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* Please read figures on pages 26 through 40 as follows:

- Figures at the end of the year
Figures at the end of fiscal 2003 represent results from Meiji Yasuda Life Insurance Company, while figures at the end of fiscal 2002 represent results from Meiji Life Insurance Company.
- Figures for the year
Figures for fiscal 2003 are the aggregate total of Meiji Life Insurance Company results from April 1 to December 31, 2003, and Meiji Yasuda Life Insurance Company results from January 1 to March 31, 2004. Figures for fiscal 2002 represent results from Meiji Life Insurance Company.
- Figures of investment returns
Figures for fiscal 2003 are calculated using the combined total of Meiji Life Insurance Company results from April 1 to December 31, 2003, and Meiji Yasuda Life Insurance Company results from January 1 to March 31, 2004. Figures for fiscal 2002 represent results from Meiji Life Insurance Company.

Notes to consolidated financial statements on pages 38 through 40.

- Figures in the consolidated financial statements for fiscal 2003
Meiji Life and Yasuda Life merged during the year, however, the consolidated financial statements were presented on the assumption that they merged at the beginning of the year.
- Concepts employed in assuming merger at beginning of year
The pooling of interests method (assumption at book value) is applied in the treatment of assets and liabilities accepted from the non-surviving company. On October 31, 2003 the Business Accounting Deliberation Council published the Opinion on Setting Accounting Standards for Business Combinations (enters into force in FY 2006) that mandates treating mergers as occurring at the beginning of the year when using the pooling of interests method to prepare consolidated financial statements. Our treatment accords with the opinion.

Non-Consolidated Financial Statements

Meiji Yasuda Life Insurance Company

Non-Consolidated Balance Sheet

As of March 31, 2004 and 2003

	Millions of Yen		Millions of U.S. Dollars*
	FY2003	FY2002	FY2003
ASSETS			
Cash and deposits:			
Cash	¥ 1,580	¥ 1,488	\$ 14.9
Deposits	295,961	244,389	2,800.2
Call loans	700,000	350,000	6,623.1
Monetary claims bought	102,527	42,541	970.0
Money-placed-in-trust	9,934	—	93.9
Securities:			
Domestic bonds:			
Government bonds	5,217,850	3,815,608	49,369.3
Municipal bonds	313,175	252,090	2,963.1
Corporate bonds	2,056,258	1,329,702	19,455.5
Domestic stocks	3,632,129	2,096,461	34,365.8
Foreign securities	3,080,520	1,572,186	29,146.7
Other securities	133,764	32,820	1,265.6
Loans:			
Policy loans	443,196	338,557	4,193.3
Financial loans	7,522,286	4,590,453	71,173.1
Real estate and movables:			
Land	812,920	600,634	7,691.5
Buildings	474,742	345,080	4,491.8
Movable properties	10,084	7,947	95.4
Buildings and repairing suspense account	55,203	36,292	522.3
Agency account receivable	333	435	3.1
Reinsurance account receivable	3,174	2,578	30.0
Other assets:			
Accounts receivable	123,008	175,326	1,163.8
Prepaid expenses	5,341	3,132	50.5
Accrued investment income	93,149	60,941	881.3
Security deposits and rental deposits	11,238	6,662	106.3
Deposits on financial futures	39	43	0.3
Derivative financial instruments	7,690	2,334	72.7
Deferred losses on hedging instruments	11	—	0.1
Suspense payment	9,232	22,668	87.3
Miscellaneous assets	121,900	87,206	1,153.3
Deferred loss tax assets	108,427	247,964	1,025.8
Customers' liabilities for acceptances and guarantees	123	513	1.1
Reserves for possible loan losses	(15,934)	(22,924)	(150.7)
TOTAL ASSETS	¥25,329,873	¥16,243,139	\$239,661.9

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥105.69 to US\$1.00 prevailing on March 31, 2004.

