

Annual Report 2004

Meiji Yasuda Life Insurance Company, Year Ended March 31, 2004



Meiji Yasuda Life Insurance Company

Meiji Yasuda Life Insurance Company (Meiji Yasuda Life) was inaugurated on January 1, 2004, in an historic merger between two of Japan's major life insurers, Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company. These two companies, both established in the 1880s and having over 120 years of history and tradition to uphold, integrated their "pioneering spirits" to form a rejuvenated and innovative life insurance company.

Today, Meiji Yasuda Life's 49,412 employees including sales personnel serve its customers through a worldwide network that encompasses its headquarters in Tokyo, 100 regional offices, 25 group marketing offices and 1,588 agency offices in Japan. Overseas offices include subsidiaries and affiliates in 8 cities around the world. At the end of fiscal 2003, Meiji Yasuda Life had ¥288 trillion (US \$2,731 billion) worth of life insurance in force and total assets of ¥25,329 billion (US\$239 billion).

Financial Highlights	1
A Message from the Management	2
Corporate Strategy: To Be the Most Trusted Life Insurance Company	4
Business Activities	6
Financial Section (Combined Total of Two Companies)	12
Financial Section (Legal Requirement Basis)	25
Directors, Executive Officers and Auditors	41
Company Organization	42
Domestic Subsidiaries and Affiliates	43
International Directory	44

Financial Highlights

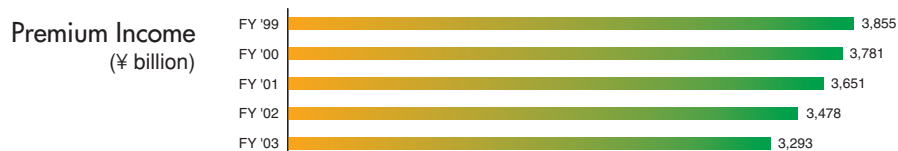
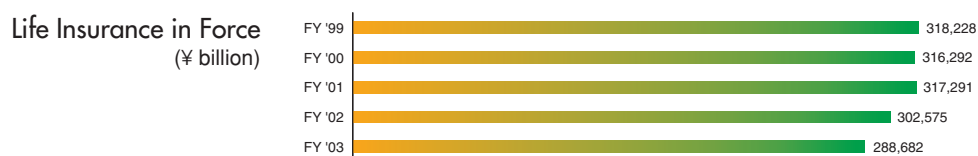
Meiji Yasuda Life Insurance Company

Years ended March 31

As of March 31, 2004 and 2003	Billions of Yen		Billions of U.S. Dollars*
	FY2003	FY2002	FY2003
Life Insurance in Force	¥288,682	¥302,575	\$2,731.4
Group Pensions in Force	7,413	7,829	70.1
Total Assets	25,329	25,727	239.6
<i>For the years ended March 31, 2004 and 2003</i>			
New Business**	13,039	16,085	123.3
Premium Income	3,293	3,478	31.1
Investment Income	540	557	5.1
Insurance Benefits Paid and Others	3,564	3,480	33.7

* 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.

** Figures in New Business are the amount of individual life insurance and annuities (adjusted for conversion).



Note: Please read above figures 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 are the combined total of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company.
- Figures for the year
Figures for fiscal 2003 are the combined total of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company from April 1 to December 31, 2003, and Meiji Yasuda Life Insurance Company from January 1 to March 31, 2004. Figures for fiscal 2002 are the combined total of results for Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company.

Meiji Yasuda Life Insurance Company (Meiji Yasuda Life) was inaugurated on January 1, 2004, making it the youngest life insurance company in the 21st century in Japan. It was formed by a merger between Meiji Life Insurance Company (Meiji Life) and The Yasuda Mutual Life Insurance Company (Yasuda Life), both pioneers in the life insurance arena in Japan with over 120 years of history and tradition. As of March 31, 2004, Meiji Yasuda Life had total assets of ¥25,329.8 billion, while also recording ¥288,682.9 billion worth of life insurance in force, and in particular, more than ¥119,000 billion in group insurance, which places us at the top level of global rankings.

The new corporate philosophy states: “As a pioneer in the Japanese life insurance industry, we will adhere to the spirit of mutual aid and our fundamental principle on being customer-oriented to provide high quality comprehensive insurance services in which life insurance plays a core role, and deliver assured ease of mind and wealth to our customers.” In line with this philosophy, all directors, employees and field forces are decisively acting to make Meiji Yasuda Life the life insurance company most trusted by customers. To ensure success in this mission, each and every member of the organization will respond with accuracy, flexibility and speed to the changes and demands of the times, always acting with high ethical standards and a cooperative spirit.

OVERVIEW OF FISCAL 2003

While Meiji Life and Yasuda Life each continuously worked to strengthen marketing and customer service capabilities, reinforce investment competency and financial strength, and refine internal controls, a transitional parallel operations program was introduced in order to achieve successful integrations. Up until the end of December 2003, that program enabled the two companies to operate as if one company aiming to boost profitability, sustain a sound financial base and exploit growth potential.

Since the merger in January 2004, Meiji Yasuda Life has proactively introduced a number of diverse initiatives that are rooted in its new corporate philosophy. These moves aim to create the life insurance company most trusted by customers.

The following are the major activities and achievements for the period under review.

- Launch of newly developed products commemorating the newly formed company. The competitive advantages of both companies' products were leveraged to develop the unequivocally unique concepts, which have never existed before in the Japanese life insurance industry.
- Well managed asset allocation, aiming to ensure stable investment income, came into operation which continually increased domestic public and corporate bonds, while also reducing the level of risk assets with special focus on the liquidation of Japanese stocks. Also foreign bonds were increased upon meticulous analysis of risk associated with exchange rate fluctuations to achieve yield potential. As a result of these efforts, coupled with the positive impact of the stock market recovery, more than ¥1 trillion in unrealized gains on securities were maintained at year-end.
- Base profit, an indicator of annual earnings from mainstay insurance operations, stood at ¥462.7 billion. Actual net assets stood at ¥2,687.7 billion (10.9% of total assets in the general account), as Meiji Yasuda Life preserved its leading position in the industry.
- A relatively high solvency margin ratio of 747.9%, which is a measurement of claim paying ability, was maintained at year-end. As of the end of April, 2004, Meiji Yasuda Life was awarded an “A+” rating from the Japan Credit Rating Agency, Ltd., an “A” from Rating and Investment Information, Inc., an “A” rating from AM Best, and a “BBB+” rating from Standard & Poor's.

STRATEGIC DIRECTION FOR FISCAL 2004

Fiscal 2004 has been designated as an extremely important year to promote the generation of merger synergies. Meiji Yasuda Life continues to endeavor to raise profitability, achieve competitive financial strength and increase growth potential. We will thus lay solid business foundations toward the development of the best company. Moreover, we will make further progress in refining our solid compliance and risk management system and in upgrading our customer service capability to enable us to increase the level of trust from our customers.

In the 21st century, it is expected that a declining birth rate and an aging population will be more prominent than ever experienced in Japanese society. These characteristics are forecast to drive an even greater need for self-help and self-reliance efforts in the coming years and thus the functions and services provided by the life insurance industry will certainly grow in importance. In these circumstances, Meiji Yasuda Life, as the most youthful and vigorous life insurance company in Japan, together with all management and personnel, will take action decisively and faithfully to promote the scale and quality of its business, and thereby we will gain a supreme level of customers' trust, both now and long into the future.

Note: Base profit for fiscal 2003 is the combined total of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company from April 1 to December 31, 2003, and Meiji Yasuda Life from January 1 to March 31, 2004.



宮本 三喜彦 金子 亮太郎
Mikihiko Miyamoto Ryotaro Kaneko
Chairman of the Board President

MEIJI YASUDA LIFE'S BUSINESS FIELD AND MODELS

The business fields of Meiji Yasuda Life and its group companies consist of life insurance/annuities, medical and nursing-care insurance, non-life insurance, investment advisory/investment trust and related services.

