

Comprehensive Alliance Aiming at Business Integration Between Meiji Life and Yasuda Mutual Life

Meiji Life Insurance Company (President: Ryotaro Kaneko) and The Yasuda Mutual Life Insurance Company (President: Mikihiko Miyamoto) have today reached a basic agreement to enter into a comprehensive alliance to aim at business integration.

1. Background and Purposes of the Agreement

Environmental changes surrounding the life insurance business in Japan have been accelerated by globalization of economy and finance, deregulation of cross-entry among financial service sectors, advances in information technology, and other forces of change.

The life insurance industry in Japan has faced various challenges both in insurance marketing and investment operations in this rigorous operating environment, such as slow growth in personal disposable income, a continuing sluggish economy, historically low interest rates, and the downturn in the equity markets.

To fulfill customers' trust and pursue sustained growth in this environment, it is vital for life insurance companies to make continuing efforts to strengthen and solidify their business bases, and acquire quality skills and expertise that would enable them to continue to offer high quality products and services in an increasingly competitive environment.

Based on the generally accepted business perspective described above, Meiji Life Insurance Company ("Meiji") and The Yasuda Mutual Life Insurance Company ("Yasuda") have consummated a comprehensive alliance agreement with the ultimate goal of future business integration. By combining and leveraging the strengths of both Companies and reallocating management resources efficiently, Meiji and Yasuda will establish a new insurance business model, in which life insurance plays a core role, in order to attain corporate goals of growth, profitability, and financial soundness; and thereby meeting customers' expectations and enhancing customer trust and confidence.

Meiji and Yasuda, both of which have played a pioneering role in the Japanese life insurance business over the past 120 years, strongly believe that this partnership will further promote sound competition in the life insurance markets, and also contribute to the further development of the Japanese life insurance business in the 21st century.

2. Contents of the Comprehensive Alliance Agreement

Meiji and Yasuda shall pursue creating the strong alliance relationship in the following areas, while contemplating future business integration:

a. Development of New Products and Services

Meiji and Yasuda shall collaborate in the research and development of new products and services to pursue the following:

- (1) Commence joint discussions to create a common individual product portfolio, including the development of a new flagship individual life insurance product line by integrating product concepts from both Companies.
- (2) Pursue discussions to create a common group insurance product portfolio and related services, while aiming to establish de facto standards in the employee benefit and group welfare programs.
- (3) Conduct research to develop new products and services in the asset accumulation business, in order to meet customers' diversified and advanced needs, which have become increasingly prominent as a result of the aging of the Japanese population.

b. Enhancement of Operational Efficiency by Integrating Business Infrastructure

Meiji and Yasuda shall enhance operational efficiency by integrating business infrastructure of both Companies which will include the following initiatives:

- (1) Conduct a joint research plan to integrate both of the Companies' computer systems and related information networks by utilizing state-of-the-art information technology, with the goals of integrating and streamlining administrative processes for the individual and group insurance lines of business, investment, personnel, accounting, and other operations.
- (2) Commence discussions to integrate various internal rules and systems regarding employees and sales personnel, and to streamline marketing organizations, while seeking a smooth transition process.
- (3) Seek to develop a unified corporate culture where every officer and employee can attain personal growth and development, and continually acquire professional skills and expertise.
- (4) Collaborate with each other to restructure their asset portfolios, especially through the reduction of their exposure to equity and other assets with inherent risk, in accordance with the new business strategies.
- (5) Conduct research to establish a more sophisticated internal management system and an advanced risk management system.

- (6) Seek to reduce operational expenses by working with each other in the area of purchase and delivery of goods and documents for internal purposes.
- (7) Commence discussions to consolidate their subsidiaries and affiliated companies.
- (8) Dispatch and exchange employees, primarily junior staff members, with each other in various operational fields.

In addition to the above, Meiji and Yasuda shall set the following corporate goals, for which each Company shall be independently responsible, and toward which will direct efforts to improve their operational performance and efficiency:

- a. Enhancing profitability by reducing operating expenses and improving cost efficiency.
- b. Streamlining business infrastructure, including consolidating and reorganizing marketing offices.
- c. Enhancing financial soundness by securing an adequate level of capital and surplus, and by reducing exposure for stock and other risk assets.

3. Business Integration

While no official decision for the business integration has been finalized as yet by either Company, Meiji and Yasuda have confirmed the basic direction for the future business integration as follows:

a. Outline of Business Integration

- (1) Meiji and Yasuda will contemplate to integrate their businesses based on the spirit of equal partnership, targeting a merger in April 2004. A merger of mutual companies is contemplated as the form of the business integration at the present moment.
- (2) Since it appears that there have been no precedent cases for the merger of mutual life insurers in Japan, Meiji and Yasuda shall cooperate with each other and make concerted efforts to accomplish this proposed merger, while working closely with regulatory authorities and monitoring trends in relevant legislations and tax laws.
- (3) Detailed aspects of the merged entity, i.e. Company name, location of the head office, number of board of directors, shall be finalized later.

b. Principles of Business Integration

The basic principles and guidelines for the business integration are as follows:

- (1) Both Companies will conduct businesses to serve the best interests of their policyholders based on the inherent mission of a mutual life insurance company.
- (2) Both Companies will integrate their businesses based on the spirit of mutual respect and cooperation, while paying utmost homage to each Company's tradition and history as the founders of life insurance business in Japan, and advanced product development ability, and will leverage existing strengths such as solid management style.
- (3) Both Companies will create a unified corporate culture, which will promote and encourage every officer and employee to attain personal growth and development, and also to acquire professional skills and expertise.
- (4) Both Companies will establish a solid management foundation, including human resources, while leveraging and further developing the competitive advantages of each Company.

