

MITSUMI LIFE INSURANCE COMPANY LIMITED
Annual Report

2005

Mitsui Life recognizes that the essence of the life insurance business is the spirit of mutual assistance. To fulfill our social responsibility, we are determined to ensure the continual growth of the Company by establishing a solid management foundation by means of exceptional ingenuity and the energetic execution of our business.

Accordingly, we have established the following management philosophy:

The Management Philosophy of Mitsui Life Insurance

- We will vigorously conduct our business to meet the understanding and trust of society and contribute to the improvement of the lives of the people of Japan.
- We will devote ourselves to always providing the best possible service to policyholders with sincerity and appreciation.
- We will strive to have our employees realize their fullest potential and work towards a sustained improvement of their daily lives.

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CONSOLIDATED FINANCIAL HIGHLIGHTS

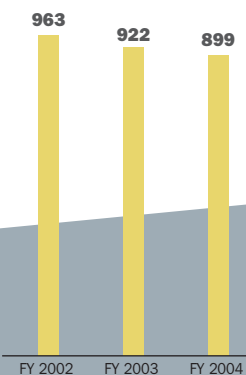
Mitsui Life's fiscal year runs from April 1 to March 31 of the following year.

	In Millions of Yen			In Millions of U.S. Dollars
	FY 2002	FY 2003	FY 2004	FY 2004
Ordinary Revenues	¥1,645,966	¥1,391,473	¥1,246,163	\$11,604
Income from Insurance Premiums	963,418	922,091	899,872	8,379
Investment Income	247,017	285,848	309,266	2,879
Ordinary Expenses	1,633,899	1,376,754	1,193,037	11,109
Insurance Claims and Other Payments	1,179,510	1,024,680	794,398	7,397
Provision for Policy and Other Reserves	702	255	47,075	438
Investment Expenses	263,290	169,734	182,523	1,699
Operating Expenses	137,827	123,681	108,309	1,008
Ordinary Profits	12,066	14,719	53,126	494
Net Surplus (Losses) before Income Taxes	59,987	(15,944)	21,889	203
Net Surplus (Losses) for the Year	51,839	(15,069)	8,068	75
Total Assets	7,673,103	7,500,103	7,642,684	71,167

Note: All figures in U.S. dollars indicated throughout this annual report are computed on the basis of ¥107.39 to US\$1.00, the rate quoted on March 31, 2005.

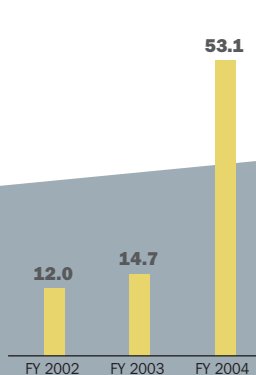
Income from Insurance Premiums

(¥ billions)



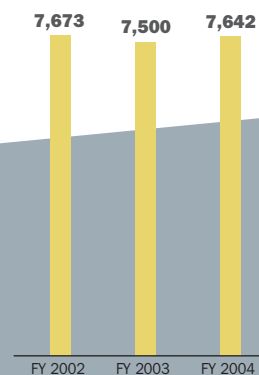
Ordinary Profits

(¥ billions)



Total Assets

(¥ billions)



How would you describe business results during Mitsui Life's first year as a stock corporation?

Mitsui Life made the transition from a mutual corporation to a stock corporation on April 1, 2004. By incorporating, we improved the quality of our capital structure and strengthened our financial base.

I would sum up business performance in fiscal 2004 by saying that results fell short of the previous year owing to a decrease in the face value per policy and a reduction in the sales force, which came against a backdrop of a shift in needs from death benefits to hospitalization benefits. These factors affected the amount of new business.

On the other hand, there was a significant reduction in the number of surrenders and lapses. This was due to an improvement in after-sales service through our customer service center and a tight focus on sales activities geared toward increasing customer satisfaction.

Ordinary profits increased a sharp ¥37.6 billion from the previous term to ¥49.7 billion, due to a reduction in surrender benefits accompanying the decrease in surrenders and lapses, cuts in operating expenses, and higher investment income. After subtracting extraordinary gains and losses, provisions for reserve for policyholder divi-

dends, income taxes, and other items, the net surplus in the current period was ¥6.8 billion.

We continued to reduce risk assets. In addition, due to the stabilization of the stock market, unrealized gains on securities surged to ¥93.2 billion from ¥8 billion in the previous term.

Both the solvency margin ratio and real net asset value increased.

What have been the results of the Value Up 31 management plan?