Based on the business environment in the 21st century and the above-mentioned business fields, Meiji Yasuda Life shall establish the following three business models to provide comprehensive high-quality insurance services to its customers.

Total Life Planning Services

Through cordial services and face-to-face consultations provided by sales personnel with full knowledge of products and related matters, Meiji Yasuda Life offers comprehensive insurance services best suited to the circumstances and personalized needs of its customers and be the best partner for both individuals and households.

Total Corporate & Group Services

Meiji Yasuda Life provides comprehensive services to both group and corporate customers by designing services based directly upon their risk planning needs. This will be achieved primarily through the promotion of progressive products by expert staff, the utilization of a "development & proposal" team-consulting model, which actively takes advantage of our service infrastructure, as well as the provision of high-quality after-sales service. Meiji Yasuda Life will establish de facto standards in the employee benefit sector and develop firm relationships with corporations and groups by widely supporting employee benefit programs and self-reliant efforts of employees and members.

Collaboration Marketing Services

With the start of OTC sales of individual annuity at financial institutions, Meiji Yasuda Life has formed alliances with 222 financial institutions as of the end of March, 2004 to provide the best individual annuity products and related services to financial institutions and their customers, and continues to pursue innovative opportunities from untapped sales channels such as insurance agencies and the internet to enhance customer convenience and expand a new customer base.

MEDIUM-TERM BUSINESS PLAN

Meiji Yasuda Life has established a Medium-Term Business Plan which aims to complete the development of the three business models and generate synergies from the merger.

From January 2004 through March 2005, Phase I of the Business Plan, we will complete all the necessary preparation for the prompt generation of synergies. We set aside Phase II, from April 2005 through March 2007, as the period in which we will achieve our corporate objectives. The basic policies of the Medium-Term Business Plan are as follows.

Basic Policies

Meiji Yasuda Life shall ensure profit-earning capability, growth potential and a sound financial base by effectively reallocating management resources expanded by the merger. At the same time, we will position ourselves to be the best company in the insurance industry in Japan by upgrading our management quality and scale.

We will promptly complete the development of the three business models, Total Life Planning Services, Total Corporate & Group Services and Collaboration Marketing Services, and will propel these business models by undertaking various measures, including the implementation of divisional and regional management systems. While swiftly establishing these business models, Meiji Yasuda Life will achieve growth in market share and confirm its solid presence in each business domain.

It is also our firm determination to make efforts for self-innovation in establishing a new corporate culture, enhancing the utilization of human resources, increasing profitability, upgrading compliance and risk management capabilities, and uplifting collective strength as Meiji Yasuda Group.

Major Objectives of the Medium-Term Business Plan

We will reinforce marketing for a wide range of customers, including breadwinners and their families as the main target group of our core insurance products, the younger generation and the female market, introducing new products commemorating the birth of Meiji Yasuda Life. We will also continue to launch new products based on the research and analysis of market trends and develop new products and distribution channels for the priority market, which includes the work-site market in large and mid-size groups and corporations. Through these initiatives, we are projecting ¥19 trillion of net life insurance in force from new business in 2006.

At the same time, we will focus on improving our after-sales service capabilities by reviewing internal systems and rules, such as the implementation of a new sales personnel system, which puts more emphasis on policy maintenance, including after-sales service activities. Together with increasing new business, we are aiming to post a net increase in life insurance in force in 2006.

Improving Management Efficiency

Both Meiji Life and Yasuda Life worked on improving management efficiency before the merger in order to raise profitability by consolidating sales offices and promoting manpower planning. Meiji Yasuda Life continues to implement measures to optimize the number of employees, consolidate sales offices, integrate information resources and improve efficiency in administration and services after the merger as well. Our objective is to reduce operating expenses by more than ¥40 billion compared with fiscal 2002, for a total of approximately ¥410 billion in 2006.

Life Insurance

DOMESTIC INSURANCE AND RELATED SERVICES

Meiji Yasuda Life is aiming at the life insurance company most trusted by customers. Through the enhancement of products and services, and the provision of highly-focused consulting services, Meiji Yasuda Life will cater for all life stages as well as the evolving needs of customers.

Product Development

In January 2004, a new product named “Life Account L.A. Double” was introduced to commemorate the inauguration of Meiji Yasuda Life. This product incorporates the superior aspects of products developed at each of Meiji Life and Yasuda Life. Specifically, Meiji Yasuda Life developed “Life Support Rider” and “Dependents Support Rider” to replace the term insurance rider that has played a center role in providing death benefits in the past. Life Support Rider is extremely innovative in Japan’s life industry by offering death benefits and disabled benefits from a predetermined condition under one policy. This product manifests the accession of the industry’s leading pioneering spirit into the newly merged organization. In addition, new hospitalization rider that emphasizes on the coverage for adult diseases, which a period of hospitalization for treatment of three major adult diseases in Japan is not counted for the restriction of total number of days hospitalized. This expanded rider line-up has further enhanced the account-type insurance products enabling more detailed customer needs to be met. In medical insurance, Meiji Yasuda Life offers “medical account m.a.,” the first account-type medical insurance in Japan that enables customers to flexibly review coverage in line with advances in medical technology.

In non-life insurance arena, Meiji Yasuda Life continues to respond to the diverse needs of its customers by providing non-life insurance products through sales personnel. In order to do so more effectively, we entered into a working relationship with NIPPONKOA Insurance Co., Ltd., which possesses one of the industry’s top product lineups coupled with an extensive non-life insurance service network.

Meiji General Insurance Co., Ltd. and The Yasuda General Insurance Company Ltd., subsidiaries of Meiji Yasuda Life, concluded a basic agreement to merge on April 1, 2005, pursuant to approval from the relevant authorities. The new company will provide non-life products and services focusing on the various risks surrounding the operations of corporations and groups. To achieve this, it will leverage Meiji Yasuda Life’s dominance in the corporate and group markets in the life insurance arena.

Meiji Yasuda Life Group intends to keep developing unequaled, quality insurance products in a variety of areas, including life insurance, medical insurance and non-life insurance.

Enhancing Customer Service Capability

Meiji Yasuda Life focuses itself on friendly face-to-face consulting services, while constantly endeavoring to enhance its customer services.

With the objective of earning a higher level of customer trust, Meiji Yasuda Life is working on strengthening its after-sales services by supplying all Life Account L.A. and medical account m.a. policyholders a yearly policy statement that includes comprehensive and easy-to-read explanations of current coverage and accumulated cash flow, plus supportive information to assist in the annual review.

Meiji Yasuda Life has empowered its 40,000 sales force with personal laptops and the mobile marketing terminal “My-star.” This device is equipped with features including the ability to download high-capacity video and audio contents by way of a high-speed broadband network. It supports and improves consulting services by helping personnel make the most appropriate proposals for each individual customer. The introduction of such equipment also gives support to speedy response to customer enquiries outside the office.

Meiji Yasuda Life also provides a service package named “MAP (Mental and Physical health support)”, that includes health, medical, nursing and life-related services for holders of the “Meiji Yasuda Life Card” in accordance with accumu-

Note: The name of “Meiji Yasuda Life” has been used to refer to actions taken by either Meiji Life or Yasuda Life prior to the merger date of January 1, 2004.

lated points earned depending on the amount of insurance coverage and the length that the policy has been in force.

Long-Term Care Services

Since the introduction of Japan's public long-term care insurance system in April 2000, numerous long-term care-related services have attracted public concern. In response, Meiji Yasuda Life offers quality advice and optimum long-term care plans through specialized care managers who operate in 17 care service offices in major cities throughout Japan. These services are provided by consultation at the offices, telephone or the internet.

