

Maintaining and Enhancing Soundness and Profitability

Nippon Life is striving to strengthen its management base in order to fulfill its promise of providing coverage to customers. We have selected a range of information to enable our readers to understand the soundness and profitability of our operations as an insurance company. However, since each indicator numbered below has its limitations, it is necessary to comprehensively review all the various indicators for the best understanding of our business base.

(All the data presented herein are as of the end of fiscal 2003 and on a non-consolidated basis unless otherwise stated.)

1. RATINGS : (as of July 1, 2004)

R&I
(Insurance Claims Paying Ability): **AA**

Fitch
(Insurer Financial Strength Rating): **AA-**

S&P
(Insurer Financial Strength Ratings): **A+**

We have received an “Insurance Claims Paying Ability” rating of “AA” from Rating and Investment Information, Inc. (R&I), an “Insurer Financial Strength Rating” of “AA-” from Fitch Ratings Ltd., and an “Insurer Financial Strength Ratings” of “A+” from Standard & Poor’s (S&P). We believe that these high ratings are based on a high appraisal of our extremely strong position in the market, our superior capital position, our strong earnings capability, and our financial flexibility. Looking forward, we are aiming to maintain and improve our ratings by solidifying our management base through increased profitability and capital expansion.

Notes:

1. The above-mentioned ratings express the certainty of an insurance company’s ability to pay benefits; the ratings are not guarantees for payment of benefits.
2. The above-mentioned ratings are based on numbers and data up to the time of each rating, and are subject to change in the future.
3. Nippon Life received the above-mentioned ratings from R&I, Fitch, and S&P after officially requesting them.
4. R&I’s definition of “AA” rating: A very high degree of capacity for payment of insurance claims, and excellence in several key factors of evaluation. Plus (+) and minus (-) signs may be added to ratings within a range from “AA” to “CCC” to indicate their relative standing within each category.
5. Fitch’s definition of “AA-” rating: Very strong. Insurers are viewed as possessing very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small. “+” or “-” may be appended to a rating to indicate the relative position of a credit within the rating category.
6. S&P’s definition of “A+” rating: An insurer rated “A” has STRONG financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings. Plus (+) or minus (-) signs following ratings from “AA” to “CCC” show relative standing within the major rating categories.

2. CORE OPERATING PROFIT:

¥559.8
billion
(fiscal 2003)

This was the amount after taking account of the negative spread for fiscal 2003, and it remained at a high level sufficient to pay dividends to policyholders and increase the reserve for contingencies against future risks. We are striving to secure and expand our core operating profit as well as build a sound income-generating capability through our efforts to make management more efficient.

Note: Core operating profit mainly consists of income related to insurance and investment operations, including interest and dividend income, and is the index that reflects an insurance company’s fundamental earnings position on a flow basis.

3. FUNDS ACCOUNT (KIKIN) AND RESERVES:

¥2,469.9
billion

Nippon Life believes that improving its ability to deal with risk is essential for maintaining a firm management base. While giving due consideration to maintaining a balance with dividends paid to policyholders, management is redoubling efforts to quickly achieve its target of ¥3 trillion in capital for its funds account (kikin) and reserves to deal with any type of risk and further ensure payments to policyholders.

Note: Funds account (kikin) and reserves include reserves for a funds account and redemption of funds under capital, reserve for contingencies under liabilities on the balance sheets, and is designated as a financial resource against risks, excluding unrealized gains on securities that are easily swayed by economic conditions.

4. UNREALIZED GAINS ON SECURITIES: **¥3,306.3**
billion

Unrealized gains on securities remained at a high level and increased compared with the previous fiscal year owing to higher share prices.

5. SOLVENCY MARGIN RATIO: **893.8%**

Our solvency margin ratio is considered sufficient enough to make payments to fully cover risks. By increasing our profits through the streamlining of management and improvement of operating income, we are promoting steady accumulation in our funds account (kikin) and reserves, and are continuing to strive to maintain and improve our high solvency margin ratio.

Note: The solvency margin is the financial leeway needed to pay when risks arise that exceed normally forecastable levels, such as those arising from major earthquakes or collapses in the stock market. The solvency margin ratio is the total value of the solvency margin divided by the quantified value of all risks exceeding those that can normally be forecast.

6. REAL NET ASSETS: **¥6,608.0**
billion

The ratio of real net assets to the general account stood at a high 15.4%.

Note: The value of real net assets is the difference between total assets after adjustment for unrealized gains on securities, real estate, and other assets that exceed total liabilities.

7. POLICY RESERVE: **¥38,642.6**
billion

We make additions to our standard policy reserve required under the Insurance Business Law, to be fully prepared to meet insurance and other payment obligations. In addition, even for insurance contracts wherein such reserves are not required, we apply the net level premium reserve method, which is the most conservative legal method for computing policy reserves.

