

October 18, 2002

Meiji Life Insurance Company
The Yasuda Mutual Life Insurance Company

“Merger Memorandum” between Meiji Life and Yasuda Life

Meiji Life Insurance Company (President: Ryotaro Kaneko) and The Yasuda Mutual Life Insurance Company (President: Mikihiko Miyamoto) have been engaged in discussing the merger of the two companies on April 2004 ever since both companies entered into a comprehensive alliance aiming at business integration on January 24 this year.

Today, subject to approval from the Representative Policyholders Meeting and regulatory authorities, Meiji Life Insurance Company (“Meiji”) and The Yasuda Mutual Life Insurance Company (“Yasuda”) signed the “Merger Memorandum” upon reaching a basic agreement to merge on January 1, 2004, three months ahead of the original plan, and the mutual company status will not change.

The following are “Primary Points of Merger” agreed upon by the two companies stated in the Merger Memorandum, “Mission of the New Company” (Management Philosophy, Company Vision, Basic Strategic Direction, Business Plan etc.) aimed by the merged New Company and “Progress of Business Integration” etc.

I. Primary Points of Merger

1. Merger Structure

Meiji shall be the surviving company for the purpose of legal proceedings.

2. Merger Date

Merger date shall be January 1, 2004.

3. Company Name

The new company name after the merger shall be Meiji Yasuda Life Insurance Company.

4. Chairman of the Board and President

The Chairman of the Board of the New Company shall be Mikihiko Miyamoto (current President of Yasuda), and the President shall be Ryotaro Kaneko (current President of Meiji).

5. Location of Head Office

Registered head office of the New Company shall be located at 9-1, Nishi-Shinjuku, 1-chome, Shinjuku-ku, Tokyo (current location of Yasuda's head office).

6. Headquarters

Main Headquarters functions of the New Company shall be placed in the current headquarter facility of Meiji, located at Marunouchi, Chiyoda-ku, Tokyo.

II. Management Philosophy, Company Vision, Code of Conduct of the New Company

1. Management Philosophy

Based on the principles of business integration and the social mission of the New Company, the Management Philosophy is planned as follows:

“As pioneers in the life insurance business in Japan, we will adhere to the spirit of mutual assistance, commit ourselves to focus on customers, to provide high quality comprehensive insurance services in which life insurance plays a core role, and deliver assured ease of mind and richness to our customers.”

2. Company Vision

In order to fulfill the Management Philosophy, the Company Vision of the New Company is planned, as follows:

- (1) To provide the best products and services with emphasis on friendly communications
- (2) To maintain a solid financial condition, high efficiency and ongoing growth
- (3) To have employees dedicated to work enhancing each other's ability

3. Code of Conduct

Code of conduct, applicable to all directors and employees of the New Company, is planned as follows:

- (1) High standard of ethics and spirit of co-operation
- (2) Gratitude and responsibility towards our customers
- (3) Contribution to the society
- (4) Personal growth and development

III. Basic Strategic Direction of the New Company

In line with the original objectives of the merger, the New Company will aim to increase profitability and growth potential, and to strengthen its financial soundness with the planned Basic Strategic Direction as follows:

1. Business Fields of the New Company and its Business Models

Business fields of the New Company and its group companies shall consist of life insurance/annuities, medical & nursing-care insurance, non-life insurance, investment advisory/investment trust and related services.

Based on the business environment in the 21st Century and the business fields of the New Company, the New Company shall establish the following 3 business models to provide comprehensive insurance services of high quality to our customers:

(1) Total Life Planning Services

Through cordial services and face-to-face consultations provided by sales personnel with full knowledge of products and related matters, the New Company shall aim to provide comprehensive insurance services best suited to the life stage and personalized needs of our customers and to be the best partner for individuals and households.

