

Non-Consolidated Financial Statements

Meiji Life Insurance Company

Non-Consolidated Balance Sheet

As of March 31, 2003 and 2002

	Millions of Yen		Millions of U.S. Dollars*
	FY2002	FY2001	FY2002
ASSETS			
Cash and deposits:			
Cash	¥ 1,488	¥ 2,616	\$ 12.3
Deposits	244,389	194,562	2,033.1
Call loans	350,000	505,000	2,911.8
Monetary claims bought	42,541	40,280	353.9
Money-placed-in-trust	—	15,042	—
Securities:			
Domestic bonds:			
Government bonds	3,815,608	3,279,933	31,743.8
Municipal bonds	252,090	273,486	2,097.2
Corporate bonds	1,329,702	1,297,386	11,062.4
Domestic stocks	2,096,461	2,983,598	17,441.4
Foreign securities	1,572,186	1,821,600	13,079.7
Other securities	32,820	34,823	273.0
Loans:			
Policy loans	338,557	354,383	2,816.6
Financial loans	4,590,453	4,770,383	38,190.1
Real estate and movables:			
Land	600,634	620,234	4,996.9
Buildings	345,080	371,501	2,870.8
Movable properties	7,947	8,301	66.1
Buildings and repairing suspense account	36,292	17,051	301.9
Agency account receivable	435	410	3.6
Reinsurance account receivable	2,578	2,972	21.4
Other assets:			
Accounts receivable	175,326	261,335	1,458.6
Prepaid expenses	3,132	3,435	26.0
Accrued investment income	60,941	65,532	507.0
Security deposits and rental deposits	6,662	6,586	55.4
Deposits on financial futures	43	65	0.3
Margins on financial futures	—	4	—
Derivative financial instruments	2,334	1,274	19.4
Suspense payment	22,668	15,323	188.5
Miscellaneous assets	87,206	90,688	725.5
Deferred tax assets	247,964	81,047	2,062.9
Customers' liabilities for acceptances and guarantees	513	513	4.2
Reserves for possible loan losses	(22,924)	(37,761)	(190.7)
TOTAL ASSETS	¥16,243,139	¥17,081,617	\$135,134.2

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥120.20 to US\$1.00 prevailing on March 31, 2003.

	Millions of Yen		Millions of U.S. Dollars*
	FY2002	FY2001	FY2002
LIABILITIES AND SURPLUS			
(Liabilities)			
Policy reserves:			
Reserves for outstanding claims	¥ 96,100	¥ 100,465	\$ 799.5
Liability reserves	14,334,222	14,632,660	119,253.1
Reserves for policyholder dividends	356,281	438,087	2,964.0
Agency account payable	0	36	0.0
Reinsurance account payable	2,634	3,248	21.9
Other liabilities:			
Deposits received on bonds lending	450,003	587,162	3,743.7
Loans payable	0	0	0.0
Corporate income tax payable and others	34,690	—	288.6
Account payable	170,367	252,031	1,417.3
Unpaid expenses	23,594	42,585	196.2
Unearned investment income	7,114	7,690	59.1
Employees' and agents' savings deposits	21,268	22,948	176.9
Deposits received for guarantee	30,691	34,258	255.3
Margins on financial futures	—	0	—
Derivative financial instruments	350	36,727	2.9
Deferred gains on hedging instruments	7	—	0.0
Suspense receipts	10,019	12,438	83.3
Reserves for retirement benefits	62,639	143,711	521.1
Reserves for losses on sales of claims	27	27	0.2
Reserves for contingent liabilities	32,429	4,914	269.7
Reserves for asset value fluctuations	72,265	69,734	601.2
Deferred tax liabilities on revaluation of land	37,270	37,445	310.0
Acceptances and guarantees	513	513	4.2
TOTAL LIABILITIES	¥15,742,496	¥16,426,689	\$130,969.1
(Surplus)			
Foundation funds	100,000	—	831.9
Reserves with amortization of foundation funds	120,000	—	998.3
Revaluation surplus reserves	289	—	2.4
Surplus retained:			
Reserves for losses	1,671	—	13.9
Voluntary reserves:			
Fund for asset value fluctuations	2,624	—	21.8
Fund for retirement allowances	1,764	—	14.6
Fund for promotion of welfare	319	—	2.6
Reserves for compressed entry of real estate	7,595	—	63.1
Special reserves	2,000	—	16.6
Unappropriated surplus for the period	70,280	—	584.7
[Surplus for the period]	42,754	—	355.6
Revaluation reserves of land	65,828	—	547.6
Net unrealized gains on investments	128,269	—	1,067.1
TOTAL SURPLUS	500,642	—	4,165.0
TOTAL LIABILITIES AND SURPLUS	¥16,243,139	¥ —	\$135,134.2
(Surplus)			
Foundation funds	—	60,000	—
Legal reserves:			
Revaluation surplus reserves	—	289	—
Reserves with amortization of foundation funds	—	100,000	—
Reserves for losses	—	1,584	—
Revaluation reserves of land	—	66,137	—
Surplus retained:			
Voluntary reserves:			
Accumulated reserves of contingencies	—	41,908	—
Fund for retirement allowances	—	1,545	—
Fund for promotion of welfare	—	317	—
Reserves for compressed entry of real estate	—	977	—
Reserves for separate account for compressed entry of real estate	—	4,666	—
Special reserves	—	2,000	—
Unappropriated surplus for the period	—	39,074	—
[Surplus for the period]	—	14,320	—
Net unrealized gains on investments	—	336,428	—
TOTAL SURPLUS	—	654,928	—
TOTAL LIABILITIES AND SURPLUS	¥ —	¥17,081,617	\$ —