The four major objectives of Value Up 31 are (1) construction of a new insurance sales model, (2) restructuring (cost reduction), (3) a review of investment strategy, and (4) reorganization into a stock corporation. We have steadily achieved results through our initiatives to raise corporate value by increasing customer satisfaction, boosting profitability and marketing capabilities, and establishing a stable business base.

To promote customer-oriented services, we conducted a customer satisfaction survey during the second half of fiscal 2004. In February 2005 we opened the Mitsui Life Communication Center, a multi-channel sales support organization that is part of an effort to upgrade services

and diversify access channels. We developed and introduced a series of products adapted to changing market needs, such as The Vector Satisfy, which features the addition of living benefits riders that provide coverage for three chronic diseases and long-term care. In addition, the Company introduced the Continuous Discount System, which discounts premiums, according to the amount of insurance for Vector policies that have remained in force for three years.

We curtailed investment in domestic equities by ¥360.6 billion in fiscal 2003 and fiscal 2004, thus achieving our target for reducing risk assets.

What are the business strategies for fiscal 2005 and beyond?

One goal is to implement a product strategy in line with market trends. We will develop products adapted to meet the diversifying needs of our customers, such as those for living benefits and survival benefits, and market these products through sales channels that suit the product characteristics. We will also introduce a new future profit indicator based on premiums.

A second strategy is to construct a sales system that adapts to the changing business envi-



ronment. We are diversifying access channels and will further boost cooperation among these channels and bolster our competitiveness.

A third strategy is to further increase our ALM-based investment to enhance the quality of our risk control.

Finally, we will move forward with the adjustment of internal systems. By upgrading the profit control system and modifying the personnel system, we seek to reform the attitudes and behaviors of executives and line employees alike. In addition, we will foster a compliance mindset among all our employees, ensure the protection of personal information, and reinforce risk management.

By steadily implementing these measures we will work to boost profitability and strengthen our financial base.

Hiroshi Nishimura

Hiroshi Nishimura, President
July 2005

BUSINESS RESULTS OF FISCAL 2004 (NON-CONSOLIDATED)

OVERVIEW OF THE INSURANCE BUSINESS

Individual Insurance and Individual Annuities

In fiscal 2004, the amount of new business from individual insurance and individual annuities decreased by 30.6% from the previous term to ¥2,874.4 billion as a result of such factors as a reduction in the sales force and a decrease in the face amount per policy accompanying a shift in consumer needs away from death benefits toward hospitalization benefits. On the other hand, surrenders and lapses decreased by 27.8% from the previous term to ¥4,065.3 billion, owing to improvement in after-sales service through our customer service center and the close attention paid to sales activities geared toward increasing customer satisfaction. Overall, the surrender and lapse rate improved by a sharp 2.16 percentage points to 7.48%. Business in force decreased by 6.3% from the previous term to ¥51,050.2 billion.

In fiscal 2004, the Company began reporting new business and business in force on an annualized premium (AP)

basis. The AP is calculated by multiplying the premium received for a policy by a coefficient corresponding to the method of payment and converting to annual premiums (for single premium policies, the AP is calculated by dividing the premium by the insurance term). Due to the limits we placed on handling single premium individual annuities with short deferment periods, the AP for new business decreased by 23.0% in fiscal 2004 from the previous term to ¥50.1 billion, and the AP for business in force decreased by 3.8% to ¥697.0 billion. Although the AP for Japan's so-called third-sector insurance products, such as supplemental health and long-term care insurance, decreased by 6.2% from the previous term to ¥11.2 billion, the AP for business in force increased by 0.7% to ¥109.5 billion.

Group Insurance and Group Annuities

Group insurance in force at fiscal 2004 year-end decreased by 7.9% from the previous term to ¥16,518.5 billion, and group annuities fell by 1.1% to ¥1,371.0 billion.

INVESTMENT OF GENERAL ACCOUNT ASSETS

Investment Policies

The Company has two basic policies governing asset investment. The first policy is to organize total assets under investment into two categories—investments subject to asset liabilities management (ALM) and assets invested to earn excess returns within the scope of risk tolerance—and to earn good investment returns on a stable, long-term basis by optimizing the allocation of assets into these categories. The second policy is to sufficiently diversify the assets in each category to control exposure to credit risk, price fluctuation risk, country risk, and other forms of risk and to invest on the basis of rigorous risk management.

