

# **T&D Life Group**

## **Financial Results for Nine Months Ended December 31, 2003**

**February 18, 2004**

**Taiyo Life Insurance Company    Daido Life Insurance Company**

# **Daido Life Insurance Company**

## **Financial Results for Nine Months Ended December 31, 2003**



# Daido Life Financial Highlights

---



- **Policy amount for individual term life insurance reversed from net decrease at the first half to net increase, due mainly to the improvement in surrender and lapse rate**
- **Both ordinary profit and net income are in line with our forecast**
- **Adjusted book value increased to ¥287.1 billion**

# Sales Results

(Billions of Yen)

	Nine Months Ended Dec. 31st, 2003	Nine Months Ended Dec. 31st, 2002	Change
<b>New Policy Amount*</b>			
Individual Life Insurance	3,298.5	3,499.1	(5.7%)
Individual Term Life Insurance	3,194.9	3,315.4	(3.6%)
Individual Annuities	57.6	92.0	(37.3%)
Individual Life and Annuities Total	3,356.2	3,591.1	(6.5%)
<b>Decrease in Policy Amount**</b>			
Individual Life and Annuities Total	3,419.1	3,243.1	5.4%
Individual Term Life Insurance	3,094.6	2,907.0	6.5%
Surrender and Lapse	2,618.5	2,504.2	4.6%
Individual Term Life Insurance	2,412.6	2,296.7	5.0%
<b>Policy Amount in Force</b>			
Individual Life and Annuities Total	39,279.7	39,277.0	0.0%
Individual Term Life Insurance	34,904.9	34,717.4	0.5%
Group Life	12,293.2	12,604.3	(2.5%)
Group Annuities	2,381.2	2,490.1	(4.4%)

2nd and 3rd quarter sales recovered to almost the same level as previous terms

Surrender and lapse rate\*\*\* declined to 8.9% (annualized) for nine months ended Dec. 31st, 2003 vs 9.3% for 1st half period

-Decreased by ¥62.9 billion (0.2% decrease) from the amount as of the beginning of the fiscal year which stood at ¥39,342.6 billion  
-Achieved ¥203.8 billion net increase in 3rd quarter (Oct-Dec)

-Increased by ¥100.2 billion (0.3% increase) from the amount as of the beginning of the fiscal year which stood at ¥34,804.6 billion  
-Achieved ¥242.3 billion net increase in 3rd quarter (Oct-Dec)

\* Includes net increase from conversion (hereinafter, the same definition applies to "new policy amount" unless otherwise stated)

\*\* New policy amount for 3rd quarter (Oct-Dec) – Net increase of policy amount in force from the beginning of the fiscal year

\*\*\*The amount of surrender and lapse/ Policy amount in force as of the beginning of the fiscal year

# Quarterly Trends: Individual Life and Annuities

(Billions of Yen)

	Nine Months Ended Dec. 31st, 2003	Nine Months Ended Dec. 31st, 2002	Change
<b>New Policy Amount*</b>	<b>3,356.2</b>	<b>3,591.1</b>	<b>(6.5%)</b>
1Q (Apr-Jun)	886.6	1,034.8	(14.3%)
2Q (Jul-Sep)	1,222.8	1,261.5	(3.1%)
3Q (Oct-Dec)	1,246.7	1,294.6	(3.7%)
<b>Surrender and Lapse</b>	<b>2,618.5</b>	<b>2,504.2</b>	<b>4.6%</b>
1Q (Apr-Jun)	936.2	819.7	14.2%
2Q (Jul-Sep)	887.2	826.7	7.3%
3Q (Oct-Dec)	795.1	857.7	(7.3%)
<b>Policy Amount in Force</b>	<b>39,279.7</b>	<b>39,277.0</b>	<b>0.0%</b>
1Q (as of Jun 30)	39,030.7	38,913.2	0.3%
2Q (as of Sep 30)	39,075.8	39,086.3	(0.0%)
3Q (as of Dec 31)	39,279.7	39,277.0	0.0%
<b>Net Increase(Decrease)</b>	<b>(62.9)</b>	<b>347.9</b>	<b>-</b>
1Q (Apr-Jun)	(311.9)	(15.8)	-
2Q (Jul-Sep)	45.1	173.0	(73.9%)
3Q (Oct-Dec)	203.8	190.7	6.8%

2nd and 3rd quarters sales recovered to almost the same level as previous terms

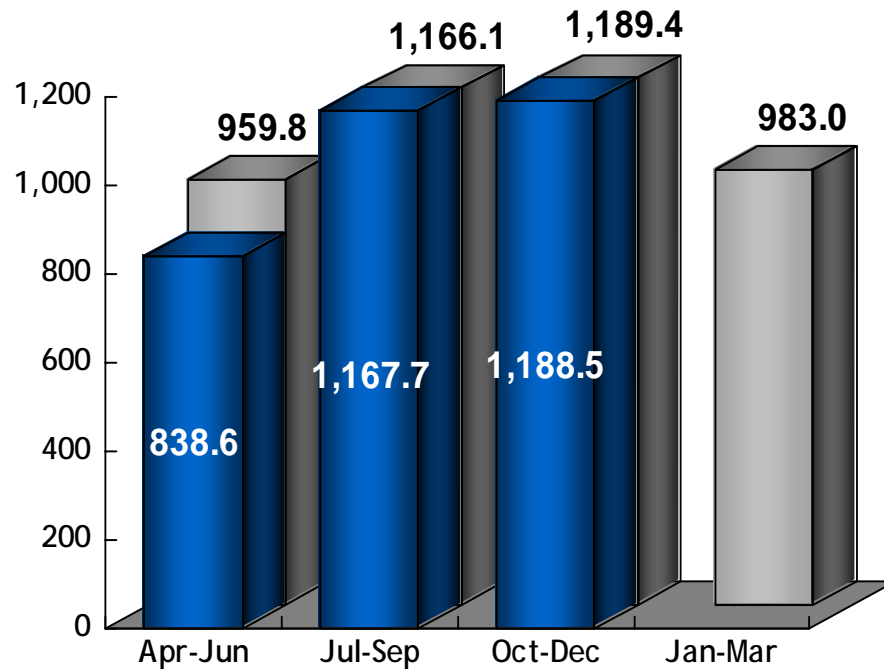
Surrender and laps rate (before annualized base)  
 · 1st Quarter (Apr-Jun): 2.38%  
 · 2nd Quarter (Jul-Sep): 2.26%  
 · 3rd Quarter (Oct-Dec) :2.02%

Achieved ¥203.8 billion net increase in 3rd quarter (Oct-Dec)

\* Includes net increase from conversion

# Quarterly Trends: Individual Term Life Insurance

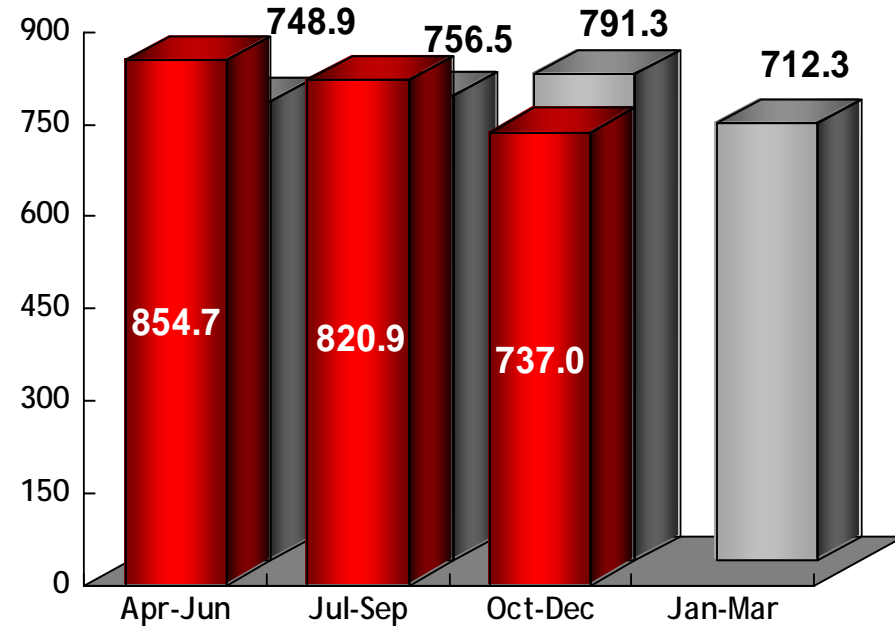
Trends in New Policy Amount of Individual Term Life Insurance\*



(Quarterly Results)

■ FY2003 ■ FY2002

Trends in the Amount of Surrender and Lapse



(Quarterly Results)

