian Life Insurance Company, Limited*	Honolulu, Hawaii, U.S.A.	USD 6.35 million	August 3, 1961	Life and health insurance	100.0
Meiji Yasuda America Incorporated	New York, New York, U.S.A.	USD 7 million	October 15, 1986	Brokerage of insurance products, customer development assistance in financing business, financial and economic research	100.0
Meiji Yasuda Europe Limited	London, UK	GBP 4 million	August 10, 1987	Financial and economic research and customer development assistance in financing business	100.0
Meiji Yasuda Asia Limited	Hong Kong, China	USD 3 million	December 17, 2001	Brokerage of insurance products, investment advisory, investment management, financial and economic research, customer development assistance in financing business	100.0
Meiji Yasuda Realty USA Incorporated*	Wilmington, Delaware, U.S.A.	USD 42.66 million	August 3, 1998	Real estate investing business in U.S.A.	100.0
Founder Meiji Yasuda Life Insurance Co., Ltd.**	Shanghai, China	CNY 1,180 million	November 28, 2002	Life insurance	29.2
PT AVRIST Assurance**	Jakarta, Indonesia	IDR 4.5 billion	May 19, 1975	Life insurance	23.0
Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna (TU Europa S.A.)**	Wroclaw, Poland	PLN 37.8 million	November 28, 1994	Nonlife insurance	33.5
Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna (TUIR Warta S.A.)**	Warsaw, Poland	PLN 187.938 million	September 3, 1920	Nonlife insurance	24.3
Thai Life Insurance Public Company Limited**	Bangkok, Thailand	THB 10.6 billion	January 22, 1942	Life insurance	15.0

\* Consolidated subsidiaries as of March 31, 2014

\*\* Equity-method affiliates as of March 31, 2014

## Notes:

- Acquisitions of equity stakes in Pacific Guardian Life Insurance Company, Limited, Founder Meiji Yasuda Life Insurance Co., Ltd., PT AVRIST Assurance, Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna, Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna and Thai Life Insurance Public Company Limited were executed in March 1976, December 2010, November 2010, June 2012, July 2012, and November 2013, respectively.
- The status of the subsidiaries of Meiji Yasuda Life's overseas subsidiaries and affiliates follows:
  - Pacific Guardian Life Insurance Company, Limited: One subsidiary (Meiji Yasuda Life's subsidiary; under liquidation proceedings as of March 31, 2014)
  - Meiji Yasuda Realty USA Incorporated: Two subsidiaries (Meiji Yasuda Life's subsidiaries)
  - PT AVRIST Assurance: Two subsidiaries (Meiji Yasuda Life's affiliates)
  - Towarzystwo Ubezpieczeń EUROPA Spółka Akcyjna: Four subsidiaries (Meiji Yasuda Life's affiliates)
  - Towarzystwo Ubezpieczeń i Reasekuracji WARTA Spółka Akcyjna: One subsidiary (Meiji Yasuda Life's affiliate)



# Financial Section

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# Non-Consolidated Balance Sheet

Meiji Yasuda Life Insurance Company

As of March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ASSETS</b>			
Cash and deposits:			
Cash	¥ 307	¥ 570	\$ 2.9
Deposits	164,008	187,922	1,593.5
Call loans	244,000	369,000	2,370.7
Monetary claims bought	233,622	265,252	2,269.9
Securities:			
Domestic bonds:			
Government bonds	14,315,853	14,004,920	139,096.9
Municipal bonds	940,031	1,044,440	9,133.6
Corporate bonds	1,816,135	1,657,100	17,646.0
Domestic stocks	3,471,850	3,166,734	33,733.4
Foreign securities	6,124,485	5,344,280	59,507.2
Other securities	536,072	415,213	5,208.6
Loans:			
Policy loans	304,630	317,688	2,959.8
Financial loans	4,832,134	4,880,457	46,950.3
Tangible fixed assets:			
Land	623,453	631,342	6,057.6
Buildings	310,528	329,278	3,017.1
Construction in progress	3,650	2,352	35.4
Other tangible fixed assets	3,810	4,203	37.0
Intangible fixed assets:			
Software	37,671	28,749	366.0
Other intangible fixed assets	19,968	28,146	194.0
Agency accounts receivable	2	1	0.0
Reinsurance accounts receivable	2,748	1,211	26.7
Other assets:			
Accounts receivable	84,419	81,807	820.2
Prepaid expenses	4,703	4,491	45.6
Accrued income	95,556	87,992	928.4
Security deposits and rental deposits	8,090	7,350	78.6
Deposits on financial futures	868	908	8.4
Margins on financial futures	46	—	0.4
Derivative financial instruments	13,025	21,089	126.5
Cash collateral pledged for financial instruments	3,380	4,970	32.8
Suspense payments	4,511	3,866	43.8
Miscellaneous assets	8,472	9,029	82.3
Prepaid pension costs	96,495	86,932	937.5
Customers' liabilities for acceptances and guarantees	21,344	22,958	207.3
Reserves for possible loan losses	(8,135)	(9,522)	(79.0)
<b>TOTAL ASSETS</b>	<b>¥34,317,745</b>	<b>¥33,000,742</b>	<b>\$333,440.9</b>

Note: Prepaid pension costs had previously been included in other assets as a component of miscellaneous assets.

However, in line with the revised Order for Enforcement of the Insurance Business Law, the Company decided to present prepaid pension costs separately. The corresponding line items for the fiscal 2012 year-end have been recalculated in line with this reclassification.

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>LIABILITIES</b>			
Policy reserves and others:			
Reserves for outstanding claims	¥ 113,752	¥ 110,259	\$ 1,105.2
Policy reserves	29,210,826	27,812,655	283,820.7
Reserves for policyholder dividends	270,023	280,524	2,623.6
Reinsurance accounts payable	2,852	1,132	27.7
Other liabilities:			
Deposits received on bond lending	640,951	946,281	6,227.6
Loans payable	100,000	100,000	971.6
Corporate income taxes payable and others	80,196	61,327	779.2
Accounts payable	44,660	72,692	433.9
Unpaid expenses	25,557	24,490	248.3
Unearned income	2,209	2,358	21.4
Employees' and agents' savings deposits	24,646	24,887	239.4
Deposits received for guarantee	32,510	32,434	315.8
Margins on financial futures	2	44	0.0
Derivative financial instruments	45,817	114,445	445.1
Cash collateral received for financial instruments	6,300	4,880	61.2
Asset retirement obligations	3,475	3,406	33.7
Suspense receipts	10,571	23,929	102.7
Accrued retirement benefits for directors and executive officers	183	393	1.7
Reserves for contingent liabilities	14	2,563	0.1
Reserves for price fluctuations	480,840	363,544	4,671.9
Deferred tax liabilities	151,334	176,518	1,470.4
Deferred tax liabilities on revaluation of land	92,910	94,555	902.7
Acceptances and guarantees	21,344	22,958	207.3
<b>TOTAL LIABILITIES</b>	<b>31,360,979</b>	<b>30,276,282</b>	<b>304,712.1</b>
<b>NET ASSETS</b>			
Foundation funds	260,000	210,000	2,526.2
Accumulated redeemed foundation funds	410,000	410,000	3,983.6
Revaluation reserves	452	452	4.4
Surplus retained:			
Reserves for loss compensation	8,854	8,389	86.0
Other surplus retained:			
Reserves for redemption of foundation funds	85,000	40,000	825.8
Accumulated fund for price fluctuations	29,764	29,764	289.1
Social welfare project promotion reserves	48	48	0.4
Operating base reinforcement reserves	50,000	28,000	485.8
Reserves for reduction entry of real estate	24,052	23,474	233.6
Special reserves	2,000	2,000	19.4
Other reserves	85	85	0.8
Unappropriated surplus for the period	241,508	223,593	2,346.5
Total foundation funds and others	1,111,766	975,807	10,802.2
Unrealized gains on available-for-sale securities	1,738,003	1,637,216	16,886.9
Deferred hedge gains (losses)	944	3,815	9.1
Revaluation reserves for land	106,051	107,619	1,030.4
Total valuation and translation adjustments and others	1,845,000	1,748,651	17,926.5
<b>TOTAL NET ASSETS</b>	<b>2,956,766</b>	<b>2,724,459</b>	<b>28,728.7</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>¥34,317,745</b>	<b>¥33,000,742</b>	<b>\$333,440.9</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Non-Consolidated Statement of Operations and Surplus

Meiji Yasuda Life Insurance Company

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ORDINARY REVENUE</b>			
Premium income and reinsurance refunds:			
Premium income	¥3,615,578	¥3,658,582	\$35,129.9
Refunds on reinsurance	718	768	6.9
Investment income and gains:			
Interest and dividends:			
Interest on deposits	70	60	0.6
Interest and dividends on securities	522,612	475,780	5,077.8
Interest on loans	100,910	101,035	980.4
Rental income	33,420	32,163	324.7
Other interest and dividends	10,623	9,935	103.2
Gains on money-held-in-trust	0	0	0.0
Gains on securities sold	220,575	150,968	2,143.1
Gains on securities redeemed	36,416	5,358	353.8
Gains on foreign exchange	14	746	0.1
Reversal of reserves for possible loan losses	1,363	491	13.2
Other investment income	14	132	0.1
Gains on separate account assets investment	52,769	82,950	512.7
Other ordinary revenue:			
Annuity supplementary contract premiums	16,550	16,723	160.8
Benefits left to accumulate at interest	113,053	131,831	1,098.4
Reversal of reserves for outstanding claims	—	3,803	—
Reversal of accrued pension and severance costs	9,563	12,932	92.9
Miscellaneous income	6,994	6,769	67.9
<b>TOTAL ORDINARY REVENUE</b>	<b>4,741,249</b>	<b>4,691,035</b>	<b>46,067.3</b>
<b>ORDINARY EXPENSES</b>			
Insurance benefits paid and others:			
Claims paid	670,538	797,407	6,515.1
Annuities paid	616,182	529,255	5,987.0
Benefits on policies paid	450,420	473,231	4,376.4
Surrender benefits paid	436,951	407,325	4,245.5
Other refunds paid	96,549	76,674	938.1
Reinsurance premiums	5,549	4,985	53.9
Provision for policy reserves and others:			
Provision for reserves for outstanding claims	3,493	—	33.9
Provision for policy reserves	1,398,171	1,343,348	13,585.0
Interest on dividend reserves	490	522	4.7
Investment expenses and losses:			
Interest paid	3,239	2,858	31.4
Losses on securities sold	27,984	16,204	271.9
Losses on securities appraised	1,704	28,411	16.5
Losses on securities redeemed	0	6,126	0.0
Losses on derivative financial instruments	57,491	34,261	558.5
Depreciation on real estate for rent	9,613	9,916	93.4
Other investment expenses	9,946	9,123	96.6
Operating expenses	352,046	353,049	3,420.5
Other ordinary expenses:			
Payments of benefits left to accumulate at interest	129,626	148,880	1,259.4
Taxes	23,072	25,264	224.1
Depreciation	21,394	21,794	207.8
Miscellaneous expenses	5,117	5,441	49.7
<b>TOTAL ORDINARY EXPENSES</b>	<b>¥4,319,585</b>	<b>¥4,294,084</b>	<b>\$41,970.3</b>