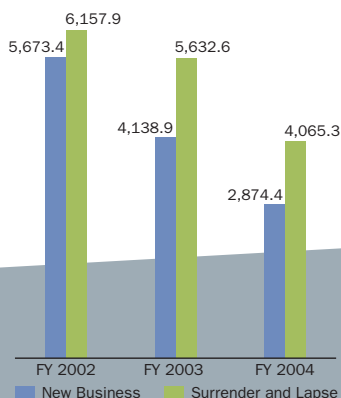
Investment Performance Overview

In fiscal 2004, the Company again strived to reduce risk and increase revenue flow potential in accordance with the above policies. In asset allocation, we continued to invest primarily in fixed-income instruments and increased the balance of domestic

New Business/ Surrender and Lapse Amount

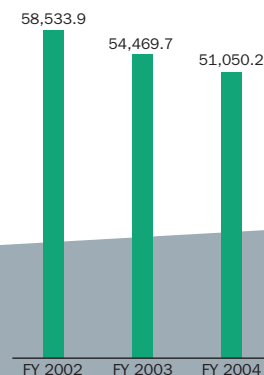
(Individual Insurance and Individual Annuities)

(¥ billions)



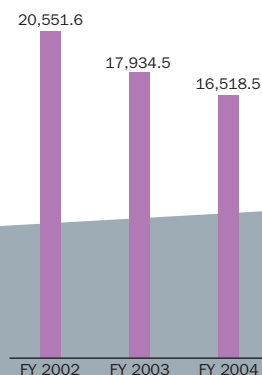
Business in Force (Individual Insurance and Individual Annuities)

(¥ billions)



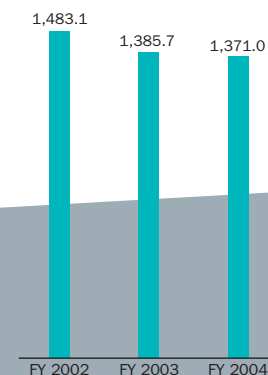
Group Insurance in Force

(¥ billions)



Group Annuities in Force

(¥ billions)



and foreign corporate bonds yielding a certain level of returns. The balance of domestic equities in the portfolio was reduced to decrease risk, and the balance of domestic and foreign investment trusts was raised to increase diversification. The balance of loans fell in fiscal 2004 owing to a decline in the demand for funds. We continued to curtail new investments in real estate and worked to reduce the balance of assets in this category.

As a result, the balance of domestic equities decreased to ¥561.7 billion, the balance of domestic bonds increased to ¥1,617.4 billion, the balance of foreign equities increased to ¥370.2

billion, and the balance of other assets increased to ¥192.8 billion.

KEY FINANCIAL INDICATORS

Core profit in fiscal 2004 grew by 8.6% from the previous term to ¥100.2 billion as an increase in investment income resulting from an asset portfolio review and an improvement in operating expenses more than offset a reduction in premium and other income, thus absorbing a negative spread of ¥51.3 billion. Ordinary profits increased by ¥37.6 billion to ¥49.7 billion, and the net surplus was ¥6.8 billion.

Total assets increased for the first time in seven years, rising by 1.9% from the previous fiscal year-end to

¥7,651.7 billion. The increase in assets is attributable to factors including an increase in unrealized gains on securities and a rise in the balance of variable annuities.

The Company continued to maintain an adequate solvency margin ratio and real net assets. The solvency margin ratio rose by 9.3 percentage points from the previous fiscal year-end to 663.9%, owing to risk asset contraction and the increase in unrealized gains on securities. Real net assets increased by ¥96.3 billion from the previous fiscal year-end to ¥307.3 billion due to improvement in revenue flow and the increase in unrealized gains on securities.

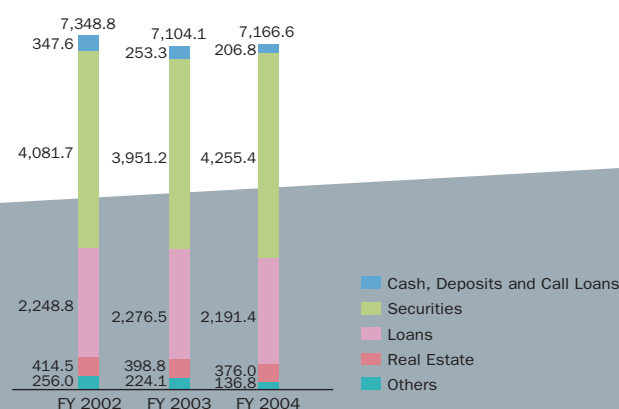
Key Financial Indicators

Mitsui Life's fiscal year runs from April 1 to March 31 of the following year.