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥120.20 to US\$1.00 prevailing on March 31, 2003.

Non-Consolidated Operations and Surplus

For the years ended March 31, 2003 and 2002

	Millions of Yen		Millions of U.S. Dollars*
	FY2002	FY2001	FY2002
ORDINARY INCOME			
Premium income and reinsurance refunds:			
Premium income	¥2,184,114	¥2,276,369	\$18,170.6
Refunds on reinsurance	641	1,313	5.3
Investment income and gain:			
Interest and dividends:			
Interest on deposits	41	419	0.3
Interest and dividends on securities	182,728	177,562	1,520.1
Interest on loans	134,530	148,471	1,119.2
Rental income	31,214	31,487	259.6
Other interest and dividends	7,365	6,089	61.2
Money-placed-in-trust income	920	—	7.6
Gains on securities sold	83,244	112,038	692.5
Gains on securities redeemed	—	0	—
Gains on foreign exchange	—	573	—
Other investment income	459	495	3.8
Other ordinary income:			
Annuity supplementary contract premiums	3,037	2,257	25.2
Benefits left to accumulate at interest	184,072	191,990	1,531.3
Reversal of reserves for outstanding claims	4,365	—	36.3
Reversal of liability reserves	298,437	148,231	2,482.8
Reversal of reserves for retirement benefits	11,327	19,076	94.2
Miscellaneous income	5,064	2,167	42.1
TOTAL ORDINARY INCOME	¥3,131,564	¥3,118,545	\$26,052.9
ORDINARY EXPENSES			
Insurance benefits paid and others:			
Claims paid	737,012	631,318	6,131.5
Annuities paid	155,637	139,416	1,294.8
Benefits on policies paid	457,959	470,840	3,809.9
Surrender benefits paid	601,880	626,675	5,007.3
Other refunds paid	195,542	265,976	1,626.8
Reinsurance premiums	666	688	5.5
Transfers to policy reserves:			
Reserves for outstanding claims	—	14,280	—
Interest on dividend reserves	554	1,250	4.6
Investment expenses and losses:			
Interest paid	515	783	4.2
Losses on money-placed-in-trust	—	4,957	—
Losses on trading securities	—	2,096	—
Losses on securities sold	73,336	85,950	610.1
Losses on securities appraised	124,417	220,839	1,035.0
Losses on securities redeemed	0	—	0.0
Expenses for derivative financial instruments	14,566	13,209	121.1
Losses on foreign exchange	207	—	1.7
Transfer to reserves for possible loan losses	—	6,575	—
Write-off of loans	418	12	3.4
Depreciation on real estate for rent	9,844	9,399	81.9
Other investment expenses	8,236	9,607	68.5
Losses on separate account assets investment	92,831	51,538	772.3
Operating expenses	273,284	297,807	2,273.5
Other ordinary expenses:			
Payments of benefits left to accumulate at interest	213,445	201,329	1,775.7
Taxes	16,964	18,039	141.1
Depreciation	18,824	19,795	156.6
Miscellaneous expenses	5,420	3,745	45.0
TOTAL ORDINARY EXPENSES	¥3,001,566	¥3,096,135	\$24,971.4