8. NON-PERFORMING ASSETS—ACCORDING TO BORROWER CLASSIFICATION AS A PERCENTAGE OF TOTAL LOANS

0.85%

To maintain and improve our financial standing, we provide an allowance for doubtful accounts for non-performing assets, and regularly reduce the outstanding amount through efforts to collect and write off non-performing assets. Non-performing assets according to borrower classification was reduced ¥23.2 billion from the previous fiscal year to ¥107.9 billion, representing 0.85% of total loans, and the total coverage ratio was 96.8%. And risk-monitored exposure, another indicator of non-performing loans, was ¥107.8 billion, representing 0.98% of total loans.

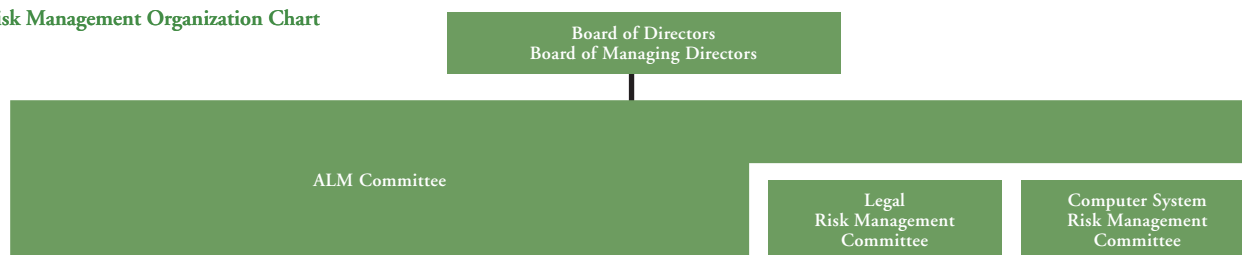
Compliance

To remain a company that is trusted and selected by customers, we believe it is essential for every staff member of Nippon Life to be fully aware of prudent employee conduct and act responsibly. We strive to realize a customer-first perspective while strictly observing laws and other regulations.

As a part our compliance effort, every year the Board of Directors formulates the Compliance Program, and based on this program, the Compliance Committee analyzes and proposes solutions to issues related to insurance soliciting and administration while promoting compliance throughout the Company. From June 2003, we began to incorporate the opinions of external experts regarding the creation of brochures describing insurance products that are given to customers during solicitations. We also strengthened our internal organization for reviewing such brochures before publication and distribution. In March 2004, we reorganized and increased the number of positions for compliance officers to promote compliance in the Legal Department.

In fiscal 1998, Nippon Life created its own Code of Conduct for determining the rules and regulations that all directors and employees must adhere to in their business activities. Thereafter, we created and have updated the Legal Compliance Manual, which explains the Code of Conduct and responsibilities of each division from a compliance perspective. Nippon Life makes every effort to further increase awareness of compliance among all employees and management by disseminating information and providing training through seminars based on the Compliance Program as well as by continuously updating the Code of Conduct and Legal Compliance Manual in line with changes to the law and other regulations. To promote proper marketing activities, Nippon Life provides ongoing training on sales ethics for marketing staff through internal satellite broadcasts and newsletters. At the same time, the Auditing Division monitors training as part of concerted efforts to ensure its effectiveness.

Risk Management Organization Chart



Types of Risks



Strengthening Risk Management

To ensure sound management and gain the trust of customers, it is increasingly important for the management of life insurance companies to precisely grasp and appropriately manage all aspects of risks related to insurance underwriting and asset management. Consequently, Nippon Life has given risk management a high priority and implemented every possible measure in this regard. In our risk management activities, we have identified the areas and types of risks to which life insurance companies are susceptible, created risk monitoring systems, prepared rules and regulations, and taken other appropriate steps for the management of all risk eventualities in an effective manner. Nippon Life comprehensively manages these risks in terms of their overall impact on operations. We have formed risk management units, which are independent of the departments responsible for generating revenues and profit, to provide cross-checking functions. The Auditing Department conducts inspections on the effectiveness of risk management as a double-checking function.

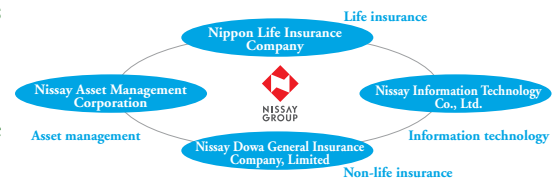
Group Management Structure and Alliance Strategy

Four Core Group Management Companies

Nippon Life makes every effort to create a structure capable of providing the best, most comprehensive insurance services across a broad spectrum of needs, including life insurance, non-life insurance, medical and nursing care insurance, and asset growth, to meet the diverse and sophisticated needs of its customers. We work from the customer's perspective in our basic strategies to:

- 1) Provide the finest in innovative services in a precise and prompt manner.
- 2) Provide responsible services, from sales to underwriting, under the Nissay brand.