	In 100 Millions of Yen			In Millions of U.S. Dollars
	FY 2002	FY 2003	FY 2004	FY 2004
Core profit	941	922	1,002	933
Ordinary profits	113	120	497	462
Net surplus (net losses) for the year	423	(159)	68	63
Total assets	76,692	75,094	76,517	71,251
Solvency margin ratio	410.4%	654.6%	663.9%	—
Real net assets	1,176	2,110	3,073	2,861
Negative spread	796	678	513	477

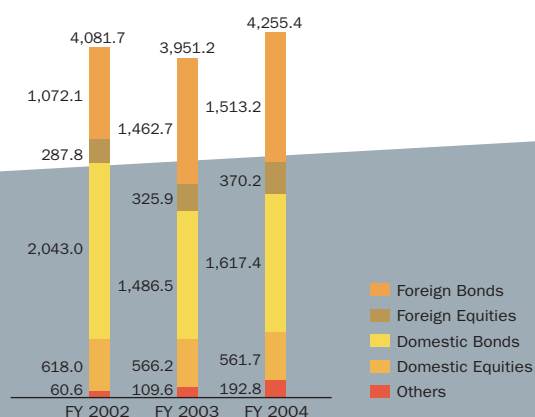
Trend in General Account Assets

(¥ billions)



Trend in Securities

(¥ billions)



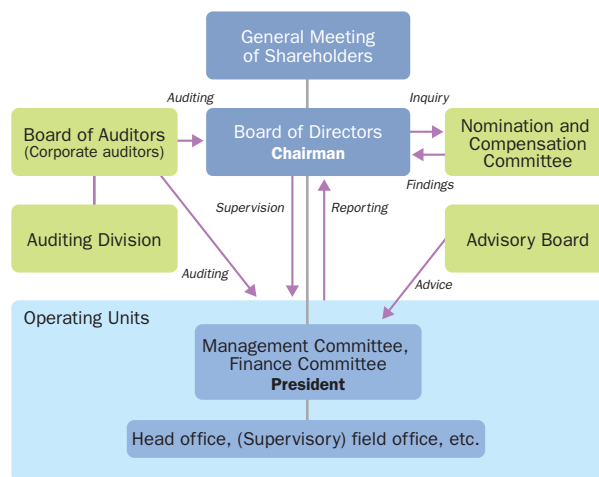
MEASURES TO INCREASE ENTERPRISE VALUE

Corporate Governance

Mitsui Life regards the enhancement of corporate governance as an important pillar of corporate management. We have long appointed outside directors and outside corporate auditors in order to strengthen the oversight function of the Board of Directors, and in fiscal 2004 we added another outside corporate auditor. Two of the eight directors are outside corporate directors, and three of the five corporate auditors are outside auditors.

The Company has also established an Advisory Board comprising corporate executives, academic experts, and other prominent figures.

The Corporate Governance Structure



Risk Management

The risks facing the life insurance industry have become increasingly complex and diverse, and measures to accurately ascertain and appropriately and rigorously manage these risks are necessary. Mitsui Life is working to augment and strengthen its risk management as described below.

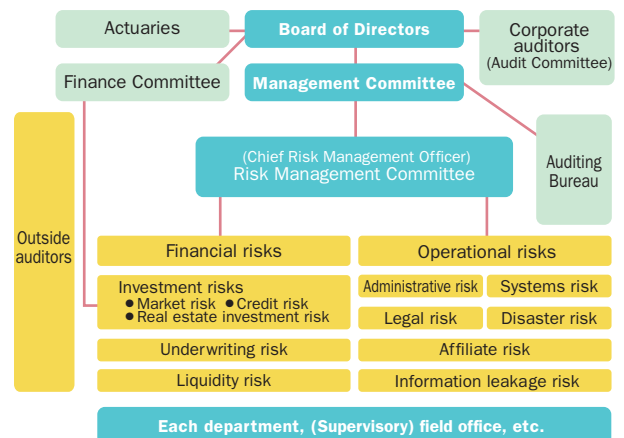
The Board of Directors establishes the Basic Policies on Risk Management. By authorization of the Board of Directors, the Management Committee

serves as the decision-making body concerning risk management, ascertaining and verifying risks that have a major impact on the business, and discussing measures to mitigate those risks.

To further upgrade our risk management, we have established the Risk Management Committee chaired by the Chief Risk Management Officer (CRO) to engage in overall supervision of matters related to risk management.

In addition, the Company has established risk management units for each form of risk to create and adjust our risk management approach.

Company-wide Risk Management Structure



Compliance Readiness

Mitsui Life has adopted the following measures to ensure that business operations are based on compliance with laws, ordinances and regulations.

To maintain company-wide compliance readiness, the Company has established the Compliance Committee chaired by the Chief Compliance Officer (CCO), who engages in the overall supervision of matters related to compliance.

The Compliance Committee promotes compliance implementation, coordinates important compliance

issues and the state of improvement in these areas, and monitors compliance by periodically reporting to the Board of Directors and the Management Committee.