■ FY2003 ■ FY2002

\* Includes net increase from conversion

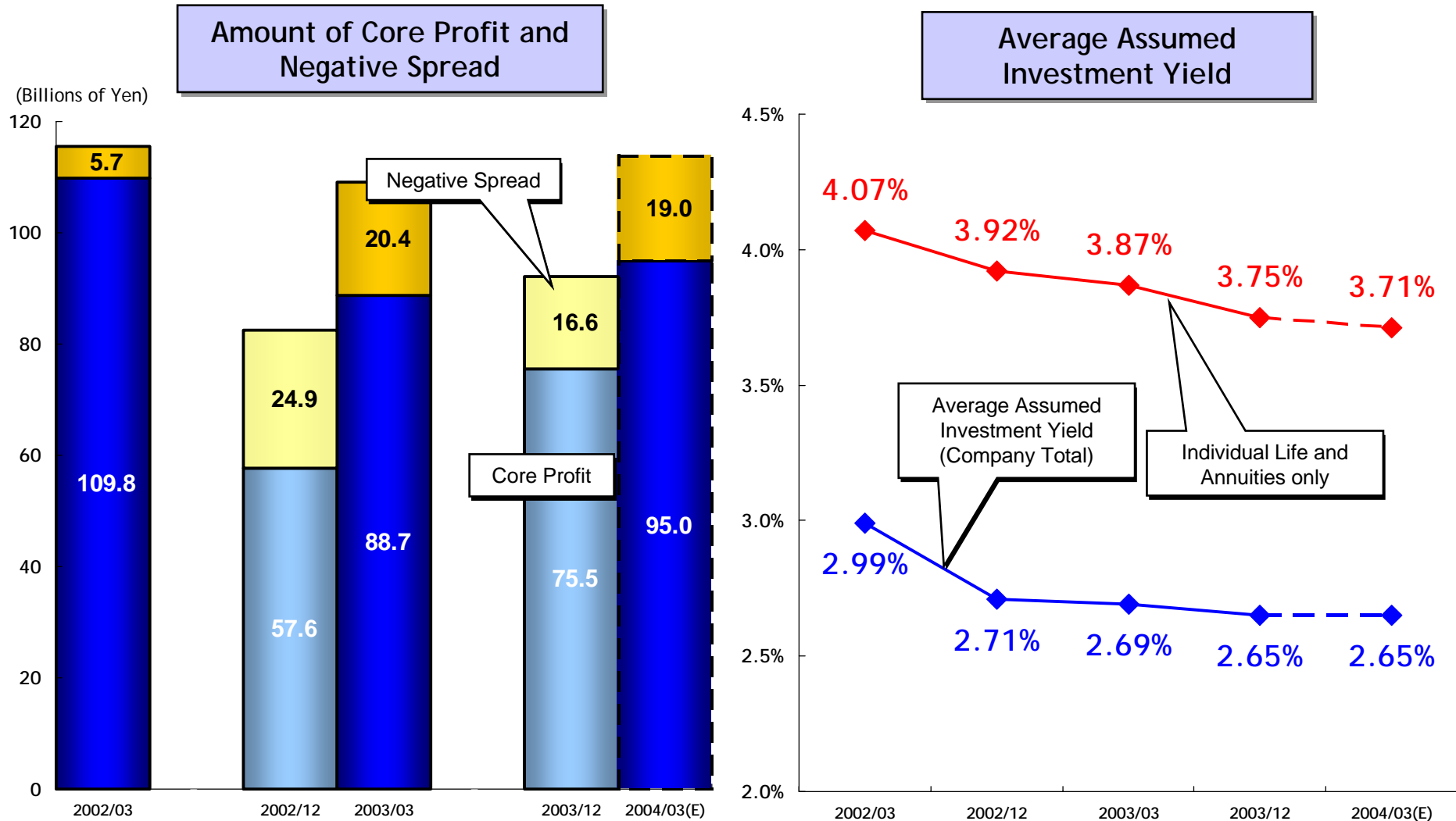
# Non-Consolidated Statements of Operations



T&D Life Group

	Nine Months Ended Dec. 31st, 2003	Nine Months Ended Dec. 31st, 2002	Change	Six Months Ended Sep. 30th, 2003	(Billions of Yen)
<b>Ordinary Revenues</b>	<b>851.4</b>	<b>896.5</b>	<b>(5.0%)</b>	<b>599.3</b>	
Income from insurance premiums	697.8	758.2	(8.0%)	480.7	While total premium income declined, premium income on individual term life, our core product, increased by ¥3.8 billion y-o-y.
Investment income/ gains	137.3	129.6	5.9%	103.1	
Interest and dividends	89.7	91.9	(2.4%)	61.1	
Gains from monetary trusts, net	4.8	-	-	5.0	
Gains on sale of securities	22.8	16.9	34.8%	22.4	
Gains from derivatives, net	-	20.3	(100.0%)	-	
Gains from separate accounts, net	17.9	-	-	13.2	
Other ordinary income	16.2	8.6	88.4%	15.3	
Reversal of policy reserves	5.6	-	-	8.5	
<b>Ordinary Expenses</b>	<b>776.7</b>	<b>877.9</b>	<b>(11.5%)</b>	<b>533.4</b>	Includes; -Domestic Bonds ¥0.8billion -Domestic Stocks ¥1.7billion -Foreign Securities ¥5.8billion
Insurance claims and other payments	651.3	641.7	1.5%	458.4	Includes; -Losses on stock index futures: ¥23.0 billion -Gains on foreign exchange forward contracts: ¥5.6 billion -Gains on foreign exchange forward contracts: ¥4.8 billion
Provision for policy and other reserves	0.7	38.8	(98.1%)	0.5	
Investment expenses/ losses	33.6	103.0	(67.3%)	13.6	
Losses from monetary trusts, net	-	6.7	(100.0%)	-	
Losses on sale of securities	8.4	10.8	(21.9%)	1.0	
Devaluation losses on securities	0.9	51.8	(98.1%)	0.4	
Losses from derivatives, net	12.4	-	-	3.5	
Losses from separate accounts, net	-	23.2	(100.0%)	-	
Operating Expenses	81.0	83.1	(2.5%)	54.2	
<b>Ordinary Profit</b>	<b>74.6</b>	<b>18.6</b>	<b>301.0%</b>	<b>65.9</b>	Policyholder dividend related to investment for group annuities calculated based on actual results through the third quarter and full-year projection.
<b>Extraordinary Gains/ Losses</b>	<b>(2.3)</b>	<b>(1.0)</b>	<b>-</b>	<b>(1.9)</b>	
<b>Provision for Reserve for Policyholder</b>	<b>22.5</b>	<b>14.0</b>	<b>60.3%</b>	<b>17.7</b>	
<b>Dividends</b>	<b>22.5</b>	<b>14.0</b>	<b>60.3%</b>	<b>17.7</b>	
<b>Net Income</b>	<b>30.8</b>	<b>1.6</b>	<b>1764.4%</b>	<b>28.8</b>	