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ORDINARY INCOME</b>	<b>¥421,664</b>	<b>¥396,951</b>	<b>\$4,097.0</b>
<b>Extraordinary profits:</b>			
Gains on disposals of fixed assets	1,408	9,783	13.6
Reversal of reserves for contingent liabilities	—	90	—
<b>Extraordinary losses:</b>			
Losses on disposals of fixed assets	7,499	5,831	72.8
Impairment losses	5,299	3,440	51.4
Provision for reserves for contingent liabilities	6	—	0.0
Provision for reserves for price fluctuations	117,295	112,500	1,139.6
Losses on reduction of real estate	—	83	—
Donations for social welfare project promotion	553	552	5.3
<b>NET SURPLUS BEFORE TAXES</b>	<b>292,418</b>	<b>284,415</b>	<b>2,841.2</b>
<b>Income taxes—current</b>	<b>123,035</b>	<b>84,723</b>	<b>1,195.4</b>
<b>Income taxes—deferred</b>	<b>(70,004)</b>	<b>(35,845)</b>	<b>(680.1)</b>
<b>NET SURPLUS FOR THE PERIOD</b>	<b>¥239,387</b>	<b>¥235,537</b>	<b>\$2,325.9</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

## Non-Consolidated Appropriation of Surplus

Meiji Yasuda Life Insurance Company

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>Unappropriated surplus for the period</b>	<b>¥241,508</b>	<b>¥223,593</b>	<b>\$2,346.5</b>
<b>Reversal of voluntary reserves:</b>			
Reversal of reserves for reduction entry of real estate	551	545	5.3
<b>TOTAL UNAPPROPRIATED SURPLUS</b>	<b>242,059</b>	<b>224,138</b>	<b>2,351.9</b>
<b>Provision for reserves for policyholder dividends</b>	<b>158,094</b>	<b>152,835</b>	<b>1,536.0</b>
<b>Net surplus for the period:</b>			
Reserves for loss compensation	482	465	4.6
Interest on foundation funds	2,572	2,162	24.9
<b>Voluntary reserves:</b>			
Reserves for redemption of foundation funds	55,000	45,000	534.3
Social welfare project promotion reserves	553	553	5.3
Operating base reinforcement reserves	25,000	22,000	242.9
Reserves for reduction entry of real estate	358	1,123	3.4

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Non-Consolidated Statement of Changes in Net Assets

Meiji Yasuda Life Insurance Company

For the years ended March 31, 2014 and 2013  
(Millions of Yen)

	Foundation funds and others												Valuation and translation adjustments and others					Total net assets	
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserves	Surplus retained								Total surplus retained	Total foundation funds and others	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserves for land	Total valuation and translation adjustments and others		
				Reserves for loss compensation	Reserves for redemption of foundation funds	Accumulated fund for price fluctuations	Social welfare project promotion reserves	Operating base reinforcement reserves	Reserves for reduction entry of real estate	Special reserves	Other reserves								Unappropriated surplus
Balance at March 31, 2012	¥110,000	¥410,000	¥452	¥7,984	¥15,000	¥29,764	¥48	¥17,000	¥20,791	¥2,000	¥85	¥174,424	¥267,097	¥787,550	¥824,775	¥(1,524)	¥95,096	¥918,347	¥1,705,897
Foundation funds procurement	100,000													100,000					100,000
Provision for reserves for policyholder dividends												(133,466)	(133,466)	(133,466)					(133,466)
Transfer to reserves for loss compensation				405								(405)							
Interest on foundation funds												(1,316)	(1,316)	(1,316)					(1,316)
Net surplus												235,537	235,537	235,537					235,537
Transfer to reserves for redemption of foundation funds					25,000							(25,000)							
Transfer to social welfare project promotion reserves							553					(553)							
Reversal of social welfare project promotion reserves							(552)					552							
Transfer to operating base reinforcement reserves								11,000				(11,000)							
Transfer to reserves for reduction entry of real estate									3,201			(3,201)							
Reversal of reserves for reduction entry of real estate									(518)			518							
Reversal of revaluation reserves for land												(12,497)	(12,497)	(12,497)					(12,497)
Net changes in items other than foundation funds and others															812,440	5,340	12,523	830,304	830,304
Total changes for fiscal 2012	100,000	—	—	405	25,000	—	0	11,000	2,683	—	—	49,168	88,257	188,257	812,440	5,340	12,523	830,304	1,018,561
Balance at March 31, 2013	210,000	410,000	452	8,389	40,000	29,764	48	28,000	23,474	2,000	85	223,593	355,354	975,807	1,637,216	3,815	107,619	1,748,651	2,724,459
Foundation funds procurement	50,000													50,000					50,000
Provision for reserves for policyholder dividends												(152,835)	(152,835)	(152,835)					(152,835)
Transfer to reserves for loss compensation				465								(465)							
Interest on foundation funds												(2,162)	(2,162)	(2,162)					(2,162)
Net surplus												239,387	239,387	239,387					239,387
Transfer to reserves for redemption of foundation funds					45,000							(45,000)							
Transfer to social welfare project promotion reserves							553					(553)							
Reversal of social welfare project promotion reserves							(553)					553							
Transfer to operating base reinforcement reserves								22,000				(22,000)							
Transfer to reserves for reduction entry of real estate									1,123			(1,123)							
Reversal of reserves for reduction entry of real estate									(545)			545							
Reversal of revaluation reserves for land												1,568	1,568	1,568					1,568
Net changes in items other than foundation funds and others															100,787	(2,871)	(1,568)	96,348	96,348
Total changes for fiscal 2013	50,000	—	—	465	45,000	—	—	22,000	577	—	—	17,915	85,958	135,958	100,787	(2,871)	(1,568)	96,348	232,306
Balance at March 31, 2014	¥260,000	¥410,000	¥452	¥8,854	¥85,000	¥29,764	¥48	¥50,000	¥24,052	¥2,000	¥85	¥241,508	¥441,313	¥1,111,766	¥1,738,003	¥944	¥106,051	¥1,845,000	¥2,956,766

For the years ended March 31, 2014 and 2013  
(Millions of U.S. Dollars\*)

	Foundation funds and others													Valuation and translation adjustments and others					Total net assets
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserves	Reserves for loss compensation	Surplus retained								Total surplus retained	Total foundation funds and others	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserves for land	Total valuation and translation adjustments and others	
					Reserves for redemption of foundation funds	Accumulated fund for price fluctuations	Social welfare project promotion reserves	Operating base reinforcement reserves	Reserves for reduction entry of real estate	Special reserves	Other reserves	Unappropriated surplus							
Balance at March 31, 2013	\$2,040.4	\$3,983.6	\$4.3	\$81.5	\$388.6	\$289.1	\$ 0.4	\$272.0	\$228.0	\$19.4	\$0.8	\$2,172.4	\$3,452.7	\$ 9,481.2	\$15,907.6	\$37.0	\$1,045.6	\$16,990.3	\$26,471.6
Foundation funds procurement	485.8													485.8					485.8
Provision for reserves for policyholder dividends												(1,484.9)	(1,484.9)	(1,484.9)					(1,484.9)
Transfer to reserves for loss compensation				4.5									(4.5)						
Interest on foundation funds												(21.0)	(21.0)	(21.0)					(21.0)
Net surplus												2,325.9	2,325.9	2,325.9					2,325.9
Transfer to reserves for redemption of foundation funds					437.2							(437.2)							
Transfer to social welfare project promotion reserves							5.3					(5.3)							
Reversal of social welfare project promotion reserves							(5.3)					5.3							
Transfer to operating base reinforcement reserves								213.7				(213.7)							
Transfer to reserves for reduction entry of real estate									10.9			(10.9)							
Reversal of reserves for reduction entry of real estate									(5.2)			5.2							
Reversal of revaluation reserves for land												15.2	15.2	15.2					15.2
Net changes in items other than foundation funds and others															979.2	(27.8)	(15.2)	936.1	936.1
Total changes for fiscal 2013	485.8	—	—	4.5	437.2	—	—	213.7	5.6	—	—	174.0	835.1	1,321.0	979.2	(27.8)	(15.2)	936.1	2,257.1
<b>Balance at March 31, 2014</b>	<b>\$2,526.2</b>	<b>\$3,983.6</b>	<b>\$4.3</b>	<b>\$86.0</b>	<b>\$825.8</b>	<b>\$289.1</b>	<b>\$ 0.4</b>	<b>\$485.8</b>	<b>\$233.6</b>	<b>\$19.4</b>	<b>\$0.8</b>	<b>\$2,346.5</b>	<b>\$4,287.9</b>	<b>\$10,802.2</b>	<b>\$16,886.9</b>	<b>\$ 9.1</b>	<b>\$1,030.4</b>	<b>\$17,926.5</b>	<b>\$28,728.7</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Notes to Non-Consolidated Financial Statements

Meiji Yasuda Life Insurance Company

## 1. Basis of Presenting the Financial Statements

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

## 2. Significant Accounting Policies

### (1) Securities

- a. Trading Securities are stated at fair value based mainly on the fiscal year-end closing market price (Cost of sales is determined by the moving average method).
- b. Held-to-Maturity Debt Securities are stated at amortized cost using the moving average method (straight-line method).
- c. Policy-Reserve-Matching Bonds are stated at amortized cost using the moving average method (straight-line method) in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA) on November 16, 2000.
- d. Stock Securities Issued by Subsidiaries and Affiliates are stated at cost using the moving average method (refers to stock securities issued by those subsidiary companies prescribed under Article 2 Paragraph 12 of the Insurance Business Law; subsidiary entities, excluding subsidiary companies, prescribed under Article 13-5-2 Paragraph 3 of the Order for Enforcement of the Insurance Business Law; and the affiliates prescribed under Paragraph 4 of the same Article).
- e. Available-for-sale Securities
  - Securities for which market quotations are available
    - i) Stock securities are stated at fair value based on the average market price during March.
    - ii) Others are stated at market price using the market value method at the end of March. (Cost of sales is determined by the moving average method)
  - Securities for which it is extremely difficult to determine the fair value
    - i) Bonds and debentures (including bonds issued overseas) for which the difference between acquisition price and face value is recognized as the difference in interest rate adjustment are stated at amortized cost using the moving average method (straight-line method).
    - ii) Other Securities are stated at cost using the moving average method.

With Available-for-sale Securities, valuation differences are reported as a component of net assets.

### (2) Policy-Reserve-Matching Bonds

The Company has classified bonds held with the aim of matching the duration of outstanding liabilities within the sub-groups (divided by insurance type, investment policy and other factors) of individual life insurance, individual annuities and group pensions as "Policy-Reserve-Matching Bonds" in accordance with the Industry Audit Committee Report No. 21, "Temporary Treatment of Accounting and Auditing Concerning Policy-Reserve-Matching Bonds in the Insurance Industry," issued by the Japanese Institute of Certified Public Accountants (JICPA) on November 16, 2000.

### (3) Derivative Transactions

Derivative transactions are stated at fair value.

### (4) Depreciation of Tangible Fixed Assets

Depreciation of tangible fixed assets is determined according to the declining balance method except for the depreciation of buildings that is determined using the straight-line method.