The Company assigns compliance controllers and administrators to each head office and (Supervisory) field office and works to strengthen this system in each business unit. The Company has also established the Mitsui Life Code of Conduct to serve as a guide for all officers and employees in the performance of their duties. The Company distributes a Compliance Card to all employees, which is to be carried at all times. On this card is written the Mitsui Life Code of Conduct, the Mitsui Life Solicitation Policy, and compliance matters related to insurance solicitation.

Protection of Personal Information

Accompanying the full enactment of the Personal Information Protection Law in April 2005, Mitsui Life has posted the Personal Information Protection Policy on the Company website. The Company has appointed a Chief Privacy Officer (CPO), who is responsible for personal information management. It has put in place an information management system, under the control and supervision of the CPO, for assigning an information security controller to each head office department, area headquarters and block. At the same time, the Company has prescribed the appropriate and secure administration of personal information by defining basic information management standards based on the Personal Information Protection Policy and spelling out the responsibility and authority of information security controllers and administrators who directly oversee the management of various information assets and the implementation and supervision of safety measures.

Sapling Gift Program

In fiscal 2004, Mitsui Life once again carried out the Sapling Gift Program as part of our social contribution activities. This marked the 31st year for the program since its inception in 1974. In keeping with the theme, "Preserve Nature, Love and Life," the Company distributed 50,000 saplings of twelve varieties suited to local weather and growing conditions to public institutions, schools, kindergartens, private companies, organizations and households throughout Japan. Mitsui Life has donated over 4,380,000 saplings over the past 31 years. Trees that have grown from these saplings through the years are thriving in communities across the nation, where they provide comfortable shade and contribute to the protection of the local environment.

The Insurance Industry's First Multi-channel Sales Support Organization,

The Mitsui Life Communication Center, Goes into Operation

To upgrade customer services and diversify access channels as set forth in the Value Up 31 management plan, the Company employed the expertise of IBM Japan, Ltd. to open the Mitsui Life Communication Center (M-com Center) on February 1, 2005. The M-com Center, a first in the Japanese insurance industry, is a new type of sales support organization. It is different from conventional call centers in that it utilizes multiple direct sales channels, including the telephone, direct mail and e-mail, without face-to-face client contact. Through the M-com Center, we are aiming to enhance customer satisfaction, further reduce our industry-leading surrender and lapse rates, and boost our marketing capabilities by improving the frequency and quality of our communication with customers.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

As of March 31, 2005, 2004 and 2003

	In Millions of Yen			In Millions of U.S. Dollars
	FY 2002	FY 2003	FY 2004	FY 2004
Assets :				
Cash and Deposits	¥ 247,642	¥ 133,041	¥ 105,749	\$ 984
Call Loans	110,000	127,000	109,000	1,014
Monetary Claims Purchased	40,105	9,428	13,291	123
Monetary Trusts	296	100	400	3
Securities	4,363,962	4,308,913	4,699,312	43,759
Loans	2,273,038	2,297,840	2,212,587	20,603
Real Estate and Movable Assets	419,321	404,525	382,618	3,562
Due from Agencies	112	30	23	0
Due from Reinsurers	184	132	128	1
Other Assets	114,442	154,062	99,491	926
Deferred Tax Assets	125,981	76,303	32,803	305
Reserve for Possible Loan Losses	(21,984)	(11,275)	(12,721)	(118)
Total Assets	¥7,673,103	¥7,500,103	¥7,642,684	\$71,167
Liabilities :				
Policy Reserves :				
Reserves for Outstanding Claims	¥ 47,613	¥ 41,878	¥ 44,353	\$ 413
Liability Reserves	6,820,877	6,678,216	6,722,749	62,601
Policyholder Dividend Reserves	130,185	116,814	124,555	1,159
	6,998,675	6,836,910	6,891,658	64,174
Due to Reinsurers	571	402	352	3
Other Liabilities	458,868	376,833	420,313	3,913
Reserves for Employee Retirement Benefits	8,856	10,917	18,242	169
Allowance for Policyholder Dividends	—	18,315	—	—
Reserves for Price Fluctuations	3,063	6,000	9,100	84
Deferred Tax Liabilities	—	282	—	—
Total Liabilities	¥7,470,035	¥7,249,661	¥7,339,666	\$68,345
Minority Interests	564	1,220	1,265	11
Capital :				
Foundation Funds	169,000	—	—	—
Paid-in Capital	—	173,300	—	—
Reserves for Redemption of Foundation Funds	1,000	1,000	—	—
Reserves for Revaluation	5	5	—	—
Surplus	126,570	82,086	—	—
Net Unrealized Gains (Losses) on Securities	(85,348)	5,254	—	—
Foreign Currency Translation Adjustment	(8,723)	(12,425)	—	—
Total Capital	¥ 202,503	¥ 249,221	—	—
Stockholders' Equity :				
Common Stock	—	—	87,280	812
Capital Surplus	—	—	87,374	813
Retained Earnings	—	—	89,761	835
Net Unrealized Gains (Losses) on Securities	—	—	59,628	555
Foreign Currency Translation Adjustment	—	—	(13,247)	(123)
Treasury Stock	—	—	(9,044)	(84)
Total Stockholders' Equity	—	—	¥ 301,752	\$ 2,809
Total Liabilities, Minority Interests and Stockholders' Equity	¥7,673,103	¥7,500,103	¥7,642,684	\$71,167