	Millions of Yen		Millions of U.S. Dollars*
	FY2003	FY2002	FY2003
LIABILITIES AND SURPLUS			
(Liabilities)			
Policy reserves:			
Reserves for outstanding claims	¥ 174,893	¥ 96,100	\$ 1,654.7
Liability reserves	22,101,172	14,334,222	209,113.1
Reserves for policyholder dividends	494,878	356,281	4,682.3
Agency account payable	0	0	0.0
Reinsurance account payable	2,711	2,634	25.6
Corporate bonds	9,723	—	92.0
Other liabilities:			
Deposits received on bonds lending	598,127	450,003	5,659.2
Loans payable	100,038	0	946.5
Corporate income tax payable and others	333	34,690	3.1
Account payable	66,616	170,367	630.2
Unpaid expenses	27,761	23,594	262.6
Unearned investment income	14,122	7,114	133.6
Employees' and agents' savings deposits	14,973	21,268	141.6
Deposits received for guarantee	43,216	30,691	408.9
Margins on financial futures	18	—	0.1
Derivative financial instruments	32	350	0.3
Deferred gains on hedging instruments	—	7	—
Suspense receipts	10,141	10,019	95.9
Reserves for retirement benefits	78,518	62,639	742.9
Reserves for losses on sales of claims	25	27	0.2
Reserves for contingent liabilities	59,316	32,429	561.2
Reserves for asset value fluctuations	162,858	72,265	1,540.9
Deferred tax liabilities on revaluation of land	43,062	37,270	407.4
Acceptances and guarantees	123	513	1.1
TOTAL LIABILITIES	¥24,002,667	¥15,742,496	\$227,104.4
(Surplus)			
Foundation funds	190,000	100,000	1,797.7
Reserves with amortization of foundation funds	160,000	120,000	1,513.8
Revaluation surplus reserves	452	289	4.2
Surplus retained:			
Reserves for losses	4,623	1,671	43.7
Voluntary reserves:			
Reserves for fund amortization	67,000	—	633.9
Fund for asset value fluctuations	2,624	2,624	24.8
Fund for retirement allowances	1,498	1,764	14.1
Fund for promotion of welfare	665	319	6.2
Reserves for compressed entry of real estate	11,484	7,595	108.6
Reserves for separate account for compressed entry of real estate	1,276	—	12.0
Special reserves	2,000	2,000	18.9
Reserves for other uses	85	—	0.8
Unappropriated surplus for the period	196,764	70,280	1,861.7
[Net surplus for the period]	171,549	42,754	1,623.1
Revaluation reserves of land	76,059	65,828	719.6
Net unrealized gains on investments	612,671	128,269	5,796.8
TOTAL SURPLUS	1,327,206	500,642	12,557.5
TOTAL LIABILITIES AND SURPLUS	¥25,329,873	¥16,243,139	\$239,661.9

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥105.69 to US\$1.00 prevailing on March 31, 2004.

Non-Consolidated Statement of Operations and Surplus

For the years ended March 31, 2004 and 2003

	Millions of Yen		Millions of U.S. Dollars*
	FY2003	FY2002	FY2003
ORDINARY INCOME			
Premium income and reinsurance refunds:			
Premium income	¥2,394,388	¥2,184,114	\$22,654.8
Refunds on reinsurance	1,304	641	12.3
Investment income and gain:			
Interest and dividends:			
Interest on deposits	7	41	0.0
Interest and dividends on securities	224,041	182,728	2,119.7
Interest on loans	141,989	134,530	1,343.4
Rental income	32,248	31,214	305.1
Other interest and dividends	8,160	7,365	77.2
Money-placed-in-trust income	—	920	—
Gains on trading securities	445	—	4.2
Gains on securities sold	17,728	83,244	167.7
Gains on foreign exchange	86	—	0.8
Other investment income	318	459	3.0
Gains on separate account assets investment	89,319	—	845.1
Other ordinary income:			
Annuity supplementary contract premiums	7,262	3,037	68.7
Benefits left to accumulate at interest	276,060	184,072	2,611.9
Reversal of reserves for outstanding claims	—	4,365	—
Reversal of liability reserves	388,964	298,437	3,680.2
Reversal of reserves for retirement benefits	40,139	11,327	379.7
Miscellaneous income	4,368	5,064	41.3
TOTAL ORDINARY INCOME	¥3,626,834	¥3,131,564	\$34,315.7
ORDINARY EXPENSES			
Insurance benefits paid and others:			
Claims paid	752,022	737,012	7,115.3
Annuities paid	195,324	155,637	1,848.0
Benefits on policies paid	480,191	457,959	4,543.3
Surrender benefits paid	864,090	601,880	8,175.7
Other refunds paid	328,214	195,542	3,105.4
Reinsurance premiums	1,078	666	10.2
Transfers to policy reserves:			
Reserves for outstanding claims	3,186	—	30.1
Interest on dividend reserves	220	554	2.0
Investment expenses and losses:			
Interest paid	1,683	515	15.9
Losses on money-placed-in-trust	55	—	0.5
Losses on securities sold	40,159	73,336	379.9
Losses on securities appraised	7,425	124,417	70.2
Losses on securities redeemed	78	0	0.7
Expenses for derivative financial instruments	5,417	14,566	51.2
Losses on foreign exchange	—	207	—
Write-off of loans	34	418	0.3
Depreciation on real estate for rent	10,459	9,844	98.9
Other investment expenses	11,960	8,236	113.1
Losses on separate account assets investment	—	92,831	—
Operating expenses	316,853	273,284	2,997.9
Other ordinary expenses:			
Payments of benefits left to accumulate at interest	258,538	213,445	2,446.1
Taxes	18,221	16,964	172.4
Depreciation	19,772	18,824	187.0
Miscellaneous expenses	5,854	5,420	55.3
TOTAL ORDINARY EXPENSES	¥3,320,842	¥3,001,566	\$31,420.5