(2) Total Corporate & Group Services

The new company will aim to provide comprehensive services to both group and corporate customers by designing services based directly upon their risk planning needs. This will be achieved primarily through the promotion of progressive products by expert staff, the utilization of a "development & proposal" team-consulting model, which actively takes advantage of our service infrastructure, as well as the provision of high-quality after-sales service. The New Company will establish de facto standards in the group welfare sector and develop firm relationships with corporations and groups by widely supporting welfare programs and self-reliant efforts of employees and members.

(3) Collaboration Marketing Services

With the start of OTC sales of individual annuity insurance at financial institutions, the New Company shall tie-up with financial institutions to provide the best individual annuity insurance and related services to financial institutions and their customers, and pursue new opportunities in new sales channels such as agencies and internet to enhance customers' convenience and expand new customer base.

2. Reforms of Business and Earnings Structure

In order to establish the above business models, the New Company shall implement the following innovative reforms:

- (1) The New Company shall reallocate marketing resources and promote earnings structure reforms to adapt to socioeconomic structural changes including rapid declining birthrate and a growing proportion of elderly people.
- (2) By utilizing expanded management resources, the New Company shall strive to be top in productivity and operating efficiency within the industry, and reallocate the resources to fields where high profitability and high growth can be expected.
- (3) The New Company shall establish a solid risk management system of compliance and total risk management program that will make all customers feel safe and secure.

While promoting the following efforts for “Reallocation of marketing resources”, the New Company shall change itself to have profitable structure which is stable and potential for growth with several profit-making sources as well as increasing productivity and efficiency of the organization:

- ① With development in IT capabilities, the New Company will develop medical & nursing-care insurance and related services in various combinations to meet the diversified and advanced needs in the nursing-care field. In addition, the New Company shall expand the product line-up aimed at post-retirement benefits [individual and group annuities (defined contribution plans, defined benefit plans)]
- ② While focusing on heads of the households and families as core insurance targets, the New Company shall also expand its scope of focus to include baby boomers and aged people.
- ③ While focusing on individuals, households, corporations and groups, the New Company shall also provide unique and appealing products to new customers through the most suitable channels in view of the start of OTC sales of individual annuity insurance at financial institutions, IT development and diversified lifestyle.

IV. Medium-term Company Plan

1. The New Company shall settle on a Medium-term Company Plan that consists of Phase I (from integration date to March 2005) aimed at “Establishment of new organizational structure that enables early creation of integration synergies” and Phase II (from April 2005 to March 2007) aimed at “Realization of business integration targets.” Further details of the Medium-term Company Plan (including key target figures) will be released shortly.

2. Basic Policy

In order to promote establishment of the business models and early creation of integration synergies, the New Company shall pursue the following measures:

- (1) The New Company shall develop appealing products and services that match the needs of customers and sales channels, and improve the quality of services and customer satisfaction.
- (2) In response to advanced and ever-diversifying client needs, the New Company will aim to strengthen its underwriting capabilities through greater risk diversification and the undertaking of new types of risks.
- (3) The New Company shall pursue investment activities according to debt profiles while maintaining and improving financial soundness.
- (4) The New Company shall develop a comprehensive capital management policy that consists of total risk

management, capital strategy and ALM functions.

- (5) The New Company shall foster and enforce customer focused sales personnel and professionals (system engineers, securities analysts, actuaries, pension actuaries, underwriters etc.) with in-depth knowledge of the business.
- (6) The New Company shall improve cost efficiency in the IT field through alliances, partnerships, outsourcing relationships, etc.
- (7) The New Company shall create a vital working environment through personnel assignment based upon the policy of having the “right person in the right place” and an overall meritocracy supported by “Pioneer Spirit” and “Co-operative Spirit”.

3. Strategies by Business Field

(1) Individual Insurance and Individual Annuity

The New Company shall aim to be the “Best Partner” of the customers and become the most trusted life insurance company known for its “quality of products and services” and “quality of sales activities and quality of communications” by:

- ① Striving to be our customers' "neighborly company" and providing advanced products and high quality service to the customers through the nationwide network of sales personnel with strong advisory and service capabilities.
- ② Enhancing productivity and efficiency of its sales force.
- ③ Focusing on reinforcement of the sales and service network in the metropolitan and workplace market which is perceived to become the key strength of the New Company.

