May 22, 2003
Daido Life Insurance Company
(Code 8799)

Disclosure of Embedded Value as of March 31, 2003

Daido Life Insurance Company (the company) announced today the Embedded Value of the company as of March 31, 2003, as described bellow.

1. Embedded Value Results

The followings are the Embedded Value of the company and its breakdown as of March 31, 2003.

(100 Million Yen)

	As of March 31, 2003	As of March 31, 2002	Amount of Increase
Embedded Value	4,320	4,029	290
Adjusted Book Value (Note1)	1,932	1,905	26
Existing Business Value (Note2)	2,387	2,124	263
Embedded Value of New Business (Note3)	235	170	64

(Note 1) Adjusted Book Value = Total Equity (excluding Net Unrealized Gains on Securities)
+ Quasi-equity Liabilities (Reserve for Price Fluctuations, Contingency Reserve and Unallotted Portion of Reserve for Policyholder Dividend)
+ Net Unrealized Gains on Securities (after-tax, excluding held-to-maturity bonds and bonds due in one year or more within "Available-for-Sale Securities" which are meant to be held to maturity)
+ Net Unrealized Gains (Losses) on real estate (after-tax)
- Deferred Tax Assets for Quasi-equity Liabilities.

In order to reflect the effect of then forthcoming demutualization, Embedded Value as of March 31, 2002 is adjusted by subtracting the amount appropriated for cash payment at the beginning of the fiscal year 2002. Expected appropriation included in Embedded Value and Adjusted Book Value as of March 31, 2003 is 4.5 billion yen.

(Note 2) Existing Business Value = Present Value of Future After-Tax Profit on existing business in force - Present Value of Cost of Capital.
"Cost of Capital" is the spread between the investment yield and the discount rate applied to the amounts of capital and surplus that will be required to maintain the assumed solvency margin ratio.

(Note 3) "Embedded Value of New Business" included in total Embedded Value represents the value of new business (including new business from conversion) for the year ended March 2003.

2. Major Assumptions

The followings are the major assumptions employed in the calculation of Embedded Value.

(100 Million Yen)

Item	As of March 31, 2003		As of March 31, 2002	
Discount Rate	5% A rate applied to determine the present value of future earnings. It is determined by adding the Company's risk premium to the risk free rate.		6% A rate applied to determine the present value of future earnings. It is determined by adding the Company's risk premium to the risk free rate.	
Investment Yield on New Investments	Yield differ by year reflecting changes in asset mix 1.65% (FY2003) 1.70% (FY2004) 1.77% (FY2005) 1.81% (FY2006) 1.85% (FY2007) 1.89% (FY2008) 1.92% (FY2013) 1.93% (FY2023)		Investment Yield on new investments: 2.10%	
Assets Categories	Investment Yield	% of total asset	Investment Yield	% of total asset
Domestic Government and Corporate Bonds	1.42%	53.6%	1.64%	57%
Commercial Loans	1.34%	19.8%	1.47%	19%
Call Loans	0.06%	Estimated to decrease gradually 12.5%(FY2003), 9.1%(FY2013)	0.50%	10%
Domestic Stocks	5.50%	3.5%	6.46%	6%
Private Equities	8.50%	Estimated to increase gradually 0.6%(FY2003), 3.4%(FY2013)	-	(Included in "Other Assets")
Hedge Funds	5.25%	Estimated to Increase gradually 1.1%(FY2003), 1.7%(FY2013)	-	(Included in "Other Assets")
Other Assets	3.56%	8.9%	5.59%	8%
Solvency Margin Ratio	600% Solvency margin ratio required to be maintained in the future assumed for the purpose of calculating the cost of capital.		600% Solvency margin ratio required to be maintained in the future assumed for the purpose of calculating the cost of capital.	
Mortality	Set based on experience for the most recent 3 years (Based on FY2000 - 2002 actuals)		Set based on experience for the most recent 3 years (Based on FY1999 - 2001 actuals)	
Surrender and Lapse	Set based on recent experience (Based on FY2002 actual)		Set based on recent experience (Based on FY2001 actual)	
Operating Expenses	Set based on recent experience (Based on FY2002 actual)		Set based on recent experience (Based on FY2001 actual)	
Effective Tax Rate	Set based on recent effective tax rate (36.11% for FY2002)		Set based on recent effective tax rate (36.11% for FY2001)	

3. Effects of Changes in Assumptions (Sensitivities)

The followings are the effects on Embedded Value of changes in assumptions.

