

Financial Section

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Non-Consolidated Balance Sheet

Meiji Yasuda Life Insurance Company

As of March 31, 2006 and 2005

	Millions of Yen		Millions of U.S. Dollars*
	FY2005	FY2004	FY2005
ASSETS			
Cash and deposits:			
Cash	¥ 785	¥ 1,167	\$ 6.6
Deposits	293,222	252,052	2,496.1
Call loans	350,000	380,000	2,979.4
Monetary claims bought	103,028	94,138	877.0
Money-held-in-trust	9,894	10,023	84.2
Securities:			
Domestic bonds:			
Government bonds	7,165,565	6,600,787	60,999.1
Municipal bonds	193,208	239,191	1,644.7
Corporate bonds	1,677,052	1,863,837	14,276.4
Domestic stocks	5,360,332	3,851,102	45,631.4
Foreign securities	2,801,869	2,994,002	23,851.7
Other securities	99,321	115,508	845.5
Loans:			
Policy loans	417,352	431,750	3,552.8
Financial loans	6,465,376	6,729,372	55,038.5
Real estate and movables:			
Land	735,294	784,166	6,259.4
Buildings	454,101	502,645	3,865.6
Movable properties	6,615	8,282	56.3
Buildings and repairing suspense account	788	8,664	6.7
Agency account receivable	333	338	2.8
Reinsurance account receivable	2,012	2,717	17.1
Other assets:			
Accounts receivable	73,653	97,162	626.9
Prepaid expenses	5,060	6,091	43.0
Accrued income	78,649	83,407	669.5
Security deposits and rental deposits	6,301	7,387	53.6
Deposits on financial futures	264	214	2.2
Margins on financial futures	—	19	—
Derivative financial instruments	91	481	0.7
Deferred losses on hedging instruments	18	—	0.1
Suspense payment	8,030	7,608	68.3
Miscellaneous assets	104,666	112,904	891.0
Deferred tax assets	—	17,763	—
Customers' liabilities for acceptances and guarantees	6,669	—	56.7
Reserves for possible loan losses	(7,306)	(9,408)	(62.1)
TOTAL ASSETS	¥26,412,256	¥25,193,379	\$224,842.5

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥117.47 to US\$1.00 prevailing on March 31, 2006.

	Millions of Yen		Millions of U.S. Dollars*
	FY2005	FY2004	FY2005
LIABILITIES AND SURPLUS			
(Liabilities)			
Policy reserves:			
Reserves for outstanding claims	¥ 163,687	¥ 184,393	\$ 1,393.4
Liability reserves	21,749,959	21,877,961	185,153.3
Reserves for policyholder dividends	423,426	459,677	3,604.5
Agency account payable	0	0	0.0
Reinsurance account payable	1,806	2,637	15.3
Other liabilities:			
Deposits received on bonds lending	399,431	400,610	3,400.2
Loans payable	100,000	100,000	851.2
Corporate income tax payable and others	1,316	62,834	11.2
Account payable	66,878	50,784	569.3
Unpaid expenses	26,522	26,878	225.7
Unearned income	10,447	11,105	88.9
Employees' and agents' savings deposits	17,268	17,007	146.9
Deposits received for guarantee	42,510	46,257	361.8
Margins on financial futures	90	—	0.7
Derivative financial instruments	28	5,274	0.2
Deferred gains on hedging instruments	—	5	—
Suspense receipts	8,409	12,204	71.5
Reserves for retirement benefits	16,322	62,488	138.9
Reserves for contingent liabilities	6,293	70,002	53.5
Reserves for asset value fluctuations	195,653	194,569	1,665.5
Deferred tax liabilities	513,347	—	4,370.0
Deferred tax liabilities on revaluation of land	104,992	49,516	893.7
Acceptances and guarantees	6,669	—	56.7
TOTAL LIABILITIES	¥23,855,062	¥23,634,208	203,073.6
(Surplus)			
Foundation funds	120,000	150,000	1,021.5
Reserves with amortization of foundation funds	230,000	200,000	1,957.9
Revaluation surplus reserves	452	452	3.8
Surplus retained:			
Reserves for losses	5,488	5,057	46.7
Voluntary reserves:			
Reserves for fund amortization	69,000	63,000	587.3
Fund for asset value fluctuations	15,264	15,264	129.9
Fund for retirement allowances	1,790	1,796	15.2
Fund for promotion of welfare	448	443	3.8
Reserves for compressed entry of real estate	19,320	10,929	164.4
Reserves for separate account for compressed entry of real estate	—	4,159	—
Special reserves	2,000	2,000	17.0
Reserves for other uses	85	85	0.7
Unappropriated surplus for the period	189,830	185,056	1,615.9
[Net surplus for the period]	226,074	182,763	1,924.5
Revaluation reserves of land	69,697	66,987	593.3
Net unrealized gains on investments	1,833,814	853,937	15,610.9
TOTAL SURPLUS	2,557,193	1,559,170	21,768.9
TOTAL LIABILITIES AND SURPLUS	¥26,412,256	¥25,193,379	\$224,842.5

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥117.47 to US\$1.00 prevailing on March 31, 2006.