	Millions of Yen		Millions of U.S. Dollars*
	FY2002	FY2001	FY2002
ORDINARY PROFITS	¥129,998	¥22,409	\$1,081.5
Special profits:			
Gains on disposals of real estate and movables	2,410	13,675	20.0
Reversal of reserves for support to specific borrowers	—	4,362	—
Reversal of reserves for possible loan losses	9,635	—	80.1
Reversal of reserves for asset value fluctuations	—	20,366	—
Special losses:			
Losses on disposals of real estate and movables	13,836	33,578	115.1
Transfer to reserves for losses on sales of claims	0	0	0.0
Transfer to reserves for contingent liabilities	10,133	4,914	84.3
Transfer to reserves for asset value fluctuations	2,531	—	21.0
Losses on compressed entry of real estate	342	246	2.8
Donations for promotion of welfare	397	804	3.3
Amortization of transition amount for retirement benefits	13,751	13,751	114.4
Other special losses	57,670	—	479.7
SURPLUS BEFORE TAXES	43,380	7,517	360.9
Provision for corporate income taxes	49,865	15,270	414.8
Corporate income tax equivalent adjustment	(49,238)	(22,073)	(409.6)
SURPLUS FOR THE PERIOD	42,754	14,320	355.6
Surplus brought forward	—	29,186	—
Reversal of revaluation reserves of land	308	(5,425)	2.5
Reversal of fund for asset value fluctuations	26,628	—	221.5
Reversal of fund for retirement allowances	191	188	1.5
Reversal of fund for promotion of welfare	397	804	3.3
UNAPPROPRIATED SURPLUS FOR THE PERIOD	¥ 70,280	¥39,074	\$584.7

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥120.20 to US\$1.00 prevailing on March 31, 2003.

Appropriation of Surplus

For the years ended March 31, 2003 and 2002

	Millions of Yen		Millions of U.S. Dollars*
	FY2002	FY2001	FY2002
Unappropriated surplus for the period	¥70,280	¥39,074	\$584.7
Reversal of voluntary reserves:			
Accumulated reserves for contingencies	—	41,908	—
Reserves for compressed entry of real estate	173	—	1.4
Reserves for separate account for compressed entry of real estate	—	4,666	—
TOTAL UNAPPROPRIATED SURPLUS	70,454	85,648	586.1
Transfer to reserves for policyholder dividends	47,654	28,528	396.4
Net surplus for the period:			
Transfer to reserves for losses	145	87	1.2
Transfer to reserves with amortization of foundation funds	—	20,000	—
Interest on foundation funds	658	326	5.4
Bonuses for directors and auditors:			
Bonuses for directors	—	19	—
Bonuses for auditors	—	4	—
Transfers to voluntary reserves:			
Reserves for amortization of foundation funds	20,000	—	166.3
Fund for asset value fluctuations	—	29,253	—
Fund for retirement allowances	319	410	2.6
Fund for promotion of welfare	400	400	3.3
Reserves for compressed entry of real estate	—	6,617	—
Reserves for separate account for compressed entry of real estate	1,276	—	10.6
SURPLUS CARRIED FORWARD	¥ —	¥ —	\$ —

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥120.20 to US\$1.00 prevailing on March 31, 2003.

Notes to Non-Consolidated Financial Statements

1. Basis of Preparation of Financial Statements

The financial statements are prepared in accordance with the Insurance Business Law and the Enforcement Regulations thereunder and in accordance with standard accounting principles and procedures followed by life insurance companies in Japan.

2. Significant Accounting Policies

(1) Valuation Basis and Method of Securities

- a. Trading Securities are stated at fair value based mainly on the business year-end closing market price (Cost of their sales is determined by the moving average method).
- b. Held-to-Maturity Debt Securities are stated at amortized cost using the moving average method (straight-line method).
- c. Stock Securities Issued by Subsidiaries and Affiliates are stated at cost using the moving average method (Refers to stock securities issued by those subsidiaries prescribed under Article 2-12 of the Insurance Business Law and other companies and affiliates, excluding subsidiaries, prescribed under Article 2, Paragraph 3-2 of the Enforcement Regulations of Insurance Business Law).
- d. Other Securities
 - Securities for which market quotations are available are stated at fair value based on the average market price during March or at the business year-end (Cost of their sales is determined by the moving average method).
 - Securities for which market quotations are unavailable
 - i) Bonds and debentures (Including bonds issued overseas) for which the difference in acquisition amounts are recognized as the difference in interest rate adjustments are stated at amortized cost using the moving average method (straight-line method).
 - ii) Securities that are not classified in categories (a) through (d-i) are stated at cost using the moving average method. With Other Securities, valuation differences are computed using the capital adjustment method.

From the current fiscal year, Other Securities for which market quotations are available are stated at fair value based on the average market price during March rather than the market price at business year-end. As a result, securities and net unrealized gains on investments increased by ¥14,645 million and ¥9,351 million, respectively, while deferred tax assets decreased by ¥5,294 million, in comparison with the previous method.

(2) Derivative Transactions

Derivative transactions are stated at fair value.

(3) Depreciation of Real Estate and Movables

Depreciation of buildings is determined according to the straight-line method, while depreciation of movables is determined according to the declining balance method.

(4) Depreciation of Computer Software

Depreciation of computer software included under miscellaneous assets is calculated according to the straight-line method based on the useful life of the product.