Specific measures are as follows:

- a. The New Company shall reconstruct the sales personnel system to value business continuity and expansion activities such as after-sales service (introduction of such an evaluation system for the first time in the industry). In addition, the New Company shall promote advancement and diversification of the sales personnel training system to strengthen the core sales force , which will provide proposals and services of high quality.
- b. The New Company shall expand and improve Communication Center (Call Center) to promote interactive communications coping with diversified lifestyles.
- c. The New Company shall support and improve the sales personnel’s knowledge of products and related services and capability for making proposals and providing information to customers, fully utilizing the mobile marketing terminal “My-star”, which is equipped with features including broadband and internet capabilities.
- d. The New Company shall develop products with increased flexibility of structure that combines products and services available in the medical & nursing-care sector, and provide unique and compelling new products to customers.
- e. The New Company shall improve productivity per unit of operations through enlarging the branches and sales offices, and reviewing non-front-line staff to increase the number of front-line staff including sales and service personnel.

(2) Group Insurance

While widely supporting welfare programs and self-reliant efforts of employees and members and establishing the de facto standard of group welfare as the top group insurance company, the New Company shall provide comprehensive services to corporations and groups covering various risks.

- ① Improving consultation capability of group, as well as providing unique services and group welfare support systems suitable for each protection field.
- ② With its affiliated companies, providing total services combining insurance and other related services including welfare business support, health support service and administration systems etc.

(3) Group Annuity

The New Company shall focus on new markets including defined benefit and defined contribution annuities and aim to enhance its position as a preferred service provider.

With regards to the assets management business, the New Company shall enhance the capabilities both on general account and performance-based investment (special account, asset-management).

While maintaining the soundness and reviewing the balance of the group annuities in general account, the New Company shall increase the ratio of performance-based products (special account, asset-management).

(4) Collaboration Marketing Services

Regarding OTC sales of individual annuities at financial institutions, the New Company shall provide appealing products and services for customers and financial institutions, while co-operating closely with financial institutions.

The New Company shall also develop new sales channels including institutional agencies, internet and direct marketing, and new products and services suitable to those new channels to enhance customers' convenience.

Strategies for infrastructure upgrades are as follows:

- ① Placing across the nation sales and service support staff members with expertise and professional skills including FP knowledge.
- ② Enhancing direct services leveraging on call center functions, and providing after-sales information services suitable to lifestyle, life stage, or product profile of each customer.

(5) Non-life Insurance Business

To improve customer services, the following measures shall be pursued, subject to regulatory approvals etc.:

The retail non-life insurance business will focus on cross-sale such as automobile insurance or fire insurance, and the wholesale non-life insurance business will focus on business areas in which it can leverage its position as the non-life insurance subsidiary of a life insurance company.

- ① Meiji General Insurance Co., Ltd. and The Yasuda General Insurance Company Ltd. shall be integrated. Yasuda Direct General Insurance Co., Ltd. will maintain its current business structure.
- ② The integrated non-life insurance subsidiary will concentrate its corporate resources on the wholesale business with its primary focus on personal injury insurance and new types of insurance. The wholesale business is expected to benefit greatly from synergies with the life insurance business.
- ③ The New Company (Meiji Yasuda Life) will have products provided by NIPPONKOA Insurance Co., Ltd. and will sell them through the sales personnel of the New Company. We will continue further detailed discussion of the provided products in due course.

(6) Asset Management, Investment Trust

The New Company shall continue to focus on maintaining the high rating acquired from investment evaluation institutions and further increase the competitive edge of the asset management business.

