

Our Commitment to Increasing Equity

Nippon Life believes that fulfilling the responsibility to provide long-term protection for customers is its primary mission as a life insurance company. Due to the long-term nature of life insurance policies, we must take into account the possibility of a crisis that is worse than we can predict, such as a major natural disaster or historic drop in stock prices are two examples of such risks. Equity provides the financial foundation for making

Measures to Increase Equity

Equity is the sum of foundation funds and the reserve for redemption of foundation funds, which are included in net assets on the balance sheet, and the contingency reserve and reserve for price fluctuations in investments in securities, which are included in liabilities on the balance sheet. Equity is also called foundation funds (*kikin*) and reserves (see p. 17.). We have strengthened equity by taking steps such as using annual earnings to increase reserves and conducting issuance of foundation funds, which is the core capital of a mutual company. Equity provides protection against a broad range of risks.

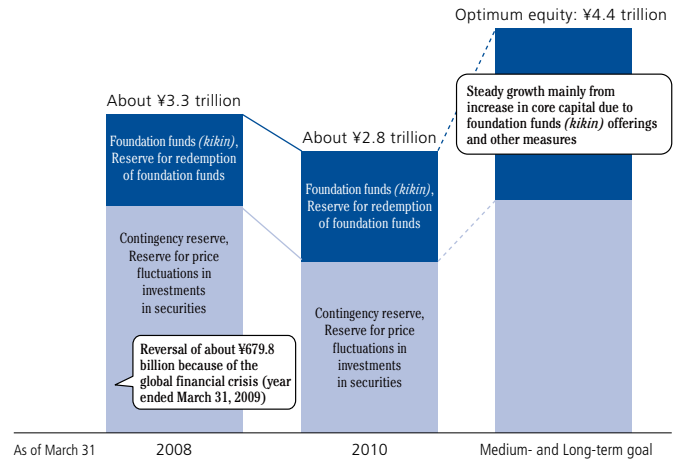
We will continue to take actions to increase foundation funds (*kikin*) and reserves. Our medium- and long-term target is ¥4,400 billion, which was our optimum equity (see p. 13.) as of March 31, 2010. This is the amount of equity we require based on a stringent evaluation of risk centered on foundation funds (*kikin*).

Foundation Funds (*Kikin*)

The Insurance Business Act allows mutual companies to procure funds by selling foundation funds (*kikin*). These funds are similar to loans because an interest payment, maturity date and other items must be established when an offering is conducted. If there is a bankruptcy or similar event, repayment of the principal and interest for foundation funds (*kikin*) is subordinate to the repayment of amounts owed to ordinary creditors and insurance claim and benefit payments owed to policyholders. In addition,

insurance claim and benefit payments as stipulated in policies even after a crisis of unexpected magnitude. In addition, investment income from equity is one source of funds for dividend payments. This is why we believe that strengthening equity is essential to conducting operations in line with our policy of “every effort for customers.”

Plan for Strengthening Equity



upon the redemption of foundation funds (*kikin*), mutual companies are required to make an addition to the reserve for redemption of foundation funds, which serves as retained earnings, that is equal to the amount redeemed. As a result, the full amount of foundation funds (*kikin*) remains in equity even after redemption. Foundation funds (*kikin*) are therefore positioned as a mutual company’s core capital, which is equivalent to the capital of a joint-stock company.

Fiscal 2009 Foundation Funds (*Kikin*) Offering Receives DEALWATCH AWARDS

Nippon Life’s August 2009 offering of notes backed by foundation funds (*kikin*) utilizing a securitization approach was selected as an Asset-backed Securities Deal of the Year at DEALWATCH AWARDS 2009, an event held by Thomson Reuters. One reason was the contribution of this large and successful ¥100 billion offering to revitalizing the still-recovering market for asset-backed securities. The offering also received high marks as proof that mutual companies can procure funds.

*DEALWATCH AWARDS started in fiscal 1995 for the purpose of developing and expanding capital markets in Japan. Awards are given to outstanding securities companies, issuers and offerings in Japanese capital markets.