# Core Profit/ Negative Spread, Average Assumed Investment Yield

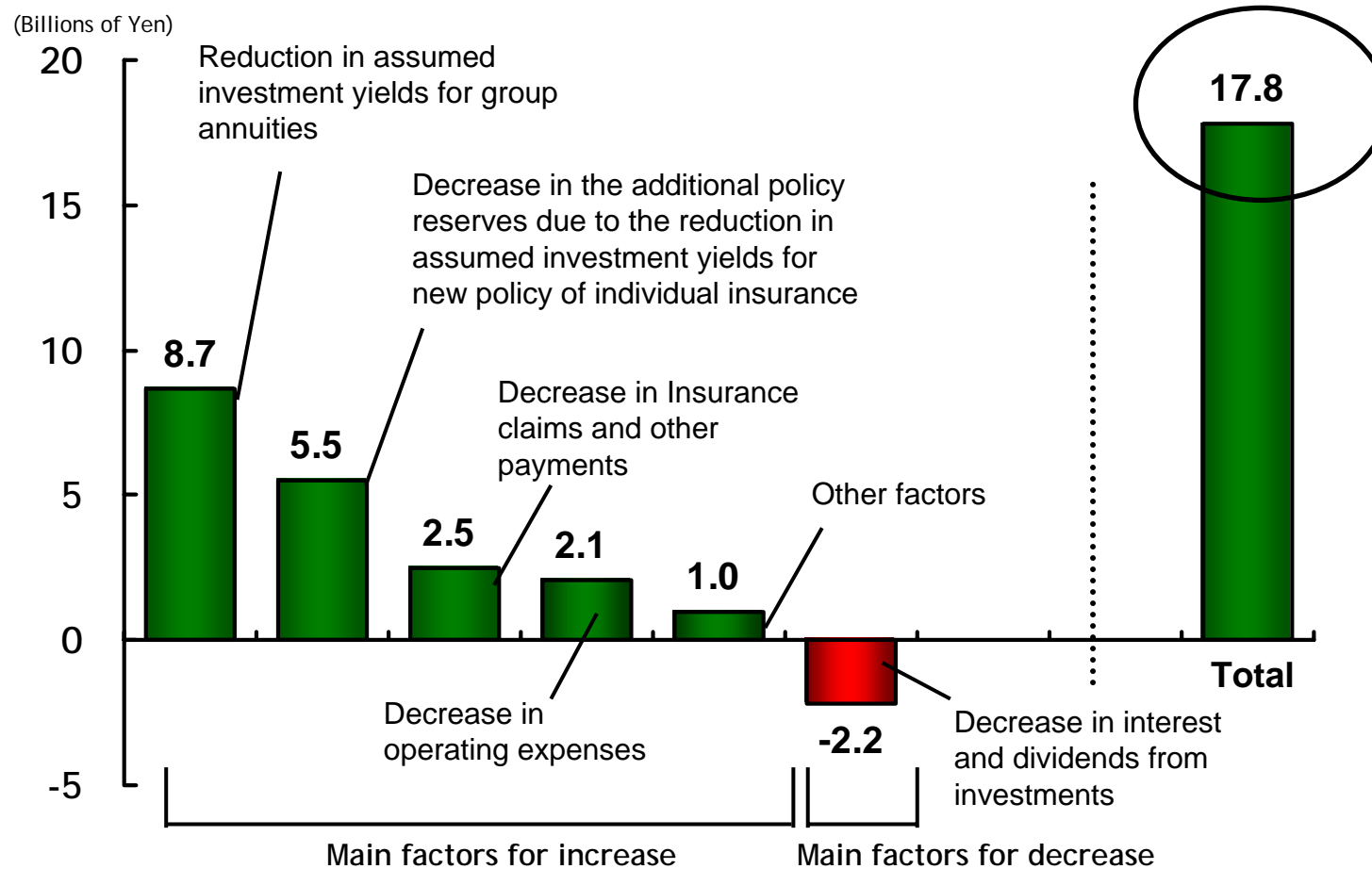


# Factors for Increase/ Decrease in Core Profit



T&D Life Group

Factors for Increase/ Decrease in Core Profit for Nine Months Ended December 31, 2003 (Change from the same term of Previous Fiscal Year)



# Non-Consolidated Balance Sheets



T&D Life Group  
(Billions of Yen)

(Billions of Yen)

	As of Dec. 31, 2003	As of Sep. 30, 2003	Changes
<b><u>Assets</u></b>			
Cash and Deposits, Call Loans	422.1	364.8	57.3
Securities	3,969.2	4,006.8	(37.5)
Domestic bonds	2,554.0	2,632.5	(78.4)
Domestic stocks	345.1	330.9	14.2
Foreign securities	753.1	746.8	6.3
Loans	1,137.0	1,165.1	(28.1)
Property and Equipment	167.2	168.8	(1.6)
Deferred Tax Assets	31.5	41.1	(9.5)
Reserve for Possible Loan Losses	(4.7)	(4.4)	(0.2)
<b>Total Assets</b>	<b>5,996.8</b>	<b>6,051.6</b>	<b>(54.8)</b>

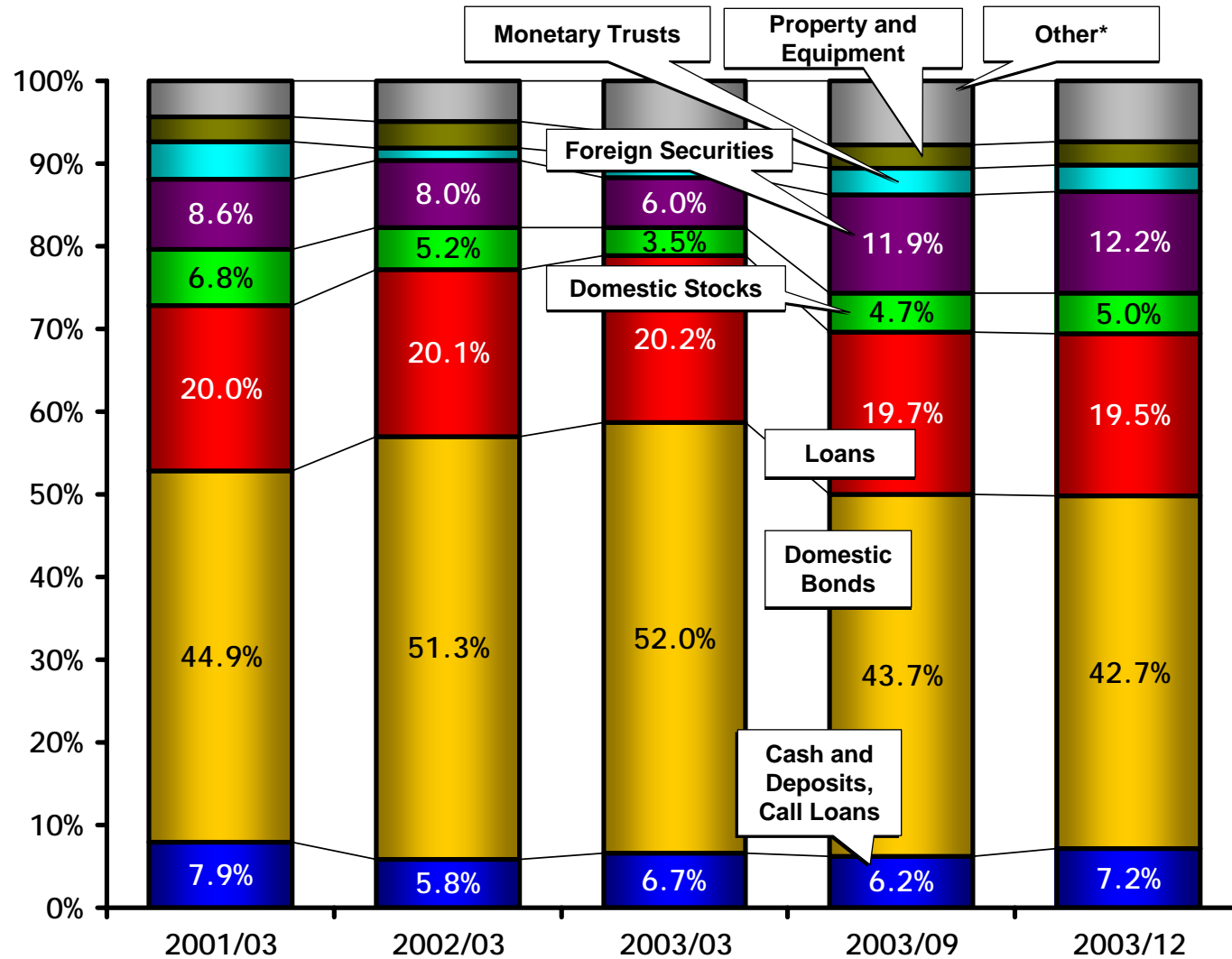
Decrease due mainly to a ¥67.4 billion decrease in cash collateral received under security lending contracts

	As of Dec. 31, 2003	As of Sep. 30, 2003	Changes
<b><u>Liabilities</u></b>			
Total Policy Reserves	5,564.7	5,567.1	(2.4)
Policy reserve	5,389.0	5,386.1	2.8
Contingency reserve	76.0	75.6	0.4
Other Liabilities	87.1	158.2	(71.0)
Reserve for Price Fluctuations	30.3	30.0	0.3
<b>Total Liabilities</b>	<b>5,746.0</b>	<b>5,818.8</b>	<b>(72.7)</b>
<b><u>Shareholders' Equity</u></b>			
Common Stock	75.0	75.0	0.0
Capital Surplus	0.0	0.0	0.0
Total Retained Earnings	79.5	77.5	2.0
Appropriated retained earnings	40.9	40.9	(0.0)
Unappropriated retained earnings	36.7	34.6	2.0
Net Income	30.8	28.8	2.0
Net Unrealized Gains on Securities	96.1	80.2	15.9
<b>Total Shareholders' Equity</b>	<b>250.8</b>	<b>232.8</b>	<b>17.9</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,996.8</b>	<b>6,051.6</b>	<b>(54.8)</b>

# General Accounts Asset Composition



T&D Life Group



Net Exposure to Foreign Currency\*\*

**2.1%**

(2003/09 2.1%)  
(2003/03 2.1%)

Net Exposure to Domestic Stocks\*\*\*

**6.3%**

(2003/09 5.4%)  
(2003/03 2.8%)

\* Other; Other Securities (mainly investment trusts), Deferred Tax Assets, Monetary Claims Purchased and Other Assets

\*\* Net foreign currency exposure adjusting for hedges

\*\*\* Net exposure to domestic stocks adjusting the hedging position and including stocks held in monetary and investment trusts

# Unrealized Gains/ Losses (General Account)



T&D Life Group

(Billions of Yen)

	Unrealized gains/losses on Held-to-maturity securities		Unrealized gains/losses on Available-for-sale securities		Total		
	As of Dec. 31, 2003	As of Sep. 30, 2003	As of Dec. 31, 2003	As of Sep. 30, 2003	As of Dec. 31, 2003	As of Sep. 30, 2003	Change
Total	55.2	52.5	151.0	125.6	206.2	178.1	28.0
Domestic Bonds	53.3	51.1	38.6	37.0	91.9	88.2	3.7
Domestic Stocks	-	-	91.6	84.8	91.6	84.8	6.7
Foreign Securities	1.8	1.3	0.5	(7.7)	2.4	(6.3)	8.8
Other Securities	-	-	16.6	9.7	16.6	9.7	6.9
Monetary Trusts	-	-	3.5	1.6	3.5	1.6	1.8
Net Unrealized Gains/losses on Real Estate					(16.1)	(14.1)	(2.0)