Non-Consolidated Statement of Operations and Surplus

Meiji Yasuda Life Insurance Company

For the years ended March 31, 2006 and 2005

	Millions of Yen		Millions of U.S. Dollars*
	FY2005	FY2004	FY2005
ORDINARY REVENUE			
Premium income and reinsurance refunds:			
Premium income	¥2,671,047	¥3,041,437	\$22,738.1
Refunds on reinsurance	2,198	2,075	18.7
Investment income and gain:			
Interest and dividends:			
Interest on deposits	1	4	0.0
Interest and dividends on securities	303,262	298,644	2,581.6
Interest on loans	142,593	168,139	1,213.8
Rental income	44,100	41,959	375.4
Other interest and dividends	7,028	8,050	59.8
Gains on money-held-in-trust	—	266	—
Gains on trading securities	3,539	1,648	30.1
Gains on securities sold	17,646	41,223	150.2
Gains on securities redeemed	16,757	13,607	142.6
Income for derivative financial instruments	18,600	—	158.3
Other investment income	487	467	4.1
Gains on separate account assets investment	150,945	28,038	1,284.9
Other ordinary revenue:			
Annuity supplementary contract premiums	21,679	21,531	184.5
Benefits left to accumulate at interest	161,112	194,928	1,371.5
Reversal of outstanding claims	20,706	—	176.2
Reversal of liability reserves	128,002	223,211	1,089.6
Reversal of reserves for retirement benefits	49,768	32,056	423.6
Miscellaneous income	6,572	6,262	55.9
TOTAL ORDINARY REVENUE	3,766,051	4,123,550	32,059.6
ORDINARY EXPENSES			
Insurance benefits paid and others:			
Claims paid	911,028	894,306	7,755.4
Annuities paid	309,787	285,219	2,637.1
Benefits on policies paid	559,676	613,308	4,764.4
Surrender benefits paid	676,142	694,339	5,755.8
Other refunds paid	321,434	505,014	2,736.3
Reinsurance premiums	2,160	2,277	18.3
Transfers to policy reserves:			
Reserves for outstanding claims	—	9,500	—
Interest on dividend reserves	350	372	2.9
Investment expenses and losses:			
Interest paid	5,442	4,747	46.3
Losses on money-held-in-trust	118	—	1.0
Losses on securities sold	37,952	57,428	323.0
Losses on securities appraised	6,478	6,556	55.1
Losses on securities redeemed	483	441	4.1
Expenses for derivative financial instruments	—	1,380	—
Losses on foreign exchange	24	1,265	0.2
Write-off of loans	—	131	—
Depreciation on real estate for rent	11,958	12,347	101.7
Other investment expenses	13,478	15,172	114.7
Operating expenses	342,393	372,396	2,914.7
Other ordinary expenses:			
Payments of benefits left to accumulate at interest	222,691	264,043	1,895.7
Taxes	22,096	23,994	188.0
Depreciation	26,044	27,860	221.7
Miscellaneous expenses	6,395	6,479	54.4
TOTAL ORDINARY EXPENSES	¥3,476,137	¥3,798,583	\$29,591.7

	Millions of Yen		Millions of U.S. Dollars*
	FY2005	FY2004	FY2005
ORDINARY INCOME	¥289,913	¥324,966	\$2,467.9
Extraordinary profits:			
Gains on disposals of real estate and movables	11,519	717	98.0
Reversal of reserves for losses on sales of claims	—	25	—
Reversal of reserves for contingent liabilities	2,910	—	24.7
Reversal of reserves for possible loan losses	4,369	6,695	37.1
Extraordinary losses:			
Losses on disposals of real estate and movables	26,127	32,207	222.4
Impairment losses	11,096	20,882	94.4
Transfer to reserves for contingent liabilities	—	12,286	—
Transfer to reserves for asset value fluctuations	1,083	31,711	9.2
Losses on compressed entry of real estate	73	104	0.6
Donations for promotion of welfare	594	622	5.0
Amortization of transition amount for retirement benefits	—	13,751	—
Other extraordinary losses	2,301	9,858	19.5
NET SURPLUS BEFORE TAXES	267,436	210,979	2,276.6
Provision for corporate income taxes	43,993	75,096	374.5
Corporate income tax equivalent adjustment	(2,632)	(46,879)	(22.4)
NET SURPLUS FOR THE PERIOD	226,074	182,763	1,924.5
Reversal of revaluation reserves of land	(37,151)	1,671	(316.2)
Reversal of fund for retirement allowances	313	—	2.6
Reversal of fund for promotion of welfare	594	622	5.0
UNAPPROPRIATED SURPLUS FOR THE PERIOD	¥189,830	¥185,056	\$1,615.9