The New Company shall actively use investment trusts as the investment vehicle for defined contribution annuities and individual variable annuities as this market is expected to expand rapidly. Our aim is to build substantial presence at an early stage. The efforts on the wholesale market will be focused on increasing sales to financial institutions as they are considered to have the highest needs.

4. Investment Policy

The New Company shall pursue stable and long-term profits based on ALM and focus on further improvement of sound financial position through appropriate risk management to become a firm trusted by customers.

- (1) The New Company shall place priority on pursuing stable profits with the focus on yen interest rate assets. The New Company shall also maintain an adequate capital ratio and react according to market changes.
- (2) The New Company shall aim to gain profits that are consistent with the risk profile through appropriate risk management. Special emphasis is on yen interest rate assets that focus on term structure taking the inherent nature of insurance debt into account.
- (3) The New Company shall aim to continue enforcement and upgrading of the risk management infrastructure that addresses diversified and complex investment risks.
- (4) The New Company shall continue to focus on cash flow and maintain the adequate liquidity level of assets.
- (5) The New Company shall increase transparency of management through timely and user-friendly disclosure on investment status.
- (6) The New Company shall always be conscious of the highly public nature of an insurance company and insist on an effective internal control scheme that allows for mutual supervision.

5. Comprehensive Capital Management Plan

The New Company will aim to ensure long-term financial stability through the appropriate valuation of its capital based on its future capital needs, while maintaining the stance that our capital plays a key role in maintaining our financial health.

The New Company shall expand the current capital strategy which focuses only on capital increase. The comprehensive capital management strategy will also include total risk management and ALM.

(1) Total Risk Management, ALM

- ① To improve risk management and to enhance efficient use of capital by promoting total risk management, conducted through quantitative cross-sectional risk analysis and corresponding risk control.
- ② To shift to “interest based ALM” that focuses on stable long-term profits based on yen interest assets.

(2) Reinforcement of Capital and Reduction of Risks

- ① Raising capital taking into account market conditions, while putting first priority on building up internal reserves by increasing profitability and business efficiency.
- ② Making efforts to reduce the level of risk assets with special focus on Japanese stocks by promoting liquidation to decrease the ratio of stocks in general account to 10%, which is the target for the near future (to decrease to 12% by integration).

6. IT Strategy

In order to roll out the New Company's business models without unnecessary delay, the New Company shall increase additional IT investment capabilities through strategic concentration of resources and reorganization of core IT staff members of both companies with the know-how on effective use of IT and business expertise. The efforts for enforcement of IT will center on the following three "IT enforcement measures" with the aim to provide advanced and efficient IT service:

- (1) The New Company shall improve "IT Infrastructure" to support provision of advanced products and services to the customers.
- (2) The New Company shall strengthen "IT Support Capabilities" for sales and service channels including sales personnel, utilizing nationwide broadband network, state-of-the-art equipment and appliances for branches and sales/service offices.
- (3) While prioritizing the smooth migration to the newly integrated systems and its stable operations, the New Company shall seek to structure a sophisticated and efficient "IT Development Model", consolidating internal and external resources organically through alliance, partnerships, outsourcing relationships etc.

7. HR System

The New Company shall establish an HR system that comprises of transparent and satisfying evaluation and compensation to achieve the following:

- (1) The New Company shall create a company culture where employees are encouraged to actively pursue personal development and growth.
- (2) The New Company shall train personnel with high expertise and strong generalist capabilities.
- (3) The New Company shall establish fair compensation and retirement system on functions and actual performances.
- (4) The New Company shall pursue the competitive productivity of the organization and enhanced efficiency of personnel costs.

Sales personnel system and personnel system will both reflect the years in services with the previous company to ensure fair treatment.

V. Realization of Merger Synergies

1. Merger Synergies

The New Company shall pursue merger synergies amounting to JPY 100 billion through the operating expense efficiency plan and reforming profit structuring measures targeted by FY2006.