(5) Foreign Exchange Rate

Assets and liabilities other than the stock issued by subsidiaries and affiliates are converted into yen at the exchange rates prevailing on the last business day of March. The stock issued by subsidiaries and affiliates is converted into yen at the exchange rates prevailing on the date of their acquisition.

(6) Reserves for Possible Loan Losses

- a. Reserves for possible loan losses are calculated according to the Company's internal standards for risk assessment of assets and the rules for the write-off and provision of reserves. All loans are asseted by the departments concerned and the results are audited by an independent Auditing Department.
- b. For loans to legally bankrupt and substantially bankrupt borrowers, reserves are provided at the balance outstanding after the direct deduction shown below and deduction of the net amount collectible through the disposal of collateral or the execution of guarantees.
- c. For loans to borrowers with high likelihood of bankruptcy, reserves are provided at the required portion of the balance outstanding, based on a general assessment of financial solvency, after deduction of the net amount collectible through the disposal of collateral or the execution of guarantees.
- d. Reserves for possible loan losses on other loans are calculated on a historical basis according to the actual rate of loan losses over a given period.
- e. For overseas loans in specific countries, specific reserves for country risk are provided at the balance considered uncollectible, based on the assessment of the political and economic conditions of the individual countries. Specific reserves for country risk include reserves for foreign investment losses.
- f. Where loans to legally bankrupt or substantially bankrupt borrowers are covered by collateral or guarantees, the balance after deduction of the assessed value of the collateral and the amount considered to be collectible through the execution of guarantees is directly deducted from the loans outstanding. In FY2002, these direct deductions amounted to ¥21,267 million.

(7) Reserves for Retirement Benefits

To provide for the payment of retirement benefits in the future, the retirement benefits are provided at the amount accrued at the end of the year, based on the Accounting Standards for Retirement Benefits.

(8) Reserves for Losses on Sales of Claims

Reserves for losses on sales of claims are for those claims sold to the Cooperative Credit Purchasing Company, Ltd., in accordance with Article 287-2 of the Commercial Law.

(9) Reserves for Contingent Liabilities

Reserves for contingent liabilities are provided based on the amount of estimated possible losses in the future with respect to current liabilities and future real estate contracts. These reserves are provided in compliance with Article 287-2 of the Commercial Law.

(10) Reserves for Asset Value Fluctuations

Reserves for asset value fluctuations are calculated in accordance with Article 115 of the Insurance Business Law.

(11) Method of Hedge Accounting

Hedging transactions have been accounted for in accordance with the Opinion on Setting Accounting Standards for Financial Instruments (the Business Accounting Deliberation Council, January 22, 1999). Mainly, interest rate swaps are used as a cash flow hedge related to loans, which are treated exceptionally. Current price hedge is used as a hedge against exchange rate fluctuations for some foreign currency denominated bond. Decisions on the effectiveness of market-based hedges are based on comparative analyses of variations in fair value of the underlying hedge variables and the hedging method used.

(12) Consumption Tax

Consumption and local consumption taxes and the base price are recorded separately. Note that deferred consumption taxes on assets that do not qualify as deductive expenses are recorded as prepaid expenses and amortized on a straight-line basis over a five year period. Other consumption taxes that do not qualify as deductive expenses are recorded as expenses for the fiscal year in which they are incurred.

(13) Liability Reserves

Liability reserves are provided in accordance with Article 116 of the Insurance Business Law. The amounts are calculated using the following methods.

- a. Reserves for policies subject to the standard liability reserve requirement are calculated according to ordinances stipulated by the Prime Minister.
- b. Reserves for other policies are calculated on the basis of the net level premium method.

(14) Classification Changes in Line with Partial Amendment to the Enforcement Regulations of Insurance Business Law

Foundation funds, legal reserves and surplus retained, classified under Surplus in the previous fiscal year, are now classified as foundation funds, reserves with amortization of foundation funds,

revaluation surplus reserves and surplus retained from this fiscal year. These changes in classification were conducted in line with the amendment to Article 53 of the Enforcement Regulations of Insurance Business Law issued by the Cabinet Office on April 24, 2003.

3. Balance Sheets

(1) Depreciation on Real Estate and Movables

Accumulated depreciation on real estate and movables totaled ¥346,501 million.

(2) Assets and Liabilities for Separate Accounts

Combined assets and liabilities for separate accounts, prescribed in Article 118 of the Insurance Business Law, amounted to ¥652,905 million.

(3) Net Assets

The amount of net assets in accordance with the provisions of Article 55-2-6 of the Insurance Business Law is ¥118,372 million.