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥117.47 to US\$1.00 prevailing on March 31, 2006.

Appropriation of Surplus

Meiji Yasuda Life Insurance Company

For the years ended March 31, 2006 and 2005

	Millions of Yen		Millions of U.S. Dollars*
	FY2005	FY2004	FY2005
Unappropriated surplus for the period	¥189,830	¥185,056	\$1,615.9
Reversal of voluntary reserves:			
Reserves for separate account for compressed entry of real estate	—	4,159	—
TOTAL UNAPPROPRIATED SURPLUS	189,830	189,215	1,615.9
Transfer to reserves for policyholder dividends	155,339	141,270	1,322.3
Net surplus for the period:			
Transfer to reserves for losses	471	431	4.0
Interest on foundation funds	1,614	2,216	13.7
Transfers to voluntary reserves:			
Reserves for amortization of foundation funds	31,000	36,000	263.8
Fund for retirement allowances	175	307	1.4
Fund for promotion of welfare	600	600	5.1
Reserves for compressed entry of real estate	629	8,390	5.3

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥117.47 to US\$1.00 prevailing on March 31, 2006.

Notes to Non-Consolidated Financial Statements

Meiji Yasuda Life Insurance Company

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 assented 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 possibility 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. 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 FY2005, these direct deductions amounted to ¥3,681 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 Contingent Liabilities

Reserves for contingent liabilities are provided based on the amount of estimated possible losses in the future with respect to current liabilities. These reserves are provided in compliance with Article 32-14 of Enforcement Regulations of Insurance Business Law.

(9) Reserves for Asset Value Fluctuations

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

(10) 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. Market-based hedges are used as hedges 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 hedged objects and the hedging instruments.

(11) Consumption Tax

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

(12) 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 ¥476,179 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 ¥812,781 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 ¥1,834,496 million.

(4) Monetary Claims on and Monetary Liabilities to Subsidiaries

Total monetary claims receivable from the Company's subsidiaries amounted to ¥4,006 million, while total monetary liabilities owed to subsidiaries amounted to ¥2,267 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 FY2005 are shown below:

a. Amount at the end of FY2004	¥459,677 million
b. Transfer from surplus for FY2004	¥141,270 million
c. Dividends to policyholders in FY2005	¥177,922 million
d. Interest on reserves	¥ 401 million
e. Balance at the end of FY2005	¥423,426 million

(7) Assets and Liabilities Denominated in Foreign Currencies

Assets denominated in foreign currencies totaled ¥2,300,386 million. (The main foreign currencies are US\$11,484 million and EUR 4,808 million.) Liabilities denominated in foreign currencies totaled ¥6,578 million. (The main foreign currency are EUR 24 million and US\$15 million.)

(8) Foundation Funds

Since ¥30,000 million of the foundation funds was amortized, the same amount of reserves for amortization of foundation funds was transferred to the reserves with amortization of foundation funds under the provisions of Article 56 of the Insurance Business Law.

(9) Assets Pledged as Collateral

Assets pledged as collateral amounted to ¥41,855 million.

(10) 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 ¥37,322 million. Loans to borrowers under bankruptcy proceedings amounted to ¥746 million and past due loans totaled ¥7,373 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 ¥765 million for loans to bankrupt borrowers and ¥2,916 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. There were no loans past due for three months or more. 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 ¥29,203 million. Restructured loans are those subject to certain favorable concessions, including reduced interest rates or moratorium on interest payments, moratorium on repayments, or debt forgiveness, which are made to support the reconstruction efforts of borrowers.

(11) Securities Lent

The balance sheet amount of the securities lent under consumption loan agreements, including sales and repurchase transactions ("repo") was ¥482,873 million.

(12) 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 ¥17,991 million.