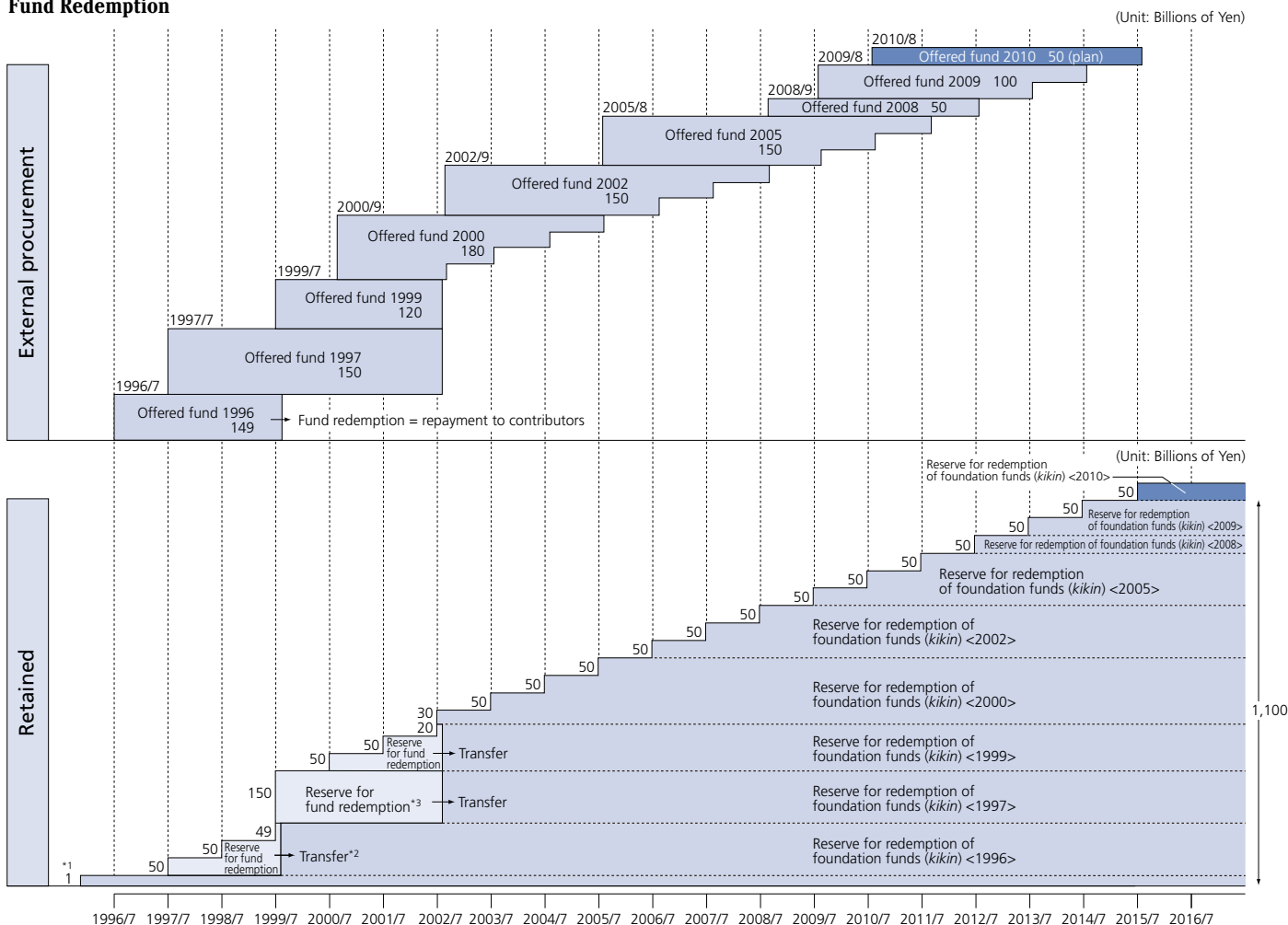


Foundation Funds (*Kikin*) Status

As a result of reoffering funds eight times since revisions were made to the Insurance Business Act in 1996, our total foundation funds (*kikin*), including funds and the reserve for redemption of foundation funds, reached ¥1,050.0 billion as of the end of the fiscal year ended March 31, 2010. Since the fiscal year ended March 31, 2001, Nippon Life has aimed to expand the number of fund contributors by using securitization methods

through a special purpose company. In the fiscal year ended March 31, 2003, Nippon Life made a public offering to general individual investors, and in the fiscal year ended March 31, 2006, Nippon Life made an offering to overseas investors, increasing flexibility in funds procurement. In the fiscal year ending March 31, 2011, Nippon Life plans to solicit an additional ¥50.0 billion in foundation funds, for a total of ¥1,100 billion in foundation funds.

Fund Redemption



*1 As stipulated by the Insurance Business Act, minimum fund amount is ¥1 billion.

*2 Article 56 of the Insurance Business Act: when redeeming the fund, an amount equivalent to the redemption amount must be accumulated as a reserve for redemption of foundation funds.

Reserve for fund redemption is a voluntary reserve and it is transferred to reserve for redemption of foundation funds (*kikin*) when the foundation funds (*kikin*) is redeemed.

*3 The redemption of ¥150 billion of reserve for fund redemption expected to occur between the fiscal year ended March 31, 2000 and the fiscal year ended March 31, 2002 was completed earlier than expected.

Fund Contributors (as of March 31, 2010)

Amount of Fund Contributions	¥250 Billion	Number of Fund Contributors	4	
Name of Fund Contributors	Fund Contributions to Nippon Life		Investments of the Company in Fund Contributors	
	Amount (Billions of Yen)	Fund contribution (Percentage)	Shares held (Thousands of shares)	Voting rights (Percentage)
Nippon Life 2009 Fund Special Purpose Company	¥100	40.00%	—	—%
Nippon Life 2005 Fund Special Purpose Company	50	20.00	—	—
Nippon Life 2005 Fund Global Special Purpose Company	50	20.00	—	—
Nippon Life 2008 Fund Special Purpose Company	50	20.00	—	—

Notes: 1. Nippon Life 2009 Fund Special Purpose Company, Nippon Life 2005 Fund Special Purpose Company, Nippon Life 2005 Fund Global Special Purpose Company and Nippon Life 2008 Fund Special Purpose Company issue special corporate bonds backed by claims on the funds. Issuance proceeds are used to purchase claims on the funds. Nippon Life has no specified investments in the Nippon Life 2009 Fund Special Purpose Company, Nippon Life 2005 Fund Special Purpose Company, the Nippon Life 2005 Fund Global Special Purpose Company or the Nippon Life 2008 Fund Special Purpose Company.

2. Fund contributors are the four above-mentioned entities.