To this end, the four group companies of Nippon Life Insurance Company, Nissay Dowa General Insurance Company, Limited, Nissay Asset Management Corporation, and Nissay Information Technology Co., Ltd. are working toward even more solid group management.



Nissay Dowa General Insurance Company, Limited

Taking advantage of the direction and position of the comprehensive insurance strategy, which is advancing along with Nippon Life, Nissay Dowa General Insurance Company, Limited is growing at the top of its class in the industry, with year-on-year growth of 4.6% in net premiums written. Nissay Dowa is making every effort to be chosen and trusted by its customers while increasing growth potential and profitability.



Nissay Dowa General Insurance Company, Limited

Nissay Asset Management Corporation

Nissay Asset Management Corporation had approximately ¥6.7 trillion in assets under management as of March 31, 2004, one of the highest levels in the industry. The company works tirelessly to increase the trust of its customers in the fields of group pensions and investment trusts. Nissay Asset is jointly developing a wide selection of investment trusts, including some through our NLI Research Institute and alliance partner Putnam Investments, LLC in the United States. Among them, the Nissay/Putnam Income Open, a product jointly developed with Putnam, is one of the best selling funds



Nissay Asset Management Corporation

in Japan's investment trust industry with more than ¥750 billion under management as of March 31, 2004.

Nissay Information Technology Co., Ltd.

Responsible for advancing the Group's IT strategy, Nissay Information Technology Co., Ltd. has developed cutting-edge information systems to support services for Nissay Insurance Accounts, comprehensive services for life and non-life insurance, and call centers. In addition, taking full advantage of its expertise in IT systems, the company actively provides services to a wide range of customers.



Nissay Information Technology Co., Ltd.

Initiatives to Promote Alliances by Business Field

Our alliance strategy is aimed at offering customers the best, most comprehensive insurance services, and our basic policy is to move forward steadily in implementing the following initiatives:

- 1) When new services are needed, conclude alliances with the strongest company in that business field, and
- 2) Build an infrastructure that is common throughout society, and in the business areas where priority must be given to cost reduction, work together with a broad range of partners.

International Insurance Operations

Overseas Development Centered on Three Insurance Companies

Nippon Life is aggressively developing insurance operations overseas through local affiliates to expand international business opportunities over the medium and long term. In China and the rest of Asia, the need for insurance is increasing in tandem with economic growth. The advance of Japanese companies overseas is also increasing the importance of benefit programs and welfare systems for employees working overseas.

Nippon Life launched an insurance company in China in fiscal 2003 to complement its longstanding operations in the United States and the Philippines.

Although international insurance operations face many challenges and tough competition, Nippon Life is steadily developing overseas businesses to strengthen its management base and improve earnings capabilities. This will be achieved by providing high-quality services tailored to each region through its three overseas insurance companies, Nippon Life Insurance Company of America, Nippon Life Insurance Company of the Philippines, Inc., and Nissay-SVA Life Insurance Co., Ltd.

| Nippon Life Insurance Company of America

In December 1991, Nippon Life Insurance Company of America (NLIA) was established as the only Japanese insurer to underwrite group insurance in the United States. NLIA has established primary offices in New York, Los Angeles, and Chicago, as well as three satellite offices in other parts of the United States, and sells insurance products such as

group health insurance to companies across the nation. NLIA is focusing efforts on expanding sales to U.S. companies in addition to Japanese companies, and serves approximately 1,600 companies, of which about 500 are Japanese. NLIA aims to further expand its business base by improving services and responding precisely to customer needs.



Nippon Life Insurance Company of America

| Nippon Life Insurance Company of the Philippines, Inc.

As the first step in underwriting insurance in Asia, we established Nippon Life Insurance Company of the Philippines, Inc. (NLP) in February 1997, as a joint venture with the Yuchengco Group, one of the biggest financial groups in the Philippines. NLP offers individual insurance at 15 branch offices throughout the Philippines, and performance has demonstrated steady growth since its inception. NLP also sells group term life

insurance, group health insurance, and other insurance products to companies in the Philippines. NLP approaches not only Japanese companies but also local Philippine companies to offer products and services tailored to customer needs in an effort to enhance the employee benefit programs of companies.



Nippon Life Insurance Company of the Philippines, Inc.

| Nissay-SVA Life Insurance Co., Ltd.

To take advantage of business opportunities in the fast-growing Chinese market, in September 2003 we established Nissay-SVA Life Insurance Co., Ltd. as a joint venture with SVA (Group) Co., Ltd., a leading consumer electronics manufacturer under the direct control of the Shanghai municipal government. This marks the first entrance of a Japanese life insurance company into China. We are promoting management that

differs from other life insurance companies in China by thoroughly training insurance agents. Leveraging the brand recognition of SVA and Nippon Life's expertise, we aim to establish a new business base by providing enhanced services.



Nissay-SVA Life Insurance Co., Ltd.