In March 2002, Meiji Yasuda Life established Wellness Care Network Co., Ltd. in conjunction with NTT Data Corporation, NIPPONKOA Insurance Co., Ltd. Matsushita Electric Industrial Co., Ltd. and DC Card Co., Ltd. This joint company is able to provide even swifter, higher-quality services in the fields of health, medical and long-term care by utilizing networks and the wealth of knowledge each investing company possesses in relevant fields of expertise.

OTC Sales at Banks and Other Financial Institutions

In October 2002, an individual annuity was added to products sold over the counter (OTC) at financial institutions. Meiji Yasuda Life offers two products exclusively designed for this distribution channel: "Dream Annuity D.A." — launched in response to rising demand for aggressive asset management—is a variable annuity product in which cash value and future annuity benefit change in line with the performance of investment funds selected by the customer; and, "Fixed Annuity S" —launched to meet needs for safe and secure asset management—which is an annuity certain product that pays the amount promised in the contract.

Focused efforts have led to the creation of a distribution network that caters for new markets and needs. As of the end of March 2003, the number of financial institutions whom Meiji Yasuda Life contracted had risen to 222.

New premises for Meiji Yasuda Life, planned to be completed by the end of August 2004

In August 2001, Meiji Yasuda Life began the construction of a new state-of-the-art building with integrated facilities for business and office space in the present Head Office area with the purpose of maximizing the benefits offered in the Marunouchi business center, while preserving Meiji Seimei Kan as a historic symbol. The construction is planned for completion in August 2004.

In May 1997, Meiji Seimei Kan became the first modern building constructed in the Showa Era to be designated as an Important National Cultural Asset representing Western-style architecture in Japan.



INTERNATIONAL INSURANCE SERVICES

Meiji Yasuda Life has promoted its international insurance business in three core areas: international insurance, international insurance networks and international reinsurance with overseas insurance companies.

The United States

Pacific Guardian Life Insurance Company, Limited (“PGL”), the largest life insurance company domiciled in Hawaii, is a wholly-owned subsidiary of Meiji Yasuda Life. It has been 28 years since Meiji Yasuda Life first participated in the operations of PGL, which provides life insurance and health insurance to meet the needs of communities, mainly in Hawaii, the West Coast of the United States, Guam and the Northern Mariana Islands. PGL was given an “A” rating by AM Best. In addition, Meiji Yasuda America, Inc. offers insurance services for the products of associated insurers to Japanese affiliates in the United States, especially the states of New York and California.

Europe

Meiji Yasuda Europe Limited located in London and our Frankfurt office collect information on local insurance markets and provide it in the form of information services to Japanese companies operating in the region.

Asia

Reflecting our long-term commitment to China, which is widely regarded as one of the fastest growing markets in the 21st century, in December 2000 we invested in New China Life Insurance Co., Ltd., the fourth-largest life insurance company in China.

Hong Kong based Meiji Yasuda Asia Limited provides the insurance products of associated insurers in China (Hong Kong), the Philippines, Thailand, Malaysia, Taiwan and Singapore.

Meiji Yasuda Capital Management Asia, Ltd. works in cooperation with local insurance companies in Hong Kong, and controls the management of Mandatory Provident Funds (MPFs). Meiji Yasuda Life also has offices in Seoul and Beijing and continues to enhance operations of those offices in Asian Market.

International Insurance Networks

Several international life insurance company networks have been established in order to meet the group insurance and annuity needs of the overseas branches and subsidiaries of multinational corporations. Meiji Yasuda Life has joined two networks: All Net, administered by the Allianz Group, and the Swiss Life Network, run by Swiss Life. Through our cooperation with members of these networks, Meiji Yasuda Life provides insurance services across the globe.

International Reinsurance Business

Meiji Yasuda Life entered the international reinsurance field in 1981. Since then, the company has assumed the reinsurance of life, accident and health insurance policies from major foreign insurance companies around the world.

The Company has entered into reinsurance agreements with 24 insurers in 13 countries.

Asset Management Services

Under the backdrop of historically low interest rates and an aging population in Japan, asset management has attracted greater attention than ever. Amid such an environment, Meiji Yasuda Life has provided a variety of high-quality products and services for asset management in response to the advancing and diversifying needs of customers.

INVESTMENT TRUST & INVESTMENT ADVISORY AND MANAGEMENT BUSINESS

Meiji Yasuda Life Group develops investment trust business and investment advisory and management business through MEIJI Dresdner Asset Management Co., Ltd. (“MEIJI Dresdner”) and Yasuda Asset Management Co., Ltd. (“Yasuda Asset Management”), and offers highly detailed asset management services to customers.

Both companies operate in investment advisory and management business based on the expertise in group pension investment, as well as in investment trust business, providing a diverse range of investment trust products. MEIJI Dresdner offers asset management products and services primarily by utilizing the global research and investment network, and, on the other hand, Yasuda Asset Management develops and provides them in conjunction with external asset management institutions of established reputation.

Both companies also provide investment advisory services for the separate account of group pension offered by Meiji Yasuda Life. In the years to come, Meiji Yasuda Life Group will leverage its collective power to bolster its asset management services and provide products that correspond to customer expectations. Meiji Yasuda Life has been marketing the investment trust products of these two companies to meet diversified customer needs.

DEFINED CONTRIBUTION PENSION BUSINESS

Meiji Yasuda Life utilizes its abundant know-how and human resources in the pension field together with its nationwide service network to promote defined contribution pension, in a similar vein to defined benefit pension.

In December 2001, Meiji Yasuda Life was the first life insurance company to be appointed as a plan administrator of defined contribution pension plan, and the number of clients in this area has been steadily rising.

Meiji Yasuda Life not only independently acts as a plan administrator, but also introduces Defined Contribution Plan Consulting of Japan Co., Ltd., jointly established plan administrator, with The Bank of Tokyo-Mitsubishi, Ltd., The Mitsubishi Trust and Banking Corporation and The Tokio Marine and Fire Insurance Company, Limited. Meiji Yasuda Life strives to provide products that best suit customers' needs, notably: a defined contribution pension insurance with variable assumed interest rate and a variety of investment trust products from MEIJI Dresdner and Yasuda Asset Management and so on.

Corporate Social Responsibilities

RISK MANAGEMENT

Meiji Yasuda Life reckons risk management as one of the most important management measures. At the Board of Directors Meeting, Executive Committee Meeting and other various risk management committees, major risk management policies and internal rules are formulated and risks surrounding operations are appropriately controlled by regular monitoring on the status of risks.

To further strengthen and enhance risk management systems, Meiji Yasuda Life has set forth rules for reporting upon occurrence of risks that significantly impacts operations, and thus, top management can immediately recognize the risk status and decide what measures need to be adopted.

In line with the merger, Risk Management Department has been established to handle the overall risk management and control throughout the Group.

PROMOTING COMPLIANCE

Meiji Yasuda Life Insurance Company provides job performance guidelines for executive and personnel behavior in the code of conduct, which outlines our fundamental concepts related to compliance.

In addition to the publication of the Sales and Service Policy as our commitment on fair and faithful sales practices, a pledge to conduct fair sales practices is made by sales personnel at the monthly compliance morning meeting in agency offices all over Japan. Moreover, the details of these policies are fully informed through morning assemblies, meetings and training.

The Compliance Manual, with separate versions for field forces and employees, covers all the typical business affairs necessary for compliance in daily operations. All personnel regularly refer to this manual during work.

Compliance is promoted in accordance with the internal compliance program, which outlines a set of action plans. Legal Affairs & Compliance Office, which is independent of other business units, monitors the program, its execution and follow-up.

CONTRIBUTION TO SOCIETY

Meiji Yasuda Life promotes a wide variety of programs forward the achievement of true affluence of society, including activities for sound child development and wellbeing for the physically handicapped and elderly people.

The following outlines our major social contribution activities.