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended March 31, 2005, 2004 and 2003

	In Millions of Yen			In Millions of U.S. Dollars
	FY 2002	FY 2003	FY 2004	FY 2004
Ordinary Revenues :				
Income from Insurance Premiums	¥ 963,418	¥ 922,091	¥ 899,872	\$ 8,379
Investment Income	247,017	285,848	309,266	2,879
Other Ordinary Revenues	435,531	183,533	37,023	344
Total Ordinary Revenues	1,645,966	1,391,473	1,246,163	11,604
Ordinary Expenses :				
Insurance Claims and Other Payments	1,179,510	1,024,680	794,398	7,397
Provision for Policy and Other Reserves	702	255	47,075	438
Investment Expenses	263,290	169,734	182,523	1,699
Operating Expenses	137,827	123,681	108,309	1,008
Other Ordinary Expenses	52,570	58,403	60,730	565
Total Ordinary Expenses	1,633,899	1,376,754	1,193,037	11,109
Ordinary Profits	12,066	14,719	53,126	494
Extraordinary Gains :				
Gains on Disposal of Real Estate and Movables	57,677	3,637	5,643	52
Reversal of Allowance for Doubtful Accounts	5,909	7,709	—	—
Gains on Recovery of Bad Debts	1,968	416	91	0
Other Extraordinary Gains	—	5,735	—	—
Total Extraordinary Gains	65,556	17,498	5,734	53
Extraordinary Losses :				
Losses on Disposal of Real Estate and Movables	12,161	14,561	15,373	143
Provision for Allowance for Policyholder Dividends	—	18,315	—	—
Provision for Reserves for Price Fluctuations	3,004	2,936	3,100	28
Other Extraordinary Losses	2,470	12,349	100	0
Total Extraordinary Losses	17,635	48,163	18,573	172
Provision for Reserve for Policyholder Dividends	—	—	18,398	171
Net Surplus (Losses) before Income Taxes	59,987	(15,944)	21,889	203
Income Taxes :				
Current	376	652	933	8
Deferred	7,434	(1,810)	12,442	115
Minority Interests	337	281	445	4
Net Surplus (Losses) for the Year	¥ 51,839	(15,069)	¥ 8,068	\$ 75

CONSOLIDATED STATEMENTS OF SURPLUS

For the years ended March 31, 2005, 2004 and 2003

	In Millions of Yen			In Millions of U.S. Dollars
	FY 2002	FY 2003	FY 2004	FY 2004
Balance at the Beginning of the Year	¥ 100,848	¥ 126,570	—	—
Additions:				
Net Surplus for the Year	51,839	—	—	—
Total Additions	51,839	—	—	—
Deductions:				
Transfer to Policyholder Dividend Reserves	19,595	23,752	—	—
Interest on Foundation Funds	5,540	5,522	—	—
Decrease in Surplus due to Exclusion of Subsidiaries from the Consolidation	—	140	—	—
Decrease in Surplus due to Reduction of Immaterial Subsidiaries and Affiliates from the Consolidation	976	—	—	—
Net Losses for the Year	—	15,069	—	—
Other	5	—	—	—
Total Deductions	26,117	44,484	—	—
Balance at the End of the Year	¥ 126,570	¥ 82,086	—	—
Capital Surplus:				
Balance at the Beginning of the Year	—	—	¥87,280	\$ 812
Additions:				
Paid-in Capital from Treasury Stock Transaction	—	—	94	0
Total Additions	—	—	94	0
Balance at the End of the Year	—	—	¥87,374	\$ 813
Retained Earnings:				
Balance at the Beginning of the Year	—	—	¥81,693	\$ 760
Additions:				
Net Surplus for the Year	—	—	8,068	75
Total Additions	—	—	8,068	0
Balance at the End of the Year	—	—	¥89,761	\$ 835