Considering the strong growth potential of Asia, we acquired a stake in a leading Thai insurer, Bangkok Life Assurance Limited, in April 1997 and are striving to improve local services by dispatching employees from Nippon Life. In January 2004, we acquired an additional stake in Bangkok Life Assurance Limited in a move to strengthen our relationship with the company, which also has attracted investment from Mitsui Sumitomo Insurance Co., Ltd. Together, we aim to contribute to the further development of Bangkok Life Assurance Limited through our combined management expertise and take full advantage of business opportunities in the Thai life insurance market.

We continue to steadily advance overseas operations and aim to expand profit-earning opportunities by providing high-quality insurance services.



Nissay-SVA Life Insurance Co., Ltd., a joint venture with SVA Co., Ltd., was established in September 2003.



A management meeting at the Nippon Life Insurance Company of America.



A ceremony held to honor the achievements of agents at the Nippon Life Insurance Company of the Philippines, Inc.

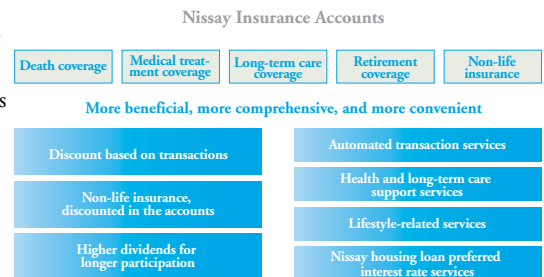
Domestic Insurance Operations

Through Nissay Insurance Accounts, positioned as the core of our product and service strategies, we provide customers with truly comprehensive insurance services. In addition, we are responding to changes in the market by offering services that meet a broad range of emerging customer needs. These include the mounting requirement for medical treatment security accompanying the aging of the population and changes in the public medical insurance system, and the shifting of corporate welfare programs toward greater emphasis on supporting the self-help efforts of employees.

| Nissay Insurance Accounts

Nissay Insurance Accounts, which constitutes a platform shared by group companies, allows customers to combine insurance for life, medical treatment, nursing care, and retirement coverage as well as non-life insurance and other products into a single account. In short, the objective of Nissay Insurance Accounts is to provide customers with general security more beneficially, more comprehensively, and more conveniently in

all aspects of their lives. Since Nissay Insurance Accounts was introduced in April 1999, the number of customers taking advantage of it has risen to more than 7.7 million. As five years have passed since its introduction, the “more dividends the longer you continue” feature of Nissay Insurance Accounts will begin to pay out dividends from fiscal 2004.



| Products and Services for Individual Customers



To respond to the intensifying need for medical treatment security accompanying the aging of the population, in April 2001, we introduced a medical whole-life policy, *Ikiru Chikara EX*. Since then, we have focused development on the aim of providing a full lineup of products that offer customers the coverage they really need. In

June 2001, we released a rider that provides coverage from the first overnight hospital stay, and a rider compatible with the public nursing care insurance system. In March 2003, we announced a rider that offers coverage for the reoccurrence of three major illnesses in Japan, cancer, cerebral apoplexy, and cardiac infarction, a first for the insurance industry in Japan. We also offer insurance policies tailored to the age group of our customers through *Ikiru Chikara Youth EX* for young people and *Ikiru Chikara Master Class EX* for middle-aged customers. We have also released *Ikiru Chikara Frau EX* as an insurance plan tailored to women’s needs. We have added non-life insurance features to *Ikiru Chikara My Protect EX* and *Ikiru Chikara Lady Protect EX* to

realize comprehensive insurance services. The *Ikiru Chikara EX* series is one of our core products, with approximately 1.75 million policies written over the past three years.

To complement our lineup of insurance products, in March 2004, we developed a rider that covers healthcare needs for injuries and illnesses, and another that expands the payment limit (total number of days) regarding hospitalization benefits from 700 days to 1,095 days, the highest level in the industry. We also released *Ikiru Chikara Sky Select EX* as insurance that lets customers select only the coverage they need in only the necessary amounts from our broad lineup of products.

| Products and Services for Corporate Customers

The employee benefit system in Japan is undergoing changes, as corporations shift from the former system of providing all employees with uniform benefits, to a system in which companies support the self-help efforts of their employees. Our initiatives in line with these changes in the benefit system include developing and proposing more attractive self-help benefit systems, and in the fields of group insurance and group pensions, we provide

comprehensive risk consulting to assist companies in upgrading employee benefit plans. Since defined contribution pension plans began in October 2001 in Japan, Nippon Life has established a structure for handling all aspects of defined contribution pension plans from introduction to daily administrative tasks. Based on this structure, we provide detailed services for participants and consulting services for corporations on plan setup,

while utilizing our business experience and knowledge of the 401(k)-style defined-contribution pension plan market in the United States and our extensive background in corporate pension systems.



Nissay Life Navigation System

Strengthening of Face-to-Face Consulting Services

Nippon Life strives to strengthen its service network to provide our customers with “the best, most comprehensive insurance services.”