To mark the inauguration of the new company and to further advance the importance of social contribution, we have developed a project aimed at spreading performing arts, whereby those with disabilities and able-bodied persons can express themselves together.

In the field of international exchange, we offer support to the John Manjiro Whitfield Commemorative Center for International Exchange (CIE). Established in 1992, the key intentions of CIE are to encourage the exchange of opinions between Japanese and U.S. citizens at a grass-roots level, while also fostering international exchange. These exchange programs are held annually, alternating between the cities or regions of the two countries.

With regard to environmental activities, we have supported the “All-Japan Elementary and Junior High School Students’ Environmental Art Contest” since 1997. This competition invites entries from elementary and junior high school students based on themes related to the “creation of a beautiful city” and the “protection of valuable nature.”

As part of our community contribution activities, we founded the “MY Community Fund” in 1997, which consists of donations from directors and personnel to support personnel’s activities in contributing to local communities. More specifically, donations are made to top-up the contributions that personnel make and to provide support to personnel’s own activities and non-profit organizations for community development in which personnel are involving.

Also as our long-term endeavors, we have participated in the “Yellow Badge Traffic Safety Campaign” since 1965 for protecting first-graders from traffic accidents. Company directors and personnel have also made regular donations to a fund for physically and mentally challenged children since 1968, and in the process, have helped to bring live music concerts to the children since 1984. In another example, personnel volunteers have participated in the activities of food delivery services associations since 1996. During the year under review, personnel delivered hot Japanese lunch boxes, and enjoyed conversation with the physically disabled and elderly who are not mobile enough to manage cooking, in 30 locations throughout Japan. In July 2003, a group of elderly persons with rare opportunity for outing were invited to Company headquarters for lunch with a live performance by the Japan Philharmonic Orchestra.

Other instances of social contribution activities range from activities for social wellbeing to assisting art and community-based traditional cultural events in conjunction with foundations established under Meiji Yasuda Group.

CONTENTS

Five-Year Summary (Non-Consolidated Basis)	13
Non-Consolidated Balance Sheet	14
Non-Consolidated Statement of Operations and Surplus	16
Supplementary Financial Information (Non-Consolidated Basis)	18
Consolidated Balance Sheet	22
Consolidated Statement of Operations and Surplus	23
Consolidated Statement of Surplus	24

*Please read figures on pages 13 through 24 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 are the combined total of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company.
- Figures for the year
Figures for fiscal 2003 are the combined total of Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company from April 1 to December 31, 2003, and Meiji Yasuda Life Insurance Company from January 1 to March 31, 2004. Figures for fiscal 2002 are the combined total of results for Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company.
- Figures of investment returns
Figures for fiscal 2003 are calculated using results for Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company from April 1 to December 31, 2003, and Meiji Yasuda Life Insurance Company from January 1 to March 31, 2004. Figures for fiscal 2002 are calculated using the combined total of results for Meiji Life Insurance Company and The Yasuda Mutual Life Insurance Company.

Notes to consolidated financial statements on pages 22 through 24.

- 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.

Five-Year Summary (Non-Consolidated Basis)

Years ended March 31

	Millions of Yen				
	FY2003	FY2002	FY2001	FY2000	FY1999
Total ordinary income	¥ 4,909,271	¥ 5,070,274	¥ 5,171,174	¥ 5,101,321	¥ 5,930,903
Ordinary profits	350,924	185,877	47,610	305,906	371,868
Surplus for the period	198,005	113,307	43,467	185,233	196,429
Total amount of foundation funds (Note 1)	350,000	350,000	290,000	260,000	190,000
Total assets	25,329,873	25,727,233	26,860,227	27,726,043	26,926,438
Assets in separate accounts	765,250	869,150	1,159,798	1,607,009	1,686,699
Liability reserves	22,101,172	22,625,939	23,152,285	23,566,668	23,744,872
Loans	7,965,483	8,464,158	8,613,927	9,046,838	9,244,508
Securities	14,433,699	13,298,425	14,373,356	14,531,978	13,594,418
Solvency-margin ratio	747.9%	—	—	—	—
(Ref.) Meiji Life Insurance (Note 2)	—	532.0%	609.4%	667.2%	731.0%
(Ref.) The Yasuda Mutual Life Insurance (Note 2)....	—	617.6%	612.8%	602.6%	808.5%
Life insurance in force (Note 3)	288,682,961	302,575,595	317,291,816	316,292,701	318,228,200
Group pensions in force (Note 4)	7,413,737	7,829,634	8,252,452	8,596,464	8,859,807

- Notes:
1. Total amount of foundation funds includes reserves with amortization of foundation funds.
 2. The method for calculating solvency-margin ratio, including expressions and standards, was changed in fiscal 2001 in accordance with directives from the Financial Services Agency.
 3. Life Insurance in force is the sum total of individual life insurance, individual annuities and group life insurance in force.
 4. Group pensions in force are the sum total of liability reserves for group pensions.