(4) Monetary Claims on and Liabilities to Subsidiaries

Total monetary claims receivable from the Company's subsidiaries amounted to ¥20,101 million, while total monetary liabilities owed to subsidiaries amounted to ¥1,444 million.

(5) Leased Movables

The Company holds leased movables, including computers and peripherals, in addition to the real estate and movables reported on the Balance Sheets.

(6) Reserves for Policyholder Dividends

Changes in the reserves for policyholder dividends for FY2002 are shown below:

a. Amount at the end of FY2001	¥438,087 million
b. Transfer from surplus for FY2001	¥28,528 million
c. Dividends to policyholders in FY2002	¥110,889 million
d. Interest on reserves	¥554 million
e. Balance at the end of FY2002	¥356,281 million

(7) Assets and Liabilities Denominated in Foreign Currencies

Assets denominated in foreign currencies totaled ¥1,407,548 million. (The main foreign currencies are US\$7,640 million and EUR2,816 million.) Liabilities denominated in foreign currencies totaled ¥47,316 million. (The main foreign currency is US\$310 million.)

(8) Foundation Funds

In accordance with Article 60 of the Insurance Business Law, ¥60,000 million in foundation funds were raised.

(9) Foundation Fund Amortization

The foundation fund was amortized in the amount of ¥20,000 million.

(10) Assets Pledged as Collateral

Assets pledged as collateral amounted to ¥43,904 million.

(11) Non-Performing Loans

- a. Non-performing loans, including loans to borrowers under bankruptcy proceedings, past due loans, and restructured loans totaled ¥21,853 million. Loans to borrowers under bankruptcy proceedings amounted to ¥1,827 million and past due loans totaled ¥9,865 million.
- b. Loans to borrowers under bankruptcy proceedings are nonaccrual loans for which events defined in Articles 96-1, Subparagraphs 3 (i-v) and 4 of the Enforcement Regulations of the Corporate Income Tax Law (the Ordinance No. 97, 1965) have taken place. Accrued interest is not recorded as income due to substantial doubt over the ability to collect interest or principal because of delay in payment for extended periods.
- c. Past due loans are nonaccrual loans, other than loans to bankrupt borrowers, and loans whose interest payments are postponed to support the reconstruction efforts of borrowers.
- d. Restructured loans, excluding the above, totaled ¥10,159 million. Restructured loans are those subject to certain favorable concessions, including reduced interest rates or moratorium on interest payments, moratorium on repayments, or release of credit, which are made to support the reconstruction efforts of borrowers.
- e. The estimated uncollectible amount for loans to bankrupt borrowers and past due loans was directly deducted from the outstanding balance. These deductions came to ¥18,033 million for loans to bankrupt borrowers and ¥3,233 million for past due loans.

(12) Securities Lent

The balance sheet amount of the securities lent under consumption loan agreements, including sales and repurchase transactions (“repo”) was ¥530,045 million.

(13) The Balance of Funds not yet Provided in Financing through Commitment Line Agreements for Loans

The balance of funds not yet provided in financing through commitment line agreements for loans totaled ¥22,071 million.

(14) Contribution to Policyholders' Protection Fund

The amount of the future contribution to the Policyholders Protection Fund, which was succeeded by the Life Insurance Policyholders Protection Corporation of Japan in accordance with Article 140-5 of the Supplementary Provisions of the Financial System Reform Law, is estimated at ¥8,800 million. The contribution is recorded as an operating expense at the time of payment.

(15) Contribution to Life Insurance Policyholders' Protection Corporation of Japan

The amount of the future contribution to the Life Insurance Policyholders Protection Corporation of Japan, founded in accordance with Article 259 of the Insurance Business Law, is estimated at ¥39,161 million. The contribution is recorded as an operating expense at the time of payment.

(16) Liability for Retirement Benefits

The itemization of the Liability for Retirement Benefits is as listed below:

a. Benefit obligation	– ¥292,853 million
b. Plan assets	¥181,770 million
Including retirement benefit trust	¥79,450 million
c. Non-accumulated liability for retirement benefits (a+b)	– ¥111,082 million
d. Unrecognized transition amount	¥27,502 million
e. Unrecognized actuarial loss	¥43,860 million
f. Unrecognized prior service cost	– ¥1,620 million
g. Pre-paid plan cost	¥21,299 million
h. Reserves for retirement benefits (c+d+e+f–g)	–¥62,639 million

A calculation of Liability for Retirement Benefits is as listed below:

a. Allocation of expected retirement benefit payments	Fixed payments over a period of time
b. Discount rate	2.0%
c. Expected rate of return on plan assets	
Approved pension fund	3.0%
Retirement benefit trust	0.0%
d. Years for amortization of transition amount	5 years
e. Years for amortization of actuarial loss	10 years
f. Years for amortization of prior service cost	10 years