(100 Million Yen)

		As of March 31, 2003	
		Amount of Increase/Decrease	Percentage of Increase/Decrease
Discount Rate: down from 5% to 4%		271	6.3%
Discount Rate: up from 5% to 6%		(240)	(5.6%)
Investment Yield: + 0.25%	Total Assets	858	19.9%
	New Investment Assets	601	13.9%
Investment Yield: - 0.25%	Total Assets	(858)	(19.9%)
	New Investment Assets	(601)	(13.9%)
Solvency Margin Ratio: from 600% to 400%		263	6.1%
Solvency Margin Ratio: from 600% to 800%		(276)	(6.4%)
Surrender and Lapse in Individual Insurance and Annuities: x90%		154	3.6%
Surrender and Lapse in Individual Insurance and Annuities: x110%		(138)	(3.2%)

4. Analysis of Change in Embedded Value from March 31, 2002 to March 31, 2003

The followings are the analysis of change in Embedded Value from March 31, 2002 to March 31, 2003.

(100 Million Yen)

Item	Amount
Embedded Value as of March 31, 2002	4,029
Shareholder Dividends and Other	-
Expected Interest from Embedded Value as of March 31, 2002	241
Embedded Value of New Business for the Year Ended March 31, 2003	235
Differences between Assumptions and Actual Experience for the Year Ended March 31, 2003	(260)
Differences from Changes in the Assumptions	73
Embedded Value as of March 31, 2003	4,320

5. Opinion of Actuarial Firm

To assure fairness, the company had requested Milliman Japan, an outside specialist (actuarial firm), to review the calculation methodology, the assumptions and the validity of results of Embedded Value calculation. Milliman Japan provided their opinion as attached.

(Reference)

1. Embedded Value Concept

   Embedded Value is the sum of "Adjusted Book Value" calculated from the balance sheet and "Existing Business Value" calculated from existing policies in force. In Europe and Canada, it is used as one of various useful information for evaluating the corporate value of a stock life insurance company.

   Under current statutory accounting practices applicable to life insurance companies in Japan, there is a time lag between the sale of policies and recognition of profits. The use of Embedded Value allows the contribution of future profit from new business to be recognized at the time of sale. It therefore serves as a valuable supplement to statutory financial information.

2. Note

   The calculation of Embedded Value involves certain assumptions regarding future projections that are subject to risks and uncertainties. It should be noted that actual future experience might materially differ from the assumptions used in the Embedded Value calculations. Moreover, since actual market value is determined by investors based on a variety of information available to them, it may significantly diverge from Embedded Value. Therefore, Embedded Value is not the sole indicator of the corporate value of a stock life insurance company, and investors should be careful in using Embedded Value.

A Copy of the Opinion of the Actuarial Firm

Submitted to:
The Board of Directors
Daido Life Insurance Company

May 19, 2003

Stephen H. Conwill, FSA, MAAA
Managing Director & Senior Consultant

Kohji Hirabayashi, FIAJ, ASA
Actuary

Opinion Regarding the Embedded Value Calculations of Daido Life

This opinion is offered in connection with embedded value calculations of Daido Life as of March 31, 2003. Any distribution of this document must be in its entirety.

Qualifications

Stephen H. Conwill, Managing Director of Milliman Japan (= Japan Branch of Milliman USA Inc. (= Milliman)), is a fellow of the US Society of Actuaries, a Member of the American Academy of Actuaries, and a member of the Institute of Actuaries of Japan ("IAJ"), and Kohji Hirabayashi, Actuary with Milliman Japan, is a fellow of the IAJ and an associate of the US Society of Actuaries. Both are qualified as actuaries and are obligated to follow the Code of Conduct of the IAJ.

No standards have been drafted in Japan with respect to the development of embedded values, and professional practice standards worldwide with respect to the development of embedded values are still evolving. Nonetheless, a broad consensus regarding methods and choice of assumptions can be said to exist. Although we have not specifically adhered to the guidelines established in any particular jurisdiction, in coming to our opinion, we have reviewed guidelines in Canada and the UK that may be viewed as indicative of evolving standards for embedded values and related work, in particular the Canadian Institute of Actuaries' Interim Draft Paper on the Considerations in the Determination of Embedded Value for Public Disclosure in Canada, and the Association of British Insurers' paper on the Achieved Profits Method of Accounting. In developing our opinion, we have taken into consideration these guidelines and generally accepted actuarial principles.