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	¥ 1,977	\$ 14.9
Deposits	295,961	348,360	2,800.2
Call loans	700,000	644,800	6,623.1
Repurchase account	—	107,980	—
Monetary claims bought	102,527	142,941	970.0
Money-placed-in-trust	9,934	371,867	93.9
Securities:			
Domestic bonds:			
Government bonds	5,217,850	4,913,120	49,369.3
Municipal bonds	313,175	419,300	2,963.1
Corporate bonds	2,056,258	2,122,641	19,455.5
Domestic stocks	3,632,129	2,952,408	34,365.8
Foreign securities	3,080,520	2,744,118	29,146.7
Other securities	133,764	146,835	1,265.6
Loans:			
Policy loans	443,196	464,907	4,193.3
Financial loans	7,522,286	7,999,250	71,173.1
Real estate and movables:			
Land	812,920	833,609	7,691.5
Buildings	474,742	496,982	4,491.8
Movable properties	10,084	12,764	95.4
Buildings and repairing suspense account	55,203	37,739	522.3
Agency account receivable	333	469	3.1
Reinsurance account receivable	3,174	3,763	30.0
Other assets:			
Accounts receivable	123,008	196,167	1,163.8
Prepaid expenses	5,341	4,417	50.5
Accrued investment income	93,149	129,496	881.3
Security deposits and rental deposits	11,238	74,679	106.3
Deposits on financial futures	39	43	0.3
Derivative financial instruments	7,690	19,701	72.7
Deferred losses on hedging instruments	11	—	0.1
Suspense payment	9,232	28,803	87.3
Miscellaneous assets	121,900	114,121	1,153.3
Deferred tax assets	108,427	424,354	1,025.8
Customers' liabilities for acceptances and guarantees	123	1,027	1.1
Reserves for possible loan losses	(15,934)	(31,418)	(150.7)
TOTAL ASSETS	¥25,329,873	¥25,727,233	\$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	¥ 168,216	\$ 1,654.7
Liability reserves	22,101,172	22,625,939	209,113.1
Reserves for policyholder dividends	494,878	562,311	4,682.3
Agency account payable	0	0	0.0
Reinsurance account payable	2,711	3,158	25.6
Corporate bonds	9,723	11,058	92.0
Other liabilities:			
Deposits received on bonds lending	598,127	774,071	5,659.2
Loans payable	100,038	100,004	946.5
Corporate income tax payable and others	333	34,690	3.1
Account payable	66,616	177,757	630.2
Unpaid expenses.....	27,761	38,828	262.6
Unearned investment income	14,122	16,432	133.6
Employees' and agents' savings deposits	14,973	33,127	141.6
Deposits received for guarantee	43,216	45,419	408.9
Margins on financial futures	18	—	0.1
Securities borrowed	—	47,252	—
Derivative financial instruments	32	14,940	0.3
Deferred gains on hedging instruments	—	7	—
Suspense receipts	10,141	11,884	95.9
Reserves for retirement benefits	78,518	164,173	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	98,890	1,540.9
Deferred tax liabilities on revaluation of land	43,062	41,727	407.4
Acceptances and guarantees	123	1,027	1.1
TOTAL LIABILITIES	¥24,002,667	¥25,003,379	\$227,104.4
(Surplus)			
Foundation funds	190,000	190,000	1,797.7
Reserves with amortization of foundation funds	160,000	160,000	1,513.8
Revaluation surplus reserves	452	452	4.2
Surplus retained:			
Reserves for losses	4,623	4,078	43.7
Voluntary reserves:			
Reserves for fund amortization.....	67,000	31,000	633.9
Fund for asset value fluctuations	2,624	2,624	24.8
Fund for retirement allowances	1,498	2,574	14.1
Fund for promotion of welfare	665	672	6.2
Reserves for compressed entry of real estate	11,484	10,968	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	85	0.8
Unappropriated surplus for the period	196,764	161,202	1,861.7
[Net surplus for the period]	198,005	113,307	1,873.4
Revaluation reserves of land	76,059	73,707	719.6
Net unrealized gains on investments	612,671	84,487	5,796.8
TOTAL SURPLUS	1,327,206	723,853	12,557.5
TOTAL LIABILITIES AND SURPLUS	¥25,329,873	¥25,727,233	\$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	¥3,293,565	¥3,478,423	\$31,162.5
Refunds on reinsurance	3,172	2,631	30.0
Investment income and gain:			
Interest and dividends:			
Interest on deposits	9	58	0.0
Interest and dividends on securities	279,982	271,500	2,649.0
Interest on loans	208,339	230,537	1,971.2
Rental income	43,418	47,520	410.8
Other interest and dividends	8,938	8,200	84.5
Money-placed-in-trust income	4,533	14,309	42.8
Gains on trading securities	445	10,832	4.2
Gains on securities sold	52,274	134,350	494.5
Gains on securities redeemed	223	10	2.1
Gains on derivative financial instruments	—	71,299	—
Gains on foreign exchange	86	1,297	0.8
Other investment income	951	926	9.0
Gains on separate account assets investment	110,705	—	1,047.4
Other ordinary income:			
Annuity supplementary contract premiums	22,540	24,821	213.2
Benefits left to accumulate at interest	306,838	223,728	2,903.1
Reversal of reserves for outstanding claims	—	4,365	—
Reversal of liability reserves	524,766	526,345	4,965.1
Reversal of reserves for retirement benefits	42,082	11,327	398.1
Miscellaneous income	6,396	7,785	60.5
TOTAL ORDINARY INCOME	¥4,909,271	¥5,070,274	\$46,449.7
ORDINARY EXPENSES			
Insurance benefits paid and others:			
Claims paid	1,055,388	1,175,872	9,985.6
Annuities paid	278,260	258,995	2,632.7
Benefits on policies paid	691,319	795,210	6,541.0
Surrender benefits paid	1,138,887	904,942	10,775.7
Other refunds paid	396,592	342,602	3,752.4
Reinsurance premiums	3,705	3,123	35.0
Transfers to policy reserves:			
Reserves for outstanding claims	6,677	4,672	63.1
Interest on dividend reserves	393	1,321	3.7
Investment expenses and losses:			
Interest paid	4,344	4,081	41.1
Losses on money-placed-in-trust	55	—	0.5
Losses on trading securities	9,909	—	93.7
Losses on securities sold	85,589	198,222	809.8
Losses on securities appraised	16,844	256,508	159.3
Losses on securities redeemed	228	269	2.1
Expenses for derivative financial instruments	46,218	14,566	437.3
Losses on foreign exchange	436	207	4.1
Write-off of loans	34	418	0.3
Depreciation on real estate for rent	12,825	13,114	121.3
Other investment expenses	17,114	14,092	161.9
Losses on separate account assets investment	—	134,928	—
Operating expenses	451,016	450,290	4,267.3
Other ordinary expenses:			
Payments of benefits left to accumulate at interest	282,020	244,098	2,668.3
Taxes	26,251	27,259	248.3
Depreciation	27,551	29,044	260.6
Transfer to reserves for retirement benefits	—	3,019	—
Miscellaneous expenses	6,683	7,533	63.2
TOTAL ORDINARY EXPENSES	¥4,558,347	¥4,884,397	\$43,129.4

	Millions of Yen		Millions of U.S. Dollars*
	FY2003	FY2002	FY2003
ORDINARY PROFITS	¥350,924	¥185,877	\$3,320.3
Special profits:			
Gains on disposals of real estate and movables	284	2,596	2.6
Reversal of reserves for losses on sales of claims	2	0	0.0
Reversal of reserves for possible loan losses	10,933	17,938	103.4
Reversal of reserves for asset value fluctuations	—	43,601	—
Other special profits	26,777	—	253.3
Special losses:			
Losses on disposals of real estate and movables	44,603	31,341	422.0
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	63,967	2,531	605.2
Losses on compressed entry of real estate	279	342	2.6
Donations for promotion of welfare	406	763	3.8
Amortization of transition amount for retirement benefits	13,751	31,723	130.1
Other special losses	9,742	59,640	92.1
NET SURPLUS BEFORE TAXES	227,704	113,537	2,154.4
Provision for corporate income taxes	11,460	50,059	108.4
Corporate income tax equivalent adjustment	18,238	(49,829)	172.5
NET SURPLUS FOR THE PERIOD	198,005	113,307	1,873.4
Surplus brought forward	—	8,536	—
Reversal of revaluation reserves of land	(2,353)	10,592	(22.2)
Reversal of fund for asset value fluctuations	—	26,628	—
Reversal of fund for retirement allowances	1,395	1,372	13.2
Reversal of fund for promotion of welfare	406	763	3.8
Transfer to reserves for compressed entry of real estate	688	—	6.5
UNAPPROPRIATED SURPLUS FOR THE PERIOD	¥196,764	¥161,202	\$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.

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	¥170,179,353
Individual annuities	11,439,315	11,722,352
Group life insurance	119,716,423	120,673,889
Group pensions*	7,413,737	7,829,634

*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	¥12,685,050	¥15,786,702
Individual annuities	354,329	299,180
Group life insurance	8,565,354	5,567,097
Group pensions*	2,479	944

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

1-3. Premium Income

	(Millions of Yen)	
	FY2003	FY2002
Individual life insurance	¥1,495,106	¥1,651,766
Individual annuities	390,843	331,669
Group life insurance	384,178	383,832
Group pensions	966,867	1,051,714
TOTAL*	¥3,293,565	¥3,478,423

*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	¥321,621	¥ 2,022	¥205,771	¥ —	¥533,864	¥554,492
Accidental death benefits	4,241	7	634	—	4,950	6,000
Disability benefits	19,803	74	10,309	—	30,188	28,008
Maturity benefits	438,761	20	16	39,625	480,474	580,896
Others	5,891	—	9	—	5,911	6,474
Annuities paid	23,973	84,881	19,341	146,242	278,260	258,995
Benefits on policies paid:						
Death benefits	997	10,386	5	3,308	14,937	13,930
Hospitalization benefits	48,157	1,650	548	—	52,104	54,752
Operation benefits	17,402	692	—	—	18,095	17,736
Injury benefits	893	4	64	—	979	1,052
Survivor benefits	130,511	3,063	—	—	137,116	144,004
Lump sum benefits	—	20	312	439,672	440,006	536,883
Others	24,203	106	—	3,669	28,079	26,849
Surrender benefits paid	376,487	134,778	4	593,811	1,138,887	904,942