(Domestic Stocks) Increased due mainly to the rise in stock prices  
 (Foreign Securities) Increased due mainly to realization of valuation losses on foreign bonds  
 (Other Securities) Increased due mainly to the increase of unrealized gains/ losses on investment trusts in the stock market

# Financial Soundness, Adjusted Book Value



T&D Life Group

(Billions of Yen)

	As of Dec. 31, 2003	As of Sep. 30, 2003	Change	As of March 31, 2003
<b>Solvency Margin Ratio</b>	<b>1061.5%</b>	<b>1069.7%</b>	<b>(8.2P)</b>	<b>860.2%</b>
Total Solvency Margin	536.2	515.7	20.4	424.8
Equity*	265.1	263.6	1.5	237.5
Net income	30.8	28.8	2.0	-
Net unrealized gains on available-for-sale securities X 90 per cent	135.4	113.0	22.4	67.0
Deferred tax assets	40.6	40.3	0.3	25.5
Others	94.9	98.8	(3.9)	94.7
Total Risk**	101.0	96.4	4.5	98.7
Insurance risk R <sub>1</sub>	34.5	34.5	(0.0)	34.8
Assumed investment yield risk R <sub>2</sub>	21.8	22.0	(0.1)	22.5
Investment risk R <sub>3</sub>	70.3	65.3	5.0	67.1
Business risk R <sub>4</sub>	2.5	2.4	0.0	2.4
<b>Value of Adjusted Net Asset</b>	<b>569.6</b>	<b>541.5</b>	<b>28.1</b>	<b>515.4</b>
<b>Adjusted Book Value</b>	<b>287.1</b>	<b>271.3</b>	<b>15.7</b>	<b>193.2</b>

Includes;  
Market risk: ¥1.8 billion  
Credit risk: ¥1.4 billion  
Derivatives counterparty risk: ¥1.6 billion

Increased by ¥93.8 billion from March 31, 2003

\*Includes Equity (excl. certain items), Reserve for price fluctuation, Contingency reserve, Reserve for possible loan losses and Unallotted portion of reserve for policyholder dividends

$$**\text{Total risk} = \sqrt{R_1^2 + (R_2 + R_3)^2} + R_4$$

# Consolidated Financial Results

(Billions of Yen)

	Nine Months Ended Dec. 31st, 2003	Nine Months Ended Dec. 31st, 2002	[Consolidated/ Non-Consolidated]
Ordinary Revenues	852.8	901.9	1.00
Ordinary Expenses	781.8	883.7	1.01
Ordinary Profit	70.9	18.1	0.95
Net Extraordinary Gains	3.1	3.7	1.01
Net Extraordinary Losses	5.5	5.1	1.00
Net Income	26.8	0.1	0.87

Total Assets	6,023.0	5,962.1	1.00
--------------	---------	---------	------

Equity method investment losses of ¥1.7 billion (including ¥1.9 billion losses on investment in T&D Financial Life)

The differences between consolidated and non-consolidated statements is mainly accounted for by the equity method investment losses of ¥1.7 billion and the offset of the dividends from a subsidiary of ¥2.5 billion

# Taiyo Life Insurance Company

## Financial Results for Nine Months Ended December 31, 2003



# Taiyo Life Financial Highlights

---



- **New policy amount and policy amount in force recorded healthy gains due mainly to the strong sales of our new product “*Taiyo Life’s Hoken Kumikyoku*”**
- **Both ordinary profit and net income are in line with our forecast**
- **Adjusted book value increased to ¥214.8 billion**

# Sales Results

- Total new policy amount including individual life insurance and annuities recorded strong growth, up 34.4% from the same term of the previous fiscal year. Total policy amount in force including individual life insurance and annuities increased by 5.4% from the amount as of the beginning of the fiscal year.

(Billions of Yen)

	Nine Months Ended Dec. 31st, 2003	Nine Months Ended Dec. 31st, 2002	Change
<b>New Policy Amount*</b>			
Individual Life Insurance	2,327.5	1,676.3	38.9%
Individual Annuities	16.9	67.5	(75.0%)
<b>Individual Life and Annuities Total</b>	<b>2,344.4</b>	<b>1,743.8</b>	<b>34.4%</b>
Net Increase from Conversions	531.0	-	-
<b>Decrease in Policy Amount**</b>			
Individual Life and Annuities Total	1,523.5	1,663.2	(8.4%)
Amount of Surrender and Lapse	1,025.5	985.0	4.1%
Number of Surrender and Lapse	221 thousands	249 thousands	(11.3%)
<b>Policy Amount in Force</b>			
Individual Life and Annuities Total	16,089.5	15,313.5	5.1%
Group Life	11,020.8	11,095.4	(0.7%)
Group Annuities	778.0	804.2	(3.3%)

Decreased mainly due to the decrease in maturity benefits

While surrender and lapse rate\*\*\* deteriorated by 0.34 points to 8.96% (annualized), number of surrender and lapse decreased by 11.3% and policy surrender payment decreased by 8.8% y-o-y

Increased by ¥820.9 billion (5.4% increase) from the amount as of the beginning of the fiscal year which stood at ¥15,268.6 billion

\* Includes net increase from conversion

\*\* New policy amount for 3rd quarter (Oct-Dec) – Net increase of policy amount in force from the beginning of the fiscal year

\*\*\*The amount of surrender and lapse/ Policy amount in force as of the beginning of the fiscal year

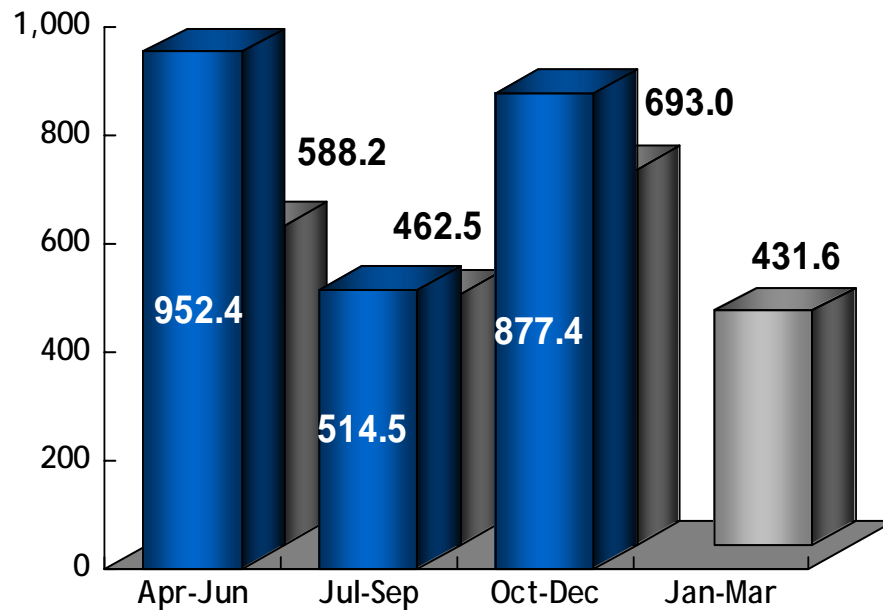


# Quarterly Trends: Individual Life Insurance and Annuities

Trends in New Policy Amount of Individual Life Insurance and Annuities\*

Trends in the Amount of Surrender and Lapse

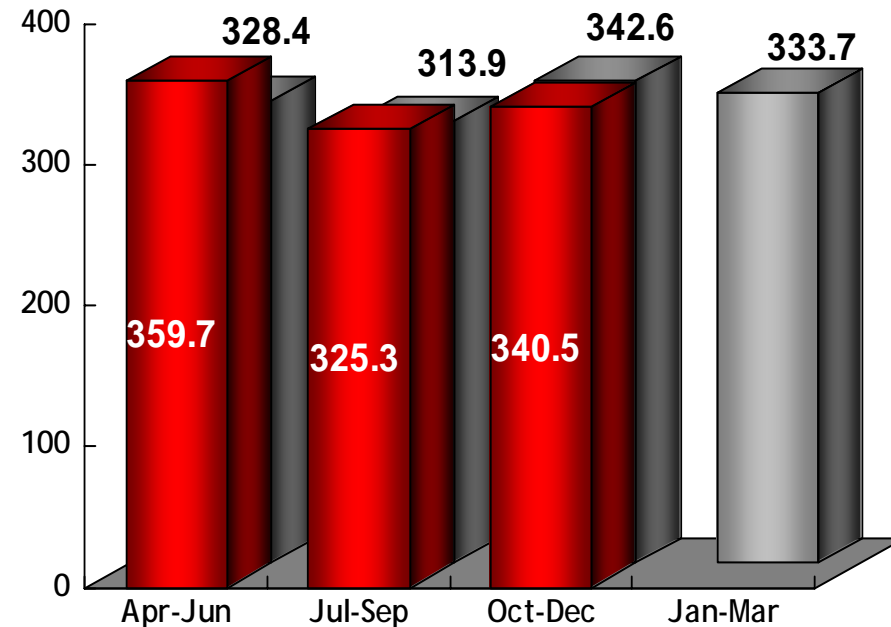
(Billions of Yen)



(Quarterly Results)

■ FY2003 ■ FY2002

(Billions of Yen)



(Quarterly Results)