### (5) Depreciation of Computer Software

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

### (6) Foreign Exchange Rate

Assets and liabilities denominated in foreign currencies other than stocks issued by subsidiaries and affiliates are converted into yen at the exchange rates prevailing on the last business day of March. Stocks issued by subsidiaries and affiliates are converted into yen at the exchange rates prevailing on the date of their acquisition.

### (7) Calculation Criteria for Reserves etc.

#### 1) 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 an 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 possibility of bankruptcy, reserves are provided at the amount deemed necessary 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. 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 FY2013, these direct deductions amounted to ¥59 million.

#### 2) Accrued Pension and Severance Costs

To provide for the payment of retirement benefits for employees in the future, accrued pension and severance costs are presented based on the projected retirement benefit obligations and the projected pension assets as of the end of the fiscal year under review.

Basis for treating retirement benefit obligations and cost of retirement benefits are as follows.

The method of attributing the projected retirement benefits to periods:

	Straight-line basis
Period in which actuarial differences are reflected:	10 years
Period in which prior service costs are reflected:	10 years

The projected pension assets exceeded the projected retirement benefit obligations at the end of the current fiscal year. The balance of the accrued pension and severance costs was zero.

#### 3) Accrued Retirement Benefits for Directors and Executive Officers

In order to pay retirement allowances and bonuses to directors and executive officers, a portion of the projected payable amount that is recognized to have accrued at the end of the fiscal year is set aside as reserves for retirement benefits.

In fiscal 2007, the Compensation Committee decided to abolish the retirement allowances and bonuses scheme from June 30, 2008. No provisions have been made in connection with incumbent directors and executive officers since that date.



**4) Reserves for Contingent Liabilities**

Reserves for contingent liabilities are provided based on the amount of estimated possible losses attributable to commitment line contracts for loans and other factors in the future. These reserves are provided in compliance with Article 24-4 of the Order for Enforcement of the Insurance Business Law.

**5) Reserves for Price Fluctuations**

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

**(8) Method of Hedge Accounting**

Hedging transactions have been accounted for in accordance with the "Accounting Standards for Financial Instruments" (Accounting Standards Board of Japan (ASBJ), March 10, 2008). These transactions consist primarily of: the exceptional accounting treatment of interest rate swaps used as a cash flow hedge related to loans and loans payable; market-based hedge accounting using forward exchange contracts and deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds; and the allocation method for currency swaps used to hedge against exchange rate fluctuation risk related to foreign currency denominated loans.

From fiscal 2009, the Company uses interest rate swap transactions for the purpose of hedging against interest rate fluctuation risk, and uses deferred hedge treatment under the Industry Audit Committee Report No. 26, "Accounting and Audit Treatments Related to the Adoption of Accounting for Financial Instruments in the Insurance Industry" (Japanese Institute of Certified Public Accountants (JICPA) September 3, 2002). Hedge effectiveness is assessed by verifying the interest rate situation that exerts the impact on calculations of theoretical prices for both hedged items and hedging instruments.

**(9) 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 deductible 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 deductible expenses are recorded as expenses for the fiscal year in which they are incurred.

**(10) Policy Reserves**

Policy reserves are provided in accordance with Article 116 of the Insurance Business Law. The amounts are calculated using the following methods.

- a. Reserves for policies subject to the standard policy 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.

Under the provisions of Article 69 Paragraph 5 of the Order for Enforcement of the Insurance Business Law, the policy reserves include an amount to be additionally set aside as the difference arising from calculations of premium reserves using the expected rate of interest of 2.75% for individual annuity contracts concluded on or before April 1, 1996. The accumulation of the amount was completed on schedule over a period of three years starting in fiscal 2007. Apart from that, an additional reserve for this difference portion for the period of annuity payment shall be accumulated at the beginning of payment of each annuity contract.

**Accounting Changes****(1) Accounting Standards That Have Yet to be Adopted**

The following are two principal accounting standards announced as of the end of the fiscal year under review that have yet to be adopted: "Accounting Standards for Retirement Benefits" (ASBJ, May 17, 2012) and "Guidance on Accounting Standards for Retirement Benefits" (ASBJ, May 17, 2012). These standards are scheduled for adoption by the Company from fiscal 2014 onward. The effect of adopting these standards is now being evaluated.

**3. Balance Sheet****(1) Depreciation on Tangible Fixed Assets**

Accumulated depreciation on tangible fixed assets totaled ¥399,265 million.

**(2) Assets and Liabilities for Separate Accounts**

Combined assets and liabilities for separate accounts, prescribed in Article 118 paragraph 1 of the Insurance Business Law, amounted to ¥822,310 million.

**(3) Resource of Surplus Distribution**

The resource of surplus distribution as provided for in Article 30 paragraph 2 of the Order for Enforcement of the Insurance Business Law was ¥1,845,453 million.

**(4) Monetary Claims on and Monetary Liabilities to Subsidiaries**

Total monetary claims on the Company's subsidiaries amounted to ¥3,115 million, while total monetary liabilities owed to subsidiaries amounted to ¥3,471 million.

**(5) Leased Movables**

The Company holds leased movables, including computers and peripherals, in addition to the tangible and intangible fixed assets reported on the Balance Sheet.

**(6) Reserves for Policyholder Dividends**

Changes in the reserves for policyholder dividends for FY2013 are shown below:

a. Beginning balance.....	¥280,524 million
b. Provision from surplus for the previous period .....	¥152,835 million
c. Dividends to policyholders in the current period .....	¥163,872 million
d. Interest on reserves.....	¥ 535 million
e. Ending balance.....	¥270,023 million

**(7) Assets and Liabilities Denominated in Foreign Currencies**

Assets denominated in foreign currencies totaled ¥5,147,051 million. (The main foreign currencies are US\$38,696 million and EUR4,309 million.) Liabilities denominated in foreign currencies totaled ¥3,780 million. (The main foreign currencies are US\$20 million and EUR8 million.)

**(8) Foundation Funds Procurement**

In accordance with the provisions of Article 60 of the Insurance Business Law, the Company newly added a total of ¥50,000 million in foundation funds.

**(9) Assets Pledged as Collateral**

Assets pledged as collateral amounted to ¥3,651 million in securities.

## (10) Status and fair value of financial instruments

### 1) Financial Instruments

The Company follows a policy of “surplus management-type ALM” to manage its investment assets, excluding the assets of the separate account prescribed in Article 118 Paragraph 1 of the Insurance Business Law. Under this policy, the surplus derived from the difference between the economic values of assets and liabilities is considered an important indicator of financial soundness, and fluctuations in this surplus (risk) are closely monitored.

Based on this policy of “surplus management-type ALM”, the Company mainly invests in securities and loans. Securities holdings primarily consist of bonds, stocks, investment trusts and investments in partnership capital; loans primarily consist of loans to domestic customers.

As a general rule, use of derivatives is limited to hedging, primarily as a method of hedging against invested asset risk and insurance liability risk. Hedging transactions have been accounted for in accordance with the “Accounting Standards for Financial Instruments” (ASBJ, March 10, 2008). These transactions consist primarily of: the exceptional accounting treatment of interest rate swaps used as a cash flow hedge related to loans; market-based hedge accounting using forward exchange contracts and deferred hedge accounting using currency swaps to hedge against exchange rate fluctuation risk related to foreign currency denominated bonds; the allocation method for currency swaps used to hedge against exchange rate fluctuation risk related to foreign currency denominated loans; and hedges against interest rate risk related to insurance liability using interest rate swaps.

Securities are exposed to market risk (interest rate fluctuation risk, exchange rate fluctuation risk and price fluctuation risk) and credit risk; loans to credit risk and interest rate fluctuation risk; and derivatives transactions to market risk and credit risk. Loans payable are exposed to interest rate fluctuation risk because they are made at fluctuating interest rates.

With regard to interest rate fluctuation risk management, fluctuation risk is managed on the basis of economic values, including liabilities, from a surplus management perspective, through purchases of super long-term bonds aimed at prolonging asset duration in a sustained, stable manner and through interest rate risk hedges against insurance liabilities using interest rate swaps. To manage exchange rate fluctuation risk, the Company hedges against exchange rate fluctuation using forward exchange contracts where necessary for appropriate control of exchange rate fluctuation risk levels. To manage the risk of price fluctuation, the Company performs integrated management for outstanding balances and the profit and loss situation of securities and derivatives transactions while mechanisms have been introduced to keep losses to within certain limits by establishing appropriate caps.

The Value at Risk (VaR) method is also used to measure the maximum foreseeable loss, and stress tests are regularly performed to simulate conditions that might arise in the event of sharp market fluctuations that exceed normal forecasts. The department which manages investment risk monitors the profit and loss situation and compliance with rules. This department reports directly to the Board of Directors on important matters and submits reports regularly (or immediately in urgent cases) to its subcommittee. When managing credit risk, the risk inherent in each transaction is carefully identified and investments are limited to those that are judged to be highly safe. With regard to corporate loans, where credit risk judgments are particularly important, the department which manages credit risk ensures that a rigorous screening system is in place. In addition to monitoring customers who are granted credit facilities and implementing an internal credit rating scheme that uses corporate screening methods, the Company takes decisions on highly important deals following careful discussions by the Investment Council (Management Council). Further, it

sets exposure limits based on creditworthiness to ensure that risk is not concentrated among certain companies or groups, and works to disperse investments.

The Company limits risk by drawing up policies on using derivatives transactions, establishing limits on balances according to the type of transaction, and setting exposure limits for each counter party. At the same time, a system of internal checks has been established by isolating the departments executing the transactions from the administrative departments to ensure risk management is on an appropriate footing.

The fair values of financial instruments are based on the market price or, in cases where market prices are not available, based on prices calculated using reasonable methods. Since certain assumptions are adopted for said price calculations, said prices may differ when different assumptions are used.

**2) Fair Values of Financial Instruments**

The amounts of the principal financial assets and liabilities reported in the balance sheet at the end of the fiscal year, and fair values and the differences between them, are as follows.

(Millions of Yen)

	Amount reported in the balance sheet	Fair value	Difference
Cash and deposits	¥ 164,315	¥ 164,315	¥ —
Available-for-sale securities (CDs)	9,999	9,999	—
Monetary claims bought	233,622	245,033	11,410
Held-to-maturity debt securities	204,308	215,719	11,410
Available-for-sale securities	29,313	29,313	—
Securities	26,227,537	26,878,123	650,585
Trading securities	775,067	775,067	—
Held-to-maturity debt securities	5,580,085	6,041,759	461,674
Policy-reserve-matching bonds	5,405,462	5,594,374	188,911
Available-for-sale securities	14,466,921	14,466,921	—
Loans	5,136,765	5,361,249	224,484
Policy loans	304,630	304,630	—
Financial loans	4,832,134	5,056,619	224,484
Reserves for possible loan losses (*1)	(5,735)	—	—
	5,131,029	5,361,249	230,220
Deposits received on bond lending	640,951	640,951	—
Loans payable	100,000	100,000	—
Derivative financial instruments (*2)	(32,792)	(32,792)	—
Items to which hedge accounting does not apply	411	411	—
Items to which hedge accounting applies	(33,203)	(33,203)	—

(\*1) Excludes general reserve for possible losses on loans and specific reserve for possible loan losses related to loans.