(13) Loans Payable

Loans payable are subordinated debts 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 ¥4,814 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 ¥64,439 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	–¥402,049 million
b. Plan assets	¥698,733 million
Including retirement benefit trust	¥487,905 million
c. Non-accumulated liability for retirement benefits (a+b)	¥296,683 million
d. Unrecognized actuarial loss	–¥274,993 million
e. Unrecognized prior service cost	–¥ 18,090 million
f. Pre-paid plan cost	¥ 19,922 million
g. Reserves for retirement benefits (c+d+e–f)	–¥ 16,322 million

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

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

(17) Deferred Tax Assets and Liabilities

- Deferred tax assets, which amount to ¥564,954 million, consist mainly of ¥293,794 million on policy reserves, ¥105,936 million on losses on securities appraised, ¥70,728 million on reserves for asset value fluctuations, and ¥58,772 million on reserves for retirement benefits. The amount of deferred tax assets deducted as revaluation reserves was ¥7,402 million.
- Deferred tax liabilities, which amount to ¥1,070,900 million, consist mainly of ¥1,038,252 million on unrealized gains on other securities.
- The statutory effective tax rate for FY2005 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 21.00% in reserves for policyholder dividends.

(18) Revaluation of Land for Business

- 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).
- 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.
- The difference in the total market value at the end of FY2005 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¥19,115 million
- 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.
- 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 ¥160,297 million.

(20) Others

The reserves for outstanding claims corresponding to the portion of reinsurance provided for under Article 71, Paragraph 1 of the Enforcement Regulations of Insurance Business Law applied mutatis mutandis to Article 73 Paragraph 3 amounted to ¥598 million, and the underwriting reserves provided for under Article 71, Paragraph 1 of the Enforcement Regulations of Insurance Business Law amounted to ¥765 million.

4. Operations and Surplus

(1) Transactions with Subsidiaries

Total profits from transactions with the Company's subsidiaries amounted to ¥5,134 million, while total expenses amounted to ¥21,719 million.

(2) Gains and Losses on Securities

- Gains on securities sold are ¥1,464 million from domestic bonds, ¥9,129 million from domestic stocks, and ¥6,781 million from foreign securities.
- Losses on securities sold are ¥854 million from domestic bonds and ¥2,191 million from domestic stocks, and ¥34,905 million from foreign securities.
- Losses on securities appraised are ¥5,278 million from domestic stocks, and ¥1,200 million from foreign securities.

(3) Reversal of Outstanding Claims and Liability Reserves

When calculating the reversal of outstanding claims, the amount of the reversal of outstanding claims added for ceded insurance was ¥541 million. When calculating the reversal of liability reserves, the amount of the reversal of liability reserves deducted for ceded insurance was ¥92 million.

(4) Gains on Trading Securities

Gains on trading securities primarily include ¥1,855 million in interest and dividend income, ¥1,278 million in gains on securities sold, and ¥324 million in valuation gains.

(5) Losses on Money-Held-in-Trust

Losses on money-held-in-trust include valuation losses of ¥102 million.

(6) Income for Derivative Financial Instruments

Income for derivative financial instruments include valuation gains of ¥29,535 million.

(7) Cost of Retirement Benefits

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

- | | |
|---|------------------|
| a. Service cost | ¥12,445 million |
| b. Interest cost..... | ¥ 8,223 million |
| c. Expected return on plan assets | -¥ 5,607 million |
| d. Amortization of actuarial loss | -¥30,858 million |
| e. Amortization of prior service cost | -¥ 2,562 million |
| f. Others | ¥ 2,156 million |

Net Benefit Cost amounted to -¥16,203 million (a+b+c+d+e+f).

(8) Other Extraordinary Losses

Other extraordinary losses include expenses for extra retirement allowances under the special early retirement plan.

(9) Impairment Losses

Impairment losses for the year are as itemized below:

1) Asset grouping method

Real estate, etc., provided for the use of the insurance business, etc., is treated as a single asset group for the overall insurance business, etc. For rental real estate and idle real estate, etc., not provided for the use of the insurance business, each individual property is treated as a single asset group.

2) Developments leading to recognition of impairment losses

Since there were marked declines in the profitability or fair value of some asset groups as a result of the deterioration in real estate business conditions, book values were reduced to the amounts collectible, and the amounts of reduction were reported under extraordinary losses as impairment losses.

3) Itemization of asset groups for which impairment losses were

recognized, and impairment losses posted by type of fixed asset

Use	No. of cases	Impairment loss (¥ million)		
		Land	Buildings	Total
Rental real estate, etc.	5	2,446	992	3,439
Idle real estate, etc.	3	2,890	4,766	7,657
Total	8	5,337	5,759	11,096

4) Calculations of collectible amounts

The collectible amounts applied are the value in use or net sales value in the case of rental real estate, etc., and the net sales value in the case of idle real estate. Value in use has been calculated as the future cash flow after reflecting estimated divergence risk, discounted by 2.92%. Net sales value is calculated by deducting estimated disposal expenses from the appraisal value based on real estate appraisal criteria.