Exclusive Agent Channel

We believe that it is most important for us to provide finely tuned consulting services through our “Nissay Total Partner” sales staff in order to assure the support of each and every customer. For this reason, we are striving to expand this channel while strengthening the consulting capability of all sales personnel. As part of this drive, we are encouraging these staff members to obtain the Affiliated Financial Planner (AFP) qualification. AFP is awarded by the Japan Association for Financial Planners and requires in-depth, overall knowledge of tax and inheritance matters as well as financial products. As of April 2004, 10,136 staff members had obtained AFP, which is the top level in the insurance or any other industry. In addition, we have established specialized training facilities at our branches and other offices, and through our NICE-NET internal satellite broadcasting system, provide careful, detailed instruction for financial products, selling activities, and other related matters essential to providing comprehensive life and non-life insurance services.



A-Net (Nissay Agency Net)

Agencies

Nippon Life has developed a network of 6,000 agencies mainly with companies and other entities acting as agents for financial institutions and also with tax attorneys and professional life and non-life insurance sales agencies. Through this network, we mainly engage in consulting services for small and medium-sized enterprises on such matters as business succession, retirement planning for directors, and inheritance. Moreover, from autumn 2002 we began to sell variable annuity in banks, opening up a channel for consultation on asset-building and retirement coverage at local financial

institutions. We continued ongoing efforts to upgrade our sales support structure for agencies by positioning about 400 managers at 77 offices around Japan, enhancing our sales support system by using the Internet, and providing various educational materials and training programs.



Nissay Life Plaza

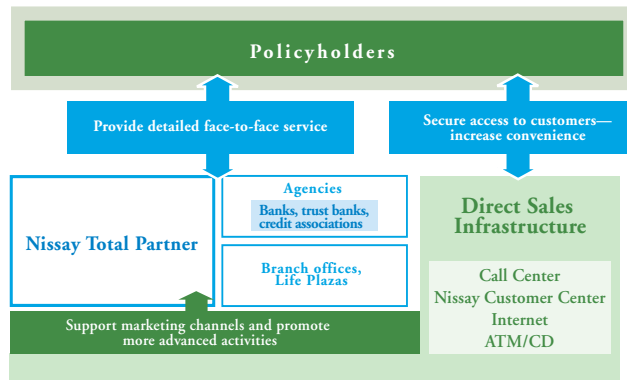
Service Counters for Customers

We have established service counters at 46 of our nationwide branches, and Nissay Life Plasas at 41 locations nationwide to provide customers with assistance on procedures related to insurance policies and as a way of responding to the diversity of customer needs. Approximately 1.11 million customers visited our agencies in fiscal 2003.

Nissay Life Plasas provide services in a multitude of areas, including seminars, assistance and advice on insurance-related procedures as well as consulting related to taxation, asset management, medical and nursing care, and variable annuities. We also provide information through free seminars, and consulting services through personal visits on request. From April 2003, we extended the business hours of some of our Nissay Life Plasas to include Saturdays for insurance consulting services and seminars.



Nissay Call Center



Direct Channels

To respond to customer needs for after-sales service and to disseminate information, we are actively moving forward with initiatives to offer direct-to-customer services, including those provided via the Internet, telephones, ATMs, and cash dispensers. Seven days a week, customers are able to directly contact operators at our Nissay Customer Centers to ask questions about the coverage and suitability of their insurance policies. When a customer requests that a representative visit and explain insurance policy coverage, our customer service staff is standing by to provide customers with explanations and consultation services to satisfy their needs.

We strive to improve services at our Nissay Call Centers (inbound call centers) by training specialist operators to receive telephone calls from our customers throughout Japan. In October 2003, we started providing telephone services on Saturday to make our call centers more accessible to customers.

We also broadened the range of services provided over the Internet, expanding content to include referencing non-life insurance policies and remitting policy loans and other transfers to designated customer accounts. Internet services also offer a convenient way to confirm payments, change mailing addresses, and change account transfer information for premium payments. We will continue to expand the range of services that can be provided over the Internet.

REVIEW OF OPERATIONS

Investment in the General Account

Overview

In fiscal 2003, the Japanese economy continued along a gentle recovery driven by exports and capital investment against a backdrop of robust overseas economies. Corporate sentiment improved, and consumer spending began to show strength. Under these circumstances, we focused investments on domestic bonds and financing that provide stable interest income. While strictly paying attention to risk control, we continued to restructure our holdings in domestic equities and foreign securities to improve profitability over the medium to long term.