■ FY2003 ■ FY2002

\* Includes net increase from conversion

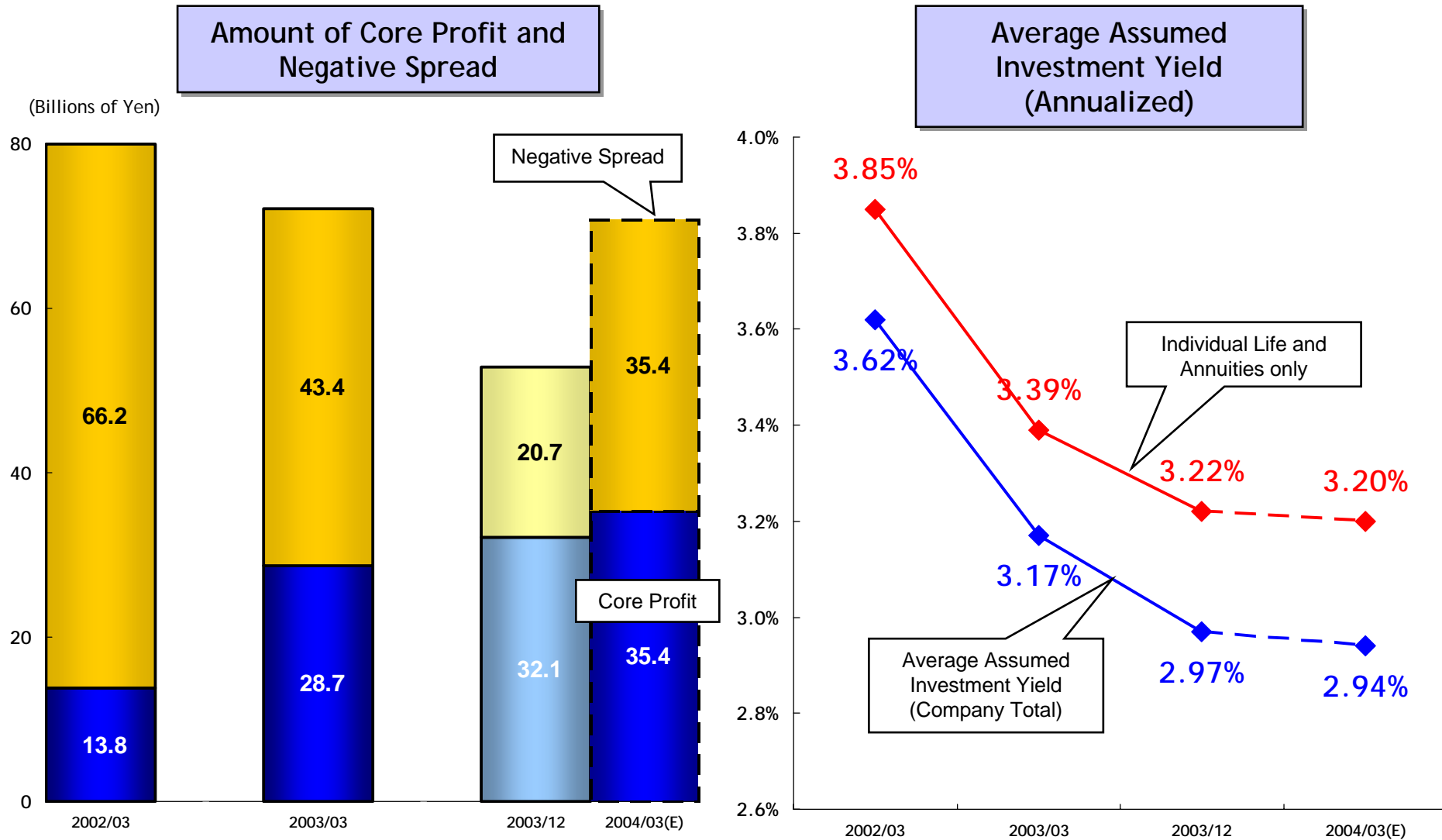
# Non-Consolidated Statements of Operations



T&D Life Group

	Nine Months Ended Dec. 31, 2003	Six Months Ended Sep. 30, 2003	Year Ended Mar. 31, 2003	(Billions of Yen)
<b>Ordinary Revenue</b>	<b>933.4</b>	<b>623.6</b>	<b>1,385.2</b>	
Income from insurance premiums	607.3	413.6	887.9	Income from insurance premiums for individual insurance and annuities is trending downward reflecting our efforts to encourage a shift from saving-oriented products to protection-oriented products.
Investment income/ gains	192.6	142.3	229.3	
Interest and dividends	109.1	74.4	150.2	
Gains on sale of securities	67.2	46.2	70.2	Increased by ¥21.0 billion vs 1st half period ended Includes; -Domestic Stocks ¥12.0 billion -Foreign Securities ¥ 5.9 billion -Domestic Bonds ¥ 3.0 billion
Gains from derivatives, net	4.5	11.2	-	
Other ordinary income	133.4	67.6	267.9	
Reversal of policy reserves	110.7	52.4	224.6	
<b>Ordinary Expenses</b>	<b>908.3</b>	<b>603.7</b>	<b>1,362.1</b>	
Insurance claims and other payments	726.4	473.5	1,138.3	Decreased due to the decrease in maturity proceeds of individual life and annuities
Provision for policy and other reserves	0.9	0.1	0.5	
Investment expenses/ losses	84.1	66.5	93.6	
Losses on sale of securities	51.3	37.1	42.1	Increased by ¥14.2 billion vs 1st half period Includes; -Foreign Bonds ¥10.4 billion -Domestic Bonds ¥2.9 billion -Domestic Stocks ¥0.8 billion
Devaluation losses on securities	0.4	0.0	24.9	
Foreign exchange loss	25.0	24.3	8.2	
Operating Expenses	65.0	43.4	86.1	
<b>Ordinary Profit</b>	<b>25.0</b>	<b>19.8</b>	<b>23.0</b>	
<b>Extraordinary Gains/ Losses</b>	<b>(1.0)</b>	<b>(0.4)</b>	<b>(14.4)</b>	
Provision for Reserve for Policyholder Dividends	10.1	6.6	-	Provision for reserve for policyholder dividends was recognized for the progress period according to fiscal year budget as expenses following the demutualization. ¥11.2 bil recognized as extraordinary loss in the year ended Mar 2003
<b>Net Income</b>	<b>7.7</b>	<b>7.2</b>	<b>4.8</b>	

# Core Profit/ Negative Spread, Average Assumed Investment Yield



# Non-Consolidated Balance Sheets



T&D Life Group  
(Billions of Yen)

(Billions of Yen)

	As of Dec. 31,2003	As of Sep. 30,2003	Changes
<b>Assets</b>			
Cash and Deposits, Call Loans	194.8	203.3	(8.5)
Securities	3,667.0	3,825.5	(158.5)
Domestic bonds	2,271.6	2,264.5	7.1
Domestic stocks	501.7	481.4	20.2
Foreign securities	780.8	965.0	(184.2)
Loans	2,093.5	2,119.2	(25.7)
Property and Equipment	188.8	190.1	(1.3)
Deferred Tax Assets	42.3	30.5	11.8
Reserve for Possible Loan	(2.1)	(2.2)	(0.0)
Losses			
<b>Total Assets</b>	<b>6,410.2</b>	<b>6,613.2</b>	<b>202.9</b>

(Domestic bonds)  
Increased due mainly a shift from hedged foreign securities.  
Changes from Government bonds to Corporate bonds, etc.