Supplementary Financial Information (Non-Consolidated Basis)

Meiji Yasuda Life Insurance Company

1. Outline of Life Insurance and Group Pension Business

1-1. Life Insurance and Group Pensions in Force

	(Millions of Yen)	
	FY2005	FY2004
Individual life insurance	¥134,438,056	¥148,062,638
Individual annuities	11,013,419	11,325,121
Group life insurance	115,463,795	117,830,694
Group pensions*	6,774,491	6,920,182

*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)	
	FY2005	FY2004
Individual life insurance	¥6,252,371	¥10,588,802
Individual annuities	209,774	344,316
Group life insurance	2,913,862	6,553,137
Group pensions*	275	1,356

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

1-4. Insurance Benefits Paid

	(Millions of Yen)					FY2004
	FY2005					FY2004
	Individual life	Individual annuities	Group life	Group pensions	Total*	Total*
Claims paid:						
Death benefits	¥307,780	¥ 1,794	¥190,112	¥ —	¥506,267	¥516,459
Accidental death benefits	6,290	5	573	—	6,906	5,070
Disability benefits	31,688	98	9,772	—	41,560	36,297
Maturity benefits	311,456	20	6	43,357	356,142	336,387
Others	138	—	4	—	151	91
Annuities paid	27,714	114,425	21,239	142,088	309,787	285,219
Benefits on policies paid:						
Death benefits	1,280	11,633	3	4,450	17,655	15,853
Hospitalization benefits	46,109	1,526	534	—	49,866	50,381
Operation benefits	18,684	750	—	—	19,435	17,967
Injury benefits	1,020	5	75	—	1,105	885
Survivor benefits	105,236	1,012	—	—	108,966	124,144
Lump sum benefits	—	—	197	327,553	327,750	373,730
Others	29,768	107	—	5,013	34,897	30,346
Surrender benefits paid	321,588	141,147	8	183,218	676,142	694,339

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

1-3. Premium Income

	(Millions of Yen)	
	FY2005	FY2004
Individual life insurance	¥1,323,990	¥1,409,751
Individual annuities	263,724	354,972
Group life insurance	366,412	375,294
Group pensions	661,912	847,310
TOTAL*	¥2,671,047	¥3,041,437

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

2. Outline of Investments (General Account)

2-1. Breakdown of Assets

	(Millions of Yen)	
	FY2005	FY2004
Cash, deposits and call loans	¥ 614,942	¥ 597,296
Monetary claims bought	103,028	94,138
Money-held-in-trust	9,894	10,023
Securities:		
Domestic bonds	8,826,790	8,495,858
Domestic stocks	5,066,274	3,630,728
Foreign securities:		
Foreign bonds	1,610,021	1,909,473
Foreign stocks	947,539	880,118
Others	85,735	102,905
Loans:		
Policy loans	417,352	431,750
Financial loans	6,465,376	6,729,372
Real estate	1,190,184	1,295,475
Deferred tax assets	—	17,763
Others	281,298	298,437
Reserves for possible loan losses	(7,306)	(9,408)
TOTAL	¥25,611,130	¥24,483,933
(Assets denominated in foreign currencies)	¥ 2,057,105	¥ 2,167,985

2-2. Average Balances of Assets

	(Millions of Yen)	
	FY2005	FY2004
Cash, deposits and call loans.....	¥ 400,733	¥ 580,836
Monetary claims bought	105,200	116,094
Money-held-in-trust	9,916	9,898
Domestic bonds	8,812,501	8,041,717
Domestic stocks	2,494,404	2,503,716
Foreign securities:		
Foreign bonds	1,697,062	1,959,727
Foreign stocks	727,272	844,943
Loans	7,038,542	7,456,497
(Financial loans)	6,615,107	7,019,584
Real estate	1,294,455	1,338,960
TOTAL	¥23,434,278	¥23,695,046
(Overseas investments)	¥ 2,913,590	¥ 3,409,169

2-3. Investment Income and Gain

	(Millions of Yen)	
	FY2005	FY2004
Interest and dividends	¥496,986	¥516,797
Gains on money-held-in-trust	—	266
Gains on trading securities	3,539	1,648
Gains on securities sold	17,646	41,223
Gains on securities redeemed.....	16,757	13,607
Income for derivative financial instruments	18,600	—
Others	487	467
TOTAL	¥554,018	¥574,010