As of March 31, 2004, the balance of total investments in the general account amounted to ¥42,994.3 billion, an increase of 4.4%, or ¥1,814.2 billion, from the end of the previous fiscal year. This increase was primarily due to a significant increase in

mark-to-market valuations of mainly domestic equities. The substantial balance of assets in the general account would have increased ¥302.1 billion if we had not implemented mark-to-market valuations of “Other Securities” in the Accounting Standards. In investment income, amid persistently ultra-low interest rates, interest and dividend income declined slightly, and gains on sales of securities decreased. In investment expenses, we recorded a substantial decline in losses on sales of securities and losses on valuation of securities because of a recovery in the Japanese stock market. As a result, net proceeds from these investments rose ¥497.2 billion to ¥1,008.1 billion, representing a yield on investment in the general account of 2.48%, compared with 1.27% for the previous fiscal year.



Investments in the General Account (non-consolidated)

(¥100 million, %)

	Fiscal year ended March 31, 2004		
		Change*	% of total
Assets of fiscal year-end	¥429,943	¥ 3,021	100.0
Loans receivable	110,115	-5,753	25.6
Domestic public and corporate bonds	143,050	9,454	33.3
Domestic stocks	73,134	-1,700	17.0
Foreign securities	56,942	3,950	13.2
Real estate	18,205	-401	4.2

*Note: Change in assets excludes mark-to-market valuations of “Other Securities” in the Accounting Standards.

Domestic Finance and Investment

We maintain a policy of actively expanding our portfolio of loans as our core asset category. However, the balance of loans outstanding declined from the previous fiscal year, owing to stagnant lending that reflects little inclination to borrow as corporations restructure their finances.

We positioned domestic, public and corporate bonds among our core assets and, during the fiscal year under review, increased our holdings of these assets. We focused especially on investing in Japanese government bonds as a stable asset, while

actively expanding our holdings of corporate bonds to raise the overall yield of the portfolio.

In domestic equity investments, we continue to reallocate funds into stocks of each company expected to have strong prospects for growth and dividend payout, in order to increase the return on our equity portfolio. In addition, we were active in making investments in unlisted companies that are expected to grow in the coming years.

In real estate investments, we aimed to secure gross profit through efforts to enhance

returns on existing properties by stemming vacancies, negotiating to reduce land-leasing fees and bolstering competitiveness by renovating buildings. We also strived to sell off low-profit properties to improve overall asset efficiency.



International Finance and Investment

Foreign Securities

Our foreign securities holdings amounted to ¥5,694.2 billion at the end of fiscal 2003, accounting for 13.3% of general account assets. As for foreign fixed income securities, we sought to improve returns while enhancing risk management of foreign exchange and interest rates. Our portfolio predominantly comprised liquid U.S. and European bonds. During fiscal 2003, we increased currency-hedged foreign bond investments as a part of measures to carefully counter foreign exchange risk. As for foreign equity investments, we aimed to improve returns by focusing our portfolio on stocks with growth potential in the medium to long term. We utilized information and analyzed data from overseas subsidiaries to improve investment returns. Under stringent risk management, we also invested in private equity funds that would generate higher returns over the long term. We reduced foreign equity holdings when markets rebounded in the latter half of fiscal 2003. We will continue efforts to maximize returns on investments through effectual research and analysis of overseas securities markets.

International Finance

Since beginning to make overseas yen loans in 1977, we have provided a stable source of yen-denominated long-term funds for foreign borrowers. As of March 31, 2004, overseas loans were outstanding to 123 institutions and companies in 37 countries, and in total amounted to ¥961.1 billion. Our major borrowers are governments, governmental agencies, supranational and financial institutions, as well as private-sector companies with excellent credit ratings.

In fiscal 2003, amid a recovery in the global economy, we focused on selective medium- and long-term lending, mainly to borrowers with high credit quality. Looking forward, we will strive to further improve returns on our international loan portfolio, while maintaining the soundness of our assets through stringent appropriate credit risk management.

Overseas Real Estate Investment

We commenced our overseas real estate investment in the United States in 1981. As of March 31, 2004, the balance of overseas real estate investment was ¥222.6 billion.

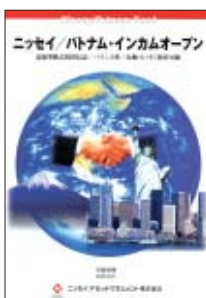
Regarding our properties from the perspective of long-term investment, we have been carrying out detailed building improvements and renovations, as well as proactive leasing activities to attract and retain tenants. As a consequence, the occupancy rates of our properties exceed the market average. In recent years, we sold some of our holdings when the market was favorable, and have been pursuing new investment opportunities with particular emphasis on commercial mortgage loans. We also have invested in securitized products such as commercial mortgage-backed securities (CMBS) and real estate investment trusts (REITs), with the objective of increasing the earnings of our portfolio. We will continue to draw fully on our investment expertise and experience to strengthen the value and profitability of our overseas real estate portfolio.



Asset Management

Amid the demographic trends in Japan toward an aging society and declining birthrate, as well as persistently low interest rates, customer needs for building assets and corporate welfare are diversifying and becoming more sophisticated. To meet these customer needs, the Nippon Life Group is actively involved in asset management business mainly through its subsidiary Nissay Asset Management Corporation.