(Domestic stocks)  
Rebalanced the Portfolio

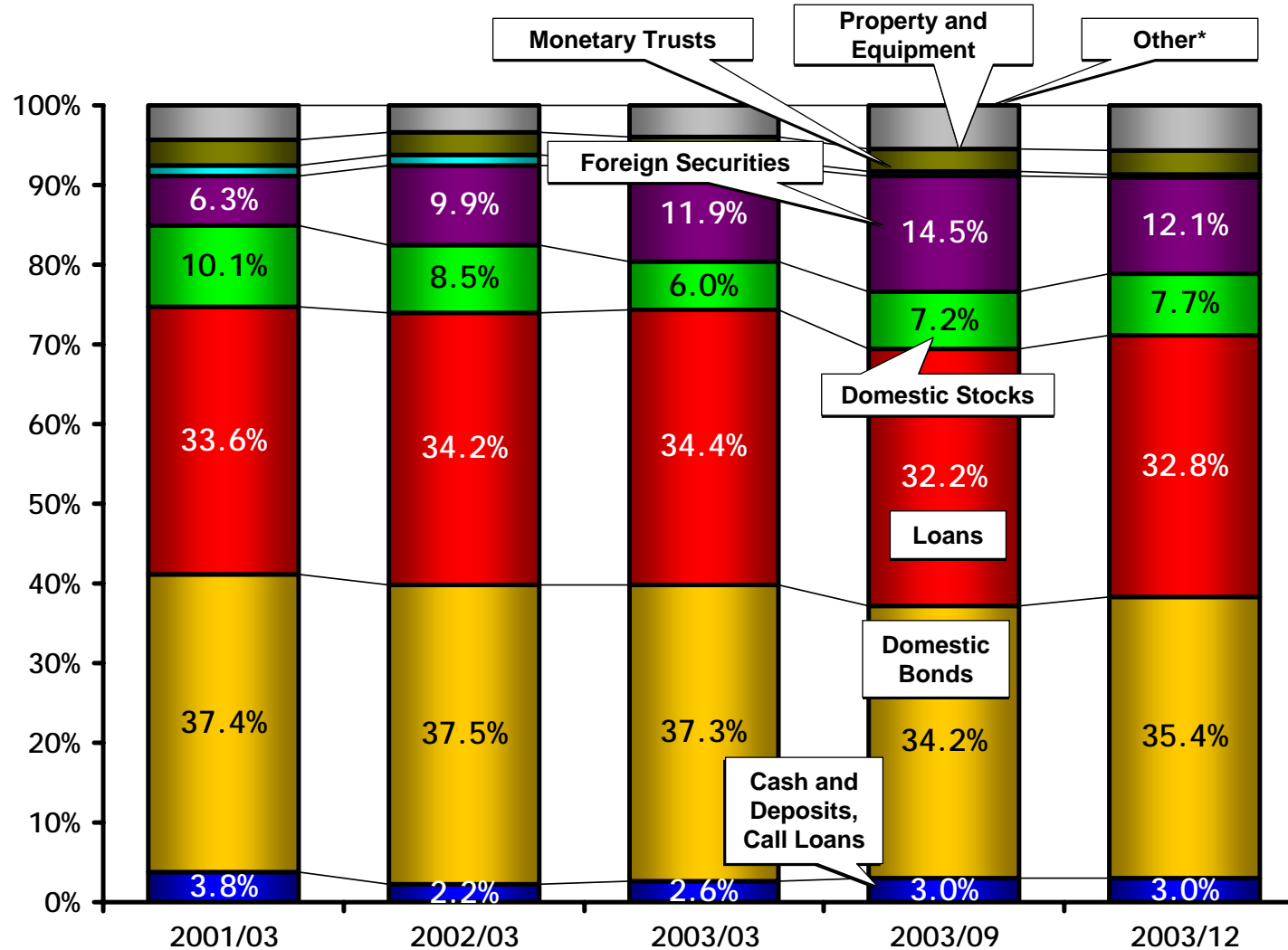
(Foreign securities)  
Sold mainly hedged US bonds

	As of Dec. 31,2003	As of Sep. 30,2003	Changes
<b>Liabilities</b>			
Total Policy Reserves	6,120.7	6,176.7	(55.9)
Policy reserve	6,023.4	6,081.8	(58.3)
Contingency reserve	55.2	54.8	0.3
Reserve for Price Fluctuations	3.7	3.2	0.4
<b>Total Liabilities</b>	<b>6,246.3</b>	<b>6,428.0</b>	<b>(181.7)</b>
<b>Shareholders' Equity</b>			
Common Stock	37.5	37.5	0.0
Capital Surplus	37.5	37.5	0.0
Total Retained Earnings	70.7	70.1	0.6
Appropriated retained earnings	35.6	35.6	0.0
Unappropriated retained earnings	35.1	34.4	0.6
Net Income	7.7	7.2	0.5
Land Revaluation	(35.0)	(35.0)	0.0
Net Unrealized Gains on Securities	53.2	75.0	(21.8)
<b>Total Shareholders' Equity</b>	<b>163.8</b>	<b>185.1</b>	<b>(21.2)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>6,410.2</b>	<b>6,613.2</b>	<b>(202.9)</b>

# General Accounts Asset Composition



T&D Life Group



Net Exposure to Foreign Currency\*\*

**2.6%**

(2003/09 3.0%)  
(2003/03 3.9%)

Net Exposure to Domestic Stocks\*\*\*

**7.6%**

(2003/09 7.5%)  
(2003/03 6.0%)

\* Other; Other Securities (mainly investment trusts), Deferred Tax Assets, Monetary Claims Purchased and Other Assets

\*\* Net foreign currency exposure adjusting for hedges

\*\*\* Net exposure to domestic stocks adjusting the hedging position and including and investment trusts (ETF)

# Unrealized Gains/ Losses (General Account)



(Billions of Yen)

	Unrealized gains/losses on Held-to-maturity securities		Unrealized gains/losses on Policy-reserve-matching Bonds		Unrealized gains/losses on Available-for-sale securities		Total		
	As of Dec. 31, 2003	As of Sep. 30, 2003	As of Dec. 31, 2003	As of Sep. 30, 2003	As of Dec. 31, 2003	As of Sep. 30, 2003	As of Dec. 31, 2003	As of Sep. 30, 2003	Change
Total	0.7	0.7	(6.7)	(11.3)	83.3	117.4	77.3	106.8	(29.4)
Domestic Bonds	0.7	0.7	(6.7)	(11.3)	20.6	25.0	14.7	14.4	0.3
Domestic Stocks	-	-	-	-	56.1	68.2	56.1	68.2	(12.1)
Foreign Securities	-	-	-	-	2.5	19.1	2.5	19.1	(16.5)
Other Securities	-	-	-	-	3.9	5.0	3.9	5.0	(1.1)
Monetary Trusts	-	-	-	-	-	-	-	-	-
Net Unrealized Gains/losses on Real Estate							(6.2)	(6.2)	0.0

# Financial Soundness, Adjusted Book Value



T&D Life Group

(Billions of Yen)

	As of Dec. 31, 2003	As of Sep. 30, 2003	Change	
<b>Solvency Margin Ratio</b>	<b>765.4%</b>	<b>833.1%</b>	<b>(67.7P)</b>	
Total Solvency Margin	450.2	514.5	(64.2)	
Equity*	192.3	191.6	0.7	
Net income	7.7	7.2	0.5	
Net unrealized gains on available-for-sale securities X 90 per cent	74.9	105.6	(30.7)	Decreased due mainly to the decrease in unrealized gains on domestic stocks
Deferred tax assets	37.7	37.7	0.0	Decreased ¥30 billion due to the decrease in subordinated debt
Others	145.2	179.4	(34.2)	
Total Risk**	117.6	123.5	(5.8)	
Insurance risk R <sub>1</sub>	33.5	33.2	0.3	Includes; Market risk: ¥93.5 billion Credit risk: ¥30.4 billion Derivatives counterparty risk: (¥42.4 billion)
Assumed investment yield risk R <sub>2</sub>	27.2	28.2	(0.9)	
Investment risk R <sub>3</sub>	82.5	87.6	(5.1)	
Business risk R <sub>4</sub>	2.8	2.9	(0.1)	
<b>Value of Adjusted Net Asset</b>	<b>389.9</b>	<b>377.5</b>	<b>12.3</b>	Decreased due mainly to the decrease in unrealized gains on domestic stocks
<b>Adjusted Book Value</b>	<b>214.8</b>	<b>236.2</b>	<b>(21.4)</b>	

\*Includes Equity (less certain items), Reserve for price fluctuation, Contingency reserve, Reserve for possible loan losses and Unallotted portion of reserve for policyholder dividends

$$**\text{Total risk} = \sqrt{R_1^2 + (R_2 + R_3)^2} + R_4$$

# Consolidated Financial Results



(Billions of Yen)

	Nine Months Ended Dec. 31st, 2003	Nine Months Ended Dec. 31st, 2002	[Consolidated/ Non-Consolidated]
Ordinary Revenues	944.8	1,401.8	1.01
Ordinary Expenses	922.1	1,380.7	1.02
Ordinary Profit	22.6	21.0	0.90
Net Extraordinary Gains	1.2	55.0	1.07
Net Extraordinary Losses	2.3	70.4	1.06
Net Income	4.8	1.5	0.63
Total Assets	6,428.0	6,549.6	1.00

Reflecting equity method investment losses  
(Including ¥1.9 billion losses on investment  
in T&D Financial Life)

# Integration of Group Companies

---



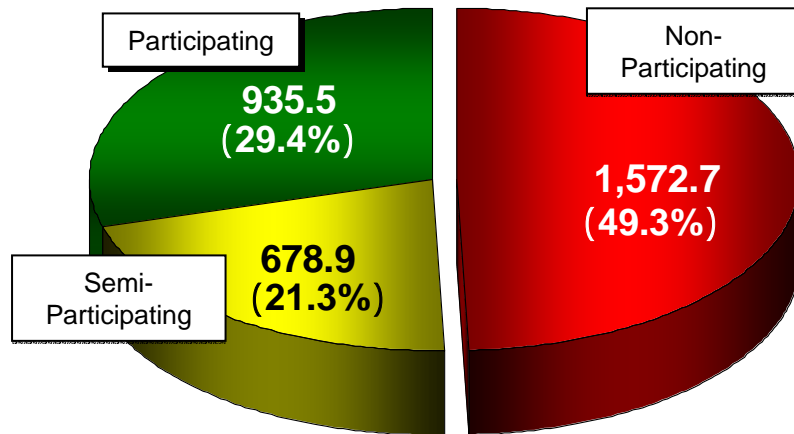
- **A holding company preparatory committee was established in November 2003. From January 2004, group management system has become functional under the new holding company structure**
- **Solid progress in preparation for setting up an administrative service company**
- **Started preparation for integration of risk management and EV calculation methodologies**