	Millions of Yen		Millions of U.S. Dollars*
	FY2003	FY2002	FY2003
ORDINARY PROFITS	¥305,992	¥129,998	\$2,895.1
Special profits:			
Gains on disposals of real estate and movables	221	2,410	2.0
Reversal of reserves for losses on sales of claims	2	—	0.0
Reversal of reserves for possible loan losses	8,224	9,635	77.8
Special losses:			
Losses on disposals of real estate and movables	33,901	13,836	320.7
Transfer to reserves for losses on sales of claims	—	0	—
Transfer to reserves for contingent liabilities	12,198	10,133	115.4
Transfer to reserves for asset value fluctuations	61,966	2,531	586.3
Losses on compressed entry of real estate	279	342	2.6
Donations for promotion of welfare	343	397	3.2
Amortization of transition amount for retirement benefits	13,751	13,751	130.1
Other special losses	6,379	57,670	60.3
NET SURPLUS BEFORE TAXES	185,617	43,380	1,756.2
Provision for corporate income taxes	11,295	49,865	106.8
Corporate income tax equivalent adjustment	2,772	(49,238)	26.2
NET SURPLUS FOR THE PERIOD	171,549	42,754	1,623.1
Unappropriated surplus gained due to merger	26,651	—	252.1
Reversal of revaluation reserves of land	(2,741)	308	(25.9)
Reversal of fund for asset value fluctuations	—	26,628	—
Reversal of fund for retirement allowances	960	191	9.0
Reversal of fund for promotion of welfare	343	397	3.2
UNAPPROPRIATED SURPLUS FOR THE PERIOD	¥196,764	¥ 70,280	\$1,861.7

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥105.69 to US\$1.00 prevailing on March 31, 2004.

Appropriation of Surplus

For the years ended March 31, 2004 and 2003

	Millions of Yen		Millions of U.S. Dollars*
	FY2003	FY2002	FY2003
Unappropriated surplus for the period	¥196,764	¥70,280	\$1,861.7
Reversal of voluntary reserves:			
Reserves for compressed entry of real estate	554	173	5.2
TOTAL UNAPPROPRIATED SURPLUS	197,318	70,454	1,866.9
Transfer to reserves for policyholder dividends	142,275	47,654	1,346.1
Net surplus for the period:			
Transfer to reserves for losses	434	145	4.1
Interest on foundation funds	2,389	658	22.6
Transfers to voluntary reserves:			
Reserves for amortization of foundation funds	36,000	20,000	340.6
Fund for asset value fluctuations	12,639	—	119.5
Fund for retirement allowances	298	319	2.8
Fund for promotion of welfare	400	400	3.7
Reserves for separate account for compressed entry of real estate	2,882	1,276	27.2

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥105.69 to US\$1.00 prevailing on March 31, 2004.

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.

(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 FY2003, these direct deductions amounted to ¥9,319 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 32-14 of Enforcement Regulations of Insurance Business 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 32-14 of Enforcement Regulations of Insurance Business 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 and loans payable, 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 deductible 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 deductible 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.

3. Balance Sheets

(1) Depreciation on Real Estate and Movables

Accumulated depreciation on real estate and movables totaled ¥494,857 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 ¥765,250 million.

(3) Net Assets

The amount of net assets in accordance with the provisions of Article 24-2-2-2 of Enforcement Regulations of Insurance Business Law is ¥613,009 million.

