Strengthening Equity

Our Commitment to Increasing Equity

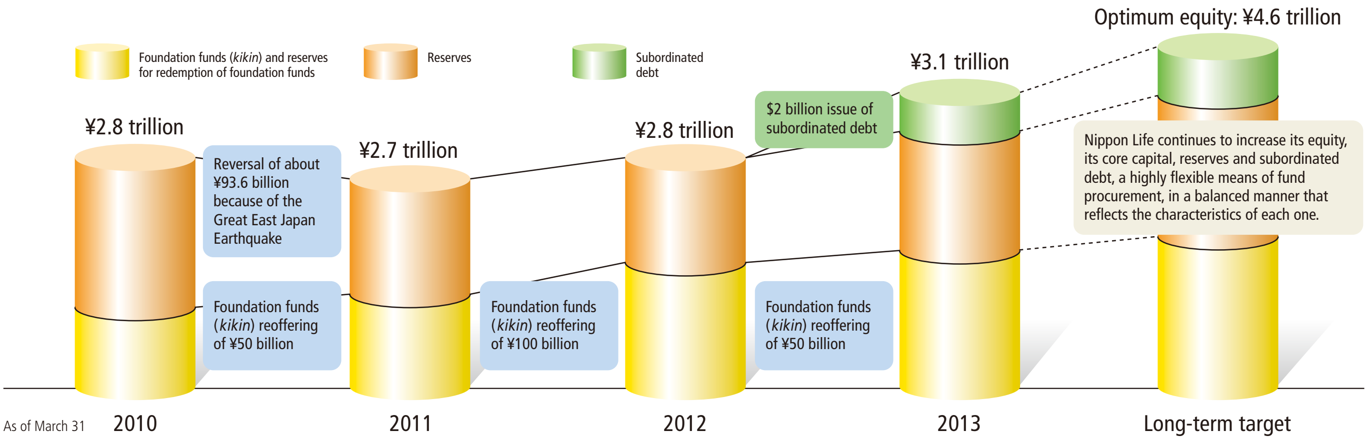
Nippon Life believes that fulfilling the responsibility to provide long-term protection for customers is its primary mission as a life insurance company.

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. A major natural disaster or historic drop in stock prices are two examples of such risks. Equity provides the financial foundation for making insurance claims 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 establishing Nippon Life as a company of excellence in "financial soundness."

Measures to Increase Equity

[Plan for Strengthening Equity]



* Starting with the fiscal year ended March 31, 2013, Nippon Life defines equity as the sum of foundation funds (*kikin*), reserves and subordinated debt.

Equity is the sum of foundation funds and the reserve for redemption of foundation funds, which are included in net assets on the balance sheets, and the contingency reserve and reserve for price fluctuations in investments in securities plus subordinated debt, which are included in liabilities on the balance sheets. Equity is also called foundation funds (*kikin*) and reserves. We have enhanced equity by strengthening our foundation funds and reserves 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. In addition, we dynamically issued subordinated bonds according to the degree of materialized risk.

We will continue to increase equity with the long-term target of approximately ¥4.6 trillion as of March 31, 2013, which is our "optimum equity" (see page 25). This is the amount of equity that is required based on stringent risk management and other parameters as well as for matching the equity at the world's other leading insurance companies. We want to achieve a level of financial soundness that will allow us to handle any type of disaster or other emergency.

Foundation Funds (*Kikin*)