# Appendix

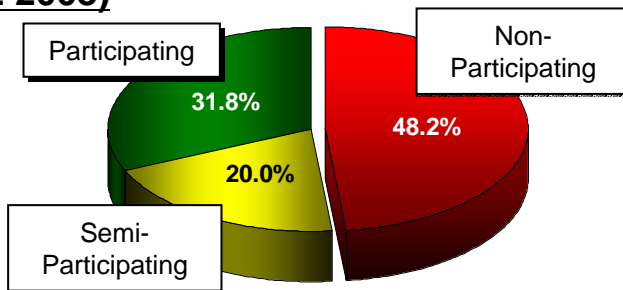
# Sales Results by Dividend Type: Daido Life (Individual Term Life Insurance)

**New Policy Amount\*  
(April-December 2003)**

(Billions of Yen)



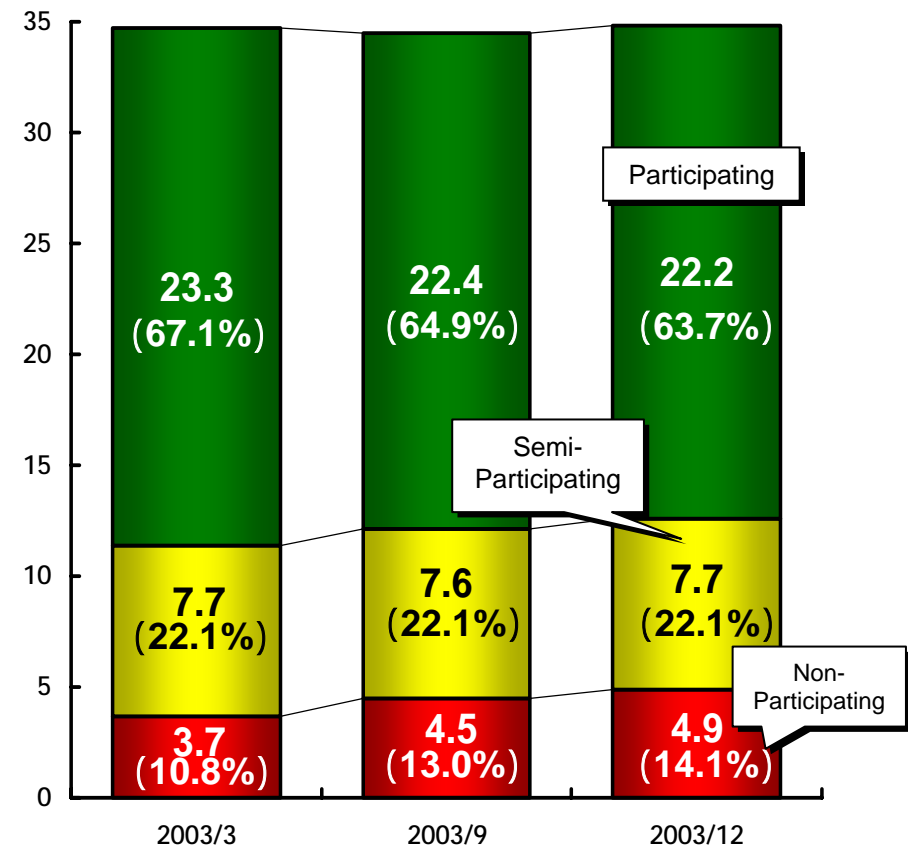
**(FYE 2003)**



\* Net increase from conversion not included

**Policy Amount in Force**

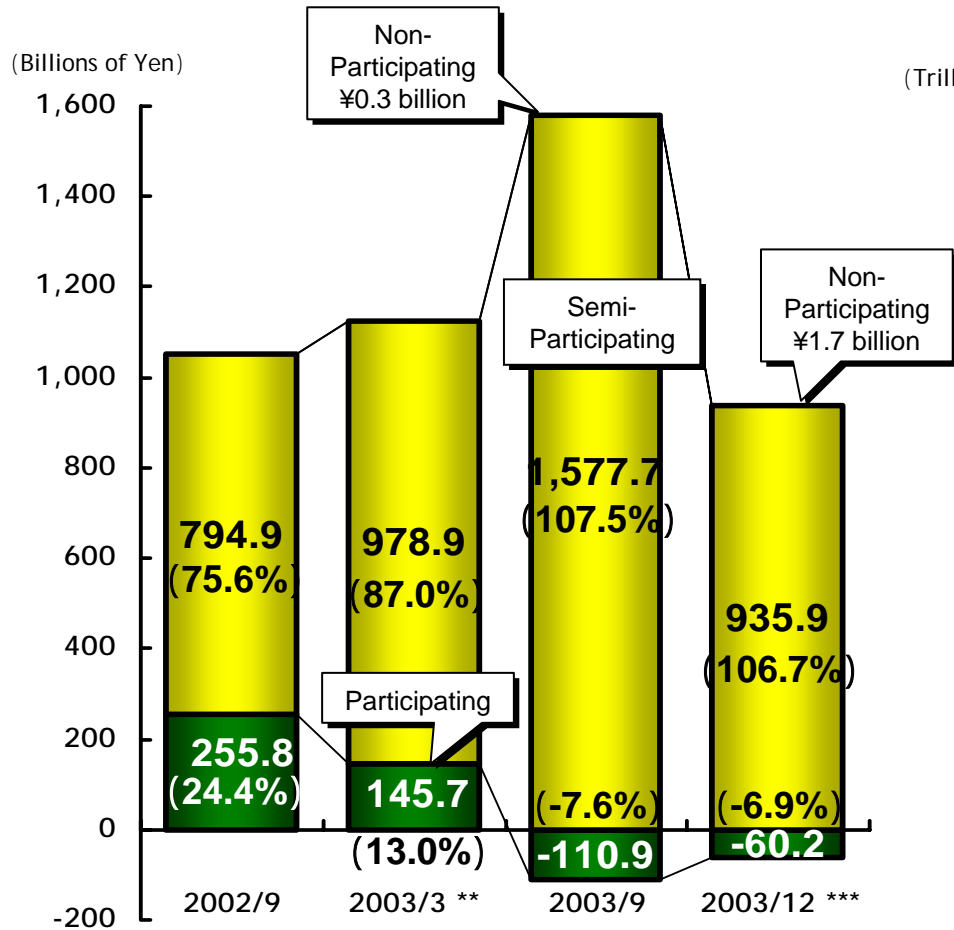
(Trillions of yen)



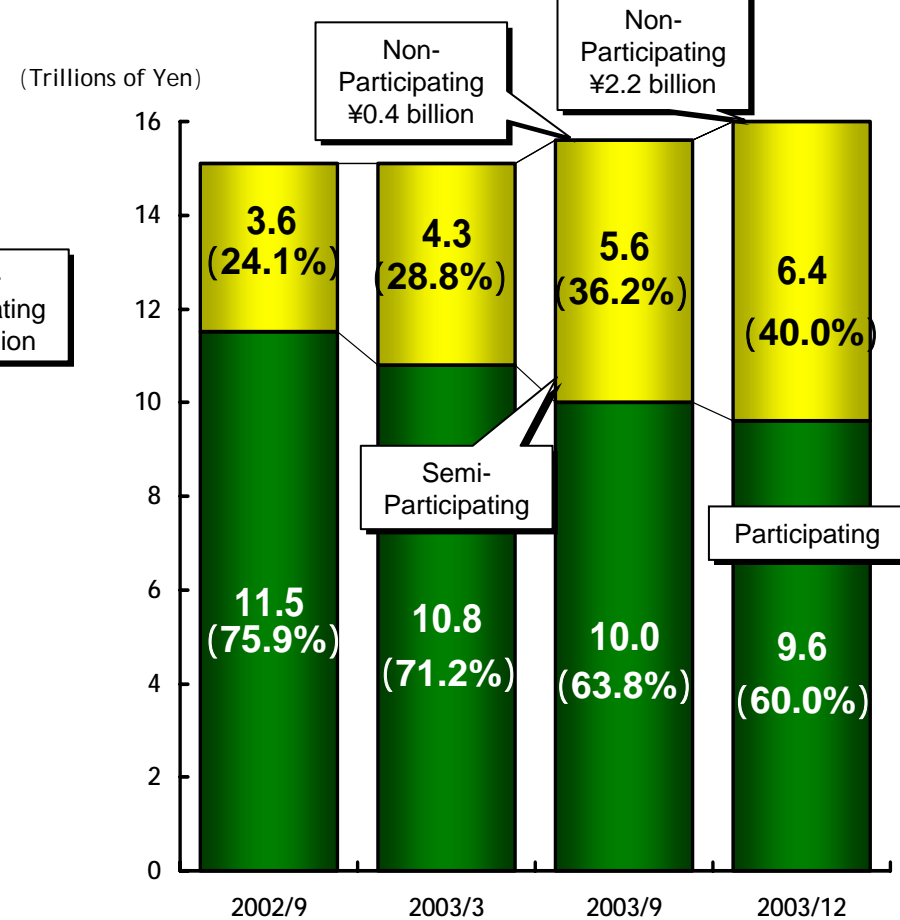
# Sales Results by Dividend Type: Taiyo Life (Individual Life Insurance and Annuities)