2-4. Investment Expenses and Losses

	(Millions of Yen)	
	FY2005	FY2004
Interest paid	¥ 5,442	¥ 4,747
Losses on money-held-in-trust	118	—
Losses on securities sold	37,952	57,428
Losses on securities appraised	6,478	6,556
Losses on securities redeemed	483	441
Expenses for derivative financial instruments.....	—	1,380
Losses on foreign exchange	24	1,265
Write-off of loans	—	131
Depreciation of real estate for rent.....	11,958	12,347
Others	13,478	15,172
TOTAL	¥75,935	¥99,470

2-5. Net Investment Returns

	(%)	
	FY2005	FY2004
Cash, deposits and call loans	0.01	0.01
Monetary claims bought	2.83	2.72
Money-held-in-trust	(1.19)	2.70
Domestic bonds	1.60	1.55
Domestic stocks	2.30	2.08
Foreign securities:		
Foreign bonds	4.38	2.95
Foreign stocks	3.91	4.61
Loans	2.07	2.30
(Financial loans)	1.89	2.14
Real estate	1.96	1.53
TOTAL	2.04	2.00
(Overseas investments)	3.94	3.37

2-6. Breakdown of Securities Investment

	(Millions of Yen)	
	FY2005	FY2004
Domestic bonds:		
Government bonds	¥ 7,031,711	¥ 6,460,200
Municipal bonds	184,854	231,191
Corporate bonds	1,610,223	1,804,466
(Public corporation bonds)	649,140	718,217
Domestic stocks	5,066,274	3,630,728
Foreign securities:		
Foreign bonds	1,610,021	1,909,473
Foreign stocks	947,539	880,118
Others	85,735	102,905
TOTAL	¥16,536,360	¥15,019,083

2-7. Breakdown of Loans

	(Millions of Yen)	
	FY2005	FY2004
Policy loans	¥ 417,352	¥ 431,750
Financial loans:		
(Overseas loans)	441,740	454,664
Corporate loans	5,477,821	5,556,035
(to domestic corporations)	5,336,953	5,406,319
Loans to governments and supranationals	242,227	266,452
Loans to public organizations	211,814	338,190
Housing loans	287,307	311,427
Consumer loans	241,359	251,719
Others	4,846	5,546
TOTAL	¥6,882,729	¥7,161,122

*Securities and Others with Market Value

	(Millions of Yen)				
	FY2005				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds	¥ 8,850,017	¥ 8,821,854	¥ (28,162)	¥ 65,327	¥ 93,490
Domestic stocks	2,260,205	4,791,669	2,531,464	2,537,557	6,093
Foreign securities:					
Foreign bonds	1,532,682	1,605,769	73,087	87,586	14,499
Foreign stocks	485,632	759,106	273,474	286,016	12,542
Other securities	50,864	63,600	12,736	12,782	46
Others**	75,918	75,208	(709)	421	1,130
TOTAL	¥13,255,321	¥16,117,209	¥2,861,888	¥2,989,691	¥127,803

	(Millions of Yen)				
	FY2004				
	Book value	Market value	Equivalent of net unrealized gains	Equivalent of gross unrealized gains	Equivalent of gross unrealized losses
Domestic bonds	¥ 8,432,220	¥ 8,662,902	¥ 230,681	¥ 249,515	¥ 18,833
Domestic stocks	2,212,247	3,322,713	1,110,465	1,135,423	24,958
Foreign securities:					
Foreign bonds	1,866,205	1,912,314	46,108	82,605	36,496
Foreign stocks	566,964	681,071	114,106	154,388	40,281
Other securities	69,754	76,454	6,700	8,428	1,728
Others**	57,210	57,737	527	631	104
TOTAL	¥13,204,602	¥14,713,193	¥1,508,590	¥1,630,993	¥122,402

* 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)

	FY2005				FY2004			
	Foreign securities			Overseas loans	Foreign securities			Overseas loans
	Total	Bonds	Stocks		Total	Bonds	Stocks	
North America	¥ 801,413	¥ 726,689	¥ 74,723	¥ 88,282	¥ 951,499	¥886,499	¥65,000	¥ 97,147
Europe	1,048,394	661,436	386,957	186,888	1,023,341	709,538	313,802	162,274
Oceania	32,789	32,789	—	—	25,330	25,330	—	6,800
Asia	17,024	8,000	9,024	27,706	16,314	8,902	7,412	33,996
Latin America	608,751	131,917	476,834	8,821	729,929	236,026	493,903	11,033
Middle East	—	—	—	—	—	—	—	—
Africa	1,014	1,014	—	4,317	1,030	1,030	—	4,710
Supranationals	48,173	48,173	—	125,723	42,146	42,146	—	138,703
TOTAL	¥2,557,560	¥1,610,021	¥947,539	¥441,740	¥2,789,591	¥1,909,473	¥880,118	¥454,664