In May 2000, Nippon Life spun off its separate account asset management department and consolidated the combined asset management resources of the Nippon Life Group in its investment trust and asset management subsidiary, Nissay Asset Management Corporation (“Nissay Asset”), with the objective of realizing a greater reinforcement of its asset management



Nissay/Putnam Income Open

business. As of March 31, 2004, Nissay Asset had approximately ¥6.7 trillion in assets under management. The Nippon Life Group’s accumulated asset management capabilities are concentrated in Nissay Asset, providing an asset management structure that is first in its class in the industry. Based on insightful research, we aim to realize stable and strong performance through risk management tailored to investment purpose and asset type.

In the corporate pension field, the Nippon Life Group offers a broad spectrum of products that address the needs of its corporate clients for balanced funds and specialized funds. For defined contribution pension plans, we offer a wide variety of products, and make every effort to improve

services in the self-help investment market, which is expected to grow.

Nissay Asset offers a wide selection of investment trusts, including some developed utilizing its unique research capabilities and others developed jointly with our NLI Research Institute and alliance partner Putnam Investments, LLC. Among them, the *Nissay/Putnam Income Open*, a product developed brand-in-brand with Putnam remains one of the top selling funds in Japan’s investment trust industry with ¥750 billion under management.

In addition, we handle individual variable annuities that enable individual customers to participate more actively in asset building by choosing funds in separate accounts.

International Alliances to Strengthen Group Capabilities

Nippon Life has set the objective of strengthening its global investment management capacity, and in line with this, concluded alliances with Putnam Investments, LLC, in 1997 and with Deutsche Bank AG in 1998. The alliance with Putnam includes cooperative efforts in the fields of corporate pensions and investment trusts, along with frequent exchanges of personnel, leading to stronger management capabilities for the Nissay Group. This alliance with Putnam also

includes the co-management of PanAgora Asset Management, Inc., a joint venture established to provide quantitative investment advisory services. The alliance with Deutsche Bank AG covers a wide range of areas centering on investment fields and includes a joint venture, Nissay Deutsche Asset Management Europe Limited, which manages equity investments in a broad variety of fields. We will promote the continued development of our alliances with Putnam and Deutsche Bank AG, both leading players

in the international market, to meet the expectations of our customers for even stronger global investment management services.



The strategic alliance between Nippon Life and Deutsche Bank AG covers a broad range of business fields.

Framework and Philosophy of a Mutual Company

Nippon Life was established as a mutual company under the Insurance Business Law of Japan. A mutual company is an incorporated association of insurance policyholders, which are similar to the shareholders of a stock corporation.

A mutual company is founded on the spirit of mutual assistance among its policyholders. Based on this philosophy, Nippon Life believes that a mutual company is the most appropriate kind of corporation for the life insurance business, for the following two reasons.

- 1) Nippon Life believes that policyholder interests should be at the forefront, and the framework for distributing profits under a mutual company is the same as this belief in that a major portion of the retained earnings from business operations are returned to policyholders.
- 2) To ensure that its promise to pay insurance benefits to policyholders is fulfilled, a life insurance company is obligated to maintain a sound financial position and stably pay dividends over the long term. We believe that a mutual company is more appropriate than a stock corporation in fulfilling these responsibilities and ensuring long-term stable management.

Nippon Life has integrated the benefits of a stock corporation, namely flexibility in capital procurement and corporate management open to external scrutiny from investors, into the mutual company framework. This is achieved by procuring capital through the public securitization of funds and by including regular financial results meetings as part of its concerted efforts at disclosure.

Meeting of Representatives Established to replace the General Meeting of Members, the Meeting of Representatives is comprised of policyholders selected to act as representatives. The Meeting of Representatives is equivalent to the general shareholders' meeting of a stock corporation, and deliberates and passes resolutions concerning matters critical to the company, such as amending the Articles of Incorporation, approving proposals for the disposal of retained earnings, and nominating directors and auditors. The minutes and a summary of the Meeting of Representatives are available on the Nippon Life Web site.

Representatives Representatives are selected from among policyholders to participate in the Meeting of Representatives to deliberate and pass resolutions regarding matters crucial to Nippon Life.

Their term of office is generally for four years, and can extend to eight years depending on the importance of their duties. The number of representatives, determined in the Articles of Incorporation, currently stands at 140. A resolution passed at the 55th regular Meeting of Representatives will increase the number of representatives to 150 from April 1, 2005. A similar resolution passed at the 57th regular Meeting of Representatives will increase the number of representatives to 160 from April 1, 2007, and to 180 from April 1, 2009. Representatives are chosen to correspond to policyholder demographics and age groups with due consideration to occupation and age.

Representatives are requested to check management from a variety of perspectives, participate in the Meeting of Representatives, listen to explanations from management and deliberate with the Company through direct question and answer sessions. In addition, representatives are chosen to represent the interests of all policyholders, with no ties to the interests of specific policyholders, from among the approximately 11.44 million policyholders based on the perspective of sincerely reflecting the opinions of policyholders at the Meeting of Representatives.