(4) Monetary Claims on and Liabilities to Subsidiaries

Total monetary claims receivable from the Company's subsidiaries amounted to ¥23,383 million, while total monetary liabilities owed to subsidiaries amounted to ¥2,967 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 FY2003 are shown below:

a. Amount at the end of FY2002	¥356,281 million
b. Transfer from surplus for FY2002	¥ 47,654 million
c. Dividends to policyholders in FY2003	¥125,688 million
d. Interest on reserves	¥ 220 million
e. Increase due to merger	¥216,409 million
f. Balance at the end of FY2003	¥494,878 million

(7) Assets and Liabilities Denominated in Foreign Currencies

Assets denominated in foreign currencies totaled ¥2,471,252 million. (The main foreign currencies are US\$16,241 million and EUR4,245 million.) Liabilities denominated in foreign currencies totaled ¥11,762 million. (The main foreign currency is US\$104 million.)

(8) Assets Pledged as Collateral

Assets pledged as collateral amounted to ¥57,170 million.

(9) Non-Performing Loans

- a. Non-performing loans, including loans to borrowers under bankruptcy proceedings, past due loans, loans past due for three months or more, and restructured loans totaled ¥47,210 million. Loans to borrowers under bankruptcy proceedings amounted to ¥1,158 million and past due loans totaled ¥10,847 million.
- b. The estimated uncollectible amount for loans to bankrupt borrowers and past due loans was directly deducted from the outstanding balance. These deductions came to ¥1,534 million for loans to bankrupt borrowers and ¥7,785 million for past due loans.
- c. 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.
- d. 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.
- e. Loans past due for three months or more totaled ¥23 million. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under terms of the respective loans but not classified as loans to borrowers under bankruptcy proceedings or past due loans.
- f. Restructured loans, excluding the above, totaled ¥35,180 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.

(10) Securities Lent

The balance sheet amount of the securities lent under consumption loan agreements, including sales and repurchase transactions (“repo”) was ¥772,305 million.

(11) 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 ¥27,747 million.

(12) Corporate Bonds

Corporate bonds are subordinated debt whose repayment is subordinated to other obligation.

(13) Loans Payable

Loans payable include subordinated debt of ¥100,000 million whose repayment is subordinated to other obligation.

(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 ¥10,902 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 ¥57,374 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	–¥437,544 million
b. Plan assets	¥450,839 million
Including retirement benefit trust	¥266,221 million
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c. Non-accumulated liability for retirement benefits (a+b)	¥ 13,295 million
d. Unrecognized transition amount	¥ 13,751 million
e. Unrecognized plan assets.....	–¥ 35,413 million
f. Unrecognized actuarial loss.....	–¥ 32,891 million
g. Unrecognized prior service cost.....	–¥ 23,214 million
h. Pre-paid plan cost	¥ 14,045 million
<hr/>	
i. Reserves for retirement benefits (c+d+e+f+g–h)	–¥ 78,518 million

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

- a. Allocation of expected retirement benefit paymentsFixed payments over a period of time
- b. Discount rate2.0%
- c. Expected rate of return on plan assets
 - Approved pension fund3.0%
 - Retirement benefit trust 0.0%
- d. Years for amortization of transition amount5 years
- e. Years for amortization of actuarial loss10 years
- f. Years for amortization of prior service cost10 years

(17) Deferred Tax Assets and Liabilities

- a. Deferred tax assets, which amount to ¥486,173 million, consist mainly of ¥184,086 million on policy reserves, ¥118,938 million on losses on securities appraised, ¥78,767 million on reserves for retirement benefits, and ¥58,873 million on reserves for asset value fluctuations.
- b. Deferred tax liabilities, which amount to ¥377,746 million, consist mainly of ¥346,876 million on unrealized gains on other securities.
- c. The statutory effective tax rate for FY2003 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 26.57% 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 FY2003 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.....¥65,872 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.
- e. The date and method related to the revaluation reserves of land acquired from The Yasuda Mutual Life Insurance Company upon the merger on January 1, 2004, are as follows.
Date of revaluation: March 31, 2001
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 or to the Law Concerning Appraised Values, as stipulated in Article 5.

(19) Subsidiaries' Shares

The shares of subsidiaries were valued at ¥195,167 million.

4. Operations and Surplus

(1) Transactions with Subsidiaries

Total profits from transactions with the Company's subsidiaries amounted to ¥6,022 million, while total expenses amounted to ¥18,285 million.

(2) Gains and Losses on Securities

- a. Gains on securities sold are ¥387 million from domestic bonds, ¥14,632 million from domestic stocks, and ¥2,705 million from foreign securities.
- b. Losses on securities sold are ¥9,355 million from domestic bonds and ¥16,461 million from domestic stocks, and ¥13,900 million from foreign securities.
- c. Losses on securities appraised are ¥1,951 million from domestic bonds, ¥2,521 million from domestic stocks, and ¥2,951 million from foreign securities.

(3) Gains on trading securities include valuation gains.