(17) Deferred Tax Assets and Liabilities

- a. Deferred tax assets, which amount to ¥330,151 million, consist mainly of ¥102,794 million on losses on securities appraised, ¥97,598 million on policy reserves, ¥61,721 million on reserves for retirement benefits, ¥26,124 million on reserves for asset value fluctuations, and ¥9,794 million on reserves for possible loan losses.
- b. Deferred tax liabilities, which amount to ¥82,186 million, consists mainly of ¥72,622 million on unrealized gains on other securities.
- c. The statutory effective tax rate for FY2002 was 36.15%. The difference between the statutory effective tax rate and the tax burden ratio after applying tax effect accounting consists primarily of a decrease of 39.71% in reserves for policyholder dividends.

(18) Revaluation of Land for Business

- a. Land used for the Company's business was revalued at publicly disclosed prices, in accordance with the Law concerning the Revaluation of the Land (Law No. 34, promulgated on March 31, 1998).
- b. Unrealized gains on the revaluation of land, net of deferred tax, was reported as revaluation reserves of land within Surplus, and the relevant deferred tax was included in liabilities as deferred tax liabilities on revaluation of land.
- c. The difference in the total market value at the end of FY2001 for the land for business use revalued in accordance with Article 10 of the law and the total book value of the said land for business use after revaluation - ¥62,783 million
- d. Date of revaluation: March 31, 2000
Method of revaluation as provided in Article 3, Item 3 of the law: The fair value of land is determined based on revisions to the Law Concerning Public Notification of Land Prices, as stipulated in Article 2-1 of the Law Concerning the Revaluation of Land (Law No. 119, issued on March 31, 1998) after making reasonable adjustments.

(19) Subsidiaries' Shares

The shares of subsidiaries were valued at ¥131,756 million.

4. Operations and Surplus

(1) Transactions with Subsidiaries

Total profits from transactions with the Company's subsidiaries amounted to ¥7,199 million, while total expenses amounted to ¥18,348 million.

(2) Gains and Losses on Securities

- a. Gains on securities sold are ¥13,860 million from domestic bonds, ¥18,330 million from domestic stocks, and ¥50,899 million from foreign securities.
- b. Losses on securities sold are ¥1,151 million from domestic bonds and ¥60,363 million from domestic stocks, and ¥11,805 million from foreign securities.
- c. Losses on securities appraised are ¥105 million from domestic bonds, ¥100,365 million from domestic stocks, and ¥22,342 million from foreign securities.

(3) Money-placed-in-trust income includes valuation gains of ¥63 million.

(4) Expenses for derivative financial instruments include valuation losses of ¥5,854 million.

(5) Cost of Retirement Benefits

The itemization of cost of retirement benefits is as listed below:

a. Service cost	¥8,452 million
b. Interest cost.....	¥8,410 million
c. Expected return on plan assets	- ¥3,371 million
d. Amortization of transition amount	¥13,751 million
e. Amortization of actuarial loss	¥5,028 million
f. Amortization of prior service cost	- ¥223 million
g. Others	¥495 million
Net Benefit Cost amounted to ¥32,543 million (a+b+c+d+e+f+g).	

(6) Other special losses include ¥56,089 million for creation of retirement benefit trust and ¥1,581 million in expenses related to mergers.

Supplementary Financial Information (Non-Consolidated Basis)

1. Outline of Life Insurance and Group Pension Business

1-1. Life Insurance and Group Pensions in Force

	(Millions of Yen)	
	FY2002	FY2001
Individual life insurance	¥107,045,710	¥114,239,524
Individual annuities	7,407,878	7,686,696
Group life insurance	52,845,514	53,201,609
Group pensions*	4,547,557	4,740,016

*Group pensions in force are the sum total of liability reserves for group pensions.

1-2. Life Insurance and Group Pensions New Business

	(Millions of Yen)	
	FY2002	FY2001
Individual life insurance	¥8,762,459	¥12,138,103
Individual annuities	128,291	120,014
Group life insurance	843,036	1,565,249
Group pensions*	518	2,059

*New business of group pensions is the sum total of first premiums.

1-3. Premium Income

	(Millions of Yen)	
	FY2002	FY2001
Individual life insurance	¥1,084,104	¥1,093,841
Individual annuities	210,011	193,626
Group life insurance	174,319	168,146
Group pensions	672,654	774,502
TOTAL*	¥2,184,114	¥2,276,369

*Total includes premium income from other types of insurance and annuities.