*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	¥ 927,688
Repurchase account	—	107,980
Monetary claims bought	102,527	142,941
Money-placed-in-trust	9,934	371,867
Securities:		
Domestic bonds	7,357,373	7,164,609
Domestic stocks	3,378,989	2,712,702
Foreign securities:		
Foreign bonds	1,914,489	1,451,463
Foreign stocks	958,758	1,045,133
Others	121,495	139,945
Loans:		
Policy loans	443,196	464,907
Financial loans	7,522,286	7,999,243
Real estate	1,342,865	1,368,331
Deferred tax assets	108,427	424,354
Others	381,202	580,460
Reserves for possible loan losses	(15,934)	(31,418)
TOTAL	¥24,575,223	¥24,870,211
(Assets denominated in foreign currencies).....	¥ 2,267,015	¥ 2,255,635

2-2. Average Balances of Assets

	(Millions of Yen)	
	FY2003	FY2002
Cash, deposits and call loans	¥ 815,540	¥ 648,385
Repurchase account	39,000	33,414
Monetary claims bought	139,584	113,836
Money-placed-in-trust	273,249	377,746
Domestic bonds	7,280,697	6,734,641
Domestic stocks	2,643,373	3,299,220
Foreign securities:		
Foreign bonds	1,619,213	1,515,002
Foreign stocks	958,949	1,120,145
Loans	8,314,737	8,548,135
(Financial loans)	7,864,299	8,074,549
Real estate	1,368,600	1,424,626
TOTAL	¥24,393,266	¥24,846,784
(Overseas investments)	¥ 3,740,323	¥ 3,949,439

2-3. Investment Income and Gain

	(Millions of Yen)	
	FY2003	FY2002
Interest and dividends	¥540,689	¥557,817
Money-placed-in-trust income	4,533	14,309
Gains on trading securities	445	10,832
Gains on securities sold	52,274	134,350
Gains on securities redeemed.....	223	10
Gains on derivative financial instruments	—	71,299
Gains on foreign exchange	86	1,297
Others	951	926
TOTAL	¥599,203	¥790,843

2-4. Investment Expenses and Losses

	(Millions of Yen)	
	FY2003	FY2002
Interest paid	¥ 4,344	¥ 4,081
Losses on money-placed-in-trust	55	—
Losses on trading securities	9,909	—
Losses on securities sold	85,589	198,222
Losses on securities appraised	16,844	256,508
Losses on securities redeemed	228	269
Expenses for derivative financial instruments.....	46,218	14,566
Losses on foreign exchange	436	207
Write-off of loans	34	418
Depreciation of real estate for rent.....	12,825	13,114
Others	17,114	14,092
TOTAL	¥193,599	¥501,481

2-5. Net Investment Returns

	(%)	
	FY2003	FY2002
Cash, deposits and call loans	0.00	0.01
Repurchase account.....	0.02	0.04
Monetary claims bought	2.41	2.80
Money-placed-in-trust	1.15	3.75
Domestic bonds	1.40	2.18
Domestic stocks	(0.61)	(6.95)
Foreign securities:		
Foreign bonds	2.29	3.03
Foreign stocks	4.39	5.14
Loans	2.55	2.73
(Financial loans)	2.41	2.59
Real estate	1.46	1.74
TOTAL	1.66	1.16
(Overseas investments)	2.92	3.86

2-6. Breakdown of Securities Investment

	(Millions of Yen)	
	FY2003	FY2002
Domestic bonds:		
Government bonds	¥ 5,052,586	¥ 4,680,954
Municipal bonds	305,373	415,407
Corporate bonds	1,999,413	2,068,248
(Public corporation bonds)	776,067	860,301
Domestic stocks	3,378,989	2,712,702
Foreign securities:		
Foreign bonds	1,914,489	1,451,463
Foreign stocks	958,758	1,045,133
Others	121,495	139,945
TOTAL	¥13,731,106	¥12,513,854

2-7. Breakdown of Loans

	(Millions of Yen)	
	FY2003	FY2002
Policy loans	¥ 443,196	¥ 464,907
Financial loans:		
(Overseas loans)	754,891	894,753
Corporate loans	6,070,464	6,339,003
(to domestic corporations)	5,796,611	5,985,543
Loans to governments and supranationals	364,379	409,542
Loans to public organizations	439,571	491,567
Housing loans	330,420	423,327
Consumer loans	311,754	315,791
Others	5,694	20,011
TOTAL	¥7,965,483	¥8,464,151

*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	¥ 7,085,367	¥ 7,467,896	¥382,528	¥383,211	¥ 682
Domestic stocks	2,440,679	2,388,566	(52,113)	216,384	268,497
Foreign securities:					
Foreign bonds	1,353,221	1,457,577	104,356	113,513	9,157
Foreign stocks	796,304	809,869	13,564	65,744	52,179
Other securities	103,519	101,979	(1,540)	3,254	4,794
Others**	91,861	92,072	211	466	254
TOTAL	¥11,870,953	¥12,317,962	¥447,008	¥782,575	¥335,567

* 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	¥ 800,102	¥ 716,010	¥ 84,091	¥200,099
Europe	837,507	532,741	304,765	300,659	673,384	356,387	316,997	352,384
Oceania	22,328	22,328	—	59,050	16,477	16,477	—	82,820
Asia	17,244	8,915	8,329	64,958	17,299	6,959	10,339	70,723
Latin America	828,986	266,593	562,392	12,845	963,031	329,326	633,704	11,568
Middle East	—	—	—	—	—	—	—	—
Africa	1,042	1,042	—	5,102	1,043	1,043	—	5,495
Supranationals	20,262	20,262	—	157,187	25,257	25,257	—	171,662
TOTAL	¥2,873,247	¥1,914,489	¥958,758	¥754,891	¥2,496,596	¥1,451,463	¥1,045,133	¥894,753

3. Non-performing Loans

(Millions of Yen)

	FY2003	FY2002
Loans to bankrupt borrowers	¥ 1,158	¥ 2,178
Past due loans	10,847	18,697
Loans past due three months or more	23	—
Restructured loans	35,180	11,608
TOTAL	¥47,210	¥32,484
Non-performing loans/total loans	0.59%	0.38%

4. Outline of Reserves

4-1. Liability Reserves

(Millions of Yen)

	FY2003	FY2002
Liability reserves:		
Individual life insurance	¥ 9,369,334	¥ 9,761,832
Individual annuities	4,444,313	4,169,528
Group life insurance	162,135	161,584
Group pensions	7,413,737	7,829,634
Others	271,692	275,790
Reserves for contingencies	439,958	427,568
TOTAL	¥22,101,172	¥22,625,939

4-2. Other Reserves

(Millions of Yen)

	FY2003	FY2002
Reserves for possible loan losses:		
General reserves for possible loan losses	¥ 10,013	¥ 22,814
Specific reserves for possible loan losses	5,921	8,600
Specific reserves for country risk	0	3
Reserves for retirement benefits	78,518	164,173
Reserves for losses on sales of claims	25	27
Reserves for contingent liabilities	59,316	32,429
Reserves for asset value fluctuations	162,858	98,890