**New Policy Amount\***



**Policy Amount in Force**



(9 Months Results)

\* Includes net increase from conversion

\*\* Results from October 1, 2002 to March 31, 2003    \*\*\* Results from October 1, 2003 to December 31, 2003

# Exposure to Japanese Bank Sector: Daido Life



- Stocks has increased by ¥4.5 billion from the fiscal year ended September 30, 2003, due to the rise in current market value
- Our policy of maintaining exposure to Japanese bank sector remain unchanged, with the exception of rises in current market value

(Billions of Yen)

	As of Dec. 31, 2003	As of Sep. 30, 2003	Change	As of March 31, 2003
Stocks	82.0	77.4	4.5	38.1
Preferred Stocks issued by Foreign Subsidiaries	60.0	60.0	-	60.0
Preferred Securities issued by Foreign Subsidiaries	14.6	14.4	0.2	14.7
Subordinated Loans and Debentures	202.9	203.3	(0.3)	204.9

# Exposure to Japanese Bank Sector: Taiyo Life



(Billions of Yen)

	As of Dec. 31, 2003	As of Sep. 30, 2003	Change	As of March 31, 2003
Stocks	58.4	56.3	2.1	55.2
Preferred Stocks issued by Foreign Subsidiaries	90.0	90.0	-	90.0
Preferred Securities issued by Foreign Subsidiaries	-	-	-	-
Subordinated Loans and Debentures	291.5	301.5	(10.0)	350.5

# Sales Performance Forecast: Daido Life



(Billions of Yen)

	Forecast for the Year Ending Mar. 2004	Year Ended Mar. 2003
Individual Term Life insurance	4,300	4,298.5
New Policy Amount of Individual Life Insurance and Annuities*	4,490	4,673.5
Individual Term Life insurance	34,930	34,804.6
Policy Amount in Force of Individual Life Insurance and Annuities	39,200	39,342.6
Surrender and Lapse Rate	9.0%	8.5%
Income from Insurance Premiums	921	989.4

\*Includes net increase from conversion

# Earning Forecast for the Year Ending March 31, 2004: Daido Life



[Non-Consolidated] (Billions of Yen)

	Forecast for the Year Ending Mar. 2004	Year Ended Mar. 2003
Ordinary Revenues	1,200	1,182.1
Ordinary Profit	101	46.0
Core Profit	95	88.7
Net Income	34	11.4
Annual Dividends per Share	¥3,000	¥3,000
Negative Spread	19	20.4

[Consolidated] (Billions of Yen)

	Forecast for the Year Ending Mar. 2004	Year Ended Mar. 2003
Ordinary Revenues	1,203	1,185.2
Ordinary Profit	97	41.8
Net Income	30	6.3

# Sales Performance Forecast: Taiyo Life



(Billions of Yen)

	Forecast for the Year Ending Mar. 2004	Year Ended Mar.2003
New Policy Amount of Individual Life Insurance and Annuities*	3,075.8	2,175.4
Amount of Surrender and Lapse	1,349.8	1,318.8
Surrender and Lapse Rate	8.84%	8.66%
Policy Amount in Force of Individual Life Insurance and Annuities	16,351.4	15,268.6
Income from Insurance Premiums	820.2	887.9

\*Includes net increase from conversion

# Earning Forecast for the Year Ending March 31, 2004 : Taiyo Life



## [Non-Consolidated]

(Billions of Yen)

	Forecast for the Year Ending Mar. 2004	Year Ended Mar. 2003
Ordinary Revenues	1,239.0	1,385.2
Ordinary Profit	28.6	23.0
Core Profit	35.4	28.7
Net Income	6.4	4.8
Annual Dividends per Share	¥1,500	-
Negative Spread	35.4	43.4

## [Consolidated]

(Billions of Yen)

	Forecast for the Year Ending Mar. 2004	Year Ended Mar. 2003
Ordinary Revenues	1,255.0	1,401.8
Ordinary Profit	25.4	21.0
Net Income	3.7	1.5

# Business Results: Daido Life



T&D Life Group

(Billions of Yen, %)

FYE	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Individual Life Insurance Policy Amount in Force*	34,094.0	35,509.6	36,401.5	37,585.0	38,837.4	39,340.0	39,283.8	39,071.1	38,989.7	38,929.1	39,342.6
Individual Term Life Insurance	29,190.7	30,208.7	31,052.0	31,980.3	33,195.4	33,761.6	33,865.0	33,940.8	34,109.6	34,309.0	34,804.6
New Individual Life Insurance Policy Amount**	5,436.5	4,916.8	4,436.2	4,724.5	4,749.4	4,719.2	4,773.2	4,620.3	4,401.4	4,570.4	4,673.5
Individual Term Life Insurance	4,305.6	3,885.9	3,758.2	3,874.6	4,104.4	4,073.7	4,241.6	4,251.3	4,048.6	4,292.9	4,298.5
Income from Insurance Premiums	1,044.3	1,121.1	1,139.0	1,153.0	1,106.4	1,168.4	1,192.8	1,136.9	1,072.2	1,059.4	989.4
Premiums from Individual Life Insurance*	574.6	630.6	639.2	715.7	699.1	724.9	702.6	684.8	686.7	662.0	684.9
Amount of Surrender and Lapse of Individual Life Insurance	2,523.9	2,828.0	2,810.2	2,852.0	2,997.2	3,625.7	3,876.5	3,845.1	3,526.9	3,493.2	3,290.6
Surrender and Lapse Rate	8.0%	8.3%	7.9%	7.8%	8.0%	9.3%	9.9%	9.8%	9.0%	9.0%	8.5%
Core Profit	94.1	98.5	102.2	101.4	138.8	135.4	114.5	96.9	114.2	109.8	88.7
Provision for Reserve for Policyholders' Dividends***	48.2	45.4	40.7	40.5	54.6	39.9	34.3	39.5	33.2	30.6	26.5
Number of In-House Sales Reps.	6,506	6,364	6,169	6,039	5,744	6,072	6,126	5,456	4,866	5,154	5,194
Number of Agents	9,476	10,286	11,123	11,699	12,383	13,123	13,213	13,135	13,203	13,252	12,970
Total Assets	3,771.1	4,272.9	4,637.5	5,011.8	5,059.1	5,346.3	5,482.6	5,733.5	5,900.3	5,982.7	6,007.1

\* Include individual annuities \*\* Include net increase from conversion

\*\*\* Figure for FYE 2002 is provision for allowance for policyholder dividends which was treated as an expense

# Business Results: Taiyo Life



T&D Life Group

(Billions of Yen, %)

FYE	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Policy Amount in Force*	13,301.0	13,873.5	14,085.5	14,583.2	15,091.1	15,126.0	15,129.1	15,185.0	15,172.5	15,232.9	15,268.6
Individual Life Insurance	9,774.6	10,009.2	10,010.7	10,135.3	10,457.4	10,448.1	10,186.7	10,034.0	9,958.8	10,217.3	10,500.2
New Policy Amount* **	2,383.3	2,224.1	1,864.7	1,995.9	2,120.7	1,989.1	1,857.0	1,847.6	1,931.7	2,188.1	2,175.4
Individual Life Insurance	1,974.7	1,682.1	1,443.3	1,402.6	1,720.9	1,650.6	1,339.8	1,333.2	1,458.1	2,047.9	2,091.0
Income from Insurance Premiums	1,237.8	1,285.8	1,263.9	1,325.9	1,280.6	1,328.8	1,234.6	1,155.2	1,097.3	1,019.0	887.9
Premiums from Individual Life Insurance and Annuities	1,123.8	1,143.9	1,121.6	1,168.8	1,136.8	1,104.0	1,095.0	972.4	914.8	837.8	762.1
Amount of Surrender and Lapse*	771.4	865.6	836.6	812.0	827.9	1,023.5	916.1	998.8	120.1	1,209.6	1,318.8
Surrender and Lapse Rate	6.18%	6.51%	6.03%	5.77%	5.68%	6.78%	6.06%	6.60%	7.91%	7.97%	8.66%
Core Profit	-	-	-	-	-	-	-	-	13.9	13.8	28.7
Provision for Reserve for Policyholders' Dividends***	38.6	12.3	11.2	13.2	14.5	15.3	15.5	16.6	11.1	10.8	11.2
Number of In-House Sales Reps.	13,330	13,150	12,594	12,981	10,756	9,848	10,450	10,111	9,276	8,948	8,808
Total Assets	5,498.9	5,828.4	6,053.3	6,445.5	6,703.5	6,825.6	6,969.3	7,081.6	7,266.3	6,834.0	6,528.0

\* Individual life insurance and annuities \*\* Include net increase from conversion

\*\*\* Figure for FYE 2003 is provision for allowance for policyholder dividends which was treated as an expense

For inquiries, please contact:

**T&D Holdings  
Preparatory Committee  
Investor Relations  
Phone: +81-3-3281-1727**

This presentation contains forward-looking statements with respect to the financial conditions, results of operations, and business of the company. These assumptions and forward-looking statements involve certain risks and uncertainties resulting from changes in the managerial environment.