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2005, 2004 and 2003

	In Millions of Yen			In Millions of U.S. Dollars
	FY 2002	FY 2003	FY 2004	FY 2004
I Cash Flows from Operating Activities :				
Surplus (Losses) before Income Taxes	¥ 59,987	(¥ 15,944)	¥ 21,889	\$ 203
Depreciation of Real Estate for Rent	4,879	4,919	4,732	44
Depreciation	9,284	8,448	8,470	78
Increase (Decrease) in Reserves for Outstanding Claims	(2,248)	(5,734)	2,474	23
Increase (Decrease) in Liability Reserves	(387,804)	(142,660)	44,532	414
Interest on Policyholder Dividend Reserves	702	255	68	0
Provision for Reserve for Policyholder Dividends	—	—	18,398	171
Increase (Decrease) in Allowance for Doubtful Accounts	(5,909)	(7,709)	3,238	30
Increase (Decrease) in Reserves for Retirement Benefits to Employees	7,402	5,541	7,325	68
Increase (Decrease) in Reserves for Price Fluctuations	3,004	2,936	3,100	28
Increase (Decrease) in Allowance for Policyholder Dividends	—	18,315	—	—
Interest, Dividend and Other Income	(173,127)	(168,202)	(172,832)	(1,609)
Losses (Gains) on Securities Investment	99,923	(398)	(26,937)	(250)
Interest Expenses	6,678	6,295	6,363	59
Losses (Gains) from Derivative Financial Instruments	20,443	14,987	108,827	1,013
Foreign Exchange Losses (Gains)	9,444	61,347	(41,500)	(386)
Losses (Gains) on Separate Account Asset Investment	44,854	(41,110)	(13,152)	(122)
Losses (Gains) on Real Estate and Movables	(46,760)	4,042	7,891	73
Equity in Earnings of Affiliates	237	(225)	(754)	(7)
Decrease (Increase) in Credits to Agents	23	82	6	0
Decrease (Increase) in Reinsurance Credits	(43)	52	3	0
Decrease (Increase) in Other Assets	9,674	(7,495)	7,763	72
Increase (Decrease) in Reinsurance Account Payable	56	(168)	(50)	0
Increase (Decrease) in Other Liabilities	(8,114)	594	(4,356)	(40)
Other, Net	2,480	16,831	3,324	30
Subtotal	(344,930)	(245,000)	(11,173)	(104)
Interest, Dividend and Other Income Received	197,930	184,678	190,723	1,775
Interest Paid	(6,816)	(6,306)	(6,382)	(59)
Policyholder Dividend Paid	(46,156)	(37,377)	(29,041)	(270)
Other, Net	(4,628)	(4,776)	(3,866)	(35)
Corporate Income Taxes Paid	(781)	(619)	(732)	(6)
Net Cash Provided by Operating Activities	(205,382)	(109,402)	139,527	1,299
II Cash Flows from Investing Activities :				
Increase (Decrease) in Deposits	(31,030)	2,500	15,394	143
Payments for Acquisition of Monetary Receivables Purchased	(24,197)	(100)	(6,700)	(62)
Proceeds from Sale and Redemption of Monetary Receivables Purchased	36,593	11,644	2,942	27
Payments for Increase in Monetary Trusts	(90)	—	(300)	(2)
Proceeds from Decrease in Monetary Trusts	100	195	—	—
Payments for Acquisition of Securities	(2,275,164)	(2,969,787)	(2,285,009)	(21,277)
Proceeds from Sale and Redemption of Securities	2,026,332	3,155,384	2,031,586	18,917
Payments for Investment in Loans	(400,509)	(728,742)	(573,590)	(5,341)
Proceeds from Collection of Loans	665,825	692,200	657,500	6,122
Proceeds from and Payments for Derivative Financial Instrument	(16,706)	(37,827)	(83,211)	(774)
Decrease and Increase in Deposits Received on Bond Transactions	(191,325)	(124,186)	75,014	698
Other, Net	1,645	(1,170)	(1,270)	(11)
II Subtotal	(208,527)	111	(167,644)	(1,561)
I+II ①	(413,910)	(109,291)	(28,116)	(261)
Payments for Acquisition of Real Estate and Movables	(2,913)	(3,318)	(4,789)	(44)
Proceeds from Sale of Real Estate and Movables	80,842	6,953	11,049	102
Net Cash Provided by (Used in) Investing Activities	(130,598)	3,746	(161,383)	(1,502)

(continued)