(4) Losses on money-placed-in-trust include valuation losses of ¥24 million.

(5) Expenses for derivative financial instruments include valuation losses of ¥18,221 million.

(6) Cost of Retirement Benefits

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

- a. Service cost ¥ 9,361 million
 - b. Interest cost..... ¥ 6,402 million
 - c. Expected return on plan assets -¥ 3,548 million
 - d. Amortization of transition amount ¥13,751 million
 - e. Amortization of actuarial loss -¥ 3,099 million
 - f. Amortization of prior service cost -¥ 1,793 million
 - g. Others ¥ 2,524 million
- Net Benefit Cost amounted to ¥23,598 million (a+b+c+d+e+f+g).

(7) Other special losses include expenses related to merger.

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)	
	FY2003	FY2002
Individual life insurance	¥157,527,222	¥107,045,710
Individual annuities	11,439,315	7,407,878
Group life insurance	119,716,423	52,845,514
Group pensions*	7,413,737	4,547,557

*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)	
	FY2003	FY2002
Individual life insurance	¥7,718,659	¥8,762,459
Individual annuities	244,019	128,291
Group life insurance	3,557,172	843,036
Group pensions*	1,232	518

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

1-3. Premium Income

	(Millions of Yen)	
	FY2003	FY2002
Individual life insurance	¥1,093,575	¥1,084,104
Individual annuities	302,856	210,011
Group life insurance	231,417	174,319
Group pensions	722,826	672,654
TOTAL*	¥2,394,388	¥2,184,114

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

1-4. Insurance Benefits Paid

	(Millions of Yen)					
	FY2003				FY2002	
	Individual life	Individual annuities	Group life	Group pensions	Total*	Total*
Claims paid:						
Death benefits	¥230,173	¥ 2,011	¥126,656	¥ —	¥363,149	¥322,137
Accidental death benefits	3,199	7	228	—	3,483	3,629
Disability benefits	16,297	74	6,434	—	22,807	18,176
Maturity benefits	348,513	4	6	12,493	362,543	393,055
Others	21	—	8	—	38	12
Annuities paid	22,386	66,071	5,730	98,016	195,324	155,637
Benefits on policies paid:						
Death benefits	972	8,114	3	864	10,136	7,775
Hospitalization benefits	35,052	1,483	205	—	37,360	34,945
Operation benefits	11,394	597	—	—	11,992	10,042
Injury benefits	720	4	33	—	774	760
Survivor benefits	96,989	3,054	—	—	102,903	79,509
Lump sum benefits	—	—	41	290,537	290,578	300,655
Others	23,224	103	—	3,017	26,444	24,270
Surrender benefits paid	265,895	94,493	4	473,226	864,090	601,880

*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)	
	FY2003	FY2002
Cash, deposits and call loans	¥ 949,610	¥ 551,827
Monetary claims bought	102,527	42,541
Money-placed-in-trust	9,934	—
Securities:		
Domestic bonds	7,357,373	5,175,144
Domestic stocks	3,378,989	1,919,497
Foreign securities:		
Foreign bonds	1,914,489	974,392
Foreign stocks	958,758	408,658
Others	121,495	27,906
Loans:		
Policy loans	443,196	338,557
Financial loans	7,522,286	4,590,446
Real estate	1,342,865	982,007
Deferred tax assets	108,427	247,964
Others	381,202	365,999
Reserves for possible loan losses	(15,934)	(22,924)
TOTAL	¥24,575,223	¥15,602,019
(Assets denominated in foreign currencies).....	¥ 2,267,015	¥ 1,220,566

2-2. Average Balances of Assets

	(Millions of Yen)	
	FY2003	FY2002
Cash, deposits and call loans	¥ 589,721	¥ 415,883
Repurchase account	4,505	493
Monetary claims bought	86,294	41,405
Money-placed-in-trust	9,207	14,962
Domestic bonds	5,708,618	4,856,582
Domestic stocks	2,039,707	2,270,804
Foreign securities:		
Foreign bonds	1,269,520	927,491
Foreign stocks	476,723	410,787
Loans	5,653,248	5,018,827
(Financial loans)	5,297,134	4,674,634
Real estate	1,078,355	1,013,929
TOTAL	¥17,522,097	¥15,502,690
(Overseas investments)	¥ 2,413,379	¥ 2,067,093

2-3. Investment Income and Gain

	(Millions of Yen)	
	FY2003	FY2002
Interest and dividends	¥406,448	¥355,880
Money-placed-in-trust income	—	920
Gains on trading securities	445	—
Gains on securities sold	17,728	83,244
Gains on foreign exchange	86	—
Others	318	459
TOTAL	¥425,026	¥440,504