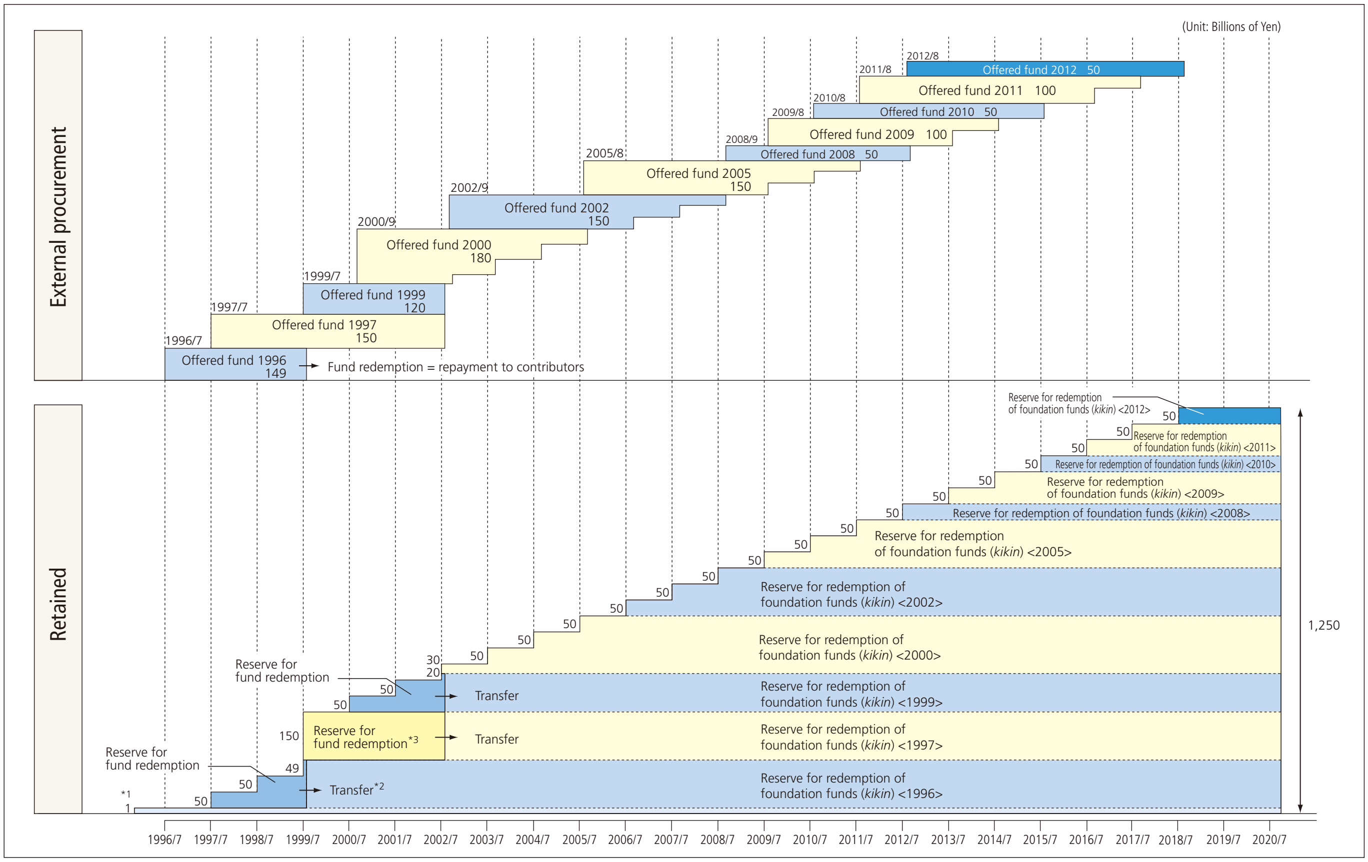
The Insurance Business Act allows mutual companies to procure funds by selling foundation funds (*kikin*). These funds are similar to loans because an interest payment, maturity date and other items must be established when an offering is conducted. If there is a bankruptcy or similar event, repayment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

Foundation Funds (*Kikin*) Status

We solicit foundation funds in order to enhance our ability to respond to risk. As a result of reoffering funds eleven times since revisions were made to the Insurance Business Act in 1996, our total foundation funds, including funds and the reserve for redemption of foundation funds, reached ¥1,250 billion as of the end of the fiscal year ended March 31, 2013.

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.

[Fund Redemption]



*1 As stipulated by the Insurance Business Act, the 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*) are 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, 2013)

Amount of Fund Contributions	¥300 billion	Number of Fund Contributors	4

Names of Fund Contributor	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	33.33%	—	—%
Nippon Life 2011 Fund Special Purpose Company	100	33.33	—	—
Nippon Life 2010 Fund Special Purpose Company	50	16.67	—	—
Nippon Life 2012 Fund Special Purpose Company	50	16.67	—	—

Notes: 1. Nippon Life 2009 Fund Special Purpose Company, Nippon Life 2010 Fund Special Purpose Company, Nippon Life 2011 Fund Special Purpose Company and Nippon Life 2012 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 2010 Fund Special Purpose Company, Nippon Life 2011 Fund Special Purpose Company or Nippon Life 2012 Fund Special Purpose Company.
2. Fund contributors are the four above-mentioned entities.

Subordinated debt

Subordinated debt is unsecured bonds where, in the event of a bankruptcy or other insolvency, the payment of interest and principal is subordinate to payments to ordinary debt holders, insurance payments to customers and other obligations.

These characteristics make this type of debt similar to equity. As a result, life insurers are allowed to incorporate subordinated debt to some degree in the calculation of their solvency margins.

Subordinated Bonds Issued to Build a More Powerful Financial Position

Nippon Life issued U.S.$2 billion of subordinated bonds in October 2012. Selling these bonds better prepares us to cope with the increasingly uncertain asset management environment. The 2008 Lehman Brothers collapse and recent European debt crisis are two illustrations of this uncertainty. Moreover, this difficult environment may persist for many more years.

By issuing foundation funds and increasing reserves, Nippon Life has been consistently strengthening its equity. We believe that these measures have enabled us to maintain our financial soundness. The October 2012 subordinated bond sale allowed us to add debt that is similar to equity while benefiting from the current low-interest-rate environment. Issuing these bonds gives us the capacity to accommodate even more risk. Another purpose of this sale was to further strengthen our financial position by using this new and flexible fund procurement method to diversify our sources of funds.