This letter represents our professional viewpoint, but should not be construed as a formal audit opinion, as that term would be used in the context of regulatory financial reporting.

In opining on embedded values, we are not offering an opinion on the market value of Daido Life.

For many reasons, market value may deviate materially from a calculated embedded value. Any valuation is a matter of informed judgment, and each investor should develop their own view of market value based on a detailed analysis of financial and qualitative information available about Daido, combined with a consideration of alternative investments, overall expectations regarding performance of the financial markets, attitude towards risk and return, and a variety of other factors.

Background

Milliman professionals worked closely with Daido Life in the development of embedded value methods and assumptions, and have assisted in various numerical calculations. When Daido Life was primarily responsible for developing methods, assumptions, or results, Daido's work was reviewed by us to assure the appropriateness of those methods, assumptions or results. When Milliman professionals were responsible for developing methods, assumptions, or results, our work-product was reviewed by Daido in addition to undergoing Milliman's internal peer review process.

Reliances

In the course of this work, Milliman professionals depended on data and information provided by Daido. The data and information Milliman has relied on can be broadly categorized as follows:

1. Information in the financial statements of Daido Life, in particular, the value of balance sheet assets and the size of reported liabilities.
2. Data and information on in-force business at March 31, 2003, and other dates.
3. Policy data and information, including sum insured, gross premiums, reserves, and other values.
4. Data and information on historical and expected future gross premiums, investment income, benefit payments, cash values, operating expenses, other expenditures and dividend scales.

5. Business plans and other data and information provided by the company.
6. Various experience studies, for example lapse, mortality, and morbidity, prepared by Daido Life professionals.

We performed no formal audit of this data and information, and the validity of our opinion is dependent on the accuracy of the data and information provided.

Embedded Value Results on which we are Opining

The embedded value results, as of March 31, 2003, that are the subject of this opinion, are summarized in the table below:

Item	Amount(¥ 100 millions)
Adjusted Book Value	1,932
Existing Business Value, after tax and cost of capital	2,387
Total Embedded Value	4,320

This embedded value does not reflect changes that may have occurred in experience or financial market conditions subsequent to March 31, 2003, and we have not considered such changes in rendering our opinion.

Analysts making use of these figures should have a thorough understanding of methods and assumptions. Assumptions, including projected yields, mortality, morbidity, lapse, and expense, as well as discount rates used in developing the values, are updated periodically. In order to understand EV trends, analysts should understand these assumptions, and the impact of changing assumptions from year to year.

Caveats with Respect to Embedded Values

While an embedded value can provide insight into the financial progress of a life insurance company, and, in conjunction with detailed supplemental analyses, may provide a benchmark as a starting point for the valuation of the company, no particular measure can be used as a sole means of valuation, and actual market value may differ materially from an embedded value.

Embedded values are dependent on a large number of assumptions with respect to future experience, such as investment earnings rates, policy lapse rates, policyholder mortality and morbidity, and corporate expense. In choosing assumptions, Daido has taken care to reflect recent experience and reasonable future expectations. However, due to the nature of long-term actuarial projections, future experience results will deviate, possibly materially, from those underlying the values shown above. Also, calculated embedded values will vary, possibly materially, as key experience assumptions are varied. Further, in the current environment in the Japanese and worldwide financial markets, material uncertainty exists with respect to asset valuations, a key component of embedded value. As such, embedded values should be used with caution, and only when supported by experts familiar with the appropriate use of such measures.

Opinion

Subject to the caveats outlined in the preceding sections, we confirm that Daido Life's embedded value, as of March 31, 2003, was developed using methods and assumptions consistent with evolving international standards. Furthermore, the company's choice of assumptions is consistent with recent experience and a range of assumptions that would likely be chosen by professionals proficient in embedded value analysis. In addition, we believe that results are accurate, in the context of the normal variability that would be anticipated by analysts and other professionals expert in the use of embedded values for the evaluation of life insurance operations.