(\*2) The net amounts of claims and liabilities arising from derivative transactions are shown as net amounts, and items whose totals are net liabilities are shown in parentheses ( ).

**a. Method used to calculate the fair value of financial instruments****Assets****1 Cash and deposits**

The Company uses book values for fair values because it assumes that since contract terms are short, fair values are close to book values. The same assessment method as in 3 Securities, has been used for securities transactions based on "Accounting Standards for Financial Instruments" (ASBJ, March 10, 2008).

**2 Monetary claims bought**

The same assessment method as in 3 Securities has been used for those monetary claims bought and handled as securities under the provisions of the "Accounting Standards for Financial Instruments" (ASBJ, March 10, 2008). The fair values of these monetary claims bought are stated at theoretical prices calculated by discounting the future cash flow to the present value or at the fair values obtained from counterparties on March 31.

**3 Securities**

Of available-for-sale securities, domestic stocks for which market quotations are available are stated at the average market price during March. Securities other than these are stated at market price as of the end of March.

Unlisted stocks, etc., for which market quotations are not available are not subject to disclosure and are therefore excluded from the above chart out of recognition of the extreme difficulty in identifying their fair value. The balance sheet amount of said unlisted stocks at fiscal year-end was ¥976,890 million, of which ¥280,311 million was stocks issued by subsidiaries and affiliates. Impairment losses of ¥212 million were recognized in connection with unlisted stocks other than stocks issued by subsidiaries and affiliates.

**4 Loans**

The Company uses book values for the fair values of policy loans because it assumes that fair values are close to book values as a result of projected repayment periods, interest conditions, etc., and no repayment periods according to characteristics such as limiting loans to within the cash surrender value.

The fair values of financial loans are primarily stated at prices that discount future cash flow to present value. The fair values of loans to borrowers who are legally bankrupt, substantially bankrupt or have a high possibility of bankruptcy are stated at the amounts obtained by deducting estimated losses from the book value before direct deductions.

**Liabilities****1 Deposits received on bond lending**

The Company uses book values for fair values because it assumes that since contract terms are short, fair values are close to book values.

**2 Loans payable**

The Company uses book values for fair values because it assumes that fair values are close to book values since loans are made at fluctuating interest rates that reflect market interest rates in the short term, and since the Company's credit standing does not change much after borrowing.

**Derivative financial instruments**

1 The fair values of securities exchange transactions, of stock index futures and bond futures, etc. are stated at the closing or settlement prices as of the end of March.

2 The fair values of Over-the-Counter (OTC) transactions of foreign exchange contracts, etc. are stated at theoretical prices based on the TTM, WM/Reuters or discount rate as of the end of March, or fair values obtained from counterparties as of the end of March.

Since OTC transactions of foreign exchange contracts subject to the allocation method for currency swaps are treated as an integral part of the hedged foreign currency denominated loans, their fair values are stated as included in the fair values of said loans.

3 The fair values of interest swap transactions are stated at theoretical prices discounting the difference of future cash flow to the present value, or fair values obtained from counterparties as of the end of March.

Since interest swaps subject to exceptional treatment are treated as an integral part of the hedged loan, their fair values are stated as included in the fair values of said loans.

**b. Notes Concerning Securities Holdings by Purpose**

1 The valuation difference on Trading Securities included in profits (losses) for the fiscal year amounted to -¥2,520 million.

2 The amounts reported in the balance sheet and fair values of the Held-to-Maturity Debt Securities by type at the end of the fiscal year, and the differences between them, are on this page (b-1). No Held-to-Maturity Debt Securities were sold during the fiscal year.

3 The carrying amounts on the balance sheet of Policy-Reserve-Matching Bonds, grouped by security type, are stated on the next page (b-2), along with their fair values and the differences between these amounts. In fiscal 2013, no Policy-Reserve-Matching Bonds were sold.

4 Sales of available-for-sale securities during the fiscal year amounted to ¥3,224,744 million; total gains on sales were ¥220,575 million; total losses on sales were ¥31,807 million. With regard to available-for-sale securities, acquisition costs, amortized costs, balance sheet amounts and the differences between them for each type of security are on the next page (b-3).

5 "Acquisition or amortized costs" in the b-3 table refers to book values after impairment losses. Impairment losses on available-for-sale securities for which market quotations are available amounted to ¥1,491 million during the fiscal year.

b-1. (Millions of Yen)

Type	Amount reported in the balance sheet	Fair value	Difference
Securities whose fair value exceeded the balance sheet amount			
1) Government & Municipal bonds	¥4,721,186	¥5,139,800	¥418,614
2) Corporate bonds	692,053	733,909	41,856
3) Other	296,098	310,043	13,945
Total	¥5,709,338	¥6,183,754	¥474,415
Securities whose fair value does not exceed the balance sheet amount			
1) Government & Municipal bonds	¥ 3,025	¥ 2,997	¥ (27)
2) Corporate bonds	8,200	8,196	(3)
3) Other	63,829	62,530	(1,299)
Total	¥ 75,055	¥ 73,724	¥ (1,330)

Note: This table includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

b-2. (Millions of Yen)

Type	Amount reported in the balance sheet	Fair value	Difference
Securities whose fair value exceeded the balance sheet amount			
1) Government & Municipal bonds	¥5,037,684	¥5,228,611	¥190,926
2) Corporate bonds	11,181	11,833	651
3) Other	—	—	—
Total	¥5,048,866	¥5,240,445	¥191,578
Securities whose fair value does not exceed the balance sheet amount			
1) Government & Municipal bonds	¥ 356,596	¥ 353,929	¥ (2,667)
2) Corporate bonds	—	—	—
3) Other	—	—	—
Total	¥ 356,596	¥ 353,929	¥ (2,667)

b-3. (Millions of Yen)

Type	Acquisition or amortized costs	Amount reported in the balance sheet	Difference
Securities whose balance sheet amount exceeds the acquisition or amortized costs			
(1) Stocks	¥ 1,470,284	¥ 2,953,828	¥1,483,543
(2) Bonds	5,535,917	5,992,980	457,063
1) Government & Municipal bonds	4,564,853	4,970,249	405,396
2) Corporate bonds	971,063	1,022,730	51,667
(3) Other	2,999,707	3,640,453	640,745
Total	¥10,005,909	¥12,587,262	¥2,581,352
Securities whose balance sheet amount does not exceed the acquisition or amortized costs			
(1) Stocks	¥ 272,696	¥ 250,928	¥ (21,768)
(2) Bonds	83,246	82,429	(817)
1) Government & Municipal bonds	40,002	39,864	(138)
2) Corporate bonds	43,244	42,565	(679)
(3) Other	1,635,933	1,585,616	(50,317)
Total	¥ 1,991,876	¥ 1,918,973	¥ (72,902)

Note: This table includes securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

**c. Projected amounts for monetary claims and securities with maturity period to be redeemed following the balance sheet date**

c-1. (Millions of Yen)

	≤ 1 year	> 1 year ≤ 3 years	> 3 years ≤ 5 years	> 5 years ≤ 7 years	> 7 years ≤ 10 years	> 10 years
Deposits	¥ 164,008	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims bought	—	—	—	—	—	233,622
Loans*	523,627	1,025,420	846,286	492,698	723,697	1,218,727
Securities						
Held-to-maturity debt securities	563,264	418,846	294,313	354,992	577,171	3,371,497
Policy-reserve-matching bonds	—	—	—	39,254	254,229	5,111,978
Available-for-sale securities with fixed maturities	325,853	393,766	1,073,301	1,227,580	2,481,899	5,535,376
Total	¥1,576,754	¥1,838,033	¥2,213,900	¥2,114,526	¥4,036,998	¥15,486,412

\* Loans do not include ¥285 million in claims against borrowers who are bankrupt, etc., or other projected non-recoverable amounts.

\* Policy loans that have no maturity period are not included in loans.

**d. Projected amounts of deposits received on bond lending and loans payable to be repaid following the balance sheet date**

d-1. (Millions of Yen)

	≤ 1 year	> 1 year ≤ 3 years	> 3 years ≤ 5 years	> 5 years ≤ 7 years	> 7 years ≤ 10 years	> 10 years
Deposits received on bond lending	¥640,951	¥—	¥—	¥—	¥—	¥—
Loans payable	—	—	—	—	100,000	—
Total	¥640,951	¥—	¥—	¥—	¥100,000	¥—

**(11) Real Estate**

The Company has office buildings for lease in the Tokyo Metropolitan Area and elsewhere, carried at ¥583,174 million on the balance sheet as of the end of the fiscal year. The fair value of the real estate was ¥612,741 million. Fair values are primarily calculated by means of the appraisal value by real estate appraisers (including those adjusted using indices, etc.)

**(12) Non-Performing Loans**

- a. Non-performing loans, including loans to bankrupt borrowers, past due loans, loans past due for three months or more, and restructured loans totaled ¥21,035 million. Loans to bankrupt borrowers amounted to ¥0 million and past due loans totaled ¥2,972 million.
- b. The direct deduction of estimated uncollectible amount for loans to bankrupt borrowers and past due loans was ¥44 million and ¥14 million, respectively.
- c. Loans to bankrupt borrowers are nonaccrual loans for which events defined in Articles 96-1, subparagraphs 3 (i-v) and 4 of the Enforcement Regulations of the Corporate Income Tax Law (Ordinance No. 97, 1965) have taken place. Accrued interest is not recorded as income due to substantial doubt over the ability to collect interest or principal because of delay in payment for extended periods.
- d. 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.
- e. There were no loans past due for three months or more. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under terms of the respective loans but not classified as loans to bankrupt borrowers or past due loans.
- f. Restructured loans totaled ¥18,061 million. Restructured loans are those subject to certain favorable concessions, including reduced interest rates or moratorium on interest payments, moratorium on repayments or debt forgiveness, which are made to support the reconstruction efforts of borrowers.

**(13) Securities Lent**

The balance sheet amount of the securities lent under consumption loan agreements, including sales and repurchase transactions ("repo") was ¥1,700,669 million.

**(14) 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 ¥23,939 million.

**(15) Loans Payable**

Loans payable are subordinated debts with repayment subordinated to other obligations.

**(16) 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 ¥51,981 million. The contribution is recorded as an operating expense at the time of payment.

**(17) Retirement Benefits****1. Outline of Retirement Benefit Plans Adopted**

To secure retirement benefits for its employees, the Company has adopted defined benefit plans including defined benefit corporate pension and lump-sum severance indemnity programs.