3. Non-performing Loans

(Millions of Yen)

	FY2005	FY2004
Loans to bankrupt borrowers	¥ 746	¥ 781
Past due loans	7,373	8,343
Loans past due three months or more	—	—
Restructured loans	29,203	32,304
TOTAL	¥37,322	¥41,428
Non-performing loans/total loans	0.54%	0.58%

4. Outline of Reserves

4-1. Liability Reserves

(Millions of Yen)

	FY2005	FY2004
Liability reserves:		
Individual life insurance	¥ 8,931,101	¥ 9,221,609
Individual annuities	4,868,991	4,730,361
Group life insurance	168,674	166,520
Group pensions	6,774,491	6,920,182
Others	265,205	269,092
Reserves for contingencies	741,494	570,195
TOTAL	¥21,749,959	¥21,877,961

4-2. Other Reserves

(Millions of Yen)

	FY2005	FY2004
Reserves for possible loan losses:		
General reserves for possible loan losses	¥ 3,247	¥ 4,307
Specific reserves for possible loan losses	4,059	5,101
Specific reserves for country risk	—	—
Reserves for retirement benefits	16,322	62,488
Reserves for losses on sales of claims	—	—
Reserves for contingent liabilities	6,293	70,002
Reserves for asset value fluctuations	¥195,653	194,569

Consolidated Balance Sheet

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

As of March 31, 2006 and 2005

	Millions of Yen		Millions of U.S. Dollars*
	FY2005	FY2004	FY2005
ASSETS			
Cash and deposits	¥ 329,245	¥ 289,739	\$ 2,802.8
Call loans	350,000	380,000	2,979.4
Monetary claims bought	103,028	94,138	877.0
Money-held-in-trust	9,894	10,023	84.2
Securities	17,252,863	15,613,443	146,870.3
Loans	6,900,386	7,176,343	58,741.6
Real estate and movables	1,229,531	1,334,555	10,466.7
Agency account receivable	1,651	1,577	14.0
Reinsurance account receivable	2,180	2,911	18.5
Other assets	285,263	324,812	2,428.3
Deferred tax assets	840	18,528	7.1
Customers' liabilities for acceptances and guarantees	6,669	—	56.7
Reserves for possible loan losses	(7,360)	(9,462)	(62.6)
TOTAL ASSETS	¥26,464,194	¥25,236,612	\$225,284.7
LIABILITIES AND SURPLUS			
(Liabilities)			
Policy reserves:			
Reserves for outstanding claims	¥ 168,993	¥ 190,779	\$ 1,438.6
Liability reserves	21,813,687	21,934,862	185,695.8
Reserves for policyholder dividends	423,426	459,677	3,604.5
Agency account payable	2	6	0.0
Reinsurance account payable	1,978	2,939	16.8
Other liabilities	679,675	743,227	5,785.9
Reserves for retirement benefits	16,809	63,013	143.0
Reserves for contingent liabilities	6,293	70,002	53.5
Reserves for asset value fluctuations	196,137	194,973	1,669.6
Deferred tax liabilities	513,412	1,475	4,370.5
Deferred tax liabilities on revaluation of land	104,992	49,516	893.7
Acceptances and guarantees	6,669	—	56.7
TOTAL LIABILITIES	23,932,081	23,710,474	203,729.3
MINORITY INTERESTS	2,367	2,345	20.1
(Surplus)			
Foundation funds	120,000	150,000	1,021.5
Reserves with amortization of foundation funds	230,000	200,000	1,957.9
Revaluation surplus reserves	452	452	3.8
Consolidated surplus	281,460	265,528	2,396.0
Revaluation reserves for land	69,697	66,987	593.3
Net unrealized gains on investments	1,833,899	855,126	15,611.6
Currency translation adjustment	(5,765)	(14,303)	(49.0)
TOTAL SURPLUS	2,529,746	1,523,791	21,535.2
TOTAL LIABILITIES, MINORITY INTERESTS AND SURPLUS	¥26,464,194	¥25,236,612	\$225,284.7

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥117.47 to US\$1.00 prevailing on March 31, 2006.