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	¥ 396,915	\$ 3,238.1
Call loans	700,000	644,800	6,623.1
Repurchase account	—	107,980	—
Monetary claims bought	102,527	143,441	970.0
Money-placed-in-trust	9,934	371,867	93.9
Securities	14,391,767	13,251,894	136,169.6
Loans	7,960,959	8,461,186	75,323.6
Real estate and movables	1,406,097	1,439,884	13,303.9
Agency account receivable	1,379	1,826	13.0
Reinsurance account receivable	3,369	3,936	31.8
Other assets	385,054	584,889	3,643.2
Deferred tax assets	107,337	428,579	1,015.5
Customers' liabilities for acceptances and guarantees	123	1,027	1.1
Reserves for possible loan losses	(15,404)	(30,174)	(145.7)
TOTAL ASSETS	¥25,395,388	¥25,808,054	\$240,281.8
LIABILITIES AND SURPLUS			
(Liabilities)			
Policy reserves:			
Reserves for outstanding claims	¥ 185,217	¥ 177,519	\$ 1,752.4
Liability reserves	22,168,908	22,700,591	209,754.0
Reserves for policyholder dividends	494,878	562,328	4,682.3
Agency account payable	6	14	0.0
Reinsurance account payable	3,155	3,693	29.8
Corporate bonds	9,723	11,058	92.0
Other liabilities	896,352	1,324,722	8,480.9
Reserves for retirement benefits	79,128	165,430	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	99,491	1,544.9
Deferred tax liabilities	1,440	2,824	13.6
Deferred tax liabilities on revaluation of land	43,062	41,727	407.4
Acceptances and guarantees	123	1,027	1.1
TOTAL LIABILITIES	24,104,623	25,122,886	228,069.0
MINORITY INTERESTS	6,310	8,542	59.7
(Surplus)			
Foundation funds	190,000	190,000	1,797.7
Reserves with amortization of foundation funds	160,000	160,000	1,513.8
Revaluation surplus reserves	452	452	4.2
Consolidated surplus	259,928	170,540	2,459.3
Revaluation reserves for land	76,059	73,707	719.6
Net unrealized gains on investments	613,539	88,079	5,805.0
Currency translation adjustment	(15,526)	(6,156)	(146.9)
TOTAL SURPLUS	1,284,454	676,625	12,153.0
TOTAL LIABILITIES, MINORITY INTERESTS AND SURPLUS	¥25,395,388	¥25,808,054	\$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	¥3,533,096	\$31,635.1
Investment income and gain:			
Interest and dividends	548,826	563,708	5,192.7
Money-placed-in-trust income	4,494	14,910	42.5
Gains on trading securities	—	10,832	—
Gains on securities sold	55,645	134,885	526.4
Gains on securities redeemed	223	10	2.1
Gains on derivative financial instruments	—	71,299	—
Gains on foreign exchange	—	1,288	—
Other investment income	3,215	24,923	30.4
Gains on separate account assets investment	110,705	—	1,047.4
Other ordinary income	910,658	803,404	8,616.3
TOTAL ORDINARY INCOME	4,977,282	5,158,359	47,093.2
ORDINARY EXPENSES			
Insurance benefits paid and others:			
Claims paid	1,078,708	1,206,375	10,206.3
Annuities paid	278,571	259,366	2,635.7
Benefits on policies paid	692,910	796,845	6,556.0
Surrender benefits paid	1,140,474	907,158	10,790.7
Other refunds paid and expenses	400,304	346,941	3,787.5
Transfers to policy reserves:			
Reserves for outstanding claims	7,848	5,241	74.2
Interest on dividend reserves	393	1,321	3.7
Investment expenses and losses:			
Interest paid	5,198	5,425	49.1
Losses on trading securities	9,463	—	89.5
Losses on securities sold	85,660	198,268	810.4
Losses on securities appraised	16,564	256,908	156.7
Losses on securities redeemed	228	270	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	15,113	131.4
Other investment expenses	19,332	17,179	182.9
Losses on separate account assets investment.....	—	134,928	—
Operating expenses	472,281	471,186	4,468.5
Other ordinary expenses	351,091	318,276	3,321.9
TOTAL ORDINARY EXPENSES	4,619,494	4,956,069	43,707.9
ORDINARY PROFITS	357,788	202,290	3,385.2
Special profits:			
Gains on disposals of real estate and movables	19,634	1,858	185.7
Reversal of reserves for losses on sales of claims	2	0	0.0
Reversal of reserves for possible loan losses	10,222	17,581	96.7
Reversal of reserves for asset value fluctuations	—	43,591	—
Other special profits	26,823	—	253.7
Special losses:			
Losses on disposals of real estate and movables	38,410	39,128	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	763	3.8
Amortization of transition amount for retirement benefits	13,769	31,725	130.2
Other special losses	9,338	60,074	88.3
NET SURPLUS BEFORE TAXES	259,948	120,636	2,459.5
Provision for corporate income taxes	12,525	51,634	118.5
Corporate income tax equivalent adjustment	29,281	(45,063)	277.0
Minority interests	(1,452)	(1,416)	(13.7)
NET SURPLUS FOR THE PERIOD	¥ 219,594	¥115,481	\$ 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	¥170,540	¥157,088	\$1,613.5
Increase in consolidated surplus:			
Net surplus for the period	219,594	115,481	2,077.7
Change of scope of consolidation	193	—	1.8
Reversal of revaluation reserves of land	—	10,592	—
Decrease in consolidated surplus:			
Transfer to reserves for policyholder dividends	120,441	90,318	1,139.5
Transfer to reserves with amortization of foundation funds	—	20,000	—
Interest on foundation funds	2,392	2,065	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	213	49.3
Reversal of revaluation reserves of land	2,353	—	22.2
CONSOLIDATED SURPLUS AT THE END OF THE PERIOD	¥259,928	¥170,540	\$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.

CONTENTS

Non-Consolidated Balance Sheet	26
Non-Consolidated Statement of Operations and Surplus	28
Appropriation of Surplus	29
Notes to Non-Consolidated Financial Statements	30
Supplementary Financial Information (Non-Consolidated Basis)	34
Consolidated Balance Sheet	38
Consolidated Statement of Operations and Surplus	39
Consolidated Statement of Surplus	40

* 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
<hr/>	
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.

As of July 2, 2004

BOARD OF DIRECTORS

Mikihiko Miyamoto	Chairman of the Board
Ryotaro Kaneko	President
Yukichi Ozawa	Deputy President
Naoshi Kiyono	Deputy President
Toshio Akimoto	Senior Managing Director Chief Executive, Individual Insurance Marketing
Yoshio Yamamoto	Senior Managing Director
Shigeru Hirata	Senior Managing Director
Ikuo Sasaki	Senior Managing Director Chief Executive, Group Marketing
Masato Komura	Senior Managing Director Chief Executive, Investment
Hiromi Okamoto	Managing Director Chief Executive, Underwriting
Koichi Yamada	Managing Director Chief Executive, Customer Service
Katsuzo Iwata	Managing Director
Seiji Nishi	Managing Director
Ryusuke Inagaki	Managing Director Deputy Chief Executive, Group Marketing
Kenichi Sekiguchi	Managing Director Chief Executive, New Market Development
Kyoichi Fukuda	General Manager, Group Market Planning & Administration Department
Kenji Matsuo	General Manager, Real Estate Investment Department
Toshio Abe	General Manager, Human Resource Department
Masahiro Nakagawa	General Manager, Corporate Planning & Research Department
Kazutomo Ueyama	General Manager, Legal Affairs, Corporate Planning & Research Department
Hideaki Hattori	General Manager, International Department
Kiyotaka Fuke	General Manager, Marketing Planning & Research Department

EXECUTIVE OFFICERS

Kouichi Hagari	Managing Officer Chief General Manager, 1st Metropolitan Area Marketing Headquarters
Tsukashi Nitta	Managing Officer Deputy Chief Executive, Individual Insurance Marketing
Masuo Kuroki	Managing Officer Chief General Manager, Kyushu- Okinawa Area Marketing Headquarters
Michio Kondo	Managing Officer Chief General Manager, Kinki Area Marketing Headquarters
Shin'ichi Ikemoto	Managing Officer Chief General Manager, Tokyo Marketing Headquarters
Kunio Momoi	Chief General Manager, Hokkaido- Tohoku Area Marketing Headquarters
Masatami Sasano	Chief General Manager, Chubu- Hokuriku Area Marketing Headquarters
Tatsuo Shionozaki	General Manager, Koriyama Regional Office
Katsuzo Konishi	General Manager, 1st Government Offices Marketing Department
Yutaka Shigemori	Chief General Manager, Osaka Marketing Headquarters
Yasuharu Takamatsu	Chief General Manager, Nagoya Marketing Headquarters
Hajime Inomata	General Manager, Kyoto Regional Office