**2. Defined Benefit Plans****(1) Changes in retirement benefit obligations at the beginning and end of fiscal year**

Beginning balance of retirement benefit obligations:	¥368,317 million
Service cost:	¥ 12,005 million
Interest expenses:	¥ 3,314 million
Actuarial difference:	¥ 4,450 million
Retirement benefit paid:	¥ (31,232 million)
Ending balance of retirement benefit obligations:	<u>¥356,855 million</u>

**(2) Changes in pension assets at the beginning and end of fiscal year**

Beginning balance of pension assets:	¥344,193 million
Expected return on pension assets:	¥ 3,392 million
Actuarial difference:	¥ 9,376 million
Employer's contribution:	¥ 13,288 million
Retirement benefit paid:	¥ (11,603 million)
Ending balance of pension assets:	<u>¥358,647 million</u>

**(3) Balance between retirement benefit obligations, pension assets, accrued pension and severance costs and prepaid pension costs on the balance sheet**

Retirement benefit obligations of saving-type plans:	¥ 355,508 million
Pension assets:	<u>¥(358,647 million)</u>
	<u>¥ (3,138 million)</u>

Retirement benefit obligations of non saving-type plans:	¥ 1,346 million
Unrecognized actuarial difference:	¥(97,839 million)
Unrecognized prior service cost:	¥ 3,135 million
Accrued pension and severance costs (prepaid pension costs):	<u>¥(96,495 million)</u>

**(4) Gains and losses on retirement benefits**

Service costs:	¥12,005 million
Interest expenses:	¥ 3,314 million
Expected return on pension assets:	¥ (3,392 million)
Actuarial difference reflected in expenses:	¥12,725 million
Prior service costs reflected in expenses:	<u>¥ (1,298 million)</u>

Cost of retirement benefits concerning defined benefit plans	<u>¥23,353 million</u>
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**(5) Principal components of pension assets**

Proportion of pension assets by major category	
Bonds:	6.9%
Stocks:	40.7%
Life insurance general accounts:	30.4%
Assets subject to joint management:	19.6%
Cash and deposits:	1.9%
Other:	0.5%
Total:	<u>100.0%</u>

Retirement benefit trust for corporate pension plans accounts for 50.0% of total pension assets.

**(6) Methods to determine long-term expected rates of return on pension assets**

In determining the long-term expected rates of return on its pension assets, the Company takes into consideration the distribution of its current and future pension asset portfolio, as well as the rates of currently expected return and long-term future return from each category of pension assets.

**(7) Matters concerning actuarial assumptions**

Primary factors representing actuarial assumptions as of the end of the fiscal year

Discount rates:	0.9%
Long-term expected rates of return on pension assets	
Defined benefit corporate pension:	2.0%
Retirement benefit trust:	0.0%

**(18) Deferred Tax Assets and Liabilities**

- a. Deferred tax assets, which amount to ¥621,079 million, consist mainly of ¥390,539 million in policy reserves, ¥147,762 million in reserves for price fluctuations. The amount of deferred tax assets deducted as allowance account was ¥3,032 million.
- b. Deferred tax liabilities, which amount to ¥769,381 million, consist mainly of ¥735,419 million on unrealized gains on available-for-sale securities.
- c. The effective statutory tax rate in the fiscal year under review was 33.28%. The difference between the statutory tax rate and the effective tax rate after applying tax effect accounting consists primarily of a 17.99% decrease in reserves for policyholder dividends.

In addition, following the enforcement of the Act for Partial Revision of Income Tax Act (Act No. 10 of 2014), the special corporate tax for restoration following the Great East Japan Earthquake is no longer in effect as of the fiscal year beginning April 1, 2014. Reflecting this, the effective statutory tax rate was changed from 33.28% to 30.73% for the calculation of deferred tax assets and liabilities that will be recovered or paid during the period from April 1, 2014 to March 31, 2015.

As a result, deferred tax liabilities at the end of fiscal year under review posted an increase of ¥1,983 million, while income tax—deferred increased by the same amount.

**(19) Revaluation of Land for Business**

- a. Land used for the Company's business was revalued at publicly disclosed prices, in accordance with the Law concerning the Revaluation of the Land (Law No. 34, promulgated on March 31, 1998).
- b. Unrealized gains on the revaluation of land, net of deferred tax, was reported as revaluation reserves for land within net assets, and the relevant deferred tax was included in liabilities as deferred tax liabilities on revaluation of land.
- c. Date of revaluation: March 31, 2000  
Method of revaluation as provided in Article 3-3 of the law: The fair value of land is determined based on revisions to the Law Concerning Public Notification of Land Prices, as stipulated in Article 2-1 of the Law Concerning the Revaluation of Land (Law No. 119, issued on March 31, 1998) after making reasonable adjustments.
- d. The date and method related to the revaluation reserves of land acquired from The Yasuda Mutual Life Insurance Company upon the merger on January 1, 2004, are as follows.  
Date of revaluation: March 31, 2001  
Method of revaluation as provided in Article 3-3 of the law: The fair value of land is determined based on revisions to the Law Concerning Public Notification of Land Prices, as stipulated in Article 2-1 of the Law Concerning the Revaluation of Land (Law No. 119, issued on March 31, 1998) after making reasonable adjustments or to the Law Concerning Appraised Values, as stipulated in Article 2-5.

**(20) Subsidiaries' Shares**

The shares of subsidiaries were valued at ¥282,953 million.

**(21) Others**

The reserves for outstanding claims corresponding to the portion of reinsurance provided for under Article 71-1 of the Order for Enforcement of the Insurance Business Law applied mutatis mutandis to Article 73-3 amounted to ¥36 million, and the underwriting reserves provided for under Article 71-1 of the Order for Enforcement of the Insurance Business Law amounted to ¥4,452 million.

**4. Operations and Surplus****(1) Transactions with Subsidiaries**

Total revenues from transactions with the Company's subsidiaries amounted to ¥7,852 million, while total expenses amounted to ¥27,455 million.

**(2) Gains and Losses on Securities**

- a. Gains on securities sold were ¥205,826 million from domestic bonds, ¥14,128 million from domestic stocks, and ¥620 million from foreign securities.
- b. Losses on securities sold were mainly ¥1,264 million from domestic bonds and ¥3,186 million from domestic stocks, and ¥23,533 million from foreign securities.
- c. Losses on securities appraised were mainly ¥52 million from domestic stocks and ¥1,447 million from foreign securities.

**(3) Outstanding Claims and Policy Reserves**

When calculating the provision of reserves for outstanding claims, the amount deducted from the provision of reserves for outstanding claims for ceded reinsurance was ¥14 million. When calculating the provision of policy reserves, the amount deducted from the provision of policy reserves for ceded reinsurance was ¥3,364 million.

**(4) Derivative Financial Instruments**

The loss on derivative financial instruments included valuation gains of ¥186,069 million.

**(5) Impairment Losses**

Impairment losses for the year are as itemized below:

- 1) Asset grouping method  
Real estate, etc., provided for the use of the insurance business, etc., is treated as a single asset group for the overall insurance business, etc. For rental real estate and idle real estate, etc., not provided for the use of the insurance business, each individual property is treated as a single asset group.
- 2) Recognition of impairment losses  
Since there were marked declines in the profitability or fair value of some asset groups as a result of the deterioration in the real estate market, book values were reduced to the amounts collectible, and the amounts of reduction were reported under extraordinary losses as impairment losses.
- 3) Itemization of asset groups for which impairment losses were recognized, and impairment losses posted by type of fixed asset.

Type	No. of cases	Impairment loss (Millions of Yen)		
		Land	Buildings	Total
Rental real estate, etc.	2	¥ 432	¥2,057	¥2,489
Idle real estate, etc.	32	1,192	1,616	2,809
<b>Total</b>	<b>34</b>	<b>¥1,624</b>	<b>¥3,674</b>	<b>¥5,299</b>

**4) Calculations of collectible amounts**

The collectible amounts applied are the value in use or net sales value in the case of rental real estate, etc., and the net sales value in the case of idle real estate. Value in use has been calculated as the future cash flow after reflecting estimated volatility risk, discounted by 2.16%. The net sales value is calculated on the basis of the price obtained by deducting estimated disposal expenses from the appraisal value based on real estate appraisal criteria, or the appraisal price based on the posted price.

## Supplementary Financial Information (Non-Consolidated Basis)

Meiji Yasuda Life Insurance Company

### 1. Outline of Life Insurance and Group Pension Business

#### 1-1. Premium Income

(Millions of Yen)

	FY2013	FY2012
Individual life insurance	¥1,998,234	¥2,079,128
Lump-sum payment	1,136,248	1,197,931
Individual annuities	390,963	455,221
Lump-sum payment	90,820	134,192
Group life insurance	309,328	306,129
Group pensions	871,057	773,478
<b>TOTAL*</b>	<b>¥3,615,578</b>	<b>¥3,658,582</b>

\* Including premiums from asset formation insurance and annuities, medical life insurance, disability income insurance and premium income from receiving reinsurance.

#### 1-2. Premium Income Categorized by Policy Year

(Millions of Yen)

		FY2013	FY2012
Individual life insurance	First-year premiums	¥1,336,858	¥1,433,111
Individual annuities	Premiums for the second year and beyond	1,052,340	1,101,238
	Sub total	2,389,198	2,534,349
Group life insurance	First-year premiums	3,164	1,168
	Premiums for the second year and beyond	306,163	304,961
	Sub total	309,328	306,129
Group pensions	First-year premiums	7,691	14,942
	Premiums for the second year and beyond	863,365	758,536
	Sub total	871,057	773,478
Other types of insurance and annuities*	First-year premiums	1,348,513	1,450,150
	Premiums for the second year and beyond	2,267,064	2,208,432
	Total	3,615,578	3,658,582
	Growth rate (%)	(1.2)	(29.4)

\* Including premiums from asset formation insurance and annuities, medical life insurance, disability income insurance and premium income from receiving reinsurance.

#### 1-3. Insurance Benefits Paid

(Millions of Yen)

	FY2013					FY2012
	Individual life	Individual annuities	Group life	Group pensions	Total	Total
Claims paid	¥474,388	¥ 1,120	¥148,919	¥ 37,487	¥670,538	¥797,407
Death benefits	245,594	903	136,635	—	390,901	391,201
Accidental death benefits	2,802	5	395	—	3,213	3,892
Disability benefits	31,911	83	11,860	—	43,869	45,583
Maturity benefits	194,080	129	1	37,487	232,525	356,713
Others	—	—	27	—	28	17
Annuities paid	11,466	319,396	19,589	260,492	616,182	529,255
Benefits on policies paid	145,993	27,925	595	272,341	450,420	473,231
Death benefits	18,562	24,080	6	3,545	46,410	42,207
Hospitalization benefits	35,354	1,192	369	—	38,606	40,219
Operation benefits	17,401	858	—	—	18,405	19,260
Injury benefits	930	0	98	—	1,034	1,208
Survivor benefits	43,390	759	—	—	45,607	51,733
Lump sum benefits	—	—	121	266,223	266,344	276,352
Others	30,352	1,034	—	2,572	34,011	42,249
Surrender benefits paid	275,746	98,006	—	42,526	436,951	407,325

Note: Previously, comprehensive disability benefits and nursing care benefits had been included in others. However, from fiscal 2013 onward, these benefits are included in disability benefits. In line with this reclassification, the totals of fiscal 2012 figures have been recalculated accordingly.



#### 1-4. Surrender and Lapse Rates (Comparison between the Beginning and End of the Year)

	(%)	
	FY2013	FY2012
Individual life insurance	4.9%	5.1%
Individual annuities	2.6	2.6
Group life insurance	0.1	0.2

Note: Surrender and lapse rates represent the proportion of surrendered or lapsed policies as of the end of the fiscal year, to policies in force at the beginning of said fiscal year. The rates are calculated based on the value of surrendered and lapsed policies.