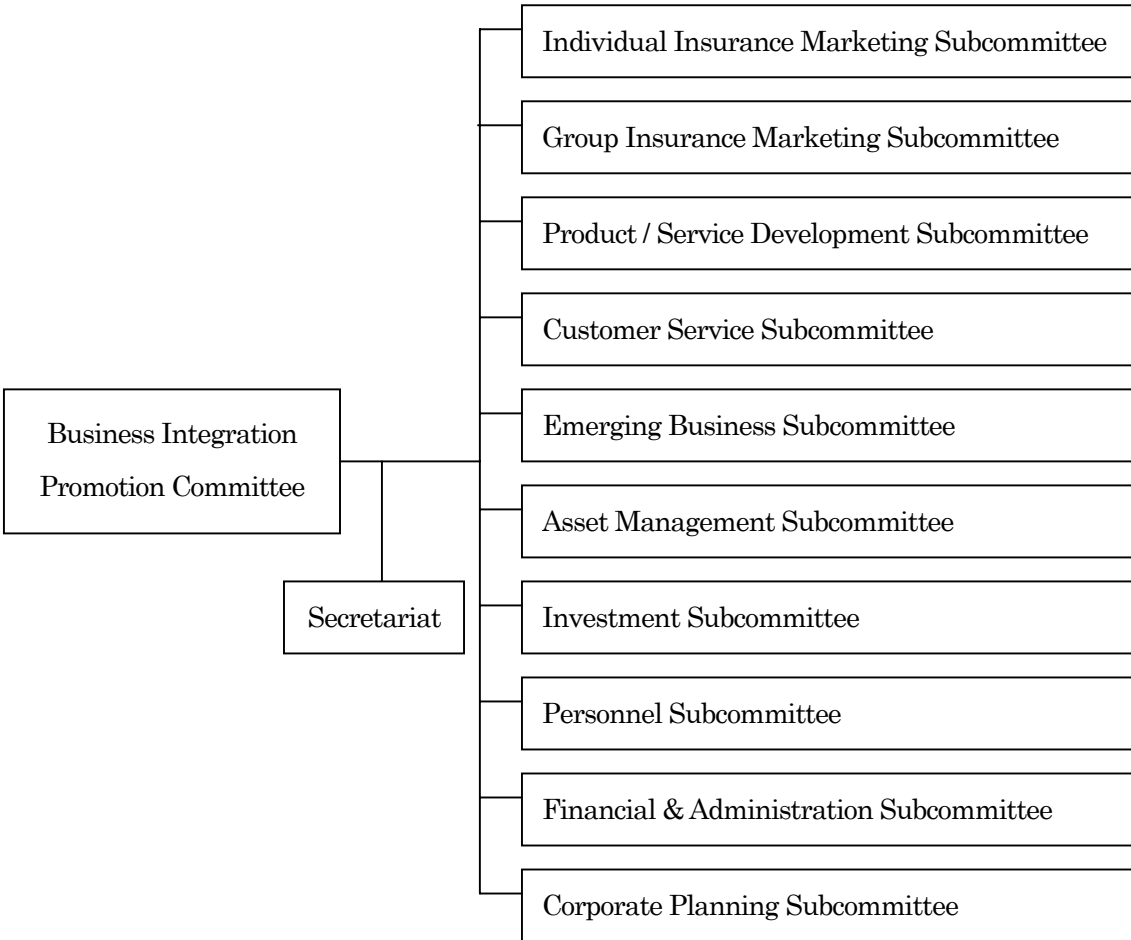
c. Missions and Future Directions of the Integrated Company

- (1) The integrated company shall further strengthen its product and service offering capabilities to serve both individual and group customers by combining and further enhancing its product development skills and expertise.
- (2) The integrated company shall further develop its sales personnel as its most essential management resource, and develop this resource in a professional manner to provide quality consultation advice by integrating and improving the consultation skills and expertise which Meiji and Yasuda have previously developed independently.
- (3) The integrated company shall boast a large number of employee benefit and group welfare program specialists. By utilizing the competitive strengths of Meiji and Yasuda in this segment, the integrated company shall offer advanced and quality group products and services, and then establish the de facto standards in this important market.
- (4) As a result of the increase in its total assets, the integrated company shall implement an advanced asset liability management model, supported by an increase in investment professionals, and also contribute to the sound development of the investments in Japan and abroad.
- (5) By achieving growth, enhancing profitability, and improving capital position through the business integration, and also by improving financial soundness through the reduction of the risk assets and the implementation of a more effective risk management system, the integrated company shall be in a better position to fulfill customers' trust and meet customers' expectations via rating upgrades.