2. Workforce Plan (excluding sales personnel)

The New Company shall reallocate management resources to the profitable and growth potential fields and customer service fields to effectively utilize HR resources. The number of workforce is expected to decrease by 3,000 (compared to the number in FY2002) to approximately 10,000 in FY2007 through restrain in recruitment and natural attrition etc.

3. Branch Offices and District Offices

There are plans to reduce the number of branch offices of the two companies from 162, as of the beginning of FY2002, to about 100 offices by the time of integration. Similarly, the number of district offices is expected to be reduced from 1,980, as of the beginning of FY2002, to approximately 1,750 by the merger. Plans for the enlargement and relocation of the branch and district offices will be continued after the merger.

VI. Progress of Integration

As Meiji and Yasuda merge during FY2003, both companies will strive to unify company plans and internal rules, and maintain management infrastructure to conduct operations substantially together from the beginning of FY 2003.

Major progress of integration is as follows:

1. Systems Integration

(1) Basic Policy

Meiji and Yasuda shall place priority on ensuring the quality of systems related to customer services upon integrating and consolidating the IT systems of the two companies. It is the basic policy to select the optimal integration method for each function while maintaining a balance between time required and the economical rationality. Special traits of system workflows should be taken into consideration.

(2) Platform

Meiji and Yasuda are currently using the host computer of the same vendor. Both companies will co-operate with the system vendor to execute consistent tests including connection checks among plural systems.

(3) Development Scheme

Meiji and Yasuda have established three system development facilities in central Tokyo that are jointly run by the two companies to ensure fail-proof and efficient integration of the systems. Approximately 400 system engineers (including staff members from affiliates and outside system vendors) are engaged in the joint development. The total number of system engineers from both companies is now about 2,000.

(4) Progress Status and Timetable

- ① Planning of the basic foundations of the New Company's system, which includes establishment of software requirements, is near completion. Both companies are currently engaged in the development of the system programming.
- ② Development of key modules is scheduled for completion by the end of this year and the test of the new systems will start at the beginning of next year. Both companies will pursue to secure the quality of systems by repeating tests including connection checks among systems in the virtual environment of the New Company, as well as quality inspection of each system.
- ③ Both companies will also review plans for system migration to take place at the time of merger, system risk management and backup scheme to ensure that nothing omitted due to systems integration.
- ④ Meiji and Yasuda will appoint Katsuzo Iwata, Managing Director of Meiji and Yoshio Yamamoto, Senior Managing Director of Yasuda as co-officers in charge of information systems, who are then responsible

for systems integration which shall be the main infrastructure of the business integration. (Iwata will be appointed on November 1, 2002 and Yamamoto is already in charge of information systems with other officer.)

2. Personnel Exchanges etc.

(1) Personnel Exchanges

- ① Both companies have exchanged 162 people starting from October 1, 2002 (81 from each company). Administrative personnel from branch offices are exposed to office workflow, product knowledge and branch office business administration. Through the program, the New Company eventually plans to foster instructors who have an in-depth knowledge of the businesses and products of both companies.
- ② Both companies have also exchanged 4 people from March 1, 2002, 20 people from April 1, 2002 and 20 people from October 1, 2002, totaling 44 people in head office divisions (22 from each company). Both companies have employed measures such as in-house invitation for application to select employees with strong willingness. This kind of personnel exchange will be implemented around the end of the year on an expanded level.

(2) Multiple Evaluations

In order to fulfill fair personnel assignment based upon the policy of having the “right person in the right place”, both companies will implement multiple evaluations of staff members. Personnel evaluations on the same basis will be conducted for all employees in FY2002. Interviews to managerial members by both companies’ officers in charge of personnel will be conducted during the same period of time.

(3) Joint Recruitment Activity

Recruitment of new employees for FY2003 was conducted jointly. Both companies will collaborate to hold joint-seminars and joint company information sessions for FY2004 new employees.

This release is translation of the original Japanese language press release publicly announced on October 18, 2002. For any interpretive questions, please refer to the original Japanese language release.