## 2. Outline of Reserves

### 2-1. Policy Reserves

	(Millions of Yen)	
	FY2013	FY2012
Policy reserves (excluding contingency reserves):		
Individual life insurance	¥13,742,131	¥12,883,931
Individual annuities	7,459,630	7,334,541
Group life insurance	152,875	155,516
Group pensions	6,970,502	6,683,296
Others	225,284	229,828
Contingency reserves	660,402	525,541
<b>TOTAL</b>	<b>¥29,210,826</b>	<b>¥27,812,655</b>

### 2-2. Policy Reserves (Categorized by Fiscal Year in Which Policies Were Signed)

	(Millions of Yen) (%)	
	Policy reserves	Assumed interest rates
-FY1980	¥ 362,752	2.75%–5.00%
FY1981–1985	967,922	2.75–6.00
FY1986–1990	3,051,665	2.75–6.00
FY1991–1995	3,803,905	2.25–5.75
FY1996–2000	1,353,671	1.50–3.75
FY2001–2005	1,097,234	1.00–2.35
FY2006–2010	4,188,494	0.71–1.85
FY2011	3,082,815	0.71–1.85
FY2012	1,542,255	0.45–1.85
<b>FY2013</b>	<b>1,333,261</b>	<b>0.45–1.85</b>

Notes: 1. The policy reserves presented above include reserves for individual life insurance and individual annuity policies, but exclude policy reserves held in separate accounts and contingency reserves.

2. The assumed interest rates presented above are principal assumed interest rates for policy reserves provided in each period since the signing into effect of each policy subject to these reserves.

## 3. Outline of Investments (General Account)

## 3-1. Breakdown of Assets

	(Millions of Yen)	
	FY2013	FY2012
Cash, deposits and call loans	¥ 393,066	¥ 552,256
Monetary claims bought	233,622	265,252
Securities	26,429,360	24,902,217
Domestic bonds	16,905,337	16,541,747
Domestic stocks	3,352,351	3,042,060
Foreign securities	5,982,317	5,204,990
Foreign bonds	4,533,873	3,988,313
Foreign stocks	1,448,444	1,216,677
Others	189,353	113,418
Loans	5,136,765	5,198,145
Policy loans	304,630	317,688
Financial loans	4,832,134	4,880,457
Real estate	937,632	962,973
Others	382,261	369,376
Reserves for possible loan losses	(8,135)	(9,522)
<b>TOTAL</b>	<b>¥33,504,573</b>	<b>¥32,240,700</b>
(Assets denominated in foreign currencies)	¥ 5,008,450	¥ 4,258,637

Note: Real estate reflects the total value of land, buildings and construction in progress.

## 3-2. Net Investment Returns

	(%)	
	FY2013	FY2012
Cash, deposits and call loans	0.10%	0.08%
Monetary claims bought	2.03	2.23
Securities	3.07	2.56
Domestic bonds	3.02	2.55
Domestic stocks	4.04	1.47
Foreign securities	2.84	3.12
Foreign bonds	2.59	2.91
Foreign stocks	3.62	3.70
Loans	2.01	2.03
Financial loans	1.85	1.85
Real estate	1.70	1.66
<b>TOTAL</b>	<b>2.71%</b>	<b>2.33%</b>
(Overseas investments)	2.82%	3.09%

Notes: 1. The rate of return is calculated by deducting investment expenses from the ordinary gain (loss) on the investment, and dividing the result by the average daily balance (book value basis).  
2. Overseas investments include assets in foreign currencies, loans for non-residents issued in yen and foreign bonds issued in yen.

## 3-3. Average Balances of Assets

(Millions of Yen)

	FY2013	FY2012
Cash, deposits and call loans	¥ 270,618	¥ 371,103
Monetary claims bought	256,814	267,202
Securities	22,560,899	21,225,264
Domestic bonds	15,602,309	14,817,071
Domestic stocks	1,911,409	1,987,293
Foreign securities	4,907,229	4,348,246
Foreign bonds	3,691,885	3,210,849
Foreign stocks	1,215,343	1,137,397
Loans	5,117,388	5,053,251
Financial loans	4,806,413	4,728,228
Real estate	960,502	967,446
<b>TOTAL</b>	<b>¥30,083,680</b>	<b>¥28,743,048</b>
(Overseas investments)	¥ 5,065,830	¥ 4,495,823

Notes: 1. Average balances are calculated based on book value.

2. Overseas investments include assets in foreign currencies, loans for non-residents issued in yen and foreign bonds issued in yen.

## 3-4. Investment Income and Gains

(Millions of Yen)

	FY2013	FY2012
Interest and dividends	¥667,637	¥618,975
Gains on money-held-in-trust	0	0
Gains on securities sold	220,575	150,968
Gains on securities redeemed	36,416	5,358
Gains on foreign exchange	14	746
Reversal of reserves for possible loan losses	1,363	491
Others	14	132
<b>TOTAL</b>	<b>¥926,021</b>	<b>¥776,673</b>

## 3-5. Investment Expenses and Losses

(Millions of Yen)

	FY2013	FY2012
Interest paid	¥ 3,239	¥ 2,858
Losses on securities sold	27,984	16,204
Losses on securities appraised	1,704	28,411
Losses on securities redeemed	0	6,126
Losses on derivative financial instruments	57,491	34,261
Depreciation of real estate for rent	9,613	9,916
Others	9,946	9,123
<b>TOTAL</b>	<b>¥109,979</b>	<b>¥106,903</b>

**3-6. Statement of Interest and Dividend Income**

(Millions of Yen)

	FY2013	FY2012
Interest on deposits	¥ 70	¥ 60
Interest and dividends on securities	522,612	475,780
Interest on domestic bonds	266,037	263,498
Dividends on stocks	66,159	57,277
Interest and dividends on foreign securities	183,887	150,717
Interest on loans	100,910	101,035
Rental income on real estate	33,420	32,163
Total of other interest and dividends	667,637	618,975

**3-7. Breakdown of Securities Investment**

(Millions of Yen)

	FY2013	FY2012
Government bonds	¥14,200,235	¥13,885,961
Municipal bonds	928,371	1,033,765
Corporate bonds	1,776,730	1,622,020
Public corporation bonds	489,148	504,903
Domestic stocks	3,352,351	3,042,060
Foreign securities	5,982,317	5,204,990
Foreign bonds	4,533,873	3,988,313
Foreign stocks	1,448,444	1,216,677
Others	189,353	113,418
TOTAL	¥26,429,360	¥24,902,217

**3-8. Breakdown of Loans**

(Millions of Yen)

	FY2013	FY2012
Policy loans	¥ 304,630	¥ 317,688
Financial loans	4,832,134	4,880,457
(Loans to non-residents)	122,205	130,043
Corporate loans	4,562,455	4,594,598
To domestic corporations	4,525,741	4,555,482
Loans to governments and supranationals	64,261	76,974
Loans to public organizations	179,820	181,217
Housing loans	2,988	3,730
Consumer loans	21,352	22,376
Others	1,256	1,559
TOTAL	¥5,136,765	¥5,198,145

**Securities and Others with Market Value\***

(Millions of Yen)

	FY2013				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds	¥16,449,092	¥17,554,688	¥1,105,596	¥1,109,112	¥ (3,515)
Domestic stocks	1,742,981	3,204,756	1,461,775	1,483,543	(21,768)
Foreign securities	4,609,156	5,178,226	569,069	620,545	(51,476)
Foreign bonds	4,112,639	4,535,108	422,468	470,098	(47,629)
Foreign stocks	496,516	643,117	146,600	150,447	(3,846)
Other securities	144,427	165,384	20,957	21,005	(48)
Monetary claims bought**	231,985	245,033	13,047	13,139	(91)
Negotiable deposits**	10,000	9,999	(0)	0	(0)
TOTAL	¥23,187,643	¥26,358,088	¥3,170,445	¥3,247,346	¥(76,900)

(Millions of Yen)

	FY2012				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds	¥15,791,187	¥17,233,993	¥1,442,806	¥1,445,650	¥ (2,844)
Domestic stocks	1,661,410	2,794,791	1,133,380	1,163,661	(30,280)
Foreign securities	4,014,802	4,479,450	464,647	491,658	(27,011)
Foreign bonds	3,564,051	3,991,561	427,510	432,178	(4,668)
Foreign stocks	450,751	487,888	37,136	59,480	(22,343)
Other securities	72,574	89,571	16,997	17,042	(44)
Monetary claims bought**	238,601	255,908	17,306	17,334	(27)
Negotiable deposits**	23,000	22,999	(0)	0	(0)
TOTAL	¥21,801,576	¥24,876,714	¥3,075,137	¥3,135,347	¥(60,209)

\* The above table shows information regarding securities and other instruments with market price. Trading securities are not included.

\*\* Including securities that are deemed appropriate to handle under the Financial Instruments and Exchange Act.

## 3-9. Distribution of Foreign Securities Investment and Overseas Loans

(Millions of Yen)

	FY2013				FY2012			
	Foreign securities			Overseas loans	Foreign securities			Overseas loans
	Total	Bonds	Stocks		Total	Bonds	Stocks	
North America	¥3,361,732	¥3,311,456	¥ 50,275	¥ 23,000	¥3,095,617	¥3,048,987	¥ 46,630	¥ 23,000
Europe	922,602	719,702	202,899	49,500	558,070	425,860	132,209	42,500
Oceania	258,740	258,740	—	—	279,172	279,172	—	—
Asia	157,543	54,415	103,127	3,060	79,322	54,682	24,639	3,400
Latin America	1,135,240	43,100	1,092,140	154	1,034,248	21,050	1,013,197	2,215
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	—	—	—	—	—
Supranationals	146,458	146,458	—	46,491	158,560	158,560	—	58,927
<b>TOTAL</b>	<b>¥5,982,317</b>	<b>¥4,533,873</b>	<b>¥1,448,444</b>	<b>¥122,205</b>	<b>¥5,204,990</b>	<b>¥3,988,313</b>	<b>¥1,216,677</b>	<b>¥130,043</b>

## 4. Loans Categorized by Internal Classification of Borrowers

(Millions of Yen)

	FY2013	FY2012
Loans to legally bankrupt and substantially bankrupt borrowers	¥ 786	¥ 849
Loans with collection risk	2,186	2,194
Loans requiring special attention	18,351	19,133
Sub total	21,325	22,178
Proportions in total loans (%)	0.31	0.32
Normal loans	6,859,955	6,901,352
<b>TOTAL</b>	<b>¥6,881,280</b>	<b>¥6,923,531</b>

- Notes: 1. Loans to legally bankrupt and substantially bankrupt borrowers are loans to borrowers that have been found or are likely to be found legally bankrupt through filings for the commencement of bankruptcy, corporate reorganization or civil rehabilitation proceedings, and loans to borrowers of similar status.
2. Loans with collection risk are loans with a high probability of failure in the payment of principal or interest under terms of the loan agreement due to the borrower's deteriorated financial status and/or business performance. These loans exclude loans to legally bankrupt and substantially bankrupt borrowers.
3. Loans requiring special attention consist of loans past due three months or more and restructured loans. Loans past due three months or more are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement (excluding the loans described above in sections 1. and 2.). Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. Restructured loans exclude the loans described above in sections 1. and 2. as well as loans past due three months or more.
4. Normal loans are loans to borrowers whose financial status and business performance exhibit no particular problems. These loans exclude the loans described above in sections 1. to 3.