(6) By integrating and streamlining the operations and also reallocating management resources, the integrated company shall direct its resources toward relative business segments with growth potential, where the Company can demonstrate its relative competitive strengths. The integrated company shall devote additional investment capacities to invest in information technologies and growing markets including Asian markets.

4. Organization

Meiji and Yasuda shall establish a "Business Integration Promotion Committee" to implement the alliance and prepare for the business integration. Presidents of both Companies shall serve as co-chairpersons of the Committee. The Committee shall develop detailed alliance plans and business models toward the business integration, in cooperation with 10 subcommittees that are shown below.



This release is translation of the original Japanese language press release publicly announced on January 24, 2002. For any interpretive questions, please refer to the original Japanese language release.

Appendix : Major Indicators (As of March 31, 2001)

| | Meiji Life | Yasuda Mutual Life | Total |
|-------------------------|--|---|-------|
| President | Ryotaro Kaneko | Mikihiko Miyamoto | - |
| Location of head office | 1-1, Marunouchi 2-chome Chiyoda-ku, Tokyo | 1-9-1, Nishi-Shinjuku Shinjuku-ku, Tokyo | - |

1. Amount of Policies, Number of Policyholders

| | | | |
|---|-----------------------|-----------------------|-------------------|
| Life Insurance in force *1 (billions of yen) | 173,709.5 [10.2%] (4) | 142,583.1 [8.4%] (5) | 316,292.5 [18.6%] |
| Individual insurance & annuity | 126,147.5 [9.6%] (4) | 74,209.9 [5.6%] (6) | 200,357.4 [15.2%] |
| Group insurance | 47,561.9 [12.3%] (4) | 68,373.2 [17.7%] (1) | 115,935.1 [30.0%] |
| New business :Individual insurance & annuity *2 (billions of yen) | 13,361.0 [10.0%] (4) | 8,496.7 [6.4%] (5) | 21,857.7 [16.4%] |
| New business :Group insurance (billions of yen) | 650.4 [9.3%] (3) | 677.5 [9.7%] (2) | 1,327.9 [19.0%] |
| Number of policyholders (members) | 5,664,569 | 2,958,196 | 8,622,765 *3 |

2. Income and Profits

| | | | |
|----------------------------------|-------------|-------------|---------|
| Premium income (billions of yen) | 2,294.3 (4) | 1,486.7 (5) | 3,781.0 |
| Individual insurance & annuity | 1,336.0 (4) | 718.4 (8) | 2,054.4 |
| Group insurance | 154.9 (3) | 204.7 (2) | 359.6 |
| Group annuity | 755.9 (4) | 547.6 (5) | 1,303.5 |
| Base profit (billions of yen) | 275.9 (4) | 175.0 (5) | 450.9 |

3. Financial Numbers

| | | | |
|--|--------------|--------------|----------|
| Total assets (billions of yen) | 17,469.4 (4) | 10,256.5 (6) | 27,725.9 |
| Actual net assets (billions of yen) | 1,936.8 (3) | 855.2 (5) | 2,792.0 |
| Solvency margin ratio | 667.2% | 602.6% | - |
| Non-performing loans ratio *4 | 0.84% | 1.33% | - |
| Equivalent of net unrealized gains on securities (billions of yen) | 957.1 | 214.7 | 1,171.8 |

4. Service Network and Employees

| | | | |
|---|------------|------------|--------|
| Number of branches | 83 | 91 | 174 |
| Number of agency offices | 1,191 | 808 | 1,999 |
| Number of sales personnel | 32,309 (4) | 16,662 (6) | 48,971 |
| Number of employees | 6,887 | 5,297 | 12,184 |
| Professionals | | | |
| Certified Financial Planners | 58 | 15 | 73 |
| Affiliated Financial Planners | 1,457 | 947 | 2,404 |
| Actuaries (fellows & associates) | 65 | 36 | 101 |
| Certified Pension Actuaries | 17 | 8 | 25 |
| Security Analysts (who passed the 2nd exam) | 151 | 82 | 233 |

5. Credit Ratings (as of December 31, 2001) *5

| | | | |
|--|----|----|---|
| Standard & Poor's (financial strength rating) | A | A- | - |
| Japan Credit Rating Agency (ability to pay insurance claims) | A+ | A+ | - |
| A.M. Best (financial strength rating) | A+ | - | - |

Percentage in square brackets and numbers in parentheses represent market share and ranking among the life insurance companies in Japan respectively.

*1 = the total of individual insurance, individual annuity and group insurance.

*2 = include net increases by conversion.

*3 = before adjusting the number of policyholders (members) holding both companies' insurance contracts.

*4 = (loans to bankrupt borrowers + non-accrual, past due & restructured loans) / (industrial and commercial loans)

*5 = These ratings have been obtained by the request of Meiji Life and Yasuda Mutual Life respectively. These are not a recommendation to purchase, withdraw or continue any policy or contract.

These are the present opinion statements of the ratings agencies, and may be changed, suspended or withdrawn.