1-4. Insurance Benefits Paid

	(Millions of Yen)					
	FY2002				FY2001	
	Individual life	Individual annuities	Group life	Group pensions	Total*	Total*
Claims paid:						
Death benefits	¥213,695	¥ 1,887	¥101,580	¥ —	¥322,137	¥323,297
Accidental death benefits	3,448	13	144	—	3,629	4,195
Disability benefits	13,618	53	4,505	—	18,176	15,350
Maturity benefits	341,719	—	21	49,793	393,055	288,458
Others	—	—	2	—	12	16
Annuities paid	19,333	51,449	1,068	81,076	155,637	139,416
Benefits on policies paid:						
Death benefits	758	6,818	3	—	7,775	7,418
Hospitalization benefits	32,971	1,580	120	—	34,945	35,537
Operation benefits	9,462	579	—	—	10,042	9,405
Injury benefits	721	3	34	—	760	733
Survivor benefits	74,936	1,862	—	—	79,509	100,241
Lump sum benefits	—	—	13	300,641	300,655	298,519
Others	20,738	110	—	3,399	24,270	18,982
Surrender benefits paid	245,642	89,121	8	232,931	601,880	626,675

*Total includes insurance benefits paid to other types of insurance and annuities.

2. Outline of Investments (General Account)

2-1. Breakdown of Assets

	(Millions of Yen)	
	FY2002	FY2001
Cash, deposits and call loans	¥ 551,827	¥ 666,891
Monetary claims bought	42,541	40,280
Money-placed-in-trust	—	15,042
Securities:		
Domestic bonds	5,175,144	4,577,183
Domestic stocks	1,919,497	2,714,339
Foreign securities:		
Foreign bonds	974,392	1,032,275
Foreign stocks	408,658	553,987
Others	27,906	34,823
Loans:		
Policy loans	338,557	354,383
Financial loans	4,590,446	4,770,369
Real estate	982,007	1,008,787
Deferred tax assets	247,964	81,047
Others	365,999	451,206
Reserves for possible loan losses	(22,924)	(37,761)
TOTAL	¥15,602,019	¥16,262,856
(Assets denominated in foreign currencies)	¥1,220,566	¥ 1,491,332

2-2. Average Balances of Assets

	(Millions of Yen)	
	FY2002	FY2001
Cash, deposits and call loans	¥ 415,883	¥ 615,480
Repurchase account	493	23,447
Monetary claims bought	41,405	34,027
Money-placed-in-trust	14,962	43,256
Domestic bonds	4,856,582	4,375,223
Domestic stocks	2,270,804	2,809,593
Foreign securities:		
Foreign bonds	927,491	621,601
Foreign stocks	410,787	368,398
Loans	5,018,827	5,349,522
(Financial loans)	4,674,634	4,986,251
Real estate	1,013,929	1,018,369
TOTAL	¥15,502,690	¥15,827,602
(Overseas investments)	¥ 2,067,093	¥ 1,758,342

2-3. Investment Income and Gain

	(Millions of Yen)	
	FY2002	FY2001
Interest and dividends	¥355,880	¥364,030
Money-placed-in-trust income	920	—
Gains on securities sold	83,244	112,038
Gains on securities redeemed.....	—	0
Gains on foreign exchange	—	573
Others	459	495
TOTAL	¥440,504	¥477,139

2-4. Investment Expenses and Losses

	(Millions of Yen)	
	FY2002	FY2001
Interest paid	¥ 515	¥ 783
Losses on money-placed-in-trust	—	4,957
Losses on investment securities	—	2,096
Losses on securities sold	73,336	85,950
Losses on securities appraised	124,417	220,839
Losses on securities redeemed	0	—
Expenses for derivative financial instruments.....	14,566	13,209
Losses on foreign exchange	207	—
Transfer to reserves for possible loan losses	—	6,575
Write-off of loans	418	12
Depreciation of real estate for rent.....	9,844	9,399
Others	8,236	9,607
TOTAL	¥231,542	¥353,432

2-5. Net Investment Returns

	(%)	
	FY2002	FY2001
Cash, deposits and call loans	0.01	0.06
Repurchase account	0.01	0.03
Monetary claims bought	6.18	(3.61)
Money-placed-in-trust	6.15	(11.43)
Domestic bonds	2.23	2.41
Domestic stocks	(4.97)	(8.14)
Foreign securities:		
Foreign bonds	4.86	6.64
Foreign stocks	3.77	15.69
Loans	2.74	2.72
(Financial loans)	2.57	2.55
Real estate	1.50	1.49
TOTAL	1.35	0.78
(Overseas investments)	4.16	7.33

2-6. Breakdown of Securities Investment

	(Millions of Yen)	
	FY2002	FY2001
Domestic bonds:		
Government bonds	¥3,620,830	¥3,040,132
Municipal bonds	251,849	272,727
Corporate bonds	1,302,464	1,264,323
(Public corporation bonds)	704,912	711,984
Domestic stocks	1,919,497	2,714,339
Foreign securities:		
Foreign bonds	974,392	1,032,275
Foreign stocks	408,658	553,987
Others	27,906	34,823
TOTAL	¥8,505,598	¥8,912,609