Consolidated Statement of Operations and Surplus

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

As of March 31, 2006 and 2005

	Millions of Yen		Millions of U.S. Dollars*
	FY2005	FY2004	FY2005
ORDINARY REVENUE			
Premium income and reinsurance refunds	¥2,695,187	¥3,066,788	\$22,943.6
Investment income and gain:			
Interest and dividends	504,000	525,157	4,290.4
Gains on money-held-in-trust	—	266	—
Gains on trading securities	3,539	1,648	30.1
Gains on securities sold	17,826	41,228	151.7
Gains on securities redeemed	16,761	13,607	142.6
Income for derivative financial instruments	18,600	—	158.3
Other investment income	759	2,484	6.4
Gains on separate account assets investment	150,945	28,038	1,284.9
Other ordinary revenue	400,248	494,495	3,407.2
TOTAL ORDINARY REVENUE	3,807,869	4,173,713	32,415.6
ORDINARY EXPENSES			
Insurance benefits paid and others:			
Claims paid	918,983	908,029	7,823.1
Annuities paid	310,106	285,575	2,639.8
Benefits on policies paid	561,736	614,945	4,781.9
Surrender benefits paid	678,413	696,015	5,775.2
Other refunds paid and expenses	323,595	507,292	2,754.7
Transfers to policy reserves:			
Reserves for outstanding claims	—	6,680	—
Interest on dividend reserves	350	372	2.9
Investment expenses and losses:			
Interest paid	5,630	5,473	47.9
Losses on money-held-in-trust	118	—	1.0
Losses on securities sold	38,100	57,680	324.3
Losses on securities appraised	6,392	6,556	54.4
Losses on securities redeemed	483	459	4.1
Expenses for derivative financial instruments	—	1,380	—
Losses on foreign exchange	22	1,226	0.1
Write-off of loans	—	131	—
Depreciation on real estate for rent	12,192	13,491	103.7
Other investment expenses	14,736	18,357	125.4
Operating expenses	357,138	388,307	3,040.2
Other ordinary expenses	285,573	330,180	2,431.0
TOTAL ORDINARY EXPENSES	3,513,575	3,842,156	29,910.4
ORDINARY INCOME	294,293	331,557	2,505.2
Extraordinary profits:			
Gains on disposals of real estate and movables	12,445	2,800	105.9
Reversal of reserves for losses on sales of claims	—	25	—
Reversal of reserves for contingent liabilities	2,910	—	24.7
Reversal of reserves for possible loan losses	4,367	6,109	37.1
Other extraordinary profits	3	3	0.0
Extraordinary losses:			
Losses on disposals of real estate and movables	25,782	33,810	219.4
Impairment losses	11,096	20,882	94.4
Transfer to reserves for contingent liabilities	—	12,286	—
Transfer to reserves for asset value fluctuations	1,112	31,704	9.4
Losses on compressed entry of real estate	73	104	0.6
Donations for promotion of welfare	594	622	5.0
Amortization of transition amount for retirement benefits	—	13,769	—
Other extraordinary losses	2,379	10,819	20.2
NET SURPLUS BEFORE TAXES	272,981	216,497	2,323.8
Provision for corporate income taxes	45,063	76,682	383.6
Corporate income tax equivalent adjustment	(2,789)	(48,855)	(23.7)
Minority interests	124	78	1.0
NET SURPLUS FOR THE PERIOD	¥ 230,581	¥188,592	\$ 1,962.8

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥117.47 to US\$1.00 prevailing on March 31, 2006.

Consolidated Statement of Surplus

Meiji Yasuda Life Insurance Company and Consolidated Subsidiaries

For the years ended March 31, 2006 and 2005

	Millions of Yen		Millions of U.S. Dollars*
	FY2005	FY2004	FY2005
Consolidated surplus at the beginning of the period	¥265,528	¥259,928	\$2,260.3
Increase in consolidated surplus:			
Net surplus for the period	230,581	188,592	1,962.8
Reversal of revaluation reserves of land	—	1,671	—
Decrease in consolidated surplus:			
Transfer to reserves for policyholder dividends	141,270	142,275	1,202.6
Transfer to reserves with amortization of foundation funds	30,000	40,000	255.3
Interest on foundation funds	2,216	2,389	18.8
Bonus to company executives	—	—	—
Change of scope of consolidation and equity method investees	4,009	—	34.1
Reversal of revaluation reserves of land.....	37,151	—	316.2
CONSOLIDATED SURPLUS AT THE END OF THE PERIOD	¥281,460	¥265,528	\$2,396.0

*Figures in U.S. dollars, shown for reference only, are converted using the rate of ¥117.47 to US\$1.00 prevailing on March 31, 2006.

Note: Consolidated companies include Meiji Yasuda 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 Properties UK Ltd., and Meiji Yasuda Realty USA Inc.