## 5. Non-performing Loans

(Millions of Yen)

	FY2013	FY2012
Loans to bankrupt borrowers	¥ 0	¥ 1
Past due loans	2,972	3,043
Loans past due three months or more	—	—
Restructured loans	18,061	18,830
<b>TOTAL</b>	<b>¥21,035</b>	<b>¥21,875</b>
Non-performing loans/total loans (%)	0.41	0.42

- Notes: 1. Loans to bankrupt borrowers and substantially bankrupt borrowers including collateralized and guaranteed loans are directly deducted from total loans based on estimated uncollectible amounts. This is calculated as the remainder after deducting any amounts expected to be collected through the disposal of collateral or the execution of guarantees. The amounts recognized in the financial statements were ¥123 million for loans to bankrupt borrowers and ¥16 million for past due loans as of March 31, 2013; and ¥44 million for loans to bankrupt borrowers and ¥14 million for past due loans as of March 31, 2014.
2. Loans to bankrupt borrowers are loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Law, Civil Rehabilitation Law, Bankruptcy Law or Company Law; loans to borrowers with notes suspended from trading on exchanges; and loans to borrowers that have filed for similar legal proceedings based on overseas laws. Interest is not accrued as income on these loans, which remain in arrears on principal and interest payments with little likelihood for the recovery of principal or interest.
3. Past due loans are loans that do not accrue interest. These loans exclude loans to bankrupt borrowers and loans with modified interest payment terms and conditions extended in order to support the borrowers or business restructuring.
4. Loans past due three months or more are loans with principal or interest in arrears for three or more months from the day following the payment date established by the loan agreement. These loans exclude loans to bankrupt borrowers and past due loans.
5. Restructured loans are loans with favorable concessions given to the borrower (including interest reduction or exemption, relaxed interest payments, relaxed principal repayments and loan forgiveness) in order to support the rebuilding of operations at the borrower. These loans exclude loans to bankrupt borrowers, past due loans, and loans past due three months or more.

## Consolidated Balance Sheet

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

As of March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ASSETS</b>			
Cash and deposits	¥ 235,740	¥ 253,299	\$ 2,290.5
Call loans	244,000	369,000	2,370.7
Monetary claims bought	233,622	265,252	2,269.9
Securities	27,201,316	25,611,969	264,295.7
Loans	5,157,335	5,213,965	50,110.1
Tangible fixed assets:			
Land	630,643	637,711	6,127.5
Buildings	314,717	333,154	3,057.8
Construction in progress	3,650	2,352	35.4
Other tangible fixed assets	4,074	4,463	39.5
Intangible fixed assets:			
Software	37,779	29,275	367.0
Other intangible fixed assets	20,644	28,163	200.5
Agency accounts receivable	1,644	1,628	15.9
Reinsurance accounts receivable	2,899	1,400	28.1
Other assets	228,003	313,838	2,215.3
Net defined benefit assets	2,461	—	23.9
Deferred tax assets	2,313	1,718	22.4
Customers' liabilities for acceptances and guarantees	21,344	22,958	207.3
Reserves for possible loan losses	(8,135)	(9,529)	(79.0)
<b>TOTAL ASSETS</b>	<b>¥34,334,054</b>	<b>¥33,080,624</b>	<b>\$333,599.4</b>
<b>LIABILITIES</b>			
Policy reserves and others:			
Reserves for outstanding claims	¥ 120,064	¥ 116,136	\$ 1,166.5
Policy reserves	29,264,143	27,858,167	284,338.7
Reserves for policyholder dividends	270,023	280,524	2,623.6
Agency accounts payable	15	16	0.1
Reinsurance accounts payable	3,030	1,399	29.4
Other liabilities	1,063,093	1,451,428	10,329.3
Accrued pension and severance costs	—	757	—
Net defined benefit liabilities	814	—	7.9
Accrued retirement benefits for directors and executive officers	183	393	1.7
Reserves for contingent liabilities	14	2,563	0.1
Reserves for price fluctuations	481,293	364,297	4,676.3
Deferred tax liabilities	122,404	176,780	1,189.3
Deferred tax liabilities on revaluation of land	92,910	94,555	902.7
Acceptances and guarantees	21,344	22,958	207.3
<b>TOTAL LIABILITIES</b>	<b>31,439,336</b>	<b>30,369,979</b>	<b>305,473.5</b>
<b>NET ASSETS</b>			
Foundation funds	260,000	210,000	2,526.2
Accumulated redeemed foundation funds	410,000	410,000	3,983.6
Revaluation reserves	452	452	4.4
Consolidated surplus	432,095	344,913	4,198.3
Total foundation funds and others	1,102,548	965,365	10,712.6
Unrealized gains on available-for-sale securities	1,739,783	1,641,055	16,904.2
Deferred hedge gains (losses)	944	3,815	9.1
Revaluation reserves for land	106,051	107,619	1,030.4
Currency translation adjustment	7,207	(10,707)	70.0
Remeasurements of defined benefit plans	(66,062)	—	(641.8)
Total accumulated other comprehensive income	1,787,925	1,741,784	17,371.9
Minority interests	4,243	3,495	41.2
<b>TOTAL NET ASSETS</b>	<b>2,894,717</b>	<b>2,710,645</b>	<b>28,125.9</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>¥34,334,054</b>	<b>¥33,080,624</b>	<b>\$333,599.4</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Consolidated Statement of Operations and Surplus

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>ORDINARY REVENUE</b>			
Premium income and reinsurance refunds	¥3,638,255	¥3,679,866	\$35,350.3
Investment income and gain:			
Interest and dividends	669,740	623,353	6,507.3
Gains on money-held-in-trust	0	0	0.0
Gains on securities sold	220,576	151,467	2,143.1
Gains on securities redeemed	36,416	5,358	353.8
Gains on foreign exchange	14	746	0.1
Reversal of reserves for possible loan losses	1,371	489	13.3
Other investment income	791	134	7.6
Gains on separate account assets investment	52,769	82,950	512.7
Other ordinary revenue	161,482	184,367	1,569.0
<b>TOTAL ORDINARY REVENUE</b>	<b>4,781,417</b>	<b>4,728,735</b>	<b>46,457.6</b>
<b>ORDINARY EXPENSES</b>			
Insurance benefits paid and others:			
Claims paid	678,439	806,186	6,591.9
Annuities paid	616,310	529,345	5,988.2
Benefits on policies paid	452,546	474,940	4,397.0
Surrender benefits paid	438,005	408,472	4,255.7
Other refunds paid and expenses	102,098	81,659	992.0
Provision for policy reserves and others:			
Provision for reserves for outstanding claims	3,700	—	35.9
Provision for policy reserves	1,399,225	1,342,731	13,595.2
Interest on dividend reserves	490	522	4.7
Investment expenses and losses:			
Interest paid	3,322	2,939	32.2
Losses on securities sold	28,000	16,204	272.0
Losses on securities appraised	1,704	28,411	16.5
Losses on securities redeemed	0	6,126	0.0
Losses on derivative financial instruments	57,491	34,261	558.5
Depreciation on real estate for rent	9,808	10,077	95.3
Other investment expenses	11,520	10,426	111.9
Operating expenses	364,701	364,907	3,543.5
Other ordinary expenses	189,167	211,136	1,838.0
<b>TOTAL ORDINARY EXPENSES</b>	<b>4,356,535</b>	<b>4,328,351</b>	<b>42,329.3</b>
<b>ORDINARY INCOME</b>	<b>424,882</b>	<b>400,384</b>	<b>4,128.2</b>
<b>Extraordinary profits:</b>			
Gains on disposals of fixed assets	1,408	9,783	13.6
Reversal of reserves for contingent liabilities	—	90	—
<b>Extraordinary losses:</b>			
Losses on disposals of fixed assets	7,521	5,995	73.0
Impairment losses	5,349	3,539	51.9
Provision for reserves for contingent liabilities	6	—	0.0
Provision for reserves for price fluctuations	116,851	112,944	1,135.3
Losses on reduction of real estate	—	83	—
Donations for social welfare project promotion	553	552	5.3
Other extraordinary losses	—	189	—
<b>NET SURPLUS BEFORE TAXES AND MINORITY INTERESTS</b>	<b>296,007</b>	<b>286,952</b>	<b>2,876.0</b>
<b>Income taxes—current</b>	<b>123,988</b>	<b>85,716</b>	<b>1,204.7</b>
<b>Income taxes—deferred</b>	<b>(69,483)</b>	<b>(35,531)</b>	<b>(675.1)</b>
<b>NET SURPLUS BEFORE MINORITY INTERESTS</b>	<b>241,502</b>	<b>236,767</b>	<b>2,346.5</b>
<b>Minority interest share in earnings (losses)</b>	<b>890</b>	<b>57</b>	<b>8.6</b>
<b>NET SURPLUS FOR THE PERIOD</b>	<b>¥ 240,612</b>	<b>¥ 236,709</b>	<b>\$ 2,337.8</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

## Consolidated Statement of Comprehensive Income

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>Net surplus before minority interests</b>	<b>¥241,502</b>	¥ 236,767	<b>\$2,346.5</b>
<b>Other comprehensive income:</b>			
Unrealized gains on available-for-sale securities	99,288	812,217	964.7
Deferred hedge gains (losses)	(2,871)	5,340	(27.8)
Revaluation reserves for land	—	25	—
Currency translation adjustment	7,049	3,259	68.4
Share of other comprehensive income of affiliates accounted for under the equity method	10,310	9,400	100.1
<b>COMPREHENSIVE INCOME</b>	<b>355,279</b>	1,067,010	<b>3,451.9</b>
Comprehensive income attributable to the parent company	354,383	1,066,951	3,443.2
Comprehensive income (loss) attributable to minority interests	895	58	8.7

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Consolidated Statement of Changes in Net Assets

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

 For the years ended March 31, 2014 and 2013  
 (Millions of Yen)