2-4. Investment Expenses and Losses

	(Millions of Yen)	
	FY2003	FY2002
Interest paid	¥ 1,683	¥ 515
Losses on money-placed-in-trust	55	—
Losses on securities sold	40,159	73,336
Losses on securities appraised	7,425	124,417
Losses on securities redeemed	78	0
Expenses for derivative financial instruments.....	5,417	14,566
Losses on foreign exchange	—	207
Write-off of loans	34	418
Depreciation of real estate for rent.....	10,459	9,844
Others	11,960	8,236
TOTAL	¥77,273	¥231,542

2-5. Net Investment Returns

	(%)	
	FY2003	FY2002
Cash, deposits and call loans	0.00	0.01
Repurchase account.....	0.01	0.01
Monetary claims bought	3.28	6.18
Money-placed-in-trust	(0.60)	6.15
Domestic bonds	1.54	2.23
Domestic stocks	1.26	(4.97)
Foreign securities:		
Foreign bonds	2.28	4.86
Foreign stocks	8.58	3.77
Loans	2.58	2.74
(Financial loans)	2.42	2.57
Real estate	1.34	1.50
TOTAL	1.98	1.35
(Overseas investments)	3.89	4.16

2-6. Breakdown of Securities Investment

	(Millions of Yen)	
	FY2003	FY2002
Domestic bonds:		
Government bonds	¥ 5,052,586	¥3,620,830
Municipal bonds	305,373	251,849
Corporate bonds	1,999,413	1,302,464
(Public corporation bonds)	776,067	704,912
Domestic stocks	3,378,989	1,919,497
Foreign securities:		
Foreign bonds	1,914,489	974,392
Foreign stocks	958,758	408,658
Others	121,495	27,906
TOTAL	¥13,731,106	¥8,505,598

2-7. Breakdown of Loans

	(Millions of Yen)	
	FY2003	FY2002
Policy loans	¥ 443,196	¥ 338,557
Financial loans:		
(Overseas loans)	754,891	608,511
Corporate loans	6,070,464	3,596,751
(to domestic corporations)	5,796,611	3,382,783
Loans to governments and supranationals	364,379	282,541
Loans to public organizations	439,571	312,139
Housing loans	330,420	231,119
Consumer loans	311,754	148,679
Others	5,694	19,215
TOTAL	¥7,965,483	¥4,929,004

*Securities and Others with Market Value

	(Millions of Yen)				
	FY2003				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds	¥ 7,332,586	¥ 7,478,030	¥ 145,444	¥ 188,878	¥ 43,434
Domestic stocks	2,315,635	3,143,900	828,265	867,032	38,767
Foreign securities:					
Foreign bonds	1,870,606	1,915,075	44,469	78,705	34,236
Foreign stocks	660,534	722,313	61,778	124,122	62,344
Other securities	85,103	94,293	9,189	12,196	3,006
Others**	65,208	65,241	32	238	205
TOTAL	¥12,329,674	¥13,418,854	¥1,089,179	¥1,271,172	¥181,993

* 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)				
	FY2002				
	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.

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

(Millions of Yen)

	FY2003				FY2002			
	Foreign securities			Overseas loans	Foreign securities			Overseas loans
	Total	Bonds	Stocks		Total	Bonds	Stocks	
North America	¥1,145,874	¥1,062,604	¥ 83,270	¥ 155,088	¥ 718,102	¥635,180	¥ 82,921	¥140,077
Europe	837,507	532,741	304,765	300,659	410,024	269,789	140,235	223,340
Oceania	22,328	22,328	—	59,050	7,000	7,000	—	66,820
Asia	17,244	8,915	8,329	64,958	9,782	3,000	6,782	48,313
Latin America	828,986	266,593	562,392	12,845	223,829	45,110	178,718	4,568
Middle East	—	—	—	—	—	—	—	—
Africa	1,042	1,042	—	5,102	—	—	—	5,495
Supranationals	20,262	20,262	—	157,187	14,311	14,311	—	119,897
TOTAL	¥2,873,247	¥1,914,489	¥958,758	¥754,891	¥1,383,050	¥974,392	¥408,658	¥608,511

3. Non-performing Loans

(Millions of Yen)

	FY2003	FY2002
Loans to bankrupt borrowers	¥ 1,158	¥ 1,827
Past due loans	10,847	9,865
Loans past due three months or more	23	—
Restructured loans	35,180	10,159
TOTAL	¥47,210	¥21,853
Non-performing loans/total loans	0.59%	0.44%