2-7. Breakdown of Loans

	(Millions of Yen)	
	FY2002	FY2001
Policy loans	¥ 338,557	¥ 354,383
Financial loans:		
(Overseas loans)	608,511	659,064
Corporate loans	3,596,751	3,669,082
(to domestic corporations)	3,382,783	3,445,206
Loans to governments and supranationals	282,541	308,394
Loans to public organizations	312,139	347,895
Housing loans	231,119	247,172
Consumer loans	148,679	173,556
Others	19,215	24,267
TOTAL	¥4,929,004	¥5,124,753

*Securities and Others with Market Value

	(Millions of Yen)				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds	¥5,122,682	¥5,431,708	¥309,025	¥309,369	¥ 344
Domestic stocks	1,703,076	1,706,787	3,710	184,124	180,413
Foreign securities:					
Foreign bonds	879,783	978,694	98,910	99,548	637
Foreign stocks	178,591	233,570	54,978	60,192	5,213
Other securities	13,161	13,221	59	653	594
Others**	13,180	13,516	336	341	5
TOTAL	¥7,910,476	¥8,377,498	¥467,021	¥654,229	¥187,208

* The above table shows information regarding securities and other instruments with market price. Trading securities are not included.

** Others include those instruments treated as securities regulated by the Securities and Exchange Law, such as monetary claims bought.

	(Millions of Yen)				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds	¥4,537,711	¥4,750,065	¥212,354	¥214,862	¥ 2,508
Domestic stocks	2,203,761	2,510,193	306,432	409,914	103,482
Foreign securities:					
Foreign bonds	991,353	1,035,433	44,079	57,422	13,343
Foreign stocks	222,898	375,716	152,818	157,097	4,279
Other securities	20,513	18,026	(2,486)	907	3,394
Others**	12,527	12,878	351	355	4
TOTAL	¥7,988,765	¥8,702,313	¥713,548	¥840,561	¥127,012

* The above table shows information regarding securities and other instruments with market price. Trading securities are not included.

** Others include those instruments treated as securities regulated by the Securities and Exchange Law, such as monetary claims bought.

2-8. Distribution of Foreign Securities Investment and Overseas Loans

(Millions of Yen)

	FY2002				FY2001			
	Foreign securities			Overseas loans	Foreign securities			Overseas loans
	Total	Bonds	Stocks		Total	Bonds	Stocks	
North America	¥ 718,102	¥635,180	¥ 82,921	¥140,077	¥ 801,808	¥ 681,790	¥120,017	¥152,957
Europe	410,024	269,789	140,235	223,340	500,560	268,719	231,841	232,357
Oceania	7,000	7,000	—	66,820	13,000	13,000	—	71,820
Asia	9,782	3,000	6,782	48,313	11,320	4,000	7,320	67,794
Latin America	223,829	45,110	178,718	4,568	245,016	50,207	194,808	5,802
Middle East	—	—	—	—	—	—	—	—
Africa	—	—	—	5,495	—	—	—	5,887
Supranationals	14,311	14,311	—	119,897	14,557	14,557	—	122,445
TOTAL	¥1,383,050	¥974,392	¥408,658	¥608,511	¥1,586,263	¥1,032,275	¥553,987	¥659,064

3. Non-performing Loans

(Millions of Yen)

	FY2002	FY2001
Nonaccrual loans:		
Loans to bankrupt borrowers	¥ 1,827	¥ 1,251
Past due loans	9,865	16,484
Restructured loans	10,159	11,282
TOTAL	¥21,853	¥29,018
Non-performing loans/total loans	0.44%	0.57%

4. Outline of Reserves

4-1. Liability Reserves

(Millions of Yen)

	FY2002	FY2001
Liability reserves:		
Individual life insurance	¥ 6,452,924	¥ 6,692,482
Individual annuities	2,847,447	2,709,825
Group life insurance	15,721	14,706
Group pensions	4,547,557	4,740,016
Others	227,590	232,648
Reserves for contingencies	242,981	242,981
TOTAL	¥14,334,222	¥14,632,660

4-2. Other Reserves

(Millions of Yen)

	FY2002	FY2001
Reserves for possible loan losses:		
General reserves for possible loan losses	¥17,533	¥ 29,488
Specific reserves for possible loan losses	5,390	8,270
Specific reserves for country risk	0	3
Reserves for retirement benefits	62,639	143,711
Reserves for losses on sales of claims	27	27
Reserves for contingent liabilities	32,429	4,914
Reserves for asset value fluctuations	72,265	69,734