	In Millions of Yen			In Millions of U.S. Dollars
	FY 2002	FY 2003	FY 2004	FY 2004
III Cash Flows from Financial Activities :				
Proceeds from Debt	—	2,000	—	—
Payments for Repayment of Debt	(23)	(5,007)	(3)	(0)
Proceeds from Issuance of Equity	—	173,300	—	—
Repayments of Funds	—	(169,000)	—	—
Interest Expenses for Foundation Funds	(5,540)	(10,085)	—	—
Acquisition and Sale of Treasury Stock	—	—	(7,748)	(72)
Other, Net	—	—	(138)	(1)
Net Cash Provided by (Used in) Financial Activities	(5,564)	(8,792)	(7,890)	(73)
IV Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,364)	(651)	(151)	(1)
V Net Increase (Decrease) in Cash and Cash Equivalents	(342,909)	(115,100)	(29,898)	(278)
VI Cash and Cash Equivalents at the Beginning of the Year	694,443	345,141	230,041	2,142
VII Decrease in Cash and Cash Equivalents Resulting from Reduction of Subsidiaries from Consolidation	(6,391)	—	—	—
VIII Cash and Cash Equivalents at the End of the Year	¥ 345,141	¥ 230,041	¥ 200,143	\$ 1,863

SUBSIDIARIES AND AFFILIATES

As of March 31, 2005

Company	Address	Capital	Business Outline	Established
Sansei Career Management Co., Ltd.	Nagareyama-shi, Chiba	¥15 million	Education	Mar. 1, 1985
MLI Systems Inc.	Kashiwa-shi, Chiba	¥100 million	Computer-related business	Sep. 1, 2000
Sansei Onyu Insurance Management Co., Ltd.	Chiyoda-ku, Tokyo	¥10 million	Non-life insurance agency	Oct. 16, 1952
Sansei Inspection Co., Ltd.	Chiyoda-ku, Tokyo	¥10 million	Confirmation of life insurance contract	Nov. 2, 1964
Sanyu Service Co., Ltd.	Chiyoda-ku, Tokyo	¥20 million	Product sales	Jun. 4, 1965
Business Agency Co., Ltd.	Kashiwa-shi, Chiba	¥10 million	Cash receipt agency	Apr. 4, 1975
Sansei Financial Services Co., Ltd.	Kashiwa-shi, Chiba	¥20 million	Cash receipt agency	Dec. 1, 1987
Sansei Capital Investment Co., Ltd.	Chiyoda-ku, Tokyo	¥100 million	Venture capital business	Mar. 15, 1991
Sumitomo Mitsui Asset Management Co., Ltd.	Minato-ku, Tokyo	¥2,000 million	Investment advisory business	Jul. 15, 1985
Japan Pension Service Co., Ltd.	Osaka-shi, Osaka	¥2,000 million	Pension administration	Apr. 1, 1988
Porte Kanazawa Co., Ltd.	Kanazawa-shi, Ishikawa	¥200 million	Building management business, etc.	Aug. 28, 1992
Securities Business Service Co., Ltd.	Koto-ku, Tokyo	¥765 million	Securities administration	Sep. 1, 1999
Japan Pension Navigator Co., Ltd.	Chuo-ku, Tokyo	¥4,000 million	Operation and administration of defined contribution pension plans	Sep. 21, 2000
NBC Customer Service Inc.	Kashiwa-shi, Chiba	¥10 million	Clearing corporation of claim processing and policy maintenance	Feb. 4, 2004
Mitsui Seimei America Corporation	New York, NY, U.S.A.	US\$290.85 million	Real estate investment business	Aug. 29, 1983
Mitsui Life Social Welfare Foundation	Chiyoda-ku, Tokyo	(Funds) ¥500 million	Activities to increase and improve the health of Japanese citizens	Aug. 30, 1967

CORPORATE INFORMATION

As of June 29, 2005

Board of Directors

Chairman

Hirokazu Ishikawa

President

Hiroshi Nishimura

Representative Director (Executive Senior Managing Officer)

Yukihiro Naruse

Executive Director (Executive Managing Officer)

Katsumi Hikasa
Shuzo Uemura
Takashi Murota

Executive Director

Kenichi Suematsu
Junichiro Tanaka

Senior Corporate Auditor

Tamio Orimo

Corporate Auditor

Eiichi Kakei
Naohiko Kumagai
Kou Matsukata
Hidekazu Ikeuchi

Executive Managing Officer

Tokuhiisa Hirata
Sumio Saito
Hideyuki Ueda
Masahiro Oya
Hirobumi Anami
Jun Ito
Masato Abiko
Mitsuru Maki

Executive Officer

Tetsuzo Kobayashi
Toru Yamashita
Minoru Toyoda
Yukiteru Yamamoto
Shigekazu Hoshida
Hiroyuki Nakashima
Kenji Fukuda
Shigeyuki Tsuruoka

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