4. Outline of Reserves

4-1. Liability Reserves

(Millions of Yen)

	FY2003	FY2002
Liability reserves:		
Individual life insurance	¥ 9,369,334	¥ 6,452,924
Individual annuities	4,444,313	2,847,447
Group life insurance	162,135	15,721
Group pensions	7,413,737	4,547,557
Others	271,692	227,590
Reserves for contingencies	439,958	242,981
TOTAL	¥22,101,172	¥14,334,222

4-2. Other Reserves

(Millions of Yen)

	FY2003	FY2002
Reserves for possible loan losses:		
General reserves for possible loan losses	¥ 10,013	¥17,533
Specific reserves for possible loan losses	5,921	5,390
Specific reserves for country risk	0	0
Reserves for retirement benefits	78,518	62,639
Reserves for losses on sales of claims	25	27
Reserves for contingent liabilities	59,316	32,429
Reserves for asset value fluctuations	162,858	72,265

Consolidated Financial Statements

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

Consolidated Balance Sheet

As of March 31, 2004 and 2003

	Millions of Yen		Millions of U.S. Dollars*
	FY2003	FY2002	FY2003
ASSETS			
Cash and deposits	¥ 342,240	¥ 272,493	\$ 3,238.1
Call loans	700,000	350,000	6,623.1
Monetary claims bought	102,527	42,541	970.0
Money-placed-in-trust	9,934	—	93.9
Securities	14,391,767	9,085,198	136,169.6
Loans	7,960,959	4,926,017	75,323.6
Real estate and movables	1,406,097	1,032,787	13,303.9
Agency account receivable	1,379	1,034	13.0
Reinsurance account receivable	3,369	2,733	31.8
Other assets	385,054	371,057	3,643.2
Deferred tax assets	107,337	252,676	1,015.5
Customers' liabilities for acceptances and guarantees	123	513	1.1
Reserves for possible loan losses	(15,404)	(21,678)	(145.7)
TOTAL ASSETS	¥25,395,388	¥16,315,376	\$240,281.8
LIABILITIES AND SURPLUS			
(Liabilities)			
Policy reserves:			
Reserves for outstanding claims	¥ 185,217	¥ 101,441	\$ 1,752.4
Liability reserves	22,168,908	14,395,700	209,754.0
Reserves for policyholder dividends	494,878	356,298	4,682.3
Agency account payable	6	14	0.0
Reinsurance account payable	3,155	3,050	29.8
Corporate bonds	9,723	—	92.0
Other liabilities	896,352	775,859	8,480.9
Reserves for retirement benefits	79,128	63,105	748.6
Reserves for losses on sales of claims	25	27	0.2
Reserves for contingent liabilities	59,316	32,429	561.2
Reserves for asset value fluctuations	163,284	72,846	1,544.9
Deferred tax liabilities	1,440	2,227	13.6
Deferred tax liabilities on revaluation of land	43,062	37,270	407.4
Acceptances and guarantees	123	513	1.1
TOTAL LIABILITIES	24,104,623	15,840,785	228,069.0
MINORITY INTERESTS	6,310	3,684	59.7
(Surplus)			
Foundation funds	190,000	100,000	1,797.7
Reserves with amortization of foundation funds	160,000	120,000	1,513.8
Revaluation surplus reserves	452	289	4.2
Consolidated surplus	259,928	61,775	2,459.3
Revaluation reserves for land	76,059	65,828	719.6
Net unrealized gains on investments	613,539	130,819	5,805.0
Currency translation adjustment	(15,526)	(7,805)	(146.9)
TOTAL SURPLUS	1,284,454	470,906	12,153.0
TOTAL LIABILITIES, MINORITY INTERESTS AND SURPLUS	¥25,395,388	¥16,315,376	\$240,281.8

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥105.69 to US\$1.00 prevailing on March 31, 2004.