In this context, the Representative Nomination Committee recommends candidates, which are elected by all policyholders as a means to directly reflect their opinions of the candidates.

Board of Trustees Nippon Life has a Board of Trustees that serves as a management advisory body to ensure the appropriateness of management. Trustees are elected at the Meeting of Representatives from among policyholders and academic experts. Trustees give opinions on advisory matters and important management issues, and deliberate on policyholder opinions of corporate management. The results of these opinions and deliberations are reported at the Meeting of Representatives.

Nissay Konwakai The Nissay Konwakai are roundtable conferences for policyholders that we hold once a year throughout Japan, and serve as an opportunity for Nippon Life to report on its business activities and for policyholders to voice their opinions of overall management as well as products and services. The opinions and requests that we receive from participants are acted on and reported at the Meeting of Representatives and Board of Trustees, and we endeavor to examine and reflect these ideas in management. Participation includes several representatives and directors, and we continue to improve ties between the Nissay Konwakai and Meeting of Representatives. In the fiscal year ended March 31, 2004, we held the Nissay Konwakai in 117 locations throughout Japan for a total of 2,418 policyholders.



The 56th Meeting of Representatives

CONTRIBUTING TO SOCIETY

The insurance business is based on the spirit of mutual assistance and is expected to serve the public interest in many respects. To be a good corporate citizen that contributes to society, we are committed to acting together with incorporated foundations in various areas, primarily in environmental protection, cultural activities, support for senior citizens and healthcare and medical fields.

Environmental Protection

To restore the earth's forest resources, which are used as paper in our business activities, we instituted the *Nissay Million Tree-Planting Campaign* in 1992, and achieved the final objective of planting one million trees throughout Japan by spring 2002. This campaign has been led by the Friends of Nissay Forests Association, which consists of our management and staff, in cooperation with the Nissay Green Foundation. From 2003, we began *Planting Forests for the Future of Nissay*, a new campaign to actively continue to plant about 30,000 trees every year, and nurture the trees we have planted into lush, beautiful forests. We have planted more than one million trees through afforestation activities in not only Japan but also six other countries. In addition, Nippon Life formulated its Environmental Charter in 2001 to engage in resolving environmental issues. We have obtained ISO 14001* certification for our head office in Osaka and headquarters in Tokyo, and constantly take measures to reduce environmental harm. In other activities, we contribute to environmental protection on various fronts, including grants for environmental research through the Nissay Life Foundation, and by constructing office buildings for investment purposes that are environmentally friendly.

*Note: ISO 14001 is an international standard for management systems that continuously strive to reduce the environmental burden of corporate activities.



Planting Forests for the Future of Nissay Campaign

Cultural Activities

As part of our endeavors to promote culture and the arts in Japan, we established the Nissay Theater in 1963 and formed the Nissay Culture Foundation in 1973 to offer outstanding theatrical works to the community at large. Activities include the Nissay Masterpiece Theater Series, to which more than 6 million children have been invited as of the 2003 year-end, inspiring dreams and excitement in children for the past 40 years. Based on recommendations from prefectural governments, the Nippon Life Group supplies necessary items to private citizens who provide children with activities that, through cooperation with the community, allow children to play a main role in their community, such as through nature-based and actual life experiences. Over the past 25 years, the Nippon Life Group has supported approximately 9,000 groups throughout Japan that are involved in such activities.



"The Adventures of Momojiro" performed by the Shiki Theatre Company.

Enhancing the Quality of Life for Senior Citizens

The Nissay Seirei Health & Welfare Foundation, which aims to create a better society where everyone can live in prosperity, has established comprehensive service facilities for senior citizens named Nissay Eden-No-Sono, first in Nara in 1992 and then in Matsudo in 1997. Both of these facilities are licensed by the Ministry of Health, Labour and Welfare and serve principally as nursing homes for senior citizens, providing both residents of these homes and people in the local communities with improved health, quality of life, and peace of mind. In addition, the Nippon Life Foundation gives financial support to groups that are serving regional communities through innovative welfare programs for senior citizens and holds annual symposiums and workshops to spread information on welfare throughout society.



Nissay Eden-No-Sono senior facility in Nara

Healthcare and Medical Fields

In 2004, the Nippon Life Saiseikai Foundation will celebrate 80 years of continuously providing medical checkup services at senior citizen homes and child care facilities for free or at a low cost. Since opening in 1931, Nissay Hospital has provided high-quality medical services as a general hospital with 16 medical departments and 350 beds. The Nissay Hospital also serves society by fostering medical professionals.

In addition, by encouraging all members of our management and staff to voluntarily participate in activities that contribute to the community, we actively promote community relations (CR), and strive to build good communications with local communities for a more comfortable living environment.



Nissay Hospital