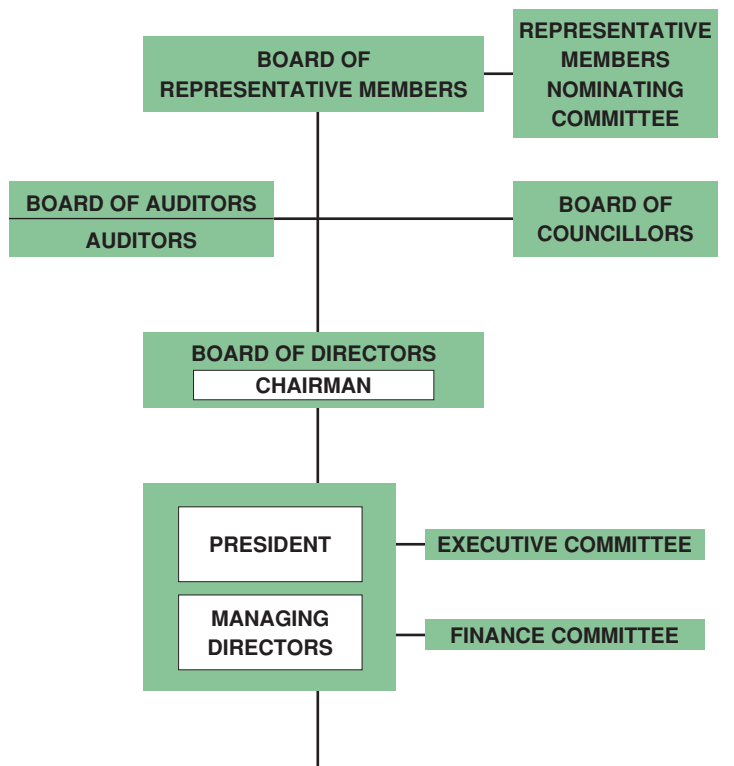
BOARD OF AUDITORS

Masatoshi Sato	Senior Corporate Auditor
Yutaka Ando	Senior Corporate Auditor
Satoru Kishi	Senior Corporate Auditor (Senior Advisor, The Bank of Tokyo- Mitsubishi, Limited)
Yasuhiro Satoh	Senior Corporate Auditor (Executive Adviser, Kirin Brewery Company, Limited)
Hiroshi Yasuda	Senior Corporate Auditor (Special Advisor, Yasuda Real Estate Company, Limited)

SENIOR CORPORATE ADVISOR

Terumichi Tsuchida
Kenjiro Hata
Yuji Oshima

As of July 2, 2004



Individual Insurance Marketing Division
Agency Department
Individual Property Insurance Marketing Office
Worksite Market Development Department
FP Education Department
New Market Development Division
New Market Development Department
Group Marketing Division
Group Market Development Department
Group Market Planning & Administration Department
Corporate Service Support Office
Group Insurance & Pension Administration Department
Group Insurance & Pension Administration Center
Investment Division
Investment Planning & Research Department
Corporate Finance & Personal Loan Department
Securities Investment Department
Real Estate Investment Department
Separate Account Investment Department
Credit Analysis & Investment Risk Management Department
Investment Administration Department
Underwriting Division
Underwriting Department
Medical Department
Customer Service Division
Customer Service Planning & Administration Department
Customer Service Office
Customer Communication Center
Policy Administration Center (2)
Policy Service Department
Claims Administration Department
Marketing Planning & Research Department
Product Development Department
Asset Management Department
Pension Consulting Office
International Department
Corporate Communications Department
Human Resource Department
Profit Management & Actuarial Department
Information Systems Department
General Affairs Department
Osaka General Affairs Department
Secretarial Department
Affiliated Companies Department
Corporate Planning & Research Department
Mutual Company Administration Office
Legal Affairs & Compliance Office
Risk Management Department
Auditing Department
Tokyo Marketing Headquarters
Nagoya Marketing Headquarters
Osaka Marketing Headquarters
Chief General Manager, Hokkaido-Tohoku Area Marketing Headquarters
Chief General Manager, 1st Metropolitan Area Marketing Headquarters
Chief General Manager, 2nd Metropolitan Area Marketing Headquarters
Chief General Manager, Kanto-Koshinetsu Area Marketing Headquarters
Chief General Manager, Chubu-Hokuriku Area Marketing Headquarters
Chief General Manager, Kinki Area Marketing Headquarters
Chief General Manager, Chugoku-Shikoku Area Marketing Headquarters
Chief General Manager, Kyushu-Okinawa Area Marketing Headquarters
Regional Offices (100)
Corporate Marketing Department (10)
Government Offices Marketing Department (7)
Association Marketing Department
Financial Institution Market Development Department
Area Group Marketing Department (6)

Domestic Subsidiaries and Affiliates

As of July 2, 2004

General Insurance Business.....	Meiji General Insurance Co., Ltd. The Yasuda General Insurance Co., Ltd. Yasuda Direct General Insurance Co., Ltd.*
Insurance-Related Services.....	Meiji Yasuda Life Insurance Agency Co., Ltd. Meiji Yasuda Insurance Service Co., Ltd. Japan Confirm Co., Ltd. MT Insurance Service Co., Ltd.
Investment- and Finance-Related Business	MEIJI Dresdner Asset Management Co., Ltd. Yasuda Asset Management Co., Ltd. Meiji Capital Co., Ltd. Yasuda Enterprise Development Co., Ltd. The Mitsubishi Asset Brains Co., Ltd. Defined Contribution Plan Consulting of Japan Co., Ltd. Tokyo Realty Investment Management, Inc.
Building Maintenance Services.....	Meiji Yasuda Real Estate Management Co., Ltd. ASBP Community, Inc. Shinjuku Center Building Management Co., Ltd.
Research, Development, Medical and Wellness Services	Diamond Athletics, Ltd. Meiji Yasuda Institute of Life and Wellness, Inc. Meiji Yasuda Life Planning Academy Co., Ltd. Wellness Care Network Co., Ltd. Meiji Yasuda Life Foundation of Health and Welfare Meiji Yasuda Mental Health Foundation The Meiji Yasuda Cultural Foundation
Others	Meiji Yasuda Delivery and Printing Co., Ltd. Meiji Yasuda Corporate Business Service Co., Ltd. Meiji Yasuda System Technology Co., Ltd. Meiji Yasuda Business Service Co., Ltd. Meiji Yasuda Staffing Service Co., Ltd. Meiji Yasuda Policy Administration Service Co., Ltd. Meiji Yasuda Welfare Service Co., Ltd. Japan Pension Service Co., Ltd.

* Yasuda Direct General Insurance Co., Ltd., all of whose shares are held by Meiji Yasuda Life Insurance Company and The Yasuda General Insurance Co., Ltd., will be transferred to NIPPONKOA Insurance Co., Ltd., subject to approval from relevant authorities, based on a basic agreement concluded with NIPPONKOA Insurance Co., Ltd. on April 27, 2004.

HEAD OFFICE

Naoshi Kiyono

Deputy President

Masato Komura

Senior Managing Director
Chief Executive, Investment

Hiromi Okamoto

Managing Director
Chief Executive, Underwriting
in charge of
International Department
(covering operations on Pacific
Guardian Life and Foreign Investment)

Ryusuke Inagaki

Managing Director
Deputy Chief Executive, Group Marketing
in charge of
Corporate Finance and Personal
Loan Department
(including International Finance)

As of July 2, 2004

Masahide Ishikawa

General Manager, Investment Planning & Research
Department

Yoshinori Ozaki

General Manager, Corporate Finance & Personal Loan
Department

Naoshi Sato

General Manager, Securities Investment Department

Tadashi Shiina

General Manager, Separate Account Investment Department

Takashi Kimura

General Manager, Credit Analysis & Investment Risk
Management Department

Kiyoshi Morita

General Manager, Investment Administration Department

Hiroyasu Aizawa

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Hideaki Hattori

Director
General Manager, International Department



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