Consolidated Statement of Operations and Surplus

For the years ended March 31, 2004 and 2003

	Millions of Yen		Millions of U.S. Dollars*
	FY2003	FY2002	FY2003
ORDINARY INCOME			
Premium income and reinsurance refunds	¥3,343,514	¥2,215,130	\$31,635.1
Investment income and gain:			
Interest and dividends	548,826	360,282	5,192.7
Money-placed-in-trust income	4,494	920	42.5
Gains on securities sold	55,645	83,712	526.4
Gains on securities redeemed	223	—	2.1
Other investment income	3,215	24,456	30.4
Gains on separate account assets investment	110,705	—	1,047.4
Other ordinary income	910,658	511,408	8,616.3
TOTAL ORDINARY INCOME	4,977,282	3,195,910	47,093.2
ORDINARY EXPENSES			
Insurance benefits paid and others:			
Claims paid	1,078,708	760,244	10,206.3
Annuities paid	278,571	156,007	2,635.7
Benefits on policies paid	692,910	459,594	6,556.0
Surrender benefits paid	1,140,474	603,747	10,790.7
Other refunds paid and expenses	400,304	196,220	3,787.5
Transfers to policy reserves:			
Reserves for outstanding claims	7,848	—	74.2
Interest on dividend reserves	393	554	3.7
Investment expenses and losses:			
Interest paid	5,198	1,859	49.1
Losses on trading securities	9,463	—	89.5
Losses on securities sold	85,660	73,379	810.4
Losses on securities appraised	16,564	124,817	156.7
Losses on securities redeemed	228	0	2.1
Expenses for derivative financial instruments	46,218	14,566	437.3
Losses on foreign exchange	317	278	3.0
Write-off of loans	34	418	0.3
Depreciation on real estate for rent	13,892	11,843	131.4
Other investment expenses	19,332	11,175	182.9
Losses on separate account assets investment	—	92,831	—
Operating expenses	472,281	280,935	4,468.5
Other ordinary expenses	351,091	260,681	3,321.9
TOTAL ORDINARY EXPENSES	4,619,494	3,049,157	43,707.9
ORDINARY PROFITS	357,788	146,753	3,385.2
Special profits:			
Gains on disposals of real estate and movables	19,634	1,670	185.7
Reversal of reserves for losses on sales of claims	2	—	0.0
Reversal of reserves for possible loan losses	10,222	9,277	96.7
Other special profits	26,823	—	253.7
Special losses:			
Losses on disposals of real estate and movables	38,410	14,160	363.4
Transfer to reserves for losses on sales of claims	—	0	—
Transfer to reserves for contingent liabilities	28,465	10,133	269.3
Transfer to reserves for asset value fluctuations	63,851	2,518	604.1
Losses on compressed entry of real estate	279	342	2.6
Donations for promotion of welfare	406	397	3.8
Amortization of transition amount for retirement benefits	13,769	13,753	130.2
Other special losses	9,338	58,104	88.3
NET SURPLUS BEFORE TAXES	259,948	58,290	2,459.5
Provision for corporate income taxes	12,525	50,804	118.5
Corporate income tax equivalent adjustment	29,281	(44,332)	277.0
Minority interests	(1,452)	239	(13.7)
NET SURPLUS FOR THE PERIOD	¥ 219,594	¥ 51,579	\$ 2,077.7

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥105.69 to US\$1.00 prevailing on March 31, 2004.

Consolidated Statement of Surplus

For the years ended March 31, 2004 and 2003

	Millions of Yen		Millions of U.S. Dollars*
	FY2003	FY2002	FY2003
Consolidated surplus at the beginning of the period	¥ 61,775	¥58,759	\$ 584.5
Increase in consolidated surplus:			
Net surplus for the period	219,594	51,579	2,077.7
Increase in surplus due to the merger	108,764	—	1,029.0
Change of scope of consolidation	193	—	1.8
Reversal of revaluation reserves of land	—	308	—
Decrease in consolidated surplus:			
Transfer to reserves for policyholder dividends	120,441	28,520	1,139.5
Transfer to reserves with amortization of foundation funds	—	20,000	—
Interest on foundation funds	2,392	326	22.6
Bonuses for directors and auditors	—	24	—
Change of scope of consolidation	0	—	0.0
Change of scope of consolidation and equity method investees	5,210	—	49.3
Reversal of revaluation reserves of land	2,353	—	22.2
CONSOLIDATED SURPLUS AT THE END OF THE PERIOD	¥259,928	¥61,775	\$2,459.3

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥105.69 to US\$1.00 prevailing on March 31, 2004.

Note: Consolidated companies include Meiji General Insurance Co., Ltd., The Yasuda General Insurance Co., Ltd., Yasuda Direct General Insurance Co., Ltd., MEIJI Dresdner Asset Management Co., Ltd., Yasuda Asset Management Co., Ltd., Meiji Yasuda System Technology Co., Ltd., Wellness Care Network Co., Ltd., Pacific Guardian Life Insurance Co., Ltd., Meiji Yasuda Realty USA, Inc., Meiji Yasuda Properties UK, Ltd., and Meiji Yasuda Realty UK, Ltd.