	Foundation funds and others					Accumulated other comprehensive income					Minority interests	Total net assets	
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserves	Consolidated surplus	Total foundation funds and others	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserves for land	Foreign currency translation adjustment account	Remeasurements of defined benefit plans			Total accumulated other comprehensive income
Balance at March 31, 2012	¥110,000	¥410,000	¥452	¥ 255,484	¥ 775,936	¥ 827,866	¥(1,524)	¥ 95,096	¥(22,393)	¥ —	¥ 899,044	¥3,674	¥1,678,655
Foundation funds procurement	100,000				100,000								100,000
Provision for reserves for policyholder dividends				(133,466)	(133,466)								(133,466)
Interest on foundation funds				(1,316)	(1,316)								(1,316)
Net surplus				236,709	236,709								236,709
Reversal of revaluation reserves for land				(12,497)	(12,497)								(12,497)
Net changes in items other than foundation funds and others						813,189	5,340	12,523	11,685		842,739	(179)	842,560
Total changes for fiscal 2012	100,000	—	—	89,428	189,428	813,189	5,340	12,523	11,685		842,739	(179)	1,031,989
Balance at March 31, 2013	210,000	410,000	452	344,913	965,365	1,641,055	3,815	107,619	(10,707)	—	1,741,784	3,495	2,710,645
Foundation funds procurement	50,000				50,000								50,000
Provision for reserves for policyholder dividends				(152,835)	(152,835)								(152,835)
Interest on foundation funds				(2,162)	(2,162)								(2,162)
Net surplus				240,612	240,612								240,612
Reversal of revaluation reserves for land				1,568	1,568								1,568
Net changes in items other than foundation funds and others						98,727	(2,871)	(1,568)	17,915	(66,062)	46,141	748	46,889
Total changes for fiscal 2013	50,000	—	—	87,182	137,182	98,727	(2,871)	(1,568)	17,915	(66,062)	46,141	748	184,072
<b>Balance at March 31, 2014</b>	<b>¥260,000</b>	<b>¥410,000</b>	<b>¥452</b>	<b>¥ 432,095</b>	<b>¥1,102,548</b>	<b>¥1,739,783</b>	<b>¥ 944</b>	<b>¥106,051</b>	<b>¥ 7,207</b>	<b>¥(66,062)</b>	<b>¥1,787,925</b>	<b>¥4,243</b>	<b>¥2,894,717</b>

(Millions of U.S. Dollars\*)

	Foundation funds and others					Accumulated other comprehensive income					Minority interests	Total net assets	
	Foundation funds	Accumulated redeemed foundation funds	Revaluation reserves	Consolidated surplus	Total foundation funds and others	Unrealized gains (losses) on available-for-sale securities	Deferred hedge gains (losses)	Revaluation reserves for land	Foreign currency translation adjustment account	Remeasurements of defined benefit plans			Total accumulated other comprehensive income
Balance at March 31, 2013	\$2,040.4	\$3,983.6	\$4.4	\$3,351.2	\$ 9,379.7	\$15,944.9	\$37.0	\$1,045.6	\$(104.0)	\$ —	\$16,923.6	\$33.9	\$26,337.4
Foundation funds procurement	485.8				485.8								485.8
Provision for reserves for policyholder dividends				(1,484.9)	(1,484.9)								(1,484.9)
Interest on foundation funds				(21.0)	(21.0)								(21.0)
Net surplus				2,337.8	2,337.8								2,337.8
Reversal of revaluation reserves for land				15.2	15.2								15.2
Net changes in items other than foundation funds and others						959.2	(27.8)	(15.2)	174.0	(641.8)	448.3	7.2	455.5
Total changes for fiscal 2013	485.8	—	—	847.0	1,332.9	959.2	(27.8)	(15.2)	174.0	(641.8)	448.3	7.2	1,788.5
<b>Balance at March 31, 2014</b>	<b>\$2,526.2</b>	<b>\$3,983.6</b>	<b>\$4.4</b>	<b>\$4,198.3</b>	<b>\$10,712.6</b>	<b>\$16,904.2</b>	<b>\$ 9.1</b>	<b>\$1,030.4</b>	<b>\$ 70.0</b>	<b>\$(641.8)</b>	<b>\$17,371.9</b>	<b>\$41.2</b>	<b>\$28,125.9</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.



# Consolidated Statement of Cash Flows

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2014 and 2013

	Millions of Yen		Millions of U.S. Dollars*
	FY2013	FY2012	FY2013
<b>Cash flows from operating activities</b>			
Net surplus before taxes and minority interests	¥ 296,007	¥ 286,952	\$ 2,876.0
Depreciation on real estate for rent	9,808	10,077	95.3
Depreciation	21,574	22,152	209.6
Impairment losses	5,349	3,539	51.9
Increase (decrease) in reserves for outstanding claims	3,803	(3,829)	36.9
Increase (decrease) in policy reserves	1,399,292	1,342,731	13,595.9
Provision for interest on dividend reserves	490	522	4.7
Increase (decrease) in reserves for possible loan losses	(1,394)	(1,136)	(13.5)
Increase (decrease) in accrued pension and severance costs	—	14	—
Increase (decrease) in net defined benefit liabilities	14	—	0.1
Increase (decrease) in accrued retirement benefits for directors and executive officers	(210)	(151)	(2.0)
Increase (decrease) in reserves for contingent liabilities	(2,548)	(552)	(24.7)
Increase (decrease) in reserves for price fluctuations	116,851	112,944	1,135.3
Interest and dividends	(669,740)	(623,353)	(6,507.3)
Net losses (gains) on securities	(388,386)	(417,378)	(3,773.6)
Interest expenses	3,322	2,939	32.2
Losses (gains) on foreign exchange	(67)	(40)	(0.6)
Losses (gains) on tangible fixed assets	4,826	(3,330)	46.8
Investment losses (gains) on the equity method	(1,617)	(265)	(15.7)
Decrease (increase) in agency accounts receivable	(16)	(50)	(0.1)
Decrease (increase) in reinsurance accounts receivable	(1,496)	(31)	(14.5)
Decrease (increase) in other assets excluding those related to investing and financing activities	5,146	(7,595)	50.0
Increase (decrease) in agency accounts payable	(3)	5	(0.0)
Increase (decrease) in reinsurance accounts payable	1,630	202	15.8
Increase (decrease) in other liabilities excluding those related to investing and financing activities	(85,388)	111,277	(829.6)
Others	(6,012)	818	(58.4)
<b>Subtotal</b>	<b>711,238</b>	<b>836,464</b>	<b>6,910.5</b>
Interest and dividend income received	698,945	647,767	6,791.1
Interest paid	(3,021)	(2,942)	(29.3)
Policyholder dividends paid	(163,872)	(149,773)	(1,592.2)
Income taxes paid	(104,853)	(49,224)	(1,018.7)
<b>Net cash provided by (used in) operating activities</b>	<b>1,138,436</b>	<b>1,282,291</b>	<b>11,061.3</b>
<b>Cash flows from investing activities</b>			
Net decrease (increase) in deposits	(2,487)	(15,260)	(24.1)
Payments for purchase of monetary claims bought	(29,014)	(17,500)	(281.9)
Proceeds from sales and redemptions of monetary claims bought	56,546	22,448	549.4
Payments for purchases of securities	(6,065,454)	(7,031,196)	(58,933.6)
Proceeds from sales and redemptions of securities	4,965,821	5,375,840	48,249.3
Payments for making loans	(1,109,740)	(1,500,001)	(10,782.5)
Proceeds from collection of loans	1,169,225	1,268,374	11,360.5
Increase (decrease) in deposits received on bond lending	(302,319)	575,750	(2,937.4)
<b>Total of net cash provided by (used in) asset management activities</b>	<b>(1,317,423)</b>	<b>(1,321,543)</b>	<b>(12,800.4)</b>
<b>Subtotal of cash flows from operating and asset management activities</b>	<b>(178,987)</b>	<b>(39,252)</b>	<b>(1,739.0)</b>
Payments for purchases of tangible fixed assets	(14,703)	(37,862)	(142.8)
Proceeds from sale of tangible fixed assets	13,401	24,845	130.2
Payments for purchases of intangible fixed assets	(14,122)	(18,088)	(137.2)
Others	(1,464)	(1,443)	(14.2)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,334,313)</b>	<b>(1,354,092)</b>	<b>(12,964.5)</b>
<b>Cash flows from financing activities</b>			
Repayments of debt	(51)	(11)	(0.4)
Proceeds from foundation funds raising	50,000	100,000	485.8
Interest payments on foundation funds	(2,162)	(1,316)	(21.0)
Others	(237)	(237)	(2.3)
<b>Net cash provided by (used in) financing activities</b>	<b>47,549</b>	<b>98,434</b>	<b>462.0</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,229</b>	<b>1,503</b>	<b>31.3</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(145,098)</b>	<b>28,135</b>	<b>(1,409.8)</b>
<b>Cash and cash equivalents as of the beginning of the period</b>	<b>601,382</b>	<b>573,247</b>	<b>5,843.2</b>
<b>Cash and cash equivalents as of the end of the period</b>	<b>¥ 456,284</b>	<b>¥ 601,382</b>	<b>\$ 4,433.3</b>

\* Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥102.92 to US\$1.00 prevailing on March 31, 2014.

# Our History

Meiji Yasuda Life Insurance Company was inaugurated through the merger of the two oldest life insurers in Japan, namely, Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company.

## History of Meiji Life Insurance Company

In 1881, Taizo Abe, a former student of Yukichi Fukuzawa, established Meiji Life Insurance Limited Company in tandem with Heigoro Shoda and other early pioneers of the Mitsubishi conglomerate. Meiji Life was the first company in Japan to provide a modern-day life insurance service, in which premiums were determined based on expected mortality rates and other actuarial factors.

## History of The Yasuda Mutual Life Insurance Company

In 1880, Zenjiro Yasuda founded “Kyosai Gohyakumei-Sha,” a mutual aid company supported by 500 contributors. In the beginning, this organization adopted “assessment insurance,” a system that obliges a limited number of contributors to equally bear the cost of insurance claims paid, with the aim of providing an easy-to-understand insurance system.

To improve its service, in 1894 Kyosai Gohyakumei-Sha reorganized into “Kyosai Seimei Hoken Goshi Gaisya,” a modern-day life insurance mutual aid company, thus laying the foundation for the development of The Yasuda Mutual Life Insurance Company.

## History of Meiji Yasuda Life Insurance Company

### 2004

January 1

- Meiji Yasuda Life Insurance Company was inaugurated through the merger of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company

January

- Launched “Life Account L.A. Double” to commemorate the Company’s inauguration

August

- Meiji Yasuda Life Building was completed in Marunouchi, Tokyo

### 2005

April

- Meiji Yasuda General Insurance Co., Ltd. was inaugurated through the merger of Meiji General Insurance Co., Ltd. and The Yasuda General Insurance Company Ltd.

### 2006

July

- Meiji Yasuda Life began utilizing self-nominees, who voluntarily apply, in the selection of its policyholder representatives while adopting the “Company-with-Committees” system

### 2009

June

- Launched “Ashita no Mikata” hospitalization insurance

### 2010

June

- Launched “Iryohi Link Series,” a lineup of riders providing coverage for medical expenses

November

- Formed a business alliance with Talanx AG (Germany)
- Formed a business alliance with PT Avrist Assurance (Indonesia)

December

- Formed a business alliance with Haier Group (China)

### 2012

March

- Acquired the majority of shares in private nursing home operator Sunvenus Tachikawa Company Limited, thereby initiating the operation of nursing care facilities

June

- Acquired 27% of shares in TU Europa S.A. (Poland)

July

- Acquired 30% of shares in TUIR Warta S.A. (Poland)

### 2013

July

- Formed a strategic partnership with Thai Life Insurance Public Company Limited (Thailand)

September

- Introduced “Meister Mobile” tablet terminals

### 2014

June

- Launched “Best Style”

# International Directory



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Printed in Japan